

PRELIMINARY REVIEW

of the

FY 2014-15 and

FY 2015-16

Executive Budget

Recommendation



Mary Ann Cleary, Director
February 10, 2014

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OVERVIEW OF FY 2014-15 AND FY 2015-16 EXECUTIVE BUDGET RECOMMENDATION

The FY 2014-15 Executive budget recommendation calls for \$51,303.9 million in adjusted gross appropriations. This includes \$9,843.4 million in General Fund/General Purpose (GF/GP) funds, \$19,941.9 million in restricted funds, \$512.6 million in local/private funds, and \$21,006.0 million in federal funds.

Of the \$29,785.3 million in state resources recommended for appropriation in FY 2014-15, \$16,530.8 million (55.5% of the total) is designated for payments to local units of government. Article IX, Section 30 of Michigan's *Constitution* requires that at least 48.97% of spending from state resources must be paid to local government.

The Executive recommendation incorporates the January 2014 Consensus Revenue Estimating Conference revenue estimates and includes a proposed expansion of the Homestead Property Tax Credit (HPTC). The HPTC changes would reduce state GF/GP revenues by \$102.7 million annually, beginning in FY 2013-14. The recommendation also accounts for projected revenue losses and costs associated with the August 2014 Personal Property Tax ballot proposal, but does not offer a specific solution to the continued shortfall of approximately \$110 to \$130 million per year in Health Insurance Claims Assessment (HICA) collections.

The proposal also continues the policy to designate appropriation items from beginning balances as one-time. Below is a summary highlighting the major GF/GP and School Aid Fund (SAF) funding allocations for FY 2014-15:

- GF/GP funding increases of \$370.9 million for new programs or increases in existing programs. Major GF/GP funding increases include the following:
 - \$80.3 million for public university funding (6.1% increase)
 - \$28.0 million for state information technology system replacement and upgrades
 - \$26.0 million for Medicaid primary care rates
 - \$25.3 million for the Michigan Public Safety Communications System
 - \$16.7 million for mental health-related initiatives (with an additional \$5.0 million in one-time funding)
 - \$15.7 million for Community Colleges operations funding (3.0%) and retirement rate cap reduction
 - \$15.0 million for the Business Attraction and Community Revitalization Program
 - \$13.5 million for annual debt service on \$150 million in borrowing through the Michigan Strategic Fund for university engineering talent investment and community college skilled trade equipment
- Proposals for one-time GF/GP resources totaling \$636.4 million are as follows:
 - Transportation-related funding of \$254.0 million GF/GP
 - Various departmental funding items of \$140.4 million GF/GP
 - Reserve fund deposits:
 - Budget Stabilization Fund deposit of \$120.0 million GF/GP
 - Health Savings Sub-Fund deposit of \$122.0 million GF/GP
- Revenue sharing funding increases with GF/GP impact are as follows:
 - \$65.4 million to fully fund County Revenue Sharing
 - \$7.2 million for an Economic Vitality Incentive Program (EVIP) funding increase (3.0%)
 - \$28.8 million for one-time supplemental EVIP payments
- The School Aid funding proposal includes the following:
 - \$150.0 million for foundation allowance increases ranging from \$83 to \$111 per pupil
 - \$65.0 million increase in Great Start Readiness Preschool program
 - \$48.2 million in other program increases
 - \$40.0 million savings in baseline cost adjustments
 - \$270.1 million increase for state-level MPERS unfunded accrued liability costs
 - MPERS Reserve Fund deposit of \$50.0 million

Other proposed funding increases and adjustments are described for individual budget areas later in this report.

Additionally, a number of items classified as one-time appropriations in FY 2013-14 are included as ongoing funding items in the FY 2014-15 Executive recommendation. This includes partially replacing \$50.0 million in one-time funding for Film Incentives in FY 2013-14 with \$25.0 million in ongoing funding in FY 2014-15.

The Executive recommendation reserves \$17.5 million in annual tobacco settlement revenues for distressed communities.

The Executive recommendation does not assume any fee increases—only the extension of sunsets on existing fees.

The Executive recommendation includes a proposed FY 2013-14 supplemental for both GF/GP and SAF spending. Supplemental request 2014-4, along with previous request 2014-1, totals \$96.6 million GF/GP. Of that total, \$73.3 million is earmarked to replace three months of GF/GP savings that will not occur due to the delayed implementation of the Healthy Michigan Plan (Medicaid Expansion). School Aid supplemental request 2014-3 reduces SAF \$109.3 million for baseline cost adjustments.

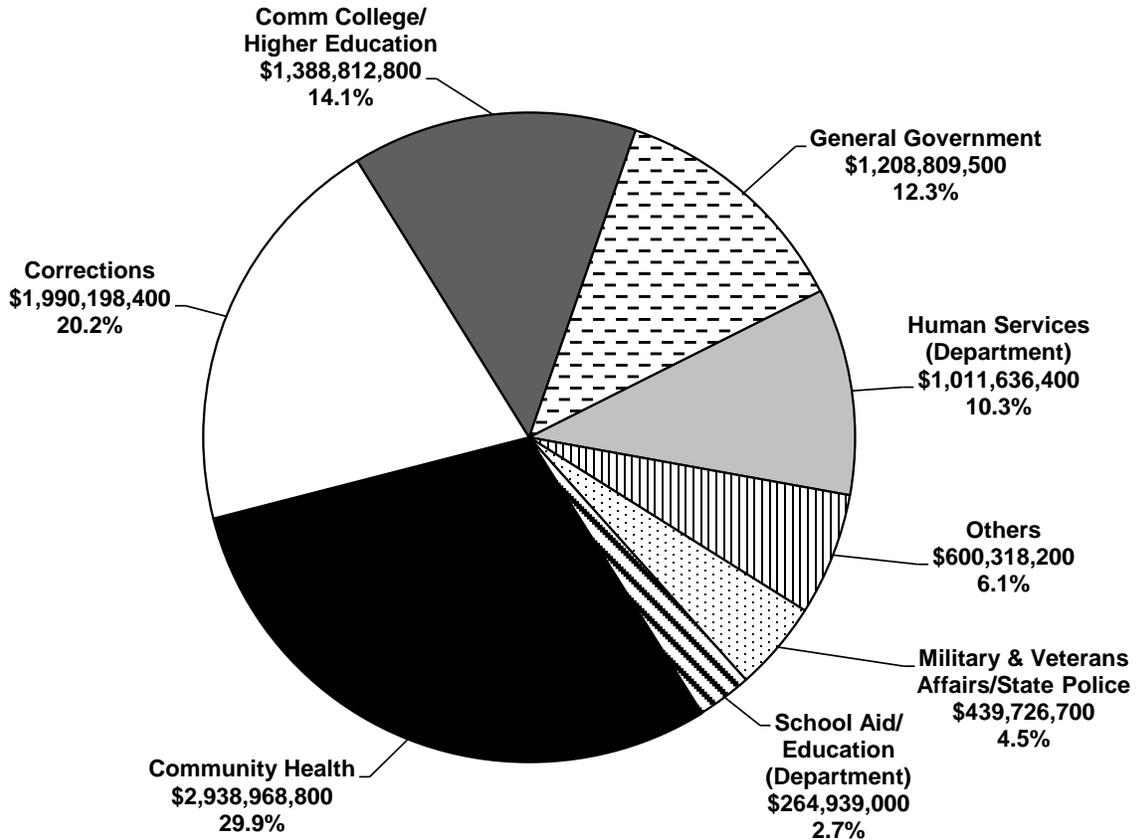
This preliminary review provides a quick look at the Executive recommendation for FY 2014-15 and FY 2015-16. The House Fiscal Agency's full Review and Analysis of the FY 2014-15 and FY 2015-16 Executive Budget Recommendation will be available in approximately two weeks, and will contain a more detailed review by budget area, of major budget and boilerplate changes, and a summary of proposed FY 2013-14 supplemental recommendations in the Executive Budget.

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

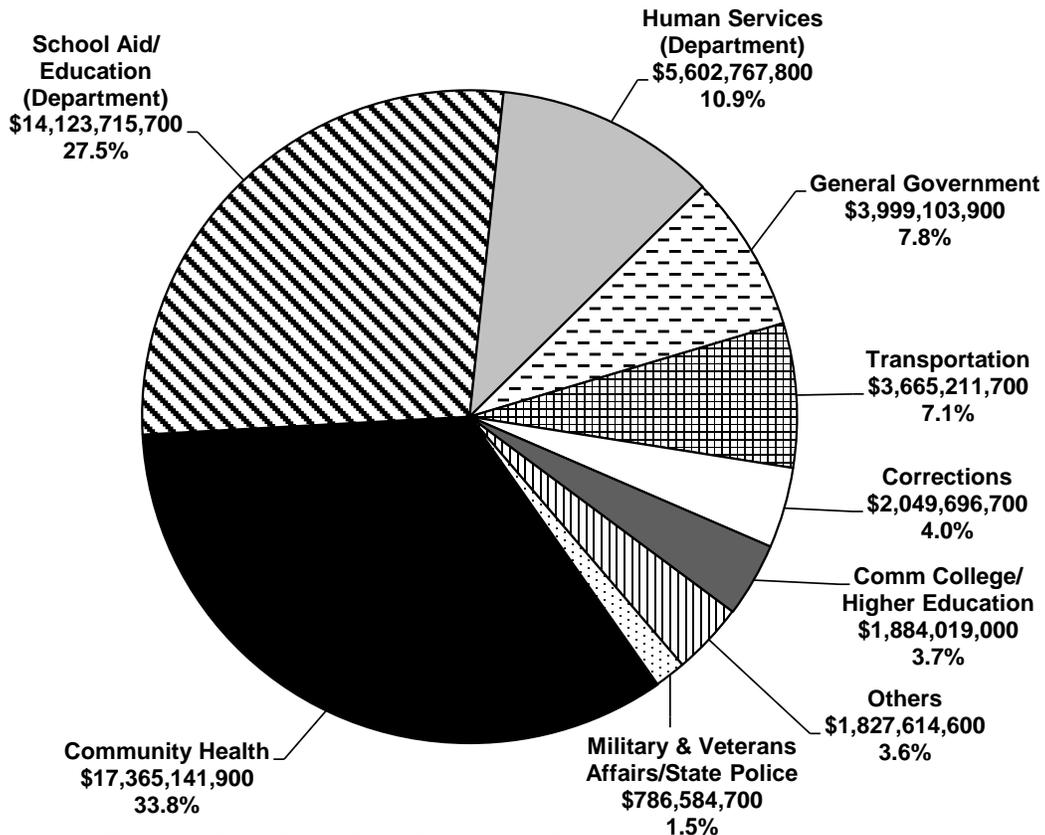


Mary Ann Cleary, Director

**FY 2014-15 Executive Recommendation
General Fund/General Purpose (GF/GP) = \$9,843,409,800**



**FY 2014-15 Executive Recommendation
Adjusted Gross = \$51,303,856,000**



CHANGE IN ADJUSTED GROSS APPROPRIATIONS FY 2014-15 and FY 2015-16 Executive Recommendation

The Executive Budget Recommendation for FY 2014-15 increases adjusted gross appropriations by \$1,078.6 million (2.1%) from current FY 2013-14 year-to-date amounts:

- GF/GP appropriations are increased by \$649.8 million (7.1%).
- State restricted appropriations are increased by \$479.9 million (2.5%).
- Federal appropriations are decreased by \$30.1 million (-0.1%).
- Local and private appropriations are decreased by \$21.0 million (-3.9%).

Total state spending from state sources (GF/GP plus state restricted) in the FY 2014-15 Executive Budget Recommendation is increased by \$1,129.6 million (3.9%) from FY 2013-14 year-to-date amounts.

Projected appropriation amounts for FY 2015-16 under the Executive Budget (which will not be legally binding) reflect a 2.9% decrease in GF/GP appropriations, a 1.1% decrease in total state spending from state sources, and a 0.4% decrease in adjusted gross appropriations.

**FY 2014-15 and FY 2015-16
Executive Budget Appropriation Changes
Millions of Dollars**

	Year-to-Date	Executive	Change Amounts		Executive	Change Amounts	
	FY 2013-14	Recommendation FY 2014-15			Recommendation FY 2015-16		
General Fund/General Purpose	\$9,193.7	\$9,843.4	\$649.8	7.1%	\$9,558.0	(\$285.4)	-2.9%
State Restricted	<u>19,462.0</u>	<u>19,941.9</u>	<u>479.9</u>	2.5%	<u>19,910.8</u>	<u>(31.1)</u>	-0.2%
Total State Spending from State Sources	\$28,655.7	\$29,785.3	\$1,129.6	3.9%	\$29,468.8	(\$316.5)	-1.1%
Federal	\$21,036.1	\$21,006.0	(\$30.1)	-0.1%	\$21,106.0	\$100.0	0.5%
Local	375.7	344.1	(31.6)	-8.4%	344.1	0.0	0.0%
Private	157.8	168.4	10.6	6.7%	167.9	(0.5)	-0.3%
Total Adjusted Gross	\$50,225.2	\$51,303.9	\$1,078.6	2.1%	\$51,086.8	(\$217.0)	-0.4%

Note: Numbers may not add due to rounding.

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

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

Adjusted Gross: Total of appropriations from all sources; gross appropriations minus interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

Notes:

(1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014.

(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

(3) Appropriation figures for the Department of Community Health and Corrections include appropriation adjustments contained in Public Act 107 of 2013, which will take effect in March 2014.

PROPOSED EXPANSION OF THE HOMESTEAD PROPERTY TAX CREDIT

Senior Economist: Jim Stansell

Under current law, the Homestead Property Tax Credit (HPTC) is based on the extent to which a filer's property taxes (and/or 20% of rent payments) exceed 3.5% of household resources, provided the taxable value of the filer's homestead is less than \$135,000. For non-seniors, that difference is multiplied by 60% to determine the credit, up to a maximum of \$1,200.

Seniors with less than \$21,000 in household resources are eligible for 100% of the difference between their property taxes and 3.5% of household resources. For each \$1,000 increment between \$21,000 and \$30,000, the percentage goes down by 4% so that once a senior filer reaches \$30,000 of household resources, the filer is eligible for the same 60% of the difference as non-seniors.

For both seniors and non-seniors, the credit phases out for those filers with household resources in excess of \$41,000. For each \$1,000 increment above \$41,000 in household resources, the credit is reduced by 10% so that no taxpayer with over \$50,000 in household resources would be eligible (i.e., the credit falls to \$0).

The Governor's proposal would reduce the household income threshold from 3.5% to 3.0%. This would potentially provide larger credits to those already eligible as well as allowing additional taxpayers to qualify.

In addition, the proposal would modify the existing phase out so that a reduction percentage of 20% would apply to all claimants whose household resources exceed \$48,000 but are less than or equal to \$60,000. Increasing the phase out ceiling also has the effect of increasing the number of claimants.

Approximately 1.14 million taxpayers claimed the HPTC in the 2012 tax year, roughly 100,000 of whom were eligible for the \$1,200 maximum. The proposed changes are expected to increase refunds for those not already at the maximum as well as allowing an additional 250,000 filers to qualify.

The proposed expansion of the HPTC would reduce state GF/GP revenues by \$102.7 million annually, beginning in FY 2013-14.

RESOURCES USED IN THE EXECUTIVE BUDGET RECOMMENDATION

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

FY 2014-15 and FY 2015-16 Executive Recommendation General Fund/General Purpose (GF/GP) Millions of Dollars		
	FY 2014-15	FY 2015-16
<u>Resources</u>		
Beginning balance	\$666.9	\$41.2
Revenue estimate	10,046.5	10,535.6
Homestead Property Tax Credit	(102.7)	(102.7)
Personal Property Tax	0.0	(41.7)
Revenue Sharing	(488.0)	(459.2)
Charge SAF for short-term borrowing cost	<u>4.0</u>	<u>5.0</u>
Total Resources	\$10,126.7	\$9,978.2
<u>Expenditures</u>		
Ongoing recommendations	\$9,449.0	\$9,648.2
One-time recommendations	394.5	23.3
BSF deposit	120.0	0.0
Health Savings Sub-Fund deposit	<u>122.0</u>	<u>122.0</u>
Total Expenditures	\$10,085.5	\$9,793.5
Estimated Ending Balance	\$41.2	\$184.7

Beginning balance: Estimated ending balance from FY 2013-14.

Revenue estimate: FY 2014-15 and FY 2015-16 revenue estimates agreed to at the January 2014 consensus revenue estimating conference.

Homestead Property Tax Credit: Proposed expansion of the HPTC.

Personal Property Tax: Proposed phase-out of the PPT (August 2014 ballot).

Revenue Sharing: Expenditure of sales tax revenue resulting from revenue sharing proposal.

Charge SAF for short-term borrowing cost: Savings that accrue to GF/GP by shifting short-term borrowing costs to the SAF.

Ongoing recommendations: Executive recommendation for the ongoing GF/GP appropriations.

One-time recommendations: Executive recommendation for one-time GF/GP appropriations.

BSF deposit: Executive recommendation for GF/GP transfer to the Budget Stabilization Fund (BSF).

Health Savings Sub-Fund deposit: Executive recommendation for transfer to Health Savings Sub-Fund: 50% of GF/GP savings from implementation of Healthy Michigan Plan.

FY 2014-15 and FY 2015-16 Executive Recommendation School Aid Fund (SAF) Millions of Dollars		
	FY 2014-15	FY 2015-16
<u>Resources</u>		
Beginning balance	\$351.6	\$34.2
MPSERS reserve balance	18.0	50.0
Revenue estimate	11,931.8	12,338.2
Personal Property Tax	(10.0)	(20.9)
GF/GP contribution	180.0	180.0
Federal funds	<u>1,808.2</u>	<u>1,808.2</u>
Total Resources	\$14,279.6	\$14,389.7
<u>Expenditures</u>		
School Aid ongoing recommendations	\$13,478.8	\$13,790.7
School Aid one-time recommendations	318.5	0.0
Community College recommendations	197.6	197.6
Higher Education recommendations	<u>200.5</u>	<u>200.5</u>
Total Expenditures	\$14,195.4	\$14,188.8
Estimated SAF Ending Balance	\$34.2	\$150.9
Estimated MPSERS Reserve Ending Balance	\$50.0	\$50.0

Beginning balance: Estimated ending balance from FY 2013-14.

MPSERS reserve balance: Use of funds set aside to help offset state-level retirement costs.

Revenue estimate: FY 2014-15 and FY 2015-16 revenue estimates agreed to at the January 2014 consensus revenue estimating conference.

Personal Property Tax: Proposed phase-out of the PPT (August 2014 ballot).

GF/GP contribution: GF/GP revenue appropriated to SAF.

Federal funds: Federal revenue available for School Aid programs.

School Aid ongoing recommendations: Executive recommendation for ongoing SAF appropriations.

School Aid one-time recommendations: Executive recommendation for one-time SAF appropriations.

Community College recommendations: Use of SAF revenue for Community Colleges budget.

Higher Education recommendations: Use of SAF revenue for Higher Education budget.

FY 2014-15 and FY 2015-16 Executive Recommendation		
Merit Award Trust Fund		
Millions of Dollars		
	FY 2014-15	FY 2015-16
<u>Resources</u>		
Beginning balance	\$53.3	\$27.9
Tobacco Settlement MSA payment	250.9	250.9
Settlement adjustments	(29.7)	(22.7)
Payment on 2006/2007 securitization bonds (24.11%)	(53.3)	(55.0)
Reserve for distressed communities	(17.5)	(17.5)
Deposit to 21st Century Jobs Trust Fund	<u>(75.0)</u>	<u>(72.0)</u>
Available Resources	\$128.7	\$111.6
<u>Expenditures</u>		
DHS: Family Independence Program	\$30.1	\$30.1
Treasury: Tuition Incentive Program admin	1.1	1.1
State Police: Tobacco tax enforcement	0.8	0.8
DCH: Medicaid base funding	64.3	64.3
DCH: Aging-respite care	4.1	4.1
Attorney General: Administration	<u>0.5</u>	<u>0.5</u>
Total Expenditures	\$100.9	\$100.9
Estimated Ending Balance	\$27.8	\$10.7

BUDGET SUMMARY TABLES

The following pages include seven tables summarizing the Executive Budget Recommendation by budget area.

The following should be noted regarding the appropriation amounts in the following tables and throughout the report:

- Some appropriation items in the FY 2013-14 budget are designated as one-time, indicating intent that those items would not be funded in the subsequent budget year in order to maintain a structurally-balanced budget. The FY 2014-15 Executive Budget continues this practice.
- The tables in this document show total appropriation amounts by budget area, including both standard line items and the items designated as one-time, in order to provide an accurate representation of resources available for expenditure in each budget year by state departments, local units of government, and other entities receiving funds through the state budget.

**TABLE 1
FY 2014-15 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS**

<u>Department/Budget Area</u>	<u>Gross</u>	<u>IDG/IDT</u>	<u>Adjusted Gross</u>	<u>Federal</u>	<u>Local</u>	<u>Private</u>	<u>State Restricted</u>	<u>GF/GP</u>
Community Colleges	371,524,900	0	371,524,900	0	0	0	197,614,100	173,910,800
Education	326,576,100	0	326,576,100	226,097,500	5,633,700	1,933,300	7,972,600	84,939,000
Higher Education	1,512,494,100	0	1,512,494,100	97,026,400	0	0	200,565,700	1,214,902,000
School Aid	13,797,139,600	0	13,797,139,600	1,808,162,700	0	0	11,808,976,900	180,000,000
EDUCATION	\$16,007,734,700	\$0	\$16,007,734,700	\$2,131,286,600	\$5,633,700	\$1,933,300	\$12,215,129,300	\$1,653,751,800
Attorney General	91,022,300	27,783,800	63,238,500	9,857,200	0	0	17,914,200	35,467,100
Civil Rights	16,769,200	288,900	16,480,300	2,736,500	0	18,700	151,900	13,573,200
Executive Office	5,916,100	0	5,916,100	0	0	0	0	5,916,100
Legislative Auditor General	21,758,800	5,220,700	16,538,100	0	0	0	2,000,800	14,537,300
Legislature	131,570,500	0	131,570,500	0	0	400,000	4,109,800	127,060,700
State	224,112,300	20,000,000	204,112,300	1,460,000	0	100	184,713,200	17,939,000
Tech., Mgmt. & Budget: Operations	1,027,633,600	680,315,500	347,318,100	7,974,100	3,553,700	190,400	94,322,000	241,277,900
Tech., Mgmt. & Budget: SBA Rent	254,570,600	0	254,570,600	0	0	0	0	254,570,600
Treasury: MI Strategic Fund	1,019,429,900	0	1,019,429,900	637,370,300	4,433,500	5,654,900	142,678,700	229,292,500
Treasury: Operations	543,976,000	9,409,100	534,566,900	39,705,200	1,982,500	23,100	376,076,000	116,780,100
Treasury: Debt Service	152,395,000	0	152,395,000	0	0	0	0	152,395,000
Treasury: Revenue Sharing	1,252,967,600	0	1,252,967,600	0	0	0	1,252,967,600	0
GENERAL GOVERNMENT	\$4,742,121,900	\$743,018,000	\$3,999,103,900	\$699,103,300	\$9,969,700	\$6,287,200	\$2,074,934,200	\$1,208,809,500
Community Health	17,374,567,800	9,425,900	17,365,141,900	11,941,802,500	216,656,400	127,056,600	2,140,657,600	2,938,968,800
Human Services	5,621,313,700	18,545,900	5,602,767,800	4,397,966,500	38,876,800	18,050,700	136,237,400	1,011,636,400
HEALTH AND HUMAN SERVICES	\$22,995,881,500	\$27,971,800	\$22,967,909,700	\$16,339,769,000	\$255,533,200	\$145,107,300	\$2,276,895,000	\$3,950,605,200
Corrections	2,049,921,700	225,000	2,049,696,700	5,081,000	8,547,700	0	45,869,600	1,990,198,400
Military & Veterans Affairs	173,594,900	100,000	173,494,900	90,362,800	1,500,000	740,000	25,086,400	55,805,700
State Police	639,323,000	26,233,200	613,089,800	99,429,900	4,861,700	77,200	124,800,000	383,921,000
PUBLIC SAFETY AND DEFENSE	\$2,862,839,600	\$26,558,200	\$2,836,281,400	\$194,873,700	\$14,909,400	\$817,200	\$195,756,000	\$2,429,925,100
Agriculture & Rural Development	82,494,300	318,100	82,176,200	9,198,300	0	98,300	28,003,400	44,876,200
Environmental Quality	504,091,800	9,530,500	494,561,300	150,367,600	0	546,900	302,770,900	40,875,900
Natural Resources	383,185,400	1,355,100	381,830,300	67,954,500	0	10,286,300	256,498,000	47,091,500
RESOURCE PROTECTION	\$969,771,500	\$11,203,700	\$958,567,800	\$227,520,400	\$0	\$10,931,500	\$587,272,300	\$132,843,600
Capital Outlay	0	0	0	0	0	0	0	0
Insurance & Financial Services	65,284,700	707,600	64,577,100	2,000,000	0	0	62,427,100	150,000
Judiciary	289,483,100	2,364,400	287,118,700	6,437,400	7,241,100	944,800	84,252,500	188,242,900
Licensing & Regulatory Affairs	531,860,800	14,509,800	517,351,000	199,124,800	656,500	2,311,800	290,224,100	25,033,800
Transportation	3,668,998,600	3,786,900	3,665,211,700	1,205,885,500	50,177,100	100,000	2,155,001,200	254,047,900
ALL OTHERS	\$4,555,627,200	\$21,368,700	\$4,534,258,500	\$1,413,447,700	\$58,074,700	\$3,356,600	\$2,591,904,900	\$467,474,600
TOTAL APPROPRIATIONS	\$52,133,976,400	\$830,120,400	\$51,303,856,000	\$21,006,000,700	\$344,120,700	\$168,433,100	\$19,941,891,700	\$9,843,409,800

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

TABLE 2
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2014-15 and FY 2015-16 Executive Recommendation Compared with FY 2013-14 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2013-14</u>	<u>Exec. Rec. FY 2014-15</u>	<u>Difference FY 2014-15 vs. FY 2013-14</u>		<u>Exec. Rec. FY 2015-16</u>	<u>Difference FY 2015-16 vs. FY 2014-15</u>	
Community Colleges	138,363,500	173,910,800	35,547,300	25.7%	192,610,800	18,700,000	10.8%
Education	70,893,900	84,939,000	14,045,100	19.8%	84,639,000	(300,000)	-0.4%
Higher Education	1,132,981,400	1,214,902,000	81,920,600	7.2%	1,214,902,000	0	0.0%
School Aid	234,900,000	180,000,000	(54,900,000)	-23.4%	180,000,000	0	0.0%
EDUCATION	\$1,577,138,800	\$1,653,751,800	\$76,613,000	4.9%	\$1,672,151,800	\$18,400,000	1.1%
Attorney General	34,481,300	35,467,100	985,800	2.9%	35,467,100	0	0.0%
Civil Rights	12,337,500	13,573,200	1,235,700	10.0%	13,573,200	0	0.0%
Executive Office	5,370,000	5,916,100	546,100	10.2%	5,916,100	0	0.0%
Legislative Auditor General	13,911,300	14,537,300	626,000	4.5%	14,537,300	0	0.0%
Legislature	122,309,500	127,060,700	4,751,200	3.9%	127,060,700	0	0.0%
State	15,253,400	17,939,000	2,685,600	17.6%	17,939,000	0	0.0%
Tech., Mgmt. & Budget: Operations	150,647,200	241,277,900	90,630,700	60.2%	218,277,600	(23,000,300)	-9.5%
Tech., Mgmt. & Budget: SBA Rent	258,570,600	254,570,600	(4,000,000)	-1.5%	254,570,600	0	0.0%
Treasury: MI Strategic Fund	218,163,900	229,292,500	11,128,600	5.1%	214,292,500	(15,000,000)	-6.5%
Treasury: Operations	89,803,300	116,780,100	26,976,800	30.0%	113,280,100	(3,500,000)	-3.0%
Treasury: Debt Service	151,188,000	152,395,000	1,207,000	0.8%	159,822,000	7,427,000	4.9%
Treasury: Revenue Sharing	0	0	0	--	0	0	--
GENERAL GOVERNMENT	\$1,072,036,000	\$1,208,809,500	\$136,773,500	12.8%	\$1,174,736,200	(\$34,073,300)	-2.8%
Community Health	2,747,583,600	2,938,968,800	191,385,200	7.0%	2,978,509,700	39,540,900	1.3%
Human Services	1,003,000,000	1,011,636,400	8,636,400	0.9%	1,006,736,400	(4,900,000)	-0.5%
HEALTH AND HUMAN SERVICES	\$3,750,583,600	\$3,950,605,200	\$200,021,600	5.3%	\$3,985,246,100	\$34,640,900	0.9%
Corrections	1,958,053,600	1,990,198,400	32,144,800	1.6%	1,963,712,500	(26,485,900)	-1.3%
Military & Veterans Affairs	46,503,300	55,805,700	9,302,400	20.0%	48,805,700	(7,000,000)	-12.5%
State Police	353,474,300	383,921,000	30,446,700	8.6%	371,591,700	(12,329,300)	-3.2%
PUBLIC SAFETY AND DEFENSE	\$2,358,031,200	\$2,429,925,100	\$71,893,900	3.0%	\$2,384,109,900	(\$45,815,200)	-1.9%
Agriculture & Rural Development	40,580,300	44,876,200	4,295,900	10.6%	42,876,200	(2,000,000)	-4.5%
Environmental Quality	29,104,500	40,875,900	11,771,400	40.4%	38,375,900	(2,500,000)	-6.1%
Natural Resources	25,436,600	47,091,500	21,654,900	85.1%	48,091,500	1,000,000	2.1%
RESOURCE PROTECTION	\$95,121,400	\$132,843,600	\$37,722,200	39.7%	\$129,343,600	(\$3,500,000)	-2.6%
Capital Outlay	0	0	0	--	0	0	--
Insurance & Financial Services	11,000,000	150,000	(10,850,000)	-98.6%	150,000	0	0.0%
Judiciary	183,441,300	188,242,900	4,801,600	2.6%	187,242,900	(1,000,000)	-0.5%
Licensing & Regulatory Affairs	25,004,900	25,033,800	28,900	0.1%	25,033,800	0	0.0%
Transportation	121,300,000	254,047,900	132,747,900	109.4%	0	(254,047,900)	-100.0%
ALL OTHERS	\$340,746,200	\$467,474,600	\$126,728,400	37.2%	\$212,426,700	(\$255,047,900)	-54.6%
TOTAL APPROPRIATIONS	\$9,193,657,200	\$9,843,409,800	\$649,752,600	7.1%	\$9,558,014,300	(\$285,395,500)	-2.9%

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time. (3) Appropriation figures for the Department of Community Health and Corrections include appropriation adjustments contained in Public Act 107 of 2013, which will take effect in March 2014.

TABLE 3
ADJUSTED GROSS APPROPRIATIONS
FY 2014-15 and FY 2015-16 Executive Recommendation Compared with FY 2013-14 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2013-14</u>	<u>Exec. Rec. FY 2014-15</u>	<u>Difference FY 2014-15 vs. FY 2013-14</u>		<u>Exec. Rec. FY 2015-16</u>	<u>Difference FY 2015-16 vs. FY 2014-15</u>	
Community Colleges	335,977,600	371,524,900	35,547,300	10.6%	390,224,900	18,700,000	5.0%
Education	298,366,000	326,576,100	28,210,100	9.5%	326,276,100	(300,000)	-0.1%
Higher Education	1,430,573,500	1,512,494,100	81,920,600	5.7%	1,512,494,100	0	0.0%
School Aid	13,366,703,600	13,797,139,600	430,436,000	3.2%	13,790,723,500	(6,416,100)	0.0%
EDUCATION	\$15,431,620,700	\$16,007,734,700	\$576,114,000	3.7%	\$16,019,718,600	\$11,983,900	0.1%
Attorney General	61,951,400	63,238,500	1,287,100	2.1%	63,238,500	0	0.0%
Civil Rights	15,198,300	16,480,300	1,282,000	8.4%	16,480,300	0	0.0%
Executive Office	5,370,000	5,916,100	546,100	10.2%	5,916,100	0	0.0%
Legislative Auditor General	15,862,300	16,538,100	675,800	4.3%	16,538,100	0	0.0%
Legislature	123,819,300	131,570,500	7,751,200	6.3%	131,570,500	0	0.0%
State	199,548,900	204,112,300	4,563,400	2.3%	204,112,300	0	0.0%
Tech., Mgmt. & Budget: Operations	255,075,200	347,318,100	92,242,900	36.2%	324,317,800	(23,000,300)	-6.6%
Tech., Mgmt. & Budget: SBA Rent	258,570,600	254,570,600	(4,000,000)	-1.5%	254,570,600	0	0.0%
Treasury: MI Strategic Fund	1,008,273,900	1,019,429,900	11,156,000	1.1%	1,004,429,900	(15,000,000)	-1.5%
Treasury: Operations	489,103,500	534,566,900	45,463,400	9.3%	531,066,900	(3,500,000)	-0.7%
Treasury: Debt Service	154,202,500	152,395,000	(1,807,500)	-1.2%	159,822,000	7,427,000	4.9%
Treasury: Revenue Sharing	1,133,857,700	1,252,967,600	119,109,900	10.5%	1,252,395,300	(572,300)	0.0%
GENERAL GOVERNMENT	\$3,720,833,600	\$3,999,103,900	\$278,270,300	7.5%	\$3,964,458,300	(\$34,645,600)	-0.9%
Community Health	16,924,497,500	17,365,141,900	440,644,400	2.6%	17,506,688,700	141,546,800	0.8%
Human Services	6,000,256,300	5,602,767,800	(397,488,500)	-6.6%	5,595,867,800	(6,900,000)	-0.1%
HEALTH AND HUMAN SERVICES	\$22,924,753,800	\$22,967,909,700	\$43,155,900	0.2%	\$23,102,556,500	\$134,646,800	0.6%
Corrections	2,031,325,000	2,049,696,700	18,371,700	0.9%	2,023,210,800	(26,485,900)	-1.3%
Military & Veterans Affairs	166,080,000	173,494,900	7,414,900	4.5%	166,494,900	(7,000,000)	-4.0%
State Police	581,599,300	613,089,800	31,490,500	5.4%	599,510,500	(13,579,300)	-2.2%
PUBLIC SAFETY AND DEFENSE	\$2,779,004,300	\$2,836,281,400	\$57,277,100	2.1%	\$2,789,216,200	(\$47,065,200)	-1.7%
Agriculture & Rural Development	79,659,000	82,176,200	2,517,200	3.2%	80,176,200	(2,000,000)	-2.4%
Environmental Quality	507,766,900	494,561,300	(13,205,600)	-2.6%	492,061,300	(2,500,000)	-0.5%
Natural Resources	341,726,600	381,830,300	40,103,700	11.7%	381,830,300	0	0.0%
RESOURCE PROTECTION	\$929,152,500	\$958,567,800	\$29,415,300	3.2%	\$954,067,800	(\$4,500,000)	-0.5%
Capital Outlay	0	0	0	--	0	0	--
Insurance & Financial Services	74,627,900	64,577,100	(10,050,800)	-13.5%	64,577,100	0	0.0%
Judiciary	281,063,600	287,118,700	6,055,100	2.2%	286,118,700	(1,000,000)	-0.3%
Licensing & Regulatory Affairs	488,690,500	517,351,000	28,660,500	5.9%	494,951,000	(22,400,000)	-4.3%
Transportation	3,595,491,600	3,665,211,700	69,720,100	1.9%	3,411,163,800	(254,047,900)	-6.9%
ALL OTHERS	\$4,439,873,600	\$4,534,258,500	\$94,384,900	2.1%	\$4,256,810,600	(\$277,447,900)	-6.1%
TOTAL APPROPRIATIONS	\$50,225,238,500	\$51,303,856,000	\$1,078,617,500	2.1%	\$51,086,828,000	(\$217,028,000)	-0.4%

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time. (3) Appropriation figures for the Department of Community Health and Corrections include appropriation adjustments contained in Public Act 107 of 2013, which will take effect in March 2014.

**TABLE 4
GF/GP APPROPRIATIONS DESIGNATED AS ONE-TIME ONLY**

<u>Department/Budget Area</u>	<u>Year-To-Date</u> <u>FY 2013-14</u>	<u>Exec. Rec.</u> <u>FY 2014-15</u>
	<u>GF/GP</u>	<u>GF/GP</u>
Agriculture and Rural Development	\$3,400,000	\$2,000,000
Community Colleges	1,100,000	0
Community Health	11,075,000	14,092,300
Corrections	9,032,500	26,485,900
Education	0	900,000
Environmental Quality	1,000,000	2,500,000
Human Services	2,039,600	4,900,000
Judiciary	4,490,700	1,000,000
Licensing & Regulatory Affairs	2,140,300	0
Military and Veterans Affairs	5,500,000	7,000,000
Natural Resources	750,000	3,000,000
School Aid	54,900,000	0
State Police	6,561,900	17,729,300
Technology, Management, and Budget	16,430,500	23,000,300
Transportation	121,300,000	254,047,900
Treasury: Michigan Strategic Fund	84,800,000	15,000,000
Treasury: Operations	6,763,300	22,800,000
TOTAL: ONE-TIME APPROPRIATIONS	\$331,283,800	\$394,455,700
Treasury: Revenue Sharing (Sales Tax Reduction)	26,000,000	28,800,000
TOTAL: WITH RESTRICTED IMPACTS	\$357,283,800	\$423,255,700
Budget Stabilization Fund Deposit	140,000,000	120,000,000
Health Savings Sub-Fund Deposit	0	122,000,000
TOTAL: ONE-TIME APPROPRIATION AND DEPOSITS	\$497,283,800	\$665,255,700

Note: Does not reflect supplemental items and Healthy Michigan Plan.

TABLE 5
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2014-15 Executive Recommendation Compared with FY 2013-14 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2013-14</u>	<u>Executive Recommendation FY 2014-15</u>	<u>Difference FY 2014-15 vs. FY 2013-14</u>	
Community Colleges	0.0	0.0	0.0	--
Education	593.5	627.5	34.0	5.7%
Higher Education	0.0	0.0	0.0	--
School Aid	0.0	0.0	0.0	--
EDUCATION	593.5	627.5	34.0	5.7%
Attorney General	517.0	519.5	2.5	0.5%
Civil Rights	128.0	138.0	10.0	7.8%
Executive Office	84.2	88.2	4.0	4.8%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
State	1,568.0	1,599.0	31.0	2.0%
Tech., Mgmt. & Budget: Operations	2,822.0	2,823.0	1.0	0.0%
Tech., Mgmt. & Budget: SBA Rent	0.0	0.0	0.0	--
Treasury: MI Strategic Fund	756.0	756.0	0.0	0.0%
Treasury: Operations	1,794.5	1,832.5	38.0	2.1%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
GENERAL GOVERNMENT	7,669.7	7,756.2	86.5	1.1%
Community Health	3,591.6	3,654.1	62.5	1.7%
Human Services	12,150.5	12,197.5	47.0	0.4%
HEALTH AND HUMAN SERVICES	15,742.1	15,851.6	109.5	0.7%
Corrections	14,559.6	14,195.3	(364.3)	-2.5%
Military & Veterans Affairs	898.5	898.5	0.0	0.0%
State Police	2,934.0	3,073.0	139.0	4.7%
PUBLIC SAFETY AND DEFENSE	18,392.1	18,166.8	(225.3)	-1.2%
Agriculture & Rural Development	440.0	452.0	12.0	2.7%
Environmental Quality	1,287.5	1,290.5	3.0	0.2%
Natural Resources	2,141.3	2,229.3	88.0	4.1%
RESOURCE PROTECTION	3,868.8	3,971.8	103.0	2.7%
Capital Outlay	0.0	0.0	0.0	--
Insurance & Financial Services	343.0	343.0	0.0	0.0%
Judiciary	483.0	485.0	2.0	0.4%
Licensing & Regulatory Affairs	2,970.5	2,978.5	8.0	0.3%
Transportation	2,918.3	2,918.3	0.0	0.0%
ALL OTHERS	6,714.8	6,724.8	10.0	0.1%
TOTAL FTE APPROPRIATIONS	52,981.0	53,098.7	117.7	0.2%

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

**TABLE 6
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS**

<u>Department/Budget Area</u>	<u>FY 2014-15 Executive Recommendation</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	371,524,900	371,524,900	100.0%
Education	92,911,600	16,132,000	17.4%
Higher Education	1,415,467,700	0	0.0%
School Aid	11,988,976,900	11,833,379,100	98.7%
EDUCATION	\$13,868,881,100	\$12,221,036,000	88.1%
Attorney General	53,381,300	0	0.0%
Civil Rights	13,725,100	0	0.0%
Executive Office	5,916,100	0	0.0%
Legislative Auditor General	16,538,100	0	0.0%
Legislature	131,170,500	0	0.0%
State	202,652,200	1,360,800	0.7%
Tech., Mgmt. & Budget: Operations	335,599,900	0	0.0%
Tech., Mgmt. & Budget: SBA Rent	254,570,600	0	0.0%
Treasury: MI Strategic Fund	371,971,200	15,224,800	4.1%
Treasury: Operations	492,856,100	190,464,800	38.6%
Treasury: Debt Service	152,395,000	0	0.0%
Treasury: Revenue Sharing	1,252,967,600	1,252,967,600	100.0%
GENERAL GOVERNMENT	\$3,283,743,700	\$1,460,018,000	44.5%
Community Health	5,079,626,400	1,190,485,800	23.4%
Human Services	1,147,873,800	93,129,600	8.1%
HEALTH AND HUMAN SERVICES	\$6,227,500,200	\$1,283,615,400	20.6%
Corrections	2,036,068,000	115,714,000	5.7%
Military & Veterans Affairs	80,892,100	100,000	0.1%
State Police	508,721,000	20,205,600	4.0%
PUBLIC SAFETY AND DEFENSE	\$2,625,681,100	\$136,019,600	5.2%
Agriculture & Rural Development	72,879,600	5,000,000	6.9%
Environmental Quality	343,646,800	2,775,000	0.8%
Natural Resources	303,589,500	5,123,300	1.7%
RESOURCE PROTECTION	\$720,115,900	\$12,898,300	1.8%
Capital Outlay	0	0	--
Insurance & Financial Services	62,577,100	0	0.0%
Judiciary	272,495,400	136,461,900	50.1%
Licensing & Regulatory Affairs	315,257,900	29,417,500	9.3%
Transportation	2,409,049,100	1,251,343,700	51.9%
ALL OTHER	\$3,059,379,500	\$1,417,223,100	46.3%
TOTALS APPROPRIATED	\$29,785,301,500	\$16,530,810,400	55.5%

**TABLE 7
FY 2014-15 PROPOSED FEE SUNSET EXTENSIONS**

<u>Department</u>	<u>Fee Title</u>	<u>FY 2014-15 Fee Amount</u>	<u>Estimated Revenue</u>
Community Health	<u>Crime Victim Rights Funds</u> Statewide EMS Trauma System Earmark (Sunset Extension)	N/A	\$1.75 million
Environmental Quality	<u>Hazardous Waste Fees</u> (Sunset Extension)		
	• Manifest processing user charge	\$8	\$1.1 million
	• Site ID number user charge	\$50	
	• Annual handler user charge	\$100-\$2,000	
	• Treatment, storage or disposal facility user charge	\$2,000	
	• Used oil handler user charge	\$100	
	• Administrative file	5% (not to exceed 25% of total amount owed)	
	• Generator user charge		
	- Small quantity	\$100	
	- Large quantity	\$400	
	- Very large quantity	\$1,000	

FY 2014-15 and FY 2015-16 EXECUTIVE BUDGET HIGHLIGHTS

Major Changes Proposed

Note: FY 2013-14 supplemental appropriation items described in this section include only those released in conjunction with the FY 2014-15 Executive Budget Recommendation. Other supplemental recommendations are currently pending before the Legislature.

BUDGET CATEGORY EDUCATION

Community Colleges

Analyst: Marilyn Peterson

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	0	0	0	--	0	0	--
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	197,614,100	197,614,100	0	0.0	197,614,100	0	0.0
GF/GP	138,363,500	173,910,800	35,547,300	25.7	192,610,800	18,700,000	10.8
Gross	\$335,977,600	\$371,524,900	\$35,547,300	10.6	\$390,224,900	\$18,700,000	5.0
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Operations Grants

Increases funding for community college operations grants by \$8.9 million (3.0%). Projected increases for individual community colleges range from 2.7% to 3.7%. Funding increase to be distributed as provided in current performance funding formula, subject to a condition that a receiving college restrain its tuition and fee increases to 3.2% or less. Amounts not paid due to a college's failure to comply with the tuition restraint condition would be distributed to complying colleges according to the performance funding formula, omitting the local strategic value component of the formula.

Michigan Public School Employees Retirement System (MPERS) Contributions

Includes \$27.7 million GF/GP increase for colleges' unfunded liability payments to MPERS. Total state support for such payments would be \$60.8 million (\$59.1 million GF/GP). An additional \$18.7 million increase is projected for FY 2015-16.

One-Time Appropriations

Eliminates funding for one-time FY 2012-13 boilerplate appropriation of \$1.1 million GF/GP to the Michigan Community College Association for the purpose of updating and expanding the Michigan Community College Virtual Learning Collaborative.

Education (Department)

Analyst: Karen Shapiro

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	211,873,000	226,097,500	14,224,500	6.7	226,097,500	0	0.0
Local	5,633,700	5,633,700	0	0.0	5,633,700	0	0.0
Private	1,933,300	1,933,300	0	0.0	1,933,300	0	0.0
Restricted	8,032,100	7,972,600	(59,500)	(0.7)	7,972,600	0	0.0
GF/GP	70,893,900	84,939,000	14,045,100	19.8	84,639,000	(300,000)	(0.4)
Gross	\$298,366,000	\$326,576,100	\$28,210,100	9.5	\$326,276,100	(\$300,000)	(0.1)
FTEs	593.5	627.5	34.0	5.7	627.5	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Child Development and Care Program

Includes a \$6.9 million increase for the Child Development and Care (CDC) program to increase the maximum allowable reimbursable hours from 80 hours to 90 hours in a two-week period. Also includes \$3.7 million to reimburse high quality childcare providers at higher hourly rates per a tiered reimbursement system, as defined by the Great Start to Quality provider rating system.

Educator Evaluations and Student Assessments

Provides \$5.0 million of ongoing funds for the phase-in of educator evaluations and new student assessments. This includes 21.0 FTEs. There is an additional \$900,000 one-time GF/GP to implement educator evaluations for teachers and administrators throughout the state. Funding at MDE will be used for staffing, compliance monitoring, and information technology systems modifications. Additionally, there is a \$2.0 million transfer of federal assessment funding from the School Aid Budget.

Library Funding Transfer from the School Aid Budget

Transfers funds from the School Aid budget, including \$3.2 million in Renaissance Zone Reimbursements and \$1.3 million state share for MPSERS payments to Libraries. Also provides \$900,000 for the required increase in the state share for MPSERS payments. These transfers would move all library appropriations into one budget.

Financial Independence Team

Includes \$778,100 GF/GP and 4.0 FTEs, to be utilized in conjunction with \$6.5 million and 9.0 FTEs in the Department of Treasury, to create a new financial independence team tasked with implementing early warning systems for distressed schools in need of financial attention.

Low Achieving Schools

Provides \$918,600 GF/GP for resources to help the lowest achieving schools to improve their academic programs and performance. This addition in school reform efforts includes 6.0 FTEs.

Economic Adjustments

Reflects increased costs of \$1.5 million Gross (\$262,800 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

FY 2013-14 Proposed Supplemental Appropriations

- ***Child Care and Development Program***

Provides \$5.3 million for the CDC program, which includes \$3.5 million in federal revenue authorization to increase the number of allowable reimbursable hours, and an additional \$1.8 million in federal revenue authorization for the CDC program to implement a tiered reimbursement system. This represents partial year funding to implement proposed changes in FY 2013-14.

Higher Education

Analyst: Kyle I. Jen

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	97,026,400	97,026,400	0	0.0	97,026,400	0	0.0
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	200,565,700	200,565,700	0	0.0	200,565,700	0	0.0
GF/GP	1,132,981,400	1,214,902,000	81,920,600	7.2	1,214,902,000	0	0.0
Gross	\$1,430,573,500	\$1,512,494,100	\$81,920,600	5.7	\$1,512,494,100	\$0	0.0
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

University Operations

Increases total university operations funding by \$76.9 million GF/GP (6.1%). Percentage increases for individual universities range from 4.0% to 9.5%. Half of the overall increase is distributed in proportion to FY 2010-11 university appropriation amounts (prior to FY 2011-12 15.0% reduction). Remaining half is distributed among the universities based on continuing performance funding formula. Only significant change in formula from FY 2013-14 is addition of component based on enrollment of Pell Grant students compared to national peers. To receive the funding increase, a university would have to restrain its FY 2014-15 resident undergraduate tuition/fee increase to 3.2% or lower and comply with three other continuing policy requirements.

MSU AgBioResearch and Extension

Increases funding for AgBioResearch and Extension programs operated by Michigan State University by \$3.4 million GF/GP (6.1%).

Tuition Incentive Program

Increases appropriation for program paying associate's degree tuition costs for Medicaid-eligible middle and high school students by \$1.5 million GF/GP (3.2%) to fund continued projected growth in program participation.

Tuition Grant Program

Maintains appropriation for need-based financial aid to students at independent colleges at FY 2013-14 level of \$31.7 million. Adds requirement that colleges submit student performance data as condition of participation in program.

School Aid

Analysts: *Bethany Wicksall and Karen Shapiro*

	FY 2013-14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16	Difference: FY 2015-16 Vs. FY 2014-15	
	Year-to-Date as of 2/5/14		Amount	%	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	1,764,421,300	1,808,162,700	43,741,400	2.5	1,808,162,700	0	0.0
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	11,367,382,300	11,808,976,900	441,594,600	3.9	11,802,560,800	(6,416,100)	(0.1)
GF/GP	234,900,000	180,000,000	(54,900,000)	(23.4)	180,000,000	0	0.0
Gross	\$13,366,703,600	\$13,797,139,600	\$430,436,000	3.2	\$13,790,723,500	(\$6,416,100)	(0.0)
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Foundation Allowance Increases

Increases FY 2014-15 foundation allowances by \$55 per pupil across the board plus \$28-\$56 per pupil through the 2x formula, providing total increases varying from \$83 to \$111 per pupil, at a cost of \$150.0 million. The FY 2014-15 minimum foundation would be \$7,187 and the state guaranteed maximum foundation would be \$8,132.

MPSERS Unfunded Accrued Liability (UAL) State Share (147c) and MPSERS Cost Offset (147a)

- Increases the state's share of MPSERS UAL costs required by PA 300 of 2012 by \$270.1 million to a total of \$674.7 million for FY 2014-15. Provides an additional increase of \$233.5 million to a total of \$908.2 million for FY 2015-16.
- Maintains \$100.0 million which currently provides districts with a MPSERS cost offset, effectively bringing down employer contribution rates by 1.2 percentage points. Proposes to use this funding to permanently reduce the capped employer UAL contribution rate in PA 300 of 2012 from 20.96% to 19.76%, and thus shifts the funding into Sec. 147c, the MPSERS UAL state share. Adds \$9.2 million to provide ISDs with comparable funding.

Great Start Readiness Preschool Program

Increases the FY 2014-15 appropriation by \$65.0 million to a total of \$239.6 million. Provides up to an additional 16,000 half day preschool placements and increases the half-day slot per diem from \$3,625 to \$3,725, bringing the per diem to half the average foundation allowance.

Educator Evaluations

Provides \$27.8 million for FY 2014-15 and \$21.8 million in FY 2015-16 to phase-in a system of teacher and administrator evaluations based on the recommendations of the Michigan Council for Educator Effectiveness.

Student Assessments

Provides an additional \$7.2 million SAF, which both offsets a \$2.0 million shift of federal funds to the MDE Assessment office and provides an overall \$5.2 million increase for FY 2014-15, bringing the total to \$40.1 million, to phase-in the implementation of new computer-adaptive student growth and interim assessments and to facilitate linking student assessments to the proposed teacher and administrator evaluation systems. Provides an additional increase of \$11.1 million for FY 2015-16 to bring the total to \$51.3 million to continue the phase-in of additional interim assessments.

FY 2013-14 Proposed Supplemental Appropriations

- Recognizes \$109.3 million in savings based on consensus cost revisions related to updated estimates for MPSERS costs, special education costs, taxable values, and pupil membership counts.
- Appropriates \$51.7 million in Federal Race to the Top – Early Learning Challenge Grants, which was recently awarded to Michigan.
- Creates a new \$250,000 incentive program to help low-income students pay for advanced placement and international baccalaureate program tests.

BUDGET CATEGORY GENERAL GOVERNMENT

All General Government

Analysts: Ben Gielczyk and Marilyn Peterson

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$738,570,400	\$743,018,000	\$4,447,600	0.6	\$736,118,000	(\$6,900,000)	(0.9)
Federal	700,910,000	699,103,300	(1,806,700)	(0.3)	699,103,300	0	0.0
Local	7,713,800	9,969,700	2,255,900	29.2	9,969,700	0	0.0
Private	6,086,100	6,287,200	201,100	3.3	6,287,200	0	0.0
Restricted	1,934,087,700	2,074,934,200	140,846,500	7.3	2,074,361,900	(572,300)	(0.0)
GF/GP	1,072,036,000	1,208,809,500	136,773,500	12.8	1,174,736,200	(34,073,300)	(2.8)
Gross	\$4,459,404,000	\$4,742,121,900	\$282,717,900	6.3	\$4,700,576,300	(\$41,545,600)	(0.9)
FTEs	7,669.7	7,756.2	86.5	1.1	7,741.2	(15.0)	(0.2)

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

Summary pages for individual department/agency budgets contained within the current FY 2013-14 General Government appropriations bill follow this page.

Attorney General

Analyst: Marilyn Peterson

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$27,188,500	\$27,783,800	\$595,300	2.2	\$27,783,800	\$0	0.0
Federal	9,838,200	9,857,200	19,000	0.2	9,857,200	0	0.0
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	17,631,900	17,914,200	282,300	1.6	17,914,200	0	0.0
GF/GP	34,481,300	35,467,100	985,800	2.9	35,467,100	0	0.0
Gross	\$89,139,900	\$91,022,300	\$1,882,400	2.1	\$91,022,300	\$0	0.0
FTEs	517.0	519.5	1.5	0.3	519.5	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Human Trafficking

Adds \$400,000 (all GF/GP) and 2.5 FTEs to enhance Attorney General efforts to combat human trafficking; the additional resources would supplement the 0.5 FTE attorney position currently dedicated to these efforts.

Michigan Gaming Control Board

Increases IDG authorization from Department of Treasury by \$113,600, to add one illegal gambling investigator to the one that is already funded.

Economic Adjustments

Reflects increased costs of \$1.5 million Gross (\$585,800 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

Civil Rights

Analyst: Marilyn Peterson

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$0	\$288,900	\$288,900	--	\$288,900	\$0	0.0
Federal	2,690,200	2,736,500	46,300	1.7	2,736,500	0	0.0
Local	0	0	0	--	0	0	--
Private	18,700	18,700	0	0.0	18,700	0	0.0
Restricted	151,900	151,900	0	0.0	151,900	0	0.0
GF/GP	12,337,500	13,573,200	1,235,700	10.0	13,573,200	0	0.0
Gross	\$15,198,300	\$16,769,200	\$1,570,900	10.3	\$16,769,200	\$0	0.0
FTEs	128.0	138.0	10.0	7.8	138.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Civil Rights Outreach and Education

Adds \$500,000 GF/GP for ongoing outreach and education programs: Advocates and Leaders for Police and Community Trust (\$250,000, 2.0 FTEs), Michigan Alliance Against Hate Crimes (\$125,000 and 1.0 FTE), and anti-bullying (\$125,000 and 1.0 FTE).

Civil Rights Complaints

Provides additional \$175,000 and 2.0 FTEs for expansion of the intake unit that handles all initial customer contacts.

Transfer of ADA Program from DTMB to Civil Rights

Transfers unit and funding associated with compliance activities under Americans with Disabilities Act (ADA) from Department of Technology, Management, and Budget (DTMB) to Department of Civil Rights (\$583,500 Gross, \$300,000 GF/GP, 4.0 FTEs).

Economic Adjustments

Reflects increased costs of \$312,400 Gross (\$260,700 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

Executive Office

Analyst: Ben Gielczyk

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	0	0	0	--	0	0	--
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	0	0	0	--	0	0	--
GF/GP	5,370,000	5,916,100	546,100	10.2	5,916,100	0	0.0
Gross	\$5,370,000	\$5,916,100	\$546,100	10.2	\$5,916,100	\$0	0.0
FTEs	84.2	88.2	4.0	4.8	88.2	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Office for New Americans

Includes \$385,000 GF/GP and 4.0 FTEs for a new Office for New Americans that would assist in attracting high-skilled immigrants to Michigan.

Executive Office Investment

Provides \$161,100 GF/GP to increase investment in Executive Office operations by 3.0%.

FY 2013-14 Proposed Supplemental Appropriations

- \$170,000 GF/GP for Office of New Americans

Legislative Auditor General

Analyst: Ben Gielczyk

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$5,092,100	\$5,220,700	\$128,600	2.5	\$5,220,700	\$0	0.0
Federal	0	0	0	--	0	0	--
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	1,951,000	2,000,800	49,800	2.6	2,000,800	0	0.0
GF/GP	13,911,300	14,537,300	626,000	4.5	14,537,300	0	0.0
Gross	\$20,954,400	\$21,758,800	\$804,400	3.8	\$21,758,800	\$0	0.0
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Operations Increase

Includes \$276,500 GF/GP to support Auditor General operations.

Economic Adjustments

Reflects increased costs of \$527,900 Gross (\$349,500 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

Legislature

Analyst: Ben Gielczyk

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	0	0	0	--	0	0	--
Local	0	0	0	--	0	0	--
Private	400,000	400,000	0	0.0	400,000	0	0.0
Restricted	1,109,800	4,109,800	3,000,000	270.3	4,109,800	0	0.0
GF/GP	122,309,500	127,060,700	4,751,200	3.9	127,060,700	0	0.0
Gross	\$123,819,300	\$131,570,500	\$7,751,200	6.3	\$131,570,500	\$0	0.0
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

State Capitol Historic Site

Includes \$3.0 million Gross (\$0 GF/GP) to support restoration, renewal, and maintenance for the State Capitol Historic Site. Creation of State Capitol Historic Site is contingent upon passage of Senate Bill 678.

Economic Adjustments

Reflects increased costs of \$4.8 million GF/GP for economic adjustments related to legislative staff.

State (Department)

Analyst: Marilyn Peterson

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
			IDG/IDT	\$20,000,000		\$20,000,000	\$0
Federal	1,810,000	1,460,000	(350,000)	(19.3)	1,460,000	0	0.0
Local	0	0	0	--	0	0	--
Private	100	100	0	0	100	0	0.0
Restricted	182,485,400	184,713,200	2,227,800	1.2	184,713,200	0	0.0
GF/GP	15,253,400	17,939,000	2,685,600	17.6	17,939,000	0	0.0
Gross	\$219,548,900	\$224,112,300	\$4,563,400	2.1	\$224,112,300	\$0	0.0
FTEs	1,568.0	1,559.0	31.0	2.0	1,559.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Fraud Prevention

Provides \$1.8 million (all GF/GP) to support Secretary of State efforts to combat fraud, particularly with regard to fraudulent certificates of insurance. Includes \$1.2 million for verification of questionable paper certificates of insurance prior to issuing or renewing a vehicle registration, and \$627,400 for development of data analytics and prosecutorial assistance.

Campaign Finance and Lobbyist Registration

Provides additional \$500,000 (all GF/GP) to meet increased costs of payments to vendors who maintain campaign finance and lobbyist registration systems.

Economic Adjustments

Reflects increased costs of \$2.6 million Gross (\$54,100 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

FY 2013-14 Proposed Supplemental Appropriations

- \$300,000 in one-time GF/GP funding to support promotion of ExpressSOS, which enables Michigan residents to complete many Secretary of State transactions online.
- \$200,000 in one-time GF/GP funding for purchase of a system for electronic processing of interlock violations.
- \$117,000 in one-time GF/GP funding to reimburse late filing fees imposed between January 1, 2010 and July 3, 2012, and which under 2012 PA 277 must be reimbursed if all other required campaign statements were timely filed.

Technology, Management, and Budget

Analyst: Marilyn Peterson

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$677,159,800	\$680,315,500	\$3,155,700	0.5	\$673,415,500	(\$6,900,000)	(1.0)
Federal	8,790,900	7,974,100	(816,800)	(9.3)	7,974,100	0	0.0
Local	1,320,800	3,553,700	2,232,900	169.1	3,553,700	0	0.0
Private	190,400	190,400	0	0.0	190,400	0	0.0
Restricted	94,125,900	94,322,000	196,100	0.2	94,322,000	0	0.0
GF/GP	409,217,800	495,848,500	86,630,700	21.2	472,848,200	(23,000,300)	(4.6)
Gross	\$1,190,805,600	\$1,282,204,200	\$91,398,600	7.7	\$1,252,303,900	(\$29,900,300)	(2.3)
FTEs	2,822.0	2,823.0	1.0	0.0	2,823.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Enterprise-wide Information Technology (IT) Investments

Adds \$28.0 million GF/GP for continuation of IT projects targeting technology upgrades and automation opportunities, bringing total funding to \$75.0 million.

Michigan Public Safety Communications System (MPSCS)

Transfers MPSCS (\$16.3 million Gross, 100.0 FTEs) from State Police, and adds funds for commencement of equipment lifecycle replacement schedule (\$20.0 million GF/GP) and statewide radio replacement cycle (\$5.3 million GF/GP).

University and Community College Capital Outlay Projects

Provides planning authorization for three capital outlay projects, one each at Ferris State University (\$30.0 million; state share \$22.5 million), West Shore Community College (\$4.1 million; state share \$2.05 million), and Lake Michigan Community College (\$16.6 million; state share \$8.3 million).

Motor Vehicle Fleet

Increases spending authorization to meet anticipated costs of the state's motor vehicle fleet, which is wholly funded by charges paid by agencies using the fleet. Additional \$8.3 million authorization brings total to \$67.7 million IDG.

Cyber Security

Adds 3.0 FTEs and \$6.8 million for new cyber security initiatives; coupled with \$240,000 increase for full-year funding of positions partially funded in current year, total would be 13.0 FTEs and \$9.1 million (all GF/GP).

Economic Adjustments

Reflects increased costs of \$7.5 million Gross (\$3.7 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

FY 2013-14 Proposed Supplemental Appropriations

- **IT:** \$6.0 million GF/GP for development of unified web portal for citizens to access state agency websites
- **Management and Budget:** \$720,000 IDG authorization for ongoing costs of negotiated employee service program.
- **Management and Budget:** \$700,000 in one-time GF/GP support for further development of MiResults performance metrics project.
- **Management and Budget:** \$107,000 in ongoing GF/GP support for increased costs of military retirement; another \$400,000 has been requested under Supplemental Request 2014-1.
- **Capital Outlay:** \$23.9 million net reduction in State Building Authority (SBA) rent (all GF/GP).
- **Capital Outlay:** \$100,000 planning grant for conversion of Cotton Correctional Facility to specialized housing for geriatric and medically fragile prisoners.
- **Capital Outlay:** construction authorizations for five college and university capital outlay projects approved in 2013 PA 102.

- **Capital Outlay:** language for increase in project scope and cost for State Emergency Operations Center; associated federal and state funding provided in current-year Department of Military and Veterans Affairs budget.

Treasury

Analyst: Ben Gielczyk

	FY 2013-14	FY 2014-15	Difference: FY 2014-15		FY 2015-16	Difference: FY 2015-16	
	Year-to-Date as of 2/5/14		Executive	Vs. FY 2013-14		%	Executive
			Amount	%		Amount	%
IDG/IDT	\$9,130,000	\$9,409,100	\$279,100	3.1	\$9,409,100	\$0	0.0
Federal	39,410,400	39,705,200	294,800	0.7	39,705,200	0	0.0
Local	1,959,500	1,982,500	23,000	1.2	1,982,500	0	0.0
Private	22,000	23,100	1,100	5.0	23,100	0	0.0
Restricted	1,494,780,500	1,629,043,600	134,263,100	9.0	1,628,471,300	(572,300)	(0.0)
GF/GP	240,991,300	269,175,100	28,183,800	11.7	273,102,100	3,927,000	1.5
Gross	\$1,786,293,700	\$1,949,338,600	\$163,044,900	9.1	\$1,952,693,300	\$3,354,700	0.2
FTEs	1,794.5	1,832.5	38.0	2.1	1,817.5	(15.0)	(0.8)

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Revenue Sharing

- Provides \$27.7 million Gross (\$0 GF/GP) to adjust constitutional revenue sharing payments in FY 2014-15 based on January Consensus Revenue Estimating Conference (CREC). Projected increase of \$28.2 million Gross (\$0 GF/GP) for FY 2015-16.
- Economic Vitality Incentive Program (EVIP) increased by \$7.2 million Gross (\$0 GF/GP) to provide 3% increase. Includes \$28.8 million Gross (\$0 GF/GP) one-time funding for a per capita distribution to EVIP-eligible local units.
- Increases county payments by \$65.4 million Gross (\$0 GF/GP) to achieve full funding for eligible counties in FY 2014-15.
- Competitive Grant Assistance Program reduced by \$10.0 million Gross (\$0 GF/GP) from FY 2013-14. One-time funding removed in FY 2015-16.

Debt Service

Provides \$3.0 million GF/GP to replace remaining amount of Refined Petroleum Fund in Debt Service. Debt service adjustments also include a net decrease of \$1.8 million GF/GP for scheduled FY 2014-15 adjustments. Additional \$7.4 million GF/GP proposed for FY 2015-16 for new bond issues.

Financial Independence Team

Includes \$6.5 million GF/GP and 9.0 FTEs for the Department of Treasury's portion of a joint request with the Department of Education for a Financial Independence Team that would assist financially troubled school districts.

Office of Tax Implementation

Includes \$1.6 million GF/GP and 9.0 FTEs to support new Office of Tax Implementation. The office would serve as a dedicated testing office to ensure all tax systems are properly tested.

Convention Facility Development Fund

Provides \$16.1 million Gross (\$0 GF/GP) in additional authorization due to expected increase in revenue collected to be distributed to local units.

Payments in Lieu of Taxes

Provides \$867,000 Gross (\$668,200 GF/GP) to cover expected 5.0% increase due to future purchases and estimated special assessment costs.

Casino Gaming Adjustments

Includes various new positions and funding totaling \$396,300 Gross (\$0 GF/GP) to support operations:

- \$113,600 Gross (\$0 GF/GP) to support Attorney General position to help with review of illegal gaming.
- \$76,600 Gross (\$0 GF/GP) to support secretarial position assisting in Criminal Investigations subunit.
- \$76,600 Gross (\$0 GF/GP) to support secretarial position supporting millionaire parties, Office of Racing Commissioner, Indian Gaming Section, and IT staff.
- \$129,500 Gross (\$0 GF/GP) to fund programmer that would support new IT systems.

Personal Property Tax Reform

Includes \$19.3 million GF/GP for distribution of payments from the proceeds of the metropolitan area component tax. Additional \$1.5 million GF/GP and 9.0 FTEs included to support implementation of the personal property tax reform. One-time implementation funding removed in FY 2015-16 due to pending August 2014 ballot initiative.

Credit Card Payment Services

Includes \$2.0 million GF/GP and 6.0 FTEs to implement a program to accept credit card payments for individual income taxpayers. One-time funding and FTEs removed in FY 2015-16.

Economic Adjustments

Reflects increased costs of \$5.0 million Gross (\$779,000 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

FY 2013-14 Proposed Supplemental Appropriations

- \$11.5 million Gross (\$0 GF/GP) to allow for full distribution of Convention Facility Development Fund.
- Boilerplate work project authorization for remaining \$3.9 million GF/GP of Tax Plan Implementation funds to support implementation of new workload management and distribution system for tax processing.

Treasury - Michigan Strategic Fund

Analyst: Ben Gielczyk

	FY 2013-14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
	Year-to-Date as of 2/5/14		Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	638,370,300	637,370,300	(1,000,000)	(0.2)	637,370,300	0	0.0
Local	4,433,500	4,433,500	0	0.0	4,433,500	0	0.0
Private	5,454,900	5,654,900	200,000	3.7	5,654,900	0	0.0
Restricted	141,851,300	142,678,700	827,400	0.6	142,678,700	0	0.0
GF/GP	218,163,900	229,292,500	11,128,600	5.1	214,292,500	(15,000,000)	(6.5)
Gross	\$1,008,273,900	\$1,019,429,900	\$11,156,000	1.1	\$1,004,429,900	(\$15,000,000)	(1.5)
FTEs	756.0	756.0	0.0	0.0	756.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Engineering Talent Investment Program

Includes \$7.9 million GF/GP for debt service on \$100.0 million in bonds associated with the new Engineering Talent Investment Program. The Michigan Strategic Fund (MSF) would distribute the funds on a competitive basis for capital improvements to facilities providing instructional, laboratory, or research support to engineering programs. Universities would be required to provide a minimum 25% match of the total project cost.

Community College Skilled Trades Equipment Program

Includes \$4.6 million GF/GP for debt service on \$50.0 million in bonds associated with the new Community College Skilled Trades Equipment Program. The MSF would distribute the funds on a competitive basis for upgrades of instructional equipment with the latest technologies to assist in high-demand and high-skilled trade occupations training. Colleges would be required to provide a minimum 25% match of the total project cost.

Business Attraction and Community Revitalization

Provides additional \$15.0 million GF/GP (\$10.0 million GF/GP considered one-time) to support community revitalization projects. Moves \$24.8 million GF/GP that was considered one-time appropriations in FY 2013-14 to the ongoing line item. Shifts \$3.5 million Gross (\$0 GF/GP) from the Entrepreneurship Eco-System (formerly Innovation and Entrepreneurship) line item to the Business Attraction and Community Revitalization line item. One-time funding totaling \$10.0 million GF/GP removed in FY 2015-16.

Film Incentives

Includes \$25.0 million GF/GP in film incentives which is a reduction of \$25.0 million GF/GP from FY 2013-14.

Pure Michigan

Provides \$2.0 million GF/GP to increase support for Pure Michigan marketing campaign. Funds would be used to expand current advertising campaign for spring/summer and enhance international marketing in Canada, Europe, and Asia.

Arts and Cultural Grants

Provides \$2.0 million GF/GP to increase support for arts and cultural grants to local communities.

Automotive, Engineering, and Manufacturing Technology Fund

Includes \$5.0 million GF/GP in one-time funding for new program to assist in the global marketing of Michigan's automotive sector and public-private partner engagement and collaborations within the auto industry. Funding removed in FY 2015-16.

Land Bank Fast Track Authority – MSHDA

Includes \$4.0 million GF/GP to support Land Bank Fast Track Authority Good Neighbor Program (\$2.0 million GF/GP) and operations (\$2.0 million GF/GP).

Economic Adjustments

Reflects increased costs of \$1.6 million Gross (\$303,600 GF/GP) for MSF and \$818,300 Gross (\$0 GF/GP) for MSHDA for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

BUDGET CATEGORY HEALTH AND HUMAN SERVICES

Community Health

Analysts: Margaret Alston, Matt Ellsworth, Susan Frey, and Steve Stauff

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$10,056,100	\$9,425,900	(\$630,200)	(6.3)	\$9,425,900	\$0	0.0
Federal	11,620,170,500	11,941,802,500	321,632,000	2.8	12,043,808,400	102,005,900	0.9
Local	251,820,200	216,656,400	(35,163,800)	(14.0)	216,656,400	0	0.0
Private	126,342,400	127,056,600	714,200	0.6	127,056,600	0	0.0
Restricted	2,178,580,800	2,140,657,600	(37,923,200)	(1.7)	2,140,657,600	0	0.0
GF/GP	2,747,583,600	2,938,968,800	191,385,200	7.0	2,978,509,700	39,540,900	1.3
Gross	\$16,934,553,600	\$17,374,567,800	\$440,014,200	2.6	\$17,516,114,600	\$141,546,800	0.8
FTEs	3,591.6	3,654.1	62.5	1.7	3,654.1	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations. (4) FY 2013-14 year-to-date figures include appropriation adjustments in 2013 PA 102, and 2013 PA 107 for Medicaid Reform/Healthy Michigan Plan effective March 14, 2014, but based on the waiver, implemented on April 1, 2014.

FY 2014-15 Proposed Budget Changes

Medicaid Cost Increases

Includes a FY 2014-15 increase of \$98.3 million Gross (\$37.0 million GF/GP) for caseload, utilization, and inflation adjustments in Medical Services, Behavioral Health Services, Children's Special Health Care Services, and the Federal Medicare Pharmaceutical program. The preliminary projection for FY 2015-16 is an increase of \$155.3 million Gross (\$53.6 GF/GP). To meet the federal requirement that capitation payment rates for Health Plans and Prepaid Inpatient Plans in FY 2014-15 are actuarially sound, the budget recommendation includes \$121.9 million Gross (\$42.0 million GF/GP). Also included in an increase of \$79.7 million GF/GP with a like federal reduction, which represents the Medicaid FMAP rate change from 66.32% to 65.54%.

Healthy Michigan Plan

Includes an increase of \$625.3 million Gross (reduction of \$63.6 million GF/GP) for a full-year of Healthy Michigan Plan implementation. The adjustments reflect changes in Behavioral Health Services, Medical Services Administration, and Medical Services. In Medical Services, the Plan First Family Planning Waiver and Medicaid Adult Benefits Waiver lines are zeroed out and removed. The Medicaid Adult Benefits Waiver line is also zeroed out and removed in Behavioral Health Services.

Mental Health Jail Diversion Council

Includes \$3.4 million GF/GP to support recommendations of the Mental Health Diversion Council. In accordance with Executive Order 2013-7, the Council was charged with the responsibility of implementing an action plan that improves upon efforts to divert individuals with mental illness and developmental disabilities from the criminal justice system to appropriate treatment. Additional funding is also included in the Department of Corrections and Judiciary budgets.

Mental Health and Wellness Commission

Adds new ongoing funds of \$10.6 million GF/GP and one-time funds of \$5.0 million GF/GP for implementation of recommendations included in the State of Michigan Mental Health and Wellness Commission 2013 Report. In accordance with Executive Order 2013-6, the Commission was required to make recommendations addressing gaps in the delivery of mental health services and propose new service models to strengthen the delivery system in the state.

Emergency Medical Services (EMS) Program

Provides \$1.0 million GF/GP to replace unrealized state restricted fee revenue from proposed EMS licensure fee increases that were not enacted for FY 2013-14.

Maternal and Infant Home Visiting Prenatal Care Programs

Includes \$8.5 million Gross to expand maternal, infant, and early childhood home visiting programs for at-risk families, including \$6.0 million federal funds, and \$2.5 million GF/GP to expand in rural northern Michigan and the Upper Peninsula.

Crime Victim Services

Increases funding by \$1.0 million of state restricted Crime Victim's Rights Fund monies for grants to county prosecutors for training and services for crime victims; recognizes \$4.1 million reduction of federal Victims of Crime Act (VOCA) assistance grant for services to crime victims.

Senior Services

Provides additional \$6.0 million GF/GP for increased services for seniors, including \$1.0 million for elder abuse prevention, \$3.2 million for in-home services, and \$1.8 million for home-delivered meal programs; also provides \$400,000 GF/GP to replace state restricted funds shortfall for senior respite care.

Child and Adolescent Nursing and Behavioral Health Care Pilot

Provides a new one-time appropriation of \$2.0 million GF/GP for a child and adolescent health services pilot, for nursing and behavioral health care in schools provided by mobile health professional teams.

Health Insurance Claims Assessment (HICA)

Changes the identity of the \$110.0 million state restricted HICA revenue shortfall to an unidentified state restricted revenue authorization of a like amount. However, the recommendation acknowledges that realization of the new revenue would require legislation or an administrative remedy, which is not specified.

Eliminate Special Rural Hospital Payment

Includes a reduction of \$35.6 million Gross (\$12.0 million GF/GP) to eliminate special rural hospital payments.

Healthy Kids Dental Expansion

Continues the phase-in of the Healthy Kids Dental program with increased funding of \$15.6 million Gross (\$5.4 million GF/GP) to expand the program into Kalamazoo and Macomb counties, which will cover an estimated 100,000 children.

Primary Care Rate Increase – Partial Continuation

Continues, in part, a rate increase for primary care providers that was included temporarily with 100% federal funds from the Affordable Care Act. Includes an increase of \$75.4 million Gross (\$26.0 million GF/GP) to extend the rate increase at roughly half of ACA levels on an ongoing basis.

MIChoice Expansion – Waiting List Elimination

Includes an increase of \$26.2 million Gross (\$9.0 million GF/GP) to expand the home- and community-based services (MIChoice) program. It is intended to eliminate the program waiting list and serve an additional 1,250 individuals.

Economic Adjustments

Reflects increased costs of \$8.8 million Gross (\$3.2 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum increase), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

FY 2013-14 Proposed Supplemental Appropriations

- Includes \$1.2 million reduction in TANF revenue supporting the Family Support Subsidy program anticipating a projected caseload decrease of (0.3%) over the FY 2013-14 appropriated levels.
- Includes net \$0 Gross (\$8.8 million GF/GP) Healthy Michigan Plan adjustment reflecting a revised estimate of savings for community mental health non-Medicaid services.
- Includes an increase of \$40.9 million Gross (\$5.9 million GF/GP) for caseload, inflation, and utilization for Medical services, behavioral health services, children's special health care services, and other health services programs.
- Removes \$228.7 million Gross (\$0 GF/GP) of excess federal authorization related to federally-supported primary care rate increase.
- Restores \$5.3 million Gross (\$1.8 million GF/GP) of unrealized savings related to integration of dual eligibles into managed care. Incorporates related net zero special financing and graduate medical education (GME) payment adjustments between Medicaid line items.
- Includes \$1.6 million of increased federal Money Follow the Person grant funds.
- Recognizes lower GF/GP savings from school-based services program claims with a \$19.4 million Gross reduction (increase of \$12.9 million GF/GP).
- Includes a reduction of \$44.1 million Gross (\$0 GF/GP) to align special payment revenues with anticipated expenditures.

Human Services (Department)

Analyst: Kevin Koorstra

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$18,127,100	\$18,545,900	\$418,800	2.3	\$18,545,900	\$0	0.0
Federal	4,814,517,900	4,397,966,500	(416,551,400)	(8.7)	4,395,966,500	(2,000,000)	(0.0)
Local	35,685,600	38,876,800	3,191,200	8.9	38,876,800	0	0.0
Private	11,582,800	18,050,700	6,467,900	55.8	18,050,700	0	0.0
Restricted	135,470,000	136,237,400	767,400	0.6	136,237,400	0	0.0
GF/GP	1,003,000,000	1,011,636,400	8,636,400	0.9	1,006,736,400	(4,900,000)	(0.5)
Gross	\$6,018,383,400	\$5,621,313,700	(\$397,069,700)	(6.6)	\$5,614,413,700	(\$6,900,000)	(0.1)
FTEs	12,150.5	12,191.5	41.0	0.3	12,191.5	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Food Assistance Program (FAP) Caseload Adjustment

Reduces FAP caseload costs by \$445.5 million Gross (\$0 GF/GP). Caseload forecast reduces the FAP caseload estimate from 894,751 to 890,000 and monthly cost per case estimate from \$264 to \$224. FAP caseload in December 2013 was 877,409 at an average monthly cost per case of \$245.

Other Caseload Adjustments

Reduces other caseload adjusted programs by \$61.3 million Gross (\$30.2 million GF/GP). The programs included are Family Independence Program, State Disability Assistance, SSI State Supplementation, Adoption Subsidies, Child Care Fund, Foster Care, and Guardianship Assistance.

Healthy Michigan Plan Call Center

Provides \$20.3 million Gross (\$6.4 million GF/GP) to implement a contract to provide call center services for applicants and recipients of the Healthy Michigan Plan/Medicaid Expansion.

Foster Care Payments

Provides \$5.0 million Gross (\$5.0 million GF/GP) for the state to pay for 100% of the private child placing agency administrative rates for new cases entering care, rather than the state and counties sharing the costs for these rates under certain circumstances.

Michigan Rehabilitation Services (MRS)

Provides \$4.4 million Gross (\$4.4 million GF/GP) to allow MRS to draw down sufficient federal funds that will allow MRS to maintain current services. \$2.4 million Gross (\$2.4 million GF/GP) is designated as one-time funding.

Asset Test Automation

Provides \$5.0 million Gross (\$2.8 million GF/GP) to automate asset test verifications.

Temporary Assistance for Needy Families (TANF) Block Grant Fund Source

Rolls the federal TANF fund source into the general "total federal revenue" fund source.

Economic Adjustments

Reflects increased costs of \$23.9 million Gross (\$15.0 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

FY 2013-14 Proposed Supplemental Appropriations

- Reduces \$381.8 million Gross (\$0 GF/GP) for FAP caseload adjustments.
- Reduces \$43.4 million Gross (\$21.9 million GF/GP, \$17.0 million TANF) for other caseload adjusted programs.
- Provides \$12.7 million in federal TANF funds to offset excess other federal revenues in various line items. Also reorganizes federal TANF and GF/GP to avoid exceeding the federal TANF administrative cap.
- Provides \$3.2 million Gross (\$2.1 million GF/GP) for adoption support services.
- Provides \$2.5 million Gross (\$2.5 million GF/GP) for the state to pay 100% of private child placing agency administrative rates for new foster care cases.
- Provides \$600,000 TANF for college scholarships for your aging out of foster care, offsets other federal revenues that cannot be claimed.
- Provides \$500,000 Gross (\$0 GF/GP) for disability determination services.
- Provides \$200,000 federal TANF for parent to parent.

BUDGET CATEGORY PUBLIC SAFETY AND DEFENSE

Corrections

Analyst: Robin R. Risko

	FY 2013-14	FY 2014-15	Difference: FY 2014-15		FY 2015-16	Difference: FY 2015-16	
	Year-to-Date as of 2/5/14		Executive	Vs. FY 2013-14		%	Executive
			Amount	%		Amount	%
IDG/IDT	\$1,109,600	\$225,000	(\$884,600)	(79.7)	\$225,000	\$0	0.0
Federal	8,852,500	5,081,000	(3,771,500)	(42.6)	5,081,000	0	0.0
Local	8,392,800	8,547,700	154,900	1.8	8,547,700	0	0.0
Private	0	0	0	--	0	0	--
Restricted	56,026,100	45,869,600	(10,156,500)	(18.1)	45,869,600	0	0.0
GF/GP	1,958,053,600	1,990,198,400	32,144,800	1.6	1,963,712,500	(26,485,900)	(1.3)
Gross	\$2,032,434,600	\$2,049,921,700	\$17,487,100	0.9	\$2,023,435,800	(\$26,485,900)	(1.3)
FTEs	14,559.6	14,195.3	(364.3)	(2.5)	14,195.3	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations. (4) FY 2013-14 year-to-date figures include appropriation adjustments in 2013 PA 102, and 2013 PA 107 for Medicaid Reform/Healthy Michigan Plan effective March 14, 2014, but based on the waiver, implemented on April 1, 2014.

FY 2014-15 Proposed Budget Changes

Healthy Michigan Plan Savings

Reflects a net positive adjustment of \$5.1 million GF/GP related to the Healthy Michigan Plan legislation. A three-quarter year savings of \$24.2 million GF/GP was built into the FY 2014 budget through Public Act 107 of 2013. It has since been determined that certain costs relative to sex offender and substance abuse services will not be eligible for Medicaid reimbursement, which requires a portion of the savings originally taken to be built back into the budget. Full-year savings are now estimated to be \$19.1 million GF/GP.

Healthy Michigan Plan Administrative Costs

Includes 6.0 FTE positions and \$1.1 million Gross (\$830,900 GF/GP) to cover Medicaid expansion-related administrative costs in the Department of Corrections. Administrative costs include costs for determining eligibility, enrollment, discharge planning, and oversight, and currently are funded in the DCH budget.

Food Service Legacy Costs

Reflects a reduction of \$8.2 million GF/GP as a result of removing legacy payroll costs associated with former MDOC food service workers.

Neal Settlement

Includes \$5.0 million GF/GP, to be added to the \$20 million appropriated in the base, to make the final year of Neal Settlement Agreement payments.

Hepatitis C

Includes \$4.9 million GF/GP to implement the new treatment protocol for Hepatitis C that has been promulgated by the Centers for Disease Control and Prevention.

Prisoner Education

Includes 20.0 FTE positions and \$4.3 million GF/GP (\$1.0 million one-time and \$3.3 million on-going) for enhancement of prisoner education programs. Funding will be used to institute demand-driven vocational programs to prepare parolees for entering the workforce in areas that are in need of skilled workers. Employment counselors will be provided to work with employers, implement curricula and training, and connect trained offenders with employers prior to release from prison. The program also will work with local colleges to provide instruction inside the prisons.

Leased Beds

Includes \$4.0 million GF/GP to pay counties for bed space at county jail facilities that is used to house prisoners who are classified as Level I prisoners, not serving time for sex offenses, and serving flat sentences.

Mental Health Diversion

Includes \$1.0 million GF/GP for MDOC's role in a multi-agency statewide mental health diversion program. Funding will be used for the department to contract with a local jail for a pilot program which will offer comprehensive in-reach and post-release mental health services to inmates who are returning to the community.

Mobilize Parole and Probation Staff

Includes \$1.0 million GF/GP (\$440,600 one-time and \$582,400 on-going) to deploy and maintain devices such as smart phones, tablets, and laptops to mobilize parole and probation staff in Detroit, Pontiac, Saginaw, and Flint. This will allow parole and probation agents to spend more time in the field with parolees and probationers.

Health Care Staff Training

Includes 2.0 FTE positions and \$402,600 GF/GP to enhance professional development and training for all Bureau of Health Care Services staff.

Eliminate FTE Position Authorization

Eliminates authorization for 392.3 unfunded FTE positions to more accurately reflect department resources.

Economic Adjustments

Includes \$21.8 million Gross (\$21.2 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

FY 2013-14 Proposed Supplemental Appropriations

- Includes \$6.6 million GF/GP to restore Medicaid expansion savings taken in the budget that will not be achieved. It has been determined that Medicaid will not reimburse for the amount, scope, and duration of substance abuse and sex offender treatment that the department provides through contracts to treat offenders. The level of substance abuse and sex offender services required by the department and the Parole Board cannot be met through programs that are reimbursed through Medicaid.

Military and Veterans Affairs

Analyst: Mark Wolf

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$650,000	\$100,000	(\$550,000)	(84.6)	\$100,000	\$0	0.0
Federal	89,782,700	90,362,800	580,100	0.6	90,362,800	0	0.0
Local	1,500,000	1,500,000	0	0.0	1,500,000	0	0.0
Private	740,000	740,000	0	0.0	740,000	0	0.0
Restricted	27,554,000	25,086,400	(2,467,600)	(9.0)	25,086,400	0	0.0
GF/GP	46,503,300	55,805,700	9,302,400	20.0	48,805,700	(7,000,000)	(12.5)
Gross	\$166,730,000	\$173,594,900	\$6,864,900	4.1	\$166,594,900	(\$7,000,000)	(4.0)
FTEs	898.5	898.5	0.0	0.0	898.5	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

National Guard Tuition Assistance Program

Provides \$5.0 million GF/GP (1.0 transferred FTE) to reestablish a state-level tuition assistance program for National Guard members in active drilling status (1 weekend/month and 2 weeks/year). The program would cover 100% of tuition and fees, up to \$4,500 per year, for programs leading to a certificate, associate's degree, baccalaureate degree, or master's degree. Guard members could not pursue a lateral or lower degree, must remain in good standing, and must maintain a 2.0 GPA (4.0 scale). The aim is to assist recruiting and retention efforts, as most other states provide this type of benefit.

MVAA Veterans Service Regional Coordinators

Provides \$750,000 GF/GP for veterans service organizations (VSOs) to hire 10 regional coordinators who would be responsible for managing the workload of VSO service officers, monitoring service officer performance, and ensuring compliance with grant and boilerplate performance requirements.

County Veterans Counselor Enhancements

Provides \$250,000 GF/GP to county veterans counselors (CVCs) to support claims processing efforts through technology upgrades, the hiring of additional staff, and the establishment of county veterans service departments.

Annualize MVAA Staff Costs

Provides \$1.2 million GF/GP to the Michigan Veterans Affairs Agency (MVAA) to annualize full-year, full-staffing costs for the new agency.

Grand Rapids Veterans' Home Adjustment

Adjusts funding for the Grand Rapids Veterans' Home (GRVH) by reducing the excess authorization from Income and Assessment revenue by \$2.5 million, and increasing funding by \$225,000 GF/GP to better align staff costs.

One-Time Special Maintenance

Provides \$7.0 million GF/GP in one-time special maintenance funds for National Guard armories (\$4.0 million) and the two veterans' homes (\$3.0 million).

Economic Adjustments

Reflects increased costs of \$1.3 million Gross (\$377,400 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

FY 2013-14 Proposed Supplemental Appropriations

- \$1.2 million GF/GP to replace a water-cooled chiller that serves the cooling system at GRVH, after it failed in August 2013.
- \$2.0 million GF/GP for additional veterans advocacy and improved training for veterans' service officers.

State Police

Analyst: Mark Wolf

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$25,219,700	\$26,233,200	\$1,013,500	4.0	\$26,233,200	\$0	0.0
Federal	98,846,100	99,429,900	583,800	0.6	99,429,900	0	0.0
Local	6,967,500	4,861,700	(2,105,800)	(30.2)	4,861,700	0	0.0
Private	239,700	77,200	(162,500)	(67.8)	77,200	0	0.0
Restricted	122,071,700	124,800,000	2,728,300	2.2	123,550,000	(1,250,000)	(1.0)
GF/GP	353,474,300	383,921,000	30,446,700	8.6	371,591,700	(12,329,300)	(3.2)
Gross	\$606,819,000	\$639,323,000	\$32,504,000	5.4	\$625,743,700	(\$13,579,300)	(2.1)
FTEs	2,934.0	3,073.0	139.0	4.7	3,073.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Trooper Recruit School

Adds \$13.5 million Gross (\$12.6 million GF/GP) for a trooper recruit school expected to graduate 100 new troopers. The school would start in January 2015. Includes \$7.8 million Gross in ongoing costs and \$5.7 million in one-time costs.

Motor Carrier Recruit School

Adds \$5.2 million GF/GP for a motor carrier recruit school expected to graduate 31 new motor carrier officers. The school would start in October 2014. Includes \$3.2 million in ongoing costs and \$2.0 million in one-time costs.

Criminal Justice Information Systems

Adds \$5.2 million Gross (\$2.3 million GF/GP) in one-time and ongoing costs to sustain the Automated Fingerprint Identification System (\$2.2 million Gross), establish a disaster recovery system for several CJIS applications (\$312,800 Gross), update the programming language for LEIN (\$350,000 Gross), establish an electronic warrant reporting system (\$800,000 Gross), and provide for the expansion of the Statewide Records Management System (\$1.5 million).

Forensic Science Division

Adds \$4.0 million GF/GP to offset a reduction in funds from the State Services Fee Fund (SSFF), starting a planned three-year phase-out of SSFF funds being appropriated for forensic sciences. Also adds \$118,000 GF/GP to offset a reduction in federal impaired driving funds used for toxicological analysis.

126th Recruit School – Second Year Costs

Adds \$2.7 million GF/GP to annualize the costs for the 126th recruit school, which began in January 2014.

Michigan Public Safety Communications System (MPSCS)

Transfers \$16.3 million Gross (\$14.2 million GF/GP) for the MPSCS to the Department of Technology, Management, and Budget, which is responsible for the maintenance and operation of MPSCS per ERO 2005-2 (MCL 18.42).

Law Enforcement Support

Adds \$5.2 million GF/GP (\$4.9 million one-time) for a new helicopter for primary use in the Metro Detroit area. Also adds \$225,000 GF/GP for a SWAT team armored vehicle.

Local Public Safety Grants

Adds \$5.0 million GF/GP (one-time) to provide technology and equipment grants, with a focus on school safety.

Economic Adjustments

Reflects increased costs of \$18.8 million Gross (\$13.8 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

FY 2013-14 Proposed Supplemental Appropriations

- \$3.4 million Federal for planning for the development of a national public safety broadband network.

BUDGET CATEGORY RESOURCE PROTECTION

Agriculture and Rural Development

Analyst: Paul Holland

	FY 2013-14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
	Year-to-Date as of 2/5/14		Amount	%		Amount	%
IDG/IDT	\$524,300	\$318,100	(\$206,200)	(39.3)	\$318,100	\$0	0.0
Federal	9,960,900	9,198,300	(762,600)	(7.7)	9,198,300	0	0.0
Local	0	0	0	--	0	0	--
Private	96,900	98,300	1,400	1.4	98,300	0	0.0
Restricted	29,020,900	28,003,400	(1,017,500)	(3.5)	28,003,400	0	0.0
GF/GP	40,580,300	44,876,200	4,295,900	10.6	42,876,200	(2,000,000)	(4.5)
Gross	\$80,183,300	\$82,494,300	\$2,311,000	2.9	\$80,494,300	(\$2,000,000)	(2.4)
FTEs	440.0	452.0	12.0	2.7	452.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Food and Dairy Safety and Inspections

Provides increase of \$1.8 million in GF/GP spending authorization and 12.0 FTEs to enhance inspections of and safety programs for food establishments (\$1.2 million, 8.0 FTEs) and dairy producers (\$600,000, 4.0 FTEs). According to DARD, 55.0% of food establishments inspected in December of 2013 were in compliance with the Michigan Food Law of 2012 and 91.3% milk safety inspections met national enforcement standards. During FY 2012-13, GF/GP supported 61.0% of food safety and 94.1% of dairy/milk safety expenditures.

Strategic Growth Initiative (One-Time)

Provides increase of \$2.0 million in one-time GF/GP spending authorization for the Strategic Growth Initiative (SGI) which is intended to increase the economic impact of the food and agriculture industry. 2013 PA 59 included \$1.0 million in ongoing GF/GP for the SGI within the DARD budget, additionally boilerplate Sec. 711(2) authorized DARD to receive and expend funds from the Michigan Economic Development Corporation (MEDC) which has committed \$2.0 million for the SGI during FY 2013-14. MEDC funds are not anticipated for FY 2014-15.

Qualified Forest Program Funding as Ongoing

Transfers \$2.3 million in GF/GP spending authorization for the Qualified Forestry Program (modified by 2013 PAs 42 through 50) included in 2013 PA 59 as a one-time appropriation to the ongoing "private forest development program" line item. The 5.0 FTEs added by 2013 PA 59 for the "private forest development program" line item were filled and work with landowners, local units of government, and conservation districts to verify affidavits, monitor Forestry Management Plans, provide training and outreach, audit property tax receipts, and develop and oversee forestry grants.

Export Inspection and Certificates as Ongoing

Transfers \$800,000 in GF/GP spending authorization predominately for inspection and certification of horticultural and agricultural products for export included in 2013 PA 59 as a one-time appropriation due to insufficient revenue generated by statutory inspection fees to the ongoing "pesticide and plant pest management" line item. During FY 2012-13, DARD expended \$1,019,416 to issue 3,822 export certificates while related inspection fees generated \$231,750 in revenue.

FY 2013-14 One-Time Basis Only Appropriations

Eliminates FY 2013-14 one-time appropriations for the Qualified Forest Program (\$2.3 million GF/GP, see above), inspection and certification agricultural products for export (\$800,000 GF/GP, see above), and the Ottawa County water resources study (300,000 GF/GP).

Economic Adjustments

Reflects increased costs of \$347,900 Gross (\$216,500 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

Environmental Quality

Analyst: Viola Bay Wild

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$9,401,900	\$9,530,500	\$128,600	1.4	\$9,530,500	\$0	0.0
Federal	150,779,700	150,367,600	(412,100)	(0.3)	150,367,600	0	0.0
Local	0	0	0	--	0	0	--
Private	541,800	546,900	5,100	0.9	546,900	0	0.0
Restricted	327,340,900	302,770,900	(24,570,000)	(7.5)	302,770,900	0	0.0
GF/GP	29,104,500	40,875,900	11,771,400	40.4	38,375,900	(2,500,000)	(6.1)
Gross	\$517,168,800	\$504,091,800	(\$13,077,000)	(2.5)	\$501,591,800	(\$2,500,000)	(0.5)
FTEs	1,287.5	1,290.5	3.0	0.2	1,290.5	0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Leaking Underground Storage Tanks (LUST) Cleanups

Includes additional \$3.0 million Refined Petroleum Fund (RPF) revenue for cleanup work at LUST sites (\$1.9 million) and staff support for contaminated site investigations and cleanups (\$1.1 million). Funding is available by replacing the remaining \$3.0 million of RPF revenues currently used for debt service in Treasury with GF/GP funding.

Hazardous Waste Management Program

Provides \$1.9 million GF/GP funding to maintain the current funding of the Hazardous Waste Management Program. Funding would replace \$400,000 one-time GF/GP funding and \$1.5 million one-time restricted funding appropriated in FY 2013-14 that is no longer available.

Office of Environmental Assistance

Includes additional \$1.0 million GF/GP funding for the Retired Engineers Technical Assistance Program within the Office of Environmental Assistance to provide pollution prevention technical assistance to businesses and industries.

Electronic Document Management System

Includes \$2.5 million one-time GF/GP funding for the implementation of an electronic document management system which would enable the Department to make available to the public a greater amount of frequently requested information and documents by making them directly accessible on the Department's website.

Water Quality and Use Initiative

Provides \$3.9 million GF/GP funding for development of a comprehensive state water strategy, including water quality, use, permit issuance, and water monitoring efforts. Funding will also be used for DEQ's Water Access Tool, additional beach monitoring equipment and programs, and the wetlands program.

Drinking Water Revolving Fund Program

Provides \$2.5 million GF/GP funding to be used as matching funds to qualify for additional federal grant money for the Drinking Water Revolving Fund Program which provides low-interest loans to local governments for drinking water infrastructure projects.

Recycling Initiative

Includes \$1.0 million GF/GP funding to support a recycling initiative in the state to help increase the number of counties with convenient access to recycling.

Economic Adjustments

Reflects increased costs of \$419,900 Gross (\$112,900 GF/GP reduction) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

Natural Resources

Analyst: Viola Bay Wild

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$1,412,300	\$1,355,100	(\$57,200)	(4.1)	\$1,355,100	\$0	0.0
Federal	67,127,300	67,954,500	827,200	1.2	67,954,500	0	0.0
Local	0	0	0	--	0	0	--
Private	7,237,200	10,286,300	3,049,100	42.1	9,786,300	(500,000)	(4.9)
Restricted	241,925,500	256,498,000	14,572,500	6.0	255,998,000	(500,000)	(0.2)
GF/GP	25,436,600	47,091,500	21,654,900	85.1	48,091,500	1,000,000	2.1
Gross	\$343,138,900	\$383,185,400	\$40,046,500	11.7	\$383,185,400	\$0	0.0
FTEs	2,141.30	2,229.3	88.0	4.1	2,229.3	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Conservation Officers

Provides additional \$3.5 million GF/GP to fund 25 additional conservation officers and a conservation officer academy.

Annualize Increased Revenue from Hunting and Fishing License Fees

Includes \$8.1 million additional restricted funding and 26.0 FTE authorizations to reflect full-year implementation of the hunting and fishing license fee increase enacted in PA 108 of 2013; increased fees go into effect March 1, 2014.

Invasive Species Initiative

Provides \$4.0 million GF/GP funding and 16.0 FTEs to develop a comprehensive response program for invasive species. Funding and FTEs would be distributed to DNR, DEQ, MDARD, and MDOT. Program would also fund local grants. One-time funding provides additional \$2.0 million GF/GP for grants in FY 2014-15 and \$4.0 million for grants in FY 2015-16.

Michigan Conservation Corps

Merges the Summer Youth Initiative Program with the Michigan Conservation Corps and increases funding \$1.0 million GF/GP. Program would be expanded statewide to employ individuals up to 27 years old and include returning veterans.

Forestry Program

Provides \$4.0 million GF/GP funding to wildfire protection to offset \$4.0 million forest development fund revenue that would be redirected to forest management to hire an additional 10 foresters.

Non-Motorized Trail Initiative

Includes \$2.5 million GF/GP to provide funding for non-motorized trails throughout the state. Funding would also support the development of a 1,000 mile showcase trail stretching from Belle Isle in Detroit to the Wisconsin border.

Great Lakes Research Vessel

Includes \$2.0 million (\$1.0 million GF/GP) one-time funding to replace the Chinook, DNR's 67-year-old research vessel.

Capital Outlay Projects

Increases funding for capital outlay projects by \$6.1 million Gross (\$4.0 million GF/GP) overall. \$4.0 million GF/GP is included for state parks repair and maintenance and restricted funding is reduced by \$1.0 million; \$3.0 million restricted funding included for wetlands restoration and acquisition; funding for waterways boating projects increased by \$84,400.

Economic Adjustments

Reflects increased costs of \$5.6 million Gross (\$254,900 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

FY 2013-14 Proposed Supplemental Appropriations

- \$1.9 million federal/state restricted/private funding for Waterways Boating Program capital outlay projects.
- \$27.7 million restricted funding for 76 MNRTF projects: 44 projects for development and 32 for land acquisition.

BUDGET CATEGORY ALL OTHER

Insurance and Financial Services

Analyst: Paul Holland

	FY 2013-14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
	Year-to-Date as of 2/5/14		Amount	%		Amount	%
IDG/IDT	\$707,600	\$707,600	\$0	0.0	\$707,600	\$0	0.0
Federal	2,000,000	2,000,000	0	0.0	2,000,000	0	0.0
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	61,627,900	62,427,100	799,200	1.3	62,427,100	0	0.0
GF/GP	11,000,000	150,000	(10,850,000)	(98.6)	150,000	0	0.0
Gross	\$75,335,500	\$65,284,700	(\$10,050,800)	(13.3)	\$65,284,700	\$0	0.0
FTEs	343.0	343.0	0.0	0.0	343.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Autism Coverage Fund

Eliminates appropriation for the Autism Coverage Fund (\$11.0 million GF/GP was appropriated in FY 2013-14 and \$15.0 million GF/GP in FY 2012-13) which supports the Autism Coverage Reimbursement Program established by 2012 PA 101. Of the \$26.0 million GF/GP appropriated for the non-lapsing Autism Coverage Fund over the past two years, as of 12/03/13 \$501,937 has been paid to insurance carriers for reimbursement of claims for diagnosis and treatment of autism spectrum disorders. DIFS anticipates that claims for reimbursement will substantially increase during FY 2014-15 but estimates that there is currently sufficient money in the Autism Coverage Fund to cover these claims.

Analysis and Reporting Pertaining to the Healthy Michigan Plan

Provides increase of \$150,000 in GF/GP spending authorization to evaluate and issue an annual report on the impact of expanding medical coverage via the Healthy Michigan Plan (i.e. Medicaid Expansion/Reform) on the cost of uncompensated relating to health insurance rates and to staff the Michigan Health Care Cost and Quality Advisory Committee which is charged with analyzing various facets of the health care and health insurance industries and issuing a report with recommendations on the creation of a database on health care cost and quality in Michigan.

Economic Adjustments

Reflects increased costs of \$799,200 Gross (\$0 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

Judiciary

Analyst: Robin R. Risko

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$2,350,500	\$2,364,400	\$13,900	0.6	\$2,364,400	\$0	0.0
Federal	5,343,900	6,437,400	1,093,500	20.5	6,437,400	0	0.0
Local	7,133,100	7,241,100	108,000	1.5	7,241,100	0	0.0
Private	931,500	944,800	13,300	1.4	944,800	0	0.0
Restricted	84,213,800	84,252,500	38,700	0.0	84,252,500	0	0.0
GF/GP	183,441,300	188,242,900	4,801,600	2.6	187,242,900	(1,000,000)	(0.5)
Gross	\$283,414,100	\$289,483,100	\$6,069,000	2.1	\$288,483,100	(\$1,000,000)	(0.3)
FTEs	483.0	485.0	2.0	0.4	484.0	(1.0)	(0.2)

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Mental Health Diversion Program

Includes \$1.7 million GF/GP for judiciary's role in a multi-agency statewide mental health diversion program. Assisted Outpatient Treatment is a court-ordered program of community-based mental health services designed to improve outcomes for people with serious mental illness who have a history of repeated incarcerations. Funding will be used for reinforcement of existing mental health courts through court coordination, mental health services, substance abuse treatment, housing, and transportation services, and for court evaluations, attorney services, and training.

Regionalization and Expansion of Specialty Courts

Includes \$1.4 million in federal funding made available for drug treatment courts, for regionalization and expansion of driving while intoxicated/sobriety courts, and for evaluation of the ignition interlock program. The goal is to make the courts available to more citizens in the state by regionalizing courts to serve multiple jurisdictions and expanding the number of specialty courts available.

Michigan Indigent Defense Commission

Includes \$1.0 million GF/GP for implementation of the Michigan Indigent Defense Commission (MIDC), which was established under Public Act 93 of 2013. The MIDC was created as an autonomous entity in the judicial branch to develop and oversee the implementation, enforcement, and modification of minimum standards, rules, and procedures to ensure that indigent criminal defense services are consistently delivered to all indigent adults throughout the state. The MIDC is charged with hiring an executive director and the appropriate number of staff needed to accomplish the purpose of the MIDC. The appropriation will support the administrative staff for the commission and staff-related costs.

Next Gen/MiCS

Includes an additional \$634,300 GF/GP to assist with implementation of a unified case management information system, called the Next Generation Michigan Court System (Next Gen/MiCS). A one-time appropriation of \$3.5 million GF/GP was included in the FY 2014 budget. That funding, along with the \$634,300 GF/GP, will be considered an on-going appropriation in the FY 2015 budget. The new system will combine the four current legacy case management systems in at least 264 trial court locations that are built on technology that is almost 30 years old. Funding will also be used to train the more than 4,000 users of the system.

Savings for Eliminated Judgeships

Reflects a savings of \$563,000 GF/GP from elimination of 5.0 judgeships under Public Act 300 of 2011. The amount of savings is a result of the effective dates of the retirements of the judges.

State Appellate Defender Office (SADO) Staff Support

Includes \$350,000 GF/GP to pay for staff who are currently funded with federal grant funding which is set to expire on October 1, 2014. These staff assist the office with meeting the statutory requirement of managing 25% of the state's criminal defense appellate cases for indigents.

Court Interpreters

Includes \$245,000 GF/GP to fund 2.0 court interpreter positions and associated costs. These positions are necessary to ensure the state's compliance with federal directives that interpreters be provided to individuals with limited English proficiency.

Economic Adjustments

Includes \$1.6 million Gross (\$1.4 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

FY 2013-14 Proposed Supplemental Appropriations

- Authorization to receive \$650,000 in federal revenue being made available for drug treatment courts, regionalization and expansion of driving while intoxicated/sobriety courts, and for evaluation of the ignition interlock program.

Licensing and Regulatory Affairs

Analyst: Paul Holland

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$14,228,200	\$14,509,800	\$281,600	2.0	\$14,509,800	\$0	0.0
Federal	195,559,900	199,124,800	3,564,900	1.8	199,124,800	0	0.0
Local	656,500	656,500	0	0.0	656,500	0	0.0
Private	2,011,800	2,311,800	300,000	14.9	2,311,800	0	0.0
Restricted	265,457,400	290,224,100	24,766,700	9.3	267,824,100	(22,400,000)	(7.7)
GF/GP	25,004,900	25,033,800	28,900	0.1	25,033,800	0	0.0
Gross	\$502,918,700	\$531,860,800	\$28,942,100	5.8	\$509,460,800	(\$22,400,000)	(4.2)
FTEs	2,970.5	2,978.5	8.0	0.3	2,977.5	(1.0)	(0.0)

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

Customer Service at the UIA (One-Time)

Provides increase of \$18.0 million in one-time spending authorization to maintain customer services at the Unemployment Insurance Agency (UIA), supported by the Penalty and Interest Account of the Contingent Fund in which penalties, damages, and interest collected from employers and claimants are deposited. The UIA anticipates that process improvement efforts will enable it to operate within existing federal grant funding by the end of FY 2014-15. In August of 2012, due to the decline in the state's Insured Unemployment Rate during 2012, the federal government reduced the amount of administration grants to the UIA by \$37.2 million, resulting in 402 FTEs being laid-off. In response, the Legislature approved a contingency transfer authorizing a \$5.0 million from the Penalty and Interest Account of the Contingent Fund to support the maintenance of UIA operations during FY 2012-13. Additionally, LARA has notified the House that it anticipates a similar transfer request for FY 2013-14 dependent upon the level of quarterly supplemental federal grants allocated to the UIA during the year.

Mobile Application for Unemployment Insurance (One-Time)

Provides increase of \$2.4 million in one-time spending authorization from the Penalty and Interest Account of the Contingent Fund to develop a mobile device application which will facilitate the remote filing of unemployment insurance claims.

BCC Operations, Develop Online Construction Permitting Database, and Hire Elevator Inspectors

Provides increase of \$1.1 million in spending authorization from the Construction Code Fund for the Bureau of Construction Code (BCC) subsequent to a \$5.8 million decrease in spending authorization in the FY 2013-14 appropriation; \$350,000 to maintain current operations which includes expanded permitting activities as part of the effort to remediate blight in Detroit, and \$650,000 to fund the planned upgrade of the BCC's online permitting IT system. Additionally, an increase of \$700,000 in spending authorization from the Elevator Safety Fund and 2.0 FTEs to hire an additional two elevator inspectors to address persistently overdue annual safety inspections.

Administrative Hearings pertaining to the Healthy Michigan Plan

Provides increase of \$900,000 in spending authorization, (50/50 state/federal match), and 6.0 FTEs for the Michigan Administrative Hearing System (MAHS) to support an escalation in administrative hearings engendered by an estimated 35% increase in the Medicaid caseload under the Healthy Michigan Plan (i.e. Medicaid Expansion/Reform). During FY 2012-13, MAHS opened 23,539, heard 6,213, and closed 24,031 administrative hearings pertaining to Medicaid eligibility and benefits.

GF/GP Authorization for Reinventing Performance in Michigan Initiative

Provides increase of \$700,000 in GP/GF spending authorization to offset expenditures made within the Office of Financial and Administrative Services Team since FY 2011-12 for the Reinventing Performance in Michigan (RPM) initiative; statewide regulatory process improvement efforts designed to improve customer satisfaction, shorten customer response time, reduce redundant forms, and ensure customer-facing materials are utilized.

FY 2013-14 One-Time Basis Only Appropriations

Eliminates of FY 2013-14 one-time appropriation of \$2.1 million in GF/GP for upgrades to information technology systems utilized by nursing home surveyors within the Bureau of Health Care Services (BHCS).

Economic Adjustments

Reflects increased costs of \$4.1 million Gross (\$19,200 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

FY 2013-14 Proposed Supplemental Appropriations

- Provides increase of \$1.0 million in GF/GP spending authorization for the Compensation Supplement Fund line item to support reimbursements to self-insured entities that no longer receive a MBT tax credit which was repealed by 2011 PA 39. Equivalent FY 2012-13 supplemental appropriation was enacted by 2013 PA 102 and equivalent spending authorization request is included in the FY 2014-15 Executive Recommendation.
- Provides increase of \$8.0 million in GF/GP spending authorization for the Insurance Funds Administration line item to assist in providing sufficient resources within the Self-Insurers Security Fund to cover the worker's compensation claims of former employees of Delphi Corporation which was reorganized under bankruptcy protection through 2009.

Transportation

Analyst: William E. Hamilton

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$3,625,100	\$3,786,900	\$161,800	4.5	\$3,786,900	\$0	0.0
Federal	1,198,885,500	1,205,885,500	7,000,000	0.6	1,205,885,500	0	0.0
Local	50,177,100	50,177,100	0	0.0	50,177,100	0	0.0
Private	100,000	100,000	0	0.0	100,000	0	0.0
Restricted	2,225,029,000	2,155,001,200	(70,027,800)	(3.1)	2,155,001,200	0	0.0
GF/GP	121,300,000	254,047,900	132,747,900	109.4	0	(254,047,900)	(100.0)
Gross	\$3,599,116,700	\$3,668,998,600	\$69,881,900	1.9	\$3,414,950,700	(\$254,047,900)	(6.9)
FTEs	2,918.3	2,918.3	0.0	0.0	2,918.3	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

FY 2014-15 Proposed Budget Changes

State Restricted Transportation Revenue Changes

Reduction in state restricted revenue reflects a number of changes in restricted fund sources, including anticipated \$16.9 million increase in baseline Michigan Transportation Fund (MTF) revenue, restoration of \$12.0 million in driver's license fee revenue to the Transportation Economic Development Fund (TEDF), and restoration of \$5.0 million MTF to the Local bridge program. These revenue increases are offset by the end of \$115.0 million current year appropriation for the Roads and Risks Reserve Fund, not recognized in the Governor's FY 2014-15 budget.

The Governor's budget does not assume any increases in transportation tax rates or tax bases, or changes to current statutory distribution programs.

General Fund/General Purpose (GF/GP) Appropriation to Transportation Programs

The current year budget included the direct appropriation of \$121.3 million GF/GP to provide matching funds for the state trunkline federal-aid road and bridge construction program. Governor recommends \$254.0 million GF/GP for FY 2014-15 – an increase of \$132.7 million. Of the \$242.0 million, \$139.1 million is identified as specifically for matching available federal-aid revenue. GF/GP funding would be appropriated as follows: \$242.0 million for the state trunkline road and bridge construction program; \$10.0 million for transit capital and rail infrastructure; and \$2.0 million for airport improvement programs. As with current year, these GF/GP appropriations are identified as "One-time basis only."

State Trunkline Maintenance

Recommends \$40.0 million increase in baseline support for trunkline maintenance program.

Local Federal Aid

Proposed reallocation of staff to support department's administration of local federal aid programs would be funded through \$3.5 million MTF increase, plus additional \$1.5 million State Trunkline Fund to MTF fund shift.

Bus Operating Assistance

Recommends \$167.4 million for statutory state operating assistance to local transit agencies – an increase of \$776,000 from the Comprehensive Transportation Fund (CTF). Budget does not retain \$5.4 million Discretionary state operating line item.

Rail Operations and Infrastructure

Rolls up \$19.3 million *Wolverine* line item into *Rail operations and infrastructure* line. Recognizes \$7.0 million in additional federal funds, as well as \$4.0 million increase in state restricted Rail Freight Fund support. This line item supports rail freight economic development programs, as well as rail passenger service, including capital and operating assistance for the *Wolverine* (Detroit-Chicago) high speed rail corridor.

Economic Adjustments

Reflects increased costs of \$5.9 million Gross (\$0 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

FY 2013-14 Proposed Supplemental Appropriations

- \$11.7 million request recognizes \$9.4 million federal TIGER grant for capital improvements on Detroit-Chicago high speed rail corridor, as well as \$2.3 million CTF matching funds.
- Recommends \$300,000 GF/GP to Beaver Island Transportation Authority for work associated with repair of Beaver Island Ferry.
- Requests \$2.0 million GF/GP for Regional Transit Authority.



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 Kyle I. Jen, Deputy Director

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Capital Outlay	Benjamin Gielczyk
Community Colleges	Marilyn Peterson
Community Health	
Mental Health/Substance Abuse	Margaret Alston
Public Health/Aging/Medicaid-Backup	Susan Frey
Medicaid/Children's Special Health Care Services	Steve Stauff; Matt Ellsworth
Corrections	Robin R. Risko
Education (Department)	Karen Shapiro
Environmental Quality	Viola Bay Wild
General Government:	
Attorney General/Civil Rights/State (Department)/	
Technology, Management, and Budget	Marilyn Peterson
Executive Office/Legislature/Legislative Auditor General/	
Lottery/Michigan Strategic Fund/Treasury	Benjamin Gielczyk
Higher Education	Kyle I. Jen
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