

Child Care Investments (MDE)	Page 2
Improving Outcomes for Children and Families through Foster Care Prevention (DHHS).....	Page 3
Certified Community Behavioral Health Clinic Demonstration (DHHS).....	Page 5
Direct Care Wage Increase Continuation (DHHS).....	Page 9
Home Visiting Expansion (DHHS).....	Page 11
Sickle Cell Disease Initiatives (DHHS)	Page 13
Cyber Security: Combating Advanced Persistent Threats (DTMB).....	Page 15
Green Revolving Fund (DTMB).....	Page 17
Information Technology Investment Fund (DTMB).....	Page 18
High Water Infrastructure Grants (EGLE).....	Page 21
MI Clean Water Plan (EGLE).....	Page 22
Michigan Legal Help (JUD)	Page 23
Michigan Indigent Defense Commission Grants (LARA).....	Page 24
Michigan Reconnect/Futures for Frontliners (LEO)	Page 26
Mobility Futures Initiative (LEO)	Page 28
Local Bridge Bundling Initiative (MDOT)	Page 30
Clean Slate for Michigan (AG, MDOC, MSP, JUD)	Page 32
Jail and Pretrial Incarceration Task Force Recommendations (JUD, MSP).....	Page 33
City Income Tax COVID Loss Relief (TRSY)	Page 35

Background

Affordable child care is an integral component in removing a barrier for low-income individuals to seek employment, job training programs, or furthering their educational attainment. Due to the COVID-19 crisis, fewer children are in care for many reasons including parents working from home, children learning virtually, parents not feeling safe to send their children to care, or a parent losing employment. In December 2020, Congress passed the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), Public Law 116-260, which included \$292.1 million in additional child care funding for Michigan to address the impacts COVID-19 has had on the child care system. The Governor's budget proposes a fiscal year 2021 supplemental with the CRRSAA funds to begin investments in our child care system and to support families who rely on it as quickly as possible. In addition, the Governor also recommends the inclusion of \$78 million in one-time state general fund in fiscal year 2022 to supplement the cost of the investments.

Proposed Investments in Child Care

- **Increase income eligibility** for the Child Development and Care (CDC) program from 150% of the federal poverty level (FPL), \$39,300 annually for a family of four, **to 200% FPL or \$52,400 annually** for a family of four from April 1, 2021 – September 30, 2022. This policy makes affordable child care available to an estimated 150,000 more children, providing support to Michigan families when they need it most. Thereafter, income eligibility permanently increases to 160% FPL, \$41,920 annually for a family of four.
- **Cover required family contribution copays** in the CDC program from April 1, 2021 – September 30, 2022 to reduce the parent portion of child care expenses.
- **Raise rates by 10%** for CDC providers recognizing the increased cost to serve children.
- **Pay child care providers on enrollment rather than attendance** from April 1, 2021 to December 31, 2021. This provides stability and will protect providers over a sudden loss of funding if children are out of care temporarily.
- **Provide business stimulus grants** to all child care providers to help them remain open and serving Michigan families while Michigan recovers.
- **Maintain support for child mental health** by continuing the network of infant and early childhood mental health consultation which provides mental health consultation to child care providers.
- **Provide for the increased administrative and information technology costs** to successfully implement these investments.

Projected cost of the investments over 3 fiscal years are included below.

Child Care Investment	2021	2022	2023	Total
Eligibility Increase 200% FPL then 160% FPL	\$46,400,000	\$92,800,000	\$18,200,000	\$157,400,000
Waive Family Contribution Copays	\$6,500,000	\$13,000,000	\$0	\$19,500,000
Provider Rate Increase 10%	\$17,400,000	\$34,800,000	\$27,400,000	\$79,600,000
Pay Providers on Enrollment vs Attendance	\$29,350,000	\$14,675,000	\$0	\$44,025,000
Business Support Grants	\$55,000,000	\$0	\$0	\$55,000,000
Maintain Mental Health Initiative Children Ages 0-5	\$0	\$1,500,000	\$0	\$1,500,000
MDE Admin	\$2,820,000	\$0	\$0	\$2,820,000
Total	\$157,470,000	\$156,775,000	\$45,600,000	\$359,845,000

Summary

Consistent with recent changes in federal law, the Executive Budget draws on newly available federal Title IV-E dollars to fund programs designed to prevent children from entering foster care and to allow them to remain safely in their own homes. With this investment of \$3.5 million gross (\$2.1 million general fund), these programs will improve outcomes for children and help the state make progress toward exiting federal court oversight of child welfare programs under the 2008 *Children's Rights* lawsuit settlement agreement.

Background

The federal Family First Prevention Services Act (FFPSA), enacted in February 2018, significantly altered the federal child welfare financing landscape by allowing, for the first time, federal Title IV-E dollars to be used for foster care prevention programs rather than exclusively for children already in foster care. To be able to draw IV-E dollars for prevention programming, states must use the funding to support evidence-based programs approved by the Title IV-E Prevention Services Clearinghouse. New spending in approved programs is eligible for an uncapped federal reimbursement of 50 percent if states maintain current spending levels from state resources on prevention programs.

The Executive Budget invests \$3.5 million gross (\$2.1 million general fund) in programs designed to keep families intact by preventing children from entering foster care. Upon federal approval of Michigan's Prevention Plan, foster care prevention programs will include programs designed for substance abuse treatment, mental health services, and parenting skills support. The Michigan Department of Health and Human Services (MDHHS) estimates that phasing in these programs will serve an estimated 1,391 families with children at risk of removal from their homes in the first year at an average cost of \$4,695 per family. This compares to the average cost of a foster care episode for children aged 0 to 12, which is approximately \$26,180. As noted in the examples below, research by the Washington State Institute of Public Policy (WSIPP) has demonstrated a significant return on investment to taxpayers and participants for these programs through improving outcomes for children and helping avoid stays in the foster care system:

Multisystemic Therapy – Intensive, in-home interventions conducted by certified therapists with the goal of promoting healthier social behavior and reducing criminal activity, mental health symptoms, and illicit substance use in youth of ages 12 to 17. WSIPP research suggests a \$3.02 return on investment for every dollar spent on programming¹.

Functional Family Therapy – A short-term prevention program for at-risk youth and their families that aims to address risk factors that impact youth of ages 11 to 18 who have been referred for behavioral or emotional problems. This program is organized in five phases and focuses on developing a positive relationship between the therapist/program and the family, identifying specific needs and characteristics of the family, and supporting individual skill-building of youth and family. WSIPP research shows a \$2.76 ratio of benefits to program costs for court-involved youth².

¹ <http://www.wsipp.wa.gov/BenefitCost/Program/36>

² <https://www.wsipp.wa.gov/BenefitCost/Program/32>

Parent-Child Interactional Therapy (PCIT) – Trained therapists coach parents of children age two to seven in behavior management and relationship skills aimed at decreasing behavior concerns and improving the quality of parent-child relationships. Research from WSIPP shows a benefit to cost ratio of \$15.11³.

SafeCare – Approximately 4 to 6 months in length, SafeCare focuses on assessment, training, and reassessment of parenting skills using modules designed to address parent-child interaction, home safety, child health, and family engagement. For every dollar spent on the program, WSIPP research suggests \$20.82 in benefits⁴.

MDHHS will begin implementing evidence-based programming under the FFPSA on October 1, 2021. In addition, new Kinship Support workers will provide support to relatives who voluntarily agree to care for children to ensure their safety, permanency, and well-being. The following table provides a breakout of the costs and associated savings in years 1 and 2 of the investment:

	Year 1 Phase-In		Year 2	
	Gross	GF	Gross	GF
Evidence-Based Programming	\$6,530,700	\$3,265,400	\$6,530,700	\$3,265,400
Program Coordination – 2 FTEs	\$274,300	\$137,200	\$274,300	\$137,200
Kinship Parent Support Workers – 16 FTEs	\$2,028,800	\$1,014,400	\$2,028,800	\$1,014,400
Direct Assistance	\$400,000	\$400,000	\$400,000	\$400,000
Total Cost	\$9,233,800	\$4,817,000	\$9,233,800	\$4,817,000
Savings from 25% of children not entering Foster Care	(\$5,772,500)	(\$2,675,000)	(\$10,656,900)	(\$4,938,500)
Total Net Cost	\$3,461,300	\$2,142,000	(\$1,423,100)	(\$121,500)

³ <https://www.wsipp.wa.gov/BenefitCost/Program/77>

⁴ <https://www.wsipp.wa.gov/BenefitCost/Program/160>

Summary

The FY 2022 Executive Budget includes **\$26.5 million gross, \$5.0 million general fund (6.0 FTEs)** to support a two-year implementation of the Centers for Medicare and Medicaid (CMS) Certified Community Behavioral Health Clinic (CCBHC) Demonstration program. Proposed funding will be used to:

- Establish 14 CCBHC sites, through 11 Community Mental Health Programs and 3 non-profit behavioral health entities, to provide comprehensive access to behavioral health services to vulnerable individuals.
- Create a new Behavioral Health Policy and Operations Office to oversee the implementation of the CCBHC demonstration, Medicaid Health Homes, and other behavioral health integration initiatives. The new office will comprise 6 new FTE positions and 9 reassigned FTE positions responsible for policy, operations, technical assistance, and quality monitoring support.

Background

Gaps Remain in Michigan's Behavioral Health Services

While Michigan has expanded access to behavioral health supports and services to 800,000 Michigan residents through the Healthy Michigan Plan (HMP), gaps remain.¹ In 2015, the Substance Abuse and Mental Health Services Administration (SAMHSA) estimated that more than half of Michigan residents aged 18 and older who experience mental health illness do not receive services.² And, a recent Michigan Health Endowment Fund study estimates that only 60% of Michiganders who have behavioral health needs receive needed services.³ This study also concluded that most substance use disorder in Michigan goes untreated. In addition, Michigan ranks third in states with the highest shortages of mental health professionals, surpassed only by Texas and California.⁴

Section 223 CCBHC Demonstration Program

In 2014, Congress established the CCBHC Demonstration program.⁵ CCBHC intends to improve the quality and availability of community-based behavioral health services by advancing the integration of behavioral health and physical health services while testing new strategies in service delivery and provider reimbursement. Since 2016, 8 states have been part of this demonstration: Minnesota, Missouri, New Jersey, New York, Nevada, Oklahoma, Oregon, and Pennsylvania. In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, expanded this demonstration program to two additional states: Michigan and Kentucky.

Enhanced Health Services, Prospective Reimbursement, and Advantageous Federal Financing

A CCBHC is a new provider type in Medicaid, designated to provide comprehensive and integrated care for adults with mental health or substance use disorders and children with serious emotional disturbance. To be certified as a CCBHC, an entity must be either a nonprofit organization, local government behavioral health authority, or tribal health organization.⁶

¹ Mental Health America (2020), <https://mhanational.org/issues/2020/mental-health-america-prevalence-data>

² SAMHSA Behavioral Health Barometer Michigan (2015), https://www.samhsa.gov/data/sites/default/files/Michigan_BHBarometer_Volume_4.pdf

³ Access to Behavioral Health Care in Michigan. https://mihealthfund.org/wp-content/uploads/2019/07/BehavioralHealthAccessStudy_FullReport.pdf

⁴ Michigan Falls Short on Mental Health Services, Citizens Research Council of Michigan (2020), <https://csrcmich.org/michigan-falls-short-on-mental-health-services>

⁵ H.R. 4302 Protecting Access to Medicare Act of 2014, <https://www.congress.gov/bill/113th-congress/house-bill/4302>

⁶ Who Can and Cannot Be a CCBHC, <https://www.samhsa.gov/section-223/certification-resource-guides/ccbhc-eligibility>

CCBHC sites must offer 24-hour crisis care, enhanced care coordination services, and family and peer support counseling. All these services must be provided regardless of a patient's insurance status. In addition, CCBHC providers must be reimbursed through a prospective payment system (PPS). PPS reimbursement aligns a clinic's reimbursement to reported costs and allows differentiated rates to target services to specific difficult-to-serve populations.⁷

States participating in the CCBHC demonstration are reimbursed at an enhanced Federal Medical Assistance Percentage (FMAP) rate. Services provided to traditional Medicaid beneficiaries are federally matched at the Children's Health Insurance Program (CHIP) match rate. For Michigan, that means a federal match rate of 79.20% in FY 2021 and 76.93% in FY 2022. Services for Healthy Michigan Plan (HMP) enrollees will remain 90% federally matched.⁸

CCBHC Successes in Other States

Other CCHBC demonstrations have shown success in expanding behavioral health services and access. A 2020 evaluation⁹ found that CCHBCs increased access by delivering care outside of clinical settings, like a patient's home or at a homeless shelter, and increasing the scope of available behavioral health services to the people they serve. Another study found that 96% of CCBHC providers reported increasing the number of patients treated for substance use disorder, and 68% decreased patient wait times.¹⁰

Proposal

DHHS will launch Michigan's CCBHC Demonstration in July 2021. The demonstration will include 14 provider organizations (detailed in Appendix A), allowing approximately 100,000 Michigan residents access to enhanced behavioral health services. During the demonstration's two-year duration, CCHBC services will enjoy enhanced federal match. After two years, Medicaid services provided by CCBHC providers will revert to Michigan's traditional Medicaid match rate.

DHHS can use this two-year period to monitor the demonstration's effectiveness and assess approaches to expand CCHBC successes statewide. After the demonstration's expiration, CCBHC providers will maintain access to Medicaid and Healthy Michigan Plan reimbursement for services provided to those programs' enrollees.

Administrative support will be critical to successfully implementing Michigan's CCBHC Demonstration. Additional staff will be needed to properly design, implement, and administer the CCHBC Demonstration. In addition, centralizing the policy and program development, monitoring, and evaluation functions of the CCBHC Demonstration with Michigan's Medicaid Health Homes program and other care integration initiatives will facilitate other ways DHHS can improve the delivery of publicly funded behavioral health services. Therefore, the Behavioral Health Office of Policy and Operations will be created, with 6 new and 9 reallocated FTE positions, to enhance the delivery and oversight of Michigan's behavioral health services.

Funding Recommendations

⁷ Certified Community Behavioral Health Clinics: A New Type of Prospective Payment system, National Council for Behavioral Health (2020), <https://www.thenationalcouncil.org/wp-content/uploads/2020/07/CCBHCs-A-New-Type-of-PPS-3-2-20.pdf?daf=375ateTbd56>

⁸ Section 223 Demonstration Program, CMS, <https://www.medicaid.gov/medicaid/financial-management/section-223-demonstration-program-improve-community-mental-health-services/index.html>

⁹ Implementation Findings from the National Evaluation of Certified Community Behavioral Health Clinic Demonstration, Mathematica & RAND (2020), <https://aspe.hhs.gov/system/files/pdf/263986/CCBHClmpFind.pdf>

¹⁰ National Council on Behavioral Health, CCHBC: An Alternative Payment Model for Comprehensive Care Delivery (2019), <https://www.thenationalcouncil.org/wp-content/uploads/2019/09/CCBHCs-as-an-Alternative-Payment-Method.pdf?daf=375ateTbd56>

Proposed Investment: FY 2021 and FY 2022	Gross	GF
FY21: Partial-year CCBHC Demonstration implementation (14 planned pilot sites)	\$6,105,000	\$1,000,000
FY21: Partial-year FTE funding for Behavioral Health Office of Policy and Operations (15 FTEs; 6 New, 9 from agency reallocation)	\$450,000	\$225,000
Total FY 2021 Costs	\$6,555,000	\$1,225,000
FY22: Full-year CCBHC Demonstration implementation (14 planned pilot sites)	\$25,597,300	\$4,500,000
FY22: Full-year FTE funding for Behavioral Health Office of Policy and Operations (15 FTEs; 6 New, 9 from agency reallocation)	\$450,000	\$450,000
Total FY 2022 Costs	\$26,497,300	\$4,950,000

Appendix A. CCBHC Demonstration Sites

Community Mental Health Authority of Clinton, Eaton, and Ingham Counties (CEI)
Centra Wellness Network (Manistee-Benzie Counties)
CMHSAS of St. Joseph County
Easter Seals Michigan, Inc. (Oakland County)
Community Network Services (Oakland County)
The Guidance Center Southgate (Wayne County)
HealthWest (Muskegon County)
Integrated Services of Kalamazoo
Macomb County Community Mental Health
Saginaw County Community Mental Health Authority
St. Clair County Community Mental Health
The Right Door for Hope, Wellness, and Recovery (Ionia County)
Washtenaw County Community Mental Health
West Michigan Community Mental Health (Lake, Mason, Oceana Counties)

Summary

The Executive Recommendation provides \$110 million (\$43.1 million general fund) in fiscal year 2021 and \$360 million (\$121.4 million general fund) in fiscal year 2022 to permanently continue the \$2 per hour wage increase for direct care workers who provide critical care to our most vulnerable neighbors through Medicaid-funded behavioral health supports, community- and facility-based long-term care services, and home-based services provided through area agencies on aging. Maintaining the wage increase will help to stabilize the workforce and ensure continued access to services.

Background

Direct care workers provide essential face-to-face care to older adults and persons with disabilities. The work of the estimated 120,000 direct care professionals in Michigan encompasses nursing services at long-term care facilities, direct support for people with mental illnesses or developmental disabilities, home health care, assistance with activities of daily living, and other in-home services. Despite the critical assistance these professionals provide, the average wage for direct care workers is only slightly higher than the minimum wage. Even before the COVID-19 pandemic, low wages, lack of fringe benefits, and other difficulties inherent in the job created an unstable workforce beset by high turnover¹. The onset of the COVID-19 pandemic made a bad situation worse as direct care work became more dangerous to staff providing hands-on care to at-risk individuals. Meanwhile, wages remained low relative to both wages for entry level positions in other sectors and enhanced unemployment benefits.

In response to the COVID-19 pandemic, the administration dedicated flexible state appropriations to provide a \$2 per hour premium pay supplement for direct care workers beginning in April 2020². Subsequent appropriations added funds to broaden the wage increase to additional workers and extend the timeframe, first through the end of fiscal year 2020, and then again through the first 5 months of fiscal year 2021.

This wage increase remains critical to addressing workforce instability and ensuring vital services are still provided to Michigan's most vulnerable residents during the ongoing pandemic and beyond. The increase specifically targets workers providing Medicaid behavioral health services, care at skilled nursing facilities, community-based supports through the Medicaid MI Choice, MI Health Link, and Home Help programs, and in-home care services delivered through area agencies on aging.

Proposal

The Executive Recommendation includes funding to permanently maintain the \$2 per hour increase for direct care workers, allocating \$110 million (\$43.1 million general fund) for the remainder of fiscal year 2021 and \$360 million (\$121.4 million general fund) in fiscal year 2022. After the COVID-19 pandemic is under control, the direct care workforce will still be plagued by low wages and high turnover, which could ultimately lead to access issues for direct care services. Continuing the wage increase is essential to addressing these issues, just as direct care workers are essential to the health and safety of thousands of people under their care.

¹ MDHHS Policy Brief: Direct Care Workforce Shortage [DCW Policy Brief FINAL \(michigan.gov\)](https://www.michigan.gov/dhs/0,4570,7-323_7-324_7-325_7-326_7-327_7-328_7-329_7-330_7-331_7-332_7-333_7-334_7-335_7-336_7-337_7-338_7-339_7-340_7-341_7-342_7-343_7-344_7-345_7-346_7-347_7-348_7-349_7-350_7-351_7-352_7-353_7-354_7-355_7-356_7-357_7-358_7-359_7-360_7-361_7-362_7-363_7-364_7-365_7-366_7-367_7-368_7-369_7-370_7-371_7-372_7-373_7-374_7-375_7-376_7-377_7-378_7-379_7-380_7-381_7-382_7-383_7-384_7-385_7-386_7-387_7-388_7-389_7-390_7-391_7-392_7-393_7-394_7-395_7-396_7-397_7-398_7-399_7-400_7-401_7-402_7-403_7-404_7-405_7-406_7-407_7-408_7-409_7-410_7-411_7-412_7-413_7-414_7-415_7-416_7-417_7-418_7-419_7-420_7-421_7-422_7-423_7-424_7-425_7-426_7-427_7-428_7-429_7-430_7-431_7-432_7-433_7-434_7-435_7-436_7-437_7-438_7-439_7-440_7-441_7-442_7-443_7-444_7-445_7-446_7-447_7-448_7-449_7-450_7-451_7-452_7-453_7-454_7-455_7-456_7-457_7-458_7-459_7-460_7-461_7-462_7-463_7-464_7-465_7-466_7-467_7-468_7-469_7-470_7-471_7-472_7-473_7-474_7-475_7-476_7-477_7-478_7-479_7-480_7-481_7-482_7-483_7-484_7-485_7-486_7-487_7-488_7-489_7-490_7-491_7-492_7-493_7-494_7-495_7-496_7-497_7-498_7-499_7-500_7-501_7-502_7-503_7-504_7-505_7-506_7-507_7-508_7-509_7-510_7-511_7-512_7-513_7-514_7-515_7-516_7-517_7-518_7-519_7-520_7-521_7-522_7-523_7-524_7-525_7-526_7-527_7-528_7-529_7-530_7-531_7-532_7-533_7-534_7-535_7-536_7-537_7-538_7-539_7-540_7-541_7-542_7-543_7-544_7-545_7-546_7-547_7-548_7-549_7-550_7-551_7-552_7-553_7-554_7-555_7-556_7-557_7-558_7-559_7-560_7-561_7-562_7-563_7-564_7-565_7-566_7-567_7-568_7-569_7-570_7-571_7-572_7-573_7-574_7-575_7-576_7-577_7-578_7-579_7-580_7-581_7-582_7-583_7-584_7-585_7-586_7-587_7-588_7-589_7-590_7-591_7-592_7-593_7-594_7-595_7-596_7-597_7-598_7-599_7-600_7-601_7-602_7-603_7-604_7-605_7-606_7-607_7-608_7-609_7-610_7-611_7-612_7-613_7-614_7-615_7-616_7-617_7-618_7-619_7-620_7-621_7-622_7-623_7-624_7-625_7-626_7-627_7-628_7-629_7-630_7-631_7-632_7-633_7-634_7-635_7-636_7-637_7-638_7-639_7-640_7-641_7-642_7-643_7-644_7-645_7-646_7-647_7-648_7-649_7-650_7-651_7-652_7-653_7-654_7-655_7-656_7-657_7-658_7-659_7-660_7-661_7-662_7-663_7-664_7-665_7-666_7-667_7-668_7-669_7-670_7-671_7-672_7-673_7-674_7-675_7-676_7-677_7-678_7-679_7-680_7-681_7-682_7-683_7-684_7-685_7-686_7-687_7-688_7-689_7-690_7-691_7-692_7-693_7-694_7-695_7-696_7-697_7-698_7-699_7-700_7-701_7-702_7-703_7-704_7-705_7-706_7-707_7-708_7-709_7-710_7-711_7-712_7-713_7-714_7-715_7-716_7-717_7-718_7-719_7-720_7-721_7-722_7-723_7-724_7-725_7-726_7-727_7-728_7-729_7-730_7-731_7-732_7-733_7-734_7-735_7-736_7-737_7-738_7-739_7-740_7-741_7-742_7-743_7-744_7-745_7-746_7-747_7-748_7-749_7-750_7-751_7-752_7-753_7-754_7-755_7-756_7-757_7-758_7-759_7-760_7-761_7-762_7-763_7-764_7-765_7-766_7-767_7-768_7-769_7-770_7-771_7-772_7-773_7-774_7-775_7-776_7-777_7-778_7-779_7-780_7-781_7-782_7-783_7-784_7-785_7-786_7-787_7-788_7-789_7-790_7-791_7-792_7-793_7-794_7-795_7-796_7-797_7-798_7-799_7-800_7-801_7-802_7-803_7-804_7-805_7-806_7-807_7-808_7-809_7-810_7-811_7-812_7-813_7-814_7-815_7-816_7-817_7-818_7-819_7-820_7-821_7-822_7-823_7-824_7-825_7-826_7-827_7-828_7-829_7-830_7-831_7-832_7-833_7-834_7-835_7-836_7-837_7-838_7-839_7-840_7-841_7-842_7-843_7-844_7-845_7-846_7-847_7-848_7-849_7-850_7-851_7-852_7-853_7-854_7-855_7-856_7-857_7-858_7-859_7-860_7-861_7-862_7-863_7-864_7-865_7-866_7-867_7-868_7-869_7-870_7-871_7-872_7-873_7-874_7-875_7-876_7-877_7-878_7-879_7-880_7-881_7-882_7-883_7-884_7-885_7-886_7-887_7-888_7-889_7-890_7-891_7-892_7-893_7-894_7-895_7-896_7-897_7-898_7-899_7-900_7-901_7-902_7-903_7-904_7-905_7-906_7-907_7-908_7-909_7-910_7-911_7-912_7-913_7-914_7-915_7-916_7-917_7-918_7-919_7-920_7-921_7-922_7-923_7-924_7-925_7-926_7-927_7-928_7-929_7-930_7-931_7-932_7-933_7-934_7-935_7-936_7-937_7-938_7-939_7-940_7-941_7-942_7-943_7-944_7-945_7-946_7-947_7-948_7-949_7-950_7-951_7-952_7-953_7-954_7-955_7-956_7-957_7-958_7-959_7-960_7-961_7-962_7-963_7-964_7-965_7-966_7-967_7-968_7-969_7-970_7-971_7-972_7-973_7-974_7-975_7-976_7-977_7-978_7-979_7-980_7-981_7-982_7-983_7-984_7-985_7-986_7-987_7-988_7-989_7-990_7-991_7-992_7-993_7-994_7-995_7-996_7-997_7-998_7-999_8000)

² MSA Letter L20-28 [B 05-06 \(michigan.gov\)](https://www.michigan.gov/msa/0,4570,7-323_7-324_7-325_7-326_7-327_7-328_7-329_7-330_7-331_7-332_7-333_7-334_7-335_7-336_7-337_7-338_7-339_7-340_7-341_7-342_7-343_7-344_7-345_7-346_7-347_7-348_7-349_7-350_7-351_7-352_7-353_7-354_7-355_7-356_7-357_7-358_7-359_7-360_7-361_7-362_7-363_7-364_7-365_7-366_7-367_7-368_7-369_7-370_7-371_7-372_7-373_7-374_7-375_7-376_7-377_7-378_7-379_7-380_7-381_7-382_7-383_7-384_7-385_7-386_7-387_7-388_7-389_7-390_7-391_7-392_7-393_7-394_7-395_7-396_7-397_7-398_7-399_7-400_7-401_7-402_7-403_7-404_7-405_7-406_7-407_7-408_7-409_7-410_7-411_7-412_7-413_7-414_7-415_7-416_7-417_7-418_7-419_7-420_7-421_7-422_7-423_7-424_7-425_7-426_7-427_7-428_7-429_7-430_7-431_7-432_7-433_7-434_7-435_7-436_7-437_7-438_7-439_7-440_7-441_7-442_7-443_7-444_7-445_7-446_7-447_7-448_7-449_7-450_7-451_7-452_7-453_7-454_7-455_7-456_7-457_7-458_7-459_7-460_7-461_7-462_7-463_7-464_7-465_7-466_7-467_7-468_7-469_7-470_7-471_7-472_7-473_7-474_7-475_7-476_7-477_7-478_7-479_7-480_7-481_7-482_7-483_7-484_7-485_7-486_7-487_7-488_7-489_7-490_7-491_7-492_7-493_7-494_7-495_7-496_7-497_7-498_7-499_7-500_7-501_7-502_7-503_7-504_7-505_7-506_7-507_7-508_7-509_7-510_7-511_7-512_7-513_7-514_7-515_7-516_7-517_7-518_7-519_7-520_7-521_7-522_7-523_7-524_7-525_7-526_7-527_7-528_7-529_7-530_7-531_7-532_7-533_7-534_7-535_7-536_7-537_7-538_7-539_7-540_7-541_7-542_7-543_7-544_7-545_7-546_7-547_7-548_7-549_7-550_7-551_7-552_7-553_7-554_7-555_7-556_7-557_7-558_7-559_7-560_7-561_7-562_7-563_7-564_7-565_7-566_7-567_7-568_7-569_7-570_7-571_7-572_7-573_7-574_7-575_7-576_7-577_7-578_7-579_7-580_7-581_7-582_7-583_7-584_7-585_7-586_7-587_7-588_7-589_7-590_7-591_7-592_7-593_7-594_7-595_7-596_7-597_7-598_7-599_7-600_7-601_7-602_7-603_7-604_7-605_7-606_7-607_7-608_7-609_7-610_7-611_7-612_7-613_7-614_7-615_7-616_7-617_7-618_7-619_7-620_7-621_7-622_7-623_7-624_7-625_7-626_7-627_7-628_7-629_7-630_7-631_7-632_7-633_7-634_7-635_7-636_7-637_7-638_7-639_7-640_7-641_7-642_7-643_7-644_7-645_7-646_7-647_7-648_7-649_7-650_7-651_7-652_7-653_7-654_7-655_7-656_7-657_7-658_7-659_7-660_7-661_7-662_7-663_7-664_7-665_7-666_7-667_7-668_7-669_7-670_7-671_7-672_7-673_7-674_7-675_7-676_7-677_7-678_7-679_7-680_7-681_7-682_7-683_7-684_7-685_7-686_7-687_7-688_7-689_7-690_7-691_7-692_7-693_7-694_7-695_7-696_7-697_7-698_7-699_7-700_7-701_7-702_7-703_7-704_7-705_7-706_7-707_7-708_7-709_7-710_7-711_7-712_7-713_7-714_7-715_7-716_7-717_7-718_7-719_7-720_7-721_7-722_7-723_7-724_7-725_7-726_7-727_7-728_7-729_7-730_7-731_7-732_7-733_7-734_7-735_7-736_7-737_7-738_7-739_7-740_7-741_7-742_7-743_7-744_7-745_7-746_7-747_7-748_7-749_7-750_7-751_7-752_7-753_7-754_7-755_7-756_7-757_7-758_7-759_7-760_7-761_7-762_7-763_7-764_7-765_7-766_7-767_7-768_7-769_7-770_7-771_7-772_7-773_7-774_7-775_7-776_7-777_7-778_7-779_7-780_7-781_7-782_7-783_7-784_7-785_7-786_7-787_7-788_7-789_7-790_7-791_7-792_7-793_7-794_7-795_7-796_7-797_7-798_7-799_7-800_7-801_7-802_7-803_7-804_7-805_7-806_7-807_7-808_7-809_7-810_7-811_7-812_7-813_7-814_7-815_7-816_7-817_7-818_7-819_7-820_7-821_7-822_7-823_7-824_7-825_7-826_7-827_7-828_7-829_7-830_7-831_7-832_7-833_7-834_7-835_7-836_7-837_7-838_7-839_7-840_7-841_7-842_7-843_7-844_7-845_7-846_7-847_7-848_7-849_7-850_7-851_7-852_7-853_7-854_7-855_7-856_7-857_7-858_7-859_7-860_7-861_7-862_7-863_7-864_7-865_7-866_7-867_7-868_7-869_7-870_7-871_7-872_7-873_7-874_7-875_7-876_7-877_7-878_7-879_7-880_7-881_7-882_7-883_7-884_7-885_7-886_7-887_7-888_7-889_7-890_7-891_7-892_7-893_7-894_7-895_7-896_7-897_7-898_7-899_7-900_7-901_7-902_7-903_7-904_7-905_7-906_7-907_7-908_7-909_7-910_7-911_7-912_7-913_7-914_7-915_7-916_7-917_7-918_7-919_7-920_7-921_7-922_7-923_7-924_7-925_7-926_7-927_7-928_7-929_7-930_7-931_7-932_7-933_7-934_7-935_7-936_7-937_7-938_7-939_7-940_7-941_7-942_7-943_7-944_7-945_7-946_7-947_7-948_7-949_7-950_7-951_7-952_7-953_7-954_7-955_7-956_7-957_7-958_7-959_7-960_7-961_7-962_7-963_7-964_7-965_7-966_7-967_7-968_7-969_7-970_7-971_7-972_7-973_7-974_7-975_7-976_7-977_7-978_7-979_7-980_7-981_7-982_7-983_7-984_7-985_7-986_7-987_7-988_7-989_7-990_7-991_7-992_7-993_7-994_7-995_7-996_7-997_7-998_7-999_8000)

Direct Care Wage Increase Funding History (\$ Thousands)

	GF/GP	Gross	Public Act
FY 2020 Appropriations			
Initial Hazard Pay Increase for Medicaid Community-Based Direct Care Workers (April-June 2020)*	\$25,000.0	\$80,000.0	PA 67 of 2020 (Sec. 251)
Three Month Extension and Expansion to LTC and Area Agency on Aging Staff (July-Sept. 2020)**	\$0.0	\$120,000.0	PA 123 of 2020 (Sec. 401)
FY 2021 Appropriations			
FY 2021 First Quarter Continuation (Oct.-Dec. 2020)	\$40,000.0	\$150,000.0	PA 166 of 2020
Additional Two Month Extension (Jan.-Feb. 2021)***	\$26,666.7	\$100,000.0	PA 257 of 2020 (Sec. 356)
Executive Recommendation: Full-Year Extension (March-Sept. 2021)	\$43,118.5	\$110,000.0	
FY 2021 Total Requested Funding	\$109,785.2	\$360,000.0	
FY 2022 Executive Recommendation			
Permanent Extension of \$2 Per Hour Increase (Full-Year Cost)	\$121,356.0	\$360,000.0	

* Supported with General Fund appropriated for Coronavirus public health emergency - health care capacity, as well as federal Medicaid and CHIP funds appropriated for Medical Services and Behavioral Health Services in other appropriations acts.

** Funded with Federal Coronavirus Relief Funds.

*** The Executive Recommendation's FY 2021 extension assumes carry-forward of unspent funds beyond February.

Additional Resources

MDHHS, Medical Services Administration Letter L 21-02: COVID-19 Response: Premium Pay.

Details implementation of most recent premium pay add-on by program and service.

[B 05-06 \(michigan.gov\)](#)

MDHHS, Skilled Nursing Facility COVID-19 Response: Direct Care Worker Wage Increase FAQs.

Provides resources to skilled nursing facility providers on implementation of the direct care wage increase.

[MDHHS SNF COVID19 DCW FAQs v4 07.30.20 697986 7.pdf \(michigan.gov\)](#)

Summary

The FY 2022 Executive Budget provides **\$7.4 million gross (\$6.3 million general fund)** to enhance Michigan's maternal and child health services by expanding Michigan's home visiting programs. Funding will:

- Create 1,000 new home visiting slots targeted to at-risk families with an infant born with substance exposure.
- Provide support to hospitals and clinics to hire or retain home visiting navigators to refer families to appropriate services and programs.
- Increase access to behavioral health services for at-risk families.

These initiatives will provide needed tools across the state to increase child safety, keep families together, and improve physical, emotional, and mental health outcomes for all family members.

Background

Parental substance abuse is recognized as a risk factor for child maltreatment and child welfare involvement.¹ Data for 2018 indicate that parental/caregiver alcohol abuse was a risk factor in 14.2 percent of cases for which Child Protective Services confirmed child maltreatment in Michigan; parental/caregiver drug abuse was a risk factor in 29.8 percent of those cases.² Further, 5,607 infants were born in Michigan in 2018 with prenatal substance exposure, and only 85 percent had an Infant Plan of Safe Care while less than 58 percent had a referral to appropriate services. This investment intends to improve access to and increase the engagement of families with evidenced-based home visiting programs to address this key risk factor to infants and their families. Increasing home visiting access will ensure that infants born with substance exposure and their families are eligible for and receive service referrals that will meet the family's needs and goals.

Michigan operates a number of evidence-based home visiting programs that have been shown to achieve a wide variety of positive outcomes including decreased likelihood of child maltreatment, reduced intimate partner violence, reduced low-birthweight deliveries and pre-term births, and an increase in positive parenting practices.³ Recent federal changes to the Family First Prevention Services Act now allow states to support some home visiting efforts aimed at keeping children in their homes and out of the child welfare system with federal Title IV-E child welfare funds.

Expanding three of Michigan's home visiting programs will provide valuable services to at-risk families in Michigan and leverage federal funding. For families struggling with substance use and found to pose a low-to-moderate risk of future harm to a child, DHHS can create new home visiting slots in the following programs: Parents as Teachers, Healthy Families America, and Nurse-Family Partnership. By directing at-risk families to these proven programs, DHHS can improve family outcomes while leveraging available federal IV-E matching funds. In addition, home visiting can help partner these families with recovery programs to ensure that they have the necessary supportive services.

In addition, Peer Service Navigator Grants will connect families at risk of parental neglect due to substance use to available home-visiting programs. Grants, targeted to hospitals or clinics likely to serve families experiencing

¹ Parental Substance Use and the Child Welfare System (2014), <https://www.childwelfare.gov/pubPDFs/parentalsubabuse.pdf>

² U.S. Department of Health & Human Services, Child Maltreatment (2018), <https://www.acf.hhs.gov/cb/report/child-maltreatment-2018> Pages 42-43

³ 2018 Michigan Home Visiting Report, https://www.michigan.gov/documents/homevisiting/PA_291_2018_670610_7.pdf

substance use abuse, will employ home visiting navigators. These navigators will help to increase parent engagement and assist in connecting these at-risk families to the home visiting model that best fits their needs.

Funding Recommendation

Proposed Investments	Gross	GF
Provide 1,000 new home visiting slots to Michigan families	\$4,500,000	\$3,375,000
Provide grants and incentive payments to hospitals and clinics to establish home visiting navigator positions	\$1,740,000	\$1,740,000
Enhance family health by ensuring new home visiting enrollees receive mental health consultation services.	\$500,000	\$500,000
Expand Home visiting system infrastructure to support adequate referral, training, monitoring, and program evaluation to maximize family outcomes.	\$670,000	\$635,000
Total Costs	\$7,410,000	\$6,250,000

comprehensive medical treatments needed, and will invest in a system of care to provide greater access to community resources and clinical services.

The majority of the investment will support the extension of CSHCS coverage for SCD treatments for adults. This would extend coverage to an estimated 400 adults who are not eligible for Medicaid and are not covered through other insurance (Medicaid and private health coverage would remain the primary payer for eligible individuals). Under current policy, a person turning 21 would lose their CSHCS coverage if they earned too much to qualify for Medicaid. This benefit expansion will ensure adults have access to the quality medical care needed to effectively address symptoms of SCD.

Adding adult coverage for SCD is critical to addressing an institutional racial disparity in health coverage. The state already provides lifetime coverage through CSHCS for two other rare inherited diseases: Hemophilia and Cystic Fibrosis. However, sickle cell disease, which predominantly affects Black residents, is only covered up to age 21 despite being three times more prevalent than other rare inherited disorders.

The investment will also improve quality of care by enhancing community-based services. DHHS will expand on existing services to increase advocacy, outreach, and referral services that go beyond medical treatment. This work will be done in partnership with the Sickle Cell Disease Association of America.

Finally, the investment will expand clinical service capacity at the Children's Hospital of Michigan, and clinics in Detroit, Flint, Lansing, Grand Rapids, and Ann Arbor. Clinics will use these funds to support staffing costs, improve care coordination with multidisciplinary providers and health plans, and begin to establish more robust provider networks. Investment in clinics will improve access to long-term follow up, statewide disease education opportunities, and outreach for sickle cell trait testing.

Sickle Cell Disease Initiative

Component	Description	Cost
CSHCS Adult Benefit Expansion	Extends coverage of SCD treatments to adults 21+ who are not eligible for Medicaid.	\$5,350,000
Enhanced System of Care through Community-Based Organizations	Enhances and expands services provided by the Sickle Cell Disease Association of America to improving the quality of life.	\$690,000
Expanded Clinical Services	Invests in statewide clinical treatment and testing capacity. Expands access to multidisciplinary health care providers.	\$610,000
Total		\$6,650,000

Proposal

Invest \$20 million in a one-time general fund outlay to deter, detect, and defend state information technology systems from advanced persistent cyber threats and enhance Michigan's posture as a national leader in cyber security.

Enhanced Cyber Protection Activities

These one-time funds will be used for several types of security tools and measures, including but not limited to:

- Vulnerability Assessments and Testing: Will enable the Department of Technology, Management and Budget to assess the most critical unaddressed vulnerabilities, while working strategically with agency partners to remediate potentially debilitating security issues.
- Enhanced Cloud Security: Will prevent unauthorized access and data loss.
- Expanded Analytical Tools and Capabilities: Will utilize artificial intelligence and machine learning to better detect anomalous behavior.
- Expanded Risk Mitigation: Will strengthen processes and procedures for user credentials and identification.
- Expanded Monitoring and Management Tools: Will improve end point security.

Background

Several countries with hostile intentions towards the United States (U.S.) have advanced cyber warfare capabilities and a proven willingness to use them to target U.S. companies, critical infrastructure, and government entities. The National Security community refers to these threat actors as Advanced Persistent Threats (APTs). APTs use all known means to gain initial access to target systems, build a foothold, and begin digging deeper by expanding their footprint in search of data that could achieve one of many political or financial objectives. If undetected, they will remain in the system, looking and learning, often creating a backdoor that will allow them to leave and return later. The average time to identify and contain a data breach is 245 days.

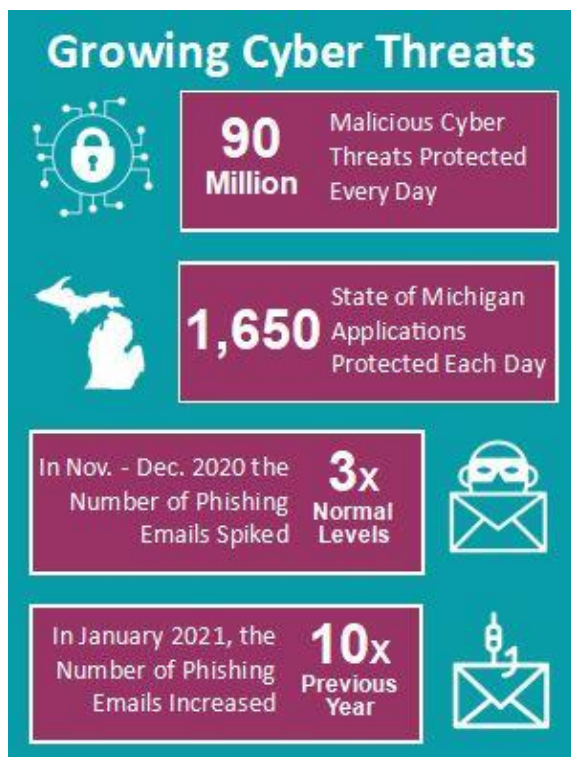
APT Example: 2020 SolarWinds Supply Chain Cyber Attack

The most recent high-profile APT cyber-attack is the ongoing SolarWinds Cyber-attack that successfully compromised the technology supply chain by promulgating malicious code that spread to major technology companies, international corporations, and government agencies. The code created a backdoor to allow the APT to gain access to systems by circumventing triggers that would normally notify security tools of an intrusion. As a result, the threat persisted for more than 9 months before being detected, exposing high profile targets to high degrees of compromise. The State of Michigan environment was not compromised, as it did not appear to be a primary target for the attackers, though some companies that contract with the state were impacted.

The U.S. Cyber Security & Infrastructure Security Agency has urged government agencies, critical infrastructure, and private sector organizations to prioritize measures that will identify and address the threat from this APT (Source: <https://www.cisa.gov/supply-chain-compromise>).

Attacks on state and local government agencies across the country, such as the recent Solar Winds attack documented above, clearly demonstrate the threat that APTs and other sophisticated cyber actors pose to the State of Michigan's networks and information. Much like criminal enterprises, APTs are often interested in gathering personal information for either fraud or extortion, such as social security numbers, private health information, or criminal records. Michigan requires this type of data to provide essential services to residents and efficiently manage state activities, but the need for this information also confers a responsibility on the state to protect the information at a level equivalent to its sensitivity.

The year 2020 was unprecedented in terms of the challenges it posed on the information technology front, and forced extraordinary changes for organizations supporting information technology operations, particularly those providing cybersecurity protections. With a convergence of support needs, the government sector was impacted more than most others as critical service needs were at all-time highs.



In Michigan, specifically:

- Health services and emergency response resources needed to ramp-up quickly to support the pandemic response.
- The state's unemployment system saw unprecedented surges in unemployment applications.
- A highly contentious Presidential election placed a spotlight on the state's effort to secure its election infrastructure.
- Tens of thousands of state government employees and contractors transitioned to full-time remote work.

Beyond the compromise of private data, government agencies, whether State or Federal, remain an attractive target to make a statement in the hopes of sowing discord and shaking public confidence, as occurred in the 2016 and 2020 election cycle. Such attacks can come in the form of denial of service or ransomware attacks, which can render government systems or services inaccessible, or result in system and data loss. The cyber threat landscape has seen the traditional security perimeter blur and become increasingly dependent on the security of end point devices being used outside protected state managed networks. Therefore, the threat potential to state systems and devices has never been greater, and as such the security posture and the tools and capabilities Michigan uses to protect the information assets it has need to be commensurate to that threat.

Proposal

The Governor's fiscal year 2022 budget includes \$5 million general fund to establish a Green Revolving Fund (GRF) to provide up-front financing for energy efficiency and renewable energy projects at state facilities. Repayments would be tied to energy project cost savings generated from the implementation of energy efficiency and renewable energy projects. This revolving fund approach will allow for the re-investment of resources in new projects on a continuous basis establishing a long-term program focused on reducing the state's carbon footprint.

First proposed in the Governor's 2021 Executive Budget, the GRF will be capitalized with an initial one-time investment of \$5 million general fund. The Department of Technology, Management and Budget (DTMB) will administer the revolving fund.

Background

A GRF is an investment tool that can serve as a self-regenerating source of capital for energy efficiency and renewable energy projects, as well as a means to track and report energy cost savings and CO₂ emission reductions from those projects. A GRF is a proven, cost-effective way to achieve long-term facility energy efficiency and CO₂ emissions objectives. The DTMB GRF is modeled after similar programs implemented at higher education institutions and other large-scale facility operations.

Agencies with state-owned facilities will be eligible to participate in the GRF call for projects, which will be integrated into the state's annual budget development process. DTMB's current Facilities Sustainability Workgroup (comprising of various agency representatives) will provide oversight and direction for the program with DTMB's Building Operations Division lending administrative support.

Because repayments are tied to energy savings and generation, tracking and reporting of energy cost and CO₂ emission savings are an important feature of the GRF. Data collection and reporting will include per-project and overall energy savings, and estimated reductions in CO₂ emissions. DTMB will manage such data collection and reporting.

The initial call for projects and prioritization process will focus on projects with a proven return on investment and short payback period. It is important that the GRF has a sustainable cash flow and growth plan in order to stem inflationary pressures that would potentially erode purchasing power over time and to expand upon the number and size of projects the fund can support. Project payback terms will be balanced against other mission critical needs.

Implementation of the GRF will demonstrate the state's commitment to sustainability and will help catalyze a cultural shift among employees, business partners, and the public on reducing the state's carbon footprint.

The Fiscal Year 2022 Executive Budget recommends a total of \$50 million (\$35 million ongoing/\$15 million one-time) general fund for the Information Technology Investment Fund (ITIF) in the Department of Technology, Management and Budget (DTMB). Created in Fiscal Year 2013, the ITIF supports information technology projects that modernize legacy information technology systems and use technology to advance transformative change in service delivery to residents and businesses across the state. Eight projects have been selected to receive a total of \$43.5 million in ITIF funding:

Department	Project Title / Description	Amount
Corrections	Offender Management System <i>Provides funding to complete the development of this mission critical project initiated in 2017 and expected to be completed in 2023. Total project cost is \$30 million (ITIF portion increased from \$11.8 million to \$18 million).</i>	\$6,200,000
Corrections	Non-Offender Human Resources Management System <i>Replaces six existing Sybase and PowerBuilder systems on antiquated platforms with a vendor-supported commercial off-the-shelf (COTS) solution.</i>	\$4,500,000
Education / Center for Education Performance and Information (CEPI)	Integration of MDE's Michigan Online Educator Certification (MOECS) and CEPI's Registry of Educational Personnel (REP) Systems <i>Integrates two systems that share common data elements for teacher certification and school personnel registry to improve the data submission/user interface for 90,000 public school users.</i>	\$4,457,000
Health and Human Services	Michigan Child Support Enforcement System (MICSES) <i>Replaces one of the most complex state applications with 27 major interfaces across federal, state departments and non-governmental systems and over 2,200 internal users. This ITIF investment represents the state share of which will likely be the first of multiple phases of project funding. The total estimated project cost is expected to range between \$150-\$170 million, which will be primarily supported with federal funds.</i>	\$15,000,000
Labor and Economic Opportunity	One-Stop Management Info System (OSMIS) <i>Replaces a 20-year-old legacy system supporting case management in the Workforce Development Agency and Michigan Works agencies for clients seeking employment and training services. The total cost of this project is \$17.5 million and is primarily supported with federal funds.</i>	\$3,261,900
Licensing and Regulatory Affairs	Health Facilities and Substance Abuse Disorder Licensing System <i>Allows decommissioning off an antiquated, unsupported vendor platform that presents a security risk. The system supports over 2,100 health facility and 1,000 substance abuse disorder licensees.</i>	\$2,900,000
Licensing and Regulatory Affairs	Certified Nurse Aide Licensing System <i>Allows decommissioning off an antiquated, unsupported vendor platform that presents a security risk. The system supports over 51,000 certified nurse aides, 1,100 nurse aide trainers and 250 nurse aide training licensees.</i>	\$3,200,000
Technology, Management and Budget	SIGMA Advantage 4 Upgrade <i>Upgrades will provide a more modern, simplified, and intuitive interface for all users as well as mobile capabilities. The total cost of the upgrade is \$21 million, with the balance of funding supported through existing work projects.</i>	\$4,000,000
TOTAL		\$43,518,900

*

* The ITIF recommendation includes off-the-top funding to fulfill prior year commitments for two existing projects: 1) \$2.5M for the MDARD Licensing and Inspection System replacement project; and 2) \$1.1M for LARA/MLCC's Supply, Inventory and Purchasing System replacement. In addition, a total of \$2M is allocated off-the-top for cyber security, and \$925,000 is reserved for project quality assurance.

Background

The Venture Michigan Fund (VMF) was initially created by legislation in 2003 with the goal of fostering and growing the venture capital industry in Michigan.¹ Tax vouchers were issued by the state to the VMF, which used the vouchers as collateral and bonded to generate investable capital.

Amendments to the Michigan early stage venture investment act in 2015 initiated several changes, including capping the amount of tax vouchers that the Department of Treasury could issue at \$450 million, eliminating the issuance of any new tax vouchers, and revising the expiration date of the fund to occur on January 1, 2030 (instead of 2054). After this date, any money remaining in the fund will first be distributed to the General Fund, up to \$140 million, with any remaining dollars to be deposited into the 21st century jobs fund.

Since inception of the VMF program, the maximum allowable use of tax vouchers (\$450 million) were issued to secure financing for two VMF funds: The Venture Michigan Fund I (\$200 million) in 2006 and Venture Michigan Fund II (\$250 million) in 2010.

Options for Tax Vouchers

If the Venture Michigan Fund has insufficient cash to make bond payments to the lender, the tax vouchers that were used as collateral will be paid to the lender in the amount of the payment due. If the lender does not have a Michigan tax liability, the tax vouchers can be sold to those who can remit them to state. Alternatively, the state can purchase the tax vouchers directly, as it did in 2015, 2017, and 2020.

Having the state appropriate the funds and directly buy the vouchers from VMF avoids two potentially costly liabilities and creates an opportunity to free up reserve cash, which would eliminate future voucher use.

First, the bond agreement guarantees that the lender would receive 100% of the value of the tax voucher. However, the lender is not a Michigan taxpayer and would likely be required to sell the voucher to an entity that could use it as a tax payment. There are brokers and markets for assignable tax credits, which generally trade for 90 cents on the dollar. However, no other state has done any program like this, so we are not sure how these vouchers would trade. Since we have guaranteed the amount to the lender, they have little incentive to find the best price and would likely value speed over price in the transaction. In addition, revenue uncertainty is exacerbated because it is not known when tax vouchers will be sold by the lenders, how much the lender will actually receive from a buyer, or what fiscal year a buyer might use the voucher in to reduce their tax liability.²

¹ See the Michigan Early Stage Venture Investment Act of 2003:

[http://www.legislature.mi.gov/\(S\(ujv0grg5ygpt4xei05h43aks\)\)/documents/mcl/pdf/mcl-Act-296-of-2003.pdf](http://www.legislature.mi.gov/(S(ujv0grg5ygpt4xei05h43aks))/documents/mcl/pdf/mcl-Act-296-of-2003.pdf)

² State Notes, Topics of Legislative Interest, Michigan Early Stage Venture Capital Tax Vouchers:

<https://www.senate.michigan.gov/SFA/Publications/Notes/2015Notes/NotesWin15dz.pdf>

Second, if the state pays the lender with a tax voucher instead of cash, they begin to accrue interest on the voucher immediately upon transfer. The exact interest rate depends on a couple factors in the loan but would range from five to seven percent. This interest would accrue until the voucher is redeemed and the VMF structure would incur liabilities, which would require more tax voucher usage.

Proposal

To pay off the remaining debt associated with VMF II, current law allocations and supplemental allocations are recommended. The FY 2021 supplemental accompanying the FY2022 Executive Budget includes \$80.0 million General Fund as well as contributing Venture Michigan Fund reserves of \$60.7 million to fully pay off the remaining balance, which will free up \$150 million in FY2022 and FY2023 combined. The January consensus revenue estimates include negative General Fund adjustments of \$75 million in both years plus more in FY2024 for the default option of tax vouchers being claimed as a tax payment.

However, these estimates are only expected to hold if the recommended appropriations contained in Supplemental Request 2021-5 are approved before the July bond payment date.

Issue

Michigan's coastal and inland communities have experienced record high water levels and the damage to property and infrastructure high water can cause. High water levels are projected to persist for the immediate future, meaning shorelines will continue to erode, buildings will have to be relocated, sidewalks and roadways will be flooded and torn apart, and other local infrastructure will be damaged. The costs of these repairs are significant, and local communities will not be able to absorb the costs on their own. Increase in the frequency of severe weather events have also overwhelmed local sewer systems and damaged homes and agricultural lands. The water levels will eventually recede but planning for the next period of high water should begin immediately to ameliorate damage now and prevent it in the future.

Proposal

The Executive Recommendation invests \$40 million (one-time general fund) in a High Water Infrastructure Grant program in the Department of Environment, Great Lakes, and Energy (EGLE). A total of \$10 million will be designated for local government planning activities, and \$30 million will support infrastructure grants to address specific project needs.

Planning grants will support development of local resiliency efforts including the following:

- Local climate action plans
- Resiliency plans for communities affected by high water levels and coastal erosion
- Resiliency plans for communities with undersized infrastructure such as culverts or sanitary storm sewers
- Zoning/planning ordinances for communities to prevent climate impacts and adopt climate mitigation tools

Infrastructure grants will provide funding to address issues including:

- Flooding
- Coastal, shoreline, and riverbank erosion
- Transportation networks
- Urban heat
- Storm water management

Regional councils of government and local units of government may apply or may act as the sponsor for a grant in partnership with other public or non-profit organizations. Planning grant awards will not exceed \$200,000. Infrastructure grant awards will not exceed \$2.5 million. A 20 percent match is required for both planning and infrastructure grants.

Background

For many decades, repairs and upgrades to water infrastructure have been deferred, threatening public health, causing environmental damage, and increasing the cost of repairs and upgrades. The MI Clean Water Plan will provide significant resources to communities to rebuild Michigan's water infrastructure systems. This historic \$500 million investment utilizes existing federal and state resources to provide drinking water and wastewater grants to our communities without raising taxes. The MI Clean Water Plan invests \$207.1 million in clean drinking water and \$293 million in safe wastewater management projects.

Investment in Drinking Water Quality

Funding from prior years sets aside \$207.1 million to address drinking water needs, including:

- Lead Service Line Replacement in Disadvantaged Communities Program - \$102.1 million
- Lead and Copper - Drinking Water Asset Management Grants - \$37.5 million
- PFAS and Emerging Contaminants - Contamination and Consolidation Grants - \$25 million
- Non-Lead Drinking Water Infrastructure Grants - \$35 million
- Affordability and Planning Grants - \$7.5 million

Investment in Wastewater Protection

The FY 2022 Executive Recommendation invests the remaining \$290 million in wastewater protection. Bonding authority remaining from the voter-approved Great Lakes Water Quality Protection Bond of 2002 provides funding for these grants:

- Clean Water Infrastructure Grants (eliminating sanitary sewer overflows; correcting combined sewer overflows; increasing green infrastructure) - \$235 million
- Substantial Public Health Risk Grants (removing direct and continuous discharges of raw sewage from surface or ground water) - \$20 million
- Failing Septic System Elimination Program - \$35 million

An additional \$3 million will be granted to locals for stormwater, asset management, and wastewater projects.

The MI Clean Water Plan is key to ensuring every Michigan resident has access to clean and affordable drinking water, protecting public health, and protecting our surface water and ground water resources. The Environmental Protection Agency estimates that 15 jobs are created for every \$1 million invested in water infrastructure. The MI Clean Water Plan will encourage economic growth and is anticipated to create over 7,500 jobs in our communities.

Background

Constitutional protections for the right to an attorney apply in criminal matters, but do not extend to civil matters. For many low- and moderate-income individuals and families, hiring an attorney is cost prohibitive, creating significant barriers in ensuring their access to justice. The demand for civil legal assistance from people facing evictions or utility shutoffs, child custody issues, or threats to their personal safety far outstrips the capacity of legal aid organizations and attorneys doing pro bono work.

In 2010, the Michigan Supreme Court [created](#) a task force to help self-represented litigants. This led to the development of the Michigan Legal Help (MLH) Program and website (www.michiganlegalhelp.org), launched in August 2012. The program is the product of a partnership with the State Court Administrative Office, the State Bar of Michigan, the State Bar Foundation, the Michigan Judicial Institute, and legal services organizations.

Issue

National court data indicate that one party—usually the defendant—is self-represented in about three-quarters of all civil legal proceedings, often because it’s too costly to hire an attorney. The inability to afford an attorney creates a significant “justice gap” as residents pursue legal remedies or defend themselves against lawsuits. These civil issues vary greatly but include insurance coverage of necessary medical care, access to veterans and other assistance benefits, child custody disputes, landlord-tenant matters, foreclosure, debt collection, and personal protection orders. In its December 2020 report, the [Michigan Justice for All Task Force](#) notes that nearly nine in ten low-income individuals with a civil legal problem receive little or no legal help.

To combat this inadequacy, the state judiciary and the legal community have worked to ensure access to justice for all. One initiative is the Michigan Legal Help Program and website. The website provides legal assistance (not advice) to people who are handling legal problems without an attorney. Program staff work in partnership with staff of local self-help centers, which provide information on legal processes, the MLH website, and, importantly, provide access to computers and printers needed to use the MLH website and submit court filings.

The website contains information on a broad array of legal topics and includes toolkits, articles, videos, links to courts and legal organizations, and both a “find a lawyer feature” and Guide to Legal Help, an interactive triage system that identifies a user’s legal issue and services the user likely qualifies for, and directs them to the most appropriate resources. A LiveHelp online chat system provides users with personalized assistance as needed.

The MLH site counts more than 1.5 million site visits annually and has been accessed more than 11 million times since its launch. During the COVID-19 pandemic, the MLH program has been especially responsive to residents in need, providing [resources](#) on how COVID-19 relates to many legal issues. It has also created an [eviction resource page](#), linking users to the Legal Aid and housing agencies collaborating on eviction diversion programs in each county. The MLH website has attracted more than 60,000 visitors each week during the pandemic.

Fiscal Year 2022 Executive Recommendation

The budget proposes increasing funding for Michigan Legal Help by \$200,000, to support continued operations, provide additional support and resources for the growing number of self-represented litigants, and expand the capacity of self-help centers. Moreover, given the judiciary’s bipartisan pursuit of “[Justice for All](#)” as demonstrated by its recent establishment of the [Justice for All Commission](#), the additional state support will allow the judiciary to leverage the expertise of MLH as it carries out reforms to ensure everyone has access to our civil justice system.

Department of Licensing and Regulatory Affairs Michigan Indigent Defense Commission Grants

February 11, 2021



Issue

Public Act 93 of 2013 created the Michigan Indigent Defense Commission (MIDC) to set minimum standards for the appropriate provision of indigent defense services in the state. The minimum standards are binding directives on local systems to meet the Constitutional requirements for the effective assistance of counsel. The state's 120 local indigent defense systems must comply with the minimum standards that are established by the MIDC and approved by the Department of Licensing and Regulatory Affairs (LARA). The MIDC annually approves compliance plans and cost analyses for local indigent defense systems. Each system contributes a "local share," and the State of Michigan is then responsible for the additional costs of compliance with the standards established, subject to appropriation. In fiscal year 2020, the total local share was \$38.5 million, in addition to the State's contribution of \$117.4 million for indigent defense.

- Minimum Standards #1 - #4 (Continued Implementation) – The first four minimum standards received final approval by LARA in May 2017. These standards set directives around:
 - 1) the education and training of defense counsel;
 - 2) initial review with a client before court proceedings;
 - 3) investigation and experts; and
 - 4) providing counsel at first appearance and other critical stages of criminal proceedings.
 Local trial court units began implementing these standards in fiscal year 2019.
- Minimum Standard #5 (New Implementation) – Approved by LARA in October 2020, Minimum Standard #5 addresses independence from the judiciary and sets directives around preventing political or budgetary influences in the indigent defense system. This new standard will protect independence by shifting certain responsibilities outside of the courts, such as the appointment and payment of counsel, assessment of expert and investigator requests, and assignment and payment of experts and investigators. Trial court units will incorporate this standard into compliance plans and cost analyses beginning in fiscal year 2022.
- Minimum Standards #6 - #8 and the Indigency Standard (Pending) – These additional four standards have been approved by the MIDC and are pending review by LARA. These standards address indigent defense workloads (standard #6), the qualification and review of counsel (standard #7), attorney compensation (standard #8), and a standard for determining indigency and contributions by partially indigent defendants (indigency standard).

Funding Minimum Standards #1- #5 (Fiscal Year 2020 – Fiscal Year 2022)

- **Fiscal Year 2020** – A total of \$81 million was appropriated for local systems to comply with standards #1-#4 in Public Act 60 of 2019. The MIDC approved total grant costs of \$117.4 million, which were supported by the combination of fiscal year 2019 unexpended balances and the fiscal year 2020 appropriation. Pursuant to MCL 780.993, unexpended balances carry forward and reduce the subsequent year's grant by the amount of unexpended funds.
- **Fiscal Year 2021** – A \$117.5 million appropriation was included in Public Act 166 of 2020 for local systems to comply with standards #1-#4, an amount based off fiscal year 2020 grant costs. The estimated cost of fiscal year 2021 compliance plans (not all of which are yet approved) is estimated at \$137 million, although this amount will depend on final approvals by the MIDC. It is expected that unexpended funds from fiscal year 2020 will be sufficient to cover fiscal year 2021 costs, and no additional funding needs are anticipated.

- **Fiscal Year 2022** – In fiscal year 2022, local trial court units will be required to comply with the new minimum standard #5, in addition to standards #1-#4. A total of \$148.9 million is recommended for compliance with these standards.
 - Minimum Standards #1-#4 – An adjustment of \$19.4 million is included to support the compliance costs of minimum standards #1-#4, which would bring total compliance costs to \$137 million, based off fiscal year 2021 grant costs as the MIDC will begin compliance planning for fiscal year 2022 after the release of the Executive Budget. Given the unpredictable impacts of COVID-19 on local trial court units, it is unknown whether there will be any carryforward of unexpended balances into fiscal year 2022.
 - Minimum Standard #5 – An adjustment of \$12 million is included to support the compliance costs of the new minimum standard #5 across 120 trial court units.

As the MIDC begins their review and approval of fiscal year 2022 compliance plans and cost analyses later this spring, approvals will be monitored to determine whether additional resources beyond those recommended in the Executive Budget will be needed for fiscal year 2022.

Issue

Governor Whitmer’s “Sixty by 30” goal to have 60% of working-age Michigan residents with a college degree or certificate by 2030 is critical for Michigan’s economic future. Reaching this goal will enable Michigan residents to have affordable opportunities to expand their education and skills and ensure the talent needs of Michigan businesses are met. To accelerate progress towards this goal, the Governor’s Fiscal Year 2022 Executive Recommendation and Fiscal Year 2021 Supplementals invest \$192.4 million in two of the state’s newest financial aid programs: Michigan Reconnect and Futures for Frontliners, as well as \$12 million in wraparound supports for students to ensure program completion.

Michigan Reconnect Grant Program

The Michigan Reconnect Grant Program provides credential and degree opportunities for non-traditional students. This program targets students over the age of 25 who have a high school diploma but no further education. Reconnect is a last-dollar scholarship covering the remaining tuition after all other financial aid, such as federal Pell Grants, are applied.

Reconnect Cost Estimates

The chart below includes estimated full-year costs for the next four years. The \$66.8 million estimated cost for fiscal year 2022 represents the cost for one full cohort of students in the two-year program with each successive year’s costs increasing based on annual inflationary adjustments. These projections assume approximately 80,000 students apply this year.

Reconnect	FY21	FY22	FY23	FY24
	\$42,855,438	\$66,800,276	\$68,800,000	\$70,860,000

While these are full-year cost estimates, enrollment for Reconnect is not anticipated to begin until summer 2021. There is currently \$30 million from the Talent Investment Fund appropriated in fiscal year 2021 which is expected to cover the costs of the program’s first year. ***The Governor’s Executive Recommendation includes an additional \$120 million one-time general fund in fiscal year 2022 to support Reconnect costs in both fiscal years 2022 and 2023.*** With the availability of an additional \$30 million in Talent Investment Fund balance to support Reconnect costs in fiscal year 2023, the Governor’s Recommendation fully accounts for program costs through fiscal year 2023.

	FY21	FY22	FY23	Total
Full Year Cost Estimates	\$42,855,438	\$66,800,276	\$68,800,000	\$178,455,714
Appropriations (FY21 and FY22 Executive Recommendation)	\$30,000,000	\$120,000,000		\$150,000,000
Available Talent Investment Fund Balance			\$30,000,000	\$30,000,000
Total Funding for Reconnect	\$30,000,000	\$120,000,000	\$30,000,000	\$180,000,000

Futures for Frontliners

This program rewards essential employees that worked on the frontlines of their communities during the peak of the pandemic. Through this program, eligible frontline workers over the age of 18 can access affordable education towards an associate degree, certificate, or high school completion. Frontline workers 25 or older who were not accepted to this program can still qualify for the Michigan Reconnect Grant Program. By December 2020, over 100,000 frontline workers had already applied for this opportunity.

Frontliners Expansion

The fiscal year 2022 Executive Recommendation proposes an expansion of this program to include workers who became newly unemployed between November 1, 2020 and January 31, 2021, in industries disproportionately impacted by COVID-19. With the proposed expansion, upwards of 22,000 additional workers could become eligible to apply for this opportunity.

Frontliners Cost Estimates

The estimates below are full-year cost estimates for Futures for Frontliners. Unlike Reconnect, Futures for Frontliners has a one-time eligibility window, meaning the costs of the program decrease year-over-year as students complete their degrees or certificates. An initial investment of \$24 million from the 2020 Governor's Emergency Education Relief Fund of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act supported the launch of the program, including the two-year community college component and the high school completion component.

Futures for Frontliners	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
2-Year College Estimate	\$26,675,768	\$13,456,424	\$6,754,676	\$3,480,705
Expansion	\$9,587,257	\$6,023,674	\$3,674,441	\$2,241,409
Total	\$36,263,026	\$19,480,098	\$10,429,117	\$5,722,114

Given the popularity of the program and the proposed expansion for newly unemployed workers, the Governor's recommended budget includes \$21.3 million general fund for fiscal year 2021 and \$39.1 million in fiscal year 2022 to support the existing population of frontliners and the expanded eligibility period for this program beginning in the current year.

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>Total</u>
Cost Estimates (Includes Expansion)	\$36,263,026	\$19,480,098	\$10,429,117	\$5,722,114	\$71,894,355
Existing Funding (GEER)	\$15,000,000				\$15,000,000
Appropriations (FY21 Supplemental and FY22 Executive Recommendation)	\$21,300,000	\$39,100,000			\$60,400,000
Total Funding for Futures for Frontliners	\$36,300,000	\$39,100,000			\$75,400,000

Reconnect and Futures for Frontliners Wraparound Services

To ensure program participants successfully complete the program, the Governor's Executive Recommendation includes an additional \$6 million general fund to provide wraparound supports to program participants. An initial investment of \$6 million was previously recommended as part of the Fiscal Year 2021 MI COVID Recovery Plan, and this fiscal year 2022 investment represents a continuation of the program. This investment will support students enrolled in these programs by offering customized supports to address barriers to program completion, such as childcare, tutoring, career counseling, and assistance in transitioning to a 4-year baccalaureate program.

Proposal

The auto industry and the transportation sector at large are undergoing a period of unprecedented change. The universe of mobility options is expanding, and how those options are designed, produced, owned, and used is transforming the world's economy and has profound long-term impacts for Michigan, its workforce, and the state's economy.

The Mobility Futures Initiative is a multi-agency effort that will invest \$25 million in the rapidly evolving industries, infrastructure, and workforce opportunities available in the mobility sphere to position Michigan as a global leader in mobility and electrification.

Key Provisions

The Office of Future Mobility and Electrification (OFME) in the Department of Labor and Economic Opportunity (LEO) will coordinate the initiatives in cooperation with the departments of Environment, Great Lakes and Energy (EGLE) and Transportation (MDOT). Funding will be allocated for the following initiatives in each agency:

LEO (Total Investment: \$15 million)

- Long-term Strategic Plan for Mobility – The OFME will coordinate with state departments to develop and implement a long-term strategic plan to sustain the state's global mobility and electrification leadership.
- Launch Dynamic Charging Pilot – Deploy technology that charges public transit vehicles and autonomous shuttles while in-motion through a dynamic charging system embedded into the roadway. This pilot will be implemented via a public-private partnership between the state, local governments, equipment manufacturers, and utilities.
- Lake Michigan Electric Vehicle Circuit – Initiate development of a vehicle route with reliable charging options along Lake Michigan and key tourism clusters.
- Future-Proofed Logistics Corridors – Increase regional market share for cross-border and international logistic flows for autonomous freight by optimizing key corridors to support self-driving trucks at scale.
- Develop Plan for Commercial Drone Skyway for High-Capacity Urban Logistics – Determine feasibility of a statewide beyond-visual-line-of-sight drone network that positions Michigan to drive national standards related to unmanned aerial vehicles.
- New Mobility and Electrification Credentialing Platforms – Create new credentials and platforms tailored to future mobility job specifications to grow Michigan's high-tech workforce, drive in-state research and development, and catalyze the next generation of engineering talent in the state. This initiative would be developed in partnership with Michigan colleges, universities, software providers, and the mobility industry.
- Innovation Hubs Engineered to Help Companies Scale Local Operations – Create innovation hubs to provide key resources and facilitate access to capital to help close critical funding gaps and support mobility companies as they scale to the next step in their growth.
- Enhance Toolkit to Attract Top Autonomous Vehicle (AV) and Electric Vehicle (EV) Companies – Initiate research to develop more flexible and robust incentive tools to attract high-potential/high-impact AV/EV companies across the diverse mobility spectrum to Michigan.

EGLE (Total Investment: \$8 million)

- Lead Creation of Multi-State Midwest Compact on Future of Charging Infrastructure – Develop corridors for priority deployment of EV charging and best practices for charging site optimization. This funding will provide grants to increase supply chain regionalization by targeting medium and heavy-duty truck charging on key commercial corridors and fleet transitions from diesel to electric.
- 'Flip Your Fleet' Program – Reaffirm Michigan's commitment to carbon neutrality by incentivizing small businesses and school districts to switch from diesel to electric fleets.

MDOT (Investment: \$2 million)

- New On-Demand Service Pilots in Underserved Areas – Remove transit barriers and provide critical, post-pandemic solutions for on-demand transportation alternatives that improve regional mobility and correct systemic inequity.

Background

The auto industry and the transportation sector at large are undergoing a period of unprecedented change. The universe of mobility options is expanding, and how those options are designed, produced, owned, and used is transforming the world's economy and has profound long-term impacts for Michigan, its workforce, and the state's economy.

Michigan remains at the center of the domestic auto industry. However, the last decade has seen four foundational new innovations (self-driving technology, vehicle electrification, vehicle-to-road connectivity, and shared mobility) that challenge Michigan's traditional foothold in the industry. This challenge is leading to industry diversification, shifting profit pools, and the creation of new winners and losers in the supply chain. It also has intensified the focus on innovation, entrepreneurship, and talent attraction in our state so that Michigan remains globally competitive and continues to be the automotive and mobility capitol of the world.

These new innovations within the domestic auto industry are driven by factors such as climate and the need to reduce global carbon emissions. Transitioning vehicles from the internal combustion engine to electric are central to achieving environmental goals. General Motors announced last month its corporate goal to manufacture only zero emission new light-duty vehicles by 2035 and go fully carbon neutral by 2040. Last year, Ford Motor Company announced its goal to be carbon neutral by 2050. Likewise, Governor Whitmer's vision is to make Michigan a "carbon-neutral" state by 2050.

In addition to these environmental drivers, safety is another factor pushing the industry forward in the deployment of smart infrastructure-based technologies and highly automated vehicles. Michigan had nearly 10,000 fatal car crashes last decade, with 94% attributed to human error. Smart technology and infrastructure can not only save lives but lead to new areas for economic investment and growth. Mobility options that expand transit from traditional fixed routes to more on-demand services also can remove barriers and provide for more equitable transportation within and between communities.

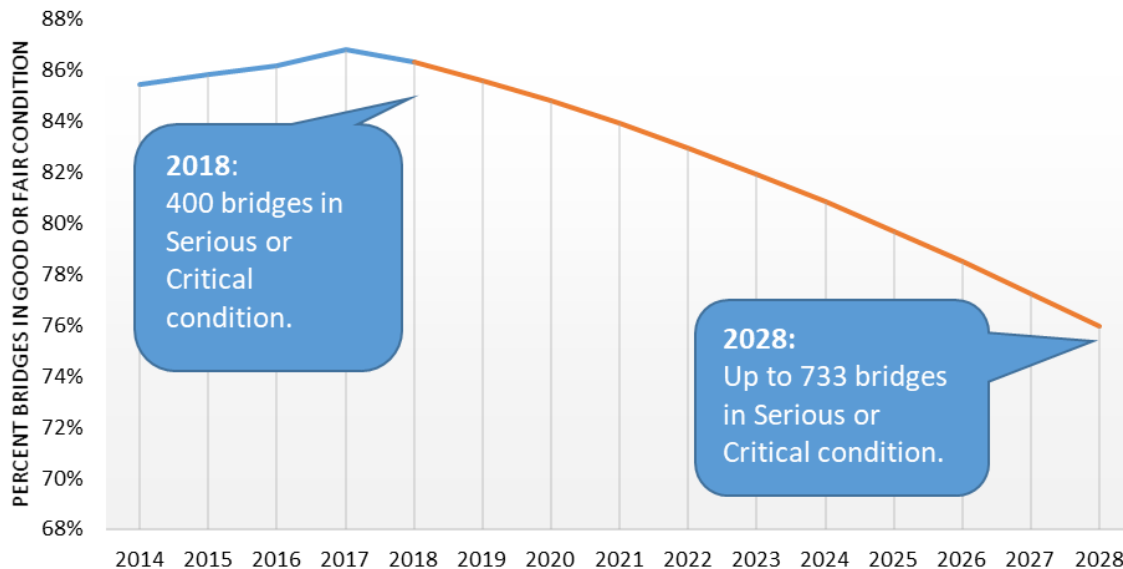
The jobs and workforce impact of these new innovations will require reskilling and upskilling of Michigan's manufacturing talent. It is estimated the new mobility industry will need 45,000 workers with computer-related engineering skills by 2030, with Michigan alone needing 12,000 of such workers to retain our pole position as the global mobility leader.

The transformation towards mobility and electrification creates job and economic opportunities that can make for a more resilient Michigan economy, offering new high-pay, high-demand, and high-skilled jobs. In Executive Directive 2020-1, Governor Whitmer created the Office of Future Mobility and Electrification in the Department of Labor and Economic Opportunity. This office was specifically created to develop strategies and serve as a state coordinating hub for initiatives that address both the challenges and opportunities of this transforming industry. The Mobility Futures Initiative included in the Governor's Executive Budget Recommendation lays out and begins the implementation of several of these initiatives many of which are scalable and intended to leverage other forms of public and private investment.

In concert with the fiscal year 2022 Executive Budget Recommendation, the Governor recommends a fiscal year 2021 supplemental that includes a \$300 million (one-time general fund) statewide program to rehabilitate or replace approximately 120 locally owned bridges. The Local Bridge Bundling Initiative (LBBI) builds on an existing federally funded pilot program and could potentially expand further, should additional federal infrastructure funding become available.

Background

As of November 2020, 13.8% of Michigan's 7,323 locally owned bridges are rated as being in poor, serious, or critical condition. Many of these bridges are located in communities that lack the often significant capital resources needed to fix or replace them. The deterioration of Michigan's bridge infrastructure threatens public safety and the state's economic well-being and quality of life. As shown in the chart below, without new and meaningful capital investment, the number of local bridges in serious or critical condition is projected to nearly double by the end of the decade:

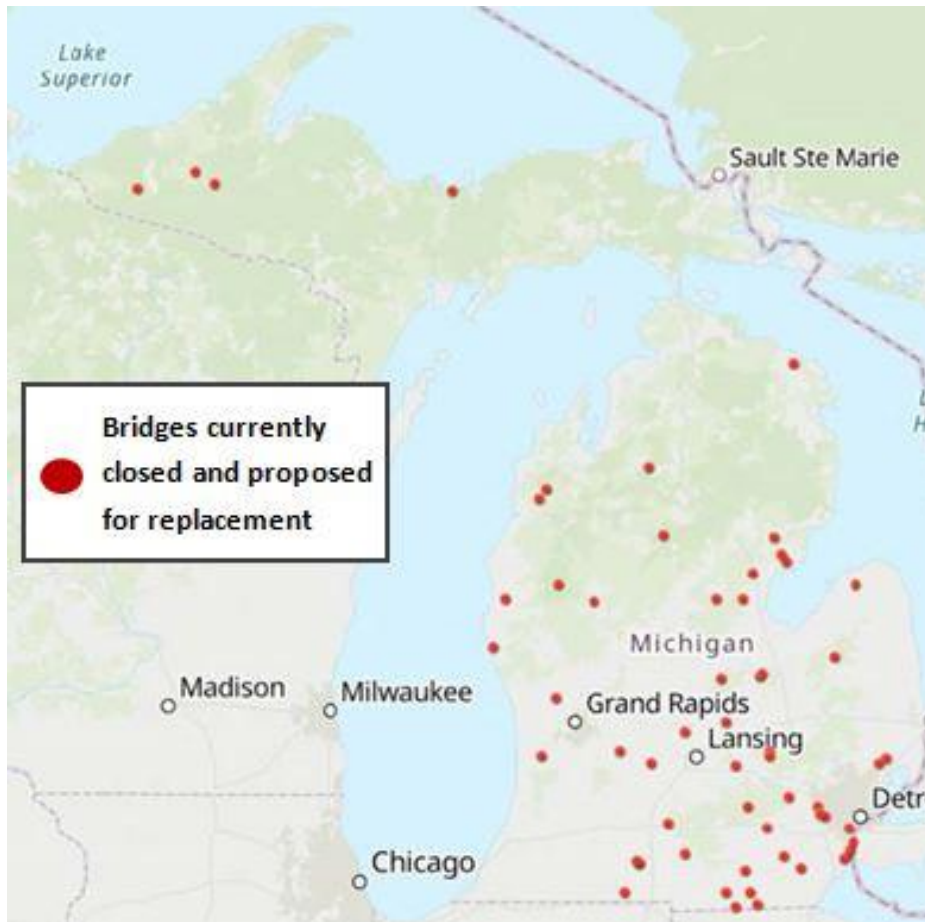


Local Bridge Bundling Initiative – Key Provisions

According to current estimates, the cost to eliminate all serious or critical condition bridges would be approximately \$1.5 billion. As a first step toward achieving this goal, the \$300 million Local Bridge Bundling initiative is proposed as follows:

- Approximately 120 bridges will be selected for rehabilitation or replacement, based on funding availability and three principal criteria:
 - Locally owned vehicle bridges currently closed to traffic.
 - Locally owned vehicle bridges currently posted or restricted from Michigan legal load limitations.
 - Locally owned vehicle bridges in need of rehabilitation or replacement as rated by Regional Bridge Councils to ensure citizen safety or unimpeded commercial traffic.
- As Michigan's federally designated bridge inspection organization (23 CFR part 650), MDOT will coordinate the Local Bridge Bundling Initiative and issue contracts necessary for planning, design, and construction work.
- By taking a statewide (bundled) approach, the program will create cost savings through standardized designs and streamlined contracting and construction delivery methods.

- The fiscal year 2021 supplemental request will provide lead time needed to develop and issue Requests for Proposals from prospective contractors in the fall of 2021, with start of construction targeted for spring of 2022.
- The map below indicates the location of 59 local road bridges currently closed to traffic. The Local Bridge Bundling Initiative will replace all of these bridges, and repair or replace approximately 60 additional serious or critical condition bridges:



- Two significant bridges tentatively targeted for reconstruction include the Miller Road bridge in Dearborn and the Smith's Bridge in Ferrysburg.
- If additional federal stimulus or infrastructure funds become available, MDOT is prepared to quickly scale the program to include additional bridges.
- Contracts for the existing \$23 million Bridge Bundling Pilot Project are expected to be finalized in March 2021. The pilot is slated to replace 20 local bridges and is being funded through the federal Highway Improvement Program and is in coordination with the Michigan County Road Association and the Michigan Municipal League.

Background

In October 2020, Governor Whitmer [signed](#) a bipartisan package of seven bills (Public Acts 187-193 of 2020) collectively referred to as “Clean Slate” legislation that fundamentally changed Michigan’s criminal history expungement laws.

The new Clean Slate laws facilitate the automatic expungement of certain felonies and misdemeanors from criminal records with the goal of helping to remove barriers to housing, employment, and other economic opportunities for eligible people with a criminal record. Under the new laws, automatic expungement will be applied to up to four misdemeanors after 7 years of no criminal violations, and up to two non-violent felony convictions after 10 years of no criminal violations on a lifetime basis.

In addition to establishing automatic criminal record expungement, the Clean Slate laws also include the following changes to Michigan’s criminal record expungement policies:

- Expands the number and revises the types of felonies and misdemeanors eligible to be set aside via the existing application process.
- Revises the waiting period to apply for certain expungements via application for non-automatically expunged violations.
- Treats multiple felonies or misdemeanor offenses arising from the same transaction as a single felony or misdemeanor conviction, provided the offenses happened within 24 hours of one another and are not assaultive crimes, or involve possession or use of a dangerous weapon, or are crimes that carry penalties of 10 or more years in prison.
- Expands expungement eligibility to various traffic offenses.
- Allows a person to petition to set aside one or more marijuana offenses if the offense would not have been a crime if committed after the use of recreational marijuana by adults became legal in Michigan.

Investing in Clean Slate

Implementing automated criminal record expungements will require a significant investment in the necessary technologies across state and local governments. To support these efforts, Governor Whitmer recommends a fiscal year 2021 supplemental request to the Legislature that includes \$19 million to support the coordinated development of automated criminal record expungement systems in the Departments of Attorney General, Corrections, State Police, and the Judiciary. To support these systems into the future, the Governor’s fiscal year 2022 Executive Budget Recommendation includes \$2.2 million for ongoing program support and maintenance costs including \$560,000 for the Department of Attorney General, \$605,000 for the Judiciary, and \$1.1 million for the Department of State Police.

A coordinated development effort, led by the Department of State Police, will help ensure that all systems housing criminal records across the criminal justice system include the enhancements and ongoing support necessary to provide for automatic expungement. Once complete, these systems are anticipated to provide a clean slate to more than 500,000 people and help make Michigan a national leader in criminal justice reform.

Background

In April 2019, Governor Whitmer appointed a bipartisan, interbranch [Michigan Joint Task Force on Jail and Pretrial Incarceration](#). Paradoxically, over a span of nearly 35 years, the jail population tripled, while crime rates were at their lowest levels. To understand why, the task force was charged with evaluating the state's justice systems and developing recommendations to expand alternatives to jail, safely reduce admission and length of stay, provide services and support to crime victims, and improve the efficiency and effectiveness of Michigan justice systems.

In January 2020, the task force issued its [final report](#) with 18 recommendations advocating several reform proposals, many of which have already been [enacted](#) into law with broad, bipartisan support including:

- Eliminating driver's license suspensions for offenses unrelated to driving safety (Public Acts 376-381, 387, and HCR 29 of 2020).
- Decriminalizing low-level traffic misdemeanors (Public Act 382 of 2020).
- Eliminating mandatory minimum jail sentences (Public Acts 375 and 383-386).
- Increasing the use of alternatives to arrest (Public Acts 393 and 394 of 2020).
- Prioritizing alternatives to jail sentences (Public Acts 395 and 396 of 2020).
- Reducing jail admissions for parole and probation (Public Acts 397 and 398 of 2020).
- Diverting people with behavioral health needs away from the justice system.
- Establishing higher thresholds for financial and non-financial pretrial release conditions.
- Enhancing protections and services for victims.

Building off the successes of the last year, the Governor's FY 2022 budget recommendation supports several key areas within the criminal justice system to continue moving forward with the task force's recommendations to reduce jail populations, save local resources, maintain public safety, and protect crime victims.

Behavioral Health Crisis and Domestic Violence Response Training (State Police) - \$10.2 million

One of the key task force recommendations is to appropriately deflect and divert individuals with behavioral health needs away from the criminal justice system. One-quarter of individuals entering jails are estimated to have a serious mental illness. The task force recommends the development of statewide standards for behavioral health crisis intervention training to encourage safer interactions and direct individuals to appropriate behavioral health services.

The task force also highlighted the need to better support crime victims interacting with the criminal justice system, with funding to support the development of specialized training, including the use of best practices for responding to calls related to domestic violence.

The FY 2021 budget appropriated \$4.2 million in the **Michigan State Police** budget to partially support the costs of the Michigan Commission on Law Enforcement Standards (MCOLES) in the development and delivery of training to law enforcement officers, dispatchers, and local correctional officers across the state.

The **FY 2022 Executive Recommendation** requests an additional **\$10.2 million** to provide behavioral health crisis and domestic violence response training to public safety personnel statewide.

Pretrial Bail and Sentencing Decisions (Judiciary) - \$325,700

A significant contributing factor in the increase in jail population over time is the increase in the number of people who are detained while awaiting trial. Comprising more than half of the jail population, pretrial detainees are legally innocent, having not yet been convicted of a crime, but already punished as if they had been. Data suggests that the vast majority of pretrial detainees are nonviolent offenders, with many people detained simply because they cannot afford bail to secure their release.

Concerns about the unequal treatment of people under a cash bail system were echoed recently by the Washtenaw County Prosecutor's office which announced a change in policy where it will not seek the imposition of cash bail as a pre-trial condition. The new [policy directive](#) notes, "[u]nder a cash bail system, poorer people – even those who are accused of relatively minor crimes – are forced to sit in jail for days, weeks, or years. At the same time, cash bail allows wealthier people who are accused of serious crimes to go free pending trial."

For several years, the State Court Administrative Office (SCAO) has worked to reform the pretrial release process, convening work groups and revising court forms on pre-release orders. SCAO is [piloting](#) a risk assessment tool to help inform the bond decisions of judges on a defendant's pretrial risk. The pilot's final evaluation should be completed by the end of March 2021.

The task force has continued that work, with one of its purposes being the development of consistent, objective, and evidence-based pretrial decision-making criteria. The task force noted the short-term benefit of detaining a defendant can often be offset with other negative consequences. Detaining defendants, even for a few days, puts at risk their employment, health care, housing, and family life. Often the short-term benefit of detention is offset by increased likelihood of crimes/arrests in the future, increased dependence on public assistance, higher conviction rates, longer sentences, etc. The task force's report also cites studies that imposition of money bail is no more effective than a recognizance release for low-risk offenders. To that end, the task force has called for the establishment of higher thresholds for financial and non-financial pretrial release.

The **FY2022 Executive Recommendation** requests **\$325,700 in ongoing support** to continue the Judiciary's pretrial reform efforts. This work includes supporting the implementation of task force recommendations and necessary statutory changes, collecting and analyzing pretrial data and establishing pretrial performance measures, providing technical assistance for assessing pretrial risk and supervising defendants, and conducting judicial trainings on pretrial best practices and constitutional compliance.

Diversion Programs and Problem-Solving Courts (Judiciary) - \$600,000

One key recommendation of the task force was the need to divert people with behavioral health needs away from the criminal justice system. The state provides financial support to 199 trial courts to operate [problem-solving courts](#) providing specialized support for adults and juveniles suffering from mental health issues and alcohol and substance abuse issues. Through strict supervision, frequent testing, and treatment, problem-solving courts work to address the behavioral health problems at the core of individual criminal behavior as an alternative to incarceration. These intense efforts have proven to be profoundly impactful on the lives of offenders by significantly reducing recidivism rates, improving employment outcomes, and improving mental health status and sobriety. For many program participants problem-solving courts literally have been life-saving.

The **FY2022 Executive Recommendation** requests the continuation of **\$600,000** in additional grant support for problem-solving courts, appropriating a total of **\$19.1 million** overall for these diversion programs.

Department of Treasury**City Income Tax COVID Loss Relief**

February 11, 2021

**Issue**

Local governments are on the front lines of the COVID-19 pandemic. They support essential services, including first responders like police and fire departments, that are critical to helping residents and local communities in this time of need. Local governments are challenged, however, by declining local revenues due to the economic fallout of the pandemic. Particularly hard hit have been 24 cities that collect local income taxes. These cities have seen their revenues reduced by both high unemployment and the growth in the number of employees working remotely, as cities cannot collect local income taxes on unemployment income nor from employees working outside of their jurisdictions.

Proposal

Provide a total of \$70 million (general fund) in one-time relief to the 24 cities that assess a local income tax. Payments will be made in proportion to the amount of income tax collected prior to the pandemic and capped at a maximum of \$25 million per city.

City	2019 Income Tax Amount	\$70 million Allocation
Albion	\$ 1,040,003	\$ 168,592
Battle Creek	17,664,804	2,863,595
Benton Harbor	1,684,794	273,118
Big Rapids	2,156,777	349,629
Detroit	376,668,182	25,000,000
East Lansing*	13,779,970	2,233,835
Flint	16,019,035	2,596,804
Grand Rapids	105,064,760	17,031,775
Grayling	643,468	104,311
Hamtramck	3,078,000	498,967
Highland Park	2,769,000	448,875
Hudson	536,193	86,921
Ionia	2,506,382	406,303
Jackson	9,882,250	1,601,986
Lansing	37,021,436	6,001,449
Lapeer	3,423,237	554,932
Muskegon	8,940,000	1,449,240
Muskegon Heights	1,023,465	165,911
Pontiac	14,456,678	2,343,534
Port Huron	6,615,692	1,072,453
Portland	866,988	140,545
Saginaw	14,119,061	2,288,804
Springfield	1,047,694	169,839
Walker	13,254,063	2,148,582
Total:	654,261,932	70,000,000

* Based on 2020 CAFR to incorporate a full year of city income tax.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury