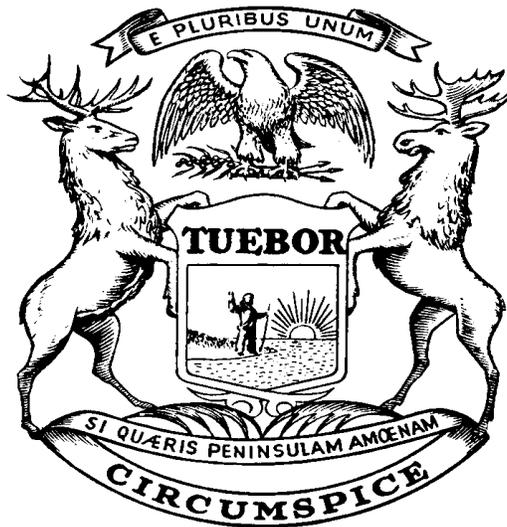


STATE OF MICHIGAN
FISCAL YEAR 2002-03

Appropriations Summary and Analysis



prepared by the



Mitchell E. Bean, Director

November 2002

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November 2002

TO: Members of the Michigan House of Representatives

This **FY 2002-03 Appropriations Summary and Analysis** summarizes the enacted FY 2002-03 appropriations. The report begins with an *Overview* section, includes a budget summary and analysis for each department/agency, and ends with a *Consensus Revenue* section.

A *Glossary* follows the table of contents and explains several terms used throughout the report to describe the size of the budget for the State of Michigan. When analyzing the budget, it is important to note the following:

Adjusted Gross is the amount to use when measuring the effect of state spending on the state's economy.

General Fund/General Purpose (GF/GP) is the amount to use when measuring state resources available for legislative allocation to various state programs.

State Spending from State Sources is the amount to use when measuring the amount of state resources collected from taxpayers to finance state spending.

Following the Glossary, the *Overview* presents the resources and appropriations in the enacted budget—many of which are presented in greater detail in subsequent sections. Also included in the *Overview* are the impacts, by department, of early retirement; appropriations from the national tobacco settlement funds; and major changes in departmental budgets.

Agency Analysts prepared the individual budget sections with help from their Budget Assistants. Report production was coordinated by Jeanne Dee, Administrative Assistant.

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

Mitchell E. Bean, Director

TABLE OF CONTENTS

OVERVIEW

Director's Overview	3
Figure 1: Adjusted Gross Year-to-Date Appropriations History	4
Figure 2: GF/GP and Adjusted Gross Appropriations for FY 2002-03	5
Figure 3: FY 2002-03 Adjusted Gross and GF/GP Appropriations as a Percent of Change from FY 2001-02	6
Early Retirement Plan Overview	7
Resources Used in Enacted Year-to-Date Budget	8–9
Appropriations from Tobacco Settlement Funds for FY 2002-03	10–11
Across-the-Board Economic/Inflation Changes	12
Highlights of Changes by Budget Area	13
Consensus Revenue Estimates	21
State Spending Returned to Local Governments	21
State Workforce Changes	21
FY 2002-03 Appropriations Summary Tables	21
Table 1: Appropriations by Source of Funds - FY 2002-03	22
Table 2: Adjusted Gross - FY 2001-02 YTD Compared with FY 2002-03	23
Table 3: GF/GP - FY 2000-01 YTD Compared with FY 2001-02	24
Table 4: Full-Time Equated Positions - FY 2001-02 YTD Compared with FY 2002-03	25
Table 5: State Spending from State Sources Paid to Local Governments	26

DETAIL FOR 2002 PA 530 - SUPPLEMENTAL

FY 2001-02	29
FY 2002-03	41

BUDGET DETAIL

EDUCATION	43
Community Colleges	45
Education	47
Higher Education	49
School Aid/K-12	52
GENERAL GOVERNMENT	55
Attorney General	57
Civil Rights	59
Civil Service	61
Executive	62
Information Technology	64
Legislature	66
Management and Budget	68
State	71
Treasury	
Operations	73
Revenue Sharing/Debt Service	75

HUMAN SERVICES	77
Community Health (includes Medicaid, Public Health, Mental Health, and Aging)	79
Corrections	88
Family Independence Agency	92
 REGULATORY	 99
Career Development	101
Consumer and Industry Services	105
Michigan Strategic Fund Agency	109
 RESOURCE PROTECTION	 113
Agriculture	115
Environmental Quality	118
Natural Resources	121
 SAFETY AND DEFENSE	 125
Military and Veterans Affairs	127
State Police	130
 ALL OTHER	 135
Capital Outlay	137
History, Arts, and Libraries	142
Judiciary	144
Transportation	146
 CONSENSUS REVENUES	 151
General Fund/General Purpose Revenue by Source	153
School Aid Fund Revenue by Source	154
HFA Estimates of Year-End Balances	155
Budget Stabilization Fund Year-End Balances	156
Compliance with the State Revenue Limit	157
Implications of Exceeding the State Revenue Limit	157

GLOSSARY

Frequently-Used State Budget Terms

Adjusted Gross

Total net amount of all line item gross appropriations less (or minus) interdepartmental grants (IDGs) and intradepartmental transfers (IDTs)

Boilerplate

Specific language sections contained in an appropriations act which direct, limit or restrict line item expenditures, and/or require reports

Budget Stabilization Fund (BSF)

The countercyclical economic and budget stabilization fund—also known as the "rainy day" fund

Federal Revenues

Federal grant or matchable revenues dedicated to specific programs

General Fund/General Purpose (GF/GP)

The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues

Gross Appropriations (Gross)

The total of all applicable line item spending authorizations

Interdepartmental Grant (IDG)

Revenue or funds received by one state department from another state department (usually for a service the receiving department provides)

Intradepartmental Transfer (IDT)

Transfers or funds being provided from one appropriation unit to another in the same department

Lapses

Unspent/unobligated funds remaining in line item accounts at the end of the fiscal year

Line Items

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

Local Revenue

Revenues from local units of government

State Restricted (Restricted Funds)

State revenue dedicated to a specific fund; revenue which results from state mandates or initiatives; used for used for specific programs pursuant to the Constitution or statute

Private Funds

Revenues from non-government entities such as rents, royalties or interest payments, payments from hospitals, payments from individuals, and gifts and bequests

School Aid Fund (SAF)

The primary funding source for K-12 schools and Intermediate School Districts (ISDs)

Work Project

An account established to allow for certain specific unspent funds to be carried over from one fiscal year to a succeeding fiscal year or years

FY 2002-03

OVERVIEW

FY 2002-03 OVERVIEW Summary and Analysis

The enacted budget for Fiscal Year (FY) 2002-03 year-to-date (YTD) includes \$39.0 billion in adjusted gross appropriations. Funding sources include \$17.3 billion in state restricted funds, \$11.3 billion in federal funds, \$9.2 billion in General Fund/General Purpose (GF/GP) revenues, and \$1.2 billion in local and private sources. This represents a 0.86% increase in adjusted gross appropriations and a 0.02% decrease in GF/GP appropriations compared to the FY 2001-02 YTD level.

Consensus Revenue Estimates

The FY 2002-03 GF/GP budget is based on consensus revenue estimates agreed to at the May 16, 2002, Consensus Revenue Conference. These estimates included a GF/GP revenue decline of \$1.8 million (-0.02%) from FY 2001-02 and School Aid Fund (SAF) revenue growth of \$400.3 million (3.95%) from FY 2001-02. Consensus revenue estimates are discussed briefly in this Overview (page 21) and in detail in the Consensus Revenues section of this document.

Additional Funding Resources

In addition to consensus GF/GP revenue estimates, GF/GP expenditures are funded with \$605.1 million from non-GF/GP resources, increased revenue from a freeze in the scheduled roll back of the Single Business Tax rate, and an increase in the state tobacco tax. These additional resources include transfers from the Budget Stabilization Fund (BSF) and the Merit Award Trust Fund; see details on page 8. In addition to consensus SAF revenue estimates and a GF/GP transfer, the SAF expenditures in FY 2002-03 are funded with BSF transfers and by advancing State Education Tax collections from FY 2003-04 into FY 2002-03; see details on page 9.

The FY 2002-03 budget includes \$363.2 million in FY 2002-03 appropriations to be made from tobacco settlement funds; see detail on pages 10 and 11. Another key component of the FY 2002-03 GF/GP budget is budgetary savings from an early retirement program for state employees explained on page 7.

GF/GP and Adjusted Gross Charts

Figures 1 through 3 (pages 4, 5, and 6) show YTD Adjusted Gross Appropriations from FY 1998-99 through FY 2002-03, distribution of GF/GP and Adjusted Gross appropriations for FY 2002-03, and percentage change in appropriations by budget area from FY 2001-02 YTD to FY 2002-03 for GF/GP and Adjusted Gross appropriations.

Impact of Early Retirement Plan

Page 7 provides an overview of the budgetary impact of the early retirement plan for state employees implemented through Public Act 93 of 2002. The early retirement program overview summarizes the employment and GF/GP savings by department.

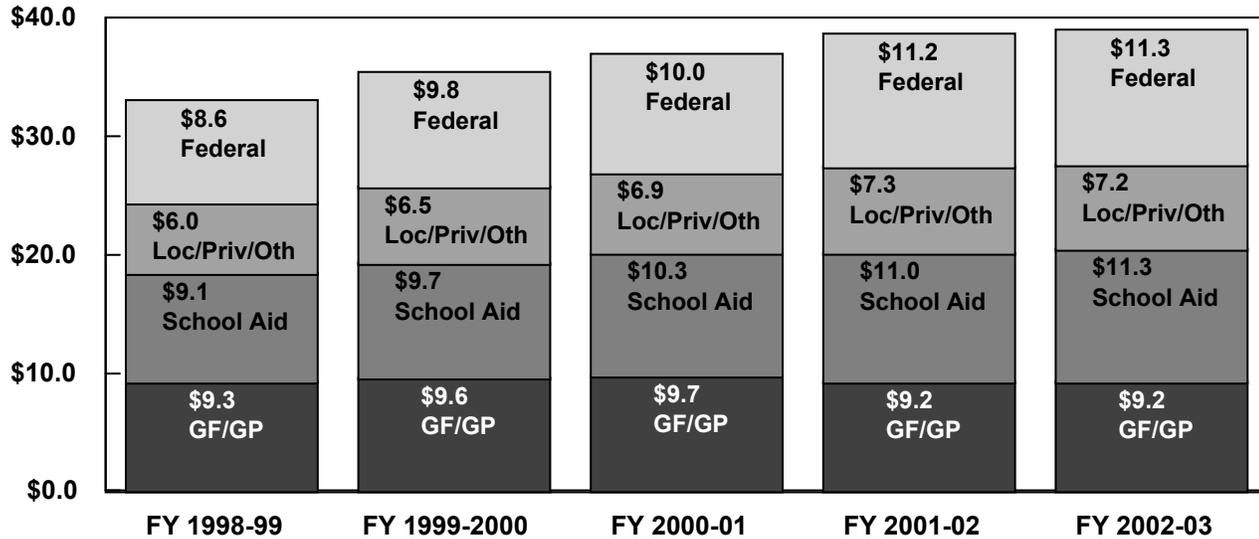
This Overview also includes a review of state workforce changes, state spending returned to local governments, across-the-board economic/inflation changes, and highlights of major changes by budget area. Details are contained in the individual budget sections. Overall content of the budget is summarized on page 21, and reported in Tables 1 through 5 (pages 22 through 26) of this publication.

Following this Overview, FY 2001-02 and FY 2002-03 supplemental appropriations included in Public Act 530 of 2002 are reported (page 27). In addition, individual sections explain spending proposals by department or major budget area. Each section includes a comparison of FY 2001-02 YTD appropriations with the FY 2002-03 budget, a budget overview, and an analysis and discussion of major budget and boilerplate issues.

Figure 1 shows YTD Adjusted Gross appropriations from FY 1998-99 through FY 2002-03.

Figure 1

**Adjusted Gross Year-to-Date Appropriations
(Billions of Dollars)**



(Table in Millions of Dollars)

	<u>FY 1998-99</u>	<u>FY 1999-2000</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
Federal	8,626.0	9,771.5	10,019.9	11,152.7	11,340.4
Local/Private/Other	6,049.6	6,505.9	6,885.9	7,256.4	7,162.9
School Aid	9,126.6	9,655.2	10,346.7	11,049.7	11,291.4
GF/GP	<u>9,302.6</u>	<u>9,607.2</u>	<u>9,744.6</u>	<u>9,197.4</u>	<u>9,195.3</u>
Adjusted Gross	\$33,104.8	\$35,539.8	\$36,997.0	\$38,656.2	\$38,990.0

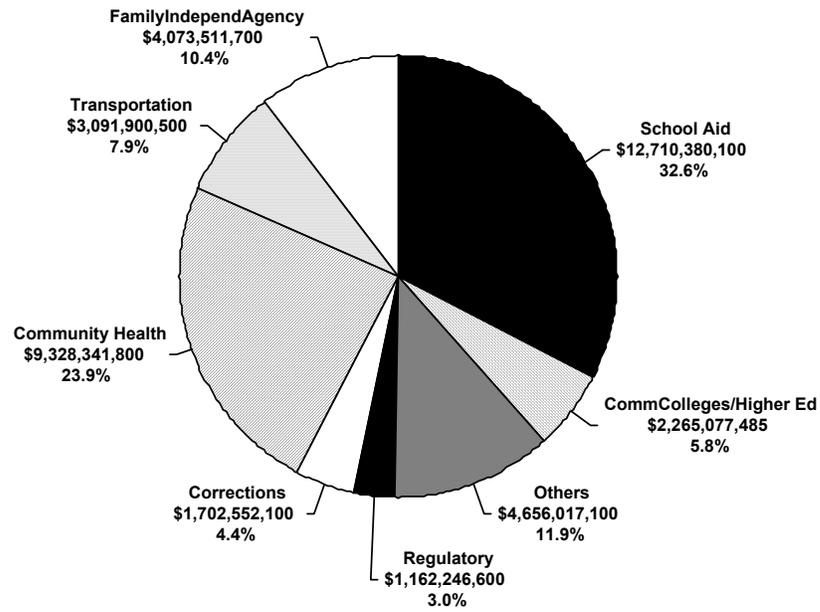
Figure 2 (following) shows the distribution of FY 2002-03 YTD Adjusted Gross and GF/GP appropriations. For Adjusted Gross appropriations, School Aid (32.6%) and Community Health (23.9%) receive the largest shares. Of GF/GP appropriations, Community Health (27.6%), Community Colleges/Higher Education (23.2%), and Corrections (17.6%) receive the largest portions.

Figure 3 (following) illustrates the percent change from YTD FY 2001-02 to YTD FY 2002-03. The largest Adjusted Gross increase was for School Aid (11.0%); the largest Adjusted Gross decreases were for Education (79.0%) and Regulatory (22.5%). It should be noted that program transfers accounted for much of the decrease shown.

The largest GF/GP increase was for Capital Outlay (3.8%); the largest GF/GP decreases were Regulatory (14.4%), Environmental Quality (13.4%), and Education (11.4%). Most of the decreases shown were due to funding or program reductions or shifts.

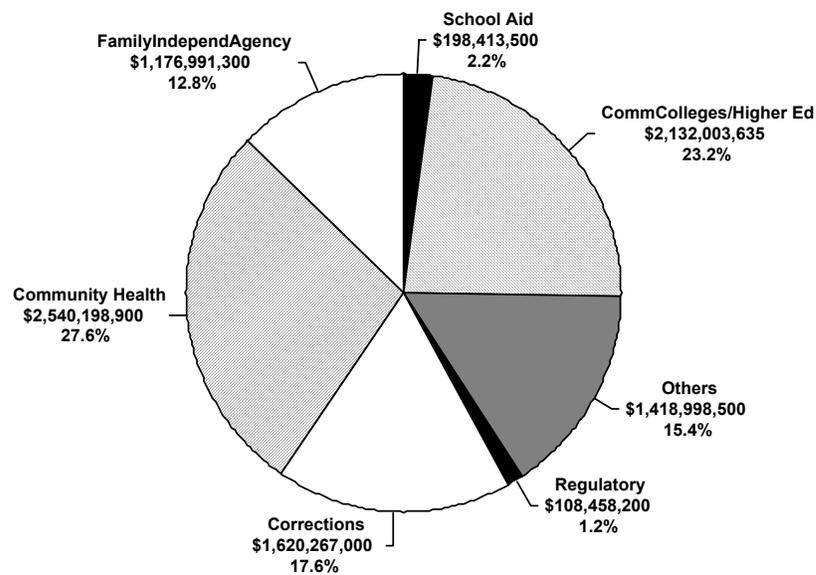
Figure 2

Adjusted Gross Appropriations: FY 2002-03



Total Adjusted Gross: \$38,990,027,385

GF/GP Appropriations: FY 2002-03



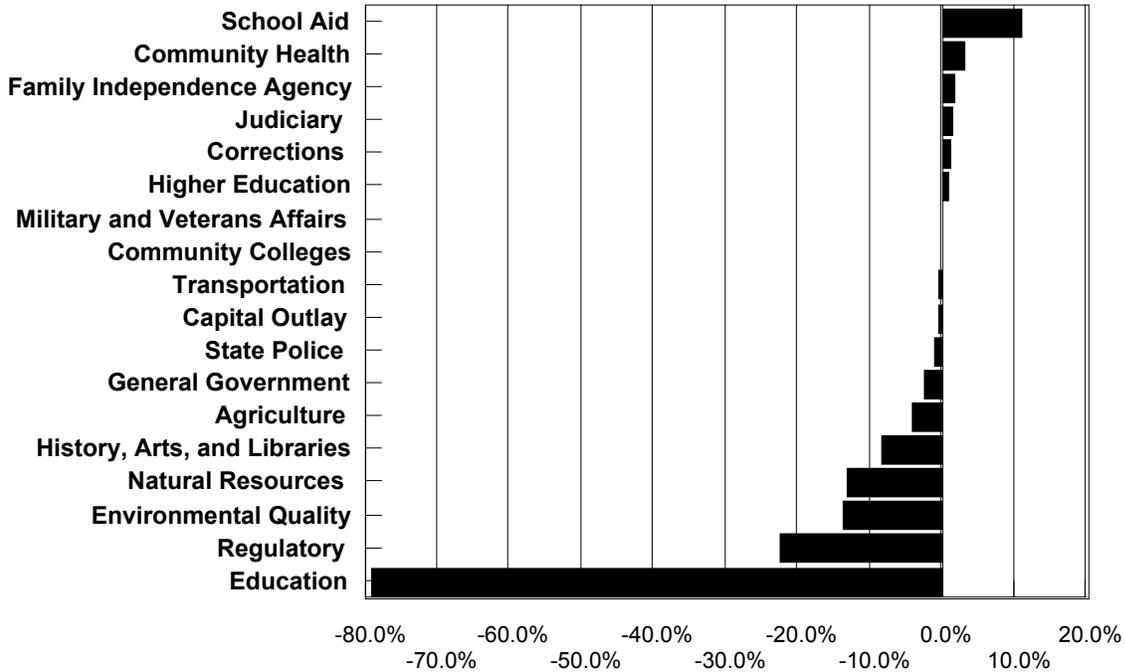
Total GF/GP: \$9,195,331,035

OVERVIEW

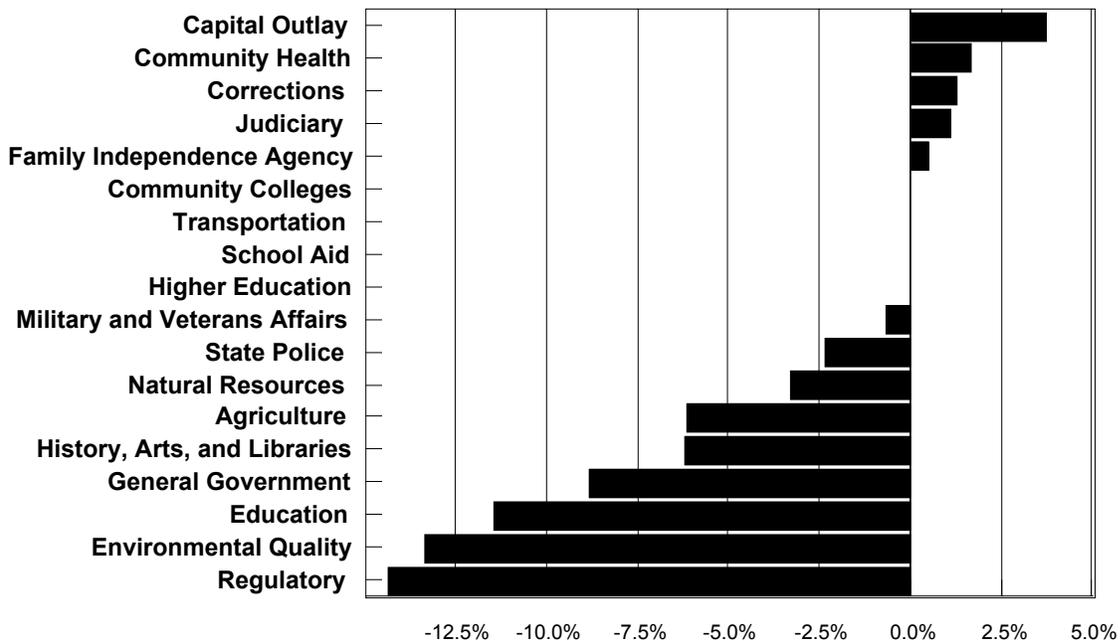
NOTE: \$925.0 million in new and existing federal funds were transferred to School Aid from the Department of Education budget

Figure 3

**ADJUSTED GROSS APPROPRIATIONS
FY 2002-03 YTD Percent of Change from FY 2001-02 YTD**



**GF/GP APPROPRIATIONS
FY 2002-03 YTD Percent of Change from FY 2001-02 YTD**



EARLY RETIREMENT PLAN OVERVIEW

Public Act 93 of 2002 implemented an Early Retirement Plan (ERP) for state employees in the Defined Benefit (DB) plan that very closely resembled the Governor's plan announced earlier in 2002. Based on the 7,881 Executive Branch employees who opted for this plan and a general 1-for-4-replacement policy, GF/GP savings of \$49.0 million was recognized across all Executive Branch departments. Provisions of the ERP Act are as follows:

- Establishes a one-time, 80-and-out early retirement window for most classified Executive Branch employees, certain covered corrections employees, unclassified employees, and employees of the Judicial and Legislative branches.
- Requires that a member attain a total of 80 years combining age and service credit during the July 1 through November 1, 2002, window. A member must file for retirement between April 1 and April 30 and then has until May 15, 2002, to withdraw the application, or seven days after rejection of an employment extension request.
- Provides a one-time incentive to retire by increasing the multiplier used to determine the annual pension benefit from the current 1.5% of Final Average Compensation to 1.75%. This represents an increase of 16.7% to the pension benefit.
- Allows employees who voluntarily transferred from the Tier I (DB) plan to the Tier II plan to retire during this window and receive an annuity. The annuity is based only on the increase in the multiplier (0.25%).
- Conservation Officers and the Michigan State Police are not eligible to participate in this ERP.
- Some retirement dates may be deferred for up to 15 months under certain circumstances.

Negative line items for each department have been put in place with the stipulation that Legislative transfers will be required as specific program savings are identified.

Early Retirement Summary (Thousands of Dollars)

	<u># of Early Retirees</u>	<u>Non-DIT* GF/GP Savings</u>	<u>DIT GF/GP Savings</u>	<u>Total Savings</u>
Agriculture	76	(\$1,292.3)	(\$23.2)	\$(1,315.5)
Attorney General	58	(1,062.2)	(18.8)	(1,081.0)
Career Development	179	(466.9)	(108.3)	(575.2)
Civil Rights	36	(837.0)		(837.0)
Civil Service	31	(81.5)	(144.0)	(525.5)
Community Health	1037	(4,732.4)	(661.2)	(5,393.6)
Consumer & Industry Services	820	(1,454.7)	(176.9)	(1,631.6)
Corrections	608	(6,973.4)	(618.4)	(7,591.8)
Education (includes CEPI)	78	(617.0)	(104.9)	(721.9)
Environmental Quality	168	(1,316.2)	(164.7)	(1,480.9)
Executive Office	1	(36.5)		(36.5)
Family Independence Agency	2689	(20,368.6)	(933.1)	(21,301.7)
History, Arts, and Libraries	15	(146.2)		(146.2)
Information Technology (DIT)	343	0.0	0.0	0.0
Judiciary	47	(891.1)		(891.1)
Management and Budget (includes SBO & OSE)	240	(485.5)	381.9	(102.6)
Michigan Strategic Fund	30	(895.1)		(895.1)
Military and Veterans Affairs	101	(463.1)		(463.1)
Natural Resources	232	(1,161.5)	107.7	(1,269.2)
State	246	(478.7)	(116.1)	(594.8)
State Police	132	601.9	(600.8)	1.1
Transportation	491	0.0	0.0	0.0
Treasury (includes Gaming & Lottery)	<u>250</u>	<u>(2,050.5)</u>	<u>(105.9)</u>	<u>(2,156.4)</u>
TOTAL	7,908	(\$45,507.5)	(\$3,502.1)	(\$49,009.6)

* DIT is Department of Information Technology

RESOURCES USED IN ENACTED YEAR-TO-DATE BUDGET

Resources used to fund General Fund/General Purpose and School Aid Fund expenditures in the year-to-date budget are reported below. An explanation of each source is included.

**GENERAL FUND/GENERAL PURPOSE
(Millions of Dollars)**

FY 2002-03 Consensus Revenue Estimate (adjusted)	\$8,613.2
Budget Stabilization Fund Withdrawal	\$207.0
Transfer Merit Award Surplus to General Fund/General Purpose	\$100.0
Michigan Employment Security Contingent Fund Transfers and Carryforward from FY 2001-02	\$79.5
Other Fund Shifts	\$60.0
Reduce Local Revenue Sharing Payments	\$120.6
Proposed Changes to State Diesel Fuel Tax	\$3.0
Increase Cigarette Tax and Carryforward FY 2001-02 Increase	<u>\$35.0</u>
Total	\$9,218.3

FY 2002-03 Consensus Revenue Estimate

Revenue estimates agreed to by the Consensus Conference in May 2002, adjusted for a freeze in the scheduled single business tax rate reduction and the enacted increase in the cigarette tax.

Budget Stabilization Fund Withdrawal

Transfer of \$207.0 million from the Budget Stabilization Fund (BSF) to support GF/GP expenditures.

Transfer Merit Award Surplus to GF/GP

Trust fund that receives 75% of tobacco settlement revenue and funds State Merit Awards. Enacted budget transfers \$100.0 million surplus to GF/GP.

Michigan Employment Security Contingent (MESC) Fund Withdrawal

Primarily penalty and interest charges imposed on employers delinquent in making unemployment contributions. A \$79.5 million transfer to GF/GP in FY 2001-02 is carried forward to be used in FY 2002-03.

Other Fund Shifts

Includes a \$50.0 million federal fund shift to pay for homestead property tax credits and \$10 million (legislation required) from the Michigan Employment Security Contingent Fund.

Reduce Local Revenue Sharing Payments

As enacted, statutory payments to local units based on sales tax collections would not increase in FY 2002-03. As a result, GF/GP resources would increase \$120.6 million.

Proposed Changes to State Motor Carrier Fuel Tax Act

Adds a 6% consumption tax to diesel fuel to be distributed in the same manner as state use tax; GF/GP would receive approximately \$3.0 million in FY 2002-03.

**SCHOOL AID BUDGET
(Millions of Dollars)**

Beginning Fund Balance	\$215.2
FY 2002-03 Consensus Revenue Estimate	\$10,535.6
General Fund/General Purpose Grant to School Aid Fund	\$198.4
Budget Stabilization Fund Transfer for Durant Settlement	\$32.0
Advance State Education Tax Collections	\$475.0
Federal Aid	<u>\$1,219.8</u>
Total	\$12,676.0

School Aid Fund Beginning Fund Balance

Includes \$350.0 million from BSF to SAF in FY 2001-02 to balance FY 2001-02 budget and provide additional revenue to support FY 2002-03 spending plan.

General Fund/General Purpose Grant to School Aid Fund

Transfers \$198.4 million from GF/GP to SAF to support FY 2002-03 spending plan that was contingent upon \$79.5 million MESF Fund transfer to GF/GP.

Budget Stabilization Fund Transfer for Durant Settlement

Annual transfer as part of Durant settlement regarding state funding for special education.

Advance State Education Tax Collections

The 6-mill state education tax was reduced to 5 mills in 2003 only and will be collected early beginning with summer 2003 collections. Results in a one-time \$475.0 million increase in SAF resources.

Federal Aid

Includes federal grants previously appropriated in Department of Education budget that were transferred to School Aid Budget, and new federal money appropriated by the (federal) Elementary and Secondary Education Act.

APPROPRIATIONS FROM TOBACCO SETTLEMENT FUNDS: FY 2002-03

<u>Department and Program</u>	<u>Trust Fund</u>	<u>Amount</u>
<u>Career Development</u>		
Council of Michigan Foundations: Grant to the Council is redistributed to community foundations across the state for local initiatives dealing with youth and senior health issues.	Tobacco Settlement	\$4,000,000
<u>Community Colleges</u>		
Postsecondary Access Student Scholarship Program (PASS): Finance postsecondary education for qualifying students at community colleges.	Merit Award	2,000,000
<u>Community Health</u>		
Office of Services to the Aging - Long-Term Care Advisor: Funding for the Office of Long-Term Care Advisor and a public information and awareness campaign regarding long term care planning, insurance, and services.	Tobacco Settlement	761,000
Office of Services to the Aging - Respite Care: Supports in-home or adult day care of elderly persons, to provide respite for regular at-home care givers.	Tobacco Settlement	5,000,000
Medical Services - EPIC Program: Provides coverage for prescription medications to senior citizens with incomes up to 200% of the poverty level.	Tobacco Settlement	30,000,000
Medical Services - Long-Term Care Services: Supports the personal needs allowance increase from \$30 to \$60 per month for Medicaid patients in nursing homes.	Tobacco Settlement	5,000,000
Medicaid Base Funding: Replaces state GF/GP match required for ongoing Medicaid program funding needs.	Tobacco Settlement	30,007,200
<u>Higher Education</u>		
Michigan Merit Award Program: Provides merit scholarships to high school graduates with a high qualifying score on the MEAP test.	Merit Award	114,323,850
Rare Isotope Accelerator: Provides funding from the Tobacco Settlement Trust Fund to support design and architectural study efforts to enable Michigan State University to become the national location of this federally-funded research facility.	Tobacco Settlement	\$2,000,000
Tuition Incentive Program: Two-phase program to encourage low-income students to graduate from high school; phase I provides qualifying students with up to two years of free tuition at a community college; phase II provides qualifying students with up to \$2,000 toward tuition at a community college or four-year university.	Merit Award	5,250,000
Nursing Scholarship Program: New program to be administered by Michigan Higher Education Assistance Authority to provide awards to nursing students who agree to work in Michigan after licensure.	Merit Award	4,000,000
<u>Michigan Strategic Fund</u>		
Health and Aging Research and Development Initiative: Provide grants to Michigan universities and private research facilities to conduct research (including collaborative research) in the area of life sciences; commercialize innovations discovered or developed through the research.	Tobacco Settlement	45,000,000

Treasury

<u>Department and Program</u>	<u>Trust Fund</u>	<u>Amount</u>
Michigan Merit Awards Commission/Michigan Educational Assessment Program (MEAP) Test Administration: Administration of the Michigan Merit Award Scholarship provided to eligible high school students. Administration of the MEAP test given to 4th, 5th, 7th, 8th, and 11th grades as required by the revised school code.	Merit Award	18,134,200
Department of Information Technology	Merit Award	393,000
Tuition Incentive Program: Administration of the Tuition Incentive Program.	Merit Award	363,400
Michigan Education Savings Plan: Create a savings plan to give Michigan families an incentive to save for higher education through a combination of tax deductions and state matching grants.	Merit Award	<u>1,000,000</u>
Subtotal Tobacco Settlement Appropriations		\$267,232,650
Transfer to GF/GP: Transfer \$100.0 million from Merit Award Trust Fund to GF/GP	Merit Award	<u>\$100,000,000</u>
TOTAL Tobacco Settlement Appropriations		\$367,232,650

ACROSS-THE-BOARD ECONOMIC/INFLATION CHANGES

Across-the-board adjustments are associated with employee wage and fringe benefit increases and inflationary increases in the costs for supplies, materials, equipment etc.

SALARIES AND WAGES:

(classified and unclassified by bargaining unit)

**% Base Pay Increase
over FY 2002**

NOTE: It is assumed that the FY 2002 lump sum payment of \$375 was included in the FY 2001 appropriated base.

SEIU Coalition: MCO, MPES, Local 31-M Security (Scientific & Engineering Human Services Support)	2%
UTEA (Technical)	2%
UAW (Human Services and Administrative Support)	2%
MSEA (Labor & Trades, Safety & Regulatory)	2%
AFSCME (Institutional)	2%
MSPTA (State Police Enlisted)	2%
NERES and MSC (Non-bargaining Employees)	2%
POAM (Safety & Regulatory)	2%
Unclassified	2%
SOCC*	2%

RETIREMENT PLANS

(calculated using the retirement base; also includes FICA at 7.65%)

% Salary and Wages

Regular - Code 4	20.33%
Supplemental - Correctional Officers - Code 1	22.09%
Conservation Officers - Code 26	23.07%
State Police Enlisted - No social security/medicare - Code 2	40.07%
State Police Enlisted - No social security/medicare - Code 17	41.52%
Defined Contribution Plan (including FICA) - Code 40	22.35%

INSURANCES FOR EMPLOYEES (weighted average for all insurances; increase over prior year) 0.00%

WORKERS' COMPENSATION See Note 1

BUILDING OCCUPANCY CHARGES See Note 2

INSTITUTIONS ONLY

Food (increase over prior year)	3.00%
Fuel oil and coal (increase over prior year)	3.00%
Utilities: Electric and Natural Gas (increase over prior year)	3.00%

NOTES: 1. % Salary and Wages calculated on estimates by Risk Management

2. Determined by DMB Administrative Services

3. SOCC economics assumption at 2%, effective January 1, 2003

CHANGES BY BUDGET AREA

Following are highlights of major features and changes in the FY 2002-03 budget.

EDUCATION

Community Colleges

- Zero increase for operations
- Increase of \$136,000 GF/GP to reimburse certain colleges for tax revenue loss

Education

- Increase of \$946,900 GF/GP to reimburse schools for meals served to students
- Increase of \$100,000 restricted to provide safety education training
- Increase of \$200,000 restricted to purchase safety education motorcycles
- Increase of \$50,000 restricted to fund scholarships under the National Board Certification program
- Decrease of more than \$1.0 million GF/GP due to budgetary and early retirement savings
- Transfer \$925.0 million in new and existing federal funds to School Aid that otherwise would have been appropriated in the Department of Education budget

Higher Education

- University base operational funding set at same level as in FY 2001-02
- Resident undergraduate tuition/fee increase restrained to \$425 or 8.5% of 2001-02 level, whichever is higher
- New nursing scholarship program funded at \$4.0 million (Michigan Merit Award Trust Fund)
- Rare Isotope Accelerator design and architectural study funded at \$2.0 million (Tobacco Settlement Trust Fund)

School Aid

- Increase the FY 2002-03 per-pupil foundation allowance by \$200 to \$6,700
- Roll \$26.7 million School Aid Fund (SAF) in small class-size grants into the FY 2002-03 foundation allowance for eligible districts
- Appropriate \$15.0 million in SAF funds to the Detroit Public Schools to be rolled into the district's foundation allowance beginning in FY 2002-03
- Add several provisions allowing the state to use Discretionary Funds in Sec. 22b to pay for lawsuits against the state by school districts
- Fund the Adolescent Health Centers at \$3.7 million from At-Risk funds
- Receive transfer of \$925.0 million in new and existing federal funds from Department of Education (DOE) that otherwise would have been appropriated in the Department of Education budget

GENERAL GOVERNMENT

Attorney General

- Increase \$351,800 (Tobacco Settlement Trust Fund) and 3.0 FTE positions to perform ongoing legal work and activities related to the Tobacco Master Settlement Agreement
- Reduce GF/GP by \$1.4 million to reflect savings anticipated to result from implementation of the 2002 early retirement program and from imposing a hiring freeze and other administrative efficiencies

Civil Rights

- Reduce GF/GP by \$981,200 to reflect savings anticipated to result from implementation of the 2002 early retirement program and from imposing a hiring freeze and other administrative efficiencies

Civil Service

- Increase \$15,000 GF/GP for costs of the biennial meetings of the State Officers Compensation Commission
- Increase \$2.0 million IDG Training Charges for additional leadership development and executive training
- Decrease due to savings anticipated to occur as a result of the early retirement program and the 1% reduction from the Executive recommendation; Gross \$632,100; GF/GP \$525,600 and \$106,500 respectively

Executive

- Increase \$5,500 GF/GP to cover costs associated with salary increases provided by SOCC for the Governor and Lieutenant Governor
- Reduce GF/GP by \$86,900 to reflect savings anticipated to result from implementation of the 2002 early retirement program and from imposing a hiring freeze and other administrative efficiencies

Information Technology

- Transfer information technology-related funding and FTE positions, \$426.8 million IDG User Fees and 1,774.2 FTEs respectively, from other Executive branch departments and agencies to the new Department of Information Technology
- Appropriate \$9.3 million IDG User Fees in administrative savings taken as a result of consolidating functions and resources to further fund e-Michigan initiatives
- Reduce IDG User Fees funding by \$3.5 million to reflect savings anticipated to result from implementation of the 2002 early retirement program and from imposing a hiring freeze and other administrative efficiencies

Legislature

- Increase \$712,600 GF/GP for the Senate line item
- Increase \$1.1 million GF/GP for the House of Representatives line item
- Increase \$1.1 million (State Services Fee Fund) to cover baseline operating costs in the Office of the Auditor General
- Reduce GF/GP by \$2.4 million to reflect the 1.0% across-the-board reduction to the Legislature budget

Management and Budget

- Increase \$14.7 million IDG and 17.0 FTE positions for rent and operational costs associated with continued implementation of the state space plan
- Increase \$4.8 million state restricted funding for tightened security at state buildings
- Increase \$3.2 million state restricted funding for costs associated with providing new leased parking areas for employees and for construction/maintenance of the Roosevelt parking ramp
- Reduce state restricted funding by \$8.0 million based on completion of the retirement technology project
- Reduce GF/GP by \$536,400 to reflect savings anticipated to result from implementation of the 2002 early retirement program and from imposing a hiring freeze and other administrative efficiencies

State

- Decrease in the Branch Operations appropriation line to recognize administrative savings; reduction of \$1.0 million
- Decrease due to savings anticipated to occur as a result of the early retirement program and the 1% reduction from

the Executive recommendation; Gross \$772,300; GF/GP \$594,900 and \$177,400 respectively

- Establish \$1.0 million State Services Fee Fund support for development and implementation of a vertical driver license and ID card program - **VETOED** Legislative **veto override** restored the funding.
- Increase \$40.0 million IDG from MDOT, recognizing increased Michigan Transportation Fund support authorized in Executive Order 2001-9

Treasury

Operations

- Establish \$10.7 million in federal funds for assessment testing requirements in grades 3-8 associated with the federal "No Child Left Behind Act of 2001"
- Change in Method of Funding: Replace \$8.0 million in GF/GP with an equal amount IDG from MDOT, Michigan Transportation Fund support for the collection of motor fuel taxes consistent with the authorizing provision in Executive Order 2001-9
- Establish \$2.2 million in IDG from MDOT, Michigan Transportation Fund authorization for the implementation of an electronic motor fuel tax simplification system
- Increase \$1.5 million State Lottery Fund revenue to be used for the purchase of a new lottery game, Changeplay, and for the lease or purchase of instant lottery ticket vending machines
- Decrease due to savings anticipated to occur as a result of the early retirement program and the 1% reduction from the Executive recommendation; Gross \$2.7 million; GF/GP \$2.2 million and \$542,900 respectively
- FY 2001-02 Supplemental Budget Item: Decrease authorization that was to be used for improvements to the Michigan Educational Assessment Program (MEAP) test and the creation of a database to contain test scores, track test attempts and track qualifying students; reduction of \$2.5 million Merit Award Trust Fund
- Change in Method of Funding: Replace \$240,000 GF/GP within the Pari-mutuel Audits appropriation line with a like amount of State Services Fee Fund revenue
- Establish \$1.5 million GF/GP to fund administration of the tax amnesty program

Revenue Sharing/Debt Service

- Decrease debt servicing obligations due to savings created by the refunding of existing bond obligations and the restructuring of debt payments; reduction of \$41.0 million GF/GP
- Establish \$9.9 million GF/GP of one-time grants to local units of government to offset negative impacts of revenue sharing distribution in FY 2002-03 - **VETOED** Legislative **veto override** restored the funding.
- Increase \$6.8 million Sales Tax revenue authorization for Constitutional Revenue Sharing based on the May 2002 Revenue Estimating Conference
- Decrease Statutory Revenue Sharing authorization based on the May 2002 Revenue Estimating Conference; decrease of \$23.8 million - **VETOED**. The Governor **VETOED** all of Statutory Revenue Sharing; decrease of \$868.0 million Sales Tax. Legislative **veto override** restored the funding.

HUMAN SERVICES

Community Health

- Increase of \$434.9 million for Medicaid Mental Health/Substance Abuse, Children's Special Health Care Services, and Medical Services due to caseload growth, inflation, and utilization changes - **PARTIALLY VETOED**
- Increase of \$118.0 million for Medicaid Mental Health Services which includes a 5% net increase in capitation payment for CMHSPs financed through a provider quality assurance assessment fee - **VETOED**
- \$8.8 million increase for CMHSP Purchase of State Services Contracts to partially cover "new" local revenue that

OVERVIEW

would have been realized from CMHSPs for utilization of state hospitals and centers - **VETOED**

- \$1.0 million savings for Community Substance Abuse Prevention, Education, and Treatment programs; however, the administrative responsibility for these programs is not transferred from coordinating agencies to CMHSPs
- Reduce Healthy Michigan (HMF) funded projects by \$17.2 million. Funding is partially replaced with GF/GP funds or additional available HMF. Sec. 263 restores funding levels of most of these projects due to a cigarette tax increase pursuant to 2002 PA 503
- Increase of \$10.6 million in federal funds for public health and hospital bioterrorism preparedness and response programs - **PARTIALLY VETOED**
- Appropriations for Long-Term Care, Home and Community Based Services, Adult Home Help, Personal Care Services, and Health Maintenance Organizations - **VETOED**
- No increase for Medicaid payment rates except for HMOs and nursing homes financed through provider assessments in 2002 PAs 303 and 304
- Increase \$115.0 million federal to expand the EPIC program based on the proposed Medicare Low Income Drug Assistance Initiative and the Medicaid Pharmacy Plus Waiver. Tobacco settlement revenue and restricted funds for EPIC are reduced by \$20.0 million
- Provide \$191.1 million for the MIFamily Plan to extend Medicaid coverage for up to 222,000 low income persons including parents of Medicaid eligible children, pregnant women, and other uninsured adults. The program is financed with federal and state Medicaid funds, unspent federal SCHIP allocations, state and local indigent care monies, and state non-Medicaid mental health services funds. A 3.9% increase in Medicaid mental health services payment rates is also included in the MIFamily financing plan - **IMPLEMENTATION DELAYED**
- Withdraw \$261.7 million from the Medicaid Benefits Trust Fund to cover the federal Medicaid match rate reduction, caseload growth, the loss of special financing GF/GP savings and an additional \$15.0 million based on the target agreement for DCH
- 1% GF/GP budgetary savings of \$25.6 million
- Net early retirement savings of \$5.4 million

Corrections

- Increase \$7.3 million GF/GP for prisoner health care
- Increase \$19.1 million GF/GP for about 2,500 additional prison beds expected to be opened by the end of FY 2002-03
- Increase \$2.0 million GF/GP for third-year step funding for Pugsley Correctional Facility
- Federal revenue replacement: \$1.7 million GF/GP to replace anticipated loss of federal funds received under the State Criminal Alien Assistance Program
- Decrease of \$16.6 million GF/GP, representing the further decreases necessary to annualize the partial-year savings effected for FY 2001-02 by Executive Order 2001-9
- Decrease of \$7.6 million GF/GP, representing savings to be achieved through 2002 early retirement program for state employees

Family Independence Agency

- Increase \$26.6 million gross, \$9.8 million GF/GP, in Adoption Subsidies to cover projected caseload spending growth
- Reduce \$63.4 million gross, \$19.5 million GF/GP, in foster care services lines due to projected caseload movement and decrease; also reflects removal of federal and local authority to meet anticipated fund source needs

- Increase \$28.6 million gross, \$26.3 million GF/GP, in the Child Care Fund due to funding of more delinquency cases in this account instead of through foster care accounts
- Add \$24.4 million gross, \$20.0 million GF/GP, net in Family Independence Program; increase of \$33.0 million gross, \$20.0 million GF/GP, directly related to a 4,700 caseload increase and an anticipated \$6 monthly cost per case increase. Decrease of \$8.6 million TANF reflects a reduction in the annual clothing allowance from \$75 per child to \$25 per child
- Increase \$220.2 million federal in Food Assistance Program Benefits (Food Stamp Program) to cover projected caseload spending growth
- Add \$23.0 million federal for the Homestead Property Tax Credit, bringing the total for FY 2002-03 to \$50.0 million
- Increase \$23.0 million GF/GP to maximize usage of available federal Child Care Development Fund (CCDF) revenue and reduce TANF spending
- Decrease \$21.3 million GF/GP to reflect Early Retirement Savings
- FY 2001-02 Supplemental Budget Items (HB 4373):
 - Increase \$20.0 million TANF for Homestead Property Tax Credit
 - Add \$15.0 million GF/GP to cover Family Independence Program caseload spending growth

REGULATORY

Career Development

- Funding Shift: Replace \$72.1 million in federal Temporary Assistance for Needy Families (TANF) and Workforce Investment Act (WIA) revenues with federal Reed Act funding (appropriated in FY 2001-02 supplemental) to support welfare-to-work and other job readiness activities
- Funding Shift: Replace \$1.0 million GF/GP with federal Workforce Investment Act dollars to subsidize operation of Michigan Works! Service Centers
- Funding Shift: Replace \$5.0 million GF/GP with federal Workforce Investment Act dollars to support job training programs provided by Focus:HOPE
- Increase \$1.0 million in federal Workforce Investment Act revenue to finance Michigan Virtual University's technology-based education initiatives
- Increase \$3.0 million federal to support new Gear-Up grant program aimed at increasing number of at-risk youth that attend college
- Increase \$25,000 GF/GP to support Michigan's centers for independent living

Consumer and Industry Services

- \$7.4 million GF/GP and restricted for fire protection grants to local units of government that provide fire protection to state-owned facilities - **VETOED** Funding was subsequently restored; see Transportation section
- Funding Shift: Replace \$10.0 million in Employment Security Contingent Fund revenue with federal Reed Act funding (appropriated in FY 2001-02 supplemental) to finance Unemployment Agency programs
- Increase \$2.5 million restricted to expand consulting activities related to financially troubled insurers and HMOs and to expand examinations of consumer lenders and investment advisors
- Increase \$998,600 restricted to support nine new boiler and elevator inspectors and related technology
- Increase \$450,000 restricted to finance licensing of security guards, private detectives, and alarm system contractors; program transferred from Department of State Police

OVERVIEW

- Increase \$373,000 restricted to support nursing scholarship program and to establish a Center for Nursing
- Increase \$6.0 million federal for the Section 8 rental subsidy program for eligible low-income individuals

Michigan Strategic Fund

- Decrease of \$13.0 million GF/GP for Economic Development Job Training (EDJT) grants that support customized training programs for businesses
- Elimination of \$1.0 million GF/GP that had supported the Capital Access Program; program encouraged bank lending to small businesses; separate boilerplate appropriation of up to \$1.0 million in Michigan Core Communities Fund revenue for the program was **VETOED**
- Boilerplate change: Allows up to \$1.0 million of EDJT appropriation to be used to provide match for university federal research grants
- Boilerplate change: Revises current law to earmark at least 90% of the total EDJT appropriation to community colleges or partnerships that include a community college
- \$25,000 GF/GP earmark to support tourism promotion in the northeast region of the state - **VETOED**

RESOURCE PROTECTION

Agriculture

- Total net combined decrease of \$64,100 GF/GP for economic adjustments, reduction of 1997 early retirement payouts, and elimination of the GF/GP share for the U. P. State Fair
- Cigarette tax contingency restored \$670,100 in local soil conservation districts, food banks, and horse shows
- Negative appropriations based on projections for savings of early retirement participants and 1% reduction of Executive Recommendation totals \$1.7 million

Environmental Quality

- \$8.5 million funding shift from GF/GP to the Environmental Response Fund (revenue from responsible party penalties and payments)
- \$2.5 million restricted to monitor the water quality of the Clinton River watershed and Lake St. Clair
- \$2.0 million restricted increase for national priority list land fill matching grants
- \$700,000 for orphan oil and gas well plugging and cleanup

Natural Resources

- \$2.0 million GF/GP for bovine TB surveys of the deer herd
- \$1.7 million GF/GP deleted from Michigan Civilian Conservation Corps; Camp Vanderbilt to cease operations, but day services from Proud Lake Camp will continue
- \$1.2 million restricted funds to be spent for debt service on State Park Improvement Bonds

SAFETY AND DEFENSE

Military Affairs

- Appropriate \$2.0 million in increased federal revenue for maintenance at National Guard facilities
- Restore \$891,625 GF/GP in Executive Order reductions for grants to veterans service organizations and increase grant to Catholic War Veterans by \$27,900 GF/GP
- Offset \$500,000 GF/GP with \$500,000 in available federal Medicaid revenue
- Include negative appropriation of \$409,600 GF/GP for budgetary savings

- FY 2001-02 Supplemental Budget Items: \$891,625 GF/GP to restore executive order reductions for grants to veterans service organizations
- \$585,000 in available federal Medicaid and Medicare revenue; offset by \$585,000 GF/GP reduction

State Police

- Appropriate \$6.1 million in restricted revenue to reflect full year phase in of \$5 increase in traffic citation assessment for Secondary Road Patrol Grants; partially offset by elimination of remaining \$1.6 million GF/GP for grants
- Remove \$1.0 million GF/GP appropriation for concealed weapon licensure implementation
- Eliminate \$721,100 GF/GP grant to City of Detroit
- Appropriate \$2.8 million in increased federal revenue for antiterrorism equipment grants to locals
- Decrease various lines by \$3.4 million GF/GP to reflect savings from 40 vacant positions
- Include negative appropriation of \$2.9 million GF/GP for budgetary savings
- FY 2001-02 Supplemental Budget Item: \$1.3 million GF/GP to settle lawsuit against Department
- \$4.5 million in restricted revenue from \$5 increase in traffic citation assessment for Secondary Road Patrol Grants

ALL OTHER

Capital Outlay

- Provide \$287.2 million GF/GP for State Building Authority rent payments, which are \$16.0 million higher than the current year, or 6%. This is the result of project completions occurring this year and next
- Provide \$229.0 million gross of federal, state, and local monies to fund a variety of security and improvement projects at 90 local airports; including \$12.0 million for the Detroit Metro Midfield Terminal project
- Provide \$17.9 million gross to fund critical special maintenance projects for state agencies such as Corrections, State Police, State Parks, DCH, FIA, DMB, MDOT, and Military Affairs
- Provide \$9.0 million (Waterways Fund) to expand the state-owned marina on Mackinac Island
- Provide \$3.0 million (Trunkline Fund) to construct a new prototypical Welcome Center at Monroe

History, Arts, and Libraries

- Increase \$461,800 GF/GP and 4.0 FTEs representing transfer-in from three other departments which completes the consolidation of this new department
- Establish \$250,000 GF/GP, by reducing Arts and Cultural Grants, to manage the collection of shipwrecks in the bottomlands of the Thunder Bay National Marine Sanctuary and Underwater Preserve
- Eliminate one-time funding for the Arts and Cultural Supplemental Grants; reduction of \$2.0 million GF/GP
- Eliminate one-time funding for the Museum of African-American History; reduction of \$1.0 million GF/GP
- Change in Method of Funding: Replace \$64,800 and \$935,200 GF/GP, within the Grand Rapids Public Library and Detroit Public Library grants respectively, with an equal amount of federal Reed Act revenue to be used for unemployment benefit assistance
- Decrease due to savings anticipated to occur as a result of the early retirement program and the 1% reduction from the Executive recommendation; gross \$773,100; GF/GP \$146,300 and \$626,800 respectively

Judiciary

- Total net combined increase of \$4.0 million GF/GP for economic adjustments, reduction of 1997 early retirement payouts, and the reduction to offset the increase required for economic adjustments

OVERVIEW

- Cigarette tax contingency restored \$670,100 in local soil conservation districts, food banks, and horse shows
- Negative appropriations based on projections for savings of early retirement participants and 1% reduction of Executive Recommendation totals \$1.7 million

Transportation

- Increase \$48.9 million in Michigan Transportation Fund (MTF) interdepartmental grants to Departments of State and Treasury
- Eliminate \$35.0 million BSF transfer for Build Michigan III debt service
- New \$5.0 million debt service line for Airport Safety and Protection (ASAP) Plan bond program; contingent on passage of House Bill 4454 (airport parking tax)
- Earmark \$24.0 million in federal aid for local critical bridges—effectively \$6.0 million more than Executive recommendation
- Increase \$4.7 million for local bus operating assistance
- Does not include additional revenue from proposed amendments diesel tax statutes
- FY 2001-02 Supplemental:
 - Restore \$24.0 million in federal bridge funds vetoed in current year (2002 PA 530)—\$6.0 million for state trunkline program, \$18.0 million for local road agency programs
 - Add \$4.2 million state restricted for Local bus operating assistance, and \$190,000 in Specialized services—restoring funds cut in Executive Order 2001-9
 - Add \$5.4 million state restricted for rail freight preservation and development

CONSENSUS REVENUE ESTIMATES

State law requires that the State Treasurer or the State Budget Director and the Directors of the Senate and House Fiscal Agencies meet at least twice a year to review and revise GF/GP and School Aid Fund revenue forecasts. A Consensus Revenue Estimating Conference was held on May 16, 2002, to revise estimated revenues for FY 2001-02 and reach a consensus on initial FY 2002-03 revenues. Budget recommendations for FY 2002-03 are based on this consensus agreement which anticipates that baseline GF/GP and SAF revenues will increase by 4.5% between fiscal years 2001-02 and 2002-03.

STATE SPENDING RETURNED TO LOCAL GOVERNMENTS

Pursuant to Article IX, Section 30 of the *Constitution of the State of Michigan of 1963*, at least 48.97% of state spending from state resources must be paid to all units of local government. As shown in **Table 5** (page 26), the FY 2002-03 budget provides for \$16.2 billion in payments to local units of government, or 61.2% of the estimated \$26.5 billion in state spending from state resources — well within the constitutional requirement.

STATE WORKFORCE CHANGES

Table 4 (page 25) compares the number of full-time equated or FTE positions (classified and unclassified) between FY 2001-02 and FY 2002-03 year-to-date. Table 4 shows a decrease in total FTE positions from 64,379.6 in FY 2001-02 to 62,965.4 in FY 2002-03 — a decrease of 1,414.2 FTEs or 2.2%. Each FTE is equivalent to 2,088 hours of employee compensated time (including overtime, annual leave and used sick leave) during the year.

FY 2002-03 APPROPRIATIONS: SUMMARY TABLES

Table 1 (following) details the FY 2002-03 year-to-date budget. When interdepartmental grants and intradepartmental transfers are deducted, Gross appropriations of \$39.8 billion reduce to \$39.0 billion in Adjusted Gross appropriations.

State Restricted	\$17,275,288,750
GF/GP	\$9,195,331,035
Federal	\$11,340,398,550
Local and Private	<u>\$1,179,009,050</u>
Adjusted Gross	\$38,990,027,385

Table 2 (following) compares Adjusted Gross appropriations for FY 2001-02 YTD to FY 2002-03 YTD. Appropriations increase from \$38.7 billion in FY 2001-02 to \$39.0 billion in FY 2002-03 — a \$333.9 million or 0.86% growth.

Table 3 (following) compares GF/GP appropriations for FY 2001-02 YTD to FY 2002-03 YTD. Appropriations increase from \$9.197 billion in FY 2001-02 to \$9.195 billion in FY 2002-03 — a decrease of \$2,027,440 or 0.02%.

Table 4 (following) compares the number of Full-time Equated or FTE employees (classified and unclassified) for FY 2001-02 YTD to FY 2002-03 YTD. Fiscal Year 2002-03 YTD shows a change in total FTE positions from 64,379.6 in FY 2001-02 to 62,965.4 in FY 2002-03 — a decrease of 1,414.2 FTEs or 2.2%. Each FTE is equivalent to 2,088 hours of employee compensated time (including overtime, annual leave, and used sick leave) during the year.

Table 5 (following) shows FY 2002-03 YTD enacted payments to local units of government compared to the amount of spending from state sources provided in each budget. Pursuant to Article IX, Section 30 of the *Constitution of the State of Michigan of 1963*, at least 48.97% of state spending from state resources must be paid to all units of local government. The enacted FY 2002-03 YTD budget provides for \$16.2 billion in state spending to local units of government, 61.2% of the estimated \$26.5 billion in state spending from state resources — well within the constitutional requirement.

OVERVIEW

TABLE 1

FY 2002-03 YEAR-TO-DATE APPROPRIATIONS BY SOURCE OF FUNDS

<u>Department/Major Budget Area</u>	<u>Gross</u>	<u>IDGs and IDTs</u>	<u>Adjusted Gross</u>	<u>Federal Funds</u>	<u>Local Revenue</u>	<u>Private Revenue</u>	<u>State Restricted</u>	<u>General Fund/General Purpose</u>
Community Colleges	321,732,319	0	321,732,319	0	0	0	2,000,000	319,732,319
Education	215,490,700	1,000,000	214,490,700	165,694,100	4,744,200	701,400	14,329,300	29,021,700
Higher Education	1,943,345,166	0	1,943,345,166	5,500,000	0	0	125,573,850	1,812,271,316
School Aid	12,710,380,100	0	12,710,380,100	1,219,825,200	700,000	0	11,291,441,400	198,413,500
EDUCATION	\$15,190,948,285	\$1,000,000	\$15,189,948,285	\$1,391,019,300	\$5,444,200	\$701,400	\$11,433,344,550	\$2,359,438,835
Attorney General	61,757,600	9,917,900	51,839,700	7,672,700	0	1,183,000	9,216,400	33,767,600
Civil Rights	14,367,700	0	14,367,700	934,000	0	0	0	13,433,700
Civil Service	31,585,200	5,300,000	26,285,200	4,779,100	1,700,000	150,000	9,639,200	10,016,900
Executive Office	5,399,500	0	5,399,500	0	0	0	0	5,399,500
Information Technology	424,006,800	424,006,800	0	0	0	0	0	0
Legislature	126,360,200	1,627,600	124,732,600	0	0	400,000	2,530,400	121,802,200
Management and Budget	188,098,300	109,548,100	78,550,200	358,600	0	0	35,355,300	42,836,300
State	180,055,800	96,493,000	83,562,800	1,319,500	0	100	65,274,200	16,969,000
Treasury: Operations	368,480,500	19,445,300	349,035,200	44,296,100	910,800	0	252,233,900	51,594,400
Treasury: Debt/Revenue Sharing	1,593,086,400	0	1,593,086,400	0	0	0	1,523,600,000	69,486,400
GENERAL GOVERNMENT	\$2,993,198,000	\$666,338,700	\$2,326,859,300	\$59,360,000	\$2,610,800	\$1,733,100	\$1,897,849,400	\$365,306,000
Community Health	9,397,514,700	69,172,900	9,328,341,800	5,002,000,200	946,584,600	64,736,600	774,821,500	2,540,198,900
Corrections	1,705,870,600	3,318,500	1,702,552,100	26,403,400	391,100	0	55,490,600	1,620,267,000
Family Independence Agency	4,074,490,500	978,800	4,073,511,700	2,754,318,050	66,956,700	9,856,850	65,388,800	1,176,991,300
HUMAN SERVICES	\$15,177,875,800	\$73,470,200	\$15,104,405,600	\$7,782,721,650	\$1,013,932,400	\$74,593,450	\$895,700,900	\$5,337,457,200
Consumer and Industry Services	547,480,500	111,100	547,369,400	241,911,500	0	770,000	268,711,600	35,976,300
Career Development	461,321,600	0	461,321,600	406,469,200	15,011,900	2,396,300	9,661,500	27,782,700
Michigan Strategic Fund Agency	153,656,500	100,900	153,555,600	62,953,300	0	853,100	45,050,000	44,699,200
REGULATORY	\$1,162,458,600	\$212,000	\$1,162,246,600	\$711,334,000	\$15,011,900	\$4,019,400	\$323,423,100	\$108,458,200
Agriculture	95,730,800	10,953,800	84,777,000	6,639,500	0	1,127,600	37,932,400	39,077,500
Environmental Quality	405,289,600	14,042,900	391,246,700	131,521,400	0	435,700	186,857,100	72,432,500
Natural Resources	255,822,000	3,437,900	252,384,100	30,427,300	0	1,793,700	176,338,800	43,824,300
RESOURCE PROTECTION	\$756,842,400	\$28,434,600	\$728,407,800	\$168,588,200	\$0	\$3,357,000	\$401,128,300	\$155,334,300
Military and Veterans Affairs	103,364,700	200,000	103,164,700	39,114,500	0	530,000	23,437,600	40,082,600
State Police	415,632,200	19,282,800	396,349,400	45,570,500	3,913,700	0	59,816,900	287,048,300
SAFETY AND DEFENSE	\$518,996,900	\$19,482,800	\$499,514,100	\$84,685,000	\$3,913,700	\$530,000	\$83,254,500	\$327,130,900
Capital Outlay	577,096,700	4,000,000	573,096,700	167,542,000	43,000,000	0	58,245,000	304,309,700
History, Arts, and Libraries	71,486,200	0	71,486,200	8,111,300	0	577,400	1,900,900	60,896,600
Judiciary	244,995,800	2,833,500	242,162,300	3,901,000	2,941,800	842,500	57,477,700	176,999,300
Transportation	3,091,900,500	0	3,091,900,500	963,136,100	5,800,000	0	2,122,964,400	0
ALL OTHERS	\$3,985,479,200	\$6,833,500	\$3,978,645,700	\$1,142,690,400	\$51,741,800	\$1,419,900	\$2,240,588,000	\$542,205,600
TOTAL APPROPRIATIONS	\$39,785,799,185	\$795,771,800	\$38,990,027,385	\$11,340,398,550	\$1,092,654,800	\$86,354,250	\$17,275,288,750	\$9,195,331,035

TABLE 2
FY 2002-03 APPROPRIATIONS
FY 2002-03 Year-to-Date Compared with FY 2001-02 Year-to-Date

<u>DEPARTMENT/MAJOR BUDGET AREA</u>	<u>ADJUSTED GROSS</u>			
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2002-03 vs 2001-02</u>	
	<u>YEAR-TO-DATE</u>	<u>YEAR-TO-DATE</u>	<u>AMOUNT DIFFERENT</u>	<u>PERCENT DIFFERENT</u>
Community Colleges	321,662,319	321,732,319	70,000	0.0%
Education	1,019,419,300	214,490,700	(804,928,600)	-79.0%
Higher Education	1,925,842,366	1,943,345,166	17,502,800	0.9%
School Aid	11,451,113,400	12,710,380,100	1,259,266,700	11.0%
EDUCATION	\$14,718,037,385	\$15,189,948,285	\$471,910,900	3.2%
Attorney General	53,896,500	51,839,700	(2,056,800)	-3.8%
Civil Rights	15,618,400	14,367,700	(1,250,700)	-8.0%
Civil Service	26,788,340	26,285,200	(503,140)	-1.9%
Executive Office	5,480,900	5,399,500	(81,400)	-1.5%
Information Technology	0	0	0	0.0%
Legislature	124,237,800	124,732,600	494,800	0.4%
Management and Budget	87,506,300	78,550,200	(8,956,100)	-10.2%
State	83,554,300	83,562,800	8,500	0.0%
Treasury: Operations	343,309,100	349,035,200	5,726,100	1.7%
Treasury: Debt/RevenueShare	1,646,595,000	1,593,086,400	(53,508,600)	-3.2%
GENERAL GOVERNMENT	\$2,386,986,640	\$2,326,859,300	\$(60,127,340)	-2.5%
Community Health	9,038,199,666	9,328,341,800	290,142,134	3.2%
Corrections	1,681,872,100	1,702,552,100	20,680,000	1.2%
Family Independence Agency	4,002,408,600	4,073,511,700	71,103,100	1.8%
HUMAN SERVICES	\$14,722,480,366	\$15,104,405,600	\$381,925,234	2.6%
Consumer and Industry Services	644,368,600	547,369,400	(96,999,200)	-15.1%
Career Development	686,121,600	461,321,600	(224,800,000)	-32.8%
Michigan Strategic Fund Agency	169,390,600	153,555,600	(15,835,000)	-9.3%
REGULATORY	\$1,499,880,800	\$1,162,246,600	\$(337,634,200)	-22.5%
Agriculture	88,463,600	84,777,000	(3,686,600)	-4.2%
Environmental Quality	453,179,030	391,246,700	(61,932,330)	-13.7%
Natural Resources	290,372,600	252,384,100	(37,988,500)	-13.1%
RESOURCE PROTECTION	\$832,015,230	\$728,407,800	\$(103,607,430)	-12.5%
Military and Veterans Affairs	103,069,600	103,164,700	95,100	0.1%
State Police	400,096,600	396,349,400	(3,747,200)	-0.9%
SAFETY AND DEFENSE	\$503,166,200	\$499,514,100	\$(3,652,100)	-0.7%
Capital Outlay	575,934,500	573,096,700	(2,837,800)	-0.5%
History, Arts, and Libraries	77,857,200	71,486,200	(6,371,000)	-8.2%
Judiciary	238,444,000	242,162,300	3,718,300	1.6%
Transportation	3,101,366,500	3,091,900,500	(9,466,000)	-0.3%
ALL OTHERS	\$3,993,602,200	\$3,978,645,700	\$(14,956,500)	-0.4%
TOTAL APPROPRIATIONS	\$38,656,168,821	\$38,990,027,385	\$333,858,564	0.86%

TABLE 3
FY 2002-03 APPROPRIATIONS
FY 2002-03 Year-to-Date Compared with FY 2001-02 Year-to-Date

<u>DEPARTMENT/MAJOR BUDGET AREA</u>	<u>GENERAL FUND / GENERAL PURPOSE</u>			
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2002-03 vs 2001-02</u>	
	<u>YEAR-TO-DATE</u>	<u>YEAR-TO-DATE</u>	<u>AMOUNT DIFFERENT</u>	<u>PERCENT DIFFERENT</u>
Community Colleges	319,662,319	319,732,319	70,000	0.0%
Education	32,765,900	29,021,700	(3,744,200)	-11.4%
Higher Education	1,812,668,516	1,812,271,316	(397,200)	-0.0%
School Aid	198,413,500	198,413,500	0	0.0%
EDUCATION	\$2,363,510,235	\$2,359,438,835	\$(4,071,400)	-0.2%
Attorney General	35,475,300	33,767,600	(1,707,700)	-4.8%
Civil Rights	14,333,000	13,433,700	(899,300)	-6.3%
Civil Service	10,656,340	10,016,900	(639,440)	-6.0%
Executive Office	5,480,900	5,399,500	(81,400)	-1.5%
Information Technology	0	0	0	0.0%
Legislature	122,359,200	121,802,200	(557,000)	-0.5%
Management and Budget	43,868,200	42,836,300	(1,031,900)	-2.4%
State	17,798,700	16,969,000	(829,700)	-4.7%
Treasury: Operations	45,491,000	51,594,400	6,103,400	13.4%
Treasury: Debt/Revenue	105,295,000	69,486,400	(35,808,600)	-34.0%
GENERAL GOVERNMENT	\$400,757,640	\$365,306,000	\$(35,451,640)	-8.8%
Community Health	2,498,215,800	2,540,198,900	41,983,100	1.7%
Corrections	1,599,453,900	1,620,267,000	20,813,100	1.3%
Family Independence Agency	1,170,780,800	1,176,991,300	6,210,500	0.5%
HUMAN SERVICES	\$5,268,450,500	\$5,337,457,200	\$69,006,700	1.3%
Consumer and Industry Services	37,896,700	35,976,300	(1,920,400)	-5.1%
Career Development	28,602,700	27,782,700	(820,000)	-2.9%
Michigan Strategic Fund Agency	60,156,200	44,699,200	(15,457,000)	-25.7%
REGULATORY	\$126,655,600	\$108,458,200	\$(18,197,400)	-14.4%
Agriculture	41,631,000	39,077,500	(2,553,500)	-6.1%
Environmental Quality	83,613,700	72,432,500	(11,181,200)	-13.4%
Natural Resources	45,313,100	43,824,300	(1,488,800)	-3.3%
RESOURCE PROTECTION	\$170,557,800	\$155,334,300	\$(15,223,500)	-8.9%
Military and Veterans Affairs	40,346,100	40,082,600	(263,500)	-0.7%
State Police	293,870,000	287,048,300	(6,821,700)	-2.3%
SAFETY AND DEFENSE	\$334,216,100	\$327,130,900	\$(7,085,200)	-2.1%
Capital Outlay	293,253,500	304,309,700	11,056,200	3.8%
History, Arts, and Libraries	64,920,600	60,896,600	(4,024,000)	-6.2%
Judiciary	175,036,500	176,999,300	1,962,800	1.1%
Transportation	0	0	0	0.0%
ALL OTHERS	\$533,210,600	\$542,205,600	\$8,995,000	1.7%
TOTAL APPROPRIATIONS	\$9,197,358,475	\$9,195,331,035	\$(2,027,440)	-0.02%

TABLE 4
FULL-TIME EQUATED POSITIONS*
FY 2002-03 Year-to-Date Compared with FY 2001-02 Year-to-Date

<u>DEPARTMENT/MAJOR BUDGET AREA</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2002-03 vs. FY 2001-02</u>	
	<u>YEAR-TO-DATE</u>	<u>YEAR-TO-DATE</u>	<u>AMOUNT DIFFERENT</u>	<u>PERCENT DIFFERENT</u>
Community Colleges	0.0	0.0	0.0	0.0%
Education	461.0	442.1	(18.9)	-4.1%
Higher Education	1.0	1.0	0.0	0.0%
School Aid	0.0	0.0	0.0	0.0%
EDUCATION	462.0	443.1	(18.9)	-4.1%
Attorney General	601.0	592.5	(8.5)	-1.4%
Civil Rights	171.5	163.5	(8.0)	-4.7%
Civil Service	230.5	201.5	(29.0)	-12.6%
Executive Office	85.0	84.2	(0.8)	-0.9%
Information Technology	0.0	1,771.4	1,771.4	0.0%
Legislature	0.0	0.0	0.0	0.0%
Management and Budget	925.5	854.5	(71.0)	-7.7%
State	1,979.3	1,853.8	(125.5)	-6.3%
Treasury: Operations	2,004.5	1,861.5	(143.0)	-7.1%
Treasury: Debt/Revenue Sharing	0.0	0.0	0.0	0.0%
GENERAL GOVERNMENT	5,997.3	7,382.9	1,385.6	23.1%
Community Health	6,207.1	5,672.3	(534.8)	-8.6%
Corrections	19,406.5	18,843.9	(562.6)	-2.9%
Family Independence Agency	13,505.6	12,501.1	(1,004.5)	-7.4%
HUMAN SERVICES	39,119.2	37,017.3	(2,101.9)	-5.4%
Consumer and Industry Services	4,242.9	4,012.4	(230.5)	-5.4%
Career Development	1,147.0	1,095.0	(52.0)	-4.5%
Michigan Strategic Fund	234.0	231.5	(2.5)	-1.1%
REGULATORY	5,623.9	5,338.9	(285.0)	-5.1%
Agriculture	653.5	672.2	18.7	2.9%
Environmental Quality	1,678.7	1,596.7	(82.0)	-4.9%
Natural Resources	2,183.5	2,081.5	(102.0)	-4.7%
RESOURCE PROTECTION	4,515.7	4,350.4	(165.3)	-3.7%
Military and Veterans Affairs	1,090.5	1,079.0	(11.5)	-1.1%
State Police	3,651.5	3,448.5	(203.0)	-5.6%
SAFETY AND DEFENSE	4,742.0	4,527.5	(214.5)	-4.5%
Capital Outlay	0.0	0.0	0.0	0.0%
History, Arts, and Libraries	145.7	247.5	101.8	69.9%
Judiciary	591.5	582.5	(9.0)	-1.5%
Transportation	3,182.3	3,075.3	(107.0)	-3.4%
ALL OTHERS	3,919.5	3,905.3	(14.2)	-0.4%
TOTAL FULL-TIME EQUATED POSITIONS	64,379.6	62,965.4	(1,414.2)	-2.2%

*Includes classified, unclassified, and nonlegislative exempt positions.

Table 5

**STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2002-03 Year-to-Date**

<u>DEPARTMENT/ MAJOR 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	321,732,319	319,732,319	99.4%
Education	43,351,000	16,436,800	37.9%
Higher Education	1,937,845,166	4,029,061	0.2%
School Aid	11,489,854,900	11,439,625,000	99.6%
EDUCATION	\$13,792,783,385	\$11,779,823,180	85.4%
Attorney General	42,984,000	0	0.0%
Civil Rights	13,433,700	0	0.0%
Civil Service	19,656,100	0	0.0%
Executive Office	5,399,500	0	0.0%
Information Technology	0	0	0.0%
Legislature	124,332,600	0	0.0%
Management and Budget	78,191,600	0	0.0%
State	82,243,200	69,800	0.1%
Treasury: Operations	303,828,300	97,980,100	32.2%
Treasury: Debt/Revenue Sharing	1,593,086,400	1,533,500,000	96.3%
GENERAL GOVERNMENT	\$2,263,155,400	\$1,631,549,900	72.1%
Community Health	3,315,020,400	1,086,263,700	32.8%
Corrections	1,675,757,600	78,221,300	4.7%
Family Independence Agency	1,242,380,100	207,056,200	16.7%
HUMAN SERVICES	\$6,233,158,100	\$1,371,541,200	22.0%
Consumer & Industry Services	304,687,900	8,800,000	2.9%
Career Development	37,444,200	0	0.0%
Michigan Startegic Fund Agency	89,749,200	4,500,000	5.0%
REGULATORY	\$431,881,300	\$13,300,000	3.1%
Agriculture	77,009,900	3,754,400	4.9%
Environmental Quality	259,289,600	15,547,500	6.0%
Natural Resources	220,163,100	23,852,500	10.8%
RESOURCE PROTECTION	\$556,462,600	\$43,154,400	7.8%
Military and Veterans Affairs	63,520,200	120,000	0.2%
State Police	346,865,200	19,968,100	5.8%
SAFETY AND DEFENSE	\$410,385,400	\$20,088,100	4.9%
Capital Outlay	362,554,700	17,425,000	4.8%
History, Arts, and Libraries	62,797,500	32,668,200	52.0%
Judiciary	234,477,000	113,428,100	48.4%
Transportation	2,122,964,400	1,176,250,300	55.4%
ALL OTHER	\$2,782,793,600	\$1,339,771,600	48.1%
TOTALS	\$26,470,619,785	\$16,199,228,380	61.2%

**FY 2002-03
Budget Detail
for
2002 PA 530**

**Supplemental for
FY 2001-02 and FY 2002-03**

**SUMMARY OF SUPPLEMENTAL FOR FYs 2001-02 AND 2002-03
HOUSE BILL 4373; 2002 PA 530**

Detail for FY 2001-02: House Bill 4373, 2002 PA 530

<u>Department/Budget</u>	<u>House Passed</u>		<u>Senate Passed</u>		<u>Enacted</u>	
	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>
Agriculture	\$235,000	\$235,000	\$235,000	\$235,000	\$235,000	\$235,000
Capital Outlay	96,773,300	(9,216,700)	96,773,300	(9,216,700)	96,773,300	(9,216,700)
Career Development	161,080,000	(5,920,000)	161,080,000	(5,920,000)	161,000,000	(6,000,000)
Community Colleges	66,000	66,000	66,000	66,000	66,000	66,000
Community Health	544,209,600	(62,442,000)	544,209,600	(62,442,000)	544,209,600	(62,442,000)
Consumer & Industry Services	65,000,000	0	65,000,000	0	65,000,000	0
Corrections	4,500,000	0	4,500,000	0	4,500,000	0
Education	24,377,000	365,100	24,377,000	365,100	24,377,000	365,100
Environmental Quality	19,315,100	0	19,315,100	0	19,315,100	0
Family Independence Agency	41,406,500	15,356,000	41,050,500	15,000,000	41,050,500	15,000,000
Higher Education	9,350,000	150,000	9,200,000	0	9,200,000	0
History, Arts, and Libraries	3,211,500	211,500	3,211,500	211,500	3,211,500	211,500
Military/Veterans	1,041,625	456,625	891,625	306,625	891,625	306,625
Natural Resources	2,944,700	0	2,944,700	0	3,064,700	0
State	95,800	95,800	95,800	95,800	80,000	80,000
State Police	7,844,700	1,250,000	7,844,700	1,250,000	7,844,700	1,250,000
State School Aid	3,500,000	0	3,500,000	0	0	0
Transportation	34,753,600	0	34,753,600	0	34,633,600	0
Treasury	2,698,800	(8,000,000)	2,698,800	(8,000,000)	2,698,800	(8,000,000)
TOTAL	\$1,022,403,225	(\$67,392,675)	\$1,021,747,225	(\$68,048,675)	\$1,018,151,425	(\$68,144,475)

AGRICULTURE

Supplemental Appropriations

Indemnification Payments

Provides Indemnification payments for a farm where 28,235 turkeys infected with Avian Influenza (extremely contagious amongst other fowl) were eradicated to prevent the spread of the disease. The Animal Industry Act provides for action on indemnification payments, priced at market value.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$235,000	\$235,000	\$235,000
GF/GP	\$235,000	\$235,000	\$235,000

OVERVIEW - SUPPLEMENTAL SUMMARY

CAPITAL OUTLAY

Supplemental Appropriations

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Airport Safety and Protection Plan	Gross	\$55,000,000	\$55,000,000	\$55,000,000
Provides additional federal and local funds to begin to implement the Airport Safety and Protection (ASAP) Plan. These new safety and security initiatives are currently being developed at the federal level. They will likely include airport access control, passenger, baggage, and employee screening, and terminal modifications.	Federal	40,000,000	40,000,000	40,000,000
	Local	15,000,000	15,000,000	15,000,000
	GF/GP	\$0	\$0	\$0
2. State Building Authority (SBA) Rent Payments	Gross	(\$9,217,300)	(\$9,217,300)	(\$9,217,300)
Reduces SBA Rent Payments based on updated estimates of when projects currently under construction will come on-line.	GF/GP	(\$9,217,300)	(\$9,217,300)	(\$9,217,300)
3. Jackson Armory Replacement	Gross	\$10,000,000	\$10,000,000	\$10,000,000
Funds Jackson Armory replacement. The armory was originally constructed in 1850 and is a registered historic site. Its mechanical and electrical systems are not up to standards. Project is contingent on the sale of the Oak Park Armory.	Federal	7,500,000	7,500,000	7,500,000
	Restr	2,500,000	2,500,000	2,500,000
	GF/GP	\$0	\$0	\$0
4. Calumet Armory Replacement	Gross	\$5,500,000	\$5,500,000	\$5,500,000
Funds Calumet Armory replacement. The armory is a metal and brick Quonset hut originally constructed in 1918. Its mechanical and electrical systems are not up to standards. Project is contingent on the sale of the Oak Park Armory.	Federal	4,125,000	4,125,000	4,125,000
	Restr	1,375,000	1,375,000	1,375,000
	GF/GP	\$0	\$0	\$0
5. Grand Ledge Army Airfleet Facility - Parking Lot Improvements	Gross	\$1,500,000	\$1,500,000	\$1,500,000
Provides for appropriation of additional federal funds for helicopter parking pad improvements. Newer model helicopters require much larger parking areas.	Federal	1,500,000	1,500,000	1,500,000
	GF/GP	\$0	\$0	\$0
6. State Parks Infrastructure	Gross	\$15,500,000	\$15,500,000	\$15,500,000
Appropriates proceeds of a planned State Park Improvement Revenue Bond series for reconstruction of Sterling State Park in Monroe County.	Restr	15,500,000	15,500,000	15,500,000
	GF/GP	\$0	\$0	\$0
7. Department of Natural Resources (DNR) Fisheries Research Boats	Gross	\$1,000,000	\$1,000,000	\$1,000,000
Allows for replacement of two large boats the Department uses for research on the Great Lakes that were not designed for modern-day research work and are considered unsafe. One is the <i>RV Judy</i> (currently decommissioned) stationed at Marquette, the other is the <i>RV Chinook</i> stationed at Alpena. The new boats, 50 to 55 footers, would be designed to DNR specifications.	Restr	1,000,000	1,000,000	1,000,000
	GF/GP	\$0	\$0	\$0
8. Cost/Construction Authorizations - Corrections - Camp Brighton Housing Unit	Gross	\$7,075,000	\$7,075,000	\$7,075,000
Authorizes construction of a 336-bed women's housing unit. Total cost is \$10.8 million; federal share \$7.1 million; State Building Authority share \$3.7 million.	Federal	7,075,000	7,075,000	7,075,000
	GF/GP	\$0	\$0	\$0
9. Cost/Construction Authorizations - Kellogg Community College - Career Development Center (CDC) Renovation	Gross	\$100	\$100	\$100
Authorizes converting the 21,640 gross sq. ft. CDC into a new science building. Total cost is \$3.8 million; college share \$1.9 million; State Building Authority share \$1.9 million; GF/GP \$200.	GF/GP	\$100	\$100	\$100

Supplemental Appropriations

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
10. Cost/Construction Authorizations - Mid-Michigan Community College - Student Assessment Center	Gross	\$100	\$100	\$100
Authorizes constructing a new 12,000 gross sq. ft. building to house admissions, financial aid, counseling, and others. Vacated space of 8,600 gross sq. ft. will be renovated to house a new art lab and expand the library. Total cost is \$3.2 million; college share \$1.6 million; State Building Authority share \$1.6 million; GF/GP \$200.	GF/GP	\$100	\$100	\$100
11. Cost/Construction Authorizations - St. Clair County Community College - Campus Renovations	Gross	\$100	\$100	\$100
Authorizes addition/renovation project to expand the library and upgrade classroom and lab space. Total cost is \$9.0 million; college share \$4.5 million; State Building Authority share \$4.5 million; GF/GP \$200.	GF/GP	\$100	\$100	\$100
12. Cost/Construction Authorizations - Washtenaw Community College - Plumbers/Pipefitters Facility	Gross	\$100	\$100	\$100
Authorizes constructing a 23,800 gross sq. ft. addition to the Occupational Education Building to provide advanced and specialized training. Total cost is \$4.0 million; college share \$2.0 million; State Building Authority share \$2.0 million; GF/GP \$200.	GF/GP	\$100	\$100	\$100
13. Farmland and Open Space Development Acquisition	Gross	\$2,000,000	\$2,000,000	\$2,000,000
Allows the Department of Agriculture to receive federal funds for the purchase of development rights under this program.	Federal	2,000,000	2,000,000	2,000,000
	GF/GP	\$0	\$0	\$0
14. Special Maintenance Projects, etc. - Department of Military and Veterans Affairs (DMVA)	Gross	\$2,415,000	\$2,415,000	\$2,415,000
Appropriates federal funds to support various special maintenance and remodeling projects at DMVA facilities that are federally owned. In addition, \$230,000 of private monies from the Northern Michigan Law Enforcement Training Group allows for the construction of a vehicle-driving course at Camp Grayling.	Federal	2,185,000	2,185,000	2,185,000
	Private	230,000	230,000	230,000
	GF/GP	\$0	\$0	\$0
15. Lansing Maintenance Shop - Military Affairs	Gross	\$6,000,000	\$6,000,000	\$6,000,000
Authorizes a \$6.0 million project scope increase for the new Military Combined Support Maintenance Shop project. Originally appropriated in 1997 at \$18.5 million (\$18.1 million federal and \$400,000 state), this request is now \$23.95 million federal and \$550,000 state.	Federal	5,850,000	5,850,000	5,850,000
	Restr	150,000	150,000	150,000
	GF/GP	\$0	\$0	\$0
16. Cost/Construction Authorizations - University of Michigan - Dearborn (UM-D) Phase I Building Acquisition	Gross	\$100	\$100	\$100
Increases the scope and cost of the existing authorization for renovations to the Engineering Building. Under this, UM-D is authorized \$32.8 million (\$24.6 million state, \$8.2 million UM-D) to purchase a 280,000 sq. ft. training facility from Ford Motor Company. Facility contains modern computer labs and classrooms and allows the University to move the School of Education into this facility; it will also house the Corporate and Professional Training Center. Phase II authorizes \$22.2 million (\$16.65 million state, \$5.55 million UM-D) to renovate the Engineering Building and vacated space to upgrade engineering programs. In total, the project cost increase is \$20.0 million (\$15 million state, \$5 million UM-D).	GF/GP	\$100	\$100	\$100

OVERVIEW - SUPPLEMENTAL SUMMARY

Supplemental Appropriations

17. Cost/Construction Authorizations - Monroe Community College Instructional Facility

Provides for a proposed 53,000 sq. ft. multi-use Instructional Center which is estimated to cost \$12.0 million. It will house a 575-seat auditorium, rehearsal spaces, dividable classrooms, a multi-purpose lecture hall, and offices for the Corporate and Community Services Department. Total cost is \$12.0 million; college share \$6.0 million; State Building Authority share \$6.0 million; GF/GP \$200.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$100	\$100	\$100
GF/GP	\$100	\$100	\$100

Boilerplate

Sec. 401. Prison Projects

Reduces cost authorizations for several completed prison projects with surplus SBA authorizations in order to help finance the projects at Camp Brighton.

Sec. 402. Bond Issuing Costs

Allows DNR to use bond proceeds to cover bond issuing costs for the Park Improvement project.

Sec. 403. Change in Project Financing

Changes \$693,750 of project financing from federal to Waterways Fund for Harbor Island Boat Launch.

Sec. 404. Authorization Contingency

Makes Jackson and Calumet armory construction authorizations contingent on sale of Oak Park Armory.

Sec. 405. Transfer Funding

Transfers \$1.0 million from the Wildlife Resource Protection Fund to the Game and Fish Fund.

Sec. 406. Demolish Buildings

Allows the Department of Management and Budget (DMB) to demolish various Corrections buildings, including all buildings at Camp Waterloo.

Sec. 407. Change Project Scope and Name

Changes the project scope and name of the Kellogg Community College project entitled the West Michigan Center for Manufacturing Research to the Career Development Center/Science Building Renovation Project.

Sec. 408. Funds to Comply with Authorizing Statute

Provides appropriations for the Farmland and Open Space program to comply with the authorizing statute, 1994 PA 451.

Sec. 410. Planning and Renovating - University of Michigan-Dearborn

Stipulates that in the event that the UM-D acquisition authorized under Part 1 does not occur, then the original planning authorization for renovating the Engineering Building is reinstated at \$35.0 million Total Project Cost. Planning document approvals for the phase I acquisition authorization are waived. Phase II renovations cannot move to final design/construction until planning documents have been approved by DMB and Joint Capital Outlay Subcommittee (JCOS).

Sec. 411. Change in Project Scope and Cost - VETOED

Explains that the total authorized cost of the St. Clair County Community College project is \$4.0 million higher than that approved by the JCOS because of North Building renovations now being part of the project scope.

Sec. 412. Operational Cost Analysis

Requires that Michigan State University (MSU), in collaboration with the Departments of Agriculture and Natural Resources, provide an operational cost analysis of the new Animal Health Diagnostic Laboratory to the Legislature by September 30, 2002.

CAREER DEVELOPMENT

Supplemental Appropriations

1. Focus: HOPE

Replaces \$5.0 million in GF/GP revenue with an equivalent amount of federal Workforce Investment Act revenue to support Focus:HOPE's job training programs.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$0	\$0	\$0
Federal	5,000,000	5,000,000	5,000,000
GF/GP	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)

Supplemental Appropriations

2. Job Training Programs Subgrantees

Uses Federal Reed Act revenue in the amount of \$23.8 million to support Michigan Works! Service Center operations. Funding will be carried forward as a work project through FY 2003-04. New funding allows \$6.0 million of existing FY 2001-02 appropriations from federal Workforce Investment Act funds to be transferred to Focus:HOPE and the Michigan Virtual University. Appropriations of \$1.0 million GF/GP that subsidize the service centers are also eliminated. Identical reductions have also been implemented for FY 2002-03 and are planned for FY 2003-04.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$16,800,000	\$16,800,000	\$16,800,000
Federal	17,800,000	17,800,000	17,800,000
GF/GP	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)

3. Welfare-To-Work Programs

Implements a fund shift for the program; \$182.2 million in federal Reed Act funding is appropriated, while \$46.0 million in existing Temporary Assistance for Needy Families (TANF) funding for FY 2001-02 is eliminated. The Reed Act funds will be carried forward as a work project through FY 2003-04. Given the new funding, TANF funding for FY 2002-03 has been reduced by \$66.1 million and a final \$66.1 million TANF reduction is planned for FY 2003-04.

Gross	\$136,200,000	\$136,200,000	\$136,200,000
Federal	136,200,000	136,200,000	136,200,000
GF/GP	\$0	\$0	\$0

4. Michigan Virtual University (MVU) Long Distance Learning

Supports MVU distance learning initiatives from Federal Workforce Investment Act funding.

Gross	\$1,000,000	\$1,000,000	\$1,000,000
Federal	1,000,000	1,000,000	1,000,000
GF/GP	\$0	\$0	\$0

5. Employment Services

Appropriates federal Reed Act dollars to support Employment Service programs delivered through Michigan Works! Service Centers.

Gross	\$7,000,000	\$7,000,000	\$7,000,000
Federal	7,000,000	7,000,000	7,000,000
GF/GP	\$0	\$0	\$0

6. Glen Oaks Community College Outreach Center - VETOED

Funds creation of an outreach center in Sturgis. Community college courses in certain certification programs would be offered through the center as well as other services such as career exploration, financial aid counseling, and skills assessment.

Gross	\$80,000	\$80,000	\$0
GF/GP	\$80,000	\$80,000	\$0

Boilerplate

Sec. 420. Work Project Account

States that appropriation for Job Training Programs Subgrantees is considered a work project account and unexpended funds are not to lapse on September 30, 2002.

Sec. 421. Work Project Account

States that appropriation for Welfare-To-Work Programs is considered a work project account and unexpended funds are not to lapse on September 30, 2002.

Sec. 422. Work Project Account

States that appropriation for Employment Services is considered a work project account and unexpended funds are not to lapse on September 30, 2002.

COMMUNITY COLLEGES

Supplemental Appropriations

Renaissance Zone Tax Reimbursement

Covers a projected shortfall of these payments to community colleges, \$400,000 was originally appropriated.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$66,000	\$66,000	\$66,000
GF/GP	\$66,000	\$66,000	\$66,000

COMMUNITY HEALTH

Supplemental Appropriations

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Medicaid Mental Health Services Increase	Gross	\$15,731,000	\$15,731,000	\$15,731,000
Increases capitation payments to CMHSPs based on actual expenditures and projected Medicaid eligibles.	Federal	8,864,700	8,864,700	8,864,700
	GF/GP	\$6,866,800	\$6,866,800	\$6,866,800
2. Bioterrorism Preparedness	Gross	\$31,200,000	\$31,200,000	\$31,200,000
Increases federal funding for bioterrorism preparedness initiatives addressing state and local medical and public health delivery systems capacity including hospitals and laboratories, and improved health communications and information management, to strengthen U.S. ability to detect and react quickly to a biological attack.	Federal	31,200,000	31,200,000	31,200,000
	GF/GP	\$0	\$0	\$0
3. MOMS Program	Gross	\$0	\$4,214,000	\$4,214,000
Increases funding for the Maternal Outpatient Medical Services (MOMS) prenatal care program to address an increase in participation. Program serves low-income women who do not qualify for Medicaid. Supplemental funds are from the Healthy Michigan Fund.	Restr	0	4,214,000	4,214,000
	GF/GP	\$0	\$0	\$0
4. Children's Special Health Care	Gross	\$28,951,000	\$28,951,000	\$28,951,000
Adds funding to address caseload, utilization, and inflationary growth in the Medical care and treatment line.	Federal	14,186,000	14,186,000	14,186,000
	GF/GP	\$14,765,000	\$14,765,000	\$14,765,000
5. Medicaid Base Funding	Gross	\$289,155,900	\$289,155,900	\$289,155,900
Increases various Medicaid services lines to recognize unanticipated Medicaid caseload growth. The number of Medicaid eligible persons has grown by over 100,000, a 9.3% increase, during the past year.	Federal	162,938,500	162,938,500	162,938,500
	GF/GP	\$126,217,400	\$126,217,400	\$126,217,400
6. State and Local Medical Programs	Gross	\$8,498,700	\$8,498,700	\$8,498,700
Increase to cover inflation, utilization, and caseload growth related to indigent health care.	Federal	4,789,900	4,789,900	4,789,900
	GF/GP	\$3,708,800	\$3,708,800	\$3,708,800
7. Medicaid Benefits Trust Fund	Gross	\$0	\$0	\$0
Provides for withdrawal from the Medicaid Benefits Trust Fund to replace GF/GP needed to cover the state share of Medicaid costs.	Restr	203,000,000	203,000,000	203,000,000
	GF/GP	(\$203,000,000)	(\$203,000,000)	(\$203,000,000)
8. Special Adjustor Payments	Gross	\$166,458,500	\$166,458,500	\$166,458,500
Increases Medicaid special financing payments necessary to offset the \$60.0 million GF/GP savings in Executive Order 2001-9.	Federal	60,000,000	60,000,000	60,000,000
	Local	106,458,500	106,458,500	106,458,500
	GF/GP	\$0	\$0	\$0
9. Vitamin Lawsuit Settlement	Gross	\$0	\$0	\$0
Provides for estimated settlement funds anticipated from a vitamin price fixing lawsuit used to offset Medicaid GF/GP costs.	Restr	11,000,000	11,000,000	11,000,000
	GF/GP	(\$11,000,000)	(\$11,000,000)	(\$11,000,000)

Boilerplate

Sec. 451. Reports on Bioterrorism Preparedness and Response

Requires the Department to provide to the Legislature progress reports, budget detail, and/or planning documents on public health and hospital bioterrorism preparedness and response initiatives.

Boilerplate

Sec. 452. Increase in Medicaid Capitation Rate

Authorizes the Department to establish a separate contingency appropriations account, in an amount not exceeding \$100.0 million, for the purpose of providing an increase in Medicaid capitation rates for CMHSPs. Specifies that, in order to receive a capitation rate increase, CMHSPs or an affiliation of CMHSPs provide funds from internal resources that can be used as a bona fide source for the state match required under the Medicaid program. Requires distribution of the rate increase to be based on a formula developed by a committee established within the Department that includes representatives from CMHSPs or affiliates of CMHSPs and departmental staff. Specifies criteria to be used in developing the distribution formula for the Medicaid capitation rate increase. Requires the committee to report its findings to the House of Representatives and Senate Appropriations Subcommittees on Community Health. Prohibits implementation of this section if it does not comply with federal laws or regulations.

Sec. 454. Increased Payments for Medicaid Services

Allows the Department of Community Health (DCH) to implement a program to make increased payments for Medicaid services to hospitals located in geographic areas where the non-federal share of the Medicaid payment is obtained from local units of government.

CONSUMER AND INDUSTRY SERVICES

Supplemental Appropriations

Unemployment Programs

Adds \$75.0 million in federal Reed Act funds to support Unemployment Agency operations and technology projects. Appropriation will be carried forward as a work project through FY 2003-04. New funding allows for elimination of \$10.0 million in FY 2001-02 appropriations from the Employment Security Contingent Fund. An identical Contingent Fund reduction has been implemented for FY 2002-03 as well and is planned for FY 2003-04.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$65,000,000	\$65,000,000	\$65,000,000
Federal	75,000,000	75,000,000	75,000,000
Restr	(10,000,000)	(10,000,000)	(10,000,000)
GF/GP	\$0	\$0	\$0

Boilerplate:

Sec. 501. Copies of Quarterly and Annual Filings by HMOs

Requires the Office of Financial and Insurance Services to provide copies of quarterly and annual filings by HMOs to the Senate and House Fiscal Agencies in a timely manner.

Sec. 502. Work Project Account

States that appropriation for Unemployment Programs is considered a work project account and unexpended funds are not to lapse on September 30, 2002.

CORRECTIONS

Supplemental Appropriations

County Jail Reimbursement

Replaces GF/GP dollars reduced under Executive Order 2001-9 with restricted revenues from a new \$5 assessment on civil infractions.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$4,500,000	\$4,500,000	\$4,500,000
Restr	4,500,000	4,500,000	4,500,000
GF/GP	\$0	\$0	\$0

EDUCATION

Supplemental Appropriations

1. School Breakfast Program

Provides necessary funding to cover a projected shortfall.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$365,100	\$365,100	\$365,100
GF/GP	\$365,100	\$365,100	\$365,100

2. Federal Funds Adjustment

Provides additional federal monies to implement several new programs; \$16.5 million for teacher development, \$5.7 million for pre-school reading, \$1.2 million for language instruction to non-English-speaking students, and \$650,000 for administration.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$24,011,900	\$24,011,900	\$24,011,900
Federal	24,011,900	24,011,900	24,011,900
GF/GP	\$0	\$0	\$0

OVERVIEW - SUPPLEMENTAL SUMMARY

ENVIRONMENTAL QUALITY

Supplemental Appropriations

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Environmental Cleanup and Redevelopment Program	Gross	\$15,965,000	\$15,965,000	\$15,965,000
Replaces GF/GP dollars reduced under Executive Order 2001-9 with one-time revenue from the sale of federal tax credits for the production of low value oil and natural gas. Settlement fund would be provided for site cleanup projects.	Restr	15,965,000	15,965,000	15,965,000
	GF/GP	\$0	\$0	\$0
2. State Sites Cleanup	Gross	\$965,100	\$965,100	\$965,100
Provides for use of revenue from the cleanup reimbursement for the Clinton Valley Center at other state cleanup sites.	Restr	965,100	965,100	965,100
	GF/GP	\$0	\$0	\$0
3. Surface Water Surveillance	Gross	\$3,350,000	\$3,350,000	\$3,350,000
Provides funds to be used for sediment cleanup of Tannery Bay, White Lake, MI. Funds are derived from a settlement agreement with the responsible party.	Restr	3,350,000	3,350,000	3,350,000
	GF/GP	\$0	\$0	\$0

Boilerplate

Sec. 502. Work Project Accounts

States that appropriations for State Sites Cleanup and Surface Water Surveillance are considered work project accounts and unexpended funds are not to lapse on September 30, 2002.

FAMILY INDEPENDENCE AGENCY

Supplemental Appropriations

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Public Assistance	Gross	\$15,000,000	\$15,000,000	\$15,000,000
Appropriates funding to cover a projected 3,000-caseload increase for the Family Independence Program.	GF/GP	\$15,000,000	\$15,000,000	\$15,000,000
2. Child Support Automation	Gross	\$6,050,500	\$6,050,500	\$6,050,500
Recognizes available federal child support incentive funds that would be classified as state restricted funding.	Restr	6,050,500	6,050,500	6,050,500
	GF/GP	\$0	\$0	\$0
3. Homestead Property Tax Credit for Low Income Families	Gross	\$20,000,000	\$20,000,000	\$20,000,000
TANF funding received from the Department of Career Development which is to be utilized in the area of Homestead Property Tax payments.	Federal	20,000,000	20,000,000	20,000,000
	GF/GP	\$0	\$0	\$0
4. State Emergency Relief	Gross	\$356,000	\$0	\$0
Appropriation for multi-cultural assimilation and support services.	GF/GP	\$356,000	\$0	\$0

Boilerplate

Sec. 702. TANF Use for Homestead Property Tax Credit

Repeals Section 646 of 2001 PA 82 that specifies maximum TANF usage for the Homestead Property Tax Credit.

HIGHER EDUCATION

Supplemental Appropriations

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Michigan Merit Award Program	Gross	\$9,200,000	\$9,200,000	\$9,200,000
Appropriates restricted funds to meet FY 2001-02 obligations related to the graduating classes of 2000, 2001, and 2002.	Restr	9,200,000	9,200,000	9,200,000
	GF/GP	\$0	\$0	\$0
2. Michigan State University - Pavement Preservation Center	Gross	\$150,000	\$0	\$0
Provides funds to be used to support MSU's effort to be selected as the host site of this research center.	GF/GP	\$150,000	\$0	\$0

HISTORY, ARTS, AND LIBRARIES

Supplemental Appropriations

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Renaissance Zone Reimbursement	Gross	\$211,500	\$211,500	\$211,500
Adds funding for reimbursements to libraries located in a Renaissance Zone. These payments hold harmless public libraries that lose money from their levies due to the presence of a Renaissance Zone within their taxing authority. With this request, authorization would increase from \$413,900 to \$625,400.	GF/GP	\$211,500	\$211,500	\$211,500
2. Federal Aid to Libraries	Gross	\$2,000,000	\$2,000,000	\$2,000,000
Allows federal Reed Act funds to be used to support grants to Michigan libraries to purchase computers and train library staff to assist claimants in accessing unemployment agency websites.	Federal	2,000,000	2,000,000	2,000,000
	GF/GP	\$0	\$0	\$0
3. Grant to Detroit Public Library	Gross	\$935,200	\$935,200	\$935,200
Allows federal Reed Act funds to be used by this library to purchase computers and train library staff to assist claimants in accessing unemployment agency websites.	Federal	935,200	935,200	935,200
	GF/GP	\$0	\$0	\$0
4. Grant to Grand Rapids Public Library	Gross	\$64,800	\$64,800	\$64,800
Allows federal Reed Act funds to be used by this library to purchase computers and train library staff to assist claimants in accessing unemployment agency websites.	Federal	64,800	64,800	64,800
	GF/GP	\$0	\$0	\$0

Boilerplate

Sec. 520. Work Project Accounts

States that appropriations for Federal Aid to Libraries and the Detroit and Grand Rapids public libraries are considered work project accounts and unexpended funds are not to lapse on September 30, 2002.

MICHIGAN STRATEGIC FUND

Boilerplate

1. Sec. 540. Core Communities Fund Awardees

Replaces Sec. 418 of the current Strategic Fund budget act to allow Core Communities Fund awardees to use the grant for broader technology related initiatives. These are not explicitly allowed under current authority.

2. Sec. 701. Repeals Previous Section

Repeals Sec. 418 of PA 80 of 2001.

MILITARY AND VETERANS AFFAIRS

Supplemental Appropriations

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Grand Rapids Veterans Home	Gross	\$0	\$0	\$0
Offsets GF/GP with available Medicaid and Medicare revenue.	Federal	585,000	585,000	585,000
	GF/GP	(\$585,000)	(\$585,000)	(\$585,000)
2. Grants to Veterans Service Organizations	Gross	\$891,625	\$891,625	\$891,625
Restores reductions applied by Executive Order 2001-9 to eleven grantees.	GF/GP	\$891,625	\$891,625	\$891,625
3. Tuition Grants to Veterans Dependents	Gross	\$150,000	\$0	\$0
House passed bill included GF/GP to partially offset tuition payments from Veterans Trust Fund, which would have allowed for additional emergency assistance grants from the fund.	GF/GP	\$150,000	\$0	\$0

OVERVIEW - SUPPLEMENTAL SUMMARY

NATURAL RESOURCES

Supplemental Appropriations

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Timber Harvest	Gross	\$1,042,900	\$1,042,900	\$1,042,900
Replaces GF/GP dollars reduced under Executive Order 2001-9 with Forest Development Fund revenue.	Restr	1,042,900	1,042,900	1,042,900
	GF/GP	\$0	\$0	\$0
2. Marine Safety Grants	Gross	\$2,021,800	\$1,042,900	\$2,021,800
Provides funding for FY 2001-2002 grants to county sheriffs for watercraft enforcement. Existing appropriation was used to cover awards made in FY 2000-2001.	Restr	2,021,800	1,042,900	2,021,800
	GF/GP	\$0	\$0	\$0
3. National Recreational Trails - VETOED	Gross	(\$120,000)	(\$120,000)	\$0
Re-appropriates federal funds to MDOT to complete construction of the separated grade crossing at Old 27 North, Whitmarsh intersection of the Gaylord-Cheboygan Recreational Trail.	Federal	(120,000)	(120,000)	0
	GF/GP	\$0	\$0	\$0

Boilerplate

Sec. 545. Accounting Adjustment

Provides that the appropriation for Marine Safety Grants is an accounting adjustment.

STATE

Supplemental Appropriations

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Election Regulation Training Video	Gross	\$80,000	\$80,000	\$80,000
Provides funds, pursuant to 2001 PA 269, to produce a comprehensive election administration and registration training video for distribution to each precinct chairperson and vice-chairperson in Michigan.	GF/GP	\$80,000	\$80,000	\$80,000
2. City of Flint - VETOED	Gross	\$15,800	\$15,800	\$0
Provides reimbursement to Flint for costs incurred for the mayoral election that the state has delayed.	GF/GP	\$15,800	\$15,800	\$0

STATE POLICE

Supplemental Appropriations

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Secondary Road Patrol	Gross	\$4,500,000	\$4,500,000	\$4,500,000
Appropriates projected revenue from traffic citation assessment increase from \$5.00 to \$10.00. Replaces GF/GP dollars reduced under Executive Order 2001-9.	Restr	4,500,000	4,500,000	4,500,000
	GF/GP	\$0	\$0	\$0
2. Court Judgments	Gross	\$1,250,000	\$1,250,000	\$1,250,000
Includes payment to settle lawsuit against Department.	GF/GP	\$1,250,000	\$1,250,000	\$1,250,000
3. Forensic Laboratory Fund	Gross	\$585,000	\$585,000	\$585,000
Reflects restricted revenue from \$150.00 assessment for forensic services applied in certain court cases.	Restr	585,000	585,000	585,000
	GF/GP	\$0	\$0	\$0
4. DNA Processing Fees	Gross	\$400,000	\$400,000	\$400,000
Appropriates restricted revenue from new DNA processing assessment for criminal convicts. Under statute, Department receives \$39.00 from \$60.00 assessment.	Restr	400,000	400,000	400,000
	GF/GP	\$0	\$0	\$0
5. Reimbursed Services	Gross	\$770,000	\$770,000	\$770,000
Appropriates additional revenue from various contractual services Department provides to outside entities.	Restr	770,000	770,000	770,000
	GF/GP	\$0	\$0	\$0
6. Truck Safety Fund	Gross	\$307,000	\$307,000	\$307,000
Reflects increased grant award from Truck Safety Fund for costs of current motor carrier recruit school and other commercial vehicle enforcement initiatives.	IDT	307,000	307,000	307,000
	GF/GP	\$0	\$0	\$0

Supplemental Appropriations

7. Motor Carrier Fees

Includes motor carrier fee revenue to provide matching funds for \$123,500 in federal revenue (U.S. Department of Transportation) appropriated through a legislative transfer requested in the April 4, 2002, DMB letter.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$32,700	\$32,700	\$32,700
Restr	32,700	32,700	32,700
GF/GP	\$0	\$0	\$0

Boilerplate

Sec. 552. Law Enforcement Assistance to City of Highland Park

Includes language calling for the Department to provide general law enforcement assistance to City of Highland Park until such services can be provided to city by other means.

SCHOOL AID

Supplemental Appropriations

Declining Enrollment - VETOED

Funds payments to districts in the Upper Peninsula that meet certain eligibility requirements for declining enrollment funds under Sec. 6(4)(y) of the School Aid Act. Districts in the Upper Peninsula had been eligible for these payments until Senate Bill 1107 was enacted in April 2002.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$3,500,000	\$3,500,000	\$0
Restr	3,500,000	3,500,000	0
GF/GP	\$0	\$0	\$0

Boilerplate

Sec. 551. Declining Enrollment Funds - VETOED

States that the Declining Enrollment funds shall be carried forward to 2002-2003 and shall be allocated to districts located in the Upper Peninsula that meet all the criteria of Sec. 6(4)(7) of the State School Aid Act, which requires districts to have fewer than 1,550 pupils in membership and fewer than 4.5 pupils per square mile to receive the funds.

TRANSPORTATION

Supplemental Appropriations

1. Federal Aid Road and Bridge Programs

Restores \$24.0 million in federal funds cut from the current-year budget by the veto of Section 405 of Enrolled Senate Bill 239. That section had earmarked funds for local critical bridge programs. Restores \$18.0 million for eligible local road construction programs—but not earmarked for local bridges—and \$6.0 million for state trunkline federal aid construction programs.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$24,000,000	\$24,000,000	\$24,000,000
Federal	24,000,000	24,000,000	24,000,000
GF/GP	\$0	\$0	\$0

2. Local Bus Operating

Adds \$4.2 million from the Comprehensive Transportation Fund (CTF) balance to bring line item to \$159.5 million.

Gross	\$3,247,300	\$3,247,300	\$3,247,300
Restr	3,247,300	3,247,300	3,247,300
GF/GP	\$0	\$0	\$0

3. Local Bus Capital

Adds \$5.4 million state restricted (CTF). This includes \$4.1 million for development of the Detroit Intermodal Freight Terminal (DIFT) in southwest Detroit. State funds would provide 50% of initial project costs with private railroad companies matching the remaining 50%. The state funds would come from the CTF fund balance.

Gross	\$764,000	\$764,000	\$764,000
Restr	764,000	764,000	764,000
GF/GP	\$0	\$0	\$0

4. Intermodal Freight Terminal

Adds \$5.4 million (CTF) to the line item based on estimated CTF fund balance and increased CTF revenue estimates. Executive had identified \$4.1 million for development of the Detroit Intermodal Freight Terminal (DIFT) in southwest Detroit. State funds would provide 50% of initial project costs with private railroad companies matching the remaining 50%.

Gross	\$5,432,300	\$5,432,300	\$5,432,300
Restr	5,432,300	5,432,300	5,432,300
GF/GP	\$0	\$0	\$0

OVERVIEW - SUPPLEMENTAL SUMMARY

Supplemental Appropriations

5. Specialized Public Transportation Services

Restores \$190,000 (CTF) cut in Executive Order 2001-9. Additional funding would come from the CTF fund balance and would bring the total appropriation for this line item to \$3.9 million (CTF). The line item funds transit programs for the elderly and persons with disabilities.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$190,000	\$190,000	\$190,000
Restr	190,000	190,000	190,000
GF/GP	\$0	\$0	\$0

6. Old 27 North/Whitemarsh Project - VETOED

Re-appropriates federal funds from DNR to complete construction of the separated grade crossing at Old 27 North, Whitemarsh intersection of the Gaylord-Cheboygan Recreational Trail.

Gross	\$120,000	\$120,000	\$0
Restr	120,000	120,000	0
GF/GP	\$0	\$0	\$0

TREASURY

Supplemental Appropriations

1. Federal Grant for State Education Assessment

Provides authorization for receipt and expenditure of federal grant funds for assessment testing requirements associated with the "No Child Left Behind Act of 2001." The act requires states to develop and implement annual reading and math assessments in grades 3-8.

Gross	\$10,698,800	\$10,698,800	\$10,698,800
Federal	10,698,800	10,698,800	10,698,800
GF/GP	\$0	\$0	\$0

2. Debt Service - School Bond Loans

Allows for payment requirements being reduced based on the debt repayment schedule.

Gross	(\$9,000,000)	(\$9,000,000)	(\$9,000,000)
GF/GP	(\$9,000,000)	(\$9,000,000)	(\$9,000,000)

3. Senior Citizen Cooperative Housing Tax Exemption

Adds funding necessary to meet the payment requirements established under Section 211.7d of the Michigan Compiled Laws, specifically the Senior Citizen Cooperative Housing Tax Exemption. Program exempts qualifying senior citizen facilities from paying local property taxes. State of Michigan reimburses local units of government for the property tax that would have been paid by the facilities. Due to an increasing number of properties in the program, additional funds are necessary to meet the obligations.

Gross	\$1,000,000	\$1,000,000	\$1,000,000
GF/GP	\$1,000,000	\$1,000,000	\$1,000,000

Boilerplate

Sec. 601. Funding for Operational Expenses and Grants

Authorizes the Department to expend revenues received under the Michigan Public Educational Facilities Authority, Executive Order No. 2002-3, for operational expenses and grants to the Civil Service Commission and State Employees Retirement Fund. Executive order created the new bonding authority to acquire capital for the construction, rehabilitation, refurbishing, or equipping of qualified public educational facilities.

Sec. 602. Funding for Operational Expenses and Grants

Authorizes the Department to expend revenues received under the Michigan Broadband Development Authority Act for operational expenses and grants to the Civil Service Commission and State Employees' Retirement Fund. The Act created the new bonding authority to acquire capital to encourage broadband investment by the private sector.

GENERAL SECTIONS

Boilerplate

Sec. 204. Transfer of FY 2001-02 Balance - VETOED

Provision to transfer any FY 2001-02 GF/GP balance to the Budget Stabilization Fund except for the \$79.5 million transfer from contingent fund under the Michigan Employment Security Act.

Sec. 301. Litigation Expenses

Authorizes the Department of Attorney General to expend up to \$500,000 from litigation expense reimbursements awarded to the state for other litigation expenses.

Detail for FY 2002-03: House Bill 4373, 2002 PA 530

<u>Department/Budget</u>	<u>House Passed</u>		<u>Senate Passed</u>		<u>Enacted</u>	
	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>
Capital Outlay	(\$9,200,000)	(\$9,200,000)	(\$9,200,000)	(\$9,200,000)	(\$9,200,000)	(\$9,200,000)
Higher Education	(50,000,000)	0	(50,000,000)	0	(50,000,000)	0
Totals	(\$59,200,000)	(\$9,200,000)	(\$59,200,000)	(\$9,200,000)	(\$59,200,000)	(\$9,200,000)

CAPITAL OUTLAY

Supplemental Appropriations

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Major Special Maintenance for DCH	Gross	(\$500,000)	(\$500,000)	(\$500,000)
Elimination of funds will not occur if a cigarette tax increase of at least 30 cents per pack is enacted (2002 PA 503).	GF/GP	(\$500,000)	(\$500,000)	(\$500,000)
2. Major Special Maintenance for Corrections	Gross	(\$2,077,700)	(\$2,077,700)	(\$2,077,700)
Elimination of funds will not occur if a cigarette tax increase of at least 30 cents per pack is enacted (2002 PA 503).	GF/GP	(\$2,077,700)	(\$2,077,700)	(\$2,077,700)
3. Major Special Maintenance for DMB	Gross	(\$712,500)	(\$712,500)	(\$712,500)
Elimination of funds will not occur if a cigarette tax increase of at least 30 cents per pack is enacted (2002 PA 503).	GF/GP	(\$712,500)	(\$712,500)	(\$712,500)
4. Major Special Maintenance for State Police	Gross	(\$256,300)	(\$256,300)	(\$256,300)
Elimination of funds will not occur if a cigarette tax increase of at least 30 cents per pack is enacted (2002 PA 503).	GF/GP	(\$256,300)	(\$256,300)	(\$256,300)
5. Major Special Maintenance for FIA	Gross	(\$550,000)	(\$550,000)	(\$550,000)
Elimination of funds will not occur if a cigarette tax increase of at least 30 cents per pack is enacted (2002 PA 503).	GF/GP	(\$550,000)	(\$550,000)	(\$550,000)
6. Major Special Maintenance for Military and Veterans Affairs	Gross	(\$1,219,700)	(\$1,219,700)	(\$1,219,700)
Elimination of funds will not occur if a cigarette tax increase of at least 30 cents per pack is enacted (2002 PA 503).	GF/GP	(\$1,219,700)	(\$1,219,700)	(\$1,219,700)
7. Statewide Emergency Special Maintenance	Gross	\$2,116,200	\$2,116,200	\$2,116,200
Account will not be established if a cigarette tax increase of at least 30 cents per pack is enacted (2002 PA 503).	GF/GP	\$2,116,200	\$2,116,200	\$2,116,200
8. Northwest Airlines Midfield Terminal Project	Gross	(\$6,000,000)	(\$6,000,000)	(\$6,000,000)
Elimination of funds will not occur if a cigarette tax increase of at least 30 cents per pack is enacted (PA 503 of 2002).	GF/GP	(\$6,000,000)	(\$6,000,000)	(\$6,000,000)

HIGHER EDUCATION

Supplemental Appropriations

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Michigan Merit Award Program	Gross	(\$50,000,000)	(\$50,000,000)	(\$50,000,000)
Elimination of funds will not occur if a cigarette tax increase of at least 30 cents per pack is enacted (2002 PA 503).	Restr	(50,000,000)	(50,000,000)	(50,000,000)
	GF/GP	\$0	\$0	\$0

GENERAL SECTIONS

Boilerplate

Sec. 1202. - VOID

Section is void due to enactment of the cigarette tax increase (2002 PA 503).

Sec. 1203. - VOID

Section is void due to enactment of the cigarette tax increase (2002 PA 503).

GENERAL SECTIONS

Boilerplate

Sec. 1204. Transfer To General Fund

Transfers \$100.0 million from the Merit Awards Trust Fund to the General Fund.

Sec. 1205. Negative Appropriations Affected by Cigarette Tax

Provides that certain negative appropriations in this act and sections 1202 and 1203 are not effective if a cigarette tax increase of at least 30 cents per pack is enacted (2002 PA 503).

Sec. 1206. - VOID

Section is void due to enactment of the cigarette tax increase (2002 PA 503).

Sec. 1207. Budgetary Savings Line Item

Establishes a negative Budgetary Savings line item of \$173,200 for the Capital Outlay budget.

Sec. 1208. Clean Michigan Initiative

Allows for prior Clean Michigan Initiative appropriations to carry forward into FY 2002-03.

**FY 2002-03
Budget Detail
for
EDUCATION**

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

**Summary: Enacted Appropriation
 FY 2002-03 Community Colleges
 Senate Bill 1100
 Public Act 161 of 2002**

Analyst: Caven A. West

	2001-02 YTD (as of 5/10/02)					<u>Change from YTD at 5/10/02</u>	
		Executive	Senate	House	Enacted	FTEs/Dollars	%
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Gross	\$321,596,319	\$321,732,319	\$321,732,319	\$321,732,319	\$321,732,319	\$0	0.0
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Local	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Private	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Restricted	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$0	0.0
GF/GP	\$319,596,319	\$319,732,319	\$319,732,319	\$319,732,319	\$319,732,319	\$0	0.0

OVERVIEW

Michigan's 28 community colleges are funded from four revenue streams: state aid, student tuition and fees, local property taxes, and revenues from grants. The colleges annually enroll over 400,000 students and offer a full range of traditional transfer and occupational programs along with customized training for private companies.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
1. Operational Funding	Gross	\$0	\$0	\$0
Retains FY 2001-02 funding level of \$315.5 million GF/GP for operations.	GF/GP	\$0	\$0	\$0
2. At-Risk Student Success Program	Gross	\$0	\$0	\$0
Maintains funding level of \$3.6 million GF/GP currently earmarked for remedial education services to at-risk students.	GF/GP	\$0	\$0	\$0
3. Renaissance Zones Reimbursement Program	Gross	\$136,000	\$136,000	\$136,000
Adds \$136,000 GF/GP to reimburse certain colleges for personal property tax revenue losses due to Renaissance Zone developments.	GF/GP	\$136,000	\$136,000	\$136,000
4. Postsecondary Access Student Scholarship Program (PASS)	Gross	\$0	\$0	\$0
Retains current-year funding level to provide scholarships under the PASS program.	GF/GP	\$0	\$0	\$0

Major Boilerplate Changes from FY 2001-02:

Sec. 220. Funding Special Maintenance Projects (New)

Expresses intent for development of alternative means to fund special maintenance projects at community colleges.

Sec. 228. Intent to Fully Fund the Gast-Mathieu Formula

Expresses intent to fully fund the Gast-Mathieu funding formula.

Sec. 235. Dual Enrollment Workgroup (New)

Provides authorization to form a legislative work group to discuss acceptance of course credits with certain universities.

Major Boilerplate Changes from FY 2001-02:

Sec. 403. Economic Development Job Training (EDJT) Grants

Earmarks 70% of the EDJT funds for job training at community colleges.

Sec. 404. Postsecondary Access Student Scholarship Program

Removes the age eligibility requirement to increase access to the program.

**Summary: Enacted Appropriation
FY 2002-03 Education
Senate Bill 1103
Public Act 522 of 2002**

Analyst: Caven A. West

	<u>Change from YTD at 5/10/02</u>						
	2001-02 YTD (as of 5/10/02)	Executive	Senate	House	Enacted	FTEs/Dollars	%
FTEs	461.0	413.4	413.4	442.1	442.1	(18.9)	(4.1)
Gross	\$995,560,300	\$89,896,000	\$210,282,100	\$216,617,900	\$215,593,000	(\$779,967,300)	(78.3)
IDG/IDT	\$518,000	\$518,000	\$518,000	\$1,000,000	\$1,000,000	\$482,000	93.0
Federal	\$942,579,400	\$39,863,400	\$160,767,500	\$165,731,500	\$165,731,500	(\$776,847,900)	(82.4)
Local	\$4,889,600	\$4,744,200	\$4,744,200	\$4,744,200	\$4,744,200	(\$145,400)	(3.0)
Private	\$701,400	\$701,400	\$701,400	\$701,400	\$701,400	\$0	0.0
Restricted	\$14,036,000	\$13,959,300	\$13,959,300	\$14,329,300	\$14,329,300	\$293,300	2.0
GF/GP	\$32,400,800	\$30,109,700	\$30,109,700	\$30,111,500	\$29,086,600	(\$3,314,200)	(10.2)

OVERVIEW

The 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. Major responsibilities of the DOE include developing and overseeing the K-12 school system, certifying teachers, collecting and reporting educational data, disbursing funds to educational organizations, and providing technical assistance to local school districts.

Major Budget Changes from FY 2001-02 Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
1. Off-Road/All-Terrain Safety Education Program	Gross	\$0	\$100,000	\$100,000
To deliver additional safety education training statewide.	Restr	0	100,000	100,000
	GF/GP	\$0	\$0	\$0
2. Motorcycle Safety Education Equipment	Gross	\$0	\$200,000	\$200,000
Increase in the School Support operations line to purchase additional motorcycles for safety education training statewide.	Restr	0	200,000	200,000
	GF/GP	\$0	\$0	\$0
3. State School Breakfast Program	Gross	\$946,900	\$946,900	\$946,900
Increase of 18% to reimburse local school districts for meals served to students.	GF/GP	\$946,900	\$946,900	\$946,900
4. National Board Certification Scholarships	Gross	\$0	\$50,000	\$50,000
To pay up to one-half of the tuition for teachers to become certified by the National Board for Professional Teaching Standards.	Restr	0	50,000	50,000
	GF/GP	\$0	\$0	\$0

Major Boilerplate Changes from FY 2001-02:

Sec. 211 (e). Office for Safe Schools - 800 Hotline Advertisement - VETOED

Earmarks up to \$50,000 to advertise the anti-violence school hotline. Governor vetoed subsection (e), but continues funding to operate the Office for Safe Schools.

Sec. 222. Early Retirement Plan Waiver (New)

Provides that positions funded 100% with federal or restricted funds are exempt from the early retirement replacement policy.

Major Boilerplate Changes from FY 2001-02:

Sec. 409. Capital Outlay Expenditures (New)

Requires the Department to ensure that rental payments are used only to maintain/upgrade buildings designated in each tenant's lease agreement.

Sec. 503 (FY 2001-02). Autism Grant to Grand Valley State University (GVSU) - DELETED

Deletes carry-forward authority for a direct grant to GVSU to support the autism teacher education program.

Sec. 503. Restricted Fund Balance Reports (New)

Requires the Department to submit a restricted fund balance report to the Legislature and to explore ways to minimize costs to teachers for services rendered by the Department.

**Summary: Enacted Appropriation
FY 2002-03 Higher Education
Senate Bill 1105
Public Act 144 of 2002**

Analyst: Hank Prince

	2001-02 YTD (as of 5/10/02)	Executive	Senate	House	Enacted	Change from YTD at 5/10/02	
						FTEs/Dollars	%
FTEs	1.0	0.0	1.0	1.0	1.0	0.0	0.0
Gross	\$1,925,842,366	\$1,939,071,166	\$1,943,717,366	\$1,943,717,366	\$1,943,345,166	\$17,502,800	0.9
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	\$4,900,000	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$600,000	12.2
Local	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Private	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Restricted	\$108,273,850	\$125,573,850	\$125,573,850	\$125,573,850	\$125,573,850	\$17,300,000	16.0
GF/GP	\$1,812,668,516	\$1,811,997,316	\$1,812,643,516	\$1,812,643,516	\$1,812,643,516	(\$25,000)	0.0

NOTE: Year-to-Date figures do not include \$9.2 million in Restricted (Michigan Merit Award Trust Fund) monies included in the supplemental.

OVERVIEW

The Higher Education budget provides state operational support for the fifteen state universities, grants to independent colleges and universities, need-based financial aid for students attending public and independent colleges and universities within Michigan, Michigan Merit Awards, and support for statewide programs such as the Agricultural Experiment Station and the Cooperative Extension Service. As part of a tuition-restraint agreement between legislative leaders and the Governor, the FY 2002-03 Higher Education budget is almost entirely a standstill duplicate of the FY 2000-01 higher education budget.

Major Budget Changes from FY 2001-02 YTD Appropriations:

UNIVERSITY OPERATIONS

1. Base University Funding

Maintains the same level of funding as in FY 2001-02 as part of a state university agreement to restrain resident undergraduate tuition and fee increases (see Sec. 436 below). The Senate and the House concurred with the Executive proposal.

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Gross	\$0	\$0	\$0
GF/GP	\$0	\$0	\$0

STATEWIDE PROGRAMS

2. Rare Isotope Accelerator

Uses funding from the Tobacco Settlement Trust Fund to support design and architectural study efforts to enable Michigan State University (MSU) to become the national location of this federally-funded research facility. The Senate and the House concurred with the Executive proposal.

Gross	\$2,000,000	\$2,000,000	\$2,000,000
Restr	2,000,000	2,000,000	2,000,000
GF/GP	\$0	\$0	\$0

3. Project GREEN

Maintains funding for this agricultural research project to the level of a previous commitment. Proposed Executive reductions would have been split between the Agricultural Experiment Station (\$101,500) and Cooperative Extension Service (\$90,000). Neither the Senate nor the House accepted the proposal.

Gross	\$0	\$0	\$0
GF/GP	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
4. Michigan Molecular Institute - VETOED	Gross	\$0	\$0	(\$236,900)
Eliminates funding to support research in polymers and carbon filaments at this private institute. The Senate and the House provided the same level of funding. A gubernatorial veto terminated funding.	GF/GP	\$0	\$0	(\$236,900)
5. Midwestern Higher Education Compact	Gross	\$0	\$0	\$0
Continues payment of annual dues for Michigan's participation in the Compact. The Executive Budget had recommended repeal of 1990 PA 195, the enabling statute, as well as elimination of the dues payment. The Senate and the House retained funding.	GF/GP	\$0	\$0	\$0
6. Grant for General Degree Graduates – PARTIAL VETO	Gross	\$0	\$0	(\$135,300)
Maintains all funding but the previous set-aside of \$135,300 for the prison education program conducted by Spring Arbor University. The college had suspended program operations until May 2002. Neither the Senate nor the House reduced funding for the general degree reimbursement program, and both retained the Spring Arbor University set-aside. The Governor vetoed the set-aside.	GF/GP	\$0	\$0	(\$135,300)
7. Federal Financial Aid	Gross	\$600,000	\$600,000	\$600,000
Recognizes additional federal funding for State Competitive Scholarship (\$300,000) and Byrd Honors Scholarship (\$300,000) programs.	Federal	600,000	600,000	600,000
	GF/GP	\$0	\$0	\$0
8. Michigan Merit Award Program	Gross	\$11,300,000	\$11,300,000	\$11,300,000
Provides additional funding from the Merit Award Trust Fund to provide for an estimated increase in recipients in FY 2002-03. The proposed amount assumed that the underlying statute is amended to restrict usage to the two academic years immediately after high school graduation and to provide a deadline for submission of required certification forms (the usage was subsequently restricted to four years).	Restr	11,300,000	11,300,000	11,300,000
	GF/GP	\$0	\$0	\$0
9. Nursing Scholarships	Gross	\$4,000,000	\$4,000,000	\$4,000,000
Creates a Nursing Scholarship program to be funded from Michigan Merit Award Trust Fund. The House funded a proposed scholarship program but included specific operational language in Sec. 312. The Senate amended the House language and the House subsequently concurred with the Senate amendment.	Restr	4,000,000	4,000,000	4,000,000
	GF/GP	\$0	\$0	\$0

Major Boilerplate Changes from FY 2001-02:

Sec. 214. Tuition Tax Credit Repeal Contingency Appropriation

Retains reporting requirement but deletes former Sec. 214 subsection that provided for an appropriation contingent upon repeal of the tuition tax credit. The Senate removed the contingent appropriation, but retained the reporting requirement. The House concurred with the Senate.

Sec. 302(7). Tuition Grant Program

Revises language to permit Ferris State University (FSU) students enrolled in its Kendall College of Art and Design prior to January 1, 2001, to receive tuition grant support until they graduate or are no longer enrolled in that college. The Senate concurred with an Executive proposal. The House amended the eligibility restriction to students who continue to be enrolled in FSU's Kendall College and the Senate concurred with the House amendment.

Major Boilerplate Changes from FY 2001-02:

Sec. 312. Nursing Scholarship Program (New)

Authorizes the Michigan Higher Education Assistance Authority to establish and administer the nursing scholarship program as provided by law. The Senate had proposed the Authority conduct the program. The House appropriated funds for a nursing scholarship program administered by the Michigan Board of Nursing and specified some of the parameters of the program, including the expenses that may be covered by the scholarships. The Senate amended the House language to provide administration of the scholarship program by the Michigan higher education assistance authority, and the House then accepted the Senate amendment. If statutory provisions are enacted, the provisions of Sec. 312 are superseded.

Sec. 436. Tuition Restraint Language (New)

Provides for a maximum increase in resident undergraduate tuition and fees of \$425 or 8.5% over the prior year, whichever is greater, for a full-year equated student (FYES) enrolled at a state university. A state university president shall inform the Legislature by February 28, 2002, of the institution's voluntary agreement to this condition. The state budget director is authorized to withhold an amount equal to resident undergraduate tuition revenue for the 2002-03 academic year for a university that does not comply and to have those funds redistributed to the universities honoring the restraint. The Senate and the House concurred with the Executive proposal.

Sec. 437. Rare Isotope Accelerator (New)

Specifies use of a \$2.0 million appropriation (Tobacco Settlement funds) for design and architectural studies related to proposed accelerator facilities at MSU. The House and Senate concurred with the Executive proposal.

Sec. 438. Contingent Floor-Funding Intent Language (New)

Inserts a new section: "It is the intent of the legislature that if the May 2002 consensus revenue estimating conference determines that additional state general fund general purpose revenue is available for expenditure in fiscal year 2002-2003, funds shall be appropriated to the state public universities that have a per fiscal-year-equated student appropriation less than the per fiscal-year-equated student funding floor amount specified in section 409." The Senate had originally proposed funding for those campuses with student funding floors below \$4,500 per fiscal-year-equated student, and then concurred with the House language.

Sec. 439. Bipartisan Dual-Enrollment Workgroup (New)

Inserts intent language concerning formation of a bipartisan workgroup to examine state university admission and enrollment policies regarding acceptance and application of college credits earned through the postsecondary enrollment options act. The Senate concurred with the House proposal.

Sec. 701. Enrollment Audits

Amends language to provide for review of enrollment data submitted by all state universities through the HEIDI (higher education database) system and an on-site audit of selected universities if necessary.

**Summary: Enacted Appropriations
 FY 2002-03 School Aid
 Senate Bill 1107 — Public Act 191 of 2002
 House Bill 5881 — Public Act 521 of 2002**

**Analysts: Mary Ann Cleary
 Laurie Cummings**

	2001-02 YTD (as of 5/10/02)	Executive	Senate	House	Enacted	Change from YTD at 5/10/02	
						FTEs/Dollars	%
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Gross	\$11,451,113,400	\$12,813,833,400	\$12,695,787,600	\$12,711,557,600	\$12,710,380,100	\$1,289,266,700	11.3
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Federal	\$203,000,000	\$1,348,305,800	\$1,227,401,700	\$1,227,401,700	\$1,219,825,200	\$1,016,825,200	500.9
Local	\$0	\$700,000	\$0	\$0	\$700,000	\$700,000	n/a
Private	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Restricted	\$11,049,699,900	\$11,266,414,100	\$11,266,229,400	\$11,285,742,400	\$11,291,441,400	\$241,741,500	2.2
GF/GP	\$198,413,500	\$198,413,500	\$202,156,500	\$198,413,500	\$198,413,500	\$0	0.0

OVERVIEW

The School Aid budget makes appropriations to the state's 554 local school districts, 171 public school academies, and 57 intermediate school districts for operations and certain categorical programs. It also appropriates funds to the Department of Education, Department of Career Development, and other departments to implement certain grants and other programs related to K-12 education. Public Act 521 of 2002 is the fourth public act to make FY 2002-03 appropriations for schools—preceded by 2000 PA 297, 2001 PA 121, and 2002 PA 191. Public Act 521 creates a FY 2003-04 budget for the first time—a budget which is nearly identical to the FY 2002-03 budget.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
1. Foundation Allowance Increase	Gross	\$336,000,000	\$336,000,000	\$336,000,000
Allocates per-pupil basic foundation allowance increases of \$200 to \$6,700 per student.	Restr	336,000,000	336,000,000	336,000,000
	GF/GP	\$0	\$0	\$0
2. Elimination of Personal Property Tax Depreciation Table Funding	Gross	(\$93,400,000)	(\$93,400,000)	(\$93,400,000)
Removes all funding associated with revisions to the personal property tax depreciation table. Total estimated savings from sections 22a, 56, 62, and 81 is \$93.4 million.	Restr	(93,400,000)	(93,400,000)	(93,400,000)
	GF/GP	\$0	\$0	\$0
3. Federal Funding - "No Child Left Behind" and Other Federal Funding	Gross	\$657,933,500	\$657,933,500	\$641,414,700
Appropriates federal grant funds usually appropriated in the Department of Education budget, as well as new federal education funding for a variety of school programs.	Federal	657,933,500	657,933,500	641,414,700
	GF/GP	\$0	\$0	\$0
4. Foundation Allowance Adjustment for Small Class Sizes and Detroit Public Schools	Gross	\$18,500,000	\$18,500,000	\$18,500,000
Funds small class-size programs (\$26.7 million under former Sec. 32e) and grant to Detroit (\$15.0 million under former Sec. 33) under Sec. 20 and rolls the grants into the foundation allowances of eligible districts.	Restr	18,500,000	18,500,000	18,500,000
	GF/GP	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
5. Teen Health Centers	Gross \$2,343,000	(\$2,400,000)	\$1,343,000
Funds teen centers at \$3.7 million in FY 2002-03 out of At-Risk funds. Program was transferred from the Department of Community Health (DCH).	Restr 0	(2,400,000)	1,343,000
	GF/GP \$2,343,000	\$0	\$0
6. School Health Curriculum Grants	Gross \$3,180,000	\$3,180,000	\$3,180,000
Appropriates \$3.2 million for a program currently in the DCH budget; DCH will continue to be the lead department for the program.	Restr 3,180,000	3,180,000	3,180,000
	GF/GP \$0	\$0	\$0
7. State Education Tax (SET) Local Treasurer Payment	Gross \$4,600,000	\$4,600,000	\$4,600,000
Reimburses local treasurers for implementation of an SET collection schedule change. A portion of the fee will be given to local treasurers for the 1 mill reduction and another portion will be given to those treasurers who do not have a summer tax collection.	Restr 0	0	0
	GF/GP \$4,600,000	\$4,600,000	\$4,600,000
8. School Bond Loan Redemption Fund	Gross \$0	\$0	\$5,374,000
Transfers funding for this program from the Department of Treasury for FY 2002-03 only.	Local 0	0	700,000
	GF/GP \$0	\$0	\$4,674,000
9. Center for Educational Performance and Information (CEPI)	Gross \$2,168,000	\$2,168,000	\$4,525,600
Transfers \$4.5 million for this program to the Department of Management and Budget. Of this appropriation, \$2.5 million is for the Standard and Poor's Contract.	Federal 0	0	2,357,600
	GF/GP \$2,168,000	\$2,168,000	\$2,168,000
10. Adult Education	Gross \$5,000,000	\$5,000,000	\$2,500,000
Appropriates \$77.5 million for adult education programs.	Restr 5,000,000	5,000,000	2,500,000
	GF/GP \$0	\$0	\$0
11. Grand Valley State University (GVSU) Autism Grant	Gross \$500,000	\$1,000	\$500,000
Pays \$500,000 to GVSU for developing cooperative programs with area districts and ISDs to provide services.	Restr 500,000	1,000	500,000
	GF/GP \$0	\$0	\$0
12. School Consolidation Grants	Gross \$0	\$1,000,000	\$1,000,000
Increases the foundation allowance of districts that consolidate to the level of the highest foundation allowance plus \$50 capped at the "hold harmless" state maximum.	Restr 0	1,000,000	1,000,000
	GF/GP \$0	\$0	\$0
13. Golden Apple Awards	Gross \$132,000	\$132,000	\$1,320,000
Provides \$1.3 million for grants of \$10,000 per eligible building to reward schools with high or improving MEAP test scores.	Restr 132,000	132,000	1,320,000
	GF/GP \$0	\$0	\$0
14. Michigan Virtual University (MVU)/Wireless Study	Gross \$0	\$1,000	\$10,084,700
Appropriates \$11.6 million to the MVU to continue operations (\$1.5 million) and to create a new appropriation for federal grant programs (\$6.6 million) and a new study of wireless technology (\$3.5 million).	Federal 0	1,000	6,584,700
	GF/GP \$0	\$0	\$3,500,000

Major Boilerplate Changes from FY 2001-02:

Sec. 8c. Broadband Survey

Requires ISDs to conduct a technology assessment survey of their constituent school districts by November 1, 2002, regarding broadband infrastructure and services.

Sec. 11(3). Proration Language

Protects the foundation allowances of charter schools at the 1994-95 level if there is a proration caused by insufficient School Aid Fund revenues.

Sec. 22b. Litigation Language

Adds language giving the state the right to pay for up to \$1.0 million in litigation costs out of discretionary funds and to escrow discretionary funds from Sec. 22b to pay any amount owed due to litigation. Requires the state to make payments out of Sec. 22b funding if the state is found to be in violation of the Headlee amendment and makes other changes related to litigation.

Major Boilerplate Changes from FY 2001-02:

Sec. 94a. Center for Educational Performance and Information (CEPI)

Transfers funding for the program to the Department of Management and Budget and makes the CEPI part of this department. Adds language authorizing CEPI including defining its responsibilities, requiring creation of an advisory committee to oversee the organization, and specifying its appropriations. Requires CEPI to pay \$2 per pupil to ISDs and constituent districts for the Single Record Student Database (SRSD) system. Allows February and September pupil 2002 counts to be sent using the Education Data Network (EDN) if determined non-auditable.

Sec. 98. Michigan Virtual University

Adds language for the Michigan Virtual University stating the goals, duties, and responsibilities of the organization—including setting up five pilot sites to study the effectiveness of wireless technology and coordinating certain activities related to expending federal grant funds.

Sec. 105. Schools of Choice

Phases out language that protects school districts from losing more than 10% of their pupil membership to other school districts through schools of choice by giving districts 75% of their FY 2002-03 allocation in FY 2002-03, 50% in FY 2003-04, and 25% in FY 2004-05; funding would be discontinued in FY 2005-06.

Supplemental for FY 2001-02:

1. Adjustments for Revised Pupil/Taxable Value/Special Education Estimates

Revises sections 22a, 22b, 51a, and 51c to align with the latest estimates for pupil memberships, taxable values, special education costs and revenue projections. A \$350.0 million withdrawal from the Budget Stabilization Fund (BSF) was made via House Bill 5883, 2002 PA 504, in support of the FY 2001-02 School Aid budget.

Gross	(\$27,551,700)
Restr	(377,551,700)
BSF	350,000,000
GF/GP	\$0

2. Teen Health Centers

Appropriates \$2.4 million from At-Risk grants to allow school-based health clinics to continue through Fall 2002. Program was transferred from the Department of Community Health; FY 2000-01 DCH appropriation was \$3.7 million.

Gross	\$2,400,000
Restr	2,400,000
GF/GP	\$0

**FY 2002-03
Budget Detail
for
GENERAL GOVERNMENT**

**Attorney General
Civil Rights
Civil Service
Executive
Information Technology
Legislature
Management and Budget
State
Treasury-Operations
Treasury-Revenue Sharing/Debt Service**

**Summary: Enacted Appropriation
 FY 2002-03 Attorney General
 House Bill 5646
 Public Act 528 of 2002**

Analyst: Robin Risko

	<u>Change from YTD at 5/10/02</u>						
	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	601.0	589.5	592.5	592.5	592.5	(8.5)	(1.4)
Gross	\$62,900,500	\$62,838,900	\$63,190,700	\$63,196,100	\$61,757,600	(\$1,142,900)	(1.8)
IDG/IDT	\$9,756,900	\$9,917,900	\$9,917,900	\$9,917,900	\$9,917,900	\$161,000	1.7
Federal	\$7,624,800	\$7,672,700	\$7,672,700	\$7,672,700	\$7,672,700	\$47,900	0.6
Local	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Private	\$1,171,600	\$1,183,000	\$1,183,000	\$1,183,000	\$1,183,000	\$11,400	1.0
Restricted	\$8,871,900	\$8,864,600	\$9,216,400	\$9,216,400	\$9,216,400	\$344,500	3.9
GF/GP	\$35,475,300	\$35,200,700	\$35,200,700	\$35,206,100	\$33,767,600	(\$1,707,700)	(4.8)

OVERVIEW

The Department of Attorney General's chief officer is the elected Attorney General of the state. The Attorney General's powers are prescribed in the State Constitution, in statute, and in court decisions. Serving as legal counsel for state departments, agencies, boards, commissions, and their officers, the Attorney General defends the state in court, and brings action and intervenes in cases on the state's behalf. In addition to defending state agencies, the Attorney General 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 of Attorney General has 41 legal divisions and three administrative divisions. In general, each legal division practices in specialized legal areas. Unlike other state agencies, the Department of Attorney General does not operate or initiate programs, and thus the basic mission and goals of the Department do not change from one year to the next. The 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 2001-02 YTD Appropriations:

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Transfer to the Department of Information Technology			
Transfers information technology-related FTE positions to the new Department of Information Technology (DIT) created pursuant to Executive Order (EO) 2001-3. Associated funding, \$878,200 GF/GP, is transferred to a new appropriation unit within the Attorney General budget to fund services provided to the Department of Attorney General by the new DIT.	FTEs (7.0)	(7.0)	(7.0)
	Gross \$0	\$0	\$0
	GF/GP \$0	\$0	\$0
2. Economic Adjustments			
Adds funding for standard economic adjustments associated with salaries and wages, employee retirement plans, building occupancy charges, rent, worker's compensation, and termination of the \$375 lump sum payment made to employees in FY 2000-01 and FY 2001-02.	Gross \$384,900	\$390,400	\$390,400
	GF/GP \$103,800	\$109,300	\$109,300
3. Funding for Employee-Related Economics			
Reduces FTE position authorization and associated monies in order to fund employee-related economic increases.	FTEs (4.5)	(4.5)	(4.5)
	Gross (\$286,600)	(\$286,600)	(\$286,600)
	GF/GP (\$286,600)	(\$286,600)	(\$286,600)

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
4. Termination of Early Retirement Payouts	Gross	(\$159,900)	(\$159,900)	(\$159,900)
Reduces funding to reflect termination of the five-year scheduled payments of sick leave to employees who participated in the 1997 early retirement program.	GF/GP	(\$91,800)	(\$91,800)	(\$91,800)
5. Tobacco Settlement Trust Fund	FTEs	3.0	3.0	3.0
Provides for an additional 3.0 FTE positions (two attorneys and one secretary) to perform ongoing legal work and activities related to the Tobacco Master Settlement Agreement. Positions will be funded with Tobacco Settlement Trust Fund revenues.	Gross	\$351,800	\$351,800	\$351,800
	Restr	351,800	351,800	351,800
	GF/GP	\$0	\$0	\$0
6. Early Retirement and Budgetary Savings	Gross	\$0	(\$100)	(\$1,438,600)
Reduces GF/GP appropriation by \$1.4 million; \$1.1 million savings anticipated from implementing the 2002 early retirement program, \$352,000 from a 1.0% reduction from the Executive recommendation, and \$5,500 for costs associated with the salary increase included for the Attorney General.	GF/GP	\$0	(\$100)	(\$1,438,600)

Major Boilerplate Changes from FY 2001-02:

Sec. 307. Appropriation of Litigation Expense Reimbursements (New)

Appropriates up to \$500,000 from litigation expense reimbursements to be used for payment of attorney fees assessed against the Governor or the Attorney General when they are the named party in litigation against the state.

Sec. 308. Attorney General Salary (New)

Requires the Attorney General's salary to be \$135,500 effective January 1, 2003, unless an amendment to the state constitution gives the State Officers Compensation Commission (SOCC) the authority to determine the salary of the Attorney General.

**Summary: Enacted Appropriation
FY 2002-03 Civil Rights
House Bill 5646
Public Act 528 of 2002**

Analyst: Robin Risko

	2001-02 YTD (as of 5/10/02)	<u>Change from YTD at 5/10/02</u>					
		Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	171.5	163.5	163.5	163.5	163.5	(8.0)	(4.7)
Gross	\$15,267,000	\$15,348,900	\$15,348,900	\$15,348,800	\$14,367,700	(\$899,300)	(5.9)
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	\$934,000	\$934,000	\$934,000	\$934,000	\$934,000	\$0	0.0
Local	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Private	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Restricted	\$0	\$0	\$0	\$0	\$0	\$0	0.0
GF/GP	\$14,333,000	\$14,414,900	\$14,414,900	\$14,414,800	\$13,433,700	(\$899,300)	(6.3)

OVERVIEW

The Michigan Civil Rights Commission was established in 1963 pursuant to Article I, Section 2 of the State Constitution to carry out the guarantees against discrimination. In Article V, Section 29, the 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.” Public Acts 453 and 220 of 1976, the Elliot-Larsen Civil Rights Act and the Handicappers’ Civil Rights Act respectively, and subsequent amendments have added sex, age, marital status, height, weight, arrest record, and physical and mental disabilities to the original four protected categories.

The Michigan Department of Civil Rights was established in 1965 to serve as the administrative arm charged with implementing the policies of the Commission. The Department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, and investigates and resolves discrimination complaints in the areas of employment, public accommodations and service, education, housing, and law enforcement. Also, the Department provides information and services to businesses on diversity initiatives, equal employment laws, contract compliance, coordination of certification programs for enterprises owned by persons with disabilities, and joint venture/strategic alliance matchmaking. A discrimination complaint may be filed at any of the Department’s offices if the alleged discrimination has occurred within the past 180 days.

Major Budget Changes from FY 2001-02 YTD Appropriations:

1. Transfer to the Department of Information Technology (DIT)

Transfers information technology-related FTE positions to the new DIT created pursuant to Executive Order (EO) 2001-3. Associated funding, \$1.1 million GF/GP, is transferred to a new appropriation unit within the Civil Rights budget to fund services provided to the Department of Civil Rights by the new DIT.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
FTEs	(5.0)	(5.0)	(5.0)
Gross	\$0	\$0	\$0
GF/GP	\$0	\$0	\$0

2. Economic Adjustments

Adds funding for standard economic adjustments associated with salaries and wages, employee retirement plans, building occupancy charges, rent, worker’s compensation, and termination of the \$375 lump sum payment made to employees in FY 2000-01 and FY 2001-02.

Gross	\$301,100	\$301,100	\$301,100
GF/GP	\$301,100	\$301,100	\$301,100

Major Budget Changes from FY 2001-02 YTD Appropriations:

3. Funding for Employee-Related Economics

Reduces FTE position authorization and associated funding to fund employee-related economic increases.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
FTEs	(3.0)	(3.0)	(3.0)
Gross	(\$181,200)	(\$181,200)	(\$181,200)
GF/GP	(\$181,200)	(\$181,200)	(\$181,200)

4. Termination of Early Retirement Payouts

Reduces funding to reflect termination of the five-year scheduled payments of sick leave to employees who participated in the 1997 early retirement program.

Gross	(\$38,000)	(\$38,000)	(\$38,000)
GF/GP	(\$38,000)	(\$38,000)	(\$38,000)

5. Early Retirement and Budgetary Savings

Reduces GF/GP appropriation by \$981,200; \$837,100 savings anticipated from implementing the 2002 early retirement program and \$144,100 from 1.0% reduction from the Executive recommendation.

Gross	\$0	(\$100)	(\$981,200)
GF/GP	\$0	(\$100)	(\$981,200)

Major Boilerplate Changes from FY 2001-02:

None

**Summary: Enacted Appropriation
 FY 2002-03 Civil Service
 House Bill 5646
 Public Act 528 of 2002**

Analyst: Steve Stauff

	<u>Change from YTD at 5/10/02</u>						
	2001-02YTD (as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	230.5	201.5	201.5	201.5	201.5	(29.0)	(12.6)
Gross	\$30,088,340	\$32,217,300	\$32,217,300	\$32,217,200	\$31,585,200	\$1,496,860	5.0
IDG/IDT	\$3,300,000	\$5,300,000	\$5,300,000	\$5,300,000	\$5,300,000	\$2,000,000	60.6
Federal	\$4,779,100	\$4,779,100	\$4,779,100	\$4,779,100	\$4,779,100	\$0	0.0
Local	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$0	0.0
Private	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$0	0.0
Restricted	\$9,502,900	\$9,639,200	\$9,639,200	\$9,639,200	\$9,639,200	\$136,300	1.4
GF/GP	\$10,656,340	\$10,649,000	\$10,649,000	\$10,648,900	\$10,016,900	(\$639,440)	(6.0)

OVERVIEW

The Department of Civil Service is responsible for implementing policies established by the Civil Service Commission and administers a statewide merit system that provides classified job opportunities within state government. This system includes classification of positions, administration of competitive examinations for all classified positions, setting of pay scales, development of rules governing personnel transactions and conditions of employment, and administration of the Civil Service Commission's Employment Relations Policy. In addition, the Department maintains ongoing statewide recruitment.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. State Officers Compensation Commission	Gross	\$15,000	\$15,000	\$15,000
Covers costs of the biennial meetings of the State Officers Compensation Commission.	GF/GP	\$15,000	\$15,000	\$15,000
2. Training Adjustment	Gross	\$2,000,000	\$2,000,000	\$2,000,000
Increases IDG-training authorization reflecting increased use of the leadership development and executive training curriculum.	IDG	2,000,000	2,000,000	2,000,000
	GF/GP	\$0	\$0	\$0
3. Early Retirement and Budgetary Savings	Gross	\$0	(\$100)	(\$632,100)
Creation of an Early Retirement and Budgetary Savings unit containing two negative appropriation lines totaling \$632,100; \$525,600 savings anticipated as a result of the early retirement program and \$106,500 from a 1.0% reduction from the Executive recommendation.	GF/GP	\$0	(\$100)	(\$632,100)

Major Boilerplate Changes from FY 2001-02:

None

**Summary: Enacted Appropriation
FY 2002-03 Executive Office
House Bill 5646
Public Act 528 of 2002**

Analyst: Robin Risko

						<u>Change from YTD at 5/10/02</u>	
	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	85.0	84.2	84.2	84.2	84.2	(0.8)	(0.9)
Gross	\$5,480,900	\$5,486,400	\$5,486,400	\$5,486,300	\$5,399,500	(\$81,400)	(1.5)
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Local	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Private	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Restricted	\$0	\$0	\$0	\$0	\$0	\$0	0.0
GF/GP	\$5,480,000	\$5,486,400	\$5,486,400	\$5,486,300	\$5,399,500	(\$81,400)	(1.5)

OVERVIEW

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, their staffs, and the Office of Regulatory Reform. The Governor is elected by the people to a four-year term, is the Chief Executive Officer of the state, the Commander-In-Chief of the state's military establishment, and the Chairperson of the State Administrative Board. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget. The Lieutenant Governor is nominated at party convention, is elected with the Governor to a four-year term, performs gubernatorial functions in the Governor's absence, and serves as President of the Michigan Senate.

Within the Executive Office is the Office of Regulatory Reform. This office is charged with removing unnecessary regulations which impact the business community and with simplifying complex rules where possible. Also, the Office of Regulatory Reform provides citizens with better and easier access to proposed changes in administrative rules, information on the rules process, and the status of new rules.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Economic Adjustments	Gross	\$54,800	\$54,800	\$54,800
Adds funding for standard economic adjustments associated with salaries and wages and termination of the \$375 lump sum payment made to employees in FY 2000-01 and FY 2001-02.	GF/GP	\$54,800	\$54,800	\$54,800
2. Funding for Employee-Related Economics	FTEs	(0.8)	(0.8)	(0.8)
Reduces FTE position authorization and associated funding in order to fund employee-related economic increases.	Gross	(\$54,800)	(\$54,800)	(\$54,800)
	GF/GP	(\$54,800)	(\$54,800)	(\$54,800)
3. State Officers Compensation Commission (SOCC) Adjustments	Gross	\$5,500	\$5,500	\$5,500
Covers costs associated with salary increases provided by SOCC for the Governor and Lieutenant Governor.	GF/GP	\$5,500	\$5,500	\$5,500
4. Early Retirement and Budgetary Savings	Gross	\$0	(\$100)	(\$86,900)
Reduces the GF/GP appropriation by \$86,900; \$36,600 savings anticipated from implementing the 2002 early retirement program and \$50,300 from a 1.0% reduction from the Executive recommendation.	GF/GP	\$0	(\$100)	(\$86,900)

Major Boilerplate Changes from FY 2001-02:

None

**Summary: Enacted Appropriation
FY 2002-03 Information Technology
House Bill 5646
Public Act 528 of 2002**

Analyst: Robin Risko

	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	<u>Change from YTD at 5/10/02</u>	
						FTEs/Dollars	%
FTEs	0.0	1,771.4	1,706.2	1,771.4	1,771.4	1,771.4	100.0
Gross	\$0	\$427,508,900	\$333,453,600	\$427,508,900	\$424,006,800	\$424,006,800	100.0
IDG/IDT	\$0	\$427,508,900	\$333,453,600	\$427,508,900	\$424,006,800	\$424,006,800	100.0
Federal	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Local	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Private	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Restricted	\$0	\$0	\$0	\$0	\$0	\$0	0.0
GF/GP	\$0	\$0	\$0	\$0	\$0	\$0	0.0

OVERVIEW

The Department of Information Technology (DIT) was created pursuant to Executive Order 2001-3 for the purposes of improving delivery of services to citizens by utilizing advancements in technology; improving management of state information and technology resources; and assuring reliability, security, and confidentiality of data and computer facilities. The Department utilizes existing technology funds and workforce from within the other 19 state agencies to support the long-term technology needs of the state and to find solutions and identify more effective ways to achieve missions.

Each state agency requests spending authority to fund information technology-related activities and pays for technology services rendered by the DIT through an interdepartmental grant. Administration of fund sources remains with each agency. Funds are organized into the following broad theme areas which are based on agency missions: Enterprisewide Services, Health and Human Services, Education Services, Public Protection, Resources Services, Transportation Services, and General Services.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Base Transfers	FTEs	1,709.0	1,774.2	1,774.2
Transfers FY 2001-02 information technology-related FTE positions and funding from Executive branch departments and agencies to the new Department of Information Technology.	Gross	\$332,719,500	\$426,774,800	\$426,774,800
	IDG	332,719,500	426,774,800	426,774,800
	GF/GP	\$0	\$0	\$0
2. Economic Adjustments	Gross	\$1,363,500	\$1,363,500	\$1,363,500
Additional funding for standard economic adjustments associated with classified salaries and wages.	IDG	1,363,500	1,363,500	1,363,500
	GF/GP	\$0	\$0	\$0
3. Funding for Employee-Related Economics	FTEs	(8.8)	(8.8)	(8.8)
Reduces FTE position authorization and associated funding to fund employee-related economic increases.	Gross	(\$629,400)	(\$629,400)	(\$629,400)
	IDG	(629,400)	(629,400)	(629,400)
	GF/GP	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
4. Savings from Consolidation - Funding for e-Michigan	Gross	\$0	\$0	\$0
Reflects \$9.3 million in administrative savings anticipated from consolidating functions and resources, then appropriates the \$9.3 million to further fund e-Michigan initiatives. Funding will be used for business and technical staffing, business process re-engineering, contracts, hardware, software, test and development center operations and maintenance, and portal hosting.	GF/GP	\$0	\$0	\$0
5. Early Retirement Savings	Gross	\$0	(\$100)	(\$3,502,100)
Reduces the amount of IDG funding to be received by the DIT from other state departments and agencies by \$3.5 million. Savings are anticipated from implementing the 2002 early retirement program.	IDG	0	(100)	(3,502,100)
	GF/GP	\$0	\$0	\$0

Major Boilerplate Changes from FY 2001-02:

Sec. 570. Contingency Funding (New)

Authorizes the Department to receive up to \$40.0 million in additional IDG funding from the other state departments and agencies and authorizes expenditure of the funding once it has been transferred to a line item via the legislative transfer process.

Sec. 575. Transfer of Employees (New)

Specifies that the intent of the Legislature is for the DIT to transfer its employees from the other state departments and agencies within a reasonable time frame.

Sec. 576. Definition of Information Technology Services (New)

Defines "information technology services" to mean services involving all aspects of managing and processing information including, but not limited to, all of the following: application development and maintenance; desktop computer support and management; mainframe computer support and management; server support and management; local area network support and management; information technology contract, project, and procurement management; information technology planning and budget management; and telecommunication services, security, infrastructure, and support.

**Summary: Enacted Appropriation
FY 2002-03 Legislature
House Bill 5646
Public Act 528 of 2002**

Analyst: Robin Risko

	<u>Change from YTD at 5/10/02</u>						
	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross	\$125,850,000	\$126,345,700	\$126,345,800	\$130,024,500	\$126,360,200	\$510,200	0.4
IDG/IDT	\$1,612,200	\$1,627,600	\$1,627,600	\$1,627,600	\$1,627,600	\$15,400	1.0
Federal	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Local	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Private	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$0	0.0
Restricted	\$1,478,600	\$1,475,300	\$1,475,300	\$2,488,500	\$2,530,400	\$1,051,800	71.1
GF/GP	\$122,359,200	\$122,842,800	\$122,842,900	\$125,508,400	\$121,802,200	(\$557,000)	(0.5)

OVERVIEW

The budget for the Legislature provides funding for the Legislative branch of state government, to include the Office of the Auditor General, the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, appropriates funding from revenues collected for the support of public institutions and administration of the affairs of state government, initiates and considers amendments to the State Constitution and to the Constitution of the United States, and exercises legislative oversight over the Executive branch of government. The majority of the Legislature's work entails lawmaking. Through a process which is defined by the State Constitution, statute, and legislative rules, the Legislature considers thousands of bills during each two-year session.

The Office of the Auditor General is responsible for conducting financial and performance audits of state government operations. Resulting audit reports provide a continuing flow of information to assist the Legislature in its oversight of state government; provide citizens with a measure of accountability, ensuring that all receipts and expenditures are in accordance with the State Constitution, laws, rules, and procedures; and assist state departments and agencies in improving the financial management, effectiveness, efficiency, and economy of activities and programs approved by the Legislature.

The Legislative Council is a joint 12-member bipartisan committee of the Legislature established pursuant to Article IV, Section 15 of the State Constitution. The Council provides a wide variety of essential services to members and staff of the Legislature and is responsible for maintaining bill drafting, research, and other services.

The Michigan Legislative Retirement System was established by 1957 PA 261. It is a statewide single-employer retirement plan that provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. The system is funded through state appropriations, member contributions, certain court filing fees, and investment income.

Under authority of the Michigan Capitol Committee, Legislative Council Facility Agency staff has full responsibility for the maintenance, operation, and repair of the Capitol Building and grounds. Carpenters, painters, maintenance mechanics, and electricians provide the care and upkeep. Funding is provided in the budget for care and upkeep of the Capitol Building, the House of Representatives office building, and the Farnum Building.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Senate		Gross	\$318,000	\$1,318,000
Adds funding to cover costs associated with the salary increase provided by SOCC for the Senators and for other purposes.	GF/GP	\$318,000	\$1,318,000	\$712,600

2. Senate Automated Data Processing	Gross	\$0	\$1,000	\$75,300
Increases funding for this line item.	GF/GP	\$0	\$1,000	\$75,300
3. House of Representatives	Gross	\$1,734,800	\$1,734,700	\$1,066,700
Covers costs associated with the salary increase provided by SOCC for Representatives and for other purposes.	GF/GP	\$1,734,800	\$1,734,700	\$1,066,700
4. Legislative Auditor General	Gross	\$100	\$1,072,100	\$924,000
Adds funding for salary increases to be provided for the Auditor General and for the two unclassified positions. Includes additional funding for baseline operating costs, which will be funded with state restricted State Services Fee Fund revenue.	Restr	0	1,055,100	1,055,100
	GF/GP	\$100	\$17,000	(\$131,100)
5. House of Representatives Office Building	Gross	\$347,400	\$347,600	\$147,400
Adds funding to cover the 3.5% increase in lease costs required annually for the House office building.	GF/GP	\$347,400	\$347,600	\$147,400
6. Farnum Building	Gross	\$0	\$200,000	\$14,200
Provides \$14,200 and changes the name of the line item to include "Other Senate Properties."	GF/GP	\$0	\$200,000	\$14,200
7. Other Adjustments	Gross	\$0	\$0	(\$2,442,100)
Reduces funding for the following line items: Senate Fiscal Agency (\$25,900); House Fiscal Agency (\$30,200); Legislative Council (\$126,800); e-Law, Legislative Council Technology Enhancement Project (\$2.2 million); Legislative Service Bureau Automated Data Processing (\$15,000); Legislative Corrections Ombudsman (\$5,500); National Association Dues (\$3,900); Worker's Compensation (\$1,500); General Nonretirement Expenses (\$31,200); and Capitol Building (\$22,400).	GF/GP	\$0	\$0	(\$2,442,100)

Major Boilerplate Changes from FY 2001-02:

Sec. 610 (FY 2001-02). Public Access to Legislative Offices - DELETED

Prohibits restricting public access to legislative offices during normal business hours.

Sec. 618. Legislative Requests for Audits (New)

Requires any audits, reviews, or investigations requested of the Auditor General by the Legislature to include an estimate of the additional costs involved and requires the Legislature to provide supplemental funding when such costs exceed \$50,000. Authorizes the Auditor General to determine whether to perform such activities in keeping with Audit Directive Number 29, which describes the policy on responding to legislative requests.

**Summary: Enacted Appropriation
FY 2002-03 Management and Budget
House Bill 5646
Public Act 528 of 2002**

Analyst: Robin Risko

	2001-02 YTD					<u>Change from YTD at 5/10/02</u>	
	(as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	925.5	854.5	854.5	854.5	854.5	(71.0)	(7.7)
Gross	\$173,229,000	\$188,634,700	\$188,634,700	\$188,634,600	\$188,098,300	\$14,869,300	8.6
IDG/IDT	\$85,722,700	\$109,606,600	\$109,548,100	\$109,548,100	\$109,548,100	\$23,825,400	27.8
Federal	\$380,300	\$300,100	\$358,600	\$358,600	\$358,600	(\$21,700)	(5.7)
Local	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Private	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Restricted	\$43,257,800	\$35,355,300	\$35,355,300	\$35,355,300	\$35,355,300	(\$7,902,500)	(18.3)
GF/GP	\$43,868,200	\$43,372,700	\$43,372,700	\$43,372,600	\$42,836,300	(\$1,031,900)	(2.4)

OVERVIEW

The Department of Management and Budget (DMB) has legal authority under the Management and Budget Act, 1984 PA 431, and is the central management element of the Executive branch of state government. The Department is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; negotiating collective bargaining agreements; managing capital outlay projects; managing property for the state (i.e., managing state leases, selling surplus property); executing cost-effective purchasing programs; managing the state's retirement systems and employee benefit programs; supervising the state motor vehicle fleet; administering travel policies; and providing office support services to state agencies. In addition, the Department prepares, presents, and executes the state budget on behalf of the Governor.

Major Budget Changes from FY 2001-02 YTD Appropriations:

1. Transfer to the Department of Information Technology (DIT)

Transfers information technology-related FTE positions to the new DIT created pursuant to Executive Order 2001-3. Associated funding, \$27.4 million GF/GP, is transferred to a new appropriation unit within DMB's budget to fund services provided to the DMB by the new DIT.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
FTEs	(84.0)	(84.0)	(84.0)
Gross	\$0	\$0	\$0
GF/GP	\$0	\$0	\$0

2. State Space Plan

Increases funding for rent and operational costs associated with continued implementation of the state space plan. Consolidation efforts include transfer of responsibility of the Michigan Library and Historical Center to DMB and the opening of the Hall of Justice. Increase of 17.0 FTE positions is reflected due to transfer in of 15.0 FTE positions from the Legislative branch and the addition of 2.0 new facility manager positions associated with the Hall of Justice.

FTEs	17.0	17.0	17.0
Gross	\$14,728,700	\$14,728,700	\$14,728,700
IDG	14,728,700	14,728,700	14,728,700
GF/GP	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
3. Completion of Retirement Technology Project	Gross	(\$8,000,000)	(\$8,000,000)	(\$8,000,000)
Reduces funding based on completion of the retirement technology project. Vision Office of Retirement Services (ORS) project was designed to replace outdated technology infrastructure, integrate technology systems across all retirement systems, facilitate maintenance and enhancements to the system, and improve customer service in processing retirements and responding to customer inquiries.	Restr	(8,000,000)	(8,000,000)	(8,000,000)
	GF/GP	\$0	\$0	\$0
4. Security at State Buildings	Gross	\$4,792,000	\$4,792,000	\$4,792,000
Adds funding for tightened security at state buildings. Security guards will be present in buildings, at one or more of the entrances, at the docks, and at parking ramp entrances. Where there are no security guards, doors will be locked.	Restr	4,792,000	4,792,000	4,792,000
	GF/GP	\$0	\$0	\$0
5. Parking Adjustments	Gross	\$3,214,800	\$3,214,800	\$3,214,800
Provides for costs associated with providing new leased parking areas for employees; includes additional funding for the Roosevelt Ramp. The Department has leased a number of parking spaces in various lots and ramps in Detroit and Lansing and is providing shuttle bus services to more remote parking locations in order to improve the overall parking situation. The Roosevelt Ramp will be constructed and managed by DMB.	Restr	3,214,800	3,214,800	3,214,800
	GF/GP	\$0	\$0	\$0
6. Economic Adjustments	Gross	\$348,700	\$348,700	\$348,700
Adds funding for standard economic adjustments associated with salaries and wages, employee retirement plans, building occupancy charges, rent, worker's compensation, and termination of the \$375 lump sum payment made to employees in FY 2000-01 and FY 2001-02.	GF/GP	(\$92,000)	(\$92,000)	(\$92,000)
7. Funding for Employee-Related Economics	FTEs	(4.0)	(4.0)	(4.0)
Reduces FTE position authorization and associated funding to fund employee-related economic increases.	Gross	(\$352,400)	(\$352,400)	(\$352,400)
	GF/GP	(\$352,400)	(\$352,400)	(\$352,400)
8. Termination of Early Retirement Payouts	Gross	(\$126,100)	(\$126,100)	(\$126,100)
Reduces funding to reflect termination of the five-year scheduled payments of sick leave to employees who participated in the 1997 early retirement program.	GF/GP	(\$27,500)	(\$27,500)	(\$27,500)
9. Early Retirement and Budgetary Savings	Gross	\$0	(\$100)	(\$536,400)
Reduces the GF/GP appropriation by \$536,400; \$102,700 savings anticipated from implementing the 2002 early retirement program, and \$433,700 from a 1.0% reduction from the Executive recommendation.	GF/GP	\$0	(\$100)	(\$536,400)

Major Boilerplate Changes from FY 2001-02:

GENERAL SECTIONS

Sec. 215. Disciplinary Action Against Executive Branch Employees (New)

Prohibits departments and state agencies from taking disciplinary action against employees for communicating with members of the Legislature or their staff.

Sec. 216. Negative Appropriation for Early Retirement and Budgetary Savings (New)

Specifies requirements for how to reach the early retirement and budgetary savings amounts included in the appropriations bill and requires approval of transfers by the Legislature in order to apply the savings to affected line items.

Major Boilerplate Changes from FY 2001-02:

MANAGEMENT AND BUDGET

Sec. 707. Commission Per Diem Rates

Revises current-year language to include a \$50 per diem rate for the State Employees Retirement Board. Currently, the per diem rate for the State Employees Retirement Board is \$35 as established by section 5 (c) of 1943 PA 240, the State Employees Retirement Act. Pursuant to recent legislation associated with the 2002 early retirement program, 2002 PA 93, the per diem rate is to be provided at the amount established annually by the Legislature. The Legislature has established a per diem rate of \$50 for all other retirement boards.

Sec. 716. Vietnam Veterans' Memorial Monument (New)

Authorizes DMB to receive and expend funding from the Vietnam Veterans' Memorial Monument Fund for maintenance of the Vietnam Veterans' Memorial Monument and the Vietnam Memorial Park.

Sec. 717. Veterans' Memorial Park Commission (New)

Authorizes the Michigan Veterans' Memorial Park Commission to receive and expend funding from any source for the purpose of carrying out its responsibilities.

Sec. 718. Reference to Townships on Forms (New)

Prohibits DMB from printing, or authorizing the printing of, forms that reference a city or village unless the form also references a township in the same size print and in the same font.

Sec. 719. Gubernatorial Transition Process (New)

Transfers up to \$1.2 million from the general fund for costs associated with the gubernatorial transition process.

Sec 718 (FY 2001-02). Report on Restricted Fund Balances - DELETED

Requires DMB, together with the Department of Treasury, to provide a report on restricted fund balances, projected revenues, and projected expenditures for each restricted fund.

**Summary: Enacted Appropriation
FY 2002-03 State
House Bill 5646
Public Act 528 of 2002**

Analyst: Steve Stauff

Change from YTD at 5/10/02

	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	1,979.3	1,853.8	1,853.8	1,853.8	1,853.8	(125.5)	(6.3)
Gross	\$139,288,400	\$179,828,100	\$173,335,100	\$180,834,800	\$179,055,800	\$39,767,400	28.6
IDG/IDT	\$55,814,100	\$96,493,000	\$90,000,000	\$96,493,600	\$96,493,000	\$40,678,900	72.9
Federal	\$1,303,600	\$1,319,500	\$1,319,500	\$1,319,500	\$1,319,500	\$15,900	1.2
Local	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Private	\$100	\$100	\$100	\$100	\$100	\$0	0.0
Restricted	\$64,451,900	\$64,274,200	\$64,274,200	\$65,274,200	\$64,274,200	(\$177,700)	(0.3)
GF/GP	\$17,718,700	\$17,741,300	\$17,741,300	\$17,747,400	\$16,969,000	(\$749,700)	(4.2)

OVERVIEW

The Department of State is responsible for implementing the policies of the Secretary of State. The Department of State's Chief Executive Officer is the Secretary of State, an elected official who serves a four-year term of office. The Department of State administers programs in four major areas: motor vehicle transactions, which includes titling and registration of automobiles, watercraft, and recreational vehicles; traffic safety, which includes testing drivers for ability and the suspension of license privileges when laws are broken or incompetence is judged; consumer protection, which includes inspection and licensing of automotive repair facilities; and regulation and administration of the state's electoral process, which entails training local election officials and monitoring campaign finance.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Michigan Transportation Fund (MTF) IDG Increase	Gross	\$33,507,000	\$40,000,000	\$40,000,000
Formalizes replacement of GF/GP revenue as provided for in Executive Order 2001-9.	IDG	33,507,000	40,000,000	40,000,000
	GF/GP	\$0	\$0	\$0
2. Administrative Savings	Gross	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
Reduces the Branch Operations appropriation line to recognize administrative savings.	GF/GP	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
3. Department of History, Arts, and Libraries Transfer	FTEs	(2.0)	(2.0)	(2.0)
Transfers funding and positions to the Department of History, Arts, and Libraries which had provided accounting, legal support, mailing activities to the Historical program, and dollars associated with the promotion of Michigan Week.	Gross	(\$261,800)	(\$261,800)	(\$261,800)
	GF/GP	(\$261,800)	(\$261,800)	(\$261,800)

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
4. Early Retirement and Budgetary Savings	Gross	\$0	(\$100)	(\$777,800)
Creates an Early Retirement and Budgetary Savings unit containing two negative appropriation lines totaling \$777,800; \$594,900 reflects savings anticipated as a result of the early retirement program, \$177,400 equates to a 1.0% reduction from the Executive recommendation, and a reduction of \$5,500 covers the annualized cost associated with a salary increase for the Secretary of State.	GF/GP	\$0	(\$100)	(\$777,800)
5. Vertical Driver License and Identification Card - VETOED	Gross	\$0	\$1,000,000	\$0
Senate State Services Fee Fund support for development and implementation of a vertical driver license and ID card program. Vetoed by the Governor and overridden by the Legislature.	Restr	0	1,000,000	0
	GF/GP	\$0	\$0	\$0

Major Boilerplate Changes from FY 2001-02:

Secs. 804, 807, 808, 812, 815, 816, and 819. Removal of Historical Program Language

Strikes language relating to the Michigan Historical Program that is more appropriately addressed within the Department of History, Arts, and Libraries FY 2002-03 appropriation act.

Sec. 816. Branch Office (New)

Requires the Department to consult with the House and Senate Subcommittees on General Government regarding projected closings or consolidations of branch offices; House language.

Sec. 817. Secretary of State Salary (New)

Sets the annual salary of the Secretary of State at \$135,500 as of January 1, 2003, unless a constitutional amendment gives the State Officers Compensation Commission that authority; Senate language.

Sec. 818. Vertical Driver License and ID Card (New) - VETOED

Specifies that the corresponding \$1.0 million in part 1 from the State Services Fee Fund be used for development and implementation of a vertical driver license and personal identification card for persons under the age of 21. Vetoed by the Governor and overridden by the Legislature; Senate language.

**Summary: Enacted Appropriation
FY 2002-03 Treasury - Operations
House Bill 5646
Public Act 528 of 2002**

Analyst: Steve Stauff

	2001-02 YTD				<u>Change from YTD at 5/10/02</u>		
	(as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	2,004.5	1,861.5	1,861.5	1,861.5	1,861.5	(143.0)	(7.1)
Gross	\$349,497,300	\$371,179,900	\$369,679,900	\$372,329,400	\$368,480,500	\$18,983,200	5.4
IDG/IDT	\$9,237,000	\$19,445,300	\$19,445,300	\$19,445,500	\$19,445,300	\$10,208,300	110.5
Federal	\$33,850,000	\$44,296,100	\$44,296,100	\$44,296,100	\$44,296,100	\$10,446,100	30.9
Local	\$950,100	\$910,800	\$1,610,800	\$910,800	\$910,800	(\$39,300)	(4.2)
Private	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Restricted	\$251,969,200	\$252,233,900	\$250,733,900	\$252,233,900	\$252,233,900	\$264,700	0.1
GF/GP	\$53,491,000	\$54,293,800	\$54,293,800	\$55,443,100	\$51,594,400	(\$1,896,600)	(3.6)

OVERVIEW

The Department of Treasury is the chief fiscal agency of the state and is the primary source of advice to the Governor on tax and fiscal policy issues. The primary mission of the Department 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. In addition, the Department manages one of the nation's largest pension funds, houses the Bureau of Lottery and the Michigan Gaming Control Board, and administers student financial aid programs. The Department also investigates fraudulent financial activity; gives advice and assistance on all property tax-related issues; trains and gives advice concerning accounting, auditing, budgeting, and financial management to local units of government; advises issuers of municipal obligations; and lends funds to local units in fiscal distress through the Emergency Loan Board.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Federal Grant for State Education Assessments	Gross	\$10,698,800	\$10,698,800	\$10,698,800
Allows for federal grant funds for assessment testing requirements associated with the "No Child Left Behind Act of 2001" which requires states to develop and implement annual reading and math assessments in grades 3-8.	Federal	10,698,800	10,698,800	10,698,800
	GF/GP	\$0	\$0	\$0
2. MTF Support for Collection of Motor Fuel Taxes and Electronic Tax Simplification System	Gross	\$10,225,000	\$10,225,000	\$10,225,000
Provides \$8.0 million of Michigan Transportation Fund support for collection of motor fuel taxes consistent with the authorizing provision in Executive Order 2001-9, and \$2.2 million to fund implementation of an electronic motor fuel tax simplification system.	IDG	10,225,000	10,225,000	10,225,000
	GF/GP	\$0	\$0	\$0
3. New Lottery Game and Instant Ticket Vending Machines	Gross	\$0	\$1,500,000	\$1,500,000
Increases authorization of State Lottery Fund revenue to be used for the purchase of a new game, Changeplay, and for the lease or purchase of instant ticket vending machines.	Restr	0	1,500,000	1,500,000
	GF/GP	\$0	\$0	\$0
4. Early Retirement and Budgetary Savings	Gross	\$0	(\$100)	(\$2,699,400)
Creates an Early Retirement and Budgetary Savings unit containing two negative appropriation lines totaling \$2.7 million; \$2.2 million savings anticipated as a result of the early retirement program and \$542,900 from a 1.0% reduction from the Executive recommendation.	GF/GP	\$0	(\$100)	(\$2,699,400)

Major Boilerplate Changes from FY 2001-02:

Sec. 963. Michigan Public Educational Facilities Authority (New)

Authorizes the Department to expend revenues received under the Public Educational Facilities Authority for operational expenses and for grants to the Civil Service Commission and State Employee's Retirement Fund.

Sec. 964. Michigan Broadband Development Authority (New)

Authorizes the Department to expend revenues received under the Broadband Development Authority for operational expenses and for grants to the Civil Service Commission and State Employee's Retirement Fund.

Sec. 972 (FY 2001-02). Sunday Lottery Draw Prohibition - DELETED

Prohibits lottery drawings on Sunday.

Sec. 994. State Services Fee Fund (New)

Requires that if the State Services Fee Fund revenues are less than amounts appropriated from the fund, casino gaming regulation activities will be funded first and the remaining revenue will be proportionately distributed among the other state departments or agencies.

Enacting Section 1 - Tie-Bar Language (New)

Tie-bars the General Government FY 2002-03 appropriation act to House Bill 5248 of the 91st Legislature if enacted into law.

Supplemental Appropriations FY 2001-02:

1. Michigan Merit Award Board/MEAP Administration

Removes Michigan Merit Award Trust Fund authorization that was to be used for improvements to the Michigan Educational Assessment Program (MEAP) test and creation of a database to contain test scores, track test attempts, and qualifying students (2001 PA 120).

Gross	(\$2,500,000)
Restr	(2,500,000)
GF/GP	\$0

2. Pari-Mutuel Audits

Replaces GF/GP within the Pari-Mutuel Audits appropriation line with a like amount of State Services Fee Fund authorization (2001 PA 120).

Gross	\$0
Restr	240,000
GF/GP	(\$240,000)

3. Tax Amnesty Program

Funds administration of the tax amnesty program (2001 PA 168).

Gross	\$1,500,000
GF/GP	\$1,500,000

**Summary: Enacted Appropriation
 FY 2002-03 Treasury - Revenue Sharing/Debt Service
 House Bill 5646
 Public Act 528 of 2002**

Analyst: Steve Stauff

						<u>Change from YTD at 5/10/02</u>	
	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross	\$1,646,595,000	\$1,598,386,400	\$1,603,761,100	\$1,598,386,700	\$739,016,400	(\$907,578,600)	(55.1)
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Local	\$700,000	\$0	\$700,000	\$0	\$0	(\$700,000)	(100.0)
Private	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Restricted	\$1,540,600,000	\$1,528,800,000	\$1,528,800,000	\$1,528,800,200	\$679,430,000	(\$861,170,000)	(55.9)
GF/GP	\$105,295,000	\$69,586,400	\$74,261,100	\$69,586,500	\$59,586,400	(\$45,708,600)	(43.4)

OVERVIEW

In addition to being the chief fiscal agency of the state, the Department of Treasury administers the various revenue sharing programs to local units of government as well as debt servicing for general obligation bond programs.

Major Budget Changes from FY 2001-02 YT Appropriations:

1. School Bond Loan Debt Service Transfer to State School Aid	Gross	\$1,000	(\$5,373,700)	(\$5,373,700)
	Restr	0	(700,000)	(700,000)
Transfers School Bond Loan debt service to the State School Aid budget.	GF/GP	\$1,000	(\$4,673,000)	(\$4,673,000)
2. Bond Debt Service Adjustment	Gross	(\$41,034,900)	(\$41,034,900)	(\$41,034,900)
Reduces debt service authorization reflecting savings created by refunding existing bonded obligations and restructuring debt payments.	GF/GP	(\$41,034,900)	(\$41,034,900)	(\$41,034,900)
3. Grants to Local Units of Government - VETOED	Gross	\$10,000,000	\$10,000,100	\$0
Establishes one-time grants to local units of government to offset negative impacts of revenue sharing distribution in FY 2002-03. The Governor vetoed \$9.9 million; veto was overridden by the Legislature.	GF/GP	\$10,000,000	\$10,000,100	\$0
4. Revenue Sharing - Constitutional	Gross	\$9,700,000	\$9,700,100	\$6,830,000
Increases Constitutional Revenue Sharing support based on the January and May 2002 Revenue Estimating Conferences.	Restr	9,700,000	9,700,100	6,830,000
	GF/GP	\$0	\$0	\$0
5. Revenue Sharing - Statutory - VETOED	Gross	(\$21,500,000)	(\$21,499,900)	(\$868,000,000)
Reduces Statutory Revenue Sharing support based on the January and May 2002 Revenue Estimating Conferences. The Governor vetoed \$844.2 million; veto was overridden by the Legislature.	Restr	(21,500,000)	(\$21,499,900)	(\$868,000,000)
	GF/GP	\$0	\$0	\$0

Major Boilerplate Changes from FY 2001-02:

Sec. 972. Guidance for Grants to Local Governmental Units (New) - VETOED

States that hold harmless grants do not apply toward reductions incurred as a result of negative census corrections resulting in a lower revenue sharing payment for a community for FY 2002-03 compared to FY 2001-02. Also states that if actual sales tax collections increase, cities, villages, and townships will be held harmless for total revenue sharing payments. Vetoed by the Governor and overridden by the Legislature.

**FY 2002-03
Budget Detail
for
HUMAN SERVICES**

**Community Health
Corrections
Family Independence Agency**

**Summary: Enacted Appropriation
FY 2002-03 Community Health
Senate Bill 1101
Public Act 519 of 2002**

**Analysts: Margaret Alston
Bill Fairgrieve
Sue Frey**

	2001-02 YTD (as of 5/10/02)	Executive	Senate	House	Enacted	Change from YTD at 5/10/02	
						FTEs/Dollars	%
FTEs	6,207.1	5,672.3	5,672.3	5,680.3	5,672.3	(534.8)	(8.6)
Gross	\$8,525,719,966	\$9,155,663,900	\$9,472,115,600	\$9,507,445,200	\$6,302,509,400	(\$2,223,190,566)	(26.1)
IDG/IDT	\$74,507,400	\$69,172,900	\$69,172,900	\$69,172,900	\$69,172,900	(\$5,334,500)	(7.2)
Federal	\$4,428,274,766	\$4,801,713,100	\$4,956,155,600	\$4,962,166,900	\$3,287,695,300	(\$1,140,578,466)	(25.8)
Local	\$1,063,251,900	\$1,065,265,900	\$1,065,265,900	\$1,065,265,900	938,139,500	(\$125,112,400)	(11.8)
Private	\$63,585,600	\$63,122,600	\$63,122,600	\$64,736,600	\$64,736,600	\$1,151,000	1.8
Restricted	\$335,443,500	\$593,328,200	\$755,337,400	\$782,515,900	\$607,732,000	\$272,288,500	81.2
GF/GP	\$2,560,657,800	\$2,563,061,200	\$2,563,061,200	\$2,563,587,000	\$1,335,053,100	(\$1,225,604,700)	(47.9)

NOTE: Enacted figures include restored funding associated with the cigarette tax increase pursuant to 2002 PA 503. Enacted amounts do not include appropriations of \$1,469,003,900 for Long-Term Care Services and \$1,476,781,100 for Health Plan Services in 2002 PAs 303 and 304.

OVERVIEW

The Michigan Department of Community Health (DCH) is responsible for development of health policy and management of Michigan's publicly funded health care systems. Established by Executive Order in 1996, it consolidated the former Departments of Mental Health and Public Health with Medicaid and the Office of Drug Control Policy. In 1997, the Office of Services to the Aging and the Crime Victim Services Commission were transferred from the Department of Management and Budget, and the Adult Home Help Program and the Social Services to the Physically Disabled Program were also brought into the Department from the Family Independence Agency.

Major Budget Changes from FY 2001-02 YTD Appropriations:

DEPARTMENT-WIDE

1. Michigan Essential Health Care Provider Program

Rejects House restoration of the budgetary savings for program and reduces Healthy Michigan Fund (HMF) support by \$500,000, but partially restores HMF reduction with \$5,000 in GF/GP dollars. Section 263 restores \$495,000 for this program due to an increase in the tax on cigarettes pursuant to 2002 PA 503 2002.

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Gross	\$0	\$270,900	(\$495,000)
Restr	0	0	(500,000)
GF/GP	\$0	\$270,900	\$5,000

<u>Major Budget Changes from FY 2001-02 YTD Appropriations:</u>		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
2. Worker's Compensation Program	Gross	\$0	(\$301,000)	(\$1,941,200)
Reduces funds for worker's compensation program by \$1.9 million to offset some Healthy Michigan Fund reductions. Rejects funding reduction passed by the House which was to be used to finance a \$101,000 crisis response pilot project and \$200,000 for fire prevention education programming.	GF/GP	\$0	(\$301,000)	(\$1,941,200)
3. Early Retirement Savings	Gross	\$0	(\$100)	(\$5,393,700)
Projects 2002 net early retirement savings of \$5.4 million. (Also referred to in Sec. 261)	GF/GP	\$0	(\$100)	(\$5,393,700)
4. Budgetary Savings	Gross	\$0	\$0	(\$25,630,600)
Includes a 1% GF/GP budgetary savings deduct for the Department's budget. (Also referred to in Sec. 261)	GF/GP	\$0	\$0	(\$25,630,600)
MENTAL HEALTH/SUBSTANCE ABUSE	Gross	\$25,347,600	\$25,347,600	\$36,155,500
5. Caseload Increase in Medicaid Eligibles	Federal	14,047,600	14,047,600	20,037,300
Increases funds for Medicaid Mental Health Services by \$36.2 million gross and \$16.1 million GF/GP to recognize a projected caseload increase in Medicaid eligibles for mental health and substance abuse services. Updates earlier caseload projections included in House and Senate proposals.	GF/GP	\$11,300,000	\$11,300,000	\$16,118,200
6. Enhancements for Medicaid Mental Health Services - IMPLEMENTATION DELAYED	Gross	\$58,739,400	\$58,739,500	\$40,739,400
Increases funds for Medicaid Mental Health Services by \$40.7 million gross and \$332,500 GF/GP to provide services to the following populations in MIFamily Plan: parents of Medicaid eligible children whose income is between 50% and 100% of the federal poverty level (FPL); pregnant women whose income is between 185% and 200% of the FPL; and single adults in the State Medical Program. Section 442 authorizes up to \$18.0 million to be transferred from Community Mental Health Non-Medicaid Services to Medicaid Mental Health Services to provide state match for MIFamily Plan to the extent that persons are enrolled in the program. Governor's veto letter states that implementation will be delayed due to the potential impact of proposed constitutional amendments.	Federal	40,406,900	40,407,000	40,407,000
	GF/GP	\$18,332,500	\$18,332,500	\$332,500
7. Rate Increase for Medicaid Mental Health Services - IMPLEMENTATION DELAYED	Gross	\$64,530,200	\$64,530,300	\$50,246,700
Increases Medicaid Mental Health Services capitation payment rates by 3.9% (\$50.2 million gross and \$22.4 million GF/GP). Increase is part of the financing strategy for MIFamily Plan. Rejects House and Senate proposal to increase capitation payment rates by 5% and finance increase by a withdrawal from the Medicaid Benefits Trust Fund. Governor's veto letter states that implementation will be delayed due to the potential impact of proposed constitutional amendments.	Federal	35,762,600	35,762,700	27,846,700
	GF/GP	\$28,767,600	\$28,767,600	\$22,400,000
8. Provider Assessment for CMHSPs - VETOED	Gross	\$0	\$0	\$188,027,600
Includes a 5% net increase in capitation payment rates for CMHSPs that is financed through a provider quality assurance assessment fee. Adjustment includes \$2.5 million used to finance increase for multicultural services. (Refer to Sec. 448) NOTE: Veto fund sources as determined by the Executive do not match the enacted change from year-to-date amount.	Federal	0	0	104,204,900
	Restr	0	0	126,000,000
	GF/GP	\$0	\$0	(\$44,677,300)

<u>Major Budget Changes from FY 2001-02 YTD Appropriations:</u>		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
9. Increase for CMHSP Purchase of State Services Contracts - VETOED	Gross	\$0	\$0	\$8,837,100
	GF/GP	\$0	\$0	\$8,837,100
Increases funds to partially cover "new" local revenue that would have been received from CMHSPs for utilization of state hospitals and centers. (Refer to Sec. 447)				
10. Community Substance Abuse Prevention, Education, and Treatment Programs	Gross	\$0	\$0	(\$1,000,000)
	GF/GP	\$0	\$0	(\$1,000,000)
Projects savings of \$1.0 million for Community Substance Abuse Prevention, Education, and Treatment Programs; rejects Executive proposal to transfer administrative responsibility for coordinating agencies to CMHSPs.				
11. Elimination of TANF Funds	Gross	\$0	\$100,000	(\$3,000,000)
	Federal	(3,000,000)	(3,000,000)	(3,000,000)
	GF/GP	\$3,000,000	\$3,100,000	\$0
Eliminates \$3.0 million in TANF funds originally designated in FY 1999-2000 for substance abuse treatment services for Family Independence Agency recipients. Rejects House and Senate actions to replace TANF funds with GF/GP dollars.				
12. Rebasings of Authorizations for State Hospitals and Centers - PARTIAL VETO	FTEs	(56.0)	(56.0)	(56.0)
	Gross	\$2,088,700	\$2,088,700	\$2,088,700
	Federal	(6,094,900)	(6,094,900)	(6,094,900)
	Local	8,893,200	8,893,200	8,893,200
	Restr	(708,700)	(708,700)	(708,700)
	GF/GP	(\$900)	(\$900)	(\$900)
Corrects FY 2001-02 authorizations for state psychiatric hospitals and centers for persons with developmental disabilities to reflect changes in census, costs, and projected revenues; adjustment does not include "new" local revenue of \$8.8 million to be realized from CMHSPs for utilization of state hospitals and centers. (Refer to Item 9 and Sec. 448) NOTE: Veto fund sources as determined by the Executive do not match the enacted change from year-to-date amount.				
13. Inflationary Increase for Mental Health and Substance Abuse Services	Gross	\$21,226,900	\$21,227,200	\$0
	Federal	724,000	724,300	0
	GF/GP	\$20,502,900	\$20,502,900	\$0
Omits the 5% inflationary increases included in the House and Senate-passed bills for Community Mental Health Non-Medicaid Services, Medicaid Substance Abuse Services, and Community Substance Abuse Prevention, Education, and Treatment Programs.				
PUBLIC HEALTH				
14. Inflationary Increases for Public Health	Gross	\$10,360,700	\$10,361,100	\$0
	Federal	4,441,900	4,442,300	0
	GF/GP	\$5,918,800	\$5,918,800	\$0
Omits the 5% inflationary increases that were in the House and Senate passed bills for local public health operations, children's waiver home care program, family support subsidy program, and the children's special health care services program.				
15. Cardiovascular Employee Wellness Program Elimination	Gross	(\$1,059,300)	(\$959,300)	(\$1,059,300)
	Federal	(3,100)	(3,100)	(3,100)
	Restr	(956,100)	(956,100)	(956,100)
	GF/GP	(\$100,100)	(\$100)	(\$100,100)
Annualizes the Executive Order 2001-9 reduction for the employee wellness program supporting worksite and community wellness and cardiovascular health, resulting in elimination of the program. Rejects House recommendation to retain \$100,000 for employee wellness program.				

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
16. Transfer Responsibility for Adolescent Health Clinic and School Health Education Funding to School Aid Budget	Gross	(\$3,180,000)	(\$3,000,000)	(\$6,922,300)
	Restr	(1,180,000)	(1,180,000)	(2,030,000)
	GF/GP	(\$2,000,000)	(\$1,820,000)	(\$4,892,300)
Transfers financial responsibility of \$3.7 million for adolescent primary health care clinics and \$3.2 million for school health education programs from DCH to the School Aid budget, resulting in elimination of funding for these programs in DCH. Retains \$102,800 of federal funding to continue to staff school health education curriculum development. Rejects the House and Senate recommendation to retain funding for adolescent health care clinics.				
17. Healthy Michigan Fund Reductions	Gross	\$0	\$0	(\$12,976,600)
	Restr	0	0	(16,865,900)
	GF/GP	\$0	\$0	\$3,889,300
Reduces Healthy Michigan Funds to 14 projects by \$17.2 million. Funding to some projects is partially replaced with GF/GP funds or additional available Healthy Michigan Funds. Section 263 restores funding levels of most of these projects due to an increase in the tax on cigarettes pursuant to 2002 PA 503.				
18. Prevention and Outreach Program Reductions	Gross	(\$6,320,800)	(\$507,700)	(\$6,320,800)
	Federal	(1,000,000)	(1,000,000)	(1,000,000)
	Tobacco	0	1,500,000	0
	Restr	(507,700)	(507,700)	(507,700)
	GF/GP	(\$4,813,100)	(\$500,000)	(\$4,813,100)
Reduces funds for the following programs as a continuation of significant FY 2001-02 Executive Order 2001-9 and budgetary savings reductions: pregnancy prevention \$850,000, smoking prevention \$3.0 million, violence prevention \$507,700, and Medicaid outreach \$2.0 million. Rejects the House recommendation to restore most of this funding.				
19. African-American Male Health Initiative Reduction	Gross	\$580,000	\$575,000	(\$415,000)
	Restr	0	0	(320,000)
	GF/GP	\$580,000	\$575,000	(\$95,000)
Reduces funding by \$415,000 for this program. Section 263 restores \$315,000 due to an increase in the tax on cigarettes pursuant to 2002 PA 503. Rejects increased funding passed by the House and Senate.				
20. University Cancer Project Funding Reduction	Gross	\$1,500,000	\$1,600,000	(\$1,500,000)
	Restr	0	0	(1,500,000)
	GF/GP	\$1,500,000	\$1,600,000	\$0
Reduces funding by \$1.5 million. Section 263 restores this funding due to an increase in the tax on cigarettes pursuant to 2002 PA 503. Rejects increased funding passed by the House and Senate.				
OFFICE OF SERVICES TO THE AGING				
21. Senior Volunteer Program Increase	Gross	\$298,500	\$298,600	\$0
	Federal	0	100	0
	GF/GP	\$298,500	\$298,500	\$0
Omits the 5% inflationary increase that was in the House and Senate passed bills.				
MEDICAL SERVICES				
22. Utilization, Inflation and Caseload Growth	Gross	\$266,565,200	\$265,565,200	\$346,308,300
	Federal	147,671,800	147,671,800	191,924,100
	GF/GP	\$118,893,400	\$118,893,400	\$154,384,200
Adds \$346.3 million to cover Medicaid utilization, inflation, and caseload growth.				
23. Medical Services Provider Rate Increase	Gross	\$172,885,500	\$175,046,800	\$0
	Federal	95,813,100	97,011,500	0
	GF/GP	\$77,072,400	\$78,035,300	\$0
Eliminates the 5% Medical Services provider payment rate increase and the Ambulance Services mileage adjustor in the House and Senate passed bills.				

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
24. MIFamily Plan - IMPLEMENTATION DELAYED	Gross	\$191,091,900	\$191,091,900	\$191,091,900
Establishes the MIFamily Plan to provide health care coverage for up to 222,000 persons including parents of Medicaid eligible children, pregnant women, State Medical Program recipients and other low income uninsured adults. It is financed with federal and state Medicaid funds, unspent federal State Children's Health Insurance Program (SCHIP) allocations, state and local indigent care monies, and state non-Medicaid mental health services funds. Governor's veto letter states implementation will be delayed due to the potential impact of proposed constitutional amendments.	Federal	116,621,900	116,621,900	116,621,900
	Local	24,409,700	24,409,700	24,409,700
	Private	3,512,700	3,512,700	3,512,700
	GF/GP	\$46,547,600	\$46,547,600	\$46,547,600
25. EPIC Program Expansion	Gross	\$94,999,300	\$94,999,300	\$94,999,300
Adds \$115.0 million in new federal funds to the Elder Prescription Insurance Coverage (EPIC) program based on the proposed Medicare Low Income Drug Assistance Initiative and the Medicaid Pharmacy Plus Waiver for low income seniors. Tobacco settlement revenues and other state restricted funds for the program are reduced by \$20.0 million.	Federal	115,000,000	115,000,000	115,000,000
	Restr	(20,000,700)	(20,000,700)	(20,000,700)
	GF/GP	\$0	\$0	\$0
26. Long Term Care Services - VETOED	Gross	\$0	\$0	(\$1,363,565,200)
Rejects the roll up of Adult Home Help and Personal Care Services with Long-Term Care Services as proposed by the Governor, but rolls up the Personal Care Services component with the Adult Home Help program and establishes Home and Community Based Services (HCBS) as a separate line item. Governor vetoed the Long-Term Care, HCBS, Adult Home Help, and Personal Care Services line items, citing the appropriation for Long-Term Care Services in 2002 PA 303. NOTE: Veto fund sources as determined by the Executive do not match the enacted change from year-to-date amount.	Federal	0	0	(765,022,100)
	Local	0	0	(8,445,100)
	Restr	0	0	(35,000,000)
	GF/GP	\$0	\$0	(\$555,098,000)
27. Health Maintenance Organizations - VETOED	Gross	\$0	\$0	(\$1,252,637,000)
The Governor vetoed the Health Maintenance Organizations (HMO) line items, citing the appropriation for HMO Services in 2002 PA 304. NOTE: Veto fund sources as determined by the Executive do not match the enacted change from year-to-date amount.	Federal	0	0	(703,301,600)
	Local	0	0	(229,952,000)
	Restr	0	0	(141,613,400)
	GF/GP	\$0	\$0	(\$177,770,000)
28. Medicaid Benefits Trust Fund Withdrawal	Gross	\$0	\$0	\$0
Withdraws \$246.7 million from the Medicaid Benefits Trust Fund to cover the federal Medicaid match rate reduction, caseload growth, and the loss of special financing GF/GP savings. An additional \$15.0 million from the trust fund is appropriated based on the target agreement for DCH. Rejects the House and Senate proposed trust fund withdrawals to fund 5% rate increases, veto restorations, reversal of Executive Order (EO) reductions, and other funding changes.	Restr	408,171,600	433,846,300	261,662,400
	GF/GP	(\$408,171,600)	(\$433,846,300)	(\$261,662,400)

Major Boilerplate Changes from FY 2001-02:

GENERAL

Sec. 206(2)(3). Contingency Funds

Rejects Senate provision to increase state restricted contingency funds from \$20.0 million to \$50.0 million and local contingency funds from \$20.0 million to \$50.0 million.

Major Boilerplate Changes from FY 2001-02:

Sec. 261. Early Retirement Savings and Budgetary Savings (New)

Requires that the negative appropriation for early retirement savings be realized from not filling all of the positions lost due to state's 2002 early retirement program; modified new House language. Language also added to require that the negative appropriation in part 1 for budgetary savings be satisfied from the imposed hiring freeze and other savings identified by the Director of the Department and State Budget Director.

Sec. 262. Expenditure of Appropriated Funds (New)

Requires Department to provide a written explanation of the reasons why it did not fully expend appropriated funds if any of the following occurs: 1) a proposed legislative transfer removes 10% or more of the funding in a line item; 2) a proposed legislative transfer brings the total of the year-to-date transfers out of that line to 10% or more of the originally appropriated amount; 3) a proposed legislative transfer removes funding in a line item that is the subject of boilerplate language expressing legislative intent for program implementation; 4) 10% or more of a line item will lapse to the general fund at the close of the fiscal year; and 5) 10% or more of a line item will be proposed to be included in a work project; new language added by the House.

Sec. 263. Cigarette Tax Contingency Appropriations (New)

Appropriates funds for various Healthy Michigan Fund projects, minority health grants and contracts, and consumer involvement program if the tax on cigarettes is increased by \$0.30 or more per pack by September 30, 2002.

DEPARTMENTWIDE ADMINISTRATION

Sec. 311. Palliative and Hospice Care (New)

Requires Department to allocate \$150,000 to the Michigan Partnership for the Advancement of End-of-Life Care; modified House language. Expresses the Legislature's intent that the grant decrease by \$50,000 per year over the next three fiscal years.

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES

Sec. 412. Salvation Army - VETOED

Directs Department to contract directly with the Salvation Army Harbor Light Program and Salvation Army Turning Point of West Michigan to provide non-Medicaid substance abuse services at no less than the amount contracted for in FY 2001-02; modified Senate language. Requires Department to make an administrative allocation from its existing appropriation of not less than 10% of the amount contracted for in FY 2001-02 for these Salvation Army programs.

Sec. 419. Carry Forward of Substance Abuse Funds - VETOED

Requires Department and CMHSPs that contract with substance abuse coordinating agencies to include provisions in their contracts that allow the agencies to carry forward up to 5% their federal block grant revenue from the funds appropriated for community substance abuse prevention, education, and treatment programs; modified Senate language.

Sec. 428. Contingency Appropriation of \$100.0 Million for CMHSPs

Authorizes Department to establish a separate contingency appropriations account, in amount not to exceed \$100.0 million, for the purpose of providing an increase in Medicaid capitation rates for CMHSPs. Specifies that in order to receive a capitation rate increase, CMHSPs or an affiliation of CMHSPs provide local funds from internal resources that can be used as a bona fide source for the state match required under the Medicaid program. Requires distribution of the rate increase to be based on a formula developed by the Department that includes representatives from CMHSPs or affiliations of CMHSPs and Department staff. Specifies the criteria to be used in developing the distribution formula for the Medicaid capitation rate increase. Requires the Committee to report its findings to the House of Representatives and Senate Appropriations Subcommittee on Community Health by February 1, 2003. Prohibits implementation of this section if it does not comply with federal laws or regulations.

Sec. 430. Funds Appropriated for CMH Non-Medicaid Services - VETOED

Permits CMHSPs that contract with local providers of mental health services and services for persons with developmental disabilities under a capitated reimbursement system to include provisions in their contracts to allow the providers to carry forward up to 5% of their unobligated capitation payments from the funds appropriated for CMH non-Medicaid services.

Sec. 431. Funds Appropriated for Medicaid Mental Health Services - VETOED

Permits CMHSPs that contract with local providers of mental health services and services for persons with developmental disabilities under a capitated reimbursement system to include provisions in their contracts to allow the providers to carry forward up to 5% of their unobligated capitation payments from the funds appropriated for Medicaid mental health services.

Sec. 436. Specialty Services and Support Waiver Bidding Process (New)

Requires CMHSPs, regional partnerships, and other entities who are chosen to provide public mental health services through the 1915 (b) specialty services and support waiver bidding process to endeavor to minimize disruptions in services to their clientele due to potential changes in their contracts with providers; new Senate provision.

Major Boilerplate Changes from FY 2001-02:

Sec. 439. Community Residential Settings Pilots (New)

Expresses the Legislature's intent that the Department, in conjunction with CMHSPs, support pilot projects that facilitate the movement of adults with mental illness from state psychiatric hospitals to community residential settings; new House language. Provides that the purpose of the voluntary pilot projects is to encourage the placement of persons with mental illness (who, among other things, may require a secured and supervised living environment and assistance in taking prescribed medications) in community residential settings. Requires quarterly reports on activities undertaken by the Department and CMHSPs to pilot projects.

Sec. 442. MIFamily Program (New) - IMPLEMENTATION DELAYED

Expresses the Legislature's intent that the \$40.0 million transferred from CMH Non-Medicaid Services to Medicaid Mental Health Services be used to provide state match for increases in Medicaid funding for mental health services provided to MIFamily enrollees and economic increases for the Medicaid Specialty Services and Supports Program; modified House language. Requires the general fund match for unused federal dollars to be transferred back to CMH Non-Medicaid Services if payments made to CMHSPs for MIFamily services are less than the revenue included in the Medicaid mental health services line item. Authorizes the Department to transfer up to \$18.0 million from the CMH Non-Medicaid Services to provide state match for increases in Medicaid funding for MIFamily services to the extent that persons are enrolled in the program. Requires the Department to report quarterly on the number of persons enrolled in the MIFamily program, the amount of funding transferred from CMH Non-Medicaid Services for the MIFamily program, the amount of Medicaid federal funds drawn down as a result of each transfer, and the services provided to MIFamily enrollees with these funds. Governor's veto letter states that implementation will be delayed due to the potential impact of the proposed constitutional amendments.

Sec. 447. Fixed Cost Rate for State Provided Services (New) - VETOED

Requires the Department to provide to CMHSPs a fixed net cost rate for services provided by the state. Requires the net cost rate to equal the operating cost of providing services minus the operating costs paid by federal and private funds, less the amount received by the state as reimbursement from persons and insurers who are financially liable for the cost of service. Requires the Department to use these rates for CMHSPs authorizations and rates in which the Department bills CMHSPs for state services.

Sec. 448. Quality Assurance Assessment for CMHSPs (New) - VETOED

Requires a CMHSP or affiliate of a CMHSP that receives funds under this act for participating in the Medicaid Managed Specialty Mental Health and Substance Abuse Program administered by the Department to comply with section 224b of the Insurance Code of 1956 as if it were an HMO. Requires the quality assurance assessment fee charged to a CMHSP or affiliate of a CMHSP to not exceed 6%.

Sec. 449. Multicultural Services Funding (New) - VETOED

Allocates \$2.5 million for persons with severe mental, developmental, physical, or emotional disabilities who are not currently served under the multicultural services program.

Sec. 606. Patient Reimbursement (New)

Allows the Department to collect revenue for patient reimbursement from first/third party providers, including Medicaid, to cover the cost of placement in state hospitals and centers; modified Senate language. Rejects Senate provision that allowed the Department to collect revenue for patient reimbursement from local counties and/or CMHSPs.

PUBLIC HEALTH

Sec. 852. Federal Bioterrorism Hospital Preparedness Allocations (New) - VETOED

Allocates \$3.4 million of federal bioterrorism hospital preparedness funding to hospitals in six regions; modified House version of new Senate language.

Sec. 853. Animal-Borne Disease Transmission to Humans (New) - VETOED

Allocates \$100 for a proactive research initiative regarding transmission of traditionally animal-borne diseases to humans; new House section.

Sec. 905. Local Public Health Operations Distributions (New)

Requires the Department to provide no less than 100% of FY 2001-02 allocations to local public health departments in FY 2002-03 in implementing the new funding distribution methodology for local public health operations funds; new Senate section.

Sec. 1025. Battle Creek Diabetes and Kidney Program Allocation (New) - VETOED

Allocates up to \$50,000 for a Battle Creek diabetes and kidney prevention program; new House section.

Major Boilerplate Changes from FY 2001-02:

Sec. 1124. Contingency Allocation for Statewide Fetal Infant Mortality Review Network - (1) VETOED

Allocates (subsection 1) \$450,000 for the statewide fetal infant mortality review network if additional federal maternal and child health block grant funds are available and expresses (subsection 2) legislative intent that similar funding be provided in FY 2003-04 if federal funds become available; new House language.

Sec. 1135. Services for Sponsored Aliens (New)

Requires the Department to implement a sponsor-to-alien deeming policy for aliens seeking services under any means-tested state-funded program and seek reimbursement from sponsors for nonqualified aliens who have received services.

Sec. 1136. Child Advocacy Center Funding (New) - VETOED

Allocates \$1.1 million to child advocacy centers in Michigan, with \$100,000 being allocated to each of 11 centers.

CRIME VICTIM SERVICES COMMISSION

Sec. 1304. Sexual Assault Evidence Collection Procedures (New)

Requires the Department to work with other named entities to ensure that certain recommended procedures are followed in the collection of evidence in cases of sexual assault; new Senate language.

MEDICAL SERVICES

Sec. 1508. School District Health Center Funding (New) - VETOED

Allocates \$200,000 for school district health center training and assistance related to MICHild enrollment, delivery system coordination, and reimbursement.

Sec. 1604. Medicaid Protected Income Level (New)

Directs the Department to report by March 1, 2002, on the steps required to increase the Medicaid protected income level to the Social Security substantial gainful activity level for persons receiving social security disability income and on the annual costs of such a change; new House section.

Sec. 1622. Pharmaceutical Services Initiative (New)

Specifies conditions for continued implementation of the Department's pharmaceutical initiative related to the prior authorization process, the pharmacy and therapeutics committee, and reporting requirements; combines two new House sections. Deletes two subsections relating to the pharmacy and therapeutics committee and one regarding open meetings.

Sec. 1645. Hospital Uncompensated Care Payments (New) - VETOED

Eliminates the House-passed \$4.0 million for uncompensated care payments to hospitals. A separate hospital adjustor payment not to exceed \$6.0 million is included, contingent upon passage of a \$0.30 or greater increase in the cigarette tax.

Sec. 1646. Hospital Transition Funding (New) - VETOED

Retains the House's \$1.0 million to offset costs of hospitals that are closing or transitioning to an urgent care center or federally qualified health center.

Sec. 1658. HMO Contracts with Hospitals - VETOED

Eliminates language relating to HMO-hospital contracts and reimbursement for non-contracted hospitals; authorizes payments to HMOs affected by the change from per diem to fee-for-service reimbursement to hospitals. Retains new House language that requires hospitals that do not contract with HMOs in their service area to enter into a hospital access agreement to assure that all Medicaid beneficiaries have universal access to medically necessary covered hospital services. Adds a clarifying provision related to the insurance code.

Sec. 1681. Long-Term Care Services - VETOED

Eliminates a provision that allows the Department to fund personal care and other alternative long-term care services in place of nursing home care. Retains House version that replaces the current language with a new section encouraging the use of family members, friends, and neighbors to provide non-medical covered home and community based services, where appropriate, through the HCBS program. Includes a clarification that the use of family members, friends, and neighbors is consistent with state and federal law.

Sec. 1684. Nursing Home Wage Pass-Through (New) - VETOED

Directs the Department to make available up to one-half of the economic increase for a wage pass-through to nursing home employees, up to a maximum of \$0.50 per employee hour; new Senate language.

Major Boilerplate Changes from FY 2001-02:

Sec. 1689. Home and Community Based Services - VETOED

Directs the Department to develop an allocation formula that allows for coverage of not less than 15,000 persons through the Home and Community Based Services program (unless a smaller number is required under federal law); combined House and Senate provisions. Gives priority to enrolling persons currently residing in nursing homes or who are eligible to be admitted to a nursing home. Requires quarterly comparisons of actual usage and expenditures with predicted levels and allows redistribution of resources among providers. Quarterly reports to the Legislature on allocations by regions and associated expenditures are also required.

Sec. 1690. Long Term Care Managed Care Pilot Project (New) - VETOED

Requires the Department to allocate \$1.0 million for a pilot project to assess whether a managed care approach to the full spectrum of long-term care services can provide an appropriate level of care at a lower cost than achieved through purchasing those services on an individual basis; new Senate section. Deletes reference to specific organization. Deletes House provision that requires the Department to work with community and other stakeholders and the long-term care work group to develop key elements of the pilot project.

Sec. 1701. Nursing Home Quality Incentive Program (New) - VETOED

Allows re-establishment of a nursing home quality care incentive program, but specifies that funding is contingent upon an increase in the federal Medicaid match rate; House provision.

Sec. 1709. Indigent Health Care (New)

Reimburses Wayne County for the reduction in its distribution for indigent health care directly resulting from changes to the airport parking tax act; House provision.

Sec. 1710. MIChoice Home and Community Based Services (New) - VETOED

Requires Department to report proposed changes in the MIChoice home- and community-based services waiver program screening process to the House and Senate Appropriations Subcommittees on Community Health at least 30 days prior to implementation; House section.

Sec. 1712. Long-Term Care, HMOs, Hospital Services and Medicaid Managed Care (New) - VETOED

Clarifies that appropriations for Long-Term Care, HMOs, Hospital Services, and Medicaid Managed Care are specified in this act, notwithstanding the funding provisions in 2002 PAs 303 and 304.

Sec. 1713. School Based Services (New) - REPEALED

Specifies that reimbursement for school based services shall only be made to school districts that are not in default on contracts with vendors providing billing services for Medicaid school based services. This section is repealed in 2002 PA 521.

Sec. 1714. Hospital Services Appropriation (New)

Reduces the Hospital Services appropriation by \$149.2 million if the hospital provider assessment HB 5103, is not enacted.

Additional Vetoed Boilerplate Sections

Sections 1612(2), 1653, 1654, 1657(4), 1660(3)-(5), 1661(2), 1680, 1684a, 1685, 1687, 1688, 1702, and 1703 were also vetoed in conjunction with the veto of Long-Term Care and Health Maintenance Organizations line items.

**Summary: Enacted Appropriation
FY 2002-03 Corrections
Senate Bill 1102
Public Act 524 of 2002**

Analyst: Marilyn Peterson

							<u>Change from YTD at 5/10/02</u>	
	2001-02 YTD (as of 5/10/02)	Executive	Senate	House	Enacted	FTEs/Dollars	%	
FTEs	19,406.5	18,843.9	18,843.9	18,843.9	18,843.9	(562.6)	(2.9)	
Gross	\$1,683,073,300	\$1,713,462,500	\$1,704,350,600	\$1,704,350,600	\$1,704,350,600	\$21,277,300	1.3	
IDG/IDT	\$5,965,700	\$3,318,500	\$3,318,500	\$3,318,500	\$3,318,500	(\$2,647,200)	(44.4)	
Federal	\$28,213,800	\$26,403,400	\$26,403,400	\$26,403,400	\$26,403,400	(\$1,810,400)	(6.4)	
Local	\$349,600	\$391,100	\$391,100	\$391,100	\$391,100	\$41,500	11.9	
Private	\$0	\$0	\$0	\$0	\$0	\$0	0	
Restricted	\$49,090,300	\$55,490,600	\$55,490,600	\$55,490,600	\$55,490,600	\$6,400,300	13.0	
GF/GP	\$1,599,453,900	\$1,627,858,900	\$1,618,747,000	\$1,618,747,000	\$1,618,747,000	\$19,923,100	1.2	

OVERVIEW

The Michigan Department of Corrections (MDOC) is responsible for the control and supervision of well over 100,000 prisoners, parolees, and felony probationers. As articulated in a departmental policy directive, the MDOC's mission is to enhance public safety by recommending sanctions to the courts, and, as directed by the courts, carrying out the sentences given to convicted adult felons in a humane, cost-efficient manner which is consistent with sound correctional principles and constitutional standards.

Major Budget Changes from FY 2001-02 YTD Appropriations:

PRISON CAPACITY AND OPERATIONS

1. *Bellamy Creek Correctional Facility, Ionia*

Provides for increases of 672 beds, 106.6 FTEs, and \$6.8 million over current-year funding (provided through inmate housing fund) to fully open Bellamy Creek in FY 2002-03. Total budgeted population increased to 1,680. This newly-constructed 1,500-bed Level IV facility began receiving prisoners in FY 2001-02 due to closures of Michigan Reformatory and Jackson Maximum, plus conversion of Level IV Southern Michigan to double-bunked Level II.

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Beds	672	672	672
FTEs	106.6	106.6	106.6
Gross	\$6,822,100	\$6,822,100	\$6,822,100
GF/GP	\$6,822,100	\$6,822,100	\$6,822,100

2. *Re-open Units at Reformatory and Jackson Maximum*

Allocates 62.2 FTEs and \$2.4 million partial-year funding for Reformatory, 111.0 FTEs and partial year funding of \$4.1 million for Jackson Maximum. Due to anticipated prisoner population increases and completion of demolition projects at Michigan Reformatory, 500 beds at Reformatory (in Ionia) and 645 beds at Jackson Maximum (in Jackson) are reopening.

Beds	1,145	1,145	1,145
FTEs	173.2	173.2	173.2
Gross	\$6,453,600	\$6,453,600	\$6,453,600
GF/GP	\$6,453,600	\$6,453,600	\$6,453,600

Major Budget Changes from FY 2001-02 YTD Appropriations:

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
3. <i>Expand Camps Brighton and Lehman</i>			
Provides \$3.4 million, 47.2 FTEs for an additional 80 beds. (Enrolled House Bill 4373 authorizes capital outlay funds for 336-bed drop-in unit; beds would not open during FY 2002-03.) Double-bunking at Camp Lehman (in Grayling) is expected to begin January 2003; adds 240 Level I beds with accompanying funding of \$2.4 million for 29.4 FTEs. Camp Brighton (replaced Camp Branch as the women's camp) is being expanded by 130 beds. Fifty of these beds are already open; an additional 80 are opening by October 1, 2002, through remodeling of old barracks.	Beds 370 FTEs 76.6 Gross \$5,852,600 GF/GP \$5,852,600	370 76.6 \$5,852,600 \$5,852,600	370 76.6 \$5,852,600 \$5,852,600
4. <i>Additional Beds at Crane and Riverside</i>			
Provides full-year funding for Crane expansion through internal transfer from Chippewa plus 20.9 FTEs and \$653,600 gross, \$641,100 GF/GP. Riverside increases by 18.4 FTEs and partial-year funding of \$1.3 million. Expansion of Crane and conversion and double-bunking of former reception center at Riverside to add 160 beds and 210 beds, respectively.	Beds 370 FTEs 39.3 Gross \$1,941,500 Restr 12,500 GF/GP \$1,929,000	370 39.3 \$1,941,500 12,500 \$1,929,000	370 39.3 \$1,941,500 12,500 \$1,929,000
5. <i>Use FY 2001-02 Funds for Macomb, Saginaw</i>	Gross (\$1,924,300) GF/GP (\$1,924,300)	(\$1,924,300) (\$1,924,300)	(\$1,924,300) (\$1,924,300)
Allows full amount of FY 2001-02 funding to be carried forward and added to base, generating "savings" for FY 2002-03; Macomb carries forward \$1.8 million to offset additional costs of \$951,900, generating a negative adjustment of \$819,700; Saginaw carries forward \$2.0 million to offset additional costs of \$925,500, generating a negative adjustment of \$1.1million. Macomb (in New Haven) and Saginaw (in Saginaw) each have one new drop-in unit of 240 beds, with FY 2001-02 funding for five and six months, respectively. Budget assumes beds would open March 2003 at Macomb and February 2003 at Saginaw; increasing prison populations prompted the Department to utilize Saginaw beds during FY 2001-02.			
6. <i>Prisoner Health Care Costs</i>	Gross \$7,260,100 GF/GP \$7,260,100	\$7,260,100 \$7,260,100	\$7,260,100 \$7,260,100
Includes \$3.3 million for projected price increases under new managed care contract for hospital and specialty care (current contract expires April 1, 2003), and \$4.0 million for pharmaceutical cost increases—including \$919,000 in increased costs of psychotropic drugs. Increases are exclusive of increases due to bed space expansions.			
7. <i>Federal Revenue Replacement</i>	Gross \$0 Federa (1,890,400) I \$1,890,400 GF/GP	\$0 (1,890,400) \$1,890,400	\$0 (1,890,400) \$1,890,400
Increases GF/GP by \$1.7 million to replace anticipated loss of federal funds received under the State Criminal Alien Assistance Program, and \$196,100 for oversight of Youth Correctional Facility. Lease and operational costs for the youth facility would continue to be funded with federal Violent Offender Incarceration/Truth in Sentencing grant money; VOI/TIS terms bar use of grant funds for state oversight of facilities leased with VOI/TIS funds.			
8. <i>Pugsley Step Increases</i>	Gross \$1,987,800 GF/GP \$1,987,800	\$1,987,800 \$1,987,800	\$1,987,800 \$1,987,800
Provides additional \$2.0 million to fund FTEs (previously funded at second-year step) at third-year step. Former Camp Pugsley was recently expanded by 800 beds and converted to a Level I (minimum security) prison that opened in January 2001.			

Major Budget Changes from FY 2001-02 YTD Appropriations:

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
FUNDING CHANGES			
9. "Annualize" FY 2001-02 Executive Order			
<i>Reductions</i>			
Extends partial-year savings being realized under Executive Order 2001-9 to full-year for FY 2002-03. Reflects partial-year adjustments to dollars, full-year adjustments to beds and FTEs. Restricted fund increases largely due to appropriation of \$6.0 million in annual revenues expected from new \$5 assessment on civil infractions. Partial-year revenues of \$4.5 million expected in FY 2001-02; appropriated by 2002 PA 530.			
	Beds (1,258)	(1,258)	(1,258)
	FTEs (805.0)	(805.0)	(805.0)
	Gross (\$10,423,000)	(\$10,423,000)	(\$10,423,000)
	Restr 6,161,800	6,161,800	6,161,800
	GF/GP (\$16,584,800)	(\$16,584,800)	(\$16,584,800)
10. Department of Information Technology (DIT)			
Collects transfers from various line items in new \$16.1 million line item for "Information Technology Services and Projects," which would provide funding for DIT. Associated FTEs are removed from Corrections budget.			
	FTEs (130.5)	(130.5)	(130.5)
	Gross \$0	\$0	\$0
	GF/GP \$0	\$0	\$0
11. Early Retirement Savings			
Incorporates early retirement savings of \$7.6 million. Accommodates 1:1 replacement on 216 direct care facility staff who are retiring, and 1:2 replacement on 140 parole/probation agents and managers who are retiring. Five retiring wardens would be replaced with assumed overall savings of 10%. Other positions would be limited to 1:4 replacement. Provides additional funding of \$433,500; without this funding, the retirement savings would be \$8.0 million.			
	Gross (\$7,591,800)	(\$7,591,800)	(\$7,591,800)
	GF/GP (\$7,591,800)	(\$7,591,800)	(\$7,591,800)
12. Target Reductions and Restoration of Funding			
Reduces vaccination program by \$500,000, county jail reimbursement program by \$800,000, and academic/ vocational programs by \$170,000 to FY 2001-02 level; eliminates \$50,000 for liver testing for parolees. Associated boilerplate language restores the funding contingent on cigarette taxes being increased by at least 30 cents per pack by September 30, 2002. Public Act 503 of 2002 increased cigarette taxes by 50 cents per pack effective August 1, 2002, triggering the boilerplate contingency language and restoring the \$1.5 million that would have been eliminated through target reductions.			
	Gross (\$1,520,000)	(\$1,520,000)	\$0
	GF/GP (\$1,520,000)	(\$1,520,000)	\$0

Major Boilerplate Changes from FY 2001-02:

Secs. 215 and 216. Youth Correctional Facility

Requires report on youth correctional facility and specifying responsibilities for contract monitor.

Sec. 217. Youth Correctional Facility - Invitation to Bid (New)

Requires copy of invitation to bid on management services at the youth correctional facility to be given to chairs and vice-chairs of House and Senate appropriations subcommittees on corrections.

Secs. 222. Academic/Vocational Programs

Retains language requiring detailed report on academic/vocational programs, enrollments, waiting lists, outcomes, and related information. Prior-year language requiring development of a program design for academic/vocational programs was eliminated.

Sec. 224. Restricted Revenues Report

Requires report on restricted fund balances and projected revenues and expenditures.

Secs. 259 and 260. Department of Information Technology (New)

Directs Department to pay user fees to Department of Information Technology, subject to interagency agreement; Executive-recommended language. Information technology appropriations could be designated as work projects and carried forward to support technology projects, subject to approval under the Management and Budget Act.

Major Boilerplate Changes from FY 2001-02:

Sec. 261. Early Retirement Savings (New)

Provides for negative appropriation for early retirement savings to be satisfied by savings realized from not filling all positions vacated due to the 2002 early retirement plan. Adjustments to appropriation authorizations would be made only after associated legislative transfers were approved.

Sec. 262. Restoration of Target Cuts; Liver Enzyme Test for Parolees (New)

Restores the target cuts, providing the cigarette tax is increased by at least 30 cents per pack by September 30, 2002. Public Act 503 of 2002 increased cigarette taxes by 50 cents per pack effective August 1, 2002, thereby triggering the boilerplate contingency language. Through operation of the boilerplate language, \$1.5 million that would have been eliminated through target reductions is instead appropriated. Requires Department to offer an alanine aminotransferase (ALT) test to each prisoner approved for parole, and to provide the prisoner with test results and, if appropriate, a recommendation to seek follow-up medical attention in the community; House-originated requirement. (Elevated levels of ALT are indicative of liver damage due to hepatitis or cirrhosis.) Requirement would have been eliminated in conjunction with target reductions; with associated funding appropriated, the requirement stands.

Sec. 302. Substance Abuse Testing and Treatment

Modifies language requiring a report on allocation and expenditure of substance abuse testing and treatment line item, and includes new language expressing legislative intent that testing and treatment funds be fully expended for that purpose.

Sec. 405. Technical Violators of Parole and Probation

Requires development of alternatives to prison for technical violators of probation and parole.

Sec. 601(1). Parole and Probation Agent Workload Ratios

Eliminates current-year subsection urging MDOC to maintain parole/probation agent workload ratio of 90:1.

Secs. 701, 702, and 703. Community Corrections

Outlines community corrections programs and services and specifies use of comprehensive plans and services funding.

Sec. 706. County Jail Reimbursement Program Per-diem Payments

Replaces current schedule of per-diem payments under county jail reimbursement program with flat rate of \$43.50 per day, up to one year total. (To effect \$800,000 target reduction to jail reimbursement program, per diem would have been set at \$42, but is \$43.50 because of associated language that increases the per diem in association with restoration of the target cuts.)

Sec. 902. Health Care Contracts - Vendor Payments, Quality of Prisoner Health Care, Auditor General Audit

Retains requirements for reports on health care payments to vendors and prisoner health care quality, but not language calling for audit by auditor general.

Sec. 905. Health Care Contracts - Invitations to Bid (New)

Requires copy of invitation to bid on managed care contract to be given to House and Senate subcommittee chairs and vice-chairs.

Sec. 906. Health Care Contracts - Ambulance Services (New)

Expresses legislative intent for Department to ensure that local providers of ambulance services be reimbursed within 60 days of the filing of any uncontested claim for service.

**Summary: Enacted Appropriation
 FY 2002-03 Family Independence Agency
 House Bill 5645
 Public Act 529 of 2002**

**Analysts: Myron Freeman
 Erin Black**

	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	Change from YTD at 5/10/02	
						FTEs/Dollars	%
FTEs	13,505.6	12,501.1	12,560.3	12,501.1	12,501.1	(1,004.5)	(7.4)
Gross	\$3,960,123,400	\$3,956,405,800	\$4,089,650,601	\$4,102,851,201	\$4,074,490,500	\$114,367,100	2.9
IDG/IDT	\$965,300	\$978,800	\$978,800	\$978,800	\$978,800	\$13,500	1.4
Federal	\$2,654,133,850	\$2,604,621,650	\$2,736,184,250	\$2,746,184,250	\$2,754,318,050	\$100,184,200	3.8
Local	\$86,299,000	\$67,129,700	\$67,243,800	\$67,243,800	\$66,956,700	(\$19,342,300)	(22.4)
Private	\$9,710,550	\$9,836,150	\$9,836,150	\$9,856,850	\$9,856,850	\$146,300	1.5
Restricted	\$53,233,900	\$65,388,800	\$65,388,800	\$65,388,800	\$65,388,800	\$12,154,900	22.8
GF/GP	\$1,155,780,800	\$1,208,450,700	\$1,210,018,801	\$1,213,198,701	\$1,176,991,300	\$21,210,500	1.8

OVERVIEW

The mission of the Family Independence Agency (FIA) is to help meet the financial, medical, and social needs of individuals and families living in Michigan who are unable to provide for themselves; assist those who are capable of becoming self-sufficient through skill building, opportunity enhancement, and family-focused services; and help protect children and vulnerable adults from abuse, neglect, and exploitation.

Major Budget Changes from FY 2001-02 YTD Appropriations:

1. Food Assistance Program Increase (Formerly Food Stamp Program)

Adds \$220.2 million to fund anticipated caseload increase of 85,800 in the federal food assistance program—to 413,200 cases. This represents an additional 38,500 cases and a \$12 monthly cost per case increase (to \$168) totaling \$131.7 million, as proposed by the House, above the Executive.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$220,192,900	\$220,192,900	\$220,192,900
Federal	220,192,900	220,192,900	220,192,900
GF/GP	\$0	\$0	\$0

2. Day Care Services Fund Source and Caseload Spending Adjustments

Replaces \$97.9 million in federal Temporary Assistance to Needy Families (TANF) funds with \$23.0 million in new GF/GP, a shift of \$15.3 million GF/GP from other accounts, and federal Child Care Development Fund (CCDF) matching revenues for Day Care Services as proposed by Executive. Enacted budget also adds \$5.6 million TANF for a projected caseload increase to 65,000 cases at a monthly cost per case of \$573.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$0	\$0	\$5,600,000
Federal	(22,975,400)	(22,975,400)	(17,375,400)
GF/GP	\$22,975,400	\$22,975,400	\$22,975,400

Major Budget Changes from FY 2001-02 YTD Appropriations:

3. Family Independence Program Adjustments

Adds \$33.0 million for a projected 4,700 increase in the Family Independence Program caseload—to 79,700 cases—at a monthly cost of \$389 per case. Amounts reflect fewer new cases and lower expenditures than originally assumed in Executive, House, and Senate versions of the budget. Enacted budget agrees with Executive to reduce the annual clothing allowance by \$50 to a level of \$25 per child, but restores \$25 to the per child clothing allowance in boilerplate section 413 with funds from the child support penalty fund, if ultimately received.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$71,633,200	\$71,990,100	\$24,439,600
Federal	51,633,200	48,810,100	4,439,600
GF/GP	\$20,000,000	\$23,180,000	\$20,000,000

**4. Adoption Subsidies/Adoption Agencies Increase-
PARTIAL VETO**

Provides \$26.6 million to recognize a projected adoption subsidy caseload increase from 21,200 this year to 24,500 in FY 2002-03, as recommended by Executive. House and Senate-passed 1% rate increase for child placing agencies was reduced in Conference Committee to \$31,800 by delaying the effective date to April 1, 2003, but this funding was vetoed by the Governor.

Gross	\$26,629,200	\$26,645,100	\$26,581,500
Federal	16,819,900	16,826,700	16,799,400
GF/GP	\$9,809,300	\$9,818,400	\$9,782,100

5. Foster Care Adjustments - PARTIAL VETO

Reduces authorization by \$63.4 million to reflect a decrease in the foster care caseload from 14,100 cases to 11,978 cases and the removal of excess local and federal authority—a slight difference from original caseload projections included in Executive, House, and Senate budgets. House and Senate-passed 1% rate increase for child placing agencies and residential treatment facilities was reduced in Conference Committee to \$840,600 by delaying the effective date to April 1, 2003, but this funding was vetoed by the Governor.

Gross	(\$62,566,200)	(\$62,582,100)	(\$63,409,300)
Federal	(35,152,600)	(35,159,400)	(35,304,700)
Local	(8,294,900)	(8,294,900)	(8,582,000)
GF/GP	(\$19,118,700)	(\$19,127,800)	(\$19,522,600)

6. Child Care Fund Increase

Increases the Child Care Fund by \$28.6 million to fund additional delinquency cases that were previously funded in the foster care lines, as proposed by Executive. Much of the spending shift is due to classification of more children as court wards in Wayne County who are being served locally through a managed care process.

Gross	\$28,600,000	\$28,600,000	\$28,600,000
Federal	2,300,000	2,300,000	2,300,000
GF/GP	\$26,300,000	\$26,300,000	\$26,300,000

7. Juvenile Justice Facility Savings

Recognizes \$11.0 million in additional savings from the Genesee Valley Regional Center closure and Maxey Training School bed reductions as well as \$1.1 million from annualizing the FY 2001-02 hiring freeze and removing \$1.0 million in one-time funds.

FTE	(271.0)	(271.0)	(271.0)
Gross	(\$13,077,300)	(\$13,077,300)	(\$13,077,300)
Local	(6,712,700)	(6,712,700)	(6,712,700)
GF/GP	(\$6,364,600)	(\$6,364,600)	(\$6,364,600)

8. Emergency Relief Increase

Adds \$7.7 million to cover increased program costs for emergency house and rent payments, taxes, and utilities. Restores \$1.2 million for Arab/Chaldean and Access programs previously eliminated by Executive Order 2001-9. House and Senate increases of \$1.6 million for raising the indigent burial maximum allowable charge by \$197 to \$1,311 per burial are not included. Leadership target agreement specified \$600,000 in GF/GP savings from the Arab/Chaldean and Access program, but this amount is restored by recent passage of the cigarette tax increase (see boilerplate Sec. 268).

Gross	\$10,512,601	\$10,512,701	\$8,944,600
Federal	8,334,600	8,334,600	8,334,600
GF/GP	\$2,178,001	\$2,178,101	\$610,000

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
9. Homestead Property Tax Funding Adjustment	Gross	(\$27,000,000)	(\$27,000,000)	\$23,000,000
Eliminates use of \$27.0 million TANF to pay the Homestead Property Tax Credit to qualifying Michigan citizens, as recommended by the Executive. Includes \$50 million in federal funds received from the Department of Career Development to be utilized for Homestead Property Tax payments.	Federal	(27,000,000)	(27,000,000)	23,000,000
	GF/GP	\$0	\$0	\$0
10. TANF Program Spending Reductions	Gross	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)
Lowers TANF spending level by \$1.4 million through reductions of \$650,000 for Community Services Block Grant (CSBG) funding, \$500,000 for the Fatherhood initiative, and \$250,000 for the Innovation initiative. Boilerplate restores Fatherhood and CSBG funding with child support penalty refund revenue if available.	Federal	(1,400,000)	(1,400,000)	(1,400,000)
	GF/GP	\$0	\$0	\$0
11. Food Stamp Reinvestment Line Established	Gross	\$5,700,000	\$5,700,000	\$5,700,000
Adds \$5.7 million for a new line item to augment ongoing efforts to reduce issuance errors in the area of food assistance.	GF/GP	\$5,700,000	\$5,700,000	\$5,700,000
12. Child Support Enforcement System Administrative Reduction	Gross	(\$7,892,000)	(\$7,892,000)	(\$7,892,000)
Reflects \$7.9 million in savings attributable to reduced costs associated with developing and implementing the statewide Child Support Enforcement System.	Federal	(5,208,700)	(5,208,700)	(5,208,700)
	GF/GP	(\$2,683,300)	(\$2,683,300)	(\$2,683,300)
13. Transitional Work Support	Gross	(\$5,000,000)	(\$8,000,000)	(\$10,000,000)
Reduces Transitional Work Support authorization by \$10.0 million to fund the Before/After School program. See item 14 below. The CSES contingency boilerplate section (413) would restore \$3.0 million of this amount.	GF/GP	(\$5,000,000)	(\$8,000,000)	(\$10,000,000)
14. Before/After School Pilot Program	Gross	(\$5,000,000)	\$723,100	\$0
Removes \$10.0 million TANF base funding for the Before/After School pilot program, as proposed by the Executive, but adds \$10.0 million GF/GP from Transitional Work Support to restore this funding. See item 13 above.	Federal	(10,000,000)	(7,276,900)	(10,000,000)
	GF/GP	\$5,000,000	\$8,000,000	\$10,000,000
15. Created for Caring - VETOED	Gross	(\$112,500)	\$137,500	(\$112,500)
Restores and increases TANF-funded Created for Caring contract to \$150,000. Executive and House versions eliminated the contract; Senate proposed an increase. Funding was subsequently vetoed.	Federal	(112,500)	137,500	(112,500)
	GF/GP	\$0	\$0	\$0
16. Transfer to Department of Information Technology	FTE	(296.8)	(356.0)	(356.0)
Transfers information technology FTE positions to the new Department of Information Technology. Related funding (\$185.8 million) is transferred to a new Information Technology unit within FIA, based on the revised Executive.	Gross	\$0	\$0	\$0
	GF/GP	\$0	\$0	\$0
17. Early Retirement Savings	Gross	\$0	(\$100)	(\$21,301,700)
Includes a reduction of \$21.3 million associated with early retirement savings for FIA that is placed in a new line that will be satisfied via the transfer process (see boilerplate Sec. 265).	GF/GP	\$0	(\$100)	(\$21,301,700)
18. Budgetary Savings/Administrative Budgetary Savings	Gross	\$0	\$0	(\$8,726,500)
Includes a reduction of \$8.7 million associated with budgetary savings for FIA that is placed in a new line that will be satisfied via the transfer process (see boilerplate Sec. 265). An additional \$4.6 million in savings is placed in a new Administrative Budgetary Savings line as a result of Leadership target agreement for FIA; amount is restored by the recent passage of the cigarette tax increase (see boilerplate Sec. 268).	GF/GP	\$0	\$0	(\$8,726,500)

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
19. Child Care Pilot Program - VETOED	Gross	\$0	\$0	(\$100,000)
Removes \$100,000 federal from the Day Care Services line item due to veto of Sec. 668.	Federal	0	0	(100,000)
	GF/GP	\$0	\$0	\$0
20. Juvenile Justice Day Treatment - VETOED	Gross	\$0	\$0	(\$1,000,000)
Removes \$1.0 million GF/GP from the Juvenile Justice Operations line item due to veto of Sec. 710.	GF/GP	\$0	\$0	(\$1,000,000)

Major Boilerplate Changes from FY 2001-02:

Sec. 223. Medicaid Determination Requirements

Modifies section to include required report on centralized monthly processing of Medicaid spend-down paperwork for specified clients.

Sec. 224 (FY 2001-02). Non-Traditional Business Hours - DELETED

Expresses legislative intent for FIA to provide services at local Department offices during nontraditional business hours.

Sec. 225 (FY 2001-02). Contractor Negotiations and Payment - DELETED

Expresses legislative intent regarding Department promptness standards for completion of contractual negotiations, notification of funding availability, and payment for allowable provider expenditures.

Sec. 259. Information Technology Agreement (New)

Requires FIA to pay user fees to the new Department of Information Technology based on an established interagency agreement and to report on the agreement reached; modified Executive language.

Sec. 260. Information Technology Work Projects (New)

Allows Department to designate information technology appropriations as work projects; Executive language.

Sec. 261. Local FIA Office Closing or Consolidation (New)

Requires FIA to consult with members of the Legislature on planned local office restructuring and requiring any plan to ensure a presence in every county; modified House and Senate language.

Sec. 263. Foster Care Workers and Child Protective Services Workers (New)

Requires Department to replace all foster care workers and child protective services workers who take an early retirement on a 1:1 basis; House language.

Sec. 264. FIA Employee Communication with Legislature (New)

Permits FIA employees while on personal time to have appropriate communications with legislators and staff as long as the communication does not violate laws, breach confidentiality, violate civil service rules, or represent a formal FIA position without prior approval; modified House and Senate language.

Sec. 265. Early Retirement Savings and Budgetary Savings (New)

Requires that appropriations for Early Retirement Savings and Budgetary Savings be identified by line in transfer requests; target language.

Sec. 268. Tobacco Tax Increase vs. Additional Budgetary Savings (New)

Adds Target language restoring specified budgetary savings funds contingent upon a minimum 30 cents per pack cigarette tax increase.

Sec. 301. Debit Card Usage and Annual School Clothing Allowance

Modifies section to require FIA to appropriate up to \$4.3 million for school clothing allowance for children ages 4-18 and to encourage recipients to consider using allowance at consignment stores or stores providing discounts.

Sec. 401. Child Support Incentive Payments and Enforcement System Requirements

Adjusts language outlining conditions for state use of federal child support incentive payments and ways for counties to avoid Child Support Enforcement System penalty payment, and eliminating reporting requirements.

Sec. 405 (FY 2001-02). Prohibits GF/GP Distribution to Wayne County 3rd Circuit Court - DELETED

States the Wayne County 3rd Circuit Court cooperative reimbursement contract funding resides in the Judiciary Budget and that no GF/GP from the FIA budget may be used to fund this contract.

Sec. 407. Created for Caring - VETOED

Requires Department to contract for \$150,000 TANF with Created for Caring.

Major Boilerplate Changes from FY 2001-02:

Sec. 413. Contingent Appropriation - CSES Refund (New) - PARTIAL VETO

Restores specified program funds contingent upon receipt of federal child support enforcement system penalty refund.

Sec. 415. Fatherhood Initiative

Adjusts allocation to \$500,000 TANF, eliminating independent contractor requirement, and restricting allocation to 20% per county.

Sec. 417 (FY 2001-02). Innovation Grants - DELETED

Allows Department to spend up to \$250,000 TANF to fund innovation grants and allows Department to spend up to \$1.0 million TANF for employment and training support services in support of a youth learning innovations training center designed to enhance technical literacy.

Sec. 516 (FY 2001-02). Special Needs Adoptions Report - DELETED

Requires Department to prepare a report on special needs adoptions.

Sec. 518. Strong Families/Safe Children Funding

Adjusts language requiring FIA to work with multipurpose collaborative bodies (MPCBs) to arrange a reward and/or penalty plan related to out-of-home placement outcomes, includes language related to adjudicated youth, and adds MPCB outcomes reporting requirement.

Sec. 519. Foster Care and Adoption Services Rate Increase - VETOED

Modifies language to include a 1% increase to child placing agencies and residential treatment facilities beginning April 1, 2003, and to allow the rate increase to support foster and adoptive parent resource centers.

Sec. 531. Local Title IV-E Claim Requirements (New)

Outlines requirements for Department to make federal Title IV-E claims for eligible costs incurred by local units of government; Executive language.

Sec. 532. Licensing and Contract Compliance Review (New)

Requires collaboration between FIA, Department of Consumer and Industry Services (CIS), and the Michigan Federation of Private Child and Family Agencies in review of contract compliance and licensing policies, practices, and procedures in attempt to identify duplication; Senate language. Requires report.

Sec. 533. Payment Promptness - Title IV-E Services (New)

Requires the Department to make payments to child placing agencies within 30 days after receiving documentation for Title IV-E related services; House language.

Sec. 534. Teen Pregnancy Prevention Pilot (New)

Allows Department to utilize unexpended Teen Pregnancy Prevention Pilot Performance Bonus funding to support teen pregnancy prevention programs within the city of Pontiac; House language.

Sec. 535. Monthly Guardianship Fee (New)

Identifies legislative intent that FIA review merits of increasing monthly guardianship fee; Senate language.

Sec. 536. Foster Care Assignment System (New)

Prohibits FIA from implementing a geographically-based foster care assignment system unless in the best interests of the foster children; Senate language.

Sec. 537. Foster Care Placement - First Opportunity (New)

Requires FIA to offer private nonprofit agencies the first opportunity to provide foster care services for new children under specified circumstances; modified Senate language.

Sec. 539. Residential Treatment Placement Process (New)

Requires FIA to collaborate with private agencies to ensure appropriate residential treatment placement process; modified Senate language.

Sec. 611. Indigent Burial - Additional Payments

Adjusts language to allow each provider to collect additional payment and limits total payments to \$2,600.

Sec. 618. Assistance Adjustment Notification

Modifies language by removing subsections requiring ten days' notice and appeal resolution prior to reducing, terminating, or suspending assistance.

Sec. 620 (FY 2001-02). Program Eligibility Notification - DELETED

Ensures clients are informed in writing of programs for which they may be eligible upon leaving assistance and allows clients to request an exit interview.

Major Boilerplate Changes from FY 2001-02:

Sec. 626 (FY 2001-02). *Child Day Care Provider Training - DELETED*

Requires Department to fund child day care provider training programs.

Sec. 630 (FY 2001-02). *Training/Education Guidelines - DELETED*

Requires Department and the DCD to refine and make available clear joint guidelines on the eligibility of Work First participants for post-employment training support and on how training and education hours can be applied toward federal work requirements.

Sec. 634 (FY 2001-02). *Parenting Skills and Career Development Pilot - DELETED*

Requires Department to expend up to \$250,000 to develop and fund a parenting skills and career development pilot program for single parents eligible for cash assistance who have children up to three years old.

Sec. 636 (FY 2001-02). *Late Child Day Care Payment Report - DELETED*

Requires Department to submit a report on late payments to child day care providers for the year.

Sec. 659 (FY 2001-02). *Child Care Verification - DELETED*

Requires FIP recipients with a child under six years old to meet work first participation requirements unless worker verifies child care is not available.

Sec. 661. *Transitional Work Support*

Modifies language allowing FIA to expend up to \$5.0 million GF/GP.

Sec. 667. *Child Day Care Provider Background Checks (New)*

Allows Department to expend funds necessary to perform child day care provider checks from fees collected; House language.

Sec. 668. *Child Care Program Pilot (New) - VETOED*

Requires Department, in collaboration with Michigan Alliance of Boys and Girls Clubs, to conduct a child care program pilot, leveraging child care funding to implement SMART Moves Program; Senate language.

Sec. 708. *School Aid Funding for Juvenile Justice Education*

Adjusts language expressing legislative intent that Department work with state and local agencies necessary to ensure funding through school aid and requiring adjustments to facility per diem rates that reflect savings.

Sec. 710. *County Juvenile Justice Day Treatment - VETOED*

Modifies language to require, instead of allow, FIA to continue contracts.

Sec. 713. *Juvenile Justice Release Coordination and Medicaid Reimbursable Rate (New)*

Requires FIA to work cooperatively with other state departments to coordinate and improve the delivery of services to individuals leaving the juvenile justice system, especially those aging out identified as continuing to pose a serious risk, and requires FIA to reimburse health care providers for actual charges less than or equal to the Medicaid reimbursable rate scale for services rendered; modified House language.

Sec. 714. *County Information Networks - Technical Assistance (New)*

Requires FIA to provide technical assistance for counties to develop information networks like SHOCAP, JJOLT, and JVRS, and requiring implementation report; Senate language.

Sec. 715. *Early Intervention Initiatives Report (New)*

Identifies legislative intent related to juvenile justice system and requires FIA to present and report on early intervention initiatives based on recommendations from 2001 Joint House and Senate Task Force on Juvenile Justice; modified Senate language.

**FY 2002-03
Budget Detail
for
REGULATORY**

**Career Development
Consumer and Industry Services
Michigan Strategic Fund**

**Summary: Enacted Appropriation
FY 2002-03 Career Development
House Bill 5643
Public Act 517 of 2002**

Analyst: Bob Schneider

	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	Change from YTD at 5/10/02	
						FTEs/Dollars	%
FTEs	1,147.0	1,094.0	1,095.0	1,094.0	1,095.0	(52.0)	(4.5)
Gross	\$526,169,600	\$534,318,700	\$534,317,100	\$536,495,700	\$461,321,600	(\$64,848,000)	(12.3)
IDG/IDT	\$1,048,000	\$0	\$0	\$0	\$0	(\$1,048,000)	(100.0)
Federal	\$463,699,900	\$472,569,200	\$472,569,200	\$472,569,300	\$406,469,200	(\$57,230,700)	(12.3)
Local	\$14,978,200	\$15,011,900	\$15,011,900	\$15,011,900	\$15,011,900	\$33,700	0.2
Private	\$2,396,300	\$2,396,300	\$2,396,300	\$2,396,300	\$2,396,300	\$0	0.0
Restricted	\$9,444,500	\$9,661,500	\$9,661,500	\$11,661,500	\$8,661,500	(\$783,000)	(8.3)
GF/GP	\$34,602,700	\$34,679,800	\$34,678,200	\$34,856,700	\$27,307,700	(\$7,295,000)	(21.1)

OVERVIEW

The Department of Career Development (DCD) was created by Executive Order 1999-1, which reorganized the former Michigan Jobs Commission. The Department's responsibilities focus on workforce development—assisting workers in preparing for and obtaining jobs and assisting businesses in obtaining skilled workers. To this end, the DCD administers various employment training and job readiness programs, including federal employment training programs through the Workforce Investment Act, the Work First and Welfare-to-Work programs, vocational rehabilitation programs for disabled individuals, career and technical training programs for both adults and youths, and the state's labor exchange system which matches employers and job seekers, primarily through the use of the Internet-based Michigan Talent Bank.

Major Budget Changes from FY 2001-02 YTD Appropriations:

1. Reed Act Funds - Work First

Removes \$66.1 million federal Temporary Assistance for Needy Families (TANF) funding from "Welfare-to-Work Programs" line item as part of fund shift, pursuant to target setting agreement. To be replaced by federal Reed Act funds through FY 2001-02 supplemental appropriation (House Bill 4373), which will provide Reed Act funds for these purposes for FY 2001-02 through FY 2003-04. "Welfare-to-Work Programs" line supports programs aimed at assisting welfare recipients with gaining permanent employment. State received just over \$291.0 million in Reed Act funds as part of federal economic stimulus package. Funds may be used to support unemployment insurance programs and employment service/job placement programs.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	(\$100)	\$0	(\$66,100,000)
Federal	0	0	(66,100,000)
GF/GP	(\$100)	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
2. Reed Act Funds - One Stop Centers	Gross (\$100)	\$0	(\$7,000,000)
Removes \$6.0 million in federal Workforce Investment Act (WIA) funding and \$1.0 million in GF/GP, pursuant to target setting agreement, from "Job Training Programs Subgrantees" line item as part of fund shift. Replaced by federal Reed Act funds through FY 2002 supplemental appropriation (House Bill 4373) which will provide Reed Act funds for these purposes for FY 2001-02 through FY 2003-04. Line supports grants to regional Michigan Works! Agencies that provide re-employment services through the state's network of One Stop Service Centers. Federal WIA funds of \$6.0 million made available through the fund shift are transferred to Focus:HOPE and the Michigan Virtual University (see below).	Federal 0	0	(6,000,000)
	GF/GP (\$100)	\$0	(\$1,000,000)
3. Council of Michigan Foundations	Gross \$0	\$2,000,000	\$0
Restores target-setting reduction of \$1.0 million to grant appropriation for Council of Michigan Foundations (CMF) following enactment of tobacco tax increase. Boilerplate language (see below) triggered restoration; appropriation remains at FY 2001-02 levels. The CMF re-grants the appropriated funding to area community foundations using a population-based formula. Funds are used locally to support initiatives related to youth and senior health issues and to create permanent endowments to support such programs in the future.	Tobacco 0	2,000,000	0
	GF/GP \$0	\$0	\$0
4. Focus:HOPE	Gross (\$100)	\$0	\$0
Reduces grant appropriation for Focus:HOPE by \$250,000 in GF/GP as part of target setting agreement. Reduction was restored pursuant to boilerplate following tobacco tax increase (see Item 3 above). Enacted appropriations shift financing of \$5.0 million of the appropriation from GF/GP to federal Workforce Investment Act revenue.	Federal 0	0	5,000,000
	GF/GP (\$100)	\$0	(\$5,000,000)
5. Adult Education Learning Grants	Gross (\$100)	\$0	\$0
Overturns initial elimination of the \$225,000 appropriation per target-setting agreement by boilerplate language restoring funds upon enactment of the tobacco tax increase. Funds are allocated to the Arab-American and Chaldean Council, Jewish Vocational Services, and the Arab Community Center for Economic and Social Services.	GF/GP (\$100)	\$0	\$0
6. Vocational Rehabilitation Independent Living	Gross \$0	\$63,300	\$25,000
Provides increase to state's centers for independent living.	GF/GP \$0	\$63,300	\$25,000
7. Michigan Virtual University	Gross \$0	\$100	\$1,000,000
Provides support for Michigan Virtual University's technology-based education programs. Funding is from federal Workforce Investment Act dollars transferred from within budget.	Federal 0	100	1,000,000
	GF/GP \$0	\$0	\$0
8. Gear-Up Program Grant	Gross \$3,000,000	\$3,000,000	\$3,000,000
Allows for appropriation of federal revenue for federal Gear-Up Grant program which aims to increase number of low-income students who attend college. Provides at-risk youth in grades 7-12 with tutoring, mentoring, and academic enrichment opportunities to enhance preparedness for college work; also seeks to enhance college scholarship availability for participants. Funding is from five-year, \$11.9 million grant from U.S. Department of Education.	Federal 3,000,000	3,000,000	3,000,000
	GF/GP \$0	\$0	\$0
9. Early Retirement Savings	Gross \$0	(\$100)	(\$575,300)
Reflects anticipated savings (DMB-estimated) from early retirement; DCD is allowed GF/GP funding to replace one of every four early retirees.	GF/GP \$0	(\$100)	(\$575,300)

Major Budget Changes from FY 2001-02 YTD Appropriations:**10. General Budgetary Savings**

Reflects target agreement requirement that each department and agency to absorb budgetary savings equal to 1% of Executive-recommended GF/GP appropriation. With the DMB, DCD will formulate proposal regarding allocation of these savings across specific line items; recommendations will be forwarded to House and Senate Appropriations Committees for approval through legislative transfer process.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$0	\$0	(\$346,800)
GF/GP	\$0	\$0	(\$346,800)

11. Other Budgetary Adjustments

Reflects reductions totaling \$891,700—including removal of \$346,400 related to sick leave payouts to individuals retiring under the 1997 early retirement program, \$400,000 generated through elimination of a \$375 lump sum payment for state classified employees, and reduction of \$145,300 GF/GP and 2.0 FTE positions used to offset GF/GP economic increases paid to classified employees.

FTEs	(2.0)	(2.0)	(2.0)
Gross	(\$891,700)	(\$891,700)	(\$891,700)
Federal	(667,500)	(667,500)	(667,500)
GF/GP	(\$224,200)	(\$224,200)	(\$224,200)

12. Information Technology Services

Consolidates all appropriations for information technology personnel, support staff, and contracts to separate Information Technology (IT) Services and Projects unit. Just over \$6.4 million in DCD budget is moved into this unit to pay for IT services and projects provided through new Department of Information Technology (DIT). Statewide IT services will be provided by DIT which will bill individual departments for services provided. Funding transfer does not affect overall appropriations in the budget; transfer of staff to new department does lead to reduction of 51.0 FTE positions.

FTEs	(50.0)	(51.0)	(51.0)
Gross	\$0	\$0	\$0
GF/GP	\$0	\$0	\$0

13. Economic Increase

Provides a gross increase for a 2.0% overall increase for classified salaries and to cover economic increases for retirement and insurance costs.

Gross	\$1,878,500	\$1,878,500	\$1,878,500
Federal	1,446,200	1,446,200	1,446,200
Restr	116,100	116,100	116,100
Private	33,700	33,700	33,700
GF/GP	\$282,500	\$282,500	\$282,500

Major Boilerplate Changes from FY 2001-02:**Secs. 259 and 260. Information Technology Services and Projects (New)**

Transfers appropriations covering information technology to a single line item. Provides that this appropriation be used to pay user fees to the new DIT for information technology services. Requires that user fees be based on an interagency agreement between DIT and DCD and allows the appropriation to be designated as a work project and carried forward to support technology projects.

Sec. 261. Early Retirement and Budgetary Savings (New)

Provides that House and Senate Appropriations Committees must approve appropriation adjustments needed to allocate negative appropriations for "Early Retirement Savings" and "Budgetary Savings" to specific line items through the legislative transfer process.

Sec. 262. Restoration of Reductions if Cigarette Tax Increase Enacted (New)

Allows restoration of certain target-setting reductions if cigarette tax increase of at least 30 cents per pack is enacted by September 30, 2002. If enacted, language restores the \$1.0 million reduction to "Council of Michigan Foundations" line item, the \$250,000 reduction for "Focus:HOPE," and the elimination of \$225,000 appropriation for "Adult Education Learning Programs."

Sec. 305. Work First Program

Includes a number of changes to language governing DCD's Work First program. Changes include the following: Subsection (3) – Requires DCD to encourage Michigan Works! Agencies to consider transportation challenges for Work First participants placed in employment. Subsection (11) – Revised to remove requirement that DCD and the Family Independence Agency (FIA) continue to collaborate on "joint guidelines" regarding eligibility of Work First participants for post-employment training support and application of training/education hours toward federal work participation requirements. New language provides that the DCD make available guidelines on these issues and present the guidelines during joint orientations conducted by FIA and Work First contractors. Also removes a required progress report on continuing efforts to establish joint guidelines Subsection (12) – Establishes a work participation requirement of up to 40 hours per week.

Major Boilerplate Changes from FY 2001-02:

Sec. 328. Technology-Based Education (New)

Provides that Department use the "Michigan Virtual University" (MVU) appropriation to work with MVU to do the following: 1) promote use of education technology to accelerate career and workforce development, 2) promote technology-based training to public and private sector organizations emphasizing partnerships between public education and the business sector, and 3) support and encourage various collaborative efforts among educational institutions and government agencies to meet training needs.

Sec. 329. Focus:HOPE Reporting Requirement (New)

Requires reporting from Focus:HOPE on the use of the organization's grant appropriation. Includes information on expenditures, students served, program enhancements, new hires, and capital expenditures. Report to be distributed to the Chairs of the House and Senate Appropriations Subcommittees overseeing the DCD budget and the House and Senate Fiscal Agencies.

**Summary: Enacted Appropriation
FY 2002-03 Consumer and Industry Services
House Bill 5644
Public Act 527 of 2002**

Analyst: Bob Schneider

	2001-02 YTD (as of 5/10/02)					Change from YTD at 5/10/02	
		Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	4,242.9	4,006.4	4,006.4	4,012.4	4,012.4	(230.5)	(5.4)
Gross	\$572,480,400	\$570,138,100	\$570,135,800	\$570,713,000	\$547,480,500	(\$24,999,900)	(4.4)
IDG/IDT	\$111,800	\$111,100	\$111,100	\$111,100	\$111,100	(\$700)	(0.6)
Federal	\$249,567,100	\$242,311,500	\$242,311,500	\$242,311,500	\$239,311,500	(\$10,255,600)	(4.1)
Local	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Private	\$740,000	\$770,000	\$770,000	\$770,000	\$770,000	\$30,000	4.1
Restricted	\$284,164,800	\$288,957,600	\$288,957,600	\$289,532,600	\$271,311,600	(\$12,853,200)	(4.5)
GF/GP	\$37,896,700	\$37,987,900	\$37,985,600	\$37,987,800	\$35,976,300	(\$1,920,400)	(5.1)

OVERVIEW

The Department of Consumer and Industry Services (CIS) acts as the primary regulatory agency within state government, having regulatory and administrative responsibilities in a diverse number of policy areas. These include: a) regulation of specific industry groups (e.g., public utilities, banking and insurance, liquor manufacturing and retailing, construction); b) licensing and regulation of occupations and professions (e.g., doctors, architects, morticians); and c) monitoring and licensing of statutorily-regulated facilities (e.g., nursing homes, clinical laboratories). Department also oversees administration of the state's unemployment insurance and worker's compensation programs. Responsibility for these two programs was recently combined into a single bureau—the Bureau of Worker's and Unemployment Compensation—through Executive Order 2002-1.

Major Budget Changes from FY 2001-02 YTD Appropriations:

1. Fire Protection Grants - VETOED

Eliminates grant appropriation by veto. Line supports formula-based grants to local units of government that provide fire protection services to state-owned facilities. Conference Committee had reduced appropriation by \$3.7 million with language restoring the reduction upon enactment of 30 cents per pack cigarette tax increase. Prior to veto, reduction had been restored.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$0	\$0	(\$7,421,000)
Restr	0	0	(7,421,000)
GF/GP	\$0	\$0	\$0

2. Reed Act Funds - Unemployment Programs

Removes appropriations from Employment Security Contingent Fund "Unemployment Programs" line item as part of fund shift, pursuant to target agreement. Reduction will be replaced by federal Reed Act funds through FY 2001-02 supplemental appropriation (House Bill 4373) which will provide Reed Act funds for these purposes for FY 2001-02 through FY 2003-04. "Unemployment Programs" line supports administration of Michigan's unemployment insurance program. State recently received just over \$291.0 million in Reed Act funds as part of federal economic stimulus package. Funds may be used to support unemployment insurance programs and employment service/job placement programs.

Gross	\$0	\$0	(\$10,000,000)
Restr	0	0	(10,000,000)
GF/GP	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
3. Bureau of Worker's and Unemployment Compensation	Gross	\$0	\$0	\$0
Replaces just over \$9.8 million of corporation fees and securities fees appropriations with funding from the Employment Security Contingent Fund, which is primarily made up of penalties and interest paid by employer delinquent in making unemployment tax payments. Fund had FY 2000-01 closing balance of \$90.3 million. Because securities fees and some corporation fees lapse to general fund, it is likely that the bulk of the \$9.8 million funding shift will result in direct GF/GP savings.	Securities	(5,005,400)	(5,005,400)	(5,005,400)
	Corporate	(4,826,900)	(4,826,900)	(4,826,900)
	Conting	9,832,300	9,832,300	9,832,300
	GF/GP	\$0	\$0	\$0
4. Transfer of Funds for Security Guard/ Detective/ Alarm System Business Licensing	FTEs	0.0	6.0	6.0
Increases FTE positions and restricted revenue appropriations to support licensing activities related to security guards, alarm system contractors, and private detectives. Responsibility for program transferred to CIS from Department of State Police through recently-enacted legislation.	Gross	\$0	\$450,000	\$450,000
	Restr	0	450,000	450,000
	GF/GP	\$0	\$0	\$0
5. Health Services - Increase for Nursing Study	Gross	\$0	\$125,000	\$125,000
Adds Nurse Professional Fund revenue to finance development of a Center for Nursing to study current nursing shortage and market for nurses. Nurse Professional Fund receives revenue from assessment of \$2.00 on each annual nursing license fee. Revenue is used to finance nursing scholarships and other professional development activities. Fund balance was just under \$1.8 million at close of FY 2000-01.	Restr	0	125,000	125,000
	GF/GP	\$0	\$0	\$0
6. Office of Financial and Insurance Services	Gross	\$2,500,000	\$2,500,000	\$2,500,000
Adds restricted revenue appropriations to finance expansion of regulatory activities within Office of Financial and Insurance Services (OFIS); \$1.5 million in insurance fee revenue will allow OFIS to contract with consultants to assist with financially troubled insurance companies and health maintenance organizations; \$1.0 million in regulatory fee revenue would be utilized to expand examination activity involving consumer lenders and investment advisors. These actions would assist OFIS in providing for examinations of these entities every three years.	Restr	2,500,000	2,500,000	2,500,000
	GF/GP	\$0	\$0	\$0
7. Boiler and Elevator Inspectors	FTEs	9.0	9.0	9.0
Appropriates restricted funds to support three new elevator inspectors, six new boiler inspectors, and purchase of hand-held computers and software within the Bureau of Construction Codes. Funding will assist Bureau in meeting statutory requirements on regular inspection of boilers and elevators.	Gross	\$998,600	\$998,600	\$998,600
	Restr	998,600	998,600	998,600
	GF/GP	\$0	\$0	\$0
8. Section 8 Housing Rental Vouchers	Gross	\$6,000,000	\$6,000,000	\$6,000,000
Provides new federal appropriations for Section 8 housing vouchers. Voucher program, administered through the Michigan State Housing Development Authority, provides rental subsidies to eligible low-income individuals. Increase would make about 1,500 additional vouchers available.	Federal	6,000,000	6,000,000	6,000,000
	GF/GP	\$0	\$0	\$0
9. Regional Fire Safety Office	FTEs	4.0	4.0	4.0
Appropriates federal and fire service fees to finance new regional fire safety office for Southeast Michigan region; funding will be applied toward facilities costs as well as three inspector staff positions and one administrative staff position.	Gross	\$287,700	\$287,700	\$287,700
	Federal	48,900	48,900	48,900
	Restr	238,800	238,800	238,800
	GF/GP	\$0	\$0	\$0
10. Nursing Scholarship Program	Gross	\$248,000	\$248,000	\$248,000
Increases appropriations from Nurse Professional Fund (which is financed through contributions from nursing license fees) by \$248,000 to support additional scholarships for nursing students.	Restr	248,000	248,000	248,000
	GF/GP	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

11. Information Technology Consolidation

Consolidates all appropriations for information technology personnel, support staff, and contracts to separate Information Technology (IT) Services and Projects unit. Within CIS budget, just over \$26.2 million in appropriations are moved into this unit. Appropriations will be used to pay for IT services and projects provided through new Department of Information Technology (DIT) which will provide IT services statewide, billing individual departments for services provided. Funding transfer does not affect overall appropriations in the budget, transfer of staff to new department does lead to reduction in FTE positions.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
FTEs	(222.5)	(222.5)	(222.5)
Gross	\$0	\$0	\$0
GF/GP	\$0	\$0	\$0

12. Early Retirement Savings

Represents anticipated, DMB-estimated early retirement savings. In calculating required savings, CIS is allowed GF/GP funding to replace one of every five early retirees.

Gross	\$0	(\$100)	(\$1,631,700)
GF/GP	\$0	(\$100)	(\$1,631,700)

13. General Budgetary Savings

Reflects leadership target agreement requiring each department and agency to absorb budgetary savings equal to 1% of Executive-recommended GF/GP appropriation. Consumer and Industry Services, along with the DMB, will formulate proposal regarding allocation of savings across specific line items; recommendations will be forwarded to House and Senate Appropriations Committees for approval through legislative transfer process.

Gross	\$0	\$0	(\$379,900)
GF/GP	\$0	\$0	(\$379,900)

14. Other Budgetary Adjustments

Provides for budget reductions, including removal of \$1.2 million in appropriations related to sick leave payouts to individuals retiring under the 1996 early retirement program and reduction of \$970,900 GF/GP and 11.0 FTE positions used to offset GF/GP economic increases paid to classified employees.

FTEs	(11.0)	(11.0)	(11.0)
Gross	(\$2,151,500)	(\$2,151,500)	(\$2,151,500)
Federal	(593,500)	(593,500)	(593,500)
Restr	(498,700)	(498,700)	(498,700)
GF/GP	(\$1,059,300)	(\$1,059,300)	(\$1,059,300)

15. Economic Increase

Reflects increase of \$5.6 million to provide 2.0% overall increase (for classified salaries and economic increases for retirement and insurance costs) net of \$1.9 million in savings generated through elimination of \$375 lump sum payment for state classified employees.

Gross	\$3,662,100	\$3,662,100	\$3,662,100
Federal	875,200	875,200	875,200
Restr	1,866,500	1,866,500	1,866,500
GF/GP	\$921,100	\$921,100	\$921,100

Major Boilerplate Changes from FY 2001-02:

Sec. 261. Early Retirement and Budgetary Savings (New)

Provides that House and Senate Appropriations Committees must approve negative appropriations for "Early Retirement Savings" and "Budgetary Savings" needed to allocate the appropriations to specific line items through the legislative transfer process.

Sec. 262. Restoration of Reductions if Cigarette Tax Increase Enacted (New) - VETOED

Restores a \$3.7 million target-setting reduction to "Fire Protection Grants" line item if a cigarette tax increase of at least 30 cents per pack was enacted by September 30, 2002. Restoration was subsequently vetoed along with line item.

Sec. 326. MIOSHA Inspectors

Revises current-law language requiring Department to provide funding for 30 general industry safety inspectors, 20 construction industry safety inspectors, and 26 industrial hygienists within MIOSHA program; also requires Department to provide funding for at least 76 individuals within these three categories as a whole.

Major Boilerplate Changes from FY 2001-02:

Sec. 335(2). Shut-off Protection Funds to Community Action Agencies (New) - VETOED

Earmarks \$3.0 million for "Low-Income/Energy Efficiency Assistance" to Community Action Agencies (CAAs) statewide to support shut-off protection programs for low-income individuals with funds to be distributed to CAAs by November 1. Public Service Commission administers the program, which is expected to receive roughly \$48.0 million in revenue per year contributed from electric utilities. The CAAs would have to abide by any reporting or monitoring requirements imposed on other grant recipients of the program. Language was subsequently vetoed.

Sec. 336. Office of Financial and Insurance Services Expenditure Report (New)

Requires a report by December 1 on expenditures for each division within the Office of Financial and Insurance Services (OFIS) for the last completed fiscal year. Requirement is linked to a roll-up of OFIS program line items to accommodate a recent reorganization within OFIS.

Sec. 337. Pilot Program for Joint Review of Child Placing and Child Caring Institutions (New)

Requires Department to work with the Family Independence Agency (FIA) and the Michigan Federation of Private Child and Family Agencies to form a licensing and contract compliance review team pilot. Pilot would coordinate licensing review efforts conducted by Department and contract compliance reviews conducted by the FIA in one child placing institution (e.g., foster care, adoption agencies) and one child caring institution (e.g., children's homes).

Sec. 338. Nursing Study (New)

Allocates \$125,000 to establish a Center for Nursing to conduct research addressing nurse workforce planning, the supply of and demand for nurses, and nurse recruitment and retention issues. The Center will recommend ways to address the current shortage of nurses.

Sec. 339. Worker's Compensation Mediators (New) - VETOED

Requires Department to "provide funding for 6 worker's compensation mediator positions annually." Language was added in response to plans being considered by the Department to eliminate some of the 11 worker's compensation mediator positions funded through the Bureau of Worker's Compensation. Language was subsequently vetoed.

**Summary: Enacted Appropriation
FY 2002-03 Michigan Strategic Fund Agency
House Bill 5643
Public Act 517 of 2002**

Analyst: Bob Schneider

	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	Change from YTD at 5/10/02	
						FTEs/Dollars	%
FTEs	234.0	231.5	231.5	231.5	231.5	(2.5)	(1.1)
Gross	\$169,090,600	\$155,037,500	\$156,037,000	\$155,037,300	\$153,656,500	(\$15,434,100)	(9.1)
IDG/IDT	\$100,000	\$100,900	\$100,900	\$100,900	\$100,900	\$900	0.9
Federal	\$62,934,400	\$62,953,300	\$62,953,300	\$62,953,300	\$62,953,300	\$18,900	0.0
Local	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Private	\$850,000	\$853,100	\$853,100	\$853,100	\$853,100	\$3,100	0.4
Restricted	\$45,050,000	\$45,050,000	\$45,049,900	\$45,050,000	\$45,050,000	\$0	0.0
GF/GP	\$60,156,200	\$46,080,200	\$47,079,800	\$47,080,000	\$44,699,200	(\$15,457,000)	(25.7)

OVERVIEW

The Michigan Strategic Fund Agency (MSF) was created by Executive Order 1999-1. The MSF is an autonomous agency within the Department of Management and Budget and houses the State's economic development programs. Programs are administered through the Michigan Economic Development Corporation (MEDC)—a public corporation that represents a partnership between the MSF and local economic development corporations and partners. The MEDC administers various programs aimed at retaining and attracting businesses to Michigan, assisting Michigan business with expansion plans, and providing financial support for local units of government to provide infrastructure improvements necessary for economic development projects. More recently, the MEDC has been charged with administering the Life Sciences Corridor initiative which has received as much as \$50.0 million in tobacco settlement proceeds since FY 1999-2000 to promote research and development in the life sciences as well as the commercialization of new technologies and processes developed through this research.

Major Budget Changes from FY 2001-02 YTD Appropriations:

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Economic Development Job Training Grants	Gross (\$13,000,000)	(\$13,000,000)	(\$13,000,000)
Reduces funding for the grant program for training providers that deliver customized training programs to Michigan businesses. Additional reduction of \$6.8 million in GF/GP per target-setting agreement is restored through boilerplate appropriation that triggers restoration upon enactment of tobacco tax increase.	GF/GP (\$13,000,000)	(\$13,000,000)	(\$13,000,000)
2. Michigan Promotion Program	Gross \$0	\$0	\$0
Maintains current-year appropriation of \$7.4 million for the program, which is responsible for promoting Michigan as a tourism destination. Restores \$700,000 budgetary reduction per target agreement upon enactment of a tobacco tax increase.	GF/GP \$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
3. Capital Access Program	Gross	\$0	(\$100)	(\$1,000,000)
Eliminates current GF/GP appropriation for this program that encourages bank lending to Michigan businesses through contributions to special loss reserve accounts. By reducing loan loss exposure of banks, program encourages additional bank lending to some businesses that might otherwise be rejected due to a higher credit risk. Enrolled bill retained boilerplate language allowing unexpended appropriation authority and other revenue generated from the Michigan Core Communities Fund (MCCF) to be used to finance this program. Language was vetoed.	GF/GP	\$0	(\$100)	(\$1,000,000)
4. Early Retirement Savings	Gross	\$0	(\$100)	(\$895,200)
Reflects anticipated GF/GP savings from early retirement as estimated by DMB. In calculating required savings, MSF is allowed GF/GP funding to replace one of every five early retirees.	GF/GP	\$0	(\$100)	(\$895,200)
5. General Budgetary Savings	Gross	\$0	\$0	(\$460,800)
Requires each department and agency to absorb budgetary savings equal to 1% of Executive-recommended GF/GP appropriation, per target agreement. The MSF, along with the DMB, will formulate a proposal regarding allocation of these savings across specific line items; recommendations will be forwarded to House and Senate Appropriations Committees for approval through legislative transfer process.	GF/GP	\$0	\$0	(\$460,800)
6. Other Budget Adjustments	FTEs	(2.5)	(2.5)	(2.5)
Removes \$41,900 in appropriations related to sick leave payouts to individuals retiring under the 1996 early retirement program, \$92,000 generated through elimination of a \$375 lump sum payment for state classified employees, and \$234,500 GF/GP and 2.5 FTE positions used to offset GF/GP economic increases paid to classified employees.	Gross	(\$367,900)	(\$367,900)	(\$367,900)
	IDG	(500)	(500)	(500)
	Federal	(5,900)	(5,900)	(5,900)
	Private	(800)	(800)	(800)
	GF/GP	(\$360,700)	(\$360,700)	(\$360,700)
7. Economic Increase	Gross	\$314,800	\$314,800	\$314,800
Provides a 2.0% overall increase for classified salaries and economic increases for retirement and insurance costs.	IDG	1,400	1,400	1,400
	Federal	24,800	24,800	24,800
	Private	3,900	3,900	3,900
	GF/GP	\$284,700	\$284,700	\$284,700

Major Boilerplate Changes from FY 2001-02:**Sec. 261. Early Retirement and Budgetary Savings (New)**

Provides that House and Senate Appropriations Committees must approve appropriation adjustments needed to allocate negative appropriations for "Early Retirement Savings" and "Budgetary Savings" to specific line items through the legislative transfer process.

Sec. 262. Restoration of Reductions if Cigarette Tax Increase Enacted (New)

Provides for restoration of certain target-setting reductions if cigarette tax increase of at least 30 cents per pack is enacted by September 30, 2002. Enactment of such an increase restores \$6.8 million of the reduction to "Economic Development Job Training Grants" line item and the \$700,000 reduction for "Michigan Promotion Program."

Sec. 401(4). EDJT Allocation to Community Colleges

Amends current-law language to allocate 90% of the total appropriation (before any allocations taken off the top for worker recruitment or university research match) for Economic Development Job Training (EDJT) grant funds to community colleges or consortia of community colleges and other eligible training providers.

Sec. 401(21). Use of Michigan Capital Growth Fund for University Research Grant Match

Allows existing appropriation of \$5.0 million to the Michigan Growth Capital Fund (established in FY 2001-02 budget) to be used to provide matching funds for universities seeking federal research grants.

Major Boilerplate Changes from FY 2001-02:

Sec. 401(22). EDJT Funds for University Research Grant Match (New)

Allows up to \$1.0 million of the appropriation for "Economic Development Job Training" to be used as grants to provide matching funds for universities seeking to obtain federal funding. Provides that funds be awarded through a competitive grant program, restricts grant levels to no greater than \$500,000, and prohibits a university from receiving more than one grant.

Sec. 401(23). Legislative Intent on Future EDJT Appropriations (New)

Establishes legislative intent that the FY 2003-04 EDJT program be funded at a level not less than the FY 2001-02 level (\$26.5 million).

Sec. 405. Michigan Promotion Program Allocation to Northeast Michigan - VETOED

Earmarks \$25,000 from Michigan Promotion Program to promote tourism activities in the northeast region of the state. Language was subsequently vetoed.

Sec. 410. Life Sciences Corridor Initiative

Revises current-law language to eliminate the word "minor" and to allow adjustments only from basic research and collaborative research fund categories to commercialization fund categories. Current-law Sec. 410(2) allows Life Sciences Steering Committee to make "minor adjustments in category funding percentages outlined elsewhere in boilerplate based upon the demands within categories and the quality of the applications received." Includes new language in Sec. 410(3) establishing legislative intent that in allocating funds to the commercial development fund, the steering committee "give maximum priority to supporting all potential commercialization opportunities that appear to have merit."

Sec. 418(3). Allowable Usage of Michigan Core Communities Funding

Amends current-law language to allow use of funds for "any other costs related to the successful development and implementation of core community or certified technology park projects, at the discretion of the Michigan Economic Development Corporation." Current law allows funds appropriated to the Michigan Core Communities Fund to be utilized for "land and property acquisition and assembly, demolition, site development, utility modifications and improvements, street and road improvements, telecommunication infrastructure, site location and relocation, infrastructure improvements, and costs related to any of these, at the discretion of the Michigan Economic Development Corporation."

Sec. 418(11). Michigan Core Communities Funding for Capital Access Program (New) - VETOED

Provides that up to \$1.0 million of any unexpended and unencumbered balance in the Michigan Core Communities Fund (MCCF) and additional funds received in the MCCF shall be used to support the Capital Access Program. Language was subsequently vetoed.

Sec. 420. Port Huron Technical Assistance Center (New)

Allocates \$20,000 in existing appropriations to the Michigan Technical Assistance Center (MTAC) in Port Huron; MEDC has traditionally provided direct support to certain MTACs which are located in various regions throughout the state and provide government procurement and trade assistance to businesses.

**FY 2002-03
Budget Detail
for
RESOURCE PROTECTION**

**Agriculture
Environmental Quality
Natural Resources**

**Summary: Enacted Appropriation
FY 2002-03 Agriculture
House Bill 5642
Public Act 516 of 2002**

Analyst: Tim Aben

Change from YTD at 5/10/02

	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	653.5	635.5	635.5	635.5	635.5	(18.0)	(2.8)
Gross	\$100,466,700	\$97,454,300	\$98,570,900	\$110,364,400	\$82,495,000	(\$17,971,700)	(17.9)
IDG/IDT	\$12,238,100	\$10,953,800	\$10,953,800	\$12,453,800	\$10,953,800	(\$1,284,300)	(10.5)
Federal	\$6,957,000	\$6,639,500	\$6,639,500	\$6,639,500	\$6,639,500	(\$317,500)	(4.6)
Local	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Private	\$1,121,900	\$1,127,600	\$1,127,600	\$1,127,600	\$1,127,600	\$5,700	0.5
Restricted	\$38,753,700	\$37,932,400	\$37,932,400	\$39,292,400	\$25,366,700	(\$13,387,000)	(34.5)
GF/GP	\$41,396,000	\$40,801,000	\$41,917,600	\$50,851,100	\$38,407,400	(\$2,988,600)	(7.2)

OVERVIEW

The Department of Agriculture promotes agricultural interests of the state and develops safeguards to protect the public from disease and unsanitary conditions in connection with food production and food handling, product labeling, dairy products, animals, and plants. The Department's responsibilities in the field of consumer protection include enforcement of laws relating to food, standard weights and measures, farm produce storage, and dairy products; inspection and enforcement of animal health; control of plant pests and diseases; and inspection of beans and perishable fruits and vegetables. The Department is also charged with regulating Michigan's pari-mutuel horse racing industry through the Office of the Racing Commissioner, a type I agency located in the Department. The Department's mission is: "To serve, promote and protect the agricultural interests of the people of the State of Michigan."

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Food Bank	Gross	\$1,000	\$150,000	\$0
Reduces grant of \$158,200 GF/GP as shown in the conference report; partial restoration contingent on passage of the cigarette tax—which passed. Funding level is consistent with balance after current-year Executive Order.	GF/GP	\$1,000	\$150,000	\$0
2. Migrant Labor Housing	Gross	\$1,000	\$1,100	\$0
Eliminates grant funding; level is consistent with balance after current-year Executive Order reduction.	GF/GP	\$1,000	\$1,100	\$0
3. NW Michigan Horticultural Station	Gross	\$1,000	\$1,100	\$0
Eliminates program GF/GP grant.	GF/GP	\$1,000	\$1,100	\$0
4. Local Conservation Districts	Gross	\$1,000	\$1,000	\$0
Reduces grant of \$488,600 GF/GP as shown in the conference report; partial restoration contingent on passage of the cigarette tax—which passed. Funding level is consistent with balance after current-year Executive Order.	GF/GP	\$1,000	\$1,000	\$0
5. Grown in Michigan	Gross	\$1,000	\$1,100	\$0
Eliminates program grant; consistent with balance after current-year Executive Order.	GF/GP	\$1,000	\$1,100	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
6. Orchard/Vineyard Removal	Gross	\$1,000	\$1,100	\$0
Eliminates program grant consistent with balance after current-year Executive Order.	GF/GP	\$1,000	\$1,100	\$0
7. Horse Shows	Gross	(\$10,000)	\$76,700	\$0
Reduces this grant \$23,300 GF/GP as shown in the conference report; restoration contingent on passage of the cigarette tax—which passed. Funding level is consistent with balance after current-year Executive Order.	GF/GP	(\$10,000)	\$76,700	\$0
8. Open Space Development Rights Payments - VETOED	Gross	\$0	\$50,000	\$0
Provides payments in lieu of taxes in the open space program; from DNR restricted funds.	GF/GP	\$0	\$50,000	\$0
9. Upper Peninsula State Fair GF/GP Funding	Gross	(\$167,900)	\$0	(\$167,900)
Eliminates GF/GP portion of funding.	GF/GP	(\$167,900)	\$0	(\$167,900)
10. Fair and Festival Promotion - VETOED	Gross	\$0	\$60,000	\$0
Provides funding from State Services Fee Fund for the state to provide grants to promote fairs and festivals.	GF/GP	\$0	\$0	\$0
11. Horse Racing/Casino Revenue Funding Shift - VETOED	Gross	\$12,675,700	\$13,975,700	\$0
Adds state services fee fund for the Office of Racing Commissioner, shifting \$1.3 million in Agriculture Equine revenue. In order to veto the \$1.3 million state services fee fund, the entire Office of Racing Commissioner and horse racing grants had to be vetoed, making the total veto \$13,975,500 restricted.	Restr	0	13,300,000	0
	GF/GP	\$0	\$1,300,000	\$0
12. Early Retirement Savings	Gross	\$0	(\$100)	(\$1,315,500)
Reduces GF/GP based on estimates of early retirees.	GF/GP	\$0	(\$100)	(\$1,315,500)
13. Budgetary Savings - 1.0% of Executive	Gross	\$0	\$0	(\$408,000)
Reflects reduction to be achieved by hiring freeze.	GF/GP	\$0	\$0	(\$408,000)

Major Boilerplate Changes from FY 2001-02:

Sec. 212. Indemnification Payments

Allows Department to use funds from any line item to provide indemnity of up to \$100,000 per order pursuant to the Animal Industry Act; requires a report; authorizes Department to make indemnification for fair market value of livestock killed by a wolf and allows Department to use funds from Department of Natural Resources reimbursement for such indemnification; requires retroactive payments for certain indemnification payments; and requires TB work project funds be used.

Sec. 222. Legislative Contact (New)

Prohibits disciplinary action from being taken against an employee who communicates with the Legislature.

Sec. 223. Early Retirement (New)

Requires that early retirement savings associated with the 2002 program be transferred to the appropriate line item by November 15, 2002.

Sec. 303. Statistical Reporting Service

Directs use of \$120,000 in statistical reporting service for ongoing rotational crop surveys on fruit, vegetable, and nursery stock.

Sec. 402. Food-Borne Outbreaks

Requires Department to report significant food-borne outbreaks to the Legislature, including enforcement activities.

Sec. 405. Local Public Health Funding

Requires Department, in conjunction with the Department of Community Health, to have a process in place requiring local units of government to obtain prior departmental approval before reallocating or redistributing program funds.

Major Boilerplate Changes from FY 2001-02:

Sec. 502. Use of Disease and Pest Intervention Funds

Requires appropriation for disease and pest intervention fund program to be used by Department as needed to respond to exotic or regulatory pests or diseases.

Sec. 604. Local Conservation Districts

Allocates \$690,000 for district forestry and wildlife programs to assist with private land management; allocates \$130,000 for training; sets \$20,000 as base grant for districts meeting minimum grant requirements; and allocates remainder of funding for competitive grants, requiring at least 100% cash or in-kind local match.

Sec. 605. Open Space Development Rights Payments (New) - VETOED

Designates appropriation in Sec. 106 to reimburse local units of government for lost revenues associated with open space development rights easements. Requires unspent funds to lapse to the general fund at the end of the year.

Sec. 703. Michigan Grown Commodities

Requires that the grown in Michigan appropriation be used for competitive grants to raise in-state consumer awareness of Michigan-grown commodities, states that grants are to be made by the Michigan Commission of Agriculture according to specified priorities, requires that grants be between \$5,000 and \$25,000, requires 50:50 cash match, and requires report from the Commission of Agriculture to Legislature ten days prior to making grant.

Sec. 705. Export Program

Allocates \$200,000 for coordinating state participation in the federal Market Access Program and leveraging federal funds for developing new and enhancing existing export markets for state agriculture products.

Sec. 801. Simulcast Revenue Report

Requires monthly report on simulcasting license fee revenues.

Sec. 802. Standardbred Purses and Supplements

Directs use of standardbred purses and supplements—licensed tracks appropriation for four races at state licensed pari-mutuel tracks; allocates \$20,600 to Arabian/Appaloosa horse racing and \$61,900 to quarter horse racing.

Sec. 808. Youth Show

Requires that \$11,400 from the premiums appropriation be used as a grant to the Michigan horse show association fall youth show.

Sec. 810. Michigan Festivals

Allocates funding to Michigan festivals contingent on 100% cash or in-kind match.

Sec. 815. Race Meets at County Fairs

Provides \$50,000 to race meet operators for promotions, capital improvements, or operations at race meets which are conducted on facilities leased from county fairs (Jackson, Mt. Pleasant, Saginaw).

Sec. 816. Fairs and Festivals - VETOED

Allocates \$60,000 to Department to provide grants to the industry for statewide volunteer staff education and promotion of commodities.

Sec. 817. Horse Shows

Allocates \$100,000 for grants to national or international equine events held at MSU.

Supplemental for Fiscal Year 2001-02:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Indemnification Payments - Turkey Farm	Gross	\$0	\$235,000	\$235,000
Indemnification payments for destroying flock due to avian influenza infection.	GF/GP	\$0	\$235,000	\$235,000

**Summary: Enacted Appropriation
FY 2002-03 Environmental Quality
Senate Bill 1104
Public Act 520 of 2002**

Analyst: Kirk Lindquist

	<u>Change from YTD at 5/10/02</u>						
	2001-02 YTD (as of 5/10/02)	Executive	Senate	House	Enacted	FTEs/Dollars	%
FTEs	1678.7	1,596.7	1,596.7	1,596.7	1,596.7	-82	-4.9
Gross	\$470,506,230	\$404,825,600	\$404,907,300	\$404,107,300	\$404,299,600	(\$66,206,630)	-14.1
IDG/IDT	\$17,809,000	\$14,042,900	\$14,042,900	\$14,042,900	\$14,042,900	(\$3,766,100)	-21.1
Federal	\$140,407,600	\$131,531,600	\$131,521,400	\$131,521,400	\$131,521,400	(\$8,886,200)	-6.3
Local	\$1,133,400	\$0	\$0	\$0	\$0	(\$1,133,400)	-100
Private	\$433,700	\$435,700	\$435,700	\$435,700	\$435,700	\$0	0
Restricted	\$227,108,830	\$184,155,300	\$184,157,100	\$187,357,200	\$188,857,100	(\$38,251,730)	-16.8
GF/GP	\$83,613,700	\$74,660,100	\$74,750,200	\$74,750,100	\$69,442,500	(\$14,171,200)	-16.9

OVERVIEW

The Department of Environmental Quality is responsible for the protection, maintenance, and improvement of Michigan's environmental quality. Special attention is given to programs that protect public health and natural resources. The Department was formed in 1995 when its functions were separated from the Department of Natural Resources. Its programs include water and air quality control, environmental health and public water supply protection, storage tank and contaminated site cleanup, brownfield redevelopment, and pollution prevention services.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
1. Water Quality Monitoring: Lake St. Clair	Gross	\$0	\$2,500,100	\$2,500,100
Adds Cleanup and Redevelopment Fund for a grant to St. Clair County to monitor waters flowing into Lake St. Clair.	Restr	0	2,500,100	2,500,100
	GF/GP	\$0	\$0	\$0
2. General Fund Reductions: Pending Gas Tax Increase	Gross	\$0	\$0	(\$990,000)
Reduces several programs to cover possible revenue shortfalls if the proposed \$.35 increase in the cigarette tax was not approved:	Restr	0	\$0	2,000,000
Funding Shift to Waste Reduction Fees . . . \$2,000,000	GF/GP	\$0		(\$2,990,000)
Hazardous Substance Resource Center 250,000				
Soil Erosion Sedimentation Control 140,000				
Finance and Business Services 500,000				
Great Lakes Shorelands 100,000				
3. Early Retirement Savings	Gross	\$0	(\$100)	(\$1,481,000)
Line item established to reflect expected GF/GP savings from the 2002 Early Retirement Program.	GF/GP	\$0	(\$100)	(\$1,481,000)
4. Departmentwide General Fund Savings	Gross	\$0	\$0	(\$746,600)
Line item established to reflect mandatory GF/GP savings.	GF/GP	\$0	\$0	(\$746,600)

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
5. Oil and Gas Orphan Well Plugging and Cleanup	Gross	\$682,700	\$682,700	\$682,700
Adds Oil and Gas Orphan Well Fund revenue to increase the number of abandoned wells which can be plugged each year.	Restr	682,700	682,700	682,700
	GF/GP	\$0	\$0	\$0
6. Oil and Gas Program Field Staff	Gross	\$144,000	\$144,000	\$144,000
Adds Oil and Gas Surveillance Fee revenue to support two additional field geologist positions to monitor and regulate oil and gas development activities.	Restr	144,000	144,000	144,000
	GF/GP	\$0	\$0	\$0
7. Department of Information Technology	Gross	\$0	\$0	\$0
Sets aside funds for the new Department of Information Technology; appropriations (\$7.3 million gross, \$2.9 million GF/GP) are established as interdepartmental grants.	GF/GP	\$0	\$0	\$0
8. Restricted and Federal Fund Adjustments	Gross	(\$11,843,000)	(\$11,843,000)	(\$11,843,000)
Reduces deducts to reflect expected available revenue.	Federal	(748,200)	(748,200))
	Local	(1,133,400)	(1,133,400)	(748,200)
	Restr	(9,961,400)	(9,961,400)	(1,133,400)
	GF/GP	\$0	\$0	(9,961,400)
				\$0
9. Environmental Response Fund Funding Switch	Gross	\$0	\$0	\$0
Replaces GF/GP support for environmental cleanup programs with responsible party and court settlement revenue.	Restr	8,500,000	8,500,000	8,500,000
	GF/GP	(\$8,500,000)	(\$8,500,000)	(\$8,500,000)
10. Remove Clean Michigan Initiative One-Time Grants	Gross	(\$61,014,000)	(\$61,014,000)	(\$61,014,000)
Deletes Clean Michigan Initiative Bond funding for one-time site cleanup and storage tank projects.	Restr	(61,014,000)	(61,014,000))
	GF/GP	\$0	\$0	(61,014,000)
				\$0
11. Arsenic Testing and Education - VETOED	Gross	\$0	\$500,000	\$0
Adds funds to support an arsenic testing program.	Restr	0	500,000	0
	GF/GP	\$0	\$0	\$0
12. Scrap Tire Demonstration Project	Gross	(\$200,000)	\$0	\$0
Restores funds included in FY 2001-02 to demonstrate recycling options for scrap tires.	Restr	(200,000)	0	0
	GF/GP	\$0	\$0	\$0
13. Low Income Community Wastewater Assistance	Gross	\$90,000	\$90,000	\$0
Senate and House restored funding for this program, but it was deleted in the enacted bill.	GF/GP	\$90,000	\$90,000	\$0
14. Early Retirement Terminal Sick Leave Payments and Lump Sum Pay Adjustments	Gross	(\$885,300)	(\$885,300)	(\$885,300)
Provides reduction to partially cover the cost of economic adjustments (\$2.7 million gross, \$1.5 million GF/GP).	Restr	(458,700)	(458,700)	(458,700)
	GF/GP	(\$426,600)	(\$426,600)	(\$426,600)
15. Economic and Inflationary Adjustments	Gross	\$2,096,200	\$2,096,200	\$2,096,200
Provides a 2% salary increase, increased group insurance and workers compensation premiums, and rent adjustments.	Restr	801,200	801,200	801,200
	GF/GP	\$1,295,000	\$1,295,000	\$1,295,000

Major Boilerplate Changes from FY 2001-02:

GENERAL

Sec. 220. Environmental Response Fund Revenue (New)

Requires reporting of the Environmental Response Fund balance.

Major Boilerplate Changes from FY 2001-02:

DEPARTMENT SUPPORT SERVICES

Sec. 301. Lease Cancellations: Knapps Center, Strohs Place, and Shiawassee Field Office (New)

Cancels private leases for space occupied by Department.

SURFACE WATER QUALITY

Sec. 602. Beach Water Quality Information (New) - VETOED

Requires posting signs at public beaches informing users where information on the most recent water quality tests might be found.

Sec. 604. Greening Governments Report (New)

Requires reporting findings included in the recently-published Greening Governments study.

ENVIRONMENTAL ASSISTANCE

Sec. 1003. Toxic Substance Reclamation (New)

Requires studying options to be considered as toxic material removal techniques that might be used by auto recyclers.

Sec. 1202. Information Technology Appropriation - Work Project Status (New)

Gives work project status to the Information Technology appropriation.

GRANTS

Sec. 1204. Loans to Communities to Comply with Federal Arsenic Standards (New)

Allows Department to make loans to communities to assist efforts to comply with arsenic drinking water standards.

Sec. 1205. Grant to St. Clair County: Water Quality Monitoring (New)

Provides funds to establish a comprehensive water quality monitoring program for watersheds feeding into Lake St. Clair.

INFORMATION TECHNOLOGY

Sec. 1301. Schedule of Rates, User Fees, and Other Charges (New)

Provides that Department of Information Technology will establish rates and service charges for FY 2002-03 interdepartmental charges by October 1, 2002.

**Summary: Enacted Appropriation
FY 2002-03 Natural Resources
Senate Bill 1106
Public Act 525 of 2002**

Analyst: Kirk Lindquist

	<u>Change from YTD at 5/10/02</u>						
	2001-02 YTD (as of 5/10/02)	Executive	Senate	House	Enacted	FTEs/Dollars	%
FTEs	2183.5	2,081.5	2,081.5	2,081.5	2,081.5	-102	-4.7
Gross	\$293,502,200	\$254,418,400	\$258,838,900	\$260,244,300	\$255,822,000	(\$37,680,200)	-12.8
IDG/IDT	\$3,416,900	\$3,347,900	\$3,347,900	\$3,347,900	\$3,347,900	(\$69,000)	-2
Federal	\$30,129,000	\$28,727,600	\$28,729,600	\$30,427,300	\$30,427,300	\$298,300	1
Local	\$0	\$0	\$0	\$0	\$0	\$0	0
Private	\$1,860,800	\$1,771,400	\$1,771,400	\$1,793,700	\$1,793,700	(\$67,100)	-3.6
Restricted	\$212,782,400	\$174,932,400	\$175,998,300	\$177,138,800	\$176,338,800	(\$36,443,600)	-17.1
GF/GP	\$45,313,100	\$45,549,100	\$47,446,700	\$47,446,600	\$43,824,300	(\$1,488,800)	-3.3

OVERVIEW

The Department of Natural Resources operates under the direction of the seven-member Natural Resources Commission, and is responsible for management and protection of Michigan's natural resources. Department programs include fisheries, wildlife, forest management, and recreation programs through the state parks system.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
1. Early Retirement Savings	Gross	\$0	(\$100)	(\$1,269,300)
Reduces GF/GP to reflect the initial cut of \$815,000 and an additional \$454,300 to refill vacated positions in other departments. Plan allows DNR to refill 58 (or 1:4) positions departmentwide and allows Department to refill positions funded from restricted sources.	GF/GP	\$0	(\$100)	(\$1,269,300)
2. General Fund Reduction	Gross	\$0	\$0	(\$455,500)
Reduces GF/GP by 1% to meet target agreement.	GF/GP	\$0	\$0	(\$455,500)
3. Payments in Lieu of Taxes	Gross	\$3,162,100	\$3,162,200	\$1,264,600
Adds funds for property tax payments to local governmental units. Executive recommended this appropriation be a grant item—no longer based on a valuation of state purchased property; Senate and House included funding required by statute; Conference Committee funded the GF/GP increase from Section 29 Credit revenue (Environmental Protection Fund), but this change was vetoed by the Governor.	Restr	1,264,500	1,264,600	1,264,600
	GF/GP	\$1,897,600	\$1,897,600	\$0
4. Bovine TB Surveys	Gross	\$2,000,000	\$2,000,000	\$2,000,000
Adds GF/GP to survey the Michigan deer herd for the presence of bovine TB.	GF/GP	\$2,000,000	\$2,000,000	\$2,000,000
5. Federal Land and Water Conservation Grants	Gross	\$0	\$1,500,000	\$1,500,000
Increases grant authorization; the federal budget fully funds this recreation grant program.	Federal	0	1,500,000	1,500,000
	GF/GP	\$0	\$0	\$0
6. State Park and Access Site Cost Adjustments	Gross	\$1,445,800	\$1,445,800	\$1,445,800
Adds funds to support operations, maintenance, and utility costs at state parks and public access sites.	Restr	1,309,000	1,309,000	1,309,000
	GF/GP	\$406,800	\$406,800	\$406,800

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
7. State Park Bond Debt Service	Gross	\$1,200,000	\$1,200,000	\$1,200,000
Increases state park improvement appropriations to cover expected debt service obligations on park improvement bonds.	Restr	1,200,000	1,200,000	1,200,000
	GF/GP	\$0	\$0	\$0
8. Timber Harvest Funding	Gross	(\$2,900,000)	(\$2,900,000)	(\$2,900,000)
Reduces Forest Development Fund appropriations to reflect expected revenues.	Restr	(2,900,000)	(2,900,000)	(2,900,000)
	GF/GP	\$0	\$0	\$0
9. Cooperative Resource Programs	Gross	\$0	\$400,000	\$400,000
Reinstates local assistance program (through local soil conservation districts); funding was deleted in Executive Order 2001-9.	Restr	0	400,000	400,000
	GF/GP	\$0	\$0	\$0
10. Economic and Inflationary Adjustments	Gross	\$1,346,300	\$1,346,300	\$1,346,300
Provides a 2% salary increase, increased group insurance and worker's compensation premiums, and rent adjustments.	Restr	1,064,100	1,064,100	1,064,100
	GF/GP	\$282,200	\$282,200	\$282,200

Major Boilerplate Changes from FY 2001-02:

Sec. 216. Early Retirement Savings (New)

Provides that budget savings will be made from this line item by legislative transfer.

WILDLIFE MANAGEMENT

Sec. 604. Chronic Wasting Disease (New)

Directs Department to develop a strategy to address chronic wasting disease in wildlife populations.

PARKS AND RECREATION

Sec. 803. Park Construction Projects (Revised)

Includes a new report on state park use and revenue.

FOREST, MINERAL, AND FIRE MANAGEMENT

Sec. 907. Emergency Appropriation - Abandoned Mineshaft Collapse (New)

Adds \$350,000 GF/GP for emergency expenditure if recommended by the State Budget Director.

Sec. 1051. Payment In Lieu of Taxes - Environmental Protection Fund (New) - VETOED

Expresses legislative intent for the funding shift from GF/GP to Section 29 Credit revenue.

INFORMATION TECHNOLOGY

Sec. 1201. Schedule of Rates, User Fees, and Other Charges (New)

States that Department of Information Technology is to establish rates and service charges for FY 2002-03 interdepartmental charges by October 1, 2002.

Sec. 1202. Information Technology Appropriation-Work Project Status (New)

Gives work project status to the Information Technology appropriation.

FY 2001-2001 GRANTS

Sec. 1501. Marine Safety Grants - Boat Noise Abatement Study (New)

Directs Michigan State University to develop equipment to measure sound levels of watercraft engines. Funds to be matched with contributions from lake property associations.

Supplemental for FY 2001-02:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
1. Payments in Lieu of Taxes (New)	Gross	\$771,000	\$771,000	\$202,300
Adds funds for payment of property tax obligations to local governmental units. Executive recommended this appropriation be a grant item—no longer based on a valuation of state purchased property. Governor vetoed the Environmental Protection Fund appropriation that would have replaced GF/GP support.	Restr	172,300	172,300	202,300
	GF/GP	\$598,700	\$598,700	\$0

Supplemental for FY 2001-02:

2. Watercraft Noise Abatement Study (New)

Adds funds to cover FY 2001-02 payments. This discontinues the practice of paying for current-year grants from the request year appropriation and provides \$35,000 for a watercraft noise abatement study.

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Gross	\$0	\$35,000	\$35,000
Restr	0	35,000	35,000
GF/GP	\$0	\$0	\$0

**FY 2002-03
Budget Detail
for
SAFETY AND DEFENSE**

**Military and Veterans Affairs
State Police**

**Summary: Enacted Appropriation
FY 2002-03 Military and Veterans Affairs
House Bill 5649
Public Act 514 of 2002**

Analyst: Kyle I. Jen

	<u>Change from YTD at 5/10/02</u>						
	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	1,090.5	1,079.0	1,135.0	1,079.0	1,079.0	(11.5)	(1.1)
Gross	\$100,487,975	\$104,237,500	\$107,837,600	\$104,265,300	\$103,364,700	\$2,876,725	2.9
IDG/IDT	\$110,000	\$200,000	\$200,000	\$200,000	\$200,000	\$90,000	81.8
Federal	\$36,556,100	\$39,114,500	\$47,214,500	\$38,614,500	\$39,114,500	\$2,558,400	7.0
Local	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Private	\$530,000	\$530,000	\$530,000	\$530,000	\$530,000	\$0	0.0
Restricted	\$23,252,400	\$23,437,600	\$23,437,600	\$23,437,600	\$23,437,600	\$185,200	0.8
GF/GP	\$40,039,475	\$40,955,400	\$36,455,500	\$41,483,200	\$40,082,600	\$43,125	0.1

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 also 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 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Grants to Veterans Service Organizations	Gross	\$891,625	\$919,525	\$919,525
Restores grants to pre-Executive Order FY 2001-02 levels and includes increase of \$27,900 for Catholic War Veterans.	GF/GP	\$891,625	\$919,525	\$919,525
2. Military Retirement	Gross	\$175,100	\$175,100	\$175,100
Reflects projected cost increases for statutorily-required \$600 payments to retired National Guard members and special duty officer retirement payments.	GF/GP	\$175,100	\$175,100	\$175,100
3. D.J. Jacobetti Veterans Home - Cost Increases	Gross	\$87,500	\$87,500	\$87,500
Includes projected cost increases for electric utility and housekeeping services at the home.	GF/GP	\$87,500	\$87,500	\$87,500
4. Grand Rapids Veterans Home - Medicaid	FTEs	55.0	0.0	0.0
Rejects original Executive plan to achieve full Medicaid certification as infeasible; instead, offsets GF/GP with smaller amount of Medicaid revenue.	Gross	\$3,600,000	\$0	\$0
	Federal	8,600,000	0	500,000
	GF/GP	(\$5,000,000)	\$0	(\$500,000)
5. Lump Sum Payments	Gross	(\$331,600)	(\$331,600)	(\$331,600)
Removes \$375 lump sum payments made to state employees in current year.	Federal	(124,200)	(124,200)	(124,200)
	Restr	(77,300)	(77,300)	(77,300)
	GF/GP	(\$130,100)	(\$130,100)	(\$130,100)

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
6. 1997 Early Retirement	Gross	(\$76,100)	(\$76,100)	(\$76,100)
Removes appropriation (made over five-year period) for leave payouts associated with 1997 early retirement package.	Federal	(17,300)	(17,300)	(17,300)
	Restr	(15,700)	(15,700)	(15,700)
	GF/GP	(\$43,100)	(\$43,100)	(\$43,100)
7. 2002 Early Retirement	Gross	\$0	(\$100)	(\$463,200)
Includes negative appropriation reflecting 1:4 replacement of GF/GP-funded early retirees—with an exemption for direct care workers at the two veterans homes (1:1 replacement); reductions to be applied to specific line items through legislative transfer process.	GF/GP	\$0	(\$100)	(\$463,200)
8. Budgetary Savings	Gross	\$0	\$0	(\$409,600)
Includes negative appropriation equal to 1.0% of Revised Executive Recommendation GF/GP; reductions to be applied to specific line items through legislative transfer process.	GF/GP	\$0	\$0	(\$409,600)
9. Headquarters and Armories	Gross	\$0	\$0	(\$27,900)
Reduces Headquarters and Armories line item to offset grant increase for Catholic War Veterans (see Item 1 above).	GF/GP	\$0	\$0	(\$27,900)
10. Information Technology	FTEs	(10.0)	(11.0)	(11.0)
Transfers \$1.2 million in appropriations for information technology functions to new appropriations unit; funds to be passed through as IDG to new Department of Information Technology (DIT). Reflects transfer of 11 positions to DIT's authority.	Gross	\$0	\$0	\$0
	GF/GP	\$0	\$0	\$0
11. National Guard Maintenance	Gross	\$1,998,000	\$1,998,000	\$1,998,000
Reflects expected increase in federal funding for maintenance at National Guard facilities.	Federal	1,998,000	1,998,000	1,998,000
	GF/GP	\$0	\$0	\$0
12. Economic Adjustments	Gross	\$1,115,700	\$1,115,700	\$1,115,700
Includes 2.0% increase for salaries and wages and other standard adjustments.	Federal	371,900	371,900	371,900
	Restr	278,200	278,200	278,200
	GF/GP	\$465,600	\$465,600	\$465,600

Major Boilerplate Changes from FY 2001-02:**Sec. 206. Contingency Funds**

Increases federal contingency funds from \$2.9 million to \$5.0 million and state restricted contingency funds from \$1.5 million to \$2.0 million.

Sec. 212. National Guard Education Assistance Program

Increases disbursement limit for tuition payments to \$2.0 million.

Sec. 213. Armory Closure or Consolidation (New)

Requires Department to consult with appropriations subcommittees regarding the projected closing or consolidation of any National Guard armories.

Sec. 259. Information Technology - User Fees (New)

Provides that funds appropriated for Information Technology be paid as user fees to Department of Information Technology, subject to an interagency agreement.

Sec. 260. Information Technology - Work Projects (New)

States that funds appropriated for Information Technology may be designated as work projects under the Management and Budget Act.

Sec. 261. Early Retirement and Budgetary Savings (New)

Provides for transfer of negative appropriations for early retirement and budgetary savings to line items in which savings are realized.

Major Boilerplate Changes from FY 2001-02:

Sec. 302(2). Challenge Program - Payment by Parents (New)

Allows Department to charge a parent or guardian of a Challenge Program participant an amount up to the per-student state share of program costs; specifies income threshold of 200% of federal poverty guidelines.

Sec. 303. Oak Park Armory Reappraisal

States that section does not amend Michigan Military Act.

Sec. 304. Challenge Program - Partnership with Family Independence Agency (FIA) (New)

Directs Department to partner with FIA to identify eligible youth for the program, with such youth to be given priority for enrollment in the program.

Sec. 401. National Guard Armory Construction Fund

Removes language appropriating funds from National Guard Armory Construction Fund.

Sec. 502. Veterans of World War I

Removes language calling for provision of services to veterans of World War I.

Sec. 604. Board of Managers Appropriations

Removes language specifying work project status for veterans home board of managers appropriations.

Sec. 701. Veterans Benefit Review Hearing

Removes language providing for a veterans benefit review hearing.

**Summary: Enacted Appropriation
FY 2002-03 State Police
House Bill 5650
Public Act 526 of 2002**

Analyst: Kyle I. Jen

						<u>Change from YTD at 5/10/02</u>	
	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	3,651.5	3,441.5	3,443.5	3,448.5	3,448.5	(203.0)	(5.6)
Gross	\$412,486,400	\$416,444,600	\$415,247,900	\$419,697,700	\$415,632,200	\$3,145,800	0.8
IDG/IDT	\$19,927,500	\$16,750,700	\$17,882,800	\$19,282,800	\$19,282,800	(\$644,700)	(3.2)
Federal	\$44,770,700	\$45,570,500	\$45,570,500	\$45,570,500	\$45,570,500	\$799,800	1.8
Local	\$4,506,600	\$3,913,700	\$3,913,700	\$3,913,700	\$3,913,700	(\$592,900)	(13.2)
Private	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Restricted	\$50,661,600	\$60,626,900	\$57,212,900	\$59,862,900	\$59,816,900	\$9,155,300	18.1
GF/GP	\$292,620,000	\$289,946,800	\$290,668,000	\$291,067,800	\$287,048,300	(\$5,571,700)	(1.9)

OVERVIEW

The Department of State Police engages in a wide range of law enforcement activities—including highway patrol, criminal investigations, forensic sciences, motor carrier enforcement, emergency management, highway safety planning, fire investigation and education, criminal justice data processing, and various specialized law enforcement services. The Department's responsibilities also include oversight of law enforcement standards in the state and administration of several grant programs for local law enforcement agencies.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Secondary Road Patrol Grants	Gross	\$4,500,000	\$4,500,000	\$4,500,000
Reflects full-year phase-in of increased traffic citation assessment (from \$5 to \$10) and eliminates remaining GF/GP appropriation.	Restr	6,103,800	6,103,800	6,103,800
	GF/GP	(\$1,603,800)	(\$1,603,800)	(\$1,603,800)
2. Concealed Weapon Implementation	Gross	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
Removes appropriation for implementing statutory provisions regarding concealed weapon licenses.	GF/GP	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
3. Grant to City of Detroit	Gross	\$0	\$0	(\$721,100)
Eliminates grant (also see vetoed Sec. 701 below).	GF/GP	\$0	\$0	(\$721,100)
4. Fire Fighter Training	Gross	\$0	\$400,000	\$0
Excludes funds for fire fighter training programs provided by Michigan State University School of Industrial Relations.	GF/GP	\$0	\$400,000	\$0
5. Positions Reductions	FTEs	(40.0)	(40.0)	(40.0)
Eliminates 40 vacant positions (40.0 FTEs) to offset GF/GP compensation-related economic adjustments. Eliminated positions reflected in the following line items: 29 At-Post Troopers, 6 Security Guards, 5 Criminal Investigations.	Gross	(\$3,434,100)	(\$3,434,100)	(\$3,434,100)
	GF/GP	(\$3,434,100)	(\$3,434,100)	(\$3,434,100)

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
6. Lump Sum Payments	Gross	(\$1,195,700)	(\$1,195,700)	(\$1,195,700)
Removes \$375 lump sum payments made to state employees in current year.	IDG/IDT	(70,900)	(70,900)	(70,900)
	Federal	(59,700)	(59,700)	(59,700)
	Restr	(123,000)	(123,000)	(123,000)
	GF/GP	(\$942,100)	(\$942,100)	(\$942,100)
7. 1997 Early Retirement	Gross	(\$206,800)	(\$206,800)	(\$206,800)
Removes appropriation (made over five-year period) for leave payouts associated with 1997 early retirement package.	IDG/IDT	(12,200)	(12,200)	(12,200)
	Federal	(5,500)	(5,500)	(5,500)
	Restr	(4,500)	(4,500)	(4,500)
	GF/GP	(\$184,600)	(\$184,600)	(\$184,600)
8. Budgetary Savings	Gross	\$0	\$0	(\$2,899,500)
Includes negative appropriation equal to 1.0% of Revised Executive Recommendation GF/GP; reductions to be applied to specific line items through legislative transfer process.	GF/GP	\$0	\$0	(\$2,899,500)
9. 2002 Early Retirement	Gross	\$0	(\$100)	\$1,000
Includes small positive adjustment for early retirement, rather than savings, to reflect offset of position vacancy savings (Item 5 above); legislative transfers may still be necessary to reflect line items in which savings actually occur. Early retirement calculations assume 1:4 position replacement.	GF/GP	\$0	(\$100)	\$1,000
10. Information Technology	FTEs	(155.0)	(157.0)	(157.0)
Transfers \$22.7 million in appropriations for information technology functions to new appropriations unit; funds to be passed through as IDG to new Department of Information Technology (DIT). Reflects transfer of 157.0 FTEs to DIT's authority.	Gross	\$0	\$0	\$0
	GF/GP	\$0	\$0	\$0
11. Anti-Terrorism Equipment Grants	Gross	\$2,750,100	\$2,750,100	\$2,750,100
Recognizes expected increase in federal revenue for anti-terrorism equipment grants to local units.	Federal	2,750,100	2,750,100	2,750,100
	GF/GP	\$0	\$0	\$0
12. DNA Processing Fees	Gross	\$1,600,000	\$1,600,000	\$1,600,000
Appropriates revenue from new DNA processing assessment for criminal convicts. Under statute, Department receives \$39 from \$60 assessment.	Restr	1,600,000	1,600,000	1,600,000
	GF/GP	\$0	\$0	\$0
13. Motor Carrier Enforcement - Federal	Gross	\$1,077,500	\$1,077,500	\$1,077,500
Appropriates additional federal revenue and matching funds (motor carrier fees) for commercial vehicle safety inspections.	Federal	860,500	860,500	860,500
	Restr	217,000	217,000	217,000
	GF/GP	\$0	\$0	\$0
14. Reimbursed Services	Gross	\$745,300	\$745,300	\$745,300
Appropriates additional revenue for various contractual services provided by Department to outside entities.	Restr	745,300	745,300	745,300
	GF/GP	\$0	\$0	\$0
15. Motor Carrier Enforcement - IDG	FTEs	(13.0)	(0.0)	(0.0)
Restores IDG funds from State Trunkline fund; funds appropriated, but not expended, in the current year for new motor carrier officer positions.	Gross	(\$1,400,000)	\$0	\$0
	IDG	(1,400,000)	0	0
	GF/GP	\$0	\$0	\$0
16. Fee-Related Restricted Funds	FTEs	0.0	(6.0)	(6.0)
Removes all but \$50,000 of licensing fee-related funds reflecting statutory transfer of private security guard and detective licensing responsibilities to Department of Consumer and Industry Services (see Secs. 503 and 1303 below).	Gross	(\$3,050,000)	(\$400,000)	(\$400,000)
	Restr	(3,050,000)	(400,000)	(400,000)
	GF/GP	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
17. Economic Adjustments	Gross	\$5,811,000	\$5,811,000	\$5,811,000
Includes 2.0% increase for salaries and wages and other standard adjustments.	IDG/IDT	193,300	193,300	193,300
	Federal	114,300	114,300	114,300
	Restr	302,700	302,700	302,700
	GF/GP	\$5,200,700	\$5,200,700	\$5,200,700

Major Boilerplate Changes from FY 2001-02:**Sec. 213. Forfeiture Funds**

Removes section granting Department receive and expend authority for forfeiture funds.

Sec. 214. Citation Quota Prohibition

Removes section prohibiting law enforcement agencies receiving GF/GP funds from evaluating employees on the basis of motor vehicle citations issued.

Sec. 215. Sex Offenders Registry Website

Removes section providing for maintenance of sex offenders registry website.

Sec. 217. State Aircraft Plans

Removes section requiring coordination of state aircraft plans.

Sec. 221. School Violence Hotline

Adds language to allow Department to expend funds for promotion of hotline.

Sec. 222. At-Post Trooper Level

Restricts the use of funds appropriated in the At-Post Troopers line to trooper-related costs, requires the Department to conduct one or more trooper schools with the goal of graduating 110 troopers, and requires submission of a report, by November 15, 2002, on accomplishing that goal—including a plan outlining additional funding necessary if insufficient funds exist.

Sec. 224. Post Closure or Consolidation (New)

Requires Department to notify subcommittees not less than 180 days before recommending to close or consolidate any post.

Sec. 261. Early Retirement and Budgetary Savings (New)

Provides for transfer of negative appropriation for budgetary savings to line items in which savings are realized.

Sec. 262. Jackson Joint Facility - VETOED

States legislative intent that Department engage in cooperative efforts with local law enforcement agencies and requires a feasibility study on a joint facility for the Jackson State Police Post, Jackson County Sheriff's Department, and City of Jackson Police Department. Negative adjustment of \$25,000 in restricted funds applied to At-Post Troopers line in conjunction with veto of this section.

Sec. 263. Assistance to City of Highland Park (New)

Requires Department to provide general law enforcement assistance to the City of Highland Park until such services can be provided to the city by other means.

Sec. 303. Information Technology - User Fees (New)

Provides that funds appropriated for Information Technology be paid as user fees to Department of Information Technology, subject to an interagency agreement.

Sec. 304. Information Technology - Work Projects (New)

States that funds appropriated for Information Technology may be designated as work projects under Management and Budget Act.

Sec. 307. Access to Probation Information

Replaces current-year section requiring a feasibility study on providing law enforcement officers with access to probation information with language requiring placement of such information on the Law Enforcement Information Network, as well as submission to subcommittees of any amendments to statute necessary to accomplish this goal.

Sec. 401. Secondary Road Patrol and Training Fund

Replaces current-year section granting Department receive-and-expend authority for Secondary Road Patrol and Training Fund revenue with language requiring quarterly reports on fund collections—including comparisons to grant distribution, appropriation, and expenditure levels.

Major Boilerplate Changes from FY 2001-02:

Secs. 503 and 1303. Fee-Related Restricted Revenue

Excludes language to appropriate \$2.8 million in restricted funds if Senate Bill 928 is enacted (Sec. 503) and \$250,000 in restricted funds if Senate Bills 425 and 929 are enacted (Sec. 1303). Referenced bills have all been enacted. (See Item 16 above.)

Sec. 701. Grant to City of Detroit - VETOED

Appropriates GF/GP grant at current-year level (\$431,400 for crime lab; \$289,700 for special events account) if tax on cigarettes is increased by 30 cents per pack or more by September 30, 2002—incorporating versions of both current-year language requiring an annual report and language stating legislative intent that city's crime lab become accredited by American Society of Crime Laboratory Directors and qualified to input data into Combined DNA Identification System within three years. Subsequent veto eliminates appropriation despite enactment of cigarette tax increase.

Sec. 703. Evidence Collection by Health Care Providers

Replaces current-year language requiring study on evidence collection by health care providers in sexual assault cases with language requiring Department to work with various health organizations to ensure that specified evidence collection recommendations are followed.

Sec. 802. Community Policing

Removes section providing for implementation and update of community policing curriculum.

Sec. 902. Fire Fighter Training

Excludes section allocating \$400,000 for fire fighter training programs provided by the Michigan State University School of Labor and Industrial Relations (see Item 4 above).

Sec. 1101. Alcohol Check Lanes

Removes section prohibiting expenditure of funds for alcohol check lanes.

Sec. 1102. Maximum Number of Troopers

Removes section stating legislative intent for Department to maintain maximum number of troopers from funds appropriated.

Sec. 1202. Aeronautics Safety Officer - VETOED

Requires Department to fund 1/3 the cost of an aeronautics safety officer position within the Department of Transportation; subsequently vetoed. Negative adjustment of \$21,000 in restricted funds applied to Aviation Program line in conjunction with veto of this section.

Sec. 1203. Recovery Boats (New)

Requires Department to station at least one recovery boat within the Upper Peninsula.

Sec. 1302. Licensing Fee Revenue

Grants Department receive-and-expend authority for private security guard and detective licensing fee revenue.

Sec. 1303 and 503. Fee-Related Restricted Revenue

Excludes language to appropriate \$2.8 million in restricted funds if Senate Bill 928 is enacted (Sec. 503) and \$250,000 in restricted funds if Senate Bills 425 and 929 are enacted (Sec. 1303). Referenced bills have all been enacted. (See Item 16 above.)

Sec. 1401. School Bus Inspections

Replaces current-year language providing for annual inspection of school buses in state with language requiring a report on such inspections conducted in calendar year 2002 under statutory requirements. Retains existing language requiring certificates to be awarded to school systems with 100% successful inspections.

Sec. 1402. Motor Carrier Enforcement (New)

Expresses legislative intent that funds appropriated for Motor Carrier Enforcement Division be used to the maximum extent possible and requires a report on the allocation of funds appropriated for the division.

**FY 2002-03
Budget Detail
for
ALL OTHER**

**Capital Outlay
History, Arts, and Libraries
Judiciary
Transportation**

**Summary: Enacted Appropriation
FY 2002-03 Capital Outlay
Senate Bill 1099
Public Act 518 of 2002**

Analyst: Al Valenzio

	2001-02 YTD (as of 5/10/02)						Change from YTD at 5-10-02	
		Executive	Senate	House	Enacted	FTEs/Dollars	%	
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Gross	\$486,161,200	\$565,269,900	\$577,271,600	\$577,271,800	\$577,269,900	\$91,108,700	18.7	
IDG/IDT	\$7,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	(\$3,000,000)	(42.9)	
Federal	\$106,332,000	\$167,542,000	\$167,542,000	\$167,542,000	\$167,542,000	\$61,210,000	57.6	
Local	\$26,000,000	\$43,000,000	\$43,000,000	\$43,000,000	\$43,000,000	\$17,000,000	65.4	
Private	\$1,250,000	\$0	\$0	\$0	\$0	(\$1,250,000)	(100.0)	
Restricted	\$43,109,000	\$46,245,000	\$58,245,000	\$58,245,000	\$58,245,000	\$15,136,000	35.1	
GF/GP	\$302,470,200	\$304,482,900	\$304,484,600	\$304,484,800	\$304,482,900	\$2,012,700	0.7	

OVERVIEW

The Capital Outlay budget and process can be defined as the “budgetary and administrative functions devoted to the financing and planning for the acquisition, construction, renovation, and maintenance of facilities used by a state agency, public university, or community college.” Within the framework of the planning process, it is essential that the executive and legislative branches work cooperatively in order to achieve the timely completion of a building project. Even so, statutory provisions contain numerous oversight and approval action steps that define the respective roles of each branch in the capital outlay process.

The Governor vetoed all nineteen new project planning authorizations for State Building Authority projects for universities and community colleges. There are no cost and construction authorizations for projects that received planning authorizations in previous budget acts in this budget act.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
1. Airport Safety and Protection	Gross	\$90,278,000	\$90,278,000	\$90,278,000
Provides additional state, federal, and local funds to help implement the Airport Safety and Protection (ASAP) Plan. These new safety and security initiatives are currently being developed at the federal level, and will likely include airport access control, passenger, baggage, employee screening, and terminal modifications. Part of the recommendation is to issue and use \$60.0 million of Comprehensive Transportation Fund bonds for these initiatives to help generate additional federal funds.	Federal	61,278,000	61,278,000	61,278,000
	Local	17,000,000	17,000,000	17,000,000
	Restr	12,000,000	12,000,000	12,000,000
	GF/GP	\$0	\$0	\$0
2. Detroit Metro Airport Midfield Terminal Project	Gross	(\$8,000,000)	(\$8,000,000)	(\$8,000,000)
Provides \$12.0 million to help fund this \$1.2 billion project. Appropriation represents final payment for the state's \$69.5 million commitment; it also represents a 40.0% reduction from current year.	GF/GP	(\$8,000,000)	(\$8,000,000)	(\$8,000,000)
3. Airport Improvement Program	Gross	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)
Eliminates discretionary GF/GP appropriations to support airport projects.	GF/GP	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
4. State Building Authority Rent	Gross	\$16,487,700	\$16,487,700	\$16,487,700
Provides a 6.0% increase—based on estimates of when new building projects will come on line both this year and next, and previous spending patterns.	Restr	475,000	475,000	475,000
	GF/GP	\$16,012,700	\$16,012,700	\$16,012,700
5. Natural Resources - Boating Program, Mackinac Island Marina Expansion	Gross	\$9,025,000	\$9,025,000	\$9,025,000
Provides funding for a project, originally authorized in 1998, which entails installation of an additional 72-82 mooring slips, a new breakwater, dredging work, and remodeling the harbor master's quarters and restroom/shower building. Project cost is estimated at \$11.0 million (not including property acquisition costs).	Restr	9,025,000	9,025,000	9,025,000
	GF/GP	\$0	\$0	\$0
6. Natural Resources - Boating Program, Mackinaw City, New Marina	Gross	(\$1,150,000)	(\$1,150,000)	(\$1,150,000)
Reduces current-year funding, but provides final-phase funding of \$3.0 million for completion of this new state-owned marina at Mackinaw City.	Federal	1,425,000	1,425,000	1,425,000
	Restr	(2,575,000)	(2,575,000)	(2,575,000)
	GF/GP	\$0	\$0	\$0
7. Natural Resources - Boating Program, Infrastructure Improvements, Field Initiatives, and Engineering Studies	Gross	\$1,750,000	\$1,750,000	\$1,750,000
Provides an increase of 106.0% for this lump-sum contingency account which is used for preventive/special maintenance, electrical/utility upgrades, and engineering work under the state's harbors and docks program.	Federal	1,750,000	1,750,000	1,750,000
	GF/GP	\$0	\$0	\$0
8. Natural Resources - Boating Program, Traverse City, Basin Upgrade and Breakwater Construction	Gross	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
Reduces current-year funding, but provides final-phase funding of \$2.5 million for completion of this \$10.0 million upgrade project.	Restr	(2,500,000)	(2,500,000)	(2,500,000)
	GF/GP	\$0	\$0	\$0
9. Natural Resources - Boating Program, Escanaba, North Shore Boating Access Site	Gross	\$1,000,000	\$1,000,000	\$1,000,000
Permits appropriation of federal funds for development of this access site. Total project cost estimated at \$1.3 million.	Federal	1,000,000	1,000,000	1,000,000
	GF/GP	\$0	\$0	\$0
10. Natural Resources - Deer Habitat Development and Acquisition	Gross	\$1,500,000	\$1,500,000	\$1,500,000
Provides a lump-sum contingency account to purchase and develop lands as they become available to provide greater deer hunting opportunities.	Restr	1,500,000	1,500,000	1,500,000
	GF/GP	\$0	\$0	\$0
11. Michigan Department of Transportation (MDOT) - Monroe Welcome Center, Construction Authorization	Gross	\$3,000,000	\$3,000,000	\$3,000,000
Allows for construction of a proto-typical rest stop/welcome center for tourists traveling on the state's highways. The basic design will be used for several centers at key entry points along the state's borders.	Restr	3,000,000	3,000,000	3,000,000
	GF/GP	\$0	\$0	\$0
12. MDOT - New Project Offices	Gross	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
Eliminates one-time appropriations to construct new transportation service centers (TSCs) at Brighton, Cadillac, and Taylor, and authorizes a new TSC at Grayling as well as a new regional office at Gaylord; each is estimated to cost \$1.0 million.	Restr	(1,000,000)	(1,000,000)	(1,000,000)
	GF/GP	\$0	\$0	\$0
13. Farmland and Open Space Development Acquisition	Gross	\$2,500,000	\$2,500,000	\$2,500,000
Provides for anticipated federal United States Department of Agriculture (USDA) funds to support protection of farmland and open spaces through the purchase of property development rights.	Federal	2,500,000	2,500,000	2,500,000
	GF/GP	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
14. Project Planning Authorization - Alpena Community College (CC) - Campus Renovations - VETOED	Gross	\$100	\$100	\$0
	GF/GP	\$100	\$100	\$0
Authorizes the college to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$3.5 million with state share estimated at \$1.8 million.				
15. Project Planning Authorization - Bay de Noc CC - Dickinson County Facility - VETOED	Gross	\$100	\$100	\$0
	GF/GP	\$100	\$100	\$0
Authorizes the college to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$5.3million with state share estimated at \$2.6 million.				
16. Project Planning Authorization - Central Michigan University (CMU) - Education Building - VETOED	Gross	\$100	\$100	\$0
	GF/GP	\$100	\$100	\$0
Authorizes CMU to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$50.0 million with state share estimated at \$37.5 million.				
17. Project Planning Authorization - Delta College - Allied Health and Nursing Wing - VETOED	Gross	\$100	\$100	\$0
	GF/GP	\$100	\$100	\$0
Authorizes the college to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$9.7 million with state share estimated at \$4.9 million.				
18. Project Planning Authorization - Eastern Michigan University (EMU) - Pray-Harold Classroom Building - VETOED	Gross	\$100	\$100	\$0
	GF/GP	\$100	\$100	\$0
Authorizes EMU to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$37.8 million with state share estimated at \$28.4 million.				
19. Project Planning Authorization - Ferris State University (FSU) - Optometry Building - VETOED	Gross	\$100	\$100	\$0
	GF/GP	\$100	\$100	\$0
Authorizes FSU to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$40.0 million with state share estimated at \$30.0 million.				
20. Project Planning Authorization - Grand Rapids CC - Campus Renovations - VETOED	Gross	\$0	\$100	\$0
	GF/GP	\$0	\$100	\$0
Authorizes the college to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$1.7 million with state share estimated at \$850,000.				
21. Project Planning Authorization - Grand Valley State University (GVSU) - Library Addition and Remodeling - VETOED	Gross	\$0	\$100	\$0
	GF/GP	\$0	\$100	\$0
Authorizes GVSU to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$80.6 million with state share estimated at \$60.5 million.				
22. Project Planning Authorization - Jackson CC - New Downtown Center - VETOED	Gross	\$100	\$100	\$0
	GF/GP	\$100	\$100	\$0
Authorizes the college to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$6.6 million with state share estimated at \$3.3 million.				
23. Project Planning Authorization - Kalamazoo Valley CC - Center for New Media - VETOED	Gross	\$100	\$100	\$0
	GF/GP	\$100	\$100	\$0
Authorizes the college to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$17.0 million with state share estimated at \$8.5 million.				

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
24. Project Planning Authorization - Lansing CC - Master Plan Phase I - VETOED	Gross GF/GP	\$100 \$100	\$100 \$100	\$0 \$0
Authorizes the college to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$29.6 million with state share estimated at \$14.8 million.				
25. Project Planning Authorization - Muskegon CC - Library Project - VETOED	Gross GF/GP	\$100 \$100	\$100 \$100	\$0 \$0
Authorizes the college to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$4.5 million with state share estimated at \$2.3 million.				
26. Project Planning Authorization - North Central Michigan College - University and Science Center - VETOED	Gross GF/GP	\$100 \$100	\$100 \$100	\$0 \$0
Authorizes the college to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$11.9 million with state share estimated at \$5.9 million.				
27. Project Planning Authorization - Schoolcraft College - Technical Services Facility - VETOED	Gross GF/GP	\$100 \$100	\$100 \$100	\$0 \$0
Authorizes the college to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$8.7 million with state share estimated at \$4.4 million.				
28. Project Planning Authorization - Southwestern Michigan College - Remodel Wood Street Facility and Expand M-TECH Facility - VETOED	Gross GF/GP	\$100 \$100	\$100 \$100	\$0 \$0
Authorizes the college to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$2.9 million with state share estimated at \$1.5 million.				
29. Project Planning Authorization - University of Michigan - Ann Arbor - School of Public Health Building - VETOED	Gross GF/GP	\$100 \$100	\$100 \$100	\$0 \$0
Authorizes the university to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$65.0 million with state share estimated at \$48.8 million.				
30. Project Planning Authorization - Washtenaw CC - Campus Renovations and Science Lab Upgrade - VETOED	Gross GF/GP	\$100 \$100	\$100 \$100	\$0 \$0
Authorizes the college to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$24.0 million with state share estimated at \$12.0 million.				
31. Project Planning Authorization - West Shore CC - Media Center Building - VETOED	Gross GF/GP	\$100 \$100	\$100 \$100	\$0 \$0
Authorizes the college to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$3.4 million with state share estimated at \$1.7 million.				
32. Project Planning Authorization - Western Michigan University (WMU) - Education Building - VETOED	Gross GF/GP	\$100 \$100	\$100 \$100	\$0 \$0
Authorizes WMU to hire professionals to do programming and schematic plans for the project within three years. Project is estimated to cost \$30.0 million with state share estimated at \$22.5 million.				
33. Willow Run Airport Renovations	Gross GF/GP	(\$1,000,000) (\$1,000,000)	(\$1,000,000) (\$1,000,000)	(\$1,000,000) (\$1,000,000)
Completes the state's \$14.0 million multi-year commitment to help fund extensive airport renovations.				

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
34. MDOT - Coldwater Welcome Center	Gross	(\$2,750,000)	(\$2,750,000)	(\$2,750,000)
Eliminates one-time appropriation to construct this building.	Restr	(2,750,000)	(2,750,000)	(2,750,000)
	GF/GP	\$0	\$0	\$0
35. Natural Resources - Boating Program - Land Acquisitions	Gross	\$700,000	\$700,000	\$700,000
Uses this lump-sum contingency account to purchase properties along the Great Lakes for development of harbors and docks.	Restr	700,000	700,000	700,000
	GF/GP	\$0	\$0	\$0

Major Boilerplate Changes from FY 2001-02:

Sec. 203. Buy Michigan Products

States that appropriations shall not be used to purchase non-Michigan goods/services if competitively priced and comparable quality Michigan goods/services are available.

Sec. 603. Management and Budget - Special Maintenance, Spending From Operating Accounts

Prohibits expenditures of more than \$1.0 million from operating accounts for major special maintenance unless specifically appropriated by the Legislature.

Sec. 706. Reserve to Purchase Leased Space From State Building Authority (SBA) Bonds - DELETED

Allows Department of Management and Budget (DMB) to purchase non-state-owned lease space to be financed with SBA bond proceeds. Set-aside is capped at \$35.0 million. This current-year section has been deleted.

Sec. 1203. Natural Resources, Transfer of Funds

Allows the Department of Natural Resources (DNR) to transfer \$4.9 million from the Harbor Development Fund to the Waterways Fund to finance projects in Part 1.

**Summary: Enacted Appropriation
FY 2002-03 History, Arts and Libraries
House Bill 5647
Public Act 523 of 2002**

Analyst: Steve Stauff

	2001-02 YTD (as of 5/10/02)	Change from YTD at 5/10/02					
		Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	145.7	246.5	247.5	247.5	247.5	101.8	69.9
Gross	\$74,545,700	\$72,264,900	\$72,264,900	\$72,314,800	\$71,486,200	(\$3,059,500)	(4.1)
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	\$7,111,800	\$7,111,300	\$7,111,300	\$7,111,300	\$8,111,300	\$999,500	14.1
Local	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Private	\$577,400	\$577,400	\$577,400	\$577,400	\$577,400	\$0	0.0
Restricted	\$2,247,400	\$1,900,900	\$1,900,900	\$1,900,900	\$1,900,900	(\$346,500)	(15.4)
GF/GP	\$64,609,100	\$62,675,300	\$62,675,300	\$62,725,200	\$60,896,600	(\$3,712,500)	(5.8)

OVERVIEW

The Department of History, Arts and Libraries (HAL) administers programs in four major areas: arts and cultural affairs, which includes administration of Michigan's Arts and Cultural Grants program; the 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; the historical program, which includes the historical museum system, historical publications, archaeological, and lighthouse preservation activities; library services, providing reference services to the public and Legislative, Executive, and Judicial branches of state government, as well as assisting public libraries statewide.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Transfers from Department of Natural Resources (DNR), Department of State (DOS), and Consumer and Industry Services (CIS)	FTEs	4.0	4.0	4.0
	Gross	\$461,800	\$461,800	\$461,800
	GF/GP	\$461,800	\$461,800	\$461,800
Transfers 1.0 FTE at \$50,000 from DNR; 2.0 FTEs at \$261,800 from DOS; and 1.0 FTE at \$150,000 from CIS. This completes consolidation of Department activities not accomplished through FY 2001-02 budget development.				
2. Thunder Bay National Marine Sanctuary and Underwater Preserve	Gross	\$250,000	\$250,000	\$250,000
	GF/GP	\$250,000	\$250,000	\$250,000
Establishes the Thunder Bay National Marine Sanctuary and Underwater Preserve line. This funding, along with federal support, will be used to manage the collection of shipwrecks in the bottomlands of Thunder Bay.				
3. One-Time Supplemental Arts Funding	Gross	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)
	GF/GP	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)
Reduces one-time funding for the Arts and Cultural Supplemental Grants line (\$2.0 million) and the Museum of African-American History line (\$1.0 million).				

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
4. Arts and Cultural Grants Reduction	Gross	(\$250,000)	(\$250,000)	(\$250,000)
Reduces the Arts and Cultural Grants line by transferring funding to the new Thunder Bay line. The Arts and Cultural Grants line was also reduced \$11.9 million as a consequence of target setting; that funding was restored with passage of House Bill 5248 which raised the per pack tax on cigarettes.	GF/GP	(\$250,000)	(\$250,000)	(\$250,000)
5. Federal Reed Act Funding	Gross	\$0	\$0	\$0
Replaces GF/GP with a like amount of federal revenue in the Grand Rapids Public Library and the Grant to the Detroit Public Library lines by \$64,800 and \$935,200 respectively. The \$1.0 million of federal Reed Act revenue will be used to purchase computer hardware and internet connections and to train library staff—both of which will assist unemployed individuals seeking benefits and employment.	Federal	0	0	1,000,000
	GF/GP	\$0	\$0	(\$1,000,000)
6. Early Retirement and Budgetary Savings	Gross	\$0	(\$100)	(\$773,100)
Creates an Early Retirement and Budgetary Savings unit containing two negative appropriation lines totaling \$773,100: \$146,300 reflects the amount of savings anticipated to occur as a result of the early retirement program and \$626,800 equates to a 1.0% reduction from the Executive Recommendation.	GF/GP	\$0	(\$100)	(\$773,100)

Boilerplate Changes from FY 2001-02:

GENERAL

Sec. 206. Increase in State Restricted Contingency Funds

Increases the amount of state restricted contingency funding available to the Department from \$500,000 to \$1.0 million.

Sec. 215. Statewide Database Access Expenditure Tracking (New)

Requires the Department to maintain accounting structure that will track costs related to the Statewide Database Access appropriation line rolled up into the Library of Michigan Operations line.

Sec. 262. Cigarette Tax Increase Condition (New)

Appropriates an additional \$11.9 million for Arts and Cultural Grants conditional upon a tax increase of 30 cents per pack occurring on or before September 30, 2002.

Sec. 655. Grand Rapids and Detroit Public Library Grants Report (New)

Requires the Grand Rapids Public Library and the Detroit Public Library to provide a detailed report on the use of funds appropriated in part 1 to each respective library.

**Summary: Enacted Appropriation
FY 2002-03 Judiciary
House Bill 5648
Public Act 515 of 2002**

Analyst: Tim Aben

							<u>Change from YTD at 5/10/02</u>	
	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%	
FTEs	591.5	582.5	592.5	592.5	582.5	(9.0)	(1.5)	
Gross	\$241,262,500	\$246,587,800	\$247,762,800	\$247,669,500	\$244,995,800	\$3,733,300	1.5	
IDG/IDT	\$2,818,500	\$2,833,500	\$2,833,500	\$2,833,500	\$2,833,500	\$15,000	0.5	
Federal	\$3,363,200	\$3,864,500	\$3,901,000	\$3,901,000	\$3,901,000	\$537,800	16.0	
Local	\$2,912,900	\$2,941,800	\$2,941,800	\$2,941,800	\$2,941,800	\$28,900	1.0	
Private	\$842,500	\$842,500	\$842,500	\$842,500	\$842,500	\$0	0.0	
Restricted	\$56,288,900	\$57,287,500	\$57,537,500	\$57,537,500	\$57,477,700	\$1,188,800	2.1	
GF/GP	\$175,036,500	\$178,818,000	\$179,706,500	\$179,613,200	\$176,999,300	\$1,962,800	1.1	

OVERVIEW

The Constitution of the State of Michigan of 1963 provides that “the judicial power of the state is vested exclusively in one court of justice which shall be divided into the Supreme Court, one court of appeals, one trial court of general jurisdiction known as the circuit court, one probate court, and courts of limited jurisdiction that the legislature may establish by two-thirds vote of the members elected to and serving in each house.”

Major Budget Changes from FY 2001-02 Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
1. Hall of Justice Security	FTEs	10.0	10.0	0.0
Adds funding of \$620,000 GF/GP for 10.0 FTEs. Transfers 3.0 security FTEs and \$194,600 from Supreme Court and Court of Appeals to make up the total recommended security budget for the Judiciary.	Gross	\$620,000	\$500,000	\$0
	GF/GP	\$620,000	\$500,000	\$0
2. Court Boundary Alignment Costs	Gross	\$0	\$150,000	\$150,000
Provides for costs that may be related to realignment of jurisdictional reorganization pursuant to 2002 PA 92.	GF/GP	\$0	\$150,000	\$150,000
3. Judicial Technology Improvement Fund	Gross	\$0	(\$185,000)	(\$150,000)
Reduces this line item to offset general funding for new items added.	GF/GP	\$0	(\$185,000)	(\$150,000)
4. Judicial Salary Adjustment	Gross	\$0	\$190,200	\$190,200
Increases costs related to converting three part-time probate judges to full-time, pursuant to 2002 PA 92.	GF/GP	\$0	\$190,200	\$0
5. Early Retirement Savings	Gross	\$0	(\$100)	(\$891,000)
Reflects savings consistent with leadership agreements.	GF/GP	\$0	(\$100)	(\$891,000)
6. Budgetary Savings	Gross	\$0	(\$100)	(\$927,600)
Reflects 1% GF/GP budget savings consistent with leadership agreements.	GF/GP	\$0	(\$100)	(\$927,600)

Major Boilerplate Changes from FY 2001-02:

Sec. 308. Judges' Salaries

Appropriates funds for judges' compensation from GF/GP if sufficient funds are not available from the court fee fund, and directs excess funds in the court fee fund to be deposited into the drug treatment court fund.

Sec. 309. Expenditure Prohibition

Prohibits using expenditures for indigent defense to provide legal assistance in any proceeding or litigation seeking to procure an abortion.

Sec. 311. Drug Treatment Courts

Establishes guidelines for drug treatment court funding which includes a stipulation that matching is not required and that each Drug Court is limited to receiving State drug treatment court funding not more than five years.

Sec. 313. Child Support Enforcement System Penalties

Requires counties to pay a penalty if the state fails to comply with federal child support enforcement system requirements, if the county is not in compliance with the letter of agreement, or has not cooperated in its implementation activities.

Sec. 315. Part-Time Probate Judges

Directs use of lapse funds to cover costs of changing the status of part-time probate judges if legislation is enacted.

Sec. 316. Judicial Technology Improvement Fund

Allocates funds to develop a statewide judicial information system.

Sec. 319. Indigent Defense Attorneys Debt Management Fund - VETOED

Provides state restricted revenue for Wayne State University to administer funds to assist in repayment of law school debt for those attorneys who primarily defend indigents.

Sec. 322. Court Boundary Realignment Costs

Allocates funds to local units of government for reimbursing court boundary realignment costs.

**Summary: Enacted Appropriation
FY 2002-03 Transportation
House Bill 5651
Public Act 561 of 2002**

Analyst: William Hamilton

	<u>Change from YTD at 5/10/02</u>						
	2001-02 YTD (as of 5/10/02)	Executive	House	Senate	Enacted	FTEs/Dollars	%
FTEs	3,182.3	3,075.3	3,075.3	3,075.3	3,075.3	(107.0)	(3.4)
Gross	\$3,078,192,400	\$3,166,371,100	\$3,124,514,600	\$3,119,979,700	\$3,091,900,500	\$13,708,100	0.4
IDG/IDT	\$11,459,500	\$0	\$0	\$0	\$0	(\$11,459,500)	(100.0)
Federal	\$961,283,900	\$987,176,100	\$987,176,100	\$987,176,100	\$963,136,100	\$1,852,200	0.2
Local	\$5,800,000	\$5,800,000	\$5,800,000	\$5,800,000	\$5,800,000	\$0	0.0
Private	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Restricted	\$2,099,649,000	\$2,173,395,000	\$2,131,538,500	\$2,127,003,600	\$2,122,964,400	\$23,315,400	1.1
GF/GP	\$0	\$0	\$0	\$0	\$0	\$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. The FY 2002-03 budget appropriates over \$3.0 billion for state transportation programs. Approximately 90% of the budget is appropriated for highway programs, including \$1.2 billion for local road agencies. Just over 9% is dedicated to public transportation programs, including capital and operating support for public transit agencies. Less than 1% of the budget is appropriated for aeronautics programs. (Aeronautics airport improvement programs are appropriated in the Capital Outlay budget.) Funding is provided from state restricted, federal, and local revenue. Except as noted in the discussion of Section 901 under *Major Boilerplate Issues* below, there are no GF/GP funds in this budget.

Major Budget Changes from FY 2001-02 YTD Appropriations:

1. Debt Service

Includes \$11.0 million increase related to GARVEE bonds; also includes \$5.0 million in debt service for the new Airport Safety and Protection Plan (ASAP) bond program—contingent upon the passage of House Bill 4454 (see boilerplate Sec. 805). Does not include funding for new Critical bridge program debt service (related to proposed diesel tax increase). Total recommended is \$137.3 million.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$11,015,500	\$11,015,300	\$16,015,300
Federal	11,000,000	11,000,000	11,000,000
Restr	15,500	15,300	5,015,300
GF/GP	\$0	\$0	\$0

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

Increases a MTF grants by \$48.9 million; total MTF grants \$105.7 million, including \$94.5 million for Department of State, and \$10.2 million for Department of Treasury.

Gross	\$20,276,800	\$20,277,000	\$48,939,500
Restr	20,276,800	20,277,000	48,939,500
GF/GP	\$0	\$0	\$0

3. Information Technology

Transfers 107.0 FTE positions to the new Department of Information Technology (DIT). Includes new appropriations unit in the transportation budget for information technology, funded at \$26.4 million, to reimburse DIT for information technology services. Net fiscal effect on transportation appropriations is \$0.

Gross	\$0	\$0	\$0
Federal	0	0	0
Restr	0	0	0
GF/GP	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

4. Bureau of Planning

Reduces funding \$5.6 million from the current year—exclusive of program transfers, economics, and sick-leave/lump sum savings. Total Bureau of Planning appropriation is \$22.7 million. Reflects Governor's veto (\$50,000) of Section 616 which earmarked funds for M-104 traffic study.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	(\$5,578,800)	(\$5,578,800)	(\$5,628,800)
Federal	(1,593,200)	(2,233,200)	(2,273,200)
Restr	(3,985,600)	(3,345,600)	(3,355,600)
GF/GP	\$0	\$0	\$0

5. State Trunkline Road and Bridge Construction

Authorizes \$41.2 million less than Executive recommendation, reflecting the following differences: \$1.4 million decrease in State Trunkline Fund (STF) as a result of an increase in STF grant to the Michigan State Police, and \$6.0 million shift of federal funds to Critical bridge fund line (see below). Does not recognize revenue from proposed changes to diesel tax statutes. Enacted bill also reflects Governor's vetoes of various boilerplate special project earmarks totaling \$9.1 million.

Gross	(\$28,614,900)	(\$21,560,700)	(\$47,537,900)
Federal	(3,484,900)	2,515,100	(3,484,900)
Restr	(25,130,000)	(24,075,800)	(44,053,000)
GF/GP	\$0	\$0	\$0

6. Federal Aid to Local Road Agencies

Transfers \$18.0 million in federal bridge funds to Critical Bridge Program (see Item 7).

Gross	\$2,020,300	\$20,020,300	\$2,020,300
Federal	2,020,300	20,020,300	2,020,300
GF/GP	\$0	\$0	\$0

7. Critical Bridge Program/Fund - VETOED

Transfers \$24.0 million in federal funds (\$6.0 million from State trunkline federal aid and road and bridge construction line and \$18.0 million from Local federal aid and road and bridge construction) to this line. Governor vetoed this earmark of federal funds leaving line item appropriations at \$5.7 million state restricted. (See Supplemental)

Gross	\$24,000,000	\$0	\$0
Federal	24,000,000	0	0
Restr	0	0	0
GF/GP	\$0	\$0	\$0

8. MTF Distribution to Local Road Agencies

Authorizes \$931.4 million MTF distribution to local road agencies. Public Act 51 of 1951 (Act 51) provides for a formula distribution of funds from the Michigan Transportation Fund (MTF) to eligible local road agencies (county road commissions, and incorporated cities and villages). Actual MTF distribution will be based on actual MTF revenue—which may be more or less than the amount appropriated. The MTF formula distribution to local road agencies for FY 2000-01 was \$906.6 million.

Gross	\$13,223,400	\$13,223,200	(\$3,579,200)
Restr	13,223,400	13,223,200	(3,579,200)
GF/GP	\$0	\$0	\$0

9. Transportation Economic Development Fund (TEDF)

Reflects restoration in FY 2002-03 of the \$2.25 million reduction made in the current year by Executive Order 2001-9. Increase is partially offset by \$361,800 increase in TEDF debt service coming "off the top" of the fund. Concurs with the Senate and takes Build Michigan III debt service "off-the-top" of the fund—rather than with the House which took Build Michigan III debt service from the Target industries (Category "A") line. Retains \$40,000 boilerplate earmark for timber truck inspection stations, taken from program Category "F" (Forest Roads).

Gross	\$1,928,200	\$1,928,200	\$1,928,200
Restr	1,928,200	1,928,200	1,928,200
GF/GP	\$0	\$0	\$0

10. Bureau of Aeronautics

Reduces Bureau of Aeronautics line items by \$1.1 million—exclusive of economic adjustments or one-time cost savings. Reflects Governor's veto of boilerplate Section 803 which established Aeronautics Safety Officer (\$21,000). Cuts were to bring appropriation from State Aeronautics Fund (including Capital Outlay) in line with SAF revenue estimates and available fund balance.

Gross	(\$1,133,900)	(\$1,133,900)	(\$1,154,900)
Restr	(1,133,900)	(1,133,900)	(1,154,900)
GF/GP	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
11. Bus Transit - Local Bus Operating Assistance	Gross	\$9,747,300	\$6,312,900	\$4,747,300
Includes \$160.0 million based on available Comprehensive Transportation Fund (CTF) revenue. House had included \$165.0 million; Senate \$161.6 million. (See Supplemental)	Restr	9,747,300	6,312,900	4,747,300
	GF/GP	\$0	\$0	\$0
12. Bus Transit - Non-Urban Operating/Capital	Gross	\$1,400,000	\$1,400,000	\$1,400,000
Provides Federal Transit Act (FTA) funds to transit systems in "non-urbanized" areas (populations less than 50,000). Provides \$10.3 million for this line—an increase of \$1.4 million—based on anticipated increases in FTA revenue.	Federal	1,400,000	1,400,000	1,400,000
	Restr	0	0	0
	GF/GP	\$0	\$0	\$0
13. Rail Passenger Service	Gross	\$2,078,000	\$1,078,000	\$1,378,000
Provides operating assistance to AMTRAK for rail service between Port Huron and Chicago and between Grand Rapids and Chicago. Also supports rail capital improvements, including projects for high-speed rail service between Detroit and Chicago. Authorizes \$11.3 million and modifies earmark (see Sec. 723) for Lansing/Detroit rail project.	Restr	2,078,000	1,078,000	1,378,000
	Federal	0	0	0
	GF/GP	\$0	\$0	\$0
14. Rail Infrastructure Loan Program	Gross	\$100,000	\$0	\$100,000
Includes \$100,000 (CTF) for this line. Executive Order 2001-9 cut the entire \$800,000 (CTF) current-year appropriation for this program.	Restr	100,000	0	100,000
	GF/GP	\$0	\$0	\$0
15. Specialized Service	Gross	\$190,000	\$190,000	\$190,000
Includes \$3.9 million (CTF)—restoring \$190,000 cut from the current year in Executive Order 2001-9. Line supports transit services to the elderly and persons with disabilities. (See Supplemental)	Restr	190,000	190,000	190,000
	GF/GP	\$0	\$0	\$0
16. Bus Capital	Gross	(\$7,141,000)	(\$7,141,000)	(\$6,846,000)
Authorizes \$48.8 million—\$6.8 million less than current year. Anticipated decrease in federal revenue is due to increased direct federal funding to transit agencies—funds not reflected in state budget. (See Supplemental)	Federal	(7,200,000)	(7,200,000)	(7,200,000)
	Restr	59,000	59,000	354,000
	GF/GP	\$0	\$0	\$0
17. Work First Initiative	Gross	\$2,350,000	\$2,350,000	\$2,350,000
Authorizes \$5.9 million, including \$850,000 in federal revenue as a fund source. Restores \$1.5 million in state restricted (CTF) funds cut in the current-year budget by Executive Order 2001-9. Intended to help remove transportation as a barrier to employment for public assistance recipients.	Federal	850,000	850,000	850,000
	Restr	1,500,000	1,500,000	1,500,000
	GF/GP	\$0	\$0	\$0
18. Sick-Leave/Lump Sum Savings	Gross	(\$3,002,700)	(\$3,002,700)	(\$3,002,700)
Reflects one-time time savings from completion of 1997 early retirement sick leave payouts and one-time savings from elimination of an annual \$375 lump sum payment to classified state employees. Note that savings related to the current-year early retirement plan are not reflected in this budget.	Restr	(3,002,700)	(3,002,700)	(3,002,700)
	GF/GP	\$0	\$0	\$0
19. Economic Adjustments	Gross	\$5,914,100	\$5,914,100	\$5,914,100
Reflects \$5.9 million in additional funding for department salaries, fringe benefits, motor transport costs, worker's compensation, and building occupancy charges.	Restr	5,914,100	5,914,100	5,914,100
	GF/GP	\$0	\$0	\$0

Major Boilerplate Changes from FY 2001-02:

Sec. 259. Department of Information Technology (DIT) (New)

Provides for user fees to be paid to the new DIT.

Sec. 260. Information Technology Carry Forward (New)

Authorizes information technology projects to be designated as work projects if approved per the Management and Budget Act.

Major Boilerplate Changes from FY 2001-02:

Sec. 352. All-Season County Road Network (New)

Provides for data collection and reporting.

Sec. 357. Local Project Review (New)

Requires Department to complete all necessary reviews and inspections required to let federal aid projects within 120 days of receipt of project submittals "where possible." Requires Department to implement a system for monitoring local federal aid review process.

Sec. 405. Critical Bridge - VETOED

Earmarks \$24.0 million in federal bridge funds for local critical bridge programs.

Sec. 504 (4). Billings for Transportation-Related Services from Other State Departments (New)

Authorizes Department to pay from restricted transportation funds, billings from state departments that provide transportation-related services.

Sec. 506. Tree Cutting (New)

Prohibits county road commissions from paying fees to the Department of Natural Resources to cut down trees or vegetation on county right of way.

Sec. 507. Interdepartmental Grants - Report Required (New)

Indicates legislative intent to reduce funding for grants from restricted transportation funds to other state departments that provide transportation-related services. Requires Department to recommend alternative funding methods by February 1, 2003.

Sec. 607. Unsafe Pedestrian Crossings

Continues current-year language into FY 2002-03 without a specific dollar amount. Current year earmarks \$2.0 million for remediation of unsafe pedestrian crossings; vetoed by the Governor.

Sec. 723. Lansing/Detroit Rail Service

Earmarks up to \$1.0 million from the Rail passenger service line for the 20% match of federal funds available for Lansing/Detroit rail service.

Sec. 724. Detroit Intermodal Freight Terminal (DIFT) (New)

Prohibits funding DIFT project outside of rail property prior to environmental impact statement.

Sec. 725. Detroit Area Regional Transportation Authority (DARTA) (New)

Requires Department to report on DARTA start up costs within 90 days of the passage of HB 5467 of the 91st Legislature. Appropriation of up to \$1.0 million for DARTA start up costs made in the First Conference report was not included in the Second Conference report.

Sec. 805. Airport Safety and Protection Plan (ASAP) (New)

Transfers and appropriates State Aeronautics Funds to the CTF for reimbursement of ASAP debt service obligations; makes the appropriation contingent on the passage of House Bill 4454.

Sec. 901. Fire Protection Grants (New)

Appropriates \$7.4 million from the state liquor purchase revolving fund to Department for transfer to the Department of Consumer and Industry Services (CIS) for fire protection grants to be distributed in accordance with Public Act 289 of 1977. Appropriation effectively restores funds vetoed by the Governor from Enrolled House Bill 5644—the FY 2002-03 CIS appropriation bill. See veto discussion under the Summary and Analysis of the CIS budget. Note that this boilerplate appropriation is not included in the gross appropriation totals shown in the table at the beginning of this section.

FY 2002-03

CONSENSUS REVENUES

FY 2002-03 Consensus Revenues

Senior Economist: Rebecca Ross

This section explains May 2002 consensus revenue estimates for GF/GP and School Aid Fund revenue by major revenue sources. Several important assumptions behind the revenue estimates are discussed in the following text. Figures presented include the following Public Acts or bills:

- ' 2002 PA 244, which moves the state education tax (SET) collection date to July and provides for a one-time, one mill reduction, is estimated to increase SAF revenue by \$469.0 million in FY 2002-03 and, due to lost interest, decrease GF/GP revenue by \$7.2 million in FY 2002-03.
- ' 2002 PA 503, which increases the cigarette tax by 50 cents per pack and increases the tax on other tobacco products to 20%, is estimated to increase revenue by \$58.9 million (\$40.9 million GF/GP and \$12.3 million SAF) in FY 2001-02 and \$291.5 million (\$140.2 million GF/GP and \$105.1 million SAF) in FY 2002-03.
- ' 2002 PA 504, which provides for a BSF transfer of \$350.0 million to the SAF for FY 2001-02, a BSF transfer of the amount needed to ensure a positive GF/GP balance for FY 2002-03 (estimated at \$335.0 million), and eliminates the BSF transfer to the state trunkline fund of \$35.0 million for FY 2002-03.
- ' 2002 PA 531, which increases the gross receipts filing threshold from \$250,000 to \$350,000 and provides for several energy credits, in conjunction with an estimated rate reduction suspension would increase SBT revenue to the GF/GP by \$68.8 million for FY 2002-03.
- ' 2002 PA 528, which allows for Sunday Lottery draws, is estimated to increase SAF revenue by \$27.0 million for FY 2002-03.

Not included is an Executive Recommendation pertaining to diesel fuel tax changes. These diesel fuel tax changes would result in an estimated \$44.0 million increase in the diesel and motor carrier fuel tax and an estimated \$4.5 million increase in the use tax for FY 2002-03. To date, there has been no action on this item.

General Fund/General Purpose Revenue by Source

- ' **Personal Income Tax**
Wage and salary employment is expected to decline 0.3% in 2002, then grow by 1.7% in 2003. Michigan's unemployment rate is expected to reach 6.1% in 2002, up from the 5.3% rate in 2001, then decline to 5.4% in 2003. As a result, Michigan personal income tax revenues are forecast to decline 4.5% in FY 2001-02. Baseline GF/GP income tax revenues are expected to decrease 5.0% to \$4,554.5 million in FY 2001-02, and increase by 5.8% to \$4,818.0 million in FY 2002-03.
- ' **Sales and Use Taxes**
Improved growth in wage and salary income will increase baseline sales and use tax revenue from \$966.4 million in FY 2000-01 to \$999.4 million in FY 2001-02, and by 6.4% to \$1,063.3 million in FY 2002-03.
- ' **Single Business and Insurance Taxes**
Single Business Tax (SBT) revenues accrue to the GF/GP. Net baseline business taxes (SBT plus insurance taxes) were \$2,223.0 million in FY 2000-01 and will increase 2.1% to \$2,270.0 million in FY 2001-02 and 4.8% to \$2,379.0 million in FY 2002-03. Baseline Single Business Tax revenues alone were \$2,022.3 million in FY 2000-01; they are expected to increase 0.4% to \$2,030.0 million in FY 2001-02 and 4.7% to \$2,125.0 million in FY 2002-03. Baseline estimates do not include the full impact of SBT ongoing rate reductions that will affect FY 2001-02 and FY 2002-03 revenue collections.
- ' **GF/GP Baseline Tax Revenues**
Final GF/GP baseline tax revenues totaled \$8,660.6 million in FY 2000-01. General Fund/General Purpose baseline tax revenues are expected to decrease in FY 2001-02 by 2.4% to \$8,453.2 million and increase in FY 2002-03 by 5.3% to \$8,898.2 million.

CONSENSUS REVENUES

Total GF/GP Baseline Revenues

Total baseline GF/GP revenues include baseline tax revenues and non-tax revenues. Non-tax revenue includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs. Total GF/GP baseline revenues were \$8,962.5 million in FY 2000-01. General Fund/General Purpose baseline revenues are expected to decrease by 2.9% to \$8,701.8 million in FY 2001-02, and increase by 4.9% to \$9,131.8 million in FY 2002-03.

Actual GF/GP Revenues

Actual GF/GP revenues represent revenues available for expenditure each year. Final total actual GF/GP revenues were \$8,989.5 million in FY 2000-01. Actual GF/GP revenues are expected to decline by 6.0% to \$8,446.9 million in FY 2001-02. Actual GF/GP revenues are expected to increase by \$159.1 million or 1.9% to \$8,606.0 million in FY 2002-03.

GF/GP REVENUE ESTIMATES
(Millions of Dollars and Fiscal Years)

	Final <u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2002-03 over 2001-02</u> <u>% Change</u>	<u>\$ Change</u>
Personal Income Taxes	\$4,791.7	\$4,554.5	\$4,818.0	5.8%	\$263.5
Sales and Use Taxes	966.4	999.4	1,063.3	6.4%	63.9
SBT and Insurance Taxes	2,223.0	2,270.0	2,379.0	4.8%	109.0
Other Taxes	<u>679.5</u>	<u>629.3</u>	<u>637.9</u>	1.4%	<u>8.6</u>
GF/GP Baseline Tax Revenues	\$8,660.6	\$8,453.2	\$8,898.2	5.3%	\$445.0
Non-Tax Revenue	301.9	248.6	233.6		(15.0)
Total GF/GP Baseline Revenues	\$8,962.5	\$8,701.8	\$9,131.8	4.9%	\$430.0
Adjustments to Baseline					
Prior to May Consensus	<u>27.0</u>	<u>(295.8)</u>	<u>(727.6)</u>		(\$431.8)
After May Consensus	<u>0.0</u>	<u>40.9</u>	<u>201.8</u>		\$160.9
Actual GF/GP Revenues	\$8,989.5	\$8,446.9	\$8,606.0	1.9%	\$159.1

School Aid Fund Revenue by Source

Sales and Use Taxes

Combined sales and use tax revenue dedicated to the SAF equaled \$5,075.9 million in FY 2000-01 and are forecast to increase 2.4% to \$5,198.1 million in FY 2001-02 and 4.6% to \$5,439.6 million in FY 2002-03. Baseline sales tax revenues are forecast to increase 2.4% in FY 2001-02 and 4.7% FY 2002-03; baseline use tax revenue to the SAF are estimated to increase 2.6% in FY 2001-02 and 4.0% in FY 2002-03.

Income Tax

Approximately 23.0% of gross income tax collections are dedicated to the SAF. Baseline dedicated income tax revenue is forecast to decrease 3.4% to \$1,889.0 million in FY 2001-02 and increase 5.2% to \$1,986.5 million in FY 2002-03.

Lottery/Casinos

Lottery revenues contributed \$587.0 million to the SAF in FY 2000-01. Baseline lottery revenues to the SAF are projected to increase 3.1% to \$605.0 million in FY 2001-02 and decline 1.7% to \$595.0 million in FY 2002-03. Casino revenue contributed \$75.4 million to the SAF in FY 2000-01, and is estimated to be \$92.0 million in FY 2001-02 and \$96.0 million in FY 2002-03.

Tobacco Taxes

Approximately 64.0% of gross tobacco tax revenue is dedicated to the School Aid Fund. The School Aid Fund received \$383.1 million from tobacco taxes in FY 2000-01. The demand for tobacco products is expected to decline over the

duration of the forecast. Total SAF tobacco tax revenues are expected to decrease to \$378.6 million in FY 2001-02, and to \$371.0 million in FY 2002-03.

State Education Tax/Real Estate Transfer Tax

All of the 6-mill state education tax (SET) and the real estate transfer tax (RET) is dedicated to the SAF. Revenues from the SET were \$1,489.6 million in FY 2000-01. SET revenues are expected to increase 5.1% to \$1,565.0 million in FY 2001-02 and 4.8% to \$1,640.0 million in FY 2002-03. The real estate transfer tax contributed \$252.9 million to the SAF in FY 2000-01 and is forecast to contribute \$241.0 million to the SAF in FY 2001-02 and \$254.0 million in FY 2002-03.

Total SAF Baseline Revenues

Final total SAF baseline revenues were \$9,994.1 million in FY 2000-01. Baseline revenues are expected to increase 1.6% to \$10,149.0 million in FY 2001-02, and 4.1% to \$10,565.7 million in FY 2002-03.

Actual SAF Revenues

Actual SAF revenues represent revenues available for expenditure each year. Actual SAF revenues include tax changes, beginning balances, federal funds, and BSF transfers, but do not include any GF/GP transfers to SAF. Actual SAF revenues were \$11,039.5 million in FY 2000-01 and are expected to increase 3.6% to \$11,439.1 million in FY 2001-02, then increase 10.3% to \$12,615.2 million in FY 2002-03.

**SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars and Fiscal Years)**

<u>Revenues</u>	<u>Final 2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2002-03 over 2001-02</u> <u>% Change</u>	<u>\$ Change</u>
Sales and Use Tax	\$5,075.9	\$5,198.1	\$5,439.6	4.6%	241.5
Income Tax Earmark	1,955.3	1,889.0	1,986.5	5.2%	97.5
Lottery and Casinos	662.4	697.0	691.0	-0.9%	(6.0)
Tobacco Taxes	383.1	378.6	371.0	-2.0%	(7.6)
State Education Tax	1,489.6	1,565.0	1,640.0	4.8%	75.0
Real Estate Transfer Tax	252.9	241.0	254.0	5.4%	13.0
Liquor Excise and Specific Taxes	<u>174.9</u>	<u>180.3</u>	<u>183.6</u>	1.3%	<u>3.3</u>
Baseline SAF Revenues	\$9,994.1	\$10,149.0	\$10,565.7	4.1%	\$416.7
Adjustments to Baseline	<u>1,045.4</u>	<u>1,290.1</u>	<u>2,049.5</u>		<u>\$759.4</u>
Actual SAF Revenues (less GF/GP Transfer)	\$11,039.5	\$11,439.1	\$12,615.2	10.3%	\$1,176.1

HFA Estimates of Year-End Balances

The following table reports House Fiscal Agency estimates of year-end balances for GF/GP, the SAF, and the BSF. Please see the notes following the table for additional detail.

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

	<u>FY 2000-01</u>	<u>FY 2001-02</u>
General Fund/General Purpose	\$28.1	\$114.5
School Aid Fund	694.8	227.5
Budget Stabilization Fund	994.1	268.5

CONSENSUS REVENUES

With regard to the year-end estimates, please note the following:

- ' Fiscal year 2000-01 estimates for GF/GP and the SAF are based on year-to-date appropriations, projected year-end adjustments, and consensus revenue estimates.
- ' School Aid Fund revenues are restricted; hence, any year-end balance is carried forward to the subsequent year.
- ' Budget Stabilization Fund (BSF) estimates are based on current balance estimates provided by the Michigan Department of Treasury and HFA estimates of future deposits and interest earned.

Budget Stabilization Fund Year-End Balances

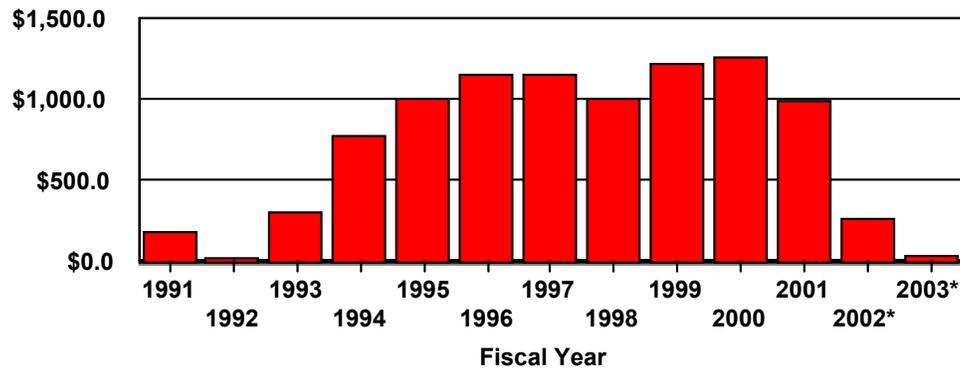
The following table reports a history of BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 2000-01 and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 2001-02 through FY 2002-03. A complete list of BSF historical data is available from the HFA upon request.

The final BSF fund balance for FY 2000-01 was \$994.1 million. The fund balance for FY 2001-02 is forecast to total \$268.5 million and for FY 2002-03 is forecast to measure \$38.3 million. These estimates include the effects of PA 504 of 2002, which transfers \$350.0 million to the SAF in FY 2001-02, the amount needed to ensure a balanced GF/GP fund balance in FY 2002-03, and a one-year suspension of the on-going \$35.0 million withdrawals for the state trunkline fund in FY 2002-03.

**BUDGET STABILIZATION FUND
(Millions of Dollars)**

<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1990-91	0.0	230.0	27.1	182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.8	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.3	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.1
2001-02 <i>Estimate</i>	0.0	752.0	26.5	268.5
2002-03 <i>Estimate</i>	0.0	239.0	8.8	38.3

Budget Stabilization Fund (BSF)
(Millions of Dollars)



* HFA Estimates

Compliance with the State Revenue Limit

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

COMPLIANCE WITH THE STATE REVENUE LIMIT
(Millions of Dollars)

<u>Revenue Limit Calculations</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
Personal Income			
Calendar Year	CY 1999	CY 2000	CY 2001
Amount	\$277,296	\$289,390	\$295,108
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	\$26,315.4	\$27,463.1	\$28,005.7
Total Revenues Subject to Revenue Limit	23,909.2	23,435.9	24,451.9
Amount Under (Over) State Revenue Limit	\$2,406.2	\$4,027.2	\$3,553.8

Implications of Exceeding the State Revenue Limit

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

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

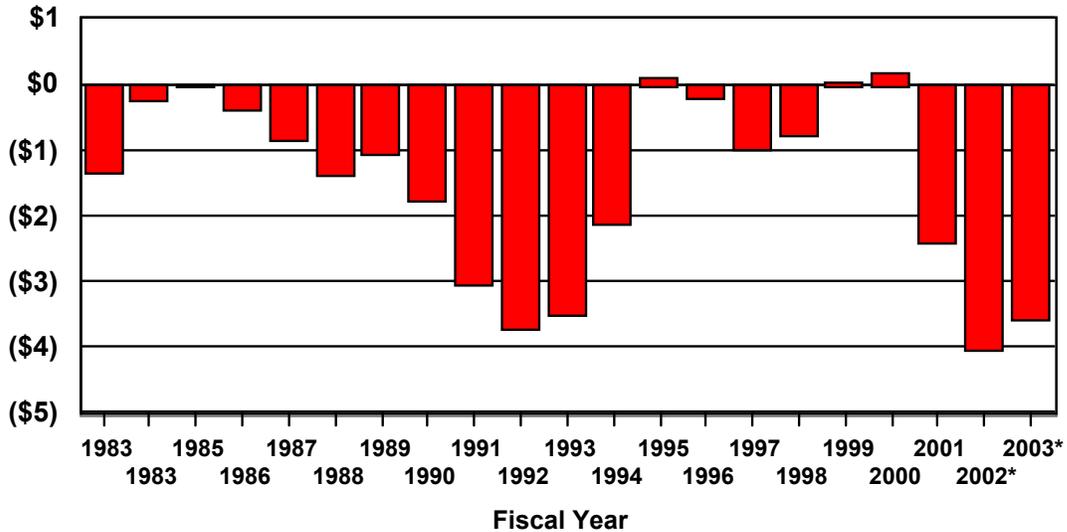
Furthermore, the state is prohibited from spending any current-year revenue in excess of the limit established in Section 26 by

CONSENSUS REVENUES

Article IX, Section 28.

The final FY 2000-01 revenue limit calculation indicates that the state revenue collections were well under the revenue limit. In addition, for both FY 2001-02 and FY 2002-03, state revenues are estimated to be substantially below the revenue limit, by \$4.0 billion and \$3.6 billion respectively.

Constitutional Revenue Limit Amount Under or Over Limit (Billions of Dollars)



* Consensus Estimates

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