

PRELIMINARY REVIEW

of the

FY 2009-10

Executive Budget Recommendation



Mitchell E. Bean, Director
February 17, 2009

INDEX

OVERVIEW OF FY 2009-10 EXECUTIVE BUDGET RECOMMENDATION	1–2
GRAPHS: Executive Recommendation GF/GP and Adjusted Gross By Budget Area	3
CHANGE IN ADJUSTED GROSS APPROPRIATIONS	4
RESOURCES USED IN THE EXECUTIVE BUDGET RECOMMENDATION	5–6
EXECUTIVE-PROPOSED REVENUE ENHANCEMENTS	7
FY 2009-10 ECONOMIC CHANGES BY DEPARTMENT/AGENCY	8
FY 2009-10 EXECUTIVE BUDGET HIGHLIGHTS	
Education	
Community Colleges ▪ Education ▪ Higher Education ▪ School Aid	9–11
General Government	
Overall Totals ▪ Auditor General ▪ Attorney General ▪ Civil Rights ▪ Executive ▪ Information Technology ▪ Legislature ▪ Management & Budget ▪ State ▪ Treasury	11–17
Human Services	
Community Health ▪ Corrections ▪ Human Services	18–21
Resource Protection	
Agriculture ▪ Environmental Quality ▪ Natural Resources.....	21–23
Safety and Defense	
Military & Veterans Affairs ▪ State Police.....	23–24
All Other	
Capital Outlay ▪ Energy, Labor, & Economic Growth ▪ History, Arts, & Libraries ▪ Judiciary ▪ Transportation	24–27
TABLES 1-5:	
Table 1: FY 2009-10 Executive Budget Recommendation by Source of Funds	29
Table 2: FY 2009-10 GF/GP Appropriations Compared to FY 2008-09 YTD	30
Table 3: FY 2009-10 Adjusted Gross Appropriations Compared to FY 2008-09 YTD.....	31
Table 4: FY 2009-10 FTEs Compared to FY 2008-09 YTD	32
Table 5: FY 2009-10 State Spending from State Sources Paid to Local Governments	33

HFA STAFF LIST

OVERVIEW OF FY 2009-10 EXECUTIVE BUDGET RECOMMENDATION

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

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

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

- Cuts to GF/GP and the School Aid Fund (SAF) equal to \$670 million including:
 - \$120 million in cuts to the Department of Corrections budget.
 - \$106 million in cuts to the Department of Community Health budget.
 - \$100 million in cuts to the Department of Human Services budget.
 - \$100 million in cuts to the Higher Education budget.
 - \$164 million in cuts to the School Aid budget.
 - \$52 million in cuts to other programs.
 - \$28 million in GF/GP cuts from yet-to-be-negotiated employee concessions.
- The use of \$500 million in additional federal funds available for Medicaid in the federal stimulus package.
- Increased GF/GP and SAF revenue enhancements and tax enforcement of approximately \$231.5 million including:
 - \$10.0 million in commercial rental property by removing it from the General Property Tax and making it subject to a new specific tax that would allow the taxable value to increase as the occupancy rate increases.
 - \$5.0 million by publishing the names of major delinquent taxpayers.
 - \$14.5 million by eliminating the existing use tax exemption for International and certain interstate telecommunications (e.g., toll free calls, WATTS lines, etc.).
 - \$21.0 million by eliminating the current sales tax exemption on purchases of trucks, trailers, and parts by interstate motor companies for which at least 10% of the total mileage occurs outside of Michigan.
 - \$4.1 million by eliminating the double deduction on the Michigan Income Tax for indirect costs (such as depreciation) incurred in oil and gas production.
 - \$45.0 million by doubling the tax rate on other tobacco products to reduce the differential by which those products are taxed relative to cigarettes.
 - \$57.0 million by suspending the automatic inflation adjustment of the personal exemption on the Michigan Income Tax. Existing law would increase the exemption from \$3,500 per person in 2008 to \$3,600 in 2009.
 - \$12.0 million by reducing the bad debt deduction allowed to retailers (and lenders after September 30, 2009) to 80% of the bad debt's value.
 - \$3.1 million by reducing the amount of sales and use taxes retained by a retailer for collecting and remitting the tax to 80% of the currently-allowed amount.
 - \$3.2 million by reducing the amount of taxes on cigarette and other tobacco products retained by a licensed retailer for collecting and remitting the tax to 80% of the currently-allowed amount.

- \$11.0 million by greater enforcement and auditing of businesses that have not registered to collect taxes to increase compliance.
- \$4.1 million by implementing enhanced reviews of income tax returns which have been already found to contain errors.
- \$2.5 million by contacting businesses to obtain information concerning out-of-state purchases to determine if use taxes have been properly remitted.
- \$10.4 million by doubling the fees paid by retailers licensed to sell liquor at retail.
- \$4.6 million by allowing establishments licensed to sell liquor to purchase a permit allowing them to extend sales from 2:00 a.m. to 4:00 a.m.
- \$9.1 million by allowing establishments licensed to sell liquor to purchase a permit allowing them to make sales prior to 12:00 noon on Sundays.
- \$15.0 million by expanding the number of lottery terminals to sell online and instant tickets.

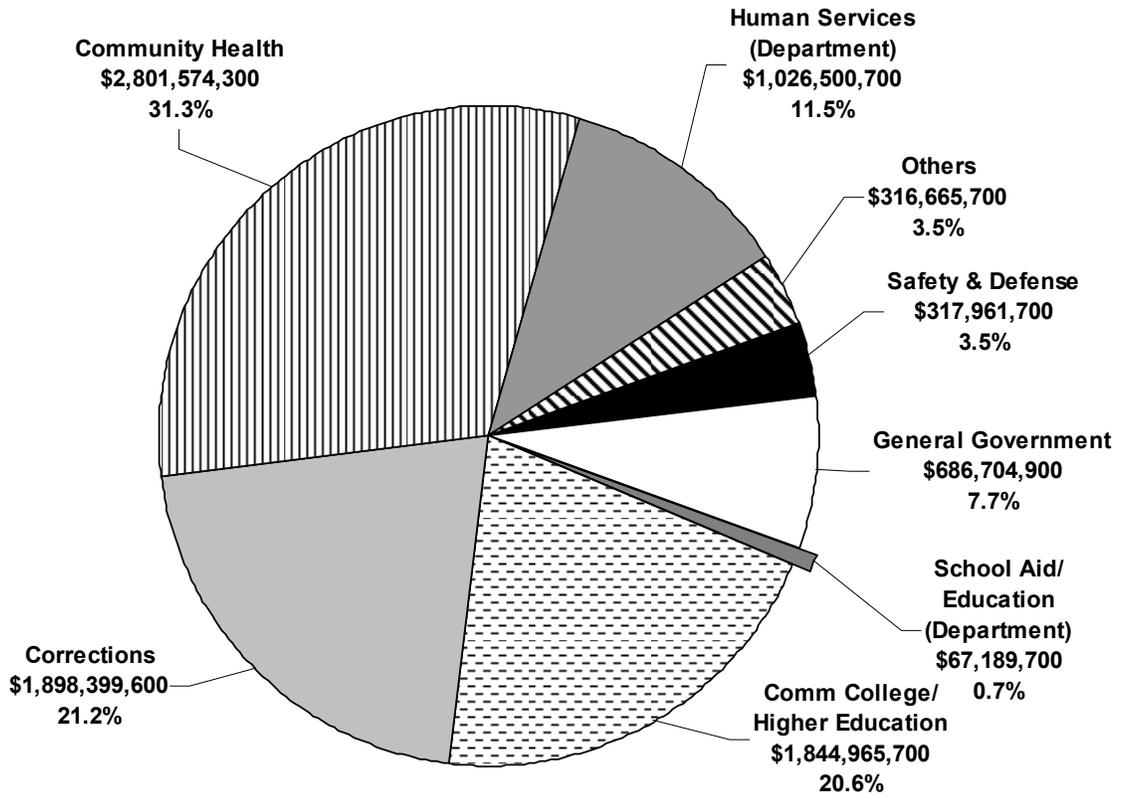
This preliminary review provides a quick look at the Executive Recommendation for FY 2009-10. The House Fiscal Agency's full **Review and Analysis of the FY 2009-10 Executive Budget Recommendation** will be available in approximately two weeks, and will contain a detailed analysis and discussion, by budget area, of major budget and boilerplate changes proposed in the Executive Budget Recommendation for FY 2009-10.

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

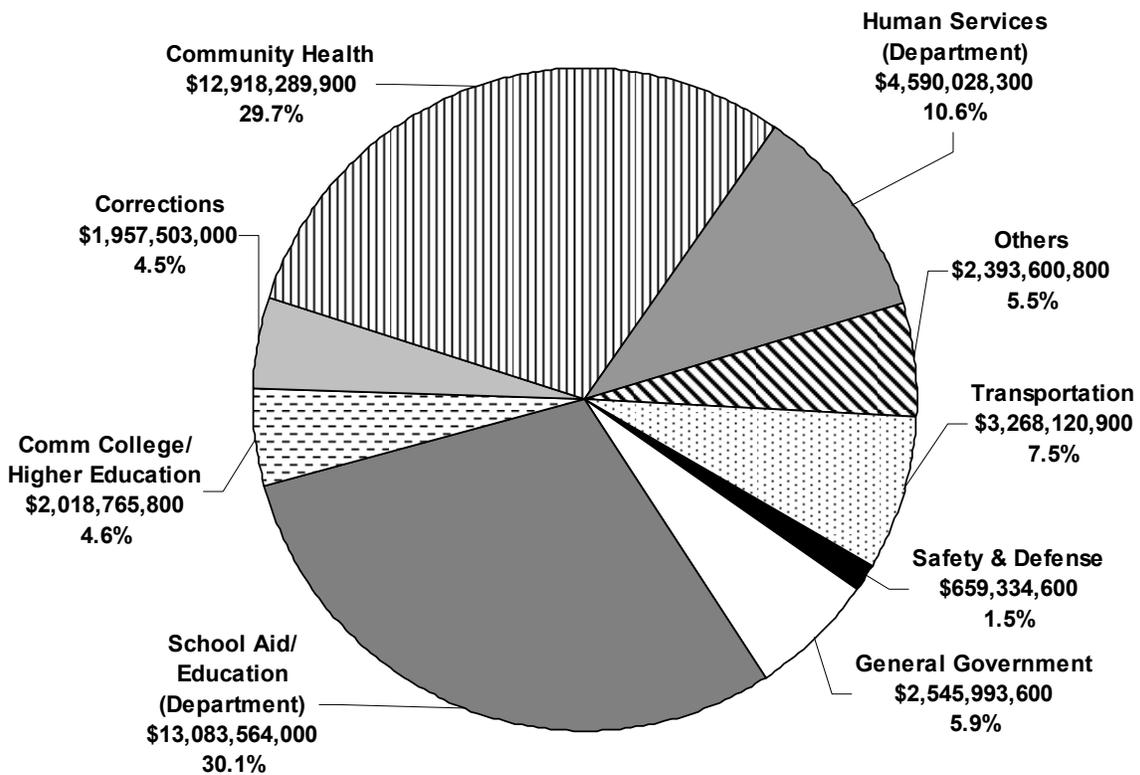


Mitchell E. Bean, Director

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



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



**CHANGE IN ADJUSTED GROSS APPROPRIATIONS
FY 2009-10 Executive Recommendation and FY 2008-09 Year-to-Date**

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

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

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

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

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

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

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

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

FY 2009-10 Executive Recommendation Tobacco Settlement Revenue/Expenditures (Millions of Dollars)	
Prior-year balance	\$0.0
Interest	0.9
Master Settlement Agreement payment	324.0
Partial release of disputed funds	23.0
Payment on 2006 securitization bonds	(46.3)
Payment on 2007 securitization bonds	(34.9)
Deposit to 21st Century Jobs Trust Fund	<u>(75.0)</u>
Total Estimated Revenue	\$191.7
Proposed Expenditures:	
MI Promise scholarships	(140.0)
Tuition Incentive Program (TIP)	(26.1)
Administration of TIP and merit awards	(2.3)
Medicaid base	(17.9)
Aging-respite care	(5.0)
Attorney General administration	<u>(0.4)</u>
Total Proposed Expenditures	(\$191.7)

FY 2009-10 Executive Recommendation MEDICAID Benefits Trust Fund (Millions of Dollars)	
Beginning balance	\$5.9
Estimated interest	4.1
Estimated deposit:	
Revenue from cigarette tax	310.1
Revenue from other tobacco products	34.5
Total settlement revenue	<u>3.0</u>
Available Funds	\$357.6
Withdrawal	(\$364.4)
Adjustment	6.8
Estimated Ending Balance	(\$0.0)

EXECUTIVE-PROPOSED REVENUE ENHANCEMENTS

Millions of Dollars
SAF GF/GP TOTAL

Revenue Enhancements

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

Tax Enforcement

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

Other Revenue Measures

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

FY 2009-10 ECONOMIC CHANGES BY DEPARTMENT/AGENCY

(Thousands of Dollars)

	Employee-Related Economics		Building Occupancy Charges & Rent		Food & Fuel at 24-Hour Institutions		Total	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture	(53.7)	(1.2)	0.0	0.0	0.0	0.0	(53.7)	(1.2)
Attorney General	(160.7)	(160.7)	32.0	32.0	0.0	0.0	(128.7)	(128.7)
Auditor General	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Civil Rights	2.4	2.4	0.0	0.0	0.0	0.0	2.4	2.4
Civil Service	(419.0)	(419.0)	(252.0)	0.0	0.0	0.0	(671.0)	(419.0)
Community Health	4,604.8	11.8	0.0	0.0	0.0	0.0	4,604.8	11.8
Corrections	(45,906.7)	(45,906.7)	0.0	0.0	(4,130.2)	(4,130.2)	(50,036.9)	(50,036.9)
Education	(257.1)	0.0	(177.0)	0.0	0.0	0.0	(434.1)	0.0
Environmental Quality	(390.2)	(0.6)	0.0	0.0	0.0	0.0	(390.2)	(0.6)
Executive	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
History, Arts, and Libraries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Human Services	(15,395.5)	(12,268.8)	0.0	(25.0)	(470.0)	(238.2)	(15,865.5)	(12,532.0)
Information Technology	5,652.9	0.0	0.0	0.0	0.0	0.0	5,652.9	0.0
Judiciary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Energy, Labor, & Economic Growth	(423.6)	0.0	(1,179.6)	0.0	0.0	0.0	(1,603.2)	0.0
Legislature	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Management and Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Michigan Strategic Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Military and Veterans Affairs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Natural Resources	471.5	(0.3)	0.0	0.0	0.0	0.0	471.5	(0.3)
State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Police	4,894.9	3,064.8	129.2	97.9	0.0	0.0	5,024.1	3,162.7
Transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	(47,380.0)	(55,678.3)	(1,447.4)	104.9	(4,600.2)	(4,368.4)	(53,427.6)	(59,941.8)

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

FY 2009-10 EXECUTIVE BUDGET HIGHLIGHTS
Major Features and Changes Proposed

BUDGET AREA: EDUCATION

Community Colleges

Analyst: Ben Gielczyk

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Community College Operations

Maintains FY 2008-09 appropriation funding levels for community college operations.

Tuition Restraint

Language indicating an expectation that community colleges receiving federal stimulus funds not raise tuition and fees charged to Michigan residents for the remainder of 2008-09 and for 2009-10; no state funding is tied to tuition restraint.

Education (Department)

Analysts: Mary Ann Cleary and Bethany Wicksall

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Transfer from Department of History, Arts, and Libraries

Increases the Department of Education budget by \$24.4 million gross and \$18.8 million GF/GP and includes an additional 72.0 FTEs to recognize the transfer of all library functions from the former Department of History, Arts, and Libraries.

Teacher Certification Programs

Eliminates \$200,000 in teacher certification fee support for both the Central Michigan University and Wayne State University Alternative Route to Certification programs as well as \$100,000 in certification fees for the National Board Certification Program.

Additional Staff

Provides \$320,000 gross and GF/GP for 3.0 additional FTEs to support the 21st Century Schools Program and 1.0 FTE to provide assistance to districts in deficit.

Administrative Reductions and Technical Adjustments

Reduces the budget by \$340,000 gross and \$266,400 GF/GP in administrative reductions, technical adjustments and fund shifts throughout the budget.

Economics

Increases economics for salaries, insurance, and retirement by \$866,000 gross and \$66,600 GF/GP.

Higher Education

Analyst: Kyle I. Jen

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

University Operations

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

Agricultural Experiment Station and Cooperative Extensive Service

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

King-Chavez-Parks Programs and Bay Mills Allocation

Removes total funding of \$5.4 million GF/GP for King-Chavez-Parks Programs, which are intended to increase participation of academically/economically-disadvantaged students in postsecondary education. Allocation of \$100,000 GF/GP to Bay Mills Tribal College from Lake Superior State University's appropriation (associated with Indian Tuition Waiver Program) is also removed.

Need-Based Financial Aid Programs

Consolidates current funding of \$108.5 million for Tuition Grants, State Competitive Scholarships, and four other financial aid programs into a single appropriation of \$89.8 million for proposed College Access Grant Program; net reduction of \$18.8 million GF/GP. New grants would provide annual awards of approximately \$1,000 to students across all postsecondary sectors based on level of student/family financial resources.

Promise Grant Program

Increases appropriation from \$80.5 million to \$140.0 million to pay costs of \$2,000/\$4,000 awards to students who became eligible for program in 2007 and have now completed two years of college; increase of \$59.5 million (Merit Award Trust Fund).

Merit Award Program

Reduces appropriation from \$5.2 million (Merit Award Trust Fund) to \$100 as a placeholder for any remaining costs of program, which ended with students graduating from high school in 2006.

Tuition Incentive Program

Increases appropriation by \$6.0 million (23.8%; Merit Award Trust Fund) to reflect a continued increase in the number of Medicaid-eligible students participating in the program, which primarily pays tuition costs for associate's degree programs.

Tuition Restraint

Proposed boilerplate language states expectation that state universities receiving federal stimulus funds will not increase their resident tuition/fee rates for the remainder of FY 2008-09 or for FY 2009-10; no state funding is tied to tuition restraint.

School Aid

Analysts: Mary Ann Cleary and Bethany Wicksall

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Foundation Allowance Reductions

Reduces discretionary foundation funding for each district by \$59 per pupil to save \$94.4 million.

Section 20j Funding

Reduces funding for Section 20j payments by \$10 million or almost 20% through a formula that reduces funding for districts with higher foundation allowances more than those with lower foundation allowances.

Intermediate School Districts

Reduces general operations fund support for Intermediate School Districts (ISDs) by \$16.3 million or 20% to a total of \$65.4 million.

Early Childhood Programs

Maintains funding for the Great Start School Readiness Program and the Early Childhood Investment Corporation, but eliminates \$5.0 million for the Great Parents, Great Start ISD Program and \$2.1 million for the Great Start 0-3 Secondary Prevention Services.

Adult Education

Reduces adult education funding by \$4.0 million to a total of \$20.0 million and changes the distribution of funds to a competitive grant process rather than formula funding for existing recipients.

District-Specific Grants

Eliminates almost \$18.0 million in grants earmarked for specific school districts.

Other Categorical Eliminations

Eliminates an additional \$8.3 million in other categorical programs including bilingual education funding, grants for rural and isolated districts, MBT hold-harmless grants, pre-college engineering programs, after school math pilot programs, the advanced and accelerated ISD program, cultural access grants, and newline services for the blind.

MPSERS Contribution Rate

The district retirement contribution rate is increased from 16.54% to 16.94%.

BUDGET AREA: GENERAL GOVERNMENT

All General Government

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Exec to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$656,022,900	\$644,343,900	(\$11,679,000)	(1.8)
Federal	118,833,200	116,844,500	(1,988,700)	(1.7)
Local	3,098,000	3,554,000	456,000	14.7
Private	1,265,700	1,275,700	10,000	0.8
Restricted	1,706,587,700	1,737,614,500	31,026,800	1.8
GF/GP	665,008,600	686,704,900	21,696,300	3.3
Gross	\$3,150,816,100	\$3,190,337,500	\$39,521,400	1.3
FTEs	7,511.7	7,494.7	(17.0)	(0.2)

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Auditor General

Analyst: Robin R. Risko

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Remove One-Time Funding

Eliminates \$63,000 gross and GF/GP which was included as one-time funding in the prior-year budget for network migration costs.

Attorney General

Analyst: Viola Bay Wild

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Executive Order (EO) 2008-21 Reductions

Reduces funding for Attorney General Operations by \$160,700 gross and GF/GP to annualize the 2.0% GF/GP reduction taken by EO 2008-21 into FY 2009-10.

Information Technology Funding Adjustment

Increases funding by \$80,800 gross and GF/GP for the costs of software upgrade. Funds will be used to purchase Microsoft Office Professional 2007 and license applications which will standardize state software and reduce security risks. Includes a \$17,200 GF/GP reduction to reflect DIT 2.0% administrative reduction and virtual storage savings.

Economic Adjustments

Increases funding by \$1.14 million GF/GP and \$426.0 GF/GP for economics which includes salaries and wages, retirement, building occupancy charges, and insurances costs. Adds \$17,200 gross and GF/GP for DIT economics.

Civil Rights

Analyst: Robin R. Risko

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Internal Auditor Transfer

Reflects a savings of \$68,700 gross and GF/GP due to the transfer of internal audit services to the Department of Management and Budget.

Administrative Efficiencies

Reflects a savings of \$62,100 gross and GF/GP to be achieved by not filling two vacant positions and by reducing expenditures for contractual services, supplies, and materials.

Economic Adjustments

Adds \$222,700 gross and GF/GP for salary and wage, insurance, retirement, and workers' compensation premium costs; reduces funding by \$26,100 Gross and GF/GP for building occupancy and rent charges.

Executive

Analyst: Robin R. Risko

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

No change from current-year appropriations.

Information Technology

Analyst: Viola Bay Wild

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Statewide Microsoft Office Update

Adds \$6.9 million gross for the costs of software upgrade; current Microsoft software will be out of warranty in 2010 and will no longer have support and updates for users. Funds will be used to purchase Microsoft Office Professional 2007 and license applications which will provide statewide software standardization, reduce security risks, and allow DIT remote desktop service management.

Michigan Business Portal

Includes 5.0 FTEs and \$963,200 gross funding for the Michigan Business One Stop Portal. The website is anticipated to be available in spring of 2009 to help centralize and streamline all aspects of doing business in Michigan.

Electronic Files Archives

Reduces funding by \$1.2 million gross for savings in the way electronic files are archived; new program moves files to a virtual environment.

Executive Order 2008-21 Reductions

Reduces funding by \$288,500 gross to annualize the 2.0% GF/GP reduction taken by EO 2008-21 into FY 2009-10.

Current Services Base Adjustments

- Additional \$1.6 million for the Department of Corrections (MDOC).
- Additional \$23,200 for the Department of Energy, Labor, and Economic Growth (DELEG).
- Additional \$1.7 million for the Department of State Police.
- Reduction of \$500,000 for the Department of Treasury.
- Reduction of \$60,700 for the Department of History, Arts, and Libraries (DHAL).
- Reduction of \$238,800 for the Department of Management and Budget (DMB).
- Reduction of \$17.6 million for the Department of Human Services (DHS).

Program Reductions

- Additional net increase of \$704,000 for the MDOC.
- Reduction of \$54,600 for the Department of Environmental Quality (DEQ).
- Reduction of \$3.0 million for the DHS.

Program Enhancements

- Increase of \$216,000 and 2.0 FTEs for the transfer of Demographics and Census Data program to DIT.
- Reduction of \$33,800 for transfer of Cultural Economics Development program from DHAL to MSF.

Economic Adjustments

Increases funding by \$3.7 million IDG for economics which includes salaries and wages, retirement, building occupancy charges, and insurance costs.

Legislature

Analyst: Robin R. Risko

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

No change from current-year appropriations.

Management and Budget

Analyst: Viola Bay Wild

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Internal Audit Consolidation

Adds \$2.4 million GF/GP to reflect transfer of funding for statewide internal auditors to DMB as a result of EO 2007-31.

Executive Order 2008-21 Reductions

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

Information Technology Funding Adjustment

Increases funding by \$193,600 gross and \$97,600 GF/GP for the costs of software upgrade. Funding will be used to purchase Microsoft Office Professional 2007 and license applications which will standardize state software and reduce security risks. Includes a \$151,600 gross and \$76,200 GF/GP reduction to reflect DIT 2.0% administrative reduction and virtual storage savings.

State Building Authority Rent Adjustment

Adds \$20.0 million gross and GF/GP to reflect adjustments for previously-constructed projects for projected rent.

State Police FTE Transfer

Reflects transfer of 3.0 FTEs and \$282,700 gross funding for carpenter positions from Michigan State Police to DMB for greater efficiency.

Michigan State Fair

Eliminates \$6.6 million gross funding for the Michigan State Fair in Detroit. This ends state funding for the fair in FY 2009-10; the FY 2008-09 fair will be the last fair to receive state financial support.

Department of History, Arts and Libraries (DHAL) Transfer

Includes \$3.2 million gross and \$2.8 million GF/GP to reflect the transfer of the State Records Center and the State Archives from DHAL. The Governor recommends the elimination of DHAL in FY 2009-10.

Economic Adjustments

Increases funding by \$1.7 million Gross and \$693,100 GF/GP for economics which includes salaries and wages, retirement, building occupancy charges, and insurance costs. An additional \$289,200 Gross and \$223,600 GF/GP is appropriated for DIT economics.

CIVIL SERVICE

Civil Service Executive Order 2008-21 Reductions

Reduces funding by \$140,000 gross and GF/GP to annualize the 2.0% GF/GP reduction taken by EO 2008-21 into FY 2009-10 for Civil Service Commission. Reduces GF/GP by \$189,000 for savings associated with the elimination of HR staff for MDOC facility closures in Deerfield and Camp Branch facilities that were required by the EO.

MDOC Facility Closures

Reduces funding by \$1.2 million gross and GF/GP for the elimination of HR staff in additional MDOC facilities.

Information Technology Funding Adjustment

Increases funding by \$85,800 gross and \$18,300 GF/GP for the costs of Microsoft Office Professional software upgrade.

Economic Adjustments

Increases funding by \$1.3 million gross and \$548,100 GF/GP for economics which includes salaries and wages, retirement, building occupancy charges, and insurance costs. An additional \$33,900 Gross and \$16,900 GF/GP is appropriated for DIT economics.

State

Analyst: Viola Bay Wild

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Executive Order 2008-21 Reductions

Reduces funding by \$132,600 gross and GF/GP to annualize the 2.0% GF/GP reduction taken by EO 2008-21 into FY 2009-10.

Information Technology Funding Adjustment

Increases funding by \$266,700 gross and \$47,200 GF/GP for the costs of software upgrade. Funding will be used to purchase Microsoft Office Professional 2007 and license applications which will standardize state software and reduce security risks. Includes a \$35,400 gross and \$3,200 GF/GP reduction to reflect DIT 2.0% administrative reduction and virtual storage savings.

Michigan Business Portal

Includes \$54,000 gross funding for the Michigan Business One Stop Portal. The website is anticipated to be available in spring of 2009 to help centralize and streamline all aspects of doing business in Michigan.

Help America Vote Act (HAVA) Funding

Removes \$3.9 million one-time federal funding for the HAVA program appropriated in the previous year.

Economic Adjustments

Increases funding by \$2.9 million gross and \$2.0 million GF/GP for economics which includes salaries and wages, retirement, building occupancy charges, and insurance costs. An additional \$201,100 Gross and \$167,500 GF/GP is appropriated for DIT economics.

Treasury

Analyst: Viola Bay Wild

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Operations

Appropriates \$378.9 million gross (\$11.0 million IDG; \$37.3 million federal; \$1.5 million local; \$260.4 million restricted; \$68.7 million GF/GP) for Treasury operations (excluding Revenue Sharing, Debt Service, and the MSF). Appropriates \$1.22 million gross (\$1,149 million restricted; \$66.9 million GF/GP) for Revenue Sharing and Debt Service.

Tax Compliance Enforcement Program

Adds 10.0 FTEs and increases funding by \$895,000 gross and GF/GP for expanded tax compliance enforcement on business accounts. Funding is expected to increase state revenue by approximately \$11.0 million.

Income Tax Automation

Adds 2.0 FTEs and increases funding by \$150,000 gross and GF/GP for implementation of automated tax processing program using software that helps auto-correct errors on tax returns. Program is expected to produce savings of approximately \$4.2 million.

Michigan Business Tax (MBT) Implementation

Reduces funding for MBT implementation by \$6.5 million gross and GF/GP reflecting reduced implementation costs.

Secondary Collections Program

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

Commercial Mobile Radio Service (CMRS)

Eliminates line item appropriation for funding for the CMRS (FY 2008-09 program funding was \$11.1 million gross. To meet statutory requirements, new boilerplate language appropriates revenue and requires distribution of funding pursuant to the Emergency 9-1-1 Service Enabling Act, PA 1986 32.

Revenue Sharing

Based on the January 2009 Consensus Revenue Estimating Conference information, revenue sharing payments increased \$1.4 million. Constitutional revenue sharing payments are reduced by \$14.8 million from the appropriation in FY 2008-09; statutory revenue sharing payments are increased by \$16.2 million. Funding includes the 2.0% increase in statutory payments that was appropriated in the previous year to local units of an amount equal to 2.0% of a local unit's FY 2006-07 statutory revenue sharing payment.

County Revenue Sharing

County revenue sharing payments are funded at \$49.1 million, which represents an increase of \$46.8 million to fund the additional counties anticipated to be eligible again for payments. Counties become eligible for payments when they have exhausted their revenue sharing reserve funds.

Payment in Lieu of Taxes (PILT)

Increases funding by \$200,000 gross and \$100,000 GF/GP for PILT program for increased purchased lands payment.

Michigan Education Savings Program State Match Funding

Eliminates \$700,000 gross funding and the language that provides for a state match for contributions to the Michigan Education Savings Program on behalf of children. Current-year language provides a state match of \$1 for each \$3 contributed (\$200 maximum match) for first year of enrollment.

Information Technology Funding Adjustment

Includes increase of \$255,300 gross and \$46,300 GF/GP for the costs of Microsoft Office Professional software upgrade and cost of new business website portal. Includes a \$94,200 gross and \$12,500 GF/GP reduction to reflect DIT 2.0% administrative reduction and virtual storage savings.

Economic Adjustments

Increases funding by \$3.7 million gross and \$668,700 GF/GP for economics which includes salaries and wages, retirement, building occupancy charges, and insurance costs; appropriation includes funding for Lottery and MGCB. An additional \$324,000 gross and \$71,000 GF/GP is appropriated for DIT economics.

Michigan Gaming Control Board (MGCB)

Increases funding for the MGCB by \$88,500 gross for additional auditor needed to fulfill the Board's responsibilities related to the new Nottawaseppi Tribe casino.

Lottery Sales Staff

Increases Lottery funding by \$835,000 gross for 10.0 additional FTEs for sales representatives to help monitor lottery sites at retailers. Additional staff is expected to help increase lottery revenue to SAF by approximately \$15.0 million.

Lottery Advertising

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

Michigan Strategic Fund (MSF)

Appropriates \$163.7 million Gross: (\$81,200 - IDG; \$56.3 million - Federal; \$723,700 - Private; \$75.6 million - Restricted; and \$31.0 million - GF/GP) for the MSF. The Michigan Economic Development Corporation administers the Michigan Strategic Fund and its programs.

21st Century Jobs Program Funding

Restores \$13.0 million funding for the 21st Century Jobs Program that was reduced in FY 2008-09. Previous-year \$10.0 million reduction was for transfer of funds to general fund and \$3.0 million reduction was associated with vetoed boilerplate for Lakeshore Advantage.

MSF Reductions

Reduces funding for Economic Development Job Training administration by \$149,000 gross and GF/GP to annualize the 2.0% GF/GP reduction taken by EO 2008-21 into FY 2009-10.

Department of History, Arts and Libraries (DHAL) Transfer

Includes 7.0 FTEs and \$2.6 million gross and \$1.8 million GF/GP to reflect the transfer of the Council for Arts and Cultural Affairs, the Cultural Economic Development program, and the Arts and Cultural Institution Planning Grants from DHAL to the MSF. The Governor recommends the elimination of DHAL in FY 2009-10.

Business Incubator Program

Eliminates \$1.25 million gross in one-time funding for business incubator program in five counties.

MSF Economic Adjustments

Adds \$232,600 gross and \$195,800 GF/GP for economics for MSF. Economics include increased funding for salaries and wages, retirement, worker's compensation, building occupancy charges and insurance costs.

BUDGET AREA: HUMAN SERVICES

Community Health

Analysts: Margaret Alston, Susan Frey, and Steve Stauff

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Medicaid Cost Increases

Includes an increase of \$355.8 million gross (\$130.0 million GF/GP) to cover caseload/utilization/inflation changes within Medicaid, Mental Health/Substance Abuse, Children's Special Health Care Services, Adult Benefits Waiver and Federal Medicare Prescription programs. To maintain actuarial soundness within the managed care programs for Medicaid and Mental Health/Substance Abuse Services, an additional \$197.7 million gross (\$72.8 million GF/GP) is included.

Mt. Pleasant Center Closure

Due to the proposed closure of Mt. Pleasant Center for Persons with Developmental Disabilities by October of this year, the budget includes a net reduction of \$15.4 million gross (\$3.1 million GF/GP) which reflects the shifting of funds to Medicaid Mental Health Services due to an enhanced specialized placement rate for persons into community-based services, and other closure-related adjustments.

CMH Non-Medicaid Services Reduction

Funding for CMH Non-Medicaid Services is reduced by \$11.2 million GF/GP which will be offset by the redirection of \$3.6 million GF/GP due to the proposed closure of Mt. Pleasant Center.

Hospital Rate Adjustor for PIHPs

Includes \$30.0 million gross (\$0 GF/GP) due to the establishment of hospital rate adjustor for Prepaid Inpatient Health Plans (PIHPs). As is the case for Medicaid Health Plans, estimated payments from private inpatient hospitals for mental health services would be passed through PIHPs.

Elimination of Multicultural Services Funding

Funding of \$6.8 million GF/GP is eliminated for mental health services provided to multicultural populations and groups such as Chinese American, Asian American, Hispanics, Arab/Chaldean, Michigan Inter-Tribal Council, Jewish Federation, Chaldean Chamber Foundation, and Vietnam Veterans.

Public Health Projects Eliminated or Funding Reduced

Reductions of \$6.7 million of state restricted and GF/GP funds (\$8.0 million gross) eliminate numerous targeted public health programs and projects including nurse family partnership, AIDS risk reduction clearinghouse and media campaign, physical fitness, and early childhood zero to three program in DCH (also in DHS and Education). GF/GP funding reductions are proposed for the sexually transmitted disease program, laboratory services, family planning, and pregnancy prevention programs.

Drug Control Policy Office Disbanded

Reorganizes Office of Drug Control Policy functions into the Mental Health and Substance Abuse Services Administration of DCH and eliminates related GF/GP funding. Budget also recognizes continued federal Byrne Justice Assistance Grant reductions of \$4.2 million. EO 2009-2 abolishes the Office effective October 1, 2009.

Aging Program Reductions

GF/GP reductions of \$2.1 million are proposed to programs for seniors including community services, home-delivered and congregate meals, volunteer services, and tribal elders programs.

Federal Grants for Public Health

DCH receives new federal grant awards for public health projects totaling \$4.2 million. Federal funds for public health are reduced by \$4.6 million to reflect completed grants, lost matching funds, and excess authorization.

Health Care Coverage Expansion for Disabled Children

Funding is increased by \$11.4 million of federal Title XIX Medicaid, to expand primary care coverage for disabled children in households with income between 200% and 300% of the federal poverty level. This would cover an estimated 4,000 more children.

Medicaid FMAP Adjustment Resulting from Federal Stimulus Bill

An anticipated increase of federal Medicaid funds resulting from the American Recovery and Reinvestment Act would offset \$484.0 million of GF/GP due to a temporary increase in the federal match rate.

School Based Services Adjustment

An increase of \$16.5 million GF/GP is required to offset the loss of state earnings in the school-based services program due to a change in reimbursement policy.

Federal Rebates On Pharmaceuticals Purchased By Medicaid HMOs

A reduction of \$120.0 million gross (\$44.2 million GF/GP) represents anticipated savings from allowing health plans to receive federal pharmaceutical rebates for prescription drugs provided to managed care Medicaid enrollees. This would require a change in federal law.

Replace Managed Care Provider Assessment With Use Tax

Recognizes elimination of provider assessments totaling \$294.2 million (state restricted) paid by Medicaid managed care organizations and replaced by a like amount of GF/GP generated by inclusion of Medicaid managed care organizations in the Use Tax. The tax is also increased from 5.5% to 6.0%

Other Medicaid Fund Source Adjustments

An increase of federal Medicaid and SCHIP funds would offset \$250.8 million of GF/GP due to regular changes in federal match rates. A loss of Medicaid Benefits Trust Fund revenue would be made up by \$6.8 million GF/GP. A shortfall of Merit Award Trust Fund revenue would be made up by \$54.5 million GF/GP.

Corrections

Analyst: Marilyn Peterson

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Prison and Camp Closures

Includes reductions of \$116.9 million GF/GP and 1,077.2 FTEs representing full-year savings through closure of 3,886 unspecified beds. (To support increased paroles needed to enable the closure of the 3,886 additional beds by October 1, Executive proposes FY 2008-09 supplemental appropriations of \$20.0 million for prisoner reintegration programs and parole supervision.) Incorporates \$40.6 million in savings remaining from current-year closures of Scott, Deerfield, and Camp Branch. Recognizes reduced need for training new corrections officers, for savings of \$9.6 million, and additional closure-related savings of \$7.4 million in health care, worker's compensation, and other areas.

Health and Mental Health Care

Provides \$21.7 million for additional health care costs, including: \$8.0 million for prisoner mental health care; \$4.2 million for third year of implementation of new Hepatitis-C testing protocols, which are identifying more prisoners in need of treatment; \$3.5 million for pharmaceutical costs; and \$1.9 million for medical care under new prisoner health care contract.

W.J. Maxey Boys Training School

Provides \$16.7 million for full-year use of a unit at the DHS's Maxey facility in Whitmore Lake. In conjunction with closure of Scott Correctional Facility and conversion of Huron Valley Men's into a women's facility, over 200 seriously mentally ill male prisoners currently housed at Huron Valley are to be transferred to Maxey's Woodland Unit.

Parolee Supervision and Services

Increases funding for Michigan Prisoner ReEntry Initiative (MPRI) by \$22.7 million to support various services and programs for increased numbers of parolees re-entering the community. Provides additional \$24.5 million for parole and probation supervision, including 2,000 new GPS tether units, full-year funding for 800 units being added under EO 2008-21, and 170 parole and probation agents.

County Jail Reimbursement Program

Narrows criteria for payments under county jail reimbursement program and establishes a two-tier reimbursement rate schedule based on sentencing guidelines scores.

Parole Board

Provides additional \$1.0 million (\$400,500 through internal transfer) for new 15-member Parole and Commutations Board, replacing current 10-member board under EO 2009-5.

Food Services Contract

Recognizes partial-year savings of \$3.0 million through contracting for prisoner food service purchasing, portion control, and nutrition services.

Human Services

Analysts: *Bob Schneider and Kevin Koorstra*

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Child Welfare Program Improvements

Adds \$113.4 million of which \$30.7 million is GF/GP for child welfare improvements related to the Children's Rights legal settlement. This funding supports an additional 850 FTEs and \$29.6 million for private child placing agencies and adoption agencies to meet required caseload to staff ratios.

Elimination of State SSI Supplements for Certain Recipients

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

Elimination of Scheduled FIP and Day Care Rate Increases

Eliminates planned increases for Family Independence Program (FIP) cash assistance payments and day care subsidy payments. FY 2008-09 budget included boilerplate language appropriating \$5.0 million for a \$2 per person per month FIP payment increase and \$10.0 million for day care provider rate increases; increase was contingent upon state's receipt of TANF contingency funds. While TANF funds were received, they will be reallocated to other areas of the budget.

Additional TANF Contingency Funds

Assumes receipt of additional \$155 million in TANF contingency fund revenue in FY 2008-09. Contingency funds are available to "needy states" with high unemployment or food stamp caseloads. Contingency fund spending plan would leave a \$210.5 million carry-forward balance for FY 2009-10. This additional TANF is used to generate GF/GP budget savings and to reallocate GF/GP to other priority areas, including \$32.0 million for the child welfare improvements plan.

Savings from Enhanced Day Care Oversight

Adds 2.0 FTEs to the day care quality assurance initiative. Annual savings in day care subsidies minus staffing costs is assumed to save \$10 million.

Caseload Expenditures

- FIP caseload projected to increase by 8,980 to 74,905 cases leading to a \$46.5 million increase.
- SSI supplementation caseload projected to increase by 2,493 to 233,220 cases leading to a \$400,000 increase.
- The day care services program projected to decrease by 1,500 cases to 48,500 resulting in a \$10.8 million savings.
- Adoption subsidies are projected to increase by 729 cases to 28,335 resulting in a \$6.1 million increase.
- Foster care is projected to decrease by 1,259 cases to 9,145 leading to a \$26.8 million savings.
- The Child Care Fund is projected to see a 10.7% spending increase leading to a \$16.2 million increase.

Other Major Reductions

Spending for Juvenile Justice is reduced by \$10 million of which \$5 million is GF/GP to reflect the transfer of the youth at Maxey from the Woodland campus to the Green Oaks campus and the closure of Adrian Training School. \$12.1 million in GF/GP (\$17.3 million total) is saved in IT costs with the completion of the Bridges program. There is an additional \$35.7 million reduction primarily in TANF and GF/GP by cutting or reducing family preservation and early childhood programs.

BUDGET AREA: RESOURCE PROTECTION

Agriculture

Analyst: William E. Hamilton

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

State Service Fee Revenue – Elimination and Fund Shifts

Eliminates \$9.2 million in State Services Fee revenue as fund source. Funds some line items with GF/GP; \$3.5 million for the Office of Racing Commissioner would be replaced with Agriculture Equine Industry Development Fund (AEIDF) revenue; state funding for county and state fair premiums, \$1.6 million, would be eliminated.

Horse Programs

Anticipated reductions in AEIDF revenue, and use of AEIDF revenue to replace State Services Fee revenue, results in reduction in state support for horse racing programs from \$9.4 million to \$3.1 million.

Emerald Ash Borer Program

Appropriation reduced from \$5.2 million to \$3.0 million (all federal) to reflect continuing reduction in federal support for the Emerald Ash Borer containment and eradication program.

Upper Peninsula State Fair

Eliminates state support of the Upper Peninsula State Fair, previously funded at \$1.4 million using restricted UP State Fair revenue. The Michigan State Fair in Detroit is in the General Government Budget.

Food and Dairy – Dairy License Fee

Proposes amendments to the Grade A Milk Law of 2001 and Manufacturing Milk Law of 2001—to replace the current \$5 per farm dairy inspection fee with a fee of one cent per hundred pounds of milk sold. This would increase restricted Food and Dairy Safety Fund revenue by \$700,000 to offset a GF/GP reduction for the dairy inspection program.

Local Public Health Interdepartmental Grant (IDG)

Eliminates \$8.9 million IDG from DCH for local public health operations. The IDG has been a placeholder; it was not used to provide actual funding for the Department; actual funding for local public health agencies was provided in the

DCH budget. Elimination of the IDG will not affect the Department's role in overseeing food inspection programs of local public health agencies, or local public health agencies functions in carrying out those programs.

Economics

Recognizes \$1.4 million (gross) for economic increases, of which \$751,700 is GF/GP.

Environmental Quality

Analyst: Kirk Lindquist

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Exec to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$18,890,200	\$7,433,600	(\$11,456,600)	(60.6)
Federal	130,636,100	129,349,300	(1,286,800)	(1.0)
Local	0	0	0	0.0
Private	455,700	658,900	203,200	44.6
Restricted	169,309,900	170,732,300	1,422,400	0.8
GF/GP	43,744,800	33,127,900	(10,616,900)	(24.3)
Gross	\$363,036,700	\$341,302,000	(\$21,734,700)	(6.0)
FTEs	1,526.7	1,480.7	(46.0)	(3.0)

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Wetlands Regulatory Program

Elimination of Wetlands Regulatory Program (GF/GP: \$2.1 million, gross: \$3.9 million).

Fund Shifts

Funding shift (\$3.9 million total) from GF/GP as follows: Cleanup Revitalization Program (GF/GP to Environmental Protection Fund), Storage Tank Cleanup Programs (GF/GP to Refined Petroleum Fund), Solid Waste Programs (GF/GP to Solid Waste Program Fees).

Drinking Water Revolving Fund

Eliminate match (\$2.0 million).

Program Reductions/Eliminations

Total of \$2.7 million in program reductions/eliminations as follows: aquifer protection, asbestos removal inspections, air program education/outreach, water quality monitoring, radiological protection, treatment plant operator certification and training.

Necessary Legislation

Air Renewable Operating Permit Fee changes and increases, sunsets for storm water and NPDES Fees, Wetlands regulations, Marina operating permits, Aquifer Protection Program.

Natural Resources

Analyst: Kirk Lindquist

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Exec to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$3,802,200	\$3,802,200	\$0	0.0
Federal	51,702,100	54,763,700	3,061,600	5.9
Local	0	0	0	0.0
Private	4,745,000	5,381,100	636,100	13.4
Restricted	221,103,600	226,823,900	5,720,300	2.6
GF/GP	10,464,800	16,646,600	6,181,800	59.1
Gross	\$291,817,700	\$307,417,500	\$15,599,800	5.3
FTEs	2,173.9	2,267.9	94.0	4.3

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Program Transfers

Mackinac Island State Park, the State Museum, Publications, and Maritime Programs transferred from Department of History, Arts, and Libraries to DNR.

Trail Development

Federal grant increase for trail development: \$1.8 million.

Snowmobile Trails

Snowmobile trail easement purchases: \$700,000

Capital Outlay Programs

Provides \$850,400 increase for Parks, Forestry, Waterways capital outlay programs; total appropriation \$15 million.

State Park Motor Vehicle Permit Increase

Increase in vehicle permit fee; no increase in appropriation.

BUDGET AREA: SAFETY AND DEFENSE
--

Military Affairs

Analyst: Jan Wisniewski

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Capital Outlay Reduction

Decreases capital outlay project expenditures by \$38.4 million gross and \$450,000 GF/GP for special maintenance at military facilities.

Veterans' Homes Medicare Authorization Increase

Increases \$900,000 in federal revenue for pharmacy related costs: \$850,000 to the Grand Rapids Veterans' Home, and \$50,000 to the D.J. Jacobetti Veterans' Home

Starbase Program Increase

Increases \$550,000 in federal revenue for the Starbase program.

Headquarters and Armories Increase

Increases \$500,000 in federal revenue for communications and personnel costs.

Economics

Increases economics by \$1.9 million gross and \$534,600 GF/GP.

State Police

Analyst: Jan Wisniewski

	FY 2008-09 Year-to-Date	FY 2009-10 Executive	Difference: Exec to FY 2008-09 YTD	
			Amount	%
IDG/IDT	\$26,321,900	\$26,718,400	\$396,500	1.5
Federal	94,733,400	93,839,000	(894,400)	(0.9)
Local	8,522,200	8,545,500	23,300	0.3
Private	263,600	273,300	9,700	3.7
Restricted	115,529,900	130,677,300	15,147,400	13.1
GF/GP	284,921,600	278,474,500	(6,447,100)	(2.3)
Gross	\$530,292,600	\$538,528,000	\$8,235,400	1.6
FTEs	2,927.0	2,862.0	(65.0)	(2.2)

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Detroit Crime Lab

Increases \$6.3 million gross and \$4.2 million GF/GP and adds 28.0 FTEs for costs associated with the State Police takeover for the Detroit Crime Lab.

GF/GP Decreases

Decreases \$1.0 million GF/GP for a one-time cost of equipment purchase for the Automated Fingerprint Identification System (AFIS) and decreases \$200,000 GF/GP for a law enforcement research study included in the FY 2008-09 budget.

Various Federal and State Restricted Decreases

Decreases various federal and state restricted authorizations by \$4.9 million to reflect anticipated revenue and expenditures for programs such as the federal Antidrug Initiatives program, the Standards and Training program, the Auto Theft Prevention program, and the Michigan Justice Training Fund Standards and Training program.

Fund Shifts

Decreases GF/GP by \$17.4 million and replaces with state restricted funds for Management Services, Information Technology, Laboratory Operations, Michigan Public Safety Communications System, and At-Post Troopers.

Attrition Savings

Decreases 66.0 FTEs and \$3.4 million gross and GF/GP from retiring troopers in the Deferred Retirement Option Plan.

Overtime Cost Reduction

Decreases \$2.3 million gross and GF/GP for a reduction in overtime costs for troopers and various specialty teams.

Marquette Lab Closure

Decreases \$360,000 for closure of the Marquette lab due to an expired lease agreement. Five scientists will be relocated to other MSP labs and the lab director and secretary will be moved to unfilled positions or laid off.

Lease and Contractual Services, Supplies, and Materials (CSS&M) Reductions

Savings of \$600,000 gross and GF/GP for negotiated post lease reductions and \$600,000 gross and GF/GP for various CSS&M reductions at posts.

Administrative Support Staff Reductions

Decreases 6.0 FTEs and \$500,000 gross and GF/GP for administrative support staff reductions to various programs primarily through not filling vacant positions.

Eliminate Capitol Security Guards

Decreases 14.0 FTEs, \$1.1 million gross and \$476,400 GF/GP for eliminating Capitol Security Guards at the Capitol and state-owned buildings.

Fleet Savings

Decreases \$1.0 million gross and GF/GP due to lower fuel rates.

Economics

Increases economics by \$18.0 million gross and \$15.0 million GF/GP.

BUDGET AREA: ALL OTHER

Capital Outlay

Analyst: Robin R. Risko

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Capital Outlay Projects to Department Budgets

FY 2008-09 and FY 2009-10 appropriations for Capital Outlay for federal and state restricted state agency projects were included in department budget bills.

Energy, Labor, & Economic Growth

Analyst: Mark Wolf

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Unemployment Insurance Agency (UIA)

Adds 300.0 FTEs and \$18.0 million federal to increase UIA staffing levels to meet demands of increased UI benefits claims; recognizes \$4.6 million federal for postage costs previously paid by DOL, but now allocated to states.

Consolidate Energy Functions

Pursuant to EO 2008-20, which consolidated energy functions in DELEG, transfers 9.0 FTEs and \$2.0 million restricted from DEQ; no funds or FTEs were transferred from Michigan Department of Agriculture (MDA), although the EO transferred certain statutory responsibilities to DELEG.

Michigan State Housing Development Authority (MSHDA) State Historic Preservation Office

Transfers State Historic Preservation Office and archaeological functions to MSHDA (including 20.0 FTEs, \$950,000 federal, and \$1.0 million GF/GP) due to elimination of the Department of History, Arts, and Libraries.

Housing Choice Voucher Program

Increases authorization by \$11.0 million federal, based on anticipated funding awards from HUD for Housing Choice Voucher (Section 8) Program, which provides rental assistance for low-income individuals.

Low Income Energy Efficiency Fund (LIEEF)

Increases the authorization for grant awards from the LIEEF by \$10.0 million to account for annual revenue (set by MPSC order) exceeding current (and historic) funding authorization levels, and to provide authorization to expend funds from returned awards.

Michigan Commission for the Blind (MCB)

Recognizes additional \$4.6 million federal funding for the MCB.

Michigan Business Services Improvement Initiative (MBSii)

Increases DIT costs by \$618,900 gross (\$0 GF/GP) for DELEG's share of costs for the MBSii, a "one-stop" web portal for businesses, aimed at improving the interface between state government and business.

Remonumentation Grants

Reduces authorization for remonumentation grants, to \$5.7 million, based on expected revenue from a \$4 filing fee when certain instruments are recorded with the county Register of Deeds.

Michigan Tax Tribunal (MTT)

Increases authorization for Michigan Tax Tribunal by \$550,000 (MTT fees) to enable the tribunal to address backlog of pending cases (tax disputes).

Jobs, Education, and Training (JET)

Reduces authorization for the JET program by \$3.0 million (IDG-DHS), based on anticipated program savings expected to be achieved in administration of the program.

History, Arts, and Libraries

Analyst: Robin R. Risko

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Elimination of the Department of History, Arts, and Libraries (DHAL)

Reflects savings as a result of eliminating DHAL funding for arts and cultural grants (\$8.0 million gross and \$7.1 million GF/GP), DHAL operations and administration (\$2.7 million gross and \$2.0 million GF/GP). and Book Distribution Centers (\$360,000 gross and GF/GP).

Program Transfers to Other State Departments/Agencies

Reflects the following transfers:

- Library of Michigan, State Aid to Public Libraries, and all associated information technology, building occupancy, and rent charges to the Department of Education; \$24.2 million gross and \$18.6 million GF/GP.
- Mackinac Island State Park Commission, Historical Facilities System, Michigan Historical Museum and related historical services (museum stores, heritage publications, and special programs), Michigan Freedom Trail Commission, Lighthouse Preservation program, Thunder Bay National Marine Sanctuary and Underwater Preserve, and all associated information technology, building occupancy, and rent charges to DNR; \$9.4 million gross and \$6.0 million GF/GP.
- State Records Center, State Archives, and all associated information technology, building occupancy, and rent charges to DMB; \$3.2 million gross and \$2.8 million GF/GP.
- Cultural Economic Development, Council for the Arts and Cultural Affairs, and all associated information technology, building occupancy, and rent charges to the Michigan Strategic Fund; \$2.7 million gross and \$1.8 million GF/GP.
- State Historic Preservation Office, Archeology programs, and all associated information technology, building occupancy, and rent charges to DELEG, MSHDA; \$2.1 million gross and \$1.2 million GF/GP.
- Demographics, census data-related activities, and all associated information technology, building occupancy, and rent charges to DIT; \$224,000 gross and GF/GP.

Judiciary

Analyst: Ben Gielczyk

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Judicial Technology Improvement Fund

Increases appropriation by \$350,000 gross, received from the Civil Filing Fee Fund, due to increases in foreclosures, landlord/tenant and credit card issues, and total district court civil dispositions. Revenue primarily supports the Judicial Data Warehouse and Next Generation of Judicial Information System.

Drunk Driving Case-Flow Program

Increases appropriation by \$300,000 gross due to an increase in collections of driver license reinstatement fees as they relate to the driver responsibility fees.

General Fund Reduction

Reduces administrative costs by \$1.4 million (2%) GF/GP, which is spread to various line items. Supreme Court Administration (\$253,600), Judicial Institute (\$50,900), Supreme Court Administrative Office (\$139,600), Judiciary Information Systems (\$60,000), Foster Care Review Board (\$17,500), Drug Treatment Courts (\$16,000), Court of Appeals (\$415,300), Judicial Tenure Commission (\$20,400), Appellate Public Defender (\$92,400), Appellate Assigned Counsel (\$16,600), and Court Equity Reimbursements (\$342,000). The reduction is achieved through one or some combination of furlough days (12.5), salary and/or workforce (12.0 FTEs) reductions.

Pilot Mental Health Courts

Eliminates \$550,000 in GF/GP funding by eliminating the pilot mental health court program created in FY 2008-09.

Economics

Increases department economics by \$1.5 million gross and \$1.4 million GF/GP for the following: salaries, defined contribution (newly elected judges), insurance, retirement, worker's compensation, rent, and building occupancy.

Transportation

Analyst: William E. Hamilton

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

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Reductions in Revenue

Line item changes primarily reflect economic adjustments and/or adjustment of estimated restricted or federal revenue.

Economics

Increases to reflect economic adjustments of \$7.1 million in state restricted and gross.

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

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

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

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

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

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

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

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

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

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

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



Mitchell E. Bean, Director
Bill Fairgrieve, Deputy Director

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

