

REVIEW AND ANALYSIS
OF THE
FY 2023-24
EXECUTIVE BUDGET
RECOMMENDATION



prepared by the



Mary Ann Cleary, Director

February 2023

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February 24, 2023

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2023-24 Executive Budget Recommendation.***

In this publication, the *Budget Overview* provides information on revenue sources and appropriations proposed in the executive budget recommendation for FY 2023-24 and FY 2024-25. It also provides summary charts and tables of appropriations and fund sources in the proposed budget.

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

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

A handwritten signature in black ink that reads "Mary Ann Cleary".

Mary Ann Cleary, Director

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GLOSSARY

STATE BUDGET TERMS

Line Item

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

Boilerplate

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

Lapse

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

Work Project

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

APPROPRIATION TERMS AND FUND SOURCES

Appropriations

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

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

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

Interdepartmental Grant (IDG) Revenue

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

Intradepartmental Transfer (IDT) Revenue

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

Federal Revenue

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

Local Revenue

Revenue received from local units of government for state services.

Private Revenue

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

State Restricted Revenue

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

General Fund/General Purpose (GF/GP) Revenue

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

MAJOR STATE FUNDS

General Fund

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

School Aid Fund (SAF)

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

Budget Stabilization Fund

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

FY 2023-24

Executive Recommendation

OVERVIEW

Budget Overview
Consensus Revenue Estimates
Balance Sheets
Appropriation Summary Tables

FY 2023-24 Executive Recommendation BUDGET OVERVIEW

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

The FY 2023-24 executive budget recommendation incorporates the January 2023 Consensus Revenue Estimating Conference (CREC) revenue estimates for General Fund/General Purpose (GF/GP) of \$15,092.2 million and School Aid Fund (SAF) of \$17,846.0 million. In addition to the CREC estimates, the recommendation assumes beginning FY 2022-23 balances of \$5,352.7 million GF/GP and \$4,213.7 million SAF.

The executive recommendation also assumes changes to the following tax revenues; the restoration of income tax exemptions on retirement income over 4-years (\$233.0 million), an increase in the earned income tax credit from 6% to 30% (\$385.0 million) and earmarks of corporate income tax revenue (\$565.0 million). The executive recommendation also includes the following new tax policy changes: onshoring clean energy supply chain tax credit (capped at \$200.0 million), a sales and use tax exemption on the purchase of electrical vehicles (\$48.0 million over two years), and a child care educator income tax credit (\$24.0 million annually).

The FY 2023-24 executive budget recommendation includes \$79,382.9 million in adjusted gross appropriations, an increase of \$1,638.1 million, or 2.1%. The table below compares current-year appropriations to the executive proposal.

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
Adjusted Gross	\$77,744.8	\$79,382.9	\$1,638.1	2.1%
Federal	\$31,392.3	\$32,678.2	\$1,286.0	4.1%
Local/Private	\$538.9	\$522.9	(\$15.9)	(3.0%)
Restricted	\$28,856.1	\$31,373.6	\$2,517.5	8.7%
GF/GP	\$16,957.6	\$14,808.1	(\$2,149.5)	(12.7%)

Of the \$46,181.7 million in state resources recommended for appropriation in FY 2023-24, \$24,884.0 million (53.9% of the total) is designated for payments to local units of government. Article IX, Section 30 of Michigan’s Constitution requires that at least 48.97% of spending from state resources must be paid to local governments.

The executive proposal includes significant adjustments to both the current FY 2022-23 enacted budget via supplemental requests and the FY 2023-24 budget.

The budget proposal includes five FY 2022-23 supplementals totaling \$5,764.8 million Gross (\$499.2 million GF/GP and \$848.0 million SAF):

- Departmental appropriation adjustments of \$3,097.5 million Gross (\$119.1 million GF/GP) including the following:
 - \$1,548.9 million Gross (negative \$515.2 million GF/GP) for caseload cost and E-FMAP adjustments. (DHHS) (2023-2)
 - \$1,548.4 million Gross (634.3 million GF/GP) for additional appropriations spread over 17 departments and the Legislature. (2023-2)
- School Aid supplemental increase of \$1,245.8 million Gross (\$180.1 million GF/GP and \$922.9 million SAF) for school aid, community colleges and higher education. In addition, the proposal includes deposits into the MPERS reserve fund (\$500.0 million), school consolidation and infrastructure fund (\$500.0 million) and educator fellowship fund (\$25.0 million). (2023-3)
- Natural Resources Trust Fund projects totaling \$23.3 million Gross. (2023-4)
- Federal Coronavirus State Fiscal Recovery Funds (SFRF) totaling \$752.0 million federal SFRF. (2023-5)
- Various federal COVID-19 grants totaling \$446.2 million. (2023-6)
- Budget Stabilization Fund (BSF) deposit of \$200.0 million. (2023-3)

GF/GP current services baseline increases in the FY 2023-24 executive recommendation include:

- \$232.0 million GF/GP for caseload adjustments. (DHHS and MDE)
- \$68.8 million GF/GP for all other current services baseline costs. (All budgets)
- \$8.1 million GF/GP for state employee compensation-related costs. (All budgets)

Total investments of \$683.9 million GF/GP for FY 2023-24. Major department increases include:

- \$341.9 million (50.0%) including increases for existing programs and funding new programs within DHHS.
- \$121.3 million (17.7%) increase for operations and scholarships for universities and students.
- \$45.7 million (6.7%) for program increases in LARA.
- \$37.9 million (5.5%) for EGLE programs, with much of the increase earmarked for lead service line replacements.

One-time allocations total \$1,904.1 million GF/GP for FY 2023-24. Total increases for departments include:

- \$554.1 million (29.1%) for LEO.
- \$412.0 million (21.6%) for EGLE.
- \$303.0 million (15.9%) for MDOT.
- \$236.1 million (12.4%) for DHHS.
- \$158.2 million (8.3%) for DTMB.

Major increases proposed for FY 2023-24 for School Aid and Community College funding include:

- \$900.0 million deposit into school aid budget stabilization fund.
- \$614.0 million for increases to district foundation allowances of \$458 per pupil (5.0%).
- \$300.0 million for professional development and curriculum and training supports.
- \$245.0 million school consolidation incentive grants.
- \$160.0 million for expanded breakfast and lunch programs.
- \$150.0 million electric bus grants.
- \$94.4 million for literacy initiatives in Detroit Public Schools.
- \$90.7 million for Great Start Readiness program (GSRP).
- \$79.5 million increase for special education costs.
- \$64.7 million increase to the At-Risk program.
- \$13.6 million increase of 4.0% ongoing for community college operations.

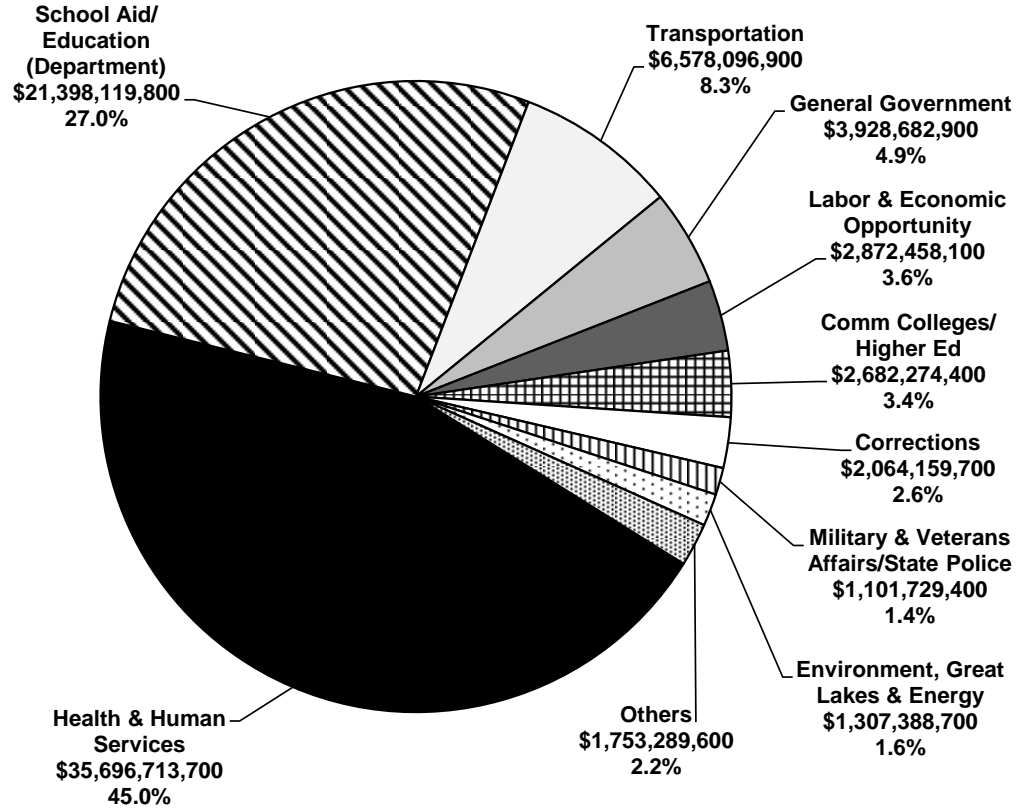
Revenue Sharing changes included in the executive recommendation for FY 2023-24 include:

- \$28.0 million increase, 5.0% ongoing and 5.0% one-time for city, village, and townships (CVTs).
- \$24.3 million increase, 5.0% ongoing and 5.0% one-time for counties.
- \$36.6 million for local public safety initiatives added to revenue sharing distributions, 2.0% ongoing and 5.0% one-time.

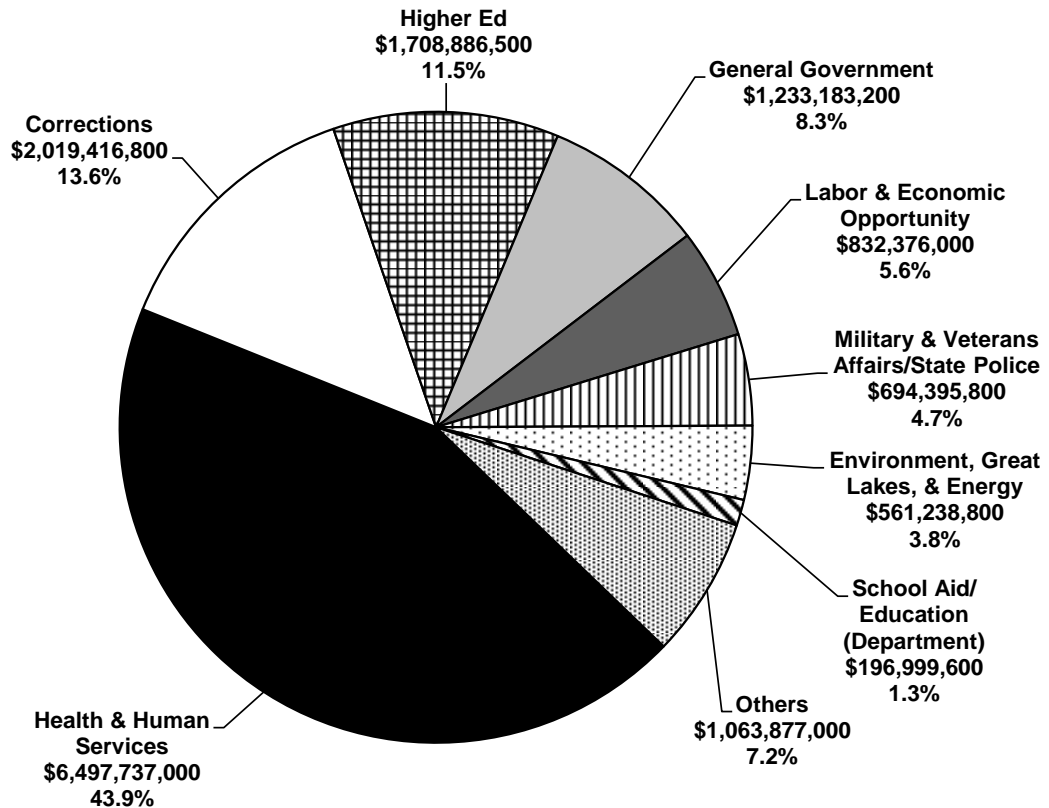
A more detailed summary of major budget changes by individual budget area begins on page 24.

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

**FY 2023-24 Executive Recommendation
Adjusted Gross = \$79,382,913,200**



**FY 2023-24 Executive Recommendation
General Fund/General Purpose (GF/GP) = \$14,808,110,700**



CONSENSUS REVENUE ESTIMATES

Jim Stansell, Associate Director and Senior Economist

This section explains January 2023 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2023-24 through FY 2024-25 by major revenue sources.

For Michigan:

Wage and salary employment is expected to increase 0.8% in 2023, 0.5% in 2024, and 0.9% in 2025.

The unemployment rate is expected to be 4.7% in 2023, 4.8% in 2024, and 4.5% in 2025.

GF/GP REVENUE ESTIMATES (Millions of Dollars)

	FY 2022-23	FY 2023-24	FY 2023-24 Over FY 2022-23		FY 2024-25	FY 2024-25 Over FY 2023-24	
			Dollar Change	Percent Change		Dollar Change	Percent Change
Individual Income Tax	\$9,032.9	\$9,338.8	\$305.9	3.4%	\$9,778.8	\$440.0	4.7%
Sales Tax	1,686.2	1,687.8	1.6	0.1%	1,717.9	30.1	1.8%
Use Tax	1,143.3	1,133.0	(10.3)	(0.9%)	1,155.4	22.4	2.0%
Business Taxes	1,648.0	1,680.3	32.3	2.0%	1,767.0	86.7	5.2%
Other Taxes	474.4	482.2	7.8	1.6%	488.3	6.1	1.3%
GF/GP Tax Revenue	\$13,984.8	\$14,322.1	\$337.3	2.4%	\$14,907.4	\$585.3	4.1%
Non-Tax Revenue	793.1	770.1	(23.0)	(2.9%)	638.1	(132.0)	(17.1%)
Net Total GF/GP Revenue	\$14,777.9	\$15,092.2	\$314.3	2.1%	\$15,545.5	\$453.3	3.0%

General Fund/General Purpose Revenue by Source

Individual Income Tax

Michigan individual income tax revenue is forecast to decrease 1.9% in FY 2022-23 before increasing 3.4% in FY 2023-24 and 4.7% in FY 2024-25.

Sales Tax

GF/GP sales tax revenue is estimated to decrease 0.5% in FY 2022-23 before increasing 0.1% in FY 2023-24 and 1.8% in FY 2024-25.

Use Tax

Use tax revenue is forecast to decline 4.3% in FY 2022-23 and 0.9% in FY 2023-24 before growing 2.0% in FY 2024-25.

Business Taxes

Net business taxes (the single business tax, Michigan business tax, corporate income tax, and insurance company taxes) are expected to decrease 15.5% in FY 2022-23 before increasing 2.0% in FY 2023-24 and 5.2% in FY 2024-25.

Other Taxes

Other GF/GP taxes include tobacco, beer and wine, liquor excise, and other taxes dedicated to the general fund. They are projected to decline 7.4% in FY 2022-23 before growing 1.6% in FY 2023-24 and 1.3% in FY 2024-25.

GF/GP Tax Revenue

GF/GP tax revenue is expected to decrease 4.0% in FY 2022-23 before increasing 2.4% in FY 2023-24 and 4.1% in FY 2024-25.

OVERVIEW

Net Total GF/GP Revenue

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

Net total GF/GP revenue is expected to decrease 2.8% to \$14,777.9 million in FY 2022-23, and then increase 2.1% to \$15,092.2 million in FY 2023-24 and 3.0% to \$15,545.5 million in FY 2024-25.

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

	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2023-24 Over FY 2022-23</u>		<u>FY 2024-25</u>	<u>FY 2024-25 Over FY 2023-24</u>	
			<u>Dollar Change</u>	<u>Percent Change</u>		<u>Dollar Change</u>	<u>Percent Change</u>
Sales and Use Taxes	\$8,732.4	\$8,746.7	\$14.3	0.2%	\$8,878.1	\$131.4	1.5%
Income Tax Earmark	3,791.8	3,878.5	86.7	2.3%	4,027.0	148.5	3.8%
Lottery and Casino Revenue	1,296.0	1,298.4	2.4	100.1%	1,297.0	(1.4)	(0.1%)
iGaming/Sports Betting/Fantasy	284.0	295.4	11.4	107.4%	305.0	9.6	3.2%
Cigarette Tax	277.8	272.7	(5.1)	(1.8%)	268.6	(4.1)	(1.5%)
State Education Tax	2,590.0	2,703.0	113.0	4.4%	2,808.0	105.0	3.9%
Real Estate Transfer Tax	435.0	417.6	(17.4)	(4.0%)	434.3	16.7	4.0%
Recreational Marijuana Earmark	79.6	83.6	4.0	5.0%	88.0	4.4	5.3%
Other Specific Taxes	148.5	150.1	1.6	1.1%	151.6	1.5	1.0%
Total SAF Revenue	\$17,635.1	\$17,846.0	\$210.9	1.2%	\$18,257.6	\$411.6	2.3%

School Aid Fund Revenue by Source

Sales and Use Taxes

Combined sales and use tax revenue dedicated to the SAF is forecast to increase 0.1% in FY 2022-23, 0.2% in FY 2023-24, and 1.5% in FY 2024-25.

Income Tax Earmark

Approximately 23.8% of gross income tax collections are dedicated to the SAF.

Dedicated income tax revenue is forecast to decline 6.6% in FY 2022-23 before increasing 2.3% in FY 2023-24 and 3.8% in FY 2024-25.

Lottery and Casino Revenue

Revenues from the lottery transfer and casino taxes are projected to total \$1,296.0 million in FY 2022-23, \$1,298.4 in FY 2023-24, and \$1,297.0 million in FY 2024-25.

iGaming/Sports Betting/Fantasy

Revenue from online gaming, sports betting, and fantasy sports is projected to total \$284.0 million in FY 2022-23, \$295.4 in FY 2023-24, and \$305.0 million in FY 2024-25.

Cigarette Tax

Approximately 41.6% of cigarette tax revenue is dedicated to the SAF.

The demand for tobacco products is expected to decline over the duration of the forecast causing estimated SAF cigarette tax revenue to decrease to \$277.8 million in FY 2022-23, \$272.7 million in FY 2023-24, and \$268.6 million in FY 2024-25.

State Education Tax/Real Estate Transfer Tax

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

Revenue from the SET is expected to increase 6.1% to \$2,590.0 million in FY 2022-23, 4.4% to \$2,703.0 million in FY 2023-24, and 3.9% to \$2,808.0 million in FY 2024-25.

RET revenue is forecast to decrease to \$435.0 million in FY 2022-23 and \$417.6 million in FY 2023-24 before increasing to \$434.3 million in FY 2024-25.

Recreational Marihuana Earmark

Roughly 35% of the 10% excise tax on recreational marihuana is earmarked to the school aid fund. The earmark is expected to generate \$79.6 million in FY 2022-23, \$83.6 million in FY 2023-24, and \$88.0 million in FY 2024-25.

Other SAF Taxes

Other specific taxes include specific taxes on liquor, commercial and industrial facilities taxes, the commercial forest tax, and other taxes dedicated to the SAF. They are estimated to be \$148.5 million in FY 2022-23, \$150.1 million in FY 2023-24, and \$151.6 million in FY 2024-25.

Total SAF Revenue

Total SAF revenue is expected to decrease 1.1% to \$17,635.1 million in FY 2022-23 before increasing 1.2% to \$17,846.0 million in FY 2023-24 and 2.3% to \$18,257.6 million in FY 2024-25.

OVERVIEW

Budget Stabilization Fund Year-End Balances

The following table notes BSF deposits, withdrawals, interest earnings, and year-end balances from FY 1990-91 to FY 2021-22. The table also shows the proposed appropriated amount, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2022-23, as well as the executive recommendation for deposits, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2023-24.

After deposits totaling \$197.5 million, the final BSF fund balance for FY 2021-22 was \$1,588.8 million. For FY 2022-23, no appropriation was contained in the budget, although a \$200.0 million deposit has been proposed in a supplemental. There was no deposit contained in the executive recommendation for FY 2023-24, which would bring the estimated year-end balance to \$2,011.3 million. These projections include the impact of 2014 PA 186, which requires annual deposits of \$17.5 million of tobacco settlement revenue to the BSF from FY 2016-17 through FY 2035-36.

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

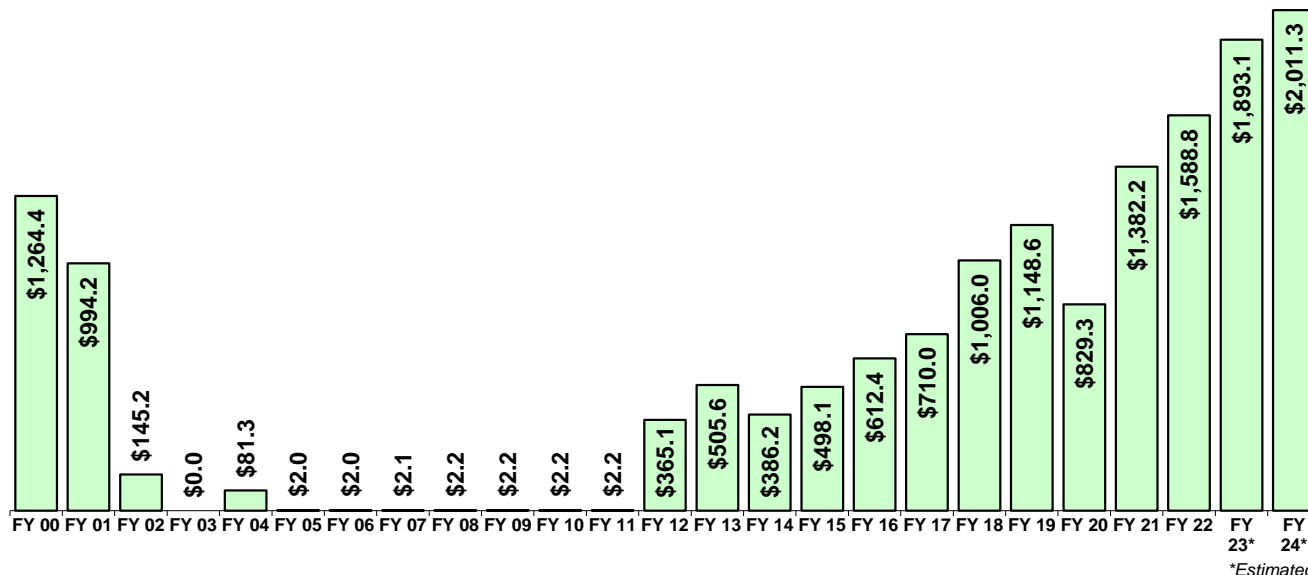
Fiscal Year	Deposits	Withdrawals	Interest Earned	Balance
1990-91	\$0.0	\$230.0	\$27.1	\$182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.7	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.2	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.2
2001-02	0.0	869.8	20.8	145.2
2002-03	0.0	156.1	10.9	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	81.3	2.0	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07	0.0	0.0	0.1	2.1
2007-08	0.0	0.0	0.1	2.2
2008-09	0.0	0.0	0.0	2.2
2009-10	0.0	0.0	0.0	2.2
2010-11	0.0	0.0	0.0	2.2
2011-12	362.7	0.0	0.2	365.1
2012-13	140.0	0.0	0.5	505.6
2013-14	75.0	194.8	0.4	386.2
2014-15	111.6	0.0	0.3	498.1
2015-16	112.5	0.0	1.7	612.4
2016-17	92.5	0.0	5.1	710.0
2017-18	282.5	0.0	13.5	1,005.9
2018-19	117.5	0.0	25.1	1,148.5
2019-20	17.5	350.0	13.2	829.0
2020-21	552.5	0.0	1.0	1,382.2
2021-22	197.5	0.0	9.3	1,588.8
2022-23	217.5**	0.0	86.8*	1,893.1
2023-24	17.5	0.0	100.7*	2,011.3

* HFA Estimate

** Includes \$200.0 million deposit included in executive recommendation

Note: Numbers may not add due to rounding.

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



Compliance with the State Revenue Limit

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

COMPLIANCE WITH THE STATE REVENUE LIMIT (Millions of Dollars)

<u>Revenue Limit Calculations</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Personal Income	CY 2021	CY 2022	CY 2023
Amount	\$567,807	\$568,375	\$594,520
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	\$53,884.9	\$53,938.8	\$56,419.9
Total Revenue Subject to Revenue Limit	\$42,884.4	\$43,573.0	\$44,614.0
Amount Under (Over) State Revenue Limit	\$11,000.5	\$10,365.8	\$11,805.9

OVERVIEW

Implications of Exceeding the State Revenue Limit

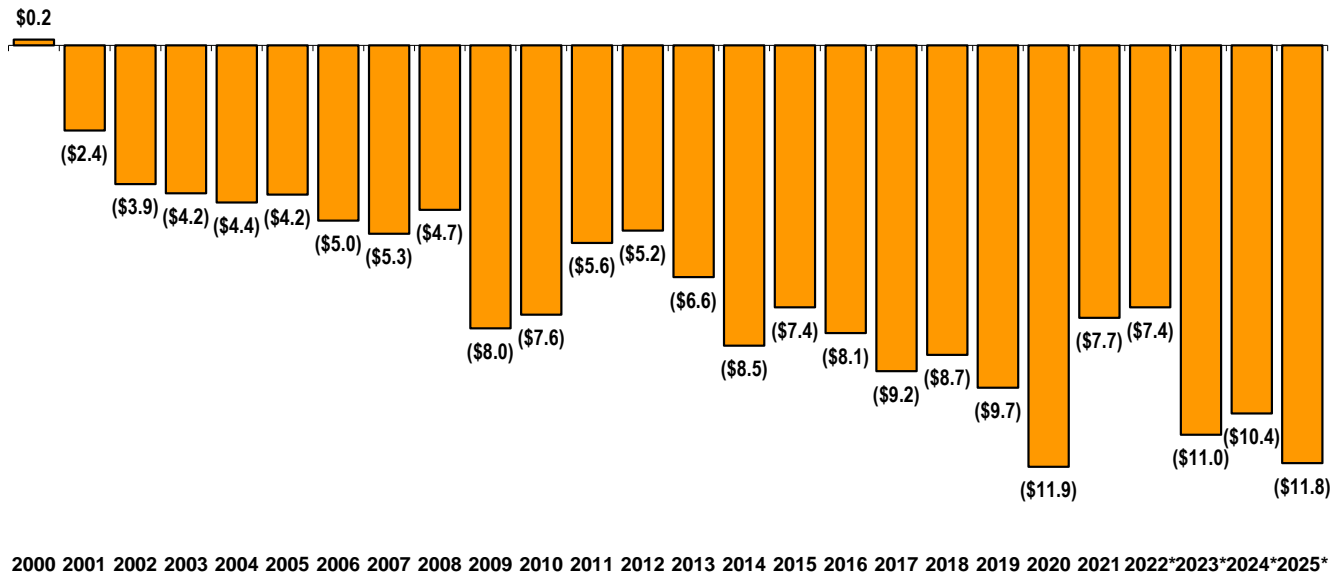
Article IX, Section 26, Constitution of the State of Michigan, provides that:

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

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

The final FY 2022-23 revenue limit calculation indicates that the state revenue collections were under the revenue limit by \$11.0 billion. For FY 2023-24 and FY 2024-25, state revenue is estimated to be below the revenue limit by \$10.4 billion and \$11.8 billion, respectively.

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



*Consensus Estimates

BALANCE SHEETS

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

FY 2022-23 Through FY 2024-25 Executive Recommendation General Fund/General Purpose (GF/GP) Millions of Dollars			
	FY 2022-23	FY 2023-24	FY 2024-25
Beginning Balance	\$6,546.5	\$1,984.5	\$12.0
Resources			
Consensus Revenue Estimate: January 2023	\$14,777.9	\$15,092.2	\$15,545.5
Earmark of CIT	(560.0)	(565.0)	(600.0)
Repeal Retirement Tax - Phase-in	(39.0)	(175.0)	(340.0)
Earned Income Tax Credit (6% to 30%)	(385.0)	(385.0)	(385.0)
Child Tax Credit	--	(24.0)	(24.0)
Onshoring Clean Energy Supply Chain Tax Credit	--	(200.0)	--
EV Sales Tax Credit	--	(48.4)	--
Local Government Reimbursement Fund	(75.0)	(75.0)	(75.0)
Miscellaneous Adjustments	(21.1)	(21.7)	(21.7)
Revenue Sharing (Ongoing and One-Time)	<u>(530.5)</u>	<u>(614.7)</u>	<u>(562.3)</u>
Total Resources	\$13,167.3	\$12,983.4	\$13,537.5
Expenditures			
Appropriations: Ongoing	\$11,964.1	\$12,854.3	\$12,854.3
GF to SAF (Ongoing and One-Time)	112.0	73.7	49.5
Appropriations: One-Time	3,229.8	1,880.1	--
E-FMAP/Caseload Savings	(515.2)	--	--
Supplementals - Current Law	1,701.8	--	--
Proposed Supplementals (2023-2 and 2023-3)	814.4	--	--
BSF Deposit	200.0	--	--
Other/Lawsuits/Audit/Legal	<u>222.5</u>	<u>147.8</u>	<u>127.8</u>
Total Expenditures	\$17,729.4	\$14,955.9	\$13,031.6
Projected Ending Balance / (Shortfall)	\$1,984.5	\$12.0	\$517.7

Numbers may not add due to rounding.

Note: The Executive recommendation assumes a deposit of \$800.0 million from the Corporate Income Tax into the Strategic Outreach Attraction Reserve (SOAR) Fund in FY 2021-22. The above revenue numbers do not reflect an \$800.0 million deposit into the Michigan Taxpayer Rebate Fund in HB 4001 (CR-1). The repeal of the retirement tax does not include estimates for police and fire pension treatment.

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FY 2022-23 Through FY 2024-25 Executive Recommendation School Aid Fund (SAF) Millions of Dollars			
	FY 2022-23	FY 2023-24	FY 2024-25
Beginning Balance	\$4,609.2	\$2,343.3	\$224.3
<u>Resources</u>			
Consensus Revenue Estimates: January 2023	\$17,635.1	\$17,846.0	\$18,257.6
GF/GP Grant	146.7	101.5	77.3
Detroit Public Trust Fund	72.0	72.0	72.0
MPSER Reserve Fund	140.4	--	--
MPSER Reserve Fund deposit	(925.0)	--	--
Consolidation/Infrastructure Fund deposit	(500.0)	--	--
Educator Scholar Fellowship Fund	(25.0)	245.0	--
School Aid Budget Stabilization Fund	--	(900.0)	--
Federal Aid	<u>2,667.0</u>	<u>2,253.0</u>	<u>2,199.0</u>
Total Resources	\$19,211.2	\$19,617.5	\$20,605.9
<u>Expenditures</u>			
Appropriations: Ongoing	\$17,719.1	\$19,145.5	\$18,814.2
January 2023 CREC Baseline Adjustments	78.5	--	--
Appropriations: One-Time	1,883.6	1,746.0	92.0
Supplemental: Current Law	12.2	--	--
Proposed Supplemental (2023-3) K-12	912.3	--	--
Higher Education	448.6	492.7	451.3
Community Colleges	347.9	352.3	351.9
Proposed Supplemental (2023-3) CC	<u>74.9</u>	<u>--</u>	<u>--</u>
Total Expenditures	\$21,477.1	\$21,736.5	\$19,709.4
Projected Ending Balance / (Shortfall)	\$2,343.3	\$224.3	\$1,120.8

Numbers may not add due to rounding.

FY 2023-24 and FY 2024-25 Executive Recommendation Tobacco Settlement / Merit Award Trust Fund Millions of Dollars		
	FY 2023-24	FY 2024-25
Beginning Balance	\$50.9	\$50.6
<u>Resources</u>		
Tobacco Settlement MSA Payment	\$298.9	\$296.8
Debt Service on 2006/2007 Securitization Bonds (13.34%/10.77%)	(72.1)	(71.6)
Deposit to 21st Century Jobs Trust Fund	(75.0)	(75.0)
BSF repayment	(17.5)	(17.5)
Community District Trust Fund	(72.0)	(72.0)
Interest	<u>0.1</u>	<u>0.1</u>
Total Resources	\$62.4	\$60.8
<u>Expenditures</u>		
Attorney General: Operations	\$0.4	\$0.4
DHHS: Aging Respite care	4.0	4.0
DHHS: Medicaid Long Term Care	57.2	57.2
State Police: Criminal Investigations/IT	0.1	0.1
Treasury: Student Financial Services Programs	<u>1.0</u>	<u>1.0</u>
Total Expenditures	\$62.7	\$62.7
Estimated Ending Balance	\$50.6	\$48.7

Numbers may not add due to rounding.

APPROPRIATION SUMMARY TABLES

The executive budget recommendation for FY 2023-24 increases adjusted gross appropriations by \$1,638.1 million (2.1%) from FY 2022-23 year-to-date amounts:

- GF/GP appropriations are decreased by \$2,149.5 million (-12.7%)
- State restricted appropriations are increased by \$2,517.5 million (8.7%)
- Federal appropriations are decreased by \$1,286.0 million (4.1%)
- Local and private appropriations are decreased by \$15.9 million (-3.0%)

Total state spending from state sources (GF/GP plus state restricted) in the FY 2023-24 executive budget recommendation is increased by \$368.0 million (0.8%) from FY 2022-23 year-to-date amounts.

Projected appropriation amounts for FY 2024-25 under the executive budget (which are presented only for planning purposes) reflect a 12.9% decrease in GF/GP appropriations, a 8.4% decrease in total state spending from state sources, and a 4.9% decrease in adjusted gross appropriations.

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

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

- FY 2022-23 year-to-date figures include adjustments through February 8, 2023.
- Some appropriation items in the FY 2022-23 budget are designated as one-time, indicating intent that those items will not be funded in the subsequent budget year in order to maintain a structurally balanced budget. The FY 2023-24 executive budget continues this practice.
- The tables in this document show total appropriation amounts by budget area, including both ongoing items and the items designated as one-time, in order to provide an accurate representation of resources available for expenditure in each budget year by state departments, local units of government, and other entities receiving funds through the state budget.

**FY 2023-24 and FY 2024-25
Executive Budget Appropriation Changes
Millions of Dollars**

	<u>Year-to-Date FY 2022-23</u>	<u>Executive Recommendation FY 2023-24</u>	<u>Change Amounts</u>		<u>Executive Recommendation FY 2024-25</u>	<u>Change Amounts</u>	
General Fund/General Purpose	\$16,957.6	\$14,808.1	(\$2,149.5)	(12.7%)	\$12,903.7	(\$1,904.4)	(12.9%)
State Restricted	<u>28,856.1</u>	<u>31,373.6</u>	<u>2,517.5</u>	8.7%	<u>29,383.9</u>	<u>(1,989.7)</u>	(6.3%)
Total State-Source Appropriations	\$45,813.7	\$46,181.7	\$368.0	0.8%	\$42,287.6	(\$3,894.1)	(8.4%)
Federal	\$31,392.3	\$32,678.2	\$1,286.0	4.1%	\$32,687.2	\$9.0	0.0%
Local	310.5	289.1	(21.3)	(6.9%)	289.1	0.0	0.0%
Private	228.4	233.8	5.4	2.4%	228.8	(5.0)	(2.1%)
Total Adjusted Gross	\$77,744.8	\$79,382.9	\$1,638.1	2.1%	\$75,492.8	(\$3,890.1)	(4.9%)

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

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

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

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

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

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

Notes:

- (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023.
- (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.
- (3) Numbers may not add due to rounding.

OVERVIEW

**TABLE 1
FY 2023-24 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS**

<u>Department/Budget Area</u>	<u>Gross</u>	<u>IDG/IDT</u>	<u>Adjusted Gross</u>	<u>Federal</u>	<u>Local</u>	<u>Private</u>	<u>State Restricted</u>	<u>GF/GP</u>
Agriculture & Rural Development	\$189,833,000	\$327,000	\$189,506,000	\$19,660,400	\$0	\$21,300	\$45,219,200	\$124,605,100
Attorney General	116,398,400	36,235,500	80,162,900	10,063,800	0	0	20,773,100	49,326,000
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	29,460,000	0	29,460,000	2,890,900	0	18,700	58,500	26,491,900
Community Colleges	492,593,200	0	492,593,200	0	0	0	492,593,200	0
Corrections	2,064,159,700	0	2,064,159,700	5,143,500	9,793,900	0	29,805,500	2,019,416,800
Education	506,608,000	0	506,608,000	364,589,100	5,856,000	2,791,300	10,072,000	123,299,600
Environment, Great Lakes, & Energy	1,311,421,800	4,033,100	1,307,388,700	440,830,300	0	1,360,700	303,958,900	561,238,800
Executive Office	8,699,000	0	8,699,000	0	0	0	0	8,699,000
Health and Human Services	35,711,390,600	14,676,900	35,696,713,700	25,803,271,500	154,718,100	190,660,700	3,050,326,400	6,497,737,000
Higher Education	2,189,681,200	0	2,189,681,200	128,526,400	0	0	352,268,300	1,708,886,500
Insurance & Financial Services	74,147,900	732,100	73,415,800	1,017,100	0	0	72,398,700	0
Judiciary	354,734,800	1,902,300	352,832,500	6,751,300	0	1,523,900	95,152,600	249,404,700
Labor & Economic Opportunity	2,872,458,100	0	2,872,458,100	1,168,548,800	10,700,000	12,539,200	848,294,100	832,376,000
Legislative Auditor General	29,750,200	6,921,900	22,828,300	0	0	0	2,421,600	20,406,700
Legislature	186,873,600	0	186,873,600	0	0	445,400	5,164,300	181,263,900
Licensing & Regulatory Affairs	600,471,200	46,897,200	553,574,000	30,004,200	0	0	256,838,700	266,731,100
Military & Veterans Affairs	240,404,100	101,800	240,302,300	134,445,400	0	100,000	14,213,400	91,543,500
Natural Resources	584,163,900	202,600	583,961,300	100,409,600	0	7,289,200	356,126,400	120,136,100
School Aid	20,891,511,800	0	20,891,511,800	2,253,043,500	0	0	18,564,768,300	73,700,000
State	262,740,400	20,000,000	242,740,400	1,460,000	0	50,100	223,392,000	17,838,300
State Police	887,671,500	26,244,400	861,427,100	87,849,400	4,904,800	35,000	165,785,600	602,852,300
Tech., Mgmt. & Budget: Operations	1,624,781,600	1,082,389,000	542,392,600	4,699,000	2,334,700	137,400	134,180,300	401,041,200
Tech., Mgmt. & Budget: SBA Rent	236,570,600	0	236,570,600	0	0	0	0	236,570,600
Transportation	6,582,449,900	4,353,000	6,578,096,900	2,090,121,400	85,773,500	16,800,000	4,082,402,000	303,000,000
Treasury: Operations	776,493,800	11,097,300	765,396,500	24,921,800	15,038,100	33,200	533,941,900	191,461,500
Treasury: Debt Service	100,084,100	0	100,084,100	0	0	0	0	100,084,100
Treasury: Revenue Sharing	1,713,474,900	0	1,713,474,900	0	0	0	1,713,474,900	0
TOTAL APPROPRIATIONS	\$80,639,027,300	\$1,256,114,100	\$79,382,913,200	\$32,678,247,400	\$289,119,100	\$233,806,100	\$31,373,629,900	\$14,808,110,700

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

**TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2023-24 and FY 2024-25 Executive Recommendation Compared with FY 2022-23 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2022-23</u>	<u>Exec. Rec. FY 2023-24</u>	<u>Difference FY 2023-24 vs. FY 2022-23</u>		<u>Exec. Rec. FY 2024-25</u>	<u>Difference FY 2024-25 vs. FY 2023-24</u>	
Agriculture & Rural Development	\$187,388,400	\$189,506,000	\$2,117,600	1.1%	\$137,006,000	(\$52,500,000)	(27.7%)
Attorney General	82,318,400	80,162,900	(2,155,500)	(2.6%)	80,162,900	0	0.0%
Capital Outlay	487,400,000	0	(487,400,000)	(100.0%)	0	0	--
Civil Rights	21,601,600	29,460,000	7,858,400	36.4%	26,710,000	(2,750,000)	(9.3%)
Community Colleges	529,758,000	492,593,200	(37,164,800)	(7.0%)	451,293,200	(41,300,000)	(8.4%)
Corrections	2,124,968,000	2,064,159,700	(60,808,300)	(2.9%)	2,060,859,700	(3,300,000)	(0.2%)
Education	420,581,000	506,608,000	86,027,000	20.5%	500,775,300	(5,832,700)	(1.2%)
Environment, Great Lakes, & Energy	725,247,900	1,307,388,700	582,140,800	80.3%	895,388,700	(412,000,000)	(31.5%)
Executive Office	8,533,600	8,699,000	165,400	1.9%	8,699,000	0	0.0%
Health and Human Services	33,423,606,800	35,696,713,700	2,273,106,900	6.8%	35,335,757,300	(360,956,400)	(1.0%)
Higher Education	2,016,635,700	2,189,681,200	173,045,500	8.6%	2,139,281,200	(50,400,000)	(2.3%)
Insurance & Financial Services	73,599,000	73,415,800	(183,200)	(0.2%)	73,415,800	0	0.0%
Judiciary	481,603,400	352,832,500	(128,770,900)	(26.7%)	348,032,500	(4,800,000)	(1.4%)
Labor & Economic Opportunity	4,689,486,200	2,872,458,100	(1,817,028,100)	(38.7%)	2,318,358,100	(554,100,000)	(19.3%)
Legislative Auditor General	21,951,100	22,828,300	877,200	4.0%	22,828,300	0	0.0%
Legislature	189,847,000	186,873,600	(2,973,400)	(1.6%)	186,873,600	0	0.0%
Licensing & Regulatory Affairs	492,807,500	553,574,000	60,766,500	12.3%	541,674,000	(11,900,000)	(2.1%)
Military & Veterans Affairs	362,264,200	240,302,300	(121,961,900)	(33.7%)	227,302,300	(13,000,000)	(5.4%)
Natural Resources	535,279,700	583,961,300	48,681,600	9.1%	529,202,800	(54,758,500)	(9.4%)
School Aid	19,642,816,400	20,891,511,800	1,248,695,400	6.4%	18,906,170,800	(1,985,341,000)	(9.5%)
State	235,196,700	242,740,400	7,543,700	3.2%	242,740,400	0	0.0%
State Police	818,203,400	861,427,100	43,223,700	5.3%	855,436,800	(5,990,300)	(0.7%)
Tech., Mgmt. & Budget: Operations	556,443,500	542,392,600	(14,050,900)	(2.5%)	372,382,600	(170,010,000)	(31.3%)
Tech., Mgmt. & Budget: SBA Rent	231,570,600	236,570,600	5,000,000	2.2%	236,570,600	0	0.0%
Transportation	6,125,325,100	6,578,096,900	452,771,800	7.4%	6,469,719,600	(108,377,300)	(1.6%)
Treasury: Operations	1,593,205,400	765,396,500	(827,808,900)	(52.0%)	756,659,700	(8,736,800)	(1.1%)
Treasury: Debt Service	100,084,100	100,084,100	0	0.0%	100,084,100	0	0.0%
Treasury: Revenue Sharing	1,567,121,100	1,713,474,900	146,353,800	9.3%	1,669,431,300	(44,043,600)	(2.6%)
TOTAL	\$77,744,843,800	\$79,382,913,200	\$1,638,069,400	2.1%	\$75,492,816,600	(\$3,890,096,600)	(4.9%)

OVERVIEW

TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2023-24 and FY 2024-25 Executive Recommendation Compared with FY 2022-23 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2022-23</u>	<u>Exec. Rec. FY 2023-24</u>	<u>Difference FY 2023-24 vs. FY 2022-23</u>		<u>Exec. Rec. FY 2024-25</u>	<u>Difference FY 2024-25 vs. FY 2023-24</u>	
Agriculture & Rural Development	\$122,989,800	\$124,605,100	\$1,615,300	1.3%	\$72,105,100	(\$52,500,000)	(42.1%)
Attorney General	51,429,800	49,326,000	(2,103,800)	(4.1%)	49,326,000	0	0.0%
Capital Outlay	109,000,000	0	(109,000,000)	(100.0%)	0	0	--
Civil Rights	18,633,500	26,491,900	7,858,400	42.2%	23,741,900	(2,750,000)	(10.4%)
Community Colleges	0	0	0	--	0	0	--
Corrections	2,080,108,300	2,019,416,800	(60,691,500)	(2.9%)	2,016,116,800	(3,300,000)	(0.2%)
Education	99,591,500	123,299,600	23,708,100	23.8%	117,566,900	(5,732,700)	(4.6%)
Environment, Great Lakes, & Energy	98,835,800	561,238,800	462,403,000	467.8%	149,238,800	(412,000,000)	(73.4%)
Executive Office	8,533,600	8,699,000	165,400	1.9%	8,699,000	0	0.0%
Health and Human Services	6,242,365,800	6,497,737,000	255,371,200	4.1%	6,261,614,700	(236,122,300)	(3.6%)
Higher Education	1,540,221,000	1,708,886,500	168,665,500	11.0%	1,658,886,500	(50,000,000)	(2.9%)
Insurance & Financial Services	0	0	0	--	0	0	--
Judiciary	370,774,900	249,404,700	(121,370,200)	(32.7%)	244,604,700	(4,800,000)	(1.9%)
Labor & Economic Opportunity	2,940,839,900	832,376,000	(2,108,463,900)	(71.7%)	278,276,000	(554,100,000)	(66.6%)
Legislative Auditor General	19,621,800	20,406,700	784,900	4.0%	20,406,700	0	0.0%
Legislature	184,453,000	181,263,900	(3,189,100)	(1.7%)	181,263,900	0	0.0%
Licensing & Regulatory Affairs	213,822,400	266,731,100	52,908,700	24.7%	260,331,100	(6,400,000)	(2.4%)
Military & Veterans Affairs	142,465,000	91,543,500	(50,921,500)	(35.7%)	78,543,500	(13,000,000)	(14.2%)
Natural Resources	94,404,000	120,136,100	25,732,100	27.3%	67,877,600	(52,258,500)	(43.5%)
School Aid	124,200,000	73,700,000	(50,500,000)	(40.7%)	49,500,000	(24,200,000)	(32.8%)
State	12,679,300	17,838,300	5,159,000	40.7%	17,838,300	0	0.0%
State Police	572,709,200	602,852,300	30,143,100	5.3%	596,862,000	(5,990,300)	(1.0%)
Tech., Mgmt. & Budget: Operations	425,538,400	401,041,200	(24,497,200)	(5.8%)	242,831,200	(158,210,000)	(39.4%)
Tech., Mgmt. & Budget: SBA Rent	231,570,600	236,570,600	5,000,000	2.2%	236,570,600	0	0.0%
Transportation	91,250,000	303,000,000	211,750,000	232.1%	0	(303,000,000)	(100.0%)
Treasury: Operations	1,061,440,500	191,461,500	(869,979,000)	(82.0%)	171,461,500	(20,000,000)	(10.4%)
Treasury: Debt Service	100,084,100	100,084,100	0	0.0%	100,084,100	0	0.0%
Treasury: Revenue Sharing	0	0	0	--	0	0	--
TOTAL	\$16,957,562,200	\$14,808,110,700	(\$2,149,451,500)	(12.7%)	\$12,903,746,900	(\$1,904,363,800)	(12.9%)

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

<u>Department/Budget Area</u>	<u>Exec. Rec. FY 2023-24 GF/GP</u>
Agriculture & Rural Development	\$52,500,000
Civil Rights	2,750,000
Corrections	3,300,000
Education	5,732,700
Environment, Great Lakes, & Energy	412,000,000
Health and Human Services	236,060,600
Higher Education	50,000,000
Judiciary	4,800,000
Labor & Economic Development	554,100,000
Licensing & Regulatory Affairs	6,400,000
Military & Veterans Affairs	13,000,000
Natural Resources	52,258,500
School Aid	24,000,000
State Police	5,990,300
Tech., Mgmt. & Budget: Operations	158,210,000
Transportation	303,000,000
Treasury: Operations	20,000,000
TOTAL: ONE-TIME APPROPRIATIONS	\$1,904,102,100

**TABLE 5
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2023-24 Executive Recommendation Compared with FY 2022-23 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2022-23</u>	<u>Executive Recommendation FY 2023-24</u>	<u>Difference FY 2023-24 vs. FY 2022-23</u>	
Agriculture & Rural Development	537.0	543.0	6.0	1.1%
Attorney General	549.5	584.4	34.9	6.4%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	115.0	155.0	40.0	34.8%
Community Colleges	0.0	0.0	0.0	--
Corrections	13,514.4	13,196.0	(318.4)	(2.4%)
Education	627.5	640.5	13.0	2.1%
Environment, Great Lakes, & Energy	1,516.0	1,581.0	65.0	4.3%
Executive Office	96.2	96.2	0.0	0.0%
Health and Human Services	15,690.5	15,834.5	144.0	0.9%
Higher Education	0.0	0.0	0.0	--
Insurance & Financial Services	390.5	390.5	0.0	0.0%
Judiciary	537.0	588.0	51.0	9.5%
Labor & Economic Opportunity	2,593.9	2,622.9	29.0	1.1%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing & Regulatory Affairs	1,879.9	1,891.9	12.0	0.6%
Military & Veterans Affairs	1,063.5	1,083.5	20.0	1.9%
Natural Resources	2,418.8	2,546.5	127.7	5.3%
School Aid	0.0	0.0	0.0	--
State	1,592.0	1,608.0	16.0	1.0%
State Police	3,757.0	3,832.0	75.0	2.0%
Tech., Mgmt. & Budget: Operations	3,167.0	3,216.0	49.0	1.5%
Tech., Mgmt. & Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	3,056.3	3,224.3	168.0	5.5%
Treasury: Operations	1,978.5	2,013.5	35.0	1.8%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
TOTAL FTE APPROPRIATIONS	55,080.5	55,647.7	567.2	1.0%

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

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

FY 2023-24 Executive Recommendation			
Department/Budget Area	Spending from State Sources	State Spending to Local Government Units	% of State Spending from State Sources as Payment to Locals
Agriculture & Rural Development	\$169,824,300	\$10,800,000	6.4%
Attorney General	70,099,100	0	0.0%
Capital Outlay	0	0	--
Civil Rights	26,550,400	0	0.0%
Community Colleges	492,593,200	492,593,200	100.0%
Corrections	2,049,222,300	123,453,600	6.0%
Education	133,371,600	18,717,700	14.0%
Environment, Great Lakes, & Energy	865,197,700	252,091,000	29.1%
Executive Office	8,699,000	0	0.0%
Health and Human Services	9,548,063,400	1,793,062,800	18.8%
Higher Education	2,061,154,800	0	0.0%
Insurance & Financial Services	72,398,700	0	0.0%
Judiciary	344,557,300	150,634,500	43.7%
Labor & Economic Opportunity	1,680,670,100	73,024,900	4.3%
Legislative Auditor General	22,828,300	0	0.0%
Legislature	186,428,200	0	0.0%
Licensing & Regulatory Affairs	523,569,800	242,917,400	46.4%
Military & Veterans Affairs	105,756,900	4,178,000	4.0%
Natural Resources	476,262,500	10,892,100	2.3%
School Aid	18,638,468,300	17,032,348,500	91.4%
State	241,230,300	1,794,300	0.7%
State Police	768,637,900	40,441,500	5.3%
Tech., Mgmt. & Budget: Operations	535,221,500	0	0.0%
Tech., Mgmt. & Budget: SBA Rent	236,570,600	0	0.0%
Transportation	4,385,402,000	2,604,854,000	59.4%
Treasury: Operations	725,403,400	318,700,600	43.9%
Treasury: Debt Service	100,084,100	0	0.0%
Treasury: Revenue Sharing	1,713,474,900	1,713,474,900	100.0%
TOTALS APPROPRIATED	\$46,181,740,600	\$24,883,979,000	53.9%

FY 2023-24

Budget Detail

**Summary: Executive Budget Recommendation
for Fiscal Year 2023-24
AGRICULTURE AND RURAL DEVELOPMENT**

Analyst: William E. Hamilton

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
IDG/IDT	\$326,700	\$327,000	\$300	0.1
Federal	19,670,900	19,660,400	(10,500)	(0.1)
Local	0	0	0	--
Private	21,300	21,300	0	0.0
Restricted	44,706,400	45,219,200	512,800	1.1
GF/GP	122,989,800	124,605,100	1,615,300	1.3
Gross	\$187,715,100	\$189,833,000	\$2,117,900	1.1
FTEs	537.0	543.0	6.0	1.1

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Food and Agriculture Supply Chain Investment	Gross	\$0
Requests \$37.5 million GF/GP (one-time) to address issues related to agriculture and food industry supply chain, including accessibility of cold storage, distribution and processing facilities, and implementation of advanced technologies. Related boilerplate section 902 would authorize 1.0 limited-term FTE position to administer the program.	GF/GP	\$0
		\$37,500,000
2. MI Climate Smart Farming	Gross	\$0
Requests \$10.0 million GF/GP (one-time) to assist Michigan farmers in implementing regenerative agriculture practices to reduce soil disturbance, maximize crop diversity, sequester carbon, and reduce sediment and nutrient runoff. Related boilerplate section 901 would authorize 4.0 limited-term FTE positions.	GF/GP	\$0
		\$10,000,000
3. Emerging Contaminates in Food and Agriculture	FTE	0.0
Requests \$6.2 million GF/GP, and authorization for 6.0 FTE positions, for new ongoing program to identify, respond to, and mitigate emerging contaminants, including PFAS, affecting agriculture and related food industries.	Gross	\$0
	GF/GP	\$0
		\$6,180,000
4. Northern Michigan Herd Protection and Management	Gross	\$0
Requests \$5.0 million GF/GP (one-time) for practices that separate livestock from wildlife in order to protect livestock from Bovine Tuberculosis; targeted for counties in the Modified Accredited Zone (Alcona, Alpena, Montmorency, Oscoda) as well as adjacent Presque Isle County. Project supports efforts to maintain Michigan's "split state" status with the U. S. Department of Agriculture.	GF/GP	\$0
		\$5,000,000

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>	<u>FY 2022-23 YTD (as of 2/8/23)</u>	<u>Executive Change from YTD</u>
5. Michigan Craft Beverage Council		
Recognizes estimated additional restricted revenue from fees dedicated to the program under Michigan's Liquor Control Code.	FTE 3.0 Gross \$926,100 Restricted 926,100 GF/GP \$0	0.0 \$410,000 410,000 \$0
6. Producer Security		
Provides \$150,000 of additional restricted fund support for MDARD's administration of the Farm Produce Insurance Act; the act will have to be amended to raise the current ceiling on administrative expenses.	FTE 5.0 Gross \$754,000 Restricted 735,200 GF/GP \$18,800	0.0 \$150,000 150,000 \$0
7. Climate Action/Reforestation in Northern Michigan		
Retains \$5.4 million in federal spending authority associated with reforestation although there is only one reforestation grant at this time. The FY 2022-23 budget recognized, in the ongoing Qualified Forest Program line item, a \$5.4 million federal USDA grant for reforestation of private and state-owned land in the Northern Lower Peninsula. The project involves the planting of 5 million native hardwood trees and conifers.	FTE 9.0 Gross \$8,078,600 Federal 5,400,000 Restricted 1,080,100 GF/GP \$1,598,500	0.0 \$0 0 0 \$0
8. Local Conservation Districts		
Removes \$1.0 million GF/GP that was considered one-time funding for local conservation districts.	Gross \$3,000,000 GF/GP \$3,000,000	(\$1,000,000) (\$1,000,000)
9. Back Out FY 2022-23 One-Time GF/GP		
Removes FY 2022-23 one-time funding items totaling \$56.0 million GF/GP: animal welfare and veterinary care, \$2.0 million; economic development for food and agriculture, \$50.0 million; Office of Rural Development grants, \$3.0 million; Buy Michigan campaign, \$1.0 million.	Gross \$56,000,000 GF/GP \$56,000,000	(\$56,000,000) (\$56,000,000)
10. Economic Adjustments		
Reflects net decrease in estimated costs of \$232,500 Gross (\$175,100 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Gross NA IDGS NA Federal NA Restricted NA GF/GP NA	(\$232,500) 300 (10,500) (47,200) (\$175,100)

Major Boilerplate Changes from FY 2022-23

General Note on Boilerplate Section Revisions/Deletions

The executive recommendation did not include some reporting requirements, or certain legislative directives or restrictions on appropriations. General section deletions include: Sec. 211, requires searchable website for department financial and staffing information; Sec. 212, requires report on restricted fund balances; Sec. 213, requires scorecard of key metrics of department performance measures; Sec. 214, identifies legacy costs included in department budget; Sec. 215, prohibits department from disciplining employees for communicating with legislature; Sec. 217, prohibits part 1 expenditures until related work project balances have been exhausted; Sec. 219, requires department to follow record retention guidelines; Sec. 220, requires report on policy changes implemented to implement a public act affecting the department; Sec. 221, requires report on severance pay agreements made by the department; Sec. 222, prohibits use of COVID-19 passports and employment restrictions related to vaccine status; Sec. 224, directs department to prioritize in-person work; Sec. 241, requires notification when department activates incident management team.

Sec. 211. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion, to restrict or impede community access to government programs, or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

Sec. 218. State Administrative Board Transfers – DELETED

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

Major Boilerplate Changes from FY 2022-23

Sec. 303. Emerging Contaminates – NEW

Defines the emerging contaminants program established in part 1; directs the department to support efforts to identify and respond to emerging contaminants, including PFAS, to the food and agriculture sector.

Sec. 701. Food and Agriculture Investment Grant Program – REVISED

Revises language that currently defines and guides the grant program; directs that awards emphasize Michigan-based small business, non-profits, and organizations promoting agriculture and food security activities.

Sec. 900. Northern Michigan Herd Protection and Management Program – NEW

Defines the new one-time \$5.0 million GF/GP program as a work project. Indicates the program’s purpose is “to provide infrastructure for herd protection for cattle farmers in Northern Michigan.” It is understood that “infrastructure” means fencing to keep cattle and cattle food supplies separated from wildlife as a means for preventing the transmission of Bovine TB from wildlife to livestock.

Sec. 901. MI Climate Smart Farming – NEW

Defines the new one-time \$10.0 million GF/GP appropriation as a work project; indicates that the purpose of the project is to “promote the usage and implementation of regenerative agricultural practices.” Authorizes 4.0 FTE (limited term) positions [not included in part 1 line item detail], to administer the program.

Sec. 902. Food and Agriculture Supply Chain Investment – NEW

Authorizes the department to increase staffing by 1.0 FTE position (limited term) to administer the new one-time part 1 program.

		<u>FY 2022-23 Recommendation</u>
<u>Supplemental Recommendations for FY 2022-23 Appropriations</u>		
1. Emergency Management	Gross	\$8,000,000
Requests \$8.0 million GF/GP (one-time) for program to identify, respond to, and mitigate emerging contaminants, including PFAS, affecting agriculture and related food industries. (SBO Request letter 2023-2). Note that the FY 2023-24 budget request includes \$6.2 million for this program as an ongoing line item.	GF/GP	\$8,000,000
2. Fair Food Network – Double Up Food Bucks	Gross	\$15,500,000
Requests \$15.5 million GF/GP (one-time) for program that helps Bridge Card recipients access additional fresh fruits and vegetables; baseline GF/GP funding is \$900,000. (SBO Request letter 2023-2)	GF/GP	\$15,500,000
3. Farm Stress Program	Gross	\$60,000
Includes \$60,000 in federal COVID-19 relief funds under CRRSAA for a stress assistance program for individuals in farming or other agriculture-related occupations. (SBO Request letter 2023-6)	Federal	60,000
	GF/GP	\$0
4. Seafood Processors Pandemic Response	Gross	\$200,000
Includes \$200,000 in federal CRRSAA funds to provide financial relief to seafood processors. (SBO Request letter 2023-6)	Federal	200,000
	GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 COMMUNITY COLLEGES

Analyst: Perry Zielak

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
IDG/IDT	\$0	\$0	\$0	--
Federal	81,200,000	0	(81,200,000)	(100.0)
Local	0	0	0	--
Private	0	0	0	--
Restricted	448,558,000	492,593,200	44,035,200	9.8
GF/GP	0	0	0	--
Gross	\$529,758,000	\$492,593,200	(\$37,164,800)	(7.0)

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Community Colleges budget, contained in Article II of the compiled School Aid Act, provides funding for operational support of the 28 public community colleges located throughout the state and some retirement costs for employees who participate in the state public school employee retirement system. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associate degrees, career and technical education, developmental and remedial education, continuing education, and baccalaureate programs in a limited number of areas. The colleges are supported primarily through a combination of state aid, local property tax revenue, and tuition and fees.

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>		<u>FY 2022-23 YTD (as of 2/8/23)</u>	<u>Executive Change from YTD</u>
1. Community College Operations Increase	Gross	\$341,224,400	\$13,179,800
Includes a net increase of \$13.2 million SAF for community college operations, a 3.9% increase. This includes:	Restricted	341,224,400	13,179,800
<ul style="list-style-type: none"> \$13.6 million SAF, or 4.0%, increase to operations grants for community colleges, which would be distributed through the performance funding formula. \$413,700 SAF decrease based on FY 2021-22 North American Indian Tuition Waiver (ITW) program costs reported by institutions. 	GF/GP	\$0	\$0
Attainment of the performance funding increase would be conditioned on restraining in-district tuition and fee increases to the greater of 4.5% or \$205. Projected funding increases for individual community colleges would range from 2.3% to 5.7%. Total funding for operations would be \$354.4 million SAF.			
2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$92,600,000	\$13,200,000
Increases funding by \$13.2 million SAF for the state's share of community colleges' MPERS UAAL, a 14.3% increase. The state's share is the difference between the calculated UAAL contribution to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement Act (MCL 38.1341). Total funding for the state share of MPERS would be \$105.8 million SAF.	Restricted	92,600,000	13,200,000
	GF/GP	\$0	\$0

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
3. MPSERS Offset	Gross	\$1,733,600	\$5,455,400
Increases funding by \$5.5 million SAF for the community colleges' MPSERS offset payment, a 314.7% increase, which assists in offsetting a portion of the contributions owed to MPSERS by community colleges. The increase would equalize the offset for community colleges with the K-12 school district MPSERS offset. Total funding for the MPSERS offset would be \$7.2 million SAF.	Restricted	1,733,600	5,455,400
	GF/GP	\$0	\$0
4. MPSERS Normal Cost Offset	Gross	\$10,800,000	\$12,200,000
Increases funding by \$12.2 million SAF for the community colleges' MPSERS normal cost offset, a 113.0% increase, due to lowering the assumed rate of return from 6.8% to 6.0% pursuant to the dedicated gains policy. Total funding for the MPSERS normal cost offset would be \$23.0 million SAF.	Restricted	10,800,000	12,200,000
	GF/GP	\$0	\$0
5. Michigan Associate Degree in Nursing (ADN) to Bachelor of Science in Nursing (BSN) Completion Grant Program	Gross	\$56,000,000	(\$56,000,000)
Removes \$56.0 million federal Coronavirus State Fiscal Recovery Fund (SFRF) for the Michigan ADN to BSN Completion Grant program. The program allows nurses with an ADN or similar degree to pursue a BSN degree on a community college campus in partnership with a public or independent 4-year college or university BSN-granting program.	Federal	56,000,000	(56,000,000)
	GF/GP	\$0	\$0
6. Community College Academic Catch-up Program	Gross	\$10,000,000	(\$10,000,000)
Removes \$10.0 million federal SFRF for the creation of the Community College Academic Catch-up program administered by the Michigan Community College Association. Community colleges may apply for grant funding to support various summer educational programs for students suffering from potential learning loss related to the COVID-19 pandemic.	Federal	10,000,000	(10,000,000)
	GF/GP	\$0	\$0
7. Michigan Center for Adult College Success	Gross	\$9,200,000	(\$9,200,000)
Removes \$9.2 million federal SFRF for the creation of the Michigan Center for Adult College Success administered by the nonprofit organization TalentFirst. The Center works on ensuring adult enrollment and completion of college degree and certificate programs.	Federal	9,200,000	(9,200,000)
	GF/GP	\$0	\$0
8. Michigan Reconnect Program Short-Term Training Grants	Gross	\$6,000,000	(\$6,000,000)
Removes \$6.0 million federal SFRF for the Michigan Reconnect program short-term training grants. Funds support skills scholarships to a qualified occupational or private training program for individuals at least 21 years old with a high school or equivalent diploma.	Federal	6,000,000	(6,000,000)
	GF/GP	\$0	\$0

Major Boilerplate Changes from FY 2022-23

Consolidation of Boilerplate Reporting Requirements

The executive recommendation consolidates various reporting requirements in a new Section 217a. The affected current-year boilerplate sections include Sections 206, 209 (also removes reporting on current fiscal year budget and dual enrollment programs), 209a, and 215.

Sec. 210h. Community College COVID-19 Vaccination Exemption Requirement – DELETED

Deletes language that details exemptions and reporting requirements that community colleges must provide to students and employees if a campus mandatory vaccine policy is implemented.

Major Boilerplate Changes from FY 2022-23**Sec. 216. Michigan Reconnect Program Short-Term Training Grants – DELETED**

Deletes language that details that Michigan Reconnect program funds for short-term training grants must be expended according to statutory requirements while funding the short-term training grants to include all individuals at least 21 years old; requires the Department of Labor and Economic Opportunity to report on funds expended on a quarterly basis; and designates unexpended funds as a work project.

Sec. 216a. Community College Academic Catch-Up Program Detail – DELETED

Deletes language that details the requirements the Michigan Community College Association must follow when awarding academic catchup program grants to individual community colleges through a committee review process, and the requirements community colleges must follow when creating an academic catch-up program in order to receive grant funding.

Sec. 216b. Michigan ADN to BSN Completion Grant Program Detail – DELETED

Deletes language that details the requirements community colleges must follow when creating ADN to BSN partnerships with public and private four-year college and university BSN-granting programs, along with details on what program grant funding can be used for; requires annual assessment by the Michigan Community College Association, the Michigan Association of State Universities, Michigan Independent Colleges and Universities and participating community colleges and four-year colleges and universities; and designates unexpended funds as a work project.

Sec. 217a. Community College Annual Reporting Requirements – NEW

Adds language originally located in Sections 206, 209, 209a, and 215 that details various annual reporting requirements around finances, safety, Title IX, and institutional data. Specifies the state budget director may withhold monthly installments until all reports and data are submitted.

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

Adds language originally located in Sections 225 and 230 that requires community colleges to report tuition and fee rates, the annual cost of tuition and fees for a 30 credit course load, and tuition and fee increases from the prior year to CEPI by the last business day of August; details tuition restraint requirements in order to receive performance funding for FY 2023-24; community colleges must limit in-district tuition and fee increases to 4.5% or \$205, whichever is greater. Defines the term “fee” to include the cost of any charges paid by more than half of all resident students. Defines the term “tuition and fee rate” to be the average cost charged to the majority of students for the 2 semesters with the highest amount of full-time equated students during an academic year. Specifies community colleges that violate the tuition restraint cap may have their appropriation adjusted.

Sec. 219. Reporting to the P-20 Longitudinal Data System – REVISED

Requires each community college to provide its P-20 longitudinal data system data for the preceding academic year to CEPI by October 15. Adds language originally located in Sections 224 and 226 that requires community colleges provide CEPI data for the P-20 longitudinal data system in order to inform interested high schools of the aggregate academic status of their students and requires community colleges to report by October 15 to CEPI the numbers and types of associate degrees and other certificates awarded by each college.

Sec. 224. Community College Student Aggregate Data Report – DELETED

Requires that community colleges provide CEPI data for the P-20 longitudinal data system in order to inform interested high schools of the aggregate academic status of their students. Relocates requirements of section to Section 219.

Sec. 225. Community College Tuition and Fee Rate Report – DELETED

Requires community colleges to report tuition and fee rates, the annual cost of tuition and fees for a 30 credit course load, and tuition and fee increases from the prior year to CEPI by the last business day of August. CEPI will then provide the information to various state agencies. Relocates requirements of section to Section 217b.

Sec. 226. Degrees and Certificates Awarded by Community Colleges – DELETED

Requires community colleges to report by October 15 to CEPI the numbers and types of associate degrees and other certificates awarded by each college. Relocates requirements of section to Section 219.

Sec. 226a. Student Loan and Financial Aid Website – DELETED

Deletes language that requires community colleges to post a link on their homepage to the website created by the Department of Treasury containing various student loan and other financial aid information

Sec. 226b. COVID-19 Federal Funding Reporting Requirement – DELETED

Deletes language that requires community colleges to report all federal funding received related to the COVID-19 pandemic and requires report to be posted on a public website.

Major Boilerplate Changes from FY 2022-23

Sec. 226d. Free and Open Speech Policies Reporting Requirement – DELETED

Deletes legislative intent language that requires community colleges to report on activities related to strategic planning or assessment of policies that provide for open and free speech while protecting students from hate speech and discrimination.

Sec. 226g. Campus Advocacy Policy – DELETED

Deletes legislative intent language that requires community colleges to adopt advocacy policies for distribution and demonstrations around first amendment activities and political speech.

Sec. 227. College Level Equivalent Credit Examination Requirements – DELETED

Deletes language that requires community colleges to develop and implement policies for awarding academic credit for college level equivalent credit examinations, allow students to earn college credit through exams once enrolled, post the policies and opportunities for credit examinations and submit a report if the college requires exam scores higher than those recommended by the American Council on Education to earn credit through examinations.

Sec. 227a. Accelerated Degree Completion Pathways Requirement – DELETED

Deletes language that requires community colleges to provide all students with information on accelerated degree completion pathways within the first semester of enrollment, post the information on a public website and create accelerated degree completion pathways if they do not exist.

Sec. 228. Communication with the Legislature – DELETED

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

Sec. 230. Performance Formula Detail, Local Strategic Value Categories, Tuition and Fee Restraint, and Formula Workgroup – REVISED

States the formula by which the amount available for performance funding (which is the amount of the annual increase in funding for community college operations) is allocated. Lists requirements for the local strategic value categories. States that community colleges must participate and submit semi-annual updates to the Michigan Transfer Network to receive performance funding payments. Details tuition restraint requirements in order to receive performance funding. Details language requiring a workgroup consisting of members from the House, Senate, Executive, Michigan Community College Association, community colleges, and support staff to evaluate the performance formula and equitable community college funding measures and produce recommendations by December 15, 2022. Relocates tuition and fee restraint requirements and definitions to Section 217b and deletes workgroup language.

Supplemental Recommendations for FY 2022-23 Appropriations

**FY 2022-23
Recommendation**

1. Infrastructure, Technology, Equipment, and Maintenance (ITEM)

Includes \$58.7 million SAF for ITEM. The funds would allow community colleges to repair, improve, or maintain existing buildings, facilities, equipment and technological and physical infrastructure. Individual community college allocations would be distributed based on calculated FY 2021-22 fiscal year equated student (FYES) enrollment.

Gross	\$58,722,500
Restricted	58,722,500
GF/GP	\$0

2. Student Wellness Fund

Includes \$16.1 million SAF of one-time funding for the creation of the student wellness fund. The funds would allow community colleges to identify and address student wellness and mental health needs through campus support services. Individual community college allocations would be distributed based on calculated FY 2021-22 FYES enrollment.

Gross	\$16,148,700
Restricted	16,148,700
GF/GP	\$0

FY 2023-24 Community Colleges Operations Appropriations
Executive Recommendation

% of Formula:	FY 2022-23		30% 10% 10% 10% 30% 5% 5% 100%													FY 2022		Indian		Total Indian		FY 2023-24	
	Total	Indian	FY 2022-23	Sustainability	Performance-	Performance-	Completion	Completion-	Contact	Administrative	Local	Total	FY 2022	Indian	Indian	Total Indian	FY 2023-24	%					
	Appropriation	Tuition	Base		Improvement	Number	Rate	Hours		Value	Formula	Tuition	Tuition	Waiver	Tuition	Waiver	Appropriation	Change					
		Waiver	Appropriation									Waiver Cost	Adjustments	Waiver	Payment	Payment							
Alpena	\$6,040,500	\$13,700	\$6,026,800	\$72,321	\$19,286	\$16,668	\$35,654	\$36,602	\$26,476	\$12,054	\$219,100	\$26,500	12,800	\$26,500	\$6,272,400	3.8%							
Bay de Noc	5,986,700	109,700	5,877,000	70,524	24,856	15,420	36,067	49,257	38,773	11,754	246,700	113,900	4,200	113,900	6,237,600	4.2%							
Delta	15,928,400	40,200	15,888,200	190,658	56,457	62,679	50,842	177,007	33,858	31,776	603,300	48,200	8,000	48,200	16,539,700	3.8%							
Glen Oaks	2,802,100	0	2,802,100	33,625	8,967	9,636	26,638	24,970	79	5,604	109,500	0	0	0	2,911,600	3.9%							
Gogebic	5,145,800	42,500	5,103,300	61,239	22,495	8,996	35,777	26,617	15,809	10,207	181,100	37,900	(4,600)	37,900	5,322,300	3.4%							
Grand Rapids	19,950,600	184,400	19,766,200	237,194	63,252	90,339	78,691	324,868	28,654	39,532	862,500	122,000	(62,400)	122,000	20,750,700	4.0%							
Henry Ford	23,731,400	31,300	23,700,100	284,401	114,271	114,989	75,840	320,109	26,748	47,400	983,800	14,100	(17,200)	14,100	24,698,000	4.1%							
Jackson	13,337,700	42,600	13,295,100	159,541	42,544	33,772	42,544	118,956	23,273	26,590	447,200	33,300	(9,300)	33,300	13,775,600	3.3%							
Kalamazoo Valley	13,832,700	56,600	13,776,100	165,313	44,083	49,784	60,541	185,334	32,029	27,552	564,600	57,500	900	57,500	14,398,200	4.1%							
Kellogg	10,781,400	27,000	10,754,400	129,053	34,414	41,209	50,387	103,196	32,109	21,509	411,900	21,000	(6,000)	21,000	11,187,300	3.8%							
Kirtland	3,601,000	23,100	3,577,900	42,935	11,449	14,422	11,449	41,339	27,446	7,156	156,200	19,800	(3,300)	19,800	3,753,900	4.2%							
Lake Michigan	5,990,800	12,400	5,978,400	71,741	55,075	19,271	19,131	79,277	15,239	11,957	271,700	3,600	(8,800)	3,600	6,253,700	4.4%							
Lansing	34,339,200	110,300	34,228,900	410,746	126,527	109,703	126,143	301,783	24,865	68,458	1,168,200	63,500	(46,800)	63,500	35,460,600	3.3%							
Macomb	35,950,400	38,500	35,911,900	430,942	136,708	113,804	131,192	469,261	25,041	71,824	1,378,700	26,500	(12,000)	26,500	37,317,100	3.8%							
Mid Michigan	5,555,700	97,600	5,458,100	65,497	23,693	17,338	17,466	75,469	17,448	10,916	227,800	55,600	(42,000)	55,600	5,741,500	3.3%							
Monroe County	5,005,000	1,400	5,003,600	60,043	30,441	18,180	16,011	64,524	25,704	10,007	224,900	2,100	700	2,100	5,230,600	4.5%							
Montcalm	3,767,400	8,500	3,758,900	45,107	17,931	17,432	12,028	33,732	24,866	7,518	158,600	9,500	1,000	9,500	3,927,000	4.2%							
Mott	17,127,100	28,800	17,098,300	205,179	54,714	53,526	54,714	127,385	24,979	34,197	554,700	31,500	2,700	31,500	17,684,500	3.3%							
Muskegon	9,775,400	42,000	9,733,400	116,801	42,902	30,404	47,629	95,602	29,185	19,467	382,000	12,700	(29,300)	12,700	10,128,100	3.6%							
North Central	3,779,800	163,900	3,615,900	43,391	40,990	15,779	27,641	43,582	23,690	7,232	202,300	142,200	(21,700)	142,200	3,960,400	4.8%							
Northwestern	10,162,300	155,500	10,006,800	120,081	37,899	28,876	49,009	94,807	22,490	20,014	373,200	17,700	(137,800)	17,700	10,397,700	2.3%							
Oakland	23,505,300	35,800	23,469,500	281,633	75,102	114,054	92,712	373,250	27,597	46,939	1,011,300	22,300	(13,500)	22,300	24,503,100	4.2%							
Schoolcraft	13,960,700	21,200	13,939,500	167,274	53,475	66,826	44,606	231,586	26,230	27,879	617,900	30,700	9,500	30,700	14,588,100	4.5%							
Southwestern	7,359,900	27,100	7,332,800	87,993	43,542	14,859	42,201	53,345	23,430	14,666	280,000	12,700	(14,400)	12,700	7,625,500	3.6%							
St. Clair County	7,805,200	18,600	7,786,600	93,439	35,503	39,619	42,176	92,887	19,870	15,573	339,100	16,000	(2,600)	16,000	8,141,700	4.3%							
Washtenaw	14,875,000	23,700	14,851,300	178,215	68,943	176,732	64,747	308,038	32,950	29,703	859,300	12,700	(11,000)	12,700	15,723,300	5.7%							
Wayne County	18,384,700	8,600	18,376,100	220,513	58,803	56,271	58,803	201,982	20,651	36,752	653,800	4,600	(4,000)	4,600	19,034,500	3.5%							
West Shore	2,742,200	21,200	2,721,000	32,652	15,029	8,763	8,707	23,286	10,186	5,442	104,200	14,400	(6,800)	14,400	2,839,600	3.6%							
	\$341,224,400	\$1,386,200	\$339,838,200	\$4,078,050	\$1,359,350	\$1,359,350	\$1,359,350	\$4,078,050	\$679,675	\$679,675	\$13,593,600	\$972,500	(\$413,700)	\$972,500	\$354,404,300	3.9%							

Requirement to receive performance funding for FY 2023-24:
1. Restrain FY 2023-24 in-district tuition/fee rate increase to 4.5% or \$205 (whichever is greater)

Data Notes	Years
Component	
Performance improvement	FYs 2019-2021
Performance completion number	FYs 2019-2021
Performance completion rate	FYs 2019-2021
Contact hours	FY 2022
Administrative	FYs 2021-2022

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 CORRECTIONS

Analyst: Robin R. Risko

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	5,148,400	5,143,500	(4,900)	(0.1)
Local	9,879,500	9,793,900	(85,600)	(0.9)
Private	0	0	0	--
Restricted	29,831,800	29,805,500	(26,300)	(0.1)
GF/GP	2,080,108,300	2,019,416,800	(60,691,500)	(2.9)
Gross	\$2,124,968,000	\$2,064,159,700	(\$60,808,300)	(2.9)
FTEs	13,514.4	13,196.0	(318.4)	(2.4)

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of Corrections (MDOC) is responsible for operation and maintenance of the state's 27 correctional facilities that house felony offenders sentenced to prison. This includes provision of physical and mental health care, education, food service, transportation, and reintegration programming. The department is also responsible for supervision of all parolees and probationers under the department's jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of February 1, 2023, the department was responsible for 74,759 offenders: 32,336 prisoners; 32,970 probationers; and 9,453 parolees. From 1 year prior, the total number of offenders increased by 950, or by 1.3%. The number of prisoners increased by 167, or 0.5%. The number of probationers increased by 1,994, or 6.4%. The number of parolees decreased by 1,211, or by 11.4%.

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Savings from Prison Closures	FTE 753.7	(427.4)
Reflects a total savings of \$48.9 million GF/GP and reduced FTE position authorization by 427.4 as a result of the closure of the Michigan Reformatory in Ionia (\$33.2 million; 281.8 FTE positions) and closure of the south side of the Gus Harrison Correctional Facility (\$15.7 million; 145.6 FTE positions). Closure for both facilities was completed in November 2022. There were no staff layoffs resulting from the closures. Partial funding will be retained to cover costs of utilities and maintenance of the closed sites.	Gross \$92,228,000	(\$48,846,400)
	GF/GP \$92,228,000	(\$48,846,400)
2. Medication Assisted Treatment	FTE NA	78.0
Includes \$15.6 million GF/GP and authorization for 78.0 FTE positions to enable the department to treat up to 1,600 inmates with opioid use disorder using Medication Assisted Treatment. Funding would be used to establish treatment clinics at 4 prison sites. Clinics would operate 5 days per week, would include 21.5 staff positions each, and would have the capacity to treat up to 400 prisoners. Staff would include nurses, qualified mental health professionals, recovery coaches, and corrections officers. Prisoners would be treated while incarcerated and would also be provided with one shot of medication immediately before release from prison into the community.	Gross NA	\$15,600,000
	GF/GP NA	\$15,600,000

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)		Executive Change from YTD
3. Prisoner Healthcare Services Contract Adjustment	Gross	NA	\$10,738,000
Includes \$10.7 million GF/GP to cover increased costs of the prisoner healthcare services contract with Grand Prairie. In addition to standard inflationary adjustments, the contract will be renegotiated due to recently increased medical costs. The contract covers onsite medical and behavioral health care, specialty care, and pharmaceutical services.	GF/GP	NA	\$10,738,000
4. Body-Worn Cameras	FTE	NA	8.0
Includes a total of \$7.1 million GF/GP (\$3.8 million ongoing; \$3.3 million one-time) and authorization for 8.0 FTE positions to develop and implement policies and training plans for purchasing and utilizing body-worn cameras for frontline staff in correctional facilities. Funding would be used for hardware, licensing, storage, and warranty costs.	Gross	NA	\$7,067,600
	GF/GP	NA	\$7,067,600
5. PREA and Harassment Investigations Division	FTE	NA	23.0
Includes \$3.3 million GF/GP and authorization for 23.0 FTE positions for the department to create a Prison Rape Elimination Act (PREA) and Harassment Investigations Division within the department to investigate all reported allegations of sexual abuse of prisoners and allegations of discriminatory harassment and retaliation in the workplace. The total number of investigations has averaged 1,674 per year for the last four years. Investigations take roughly 15 hours of staff time per case and currently are conducted by facility staff including inspectors and front-line supervisors.	Gross	NA	\$3,288,400
	GF/GP	NA	\$3,288,400
6. Hepatitis C Treatment for Prisoners	Gross	\$8,810,700	\$1,688,400
Includes \$1.7 million GF/GP to cover increased costs of providing Hepatitis C treatment for prisoners. The department currently treats 10 cases per week with the existing appropriation of \$8.8 million. The department has experienced an increase in the number of prisoners requiring treatment each week and has a backlog of prisoners needing treatment. Funding would allow the department to treat an additional 104 cases at an average treatment cost of \$16,235 per prisoner.	GF/GP	\$8,810,700	\$1,688,400
7. Rebidding of Offender Success Contracts	Gross	NA	\$725,000
Includes \$725,000 GF/GP to cover the anticipated increase in contract costs for offender success services provided by community partners. Contracts will be rebid and costs are expected to increase due to inflation. Services provided include housing for returning offenders, job placement, social supports, and behavioral and mental health support.	GF/GP	NA	\$725,000
8. Reallocation of Probation Programs	Gross	\$44,273,600	\$0
Reflects the transfer of \$2.0 million GF/GP from the former Residential Probation Diversions line item (renamed Probation Residential Services) to the Offender Success Services Community Partners line item (\$1.0 million) and the Community Corrections Comprehensive Plans and Services line item (\$1.0 million). Funding would be transferred to support two pilot programs targeted at strengthening support services for probationers in an effort to make services for probationers more similar to services received by parolees. Internal transfers net to \$0 change.	GF/GP	\$44,273,600	\$0
9. Technical Adjustments	FTE	NA	0.0
Makes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments are made to more accurately reflect employee counts and to align funding authorization with revenue received and department operations and activities.	Gross	NA	\$0
	GF/GP	NA	\$0

CORRECTIONS

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>	<u>FY 2022-23 YTD (as of 2/8/23)</u>		<u>Executive Change from YTD</u>
10. Eliminate Current Year One-Time Funding	Gross	\$40,000,000	(\$40,000,000)
Reduces the budget by \$40.0 million GF/GP to reflect elimination of one-time funding included in the FY 2022-23 budget. Eliminated funding includes: \$4.5 million for body scanners, \$500,000 for Chance for Life, \$1.0 million for COVID-19 suspended intake payments, \$15.0 million for electronic prisoner/staff communication, \$750,000 for Goodwill Flip the Script, \$2.5 million for improvements to staff areas in correctional facilities, \$15.0 million for the last payment of the <i>John Does v. MDOC</i> settlement agreement, \$500,000 for officer uniforms, \$1.0 million for a page alert system, \$500,000 for the Prosperity Region 8 pilot program, \$3.8 million in savings from reduced populations, and \$2.5 million for Vocational Village expansion.	GF/GP	\$40,000,000	(\$40,000,000)
11. Economic Adjustments	Gross	NA	(\$11,069,300)
Reflects a net savings of \$11.1 million Gross (\$11.0 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, food, fuel and utilities, and other economic adjustments.	Federal	NA	(4,900)
	Local	NA	(85,600)
	Restricted	NA	(26,300)
	GF/GP	NA	(\$10,952,500)

Major Boilerplate Changes from FY 2022-23

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

Prohibits MDOC from taking disciplinary action against classified civil service employees or prisoners for communicating with legislators or their staff unless the communication is prohibited by law and MDOC is exercising its authority. (Governor deemed this section unenforceable in FY 2022-23.)

Sec. 211. Contingency Authorization – REVISED

Authorizes up to \$2.5 million in federal contingency funds to be appropriated; authorizes expenditure of funds after legislative transfer to specific line items. Revised to authorize up to \$10.0 million in federal, \$10.0 million in state restricted, \$2.0 in million local, and \$2.0 million in private contingency funds to be appropriated.

Sec. 211. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion, to restrict or impede community access to government programs, or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

Sec. 212. Transparency Website – DELETED

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

Sec. 213. Report on State Restricted Funds – DELETED

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

Sec. 214. Website for Performance Scorecard – DELETED

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

Sec. 215. Legacy Costs – DELETED

States that the total amount of funding estimated to be expended on legacy costs in FY 2022-23 is \$270.9 million (\$164.4 million on pension-related legacy costs; \$106.4 million on health care-related legacy costs).

Major Boilerplate Changes from FY 2022-23**Sec. 217. FTE Positions, Long-Term Vacancies, and Remote Work – REVISED**

Requires MDOC to report on the number of FTE positions in pay status by civil service classification, including an accounting of all vacant positions, all vacant and filled corrections officer positions by facility, all vacant healthcare-related positions, and all vacant positions being held open for temporarily non-active employees; requires report on number of full-time positions authorized compared to actual number employed by line item, number of employees authorized to work remotely and number of employees working remotely, estimated cost savings achieved by remote work, and reduced use of office space associated with remote work. Revised to delete all provisions related to remote work.

Sec. 218. In-Person Work Priority – DELETED

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

Sec. 219. State Administrative Board Transfers – DELETED

Authorizes the legislature, by a concurrent resolution adopted by a majority of members elected to and serving in each house, to inter-transfer funds if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 221. Receipt and Retention of Reports – DELETED

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

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

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

Sec. 223. Severance Pay for Department Officials – DELETED

Requires MDOC to report on any amounts of severance pay agreed to for a department director, deputy director, or other high-ranking department official; requires report to include name of official and amount of severance pay; requires MDOC to maintain an internet site that posts any severance pay in excess of 6 weeks of wages for any former department employee receiving severance pay; requires report on total amount of severance pay remitted and total number of former employees that were remitted severance pay during the prior fiscal year; defines “severance pay” to mean compensation that is both payable or paid upon the termination of employment and in addition to either wages or benefits earned during the course of employment or generally applicable retirement benefits.

Sec. 224. COVID-19 Vaccine Protocol – DELETED

Prohibits any department, agency, board, commission, or public officer that receives funding from doing the following: requiring an individual to provide proof of receiving a COVID-19 vaccine as a condition of accessing state services or facilities, except as provided by federal law or as a condition of receiving federal Medicare or Medicaid funding; producing, developing, or issuing a COVID-19 vaccine passport; developing a database or making any existing database publicly available to access an individual's COVID-19 vaccine status by any person, company, or governmental entity; requiring as a condition of employment that an employee or official provide proof that he or she has received a COVID-19 vaccine; subjecting any individual to negative employment consequences, retaliation, or retribution because of their vaccine status; authorizes transmittal of proof of vaccine status if affirmative consent is provided; requires exemptions to be provided to the following individuals if a vaccine policy is required due to a federal mandate: individual for whom a physician certifies that a vaccine is or may be detrimental to the individual's health and individual who provides a written statement to the effect that the requirements of the vaccine policy cannot be met because of religious convictions or other consistently held objections to immunization.

Sec. 225. Expending Available Work Project Authorization – DELETED

Prohibits appropriations that have unexpended work project authorization associated with them, to the extent possible, from being expended until all existing work project authorization for the same purpose is exhausted. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 226. Management-to-Staff Ratio – DELETED

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

Major Boilerplate Changes from FY 2022-23

Sec. 302. Staff Retention Strategies – REVISED

Requires MDOC to report on staff retention strategies, including how to improve employee engagement, how to improve employee wellness, how to offer additional training and professional development, metrics used by MDOC to measure success of employee wellness programming, mechanisms by which to receive employee feedback, how MDOC considers suggestions made by employees, and steps taken and future plans MDOC has for retention and improving employee wellness. Revised to delete all specific information that is required to be reported; retains only the requirement to report on staff retention strategies.

Sec. 304. Staff Suggestions – DELETED

Requires MDOC to maintain a staff savings initiative program for employees to submit suggestions for efficiencies for the department; requires MDOC to consider suggestions in a timely manner; requires report on process improvements made based on suggestions received; requires MDOC to give noncompensatory recognition to employees whose suggestions are implemented. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 308. Prisoner Phone Service Contract – REVISED

Requires MDOC to ensure the prisoner phone system provider establishes a new per minute phone charge; requires phone rates to reflect the complete elimination of the phone contract as a revenue source for the Program and Special Equipment Fund; requires MDOC to negotiate the lowest per minute rate while meeting operational needs; requires MDOC to provide notice of any change in the per minute cost of phone calls within 15 days of the change. Revised to require MDOC to ensure that a prisoner telephone system is maintained, that the system meet ongoing operational needs, and that it maintain a low per-minute rate.

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

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

Sec. 311. Strategic Plan Update – DELETED

Requires MDOC to report on progress being made to achieve the strategic plan of the department, including statistics and information on efforts to decrease recidivism and to promote offender success.

Sec. 312. Michigan State Industries Program – DELETED

Requires MDOC to report on Michigan State Industries program, including location of programs, number of participants, description of job duties, prisoner schedules, products produced, and how programs provide marketable skills that lead to employable outcomes once prisoners are released.

Sec. 314. New Employee Schools – REVISED

Requires MDOC to work to hire and train new corrections officers to address attrition and to decrease overtime costs; requires reports on new employee schools, including number of schools that took place and location of each, number of recruits that started, number of recruits that graduated, number of recruits that continued employment with the department, and MDOC strategies to achieve a 5% or lower target corrections officer vacancy rate; requires report on reasons for not meeting the 5% or lower target corrections officer vacancy rate, including explanation of challenges MDOC faces when trying to meet the target vacancy rate. Revised to delete provisions related to the 5% or lower officer vacancy rate.

Sec. 315. Staff Overtime Hours – DELETED

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

Sec. 317. New Corrections Officer Training Academy – DELETED

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

Sec. 318. Professional Development and Training for Staff – DELETED

Requires MDOC to report on changes to existing professional development and training opportunities for all levels of custody supervisors and first line managers, including a review of programs available in other organizations and in other states that serve similar purposes that may be adopted to enhance departmental training.

Major Boilerplate Changes from FY 2022-23**Sec. 323. Prison Facility and Offender Data Reports – REVISED**

Requires MDOC to provide monthly electronic mail reports on prisoner populations by security levels by facility, prison facility capacities, and parolee and probationer populations; requires MDOC to provide monthly electronic mail reports on end-of-the month prisoner, probationer, and parolee populations, operating capacities at facilities, number of currently closed housing units by facility, populations in county jails, prisoner intakes, returns, and exits, prisoners classified as past their earliest release dates, and parole board activity; requires MDOC to provide notification immediately upon knowing it will not meet reporting requirements included in the section, including reasons for not meeting reporting requirements. Revised to delete reporting on community residential program populations, prisoner intakes, returns, and exits, prisoners classified as past their earliest release dates, and parole board activity; deletes requirement that MDOC provide notification immediately upon knowing it will not meet reporting requirements and reasons for not meeting reporting requirements.

Sec. 324. New Custody Staff Training – DELETED

Requires MDOC to target new custody staff training at hiring a minimum of 800 corrections officers to address higher than normal attrition and to decrease overtime costs. (*Governor deemed this section unenforceable in FY 2022-23.*)

Sec. 325. Report on Custody Positions – NEW

Requires MDOC to report quarterly on the number of filled and number of vacant custody positions, by facility and classification.

Sec. 401. Offender Success Expenditures and Allocations – REVISED

Requires MDOC to report on actual prior-year and planned current-year offender success expenditures and allocations; authorizes MDOC to collect cash or in-kind donations to supplement funds for prison education training, supplies, and materials necessary to complete academic- and job skills-related programs. Revised to delete reporting on allocations and planned expenditures for projects itemized by service and provider.

Sec. 402. Partnering for Providing Offender Success Services – DELETED

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

Sec. 403. Matching Parolees with Potential Employers – DELETED

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

Sec. 407. Public Safety Initiative – REVISED

Requires Genesee County law enforcement agency to report quarterly on expenditures made from appropriation; requires reports to include purposes for which expenditures were made, amounts of expenditures by purpose, specific services provided, and number of individuals served; prohibits allocation of funding to Genesee County law enforcement agency until all reports are submitted; authorizes Senate and House Subcommittees on Corrections to request Genesee County law enforcement agency to appear before subcommittees to discuss reports. Revised frequency of reporting from quarterly to annually, revised report recipients, and deleted authorization to request agency's appearance before subcommittees.

Sec. 415. Faith-Based Reentry Programs – DELETED

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

Sec. 501. Criminal Justice Reinvestment – REVISED

Requires funding for criminal justice reinvestment to be used for data collection and evidence-based programs designed to reduce recidivism among probationers and parolees; allocates \$600,000 to Muskegon County jail to provide programming and job training services to county jail inmates to prepare them for employment upon release from jail; requires MDOC to report on programs, including reincarceration recidivism rates of participants, employment rates, participants completing the program, and cost of program per participant. Revised to delete reporting requirement.

Sec. 502. Annual Program Reports – DELETED

Specifies content to be included in reports by MDOC on residential reentry, electronic monitoring, and special alternative incarceration programs (e.g., successful and unsuccessful terminations, end of month populations, length of placements, returns to prison, descriptions of programs, comparison with prior year statistics, impact on prison admissions and jail utilization, cost effectiveness of programs).

Major Boilerplate Changes from FY 2022-23

Sec. 503. *Violators of Parole and Probation* – DELETED

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

Sec. 504. *Inmates Sentenced to Life with Possibility of Parole* – DELETED

Requires MDOC to report on number of prisoners who have received life sentences with possibility of parole and who are currently eligible for parole.

Sec. 505. *Residential Alternative to Prison Program* – REVISED

Requires MDOC to provide vocational, educational, and cognitive programming in a secure environment to enhance existing alternative sentencing options, increase employment readiness and successful placement rates, and reduce new criminal behavior for West Michigan probation violator population; lists specific metric goals. Revised to delete specific metric goals.

Sec. 506. *Prisoners Reviewed for Parole* – DELETED

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

Sec. 601. *Health Care and Pharmaceutical Expenditures* – REVISED

Requires MDOC to report on expenditures, allocations, status of payments, and projected expenditures from accounts for prisoner health care, mental health care, pharmaceutical services, and durable medical equipment; requires report on pharmaceutical prescribing practices, including detailed accounting of expenditures on antipsychotic medications and any changes made to prescription drug formularies; requires report to include status of department's efforts to develop measurable data and outcomes for physical and mental health care within the prisoner population. Revised to delete reporting on allocations, status of payments from contractors to vendors, and projected year end expenditures from accounts.

Sec. 603. *Health Care Utilization Reports* – DELETED

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

Sec. 605. *Medicaid Utilization by Prisoners* – REVISED

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

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

Requires MDOC to report on plans to eliminate programming for prisoners at least 30 days prior to program elimination and defines "programming for prisoners" to mean a department core program or career and technical education program.

Sec. 702. *Food Service Reporting* – DELETED

Requires MDOC to report, by facility, on average per-meal costs, including actual food costs, total compensation for all food service workers, including benefits and legacy costs, inspection and compliance costs, and contract and sanitation violation information.

Sec. 706. *Reporting Critical Incidents in Prisons* – REVISED

Requires MDOC to report within 72 hours of occurrence, any critical incident occurring at a correctional facility; requires MDOC to report annually on number of critical incidents occurring each month by type and severity; defines "critical incidents" to mean prisoner assaults on staff that result in serious physical injury to staff, escapes and attempted escapes, prisoner disturbances that cause facility operation concerns, and unexpected deaths of prisoners. Revised to delete requirement to report within 72 hours, revised annual report on monthly occurrences to quarterly report; revised definition of critical incidents to delete "an unexpected death of a prisoner" and include instead "homicide or suicide death of a prisoner".

Major Boilerplate Changes from FY 2022-23***Sec. 708. Enrollment in and Completion of Various Programming – REVISED***

Requires MDOC to focus on providing required programming to prisoners who are past their earliest release date because of not having received the required programming; programming includes violence prevention, assaultive offender, sexual offender, substance abuse treatment, thinking for a change, and any other programming that is required as a condition of parole; expresses legislative intent that prisoners who are required to complete programming be transferred to facilities where programming is available; requires MDOC, to the extent feasible, to consistently provide prisoner programming with the goal of having prisoners complete recommended cognitive programming as early as possible during their sentence; requires MDOC to report on prisoner enrollment and completion of programming, and on plans to address waiting lists for programming. Revised to reflect program name changes and to delete legislative intent language.

Sec. 709. Female Prisoner Labor and Delivery – DELETED

Requires MDOC to allow female prisoners to have one visitor present during labor and delivery; requires visitors to be immediate family members, legal guardians, spouses, or domestic partners; authorizes MDOC to deny access to visitors if there are safety concerns; authorizes MDOC to conduct criminal background checks on visitors.

Sec. 715. Auditor General and Corrections Ombudsman Access to Contracted Facilities – DELETED

Requires any contract with a public or private party to operate a facility to house Michigan prisoners to include a provision allowing access to facility and appropriate records by the Auditor General and Legislative Corrections Ombudsman.

Sec. 716. Savings from Prison Closures – DELETED

Requires MDOC to report on actual and projected savings achieved by closing correctional facilities, starting with closure of the Pugsley Correctional Facility in September 2016.

Sec. 721. Religious Cable Programming – DELETED

Authorizes MDOC to accept in-kind services and equipment donations to facilitate the addition of a cable network that provides religious programming for prisoners; prohibits the addition of channels from costing the state.

Sec. 801. Chance for Life Program – DELETED

Requires funding to be used to contract with an organization that provides prison-based rehabilitation programming including educational, life skills, and behavioral modification programs; requires performance-based contract that allows for payment based on the number of prisoners and parolees served according to program rules and outcomes agreed upon by MDOC and the provider; states that the objective of programming is to offer a progressive transformational program to individuals while in prison, in an effort to prepare them for successful transition back to the community; requires that the purpose of the organization be to increase community safety by reducing recidivism through providing evidence-based mentoring, employment soft skills training, job placement assistance, and critical thinking skills, mediation, and conflict resolution training; requires the organization to have experience offering programs to male and female prisoners, offering programs that include the family in the reentry process, and offering programs that utilize techniques to address post-prison adjustment disorders.

Sec. 802. Reimburse Counties for Housing Offenders – DELETED

Requires MDOC to reimburse counties for housing in jails felons who otherwise would have been transported to state correctional facilities if not for COVID-19 control plans; prohibits reimbursement to counties that lack appropriate COVID safeguards or that are experiencing a COVID breakout in their county jail operations; prohibits reimbursement to counties for the County Jail Reimbursement Program for days reimbursed under this section; requires MDOC to reimburse counties at a rate of \$80.00 per offender per day; requires counties to submit proper documentation.

Sec. 803. Improvements to Staff Areas in Correctional Facilities – DELETED

Requires appropriation to be used to make upgrades to staff common areas, including staff break rooms, staff restrooms, and staff exercise rooms; authorizes upgrades to include replacement of flooring, furniture, equipment, and fixtures.

Sec. 804. Prosperity Region 8 Pilot Program – DELETED

Requires MDOC to continue a program that provides care management to parolees post-release which may include development of prerelease mental health discharge plans for parolees in Prosperity Region 8.

CORRECTIONS

Supplemental Recommendations for FY 2022-23 Appropriations

**FY 2022-23
Recommendation**

1. Recruitment and Retention Payments

Includes \$23.1 million GF/GP to support recruitment and retention payments for qualifying departmental employees under the terms of a letter of understanding agreed to between the employees' union and the Office of the State Employer. Employees continuously employed for 13 pay periods, starting January 8, 2023, would receive a one-time payment of \$3,000. New employees who are continuously employed for 13 pay periods would receive a one-time payment of \$1,500.

Gross	\$23,100,000
GF/GP	\$23,100,000

2. Federal Revenue for Substance Use Disorder Treatment Services

Includes authorization for the department to receive \$250,000 in federal Residential Substance Abuse Treatment funding from the U.S. Department of Justice to be used to provide medication-assisted treatment to offenders with substance use disorder.

Gross	\$250,000
Federal	250,000
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 EDUCATION (DEPARTMENT)

Analyst: Noel Benson

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	302,950,800	364,589,100	61,638,300	20.3
Local	5,878,600	5,856,000	(22,600)	(0.4)
Private	2,240,400	2,791,300	550,900	24.6
Restricted	9,919,700	10,072,000	152,300	1.5
GF/GP	99,591,500	123,299,600	23,708,100	23.8
Gross	\$420,581,000	\$506,608,000	\$86,027,000	20.5
FTEs	627.5	640.5	13.0	2.1

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Child Development and Care	Gross	\$211,480,000	\$73,500,000
Provides \$73.5 million federal to maintain child care investments set to expire in FY 2023-24, including maintaining eligibility at 200% of the federal poverty level and making payments based on enrollment rather than attendance.	Federal	172,444,100	73,500,000
	GF/GP	\$39,035,900	\$0
2. Child Development and Care Public Assistance – TANF Financing Swap	Gross	\$199,080,000	\$0
Provides \$12.0 million GF/GP as a replacement for a corresponding amount of TANF funds for state match and MOE purposes.	Federal	160,044,100	(12,000,000)
	GF/GP	\$39,035,900	\$12,000,000
3. Family and Community Engagement	FTE	0.0	6.0
Provides \$5.5 million (\$5.0 million GF/GP ongoing; \$482,700 GF/GP one-time) and authorizes 6.0 FTE positions to develop trainings, coaching, resource development, translation services, and related activities, and to hire a coordinator and coach at 10 literacy hubs across the state to create a family and community engagement division.	Gross	\$0	\$5,500,000
	GF/GP	\$0	\$5,500,000
4. One-Time Appropriations – E-rate Special Construction Matching Fund	Gross	\$0	\$5,000,000
Provides \$5.0 million GF/GP in one-time funding to reimburse up to 10% of out-of-pocket costs for local schools and libraries approved for funding through the federal E-rate program to expand access to broadband internet.	GF/GP	\$0	\$5,000,000

EDUCATION (DEPARTMENT)

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
5. School Infrastructure and Consolidation Administration	FTE	38.6	2.0
Provides \$756,500 GF/GP and authorizes 2.0 FTE positions to administer funding for school consolidation, infrastructure, and the MI Healthy Climate Plan that are appropriated in School Aid. MDE would partner with EGLE, MDHHS, and the Department of Treasury to work in coordination on administering funding.	Gross	\$6,161,400	\$756,500
	Federal	3,289,700	0
	Restricted	284,400	0
	GF/GP	\$2,586,900	\$756,500
6. One-Time Appropriations – Michigan’s Poet Laureate	Gross	\$100,000	\$0
Retains \$100,000 GF/GP, considered one-time funding, to support a Michigan Poet Laureate program with funding for travel and events to promote poetry, the spoken word, and the literary arts.	GF/GP	\$100,000	\$0
7. One-Time Appropriations – School Board Training Reimbursements	Gross	\$150,000	\$0
Retains \$150,000 GF/GP, considered one-time funding, for school board member training reimbursements.	GF/GP	\$150,000	\$0
8. Math Education Administration	FTE	82.7	2.0
Provides \$303,700 GF/GP and authorizes 2.0 FTE positions to provide statewide guidance and supports for new math education programs that are appropriated in School Aid.	Gross	\$17,139,300	\$303,700
	Federal	12,976,100	0
	Restricted	602,400	0
	GF/GP	\$3,560,800	\$303,700
9. Michigan School Nurse Administration	FTE	75.6	1.0
Provides \$160,000 GF/GP and authorizes 1.0 FTE position for school policy support at MDE and health related supports at MDHHS.	Gross	\$14,333,400	\$160,000
	Federal	12,872,300	0
	Restricted	71,700	0
	GF/GP	\$1,389,400	\$160,000
10. Mental Health and SEL Support	FTE	75.6	2.0
Provides \$151,900 GF/GP and authorizes 2.0 FTE position to provide additional support and guidance to schools for mental health programs.	Gross	\$14,333,400	\$151,900
	Federal	12,872,300	0
	Restricted	71,700	0
	GF/GP	\$1,389,400	\$151,900
11. One-Time Appropriations – Head Start Background Checks	Gross	\$322,900	\$100,000
Provides \$100,000 federal in one-time funding to offset costs for Head Start staff who are now required to submit to background checks.	Federal	258,900	100,000
	GF/GP	\$64,000	\$0
12. TEACH Scholarship Roll Up	Gross	\$5,000,000	\$0
Includes a net \$0 change to roll the \$5.0 million federal TEACH Scholarship into the Child Development and Care contracted services line item.	Federal	5,000,000	0
	GF/GP	\$0	\$0
13. Child Care and Development Fund (CCDF) Interdepartmental Grant Adjustment	Gross	\$31,178,300	(\$89,300)
Reflects decreased costs of \$89,300 federal for interdepartmental grants to MDHHS and LARA.	Federal	31,178,300	(89,300)
	GF/GP	\$0	\$0
14. Child Care FMAP Adjustment	Gross	\$199,080,000	\$0
Reflects decreased costs of \$195,700 GF/GP for matching child care federal grants due to the decreasing FMAP rate for FY 2024.	Federal	160,044,100	195,700
	GF/GP	\$39,035,900	(\$195,700)
15. Economic Adjustments	Gross	NA	(\$86,000)
Reflects decreased costs of \$86,700 Gross (increase of \$31,700 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker’s compensation, building occupancy charges, and other economic adjustments.	Federal	NA	(168,100)
	Local	NA	(22,600)
	Private	NA	(1,000)
	Restricted	NA	74,000
	GF/GP	NA	\$31,700

Major Boilerplate Changes from FY 2022-23***Executive Boilerplate Deletions***

In general, the Executive Budget deletes a number of boilerplate sections included in the FY 2021-22 budget. The following list includes all sections proposed to be deleted.

- Reporting Requirements (Sec. 205)
- Searchable Website (Sec. 212)
- Restricted Funds Report (Sec. 213)
- Maintain Department Scorecard (Sec. 214)
- Reporting Legacy Costs (Sec. 215)
- State Administrative Board Transfer (Sec. 219)
- Report on Policy Changes Made to Implement Public Acts Affecting Department (Sec. 221)
- Communication with the Legislature (Sec. 222)
- Records Retention (Sec. 223)
- Expending Available Work Project Authorization (Sec. 224)
- Severance Pay Reporting (Sec. 225)
- Vaccine Requirement (Sec. 227)
- Federal Accountability Plans (Sec. 229)
- Nonpublic School Mandates (Sec. 230)
- Prioritization of In-Person Work (Sec. 231)
- Department Effectiveness Survey (Sec. 235)
- CDC T.E.A.C.H. Early Childhood Michigan Scholarship Program (Sec. 1004)
- CDC Funding Changes (Sec. 1010)
- Federal Stimulus Reporting (Sec. 1013)

Sec. 210. Contingency Funds – REVISED

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

Sec. 211. Access to State and Local Government Services – NEW

Requires that appropriated funds shall not be used to restrict or interfere with actions related to diversity, equity, and inclusion; to restrict a marginalized community's access to government resources, programs, or facilities; or to diminish or restrict an individual's ability to exercise the right to reproductive freedom. Also requires local governments to report any action or policy that interferes with the duties of the local health officer.

Sec. 216. Reporting on Remote Work – REVISED

Removes requirement to report on the number of FTEs in pay status by type of staff and civil service classification, number of employees engaged in remote work in 2023, number of employees authorized to work remotely and the actual number working remotely, estimated net cost savings achieved by remote work, and reduced use of office space associated with remote work.

Sec. 310. School Infrastructure and Consolidation Administration – NEW

Requires not less than \$378,300 and not fewer than 2.0 FTE positions to administer funding for school consolidation, infrastructure, and the MI Healthy Climate Plan. Appropriates an additional \$378,200 of the funds appropriated in part 1 for central support operations for MDE to partner with the Departments of Environment, Great Lakes, and Energy; Health and Human services; and Treasury to administer funding for school consolidation, infrastructure, and the MI Healthy Climate Plan.

Sec. 502. Teacher License Renewals – REVISED

Revises language from "former teachers whose teaching licenses have expired" to "the recruitment and retention of educators" to allow for more teacher license renewals to be covered by appropriated funds.

Sec. 1002. CDC Rate Publication – REVISED

Revises to allow MDE to receive and expend federal child care development block grant funds if the funds are at risk of being lapsed by the end of the current fiscal year, the department plans to expend the funds through a one-time rate increase to providers, and the department makes this request to the state budget director not less than 30 days prior to the expenditure of the funds. The department may withdraw the intent to expend funds by sending a letter notifying the budget director.

Major Boilerplate Changes from FY 2022-23

Sec. 1007. Child Development and Care Report – REVISED

Revises report to become a joint annual report from MDE, LARA, and MDHHS. Requires the joint report to include information on the affordability and availability of child care in Michigan, the health and safety of child care, actions taken to strengthen health and safety of care, the quality of child care, actions taken to improve child care quality, and the child care workforce. Removes all previously required information in the report.

Sec. 1009. CDC Eligibility Entrance Threshold – REVISED

Revises to give MDE the ability to control caseload costs by removing specifications regarding number of children, waiting lists, and future decreases in the eligibility entrance threshold.

Sec. 1011. CDC Program Payment Structure – REVISED

Revises to remove reference to biweekly block reimbursement rate and changes the payment structure to be based on enrollment rather than attendance.

Sec. 1012. Early Childhood Mental Health – REVISED

Revises appropriation from \$1.5 million to \$3.0 million for MDE to work in collaboration with DHHS on the network of infant and early childhood mental health consultation.

Sec. 1014. Family and Community Engagement – NEW

Requires MDE to partner with family engagement centers across the state to increase parent and guardian involvement in their child's education, ensure translation and interpretation services are available, partner with ISDs to assist in getting information and resources to constituent districts, and develop an early literacy engagement plan.

Sec. 1100. School Board Member Training – REVISED

Adds implicit bias training as an approved program.

<u>Supplemental Recommendations for FY 2022-23 Appropriations</u>		<u>FY 2022-23 Recommendation</u>
1. Child Development and Care Public Assistance	Gross	\$4,600,000
Provides \$4.6 million GF/GP as matching dollars to continue drawing additional federal child care and development block grant dollars.	GF/GP	\$4,600,000
2. Camp Tuhsemeheta	Gross	\$500,000
Increases authorization by \$500,000 million private funds for maintenance and enhancements at Camp Tuhsmeheeta for students who are blind or visually impaired.	Private	500,000
	GF/GP	\$0
3. Food Spoilage	Gross	\$78,300
Provides \$78,300 from restricted commodity distribution fees to support programs that mitigate the impact of food spoilage.	Restricted	78,300
	GF/GP	\$0
4. Michigan Teacher of the Year	Gross	\$51,900
Increases authorization by \$51,900 to reflect an increase in charitable giving of private funds to the program.	Private	51,900
	GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 ENVIRONMENT, GREAT LAKES, AND ENERGY

Analyst: Austin Scott

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$3,406,400	\$4,033,100	\$626,700	18.4
Federal	287,641,700	440,830,300	153,188,600	53.3
Local	0	0	0	--
Private	1,415,500	1,360,700	(54,800)	(3.9)
Restricted	337,354,900	303,958,900	(33,396,000)	(9.9)
GF/GP	98,835,800	561,238,800	462,403,000	467.8
Gross	\$728,654,300	\$1,311,421,800	\$582,767,500	80.0
FTEs	1,516.0	1,581.0	65.0	4.3

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Lead Service Line Replacement Provides \$225.8 million GF/GP and authorizes 5.0 FTE positions for lead service line replacement and ongoing technical assistance in the most underprivileged ten percent of Michigan communities; \$200.0 million is designated as one-time funding.	FTE Gross GF/GP	NA NA NA
		5.0 \$225,755,400 \$225,755,400
2. Environmental Justice Contaminated Site Clean-up (One-Time) Authorizes \$100.0 million GF/GP for air quality and contaminated site remediation in disadvantaged communities.	Gross GF/GP	NA NA
		\$100,000,000 \$100,000,000
3. Renewable Ready Communities (One-Time) Authorizes \$40.0 million GF/GP for grants to communities to establish wind, solar, and energy storage facilities.	Gross GF/GP	NA NA
		\$40,000,000 \$40,000,000
4. Water State Revolving Funds – Federal Infrastructure Act I/JA Appropriates \$280.5 million Gross (\$30.5 million GF/GP) for local water infrastructure projects. The GF/GP funding is appropriated on a one-time basis to be used as match to access federal Infrastructure ACT funding.	Gross Federal GF/GP	NA NA NA
		\$280,500,000 250,000,000 \$30,500,000
5. Dam Risk Reduction Program (One-Time) Authorizes \$25.0 million GF/GP to expand access through Michigan waterways by removing dams that are not integral to invasive species mitigation, power generation, or public safety.	Gross GF/GP	NA NA
		\$25,000,000 \$25,000,000
6. Groundwater Data Collection Provides \$23.8 million GF/GP and authorizes 2.0 FTE positions to collect groundwater data and study Michigan's underground aquifers; \$23.5 million is designated as one-time funding.	FTE Gross GF/GP	NA NA NA
		2.0 \$23,799,700 \$23,799,700

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)		Executive Change from YTD
7. Critical Mineral Recycling Research Hub (One-Time)	Gross	NA	\$15,000,000
Appropriates \$15.0 million GF/GP to evaluate the reuse of critical minerals for the production of clean energy.	GF/GP	NA	\$15,000,000
8. Propane Resiliency Enhancement Plan (One-Time)	Gross	NA	\$8,500,000
Authorizes \$8.5 million GF/GP to meet propane supply and affordability challenges.	GF/GP	NA	\$8,500,000
9. Permitting Staff	FTE	NA	44.0
Provides \$6.6 million GF/GP and authorizes 44.0 FTE positions to expand and expedite departmental permit review processes.	Gross	NA	\$6,615,800
	GF/GP	NA	\$6,615,800
10. Oil, Gas, and Mineral Services – Federal Infrastructure Act IIJA	FTE	59.0	2.0
Appropriates \$10.4 million Gross (\$5.2 million GF/GP) and authorizes 2.0 FTE positions for remediation of orphaned oil and gas wells.	Gross	\$42,838,800	\$10,352,100
	IDG	223,100	0
	Federal	31,153,100	5,151,100
	Restricted	6,966,900	0
	GF/GP	\$4,495,700	\$5,201,000
11. Spending Authorization Alignment	Gross	NA	(\$5,082,800)
Increases federal funding by \$166,600 and reduces restricted funding by \$5.2 million across divisions to align spending authorization with available resources.	Federal	NA	166,600
	Restricted	NA	(5,249,400)
	GF/GP	NA	\$0
12. Executive Direction – Michigan Agency for Energy	FTE	20.0	0.0
Authorizes \$1.0 million Gross (\$0 GF/GP) to support extant Michigan Agency for Energy FTE positions in EGLE.	Gross	\$3,465,300	\$1,006,000
	IDG	17,600	9,400
	Federal	103,500	0
	Private	4,200	0
	Restricted	2,227,300	996,600
	GF/GP	\$1,112,700	\$0
13. Fee increase – Groundwater Discharge Permit Program	FTE	22.0	4.0
Proposes to eliminate the sunset and raise groundwater discharge permit fees to support \$680,000 in additional restricted funding and 4.0 new FTE positions to expand monitoring and permitting of fee-subject facilities.	Gross	\$3,419,600	\$680,000
	Restricted	1,521,100	680,000
	GF/GP	\$1,898,500	\$0
14. Land and Water Interface Permit Programs	FTE	119.0	3.0
Provides \$653,800 in interdepartmental grant funding from the Michigan Department of Transportation and authorizes 3.0 FTE positions to support the permitting of infrastructure project permitting processes.	Gross	\$18,285,200	\$653,800
	IDG	1,363,900	653,800
	Federal	2,115,900	0
	Restricted	2,445,100	0
	GF/GP	\$12,360,300	\$0
15. Departmental Cost Allocations	Gross	NA	\$225,600
Appropriates \$225,600 Gross (\$0 GF/GP) to align allocated costs with available IDG, private, and restricted resources.	IDG	NA	(29,700)
	Private	NA	(54,300)
	Restricted	NA	309,600
	GF/GP	NA	\$0
16. Renew Michigan Program	FTE	111.0	5.0
Authorizes 5.0 FTE positions to address recent amendments to solid waste management provisions in the Natural Resources and Environmental Protection Act.	Gross	\$70,255,200	\$0
	Restricted	70,255,200	0
	GF/GP	\$0	\$0

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
17. Materials Management Division Internal Transfers	FTE	NA	0.0
Transfers division funding and FTE positions among the Low Level Radioactive Waste Authority Program, Medical Waste Program, Radiological Protection Program, Recycling, Scrap Tire Regulatory Program, and Solid Waste Management Program; all changes net to zero.	Gross	NA	\$0
	GF/GP	NA	\$0
18. Removal of FY 2022-23 One-Time Funding	Gross	\$148,820,900	(\$148,820,900)
Removes \$148.8 million Gross (\$17.7 million GF/GP) for one-time programs included in the FY 2022-23 budget. Programs included ARP – Community Technical, Managerial, and Financial Support for Lead Line Replacement, Buffalo Reef, Contaminated Site Cleanup, Cooperative Lakes Monitoring Program, Disposal of Firefighting Foam Containing PFAS, federal Infrastructure Investment and Jobs Act funding, Grants and Records Management, Private Well Testing, and Refined Petroleum Product Cleanup Program.	Federal	102,000,000	(102,000,000)
	Restricted	29,170,900	(29,170,900)
	GF/GP	\$17,650,000	(\$17,650,000)
19. Economic Adjustments	Gross	NA	(\$1,417,200)
Reflects a net reduction of \$1.4 million Gross (\$318,900 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	(6,800)
	Federal	NA	(129,100)
	Private	NA	(500)
	Restricted	NA	(961,900)
	GF/GP	NA	(\$318,900)

Major Boilerplate Changes from FY 2022-23

Sec. 207. Disciplinary Action Against State Employees – DELETED

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs, unless communication is prohibited by law. (Governor deemed this section unenforceable in FY 2022-23.)

Sec. 210. GF/GP Lapse – REVISED

Requires report of estimated GF/GP appropriation lapses at close of previous year. Revised due date from November 30 to December 31.

Sec. 211. Contingency Fund Transfer Authority – REVISED

Allows for the legislative transfer process to increase state restricted authorization by up to \$3.0 million. Revises to increase federal authorization by up to \$5.0 million, state restricted authorization by up to \$30.0 million, and local authorization by up to \$500,000.

Sec. 211. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion; to restrict or impede community access to government programs; or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

Sec. 212. Expenditure Posting on Internet – DELETED

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

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

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

Sec. 214. Website Scorecard – DELETED

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

Sec. 215. Identification of Legacy Costs – DELETED

Estimates annual appropriations for legacy costs, including pension-related legacy costs and health care-related legacy costs.

Major Boilerplate Changes from FY 2022-23

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

Requires department to report on the number of FTE positions filled, FTE vacancies, the number of employees working remotely, the number of employees authorized to work remotely, estimated cost savings from remote work, and reduction in office space due to working remotely. Revised to remove remote work provisions.

Sec. 218. Remote Working – DELETED

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

Sec. 219. State Administrative Board Transfers – DELETED

Allows legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 220. Receipt and Retention of Reports – DELETED

Requires department to receive and retain copies of all reports.

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

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

Sec. 222. Severance Reporting – DELETED

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

Sec. 223. COVID-19 Vaccine Disclosure – DELETED

Prohibits state officials from requiring COVID-19 vaccine disclosure as a condition of receiving state services or developing a vaccine passport.

Sec. 224. Expending Available Work Project Authorization – DELETED

Advises department not to expend appropriations until existing work project authorization for the same purpose has been expended. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 225. Appropriations for Environmental Cleanup Projects – REVISED

Re-appropriates unspent funding from Environmental Cleanup and Redevelopment Program, Contaminated Site Cleanup, the Renew Michigan Program, the Refined Petroleum Product Cleanup Program, Brownfield Grants and Loans, Waterfront Grants, the Environmental Bond Site Reclamation Program, and general fund for expenditure. Revised to include environmental cleanup support, contaminated site cleanup contingency reserve, Premcor remediation activities, and PFAS remediation grant program.

Sec. 227. Rule Promulgation – DELETED

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

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

Requires department to be responsible for payment of current and former department employees' legal costs from legal actions taken related to drinking water declaration of emergency. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 238. Permitting Report – DELETED

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

Sec. 242. Legislator Notification – DELETED

Requires department to inform local state legislators within 12 hours when responding to significant incidents to protect life and property.

Sec. 243. Michigan Geological Survey – DELETED

Requires appropriation for the Michigan Geological Survey to be used to conduct data collection and mapping to expand geologic information.

Sec. 302. Contaminated Site Investigations Staffing Costs – DELETED

Limits department to expending not more than 3% of Contaminated Site Investigations appropriation on administration.

Sec. 303. Contaminated Site Investigations Legacy Cleanups Staff – DELETED

Earmarks 16.0 FTE positions of Contaminated Site Investigations appropriation for legacy cleanups.

Major Boilerplate Changes from FY 2022-23**Sec. 305. Refined Petroleum Fund – DELETED**

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

Sec. 306. Refined Petroleum Cleanup Program – DELETED

Requires Refined Petroleum Product Cleanup Program appropriations to be expended in accordance with NREPA.

Sec. 308. Work Projects – Remediation and Redevelopment Division – REVISED

Authorizes unexpended funds appropriated for Brownfield Grants, Emergency Cleanup Actions, Environmental Cleanup Support, and the Refined Petroleum Product Cleanup Program to be considered work project appropriations and carried forward into succeeding fiscal year; program will perform contaminated site cleanups. Revised to include contaminated site cleanup, environmental cleanup and redevelopment program.

Sec. 314. Geographically Proximate Cleanups – DELETED

Encourages department to remediate contaminated sites in geographically proximate areas when possible.

Sec. 401. Land and Water Interface Permit Programs Dam Safety Earmark – DELETED

Earmarks \$350,000 and 2.0 FTE positions from Land and Water Interface Permit Programs for Dam Safety Programs.

Sec. 410. Lake Erie Report – DELETED

Requires department to compile report on status of implementation plan for western Lake Erie basin collaborative agreement; requires report to include estimated cost of removal of total phosphorus per pound at four major wastewater treatment plants, description of grants awarded, description of work that has commenced on issue of dissolved reactive phosphorus, expected objectives and outcomes of that work, list of parties involved in that effort, and description of efforts and outcomes aimed at total phosphorus reduction for River Raisin watershed.

Sec. 902. Limited Term FTEs – Environmental Sustainability and Stewardship – DELETED

Authorizes 5.0 limited term FTE positions from the Environmental Sustainability and Stewardship appropriation to issue energy efficiency grants to communities.

Sec. 925. Limited Term FTEs – Oil, Gas, and Mineral Services – DELETED

Authorizes 2.0 limited term FTE positions from the Oil, Gas, and Minerals appropriation to close abandoned gas and oil wells.

Sec. 951. Earmark – Lead Service Line Replacement – NEW

Earmarks \$5.0 million from the Lead Service Line Replacement appropriation to support lead line replacement activities in overburdened and significantly overburdened communities as defined in NREPA.

Sec. 952. Community Technical, Managerial, and Financial Support for Lead Line Replacement – NEW

Requires the Community Technical, Managerial, and Financial Support for Lead Line Replacement appropriation to support lead line replacement activities in overburdened and significantly overburdened communities as defined in NREPA.

Sec. 1000. Prior Grant Awards Not Disqualifying Applicants – DELETED

Prevents grant recipients from being disqualified for future grant awards on account of receiving previous grant awards.

Sec. 1001. ARP – Community Technical, Managerial, and Financial Support for Lead Line Replacement – DELETED

Encourages department to work with MDARD to coordinate technical assistance to communities.

Sec. 1002. Work Project – Buffalo Reef – DELETED

Authorizes unexpended funds for Buffalo Reef totaling \$10.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to build a coal dock jetty for the dredging of stamp sands from Lake Superior in Keweenaw County.

Sec. 1003. Cooperative Lakes Monitoring Program – DELETED

Requires funding for Cooperative Lakes Monitoring Program to be used to continue the program, which helps volunteers monitor local lake water quality and document changes over time.

Sec. 1004. Private Well Testing – DELETED

Requires funding for Private Well Testing to be used for grants to local health departments to provide free or low-cost water testing to private well owners; requires report.

Major Boilerplate Changes from FY 2022-23

Sec. 1000. Work Project – Lead Service Line Replacement – NEW

Authorizes unexpended funds for Lead Service Line Replacement totaling \$200.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to replace lead service lines in significantly overburdened communities as defined in NREPA.

Sec. 1001. Work Project – Groundwater Data Collection – NEW

Authorizes unexpended funds for Groundwater Data Collection totaling \$23.5 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to acquire data and perform research on groundwater resources of the state of Michigan.

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

Authorizes unexpended funds for Dam Risk Reduction Program totaling \$25.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to remove dams in order to restore Michigan’s waterways and accomplish objectives of the Michigan Healthy Climate Plan.

Sec. 1003. Earmarks and Work Project – Environmental Justice Contaminated Site Clean-up – NEW

Earmarks \$50.0 million from the Environmental Justice Contaminated Site Clean-up appropriation to reduce health burdens in communities with elevated exposure to pollutants due to proximity to emitting sources as identified by the Office of Environmental Justice Public Advocate; earmarks \$50.0 million from the Environmental Justice Contaminated Site Clean-up appropriation for the remediation and redevelopment of contaminated sites identified in environmental justice communities as determined by the Office of Environmental Justice Public Advocate; authorizes unexpended funds for Environmental Justice Contaminated Site Clean-up totaling \$100.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to remediate and redevelop sites of contamination and improve public health impacts related to environmental pollution in environmental justice communities.

Sec. 1004. Work Project – Critical Mineral Recycling Research Hub – NEW

Authorizes unexpended funds for Critical Mineral Recycling Research Hub totaling \$15.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to award grants of no more than \$5.0 million each to Michigan based companies or consortiums partnered with a Michigan based university to create a critical mineral recycling research hub to research the reuse of critical materials for clean energy production.

Sec. 1005. Work Project – Renewable Ready Communities – NEW

Authorizes unexpended funds for Renewable ready Communities totaling \$40.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to provide grants to local communities for the creation of regional renewable facilities.

Sec. 1006. Earmarks and Work Project – Propane Resiliency Enhancement Plan – NEW

Earmarks \$5.0 million from the Propane Resiliency Enhancement Plan appropriation to expand the storage capacity of propane suppliers for transport and distribution; earmarks \$3.5 million from the Propane Resiliency Enhancement Plan appropriation for storage and maintenance costs connected to expanded propane pipeline and fractionation capacity; authorizes unexpended funds for Propane Resiliency Enhancement Plan totaling \$8.5 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to support propane supply and affordability for Michigan consumers who rely on propane for energy, preparedness, continuity.

<u>Supplemental Recommendations for FY 2022-23 Appropriations</u>	<u>FY 2022-23 Recommendation</u>	
1. Environmental Sustainability and Stewardship	Gross	\$267,042,100
Appropriates \$267.0 million Gross (\$5.1 million GF/GP) for greenhouse gas reduction, technical assistance to disadvantaged communities for energy initiatives, climate action planning, local recycling initiatives, qualifying residential energy efficiency upgrade rebates, and environmental justice programs.	Federal	250,927,900
	Restricted	11,000,000
	GF/GP	\$5,114,200
2. Executive Direction	Gross	\$2,174,800
Appropriates \$2.2 million Gross (\$414,800 GF/GP) to create the MI Healthy Climate Corps program for climate initiatives with non-profit organizations; the GF/GP funding is to be used as match to access federal funding.	Federal	1,760,000
	GF/GP	\$414,800

Supplemental Recommendations for FY 2022-23 Appropriations

**FY 2022-23
Recommendation**

3. Solid Waste Management Program

Appropriates \$775,000 Gross (\$500,000 GF/GP) to support permitting, staff training, and engagement with stakeholders through the Coal Combustion Residuals Permitting Program.

Gross	\$775,000
Federal	275,000
GF/GP	\$500,000

4. ARP – Michigan Clean Fleet Initiative

Appropriates \$45.0 million of federal Coronavirus Capital Projects Fund to convert motor vehicle fleets to electric vehicles and clean fuels.

Gross	\$45,000,000
Federal	45,000,000
GF/GP	\$0

**Summary: Executive Budget Recommendation
for Fiscal Year 2023-24
TOTAL GENERAL GOVERNMENT**

Analysts: Viola Bay Wild and Michael Crossen

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$1,120,888,100	\$1,156,643,700	\$35,755,600	3.2
Federal	44,640,700	44,035,500	(605,200)	(1.4)
Local	15,540,800	17,372,800	1,832,000	11.8
Private	665,500	684,800	19,300	2.9
Restricted	2,433,041,500	2,633,406,600	200,365,100	8.2
GF/GP	2,113,984,600	1,233,183,200	(880,801,400)	(41.7)
Gross	\$5,728,761,200	\$5,085,326,600	(\$643,434,600)	(11.2)
FTEs	7,498.2	7,673.1	174.9	2.3

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as “one-time.” (3) FY 2022-23 year-to-date totals exclude amounts from the Department of Labor and Economic Opportunity (LEO) to compare General Government totals as organized in the FY 2023-24 budget with LEO removed.

Overview

Currently, the following departmental and agency budgets are included in the General Government budget: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, State, Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs), and Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, State Building Authority, Revenue Sharing, and Debt Service. **Budget issues are listed by department on the following pages.**

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

Sec. 206. Disciplinary Action Against State Employees – DELETED

Prohibits departments from taking disciplinary action against employees in the state classified civil service for communicating with legislators or their staff; stipulates disciplinary action may be taken if the communication is prohibited by law and disciplinary action is exercised as authorized by law. (Governor deemed this section unenforceable in FY 2022-23.)

Sec. 211. Transparency Website – DELETED

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

Sec. 211. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion; to restrict or impede community access to government programs; or restrict an individual’s ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

Sec. 212. State Restricted Funds Report – DELETED

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

Sec. 213. Performance Metrics Website – DELETED

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations**Sec. 215. Businesses in Deprived and Depressed Communities – REVISED**

Requires directors of each department and agency to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts. Revised to replace “deprived and depressed communities” with “geographically disadvantaged business enterprises”.

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

Requires departments and agencies to provide quarterly report on FTE counts by classification and actual FTE position counts compared to authorized FTE position counts; requires report on number of employees engaged in remote work in 2022, number of employees authorized to work remotely, and actual number working remotely, estimated net cost savings from remote work, and reduced use of office space associated with remote work. Revises to delete all reporting requirements except for a comparison of FTE positions authorized and positions filled.

Sec. 217. Work Project Expenditures – DELETED

Prohibits appropriations from being expended in cases where existing work project authorization is available for the same expenditures. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 218. State Administrative Board Transfers – DELETED

Authorizes legislature, by concurrent resolution adopted by majority of members elected to and serving in each house, to inter-transfer funds if State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2022-23.)*

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

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

Sec. 220. Reporting Requirement on Policy Changes – DELETED

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

Sec. 221. Fund Sourcing Priorities – DELETED

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

Sec. 222. Severance Pay Report – DELETED

Requires departments and agencies to report names and any amounts of severance pay given to high-ranking department officials; requires department and agencies to maintain an internet site and post severance pay in excess of 6 weeks of wages for former department or agency employees; requires department and agencies to submit annual report on total amount of severance pay remitted to former employees during prior fiscal year and total number of those employees; defines “severance pay”.

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

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

Sec. 225. Prohibitions on State Employer COVID-19 Vaccine Status Verifications – DELETED

Prohibits various state government entities from requiring proof of COVID-19 vaccination as condition of accessing state services or facilities, producing COVID-19 vaccine passports, developing or making existing databases public, accessing individuals COVID-19 vaccine status, and requiring proof of receiving COVID-19 vaccine as condition of employment; prohibits state entities from subjecting an individual to negative consequences because of COVID-19 vaccine status; allows an individual to provide proof of COVID-19 vaccine status with consent; exempts certain individuals from federally mandated vaccine policies.

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

Requires departments and agencies to report on their efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports; authorizes the auditor general to perform and charge for a subsequent audit to ensure that the initiatives related to savings and efficiencies have been implemented if the required report is not received within 6 months of the release of the audit. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 235. Federal Funding Contingency Plan – DELETED

Requires the state budget director, in consultation with the appropriate department, to recommend a contingency plan for a federal funding reduction of 10% or more to a federal funding source of \$10.0 million or more.

GENERAL GOVERNMENT: TOTAL

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations

Sec. 240. New Program Metrics – DELETED

Requires state budget office to provide a list of new programs and program enhancements that exceed \$500,000; requires identified programs to use program-specific measuring metrics in addition to the metrics required under Section 447 of the Management and Budget Act; requires report on metrics and performance progress of identified programs by September 30 of the following fiscal year; expresses legislative intent that future program funding increases be based on prior performance.

Supplemental Boilerplate Recommendations for FY 2022-23 Appropriations

Budget Stabilization Fund Deposit

Includes \$200.0 million GF/GP for a Countercyclical Budget and Economic Stabilization Fund deposit in FY 2022-23.

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 ATTORNEY GENERAL

Analyst: Michael Crossen

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$35,954,600	\$36,235,500	\$280,900	0.8
Federal	10,101,900	10,063,800	(38,100)	(0.4)
Local	0	0	0	--
Private	0	0	0	--
Restricted	20,786,700	20,773,100	(13,600)	(0.1)
GF/GP	51,429,800	49,326,000	(2,103,800)	(4.1)
Gross	\$118,273,000	\$116,398,400	(\$1,874,600)	(1.6)
FTEs	549.4	584.4	35.0	6.4

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Operations Line Item Roll Up	FTE 498.4	0.0
Merges \$98.3 million Gross (\$34.8 million GF/GP) and 498.4 FTE positions from 3 line items into 1 Operations line item. The roll up of these line items reverses the FY 2022-23 unrolling that created them and restores an Operations line item as included in FY 2021-22. Funding and FTE authorizations for the merged line items are:	Gross \$98,323,100	\$0
	IDG 35,954,600	0
	Federal 7,162,600	0
	Restricted 20,361,600	0
	GF/GP \$34,844,300	\$0
<ul style="list-style-type: none"> Administrative Support - \$23.2 million and 46.0 FTE positions Civil Bureaus - \$64.6 million and 362.0 FTE positions Criminal Bureaus - \$10.5 million and 90.4 FTE positions. 		
2. Address Confidentiality Program Staffing	FTE NA	2.0
Provides \$486,400 GF/GP and authorization of 2.0 FTE positions to establish the Address Confidentiality Program as authorized under the Address Confidentiality Program Act, 2020 PA 301. The program is designed to conceal the addresses of victims of stalking, domestic violence, sexual assault, human trafficking, and other activities that threaten personal harm so that they cannot be located through public records. The program provides a substitute address and free mail forwarding. A prior appropriation of \$500,000 GF/GP under 2021 PA 87 supported the creation of a required computerized database. This request would provide staff to begin and administer the program.	Gross NA	\$486,400
	GF/GP NA	\$486,400

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
3. LARA and EGLE Legal Services	FTE 0.0	2.0
Includes \$403,400 in IDG funding from the Departments of Licensing and Regulatory Affairs and Environment, Great Lakes, and Energy and authorization for 2.0 FTE positions to provide additional legal services to expedite the processing of increasing caseloads for those departments.	Gross \$3,666,000	\$403,400
	IDG 3,666,000	403,400
	GF/GP \$0	\$0
4. Conviction Integrity Unit	FTE NA	6.0
Provides \$1.0 million GF/GP and authorization for 6.0 FTE positions to the Conviction Integrity Unit that investigates prisoner claims of innocence to determine whether new evidence is sufficient to recommend to a court that a conviction be declared wrongful and set aside. Funding would help offset the removal of a \$550,000 federal grant from the Bureau of Justice Assistance that assisted with postconviction testing of DNA evidence.	Gross NA	\$1,010,000
	GF/GP NA	\$1,010,000
5. Job Court	FTE 0.0	5.0
Provides \$5.0 million GF/GP and authorization for 5.0 FTE positions to continue the job court pilot program and shifts funding from the One-Time Appropriations unit to an ongoing line item. Job Court offers the option of dismissal of charges for selected pre-trial defendants charged with low-level, non-assaultive crimes who successfully secure and maintain gainful employment and complete the one-year program course. The program provides supervision and support to participants with the aim of assisting them and diverting prosecutorial caseloads, reducing criminal case backlogs, and reducing costs of incarceration. There are currently 3 participating courts, 1 each in Wayne, Genesee, and Marquette Counties.	Gross \$5,000,000	\$0
	GF/GP \$5,000,000	\$0
6. PACC – In-Person Training	Gross NA	\$30,000
Includes \$30,000 Gross (\$0 GF/GP) in state restricted Prosecuting Attorneys Training Fees revenue to provide in-person training for local prosecutors statewide.	Restricted NA	30,000
	GF/GP NA	\$0
7. Removal of Current Year One-Time Funding	Gross \$8,500,000	(\$3,500,000)
Eliminates \$3.5 million of one-time GF/GP funding appropriated in FY 2022-23 for establishment of the Organized Retail Crime Unit. The \$3.5 million is intended to cover costs of the unit for a 3-year period.	GF/GP \$8,500,000	(\$3,500,000)
8. FTE Authorization Increase	FTE 498.4	20.0
Authorizes an additional 20.0 FTE positions to the Operations line item to provide greater flexibility in hiring.	Gross \$98,323,100	\$0
	IDG 35,954,600	0
	Federal 7,162,600	0
	Restricted 20,361,600	0
	GF/GP \$34,844,300	\$0
9. Economic Adjustments	Gross NA	(\$304,400)
Reflects decreased costs of \$304,400 Gross (\$100,200 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG NA	(122,500)
	Federal NA	(38,100)
	Restricted NA	(43,600)
	GF/GP NA	(\$100,200)

Major Boilerplate Changes from FY 2022-23

Sec. 302a. Enforcement of State and Federal Laws – DELETED

States it is the intent of the legislature that the attorney general use appropriated funds for upholding and enforcing any and all state and federal laws.

Major Boilerplate Changes from FY 2022-23

Sec 306a. Lawsuit Proceeds Subject to Appropriation – DELETED

Prohibits expenditure of proceeds from lawsuit settlements for either criminal prosecution or litigation unless appropriated by legislature.

Sec. 307. Appropriation of Antitrust Revenue – REVISED

Appropriates up to \$250,000 in additional antitrust, securities fraud, consumer protection or class action enforcement revenues, or attorney fees recovered by AG; authorizes unexpended funding, up to \$250,000, to be carried forward; requires information on collected revenue to be made available upon request. Revised to appropriate up to \$500,000 in additional revenue and to authorize up to \$1.0 million to be carried forward in the following fiscal year.

Sec. 309a. Prisoner Reimbursements Report – DELETED

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

Sec. 315. Legacy Costs – DELETED

Identifies annual pension-related and retiree health care legacy costs.

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

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

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

Requires the department to submit report upon entering lawsuit against federal government, estimated costs for participating in lawsuit, and purpose of lawsuit.

Sec. 322. Department Initiatives Quarterly Expenditure Report – DELETED

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

Sec. 330. Job Court Limited-Term Employees – DELETED

Authorizes one-time funds for Job Court to be used to hire 5.0 limited-term employees.

Sec. 331. Organized Retail Crime Limited-Term Employees and Work Project – DELETED

Authorizes funds for Organized Retail Crime Unit to be used to hire 6.5 limited-term employees to develop organized retail crime unit with intent that unit be fully self-funded with state restricted revenue within three years; authorizes unexpended one-time funding as work project and for funds not to lapse to General Fund at end of fiscal year.

<u>Supplemental Recommendations for FY 2022-23 Appropriations</u>	<u>FY 2022-23 Recommendation</u>
<p>1. PACC – Prosecutors Extradition Reimbursements (One-Time) Provides \$1.0 million GF/GP to be used by Prosecuting Attorneys Association of Michigan (PAAM) to reimburse local units of government for expenses incurred in extraditing offenders that flee the state to avoid prosecution.</p>	<p>Gross \$1,000,000 GF/GP \$1,000,000</p>
<p>2. PACC – Prosecuting Attorneys Digital Evidence Storage (One-Time) Provides \$10.0 million GF/GP to PAAM for improvements to computer equipment and data storage capacities to accommodate the growing amount of body camera recordings and digital evidence involved in prosecuting cases. Funding would be distributed by grants to local prosecutors for cloud or server-based storage. Funding would also support limited-term staff to expedite processing evidence accumulated during the pandemic.</p>	<p>Gross \$10,000,000 GF/GP \$10,000,000</p>
<p>3. PACC – Juvenile Life Without Parole Resentencing Cases (One-Time) Provides \$3.2 million GF/GP to provide grants to local prosecutors to support costs of resentencing cases in which juveniles were sentenced to life without parole, which was ruled to violate the Michigan Constitution by the Michigan Supreme Court in July of 2022. Funds would support contract employees, office equipment, and expert witnesses.</p>	<p>Gross \$3,152,000 GF/GP \$3,152,000</p>

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 CIVIL RIGHTS

Analyst: Michael Crossen

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
IDG/IDT	\$0	\$0	\$0	--
Federal	2,890,900	2,890,900	0	0.0
Local	0	0	0	--
Private	18,700	18,700	0	0.0
Restricted	58,500	58,500	0	0.0
GF/GP	18,633,500	26,491,900	7,858,400	42.2
Gross	\$21,601,600	\$29,460,000	\$7,858,400	36.4
FTEs	115.0	155.0	40.0	34.8

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Operations Funding and FTE Transfers	FTE	3.0	0.0
Transfers \$400,000 GF/GP and 3.0 FTE positions from the Division on Deaf, DeafBlind, and Hard of Hearing line item for a \$0 net change.	Gross	\$400,000	\$0
Transfers are as follows:	GF/GP	\$400,000	\$0
<ul style="list-style-type: none"> Public Affairs - \$275,000 and 2.0 FTE positions Complaint Investigation and Enforcement - \$125,000 and 1.0 FTE position. 			
2. Complaint Investigation and Enforcement	FTE	68.0	34.0
Provides \$5.7 million GF/GP and authorization for 34.0 FTE positions to establish three additional enforcement teams to assist in reducing a backlog of discrimination complaint cases that accrued following the pandemic and state hiring freeze and to reduce the average complaint investigation completion time to six to nine months on an ongoing basis. From these amounts, \$307,800 and 2.0 FTE positions would go to the Executive Office.	Gross	\$9,450,200	\$5,686,500
	Federal	2,875,900	0
	Restricted	58,500	0
	GF/GP	\$6,515,800	\$5,686,500
3. Americans with Disabilities Act Training and Enforcement	Gross	NA	\$223,200
Provides \$223,200 GF/GP to provide training and materials regarding disability complaint cases and compliance with the Americans with Disabilities Act (ADA).	GF/GP	NA	\$223,200

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
4. Disabled Digital Access Rights Transition Plan	FTE	NA
Provides \$3.0 million GF/GP (\$294,100 ongoing; \$2.8 million one-time) and authorization for 2.0 FTE positions to contract with vendors to develop a digital accessibility training module and to implement the ongoing Disabled Digital Access Rights Transition plan which for educating state employees on compliance with federal and state disability rights laws regarding digital access, such as captioning, screen readers, and other technology that provides access for individuals with disabilities. The training aims to reduce disability complaints.	Gross	NA
	GF/GP	NA
		2.0
		\$3,044,100
		\$3,044,100
5. Disparate Impact Investigation and Enforcement	Gross	NA
Provides \$1.6 million GF/GP to investigate complaints regarding policies, procedures, rules, or other systems that appear fair but have a disparate impact on people according to federally and state-protected classes such as race, religion, color, national origin, age, sex, disability, criminal record, and others. The funding would support a manager, 6 investigators, a paralegal, and a secretary.	GF/GP	NA
		\$1,555,800
		\$1,555,800
6. DEI Summit and Research	FTE	NA
Provides \$161,000 GF/GP and authorization for 1.0 FTE position to initiate a Diversity, Equity, and Inclusion summit focusing on health equity and strategies for reducing health disparities with a focus on maternal and infant health.	Gross	NA
	GF/GP	NA
		1.0
		\$161,000
		\$161,000
7. ALPACT – Police and Community Trust	FTE	NA
Provides \$316,300 GF/GP and authorization for 1.0 FTE position to support the Advocates and Leaders for Police and Community Trust (ALPACT) program and to expand the program into the upper peninsula. ALPACT promotes partnerships between police units and community leaders with the aim of building trust by facilitating communication and cooperation.	Gross	NA
	GF/GP	NA
		1.0
		\$316,300
		\$316,300
8. Michigan Alliance Against Hate Crimes	FTE	NA
Provides \$574,400 GF/GP and 2.0 FTE positions to provide additional support to the Michigan Alliance Against Hate Crimes (MIAAHC). MIAAHC is a department-led, statewide coalition of law enforcement agencies with community and civil rights organizations and educators that help identify and address hate crimes and bias incidents and provide victim support services.	Gross	NA
	GF/GP	NA
		2.0
		\$574,400
		\$574,400
9. Removal of Current Year One-Time Funding	Gross	\$3,651,900
Eliminates \$3.7 million of one-time GF/GP funding appropriated in FY 2022-23:	GF/GP	\$3,651,900
<ul style="list-style-type: none"> \$3.2 million GF/GP for Complaint Investigation and Enforcement for limited-term employees to process the complaint backlog. \$500,000 GF/GP for Native American Boarding School Study. 		(\$3,651,900)
		(\$3,651,900)
10. Economic Adjustments	Gross	NA
Reflects decreased costs of \$51,000 GF/GP for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	GF/GP	NA
		(\$51,000)
		(\$51,000)

Major Boilerplate Changes from FY 2022-23

Sec. 401. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$1.0 million, and state restricted authorization by up to \$375,000. Revises to increase maximum amounts of contingency authorizations up to \$2.0 million in federal and \$750,000 in private contingency funds to be appropriated.

Sec. 410. Legacy Costs – DELETED

Identifies annual pension-related and retiree health care legacy costs.

ONE-TIME APPROPRIATIONS

Sec. 420. Complaint Investigation and Enforcement – DELETED

Requires department to expand complaint investigation and enforcement activities to eliminate backlog of civil rights complaint cases; authorizes up to an additional 25.0 limited-term employees; authorizes unexpended one-time funding appropriated for complaint investigation and enforcement as work project.

Sec. 421. Native American Boarding School Study – DELETED

Requires funds for Indian boarding school study to be used to research number of Native American children forced to attend boarding schools, how they were impacted, to locate and preserve records, to work in concert with Federal Indian Boarding School Initiative, and to interview boarding school survivors and tribal representatives to fully understand immediate and long-term impacts of policies of Native American children removal; requires report to be completed by January 30, 2024; authorizes department to contract with university or other entity to carry out this section.

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 EXECUTIVE OFFICE

Analyst: Viola Bay Wild

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	8,533,600	8,699,000	165,400	1.9
Gross	\$8,533,600	\$8,699,000	\$165,400	1.9
FTEs	96.2	96.2	0.0	0.0

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Executive Office Operations	FTE 96.2	0.0
Reflects increased costs of \$165,400 GF/GP related to Executive Office staff and other operations	Gross \$8,533,600 GF/GP \$8,533,600	\$165,400 \$165,400

Major Boilerplate Changes from FY 2022-23

There are no major boilerplate changes for FY 2023-24.

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 LEGISLATURE

Analyst: Viola Bay Wild

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	428,300	445,400	17,100	4.0
Restricted	4,965,700	5,164,300	198,600	4.0
GF/GP	184,453,000	181,263,900	(3,189,100)	(1.7)
Gross	\$189,847,000	\$186,873,600	(\$2,973,400)	(1.6)
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>		<u>FY 2022-23 YTD (as of 2/8/23)</u>	<u>Executive Change from YTD</u>
1. Legislative Operations Adjustment	Gross	\$186,677,000	\$196,600
Reflects net increase of \$196,600 Gross (net reduction of \$19,100 GF/GP) related to legislative employees and other operations and property management costs.	Private	428,300	17,100
	Restricted	4,965,700	198,600
	GF/GP	\$181,283,000	(\$19,100)
2. Independent Citizens Redistricting Commission (ICRC)	Gross	\$3,170,000	(\$3,170,000)
Removes \$3.2 million GF/GP one-time FY 2022-23 supplemental funding for the ICRC for additional legal costs. The Michigan Constitution requires that the terms of the commissioners expire once the commission has completed its work for a census cycle.	GF/GP	\$3,170,000	(\$3,170,000)

Major Boilerplate Changes from FY 2022-23

There are no major boilerplate changes for FY 2023-24.

**Summary: Executive Budget Recommendation
for Fiscal Year 2023-24
LEGISLATIVE AUDITOR GENERAL**

Analyst: Viola Bay Wild

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	vs. FY 2022-23
			Amount	%
IDG/IDT	\$6,654,800	\$6,921,900	\$267,100	4.0
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	2,329,300	2,421,600	92,300	4.0
GF/GP	19,621,800	20,406,700	784,900	4.0
Gross	\$28,605,900	\$29,750,200	\$1,144,300	4.0
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Auditor General Operations Increase	Gross \$28,605,900	\$1,144,300
Reflects increased costs of \$1.1 million Gross (\$784,900 GF/GP) related to auditor general staff and other operations.	IDG 6,654,800	267,100
	Restricted 2,329,300	92,300
	GF/GP \$19,621,800	\$784,900

Major Boilerplate Changes from FY 2022-23

Sec. 620. Authorization to Audit Executive, Judicial, and Legislative Branches – DELETED

Requires auditor general to conduct audits of the executive, judicial, and legislative branches.

Sec. 624. Authorization to Charge and Collect Fees for Subsequent Audit – DELETED

Authorizes the auditor general to charge and collect fees for a subsequent audit conducted pursuant to Section 229; states that fees and charges may not exceed cost of audit; provides for expenditure of funds.

Sec. 625. Access to Confidential Information – DELETED

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

Sec. 627. Operations Work Project Language – DELETED

Provides work project authorization for unexpended funds related to Field Operations for conducting the State of Michigan Comprehensive Annual Financial Report.

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 STATE (DEPARTMENT)

Analyst: Michael Crossen

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,460,000	1,460,000	0	0.0
Local	0	0	0	--
Private	50,100	50,100	0	0.0
Restricted	221,007,300	223,392,000	2,384,700	1.1
GF/GP	12,679,300	17,838,300	5,159,000	40.7
Gross	\$255,196,700	\$262,740,400	\$7,543,700	3.0
FTEs	1,592.0	1,608.0	16.0	1.0

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Equity and Inclusion Officer	Gross	NA
Provides \$218,800 in state restricted Transportation Administration Collection Fund (TACF) revenue to hire an Equity and Inclusion Officer to help advise the department on matters of equity and inclusion.	Restricted	NA
	GF/GP	NA
		\$0
2. Postage and Mailing Service Rate Increase	Gross	NA
Provides \$600,000 Gross (\$0 GF/GP) to reflect increased United States Postal Service postage rates made effective in January 2023 and the corresponding increase in DTMB mailing service rates.	Restricted	NA
	GF/GP	NA
		\$0
3. Enforcement Division Staffing Increase	FTE	NA
Provides \$447,500 GF/GP and authorization for 3.0 FTE positions to the Legal Services unit to address increasing cases of fraud and abuse related to property crimes, crimes against individuals, and election fraud by enhancing the department's resources to investigate and enforce laws and regulations.	Gross	NA
	GF/GP	NA
		3.0
		\$447,500
		\$447,500
4. Fund Source Shifts	Gross	NA
Shifts funding from among 10 fund sources and 7 line items for a net \$0 Gross change (decrease of \$1,500 GF/GP). Results in an increase of \$150,000 to the Operations line item and a \$150,000 reduction from the Central Operations line item. Includes a reduction of \$1.0 million each from Reinstatement Fees – Operator's Licenses and Parking Ticket Court Fines revenue with funding replacement from TACF among other technical changes.	IDG	NA
	Federal	NA
	Restricted	NA
	GF/GP	NA
		\$73,500
		1,500
		(73,500)
		(\$1,500)

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
5. TACF/TASF Revenue Replacement	Gross	\$19,000,000	\$0
Replaces \$19.0 million state restricted from the Transportation Administration Support Fund (TASF), created in Treasury under section 949I, to support expenses related to vehicle and driver services, with a corresponding amount of revenue authorization from the Transportation Administration Collection Fund (TACF), resulting in a net \$0 change. Revenue from TASF was provided in FY 2022-23 to help address the long-term revenue shortfall anticipated for TACF.	Restricted	19,000,000	0
	GF/GP	\$0	\$0
6. Additional Branch Office Security Staff	Gross	NA	\$150,000
Provides \$150,000 in state restricted TACF revenue to support 3 additional security guards, 1 each for Grand Rapids, Flint, and Saginaw following an internal department review identifying locations with highest reported incidents at offices in these cities.	Restricted	NA	150,000
	GF/GP	NA	\$0
7. Contracted Security Cost Increase	Gross	NA	\$140,000
Provides \$140,000 in state restricted Driver Fees revenue to cover costs of a new statewide security contract that increased the pay rate for security guards to a competitive level to decrease turnover and increase employee longevity.	Restricted	NA	140,000
	GF/GP	NA	\$0
8. Mobile Branch Office Staffing	FTE	NA	10.0
Provides \$1.2 million in state restricted TACF revenue and authorization for 10.0 FTE positions to support staffing of 7 mobile secretary of state office vans to provide easy access of services to rural areas and locations with high concentrations of customers with barriers to visiting branch offices in-person.	Gross	NA	\$1,220,000
	Restricted	NA	1,220,000
	GF/GP	NA	\$0
9. Record Lookup Fee Increase	Gross	NA	\$0
The Executive recommends increasing the fee for record lookups from \$11 to \$15 and moving the authorization for these fees from boilerplate to statute. The fee increase would provide approximately \$19.0 million of additional annual revenue to TACF to address a structural budget imbalance leading to a projected revenue shortfall by FY 2024-25.	Restricted	NA	0
	GF/GP	NA	\$0
10. Implementation of Ballot Proposals 1 and 2 of 2022	FTE	NA	3.0
Provides \$4.7 million GF/GP and authorization for 3.0 FTE positions to support costs related to implementing the state constitutional amendments approved by voters as Ballot Proposals 1 and 2 of 2022. An additional \$11.5 million GF/GP is recommended in FY 2022-23 to implement the ballot proposals. FY 2023-24 funding would be allocated as follows:	Gross	NA	\$4,713,600
	GF/GP	NA	\$4,713,600
<ul style="list-style-type: none"> Proposal 1 - \$138,600 and 1.0 FTE position for an information technology (IT) developer to accommodate changes in receiving and reporting electronic filings of annual financial disclosure reports Proposal 2 - \$2.5 million to fund local clerks' postage costs for absent-voter applications and ballots; \$1.8 million for security video recording data and maintenance of ballot drop boxes; \$277,200 and 2.0 FTE positions for ongoing department administration and oversight of the changes. 			
11. Economic Adjustments	Gross	NA	\$53,800
Reflects increased costs of \$53,800 Gross (decrease of \$600 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	(73,500)
	Federal	NA	(1,500)
	Restricted	NA	129,400
	GF/GP	NA	(\$600)

Major Boilerplate Changes from FY 2022-23

Sec. 701. Legislative Contingency Transfer Authorization – REVISED

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

Sec. 703. Commercial Look-Up Fees – DELETED

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

Sec. 703a. Bulk Records Sales – DELETED

Authorizes secretary of state to contract for sale of lists of driver and motor vehicle records and other records maintained under Michigan Vehicle Code in bulk, in addition to those lists distributed at cost or at no cost under this section for purposes permitted by and described in section 208c(3) of the Michigan Vehicle Code; requires secretary of state to require each purchaser of bulk records to execute written purchase contract; permits secretary of state to affix cost of not over \$35 per 1,000 records requested.

Sec. 705. Department Publications – REVISED

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

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

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

Sec. 714. Branch Office Closings or Consolidations – DELETED

Requires legislature to be notified in writing at least 180 days prior to closing a branch office or 60 days prior to relocating a branch outside of its current local unit of government; notification to include analyses of branch transactions and revenue, citizen impact, and savings and costs. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 717. Gifts to Support Department Activities – REVISED

Authorizes DOS to accept non-monetary gifts of a de minimus value to support licensing, regulation, and safety functions; prohibits acceptance if conditioned on future state spending; requires report. Revised to delete conditions of gifts being non-monetary and of a de minimus value; authorizes expenditure of revenues received under this subsection for functions related to licensing, regulation and safety purposes; deletes reporting requirement.

Sec. 718. Full-Time Walk-In Branch Office Services – DELETED

Requires department to maintain “adequate in-person services” as defined in Michigan Vehicle Code, MCL 257.1a., which defines as providing in-person service options, without requirement of advance appointment, on each day and at each location a secretary of state branch office is open for services in this state. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 718. Election Spending Subject to Guidance – NEW

Requires funds to be spent in accordance with election law and the instructions, orders and/or guidance of the secretary of state as to the proper method for the conduct and administration of elections.

Sec. 719. State HAVA Grant Report – DELETED

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

Sec. 720. Election Mailings – DELETED

Requires secretary of state, except for under certain conditions, to notify speaker of the house, senate majority leader, and relevant local government clerks of any election-related mailing to 20 percent or more of registered voters in any voting precinct and a copy of planned mailing not later than 14 days before sending mailing.

Major Boilerplate Changes from FY 2022-23

Sec. 720a. Election Notices Report – DELETED

Requires department to report on figures on voter registrations from information returned from change of address notifications sent by secretary of state. Required information includes number of electors who corrected their voter registration records, and number of possible improper votes cast at preceding primary and general election referred to law enforcement by secretary of state.

Sec. 722. Legacy Mainframes System Modernization – DELETED

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

Sec. 722a. MERTS Election System Report – DELETED

Requires report describing progress made on updating the state’s software application for campaign finance and state level committees filing for public office, Michigan Electronic Reporting and Tracking System (MERTS), and on contracting to modernize or replace the system, including timeline towards completing modernization, key implementation dates, and anticipated costs.

Sec. 725. Legacy Costs – DELETED

Identifies annual pension-related and retiree health care legacy costs.

Supplemental Recommendations for FY 2022-23 Appropriations

FY 2022-23 Recommendation

1. Implementation of Ballot Proposals 1 and 2 of 2022

Provides \$11.5 million GF/GP to support costs related to implementing the state constitutional amendments approved by voters as Ballot Proposals 1 and 2 of 2022. FY 2022-23 funding would be allocated as follows:

- Proposal 1 - \$250,000 for an IT developer to accommodate changes in receiving and reporting electronic filings of annual financial disclosure reports
- Proposal 2 - \$10.0 million to purchase and install an estimated 2,000 ballot drop boxes and security cameras; \$1.3 million for 5 IT developers to develop software and update the Qualified Voter File to accommodate early voting, a permanent absentee voter list, military postmark dates, ballot tracking, and other changes.

Gross	\$11,500,000
GF/GP	\$11,500,000

2. Additional Branch Office Security Staff

Provides \$75,000 in state restricted TACF revenue to support 3 additional security guards, 1 each for Grand Rapids, Flint, and Saginaw following an internal department review identifying locations with highest reported incidents at offices in these cities.

Gross	\$75,000
Restricted	75,000
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 TECHNOLOGY, MANAGEMENT, AND BUDGET

Analyst: Michael Crossen

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
IDG/IDT	\$1,047,125,600	\$1,082,389,000	\$35,263,400	3.4
Federal	5,217,200	4,699,000	(518,200)	(9.9)
Local	2,331,200	2,334,700	3,500	0.2
Private	137,400	137,400	0	0.0
Restricted	123,219,300	134,180,300	10,961,000	8.9
GF/GP	657,109,000	637,611,800	(19,497,200)	(3.0)
Gross	\$1,835,139,700	\$1,861,352,200	\$26,212,500	1.4
FTEs	3,167.0	3,216.0	49.0	1.5

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Administrative Services/Data and Analytics Transfer	Gross	NA
Transfers \$160,000 from the Administrative Services line item to the Michigan Center for Data and Analytics line item to align data analytics and related information technology costs to support the Michigan Center for Data and Analytics in accordance with Executive Order No. 2022-11 for a net \$0 change. The Michigan Center for Data and Analytics was renamed from the Bureau of Labor Market Information and Strategies.	GF/GP	NA
		\$0
		\$0
2. Health and Safety Office Transfer	FTE	NA
Transfers \$353,000 and 2.0 FTE positions from the Administrative Services line item to Building Operation Services line item to align with the current structure, operations, and administration of the Health and Safety Office within the State Facilities Administration. The transfer incorporates a \$31,100 reduction in state restricted Special Revenue, Internal Service, and Pension Trust Funds revenue and a corresponding increase in IDG funding from Building Occupancy and Parking Charges revenue.	Gross	NA
	IDG	NA
	Restricted	NA
	GF/GP	NA
		0.0
		\$0
		31,000
		(31,000)
		\$0
3. Business Incentive Study Funding Removal	Gross	\$1,000,000
Removes \$1.0 million GF/GP for implementation of the Economic Development Incentive Evaluation Act (2018 PA 540) which requires the department to contract with a private entity, nonprofit entity, or academic institution for the periodic evaluation of economic development incentives as outlined in the Act.	GF/GP	\$1,000,000
		(\$1,000,000)
		(\$1,000,000)

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
4. SIGMA Contractual Cost Increase	Gross	NA
Provides \$366,500 GF/GP to align resources with contractual inflationary cost increases to support the operations of Statewide Integrated Governmental Management Applications (SIGMA), the state's enterprise resource planning tool.	GF/GP	NA
		\$366,500
5. Statewide Janitorial Service Contract Increases	Gross	NA
Provides \$2.1 million in IDG funding from Building Occupancy and Parking Charges to align authorization with ongoing contractual janitorial service costs for state-owned and managed facilities.	IDG	NA
	GF/GP	NA
		\$2,108,000
		2,108,000
		\$0
6. Caro Psychiatric Hospital Building Operations	FTE	NA
Provides \$3.5 million in IDG funding from Building Occupancy and Parking Charges and authorization for 9.0 FTE positions for ongoing building management and operational support of the Caro State Psychiatric Hospital that is anticipated to be completed in Spring of 2023.	Gross	NA
	IDG	NA
	GF/GP	NA
		\$3,477,000
		3,477,000
		\$0
7. Central Procurement Staffing and IT Enhancements	Gross	NA
Provides \$984,100 in state restricted funding to support additional procurement services staff and to enhance operations of the central procurement database.	Restricted	NA
	GF/GP	NA
		\$984,100
		984,100
		\$0
8. State Budget Office FTE Increase	FTE	NA
Provides authorization for 5.0 FTE positions for the State Budget Office.	Gross	NA
	GF/GP	NA
		\$0
		\$0
9. Design and Construction Services Staffing Increase	FTE	NA
Provides \$2.2 million in IDG funding from User Fees and authorization for 14.0 FTE positions to support costs to the Division of Design and Construction Services for project management and oversight as the number of construction projects in development across state government have increased with the influx of federal state fiscal relief funding.	Gross	NA
	IDG	NA
	GF/GP	NA
		\$2,200,000
		2,200,000
		\$0
10. Federal Employment Services Reduction	Gross	\$3,021,000
Reduces \$500,000 in federal Wagner-Peyser Employment Service Program funding allocated to the Michigan Center for Data and Analytics.	Federal	3,021,000
	GF/GP	\$0
		(\$500,000)
		(500,000)
		\$0
11. Fleet Vehicle Travel Services Rate Increase	Gross	\$85,732,400
Provides \$2.0 million in IDG funding from the Motor Transport Fund to align IDG authorization with increased travel services rates charged to departments to reflect higher projected gasoline prices.	IDG	85,732,400
	GF/GP	\$0
		\$2,000,000
		2,000,000
		\$0
12. SWCAP Adjustment	Gross	NA
Reallocates fund sourcing associated with the annual Statewide Cost Allocation Plan (SWCAP) for a net change of \$0 Gross and increase of \$1.3 million GF/GP.	IDG	NA
	Restricted	NA
	GF/GP	NA
		\$0
		(216,800)
		(1,060,200)
		\$1,277,000

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)		Executive Change from YTD
13. IT IDG Line Item Consolidation	FTE	784.0	0.0
Consolidates funding for five IT IDG line items and FTE positions, totaling \$271.9 million, into a new Information Technology Services line item which would receive all department IT IDG funding of \$855.3 million, for a net \$0 change. Consolidations would reflect delivery of IT services being project-based instead of department-based. Consolidations by line item:	Gross	\$271,888,900	\$0
	IDG	271,888,900	0
	GF/GP	\$0	\$0
<ul style="list-style-type: none"> • Education Services - \$5.0 million and 33.0 FTE positions • General Services - \$139.8 million and 350.5 FTE positions • Public Protection - \$64.1 million and 162.5 FTE positions • Resources Services - \$21.9 million and 138.5 FTE positions • Transportation Services - \$41.1 million and 99.5 FTE positions. 			
14. Annual IT IDG Baseline Adjustment	Gross	NA	\$26,831,300
Increases IDG funding from Technology User Fee revenue by \$26.8 million to reflect projects and service adjustments in other executive department and agency budgets, administrative cost allocation changes, and IT budgetary requests made by departments and agencies. Technology Service appropriation lines are prorated by department based on their total IT budget.	IDG	NA	26,831,300
	GF/GP	NA	\$0
15. IT Personnel Transfer to Lottery	FTE	1.0	(1.0)
Transfers \$155,300 in IDG funding from Technology User Fee revenue and 1.0 FTE position to the Michigan Bureau of State Lottery to organize employees by tasks typically performed by agencies.	Gross	\$155,300	(\$155,300)
	IDG	155,300	(155,300)
	GF/GP	\$0	\$0
16. Office of the Child Advocate Expansion	FTE	14.0	8.0
Provides \$1.6 million GF/GP and authorization for 8.0 FTE positions to the Office of the Child Advocate (OCA) (formerly the Office of Children's Ombudsman). The office is an autonomous state agency established under 1994 PA 204 and charged with investigating actions and policies of Department of Health and Human Services and child placement agencies related to Michigan's child protection services. The increased funding would allow OCA to investigate facility complaints on behalf of children within the juvenile justice system upon an amendment to 1994 PA 204 to expand the Office's authorized role. The investment is based on recommendations from the Task Force on Juvenile Justice Reform established under Executive Order 2021-6.	Gross	\$2,160,200	\$1,600,000
	GF/GP	\$2,160,200	\$1,600,000
17. State Building Authority Capital Outlay Debt Financing	Gross	\$231,570,600	\$5,000,000
Provides \$5.0 million GF/GP to the annual amount set aside for payments on debt for capital construction projects financed through the State Building Authority to reflect a projected increase in payments due on bonds following recent increases in state capital outlay projects.	GF/GP	\$231,570,600	\$5,000,000
18. Civil Service – State Restricted Revenue Alignment	Gross	\$11,200,500	(\$1,500,000)
Reduces \$1.5 million in state restricted State Sponsored Group Insurance revenue to align authorization with available revenues collected from assessments to fund the state's flexible spending account program.	Restricted	11,200,500	(1,500,000)
	GF/GP	\$0	\$0
19. Civil Service – Increased HR Staffing	FTE	279.0	14.0
Provides \$1.9 million Gross (\$895,800 GF/GP) and authorization for 14.0 FTE positions to support additional staff for the Civil Service Commission to assist in providing timely human resources services for hiring and staffing operations statewide.	Gross	\$36,171,700	\$1,931,400
	Restricted	21,944,700	1,035,600
	GF/GP	\$14,227,000	\$895,800

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD	
20. State Facilities Maintenance (One-Time)	Gross	\$70,000,000	\$30,000,000
Provides a total of \$100.0 million GF/GP for maintenance, demolition, and infrastructure projects for 800 buildings and 5,000 state-owned structures. This is an increase of \$30.0 million from a FY 2022-23 one-time appropriation of \$70.0 million for the same purpose. With \$28.0 million GF/GP in the current-year base, a total of \$128.0 million would be available for deferred special maintenance projects.	GF/GP	\$70,000,000	\$30,000,000
21. Information Technology Innovation Fund (ITIF) Legacy IT System Projects (Ongoing & One-Time)	Gross	\$135,000,000	(\$58,790,000)
Provides \$76.2 million GF/GP in total ITIF funding (\$41.2 million GF/GP one-time) to support new information technology legacy system modernization projects. This represents a \$58.8 million GF/GP reduction in the one-time appropriation. The ongoing appropriation would be maintained at \$35.0 million GF/GP. FY 2023-24 recommended projects list includes \$40.5 million for expansion of the system supporting the state's city income tax collection service to accommodate inclusion of the City of Flint and 22 other cities, should they elect to participate.	GF/GP	\$135,000,000	(\$58,790,000)
22. ORS IT Database Modernization (One-Time)	Gross	NA	\$11,800,000
Provides \$11.8 million in state restricted Pension Trust Fund revenue to complete the modernization of the Clarety transactional database used by the Office of Retirement Services to serve all members of the state's retirement system.	Restricted	NA	11,800,000
	GF/GP	NA	\$0
23. State Fleet Electric Vehicles (One-Time)	Gross	NA	\$10,000,000
Provides \$10.0 million GF/GP to begin transitioning the state's fleet of 7,000 vehicles to electric vehicles.	GF/GP	NA	\$10,000,000
24. Statewide Student Data Record System Planning (One-Time)	Gross	NA	\$2,000,000
Provides \$2.0 million GF/GP to support planning efforts towards the establishment of a statewide student data record system that aims to enhance data analytics and improve strategies for achievements and degree completion.	GF/GP	NA	\$2,000,000
25. Civil Service – Management Training (One-Time)	Gross	NA	\$5,000,000
Provides \$5.0 million GF/GP for the Civil Service Commission to support the creation of a training program for the next generation of state employee managers.	GF/GP	NA	\$5,000,000
26. Removal of Current Year One-Time Funding	Gross	\$185,750,000	(\$15,750,000)
Eliminates \$15.8 million GF/GP of one-time funding appropriated in FY 2022-23:	GF/GP	\$185,750,000	(\$15,750,000)
<ul style="list-style-type: none"> • \$750,000 for Software Purchasing Review services • \$15.0 million for Supply Chain Technology software. 			
27. Economic Adjustments	Gross	NA	(\$1,390,500)
Reflects decreased costs of \$1.4 million Gross (\$96,500 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	(1,011,800)
	Federal	NA	(18,200)
	Local	NA	3,500
	Restricted	NA	(267,500)
	GF/GP	NA	(\$96,500)

Major Boilerplate Changes from FY 2022-23

Sec. 801. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$2.0 million, state restricted authorization by up to \$4.0 million, local authorization by up to \$75,000, and private authorization by up to \$50,000. Revises to increase maximum amounts of contingency authorizations up to \$4.0 million in federal, \$8.0 million in state restricted, \$150,000 in local and \$2,000,000 in private contingency funds to be appropriated.

Sec. 809. Computer Contracts – DELETED

Requires DTMB to report revisions that increase or decrease current contracts for computer software development, hardware acquisition, or quality assurance by more than \$250,000, individually or in aggregate.

Sec. 810. Notices of Invitations to Bid (ITBs) and Requests for Proposals (RFPs) – REVISED

Requires DTMB to maintain an internet website with notice of all ITBs and RFPs over \$50,000, except for solicitations up to \$500,000 in accordance with department policy regarding providing opportunities to certain veteran and disabled-owned business; requires information to appear on first page of each department dashboard; requires ITBs and RFPs to be posted for at least 14 days prior to bid deadline. Revised to delete requirement for information to appear on first page of each department dashboard.

Sec. 813. Motor Vehicle Fleet – REVISED

Provides for motor vehicle charges and management of motor vehicle fleet; requires detailed plan for operation of fleet; authorizes adjustment of spending authorization and motor transport fund IDG as needed to ensure that authorization meets total fleet expenditures; requires department to post the plan on its website. Revised to eliminate certain reporting requirements, including information on efforts to reduce travel expenditures, calculation of the amount of state motor vehicle fuel taxes that would have been incurred by fleet vehicles if they were required to pay motor fuel taxes, the cost to operate the fleet garage, and the number of fleet garage locations; revised report due date from 60 to 90 days after the close of the fiscal year; eliminated requirement for report to be posted on the department's website; changed threshold at which DTMB is authorized to charge state agencies from \$3.04 per gallon of unleaded gasoline to 10% of the budgeted per gallon price.

Sec. 816. Privatization RFPs – DELETED

Requires RFP issued for purpose of privatization to include all factors to be used in evaluating and determining price. (*Governor deemed this section unenforceable in FY 2022-23.*)

Sec. 818. Law Enforcement Officers Memorial – REVISED

Provides for receipt and expenditure of money from Michigan Law Enforcement Officers Memorial Monument Fund. Revised to designate deposits into the fund as restricted revenues and to carry forward into succeeding fiscal years.

Sec. 821. Office of Retirement Services Report – DELETED

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

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

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

Sec. 822e. Legacy Costs – DELETED

Identifies annual pension-related and retiree health care legacy costs.

Sec. 822g. Legal Services Fund – DELETED

Requires itemized report on all expenditures from Legal Services Fund.

Sec. 822m. Vendor Performance Tracking – REVISED

Requires DTMB to establish a vendor performance tracking system that collaborates with other departments that will be used as a factor in determining future contracts in the procurement process; requires department to list and report all state departments and agencies that have not complied with requirements of this section. Revised to delete requirement that the department list and report all state departments and agencies that have not complied with the requirements.

Sec. 822n. Request for Proposals Website – DELETED

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

Major Boilerplate Changes from FY 2022-23**Sec. 822o. Business Incentive Study – DELETED**

Requires not more than \$1.0 million appropriated to Administrative Services line item to be expended to implement Economic Development Incentive Evaluation Act (2018 PA 540).

Sec. 822p. Supplier Risk Assessment Program – DELETED

Requires not more than an additional \$300,000 appropriated to Business Support Services line item to be used to maintain a comprehensive supplier risk and information subscription used for the pre-contract risk assessment program described in 2017 PA 107.

DTMB – INFORMATION TECHNOLOGY**Sec. 825. Access to SIGMA and MAIN Data – DELETED**

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

Sec. 826. Definition of Information Technology Services – DELETED

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

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

Provides for assessment of fees and expenditure of revenues pertaining to MPSCS; requires report on revenue collected and expenditures made in support of the system; authorizes unencumbered funds to be carried forward. Revised to delete reporting requirement.

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

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

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

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

Sec. 831. Information Technology Services Billing – DELETED

Requires DTMB to submit information technology services-related invoices to departments and agencies no later than 45 days after receiving approval from departments to pay vendor invoices.

Sec. 832. Child Support Enforcement System – DELETED

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

Sec. 838. Solar Energy Projects Selection Process – DELETED

Authorizes requests for proposals or other arrangements for installation of solar energy projects at state-owned or leased facilities to consider the value of the lifecycle carbon emissions in manufacturing of solar equipment as part of selection process; requires DTMB to report on implementation of this section.

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

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

Sec. 840. EPMO Performance Measures – DELETED

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

DTMB – CAPITAL OUTLAY**Sec. 862. Joint Capital Outlay Required Reports – DELETED**

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

Sec. 863. Capital Outlay Rental Increase Approval – DELETED

Requires proposed new or renewal rental spaces or facilities for which the annual base cost is more than \$500,000 to receive approval from the Joint Capital Outlay Subcommittee (JCOS) prior to being approved by the State Administrative Board; waives JCOS approval in emergency situations and requires department to notify JCOS within 5 days after executing agreement. (*Governor deemed this section unenforceable in FY 2022-23.*)

Major Boilerplate Changes from FY 2022-23

Sec. 863a. State Building Occupancy and Use Report – DELETED

Requires DTMB to submit report which evaluates office building and space usage by all state departments and develop a projection for future building occupancy; lists additional report requirements including projections of amounts of state-owned and leased buildings, comparisons of 2019 occupancy levels with current and projected levels, plan for building occupancy efficiency, projected costs to complete space optimization plan, projected savings resulting from property divestments, and descriptions of each divested property.

Sec. 866. Energy Efficiency Revolving Fund – NEW

Creates the Energy Efficiency Revolving Fund within Treasury; authorizes Treasury to receive money or other assets for deposit into the fund and to credit interest and earnings into the fund; provides carry-forward authorization for unexpended funds at close of fiscal year; requires DTMB to provide oversight for the fund and coordinate a call for projects and prioritize projects to be awarded funds; limits administrative costs to 10% of the total project cost; describes department’s responsibilities in administering the fund.

Sec. 867. Special Maintenance, Remodeling, and Additions for State Agencies – NEW

Appropriates federal and restricted funds earned based on initiatives undertaken with the funds appropriated for Special Maintenance, Remodeling, and Additions for State Agencies; requires the State Budget Director to determine the appropriate manner for implementing this section.

DTMB – ONE-TIME APPROPRIATIONS

Sec. 890. Software Purchasing Review – DELETED

Provides a list of technical requirements and functions for platform purchased with one-time designated funds appropriated for Software Purchasing Review.

Sec. 891. Supply Chain Software Solicitation – DELETED

Requires department, with one-time designated funds appropriated for Supply Chain Technology, to solicit Michigan-based vendor for a software product that provides real-time visibility platforms for complex supply chains; provides eligibility criteria for selecting vendor.

<u>Supplemental Recommendations for FY 2022-23 Appropriations</u>	<u>FY 2022-23 Recommendation</u>	
1. Federal Programs Match Funding	Gross	\$350,000,000
Sets aside \$350.0 million GF/GP to leverage major funding opportunities available from recent federal legislation including, but not limited to, the Infrastructure Investment and Jobs Act (IIJA), CHIPS and Science Act, and the Inflation Reduction Act. Other appropriate state resources must be used before use of these funds. Funds would be allocated at the discretion of an interagency evaluation committee formed by the Michigan Infrastructure Office in collaboration with the State Budget Director.	GF/GP	\$350,000,000
2. IIJA State and Local Cybersecurity Grant Program	Gross	\$31,457,200
Provides \$31.5 million Gross (\$7.6 million GF/GP) to support a new State and Local Cybersecurity Grant Program in accordance with the IIJA for activities which include operating a cybersecurity planning committee, developing or revising a federally approved cybersecurity plan, and administration of grant awards. Of the total, \$23.9 million would be appropriated from the federal Infrastructure Investment and Jobs Act Fund.	Federal	23,877,100
	GF/GP	\$7,580,100
3. Administrative Services	Gross	\$2,108,000
Provides \$2.1 million GF/GP to cover increased contract costs for janitorial service, garbage, and snow removal for state-owned buildings due to inflationary pressures.	GF/GP	\$2,108,000

Supplemental Recommendations for FY 2022-23 Appropriations

**FY 2022-23
Recommendation**

4. *Electronic Recording Commission*

Provides \$531,500 GF/GP to award grants to counties to facilitate electronic recording, or e-recording, registering capabilities of real estate deeds upon approval of the Electronic Recording Commission (ERC). Under 2020 PA 166, Article 5, section 1047 \$600,000 GF/GP was appropriated for this purpose and is held as a work project. The State Budget Director would issue a lapse directive of these funds upon enactment of the recommendation and reappropriate the projected balance of the work project and expand conditions on the funds in boilerplate. These conditions include doubling the maximum grant amount and eliminating a provision that allows requiring 10% match funding to receive a grant.

Gross	\$531,500
GF/GP	\$531,500

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 TREASURY

Analyst: Viola Bay Wild

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$11,153,100	\$11,097,300	(\$55,800)	(0.5)
Federal	24,970,700	24,921,800	(48,900)	(0.2)
Local	13,209,600	15,038,100	1,828,500	13.8
Private	31,000	33,200	2,200	7.1
Restricted	2,060,674,700	2,247,416,800	186,742,100	9.1
GF/GP	1,161,524,600	291,545,600	(869,979,000)	(74.9)
Gross	\$3,271,563,700	\$2,590,052,800	(\$681,510,900)	(20.8)
FTEs	1,978.5	2,013.5	35.0	1.8

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Constitutional Revenue Sharing	Gross \$1,036,594,900	\$61,911,000
Increases authorization for restricted sales tax revenue by \$61.9 million over the FY 2022-23 appropriated amount. Appropriation represents a \$5.9 million decrease from January 2023 CREC estimates for FY 2022-23 payments.	Restricted 1,036,594,900	61,911,000
	GF/GP \$0	\$0
2. City, Village, and Township (CVT) Revenue Sharing	Gross \$282,219,900	\$44,862,300
Includes a net increase of \$44.9 million restricted sales tax revenue. Eliminates FY 2022-23 one-time restricted funding of \$2.7 million and includes \$47.5 million restricted funding for CVT revenue sharing (\$28.0 million is one-time funding). Of the funding, \$28.0 million would support a 5.0% ongoing and 5.0% one-time increase (10.0% total) for CVT revenue sharing payments, and \$19.6 million would support new program to fund CVT public safety initiatives. For the non-public safety payments, a CVT would be eligible for a payment equal to 110.0% of its FY 2022-23 eligible payment. The public safety initiatives payments would support a 7.0% increase in new funding (2.0% ongoing and 5.0% one-time) from FY 2022-23 ongoing payments and would fund local public safety initiatives, such as public safety employee recruitment, retention and training, and equipment and infrastructure improvements.	Restricted 282,219,900	44,862,300
	GF/GP \$0	\$0

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
3. County Revenue Sharing		Gross \$245,806,300	\$39,580,500
Includes a net increase of \$39.6 million of restricted sales tax revenue. Eliminates FY 2022-23 one-time restricted funding of \$2.4 million and includes \$41.4 million for county revenue sharing (\$24.4 million is one-time funding). Of the funding, \$24.4 million would support a 5.0% ongoing and 5.0% one-time increase (10.0% total) for all 83 counties, and \$17.0 million would support county public safety initiatives. Each county would be eligible to receive 123.1485% of statutory full funding. Includes an additional \$503,600 of restricted sales tax revenue for support for Emmet County, which re-entered the revenue sharing program in FY 2022-23. The public safety initiatives payments would support a 7.0% increase in new funding (2.0% ongoing and 5.0% one-time) from FY 2022-23 ongoing payments and would fund local public safety initiatives, such as public safety employee recruitment, retention and training, and equipment and infrastructure improvements. The County Incentive Program is increased by \$91,800 restricted sales tax revenue.	Restricted	245,806,300	39,580,500
	GF/GP	\$0	\$0
4. New Office of Security and Data Risk Management			
Transfers \$2.2 million current restricted funding and authorization for 15.0 FTE positions within the department and includes additional \$793,000 GF/GP and authorization for 5.0 new FTE positions to establish the new Office of Security and Data Risk Management. The office would secure confidential taxpayer information and protect against cybersecurity attacks.	FTE	15.0	5.0
	Gross	\$2,197,500	\$793,000
	Restricted	2,197,500	0
	GF/GP	\$0	\$793,000
5. Office of Revenue and Tax Administration (ORTA)			
Increases funding by \$594,500 GF/GP and includes authorization for 3.0 FTE positions for ORTA to provide increased support for analytical activities and administration of grant programs.	FTE	21.0	3.0
	Gross	\$4,050,500	\$594,500
	Restricted	2,126,700	0
	GF/GP	\$1,923,800	\$594,500
6. School Bond Loan System			
Includes \$171,000 GF/GP and authorization for 1.0 FTE position to help administer an updated IT system and application process. The FY 2023-24 executive recommendation proposes that the Information Technology and Investment Fund (ITIF) in the DTMB budget allocate \$1.0 million GF/GP to update the School Bond Qualification and Loan Program application process for local school district school bond loan requests.	FTE	19.0	1.0
	Gross	\$4,581,200	\$171,000
	IDG	213,600	0
	Restricted	3,958,400	0
	GF/GP	\$409,200	\$171,000
7. Attainable and Workforce Housing Program Administration			
Includes \$665,000 GF/GP and authorization for 4.0 FTE positions for oversight and administration of tax credit programs to be established under the newly enacted Attainable Housing Facilities Act, Residential Housing Facilities Act, and expansion of the Neighborhood Enterprise Zone Act (PAs 236, 237, and 238 of 2022).	FTE	NA	4.0
	Gross	NA	\$665,000
	GF/GP	NA	\$665,000
8. Qualified Heavy Equipment Rental Personal Property Tax Implementation			
Includes \$3.4 million restricted funding for administration of a new program (\$420,000) and for estimated tax refunds (\$3.0 million) under 2022 PA 35 which exempted the personal property tax on heavy equipment rentals and imposed a 2.0% tax on the rental price of heavy equipment. From the revenues generated by the 2.0% tax, 90.0% would be distributed to eligible local tax collecting units.	Gross	NA	\$3,420,000
	Restricted	NA	3,420,000
	GF/GP	NA	\$0
9. Recreational Marijuana Grants to Locals			
Includes \$21.1 million restricted funding to align grant payments to local governments with the expected increase in revenues.	Gross	\$50,580,000	\$21,090,000
	Restricted	50,580,000	21,090,000
	GF/GP	\$0	\$0

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
10. Michigan State Lottery	FTE	211.0	1.0
Includes \$1.0 million restricted funding and authorization for 1.0 FTE position to increase support for Lottery's efforts to sell and promote products through both online and retail outlets.	Gross	\$30,327,000	\$1,000,000
	Restricted	30,327,000	1,000,000
	GF/GP	\$0	\$0
11. Michigan Gaming Control Board (MGCB)	FTE	169.0	16.0
Includes \$2.5 million restricted funding and authorization for 16.0 FTE positions for additional staff and IT upgrades for increased responsibilities related to the regulation of internet gaming and sports betting activities. New FTE positions would be for regulation officers, auditors, and financial and department analysts positions.	Gross	\$32,742,600	\$2,544,700
	Restricted	32,742,600	2,544,700
	GF/GP	\$0	\$0
12. MGCB Information Technology Accounts Receivable System	Gross	NA	\$2,000,000
Includes \$2.0 million restricted funding for an upgraded accounts receivable system for invoicing and payment collections.	Restricted	NA	2,000,000
	GF/GP	NA	\$0
13. Payment in Lieu of Taxes (PILT)	Gross	\$30,175,400	\$2,112,700
Includes \$2.1 million Gross (\$1.7 million GF/GP) increase in PILT payments for property tax payments to local units of government for state lands owned by the Department of Natural Resources to align payments with current property tax estimates.	Private	31,000	2,200
	Restricted	6,212,800	435,100
	GF/GP	\$23,931,600	\$1,675,400
14. City Income Tax Administration Program Expansion	FTE	72.0	5.0
Includes \$1.9 million local funding and authorization for 5.0 FTE positions for the administration of a proposed expansion of the city income tax administration program. The FY 2023-24 executive recommendation proposes that the ITIF in the DTMB budget allocate \$40.5 million GF/GP to improve the program's IT system to be able to expand the program on a voluntary basis to the 23 cities that currently levy city income taxes. Currently, the City of Detroit is the only city that uses the administration program. Of the \$1.9 million increase, \$850,000 would support additional staff and \$1.0 million would support IT-related costs.	Gross	\$10,148,200	\$1,850,000
	Local	10,148,200	1,850,000
	GF/GP	\$0	\$0
15. Presidential Primary One-Time Funding	Gross	\$0	\$20,000,000
Includes \$20.0 million one-time GF/GP for the Michigan presidential primary election and additional related costs of Proposal 2 of 2022. In past presidential primary elections, the state has provided funding to local clerks for the costs of this primary.	GF/GP	\$0	\$20,000,000
16. Other Technical Adjustments	Gross	NA	\$10,698,600
Includes the following technical adjustments:	Restricted	NA	10,608,600
<ul style="list-style-type: none"> • Includes \$10.1 million restricted funding for the Convention Facility Development Distribution due to anticipated increased revenue • Includes an increase of \$318,600 restricted funding for emergency 911 payments • Includes an increase of \$150,000 restricted funding in Bureau of Investments • Includes \$90,000 GF/GP for the Senior Citizen Cooperative Housing Tax Exemption Program for new facilities entering the program. 	GF/GP	NA	\$90,000
17. FY 2022-23 One-Time Appropriations	Gross	\$869,000,000	(\$869,000,000)
Removes the following one-time GF/GP appropriations included in FY 2022-23:	GF/GP	\$869,000,000	(\$869,000,000)
<ul style="list-style-type: none"> • \$750.0 million – Local municipal pension principal payment grants • \$100.0 million – Deposit into the MSP retirement system • \$19.0 million – Transportation Administration Support Fund. 			

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>		<u>FY 2022-23 YTD (as of 2/8/23)</u>	<u>Executive Change from YTD</u>
18. Removal of FY 2022-23 Supplemental Appropriations	Gross	\$25,000,000	(\$25,000,000)
Includes a reduction of \$25.0 million GF/GP to remove FY 2022-23 supplemental funding appropriated in 2023 PA 1.	GF/GP	\$25,000,000	(\$25,000,000)
19. Economic Adjustments	Gross	NA	(\$804,200)
Reflects reduced costs of \$804,200 million Gross (increase of \$32,100 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	(55,800)
	Federal	NA	(48,900)
	Local	NA	(21,500)
	Restricted	NA	(710,100)
	GF/GP	NA	\$32,100

Major Boilerplate Changes from FY 2022-23

TREASURY OPERATIONS

Sec. 904 210. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$500,000, state restricted authorization by up to \$10.0 million, local authorization by up to \$100,000, and private authorization by up to \$20,000. Revises to increase maximum amounts of contingency authorizations for federal to \$1.0 million, state restricted authorization to \$10.0 million, local authorization to \$200,000, and private authorization to \$40,000.

Sec. 902a. Notification of Bond Refinancing and Restructuring – DELETED

Requires Department of Treasury to report, within 30 days after a new refinancing or restructuring bond sale, on the annual debt service changes, change in principal and interest over the duration of the debt, and the projected change in present value of the debt service due to the refinancing.

Sec. 938. Qualified Heavy Equipment Rental Personal Property Exemption (QHERPPE) – NEW

Appropriates revenue collected in new QHERPPE reimbursement fund and directs the distribution of funding to follow section 9 of 2022 PA 35.

Sec. 947. Financial Independence Teams – DELETED

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

Sec. 949a. City Income Tax Expansion – REVISED

Authorizes funds appropriated for the city income tax administration to be used for expansion of individual income tax returns to one additional city. Revises to allow the department to expand the program to additional cities; appropriates local funding received from agreements with cities for staffing and administration of the program.

Sec. 949g. Equal Opportunity Program Funding Distribution – DELETED

Appropriates tax capture revenues collected under the employment opportunity program and allows distribution of payments to qualified businesses pursuant to chapter 8F of the Michigan Strategic Fund Act.

Sec. 949i. Transportation Administration Support Fund – DELETED

Creates the Transportation Administration Support Fund in the Department of Treasury; requires funds to be carried forward and not lapse; subjects funds to appropriation; specifies that funds appropriated for the fund are to be deposited in the fund.

REVENUE SHARING

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

Specifies distribution of \$266.2 million to all CVTs that received a payment under Section 950(2) of 2009 PA 128 greater than \$1,000.00; eligible payment is equal to 110.0% of its FY 2021-22 eligible payment; in order to qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency; to qualify for county incentive payment, counties are required to comply with the items listed under accountability and transparency; any unexpended funds are directed to be deposited in the Financial Distressed CVTs program in Sec. 956, subject to approval of transfers. Revises to reflect eligible payment equal to 110.0% of FY 2022-23 eligible payment (5.0% ongoing and 5.0% one-time) and a separate 7.0% increase to be used for local public safety initiatives (2.0% ongoing and 5.0% one-time); any CVT determined to have a pension system in underfunded status must allocate the amount of its current payment minus an amount equal to 7.0% of total eligible payment minus the sum of its FY 2022-23 ongoing and one-time payment amount to its pension unfunded liability.

Major Boilerplate Changes from FY 2022-23

Sec. 955. County Revenue Sharing Payments – REVISED

Requires the county revenue sharing appropriation to be distributed so that each eligible county receives a payment (when coupled with the County Incentive Program payment) equal to 117.3115% of the amount determined pursuant to the Glenn Steil State Revenue Sharing Act of 1971, 1971 PA 140; requires counties receiving a payment to allocate their FY 2020-21 eligible payment increase to their unfunded pension liabilities if they have a pension that is considered to be in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act, 2017 PA 202. (Counties are exempt if they have issued a municipal security to pay down their unfunded liability.) Revises to increase payments to counties to 123.1485% of statutory full funding which represents a 17.0% increase over FY 2022-23 ongoing payment – 10.0% consists of a 5.0% ongoing and 5.0% one-time increase and a separate 7.0% increase to be used for local public safety initiatives (2.0% ongoing and 5.0% one-time); any county determined to have a pension system in underfunded status must allocate the amount of its current payment minus an amount equal to 7.0% of total eligible payment minus the sum of its FY 2022-23 ongoing and one-time payment amount to its pension unfunded liability.

Supplemental Recommendations for FY 2022-23 Appropriations

FY 2022-23 Recommendation

<p>1. Qualified Heavy Equipment Rental Personal Property Tax Implementation Includes \$3.4 million restricted funding for administration of program (\$400,000) and for estimated tax refunds (\$3.0 million) under 2022 PA 35 which exempts the personal property tax on heavy equipment rentals and imposes a 2.0% tax on the rental price of heavy equipment. From the revenues generated by the 2.0% tax, 90.0% would be distributed to eligible local tax collecting units.</p>	<p>Gross Restricted GF/GP</p>	<p>\$3,400,000 3,400,000 \$0</p>
<p>2. Tax Program Changes – Support for Retirement Tax Repeal Includes \$900,000 GF/GP one-time funding to administer the proposed plan to restore income tax exemptions on retirement income.</p>	<p>Gross GF/GP</p>	<p>\$900,000 \$900,000</p>
<p>3. Tax Program Changes – Earned Income Tax Credit (EITC) Includes \$925,000 GF/GP one-time funding for implementation of the proposed amendments to the EITC. Funding would support customer service, processing services, and managing correspondence to taxpayers.</p>	<p>Gross GF/GP</p>	<p>\$925,000 \$925,000</p>
<p>4. Attainable and Workforce Housing Program Administration Includes \$1.4 million GF/GP and authorization for 4.0 FTE positions for oversight and administration of tax credit programs to be established under the newly enacted Attainable Housing Facilities Act, Residential Housing Facilities Act, and expansion of the Neighborhood Enterprise Zone Act (PAs 236, 237, and 238 of 2022). Of the new funding, \$445,000 would provide partial year funding for the 4.0 FTE positions and \$929,000 would fund enhancements to the existing ELITES IT system.</p>	<p>FTE Gross GF/GP</p>	<p>4.0 \$1,374,000 \$1,374,000</p>

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 HEALTH AND HUMAN SERVICES

Analysts: Victoria Amponsah, Sydney Brown, Kent Dell, and Kevin Koorstra

	FY 2022-23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
	Year-to-Date as of 2/8/23		Amount	%
IDG/IDT	\$14,696,000	\$14,676,900	(\$19,100)	(0.1)
Federal	23,693,049,100	25,803,271,500	2,110,222,400	8.9
Local	170,002,300	154,718,100	(15,284,200)	(9.0)
Private	185,596,800	190,660,700	5,063,900	2.7
Restricted	3,132,592,800	3,050,326,400	(82,266,400)	(2.6)
GF/GP	6,242,365,800	6,497,737,000	255,371,200	4.1
Gross	\$33,438,302,800	\$35,711,390,600	\$2,273,087,800	6.8
FTEs	15,690.5	15,834.5	144.0	0.9

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
MEDICAID – GENERAL		
1. Traditional Medicaid Cost Adjustments	Gross \$16,581,775,400	\$74,396,800
Includes an increase of \$74.4 million Gross (reduction of \$28.8 million GF/GP) to recognize caseload, utilization, and inflation adjustments, and traditional FMAP cost-sharing adjustments from FMAP reducing from 64.71% to 64.94%, plus 1 quarter of 1.5% enhanced FMAP provided under the federal Consolidated Appropriations Act, 2023, for medical and behavioral health services in the traditional Medicaid program. Compared to FY 2021-22 expenditures, and including actuarial soundness adjustments in item #3, State Budget Office forecasts an average annual increase of 4.9%.	Federal 10,703,491,400	128,783,900
	Local 38,994,800	(16,849,000)
	Private 13,748,800	(14,400)
	Restricted 2,339,439,900	(8,739,600)
	GF/GP \$3,486,100,500	(\$28,784,100)
2. Healthy Michigan Plan Cost Adjustments	Gross \$5,799,632,800	\$329,175,400
Includes an increase of \$329.2 million Gross (\$66.5 million GF/GP) to recognize caseload, utilization, and inflation adjustments for medical and behavioral health services in the Healthy Michigan Plan (HMP). Compared to FY 2021-22 expenditures, and including actuarial soundness adjustments in item #3, State Budget Office forecasts an average annual increase of 5.9%.	Federal 5,211,580,900	296,257,800
	Local 2,021,400	0
	Private 1,381,600	0
	Restricted 486,516,000	(33,608,300)
	GF/GP \$98,132,900	\$66,525,900

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
3. Actuarial Soundness	Gross NA	\$346,629,200
Includes \$346.6 million Gross (\$92.5 million GF/GP) to support an estimated 2.5% actuarial soundness adjustment for prepaid inpatient health plans (PIHPs), 2.5% for Medicaid Health plans, 3.1% for Program of All-includes Care for the Elderly (PACE), 3.0% for home- and community-based services, 2.0% for Integrated Care Organizations (MI Health Link), and 1.0% for Healthy Kids Dental.	Federal NA GF/GP NA	254,134,200 \$92,495,000
4. Direct Care Wage Increase	Gross \$405,058,900	\$210,112,500
Includes \$210.1 million Gross (\$74.5 million GF/GP) to support a \$1.50 per hour wage increase for direct care workers. Current year funding reflects recent appropriations for the \$2.35 hourly wage increase. Sections 231 and 1644 are related boilerplate.	Federal 259,091,400 GF/GP \$145,967,500	135,617,000 \$74,495,500
5. Long-Term Care: Non-Clinical Staff Wage Increase	Gross \$1,792,051,000	\$90,000,000
Includes \$90.0 million Gross (\$31.7 million GF/GP) to increase non-clinical nursing facility staff hourly wages by \$3.85, amount would reflect the current \$2.35 direct care wage increase, plus the additional \$1.50 proposed for the current cohort of direct care workers.	Federal 1,198,936,400 Local 6,618,800 Private 6,100,000 Restricted 330,776,300 GF/GP \$249,619,500	58,277,700 0 0 0 \$31,722,300
DEPARTMENT ADMINISTRATION & INFORMATION TECHNOLOGY		
6. Comprehensive Child Welfare Information System (CCWIS)	FTE 0.0	11.0
Includes \$12.6 million Gross (\$7.5 million GF/GP), of which \$6.9 million Gross (\$3.5 million GF/GP) is on a one-time basis and authorizes 11.0 FTE positions (6.0 FTEs on a one-time basis). CCWIS will replace the Michigan Statewide Child Welfare Information System (MiSACWIS) with the implementation of 9 cloud-based modules over the course of 3 to 5 years. Currently, 1 module is complete and 3 modules are in development.	Gross \$3,373,200 Federal 870,300 GF/GP \$2,502,900	\$12,577,000 5,041,600 \$7,535,400
7. Relational Data Computer Usage Costs	Gross NA	\$3,255,800
Includes \$3.3 million Gross (\$1.2 million GF/GP) to support DTMB data storage and processing for child welfare-related information regarding family data for each case. Increased costs are correlated with caseloads.	Federal NA GF/GP NA	2,056,000 \$1,199,800
8. Information Technology Inflationary Costs	Gross NA	\$6,384,200
Includes \$6.4 million Gross (\$5.0 million GF/GP) for inflation-related cost increases for IT contracts with: Dewpoint, Guidesoft, Tibco, CGI Technologies and Solutions, Deloitte Consulting, Optum Government Solutions, Gainwell, Accenture, SourceHOV, Acro Service Corp, Crystal Lighting, and Altarum Institute.	Federal NA GF/GP NA	1,412,600 \$4,971,600
9. Property Management – Lease Cancellation Cost Reductions	Gross \$64,701,200	(\$2,134,600)
Includes a reduction of \$2.1 million Gross (\$849,100 GF/GP) to recognize a reduction in property costs related to multiple lease cancellations in Kalamazoo, Lansing, and Okemos.	IDG/IDT 599,100 TANF 10,667,900 Federal 22,148,000 Private 36,700 Restricted 497,400 GF/GP \$30,752,100	0 (165,600) (1,119,900) 0 0 (\$849,100)
10. Economic Adjustments	Gross NA	(\$8,508,000)
Reflects a net cost reduction of \$8.5 million Gross (\$4.2 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG/IDT NA TANF NA Federal NA Local NA Private NA Restricted NA GF/GP NA	(19,100) (1,150,000) (3,018,000) (9,100) (56,000) (64,100) (\$4,191,700)

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
COMMUNITY SERVICES AND OUTREACH		
11. Diaper Assistance TANF Swap	Gross \$4,404,400	\$0
Includes \$4.4 million GF/GP as TANF replacement to allow administrative funds to be given to non-profits checking program eligibility prior to distribution.	TANF 4,404,400	(4,404,400)
	GF/GP \$0	\$4,404,400
12. Crime Victim Rights GF/GP Funding	FTE 17.0	0.0
Includes an increase of \$7.9 million GF/GP for crime victims support programs. The additional GF/GP would supplement recent Victims of Crime Act (VOCA) awards and Michigan Crime Victim Rights Fund (CVRF) to support the obligations related to the programs. NOTE: The Crime Victim Rights program would also be transferred from Community Services and Outreach Unit to Health Policy and Initiatives Unit.	Gross \$121,597,000	\$4,400,000
	Private 103,046,200	(3,500,000)
	Restricted 18,448,200	0
	GF/GP \$102,600	\$7,900,000
CHILDREN'S SERVICES AGENCY – CHILD WELFARE		
13. Child Welfare Caseloads Adjustments	Gross \$794,170,400	(\$31,086,700)
Includes a reduction of \$31.1 million Gross (\$22.8 million GF/GP) for FY 2023-24 based on current caseload projections as follows:	TANF 79,698,900	(10,091,100)
• Adoption subsidies cases reduced from 20,978 to 20,538	Federal 197,740,400	5,165,500
• Foster Care cases reduced from 7,924 to 6,697	Local 38,258,900	(2,112,000)
• Guardianship Assistance Program cases reduced from 1,223 to 1,152	Private 2,700,000	(1,200,000)
Amount includes \$499,500 GF/GP savings from changes in the FY 2023-24 FMAP up to 64.94% and with a first quarter, pandemic-related enhancement of 1.5% of additional E-FMAP.	Restricted 2,000,000	0
	GF/GP \$473,772,200	(\$22,849,100)
14. Child Care Fund – Community-Based State Reimbursement	Gross NA	\$31,534,600
Includes \$31.5 million GF/GP to implement a recommendation from the Task Force on Juvenile Justice Reform to statutorily increase the state Child Care Fund reimbursement rate from 50% to 75% for community-based juvenile justice services.	GF/GP NA	\$31,534,600
15. Bay Pines and Shawono Center	FTE 94.0	12.0
Includes \$1.3 million Gross (\$643,600 GF/GP) and authorization for an additional 12.0 FTEs to provide services at Bay Pines and Shawono juvenile justice facilities based on a recommendation from the Task Force on Juvenile Justice Reform.	Gross \$11,749,500	\$1,287,200
	Federal 448,200	643,600
	Local 5,581,000	0
	GF/GP \$5,720,300	\$643,600
16. Foster Family Maintenance Payment Increase	Gross NA	\$19,278,700
Includes \$19.3 million Gross (\$7.8 million GF/GP) to fund an 8% increase to daily maintenance payments for foster parents, adoptive parents, and juvenile guardians. The increase would put Michigan's daily maintenance payment above the national average.	TANF NA	2,834,600
	Federal NA	7,875,000
	Local NA	749,700
	GF/GP NA	\$7,819,400
17. Foster Care Respite Services	Gross NA	\$15,095,500
Includes \$15.1 million GF/GP to implement a statewide foster care respite network to provide temporary, occasional relief to existing foster parents with the goal of keep existing foster homes open. Funding would be used for daily rate payments to licensed and closed foster homes for short-term respite services as well as for the creation of six specialized caregiver support contracts.	GF/GP NA	\$15,095,500

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
18. Foster Care Education Pilot Program	Gross \$0	\$1,744,100
Includes \$1.7 million in federal funding to establish a scholarship program in partnership with state universities to provide tuition stipends, field placements, and cover other educational expenses for students seeking a Bachelor of Social Work or Master of Social Work. In exchange, students are obligated to work for Michigan child welfare agencies for one year.	Federal 0	\$1,744,100
	GF/GP \$0	\$0
19. Elimination of Child Welfare Programs	Gross \$750,000	(\$750,000)
Backs out funding for the Child Legal Representation pilot program (\$500,000 GF/GP) and the Adoptive Families Support Network program (\$250,000 GF/GP).	GF/GP \$750,000	(\$750,000)
PUBLIC ASSISTANCE AND LOCAL OFFICE OPERATIONS		
20. Public Assistance Caseload Adjustments	Gross \$4,304,082,300	\$1,104,042,500
Includes an increase of \$1.1 billion Gross (\$12.4 million GF/GP) to support estimated public assistance program caseloads for FY 2022-23 and FY 2023-24. Increased costs are largely driven by an increase in federally-funded Supplemental Nutrition Assistance Program (SNAP) revenues for Food Assistance Program (FAP) cases. Case adjustments include:	TANF 45,992,300	6,479,200
	Federal 4,183,474,600	1,085,289,800
	Restricted 14,643,000	(109,900)
	GF/GP \$59,972,400	\$12,383,400
<ul style="list-style-type: none"> Family Independence Program (FIP): Increase of \$11.9 million Gross (\$5.5 million GF/GP) Food Assistance Program (FAP): Increase of \$1.1 billion Gross (\$0 GF/GP) State Disability Assistance (SDA): Reduction of \$354,200 Gross (\$256,500 GF/GP) State Supplementation (SSI): Increase of \$7.2 million GF/GP. 		
21. Local Office Staff – Adult Protective Services	FTE 4,430.5	47.0
Includes \$6.3 million Gross (\$4.6 million GF/GP) and authorizes 47.0 FTE positions for Adult Protective Services operations as part of an effort to improve core department services.	Gross \$487,126,200	\$6,347,600
	IDG 6,818,900	0
	TANF 53,549,500	0
	Federal 213,013,100	1,731,600
	GF/GP \$213,744,700	\$4,616,000
22. Electronic Benefit Transfer (EBT) – Farm Bill Expungement	Gross \$7,989,000	\$510,000
Includes \$510,000 Gross (\$255,000 GF/GP) to support a federal requirement to notify households prior to food assistance expungement. This requirement is a result of a modification to the federal Farm Bill providing for expungements at 9 months.	TANF 1,016,000	0
	Federal 2,129,100	255,000
	GF/GP \$4,843,900	\$255,000
BEHAVIORAL HEALTH		
23. Behavioral Health Recruiting and Retention	Gross NA	\$5,000,000
Includes \$5.0 million GF/GP for recruitment and retention programs for behavioral health professionals.	GF/GP NA	\$5,000,000
24. Office of Recipient Rights	FTE 21.0	3.0
Adds \$327,300 GF/GP and authorizes 3.0 FTE positions to increase the work capacity of the Office Recipient Rights, which receives and investigates Mental Health Code complaints as well as monitors program implementation and training.	Gross \$2,920,100	\$327,300
	GF/GP \$2,920,100	\$327,300

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
25. State Hospital Occupational Health Clinics	Gross	NA
Includes \$2.2 million GF/GP to establish permanent occupational health clinics in each of the 5 state-operated psychiatric hospitals and centers. The occupational health clinics would manage occupational health issues including workplace safety, infectious disease control, and quality control.	GF/GP	NA
		\$2,206,800
		\$2,206,800
26. First Responder Mental Health – One-Time	Gross	\$10,000,000
Includes \$5.0 million GF/GP, on a one-time basis, for mental health services to support first responders suffering from post-traumatic stress syndrome and other mental health conditions. Program also received \$10.0 million GF/GP in FY 2022-23, on a one-time basis.	GF/GP	\$10,000,000
		(\$5,000,000)
		(\$5,000,000)
27. Multicultural Integration – One-Time	Gross	\$8,600,000
Includes \$8.6 million GF/GP, on a one-time basis, to multicultural integration agencies that provide physical and behavioral health services to multicultural populations. Program also received \$8.6 million GF/GP in FY 2022-23, on a one-time basis.	GF/GP	\$8,600,000
		\$0
		\$0
PUBLIC HEALTH		
28. Michigan Coronavirus Task Force on Racial Disparity Initiatives	FTE	NA
Includes \$58.0 Gross (\$52.5 million GF/GP) and authorizes 15.0 FTE positions to support recommendations of the task force including: neighborhood health grants, mobile health units, community zone sites, IT and data collection improvements, staff for DEI training within DHHS, and sickle cell anemia programming. Amount includes \$17.0 million Gross (\$12.0 million GF/GP) on a one-time basis. Section 1159. is related boilerplate.		15.0
	Gross	NA
	Federal	NA
	GF/GP	NA
		\$57,977,200
		5,527,000
		\$52,450,200
29. Healthy Homes Expansion	FTE	21.0
Increases healthy homes funding by \$22.5 million GF/GP and adds authorization for 45.0 FTE positions to support lead investigations and abatements, community-based testing, expanded lab capacity, and water distribution needs.		45.0
	Gross	\$32,799,400
	Federal	19,606,500
	Private	77,800
	Restricted	723,700
	GF/GP	\$12,391,400
		\$22,500,000
		0
		0
		0
		\$22,500,000
30. Drinking Water Projects – One-Time	Gross	\$0
Includes \$100.0 million GF/GP, on a one-time basis, to replace lead-reducing filters, lead-containing faucets, and other plumbing in more than one million households at risk of lead exposure from drinking water, and includes administrative and public health data sharing collection.	GF/GP	\$0
		\$100,000,000
		\$100,000,000
31. Newborn Screening Fees	Gross	\$19,298,900
Recognizes increased newborn screening fee revenue of \$1.9 million from automatic fee adjustment for inflation pursuant to statute, for screening of newborns for genetic conditions.	Restricted	19,298,900
	GF/GP	\$0
		\$1,912,500
		1,912,500
		\$0
		\$0
32. Essential Local Public Health Services Increase	Gross	\$51,419,300
Adds \$30.0 million GF/GP to provide local health departments ongoing support with statutorily-mandated essential local public health services.	Local	5,150,000
	GF/GP	\$46,269,300
		\$30,000,000
		0
		\$30,000,000
33. Community Violence Prevention Initiatives	FTE	6.9
Adds a total of \$10.8 million Gross (\$5.8 million GF/GP) to increase ongoing violence prevention funding by \$800,000 GF/GP to establish an Office of Community Violence Services and to include one-time funding of \$10.0 million Gross (\$5.0 million GF/GP) to reduce firearm related injuries and fatalities and to support community-based organizations that provide community violence intervention services. Includes additional authorization for 2.0 FTE positions.		2.0
	Gross	\$12,724,000
	Federal	12,591,100
	Private	0
	GF/GP	\$132,900
		\$10,800,000
		0
		5,000,000
		\$5,800,000

HEALTH AND HUMAN SERVICES

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>	<u>FY 2022-23 YTD (as of 2/8/23)</u>	<u>Executive Change from YTD</u>
34. Perinatal Quality Collaboratives	FTE 15.0	2.0
Includes \$10.0 million GF/GP and authorizes 2.0 FTE positions for grants to local Michigan Perinatal Quality Collaboratives.	Gross \$36,861,800	\$10,000,000
	Federal 15,828,300	0
	Restricted 50,000	0
	GF/GP \$20,983,500	\$10,000,000
35. Population Health – GF/GP Funds Adjustments Reductions	Gross NA	(\$170,000)
Recognizes reduction of \$170,000 GF/GP funding, including:	GF/GP NA	(\$170,000)
<ul style="list-style-type: none"> \$100,000 GF/GP reduction to eliminate funding for public information on human embryo constitution provisions. Proposes the removal of related boilerplate section 1148. \$70,000 GF/GP funding reduction on rare disease panel grant. Proposes the removal of related boilerplate section 1240. 		
36. Population Health – Non-GF/GP Funds Adjustments	Gross NA	\$2,729,300
Recognizes increase of \$2.7 million federal, private, and restricted funding, including:	Federal NA	1,000,000
	Private NA	1,250,000
<ul style="list-style-type: none"> \$1.0 million federal funds for AIDS prevention, education, and treatment. \$1.0 million private funds for healthy homes. \$479,300 state restricted increase from Michigan Health Initiative Fund revenues. \$250,000 private funds for chronic disease prevention. 	Restricted NA	479,300
	GF/GP NA	\$0
HEALTH SERVICES		
37. Medicaid Ambulance Rates	Gross NA	\$13,914,600
Adds \$13.9 million Gross (\$3.5 million GF/GP) to keep Medicaid ambulance rates aligned with a recent Medicare ambulance rate increase.	Federal NA	10,463,800
	GF/GP NA	\$3,450,800
38. Medicaid Dental Redesign Rates	Gross \$30,000,000	\$80,000,000
Adds \$80.0 million federal in Medicaid matching funds related to \$30.0 million GF/GP previously included for the costs of future Medicaid adult dental redesign recommendations.	Federal 0	80,000,000
	GF/GP \$30,000,000	\$0
39. Eliminate Medicaid 5-Year Waiting Period for Legal Residents	Gross \$0	\$32,125,200
Includes \$32.1 million Gross (\$6.4 million GF/GP) to support the elimination of a 5-year eligibility waiting period for legal residents.	Federal 0	25,725,200
	GF/GP \$0	\$6,400,000
40. CenteringPregnancy	Gross \$0	\$10,000,000
Includes \$10.0 million Gross (\$5.0 million GF/GP) to support grants to CenteringPregnancy sites that provide group session for pregnancy services and resources.	Federal 0	5,000,000
	GF/GP \$0	\$5,000,000
41. Hospital Maternal Health Incentives	Gross \$0	\$10,000,000
Includes \$10.0 million GF/GP for hospital maternal health incentives through the Alliance for Innovation in Maternal Health (AIM) including focusing on pregnancy-associated injury and death, racial disparities, and substance use disorder.	GF/GP \$0	\$10,000,000
42. Plan First!	Gross \$0	\$6,200,000
Includes \$6.2 million Gross (\$1.0 million GF/GP) to expand eligibility for family-planning services to cases up to 200% of the Federal Poverty Level.	Federal 0	5,199,300
	GF/GP \$0	\$1,000,700
43. Children’s Special Health Care Services	Gross NA	\$5,200,000
Includes \$5.2 million Gross (\$3.7 million GF/GP) to support a targeted case management method of coordination of care for CSHCS recipients, and to expand the age of eligibility for services to 26.	Federal NA	1,525,400
	GF/GP NA	\$3,674,600

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
44. Van Andel Institute Grant – CSHCS	Gross	\$1,000,000	(\$1,000,000)
Eliminates \$1.0 million GF/GP for a biomedical research and science education grant, as appropriated in Sec. 1363.	GF/GP	\$1,000,000	(\$1,000,000)
45. Medicaid Professional Services Rate Increase	Gross	NA	\$73,800,000
Includes \$73.8 million Gross (\$19.7 million GF/GP) to increase Medicaid reimbursement rates by 5% for professional services, such as: physician services, podiatry services, chiropractic services, and vision and hearing services.	Federal	NA	54,066,700
	GF/GP	NA	\$19,733,300
46. Medicaid Laboratory Services Rate Increase	Gross	NA	\$12,700,000
Includes \$12.7 million Gross (\$3.4 million GF/GP) to increase Medicaid reimbursement rates for laboratory services by 8% including those provided in hospitals, local clinics, and other outpatient facilities.	Federal	NA	9,304,200
	GF/GP	NA	\$3,395,800
47. Medicaid Anesthesia Rate Increase	Gross	NA	\$2,900,000
Includes \$2.9 million Gross (\$700,100 GF/GP) to increase Medicaid reimbursement rates for anesthesia services by 5%.	Federal	NA	2,199,900
	GF/GP	NA	\$700,100
48. Medicaid Durable Medical Equipment Rate Increase	Gross	NA	\$18,900,000
Includes \$18.9 million Gross (\$5.6 million GF/GP) to increase Medicaid reimbursement rates by 8% for the purchase of durable medical equipment, such as wheelchairs, crutches, and other essential items.	Federal	NA	13,305,800
	GF/GP	NA	\$5,594,200
49. Medicaid Home Health Agency Rate Increase	Gross	NA	\$1,700,000
Includes \$1.7 million Gross (\$440,400 GF/GP) to increase Medicaid fee-for-service reimbursement rates by 10% for home-based skilled nursing care, physical therapy, and nurse's aide services.	Federal	NA	1,259,600
	GF/GP	NA	\$440,400
50. Medicaid Traumatic Brain Injury Rate Increase	Gross	NA	\$9,500,000
Includes \$9.5 million Gross (\$2.5 million GF/GP) to increase Medicaid reimbursement rates by 260% for daily residential and therapeutic services for treatment of patients of traumatic brain injury.	Federal	NA	6,954,900
	GF/GP	NA	\$2,545,100
51. Medicaid Recuperative Care Benefit	Gross	\$0	\$4,960,000
Includes \$5.0 million Gross (\$2.2 million GF/GP) to provide for a transitional service to homeless Medicaid recipients to assist as they exit in-patient services.	Federal	0	2,802,200
	GF/GP	\$0	\$2,157,800
52. Medicare Buy-In Compliance	Gross	NA	\$11,131,600
Includes \$11.1 million GF/GP to comply with the federally mandated inclusion of Medicare Part B premium reimbursements for Medicaid recipients that are eligible for both Medicare and traditional Medicaid (dual-eligible).	GF/GP	NA	\$11,131,600
53. Program of All-Inclusive Care for the Elderly – Site Expansion	Gross	\$227,102,100	\$2,614,000
Includes \$2.6 million Gross (\$906,500 GF/GP) to both increase the enrollment cap at the Kent County PACE site and open an additional site in Alpena by the end of FY 2023-24.	Federal	146,957,800	1,707,500
	GF/GP	\$80,144,300	\$906,500
54. Transitional Costs for Medicaid Nursing Home Reimbursement Change – One-Time	Gross	\$0	\$110,000,000
Includes \$110.0 million Gross (\$102.0 million GF/GP) on a one-time basis in temporary financial assistance for nursing facilities as Medicaid reimbursements move away from a cost settlement reimbursement model to more of an acuity-based model. Amount includes \$10.0 million Gross (\$2.0 million GF/GP) for IT changes related to the reimbursement model change.	Federal	0	8,000,000
	GF/GP	\$0	\$102,000,000

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>	<u>FY 2022-23 YTD (as of 2/8/23)</u>	<u>Executive Change from YTD</u>
55. Medicaid Restricted Fund Adjustments	Gross	NA
Reduces a net \$2.5 million GF/GP as a net-zero replacement of restricted revenue authorization to recognize a decrease in revenues from the Medicaid Benefits Trust Fund (\$36.1 million) and Healthy Michigan Fund (\$4.9 million), and recognize an increase in revenues from the Insurance Providers Assessment (\$43.4 million).	Restricted	NA
	GF/GP	NA
		\$0 2,447,300 (\$2,447,300)
ONE-TIME APPROPRIATIONS		
56. Remove FY 2022-23 One-Time Appropriations	FTE	6.0
Removes one-time appropriations included in FY 2022-23, including one-time appropriations within 194 PA 2022 (SB 844). Any of this funding that is retained into FY 2023-24 is noted elsewhere.	Gross	\$555,543,300
	Federal	59,706,100
	GF/GP	\$495,837,200
		(6.0) (\$555,543,300) (59,706,100) (\$495,837,200)

Major Boilerplate Changes from FY 2022-23

Executive Boilerplate Deletions

The Executive Budget Recommendation deletes a significant amount of boilerplate language included in the FY 2022-23 budget. The list below includes major changes to boilerplate and is not a comprehensive list of all sections proposed to be deleted.

GENERAL SECTIONS

Sec. 210. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$20 million, state restricted authorization by up to \$20 million, local authorization by up to \$5 million, and private authorization by up to \$2 million; prohibits increasing TANF authorization through the legislative contingency transfer process. Revises to increase maximum amounts of contingency authorizations for a total of up to \$525 million.

Sec. 211. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion; to restrict or impede community access to government programs; or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

Sec. 215. Notification of Conflict with Federal Regulation or When Grant Unused – DELETED

Requires DHHS to provide notice if: (a) a legislative objective in the budget or in a bill to amend the Social Welfare Act cannot be implemented due to conflict with federal regulations; or (b) an awarded federal grant cannot or will not be used.

Sec. 218. Basic Health Services and Report – REVISED

Directs DHHS to provide an annual list of proposed basic health services by October 1 to the Legislature as required under Part 23 of the Public Health Code. Revises to list out services including immunizations, STD control, newborn screenings, emergency management plan, and prenatal care.

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

Requires written notice of any major policy changes 30 days before implementation, requires policy manual to be available on DHHS website; and requires a report by April 1 on policy changes made to implement new public acts.

Sec. 237. Conditions on Funding Regarding COVID Information and Requirements – DELETED

Prohibits DHHS from requiring proof of individual COVID-19 vaccination to access state facilities or services, creating a COVID vaccine passport, or providing COVID vaccine status of an individual to any entity or person without the individual's consent. Also prohibits DHHS from requiring proof of COVID vaccination as a condition of certain employment or subjecting an individual to negative employment consequences because of COVID vaccine status, and requires exemptions to any COVID vaccine policy required to be established due to a federal mandate.

Sec. 239. Medicaid Reimbursement for Telemedicine – DELETED

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

Sec. 253. Tribal Access to Program and Grants – NEW

Requires DHHS to ensure federally recognized tribes are able to apply for services, programs, grants, and contracts.

Major Boilerplate Changes from FY 2022-23**Sec. 258. Initiatives Regarding Trauma, Human Trafficking, and Sexual Abuse Prevention – DELETED**

Directs DHHS to collaboratively promote and support school and education initiatives including training regarding use of trauma-informed practices and age-appropriate information about human trafficking and sexual abuse prevention; and shall provide a report by March 1.

Sec. 288. Services and Administrative Limitations for New Contracts – DELETED

Requires that after the first year of a contract, no less than 90% of a contract supported solely from state funds for a specific entity to provide services to individuals be expended for those services; allows exceptions; and requires a report by September 30 on the rationale for all exceptions and the number of contracts terminated due to violations, unless no exceptions or terminations were made.

Sec. 299. Request for Proposal for Contract – DELETED

Prohibits DHHS from issuing a request for proposal (RFP) for a contract in excess of \$5 million, without first considering issuing a request for information (RFI) or a request for qualification (RFQ); DTMB must be notified of evaluation of use of RFI or RFQ; requires that all vendors receive detailed notices of RFP results; and requires report by September 30.

CHILDREN'S SERVICES AGENCY – CHILD WELFARE**Sec. 514. Foster Care Respite Program – NEW**

Requires the department to establish a statewide respite care services network to provide support to licensed foster parents and unlicensed relative caregivers.

Sec. 522. Fostering Futures Scholarship – REVISED

Allocates funds for children in foster care as a result of abuse and neglect to attend college or a career technical educational institution; requires report. Revises by eliminating report requirement.

Sec. 569. Private Agency Adoption Completion Payment Rate – DELETED

Requires DHHS to use the date of adoption petition acceptance by the court for determining the reimbursement rate for private child placing agencies that complete adoptions.

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

Requires the department to notify public assistance benefits recipients prior to a reduction in benefits.

Sec. 678. FIP Young Child Supplement – REVISED

Provides for a one-time, lump-sum distribution of \$600 for each child under the age of 6 to each applicable FIP case. Revises to provide for a \$50 per-month, per-child under the age of 6 distribution to each applicable FIP case and annualizes the supplemental benefit.

BEHAVIORAL HEALTH**Sec. 908. Uniform Community Mental Health Credentialing – DELETED**

States that contracts with PIHPs and CMHSPs must work toward implementing section 206b of the Mental Health Code on uniform community mental health services credentialing.

Sec. 912. Salvation Army Harbor Light Program – DELETED

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

Sec. 927. Uniform Behavioral Health Service Provider Audits – DELETED

Requires DHHS to create a uniform community mental health services auditing process for CMHSPs and PIHPs, outlines auditing process requirements, and requires a report.

Sec. 960. Autism Services Cost Containment – DELETED

Requires DHHS to continue to cover all autism services that were covered on January 1, 2019; to restrain costs required DHHS to develop written guidance for standardization; and requires 3-year reevaluations, unless a clinician recommended an earlier reevaluation, and require maintenance of statewide provider trainings, limits practitioners who can perform a diagnostic evaluation and requires evaluations performed by a master's level practitioner to be reviewed by a second practitioner, provide fidelity reviews and secondary approvals, and prohibit specific providers from providing both evaluation and treatment; requires a report.

Major Boilerplate Changes from FY 2022-23

Sec. 1061. Caro Regional Mental Health Center – DELETED

Requires DHHS to only use the funds appropriated for the Caro Regional Mental Health Center to support a psychiatric hospital at its current location, includes legislative intent that the Caro Regional Mental Health Center remain open and operational at its current location and that any capital outlay funding be used for planning and construction of a new or updated facility at the current location instead of a new location.

POPULATION HEALTH

Sec. 1142. Options for Incentivizing Primary Care Medical School Students to Stay in Michigan – DELETED

Requires DHHS to find methods to increase retention of Michigan medical school students who complete their residency requirements to remain within the state and serve as primary care physicians.

Sec. 1146. Bone Marrow Donor Program – DELETED

Allocates \$250,000 to Versiti Blood Center for the match registry of the national marrow donor program.

Sec. 1147. Blood Bank Programs – REVISED

Allocates \$500,000 to Versiti Blood Center for cord blood bank. Revises by including additional \$250,000 from proposed deleted section 1146 to the cord blood bank program.

Sec. 1182. Lead Abatement of Homes – DELETED

Allocates no less than \$7.3 million GF/GP and \$18.3 million federal funds for lead abatement of home. Additionally, requires DHHS to report a funding allocation schedule, expenditures, revenues received, a description of program elements number of housing units abated of lead-based paint hazards, and description of program accomplishments and progress by April 1st.

Sec. 1222. Essential Local Public Health Services – REVISED

Directs that (1) essential local public health services funds be prospectively allocated to local public health departments for nine state and local cost-shared services, some provided in consultation with Department of Agriculture and Rural Development and Department of Environment, Great Lakes, and Energy;(2) local public health departments are held to contractual standards for the nine state and local-cost shared services;(3) distributions must be made only to counties that maintain local spending of at least the amount expended in 1992-93; (4) if a local health officer has an emergency order under MCL 333.2453, funds appropriated must not be distributed by the department to that local entity; (5) requires a report by February 1; (6) requires state distribution formula to be used; (7) from the funds allocated for essential local public health services, allocations shall not be less than the previous fiscal year. Revises by deleting subsection (2), (4), (6), and (7).

Sec. 1301. Pregnancy Planning, Prenatal, and Maternal and Child Health Programs Report – DELETED

Requires a report for funding allocations, breakdown of expenditures, and number of women, children, and adolescents served. The report is required by April 1st. Additionally, DHHS must ensure the distribution of funds takes into account the needs of rural communities, which is defined as a county, city, village, or township with a population of 30,000 or less.

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

DHHS is unable to use state restricted or GF/GP funds appropriated in pregnancy prevention program or family planning local agreements for abortion counseling, referrals, or services.

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

Allocates \$1.0 million as a grant to fulfill contract obligations between DHHS and a federal Healthy Start Program located in a county with a population between 600,000 and 700,000. Eligibility for the program funding requires partnership between various health agencies and use a social impact bonding strategy to support underserved populations for prenatal care and premature birth avoidance. Revises by including allocation of \$1.0 million through a competitive process for grants to improve and reduce infant death rates and negative maternal outcomes.

HEALTH SERVICES

Sec. 1615. Encounter Claims Data – DELETED

Requires the department to provide oversight of Medicaid claims encounter data to insure the integrity of actuarial rates; allows the department to request certain information from Medicaid health plans; and provides for the intent that the department conduct annual audits of Medicaid claims and provide for remedial actions to mitigate errors in actuarial rates.

Sec. 1616. Community Health Workers – DELETED

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

Major Boilerplate Changes from FY 2022-23

Sec. 1646. Nursing Facility Quality Measure Initiative Program – DELETED

Requires DHHS to continue a nursing facility quality measure initiative program financed through the nursing facility QAAP and establishes distribution criteria; requires report on program effectiveness.

Sec. 1875. Prior Authorization for Certain Drugs – DELETED

Does not allow DHHS to subject Medicaid prescription drugs to prior authorization if they were either carved out or not subject to prior authorization procedures as of January 22, 2021 or is an orally administered treatment for Duchenne Muscular Dystrophy, defines “prior authorization”.

INFORMATION TECHNOLOGY

Sec. 1907. IT Contract Costs – DELETED

Requires the department to report annually on the cumulative spending by information technology contractual services and project.

Supplemental Recommendations for FY 2022-23 Appropriations **FY 2022-23 Recommendation**

1. Traditional Medicaid Cost Adjustments	Gross	\$179,859,100
Includes a net-increase of \$179.9 million Gross (reduction of \$560.7 million GF/GP) for traditional Medicaid caseload, cost, utilization, and financing adjustments. Adjustment includes \$670.9 million in GF/GP savings from the continuation of enhanced FMAP of 6.2% in quarters 1 and 2, 5.0% in quarter 3, and 2.5% in quarter 4. Gross increase is primarily associated with revising the assumed eligibility redetermination date from October 1, 2022 to April 1, 2023.	Federal	934,923,600
	Local	(12,705,500)
	Private	(984,600)
	Restricted	(180,653,700)
	GF/GP	(\$560,720,700)

2. Healthy Michigan Plan (HMP) Cost Adjustments	Gross	\$714,210,000
Includes an increase of \$714.2 million Gross (\$71.4 million GF/GP) to Healthy Michigan Plan caseload, cost, and utilization adjustments. Increase is primarily associated with revising the assumed eligibility redetermination date from October 1, 2022 to April 1, 2023.	Federal	642,788,900
	GF/GP	\$71,421,100

3. Special Medicaid Payment Cost Adjustments	Gross	(\$135,837,700)
Reduces \$135.8 million Gross (\$11.6 million GF/GP) in special Medicaid payment cost adjustments, including provider tax funded supplemental Medicaid payments and physician and dental adjuster payments.	Federal	(75,801,000)
	Local	2,974,600
	Private	2,425,600
	Restricted	(53,879,800)
	GF/GP	(\$11,557,100)

4. Medicaid Electronic Visit Verification	Gross	\$0
Includes \$14.2 million GF/GP from federal financial FMAP penalties from noncompliance with electronic visit verification implementation requirements.	Federal	(14,215,300)
	GF/GP	\$14,215,300

5. Child Welfare Caseloads Adjustments	Gross	(\$25,291,600)
Includes a reduction of \$25.3 million Gross (\$13.5 million GF/GP) for FY 2022-23 based on current caseload projections as follows:	TANF	(8,623,300)
<ul style="list-style-type: none"> • Adoption subsidies cases increased from 20,978 to 21,083. • Foster Care cases reduced from 7,924 to 6,680. • Guardianship Assistance Program cases reduced from 1,223 to 1,152. 	Federal	6,791,600
	Local	(8,744,400)
	Private	(1,200,000)
	GF/GP	(\$13,515,500)

6. Child Welfare Enhanced FMAP Adjustments	Gross	\$0
Includes \$12.2 million GF/GP savings from the continuation of enhanced FMAP of 6.2% in quarters 1 and 2, 5.0% in quarter 3, and 2.5% in quarter 4. GF/GP savings are offset with a like amount of federal E-FMAP reimbursements.	Federal	12,218,800
	GF/GP	(\$12,218,800)

7. Foster care Education Pilot Program	Gross	\$1,744,100
Includes \$1.7 million in federal funding to establish a scholarship program in partnership with state universities to provide tuition stipends, field placements, and cover other educational expenses for students seeking a Bachelor of Social Work or Master of Social Work. In exchange, students are obligated to work for Michigan child welfare agencies for one year.	Federal	1,744,100
	GF/GP	\$0

		FY 2022-23 Recommendation
Supplemental Recommendations for FY 2022-23 Appropriations		
8. Public Assistance Caseload Adjustments	Gross	\$773,475,700
Includes \$773.5 million Gross (\$8.8 million GF/GP) for public assistance caseload adjustments. In particular, the Food Assistance Program is adjusted by \$762.7 million federal.	TANF	2,085,600
	Federal	762,737,400
	Restricted	(153,000)
	GF/GP	\$8,805,700
9. Behavioral Health Federal Funding Adjustments	Gross	\$16,353,100
Adds \$16.4 million in federal funding based on available federal matching funds for the Michigan Crisis and Access Line (MiCAL) (\$12.4 million) and additional federal mental health block grant funding (\$4.0 million).	Federal	16,353,100
	GF/GP	\$0
10. State Psychiatric Hospital and Center Enhanced FMAP Adjustments	Gross	\$0
Includes \$2.0 million GF/GP savings from the continuation of enhanced FMAP of 6.2% in quarters 1 and 2, 5.0% in quarter 3, and 2.5% in quarter 4. GF/GP savings are offset with a like amount of federal E-FMAP reimbursements.	Federal	2,033,800
	GF/GP	(\$2,033,800)
11. Population Health – Non-GF/GP Funds Adjustments	Gross	\$1,250,000
Recognizes net increase of \$1.25 million federal and private funding, including:	Federal	0
• \$1.0 million federal funds for AIDS prevention, education, and treatment.	Private	1,250,000
• \$1.0 million federal reduction for Breast Cervical Cancer Control Program (BCCCP).	GF/GP	\$0
• \$1.0 million private funds for healthy homes.		
• \$250,000 private funds for chronic disease prevention.		
12. Aging Services Federal Funds	Gross	\$1,768,100
Includes \$1.8 million federal funds for long-term ombudsman services, and senior access to fresh fruits and vegetables.	Federal	1,768,100
	GF/GP	\$0
13. Medicaid Ambulance Rates	Gross	\$10,435,900
Adds \$10.4 million Gross (\$2.3 million GF/GP) to keep Medicaid ambulance rates aligned with a recent Medicare ambulance rate increase.	Federal	8,121,200
	GF/GP	\$2,314,700
14. Medicaid Dental Redesign Rates	Gross	\$40,000,000
Adds \$40.0 million federal in Medicaid matching funds related to \$30.0 million GF/GP previously included for the costs of future Medicaid adult dental redesign recommendations.	Federal	40,000,000
	GF/GP	\$0
15. Pediatric Hospital Staffing	Gross	\$2,800,000
Includes \$2.8 million GF/GP for hospital pediatric staffing in response to RSV and other diseases.	GF/GP	\$2,800,000
16. Medicaid Restricted Fund Adjustments	Gross	\$0
Includes \$34.9 million GF/GP as a net-zero replacement of restricted revenue authorization to recognize a decrease in revenues from the Medicaid Benefits Trust Fund (\$31.5 million) and from Healthy Michigan Fund (\$3.4 million).	Restricted	(34,900,000)
	GF/GP	\$34,900,000
17. Public Assistance Coronavirus State Fiscal Recovery Programs – One-Time	Gross	\$115,000,000
Includes \$115.0 million federal state fiscal recovery funds (SFRF) for 3 public assistance-related programs, \$50.0 million for energy-related housing renovations of low-time renters and homeowners, \$25.0 million for pre-weatherization, and \$40.0 million for water shutoff protection.	SFRF	115,000,000
	GF/GP	\$0
18. Public Health American Rescue Plan Funds – One-Time	Gross	\$174,377,900
Provides \$174.4 million federal funds, including:	Federal	174,377,900
• \$80.9 million to strengthen public health workforce and infrastructure.	GF/GP	\$0
• \$29.7 million to expand, train, and sustain public health workforce.		
• \$27.7 million to strengthen STD prevention and control program.		
• \$36.1 million for immunization and vaccine efforts to address COVID-19.		

Supplemental Recommendations for FY 2022-23 Appropriations

**FY 2022-23
Recommendation**

<p>19. Nursing Home Workforce – One-Time Includes \$67.0 million federal state fiscal recovery funds for nursing home workforce development grant funding for nonprofit training organizations and nursing homes.</p>	<p>Gross \$67,000,000 SFRF 67,000,000 GF/GP \$0</p>
<p>20. Medicaid Home- and Community-Based Programming – One-Time Includes \$268.8 million in state restricted authorization to supplement current Medicaid home- and community-based services. Funding is available through section 9817 of the federal American Rescue Plan Act that increased Medicaid reimbursements by 10%, which are then appropriated as state restricted funds to supplement existing home- and community-based services.</p>	<p>Gross \$268,750,000 Restricted 268,750,000 GF/GP \$0</p>

**Summary: Executive Budget Recommendation
for Fiscal Year 2023-24
HIGHER EDUCATION**

Analyst: Perry Zielak

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	128,526,400	128,526,400	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	347,888,300	352,268,300	4,380,000	1.3
GF/GP	1,540,221,000	1,708,886,500	168,665,500	11.0
Gross	\$2,016,635,700	\$2,189,681,200	\$173,045,500	8.6

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Higher Education budget, contained in Article 3 of the compiled School Aid Act, provides funding for operational support of the state's 15 public universities, the AgBioResearch and Extension programs operated by Michigan State University; some retirement costs for employees who participate in the state public school employee retirement system; various financial aid programs for students attending public and independent colleges and universities in the state; and several other smaller higher education-related programs.

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
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1. University Operations Increase

Includes a net increase of \$68.9 million GF/GP for university operations, a 4.5% increase. This includes:

- \$61.2 million GF/GP increase to operations grants for universities, with all universities receiving a 4.0% increase.
- \$7.3 million GF/GP increase to fund the second year of a three-year phase-in of a \$4,500 funding floor based on fiscal year equated students (FYES).
- \$376,000 GF/GP increase based on FY 2021-22 North American Indian Tuition Waiver program costs reported by institutions.

Attainment of the operations increase and FYES floor funding would be conditioned on restraining resident undergraduate tuition and fee increases to the greater of 4.5% or \$676 (set at 5.0% or \$722 in the current year). Projected funding changes for universities would range from 3.7% to 9.1%. Total funding for operations would be \$1.6 billion Gross (\$1.3 billion GF/GP).

Gross	\$1,542,797,100	\$68,932,400
Restricted	343,168,300	0
GF/GP	\$1,199,628,800	\$68,932,400

2. Michigan State University Extension and AgBioResearch Programs Increase

Includes a total increase of \$2.7 million GF/GP for MSU's AgBioResearch and Extension program funding. This includes an ongoing operations increase for the MSU AgBioResearch program of \$1.5 million GF/GP and an ongoing operations increase of \$1.3 million GF/GP for the MSU Extension program. These adjustments represent a 4.0% increase for both programs. Total funding for AgBioResearch and Extension programs would be \$71.1 million GF/GP.

Gross	\$68,327,100	\$2,733,100
GF/GP	\$68,327,100	\$2,733,100

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
3. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$70,000	(\$70,000)
	Restricted	70,000	(70,000)
	GF/GP	\$0	\$0
Removes \$70,000 School Aid Fund (SAF) for the state's share of the universities' MPERS UAAL contribution, a 100.0% decrease. The state's share is the difference between the calculated UAAL contribution to the system and the employer contribution cap of 25.73% of payroll for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Due to an one-time FY 2021-22 MPERS deposit, the amount needed for the state share was reduced due to no institution being above the payroll contribution cap based on projections from the Office of Retirement Services.			
4. MPERS Normal Cost Offset	Gross	\$4,650,000	\$4,450,000
	Restricted	4,650,000	4,450,000
	GF/GP	\$0	\$0
Increases reimbursement funding provided to universities by \$4.5 million SAF, a 95.7% increase, due to lowering the assumed rate of return for MPERS from 6.8% to 6.0% pursuant to the dedicated gains policy. Total funding for the MPERS Normal Cost Offset would be \$9.1 million SAF.			
5. Michigan Achievement Scholarship/Post-Secondary Scholarship Fund Deposit	Gross	\$250,000,000	\$100,000,000
	Restricted	0	0
	GF/GP	\$250,000,000	\$100,000,000
Includes a net increase of \$100.0 million GF/GP deposit into the Post-Secondary Scholarship Fund, a 40.0% increase, which is the funding source for Michigan Achievement Scholarships. The deposit includes a \$50.0 million GF/GP ongoing and a \$50.0 million GF/GP one-time deposit into the fund. The scholarships are awarded to eligible in-state students that graduate high school or achieve an equivalency certificate in 2023 or after and attend an eligible Michigan public university, community college, tribal college or independent nonprofit college or university full-time. After a total \$350.0 million GF/GP deposit into the Post-Secondary Scholarship Fund, total funding for Michigan Achievement Scholarships for FY 2023-24 would be \$350.0 million restricted.			
6. Michigan Competitive Scholarship	Gross	\$29,861,700	(\$3,000,000)
	Federal	23,930,800	0
	GF/GP	\$5,930,900	(\$3,000,000)
Decreases funding for Michigan Competitive Scholarships by \$3.0 million GF/GP. The scholarships are awarded to students with a qualifying SAT score and demonstrated financial need. The reduction is due to the anticipated phase-out of the scholarship program as student awards increase under the new Michigan Achievement Scholarship program. Total funding for Michigan Competitive Scholarships would be \$26.9 million Gross (\$2.9 million GF/GP).			

Major Boilerplate Changes from FY 2022-23

Consolidation of Boilerplate Reporting Requirements

The executive recommendation consolidates various reporting requirements into Sections 241a, 241b, and 241c. The following sections were revised or deleted to facilitate the consolidation (unless otherwise stated section was DELETED):

- Section 241a: Sections 241 – HEIDI reporting (revised), 245 – Transparency Website (see additional details below), and 245a – Campus Safety Information and Resources
- Section 241b: Sections 265b – Operations Funding Criteria and Sexual Assault/Title IX Standards (see additional details below), 274c – Sexual Assault Response Training Reporting, and 274d – Annual Clergy Act/Security Reporting
- Section 241c: Sections 265 – Performance Funding Tuition and Fees Restraint Requirement and 267 – Tuition and Fees Rate Reporting Requirement

Major Boilerplate Changes from FY 2022-23

Sec. 236h. *MPSERS One-Time Payment Detail* – DELETED

Deletes language that details the \$384.7 million one-time payment for MPSERS unfunded actuarial accrued liability contributions to the system for the seven universities with MPSERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western) and states payments will be distributed no later than September 30, 2022.

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

Details the three-year implementation of a \$4,500 FYES funding floor for each university below the per-student funding calculation. Revises calculation from three years to two years for the universities below the funding calculation.

Sec. 241a. *Annual University HEIDI and Public Reporting Requirements* – NEW

Adds language originally located in Sections 241, 245, and 245a that details various annual reporting requirements around university finances, safety, and institutional data, along with posting information on a public website.

Sec. 241b. *Annual University Safety and Title IX Reporting Requirements* – NEW

Adds language originally located in Sections 265b, 274c, and 274d that requires universities to submit their annual Clery Act security report, a Title IX summary report and certify compliance on Title IX reporting requirements.

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

Adds language originally located in Sections 265 and 267 that requires tuition and fee data to be submitted to the HEIDI database and a report of any revisions to tuition and fees within 15 days of adoption, and specifies tuition and fee restraint requirements in order to receive the operations increase and FYES student floor funding for FY 2023-24, set at 4.5% or \$676, whichever is greater (currently set at 5.0% or \$722).

Sec. 245. *Transparency Website and Various Reporting Requirements* – DELETED

Requires each university to post on its website and submit to the state budget director, who will report the data to the legislature all of the following: specified data on budget, revenue, expenditures, and employee compensation; university performance data; information on transfer policies and opportunities for high school students to earn college credit; collective bargaining agreements; benefit plans; audits; and Free Application for Federal Student Aid (FAFSA) information. Allows state budget director to withhold payments for noncompliance. Deletes and relocates reporting requirements to Section 241a, deletes language on transfer policies and earning college credit.

Sec. 246. *Michigan Public School Employees' Retirement System (MPSERS) Appropriation* – DELETED

Deletes language that allocates MPSERS funding based on each participating university's percentage of the total combined payrolls of employees who are MPSERS members hired before January 1, 1996, and employees who would have been members but for enactment of 1995 PA 272, which closed the system to new hires. A university's MPSERS payment would be equal to the difference between the unfunded actuarial accrued liability contribution rate and the employer contribution cap of 25.73% of applicable payroll set by 2016 PA 136.

Sec. 251. *Michigan Competitive Scholarship Program Detail* – REVISED

Provides for distribution of funds appropriated for State Competitive Scholarships. Specifies grant amount of \$1,500, unless insufficient funds are available, in which case a report is required. Students enrolled less than full-time in a semester or term will receive a proportional scholarship amount. Adds language detailing students enrolled in college after the end of FY 2022-23 would be ineligible for the scholarship due to potential eligibility for the Michigan Achievement Scholarship.

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

Provides for distribution of funds appropriated for Tuition Grants; specifies grant amount of \$2,800, unless insufficient funds are available, in which case a report is required. Deletes language that specifies that the \$5.0 million institutional cap does not apply to any other student financial aid program or in combination with any other financial aid program.

Sec. 265a. *Performance Funding Formula Detail and Additional Requirements* – DELETED

Deletes language that includes requirements for a university to receive the performance funding increase and details performance funding formula.

Sec. 265b. *Operations Funding Criteria and Sexual Assault/Title IX Standards* – DELETED

Penalizes universities with a 10% reduction in operations funding for schools that fail to submit certification of compliance to the state budget director on Title IX reporting requirements found in sections 274c and 274d and a number of other requirements. Deletes and relocates Title IX reporting requirements to Section 241b, removes 10% penalty.

Sec. 265d. *Sexual Misconduct Memorandum of Understanding* – DELETED

Deletes language that encourages public universities to enter into at least one memorandum of understanding (MOU) with a local law enforcement agency for communication and response coordination of sexual assault incidents.

Major Boilerplate Changes from FY 2022-23***Sec. 265e. Distribution of Sexual Assault Prevention, Safety, and Mental Health Funds – DELETED***

Deletes language that encourages universities to use a portion of operations funding for sexual assault prevention, campus safety, and student mental health programs.

Sec. 265f. College Level Equivalent Credit Examination Requirements – DELETED

Deletes language that requires public universities to develop and implement policies for awarding academic credit for college level equivalent credit examinations, allow students to earn college credit through exams once enrolled, post the policies and opportunities for credit examinations and submit a report if the university requires exam scores higher than those recommended by the American Council on Education to earn credit through examinations.

Sec. 265g. Accelerated Degree Completion Pathways Requirement – DELETED

Deletes language that requires public universities to provide all students with information on accelerated degree completion pathways within the first semester of enrollment, post the information on a public website and create accelerated degree completion pathways if they do not exist. Independent colleges and universities are encouraged to create accelerated degree completion pathways.

Sec. 266a. University Declining Enrollment Testimony – DELETED

Deletes legislative intent language that states public universities who have a 10% decline in enrollment since 2012 may be called to testify to the House or Senate Higher Education appropriation subcommittees to answer questions on enrollment, finances, tuition and possible consolidation of services with another public university.

Sec. 268. North American Indian Tuition Waiver Reporting Requirements – REVISED

States legislative intent that funds be allocated for unfunded Indian Tuition Waiver costs at public universities from the General Fund. Requires Department of Civil Rights to report certain information related to the waivers by January 15, and requires universities and tribal colleges receiving waiver pass-through funding to provide data under guidelines and procedures developed by the Department of Civil Rights by January 1. Deletes legislative intent language that states unfunded Indian Tuition Waiver costs be allocated from the General Fund.

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

Specifies a \$31,000 pass-through payment from Central Michigan's North American Indian Tuition Waiver appropriation to Saginaw Chippewa Tribal College for costs of the Indian Tuition Waiver Program. Requires the tribal college to report waiver information specified under Sec. 268 to the Department of Civil Rights. Revises payment from \$31,000 to \$63,200.

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

Specifies an \$87,800 pass-through payment from Northern Michigan's North American Indian Tuition Waiver appropriation to Keweenaw Bay Ojibwa Community College for costs of the Indian Tuition Waiver Program. Requires the tribal college to report waiver information specified under Sec. 268 to the Department of Civil Rights. Revises payment from \$87,800 to \$90,200.

Sec. 271a. Union-Related Activities Prohibition – DELETED

Deletes legislative intent language that prohibits universities from knowingly and directly using state funds to offer instructional activity that targets specific companies or specific groups of companies for unionization or decertification of a union.

Sec. 274. Embryonic Stem Cell Research Reporting – DELETED

Deletes legislative intent language that requires universities conducting research using human embryonic stem cells to report to the Department of Health and Human Services regarding compliance with federal guidelines and stem cell lines derived by university.

Sec. 275. University Veteran-Friendly Policies – REVISED

Requires universities to participate in the Yellow Ribbon GI Education Enhancement Program and provide other veterans-related services. Requires report on program participation. States universities should consider all veterans as in-state residents for determining tuition/fees and waive enrollment fees for all veterans. Requires reasonable programming and scheduling accommodation for military duties and training obligations. Requires report on all services provided specific to veterans and active duty military personnel. Requires universities to provide college-level equivalent credit examination opportunities for veterans, active military members, National Guard or military reserves, and to grant college credit or create a structure that awards college credit for military service and prior experiences. Deletes reporting requirements on program participation and services provided.

Sec. 275d. Communication with the Legislature – DELETED

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

HIGHER EDUCATION

Major Boilerplate Changes from FY 2022-23

Sec. 275f. Free and Open Speech Policies Reporting Requirement – DELETED

Deletes legislative intent language that requires universities to report on activities related to strategic planning or assessment of policies that provide for open and free speech while protecting students from hate speech and discrimination.

Sec. 275g. COVID-19 Federal Funding Reporting Requirement – DELETED

Deletes language that requires universities to report all federal funding received related to the COVID-19 pandemic and requires report to be posted on a public website.

Sec. 275h. Campus Advocacy Policy – DELETED

Deletes legislative intent language that requires universities adopt advocacy policies for distribution and demonstrations around first amendment activities and political speech.

Sec. 275i. University COVID-19 Vaccination Exemption Requirement – DELETED

Deletes language that details exemptions and reporting requirements that universities must provide to students and employees if a campus mandatory vaccine policy is implemented.

Sec. 276. Martin Luther King, Jr. – Cesar Chavez – Rosa Parks (KCP) Future Faculty Program – REVISED

Provides for program, funded by allocations from public university appropriations, intended to increase number of academically or economically disadvantaged candidates pursuing faculty teaching careers, and details requirements of unexpended and unencumbered program funds. Revises reporting deadline and unexpended funds deadline.

Sec. 281a. KCP Reporting Requirements – DELETED

Deletes language that requires public universities to report various data about the six support programs behind the King-Chavez-Parks university programs to the Department of Labor and Economic Opportunity by December 15 and requires the Department report the compiled information to the legislature and state budget director by February 15.

<u>Supplemental Recommendations for FY 2022-23 Appropriations</u>		<u>FY 2022-23 Recommendation</u>
1. Infrastructure, Technology, Equipment, and Maintenance (ITEM)	Gross	\$141,277,500
Includes \$141.5 million GF/GP for ITEM. The funds would allow public universities to repair, improve, or maintain existing buildings, facilities, equipment and technological and physical infrastructure. Individual university allocations would be distributed based on calculated FY 2021-22 fiscal year equated student (FYES) enrollment.	GF/GP	\$141,277,500
2. Student Wellness Fund	Gross	\$38,851,300
Includes \$38.9 million GF/GP of one-time funding for the creation of the student wellness fund. The funds would allow public universities to identify and address student wellness and mental health needs through campus support services. Individual university allocations would be distributed based on calculated FY 2021-22 FYES enrollment.	GF/GP	\$38,851,300

FY 2023-24 University Operations Appropriations
Executive Recommendation

University	FY 2022-23 Total FY 2022-23 Appropriation	FY 2022-23 Indian Tuition Waiver Payment	FY 2022-23 Base Appropriation	Total Ongoing Operations Increase	FY 22 Indian Tuition Waiver Cost	Indian Tuition Waiver Pass Through Payments	Indian Tuition Waiver Adjustment	Total FY24 Indian Tuition Waiver Payment	FYES Funding Floor Supplemental Payment	Total FY 2023-24 Appropriation	Percent Change	Change From FY 2022-23 Total
Central	\$91,145,100	\$1,793,100	\$89,352,000	\$3,574,100	\$1,531,000	\$63,200	(\$167,900)	\$1,625,200	\$0	\$94,551,300	3.7%	\$3,406,200
Eastern	79,152,400	353,600	78,798,800	3,152,000	406,000	0	52,400	406,000	0	82,356,800	4.0%	3,204,400
Ferris	56,952,900	826,900	56,126,000	2,245,000	714,200	0	(112,700)	714,200	0	59,085,200	3.7%	2,132,300
Grand Valley	81,253,800	1,279,300	79,974,500	3,199,000	1,253,800	0	(25,500)	1,253,800	4,180,500	88,607,800	9.1%	7,354,000
Lake Superior	14,361,900	788,800	13,573,100	542,900	938,500	0	149,700	938,500	0	15,054,500	4.8%	692,600
Michigan State	303,727,700	2,046,400	301,681,300	12,067,300	1,943,800	0	(102,600)	1,943,800	0	315,692,400	3.9%	11,964,700
Michigan Tech	51,951,000	847,400	51,103,600	2,044,100	866,900	0	19,500	866,900	0	54,014,600	4.0%	2,063,600
Northern	50,751,100	1,161,300	49,589,800	1,983,600	1,160,500	90,200	177,200	1,338,500	0	52,911,900	4.3%	2,160,800
Oakland	60,761,900	355,300	60,406,600	2,416,300	331,800	0	(23,500)	331,800	2,853,800	66,008,500	8.6%	5,246,600
Saginaw Valley	32,274,600	188,300	32,086,300	1,283,500	203,900	0	15,600	203,900	0	33,573,700	4.0%	1,299,100
UM-Ann Arbor	339,198,000	837,700	338,360,300	13,534,400	1,290,500	0	452,800	1,290,500	0	353,185,200	4.1%	13,987,200
UM-Dearborn	28,115,900	246,200	27,869,700	1,114,800	185,500	0	(60,700)	185,500	292,500	29,462,500	4.8%	1,346,600
UM-Flint	25,159,200	384,400	24,774,800	991,000	391,200	0	6,800	391,200	0	26,157,000	4.0%	997,800
Wayne State	213,639,700	353,100	213,286,600	8,531,500	403,600	0	50,500	403,600	0	222,221,700	4.0%	8,582,000
Western	114,351,900	599,300	113,752,600	4,550,100	543,700	0	(55,600)	543,700	0	118,846,400	3.9%	4,494,500
TOTAL:	\$1,542,797,100	\$12,061,100	\$1,530,736,000	\$61,229,600	\$12,164,900	\$153,400	\$376,000	\$12,437,100	\$7,326,800	\$1,611,729,500	4.5%	\$68,932,400

Requirements to receive operations increase for FY 2023-24:

1. Restrain FY 2023-24 resident undergraduate tuition/fee rate increase to 4.5% or \$676 (whichever is greater)

**Summary: Executive Budget Recommendation
for Fiscal Year 2023-24
INSURANCE AND FINANCIAL SERVICES**

Analyst: Marcus Coffin

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$736,500	\$732,100	(\$4,400)	(0.6)
Federal	1,017,100	1,017,100	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	72,581,900	72,398,700	(183,200)	(0.3)
GF/GP	0	0	0	--
Gross	\$74,335,500	\$74,147,900	(\$187,600)	(0.3)
FTEs	390.5	390.5	0.0	0.0

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Economic Adjustments	Gross	NA (\$187,600)
Reflects decreased net costs of \$187,600 Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), overtime, longevity, actuarially required retirement contributions, other employee retirement costs, building occupancy charges, and other economic adjustments.	IDG/IDT	NA (4,400)
	Restricted	NA (183,200)
	GF/GP	NA \$0

Major Boilerplate Changes from FY 2022-23

Sec. 206. Communication with the Legislature – DELETED

Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law. (Governor deemed this section unenforceable in FY 2022-23.)

Sec. 210. Legislative Contingency Transfer Authorization – REVISED

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

Sec. 211. Transparency Website – DELETED

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

Sec. 211. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion; to restrict or impede community access to government programs; or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

Major Boilerplate Changes from FY 2022-23**Sec. 212. Restricted Fund Report – DELETED**

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

Sec. 213. Department Scorecard Website – DELETED

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

Sec. 214. Legacy Costs – DELETED

States that estimated funding to be expended on legacy costs in FY 2022-23 is \$8.9 million (\$5.4 million on pension related legacy costs and \$3.5 million on health care legacy costs).

Sec. 216. FTE Vacancies and Remote Work Reports – REVISED

Requires DIFS to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts; requires an annual report on the number of employees engaged in remote work in 2022, number of employees authorized to work remotely and the actual number working remotely, and estimated net cost savings and reduced use of office space achieved by remote work. Revised to delete all reporting requirements except for quarterly comparison of actual and authorized FTEs.

Sec. 217. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 218. State Administrative Board Transfers – DELETED

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 219. Retention of Reports – DELETED

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

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

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

Sec. 221. Severance Pay Reporting – DELETED

Requires DIFS to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; maintain an internet site posting any severance pay in excess of 6 weeks of wages; report the total amount of severance pay remitted and the number of DIFS employees receiving severance pay in FY 2021-22.

Sec. 222. COVID-19 Vaccine Stipulations – DELETED

Prohibits requiring proof of having received a COVID-19 vaccine as a condition of accessing any facility or services, except as required by federal law; prohibits producing, developing, issuing, or requiring a COVID-19 vaccine passport; prohibits developing a database or making an existing database publicly available to access an individual's COVID-19 vaccine status; prohibits requiring proof of having received a COVID-19 vaccine as a condition of employment, with exceptions for hospitals and medical facilities; prohibits adverse employment consequences due to an individual's COVID-19 vaccination status; requires that exemptions be created for individuals who medically cannot receive the vaccine or who have religious or consistently held objections to vaccination if a federal mandate requires establishment of a COVID-19 vaccine policy.

Sec. 223. In-Person Work – DELETED

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

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

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

Sec. 226. Insurance Bureau Fund Use – DELETED

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

Major Boilerplate Changes from FY 2022-23

Sec. 301. Health Insurers Rate Filings Report – DELETED

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

Sec. 302. Conservatorship and Insurance Liquidation Funds – REVISED

Requires funds collected by DIFS in connection with a conservatorship pursuant to section 32 of 1987 PA 173 and from corporations being liquidated pursuant to 1956 PA 218 to be appropriated for expenses necessary to provide required services and to not lapse to General Fund; limits appropriations to \$400,000. Revised to remove the \$400,000 cap.

Sec. 303. Fees for Customized Listings – REVISED

Permits DIFS to provide customized lists of non-confidential information to interested parties and to charge reasonable fees; requires funds to lapse to appropriate restricted fund accounts and limits amount appropriated to \$400,000. Revised to remove the \$400,000 cap.

Sec. 304. Annual Reports Transmission – DELETED

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

Sec. 305. Financial Institutions Marijuana Evaluation Guidance – DELETED

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

Sec. 306. State or Regional Health Care Claims Database Grant Award Criteria – DELETED

Requires DIFS to consider not-for-profit and Michigan-based status, prior experience collecting and analyzing relevant information, and prior work experiences when awarding any grant for the creation of a state or regional health care claims database utilizing federal funds.

Supplemental Recommendations for FY 2022-23 Appropriations

**FY 2022-23
Recommendation**

1. Insulin Prescription Drug Market Study

Includes \$500,000 GF/GP to conduct a study assessing Michigan's insulin market and opportunities to reduce the cost of insulin for consumers. The study would collect information and data from insurers, pharmacy benefit managers, pharmacies, and other entities involved in the manufacture and distribution of insulin products.

Gross	\$500,000
GF/GP	\$500,000

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 JUDICIARY

Analyst: Robin R. Risko

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$1,902,300	\$1,902,300	\$0	0.0
Federal	6,340,300	6,751,300	411,000	6.5
Local	7,782,600	0	(7,782,600)	(100.0)
Private	1,524,200	1,523,900	(300)	0.0
Restricted	95,181,400	95,152,600	(28,800)	0.0
GF/GP	370,774,900	249,404,700	(121,370,200)	(32.7)
Gross	\$483,505,700	\$354,734,800	(\$128,770,900)	(26.6)
FTEs	537.0	588.0	51.0	9.5

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Statewide Judicial Case Management System	FTE	NA
Includes a total of \$12.5 million GF/GP and authorization for 16.0 FTE positions for continued support of the statewide judicial case management system. Of the total, \$6.0 million would be used to support staff and other operating costs as trial courts transition to the system, and \$6.5 million would be used to offset local user fee revenue that was previously paid by trial courts that have already transitioned to the system.	Gross	NA
	Local	16.0
	GF/GP	NA
		\$4,747,600
		(7,752,900)
		\$12,500,500
2. Statewide Court Data Transparency Project	Gross	NA
Includes \$4.5 million in one-time GF/GP to support costs of improving data collection, reporting and analysis, and publication of court data through a public portal.	GF/GP	NA
		\$4,500,000
		\$4,500,000
3. SADO MAACS Roster Attorney Compensation Grants	FTE	NA
Includes \$3.2 million GF/GP and authorization for 1.0 FTE position to create a cost-share grant program to support counties that increase pay rates for appellate counsel for indigent offenders that are assigned through the Michigan Appellate Assigned Counsel System (MAACS). New rates would be consistent with rates adopted under Michigan Indigent Defense Commission standards.	Gross	NA
	GF/GP	NA
		1.0
		\$3,160,700
		\$3,160,700

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)		Executive Change from YTD
4. Juvenile Justice Task Force Recommendations	FTE	NA	16.0
Includes a total of \$2.6 million GF/GP and authorization for 16.0 FTE positions to support recommendations #2 and #3 made by the Task Force on Juvenile Justice Reform. Of the total, \$2.0 million and 13.0 FTE positions would be used to support a Juvenile Justice Services Division within the State Court Administrative Office, and \$556,900 and 3.0 FTE positions would be used to expand the role of the State Appellate Defender's Office to include appellate defense for juvenile justice cases.	Gross	NA	\$2,581,900
	GF/GP	NA	\$2,581,900
5. Resentencing of Juvenile Lifers	FTE	NA	18.0
Includes a total of \$2.5 million GF/GP and authorization for 18.0 FTE positions for the State Appellate Defender Office to ensure continued compliance with the U.S. Supreme Court ruling on the <i>Montgomery v. Louisiana</i> case (\$958,100 GF/GP and 7.0 FTE positions) and the Michigan Supreme Court rulings on the <i>People v. Parks</i> , <i>People v. Poole</i> , and <i>People v. Stovall</i> cases (\$1.6 million GF/GP and 11.0 FTE positions). Because mandatory life sentences without the possibility of parole for most juveniles, including 18-year-olds, convicted of certain offenses were ruled to be unconstitutional and life sentences for juveniles convicted of second-degree murder were ruled to be unconstitutional, resentencing of offenders is required. Resentencing hearings are required to take place before a judge, not a jury, and the appellate court is required to review trial court decisions in these cases for potential abuse of discretion. There are over 30 inmates still waiting for resentencing hearings under the U.S. Supreme Court ruling and roughly 350 inmates eligible for resentencing hearings under the Michigan Supreme Court rulings.	Gross	NA	\$2,529,600
	GF/GP	NA	\$2,529,600
6. District Court Judges' Salary Adjustments	Gross	\$38,690,200	\$504,900
Includes \$504,900 GF/GP to cover costs of increased salaries for district court judges as required by 2022 PA 177. Public Act 177 requires an increase in compensation for district court judges to equal the compensation of probate court judges, effective October 1, 2022. Funding would also cover associated retirement and social security costs.	GF/GP	\$38,690,200	\$504,900
7. Judicial Institute Curriculum and Bench Book Development	FTE	NA	1.0
Includes \$482,000 GF/GP (\$182,000 ongoing; \$300,000 one-time) and authorization for 1.0 FTE position for curriculum and bench book development. Ongoing funding would be used for curriculum development, including expanded online training modules, virtual training, and implementation of an attendance/participation tracking system for the mandatory continuing judicial education requirement. One-time funding would support costs of developing a court administration bench book.	Gross	NA	\$482,000
	GF/GP	NA	\$482,000
8. Justice for All Initiative	Gross	NA	\$475,000
Includes \$475,000 GF/GP for continuing the Justice for All initiative implemented in the FY 2021-22 budget. The Justice for All initiative aims to simplify the court system, court rules, processes, and forms in order to increase court and community engagement and access to justice. Funding would be used for process improvements, pilot programs, training court personnel, and community outreach.	GF/GP	NA	\$475,000
9. Federal Grant for Friend of the Court Bureau	Gross	NA	\$420,000
Includes authorization for SCAO to receive \$420,000 in federal Safe Access for Victims Economic Security (SAVES) grant funding made available by the U.S. Department of Human Services, Office of Child Support Enforcement.	Federal	NA	420,000
	GF/GP	NA	\$0

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)		Executive Change from YTD
10. Supreme Court Security	FTE	NA	2.0
Includes \$415,000 GF/GP and authorization for 2.0 FTE positions to support costs of providing additional security for supreme court justices.	Gross	NA	\$415,000
	GF/GP	NA	\$415,000
11. Board of Law Examiners Funding Adjustment	Gross	NA	\$162,000
Includes \$162,000 GF/GP to offset a shortfall of state restricted Law Exam Fee revenue that supports the Board of Law Examiners within the Supreme Court. Fees are collected from applicants for admission to the bar. There has been a decrease in the amount of fee revenue collected.	GF/GP	NA	\$162,000
12. Increased Costs for Facility Security	Gross	NA	\$105,400
Includes \$105,400 GF/GP to cover increased costs of security staff provided through a contract with DK Security. Hourly minimum wage for security staff was increased.	GF/GP	NA	\$105,400
13. Judgeship Changes	Gross	NA	(\$134,600)
Reflects a net savings of \$134,600 GF/GP from the following statutory changes: eliminating one district court judgeship in Alger/Schoolcraft County under 2012 PA 34; eliminating one district court judgeship in Huron County under 2012 PA 36; and annualizing costs for circuit court judgeships added in Marquette County under 2021 PA 74, Wayne, Muskegon, and Ottawa Counties under 2022 PA 8, and a probate court judgeship in Kent County under 2022 PA 8.	GF/GP	NA	(\$134,600)
14. Additional FTE Position Authorization	FTE	NA	4.0
Includes authorization for an additional 4.0 FTE positions. Of the 4.0 positions, 2.0 would be used for implementation of the Judicial Institute mandatory continuing judicial education program and 2.0 would be allocated to the Drug Treatment Courts program. Funding adjustments are not necessary to support these positions.	Gross	NA	\$0
	GF/GP	NA	\$0
15. Eliminate Current-Year One-Time Funding	FTE	7.0	(7.0)
Reduces the budget by \$151.4 million GF/GP and 7.0 FTE positions to reflect elimination of one-time funding included in the FY 2022-23 budget. Eliminated funding includes: \$150.0 million for the Statewide Judicial Case Management System, \$962,900 (7.0 FTE positions) for SADO, \$249,300 for the Judicial Tenure Commission, and \$225,000 for judicial workload assessment.	Gross	\$151,437,200	(\$151,437,200)
	GF/GP	\$151,437,200	(\$151,437,200)
16. Economic Adjustments	Gross	NA	\$2,716,800
Reflects increased costs of \$2.7 million Gross (\$2.8 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Federal	NA	(9,000)
	Local	NA	(29,700)
	Private	NA	(300)
	Restricted	NA	(28,800)
	GF/GP	NA	\$2,784,600

Major Boilerplate Changes from FY 2022-23

Sec. 202. Appropriations Subject to the Management and Budget Act and Transfer Authority – REVISED

Subjects appropriations to the Management and Budget Act, 1984 PA 431; describes the appropriations transfer process for entities in the judicial branch. Revised to delete transfer process language.

Sec. 209. Transparency Website – DELETED

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

Sec. 210. Report on State Restricted Funds – DELETED

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

Major Boilerplate Changes from FY 2022-23

Sec. 211. Website for Performance Scorecard – DELETED

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

Sec. 212. Legacy Costs – DELETED

States that the total amount of funding estimated to be expended on legacy costs in FY 2022-23 is \$13.8 million (\$8.4 million on pension-related legacy costs; \$5.4 million on health care-related legacy costs).

Sec. 213. Disciplinary Action Against State Employees – DELETED

Prohibits judicial branch from taking disciplinary action against employees for communicating with legislators or their staff unless the communication is prohibited by law and the judicial branch is exercising its authority. (*Governor deemed this section unenforceable in FY 2022-23.*)

Sec. 214. Linking Swift and Sure Sanctions Program to DHHS, LEO, and MDOC Programming – DELETED

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

Sec. 215. Receipt and Retention of Required Reports – DELETED

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

Sec. 301. Direct Trial Court Automation Support – DELETED

Requires Direct Trial Court Automation Support program to recover direct and overhead costs from trial courts by charging fees for services rendered; requires fees to cover actual costs incurred in providing services.

Sec. 309. Oral Fluid Testing Program – DELETED

Requires SCAO to allocate \$100,000 for a program in a veterans treatment court, mental health treatment court, or both, that investigates the effectiveness of oral fluid testing to determine compliance with required mental health medications or requirements; requires SCAO to report on oral fluid testing programs established in the state, number of program participants in each jurisdiction, and rearrest rate of participants while participating in the program.

Sec. 311. Parental Rights Restoration Act – DELETED

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

Sec. 315. Medication-Assisted Treatment Program – DELETED

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

Sec. 317. MAACS Roster Attorney Compensation Grants – NEW

Requires MAACS to administer and provide grants to counties as reimbursement for approximately one-half of the compensation provided to public defenders appointed as appellate defense counsel; requires counties to pay appellate counsel consistent with rates established by the Michigan Indigent Defense Commission.

Sec. 401. Statewide Court Data Transparency Project – NEW

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

Sec. 402. Statewide Judicial Case Management System – DELETED

Requires SCAO to establish a system that demonstrates the ability to integrate criminal justice data across the state and local units; prohibits funds from being used to supplant current user fee systems and administrative purposes unrelated to the system; requires system to comply with all security measures and restrictions and to be hosted in a secure cloud by an experienced vendor; requires implementation status report; designates unexpended funding as a work project appropriation.

Major Boilerplate Changes from FY 2022-23

Sec. 402. Judicial Institute – NEW

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

<u>Supplemental Recommendations for FY 2022-23 Appropriations</u>	<u>FY 2022-23 Recommendation</u>	
1. Juvenile Justice Services Division		
Includes \$1.0 million GF/GP and 6.5 FTE positions to support recommendation #2 of the Task Force on Juvenile Justice Reform, which would create a Juvenile Justice Services Division within the State Court Administrative Office. The new division would coordinate implementation of risk and needs screening and assessment tools, provide technical assistance and quality assurance, and assist with coordination and development of statewide juvenile justice policies, funding, data collection, and reporting.	FTE	6.5
	Gross	\$1,000,000
	GF/GP	\$1,000,000
2. Indigent Civil Legal Assistance Funding Adjustment		
Includes \$1.0 million GF/GP to offset a reduction in state restricted State Court Fund revenue. Pursuant to statute, 23% of State Court Fund revenues are allocated for grants to legal aid organizations to provide legal assistance and representation to indigent people involved in civil litigation. The State Court Fund receives revenue from various motion fees, justice system fees, civil filing fees, and service fees paid on child support payments.	Gross	\$1,000,000
	GF/GP	\$1,000,000
3. Resentencing of Juvenile Lifers		
Includes \$785,800 GF/GP and 5.5 FTE positions to ensure compliance with the recent Michigan Supreme Court rulings on the <i>People v. Parks</i> , <i>People v. Poole</i> , and <i>People v. Stovall</i> cases. Mandatory life sentences without the possibility of parole for 18-year-old offenders and life sentences for youthful offenders convicted of second-degree murder were ruled unconstitutional. Under these decisions, roughly 350 inmates are eligible for resentencing hearings.	FTE	5.5
	Gross	\$785,800
	GF/GP	\$785,800
4. District Court Judges' Salary Adjustments		
Includes \$495,700 GF/GP to cover costs of increased salaries for district court judges as required by 2022 PA 177. Public Act 177 requires an increase in compensation for district court judges to equal the compensation of probate court judges, effective October 1, 2022. Funding would also cover associated retirement and social security costs.	Gross	\$495,700
	GF/GP	\$495,700

**Summary: Executive Budget Recommendation
for Fiscal Year 2023-24
LABOR AND ECONOMIC OPPORTUNITY**

Analyst: Viola Bay Wild

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,459,595,000	1,168,548,800	(291,046,200)	(19.9)
Local	10,700,000	10,700,000	0	0.0
Private	12,430,700	12,539,200	108,500	0.9
Restricted	265,920,600	848,294,100	582,373,500	219.0
GF/GP	2,940,839,900	832,376,000	(2,108,463,900)	(71.7)
Gross	\$4,689,486,200	\$2,872,458,100	(\$1,817,028,100)	(38.7)
FTEs	2,593.9	2,622.9	29.0	1.1

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
WORKFORCE DEVELOPMENT			
1. Michigan Reconnect Grant Program	Gross	\$55,000,000	\$10,212,200
Includes \$10.2 million GF/GP to reflect current cost estimates of program.	GF/GP	\$55,000,000	\$10,212,200
2. At-Risk Youth Grants	Gross	\$4,750,000	\$1,250,000
Includes an increase of \$1.3 million GF/GP for Jobs for Michigan Graduates program.	GF/GP	\$4,750,000	\$1,250,000
3. MiSTEM Advisory Council	FTE	0.0	3.0
Includes an increase of \$448,000 GF/GP and authorization for 3.0 FTE positions for MiSTEM Advisory Council.	Gross	\$300,000	\$448,000
	GF/GP	\$300,000	\$448,000
4. Tri-Share Child Care Program	Gross	\$2,500,000	\$900,000
Includes an increase of \$900,000 GF/GP and boilerplate language in Sec. 1059 that would allow funding to be allocated for new hubs, as long as existing hubs receive needed support.	GF/GP	\$2,500,000	\$900,000

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>	<u>FY 2022-23 YTD (as of 2/8/23)</u>	<u>Executive Change from YTD</u>
5. Workforce Development Programs Federal Grants	Gross	NA
Includes \$3.5 million federal funding for 2 grant programs: \$1.0 million for Michigan Career Opportunity Academies (MiCOACH) to recruit and train workers from eligible communities for behavioral health careers and \$2.5 million for a Michigan Citizen Reentry Initiative (MiCRI) pilot program to expand support and training services at a federal corrections facility and 4 residential reentry centers to support successful prisoner reentry.	Federal	NA
	GF/GP	NA
		\$3,540,600
		3,540,600
		\$0
6. Workforce Development Programs	Gross	NA
Includes \$1.5 million federal funding to realign program funding with actual expenditures.	Federal	NA
	GF/GP	NA
		\$1,500,000
		1,500,000
		\$0
MICHIGAN REHABILITATION SERVICES		
7. Michigan Rehabilitation Services	Gross	\$138,061,300
Adds \$1.5 million GF/GP for state matching funds required to receive available federal funding.	Federal	112,085,100
	Local	5,300,000
	Private	521,500
	Restricted	188,300
	GF/GP	\$19,966,400
		\$1,500,000
		0
		0
		0
		0
		\$1,500,000
EMPLOYMENT SERVICES		
8. Michigan Occupational Safety and Health Administration (MIOSHA)	FTE	197.0
Includes \$4.8 million Gross (\$1.5 million GF/GP) and authorization for 4.0 FTE positions to recognize available federal funding, to provide state matching funds required to receive federal funding, and to support additional staff.	Gross	\$31,272,400
	Federal	12,915,200
	Restricted	18,357,200
	GF/GP	\$0
		4.0
		\$4,777,800
		2,389,000
		860,000
		\$1,528,800
9. Wage and Hour Program	FTE	29.0
Includes \$250,000 restricted funding and authorization for 2.0 FTE positions to support additional staff to respond to employer and worker inquiries on wage issues.	Gross	\$4,208,900
	Restricted	4,208,900
	GF/GP	\$0
		2.0
		\$250,000
		250,000
		\$0
		\$0
COMMISSIONS		
10. Michigan Community Service Commission	FTE	14.0
Includes \$7.3 million federal and private funding to support the AmeriCorps program.	Gross	\$12,013,500
	Federal	10,826,000
	Private	204,100
	GF/GP	\$983,400
		0.0
		\$7,320,100
		7,274,200
		45,900
		\$0
11. Michigan Women's Commission	FTE	2.0
Includes \$62,000 GF/GP increase for operations of the Michigan Women's Commission.	Gross	\$1,473,600
	Federal	100,000
	Private	1,000,000
	GF/GP	\$373,600
		0.0
		\$62,000
		0
		0
		\$62,000
STRATEGIC OUTREACH AND ATTRACTION RESERVE		
12. Strategic Outreach and Attraction Reserve (SOAR) Fund	Gross	NA
Recognizes \$500.0 million Gross for SOAR to be used to attract business projects and expansions to the state. Allocation to SOAR was proposed in HB 4001 as an allocation from the Corporate Income Tax, but the bill has not been enacted. Includes \$100 restricted funding for the Michigan Strategic Site Readiness Program and \$100 restricted funding for the Critical Industry Program.	Restricted	NA
	GF/GP	NA
		\$500,000,200
		500,000,200
		\$0

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
MICHIGAN STRATEGIC FUND			
13. Pure Michigan	Gross	\$40,000,000	(\$15,000,000)
Eliminates \$15.0 million federal State Fiscal Recovery Fund for Pure Michigan program.	Federal	15,000,000	(15,000,000)
	Local	5,000,000	0
	Private	5,000,000	0
	GF/GP	\$15,000,000	\$0
14. Job Creation Services	FTE	174.0	0.0
Includes an increase of \$1.8 million restricted funding to recognize increased state brownfield redevelopment fund revenue collections.	Gross	\$28,917,200	\$1,825,000
	Federal	4,673,300	0
	Private	200,000	0
	Restricted	6,160,600	1,825,000
	GF/GP	\$17,883,300	\$0
15. Michigan Defense Center Program	Gross	NA	\$5,000,000
Includes \$5.0 million GF/GP to support the defense and homeland security industry in the state.	GF/GP	NA	\$5,000,000
16. Revitalization and Placemaking Program	Gross	NA	\$50,000,000
Allocates \$50.0 million restricted funding to establish a grant program for rehabilitation of vacant, underused, and blighted structures and to help develop traditional downtown infrastructure. Fund availability is dependent on enactment of HB 4001.	Restricted	NA	50,000,000
	GF/GP	NA	\$0
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY			
17. Michigan State Housing Development Authority (MSHDA) Staffing	FTE	273.0	20.0
Includes authorization for 20.0 additional FTE positions to administer housing and rental assistance programs; additional staff would be supported with current appropriations.	Gross	\$47,601,600	\$0
	Restricted	47,601,600	0
	GF/GP	\$0	\$0
18. Michigan Housing and Community Development Program	Gross	NA	\$50,000,000
Allocates \$50.0 million restricted funding to expand access to affordable housing and support the revitalization of downtown areas. Fund availability is dependent on enactment of HB 4001.	Restricted	NA	50,000,000
	GF/GP	NA	\$0
ONE-TIME APPROPRIATIONS			
19. Arsenal of Innovation – Defense Industry Funding	Gross	NA	\$2,000,000
Includes \$2.0 million GF/GP one-time funding for new arsenal of innovation program to support research and development of defense industry mobility programs and technologies.	GF/GP	NA	\$2,000,000
20. Child Savings Accounts	Gross	NA	\$10,000,000
Includes \$10.0 million GF/GP one-time funding for additional child savings account pilot programs.	GF/GP	NA	\$10,000,000
21. College Success Fund	Gross	NA	\$25,000,000
Includes \$25.0 million GF/GP one-time funding for competitive grants to higher education institutions to adopt national best practices to help improve student retention and completion rates.	GF/GP	NA	\$25,000,000
22. Community Downtown Economic Development Program	Gross	NA	\$100,000,000
Includes \$100.0 million GF/GP one-time funding for a competitive grant program to support community development and placemaking projects in downtown areas.	GF/GP	NA	\$100,000,000

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>	<u>FY 2022-23 YTD (as of 2/8/23)</u>	<u>Executive Change from YTD</u>
23. Digital Workforce Development Includes \$4.9 million GF/GP one-time funding to develop a digital platform to provide career exploration and skill development and to connect potential employees with employers in the platform through intermediate school districts.	Gross GF/GP	NA NA
		\$4,900,000 \$4,900,000
24. Focus: Hope Includes \$1.0 million GF/GP one-time funding for Focus: Hope to support workforce and youth development programs.	Gross GF/GP	NA NA
		\$1,000,000 \$1,000,000
25. Insulin Affordability and Manufacturing Attraction Includes \$150.0 million GF/GP one-time funding to attract manufacturing facilities to produce low-cost interchangeable biosimilar insulin or other insulin products to help lower the costs of insulin in the state.	Gross GF/GP	NA NA
		\$150,000,000 \$150,000,000
26. Michigan Regional Empowerment Program Includes \$200.0 million GF/GP one-time funding for competitive grant program for regional economic development projects that would support the growth and development of regional economies.	Gross GF/GP	NA NA
		\$200,000,000 \$200,000,000
27. Outdoor Recreation Business Development Includes \$10.0 million GF/GP one-time funding to support outdoor recreation businesses, including outdoor retailers, supply companies, and service providers.	Gross GF/GP	NA NA
		\$10,000,000 \$10,000,000
28. Student Wraparound Services and Basic Needs Supports Includes \$30.0 million GF/GP one-time funding for public colleges and universities and tribal colleges for wraparound services to provide support to students and help improve graduation and completion rates.	Gross GF/GP	NA NA
		\$30,000,000 \$30,000,000
29. Talent Retention and Expansion Includes \$20.0 million GF/GP one-time funding for employer-led collaboratives to help meet the talent needs of businesses and develop targeted solutions to talent shortages.	Gross GF/GP	NA NA
		\$20,000,000 \$20,000,000
30. Workers' Disability Compensation Agency Includes \$1.2 million GF/GP one-time funding for operations of the Workers' Disability Compensation Agency to replace declining restricted revenues.	Gross GF/GP	NA NA
		\$1,200,000 \$1,200,000
31. Other Technical Adjustments Includes an increase of \$979,400 Gross (\$0 GF/GP) for technical adjustments.	Gross Federal Private Restricted GF/GP	NA NA NA NA NA
		\$979,400 924,500 50,000 4,900 \$0

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>		<u>FY 2022-23 YTD (as of 2/8/23)</u>	<u>Executive Change from YTD</u>
32. Removal of FY 2022-23 One-Time Appropriations	Gross	\$1,205,024,500	(\$1,205,024,500)
Removes funding for the following one-time appropriations:	Federal	50,750,000	(50,750,000)
<ul style="list-style-type: none"> • \$251.5 million GF/GP – Economic Development and Workforce Grants • \$212.8 million GF/GP – Michigan Infrastructure Grants • \$205.3 million GF/GP – Michigan Enhancement Grants • \$130.0 million GF/GP – Electric Vehicle Teaching, Training, and Development Center • \$100.0 million GF/GP – Academic Research Building • \$100.0 million GF/GP – Cancer Institute Project • \$75.0 million GF/GP – Blight Elimination Program • \$75.0 million GF/GP – Michigan Community Development Financial Institution Fund Grants • \$50.0 million federal – ARP – Nonprofit Relief Grants • \$2.0 million GF/GP – Arts and Cultural Program • \$1.0 million GF/GP – Focus: Hope • \$1.0 million GF/GP – Seawall Project • \$750,000 federal – State Historic Preservation Office Grant Program • \$700,000 GF/GP – Office of Global Michigan Language Access Plans. 	GF/GP	\$1,154,274,500	(\$1,154,274,500)
33. Removal of FY 2022-23 Supplemental Funding	Gross	\$1,789,140,200	(\$1,789,140,200)
Removes FY 2022-23 funding from the following supplemental acts:	Federal	240,000,000	(240,000,000)
<ul style="list-style-type: none"> • 2022 PA 194 - \$916.1 million Gross (\$896.1 million GF/GP) • 2023 PA 1 - \$873.0 million Gross (\$633.0 million GF/GP). 	Restricted GF/GP	20,000,200 \$1,529,140,000	(20,000,200) (\$1,529,140,000)
34. Economic Adjustments	Gross	NA	(\$1,528,700)
Reflects reduced costs of \$1.5 million Gross (\$50,400 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker’s compensation, building occupancy charges, rent, and other economic adjustments.	Federal Private Restricted GF/GP	NA NA NA NA	(924,500) 12,600 (566,400) (\$50,400)

Major Boilerplate Changes from FY 2022-23

GENERAL SECTIONS

Sec. 206. Disciplinary Action Against State Employees – DELETED

Prohibits departments from taking disciplinary action against employees in the state classified civil service for communicating with legislators or their staff; stipulates disciplinary action may be taken if the communication is prohibited by law and disciplinary action is exercised as authorized by law.

Sec. 210. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$15.0 million, state restricted authorization by up to \$5.0 million, local authorization by up to \$1.0 million, and private authorization by up to \$1.0 million. Revises to increase maximum amounts of contingency authorizations for federal to \$30.0 million, state restricted to \$510.0 million, local to \$2.0 million, and private to \$5.0 million.

Sec. 211. Transparency Website – DELETED

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

Sec. 211. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion; to restrict or impede community access to government programs; or restrict an individual’s ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

Major Boilerplate Changes from FY 2022-23**Sec. 212. State Restricted Funds Report – DELETED**

Requires departments, agencies, and state budget office to report on state restricted fund balances, projected state restricted fund revenues, and state restricted fund expenditures.

Sec. 213. Performance Metrics Website – DELETED

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

Sec. ~~245~~ 206. Businesses in Deprived and Depressed Communities – REVISED

Requires directors of each department and agency to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts. Revises to replace “deprived and depressed communities” with “geographically disadvantaged business enterprises”.

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

Requires departments and agencies to provide quarterly report on FTE counts by classification and actual FTE position counts compared to authorized FTE position counts; requires report on number of employees engaged in remote work, number of employees authorized to work remotely, and actual number working remotely, estimated net cost savings from remote work, and reduced use of office space associated with remote work. Revises to delete all reporting requirements except for a comparison of FTE positions authorized and positions filled.

Sec. 217. Work Project Expenditures – DELETED

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

Sec. 218. State Administrative Board Transfers – DELETED

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

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

Requires departments and agencies to receive and retain copies of all reports funded from appropriations in part 1; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes department to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 220. Reporting Requirement on Policy Changes – DELETED

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

Sec. 221. Fund Sourcing Priorities – DELETED

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

Sec. 222. Severance Pay Report – DELETED

Requires departments and agencies to report name and any amount of severance pay given to high-ranking department officials; requires department and agencies to maintain an internet site and post severance pay in excess of 6 weeks of wages for former employees; requires department and agencies to submit annual report on total amount of severance pay remitted to former employees during prior fiscal year and total number of those employees; defines “severance pay”.

Sec. 223. In-Person Work for State Workforce – DELETED

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

Sec. 224. Purchase of Ownership Interest in a Casino – DELETED

Prohibits use of appropriations to purchase an ownership interest in a casino enterprise or gambling operation.

Sec. 225. Prohibitions on State Employer COVID-19 Vaccine Status Verifications – DELETED

Prohibits various state government entities from requiring proof of COVID-19 vaccination as condition of accessing state services or facilities, producing COVID-19 vaccine passports, developing, or making existing databases public, accessing individuals COVID-19 vaccine status, and requiring proof of receiving COVID-19 vaccine as condition of employment; prohibits state entities from subjecting an individual to negative consequences because of COVID-19 vaccine status; allows an individual to provide proof of COVID-19 vaccine status with consent; exempts certain individuals from federally mandated vaccine policies.

Major Boilerplate Changes from FY 2022-23

Sec. 235. Federal Funding Contingency Plan – DELETED

Requires the state budget director, in consultation with the appropriate department, to recommend a contingency plan for a federal funding reduction of 10% or more to a federal funding source of \$10.0 million or more.

Sec. 240. New Program Metrics – DELETED

Requires state budget office to provide a list of new programs and program enhancements that exceed \$500,000; requires identified programs to use program-specific measuring metrics in addition to the metrics required under Section 447 of the Management and Budget Act; requires report on metrics and performance progress of identified programs by September 30 of the following fiscal year; expresses legislative intent that future program funding increases be based on prior performance.

Sec. 983. Broadband Bonding Prohibition – DELETED

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

Sec. 984. SIGMA System Reporting – DELETED

Requires LEO to use SIGMA to report encumbrances and expenditures.

Sec. 989. Update of Workers' Compensation Administrative Code – DELETED

States intent of the legislature that the workers' compensation agency annually update R 418.10101 to R 418.101504 of the Michigan Administrative Code as required under the Worker's Disability Compensation Act, 1969 PA 317.

Sec. 989c. Broadband-Focused Employees – DELETED

States legislative intent that all of the broadband-focused state employees be consolidated into LEO.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

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

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

STRATEGIC OUTREACH AND ATTRACTION RESERVE

Sec. 1000. Strategic Outreach and Attraction Reserve – NEW

States that the legislature finds and declares that Critical Industry Program and Michigan Strategic Site Readiness Program appropriations are for a public purpose and serve the health, safety, and general welfare of residents of the state.

MICHIGAN STRATEGIC FUND

Sec. 1004. Statutory Reporting Requirements Update – DELETED

Requires MSF to provide information included in the Michigan Strategic Fund Act annual activities report to legislature.

Sec. 1005a. Pure Michigan Appropriations – DELETED

Requires Coronavirus State Fiscal Recovery Fund and GF/GP appropriated for Pure Michigan and ARP – Pure Michigan to be appropriated for certain specified purposes; authorizes fund to contract any of the authorized activities; authorizes fund to work with local units of government, non-profit entities, and private entities on Pure Michigan promotion campaigns.

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

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

Sec. 1007. Corporate Funding Reporting – DELETED

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

Sec. 1009. Land Purchase Provisions – DELETED

Prohibits MEDC from purchasing land or land options unless the land is in an economically distressed area or purchase is at invitation of local unit of government and economic development agency; authorizes consideration of purchases where proposed use is consistent with a regional land use plan, will result in redeveloping an economically distressed area, can be supported with existing infrastructure, and will not cause population to shift from population centers; requires a report that lists all properties purchased, all options on land purchased, the location of the land purchased, and the purchase price if the fund purchases options on land.

Major Boilerplate Changes from FY 2022-23**Sec. 1013. Fundraising Activity – DELETED**

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

Sec. 1024. Business Attraction and Community Revitalization – DELETED

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

Sec. 1032. Film Tax Incentive Program Report – DELETED

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

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

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

Sec. 1042. Business Attraction and Community Revitalization Funds Reporting – DELETED

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

Sec. 1044. Previously Authorized Tax Credit Transfer Notification – DELETED

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

Sec. 1055. Jobs for Michigan Investment Fund – NEW

Appropriates and allows expenditure of the Jobs for Michigan Investment Fund for the purposes authorized in the Michigan Strategic Fund Act; authorizes funding to be spent after notification to the state budget director and relevant legislative subcommittees.

Sec. 1056. Michigan Defense Center Program – NEW

Requires that funding be used to support the defense and homeland security industry in the state; allows funding to be used to help businesses identify federal defense contract opportunities, provide technical assistance for bidding contracts, and strengthen business' cybersecurity compliance.

Sec. 1057. Revitalization and Placemaking Program – NEW

Requires that funding be expended for projects as described in section 696 of the Income Tax Act of 1967.

EMPLOYMENT SERVICES**Sec. 1057. MIOSHA Records – DELETED**

Requires MIOSHA to maintain physical or virtual records of notes and documents in accordance with the state's record retention policies for cases in which an employer was issued a citation or fine for a violation of the Michigan Occupational Safety and Health Act.

WORKFORCE DEVELOPMENT AND UNEMPLOYMENT**Sec. 1059. Tri-Share Child Care Program – REVISED**

Requires \$2.5 million of funding to be used to continue the Tri-Share Child Care program; requires funds to be used to fund existing child care facilitator hubs; requires facilitators to be a nonprofit, limited liability company, C-corporation, S-Corporation, or a sole proprietor; caps administration costs at \$100,000. Revises to allow funding of new child care facilitator hubs provided that existing hubs receive sufficient support; requires new hubs to increase the number of participating counties or serve statewide employers; caps administration costs at \$200,000.

Sec. 1069. Healthy Michigan Work Requirement Assistance – DELETED

Authorizes funds appropriated for Workforce Development Program to be used for employment and training-related services and to assist Healthy Michigan plan recipients to secure and maintain training and employment; authorizes funds to be used to hire additional department field staff to educate impacted Healthy Michigan Plan recipients on requirements and available services, make referrals, assess and address barriers to employment, and manage other caseload-related impacts; requires quarterly report.

Sec. 1079. Interagency Agreement for TANF Funds – DELETED

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

Major Boilerplate Changes from FY 2022-23

Sec. 1080. Unemployment Insurance Agency Federal Funding – NEW

Appropriates funding earned or authorized by the USDOL in addition to part 1 authorization and allows department to expend funding for staffing and related expenses after notification to the state budget director and relevant legislative subcommittees of purpose and amount of each grant award.

COMMISSIONS

Sec. 1090. Ethnic Affairs Commissions Reporting – DELETED

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

Sec. 1091. Ethnic Affairs Commissions' Spending – DELETED

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

ONE-TIME APPROPRIATIONS

Sec. 1093. Regional Empowerment Program – NEW

Requires funding to be used to support regional economies by creating a competitive grant program to leverage investments that correlate to local or regional economic plans; requires department and MSF to develop program guidelines and determine eligibility for program; requires applicants to be one or more local governmental units and to meet other listed eligibility requirements; requires eligible projects to include at least a 20 percent local cost share; requires quarterly reports.

Sec. 1094. Community Downtown Economic Development – NEW

Requires funding to be used for competitive grant program to local community partners for redevelopment, placemaking, climate resilient infrastructure, housing, or other infrastructure to support economic development in community areas that are densely populated and centers of a community; requires grants to be used for projects in commercial cores; requires MSF and the department to develop program guidelines; requires eligibility criteria to include that applicants are local units of governments; authorizes eligible projects to be part of existing strategic plans and strategies; requires grant funds to be allocated to each of the 10 prosperity regions and projects to include at least a 20 percent local cost share for communities over 15,000 or 10 percent local cost share for communities under 15,000; requires quarterly reports.

Sec. 1096. Talent Retention and Expansion Program – NEW

Requires funding to be used to support creation of jobs in key industries; authorizes funding to be used for developing employer-led collaboratives and training and activities proposed by the collaborative to address workforce needs.

Sec. 1097. Arsenal of Innovation – Defense Industry Funding – NEW

Requires funding to be used for competitive awards to support new mobility defense technologies, testing of new technologies, or new defense systems that support mobility and electrification.

Sec. 1098. Outdoor Recreation Business Development – NEW

Requires funding to be used by MSF to support outdoor recreation industry, including outdoor retailers, outdoor recreation supply base companies, or outdoor recreation service providers, and to attract and leverage venture capital for outdoor recreation industry.

Sec. 1099. Child Savings Accounts – NEW

Requires funding to be expended to support child savings accounts in partnership with philanthropic and nonprofit organizations; authorizes funding to be expended for grants to eligible organizations, new pilot programs to seed accounts or provide matching grants for family contributions, and for outreach, education and marketing.

Sec. 1100. Digital Workforce Development – NEW

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

Sec. 1101. Student Wraparound Services and Basic Needs Supports – NEW

Requires funding to be used to work with public colleges and universities and tribal colleges to develop and implement strategies for improving graduation and completion rates; authorizes grants to be awarded for specific programs, such as public assistance benefit screening, emergency housing, child care, food pantries, emergency grants to student, mental health supports, and re-enrollment support; designates unexpended funds as a work project appropriation.

Sec. 1102. College Success Fund – NEW

Requires funding to be used for competitive grants to public community colleges and universities and tribal colleges to improve graduation and completion rates; requires each institution to include an evaluation plan.

Major Boilerplate Changes from FY 2022-23

Sec. 1103. Insulin Affordability and Manufacturing Attraction – NEW

Requires funding to be used to help make insulin more affordable; requires MSF, in coordination with DHHS and DIFS, to work with partners to pursue the development of a novel low-cost interchangeable biosimilar insulin or other insulin product for distribution, the establishment of a manufacturing facility for these products, and any agreement that will reduce cost of insulin to consumers; prohibits more than \$25.0 million from being expended on the development of insulin products; requires state commitment to the distribution of such products to be proportional to commitments of other similar entities involved.

		<u>FY 2022-23 Recommendation</u>	
<i>1. Tri-Share Child Care Program</i>		Gross	\$0
Unappropriates and reappropriates funding for the Tri-Share Child Care program in order to revise boilerplate language to allow funding to be allocated for new hubs, as long as existing hubs receive needed support.		GF/GP	\$0
<i>2. Workforce Development Programs</i>		Gross	\$7,485,200
Includes \$7.5 million federal funding for workforce development programs, including MiCOACH program, MiCRI initiative, and Michigan Incarcerated Veterans In-Reach Program (MIVIP) which provides incarcerated veterans with employment services.		Federal	7,485,200
		GF/GP	\$0
<i>3. Wage and Hour Outreach and Education Program</i>		FTE	2.0
Includes \$1.8 million Gross (\$1.5 million GF/GP) and authorization for 2.0 FTE positions for an education and outreach program to workers and employers concerning minimum wage and other employment laws.		Gross	\$1,750,000
		Restricted	250,000
		GF/GP	\$1,500,000
<i>4. Michigan Community Service Commission</i>		Gross	\$7,274,200
Includes \$7.3 million federal funding to support AmeriCorps program.		Federal	7,274,200
		GF/GP	\$0
<i>5. Strategic Outreach and Attraction Reserve (SOAR) Fund</i>		Gross	\$500,000,000
Recognizes \$500.0 million restricted funding for SOAR to be used to attract business projects and expansions to the state. Allocation to SOAR was proposed in HB 4001, but has yet to take effect.		Restricted	500,000,000
		GF/GP	\$0
<i>6. Revitalization and Placemaking Program</i>		Gross	\$50,000,000
Allocates \$50.0 million restricted funding for grant program for rehabilitation of vacant, underused, and blighted structures and to help develop traditional downtown place-based infrastructure. Fund availability is dependent on enactment of HB 4001.		Restricted	50,000,000
		GF/GP	\$0
<i>7. Michigan Housing and Community Development Program – MSHDA</i>		Gross	\$50,000,000
Allocates \$50.0 million restricted funding to expand access to affordable housing and support revitalization of downtown areas. Fund availability is dependent on enactment of HB 4001.		Restricted	50,000,000
		GF/GP	\$0
<i>8. Global Epicenter of Mobility – Detroit</i>		Gross	\$5,000,000
Includes \$5.0 million federal funding for Office of Future Mobility and Electrification to support mobility industry.		Federal	5,000,000
		GF/GP	\$0
<i>9. Office of Global Michigan</i>		Gross	\$7,000,000
Includes \$7.0 million federal funding for services to specific Ukrainian populations and other non-Ukrainian individuals.		Federal	7,000,000
		GF/GP	\$0
<i>10. State Digital Equity Planning Grant</i>		Gross	\$1,328,000
Includes \$1.3 million federal funding to develop a state digital equity plan to qualify for additional federal funding.		Federal	1,328,000
		GF/GP	\$0
<i>11. Community Development Block Grant – Disaster Recovery</i>		Gross	\$7,864,000
Appropriates \$7.9 million federal Disaster Recovery funding to help mid-Michigan address the severe storms of June 2021.		Federal	7,864,000
		GF/GP	\$0

<u>Supplemental Recommendations for FY 2022-23 Appropriations</u>		<u>FY 2022-23 Recommendation</u>	
12. Special Events and National Convention Attraction		Gross	\$10,000,000
Includes \$10.0 million GF/GP to be used to promote Michigan as a destination for special events such as national conventions, conferences, or major sporting events.		GF/GP	\$10,000,000
13. ARP – Electric Vehicle (EV) Charging Infrastructure		Gross	\$65,000,000
Includes \$65.0 million federal Coronavirus State Fiscal Recovery Fund to expand access to EV charging stations.		Federal	65,000,000
		GF/GP	\$0
14. ARP – Going Pro		Gross	\$35,000,000
Includes \$35.0 million federal Coronavirus State Fiscal Recovery Fund to further expand employer training grants.		Federal	35,000,000
		GF/GP	\$0
15. ARP – Michigan Reconnect Expansion to 21		Gross	\$140,000,000
Includes \$140.0 million federal Coronavirus State Fiscal Recovery Fund to temporarily expand program to eligible students over 21 years old whose education was interrupted by the pandemic.		Federal	140,000,000
		GF/GP	\$0
16. ARP – Reconnect Bachelor’s Degree Pathway		Gross	\$75,000,000
Includes \$75.0 million federal Coronavirus State Fiscal Recovery Fund to help eligible students whose college career was interrupted by the pandemic to provide a way to earn a bachelor’s degree.		Federal	75,000,000
		GF/GP	\$0
17. ARP – Michigan Main Street Recovery Initiative		Gross	\$135,000,000
Includes \$135.0 million federal Coronavirus State Fiscal Recovery Fund for grants to small businesses affected by the pandemic.		Federal	135,000,000
		GF/GP	\$0
18. ARP – Pure Michigan		Gross	\$15,000,000
Includes \$15.0 million federal Coronavirus State Fiscal Recovery Fund for Pure Michigan.		Federal	15,000,000
		GF/GP	\$0
19. ARP – Retraining and Retooling Fund		Gross	\$35,000,000
Includes \$35.0 million federal Coronavirus State Fiscal Recovery Fund to provide small manufacturers with matching grants, technical assistance, and support for helping workers earn credentials.		Federal	35,000,000
		GF/GP	\$0
20. ARP – Migratory Agriculture Worker Housing		Gross	\$15,000,000
Includes \$15.0 million federal Coronavirus State Fiscal Recovery Fund for housing needs for migratory workers in food and agriculture industry.		Federal	15,000,000
		GF/GP	\$0
21. ARP – Attainable Homeownership and Apprenticeship Program		Gross	\$10,000,000
Includes \$10.0 million federal Coronavirus State Fiscal Recovery Fund for program to help individuals acquire, renovate, and sell properties in land banks; requires paid apprentices on each renovation site.		Federal	10,000,000
		GF/GP	\$0
22. ARP – EDA Statewide Planning Grant		Gross	\$1,000,000
Includes \$1.0 million federal funding to recognize a federal grant for statewide planning efforts to support economic development, increase competitiveness, support efforts concerning climate changes, and recover from the pandemic; funding would support the creation of Michigan Regional Resiliency Program.		Federal	1,000,000
		GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 LICENSING AND REGULATORY AFFAIRS

Analyst: Marcus Coffin

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$47,026,900	\$46,897,200	(\$129,700)	(0.3)
Federal	29,659,200	30,004,200	345,000	1.2
Local	0	0	0	--
Private	0	0	0	--
Restricted	249,325,900	256,838,700	7,512,800	3.0
GF/GP	213,822,400	266,731,100	52,908,700	24.7
Gross	\$539,834,400	\$600,471,200	\$60,636,800	11.2
FTEs	1,879.9	1,891.9	12.0	0.6

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Michigan Indigent Defense Commission (MIDC) Grants Standard 8 Compliance Costs	Gross NA	\$42,155,500
Includes \$42.2 million GF/GP to support grant distributions to district and circuit court funding units for costs incurred for compliance with MIDC Standard 8. Standard 8 pertains to economic disincentives and incentives, including rates of payment for salaried public defenders, compensation and expenses for assigned counsel, contracting for indigent defense services, conflict counsel, reimbursements, and payments.	GF/GP NA	\$42,155,500
2. MIDC Grants Current Standards Funding Increase	Gross \$148,917,400	\$29,844,500
Includes an additional \$29.8 million GF/GP for MIDC grants to fund the state's projected share of indigent defense costs in FY 2023-24 for MIDC standards 1-5. MIDC grants are distributed to funding units of district and circuit courts. Standards 1-5 pertain to the education and training of defense counsel, timing and location of attorney-client interviews, defense investigations and experts, presence of counsel at first appearance and other critical stages, and the independence of indigent criminal defense services from the judiciary.	Restricted 300,000	0
	GF/GP \$148,617,400	\$29,844,500

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)		Executive Change from YTD
3. Low Carbon Energy Infrastructure Enhancement and Development	Gross	\$25,000,000	(\$25,000,000)
Removes \$25.0 million GF/GP that funded grants to businesses, nonprofit organizations, and local government units for planning, developing, designing, acquiring, or constructing low carbon energy facilities, which include natural gas facilities, combined heat and power facilities, and electrification programs.	GF/GP	\$25,000,000	(\$25,000,000)
4. Michigan Saves Green Bank	Gross	NA	\$5,000,000
Includes \$5.0 million GF/GP (one-time) for Michigan Saves, a non-profit green bank. Funding would be used to offer credit enhancement tools intended to incentivize lending to residential and commercial borrowers at lower rates and under better terms for renewable energy and energy efficiency improvement loans. Such credit enhancement tools could include a loan loss reserve fund.	GF/GP	NA	\$5,000,000
5. Cannabis Regulatory Agency Reference Laboratory	FTE	NA	5.0
Includes \$4.4 million of state restricted funding authorization (\$1.6 million ongoing, \$2.8 million one-time) from the Marihuana Regulation Fund (adult-use) and authorization for 5.0 FTE positions to establish a reference laboratory for the CRA. The laboratory would perform testing in support of CRA investigations, ongoing proficiency testing, industry audits, and development and optimization of testing methods. The ongoing funding component would support staffing and operations costs, while the one-time funding component would be used for equipment purchases and any necessary construction.	Gross	NA	\$4,400,000
	Restricted	NA	4,400,000
	GF/GP	NA	\$0
6. Corporations Online Filing Modernization	Gross	NA	\$2,700,000
Includes \$2.7 million of state restricted funding authorization from Corporation Fees (one-time) to continue modernization of the Corporations Online Filing System. The modernization project would improve system reliability and security, increase online functionality, and simplify the public portal. The system is used to process and store approximately 2.7 million records, of which 1.0 million are for active entities and 1.6 million are for inactive entities.	Restricted	NA	2,700,000
	GF/GP	NA	\$0
7. Child Care Licensing Background Checks	Gross	NA	\$2,200,000
Includes \$2.2 million GF/GP (\$2.0 million ongoing, \$200,000 one-time) to support costs associated with background checks in the child care sector. The funding would offset costs associated with federally required criminal background checks for new providers and staff and federally required 5-year rechecks; it would also support staffing to implement statutory background check requirements. Specifically, the funding would support staffing costs and offset costs associated with new provider and staff fingerprinting and existing provider reprinting.	GF/GP	NA	\$2,200,000
8. Liquor Law Enforcement Grants	Gross	\$8,400,000	\$1,500,000
Provides an increase of \$1.5 million of state restricted funding authorization to the amount available for Liquor Law Enforcement Grants. Funding for the grants is supported by retailers' liquor license fees and license renewal fees. Statutorily, 55% of the revenue from these license fees is to be distributed in the jurisdiction in which they were collected for enforcement of the Liquor Control Code and associated administrative rules. Increased license and permit renewals and spirit sales have caused the revenue collected from retailers' liquor license fees and renewal fees to increase, as well.	Restricted	8,400,000	1,500,000
	GF/GP	\$0	\$0

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
9. Bureau of Survey and Certification	Gross	NA	\$1,200,000
Includes \$1.2 million GF/GP (one-time) to support the Bureau of Survey and Certification's health care provider survey and investigation activities (done on behalf of the federal government) and compliance with statutory changes to the Michigan Public Health Code. The statutory changes require the implementation of a quality assurance monitoring process and ongoing quality reviews and education.	GF/GP	NA	\$1,200,000
10. Child Care Licensing Bureau Staffing	FTE	127.0	7.0
Includes \$1.1 million GF/GP and authorization for 7.0 FTE positions to onboard additional staff in the Child Care Licensing Bureau. The positions that would be filled include 1 resource development coordinator, 3 departmental analysts, and 3 child day care consultants. Activities that would be performed by the new staff include, but are not limited to, organizing mandated requirements, ensuring compliance with relevant trainings and health and safety requirements, monitoring corrective action plans, coordinating the development of the bureau's informational resources, and conducting special investigations.	Gross	\$20,648,400	\$1,100,000
	IDG/IDT	20,146,700	0
	Restricted	501,700	0
	GF/GP	\$0	\$1,100,000
11. Corporations Online Filing System Ongoing Maintenance	Gross	NA	\$1,000,000
Includes \$1.0 million of state restricted funding authorization from Corporation Fees to support ongoing maintenance costs for the Corporations Online Filing System.	Restricted	NA	1,000,000
	GF/GP	NA	\$0
12. Michigan Liquor Control Commission SIPS Maintenance and Licensing	Gross	NA	\$900,000
Includes \$900,000 in state restricted funding authorization to support maintenance and licensing costs associated with the MLCC's Sales, Inventory, Purchasing, and Licensing system.	Restricted	NA	900,000
	GF/GP	NA	\$0
13. Michigan Public Service Commission Staff	FTE	190.0	0.0
Includes \$813,400 Gross (\$0 GF/GP) to support the onboarding of additional staff for the Gas Safety and Operations Division within the MPSC (the authorization for the FTEs is from the internal transfer detailed in item 22). The 5 additional positions would support the gas safety, infrastructure, and damage prevention programs by performing inspections and enforcement activities. Additional inspections have been necessitated by higher levels of infrastructure projects and to achieve compliance with federal regulations.	Gross	\$34,168,900	\$813,400
	Federal	2,665,000	349,900
	Restricted	31,503,900	463,500
	GF/GP	\$0	\$0
14. Child Care Licensing System Maintenance and Licensing	Gross	NA	\$600,000
Includes \$600,000 GF/GP to support ongoing maintenance and licensing costs for the child care licensing system.	GF/GP	NA	\$600,000
15. Michigan Liquor Control Commission Staffing	FTE	145.0	0.0
Includes \$514,600 in state restricted funding authorization to hire a department specialist, a department manager, and a finance position for auditing/product pricing (the authorization for these FTEs is from the internal transfer detailed in item 22). There has been appreciable growth in the number of products that the MLCC oversees and sales volumes.	Gross	\$22,201,500	\$514,600
	Restricted	22,201,500	514,600
	GF/GP	\$0	\$0
16. Michigan Indigent Defense Commission Staffing	FTE	16.0	0.0
Includes \$413,000 GF/GP to onboard 2 staff members for financial oversight of MIDC grants and to satisfy a statutory requirement for the MIDC to serve as a clearinghouse for experts and investigators in indigent defense cases. The authorization for these FTEs is from the internal transfer detailed in item 22.	Gross	\$2,763,000	\$413,000
	GF/GP	\$2,763,000	\$413,000

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)		Executive Change from YTD
17. Industrial Hemp Processor-Handler Regulation	Gross	NA	\$300,000
Includes \$300,000 in state restricted funding authorization from the Industrial Hemp Licensing and Registration Fund to support staffing and ancillary costs for licensing industrial hemp-process handlers, intaking and responding to complaints, and conducting necessary investigations.	Restricted	NA	300,000
	GF/GP	NA	\$0
18. Bureau of Fire Services Aboveground Storage Tank Fees	Gross	NA	\$100,000
Includes an additional \$100,000 in state restricted funding authorization from Aboveground Storage Tank Fees. The additional authorization would support Aboveground Storage Tank Program activities, which pertain to the regulation of storage for a variety of flammable liquids.	Restricted	NA	100,000
	GF/GP	NA	\$0
19. MiLogin Rate Increase	Gross	NA	\$100,000
Includes \$100,000 in state restricted funding authorization for an increase in the rate that the Department of Technology, Management, and Budget assesses for the MiLogin System, which is the State of Michigan’s identity management solution.	Restricted	NA	100,000
	GF/GP	NA	\$0
20. Michigan Public Service Commission Gas Inspections	FTE	190.0	0.0
Includes \$73,900 Gross (\$0 GF/GP) to support increased inspection and enforcement activities of the Underground Natural Gas Storage Program within the MPSC. Additional activities have been necessitated by higher levels of infrastructure projects and to achieve compliance with federal regulations.	Gross	\$34,168,900	\$73,900
	Federal	2,665,000	69,500
	Restricted	31,503,900	4,400
	GF/GP	\$0	\$0
21. Removal of FY 2022-23 One-Time Appropriations	Gross	\$8,343,600	(\$8,343,600)
Removes \$8.3 million Gross (\$4.5 million GF/GP) of one-time funding that was included in the FY 2022-23 budget to support the following:	Restricted	3,843,600	(3,843,600)
	GF/GP	\$4,500,000	(\$4,500,000)
<ul style="list-style-type: none"> • BFS – Smoke Detectors (\$1.0 million GF/GP) • Cannabis Market Taxation and Regulatory Compliance Analysis Pilot Program (\$500,000 state restricted funding authorization) • Corporations Online Filing Modernization (\$2.3 million state restricted funding authorization) • Michigan Saves (\$2.5 million GF/GP) • Michigan Task Force on Foreign Trained Medical Professional Licensing (\$1.0 million state restricted funding authorization) • Urban Search and Rescue (\$1.0 million GF/GP) 			
22. Internal FTE Authorization Alignment	FTE	NA	0.0
Includes an internal net to zero realignment of FTE authorizations for 8 line items to align authorization with current department needs. Line items that would be impacted include the following:	Gross	NA	\$0
	GF/GP	NA	\$0
<ul style="list-style-type: none"> • Public Service Commission – increase of 5.0 FTEs • Liquor Licensing and Enforcement – increase of 3.0 FTEs • Management Support Services – increase of 2.0 FTEs • Bureau of Construction Codes – decrease of 10.0 FTEs • Bureau of Professional Licensing – decrease of 3.0 FTEs • Child Care Licensing and Regulation – increase of 6.0 FTEs • Michigan Office of Administrative Hearings and Rules – decrease of 8.0 FTEs • Michigan Indigent Defense Commission – increase of 5.0 FTEs 			

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
23. Technical Adjustments	Gross	NA
Includes \$1,900 Gross (\$0 GF/GP) to increase state restricted funding authorization from the Marihuana Regulatory Fund (medical marihuana) to align with projected revenues. Additional internal net to zero adjustments include the following:	Restricted	NA
	GF/GP	NA
		\$1,900
		1,900
		\$0
<ul style="list-style-type: none"> Creates a new Bureau of Survey and Certification line item with authorization currently in the Bureau of Community and Health Systems Administration and Health Facilities Regulation line items. Rolls the Adult Foster Care and Camps Licensing and Regulation, Bureau of Community and Health Systems Administration, Health Facilities Regulation, and Nurse Aide Program line items into a single line item for the Bureau of Community and Health Systems. Rolls the Medical Marihuana Facilities Licensing and Tracking, Medical Marihuana Program, and Recreational Marihuana Regulation line items into a single Cannabis Regulatory Agency line item. Internally shifts \$375,000 in state restricted funding authorization from the Property Management line item to the Corporations, Securities, and Commercial Licensing Bureau line item. Adjusts marihuana state restricted funding authorizations to increase authorization from the Marihuana Regulation Fund (adult-use) by \$2.9 million, decrease authorization from the Marihuana Registry Fund (medical marihuana card program) by \$2.3 million, and decrease authorization from the Marihuana Regulatory Fund (medical marihuana) by \$588,200. Replaces \$1.0 million in state restricted funding authorization from the Licensing and Regulation Fund with authorization from the Health Professions Regulatory Fund. Replaces \$642,500 in state restricted funding authorization from Restructuring Mechanism Assessments to authorization from Public Utility Assessments, to reflect the elimination of restructuring mechanism assessments in September 2022. 		
24. Economic Adjustments	Gross	NA
Reflects decreased net costs of \$936,400 Gross (\$104,300 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), overtime, longevity, actuarially required retirement contributions, other employee retirement costs, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG/IDT	NA
	Federal	NA
	Restricted	NA
	GF/GP	NA
		(\$936,400)
		(129,700)
		(74,400)
		(628,000)
		(\$104,300)

Major Boilerplate Changes from FY 2022-23

Sec. 206. Communication with the Legislature – DELETED

Prohibits LARA from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 210. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$1.0 million, state restricted authorization by up to \$1.5 million, local authorization by up to \$200,000, and private authorization by up to \$100,000. Revised to increase maximum amounts of contingency authorizations to increase federal authorization by up to \$10.0 million, state restricted authorization by up to \$25.0 million, local authorization by up to \$1.0 million, and private authorization by up to \$500,000.

Sec. 211. Transparency Website – DELETED

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

Major Boilerplate Changes from FY 2022-23

Sec. 211. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion; to restrict or impede community access to government programs; or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

Sec. 212. Restricted Fund Report – DELETED

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

Sec. 213. Department Scorecard Website – DELETED

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

Sec. 214. Legacy Costs – DELETED

Identifies total funding estimated to be expended on legacy costs in FY 2022-23, \$40.4 million (\$24.5 million on pension-related legacy costs and \$15.9 million on health care legacy costs).

Sec. 216. FTE Vacancies and Remote Work Reports – REVISED

Requires LARA to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts; requires an annual report on the number of employees engaged in remote work in 2022, number of employees authorized to work remotely and the actual number working remotely, and estimated net cost savings and reduced use of office space achieved by remote work. Revised to delete all reporting requirements except for quarterly comparison of actual and authorized FTEs.

Sec. 217. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 218. State Administrative Board Transfers – DELETED

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 219. Retention of Reports – DELETED

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

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

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

Sec. 221. Severance Pay Reporting – DELETED

Requires LARA to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; maintain an internet site posting any severance pay in excess of 6 weeks of wages; report the total amount of severance pay remitted and the number of LARA employees receiving severance pay in FY 2021-22.

Sec. 222. COVID-19 Vaccine Stipulations – DELETED

Prohibits requiring proof of having received a COVID-19 vaccine as a condition of accessing any facility or services, except as required by federal law; prohibits producing, developing, issuing, or requiring a COVID-19 vaccine passport; prohibits developing a database or making an existing database publicly available to access an individual's COVID-19 vaccine status; prohibits requiring proof of having received a COVID-19 vaccine as a condition of employment, with exceptions for hospitals and medical facilities; prohibits adverse employment consequences due to an individual's COVID-19 vaccination status; requires that exemptions be created for individuals who medically cannot receive the vaccine or who have religious or consistently held objections to vaccination if a federal mandate requires establishment of a COVID-19 vaccine policy.

Sec. 223. In-Person Work – DELETED

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

Sec. 225. Private Grant Funded Projects – REVISED

Authorizes appropriation of private grant revenues, subject to a limitation of \$1.5 million; requires report to subcommittees chairs within 10 days of receiving grants from private entities. Revised to eliminate the \$1.5 million cap.

Major Boilerplate Changes from FY 2022-23**Sec. 226. Informational, Training, and Special Events Revenue and Expenditures – REVISED**

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

Sec. 229. Regulatory Statistical Report – DELETED

Requires LARA to submit an annual report specifying and summarizing statistical information pertaining to fees, revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for regulatory products administered by specified agencies within LARA.

Sec. 230. Employee Performance Monitoring Process – DELETED

Expresses legislative intent that LARA establish a consistent employee performance monitoring process and requires quarterly reports on planned or implemented changes to that process and the number of evaluations performed.

Sec. 232. Television and Radio Production Expenditure Report – DELETED

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

Sec. 233. Pending Litigation – DELETED

Stipulates that pending litigation related to a licensee must not delay LARA investigations and licensing actions, unless prohibited by law.

Sec. 234. Training Materials Reporting – DELETED

Requires LARA to report on materials that employees and contractors are required to review or complete for mandatory training; requires materials be made available to subcommittee members or their designees for review.

Sec. 235. Customer Service and Business Ethics Training – DELETED

Requires all LARA employees to participate in 2 hours of customer service and business ethics training; stipulates topics that must be included in the training; requires a report on the training. (*Governor deemed this section unenforceable in FY 2022-23.*)

Sec. 302. Low Carbon Energy Infrastructure Enhancement and Development – DELETED

(1) Requires funding to be used only for grants to businesses, nonprofit organizations, and local government units for planning, developing, designing, acquiring, or constructing low carbon energy facilities, which may include natural gas and combined heat and power facilities and electrification programs; (2) requires PSC to develop and implement a grant application process within 6 months and establishes prioritization criteria for grant approvals; (3) establishes requirements for grant applicants, including submission of an impact study and proposal with a cost-benefit analysis and emissions details; (4) establishes further requirements for grant applicants for renewable natural gas infrastructure projects; (5) provides a 45-day review period for affected entities to review and comment on an application and a 15-day period for an applicant to modify their initial proposal; (6) requires PSC award grants to applicants who have met the grant criteria; (7) requires grant recipients to report to PSC on how the money was used within 30 days after a project's completion; (8) defines "renewable natural gas"; (9) designates unexpended funding as a work project appropriation.

Sec. 401. Investigation of Direct Shipments of Wine and Report – REVISED

Requires MLCC to use funds appropriated from Direct Shipper Enforcement Fund, as required under Section 203(11) of the Michigan Liquor Control Code, 1998 PA 58, to investigate illegal direct shipments of wine; requires notice to be sent to entities found to have illegally shipped wine into the state; requires MLCC to submit report detailing activities to investigate illegal shipping of wine. Revised to delete language prioritizing enforcement on unlicensed out of state retailers and third-party marketers, to delete requirement for referral of unlicensed out of state retailers and third-party marketers to the attorney general, to delete items in the report, and to delete language requiring notice to out of state entities that illegally shipped wine into Michigan.

Sec. 505. Fireworks Safety Inspection Reimbursement Report – DELETED

Requires LARA to submit report providing information on amount of reimbursements to local units of government for delegated inspections of fireworks retail locations pursuant to Michigan Fireworks Safety Act.

Sec. 508. Notice of AFC, HFA, and LTC Facility Closure – DELETED

Requires LARA to serve a facility and notify offices of representing legislators and the subcommittees on MDHHS when an order of suspension is received for a licensed adult foster care home, home for the aged, or nursing home.

Sec. 509. Masking Requirement Prohibition – DELETED

Prohibits LARA from enforcing masking requirements for children under 5 years of age and from taking any licensing or administrative action against licensees for not enforcing such a requirement.

Major Boilerplate Changes from FY 2022-23

Sec. 512. Inspections of Places of Public Assembly – REVISED

Requires BFS to allocate \$228,900 to increase the number of inspections conducted at places of public assembly. Revised to eliminate required allocation of \$228,900 and to include a requirement that the BFS cooperate with local governments to perform public assembly inspections at places with the highest risk.

Sec. 601. Cannabis Regulatory Agency Programs Report – DELETED

Requires LARA to submit report on all marihuana programs administered by the CRA, which must include information on application volumes and determinations, timeliness, revenues, expenditures, complaints, investigations, enforcement actions, and other topics.

Sec. 602. Cannabis Regulatory Agency Investigative Reports – DELETED

Requires CRA to post quarterly reports on a publicly accessible website detailing the number of investigative reports identifying suspected illegal or irregular activity, number of reports that identify suspected product without required tracking numbers, number of public complaints regarding product without required tracking numbers, number of public complaints regarding unlicensed commercial production or sale of delta-8 THC, number and outcome of CRA disciplinary proceedings, and number and category of law enforcement agency referrals.

Sec. 603. Hemp Programs Report – DELETED

Requires LARA to submit a report on all hemp programs administered by the CRA, which must include revenue collected from regulatory and licensing activities, total cost of administering hemp regulatory and licensing programs, number of hemp licensees by county, a description of any fees CRA assesses on hemp licensees, and a list and description of any personnel functions transferred to CRA under EO 2022-1.

Sec. 604. CRA Inspection Activities – DELETED

Requires CRA to use at least 5.0 FTEs to conduct in-person no-notice inspections of licensed processors, with priority given to facilities that produce distillate or other concentrates and those producing the most product; requires quarterly reporting on inspection outcomes, public complaints, and disciplinary proceedings; requires a report regarding disciplinary proceedings initiated against a licensee stemming from reports resulting from activities undertaken under the section.

Sec. 801. MIDC Receipt of Federal Funding – REVISED

Authorizes MIDC to receive and expend up to \$250,000 in federal Byrne grant funding and up to \$300,000 in other federal grant funding, if made available from U.S. Department of Justice. Revised to remove \$250,000 and \$300,000 caps.

Sec. 803. MIDC Construction Expenses Prohibition – DELETED

Prohibits an MIDC grant from being used by a recipient to support construction expenses for new structures. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 1001. Bureau of Fire Services – Smoke Detectors – DELETED

Requires BFS to purchase and distribute sealed-battery smoke detectors to Michigan residents and allows BFS to purchase smoke detectors with additional capabilities for individuals with physical or psychological conditions that require an accommodative technology.

Sec. 1002. Cannabis Market Taxation and Regulatory Compliance Analysis Pilot Program – DELETED

Requires CRA to award a grant to conduct a pilot program to analyze tax reporting, collection, and regulatory compliance within the cannabis market; provides qualifications that must be considered when awarding the grant; requires a report regarding program findings and plans of action.

Sec. 1003. Michigan Saves – REVISED

Allows PSC to award a \$2.5 million grant to a nonprofit green bank to make loans more affordable for families, businesses, and public entities in Michigan; stipulates grant funds may be used for a loan loss reserve fund or similar financial instrument. Revised to reflect FY 2023-24 recommended appropriation of \$5.0 million.

Supplemental Recommendations for FY 2022-23 Appropriations

FY 2022-23 Recommendation

1. Bureau of Construction Codes Homeowners Construction Lien Recovery	Gross	\$335,000
Includes \$335,000 in state restricted funding authorization from the Homeowners Construction Lien Recovery Fund to address a complaint backlog in the Bureau of Construction Codes. There is a backlog of approximately 1,000 consumer complaints. Additional funding would allow the BCC to address complaints against licensed residential builders and maintenance and alteration contractors.	Restricted	335,000
	GF/GP	\$0

Supplemental Recommendations for FY 2022-23 Appropriations

**FY 2022-23
Recommendation**

2. Industrial Hemp Processor-Handler Regulation

Includes \$300,000 in state restricted funding authorization from the Industrial Hemp Licensing and Registration Fund to support staffing and ancillary costs for licensing industrial hemp-process handlers, intaking and responding to complaints, and conducting necessary investigations.

Gross	\$300,000
Restricted	300,000
GF/GP	\$0

**Summary: Executive Budget Recommendation
for Fiscal Year 2023-24
MILITARY AND VETERANS AFFAIRS**

Analyst: Michael Crossen

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	Amount
IDG/IDT	\$101,800	\$101,800	\$0	0.0
Federal	200,364,300	134,445,400	(65,918,900)	(32.9)
Local	0	0	0	--
Private	640,000	100,000	(540,000)	(84.4)
Restricted	18,794,900	14,213,400	(4,581,500)	(24.4)
GF/GP	142,465,000	91,543,500	(50,921,500)	(35.7)
Gross	\$362,366,000	\$240,404,100	(\$121,961,900)	(33.7)
FTEs	1,063.5	1,083.5	20.0	1.9

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Military and Veterans Affairs (DMVA) provides for the operations of the Michigan National Guard in support of military and security needs of the state and federal government. The department, through the Michigan Veterans Affairs Agency, oversees state programs for veterans, grants to veterans service organizations, the County Veteran Service Fund, and the Michigan Veterans Trust Fund. The department also houses the independent Michigan Veterans Facility Authority, which manages and operates the state's three veterans homes.

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Military Facilities Services Inflation Adjustment	Gross	NA
Provides \$180,000 Gross (\$58,300 GF/GP) to align with increased contractual costs for various property management services at departmental military facilities. Services include janitorial, trash, snow removal, lawn, and others.	Federal	NA
	GF/GP	NA
		\$180,000
		121,700
		\$58,300
2. Federal NG Bureau Unallowable Costs Backfill	Gross	NA
Provides \$569,200 GF/GP to cover costs for military leave and firefighter's compensatory time that are no longer eligible for federal reimbursement under the federal National Guard Bureau's cooperative agreement. Funding by line item would be as follows:	GF/GP	NA
<ul style="list-style-type: none"> \$58,300 for Headquarters and Armories \$215,900 for Michigan Youth ChalleNGe Academy \$295,000 for Military Training Sites and Support Facilities. 		\$569,200
		\$569,200

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>	<u>FY 2022-23 YTD (as of 2/8/23)</u>		<u>Executive Change from YTD</u>
9. Part 1 Private Revenue Authorization Removal			
Eliminates authorization of \$540,000 from private Veterans' Homes Post and Posthumous Funds revenue from Part 1 of the budget, in recognition of authorization available under Part 2 boilerplate. Revenues in the fund are available for use by veterans homes and collected from private posthumous resident funds unclaimed by relatives after 2 years.	Gross	\$640,000	(\$540,000)
	Private	640,000	(540,000)
	GF/GP	\$0	\$0
10. Selfridge Air National Guard Base (One-Time)			
Provides \$10.0 million GF/GP to undertake infrastructure improvements at Selfridge Air National Guard base to be nationally competitive to attract next-generation aircraft flying missions. This is \$3.9 million more than the \$6.1 million GF/GP in one-time funding provided in FY 2022-23 for the same purpose.	Gross	\$6,100,000	\$3,900,000
	GF/GP	\$6,100,000	\$3,900,000
11. MVFA GRHV Transition Funding (One-Time)			
Provides \$3.0 million GF/GP to align funding with ongoing operational costs at the Grand Rapids Home for Veterans as operating costs stabilize and reflect anticipated occupancy levels at the home as it transitions from the larger, institutional setting in Grand Rapids to the smaller home operation. This is a reduction of \$3.0 million from a \$6.0 million GF/GP one-time appropriation in FY 2022-23 for similar purposes.	Gross	\$6,000,000	(\$3,000,000)
	GF/GP	\$6,000,000	(\$3,000,000)
12. Removal of FY 2022-23 One-Time Funding			
Eliminates \$133.8 million Gross (\$60.9 million GF/GP) of one-time funding appropriated in FY 2022-23:	Gross	\$147,106,000	(\$133,806,000)
<ul style="list-style-type: none"> • \$115.0 million Gross (\$55.0 million GF/GP) for statewide Armory Modernization projects • \$100,000 GF/GP for Michigan Volunteer Defense Force • \$12.0 million Gross (\$1.5 million GF/GP) for State Veterans Cemetery • \$250,000 GF/GP for Veterans Cemetery Feasibility Study • \$6.5 million Gross (\$4.1 million GF/GP) for Grand Rapids Home for Veterans Transition. 	Federal	72,331,000	(72,331,000)
	Restricted	560,000	(560,000)
	GF/GP	\$74,215,000	(\$60,915,000)
13. Economic Adjustments			
Reflects decreased costs of \$819,200 Gross (\$335,900 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Gross	NA	(\$819,200)
	Federal	NA	(344,900)
	Restricted	NA	(138,400)
	GF/GP	NA	(\$335,900)

Major Boilerplate Changes from FY 2022-23

Sec. 206. Disciplinary Action Against State Employees – DELETED

Prohibits departments from taking disciplinary action against employees in the state classified civil service for communicating with legislators or their staff; stipulates disciplinary action may be taken if the communication is prohibited by law and disciplinary action is exercised as authorized by law. (Governor deemed this section unenforceable in FY 2022-23.)

Sec. 210 Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$8.6 million, state restricted authorization by up to \$1.1 million, local authorization by up to \$250,000, and private authorization by up to \$100,000. Revises to increase maximum amounts of contingency authorizations up to \$12.0 million in federal, \$3.0 million in state restricted, and \$500,000 in local contingency funds to be appropriated.

Major Boilerplate Changes from FY 2022-23

Sec. 211. Transparency Website – DELETED

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

Sec. 211. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion; to restrict or impede community access to government programs; or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

Sec. 212. State Restricted Funds Report – DELETED

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

Sec. 213. Performance Metrics Website – DELETED

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

Sec. 214. Annual Legacy Costs – DELETED

Identifies annual pension-related and retiree health care legacy costs.

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

Requires department to provide quarterly report on FTE counts by classification and actual FTE position counts compared to authorized FTE position counts; requires report on number of employees engaged in remote work in 2022, number of employees authorized to work remotely, and actual number working remotely, estimated net cost savings from remote work, and reduced use of office space associated with remote work. Revises by deleting all reporting requirements except for a comparison of FTE positions authorized and positions filled.

Sec. 217. Work Project Expenditures – DELETED

Prohibits appropriations from being expended in cases where existing work project authorization is available for the same expenditures. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 218. State Administrative Board Transfers – DELETED

Authorizes legislature, by concurrent resolution adopted by majority of members elected to and serving in each house, to inter-transfer funds if State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2022-23.)*

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

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

Sec. 220. Reporting Requirement on Policy Changes – DELETED

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

Sec. 221. Biannual Reporting on Achieving Requirements – DELETED

Requires department to provide biannual reports on status of work projects, financial status, and employment levels.

Sec. 222. Department Core Services – DELETED

Lists core services of department; requires appropriations to be used for core services.

Sec. 224. Intention to Sell Department Property – DELETED

Requires department to provide a 60-day notice of intent to sell property.

Sec. 225. Court Settlements Report – DELETED

Requires department to report tentative plans for required payment of any court judgment against department and details regarding timing and budget impact the payment will have on department.

Sec. 227. Severance Pay Report – DELETED

Requires department and agencies to report names and any amount of severance pay given to high-ranking department officials; requires department and agencies to maintain an internet site and post severance pay in excess of 6 weeks of wages for former department or agency employees; requires department and agencies to submit annual report on total amount of severance pay remitted to former employees during prior fiscal year and total number of those employees; defines "severance pay".

Major Boilerplate Changes from FY 2022-23

Sec. 228. Prohibitions on State Employer COVID-19 Vaccine Status Verifications – DELETED

Prohibits various state government entities from requiring proof of COVID-19 vaccination as condition of accessing state services or facilities, producing COVID-19 vaccine passports, developing, or making existing databases public, accessing individuals COVID-19 vaccine status, and requiring proof of receiving COVID-19 vaccine as condition of employment; prohibits state entities from subjecting an individual to negative consequences because of COVID-19 vaccine status; allows an individual to provide proof of COVID-19 vaccine status with consent; exempts certain individuals from federally mandated vaccine policies.

Sec. 229. Annual Strategic Plan – DELETED

Requires department to submit its annually updated departmental strategic plan to legislature.

MILITARY

Sec. 301. Unclassified Positions – REVISED

Appropriates funding to support unclassified positions; requires department to notify subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to duties of existing unclassified positions; requires annual report listing current unclassified positions with official titles and responsibilities. Revises to delete notification of changes requirement.

Sec. 302. Armories and Joint Force Readiness – REVISED

Requires department to provide for effective and efficient executive level administration of department, operations of Michigan military establishment, and maintenance and operation of National Guard armories as provided under listed laws and regulations; requires biannual report on status of armories; requires National Guard components to provide a culture free of sexual assault through various preventative efforts; requires report assessing current state of armories and developing an investment strategy for physical improvements at armories, including consolidation of armories and establishment of new armories. Revises by deleting requirement to provide for effective and efficient direction and leadership; deleting biannual report on the status of armories; deleting requirement to provide a culture free of sexual assault through preventative efforts and included it as its own section in section 313; and adding a review of construction activities and expenditures related to the armory modernization projects that received one-time funding under 2022 PA 166 for FY 2022-23.

Sec. 304. Military Family Relief Fund – REVISED

Requires DMVA to provide grant funding from Military Family Relief Fund, outreach services to military families of members of reserve component called into active duty, and biannual reports on financial activities of fund. Revises to delete reporting requirement and to require the department to notify families of deployed reserve members on the availability of assistance through the Michigan Military Family Relief Fund.

Sec. 305. National Guard Training Facilities and Air Bases – REVISED

Requires department to provide Army National Guard (ARNG) and Air National Guard (ANG) forces, when directed, in support of state and local emergencies, and in support of federal military requirements; requires department to operate and maintain ARNG facilities (including Fort Custer and Camp Grayling) and ANG facilities (Selfridge ANG Base, Battle Creek ANG Base, and Alpena Combat Readiness Training Center); requires biannual reports on National Guard personnel strength. Revises by making biannual report annual.

Sec. 306. Billeting Fund – REVISED

Authorizes the establishment of the Billeting Fund account to collect revenue from the transient quarters program; requires an annual appropriation from the fund to support the program; requires annual report of operations and expenditures regarding Billeting Fund account, which supports program operations of Chargeable Transient Quarters program at National Guard training facilities. Revises by deleting reporting requirement.

Sec. 313. Sexual Assault Prevention and Response – NEW

Requires the Michigan Army and Air National Guard to work to provide a culture that is free of sexual assault, through an environment of prevention, education and training, response capability, victim support, reporting procedures, and appropriate accountability for the well-being of all guard members.

Sec. 313. National Guard COVID-19 Vaccine Waiver Report – DELETED

Requires department to report on figures of vaccine waiver requests by National Guard members that are received, denied, appealed, and reasons stated for requests.

Sec. 314. National Guard Retirement Request Processing Time Report – DELETED

Requires the department to report on the average number of days taken to process National Guard retirement requests and the number of requests for which processing exceeded 120 days.

Major Boilerplate Changes from FY 2022-23**MICHIGAN VETERANS AFFAIRS AGENCY*****Sec. 404. MVAA Private Donations – REVISED***

Authorizes receipt of private donations to MVAA in excess of funds appropriated and permits expenditure of those funds for purpose designated by donor, if specified; requires quarterly reports of donations under \$10,000 and notification to legislature within 14 days of donations of \$10,000 or more; requires all private donations to be used for the benefit and life enrichment of veterans. Revises by authorizing unexpended and unencumbered private donations to not lapse to the General Fund and to carry forward to the subsequent fiscal year; deletes reporting requirement.

Sec. 405. Veterans' Trust Fund Grants – REVISED

Requires MVAA to report biannually on Michigan Veterans Trust Fund financial status, awarded grants, and operating and administrative expenses; requires the provision of emergency grants; requires an annual report on grants issues, county administrative practices and expenditures, details on applications received, and what efforts are done to reduce program administrative costs. Revises by deleting the biannual report requirement; deletes requirement to provide emergency grants; makes adjustments to annual reporting requirements.

Sec. 406. MVAA Outreach Services – REVISED

Requires MVAA to provide outreach services to veterans, communicate information on available VA benefits, process requests for military discharge documents, and assist in processing claims for VA benefits; requires annual report providing estimate of state's homeless veterans population. Revises by deleting outreach minimum goal benchmark of 50% of the state's veteran population and aspirational goal of 90% reached.

Sec. 410. MVAA and County Counseling Services – REVISED

Requires MVAA to assist veterans in filing claims for VA benefits; establishes a capacity metric of 500 claims per year; requires biannual data on number and type of claims activities; requires MVAA to provide training to county veterans counselors (CVCs); establishes performance metrics for training and CVC-filed claims for VA benefits; requires biannual reports on number and percentage of CVCs requesting training by MVAA; authorizes up to \$50,000 to be expended to provide legal services to represent veterans benefit cases before federal courts in order to maintain accreditation by VA. Revises to make biannual report annual; eliminates claims processing and county counselor training goal benchmarks; and increases legal services expenditure authorization from \$50,000 to \$100,000.

Sec. 411. Grants to Veterans Service Organizations – REVISED

Requires MVAA to provide competitive grants to veterans service organizations (VSOs) using a regional service delivery model and lists requirements for the competitive grant process; requires quarterly reports from grantees on claims and services provided; requires grant recipients to meet performance metrics, specifies basic parameters of grant agreement; requires MVAA to report on grant activities. Revises to appropriate \$208,500 of the total amount appropriated for Veterans Service Grants to cover administrative costs.

Sec. 412. Interagency Agreement with Department of Health and Human Services – DELETED

Requires department to enter into cooperative agreement with DHHS to identify veteran Medicaid recipients who may be eligible for other benefits; requires annual report of number of veterans identified and referred for additional benefits under agreement.

Sec. 413. County Veterans Service Fund – REVISED

Requires funds appropriated for County Veteran Service Fund to be deposited into County Veteran Service Fund created in 2018 PA 210; allocates \$72,100 to Clare County for veteran-related services; stipulates funds are available for expenditure to support county veterans' services grants; authorizes up to \$210,500 to be used to cover costs associated with administration and providing technical assistance to counties participating in grant program; requires an annual detailed expenditures report on counties' use of grant funding. Revises by eliminating funding allocation for Clare County and adjusts the appropriation to the fund accordingly; adds requirement to report the amount expended for administration in the report.

Sec. 414. State Veterans Cemetery Report – NEW

Requires the department to provide a report on the status of the construction, operations, and finances of the state veterans cemetery authorized under the veterans cemetery act, 2022 PA 267.

MICHIGAN VETERANS' FACILITY AUTHORITY

Major Boilerplate Changes from FY 2022-23

Sec. 451. Private Donations to Veteran Homes – REVISED

Appropriates money privately donated to this state's veterans homes and permits its use for the purpose designated by private donor if used for the benefit and life-enrichment of veterans; requires quarterly reports of donations under \$10,000 and notification to the legislature within 14 days of donations of \$10,000 or more. Revises by deleting reporting requirement.

Sec. 453. Mental Health Services Contractors and Competency Evaluated Nursing Assistants – REVISED

Requires contractors providing mental health services to Michigan veterans homes to use evidence-based best practices supported by entities listed. Revises requirements for mental health interventions from best practices supported by the listed entities to provision of services that complies with all applicable USDVA and CMS regulations; adds training and education regulations associated with staff licensure or certification to the requirement.

Sec. 454. Competency Evaluated Nursing Assistants Standards – DELETED

Requires contractors that provide Competency Evaluated Nursing Assistants at veterans homes to meet certain performance standards regarding pre-service and in-service training and experience.

Sec. 456. Veterans Homes Complaint Management Process – REVISED

Requires complaints of alleged abuse or neglect received by supervisors at veterans homes be reported to director of nursing upon receipt; requires director of nursing to provide information on the nature and final disposition of complaints received at least monthly; requires display of the process for registering complaints to be displayed in high-traffic areas throughout veterans homes. Revises to subject reports of abuse to VA and CMS regulations.

Sec. 458. Member Care Standards – DELETED

Requires Michigan Veterans Homes to provide all veterans homes members on-site, board-certified psychiatrist, safe and secure environment, and to ensure veterans homes develop, execute, and monitor all comprehensive care plans in accordance with federal regulations and internal policies.

Sec. 460. Veterans Home Internal Controls – REVISED

Requires Michigan Veterans Homes to establish internal controls over food, maintenance, pharmaceutical, and medical supply inventories, calculating members' maintenance assessments, donations, and handling members' personal funds. Revises to add financial reporting and accounting to internal controls to be established and implemented.

Sec. 461. Posting to Public Website – REVISED

Requires the Michigan Veterans Homes to post on its website all adopted policies related to administrative operations of a veterans home, agenda and minutes of MVFA board meetings, report of each veterans home's USDVA State Veteran Home quarterly report, biannual reports on number of members residing in each veterans home and status of Centers for Medicare and Medicaid certification efforts, and results of any for-cause survey and any corresponding corrective action plan. Revises to eliminate requirement of items to be posted online; require bi-monthly reports instead of biannual; delete requirement to report CMS certification statuses; add reporting requirement for bi-monthly report on figures for patient numbers and financial status of the homes; and add requirement for MVFA to report on strategies to maximize revenues from non-general fund sources and cost savings strategies.

Sec. 462. Veterans Homes CMS Certification Reporting – DELETED

Requires department to report to legislature regarding improvements in full-spectrum health care resulting from facility upgrades to obtain CMS certification. (*Governor deemed this section unenforceable in FY 2022-23.*)

Sec. 464. New Upper Peninsula Veterans' Facility – NEW

Requires the department to report on the construction, operation, and finances of the new upper peninsula veterans' facility funded in article 14 of 2022 PA 166.

Sec. 465. Carryforward Authority for Federal Funds – NEW

Authorizes unexpended and unencumbered federal revenues received by the MVFA to not lapse to the state general fund, but to carry forward to the subsequent fiscal year.

ONE-TIME APPROPRIATIONS

Sec. 601. State Veterans Cemetery – DELETED

Requires one-time funds to be used to acquire or to designate state land as a state veterans cemetery and for supporting costs of engineering, designing, conducting environmental impact studies, preparing the land, expenses for applying for and receiving federal funds, and other ongoing expenses of operating a state veterans cemetery; authorizes unexpended funds to not lapse at close of fiscal year and to carry forward to FY 2026-27.

Major Boilerplate Changes from FY 2022-23

Sec. 602. Report on Veteran Homes Plan for Federal Revenue Support – DELETED

Requires the MVFA to provide a detailed strategy, action plan, and timeline for the MVFA to transition the state's veterans' homes to be fully supported by federal and state restricted revenues and to not require state GF/GP revenue.

Sec. 603. Veteran Outreach Program Work Project Authorization – DELETED

Authorizes unexpended funds appropriated for veterans suicide prevention outreach to not lapse at close of fiscal year and to carry forward to FY 2025-26 to provide outreach to prevent suicide among service members, veterans, and their families.

Supplemental Recommendations for FY 2022-23 Appropriations

**FY 2022-23
Recommendation**

1. SSG Parker Gordon Fox Suicide Prevention Federal Grant Program

Provides \$750,000 in federal funds authorized under the VA Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program. Grants are awarded to eligible entities that provide outreach for suicide prevention services. Funding would build off of work initiated from the \$1.2 million FY 2022-23 appropriation for suicide prevention outreach being done through the Governor's Challenge initiative.

Gross	\$750,000
Federal	750,000
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 NATURAL RESOURCES

Analyst: Austin Scott

	FY 2022-23	FY 2023-24	Difference: FY 2023-24 vs. FY 2022-23	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$203,100	\$202,600	(\$500)	(0.2)
Federal	93,630,000	100,409,600	6,779,600	7.2
Local	0	0	0	--
Private	7,039,200	7,289,200	250,000	3.6
Restricted	340,206,500	356,126,400	15,919,900	4.7
GF/GP	94,404,000	120,136,100	25,732,100	27.3
Gross	\$535,482,800	\$584,163,900	\$48,681,100	9.1
FTEs	2,418.8	2,546.5	127.7	5.3

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Natural Resources (DNR) manages Michigan's natural and cultural resources through conservation and protection. State parks, wildlife, fisheries, forests, and minerals management are all administered by DNR.

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Belle Isle Park Infrastructure (One-Time)	Gross NA	\$43,000,000
Appropriates \$43.0 million GF/GP for physical plant renovations, maintenance, and safety upgrades at Belle Isle Park in Wayne County.	GF/GP NA	\$43,000,000
2. Invasive Species Prevention and Control	FTE 13.0	12.0
Provides \$11.9 million GF/GP and authorizes 12.0 FTE positions to establish a team to address invasive species and habitat deterioration; \$5.8 million GF/GP is appropriated on a one-time basis.	Gross \$5,101,600	\$11,880,300
	GF/GP \$5,101,600	\$11,880,300
3. Nature Awaits	Gross NA	\$4,000,000
Appropriates \$4.0 million GF/GP for grants to schools to cover transportation and other costs related to connecting all Michigan fourth grades to the state park system.	GF/GP NA	\$4,000,000
4. Wildfire Protection and Technology	FTE NA	22.0
Provides \$3.7 million GF/GP and authorizes 22.0 FTE positions to expand state firefighting personnel and equipment.	Gross NA	\$3,738,800
	GF/GP NA	\$3,738,800
5. General Law Enforcement	FTE 293.0	0.0
Appropriates \$3.5 million GF/GP for pay increases to Conservation Officers to approach compensation rates of comparable law enforcement personnel, including the Michigan State Police.	Gross \$47,253,700	\$3,549,500
	Federal 6,921,000	0
	Restricted 27,426,300	0
	GF/GP \$12,906,400	\$3,549,500
6. Great Lakes Splash Pads (One-Time)	Gross NA	\$3,500,000
Provides \$3.5 million GF/GP for three splash pad playgrounds on the shores of Lake Michigan: Grand Haven State Park (Ottawa County), Holland State Park (Ottawa County), and Warren Dunes State Park (Berrien County).	GF/GP NA	\$3,500,000

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
7. Outreach and Engagement to Underrepresented Communities in Parks and Museums	FTE	NA	7.0
	Gross	NA	\$1,500,000
Appropriates \$1.5 million Gross (\$780,900 GF/GP) and authorizes 7.0 FTE positions for outreach to disadvantaged communities and underrepresented populations for engagement with state parks and Michigan History Center museums; restricted funding comes from the Park Improvement Fund.	Restricted	NA	719,100
	GF/GP	NA	\$780,900
8. Michigan Historical Center and Technology	FTE	NA	3.0
	Gross	NA	\$450,000
Provides \$450,000 GF/GP and authorizes 3.0 FTE positions to support collaboration between the state archives and local governments to meet statutory requirements for retention of records.	GF/GP	NA	\$450,000
9. Body Cameras for Conservation Officers	FTE	0.0	5.0
	Gross	\$600,000	\$258,900
Appropriates \$258,900 GF/GP and authorizes 5.0 FTE positions to manage body camera data and FOIA requests.	GF/GP	\$600,000	\$258,900
10. Capital Outlay Adjustments	Gross	NA	\$10,000,000
Provides a net of \$10.0 million Gross (\$0 GF/GP) for funding increases to Forest Development Infrastructure; Shooting Range Development, Enhancement, and Restoration; State Game and Wildlife Area Infrastructure; and State Parks Repair and Maintenance. Funding decreases are also included to Local Boating Infrastructure and Maintenance; State Boating Infrastructure and Maintenance; and Wetlands Restoration, Enhancement, and Acquisition.	Federal	NA	4,575,000
	Private	NA	250,000
	Restricted	NA	5,175,000
	GF/GP	NA	\$0
11. Parks and Recreation Division Operations	FTE	NA	54.7
	Gross	NA	\$7,753,500
Appropriates \$7.8 million in available restricted revenues from the Forest Recreation Account, Michigan State Waterways Fund, and Park Improvement Fund and authorizes 54.7 FTE positions to expand personnel and support for operations across state parks system.	Restricted	NA	7,753,500
	GF/GP	NA	\$0
12. Forest Land Management Equipment (One-Time)	Gross	NA	\$2,500,000
Provides \$2.5 million in available restricted revenue from the Forest Development Fund to support management of forest resources and to purchase new forestry equipment.	Restricted	NA	2,500,000
	GF/GP	NA	\$0
13. Federal Funding for Fire Protection	Gross	NA	\$1,751,500
Appropriates \$1.8 million in available federal revenues to expand state and local fire protection.	Federal	NA	1,751,500
	GF/GP	NA	\$0
14. Climate and Carbon Sequestration Program Expansion	FTE	NA	4.0
	Gross	NA	\$1,463,600
Provides \$1.5 million in available restricted revenues from the Forest Recreation Account, Michigan State Waterways Fund, and Park Improvement Fund and authorizes 4.0 FTE positions to support current sales and expansion of the carbon offset credit program.	Restricted	NA	1,463,600
	GF/GP	NA	\$0
15. Restricted Authorization Alignment	Gross	NA	(\$1,432,400)
Reduces restricted funding by \$1.4 million across divisions to align spending authorization with available resources.	Restricted	NA	(1,432,400)
	GF/GP	NA	\$0
16. Fleet Rate Increase	Gross	NA	\$1,229,100
Appropriates \$1.2 million Gross (\$0 GF/GP) to cover increased mileage rates and transportation leasing costs.	Federal	NA	2,900
	Restricted	NA	1,226,200
	GF/GP	NA	\$0
17. Finance and Operations Expansion	FTE	NA	5.0
	Gross	NA	\$724,700
Provides \$724,700 Gross (\$0 GF/GP) and authorizes 5.0 FTE positions to manage departmental grants, land transactions, and procurement processes.	Federal	NA	23,900
	Restricted	NA	700,800
	GF/GP	NA	\$0

NATURAL RESOURCES

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>		<u>FY 2022-23 YTD (as of 2/8/23)</u>	<u>Executive Change from YTD</u>
18. Forest Management and Timber Market Development	FTE	185.0	15.0
Provides \$540,800 in available federal revenues (\$0 GF/GP) and authorizes 15.0 FTE positions to expand the Forest Health and Good Neighbor Authority programs within the Forest Resources Division.	Gross	\$44,532,400	\$540,800
	Federal	10,435,600	540,800
	Private	930,400	0
	Restricted	33,166,400	0
	GF/GP	\$0	\$0
19. Michigan Wildlife Council	Gross	\$1,600,000	(\$200,000)
Reduces funding from the Wildlife Management Public Education Fund by \$200,000 to align spending authority with available revenues and rolls up the four extant Michigan Wildlife Council appropriations into a single line item.	Restricted	1,600,000	(200,000)
	GF/GP	\$0	\$0
20. Information Technology Services and Projects	Gross	\$10,562,500	\$54,200
Appropriates \$54,200 in available restricted revenues (\$0 GF/GP) to cover increases resulting from increased use of the MiLogin system.	Restricted	9,330,200	54,200
	GF/GP	\$1,232,300	\$0
21. Cross-Divisional Internal Transfers	Gross	NA	\$0
Transfers the Shooting Range Specialist Program from Departmental Administration and Support to Communication and Customer Services; transfers the Land and Water Conservation Fund Program, Off-road Vehicle Trail Development and Maintenance, and Snowmobile Trail Development and Maintenance programs from the Grants section to Capital Outlay; all changes net to zero.	GF/GP	NA	\$0
22. Removal of FY 2022-23 One-Time Funding	Gross	\$46,935,000	(\$46,935,000)
Removes \$46.9 million Gross (\$45.4 million GF/GP) for one-time programs included in the FY 2022-23 budget. Programs included Archives of Michigan Digitization, Body Cameras for Conservation Officers, Chronic Wasting Disease Testing, Equipment Lifecycle Replacement, Great Lakes Vessel Modernization, and State Fish Hatchery Upgrades and Improvements.	Restricted	1,550,000	(1,550,000)
	GF/GP	\$45,385,000	(\$45,385,000)
23. Economic Adjustments	Gross	NA	(\$646,400)
Reflects a net reduction of \$646,400 Gross (\$41,300 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	(500)
	Federal	NA	(114,500)
	Private	NA	0
	Restricted	NA	(490,100)
	GF/GP	NA	(\$41,300)

Major Boilerplate Changes from FY 2022-23

Sec. 206. Disciplinary Action Against State Employees – DELETED

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs, unless communication is prohibited by law. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 209. GF/GP Lapse – REVISED

Requires report of estimated GF/GP appropriation lapses at close of previous year. Revises due date from November 30 to December 31.

Sec. 210. Contingency Fund Transfer Authority – REVISED

Allows for the legislative transfer process to increase state restricted authorization by up to \$5.0 million. Revises to increase federal authorization by up to \$10.0 million, state restricted authorization by up to \$3.0 million, and private authorization by up to \$1.0 million.

Sec. 211. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion, to restrict or impede community access to government programs, or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

Major Boilerplate Changes from FY 2022-23

Sec. 211. Expenditure Posting on Internet – DELETED

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

Sec. 212. Restricted Fund Revenues, Expenditures, and Fund Balances – DELETED

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

Sec. 213. Website Scorecard – DELETED

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

Sec. 214. Identification of Legacy Costs – DELETED

Estimates annual appropriations for legacy costs, including pension-related legacy costs and health care-related legacy costs.

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

Requires department to report on the number of FTE positions filled, FTE vacancies, the number of employees working remotely, the number of employees authorized to work remotely, estimated cost savings from remote work, and reduction in office space due to working remotely. Revises by removing remote work provisions.

Sec. 217. Expending Available Work Project Authorization – DELETED

Advises department not to expend appropriations until existing work project authorization for the same purpose has been expended. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 218. Remote Working – DELETED

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

Sec. 219. State Administrative Board Transfers – DELETED

Allows legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 220. Receipt and Retention of Reports – DELETED

Requires department to receive and retain copies of all reports.

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

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

Sec. 222. Severance Reporting – DELETED

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

Sec. 223. COVID-19 Vaccine Disclosure – DELETED

Prohibits state officials from requiring COVID-19 vaccine disclosure as a condition of receiving state services or developing a vaccine passport.

Sec. 241. Incident Management Team Notification – DELETED

Requires department to notify local legislators when Incident Management Team has been activated in their district.

Sec. 252. Invasive Species Fund – NEW

Authorizes department to expend the Invasive Species Fund for invasive species response efforts; requires report to legislature.

Sec. 304. Receive and Expend for Carbon Offset Credits – NEW

Authorizes department to receive and expend revenues to pay vendors for administering carbon offset credits.

Sec. 408. Land Transactions – DELETED

Requires detailed report to legislature on land purchases, sales, and exchanges.

Sec. 506. USDA Wildlife Services Deer Harvesting – DELETED

Encourages United States Department of Agriculture Wildlife Services to harvest all deer during targeted removal required under Enhanced Wildlife Biosecurity Program.

Sec. 802. Timber Marking – DELETED

Requires department to report quarterly on number of acres of state forest land marked or treated for timber harvest.

NATURAL RESOURCES

Major Boilerplate Changes from FY 2022-23

Sec. 901. Snowmobile Law Enforcement Grants – DELETED

Authorizes snowmobile law enforcement grant funds to county law enforcement agencies in counties with state snowmobile trails.

Sec. 902. Marine Safety Grants – DELETED

Requires report on Marine Safety Grant Program; requires report to include watercraft registration revenues, revenues and expenditures of Marine Safety Fund, grant distribution methodology, and list of grant awards by county.

Sec. 903. Body Cameras for Conservation Officers – DELETED

Requires appropriation to be expended on body cameras for conservation officers.

Sec. 1201. Chronic Wasting Disease Testing – DELETED

Requires appropriation to be used for provision of CWD check stations or drop stations in core CWD areas, management zones, or surveillance areas before the 2023 hunting season.

Sec. 1202. Work Project – Great Lakes Research Vessel – DELETED

Authorizes unexpended funds appropriated for Great Lakes Research Vessel to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to replace and upgrade the Lake Michigan survey vessel.

Sec. 1203. Body Cameras for Conservation Officers, One-Time – DELETED

Requires one-time funding to be used for body cameras for conservation officers.

Sec. 1201. Invasive Species Prevention and Control Fund Deposit – NEW

Deposits \$5.0 million GF/GP for Invasive Species Prevention and Control into the Invasive Species Fund.

Sec. 1202. Work Project – Forest Land Management Equipment – NEW

Authorizes unexpended funds for Forest Land Management Equipment totaling \$2.5 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to acquire new forest land management equipment.

<u>Supplemental Recommendations for FY 2022-23 Appropriations</u>		<u>FY 2022-23 Recommendation</u>
1. Brandon Road Lock and Dam	Gross	\$64,000,000
Appropriates \$64.0 million GF/GP as Michigan’s share of nonfederal match for planning and construction of the Brandon Road Interbasin Project to block invasive carp from Lake Michigan; \$8.0 million was appropriated from Michigan Infrastructure Fund for this multistate project in 2020 PA 150.	GF/GP	\$64,000,000
2. State Game and Wildlife Area Infrastructure	Gross	\$2,300,000
Provides \$2.3 million GF/GP repair or removal of the damaged Net River Dam in Baraga County.	GF/GP	\$2,300,000
3. State Parks	Gross	\$1,250,000
Appropriates \$1.3 million Gross to fund initial operations at the forthcoming Flint State Park (\$800,000 GF/GP) and to replace Belle Isle Park revenue lost due to the relocation of the Grand Prix race (\$450,000 from the Park Improvement Fund).	Restricted GF/GP	450,000 \$800,000
4. Office of Public Lands	FTE	5.0
Provides \$1.7 million in restricted funding and authorizes 5.0 FTE positions to support current sales and expansion of the carbon offset credit program.	Gross Restricted GF/GP	\$1,662,000 1,662,000 \$0

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 SCHOOL AID

Analysts: Jacqueline Mullen and Noel Benson

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	2,524,243,500	2,253,043,500	(271,200,000)	(10.7)
Local	0	0	0	--
Private	0	0	0	--
Restricted	16,966,472,900	18,564,768,300	1,598,295,400	9.4
GF/GP	124,200,000	73,700,000	(50,500,000)	(40.7)
Gross	\$19,614,916,400	\$20,891,511,800	\$1,276,595,400	6.5

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The School Aid budget makes appropriations to the state's 537 local school districts, 295 public school academies (PSAs), and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Michigan Department of Education (MDE), Center for Educational Performance and Information (CEPI), and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Foundation Allowance (Secs. 22a & 22b)	Gross \$10,134,000,000	\$614,000,000
Increases by \$614.0 million Gross to provide a \$458 (5.0%) increase in the per-pupil foundation allowance, from \$9,150 to \$9,608.	Restricted 10,133,609,300 GF/GP \$390,700	614,150,000 (\$150,000)
2. Cyber Schools Foundation Reduction (Secs. 22a & 22b)	Gross NA	(\$42,000,000)
Reduces cyber school foundation allowances to 80% of the Target foundation, or \$7,687 per pupil, for an estimated savings of \$42.0 million.	Restricted NA GF/GP NA	(42,000,000) \$0
3. School Safety (Sec. 97)	Gross \$168,000,000	\$150,000,000
Provides one-time funding of \$318.0 million Gross (\$18.0 million GF/GP) for per-pupil payments over two fiscal years to districts, ISDs, and nonpublic schools to improve student safety. This section also provided a one-time appropriation of \$168.0 million Gross (\$18.0 million GF/GP) for districts and nonpublic schools (did not include ISDs) in FY 2022-23.	Restricted 150,000,000 GF/GP \$18,000,000	150,000,000 \$0
4. Early Literacy Instruction (Sec. 35j) – NEW	Gross \$0	\$300,000,000
Provides one-time funding of \$300.0 million SAF over two years for grants to districts and ISDs in an equal amount per PreK-5 pupil to improve literacy instructional practices. Requires a recipient to ensure all PreK-5 teachers complete selected training. Allocates \$20.0 million for LETRS to provide professional learning over two fiscal years (this program was funded with \$10.0 million SAF one-time under Sec. 35a(10) for FY 2022-23).	Restricted 0 GF/GP \$0	300,000,000 \$0
5. Per-Pupil Mental Health Grant (Sec. 31aa)	Gross \$150,000,000	\$150,000,000
Provides one-time funding of \$300.0 million SAF over two fiscal years for per-pupil payments to districts for activities to improve mental health. This section also provided \$150.0 million SAF in one-time funding for FY 2022-23.	Restricted 150,000,000 GF/GP \$0	150,000,000 \$0

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Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)		Executive Change from YTD
6. Service Consolidation Grants (Sec. 12c) – NEW	Gross	\$0	\$245,000,000
Provides one-time funding of \$245.0 million School Consolidation and Infrastructure Fund for grants to districts and ISDs for the initial costs of consolidating services identified in an ISD feasibility study under Sec. 11x.	Restricted	0	245,000,000
	GF/GP	\$0	\$0
7. Universal School Breakfast and Lunch (Sec. 30d) – NEW	Gross	\$0	\$160,000,000
Provides \$160.0 million SAF to provide free school lunch and breakfast for all PreK-12 students when combined with other available federal and state funding.	Restricted	0	160,000,000
	GF/GP	\$0	\$0
8. MI Clean School Bus Grants (Sec. 74b) – NEW	Gross	\$0	\$150,000,000
Provides one-time funding of \$150.0 million SAF for matching grants to districts, ISDs, or district-contracted school bus companies to purchase low or no greenhouse gas emission buses. Requires awards to cover 90% of the cost for prioritized recipients and 70% of costs for non-prioritized recipients, with priority for disadvantaged communities.	Restricted	0	150,000,000
	GF/GP	\$0	\$0
9. Great Start Readiness Program (GSRP) (Secs. 32d & 39)	Gross	\$452,470,000	\$90,750,000
Increases by \$90.8 million Gross (including the elimination of \$83.0 million Federal and an increase of \$250,000 GF/GP) for a total of \$543.2 million Gross (\$600,000 GF/GP) for school readiness preschool programs for 4-year-old children in low-income families. Increases the allocation per child in line with the Target foundation increase, from \$9,150 to \$9,608 for a full-day program and from \$4,575 to \$4,804 for a part-day program. Also increases the eligibility threshold from 250% of the federal poverty guidelines to 300% and increases the secondary threshold from 300% to 400% if all eligible children have been served. Increases the allocation for transportation by \$18.0 million to \$28.0 million, from \$300 per child to \$500. (See Major Boilerplate Changes for Secs. 32d & 39 below.)	Federal	83,000,000	(83,000,000)
	Restricted	369,120,000	173,500,000
	GF/GP	\$350,000	\$250,000
10. At-Risk (Sec. 31a)	Gross	\$747,500,000	\$64,700,000
Increases by \$64.7 million SAF for a total of \$812.2 million SAF to continue to fully fund payments at 11.5% of the Target foundation allowance. Payments would be \$1,105 per economically disadvantaged student.	Restricted	747,500,000	64,700,000
	GF/GP	\$0	\$0
11. Special Education (Secs. 51a, 51c, 51d, 51e, 53a, 54 & 56)	Gross	\$1,921,503,100	\$248,693,000
Increases by \$248.7 million SAF, including \$168.8 million SAF for revised cost estimates and \$79.9 million SAF to reduce the amount of a special education pupil's foundation allowance that counts toward special education costs from 25% to 12.5%. Total estimated special education expenditures for FY 2023-24 are \$2.2 billion.	Federal	461,000,000	0
	Restricted	1,460,503,100	248,693,000
	GF/GP	\$0	\$0
12. Partnership Model Districts (Sec. 21h)	Gross	\$6,137,400	\$36,000,000
In addition to maintaining ongoing funding of \$6.1 million SAF, provides one-time funding of \$36.0 million SAF to be spent over three fiscal years for supplemental funding for districts that are in a partnership to improve student achievement. As a condition of receiving ongoing funding, requires partnership districts to craft academic goals that increase high school graduation rates, reduce class sizes, and improve attendance rates and provide access to training for district leadership on areas of education fiscal and policy matters.	Restricted	6,137,400	36,000,000
	GF/GP	\$0	\$0

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
<p>13. Mathematics Teaching and Learning (Sec. 23h) – NEW Provides one-time funding of \$30.0 million SAF to be spent over two fiscal years for grants to districts and ISDs to support mathematics teaching and learning through capacity building for early math specialists, purchasing and implementation of instructional materials, expansion of math recovery specialists statewide, and supports for personalized support programs.</p>	<p>Gross \$0 Restricted 0 GF/GP \$0</p>	<p>\$30,000,000 30,000,000 \$0</p>
<p>14. School Aid Rainy Day Fund (Sec. 11z) – NEW Creates the School Aid Countercyclical Budget and Foundation Stabilization Fund as a subaccount of the School Aid Fund and deposits \$900.0 million SAF into the fund. Allows the State Budget Director to deposit money from the fund into the School Aid Fund to avoid or reduce proration under Sec. 296 or avoid a year-over-year reduction in SAF revenue.</p>	<p>Gross \$0 Restricted 0 GF/GP \$0</p>	<p>\$0 0 \$0</p>
<p>15. Flint Declaration of Emergency (Sec. 11s) Maintains appropriation of \$8.1 million Gross (\$3.1 million GF/GP), but removes \$2.0 million SAF for interventions for children aged 3-5 and \$1.0 million SAF for universal GSRP and increases by \$3.0 million SAF the allocation for interventions for K-12 students. Adds that a \$2.4 million SAF allocation for school nurses, classroom aides, and school social workers may also be used for behavioral or mental health supports, parental engagement activities, community coordination activities, and other support services. Also strikes \$5.0 million in state restricted contingency fund authorization.</p>	<p>Gross \$8,075,000 Restricted 5,000,000 GF/GP \$3,075,000</p>	<p>\$0 0 \$0</p>
<p>16. School-Based Health Center Facility Upgrades (Sec. 12b) – NEW Provides \$25.0 million SAF for school-based health centers to modernize medical equipment, improve security and patient safety measures, invest in new patient-centered technologies, and renovate physical space. Allocates \$20.0 million to full clinical centers and \$5.0 million to behavioral health-only sites. Caps awards at \$150,000.</p>	<p>Gross \$0 Restricted 0 GF/GP \$0</p>	<p>\$25,000,000 25,000,000 \$0</p>
<p>17. Isolated District Funding (Sec. 22d) Increases by \$443,000 SAF for a total of \$9.3 million SAF to increase the allocations by 5% for small, isolated districts; districts with fewer than 10.0 pupils per square mile; and districts with greater than 250 square miles.</p>	<p>Gross \$8,858,000 Restricted 8,858,000 GF/GP \$0</p>	<p>\$443,000 443,000 \$0</p>
<p>18. MI Future Educator Fellowship Program (Sec. 27a) Maintains \$25.0 million Gross (\$5.0 million GF/GP) to offset tuition costs for college students earning their initial teacher certification, but strikes nonpublic schools from the list of eligible workplaces where recipients must pledge to work for a certain number of years after graduation (remaining eligible workplaces are public schools and qualifying public preschool programs). Also adds that the repayment of funds for recipients who do not fulfill program requirements may be extended beyond ten years as determined by the Department of Treasury.</p>	<p>Gross \$25,000,000 Restricted 20,000,000 GF/GP \$5,000,000</p>	<p>\$0 0 \$0</p>

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Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
19. Mentoring Grants (Sec. 27h) – NEW	Gross	\$0	\$25,000,000
Provides \$25.0 million SAF for grants to districts for mentoring to support and retain new teachers, school counselors, and administrators and improve their instructional practices. Allowable expenses include: stipends and training for mentors; books, materials, professional learning expenses, and other resources for mentoring; and staffing costs to cover time spent by both mentors and mentees outside of regular job duties. Includes a \$500,000 competitive grant to assist MDE with the development of research-based mentor standards, curriculum, and professional learning. Also includes a \$500,000 competitive grant to conduct a program evaluation.	Restricted	0	25,000,000
	GF/GP	\$0	\$0
20. Rural Educator Credentialing Hub (Sec. 27i) – NEW	Gross	\$0	\$15,000,000
Provides one-time funding of \$15.0 million SAF for a grant to an educator preparation institution to, in conjunction with a consortium of other institutions and rural districts, pilot a rural educator credentialing hub to support prospective educators through certifications and career experiences.	Restricted	0	15,000,000
	GF/GP	\$0	\$0
21. Special Education Capacity Building (Sec. 27j) – NEW	Gross	\$0	\$5,000,000
Provides one-time funding of \$5.0 million SAF for a partnership between districts, ISDs, and a statewide special education organization to provide personnel with training on special education processes, including evaluations, instruction, legal requirements, and other topics.	Restricted	0	5,000,000
	GF/GP	\$0	\$0
22. Local Produce in School Meals (Sec. 31j)	Gross	\$9,300,000	\$0
Retains \$4.8 million SAF intended as one-time funding for FY 2022-23 to be ongoing to maintain a total of \$9.3 million Gross (\$500,000 GF/GP) for FY 2023-24.	Restricted	8,800,000	0
	GF/GP	\$500,000	\$0
23. Student Meal Debt Forgiveness (Sec. 31k) – NEW	Gross	\$0	\$1,000,000
Provides one-time funding of \$1.0 million SAF for payments to reimburse districts that have forgiven all outstanding student meal debt. Recipients must adopt policies to prevent public identification or stigmatization of students who cannot pay for a school meal.	Restricted	0	1,000,000
	GF/GP	\$0	\$0
24. ISD Mental Health and Support Services (Sec. 31n(6))	Gross	\$62,800,000	\$28,945,000
Increases by \$28.9 million SAF for a total of \$91.7 million SAF to ISDs for mental health and support services for general education pupils. Increases the initial payment to each ISD by 5% from \$955,300 to \$1.0 million and increases the remaining funds, allocated on a per-pupil basis, from \$9.3 million to \$35.6 million.	Restricted	62,800,000	28,945,000
	GF/GP	\$0	\$0
25. Before and After School Programs (Sec. 32n)	Gross	\$25,000,000	\$0
Provides one-time funding of \$25.0 million Federal State Fiscal Recovery Fund (SFRF) for competitive grants for before and after school programs and summer school programs. Requires at least 60% of funding to go to community-based organizations. Allocates 2% of total funding to a nonprofit entity to provide start-up grants and other assistance. This section also provided one-time funding of \$25.0 million Federal SFRF in FY 2022-23.	Federal	25,000,000	0
	Restricted	0	0
	GF/GP	\$0	\$0
26. Early Childhood Block Grants (Sec. 32p)	Gross	\$13,400,000	\$9,500,000
Increases by \$9.5 million SAF for a total of \$22.9 million SAF for early childhood funding block grants to ISDs and for early childhood programs for children from birth through age 8. Increases the allocation for home visits to at-risk children and their families by \$2.0 million SAF for a total of \$4.5 million SAF. (See Major Boilerplate Changes for Sec. 32p below.)	Restricted	13,400,000	9,500,000
	GF/GP	\$0	\$0

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
27. Dolly Parton Imagination Library (Sec. 32p(6)) – NEW	Gross	\$0	\$4,000,000
Provides \$4.0 million SAF for ISDs to enroll children in services through the Dolly Parton Imagination Library. Allocates funding in the same manner as under Sec. 32p.	Restricted	0	4,000,000
	GF/GP	\$0	\$0
28. Three-Year-Old GSRP Pilot Program (Sec. 32t)	Gross	\$2,200,000	\$15,800,000
Provides one-time funding of \$18.0 million Federal SFRF over three years to Clinton County RESA for a three-year-old preschool pilot program to provide services to children who meet the eligibility criteria for GSRP but are three years old. Adds new requirement that CCRESA provide a report that includes a model the state could use to scale the program statewide. This section also provided a one-time appropriation of \$2.2 million SAF in FY 2022-23.	Federal	0	18,000,000
	Restricted	2,200,000	(2,200,000)
	GF/GP	\$0	\$0
29. GOAL Line Detroit (Sec. 32w) – NEW	Gross	\$0	\$6,000,000
Provides one-time funding of \$6.0 million Federal SFRF to be used over three years for GOAL Line Detroit to provide access to high-quality, engaging after school enrichment learning.	Restricted	0	6,000,000
	GF/GP	\$0	\$0
30. Early Literacy Teacher Coaches (Sec. 35a(4))	Gross	\$31,500,000	\$10,500,000
Increases by \$10.5 million SAF for a total of \$42.0 million SAF to increase the number of literacy coaches from 280 to 336 and increase the amount per literacy coach from \$112,500 to \$125,000.	Restricted	31,500,000	10,500,000
	GF/GP	\$0	\$0
31. Early Literacy Added Instructional Time (Sec. 35a(5))	Gross	\$19,900,000	\$14,500,000
Increases by \$14.5 million SAF for a total of \$34.4 million SAF for districts to provide added instructional time for pupils in grades PreK-3.	Restricted	19,900,000	14,500,000
	GF/GP	\$0	\$0
32. Early Literacy Hub Network (Sec. 35i) – NEW	Gross	\$0	\$1,200,000
Provides \$1.2 million SAF for ISDs to support the network of early literacy hubs across the state and to build an equitable and aligned system of early literacy supports for children ages birth through five.	Restricted	0	1,200,000
	GF/GP	\$0	\$0
33. Early Literacy Hub Campaign (Sec. 35i(4)) – NEW	Gross	\$0	\$2,000,000
Provides one-time funding of \$2.0 million Federal SFRF for early literacy hubs to implement a statewide campaign to share how parents can support early literacy for children birth to fifth grade.	Federal	0	2,000,000
	Restricted	0	0
	GF/GP	\$0	\$0
34. Detroit Parent Network (Sec. 35k) – NEW	Gross	\$0	\$3,000,000
Provides one-time funding of \$3.0 million Federal SFRF for the Detroit Parent Network to provide at least 5,000 families over 10 counties with parental training programs, parental support groups, early literacy and family education programs, programs that support healthy families, and programs supporting civic engagement and community advocacy.	Federal	0	3,000,000
	Restricted	0	0
	GF/GP	\$0	\$0
35. Federal Grants (Sec. 39a)	Gross	\$815,200,000	\$6,400,000
Increases federal grants under Every Student Succeeds Act (ESSA) by \$2.4 million and other federal grants by \$4.0 million.	Federal	815,200,000	6,400,000
	Restricted	0	0
	GF/GP	\$0	\$0
36. Bilingual Education (Sec. 41)	Gross	\$26,511,000	\$1,326,000
Increases by \$1.3 million SAF for a total of \$27.8 million SAF for services for English language learners.	Restricted	26,511,000	1,326,000
	GF/GP	\$0	\$0
37. Early On (Sec. 54d)	Gross	\$21,250,000	\$1,063,000
Increases by \$1.1 million SAF (5%) for a total of \$22.3 million SAF for grants to ISDs to provide Early On services for children birth to age 3.	Restricted	21,250,000	1,063,000
	GF/GP	\$0	\$0

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Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
38. Career and Technical Education (CTE) (Sec. 61a)	Gross	\$47,611,300	\$0
Retains \$10.0 million SAF intended as one-time funding for FY 2022-23 as ongoing to maintain a total of \$47.6 million SAF for reimbursements to districts and ISDs for vocational education programs.	Restricted	47,611,300	0
	GF/GP	\$0	\$0
39. CTE Equipment Upgrades (Sec. 61c)	Gross	\$7,500,000	\$7,500,000
Provides one-time funding of \$15.0 million SAF for eligible career education planning districts (CEPDs). This section also provided a one-time appropriation of \$7.5 million SAF in FY 2022-23.	Restricted	7,500,000	7,500,000
	GF/GP	\$0	\$0
40. CTE Incentive Payments (Sec. 61d)	Gross	\$5,000,000	\$0
Maintains \$5.0 million SAF for CTE incentive payments, but strikes requirement that the payment for a CTE student at an ISD must be split equally between the student's district and the ISD.	Restricted	5,000,000	0
	GF/GP	\$0	\$0
41. Detroit Area PreCollege Engineering Program (Sec. 65)	Gross	\$900,000	\$0
Retains \$500,000 SAF intended as one-time funding for FY 2022-23 as ongoing to maintain a total of \$900,000 SAF for DAPCEP.	Restricted	900,000	0
	GF/GP	\$0	\$0
42. FAFSA Completion Challenge (Sec. 67f) – NEW	Gross	\$0	\$15,000,000
Provides one-time funding of \$15.0 million SAF for districts to improve Free Application for Federal Student Aid (FAFSA) completion rates. Provides an initial payment by November 30, 2023, equal to \$50 per 12th grade student, and a secondary payment by May 31, 2024, equal to \$50 per 12th grade student who submits a FAFSA by May 1, 2024. Payments must be used for activities known to drive FAFSA completion and to purchase \$50 gift cards for students who have submitted their FAFSA. Provides a final payment by August 1, 2024, equal to \$50 per 12th grade student who submits a FAFSA by June 30, 2024, which may be used for discretionary purposes.	Restricted	0	15,000,000
	GF/GP	\$0	\$0
43. ISD General Operations (Sec. 81)	Gross	\$75,642,600	\$3,782,100
Increases by \$3.8 million SAF for a total of \$79.4 million SAF for payments to ISDs for general operations. Provides each ISD with 105% of its FY 2022-23 funding. Strikes requirement that ISDs coordinate COVID-19 response efforts for constituent districts and that ISDs must ensure PSAs have equitable access to meetings and programming.	Restricted	75,642,600	3,782,100
	GF/GP	\$0	\$0
44. School Resource Officers (Sec. 97b)	Gross	\$25,000,000	(\$25,000,000)
Eliminates \$25.0 million SAF for schools, districts, and ISDs to hire school resource officers. Funding is moved to Sec. 31n(6) (ISD Mental Health and Support Services).	Restricted	25,000,000	(25,000,000)
	GF/GP	\$0	\$0
45. Cybersecurity Risk Assessments (Sec. 97g) – NEW	Gross	\$0	\$9,000,000
Provides one-time funding of \$9.0 million SAF for grants of up to \$10,000 for districts and ISDs to undergo cybersecurity risk assessments. If funds remain, allows additional grants for implementing security measures.	Restricted	0	9,000,000
	GF/GP	\$0	\$0
46. Michigan Virtual University (Sec. 98)	Gross	\$8,000,000	\$1,300,000
Retains \$500,000 GF/GP intended as one-time funding for FY 2022-23 as ongoing and increases by an additional \$1.3 million GF/GP for a total of \$9.3 million GF/GP for Michigan Virtual University. Adds intent that Michigan Virtual Learning Research Institute and external stakeholders coordinate with MDE for professional development for employees in childcare facilities, early childhood facilities, and after school programs.	Restricted	0	0
	GF/GP	\$8,000,000	\$1,300,000
47. Michigan Learning Channel (Sec. 98d) – NEW	Gross	\$0	\$5,000,000
Provides one-time funding of \$5.0 million SAF to Northern Michigan University to support the Michigan Learning Channel.	Restricted	0	5,000,000
	GF/GP	\$0	\$0

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
48. FIRST Robotics (Sec. 99h)	Gross	\$5,823,200	(\$500,000)
Revises funding for grants to districts, ISDs, and nonpublic schools for PreK-12 robotics competitions as follows: removes \$500,000 SAF in one-time funding and replaces \$600,000 GF/GP with SAF to fully fund section with SAF for a total of \$5.3 million SAF. Strikes nonpublic schools as eligible recipients. Adds requirement for reporting student participation to MDE. Caps expenses at ten teams per building.	Restricted	5,223,200	100,000
	GF/GP	\$600,000	(\$600,000)
49. Adult Education (Sec. 107)	Gross	\$30,000,000	\$15,000,000
Increases by \$15.0 million SAF for a total of \$45.0 million SAF for adult education programs. Revises the cap on the percent of participants under subsection (15) (programs that connect adult education participants with employers) that may already have a diploma or certificate from 15% to 10%.	Restricted	30,000,000	15,000,000
	GF/GP	\$0	\$0
50. Adult Education Innovation Programs (Sec. 107a) – NEW	Gross	\$0	\$15,000,000
Provides one-time funding of \$15.0 million SAF for the Department of Labor and Economic Opportunity (LEO) to award competitive grants to districts, ISDs, and community colleges (or other providers or organizations partnering with a district, ISD, or community college) to provide programs to improve enrollment in and completion of adult basic education programs. For pilot programs, allocates up to 5% of a grant to conduct program evaluation and identify best practices to scale the program statewide.	Restricted	0	15,000,000
	GF/GP	\$0	\$0
51. Michigan Public School Employees Retirement System (MPERS) (Secs. 147a, 147c, & 147e)	Gross	\$2,964,650,000	(\$562,811,000)
After removing one-time appropriations of \$1.0 billion SAF and \$140.4 million MPERS Retirement Obligation Reform Reserve Fund, increases state support for K-12 MPERS costs by \$577.6 million Gross (\$50,000 GF/GP) for a total of \$2.4 billion Gross (\$600,000 GF/GP). Revises as follows:	Restricted	2,964,100,000	(562,861,000)
<ul style="list-style-type: none"> Expands the allocation to offset a portion of costs for districts by \$11.9 million SAF for a total of \$111.9 million SAF to expand eligible recipients to also include ISDs and district libraries; Provides \$202.0 million SAF for the costs necessary to continue an accelerated reduction in the payroll growth assumption to 0.75% (an additional 50 basis points reduction from what is statutorily required); Adds \$363.7 million Gross (\$50,000 GF/GP) for cost adjustments, including a reduction in the assumed rate of return to 6.0% due to a dedicated gains policy. 	GF/GP	\$550,000	\$50,000
52. Adair Database Payments (Sec. 152a)	Gross	\$38,000,500	\$4,300,000
Increases by \$4.3 million SAF for a total of \$42.3 million SAF for the costs of collecting, maintaining, and reporting data required under <i>Adair v State of Michigan</i> . Of the increase, \$1.3 million SAF is allocated for supporting the Michigan Data Hub Network and \$3.0 million is allocated for costs associated with reporting student data to tribal governments and reporting student participation in federal American Indian programs.	Restricted	38,000,500	4,300,000
	GF/GP	\$0	\$0
53. Reimbursements to Nonpublic Schools (Sec. 152b)	Gross	\$1,000,000	(\$1,000,000)
Eliminates \$1.0 million GF/GP to reimburse nonpublic schools for the costs of complying with health, safety, and welfare state requirements.	Restricted	0	0
	GF/GP	\$1,000,000	(\$1,000,000)

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Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
54. Removal of One-Time Items	Gross \$380,382,500	(\$380,382,500)
Removes \$380.4 million Gross (including the removal of \$47.1 million GF/GP) in one-time items:	Federal 225,000,000	(225,000,000)
	Restricted 108,280,500	(108,280,500)
	GF/GP \$47,102,000	(\$47,102,000)
<ul style="list-style-type: none"> • \$5.0 million SAF for Consolidation Studies (Sec. 11x) • \$20.0 million SAF for Infrastructure Study (Sec. 11y) • \$5.0 million SAF for Learning Pods (Sec. 23f) • \$175.0 million Gross (\$0 GF/GP) for Grow Your Own Programs (Sec. 27b) • \$15.0 million SAF for Troops to Teachers (Sec. 30c) • \$12.0 million GF/GP for Beyond Basics (Sec. 31c) • \$50.0 million Federal SFRF for TRAILS Program (Sec. 31p) • \$2.0 million GF/GP for Discover You (Sec. 31q) • \$700,000 SAF for Eastern Upper Peninsula ISD Learning Center (Sec. 31bb) • \$1.1 million GF/GP for Purple Star Program (Sec. 31cc) • \$427,500 SAF for Roadmaps Program (Sec. 31dd) • \$500,000 GF/GP for Detroit Horse Power (Sec. 31ee) • \$5.0 million GF/GP for BookNook (Sec. 32u) • \$10.0 million SAF for Early Literacy Professional Learning (Sec. 35a(10)) • \$1.0 million GF/GP for Orton-Gillingham (Sec. 35d) • \$1.0 million GF/GP for Chaldean Community Foundation (Sec. 35f) • \$1.0 million SAF for Innovative Community Libraries (Sec. 35g) • \$500,000 GF/GP for Jewish Federation of Metro Detroit (Sec. 35h) • \$1.3 million SAF for Afghan Refugees (Sec. 41b) • \$300,000 GF/GP for Conductive Learning (Sec. 55) • \$10.0 million SAF for CTE Teacher Recruitment and Retention (Sec. 61i) • \$50,000 GF/GP for the Michigan Industrial Technology Education Society (MITES) (Sec. 67a) • \$3.0 million SAF for MSU Developer Academy (Sec. 67c) • \$2.5 million GF/GP for ProStart/HTM Hospitality and Tourism Grants (Sec. 67d) • \$2.0 million GF/GP for Skilled Trades for Students Program (Sec. 67e) • \$2.0 million GF/GP for Value-Added Growth Model (Sec. 95b) • \$1.9 million GF/GP for Navigate 360 (Sec. 97a) • \$2.0 million GF/GP for School Safety and Mental Health Commission (Sec. 97e) • \$15.0 million SAF for Cross-System Intervention Approach (Sec. 97f) • \$500,000 GF/GP for Women in Technology Foundation (Sec. 99i) • \$200,000 GF/GP for Square One (Sec. 99j) • \$3.0 million GF/GP for Online Algebra Tool (Sec. 99t) • \$6.0 million GF/GP for Imagine Learning (Sec. 99u) • \$20.0 million Federal SFRF for Teach for America (Sec. 99x) • \$1.5 million SAF for Project SEARCH (Sec. 99aa) • \$253,000 SAF for NAF Academies (Sec. 99cc) • \$2.0 million GF/GP for MI Science Center (Sec. 99dd) • \$1.5 million GF/GP for Hispanic Collaborative (Sec. 99ee) • \$150,000 SAF for Digital Literacy (Sec. 104f) 		

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>	<u>FY 2022-23 YTD (as of 2/8/23)</u>		<u>Executive Change from YTD</u>
55. Other Major Cost Adjustments	Gross	\$967,142,400	\$6,632,000
Revises the following to reflect updated cost estimates:	Federal	915,000,000	1,400,000
<ul style="list-style-type: none"> • Sec. 11m – Reduces cash flow borrowing by \$6.8 million SAF to \$1.0 million SAF. • Sec. 26b – Increases payment in lieu of taxes (PILT) by \$95,000 SAF to \$5.1 million SAF. • Sec. 26c – Increases required funds for districts and ISDs with an approved Promise Zone development plan by \$11.2 million SAF to \$26.0 million SAF. • Sec. 31d – Increases the state share of school lunch programs by \$737,000 SAF to \$25.3 million SAF and increases federal funding by \$1.4 million to \$916.4 million. 	Restricted GF/GP	52,142,400 \$0	5,232,000 \$0
56. Economic Adjustments	Gross	NA	(\$45,200)
Reflects reduced costs of \$45,200 Gross, including a reduction of \$43,700 GF/GP, for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	Restricted GF/GP	NA NA	(1,500) (\$43,700)

Major Boilerplate Changes from FY 2022-23

Sec. 6. Pupil Membership Definitions – REVISED

Clarifies that the full-time equated (FTE) membership for a pupil enrolled in a middle college program cannot exceed more than 1.0 FTE and adds definition for graduating in “fewer than 5 years” as at least one semester early.

Provides that a district may hold the fall pupil membership count day on the first Thursday in October if the first Wednesday in October falls on a date of religious or cultural significance, as determined by MDE.

Strikes provision that, for the 2020-21, 2021-22, and 2022-23 school years only, allowed instruction by a noncertificated, nonendorsed teacher engaged to teach under Sec. 1233b of the Revised School Code.

Sec. 6a. Supplemental Pupil Count – REVISED

Provides that a district may hold the spring supplemental pupil membership count day on the second Thursday in February if the second Wednesday in February falls on a date of religious or cultural significance, as determined by MDE.

Sec. 19. State and Federal Reporting Requirements – REVISED

Adds requirement that a district must provide CEPI with information related to personnel vacancies within 30 days of changes in employment or assignment status, including vacancy start and end dates and reasons for vacancy and vacancy termination.

Also adds requirement that a district or ISD must collect and submit to CEPI tribal affiliation data for all students and staff and identification of student participation in federal American Indian education programs.

Secs. 22a, 22b, & 51c. Cost Adjustment Process – REVISED

Removes requirement that the State Budget Director must notify the House and Senate subcommittees on school aid and the House and Senate fiscal agencies within 14 days of any fund transfer between Secs. 22a, 22b, and 51c.

Sec. 22p. Partnership District Discretionary Payment – REVISED

Adds the following requirements for the 3-year partnership agreement that a partnership district must have in order to receive funding under Sec. 22b: the agreement must include measurable academic outcomes that are intended to measure improved high school graduation rates, and outcomes that measure school attendance rates.

Sec. 31m. School Mental Health and Support Services Fund – DELETED

Repeals this section, which established the School Mental Health and Support Services Fund.

Major Boilerplate Changes from FY 2022-23

Secs. 32d & 39. Great Start Readiness Program – REVISED

Revises provision that if a program cannot hire a teacher with proper training, that program may hire an individual with at least five years of experience by adding that an individual with at least three years of experience may qualify based on the recommendation of the ISD after a classroom observation.

Revises provision that if a program cannot hire a paraprofessional with proper training, that program may hire an individual with at least one course in early childhood education or child development by adding that an individual who enrolls in a child development associate credential with at least six months of verified experience may also qualify.

Revises current 2% program spending cap on outreach, recruiting, and public awareness by revising the provision to only apply to programs participating in statewide marketing and outreach efforts (programs not participating in statewide marketing would be prohibited from spending any portion of funds on outreach).

Adds requirement that a program's application must include the total number of age-eligible children in the community in addition to the current requirement to include total number of children who meet the criteria for GSRP.

Sec. 32p. Early Childhood Block Grants – REVISED

Revises the name of local great start collaborative and parent coalitions to local great start collaborative and family coalitions. Adds requirement that a coalition must ensure its local great start system provides supports for community infrastructure.

Sec. 94a. Center for Educational Performance and Information – REVISED

Adds requirement that the P-20 longitudinal data system includes data associated with students who have been identified as having an affiliation to one or more federally recognized Indian tribes and data related to student participation in federal American Indian programs.

Sec. 98a. Extended COVID-19 Learning Plan – DELETED

Repeals this section, which required districts to provide instruction under an extended COVID-19 learning plan for FY 2020-21.

Sec. 98b. Benchmark Reporting Requirements – DELETED

Repeals this section, which requires districts to comply with benchmark reporting requirements to receive state aid.

Secs. 104h & 104i. Benchmark Assessments for the Following School Year – REVISED

Adds requirement that the same benchmark assessment be administered in both the fall and the spring. Revises deadline for MDE to report on benchmark assessment data from September 25 to November 15.

Sec. 121. Determination of a District's Property Value – REVISED

Strikes requirement that adjustments to a district's valuation due to state tax tribunal decisions or other certain circumstances must not be made for more than six fiscal years preceding the fiscal year in which the adjustment is made.

Sec. 163. Educator Certification Requirements – REVISED

Clarifies that an individual employed as a superintendent, principal, or assistant principal must meet both the requirements under Sec. 1246 of the Revised School Code and rules promulgated by the department.

Sec. 164g. Legal Action Against the State – DELETED

Repeals this section, which establishes a penalty in an amount equal to the amount spent if a district or ISD uses state funding to pay for an expense relating to any legal action initiated by the district or ISD against the state.

Sec. 164h. Collective Bargaining Agreement Penalty – DELETED

Repeals this section, which establishes a penalty in an amount equal to 5% of total state aid if a district or ISD enters into a collective bargaining agreement that establishes racial or religious preferences, automatically deducts union dues from paychecks, conflicts with any state or federal transparency laws, or uses a method of compensation that does not comply with Sec. 1250 of the Revised School Code.

Sec. 164i. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion; to restrict or impede community access to government programs; or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

Sec. 166. Disciplinary Policy for Abortion Referral – DELETED

Repeals this section, which requires a district or ISD to adopt a disciplinary policy for school officials or staff (except for a parent or legal guardian of the pupil) for making abortion referrals.

Major Boilerplate Changes from FY 2022-23

Sec. 166a. Requirements Related to Sex Education – DELETED

Repeals this section, which provides requirements related to the provision of reproductive health and sex education.

		FY 2022-23 Recommendation
Supplemental Recommendations for FY 2022-23 Appropriations		
1. MI Healthy Schools Grant Program (Sec. 12a) – NEW	Gross	\$300,000,000
Provides one-time funding of \$300.0 million SAF for competitive grants to schools to lower energy costs and improve health outcomes at school facilities.	Restricted	300,000,000
	GF/GP	\$0
2. MI Kids Back on Track (Sec. 23g) – NEW	Gross	\$300,000,000
Provides one-time funding of \$300.0 million SAF for per-pupil payments to districts to implement a MI Kids Back on Track plan to address unfinished learning. Requires districts to provide a 100% funding match.	Restricted	300,000,000
	GF/GP	\$0
3. Detroit Literacy Settlement (Sec. 11v) – NEW	Gross	\$94,000,000
Provides one-time funding of \$94.4 million SAF for DPSCD for literacy-related programs and initiatives. This grant is intended to fulfill a state agreement in the <i>Gary B. v. Whitmer</i> settlement.	Restricted	94,000,000
	GF/GP	\$0
4. Early Childhood Workforce Project (Sec. 32v) – NEW	Gross	\$50,000,000
Provides one-time funding of \$50.0 million Federal SFRF to assess early childhood workforce needs; promote clear career pathways; align professional development, certificates, and degrees; develop alternative training programs; and pilot recruitment and retention projects. Allows MDE to use up to 2.5% of funds for administration.	Federal	50,000,000
	Restricted	0
	GF/GP	\$0
5. GSRP (Sec. 32d)	Gross	\$150,000
Increases allocation for a GSRP longitudinal evaluation by \$150,000 GF/GP for a total of \$500,000. Total GSRP funding is \$452.6 million Gross (\$500,000 GF/GP). Strikes work project language that allows funds to be carried forward into FY 2023-24 (an estimated \$83.0 million Federal SFRF from FY 2021-22 and \$50.0 million Federal SFRF from FY 2022-23 is expected to otherwise be carried forward). The lapsed federal funding is used for other GSRP supplemental items below.	Restricted	150,000
	GF/GP	\$0
6. GSRP Classroom Start-Up Grants (Sec. 32d(26)) – NEW	Gross	\$50,000,000
Provides one-time funding of \$50.0 million SAF for grants of up to \$25,000 for each new or expanded GSRP classroom. Requires funds to be used for costs associated with attracting, recruiting, retaining, and licensing required staff; supporting facility improvements or purchasing necessary facility space; outreach material for public awareness; and improving a provider’s rating.	Restricted	50,000,000
	GF/GP	\$0
7. GSRP Expansion Grants (Sec. 32d(27)) – NEW	Gross	\$75,000,000
Provides one-time funding of \$75.0 million Federal SFRF for grants of \$75,000 to GSRP programs that expand to 5 days a week and add additional weeks to the program year. Allows MDE to use up to 2.5% of funds for administration.	Federal	75,000,000
	Restricted	0
	GF/GP	\$0
8. GSRP Awareness Campaign (Sec. 32d(28)) – NEW	Gross	\$10,000,000
Provides one-time funding of \$10.0 million Federal SFRF for MDE to partner with a consortium of ISDs and community-based organizations to implement a multi-year statewide awareness campaign about the availability of services through GSRP. Allows MDE to use up to 2.5% of funds for administration.	Federal	10,000,000
	Restricted	0
	GF/GP	0
9. School Consolidation and Infrastructure Fund (Sec. 11x)	Gross	\$0
Deposits \$500.0 million SAF into the School Aid Consolidation and Infrastructure Fund. Strikes requirement that no more than 50% of funds be appropriated for non-consolidation related infrastructure projects. Adds intent that funds are not appropriated for infrastructure projects until a facility condition assessment under Sec. 11y is completed.	Restricted	0
	GF/GP	\$0

Supplemental Recommendations for FY 2022-23 Appropriations		FY 2022-23 Recommendation
10. School Consolidation Studies (Sec. 11x(6))		Gross \$0
Maintains \$5.0 million SAF for feasibility studies for consolidation, but revises to “consolidation of services” and restricts recipients to ISDs and districts with more than 40,000 pupils (DPSCD). Requires grants to be an equal amount per pupil and provides additional requirements for recipients to be eligible for funding.	Restricted 0 GF/GP \$0	
11. MPSERS Retirement Obligation Reform Reserve Fund (Sec. 147b)		Gross \$0
Increases by \$500.0 million SAF for a total of \$925.0 million SAF the deposit into the MPSERS Retirement Obligation Reform Reserve Fund. Maintains that \$425.0 million is intended to offset costs associated with the reduction of the payroll growth assumption.	Restricted 0 GF/GP \$0	
12. Foundation Allowances (Secs. 22a & 22b)		Gross (\$33,000,000)
Reduces by \$33.0 million Gross (including a reduction of \$150,000 GF/GP) for a total of \$10.1 billion Gross (\$240,700 GF/GP) to reflect updated consensus cost estimates for pupil membership counts and taxable values. Allocates \$1.0 million for payments to districts for state compliance with federal maintenance of equity requirements under the ARP Act.	Restricted (32,850,000) GF/GP (\$150,000)	
13. Educator Fellowship Public Provider Fund (Sec. 27d)		Gross \$0
Deposits \$25.0 million SAF into the Educator Fellowship Public Programs Fund for improving the educator workforce through recruitment efforts for students attending public educator preparation programs.	Restricted 0 GF/GP \$0	
14. Talent Together Coalition (Sec. 27g) – NEW		Gross \$25,000,000
Provides one-time funding of \$25.0 million SAF for per-pupil payments to ISDs and consortia of ISDs to partner with an eligible nonprofit to support teacher recruitment and retention, teacher certification programs, school leader development programs, and other activities to support educator talent efforts.	Restricted 25,000,000 GF/GP \$0	
15. TRAILS Program (Sec. 31p)		Gross \$0
Maintains \$50.0 million Federal SFRF, but revises language to clarify that ISDs receiving funds under this program must forward those funds to TRAILS programs, which must use the funding to provide services described in this section statewide.	Restricted 0 GF/GP \$0	
16. Federal Grants (Sec. 39a)		Gross \$6,400,000
Increases federal grants under Every Student Succeeds Act (ESSA) by \$2.4 million and other federal grants by \$4.0 million.	Federal 6,400,000 Restricted 0 GF/GP \$0	
17. Special Education (Secs. 51a, 51c, 51d, 51e, 53a, 54, & 56)		Gross \$112,593,000
Increases by \$112.6 million SAF to reflect revised consensus cost estimates for special education costs. Total estimated special education expenditures for FY 2022-23 are \$2.0 billion.	Restricted 112,593,000 GF/GP \$0	
18. Other Major Cost Adjustments		Gross \$300,000
Revises the following to reflect updated cost estimates:	Federal 1,400,000	
<ul style="list-style-type: none"> • Sec. 11m – Reduces cash flow borrowing by \$6.8 million SAF to \$1.0 million SAF. • Sec. 26c – Increases required funds for districts and ISDs with an approved Promise Zone development plan by \$5.7 million SAF for a total of \$20.5 million SAF. • Sec. 31d – Increases federal funding for school lunches by \$1.4 million to \$916.4 million. 	Restricted (1,100,000) GF/GP \$0	

SCHOOL AID LINE ITEM SUMMARY

Sec.		FY 2022-2023		FY 2023-2024		FY 2024-2025	
		FY 23 2022 PA 212 YTD	Change from FY 23 YTD	FY 23 Exec Rec Proposed Supplemental	Change from FY 23 YTD	FY 24 Exec Rec	Change from FY 24 Exec Rec
11j	School Bond Redemption Fund	\$111,000,000		\$111,000,000			\$111,000,000
11m	Cash Flow Borrowing Costs	\$7,800,000	(\$6,800,000)	\$1,000,000	(\$6,800,000)	\$1,000,000	\$1,000,000
11s	Flint Declaration of Emergency	\$8,075,000		\$8,075,000		\$8,075,000	\$8,075,000
11s(7)	Flint Early Childhood Collaborative	\$1,000,000		\$1,000,000		\$1,000,000	\$0
11v	DPSCD Settlement Payment - NEW	\$0	\$94,400,000	\$94,400,000		\$0	\$0
11x	Consolidation Studies	\$5,000,000		\$5,000,000	(\$5,000,000)	\$0	\$0
11y	Infrastructure Study	\$20,000,000		\$20,000,000	(\$20,000,000)	\$0	\$0
12a	MI Healthy Schools Grant Program - NEW	\$0	\$300,000,000	\$300,000,000		\$0	\$0
12b	School-Based Health Center Facility Upgrades - NEW	\$0		\$0	\$25,000,000	\$25,000,000	\$0
12c	Consolidation Grants - NEW	\$0		\$0	\$245,000,000	\$245,000,000	\$0
20f	Categorical Offset Payments	\$18,000,000		\$18,000,000		\$18,000,000	\$18,000,000
21h	Partnership Model Districts	\$6,137,400		\$6,137,400		\$6,137,400	\$6,137,400
21h(7)	Partnership Model Districts Supplemental Funding	\$0		\$0	\$36,000,000	\$36,000,000	\$0
22a	Foundations: Proposal A Obligation Payment	\$4,376,000,000	(\$10,000,000)	\$4,366,000,000	(\$164,000,000)	\$4,212,000,000	\$4,086,000,000
22b	Foundations: Discretionary Payment	\$5,758,000,000	(\$23,000,000)	\$5,735,000,000	\$527,000,000	\$6,285,000,000	\$6,263,000,000
22c	Foundations: Equity Payment	\$3,000,000		\$3,000,000		\$3,000,000	\$3,000,000
22d	Isolated District Funding	\$8,858,000		\$8,858,000	\$443,000	\$9,301,000	\$9,301,000
22m	Technology Regional Data Hubs	\$2,200,000		\$2,200,000		\$2,200,000	\$2,200,000
23f	Learning Pods	\$5,000,000		\$5,000,000	(\$5,000,000)	\$0	\$0
23g	MI Kids Back on Track - NEW	\$0	\$300,000,000	\$300,000,000		\$0	\$0
23h	Mathematics Teaching and Learning - NEW	\$0		\$0	\$30,000,000	\$30,000,000	\$0
24	Court-Placed Pupils	\$7,650,000		\$7,650,000		\$7,650,000	\$7,650,000
24a	Juvenile Detention Facility Programs	\$1,355,700		\$1,355,700		\$1,355,700	\$1,355,700
25f	Strict Discipline Academies	\$1,600,000		\$1,600,000		\$1,600,000	\$1,600,000
25g	Dropout Recovery Programs	\$750,000		\$750,000		\$750,000	\$750,000
26a	Renaissance Zone Reimbursement	\$14,000,000		\$14,000,000		\$14,000,000	\$14,000,000
26b	PILT Reimbursement	\$4,989,000		\$4,989,000	\$95,000	\$5,084,000	\$5,084,000
26c	Promise Zone Funding	\$14,800,000	\$5,700,000	\$20,500,000	\$11,200,000	\$26,000,000	\$26,000,000
26d	Brownfield Redevelopment Reimbursement	\$14,400,000		\$14,400,000		\$14,400,000	\$14,400,000
27a	Mi Future Educator Fellowship Program	\$25,000,000		\$25,000,000		\$25,000,000	\$25,000,000
27b	Grow Your Own Programs - Federal	\$155,000,000		\$155,000,000	(\$155,000,000)	\$0	\$0
27b	Grow Your Own Programs	\$20,000,000		\$20,000,000	(\$20,000,000)	\$0	\$0
27c	Mi Future Educator Student Teacher Stipend Program	\$50,000,000		\$50,000,000		\$50,000,000	\$50,000,000
27g	Talent Together Coalition - NEW	\$0	\$25,000,000	\$25,000,000		\$0	\$0
27h	Mentoring Grants - NEW	\$0		\$0	\$25,000,000	\$25,000,000	\$25,000,000
27i	Rural Educator Credentialing Hub - NEW	\$0		\$0	\$15,000,000	\$15,000,000	\$0
27j	Special Education Capacity Building - NEW	\$0		\$0	\$5,000,000	\$5,000,000	\$0
30c	Troops to Teachers	\$15,000,000		\$15,000,000	(\$15,000,000)	\$0	\$0
30d	Universal School Breakfast and Lunch - NEW	\$0		\$0	\$160,000,000	\$160,000,000	\$160,000,000
31a	At-Risk Pupil Support	\$747,500,000		\$747,500,000	\$64,700,000	\$812,200,000	\$812,200,000
31a(7)	School Based Health Centers	\$33,000,000		\$33,000,000		\$33,000,000	\$33,000,000
31a(8)	Hearing, Vision, and Dental Screening	\$6,650,000		\$6,650,000		\$6,650,000	\$6,650,000
31c	Beyond Basics	\$12,000,000		\$12,000,000	(\$12,000,000)	\$0	\$0
31d	State School Lunch Programs	\$24,553,400		\$24,553,400	\$737,000	\$25,290,400	\$26,049,400
31d	School Lunch Programs - Federal	\$915,000,000	\$1,400,000	\$916,400,000	\$1,400,000	\$916,400,000	\$916,400,000
31f	School Breakfast Program	\$11,900,000		\$11,900,000		\$11,900,000	\$11,900,000
31j	Local Produce in School Meals	\$9,300,000		\$9,300,000		\$9,300,000	\$9,300,000
31k	Student Meal Debt Forgiveness - NEW	\$0		\$0	\$1,000,000	\$1,000,000	\$0
31n	School Mental Health and Support Services	\$78,900,000		\$78,900,000	\$28,945,000	\$107,845,000	\$107,845,000
31p	TRAILS - Federal	\$50,000,000		\$50,000,000	(\$50,000,000)	\$0	\$0
31q	Discover You	\$2,000,000		\$2,000,000	(\$2,000,000)	\$0	\$0

SCHOOL AID LINE ITEM SUMMARY

Sec.		FY 2022-2023		FY 2023-2024		FY 2024-2025	
		FY 23 2022 PA 212 YTD	Change from FY 23 YTD	FY 23 Exec Rec Proposed Supplemental	Change from FY 23 YTD	FY 24 Exec Rec	Change from FY 24 Exec Rec
61a	Career and Tech Ed Programs	\$47,611,300		\$47,611,300			\$47,611,300
61b	Career and Tech Ed Early/Middle College	\$8,000,000		\$8,000,000			\$8,000,000
61c	CTE Equipment Upgrades	\$7,500,000		\$7,500,000	\$7,500,000	\$15,000,000	\$0
61d	CTE Incentive Payment	\$5,000,000		\$5,000,000		\$5,000,000	\$5,000,000
61i	CTE Teacher Recruitment and Retention	\$10,000,000		\$10,000,000	(\$10,000,000)	\$0	\$0
62	ISD Career & Tech Ed Millage Equalization	\$9,190,000		\$9,190,000		\$9,190,000	\$9,190,000
65	Detroit PreCollege Engineering	\$900,000		\$900,000		\$900,000	\$900,000
67	Career and College Readiness Tools	\$3,000,000		\$3,000,000		\$3,000,000	\$3,000,000
67a	MITES	\$50,000		\$50,000	(\$50,000)	\$0	\$0
67c	Michigan State University Developer Academy	\$3,000,000		\$3,000,000	(\$3,000,000)	\$0	\$0
67d	ProStart/HTM Hospitality and Tourism CTE Grants	\$2,500,000		\$2,500,000	(\$2,500,000)	\$0	\$0
67e	Skilled Trades for Students	\$2,000,000		\$2,000,000	(\$2,000,000)	\$0	\$0
67f	FAFSA Completion Challenge - NEW	\$0		\$0	\$15,000,000	\$15,000,000	\$0
74	School Bus Driver Safety Instruction	\$2,025,000		\$2,025,000		\$2,025,000	\$2,025,000
74	School Bus Inspections	\$1,819,200		\$1,819,200	(\$1,500)	\$1,817,700	\$1,817,700
74b	MI Clean School Bus Grants - NEW	\$0		\$0	\$150,000,000	\$150,000,000	\$0
81	ISD General Operations Support	\$75,642,600		\$75,642,600	\$3,782,100	\$79,424,700	\$79,424,700
94	AP/IB/CLEP Incentive Program	\$1,200,000		\$1,200,000		\$1,200,000	\$1,200,000
94a	Center for Educational Performance and Information	\$19,032,300		\$19,032,300	(\$43,700)	\$18,988,600	\$18,988,600
94a	Center for Educational Performance and Info - Federal	\$193,500		\$193,500		\$193,500	\$193,500
95b	Educator and Administrator Evaluations	\$2,000,000		\$2,000,000	(\$2,000,000)	\$0	\$0
97	School Safety Grants	\$168,000,000		\$168,000,000	\$150,000,000	\$318,000,000	\$0
97a	Navigate 360	\$1,947,000		\$1,947,000	(\$1,947,000)	\$0	\$0
97b	School Resource Officers	\$25,000,000		\$25,000,000	(\$25,000,000)	\$0	\$0
97e	School Safety and Mental Health Commission	\$2,000,000		\$2,000,000	(\$2,000,000)	\$0	\$0
97f	Cross-System Intervention Approach	\$15,000,000		\$15,000,000	(\$15,000,000)	\$0	\$0
97g	Cybersecurity Risk Assessments - NEW	\$0		\$0	\$9,000,000	\$9,000,000	\$0
98	Michigan Virtual University	\$8,000,000		\$8,000,000	\$1,300,000	\$9,300,000	\$9,300,000
98d	Michigan Learning Channel - NEW	\$0		\$0	\$5,000,000	\$5,000,000	\$0
99h	FIRST Robotics	\$5,823,200		\$5,823,200	(\$500,000)	\$5,323,200	\$5,323,200
99i	Women in Technology	\$500,000		\$500,000	(\$500,000)	\$0	\$0
99j	Square One	\$200,000		\$200,000	(\$200,000)	\$0	\$0
99s(4)	MiSTEM Council and Grants	\$3,050,000		\$3,050,000		\$3,050,000	\$3,050,000
99s(5)(7)	MiSTEM Centers Transition	\$4,584,300		\$4,584,300		\$4,584,300	\$4,584,300
99t	Algebra Nation	\$3,000,000		\$3,000,000	(\$3,000,000)	\$0	\$0
99u	Imagine Learning	\$6,000,000		\$6,000,000	(\$6,000,000)	\$0	\$0
99x	Teach for America - Federal	\$20,000,000		\$20,000,000	(\$20,000,000)	\$0	\$0
99aa	Project SEARCH	\$1,500,000		\$1,500,000	(\$1,500,000)	\$0	\$0
99cc	NAF Academies	\$253,000		\$253,000	(\$253,000)	\$0	\$0
99dd	MI Science Center	\$2,000,000		\$2,000,000	(\$2,000,000)	\$0	\$0
99ee	Hispanic Collaborative	\$1,500,000		\$1,500,000	(\$1,500,000)	\$0	\$0
104	Education Assessments - State	\$37,509,400		\$37,509,400		\$37,509,400	\$37,509,400
104	Education Assessments - Federal	\$6,250,000		\$6,250,000		\$6,250,000	\$6,250,000
104f	Digital Literacy Training	\$150,000		\$150,000	(\$150,000)	\$0	\$0
104h/104i	Benchmark Assessments for the Following School Year	\$11,500,000		\$11,500,000		\$11,500,000	\$11,500,000
107	Adult Education	\$30,500,000		\$30,500,000	\$15,000,000	\$45,500,000	\$45,500,000
107a	Adult Education Innovation Programs - NEW	\$0		\$0	\$15,000,000	\$15,000,000	\$0
147a(1)	MPSERS Cost Offset	\$100,000,000		\$100,000,000	\$11,939,000	\$111,939,000	\$111,939,000
147a(2)	MPSERS Normal Cost Offset for Lower AROR/Dedicated Gains	\$191,750,000		\$191,750,000	\$166,050,000	\$357,800,000	\$340,900,000
147c	MPSERS State Share of Unfunded Liability Payments	\$2,618,900,000		\$2,618,900,000	(\$769,200,000)	\$1,849,700,000	\$1,493,600,000
147e	MPSERS Added Normal/DC Costs for PA 92 of 2017	\$54,000,000		\$54,000,000	\$28,400,000	\$82,400,000	\$101,500,000

SCHOOL AID

SCHOOL AID LINE ITEM SUMMARY

		FY 2022-2023			FY 2023-2024		FY 2024-2025	
Sec.		FY 23 2022 PA 212 YTD	Change from FY 23 YTD	FY 23 Exec Rec Proposed Supplemental	Change from FY 23 YTD	FY 24 Exec Rec	Change from FY 24 Exec Rec	FY 25 Exec Rec
152a	Adair - Database Payment	\$38,000,500		\$38,000,500	\$4,300,000	\$42,300,500		\$42,300,500
152b	Nonpublic School Reimbursement	\$1,000,000		\$1,000,000	(\$1,000,000)	\$0		\$0
TOTAL APPROPRIATIONS		\$19,614,916,400	\$990,843,000	\$20,605,759,400	\$1,276,595,400	\$20,891,511,800	(\$1,985,341,000)	\$18,906,170,800
REVENUE BY SOURCE								
	Federal Aid	\$2,524,243,500	\$142,800,000	\$2,667,043,500	(\$271,200,000)	\$2,253,043,500	(\$54,000,000)	\$2,199,043,500
	School Aid Fund	\$16,754,072,900	\$848,043,000	\$17,602,115,900	\$1,493,695,400	\$18,247,768,300	(\$1,662,141,000)	\$16,585,627,300
	School Consolidation and Infrastructure Fund	\$0	\$0	\$0	\$245,000,000	\$245,000,000	(\$245,000,000)	\$0
	MPSERS Obligation Reform Reserve Fund	\$140,400,000	\$0	\$140,400,000	(\$140,400,000)	\$0	\$0	\$0
	Community District Trust Fund	\$72,000,000	\$0	\$72,000,000	\$0	\$72,000,000	\$0	\$72,000,000
	General Fund/General Purpose	\$124,200,000	\$0	\$124,200,000	(\$50,500,000)	\$73,700,000	(\$24,200,000)	\$49,500,000
TOTAL REVENUE		\$19,614,916,400	\$990,843,000	\$20,605,759,400	\$1,276,595,400	\$20,891,511,800	(\$1,985,341,000)	\$18,906,170,800

Summary: Executive Budget Recommendation for Fiscal Year 2023-24 STATE POLICE

Analyst: Marcus Coffin

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	vs. FY 2022-23
			Amount	%
IDG/IDT	\$25,502,400	\$26,244,400	\$742,000	2.9
Federal	81,804,300	87,849,400	6,045,100	7.4
Local	4,904,500	4,904,800	300	0.0
Private	35,000	35,000	0	0.0
Restricted	158,750,400	165,785,600	7,035,200	4.4
GF/GP	572,709,200	602,852,300	30,143,100	5.3
Gross	\$843,705,800	\$887,671,500	\$43,965,700	5.2
FTEs	3,757.0	3,832.0	75.0	2.0

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of State Police (MSP) is the state's primary law enforcement and emergency response authority. The department is responsible for criminal law enforcement and investigation, traffic and motor carrier safety, and homeland security. The department is also responsible for the administration and implementation of various state programs, technologies, and specialized services intended to enhance the capabilities and coordination of federal, state, and local law enforcement agencies, the criminal justice system, and the entire public safety community.

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. In-Service Training	FTE	NA
Includes \$18.2 million GF/GP and authorization for 7.0 FTE positions for implementation and administration of in-service training requirements for licensed law enforcement officers. The Michigan Commission on Law Enforcement Standards (MCOLES) will develop and implement the in-service training as a condition for licensure for the more than 18,000 individuals it licenses.	Gross	NA
	GF/GP	NA
		7.0
		\$18,240,000
		\$18,240,000
2. FY 2023-24 Trooper Recruit School	FTE	NA
Includes \$9.0 million GF/GP (\$4.2 million ongoing, \$4.8 million one-time) and authorization for 50.0 FTE positions to support various costs associated with an FY 2023-24 trooper recruit school, which would be projected to graduate 50 troopers. Costs that would be supported by this funding include training materials, patrol vehicles, trooper outfitting, and salaries.	Gross	NA
	GF/GP	NA
		50.0
		\$9,003,500
		\$9,003,500
3. FY 2022-23 Trooper Recruit School Annualization	Gross	NA
Includes \$4.5 million GF/GP to support departmental expenses incurred for 50 troopers projected to graduate from trooper recruit school during FY 2022-23. Supported costs would include fleet leasing, IT support, salaries, and benefits.	GF/GP	NA
		\$4,501,800
		\$4,501,800

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)		Executive Change from YTD
4. Justice System Fund Structural Changes	Gross	\$6,464,500	\$4,390,500
Includes a \$4.4 million Gross increase from state restricted funding sources, \$4.2 million from the Michigan Justice Training Fund and \$200,500 from the Secondary Road Patrol and Training Fund, to reflect structural funding changes contained within 2022 PA 189 and 2022 PA 190. 2022 PA 189 redirected distributions made from the Justice System Fund from supporting the Secondary Road Patrol and Training Fund to the Michigan Justice Training Fund. The Michigan Justice Training Fund supports annual grants to eligible agencies for in-service criminal justice training of MCOLES-licensed law enforcement officers (60% of the funds are used for this purpose), with the remainder distributed through an annual competitive grant process, after deduction of administrative costs.	Restricted	6,464,500	4,390,500
	GF/GP	\$0	\$0
5. Gun Violence Prevention	FTE	NA	5.0
Includes \$1.9 million GF/GP (\$725,000 ongoing, \$1.2 million one-time) and authorization for 5.0 FTE positions to establish five National Integrated Ballistic Information Network (NIBIN) testing locations. One location will be a fixed unit in Lansing and the other units will be mobile units in Benton Harbor, Flint, Grand Rapids, and Saginaw. The units will allow for the comprehensive entry of firearms evidence (including cartridge cases and test fires) into the NIBIN database, which provides law enforcement agencies with an automated resource for sharing, researching, and identifying firearms ballistic data. The ongoing funding component would support the staffing costs associated with the program, while the one-time funding component would be used primarily for equipment purchases, including a 5-year maintenance contract.	Gross	NA	\$1,925,000
	GF/GP	NA	\$1,925,000
6. Crime Victim Support Program	FTE	NA	14.0
Includes \$1.9 million GF/GP and authorization for 14.0 FTE positions to place two full-time victim advocates in each of MSP's seven districts. Advocates would collaborate with federal, state, and local agencies to coordinate services and address the needs of crime victims. Victim advocates would address victim needs in early interactions with criminal justice agencies; specifically, advocates would inform crime victims of their rights, provide social service agency referrals, and assist with the victim compensation process.	Gross	NA	\$1,885,500
	GF/GP	NA	\$1,885,500
7. Contracts and Services	Gross	NA	\$1,700,000
Includes \$1.7 million GF/GP for security services contracts that MSP provides for executive security.	GF/GP	NA	\$1,700,000
8. OK2Say Expansion	FTE	NA	3.0
Includes \$378,700 GF/GP and authorization for 3.0 FTE positions to hire additional staff for the OK2Say program, which provides students with a confidential mechanism for reporting criminal activities and potential harm that is directed at students, school employees, or physical infrastructure. The additional resources would allow MSP to hire an additional manager and two technicians to increase processing capacity.	Gross	NA	\$378,700
	GF/GP	NA	\$378,700
9. Ammunition Costs	Gross	NA	\$231,200
Includes \$231,200 GF/GP for cost increases for ammunition that the department purchases. Inflation has caused the average cost of ammunition cases to increase by 15% in FY 2022-23.	GF/GP	NA	\$231,200

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
10. Forensic Science Accreditation		
Includes \$91,900 GF/GP for laboratory accreditation and proficiency testing costs for MSP's seven forensic laboratories. The funding would support payments to the American National Standards Institute's National Accreditation Board (ANAB) for accreditation services and increased costs for proficiency testing required for forensic scientists to maintain their accreditation.	Gross GF/GP	NA NA \$91,900
11. Removal of FY 2022-23 One-Time Appropriations		
Removes \$29.3 million GF/GP of one-time funding that was included in the FY 2022-23 budget to support the following:	FTE Gross GF/GP	4.0 (\$29,312,600) (\$29,312,600)
<ul style="list-style-type: none"> • Contracts and Services (\$3.1 million GF/GP) • Crime Victim Support Pilot Program (\$518,400 GF/GP) • In-service Training (\$20.0 million GF/GP) • Recruitment, Training, and Outreach (\$1.0 million GF/GP) • FY 2022-23 Trooper Recruit School (\$4.7 million GF/GP) 		
12. Technical Adjustments		
Includes \$6.1 million Gross for numerous adjustments to various fund sources (IDG/IDT, federal, and state restricted) to align with available revenues. The largest of these adjustments is a \$5.7 million increase to federal authorization to reflect additional funding received from the Department of Transportation, due to increased Motor Carrier Safety Assistance Program (MCSAP) grant funding resulting from the Bipartisan Infrastructure Law. Also includes numerous internal net to zero transfers to align funding and FTE authorization with department activity. Net to zero internal transfers include the following:	Gross IDG/IDT Federal Restricted GF/GP	NA NA NA NA NA \$6,112,900 151,100 5,671,700 290,100 \$0
<ul style="list-style-type: none"> • Restructures \$5.0 million GF/GP from the Post Operations line item into a new Trooper Recruit School Onboarding, Training, and Outfitting line item. • Transfers \$1.4 million (federal authorization) and 1.0 FTE from the Highway Safety Planning line item to the Professional Development Bureau line item. • Transfers \$327,600 (federal) from the Training Operations line item to the Professional Development Bureau line item. • Transfers \$159,400 GF/GP and 1.0 FTE from the Forensic Science line item to the Department Services line item. • Transfers \$149,200 (state restricted) and 1.0 FTE from the Criminal Justice Information Center line item to the Intelligence Operations line item. • Transfers \$113,800 GF/GP and 1.0 FTE from the Post Operations line item to the Executive Direction line item. • Transfers \$109,000 GF/GP and 1.0 FTE from the Grants and Community Services line item to the Department Services line item. 		
13. Economic Adjustments		
Reflects increased costs of \$24.8 million Gross (\$21.5 million GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), overtime, longevity, actuarially required retirement contributions, other employee retirement costs, worker's compensation, building occupancy charges, fuel and utilities, and other economic adjustments.	Gross IDG/IDT Federal Local Restricted GF/GP	NA NA NA NA NA NA \$24,817,300 590,900 373,400 300 2,354,600 \$21,498,100

Major Boilerplate Changes from FY 2022-23

Sec. 206. Communication with the Legislature – DELETED

Prohibits MSP from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 210. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$2.0 million and state restricted authorization by up to \$4.0 million. Revises by increasing maximum amounts of contingency authorizations to increase federal authorization by up to \$10.0 million, state restricted authorization by up to \$4.0 million, local authorization by up to \$1.0 million, and private authorization by up to \$200,000.

Sec. 211. Transparency Website – DELETED

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

Sec. 211. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion; to restrict or impede community access to government programs; or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

Sec. 212. Restricted Fund Report – DELETED

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

Sec. 213. Department Scorecard Website – DELETED

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

Sec. 214. Legacy Costs – DELETED

Identifies total funding estimated to be expended on legacy costs in FY 2022-23; \$145.2 million (\$94.7 million on pension-related legacy costs and \$50.6 million on health care legacy costs).

Sec. 216. FTE Vacancies and Remote Work Reports – REVISED

Requires MSP to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts; requires an annual report on the number of employees engaged in remote work in 2022, number of employees authorized to work remotely and the actual number working remotely, and estimated net cost savings and reduced use of office space achieved by remote work. Revises by deleting all reporting requirements except for quarterly comparison of actual and authorized FTEs.

Sec. 217. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 218. State Administrative Board Transfers – DELETED

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 219. Retention of Reports – DELETED

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

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

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

Sec. 221. Severance Pay Reporting – DELETED

Requires MSP to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; maintain an internet site posting any severance pay in excess of 6 weeks of wages; report the total amount of severance pay remitted and the number of MSP employees receiving severance pay in FY 2021-22.

Major Boilerplate Changes from FY 2022-23**Sec. 222. COVID-19 Vaccine Stipulations – DELETED**

Prohibits requiring proof of having received a COVID-19 vaccine as a condition of accessing any facility or services, except as required by federal law; prohibits producing, developing, issuing, or requiring a COVID-19 vaccine passport; prohibits developing a database or making an existing database publicly available to access an individual's COVID-19 vaccine status; prohibits requiring proof of having received a COVID-19 vaccine as a condition of employment, with exceptions for hospitals and medical facilities; prohibits adverse employment consequences due to an individual's COVID-19 vaccination status; requires that exemptions be created for individuals who medically cannot receive the vaccine or who have religious or consistently held objections to vaccination if a federal mandate requires establishment of a COVID-19 vaccine policy.

Sec. 224. Biannual Performance Reporting – DELETED

Requires MSP to provide biannual reports on its performance metrics cited in the act, status of work projects, and financial status.

Sec. 225. Post Closure or Consolidation – DELETED

Requires MSP to notify listed recipients not less than 90 days before recommending closure or consolidation of any MSP post and to include a state impact study.

Sec. 226. Privatization Project Plans – DELETED

Requires submission of a project plan 90 days before beginning any effort to privatize and requires evaluation of plan within 30 months. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 231. Receive and Expend Authorization for Federal Revenues – REVISED

Authorizes MSP to expend federal revenues received in excess of appropriations; requires MSP to report prior to expending excess federal revenues; limits receive and expend under this section and Sec. 704(3) to \$45.0 million. Revises by eliminating the authorization cap.

Sec. 232. Data Privacy – DELETED

Expresses legislative intent that MSP protect data from unauthorized access or use and lists measures; requires department to notify data subjects if an unauthorized person accesses their information.

Sec. 233. Officer Evaluation Criteria – DELETED

Prohibits use of citation volumes as a metric for performance evaluation and prohibits setting a specified number of citations for an officer. *(Governor deemed this section unenforceable in FY 2022-23.)*

Sec. 234. Payment of Court Judgements – DELETED

Requires MSP to report tentative plans for required payment of court judgements against the department and stipulates required information.

Sec. 236. In-Person Work – DELETED

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

Sec. 302. Local Police Department and Officer Training – NEW

(1) Requires MSP, in collaboration with the Department of Civil Rights and MCOLES, to provide free training to local law enforcement departments and officers in the following areas: cultural awareness and competency; tolerance, diversity, and implicit bias; conflict management and de-escalation; use of force on vulnerable individuals; mental health and wellness; (2) allows training to be offered online and to be offered by MSP staff or contracted vendors; (3) requires quarterly reporting on the number of officers that received training.

Sec. 402. Criminal Justice Information Center – REVISED

Requires MSP to: (1) maintain criminal justice information systems in support of public safety and law enforcement communities; (2) conduct at least 30 outreach activities targeted to criminal justice agencies and to report on these activities; (3) compile crime statistics; (4) compile and evaluate traffic crash reports; (5) provide traffic crash reports for \$10 per incident or an extract of electronic traffic crash data for \$0.25 per incident; (6) report traffic crash report revenues, expenditures, and adequacy; (7) maintain, disseminate, and exchange criminal history and juvenile records; (8) maintain records, including firearms licensure records; (9) report revenues from and expenditures for concealed pistol licensure; (10) provide volumes processed by the Internet Criminal History Access Tool; (11) requires that Criminal Justice Information Center Service Fees carry forward and not lapse to the general fund; (12) requires unexpended revenue generated by local State Records Management System Fees to carry forward and not lapse to the general fund. Revises by deleting reporting under item (2), increasing the fee for traffic crash reports in item (5) from \$10 to \$15 per incident, and deleting items (6) and (9).

Major Boilerplate Changes from FY 2022-23

Sec. 403. Forensic Science – REVISED

Requires MSP to provide forensic testing and DNA analysis services to aid in criminal investigations and to maintain accreditation of laboratories; stipulates turnaround times for forensic science services; requires MSP to provide data on turnaround times, forensic lab staffing levels, and backlogged cases. Revises by deleting requirement for MSP to provide data on turnaround times, forensic lab staffing levels, and backlogged cases.

Sec. 408. Trooper Recruit School Onboarding, Training and Outfitting – NEW

Stipulates that unexpended and unencumbered GF/GP appropriated for the Trooper Recruit School Onboarding, Training, and Outfitting line item not lapse to the general fund at the end of the fiscal year, and be deposited into the Trooper Recruit School Fund.

Sec. 503. In-Service Training – NEW

Stipulates that funds appropriated for In-service Training be deposited into the Law Enforcement Officers Training Fund; appropriates all funds in the Law Enforcement Officers Training Fund to support implementation of required annual in-service training standards for all licensed law enforcement officers.

Sec. 601. General Law Enforcement and Traffic Safety – REVISED

(1) Stipulates that MSP troopers are not prohibited from responding to criminal or emergency situations and are to make every effort to protect residents; (2) requires MSP to maintain staff and resources to enhance traffic safety and dedicate a minimum of 455,200 hours to statewide patrol, with a minimum of 40,000 in distressed cities; (3) requires MSP to report number of residence checks of registered sex offenders; (4) requires report on Secure Cities Partnership. Revises by deleting items (2) and (3). *(Governor deemed item (2) in this section unenforceable in FY 2022-23.)*

Sec. 602. Criminal Investigations – DELETED

(1) Requires MSP to identify and apprehend criminals through investigations; (2) requires maintenance of investigation hours; (3) requires MSP to meet or exceed case clearance rate of 62%; (4) requires MSP to provide training opportunities to local law enforcement partners related to gambling law, opioid investigations, and other legal and law enforcement issues; (5) requires MSP to maintain staffing to investigate an average level of opioid cases and to link investigations among partners. *(Governor deemed items (2) through (5) in this section unenforceable in FY 2022-23.)*

Sec. 603. Tobacco Tax Fraud Investigations – REVISED

(1) Requires MSP to provide prevention and suppression of organized untaxed tobacco smuggling; (2) requires submission of report pertaining to tobacco tax enforcement activities and expenditures; (3) requires MSP to dedicate a minimum of 16,600 hours to tobacco tax enforcement. Revises by deleting item (3). *(Governor deemed item (3) in this section unenforceable in FY 2022-23.)*

Sec. 604. Fire Investigations – REVISED

(1) Requires MSP to provide fire investigation training and assistance; (2) requires MSP to maintain readiness for a specified number of requests for fire investigation services and be available for call out statewide. Revises by deleting item (2). *(Governor deemed item (2) in this section unenforceable in FY 2022-23.)*

Sec. 605. Secure Cities Partnership – DELETED

Requires at least \$700,000 from Secure Cities Partnership appropriation be allocated to cities with a population over 100,000 that have experienced at least a 20% increase in violent crime since 2018.

Sec. 701. Intelligence and Special Operations – REVISED

(1) Requires MSP to operate Michigan Intelligence Operations Center for Homeland Security (MIOC); (2) requires MSP to provide timely and accurate information to partners regarding critical information key resource threats and to increase public awareness on how to report suspicious activity; (3) requires MSP to operate Cyber Section and to maintain staffing; (4) requires MSP to provide digital forensic analysis and states case turnaround goal. Revises by deleting items (3) and (4). *(Governor deemed items (3) and (4) in this section unenforceable in FY 2022-23.)*

Sec. 702. Specialized Support Teams – REVISED

(1) Requires MSP to provide specialized support services; (2) requires MSP to maintain staffing and resources to provide training and maintain readiness to respond to an average number of specialty service requests; (3) requires canine unit to be available for call out 100% of the time; (4) requires bomb squad unit to be available for call out 100% of the time; (5) requires emergency support teams to be available for call out 100% of the time; (6) requires marine services team to be available for call out 100% of the time; (7) requires aviation services to be available for call out 100% of the time, unless prohibited by weather or mechanical breakdown; (8) requires maintenance of adequate levels of staffing and resources to provide security services at state Capitol Building and surrounding buildings and requires a minimum of 35,000 patrols at state-owned and leased facilities. Revises by deleting items (2) through (8). *(Governor deemed items (2) through (8) in this section unenforceable in FY 2022-23.)*

Major Boilerplate Changes from FY 2022-23

Sec. 704. Emergency Management and Homeland Security – REVISED

(1) Requires MSP to coordinate emergency and disaster response activities of governmental units; (2) authorizes expenditure of appropriated funds to call upon state agencies or departments to protect life or property or to protect health or safety of any area under a state of emergency or disaster; requires report to state budget director and submission of recommendations to legislature for supplemental appropriations; (3) authorizes MSP to expend additional funds from various sources to provide emergency management training or emergency response activities with notification of legislature; limits federal receive and expend under Sec. 704(3) and Sec. 231 to \$45.0 million and state restricted receive and expend under Sec. 704(3) and Sec. 704(7) to \$15.0 million; (4) requires MSP to maintain partnerships to protect the state from all hazards; (5) requires MSP to serve local emergency management preparedness programs and local emergency planning committees, operate and maintain State Emergency Operations Center, respond to civil disorders and natural disasters at a specified level, and perform hazardous materials response training; (6) requires MSP to conduct a minimum of three training sessions to enhance emergency response; (7) appropriates amounts necessary from Disaster and Emergency Contingency Fund to cover costs related to disasters and emergencies; limits appropriations under Sec. 704(7) and receive and expend under Sec. 704(3) to \$15.0 million; (8) requires authorization for expenditures from Disaster and Emergency Contingency Fund and requires reporting; (9) allows expenditures from any source during declared disasters and emergencies, upon approval of the state budget director and legislative notification; (10) requires MSP to report biannually on assessment of critical infrastructure vulnerabilities. Revises by eliminating receive and expend caps under items (3) and (7) and deleting items (8), (9), and (10). (Governor deemed items (8) and (9) in this section unenforceable in FY 2022-23.)

Sec. 801. Michigan International Speedway Traffic Control – DELETED

Allocates \$300,000 from the Contracts and Services line item for provision of traffic control support at MIS.

Sec. 802. Crime Victim Support Pilot Program – DELETED

Requires MSP to operate a pilot program to provide support services to crime victims in two MSP districts.

<u>Supplemental Recommendations for FY 2022-23 Appropriations</u>	<u>FY 2022-23 Recommendation</u>	
1. Strategic Training Initiatives	Gross	\$50,363,800
Includes \$50.4 million GF/GP for facility upgrades and construction at MSP’s training facilities to create an environment that supports realistic multi-disciplinary training for MSP staff and other first responders.	GF/GP	\$50,363,800

**Summary: Executive Budget Recommendation
for Fiscal Year 2023-24
TRANSPORTATION**

Analyst: William E. Hamilton

	FY 2022-23	FY 2023-24	Difference: FY 2023-24	
	Year-to-Date as of 2/8/23		Executive	vs. FY 2022-23
			Amount	%
IDG/IDT	\$4,123,800	\$4,353,000	\$229,200	5.6
Federal	2,026,480,000	2,090,121,400	63,641,400	3.1
Local	85,773,500	85,773,500	0	0.0
Private	16,800,000	16,800,000	0	0.0
Restricted	3,905,021,600	4,082,402,000	177,380,400	4.5
GF/GP	91,250,000	303,000,000	211,750,000	232.1
Gross	\$6,129,448,900	\$6,582,449,900	\$453,001,000	7.4
FTEs	3,056.3	3,224.3	168.0	5.5

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Historically, two-thirds of the revenue in this budget has come from state restricted revenue, with approximately one-third from federal sources. State-restricted revenue in this budget includes revenue from motor fuel taxes, vehicle registration taxes, and from a \$600.0 million earmark of Income Tax Act revenue. Approximately \$3.7 billion in state restricted revenue is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 ("Act 51") to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies (county road commissions and cities/villages). Revenue from aviation fuel and registration taxes, as well as a portion of Airport Parking Tax revenue, is credited to the State Aeronautics Fund for aeronautics programs. Federal funds for transportation programs are authorized under the federal Infrastructure Investment and Jobs Act (IIJA).

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>		<u>FY 2022-23 YTD (as of 2/8/23)</u>	<u>Executive Change from YTD</u>
1. Debt Service	Gross	\$225,300,500	\$118,439,600
Provides \$343.7 million for debt service on bonds issued under a pledge of state restricted revenue – an increase of \$118.4 million as compared to current year. Of the total, approximately \$102.0 million represents debt service on previously issued and outstanding bonds, and approximately \$123.0 million reflects estimated debt service on bonds MDOT anticipates issuing in 2023 as part of the \$3.5 billion Rebuilding Michigan bond program.	Restricted	225,300,500	118,439,600
	GF/GP	\$0	\$0

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
2. Baseline Staffing and STF Funding Increases	FTE 2,879.3	165.0
Increases authorized program staffing by 165.0 FTE positions across a number of STF-funded operating and service line items. Also increases funding by \$9.1 million STF to better align funding with FTE authorization. Specific increases by line item:	Gross \$638,520,400	\$9,051,000
	Federal 0	0
	Restricted 638,520,400	9,051,000
	GF/GP \$0	\$0
<p>Business Support: 4.0 FTEs, \$588,200; Commission Audit: \$1.2 million, (no increase in FTE authorization); Office of Transportation Economic Development: 1.0 FTE, \$111,600; Finance, Contracts, Support Services: 10.0 FTEs, \$1.6 million; Planning Services: 3.0 FTEs, \$459,900; Design/Engineering: 139.0 FTEs, \$4.3 million; Maintenance Operations: 8.0 FTEs, \$879,700.</p> <p>In addition to the STF-funded lines, the budget request for Office of Rail includes an additional 2.0 FTE positions and a \$300,500 increase in CTF support.</p>		
3. Design and Engineering Services – Budget Realignment	FTE 1,572.3	0.0
Shifts federal and state restricted funding between the capital State Trunkline Road and Bridge line item and Design and Engineering operating line items. See corresponding action in Item #5, below.	Gross \$190,254,100	\$58,857,700
	Federal 23,529,800	(10,000,000)
	Restricted 166,724,300	68,857,700
	GF/GP \$0	\$0
<p>Note that these fund shifts affect only the internal structure of the budget and do not affect actual funds available for the capital trunkline road and bridge construction program.</p>		
4. State Trunkline Maintenance	FTE 901.7	0.0
Increases STF support by \$21.7 million to recognized increased costs associated with maintenance materials and contract services.	Gross \$443,561,300	\$21,698,500
	Restricted 443,561,300	21,698,500
	GF/GP \$0	\$0
5. Road and Bridge Program – Revenue Adjustments/Fund Shift	Gross \$1,661,869,600	(\$162,230,600)
Funding for the capital State Trunkline Road and Bridge Construction line item would decrease by a net \$162.2 million. While federal funds would increase by \$10.0 million, state restricted funds would decline by a net \$172.2 million. The increase in federal funds, and \$69.8 million decrease in restricted STF relate to the budget realignment described in Item #3, above, which affects only the internal structure of the budget and not actual funds available for the capital trunkline road and bridge construction program.	Federal 1,185,230,900	10,000,000
	Local 30,003,500	0
	Private 10,000,000	0
	Restricted 436,635,200	(172,230,600)
	GF/GP \$0	\$0
<p>Additional reductions in state restricted STF revenue of \$116.3 million are a result of increases in STF-funded operating lines as well as increases in STF-funded debt service. These reductions in state restricted revenue are offset in part by a \$12.6 million increase Blue Water Bridge Fund support – funds used to support capital projects at the Blue Water Bridge.</p>		
6. MTF to Local Road Agencies	Gross \$1,910,975,400	\$39,028,900
The estimated MTF distribution to local road agencies (county road commissions, and cities and villages) would total \$1.95 billion, \$39.0 million more than the current year. This reflects the Act 51 distribution of estimated MTF revenue from motor fuel and vehicle registration taxes as well as local road agency share of \$600.0 million earmarked for road and bridge programs in the Income Tax Act. The actual distribution will be based on actual MTF revenue collections.	Restricted 1,910,975,400	39,028,900
	GF/GP \$0	\$0

TRANSPORTATION

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
7. Transportation Economic Development Fund (TEDF)	Gross	\$45,951,000	\$9,418,000
Includes \$55.4 million for the TEDF program, an increase of \$9.4 million. The increase primarily reflects a \$6.0 million reduction in TEDF debt service, as well as increases in estimated interest earnings on the TEDF balance. Funding for the TEDF/Target Industries categorical program would increase by an additional \$3.0 million due to the end of an earmark for the TEDF/Community Service Infrastructure Program (Category "B"), established in 2018 PA 473. The TEDF program is a targeted transportation program established and governed by statute, 1987 PA 231.	Restricted	45,951,000	9,418,000
	GF/GP	\$0	\$0
8. Transit Programs – Local Bus Operating Assistance	Gross	\$201,750,000	\$15,000,000
Increases state operating support for local public transit by \$15.0 million CTF. The increase is possible as a result of an increase in available CTF revenue. CTF revenue is derived from an Act 51 earmark of MTF revenue and an earmark of "auto-related" sales tax. For FY 2023-24, this baseline revenue would be supplemented by \$79.4 million available from the CTF fund balance.	Restricted	201,750,000	15,000,000
	GF/GP	\$0	\$0
9. Transit Capital	Gross	\$179,076,100	\$43,641,400
Recognizes \$43.6 million increase in estimated federal support for transit capital programs.	Federal	78,000,000	43,641,400
	Local	31,000,000	0
	Restricted	2,000,000	0
	GF/GP	68,076,100	0
		\$0	\$0
10. Specialized Services	Gross	\$26,541,300	\$3,771,100
Includes a baseline increase of \$3.8 million CTF for this targeted transit line item. The increase is made possible as a result of an increase in available CTF revenue.	Federal	13,127,400	0
	Local	4,185,000	0
	Restricted	9,228,900	3,771,100
	GF/GP	\$0	\$0
11. Van Pooling	Gross	\$195,000	\$205,000
Increases state support for targeted van pool program \$205,000 CTF.	Restricted	195,000	205,000
	GF/GP	\$0	\$0
12. Marine Passenger Service	Gross	\$4,964,000	\$188,000
Increases CTF support by \$188,000 for line item that provides capital assistance to eligible public ferry services in Michigan.	Federal	2,652,000	0
	Local	500,000	0
	Restricted	1,812,000	188,000
	GF/GP	\$0	\$0
13. Capital Outlay – Salt Storage and other Property Maintenance	Gross	\$5,501,500	\$2,499,000
Increases STF support by \$2.5 million for construction of salt storage facilities and capital maintenance of other MDOT-owned facilities.	Restricted	5,501,500	2,499,000
	GF/GP	\$0	\$0
14. Capital Outlay - Airport Improvement Program (AIP)	Gross	\$160,461,900	\$19,607,800
Includes \$180.0 million for program of federal capital assistance to eligible local public airports in the state, a net increase of \$19.6 million. Recognizes \$155.0 million in federal AIP funds, an increase of \$20.0 million from current year. Also reflects estimated available State Aeronautics Fund revenue. This program is shown in the budget under the line item Airport Safety, Protection, and Improvement (ASAP).	Federal	135,000,000	20,000,000
	Local	17,500,000	0
	Restricted	2,000,000	0
	GF/GP	5,961,900	(392,200)
		\$0	\$0
15. Detroit Metropolitan Wayne County Airport	Gross	\$5,850,000	\$520,000
Increases Qualified Airport Fund support by \$520,000 reflecting revenue estimates. As provided through 2015 amendments to the State Aeronautics Code, Qualified Airport Fund revenue is appropriated to the Detroit Metropolitan Wayne County Airport.	Restricted	5,850,000	520,000
	GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u>	<u>FY 2022-23 YTD (as of 2/8/23)</u>	<u>Executive Change from YTD</u>
16. IJJA Airport Infrastructure Grants		
Current year includes \$95.0 million federal spending authority for a new program established under Division J of IJJA, of federal aid to public airports. Proposed budget retains \$95.0 million for this program.	Gross Federal GF/GP	\$95,000,000 95,000,000 \$0
		\$0 0 \$0
17. One-Time – Intermodal Capital Investments Grants		
Includes \$160.0 million (\$100.0 million GF/GP, \$60.0 million CTF) for a one-time program in support of intermodal capital grants.	Gross Restricted GF/GP	\$0 0 \$0
		\$160,000,000 60,000,000 \$100,000,000
18. One-Time GF/GP – Michigan Bridge Bundling Initiative		
Includes \$200.0 million in one-time GF/GP for a targeted program to address failing or critical bridges in need of rehabilitation or replacement.	Gross Restricted GF/GP	\$0 0 \$0
		\$200,000,000 0 \$200,000,000
19. One-Time GF/GP – MI Contracting Opportunity		
Includes \$3.0 million in one-time GF/GP for program to increase contracting opportunities for socially or economically disadvantaged business concerns.	Gross Restricted GF/GP	\$0 0 \$0
		\$3,000,000 0 \$3,000,000
20. Back Out FY 2022-23 One-Time Items		
Removes one-time FY 2022-23 items not carried forward for FY 2023-24: Replace Weather Station Equipment, \$3.9 million GF/GP; Airport Infrastructure Grants, \$25.0 million GF/GP; Basic Marine Dock, \$700,000 CTF; Magnetic Roadway Sweepers, \$350,000 GF/GP; Priority Grade Separation Projects, \$12.0 million GF/GP; Technical Assistance, Planning, and IJJA Match Grants, \$25.0 million GF/GP; Upper Peninsula Freight Rail Infrastructure, \$550,000 CTF; Category “B” TEDF projects, \$25.0 million (in supplemental, 2023 PA 1.)	Gross Restricted GF/GP	\$92,500,000 1,250,000 \$91,250,000
		(\$92,500,000) (1,250,000) (\$91,250,000)
21. Economic Adjustments		
Reflects net decrease in estimated costs of \$84,800 Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker’s compensation, building occupancy charges, rent, and other economic adjustments.	Gross IDG Federal Restricted GF/GP	NA NA NA NA NA
		(\$84,800) (8,300) (136,100) 59,600 \$0

Major Boilerplate Changes from FY 2022-23

General Note on Boilerplate Section Revisions/Deletions

The executive recommendation did not include some reporting requirements, or certain legislative directives or restrictions on appropriations. General section deletions include: Sec. 211, requires searchable website for department financial and staffing information; Sec. 212, requires report on restricted fund balances; Sec. 213, requires scorecard of key metrics of department performance measures; Sec. 214, identifies legacy costs included in department budget; Sec. 215, prohibits department from disciplining employees for communicating with legislature; Sec. 217, prohibits part 1 expenditures until related work project balances have been exhausted; Sec. 219, requires department to follow record retention guidelines; Sec. 220, requires report on policy changes implemented to implement a public act affecting the department; Sec. 221, report on severance pay agreements made by the department; Sec. 222, prohibits use of COVID-19 passports and employment restrictions related to vaccine status; Sec. 223, requires report on proposed federal rule changes; Sec. 224, directs department to prioritize in-person work.

Sec. 210. Legislative Contingency Transfer Authorization – REVISED

Provides for legislative contingency transfer process; increases federal authorization to \$200.0 million from the current \$40.0 million; and state restricted authorization to \$40.0 million, from the current \$5.0 million. Local and private contingency authorization limits would remain at \$1.0 million each.

Sec. 211. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion, to restrict or impede community access to government programs, or restrict an individual’s ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

TRANSPORTATION

Major Boilerplate Changes from FY 2022-23

Sec. 218. State Administrative Board Transfers – DELETED

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

Sec. 302. Report on Debt Service Coverage – DELETED

Deletes section that established a reporting requirement regarding debt service.

Sec. 601. Report on Warranty Projects – DELETED

Deletes section that requires documentation of warranty projects and establishes reporting requirement.

Sec. 1001. Intermodal Capital Investment Grants – NEW

Defines the \$160.0 million intermodal capital investment grant program for capital needs that improve rail, marine, intercity, and local transit infrastructure or equipment, eligible for funding under Sections 10d or 10s of Act 51, or Fixed Guideway Capital Grants Program under IIJA Section 300005. Authorizes local match requirement. Directs department to develop program guidelines and selection criteria in coordination with the Michigan Infrastructure Office.

Sec. 1002. Bridge Bundling Initiative – NEW

Defines \$200.0 million initiative for the rehabilitation or reconstruction of certain state and local bridges using “bundling” contracting method. Establishes selection criteria: locally owned bridges must have been previously considered for funding under the local bridge program; state owned bridges must be classified as “serious” or “critical” under U.S. National Bridge Inventory criteria.

Sec. 1003. MI Contracting Opportunity – NEW

Defines the \$3.0 million MI Contracting Opportunity line item; directs that funds be expended in support of activities that enhance the development and availability of contractors or suppliers for the delivery of department programs that are socially or economically disadvantaged as defined in Section 100002 of IIJA. Provides for a revolving loan program and revolving loan fund established within the department.



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Community Colleges	Perry Zielak
Corrections	Robin R. Risko
Education (Department)	Noel Benson
Environmental Quality	Austin Scott
General Government:	
Attorney General/Civil Rights/State (Department)/	
Technology, Management, and Budget	Michael Crossen
Executive Office/Legislature/Legislative Auditor General/Lottery/	
Michigan Strategic Fund/Talent and Economic Development/Treasury	Viola Bay Wild
Health and Human Services:	
Child Welfare, Child Support, Community Services	Sydney Brown
Medicaid, Physical and Behavioral Health	Kevin Koorstra
Public Assistance, Field Operations, Medicaid-backup	Kent Dell
Public Health and Aging	Victoria Amponsah
Higher Education	Perry Zielak
Insurance and Financial Services	Marcus Coffin
Judiciary	Robin R. Risko
Licensing and Regulatory Affairs	Marcus Coffin
Military and Veterans Affairs	Michael Crossen
Natural Resources	Austin Scott
Natural Resources Trust Fund	Austin Scott
School Aid	Noel Benson; Jacqueline Mullen
State Police	Marcus Coffin
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Unemployment Insurance	Marcus Coffin
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Local Finance/Revenue Sharing/Tax Analysis	Jim Stansell; Benjamin Gielczyk
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	Edith Best; Holly Kuhn; Emily Smith; Alex Stegbauer; Sue Stutzky
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