

**DATE:** February 11, 2015  
**TO:** House Appropriations Committee  
**FROM:** Ben Gielczyk, Senior Fiscal Analyst, and Robin Risko, Senior Fiscal Analyst  
**RE:** FY 2014-15 Budget Shortfall Resolution – Prior-Year Work Project Lapses

The following requested prior-year work project lapses would, in conjunction with Executive Order 2015-5 and House Bills 4110 (H-1) and 4112 (H-1), resolve a projected General Fund/General Purpose (GF/GP) shortfall of \$456.1 million in the FY 2014-15 state budget. As shown in **Table 1**, the prior-year work project lapses total \$6.6 million with \$3.0 million from the Department of Corrections Public Safety Initiative and \$3.6 million from the Department of Treasury Competitive Grant Assistance Program (CGAP). Both are explained in more detail below.

**Table 1 - Work Project Lapse Amounts**

<u>Item</u>	<u>Amount</u>
Corrections – Public Safety Initiative	\$3,000,000
Treasury – Competitive Grant Assistance Program	<u>3,600,000</u>
<b>TOTAL</b>	<b>\$6,600,000</b>

Under Section 451a (2), 1984 PA 431, the State Budget Director has the authority to issue directives to lapse existing work project accounts at any time. Upon notification to the members of the Senate and House Appropriations Committees and the fiscal agencies, the appropriations committees have 30 days to disapprove the directive. If either committee disapproves, the directive will not be effective.

#### **Corrections – Public Safety Initiative**

As part of the FY 2014-15 budget shortfall resolution agreement, the State Budget Director ordered \$3.0 million of the Public Safety Initiative work project account to lapse. Funding for the Public Safety Initiative was first appropriated in FY 2010-11 for a pilot public safety program for the City of Flint (\$1.0 million). Since then, \$3.0 million was appropriated in FY 2011-12, and \$4.5 million has been appropriated in FY 2012-13 through FY 2014-15. To date, of the total \$17.5 million appropriated, \$10.4 million has been spent, leaving a balance of \$7.1 million. Public Safety Initiative funding is intended to support payments to distressed communities in high-crime areas to allow for the purchase of jail space in neighboring counties to address backlogs of active arrest warrants. Funding has been used to support costs for jail beds in various counties, for Flint City Lock-Up, and for costs associated with the use of tethers.

#### **Treasury – Competitive Grant Assistance Program**

Also, as part of the FY 2014-15 budget shortfall resolution agreement, the State Budget Director ordered the remaining \$3.6 million of the CGAP work project to lapse. The CGAP is a competitive grant program that provides grants to local units of government to help offset the up-front costs of mergers, interlocal agreements, and cooperative efforts. Between its inception in FY 2011-12 and the final year of funding in FY 2013-14, a total of \$45.0 million was appropriated to CGAP. Grants were awarded to local units of government over six rounds. By lapsing the remaining \$3.6 million, a planned FY 2014-15 round of funding will be cancelled.