Department of Labor and Economic Opportunity
Governor’s Recommended Budget for Fiscal Years 2022 and 2023

The Department of Labor and Economic Opportunity (LEO) coordinates economic, labor, housing, and workforce development efforts across the state through the work of the Michigan Strategic Fund, the Michigan State Housing Development Authority, the State Land Bank Authority and other employment and workforce programs and commissions. LEO works to drive economic development, build vibrant communities, attract and retain talent, protect health, safety, and economic security of workers, and create affordable housing.

The Governor’s recommended budget for fiscal years 2022 and 2023 includes total ongoing funding of $1.6 billion, of which $199.8 million comes from the state’s general fund. The Governor also recommends $221.3 million in one-time funding in fiscal year 2022, all of which comes from the general fund.

Highlights

Governor Whitmer recently transmitted to the Legislature a supplemental appropriations bill for the current year that provides $225 million (all general fund) to aid Michigan’s Economic Recovery. The Fiscal Year 2021 MI COVID Recovery Plan for small businesses targets businesses that have otherwise been left out of COVID-19 relief programs. Through the Michigan Mainstreet Initiative ($125 million), the Michigan Microenterprise Support Initiative ($25 million), and the Business Accelerator and Resiliency Initiative ($75 million), Michigan’s small businesses will receive the help they need to stabilize, recover, and grow.

In FY21 and FY22, the Governor’s budgets propose $1.2 billion in new funding for programs that will help individuals and businesses recover from COVID-19

<table>
<thead>
<tr>
<th>Program</th>
<th>Funding in Millions</th>
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</thead>
<tbody>
<tr>
<td>Affordable Housing, Child Care and Poverty Strategies</td>
<td>$15</td>
</tr>
<tr>
<td>Mobility Futures Initiative</td>
<td>$25</td>
</tr>
<tr>
<td>Going Pro and Workforce Development</td>
<td>$27</td>
</tr>
<tr>
<td>Reconnect/Futures for Frontliners</td>
<td>$192</td>
</tr>
<tr>
<td>Economic Recovery Programs</td>
<td>$235</td>
</tr>
<tr>
<td>Emergency Rental Assistance</td>
<td>$661</td>
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</tbody>
</table>

$ in Millions
Across fiscal years 2021 and 2022, the Governor’s Executive Recommendation continues to invest in a range of programs that will push Michigan forward on a path to recovery from COVID-19:

- **$192.4 million for Sixty by 30 Initiatives** (all general fund), to accelerate the State’s progress towards reaching the goal of 60% of Michiganders with a postsecondary degree or industry credential by 2030. This includes the following one-time funding:

  - $120 million for Reconnect to provide tuition free training for students older than age 25 to receive a credential, certificate, or an associate degree. This funding is provided in fiscal year 2022, to support program costs in both fiscal years 2022 and 2023.

  - $60.4 million for Futures for Frontliners to recognize and thank frontline workers for their vital efforts during the COVID-19 pandemic by providing a tuition-free pathway to a degree or certificate. Of this funding, the Governor recommends $25 million to support an expansion of the program to frontline workers that became newly unemployed between November 1, 2020 and January 31, 2021 in industries disproportionately impacted by COVID-19. A portion of this funding, $21.3 million, is recommended in the fiscal year 2021 supplemental to support the existing population of frontliners in the program and expand the opportunity as quickly as possible.

  - $12 million for Reconnect and Futures for Frontliners Wraparound Services (all general fund) is recommended to support single parents enrolled in Reconnect and Futures for Frontliners with customized services that will lead to successful completion of the program. Of this funding, $6 million was included as part of the Fiscal Year 2021 MI COVID Recovery Plan, and $6 million is recommended in fiscal year 2022. Supports may include childcare, tutoring, and career counseling.

- **$47.3 million for Workforce Development and the Mobility Futures Initiative** to expand training opportunities to more Michigan workers and help close the skills gap facing Michigan employers and invest in new and emerging mobility platforms.

  - $25 million for the Mobility Futures Initiative (all general fund) to support a new statewide collaboration advancing Michigan’s position in the rapidly evolving mobility sphere. Spearheaded by LEO’s Office of Future Mobility and Electrification, LEO will coordinate with the Department of Environment, Great Lakes and Energy, and the Department of Transportation on initiatives that address environmental sustainability, connected and autonomous vehicle deployment, economic and workforce development, and the alleviation of systemic mobility inequities in underserved communities.

  - $15 million for Going Pro (all general fund) to further expand employer-based training grants that result in industry recognized credentials and certificates, bringing total funding to $43.7 million in fiscal year 2022. Grants will support training for new and current employees in high-demand, skilled trades industries, and will further the State’s efforts to reach the “Sixty by 30” goal.
• $3.3 million for the modernization of the One-Stop Information Management System (to be funded from the Information Technology Investment Fund in the Department of Technology, Management, and Budget) to replace a 20-year-old system with a new customer-centered, case management system for the state’s workforce development system.

• $3 million for a Statewide Pre-Apprenticeship Program (all general fund), to expand Michigan’s talent pool in the construction and building trades.

• $1 million for Focus: HOPE (all general fund) to support workforce development, youth development, and community empowerment and advocacy programs.

• **$15.5 million to expand access to affordable housing and child care** (all general fund) and address critical needs faced by Michigan residents living in poverty. Today, 43% of Michigan residents struggle to afford basic necessities, and LEO’s multi-faceted programs contribute to the State’s efforts to help families and communities most in need.

• $10 million for the Michigan Housing and Community Development Program (general fund) to alleviate the affordable housing needs across the state and revitalize downtown areas in Michigan. This is in addition to the $660.9 million (all federal funds) recommended in the fiscal year 2021 supplemental, to provide emergency rental and utility payment assistance, providing a critical lifeline that will help families avoid eviction and stay in their homes.

• $2.2 million for a Child Care Facilitator Pilot Project (all general fund) that continues an ongoing effort to increase access to high quality and affordable child care through a unique collaboration that leverages both state and business support.

• $2 million for Child Savings Accounts (all general fund) to support organizations that advance these accounts to improve financial literacy, boost educational attainment for low-income children, and build wealth in low-income families. Funds will also be used to support two pilot programs in a rural and urban community that use these funds to match outside contributions to child savings accounts.

• $1 million for the Michigan Poverty Task Force to conduct research and planning that will help lead the way towards improving the effectiveness of state benefit programs (all general fund) and address the barriers limiting individuals’ ability to access these programs.
## FY 2022 Adjustments

### FY 2021 Original Enacted

<table>
<thead>
<tr>
<th>Description</th>
<th>GF/GP</th>
<th>GROSS</th>
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</thead>
<tbody>
<tr>
<td>Removal of FY 2021 One-Time Funding</td>
<td>($31,288.8)</td>
<td>($71,288.8)</td>
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</table>

### FY 2022 Ongoing Investments

- Statewide Pre-Apprenticeship Program - Ongoing funding to support a statewide pre-apprenticeship program in construction and building trades: $3,000.0
- Departmental Administrative Support - Internal shift to support 7.0 FTEs in finance: $0.0

### FY 2022 Reductions

- $0.0

### FY 2022 Baseline Adjustments

- Flint Settlement Debt Service: $35,000.0
- Women's Commission - Recognizes Executive Reorganization from Department of Civil Rights per EO 2020-171: $366.8
- Workforce Development Programs - Aligns authorization for new federal grants: $0.0
- State Historic Preservation Office - Appropriates new revenue stream from recently passed legislation and completes technical cleanup stemming from EO 2019-13: $0.0
- State Brownfield Redevelopment Fund - Aligns authority with revenue collections: $0.0
- Employee-Related Payroll Adjustments: ($180.6) ($2,133.7)
- Other Technical Adjustments: $78.1

### FY 2022 Total Executive Recommendation - Ongoing Funding

- $199,841.3
- $1,608,877.6

### FY 2022 One-Time Investments

- Reconnect - One-time funding to support program costs into FY23: $120,000.0
- Futures for Frontliners - One-time funding to support program costs and expand eligible population: $39,100.0
- Mobility Futures Initiatives - Statewide effort to advance Michigan as a mobility leader: $25,000.0
- Going Pro - Additional funding for employer-based training grants: $15,000.0
- Housing and Community Development Program - Funds to support affordable housing creation and revitalization: $10,000.0
- Wraparound Services for Reconnect and Futures for Frontliners Participants: $6,000.0
- Child Care Facilitator Pilot Project - Continuation of pilot to increase access to high quality and affordable child care: $2,200.0
- Child Savings Accounts - Supports one rural and one urban pilot program with funds to match outside contributions to accounts for low-income children: $2,000.0
- Poverty Task Force - Funds research and planning to help improve the effectiveness of state benefit programs: $1,000.0
- Focus: HOPE funding: $1,000.0

### FY 2022 Total Executive Recommendation - One-Time Funding

- $221,300.0
- $221,300.0

### FY 2022 Total Executive Recommendation - Ongoing and One-Time

- $421,143.1
- $1,830,177.6

$ Change from FY 2021 - Total Funding: $228,275.5
% Change from FY 2021 - Total Funding: 118.4%
## Department of Labor and Economic Opportunity
### Governor's Recommended Budget for Fiscal Years 2022 and 2023
\$ in Thousands

### FY 2023 Planning Adjustments

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$ Change from FY 2022 - Total Funding: ($221,300.0) ($221,300.0)

% Change from FY 2022 - Total Funding: (52.5%) (12.1%)