

REVIEW AND ANALYSIS
OF THE
FY 2009-10
EXECUTIVE BUDGET
RECOMMENDATION



prepared by the

HOUSE
FISCAL
AGENCY

Mitchell E. Bean, Director

March 2009

**HOUSE FISCAL AGENCY
GOVERNING COMMITTEE**

George Cushingberry, Jr.

Andy Dillon

Kathy Angerer

Chuck Moss

Kevin Elsenheimer

Dave Hildenbrand

**MICHIGAN HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE**

George Cushingberry, Jr. Chair

Richard Hammel, Vice Chair

Joan Bauer

Doug Bennett

Terry Brown

Robert Dean

Fred Durhal

John Espinoza

Lee Gonzales

Vincent Gregory

Shanelle Jackson

Michael Lahti

Richard LeBlanc

Gary McDowell

Fred Miller

Alma Smith

Dudley Spade

Jon Switalski

Rashida Tlaib

Chuck Moss, Minority Vice Chair

David Agema

Darwin Booher

Bill Caul

Robert Genetski

Kevin Green

Gail Haines

Dave Hildenbrand

Matt Lori

John Proos

Bill Rogers

Tonya Schuitmaker

STATE OF MICHIGAN
HOUSE OF REPRESENTATIVES



HOUSE FISCAL AGENCY

MITCHELL E. BEAN, DIRECTOR

P.O. BOX 30014 ■ LANSING, MICHIGAN 48909-7514
PHONE: (517) 373-8080 ■ FAX: (517) 373-5874
www.house.mi.gov/hfa

GOVERNING COMMITTEE

GEORGE CUSHINGBERRY, JR., CHAIR
ANDY DILLON
KATHY ANGERER

CHUCK MOSS, VC
KEVIN ELSENHEIMER
DAVE HILDENBRAND

March 2009

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2009-10 Executive Budget Recommendation***.

In this publication, the *Director's Overview* provides information on revenue sources proposed in the Executive Budget Recommendation for FY 2009-10, including tobacco settlement funds. It also provides a summary charts and tables of appropriations and fund sources in the proposed budget.

Budget summaries and analyses in this report were prepared for each department/agency by House Fiscal Agency analysts; the Consensus Revenue section was prepared by Agency economists.

House Fiscal Agency staff and their areas of responsibility are listed on the inside back cover of this publication. Please feel free to contact them, or me, if you have questions or need additional information.

A handwritten signature in black ink that reads "Mitchell E. Bean".

Mitchell E. Bean, Director

TABLE OF CONTENTS

OVERVIEW

Director's Overview	1
---------------------------	---

BUDGET DETAIL

EDUCATION

Community Colleges	16
Education (Department)	18
Higher Education	21
School Aid/K-12	25

GENERAL GOVERNMENT

Overview	30
Attorney General	31
Civil Rights	33
Executive	34
Information Technology	35
Legislative Auditor General	38
Legislature	39
Management and Budget	40
State	43
Treasury	45

HUMAN SERVICES

Community Health (includes Medicaid, Public Health, Mental Health, and Aging)	52
Corrections	58
Human Services (Department)	64

RESOURCE PROTECTION

Agriculture	72
Environmental Quality	76
Natural Resources	80

SAFETY AND DEFENSE

Military and Veterans Affairs	84
State Police	87

ALL OTHERS

Capital Outlay	92
Energy, Labor and Economic Growth	93
History, Arts, and Libraries	97
Judiciary	99
Transportation	101

<u>CONSENSUS REVENUE</u>	105
---------------------------------------	-----

GLOSSARY
Frequently-Used State Budget Terms

STATE BUDGET TERMS

Gross Appropriations (Gross): The total of all applicable appropriations (statutory spending authorizations) in a budget bill.

Adjusted Gross Appropriations (Adjusted Gross): The net amount of all gross appropriations after subtracting interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

Lapses: Appropriation amounts that are unspent/unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless otherwise provided by law.

Work Project: A statutorily-authorized account which allows a spending authorization to be carried over from one fiscal year to a succeeding fiscal year or years—i.e., allows funds to be spent over a period of years.

APPROPRIATION BILL TERMS

Line Item: Specific funding amount in an appropriation bill which establishes spending authorization for a particular program or function (may be for a single purpose or for multiple purposes).

Boilerplate: Specific language sections in an appropriation bill which direct, limit or restrict line item expenditures, express legislative intent, and/or require reports.

REVENUE SOURCES

General Fund/General Purpose (GF/GP): Unrestricted General Fund revenue available to fund any activity accounted for in the General Fund; unused GF/GP revenue lapses to the General Fund at the end of a fiscal year.

State Restricted (Restricted): State revenue restricted by state law or outside restriction that is available only for specified purposes; at year-end, unused restricted revenue remains in the restricted fund.

Federal Revenue: Federal grant or matchable revenue dedicated to specific programs.

Local Revenue: Revenue from local units of government.

Private Revenue: Revenue from non-government entities: rents, royalties or interest payments, payments from hospitals or individuals, and gifts and bequests.

Interdepartmental Grant (IDG): Revenue or funds received by one state department from another state department (usually for a service provided by the receiving department).

Intradepartmental Transfer (IDT): Transfers or funds being provided from one appropriation unit to another in the same department.

MAJOR STATE FUNDS

Budget Stabilization Fund (BSF): The countercyclical economic and budget stabilization fund; also known as the "rainy day" fund.

School Aid Fund (SAF): A restricted fund; the primary funding source for K-12 schools and Intermediate School Districts (ISDs).

General Fund: The General Fund (funded from taxes and other general revenue) is used to account for the ordinary operations of a governmental unit that are not accounted for in another fund.

FY 2009-10 Budget Detail

DIRECTOR'S OVERVIEW

Overview
Resources Used in Executive Budget
Proposed Revenue Enhancements
Economic Changes
Summary Information and Tables

OVERVIEW

FY 2009-10 Executive Recommendation DIRECTOR'S OVERVIEW

The FY 2009-10 Executive Budget Recommendation includes \$43,435.2 million in adjusted gross appropriations. This includes \$8,960.0 million in General Fund/General Purpose (GF/GP), \$17,937.8 million in restricted funds, and \$16,068.4 million in federal funds.

Of the \$26,897.8 million in state resources available in FY 2009-10, \$15,831.2 million (58.9% of the total) is designated for payments to local units of government. (Article IX, Section 30 of Michigan's *Constitution* requires that at least 48.97% of spending from state resources must be paid to local government.)

In addition to the January 9, 2009, Consensus Revenue Estimating Conference revenue estimates, the Executive Recommendation incorporates the following, to address the estimated \$1.4 billion FY 2009-10 shortfall:

- Cuts to GF/GP and the School Aid Fund (SAF) equal to \$670 million including:
 - \$120 million in cuts to the Department of Corrections budget.
 - \$106 million in cuts to the Department of Community Health budget.
 - \$100 million in cuts to the Department of Human Services budget.
 - \$100 million in cuts to the Higher Education budget.
 - \$164 million in cuts to the School Aid budget.
 - \$52 million in cuts to other programs.
 - \$28 million in GF/GP cuts from yet-to-be-negotiated employee concessions.
- The use of \$500 million in additional federal funds available for Medicaid in the federal stimulus package.
- Increased GF/GP and SAF revenue enhancements and tax enforcement of approximately \$231.5 million including:
 - \$10.0 million in commercial rental property by removing it from the General Property Tax and making it subject to a new specific tax that would allow the taxable value to increase as the occupancy rate increases.
 - \$5.0 million by publishing the names of major delinquent taxpayers.
 - \$14.5 million by eliminating the existing use tax exemption for International and certain interstate telecommunications (e.g., toll free calls, WATTS lines, etc.).
 - \$21.0 million by eliminating the current sales tax exemption on purchases of trucks, trailers, and parts by interstate motor companies for which at least 10% of the total mileage occurs outside of Michigan.
 - \$4.1 million by eliminating the double deduction on the Michigan Income Tax for indirect costs (such as depreciation) incurred in oil and gas production.
 - \$45.0 million by doubling the tax rate on other tobacco products to reduce the differential by which those products are taxed relative to cigarettes.
 - \$57.0 million by suspending the automatic inflation adjustment of the personal exemption on the Michigan Income Tax. Existing law would increase the exemption from \$3,500 per person in 2008 to \$3,600 in 2009.

- \$12.0 million by reducing the bad debt deduction allowed to retailers (and lenders after September 30, 2009) to 80% of the bad debt's value.
- \$3.1 million by reducing the amount of sales and use taxes retained by a retailer for collecting and remitting the tax to 80% of the currently-allowed amount.
- \$3.2 million by reducing the amount of taxes on cigarette and other tobacco products retained by a licensed retailer for collecting and remitting the tax to 80% of the currently-allowed amount.
- \$11.0 million by greater enforcement and auditing of businesses that have not registered to collect taxes to increase compliance.
- \$4.1 million by implementing enhanced reviews of income tax returns which have been already found to contain errors.
- \$2.5 million by contacting businesses to obtain information concerning out-of-state purchases to determine if use taxes have been properly remitted.
- \$10.4 million by doubling the fees paid by retailers licensed to sell liquor at retail.
- \$4.6 million by allowing establishments licensed to sell liquor to purchase a permit allowing them to extend sales from 2:00 a.m. to 4:00 a.m.
- \$9.1 million by allowing establishments licensed to sell liquor to purchase a permit allowing them to make sales prior to 12:00 noon on Sundays.
- \$15.0 million by expanding the number of lottery terminals to sell online and instant tickets.

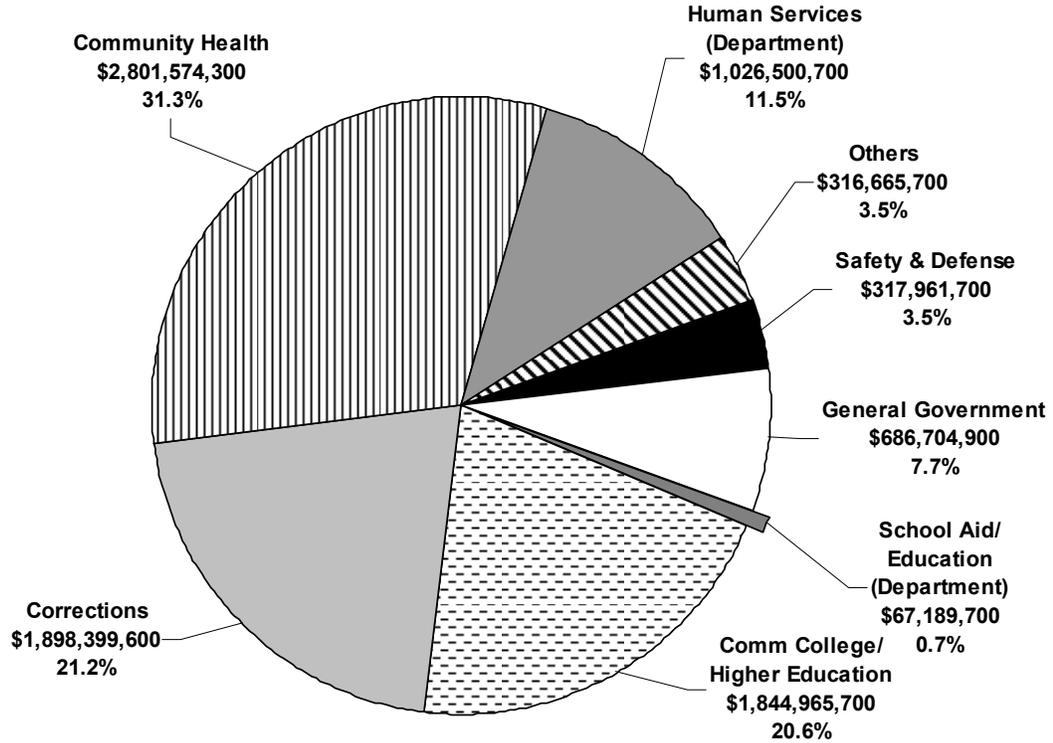
This Overview includes:

- Graphs of Executive Recommendation GF/GP and Adjusted Gross distribution by budget area.
- Review of resources used in the Executive Recommendation.
- Summary of the overall content of the budget (Tables 1 through 5).

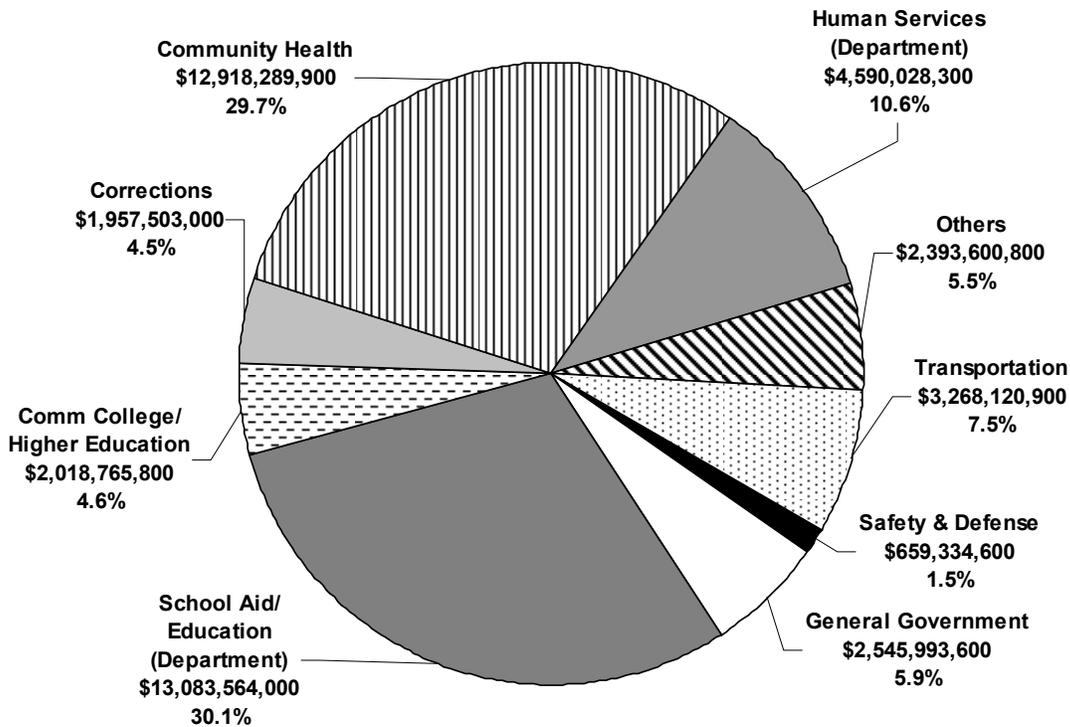
Following this Overview, individual sections explain appropriations by department or major budget area. Each section includes a comparison of FY 2008-09 year-to-date appropriations with the FY 2009-10 Executive Recommendation and an analysis and discussion of major budget and boilerplate issues.

OVERVIEW

**FY 2009-10 Executive Recommendation
General Fund/General Purpose (GF/GP) = \$8,959,962,300**



**FY 2009-10 Executive Recommendation
Adjusted Gross = \$43,435,200,900**



RESOURCES USED IN FY 2009-10 EXECUTIVE BUDGET RECOMMENDATION

Resources used to fund General Fund/General Purpose, School Aid Fund, Medicaid Benefits Trust Fund, and Merit Award Trust Fund expenditures in the FY 2009-10 Executive Budget Recommendation are reported below.

FY 2009-10 Executive Recommendation General Fund/General Purpose (GF/GP) (Millions of Dollars)		FY 2009-10 Executive Recommendation School Aid Fund (SAF) (Millions of Dollars)	
<u>Revenue</u>		<u>Revenue</u>	
Beginning Balance	\$0.0	Beginning balance	\$0.0
Initial revenue estimate (1/09/09)	\$7,934.5	Initial forecast (1/09/09)	\$11,295.8
Revenue sharing savings	\$466.8	Revenue enhancements	\$45.8
Charge SAF for short-term borrowing cost	\$45.0	Lottery revenue increase	\$15.0
MBT changes	(\$9.5)	GF/GP subsidy	\$40.8
Use tax base change	\$334.8	Tax enhancement	4.4
Liquor revenue deposit	\$24.1	Federal funds	<u>1,561.8</u>
Proposed revenue enhancements	\$129.1	Total Revenue	\$12,963.6
Tax enforcement	<u>\$13.2</u>		
Total Revenue	\$8,938.0		
<u>Expenditures</u>		<u>Expenditures</u>	
FY 2009-10 Executive Recommendation	\$8,932.5	FY 2009-10 Executive Recommendation	\$12,963.6
Estimated Year-End Balance	\$5.5	Estimated Year-End Balance	\$0.0

Revenue estimate: Revenue estimates agreed to at the January 2009 consensus revenue estimating conference.

Revenue sharing savings: Additional GF/GP sales tax revenue as the result of a revenue sharing freeze.

Charge SAF for short-term borrowing cost: Savings that accrue to GF/GP by shifting short-term borrowing costs to the SAF.

MBT changes: Revenue loss—not already included in consensus estimates—associated with 2008 PAs 435, 472, 507, and 572.

Use tax base change: Impact of 2008 PA 440.

Liquor revenue deposit: Includes revenue from proposed expansion of hours for Sunday sales.

Proposed revenue enhancements: GF/GP and SAF impact of proposals detailed on page 7 of this report.

Tax enforcement: Impact of proposed enhanced enforcement.

Lottery revenue increase: Proposal to increase number of lottery terminals and enhance advertising.

OVERVIEW

**FY 2009-10 Executive Recommendation
Tobacco Settlement Revenue/Expenditures
(Millions of Dollars)**

Prior-year balance	\$0.0
Interest	0.9
Master Settlement Agreement payment	324.0
Partial release of disputed funds	23.0
Payment on 2006 securitization bonds	(46.3)
Payment on 2007 securitization bonds	(34.9)
Deposit to 21st Century Jobs Trust Fund	<u>(75.0)</u>
Total Estimated Revenue	\$191.7
Proposed Expenditures:	
MI Promise scholarships	(140.0)
Tuition Incentive Program (TIP)	(26.1)
Administration of TIP and merit awards	(2.3)
Medicaid base	(17.9)
Aging-respite care	(5.0)
Attorney General administration	<u>(0.4)</u>
Total Proposed Expenditures	(\$191.7)

**FY 2009-10 Executive Recommendation
MEDICAID Benefits Trust Fund
(Millions of Dollars)**

Beginning balance	\$5.9
Estimated interest	4.1
Estimated deposit:	
Revenue from cigarette tax	310.1
Revenue from other tobacco products	34.5
Total settlement revenue	<u>3.0</u>
Available Funds	\$357.6
Withdrawal	(\$364.4)
Adjustment	6.8
Estimated Ending Balance	(\$0.0)

FY 2009-10 EXECUTIVE-PROPOSED REVENUE ENHANCEMENTS

Millions of Dollars
SAF GF/GP TOTAL

Revenue Enhancements

Commercial Rental Property: Remove commercial rental property from the general property tax, and make it subject to a new specific tax that would allow the taxable value to increase as the occupancy rate increases	10.0		10.0
Cybershame: Publish the names of major delinquent taxpayers		5.0	5.0
International and Certain Interstate Communications: Eliminate existing use tax exemption for international/certain interstate telecommunications (toll free calls, WATTS lines, etc.)	4.8	9.7	14.5
Interstate Trucks and Trailers: Eliminate the current sales tax exemption on purchases of trucks, trailers, and parts by interstate motor companies for which at least 10% of the total mileage occurs outside of Michigan	7.0	14.0	21.0
Oil and Gas Income: Eliminate the double deduction on the Michigan Income Tax for indirect costs (such as depreciation) incurred in oil and gas production	1.0	3.1	4.1
Other Tobacco Products: Double the tax rate on other tobacco products to reduce the differential by which those products are taxed relative to cigarettes.....		45.0	45.0
Personal Exemption: Suspend the automatic inflation adjustment of the personal exemption on the Michigan Income Tax (existing law would increase the exemption from \$3,500 per person in 2008 to \$3,600 in 2009)	10.6	46.4	57.0
Sales Tax Bad Debt Deduction: Reduce the bad debt deduction allowed to retailers (and lenders after September 30, 2009) to 80% of the bad debt's value.....	8.8	3.2	12.0
Sales Tax Collection Allowance: Reduce the amount of sales and use taxes retained by a retailer for collecting and remitting the tax to 80% of the currently-allowed amount.....	2.3	0.8	3.1
Tobacco Tax Collection Allowance: Reduce the amount of taxes on cigarette and other tobacco products retained by a licensed retailer for collecting and remitting the tax to 80% of the currently-allowed amount.....	1.3	1.9	3.2
Subtotal Revenue Enhancements	\$45.8	\$129.1	\$174.9

Tax Enforcement

Business Tax Account Compliance Enforcement: Implement greater enforcement and auditing of businesses that have not registered to collect taxes to increase compliance	3.2	7.8	11.0
Income Tax Automation: Implement enhanced reviews of income tax returns which have been already found to contain errors	0.4	3.7	4.1
Use Tax Audit Letters: Contact businesses to obtain information concerning out-of-state purchases to determine if use taxes have been properly remitted	0.8	1.7	2.5
Subtotal Tax Enforcement	\$4.4	\$13.2	\$17.6

Other Revenue Measures

Liquor Revenue: Allow establishments licensed to sell liquor to: purchase a permit which lets them extend sales from 2:00 a.m. to 4:00 a.m., and purchase a permit which lets them make sales prior to 12:00 noon on Sundays		24.1	24.1
Lottery Revenue Increase: Expand the number of lottery terminals to sell online and instant tickets.....	15.0		15.0
Total	\$65.2	\$166.4	\$231.6

OVERVIEW

FY 2009-10 ECONOMIC CHANGES BY DEPARTMENT/AGENCY
(Thousands of Dollars)

	Employee-Related Economics		Building Occupancy Charges & Rent		Food & Fuel at 24-Hour Institutions		Total	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture	(53.7)	(1.2)	0.0	0.0	0.0	0.0	(53.7)	(1.2)
Attorney General	(160.7)	(160.7)	32.0	32.0	0.0	0.0	(128.7)	(128.7)
Auditor General	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Civil Rights	2.4	2.4	0.0	0.0	0.0	0.0	2.4	2.4
Civil Service	(419.0)	(419.0)	(252.0)	0.0	0.0	0.0	(671.0)	(419.0)
Community Health	12,557.3	5,592.2	243.1	162.6	316.3	54.0	13,116.7	5,808.8
Corrections	(45,906.7)	(45,906.7)	0.0	0.0	(4,130.2)	(4,130.2)	(50,036.9)	(50,036.9)
Education	(257.1)	0.0	(177.0)	0.0	0.0	0.0	(434.1)	0.0
Environmental Quality	(390.2)	(0.6)	0.0	0.0	0.0	0.0	(390.2)	(0.6)
Executive	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
History, Arts, and Libraries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Human Services	(15,395.5)	(12,268.8)	0.0	(25.0)	(470.0)	(238.2)	(15,865.5)	(12,532.0)
Information Technology	5,652.9	0.0	0.0	0.0	0.0	0.0	5,652.9	0.0
Judiciary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Energy, Labor, & Economic Growth	(423.6)	0.0	(1,179.6)	0.0	0.0	0.0	(1,603.2)	0.0
Legislature	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Management and Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Michigan Strategic Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Military and Veterans Affairs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Natural Resources	471.5	(0.3)	0.0	0.0	0.0	0.0	471.5	(0.3)
State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Police	4,894.9	3,064.8	129.2	97.9	0.0	0.0	5,024.1	3,162.7
Transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	(39,427.5)	(50,097.9)	(1,204.3)	267.5	(4,283.9)	(4,314.4)	(44,915.7)	(54,144.8)

Note: Table shows Department of Information (DIT)-related economics on its own line; DIT economics are actually budgeted in the various department/agency budgets.

FY 2009-10 EXECUTIVE RECOMMENDATION SUMMARY/TABLES

The following does not reflect anticipated changes to FY 2008-09 appropriations that will occur as the result of not-yet-issued Executive Orders.

The Executive Budget Recommendation for FY 2009-10 decreases adjusted gross appropriations by \$434.2 million (1.0%), decreases GF/GP appropriations by \$607.5 million (6.3%), and decreases state restricted appropriations by \$809.1 million (4.3%) from FY 2008-09 year-to-date.

Total state spending from state sources in the FY 2009-10 Executive Budget Recommendation decreases by \$1,416.6 million (5.0%) from FY 2008-09 year-to-date.

Federal appropriations in the FY 2009-10 Executive Budget Recommendation increase by \$1,010.1 million (6.7%) from FY 2009-10 year-to-date.

	Millions of Dollars			
	<u>Year-to-Date FY 2008-09</u>	<u>Executive Recommendation FY 2009-10</u>	<u>Change Amounts</u>	
General Fund/General Purpose	\$9,567.5	\$8,960.0	(\$607.5)	(6.3%)
State Restricted	18,747.0	17,937.8	(809.1)	(4.3%)
Total State Spending from State Sources	\$28,314.5	\$26,897.8	(\$1,416.6)	(5.0%)
Federal	15,058.3	16,068.4	1,010.1	6.7%
Local	401.8	370.4	(\$31.4)	(7.8%)
Private	94.8	98.6	3.7	3.9%
Total Adjusted Gross	\$43,869.4	\$43,435.2	(\$434.2)	(1.0%)

The tables on the following pages summarize the overall content of the FY 2009-10 Executive Recommendation.

Table 1 details the FY 2009-10 Executive Recommendation by Source of Funds.

Table 2 compares GF/GP Appropriations for FY 2008-09 YTD to the FY 2009-10 Executive Recommendation.

Table 3 compares Adjusted Gross Appropriations for FY 2008-09 YTD to the FY 2009-10 Executive Recommendation.

Table 4 compares the number of Full-Time Equated (FTE) Positions (classified and unclassified) for FY 2008-09 YTD to the FY 2009-10 Executive Recommendation. Each FTE is equivalent to 2,088 hours of employee compensated time (includes overtime, annual leave, and used sick leave) during the year.

Table 5 shows the Executive Recommendation for FY 2009-10 State Spending from State Sources Paid to Local Governments. Pursuant to Article IX, Section 30 of the *Constitution of the State of Michigan of 1963*, at least 48.97% of state spending from state resources must be paid to all units of local government. Of the \$26,897.8 million in state resources available in FY 2009-10, \$15,831.2 million (58.9% of the total) is designated for payments to local units of government.

OVERVIEW

**TABLE 1
FY 2009-10 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS**

<u>Department/Budget Area</u>	<u>Gross</u>	<u>IDG/IDT</u>	<u>Adjusted Gross</u>	<u>Federal</u>	<u>Local</u>	<u>Private</u>	<u>State Restricted</u>	<u>GF/GP</u>
Community Colleges	299,360,500	0	299,360,500	0	0	0	0	299,360,500
Education	119,964,000	0	119,964,000	76,430,200	7,008,700	3,096,500	7,038,900	26,389,700
Higher Education	1,719,405,300	0	1,719,405,300	7,400,000	0	0	166,400,100	1,545,605,200
School Aid	12,963,600,000	0	12,963,600,000	1,561,809,400	0	0	11,360,990,600	40,800,000
EDUCATION	\$15,102,329,800	\$0	\$15,102,329,800	\$1,645,639,600	\$7,008,700	\$3,096,500	\$11,534,429,600	\$1,912,155,400
Attorney General	76,971,900	24,744,100	52,227,800	8,177,800	0	0	12,066,700	31,983,300
Civil Rights	14,377,400	0	14,377,400	2,057,300	0	0	0	12,320,100
Executive Office	5,317,300	0	5,317,300	0	0	0	0	5,317,300
Information Technology	424,240,700	424,240,700	0	0	0	0	0	0
Legislative Auditor General	15,828,200	1,801,500	14,026,700	0	0	0	1,539,900	12,486,800
Legislature	114,504,000	0	114,504,000	0	0	400,000	1,109,800	112,994,200
Management & Budget	566,990,600	162,436,800	404,553,800	11,219,800	2,027,600	151,900	74,373,900	316,780,600
State	213,639,000	20,000,000	193,639,000	1,810,000	0	100	163,614,700	28,214,200
Treasury: MI Strategic Fund	163,687,400	81,200	163,606,200	56,316,500	0	723,700	75,555,300	31,010,700
Treasury: Operations	378,931,200	11,039,600	367,891,600	37,263,100	1,526,400	0	260,379,400	68,722,700
Treasury: Debt/Revenue Sharing	1,215,849,800	0	1,215,849,800	0	0	0	1,148,974,800	66,875,000
GENERAL GOVERNMENT	\$3,190,337,500	\$644,343,900	\$2,545,993,600	\$116,844,500	\$3,554,000	\$1,275,700	\$1,737,614,500	\$686,704,900
Community Health	12,966,966,900	48,677,000	12,918,289,900	8,323,404,700	229,677,200	70,208,500	1,493,425,200	2,801,574,300
Corrections	1,958,394,900	891,900	1,957,503,000	7,746,100	432,700	0	50,924,600	1,898,399,600
Human Services	4,592,454,900	2,426,600	4,590,028,300	3,455,118,700	41,741,300	9,822,200	56,845,400	1,026,500,700
HUMAN SERVICES	\$19,517,816,700	\$51,995,500	\$19,465,821,200	\$11,786,269,500	\$271,851,200	\$80,030,700	\$1,601,195,200	\$5,726,474,600
Agriculture	83,499,900	435,700	83,064,200	14,231,100	0	243,200	34,602,800	33,987,100
Environmental Quality	341,302,000	7,433,600	333,868,400	129,349,300	0	658,900	170,732,300	33,127,900
Natural Resources	307,417,500	3,802,200	303,615,300	54,763,700	0	5,381,100	226,823,900	16,646,600
RESOURCE PROTECTION	\$732,219,400	\$11,671,500	\$720,547,900	\$198,344,100	\$0	\$6,283,200	\$432,159,000	\$83,761,600
Military & Veterans Affairs	149,211,500	1,686,500	147,525,000	77,347,300	1,295,100	1,471,200	27,924,200	39,487,200
State Police	538,528,000	26,718,400	511,809,600	93,839,000	8,545,500	273,300	130,677,300	278,474,500
SAFETY AND DEFENSE	\$687,739,500	\$28,404,900	\$659,334,600	\$171,186,300	\$9,840,600	\$1,744,500	\$158,601,500	\$317,961,700
Capital Outlay	0	0	0	0	0	0	0	0
Energy/Labor/Economic Growth	1,442,660,300	29,117,100	1,413,543,200	918,286,200	15,921,000	5,314,300	399,903,500	74,118,200
History, Arts, & Libraries	0	0	0	0	0	0	0	0
Judiciary	262,083,200	2,573,500	259,509,700	5,126,400	6,149,300	842,500	88,605,600	158,785,900
Transportation	3,268,120,900	0	3,268,120,900	1,226,704,500	56,073,400	0	1,985,343,000	0
ALL OTHERS	\$4,972,864,400	\$31,690,600	\$4,941,173,800	\$2,150,117,100	\$78,143,700	\$6,156,800	\$2,473,852,100	\$232,904,100
TOTAL APPROPRIATIONS	\$44,203,307,300	\$768,106,400	\$43,435,200,900	\$16,068,401,100	\$370,398,200	\$98,587,400	\$17,937,851,900	\$8,959,962,300

TABLE 2
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2009-10 Executive Recommendation Compared with FY 2008-09 Year-to-Date

Department/Budget Area	Executive Recommendation				Executive Adjusted			
	HFA Year-To-Date FY 2008-09	Recommendation FY 2009-10	Difference FY 2009-10 vs. FY 2008-09		Year-To-Date FY 2008-09	Recommendation FY 2009-10	Difference FY 2009-10 vs. FY 2008-09	
Community Colleges	299,360,500	299,360,500	0		299,360,500	299,360,500	0	
Education	7,438,100	26,389,700	18,951,600	254.8%	26,169,500	26,389,700	220,200	0.8%
Higher Education	1,645,605,200	1,545,605,200	(100,000,000)	-6.1%	1,645,605,200	1,545,605,200	(100,000,000)	-6.1%
School Aid	40,800,000	40,800,000	0		40,800,000	40,800,000	0	
EDUCATION	\$1,993,203,800	\$1,912,155,400	(\$81,048,400)	-4.1%	\$2,011,935,200	\$1,912,155,400	(\$99,779,800)	-5.0%
Attorney General	31,648,000	31,983,300	335,300	1.1%	31,600,100	31,983,300	383,200	1.2%
Civil Rights	12,231,700	12,320,100	88,400	0.7%	12,163,000	12,320,100	157,100	1.3%
Executive Office	5,317,300	5,317,300	0		5,317,300	5,317,300	0	
Information Technology	0	0	0		0	0	0	
Legislative Auditor General	12,549,800	12,486,800	(63,000)	-0.5%	12,549,800	12,486,800	(63,000)	-0.5%
Legislature	112,994,200	112,994,200	0	0.0%	112,994,200	112,994,200	0	
Management & Budget	291,888,900	316,780,600	24,891,700	8.5%	297,071,800	316,780,600	19,708,800	6.6%
State	26,130,800	28,214,200	2,083,400	8.0%	26,130,800	28,214,200	2,083,400	8.0%
Treasury: MI Strategic Fund	29,156,800	31,010,700	1,853,900	6.4%				
Treasury: Operations	75,270,600	68,722,700	(6,547,900)	-8.7%				
Treasury: Debt/Revenue Sharing	67,820,500	66,875,000	(945,500)	-1.4%				
Subtotal Treasury	172,247,900	166,608,400	(5,639,500)	-3.3%	174,055,000	166,608,400	(7,446,600)	-4.3%
GENERAL GOVERNMENT	\$665,008,600	\$686,704,900	\$21,696,300	3.3%	\$671,882,000	\$686,704,900	\$14,822,900	2.2%
Community Health	3,057,671,800	2,801,574,300	(256,097,500)	-8.4%	3,057,154,500	2,801,574,300	(255,580,200)	-8.4%
Corrections	1,948,111,800	1,898,399,600	(49,712,200)	-2.6%	1,947,451,400	1,898,399,600	(49,051,800)	-2.5%
Human Services	1,221,206,200	1,026,500,700	(194,705,500)	-15.9%	1,220,869,800	1,026,500,700	(194,369,100)	-15.9%
HUMAN SERVICES	\$6,226,989,800	\$5,726,474,600	(\$500,515,200)	-8.0%	\$6,225,475,700	\$5,726,474,600	(\$499,001,100)	-8.0%
Agriculture	32,001,200	33,987,100	1,985,900	6.2%	31,737,500	33,987,100	2,249,600	7.1%
Environmental Quality	43,744,800	33,127,900	(10,616,900)	-24.3%	43,704,900	33,127,900	(10,577,000)	-24.2%
Natural Resources	10,464,800	16,646,600	6,181,800	59.1%	16,472,700	16,646,600	173,900	1.1%
RESOURCE PROTECTION	\$86,210,800	\$83,761,600	(\$2,449,200)	-2.8%	\$91,915,100	\$83,761,600	(\$8,153,500)	-8.9%
Military & Veterans Affairs	39,707,500	39,487,200	(220,300)	-0.6%	39,635,000	39,487,200	(147,800)	-0.4%
State Police	284,921,600	278,474,500	(6,447,100)	-2.3%	284,873,700	278,474,500	(6,399,200)	-2.2%
SAFETY AND DEFENSE	\$324,629,100	\$317,961,700	(\$6,667,400)	-2.1%	\$324,508,700	\$317,961,700	(\$6,547,000)	-2.0%
Capital Outlay	0	0	0		0	0	0	
Energy/Labor/Economic Growth	72,704,200	74,118,200	1,414,000	1.9%	73,891,700	74,118,200	226,500	0.3%
History, Arts, & Libraries	39,418,000	0	(39,418,000)	-100.0%				
Judiciary	159,320,600	158,785,900	(534,700)	-0.3%	159,320,600	158,785,900	(534,700)	-0.3%
Transportation	0	0	0		0	0	0	
ALL OTHERS	\$271,442,800	\$232,904,100	(\$38,538,700)	-14.2%	\$233,212,300	\$232,904,100	(\$308,200)	-0.1%
TOTAL	\$9,567,484,900	\$8,959,962,300	(\$607,522,600)	-6.3%	\$9,558,929,000	\$8,959,962,300	(\$598,966,700)	-6.3%

**TABLE 3
ADJUSTED GROSS APPROPRIATIONS
FY 2009-10 Executive Recommendation Compared with FY 2008-09 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2008-09</u>	<u>Executive Recommendation FY 2009-10</u>	<u>Difference FY 2009-10 vs. FY 2008-09</u>	
Community Colleges	299,360,500	299,360,500	0	0.0%
Education	95,047,100	119,964,000	24,916,900	26.2%
Higher Education	1,759,105,200	1,719,405,300	(39,699,900)	-2.3%
School Aid	13,378,906,800	12,963,600,000	(415,306,800)	-3.1%
EDUCATION	\$15,532,419,600	\$15,102,329,800	(\$430,089,800)	-2.8%
Attorney General	51,626,400	52,227,800	601,400	1.2%
Civil Rights	14,289,000	14,377,400	88,400	0.6%
Executive Office	5,317,300	5,317,300	0	0.0%
Information Technology	0	0	0	0.0%
Legislative Auditor General	14,089,700	14,026,700	(63,000)	-0.4%
Legislature	114,504,000	114,504,000	0	0.0%
Management & Budget	382,440,600	404,553,800	22,113,200	5.8%
State	194,378,400	193,639,000	(739,400)	-0.4%
Treasury: MI Strategic Fund	149,116,400	163,606,200	14,489,800	9.7%
Treasury: Operations	400,376,900	367,891,600	(32,485,300)	-8.1%
Treasury: Debt/Revenue Sharing	1,168,654,500	1,215,849,800	47,195,300	4.0%
GENERAL GOVERNMENT	\$2,494,793,200	\$2,545,993,600	\$51,200,400	2.1%
Community Health	12,468,179,500	12,918,289,900	450,110,400	3.6%
Corrections	2,013,787,000	1,957,503,000	(56,284,000)	-2.8%
Human Services	4,652,399,100	4,590,028,300	(62,370,800)	-1.3%
HUMAN SERVICES	\$19,134,365,600	\$19,465,821,200	\$331,455,600	1.7%
Agriculture	95,316,100	83,064,200	(12,251,900)	-12.9%
Environmental Quality	344,146,500	333,868,400	(10,278,100)	-3.0%
Natural Resources	288,015,500	303,615,300	15,599,800	5.4%
RESOURCE PROTECTION	\$727,478,100	\$720,547,900	(\$6,930,200)	-1.0%
Military & Veterans Affairs	181,494,400	147,525,000	(33,969,400)	-18.7%
State Police	503,970,700	511,809,600	7,838,900	1.6%
SAFETY AND DEFENSE	\$685,465,100	\$659,334,600	(\$26,130,500)	-3.8%
Capital Outlay	0	0	0	0.0%
Energy/Labor/Economic Growth	1,371,464,100	1,413,543,200	42,079,100	3.1%
History, Arts, & Libraries	51,855,600	0	(51,855,600)	-100.0%
Judiciary	259,330,500	259,509,700	179,200	0.1%
Transportation	3,612,229,200	3,268,120,900	(344,108,300)	-9.5%
ALL OTHERS	\$5,294,879,400	\$4,941,173,800	(\$353,705,600)	-6.7%
TOTAL	\$43,869,401,000	\$43,435,200,900	(\$434,200,100)	-1.0%

TABLE 4
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2009-10 Executive Recommendation Compared with FY 2008-09 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2008-09</u>	<u>Executive Recommendation FY 2009-10</u>	<u>Difference FY 2009-10 vs. FY 2008-09</u>	
Community Colleges	0.0	0.0		
Education	488.5	558.5	70.0	14.3%
Higher Education	1.0	1.0	0.0	0.0%
School Aid	0.0	0.0		
EDUCATION	489.5	559.5	70.0	14.3%
Attorney General	543.0	543.0	0.0	0.0%
Civil Rights	130.0	130.0	0.0	0.0%
Executive Office	84.2	84.2	0.0	0.0%
Information Technology	1,660.0	1,635.0	(25.0)	-1.5%
Legislative Auditor General	0.0	0.0		
Legislature	0.0	0.0		
Management & Budget	1,431.0	1,416.0	(15.0)	-1.0%
State	1,815.0	1,815.0	0.0	0.0%
Treasury: MI Strategic Fund	153.0	160.0	7.0	4.6%
Treasury: Operations	1,693.5	1,711.5	18.0	1.1%
Treasury: Debt/Revenue Sharing	0.0	0.0		
GENERAL GOVERNMENT	7,509.7	7,494.7	(15.0)	-0.2%
Community Health	4,608.7	4,386.1	(222.6)	-4.8%
Corrections	17,103.0	15,767.1	(1,335.9)	-7.8%
Human Services	10,401.8	11,221.5	819.7	7.9%
HUMAN SERVICES	32,113.5	31,374.7	(738.8)	-2.3%
Agriculture	600.5	597.5	(3.0)	-0.5%
Environmental Quality	1,526.7	1,480.7	(46.0)	-3.0%
Natural Resources	2,173.9	2,267.9	94.0	4.3%
RESOURCE PROTECTION	4,301.1	4,346.1	45.0	1.0%
Military & Veterans Affairs	992.0	992.0	0.0	0.0%
State Police	2,927.0	2,862.0	(65.0)	-2.2%
SAFETY AND DEFENSE	3,919.0	3,854.0	(65.0)	-1.7%
Capital Outlay	0.0	0.0		
Energy, Labor, & Economic Growth	4,383.5	4,723.0	339.5	7.7%
History, Arts, & Libraries	232.0	0.0	(232.0)	-100.0%
Judiciary	491.0	491.0	0.0	0.0%
Transportation	3,014.3	3,014.3	0.0	0.0%
ALL OTHERS	8,120.8	8,228.3	107.5	1.3%
TOTAL	56,453.6	55,857.3	(596.3)	-1.1%

**Includes classified, unclassified, and nonlegislative exempt positions*

**TABLE 5
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2009-10 Executive Recommendation**

<u>Department/Budget Area</u>	<u>Spending from State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending from State Sources as Payment to Locals</u>
Community Colleges	299,360,500	299,360,500	100.0%
Education	33,428,600	10,505,000	31.4%
Higher Education	1,712,005,300		
School Aid	11,401,790,600	11,267,973,800	98.8%
EDUCATION	\$13,446,585,000	\$11,577,839,300	86.1%
Attorney General	44,050,000		
Civil Rights	12,320,100		
Executive Office	5,317,300		
Information Technology	0		
Legislative Auditor General	14,026,700		
Legislature	114,104,000		
Management & Budget	391,154,500		
State	191,828,900	1,253,800	0.7%
Michigan Strategic Fund	106,566,000	2,800,000	2.6%
Treasury: Operations	329,102,100	158,434,900	48.1%
Treasury: Debt/Revenue Sharing	1,215,849,800	1,133,672,300	93.2%
GENERAL GOVERNMENT	\$2,424,319,400	\$1,296,161,000	53.5%
Community Health	4,294,999,500	1,330,708,300	31.0%
Corrections	1,949,324,200	88,287,000	4.5%
Human Services	1,083,346,100	157,028,900	14.5%
HUMAN SERVICES	\$7,327,669,800	\$1,576,024,200	21.5%
Agriculture	68,589,900	1,958,400	2.9%
Environmental Quality	203,860,200	3,650,000	1.8%
Natural Resources	243,470,500	7,072,000	2.9%
RESOURCE PROTECTION	\$515,920,600	\$12,680,400	2.5%
Military & Veterans Affairs	67,411,400	120,000	0.2%
State Police	409,151,800	20,366,500	5.0%
SAFETY AND DEFENSE	\$476,563,200	\$20,486,500	4.3%
Capital Outlay	0		
Energy, Labor, & Economic Growth	474,021,700	43,123,800	9.1%
History, Arts, & Libraries	0		
Judiciary	247,391,500	124,510,500	50.3%
Transportation	1,985,343,000	1,180,335,900	59.5%
ALL OTHER	\$2,706,756,200	\$1,347,970,200	49.8%
TOTAL APPROPRIATED	\$26,897,814,200	\$15,831,161,600	58.9%

**FY 2009-10
Budget Detail
for
EDUCATION**

**Community Colleges
Education
Higher Education
School Aid/K-12**

**Summary: FY 2009-10 Executive Budget Recommendation
COMMUNITY COLLEGES**

Analyst: Ben Gielczyk

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
GF/GP	299,360,500	299,360,500	\$0	0.0
Gross	\$299,360,500	\$299,360,500	\$0	0.0
FTEs	0.0	0.0	0.0	0.0

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Community Colleges budget includes funds for operational support of the state's 28 community colleges, the At-Risk Student Success Program, and renaissance zone tax reimbursement to the colleges. Community colleges also receive operating revenue from local property taxes and student tuition and fees.

Major Budget Changes from FY 2008-09 YTD		Year-to-Date FY 2008-09	Executive Change
1. Community College Operations	Gross	\$292,557,800	\$0
Maintains FY 2008-09 funding levels for each community college.	GF/GP	\$292,557,800	\$0
2. Renaissance Zone Reimbursements	Gross	\$3,480,000	\$0
Maintains FY 2008-09 funding level for community colleges. Appropriation reimburses college districts for lost property tax revenue due to renaissance zones in district.	GF/GP	\$3,480,000	\$0
3. At-Risk Student Success Program	Gross	\$3,322,700	\$0
Maintains FY 2008-09 funding level for community colleges. Appropriation amounts to individual colleges were adjusted based on updated at-risk student data.	GF/GP	\$3,322,700	\$0

Major Boilerplate Changes from FY 2008-09

Sec. 211. Payment Schedule – REVISED

Specifies payment schedule for appropriations; revision includes 11-month payment schedule for At-Risk Program.

Sec. 217. Capital Outlay – REVISED

Prohibits appropriations being used for construction or maintenance of self-liquidating project; revision deletes requirement that colleges comply with current JCOS use and finance policy.

Sec. 224. Collaboration with Four-Year Universities – REVISED

Encourages community colleges to explore ways of increasing collaboration and cooperation with universities. Revision modifies section to make it a general policy statement and removes subsection (4) which called for a legislative summit on a strategy for meeting the employment needs of the state.

Sec. 239. State University Appropriations – DELETED

States intent that any action to increase FY 2007-08 appropriations for state universities be accompanied by similar action for community colleges.

Major Boilerplate Changes from FY 2008-09

Sec. 241. Nursing Education Programs and Grants – REVISED

General policy statement encouraging community colleges to expand nursing program offerings and enrollments. Revision adds language for new student financial aid program by removing references to Michigan's nursing scholarship program and replacing it with references to Michigan's promise grants and the newly-proposed Michigan college access grants.

Sec. 242. Payments in Lieu of Taxes – DELETED

States intent for continued discussion regarding payments to college districts with significant portions of nontaxable land.

Sec. 243. Michigan New Jobs Training Program (MNJTP) – DELETED

States legislative intent to develop and pass legislation that would authorize community colleges to issue debt to fund customized workforce development training.

Sec. 246. Nursing Shortage Workgroup – DELETED

States intent that a workgroup be formed which would include representatives from community colleges, state universities, and the health care community to address and resolve the nursing shortage in the state of Michigan.

Sec. 247. Community College Automobile Purchases – REVISED

States that community colleges shall purchase automobiles made in the State of Michigan or elsewhere in the United States of America. Revision includes leased automobiles and specifies that foreign automobiles are those assembled or manufactured outside of the United States.

Sec. 248. Tuition Restraint Policy – NEW

States expectation that community colleges receiving federal stimulus funds not increase tuition and fees charged to Michigan residents for the remainder of 2008-09 and for 2009-10.

Sec. 304. Performance Indicator Formula – DELETED

States intent that formula developed by performance indicator task force be used for funding distribution in future years.

Sec. 401. At-Risk Student Success Program – REVISED

Specifies distribution of at-risk student success grant money. Revision modifies the at-risk student success program appropriation amounts to each community college based on new at-risk student data.

Sec. 511. Perkins Act State Plan – DELETED

Requires DLEG to provide Perkins Act state plan to Legislature prior to submission to U.S. Department of Education.

Sec. 513. Tax Loss Data – DELETED

Requires Department of Treasury to collect data on revenue losses to colleges related to TIFAs and tax abatements.

**Summary: FY 2009-10 Executive Budget Recommendation
EDUCATION (Department)**

Analysts: Mary Ann Cleary and Bethany Wicksall

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	70,615,800	76,430,200	5,814,400	8.2
Local	6,924,600	7,008,700	84,100	1.2
Private	3,087,800	3,096,500	8,700	0.3
Restricted	6,980,800	7,038,900	58,100	0.8
GF/GP	7,438,100	26,389,700	18,951,600	254.8
Gross	\$95,047,100	\$119,964,000	24,916,900	26.2
FTEs	488.5	558.5	70.0	14.3

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations, and providing technical assistance to school districts.

Major Budget Changes from FY 2008-09 YTD

		Year-to-Date FY 2008-09	Executive Change
1. Library of Michigan	FTEs	0.0	72.0
Increases the budget by \$22.0 million and 72.0 FTEs to recognize the transfer of the library functions from the Department of History, Arts, and Libraries. This includes \$5.9 million and 70.0 FTEs for the Library of Michigan operations, \$5.6 million and 2.0 FTEs for the Library services and technology program, \$10.0 million for State Aid to Libraries, and \$505,000 for subregional state aid.	Gross	\$0	\$21,980,600
	Federal	0	5,557,400
	GF/GP	\$0	\$16,423,200
2. Additional Staff	FTEs	0.0	4.0
Includes an increase of \$250,000 and 3.0 FTEs to administer the 21st Century Schools Program and \$70,000 and 1.0 FTE for support to districts in deficit.	Gross	\$0	\$320,000
	GF/GP	\$0	\$320,000
3. Teacher Certification Programs	Gross	\$300,000	(\$300,000)
Eliminates earmarks of \$100,000 each for the alternative teacher certification programs at Central Michigan University and Wayne State University. Also eliminates \$100,000 for grants to teachers who apply for National Board Certification.	Restricted	300,000	(300,000)
4. Administrative Reductions and Technical Adjustments	FTEs	N/A	(6.0)
Recognizes a number of adjustments including annualizing FY 2008-09 budget changes and EO 2008-21 reductions, shifting fund sources among lines to satisfy federal audits and to replace lost federal funds, reducing assessment administration costs, transferring internal audit functions to DMB and recognizing computer updates and rent reductions.	Gross	N/A	(\$357,900)
	Federal	N/A	(398,000)
	Local	N/A	2,400
	Restricted	N/A	304,100
	GF/GP	N/A	(\$266,400)

<u>Major Budget Changes from FY 2008-09 YTD</u>	<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
5. Economic Adjustments	Gross	N/A
Provides \$866,000 gross (\$66,600 GF/GP) increase for economic changes in salaries and wages, retirement, insurance, workers compensation, and building occupancy charges.	Federal	\$866,000
	Local	655,000
	Private	81,700
	Restricted	8,700
	GF/GP	54,000
		\$66,600

Major Boilerplate Changes from FY 2008-09

Sec. 210. Information Technology Work Projects – DELETED

Allows MDE to carry forward unexpended funds for technology projects as work projects.

Sec. 211. Adequate Yearly Progress (AYP) Reports – DELETED

Requires that MDE allow districts to appeal a determination of failure to meet AYP prior to MDE publicizing lists of districts that failed to meet AYP.

Sec. 213. Hiring Freeze – DELETED

Imposes a hiring freeze; prohibits MDE from filling civil service positions; allows State Budget Director to grant exceptions.

Sec. 215. Professional Development Travel – DELETED

Prohibits the travel of more than one employee to a specific out-of-state professional development conference or training seminar unless it is funded through federal or private funds and requires more than one employee to attend.

Sec. 216. Contact with the Legislature – DELETED

Prohibits MDE from taking disciplinary action against an employee for communicating with a member of the Legislature or his or her staff.

Sec. 220. Timely Data – DELETED

Requires MDE to provide data to the Legislature, its staff, or the fiscal agencies in a timely manner.

Sec. 222. Policy Changes, Preparation of Regulatory Plans and Rule Promulgation – DELETED

Requires a report of policy changes made to implement enacted legislation; prohibits MDE from spending funds to prepare regulatory plans or promulgate rules that fail to reduce the disproportionate economic impact on small businesses.

Sec. 407. Private Gifts, Bequests, and Donations – NEW

Allows MDE to carry forward unexpended revenues from gifts, bequests, and donations for the Michigan Schools for the Deaf and Blind to the following fiscal year.

Sec. 503. Teacher Preparation Programs – DELETED

Provides \$100,000 each for Central Michigan University alternative route to certification program and Wayne State University pathways to teaching program. Requires a report for the programs including number of teachers certified, time served in the classroom, and teacher evaluations.

Sec. 504. National Board Certification – DELETED

Requires MDE to pay one-half of the application fee for teachers applying to the national board certification program.

Sec. 506. Teacher Testing Fees – NEW

Allows MDE to carry forward unexpended revenues from teacher testing fees to the following fiscal year.

Sec. 801. Additional Library Revenue – NEW

Allows MDE to collect and spend additional revenue collected from library services to support such services and allows unexpended funds to be carried forward to the following fiscal year.

Sec. 802. Subregional State Aid Maintenance of Effort – NEW

Requires recipients of subregional state aid for libraries to maintain local funding levels for regional or subregional libraries, but provides for certain exceptions.

EDUCATION (DEPARTMENT)

Major Boilerplate Changes from FY 2008-09

Sec. 803. Subregional State Aid Release of Funds – NEW

Prohibits the release of funds for subregional state aid to libraries until MDE has approved a libraries budget for expenditures for library services to the blind or persons with disabilities.

Sec. 950. Cyberschools – DELETED

Requires MDE to report on barriers to the operation of cyberschools for special student populations including dropouts and expelled students.

**Summary: FY 2009-10 Executive Budget Recommendation
HIGHER EDUCATION**

Analyst: Kyle I. Jen

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	7,400,000	7,400,000	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	106,100,000	166,400,100	60,300,100	56.8
GF/GP	1,645,605,200	1,545,605,200	(100,000,000)	(6.1)
Gross	\$1,759,105,200	\$1,719,405,300	(\$39,699,900)	(2.3)
FTEs	1.0	1.0	0.0	0.0

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The FY 2008-09 Higher Education budget act contains four articles: Article 1 contains a total summary unit for the bill; Article 2 covers Research Universities (Michigan State, University of Michigan-Ann Arbor, Wayne State); Article 3 covers State Universities (the remaining 12 public universities); Article 4 covers State and Regional Programs, the King-Chavez-Parks Program, and Financial Aid. The FY 2009-10 Executive Recommendation utilizes subparts, rather than articles, to group line items into these categories.

Major Budget Changes from FY 2008-09 YTD

1. King-Chavez-Parks Program

Removes total funding of \$5.3 million GF/GP for six components of King-Chavez-Parks Program, which is intended to increase participation of academically/economically-disadvantaged students in postsecondary education. Currently, \$2.6 million is built into state university base appropriation amounts for three program components, and \$2.7 million is appropriated separately for three competitive grant components.

	Year-to-Date FY 2008-09	Executive Change
Gross	\$5,258,300	(\$5,258,300)
GF/GP	\$5,258,300	(\$5,258,300)

2. Bay Mills Allocation

Removes allocation of \$100,000 GF/GP to Bay Mills Tribal College from Lake Superior State University's appropriation; allocation is associated with Indian Tuition Waiver Program.

Gross	\$100,000	(\$100,000)
GF/GP	\$100,000	(\$100,000)

3. University Operations

Reduces operations appropriations to 15 state universities by 3.0% across the board; total reduction of \$43.9 million GF/GP.

Gross	\$1,464,587,800	(\$43,937,700)
GF/GP	\$1,464,587,800	(\$43,937,700)

4. Agricultural Experiment Station/Cooperative Extension Service

Consolidates two line items totaling \$64.0 million into a single \$32.0 million appropriation to Michigan State University for Cooperative State Agricultural Research and Extension Service; net reduction of \$32.0 million GF/GP.

Gross	\$63,951,700	(\$31,951,700)
GF/GP	\$63,951,700	(\$31,951,700)

Major Boilerplate Changes from FY 2008-09

Sec. 304. College Access Grants – NEW

Establishes requirements for proposed College Access Grant Program to be administered by Michigan Higher Education Assistance Authority (MHEAA). Awards would be made to eligible students with an expected family contribution of \$7,750 or below who are enrolled at a Michigan public/independent college/university and meet other qualifying criteria.

Sec. 309. Needs Analysis Criteria – DELETED

Requires MHEAA to determine the needs analysis criteria for students to qualify for Competitive Scholarships and Tuition Grants. (Programs proposed for consolidation.)

Sec. 312. Nursing Scholarship – DELETED

Provides for distribution of funds appropriated for Nursing Scholarships. (Program proposed for consolidation.)

Sec. 314. Children of Veterans Tuition Grant Report – DELETED

Requires annual report on Children of Veterans Tuition Grant Program. (Information included in larger report under Sec. 315 of bill.)

Sec. 402. Douglas Lake Biological Station – DELETED

Designates University of Michigan Douglas Lake Biological Station as a unique resource.

Sec. 426. Private Bookstores – DELETED

States intent regarding access to required textbook lists by private bookstores and use of funds in university-administered accounts by students at private bookstores.

Sec. 433. Project GREEN – REVISED

Allocates funds from Agricultural Experiment and Cooperative Extension line items for Project GREEN (Generating Research and Extension to meet Environmental and Economic Needs). Revisions: (1) Allocation is increased from \$5.6 million to \$8.0 million and new allocation of \$8.0 million is added for Animal Agriculture Initiative. (2) Reporting requirements are expanded.

Sec. 434. Future Farmers of America – DELETED

Requires Michigan State University to allocate \$80,000 from its appropriation to the Future Farmers of America Association.

Sec. 436. Tuition Restraint – REVISED

States legislative intent that universities increase institutional financial aid expenditures by at least the same percentage as resident undergraduate tuition/fees. Revision: Language replaced with stated expectation that universities receiving federal stimulus funds will not raise resident tuition/fee rates for remainder of FY 2008-09 or for FY 2009-10.

Sec. 450. Per-Student Funding Floor – DELETED

States intent to allocate funds for per-student funding floor of \$3,775 from GF/GP balance at fiscal year-end.

Sec. 451. Indian Tuition Waiver Costs – DELETED

States intent to allocate funds for unfunded Indian Tuition Waiver costs from GF/GP balance at fiscal year-end.

Sec. 461. Bay Mills Allocation – DELETED

Requires \$100,000 payment from Lake Superior State's appropriation to Bay Mills Tribal College for costs of Indian Tuition Waiver Program. (Allocation removed under Executive Recommendation.)

Sec. 462. Suicide Prevention – DELETED

States intent that universities develop an education program on preventing suicide and violence.

Sec. 463. Students From Macomb County – DELETED

Requires universities to report regarding outreach efforts to enroll students from Macomb County.

Sec. 464. Research Commercialization – REVISED

Requires universities to submit plan regarding research commercialization. Revision removes prohibition on universities receiving allocation from Technology Commercialization Incentive Fund if plan is not submitted.

HIGHER EDUCATION

Major Boilerplate Changes from FY 2008-09

Sec. 467. Performance Standards – DELETED

States intent for Legislature to establish university performance standards.

Sec. 471. Timely Graduation – DELETED

States intent that universities limit changes to general graduation requirements during a student's enrollment and provide counseling to facilitate timely graduation.

Sec. 472. Payment Delay/Tuition Rates – DELETED

States intent that any university that increased its tuition rate based on the assumption it would not receive the delayed August 2007 payment rebate the tuition increase to its students.

Secs. 501-507. King-Chavez-Parks Program – DELETED

Provides for expenditure/distribution of funds under six components of King-Chavez-Parks Program. (Program allocations removed under Executive Recommendation.)

Sec. 701a. New Degree Programs – DELETED

Lists new degree programs established by state universities for which credit hours may be reported to HEIDI. (New list pending from Presidents Council.)

Sec. 715. Nursing Education – DELETED

Requires report from Department of Energy, Labor, and Economic Growth on the status of nursing education in Michigan.

**Summary: FY 2009-10 Executive Budget Recommendation
SCHOOL AID**

Analysts: Mary Ann Cleary and Bethany Wicksall

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	1,562,008,600	1,561,809,400	(199,200)	(0.0)
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	11,776,098,200	11,360,990,600	(415,107,600)	(3.5)
GF/GP	40,800,000	40,800,000	0	0.0
Gross	\$13,378,906,800	\$12,963,600,000	(\$415,306,800)	(3.1)
FTEs	0.0	0.0		

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The School Aid budget makes appropriations to the state’s 552 local school districts, 232 public school academies, and 57 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Education Performance and Information, Department of Energy, Labor, and Economic Growth, and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes from FY 2008-09 YTD		Year-to-Date FY 2008-09	Executive Change
1. Proposal A Obligation Payment (Sec. 22a)	Gross	\$6,092,000,000	(\$242,700,000)
Reduces funding by \$242.7 million to incorporate estimates in taxable values and pupil membership blends.	Restricted	6,092,000,000	(242,700,000)
2. Discretionary Payment (Sec. 22b)	Gross	\$3,796,750,000	(\$149,072,300)
Decreases funding by \$94.4 million for a \$59 per pupil reduction in the foundation allowances. Eliminates district specials for Wayne Westland (\$6.1 million), Gibraltar (\$0.9 million), small rural districts (\$0.7 million), Huron and Garden City (\$1.2 million), and assumes savings of \$5.8 million for implementation of developmental kindergarten changes and \$5.3 million for changes in Sec. 6(4)(r). Includes a \$10.0 million reduction for Sec. 20j allocations. (See additional information for Sec. 6(4)(r) and Sec. 20j in major boilerplate changes below.)	Restricted	3,796,750,000	(149,072,300)
3. School Bond Redemption Fund (Sec. 11j)	Gross	\$39,000,000	\$1,000,000
Increases by \$1.0 million to a total of \$40.0 million to reflect the estimated required payment for FY 2009-10.	Restricted	39,000,000	1,000,000
4. Isolated District Funding (Sec. 22d)	Gross	\$2,025,000	(\$2,025,000)
Eliminates grants totaling \$750,000 to certain small, geographically isolated districts and eliminates grants totaling \$1,275,000 to districts that have 5.0 or fewer pupils per square mile and a total square mileage greater than 200.	Restricted	2,025,000	(2,025,000)
5. MBT Impact on Out of Formula Districts (Sec. 22e)	Gross	\$1,300,000	(\$1,300,000)
Eliminates \$1.3 million for districts that do not receive state foundation allowance payments but will see reduced local revenue from school operating taxes due to property tax exemptions contained in the MBT.	Restricted	1,300,000	(1,300,000)

SCHOOL AID

Major Budget Changes from FY 2008-09 YTD		Year-to-Date FY 2008-09	Executive Change
6. Renaissance Zone Reimbursement (Sec. 26a)	Gross	\$57,500,000	(\$18,000,000)
Reduces funding by \$18.0 million to \$39.5 million as a result of changes from MBT-related personal property tax exemptions. Funding is to reimburse districts for lost local revenue from renaissance zones.	Restricted	41,400,000	(13,000,000)
	GF/GP	\$16,100,000	(\$5,000,000)
7. At-Risk Grants (Sec. 31a)	Gross	\$310,457,000	(\$5,875,000)
Eliminates exceptions to the funding formula for Dearborn and Baldwin School Districts.	Restricted	310,457,000	(5,875,000)
8. Early Childhood Grants (Sec. 32c)	Gross	\$2,125,000	(\$2,125,000)
Eliminates funding for interagency early childhood grants.	Restricted	2,125,000	(2,125,000)
9. Great Parents Great Start ISD Programs (Sec. 32j)	Gross	\$5,000,000	(\$5,000,000)
Eliminates funding for the Great Parents Great Start ISD program which provided services to children age 0-5 and their families.	Restricted	5,000,000	(5,000,000)
10. Bilingual Education State Grants (Sec. 41)	Gross	\$2,800,000	(\$2,800,000)
Eliminates funding for the bilingual education program which awarded grants to districts to provide bilingual education programs.	Restricted	2,800,000	(2,800,000)
11. Special Education Payment (Sec. 51a)	Gross	\$1,448,483,000	\$40,900,000
Increases funding by \$40.9 million to \$1.1 billion to reflect changes in the number of special education students and estimated additional costs associated with educating these students.	Federal	424,700,000	0
	Restricted	1,023,783,000	40,900,000
12. Newsline Grant (Sec. 54c)	Gross	\$80,000	(\$80,000)
Eliminates funding to the Department to make Newsline electronically available statewide for the visually impaired.	GF/GP	\$80,000	(\$80,000)
13. Advanced and Accelerated Grants (Sec. 57)	Gross	\$285,000	(\$285,000)
Eliminates funding for the advanced and accelerated competitive grants to ISDs for middle school summer institutes and comprehensive programs for advanced and accelerated students.	Restricted	285,000	(285,000)
14. Vocational Education Added Costs (Sec. 61a)	Gross	\$30,000,000	(\$388,700)
Eliminates funding of \$388,700 to Oakland ISD.	Restricted	30,000,000	(388,700)
15. Precollege Engineering and Science Grants (Sec. 65)	Gross	\$980,100	(\$980,100)
Eliminates funding for Detroit and Grand Rapids programs and Kalamazoo, Huron, Tuscola and Bay-Arenac ISDs programs.	Restricted	980,100	(980,100)
16. ISDs General Operations (Sec. 81)	Gross	\$81,721,100	(\$16,344,200)
Reduces funding by \$16.3 million or 20% for ISD general operations.	Restricted	81,721,100	(16,344,200)
17. Center for Educational Performance-CEPI (Sec. 94a)	Gross	\$7,728,600	(\$1,449,300)
Reduces CEPI operational funding by \$1.4 million.	Federal	2,793,200	0
	GF/GP	\$4,935,400	(\$1,449,300)
18. Math Remediation Grants (Sec. 99a)	Gross	\$725,000	(\$725,000)
Eliminates \$725,000 for grants to pilot programs for after-school and summer mathematics for eighth grade students.	Restricted	725,000	(725,000)
19. Assessment Testing Costs (Sec. 104)	Gross	\$37,385,700	(\$941,300)
Decreases the total appropriation by \$0.9 million as a result of revised cost estimates for the testing contract.	Federal	8,512,900	(199,200)
	Restricted	28,872,800	(742,100)

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
20. Adult Education (Sec. 107)	Gross	\$24,000,000	(\$4,000,000)
Reduces adult education funding by \$4.0 million to a total of \$20.0 million and changes the distribution of funds to a competitive grant process rather than formula funding for existing recipients. Eliminates earmarks to Grand Rapids Community College and the Department of Corrections funded at \$700,000 total.	Restricted	24,000,000	(4,000,000)
21. Elimination of Grants (Sections 99e, 99i, 99j, 99k and 99p)	Gross	\$2,875,000	(\$2,875,000)
Eliminates the following grants:	Restricted	2,875,000	(2,875,000)
Sec. 99e - Financial Emergency District (Inkster) at \$125,000.			
Sec. 99i - Pontiac crisis intervention program at \$300,000.			
Sec. 99j- Grosse Pointe at \$1.1 million; Harper Woods at \$450,000.			
Sec. 99k - Redford Union at \$450,000, Chippewa Valley at \$150,000, and Clintondale at \$250,000.			
Sec. 99p - Cultural access grants at \$100,000.			

Major Boilerplate Changes from FY 2008-09

Sec. 6(4)(r). Kindergarten Membership – REVISED

Provides that beginning in FY 2009-10 to receive a full foundation allowance for pupils in a developmental kindergarten program, the number of instructional hours will need to match that of grades 1-12, but clarifies that this pertains to instructional hours for developmental kindergarten. Maintains additional kindergarten instruction hours required for full reimbursement for FYs 2010-11 and 2011-12.

Sec. 6(4)(y). Pupil Membership Definition for Small Districts – REVISED

Revises the definition of pupil membership for small rural districts from a three-year average blend to a two-year average blend resulting in a \$5.3 million reduction in Sec. 22a payments.

Sec. 6(6). District of the First Class – REVISED

Prohibits a district from counting pupils in membership at an instructional site within the boundaries of a first class district unless given approval by the first class district. This is the only remaining subsection in the School Aid Act that defines a first class district as it is defined in the Revised School Code with a membership greater than 100,000 pupils. The Executive removes this definition, thereby allowing the definition in Sec. 6(11) to stand which defines a school district of the first class as a district with greater than 60,000 pupils.

Sec. 20j. Hold Harmless Districts – REVISED

Reduces funding for section 20j payments by \$10.0 million or almost 20% through a formula that reduces funding for districts with higher foundation allowances more than those with lower foundation allowances.

Sec. 32d. Great Start School Readiness – District Grants – REVISED

Provides appropriations for school district preschool programs and moves the appropriation for private competitive preschool grants from Sec. 32i into this section. Eliminates Parents Involved in Education (PIE) option as an allowable use for the grants. Merges language from Sec. 32i and Sec. 37 into this section to eliminate duplication between sections. Allows Department to promulgate administrative rules for required teacher and paraprofessional credentials.

Sec. 32i. Great Start School Readiness – Competitive Grants – REVISED

Retains certain requirements for competitive grant recipients but transfers duplicative language and the appropriation to Sec. 32d.

Secs. 37 and 38. Great Start School Readiness Eligibility and Eligibility Formula – REPEALED

Repeals these sections and merges much of the current language into Sec. 32d and Sec. 39. The teacher and paraprofessional requirements have been deleted and are now left to the Department to determine through administrative rules under Sec. 32d.

Sec. 39. Great Start School Readiness Application and Formula – REVISED

Includes the application and formula language formerly under Sections 37 and 38. Allows for a consortium of two or more districts or ISDs to be eligible to apply for a school readiness grant. The consortium may allow any child residing in any district in the consortium to be served at any location and allows the consortium to allocate slots based either on participating district allocations or the allocation for the consortium as a whole.

SCHOOL AID

Major Boilerplate Changes from FY 2008-09

Sec. 51a(7)(c). Special Education Lapse for Itinerant Staff Reimbursement – DELETED

Provides language that allows unspent Sec. 51a funds at bookclosing to be allocated as additional reimbursements in certain situations for FY 2007-08.

Sec. 64. Health/Science Middle College Grants – REVISED

Provides grants to intermediate districts or Detroit Public Schools that are in consortium with a community college or state university and a hospital to create and implement a middle college focused on health sciences and adds new language allowing consortia for "other fields" and with entities other than hospitals as approved by the State Superintendent to apply for a grant.

Secs. 98 and 99. Michigan Virtual University (MVU) and Math and Science Centers – REVISED

Adds new language that requires both the MVU and Math and Science Network in conjunction with the Department to implement an "Algebra 4 All" initiative to offer online and face-to-face professional development opportunities for mathematics teachers in grades 8 to 12 that promote best practices for teaching algebra to all students.

Sec. 147. MPSERS Retirement Rate – REVISED

Estimates percentage of payroll districts must pay for public school employee retirement at 16.94%.

Enacting Section 2 – REPEALS SECTIONS

Repeals the following: Sec. 22d (isolated district grants), Sec. 22e (MBT impact grants to out of formula districts), Sec. 32c (early childhood grants), Sec. 32j (great parents great start ISD programs), Sec. 37 and Sec. 38 (great start school readiness language), Sec. 41 (bilingual education grants), Sec. 54c (newsline grant), Sec 57 (advanced and accelerated grants), Sec 65 (precollege engineering grants), Sec. 99a (math remediation grants), Sec. 99e (financial emergency district grant), Sec. 99i (Pontiac crisis intervention grant), Sec. 99j (district pilot grants), Sec. 99k (district grants), Sec. 99n (community college access intent language), Sec. 99p (cultural access grants), Sec. 104a and Sec. 104b (duplicative curriculum language) and Sec. 166 (5% penalty if providing family planning drugs and abortion referrals).

**FY 2009-10
Budget Detail
for
GENERAL GOVERNMENT**

**Attorney General
Civil Rights
Executive
Information Technology
Legislative Auditor General
Legislature
Management and Budget
State
Treasury**

**Summary: FY 2009-10 Executive Budget Recommendation
GENERAL GOVERNMENT OVERVIEW**

Analysts: Robin R. Risko and Viola Bay Wild

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$656,022,900	\$644,343,900	(\$11,679,000)	(1.8)
Federal	118,833,200	116,844,500	(1,988,700)	(1.7)
Local	3,098,000	3,554,000	456,000	14.7
Private	1,265,700	1,275,700	10,000	0.8
Restricted	1,706,587,700	1,737,614,500	31,026,800	1.8
GF/GP	665,008,600	686,704,900	21,696,300	3.3
Gross	\$3,150,816,100	\$3,190,337,500	\$39,521,400	1.3
FTEs	7,509.7	7,494.7	(15.0)	(0.2)

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The following department and agency budgets are included in this bill: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, Information Technology, Management and Budget (including Civil Service), State, and Treasury (including Lottery, Gaming Control Board, and Michigan Strategic Fund). The Department of Treasury budget also includes revenue sharing payments to local units of government and general obligation debt service.

Major Boilerplate Changes from FY 2008-09

Sec. 205. Hiring Freeze – DELETED

Imposes a hiring freeze on the state classified civil service; authorizes the Attorney General, Secretary of State, and State Budget Director to grant exceptions; and requires a quarterly report on number of exceptions approved.

Sec. 212. Receipt and Retention of Copies of Required Reports – DELETED

Requires departments to receive and retain copies of all reports required in the bill, and requires federal and state guidelines for short-term and long-term retention of records be followed.

Sec. 215. Disciplinary Action Against State Employees – DELETED

Prohibits departments from taking disciplinary action against employees for communicating with members of the Legislature and their staffs.

Sec. 216 (2). Out-of-State Travel Restrictions – DELETED

Authorizes State Budget Director to grant exceptions to allow out-of-state travel and requires a monthly report on exceptions.

Sec. 217. General Fund Restrictions – DELETED

Prohibits use of general fund appropriations where federal funding is available for the same purpose.

Sec. 221. Report on Policy Changes – DELETED

Requires departments to report on policy changes made in order to implement public acts and prohibits funding from being used for adopting rules that apply to small businesses and have disproportionate economic impact on small businesses.

Sec. 224. Travel Restrictions – DELETED

Prohibits departments from approving travel by more than one employee to professional development conferences or training seminars located outside of the state unless funded with federal or private funds.

**Summary: FY 2009-10 Executive Budget Recommendation
ATTORNEY GENERAL**

Analyst: Viola Bay Wild

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$24,301,000	\$24,744,100	\$443,100	1.8
Federal	8,050,800	8,177,800	127,000	1.6
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	11,927,600	12,066,700	139,100	1.2
GF/GP	31,648,000	31,983,300	335,300	1.1
Gross	\$75,927,400	\$76,971,900	\$1,044,500	1.4
FTEs	543.0	543.0	0.0	(0.0)

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Attorney General (AG) serves as legal counsel for state departments, agencies, boards, commissions, and their officers; brings actions and intervenes in cases on the state’s behalf; and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others; serves as chief law enforcement officer of the state; and has supervisory powers over all local prosecuting attorneys. The Department’s mission is to protect the common legal rights of citizens; defend the Constitution and the laws of the state; and represent the legal interests of government; its goals include offering justice to victims of crime and delivering excellent legal services at a minimum cost to taxpayers.

Major Budget Changes from FY 2008-09 YTD

		Year-to-Date FY 2008-09	Executive Change
1. EO 2008-21 Reductions	Gross	N/A	(\$160,700)
Reduces funding for Operations by \$160,700 gross to annualize the 2.0% GF/GP reduction taken by EO 2008-21 into FY 2010.	GF/GP	N/A	(\$160,700)
2. Microsoft Upgrade/DIT Reduction	Gross	N/A	\$68,700
Includes increase of \$80,800 GF/GP for software upgrade. Funding for purchase of Microsoft Office Professional 2007 and license applications to standardize state software and reduce security risks; \$12,100 GF/GP reduction for virtual storage savings and DIT 2.0% administrative reduction.	GF/GP	N/A	\$68,700
3. Private Rent Adjustments	Gross	N/A	\$32,000
Includes increase of \$32,000 GF/GP due to increased rent costs of privately-owned buildings leased by the Department in East Lansing, Lansing, and Petoskey.	GF/GP	N/A	\$32,000
4. Internal Audit Consolidation	Gross	N/A	(\$47,900)
Reduces funding by \$47,900 GF/GP to reflect the transfer of internal audit functions to DMB pursuant to EO 2007-31.	GF/GP	N/A	(\$47,900)
5. Economic Adjustments	Gross	N/A	\$1,152,400
Increases funding by \$1.14 million gross and \$426.0 GF/GP for economics, which includes salaries and wages, retirement, building occupancy charges, and insurances costs. An additional \$17,200 GF/GP is appropriated for DIT economics.	IDG	N/A	433,100
	Federal	N/A	127,000
	Restricted	N/A	149,100
	GF/GP	N/A	\$443,200

ATTORNEY GENERAL

Major Boilerplate Changes from FY 2008-09

Sec. 307. Antitrust Revenue – REVISED

Appropriates additional antitrust, securities fraud, consumer protection or class action enforcement revenue or attorney fees recovered by the AG, up to \$250,000, to the Department; includes new language that allows carryforward of unexpended funds up to \$250,000.

Sec. 312. Legal Services Costs – REVISED

States the Department may not receive or expend funds in addition to amounts authorized in part 1 for legal services provided specifically to other state departments or agencies except for costs for expert witnesses, court costs, or other nonsalary litigation expenses. Revision requires authorization by supplemental appropriation or transfer.

**Summary: FY 2009-10 Executive Budget Recommendation
CIVIL RIGHTS**

Analyst: Robin R. Risko

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	2,057,300	2,057,300	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
GF/GP	12,231,700	12,320,100	88,400	0.7
Gross	\$14,289,000	\$14,377,400	\$88,400	0.6
FTEs	130.0	130.0	0.0	0.0

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, or national origin, and is directed to “secure the equal protection of such civil rights without such discrimination.” The Michigan Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The Department provides educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

Major Budget Changes from FY 2008-09 YTD

		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
1. Internal Auditor Transfer	Gross	\$68,700	(\$68,700)
Reflects savings due to the transfer of internal audit services to the Department of Management and Budget.	GF/GP	\$68,700	(\$68,700)
2. Administrative Efficiencies	Gross	N/A	(\$62,100)
Reflects savings to be achieved by not filling two vacant FTE positions and by reducing expenditures for contractual services, supplies, and materials and IT.	GF/GP	N/A	(\$62,100)
3. Microsoft Upgrade	Gross	N/A	\$22,600
Includes additional funding for software update to Microsoft Office Professional 2007 from Microsoft Office 2002.	GF/GP	N/A	\$22,600
4. Economic Adjustments	Gross	N/A	\$196,600
Includes additional funding for salary and wage, insurance, retirement, and workers' compensation premium costs (\$222,700 GF/GP); reduces funding for building occupancy and rent charges (\$26,100 GF/GP).	GF/GP	N/A	\$196,600

Major Boilerplate Changes from FY 2008-09

None

EXECUTIVE

**Summary: FY 2009-10 Executive Budget Recommendation
EXECUTIVE**

Analyst: Robin R. Risko

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
GF/GP	5,317,300	5,317,300	0	0.0
Gross	\$5,317,300	\$5,317,300	\$0	0.0
FTEs	84.2	84.2	0.0	0.0

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget. Divisions within the Governor's Office include: Legal, Operations, Community-Based Initiatives, Appointments, Constituent Services, Policy, Communications, Legislative Affairs, Scheduling, Special Projects, and the Governor's Washington D.C., Southeastern Michigan, and Upper Peninsula Offices.

Major Budget Changes from FY 2008-09 YTD

None

Major Boilerplate Changes from FY 2008-09

None

**Summary: FY 2009-10 Executive Budget Recommendation
INFORMATION TECHNOLOGY**

Analyst: Viola Bay Wild

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$431,421,900	\$424,240,700	(\$7,181,200)	(1.7)
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
GF/GP	0	0	0	0.0
Gross	\$431,421,900	\$424,240,700	(\$7,181,200)	(1.7)
FTEs	1,660.0	1,635.0	(25.0)	(1.5)

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of Information Technology (DIT) acts as a general contractor between the state's information technology (IT) users and private sector providers of IT products and services: application development and maintenance; desktop, mainframe, server, and local area network computer support and management; contract, project, and procurement planning; telecommunication services; security; and software and software licensing. The DIT uses existing technology funds and state employees from within the other 19 executive branch departments and agencies. Each state department and agency requests spending authority to fund IT-related activities and pays for technology services rendered by DIT through an interdepartmental grant; administration of fund sources remains with each state department/agency.

Major Budget Changes from FY 2008-09 YTD

		Year-to-Date FY 2008-09	Executive Change
1. Statewide Microsoft Office Upgrade	Gross	N/A	\$6,900,000
Adds \$6.9 million gross for software upgrade; current Microsoft software will be out of warranty in 2010 and will no longer have support and updates for users. Funding will be used to purchase Microsoft Office Professional 2007 and license applications to provide statewide software standardization, reduce security risks, and allow DIT remote desktop service management.	IDG	N/A	6,900,000
2. Michigan Business Portal	FTEs	N/A	5.0
Includes 5.0 FTEs and \$963,200 gross for the Michigan Business One Stop Portal. Website to be available in spring of 2009 to help centralize and streamline all aspects of doing business in Michigan.	Gross	N/A	\$963,200
	IDG	N/A	963,200
3. Electronic Files Archives	Gross	N/A	(\$1,200,000)
Reduces funding by \$1.2 million gross for savings in the way electronic files are archived; new program moves files to a virtual environment.	IDG	N/A	(1,200,000)
4. EO 2008-21 Reductions	Gross	N/A	(\$288,500)
Reduces funding by \$288,500 gross to annualize the 2.0% GF/GP reduction taken by EO 2008-21 into FY 2010.	IDG	N/A	(288,500)
5. Department of History, Arts and Libraries (DHAL) Transfer	FTEs	N/A	2.0
Provides increase of \$216,000 gross and 2.0 FTEs reflecting transfer of Demographics and Census Data program to DIT; reduces funding by \$33,800 gross for transfer of Cultural Economics Development program from DHAL to MSF.	Gross	N/A	\$182,200
	IDG	N/A	182,200

INFORMATION TECHNOLOGY

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
6. Economic Adjustments	Gross	N/A	\$3,722,100
Increases funding by \$3.7 million IDG for economics which includes salaries and wages, retirement, building occupancy charges, and insurance costs.	IDG	N/A	3,722,100
7. Current Services Base Adjustments			
Adjusts funding to more accurately reflect IT services/projects appropriations in other state department budgets:	FTEs	N/A	(32.0)
	Gross	N/A	(\$17,381,100)
	IDG	N/A	(17,381,100)
<ul style="list-style-type: none"> • Adds \$1.6 million for Corrections to increase funding for OMNI system, desktop maintenance, and new medical record system called NextGen. • Adds \$23,200 for DELEG to transfer pollution/energy functions from DEQ per EO 2008-20. • Adds \$1.7 million for State Police to align IT expenditures. • Removes \$500,000 secondary collections program funding for Treasury. • Remove \$60,700 in one-time funding (FY 2008-09) for equipment purchase costs for DHAL. • Removes \$238,800 in one-time funding (FY 2008-09) for upgrades to Interactive Voice Response software for Retirement Call Center and State Fair IT appropriation for DMB. • Removes \$17.6 million in Bridges project funding for DHS because project will be completed; transfers 32.0 associated FTEs to DHS; includes additional costs to implement Children's Rights settlement; reflects \$1.0 million savings from Juvenile Justice system contract transfer to DHS. • Removes \$900 in UP State Fair authorization for Agriculture. • Adds \$900 for Civil Service Commission to align DIT IDG with appropriation. • Reflects \$704,000 net increase for Corrections for savings from facility closures, investment of data warehouse for healthcare claims, and IT costs associated with Maxey Mental Health Unit staff. • Removes \$54,600 for DEQ for savings from transferring Wetlands program back to federal government. • Removes \$3.0 million for DHS for insourcing project control functions of the Michigan Child Support Enforcement System and contract savings associated with system. 			

Major Boilerplate Changes from FY 2008-09

Sec. 574. Expenditures for Spatial Information and Technical Services – REVISED

Provides specifics regarding DIT provision of information and technical services, publications, maps, and other products. Revision deletes requirement for report on expenditures.

Sec. 578. Amounts Appropriated by Fund Source – DELETED

Requires report on the amounts appropriated by fund source for each department and a listing of expenditures made from those appropriations.

Sec. 579. Life-Cycle of IT Hardware and Software – DELETED

Requires report on the life-cycle of IT-related hardware and software.

Sec. 580. Business Application Modernization (BAM) Project – REVISED

Specifies funding amount for BAM project, specifies uses for funding, provides workproject designation, and allows carryforward. Revision deletes language which designates funds as a workproject allowing carryforward of funding.

Sec. 581. Technology Assets of the State – DELETED

Requires DIT to conduct a study of the state's information technology assets to determine any benefits and economies that can be achieved; requires report.

Major Boilerplate Changes from FY 2008-09

Sec. 582. *Michigan.gov Improvements* – DELETED

Requires DIT to provide Legislature with an annual report which details improvements made to Michigan.gov.

Sec. 583. *Contract Report* – DELETED

Requires DIT to provide an annual report which lists all follow-on contracts and change orders greater than \$25,000.

Sec. 584. *Information and Referral Services Using 2-1-1* – DELETED

Requires DIT to provide a report identifying all information/referral services and the potential cost savings through the shared use of 2-1-1 system.

Sec. 585. *Child Support Enforcement System* – DELETED

Requires report on amount expended for Child Support Enforcement System, revisions made to spending plans, and amount of penalties paid to federal government.

Sec. 588. *Census-Related Services* – NEW

Appropriates funds collected by DIT for census-related information and technical services, publications, statistical studies, population projections, and other demographic products; allows carryforward of funds.

**Summary: FY 2009-10 Executive Budget Recommendation
LEGISLATIVE AUDITOR GENERAL**

Analyst: Robin R. Risko

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$1,801,500	\$1,801,500	\$0	0.0
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	1,539,900	1,539,900	0	0.0
GF/GP	12,549,800	12,486,800	(63,000)	(0.5)
Gross	\$15,891,200	\$15,828,200	(\$63,000)	(0.4)
FTEs	0.0	0.0	0.0	0.0

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Office of the Legislative Auditor General is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Office of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government; its mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
<i>Remove One-Time Funding</i>	Gross	\$63,000	(\$63,000)
Reflects elimination of one-time funding included in the current-year budget for network migration costs.	GF/GP	\$63,000	(\$63,000)

Major Boilerplate Changes from FY 2008-09

Sec. 624. Information Technology – DELETED

Appropriates \$63,000 to fund transition of information technology network from the Executive branch network to the Legislative branch network.

Summary: FY 2009-10 Executive Budget Recommendation

LEGISLATURE

Analyst: Robin R. Risko

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	400,000	400,000	0	0.0
Restricted	1,109,800	1,109,800	0	0.0
GF/GP	112,994,200	112,994,200	0	0.0
Gross	\$114,504,000	\$114,504,000	\$0	0.0
FTEs	0.0	0.0	0.0	0.0

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.

Major Budget Changes from FY 2008-09 YTD

None

Major Boilerplate Changes from FY 2008-09

Sec. 610. Health Insurance Benefits – DELETED

Prohibits funding from being used to pay for health insurance benefits for unmarried domestic partners of legislators or legislative employees.

**Summary: FY 2009-10 Executive Budget Recommendation
MANAGEMENT AND BUDGET**

Analyst: Viola Bay Wild

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$167,603,800	\$162,436,800	(\$5,167,000)	(3.1)
Federal	10,743,700	11,219,800	476,100	4.4
Local	1,992,900	2,027,600	34,700	1.7
Private	150,000	151,900	1,900	1.3
Restricted	77,665,100	74,373,900	(3,291,200)	(4.2)
GF/GP	291,888,900	316,780,600	24,891,700	8.5
Gross	\$550,044,400	\$566,990,600	\$16,946,200	3.1
FTEs	1,431.0	1,416.0	(15.0)	(1.0)

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of Management and Budget (DMB) is the interdepartmental service and management agency responsible for ensuring proper financial record keeping for state agencies; managing capital outlay projects, state property, state purchasing programs, and the state's retirement systems; supervising the state motor vehicle fleet, and providing office support services to state agencies. The Office of the State Budget, prepares, presents, and executes the state budget on behalf of the Governor. The DMB has several autonomous units: Office of the State Employer, Office of the Children's Ombudsman, Office of Regulatory Reform, Michigan State Fair, State Building Authority, and Civil Service.

Major Budget Changes from FY 2008-09 YTD

1. Internal Audit Consolidation

Reduces appropriation by \$1.1 million gross and eliminates 1.0 FTE to reflect transfer of funding for statewide internal auditors to DMB as a result of EO 007-31.

FTEs	N/A	(1.0)
Gross	N/A	(\$1,102,300)
IDG	N/A	(5,983,200)
Federal	N/A	706,700
Restricted	N/A	1,773,800
GF/GP	N/A	\$2,400,400

2. Executive Order 2008-21 Reductions

Reduces funding by \$217,800 gross and \$100,600 GF/GP to annualize the 2.0% GF/GP reduction taken by EO 2008-21 into FY 2009-10; eliminates 2.0 FTEs.

FTEs	N/A	(2.0)
Gross	N/A	(\$217,800)
IDG	N/A	(100,000)
Restricted	N/A	(17,200)
GF/GP	N/A	(\$100,600)

3. State Building Authority Rent

Includes \$20.0 million GF/GP to make adjustments for projected rent payments for previously-constructed projects.

Gross	\$231,822,100	\$20,000,000
Restricted	1,520,000	0
GF/GP	\$230,302,100	\$20,000,000

4. Microsoft Upgrade/DIT Reduction

Reflects \$193,600 gross and \$97,600 GF/GP increase for software upgrade to Microsoft Office Professional 2007 and license applications; reduces funding by \$151,600 gross and \$76,200 GF/GP for virtual storage savings and DIT 2.0% administrative reduction.

Gross	N/A	\$42,000
IDG	N/A	43,500
Restricted	N/A	(22,900)
GF/GP	N/A	\$21,400

MANAGEMENT AND BUDGET

Major Budget Changes from FY 2008-09 YTD

**Year-to-Date
FY 2008-09** **Executive
Change**

5. Michigan State Fair	FTEs	10.0	(10.0)
Eliminates \$6.6 million gross and 10.0 FTEs for Michigan State Fair in Detroit, ending state funding for fair in FY 2009-10.	Gross	\$6,605,300	(\$6,605,300)
	Restricted	6,605,300	(6,605,300)
6. State Police FTE Transfer	FTEs	N/A	3.0
Reflects transfer of 3.0 FTEs and \$282,700 gross for carpenter positions from Michigan State Police to DMB.	Gross	N/A	\$282,700
	IDG	N/A	282,700
7. Department of History, Arts and Libraries (DHAL) Transfer	FTEs	N/A	21.0
Includes \$3.2 million gross and \$2.8 million GF/GP to reflect transfer of the State Records Center and the State Archives from DHAL. Executive recommends elimination of DHAL in FY 2009-10.	Gross	N/A	\$3,190,100
	IDG	N/A	87,700
	Restricted	N/A	285,900
	GF/GP	N/A	\$2,816,500
8. Economic Adjustments	Gross	N/A	\$1,966,500
Provides \$1.7 million gross and \$693,100 GF/GP increase for economics, which includes salaries and wages, retirement, building occupancy charges, and insurance costs. Adds \$289,200 gross (\$223,600 GF/GP) for DIT economics.	IDG	N/A	612,100
	Restricted	N/A	437,700
	GF/GP	N/A	\$916,700
CIVIL SERVICE			
9. Civil Service EO 2008-21 Reductions	FTES	N/A	(12.0)
Reflects reduction of \$140,000 GF/GP and 6.0 FTEs to annualize the 2.0% GF/GP reduction taken by EO 2008-21. Reflects reduction of 6.0 FTEs and \$189,000 GF/GP for elimination of HR staff for MDOC facility closures in Deerfield and Camp Branch facilities required by EO.	Gross	N/A	(\$329,000)
	GF/GP	N/A	(\$329,000)
10. MDOC Facility Closures	FTEs	N/A	(10.0)
Reduces funding by \$1.2 million GF/GP and eliminates 10.0 FTEs for reduction of HR staff in additional MDOC facilities.	Gross	N/A	(\$1,170,400)
	GF/GP	N/A	(\$1,170,400)
11. MDCH Facility Closure	FTEs	N/A	(4.0)
Reduces funding by \$373,900 gross and \$193,200 GF/GP and eliminates 4.0 FTEs for reduction of HR staff from closure of Mt. Pleasant hospital.	Gross	N/A	(\$373,900)
	IDG	N/A	(2,300)
	Federal	N/A	(68,100)
	Local	N/A	(12,000)
	Private	N/A	(1,500)
	Restricted	N/A	(96,800)
	GF/GP	N/A	(\$193,200)
12. Microsoft Upgrade	Gross	N/A	\$85,800
Includes funding increase of \$85,800 gross and \$18,300 GF/GP for the costs of Microsoft Office Professional software upgrade.	Federal	N/A	36,800
	Restricted	N/A	30,700
	GF/GP	N/A	\$18,300
13. Economic Adjustments	Gross	N/A	\$1,317,100
Increases funding by \$1.3 million gross and \$548,100 GF/GP for economics, which includes salaries and wages, retirement, building occupancy charges, and insurance costs. Adds \$33,900 gross and \$16,900 GF/GP for DIT economics.	IDG	N/A	28,700
	Federal	N/A	242,900
	Local	N/A	46,700
	Private	N/A	3,400
	Restricted	N/A	430,400
	GF/GP	N/A	\$565,000

Major Boilerplate Changes from FY 2008-09

Sec. 710. Revisions to Computer Contracts – DELETED

Requires DMB to report on any revisions that increase or decrease current computer contracts by more than \$500,000 at least 14 days prior to finalization of revisions.

MANAGEMENT AND BUDGET

Major Boilerplate Changes from FY 2008-09

Sec. 715(3). *Motor Vehicle Fleet Assignment* – DELETED

Expresses legislative intent that DMB have the authority to determine appropriateness of vehicle assignment.

Sec. 715(4). *Motor Vehicle Fleet Plan* – DELETED

Requires DMB to maintain a plan for the state's motor vehicle fleet and lists specific information to be included in plan.

Sec. 716. *Purchasing From Michigan-Based Firms* – DELETED

Requires DMB to adopt policies and procedures necessary to provide a purchasing preference for products manufactured or services offered by Michigan-based firms.

Sec. 716a. *Supplier Diversity Program* – DELETED

Appropriates \$400,000 for Supplier Diversity Program to fund up to 4.0 FTEs or contract with private companies to implement program; DMB may expend additional \$100,000 on program.

Sec. 717. *Purchasing Decisions* – DELETED

Establishes guidelines for DMB to follow when determining whether a purchase, contract, or provision of supplies, materials, services, insurance, utilities, third party financing, equipment, printing, and other items needed by state departments is in the best interests of the state.

Sec. 718. *Vendor Disclosure Information to Collect* – DELETED

Lists information DMB is authorized to collect from vendors to ensure compliance with procurement of goods and services from Michigan-based providers.

Sec. 719. *Vendor Disclosure Call Centers* – DELETED

Authorizes DMB to require any vendor or subcontractor who provides call or contact center services to the state to disclose the location from which the call or contact center services are being provided to the inbound caller.

Sec. 724. *Records Center and Archives* – NEW

Provides spending authorization for services provided by the records center and archives transferred to DMB from DHAL.

Sec. 724a. *Existing 2-1-1 Capacities* – DELETED

Requires DMB to assist DIT in determining how existing 2-1-1 capacities will be utilized by each department with community resource information and referral service.

Summary: FY 2009-10 Executive Budget Recommendation

STATE

Analyst: Viola Bay Wild

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$0	0.0
Federal	5,673,700	1,810,000	(3,863,700)	(68.1)
Local	0	0	0	0.0
Private	100	100	0	0.0
Restricted	162,573,800	163,614,700	1,040,900	0.6
GF/GP	26,130,800	28,214,200	2,083,400	8.0
Gross	\$214,378,400	\$213,639,000	(\$739,400)	(0.3)
FTEs	1,815.0	1,815.0	0.0	0.0

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of State administers programs in eight areas: Driver Licensing and Vehicle Registration, which includes titling and registering vehicles; Elections and Campaign Finance Administration, which includes training local election officials and monitoring campaign finance; Regulatory and Consumer Protection, which includes inspecting and licensing automotive repair facilities; Traffic Safety which includes driver testing; Office of the Great Seal; Assigned Claims Facility; Uniform Commercial Code; and Executive Direction and Central Support.

		Year-to-Date FY 2008-09	Executive Change
1. EO 2008-21 Reductions	Gross	N/A	(\$132,600)
Reduces funding by \$132,600 GF/GP to annualize the 2.0% GF/GP reduction taken by EO 2008-21 into FY 2010.	GF/GP	N/A	(\$132,600)
2. Help America Vote Act (HAVA) Funding	Gross	N/A	(\$3,863,700)
Removes \$3.9 million in one-time federal funding for HAVA program appropriated in previous year.	Federal	N/A	(3,863,700)
3. Internal Audit Consolidation	Gross	\$148,600	(\$148,600)
Reduces funding by \$148,600 GF/GP to reflect transfer of internal audit functions to DMB pursuant to EO 2007-31.	Restricted	\$148,600	(148,600)
4. Microsoft Upgrade/Business Portal	Gross	N/A	\$320,700
Increases funding by \$266,700 gross and \$47,200 GF/GP for costs of software upgrade to purchase Microsoft Office Professional 2007 and license applications; additional \$54,000 gross for Michigan Business One Stop Portal. Website to be available in spring of 2009.	Restricted	N/A	273,500
	GF/GP	N/A	\$47,200
5. Department of Information Technology (DIT) Reduction	Gross	N/A	(\$35,400)
Includes reduction of \$35,400 gross and \$3,200 GF/GP to reflect DIT 2.0% administrative reduction and virtual storage savings.	Restricted	N/A	(32,200)
	GF/GP	N/A	(\$3,200)
6. Economic Adjustments	Gross	N/A	\$3,120,200
Increases funding by \$2.9 million gross and \$2.0 million GF/GP for economics, which includes salaries and wages, retirement, building occupancy charges, and insurance costs. Adds \$201,100 gross and \$167,500 GF/GP for DIT economics.	Restricted	N/A	948,200
	GF/GP	N/A	\$2,172,000

STATE

Major Boilerplate Changes from FY 2008-09

Sec. 815. Branch Office Closings or Consolidations – DELETED

Requires 180 days advance notice of branch office closures and consolidations and 60 days advance notice for relocations.

Sec. 815a. Report on Branch Office Transactions – DELETED

Requires the Department to report on the number of branch office transactions completed online.

Sec. 818. Motorcycle Safety Education Program – REVISED

Requires funds appropriated for Motorcycle Safety Education Grants and Administration to be used for program operation; requires funding to come from license endorsements and registration and testing fees; authorizes funds for grants to help subsidize motorcycle safety training courses; and authorizes funds for administrative costs. Revision deletes language continuing program in same manner as conducted in Department of Education and deletes list of revenue sources.

Sec. 819. Business Application Modernization (BAM) Project – REVISED

Appropriates \$4.6 million for the BAM Project to be used for development, implementation, and maintenance of BAM; Revision deletes language that designates unexpended funding as a work project account.

Sec. 824. Buena Vista Township Branch Office – DELETED

Requires Department to maintain a full service branch office in the Buena Vista Township.

Sec. 827. Branch Office Locations in Urban Areas – DELETED

Encourages branch offices to be located in downtown areas, town centers, central business districts, and brownfield sites rather than greenfield and open space sites.

Summary: FY 2009-10 Executive Budget Recommendation

TREASURY

Analyst: Viola Bay Wild

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$10,894,700	\$11,120,800	\$226,100	2.1
Federal	92,307,700	93,579,600	1,271,900	1.4
Local	1,105,100	1,526,400	421,300	38.1
Private	715,600	723,700	8,100	1.1
Restricted	1,451,771,500	1,484,909,500	33,138,000	2.3
GF/GP	172,247,900	166,608,400	(5,639,500)	(3.3)
Gross	\$1,729,042,500	\$1,758,468,400	\$29,425,900	1.7
FTEs	1,846.5	1,871.5	25.0	1.4

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes, to invest, control, and disburse state monies, and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues, advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), and the Michigan Strategic Fund (MSF) are autonomous agencies housed within the Department of Treasury. Funds and programs of the MSF are administered by the Michigan Economic Development Corporation (MEDC), which also administers the 21st Century Jobs Fund.

Major Budget Changes from FY 2008-09 YTD

1. Treasury Operations

Provides \$378.9 million gross (\$11.0 million IDG; \$37.3 million federal; \$1.5 million local; \$260.4 million restricted; and \$68.7 million GF/GP) for Treasury operations (excluding Revenue Sharing, Debt Service, and MSF).

	Year-to-Date FY 2008-09	Executive Change
Gross	\$411,191,300	(\$32,260,100)
IDG	10,814,400	225,200
Federal	36,868,900	394,200
Local	1,105,100	421,300
Restricted	287,132,300	(26,752,900)
GF/GP	\$75,270,600	(\$6,547,900)

2. Tax Compliance Enforcement Program

Adds 10.0 FTEs and \$895,000 GF/GP for expanded tax enforcement on business accounts.

FTEs	N/A	10.0
Gross	N/A	\$895,000
GF/GP	N/A	\$895,000

3. Income Tax Automation

Adds 2.0 FTEs and \$150,000 GF/GP for implementation of automated tax processing program using software that helps auto-correct errors on tax returns.

FTEs	N/A	2.0
Gross	N/A	\$150,000
GF/GP	N/A	\$150,000

4. Business Tax (MBT) Implementation

Reduces funding for MBT implementation by \$6.5 million GF/GP.

Gross	\$11,813,800	(\$6,500,000)
GF/GP	\$11,813,800	(\$6,500,000)

5. Secondary Collections Program

Eliminates \$1.1 million gross and 8.0 FTEs associated with secondary tax collection contract that was not implemented.

FTEs	17.0	(8.0)
Gross	N/A	(\$1,100,000)
Restricted	N/A	(1,100,000)

TREASURY

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
6. Commercial Mobile Radio Service (CMRS) Eliminates line item appropriation for funding for CMRS. New boilerplate language appropriates revenue and requires distribution of funding pursuant to Emergency 9-1-1 Service Enabling Act, 1986 PA 32.	Gross Restricted	\$11,100,000 11,100,000	(\$11,100,000) (11,100,000)
7. Telephone/Telegraph Reappraisals Adds \$500,000 GF/GP for on-going telephone/telegraph reappraisal requirements.	Gross GF/GP	N/A N/A	\$500,000 \$500,000
8. Michigan Education Savings Program State Match Funding Eliminates \$800,000 (Merit Award Trust Fund) and language providing state match for contributions to Michigan Education Savings Program on behalf of children. Current-year language provides state match of \$1 for each \$3 contributed (\$200 maximum match) for first year of enrollment.	Gross Restricted	\$800,000 800,000	(\$800,000) (800,000)
9. Microsoft Upgrade/Business Portal/DIT Reduction Provides \$255,300 gross and \$46,300 GF/GP increase for Microsoft Office Professional software upgrade and business website portal. Reflects reduction of \$94,200 gross and \$12,500 GF/GP to reflect DIT 2.0% administrative reduction and virtual storage savings.	Gross IDG Federal Restricted GF/GP	N/A N/A N/A N/A N/A	\$161,100 (800) (900) 129,000 \$33,800
10. Principal Residence Exemption (PRE)/Investments Staff Provides \$160,000 gross and 1.0 FTE for PRE for tax appeal hearing referee, and \$300,000 gross and 2.0 FTEs for STARR investment oversight.	Gross Restricted	N/A N/A	3.0 \$460,000 460,000
REVENUE SHARING			
11. Constitutional Revenue Sharing Reduces funding for constitutional revenue sharing to cities, villages, and townships (\$14.8 million) from enacted appropriations in FY 2008-09, based on the January 2009 Consensus Revenue Estimating Conference.	Gross Restricted	\$675,992,000 675,992,000	(\$14,772,600) (14,772,600)
12. Statutory Revenue Sharing Reflects increase of \$16.2 million for statutory revenue sharing to cities, villages, and townships from enacted appropriations in FY 2007-08, based on the January 2009 Consensus Revenue Estimating Conference. Includes 2.0% increase in statutory payments appropriated in the previous year to local units of an amount equal to 2.0% of a local unit's FY 2006-07 statutory revenue sharing payments.	Gross Restricted	\$406,933,000 406,933,000	\$16,160,700 16,160,700
13. County Revenue Sharing Provides \$49.1 million for county revenue sharing payments—an increase of \$46.8 million to fund the additional counties anticipated to be eligible again for payments. Counties become eligible for payments when they have exhausted their revenue sharing reserve funds.	Gross Restricted	\$2,394,500 2,394,500	\$46,752,700 46,752,700
14. Payment in Lieu of Taxes (PILT) Increases PILT program funding by \$200,000 gross and \$100,000 GF/GP for increased purchased lands payment.	Gross IDG Restricted GF/GP	\$14,189,200 100 2,350,000 \$11,839,100	\$200,000 0 100,000 \$100,000
DEBT SERVICE			
15. Debt Service Payments Reduces funding by \$945,500 gross and GF/GP for debt service based on principal and interest requirements of general obligation bond issues.	Gross Restricted GF/GP	\$83,123,000 15,514,500 \$67,608,500	(\$945,500) 0 (\$945,500)

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
16. Economic Adjustments	Gross	N/A	\$4,070,600
Adds \$3.7 million gross and \$668,700 GF/GP for economics, which includes salaries and wages, retirement, building occupancy charges, and insurance costs; includes funding for Lottery and MGCB. Appropriates \$324,000 gross and \$71,000 GF/GP for DIT economics.	IDG	N/A	97,800
	Federal	N/A	319,800
	Local	N/A	21,300
	Restricted	N/A	2,892,000
	GF/GP	N/A	\$739,700
MICHIGAN GAMING CONTROL BOARD			
17. Michigan Gaming Control Board (MGCB)	FTEs	N/A	1.0
Increases funds for MGCB by \$88,500 gross for additional auditor needed to fulfill Board's responsibilities for new Nottawaseppi Tribe casino.	Gross	N/A	\$88,500
	Restricted	N/A	88,500
LOTTERY			
18. Lottery Sales Staff	FTEs	N/A	10.0
Increases funding by \$835,000 gross for 10.0 additional FTEs for sales representatives to help monitor lottery sites at retailers.	Gross	N/A	\$835,000
	Restricted	N/A	835,000
19. Lottery Promotion and Advertising	Gross	\$18,622,000	(\$18,622,000)
Eliminates line item funding for advertising; new boilerplate appropriates 1.0% of prior fiscal year's lottery ticket sales for promotion and advertising.	Restricted	18,622,000	(18,622,000)
MICHIGAN STRATEGIC FUND (MSF)			
20. Michigan Strategic Fund	Gross	\$149,196,700	\$14,490,700
Provides \$163.7 million gross (\$81,200 IDG; \$56.3 million federal; \$723,700 private; \$75.6 million restricted; and \$31.0 million GF/GP) in funding for MSF.	IDG	80,300	900
	Federal	55,438,800	877,700
	Private	715,600	8,100
	Restricted	63,805,200	11,750,100
	GF/GP	\$29,156,800	\$1,853,900
21. 21st Century Jobs Program Funding	Gross	\$62,000,000	\$13,000,000
Restores \$13.0 million for 21st Century Jobs Program reduced in FY 2008-09: \$10.0 million reduction was for transfer of funds to GF/GP, \$3.0 million reduction for vetoed boilerplate for Lakeshore Advantage.	Restricted	62,000,000	13,000,000
22. MSF EO 2008-21 Reductions	Gross	N/A	(\$149,000)
Reduces funding for Economic Development Job Training administration by \$149,000 gross and GF/GP to annualize the 2.0% GF/GP reduction taken by EO 2008-21 into FY 2010.	GF/GP	N/A	(\$149,000)
23. Department of History, Arts and Libraries (DHAL) Transfer	FTEs	N/A	7.0
Includes 7.0 FTEs and \$2.6 million gross and \$1.8 million GF/GP for transfer of Council for Arts and Cultural Affairs, Cultural Economic Development program, and Arts and Cultural Institution Planning Grants from DHAL to MSF. (FY 2008-09 funding was \$8.9 million.)	Gross	N/A	\$2,657,100
	Federal	N/A	850,000
	GF/GP	N/A	\$1,807,100
24. Business Incubator Program	Gross	\$1,250,000	(\$1,250,000)
Eliminates \$1.25 million gross one-time funding for business incubator program in five counties.	Restricted	1,250,000	(1,250,000)
25. MSF Economic Adjustments	Gross	N/A	\$232,600
Includes \$232,600 gross and \$195,800 GF/GP for economics, which includes increased funding for salaries and wages, retirement, worker's compensation, building occupancy charges and insurance costs.	IDG	N/A	900
	Federal	N/A	27,700
	Private	N/A	8,100
	Restricted	N/A	100
	GF/GP	N/A	\$195,800

TREASURY

Major Boilerplate Changes from FY 2008-09

DEPARTMENT OF TREASURY

Sec. 905. Sale of Tax Manuals – DELETED

Requires Department to provide copies of the state tax manual via the Department website or provide for sale copies of the tax manuals on CD or other electronic media.

Sec. 913. Senior Citizen Cooperative Housing Assessments – REVISED

Authorizes Department to contract with private firms to appraise and appeal assessments of senior citizen cooperative housing units; authorizes use of up to 1% of funds for administration. Revision deletes audit requirement.

Sec. 927. Telephone/Telegraph Reappraisals – DELETED

States legislative intent that telephone/telegraph reappraisals be funded at \$1.5 million by supplemental appropriations.

Sec. 930a. Secondary Collections Activities – DELETED

Requires Department to select a private collection agency for secondary collection activities in order to benchmark primary agency performance for individual tax, discontinued business tax, state agency accounts, and active business tax accounts older than 36 months; requires quarterly report.

Sec. 933. Michigan Education Savings Program – DELETED

Requires Michigan Education Savings Program funds be used as state match for funds invested on behalf of children; state to provide \$1 for each \$3 contributed with \$200 maximum match; state match only for first year of enrollment.

Sec. 938. PILT Payments – DELETED

Requires Department to pay PILT payments to local units of government by February 14 for bills received by January 15.

Sec. 941. Medical Pension Liability – DELETED

Directs Department to analyze new insurance products to address medical pension liability for state employee retirees.

Sec. 944. Pension Plan Consultant Report – DELETED

Requires Department to forward any report from a pension plan consultant to Legislature and state budget director.

Sec. 944. Commercial Mobile Radio Service Payments (CMRS) – NEW

Appropriates revenue from the emergency 9-1-1 surcharge program and authorizes distribution under the Emergency 9-1-1 Service Enabling Act, 1986 PA 32.

Sec. 945. Assessment and Certification Division Reviews – DELETED

Allows Department to conduct 14-point reviews in at least one assessment jurisdiction per county.

Sec. 946. Assessment and Training Coordination – DELETED

Authorizes the state tax commission and assessment and certification management staff to meet with statewide assessment organizations on a quarterly basis to coordinate activities.

Sec. 947. Revenue Enhancement Program – DELETED

Stipulates that of \$4.7 million in part 1 for Revenue Enhancement Program, \$4.2 million is for revenue enhancement collection, including auditing functions, and \$500,000 for principal residence audits (PRA). Requires quarterly reports for personal property tax audit and PRA programs; requires Auditor General performance audit of PRA program.

Sec. 948. Electronic Income Tax Filing – DELETED

Directs Department to report the number of tax returns, including state income and single business tax returns, filed on-line in the preceding fiscal year.

Sec. 949. Transportation Funds Cost Study – DELETED

Requires Secretary of State to have independent firm to perform study to identify actual costs for administration and collection of fuels, sales, and use taxes if Alternative Transportation Funding Task Force does not address these costs.

Sec. 950. Revenue Sharing – REVISED

Directs distribution of constitutional and statutory revenue sharing payments to cities, villages and townships; includes 2% additional statutory payments to local units that received statutory payments in FY 2006-07. Revision eliminates requirement that local units receive an equal distribution to what that unit received in FY 2008-09, and allows cities, villages and townships to receive less than 100% of their FY 2008-09 total revenue sharing payment if constitutional revenue sharing funding is reduced.

Major Boilerplate Changes from FY 2008-09

LOTTERY

Sec. 963. Department of Human Services (DHS) Bridge Cards – DELETED

Directs Lottery to notify lottery retailers that DHS bridge cards are not to be used to purchase lottery tickets.

Sec. 963. Lottery Promotion and Advertising Appropriation – NEW

Appropriates 1.0% of prior fiscal year's lottery ticket sales for promotion and advertising.

MICHIGAN STRATEGIC FUND (MSF)

Sec. 1002(1, 8, 10). Economic Development Job Training (EDJT) Grants – REVISED

Provides direction for EDJT program. Revision renames the program as Economic Diversification Skills Training Program; deletes requirement that EDJT participants be 16 years old and not enrolled in state funded educational programs, and deletes employer maximum match rate of 50% requirement for incumbent worker training grants.

Sec. 1002(10). EDJT Grants – REVISED

Provides direction for EDJT program. Revision expands funding to include job training and development activities including training for high technology activities, degree programs at a Michigan community college, college or university, development of job training curriculum, participant wage reimbursement, training for businesses to remain competitive, consulting services, and recruitment assistance.

Sec. 1014. Michigan Core Communities Fund – DELETED

Outlines purposes and uses of fund and procedures for grant distribution.

Sec. 1024. Small Business Technology and Development Centers (SBTDC) – DELETED

Allocates \$1.4 million from 21st Century Jobs Trust Fund to Small Business Technology and Development Centers for Small Business Innovation Research/Small Business Technology Transfer Research grant or matching loan programs.

Sec. 1029. Tax Incentives – DELETED

States legislative intent that MSF award tax breaks or incentives only to companies giving preference to Michigan workers.

Sec. 1034. Business Incubator Program – DELETED

Stipulates funding be awarded competitively to operational business incubators in five counties.

Sec. 1034. Michigan Council for Arts and Cultural Affairs (MCACA) Arts and Cultural Grants – NEW

Authorizes new planning grant program and specifies awards to help complete program statements and planning documents for remodeling, repair, renovation, or construction of arts and cultural institutions. Competitive grants may be to counties, cities, villages, townships, community foundations and non-profit organizations. Requires \$1,000 application fee to MCACA; Council shall recommend projects to State Budget director; projects cannot exceed \$100.0 million in total.

**FY 2009-10
Budget Detail
for
HUMAN SERVICES**

**Community Health
Corrections
Human Services**

**Summary: FY 2009-10 Executive Budget Recommendation
COMMUNITY HEALTH**

Analysts: Margaret Alston, Susan Frey, Steve Stauff

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$40,883,900	\$48,677,000	\$7,793,100	19.1
Federal	7,219,405,800	8,323,404,700	1,103,998,900	15.3
Local	241,578,600	229,677,200	(11,901,400)	(4.9)
Private	66,686,800	70,208,500	3,521,700	5.3
Restricted	1,862,478,400	1,493,425,200	(369,053,200)	(19.8)
GF/GP	3,057,671,800	2,801,574,300	(256,097,500)	(8.4)
Gross	\$12,488,705,300	\$12,966,966,900	\$478,261,600	3.8
FTEs	4,608.7	4,386.1	(222.6)	(4.8)

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of Community Health (DCH) budget provides funding for a wide range of mental health, substance abuse, public health, and medical services programs including Medicaid. Established in 1996, the Department also includes the Office of Drug Control Policy, the Office of Services to the Aging, the Crime Victim Services Commission, and health regulatory functions.

Major Budget Changes from FY 2008-09 YTD

1. Economic Adjustments

Includes \$13.4 million gross (\$5.9 million GF/GP) for 1.0% salary/wage increase for non-bargaining and unionized employees and economic adjustments for defined benefit/ contribution retirement, insurance, worker's compensation, building occupancy, food, and gas, fuel, and utility costs for FY 2009-10.

	<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
Gross	N/A	\$13,407,300
IDG	N/A	843,200
Federal	N/A	2,745,400
Restricted	N/A	762,700
Local	N/A	3,159,700
Private	N/A	1,800
GF/GP	N/A	\$5,894,500

2. Office of Long-Term Care Supports and Services

Integrates the functions of the Office of Long-Term Care Supports and Services within DCH, in conjunction with EO 2009-3 which abolishes this Office October 1, 2009.

Gross	\$3,882,000	(\$2,453,800)
Federal	3,048,300	(1,660,200)
Private	40,100	0
GF/GP	\$793,600	(\$793,600)

3. Actuarially Sound Capitation Payment Rates

Increases capitation payment rates for Health Plan Services by 4.5% and Medicaid Mental Health and Substance Abuse Services by 4.0% (\$197.7 million gross, \$72.8 million GF/GP) to ensure rates are actuarially sound in FY 2009-10.

Gross	\$5,293,292,900	\$197,711,000
Federal	3,214,084,100	124,933,500
Local	30,030,200	0
Restricted	971,726,200	0
GF/GP	\$1,077,452,400	\$72,777,500

4. Mental Health Court Pilot Programs

Eliminates \$1.1 million GF/GP, in conjunction with \$550,000 from Judiciary, for nine mental health court pilot programs. Services included in the programs were psychiatric counseling, case management, vocational training, housing assistance, program adherence monitoring, and training court and law enforcement personnel.

Gross	\$1,126,900	(\$1,126,900)
GF/GP	\$1,126,900	(\$1,126,900)

Major Budget Changes from FY 2008-09 YTD		Year-to-Date FY 2008-09	Executive Change
5. Annualize Wage Increase for Direct Care Workers	Gross	\$2,092,155,700	\$3,009,000
Adds \$3.0 million gross (\$1.3 million GF/GP) to annualize the cost of a 1.0% wage increase, effective February 1, 2009, for direct care workers in mental health settings. (Sec. 405)	Federal	1,067,036,500	1,718,800
	Restricted	97,074,300	0
	Local	25,228,900	0
	GF/GP	\$902,816,000	\$1,290,200
6. CMH Non-Medicaid Services Reduction	Gross	\$322,027,700	(\$7,559,300)
Reduces funding for CMH Non-Medicaid Services by \$11.2 million GF/GP which is offset by the redirection of \$3.6 million GF/GP due to the proposed closure of Mt. Pleasant Center.	GF/GP	\$322,027,700	(\$7,559,300)
7. Multicultural Services	Gross	\$6,823,800	(\$6,823,800)
Eliminates \$6.8 million GF/GP for multicultural services in which the funds are to be distributed to the following populations and groups: Chinese American, Asian American, Hispanics, Arab/Chaldean Council, Michigan Inter-Tribal Council, Jewish Federation, Chaldean Culture Center, ACCESS, and Vietnam Veterans.	GF/GP	\$6,823,800	(\$6,823,800)
8. Hospital Rate Adjustor for PIHPs	Gross	\$1,770,128,000	\$30,000,000
Adds \$30.0 million gross (\$0 GF/GP) to Medicaid Mental Health Services due to the establishment of hospital rate adjustor for Prepaid Inpatient Health Plans (PIHPs). As is the case for Medicaid Health Plans, estimated payments from private inpatient hospitals for mental health services would be passed through PIHPs.	Federal	1,067,036,500	18,957,000
	Restricted	97,074,300	11,043,000
	Local	25,228,900	0
	GF/GP	\$580,788,300	\$0
9. Mt. Pleasant Center Closure	Gross	\$0	(\$15,409,700)
Includes net reduction of \$15.4 million gross (\$3.1 million GF/GP) due to proposed October 2009 closure of Mt. Pleasant Center for Persons with Developmental Disabilities. Reduction reflects shifting funds to Medicaid Mental Health Services and other closure-related adjustments.	Federal	0	(2,199,100)
	Restricted	0	(880,000)
	Local	0	(9,248,800)
	GF/GP	\$0	(\$3,081,800)
10. Forensic Mental Health Services to DOC	Gross	\$39,344,800	\$5,318,300
Adds \$5.3 million to the IDG from Department of Corrections (DOC) to reflect the increased demand for DOC mental health services.	IDG	39,344,800	5,318,300
11. Criminal Background Check Program	Gross	\$3,956,400	(\$1,277,600)
Partially replaces health systems fees/collections and matching federal Medicaid revenue with GF/GP for Criminal Background Check Program for employees of health facilities due to lack of available fee revenue.	Federal	782,500	(246,700)
	Restricted	3,173,900	(3,173,900)
	GF/GP	\$0	\$2,143,000
12. Vital Records – New Fraud Unit and Revenue Adjustments	FTEs	88.4	3.0
Uses \$174,000 carryforward fee revenue to establish a fraud unit to monitor vital records activity and detect fraudulent requests, responding to audit deficiencies and federal Intelligence Reform and Terrorism Prevention Act provisions. \$1.5 million in one-time federal funds is available through Department of State to reinforce interface between driver and birth records. Unrealized and completed federal grants are also recognized.	Gross	\$11,199,800	(\$807,800)
	IDG-DHS	981,600	142,300
	IDG-State	0	1,500,000
	Federal	5,327,700	(2,965,000)
	Restricted	4,890,500	514,900
13. Healthy Michigan Funded (HMF) Projects	Gross	\$40,969,600	(\$2,035,600)
Eliminates funding for 8 of 27 projects, and reduces funding for Medicaid and pregnancy prevention. Overall HMF revenue is reduced by \$3.5 million due to declining cigarette tax revenue. \$2.0 million of HMF funds are eliminated for arthritis, Huntington's disease, Parkinson's disease, osteoporosis, nurse family partnership, Morris Hood Wayne State University diabetes outreach, physical fitness, and poison control. A net \$1.5 million reduction of HMF funds for Medicaid match is offset with GF/GP.	Restricted	40,969,600	(3,541,400)
	GF/GP	\$0	\$1,505,800

COMMUNITY HEALTH

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
14. Public Health Program State Funding Reductions	Gross	\$16,415,600	(\$6,034,500)
Includes \$5.0 million of GF/GP and Michigan Health Initiative Fund reductions that eliminate the following: AIDS and risk reduction clearinghouse and media campaign, African-American male health initiative, zero to three early childhood program with Departments of Human Services and Education, nurse family partnership, public health physician practice project, FY 2008-09 sexually transmitted disease targeted initiative for gonorrhea and chlamydia, methamphetamine cleanup fund, and traumatic brain injury pilot projects. GF/GP reductions are also made to laboratory services and family planning local agreements (YTD reflects only GF appropriations for these).	Federal	811,100	(811,100)
	Private	300,000	(300,000)
	Restricted	1,351,000	0
	GF/GP	\$13,953,500	(\$4,923,400)
15. Women, Infants, and Children (WIC) Food Program	Gross	\$210,800,600	\$35,161,200
Provides additional federal funds for the WIC supplemental food and nutrition program of \$35.2 million for food and administration, related to increases in participation and food costs for the program.	Federal	157,556,300	35,161,200
	Private	53,244,300	0
16. Office of Drug Control Policy Dissolved	FTEs	15.0	(8.0)
Eliminates the Office of Drug Control Policy and related GF/GP, as abolished by EO 2009-2, effective October 1, 2009. Remaining Office functions, \$8.0 million gross (\$0 GF/GP) and 7 staff are transferred to DCH Mental Health and Substance Abuse Services Administration. Continued federal Byrne Justice Assistance Grant reductions of \$4.2 million are also recognized, and new state restricted substance abuse licensing fees and fines revenue is provided.	Gross	\$12,129,300	(\$4,051,600)
	Federal	11,747,000	(4,169,300)
	Restricted	0	500,000
	GF/GP	\$382,300	(\$382,300)
17. Crime Victim's Rights Fund Increase for Forensic Exams	Gross	\$11,000,000	\$1,500,000
Increases the appropriation for Crime Victim Rights Services Grants by \$1.5 million using state restricted Crime Victim's Rights Fund monies, to implement Public Acts 390 and 391 of 2008 which allow reimbursement to providers for victim forensic exams related to sexual assault.	Federal	1,700,000	0
	Restricted	9,300,000	1,500,000
18. Aging Program Reductions	Gross	\$79,751,600	(\$2,220,000)
Includes reductions of \$2.0 million GF/GP to programs for seniors, about 6.2% of the GF/GP for community services (\$955,100), nutrition services (\$697,200), and three senior volunteer programs (\$347,700). Additionally, GF/GP appropriations are eliminated for Senior Olympics funding (\$100,000), new in FY 2008-09, and Tribal Elders' programs (\$120,000), new in FY 2007-08.	Federal	46,873,100	0
	Private	132,000	0
	Restricted	167,000	0
	GF/GP	\$32,579,500	(\$2,220,000)
19. Health Care Coverage Expansion for Disabled Children	Gross	N/A	\$11,373,200
Increases funding by \$11.4 million of federal Title XIX Medicaid in the Children's Special Health Care Services program to expand primary care coverage for disabled children in households with income between 200% and 300% of the federal poverty level. This would cover an estimated 4,000 more children.	Federal	N/A	11,373,200
	GF/GP	N/A	\$0
20. Michigan First Healthcare Plan Authorization Removal	Gross	\$100,000,000	(\$100,000,000)
Eliminates \$100.0 million of federal authorization that had been included in three prior fiscal year budgets in anticipation of federal approval of the Michigan First Healthcare Plan proposal. The plan was intended to extend basic, low-cost health insurance coverage to uninsured Michigan residents.	Federal	100,000,000	(100,000,000)
	GF/GP	\$0	\$0

Major Budget Changes from FY 2008-09 YTD

	Year-to-Date FY 2008-09	Executive Change
21. Eliminate Health Information Technology Initiatives	Gross \$5,000,000	(\$5,000,000)
Reflects \$5.0 million GF/GP savings from eliminating the Health Information Technology Initiatives line item. Line provides funding for a statewide network of information exchanges charged with designing and streamlining the sharing of medical information so that patients and doctors have comprehensive access to medical information.	GF/GP \$5,000,000	(\$5,000,000)
22. Medicaid Caseload, Utilization and Inflation Increase	Gross \$9,996,061,200	\$357,927,800
Includes an increase of \$357.9 million gross (\$129.0 million GF/GP) to cover caseload/utilization/inflation changes within Medicaid, Mental Health/ Substance Abuse, Children's Special Health Care Services, Adult Benefits waiver and Federal Medicare Prescription programs.	Federal 6,127,686,700	228,969,600
	Local 43,567,800	0
	Merit Awd 55,856,200	0
	Restricted 1,600,165,000	0
	GF/GP \$2,168,785,500	\$128,958,200
23. Medicaid FMAP Federal Stimulus Bill Adjustment	Gross \$9,996,061,200	(\$1,753,200)
Reflects an anticipated increase of federal Medicaid funds resulting from the American Recovery and Reinvestment Act; this would offset \$484.0 million GF/GP due to a temporary increase in the federal match rate.	Federal 6,127,686,700	516,276,500
	Local 43,567,800	(1,753,200)
	Merit Awd 55,856,200	0
	Restricted 1,600,165,000	(32,313,000)
	GF/GP \$2,168,785,500	(\$483,963,500)
24. Other Medicaid Fund Source Adjustments	Gross \$9,996,061,200	(\$1,476,000)
Recognizes an increase of federal Medicaid and SCHIP funds which offsets \$250.8 million GF/GP due to changes in federal match rates. A loss of Medicaid Benefits Trust Fund revenue would be made up by \$6.8 million GF/GP. A shortfall of Merit Award Trust Fund revenue would be made up by \$54.5 million GF/GP.	Federal 6,127,686,700	300,827,600
	Local 43,567,800	(3,023,300)
	Merit Awd 55,856,200	(54,464,400)
	Restricted 1,600,165,000	(55,275,900)
	GF/GP \$2,168,785,500	(\$189,540,000)
25. Pharmacy Dispensing Fee Decrease	Gross \$1,258,400	(\$1,258,400)
Reflects elimination of FY 2008-09 (part year) pharmacy dispensing fee increase of 25¢ per script, which results in a reduction of \$1.3 million gross (\$463,200 GF/GP) in Pharmaceutical Services line. (Sec. 1620)	Federal 795,200	(795,200)
	GF/GP \$463,200	(\$463,200)
26. Ambulance Provider Rate Decrease	Gross \$1,519,000	(\$1,519,000)
Reflects elimination of FY 2005-06 ambulance mileage rate increase of 55¢ per statute mile, which results in a reduction of \$1.5 million gross (\$559,100 GF/GP) in the Ambulance Services line. (Sec. 1634)	Federal 959,900	(959,900)
	GF/GP \$559,100	(\$559,100)
27. Nursing Home Transition Savings	Gross \$1,928,347,300	(\$15,279,400)
Recognizes savings of \$15.3 million gross (\$6.2 million GF/GP) from \$34.1 million gross (\$12.5 million GF/GP) of nursing home transition savings in the Long-Term Care Services line offset by \$12.3 million gross (\$3.7 million GF/GP) of increases in other long-term care services lines. Specific offsetting increases are:	Federal 1,182,871,100	(9,054,100)
	Local 6,883,800	0
	Merit Awd 55,856,200	0
	Restricted 219,536,400	0
	GF/GP \$463,199,800	(\$6,225,300)
<ul style="list-style-type: none"> • \$7.1 million gross (\$2.6 million GF/GP) annualization of FY 2008-09 expansion of specialized residential services, • \$1.3 million gross (\$470,200 GF/GP) annualization of FY 2008-09 expansion of MSHDA affordable assistance living program, • MIChoice program increase of \$6.5 million gross (\$2.3 million GF/GP), • Increase of \$2.1 million federal contractual costs related to transitioning, • Increase of \$480,000 gross (\$176,700 GF/GP) for adult home help services, and • \$1.4 million gross (\$496,900 GF/GP) annualization of the FY 2008-09 PACE expansion. 		

COMMUNITY HEALTH

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
28. <i>Replace Managed Care Provider Assessment With Use Tax</i>	Gross	\$294,187,900	\$0
Recognizes elimination of provider assessments totaling \$294.2 million state restricted paid by Medicaid managed care organizations and replaced by a like amount of GF/GP generated by inclusion of Medicaid managed care organizations in the Use Tax. The tax is also increased from 5.5% to 6.0%.	Restricted	294,187,900	(294,187,900)
	GF/GP	\$0	\$294,187,900
29. <i>Medicaid HMO Federal Pharmaceutical Rebates</i>	Gross	\$0	(\$120,000,000)
Reflects a reduction of \$120.0 million gross (\$44.2 million GF/GP) in anticipated savings from allowing health plans to receive federal pharmaceutical rebates for prescription drugs provided to managed care Medicaid enrollees. This would require a change in federal law.	Federal	0	(75,828,000)
	GF/GP	\$0	(\$44,172,000)
30. <i>School Based Services Adjustment</i>	Gross	\$89,201,000	(\$24,750,400)
Provides an increase of \$16.5 million GF/GP to offset the loss of state earnings in the school-based services program due to a change in reimbursement policy.	Federal	148,668,300	(41,250,600)
	GF/GP	(\$59,467,300)	\$16,500,200

Major Boilerplate Changes from FY 2008-09

GENERAL

Sec. 205. *Hiring Freeze – DELETED*

Imposes hiring freeze on full-time state classified civil service employees, except internal transfers of classified employees from one position to another in a department or when freeze will render DCH unable to deliver basic services, cause loss of revenue to the state, result in inability of the state to receive federal funds, and necessitate additional expenditures that exceed vacancy savings.

Sec. 282. *Administrative Costs for Coordinating Agencies and Area Agencies on Aging – DELETED*

Requires DCH to establish uniform definitions, standards, and instructions for the classification, allocation, assignment, calculation, recording, and reporting of administrative costs by the following entities: coordinating agencies on substance abuse, Salvation Army Harbor Light program, and their subcontractors; and area agencies on aging and local providers and their subcontractors.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 407(3). *Substance Abuse Prevention, Education, and Treatment Grants – DELETED*

Requires DCH to develop a feasibility study on a payment methodology that increases allotments to coordinating agencies that are CMH providers.

STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES

Sec. 608. *Privatization of Food and Custodial Services – DELETED*

Requires DCH to evaluate the privatization of food and custodial services at state hospitals.

PUBLIC HEALTH

Sec. 804. *HIV and Hepatitis C Program Report – REVISED*

Requires DCH to have a cooperative data sharing program with Department of Corrections regarding prisoners being released who have HIV or Hepatitis C, related to the Michigan prisoner reentry initiative; requires report by April 1, 2009. Revision eliminates report requirement.

Sec. 1116. *Coordinated Regional Perinatal System – DELETED*

Directs DCH to convene a discussion regarding a statewide coordinated regional perinatal system, and report by April 1, 2009, including policy and funding recommendations.

CRIME VICTIM SERVICES COMMISSION

Sec. 1304. *Sexual Assault Evidence Collection Procedures – DELETED*

Requires DCH to work with State Police and other agencies to ensure that recommended procedures for emergency treatment of victims are followed in the collection of evidence in cases of sexual assault.

Major Boilerplate Changes from FY 2008-09

OFFICE OF SERVICES TO THE AGING

Sec. 1413. Support of Locally-Based Community Senior Services and Area Agencies on Aging – REVISED

Establishes support of county approval of area agency plans, and conditions for area agency membership changes. Revision eliminates legislative intent language from this section, including support of locally-based services and prohibiting area agencies on aging from providing direct services except access services, unless a waiver is obtained.

Sec. 1416. Support for In-Home Services for Non-Medicaid Seniors – DELETED

Establishes legislative commitment to provide in-home services, resources, and assistance for the frail elderly who are not being served by the Medicaid home- and community-based services waiver program.

MEDICAL SERVICES

Sec. 1642. Ambulatory Surgery Centers – NEW

Allows ambulatory surgery centers to fully participate in the Medicaid program when hospitals are reimbursed through the new Medicaid Management Information System.

Sec. 1753. Auto Insurer Third Party Liability Information – DELETED

Requires DCH, upon passage of legislation, to collect medical expense information from auto insurers to allow the state to make third-party liability claims for Medicaid recipients.

Sec. 1775. Medicaid Managed Long-Term Care Study – DELETED

Requires DCH to conduct a study and publish a report regarding the feasibility of providing long-term care services through managed care and to implement two long-term care pilots, one in a county with a population over 750,000 and the other in a county with a population under 250,000.

Sec. 1776. Outpatient Prospective Payment System (OPPS) Methodology – DELETED

Requires that if the OPPS reimbursement methodology is continued, the applied Medicaid reduction factor must be revenue neutral and actuarially sound.

Sec. 1785. Emergency Department Diagnosis Codes – DELETED

Requires DCH to convene a workgroup to develop and maintain a list of hospital reimbursement emergency department diagnosis codes for services provided to Medicaid recipients at a defined triage or stabilization rate; the rate shall be equal to the triage rate in place prior to the implementation of the outpatient prospective payment system; defines the workgroup representation; and that implementation of this policy will occur by January 1, 2009.

Sec. 1787. Medicaid Beneficiary Telephone Numbers Provided to Health Plans –DELETED

Requires DCH, in coordination with the Department of Human Services, to obtain the telephone numbers of Medicaid beneficiaries and to provide Medicaid health plans the telephone numbers of that health plan's enrollees on a monthly basis.

Sec. 1789. Nursing Home Occupancy Ceiling Study – DELETED

Requires DCH to study whether the current nursing home ceiling of 85% is adequate and to report its findings by April 1, 2009.

Sec. 1793. Preventable Hospitalizations From Nursing Homes – DELETED

Directs DCH to consider the development of a pilot project that focuses on preventable hospitalizations from nursing homes.

Sec. 1807. Medicaid Reimbursement of Primary Care Physicians Providing Mental Health Services – DELETED

Allows DCH to convene a workgroup and provide a report evaluating the feasibility of establishing a Medicaid payment mechanism for the reimbursement of mental health services by primary care physicians.

Sec. 1808. Medicaid Ambulance Quality Assurance Assessment Program – DELETED

Requires DCH to implement an ambulance quality assurance assessment program with the state to retain a portion of the assessment, if legislation is enacted allowing the ambulance QAAP.

Summary: FY 2009-10 Executive Budget Recommendation CORRECTIONS

Analyst: Marilyn B. Peterson

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$1,277,200	\$891,900	(\$385,300)	(30.2)
Federal	10,350,200	7,746,100	(2,604,100)	(25.2)
Local	430,300	432,700	2,400	0.6
Private	0	0	0	0.0
Restricted	54,894,700	50,924,600	(3,970,100)	(7.2)
GF/GP	1,948,111,800	1,898,399,600	(49,712,200)	(2.6)
Gross	\$2,015,064,200	\$1,958,394,900	(\$56,669,300)	(2.8)
FTEs	17,103.0	15,767.1	(1,335.9)	(7.8)
	51,841	45,433	(6,408)	(12.4)

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Michigan Department of Corrections (MDOC) operates under the codification of correctional statutes established under Public Act 232 of 1953. The MDOC budget funds operation of the state prison system, supervision of parolees and felony probationers, and a variety of offender programs both in prison and in the community. It also funds training of corrections officers and centralized functions of administration, research, and financial operations. Prison construction is funded through the Capital Outlay budget.

Major Budget Changes from FY 2008-09 YTD

PRISON OPERATIONS

1. FY 2008-09 Facility Closures at Unspecified Locations

Includes 12-month savings projected from additional closures of more than 3,500 prison beds by October 1, 2009; locations are not identified. Bed savings would be achieved through a combination of paroles and expanded utilization of community corrections prison diversion programs. To support additional numbers of offenders in the community, increases to MPRI, parole and probation supervision, and community corrections are proposed for FY 2009-10, and supplemental appropriations of \$20 million are proposed for FY 2008-09 to provide additional funding for MPRI and parole supervision.

	Year-to-Date FY 2008-09	Executive Change
Beds	N/A	(3,886)
FTEs	N/A	(1,077.2)
Gross	N/A	(\$117,992,800)
Restricted	N/A	(1,093,900)
GF/GP	N/A	(\$116,898,900)

2. Remaining Scott Closure Savings

Takes remaining savings from closure of Scott Correctional Facility in Plymouth. FY 2008-09 budget reduced by \$13.2 million and 10.0 FTEs in anticipation of May 2009 closure; bed count and remaining FTEs/funds are eliminated in FY 2009-10; savings include reduced cost of prison clinics, education, food service, transportation, and DIT. Camp White Lake funding is transferred to Huron Valley, in conjunction with that complex's conversion to an all-female facility. Savings from consolidating female population at Huron Valley identified separately (see # 8 and #12).

Beds	N/A	(880)
FTEs	N/A	(369.7)
Gross	N/A	(\$19,455,500)
GF/GP	N/A	(\$19,455,500)

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
3. Remaining Deerfield Closure Savings	Beds	N/A	(1,200)
Takes remaining savings from closure of Deerfield Correctional Facility in Ionia. EO 2008-21 reduced funding by \$14.2 million in anticipation of closure by April 1, 2009. Beds, FTEs, and remaining funding are eliminated in FY 2009-10; savings include reduced costs of prison clinics, education, food service, transportation, and DIT.	FTEs	N/A	(236.9)
	Gross	N/A	(\$14,128,900)
	Restricted	N/A	(116,700)
	GF/GP	N/A	(\$14,012,200)
4. Remaining Camp Branch Closure Savings	Beds	N/A	(710)
Takes the remainder of savings from closure of Camp Branch in Coldwater. EO 2008-21 reduced funding by \$6.8 million in anticipation of closure by April 1, 2009; Camp Branch closed on February 4, 2009. Beds, FTEs, and remaining funding are eliminated in FY 2009-10; savings include reduced costs of prison clinics, education, food service, transportation, and DIT.	FTEs	N/A	(126.9)
	Gross	N/A	(\$7,212,300)
	Restricted	N/A	(136,200)
	GF/GP	N/A	(\$7,076,100)
5. New Officer Training	Gross	\$9,702,300	(\$9,643,300)
Reflects closure-related reduction in need to train new corrections officers. With economic adjustments, proposed funding for FY 2009-10 would be \$250,500. Costs of training new recruits are \$17,034 per graduate, which includes a recruit's wages and benefits for the 16-week training course, plus manuals, travel, and uniform costs.	GF/GP	\$9,702,300	(\$9,643,300)
6. Other Closure-Related Savings	Gross	N/A	(\$6,197,000)
Incorporates additional closure-related savings in hospital and specialty care (\$3.7 million), worker's compensation (\$1.8 million), information technology (\$372,800), and administrative hearings officers (\$348,000).	GF/GP	N/A	(\$6,197,000)
7. Utilize Beds at W. J. Maxey Training School	FTEs	N/A	186.3
Provides \$16.7 million for full-year use of a unit at Department of Human Services's Maxey facility in Whitmore Lake. In conjunction with closure of Scott Correctional Facility and conversion of Huron Valley Men's into a women's facility, over 200 seriously mentally ill male prisoners currently housed at Huron Valley are to be transferred to Maxey's Woodland Unit.	Gross	N/A	\$16,659,000
	GF/GP	N/A	\$16,659,000
8. Additional Double Bunking	FTEs	N/A	56.5
Funds an estimated 500 to 530 beds to be added to current facilities in conjunction with closures of units and facilities elsewhere. Supported by an undetermined amount of savings assumed through efficiencies gained by consolidating all women at Huron Valley (see #12).	Gross	N/A	\$4,432,100
	GF/GP	N/A	\$4,432,100
9. Consolidate Contiguous Facilities	FTEs	N/A	(39.0)
Consolidates prisons with contiguous boundaries at Kincheloe, Carson City, St. Louis, and Adrian. Eliminates various supervisory and support staff positions at Chippewa, Carson City, St. Louis, and Gus Harrison.	Gross	N/A	(\$3,517,100)
	GF/GP	N/A	(\$3,517,100)
10. Food Service Contracting	FTEs	494.0	(9.0)
Recognizes partial-year savings through contracting for prisoner food service purchasing, portion control, and nutrition services. Full-year savings estimated at \$4.0 million. About \$2.3 million of savings would come from the \$82.2 million food services line item; remaining reductions would come from regional support and services line items.	Gross	\$82,226,500	(\$3,000,000)
	Restricted	1,800,000	0
	GF/GP	\$80,426,500	(\$3,000,000)
11. Prisoner Education Program	FTEs	N/A	(18.0)
Reflects savings anticipated from redesign of prisoner education program.	Gross	N/A	(\$2,000,000)
	GF/GP	N/A	(\$2,000,000)

CORRECTIONS

<u>Major Budget Changes from FY 2008-09 YTD</u>	<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>	
12. Huron Valley Consolidation Savings Includes adjustments to reflect efficiencies realized through the consolidation of all the female prisoners at Huron Valley. Actual savings are expected to be something in excess of the \$936,000 reduction to the Huron Valley Complex; additional savings would be utilized to support costs of additional double-bunked beds (see #8).	Gross GF/GP	N/A N/A	(\$936,000) (\$936,000)
13. Public Works Program Includes an adjustment of 10.0 FTEs, with no associated funding increase, to support prisoner public works program. Boilerplate changes would allow the MDOC to restore fee schedules to levels other than one-half the rates in effect in FY 2006-07.	FTEs Gross	N/A N/A	10.0 \$0
PRISONER HEALTH AND MENTAL HEALTH CARE			
14. Mental Health Services and Programs Makes the following adjustments to meet needs of increasing numbers of prisoners needing mental health services: <ul style="list-style-type: none">• \$2.7 million for 50% phased funding of six additional outpatient treatment teams (bringing the total number to 22).• \$1.6 million for 80% phased funding to expand the rehabilitation treatment services (RTS) program from 120 to 160 beds. The RTS program provides subacute residential care for seriously mentally ill prisoners who require psychiatric hospitalization.• \$1.5 million for 80% phased funding to expand the crisis stabilization program from 14 to 40 beds.• \$1.2 million for 50% phased funding for two additional residential treatment program (RTP) units at security levels IV (close) and V (maximum). RTP units house seriously mentally ill prisoners who cannot function in the general population but who no longer require psychiatric hospitalization.• \$969,300 for 80% phased funding to establish a 180-bed developmental disabilities unit.	FTEs Gross GF/GP	N/A N/A N/A	14.0 \$8,000,000 \$8,000,000
15. Hepatitis C Testing and Treatment Adds \$4.2 million to meet estimated costs in third year of implementation of new Hepatitis C testing protocols, which are identifying more prisoners in need of and subsequently receiving treatment for Hepatitis C. \$1.7 million was added in FY 2007-08 and \$14.9 added in FY 2008-09. Full impact expected in FY 2009-10; no additional increases anticipated.	Gross GF/GP	N/A N/A	\$4,185,500 \$4,185,500
16. Pharmaceutical Increases Increases funding for pharmaceuticals to meet FY 2007-08 costs; increase includes \$2.4 million for psychotropic medications and \$27,000 for pharmaceutical delivery equipment at two facilities.	Gross GF/GP	N/A N/A	\$3,482,200 \$3,482,200
17. New Managed Care Contract Includes \$1.9 million for increased costs expected under new managed care contract with Prison Health Services, Inc. (PHS) for hospital and specialty care and certain provider services (physicians, physician's assistants, and nurse practitioners). Contract was approved by state administrative board on February 10, 2009; following a transitional period, health care will be provided under the new contract commencing April 1, 2009.	Gross GF/GP	N/A N/A	\$1,896,400 \$1,896,400

<u>Major Budget Changes from FY 2008-09 YTD</u>	<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
18. Health Care Automation	FTEs	N/A
Adds funding for several health care automation initiatives, including: \$1.9 million for an electronic medication administration record system and scanners, \$1.1 million to develop and maintain a prisoner health care data warehouse and automated claims processing, and \$680,300 for additional implementation and support of a new prisoner medical records system.	Gross	N/A
	GF/GP	N/A
		1.0
		\$3,660,300
		\$3,660,300
19. Nursing Staff	FTEs	N/A
Funds additional nursing positions to enable provision of 24/7 nursing coverage at various facilities where it is not currently available.	Gross	N/A
	GF/GP	N/A
		26.0
		\$2,149,400
		\$2,149,400
20. Duane Waters Step-Down Beds	FTEs	N/A
Supports 60 new step-down beds at Egeler's Duane Waters Hospital, to provide sub-acute care for prisoners who otherwise would need off-site hospitalization.	Gross	N/A
	GF/GP	N/A
		16.0
		\$1,118,700
		\$1,118,700
MPRI, FIELD OPERATIONS, AND COMMUNITY PROGRAMS		
21. Michigan Prisoner Re-Entry Initiative (MPRI)	Gross	\$33,173,700
Increases funding for MPRI to support increased numbers of parolees:	Federal	1,035,000
<ul style="list-style-type: none"> \$5.3 million for residential services. \$3.5 million for mentally ill offender re-entry program. \$4.2 million for substance abuse services. \$5.0 million for employment services. \$4.7 million for miscellaneous support services. \$750,000 for sex offender polygraph tests. 	GF/GP	\$32,138,700
As part of a \$20.0 million supplemental request for the current fiscal year, Executive is seeking an additional \$11.2 million for MPRI.		
		\$23,432,000
		0
		\$23,432,000
22. Parole Board and Staff	FTEs	N/A
Funds expansion of parole board from 10 to 15 members, as proposed by EO 2009-5. Total cost of additional five members and 3.0 staff positions is about \$1.0 million, of which \$400,500 is funded through an internal transfer and used to support salaries for additional unclassified positions.	Gross	N/A
	GF/GP	N/A
		8.0
		\$600,000
		\$600,000
23. Global Positioning System (GPS) Tether	FTEs	N/A
Funds additional GPS tether units and associated staff, including 92.0 additional parole agent positions. Includes:	Gross	N/A
<ul style="list-style-type: none"> \$1.5 million for 500 units for paroled sex offenders. \$5.2 million for full-year costs on 800 units added under EO 2008-21. \$10.2 million for 1,500 additional units to support parole increases. 	GF/GP	N/A
As part of \$20.0 million supplemental request for current year, Executive seeks \$7.9 million for 500 additional tether units and associated staff.		
		121.0
		\$16,889,000
		\$16,889,000
24. Parole and Probation Supervision	FTEs	N/A
Funds additional parole and probation agents and associated staff, including: \$3.5 million and 40.0 agents to accommodate workload increases occurring in FY 2007-08 and FY 2008-09, and \$3.8 million and 38.0 agents to support the anticipated increase in paroles in FY 2009-10.	Gross	N/A
	GF/GP	N/A
		84.0
		\$7,299,500
		\$7,299,500
25. Community Corrections Residential Beds	Gross	\$17,075,500
Provides \$1.0 million for community corrections residential program aimed at high-risk, high-need probationers, with the dual goal of reducing crime and the incidence of prison sentences for probation violators. As part of a \$20.0 million supplemental request for current year, Executive seeks an additional \$902,600 for probation residential services.	GF/GP	\$17,075,500
		\$1,000,000
		\$1,000,000

CORRECTIONS

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
26. Absconder Apprehension Program	FTEs	N/A	12.0
In-sources parole absconder apprehension services currently provided under contract with Wayne County Sheriff's Department, for estimated savings of \$1.2 million. Twelve FTEs are added for absconder apprehension in the southeast metro area.	Gross	N/A	(\$1,200,000)
	GF/GP	N/A	(\$1,200,000)
MISCELLANEOUS ADJUSTMENTS AND FUNDING CHANGES			
27. Central Office Reductions	FTEs	N/A	(12.0)
Reduces central office by 5.0 FTEs in Operations Support, 4.0 FTEs in Planning and Community Development, 2.0 FTEs in Field Operations, and 1.0 FTE in Correctional Facilities Administration.	Gross	N/A	(\$1,723,100)
	GF/GP	N/A	(\$1,723,100)
28. Prison Stores	FTEs	N/A	75.0
Restores restricted funding and most of the 90.0 FTEs eliminated under FY 2008-09 budget in anticipation of bidding out prison store operations and centralizing warehouse functions; does not replace \$1.2 million in associated GF/GP savings taken in FY 2008-09. Because prison stores are to continue to operate much as they have been (although with greater centralization and automation), Executive is seeking restoration of the restricted funding that supports storekeeper positions. An analogous supplemental appropriation has been requested for FY 2008-09.	Gross	N/A	\$4,800,000
	Restricted	N/A	4,800,000
29. Prisoner Store Surcharge and Food Service Funding	Gross	N/A	\$0
Uses \$1.8 million GF/GP to replace one-time revenue from temporary 10% surcharge on prisoner store purchases.	Restricted	N/A	(\$1,800,000)
	GF/GP	N/A	\$1,800,000
30. Offender Database Migration	FTEs	N/A	2.0
Supports completion of the project to migrate the offender database from the aging mainframe Corrections Management Information System (CMIS) to the client-server Offender Management Network Information (OMNI) system. Offender identification numbers are expected to exceed six digits and the corresponding capacity of CMIS sometime in 2012.	Gross	N/A	\$1,073,300
	GF/GP	N/A	\$1,073,300
31. Statewide Microsoft Upgrade	Gross	N/A	\$1,457,600
Funds MDOC share of a statewide Executive Branch upgrade from Microsoft Office 2002 to Microsoft Office Professional 2007.	Restricted	N/A	53,500
	GF/GP	N/A	\$1,404,100
32. Economic Adjustments	Gross	N/A	\$35,084,900
Includes economic adjustments of:	IDG/IDT	N/A	14,700
• \$9.4 million gross, \$9.3 million GF/GP for salaries and wages.	Federal	N/A	33,400
• \$6.9 million gross, \$6.7 million GF/GP for insurance.	Local	N/A	2,400
• \$15.4 million gross, \$15.1 million GF/GP for retirement.	Restricted	N/A	444,100
• \$488,500 gross and GF/GP for worker's compensation.	GF/GP	N/A	\$34,590,300
• (\$60,800) for building occupancy charges.			
• \$1.4 million gross and GF/GP for food.			
• \$1.6 million gross and GF/GP for fuel and utilities.			

Major Boilerplate Changes from FY 2008-09

Sec. 207. Privatization Project Plans – DELETED

Requires privatization project plan to be submitted to Legislature at least 90 days before beginning any effort to privatize.

Sec. 207a. Privatization Cost-Benefit Analyses and Criteria – DELETED

Requires cost-benefit analyses and legislative approval prior to privatizing activities provided by state employees; requires savings of at least 5% to be identified.

Major Boilerplate Changes from FY 2008-09

Sec. 219. Prisoner Telephone Calls – DELETED

Specifies that any contract for prisoner telephone services include a condition that fee schedules for prisoner telephone calls be the same as fee schedules for calls placed from outside of correctional facilities.

Sec. 224. Litigation Report – DELETED

Requires a report to alert the Legislature to lawsuits adjudicated through the trial court phase in which proceedings resulted in a decision of \$1.0 million or more against MDOC.

Sec. 225. Displaced Employees – DELETED

Requires MDOC to make every effort to place in other positions employees displaced by any reductions in force. Employees not placed in other positions in MDOC are to be given priority in state programs for job retraining or education.

Sec. 301. Offender Tracking Information System (OTIS) – REVISED

Sets guidelines for retention of felony offender files. Revision eliminates language requiring MDOC to provide, for a fee, information purged from OTIS, and appropriates resulting revenue for OTIS and other IT costs.

Sec. 414. County Jail Reimbursement Program (CJRP) – REVISED

Provides direction for CJRP. Revision narrows reimbursement criteria and establishes a two-tier reimbursement rate schedule based on sentencing guidelines scores. Bars reimbursement for felons convicted of receiving/concealing a stolen motor vehicle, uttering and publishing, identity theft, or an offense in Crime Class F. Replaces current \$43.50 per diem rate with \$40.00 per diem for straddle cell offenders who meet criteria, and \$60.00 per diem for offenders with guidelines scores indicating prison sentences.

Sec. 906. Public Works Program – REVISED

Directs MDOC to establish uniform rate for services provided by prisoners. Revision deletes language expressing legislative intent for public works program to be maintained at the level in effect in FY 2006-07, halving rates in effect in FY 2007-08, and requiring that lists of prisoners available for public works projects be maintained.

Sec. 923. Local School Districts – DELETED

Directs MDOC to cooperate with Department of Education to evaluate feasibility of local school districts providing educational programming to targeted prisoners under age 20.

Sec. 924. Evaluation and Placement of Prisoners with Mental Illness – DELETED

Requires prisoners to be evaluated at intake for certain disorders and serious mental illness, and generally bars administrative segregation for prisoners with serious mental illness.

Sec. 925. Administrative Segregation Report – DELETED

Requires MDOC to report on the numbers of prisoners with serious mental illness or developmental disorders who were placed in administrative segregation and on the duration of their placements.

Sec. 926. Prison Store Surcharges – DELETED

Requires 10% surcharge on the cost of certain goods sold at prison stores and directs the revenues to the state trooper recruit school fund. Expresses legislative intent to apply surcharge for one year only.

**Summary: FY 2009-10 Executive Budget Recommendation
HUMAN SERVICES (Department)**

Analysts: Robert Schneider and Kevin Koorstra

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$2,416,700	\$2,426,600	\$9,900	0.4
Federal	3,313,267,900	3,455,118,700	141,850,800	4.3
Local	46,161,100	41,741,300	(4,419,800)	(9.6)
Private	10,174,700	9,822,200	(352,500)	(3.5)
Restricted	61,589,200	56,845,400	(4,743,800)	(7.7)
GF/GP	1,221,206,200	1,026,500,700	(194,705,500)	(15.9)
Gross	\$4,654,815,800	\$4,592,454,900	(\$62,360,900)	(1.3)
FTEs	10,401.8	11,221.5	819.7	7.9

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food, day care and other emergency needs. The DHS also protects children and assists families by administering foster care, adoption and family preservation programs, and by enforcing child support laws. The DHS is also responsible for delivering juvenile justice services and for licensing day care, adult foster care, and child welfare agencies in the state.

Major Budget Changes from FY 2008-09 YTD

1. Child Welfare Improvements – Staffing Increases

Provides \$78.4 million for 850 new child welfare staff to comply with caseload-to-staffing ratios set in Children's Rights legal settlement: 49 positions in a new Children's Services Administration, 27 second-line child welfare supervisors, 189 first-line child welfare supervisors, 66 administrative support positions, 17 child placing agency monitoring staff, 279 child protective services workers, 87 foster care workers, 62 permanency planning backlog staff, 74 team decision-making facilitators and a new data collection unit. Also includes \$4.0 million for potential services required after a mandated needs assessment, and \$1.4 million for federal monitoring contract.

	Year-to-Date FY 2008-09	Executive Change
FTEs	N/A	850.0
Gross	N/A	\$83,778,600
Federal	N/A	20,475,700
GF/GP	N/A	\$63,302,900

2. Child Welfare Improvements – Private Agency Rate Increases

Provides \$10 daily administrative rate increase for child placing agencies and \$7 per diem increase for residential facilities for to assist with staff increases required under the Children's Rights legal settlement. By October 2010, 80% of private agency foster care workers must have a caseload of no more than 20 children.

Gross	N/A	\$22,403,800
Federal	N/A	5,078,900
Local	N/A	3,654,300
GF/GP	N/A	\$13,670,600

3. SSI Supplementation

Removes \$29.8 million GF/GP for state supplement payments to federal Supplemental Security Income (SSI) recipients. Action would eliminate monthly supplements, which average around \$14, beginning in January 2010 to around 218,400 recipients who live independently. Federal rules currently prohibit states from reducing SSI supplements below certain minimums, so Michigan will seek a federal waiver to implement this change. Reduction will not affect recipients living in institutional settings.

Gross	\$59,480,800	(\$29,776,800)
GF/GP	\$59,480,800	(\$29,776,800)

Major Budget Changes from FY 2008-09 YTD

	<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
4. Elimination of Scheduled FIP and Day Care Rate Increases	Gross	N/A
Eliminates planned increases for Family Independence Program (FIP) cash assistance payments and day care subsidy payments. FY 2008-09 budget included boilerplate appropriating \$5.0 million for a \$2 per person per month FIP payment increase and \$10.0 million for day care provider rate increases; increase was contingent on state's receipt of TANF (Temporary Assistance for Needy Families) contingency funds. TANF funds were received, but they will be reallocated to other budget areas.		N/A
5. State Juvenile Justice Facilities	Gross	\$36,331,500 (\$10,000,000)
Reduces funding for state juvenile justice facilities by \$10.0 million, recognizing the full-year savings from closure of the Adrian Training School in February 2009, and further savings at the W.J. Maxey Training School expected to result from relocation of youth at that facility from the Woodland Center to the Green Oaks Center. Both the Woodland Center and Green Oaks Center will undergo needed renovations funded through MDOC, with MDOC then taking over the Woodland Center to house inmates with special mental health needs.	Local	20,025,500 (5,000,000)
	GF/GP	\$16,306,000 (\$5,000,000)
6. TANF Carryforward and Contingency Fund Revenue	Gross	N/A \$0
Assumes continued receipt of federal TANF contingency fund revenue and uses \$158.4 million in additional available TANF to offset GF/GP. Of the savings, \$43.5 million is redirected to fund child welfare system enhancements (see #1 and #2). Michigan drew \$155 million in contingency fund revenue in FY 2007-08 and anticipates an equivalent amount for FY 2008-09. Federal contingency funding is available to needy states with high unemployment and/or food stamp caseloads. New revenue, which requires identifying additional state maintenance of effort and matching funds, allowed Michigan to generate a \$151 million TANF balance to carry into FY 2008-09, which is projected to grow to \$210 million by the close of FY 2008-09.	TANF	N/A 158,384,000
	GF/GP	N/A (\$158,384,000)
7. TANF Funding – Family Preservation Program Reductions	Gross	\$61,927,200 (\$10,608,800)
Reduces overall funding for family preservation and prevention programs designed to serve at-risk families and prevent out-of-home child placements. Eliminates Zero-to-Three Secondary Prevention program (\$3.8 million), and reduces allocations for Family Group Decision Making services (\$2.5 million) and Community Protection and Permanency funding (\$4.0 million), along with related administrative costs. Resulting TANF savings are redirected to the FIP, to generate GF/GP savings.	Federal	61,927,200 (10,608,800)
8. TANF Funding – Program Eliminations	Gross	\$13,016,800 (\$13,016,800)
Eliminates TANF allocations for Marriage and Fatherhood Initiatives (\$4.2 million), Before- and After-School programs (\$5.0 million), and the Teenage Parent Counseling program (\$3.8 million). Resulting TANF savings are redirected to the FIP, to generate GF/GP savings.	Local	12,991,300 (12,991,300)
	GF/GP	\$25,500 (\$25,500)
9. TANF Funding – Other Program Reductions	Gross	\$4,403,300 (\$4,403,300)
Reduces TANF allocations to community action agencies through the Community Services Block Grant (CSBG) program by \$2.6 million; eliminates a \$1.8 million TANF allocation to support \$50 quarterly work incentive payments to FIP program recipients; and eliminates a \$25,000 grant to the Michigan After-School Partnership. TANF savings are redirected to the FIP to generate GF/GP savings.	Federal	4,403,300 (4,403,300)

HUMAN SERVICES (DEPARTMENT)

<u>Major Budget Changes from FY 2008-09 YTD</u>	<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
10. Public Assistance Caseloads	Gross \$802,530,400	\$36,027,500
Increases funding for state public assistance programs by \$36.0 million. Largest increase (\$46.5 million) is provided for FIP, which provides cash assistance to families with children. State Budget Office estimates FIP caseload will grow by 8,980 cases(to 74,905). Increase financed with TANF carryforward revenue from receipt of TANF contingency funds (see #6). FIP increase partially offset by lower expected caseloads for day care services, with subsidies to providers serving low-income households projected to fall by \$10.8 million, and caseload dropping by 1,500 to 48,500 cases in FY 2009-10.	Federal 364,097,800	46,486,400
	Restricted 49,663,700	0
	GF/GP \$388,768,900	(\$10,458,900)
11. Child Welfare Caseloads	Gross \$656,852,800	(\$4,511,800)
Reduces overall appropriations for child welfare program caseloads by \$4.5 million. State Budget Office projects a \$26.8 million decline in foster care payments, with caseload falling by 1,259 cases to 9,145. Offsetting caseload increases are expected for child care fund reimbursements to counties (\$16.2 million) and adoption subsidies (\$6.1 million, with caseload increasing by 729 to 28,335).	Federal 332,213,900	(11,310,700)
	Local 22,304,200	(4,117,900)
	Private 2,650,000	0
	GF/GP \$299,684,700	\$10,916,800
12. Adoption Support Services	Gross \$17,797,600	\$7,200,000
Increases funding for private adoption agencies to reflect DHS intent to use only private agencies for adoption casework. Current on-board DHS adoption workers will be redirected to foster care, children's protective services, or other child welfare programs.	Federal 7,294,400	1,985,800
	GF/GP \$10,503,200	\$5,214,200
13. Day Care Quality Assurance	FTEs N/A	2.0
Adds two positions to the day care quality assurance initiative to expand the review process of time and attendance records of day care aides and relative care providers. Annual GF/GP savings in day care subsidies minus staffing costs is assumed to be \$10.0 million.	Gross N/A	(\$9,961,600)
	Federal N/A	38,400
	GF/GP N/A	(\$10,000,000)
14. Indigent Burial Program	Gross \$5,909,300	(\$1,700,000)
Reduces indigent burial rates described in Section 613 of budget boilerplate back to the levels established in administrative rules. The maximum reimbursement level per burial is reduced from \$909 to \$700; rates fall to \$455 from \$579 for funeral directors, \$145 from \$192 for cemeteries or crematoriums, and \$100 from \$138 for vault providers.	Federal 430,900	0
	GF/GP \$5,478,400	(\$1,700,000)
15. Legal Support Contracts	Gross \$139,753,600	(\$1,000,000)
Eliminates funding for state supplements for local friend of the court operations, as described in Sections 905 and 906 of budget boilerplate. The state funding was used to help local friend of the courts to draw down additional federal revenue for child support enforcement activities.	Federal 136,115,200	0
	Restricted 2,025,000	0
	GF/GP \$1,613,400	(\$1,000,000)
16. Other Program Eliminations and Reductions	Gross \$2,276,500	(\$2,276,500)
Eliminates earmarks for: Youthville Detroit (\$100,000), Kent County Child Welfare Demonstration Project (\$300,000), Community in Schools (\$200,000), Bridges Toward Responsible Adulthood (\$1.0 million), Black Child and Family Institute (\$100,000), Boys and Girls Club (\$250,000), Camp O'Malley (\$126,500). and administrative funds for ECIC (\$200,000).	Federal 800,000	(800,000)
	GF/GP \$1,476,500	(\$1,476,500)
17. "Bridges" Integration Project Development	Gross N/A	(\$17,293,400)
Removes \$17.3 million due to completed "Bridges" IT integration project. Transfers \$2.5 million to other line items to support ongoing maintenance costs related to the new system. The "Bridges" initiative has integrated the various eligibility and payment determination functions for public assistance programs into a single computer system.	Federal N/A	(5,158,300)
	GF/GP N/A	(\$12,135,100)

Major Budget Changes from FY 2008-09 YTD

	<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
18. Federal Title IV-E Fund Shift	Gross	N/A
Increases anticipated federal Title IV-E funding as DHS works to maximize federal earnings in both foster care (\$6.0 million) and adoption subsidies (\$2.0 million). GF/GP savings will be redirected to help fund the child welfare improvements.	Federal	8,000,000
	GF/GP	(\$8,000,000)
19. Medicaid Match Rate Adjustments	Gross	N/A
Shifts \$24.4 million GF/GP to federal funding as a result of projected adjustments to the Federal Medical Assistance Percentage (FMAP) rate. This rate is used to determine federal cost sharing rates within several DHS programs, including foster care, adoption subsidies, and day care. Around \$8.2 million of this shift is attributable to the increase in the FY 2009-10 FMAP rate from 60.27% to 63.19%. Another \$16.2 million is assumed from a further increase in the federal stimulus package.	Federal	26,921,400
	Restricted	(2,535,400)
	GF/GP	(\$24,386,000)
20. Economic Adjustments	Gross	N/A
Increases funding by \$23.6 million to cover the cost of a 1% salary and wage increase for state employees, as well as adjustments for retirement and worker's compensation costs, a 3.2% increase in insurance costs, and 3% inflationary increases for the cost of food, fuel oil, and utilities within the state juvenile justice system.	IDG	9,900
	Federal	14,565,400
	Local	356,300
	Private	85,000
	Restricted	51,200
	GF/GP	\$8,497,400

Major Boilerplate Changes from FY 2008-09

GENERAL SECTIONS

Sec. 205. Hiring Freeze – DELETED

Specifies details of a hiring freeze on state classified civil service employees, provides exceptions to the hiring freeze only with State Budget Director's approval, and requires a quarterly report on the number of exceptions.

Sec. 295. Incorporating LEIN Into BRIDGES – DELETED

States legislative intent to have LEIN incorporated into the BRIDGES system by FY 2009-10.

EXECUTIVE OPERATIONS

Sec. 306. Michigan State University (MSU) Kinship Care Resource Center – DELETED

Appropriates \$200,000 TANF for the MSU Kinship Care Resource Center administered by the School of Social Work. The center provides services to kinship care families where children are cared for by a relative.

Sec. 308. University of Detroit Mercy Legal Services – DELETED

Allocates \$200,000 to University of Detroit Mercy to support mobile legal services office in providing assistance to disabled veterans who are seeking eligibility under the federal SSI program.

ADULT AND FAMILY SERVICES

Sec. 420. Welfare to Career Innovation Grants – DELETED

Allows for allocation of \$40,000 TANF to replicate the Kent County and Cascade Engineering Welfare to Career hiring and training program in other counties.

Sec. 423. Crisis Prevention and Food Assistance Outreach Programs – DELETED

Allocates funds for crisis prevention and senior food aid projects. FY 2008-09 revision increased allocation for Michigan Coordinated Access to Food for the Elderly (MiCAFE) program from \$70,000 to \$100,000.

Sec. 424. Family Formation Programs – DELETED

Allows DHS to use \$200,000 TANF for family formation program operated by Child and Family Resource Council in Kent County.

HUMAN SERVICES (DEPARTMENT)

Major Boilerplate Changes from FY 2008-09

CHILD AND FAMILY SERVICES

Sec. 513. Child Placements in Out-of-State Facilities – REVISED

Restricts placement of children in out-of-state facilities unless specified criteria are met. Revision allows out-of-state placement if there is documentation that no appropriate in-state facility is available. Also eliminates an audit requirement for out-of-state placements by Auditor General.

Sec. 515. Performance-Based Managed Care Approach to Foster Care – REVISED

Directs DHS to use performance-based models for foster care services with agencies. Revision modifies language to clarify performance-based contracts are to be used for all foster care services. Links contract goals to Children's Rights settlement and federal Child and Family Services review goals.

Sec. 546. Foster Care Rates – DELETED

Establishes a blended administrative rate of \$27.00 per day for private child placing agencies under contract with DHS. Requires reporting on the per diem costs of foster care services delivered by DHS.

Sec. 547. Rate Increase for Independent Living Services – DELETED

Provides 4% rate increase for private providers of independent living services over the FY 2007-08 daily rate.

Sec. 562. Title IV-E Claims for Placements in Secure Facilities – DELETED

Requires DHS to submit Title IV-E claims and allow counties to submit claims for placements in secure residential facilities when such placements are made for a diagnosed medical necessity and not public protection.

Sec. 565. Family Preservation Funding for Wayne County – DELETED

Allocates \$2.0 million of family preservation funding to Wayne County to support home-based programs as part of county expansion of community-based services for delinquent and abused/neglected youth.

Sec. 566. Direct Foster Care Services – DELETED

Stipulates preferences for direct foster care services. States legislative intent that DHS explore modifying current restrictions on contracts with for-profit child placing agencies or agencies using a for-profit management group unless agency was licensed on or before August 1, 2007, or management group relationship existed before August 1, 2007.

Sec. 570. Subsidized Guardianship Program – REVISED

Establishes guidelines for the program, including reporting on the program and recommended modifications. Revision eliminates certain stipulations on the use of funds that were included in FY 2008-09 enacted budget.

Sec. 573. Special Needs Adoption Contracts – DELETED

Appropriates \$1.2 million for new adoption contracts focusing on long-term permanent wards. Private agencies would receive \$16,000 for each finalized placement.

Sec. 579. Youth in Transition Allocation to Wayne County – DELETED

Earmarks \$250,000 in Youth in Transition funding to Wayne County for services to delinquent state wards.

Sec. 584. Adoption Subsidy 4% Rate Increase for Specialized Services – DELETED

Appropriates \$410,000 for a 4% increase in per diem rates paid to residential facilities that serve adopted youth under the medical subsidy program.

PUBLIC ASSISTANCE

Sec. 613. Indigent Burial Rates and Pilot Project – REVISED

Stipulates use of funds for indigent burial. Restores maximum payments to funeral providers for indigent burials levels in administrative rules: \$455 for funeral directors, \$145 for cemeteries and crematoriums, and \$100 for vault providers.

Sec. 693. Family Independence Program Work Incentive – DELETED

Appropriates \$1.8 million to Michigan Works! agencies to provide \$50 to each FIP recipient meeting federal employment requirements for three successive months. Each FIP recipient is eligible for the benefit up to four times a year; recipient could also elect to receive an additional \$25 to be placed in an Individual Development Account on his or her behalf.

Major Boilerplate Changes from FY 2008-09

JUVENILE JUSTICE SERVICES

Sec. 726. Residential Provider Contracts and Rates – DELETED

Provides direction on contracts with for-profit residential facilities. Clarifies that DHS shall not maintain contracts with for-profit providers or providers using for-profit management organizations unless the provider was licensed by DHS on or before August 1, 2007, and any relationship with a for-profit management organization existed before August 1, 2007. Language also establishes floor funding of \$130 per day for these providers.

Sec. 730. Juvenile Justice Per Diem Rates – DELETED

Requires DHS to review and adjust per diem rates to private providers of juvenile justice services in recognition of added complex services.

LOCAL OFFICE STAFF AND OPERATIONS

Sec. 755. Title IV-E Eligibility Specialists – DELETED

Allocates \$8.15 million for up to 200 new Title IV-E Eligibility Specialist positions in local DHS offices aimed at increasing percentage of Title IV-E eligible placements.

CHILD SUPPORT ENFORCEMENT

Sec. 904. Prohibition Against Charge-Back to Counties for Services – DELETED

Prohibits DHS from charging back to counties any fees paid to Internal Revenue Service or Department of Treasury related to tax intercept and offset programs for child support enforcement.

**FY 2009-10
Budget Detail
for
RESOURCE PROTECTION**

**Agriculture
Environmental Quality
Natural Resources**

**Summary: FY 2009-10 Executive Budget Recommendation
AGRICULTURE**

Analyst: William E. Hamilton

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$9,539,200	\$435,700	(\$9,103,500)	(95.4)
Federal	16,121,900	14,231,100	(1,890,800)	(11.7)
Local	0	0	0	0.0
Private	237,200	243,200	6,000	2.5
Restricted	46,955,800	34,602,800	(12,353,000)	(26.3)
GF/GP	32,001,200	33,987,100	1,985,900	6.2
Gross	\$104,855,300	\$83,499,900	(\$21,355,400)	(20.4)
FTEs	600.5	597.5	(3.0)	(0.5)

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of Agriculture promotes Michigan agricultural products; protects the public from disease and unsanitary conditions in food production and handling; regulates product labeling and producer practices for dairy products, animals, and plants; and enforces consumer protection laws regarding food, standard weights/measures, animal health, and plant pests and diseases.

Major Budget Changes from FY 2008-09 YTD	Year-to-Date FY 2008-09	Executive Change
1. Commissions and Boards	Gross \$32,800	(\$9,000)
Appropriates \$23,800; eliminates use of Upper Peninsula State Fair revenue as a fund source.	Restricted 17,800	(9,000)
	GF/GP \$15,000	\$0
	FTEs 6.0	0.0
2. Unclassified Positions	Gross \$354,000	\$0
Replaces \$160,500 State Services Fee Fund (SSFF) revenue with \$90,000 from the Agriculture Equine Industry Development Fund (AEIDF) and \$70,500 GF/GP.	Restricted 160,500	(70,500)
	GF/GP \$193,500	\$70,500
	FTEs 10.0	0.0
3. Executive Direction	Gross \$922,600	\$63,200
Reflects economic increase of \$63,200; replaces \$73,800 SSFF revenue with GF/GP.	Restricted 108,000	(71,500)
	GF/GP \$814,600	\$134,700
	FTEs 24.0	0.0
4. Management Services	Gross \$1,725,800	\$89,400
Reflects economic increase of \$144,100, replaces \$24,900 SSFF revenue with GF/GP.	Restricted 136,500	(70,200)
	GF/GP \$1,589,300	\$159,600
	FTEs 2.5	4.0
5. Emergency Management	Gross \$243,300	\$503,800
Reflects economic increase of \$3,800; recognizes \$500,000 new federal grant and 4.0 related FTEs; replaces \$243,300 SSFF revenue with GF/GP.	Federal 0	500,000
	Restricted 243,300	(243,300)
	GF/GP \$0	\$247,100
	FTEs	
6. Internal Audit Services	Gross \$263,700	(\$263,700)
Reflects transfer of internal audit functions to DMB/State Budget Office in 2009. Executive transfers funding to the DMB budget in FY 2009-10.	GF/GP \$263,700	(\$263,700)

Major Budget Changes from FY 2008-09 YTD		Year-to-Date FY 2008-09	Executive Change
7. Departmentwide – Rent and Building Occupancy	Gross	\$1,231,500	(\$371,200)
Reduces baseline by \$280,000 GF/GP after EO 2008-21 reduced current-year GF/GP by \$240,000. Baseline reductions are absorbed by other Department program areas—anticipated reduction in building occupancy costs is \$91,200. Replaces \$313,500 SSFF revenue with \$53,400 AEIDF and \$259,800 GF/GP.	Federal	185,400	(32,000)
	Restricted	532,900	(265,200)
	GF/GP	\$513,200	(\$74,000)
8. Food and Dairy – Food Safety and Quality Assurance	FTEs	115.0	0.0
Reflects economic increases of \$213,700 (\$155,300 GF/GP) and anticipated additional federal grant revenue. Executive proposes offsetting \$700,000 reduction in GF/GP support with milk inspection fee revenue from a proposed alternative inspection fee.	Gross	\$12,598,000	\$268,700
	Federal	407,400	63,100
	Restricted	2,988,800	750,300
	GF/GP	\$9,201,800	(\$544,700)
9. Food and Dairy – Local Public Health Program	Gross	\$8,878,700	(\$8,878,700)
Eliminates the line and related funding; currently, this is a placeholder which recognizes Department's role in local public health department food service inspection program. Line elimination will not affect Department's oversight or local public health agencies' food service inspection programs funded through DCH.	IDG	8,878,700	(8,878,700)
10. Animal Industry – Animal Health and Disease Response	FTEs	70.0	0.0
Rolls Animal Health and Welfare and Bovine Tuberculosis lines into a single Animal Health and Disease Response line (2008-09 YTD column combines the two lines for comparison). Recognizes economic increases of \$331,700 (\$294,500 GF/GP); elimination of \$75,000 cervid fee revenue, and replacement of \$712,000 AEIDF revenue with GF/GP.	Gross	\$9,807,400	\$256,700
	Federal	1,215,100	36,100
	Restricted	893,900	(785,900)
	GF/GP	\$7,698,400	\$1,006,500
11. Pesticide and Plant Pest Management (PPPM)	FTEs	110.0	0.0
Reflects economic increase of \$200,700 (\$72,400 GF/GP); recognizes anticipated increase in federal grant revenue \$25,000. Retains \$100,000 GF/GP baseline reduction in EO 2008-21; includes an additional \$33,400 GF/GP baseline reduction to annualize the current-year reduction.	Gross	\$12,173,000	\$192,300
	Federal	2,447,700	101,900
	Private	148,000	4,600
	Restricted	5,165,100	46,700
	GF/GP	\$4,412,200	\$39,100
12. Emerald Ash Borer Program	FTEs	24.5	0.0
Reflects continuing reduction in federal support for this program; appropriation had been as much as \$25.0 million in FYs 2003-04 and 2004-05.	Gross	\$5,191,400	(\$2,157,200)
	Federal	5,191,400	(2,157,200)
13. Environmental Stewardship	FTEs	27.0	0.0
Reflects economic adjustments of \$35,400 (\$31,300 GF/GP). Retains \$100,000 GF/GP baseline reduction in EO 2008-21; takes an additional \$33,200 GF/GP baseline reduction to annualize. Reduces IDG funding to reflect actual anticipated IDG support.	Gross	\$2,711,500	(\$368,200)
	IDG	268,600	(174,800)
	Federal	231,500	(192,000)
	Restricted	49,800	600
	GF/GP	\$2,161,600	(\$2,000)
14. Groundwater/Freshwater Protection Program	FTEs	15.0	0.0
Reflects economic adjustments of \$35,400 (\$31,300 GF/GP). Retains \$100,000 GF/GP baseline reduction in EO 2008-21; includes an additional \$33,200 GF/GP reduction to annualize. Reduces IDG to reflect actual anticipated support. Restricted revenue from Freshwater protection fund.	Gross	\$5,472,500	(\$217,400)
	Federal	467,800	(252,300)
	Restricted	5,004,700	34,900
15. Technical Assistance Match	Gross	\$252,600	(\$15,800)
Provides funds to support technicians working out of local conservation districts who assist farmers and landowners in completing federally-funded Natural Resources Conservation Service contracts. Retains \$47,000 GF/GP current year baseline reduction in EO 2008-21; includes an additional \$15,800 GF/GP baseline reduction to annualize.	GF/GP	\$252,600	(\$15,800)

AGRICULTURE

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>	
16. Local Conservation Districts		Gross	\$916,800	(\$458,400)
Reduces state support by 50%.		GF/GP	\$916,800	(\$458,400)
17. Aquifer Protection Program		Gross	\$50,000	(\$50,000)
Eliminates IDG grant from the DEQ.		IDG	50,000	(50,000)
18. Water Withdrawal Assessment Program		Gross	\$130,000	(\$130,000)
Eliminates this line item, which was new in the current-year budget.		GF/GP	\$130,000	(\$130,000)
19. Laboratory Services		FTEs	63.0	0.0
Reflects economic adjustments of \$101,300 (\$47,100 GF/GP). Replaces \$519,700 SSFF revenue with AEIDF.		Gross	\$6,318,800	\$101,300
		IDG	189,100	0
		Federal	916,200	0
		Restricted	2,276,400	54,200
		GF/GP	\$2,937,100	\$47,100
20. Consumer Protection Program		FTEs	51.0	0.0
Supports economic adjustments for motor fuel quality, weights and measures, and metrology laboratory. Restricted funds from gasoline inspection/testing fees, Refined Petroleum Fund, and weights/measures regulatory fees.		Gross	\$5,135,200	\$102,200
		Restricted	5,134,800	102,100
		GF/GP	\$400	\$100
21. Agriculture Development		FTEs	6.0	0.0
Reflects economic adjustments of \$15,900 (\$7,900 GF/GP). Replaces \$350,700 SSFF revenue with GF/GP.		Gross	\$1,072,000	\$15,900
		Private	10,800	100
		Federal	275,200	4,100
		Restricted	606,400	(346,900)
		GF/GP	\$179,600	\$358,600
22. Michigan Agricultural Surplus System (Food Bank)		Gross	\$630,500	\$0
Retains current-year funding and fund sources.		IDG	150,000	0
		GF/GP	\$480,500	\$0
23. Upper Peninsula State Fair		FTEs	6.0	(6.0)
Eliminates appropriation for Upper Peninsula State Fair pursuant to EO 2009-4 which abolishes the Upper Peninsula State Fair.		Gross	\$1,372,600	(\$1,372,600)
		Restricted	1,372,600	(1,372,600)
24. Horse Racing and Producer Security		FTEs	9.5	0.0
Replaces current-year funding of \$1.0 million SSFF revenue with \$711,100 AEIDF and \$300,000 GF/GP. Reflects economic adjustments of \$40,700.		Gross	\$1,154,600	(\$40,700)
		Restricted	1,154,600	(368,100)
		GF/GP	\$0	\$327,400
25. Premiums – County and State Fairs		Gross	\$1,614,000	(\$1,614,000)
Eliminates state support for fair awards and premiums—funded entirely from SSFF revenue in current-year budget.		Restricted	1,614,000	(1,614,000)
26. Horse Industry Programs		Gross	\$10,160,300	(\$7,089,000)
Reflects anticipated reduction/redirection of AEIDF to replace SSFF:		Restricted	10,160,300	(7,089,000)
	<u>FY 09</u>	<u>FY 10</u>		
Purses & supplements-fairs/licensed tracks	2,370,000	716,400		
Licensed tracks - light horse racing	132,000	39,900		
Standardbred (SB) breeders' awards	989,000	292,900		
SB purses/supplements-licensed tracks	1,789,300	540,900		
SB sire stakes	810,000	244,800		
Thoroughbred sire stakes	830,000	250,900		
SB training and stabling	36,000	10,900		
Thoroughbred program	2,400,000	725,500		
Thoroughbred owners' awards	124,000	37,500		
Distribution of outstanding winning tickets	<u>700,000</u>	<u>211,600</u>		
Total	\$10,160,300	\$3,071,300		

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
27. Office of Racing Commissioner	FTEs	30.0	0.0
Recognizes economic increases of \$81,400, and \$392,400 baseline reduction. Line funded entirely from SSFF revenue in current year; Executive shifts funding from SSFF to AEIDF.	Gross	\$3,811,000	(\$311,000)
	Restricted	3,811,000	(311,000)
28. Information Technology	Gross	\$1,525,000	\$193,900
Recognizes economic increases of \$38,800; eliminates Upper Peninsula State Fair revenue as fund source (\$900); recognizes costs of Microsoft upgrades, \$86,200; and One-stop permit portal, \$74,900. Replaces \$1.1 million SSFF revenue with GF/GP.	IDG	2,800	0
	Restricted	1,296,700	(887,200)
	GF/GP	\$225,500	\$1,081,100
29. Capital Outlay–Farmland/Open Space Development Acquisition	Gross	\$3,750,000	\$0
Retains current-year funding and fund sources. Restricted funds are from Agriculture Preservation Fund.	Federal	1,250,000	0
	Restricted	2,500,000	\$0
30. Economics	Gross	N/A	\$1,418,400
Recognizes \$1.4 million (net) for economic increases: \$1,5 million for employee economics; \$38,800 for information technology; and a \$91,200 reduction in building occupancy charges.	IDG	N/A	1,300
	Federal	N/A	166,700
	Private	N/A	6,000
	Restricted	N/A	492,700
	GF/GP	N/A	\$751,700

Major Boilerplate Changes from FY 2008-09

Sec. 212. Indemnification Payments – REVISED

Allows Department to provide for indemnity pursuant to the Animal Industry Act. Revision removes subsection (2) which authorizes Department to indemnify for livestock killed by wolves, coyotes, or cougars and to expend funds received from Department of Natural Resources.

Sec. 228. Contingency Appropriations

Includes contingency appropriations of \$5.0 million federal, \$6.0 million state restricted, and \$100,000 each local and private.

Sec. 458. Aquaculture and Viral Hemorrhagic Septicemia (VHS) Eradication Programs – DELETED

Requires Department support for inspection and testing of aquaculture facilities; states legislative intent with regard to VHS surveillance program.

Sec. 460. Agriculture Equine Fund Prorated Reductions

Requires that Department make proportionate reductions in all appropriations from the AEIDF if revenue falls.

Sec. 604. Local Soil Conservation Districts – REVISED

Sets limit of \$11,605 per local conservation district.

Sec. 902. Thoroughbred Program Escrow – DELETED

Provides for escrowing of funds for thoroughbred program.

Sec. 903. Audit of Licensed Tracks – DELETED

Requires Office of Racing Commissioner to perform audits.

**Summary: FY 2009-10 Executive Budget Recommendation
ENVIRONMENTAL QUALITY**

Analyst: Kirk Lindquist

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$18,890,200	\$7,433,600	(\$11,456,600)	(60.6)
Federal	130,636,100	129,349,300	(1,286,800)	(1.0)
Local	0	0	0	0
Private	455,700	658,900	203,200	44.6
Restricted	169,309,900	170,732,300	1,422,400	0.8
GF/GP	43,744,800	33,127,900	(10,616,900)	(24.3)
Gross	\$363,036,700	\$341,302,000	(\$21,734,700)	(6.0)
FTEs	1,526.7	1,480.7	(46.0)	(3.0)

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of Environmental Quality (DEQ) supports environmental protection, conservation, and cleanup and redevelopment programs and regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources. More than half of DEQ's annual revenue is collected from permits and licenses.

Major Budget Changes from FY 2008-09 YTD

		Year-to-Date FY 2008-09	Executive Change
1. Wetlands Regulatory Program	FTE	30.0	(30.0)
Terminates program at the end of FY 2008-09 on passage of implementing legislation: \$2.5 million Field Permitting, \$0.7 million Water Management, \$0.7 million Great Lakes Shorelands, \$0.1 million IT. Responsibility would be assumed by U.S. Corps of Engineers.	Gross	\$4,000,000	(\$4,000,000)
	Restricted	1,900,000	(1,900,000)
	GF/GP	\$2,100,000	(\$2,100,000)
2. Contaminated Site Cleanup Program	Gross	\$22,973,700	\$0
Appropriates Environmental Response Fund revenue collected from a 2008 settlement for site clean up and remediation. Reduces funding from the Cleanup Redevelopment Fund by \$6.0 million.	Private	155,700	0
	Restricted	20,788,500	0
	GF/GP	\$2,029,500	\$0
3. Environmental Protection Fund Funding Shifts	Gross	\$22,973,700	\$0
Replaces GF/GP restricted funds. Boilerplate moves \$1.0 million from Cleanup and Redevelopment Trust Fund, and \$1.0 million from the Community Pollution Prevention Fund to Environmental Protection Fund.	Private	155,700	0
	Restricted	20,788,500	2,000,000
	GF/GP	\$2,029,500	(\$2,000,000)
4. Waste and Hazardous Materials Funding Shifts	Gross	\$18,768,900	\$0
Replaces GF/GP for the above ground storage tank and underground storage tank programs with Refined Petroleum Fund (\$1.4 million), and the Solid Waste Management Fund staff account (\$500,300).	Federal	4,027,500	0
	Restricted	10,588,900	1,900,300
	GF/GP	\$4,152,500	(\$1,900,300)
5. Drinking Water Revolving Fund Match	Gross	\$85,139,200	(\$2,062,500)
Reduces funding for Drinking Water Revolving Fund.	Federal	71,543,000	0
	Restricted	11,400,000	0
	GF/GP	2,196,200	(\$2,062,500)
6. Air Quality – Asbestos and Technical Assistance/Outreach	FTE	236.5	(3.0)
Eliminates technical assistance program for asbestos remediation.	Gross	\$25,962,000	(\$998,000)
	Federal	6,201,100	0
	Restricted	12,334,200	(100,000)
	GF/GP	\$7,426,700	(\$898,000)

ENVIRONMENTAL QUALITY

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
7. Pollution Prevention Workshops	FTE	48.0	(5.0)
Eliminates compliance assistance workshop programs.	Gross	\$4,992,600	(\$897,100)
	Federal	507,400	0
	Restricted	3,575,000	0
	GF/GP	\$910,200	(\$897,100)
8. On-Site Wastewater Program	Gross	\$16,176,600	(\$600,000)
Eliminates program.	Federal	11,788,500	0
	Restricted	1,386,300	0
	GF/GP	\$3,001,800	(\$600,000)
9. Oil and Gas Regulatory Fund Funding Shifts	Gross	\$780,000	\$0
Replaces inspection fee revenue for various Office of Geological Survey programs with oil and gas permit fee revenue, reflecting reassignment of program staff to permit inspections and regulatory support (\$780,000).	Restricted	780,000	0
10. Aquifer Protection Program	Gross	\$400,000	(\$400,000)
Eliminates program; revenue was insufficient to support program.	Restricted	400,000	(400,000)
11. Retired Engineers Technical Assistance Program	Gross	\$1,474,300	(\$1,474,300)
Transfers program to DELEG.	Restricted	1,474,300	(1,474,300)
12. Southeast Michigan Diesel Emissions Reduction Grant	Gross	N/A	\$500,000
Provides grant funding for Wayne County diesel emissions reduction projects, including busses operated by Detroit Public Schools; matching funds provided by Marathon Oil Company.	Federal	N/A	200,000
	Private	N/A	300,000
13. Radiological Protection	Gross	\$200,000	(\$200,000)
Eliminates program. Michigan will not become an "agreement" state under U.S. Nuclear Regulatory Commission authority by the 2009 deadline.	GF/GP	\$200,000	(\$200,000)
14. Air Quality Fees– Renewable Operating Permit Program	Gross	N/A	\$130,000
Increases restricted fee revenue to continue the current-year GF/GP offset related to EO 2008-21.	Restricted	N/A	130,000
15. Economic Adjustments	Gross	N/A	\$2,957,300
Provides an adjustment to cover the cost of the 1% salary increase for FY 2009-10.	IDG	N/A	104,800
	Federal	N/A	607,000
	Private	N/A	3,200
	Restricted	N/A	1,613,900
	GF/GP	N/A	\$628,400

Major Boilerplate Changes from FY 2008-09

Sec. 206. Reports on Internet – DELETED

Requires reports to be put on the Internet.

Sec. 207. Report Retention – DELETED

Requires that copies of all reports funded through this act be received and provided for public use, following state and federal guidelines.

Sec. 208. Restricted Fund Revenue, Expenditures, and Fund Balances – DELETED

Requires report on fund revenue, spending, and estimated year-end balance for each restricted fund appropriated in the act.

Sec. 209. Department Grant and Loan Programs – DELETED

Requires report with description of available grant and loan programs, criteria for awards, and list of recipients.

ENVIRONMENTAL QUALITY

Major Boilerplate Changes from FY 2008-09

Sec. 210. Consolidated Report on Environmental Cleanup Projects – DELETED

Requires status report on approved cleanup projects funded through environmental cleanup and redevelopment program, state cleanup, emergency actions, superfund cleanup, revitalization revolving loan program, Brownfield grants and loans, leaking underground storage tank cleanup program, contaminated lake and river cleanup program, and environmental protection bond projects.

Sec. 211. Appropriations for Environmental Cleanup Projects – DELETED

Re-appropriates unspent Cleanup and Redevelopment Fund, Leaking Underground Storage Tank Fund, Bottle Deposits Fund, and Clean Michigan Initiative bond response activities funding for expenditure for any site listed in an appropriation act.

Sec. 212. Michigan Youth Conservation Council – DELETED

Includes environmental education appropriation of \$5,000 for MSU Extension Service 4-H programs for the Michigan Youth Conservation Council.

Sec. 219. Restricted Fund Allocation Plan for Administrative Units – DELETED

Requires DEQ to develop cost allocation plan for DEQ administrative units, including IT.

Sec. 220. Prohibition of Disciplinary Actions For Legislative Contacts – DELETED

Provides that state employees who communicate with the Michigan Legislature shall not be disciplined.

Sec. 221. Criminal and Civil Fine Revenue – DELETED

Requires report of criminal and civil fine revenue collected during FY 2007-08.

Sec. 223. Rule Promulgation – DELETED

Requires a report on any policy changes made to implement a public act; DEQ is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact.

Sec. 224. Legal Services – DELETED

Denies permission for DEQ to hire attorney to provide legal services provided by the Attorney General.

Sec. 226. Out-of-State State Employee Training – DELETED

Stipulates that only one state employee may participate in training seminars or professional development conference, unless paid by non-state funds or multiple issues outside of a participants area of expertise are addressed.

Sec. 227. Obsolete Database Systems – DELETED

Requires a plan and cost estimate to replace obsolete or failing computer or database systems.

Sec. 228. Expenditure Reports: FY 2008-09 – DELETED

Requires a report of DEQ expenditures in a publicly accessible internet site including the purpose for which the expenditures were made, if funding is available.

Sec. 229. Freedom of Information Requests – DELETED

Requires semiannual reports on freedom of information requests presented to DEQ.

Sec. 230. Muskrat Lake Water Levels – DELETED

Requires the issuance of permits to construct a lake level control structure on Muskrat Lake in Clinton County.

Sec. 402. Bond Fund Report – DELETED

Requires report of amount/disposition of bond funds and descriptions of activities supported from bond revenue.

Sec. 501. WMU Geologic Core Research Laboratory – DELETED

States legislative intent that the Office of Geological Survey work with Western Michigan University to maintain the Michigan basin core research laboratory and to collaborate on other cooperative projects.

Sec. 702. Peer-Reviewed Site Cleanup Criteria – DELETED

Directs DEQ to include cleanup criteria in remedial action plans derived from peer-reviewed risk assessments.

Sec. 702. Cleanup and Redevelopment Trust Fund – NEW

Transfers \$1.0 million from the Cleanup and Redevelopment Trust Fund to the Environmental Protection Fund.

Major Boilerplate Changes from FY 2008-09

Sec. 703. Refined Petroleum Cleanup Site List – DELETED

Lists cleanup projects funded through the refined petroleum cleanup program.

Sec. 703. Community Pollution Prevention Fund – NEW

Transfers \$1.0 million from the Community Pollution Prevention Fund to the Environmental Protection Fund.

Sec. 704. Refined Petroleum Fund – DELETED

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

Sec. 704. Solid Waste Management Fund – NEW

Transfers \$500,000 from the Solid Waste Management Fund to the Solid Waste Management Fund Staff Account.

Sec. 705. Administrative Rules Advisory Workgroup – DELETED

Establishes a workgroup on use of administrative rules and operational memoranda in the leaking underground storage tank program.

Sec. 706. Operational Memoranda – DELETED

Bans the use of operational memoranda for selected programs.

Sec. 801. Construction Permit Site Review Board – DELETED

States legislative intent that approval by the Site Review Board represents the final approval for construction permit applications referred by DEQ.

Sec. 901. Water Quality Enforcement Report – DELETED

Requires report on enforcement and program activities funded from National Pollution Discharge Elimination System Fund.

Sec. 902. Contaminated Lake and River Sediments Cleanup Funding – DELETED

Re-appropriates Clean Michigan Initiative funding for the contaminated lake and river sediments cleanup program.

Sec. 903. Michigan Agriculture Environmental Assurance Program – DELETED

States legislative intent that DEQ and Department of Agriculture should proportionally reduce their programs if federal funding is less than that received in FY 2007-08.

Sec. 1102. Scrap Tire Fire Suppression Costs – DELETED

Provides \$100,000 for grants to communities for scrap tire suppression costs, provided that owner liability bonds and other available funding sources have been exhausted.

Sec. 1103. Real-Time Water Quality Monitoring – DELETED

Provides grant to Macomb County and St. Clair County to support real-time water quality monitoring programs in the St. Clair watershed.

**Summary: FY 2009-10 Executive Budget Recommendation
NATURAL RESOURCES**

Analyst: Kirk Lindquist

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$3,802,200	\$3,802,200	\$0	0
Federal	51,702,100	54,763,700	3,061,600	5.9
Local	0	0	0	0
Private	4,745,000	5,381,100	636,100	13.4
Restricted	221,103,600	226,823,900	5,720,300	2.6
GF/GP	10,464,800	16,646,600	6,181,800	59.1
Gross	\$291,817,700	\$307,417,500	\$15,599,800	5.3
FTEs	2,173.9	2,267.9	94.0	4.3

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of Natural Resources (DNR) manages, conserves, and protects Michigan's resources. Programs include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, and state parks and forest campgrounds.

Major Budget Changes from FY 2008-09 YTD

		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
1. Historic and Museum Programs	FTE	N/A	94.0
Transfers programs to DNR from DHAL:	Gross	N/A	\$9,443,100
Mackinac Island State Park (\$3.4 million), State Museum (\$2.9 million),	Private	N/A	112,600
Museum Stores (\$0.5 million), Heritage Publications (\$0.7 million),	Restricted	N/A	3,281,700
Freedom Trail (\$0.2 million), Lighthouse Programs (\$0.2 million), Thunder	GF/GP	N/A	\$6,048,800
Bay Underwater Preserve (\$0.2 million), Mann House (\$0.1 million), State			
Rent (BOC) (\$0.9 million), Information Technology (\$0.4 million).			
2. National Recreational Trails Grants	Gross	\$2,150,000	\$1,800,000
Increases the state share for this grant program for trail development and	Private	50,000	0
maintenance. Funds awarded through a competitive application process.	Federal	2,100,000	1,800,000
3. State Parks Funding – Park Endowment Fund Increase	Gross	\$44,654,200	\$1,000,000
Increases funding from the State Parks Endowment Fund to compensate	Federal	120,300	0
for deficient revenues from motor vehicle permits and other user fees.	Private	363,900	0
	Restricted	44,170,000	1,000,000
4. State Forest Management	Gross	\$15,423,900	\$750,000
Adds revenue increases, generated during FY 2007-08 through timber	Federal	922,600	0
harvest activities, to the forest management program.	Private	822,800	0
	Restricted	13,678,500	750,000
5. Snowmobile Trail Easements	Gross	\$0	\$700,000
Provides funding realized through the recently-approved fee increase to	Restricted	0	700,000
purchase or lease easements to lengthen or create snowmobile trails.			
6. Capital Outlay	Gross	\$14,193,000	\$850,400
Provides funds to support state park, forestry, and waterways construction	Federal	1,293,000	685,400
and infrastructure maintenance projects. State Park Endowment Fund	Private	1,500,000	500,000
support replaces park improvement revenue (\$2.0 million).	Restricted	11,400,000	(335,000)

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
7. Economic Adjustments	Gross	N/A	\$4,150,100
Provides an adjustment to cover the cost of the 1% salary increase for FY 2009-10.	Federal	N/A	528,800
	Private	N/A	23,500
	Restricted	N/A	3,393,100
	GF/GP	N/A	\$204,700

Major Boilerplate Changes from FY 2008-09

Sec. 206. Reports on Internet – DELETED

Requires reports to be put on the Internet.

Sec. 207. Restricted Fund Revenue, Expenditures, and Fund Balances – DELETED

Requires report of revenue, spending, and estimated year-end balance for each restricted fund appropriated.

Sec. 208. Department Grant and Loan Programs – DELETED

Requires report including description of available grant/loan programs, criteria for awards, and a list of recipients.

Sec. 209. Game and Fish Protection Fund Appropriations – DELETED

Lists appropriations to other state departments from the Game and Fish Protection Fund.

Sec. 210. Waterways Fund Projects – DELETED

Requires report on activities of Waterways Commission during the previous fiscal year; list of completed waterways fund projects to be provided to Legislature and Department of Management and Budget by January 31, 2009.

Sec. 217. Legislative Contacts – DELETED

Prohibits disciplining state employees who communicate with the Michigan Legislature.

Sec. 218. Rule Promulgation – DELETED

Requires a report on any policy changes made to implement a public act; DNR not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact.

Sec. 220. Restricted Fund Allocation Plan – DELETED

Requires plan for allocating restricted funds among administrative support and regulatory activities.

Sec. 223. DNR Funding Workgroup – DELETED

States legislative intent to implement recommendations of the work group on DNR long-term funding.

Sec. 224. Snowmobile Trail Improvement Fund Revenue – DELETED

States legislative intent to address revenue shortfalls by January 2009.

Sec. 225. Out-of-State State Employee Training – DELETED

Stipulates that only one state employee may participate in training seminars or professional development conference, unless paid by non-state funds or multiple issues outside of a participants area of expertise are addressed.

Sec. 226. Muskrat Lake Water Control – DELETED

Requires report on the status of permit applications and efforts to maintain water levels of Muskrat Lake in Clinton County.

Sec. 404. Fishing Advisories – DELETED

Directs DNR to include website address in the fishing guide for fishing advisory information from Department of Community Health.

Sec. 405. Land Transactions – DELETED

Requires quarterly report to Legislature on land purchases, sales and exchanges.

Sec. 406. Payments in Lieu of Taxes Report – DELETED

Directs DNR to provide billing information related to payments in lieu of taxes to Michigan Department of Treasury.

Sec. 501. Livestock Loss Indemnification – DELETED

Requires reimbursement to Department of Agriculture for livestock losses caused by wolves, coyotes, or cougars.

NATURAL RESOURCES

Major Boilerplate Changes from FY 2008-09

Sec. 502. Bovine TB Eradication Efforts – DELETED

Requires quarterly reports on enforcement actions taken to eradicate bovine TB, relevant scientific studies and the number of deer found to be infected.

Sec. 601. Water Control Structure Certification – DELETED

Directs Fisheries Division to not interfere with the certification process for dams and other water control structures.

Sec. 603. Fish Hatchery Operations – DELETED

Requires that DNR operate six fish hatcheries.

Sec. 702. State Park Campground Closures – DELETED

Requires detailed reports for construction projects involving campsite or campground closures; requires notice if DNR intends to reduce operations or reduce recreation opportunities at any state park or recreation area.

Sec. 703. Defibrillators in State Parks – DELETED

Directs DNR to maintain defibrillators placed in state parks.

Sec. 704. Porcupine Mountain Ski Hill – DELETED

Prohibits demolition of buildings related to the ski hill.

Sec. 803. Contract Foresters – DELETED

Allows DNR to hire contract foresters to mark timber.

Sec. 804. Timber Marking – DELETED

Directs DNR, subject to forest certification process, to mark and prepare for harvest, 63,000 acres at an average rate of 12.5 to 13.0 cords per acre; impact of timber harvest on wildlife habitat and recreation uses to be considered; requires quarterly report.

Sec. 805. Jordon River Trail Connection to Village of Bellaire – DELETED

Requires DNR to allow access across state-owned land to allow connection of the Jordon River snowmobile Trail to the Village of Bellaire.

Sec. 807. Horseback Riding Opportunities – DELETED

Directs DNR to explore opportunities to increase horseback riding opportunities.

Sec. 901. Snowmobile Law Enforcement Grants – DELETED

Provides snowmobile law enforcement grant funds to county law enforcement agencies in counties with state snowmobile trails.

Sec. 902. Island Lake Shooting Range Concession Contract – DELETED

Requires public notice of the expiration date or adoption of amendments to the concession contract to operate the Island Lake Shooting Range.

Sec. 1102. Off Road Vehicle (ORV) Trail Improvement Grants – DELETED

Requires the expenditure of not less than \$980,000 for the development of new ORV trails.

Sec. 1201. Appropriation of Department Revenue – NEW

Appropriates revenue collected for document reproduction, conferences, workshops and training classes and related services.

Sec. 1202 Michigan Heritage Publication Fund – NEW

Appropriates revenue collected for the Michigan Heritage Publication Fund.

Sec. 1203. Museum Store – NEW

Exempts museum store from purchasing requirements specified in the Management and Budget Act.

Sec. 1204. Michigan Freedom Trail Commission – NEW

States that appropriations may be used for commission expenses.

Sec. 1205. Sale of State Historical Museum Artifacts – NEW

Allows sale of unsuitable artifacts. Sale proceeds may be used to purchase other items for the collection.

**FY 2009-10
Budget Detail
for
SAFETY AND DEFENSE**

**Military and Veterans Affairs
State Police**

**Summary: FY 2009-10 Executive Budget Recommendation
MILITARY AND VETERANS AFFAIRS**

Analyst: Jan Wisniewski

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$1,681,200	\$1,686,500	\$5,300	0.3
Federal	109,988,200	77,347,300	(32,640,900)	(29.7)
Local	1,284,600	1,295,100	10,500	0.8
Private	1,463,700	1,471,200	7,500	0.5
Restricted	29,050,400	27,924,200	(1,126,200)	(3.9)
GF/GP	39,707,500	39,487,200	(220,300)	(0.6)
Gross	\$183,175,600	\$149,211,500	(\$33,964,100)	(18.5)
FTEs	992.0	992.0	0.0	0.0

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of Military and Veterans Affairs (DMVA) is responsible for the training and administration of Army and Air National Guard forces, providing combat-ready military forces during times of national emergency, and performing civil relief operations under the command of the governor during state emergencies. The DMVA budget includes administrative and maintenance costs associated with these responsibilities as well as several National Guard-related programs such as the Challenge Program and the National Guard Education Assistance Program. The DMVA has oversight over the following veterans-related programs: state-licensed nursing care at veterans homes in Grand Rapids and Marquette, grant funding to veterans service organizations, and the Michigan Veterans Trust Fund.

Major Budget Changes from FY 2008-09 YTD

		Year-to-Date FY 2008-09	Executive Change
1. Capital Outlay Projects Reduction	Gross	\$53,400,000	(\$38,400,000)
Removes various capital outlay projects included in the FY 2008-09 budget. The remaining \$15.0 million is federal funding for special maintenance, remodeling, and additions.	Federal	52,450,000	(37,450,000)
	Restricted	500,000	(500,000)
	GF/GP	\$450,000	(\$450,000)
2. Military Retirement Cost of Living Increase	Gross	\$3,217,500	\$190,300
Provides GF/GP for federally-mandated cost of living increase.	GF/GP	\$3,217,500	\$190,300
3. War Veteran's Memorial Rehabilitation Line	Gross	\$5,000	(\$5,000)
Removes line in Headquarters and Armories unit to fund one-time rehabilitation of War Veteran's Memorial on the state fairgrounds in Detroit. Also removes corresponding boilerplate language in Sec. 305.	GF/GP	\$5,000	(\$5,000)
4. Headquarters and Armories	Gross	\$10,355,000	\$500,000
Increases federal revenue for communications and personnel costs.	Federal	3,361,100	500,000
	Restricted	346,400	0
	GF/GP	\$6,647,500	\$0
5. Military Training Sites and Support Facilities	Gross	\$24,670,400	\$146,000
Provides \$2.0 million increase in federal revenue for various maintenance and support projects; decreases \$1.5 million restricted by removing the Regional Training Institute Fund, which was DMVA's fund for collecting rental fees for use of the Battle Creek Regional Training Institute; federal funds will now be used for maintenance. Decreases \$350,000 GF/GP for National Guard Education Assistance Program to reflect actual expenditures.	Federal	20,801,000	2,000,000
	Restricted	1,504,000	(1,504,000)
	GF/GP	\$2,365,400	(\$350,000)

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
6. Starbase Program	Gross	\$1,772,000	\$550,000
Provides \$550,000 increase in federal funds for operations of the DMVA Starbase programs.	Federal	1,772,000	550,000
7. Federal Starbase Program Increase	Gross	\$957,000	\$815,000
Increases authorization for technology training for 35 other Starbase program directors across the U.S. and Puerto Rico.	Federal	957,000	815,000
8. Veterans' Homes Medicare Authorization Increase	Gross	N/A	\$900,000
Reflects \$900,000 increase in federal Medicare funds for veterans' homes: \$850,000 for the Grand Rapids home, \$50,000 for the D.J. Jacobetti home.	Federal	N/A	900,000
9. Economic Adjustments	Gross	N/A	\$1,873,300
Provides funds for employee economic adjustments; includes economic adjustments for information technology.	IDG	N/A	5,300
	Federal	N/A	876,700
	Private	N/A	7,500
	Local	N/A	10,500
	Restricted	N/A	438,700
	GF/GP	N/A	\$534,600

Major Boilerplate Changes from FY 2008-09

Sec. 205. Hiring Freeze – DELETED

Provides a hiring freeze directive for all state agencies.

Sec. 207. Privatization – DELETED

Provides a privatization project plan requirement.

Sec. 211. Reports and Records Retention – DELETED

Provides reports and records retention requirements.

Sec. 212. Michigan National Guard Education Assistance Program – REVISED

Sets expenditure limit for program; allows 50% tuition reimbursement for National Guard members up to \$2,000 per year; requires program administration by DMVA; authorizes expenditures for program promotion and recruitment efforts. Revision changes amount available for program from \$1.1 million to \$750,000 to reflect actual expenditures.

Sec. 213. Armory Closures – DELETED

Requires DMVA to consult with both appropriations subcommittees on planned closures of National Guard armories.

Sec. 214. Military Cemeteries – DELETED

Provides legislative intent for funding state military cemeteries in Crawford and Dickinson counties.

Sec. 223. Information Technology Work Projects – DELETED

Allows work project designation for information technology projects.

Sec. 226. Employee Disciplinary Action – DELETED

Requires that DMVA not take disciplinary action for an employee that communicates with the Legislature or legislative staff.

Sec. 227. Sale of Department Property – DELETED

Requires notification to the Legislature for the sale of any DMVA property.

Secs. 229 and 230. Regional Training Institute – DELETED

Provides requirements for use of the Regional Training Institute and creates its revolving account.

Sec. 231. Policy Change Reporting Requirement – DELETED

Requires DMVA to report specific policy changes.

MILITARY AND VETERANS AFFAIRS

Major Boilerplate Changes from FY 2008-09

Sec. 232(1). Federal Contingency Funds

Provides \$10.0 million for federal contingency funds, \$2.0 million for state restricted contingency funds, \$100,000 for local contingency funds, and \$100,000 for private contingency funds.

Sec. 233. County Veteran's Counselor – DELETED

Provides legislative intent for DMVA to create incentives for counties to fund at least one veterans counselor.

Sec. 234. Federal Benefits Claims Status – DELETED

Provides legislative intent for DMVA to investigate methods for allowing veterans to check their federal benefits claims either by telephone or online.

Sec. 237. Employee Travel Restrictions – DELETED

Restricts travel for DMVA employees.

Sec. 301. Armory Rental Fees – DELETED

Allows DMVA to charge rental and equipment usage fees for armories.

Sec. 501(6). Veterans' Benefits Report – DELETED

Requires a report to the Legislature for providing more effective and efficient veterans' services.

Sec. 601. Veterans Home Appropriations – DELETED

Requires appropriations to both veterans' homes to be used only for veterans and their families.

Sec. 602. Annual Veterans' Homes Report – DELETED

Requires an annual report detailing various information for the two veterans' homes.

Sec. 604. Post and Posthumous Funds Spending Plan – DELETED

Requires a report from DMVA prior to altering the spending plan for the post and posthumous funds.

Sec. 704. County Veterans Counselors Training – DELETED

Requires for county veterans counselors to receive training.

Summary: FY 2009-10 Executive Budget Recommendation STATE POLICE

Analyst: Jan Wisniewski

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$26,321,900	\$26,718,400	\$396,500	105
Federal	94,733,400	93,839,000	(894,400)	(0.9)
Local	8,522,200	8,545,500	23,300	0.3
Private	263,600	273,300	9,700	3.7
Restricted	115,529,900	130,677,300	15,147,400	13.1
GF/GP	284,921,600	278,474,500	(6,447,100)	(2.3)
Gross	\$530,292,600	\$538,528,000	\$8,235,400	1.6
FTEs	2,927.0	2,862.0	(65.0)	(2.2)

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of State Police (DSP) provides a wide range of law enforcement services—including highway patrol, criminal investigations, forensic sciences, motor carrier enforcement, emergency management, highway safety planning, fire investigation, criminal justice data processing, and various specialized law enforcement services. The Department's responsibilities also include oversight of law enforcement standards in the state through the Michigan Commission on Law Enforcement Standards (MCOLES) and administration of several law enforcement-related grant programs.

Major Budget Changes from FY 2008-09 YTD

		Year-to-Date FY 2008-09	Executive Change
1. Laboratory Operations – Detroit Crime Lab	FTEs	N/A	28.0
Adds 28.0 FTEs, \$4.2 million GF/GP, and \$6.3 million gross for hiring additional scientists and assuming responsibility for the Detroit Crime Lab.	Gross	N/A	\$6,317,100
	Restricted	N/A	2,084,500
	GF/GP	N/A	\$4,232,600
2. Laboratory Operations – Marquette Lab Closure	FTEs	9.0	(2.0)
Removes 2.0 FTEs and \$360,000 GF/GP and gross for closing the Marquette Lab due to unavailability of economically-priced facilities. The five scientists employed at the lab would be transferred to other labs in the state and two civilian positions would be eliminated or transferred to vacant positions.	Gross	\$360,000	(\$360,000)
	GF/GP	\$360,000	(\$360,000)
3. Laboratory Operations – Various Fund Shifts	Gross	\$2,219,400	\$199,900
Replaces \$9.3 million GF/GP with State Services Fee Fund revenue from Department of Agriculture for State Police Laboratory Operations line; replaces \$1.9 million of State Services Fee Fund revenue added in FY 2008-09 with GF/GP; transfers \$200,000 GF/GP and eliminates City of Detroit Laboratory line added in FY 2008-09 to pay for a biologist and quality assurance manager; replaces \$319,400 GF/GP with the same amount of restricted Criminal Justice Information Service Fees.	Restricted	1,900,000	7,702,400
	GF/GP	\$319,400	(\$7,502,500)
4. Federal and Restricted Funds Authorization – Various Decreases	Gross	\$4,927,100	(\$4,927,100)
Adjusts for actual anticipated revenue and expenditures by decreasing \$2.1 million in federal Department of Justice fund revenue, \$2.7 million in restricted Auto Theft Prevention Fund revenue, and \$126,300 in restricted Michigan Justice Training Fund revenue.	Federal	2,056,700	(2,056,700)
	Restricted	2,870,400	(2,870,400)

STATE POLICE

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
5. Various GF/GP Fund Shifts	Gross	\$7,824,600	\$0
Replaces \$5.0 million GF/GP with restricted funds for the Michigan Public Safety Communications System (requires a statutory change); replaces \$1.8 million GF/GP with restricted funds in the At-Post Troopers line for sex offender sweeps and Hometown Security Team costs; replaces \$855,600 GF/GP with restricted funds for programmer costs in Information Technology Services and Projects line; replaces \$208,700 GF/GP with restricted funds for new project costs in the Management Services line.	Restricted	0	7,824,600
	GF/GP	\$7,824,600	(\$7,824,600)
6. Trooper Attrition and Overtime Cost Reductions	FTEs	66.0	(66.0)
Reflects decreases of 66.0 FTEs and \$3.4 million GF/GP and gross for attrition due to retiring troopers in the Deferred Retirement Option Plan (DROP), and \$2.3 million GF/GP for reducing trooper and specialty teams overtime costs. DSP will need supplemental appropriations for overtime costs associated with emergency response or other situations where troopers would be needed.	Gross	\$5,727,400	(\$5,727,400)
	GF/GP	\$5,727,400	(\$5,727,400)
7. Capitol Security Guards Elimination	FTEs	14.0	(14.0)
Eliminates 14.0 FTEs, \$476,400 GF/GP and \$648,400 in IDG funds for Capitol Security Guards at the Capitol and other state-owned buildings.	Gross	\$1,124,800	(\$1,124,800)
	IDG	648,400	(648,400)
	GF/GP	\$476,400	(\$476,400)
8. Fleet Leasing	Gross	\$16,184,100	(\$1,000,000)
Removes \$1.0 million GF/GP from Fleet Leasing line due to fuel rate reduction.	GF/GP	\$16,184,100	(\$1,000,000)
9. Post Lease and Contractual Services Reductions	Gross	\$1,200,000	(\$1,200,000)
Decreases \$1.2 million GF/GP for negotiating less-costly leases at posts and satellite offices and for contractual services, supplies, and materials reductions.	GF/GP	\$1,200,000	(\$1,200,000)
10. Other Staff Transfers and Reductions	FTEs	10.0	(10.0)
Transfers 3.0 FTEs (carpenters) and \$282,700 GF/GP to DMB facilities; eliminates 3.0 FTEs (vacant positions) and \$250,000 GF/GP in Michigan Commission on Law Enforcement Standards administration; eliminates 2.0 FTEs (vacant enlisted command positions) and \$278,000 GF/GP in the Training Administration and Uniform Services lines; eliminates 6.0 FTEs and \$500,000 GF/GP in various programs yet to be determined.	Gross	\$1,310,700	(\$1,310,700)
	GF/GP	\$1,310,700	(\$1,310,700)
11. Economic Adjustments	Gross	N/A	\$18,032,000
Provides funding for employee economic adjustments; includes economic adjustments for Information Technology, \$3.7million GF/GP for building occupancy charges at the new headquarters building, and \$8.6 million GF/GP for additional retirement costs due to retiring troopers in the Deferred Retirement Option Plan (DROP).	IDG	N/A	644,900
	Federal	N/A	686,400
	Local	N/A	67,100
	Private	N/A	9,700
	Restricted	N/A	722,900
	GF/GP	N/A	\$15,901,000

Major Boilerplate Changes from FY 2008-09

Sec. 205. Hiring Freeze – DELETED

Provides a hiring freeze directive for all state agencies.

Sec. 207. Privatization – DELETED

Provides a privatization project plan requirement.

Sec. 211. Employee Expenses Reimbursement – DELETED

Provides legislative intent for DSP to reimburse employees for expenses related to the operation of DSP.

Major Boilerplate Changes from FY 2008-09

Sec. 213. Contractual Services Subsidy – DELETED

Provides legislative intent prohibiting DSP from providing subsidies for contractual services by DSP.

Sec. 214. Reports and Records Retention – DELETED

Provides reports and records retention requirements.

Sec. 215. Casino Gaming Oversight Report – DELETED

Requires an annual report to the Legislature for DSP's casino gaming oversight activities.

Sec. 216. State Accident Data Collection – DELETED

Requires entering vehicle identification numbers into a state accident data collection system.

Sec. 217. School Violence Hotline – DELETED

Requires DSP to maintain a school violence hotline.

Sec. 218. At-Post Troopers – REVISED

Restricts At-Post Troopers appropriation to specified trooper-related expenses, and states legislative intent to maintain at-post trooper strength of 1,075 troopers. Revision requires a quarterly trooper strength report.

Sec. 219. Post Closure Notification – DELETED

Requires DSP to provide a 180-day notification of planned post closures or consolidations.

Sec. 220. General Law Enforcement Assistance to Communities – DELETED

Requires DSP to provide general law enforcement services to communities without local law enforcement services.

Sec. 221. Marshall Post Replacement – DELETED

Allows DSP to enter into an agreement with Calhoun County to build a new post in Marshall.

Sec. 224. Employee Disciplinary Action – DELETED

Requires DSP not to take disciplinary action for an employee that communicates with the Legislature or legislative staff.

Sec. 225. Michigan Justice Training Grants – DELETED

Provides legislative intent for using Michigan Justice Training Grants only for law enforcement training.

Sec. 226. Interoperable Communications Plans – DELETED

Requires DSP to encourage regional tactical interoperable communications plans between all levels of government agencies.

Sec. 227. Transporting Higher Education Employees on State Aircraft – DELETED

Prohibits transporting employees of higher education institutions, legislators and legislative staff, and local government employees on state-owned aircraft except for law enforcement or homeland security purposes.

Sec. 228. Employee Travel Restrictions – DELETED

Provides travel restrictions for employees.

Sec. 230. Payment to Michigan State Police Troopers Association (MSPTA) – DELETED

Requires the use FY 2007-08 unexpended funds for a \$400,000 payment to the MSPTA.

Sec. 232. Recruitment of MCOLES Certified Police Officers for Trooper Schools – DELETED

Places emphasis on recruiting MCOLES certified police officers for trooper schools.

Sec. 233. Law Enforcement Resource Study – REVISED

Provides for the completion of a law enforcement resource study.

Sec. 235. Special Operations and Events Spending Plans – DELETED

Restricts using funds appropriated for Post Uniform Services and Forensic Sciences for Special Operations and Events.

Sec. 236. Policy Change Report – DELETED

Requires a report to Legislature, the fiscal agencies, and JCAR concerning departmental policy changes to implement a public act affecting DSP.

STATE POLICE

Major Boilerplate Changes from FY 2008-09

Sec. 237. *Maintaining Operations of State Police Posts* – DELETED

Requires DSP to maintain the operations of all posts in operation as of April 2, 2007.

Sec. 238. *Building Operations and Leasing Costs* – DELETED

Requires DSP to work with DMB to reduce building operations and leasing costs for all DSP facilities.

Sec. 239. *Michigan International Speedway Traffic Control* – DELETED

Provides legislative intent for using any available funds for traffic control purposes at the Michigan International Speedway.

Sec. 241. *Trooper Recruit Schools For Certified Police Officers* – DELETED

Directs DSP to continue creating a plan for operating smaller trooper recruit schools on an annual or biannual basis consisting of recruits that are certified law enforcement officers.

Sec. 303. *Work Projects for Information Technology* – DELETED

Allows technology projects to be designated as work projects

Sec. 304. *LEIN Departmental Policies Report* – DELETED

Requires the use of funds for a report detailing DSP's LEIN policies.

Sec. 305. *Unauthorized Use of the LEIN System* – DELETED

Encourages law enforcement agencies to find ways to prevent possible abuse of the LEIN system.

Sec. 306. *LEIN System Probation Information* – DELETED

Requires the creation of procedures for entering probation related information on the LEIN system.

Sec. 307. *MPSCS Use by Local Police Agencies* – DELETED

Requires DSP to act as a liaison between DIT and local public safety agencies to facilitate the use of the MPSCS.

Sec. 308. *LEIN Fee Increase* – DELETED

Requires DSP to report any LEIN fee increases to the Legislature 60 days prior to the effective date of the increase.

Sec. 309. *Electronic Real Time Auto Insurance System* – DELETED

Allows DSP to develop an electronic real time auto insurance enforcement system.

Sec. 501. *DNA Analysis Samples and Records* – MODIFIED

Requires notifying police agencies when changes are made to DSP's DNA analysis samples and records retention protocol.

Sec. 502. *Emergency Treatment of Sexual Assault Victims Procedures* – DELETED

Requires DSP to work with various health organizations to ensure that standard procedures are followed in collecting evidence for emergency treatment of sexual assault victims.

Sec. 503. *Detroit Laboratory Appropriation* – DELETED

Appropriates \$200,000 to the Detroit Laboratory for hiring a biologist and a quality control officer.

Sec. 504. *State Forensic Laboratory Fund/State Services Fee Fund Transfer* – DELETED

Appropriates \$1.9 million from the State Services Fee Fund to the State Forensic Laboratory Fund for State Police laboratory operations.

Sec. 803. *Homeland Security Grant Restrictions* – DELETED

Restricts Homeland Security funds for first responders and the City of Detroit.

Sec. 1101. *State Police Services Near Prisons* – DELETED

Ensures that no downgrades in State Police services are experienced in the vicinity of state prisons.

Sec. 1102. *Methamphetamine Reports* – DELETED

Provides a reporting requirement to the Legislature for methamphetamine related criminal activities.

Sec. 1201. *School Bus Inspections* – DELETED

Requires a report to the Legislature on DSP's school bus inspections.

**FY 2009-10
Budget Detail
for
ALL OTHERS**

Capital Outlay

Energy, Labor, and Economic Growth

History, Arts, and Libraries

Judiciary

Transportation

CAPITAL OUTLAY

**Summary: FY 2009-10 Executive Budget Recommendation
CAPITAL OUTLAY**

Analyst: Robin R. Risko

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$0	\$0		
Federal	0	0		
Local	0	0		
Private	0	0		
Restricted	0	0		
GF/GP	0	0		
Gross	\$0	\$0		
FTEs	0.0	0.0		

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Michigan Capital Outlay process encompasses the budgetary and administrative functions devoted to financing and planning for the acquisition, construction, renovation, and maintenance of facilities used by state agencies, public universities, and community colleges. General operational practices and procedures are contained in the Management and Budget Act (1984 PA 431), the State Building Authority Act (1964 PA 183), the annual Capital Outlay appropriations acts, and the formal policies of the Legislative Joint Capital Outlay Subcommittee. Public Act 431 contains numerous oversight and approval action steps that define the respective roles of the Executive and Legislative branches.

The State Building Authority (SBA) finances most major state-owned facility renovations and new construction projects through issuance of revenue bonds. Debt service on these bonds is provided annually in the Capital Outlay budget bill, SBA rent line items. Rent is often referred to as "true" rent because it is based on the facility's economic or market value. The SBA has a statutory bonded indebtedness ceiling.

FY 2008-09 appropriations for Capital Outlay items appear in department budgets for the Departments of Agriculture, Management & Budget, Natural Resources, Military & Veterans Affairs, and Transportation.

FY 2009-10 appropriations for Capital Outlay were made for federal and state restricted state agency projects for the Departments of Agriculture, Management and Budget, Military and Veterans Affairs, Natural Resources, and Transportation. The appropriations were included in the respective operating budget bills.

**Summary: FY 2009-10 Executive Budget Recommendation
ENERGY, LABOR, AND ECONOMIC GROWTH**

Analyst: Mark Wolf

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$30,774,200	\$29,117,100	(\$1,657,100)	(5.4)
Federal	874,942,400	918,286,200	43,343,800	5.0
Local	15,889,200	15,921,000	31,800	0.2
Private	5,314,300	5,314,300	0	0.0
Restricted	402,614,000	399,903,500	(2,710,500)	(0.7)
GF/GP	72,704,200	74,118,200	1,414,000	1.9
Gross	\$1,402,238,300	\$1,442,660,300	\$40,422,000	2.9
FTEs	4,383.5	4,723.0	339.5	7.7

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of Energy, Labor, and Economic Growth (DELEG) has primary responsibility for the regulatory functions that relate specifically to commercial, business, and workers' issues. It also includes various employment training-related programs for displaced workers, adults, and youth, as well as unemployment and workers compensation administration. EO 2008-20 transferred certain energy-related functions from the Department of Environmental Quality (DEQ) in order to consolidate energy-related programs within DELEG.

Major Budget Changes from FY 2008-09 YTD		Year-to-Date FY 2008-09	Executive Change
1. Energy Program Consolidation (EO 2008-20)	FTEs	N/A	1.0
Adds 1.0 FTE and \$1.9 million (Retired Engineers Technical Assistance Program Fund) for the consolidation of energy programs, mostly transferred from DEQ, within DELEG.	Gross	N/A	\$1,957,200
	Restricted	N/A	1,957,200
2. Unemployment Insurance Agency	FTEs	1,002.7	300.0
Adds 300.0 FTEs and \$18.0 million federal to respond to the increased number of UI benefit claims. Recognizes \$4.6 million federal for postage costs previously paid directly by U.S. Department of Labor but now provided to states (including UIA).	Gross	\$103,928,000	\$22,587,800
	Federal	90,870,300	22,587,800
	Restricted	13,057,700	0
3. Office of Financial and Insurance Regulation (OFIR)	FTEs	348.0	1.0
Adds 1.0 FTE and \$59,900 (securities fees) to implement increased responsibilities of 2008 PA 551 (updated Uniform Securities Act).	Gross	\$52,670,200	\$59,900
	Federal	50,400	0
	Restricted	52,169,800	59,900
4. Liquor Revenue Fund Shift	Gross	N/A	\$0
Replaces \$19.7 million in Liquor Purchase Revolving funds in several Liquor Control Commission-related administrative lines with an anticipated increase in liquor license revenue from proposed doubling of liquor license fees, providing a 2 a.m.-4 a.m. license, and a Sunday morning license.	Federal	N/A	0
	Restricted	N/A	0
	GF/GP	N/A	\$0
5. Centers for Independent Living	Gross	\$3,579,700	(\$500,000)
Removes \$500,000 (corporations fees) added in FY 2007-08 to support the 15 Centers for Independent Living within the state.	Federal	420,000	0
	Private	100,000	0
	Restricted	500,000	(500,000)
	GF/GP	\$2,109,500	\$0

ENERGY, LABOR, AND ECONOMIC GROWTH

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
6. State Office of Administrative Hearings and Rules		FTEs 170.5	5.5
Adds 11.0 FTEs and \$1.3 million (IDG-DHS) to support increased hearing caseloads from DHS; transfers 3.0 FTEs and \$263,600 (licensing and regulation fees) to Bureau of Commercial Services, and aligns funding and FTEs with support and activities from Corrections, Education, and DHS.		Gross \$23,051,200	\$818,100
		IDG 11,254,200	1,081,700
		Federal 6,978,800	0
		Restricted 4,818,200	(263,600)
7. Jobs, Education, and Training (JET) Program		FTEs 57.0	0.0
Reduces \$3.0 million in administrative costs, based on anticipated program efficiencies.		Gross \$18,410,200	(\$3,000,000)
		IDG 18,410,200	(3,000,000)
8. MSHDA Payments on Behalf of Tenants		Gross \$145,000,000	\$11,000,000
Increases funding for Section 8 Rental Assistance based on anticipated revenue from the U.S. Department of Housing and Urban Development.		Federal 145,000,000	11,000,000
9. Remonumentation Grants		Gross \$11,000,000	(\$5,700,000)
Decreases authorization for grants to counties based on estimated revenue.		Restricted 11,000,000	(5,700,000)
10. Michigan Tax Tribunal		FTEs 11.0	0.0
Increases appropriation by \$550,000 to work through backlog of cases.		Gross \$2,028,300	\$550,000
		Restricted 2,028,300	550,000
11. Low Income Energy Efficiency Fund		Gross \$93,200,000	(\$3,200,000)
Removes \$3.2 million to align with annual revenue and provide sufficient authorization to re-appropriate prior-year awards not fully expended (a \$10.0 million increase from FY 2008-09). Annual revenue is \$84.0 million.		Restricted 93,200,000	(3,200,000)
12. Historic Preservation and Archaeology Programs		FTEs N/A	20.0
Transfers State Historic Preservation Office and archaeology programs to MSHDA due to elimination of the Department of History, Arts, and Libraries (HAL).		Gross N/A	\$,137,500
		Federal N/A	950,000
		GF/GP N/A	\$1,187,500
13. Information Technology		Gross \$42,853,200	\$1,173,500
Adds \$618,900 to provide DELEG share of the cost for Michigan Business Services improvement initiative (MBSii)—a one-stop web portal designed to improve the business-state interface as it relates to starting and operating a business in the state; adds \$655,600 for Microsoft license upgrade; includes \$101,000 in efficiencies.		Federal 27,479,400	301,200
		Restricted 15,373,800	872,300
14. Commission for the Blind		Gross \$19,684,900	\$4,575,000
Increases authorization based on federal revenue available.		Federal 14,246,100	4,575,000
		Local 521,000	0
		Private 110,300	0
		Restricted 545,200	0
		GF/GP \$4,262,300	\$0
15. Annualize EO 2008-21 Reductions		Gross N/A	(\$285,500)
Annualizes GF/GP reductions from EO 2008-21 for Fire Marshal (\$5,000), Fire Safety (\$10,000), Fire Fighters Training Council (\$10,000), Workers Compensation Agency (\$200,000), Workers Compensation Board of Magistrates and Appellate Commission (\$10,500), and Workforce Programs Administration (\$50,000).		GF/GP N/A	(\$285,500)
16. Economic Increases		Gross N/A	\$9,344,000
		IDG N/A	261,200
		Federal N/A	4,277,500
		Local N/A	31,800
		Restricted N/A	4,261,500
		GF/GP N/A	\$512,000

Major Boilerplate Changes from FY 2008-09

Boilerplate Sections Reorganized

Reorganizes boilerplate into eight categories to improve readability: 1) General Sections; 2) Occupational and Industry Regulation, and Employment Services; 3) Office of Financial and Insurance Regulation; 4) Housing and Community Development; 5) Michigan Rehabilitation Services; 6) Michigan Commission for the Blind; 7) Career Education; 8) Workforce Development.

Sec. 205. Hiring Freeze – DELETED

Prohibits DELEG from hiring new full-time classified civil service employees and from filling vacant state classified civil service positions unless exceptions to the freeze are granted by the state budget director.

Sec. 213. (Former Sec. 223) Contingency Appropriations

Allows contingency appropriations: \$31.0 million federal, \$26.2 million restricted; \$8.2 million local; \$600,000 private.

Sec. 214. IT Projects – DELETED

Designates IT services and projects appropriation as a work project.

Sec. 215. Policy Changes – DELETED

Requires DELEG to report on policy changes made to implement public acts; prohibits adopting rules that have a disproportionate impact on small businesses.

Sec. 216. Appropriated Funds De-Aggregation – DELETED

States legislative intent that all part 1 funds sources not be aggregated into general categories, but be specifically identified as much as possible.

Sec. 219. Executive Branch Employee Communications with Legislature – DELETED

Prohibits disciplinary action against Executive employees that communicate with a legislator or legislative staff.

Sec. 222. Government Efficiency Commission Recommendations – DELETED

Requires DELEG to review recommendations of the Commission on Governmental Efficiency.

Sec. 224. Restrictions on Out-of-State Travel to Training Seminars – DELETED

Prohibits more than one DELEG employee traveling out-of-state for training conferences unless funded by federal or private funds.

Sec. 311. Transfer to Construction Code Fund – DELETED

Transfers \$3.0 million in surplus corporation fees (copy and certification fees) to the State Construction Code Fund.

Sec. 335. Low-Income Energy Efficiency Assistance Program – DELETED

Establishes deadlines for application and award announcements; requires the Public Service Commission to report to the Legislature and state budget office on the distribution of funds.

Sec. 336. OFIR Expenditures – DELETED

Requires report of actual expenditures for last completed fiscal year for each division within OFIR.

Sec. 337. OFIR Credit Scoring – DELETED

Prohibits using funds to ban on credit scoring in insurance rate setting until Legislature authorizes the prohibition.

Sec. 340. Health Maintenance Organization (HMO) Financial Filings – DELETED

Requires that OFIR provide copies of HMO quarterly and annual financial filings to the fiscal agencies.

Sec. 352. Workers Compensation Board of Magistrates and Appellate Commission – DELETED

Requires expenditures in part 1 be used so that cases are decided in a timely manner; funds from unclassified salaries appropriation line to support five appellate commissioners and 26 magistrates.

Sec. 355. Ergonomics Rules Prohibited – DELETED

Prohibits promulgation of ergonomics rules that are more stringent than voluntary federal guidelines.

Sec. 358. Real Estate Education Fund – DELETED

Allows real estate pre- and post-licensure education to be delivered through on-line courses by a community college, university, or private school; allows Real Estate Education Fund to be used for grants to educational providers to establish on-line courses available to students.

Major Boilerplate Changes from FY 2008-09

Sec. 365. *Training Grant to Aggregate industry* – DELETED

Requires allocation of not less than \$40,000 for training grants to non-profit organizations representing the aggregate industry in Michigan.

Sec. 378. *SOAHR Decisions in Public Assistance Cases* – DELETED

States legislative intent that the State Office of Administrative Hearings and Rules (SOAHR) develop a system to post administrative hearing decisions regarding public assistance on the Internet.

Sec. 379. *Teacher Tenure Cases* – DELETED

Requires SOAHR to report on the status of pending teacher tenure cases.

Sec. 403. *Local Match Requirements for Facilities Establishment Grants* – DELETED

Requires that local match for vocational rehabilitation facilities establishment grants not exceed 21.3% for the fiscal year ending September 30.

Sec. 415. *Private Occupational School License Fees* – DELETED

Requires that these appropriated fees be applied to administrative cost of Proprietary Schools Oversight Unit.

Sec. 418. *Employment Outcomes for Future Faculty Program Participants* – DELETED

Requires participating universities to provide DELEG with information on employment outcomes of program participants; requires a report.

Sec. 421. *Marketing of King-Chavez-Parks Program* – DELETED

Direct DELEG to market the program to parents and students, and report to the Legislature electronically on these marketing efforts; requires program be administered as it was when in the Department of Education.

Sec. 429. *Focus: HOPE Reporting* – DELETED

Requires Focus: HOPE to report on its use of funds appropriated in the budget act.

Sec. 437. *Welfare-to-Work Funds Allocation* – DELETED

Allocates \$200,000 to public-private welfare-to-work partnership involving an imbedded DHS caseworker at the job site of an employer to work with employees receiving public assistance.

Sec. 439. *Focus: HOPE Career Prep Pilot Program* – DELETED

Establishes legislative intent that DELEG work with Career Alliance (Genesee-Shiawassee Michigan Works! Agency) and other interested Michigan Works! agencies (MWAs) to implement Focus: HOPE career prep pilot program.

Sec. 440. *Gang Diversion* – DELETED

States legislative intent to set aside some Workforce Investment Act (statewide activities) funds to support gang diversion activities and support services of local law enforcement and MWAs in Wyoming, Detroit, and Benton Harbor.

Sec. 442. *Temporary Assistance for Needy Families (TANF) Contingency Funds* – DELETED

Appropriates up to \$30.0 million TANF, on receipt of TANF contingency funds and subsequent carryforward of TANF block grant funds.

Sec. 503. *State Historic Preservation* – NEW

Appropriates funds received by the State Historic Preservation Office from document reproduction and service, and application fees.

Sec. 907. *Nursing Education Report* – NEW

Requires DELEG to report on the status of nursing education programs in the state.

Sec. 909. (Former Sec. 432) *No Worker Left Behind (NWLB) Report* – REVISED

Requires report on program outcomes. Revision removes fund source detail from the report, and adds to the reporting requirements the number of participants securing employment within one year, the number securing employment in an occupation related to the training, and average wage of those securing employment within one year.

Sec. 910. (Former Sec. 432) *No Worker Left Behind GF/GP Funding* – REVISED

Requires report on program outcomes. Revision deletes requirement that \$2.5 million to \$5.0 million of \$15.0 million GF/GP for NWLB be expended for capacity building at community colleges.

**Summary: FY 2009-10 Executive Budget Recommendation
HISTORY, ARTS, AND LIBRARIES**

Analyst: Robin R. Risko

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$668,600	\$0	(\$668,600)	(100.0)
Federal	7,757,400	0	(7,757,400)	(100.0)
Local	200,000	0	(200,000)	(100.0)
Private	312,400	0	(312,400)	(100.0)
Restricted	4,167,800	0	(4,167,800)	(100.0)
GF/GP	39,418,000	0	(39,418,000)	(100.0)
Gross	\$52,524,200	\$0	(\$52,524,200)	(100.0)
FTEs	232.0	0.0	(232.0)	(100.0)

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of History, Arts, and Libraries (HAL) is divided into five major spending areas: Library of Michigan, Michigan Historical Program, Council for Arts and Cultural Affairs, Mackinac Island State Park Commission, and department operations. The Library of Michigan provides resources and reference services to the public and to the Legislative, Executive, and Judicial branches of state government. The Michigan Historical Program oversees the historical museum system, archives of Michigan, State Records Center, State Historic Preservation Office, Office of the State Archaeologist, historical publications, and lighthouse preservation activities. The Council for Arts and Cultural Affairs administers arts and cultural grants for non-profit organizations. The Mackinac Island State Park Commission oversees operational activities and preservation of historical resources at Mackinac Island, Michilimackinac, and Mill Creek state parks.

Major Budget Changes from FY 2008-09 YTD

		Year-to-Date FY 2008-09	Executive Change
1. Department Operations	FTE	34.0	(34.0)
• Eliminates one-time funds for records center relocation (\$551,300 IDG).	Gross	\$7,995,400	(\$7,995,400)
• Eliminates all federal (\$200,000), local (\$200,000), private (\$200,000), and state restricted (\$100,000) funding.	IDG	551,300	(551,300)
• Includes funds for employee economics (\$11,500 gross; \$9,900 GF/GP).	Federal	200,000	(200,000)
• Transfers 2.0 FTEs and funds for Cultural Economic Development to Michigan Strategic Fund (MSF) (\$320,500 GF/GP).	Local	200,000	(200,000)
• Transfers funds for building occupancy, rent, and workers' compensation premium charges, and associated programs to other state departments.	Private	200,000	(200,000)
• Transfers funds for internal audit services to DMB (\$170,800 GF/GP).	Restricted	100,000	(100,000)
• Anticipates savings of \$2.7 million gross and \$2.0 million GF/GP due to elimination of HAL operations and administration.	GF/GP	\$6,744,100	(\$6,744,100)
2. Information Technology (IT)	Gross	\$1,274,800	(\$1,274,800)
Transfers IT-related funding and associated departmental programs to various state departments.	Restricted	46,900	(46,900)
	GF/GP	\$1,227,900	(\$1,227,900)

HISTORY, ARTS, AND LIBRARIES

<u>Major Budget Changes from FY 2008-09 YTD</u>	<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
3. Michigan Council for Arts and Cultural Affairs	FTE 5.0	(5.0)
• Eliminates funds for arts and cultural grants (\$8.0 million gross; \$7.1 million GF/GP).	Gross \$8,567,200	(\$8,567,200)
• Eliminates state restricted funds (\$150,000).	Federal 850,000	(850,000)
• Funds employee economics (\$16,100 gross; \$13,700 GF/GP).	Restricted 150,000	(150,000)
• Transfers 5.0 FTEs and funds for administration to MSF (\$2.3 million gross; \$1.4 million GF/GP).	GF/GP \$7,567,200	(\$7,567,200)
4. Mackinac Island State Park Commission	FTE 39.0	(39.0)
• Eliminates federal funding (\$200,000).	Gross \$3,706,900	(\$3,706,900)
• Eliminates a portion of state restricted funding (\$204,400).	Federal 200,000	(200,000)
• Funds employee economics (\$75,500 gross; \$37,900 GF/GP).	Restricted 1,934,300	(1,934,300)
• Transfers 39.0 FTEs and funding for Mackinac Island park operation and historical facilities system to Department of Natural Resources (DNR) (\$3.4 million gross; \$1.6 million GF/GP).	GF/GP \$1,572,600	(\$1,572,600)
5. Michigan Historical Program	FTE 83.0	(83.0)
• Eliminates a portion of state restricted funding (\$176,300).	Gross \$8,603,700	(\$8,603,700)
• Funds employee economics (\$219,000 gross; \$167,500 GF/GP).	IDG 117,300	(117,300)
• Transfers the following to DNR:	Federal 950,000	(950,000)
♦ 42.0 FTEs and \$2.9 million GF/GP for Michigan Historical Museum.	Private 112,400	(112,400)
♦ 5.0 FTEs and \$701,100 restricted for Heritage Publications.	Restricted 1,731,600	(1,731,600)
♦ 4.0 FTEs and \$513,400 restricted for Museum Stores.	GF/GP \$5,692,400	(\$5,692,400)
♦ 1.0 FTE and \$251,000 restricted for Lighthouse Preservation.		
♦ 1.0 FTE and \$201,700 GF/GP for Thunder Bay National Marine Sanctuary and Underwater Preserve.		
♦ 1.0 FTE and \$112,600 private for special programs.		
♦ 1.0 FTE and \$25,000 GF/GP for Michigan Freedom Trail Commission.		
• Transfers the following to Department of Energy, Labor, and Economic Growth (DELEG):		
♦ 15.0 FTEs and \$1.5 million gross (\$554,500 GF/GP) for State Historic Preservation Office.		
♦ 5.0 FTEs and \$457,900 GF/GP for Office of the State Archeologist.		
• Transfers the following to Department of Management and Budget (DMB):		
♦ 13.0 FTEs and \$1.2 million gross (\$782,500 GF/GP) for the State Records Center.		
♦ 8.0 FTEs and \$754,200 GF/GP for State Archives.		
6. Library of Michigan	FTE 71.0	(71.0)
• Eliminates funding for Book Distribution Centers (\$360,000 GF/GP).	Gross \$22,376,200	(\$22,376,200)
• Includes funds for employee economics (\$105,400 gross; \$98,300 GF/GP).	Federal 5,557,400	(5,557,400)
• Eliminates state restricted funding (\$205,000).	Restricted 205,000	(205,000)
• Transfers 2.0 FTEs and \$216,500 GF/GP for the State Demographer and census-related activities to Department of Information Technology.	GF/GP \$16,613,800	(\$16,613,800)
• Transfers 72.0 FTEs and \$22.0 million gross; \$16.4 million GF/GP for Library of Michigan and State Aid to Public Libraries to Department of Education.		

Major Boilerplate Changes from FY 2008-09

Boilerplate is transferred, transferred with modifications, or eliminated along with associated departmental programs.

**Summary: FY 2009-10 Executive Budget Recommendation
JUDICIARY**

Analyst: Ben Gielczyk

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$2,573,500	\$2,573,500	\$0	0.0
Federal	5,126,400	5,126,400	0	0.0
Local	6,093,100	6,149,300	56,200	0.9
Private	842,500	842,500	0	0.0
Restricted	87,947,900	88,605,600	657,700	0.7
GF/GP	159,320,600	158,785,900	(534,700)	(0.3)
Gross	\$261,904,000	\$262,083,200	\$179,200	0.1
FTEs	491.0	491.0	0.0	0.0

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

Article VI of the State Constitution of 1963 forms the basis for Michigan’s judicial branch of government, which receives funds appropriated through the budget act for the Judiciary. The Judiciary budget provides operational funding for the Michigan Supreme Court, Court of Appeals, and related judicial agencies. The budget also funds the salaries of justices of the Supreme Court and judges of the appeals, circuit, probate, and district courts according to constitutional and statutory requirements. Assistance for local court operations is provided through a variety of grant programs. The largest of these, the Court Equity grant program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the numbers of judgeships.

Major Budget Changes from FY 2008-09 YTD

	Year-to-Date FY 2008-09	Executive Change
1. General Fund Reduction	Gross	N/A (\$1,424,300)
Reflects 2% reduction in various line items:	GF/GP	N/A (\$1,424,300)
<ul style="list-style-type: none"> Supreme Court Administration (\$253,600). Judicial Institute (\$50,900). Supreme Court Administrative Office (\$139,600). Judicial Information Systems (\$60,000). Foster Care Review Board (\$17,500). Drug Treatment Courts (\$16,000). Court of Appeals (\$415,300). Judicial Tenure Commission (\$20,400). Appellate Public Defender (\$92,400). Appellate Assigned Counsel (\$16,600). Court Equity Reimbursements (\$342,000). 		
2. Mental Health Court Pilots	Gross	\$550,000 (\$550,000)
Removes total funding of \$550,000 GF/GP to mental health court pilots, which is intended to facilitate cooperation between mental health service providers and the judicial system and provide offenders who need mental health services with treatment and other services.	GF/GP	\$550,000 (\$550,000)
3. Judicial Technology Improvement	Gross	\$4,465,000 \$350,000
Increases appropriation by \$350,000 due to receipt of additional revenue from the Civil Filing Fee Fund. Revenue primarily supports the Judicial Data Warehouse and the Next Generation of Judicial Information System (trial court case management system upgrade).	Restricted	\$4,465,000 \$350,000

JUDICIARY

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
4. Drunk Driving Case-Flow Program	Gross	\$3,000,000	\$300,000
Increases appropriation by \$300,000 due to an increase in collections of driver license reinstatement fees which support the Drunk Driving Case-Flow Fund.	Restricted	\$3,000,000	\$300,000
5. Economics	Gross	N/A	\$1,503,500
Funds economic adjustments as follows:	Local	N/A	56,200
• Salaries/wages increase: \$328,300 gross, \$308,200 GF/GP	Restricted	N/A	7,700
• Defined Contribution (new judges): \$224,300 gross and GF/GP	GF/GP	N/A	\$1,439,600
• OASI, social security (judges): \$114,500 gross and GF/GP			
• Insurance: \$202,200 gross, \$185,300 GF/GP			
• Retirement increase: \$477,200 gross, \$448,500 GF/GP			
• Rent reduction: \$18,400 gross and GF/GP			
• Workers' compensation increase: \$162,800 gross and GF/GP			
• Building occupancy increase: \$12,600 gross, \$14,400 GF/GP			

Major Boilerplate Changes from FY 2008-09

Sec. 204. Employee Contact with Legislature – DELETED

Prohibits disciplinary action against a judicial employee for communicating with a legislator or his or her staff.

Sec. 212. Retention of Reports – DELETED

Directs the judicial branch to comply with federal and state guidelines for short-term and long-term retention of reports funded through appropriations.

Sec. 215. Travel Restrictions – REVISED

Restricts out-of-state travel for judicial branch employees. Revision removes section allowing chief justice to grant exceptions on out-of-state travel restrictions.

Sec. 216. Report Requirement – DELETED

Requires judicial branch to report by April 1, 2008, on each policy change made to implement enacted legislation; prohibits funding for regulatory plans or for rules that fail to reduce economic impact on small businesses.

Sec. 218. Out-of-State Professional Development Conference Travel – DELETED

Limits travel to out-of-state professional development conferences to one judicial employee unless conference is funded by federal or private funding source and requires more than once person to attend.

Sec. 304. Auditor General – DELETED

Requires judicial branch to cooperate with the auditor general in audits of judicial branch.

Sec. 305. Expenditure and Revenue Reports – DELETED

Requires quarterly financial reports on judiciary budget revenue and expenditures.

Sec. 309. Pilot Mental Health Courts – DELETED

Requires State Court Administrative Office to work with the Department of Community Health to develop guidelines for the operation and evaluation of pilot mental health courts. Local courts may apply for funding based on community need and local commitment.

Sec. 312. Parental Rights Restoration Act Report – DELETED

Instructs state court administrator to report total number of petitions filed by minors seeking court-issued waiver of parental consent under Parental Rights Restoration Act, and total number of petitions granted.

**Summary: FY 2009-10 Executive Budget Recommendation
TRANSPORTATION**

Analyst: William E. Hamilton

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Executive to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	1,460,995,800	1,226,704,500	(234,291,300)	(16.0)
Local	71,624,200	56,073,400	(15,550,800)	(21.7)
Private	0	0	0	0.0
Restricted	2,079,609,200	1,985,343,000	(94,266,200)	(4.5)
GF/GP	0	0	0	0.0
Gross	\$3,612,229,200	\$3,268,120,900	(\$344,108,300)	(9.5)
FTEs	3,014.3	3,014.3	(0.0)	(0.0)

Note: FY 2008-09 figures include the results of supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately two-thirds of the budget is from constitutionally-restricted state revenue sources—primarily motor fuel taxes and vehicle registrations—which is credited to the Michigan Transportation Fund (MTF) for distribution to other state transportation funds and programs, and to local road agencies, in accordance with 1951 PA 51. There is no state GF/GP revenue in this budget.

Major Budget Changes from FY 2008-09 YTD

1. Debt Service

Reflects anticipated debt service schedules.

	Year-to-Date FY 2008-09	Executive Change
Gross	\$192,003,600	\$59,133,700
Federal	22,783,300	34,880,200
Restricted	169,220,300	24,253,500

2. Grants to Other State Departments

Includes MTF IDGs to Departments of State (\$20.0 million) and Treasury (\$7.4 million) for cost of collecting MTF revenue. Economic increases of \$923,600 offset by elimination of \$1.3 million MTF IDG to DEQ, reflecting proposed federal assumption of permitting functions.

Gross	\$48,949,800	(\$234,600)
Restricted	48,949,800	(234,600)

3. Design and Engineering Services

Reflects economic increases of \$3.2 million, additional funding for intelligent traffic systems, and \$2.5 million additional federal support for Safe Routes to Schools Program. Reduction in budgeted FTEs due to position transfers.

FTEs	1,496.8	(2.0)
Gross	\$108,028,500	\$6,173,000
Federal	18,912,600	4,617,200
Restricted	89,115,900	1,555,800

4. State Trunkline Maintenance

Reflects economic increases of \$1.6 million, and \$182,600 related to positions transfers. Executive proposes rolling up two current line items.

FTEs	832.7	2.0
Gross	\$284,728,200	\$1,799,900
Restricted	284,728,200	1,799,900

5. State Trunkline Road and Bridge Construction

Appropriates \$794.4 million for state capital construction/reconstruction program. Reflects decrease in estimated available state restricted revenue and federal aid revenue. Executive recommendation and current YTD do not reflect anticipated federal stimulus funding which will be apportioned to the state in March 2009.

Gross	\$1,043,058,100	(\$248,639,300)
Federal	892,420,900	(185,208,300)
Local	30,000,000	0
Restricted	120,637,200	(63,431,000)

TRANSPORTATION

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
6. Local Federal Aid Road and Bridge Construction	Gross	\$309,592,000	(\$60,841,000)
Appropriates \$248.8 million based on estimated federal revenue and Act 51 directive that 25% of most federal aid program funds be made available to local road agencies. Executive recommendation and current YTD do not reflect anticipated federal stimulus funding which will be apportioned to the state in March 2009.	Federal	309,592,000	(60,841,000)
7. MTF Distribution to Local Road Agencies	Gross	\$931,570,800	(\$45,425,400)
Appropriates \$886.1 million MTF (\$568.9 million to county road commissions, \$317.2 million to cities/villages) based on MTF revenue estimates and Act 51 formula; final distribution will be based on actual MTF revenue, which may be more or less than appropriations.	Restricted	931,570,800	(45,425,400)
8. Transportation Economic Development (TEDF) Fund	Gross	\$42,332,200	\$3,394,800
Provides \$45.7 million for statutory distribution per 1987 PA 231; increase reflects reduction in TEDF debt service.	Restricted	42,332,200	3,394,800
9. Bus Transit – Local Bus Operating Assistance	Gross	\$166,624,000	\$0
Includes \$166.6 million from Comprehensive Transportation Fund (CTF) for state operating assistance to local public transit agencies (unchanged since FY 2006-07).	Restricted	166,624,000	0
10. Bus Transit – Non-Urban Operating/Capital	Gross	\$19,300,000	\$2,500,000
Recognizes anticipated increase in federal non-urban transit grants in 2010.	Federal	18,500,000	2,500,000
	Local	800,000	0
11. Rail Passenger Service	Gross	\$12,700,000	(\$4,033,000)
Provides operating assistance for Port Huron/Chicago and Grand Rapids/Chicago rail service with restricted funds; federal revenue provides capital assistance. Appropriates \$8.7 million; recognizes reduction Federal Railroad Administration grant and anticipated reduction in CTF revenue.	Federal	5,800,000	(2,800,000)
	Restricted	6,900,000	(1,233,000)
12. Specialized Services	Gross	\$9,500,100	(\$2,252,000)
Reflects anticipated federal and local revenue, and anticipated reductions in CTF revenue. Line item supports transit programs for elderly and disabled citizens.	Federal	2,700,000	(1,000,000)
	Local	2,700,000	(1,000,000)
	Restricted	4,100,100	(252,000)
13. Bus Capital	Gross	\$40,803,000	(\$2,624,800)
Provides matching funds for Federal Transit Administration (FTA) grants to local transit agencies; reflects anticipated FTA grants distributed through this budget; anticipates reduction in available CTF matching revenue.	Federal	26,400,000	1,600,000
	Local	5,000,000	0
	Restricted	9,403,000	(4,224,800)
14. AERO Capital Projects	Gross	\$167,491,700	(\$44,066,000)
Provides funding for FY 2009-10 Aeronautics Capital program. Reflects federal discretionary funds available in 2009, not anticipated in 2010. Executive recommendation and current YTD do not reflect anticipated federal stimulus funding which will be apportioned to the state in March 2009.	Federal	133,024,600	(28,149,900)
	Local	30,674,200	(14,650,800)
	Restricted	3,792,900	(1,265,300)
15. State/Local Capital Facilities Projects	Gross	\$9,132,000	(\$6,844,000)
Provides funds for other capital outlay projects (salt storage facilities, Transportation Service Center, Institutional and Agency road program, other facility special maintenance projects). Only special maintenance would be funded in FY 2009-10 due to reduced STF revenue.	Restricted	9,132,000	(6,844,000)

<u>Major Budget Changes from FY 2008-09 YTD</u>		<u>Year-to-Date FY 2008-09</u>	<u>Executive Change</u>
16. Economics	Gross	N/A	\$6,872,000
Provides \$1.8 million increase to reflect salaries/wages, \$1.2 million related to health insurance, and \$3.5 million increase for retirement contributions. Projected workers compensation and building occupancy costs would decrease by \$337,300 and \$669,700 respectively.	Restricted	N/A	6,872,000
		N/A	

Major Boilerplate Changes from FY 2008-09

Sec. 206. Contingency Appropriations

Provides for contingency appropriations in accordance with Section 393(2) of the Management and Budget Act: \$200.0 million federal; \$40.0 million state restricted, \$1.0 million in local, and \$1.0 million private funds.

Sec. 207. Privatization – DELETED

Provides for reports on privatization activities and defines privatize and privatization.

Sec. 306. Use of Transportation Funds/Biennial Audit of Transportation Funds

Sets guidelines for use of transportation funds (grants) by other state agencies; requires report. Provides for biennial audit of use of transportation funds by other state departments, due nine months after state CAFR is issued.

Sec. 307. Five-Year Plan

Provides for rolling Five-Year Plan by March 1 of each year.

Sec. 384. Detroit River International Crossing (DRIC) – DELETED

Lists permitted activities with regard to development of a new crossing of the Detroit River between Detroit, Michigan, and Windsor, Ontario. Requires quarterly report of DRIC expenditures to appropriations committees.

Sec. 740. Review of CTF Fund Balances – DELETED

Requires report on unencumbered CTF balance by March 1 of each year.

Sec. 742. Budget Recommendation for Street Railway – NEW

Recommends \$0 appropriation for a street railway company in accordance with new requirements in Section 22 of 1951 PA 51.

FY 2009-10

CONSENSUS REVENUE

Consensus Revenue: FY 2009-10

Senior Economist: Rebecca Ross

This section explains January 2009 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2008-09 and FY 2009-10 by major revenue sources.

For Michigan:

- ▶▶ Wage and salary employment is expected to decrease 4.6% in 2009 and decrease 2.0% in 2010.
- ▶▶ The unemployment rate is expected to be 10.9% in 2009, then increase to 11.2% in 2010.

**GF/GP REVENUE ESTIMATES
(Millions of Dollars)**

	<u>Final FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2009-10 Over FY 2008-09</u>	
				<u>Change</u>	
Personal Income Tax	\$5,106.6	\$4,510.2	\$4,093.7	(\$416.5)	(9.2%)
Sales and Use Taxes	988.1	911.9	981.6	69.7	7.6%
MBT/SBT and Insurance Taxes	2,348.6	2,053.3	2,045.2	(8.1)	(0.4%)
Other Taxes	542.6	483.3	473.6	(9.7)	(2.0%)
GF/GP Tax Revenue	\$8,985.9	\$7,958.7	\$7,594.1	(\$364.6)	(4.6%)
Non-Tax Revenue	373.7	347.4	340.4	(7.0)	(2.0%)
Net Total GF/GP Revenue	\$9,359.6	\$8,306.1	\$7,934.5	(\$371.6)	(4.5%)

General Fund/General Purpose Revenue by Source

Personal Income Tax

Michigan personal income tax revenue is forecast to decrease 11.7% in FY 2008-09, and then decline 9.2% in FY 2009-10.

Sales and Use Taxes

Flat or weak growth in wage and salary income will hold GF/GP sales and use tax revenue down from \$911.9 million in FY 2008-09 to \$981.6 million in FY 2009-10.

Michigan Business Tax/Single Business Tax and Insurance Taxes

Net business taxes were \$2,348.6 million in FY 2007-08, and will decrease 12.6% to \$2,053.3 million in FY 2008-09, and decrease 0.4% to \$2,045.2 million in FY 2009-10.

GF/GP Tax Revenue

- ▶▶ Final GF/GP tax revenue totaled \$8,985.9 million in FY 2007-08.
- ▶▶ GF/GP tax revenue is expected to decrease in FY 2008-09 to \$7,958.7 million (11.4% decrease) and in FY 2009-10 to \$7,594.1 million (4.6% decrease).

Net Total GF/GP Revenue

- ▶▶ Net total GF/GP revenue includes tax revenue and non-tax revenue.

- ▶▶ Non-tax revenue includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs.
- ▶▶ Net total GF/GP revenue was \$9,359.6 million in FY 2007-08.
- ▶▶ Net total GF/GP revenue is expected to decrease to \$8,306.1 million (11.3% decrease) in FY 2008-09, then decrease to \$7,934.5 million (decrease of \$371.6 million, or 4.5%) in FY 2009-10.

**SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars)**

Revenue	Final FY 2007-			FY 2009-10 Over FY 2008-09	
	08	FY 2008-09	FY 2009-10	Change	
Sales and Use Tax	\$5,387.4	\$5,142.4	\$5,175.0	\$32.6	0.6%
Income Tax Earmark	2,117.7	1,989.5	1,931.5	(58.0)	(2.9%)
Lottery and Casinos	852.8	814.0	817.4	0.4	0.1%
Tobacco Taxes	424.7	415.2	405.0	(10.2)	(2.5%)
State Education Tax	2,079.7	2,010.2	1,959.2	(51.0)	(2.5%)
Real Estate Transfer Tax	169.8	144.3	149.3	5.0	3.5%
Liquor Excise and Specific Taxes	140.1	124.0	124.3	0.3	0.2%
Net SAF Revenue	\$11,513.2	\$11,368.7	\$11,295.8	(\$72.9)	(0.6%)
Federal Funds	1,377.7	1,562.0	1,561.8	(0.2)	0.0%
Net Total SAF Revenue	\$12,890.9	\$12,930.7	\$12,857.6	(\$73.1)	(0.6%)

School Aid Fund Revenue by Source

Sales and Use Taxes

Combined sales and use tax revenue dedicated to the SAF equaled \$5,387.4 million in FY 2007-08; it is forecast to decrease to \$5,142.4 million in FY 2008-09 and increase slightly to \$5,175.0 million (0.6% increase) in FY 2009-10.

Income Tax

- ▶▶ Approximately 26% of gross income tax collections are dedicated to the SAF.
- ▶▶ Dedicated income tax revenue is forecast to decrease to \$1,989.5 million (6.1% decrease) in FY 2008-09 and fall to \$1,931.5 million (2.9% decrease) in FY 2009-10.

Lottery/Casinos

Lottery and Casino revenue contributed \$852.8 million to the SAF in FY 2007-08, and is projected to decrease \$814.0 million (4.6% decrease) in FY 2008-09, and increase slightly in FY 2009-10.

Tobacco Taxes

- ▶▶ Approximately 40% of gross tobacco tax revenue is dedicated to the SAF.
- ▶▶ The SAF received \$424.7 million from tobacco taxes in FY 2007-08.
- ▶▶ The demand for tobacco products is expected to decline over the duration of the forecast; total SAF tobacco tax revenue is expected to decrease to \$415.2 million in FY 2008-09 and \$405.0 million in FY 2009-10.

CONSENSUS REVENUE

State Education Tax/Real Estate Transfer Tax

- ▶ All of the 6-mill state education tax (SET) and the real estate transfer tax (RET) is dedicated to the SAF.
- ▶ Revenue from the SET was \$2,079.7 million in FY 2007-08, and it is expected to decrease to \$2,010.2 million (3.3% decrease) in FY 2008-09 and decline to \$1,959.2 million (2.5% decrease) in FY 2009-10.
- ▶ RET contributed \$169.8 million to the SAF in FY 2007-08, and is forecast to contribute \$144.3 million in FY 2008-09 and \$149.3 million in FY 2009-10.

Net SAF Revenue

- ▶ Net SAF revenue was \$11,513.2 million in FY 2007-08.
- ▶ Net SAF revenue is expected to decrease to \$11,368.7 million in FY 2008-09 and decrease 0.6% to \$11,295.8 million in FY 2009-10.

Net Total SAF Revenue

- ▶ Actual SAF revenue represents revenue available for expenditure each year; it includes federal funds, but does not include any GF/GP transfers to SAF or beginning balances.
- ▶ Actual SAF revenue was \$12,890.9 million in FY 2007-08; it is expected to increase 0.3% to \$12,930.7 million in FY 2008-09, then decrease 0.6% to \$12,857.6 million in FY 2009-10.

HFA Estimates of Year-End Balances

The following table reports House Fiscal Agency estimates of year-end balances for GF/GP, the SAF, and the Budget Stabilization Fund (BSF).

**YEAR-END BALANCE ESTIMATES
(Millions of Dollars)**

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
General Fund/General Purpose	\$457.9	\$0
School Aid Fund	\$247.1	\$0
Budget Stabilization Fund	\$2.2	\$2.2

Year-end estimates notes:

- ▶ FY 2008-09 estimates for GF/GP and the SAF are based on year-to-date appropriations, projected year-end adjustments, and consensus revenue estimates.
- ▶ SAF revenue is restricted; hence, any year-end balance is carried forward to the subsequent year.
- ▶ BSF estimates are based on current balance estimates and HFA estimates of future deposits and interest earned.

Budget Stabilization Fund Year-End Balances

The following table notes BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 2007-08, and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 2008-09 and FY 2009-10. A complete list of BSF historical data is available from the HFA upon request.

The final BSF fund balance was \$2.2 million for FY 2007-08. The fund balance is forecast to be \$2.2 million for FY 2008-09 and \$2.3 million for FY 2009-10.

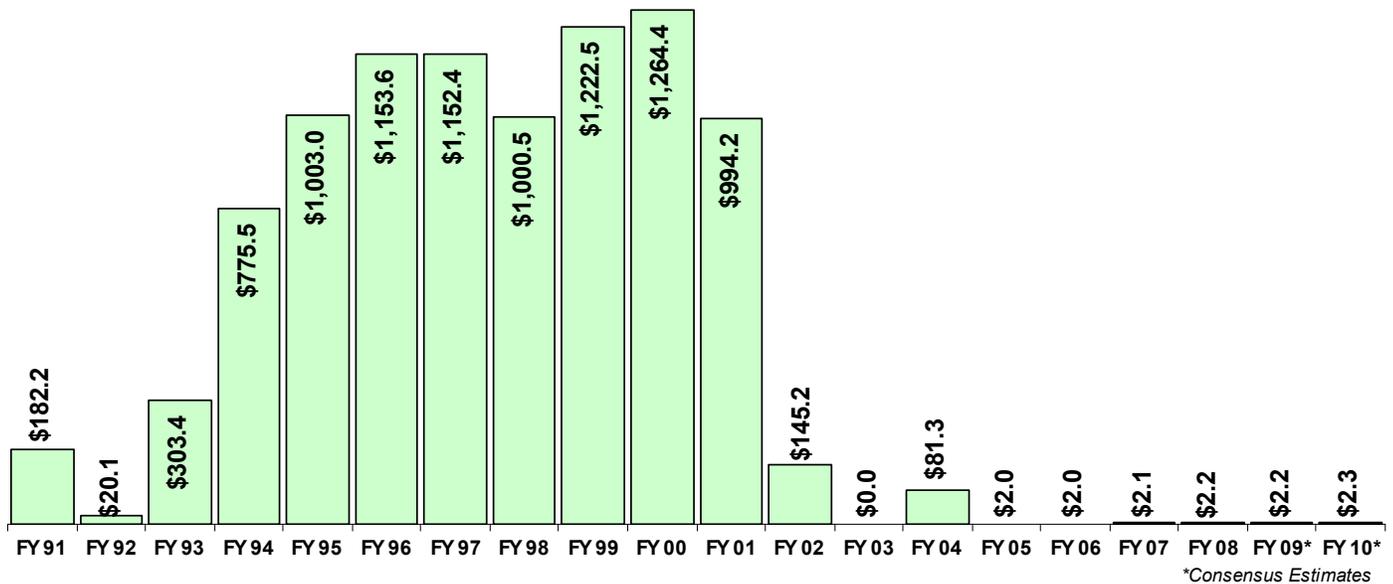
BUDGET STABILIZATION FUND HISTORY
(Millions of Dollars)

<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1990-91	0.0	230.0	27.1	182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.7	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.2	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.2
2001-02	0.0	869.8	20.8	145.2
2002-03	0.0	156.1	10.9	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	81.3	2.0	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07	0.0	0.0	0.1	2.1
2007-08*	0.0	0.0	0.1	2.2
2008-09*	0.0	0.0	0.1	2.2
2009-10*	0.0	0.0	0.1	2.3

* HFA Estimates

NOTE: Numbers may not add due to rounding.

Budget Stabilization Fund (BSF) Balance
(Millions of Dollars)



CONSENSUS REVENUE

Compliance With the State Revenue Limit

HFA estimates of the state revenue limit provided for in Article IX, Section 26, *Constitution of the State of Michigan*, and estimates of total state revenue collections subject to the state revenue limit are shown in the following table. As provided for in the *Constitution*, the revenue limit is calculated as 9.49% of total state personal income in the previous full calendar year (CY) prior to the fiscal year in which the revenue is measured, as estimated by the Bureau of Economic Analysis, United States Department of Commerce.

**COMPLIANCE WITH THE STATE REVENUE LIMIT
(Millions of Dollars)**

Revenue Limit Calculations	FY 2007-08	FY 2008-09	FY 2009-10
Personal Income	CY 2006	CY 2007	CY 2008
Amount	\$341,075	\$345,885	\$354,187
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	32,368.0	32,824.5	33,612.3
Total Revenue Subject to Revenue Limit	\$27,671.1	\$26,583.8	\$26,259.6
Amount Under (Over) State Revenue Limit	\$4,696.9	\$6,240.6	\$7,352.7

Implications of Exceeding the State Revenue Limit

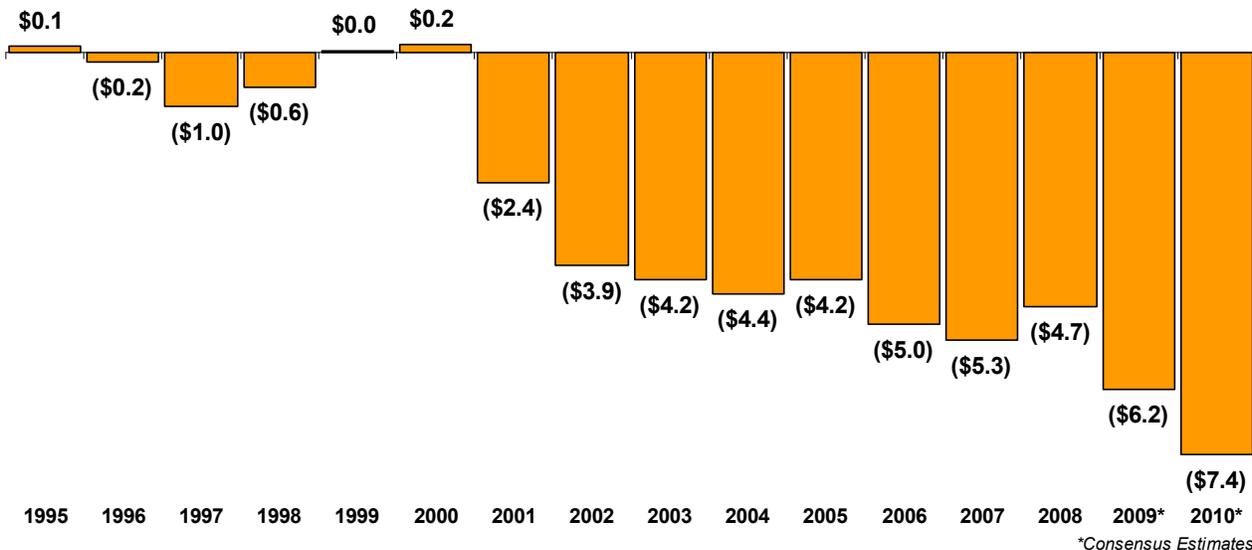
Article IX, Section 26, Constitution of the State of Michigan, provides that:

. . . For any fiscal year in the event that Total State Revenue exceed the limit established in this section by 1% or more, the excess revenues shall be refunded pro rata based on the liability reported on the Michigan income tax and single business tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than 1%, this excess may be transferred to the State Budget Stabilization Fund . . .

Furthermore, the state is prohibited from spending any current-year revenue in excess of the limit established in Section 26 by Article IX, Section 28.

The preliminary final FY 2007-08 revenue limit calculation indicates that the state revenue collections were well under the revenue limit. For both FY 2008-09 and FY 2009-10, state revenue is estimated to be substantially below the revenue limit—by \$6.2 billion and \$7.4 billion, respectively.

**Constitutional Revenue Limit
(Billions of Dollars)**





Mitchell E. Bean, Director
Bill Fairgrieve, Deputy Director

Agriculture	William E. Hamilton, Senior Fiscal Analyst
Capital Outlay	Robin R. Risko, Senior Fiscal Analyst
Community Colleges	Ben Gielczyk, Fiscal Analyst
Community Health	
Medicaid	Steve Stauff, Senior Fiscal Analyst
Mental Health/Substance Abuse	Margaret Alston, Senior Fiscal Analyst
Public Health/Aging	Susan Frey, Senior Fiscal Analyst
Corrections	Marilyn Peterson, Senior Fiscal Analyst
Education (Department)	Mary Ann Cleary, Associate Director; Bethany Wicksall, Senior Fiscal Analyst
Energy, Labor, & Economic Growth	Mark Wolf, Fiscal Analyst
Environmental Quality	Kirk Lindquist, Senior Fiscal Analyst
General Government	
Attorney General/Information Technology/Management & Budget/	
Lottery/State/Treasury	Viola Bay Wild, Senior Fiscal Analyst
Auditor General/Civil Rights/Executive/Legislature	Robin R. Risko, Senior Fiscal Analyst
Higher Education	Kyle I. Jen, Associate Director
Human Services (Department)	Robert Schneider, Senior Fiscal Analyst; Kevin Koorstra, Fiscal Analyst
History, Arts, and Libraries	Robin R. Risko, Senior Fiscal Analyst
Judiciary	Ben Gielczyk, Fiscal Analyst
Military & Veterans Affairs	Jan Wisniewski, Senior Fiscal Analyst
Natural Resources	Kirk Lindquist, Senior Fiscal Analyst
State Police	Jan Wisniewski, Senior Fiscal Analyst
School Aid	Mary Ann Cleary, Associate Director; Bethany Wicksall, Senior Fiscal Analyst
Transportation	William E. Hamilton, Senior Fiscal Analyst
Economics	
Revenue/Tax Analysis	Rebecca Ross, Senior Economist
Tax Analysis/Revenue Sharing	Jim Stansell, Economist
Investigations	Mitchell E. Bean, Director
Legislative Analysis	Chris Couch, Associate Director
	Edith Best, Joan Hunault, Shannan Kane, Sue Stutzky, Legislative Analysts
Legislative Transfers	Margaret Alston, Senior Fiscal Analyst
Retirement	Bethany Wicksall, Senior Fiscal Analyst
Supplementals	Kyle I. Jen, Associate Director
Administrative Assistant	Jeanne Dee
Budget Assistants	
Agriculture/Community Colleges/Education/Higher Education/Retirement/	
School Aid/Transportation/Transfers/HFA Internet/Bill Analysis	Barbara Graves
Capital Outlay/Energy, Labor, & Economic Growth/Environmental Quality/	
General Government/History, Arts, & Libraries/Military & Veterans Affairs/	
Natural Resources/Retirement/State Police/Supplementals	Amber Fox
Community Health/Corrections/Human Services/Judiciary/HFA Library	Tumai Burris
Receptionist	D'Andrea Long



P.O. Box 30014 ■ Lansing, MI 48909-7514
(517) 373-8080 ■ FAX (517) 373-5874
www.house.mi.gov/hfa