

State Budget Update

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Deputy State Budget Director**

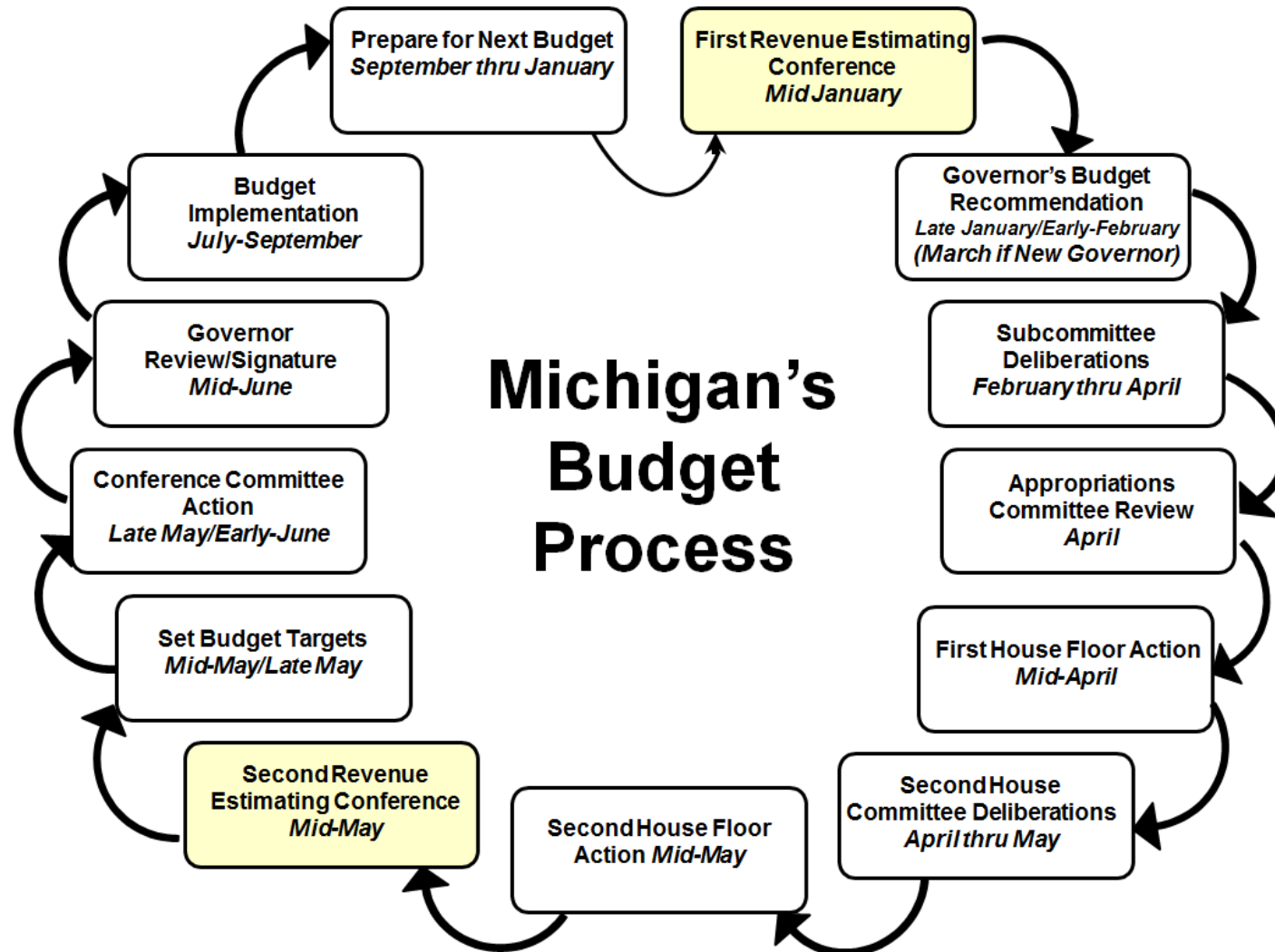
September 27, 2021



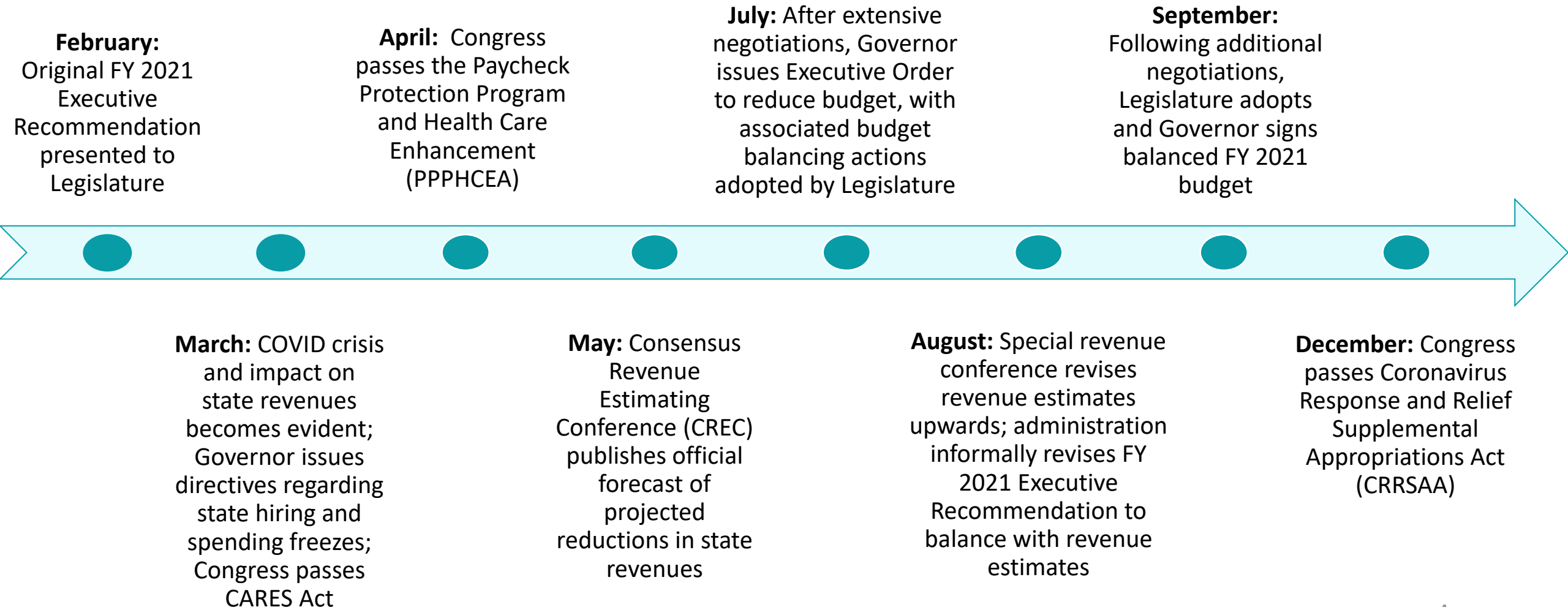
Agenda

- “Normal” Budget Process
- Year in Review: Budget Rollercoaster
- FY 2022 Budget
- Federal Stimulus Funds

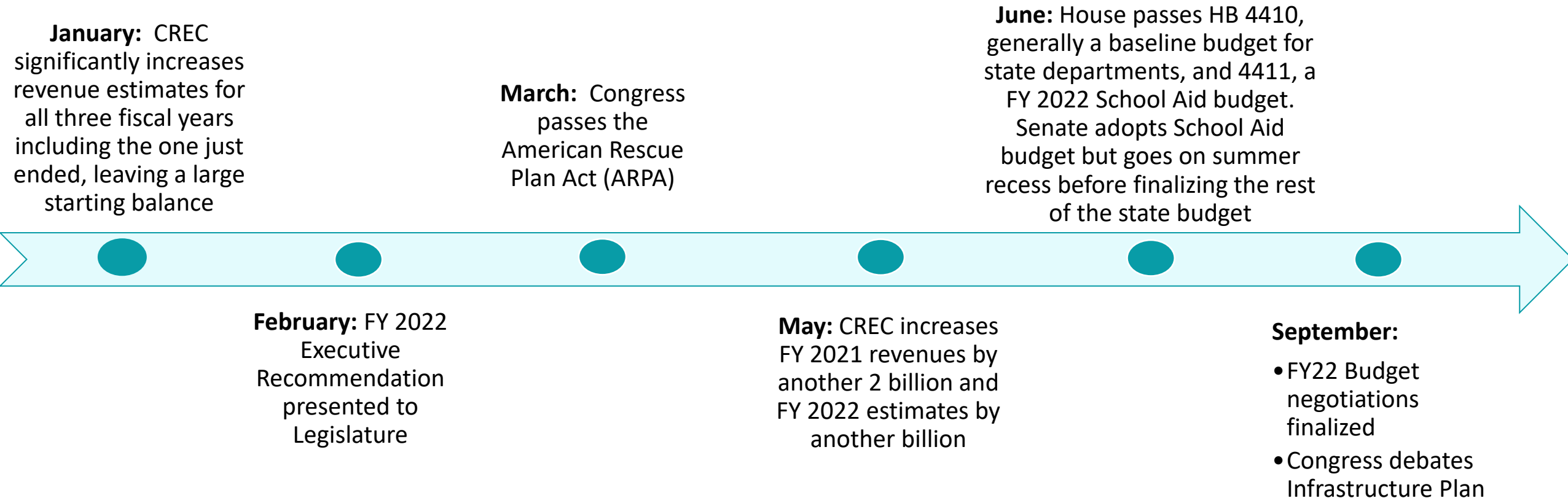
Budget Process



Budget Timeline 2020

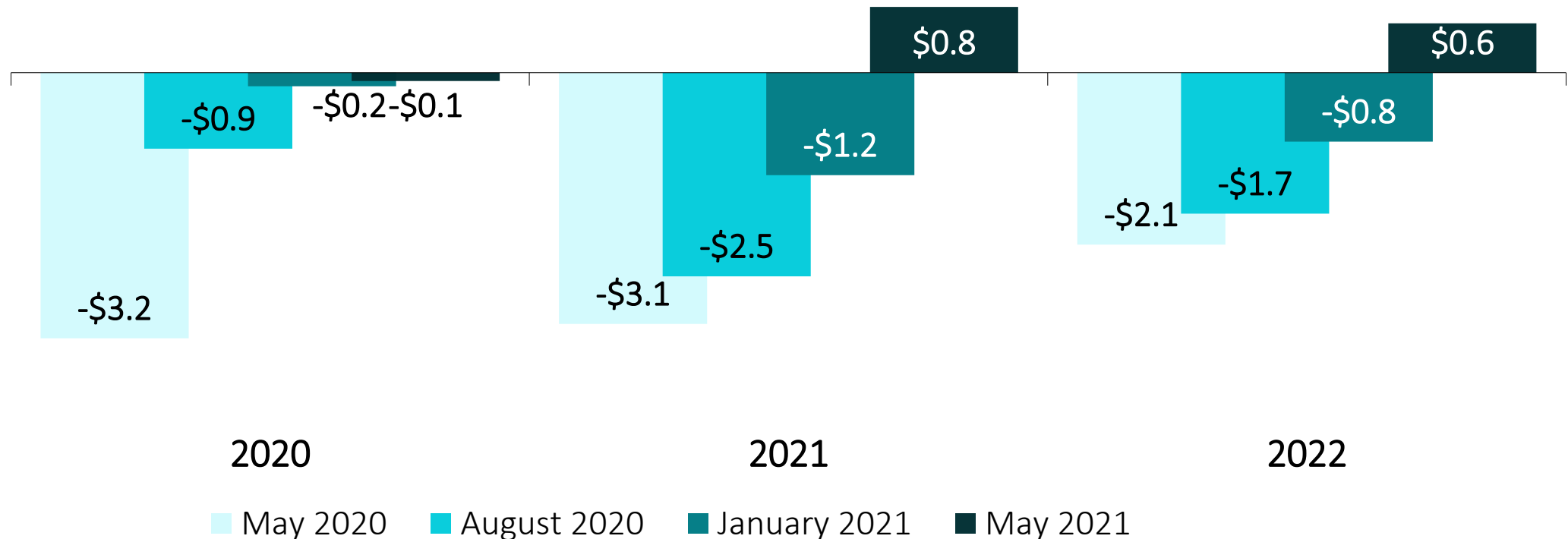


Budget Timeline 2021



Revenue Change from Jan. 2020 Forecast

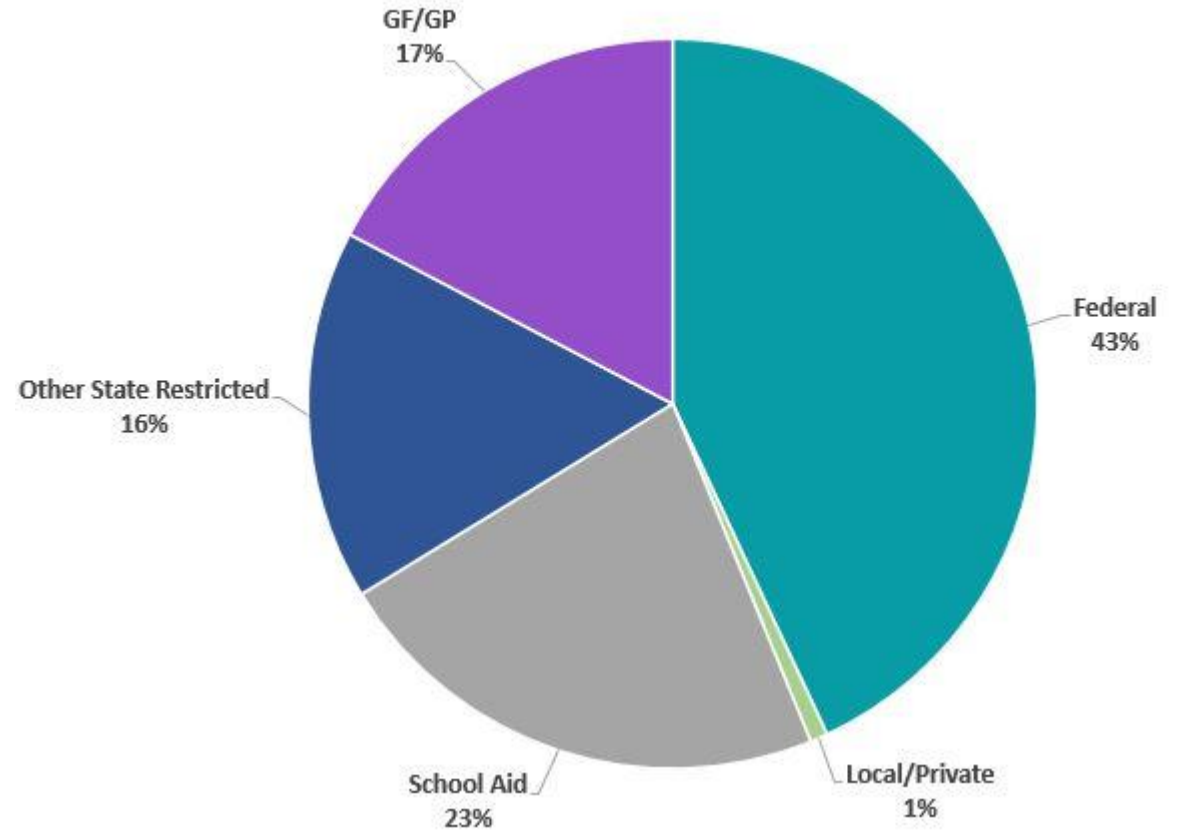
General Fund and School Aid Fund Combined Revenue
Compared to January 2020 Estimates
(Values in Billions)



FY 2022 Budget

- Total budget \$69.9b, up 13%
- General Fund \$11.8b, up 7%
- School Aid Fund \$17b, up 7%

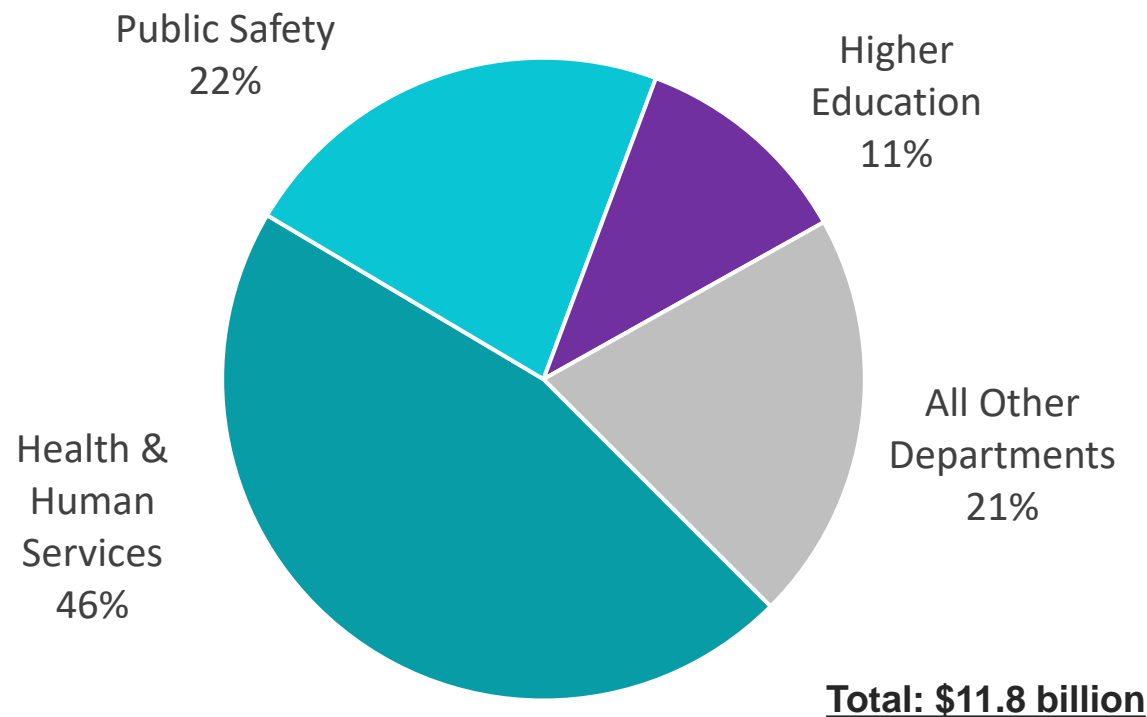
Total Budget by Source



FY 2022 General Fund Budget

General Fund: About 80% of GF/GP appropriations fund health care, the protection of vulnerable children and adults, public safety, and education.

Total General Fund by Category



FY 22 Major Investments

The FY22 Budget includes the following investments :

Infrastructure

- Local Bridge Bundling (\$196m)
- High Water and Resilient Infrastructure (\$14m)
- Dam Safety Emergency Fund (\$19m)

Public Health

- Direct Care Worker Wages (\$100m)
- Behavioral Health Improvements (\$118m)
- Programs to address Racial Health Disparities (\$15m)

Opportunity

- Reconnect (\$55m)
- Futures for Frontliners (\$25m)
- Child Care (\$1.4b)
- Community Revitalization Program (\$100m)

Water and Environment

- Contaminated Site Cleanup (\$20m)
- PFAS and Emerging Contaminants Grants (\$14m)
- Emergency Drinking Water Fund (\$15m)

Community Services

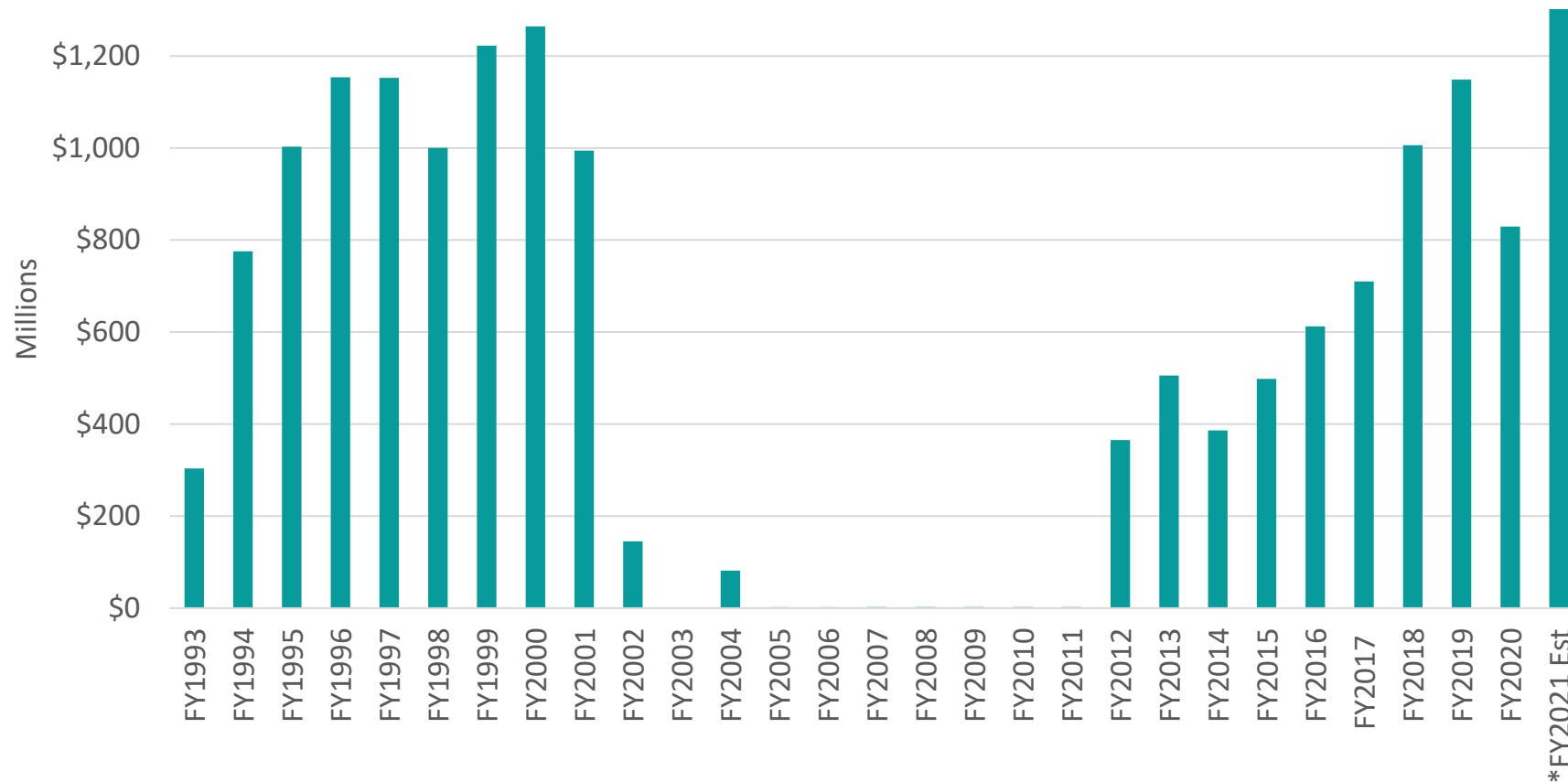
- Revenue Sharing – 2% Ongoing revenue increase
- Public Safety Personnel Recruitment and Training (\$5m)

Justice Reform

- Michigan Indigent Defense (\$31m)
- Raise the Age (\$29m)
- Clean Slate (\$20m)

Budget Stabilization Fund

FY22 Deposit of \$500 million represents the largest deposit in history, and the balance surpasses 5% of combined GF and SAF revenue for the first time in over 20 years.



Major Federal Stimulus Funds

CARES Act – March 2020 – nearly \$6 billion to state of Michigan

- \$890 million in Food Assistance Program (SNAP)
- \$480 million for K-12
- \$450 million Federal Emergency Management Agency (FEMA) funds and direct health response
- \$230 million in food assistance, primarily National School Lunch program
- \$3.1 billion State Coronavirus Relief Fund, somewhat discretionary

PPHCE Act – April 2020 - \$340 million

- \$315 million for COVID-19 testing

CRRSA Act – December 2020 – over \$5.0 billion

- \$2.1 billion in Food Assistance Program (SNAP)
- \$1.8 billion for K-12
- \$660 million Emergency Rental Assistance
- \$665 for COVID-19 testing and vaccines
- \$290 Child Care Development Block Grant

Major Federal Stimulus Funds

American Rescue Plan Act – March 2021 - \$14 billion

- \$6.5 billion in State Fiscal Recovery Funds, somewhat flexible source
- \$3.8 billion for K-12
- \$700 million Child Care Stabilization Grants
- \$440 million in Child Care Development & Block Grant
- \$765 million Emergency Rental and Homeowner Assistance
- \$300 million for COVID-19 testing in schools
- \$100 million for COVID-19 vaccines

ARP State Fiscal Recovery Guiding Principles

Pandemic:

How does the proposal address issues created by or exacerbated by the COVID-19 pandemic?

Equity:

Does the proposal address a change in societal opportunity and/or eliminate disparities/gaps in outcomes for underserved and underrepresented populations?

Transformational:

What is the opportunity for transformation and/or social change for Michigan's residents?

Leverage:

Does the proposal leverage additional resources from the private, public, and/or philanthropic sectors? How can we work with local units of government to combine state and local ARP funds through match or through regional efforts?

Sustainability:

How sustainable is the proposal? Will it require ongoing support? What is the potential return on investment?

Efficacy:

How effective would the proposal be in solving a defined problem? Does it use techniques that are highly likely to achieve the desired outcome? Does it clearly define how success will be measured?

Implementation:

How much support does the proposal currently or likely will have? Is there capacity to implement it now?