

Budget Time Frame and Current Budget

State Budget Overview

- Michigan's fiscal year (FY) runs Oct. 1 through Sept. 30th each year
- The Governor submits a budget for the next fiscal year within 30 days after the Legislature convenes (60 days for a newly elected Governor)
- The Governor's budget must be balanced and uses the January CREC for revenue projections
- Expenditures requested in excess of projected revenues must include recommended sources of new revenue
- Budget assumptions built on Consensus Revenue Estimating Conferences (CREC)
 - January (second week)
 - May (third week)
 - As needed

Budget Time Frame

January		February		March		April		May		June	
Legislative Action											
Governor's State of the State is delivered and budget recommendation is prepared for submission to the Legislature.			Governor's budget is delivered, legislative action begins.			Subcommittees make decisions, Appropriations Committee meets, floor votes take place.					
July		August		September		October		November		December	
Legislative Action											
Governor signs appropriation bills and issues vetoes. Veto overrides are considered. Current-year budget adjustments are considered. Fiscal year ends September 30						New fiscal year begins October 1. Appropriations Committee considers book-closing transfers.					

State Budget Overview

- May CREC is often used by Legislative Leaders and the Governor to negotiate target dollar amounts that the House and Senate conferees use to produce conference reports.
- For the purposes of reaching resolution in conference committee, items of difference are based on the House and Senate-passed versions of their originated budget bills.
- The Governor may sign or veto the appropriation bills, and may veto individual line items.
- Throughout the fiscal year, adjustments to the State budget may be made by:
 - Supplementals (Positive and Negative)
 - Transfers (Legislative and Administrative)
 - Executive Orders

Current Budget

State Budget Overview

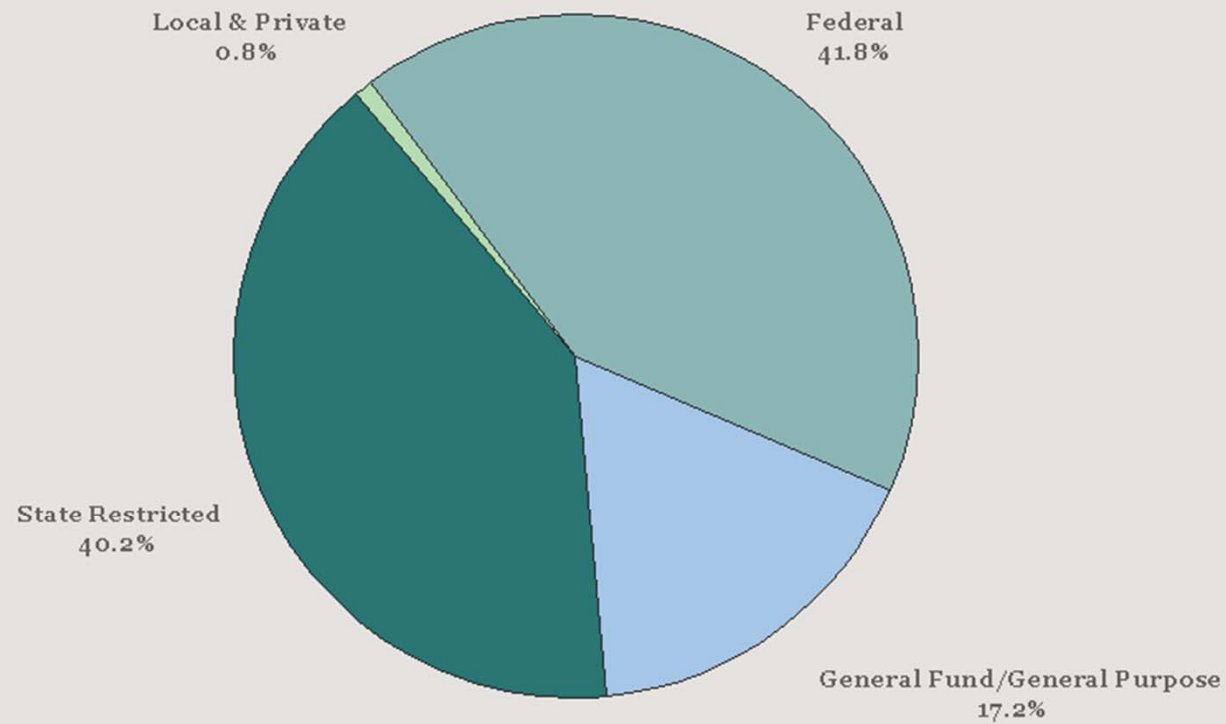
Governor Whitmer signed the budget bills for FY 2020-21 on 9/30/20

	FY 2019-20 Year-to-Date*	FY 2020-21 Initial Budget	Change from FY 2019-20	
			\$	%
General Fund/General Purpose	\$9,463,031,600	\$10,602,132,500	\$1,139,100,900	12.0%
State Restricted	23,583,483,500	24,756,939,300	1,173,455,800	5.0%
<u>Total State-Source Appropriations</u>	\$33,046,515,100	\$35,359,071,800	2,312,566,700	7.0%
Federal	33,672,244,100	\$25,706,051,400	(\$7,966,192,700)	(23.7%)
Local and Private	452,063,800	\$499,629,100	47,565,300	10.5%
<u>Total Adjusted Gross</u>	\$67,170,823,000	\$61,564,752,300	(\$5,606,070,700)	(8.3%)

* YTD as of 9/30/20

Appropriations by Source of Funds

FY 2020-21 Initial Adjusted Gross Appropriations



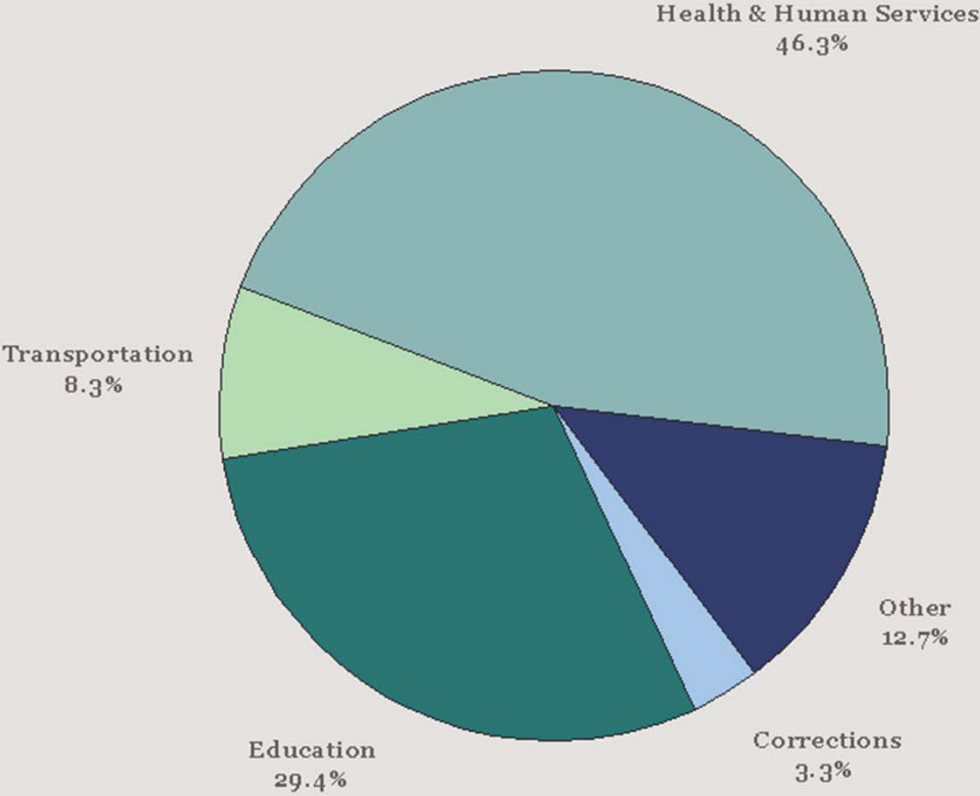
Total = \$ 61,564,752,300

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Adjusted Gross Appropriations by Major Category

FY 2020-21 Initial Appropriations



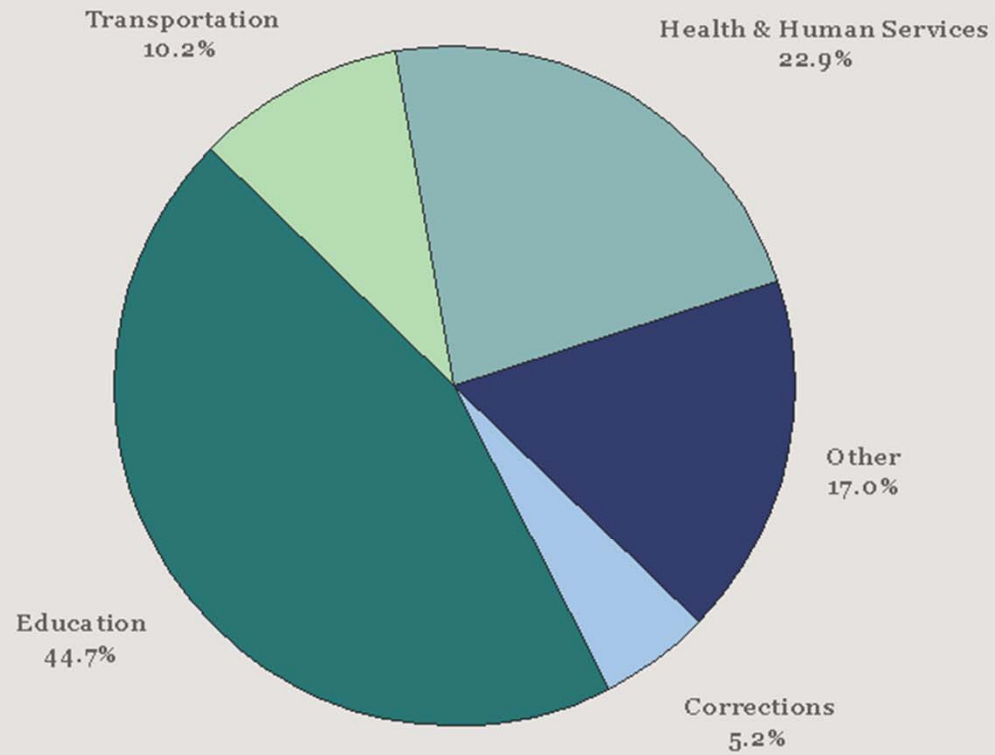
Total = \$ 61,564,752,300

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State Spending From State Resources

FY 2020-21 Initial Appropriations



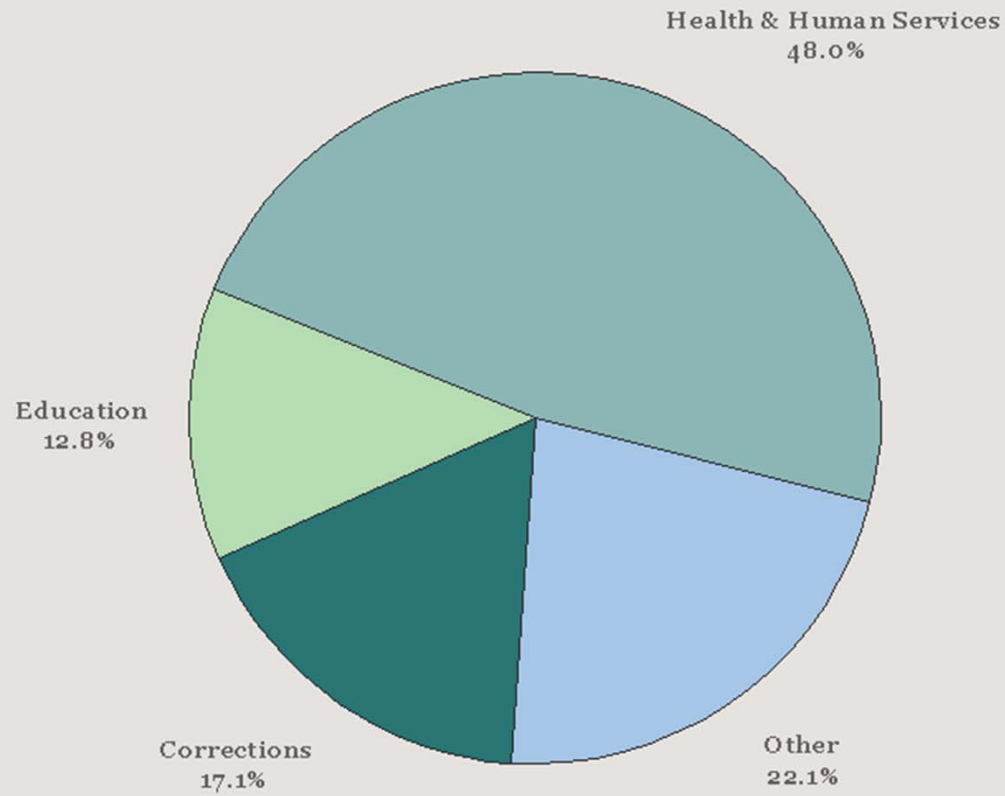
Total = \$ 35,359,071,800

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General Fund/General Purpose

FY 2020-21 Initial Appropriations



Total = \$ 10,602,132,500

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Major Areas of Spending

- State Restricted:
 - In FY20-21, \$24.8 billion is appropriated from State Restricted funds
 - Of that amount, \$13.6 billion is the School Aid Fund (SAF)
 - Other major remaining Restricted Funds:
 - \$3.6 billion - MDOT
 - \$3.0 billion – DHHS
 - \$1.3 billion – Treasury; Revenue Sharing
- General Fund:
 - In FY20-21, \$10.6 billion is appropriated from the State General Fund
 - Of that amount, \$5.1 billion is in DHHS
 - Other major GF department allocations:
 - \$1.8 billion – Corrections
 - \$1.2 billion – Higher Education
 - \$2.5 billion – ALL other State departments

General Fund and School Aid Fund Balance Sheets

General Fund/General Purpose (GF/GP)		
Revenue, Expenditures, and Year-End Balance Estimates		
(millions of dollars)		
	FY 2019-20	FY 2020-21
	Year-to-Date	Initial
Revenue:		
Beginning Balance	\$916.2	\$1,605.1
<u>Ongoing Revenue:</u>		
Consensus Revenue Estimate (August 2020)	\$10,296.8	\$9,536.7
<u>Other Revenue Adjustments:</u>		
Revenue Sharing Payments	(\$490.1)	(\$490.1)
Revenue Sharing One-Time Reduction	\$96.5	\$0.0
PA 126 of 2020	(\$3.8)	(\$15.0)
Shift VMFII to Voucher Purchase	\$0.0	\$75.0
Subtotal Ongoing Revenue	\$9,899.5	\$9,106.6
<u>Non-Ongoing Revenue:</u>		
Reimbursement for Implementation of Recreational Marihuana	\$10.0	\$0.0
Legal Settlements/Redirection of Restricted Revenue	(\$7.6)	(\$2.6)
Restricted Revenue Redirected to GF	\$165.7	\$13.0
GF-equivalent Lapsed Work Projects	\$0.6	\$0.0
GF-equivalent Restricted Revenue	\$0.0	\$0.8
Coronavirus Relief Fund: Interest Earnings	\$3.0	\$7.0
Subtotal Non-Ongoing Revenue	\$171.7	\$18.2
Total Estimated GF/GP Revenue	\$10,987.4	\$10,730.0
Expenditures:		
<u>Ongoing Appropriations:</u>		
Initial Ongoing Appropriations	\$9,940.0	\$10,461.5
Subtotal Ongoing Appropriations	\$9,940.0	\$10,461.5
<u>One-Time and Other Appropriations:</u>		
Estimated One-Time Appropriations	\$175.1	\$271.3
Enacted Supplementals	\$502.1	\$0.0
EO 2020-155 Reductions	(\$620.0)	\$0.0
COVID-19 FMAP Offset	(\$523.3)	(\$239.7)
Federal Disallowed Psych DSH Costs	\$0.0	\$62.8
Defined Calculations/Employee Economics	\$0.0	\$109.0
BSF Deposit	\$0.0	\$35.8
Estimated Department and Work Project Lapses	(\$91.6)	\$0.0
Subtotal One-Time and Other Appropriations	(\$557.8)	\$239.2
Total Estimated GF/GP Expenditures	\$9,382.2	\$10,700.7
PROJECTED YEAR-END GF/GP BALANCE	\$1,605.1	\$29.2

FY19-20 YTD as of 9/30/20

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School Aid Fund (SAF)		
Revenue, Expenditures, and Year-End Balance Estimates		
(millions of dollars)		
	FY 2019-20	FY 2020-21
	Year-to-Date	Initial
Revenue:		
Beginning Balance	\$194.7	\$869.4
<u>Ongoing Revenue:</u>		
Consensus Revenue Estimate (August 2020)	\$13,714.4	\$13,501.9
<u>Other Revenue Adjustments:</u>		
General Fund/General Purpose (GF/GP) Grant	\$62.6	\$51.0
Community District Education Trust Fund	\$75.9	\$77.7
Federal Ongoing Aid	<u>\$1,749.6</u>	<u>\$1,806.9</u>
Subtotal Ongoing Revenue	\$15,602.5	\$15,437.4
<u>Non-Ongoing Revenue:</u>		
Budget Stabilization Fund Deposit	\$350.0	\$0.0
Federal CRF	\$712.0	\$0.0
Talent Investment Fund	\$9.7	\$0.0
One-Time GF Deposit	\$42.0	\$0.0
Reserve fund for MPSERS	\$31.9	\$0.0
CEPI Work Project Lapse	<u>\$3.9</u>	<u>\$0.0</u>
Subtotal Non-Ongoing Revenue	<u>\$1,149.6</u>	<u>\$0.0</u>
Total Estimated School Aid Fund Revenue	\$16,946.8	\$16,306.9
Expenditures:		
<u>Ongoing Appropriations:</u>		
Initial Ongoing K-12 Appropriations	\$15,106.8	\$15,077.4
Cost Adjustments (January/May/August 2020)	(\$89.2)	\$206.2
Enacted Supplementals (PA 265 of 2018, PA 162 of 2019)	\$59.9	\$0.0
Enacted Return to Learn Pupil Blend Formula Change	\$0.0	\$45.0
Fund Community Colleges with SAF	\$414.7	\$425.7
Partially Fund Higher Education with SAF	<u>\$349.4</u>	<u>\$356.1</u>
Subtotal Ongoing Appropriations	<u>\$15,841.6</u>	<u>\$16,110.4</u>
<u>One-Time and Other Appropriations:</u>		
Enacted Supplementals	\$235.8	\$0.0
PA 165 of 2020 Expenditure Adjustments	<u>\$0.0</u>	<u>\$196.6</u>
Subtotal One-Time and Other Appropriations	<u>\$235.8</u>	<u>\$196.6</u>
Total Estimated School Aid Fund Expenditures	\$16,077.4	\$16,306.9
PROJECTED YEAR-END SCHOOL AID FUND BALANCE	\$869.4	(\$0.0)

FY19-20 YTD as of 9/30/20

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Risks

State Budget Overview

- FY 2020-21 and FY 2021-22 Known Risks:
 - COVID-19
 - Federal Government uncertainty
 - Pending Legal Challenges
 - Potential Lawsuits
 - Caseload Adjustments
 - Federal Disallowances (i.e. Psych Disproportionate Share Hospitals)
 - Statutory Policy Changes
 - For example: Michigan Indigent Defense Grants - \$36.5 million GF/GP recommended FY21
 - Raise the Age (estimates from Criminal Justice Policy Commission report)
 - costs to counties: \$16.9 million - \$34.1 million
 - costs to the State: \$9.6 million - \$26.8 million

State Budget Overview

- Known Risks:
 - Earmarking GF/GP:
 - Transportation Infrastructure Earmarks
 - \$325.0 million in FY2019-20; \$600.0 million in FY2020-21 and FY2021-22
 - Homestead property credit reforms
 - \$205.8 million in FY2020-21,
 - Increases to \$215.3 million in FY 2021-22
 - Phase-in of Personal Property Tax reform
 - \$465.9 million in FY 2019-20,
 - Increases to \$572.6 million in FY 2027-28
 - MEGA and other certificated tax credits
 - \$500 - \$600 million annually until 2028,
 - Declining and ending in 2032

Questions?

Chris Harkins

charkins@senate.michigan.gov