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Contact: Press@Michigan.gov

Kurt Weiss, Weissk1@michigan.gov

Gov. Whitmer's 2023 Budget Puts Michiganders First, Invests Heavily in Students & Classroom Learning

Budget will create good-paying jobs, cut taxes for seniors and families, and make vital investments in the economy, education, infrastructure, public safety & public health

LANSING, Mich. — Governor Gretchen Whitmer today released her fourth executive budget recommendation, once again making strong investments in education and putting Michiganders first by putting money back in their pockets and delivering on the issues that matter most to Michigan families. State Budget Director Christopher Harkins outlined the recommendations this morning to a joint session of the House and Senate Appropriations Committees.

The budget recommendation invests in the success of students and teachers, accelerated Michigan's economic momentum and supports our workforce, rebuilds the state's roads, bridges, and pipes, improves the health of residents, and bolsters public safety.

"Just two weeks ago, I delivered my State of the State address, where I outlined the bipartisan accomplishments of the past three years and shared my vision for the future. I laid out plans to cut taxes for seniors and working families by rolling back Michigan's retirement tax, giving more than 500,000 households an average of \$1,000 a year, and raising the Michigan Earned Income Tax Credit, putting an average combined refund of \$3,000 back in the pockets of 730,000 working families," said **Gov. Whitmer**. "The budget I put forward today delivers on those tax cuts and makes strong investments in the kitchen-table issues that make a real difference in people's lives."

"This is a fiscally responsible budget that provides the type of investments that will move Michigan forward, with very strong support for our schools and for our economy," said **State Budget Director Christopher Harkins**. "With the added revenues available to us and the strong support we have received from the federal government, this is a unique opportunity to transform our state for years to come. I look forward to working with the legislature over the next few months to ensure we get a budget into place by the June 30 deadline that makes the most out of this opportunity."

The budget plan accounts for the vision announced in Governor Whitmer's State of the State address to roll back Michigan's retirement tax and cut taxes for working families by raising the Michigan Earned Income Tax Credit. Given current revenue projections, these tax relief measures are responsibly absorbed into the base budget without creating projected shortfalls and without creating future budget constraints.

The budget recommendation totals \$74.1 billion, including a general fund total of \$14.3 billion and a school aid budget totaling \$18.4 billion. It provides a significant amount of one-time funding while maintaining balance in future years and does not utilize one-time funds for ongoing purposes.

Enhancing Education

The budget recommendation provides for a school aid budget that marks the biggest state education funding increase in more than 20 years—without raising taxes.

- \$580 million to increase base per-pupil funding from \$8,700 to \$9,135, a five percent increase that equates to \$435 per student
- \$222 million to fully fund supports for economically disadvantaged students by providing an additional 11.5 percent of the base per-pupil amount per student and eliminating proration, increases total to \$746.5.
- \$150 million to increase supports for special education students by increasing the reimbursement of costs for special education students by five percentage points, bringing the reimbursement rate up from 31% to 36%.
- \$31 million for additional supports for vocational education and career and technical education. This includes an increase in state reimbursed costs, additional funding for equipment purchases, and additional funding for millage equalization payments.
- \$5.3 million for increases for intermediate school district funding, English language learners supports, and students in rural and isolated districts. This amount represents a five percent increase in combined appropriated levels.
- \$1.6 billion for educator retention programs that make sure our educators have the supports they need and the recognition they deserve for the work they do, including:
 - \$1.5 billion for payments to eligible teachers, administrators, and support staff who continue working in their school district over the next four years.
 - \$50 million annually for teacher onboarding and mentoring programs.
 - \$75 million for innovative approaches to addressing regional educator retention needs.
- \$600 million for educator recruitment programs to ensure the teacher talent pipeline continues to provide the education system with the best possible educators. Programs funded include scholarships for future educators, stipends for student teachers, training opportunities to create and improve school leaders, and expanded programs in school districts to recruit, train, and retain teachers from their communities.
- \$361 million for student mental health to ensure students with mental health needs can be identified and provided with the right support.
- \$66 million for school safety programs, building off existing school safety grant opportunities for districts and implementing cross-sector approaches to prevent mass violence through partnerships between schools, public safety, mental health professionals, and communities.
- \$72.6 million for pre-K education programs, including \$56 million for the Great Start Readiness Program, which provides free preschool for income-eligible four-year-olds, to increase the full-day allocation from \$8,700 to \$9,135 per student and provide start-up funds for new programs and classrooms. The budget also includes increased funding for early identification and intervention services for younger children through the Early On Program as well as through home visitation and early childhood collaborative efforts.
- \$1 billion for the creation of a school infrastructure modernization fund to provide \$170 million annually in future years, awarded to districts for significant infrastructure projects to offset the cost for districts.
- \$50 million for before and after school programs to help students with unfinished learning needs, provide a safe place outside of school hours, and provide the extra-curricular activities that foster academic success.
- \$94.4 million for literacy-related programs and activities in Detroit Public Schools.
- A 5% ongoing increase plus a 5% one-time increase for university and community college operations as well as \$200 million for campus infrastructure, technology, equipment and maintenance (ITEM) funds.

- Allow Michigan National Guard members to transfer tuition benefits to their children and dependents.

“Governor Whitmer’s education budget proposes major new investments in students, staff, and schools,” said **State Superintendent Dr. Michael Rice**. “The budget will improve our children’s educational experiences across the state and will restrengthen public education by providing \$4,000 to every school staff member over a two-year period and help to hire and train thousands of new teachers. The governor’s budget puts students first and will help them in their classrooms and in their lives.”

“Governor Whitmer’s bold plan is the most transformational investment in public education we have seen in decades. The governor’s budget proposal attacks Michigan’s acute educator shortage head-on, and her plan will make a real difference in recruiting, retaining and respecting educators to help every student succeed,” said **Paula Herbart, president of the Michigan Education Association**. “By addressing the educator shortage, as well as investing in mental health and school safety, the governor’s proposal provides us critical tools to make Michigan a global leader in education.”

“This is a budget that invests in students with the greatest needs,” said **Peter Spadafore, Executive Director of the Middle Cities Education Association**. “By making school funding more equitable for economically disadvantaged students and those with special needs, we can ensure that districts have the resources necessary to give all our children a high-quality public education. We look forward to working with the governor and legislature to support a school aid budget that prioritizes Michigan students.”

“Governor Whitmer’s proposed education budget is yet another major step toward a better future for schools across Michigan at every level by proposing significant increases in essential funding for higher education and continuing to build toward equity in preK-12 funding,” said **David Hecker, President of AFT Michigan**. “Investing in mental health services for students directly in schools has always been a priority for AFT Michigan and we’re very pleased that Governor Whitmer is leading on this issue and making it a priority in her executive budget. Our community public schools can and should be places where students can grow and be confident in themselves both academically and mentally, while being able to access services when they struggle with either.”

Growing Our Economic and Investing in Workers

The budget recommendation calls for funding centered on economic and workforce development, including:

- \$500 million deposit into the Strategic Outreach and Reserve Fund to provide funding for economic development projects that invest in Michigan’s future and attract transformational projects that keep Michigan at the forefront of manufacturing.
- \$50 million for Electric Vehicle Rebates to provide a \$2,000 point-of-sale rebate for the purchase of a new electric vehicle and a \$500 rebate for at-home charging equipment for a new or used electric vehicle.
- \$40 million to provide aid to communities that have experienced significant economic impacts from the departure or disinvestment of large-scale employers and their workforces from their communities.
- \$500 million to provide hero pay for our frontline workers in support and recognition of their sacrifice during the pandemic.

- \$230 million for Transformational Education Infrastructure to promote new collaborative approaches among higher education institutions and other partners in health science and medical education, and the electrification of vehicles and mobility.
- \$200 million for the Michigan Regional Empowerment Program to support the growth, development, diversification, and resiliency of regional economies through a competitive grant program.
- \$88 million to strengthen Michigan's Unemployment Insurance System.
- \$25 million for the Mobility Futures Initiative to support a statewide effort advancing Michigan's position in the rapidly evolving mobility sphere.
- \$85.8 million for innovative workforce development programs for a range of new investments in Michigan's workforce to address businesses' needs for talent and to ensure Michigan residents have the skills, training, and opportunities they need for good-paying jobs.
- Fund the Office of Rural Development to help rural communities meet workforce, education, infrastructure, and connectivity needs through a \$10 million investment for rural development engagement and support.
- A major investment of \$200 million is recommended for the Michigan Regional Empowerment program to provide matching funds for regional empowerment programs that support the development and resilience of regional economies across the state.
- A further \$30 million in support for economic development in food and agricultural industries plus \$10 million for rural development grants.

"While many people were able to stay home, grocery store workers showed up every day from the beginning of this pandemic to make sure Michigan families had the food and supplies they needed," said **John Cakmacki, president of UFCW Local 951**. "Our members have paid out of pocket for child care and protective gear, and they have lost sick time and in some cases their health and even their lives. They deserve to be acknowledged and rewarded for their efforts, and we thank Governor Whitmer for doing so."

"Governor Whitmer's bold budget proposal is exactly what Michigan needs right now, and it is reflective of her continued commitment to working people," said **Ron Bieber, President of the Michigan AFL-CIO**. "Our heroic frontline workers put their lives on the line every day to ensure the health and safety of all of us, and this budget proposal is a major recognition of their service. With \$3 BILLION allocated for direct pay to workers in the form of bonuses, wage increases, and raises for so many that risked their own safety through the pandemic, the Michigan AFL-CIO is committed to continue to stand shoulder to shoulder with Governor Whitmer in advocating for Hero Pay at the state capitol."

Improving Public Health

The budget recommendation calls for funding centered on the health of Michigan families, including:

- \$243.3 million for increased access to dental services for Medicaid enrollees that replicates the success of the Healthy Kids Dental program for adults by procuring Healthy Kids Dental, HMP dental, and fee-for-service adult dental services through a single combined managed care contract. Another \$4.3 million is provided to increase Medicaid reimbursement for outpatient hospital and ambulatory surgical centers.
- \$8.3 million to provide ongoing increase for family independence payments, \$100 per month per child ages five and under to assist low-income families with the unique costs of caring for very young children

- \$10.5 million for a child welfare services rate increase, which increases state rates to residential child caring institutions serving foster children by 5% and private residential juvenile justice providers by 12%.
- \$20 million for to address racial health disparities.
- \$50 million for statewide nutritional and food bank support to assist with infrastructure improvements to distribute food more efficiently to families in need of assistance, including the creation of an emergency stockpile of food in each food bank warehouse.
- \$25 million for student loan reimbursement for behavioral health providers.
- \$325 million for a new State Psychiatric Facility Complex, funds construction on a single campus, serving to replace facilities for the Hawthorn Center and Walter Reuther Hospital to increase inpatient capacity and improve efficiency of services provided.
- \$15 million to the Jail Diversion Fund to be used by the Mental Health Diversion Council to distribute grants to local entities to establish and expand jail diversion programs in partnership with local law enforcement and behavioral health services providers, ensuring that individuals with mental illness receive appropriate treatment.

“Governor Whitmer’s budget will improve long-term health outcomes for millions of Michiganders,” said **Dr. Michael Maihofer, President of the Michigan Dental Association**. “Research from the University of Michigan has shown that investments in dental care have a strong impact on improved oral health, and also help Michiganders seek new and better jobs. This is a much-needed investment that will help improve health outcomes for thousands of Michigan families.”

Rebuilding Our Infrastructure

The budget recommendation calls for historic investments in Michigan’s infrastructure, including:

- \$578 million in funding from the Infrastructure Investment and Jobs Act (IIJA) to provide resources for several Michigan infrastructure projects that will continue to fix roads, bridges, railways, and local and intercity transit, while also providing capital improvements at airports.
- \$480 million in fiscal year 2022 to increase road and bridge construction for state and local roads, highways, and bridges.
- \$150 million to support projects that are economically critical, carry high traffic volumes, increase the useful life of key local roads, or will be completed in conjunction with bridge replacement projects
- \$66 million for generators for pump stations to ensure reliable generator backup power is available at all 164 MDOT-owned pumping stations, increasing public safety measures for highway flooding events.
- \$60 million for rail grade separation to support projects at key congested local rail crossings that impede efficient movement of commercial and passenger vehicles and jeopardize timely public safety response in an emergency.
- \$3.9 million for the Michigan Automated Weather Observation System Replacement Plan to increase public safety by replacing the state’s automated weather observations, some of which are 30 years old.
- \$5 million to fund and staff the newly formed Michigan Infrastructure Office to effectively and efficiently implement federal infrastructure funding and serve as an interagency coordinating body across state government and stakeholder groups.

“Governor Whitmer’s budget will make Michigan’s roads safer for Michiganders as they commute to work, drop their kids off at school, or run errands while helping to protect the hard-working folks risking their lives in work zones,” said **Geno Alessandrini, Business Manager for the Michigan Laborers Union**.

“Fixing local roads with the right mix and materials will support good-paying construction jobs and continue growing Michigan’s economy.”

“We applaud the Governor’s continued call for increased investments into our state’s infrastructure. Michigan’s infrastructure has been disinvested and ignored for too long.” **Said Rob Coppersmith, Executive Vice President, Michigan Infrastructure and Transportation Association.** “We look forward to working with the Governor and Legislature in making these once in a generation investment but also look into the future and find long-term sustainable solutions to our infrastructure needs.”

Investing in Safe Communities

The budget recommendation calls for funding centered on safe communities, including:

- \$50 million for first responder retention, to provide payments to law enforcement officers and public safety personnel, including state troopers, conservation officers, firefighters, EMTs, and local and state corrections employees who have performed hazardous work related to the COVID-19 pandemic.
- \$9.2 million for a state police trooper recruit school to graduate 50 new troopers in addition to the 120 troopers that are anticipated to be hired and trained using existing attrition savings.
- \$1 million for state police trooper recruitment to help broaden the racial, ethnic, and gender makeup of the Michigan State Police to make it more representative of the communities it serves.
- \$48 million for community technical assistance for lead line replacement projects
- \$40 million for home plumbing to provide grants to households earning up to 200% of the federal poverty level to make minor home plumbing repairs to ensure safe drinking water and help make homes eligible for weatherization assistance.
- \$34.3 million for high water infrastructure grants to local units of government for high water level and climate resiliency planning and infrastructure needs, focused on addressing flooding, coastline erosion, transportation networks, urban heat, and storm water management
- \$69.3 million for cleanup of contaminated sites and to improve the ability to identify, assess, and cleanup sites of legacy contamination plus additional funds for rapid response
- \$10 million to begin the conversion of the state government fleet to electrical vehicles
- \$1.6 million for food and agriculture preparedness and response to address gaps identified during the pandemic, helping create and maintain disease response plans.

“Law enforcement officers have stepped up from Day 1 of the pandemic to keep Michigan safe,” said **Rob Figurski, President of the Michigan Association of Police Organizations.** “Investing in retention is the smartest use of tax dollars to support law enforcement. Keeping experienced officers in the profession needs to be our collective priority.”

The budget recommendation also proposes a \$51.8 million deposit to the Budget Stabilization Fund, which would bring the rainy day fund balance to nearly \$1.5 billion.

There is \$49.8 million included to provide a five percent increase in both ongoing and one-time statutory revenue sharing to help counties cities, villages and townships.

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Copies and more details of the governor’s recommended budget are available at www.michigan.gov/budget. Join the conversation on Twitter at #mibudget.