

# HFA SUMMARIES FOR HB 4831

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# COMMUNITY COLLEGES

Analyst: Kyle I. Jen

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<i>Difference:</i> <i>House from Year-to-Date</i>	
<b>IDG/IDT</b>				\$0	
<b>Federal</b>				0	
<b>Local</b>				0	
<b>Private</b>				0	
<b>Restricted</b>				0	
<b>GF/GP</b>	292,054,400	281,327,400	281,327,400	(10,727,000)	-3.7%
<b>Gross</b>	<b>\$292,054,400</b>	<b>\$281,327,400</b>	<b>\$281,327,400</b>	<b>(\$10,727,000)</b>	<b>-3.7%</b>
<b>FTEs</b>				0.0	

## Overview

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

## Major Budget Changes from FY 2004-05

### **1. Operations Funding**

Reflects \$2.7 million across-the-board reductions to community college operations appropriations compared to FY 2004-05 year-to-date. Amount corresponds to partial restoration of EO 2005-7 reductions in FY 2004-05 budget following May revenue conference. No tuition restraint policy is proposed for community colleges in FY 2005-06; funding appropriated for tuition restraint in FY 2004-05 is rolled into colleges' operations appropriations.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>Gross</b>	<b>\$277,810,500</b>	<b>(\$2,705,800)</b>
<b>GF/GP</b>	<b>\$277,810,500</b>	<b>(\$2,705,800)</b>

### **2. Renaissance Zone Tax Reimbursement**

Increases funding by 20.8% for reimbursement to colleges with renaissance zones in their districts, pursuant to Michigan Renaissance Zone Act (MCL 125.2692), to reflect expected increases in taxable value in those zones.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>Gross</b>	<b>\$2,400,000</b>	<b>\$500,000</b>
<b>GF/GP</b>	<b>\$2,400,000</b>	<b>\$500,000</b>

## Major Boilerplate Changes from FY 2004-05

### **Sec. 207. Tuition Restraint – DELETED**

Sets conditions for receipt of funds appropriated to colleges contingent on tuition restraint in FY 2004-05.

### **Sec. 208. Entrepreneurship Curriculum – REVISED**

Requires Department of Labor and Economic Growth to work with colleges to develop an entrepreneurship curriculum. House Proposal adds annual reporting requirement.

### **Sec. 216(3). Reports to MPSERS – DELETED**

Limits number of reports colleges can be required to submit to Michigan Public School Employees Retirement System (MPSERS).

### **Sec. 235. State University Admission Policies – REVISED**

States legislative intent for workgroup to evaluate state university admission and enrollment policies. House Proposal adds reporting requirement.

### **Sec. 237. Payments in Lieu of Taxes – REVISED**

States legislative intent for workgroup to evaluate the possibility of making payments in lieu of taxes to community colleges whose districts contain state-owned land. House Proposal expands scope to include all nontaxable land and adds reporting requirement.

### **Sec. 238. Optional Retirement Plan – REVISED**

States legislative intent for workgroup to evaluate impact of expanding eligibility for Optional Retirement Plan to include part-time faculty. House Proposal adds reporting requirement.

**Major Boilerplate Changes from FY 2004-05**

**Sec. 241. Performance Indicator Task Force – NEW**

Establishes 13-member task force to review, evaluate, discuss, and make recommendations regarding performance indicators to be utilized in future budget years to guide decisions regarding state funding to community colleges. Task force is composed of four legislators, two department directors, four community college representatives, and three members of the public. Specifies minimum list of possible indicators to be considered. Requires report on findings and recommendations by February 1, 2006. States legislative intent that community college funding will be based partially or wholly on performance indicators in future years.

**Sec. 502. ACS Data Audits – REVISED**

Requires auditor general to audit Activities Classification Structure (ACS) data submitted by seven randomly-selected community colleges. House Proposal allows for auditing three additional colleges above minimum of seven.



**COMMUNITY COLLEGES  
FY 2005-06 House Budget Proposal**

<u>OPERATIONS</u>	FY 2004-05 Year-to-Date *as of 5/31/05	Operations **Reductions	Renaissance Zone Increase	FY 2005-06 House Proposal	Change from Year-to-Date	
					\$ Amount	Percent
Alpena	\$4,824,100	(\$47,000)		\$4,777,100	(\$47,000)	(1.0)
Bay de Noc	4,663,900	(45,400)		4,618,500	(45,400)	(1.0)
Delta	13,044,200	(127,100)		12,917,100	(127,100)	(1.0)
Glen Oaks	2,188,400	(21,300)		2,167,100	(21,300)	(1.0)
Gogebic	3,990,400	(38,900)		3,951,500	(38,900)	(1.0)
Grand Rapids	16,407,300	(159,800)		16,247,500	(159,800)	(1.0)
Henry Ford	19,995,500	(194,800)		19,800,700	(194,800)	(1.0)
Jackson	11,068,600	(107,800)		10,960,800	(107,800)	(1.0)
Kalamazoo Valley	11,293,600	(110,000)		11,183,600	(110,000)	(1.0)
Kellogg	8,873,100	(86,400)		8,786,700	(86,400)	(1.0)
Kirtland	2,693,000	(26,200)		2,666,800	(26,200)	(1.0)
Lake Michigan	4,775,400	(46,500)		4,728,900	(46,500)	(1.0)
Lansing	28,373,400	(276,300)		28,097,100	(276,300)	(1.0)
Macomb	30,273,500	(294,900)		29,978,600	(294,900)	(1.0)
Mid Michigan	4,038,400	(39,300)		3,999,100	(39,300)	(1.0)
Monroe	3,929,100	(38,300)		3,890,800	(38,300)	(1.0)
Montcalm	2,842,000	(27,700)		2,814,300	(27,700)	(1.0)
Mott	14,345,100	(139,700)		14,205,400	(139,700)	(1.0)
Muskegon	8,163,400	(79,500)		8,083,900	(79,500)	(1.0)
North Central	2,765,100	(27,000)		2,738,100	(27,000)	(1.0)
Northwestern	8,330,000	(81,100)		8,248,900	(81,100)	(1.0)
Oakland	19,096,900	(186,000)		18,910,900	(186,000)	(1.0)
St. Clair	6,396,600	(62,300)		6,334,300	(62,300)	(1.0)
Schoolcraft	11,208,100	(109,200)		11,098,900	(109,200)	(1.0)
Southwestern	6,016,600	(58,600)		5,958,000	(58,600)	(1.0)
Washtenaw	11,391,500	(110,900)		11,280,600	(110,900)	(1.0)
Wayne County	14,725,600	(143,400)		14,582,200	(143,400)	(1.0)
West Shore	<u>2,097,700</u>	<u>(20,400)</u>		<u>2,077,300</u>	<u>(20,400)</u>	<u>(1.0)</u>
<b>Subtotal - Operations</b>	<b>\$277,810,500</b>	<b>(\$2,705,800)</b>	<b>\$0</b>	<b>\$275,104,700</b>	<b>(\$2,705,800)</b>	<b>(1.0)</b>
State GF/GP	\$277,810,500	(\$2,705,800)	\$0	\$275,104,700	(\$2,705,800)	(1.0)
<b>GRANTS</b>						
At-Risk Student Program	\$3,322,700			\$3,322,700	\$0	0.0
Renaissance Zone Reimbursement	<u>2,400,000</u>		<u>500,000</u>	<u>2,900,000</u>	<u>500,000</u>	<u>20.8</u>
<b>Subtotal - Grants</b>	<b>\$5,722,700</b>	<b>\$0</b>	<b>\$500,000</b>	<b>\$6,222,700</b>	<b>\$500,000</b>	<b>8.7</b>
State GF/GP	\$5,722,700	\$0	\$500,000	\$6,222,700	\$500,000	8.7
<b>TOTAL COMMUNITY COLLEGES</b>	<b>\$283,533,200</b>	<b>(\$2,705,800)</b>	<b>\$500,000</b>	<b>\$281,327,400</b>	<b>(\$2,205,800)</b>	<b>(0.8)</b>
TOTAL - GF/GP	\$283,533,200	(\$2,705,800)	\$500,000	\$281,327,400	(\$2,205,800)	(0.8)

\*Excludes 3.0% tuition restraint funds totaling \$8.5 million originally appropriated in FY 2003-04 but paid in FY 2004-05 pursuant to boilerplate language.

\*\*Corresponds to partial restoration of EO 2005-7 reductions in FY 2004-05 budget following May revenue conference.

6/2/05

# EDUCATION

Analyst: Mary Ann Cleary

IDG/IDT	FY 2004-05 YTD	FY 2005-06 Executive	FY 2005-06 House	Difference:	
				House from Year-to-Date	
	\$1,072,100			(\$1,072,100)	-100.0%
<b>Federal</b>	63,305,000	70,519,400	67,519,400	4,214,400	6.7%
<b>Local</b>	5,208,800	6,444,000	5,444,000	235,200	4.5%
<b>Private</b>	714,600	898,600	898,600	184,000	25.7%
<b>Restricted</b>	19,635,000	23,188,200	23,363,200	3,728,200	19.0%
<b>GF/GP</b>	26,061,700	28,241,600	16,541,600	(9,520,100)	-36.5%
<b>Gross</b>	<b>\$115,997,200</b>	<b>\$129,291,800</b>	<b>\$113,766,800</b>	<b>(\$2,230,400)</b>	<b>-1.9%</b>
<b>FTEs</b>	414.5	423.5	425.0	10.5	2.5%

## Overview

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

## Major Budget Changes from FY 2004-05

		FY 2004-05 Year-to-Date	House Change
<b>1. School Readiness Program – Competitive Grants</b>	<b>Gross</b>	<b>\$12,250,000</b>	<b>(\$12,250,000)</b>
Transfers School Readiness Program to the School Aid Act. Of \$12.25 million GF current-year appropriations, \$9.52 million will be transferred to the School Aid Act with the intent that the program be funded at the FY 2005 level and \$700,000 is transferred to the School Improvement Services unit; the remaining \$2.0 million is eliminated to meet the GF target level set by House leadership.	GF/GP	\$12,250,000	(\$12,250,000)
<b>2. MEAP Enhancement Costs</b>	<b>Gross</b>	<b>\$0</b>	<b>\$2,600,000</b>
Adds \$2.6 million in Merit Award Trust Funds for contractual services to revise the High School Michigan Education Assessment Program (MEAP) test to also be a college entrance exam, as required in PA 596 of 2004.	Restricted	0	2,600,000
<b>3. School Breakfast Program</b>	<b>Gross</b>	<b>\$8,025,000</b>	<b>\$1,600,000</b>
Increases GF appropriation by \$1.6 million to reflect anticipated increases in meal costs and the number of breakfasts served.	GF/GP	\$8,025,000	\$1,600,000
<b>4. School Improvement Contract</b>	<b>Gross</b>	<b>\$0</b>	<b>\$700,000</b>
Adds \$700,000 GF for third-party contract to provide additional benchmarking training services and district-level and school-level written reports.	GF/GP	\$0	\$700,000
<b>5. Special Education Assessment</b>	<b>Gross</b>	<b>\$0</b>	<b>\$3,380,000</b>
Adds \$3.4 million from the federal Individuals with Disabilities in Education Act (IDEA) funding to support alternative assessments for students with disabilities.	Federal	0	3,380,000
<b>6. Corrections Training Academy</b>	<b>Gross</b>	<b>\$1,072,100</b>	<b>(\$1,072,100)</b>
Eliminates IDG from Department of Corrections Training Academy; anticipates Academy discontinuing its lease at School for the Blind's former site in Lansing.	IDG	1,072,100	(1,072,100)
<b>7. Michigan After School Partnership</b>	<b>Gross</b>	<b>\$0</b>	<b>\$200,000</b>
Adds \$175,000 private funds from the Mott Foundation and the Robert Wood Johnson Foundation and \$25,000 federal funds for the Michigan After School Partnership Grant.	Federal	0	25,000
	Private	0	175,000

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>8. Limited License/Alternative Route to Certification Programs</b>	<b>Gross</b>	<b>\$150,000</b>	<b>(\$75,000)</b>
Maintains \$75,000 for Alternative Route to Certification Program, which helps teachers in rural areas become certified in math and science. Eliminates \$75,000 for Limited License to Instruct program to help teachers meet certification requirements in Detroit Public Schools.	Restricted	150,000	(75,000)
<b>9. National Board Certification Grants</b>	<b>Gross</b>	<b>\$100,000</b>	<b>\$0</b>
Maintains current-law funding for a grant which pays 50% of the fee to become certified by the National Board for Professional Teaching Standards.	Restricted	100,000	0
<b>10. Economic Increases</b>	<b>Gross</b>	<b>\$0</b>	<b>\$2,855,900</b>
Adds \$1.1 million for restoration of concessions (approximately 4% of salary) along with \$1.7 million for FY 2006 economics (insurance). This increase does not include salary increases of 1.5%.	Federal	0	2,014,000
	Local	0	235,200
	Private	0	17,000
	Restricted	0	296,100
	GF/GP	\$0	\$293,500

**Major Boilerplate Changes from FY 2004-05**

**Sec. 206. Contingency Funds – NEW**

Provides federal, state, local, and private contingency funds which could be transferred by the Legislature to another line item when additional revenue becomes available after the budget is enacted.

**Sec. 214. Hiring Freeze – NEW**

Imposes a hiring freeze for state classified civil service workers.

**Sec. 214. Personal Services Contracts**

Modifies language requiring a monthly report of all personal service contracts awarded without competitive bidding and prohibiting the Department from awarding personal service contracts valued at more than \$10,000 without competitive bidding to \$25,000.

**Sec. 302. State Board Travel**

Eliminates of out-of-state travel for members of the Board of Education.

**Sec. 1001. School Improvement Contract – NEW**

Requires the Department to contract with a third party for the expansion of benchmarking training services and district-level and state-level written reports.

# HIGHER EDUCATION

Analyst: Kyle I. Jen

IDG/IDT	FY 2004-05 YTD	FY 2005-06 Executive	FY 2005-06 House	Difference:	
				House from Year-to-Date	
				\$0	
<b>Federal</b>	4,500,000	3,500,000	3,500,000	(1,000,000)	-22.2%
<b>Local</b>				0	
<b>Private</b>				0	
<b>Restricted</b>	85,150,000	146,500,000	166,500,000	81,350,000	95.5%
<b>GF/GP</b>	1,622,069,600	1,492,834,100	1,542,834,100	(79,235,500)	-4.9%
<b>Gross</b>	<b>\$1,711,719,600</b>	<b>\$1,642,834,100</b>	<b>\$1,712,834,100</b>	<b>\$1,114,500</b>	<b>0.1%</b>
<b>FTEs</b>	1.0	1.0	1.0	0.0	0.0%

## Overview

The Higher Education budget provides funding for the operations of the 15 state universities; need-based and merit-based financial aid programs for students attending state universities, community colleges, and independent colleges and universities; and support for several grant and statewide programs—including Michigan State University's Agriculture Experiment Station and Extension Service.

## Major Budget Changes from FY 2004-05

### 1. University Operations

Reflects across-the-board reductions to university operations appropriations of \$13.8 million compared to current FY 2004-05 year-to-date; amount corresponds to partial restoration of EO 2005-7 reductions in FY 2004-05 following May revenue conference. Funds tied to tuition restraint in FY 2004-05 are rolled into universities' operations lines. (See Sec. 436 under Major Boilerplate Changes.)

	FY 2004-05 Year-to-Date	House Change
<b>Gross</b>	<b>\$1,417,274,400</b>	<b>(\$13,794,200)</b>
Restricted	9,500,000	0
GF/GP	\$1,407,774,400	(\$13,794,200)

### 2. King-Chavez-Parks Programs

Eliminates funding for King-Chavez-Parks (KCP) programs. These programs are governed only by budget bill boilerplate language and have the broad purpose of increasing the participation of underrepresented minorities in postsecondary education. Currently, funding for three KCP programs is built into universities' operations line items; funding for three other KCP programs is appropriated in separate line items.

<b>Gross</b>	<b>\$5,146,900</b>	<b>(\$5,146,900)</b>
GF/GP	\$5,146,900	(\$5,146,900)

### 3. Indian Tuition Waiver Funds

Removes funds built into state universities' appropriations for Indian Tuition Waivers. Funds removed equal amounts rolled into university appropriations in FY 1996-97 adjusted for annual across-the-board changes to university appropriations. Earmark of \$100,000 for Bay Mills pass-through is also removed from Lake Superior State's appropriation.

<b>Gross</b>	<b>\$2,487,900</b>	<b>(\$2,487,900)</b>
GF/GP	\$2,487,900	(\$2,487,900)

### 4. State University Funding Model

Adjusts state university operations appropriations based on funding model that includes enrollment-, degree-, and research-based components. Both positive and negative differences between funding model amounts and amounts under Executive Recommendation minus Indian Tuition Waiver funds are limited to 5.0 percent. Net funding change is positive \$11.8 million. \$3.0 million from Merit Award Trust Fund is allocated to Northern Michigan's and Wayne State's base appropriations in proportion to difference between unadjusted funding model amounts and amounts after 5.0 percent limits are applied. (Detailed description of funding model calculations is available at <http://www.house.mi.gov/hfa>; calculations under House proposal are based on total initial funding amount of \$1,411,831,100.)

<b>Gross</b>	<b>\$1,417,274,400</b>	<b>\$11,813,200</b>
Restricted	9,500,000	3,000,000
GF/GP	\$1,407,774,400	\$8,813,200

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>5. National Charter Schools Institute</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$500,000)</b>
Removes National Charter Schools Institute funding from Central Michigan appropriation; funding was added to Central Michigan appropriation in FY 1995-96.	GF/GP	\$500,000	(\$500,000)
<b>6. Midwestern Higher Education Compact Dues</b>	<b>Gross</b>	<b>\$165,000</b>	<b>(\$75,000)</b>
Includes \$90,000 for FY 2005-06 dues. Compact seeks savings for educational and other governmental entities in Midwest states through collective negotiations for various goods and services.	GF/GP	\$165,000	(\$75,000)
<b>7. State Competitive Scholarships</b>	<b>Gross</b>	<b>\$35,630,500</b>	<b>(\$1,000,000)</b>
Replaces \$9.75 million GF/GP for State Competitive Scholarship Program with funds from Michigan Higher Education Assistance Authority Operating Fund. Reduces federal funds appropriated for program to reflect Special Leveraging Educational Assistance Partnership funds no longer available to state.	Federal	3,000,000	(1,000,000)
	Restricted	0	\$9,750,000
	GF/GP	\$32,630,500	(\$9,750,000)
<b>8. Tuition Grants</b>	<b>Gross</b>	<b>\$61,768,100</b>	<b>(\$1,222,700)</b>
Reduces funding for Tuition Grant Program—a need-based financial aid program for students attending independent universities/colleges—by 2.0%. Program was established by Public Act 313 of 1966.	GF/GP	\$61,768,100	(\$1,222,700)
<b>9. Michigan Work Study</b>	<b>Gross</b>	<b>\$7,326,300</b>	<b>(\$7,326,300)</b>
Eliminates funding for Michigan Work Study Program, under which funds are distributed to universities and colleges to provide work study opportunities to students pursuant to Public Acts 288 and 303 of 1986.	GF/GP	\$7,326,300	(\$7,326,300)
<b>10. Part-Time Independent Student Program</b>	<b>Gross</b>	<b>\$2,653,300</b>	<b>(\$2,653,300)</b>
Eliminates funding for Part-time Independent Student Program, a need-based financial aid program established by Public Act 102 of 1986.	GF/GP	\$2,653,300	(\$2,653,300)
<b>11. Michigan Education Opportunity Grants</b>	<b>Gross</b>	<b>\$2,084,200</b>	<b>(\$2,084,200)</b>
Eliminates funding for Michigan Education Opportunity Grants, a need-based financial aid program used to supplement Pell Grant awards pursuant to Public Act 273 of 1986.	GF/GP	\$2,084,200	(\$2,084,200)
<b>12. Michigan Merit Award Program</b>	<b>Gross</b>	<b>\$61,400,000</b>	<b>\$68,600,000</b>
Increases total funding for Merit Award Program to \$130.0 million (Merit Trust Fund), of which \$121.0 million funds \$2,500 awards to students attending in-state institutions. Adjustment necessary due to statutory change in program's appropriation schedule that allowed for savings of roughly \$60 million in both FY 2003-04 and FY 2004-05. Additional \$9.0 million is for awards of up to \$500 for performance on middle school MEAP examinations; FY 2005-06 is first year in which middle school awards are scheduled to be paid. Does not include funds for \$1,000 awards to students attending out-of-state institutions.	Restricted	61,400,000	68,600,000
<b>13. Tuition Incentive Program (TIP)</b>	<b>Gross</b>	<b>\$10,250,000</b>	<b>\$0</b>
Replaces \$10.25 million in Merit Award Trust Fund funding for Tuition Incentive Program with funds from Michigan Higher Education Assistance Authority Operating Fund.	Restricted	10,250,000	0

#### Major Boilerplate Changes from FY 2004-05

##### **Sec. 302. Tuition Grant Program – REVISED**

Provides for distribution of Tuition Grant Program funds. House Proposal moves application deadline from July 15 to July 1 and states legislative intent for June 15 deadline in 2006 and June 1 deadline in 2007.

##### **Sec. 303. Michigan Work Study – DELETED**

Provides for distribution of Michigan Work Study funds.

##### **Sec. 315. Dental Clinics Grant – DELETED**

Directs Dental Clinics Grant to University of Detroit Mercy to support dental clinic services to low-income residents in southeastern Michigan. (Funding shifted to DCH budget via EO 2005-7.)

**Major Boilerplate Changes from FY 2004-05**

**Sec. 401. Joseph F. Young, Sr. Psychiatric Research and Training Program – DELETED**

Earmarks \$5.6 million from appropriation to Wayne State for psychiatric research and training program at university. (Funding shifted to DCH budget via EO 2005-7.)

**Sec. 418. State University Funding Model – NEW**

Describes funding model calculations used to determine state university operations appropriations amounts. Model includes enrollment-, degree-, and research-based components. State legislative intent to limit funding to individual universities for associate's degrees under model in future budget years based on FY 2003-04 associate's degrees granted as percentage of total degrees granted.

**Sec. 421. National Charter Schools Institute – DELETED**

Requires report from Central Michigan University regarding National Charter Schools Institute.

**Sec. 436. Tuition Restraint – REVISED**

Sets conditions for receipt of funds tied to tuition restraint in FY 2004-05. House Proposal replaces section with language stating intent that universities increase institutional financial aid expenditures by at least the same percentage as resident undergraduate tuition and fees are increased and requiring universities to report on the amounts of those increases.

**Sec. 450. Per-Student Funding Floor – DELETED**

States legislative intent for funding floor of \$4,000 per fiscal year-equated student.

**Sec. 460. Student and Presidential Housing – DELETED**

Requires report from each university regarding student and presidential housing facilities.

**Sec. 461. Bay Mills Pass-Through – DELETED**

Earmarks \$100,000 from Lake Superior State's appropriation for pass-through to Bay Mills Community College for Indian Tuition Waiver costs.

**Secs. 501 to 507. King-Chavez-Parks Programs – DELETED**

Provides for distribution and expenditure of funds under six King-Chavez-Parks programs.

**Article 19, Sec. 101. Indian Tuition Waiver Repealer – NEW**

Repeals Public Act 174 of 1976, which provides for the waiver of tuition costs for North American Indians at state universities, public community colleges, and tribal community colleges.



HIGHER EDUCATION ; FY 2005-06 House Budget Proposal I

	FY 2004-05 YTD *as of 5/31/05	Operations **Reductions	Eliminate KCP Programs	Remove Indian Tuition Waiver \$\$	Funding Model Adjustments	Reduce TG;Eliminate MWS/PTISP/MEOG; ***SCS/TIP Shifts	Merit/ Other	FY 2005-06 House Proposal	Change from Year-to-Date \$ %
<b>STATE UNIVERSITIES</b>									
Central Michigan	\$79,279,400	(\$771,800)	(\$210,600)	(\$146,700)	\$3,882,500		(\$500,000)	\$81,532,800	\$2,253,400 2.8
Eastern Michigan	76,685,000	(746,600)	(226,400)	(105,300)	745,800			76,352,500	(332,500) (0.4)
Ferris State	48,581,900	(473,000)	(98,000)	(159,200)	2,392,600			50,244,300	1,662,400 3.4
Grand Valley State	57,446,500	(559,200)	(81,200)	(116,200)	2,834,500			59,524,400	2,077,900 3.6
Lake Superior State	12,584,700	(122,600)	(58,700)	(381,100)	566,400			12,588,700	4,000 0.0
Michigan State	285,243,900	(2,777,000)	(336,200)	(319,600)	4,539,900			286,351,000	1,107,100 0.4
Michigan Tech	48,338,000	(470,600)	(159,900)	(59,600)	244,100			47,892,000	(446,000) (0.9)
Northern Michigan	45,413,500	(442,000)	(84,100)	(268,800)	(2,230,900)			42,387,700	(3,025,800) (6.7)
Oakland	47,725,900	(464,600)	(185,300)	(51,500)	2,351,200			49,375,700	1,649,800 3.5
Saginaw Valley State	25,933,700	(252,500)	(69,600)	(37,900)	1,278,700			26,852,400	918,700 3.5
UM - Ann Arbor	318,128,000	(3,097,100)	(297,900)	(440,400)	1,183,500			315,476,100	(2,651,900) (0.8)
UM - Dearborn	24,494,900	(238,500)	(76,900)	(59,600)	1,206,000			25,325,900	831,000 3.4
UM - Flint	21,060,200	(205,000)	(73,200)	(55,500)	268,800			20,995,300	(64,900) (0.3)
Wayne State	216,387,700	(2,103,100)	(270,700)	(172,600)	(10,692,100)			203,149,200	(13,238,500) (6.1)
Western Michigan	109,971,100	(1,070,600)	(226,700)	(113,900)	3,242,200			111,802,100	1,831,000 1.7
<b>Subtotal - State Universities</b>	<b>\$1,417,274,400</b>	<b>(\$13,794,200)</b>	<b>(\$2,455,400)</b>	<b>(\$2,487,900)</b>	<b>\$11,813,200</b>	<b>\$0</b>	<b>(\$500,000)</b>	<b>\$1,409,850,100</b>	<b>(\$7,424,300) (0.5)</b>
Merit Award Trust Fund	9,500,000	0	0	0	3,000,000	0	0	12,500,000	3,000,000 31.6
State GF/GP	\$1,407,774,400	(\$13,794,200)	(\$2,455,400)	(\$2,487,900)	\$8,813,200	\$0	(\$500,000)	\$1,397,350,100	(\$10,424,300) (0.7)
<b>STATEWIDE PROGRAMS</b>									
Agriculture Experiment Station	\$33,163,800							\$33,163,800	\$0 0.0
Cooperative Extension Service	28,604,300							28,604,300	0 0.0
Higher Education Database	200,000							200,000	0 0.0
Midwest Higher Ed. Compact	165,000							90,000	(75,000) (45.5)
Select Student Support Services	1,956,100		(1,956,100)					0	(1,956,100) (100.0)
College/Univ. Partnership Program	586,800		(586,800)					0	(586,800) (100.0)
Morris Hood, Jr. Educator Develop.	148,600		(148,600)					0	(148,600) (100.0)
<b>Subtotal - Statewide Programs</b>	<b>\$64,824,600</b>	<b>\$0</b>	<b>(\$2,691,500)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$75,000)</b>	<b>\$62,058,100</b>	<b>(\$2,766,500) (4.3)</b>
State GF/GP	\$64,824,600	\$0	(\$2,691,500)	\$0	\$0	\$0	(\$75,000)	\$62,058,100	(\$2,766,500) (4.3)
<b>GRANTS &amp; FINANCIAL AID</b>									
State Competitive Scholarships	\$35,630,500					\$0	(\$1,000,000)	\$34,630,500	(\$1,000,000) (2.8)
Tuition Grants	61,768,100					(1,222,700)		60,545,400	(1,222,700) (2.0)
Michigan Work Study	7,326,300					(7,326,300)		0	(7,326,300) (100.0)
Part-Time Indep. Student Prog.	2,653,300					(2,653,300)		0	(2,653,300) (100.0)
Michigan Ed. Opportunity Grants	2,084,200					(2,084,200)		0	(2,084,200) (100.0)
Byrd Scholarship Program	1,500,000							1,500,000	0 0.0
Nursing Scholarship Program	4,000,000							4,000,000	0 0.0
Michigan Merit Award Program	61,400,000						68,600,000	130,000,000	68,600,000 111.7
Tuition Incentive Program	10,250,000					0		10,250,000	0 0.0
<b>Subtotal - Grants/Financial Aid</b>	<b>\$186,612,400</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$13,286,500)</b>	<b>\$67,600,000</b>	<b>\$240,925,900</b>	<b>\$54,313,500 29.1</b>
Federal	4,500,000	0	0	0	0	0	(1,000,000)	3,500,000	(1,000,000) (22.2)
Merit Award Trust Fund	75,650,000	0	0	0	0	(10,250,000)	68,600,000	134,000,000	58,350,000 77.1
MHEAA Operating Fund	0	0	0	0	0	20,000,000	0	20,000,000	20,000,000 --
State GF/GP	\$106,462,400	\$0	\$0	\$0	\$0	(\$23,036,500)	\$0	\$83,425,900	(\$23,036,500) (21.6)
<b>TOTAL - HIGHER ED</b>	<b>\$1,668,711,400</b>	<b>(\$13,794,200)</b>	<b>(\$5,146,900)</b>	<b>(\$2,487,900)</b>	<b>\$11,813,200</b>	<b>(\$13,286,500)</b>	<b>\$67,025,000</b>	<b>\$1,712,834,100</b>	<b>\$44,122,700 2.6</b>
TOTAL - FEDERAL	4,500,000	0	0	0	0	0	(1,000,000)	3,500,000	(1,000,000) (22.2)
TOTAL - STATE RESTRICTED	85,150,000	0	0	0	3,000,000	9,750,000	68,600,000	166,500,000	81,350,000 95.5
TOTAL - GF/GP	\$1,579,061,400	(\$13,794,200)	(\$5,146,900)	(\$2,487,900)	\$8,813,200	(\$23,036,500)	(\$575,000)	\$1,542,834,100	(\$36,227,300) (2.3)

\*Excludes 3.0% tuition restraint funds totaling \$43.0 million originally appropriated in FY 2003-04 but actually paid in FY 2004-05 pursuant to boilerplate language

\*\*Corresponds to partial restoration of EO 2005-7 reductions in FY 2004-05 budget following May revenue conference

\*\*\*\$20.0 million from MHEAA Operating Fund used to replace \$10.25 million in Merit funds for Tuition Incentive Program and \$9.75 million in GF/GP for State Competitive Scholarships

6/2/05

**SCHOOL AID**

**Analyst: Mary Ann Cleary**

IDG/IDT	<u>FY 2004-05 YTD</u>	<u>FY 2005-05 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u>	
				<u>House from Year-to-Date</u>	
				\$0	
<b>Federal</b>	1,353,540,100	1,374,074,500	1,389,587,300	36,047,200	2.7%
<b>Local</b>				0	
<b>Private</b>				0	
<b>Restricted</b>	10,909,200,000	11,414,994,600	11,294,171,100	384,971,100	3.5%
<b>GF/GP</b>	165,200,000	20,200,000	99,520,100	(65,679,900)	-39.8%
<b>Gross</b>	<b>\$12,427,940,100</b>	<b>\$12,809,269,100</b>	<b>\$12,783,278,500</b>	<b>\$355,338,400</b>	<b>2.9%</b>
<b>FTEs</b>				0.0	

**Overview**

The School Aid budget makes appropriations to the state's 552 local school districts, 216 public school academies, and 57 intermediate school districts for operations and certain categorical programs. It also appropriates funds to the Center for Education Performance, Department of Labor and Economic Growth, and other entities to implement certain grants and other programs related to K-12 education.

**Major Budget Changes from FY 2004-05**

***Foundation Allowance Increase***

Includes funding for increase in basic per-pupil foundation allowances of \$175 to \$6,875 for FY 2005-06.

	<u>FY 2004-05</u>	<u>House</u>
	<u>Year-to-Date</u>	<u>Change</u>
<b>Gross</b>	<b>\$0</b>	<b>\$289,800,000</b>
Restricted	0	289,000,000
GF/GP	\$0	\$0

# COMMUNITY HEALTH

Analysts: Margaret Alston, Sue Frey, Steve Stauff

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u>	
				<u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$70,037,000	\$34,485,400	\$32,794,800	(\$37,242,200)	-53.2%
<b>Federal</b>	5,591,494,100	5,467,496,800	5,283,772,000	(307,722,100)	-5.5%
<b>Local</b>	530,466,700	235,430,800	231,352,700	(299,114,000)	-56.4%
<b>Private</b>	58,947,400	59,470,100	59,467,500	520,100	0.9%
<b>Restricted</b>	1,544,439,100	1,523,360,600	1,429,128,000	(115,311,100)	-7.5%
<b>GF/GP</b>	2,534,132,700	2,920,639,500	2,842,299,600	308,166,900	12.2%
<b>Gross</b>	<b>\$10,329,517,000</b>	<b>\$10,240,883,200</b>	<b>\$9,878,814,600</b>	<b>(\$450,702,400)</b>	<b>-4.4%</b>
<b>FTEs</b>	5,118.6	4,686.1	4,686.6	(432.0)	-8.4%

## Overview

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

## Major Budget Changes from FY 2004-05

### 1. Economic Adjustments

Adds \$15.2 million gross (\$6.3 million GF/GP) to restore 50% of employee-related savings included in the FY 2004-05 budget and fund 50% of employee-related economic increases for defined benefit and contribution retirement and insurance costs. Does not include funds for negotiated employees' salary and wage increases for FY 2005-06.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>Gross</b>	<b>N/A</b>	<b>\$15,129,100</b>
IDG	N/A	1,690,900
Federal	N/A	3,108,800
Restricted	N/A	601,400
Local	N/A	3,461,900
Private	N/A	2,600
GF/GP	N/A	\$6,263,500

### 2. Mental Health Provider Tax

Increases funds for Medicaid Mental Health and Substance Abuse Services by \$123.8 million to reflect a 2.4% capitation rate increase, based on a 6% provider tax on specialty prepaid health plans. Of the \$88.7 million in state restricted revenue from the provider tax, \$53.7 million would be used to draw down an additional \$70.1 million in federal Medicaid revenue. The remaining \$35.0 in tax revenue would be used to replace GF/GP support for Community Mental Health/Substance Abuse Services Programs appropriation unit.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>Gross</b>	<b>\$1,443,717,500</b>	<b>\$123,818,700</b>
Federal	818,732,300	70,069,000
Restricted	3,500,000	88,749,700
Local	26,000,000	0
GF/GP	\$595,485,200	(\$35,000,000)

### 3. Multicultural Services

Eliminates increased funding of \$1.3 million in the FY 2004-05 budget for multicultural services. Reduces funds by an additional \$400,000 which results in lowering and eliminating funds for various entities.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>Gross</b>	<b>\$4,963,800</b>	<b>(\$1,700,000)</b>
GF/GP	\$4,963,800	(\$1,700,000)

### 4. Forensic Mental Health Services

Reduces IDG from Department of Corrections by \$38.7 million due to a change in responsibility for mentally ill prisoners at the Huron Valley Center. Department of Community Health would continue to have responsibility for mental health clinical services; Department of Corrections would assume responsibility for non-clinical services. Transition is expected to occur during FY 2004-05.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>Gross</b>	<b>\$68,687,700</b>	<b>(\$38,705,000)</b>
IDG	68,687,700	(38,705,000)
GF/GP	\$0	\$0

### 5. Community Mental Health Non-Medicaid Services

Reduces funds for CMH Non-Medicaid Services by \$20.0 million by limiting administrative costs to no more than 3% of the aggregate payments or authorizations for a CMHSP established by a single charter county that has totally situated within that county a city having a population of at least 500,000.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>Gross</b>	<b>\$313,352,400</b>	<b>(\$20,000,000)</b>
Restricted	1,582,400	0
GF/GP	\$311,770,000	(\$20,000,000)

<u>Major Budget Changes from FY 2004-05</u>		<b>FY 2004-05 Year-to-Date</b>	<b>House Change</b>
<b>6. Substance Abuse Services</b>	<b>Gross</b>	<b>\$85,280,400</b>	<b>(\$750,000)</b>
Reduces GF/GP by \$250,000 for State Disability Assistance Program Substance Abuse Services and \$500,000 for Community Substance Abuse Prevention, Education, and Treatment Programs.	Federal	64,180,100	0
	Restricted	1,460,000	0
	GF/GP	\$19,640,300	(\$750,000)
<b>7. Elimination of Positions</b>	<b>Gross</b>	<b>\$510,000</b>	<b>(\$510,000)</b>
Eliminates funding of Surgeon General, Chief Nurse Executive, and Director of Office of Drug Control Policy positions.	Federal	91,500	(91,500)
	Restricted	150,000	(150,000)
	GF/GP	\$268,500	(\$268,500)
<b>8. Local Public Health Hearing and Vision Screening</b>	<b>Gross</b>	<b>\$40,618,400</b>	<b>(\$5,150,000)</b>
Eliminates \$5.2 million GF/GP to local public health departments for hearing screening and vision services, a 12.7% reduction of Local Public Health Operations line item funding. Services are provided by local public health departments pursuant to Part 93 of the Public Health Code. Funding for these programs is to be included in the FY 2005-06 School Aid budget.	GF/GP	\$40,618,400	(\$5,150,000)
<b>9. Healthy Michigan Fund Project Revisions</b>	<b>Gross</b>	<b>\$43,400,000</b>	<b>\$112,700</b>
Reduces or eliminates \$8.9 million from the following Healthy Michigan Fund (HMF) projects to replace GF/GP for Medicaid services: Alzheimer's, cardiovascular health, dental, early hearing screening, health disparities, infant mortality, migrant health, diabetes outreach at Wayne State University, osteoporosis, Parkinson's disease, physical fitness, smoking prevention, and tobacco tax collection.	Restricted	43,400,000	112,700
Moves part or all of the following Healthy Michigan projects to Health Plan Services line item for provision to Medicaid clients: Alzheimer's programs, cancer prevention and control, arthritis, family planning and pregnancy prevention, immunization, maternal and child health services, and smoking prevention.	GF/GP	\$0	\$0
<b>10. Eliminate Early Childhood Collaborative Funding</b>	<b>Gross</b>	<b>\$524,000</b>	<b>(\$524,000)</b>
Eliminates funding for cooperative program with Department of Human Services and Department of Education for community projects to foster healthy child development between 0-3 years of age for families at risk.	GF/GP	\$524,000	(\$524,000)
<b>11. Aging Program Reductions</b>	<b>Gross</b>	<b>\$94,970,500</b>	<b>(\$1,512,500)</b>
Reduces senior program GF/GP by \$1.6 million including: eliminating Senior Citizen Centers Staffing and Equipment funding of \$1.1 million, \$200,000 reduction to Community Services, \$21,000 reduction to Senior Volunteer Services, \$306,800 reduction to Office of Services to Aging Administration, and \$1,000 reduction to Commission on Aging. A private funding increase is also made. Economics changes are reflected elsewhere in this summary.	Federal	52,038,500	0
	Private	20,000	85,000
	Restricted	7,767,000	0
	GF/GP	\$34,965,000	(\$1,597,500)
<b>12. Medicaid Caseload, Utilization, and Inflation Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$486,500,000</b>
Adds \$486.5 million gross (\$214.3 million GF/GP) of Medicaid base adjustments for projected expenditure trends related to inflation, caseload and utilization growth. These Medicaid adjustments occur in the Medical Services, Substance Abuse, Mental Health, Children's Special Health Care Services (CSHCS) and MICHild programs.	Federal	N/A	272,200,000
	GF/GP	N/A	\$214,300,000
<b>13. 4% Medicaid Provider Rate Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$148,705,000)</b>
Removes \$148.7 million gross (\$64.8 million GF/GP) due to a 4% reduction in provider payment rates. Medicaid services affected include hospitals, physicians, home health care, long term care, dental, hearing, vision, speech, HMOs, and children's special health care services.	Federal	N/A	(83,958,400)
	GF/GP	N/A	(\$64,746,600)

**Major Budget Changes from FY 2004-05**

**14. Medicare Drug Coverage for Dual Eligibles**

Reduces Medicaid funding in Pharmaceutical Services line by \$227.9 million for all dual Medicaid-Medicare eligibles whose prescription drug coverage will be provided through the Medicare Part D drug benefit that takes effect on January 1, 2006. The state will continue to provide GF/GP for duals' prescription coverage at the same level as FY 2004-05 due to the federal "clawback" provision.

	<b>FY 2004-05 Year-to-Date</b>	<b>House Change</b>
<b>Gross</b>	<b>N/A</b>	<b>(\$227,944,500)</b>
Federal	N/A	(227,944,500)
GF/GP	N/A	\$0

**15. Third Share Plan**

Adds \$10.0 million gross (\$4.3 million Local) to create a health care coverage program, called Third Share Plan, to provide medical insurance for low-income working families not eligible for Medicaid. Under the plan, employers, employees, and counties will cover an equal portion of health care premiums for individuals enrolled in qualified health plans; the state will help counties meet their share of the costs by contributing federal disproportionate share (DSH) funding that the counties will then match.

<b>Gross</b>	<b>\$0</b>	<b>\$10,000,000</b>
Federal	0	5,659,000
Local	\$0	\$4,341,000

**16. Medicaid Estate Recovery and Implementation of Eligibility Loophole Closure**

Removes \$10.0 million gross (\$4.3 million GF/GP) from Long Term Care line representing anticipated savings from establishing an estate recovery program. Reduction of \$18.4 million gross (\$8.0 million GF/GP) reflects anticipated savings from closure of loopholes that allow individuals to shield assets through annuities and other trust asset accounts to qualify for Medicaid long term care services. Legislation will be required to implement these changes.

<b>Gross</b>	<b>\$0</b>	<b>(\$28,428,900)</b>
Federal	0	(16,087,900)
GF/GP	\$0	(\$12,341,000)

**17. Elimination of Retroactive Medicaid Eligibility**

Reduces Hospital Services and Therapy line and Long Term Care Services line by \$11.3 million gross and \$17.0 million gross, respectively, as a result of eliminating the retroactive eligibility for beneficiaries' three-months prior to the date of application. A federal waiver will be required from the Centers for Medicare and Medicaid Services to implement this change.

<b>Gross</b>	<b>N/A</b>	<b>(\$28,300,000)</b>
Federal	N/A	(16,015,000)
GF/GP	N/A	(\$12,285,000)

**18. Increase Obstetrical Services Payment Rates**

Adds \$6.9 million gross (\$3.0 million GF/GP) to increase rates for obstetrical services by approximately 20%. Implementing boilerplate language is in Sec. 1635.

<b>Gross</b>	<b>N/A</b>	<b>\$6,910,800</b>
Federal	N/A	3,910,800
GF/GP	N/A	\$3,000,000

**19. Optional Medicaid Eligibility Changes**

Removes \$27.0 million gross (\$11.7 million GF/GP) by eliminating optional Medicaid coverage for individuals under 21; implementing boilerplate language is in Sec.1646. Eliminating optional Medicaid coverage for parents/caretaker relatives results in \$98.0 million gross (\$42.5 million GF/GP) savings; implementing boilerplate language is in Sec.1646. Legislation would also be required to implement these changes. Freezing enrollment in the adult benefits waiver program provides savings of \$19.0 million gross (\$5.8 million GF/GP); implementing boilerplate language is in Sec.1715.

<b>Gross</b>	<b>N/A</b>	<b>(\$144,041,500)</b>
Federal	N/A	(83,992,300)
GF/GP	N/A	(\$60,049,200)

**20. MICHild Program Changes**

Recognizes \$6.6 million gross savings (\$2.0 million GF/GP) by requiring enrollment of MICHild participants into HMOs; implementing boilerplate language is in Sec.1670 (8). Realizes \$1.3 million gross (\$395,100 GF/GP) savings by increasing the minimum monthly premium for MICHild program from \$5 to \$10; implementing boilerplate language is in Sec.1673 (1).

<b>Gross</b>	<b>\$36,875,600</b>	<b>(\$7,881,200)</b>
Federal	28,310,800	(5,486,100)
GF/GP	\$8,564,800	(\$2,395,100)

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>21. Medicaid Premiums and Physician Visit Copayments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$18,551,800)</b>
Establishes a \$5.00 monthly premium for nonexempt adults on Medicaid and recognizes \$17.4 million gross (\$7.6 million GF/GP) in savings; implementing boilerplate language is in Sec.1631 (2). Realizes savings of \$1.2 million gross (\$500,000 GF/GP) by requiring a \$3.00 copayment on physician office visits for nonexempt Medicaid adults; implementing boilerplate language is in Sec. 1631 (3).	Federal	N/A	(10,498,500)
	GF/GP	N/A	(\$8,053,300)
<b>22. Medicaid Recoveries and Error Rate Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$28,670,300)</b>
Reduces Medical Services Administration line by \$7.6 gross (\$3.8 million GF/GP) to be offset by recoveries noted in Auditor General's Performance audit of MSA published April 2005; boilerplate language in Sec. 1501 provides spending authorization for recovered funds. Additional savings of \$21.1 million gross (\$9.1 million GF/GP) will be realized by reducing the Medicaid eligibility error rate; implementing boilerplate language is in Sec.1725.	Federal	N/A	(15,723,700)
	GF/GP	N/A	(\$12,946,600)
<b>23. Home and Community Based Services</b>	<b>Gross</b>	<b>\$100,000,000</b>	<b>(\$7,500,100)</b>
Lowers funding to Long-Term Care Services line by \$7.5 million gross (\$3.2 million GF/GP) through limiting the administrative rate to \$4 per person per day in the home and community-based services program. Implementing boilerplate language in Sec.1684 that also reallocates remaining savings for increased program enrollment and direct services.	Federal	56,710,000	(4,244,300)
	GF/GP	\$43,290,000	(\$3,255,800)

#### Major Boilerplate Changes from FY 2004-05

##### **Sec. 206. Contingency Funds – RESTORED**

Appropriates up to \$100.0 million in federal contingency funds, up to \$20.0 million in state restricted funds, up to \$20.0 million in local contingency funds, and up to \$10.0 million in private contingency funds. Specifies that contingency funds are not available for expenditure until transferred according to provisions in Section 393(2) of the Management and Budget Act. Contingency fund language has not been included in the budget for the past two fiscal years.

##### **Sec. 261. Medicaid Management Information System Upgrade – NEW**

Provides that Part 1 appropriated funds for Medicaid management information system upgrade are contingent on approval of an advanced planning document from the Centers for Medicare and Medicaid Services. Permits the appropriation to be designated as a work project and carried forward to support completion of the project.

##### **Sec. 425. Report on Prisoners Receiving Mental Health and Substance Abuse Services – MODIFIED**

Requires a report on the number of prisoners receiving substance abuse and mental health services. The Department, in conjunction with Department of Corrections, would be required to report on the number of prisoners with a primary diagnosis of mental illness and receiving substance abuse services including inpatient, residential and outpatient care.

##### **Sec. 455. Administrative Costs for CMHSPs – NEW**

Requires Department to ensure that for any payments or spending authorizations made to a CMHSP established by a single charter county that has totally situated within that a county a city having a population of at least 500,000, no more than 3% of the aggregate payments or authorizations are expended by the CMHSP or county for administrative costs.

##### **Sec. 456. Consumer Choices for Mental Health Services – NEW**

Requires prepaid inpatient health plans when providing Medicaid mental health services to honor a consumer choice for skill building assistance and work preparatory services provided in accredited community based rehabilitation organizations as well as supported and integrated employment services.

##### **Sec. 457. Quality Assurance Assessment Program for CMH Inpatient Health Plans – NEW**

Requires Department to assure that implementation of Quality Assurance Assessment Program for CMH health plans does not result in any net reduction in revenue for CMH services. If the quality assurance assessment program is not implemented, or implemented and does not generate the anticipated revenue, or reduced or eliminated at a later date, Department must submit a plan to House and Senate Appropriations Subcommittees on Community Health on how projected GF/GP savings will be achieved.

## **Major Boilerplate Changes from FY 2004-05**

### ***Sec. 458. Report on Recommendations of Michigan Mental Health Commission and Cost-Benefit Analysis for Residential Facilities and Specialized Mental Health Court Program – NEW***

Requires Department to report by April 15, 2006, on the following: an updated plan for implementing recommendations of Michigan Mental Health Commission report on October 15, 2004; cost-benefit analysis of establishing secure residential facilities of fewer than 17 beds for adults with serious mental illness; and cost-benefit analysis of establishing specialized mental health court program that diverts adults with serious mental illness alleged to have committed an offense deemed nonserious into treatment prior to the filing of any charges.

### ***Sec. 1109. Volunteer Dental Services Program for the Uninsured – DELETED***

Requires a volunteer dental program through the Michigan Dental Association to provide dental services to the uninsured and a report by the Department of services provided.

### ***Sec. 1114. Family Planning and Pregnancy Prevention Contracts and Male Participation Goals – NEW***

Imposes application and contractual conditions on state and federal funding for family planning and pregnancy prevention, establishes escalating male participation rate targets through 2015 that must be met for entities to receive funds, requires an annual report of medical costs associated with out-of-wedlock sexual activity, and requires that at least 50% of information and education funding expenditures be directed to parents of targeted minors.

### ***Sec. 1622. Pharmaceutical Best Practice Initiative – DELETED***

Specifies conditions for continued implementation of Department's pharmaceutical initiative related to the prior authorization process, the pharmacy and therapeutics committee, and reporting requirements.

### ***Sec. 1634. Ambulance Service Payment Rates – MODIFIED***

Modifies current year language to require an increase in the ambulance ground mileage reimbursement rate to \$4.25 per statute mile.

### ***Sec. 1660. Medicaid Managed Care Children's Programs – MODIFIED***

Removes requirement that local health departments provide preschool vision and hearing screenings and accept referrals.

### ***Sec. 1665. Healthy Michigan Fund Programs to Health Plans – NEW***

Requires that \$10,388,100 be available to provide Medicaid eligible individuals health related services in specific chronic disease programs.

### ***Sec. 1666. System Changes Providing Immediate Inclusion of Newborns in Medicaid Eligibility File – NEW***

Requires Department to implement system changes that assure newborns of health plan covered Medicaid mothers are immediately included in the Medicaid eligibility file.

### ***Sec. 1700. Actuarially Sound Capitation Rates – MODIFIED***

Requires Department to consult with Michigan Association of Health Plans and develop a plan to assure that Medicaid payment rates to HMOs in FY 2005-06 meet federal requirements for actuarially sound rates. The plan shall be completed and available by October 1, 2005.

### ***Sec. 1723. County Indigent Care and Third Share Plans – NEW***

Provides that funds in part 1 for County Indigent Care and Third Share Plans be used to fund county health plans serving persons who meet the eligibility requirements of the former state medical program. Authorizes funds to be used for low income uninsured programs (Plan B) and Third Share Plans (Plan C). Prohibits Plan B funding to a county that receives funds for a Third Share Plan.

# CORRECTIONS

Analyst: Marilyn Peterson

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<i>Difference:</i> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$3,364,200	\$1,043,800	\$1,043,800	(\$2,320,400)	-69.0%
<b>Federal</b>	9,188,100	10,316,800	10,316,800	1,128,700	12.3%
<b>Local</b>	393,600	411,700	411,700	18,100	4.6%
<b>Private</b>				0	
<b>Restricted</b>	67,075,600	66,590,000	66,442,400	(633,200)	-0.9%
<b>GF/GP</b>	1,688,886,300	1,805,280,300	1,748,507,700	59,621,400	3.5%
<b>Gross</b>	<b>\$1,768,907,800</b>	<b>\$1,883,642,600</b>	<b>\$1,826,722,400</b>	<b>\$57,814,600</b>	<b>3.3%</b>
<b>FTEs</b>	17,769.8	17,517.2	17,201.8	(568.0)	-3.2%

## Overview

The mission of the Department of Corrections (MDOC) is "to enhance public safety by recommending sanctions to the courts and to carry out the sentences given to convicted felons as directed by the courts in a humane, cost-efficient manner which is consistent with sound correctional principles and constitutional standards." The MDOC budget funds the state prison system, supervision of parolees and felony probationers, community placement of selected prisoners, and a variety of offender programs, most notably treatment and education. It also funds training of corrections officers and centralized functions of administration, research, and financial operations. Prison construction is funded through the Capital Outlay budget.

## Major Budget Changes from FY 2004-05

### PRISON AND CAMP CAPACITY CHANGES

#### 1. Close Newberry and Camp Manistique

Assumes closure of Newberry Correctional Facility (928-bed Level II prison in Newberry) and Camp Manistique (216-bed camp in Manistique). Created by converting a former mental health hospital, Newberry has the highest FY 2004-05 GF/GP per diem of a Level II facility (\$65.83 per prisoner per day).

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
Beds	1,144	(1,144)
FTEs	345.4	(345.4)
<b>Gross</b>	<b>\$27,625,300</b>	<b>(\$27,525,300)</b>
Restricted	138,500	138,500
GF/GP	\$27,486,800	(\$27,486,800)

#### 2. Add Beds in Six-bunk Open Bays

Funds additional 976 Level I (minimum security) beds through addition of one bunk to six-bunk open bays in eight lower-peninsula facilities.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
Beds	N/A	976
FTEs	N/A	102.6
<b>Gross</b>	<b>N/A</b>	<b>\$10,321,300</b>
GF/GP	N/A	\$10,321,300

#### 3. Add Beds at Kinross and Ojibway

Funds additional 376 beds at Kinross Correctional Facility (in Kincheloe) and Ojibway Correctional Facility (in Marenisco). Increases Kinross 296 Level II beds and 22.6 FTEs; increases Ojibway 80 Level I beds and 10.8 FTEs.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
Beds	N/A	376
FTEs	N/A	35.4
<b>Gross</b>	<b>N/A</b>	<b>\$4,127,000</b>
GF/GP	N/A	\$4,127,000

#### 4. Jackson Complex A and B Units

Eliminates partial-year funding included in FY 2004-05 for Egeler's A and B units; beds were constructed as Level V, but funded and used briefly in FY 2004-05 as minimum-to-medium security beds accommodating prisoners processed at Egeler reception center and awaiting transfer to other facilities.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
Beds	480	(480)
FTEs	58.2	(58.2)
<b>Gross</b>	<b>\$5,060,100</b>	<b>(\$5,060,100)</b>
GF/GP	\$5,060,100	(\$5,060,100)

#### 5. Full-year Costs of Beds Added in FY 2004-05

Provides full-year funding for beds opened and receiving partial-year funding in FY 2004-05. Adds \$1.3 million for 200 beds added at Camp Lehman, \$2.1 million and 31.1 FTEs for 316 beds added through converting Oaks Correctional Facility from Level V to Level IV, and \$506,800 for 96 beds added through converting Oaks segregation unit to general population.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
Beds	612	0
FTEs	23.7	31.1
<b>Gross</b>	<b>\$3,398,000</b>	<b>\$3,877,800</b>
GF/GP	\$3,398,000	\$3,877,800

#### 6. Close Mangum Farm and Camps Tuscola and Sauble

Includes reductions of 475 beds, 108.8 FTEs, \$3.4 million gross, and \$3.1 million GF/GP through closing Camps Tuscola and Sauble and the barracks at Marquette's Mangum farm.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
Beds	N/A	(475)
FTEs	N/A	(108.8)
<b>Gross</b>	<b>N/A</b>	<b>(\$9,702,000)</b>
Restricted	N/A	(228,900)
GF/GP	N/A	(\$9,473,900)

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>PRISON AND CAMP OPERATIONS</b>			
<b>7. Reduce Security Levels at Five Facilities</b>	FTEs	N/A	(95.3)
Reflects reductions in staffing needs due to changes in security levels that occurred at five facilities during the first half of FY 2004-05: Bellamy Creek, two units (240 beds) from Level III to Level II and three units (480 beds) from Level IV to Level II; Boyer Road, entire 960-bed facility from Level II to Level I; Ojibway, three units (360 beds) from Level II to Level I; Mound and Ryan, both from multilevel facilities to Level II facilities (a total of 574 beds affected).	<b>Gross</b>	<b>N/A</b>	<b>(\$3,821,900)</b>
	GF/GP	N/A	(\$3,821,900)
<b>8. Seniority Step Increases at Correctional Facilities</b>	<b>Gross</b>	<b>N/A</b>	<b>\$8,085,200</b>
Increases appropriations at all correctional facilities to meet need for additional funding due to increasing seniority of staff.	GF/GP	N/A	\$8,085,200
<b>9. Huron Valley Complex Efficiencies</b>	<b>Gross</b>	<b>\$67,687,600</b>	<b>(\$5,000,000)</b>
Incorporates savings to be achieved from MDOC takeover of operations at former Huron Valley Center, which was the correctional psychiatric hospital previously operated by Department of Community Health.	GF/GP	\$67,687,600	(\$5,000,000)
<b>10. Reduce Funding for Academic/Vocational Programs</b>	FTEs	410.5	0.0
Reduces funding for prisoner academic and vocational programs.	<b>Gross</b>	<b>\$32,905,600</b>	<b>(\$17,100,000)</b>
	GF/GP	\$32,905,600	(\$17,100,000)
<b>11. Consolidate Administrative Functions at Eight Facilities</b>	FTEs	N/A	(10.0)
Includes savings from consolidating business offices and other administrative functions at: Mound and Ryan, Kinross and Chippewa, Brooks and Muskegon, and Pine River and St. Louis.	<b>Gross</b>	<b>N/A</b>	<b>(\$445,600)</b>
	GF/GP	N/A	(\$445,600)
<b>12. Equipment and Special Maintenance</b>	<b>Gross</b>	<b>\$1,667,200</b>	<b>\$386,800</b>
Restores one-time funding shift to capital outlay that occurred under target agreements for FY 2004-05.	GF/GP	\$1,667,200	\$386,800
<b>13. Food Service</b>	FTEs	N/A	(8.4)
Includes various adjustments pertaining to food service: \$750,000 savings from changing from whole to skim milk and eliminating coffee from prisoner food service; \$3.5 million savings, \$2.7 million of which is funded by user fees (IDTs from various facilities), from closing Jackson complex production kitchen; \$520,000 increase to provide food to Department of Community Health's (MDCH) new forensic center; fully funded by IDG from MDCH.	<b>Gross</b>	<b>N/A</b>	<b>(\$3,690,300)</b>
	IDG/IDT	N/A	(2,219,400)
	GF/GP	N/A	(\$1,470,900)
<b>OFFENDER HEALTH CARE AND TREATMENT</b>			
<b>14. Managed Care Contract Savings</b>	<b>Gross</b>	<b>\$59,875,200</b>	<b>(\$1,698,200)</b>
Incorporates unspecified efficiencies in prisoner health care provided under a managed care contract for hospital and specialty care.	GF/GP	\$59,875,200	(\$1,698,200)
<b>15. Hepatitis C Testing and Treatment</b>	<b>Gross</b>	<b>\$1,150,000</b>	<b>(\$1,150,000)</b>
Eliminates separate line item for hepatitis C testing and treatment; line was added in current fiscal year and there have been no expenditures to-date.	GF/GP	\$1,150,000	(\$1,150,000)
<b>PRISONER REINTEGRATION AND ALTERNATIVES TO PRISON INCARCERATION</b>			
<b>16. Prisoner Reintegration Programs</b>	FTEs	4.0	0.0
Creates new line to consolidate programs for improving success on parole and reducing need for additional prison beds. Includes current-year funding for female programs plus funding from new federal grant, \$4.0 million for other initiatives, including pilot sites underway at Cooper Street Correctional Facility, Macomb Correctional Facility, and the Huron Valley Complex.	<b>Gross</b>	<b>\$3,843,700</b>	<b>\$5,035,000</b>
	Federal	0	1,035,000
	GF/GP	\$3,843,700	\$4,000,000
<b>17. Jail Capacity Expansion Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
Creates new program to fund renovation or construction of additional jail beds.	GF/GP	\$0	\$1,000,000
<b>18. Community Corrections Probation Residential Centers</b>	<b>Gross</b>	<b>\$15,828,400</b>	<b>\$500,000</b>
Removes \$500,000 in response to historical spending; adds \$1.0 million for residential substance abuse treatment programs that ease jail crowding; renames the line item to "Residential Services" to reflect expanded purpose.	Restricted	2,323,500	0
	GF/GP	\$13,504,900	\$500,000

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>19. Community Corrections Comprehensive Plans and Services</b>	<b>Gross</b>	<b>\$13,033,300</b>	<b>\$1,500,000</b>
Removes \$500,000 in response to historical spending; adds \$1.0 million for local efforts to divert mentally ill offenders out of jails; adds \$1.0 million for pre-trial services to divert detainees from jail.	GF/GP	\$13,033,300	\$1,500,000
<b>20. Parole and Probation Supervision</b>	FTEs	N/A	(3.0)
Offsets \$1.0 million GF/GP with increased collections of parole and probation oversight fees; assumes savings of \$239,500 and 3.0 FTEs through consolidating field offices; provides \$454,900 for increased field office rent.	<b>Gross</b>	<b>N/A</b>	<b>(\$188,100)</b>
	Restricted	N/A	1,000,000
	GF/GP	N/A	(\$1,188,100)
<b>21. Parole and Probation Special Operations</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
Provides for law enforcement escorts for parole and probation agents making after-hours checks of supervised offenders in Detroit.	GF/GP	\$0	\$1,000,000
<b>22. Reduce Funding for Technical Rule Violator Program</b>	FTEs	69.3	0.0
Reduces funding for technical rule violator program, a residential program that serves as an alternative to return to prison for technical violators of parole.	<b>Gross</b>	<b>\$8,350,700</b>	<b>(\$1,000,000)</b>
	Restricted	173,700	0
	GF/GP	\$8,177,000	(\$1,000,000)
<b>23. Close Two Corrections Centers</b>	Beds	481	(271)
Assumes closure of two corrections centers currently leased in Benton Harbor and Saginaw. Corrections centers historically housed low-level offenders placed in the community prior to parole. Population eligible for community placement is declining due to impact of truth-in-sentencing, which requires offenders to serve their minimum sentences in secure confinement.	FTEs	70.0	(22.0)
	<b>Gross</b>	<b>\$9,283,000</b>	<b>(\$3,532,200)</b>
	Restricted	1,486,300	(1,176,100)
	GF/GP	\$7,796,700	(\$2,356,100)
<b>24. Eliminate Funding for CRP II</b>	FTEs	68.5	(68.5)
Eliminates remaining funding for Conditional Reintegration Program (CRP II to distinguish it from an earlier proposal) first funded in FY 2003-04. Under CRP II, offenders past their earliest release date were to be selected and moved to tether. Difficulties in identifying sufficient offenders suitable for tether led to a reduction in FY 2004-05 budget.	<b>Gross</b>	<b>\$5,514,800</b>	<b>(\$5,514,800)</b>
	Restricted	1,859,100	(1,859,100)
	GF/GP	\$3,655,700	(\$3,655,700)
<b>MISCELLANEOUS ADMINISTRATIVE AND PERSONNEL ADJUSTMENTS</b>			
<b>25. New Officer Training</b>	<b>Gross</b>	<b>\$3,265,000</b>	<b>(\$3,264,900)</b>
Reduces funding for training new corrections officers; leaves \$100 placeholder in the event that transfers into the line item become necessary.	GF/GP	\$3,265,000	(\$3,264,900)
<b>26. Vaccination Program</b>	<b>Gross</b>	<b>\$991,200</b>	<b>(\$500,000)</b>
Reduces funding for vaccination program, which largely funds hepatitis-B vaccinations for new corrections officers.	GF/GP	\$991,200	(\$500,000)
<b>27. Close DeMarse Academy</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$696,800)</b>
Closes DeMarse training academy (on grounds of former Michigan School for the Blind in Lansing); new classes of corrections officers to utilize state police training facility; \$1.0 million savings offset by \$303,800 increased food costs.	GF/GP	N/A	(\$696,800)
<b>28. Reduce Central Office Staffing</b>	FTEs	N/A	(14.5)
Eliminates 14.5 FTEs from central office staff in Lansing, with attendant savings of \$1.1 million.	<b>Gross</b>	<b>N/A</b>	<b>(\$1,118,700)</b>
	GF/GP	N/A	(\$1,118,700)
<b>29. Eliminate Jail Services Unit</b>	FTEs	5.0	(4.0)
Eliminates jail services unit, which reviews jail plans and inspects jails for compliance with statutory and promulgated jail standards; responsibilities to be shifted (under statutory changes) to Department of Labor and Economic Growth; associated position that administers county jail reimbursement program to be transferred to Office of Community Corrections.	<b>Gross</b>	<b>\$654,500</b>	<b>(\$581,200)</b>
	IDG/IDT	165,000	(165,000)
	GF/GP	\$489,500	(\$416,200)
<b>30. Statewide Consolidation of Human Resources</b>	FTEs	N/A	(7.0)
Assumes additional savings through human resources optimization project, initiated in FY 2004-05.	<b>Gross</b>	<b>N/A</b>	<b>(\$558,200)</b>
	GF/GP	N/A	(\$558,200)

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>31. Department of Information Technology (DIT)</b>	<b>Gross</b>	<b>\$14,789,900</b>	<b>(\$367,900)</b>
Adds \$644,400 for computer costs associated with human resources optimization project, includes \$400,000 reduction to recognize that computers used for prisoner education are not supported by DIT, and incorporates \$612,300 reduction in connection with statewide DIT reductions.	Restricted	509,500	0
	GF/GP	\$14,280,400	(\$367,900)
<b>32. Restoration of FY 2004-05 Concessions</b>	<b>Gross</b>	<b>N/A</b>	<b>\$46,342,500</b>
Funds restoration of FY 2004-05 wage and salary concessions.	IDG/IDT	N/A	56,200
	Federal	N/A	42,300
	Local	N/A	7,400
	Restricted	N/A	1,180,600
	GF/GP	N/A	\$45,056,000
<b>33. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$53,414,200</b>
Includes economic increases for: insurances (\$24.2 million gross, \$23.5 million GF/GP), retirement (\$30.5 million gross, \$29.6 million GF/GP); building occupancy (\$152,700 gross and GF/GP). Includes \$1.4 million (gross and GF/GP) economic decrease of for worker's compensation. Does not provide: additional revenue for 1.5% wage and salary increase occurring in FY 2005-06 (for MDOC employees, an estimated \$13.8 million), funds for economic increases in food or fuel and utilities, funds for increase under new guards' contract that increased dry cleaning allowance paid to corrections officers.	IDG/IDT	N/A	5,900
	Federal	N/A	51,400
	Local	N/A	10,700
	Restricted	N/A	1,499,800
	GF/GP	N/A	\$51,846,400

#### Major Boilerplate Changes from FY 2004-05

##### **Sec. 205. Hiring Freeze – NEW**

Incorporates historical language specifying hiring freeze on the state classified civil service.

##### **Sec. 401. Prison Population Projections – REVISED**

Requires that the report on the prison population projections include explanations of the methodology and assumptions used in developing the projection updates.

##### **Sec. 403. County Jail Services Staff – DELETED**

Mandates continuing to maintain county jail services staff.

##### **Sec. 405. Technical Violators of Parole and Probation – DELETED**

Requires Department to develop and utilize processes and programs that minimize the number of technical violators of parole and probation being sent to prison.

##### **Sec. 407. Prisoner Reintegration Programs – NEW**

Requires Department to continue to develop and maintain re-entry pilot sites at Cooper Street and Macomb correctional facilities and at the Huron Valley complex. Requires report on reintegration expenditures, program objectives, and results.

##### **Sec. 503. Substance Abuse Testing and Treatment – NEW**

Requires report on substance abuse testing and treatment program objectives, outcome measures, and results.

##### **Sec. 504. Mental Health and Substance Abuse Services – NEW**

Requires Department to cooperate with Department of Community Health in providing information and developing a report on prisoners receiving substance abuse and mental health services.

##### **Sec. 608. Parole and Probation Special Operations – NEW**

Specifies that funds appropriated for parole and probation special operations are to be used to fund law enforcement officer escorts for parole and probation agents making unscheduled after-hours checks to verify offenders whereabouts and activities in selected precincts of Detroit. Expresses legislative intent that Department cooperate with attorney general and local law enforcement agencies in assigning field agents for parole and probation special operations.

##### **Sec. 709. Community Corrections Program Reports – NEW**

Requires reports on county jail reimbursement program, felony drunk driver jail reduction and community treatment program, alternatives to prison jail program, alternatives to prison treatment program, jail capacity expansion program, and new initiatives to control prison population growth funded under residential services and comprehensive plans and services line items. Reports to include information on program objectives and outcome measures, expenditures by location, impact on jail utilization, impact on prison admissions, and other information relevant to evaluation of the program.

**Major Boilerplate Changes from FY 2004-05**

**Sec. 904. Privatization of Pharmaceutical Services – DELETED**

Eliminates requirement that a one-year cost-benefit analysis of privatizing pharmacy services be conducted prior to any effort to privatize pharmacy services.

**Sec. 1010. GED and Recidivism Report – REVISED**

Maintains requirement for report on percent of offenders in prison intake who have a high school diploma or general educational development certificate, and requires a statistical report on the efficacy of Department-provided prison academic educational programs, as well as vocational education programs, in reducing offender recidivism rates.

**Sec. 1011. Braille Program – REVISED**

Requires Department to allow Braille transcribing program to continue to operate at its current location.

**Sec. 1012. Prisoner Store Surcharge – NEW**

Requires Department to impose 35% surcharge on all items purchased by prisoners in state facilities other than Michigan Youth Correctional Facility. Surcharge is to be in addition to any other surcharge or mark-up imposed at present. Amounts collected under this section to go into an account to fund state trooper recruit schools.

# HUMAN SERVICES

Analysts: Bob Schneider, Bill Fairgrieve

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
IDG/IDT	\$1,084,400	\$1,400,900	\$1,094,800	\$10,400	1.0%
<b>Federal</b>	<b>3,035,669,000</b>	<b>3,190,468,600</b>	<b>3,093,050,500</b>	<b>57,381,500</b>	<b>1.9%</b>
<b>Local</b>	<b>73,326,100</b>	<b>51,189,300</b>	<b>48,184,800</b>	<b>(25,141,300)</b>	<b>-34.3%</b>
<b>Private</b>	<b>9,757,600</b>	<b>8,938,900</b>	<b>8,822,900</b>	<b>(934,700)</b>	<b>-9.6%</b>
<b>Restricted</b>	<b>70,321,400</b>	<b>70,373,900</b>	<b>70,357,700</b>	<b>36,300</b>	<b>0.1%</b>
<b>GF/GP</b>	<b>1,076,406,600</b>	<b>1,106,603,600</b>	<b>1,027,858,500</b>	<b>(48,548,100)</b>	<b>-4.5%</b>
<b>Gross</b>	<b>\$4,266,565,100</b>	<b>\$4,428,975,200</b>	<b>\$4,249,369,200</b>	<b>(\$17,195,900)</b>	<b>-0.4%</b>
FTEs	10,302.0	10,260.0	10,163.5	(138.5)	-1.3%

## Overview

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

## Major Budget Changes from FY 2004-05

### **1. Family Independence Program (FIP) Revisions**

Reduces funding to reflect implementing a number of policy changes for the FIP program: establishing a 48-month lifetime limit on FIP cash benefits effective January 1, 2006, which would impact an estimated 15,000 cases; reducing maximum FIP benefit by \$50 per month (to average maximum benefit of about \$409 per month); increasing the earned income disregard from \$200 plus 20% of income to \$200 plus 50% of income for FIP recipients already receiving benefits.

Savings assume an initial reduction in caseload of 15,000, to 63,500, average caseload is then projected to increase to around 69,000 due to increased income disregard which would result in fewer case closures.

Savings of \$16.4 million TANF resulting from this action are redirected to Employment and Training Services (see item 2) and Work First program in Department of Labor and Economic Growth budget to increase employment services to FIP recipients.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$386,642,100</b>	<b>(\$75,500,000)</b>
Federal	167,939,900	(45,500,000)
Restricted	50,210,700	0
GF/GP	\$168,491,500	(\$30,000,000)

### **2. Employment and Training Services**

Increases Employment and Training Services by \$6.4 million TANF to provide more intensive employment support services for FIP recipients. Funds are redirected from savings achieved in FIP program as a result of policy changes in that area.

<b>Gross</b>	<b>\$17,279,100</b>	<b>\$6,400,000</b>
Federal	16,504,000	6,400,000
GF/GP	\$775,100	\$0

### **3. Family Independence Program Clothing Allowance**

Increases earmark for FIP child clothing allowance to just under \$7.2 million. Increase is estimated to allow for \$2.50 per child increase in the annual payment. Related boilerplate provides DHS with discretion to set the actual rate and age eligibility criteria.

<b>Gross</b>	<b>\$6,850,000</b>	<b>\$317,500</b>
Federal	6,850,000	317,500

**Major Budget Changes from FY 2004-05**

**4. Day Care Services Reductions**

Reduces Day Care Services by \$37.9 million to reflect reduction of state's day care subsidy rate for day care provided by relatives to the same rate paid for non-relative day care aides. Current policy provides relatives a payment rate greater than that paid to non-relatives. Includes separate reductions to reflect \$21.0 million anticipated savings by eliminating Department's retroactive eligibility policy for day care benefits and through other cost saving strategies to be determined, and to incorporate \$6.3 million savings due to anticipated decrease in caseload to 67,600, down 200 cases from FY 2004-05 budgeted caseload.

	<b>FY 2004-05 Year-to-Date</b>	<b>House Change</b>
<b>Gross</b>	<b>\$491,672,000</b>	<b>(\$65,219,200)</b>
Federal	306,282,100	(42,919,200)
GF/GP	\$185,389,900	(\$22,300,000)

**5. Foster Care Payments**

Removes \$12.8 million to reflect planned savings in foster care payments through statewide implementation of Family to Family pilot program, which emphasizes community-wide collaboration in placing foster youth in their own communities with a stable family rather than in institutional settings. Includes a caseload-related decrease of \$9.2 million to reflect FY 2005-06 caseload projection of 10,800, down 700 cases from budgeted FY 2004-05 caseload; a \$1.2 million increase to facilitate implementing a new specialized foster care system; and \$20,000 to finance smoking cessation activities aimed at foster parents.

<b>Gross</b>	<b>\$225,364,100</b>	<b>(\$20,718,100)</b>
Federal	86,865,900	5,867,100
Local	45,385,900	(19,855,400)
Private	5,033,900	(1,193,300)
GF/GP	\$88,078,400	(\$5,536,500)

**6. Juvenile Justice Facilities and Field Staff**

Reduces funding for the state's six juvenile justice facilities, community juvenile justice facilities, and juvenile justice field staff by \$15.5 million (about 23.5%).

<b>Gross</b>	<b>\$65,792,200</b>	<b>(\$15,486,300)</b>
Federal	3,559,300	(317,000)
Local	26,900,100	(7,569,700)
Private	600,000	0
GF/GP	\$34,732,800	(\$7,599,600)

**7. Food Assistance Program**

Adds funding to cover projected caseload increase for Food Stamps program (100% federally financed). Projected caseload for FY 2005-06 is 526,800, up 13,700 from FY 2004-05 budgeted caseload. Increase also provides for 2.88% federal cost of living adjustment.

<b>Gross</b>	<b>\$1,099,429,300</b>	<b>\$119,311,600</b>
Federal	1,099,429,300	119,311,600

**8. Elimination of Regional Zone Offices**

Reduces funding for Field Staff, Salaries and Wages line by \$5.3 million, reflecting elimination of seven regional zone offices located throughout the state. Department's zone offices oversee county offices in their respective region and house specialized staff that serve on a regional basis. Four offices are located out-state and three are located in Wayne County.

<b>Gross</b>	<b>\$335,754,800</b>	<b>(\$5,267,800)</b>
Federal	216,311,700	(2,344,000)
GF/GP	\$119,443,100	(\$2,923,800)

**9. Food Stamp Reinvestment**

Reduces funding by \$1.0 million for federally-mandated state activities aimed at reducing food stamp error rate. State reinvestment activities are mandated as an alternative to federal sanctions for states with error rates above the national median. Reduction brings FY 2005-06 appropriation to a level that will cover currently-mandated activities; it is possible that additional spending will be needed (a supplemental appropriation increasing authorization to this line could be required in this instance).

<b>Gross</b>	<b>\$10,540,400</b>	<b>(\$1,000,000)</b>
GF/GP	\$10,540,400	(\$1,000,000)

**10. Adoption Subsidies and Support Services**

Adds funding for Adoption Subsidies to reflect an increase of 800 cases in FY 2005-06, to 26,100. Related Adoption Support Services funding reduced by \$641,500 to reflect eliminating Post-Adoption Support Services program and a 90% reduction in temporary services staffing due to automation of adoption subsidies processing.

<b>Gross</b>	<b>\$233,549,800</b>	<b>\$5,075,500</b>
Federal	146,475,600	3,212,000
GF/GP	\$87,074,200	\$1,863,500

<u>Major Budget Changes from FY 2004-05</u>		<b>FY 2004-05 Year-to-Date</b>	<b>House Change</b>
<b>11. Child Support Enforcement – Legal Support Contracts</b>	<b>Gross</b>	<b>\$139,819,500</b>	<b>(\$5,596,600)</b>
Decreases child support enforcement funding to County Friend of the Court offices by \$5.6 million. Of this amount, \$4.4 million is federal Child Support Incentive funds redirected to DHS-administered child support enforcement activities (\$1.7 million) and to information technology costs (\$2.7 million) to replace current GF/GP. Related boilerplate language provides that county funding not be reduced below the level paid in FY 2003-04 (see Sec. 901).	Federal	136,897,100	(4,365,200)
	GF/GP	\$2,922,400	(\$1,231,400)
<b>12. Department Training Programs</b>	<b>Gross</b>	<b>\$8,645,500</b>	<b>(\$5,712,300)</b>
Reduces funding for Department training programs by \$5.7 million; includes eliminating Child Welfare Training Institute (provides training to Department and contractor staff) and general reductions in amounts available for training new department employees and professional development activities for current employees.	Federal	5,756,200	(3,810,100)
	GF/GP	\$2,889,300	(\$1,902,200)
<b>13. General Program and Administrative Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$4,618,300)</b>
Removes just over \$4.6 million from various Department programs and administrative lines to achieve budgetary savings.	Federal	N/A	(1,139,600)
	GF/GP	N/A	(\$3,478,700)
<b>14. Changes to TANF-Funded Initiatives</b>	<b>Gross</b>	<b>\$2,653,500</b>	<b>(\$1,653,500)</b>
Adjusts appropriations for TANF-funded initiatives included in FY 2004-05 budget. Provides Fatherhood Initiative and Marriage Initiative (defined in boilerplate) increases of \$250,000 each. Eliminates TANF for the following programs: MI Housing Community Development Fund (\$2.0 million), Barry County Domestic Violence Programs (\$75,000), Pontiac School-Based Crisis Intervention (\$78,500)	Federal	2,653,500	(1,653,500)
<b>15. Information Technology</b>	<b>Gross</b>	<b>\$154,731,200</b>	<b>(\$7,421,100)</b>
Incorporates adjustments to IT-related funding, including new funds for IT enhancements aimed at increasing department efficiency. Major changes include: \$8.5 million for Caseworker Relief and Integrated Service Delivery projects which will re-engineer and integrate eligibility and case management systems and replace obsolete equipment (unrolled into a new IT Enhancement Projects line item), \$3.9 million savings due to contract and overhead cost reductions, \$12.3 million reduction in appropriations exceeding current costs due to re-bidding State Disbursement Unit contract.	Federal	100,646,000	(5,779,700)
	Local	340,000	0
	Restricted	11,032,200	0
	GF/GP	\$42,713,000	(\$1,641,400)
<b>16. Indigent Burial Rate Reduction</b>	<b>Gross</b>	<b>\$6,155,500</b>	<b>(\$246,200)</b>
Reduces maximum state payment rates to funeral directors, cemeteries/crematoriums, and vault providers that provide for burial of indigent individuals that meet asset and income eligibility criteria. Maximum to each provider reduced by 4% (maximum per case reduced from \$947 to \$909).	Federal	430,900	0
	GF/GP	\$5,724,600	(\$246,200)
<b>17. Department-wide Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$27,507,800</b>
Adds \$27.5 million for 50% of costs related to restoring FY 2004-05 employee salary and wage concessions (banked leave time) and increases for retirement, insurance, and rent/building occupancy cost increases. Does not include funds for negotiated FY 2005-06 salary and wage increase (1.5%) for state employees or remaining 50% of these inflationary costs.	Federal	N/A	16,881,600
	Other	N/A	1,030,700
	GF/GP	N/A	\$9,595,500

### Major Boilerplate Changes from FY 2004-05

#### GENERAL SECTIONS

##### **Sec. 224 and 225. Medicaid Eligibility Determination for Nursing Homes - NEW**

Requires Department to determine Medicaid eligibility for a patient in a nursing home within 45 days after receipt of necessary information; requires developing a rapid re-determination process for residents whose stay exceeds 90 days.

##### **Sec. 261. Zone Office and Local Office Consolidations – REVISED**

Requires restructuring and consolidation of zone and local county DHS offices. New language provides that savings resulting from the plan may be reallocated to counties generating savings to increase frontline staff at county offices and increase staff to reduce wait time for Medicaid eligibility determinations.

## **Major Boilerplate Changes from FY 2004-05**

### ***Sec. 278. Revenue Maximization Contract – REVISED***

Requires DHS to contract with private consulting firms for revenue maximization services, fraud detection, and identification of efficiency savings. New language provides that Department retain up to \$5.0 million achieved savings under the contract to offset GF/GP and that additional savings be allocated to technology programs that benefit computer systems used by caseworkers and additional staff to reduce worker-to-case ratios.

### ***Sec. 279. Performance Based Contracting – NEW***

Requires all human services contracts entered into or renewed by Department after January 1, 2006, to be performance-based contracts that employ a results-oriented process based on measurable performance indicators and desired outcomes.

## **ADULT AND FAMILY SERVICES**

### ***Sec. 421. Allow Private Foster Care and Adoption Agencies to Conduct Staff Training - REVISED***

Directs DHS to allow nationally-accredited private foster care and adoption agencies to conduct their own staff training, using current DHS policies and procedures. New language requires agencies to use Department-accredited trainer and training materials and to document that training was delivered.

## **CHILD AND FAMILY SERVICES**

### ***Sec. 533. Timeliness of Payments to Child Placing Agencies – REVISED***

Requires DHS to make payments to private child placing agencies within 30 days of receiving all necessary billing information; revises standard to 90 days when agency fails to submit billing information within 12 months of when services were provided.

### ***Sec. 550 and 551. Smoking Cessation Initiative for Foster Care Parents – NEW***

Requires DHS, in cooperation with Department of Community Health, to develop and distribute materials outlining health risks of smoking and secondhand smoke to foster parents and establish pilot program to offer smoking cessation products to foster parents to reduce health risks to foster children. Requires report on the program and the impact of smoking on foster children.

## **PUBLIC ASSISTANCE**

### ***Sec. 613. Indigent Burial Rate Reduction – REVISED***

Reduces indigent burial rates paid to funeral directors, cemeteries/crematoriums, and vault providers by 4%. New maximum allowable charge for indigent burial would be \$909, down from \$947 in current law.

### ***Sec. 648. Family Independence Program and Federal Time Limit – DELETED***

Allows DHS to make FIP assistance payments to recipients beyond federal five-year time limit provided recipient is complying with asset, income, and participation eligibility standards and clearly demonstrates progress in becoming self-sufficient.

### ***Sec. 669. Children's Clothing Allowance – REVISED***

Increases appropriation for clothing allowance in Family Independence Program to \$7.2 million—an estimated \$2.50 per child.

## **CHILD SUPPORT ENFORCEMENT**

### ***Sec. 901. Child Support Incentive Payments – REVISED***

Requires the state to maintain local match supplement payments to counties at the same level paid during FY 2003-04. Designates appropriations to Child Support Automation for Michigan Child Support Enforcement System (MiCSES) activities as work projects; states legislative intent to appropriate an additional \$17.8 million in FY 2005-06 and FY 2006-07 to fix and improve the MiCSES system.

### ***Sec. 902. Escheated Child Support Collections – NEW***

Provides that the first \$1.0 million in child support collections that would otherwise be escheated to the state general funds be retained and used for improvements to MiCSES; provides that unexpended funds be carried forward as a work project.

### ***Sec. 903. Settlement of Outstanding Child Support Arrearages – NEW***

Allocates the first \$5.05 million under a program for settling outstanding child support arrearages for MiCSES improvements. Provides amounts collected above \$5.05 million be allocated 60% to counties and 40% to state's Office of Child Support. Requires new funding be used by counties to supplement—not supplant—existing resources for this purpose.

### ***Sec. 904. Health Insurance Information for Child Support Database – NEW***

Requires DHS to work with Department of Community Health to facilitate contracts with local Friends of the Court to update and maintain child support statewide database with health insurance information in cases where courts have ordered one party to maintain health insurance coverage for a minor child; program to be funded from costs avoided by changing insurance coverage from state programs to private insurance.

### ***Sec. 905. Prohibition Against Charge-back to Counties for Services – NEW***

Prohibits Department from charging back to counties any fees paid to Internal Revenue Service or Department of Treasury related to tax intercept and offset programs for child support enforcement. Provides that funding for these fees come from appropriations to state Office of Child Support.

**Major Boilerplate Changes from FY 2004-05**

**OFFICE OF CHILDREN AND ADULT LICENSING**

**Sec. 1005. Performance-Based Licensing System – NEW**

Requires Department to develop performance-based licensing system for adult foster care, day care and child welfare facilities; system to prioritize resources and site reviews on new licensees and on those licensees with previous violations and complaints. Requires implementation of the system during FY 2005-06.

## LABOR AND ECONOMIC GROWTH

Analyst: Richard Child

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$515,200	\$10,272,400	\$489,700	(\$25,500)	-4.9%
<b>Federal</b>	836,607,200	842,527,600	852,527,600	15,920,400	1.9%
<b>Local</b>	15,669,600	15,738,200	15,738,200	68,600	0.4%
<b>Private</b>	4,140,100	3,990,600	3,990,600	(149,500)	-3.6%
<b>Restricted</b>	302,270,300	539,543,800	329,632,300	27,362,000	9.1%
<b>GF/GP</b>	93,736,300	73,848,500	70,979,000	(22,757,300)	-24.3%
<b>Gross</b>	<b>\$1,252,938,700</b>	<b>\$1,485,921,100</b>	<b>\$1,273,357,400</b>	<b>\$20,418,700</b>	<b>1.6%</b>
<b>FTEs</b>	4,307.0	4,325.0	4,325.0	18.0	0.4%

### Overview

The Department of Labor and Economic Growth (DLEG) has primary responsibility for regulatory functions relating specifically to commercial, business, and workers' issues. It also includes activities within the former Department of Career Development such as various employment training-related programs for displaced workers, adults, and youth, and employment services for the disabled as well as welfare recipients. The Department also houses the Michigan Strategic Fund, an autonomous agency which reports to the Director of DLEG. The fund's programs are administered by the Michigan Economic Development Corporation, with the primary task of promoting economic development in Michigan.

### Major Budget Changes from FY 2004-05

#### 1. Fire Protection Grants

Adds \$3.7 million gross for fire protection grants from GF/GP.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$7,210,500</b>	<b>\$3,710,500</b>
Restricted	7,210,500	0
GF/GP	\$0	\$3,710,500

#### 2. Focus: HOPE

Adds \$350,000, increasing funding in FY 2004-05 to \$1.2 million.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$5,860,200</b>	<b>\$6,210,200</b>
Federal	5,000,000	5,000,000
GF/GP	\$860,200	\$1,210,200

#### 3. Pre-College Programs in Engineering and the Sciences

Adds \$320,000, increasing funding in FY 2004-05 to \$1.0 million.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$500,000</b>	<b>\$1,000,100</b>
GF/GP	\$500,000	\$1,000,100

#### 4. Grant to HAL for Michigan Film Office

Adds \$250,000 grant to Michigan Film Office which may be used for training staff to assist in production of films and commercials in Michigan.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$0</b>	<b>\$250,000</b>
GF/GP	\$0	\$250,000

#### 5. Transfer TANF from DHS to Welfare to Work Line

Adds \$10.0 million gross for the Work First Program.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$113,798,600</b>	<b>\$10,000,000</b>
Federal	96,599,000	10,000,000
GF/GP	\$17,199,600	\$0

### Major Boilerplate Changes from FY 2004-05

#### Sec. 318. Consultation Education and Training (CET) Grant for Aggregate Industry – NEW

Directs Department to allot no less than \$40,000.00 of CET funds, which total \$1.0 million, to nonprofit organizations representing the aggregate industry in Michigan.

#### Sec. 356. Involuntary Ergonomics Rules – NEW

Prohibits Department from developing mandatory ergonomic rules; allows federal voluntary ergonomic guidelines.

#### Sec. 365. Transfer of Office of Regulatory Reform Publication and Distribution Costs – NEW

Recognizes Office of Regulatory Reform transfer to DLEG under EO 2005-1; provides that fees collected be used for cost of publishing and distributing regulations.

**Major Boilerplate Changes from FY 2004-05**

***Sec. 405. Work First Program Accountability – NEW***

Adds performance measures to Work First program agencies; bases payments to providers on placement of employees in jobs and job retention of six months.

***Sec. 516. Grant to HAL Michigan Film Office– NEW***

Provides grant to Department of History, Arts, and Libraries that may be used for staff training to assist in producing films and multimedia commercials in Michigan.

# AGRICULTURE

Analyst: William E. Hamilton

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$10,868,700	\$10,318,200	\$10,368,200	(\$500,500)	-4.6%
<b>Federal</b>	34,102,200	32,581,700	32,581,700	(1,520,500)	-4.5%
<b>Local</b>				0	
<b>Private</b>	138,700	138,700	138,700	0	
<b>Restricted</b>	52,570,800	41,442,700	48,663,900	(3,906,900)	-7.4%
<b>GF/GP</b>	28,427,900	28,572,600	28,631,700	203,800	0.7%
<b>Gross</b>	<b>\$126,108,300</b>	<b>\$113,053,900</b>	<b>\$120,384,200</b>	<b>(\$5,724,100)</b>	<b>-4.5%</b>
<b>FTEs</b>	749.0	700.0	700.0	(49.0)	-6.5%

## Overview

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

## Major Budget Changes from FY 2004-05

### 1. Executive Direction/Management Services

Replaces \$221,500 GF/GP with Refined Petroleum Fund revenue; House concurs with Executive in total.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
FTEs	35.5	0.0
<b>Gross</b>	<b>\$2,760,600</b>	<b>\$236,700</b>
Restricted	52,500	334,100
GF/GP	\$2,708,100	(\$97,400)

### 2. Departmentwide/Rent and Building Occupancy

Replaces \$114,000 GF/GP with Refined Petroleum Fund revenue; House concurs with Executive in total.

<b>Gross</b>	\$1,486,400	<b>(\$23,000)</b>
IDG	5,800	(5,800)
Federal	174,800	0
Restricted	386,200	133,400
GF/GP	\$919,600	(\$150,600)

### 3. Animal Health and Welfare

Provides \$214,300 GF/GP for cervid program; replaces \$450,300 GF/GP with Agriculture Equine Industry Development Fund revenue; does not include proposed cervid fee revenue. Executive proposed net increase in privately-owned Cervid inspection program by \$74,300, adding \$214,300 in Cervid inspection fees and reducing GF/GP by \$140,000.

FTEs	22.5	3.0
<b>Gross</b>	<b>\$2,229,500</b>	<b>\$178,400</b>
Federal	386,200	0
Restricted	161,300	463,000
GF/GP	\$1,182,000	(\$284,600)

### 4. Bovine Tuberculosis (Animal Industry)

Replaces \$2.0 million GF/GP with Agriculture Equine Industry Development Fund revenue; reflects restored employee concessions and economic increases.

FTEs	26.5	0.0
<b>Gross</b>	<b>\$5,488,800</b>	<b>\$259,100</b>
Federal	933,600	0
Restricted	250,000	2,047,600
GF/GP	\$4,305,200	(\$1,788,500)

### 5. Pesticide and Plant Pest Management

Unrolls \$210,000 federally-funded line for Michigan State University research programs. House concurs with Executive in total.

FTEs	119.8	0.0
<b>Gross</b>	<b>\$11,994,900</b>	<b>\$709,700</b>
Federal	3,492,700	(89,600)
Private	138,700	0
Restricted	4,114,700	598,700
GF/GP	\$4,248,800	\$200,600

### 6. Emerald Ash Borer Program

Eliminates 43.0 limited term FTEs as a result of change in program methodology. Federal funds support eradication efforts in affected areas of southeast Michigan and other threatened areas in the lower peninsula.

FTEs	155.0	(43.0)
<b>Gross</b>	<b>25,197,300</b>	<b>(\$1,536,700)</b>
Federal	25,197,300	(1,536,700)

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>7. Rural Partner of Michigan</b>		<b>Gross</b>	<b>\$0</b>
Establishes new program funded from Agriculture Equine Industry Development Fund.	Restricted	0	<b>\$25,000</b> 25,000
<b>8. Migrant Housing</b>		<b>Gross</b>	<b>\$255,000</b>
Maintains \$100 placeholder for matching grant program. Executive eliminates matching grant program (inspection program will continue.)	GF/GP	\$255,000	<b>(\$254,900)</b> \$(254,900)
<b>9. Aquifer Protection Program</b>		<b>Gross</b>	<b>\$50,000</b>
Establishes new program funded with IDG from Department of Environmental Quality.	IDG	50,000	<b>\$50,000</b> 50,000
<b>10. Consumer Protection Program</b>		FTEs	69.5
Provides \$1.0 million (Refined Petroleum Fund) over Executive recommendation for enhanced inspection programs. Executive eliminates \$1.3 million baseline support for gas pump inspection program (refined petroleum fund) added in FY 2004-05; does not reduce authorized FTE positions; reflects restored employee concessions and economic increases.	Restricted	<b>Gross</b> 4,709,100	<b>174,700</b> 174,000
<b>11. Food Bank Program</b>		<b>Gross</b>	<b>\$630,500</b>
Retains program in Department of Agriculture as Michigan agriculture surplus program; Executive moved program to Family Independence Agency budget, which currently has some food bank programs.	GF/GP	\$630,500	<b>\$0</b> \$0
<b>12. Michigan State Fair</b>		FTEs	9.0
Reflects transfer of Michigan State Fair from Department of Agriculture to Department of Management and Budget (2004 PA 468, SB 1130).	Restricted	<b>Gross</b> 5,486,100	<b>(\$5,486,100)</b> (5,486,100)
<b>13. Building and Track Improvements – County and State Fairs</b>		<b>Gross</b>	<b>\$963,200</b>
Retains line funded with Agriculture Equine Industry Development Fund. Executive eliminated this line.	Restricted	963,200	<b>\$0</b> 0
<b>14. Building and Track Improvements – Licensed Tracks</b>		<b>Gross</b>	<b>\$2,980,000</b>
Eliminates this line.	Restricted	2,980,000	<b>(\$2,980,000)</b> (2,980,000)
<b>15. House Industry Purses and Supplementals</b>		<b>Gross</b>	<b>\$11,011,600</b>
Provides \$12.8 million for these lines. Executive reduced lines to \$8.3 million.	Restricted	11,011,600	<b>\$1,831,500</b> (1,831,500)
<b>16. Restoration of Employee Concessions</b>		<b>Gross</b>	<b>N/A</b>
Includes approximately \$1.8 million salary and wage costs deferred from FY 2004-05; additional costs reflected in various department operating lines.	Restricted	N/A	<b>\$1,769,200</b> 861,900
	GF/GP	N/A	\$907,300
<b>17. Economics</b>		<b>Gross</b>	<b>N/A</b>
Reflects \$2.3 million (net) for economic increases, including \$1.5 million for retirement contributions and \$791,000 for other employee insurances; reducing workers compensation (\$68,000) partially offsets increases. Increase is reflected in various department operating lines.	Restricted	N/A	<b>\$2,296,500</b> 1,435,300
Negotiated salary and wage increases, representing 1.5% of base salary and wages including FY 2003-04 employee concessions, were not funded in Executive budget, i.e. they are not part of the \$2.3 million noted above. As a result, the department will have to identify additional reductions in operating costs, totaling approximately \$540,000 to offset the additional salary and wage costs.	GF/GP	N/A	\$861,200

**Major Boilerplate Changes from FY 2004-05**

**Sec. 304. Motor Fuel Quality Inspection Program – NEW**

Provides that not less than \$3.8 million be used for motor fuel quality inspection program to ensure motor fuel quality and the accuracy of fuel pumps at Michigan service stations; requires Department to hire additional field and laboratory staff for motor fuel quality inspection program.

**Sec. 605. Rural Partners Michigan – NEW**

Requires that appropriation for Rural Partners Michigan be used to support projects and programs of the Rural Partners Michigan, a non-profit Michigan corporation.

**Major Boilerplate Changes from FY 2004-05**

**Sec. 706. Northwest Michigan Horticultural Research Station – RETAINED**

Provides \$30,000.00 to the northwest Michigan horticultural research station.

**Sec. 707. 4-H Foundation Projects and Programs – NEW**

Requires \$80,000 to be distributed to the ffa foundation for awards and leadership activities which encourage farming and agriculture as a career, and \$20,000 to be distributed to Michigan 4-H foundation to support Michigan 4-H foundation projects and programs.

# ENVIRONMENTAL QUALITY

Analyst: Kirk Lindquist

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$14,947,000	\$17,096,900	\$17,096,900	\$2,149,900	14.4%
<b>Federal</b>	135,021,300	143,969,700	143,088,700	8,067,400	6.0%
<b>Local</b>				0	
<b>Private</b>	445,900	450,000	450,000	4,100	0.9%
<b>Restricted</b>	214,170,300	182,883,100	183,551,300	(30,619,000)	-14.3%
<b>GF/GP</b>	26,131,900	30,510,300	29,442,400	3,310,500	12.7%
<b>Gross</b>	<b>\$390,716,400</b>	<b>\$374,910,000</b>	<b>\$373,629,300</b>	<b>(\$17,087,100)</b>	<b>-4.4%</b>
<b>FTEs</b>	1,570.2	1,571.2	1,500.7	(69.5)	-4.4%

## Overview

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

## Major Budget Changes from FY 2004-05

		<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>1. Underground Storage Tank Cleanup</b>	<b>Gross</b>	<b>N/A</b>	<b>\$22,000,000</b>
Adds restricted funds for storage tank site cleanup; revenue from Refined Petroleum Fund.	Restricted	N/A	22,000,000
<b>2. Air Emission Fee Increase</b>	<b>Gross</b>	<b>\$22,360,000</b>	<b>\$0</b>
Includes funding shift in Air Quality Program, replacing GF/GP Support.	Federal	5,009,800	0
	Restricted	13,787,400	2,768,100
	GF/GP	\$3,562,300	(\$2,768,100)
<b>3. Office of Special Environmental Projects Eliminated</b>	FTEs	3.0	(3.0)
Eliminates program office.	<b>Gross</b>	<b>\$441,400</b>	<b>(\$441,400)</b>
	Restricted	441,400	(0)
	GF/GP	\$0	(\$441,400)
<b>4. Water Pollution Control and Drinking Water Revolving Fund Matching Funds</b>	<b>Gross</b>	<b>\$112,153,500</b>	<b>\$900,000</b>
Restores GF/GP match for federal grant (\$4.9 million reduced in FY 2004-05); support increased by \$900,000 to earn federal grant.	Federal	85,000,000	0
	Restricted	26,100,000	(4,900,000)
	GF/GP	\$1,053,500	\$5,800,000
<b>5. Scrap Tire Grants</b>	<b>Gross</b>	<b>\$3,500,000</b>	<b>\$1,000,000</b>
Increases restricted funds to clean up scrap tire piles created before 1991.	Restricted	3,500,000	1,000,000
<b>6. Aquifer Protection</b>	<b>Gross</b>	<b>\$650,000</b>	<b>(\$200,000)</b>
Deletes GF/GP for groundwater conflict resolution program; retains \$50,000 grant to Department of Agriculture.	Restricted	450,000	(0)
	GF/GP	\$200,000	(\$200,000)
<b>7. Environmental Laboratory</b>	<b>Gross</b>	<b>\$0</b>	<b>\$502,000</b>
Increases program support through intradepartmental charges, reflects anticipated workloads.	IDG	106,200	1,186,000
	Federal	591,900	0
	Restricted	4,738,700	0
	GF/GP	\$684,000	(\$684,000)
<b>8. Fish Contaminant Contracts</b>	<b>Gross</b>	<b>\$316,100</b>	<b>(\$316,100)</b>
Eliminates contracts for laboratory studies of fish taken from Michigan lakes and streams.	GF/GP	\$316,100	(\$316,100)

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>9. Executive Order 2005-3</b>		<b>Gross</b>	<b>\$340,599,300</b>
Reflects GF/GP reductions in EO 2005-3, including \$673,000 in administrative efficiencies for a number of administrative units, fund shifts to restricted fund sources of \$938,600, and eliminating matching funds for radon grant program.		IDG	684,000
		Federal	0
		Private	0
		Restricted	938,600
		GF/GP	(\$2,132,500)
<b>10. Real Time Water Quality Monitoring</b>		<b>Gross</b>	<b>\$0</b>
Includes funding for continuation of water quality monitoring program for Lake St. Clair and the St. Clair River.		Restricted	250,000
<b>11. Household Hazardous Waste Grants</b>		<b>Gross</b>	<b>\$0</b>
Provides funding for local hazardous waste collection programs.		Restricted	100,000
<b>12. Economic Adjustments</b>		<b>Gross</b>	<b>N/A</b>
Increases Civil Service compensation by 1.5%; contribution rates for defined benefit and defined contribution retirement plans have increased, and employer share of health insurance premiums continues to rise (\$5.0 million). Reduced funds in FY 2004-05 as employee concessions were added back (\$4.1 million).		IDG	\$9,063,800
		Federal	99,700
		Private	1,187,600
		Restricted	4,100
		GF/GP	6,203,400
			N/A
			\$1,569,000

**Major Boilerplate Changes from FY 2004-05**

**Sec. 208. Deprived and Depressed Communities – NEW**

Encourages businesses in economically depressed communities to compete for state contracts.

**Sec. 702. Human Exposure Risk Assessment – NEW**

Requires adoption of area-wide risk assessment criteria, established through peer review studies of bioavailability and levels of human exposure.

**Sec. 903. Groundwater Use Rule Promulgation – NEW**

Directs Department to not promulgate rules regarding groundwater use or withdrawal unless it implements provisions of 2003 PAs 148 and 177.

**Sec. 1003. Grant for Fish Weir in Romeoville, Illinois – DELETED**

Provides \$100,000 from Environmental Protection Fund for Michigan's share of construction costs of electrical dispersal barrier in the Chicago River.

# NATURAL RESOURCES

Analyst: Kirk Lindquist

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$3,528,700	\$3,691,200	\$3,691,200	\$162,500	4.6%
<b>Federal</b>	40,009,200	38,990,200	38,990,200	(1,019,000)	-2.5%
<b>Local</b>				0	
<b>Private</b>	2,024,300	2,090,100	2,090,100	65,800	3.3%
<b>Restricted</b>	193,482,200	200,194,300	204,673,000	11,190,800	5.8%
<b>GF/GP</b>	28,501,700	26,533,300	25,604,600	(2,897,100)	-10.2%
<b>Gross</b>	<b>\$267,546,100</b>	<b>\$272,499,100</b>	<b>\$275,049,100</b>	<b>\$7,503,000</b>	<b>2.8%</b>
<b>FTEs</b>	2,076.5	2,084.2	2,080.2	3.7	0.2%

## Overview

The Department of Natural Resources manages, conserves, and protects Michigan's resources. Programs include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, and State Parks and forest campgrounds. Federal funds support game and fish habitat maintenance, emerald ash borer eradication, and hunter safety protection programs.

## Major Budget Changes from FY 2004-05

		<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>1. Conservation Law Enforcement</b>	<b>Gross</b>	<b>\$28,160,500</b>	<b>(\$1,000,000)</b>
Reduces GF/GP for general law enforcement activity by \$1.0 million; support for snowmobile and off-road vehicle enforcement to be funded by restricted funds. Off-road vehicle funding authorization requires a statutory change.	Federal	3,676,200	0
	Restricted	20,817,100	600,000
	GF/GP	\$3,667,200	(\$1,600,000)
<b>2. Great Lakes State Park Operations Support</b>	<b>Gross</b>	<b>\$38,067,100</b>	<b>\$3,000,000</b>
Includes Harbor Development funding to support operations costs of state parks located on the Great Lakes. This enables Department to spend user fee revenue on a fee-for-service basis; fees to be spent for services that generate fee revenue.	Federal	108,400	0
	Restricted	37,630,600	3,000,000
<b>3. School Assessment Costs (Payment in Lieu of Taxes)</b>	<b>Gross</b>	<b>\$7,800,000</b>	<b>(\$2,400,000)</b>
Implements change made by 2004 PA 513 transferring payments for State Education Taxes to School Aid; included in School Aid appropriation act.	Restricted	3,900,000	0
	GF/GP	\$3,900,000	(\$2,400,000)
<b>4. State Game Area Maintenance</b>	<b>Gross</b>	<b>\$200,000</b>	<b>\$300,000</b>
Transfers federal Department of Interior funds from Capital Outlay to State Game and Wildlife Area Maintenance program.	Federal	200,000	300,000
<b>5. Snowmobile Law Enforcement Grants</b>	<b>Gross</b>	<b>\$1,142,000</b>	<b>(\$300,000)</b>
Shifts snowmobile enforcement grant funding for county sheriffs to DNR law enforcement.	Restricted	1,142,000	(300,000)
<b>6. Captive Cervidae Game Farm Inspections</b>	<b>Gross</b>	<b>\$93,500</b>	<b>\$251,000</b>
Removes license-inspection fee for Department regulatory efforts. Fund support provided from GF/GP pending legislative action on fee proposal; recommended program increase is supported by GF/GP revenue.	Restricted	93,500	(93,500)
	GF/GP	\$0	\$344,500
<b>7. Forest Development Fund Deduct Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Provides increases to level of support provided from Forest Development Fund revenue for Forest Management programs.	Restricted		1,073,200
	GF/GP		(\$1,073,200)
<b>8. Forest Fire Outreach and Assistance</b>	<b>Gross</b>	<b>\$9,491,300</b>	<b>(\$102,300)</b>
Reduces fire loss program; eliminates outreach and public assistance programs.	Federal	760,300	0
	Restricted	4,003,100	0
	GF/GP	\$4,727,900	(\$102,300)

<u>Major Budget Changes from FY 2004-05</u>	<u>FY 2004-05</u>	<u>House</u>
	<u>Year-to-Date</u>	<u>Change</u>
<b>9. Nongame Wildlife Specialty Plate Revenue</b>	<b>Gross \$1,187,000</b>	<b>\$0</b>
Provides increased license plate revenue to offset required GF/GP savings.	Federal 438,000	0
	Restricted 635,600	100,000
	GF/GP \$113,400	(\$100,000)
<b>10. Education and Outreach Programs</b>	<b>Gross \$3,402,300</b>	<b>(\$100,000)</b>
Decreases G/F/GP support	IDG 5,700	0
	Restricted 3,187,200	0
	GF/GP \$209,400	(\$100,000)
<b>11. Economic Adjustments</b>	<b>Gross N/A</b>	<b>\$10,477,600</b>
Increases contribution rates for defined benefit and defined contribution retirement plans and employer share of health insurance premiums (\$5.5 million). Reduced funds in FY 2004-05, as employee concessions, were added back: \$5.0 million.	IDG 129,300	129,300
	Federal 1,182,100	1,182,100
	Private 65,800	65,800
	Restricted 8,146,200	8,146,200
	GF/GP N/A	\$954,200

**Major Boilerplate Changes from FY 2004-05**

**Sec. 407. Turkey License Sales – NEW**

Provides for sale of turkey licenses not sold through the annual sales lottery.

**Sec. 503. Cormorant Control Study – NEW**

Requires action plan to reduce cormorant population impacts on Michigan fisheries.

**Sec. 704. State Park Funding: Harbor Development Fund – NEW**

Describes legislative intent for use of appropriation from the Harbor Development Fund.

**Sec. 806. Timber Marking – REVISED**

Directs Department to mark, and prepare for harvest, 63,000 acres at an average rate of 12.5 to 13.0 cords per acre; consideration to be given to impact of timber harvesting on wildlife habitat and recreation uses; requires quarterly report.

**Sec. 901. Snowmobile Law Enforcement Grants – DELETED**

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

**Sec. 1101. Local Fire Protection Grants – DELETED**

Awards federal rural fire protection grants to eligible local fire protection departments and fire protection districts with populations less than 10,000 and with publicly-owned forested land.

**Sec. 1103. Federal Land and Water Conservation Fund Grants – DELETED**

Coordinates federal land acquisition grants with Natural Resources Trust Fund grants to minimize matching requirements for local governmental units.

# MILITARY AFFAIRS

Analyst: Jan Wisniewski

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$1,642,500	\$1,256,800	\$1,656,800	\$14,300	0.9%
<b>Federal</b>	47,418,100	49,537,200	49,537,200	2,119,100	4.5%
<b>Local</b>				0	
<b>Private</b>	1,282,300	1,355,800	1,355,800	73,500	5.7%
<b>Restricted</b>	26,114,800	27,360,500	27,360,500	1,245,700	4.8%
<b>GF/GP</b>	36,656,600	38,348,200	38,348,200	1,691,600	4.6%
<b>Gross</b>	<b>\$113,114,300</b>	<b>\$117,858,500</b>	<b>\$118,258,500</b>	<b>\$5,144,200</b>	<b>4.5%</b>
<b>FTEs</b>	1,023.0	1,023.0	1,023.0	0.0	

## Overview

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

## Major Budget Changes from FY 2004-05

### 1. Military Family Relief Fund

Adds state restricted funding for new line item funded from state income tax check-off box to assist military families with emergency grant funds.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$0</b>	<b>\$600,000</b>
Restricted	0	600,000

### 2. D.J. Jacobetti Veterans' Home – Medicare and Medicaid

Increases federal revenue at D.J. Jacobetti Veterans' Home due to tightening criteria for providing free prescription drugs to some veterans at the home; results in increased Medicare and Medicaid revenues.

<b>Gross</b>	<b>\$13,600,000</b>	<b>\$128,000</b>
Federal	4,370,000	128,000

### 3. D.J. Jacobetti Veterans' Home – Board of Managers

Provides \$75,000 restricted funds from Military Family Relief Fund.

<b>Gross</b>	<b>\$125,000</b>	<b>\$75,000</b>
Private	125,000	0
Restricted	\$0	75,000

### 4. Grand Rapids Veterans' Home – Board of Managers

Increases authorization for private donations to the Home from public, veterans' organizations, and corporations; provides \$75,000 restricted funds from Military Family Relief Fund.

<b>Gross</b>	<b>\$300,000</b>	<b>\$115,000</b>
Private	300,000	40,000
Restricted	0	75,000

### 5. Headquarters and Armories – Current Services Baseline Adjustment and Armory Closure

Increases federal revenue (\$200,000) available for security contracts, engineering and environmental services, personnel costs, and telecommunication charges. Decreases GF/GP (\$230,000) for Homeland Security workgroup to close armories in Menominee, Manistique, Charlotte, Saginaw, Three Rivers, and Lansing maintenance facility.

<b>Gross</b>	<b>\$9,562,200</b>	<b>(\$30,000)</b>
Federal	2,311,100	200,000
Restricted	350,000	0
GF/GP	\$6,901,100	(\$230,000)

### 6. Military Training Sites – Various

Increases federal revenue (\$2.0 million) available for security contracts, personnel costs, and maintenance costs. Decreases GF/GP (\$200,000) to National Guard Tuition Assistance Program due to federal match change. Decreases GF/GP (\$70,000) for Homeland Security workgroup to close armories in Menominee, Manistique, Charlotte, Saginaw, Three Rivers, and Lansing Maintenance Facility.

<b>Gross</b>	<b>\$17,478,200</b>	<b>\$1,730,000</b>
Federal	14,693,600	2,000,000
GF/GP	\$2,784,600	(\$270,000)

**Major Budget Changes from FY 2004-05**

**7. Economic Adjustments**

Includes total economic adjustments for restoring FY 2004-05 concessions (\$2,198,500), retirement costs (\$1,360,600), insurance costs (\$1,141,300), workers compensation (negative \$565,000), DIT economics (\$30,800), and restoring FY 2004-05 DIT concessions (\$31,900).

	<b><u>FY 2004-05 Year-to-Date</u></b>	<b><u>House Change</u></b>
<b>Gross</b>	<b>N/A</b>	<b>\$4,198,100</b>
IDG	N/A	14,300
Federal	N/A	1,803,400
Private	N/A	33,500
Restricted	N/A	991,700
GF/GP	N/A	\$1,355,200

**8. Homeland Security**

Increases pass-through grant funding received from Department of State Police for activities related to Homeland Security program.

<b>Gross</b>	<b>\$400,000</b>	<b>\$600,000</b>
IDG	400,000	600,000

**9. Military Retirement Payments**

Increases annual annuity paid to retired Michigan Army and Air National Guard personnel per Michigan Military Act, 1967 PA 150.

<b>Gross</b>	<b>\$2,676,000</b>	<b>\$131,000</b>
GF/GP	\$2,676,000	\$131,000

**Major Boilerplate Changes from FY 2004-05**

**Sec. 501. Veterans Service Organizations - NEW**

Adds language requiring Department to work with Veterans Service Organizations to provide more effective and efficient services to veterans and to increase federal claims for veterans. Requires Department and Veterans Service Organizations to provide reports to House and Senate appropriations committees detailing changes in services to better serve veterans.

# STATE POLICE

Analyst: Jan Wisniewski

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u>	
				<u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$19,916,800	\$20,736,300	\$20,736,300	\$819,500	4.1%
<b>Federal</b>	107,435,100	170,821,000	170,821,000	63,385,900	59.0%
<b>Local</b>	5,243,700	5,597,900	5,597,900	354,200	6.8%
<b>Private</b>	87,700	11,200	11,200	(76,500)	-87.2%
<b>Restricted</b>	103,620,500	107,946,900	106,662,100	3,041,600	2.9%
<b>GF/GP</b>	240,925,200	238,968,200	243,752,200	2,827,000	1.2%
<b>Gross</b>	<b>\$477,229,000</b>	<b>\$544,081,500</b>	<b>\$547,580,700</b>	<b>\$70,351,700</b>	<b>14.7%</b>
<b>FTEs</b>	2,951.0	2,900.0	2,916.0	(35.0)	-1.2%

## Overview

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

## Major Budget Changes from FY 2004-05

### 1. Executive Direction

Reduces GF/GP (\$37,200) for Deferred Retirement Option Plan; 98 employees are participating in plan through March 1, 2005. Replaces (\$34,900 GF/GP with restricted from Michigan Justice Training Fund for Michigan Commission on Law Enforcement Standards (MCOLES); this will reduce amount of grants available to local agencies.

	<u>FY 2004-05</u>	<u>House</u>
	<u>Year-to-Date</u>	<u>Change</u>
<b>Gross</b>	<b>\$3,467,800</b>	<b>(\$37,200)</b>
Restricted	0	34,900
GF/GP	\$3,467,800	(\$72,100)

### 2. Fleet Leasing

Reduces GF/GP (\$200,000) to reflect reducing fleet costs through greater efficiencies with lower lease rates, fewer vehicles used, and fewer miles driven.

<b>Gross</b>	<b>\$14,119,200</b>	<b>(\$200,000)</b>
GF/GP	\$14,119,200	(\$200,000)

### 3. Human Resources

Removes 2.0 FTEs (\$171,700 GF/GP) from savings for operational reductions. Removes 1.0 FTE (\$68,100 GF/GP) for Human Resources Optimization savings.

FTEs	29.0	(3.0)
<b>Gross</b>	<b>\$2,170,900</b>	<b>(\$239,800)</b>
IDG	63,300	0
Restricted	410,700	0
GF/GP	\$1,696,900	(\$239,800)

### 4. Management Services

Adds 2.0 FTEs (\$150,000) in internal transfers to reflect current departmental practices. Transfers are from Criminal Justice Information Center Division (1.0 FTE, \$68,200 restricted) and Uniform Services (1.0 FTE, \$81,800 GF/GP). Transfers 16.0 FTEs, \$1.2 million GF/GP, \$23,000 IDG, \$34,900 local, and \$67,900 restricted to new Budget and Financial Services line item for Fiscal Manager Consolidation. Removes 1.0 FTE (\$87,700) from savings for operational reductions. Replaces \$45,600 GF/GP with restricted revenue from new Reimbursed Services linefor charging departmental offices for printing shop costs.

FTEs	50.0	(15.0)
<b>Gross</b>	<b>\$3,683,900</b>	<b>(\$1,227,100)</b>
IDT	23,000	0
Local	34,900	0
Restricted	67,900	113,800
GF/GP	\$3,558,100	(\$1,340,900)

### 5. Training Administration

Removes 2.0 FTEs (\$170,100 GF/GP) from savings for operational reductions. Reduces GF/GP (\$35,500) for Deferred Retirement Option Plan. Removes 2.0 FTEs (\$250,000 GF/GP) for administrative reductions.

FTEs	41.0	(4.0)
<b>Gross</b>	<b>\$4,746,900</b>	<b>(\$455,600)</b>
IDG	2,899,000	0
Restricted	280,800	0
GF/GP	\$1,567,100	(\$455,600)

**Major Budget Changes from FY 2004-05****6. Communications**

Removes 2.0 FTEs (no funding change) for FTE adjustment and deduct change to new Budget and Financial Services line; removes 2.0 FTEs (\$369,900 GF/GP) as internal transfer to Budget and Financial Services, Information Technology Services and Projects, and Criminal Justice Information Center Division; reduces GF/GP (\$11,200) for Deferred Retirement Option Plan.

	<b>FY 2004-05 Year-to-Date</b>	<b>House Change</b>
FTEs	12.0	(4.0)
<b>Gross</b>	<b>\$4,661,000</b>	<b>(\$381,100)</b>
GF/GP	\$4,661,000	(\$381,800)

**7. Criminal Justice Information Center Division**

Provides new Criminal Justice Information Center Service Fees (\$250,000 restricted) for training, maintenance, and automating convicted sex offenders database. Transfers 2.0 FTEs (\$143,000 GF/GP and \$68,200 restricted) to Management Services and Communications lines. Reflects internal transfer of 1.0 FTE (\$73,400 GF/GP) to Budget and Financial Services line for Fiscal Manager Consolidation. Removes 2.0 FTEs (\$870,100 GF/GP) as part of Department's position reduction plan. Replaces some lost GF/GP with new restricted from charging agencies for name searches on the Internet Criminal History Access Tool (\$500,000) and local from charging local police agencies for Law Enforcement Information Network training (\$200,000).

FTEs	83.0	(5.0)
<b>Gross</b>	<b>\$7,533,100</b>	<b>(\$204,700)</b>
Local	0	200,000
Restricted	6,201,300	608,400
GF/GP	\$1,331,800	(\$1,013,100)

**8. Traffic Safety - Crash Data Repository**

Increases federal authorization for Traffic Safety for grant to develop the CRASH module, which is Michigan's central repository of crash data. Reduces IDG (\$21,500) from Michigan Department of State to coincide with FY 2005-06 MDOS Executive Recommendation.

FTEs	16.0	0.0
<b>Gross</b>	<b>\$1,537,200</b>	<b>\$978,500</b>
IDG	673,400	(21,500)
Federal	400,400	1,000,000
GF/GP	\$463,400	0

**9. Laboratory Operations - Increase Casework for Drunk Driving Limit Reduction**

Allows new federal grant for Laboratory Operations for increased casework for drunk driving limit reduction by increasing 3.0 FTEs and purchasing equipment.

FTEs	177.0	3.0
<b>Gross</b>	<b>\$17,741,700</b>	<b>\$717,800</b>
Federal	63,600	717,800
Restricted	1,497,100	0
GF/GP	\$16,181,000	\$0

**10. DNA Analysis Program**

Replaces \$450,000 GF/GP with funds from Forensic Science Reimbursement Fees. Increases 8.0 FTEs (no funding changes) as an FTE adjustment and deduct change.

FTEs	32.0	8.0
<b>Gross</b>	<b>\$8,529,200</b>	<b>\$0</b>
Federal	3,451,000	0
Restricted	1,779,700	450,000
GF/GP	\$3,298,500	(\$450,000)

**11. Standards and Training**

Replaces \$1.8 million GF/GP with restricted funds from Michigan Justice Training Grants line.

FTEs	22.0	0.0
<b>Gross</b>	<b>\$2,231,100</b>	<b>\$0</b>
Federal	375,200	0
Restricted	51,900	1,804,000
GF/GP	\$1,804,000	(\$1,804,000)

**12. MCOLES Justice Training Grants**

Adds \$1.2 million GF/GP for additional Justice Training Grant Funds available for local law enforcement agencies.

FTEs	4.0	0.0
<b>Gross</b>	<b>\$9,054,700</b>	<b>\$1,169,300</b>
Restricted	9,054,700	0
GF/GP	\$0	\$1,169,300

**13. Fire Investigations**

Retains Fire Investigation unit. Removes 11.0 FTEs and \$1.1 million GF/GP after FY 2005-06 Executive recommendation eliminated Fire Investigations unit, transferred Fire Investigation line to Criminal Investigations unit, eliminated 24.0 FTEs and \$3.4 million GF/GP, and transferred 1.0 FTE and \$86,800 GF/GP to new Budget and Financial Service line.

FTEs	29.0	(11.0)
<b>Gross</b>	<b>\$3,605,700</b>	<b>(\$1,064,500)</b>
GF/GP	\$3,605,700	(1,064,500)

**14. Fire Investigation Training to Locals**

Maintains \$50,500 GF/GP for this line.

<b>Gross</b>	<b>\$50,500</b>	<b>\$0</b>
GF/GP	\$50,500	\$0

**15. Hazardous Materials Programs – Homeland Security Initiatives**

Increases federal for Homeland Security initiatives for Hazardous Materials Programs and Urban Area Security Initiative; reflects internal transfer from At-Post Trooper line (\$2,650 GF/GP) for three troopers in Homeland Security programs; replaces \$31,500 restricted with federal revenue.

FTEs	7.0	0.0
<b>Gross</b>	<b>\$61,646,050</b>	<b>\$62,002,650</b>
Federal	59,968,500	60,031,500
Restricted	1,347,500	(31,500)
GF/GP	\$330,050	\$2,650

**Major Budget Changes from FY 2004-05**

	<b>FY 2004-05 Year-to-Date</b>	<b>House Change</b>
<b>16. Uniform Services</b>	FTEs 525.0	(19.0)
Transfers 1.0 FTE (\$81,800 GF/GP) to Management Services line and 1.0 FTE (\$105,400 GF/GP) to new Budget and Financial Services line. Removes 17.0 FTEs (\$822,400) from savings for operational reductions. Creates a \$100 point of difference (FY 2005-06 Executive and Senate Subcommittee reduced GF/GP [\$1,050,000] for closure of three State Police posts in Groveland [Oakland County], Grand Haven [Ottawa County] and Iron River [Iron County] saving lease costs and transferring troopers and staff to other State Police posts). Reduces GF/GP (\$304,300) for Deferred Retirement Option Plan.	<b>Gross</b> \$47,701,300	<b>(\$2,363,800)</b>
	Federal 1,622,900	0
	Restricted 44,000	0
	GF/GP \$46,034,400	(\$2,363,800)
<b>17. At-Post Troopers</b>	FTEs 1,144.0	(3.0)
Transfers 3.0 FTEs (\$290,700 GF/GP) to Emergency Management Planning and Administration line. Replaces \$387,000 GF/GP with restricted fund revenue from Highway Safety Fund. Reduces GF/GP (\$361,800) for Deferred Retirement Option Plan in At-post Troopers line.	<b>Gross</b> \$117,432,600	<b>(\$652,500)</b>
	Restricted 44,909,400	387,000
	GF/GP \$72,523,200	(\$1,039,500)
<b>18. Aviation Program</b>	FTEs 5.0	0.0
Reduces GF/GP (\$400,000) for sale of Department's two fixed wing aircraft. Reduces GF/GP (\$24,600) for Deferred Retirement Option Plan.	<b>Gross</b> \$1,498,400	<b>(\$424,600)</b>
	Restricted 165,400	0
	GF/GP \$654,500	(\$424,600)
<b>19. Criminal Investigations</b>	FTEs 280.0	(2.0)
Transfers 1.0 FTE (\$101,100 GF/GP) to new Budget and Financial Services line for Fiscal Manager Consolidation. Removes 21.0 FTEs (\$1,673,800 GF/GP) for savings from operational reductions. Reduces GF/GP (\$712,700) for Deferred Retirement Option Plan.	<b>Gross</b> \$32,558,100	<b>(\$2,386,500)</b>
	IDG 610,000	0
	Federal 265,900	0
	Restricted 352,000	0
	GF/GP \$31,330,200	(\$2,386,500)
<b>20. School Bus Inspections</b>	FTEs 16.0	0.0
Provides \$69,300 GF/GP for this program; FY 2005-06 Executive Recommendation replaced \$1.2 million GF/GP with restricted.	<b>Gross</b> \$1,200,700	<b>\$69,300</b>
	GF/GP \$1,200,700	\$69,300
<b>21. Safety Projects - Border Grants for Motor Carriers</b>	FTEs 4.0	14.0
Increases federal authorization for Safety Projects from \$1.2 million U.S. Department of Transportation Border Grant and \$500,000 for New Entrant Program Grant to help meet federal mandate to perform safety audits on new motor carriers. Adds 14.0 FTEs.	<b>Gross</b> \$177,300	<b>\$1,735,900</b>
	Federal \$177,300	\$1,735,900
<b>22. Information Technology Services and Projects</b>	<b>Gross</b> \$21,236,100	<b>\$355,100</b>
Increases local Law Enforcement Information Network (LEIN) fee authorization (\$563,000 local) (new fee schedule effective April 2004). Provides internal transfer of 2.0 FTEs (\$342,800 GF/GP) from Communications line to DIT Michigan Public Safety Communications System for two training positions. Increases Human Resources Optimization to DIT (\$36,100 GF/GP, \$2,200 federal, \$5,800 local) for capitalizing hardware and software costs. Reduces DIT rates to Department (\$594,800 GF/GP).	IDG 108,200	0
	Federal 1,057,900	2,200
	Local 2,806,300	568,800
	Restricted 15,000	0
	GF/GP \$17,248,700	(\$215,900)
<b>23. Economic Adjustments</b>	<b>Gross</b> N/A	<b>\$14,486,000</b>
Reflects economic adjustments for restoring FY 2004-05 employee concessions (\$8,625,700), retirement costs (\$279,300), insurance costs (\$3,980,100), workers compensation (\$95,000), building occupancy and rent charges (\$669,100), DIT economics (\$449,500) and restoring FY 2004-05 concessions for DIT employees (\$387,300).	IDG N/A	841,000
	Federal N/A	1,078,500
	Local N/A	148,000
	Private N/A	500
	Restricted N/A	2,542,700
	GF/GP N/A	9,875,300

**Major Boilerplate Changes from FY 2004-05**

None

## CAPITAL OUTLAY

Analyst: AI Valenzio

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<i>Difference: House from Year-to-Date</i>	
<b>IDG/IDT</b>	\$2,000,000	\$2,000,000	\$2,000,000	\$0	
<b>Federal</b>	227,380,200	155,075,000	155,075,000	(72,305,200)	-31.8%
<b>Local</b>	22,790,000	20,000,000	20,000,000	(2,790,000)	-12.2%
<b>Private</b>				0	
<b>Restricted</b>	89,126,500	59,082,300	59,082,300	(30,044,200)	-33.7%
<b>GF/GP</b>	243,197,500	276,002,200	276,002,200	32,804,700	13.5%
<b>Gross</b>	<b>\$584,494,200</b>	<b>\$512,159,500</b>	<b>\$512,159,500</b>	<b>(\$72,334,700)</b>	<b>-12.4%</b>
<b>FTEs</b>				0.0	

### Overview

Assume Executive Recommendation

# HISTORY, ARTS, AND LIBRARIES

Analyst: Kirk Lindquist

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$139,000	\$149,700	\$399,700	\$260,700	187.6%
<b>Federal</b>	10,815,900	8,218,300	8,218,300	(2,597,600)	-24.0%
<b>Local</b>				0	
<b>Private</b>	577,400	577,400	577,400	0	
<b>Restricted</b>	2,412,400	4,082,700	4,082,700	1,670,300	69.2%
<b>GF/GP</b>	45,176,700	43,150,800	42,287,700	(2,889,000)	-6.4%
<b>Gross</b>	<b>\$59,121,400</b>	<b>\$56,178,900</b>	<b>\$55,565,800</b>	<b>(\$3,555,600)</b>	<b>-6.0%</b>
<b>FTEs</b>	238.0	238.0	238.0	0.0	

## Overview

The Department of History, Arts, and Libraries administers programs in four major areas: arts and cultural affairs, which includes administration of Michigan's Arts and Cultural Grants program; Mackinac Island State Park Commission, which oversees operational activities at the Mackinac Island State Park, the Michilimackinac State Park, and the Mill Creek State Park; historical program, which includes historical museum system, historical publications, archaeological, and lighthouse preservation activities; and library services, providing reference services to the public and Legislative, Executive, and Judicial branches of state government, as well as assisting public libraries statewide.

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>1. Preservation and Access for Michigan Project</b>	<b>Gross</b>	<b>\$965,000</b>	<b>(\$965,000)</b>
Removes funding to digitize materials currently possessed by libraries in the state and preserve, store, and make these digitized images available via the Michigan Electronic Library (MEL).	GF/GP	\$965,000	(\$965,000)
<b>2. Mackinac Island State Park</b>	<b>Gross</b>	<b>\$2,978,300</b>	<b>\$0</b>
Replaces GF/GP with visitor admission fee revenue; a fee increase would be necessary.	Restricted	1,479,200	1,499,100
	GF/GP	\$1,499,100	(\$1,499,100)
<b>3. Arts and Cultural Grants</b>	<b>Gross</b>	<b>\$11,771,300</b>	<b>(\$1,417,500)</b>
Reduces grant funding by 12% and recommends boilerplate revisions.	Federal	700,000	0
	GF/GP	\$11,071,300	(\$1,417,500)
<b>4. Book Distribution Centers</b>	<b>Gross</b>	<b>\$327,500</b>	<b>\$22,500</b>
Increases funds used to distribute donated surplus publications to libraries and non-profit organizations.	GF/GP	\$327,500	\$22,500
<b>5. Michigan Film Office</b>	<b>Gross</b>	<b>\$135,800</b>	<b>\$252,400</b>
Provides increases through a grant from Department of Labor and Economic Growth.	IDG	0	250,000
	GF/GP	\$135,800	\$2,400
<b>6. Historical and Library Program Support to Curriculum Framework</b>	<b>Gross</b>	<b>\$600,000</b>	<b>(\$300,000)</b>
Reduces support for educators, classroom materials and publications, and website storage of K-12 history lesson plans; support from Mackinac Island State Historical Park Commission is not affected.	Restricted	200,000	0
	GF/GP	\$400,000	(\$300,000)
<b>7. Michigan Lighthouse Assistance Program Grants - Eliminated</b>	<b>Gross</b>	<b>\$91,500</b>	<b>(\$91,500)</b>
Eliminates GF/GP for grants for lighthouse protection and preservation. Funding to be partially offset from "Save Our Lights" specialty license plate revenue.	GF/GP	\$91,500	(\$91,500)
<b>8. Administrative Efficiency Savings</b>	<b>Gross</b>	<b>\$57,083,600</b>	<b>(\$584,800)</b>
Reflects \$128,100 in administrative efficiencies (various units); continues reductions made through EO 2005-3, (\$456,700).	IDG	139,000	0
	Federal	8,151,300	0
	Private	577,400	0
	Restricted	2,412,400	0
	GF/GP	\$45,803,500	(\$584,800)

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05</u>	<u>House</u>
		<u>Year-to-Date</u>	<u>Change</u>
<b>9. Wayne County Library for the Blind and Physically Handicapped</b>	<b>Gross</b>	<b>\$44,800</b>	<b>(\$44,800)</b>
Removes duplicate funding available through Subregional State Aid line item.	GF/GP	\$44,800	(\$44,800)
<b>10. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,559,000</b>
Reinstates \$572,100 removed in FY 2004-05 as employee concessions;	IDG		10,500
increases Civil Service compensation by 1.5%, reflects increased contribution	Federal		67,000
rates for defined benefit and defined contribution retirement plans and for	Private		300
employer share (\$986,900).of health insurance premiums.	Restricted		168,100
	GF/GP	N/A	\$1,313,100

**Major Boilerplate Changes from FY 2004-05**

**Sec. 401. Arts and Cultural Grants – REVISED**

Provides grant eligibility criteria, award categories, re-granting and reporting requirements, and renumbers sections (401, 403, 404, 405, and 406).

**Sec. 504. Michigan Lighthouses – REVISED**

Establishes guidelines for grants to transfer from federal ownership and/or preserve Michigan lighthouses. No longer refers to the \$90,500 funding level

**Sec. 508. Historical Administration and Services – DELETED**

Provides guidance on use of \$100,000 in Historical Administration and Services line for competitive grant program for all state and local historical societies and State Historical Preservation Network.

**Sec. 609. Preservation Access for Michigan – DELETED**

Details implementation of Preservation Access for Michigan project; outlines materials to be digitized and accessed through the electronic library, and requests equitable distribution of funds with no grant recipient to receive more than 30% of total appropriation.

# JUDICIARY

Analyst: Marilyn Peterson

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<i>Difference:</i> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$4,633,500	\$2,563,500	\$2,563,500	(\$2,070,000)	-44.7%
<b>Federal</b>	4,015,600	3,933,900	3,933,900	(81,700)	-2.0%
<b>Local</b>	3,298,100	3,466,000	3,466,000	167,900	5.1%
<b>Private</b>	842,500	842,500	842,500	0	
<b>Restricted</b>	82,879,700	86,935,000	87,022,500	4,142,800	5.0%
<b>GF/GP</b>	157,547,300	159,987,900	156,987,900	(559,400)	-0.4%
<b>Gross</b>	<b>\$253,216,700</b>	<b>\$257,728,800</b>	<b>\$254,816,300</b>	<b>\$1,599,600</b>	<b>0.6%</b>
<b>FTEs</b>	582.5	582.5	509.0	(73.5)	-12.6%

## Overview

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

## Major Budget Changes from FY 2004-05

### 1. Judgeship Changes

Funds recently-enacted changes in judgeships: \$184,600 to provide full-year costs of judgeships added January 1, 2005, and funded accordingly in FY 2004-05, and \$233,000 to fund the FY 2005-06 costs of converting part-time probate judges to full-time.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>Gross</b>	<b>\$92,163,000</b>	<b>\$417,600</b>
Restricted	7,090,200	0
GF/GP	\$85,072,800	\$417,600

### 2. Drug Court Grant Program

Recognizes increased revenue for drug court fund and from civil infraction assessments and statutory state costs in criminal cases; uses a portion of this revenue to offset GF/GP support for the program.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>Gross</b>	<b>\$4,635,000</b>	<b>\$100,000</b>
IDG	1,800,000	0
Federal	300,000	0
Restricted	1,688,300	232,200
GF/GP	\$846,700	(\$132,200)

### 3. Court Equity Grant Program

Recognizes increased revenue for court equity fund and uses to offset GF/GP for the program. Court equity fund supports a grant program that reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the numbers of judgeships.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>Gross</b>	<b>\$68,906,000</b>	<b>\$0</b>
Restricted	46,788,800	3,651,200
GF/GP	\$22,117,200	(\$3,651,200)

### 4. Judicial Information Systems

Reflects elimination of two sources of funding for judicial information systems: \$2.0 million IDG from state police (used to develop statewide database for criminal dispositions) and a \$115,300 grant from National Highway Traffic Safety Administration (NHTSA) and used for various projects over the years.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>Gross</b>	<b>\$4,608,500</b>	<b>(\$2,130,300)</b>
IDG/IDT	2,015,000	(2,015,000)
Federal	115,300	(115,300)
GF/GP	\$2,478,200	\$0

### 5. Other Increases in Restricted Revenue

Recognizes increased revenue in Justice System Fund and Court Fund; revenue is from various civil infraction assessments and statutory state costs in criminal cases, and supports a variety of programs according to statutory allocations.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>Gross</b>	<b>N/A</b>	<b>\$720,000</b>
Restricted	N/A	720,000

### 6. Court of Appeals Filing and Motion Fees

Incorporates anticipated increase of \$62,500 in filing fee revenue, due to increased filing fee volume. Assumes that 10/1/05 sunset on motion fee increase will be postponed and \$87,500 in motion fee revenue will be retained.

	<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>Gross</b>	<b>\$1,7911,800</b>	<b>\$62,500</b>
Restricted	1,823,800	62,500
GF/GP	\$16,088,000	\$0

**Major Budget Changes from FY 2004-05**

**7. Restoration of FY 2004-05 Concessions**

Omits fund restoration of FY 2004-05 wage and salary concessions (approximately \$1,496,900 gross, \$1,390,700 GF/GP).

	<b><u>FY 2004-05 Year-to-Date</u></b>	<b><u>House Change</u></b>
<b>Gross</b>	<b>N/A</b>	<b>\$0</b>

**8. Economics**

Funds economics at \$2,498,700 gross, \$2,271,200 GF/GP. Total calculated economic adjustments would be \$645,200 gross, \$593,900 GF/GP for insurances; \$842,100 gross, \$775,200 GF/GP for retirement; \$1.2 million gross and GF/GP for building occupancy charges. House proposes GF/GP funding at \$109,300 less than calculated amount; proportionately affects each line to which GF/GP economic adjustment applied. Includes an economic decrease of \$153,000 (gross and GF/GP) for workers' compensation. Does not include adjustments for anticipated 1.5% wage and salary increase occurring in FY 2005-06, which for judicial employees would total about \$600,000.

<b>Gross</b>	<b>N/A</b>	<b>\$2,498,700</b>
<b>GF/GP</b>	<b>N/A</b>	<b>\$2,380,500</b>

**Major Boilerplate Changes from FY 2004-05**

**Sec. 211. Personal Service Contracts – DELETED**

Requires monthly report on personal service contracts.

**Sec. 304. Cooperation with Auditor General – RETAINED**

Retains provision requiring judicial branch to cooperate with auditor general regarding judicial branch audits.

**Sec. 313. Judicial Technology Improvement Fund/Cyber Court – RETAINED**

Retains language establishing criteria for use of Judicial Technology Improvement Fund (JTIF) and explicitly allowing bill's appropriations be used for cyber court.

# TRANSPORTATION

Analyst: William E. Hamilton

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>				\$0	
<b>Federal</b>	1,132,701,200	1,207,642,100	1,207,642,100	74,940,900	6.6%
<b>Local</b>	5,800,000	6,100,000	6,100,000	300,000	5.2%
<b>Private</b>				0	
<b>Restricted</b>	2,135,687,900	2,203,966,400	2,202,566,900	66,879,000	3.1%
<b>GF/GP</b>				0	
<b>Gross</b>	<b>\$3,274,189,100</b>	<b>\$3,417,708,500</b>	<b>\$3,416,309,000</b>	<b>\$142,119,900</b>	<b>4.3%</b>
<b>FTEs</b>	3,037.3	3,036.3	3,036.3	(1.0)	0.0%

## Overview

The state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation. Approximately 2/3 of the budget is from constitutionally-restricted state revenue sources, primarily from motor fuel taxes and vehicle registrations are credited to the Michigan Transportation Fund (MTF) for distribution to other state transportation funds and programs, and to local road agencies, in accordance with Public Act 51 of 1951. Approximately 1/3 of budget is from federal revenue. There is no state GF/GP revenue in this budget.

## Major Budget Changes from FY 2004-05

### 1. Debt Service

Increases appropriation to \$240.7 million to reflect anticipated debt service schedules; does not include debt service on Executive's proposed \$400 million Jobs Today bond initiative.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$167,750,100</b>	<b>\$72,993,400</b>
Federal	44,000,000	59,200,000
Restricted	123,750,100	13,793,400

### 2. Michigan Transportation Fund (MTF) Grants to Other State Departments (IDGs)

Includes \$27.9 million in MTF grants to other state departments, including \$20 million to Department of State and \$6.7 million to Department of Treasury for costs of collecting MTF revenue. House is \$1.8 million less than Executive.

<b>Gross</b>	<b>\$29,001,300</b>	<b>(\$1,110,400)</b>
Restricted	29,001,300	(1,110,400)

### 3. Information Technology

Authorizes \$25.0 million for Information technology services and projects line which provides funds for Department of Information Technology. House is \$2.5 million less than Executive.

<b>Gross</b>	<b>\$26,804,800</b>	<b>(\$1,804,800)</b>
Federal	555,100	0
Restricted	26,249,700	(1,804,800)

### 4. Design and Engineering Services

Authorizes \$94.9 million; includes \$5.0 million (STF) of estimated \$8.5 million cost of Michigan Intelligent Transportation Systems Center (MITS Center) which was shifted to this unit from Road and Bridge program after end of federal capital support. House is \$3.5 million less than Executive.

FTEs	1,531.4	2.0
<b>Gross</b>	<b>\$79,804,200</b>	<b>\$15,148,500</b>
Federal	7,000,000	0
Restricted	72,804,200	15,148,500

### 5. State Trunkline Maintenance

Provides \$261.1 million, an increase of \$7.3 million reflecting additional state trunkline lane miles (added through new construction and jurisdictional transfers), increased road maintenance material costs, and \$1.0 million for trunkline-related emerald ash borer survey.

FTEs	817.6	(2.0)
<b>Gross</b>	<b>\$253,726,100</b>	<b>\$7,341,800</b>
Restricted	253,726,100	7,341,800

### 6. State Trunkline Road and Bridge Construction

Adds \$1.0 billion; increase funded from reductions in STF-funded administrative or operating lines. Decrease from current year reflects, in part, reduction in State Trunkline Fund (STF) revenue as a result of redirection of an additional ¼ cent of the gasoline tax (\$12.7 million) to local bridge programs (see below). House is \$8.2 million (STF) more than Executive.

<b>Gross</b>	<b>\$1,007,573,800</b>	<b>(\$15,053,900)</b>
Federal	746,943,100	8,651,900
Local	5,000,000	0
Restricted	255,630,700	(23,705,800)

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>7. Local/Critical Bridge Program</b>	<b>Gross</b>	<b>\$18,539,500</b>	<b>\$12,576,300</b>
Provides \$31.1 million for Local Bridge Program; increase of \$12.6 million reflects additional ¼ cent of gasoline tax made in 2004 PA 384 (HB 5319).	Restricted	18,539,500	12,576,300
<b>8. MTF Distribution to Local Road Agencies</b>	<b>Gross</b>	<b>\$987,580,600</b>	<b>\$17,072,500</b>
Provides \$1.0 billion—\$645 million to county road commissions and \$359.6 million to cities and villages. Actual MTF distributions will be based on actual MTF revenue as distributed by Public Act 51 of 1951 formula.	Restricted	987,580,600	17,072,500
<b>9. Transportation Economic Development</b>	<b>Gross</b>	<b>\$39,972,400</b>	<b>\$2,074,800</b>
Includes earmark for log truck turnout. House is \$40,000 over Executive recommendation of \$42 million per statutory formula.	Restricted	39,972,400	2,074,800
<b>10. Aeronautics Programs</b>	FTEs	56.0	0.0
Provides \$8.3 million. House is \$184,100 less than Executive.	<b>Gross</b>	<b>\$8,150,800</b>	<b>\$151,600</b>
	Restricted	8,150,800	151,600
<b>11. Public Transportation and Freight Services</b>	FTEs	74.0	0.0
Provides \$7.5 million. House is \$186,200 less than Executive.	<b>Gross</b>	<b>\$7,214,700</b>	<b>\$312,800</b>
	Restricted	7,214,700	312,800
<b>12. Bus Transit - Local Bus Operating Assistance</b>	<b>Gross</b>	<b>\$161,680,000</b>	<b>\$1,596,100</b>
Provides \$163.3 million for state operating assistance to state's public transit agencies, reflecting anticipated increase in CTF revenue.	Restricted	161,680,000	1,596,100
<b>13. Rail Passenger Service</b>	<b>Gross</b>	<b>\$8,200,000</b>	<b>(\$1,000,000)</b>
Reduces line, which supports AMTRAK service, by \$1.0 million (CTF). Executive recommended no change.	Federal	1,000,000	0
	Restricted	7,200,000	(1,000,000)
<b>14. Specialized Services</b>	<b>Gross</b>	<b>\$8,200,100</b>	<b>\$500,000</b>
Adds \$500,000 (CTF) to support transit services to the elderly and persons with disabilities. Executive recommended no change.	Federal	4,600,000	0
	Restricted	3,600,100	500,000
<b>15. Municipal Credit Program</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>\$500,000</b>
Adds \$500,000 (CTF) to support transit funding to communities in southeast Michigan. Executive recommended no change.	Restricted	2,000,000	500,000
<b>16. Bus Capital</b>	<b>Gross</b>	<b>\$38,500,000</b>	<b>\$10,811,400</b>
Adds \$49.3 million, reflecting CTF revenue increase, for matching funds for Federal Transit Administration grants to local transit agencies.	Federal	30,000,000	0
	Local	500,000	0
	Restricted	8,000,000	10,811,400
<b>17. Administrative/Operating Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$1,746,700)</b>
Reduces various administrative lines: Commission Audit, \$39,900 (STF); Business Support, \$483,600 (STF); Finance Contracts, and Support Services, \$852,900 (STF); Aeronautics Services, \$184,100 (SAF); and Public Transportation and Freight Services, \$186,200 (CTF). House is \$1.7 million less than Executive.	Restricted	N/A	(1,746,700)
<b>18. Restoration of Employee Concessions</b>	<b>Gross</b>	<b>N/A</b>	<b>\$8,979,300</b>
Provides approximately \$9.0 million in salary and wage costs deferred from FY 2004-05; costs are reflected in various department operating lines.	Restricted	N/A	8,979,300
<b>19. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$9,368,800</b>
Reflects \$9.4 million (net) for economic increases including \$6.3 million for retirement contributions, and \$3.4 million for other employee insurances. Increases partially offset by reduction in workers compensation (\$382,000); increase reflected in various department operating lines. Negotiated salary and wage increases, representing 1.5% of base salary and wages including FY 2003-04 employee concessions, were not funded in Executive budget, i.e. they are not part of the \$9.4 million noted above. As a result, the department will have to identify additional reductions in operating costs, totaling approximately \$2.6 million, to offset the additional salary and wage costs.	Restricted	N/A	9,368,800

## **Major Boilerplate Changes from FY 2004-05**

### **Sec. 201. State Spending – MODIFIED**

Specifies amount of state spending from state sources to be paid to local units of government.

### **Sec. 202. Management and Budget Act – RETAINED**

Makes appropriations subject to Management and Budget Act, 1984 PA 431.

### **Sec. 203. Definitions – RETAINED**

Provides definitions for abbreviations used in the appropriation act.

### **Sec. 204. Civil Service Billing – RETAINED**

Requires Civil Service charges to Department; reference to article XI of the Constitution.

### **Sec. 205. Hiring Freeze – MODIFIED**

Establishes a hiring freeze on state classified civil service; modified to include part-time employees.

### **Sec. 206. Contingency Funds – DELETED**

Appropriates federal, state restricted, and local contingency funding that can be expended only upon legislative transfer to a specific line item.

### **Sec. 207. Privatization – RETAINED**

Provides for report on privatization activities.

### **Sec. 208. Internet Reports – MODIFIED**

Provides for Internet to fulfill reporting requirements. Minor language changes.

### **Sec. 209. Foreign Goods and Services – RETAINED**

Directs Department to give priority to purchase of Michigan goods and services.

### **Sec. 210. Deprived and Depressed Communities – MODIFIED**

Requires Department director to take reasonable steps to ensure that businesses in deprived/depressed communities compete for contracts. Minor language changes.

### **Sec. 211. Receive and Retain Reports – RETAINED**

Authorizes Department to receive, and requires it to retain, copies of all reports required in the bill, and requires Department to follow federal and state guidelines for short-term and long-term retention of records.

### **Sec. 259. Information Technology – RETAINED**

Provides for user fees for information technology projects.

### **Sec. 260. Out-of-State Travel – MODIFIED**

Sets limits on out-of-state travel. New travel report required; limits travel if specialized training is available on the internet; requires detail of private revenue sources used for out-of-state travel.

### **Sec. 301. Permit Fees/ Bridge Tolls – MODIFIED**

Requires fee schedule and collection; changes "may" to "shall" regarding establishment of permit fees.

### **Sec. 303. Legislative Report – RETAINED**

Provides for report on spending by district.

### **Sec. 304. Confidentiality of Bid Documents – RETAINED**

Provides for confidentiality of bid documents.

### **Sec. 305. Lease of Space in Public Passenger Properties – RETAINED**

Allows space on public passenger transportation properties to be leased; requires use of rental income to maintain property.

### **Sec. 306. Audit of Transportation Funds – MODIFIED**

Updates reporting periods for biennial audit.

### **Sec. 307. Rolling Five-Year Plan – MODIFIED**

Requires rolling five-year plan; includes provision for legislative approval of plan before it is implemented. The Governor has indicated that legislative approval requirement is unconstitutional and thus unenforceable.

### **Sec. 308. Contract Compliance Required – RETAINED**

Requires Department and local road agencies to pursue compliance with contract specifications.

### **Sec. 309. Reduce Administrative Costs – RETAINED**

Directs Department to reduce administrative costs

## **Major Boilerplate Changes from FY 2004-05**

### **Sec. 310. State Transportation Commission Agenda – RETAINED**

Requires Department to provide copies of agenda/minutes.

### **Sec. 311. Local Advance Construct Projects – RETAINED**

Prohibits Department from paying for local share of advance construct.

### **Sec. 312. State Trunkline Fund Carry-forward – RETAINED**

Provides for carry-forward of STF fund balance for use in state trunkline federal-aid road and bridge projects.

### **Sec. 313. State Infrastructure Bank – RETAINED**

Provides guidance for SIB program.

### **Sec. 314. Internal Audit Report – MODIFIED**

Requires internal audit report; changes report date to February 1, 2006.

### **Sec. 319. Signs at Rest Areas – RETAINED**

Requires signs identifying agency or contractor responsible for cleaning.

### **Sec. 324. Construction Traffic Zone Enforcement – RETAINED**

Earmarks \$500,000 for "Give 'em a break campaign."

### **Sec. 334. MBE/WBE Program – MODIFIED**

Requires Department to continue MBE/WBE program; updates report date to March 31, 2006.

### **Sec. 353. Prompt Payment – RETAINED**

Directs Department to review contractor payment process and ensure that contractors are paid promptly.

### **Sec. 357. 120 Day Target for Local Project Review – RETAINED**

Directs Department to review local agency projects within 120 days when presented with complete local federal aid project submittal.

### **Sec. 361. Bureau of Multi-Modal Transportation Services – RETAINED**

Requires Department to report on any change in bureau services or functions as approved by state transportation commission.

### **Sec. 363. Log Truck Safety Study – RETAINED**

Earmarks funds to complete study by Michigan Technological University.

### **Sec. 365. US-131 Project Study – RETAINED**

Provides that no funds may be expended on Practical Alternative 5, or Practical Alternative 5 modified as identified in the US-131 Improvement Study in St. Joseph County. Indicates legislative intent that Department construct a full limited-access freeway along the US-131 planning corridor.

### **Sec. 370. Transit Agency Charter Service – RETAINED**

Directs Department to develop a compliant process to violations of 49 CFR Part 604 regarding use of public transit vehicles for charter service.

### **Sec. 374. MDOT Employee Newsletters – MODIFIED**

Prohibits Department from printing employee newsletters except for employees with disabilities; requires electronic distribution.

### **Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies – RETAINED**

Prohibits Department from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from the budget.

### **Sec. 376. Deferred Project Report – MODIFIED**

Requires report on status of 17 projects deferred in 2003 and subsequently restored to five-year plan; updates report due date.

### **Sec. 378. Food and Beverage Prohibition – RETAINED**

Prohibits payment for food and beverage for in-house training conducted by department staff.

### **Sec. 379. Prohibition on Planning for Transit Agencies – RETAINED**

Prohibits Department from using CTF funds for operational planning for transit agencies

### **Sec. 380. Prohibition on Cross-funding for Bureau of Multi-modal Transportation Services – RETAINED**

Restricts funding for Multi-modal employees to Section 114 and 115 (Aeronautics and Public Transportation and Freight Services). Effectively prohibits use of federal funds in Planning appropriations unit to fund Public Transportation and Freight Services employees.

## **Major Boilerplate Changes from FY 2004-05**

### **Sec. 381. Prohibition on TV Program – RETAINED**

Prohibits Department from using funds to produce TV program (e.g., MDOT Today) other than for safety or construction advisories.

### **Sec. 383. Report on Use of State Airfleet – RETAINED**

Requires report on use of state airplanes; excludes Governor, Attorney General, and Secretary of State

### **Sec. 401. Federal Aid – Distribution Report – RETAINED**

Requires Department to report on proposed distribution of federal funds between Department and local road agencies; requires a 60-day window for legislative approval/disapproval.

### **Sec. 402. State/Local Federal Aid – RETAINED**

Provides for distribution of federal funds between Department and local road agencies.

### **Sec. 501. Motor Carrier Act – RETAINED**

Provides direction for use of money received under Motor Carrier Act, 1933 PA 254; makes technical changes to section.

### **Sec. 502. Treasury Audits of Local Road Agencies – RETAINED**

Provides for Treasury audits of local road agencies.

### **Sec. 503. TEDF/Critical Bridge Fund Carry-Forward – MODIFIED**

States requirements for TEDF/Critical Bridge Fund carry-forward; makes technical change to MCL reference.

### **Sec. 504. Use of MTF Report (Other State Agencies) – RETAINED**

Requires report on use of MTF funds by state agencies.

### **Sec. 601. Construction Warranties – RETAINED**

Requires Department to work with road construction and engineering consultant industry on development of warranties. Requires report by September 30.

### **Sec. 602. Manufactured Pipe Standards – RETAINED**

Provides standards for manufactured pipe.

### **Sec. 603. Congestion as Criteria for Five-Year Plan – MODIFIED**

Requires use of traffic congestion for five-year plan; updates date reference.

### **Sec. 607. Unsafe Pedestrian Crossings – RETAINED**

Directs that funds be used to remediate unsafe pedestrian crossings.

### **Sec. 608. Truck Inspection Stations – MODIFIED**

Directs use of forest road appropriations and \$40,000 earmark; modifies to strike fiscal year reference.

### **Sec. 610. Dead Deer Removal – RETAINED**

Notes legislative intent with regard to clean-up of dead deer and large animal remains.

### **Sec. 611. Pavement Marking – RETAINED**

Directs Department to use high quality pavement marking.

### **Sec. 612. Incentive/Disincentive Contracts – MODIFIED**

Requires guidelines for use of incentive/disincentive contracts; updates reporting requirement.

### **Sec. 621. Traffic Light at Bay Harbor (Emmet County) Project – RETAINED**

Provides project earmark which had been vetoed by the Governor.

### **Sec. 622. Caledonia Township (M-37) Improvements – RETAINED**

Provides project earmark which had been vetoed by the Governor.

### **Sec. 623. Tienken Road Barricade Removal – MODIFIED**

Provides project earmark which had been vetoed by the Governor; updates reference to HB 4564 of the 93<sup>rd</sup> Legislature. The Governor had indicated that this section is in conflict with statute and is thus unenforceable.

### **Sec. 626. Replacement of Lincoln Avenue Bridge in Cheboygan Bridge – RETAINED**

Provides project earmark which had been vetoed by the Governor.

### **Sec. 628. Transfer of Mackinac Bridge Authority Treasury Functions – RETAINED**

Prohibits use of funds to transfer treasury functions from the Mackinac Bridge Authority to State Treasurer. The Governor had indicated that this section is in conflict with statute and is thus unenforceable.

## **Major Boilerplate Changes from FY 2004-05**

### **Sec. 629. Street Closing in Port Huron – MODIFIED**

Directs Department to close M-25 in Port Huron for Happy Apple Days; modifies date reference. The Governor had indicated that this section is in conflict with PA 200 of 1969 and is thus unenforceable.

### **Sec. 633. Traffic Signal on Spicerville Highway in Eaton County – RETAINED**

Provides project earmark which had been vetoed by the Governor.

### **Sec. 634. Traffic Signals in Plymouth and Brownstone Township in Wayne County – RETAINED**

Provides project earmark which had been vetoed by the Governor.

### **Sec. 635. Traffic Control – NEW**

Requires Department to continue use of warning lights on plastic traffic control drums.

### **Sec. 641. US -127 State Matching Funds – NEW**

Requires state match for congressional high priority project funding.

### **Sec. 642. I-96/ Latson Road State Matching Funds – NEW**

Requires state match for congressional high priority project funding.

### **Sec. 643. I-75 Oakland County Congestion Relief – NEW**

Directs Department to provide congestion relief.

### **Sec. 644. I-75 Crooks Road Exit – NEW**

Directs Department to extend deceleration lanes.

### **Sec. 645. Woodward/Lincoln in Birmingham – NEW**

Directs Department to make intersection improvements.

### **Sec. 646. Square Lake Road Oakland County – NEW**

Directs Department to complete median improvements.

### **Sec. 647. Mackinac Island Improvements – NEW**

Appropriates \$500,000 for roads and trails under jurisdiction of Mackinac Island State Park Commission.

### **Sec. 648. Intersection Improvements US-2 in Delta County – NEW**

Directs Department to construct project on US-2 at County Road 521.

### **Sec. 649. I-96 at Wixom Road – NEW**

Directs the department to reconstruct interchange after completion of Beck Road project.

### **Sec. 650. Intersection Improvements Ford Road and Beck in Wayne County – NEW**

Directs Department to construct intersection improvement.

### **Sec. 651. Capacity Improvements M-59 – NEW**

Directs Department to construct new lanes Crooks Road to Ryan.

### **Sec. 652. I-75 Interchange and Crossing in Gaylord – NEW**

Directs Department to construct interchange and bridge crossing.

### **Sec. 653. Flint River Bridge Replacement Saginaw County – NEW**

Directs Department to replace bridge on M-13 in Albee Township.

### **Sec. 701. Intercity Bus Equipment Fund – MODIFIED**

Provides for separate accounting and carry-forward authority; transfers \$200,000 from the 9/30/2006 fund balance to the CTF.

### **Sec. 702. Rail Preservation Fund – RETAINED**

Provides for separate accounting and carry-forward authority.

### **Sec. 703. Rail Abandonment Notice – RETAINED**

Requires Department to provide notification of rail abandonments.

### **Sec. 704. High Speed Rail Report – RETAINED**

Requires report on program to develop high speed rail program.

### **Sec. 705. Rail Infrastructure Loan Program – RETAINED**

References 1976 PA 295.

### **Sec. 706. Detroit/Wayne County Port Authority – RETAINED**

Provides for report on DWCPA.

## **Major Boilerplate Changes from FY 2004-05**

### **Sec. 707. Local Bus Operating – MODIFIED**

Provides guidelines for local bus operating appropriation; adds subsection (2) holding grants to the Detroit Transportation Corporation at FY 1996-97 levels; references prior appropriations bills regarding the Detroit People Mover. Adds subsection (3) requiring a resolution by the RTCC before distribution of grants to the Detroit Transportation Corporation; prohibits encumbrance; redistributes amounts not expended.

### **Sec. 708. Intercity Bus Equipment Program – RETAINED**

Requires annual lease of not less than \$1,000.

### **Sec. 709. Intercity Bus Essential Corridor – RETAINED**

Identifies essential bus corridors.

### **Sec. 711. Rail Passenger (AMTRAK) – MODIFIED**

Provides for state subsidy for rail passenger service; limited to \$6.1 million; prohibits additional state spending if federal support is reduced or eliminated.

### **Sec. 714. Statewide Demand/Response Service – MODIFIED**

Requires Department, in cooperation with local transit agencies, to work to ensure that demand-response services are provided throughout Michigan; updates reporting requirement.

### **Sec. 715. Unreserved CTF Fund Balance – MODIFIED**

Provides for annual review of CTF fund balance; updates date references.

### **Sec. 719. Rail Grade Separation Advances – RETAINED**

Authorizes Department to advance funds from rail grade crossing account to local road agencies for construction of grade crossings.

### **Sec. 721. Guidelines for CTF Matching Federal Transit Funds – RETAINED**

Reduces CTF funds for projects not put under contract within specified time period.

### **Sec. 722. Work First Initiative (Transportation to Work) – RETAINED**

Requires that CTF funds be used to match federal Job Access/Reverse Commute program grants.

### **Sec. 728. Lake State Rail Company – RETAINED**

Earmarks \$250,000 from the Freight preservation and development line for rail project; had been vetoed by the Governor.

### **Sec. 729. Intercity Bus Marketing – RETAINED**

Earmarks \$100,000 from the Intercity bus service development line for marketing.

### **Sec. 730. Intercity Bus Equipment Sales – RETAINED**

Directs Department to sell state-owned intercity bus equipment within six months of lease termination and to credit proceeds to intercity bus equipment loan fund.

### **Sec. 731. Intercity Bus Space Rental – RETAINED**

Directs Department to charge transit agencies and intercity bus carriers the same rent when leasing similar space in state-owned intermodal facilities.

### **Sec. 732. Handicap Bus Lifts Maintenance Reporting Requirement – MODIFIED**

Provides reporting requirement for maintenance of wheelchair lifts by transit agencies; provides sanctions for failure to repair by milestone dates; updates and adds references to "ramps."

### **Sec. 734. Transit Agency Service Performance Measures – RETAINED**

Directs Department to work to ensure that transit agencies meet certain service performance measures.

### **Sec. 735. Birmingham/Troy Intermodal – NEW**

Indicates legislative intent that the Department construct new intermodal passenger facility.

### **Sec. 736. Rail Track Project – NEW**

Directs Department to resurface and rehabilitate certain state-owned track between Owosso and Chesaning.

### **Sec. 738. Specialized Services Earmark – NEW**

Earmarks \$500,000 for area agency on aging 1-b.

### **Sec. 739. Transit Agency Bus Sized – NEW**

Directs transit agencies not to assign buses longer than 40 feet to fixed route service if not warranted by ridership

### **Sec. 801. State Aeronautics Fund Lapse – RETAINED**

Provides for separate accounting and carry-forward authority; makes technical changes to section.

**Major Boilerplate Changes from FY 2004-05**

**Sec. 802. *Aeronautics Debt Service* – RETAINED**

Designates SAF funds for debt service on CTF bonds issued for ASAP program.

## GENERAL GOVERNMENT

Analysts: Robin R. Risko, Viola Bay Wild

	FY 2004-05 YTD	FY 2005-06		Difference: House from Year-to-Date	
		Executive	House	Amount	
<b>IDG/IDT</b>	\$547,333,300	\$581,480,000	\$572,170,600	\$24,837,300	4.5%
<b>Federal</b>	52,088,500	52,367,000	51,590,600	(497,900)	-1.0%
<b>Local</b>	20,532,800	2,725,400	2,664,300	(17,868,500)	-87.0%
<b>Private</b>	550,100	550,100	550,100	0	
<b>Restricted</b>	1,646,383,800	1,674,687,700	1,647,366,500	982,700	0.1%
<b>GF/GP</b>	318,032,900	336,265,600	327,072,000	9,039,100	2.8%
<b>Gross</b>	<b>\$2,584,921,400</b>	<b>\$2,648,075,800</b>	<b>\$2,601,414,100</b>	<b>\$16,492,700</b>	<b>0.6%</b>
<b>FTEs</b>	7,043.4	7,054.4	7,039.4	(4.0)	-0.1%

### Overview

Budget totals \$2.6 billion gross and \$327.1 million GF/GP.

The budget is \$32.1 million gross (1.2%) and \$9.0 million GF/GP (2.8%) over current-year appropriated levels.

# ATTORNEY GENERAL

Analyst: Robin R. Risko

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$12,545,500	\$13,359,300	\$12,619,700	\$74,200	0.6%
<b>Federal</b>	8,394,300	8,799,400	8,394,300	0	
<b>Local</b>				0	
<b>Private</b>				0	
<b>Restricted</b>	10,485,000	11,011,400	10,485,000	0	
<b>GF/GP</b>	31,052,900	32,710,200	31,000,300	(52,600)	-0.2%
<b>Gross</b>	<b>\$62,477,700</b>	<b>\$65,880,300</b>	<b>\$62,499,300</b>	<b>\$21,600</b>	<b>0.0%</b>
<b>FTEs</b>	564.0	566.0	566.0	2.0	0.4%

## Overview

The Attorney General serves as legal counsel for state departments, agencies, boards, commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys. The Department's mission is to protect the common legal rights of citizens, defend the Constitution and the laws of the state, and represent the legal interests of government. The Department's goals are to make the state a safe place for its citizens, offer justice to the victims of crime, defend common natural resources and monetary assets of the state, and deliver excellent legal services at a minimum cost to tax payers.

## Major Budget Changes from FY 2004-05

	<u>FY 2004-05</u>	<u>House</u>
	<u>Year-to-Date</u>	<u>Change</u>
<b>1. Legal Representation for Tax Reverted Land</b>		
Includes 2.0 FTEs and associated funding for legal representation for cases involving tax reverted land; Department of Treasury will pay Attorney General for these services from Land Reutilization Fund.	FTEs N/A	2.0
	Gross N/A	\$240,000
	IDG N/A	240,000
<b>2. IDG Funding Adjustments</b>		
Reduces IDG from Department of Transportation by \$214,900 and increases IDG from Department of Human Services by \$49,100 to more accurately reflect appropriations in the respective bills.	Gross \$5,740,200	(\$165,800)
	IDG 5,740,200	(165,800)
<b>3. GF/GP Funding Reductions</b>		
Reduces GF/GP available for Attorney General Operations line by \$47,900 and for Prosecuting Attorneys Coordinating Council line by \$4,700.	Gross \$58,543,500	(\$52,600)
	GF/GP \$28,918,400	(\$52,600)

## Major Boilerplate Changes from FY 2004-05

### **Sec. 307. Carry Forward of Recovery Revenues – MODIFIED**

Authorizes unobligated antitrust enforcement revenue, securities fraud revenue, consumer protection or class action enforcement revenues, or attorney fees recovered by Department, up to \$1,000,000 to be carried forward and available for appropriation in the next fiscal year.

### **Sec. 309. Prisoner Reimbursement Revenue – MODIFIED**

Authorizes Department to spend up to \$421,800 of prisoner reimbursement revenue on activities related to the State Correctional Facilities Reimbursement Act; authorizes Department to spend up to \$1,000,000 of prisoner reimbursement revenue, if Department collects more than \$1,131,000, on representation of Department of Corrections and defense litigation against the state in civil actions filed by prisoners; authorizes up to \$500,000 of unexpended funds to be carried forward for expenditure in the next fiscal year.

# CIVIL RIGHTS

Analyst: Robin R. Risko

IDG/IDT	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
				\$0	
<b>Federal</b>	1,247,700	1,049,800	1,049,800	(197,900)	-15.9%
<b>Local</b>				0	
<b>Private</b>				0	
<b>Restricted</b>				0	
<b>GF/GP</b>	11,567,500	12,285,300	11,431,200	(136,300)	-1.2%
<b>Gross</b>	<b>\$12,815,200</b>	<b>\$13,335,100</b>	<b>\$12,481,000</b>	<b>(\$334,200)</b>	<b>-2.6%</b>
<b>FTEs</b>	141.0	141.0	141.0	0.0	

### Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, or national origin and is directed to "secure the equal protection of such civil rights without such discrimination." The Michigan Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The Department provides educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, and provides information and services to businesses on equal employment laws and other civil rights areas.

### Major Budget Changes from FY 2004-05

#### 1. Federal Funding Adjustment

Reduces federal Equal Employment Opportunity Commission grant funds by \$73,700 and United States Department of Housing and Urban Development funds by \$124,200 based on revenue projections.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$1,247,700</b>	<b>(\$197,900)</b>
Federal	1,247,700	(197,900)

#### 2. Unclassified Positions

Adjusts base appropriation to reflect funding expended on unclassified positions.

<b>Gross</b>	<b>\$254,100</b>	<b>\$10,000</b>
GF/GP	\$254,100	\$10,000

#### 3. GF/GP Funding Reductions

Reduces GF/GP available for Civil Rights Operations line.

<b>Gross</b>	<b>\$11,745,400</b>	<b>(\$136,300)</b>
GF/GP	\$10,497,700	(\$136,300)

### Major Boilerplate Changes from FY 2004-05

None

## CIVIL SERVICE

Analyst: Robin R. Risko

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$5,370,900	\$5,670,900	\$5,670,900	\$300,000	5.6%
<b>Federal</b>	4,779,100	4,779,100	4,779,100	0	
<b>Local</b>	1,700,000	1,700,000	1,700,000	0	
<b>Private</b>	150,000	150,000	150,000	0	
<b>Restricted</b>	15,474,600	16,539,200	15,474,600	0	
<b>GF/GP</b>	7,442,800	7,449,300	7,349,300	(93,500)	-1.3%
<b>Gross</b>	<b>\$34,917,400</b>	<b>\$36,288,500</b>	<b>\$35,123,900</b>	<b>\$206,500</b>	<b>0.6%</b>
<b>FTEs</b>	240.5	240.5	240.5	0.0	

### Overview

The Department of Civil Service is responsible for implementing policies established by the Civil Service Commission. The Department administers a statewide merit system that provides classified job opportunities within state government, including administering competitive examinations for classified positions, setting pay scales, administering employee benefits, and administering the Civil Service Commission's Employment Relations Policy. The Department also maintains ongoing statewide recruitment.

### Major Budget Changes from FY 2004-05

#### **1. Increased Funding for Training**

Includes \$300,000 IDG for training programs provided by Department to state employees. There has been an increase in training sessions and costs due to a large demand for training certified project managers in Department of Transportation, and an overall increase in training activity for communication and writing classes. State departments with employees participating in these training programs will reimburse the Department.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$1,000,000</b>	<b>\$300,000</b>
IDG	1,000,000	300,000

#### **2. GF/GP Funding Reductions**

Reduces GF/GP funding available for Agency Services line by \$38,100, for Human Resources/Administrative Support line by \$38,500, and for Audit and Compliance line by \$16,900.

<b>Gross</b>	<b>\$22,517,700</b>	<b>(\$93,500)</b>
GF/GP	\$6,712,800	(\$93,500)

### Major Boilerplate Changes from FY 2004-05

#### **Sec. 502. Funding for Civil Service Operations – MODIFIED**

Requires all restricted funds to be assessed a sum not less than 1% of the total aggregate payroll paid from those funds for financing Civil Service operations and authorizes Department to adjust funding sources for civil service 1% charges based on actual payroll expenditures.

**EXECUTIVE**

**Analyst: Robin R. Risko**

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<i>Difference: <u>House from Year-to-Date</u></i>
<b>IDG/IDT</b>				\$0
<b>Federal</b>				0
<b>Local</b>				0
<b>Private</b>				0
<b>Restricted</b>				0
<b>GF/GP</b>	5,205,500	5,205,500	5,205,500	0
<b>Gross</b>	<b>\$5,205,500</b>	<b>\$5,205,500</b>	<b>\$5,205,500</b>	<b>\$0</b>
<b>FTEs</b>	84.2	84.2	84.2	0.0

**Overview**

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Divisions within the Governor’s Office include: Legal, Operations, Community-Based Initiatives, Appointments, Constituent Services, Policy, Communications, Legislative Affairs, Scheduling, Special Projects, and the Governor’s Washington D.C. Office, Southeastern Michigan Office, and Upper Peninsula Office.

**Major Budget Changes from FY 2004-05**

**FY 2004-05**                      **House**  
**Year-to-Date**                      **Change**

No change from current-year appropriations.

**Major Boilerplate Changes from FY 2004-05**

There is no boilerplate for the Executive Office.

# INFORMATION TECHNOLOGY

Analyst: Robin R. Risko

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$351,165,900	\$373,405,100	\$367,505,200	\$16,339,300	4.7%
<b>Federal</b>				0	
<b>Local</b>				0	
<b>Private</b>				0	
<b>Restricted</b>				0	
<b>GF/GP</b>				0	
<b>Gross</b>	<b>\$351,165,900</b>	<b>\$373,405,100</b>	<b>\$367,505,200</b>	<b>\$16,339,300</b>	<b>4.7%</b>
<b>FTEs</b>	1,762.4	1,766.4	1,766.4	4.0	0.2%

## Overview

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

## Major Budget Changes from FY 2004-05

### **Information Technology Funding**

Adds \$16.3 million to reflect funding included in various state department budgets for information technology services and projects.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$351,165,900</b>	<b>\$16,339,300</b>
<b>IDG</b>	351,165,900	16,339,300

Note: Refer to each department's budget summary for specific information relative to funding adjustments made for information technology services and projects.

## Major Boilerplate Changes from FY 2004-05

### **Sec. 582. Master Computing Contract – NEW**

Requires Department to reduce Michigan Master Computing Contract general fund expenditures by \$2,060,000.

### **Sec. 583. Child Support Enforcement System Appropriation – NEW**

Specifies that \$17.8 million included in DIT budget for Child Support Enforcement System improvements is contingent on funding being included in Department of Human Services budget for the same purpose.

### **Sec. 584. Child Support Enforcement System – NEW**

Requires Department to provide a report on total funding expended for Child Support Enforcement System; requires the report to include information on original start and completion dates for the project, original cost to complete the project, a listing of all revisions to project completion dates and costs, and the total funds paid to the federal government for penalties.

**LEGISLATURE**

**Analyst: Robin R. Risko**

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$1,801,500	\$1,801,500	\$1,801,500	\$0	
<b>Federal</b>				0	
<b>Local</b>				0	
<b>Private</b>	400,000	400,000	400,000	0	
<b>Restricted</b>	2,356,500	2,356,500	2,356,500	0	
<b>GF/GP</b>	122,173,900	122,173,900	121,351,900	(822,000)	-0.7%
<b>Gross</b>	<b>\$126,731,900</b>	<b>\$126,731,900</b>	<b>\$125,909,900</b>	<b>(\$822,000)</b>	<b>-0.6%</b>
<b>FTEs</b>				0.0	

**Overview**

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

**Major Budget Changes from FY 2004-05**

***GF/GP Funding Reductions***

Reduces GF/GP available for the House of Representatives line by \$500,000 and the Senate line by \$322,000.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$73,810,100</b>	<b>(\$822,000)</b>
<b>GF/GP</b>	<b>\$73,810,100</b>	<b>(\$822,000)</b>

**Major Boilerplate Changes from FY 2004-05**

None

# MANAGEMENT AND BUDGET

Analyst: Robin R. Risko

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$143,276,700	\$153,786,800	\$152,490,700	\$9,214,000	6.4%
<b>Federal</b>	444,600		444,600	0	
<b>Local</b>				0	
<b>Private</b>				0	
<b>Restricted</b>	33,206,100	42,909,400	40,484,900	7,278,800	21.9%
<b>GF/GP</b>	35,740,600	36,450,600	34,279,600	(1,461,000)	-4.1%
<b>Gross</b>	<b>\$212,668,000</b>	<b>\$233,146,800</b>	<b>\$227,699,800</b>	<b>\$15,031,800</b>	<b>7.1%</b>
<b>FTEs</b>	731.0	751.0	751.0	20.0	2.7%

## Overview

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

## Major Budget Changes from FY 2004-05

		<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>1. Cadillac Place Lease</b>	<b>Gross</b>	<b>N/A</b>	<b>\$10,140,000</b>
Restores \$10.1 million for lease payments for the Cadillac Place building in Detroit. Funding was reduced from prior two fiscal year budgets as a result of restructuring lease payments; funding is required to be restored in FY 2005-06 budget so lease obligations can be met.	IDG	N/A	10,140,000
<b>2. Transfer of the State Fair</b>	FTEs	N/A	9.0
Reflects transfer of the State Fair, 9.0 FTEs and \$5.5 million gross, from Department of Agriculture to DMB, pursuant to 2004 PA 468.	<b>Gross</b>	<b>N/A</b>	<b>\$5,486,100</b>
	Restricted	N/A	5,486,100
<b>3. Property Tax Reduction for Constitution Hall</b>	FTEs	0.0	4.0
Reflects \$1.5 million savings from state's purchase of Constitution Hall and not paying property taxes on the building because of state ownership. Additional FTE authorization reflects DMB management and operation of the building.	<b>Gross</b>	<b>\$1,500,000</b>	<b>(\$1,500,000)</b>
	IDG	1,500,000	(1,500,000)
<b>4. One Division Building (Grand Rapids)</b>	<b>Gross</b>	<b>N/A</b>	<b>\$604,500</b>
Provides funding for additional lease costs when the Court moves to the One Division building, a private-leased facility managed by DMB for use by multiple state agencies. Two floors of the building are being renovated for the federal Bankruptcy Court, which will be moving into the building.	Restricted	N/A	604,500
<b>5. Private Rent Increases</b>	<b>Gross</b>	<b>N/A</b>	<b>\$349,300</b>
Adds funding for annual rent adjustments specified in private leases for buildings leased by DMB and occupied by other state departments. Adjustments are made for annual CPI increases in base rent, utility costs, property tax adjustments, and operation/maintenance costs.	Restricted	N/A	349,300
<b>6. e-Procurement System</b>	FTEs	N/A	3.0
Includes 3.0 FTEs and \$1.5 million to develop and administer the new e-Procurement system, which will provide an online, statewide, "one-stop-shop" marketplace for purchasers and allow the state to gather purchasing information for reporting purposes, collect and review government spending patterns for leveraging better pricing, increase vendor competition in the bidding process, and consolidate workloads.	<b>Gross</b>	<b>N/A</b>	<b>\$1,450,000</b>
	Restricted	N/A	1,450,000

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>7. Retirement Disaster Recovery Plan</b>	<b>Gross</b>	<b>N/A</b>	<b>\$500,000</b>
Includes \$500,000 to develop and implement the new Retirement Business Continuity/Disaster Recovery Plan, which will help Office of Retirement Services to maintain core functional activities, ensuring that the call center is functional and operating within 48 hours of a disaster, and that pension payments are made to members within one week of a disaster.	Restricted	N/A	500,000
<b>8. Reductions in Operating Costs</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$582,800)</b>
Reflects savings from the following reductions in operating costs: eliminating ID mail routes and reducing ID mail runs (\$337,800 GF/GP); installing high-speed gates on parking ramps in Lansing, reducing the need for security guard services (\$180,000 IDG); in-sourcing a portion of Honeywell contract for maintaining building energy controls and central monitoring systems (\$65,000 IDG).	IDG	N/A	(245,000)
	GF/GP	N/A	(\$337,800)
	<b>Gross</b>	<b>\$28,812,000</b>	<b>(\$388,200)</b>
<b>9. GF/GP Funding Reductions</b>	<b>Gross</b>	<b>\$28,812,000</b>	<b>(\$388,200)</b>
Reduces GF/GP available for the following lines: Executive Operations by \$27,500; Administrative Services by \$23,000; Budget and Financial Management by \$185,100; Office of the State Employer by \$18,100; Business Support Services by \$102,900; Office of Children's Ombudsman by \$31,600.	GF/GP	\$15,679,300	(\$388,200)

**Major Boilerplate Changes from FY 2004-05**

**DEPARTMENT OF MANAGEMENT AND BUDGET**

**Sec. 715. Motor Vehicle Fleet – MODIFIED**

Requires the motor vehicle fleet appropriation to be used for administration and acquisition, lease, operation, maintenance, repair, replacement, and disposal of state motor vehicles; requires appropriation to be funded by revenue from rates charged to state departments for utilizing vehicle travel services provided by DMB; authorizes carry-forward of excess revenue to the Motor Transport Fund; expresses legislative intent that DMB have the authority to determine appropriateness of vehicle assignment, gives DMB authority to assign motor vehicles, either permanently or temporarily, to state agencies and to institutions of higher education; expresses legislative intent that DMB complete a project plan which results in reducing expenditures related to vehicle travel services, to include reducing the number of state vehicles; requires a quarterly report on the status of the project plan; and expresses legislative intent that DMB determine the feasibility of using driver record information upon issuing state cars to state employees to ensure responsibility and safety. Adds that DMB develop a project plan which includes reducing the number of miles driven by fleet vehicles, the number of gallons of fuel consumed by fleet vehicles, and a calculation of the amount of state motor fuel taxes that would have been incurred by fleet vehicles if fleet vehicles were required by law to pay motor fuel taxes. Adds a new subsection (6) which requires DMB to report on fleet garage operations, goods sold and services provided by the fleet garage, the cost to operate the fleet garage, the number of fleet garage locations, and the number of employees assigned to each fleet garage.

**Sec. 715a. Motor Vehicle Fleet – NEW**

Requires DMB to develop a plan regarding the number of vehicles assigned to, or authorized for use by, state departments and agencies; authorizes the plan to be adjusted during the fiscal year based on needs and cost savings, in an effort to achieve the maximum value and efficiency from the state motor fleet; and requires a report which details the plan and changes made to the plan during the fiscal year.

**Sec. 722. Ronald Wilson Reagan Memorial Monument Fund – NEW**

Authorizes DMB to receive and expend funding from the Ronald Wilson Reagan Memorial Monument Fund for the design and construction of a memorial monument.

**Sec. 723. State Property – NEW**

Requires DMB to make available to the public on the Internet a listing of all parcels of real estate that are available for purchase from the state.

**GENERAL SECTIONS**

**Sec. 210. Deprived and Depressed Communities – DELETED**

Requires directors of departments to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts.

**Sec. 219. Reduction in Statewide Contractual Expenditures – NEW**

Requires DMB to reduce statewide contractual general fund expenditures by \$30.0 million.

**STATE**

**Analyst: Robin R. Risko**

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$20,000,000	\$20,000,000	\$20,000,000	\$0	
<b>Federal</b>	2,541,000	2,333,300	2,241,000	(300,000)	-11.8%
<b>Local</b>				0	
<b>Private</b>	100	100	100	0	
<b>Restricted</b>	151,878,500	160,287,200	151,877,500	(1,000)	0.0%
<b>GF/GP</b>	13,300,500	14,265,100	13,169,700	(130,800)	-1.0%
<b>Gross</b>	<b>\$187,720,100</b>	<b>\$196,885,700</b>	<b>\$187,288,300</b>	<b>(\$431,800)</b>	<b>-0.2%</b>
<b>FTEs</b>	1,857.8	1,857.8	1,857.8	0.0	

**Overview**

The Department of State administers programs in four major areas: motor vehicle transactions (includes titling and registering vehicles), traffic safety (includes driver testing); consumer protection (includes inspecting and licensing automotive repair facilities); and regulation and administration of the state's electoral process (includes training local election officials and monitoring campaign finance).

**Major Budget Changes from FY 2004-05**

**1. Motorcycle Safety Education Grants**

Reflects increase in funding available for Motorcycle Safety Education grants from the Motorcycle Safety Fund.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$1,000,800</b>	<b>\$199,200</b>
Restricted	1,000,800	199,200

**2. GF/GP Funding Reductions**

Reduces GF/GP available for the following lines: Department Services-Operations by \$600; Regulatory Services-Operations by \$7,800; Branch Operations by \$53,300; Central Operations by \$3,100; Election Administration and Services by \$66,000

<b>Gross</b>	<b>\$144,113,100</b>	<b>(\$130,800)</b>
GF/GP	\$6,338,700	(\$130,800)

**Major Boilerplate Changes from FY 2004-05**

**Sec. 812.(4) Organ and Tissue Donation Education Fund – NEW**

Authorizes Department to receive and expend funding from the Organ and Tissue Donation Education Fund for administrative expenses.

**Sec. 815a. Strategies for Increasing Online Transactions – NEW**

Requires Department to develop a project plan which includes new strategies for increasing the number of transactions completed online.

# TREASURY

Analysts: Robin R. Risko, Viola Bay Wild

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<i>Difference:</i> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$13,172,800	\$13,456,400	\$12,082,600	(\$1,090,200)	-8.3%
<b>Federal</b>	34,681,800	35,405,400	34,681,800	0	
<b>Local</b>	18,832,800	1,025,400	964,300	(17,868,500)	-94.9%
<b>Private</b>				0	
<b>Restricted</b>	1,432,983,100	1,441,584,000	1,426,688,000	(6,295,100)	-0.4%
<b>GF/GP</b>	91,549,200	105,725,700	103,284,500	11,735,300	12.8%
<b>Gross</b>	<b>\$1,591,219,700</b>	<b>\$1,597,196,900</b>	<b>\$1,577,701,200</b>	<b>(\$13,518,500)</b>	<b>-0.8%</b>
<b>FTEs</b>	1,662.5	1,647.5	1,632.5	(30.0)	-1.8%

## Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes, to invest, control, and disburse state monies, and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues, advises issuers of municipal obligations, and lends funds to local units of government in fiscal distress through the Emergency Loan Board.

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>TREASURY OPERATIONS</b>			
<b>1. Legal Representation Costs</b>		<b>Gross</b>	<b>\$0</b>
Adds funding for Attorney General to cover legal representation for cases involving tax reverted land.	Restricted	0	\$240,000
<b>2. State Compliance Audits</b>		<b>Gross</b>	<b>\$60,000</b>
Eliminates audit program for county compliance with auditing standards.	GF/GP	\$60,000	(\$60,000)
<b>3. Program Reductions</b>		<b>Gross</b>	<b>N/A</b>
Eliminates state collection of SET for some local units, \$50,000; consolidates oversight of programs, \$200,000; reduces funding for certain tax exemption reviews, \$250,000.	GF/GP	N/A	(\$500,000)
<b>REVENUE SHARING</b>			
<b>4. Constitutional Revenue Sharing</b>		<b>Gross</b>	<b>\$667,400,000</b>
Increases funding for constitutional revenue sharing payments to cities, villages, and townships; current-year total includes consensus revenue estimating conference appropriation for revenue sharing.	Restricted	667,400,000	\$26,100,000
<b>5. Statutory Revenue Sharing</b>		<b>Gross</b>	<b>\$443,300,000</b>
Reduces funding for statutory revenue sharing payments to cities, villages, and townships; current-year total includes consensus revenue estimating conference appropriation for revenue sharing.	Restricted	443,300,000	(\$21,900,000)
<b>6. County Revenue Sharing</b>		<b>Gross</b>	<b>\$17,868,500</b>
Eliminates one-time county revenue sharing payments for those counties whose fiscal year ended September 30. Payments helped implement county tax shift and were to be repaid to the state.	Local	17,868,500	(17,868,500)
<b>7. Special Census Revenue Sharing Payments</b>		<b>Gross</b>	<b>\$0</b>
Funds special census revenue sharing payments to be prorated among qualifying local units of government.	GF/GP	\$0	\$759,700

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>DEBT SERVICE</b>			
<b>8. Debt Service</b>			
Adds \$6.7 million GF/GP for required debt service payments on Quality of Life bond; reflects \$2.9 million fund source shift from restricted Cleanup and Redevelopment Funds to GF/GP. Adds \$3.8 million gross and GF/GP for required debt service payments on Clean Michigan Initiative bond. Reduces funding \$58,000 gross and GF/GP for payments on Water Pollution Control bond.	<b>Gross</b>	<b>\$81,450,400</b>	<b>\$7,551,000</b>
	Restricted	39,001,800	(2,887,300)
	GF/GP	\$42,448,600	\$10,438,300
<b>GRANTS</b>			
<b>9. Grants</b>			
Eliminates \$10,000 reimbursement to counties for lost tax revenue for lands transferred to the federal government. Based on revenue collections, provides \$5.4 million gross for Convention Facility Development Distribution and \$1.5 million gross for Health and Safety Fund Grants. Adds \$2.3 million gross for Commercial Mobile Radio Service Payments for local wireless 911 emergency response services, \$210,000 GF/GP for Qualified Agricultural Loan payment program, and \$1.2 million GF/GP for Senior Citizen Cooperative Housing Tax Exemption Program. Includes \$300,000 GF/GP for Renaissance Zone Reimbursement payments made to libraries for lost property tax revenue associated with renaissance zones. Reduces Special Grants line item to cities that have an emergency financial manager appointed by \$230,300.	<b>Gross</b>	<b>\$127,110,300</b>	<b>\$10,639,700</b>
	Restricted	106,000,000	9,170,000
	GF/GP	\$21,110,300	\$1,469,700
<b>10. Transportation Funding Reduction</b>			
Reduces funding from transportation funds based on reduction included in the Department of Transportation budget.	<b>Gross</b>	<b>N/A</b>	<b>(\$783,000)</b>
	Restricted	N/A	(783,000)
<b>11. Other Changes</b>			
Adds \$500,000 and 3.0 FTEs to assist state fund investment program; 2.0 FTEs to unclaimed property program to help conduct additional in-state enforcement audits (funding included in FY 2004-05 Supplemental); and 3.0 FTEs for collections program for seasonal hiring.	FTE	N/A	8.0
	<b>Gross</b>	<b>N/A</b>	<b>\$500,000</b>
	Restricted	N/A	500,000
<b>12. House GF/GP Reductions</b>			
Includes additional reductions in GF/GP in various line items from FY 2004-05 appropriation.	<b>Gross</b>	<b>N/A</b>	<b>(\$441,800)</b>
	GF/GP	N/A	(\$441,800)

### Major Boilerplate Changes from FY 2004-05

#### **Sec. 920. Sleeping Bear Dunes National Lakeshore – DELETED**

Eliminates payments to counties in lieu of taxes for lands transferred to the Federal government.

#### **Sec. 923. Handbook for Taxpayers – DELETED**

Prohibits Department from expending funds on new taxpayer audits until the required taxpayer and tax preparers handbook on audit and collection procedures is published and available to taxpayers and tax preparers.

#### **Sec. 927. Qualified Agricultural Loan Payments - DELETED**

Specifies that any unexpended balance from authorized funds for qualified agricultural loan payments are appropriated and may be used as payments.

#### **Sec. 929. Agreements to Supply Data or Collection Services – MODIFIED**

Allows Department to charge for supplying tax data and collection services; stipulates that unobligated fund balance reverts to the general fund.

#### **Sec. 931. Fees Charged Against Restricted Funds – MODIFIED**

Allows Department to assess fees against all current and new restricted funds that receive common cash earnings.

#### **Sec. 940. Personal Property Tax Auditors – DELETED**

Authorizes state classified civil service employees or contractors under Department's supervision to be hired to perform personal property tax audits.

#### **Sec. 943. Social Security Numbers on Mailings – NEW**

Prohibits Department from printing complete social security numbers on 1099 mailings.

**Major Boilerplate Changes from FY 2004-05**

***Sec. 944. Homestead Property and Home Heating Credit e-filing – NEW***

Requires Department to develop a pilot application for an online credit only filing system for homestead property exemption and home heating credit filers.

***Sec. 945. Electronic Income Tax Filing – NEW***

Requires Department to develop a strategic plan to for electronic filing of income and business tax returns free-of-charge.

***Sec. 951. County Treasurer Compliance with State School Aid Act - DELETED***

Requires county treasurers to comply with provisions of the state school aid act in order to receive statutory state general revenue sharing grant payments.

***Sec. 953. County Restricted Reserve Accounts – DELETED***

Requires county revenue sharing payments be distributed on a one-time basis to counties with a fiscal year ending September 30. The state was to be reimbursed from the counties' revenue sharing reserve funds.

***Sec. 956. Special Census Revenue Sharing – NEW***

Includes funding for special census revenue sharing payments to eligible cities, villages, and townships that are certified to be eligible by November 1, 2005.

***Sec. 970. Casino Wagering Tax – DELETED***

Requires wagering tax revenue from licensed gaming under the Michigan gaming control and revenue act at the rate of 8.15% to be appropriated to the state school aid fund; distribution is provided for by statute.

