

FY 2024-25 Executive Budget Overview Supplementals and General Omnibus

**Mary Ann Cleary, Director
House Fiscal Agency**

**House Appropriations Committee
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GF/GP and SAF Beginning Balances

(Dollars in Millions)

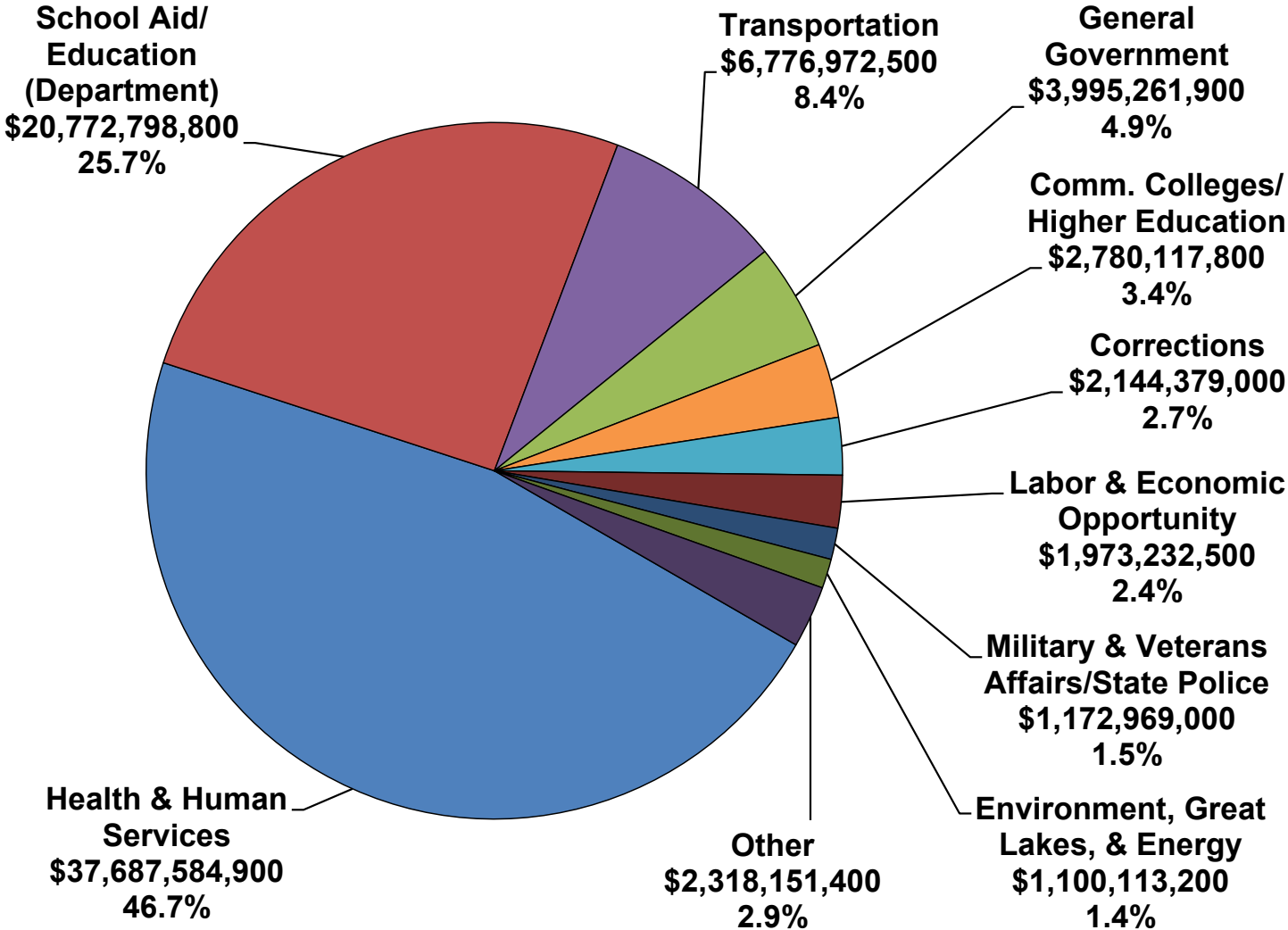
	FY 2023-24	FY 2024-25
GF/GP	\$3,934.6	\$1,106.2
SAF	\$2,192.5	\$564.1

Revisions impacting balances

- Revised CREC revenue adjustments:
 - FY 2022-23 GF/GP = \$177.8 million and SAF = \$117.8 million
 - FY 2023-24 GF/GP = \$359.1 million and SAF = \$58.8 million
- FY 2022-23 GF/GP budget lapses (\$900+ million) including Medicaid caseload adjustments (\$120+ million)
- School aid FY 2022-23 budget lapses (\$152 million)

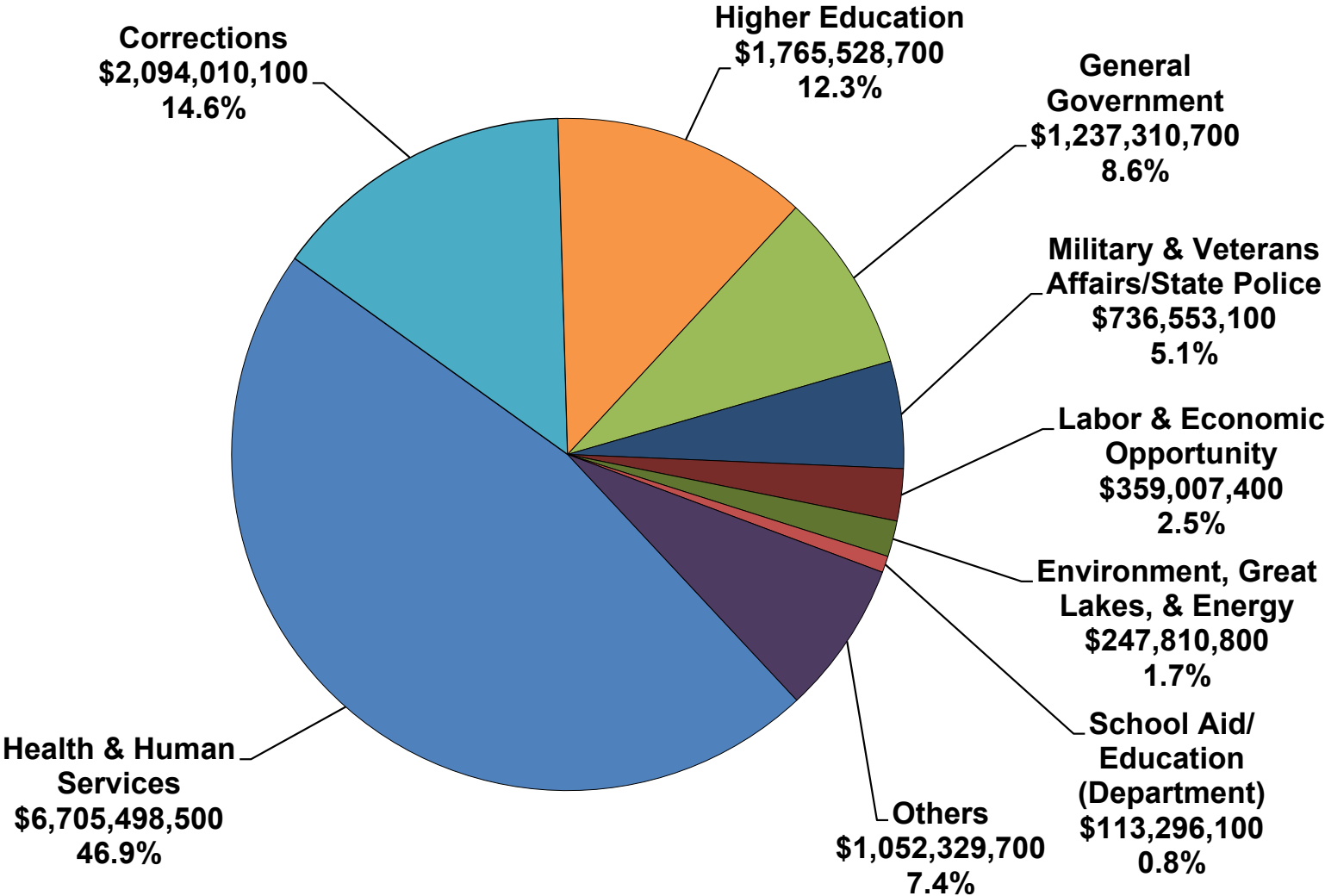
FY 2024-25 Executive Recommendation

Adjusted Gross = \$80,721,581,000



FY 2024-25 Executive Recommendation

General Fund/General Purpose (GF/GP) = \$14,311,345,100



FY 2024-25 Executive Budget Appropriation Changes

(Dollars in Millions)

	Enacted	Executive Rec.	Change	
	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>Dollar</u>	<u>Percent</u>
General Fund/General Purpose	\$15,193.5	\$14,311.3	(\$882.2)	(5.8%)
State Restricted	<u>31,820.5</u>	<u>32,013.5</u>	<u>192.9</u>	0.6%
Total State-Source Appropriations	\$47,014.1	\$46,324.8	(\$689.3)	(1.5%)
Federal	\$32,866.2	\$33,869.9	\$1,003.7	3.1%
Local	297.0	301.1	4.1	1.4%
Private	223.2	225.7	2.5	1.1%
Total Adjusted Gross	\$80,400.5	\$80,721.6	\$321.1	0.4%

Numbers may not add due to rounding

GF/GP Appropriations

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

FY 2023-24 Proposed Supplementals

(Dollars in Millions)

	<u>FY 2023-24</u>	<u>Departments</u> <u>2024-2</u>	<u>Education</u> <u>2024-3</u>	<u>MNRTF</u> <u>2024-4</u>	<u>Total</u> <u>Supp</u>	<u>Percent</u> <u>Change</u>
GF/GP	\$15,193.5	\$287.5	\$0.0	\$0.0	\$287.5	1.9%
State Restricted	31,820.5	736.5	87.8	27.3	851.6	2.7%
Federal	32,866.2	624.1	13.3	0.0	637.4	1.9%
Local/Private	520.3	(5.3)	0.0	0.0	(5.3)	(1.0%)
Total Adjusted Gross	\$80,400.5	\$1,642.7	\$101.1	\$27.3	\$1,771.2	2.2%

*Numbers do not include IDG transfers
Numbers may not add due to rounding*

Supplementals

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

- Departmental appropriation adjustments of \$1,642.7 million Gross (\$287.5 million GF/GP) includes the following major program additions:
 - \$1,318.8 million Gross (\$58.8 million GF/GP), which includes caseload and special financing adjustments. (DHHS)
 - \$49.0 million GF/GP for lump sum payments of up to \$2,250 per eligible employee. (Most Departments)
 - \$150.0 million GF/GP for targeted energy investment related to the reopening of Palisades Nuclear Plant. (LEO)
 - \$124.9 million Gross (\$29.6 million GF/GP) for additional programmatic appropriations spread over 13 departments.

Supplementals (Continued)

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

- School Aid supplemental increase of \$101.1 million Gross (\$57.8 million SAF) for CREC caseload costs and an additional \$30.0 million in funding for the free school breakfast and lunch program.
- Natural Resources Trust Fund projects totaling \$27.3 million restricted funds.

Current Services Baseline Assumptions

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

- \$229.2 million GF/GP for caseload adjustments. (DHHS and MDE)
- \$128.0 million GF/GP for state employee compensation-related costs. (Most budgets)
- \$135.0 million GF/GP for all other current services baseline costs. (Most budgets)
 - Including: \$27.1 million - Medicare Buy-In compliance; \$26.7 million - prisoner health care/nursing contracts; \$24.6 million - indigent defense commission grants; \$11.1 million - veteran homes operations.

GF/GP Ongoing Allocations

Total investments of \$437.6 million GF/GP for FY 2024-25. Major program increases include:

- \$214.8 million for existing program increases and new programs within DHHS.
 - Including: \$35.6 million - CCBHC expansion, \$30.3 million - Child Caring Institution Rates, \$15.0 million - Michigan Energy Assistance Program, \$14.0 million - Non-Direct Care Wage Increase.
- \$112.5 million net increase for university operations (2.5% increase), scholarships (\$36.0m), and fund shifts (both TANF replacement with GF/GP (\$127.8m) and GF/GP replacement with SAF (\$93.8m).
 - \$30.0 million increase to Michigan Achievement Scholarship which includes community college guarantee.
- \$37.9 million Gross (19.0 million GF/GP) to increase hourly childcare reimbursement rates by 10%. (MiLEAP)
- \$12.9 million to Michigan Indigent Defense Commission (MIDC) for implementation of standards 6 and 7 in LARA.

GF/GP One-Time Allocations

One-time allocations total \$769.3 million GF/GP for FY 2024-25. Major increases include:

- **\$185.0 million (MDOT)**
 - \$95.0 million - federal match; \$55.0 million - local bridge and culvert projects
- **\$131.0 million (LEO)**
 - \$25.0 million - development-ready sites; \$20.0 million enhancement for business attraction program; \$20.0 million enhancement of Going Pro program; \$20.0 million workforce needs
- **\$ 90.0 million (EGLE)**
 - \$40.0 million - federal match; \$25.0 million - electric vehicle charging stations
- **\$ 77.6 million (DHHS)**
 - \$14.2 million - family planning local grants; \$10.0 million - nursing loan repayment
- **\$ 76.8 million (DTMB)**
 - \$31.5 million - provide flexible spending account state match; \$25.0 million - Make it in Michigan deposit
- **\$ 60.0 million (MiLEAP)**
 - Pilot program to provide childcare subsidies for childcare workers
- **\$100.0 million deposit into the budget stabilization fund (BSF)**

Education Funding

Major increases proposed for FY 2024-25 School Aid and Community Colleges include:

- \$316.0 million increase to provide district foundation allowances of \$241 per pupil (2.5%).
 - \$27.0 million savings by reducing cyber school foundation allowances to 80% of the foundation.
- Continues \$300.0 million (\$150.0 million ongoing and \$150.0 million one-time). for per-pupil mental health and school safety grant.
- \$155.0 million (one-time) for literacy supports to districts and ISDs.
- \$150.0 million (one-time) for the Mi Kids Back on Track plan.
- \$106.2 million increase for Great Start Readiness program (GSRP).
- \$90.3 million grant program for services for low-income students.
- \$50.0 million (one-time) for grow your own programs.
- \$40.0 million increase for school lunch and breakfast program.
- \$9.0 million increase for 2.5% ongoing operations increase for community colleges.

MPERS Changes

Proposed changes to MPERS for FY 2024-25 School Aid and Community College include:

- \$675.4 million Gross reduction for other post-employment benefits (OPEB) contributions for districts (\$631.7 million) and community colleges (\$43.7 million).
- \$100.0 million Gross increase to reduce payroll contribution from 20.96% to 20.00% for both districts (\$94.3 million) and community colleges (\$5.7 million).

Revenue Sharing Allocations

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

- \$14.7 million (5.0%) ongoing increase for cities, villages, and townships (CVTs).
- \$12.8 million (5.0%) ongoing increase for counties.
- \$11.0 million (2.0%) one-time increase for CVTs and counties for local public safety initiatives.
- \$16.5 million (3.0%) one-time increase for CVTs and counties that have obligated all local ARP funds.

Revenue Adjustments

Executive proposal for revenue adjustments includes:

- Environment, Great Lakes, and Energy
 - Revenue increase \$80.0 million
 - Increase landfill tipping fee from \$0.36 per ton to \$5.00 per ton
- Labor and Economic Opportunity
 - Revenue increase of \$60.0 million (one-time) through early return of Venture Michigan Fund investment proceeds for new Michigan Innovation Fund
 - Supports evergreen funds to provide capital support to startups
- Department of Natural Resources
 - Revenue increase \$17.2 million
 - Recreation passport opt out and resident veteran exemption
- Income Tax – Caregiver Tax Credit
 - GF/GP revenue reduction of \$22.5 million (FY 24) - \$37.5 million (FY 25)
 - Credit of up to \$5,000 for caregiving expenses

Temporary Assistance for Needy Families (TANF) Fund Shift

\$167.8 million GF/GP is used to offset Federal TANF used for:

- Scholarships (\$127.8 million)
- DHHS admin. (\$40.0 million)

TANF is reallocated for the following increases to assist low-income families



DHHS (\$104.3 million TANF):

- Cash assistance increase (\$46m)
- State Emergency Relief (\$30m)
- Prenatal and Infant Support (\$24m)
- Homeless Services (\$3.5m)
- Caseload (\$800,000)

MiLEAP (\$63.5 million TANF):

- Childcare base (\$27.2m)
- Childcare rate increase (\$18.9m)
- Foster Youth Childcare rate (\$8.5m)
- Childcare inspections (\$4.8m)
- Family Childcare Networks (\$4.0m)

Balance Sheets

Executive Recommendation – General Fund Balance Sheet

(Dollars in Millions)

	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>
Beginning Balance	\$3,934.6	\$1,106.2	\$10.8
<u>Resources</u>			
Consensus Revenue Estimate: January 2024	\$13,597.4	\$14,022.2	\$14,707.6
Caregiver Tax Credit	(22.5)	(37.5)	(37.5)
Research and Development Tax Credit	--	--	(100.0)
Miscellaneous Adjustments	(27.6)	(27.6)	(27.6)
Revenue Sharing: Ongoing	(552.2)	(579.8)	(579.8)
Revenue Sharing: One-Time	<u>(10.5)</u>	<u>(27.5)</u>	<u>0.0</u>
Total Resources	\$12,984.6	\$13,349.8	\$13,962.7
<u>Expenditures</u>			
Appropriations: Ongoing	\$12,706.8	\$12,705.8	\$13,591.9
Baseline adjustments	--	263.2	--
Caseload adjustments	--	229.3	--
Investments	--	451.9	--
Reductions/Revenue backfill	--	(89.3)	--
GF to School Aid: Ongoing	82.6	115.1	50.1
Appropriations: One-time	2,436.9	669.3	0.0
Supplementals – Current Law	103.7	--	--
Proposed Supplemental (2024-2)	287.5	--	--
BSF Deposit	100.0	100.0	--
Lapses	(46.5)	--	--
Other/Lawsuit Settlements	<u>142.0</u>	<u>--</u>	<u>--</u>
Total Expenditures	\$15,813.0	\$14,445.3	\$13,642.0
Projected Ending Balance / (Shortfall)	\$1,106.2	\$10.8	\$331.5

Executive Recommendation – School Aid Fund Balance Sheet

(Dollars in Millions)

	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>
Beginning Balance	\$2,192.5	\$564.1	\$12.0
 <u>Resources</u>			
Consensus Revenue Estimates: January 2024	\$17,946.8	\$18,307.0	\$18,706.0
GF/GP Grant	120.6	116.6	50.1
Detroit Public Trust Fund	72.0	41.0	0.0
Restricted Reserve Funds	767.8	328.1	0.0
Federal Aid	<u>2,218.1</u>	<u>2,272.8</u>	<u>2,272.8</u>
Total Resources	\$21,125.2	\$21,065.5	\$21,028.9
 <u>Expenditures</u>			
School Aid: Ongoing	\$19,135.6	\$19,192.4	\$20,555.2
January 2024 CREC Baseline Adjustments	57.8	99.6	(124.0)
Investments	--	993.0	--
MPSERS savings	--	(631.7)	(631.7)
School Aid: One-time	2,324.1	953.0	--
School Aid: Supplemental current law	161.1	--	--
School Aid: Supplemental request (2024-3)	43.3	--	--
 Community Colleges	 544.5	 465.9	 469.5
Higher Education	<u>487.3</u>	<u>545.5</u>	<u>545.0</u>
Total Expenditures	\$22,753.7	\$21,617.6	\$20,814.0
 Projected Ending Balance / (Shortfall)	 \$564.1	 \$12.0	 \$226.9



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