

DATE: February 21, 2003
TO: Members of the Michigan House of Representatives
FROM: House of Reps
RE: Analysis of Executive Order 2003-3

The attached analysis provides details about the items contained in Executive Order 2003-3. Brief explanations accompanying the items reviewed also provide information on fund shifts and any loss of federal funds associated with the changes.

It is important to note that the state budget is being lowered by \$158.3 million through a combination of Executive Order reductions, transfers, a negative supplemental appropriation, and recognition of additional revenue.

- Executive Order 2003-3 reduces GF/GP expenditures by \$125.5 million and special purpose funds by \$19.8 million. It also would save \$4.9 million GF/GP through an increase in Medicaid special financing payments.
- Transfers are proposed that would authorize the expenditure of available restricted fund revenues to partially offset GF/GP reductions in EO 2003-3.
- A supplemental appropriation is recommended that would reduce the Legislature budget by \$1.1 million GF/GP and the Judiciary budget by \$2.2 million GF/GP. Also included in the recommended supplemental are the following:
 - A restricted fund appropriation for Capital Outlay to replace general fund reductions in the EO.
 - Supplemental appropriations for the Department of Community Health to recognize additional restricted revenues associated with the new ongoing Medicaid special adjustor payment.
 - Language that will allow transfer of monies to the general fund from the Michigan Tobacco Settlement Trust Fund and the Michigan Merit Award Trust Fund.

If you have questions about these documents or would like more information about specific items contained in the EO, please call me or the HFA analyst assigned to the appropriate budget.

c: Key Staff

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FY 2002-03 EXECUTIVE ORDER ANALYSIS

Agency	Analyst	Page	FY 2002-03 Gross Savings Amount	FY 2002-03 GF/GP Savings Amount
Agriculture	Kyle I. Jen	1	(\$1,326,900)	(\$1,326,900)
Attorney General	Robin Risko	3	(\$560,017)	(\$560,017)
Capital Outlay	Al Valenzio	4	(\$14,715,300)	(\$14,715,300)
Career Development	Bob Schneider	5	(\$2,802,800)	(\$515,300)
Civil Rights	Robin Risko	6	(\$408,000)	(\$408,000)
Civil Service	Steve Stauff	7	(\$480,800)	(\$480,800)
Community Colleges	Caven West	7	(\$4,788,100)	(\$4,788,100)
Community Health	Margaret Alston, Bill Fairgrieve, Sue Frey	8	(\$32,908,352)	(\$16,957,288)
Consumer & Industry Services	Bob Schneider	16	(\$2,176,436)	(\$2,176,436)
Corrections	Marilyn Peterson	18	(\$7,861,269)	(\$7,861,269)
Education	Mary Ann Cleary, Laurie Cummings	19	(\$1,084,184)	(\$1,084,184)
Environmental Quality	Kirk Lindquist	20	(\$355,839)	(\$3,568,539)
Executive Office	Robin Risko	21	(\$252,500)	(\$252,500)
Family Independence Agency	Erin Black, Myron Freeman	22	(\$29,062,900)	(\$26,875,221)
Higher Education	Hank Prince	27	(\$25,597,600)	(\$25,497,600)
History, Arts, and Libraries	Steve Stauff	28	(\$1,261,064)	(\$1,261,064)
Management & Budget	Robin Risko	30	(\$3,688,089)	(\$3,688,089)
Michigan Strategic Fund	Bob Schneider	30	(\$13,773,100)	(\$1,273,100)
Military and Veterans Affairs	Caven West	31	(\$1,539,492)	(\$1,539,492)
Natural Resources	Kirk Lindquist	32	(\$824,753)	(\$2,199,853)
State	Steve Stauff	33	(\$668,639)	(\$668,639)
State Police	Caven West	33	(\$5,353,152)	(\$5,353,152)
Treasury	Steve Stauff	34	(\$2,430,303)	(\$2,430,303)
TOTAL			(\$153,919,589)	(\$125,481,146)

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
AGRICULTURE						
ADMINISTRATIVE SAVINGS:						
Statistical Reporting Service Administrative reductions	368,800	368,800	(15,000)	(15,000)	(66,300) FY 2003 (30,000) FY 2002	No direct impact
Management Services \$10,000 to be offset by increase in Licensing and Inspection Fees funding source (contingency fund transfer required; fund balance appears to be sufficient for ongoing GF/GP offset); \$55,000 in administrative reductions	3,570,800	3,460,900	(65,000)	(65,000)	(126,400) FY 2003 (224,000) FY 2002	No direct impact
Agricultural Development Administrative reductions	653,600	393,600	(10,000)	(10,000)	(88,800) FY 2003 (290,000) FY 2002	No direct impact
Rent and Building Occupancy Charges Reduction to be offset by addition of four restricted funding sources not previously appropriated in this line item (contingency fund transfer required; fund balances appear to be sufficient for ongoing GF/GP offset): IDG from MDCIS (LCC), Nonretail Liquor License Fees, \$6,600; Agricultural Preservation Fund, \$27,300; Groundwater and Freshwater Protection Fund, \$10,900; Licensing and Inspection Fees, \$55,200.	1,755,900	1,451,300	(100,000)	(100,000)	(100,300) FY 2003	No direct impact
Pesticide and Plant Pest Management \$50,000 to be offset by increase to Licensing and Inspection Fees funding source (contingency fund transfer required; fund balance appears to be sufficient for ongoing GF/GP offset); \$62,200 to be offset by expected federal funding (contingency transfer required); \$85,000 in administrative reductions; \$3,400 in fleet savings	12,505,300	5,658,600	(200,600)	(200,600)	(418,800) FY 2003 (76,600) FY 2002	No direct impact
Food Safety and Quality Assurance \$150,000 to be offset by increase to Licensing and Inspection Fees funding source (contingency fund transfer required; fund balance appears to be sufficient for ongoing GF/GP offset); \$85,000 in administrative reductions; \$15,100 in fleet savings	9,973,200	7,168,100	(250,100)	(250,100)	(269,500) FY 2003	No direct impact
Animal Health and Welfare Administrative reductions	2,161,100	1,955,600	(60,000)	(60,000)	(104,300) FY 2003	No direct impact

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
Bovine Tuberculosis Reduction to be offset by expected federal funding (contingency transfer required)	3,424,400	3,424,400	(150,000)	(150,000)	(44,600) FY 2003	No direct impact (Bovine TB problem in NE Lower Peninsula)
Laboratory Analysis Program \$25,000 to be offset by increase to Testing Fees funding source (contingency fund transfer required; fund balance appears to be sufficient for ongoing GF/GP offset); \$60,000 in administrative reductions	5,990,900	4,034,600	(85,000)	(85,000)	(330,600) FY 2003	No direct impact
Consumer Protection Program \$25,000 to be offset by increase to Weights and Measures Regulation Fees funding source (contingency fund transfer required; fund balance appears to be sufficient for ongoing GF/GP offset); \$20,000 in administrative reductions	10,955,900	1,254,900	(45,000)	(45,000)	(91,500) FY 2003	No direct impact
Environmental Stewardship \$50,000 to be offset by addition of funding from Ground Water Protection Fund (contingency fund transfer required; fund balance appears to be sufficient for ongoing GF/GP offset); \$90,000 in administrative reductions; \$3,500 in fleet savings	2,994,800	2,548,900	(143,500)	(143,500)	(286,200) FY 2003	No direct impact
Marketing and Emergency Management Administrative reductions	1,837,000	1,134,000	(30,000)	(30,000)	(168,600) FY 2003	No direct impact
Information Technology Services and Projects Reduction in interdepartmental grant (IDG) to Department of Information Technology.	1,674,000	1,406,000	(60,000)	(60,000)	(233,300) FY 2003	No direct impact
GRANT REDUCTIONS:						
Local Conservation Districts Boilerplate section 604 in current-year budget bill requires base grant of \$20,000 (79 base grants for total of \$1,580,000) and \$130,000 allocation for training, so reduction would be applied to remaining \$244,400 for private lands matching grants used to provide technical assistance in 35 conservation districts (unless boilerplate language were amended).	1,954,400	1,954,400	(97,700)	(97,700)	(780,000) FY 2002	All counties

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
Migrant Labor Housing Reductions to migrant labor housing construction grants; maximum grant amount is \$20,000 per farmer	300,000	300,000	(15,000)	(15,000)	(345,400) FY 2002 (250,000) FY 2003	Farm labor-intensive areas
DEPARTMENT TOTAL 3.5% overall reduction to YTD GF/GP; \$622,200 to be offset by additional restricted/federal funds; \$510,000 in administrative reductions; \$112,700 in grant reductions; \$22,000 in fleet savings; \$60,000 in reduced IDG to Department of Information Technology.	<u>\$94,753,900</u>	<u>\$38,100,600</u>	<u>(\$1,326,900)</u>	<u>(\$1,326,900)</u>		
ATTORNEY GENERAL						
ADMINISTRATIVE SAVINGS:						
Attorney General Operations line item Reduction would be made through implementation of administrative efficiencies (reorganization within department, not replacing positions vacated due to early retirement, and reducing fleet); 1.5% reduction from YTD GF/GP.	59,010,000	31,775,800	(485,317)	(485,317)	(794,700)	No direct impact if reductions made only to operations.
Prosecuting Attorneys Coordinating Council line item Reduction would be made through implementation of administrative efficiencies; 1.4% reduction from YTD GF/GP.	1,550,800	1,120,000	(16,000)	(16,000)	(28,300)	No direct impact if reductions made only to operations.
Information Technology Services and Projects line item Reduction would be made to CSS&M costs; 6.8% reduction from YTD GF/GP.	857,000	857,000	(58,700)	(58,700)	(21,200)	No direct impact if reductions made only to operations.
DEPARTMENT TOTAL	<u>\$60,913,400</u>	<u>\$32,923,400</u>	<u>(\$560,017)</u>	<u>(\$560,017)</u>		

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
CAPITAL OUTLAY						
EXPENDITURE REDUCTIONS:						
Major Special Maintenance - state agencies	14,307,300	4,715,300	(2,715,300)	(2,715,300)	(600,900)	Statewide
<p>This further reduces GF appropriations for major special maintenance for the departments of Corrections, Community Health, State Police, Management and Budget, and the FIA by more than one-half. The new proposal also includes the Department of Military and Veteran's Affairs. Including it will likely result in the loss of \$1.5 million of federal matching funds.</p> <p>The impact of the proposal is to defer these projects to a future date (and at a higher cost). The remaining \$2 million will be pooled to address maintenance projects that are related to only health and safety issues for these 6 agencies.</p>						
OTHER SAVINGS:						
Appropriation for Northwest Airlines, Midfield Terminal - Project switched to CTF bonds	12,000,000	12,000,000	(12,000,000)	(12,000,000)	0	No direct impact
<p>To support the Airport Safety and Protection (ASAP) plan, and leverage additional federal monies, the previous Administration sought authority to issue \$60 million in CTF bonds. Public Act 680 of 2002 allows for that by providing a debt service funding source, the so called Airport Parking Tax.</p> <p>This proposal seeks to increase the bond by \$12 million and use it as a source to finance the last payment to Northwest Airlines for the Midfield Terminal Expansion Project. The debt service is to be paid from CTF revenues.</p> <p>This is achievable even though the \$12 million has already been paid to Northwest.</p>						
DEPARTMENT TOTAL	<u>\$609,557,300</u>	<u>\$289,166,900</u>	<u>(\$14,715,300)</u>	<u>(\$14,715,300)</u>		

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
CAREER DEVELOPMENT						
EXPENDITURE REDUCTIONS:						
Council of Michigan Foundations	4,000,000	0	(2,000,000)	0	(2,000,000) FY 2002	Statewide
Funds (tobacco settlement) are provided to the Council of Michigan Foundations, a non-profit association represented Michigan's charitable foundations. Funding is re-granted by the council to various community foundations across the state using a population-based formula that considers youth and senior populations by county. Roughly half of the funds go towards the direct support of local youth and senior health projects. The remaining half has been used to establish endowments to support and sustain future programming in this area. The reduction proposal would eliminate the element of the grants used for endowment support. The Executive Order would contain proposed boilerplate changes to target the reduction in this manner.						
ADMINISTRATIVE SAVINGS:						
Unclassified salaries	500,000	500,000	(390,000)	(390,000)	(6,800) FY 2003	Statewide
Reduction of \$390,000 to "Unclassified Salaries" (78% reduction). DMB indicates unclassified salary savings are to be met through the elimination of unclassified positions under the proposed merger of Career Development and Consumer and Industry Services.						
Administration	6,978,300	2,059,300	(49,000)	(11,300)	(75,900) FY 2003	Statewide
Reduction of \$42,500 to "Administration" line item (0.6% reduction). The line item supports general administrative services provided to all department programs. Additional federal revenue of around \$36,700 would be lost due to the reduction of \$11,300 in GF/GP matching funds.						

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
GRANT REDUCTIONS:						
Job Training Programs Subgrantees Proposal would reduce GF/GP grant funding to regional Michigan Works Agencies that is used to support the state's 104 One Stop Career Centers. The centers house a variety of employment and vocational service programs, primarily funded through federal dollars. The reduction would not affect federal funding. The geographic impact would depend upon a final decision as to what regions/centers would see reductions.	98,802,700	200,000	(10,000)	(10,000)	0	Unknown
Vocational Rehab Independent Living Reduction would reduce available grant funding to the state's 15 centers for independent living. The centers advocate locally for changes to assist disabled individuals to function independently. The GF/GP reduced from the budget is not used for state match and thus the reduction would not impact the availability of federal funds. The distribution of the reduction to individual centers has not yet been determined.	3,116,100	2,145,900	(36,400)	(36,400)	(74,600) FY 2003	Regions with centers for independent living
Vocational Rehab Client Serv/Facilities Reduction would reduce funding that supports services provided to disabled individuals through Michigan Rehabilitation Services regional offices and direct grant funding to community rehabilitation organizations. The GF/GP appropriation is used to match federal funds. Thus, the reduction would reduce federal revenue by an estimated \$249,800.	51,331,700	1,495,200	(317,400)	(67,600)	(7,500) FY 2003	Statewide
DEPARTMENT TOTAL	<u>\$460,627,000</u>	<u>\$27,088,100</u>	<u>(\$2,802,800)</u>	<u>(\$515,300)</u>		

CIVIL RIGHTS

ADMINISTRATIVE SAVINGS:

Civil Rights Operations line item Reduction would be made through implementation of administrative efficiencies (elimination of vacant positions, reductions in tuition and rent, and reducing fleet); 2.5% reduction from YTD GF/GP.	13,766,800	12,832,800	(326,529)	(326,529)	(229,800)	No direct impact if reductions made only to operations.
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<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
Information Technology Services and Projects line item Reduction would be made to CSS&M costs and to Contractual Services/Application Support costs; 8.3% reduction from YTD GF/GP.	976,000	976,000	(81,471)	(81,471)	(106,000)	No direct impact if reductions made only to operations.
DEPARTMENT TOTAL	<u>\$14,031,900</u>	<u>\$13,097,900</u>	<u>(\$408,000)</u>	<u>(\$408,000)</u>		

CIVIL SERVICE

ADMINISTRATIVE SAVINGS:

Civil Service Operations The proposed reduction would reduce funds available for administrative expenses. Savings are anticipated to be found through administrative efficiencies. No immediate negative impact is anticipated due to the proposed reduction; 5.3% from YTD GF/GP.	28,053,200	8,506,500	(298,800)	(298,800)	(702,500) FY 2003	Statewide
Information Technology	3,281,600	1,260,000	(182,000)	(182,000)	(180,000) FY 2003	Statewide
DEPARTMENT TOTAL	<u>\$31,334,800</u>	<u>\$9,766,500</u>	<u>(\$480,800)</u>	<u>(\$480,800)</u>		

COMMUNITY COLLEGES

EXPENDITURE REDUCTIONS:

Base Operations 1.5% decrease to the colleges' general operating revenues	309,180,887	309,088,429	(4,732,563)	(4,732,563)	(6,415,787)	Statewide
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GRANT REDUCTIONS:

At-risk Student Success Program 1.5% decrease in grants to support remedial education and technology at community colleges. No change to the Renaissance Zone Program (\$1 million) NOTE: Postsecondary Access Scholarship Program - \$1.3 million lapse to the General Fund	3,618,106	3,618,106	(55,382)	(55,382)	(73,997)	Statewide
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DEPARTMENT TOTAL	<u>\$315,896,194</u>	<u>\$312,300,212</u>	<u>(\$4,787,945)</u>	<u>(\$4,787,945)</u>		
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<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
COMMUNITY HEALTH						
ADMINISTRATIVE SAVINGS:						
Departmental Administration and Management The proposed reduction would have some impact on the staff responsible for carrying out the administrative functions of DCH. The proposed reduction will also result in the loss of \$150,000 in federal Medicaid revenue. The reduction represents 2.1% of the GF/GP in the line item appropriation. In FY 2002, the final GF/GP lapse for this line item appropriation was \$1,367,299. The previous savings amount was achieved from early retirement, vacancies, staff reorganization, and elimination of funds for community health assessments in FY 2003 and FY 2002.	26,969,200	19,085,900	(550,000)	(400,000)	(5,920,100)	No direct impact
Certificate of Need Program Administration The proposed reduction would eliminate all of the GF/GP dollars related to administering the CON program. Public Act 619 of 2002 amends the Public Health Code by changing several provisions related to the CON program. For instance, DCH is required to provide 2 full-time administrative employees and 2 full-time professional employees to allow the CON Commission to carry out its powers and duties. This proposed reduction may eliminate 3.0 FTE positions.	944,800	222,900	(222,900)	(222,900)	0	No direct impact
Worker's Compensation Program The proposed reduction would impact the central funding source for all workers' compensation claims against the Department, and wage/salary and related fringe benefits for employees who return to work under limited duty assignments. The reduction represents 12.97% of the GF/GP in the line item appropriation. The previous GF/GP reduction was taken in FY 2003 budget development to partially finance Healthy Michigan Fund initiatives. In FY 2002, the final GF/GP lapse for this account was \$558,644.	10,506,800	10,506,800	(1,362,900)	(1,362,900)	(1,941,200)	No direct impact

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
Palliative and Hospice Care The proposed reduction would impact education programs on palliative care, hospice, and end of life care. The proposed reduction is 43% of the GF/GP in the line item appropriation. In DCH's FY 2003 spending plan, it had not yet been determined how to spend \$136,200 GF/GP for this program, although Sections 311 and 312 of PA 519 of 2002 directs how funds for this line item are to be used. In FY 2002, this program lapsed \$152,094 GF/GP.	316,200	316,200	(136,200)	(136,200)	0	No direct impact
Mental Health/Substance Abuse Program Administration The proposed reduction would have a minimal impact on the staff responsible for administering the mental health and substance abuse programs for DCH, and contracts related to the administration of mental health and substance abuse programs. The proposed reduction will also result in the loss of \$50,000 in federal Medicaid revenue. The reduction is 2% of the GF/GP in the line item. In FY 2002, this program lapsed \$69,434 GF/GP. The previous savings amount was achieved in both FY 2003 and FY 2002 from early retirement, vacancies, and staff reorganization.	9,576,800	7,505,800	(200,000)	(150,000)	(1,731,200)	No direct impact
CMHSP Purchase of State Services Contracts The proposed reduction will have a minimal impact on funds used by CMHSPs or affiliates of CMHSPs to purchase state services for clients in their catchment areas or develop their own community alternatives. The proposed reduction represents fleet savings for motor vehicles under the jurisdiction of the Department. The reduction is .01% of the GF/GP in the line item. The previous savings amount was achieved in FY 2003 from the early retirement of employees in state hospitals and centers.	164,088,400	164,088,400	(18,000)	(18,000)	(1,725,500)	Statewide
Civil Service Charges The proposed reduction will have an impact on the amount of funds set aside for the 1% civil service charges authorized by the Michigan Constitution of 1963. The proposed reduction is 20.8% of the line item appropriation. In FY 2002, this program lapsed \$432,985 GF/GP.	2,606,400	2,606,400	(540,900)	(540,900)	0	No direct impact

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
<p>Special Maintenance and Equipment The proposed reduction would significantly limit the funds available for maintenance projects and equipment needs at state hospitals and centers. The proposed reduction eliminates 99.5% of the GF/GP dollars appropriated for this line item. In FY 2002, the final GF/GP lapse for this account was \$15,300.</p>	947,800	615,300	(612,500)	(612,500)	0	Indeterminate
<p>Laboratory Services The proposed reduction is 1.2% of the GF/GP in the line item, and reduces funding for positions that are vacant and for equipment. Prior reductions include \$150,000 for Budgetary Savings in FY 2002 and reductions totaling \$448,000 in FY 2003 budget development.</p>	13,607,900	6,673,400	(81,500)	(81,500)	(598,000)	Indeterminate
<p>Epidemiology Administration The proposed reduction is 4.0% of the GF/GP in the line item, and eliminates funding for two vacant staff positions. Prior FY 2003 reductions include \$16,400 GF/GP in development of the budget and \$78,300 GF/GP related to early retirement.</p>	5,545,600	1,948,700	(78,000)	(78,000)	(94,700)	Indeterminate
<p>Community Living, Children, and Families Administration The proposed reduction is .05% of the GF/GP in the line item, and represents fleet savings for motor vehicles under the jurisdiction of the Department. The previous reduction amount includes \$359,000 in FY 2002 due to the elimination of vacant positions and reduction of contractual costs, and \$104,200 in FY 2003 due to early retirement.</p>	7,180,900	4,250,700	(15,500)	(2,500)	(463,200)	Statewide
<p>Prenatal Care Outreach and Service Delivery Support The proposed reduction is 46.4% of the GF/GP in the line item, and will reduce Medicaid revenue for this program also in a like amount. A conversion of the existing Maternal and Infant Health Advocacy Services (MIHAS) Program to a new program within the nurse family partnership program is proposed.</p>	4,299,300	1,345,700	(1,250,000)	(625,000)	0	Statewide

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
Sudden Infant Death Syndrome Program The proposed reduction is 50% of the GF/GP in the line item, and reduces funding for autopsies, grief counseling and referral services, risk reduction education, reporting and surveillance regarding sudden infant death syndrome. Available federal Maternal and Child Health block grant funding may be used to replace this GF/GP.	321,300	200,000	(100,000)	(100,000)	0	Statewide
Children's Special Health Care Services Administration The proposed reduction would lower the funding available for administrative support functions related to Children Special Health Care Services. The proposed reduction will also result in the loss of \$100,000 in federal Medicaid revenue. The previous savings amount was achieved in both FY 2003 and FY 2002 from early retirement, vacancies, and staff reorganization.	4,965,600	2,768,600	(450,000)	(350,000)	(390,900)	No direct impact
Case Management Services The proposal would eliminate specialized care coordination services for persons in the Children's Special Health Care Services program with high special needs.	3,923,500	1,433,200	(150,000)	(150,000)	0	Statewide
Medical Services Administration The proposed decrease would lower the funding available for administrative support functions related to Medicaid and other Medical Services programs by \$100,000 GF/GP. Fleet savings of \$7,500 GF/GP and postage savings of \$412,500 GF/GP from conversion to Medicaid plastic eligibility cards are also included. The proposed reduction will also result in the loss of \$1.3 million in federal Medicaid revenue. The previous savings amount was achieved in both FY 2003 and FY 2002 from early retirement, vacancies, and staff reorganization.	41,618,000	15,306,100	(1,865,000)	(520,000)	(1,494,500)	No direct impact

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Pharmacy Savings The proposed reduction would lower Medicaid payments to pharmacies for brand name and/or generic drugs to Medicaid patients based on updated acquisition costs. Increased rebates from drug manufacturers associated with Michigan's Pharmaceutical Product List are also expected. The \$10.0 million GF/GP cut will result in loss of \$12.4 million in federal matching funds. The change would be implemented in the last half of the fiscal year and savings would increase next year. The previous savings of \$40.6 million is due to the pharmaceutical initiative to increase drug rebates and prior authorization of medications that are not on the preferred drug list.	543,923,100	231,962,600	(22,431,600)	(10,000,000)	(40,062,000)	Statewide
Information Technology Services and Projects The proposed reduction is 6.2% of the GF/GP in this line item and will reduce the funds available for information technology services and projects. The previous deduction amount includes \$661,200 in early retirement savings and \$380,300 in budgetary savings for FY 2003.	34,640,700	14,019,000	(2,082,352)	(874,588)	(1,193,300)	Statewide
Administrative Savings Subtotal			(32,147,352)	(16,224,988)		
GRANT REDUCTIONS:						
Michigan Essential Health Care Provider Program The proposed reduction would impact primary care providers who practice in designated medically underserved areas in the repayment of health education loans. The proposed reduction is 5% of the GF/GP in the line item. The reduction will result in the loss of \$28,700 in federal dollars. Previous savings amount realized through eliminating the provider increase in FY 2002.	1,449,100	574,100	(57,400)	(28,700)	(270,900)	Urban and Rural Medically Underserved areas

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
<p>Primary Care Services The proposed reduction would impact grants to community health centers for primary health care, outreach, and health education services in medically underserved areas. The proposed reduction is 5% of the GF/GP in the line item appropriation. In FY 2002, this program lapsed \$4,300 GF/GP. Previous savings amount realized by reducing awards to federally qualified health centers, and the elimination of one-time funds for a dental clinic in FY 2002.</p>	2,890,500	1,004,300	(50,200)	(50,200)	(1,251,800)	Urban and Rural Medically Underserved areas
<p>Protection and Advocacy Services Support The proposed reduction would have a minimal impact on the agency designated to pursue legal, administrative, and other appropriate remedies to protect the rights of person with mental illness and developmental disabilities. The proposed reduction is 5% of the GF/GP in the line item appropriation.</p>	818,300	818,300	(40,900)	(40,900)	0	Statewide
<p>Mental Health Initiatives for Older Persons The proposed reduction would have a minimal impact on funding provided to various CMHSPs and Area Agencies on Aging for respite and day care services and training to caregivers in the nature and/or progression of Alzheimer's disease and related disorders. The proposed reduction is 5% of the GF/GP in the line item. According to DCH's FY 2003 spending plan, there is a federal grant award for this program totaling \$282,373 which was primarily being allocated to 5 agencies. In FY 2002, this program lapsed \$1,492 GF/GP.</p>	1,165,800	1,165,800	(58,300)	(58,300)	0	Statewide
<p>Sexually Transmitted Disease Control Local Agreements The proposed reduction is 5% of the GF/GP in the line item, and would reduce funds to local public health departments for STD surveillance and services in the 15 highest incidence areas of the state which represent 90% of all STD cases.</p>	3,541,700	468,600	(23,400)	(23,400)	0	14 Target Urban Counties and the City of Detroit

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
<p>Obesity Program The proposed reduction is the remaining unexpended GF/GP in the line item at this date. The reduction eliminates state funds for nutrition and physical activity programs to prevent and combat obesity and related chronic diseases. Prior reductions include \$300,000 in FY 2002, and \$133,400 GF/GP in FY 2003 due to P.A. 519 Budgetary Savings.</p>	316,600	66,600	(53,300)	(53,300)	433,400	Statewide
<p>Dental Programs The proposed reduction is 5% of the GF/GP in the line item, and would reduce funds for the provision of dental services to uninsured individuals who have difficulty accessing dental services due to mental or physical handicap, visual impairment, chronic illness or who are elderly. This program is known as the Donated Dental Services Program.</p>	510,400	250,000	(12,500)	(12,500)	0	Statewide
<p>Family Planning Local Agreements The proposed reduction is 5% of the GF/GP in the line item, and would reduce funds to local public health departments and other agencies to provide family planning services. Prior reductions affecting this program were made to the Pregnancy Prevention line item and include reductions of \$850,000 GF/GP in FY 2002 and \$500,000 GF/GP E.O. Budgetary Savings.</p>	8,393,900	1,591,500	(79,600)	(79,600)	(1,350,000 from related Pregnancy Prevention line item)	Statewide
<p>Community Services – Aging The proposed \$225,600 Gross and GF/GP cut to Community Services would decrease in-home care and care management services. Prior reductions include a FY 2002 cut of \$79,500 GF/GP and two FY 2003 budgetary savings cuts totaling \$537,000 GF/GP.</p>	34,052,900	15,291,400	(225,600)	(225,600)	(616,500)	Statewide

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
<p>Senior Volunteer Services The proposed reduction is 2% of the remaining GF/GP in the line item. 3.5% of the original GF/GP appropriation has already been cut. The net effective GF/GP reduction is 5.43%. The reduction would reduce funds for three federally supported volunteer programs for senior citizens: Senior Companion Program, Foster Grandparent Program, and the Retired and Senior Volunteer Program. Prior reductions include: \$30,000 GF/GP in FY 2002; and \$208,900 GF/GP E.O. Budgetary Savings.</p>	5,761,100	5,761,100	(115,200)	(115,200)	(238,900)	73 counties that provide programs
<p>Senior Citizen Centers Staffing and Equipment The proposed reduction is 2% of the remaining GF/GP in the line item. 3.5% of the original GF/GP appropriation has already been cut in FY 2003. The net effective GF/GP reduction is 5.43%. The reduction would reduce funds to senior citizen centers to support staffing costs. Prior reductions include: \$1,000,000 GF/GP in FY 2002 for facility and equipment improvements; \$10,700 GF/GP in FY 2002; and \$39,500 GF/GP E.O. Budgetary Savings.</p>	1,090,500	1,090,500	(21,800)	(21,800)	(1,050,200)	Statewide
<p>Conveyor Contract The proposed 5% reduction would decrease assistance with medical transportation expenses for disabled children and their families in the Children's Special Health Care Services program.</p>	559,100	455,100	(22,800)	(22,800)	0	Statewide
Grant Reductions Subtotal	62,727,700	24,459,600	(761,000)	(732,300)		
DEPARTMENT TOTAL	<u>\$9,242,318,600</u>	<u>\$2,433,167,700</u>	<u>(\$32,908,352)</u>	<u>(\$16,957,288)</u>		

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
CONSUMER AND INDUSTRY SERVICES						
ADMINISTRATIVE SAVINGS:						
Day Care Licensing Reduction would reduce GF/GP appropriations for day care licensing and consultation activities. This area was affected heavily by early retirement. The department also implemented a reorganization within the program which generated cost savings. As a result, GF/GP authorizations for FY 2002 exceeded expenditures by \$1.5 million. The proposed reduction would bring GF/GP appropriations down to planned spending levels for FY 2003.	24,514,000	13,264,500	(933,100)	(933,100)	(1,520,700) FY 2003	Statewide
General Administrative Savings Reductions to general administrative costs across a number of department programs. The reductions would be unlikely to impact federal matching funds. Affected line items will include: Policy Development (\$35,000); Bureau of Hearings (\$175,000); Administrative Services (\$40,000); Manufactured Housing and Land Resources (\$10,000); Employment Standards Enforcement (\$160,000).	N/A	N/A	(420,000)	(420,000)	Affected line items: (464,600) FY 2003	Statewide
Information Technology Services and Projects Appropriation supports payment of user fees to the Department of Information Technology for computer services provided to programs across the Department.	25,604,300	330,400	(79,636)	(79,636)	(639,900) FY 2003	Statewide
Fleet Savings Reductions to various department line items to account for savings attributable to a planned reduction in the state's automobile fleet. The reduction is allocated to the following line items: Health Systems Administration \$18,200; AFC, Children's Welfare and Day Care Licensure \$21,900; Employment and Labor Relations \$3,700; Occupational Safety and Health \$5,400; Employment Standards Enforcement \$12,300; Tax Tribunal Operations \$1,100; Office of Fire Safety \$2,200.	N/A	N/A	(64,800)	(64,800)	N/A	Statewide

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
FUNDING SHIFT:						
Office of Fire Safety Proposal includes a further GF/GP reduction of \$663,000 for the Office of Fire Safety (14.0% overall, 43.3% GF/GP decrease). The office administers both plan reviews and on-site inspections to ensure that adequate fire safety considerations have been made in constructing or altering certain types of facilities (e.g. nursing homes, schools, hospitals). DMB indicates that GF/GP appropriations eliminated in the Executive Order will be replaced in the short run as needed with available fire service fee revenues (generated from fees paid by hospitals and schools for these regulatory activities). A carry-forward balance of \$1.7 million existed for this fee source at the close of FY 2002. Legislative action would be required through the legislative transfer process to make this revenue available for expenditure. DMB suggests that some of the reduction could be met through achieving cost savings through a restructuring of this office in an expected Executive Order to establish a new Department of Labor, Economic Development, and Urban Growth.	4,739,300	1,529,500	(663,000)	(663,000)	(69,000) FY 2003	Statewide
GRANT REDUCTIONS:						
EMS Grants and Contracts Current funding supports contract payments to three organizations for regulatory services (e.g. ambulance inspections, testing services) related to Emergency Medical Services oversight.	1,062,100	317,900	(15,900)	(15,900)	0	Unknown
DEPARTMENT TOTAL	<u>\$546,581,100</u>	<u>\$35,076,900</u>	<u>(\$2,176,436)</u>	<u>(\$2,176,436)</u>		

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
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CORRECTIONS

ADMINISTRATIVE SAVINGS:

Facility Vacancies

Savings to be achieved through vacancies at correctional facilities. Negotiations with guards' union (Michigan Corrections Organization) apparently have resulted in an agreement to temporarily leave a limited number of positions vacant at the prisons, rather than fill through overtime or with new/transferred staff. It is not clear whether the vacancies involved would be temporary ones, such as when an employee is ill or on leave, or more permanent ones, such as when an employee has transferred or left state employment, or some combination of the two. Presumably, an agreement between MDOC and MCO would be committed to writing, but nothing is available at this time. Further, it is not clear what the full-year impact of the proposal would be, or whether additional savings could be forthcoming.

N/A	N/A	(6,078,000)	(6,078,000)	EO 2002-22 prior reductions attributed to facility vacancy savings totaled \$5,356,800	Correctional facilities statewide
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Department of Information Technology

Savings to be achieved through the following: vendor rate reductions (\$77,318), equipment (\$120,712), contractual services/application support (\$405,539), data center rate reduction (\$400,000), and contractual services, supplies, and maintenance (\$155,000).

15,474,700	15,465,700	(1,158,569)	(1,158,569)	(50,000)	Indeterminate
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<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
GRANT REDUCTIONS:						
Grant Reductions	13,006,000	13,006,000	(624,700)	(624,700)	(27,000)	Indeterminate
Proposed reduction is to appropriation for Community Corrections Plans and Services, which funds local costs of developing and implementing comprehensive corrections plans under the Community Corrections Act. Program is one of two community corrections grant programs; both are aimed at encouraging local sanctions for offenders who otherwise would come to prison. Reduction amount plus prior reduction of \$27,000 (EO 2002-22) total \$651,700, which is 5% of original appropriation of \$13,033,000. After proposed reduction, line's authorization would be \$12,381,200. FY 2002 spending was \$12,693,536. FY 2003 Plans and Services grant awards total \$13,005,962, which is about \$625,000 more than what the line's authorization would be after the proposed reduction. List of grant awards by county/community corrections advisory board is available.						
DEPARTMENT TOTAL	N/A	N/A	<u>(\$7,861,269)</u>	<u>(\$7,861,269)</u>		
EDUCATION						
ADMINISTRATIVE SAVINGS:						
Unclassified Positions	515,600	515,600	(59,800)	(59,800)	0	Indeterminate
Replaces with \$53,000 in Federal Revenue and \$6,800 in revenue from Teacher Certification Fees.						
State Board/Supt. Operations	1,949,600	1,354,400	(565,800)	(565,800)	(34,800)	Indeterminate
Replaces with \$498,700 in Federal Revenue and \$63,900 in revenue from Teacher Certification Fees. Reduces travel by \$1,000, CSSM by \$1,000, and vehicle usage by \$1,200.						
Worker's Compensation	51,000	51,000	(25,000)	(25,000)	(50,000)	Indeterminate
Funds are not needed to fill current claims.						
Central Support – Operations	5,071,800	1,773,000	(45,900)	(45,900)	(342,800)	Indeterminate
Replaces \$30,000 with Teacher Certification Fees, reduces travel by \$3,500, and reduces Contracted Services, Supplies, and Materials (CSSM) by \$12,400.						

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
Field Services Replaces \$110,000 with School Aid Funds (Sec. 94. Accreditation Assistance), reduces travel expenditures by \$2,900, and reduces CSSM by \$1,400.	5,199,800	349,100	(114,300)	(114,300)	(79,400)	Indeterminate
School Excellence Replaces \$160,000 with a combination of \$125,000 in School Aid Funds (Sec. 94 Accreditation Assistance) and \$35,000 in Federal funds (Reading First Grants). Reduces travel expenditures by \$6,700, and reduces CSSM by \$14,600.	12,238,600	1,916,000	(181,300)	(181,300)	(150,500)	Indeterminate
Government Services Reduces Contracted Services, Supplies, and Materials (CSSM) by \$1,000	1,148,400	332,600	(1,000)	(1,000)	(136,400)	Indeterminate
Information Technology Services Reduction of \$13,484 in equipment costs and \$31,000 in contractual services.	2,951,400	1,737,700	(44,484)	(44,484)	(336,700)	Indeterminate
Safe Schools Operations Reduces CSSM for the Office of Safe Schools by \$3,000.	444,400	71,500	(3,000)	(3,000)	(4,200)	Indeterminate
Administrative Law Operations Replaces \$14,400 with Federal funds and reduces travel by \$7,000 for Administrative Law Operations.	730,500	541,300	(21,400)	(21,400)	(122,200)	Indeterminate
Education Options, Charters and Choice Reduces CSSM by \$22,200.	1,165,500	185,300	(22,200)	(22,200)	(247,200)	Indeterminate
DEPARTMENT TOTAL	<u>\$216,571,400</u>	<u>\$30,102,400</u>	<u>(\$1,084,184)</u>	<u>(\$1,084,184)</u>		

ENVIRONMENTAL QUALITY

FUNDING SHIFTS AND ADMINISTRATIVE SAVINGS

Great Lakes Shorelands/ Federal Matching Funds This is a funding shift proposal. No alternative funding source has been proposed, but Land and Water Permit Fees is the only available restricted fund in this line item.	2,960,900	1,076,200	(50,000)	(50,000)	(78,500)	No direct impact
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<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
Nonpoint Source Pollution Control/ Federal Matching Funds This is a funding shift proposal. No alternative funding source has been proposed. The department is expected to shift funding from the CMI administration deduct to cover this reduction.	3,550,900	1,559,500	(75,000)	(75,000)	(4,300)	No direct impact
Laboratory Services Administration This is a fund shift proposal. The source of the replacement monies would be the CMI appropriation for direct response activities.	5,959,000	2,859,200	0	(315,600)	0	No direct impact
Underground Storage Tank Cleanup Program This is a funding shift proposal. The Cleanup Redevelopment Fund appropriation would be increased through a legislative transfer.	5,170,300	2,897,100	0	(2,897,100)	(99,800)	No direct impact
Information Technology Services and Projects Existing contracts and service agreement spending would be reduced.	7,066,400	2,608,500	(205,239)	(205,239)	(89,900)	
Fleet Vehicle Savings All underutilized vehicles (less than 1,066 miles/month) will be returned to the state motor pool.	N/A	N/A	(25,600)	(25,600)	0	
DEPARTMENT TOTAL	<u>\$405,068,100</u>	<u>\$70,221,700</u>	<u>(\$355,839)</u>	<u>(\$3,568,539)</u>		

EXECUTIVE OFFICE

ADMINISTRATIVE SAVINGS:

Executive Office line item Reduction would be made through implementation of administrative efficiencies (not replacing positions vacated due to early retirement); 6.0% reduction from YTD GF/GP.	4,210,100	4,210,100	(252,500)	(252,500)	(120,800)	No direct impact if reductions made only to operations.
DEPARTMENT TOTAL	<u>\$5,274,000</u>	<u>\$5,274,000</u>	<u>(\$252,500)</u>	<u>(\$252,500)</u>		

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
<i>FAMILY INDEPENDENCE AGENCY</i>						
EXPENDITURE REDUCTIONS:						
Reduce grants (cumulative 5%) - see below						
Reengineering/agency administrative savings - see below						
Information Technology Savings	82,535,300	63,786,200	(5,215,700)	(1,833,821)	FY 03 enacted budget included information systems savings of \$1.2 million GF/GP. Since that time, 745,200 GF/GP of early retirement savings has been recognized.	Statewide
Information Technology Services and Projects- Savings achieved through reductions in vendor and data center rates, equipment, contractual services, application support, and supplies and materials.						
Data System Enhancement – Savings achieved through reductions in vendor and data center rates, equipment, contractual services, application support, and supplies and materials.						
SUBTOTAL	82,535,300	63,786,200	(5,215,700)	(1,833,821)		
ADMINISTRATIVE SAVINGS:						
General administrative savings	289,800,200	113,914,400	(4,438,600)	(2,000,000)	Prior FY03 Budgetary Savings reduction of 167,000 GF/GP in Michigan Foster and Adoptive Parent Assoc. contract	No direct impact
Includes following GF/GP reductions: \$51,000 civil service leadership training; \$380,000 telecommunications savings; \$750,000 project zero administration/training activities; \$300,000 Michigan Foster and Adoptive Parent Association contract; \$251,500 projected lapse Exec. Operations CSSM; \$100,000 projected lapse Wage Employment Verification Reporting; \$87,500 reduce small evaluation contracts; \$80,000 reduce EDS basic PC training contract						

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
<p>Hiring freeze – administrative savings Includes savings from not filling positions, many of which are vacant due to early retirement. The following areas will be affected: Executive Operations Salaries and Wages - 16 positions at central office Juvenile Justice Operations – 2 positions Field Staff Salaries and Wages – Savings achieved by delaying the filling of 161 vacant positions as follows: 46 - Family Independence and Eligibility Specialists; 19 - Family Independence Mgrs; 5 - Adult Services Supv; 4 - County/District Mgrs; 4 - Admin Support Supv; 23 - 2nd/3rd Line Mgrs; 33 - Admin Suppt Staff; 7 - Prog Technical Staff; 10 - Zone Office Staff; 10 - Migrant Services Staff. Child and Family Services and Wages – 2 positions Family Independence Services Administration – 5 positions at central office Payroll Taxes and Fringe Benefits – Achieved by delaying the filling of 194 vacant positions noted above.</p>	682,560,100	249,737,800	(13,753,000)	(5,060,800)	FY 03 enacted budget included hiring freeze savings of \$5.0 million GF/GP. Since that time, \$21.0 million GF/GP of additional savings has been recognized.	Statewide
<p>Child Care Fund GF/GP to TANF switch Reduces GF/GP allocation by \$13.4 million and increases the federal TANF allocation by \$13.4 million (\$11.0 million in additional TANF and \$2.4 million TANF transferred from Strong Families Safe Children (SFSC). TANF from SFSC is replaced with additional available federal Title IV-B funds. TANF will be used to make larger in-home services claim.</p>	139,500,000	103,700,000	0	(13,400,000)	Not applicable	No direct impact
<p>DMB Fleet Savings – Includes the following GF/GP reductions applicable to 461 vehicles: \$208,800 travel; \$45,300 Juvenile Justice Operations; \$7,100 Commission for the Blind; \$3,400 Training and Staff Development.</p>	111,710,100	51,606,100	(769,400)	(264,600)	0	Statewide

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
SUBTOTAL	1,223,570,400	518,958,300	(18,961,000)	(20,725,400)		
GRANT REDUCTIONS:						
Before/After School Pilot Program (TANF) 5% cut in grants - TANF then used in the Child Care Fund to reduce GF/GP (see below). Reduces funds available to local contractors to provide before/after school services to eligible youth.	10,000,000	0	(500,000)	0	FY 03 enacted budget reduced contracts from \$13 million (\$10 million base & \$3 million work project) to \$10 million base total	Pilots located in the following counties: Bay; Clare; Genesee; Jackson; Kent; Macomb; Saginaw; St. Clair
Child Protection: Working Together As Community Partners (TANF) 5% cut in grants - TANF then used in the Child Care Fund to reduce GF/GP (see below). Reduces funds available to counties through local Multipurpose Collaborative Bodies (MPCBs) to provide services to low or moderate risk or unsubstantiated CPS cases.	6,401,000	0	(320,000)	0	0	Statewide
Child Safety and Permanency Planning (TANF) 5% cut in grants - TANF then used in the Child Care Fund to reduce GF/GP (see below). Reduces funds available to counties to provide programs that will increase responsible and safe alternatives for children at risk of removal from their families.	20,800,000	0	(1,040,000)	0	0	Statewide
Demonstration Projects 5% GF/GP cut in grants - Reduces funds available for pilot projects funded primarily with federal funds.	7,860,100	1,176,000	(393,000)	(58,800)	0	Not available
Domestic Violence Prevention and Treatment Board Grants 5% GF/GP cut in grants - Grantees use GF/GP as match to receive additional funds locally. Reduces funds available to local grantees to provide emergency shelter and related services to victims of domestic violence and their children.	8,825,300	1,000,000	(50,000)	(50,000)	0	Statewide coverage

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
Families First (TANF) 5% cut in grants - TANF then used in the Child Care Fund to reduce GF/GP (see below). Reduces funds available to local contractors to provide intensive, short term in-home, crisis intervention and family education to CPS cases to prevent removal from home.	20,027,000	0	(1,001,400)	0	0	Statewide
Family Group Decision Making (TANF) 5% cut in grants - TANF then used in the Child Care Fund to reduce GF/GP (see below). Reduces funds available to local contractors to implement a kinship care model that allows families to develop plans to ensure children are protected from future harm in ways that empower the family.	2,446,000	0	(122,300)	0	0	Contracts in Kent and Kalamazoo. Pilots located in the following counties: Leelanau/ Benzie; Charlevoix/ Emmet; Washtenaw/ Livingston; Van Buren; Muskegon; Wayne
Family Reunification Program (TANF) 5% cut in grants - TANF then used in the Child Care Fund to reduce GF/GP (see below). Reduces funds available to local contractors to provide intensive, in-home services that enable an earlier return for children placed in out-of-home settings.	5,000,000	0	(250,000)	0	0	Statewide
Fatherhood Program (TANF) 5% cut in grants - TANF then used in the Child Care Fund to reduce GF/GP (see below). Reduces available funds for providers to help eligible fathers to acquire skills that will enable them to increase responsible behavior toward their children and the mothers of their children.	500,000	0	(25,000)	0	FY 03 enacted budget reduced program amount from \$1 million to \$500,000	No current contracts
Legal Support Contracts 5% GF/GP cut in grants - Reduces funds available to local Friend of the Court offices.	135,896,400	3,076,200	(153,800)	(153,800)	0	Statewide
Homeless Youth Program 5% GF/GP cut in grants - Reduces funds to local contractors to provide services to homeless youth.	1,700,000	340,000	(85,000)	(17,000)	0	Statewide

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
Marriage Initiative (TANF) 5% cut in grants - TANF then used in the Child Care Fund to reduce GF/GP (see below). Reduces available funds for providers to work to support and strengthen marriages.	250,000	0	(12,500)	0	0	No current contracts
Post Adoption Support Services (TANF) 5% cut in grants - TANF then used in the Child Care Fund to reduce GF/GP (see below). Reduces funds available to regional resource centers to provide support services to eligible adoptive parents and their children.	500,000	0	(25,000)	0	0	Six regional service centers
Runaway Program 5% GF/GP cut in grants - Grantees use GF/GP as match to receive additional funds locally. Reduces funds to local contractors to provide services to runaway youth.	6,300,000	1,800,000	(90,000)	(90,000)	0	Statewide
Strong Families/Safe Children (TANF and Title IV-B) 5% cut in grants - TANF then used in the Child Care Fund to reduce GF/GP (see below). Reduces funds available to counties to foster community collaborative partnerships to enhance the lives of families and children, prevent abuse/neglect, and safely protect children in their own homes.	15,537,000	0	(400,000)	0	0	Statewide

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
Teenage Parent Counseling (TANF) 5% cut in grants - TANF then used in the Child Care Fund to reduce GF/GP (see below). Reduces funds available to local contractors to provide comprehensive, coordinated services to teen parents.	4,164,000	0	(208,200)	0	0	Contracts in the following counties: Berrien; Calhoun; Chippewa; Clare; Genesee; Ingham; Jackson; Kalamazoo; Kent; Lake; Montcalm; Muskegon; Newaygo; Oakland; Ogemaw; Saginaw; Van Buren
Youth in Transition 5% GF/GP cut in grants - Reduces funds available for providers to prepare eligible foster care and delinquent teens for living on their own.	4,200,000	840,000	(210,000)	(42,000)	0	Statewide
Child Care Fund GF/GP to TANF switch Took reductions in TANF funded programs above, moved TANF into the Child Care Fund (CCF), and reduced GF/GP in the CCF. TANF will be used to make larger in-home services claim.	139,500,000	103,700,000	0	(3,904,400)	Not applicable	No direct impact
SUBTOTAL	389,906,800	111,932,200	(4,886,200)	(4,316,000)		
DEPARTMENT TOTAL 2.4% overall reduction to YTD GF/GP	<u>\$4,071,441,200</u>	<u>\$1,141,960,300</u>	<u>(\$29,062,900)</u>	<u>(\$26,875,221)</u>		

Higher Education

EXPENDITURE REDUCTIONS:

Base Operations All 15 state universities receive a 1.5% cut, rounded to the nearest \$100.	1,583,174,642	1,575,097,206	(24,232,300)	(24,232,300)	(32,311,558)	Statewide
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<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
Statewide Programs Agricultural Experiment Station, Cooperative Extension Service, higher education database, Japan Center, and King-Chavez-Parks programs are cut 1.5%. Higher Education Compact dues are exempt from a cut, since annual dues have been paid. There is a 5% cut from Rare Isotope Accelerator project at MSU, funded by restricted (Tobacco Settlement Fund) monies; this \$100,000 savings must be transferred to the General Fund as a savings.	72,816,075	70,455,188	(1,182,700)	(1,082,700)	(1,443,625)	Statewide
Financial Aid Degree reimbursements provided to independent colleges and universities under three programs (dental degree grant, general degree reimbursement, and allied health degree reimbursement) are cut 1.5%. The impact is a reduced payment per graduate. The remaining financial aid programs are exempt in proposed E.O.	201,108,618	121,412,139	(182,600)	(182,600)	(2,490,648)	Statewide
DEPARTMENT TOTAL	<u>\$1,857,099,335</u>	<u>\$1,766,964,533</u>	<u>(\$25,597,600)</u>	<u>(\$25,497,600)</u>		

HISTORY, ARTS AND LIBRARIES

ADMINISTRATIVE SAVINGS:

Administrative Savings Reductions would be realized through administrative efficiencies within the following appropriation lines: Management Services (81,700), Office of Film & Television Services (5,600), Administration (33,400), Mackinac Island Park Operation (48,500), Historical Facilities System (23,800), Historical Administration and Services (175,200), Thunder Bay National Marine Sanctuary and Underwater Preserve (27,000), Library of Michigan Operations (295,500), Information Technology Services and Projects (51,464).	19,130,000	18,016,000	(742,164)	(742,164)	(841,800) FY 2002-03	Statewide
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<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
GRANT REDUCTIONS:						
Arts and Cultural Grants The proposed reduction would impact arts and cultural grants across Michigan. There is approximately \$20,000 of undistributed discretionary funds that could be used to satisfy the \$307,600 proposed reduction. The balance, \$287,600, would be distributed as a reduction to all FY 2002-03 grant awardees. Some exceptions may be made for projects that absolutely require the entire grant amount to complete an artistic event. Percentage GF/GP reduction from enacted 5.0%, from YTD 1.4%.	22,708,100	22,008,100	(307,600)	(307,600)	(834,500) FY 2003	Statewide
Grant to the Detroit Public Library The proposal would further reduce operational funding to the Detroit City Library. GF/GP funding to the Detroit Public Library in past years has been: FY2001-02 \$2,877,100, FY2000-01 \$5,871,600, FY1999-00 \$5,871,600, FY1998-99 \$5,871,600, FY1997-98 \$5,871,600. Percentage GF/GP reduction from enacted 5.0%, from YTD 1.4%.	2,806,900	1,871,700	(26,900)	(26,900)	(70,200) FY 2003	City of Detroit
State Aid to Libraries Proposal would reduce amount of funds available to support the formula distribution of state funding to libraries across Michigan. All currently funded libraries would be affected on a proportional basis. Percentage reduction from enacted 5.0%, from YTD 1.4%.	12,845,000	12,845,000	(184,400)	(184,400)	(482,000) FY 2003	Statewide
DEPARTMENT TOTAL Percentage GF/GP reduction from enacted 5.2%, from YTD 1.54%	<u>\$70,302,300</u>	<u>\$59,712,700</u>	<u>(\$1,261,064)</u>	<u>(\$1,261,064)</u>		

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
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MANAGEMENT AND BUDGET

ADMINISTRATIVE SAVINGS:

Administrative Savings – Miscellaneous appropriation line items Reductions would be made to the following line items through implementation of administrative efficiencies and reducing fleet: Departmentwide Services (\$325,200), Statewide Administrative Services (\$575,700), Statewide Support Services (\$60,000), Information Technology Services and Projects (\$2,727,189); 8.6% reduction from YTD GF/GP.	188,916,000	42,935,400	(3,688,089)	(3,688,089)	(382,300) Gross (1,100,900) GF/GP	No direct impact if reductions made only to operations.
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DEPARTMENT TOTAL

\$188,916,000 \$42,935,400 (\$3,688,089) (\$3,688,089)

MICHIGAN STRATEGIC FUND

EXPENDITURE REDUCTIONS:

Life Sciences funding reduction Program supports grants and contracts to universities, research institutes, and private firms to finance R&D in the life sciences area and to finance efforts to commercialize innovations, products, processes developed from the research. Funded from tobacco settlement dollars. Up to \$2.5 million of the appropriation is used for administration. Remaining funds are distributed to eligible applicants.	45,000,000	0	(12,500,000)	0	(5,000,000) FY 2002	Regions with universities [mainly U-M, MSU, WSU – also Grand Rapids (VanAndel Inst.)]
Michigan Promotion Program Michigan Promotion Program provides funding for the state's tourism promotion activities. Funds support advertising in targeted Midwestern markets, on-line travel information, travel publications, and market research activities.	6,717,500	6,717,500	(300,000)	(300,000)	(600,000) FY 2002 (700,000) FY 2003	Statewide, particularly in areas with tourism-oriented economies

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
ADMINISTRATIVE SAVINGS:						
Administration Reduction plan includes a \$169,400 reduction (3.5% decrease) to the agency's "Administration" line item, which supports central administrative services (finance, accounting, human resources, executive office) and rent. Reductions could affect administrative resources for any and all agency programs.	4,733,100	4,733,100	(169,400)	(169,400)	(139,600) FY 2002 (495,000) FY 2003	Statewide programmatic impact
Job Creation Services Proposed reduction of \$803,700 (3.6% overall; 4.4% GF/GP decrease) to the agency's "Job Creation Services" line item. The line item finances the administration of the agency's economic development programs.	21,857,900	17,900,600	(803,700)	(803,700)	(1,216,000) FY 2002 (1,961,000) FY 2003	Statewide programmatic impact
DEPARTMENT TOTAL	<u>\$150,656,500</u>	<u>\$41,699,200</u>	<u>(\$13,773,100)</u>	<u>(\$1,273,100)</u>		

MILITARY AND VETERANS AFFAIRS

EXPENDITURE REDUCTIONS:

Civil Air Patrol Program Reduced administrative funds by 53% for air search and rescue, disaster relief, and defense operations	186,000	186,000	(100,000)	(100,000)	0	Statewide
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ADMINISTRATIVE SAVINGS:

Grand Rapids Veterans' Home Funding Shift: replaced equal amounts of GF/GP with <i>anticipated</i> federal revenues and carry-forward surplus NOTE: \$209,100 GF/GP reductions will be replaced with equal amounts of restricted user fees	42,564,700	14,943,700	(959,100)	(959,100)	(257,400)	Lower Peninsula
D.J. Jacobetti Veterans' Home Funding Shift: replaced equal amounts of GF/GP with <i>anticipated</i> federal revenues and carry-forward surplus	12,957,800	5,156,400	(459,100)	(459,100)	(42,800)	Upper Peninsula
Information Technology Reduces technology by 2.0%	1,230,800	517,100	(21,292)	(21,292)	(52,100)	Unknown
DEPARTMENT TOTAL NOTE: Sufficient surplus funds are available to cover the GF/GP reductions.	<u>\$103,450,100</u>	<u>\$39,867,800</u>	<u>(\$1,539,492)</u>	<u>(\$1,539,492)</u>		

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
NATURAL RESOURCES						
ADMINISTRATIVE SAVINGS:						
Cost Allocation Plan Adjustments - Building Occupancy Charges A number of restricted fund adjustments would be made, shifting support for administrative support functions to restricted funds.	N/A	N/A	0	(1,175,100)	0	No direct impact
Forest Fire Protection Fire protection officers would be reassigned; offices will be closed in seven field locations.	10,219,000	6,575,300	(234,100)	(234,100)	0	Southern Michigan
Finance and Operations Services Implements a 4.4% reduction of General Fund support.	7,275,200	2,274,600	(100,000)	(100,000)	0	No direct impact
Office of Information Services Implements an 18.0% reduction of General Fund support.	2,810,800	551,700	(100,000)	(100,000)	0	Statewide
FUNDING SHIFTS:						
Finance and Operations A funding shift would be implemented via legislative transfer from the Land and Water Conservation Fund grants line item. Eligible costs would be charged against this federal program.	7,275,200	2,274,600	0	(200,000)	0	No direct impact
Information Technology Services and Projects Contract employees would be terminated. Workloads would be shifted to existing DNR employees.	15,049	2,100,000	(375,953)	(375,953)	0	
Fleet Vehicle Savings All underutilized vehicles (less than 1,066 miles/month) would be returned to the state motor pool.	N/A	N/A	(14,700)	(14,700)	0	
DEPARTMENT TOTAL	<u>\$255,822,000</u>	<u>\$43,824,300</u>	<u>(\$824,753)</u>	<u>(\$2,199,853)</u>		

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
STATE						
ADMINISTRATIVE SAVINGS:						
Administrative Savings Reduction will be realized through administrative efficiencies within the following lines: Department Services-Operations (102,900), Regulatory Services-Operations (4,500), Auto Regulations (300), Branch Operations (117,100), Central Records (54,300), Record Administration (2,600), Building Occupancy Charges/Rent (184,900), Information Technology Services and Projects (202,039).	165,463,600	116,307,600	(668,639)	(668,639)	(968,600) FY 2003	Statewide
DEPARTMENT TOTAL	<u>\$179,631,600</u>	<u>\$16,544,800</u>	<u>(\$668,639)</u>	<u>(\$668,639)</u>		
STATE POLICE						
ADMINISTRATIVE SAVINGS:						
Administrative Savings-Various Line Items Reduced administrative costs by nearly 1.5%; Uniform Services, At-Post Troopers, Criminal Investigations, and Motor Carrier Enforcement totaled \$2.9 million	411,326,500	282,742,600	(4,000,000)	(4,000,000)	(4,305,700)	Unknown at this time
Information Technology Reduces technology by 6.4%	20,450,900	19,951,700	(1,283,652)	(1,283,652)	(499,200)	Unknown
Fleet Leasing The Department will return 41 leased vehicles. This does not include vehicles used by troopers.	14,637,900	14,637,900	(69,500)	(69,500)	0	Unknown
DEPARTMENT TOTAL	<u>\$411,326,500</u>	<u>\$282,742,600</u>	<u>(\$5,353,152)</u>	<u>(\$5,353,152)</u>		

<u>REDUCTIONS/SAVINGS AND ANALYSIS</u>	<u>YTD Gross</u>	<u>YTD GF/GP</u>	<u>Proposed EO Savings Gross</u>	<u>Proposed EO Savings GF/GP</u>	<u>Prior Reductions</u>	<u>Geographic Impact</u>
TREASURY						
ADMINISTRATIVE SAVINGS:						
Administrative Savings Reductions would be realized through administrative efficiencies within the following appropriation lines: Revenue (276,700), Administrative Services (343,600), Financial Services (300,000), Information Technology Services and Projects (1,009,903).	105,789,500	22,392,800	(1,930,203)	(1,930,203)	(2,818,200) FY 2003	Statewide
TIFA Projections Current projections show no State expenditures in FY 2002-03 will be necessary to reimburse Tax Increment Finance Authorities.	500,100	500,100	(500,100)	(500,100)	0	No direct impact
DEPARTMENT TOTAL 3.1% reduction from YTD GF/GP.	<u>\$1,905,126,400</u>	<u>\$77,740,300</u>	<u>(\$2,430,303)</u>	<u>(\$2,430,303)</u>		

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