

PRELIMINARY REVIEW

of the

FY 2010-11

Executive Budget Recommendation



Mitchell E. Bean, Director
February 16, 2010

INDEX

OVERVIEW OF FY 2010-11 EXECUTIVE BUDGET RECOMMENDATION	1
GRAPHS: Executive Recommendation GF/GP and Adjusted Gross By Budget Area	2
CHANGE IN ADJUSTED GROSS APPROPRIATIONS	3
RESOURCES USED IN THE EXECUTIVE BUDGET RECOMMENDATION	4-6
EXECUTIVE-PROPOSED TAX CHANGES	7-8
FY 2010-11 ECONOMIC CHANGES BY DEPARTMENT/AGENCY	9
FY 2010-11 EXECUTIVE BUDGET HIGHLIGHTS	
Education	
Community Colleges ▪ Education ▪ Higher Education ▪ School Aid	10-13
General Government	
Overall Totals ▪ Attorney General ▪ Civil Rights ▪ Executive Office ▪ Legislative Auditor General ▪ Legislature ▪ Technology, Management & Budget ▪ State ▪ Treasury	13-20
Human Services	
Community Health ▪ Corrections ▪ Human Services	20-24
Resource Protection	
Agriculture ▪ Environmental Quality ▪ Natural Resources & Environment	24-25
Safety and Defense	
Military & Veterans Affairs ▪ State Police	26-27
All Other	
Capital Outlay ▪ Energy, Labor & Economic Growth ▪ Judiciary ▪ Transportation	27-30
TABLES 1-5:	
Table 1: FY 2010-11 Executive Budget Recommendation by Source of Funds	31
Table 2: FY 2010-11 GF/GP Appropriations Compared to FY 2009-10 YTD	32
Table 3: FY 2010-11 Adjusted Gross Appropriations Compared to FY 2009-10 YTD	33
Table 4: FY 2010-11 FTEs Compared to FY 2009-10 YTD	34
Table 5: FY 2010-11 State Spending from State Sources Paid to Local Governments	35

HFA STAFF LIST

OVERVIEW OF FY 2010-11 EXECUTIVE BUDGET RECOMMENDATION

The FY 2010-11 Executive Budget Recommendation calls for \$46,636.3 million in adjusted gross appropriations. This includes \$7,986.7 million in General Fund/General Purpose (GF/GP) funds, \$18,097.6 million in restricted funds, \$475.6 million in local/private funds, and \$20,076.4 million in federal funds.

Of the \$26,084.3 million in state resources recommended for appropriation in FY 2010-11, \$15,170.7 million (58.2% 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 11, 2010, Consensus Revenue Estimating Conference revenue estimates, **the Executive Recommendation incorporates the following, which address the estimated \$1.5 billion FY 2010-11 budget shortfall:**

- GF/GP budget reductions totaling \$566 million:
 - \$140 million in reductions in the Department of Corrections budget tied to reforms that would reduce the state's prison population.
 - \$133 million tied to a proposed physician provider assessment.
 - \$39 million in reductions in the Department of Community Health budget.
 - \$39 million in reductions in the Department of Human Services budget.
 - \$39 million in reductions in the Higher Education budget.
 - \$60 million in reductions to programs in other budgets.
 - \$116 million in GF/GP reductions from proposed changes to state employee retirement and other benefits (not yet reflected in individual department budget amounts).
- The use of \$567.6 million in additional federal funds anticipated to be available to reduce Medicaid costs under pending Federal legislation.
- A proposed state tax restructuring plan that would result in a net revenue increase of \$554.3 million for FY 2010-11, which would be used to eliminate the projected shortfall in the School Aid budget (and yield an estimated year-end balance of \$151.8 million). Major revenue impacts of the restructuring proposal for FY 2010-11 are as follows (see page 7 for more information)
 - Reduction of \$170.8 million for 50% phase-out of Michigan Business Tax surcharge.
 - Net increase of \$728.7 million from lowering sales/use tax rate to 5.5% and expanding tax base to include most consumer services and some business-to-business services.
 - Reduction of \$3.5 million for administrative costs of tax restructuring.

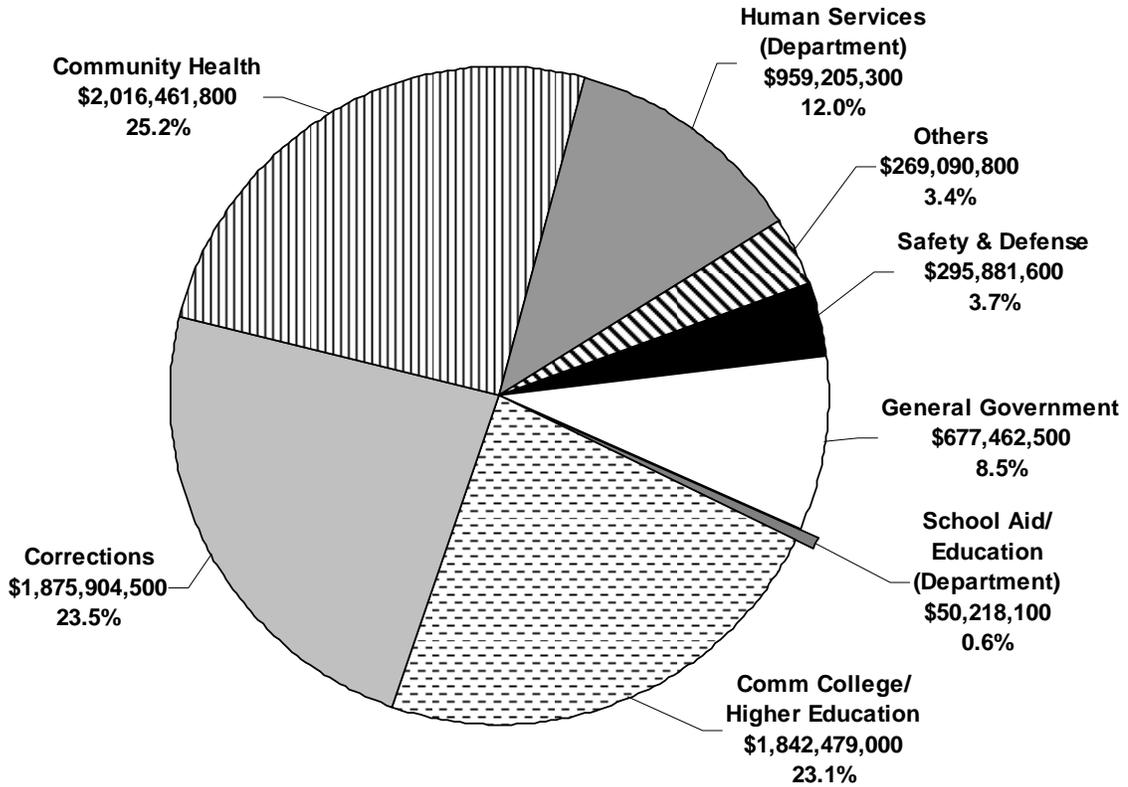
This preliminary review provides a quick look at the Executive Recommendation for FY 2010-11. The House Fiscal Agency's full ***Review and Analysis of the FY 2010-11 Executive Budget Recommendation*** will be available in approximately two weeks, and will contain a detailed analysis and discussion, by budget area, of major budget and boilerplate changes proposed in the Executive Budget Recommendation for FY 2010-11.

A list of House Fiscal Agency staff is included in this document. Please do not hesitate to call me, or the Fiscal Analyst responsible for a specific budget area, if you have questions regarding this information.

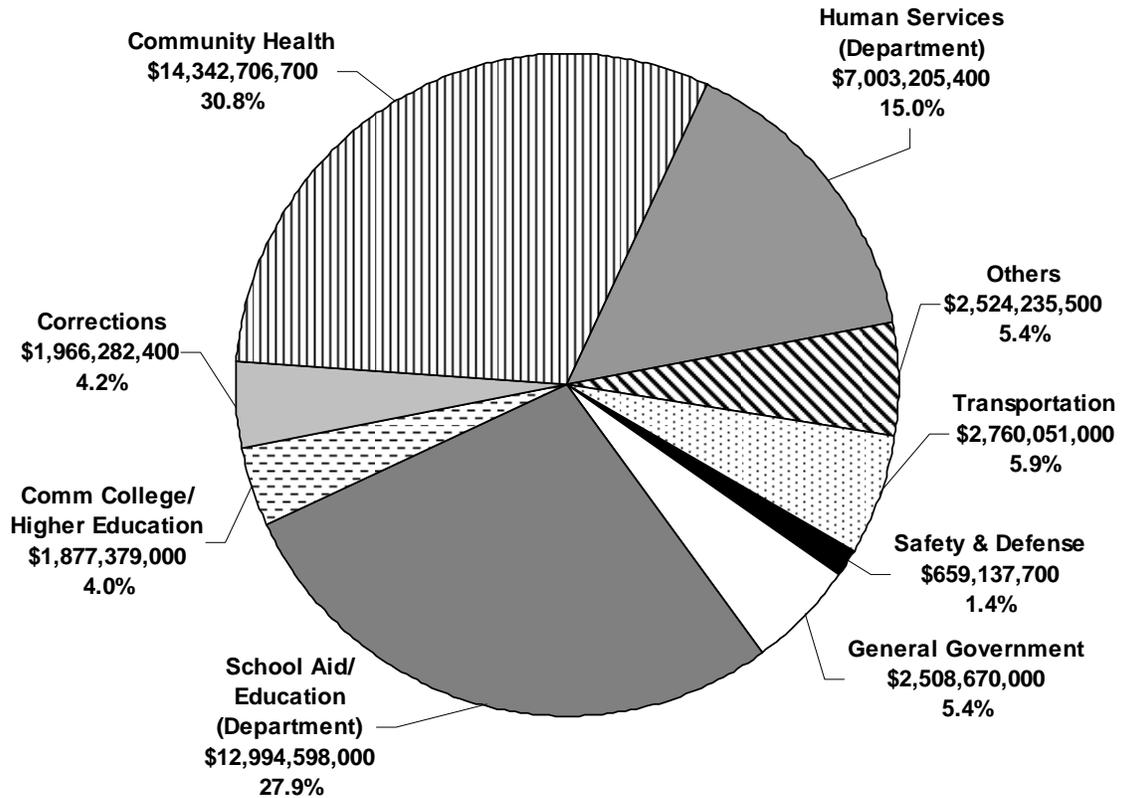


Mitchell E. Bean, Director

**FY 2010-11 Executive Recommendation
General Fund/General Purpose (GF/GP) = \$7,986,703,600**



**FY 2010-11 Executive Recommendation
Adjusted Gross = \$46,636,265,700**



CHANGE IN ADJUSTED GROSS APPROPRIATIONS FY 2010-11 Executive Recommendation and FY 2009-10 Year-to-Date

The Executive Budget Recommendation for FY 2010-11 increases adjusted gross appropriations by \$2,143.4 million (4.8%) from FY 2009-10 year-to-date amounts, as a result of these changes in appropriations from major fund sources:

- GF/GP appropriations are decreased by \$141.3 million (1.7%).
- State restricted appropriations are increased by \$1,063.0 million (6.2%).
- Federal appropriations are increased by \$1,209.7 million (6.4%).

Total state spending from state sources (GF/GP plus state restricted) in the FY 2010-11 Executive Budget Recommendation increases by \$921.6 million (3.7%) from FY 2009-10 year-to-date amounts.

The following should be noted regarding the appropriation amounts in the table below.

- These appropriation amounts do not reflect estimated savings of \$296.7 million Gross and \$116.6 million GF/GP tied to (1) proposed changes to retirement and other benefits for state employees and (2) recent Civil Service Commission action to not provide a 3.0% salary/wage increase for Not Exclusively Represented Employees.
- The federal appropriation amounts below include appropriations from temporary funds received under the American Recovery and Reinvestment Act (ARRA). FY 2009-10 year-to-date federal appropriations includes \$2,075.6 million in ARRA funds. The FY 2010-11 amount for federal appropriations includes \$1,834.8 million in funds to be received under ARRA or under pending Federal legislation.

Federal ARRA amounts are shown separately from other federal funds in the budget-by-budget highlight tables found later in this document, so that the impact of changes in ARRA funding from FY 2009-10 to FY 2010-11 for specific budget areas can be easily identified.

	Millions of Dollars			
	<u>Year-to-Date FY 2009-10</u>	<u>Executive Recommendation FY 2010-11</u>	<u>Change Amounts</u>	
General Fund/General Purpose	\$8,128.0	\$7,986.7	(\$141.3)	(1.7%)
State Restricted	<u>17,034.6</u>	<u>18,097.6</u>	<u>1,063.0</u>	6.2%
Total State Spending from State Sources	\$25,162.7	\$26,084.3	\$921.6	3.7%
Federal	\$18,866.7	\$20,076.4	\$1,209.7	6.4%
Local	362.5	365.9	3.5	1.0%
Private	101.1	109.7	8.7	8.5%
Total Adjusted Gross	\$44,492.8	\$46,636.3	\$2,143.4	4.8%

General Fund/General Purpose: The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenue

State Restricted: State revenue dedicated to a specific fund; revenue which results from state mandates or initiatives; includes state School Aid Fund

Adjusted Gross: Total of all line item appropriations; gross appropriations minus interdepartmental grants (IDGs) and intradepartmental transfers (IDTs)

RESOURCES USED IN THE EXECUTIVE BUDGET RECOMMENDATION

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

FY 2010-11 Executive Recommendation General Fund/General Purpose (GF/GP) (Millions of Dollars)	FY 2010-11 Executive Recommendation School Aid Fund (SAF) (Millions of Dollars)
<u>Resources</u>	<u>Resources</u>
Beginning Balance \$33.1	Beginning balance \$78.5
Initial revenue estimate (1/11/10) 6,968.4	Initial revenue estimate (1/11/10) 10,480.5
Revenue sharing savings 427.3	Proposed tax restructuring plan 554.3
Charge SAF for short-term borrowing cost 45.0	Tax enforcement 2.3
Use tax base change 354.6	Lottery reform 5.0
Use tax - Proposed physician assessment 34.3	GF/GP subsidy 30.2
Proposed Promise Tax Credit (6.8)	Federal funds 1,680.1
Eliminate College Tuition Tax Credit 8.8	Federal ARRA <u>184.3</u>
Proposed Venture Investment Tax Credit (5.0)	Total Resources \$13,015.1
Tax enforcement <u>15.0</u>	
Total Resources \$7,874.7	
<u>Expenditures</u>	<u>Expenditures</u>
FY 2010-11 Executive Recommendation \$7,870.1	FY 2010-11 Executive Recommendation \$12,863.3
Estimated Year-End Balance \$4.6	Estimated Year-End Balance \$151.8

FY 2010-11 Consensus Revenue Estimate: Revenue estimates agreed to at the January 2010 consensus revenue estimating conference.

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

Use tax base change: Impact of 2008 PA 440, which applied the use tax to Medicaid managed care organizations

Use tax - Proposed physician assessment: Additional use tax which would be generated from increased Medicaid managed care payments for physician services due to proposed assessment

Proposed Promise Tax Credit: Proposed income tax credit for students who would have been eligible for Promise Grant Program and remain in state for one year after earning a college degree (see page 8 for more information)

Eliminate College Tuition Tax Credit: Proposed elimination of current income tax credit for students attending colleges/universities that hold their tuition increases to level of inflation

Venture Investment Tax Credit: Proposed expansion of Angel and Venture Capital Investment Tax Credit

Tax enforcement: Impact of proposed enhanced enforcement

Proposed tax restructuring plan: Net revenue increase for FY 2010-11 from proposed changes to sales/use taxes and Michigan Business Tax (see page 7 for more information)

Lottery reform: Increased advertising, reducing the number of days lottery winners can claim prizes, and placing self-service machines in Wayne County Metropolitan Airport would increase net lottery revenue by an estimated \$5.0 million

Federal ARRA: Remaining funds available for K-12 funding from State Fiscal Stabilization Fund under American Recovery and Reinvestment Act (ARRA)

FY 2010-11 Executive Recommendation Merit Award Trust Fund (Millions of Dollars)	
Beginning balance	\$6.1
Master Settlement Agreement payment	328.5
Assume no withheld/disputed funds	0.0
Interest	0.9
Payment on 2006 securitization bonds	(43.8)
Payment on 2007 securitization bonds	(35.4)
Deposit to 21st Century Jobs Trust Fund	<u>(75.0)</u>
Available Resources	\$181.3
Proposed Expenditures:	
Tuition Incentive Program (TIP)	(30.1)
TIP Administration	(0.9)
State Police tobacco tax enforcement	(0.6)
Medicaid base	(144.8)
Aging-respite care	(4.5)
Attorney General administration	<u>(0.4)</u>
Total Proposed Expenditures	(\$181.3)

FY 2010-11 Executive Recommendation MEDICAID Benefits Trust Fund (Millions of Dollars)	
Beginning balance	\$17.9
Interest	1.0
Estimated deposits:	
Revenue from cigarette tax	307.0
Revenue from other tobacco products	43.5
Medicaid settlement revenue	1.3
GM pension fix (one-time revenue)	<u>160.0</u>
Available Resources	\$530.7
Withdrawal (one-time)	(\$160.0)
Withdrawal	<u>(370.7)</u>
Total Withdrawals	(\$530.7)
Estimated Ending Balance	\$0.0

Summary: One-Time Resources

The table below shows major one-time resources utilized in the FY 2010-11 Executive Budget Recommendation. In sum, the budget recommendation relies on \$1.4 billion in resources that will not be available in FY 2011-12 to help balance the state's budget.

FY 2010-11 Executive Recommendation Major One-Time Resources Utilized (Millions of Dollars)	
Enhanced Medicaid matching funds under ARRA	\$283.8
Enhanced Medicaid matching funds under anticipated federal legislation	567.6
One-time revenue for Medicaid Benefits Trust Fund (GM pension fix)	160.0
TANF contingency funds and enhanced FMAP revenue in DHS (GF/GP offset)	178.5
Remaining ARRA State Fiscal Stabilization Fund revenue for School Aid	<u>184.3</u>
Total One-Time Resources	\$1,374.2

Executive-Proposed Tax Changes

Tax Restructuring Plan

- Reduces the sales/use tax (and use tax on HMOs) rates from 6.0% to 5.5% beginning December 1, 2010.
- Extends the 5.5% sales tax to services (includes a collection allowance) beginning December 1, 2010.
 - All consumer services, except for health care, social assistance, education, new construction and remodeling, real estate and insurance commissions, would be subject to the sales tax on services.
 - Business services that are directly connected to the business operation or the sales of the end product would be excluded. As an example, advertising and marketing would be exempt from the tax, but landscaping would not. Also, legal and accounting services provided to a business would be exempt.
- Eliminates the Michigan Business Tax (MBT) Surcharge over two years: reduced 50% effective January 1, 2011 and eliminated effective January 1, 2012.
- Reduces the Gross Receipts (MBT) tax rate from 0.8% to 0.6%: reduced to 0.7% effective January 1, 2012 and reduced to 0.6% effective January 1, 2013.
- The estimated net revenue change would be an increase of \$554.3 million in FY 2010-11, \$327.3 million in FY 2011-12, \$48.6 million in FY 2012-13 and \$10.2 million in FY 2013-14. The Tax Restructuring Plan is essentially revenue neutral beginning in FY 2013-14.
- Earmarking of the sales tax on services is designed to hold harmless the GF/GP, revenue sharing, and the Comprehensive Transportation fund (CTF). All new net revenue would be earmarked to the SAF.

Executive-Proposed Tax Restructuring Plan: FY 2010-11 through FY 2013-14 (Millions of Dollars)

Proposed Changes:	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Revenue Changes:</u>				
Sales and Use Tax Changes				
Reduce Sales Tax Rate to 5.5% (eff. 12/1/10)	(\$422.1)	(\$521.7)	(\$537.4)	(\$553.5)
Reduce Use Tax Rate to 5.5% (eff. 12/1/10)	(\$80.6)	(\$99.6)	(\$102.6)	(\$105.6)
Reduce HMO Use Tax Rate to 5.5% (eff. 12/1/10)	(\$25.3)	(\$31.8)	(\$33.4)	(\$35.1)
Extend 5.5% Sales Tax to Services (eff. 12/1/10)	\$1,261.8	\$1,567.2	\$1,622.0	\$1,695.0
Collection Allowance for Service Tax	<u>(\$5.2)</u>	<u>(\$6.4)</u>	<u>(\$6.6)</u>	<u>(\$6.9)</u>
Subtotal	\$728.6	\$907.7	\$942.0	\$993.9
Michigan Business Tax Changes				
Surcharge 2 Year Phase Out: 50% 1/1/2011 & 50% 1/1/2012	(\$170.8)	(\$455.8)	(\$572.4)	(\$583.9)
Gross Receipts Rate Cut: 0.1% 1/1/2012 & 0.1% 1/1/2013	<u>\$0.0</u>	<u>(\$120.6)</u>	<u>(\$316.2)</u>	<u>(\$395.0)</u>
Subtotal	(\$170.8)	(\$576.4)	(\$888.6)	(\$978.9)
Administrative Costs	(\$3.6)	(\$3.9)	(\$4.8)	(\$4.8)
Net Revenue Change	\$554.3	\$327.4	\$48.6	\$10.2

Revenue Enforcement Proposal

- Business Property Tax Appeals. Under the MBT 2008 legislation, a portion of commercial property and 100% of industrial personal property became exempt from school operating taxes. As a result, thousands of personal property reclassifications have occurred, some of which may be improperly classified. The Department of Treasury would file appeals to have the property to the appropriately reclassification.
- MBT Unitary Business Groups. Hire field auditors to determine the tax liability of unitary business groups. A unitary business group includes a group of businesses controlled by one of the businesses with activities or operations that flow between businesses, and as such, are required to file combined tax returns. This proposal is estimated to increase revenue by \$7.7 million (all GF/GP) for FY 2010-11; on a full-year basis the revenue increase would be between \$10 and \$15 million.
- Individual Income Tax Accelerated Paid Error Returns. Hire staff to eliminate backlog of individual income tax error returns (returns with a tax liability due to the state). Currently, the Department of Treasury has a backlog of 30,000 paid error returns. This proposal is estimated to increase revenue by \$10.0 million (\$2.3 million for SAF and \$7.7 million for GF/GP) for FY 2010-11.

Higher Education Michigan Promise Tax Credit Proposal

- Restructure the Michigan Promise grants as a \$4,000 (adjusted for any Promise Grant award previously received) refundable income tax credit beginning with TY 2010. To be eligible for the credit, recipients must be a Michigan high school graduate from the class of 2007 or beyond; attend a Michigan college or university; receive a degree or certificate; work in Michigan for one year after receiving the degree and be required to claim themselves as a dependent on their own tax return; and file a Michigan tax return with documentation.
- The estimated cost of this proposal would be \$6.8 million for FY 2010-11, \$31.0 million for FY 2011-12, and over time would increase to approximately \$150 million per year.
- Repeal the college Tuition Tax Credit beginning with tax year (TY) 2010, which would increase FY 2010-11 revenue by an estimated \$8.8 million.

FY 2010-11 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	\$2,620.2	\$1,156.8	\$621.1	\$0.0	\$0.0	\$0.0	\$3,241.3	\$1,156.8
Attorney General	3,315.8	1,559.2	(65.5)	(65.5)	0.0	0.0	3,250.3	1,493.7
Auditor General	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Civil Rights	661.6	661.6	(37.6)	(37.6)	0.0	0.0	624.0	624.0
Civil Service	3,062.1	1,230.0	0.0	0.0	0.0	0.0	3,062.1	1,230.0
Community Health	24,138.9	13,249.2	84.4	(72.0)	184.2	148.6	24,407.5	13,325.8
Corrections	84,334.1	82,931.4	139.3	139.3	1,671.5	1,671.5	86,144.9	84,742.2
Education	2,326.5	344.5	61.7	36.8	0.0	0.0	2,388.2	381.3
Environmental Quality	7,912.5	1,076.4	(300.3)	(67.1)	0.0	0.0	7,612.2	1,009.3
Executive Office	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Human Services	44,918.2	14,561.9	(1,246.1)	(386.2)	42.3	21.7	43,714.4	14,197.4
Information Technology	9,435.5	3,209.2	(22.6)	(22.6)	0.0	0.0	9,412.9	3,186.6
Judiciary	2,523.5	2,310.3	116.2	116.2	0.0	0.0	2,639.7	2,426.5
Energy, Labor & Economic Growth	23,056.7	530.0	228.6	122.4	0.0	0.0	23,285.3	652.4
Legislature	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Management and Budget	4,309.4	1,848.0	(206.5)	597.1	0.0	0.0	4,102.9	2,445.1
Michigan Strategic Fund	812.8	658.3	0.0	0.0	0.0	0.0	812.8	658.3
Military and Veterans Affairs	4,282.6	1,153.2	0.0	0.0	90.2	27.1	4,372.8	1,180.3
Natural Resources	9,262.6	611.2	(30.0)	(13.2)	0.0	0.0	9,232.6	598.0
State	7,982.3	500.7	(248.6)	(396.1)	0.0	0.0	7,733.7	104.6
State Police	12,581.6	9,412.0	209.9	187.5	0.0	0.0	12,791.5	9,599.5
Transportation	17,144.1	0.0	(887.5)	0.0	0.0	0.0	16,256.6	0.0
Treasury	9,188.6	1,218.6	131.4	(135.6)	0.0	0.0	9,320.0	1,083.0
TOTAL	\$273,869.6	\$138,222.5	(\$1,452.1)	\$3.4	\$1,988.2	\$1,868.9	\$274,405.7	\$140,094.8

Notes: (1) Recently-combined departments shown separately. (2) Figures do not reflect estimated savings from (a) proposed changes to retirement and other benefits for state employees and (b) recent Civil Service Commission action to not provide 3.0% salary/wage increase for Not Exclusively Represented Employees. Those savings total \$296.7 million Gross and \$116.6 million GF/GP for FY 2010-11.

FY 2010-11 EXECUTIVE BUDGET HIGHLIGHTS
Major Features and Changes Proposed

BUDGET AREA: EDUCATION

Community Colleges

Analyst: Mark Wolf

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	299,360,500	299,100,500	(260,000)	(0.9)
Gross	\$299,360,500	\$299,100,500	(\$260,000)	(0.9)
FTEs	0.0	0.0	0.0	0.0

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

State Aid for Community College Operations

Operational funding for the 28 community colleges remains the same as FY 2008-09 and FY 2009-10 funding levels (\$292.6 million).

At-Risk Program Funding

Overall funding for at-risk programs remains the same (\$3.3 million). The distribution among the colleges changes, with the largest decrease impacting St. Clair CC (\$18,600) and largest increase impacting Wayne County CC (\$20,400).

Renaissance Zone Reimbursements

Funding for reimbursement payments to the colleges to make up for the foregone revenue because of renaissance zones, decreases by \$260,000 GF/GP. This reduction reflects a reduction in excess authorization, rather than a reduction in actual payments.

DELEG Reports

Reports on the Activities Classification Structure (ACS), Indian Tuition Waiver, and the number and types of degrees and certificates are moved from the CC bill to the DELEG bill, because DELEG compiles the reports, and it has no money in the CC bill.

Education (Department)

Analysts: Mary Ann Cleary and Bethany Wicksall

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	76,297,900	93,936,700	17,638,800	23.1
Local	7,008,700	7,220,000	211,300	3.0
Private	3,096,500	3,124,500	28,000	0.9
Restricted	7,038,900	6,992,900	(46,000)	(0.7)
GF/GP	19,429,600	20,011,900	582,300	3.0
Gross	\$112,871,600	\$131,286,000	\$18,414,400	16.3
FTEs	544.5	552.5	8.0	1.5

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

Race to the Top Education Reform - Federal

Includes \$17.0 million and 14.0 FTEs supported by potential Federal Race to the Top funding to implement changes in the recent education reform package including developing assessments to measure students' knowledge growth in

each grade, the correlation of student achievement to individual teachers, the creation of a new alternative process for teacher certification, and oversight of the school administrator certification program.

Race to the Top Education Reform - State

Includes \$1.7 million GF/GP and 13.0 FTEs to implement additional activities required in the State's education reform package that are not eligible for support from Federal Race to the Top funding. The new departmental responsibilities include the functions of the school reform/redesign officer, oversight of the new schools of excellence, and processing claims submitted to the basic instructional materials hotline.

Library of Michigan Reductions

Decreases the budget for the Library of Michigan operations by \$1.1 million to \$3.7 million and reduces FTEs by 13.0 positions in order to find savings pursuant to EO 2009-36 and EO 2009-43. The reductions include eliminating maintenance and oversight of the non-Michigan Genealogy Collection, the Federal Documents Collection, and the Regional Depository Program; eliminating circulation of the remaining Library of Michigan collection materials; ending participation in the interlibrary loan program; and recognizing savings from reductions in collection purchases. Also revises FTEs down another 16.0 positions to adjust the authorization to recognize the actual number of positions transferred in under the EO.

State Aid to Libraries Reductions

Decreases funding for state aid to local libraries by 2.5% or \$150,000 to a total of \$5.9 million.

Book Distribution Centers

Eliminates \$200,000 in funding for book distribution centers.

Economics

Increases department economics by \$2,388,200 gross and \$381,300 GF/GP.

Higher Education

Analyst: Kyle I. Jen

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal				
ARRA	68,238,000	0	(68,238,000)	(100.0)
Non-ARRA	5,900,000	4,500,000	(1,400,000)	(23.7)
Local	0	0	0	--
Private	0	0	0	--
Restricted	30,400,100	30,400,000	(100)	(0.0)
GF/GP	1,507,705,200	1,543,378,500	35,673,300	2.4
Gross	1,612,243,300	1,578,278,500	(33,964,800)	(2.1)
FTEs	1.0	1.0	0.0	0.0

Notes: (1) FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act.

University Operations

Replaces \$40.5 million in funding available for FY 2009-10 only from the State Fiscal Stabilization Fund (SFSF) under the American Recovery and Reinvestment Act (ARRA) with an equal amount of GF/GP funding. Total appropriation amount for each of the 15 public universities is held flat from FY 2009-10.

Agricultural Experiment Station

Replaces \$16.1 million in funding available for FY 2009-10 only from the SFSF under ARRA with an equal amount of GF/GP funding. Total appropriation for Agricultural Experiment Station is held flat from FY 2009-10 at \$34.2 million.

Cooperative Extension Service

Replaces \$11.7 million in funding available for FY 2009-10 only from the SFSF under ARRA with an equal amount of GF/GP funding. Total appropriation for Cooperative Extension Service is held flat from FY 2009-10 at \$29.5 million.

State Competitive Scholarship Program

Removes \$1.4 million in federal funds no longer available for program due to overall reductions in need-based state financial aid funding. Remaining appropriation for combination need-/merit-based program is \$16.2 million (\$14.7 million GF/GP; \$1.5 million federal).

Tuition Grant Program

Eliminates \$31.7 million GF/GP appropriation for Tuition Grant Program, a need-based program for students attending independent colleges and universities.

Tuition Incentive Program

Projected cost increase for program is \$6.2 million due to continued increase in number of Medicaid-eligible students graduating from high school and enrolling in associate's degree programs. Proposed policy changes to (1) limit reimbursed costs for associate's degree students at public universities to average community college tuition rate and (2) eliminate second phase of program (up to \$2,000 toward bachelor's degree) would save an estimated \$7.3 million. Net reduction in program funding is \$1.1 million GF/GP.

Children of Veterans and Officer's Survivor Tuition Programs

Includes increase of \$200,000 GF/GP for (1) transfer of Officer's Survivor Tuition Program funding from State Police budget (\$48,500 in FY 2009-10) and (2) anticipated increase in costs for Children of Veterans Tuition Grant Program.

School Aid

Analysts: *Mary Ann Cleary and Bethany Wicksall*

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal				
ARRA	450,000,000	184,256,600	(256,743,400)	(59.1)
Non-ARRA	1,601,759,400	1,680,072,300	78,312,900	4.9
Local	0	0	0	--
Private	0	0	0	--
Restricted	10,741,605,400	10,968,776,900	227,171,500	2.1
GF/GP	30,206,200	30,206,200	0	0
Gross	\$12,823,571,000	\$12,863,312,000	39,741,000	0.3
FTEs	0.0	0.0	0.0	0.0

Notes: (1) FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act.

School Aid Fund Revenue Reform

Recommends decreasing the state sales tax from 6.0% to 5.5% and expanding it to apply to consumer services. Estimates that this will generate \$554.3 million for the School Aid Fund, preventing further reductions to the School Aid budget which otherwise, based on current estimates, would equal \$255 per pupil.

Foundation Allowance Funding

Maintains FY 2009-10 Foundation Allowances.

Uses the remaining Federal ARRA funds of \$184.3 million, down from \$450 million in FY 2009-10 for continued support of foundation allowance funding. Replaces the \$265.7 million decrease in ARRA funds with School Aid Fund.

Recognizes increased costs due to declining nonhomestead taxable values as well as decreased costs associated with declining pupil memberships for a net reduction of \$45.0 million.

Per Pupil Reductions

Maintains the \$165 per pupil reductions from FY 2009-10 for a continued savings of \$260.7 million.

Intermediate School Districts

Maintains general operations support for ISDs at FY 2009-10 level of \$65.4 million.

Early Childhood Programs

Maintains FY 2009-10 funding levels for the Great Start School Readiness Program, the Early Childhood Investment Corporation Great Start Collaboratives, and the Great Parents, Great Start ISD Program.

MPERS Contribution Rate

The district retirement contribution rate is increased from 16.94% to 19.41% to recognize both a smaller payroll base and the market decline in 2008-09. The Executive also proposed a number of changes to MPERS which could decrease that rate and create significant local savings for school districts. The proposed changes include the following:

- increasing the employee contribution rate between 0.9% and 3% depending on hire date effective July 1, 2010.
- eliminating vision/dental benefits for employees who retire after Sept. 1, 2010,
- increasing the pension multiplier from 1.5% to 1.6% for employees who retire before Sept. 1, 2010,
- capping actual years of service at 30 years and transferring employees to a defined contribution plan for any additional years of service accrued subsequent to Sept 1, 2010,
- and creating a hybrid pension/defined contribution plan for employees hired on or after Sept. 1, 2010.

BUDGET AREA: GENERAL GOVERNMENT
--

All General Government

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$645,839,400	\$646,991,900	\$1,152,500	0.2
Federal	133,337,400	109,610,400	(23,727,000)	(17.8)
Local	3,089,200	3,446,900	357,700	11.6
Private	1,265,700	1,423,100	157,400	12.4
Restricted	1,664,754,900	1,716,727,100	51,972,200	3.1
GF/GP	647,300,400	677,462,500	30,162,100	4.7
Gross	\$3,095,587,000	\$3,155,661,900	\$60,074,900	1.9
FTEs	7,513.7	7,394.2	(119.5)	(1.6)

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

Attorney General

Analyst: Robin R. Risko

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$21,289,800	\$21,762,300	\$472,500	2.2
Federal	8,277,800	8,656,000	378,200	4.6
Local	0	0	0	--
Private	0	0	0	--
Restricted	15,521,000	15,290,800	(230,200)	(1.5)
GF/GP	28,785,000	29,168,000	383,000	1.3
Gross	\$73,873,600	\$74,877,100	\$1,003,500	1.4
FTEs	543.0	520.0	(23.0)	(4.2)

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

SOCC Reduction

Reflects a savings of \$9,100 Gross and GF/GP due to a 10% reduction in the Attorney General's salary as recommended by SOCC and approved by the Legislature (SCR 11 of 2009).

GF/GP Budget Reductions

Reflects a savings of \$1.1 million Gross and GF/GP to be achieved by reducing department staff by 15.0 FTE positions and by applying administrative rate reductions to information technology costs.

Eliminate Homeowner Construction Lien Fund

Reflects a savings of \$566,100 Gross and state restricted and a reduction of 4.0 FTE positions due to elimination of the Homeowner Construction Lien Fund.

Eliminate Auto Theft Prevention Grant

Reflects a savings of \$420,000 Gross and IDG and a reduction of 4.0 FTE positions due to elimination of the Auto Theft Prevention grant from the Department of State Police.

Eliminate Funding for Defense of Game and Fish Protection Fund

Reflects a savings of \$150,000 Gross and state restricted due to elimination of funding for defense of the Game and Fish Protection Fund.

DTMB Consolidation

Reflects a savings of \$2,300 Gross and GF/GP due to the consolidation of the Departments of Management and Budget and Information Technology pursuant to EO 2009-55.

Economics

Includes an additional \$3.4 million Gross and \$1.6 million GF/GP to cover costs of a 3% salary and wage increase, as well as increases in insurance, retirement, and workers' compensation premium costs; reduces funding by \$65,500 Gross and GF/GP for adjustments to building occupancy charges.

Civil Rights

Analyst: Robin R. Risko

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	2,057,300	1,750,000	(307,300)	(14.9)
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	53,000	53,000	100.0
GF/GP	11,706,400	11,279,100	(427,300)	(3.7)
Gross	\$13,763,700	\$13,082,100	(\$681,600)	(5.0)
FTEs	130.0	118.0	(12.0)	(9.2)

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

GF/GP Budget Reductions

Reflects a savings of \$936,500 Gross and GF/GP to be achieved by carrying forward a reduction of 10.0 FTE positions from FY 2010 and by applying administrative rate reductions to information technology costs.

Federal Funding Contract Decrease

Reduces federal Equal Employment Opportunity Commission grant funding by \$195,000 and United States Department of Housing and Urban Development funding by \$112,300 based on projections of anticipated revenue.

Accounting Service Consolidation

Reflects a savings of \$88,600 Gross and GF/GP and a reduction of 2.0 FTE positions due to the transfer of accounting functions from the Department of Civil Rights to the Department of Technology, Management, and Budget.

Fund Source Shift

Reflects an increase of \$53,000 in state restricted funding and a decrease of GF/GP funding by a like amount.

DTMB Consolidation

Reflects a savings of \$700 Gross and GF/GP due to the consolidation of the Departments of Management and Budget and Information Technology pursuant to EO 2009-55.

Economics

Includes an additional \$689,100 Gross and GF/GP to cover costs of a 3% salary and wage increase, as well as increases in insurance, retirement, and workers' compensation premium costs; reduces funding by \$37,600 Gross and GF/GP for adjustments to building occupancy charges.

Executive Office

Analyst: Robin R. Risko

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	4,823,700	4,630,800	(192,900)	(4.0)
Gross	\$4,823,700	\$4,630,800	(\$192,900)	(4.0)
FTEs	84.2	84.2	0.0	0.0

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

SOCB Reduction

Reflects a savings of \$18,600 Gross and GF/GP due to a 10% reduction in the salaries and expense allowances of the Governor and Lieutenant Governor as recommended by SOCB and approved by the Legislature (SCR 11 of 2009).

GF/GP Budget Reductions

Reflects a savings of \$174,300 Gross and GF/GP to be achieved through administrative efficiencies.

Legislative Auditor General

Analyst: Robin R. Risko

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$1,801,500	\$1,801,500	\$0	0.0
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	1,539,900	1,539,900	0	0.0
GF/GP	11,619,800	11,155,000	(464,800)	(4.0)
Gross	\$14,961,200	\$14,496,400	(\$464,800)	(3.1)
FTEs	0.0	0.0	0.0	--

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

GF/GP Budget Reductions

Reflects a savings of \$464,800 Gross and GF/GP to be achieved through administrative efficiencies.

Legislature

Analyst: Robin R. Risko

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	400,000	400,000	0	0.0
Restricted	1,109,800	1,109,800	0	0.0
GF/GP	104,764,900	100,574,300	(4,190,600)	(4.0)
Gross	\$106,274,700	\$102,084,100	(\$4,190,600)	(3.9)
FTEs	0.0	0.0	0.0	0.0

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

SOCC Reduction

Reflects a savings of \$1.2 million Gross and GF/GP due to a 10% reduction in the salaries, supplemental salaries, and expense allowances of members of the Legislature as recommended by SOCC and approved by the Legislature (SCR 11 of 2009).

GF/GP Budget Reductions

Reflects a savings of \$2.9 million Gross and GF/GP to be achieved through administrative efficiencies.

State

Analyst: Benjamin Gielczyk

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,810,000	1,810,000	0	0.0
Local	0	0	0	--
Private	100	100	0	0.0
Restricted	169,364,700	176,578,000	7,213,300	4.3
GF/GP	17,955,400	14,179,200	(3,776,200)	(21.0)
Gross	\$209,130,200	\$212,567,300	\$3,437,100	1.6
FTEs	1,815.0	1,815.0	0.0	0.0

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

Business Application Modernization (BAM) Funding

Reduces funding by \$4.6 million gross and \$2.8 million GF/GP by eliminating BAM funding in the Information and Technology services and projects line-item. BAM project was completed and was removed from the Department of Information Technology (DIT).

Operations

Reduces funding by \$1.1 million gross and GF/GP for Department of State operations. Reduces an additional \$60,000 gross and GF/GP for DIT administrative reductions. Reductions will be achieved through economies and efficiencies within department.

Credit and Debit Card Service Assessment

Increases funding by \$1.0 million gross as a technical adjustment. FY 2009-10 Boilerplate Section 816 was moved to Part 1 to be reflected as an appropriation to the department. Appropriation is funded by the credit and debit card service assessment.

Secretary of State Salary Reduction

Reduces funding of Secretary of State salary by \$9,100 gross and GF/GP to implement SOCC salary reduction recommendations. Salary will be reduced for three quarters of FY 2010-11 due to SOCC reductions taking effect January 1, 2011.

Organ Donor Program

Reduces funding by \$25,000 gross and GF/GP for targeted operational reductions. Reductions will be achieved through economies and efficiencies within department.

Department of Technology, Management and Budget (DTMB) Consolidated Savings

Reduces funding by \$22,500 gross and \$1,800 GF/GP to reflect savings from the consolidation of the Department and Management and Budget (DMB) and DIT.

Economic Adjustments

Increases funding by \$7.7 million gross and \$104,600 GF/GP for economics which includes salaries and wages, retirement, insurance, worker's compensation, and building occupancy charges. An additional \$492,300 gross and \$87,400 GF/GP is appropriated for DIT economics.

Technology, Management and Budget

Analyst: Robin R. Risko

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$584,509,400	\$589,368,200	\$4,858,800	0.8
Federal	11,219,800	2,917,800	(8,302,000)	(74.0)
Local	2,027,600	1,380,400	(647,200)	(31.9)
Private	151,900	170,800	18,900	12.4
Restricted	72,200,500	84,881,000	12,680,500	17.6
GF/GP	293,574,300	304,346,000	10,771,700	3.7
Gross	\$963,683,500	\$983,064,200	\$19,380,700	2.0
FTEs	3,038.0	2,971.5	(66.5)	(2.2)

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

Management and Budget

SBA Rent Increase

Includes an additional \$10.0 million Gross and GF/GP for State Building Authority rent payments. Adjustments are made based on a number of factors including project start and end dates, delays, refinancing, refunding, the number of current projects underway, and assumptions of upcoming finance needs for planned projects.

Gubernatorial Transition

Includes an additional \$1.5 million Gross and GF/GP for costs associated with the gubernatorial transition.

Accounting Service Consolidation

Includes an additional \$859,600 Gross and IDG and 8.0 FTE positions due to the transfer of accounting functions from the Department of Civil Rights, the Civil Service Commission, and the Office of the State Employer to Management and Budget.

New Building Operations

Includes an additional \$785,200 Gross and IDG for utility and maintenance costs at the State Police headquarters building.

Audit of Public School Employer Units

Includes an additional \$180,500 Gross and state restricted and 2.0 FTE positions for costs associated with conducting external audits of public school employer units' self-reported retirement submissions.

Fund Source Shift

Reflects an increase of \$2.3 million in state restricted funding and a decrease of GF/GP funding by a like amount.

Reductions to Building Operations

Reflects a reduction of \$1.3 million Gross and IDG and a reduction of 2.0 FTE positions due to building contract reductions, savings from reorganization, and further staff restructuring.

Eliminate Professional Development Funds

Reflects a savings of \$200,000 Gross and IDG due to elimination of professional development funds for NEREs and MSCs.

DTMB Consolidation

Reflects a savings of \$304,100 Gross and \$166,700 GF/GP and a reduction of 0.5 FTE position due to the consolidation of the Departments of Management and Budget and Information Technology pursuant to EO 2009-55.

Budget Reductions

Reflects a savings of \$709,600 Gross and \$562,100 GF/GP and a reduction of 41.0 FTE positions due to the reduction of on call hours and system maintenance with MAIN, a reduction in funding for the Center for Education Performance Information, from not filling vacant FTE positions, and from adjusting FTE authorization to reflect actual funded positions.

DMB Economics

Includes an additional \$5.1 million Gross and \$2.4 million GF/GP to cover costs of a 3% salary and wage increase, as well as increases in insurance, retirement, and workers' compensation premium costs; reduces funding by \$206,500 Gross and increases funding by \$597,100 GF/GP for adjustments to statewide building occupancy charges.

Civil Service Commission

GF/GP Budget Reductions

Reflects a savings of \$1.8 million Gross and GF/GP to be achieved by reducing department staff by 20.0 FTE positions and by applying administrative rate reductions to information technology costs.

Accounting Service Consolidation

Reflects a savings of \$93,200 Gross and GF/GP and a reduction of 8.0 FTE positions due to the transfer of accounting functions from the Civil Service Commission to Management and Budget.

Fund Source Shift

Reflects an increase of \$5.1 million in state restricted funding and a decrease of federal funding by a like amount.

Civil Service Commission Economics

Includes an additional \$3.2 million Gross and \$1.3 million GF/GP to cover costs of a 3% salary and wage increase, as well as increases in insurance and retirement; reduces funding by \$3,500 Gross and \$1,100 GF/GP for workers' compensation premium costs.

Information Technology

Base Adjustments

Adjusts the Information Technology budget down by \$8.8 million IDG in order to reflect actual appropriations for information technology services and projects in other state department budgets.

Program Enhancements

Makes the following adjustments to reflect appropriations for program enhancements made in other state department budgets:

- DHS - additional \$14.2 million IDG for increased costs due to Children's Rights Settlement (i.e., development of Statewide Automated Child Welfare Information System and need for new child welfare and other staff)
- DOC - additional \$102,600 IDG for desktop maintenance
- Gaming - additional 1.0 FTE position and \$94,000 IDG for increased workload
- DOE - additional \$85,000 IDG for implementation of Race to the Top education reform
- DSP - additional \$36,200 IDG for Automated Fingerprint Identification System funding
- DMB - additional \$4,000 IDG for external audits of public school employer units

Eliminate Program Funding

Reflects elimination of funding in various department budgets for programs no longer needing funding or as a result of funding not being available:

- DCH - remove \$1.4 million IDG for Newborn Screening program and WIC program
- DNRE - remove \$27,100 IDG in excess authorization
- State - remove \$4.6 million IDG for Business Application Modernization project
- Treasury - remove \$415,100 IDG for Michigan Merit Award Trust Fund

Budget Reductions

Reflects a savings of \$5.0 million IDG to be achieved in the various department budgets through staff reductions, administrative efficiencies, administrative rate reductions, contract reductions, server and license reductions, reductions in CSS&M and maintenance costs, and delaying the purchase of equipment.

DTMB Consolidation

Reflects a savings of \$512,500 Gross and IDG due to the consolidation of the Departments of Management and Budget and Information Technology pursuant to EO 2009-55.

Information Technology Economics

Includes an additional \$9.4 million Gross and IDG to cover costs of a 3% salary and wage increase, as well as increases in insurance and retirement; reduces funding by \$25,300 Gross and IDG for workers' compensation premium costs and adjustments in building occupancy charges.

Treasury

Analyst: Benjamin Gielczyk

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$11,120,700	\$14,059,900	\$2,939,200	26.4
Federal	95,782,000	94,476,600	(1,305,400)	(1.4)
Local	1,526,400	2,066,500	540,100	35.4
Private	723,700	852,200	128,500	17.8
Restricted	1,353,620,700	1,437,274,600	83,653,900	6.2
GF/GP	151,964,700	202,130,100	50,165,400	33.0
Gross	\$1,614,738,200	\$1,750,859,900	\$136,121,700	8.4
FTEs	1,867.5	1,885.5	18.0	1.0

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

Revenue Sharing

Based on the January 2009 Consensus Revenue Estimating Conference information, revenue sharing payments realize the following changes: Constitutional revenue sharing payments are reduced by \$19.1 million Gross from the appropriation in FY 2009-10; statutory revenue sharing payments are increased by \$151,800 Gross; and county revenue sharing payments are increased by \$59.4 million due to counties exhausting their revenue sharing reserve fund prior to, or during fiscal year 2011.

Debt Service

Increases funding by \$54.7 million to reflect debt service scheduled requirements and new issues. Over the last three years the state renegotiated and extended debt service payments thereby realized \$100 million in savings over the three year period, which helped to lower debt service payments over that period. The large increase is due to the scheduled requirements coming back online along with new issues.

Staff, Administrative, and Program Reductions

Reduces funding by \$677,200 Gross and GF/GP for consolidated and targeted staff reductions through consolidation of mail operations, program management, and departmental and budget services (7.0 FTE positions). Reduces funding by \$669,500 Gross and GF/GP for Department of Information Technology rate reductions. Reduces funding by \$441,000 Gross and GF/GP for program reductions targeted by department.

Business Property Tax Appeal

Includes \$900,000 Gross and GF/GP and 7.0 FTE positions for new Business Property Tax Appeal line-item. Will provide assessment review for property tax appeals that affect school aid fund.

Contractual Services for Other Departments

Increases funding by \$3.7 million Gross to various line items to provide contractual services for other departments and state agencies. Funding is a technical adjustment that would implement FY 2009-10 boilerplate section 928 into Part 1 of the FY 2010-11 budget bill.

Convention Facility Development Distribution

Removes one-time funding in the amount of \$9.0 million Gross associated with PA 62 of 2009. For FY 2008-09 only, \$9.0 million of the tobacco settlement revenue was used to develop a convention facility.

Tax Compliance

Increases funding by \$1.0 million Gross and adds 9.0 FTE positions for a Michigan Business Tax (MBT) implementation unitary business group audit team. The additional audit staff would meet obligations of MBT business filings to generate \$4.0 million in FY 2010-11 and \$10.0 million in FY 2011-12. Will be implemented through an FY 2009-10 supplemental and advanced with FY 2010-11 Executive Recommendation.

Tax Processing

Increases funding by \$400,000 Gross and adds 4.0 FTE positions for individual income tax accelerated paid error returns processing. The additional staff will eliminate backlog of paid error returns to be processed to generate \$10.0 million in revenue beginning in FY 2010-11. Will be implemented through an FY 2009-10 supplemental and will be advanced with FY 2010-11 Executive Recommendation.

Lottery Advertising

Eliminates line item funding of \$18.6 million restricted funding for advertising and includes new boilerplate that appropriates 1.0% of the prior fiscal year's lottery ticket sales for promotion and advertising.

Office of Racing Commissioner

Includes \$1.9 million Gross and 10.0 FTE positions for the Office of Racing Commissioner that was transferred from the Department of Agriculture as part of EO 2009-45, 2009-54.

Michigan Merit Award Administration

Eliminates \$1.4 million and 6.0 FTE positions for the administration of the Michigan Promise Grant program. In the FY 2009-10 budget the Michigan Promise Grant funding was eliminated and funding is no longer needed to administer program.

Economic Adjustments

Increases funding by \$9.3 million Gross and \$1.1 million GF/GP for economics which includes salary and wage, retirement, insurance, worker's compensation, building occupancy charges, and rent; appropriation includes funding for Lottery and MGCB. An additional \$833,900 Gross and \$184,400 GF/GP is appropriated for DIT economics. Also includes

Michigan Strategic Fund

21st Century Jobs Trust Fund

Restores \$46.5 million Gross to 21st Century Jobs Trust Fund that was partially directed to general fund to balance budget in FY 2009-10.

Economic Development Job Training Program

Eliminates \$4.7 million Gross and GF/GP that funded the Economic Development Job Training Program.

Michigan Promotion Program

Increases funding by \$13.0 million Gross for the Michigan Promotion Program through a new Michigan Promotion Fund. The fund would receive revenue from an assessment on select vehicle rentals.

Michigan Strategic Fund Economic Adjustments

Includes additional \$812,800 Gross and \$658,300 GF/GP for economics for MSF. Economics include funding adjustments for salary and wage, retirement, worker's compensation, and insurance.

BUDGET AREA: HUMAN SERVICES

Community Health

Analysts: Margaret Alston, Susan Frey, and Steve Stauff

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$48,946,000	\$54,224,300	\$5,278,300	10.8
Federal				
ARRA	1,080,092,400	851,400,600	(228,691,800)	(21.2)
Non-ARRA	7,857,901,800	8,982,050,000	1,124,148,200	14.3
Local	225,972,600	232,374,700	6,402,100	2.8
Private	72,308,500	80,272,500	7,964,000	11.0
Restricted	1,487,808,800	2,180,147,100	692,338,300	46.5
GF/GP	2,304,602,500	2,016,461,800	(288,140,700)	(12.5)
Gross	\$13,077,632,600	\$14,396,931,000	\$1,319,298,400	10.1
FTEs	4,380.6	4,362.8	(17.8)	(0.4)

Notes: (1) FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act and anticipated federal legislation..

Medicaid Cost Increases

Includes an increase of \$142.0 million Gross (\$47.8 million GF/GP) to cover caseload/utilization/inflation changes within Medicaid, Mental Health/Substance Abuse, Children's Special Health Care Services and Federal Medicare Prescription Programs. To maintain actuarial soundness within the managed care programs for Medicaid and Mental Health/Substance Abuse Services, an additional \$133.2 million Gross (\$45.6 million GF/GP) is included.

Home and Community-Based Services Habilitation/Supports Waiver

Funding for Medicaid Mental Health Services is reduced by \$8.6 million Gross (\$2.3 million GF/GP) as enrollment in the Home and Community-Based Services Habilitation/Supports Waiver would be frozen and/or reduced. Under this Medicaid waiver, Prepaid Inpatient Health Plans (PIHPs) provide services to persons with developmental disabilities who would otherwise need the level of care provided in an Intermediate Care Facility for Mental Health Retardation.

CMH Non-Medicaid Services Reduction

Administrative funding included in the CMH Non-Medicaid Services appropriation is reduced by \$3.8 million GF/GP which represents a 13.2% reduction from the year-to-date appropriation.

Reduction of Multicultural Services Funding

Funding for mental health services provided to multicultural populations and groups such as Chinese American, Asian American, Hispanics, Arab/Chaldean, ACCESS, Michigan Inter-Tribal Council, Jewish Federation, Chaldean Community Foundation, and Vietnam Veterans is reduced by \$1.4 million GF/GP which equates to a 20% reduction.

Elimination of State Disability Assistance Substance Abuse Program

Funding of \$2.2 million GF/GP is eliminated in the budget for the State Disability Assistance Program Substance Abuse Services line item which supports per diem room and board payments for needy persons 18 years of age or older or emancipated minors who reside in substance abuse residential facilities, and persons who do not qualify for SSI.

Hospital Rate Adjustor for PIHPs

Includes \$16.0 million Gross (\$257,300 GF/GP) increase in the hospital rate adjustor for PIHPs which was implemented in FY 2009-10. As is the case for Medicaid Health Plans, estimated payments from private inpatient hospitals for mental health services are passed through PIHPs.

Public Health Laboratory Services

GF/GP reductions of \$1.3 million are made to public health laboratory services including elimination of certain testing services and closure of the Houghton laboratory, one of 5 public health regional laboratories. This is a reduction of 18% of the GF/GP for laboratory services.

Local Public Health Operations

GF/GP funding to local public health departments is reduced by \$2.7 million, or 8.4%, affecting most state and local cost-shared services: immunizations, infectious disease control, sexually transmitted disease control and prevention, food protection, public water supply, private groundwater supply, and on-site sewage management.

Crime Victim's Rights Fund IDG Appropriations

Eliminates \$2.3 million of Crime Victim's Rights Fund interdepartmental grant appropriations to Michigan State Police and Department of Human Services to support certain programs, due to declining balance in the Fund. The lost funds are restored in full or in part in the MSP and DHS budgets, with GF/GP and federal TANF funds.

Ageing Program Reductions

GF/GP reductions of \$2.4 million are made to programs for seniors including 8% of GF/GP for community services, meals, and senior volunteer services, and tribal elders funding of \$120,000.

Provider Rate Reduction Restoration

Additional state restricted quality assurance assessment program (QAAP) revenue in the amount of \$34.7 million (\$101.5 million Gross) restores a FY 2009-10 4% rate reduction for hospital and nursing home providers.

General Motors (GM) Pension FMAP Fix

An additional \$160.0 million of Medicaid Benefits Trust Fund revenue offsets a like amount of GF/GP due to an anticipated deposit to the fund based on revenue that will be received related to the correction of a historical calculation of the FMAP. This payment is authorized by the Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009.

Medicaid Reforms

Medicaid reform proposals provide net savings of \$196,100 Gross (\$1.1 million GF/GP). The creation of a Medicaid Inspector General and 5.0 additional FTEs for recovery activities reduces GF/GP by \$1.0 million. Repealing drug manufacturer immunity law would provide savings of \$1.3 million Gross (\$342,100 GF/GP).

Nursing Home Transitions

A reduction of \$19.7 million Gross (\$5.3 million GF/GP) resulting from transitioning 300 nursing home occupants to the MIChoice waiver program community care is included.

Physician Quality Assurance Assessment Program (QAAP)

A reduction of \$98.6 million GF/GP results from a 13.2% state retainer on the federal benefit of a proposed physician QAAP. Assessment revenue of \$300.0 million would be generated by a 3% tax on physician services gross revenues, with a portion used to match \$523.0 million of new federal Medicaid funding. Funds will be used to increase Medicaid physician payments up to Medicare payment rates.

Medicaid FMAP Federal Stimulus Adjustments

An increase of \$245.1 GF/GP is necessary to offset the change from 4 quarters of federal Medicaid funds resulting from the American Recovery and Reinvestment Act (ARRA) in FY 2009-10 to one quarter of ARRA and an anticipated two additional quarters of the enhanced FMAP rate in FY 2010-11.

Other Medicaid Fund Source Adjustments

An increase of federal Medicaid and SCHIP funds would offset \$224.5 million of GF/GP due to regular changes in federal match rates. An increase of Merit Award Trust Fund revenue offsets \$126.3 million of GF/GP.

Corrections

Analyst: Bob Schneider

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$891,900	\$915,400	\$23,500	2.6
Federal	7,746,100	7,868,500	122,400	1.6
Local	432,700	443,100	10,400	2.4
Private	0	0	0	--
Restricted	43,410,200	82,066,300	38,656,100	89.0
GF/GP	1,903,641,900	1,875,904,500	(27,737,400)	(1.5)
Gross	\$1,956,122,800	\$1,967,197,800	\$11,057,000	0.6
FTEs	15,767.1	14,630.3	(1,136.8)	(7.2)

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

Reinstatement of Good Time Credits and Community Residential Program

Includes net savings of \$129.5 million GF/GP linked to the enactment of legislation (House Bills 4497 - 4499) to re-establish "good time" credits against their sentences for prisoners who avoid major misconducts and eliminate truth-in-sentencing restrictions on community placement of prisoners. The legislation is estimated to result in a reduction of 7,529 inmates during the first year of implementation, resulting in \$187.4 million in direct budget savings from a staff reduction of 1,427 state employees and the closure of 4 to 5 state prisons by October 2010. The direct savings are offset by \$57.9 million in new funding for prisoner reintegration efforts, including 318 new field operations staff.

County Jail Reimbursement Program

Restores \$12.3 million GF/GP for county jail reimbursement program which provides state reimbursement to counties that house convicted felons who meet boilerplate criteria in their county jails. Program funding was vetoed in FY 2009-10, and is restored at the FY 2008-09 appropriation level for FY 2010-11.

New Employee Training School

Increases funding by \$5.7 million GF/GP to finance training for new correctional officers. The Department anticipates at least 600 corrections officers will retire between now and the end of FY 2010-11 based on normal attrition rates. The funding increase will allow 305 new officers to complete training. The remaining 295 retirements will be absorbed through staff reductions linked to the good time credits proposal.

Parole/Probation Officers Positions

Supports 40 new parole/probation officer positions to provide for lower caseload volumes for agents who handle high-risk offender caseloads. Total cost of the new positions is \$3.2 million GF/GP.

Increase for Local Community Corrections Programs

Increases funding by \$1.2 million to provide a 9.4% increase in appropriations for local community corrections programs, which provide local courts with alternative sentencing options to prison and jail.

Muskegon Correctional Facility - Pennsylvania Inmates

Includes \$29.9 million in new state restricted revenue to come from fees paid by the State of Pennsylvania to operate the Muskegon Correctional Facility. New revenue allows Michigan to continue to operate the 1,320-bed facility and retain the 238 staff employed there.

Human Services

Analysts: Kevin Koorstra and Bob Schneider

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$2,426,600	\$1,130,300	(\$1,296,300)	(53.4)
Federal				
ARRA	406,411,700	799,179,900	392,768,200	96.6
Non-ARRA	4,551,061,200	5,134,298,100	583,236,900	12.8
Local	37,498,800	35,251,800	(2,247,000)	(6.0)
Private	10,209,700	9,491,500	(718,200)	(7.0)
Restricted	57,015,400	65,778,800	8,763,400	15.4
GF/GP	852,297,600	959,205,300	106,907,700	12.5
Gross	\$5,916,921,000	\$7,004,335,700	\$1,087,414,700	18.4
FTEs	10,911.5	11,761.5	850.0	7.8

Notes: (1) FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act.

Caseload Expenditures

- Food Assistance caseload projected to increase to 1,029,000 cases resulting in an \$896.3 million increase in federal funds. Increase includes \$266.3 million in rate increases from increased energy needs.
- Family Independence Program (FIP) caseload projected to increase by 11,000 to 85,000 cases resulting in a \$56.5 million increase.
- Child Development and Care caseload projected to decrease by 1,100 to 33,000 cases resulting in \$15.7 million in savings.
- State Disability Assistance (SDA) caseload projected to increase by 25 to 10,725 cases resulting in a \$3.4 million increase. Increase is primarily from higher average monthly benefits.
- SSI supplementation caseload projected to increase by 8,500 to 241,700 cases resulting in \$580,000 in savings. Savings primarily from lower average monthly benefits.
- Foster Care caseload projected to decline by 663 to 7,424 cases resulting in \$20.1 million in savings.
- Adoption Subsidy caseload projected to decline by 257 to 28,100 cases resulting in \$5.7 million in savings. \$3.0 million in savings from lower medical subsidies.
- Child Care fund projected to increase by 4.1% resulting in a \$9.1 million increase.

Child Welfare Improvements and Revisions

Adds \$35.2 million (\$18.0 million GF/GP) to add 495 child welfare field staff, upgrade SACWIS information system, expand foster care, adoption, and guardianship eligibility to age 20, expand strong families/safe children, and fund additional legal costs. \$35.2 million is partially offset by reducing funding and rates paid to private agencies by \$8.4 million and \$3.6 million in savings from mental health in-home waiver.

Emergency TANF Contingency Funds

Recognizes \$280.4 million in available TANF revenue including \$232.6 in emergency TANF contingency funds projected to be earned during FY 2008-09 and FY 2009-10. Key expenditures of these funds include:

- JET Plus employment and training program - \$13.0 million in a FY 2009-10 supplemental request and \$20.0 million in FY 2010-11.
- Local office staff positions - \$4.8 million in a FY 2009-10 supplemental request and \$9.6 million in FY 2010-11 to fund 197 new positions.
- Family Independence Program - \$167 million in FY 2010-11 to offset regular one-time TANF carry-forward appropriated during FY 2009-10. Another \$27.4 million in GF/GP is needed to fund current caseload levels.
- Limited-Term Eligibility Specialists - \$6.8 million in FY 2010-11 to maintain 200 limited-term eligibility specialists funded with one-time funds in FY 2009-10.

Replace One-Time CCDF ARRA Funds

Restores GF/GP to offset \$14.6 million in one-time CCDF ARRA funds used for child care services in FY 2009-10.

Disability Determination, SSI Advocacy, and SSI Recoveries

Increases federal funding by \$21.9 million to hire 175 FTEs for disability determinations to address backlog of individuals waiting for final determination. Eliminates \$1.3 million in GF/GP for a private contract for SSI legal advocacy and uses half of the savings to fund 7 positions within DHS for SSI advocacy. These new FTEs are projected to generate \$2.0 million in SDA caseload reductions, and \$3.3 million in GF/GP savings from additional SSI recoveries.

BUDGET AREA: RESOURCE PROTECTION

Agriculture

Analyst: William E. Hamilton

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$712,300	\$289,100	(423,200)	(59.4)
Federal				
ARRA	22,300	0	(22,300)	(100.0)
Non-ARRA	15,531,100	14,769,900	(761,200)	(4.9)
Local	0	0	0	--
Private	243,200	260,100	16,900	6.9
Restricted	33,809,600	33,530,000	(279,600)	(0.8)
GF/GP	30,050,500	28,828,700	(1,221,800)	(4.1)
Gross	\$80,369,000	\$77,677,800	(\$2,668,900)	(3.3)
FTEs	573.0	459.9	(113.1)	(19.7)

Notes: (1) FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act.

Environmental Stewardship

Budget would shift authority for the Michigan Agriculture Environmental Assurance Program (MAEAP) from department to Michigan State University's Agriculture Experiment Station, with associated reduction of \$586,400 GF/GP and 5.0 FTE positions. There is no corresponding budgetary increase for MSU in the Higher Education budget. This shift would require an amendment to Section 8707 of the Michigan Natural Resources and Environmental Protection Act which currently gives the department primary authority over the program.

Reduces department support for Right to Farm program by \$150,000 GF/GP and 1.0 FTE position.

Offsets \$537,900 reduction in GF/GP support for the migrant labor housing program with a proposed \$30 per worker inspection fee. Note that the current year budget recognizes a new \$5 per worker fee, but bills to establish the new fee have not yet been enacted.

Pesticide and Plant Pest Management

Reduces GF/GP support for Plant Health and Export Certification program by \$379,400 and 4.0 FTE positions.

Food and Dairy

Offsets \$500,000 reduction in GF/GP support for the dairy inspection program with a proposed increase in inspection fees. Note that the current year budget recognizes \$100,000 from increased fees but bills to establish the new fee have not yet been enacted. The new fee would be based on a rate of one-cent per hundred weight of milk sold.

Office of Racing Commissioner

The Office of Racing Commissioner was transferred to the Michigan Gaming Control Board effective January 17, 2010 through Executive Order 2009-45. This transfer is reflected in the proposed budget by the transfer of the associated 10.0 FTE positions, and \$1.9 million in Agriculture Equine Industry Development Fund

Horse Racing Programs

Includes \$5.1 million from the restricted Agriculture Equine Industry Development Fund for horse programs (primarily for horse race awards, purses and supplements). The appropriation is approximately equal to the current year. However, the appropriation for horse programs had averaged \$10.7 million from FY 1997-98 through FY 2007-08.

FTE Reduction

The proposed budget brings authorized FTE positions more in line with actual funding.

Economics

Increases related to economics total \$3.3 million gross, of which \$1.2 million represents GF/GP funding.

Natural Resources and Environment (Department)

Analyst: Viola Bay Wild

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$12,322,900	\$12,517,700	\$194,800	1.6
Federal	252,998,700	261,331,500	8,332,800	3.3
Local	0	0	0	0.0
Private	6,040,000	6,509,100	469,100	7.8
Restricted	396,617,100	398,191,300	1,574,200	0.4
GF/GP	43,949,400	42,104,300	(1,845,100)	(4.2)
Gross	\$711,928,100	\$720,653,900	8,725,800	1.2
FTEs	3,712.0	3,674.5	(37.5)	(1.0)

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

Department Consolidation Savings

Reduces funding by \$356,000 Gross and GF/GP for savings realized through the consolidation of the Department of Natural Resources and the Department of Environmental Quality. Savings of \$200,000 generated from the elimination of 5.0 unclassified FTE positions; rent savings total \$156,000.

Program Reductions

Includes funding reduction of \$1.3 million Gross and GF/GP and the elimination of 13.0 FTEs for program funding reductions in the following programs: water withdrawal assessments, wastewater facility construction permits, soil erosion and sedimentation control, NPDES nonstormwater permits and groundwater discharge permits.

Forest Recreation Program Savings

Includes \$323,900 Gross and GF/GP savings to the forest recreation program. Savings will be realized by keeping 12 state forest campgrounds closed, by reducing the amount of grooming on ski trails, and by decreasing the amount of pathway maintenance work.

GF/GP Reductions

Reduces funding by \$1.0 million Gross and GF/GP by decreasing funding for various programs to reflect savings anticipated through administrative efficiencies and eliminating FTE positions or not filling vacant FTE positions.

Capital Outlay Projects

Increases funding for parks, forestry and waterways capital outlay projects by \$2.0 million Gross. Capital outlay funding in Executive Recommendation totals \$19.0 million.

Michigan Historical Program

Increases appropriation for Michigan Historical programs by \$698,800 to adjust appropriation to actual expenditures and to recognize anticipated revenue. Programs were transferred to DNRE from DHAL in FY 2008-09; revenue includes new admission fees to historical museums.

Economics

Increases funding by \$17.6 million Gross and \$1.7 million GF/GP for economics which includes salaries and wages, retirement, building occupancy charges and insurances costs. Total includes \$743,000 Gross and \$68,700 GF/GP for DIT economics.

BUDGET AREA: SAFETY AND DEFENSE

Military and Veterans Affairs

Analyst: Jan Wisniewski

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$1,686,500	\$1,154,700	(\$531,800)	(31.5)
Federal	77,347,300	82,203,800	4,856,500	6.3
Local	1,295,100	653,200	(641,900)	(49.6)
Private	1,471,200	1,422,200	(49,000)	(3.3)
Restricted	27,924,200	28,660,400	736,200	2.6
GF/GP	36,425,500	36,951,100	525,600	1.4
Gross	\$146,149,800	\$151,045,400	\$4,895,600	3.3
FTEs	992.0	977.0	(15.0)	(1.5)

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

Grand Rapids Veterans' Home and D.J. Jacobetti Veterans' Home

Increases federal funding for the Grand Rapids Veterans' Home by \$1.0 million and increases total funding for the Jacobetti Veterans' Home by \$300,000 (\$1,050,000 increase in federal funds and \$750,000 decrease in restricted funds)

Challenge Program

Decreases total funding by \$665,800 (increase of \$625,800 in federal funds, decrease of \$534,400 in IDG funds, decrease of \$104,400 in private funds, and decrease of \$652,800 in Local - School Aid funds). Additional federal revenue will allow the Challenge Program to continue operating with smaller classes of participants.

Military Retirement

Increases funding by \$176,300 GF/GP due to federal cost of living adjustments.

Special Maintenance - State

Eliminates the Special Maintenance - State line, which provides \$651,200 GF/GP in FY 2009-10 for state armory maintenance.

Various Administrative Reductions

Decreases a total of \$197,000 GF/GP (\$84,000 GF/GP for Departmentwide Accounts, \$83,000 GF/GP for Veterans Affairs Directorate Administration, and \$30,000 GF/GP for Information Technology Services and Projects.

Capital Outlay

Increases \$500,000 in restricted funds for land acquisition at Camp Grayling.

Economics

Increases economics by \$4,434,500 Gross and \$1,197,900 GF/GP.

State Police

Analyst: Jan Wisniewski

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$26,108,400	\$24,443,500	(\$1,664,900)	(6.4)
Federal	98,932,300	104,487,200	5,554,900	5.6
Local	8,545,500	7,677,600	(867,900)	(10.2)
Private	273,300	273,300	0	0.0
Restricted	131,287,300	137,878,400	6,591,100	5.0
GF/GP	267,259,200	258,930,500	(8,328,700)	(3.1)
Gross	\$532,406,000	\$533,690,500	\$1,284,500	0.2
FTEs	2,868.0	2,758.0	(110.0)	(3.8)

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

Executive Order 2009 - 42 Transfer of Office of Drug Control Policy from DCH

Increases federal funding \$8.5 million due to the transfer of the Office of Drug Control Policy from DCH pursuant to Executive Order 2009 - 42.

Crime Victims Rights Fund Elimination

Decreases \$1,053,300 from the Crime Victims Rights Fund in several lines and replaces with the same amount of GF/GP.

Capitol Security Guards Elimination

Decreases funding by \$543,000 GF/GP and 7.0 FTEs to eliminate the Capitol security guards.

School Bus Inspections Reduction

Decreases \$1,047,400 GF/GP and 11.0 FTEs to reduce school bus inspections by the State Police. Schools would certify mechanics and State Police would randomly audit and inspect school buses. A statutory change is required for this proposal, where 4.0 FTEs would remain to provide random and intermittent inspections and audits.

At-Post Troopers - Secondary Road Patrol and Training Fund

Shifts \$2.2 million from the Secondary Road Patrol and Training Fund to At-Post Troopers and decreases the same amount of GF/GP. A statutory change is required for this proposal.

Fleet Leasing Reduction

Decreases \$856,800 GF/GP from the Fleet Leasing line, which could result in fewer State Police vehicles being used or mileage restrictions.

Multi-Jurisdictional Task Forces Fund Shift

Decreases \$2.0 million GF/GP and replaces with one-time ARRA Byrne Grant funds.

Administrative Reductions

Decreases \$6.0 million GF/GP for attrition savings for 20.0 FTEs and delaying the backfill of DROP positions; decreases \$1.5 million GF/GP for reduced trooper and forensic staff overtime costs; decreases \$208,600 GF/GP for MCOLES administration; decreases \$383,200 GF/GP for an Information Technology rate reduction and efficiencies.

Fee Increases

Increases the Internet Criminal History Access Tool (I-CHAT) name based criminal records check from \$10 to \$15 for offsetting \$1.8 million GF/GP for the Law Enforcement Information Network (LEIN); increases fingerprint fees from \$30 to \$40 to offset \$3.2 million GF/GP to pay for latent-print forensic scientists

Economics

Increases economics by \$13,581,900 gross and \$10,120,600 GF/GP.

BUDGET AREA: ALL OTHER

Capital Outlay

Analyst: Robin R. Risko

FY 2010-11 appropriations for Capital Outlay were made for federal and state restricted state agency projects for the Departments of Agriculture, Energy, Labor and Economic Growth, Management and Budget, Military and Veterans Affairs, Natural Resources and Environment, and Transportation. The appropriations were included in the respective operating budget bills.

Energy, Labor & Economic Growth

Analyst: Mark Wolf

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$29,465,100	13,503,500	(\$15,961,600)	(54.2)
Federal				
ARRA	38,040,000	0	(38,040,000)	(100.0)
Non-ARRA	922,757,800	1,008,535,800	85,778,000	9.3
Local	15,921,000	16,020,400	99,400	0.6
Private	5,314,300	6,085,000	770,700	14.5
Restricted	400,221,500	407,372,400	7,150,900	1.8
GF/GP	54,784,100	45,426,700	(9,357,400)	(17.1)
Gross	\$1,466,503,800	\$1,496,943,800	30,440,000	2.1
FTEs	4,739	4,701.0	(38.0)	(0.8)

Notes: (1) FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act.

Workforce Development – No Worker Left Behind and Michigan Nursing Corps

Reduces the remaining GF/GP appropriation for NWLB (\$4.5 million). The program continues to be funded through federal funds (primarily Workforce Investment Act). In prior years, federal funding has been about \$120 million. Eliminates the remaining GF/GP support for the program (\$300,000), and uses \$5.0 million in WIA-Statewide Activities funding.

State Fire Services Fund

Replaces \$2.6 million GF/GP support for the Bureau of Fire Services, with fees proposed by the bureau or set by the legislature.

Homeowner Construction Lien Recovery Fund

Eliminates the HCLRF, due to the lack of sufficient resources in the fund to meet the demand of claims. Legislation repealing the fund is required.

Increased Staffing/Program Costs – OFIR, MPSC, and BFS

Increases FTE authorization and funding for OFIR (\$646,500 and 10.0 FTEs) to establish a regular examination cycle for securities entities; the MPSC (\$440,000 and 4.0 FTEs) due to 2009 PA 182 (HB 4257), restructuring intrastate access charges, and BFS (\$40,000) due to 2009 PA 56, implementing the fire-safe cigarette law.

Increased Federal Funding - TAA, UIA, MSHDA

Increases spending authorization related to Trade Adjustment Assistance (\$57.0 million), unemployment insurance administrative funds (\$13.4 million), and Housing Choice Voucher rental assistance (\$10.9 million).

Michigan Commission for the Blind – Increased Funds and Facility Upgrades

Recognizes \$1.0 in additional federal authorization and an additional \$0.8 million from a grant from the Kalamazoo Foundation to the MCB to upgrade the MCB dormitory.

Jobs, Education, and Training

In the DELEG budget, the JET line refers to JET program participants referred by DHS to the Michigan Rehabilitation Services (MRS) for appropriate vocational rehabilitation services. This line item (57.0 FTEs and \$15.6 million) is eliminated, as DHS as stopped referring program participants to MRS.

Economic Adjustments

Adds \$24.7 million Gross (\$0.7 million GF/GP) in adjustments in salary and wages (3.0% increase), insurance, retirement, workers compensation costs, rent payment on leased properties, and building occupancy charges on state-owned properties. These figures do not reflect a recently disallowed increase of 3.0% for non-exclusively represented employees (NEREs), or the impact of the Executive proposed changes to employee retirement system.

Judiciary

Analyst: Ben Gielczyk

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$3,553,500	\$3,553,500	\$0	0.0
Federal	5,126,500	5,376,500	250,000	4.9
Local	6,149,300	6,340,400	191,100	3.1
Private	842,500	842,500	0	0.0
Restricted	89,957,700	89,979,800	22,100	0.0
GF/GP	153,132,800	152,731,100	(401,700)	0.3
Gross	\$258,762,300	\$258,823,800	\$61,500	0.0
FTEs	491.0	491.0	0.0	0.0

Note: FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010.

Temporary Elimination of Circuit Court Judgeships

Decreases funding by \$240,700 gross and GF/GP to reflect the temporary reduction of judgeships in Oakland County and Macomb County under PA 228 of 2009.

State Appellate Defender Office Federal Grants

Increases funding by \$250,000 gross and federal to increase SADO spending authority. A fund source entitled other federal grants revenues (\$250,000) is included as a SADO deduct in anticipation of receiving additional federal grants as they become available. SADO currently receives a two-year federal grant (\$223,800) for the representation of wrongfully convicted defendants in post-conviction claims of innocence and an eighteen month federal grant (\$147,200) for an indigent defender hiring pilot project.

Judiciary Operations

Decreases funding by a total of \$2.6 million gross and GF/GP across the board. Reductions will be achieved through a combination of workforce reductions and attrition.

Economic Adjustments

Increases funding by \$2.7 million gross and \$2.5 million GF/GP which includes judges retirement, judges old age and survivor insurance, salary and wages, insurance, retirement, building occupancy, and rent. Reduces funding by \$26,900 gross and GF/GP for worker's compensation and \$76,400 gross and GF/GP for judges old age and survivors insurance and social security.

Transportation

Analyst: William E. Hamilton

	FY 2009-10 Year-to-Date	FY 2010-11 Executive	Difference: Exec from FY 2009-10 YTD	
			Amount	%
IDG/IDT	\$0	\$878,300	\$878,300	--
Federal				
ARRA	2,590,000	0	(2,590,000)	(100.0)
Non-ARRA	1,226,804,500	752,480,600	(474,323,900)	(38.7)
Local	56,073,400	56,496,000	422,600	0.8
Private	0	0	0	--
Restricted	1,974,170,100	1,951,074,400	(23,095,700)	(1.2)
GF/GP	0	0	0	--
Gross	\$3,259,638,000	\$2,760,929,300	(\$498,708,700)	(15.3)
FTEs	3,014.3	3,022.3	8.0	0.3

Notes: (1) FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through January 31, 2010. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act.

State Trunkline Road and Bridge Program

Reflects loss of \$475 million in federal-aid highway funds because of the anticipated shortfall in available State Trunkline Fund (STF) revenue needed for the required non-federal match. The department indicates that it is \$84 million short of necessary state revenue to match available federal funds. Note that \$84 million is the amount of the

shortfall after \$20 million in other STF program cuts, describe below, which were made to free up STF matching funds – otherwise the shortfall would have been \$104 million and the loss of federal funds would have been \$575 million.

State Trunkline Fund Baseline Reductions

Reduces STF-funded programs by \$20 million in order to free up funds to match \$100 million in federal-aid highway funds. The specific program reductions are as follows:

- Maintenance – \$12.8 million
- Design and Engineering – \$3.8 million
- Transportation Planning Services – \$363,700
- Central Administrative Services – \$1.3 million
- Information Technology – \$1.4 million
- Welcome Centers – \$249,300

Michigan Transportation Fund Revenue Distribution

Reflects on-going reduction in MTF revenue due to anticipated decline in motor fuel and vehicle registration tax revenue. MTF revenue is anticipated to decline by \$47.2 million as compared to the FY 2009-10 MTF revenue estimate made in February 2009. The reduced revenue translates into reductions as follows:

- Comprehensive Transportation Fund – \$4.8 million
- State Trunkline Fund – \$17.6 million
- County Road Commission - \$17.6 million
- Cities and Villages – \$9.8 million
- Local Bridge Fund – \$105,200

Economics

Employee wage, salary, and benefit increases of \$17.1 million were based on 3% wage increase; i.e. prior to Civil Service rejection of 3% increase for NEREs. Increases partially offset by reduction in building occupancy of \$887,500. Funding for increase provided almost entirely from restricted funds; there are no GF/GP funds in this budget.

**TABLE 1
FY 2010-11 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	299,100,500	0	299,100,500	0	0	0	0	299,100,500
Education	131,286,000	0	131,286,000	93,936,700	7,220,000	3,124,500	6,992,900	20,011,900
Higher Education	1,578,278,500	0	1,578,278,500	4,500,000	0	0	30,400,000	1,543,378,500
School Aid	12,863,312,000	0	12,863,312,000	1,864,328,900	0	0	10,968,776,900	30,206,200
EDUCATION	\$14,871,977,000	\$0	\$14,871,977,000	\$1,962,765,600	\$7,220,000	\$3,124,500	\$11,006,169,800	\$1,892,697,100
Attorney General	74,877,100	21,762,300	53,114,800	8,656,000	0	0	15,290,800	29,168,000
Civil Rights	13,082,100	0	13,082,100	1,750,000	0	0	53,000	11,279,100
Executive Office	4,630,800	0	4,630,800	0	0	0	0	4,630,800
Information Technology	0	0	0	0	0	0	0	0
Legislative Auditor General	14,496,400	1,801,500	12,694,900	0	0	0	1,539,900	11,155,000
Legislature	102,084,100	0	102,084,100	0	0	400,000	1,109,800	100,574,300
State	212,567,300	20,000,000	192,567,300	1,810,000	0	100	176,578,000	14,179,200
Tech, Management & Budget	983,064,200	589,368,200	393,696,000	2,917,800	1,380,400	170,800	84,881,000	304,346,000
Treasury: MI Strategic Fund	169,019,400	81,200	168,938,200	56,414,900	0	852,200	88,582,900	23,088,200
Treasury: Operations	414,825,300	13,978,700	400,846,600	38,061,700	2,066,500	0	301,071,200	59,647,200
Treasury: Debt/Revenue Sharing	1,167,015,200	0	1,167,015,200	0	0	0	1,047,620,500	119,394,700
GENERAL GOVERNMENT	\$3,155,661,900	\$646,991,900	\$2,508,670,000	\$109,610,400	\$3,446,900	\$1,423,100	\$1,716,727,100	\$677,462,500
Community Health	14,396,931,000	54,224,300	14,342,706,700	9,833,450,600	232,374,700	80,272,500	2,180,147,100	2,016,461,800
Corrections	1,967,197,800	915,400	1,966,282,400	7,868,500	443,100	0	82,066,300	1,875,904,500
Human Services	7,004,335,700	1,130,300	7,003,205,400	5,933,478,000	35,251,800	9,491,500	65,778,800	959,205,300
HUMAN SERVICES	\$23,368,464,500	\$56,270,000	\$23,312,194,500	\$15,774,797,100	\$268,069,600	\$89,764,000	\$2,327,992,200	\$4,851,571,600
Agriculture	77,677,800	289,100	77,388,700	14,769,900	0	260,100	33,530,000	28,828,700
Natural Resources & Environ	720,653,900	12,517,700	708,136,200	261,331,500	0	6,509,100	398,191,300	42,104,300
RESOURCE PROTECTION	\$798,331,700	\$12,806,800	\$785,524,900	\$276,101,400	\$0	\$6,769,200	\$431,721,300	\$70,933,000
Military & Veterans Affairs	151,045,400	1,154,700	149,890,700	82,203,800	653,200	1,422,200	28,660,400	36,951,100
State Police	533,690,500	24,443,500	509,247,000	104,487,200	7,677,600	273,300	137,878,400	258,930,500
SAFETY AND DEFENSE	\$684,735,900	\$25,598,200	\$659,137,700	\$186,691,000	\$8,330,800	\$1,695,500	\$166,538,800	\$295,881,600
Capital Outlay	0	0	0	0	0	0	0	0
Energy/Labor/Economic Growth	1,496,943,800	13,503,500	1,483,440,300	1,008,535,800	16,020,400	6,085,000	407,372,400	45,426,700
Judiciary	258,823,800	3,553,500	255,270,300	5,376,500	6,340,400	842,500	89,979,800	152,731,100
Transportation	2,760,929,300	878,300	2,760,051,000	752,480,600	56,496,000	0	1,951,074,400	0
ALL OTHERS	\$4,516,696,900	\$17,935,300	\$4,498,761,600	\$1,766,392,900	\$78,856,800	\$6,927,500	\$2,448,426,600	\$198,157,800
TOTAL APPROPRIATIONS	\$47,395,867,900	\$759,602,200	\$46,636,265,700	\$20,076,358,400	\$365,924,100	\$109,703,800	\$18,097,575,800	\$7,986,703,600

TABLE 2
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2010-11 Executive Recommendation Compared with FY 2009-10 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2009-10</u>	<u>Executive Recommendation FY 2010-11</u>	<u>Difference FY 2010-11 vs. FY 2009-10</u>	
Community Colleges	299,360,500	299,100,500	(260,000)	(0.1%)
Education	19,429,600	20,011,900	582,300	3.0%
Higher Education	1,507,705,200	1,543,378,500	35,673,300	2.4%
School Aid	30,206,200	30,206,200	0	0.0%
EDUCATION	\$1,856,701,500	\$1,892,697,100	\$35,995,600	1.9%
Attorney General	28,785,000	29,168,000	383,000	1.3%
Civil Rights	11,706,400	11,279,100	(427,300)	(3.7%)
Executive Office	4,823,700	4,630,800	(192,900)	(4.0%)
Legislative Auditor General	11,619,800	11,155,000	(464,800)	(4.0%)
Legislature	104,764,900	100,574,300	(4,190,600)	(4.0%)
State	17,955,400	14,179,200	(3,776,200)	(21.0%)
Tech, Management & Budget	293,574,300	304,346,000	10,771,700	3.7%
Treasury: MI Strategic Fund	27,135,700	23,088,200	(4,047,500)	(14.9%)
Treasury: Operations	60,166,000	59,647,200	(518,800)	(0.9%)
Treasury: Debt/Revenue Sharing	64,663,000	119,394,700	54,731,700	84.6%
GENERAL GOVERNMENT	\$625,194,200	\$677,462,500	\$52,268,300	8.4%
Community Health	2,304,602,500	2,016,461,800	(288,140,700)	(12.5%)
Corrections	1,903,641,900	1,875,904,500	(27,737,400)	(1.5%)
Human Services	852,297,600	959,205,300	106,907,700	12.5%
HUMAN SERVICES	\$5,060,542,000	\$4,851,571,600	(\$208,970,400)	(4.1%)
Agriculture	30,050,500	28,828,700	(1,221,800)	(4.1%)
Natural Resources & Environment	43,949,400	42,104,300	(1,845,100)	(4.2%)
RESOURCE PROTECTION	\$73,999,900	\$70,933,000	(\$3,066,900)	(4.1%)
Military & Veterans Affairs	36,425,500	36,951,100	525,600	1.4%
State Police	267,259,200	258,930,500	(8,328,700)	(3.1%)
SAFETY AND DEFENSE	\$303,684,700	\$295,881,600	(\$7,803,100)	(2.6%)
Capital Outlay	0	0	0	--
Energy, Labor, & Economic Growth	54,784,100	45,426,700	(9,357,400)	(17.1%)
Judiciary	153,132,800	152,731,100	(401,700)	(0.3%)
Transportation	0	0	0	--
ALL OTHERS	\$207,916,900	\$198,157,800	(\$9,759,100)	(4.7%)
TOTAL APPROPRIATIONS	\$8,128,039,200	\$7,986,703,600	(\$141,335,600)	(1.7%)

Notes: (1) FY 2009-10 amounts for Department of Technology, Management & Budget and Department of Natural Resources & Environment are totals for previously separate departments. (2) FY 2010-11 amounts do not reflect estimated savings from (a) proposed changes to retirement and other benefits for state employees and (b) recent Civil Service Commission action to not provide 3.0% salary/wage increase for Not Exclusively Represented Employees. Those savings total \$296.7 million Gross and \$116.6 million GF/GP for FY 2010-11.

TABLE 3
ADJUSTED GROSS APPROPRIATIONS
FY 2010-11 Executive Recommendation Compared with FY 2009-10 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2009-10</u>	<u>Executive Recommendation FY 2010-11</u>	<u>Difference FY 2010-11 vs. FY 2009-10</u>	
Community Colleges	299,360,500	299,100,500	(260,000)	(0.1%)
Education	114,826,500	131,286,000	16,459,500	14.3%
Higher Education	1,612,243,300	1,578,278,500	(33,964,800)	(2.1%)
School Aid	12,823,571,000	12,863,312,000	39,741,000	0.3%
EDUCATION	\$14,850,001,300	\$14,871,977,000	\$21,975,700	0.1%
Attorney General	52,583,800	53,114,800	531,000	1.0%
Civil Rights	13,763,700	13,082,100	(681,600)	(5.0%)
Executive Office	4,823,700	4,630,800	(192,900)	(4.0%)
Legislative Auditor General	13,159,700	12,694,900	(464,800)	(3.5%)
Legislature	106,274,700	102,084,100	(4,190,600)	(3.9%)
State	189,130,200	192,567,300	3,437,100	1.8%
Tech, Management & Budget	379,174,100	393,696,000	14,521,900	3.8%
Treasury: MI Strategic Fund	114,181,200	168,938,200	54,757,000	48.0%
Treasury: Operations	417,659,300	400,846,600	(16,812,700)	(4.0%)
Treasury: Debt/Revenue Sharing	1,071,777,000	1,167,015,200	95,238,200	8.9%
GENERAL GOVERNMENT	\$2,362,527,400	\$2,508,670,000	\$146,142,600	6.2%
Community Health	13,028,686,600	14,342,706,700	1,314,020,100	10.1%
Corrections	1,955,230,900	1,966,282,400	11,051,500	0.6%
Human Services	5,914,494,400	7,003,205,400	1,088,711,000	18.4%
HUMAN SERVICES	\$20,898,411,900	\$23,312,194,500	\$2,413,782,600	11.6%
Agriculture	79,656,700	77,388,700	(2,268,000)	(2.8%)
Natural Resources & Environment	699,605,200	708,136,200	8,531,000	1.2%
RESOURCE PROTECTION	\$779,261,900	\$785,524,900	\$6,263,000	0.8%
Military & Veterans Affairs	144,463,300	149,890,700	5,427,400	3.8%
State Police	506,297,600	509,247,000	2,949,400	0.6%
SAFETY AND DEFENSE	\$650,760,900	\$659,137,700	\$8,376,800	1.3%
Capital Outlay	0	0	0	--
Energy, Labor & Economic Growth	1,437,038,700	1,483,440,300	46,401,600	3.2%
Judiciary	255,208,800	255,270,300	61,500	0.0%
Transportation	3,259,638,000	2,760,051,000	(499,587,000)	(15.3%)
ALL OTHERS	\$4,951,885,500	\$4,498,761,600	(\$453,123,900)	(9.2%)
TOTAL APPROPRIATIONS	\$44,492,848,900	\$46,636,265,700	\$2,143,416,800	4.8%

Notes: (1) FY 2009-10 amounts for Department of Technology, Management & Budget and Department of Natural Resources & Environment are totals for previously separate departments. (2) FY 2010-11 amounts do not reflect estimated savings from (a) proposed changes to retirement and other benefits for state employees and (b) recent Civil Service Commission action to not provide 3.0% salary/wage increase for Not Exclusively Represented Employees. Those savings total \$296.7 million Gross and \$116.6 million GF/GP for FY 2010-11.

TABLE 4
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2010-11 Executive Recommendation Compared with FY 2009-10 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2009-10</u>	<u>Executive Recommendation FY 2010-11</u>	<u>Difference FY 2010-11 vs. FY 2009-10</u>	
Community Colleges	0.0	0.0		
Education	544.5	552.5	8.0	1.5%
Higher Education	1.0	1.0	0.0	0.0%
School Aid	0.0	0.0		
EDUCATION	545.5	553.5	8.0	1.5%
Attorney General	543.0	520.0	(23.0)	(4.2%)
Civil Rights	130.0	118.0	(12.0)	(9.2%)
Executive Office	84.2	84.2	0.0	0.0%
Legislative Auditor General	0.0	0.0		
Legislature	0.0	0.0		
State	1,815.0	1,815.0	0.0	0.0%
Tech, Management & Budget	3,038.0	2,971.5	(66.5)	(2.2%)
Treasury: MI Strategic Fund	155.0	155.0	0.0	0.0%
Treasury: Operations	1,712.5	1,730.5	18.0	1.1%
Treasury: Debt/Revenue Sharing	0.0	0.0		
GENERAL GOVERNMENT	7,477.7	7,394.2	(83.5)	(1.1%)
Community Health	4,380.6	4,362.8	(17.8)	(0.4%)
Corrections	15,767.1	14,630.3	(1,136.8)	(7.2%)
Human Services	10,911.5	11,767.5	856.0	7.8%
HUMAN SERVICES	31,059.2	30,760.6	(298.6)	(1.0%)
Agriculture	573.0	459.9	(113.1)	(19.7%)
Natural Resources & Environ	3,712.0	3,675.0	(38.0)	(1.0%)
RESOURCE PROTECTION	4,285.0	4,134.4	(150.6)	(3.5%)
Military & Veterans Affairs	992.0	977.0	(15.0)	(1.5%)
State Police	2,868.0	2,758.0	(110.0)	(3.8%)
SAFETY AND DEFENSE	3,860.0	3,735.0	(125.0)	(3.2%)
Capital Outlay	0.0	0.0		
Energy, Labor, & Economic Growth	4,739.0	4,701.0	(38.0)	(0.8%)
Judiciary	491.0	491.0	0.0	0.0%
Transportation	3,014.3	3,022.3	8.0	0.3%
ALL OTHERS	8,244.3	8,214.3	(30.0)	(0.4%)
TOTAL FTE APPROPRIATIONS	55,471.7	54,792.0	(679.7)	(1.2%)

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

TABLE 5
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2010-11 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	299,100,500	299,100,500	100.0%
Education	27,004,800	5,850,000	21.7%
Higher Education	1,573,778,500		
School Aid	10,998,983,100	10,869,499,800	98.8%
EDUCATION	\$12,898,866,900	\$11,174,450,300	86.6%
Attorney General	44,458,800		
Civil Rights	11,332,100		
Executive Office	4,630,800		
Legislative Auditor General	12,694,900		
Legislature	101,684,100		
State	190,757,200	1,360,800	0.7%
Tech, Management & Budget	389,227,000		
Treasury: MI Strategic Fund	111,671,100	1,000,000	0.9%
Treasury: Operations	360,718,400	152,218,400	42.2%
Treasury: Debt/Revenue Sharing	1,167,015,200	1,032,106,000	88.4%
GENERAL GOVERNMENT	\$2,394,189,600	\$1,186,685,200	49.6%
Community Health	4,196,608,900	1,214,931,400	29.0%
Corrections	1,957,970,800	92,562,700	4.7%
Human Services	1,024,984,100	111,792,500	10.9%
HUMAN SERVICES	\$7,179,563,800	\$1,419,286,600	19.8%
Agriculture	62,358,700	1,500,000	2.4%
Natural Resources & Environment	440,295,600	9,491,600	2.2%
RESOURCE PROTECTION	62,358,700	1,500,000	2.4%
Military & Veterans Affairs	65,611,500	120,000	0.2%
State Police	396,808,900	17,266,900	4.4%
SAFETY AND DEFENSE	\$462,420,400	\$17,386,900	3.8%
Capital Outlay	0		
Energy, Labor, & Economic Growth	452,799,100	40,050,100	8.8%
Judiciary	242,710,900	121,582,400	50.1%
Transportation	1,951,074,400	1,200,248,900	61.5%
ALL OTHER	\$2,646,584,400	\$1,361,881,400	51.5%
TOTALS APPROPRIATED	\$26,084,279,400	\$15,170,682,000	58.2%



Mitchell E. Bean, Director
Mary Ann Cleary, Deputy Director

Agriculture..... William E. Hamilton, Senior Fiscal Analyst
Capital Outlay Robin R. Risko, Senior Fiscal Analyst
Community Colleges Mark Wolf, Fiscal Analyst
Community Health
Medicaid Steve Stauff, Senior Fiscal Analyst
Mental Health/Substance Abuse Margaret Alston, Senior Fiscal Analyst
Medicaid/Public Health/Aging Susan Frey, Senior Fiscal Analyst
Corrections Bob Schneider, Associate Director
Education (Department) Mary Ann Cleary, Deputy Director; Bethany Wicksall, Senior Fiscal Analyst
Energy, Labor and Economic Growth Mark Wolf, Fiscal Analyst
General Government:
Attorney General/Civil Rights/Executive Office/ Robin R. Risko, Senior Fiscal Analyst
Legislative Auditor General/Legislature/
Technology, Management and Budget
Lottery/Michigan Strategic Fund/State/Treasury Benjamin Gielczyk, Fiscal Analyst
Higher Education Kyle I. Jen, Associate Director
Human Services (Department) Kevin Koorstra, Fiscal Analyst; Robert Schneider, Associate Director
Judiciary Benjamin Gielczyk, Fiscal Analyst
Military and Veterans Affairs Jan Wisniewski, Senior Fiscal Analyst
Natural Resources and Environment Viola Bay Wild, Senior Fiscal Analyst
School Aid Mary Ann Cleary, Deputy Director; Bethany Wicksall, Senior Fiscal Analyst
State Police Jan Wisniewski, Senior Fiscal Analyst
Transportation William E. Hamilton, Senior Fiscal Analyst
Economic/Revenue Forecast; Tax Analysis; Revenue Sharing Rebecca Ross, Senior Economist;
Jim Stansell, Economist
Legislative Analysis Chris Couch, Associate Director;
Edith Best, Joan Hunault, Shannan Kane, Sue Stutzky, Legislative Analysts
Legislative Transfers Margaret Alston, Senior Fiscal Analyst
Oversight and Investigations Mitchell E. Bean, Director
Retirement Bethany Wicksall, Senior Fiscal Analyst
Supplementals Kyle I. Jen, Associate Director
Administrative Assistant Kathryn Bateson
Unit Support
Agriculture/Capital Outlay/Community Colleges/Education/ Barbara Graves, Budget Assistant
Energy, Labor and Economic Growth/Environmental Quality/Higher Education/
Natural Resources/School Aid/Transportation/Transfers/Bill Analysis/HFA Internet
Community Health/Corrections/General Government/Human Services/ Tumai Burris, Budget Assistant
Judiciary/Military and Veterans Affairs/State Police/HFA Library
Facilities Coordinator D'Andrea Long, Receptionist



P.O. Box 30014 ■ Lansing, MI 48909-7514
(517) 373-8080 ■ FAX (517) 373-5874
www.house.mi.gov/hfa