

# EXECUTIVE



GRETCHEN WHITMER, Governor

# BUDGET

STATE OF MICHIGAN : FISCAL YEAR 2023

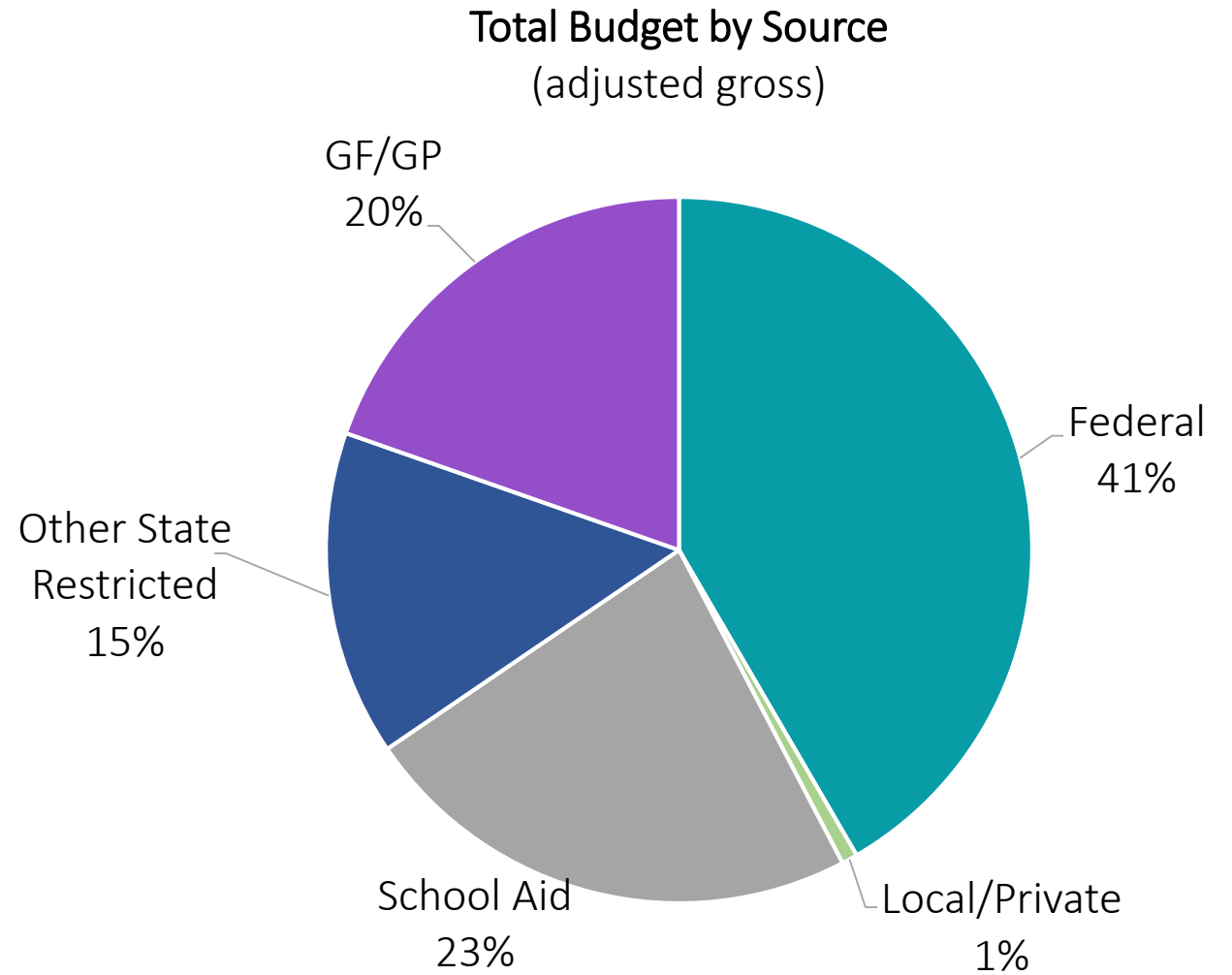
Presentation, budget book, accompanying documents located at:

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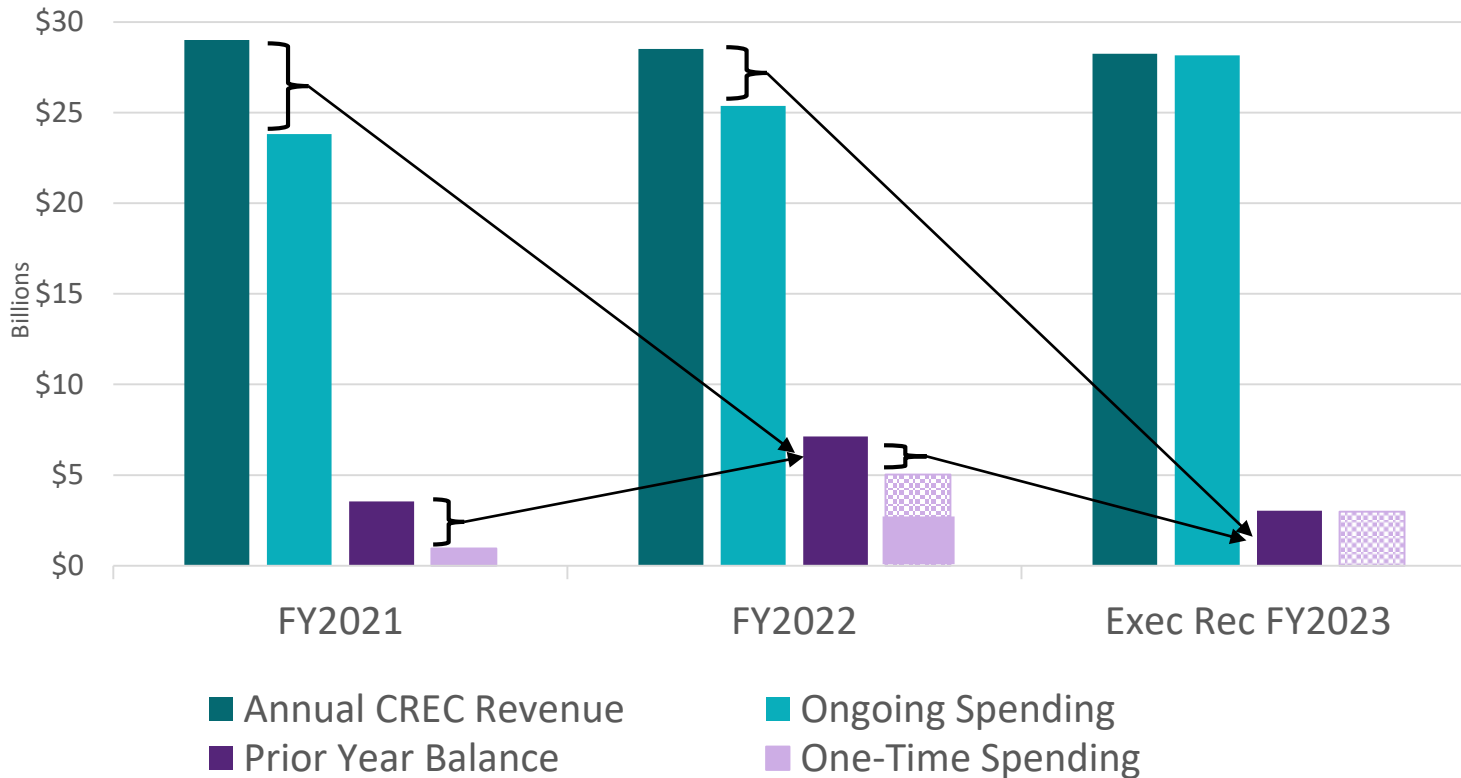
# FY 2023 Budget

- Total budget \$74.1b
- General Fund \$14.3b
- School Aid Fund \$16.6b



# Ongoing vs One-time Funding

**Combined GF and SAF Ongoing and One-Time Revenues vs Ongoing and One-time Spending**



- To maintain structural balance, ongoing spending should live within ongoing annual revenue
- FY21 began with \$3b+ balance after oversolving for FY20 anticipated pandemic shortfall that never materialized
- Unspent balances carried forward into the next fiscal year are one-time funds and should be spent on one-time costs
- FY21 revenues far exceeded the estimates the FY21 budget was built on, creating an even larger \$7b+ balance to carry into FY22
- Exec Budget proposes spending that one-time balance in FY22 supplemental and in one-time funds in FY 23 on one-time expenditures or deposits to spend down over next few years
- Exec FY23 budget is structurally balanced and assumes reduced ongoing revenue associated with proposed EITC and retirement tax changes

# Putting Michigan First: Priorities for FY23



## **Education: Putting Students First**

Strategic investments that put students first and make strong investments in state education



## **Road, Bridge, and Infrastructure Improvement**

Improves all facets of Michigan's Infrastructure with once in a lifetime investment dollars



## **Workforce and Economic Development**

Provides strategic investments in a wide range of economic projects and workforce programs to get Michigan back on track from the pandemic



## **Healthy Families**

Improves access to care for families with health and behavioral health needs

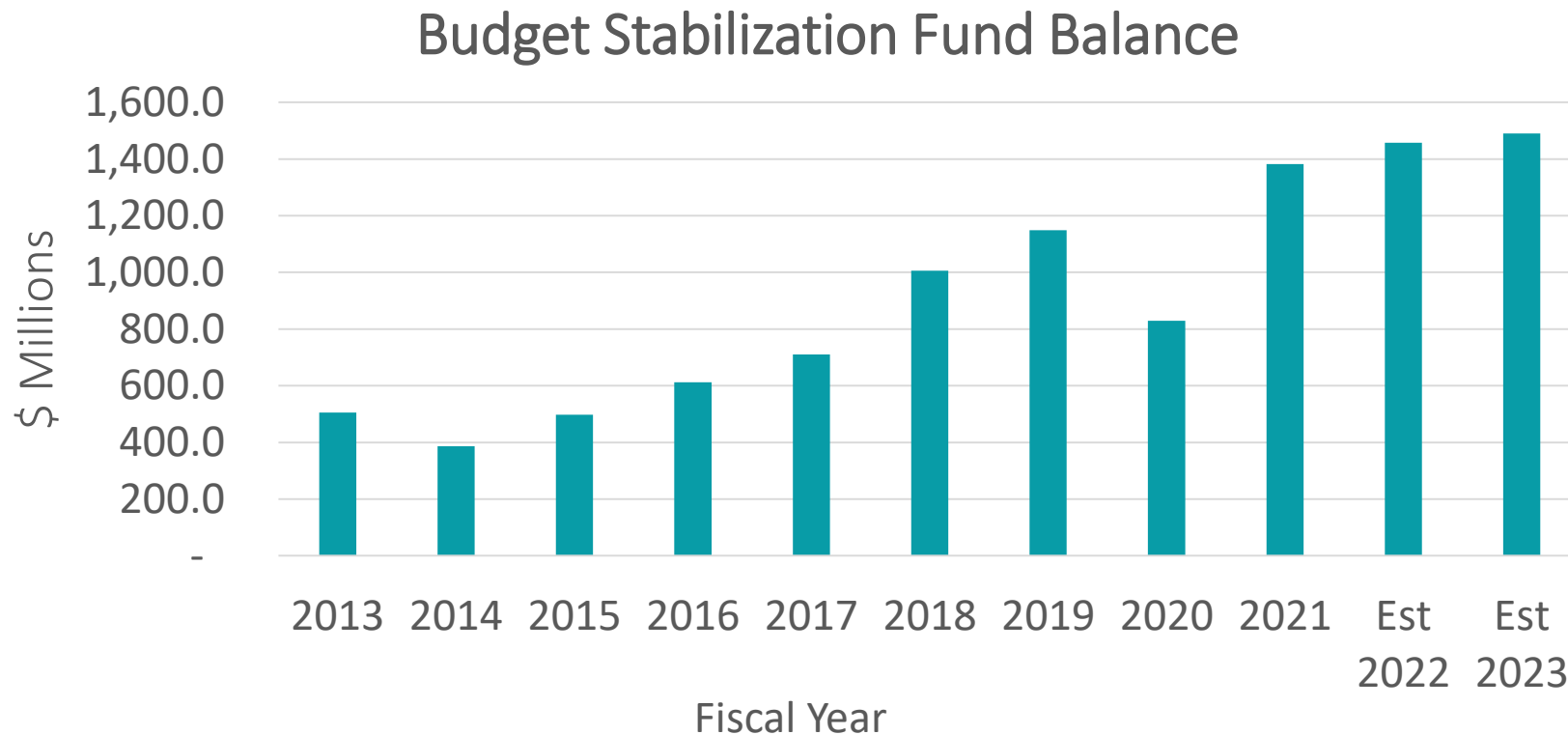


## **Safe Communities**

Creates a full-circle investment plan to keep our communities safe and our IT infrastructure secure

# Budget Stabilization Fund

Budget Stabilization Fund Deposit: \$51.8m, brings balance to nearly \$1.5 billion and meets goal of at least 5% of combined SAF and GF revenues



# How We're Getting Kids Back on Track

Strategic investments that put students first and make strong investments in state education. Investments focus on:

## Historic, Equitable Funding

- Ongoing investments ensure kids have the staff and support they need to thrive
- Investments connect resources with the students who need them most

## Talent In Schools

- Excellent educators drive student learning
- Investments target staffing shortages with focus on teacher recruitment and retention

## Mental Health and Safe Schools

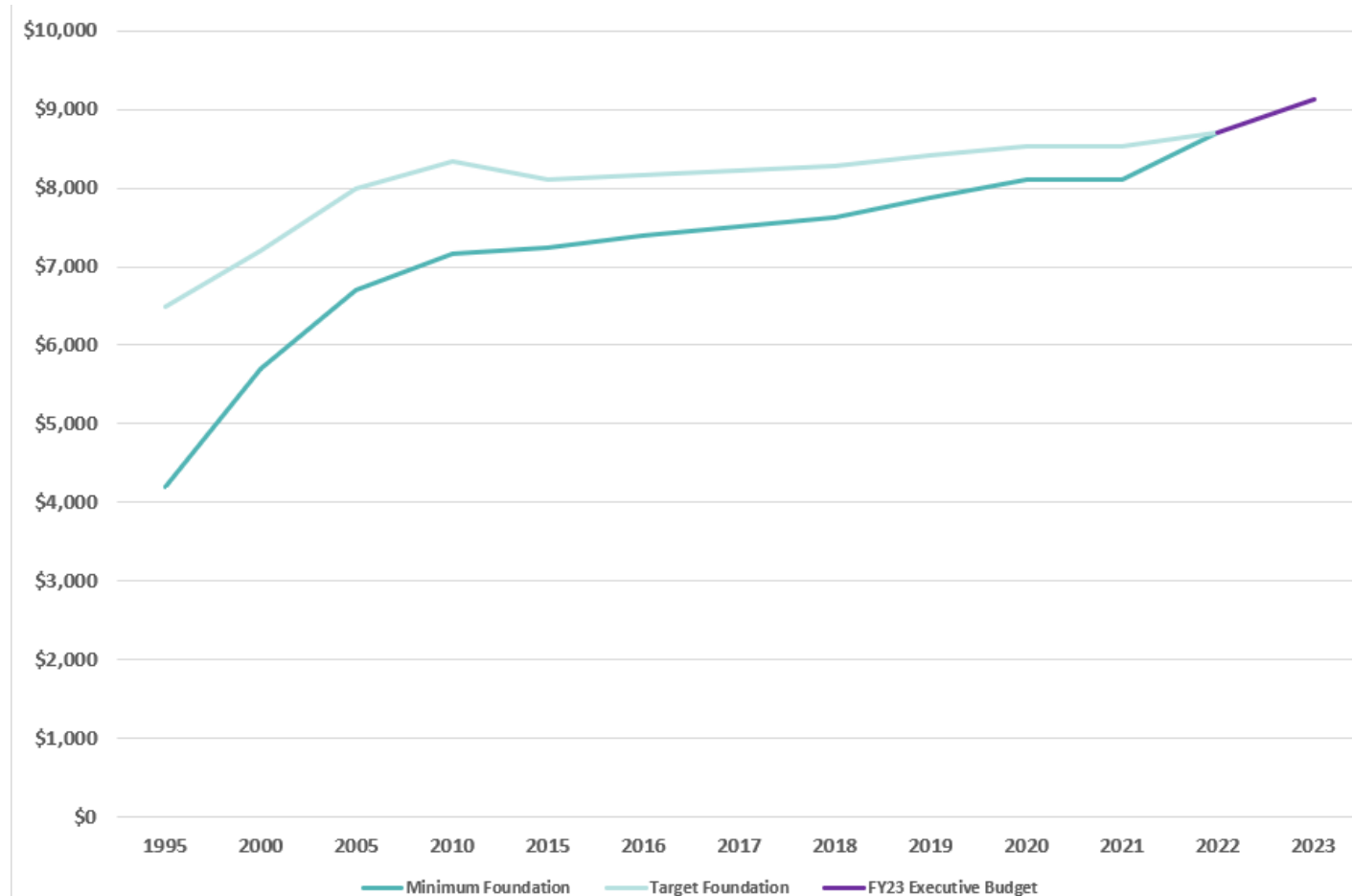
- Kids that are stressed and anxious struggle to learn
- Investments focus on trained, supportive adults and safe schools for every kid

# Historic, Equitable Funding

## Classroom Support

- Last year, Governor Whitmer and the legislature worked together to close the funding gap between schools
- This budget will invest \$988m to continue building a weighted funding model that includes a base per-pupil amount plus additional funding for students with more costly educational needs
- Increases base per-pupil funding to districts up to \$9,135 (a 5 percent increase, \$435 per pupil), \$580m

### Per-Pupil Funding



# Historic, Equitable Funding

## Classroom Support

- Michigan serves a diverse population of students, with some children needing additional assistance or resources to help them thrive in an educational environment:
  - **Economically disadvantaged students, \$222m** – Fully funds an additional 11.5 percent of the base per-pupil amount per student, fully funding this categorical for all students in every district, increasing total to \$746.5m
  - **Special education students, \$150m** - Provides an additional 5 percentage point reimbursement of costs for special education students. This brings the state reimbursement of costs from 31 percent to 36 percent
  - **Career and Technical Education (CTE), \$30.8m** - Includes an increase in state reimbursed costs, additional funding for equipment purchases, and additional funding for millage equalization payments
  - **English Language Learners, \$1.3m** - 5 percent increase to funding to support ELL students
  - **Intermediate School District Operations, \$3.6m** – 5 percent increase for operational funding to ISDs
  - **Rural and Isolated Districts, \$421,000** – Increase added funding for small, rural, and isolated districts by 5 percent. Increases appropriation to \$8.8m



## **Educator Retention, \$1.6b**

- Investments make sure our educators have the supports they need and the recognition they deserve for the work they do. Funding for these programs is recommended for appropriation in fiscal year 2022 and will be spent over the next 3 to 5 years:
  - **Retention bonuses, \$1.5b**
    - Retention bonuses will support all Pre-K through 12 educators who stay in their school for three years:
      - Years 1 and 2: \$2,000 bonus for every educator, administrator, paraprofessional and noninstructional staff
      - Year 3: \$3,000 for teachers and certified professionals; Year 4: \$4,000 for teachers and certified professionals
  - **Teacher onboarding, induction, and mentoring, \$50m FY22, \$50m FY23**
    - Teachers receive consistent, high-quality mentoring and support with the support of Universities. The experience would be free of charge to students and earns them graduate credits
    - Provide payments to districts to offset cost of allowing senior teachers fewer hours teaching and more hours mentoring
  - **Regional innovation grants, \$75m**
    - Provides grants to local and regional partnerships that identify a clear community need and offer ambitious plans with a focus on recruitment and retention efforts

# Mental Health and Safe Schools

## Mental Health, \$361m

- **Statewide Expansion of the Transforming Research into Action to Improve the Lives of Students (TRAILS) program, \$150m**
  - Builds capacity in school buildings for teachers and school leaders to help students manage stress, build healthy relationships, and manage their own mental health, funding is over three years
- **Universal mental health screenings, \$25m**
  - Collaborates with universities to develop and deploy a Michigan-survey in schools which will collect, analyze, and report on mental health data
- **School-based mental health professionals, \$120m**
  - Provides funding for additional mental health professionals and counselors in schools, could allow for up to 425 staff over the three years
- **Strengthen school-based mental & physical health, \$50m ongoing**
  - Increases existing appropriations for mental health grants from \$37.8m to \$87.8m
- **Expand school-based health clinics, \$11m**
  - Open 40 new school-based health clinics and serve 20,000 more kids ages 5-21
- **Expand specialized service for children with severe mental health needs, \$5m**
  - Connects local mental health professionals with psychiatry support as they treat children with significant needs. This helps expand access to psychiatric services and build capacity in local communities

# Mental Health and Safe Schools

## School Safety

- **Strengthen school-based mental and physical health, \$15m**
  - Create model that will expand services for youth threatening violence. Identify and implement cross-sector approaches to prevent mass violence through partnership with schools, public safety, mental health professionals, and communities
- **School safety grants, \$50m**
  - Expands allowable uses to include personnel (including trained school resource officers) and training for new and existing staff

## Additional Education Investments

- **Infrastructure Modernization Fund, \$1b deposit and \$170m for grants in FY23**
- **Detroit literacy payments, \$94.4m**
- **Before and after school programs, \$50m (\$25m one-time, \$25m ongoing)**
  - These programs help students with unfinished learning needs, ensure a safe place outside of school hours, provide the extracurricular activities that foster academic success, and accelerate academic recovery

## Investment in Higher Education

- **Universities**
  - **Operations**
    - \$76.3m ongoing, \$76.3m one-time, 5 percent
  - **University per-student funding floor, \$12.7m**
    - Investment will establish floor up to \$4,500 over the course of four years to ensure that state resources are allocated more equitably on a per-student basis
    - Year one will see a \$12.7m investment, and raise the floor to over \$3,500
- **Community Colleges**
  - **Operations**
    - \$16.2m ongoing, \$16.2m one-time, 5 percent
- **Infrastructure, Technology, Equipment, and Maintenance (ITEM) funding, \$200m (FY22)**
  - Assist community colleges and universities with improving existing facilities, infrastructure, and technology
  - \$58.5m Community Colleges and \$141.5 Universities

# Transportation Infrastructure

- **Infrastructure Investment and Jobs Act (IIJA), \$578m**
  - New federal funding of \$578M for roads, bridges, airports, local and intercity transit, and rail programs.
  - Of this amount, \$377.8m is new funding for road and bridge construction:
    - \$283.4m for state roads and bridges
    - \$94.4m for local roads and bridges
- **Additional state restricted funding for roads and bridges, \$111m**
- **Economically critical road improvement projects, \$150m**
  - Supports projects that are economically critical, carry high traffic volumes, increase the useful life of key roads, or will be completed in conjunction with bridge replacement projects

# Front-Line Workers

Strategic investments put front-line Michiganders first by helping deliver the support and resources they need so they can focus on their work instead of how they will pay the bills:

- \$500m in Hero Pay for front-line workers
- \$135m for our behavioral health workers
- \$60m for nursing home non-direct care workers
- \$1.5b for teacher retention
- \$30m GF plus \$20m previously requested for ARP support for law enforcement and first responders

In addition, the following investments help ensure that all workers across the state have the opportunities and resources to thrive, while also making sure communities and businesses are connected with the right employees to do the job.

# Workforce Development

- **Young Professionals Plus, \$15m**
  - Prepares young people for self-sustaining employment by providing them with career exploration, preparation, and placement, to build career skills and increase opportunities for success in the labor market
- **Removal of employment barriers, \$15m**
  - Remove barriers to employment for low-income, poor, and working poor residents
- **Homeownership and Workforce Development, \$11m**
  - Supports the acquisition, renovation and resale of homes in land bank inventories, while partnering with local workforce development partners to utilize paid apprenticeships on the job site for renovations
- **Statewide Pre-Apprenticeship Program, \$10m**
  - Expands Michigan's talent pool and prepare individuals for entry into federally registered apprenticeships
- **MI Local Heroes Marketing Campaign, \$10m**
  - Conducts a comprehensive statewide marketing campaign that highlights the benefits of public sector employment and attracts more individuals to critical jobs like nurses, teachers, police and firefighters
- **Job Court, \$5m**
  - A prosecutorial diversion program affording eligible pretrial defendants an opportunity to obtain and maintain gainful, full-time employment with an eligible employer for a year

# Economic Development

- **Strategic Outreach and Attraction Reserve (SOAR) Fund, \$500m (FY22)**
  - Supports companies investing in the state and its shift to attract electric vehicle (EV), battery, semiconductor, and software and hardware development
- **Transformational education infrastructure, \$230m**
  - Funding to support projects that will improve medical education and health sciences, and electric vehicle teaching, training, and development
- **Mobility Futures initiative, \$25m (FY22) one-time and \$4m ongoing**
  - Supports statewide effort advancing Michigan's position in the rapidly evolving mobility sphere. These efforts aim to transition and grow the state's mobility workforce and industry, provide safer, greener, and more accessible mobility services, and position Michigan to lead the nation in mobility innovation
- **Rebates for electric vehicle purchase, \$50m**
  - Provides \$2,500 state rebate (\$2,000 point-of-sale and \$500 charging equipment) to accelerate electric vehicle purchases over two years in addition to federal and other incentives



- **Infrastructure Investment and Jobs Act Water investments, \$214m, \$36.4m state match**
  - Lead service line replacement
  - Water treatment facility upgrades and modernization
  - Stormwater system planning, restructuring, and development
- **Community technical assistance grants for lead line replacement, \$48m**
  - Provides grants for technical, managerial, and financial assistance to communities throughout the state to ensure that projects are implemented effectively and efficiently. Grants will prioritize disadvantaged communities.
- **Home plumbing grants, \$40m one-time**
  - Increase the number of people with structurally sound homes with safe, clean water.
- **High water infrastructure, \$34m**
  - Provides grants to local units of government for high water level and climate resiliency planning and infrastructure needs, focused on addressing flooding, coastline erosion, transportation networks, urban heat, and storm water management

# Healthy Communities

- **Increased access to dental services for Medicaid enrollees, \$243.3m**
  - This will replicate the success of the Healthy Kids Dental program by procuring Healthy Kids Dental, HMP dental, and fee-for-service adult dental services through a single combined managed care contract, bringing better dental access to over 3 million Michiganders
- **Dental procedure reimbursement rate, \$4.3m**
  - Increases Medicaid reimbursement for outpatient hospital and ambulatory surgical centers for dental services that require the use of general anesthesia

# Healthy Communities

- **Immediate behavioral health access and capacity**
  - Increase availability of inpatient mental health services by 48 adults and 12 children, FY22 \$14.8m, FY23 \$29.7m
  - Support renovation, opening, and operating costs related for new units at the Hawthorn Center that will serve 28 more kids, FY22 \$15.2m, FY23 \$10.5m
  - Fund improvements, opening, and operation of two new Center for Forensic Psychiatry units at satellite facility which will support an additional 28 beds, FY22 \$20.7m, FY23 \$11.5m
- **New state psychiatric facility complex, \$325m**
  - Funds construction, on a single campus, of replacement facilities for the Hawthorn Center and Walter Reuther Hospital to increase inpatient capacity and improve efficiency of services provided
- **Student loan reimbursement for Behavioral Health Providers, \$25m**
  - Expands the Michigan essential healthcare provider program by providing loan repayment assistance to eligible behavioral health practitioners who work in federally designated shortage areas
- **Jail Diversion Fund, \$15m, one-time**
  - Grants to local entities to establish and expand jail diversion programs ensuring that individuals with mental illness receive appropriate treatment services

# Strong and Safe Communities

- **Constitutional state revenue sharing payments, \$964.6m**
  - Payments to cities, villages, and townships required under Article IX, Section 10 of the Michigan Constitution
- **Cities, villages, and townships, total statutory funding, \$292.9m**
  - 5 percent ongoing increase and a 5 percent one-time payment, \$26.6m
  - **Hold harmless for retroactive census clawback, \$50m**
    - Support to cities, villages, and townships that lost population in the 2020 United States Census to counteract negative adjustments to constitutional payments
- **Counties, total statutory funding, \$255.1m**
  - 5 percent ongoing increase and a 5 percent one-time payment, \$23.2m
  - **County Revenue Sharing and the County Incentive program, \$376,000**
    - Provides payments to Emmet County, the last county to re-enter the state revenue sharing program, and Leelanau County that returned in FY22

# Community Development

- **Michigan Regional Empowerment program, \$200m one-time**
  - Provides matching funds for regional empowerment programs that support the development and resilience of regional economies across the state
- **Nature, Sciences and Cultural Experiences program, \$75m one-time**
  - A competitive grant program for projects that bring art, science, nature, history, and culture to residents and preserve and celebrate Michigan's cultural diversity and natural beauty
- **Local community transition support, \$40m one-time**
  - Aid to communities that have experienced significant economic impacts from the departure or disinvestment of large-scale employers and workforces from their communities

# Public Safety and Crime Prevention

- **First responder retention, \$50m (FY22 supplemental)**
  - Supplemental funding recommended in FY22 to provide payments to state and local law enforcement and public safety personnel. When combined with \$20m ARP as part of the Governor's proposed MI Safe Communities framework will provide for total payments of \$50m
- **Trooper recruit school, \$9.2m**
  - Graduate 50 new troopers in addition to the 120 troopers that are anticipated to be hired and trained using existing attrition savings
- **Trooper recruitment, \$1m**
  - Helps to broaden the racial, ethnic, and gender makeup of the Michigan State Police to make it more representative of the communities it serves

# Public Safety and Crime Prevention

- **Judicial case management, \$175m**
  - Create a single statewide case management system to better track and process court cases
- **Unemployment fraud detection and prevention, \$88m**
  - \$75m to modernize the UIA IT system and deliver better results for Michigan residents
  - \$13m for Department of Attorney General and UIA to investigate fraud (FY22 supplemental)
- **Consumer protection unit, \$1m**
  - Will focus on the prevention of price gouging/fixing of goods and services
- **Criminal division expansion, \$1.1m**
  - Expansion will fund a dedicated Organized Retail Fraud Unit
- **Victim advocates, \$1.8m**
  - Provides support to victims of crime early in their interaction with the criminal justice system.
- **Intelligence operations division expansion, \$1.1m**
  - Increases amount of digital forensic analysts that will detect, prevent, and investigate cybercrimes in the state
- **Cyber security and infrastructure protection, \$3m**
  - Modernize and increase mitigation against cybersecurity vulnerabilities and threats

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