

**REVIEW AND ANALYSIS**  
**OF THE**  
**FY 2012-13 AND**  
**FY 2013-14**  
**EXECUTIVE BUDGET**  
**RECOMMENDATION**



prepared by the

**HOUSE**  
**FISCAL**  
**AGENCY**

Mary Ann Cleary, Director

March 2012

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March 2012

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2012-13 and FY 2013-14 Executive Budget Recommendation***.

In this publication, the *Director's Overview* provides information on revenue sources and appropriations proposed in the Executive Budget Recommendation for FY 2012-13 and FY 2013-14. It also provides summary charts and tables of appropriations and fund sources in the proposed budget.

Budget summaries and analyses in this report were prepared for each department/agency by House Fiscal Agency analysts; the Consensus Revenue section was prepared by Agency economists.

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

A handwritten signature in black ink that reads "Mary Ann Cleary".

Mary Ann Cleary, Director



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**GLOSSARY**  
**Frequently-Used State Budget Terms**

**STATE BUDGET TERMS**

**Gross Appropriations (Gross):** The total of all applicable appropriations (statutory spending authorizations) in a budget bill.

**Adjusted Gross Appropriations (Adjusted Gross):** The net amount of all gross appropriations after subtracting interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

**Lapses:** Appropriation amounts that are unspent/unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless otherwise provided by law.

**Work Project:** A statutorily-authorized account which allows a spending authorization to be carried over from one fiscal year to a succeeding fiscal year or years—i.e., allows funds to be spent over a period of years.

**APPROPRIATION BILL TERMS**

**Line Item:** Specific funding amount in an appropriation bill which establishes spending authorization for a particular program or function (may be for a single purpose or for multiple purposes).

**Boilerplate:** Specific language sections in an appropriation bill which direct, limit or restrict line item expenditures, express legislative intent, and/or require reports.

**REVENUE SOURCES**

**General Fund/General Purpose (GF/GP):** Unrestricted General Fund revenue available to fund any activity accounted for in the General Fund; unused GF/GP revenue lapses to the General Fund at the end of a fiscal year.

**State Restricted (Restricted):** State revenue restricted by state law or outside restriction that is available only for specified purposes; at year-end, unused restricted revenue remains in the restricted fund; includes School Aid Fund.

**Federal Revenue:** Federal grant or matchable revenue generally dedicated to specific programs.

**Local Revenue:** Revenue from local units of government.

**Private Revenue:** Revenue from non-government entities: rents, royalties or interest payments, payments from hospitals or individuals, and gifts and bequests.

**Interdepartmental Grant (IDG):** Revenue or funds received by one state department from another state department (usually for a service provided by the receiving department).

**Intradepartmental Transfer (IDT):** Transfers or funds being provided from one appropriation unit to another in the same department.

**MAJOR STATE FUNDS**

**Budget Stabilization Fund (BSF):** The countercyclical economic and budget stabilization fund; also known as the “rainy day” fund.

**School Aid Fund (SAF):** A restricted fund; the primary funding source for K-12 schools and Intermediate School Districts (ISDs).

**General Fund:** The General Fund (funded from taxes and other general revenue) is used to account for the ordinary operations of a governmental unit that are not accounted for in another fund.

# **FY 2012-13 AND FY 2013-14 Budget Detail**

## **DIRECTOR'S OVERVIEW**

**Overview**  
**Resources Used in the Executive Budget**  
**Proposed Fees**  
**Summary Information and Tables**

## OVERVIEW

# FY 2012-13 AND FY 2013-14 Executive Recommendation DIRECTOR'S OVERVIEW

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The FY 2012-13 Executive Budget Recommendation calls for \$48,053.8 million in adjusted gross appropriations. This includes \$9,022.0 million in General Fund/General Purpose (GF/GP) funds, \$18,545.8 million in restricted funds, \$513.2 million in local/private funds, and \$19,972.9 million in federal funds.

Of the \$27,567.8 million in state resources recommended for appropriation in FY 2012-13, \$15,093.4 million (54.8% 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 incorporated the January 13 Consensus Revenue Estimating Conference revenue estimates. The proposal also continues the policy to designate a portion of the appropriation items as one-time. Below is a summary highlighting the major GF/GP and School Aid Fund (SAF) adjustments for FY 2012-13:

- Proposal for ongoing resources:
  - New net program increases of \$297.3 million GF/GP and SAF.
  - Designated one-time FY 2011-12 appropriations converted to ongoing appropriations of \$236.2 million GF/GP and SAF.
- Proposal for one-time resources:
  - New one-time appropriations of \$203.8 million GF/GP and SAF.
  - Continued one-time appropriations from FY 2011-12 of \$180.0 million GF/GP and SAF.
  - Budget Stabilization Fund (BSF) transfer of \$130.0 million GF/GP.

A more detailed summary of proposed changes by department begins on page 20.

A detailed summary of the fee proposal can be found on page 7.

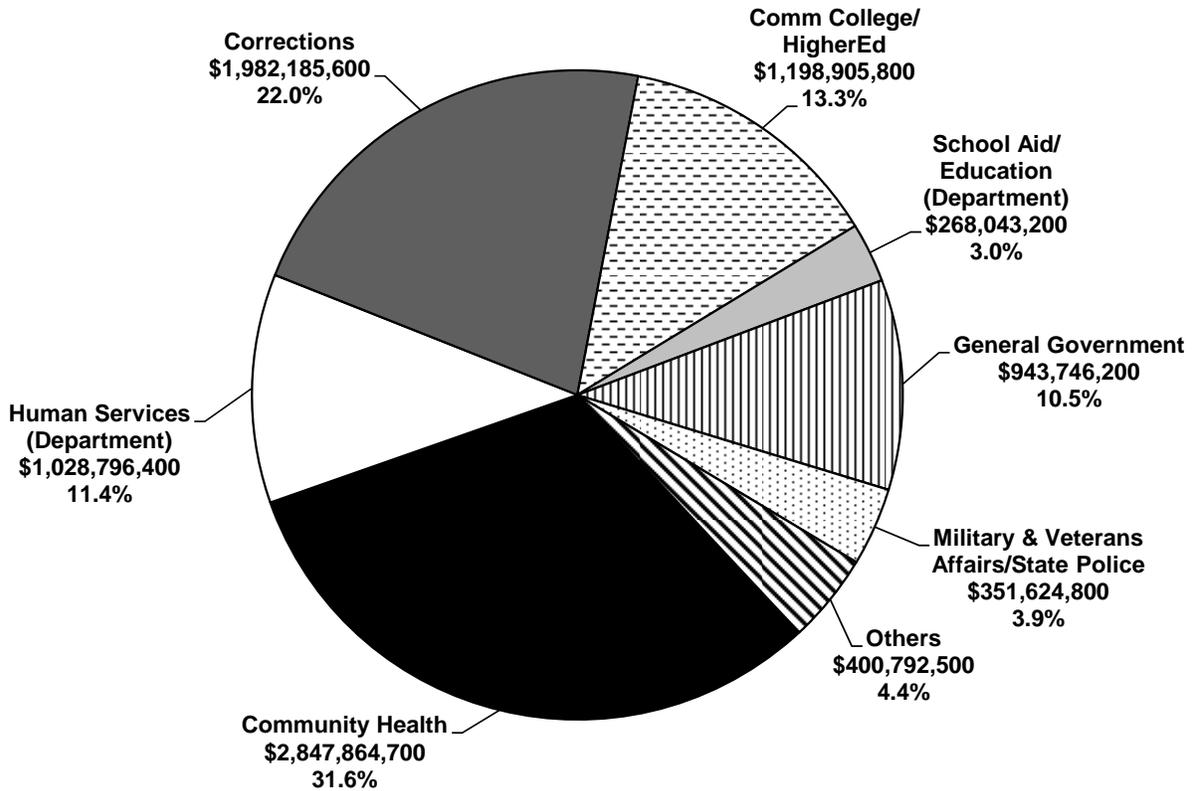
This Overview includes:

- Graphs of Executive Recommendation GF/GP and Adjusted Gross distribution by budget area.
- Review of resources used in the Executive Recommendation.
- Summary of the overall content of the budget (Tables 1 through 7).

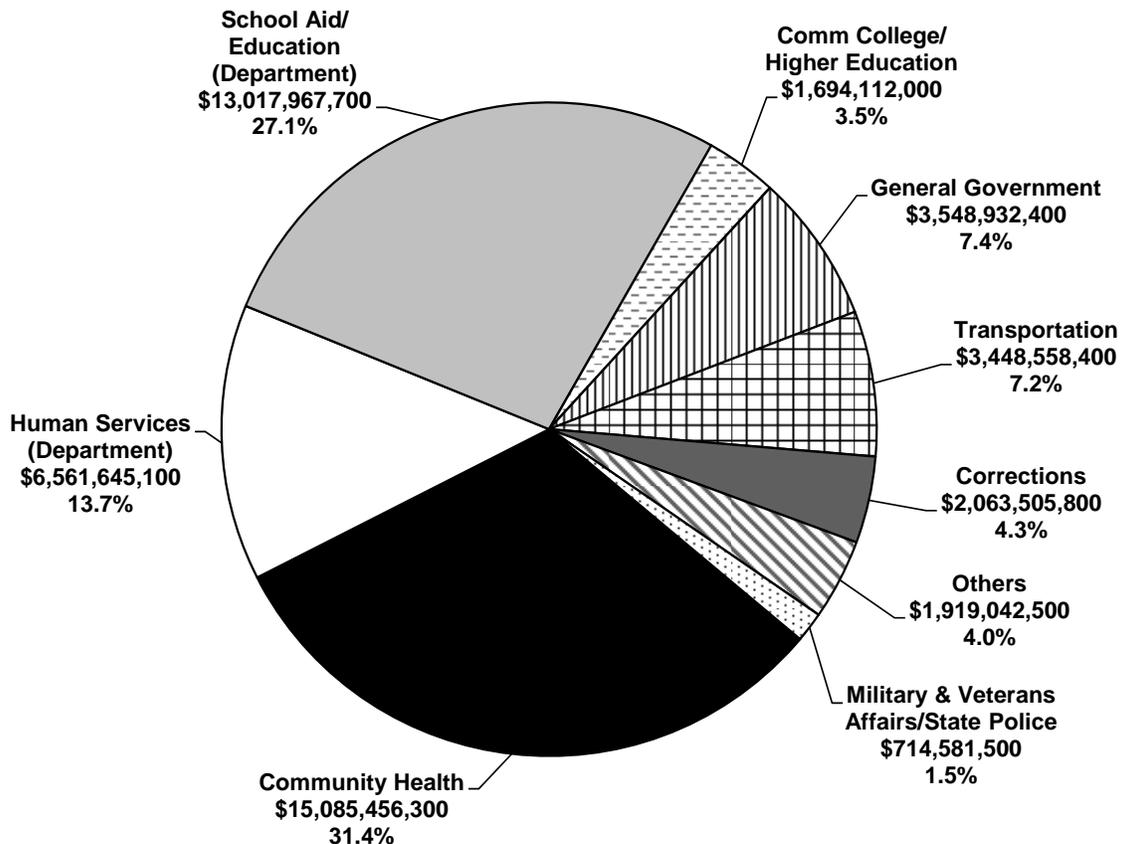
Following this Overview, individual sections explain appropriations by department or major budget area. Each section includes a comparison of FY 2011-12 year-to-date appropriations with the FY 2012-13 and FY 2013-14 Executive Recommendation and an analysis and discussion of major budget and boilerplate issues.

**FY 2012-13 Executive Recommendation  
General Fund/General Purpose (GF/GP) = \$9,021,959,200**

OVERVIEW



**FY 2012-13 Executive Recommendation  
Adjusted Gross = \$48,053,801,700**



**OVERVIEW**

**RESOURCES USED IN THE FY 2012-13 AND FY 2013-14 EXECUTIVE BUDGET RECOMMENDATION**

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

<b>FY 2012-13 and FY 2013-14 Executive Recommendation General Fund/General Purpose (GF/GP) Millions of Dollars</b>		
	<b>FY 2012-13</b>	<b>FY 2013-14</b>
<b><u>Resources</u></b>		
Beginning balance	\$541.9	\$73.9
Initial revenue estimate	9,034.6	9,236.0
Revenue sharing	(360.6)	(350.1)
Charge SAF for short-term borrowing cost	<u>10.0</u>	<u>20.0</u>
<b>Total Resources</b>	<b>\$9,225.9</b>	<b>\$8,979.8</b>
<b><u>Expenditures</u></b>		
Executive recommendations	\$8,626.8	\$8,881.9
One-time boilerplate recommendations	213.8	13.6
One-time GF/GP fund shift to SAF	181.4	0.0
BSF transfer	<u>130.0</u>	<u>0.0</u>
<b>Total Expenditures</b>	<b>\$9,152.0</b>	<b>\$8,895.5</b>
<b>Estimated Ending Balance</b>	<b>\$73.9</b>	<b>\$84.3</b>

**Beginning balance:** Estimated ending CAFR balance from FY 2010-11.

**Initial revenue estimate:** FY 2012-13 and FY 2013-14 revenue estimates agreed to at the January 2012 consensus revenue estimating conference.

**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.

**Executive recommendations:** Executive recommendation for the GF/GP budget (line items).

**One-time boilerplate recommendations:** Executive recommendations for one-time appropriations for the GF/GP budget.

**One-time GF/GP fund shift to SAF:** Executive recommendation for additional GF/GP funds to the SAF.

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

<b>FY 2012-13 and FY 2013-14 Executive Recommendation School Aid Fund (SAF) Millions of Dollars</b>		
	<b>FY 2012-13</b>	<b>FY 2013-14</b>
<b><u>Resources</u></b>		
Beginning balance	\$129.2	\$0.1
Initial revenue estimate	11,055.0	11,359.5
GF/GP contribution	200.0	18.6
Federal funds	<u>1,701.0</u>	<u>1,701.0</u>
<b>Total Resources</b>	<b>\$13,085.2</b>	<b>\$13,079.2</b>
<b><u>Expenditures</u></b>		
School Aid recommendations	\$12,537.0	\$12,603.6
School Aid one-time recommendations	150.0	0.0
Community College recommendations	197.6	197.6
Higher Education recommendations	<u>200.5</u>	<u>200.5</u>
<b>Total Expenditures</b>	<b>\$13,085.1</b>	<b>\$13,001.7</b>
<b>Estimated Ending Balance</b>	<b>\$0.1</b>	<b>\$77.5</b>

**Beginning balance:** Estimated ending CAFR balance from FY 2010-11.

**Initial revenue estimate:** FY 2012-13 and FY 2013-14 revenue estimates agreed to at the January 2012 consensus revenue estimating conference.

**GF/GP contribution:** Proposed GF/GP revenue appropriated to School Aid Fund.

**Federal funds:** Federal revenue available for School Aid programs.

**School Aid recommendations:** Executive recommendation for School Aid budget.

**School Aid one-time recommendations:** Executive proposal for one-time appropriation.

**Community College recommendations:** Proposed use of SAF revenue in place of GF/GP funding for Community Colleges budget.

**Higher Education recommendations:** Proposed use of SAF revenue in place of GF/GP funding for Higher Education budget.

**OVERVIEW**

<b>FY 2012-13 and FY 2013-14 Executive Recommendation Merit Award Trust Fund Millions of Dollars</b>		
	<b>FY 2012-13</b>	<b>FY 2013-14</b>
<b><u>Resources</u></b>		
Beginning balance	\$0.0	\$0.0
Master Settlement Agreement payment	283.9	281.2
Assume withheld/disputed payments	(35.4)	(35.3)
Payment on 2006 securitization bonds (13.34%)	(33.1)	(32.8)
Payment on 2007 securitization bonds (10.77%)	(26.8)	(26.5)
Deposit to 21st Century Jobs Trust Fund	<u>(75.0)</u>	<u>(75.0)</u>
<b>Available Resources</b>	<b>\$113.6</b>	<b>\$111.6</b>
<b><u>Expenditures</u></b>		
DHS: Family Independence Program	\$30.1	\$30.1
Treasury: Tuition Incentive Program admin	1.1	1.1
State Police: Tobacco tax enforcement	0.7	0.7
DCH: Medicaid base funding	76.7	74.7
DCH: Aging-respite care	4.5	4.5
Attorney General: Administration	<u>0.5</u>	<u>0.5</u>
<b>Total Expenditures</b>	<b>\$113.6</b>	<b>\$111.6</b>
<b>Estimated Ending Balance</b>	<b>\$0.0</b>	<b>\$0.0</b>

<b>FY 2012-13 and FY 2013-14 Executive Recommendation Medicaid Benefits Trust Fund Millions of Dollars</b>		
	<b>FY 2012-13</b>	<b>FY 2013-14</b>
<b><u>Resources</u></b>		
Beginning balance	\$4.6	\$0.0
Interest	0.5	0.5
<b><u>Estimated deposits:</u></b>		
Revenue from cigarette tax	320.8	313.4
Airport tax revenue for indigent health care	6.7	6.7
Medicaid settlement revenue	<u>3.4</u>	<u>3.4</u>
<b>Available Resources</b>	<b>\$336.0</b>	<b>\$324.0</b>
<b><u>Expenditures</u></b>		
Withdrawal	<b>\$336.0</b>	<b>\$324.0</b>
<b>Estimated Ending Balance</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Balance Available for State DSH Disallowance</b>	<b>\$213.8</b>	<b>\$213.8</b>

**FY 2013 PROPOSED FEES**

**FY 2013 Proposed Fees**

<u>Department</u>	<u>Fee Title</u>	<u>-----Current Law-----</u>		<u>Proposed FY 2013 Fee Amount</u>	<u>Estimated Revenue</u>
		<u>FY 2012 Fee Amount</u>	<u>FY 2013 Fee Amount</u>		
Agriculture/Rural Development	<u>Nursery</u>				
	• Plant nursery license fee	\$100.00	\$50.00	\$100.00	\$250,000
	• Plant grower's license fee	\$100.00	\$20.00	\$100.00	
	<u>Pesticide applicator</u>				
	• Private pesticide applicator certification	\$50.00	\$10.00	\$50.00	\$100,000
	• Private registered pesticide applicator	\$50.00	\$10.00	\$50.00	
	<u>Livestock Dealer</u>				
	• Class I	\$400.00	\$0.00	\$400.00	\$21,000
	• Class II	\$250.00	\$0.00	\$250.00	
	• Class III	\$150.00	\$0.00	\$150.00	
• Class IV	\$50.00	\$5.00	\$50.00		
Environmental Quality	Large Quantity Water Withdrawal Registration Fee (Non-Agricultural Users)	\$200.00	\$200.00	\$250.00	\$119,500
	Large Quantity Water Withdrawal Registration Fee (Agricultural Users) - new fee for Agricultural sector	\$0.00	\$0.00	\$250.00	\$528,800
	Environmental Protection Regulatory Fee - Refined Petroleum Fund	7/8 cents/gallon on refined petroleum products	Fee sunsets on 12/31/2012	7/8 cents/gallon on refined petroleum products	\$51.8 million
Licensing & Regulatory Affairs	<u>Fire service fee</u>				
	• operation and maintenance inspection fee for hospitals (charged on per bed basis)	\$8.00	\$8.00	\$10.50	\$40,000
	• plan review and construction inspection fees for hospitals / schools (based on 4 project cost ranges)	min. \$155 to max. \$60,000	min. \$155 to max. \$60,000	min. \$195 to max. \$75,000	\$545,000
	<u>Corporation fee</u>				
	• business corporation annual report filing	\$25.00	\$15.00	\$25.00	\$1,320,000
	• non-profit corporation annual report filing	\$20.00	\$10.00	\$20.00	\$506,100
	• LLC annual statement of resident agent	\$25.00	\$15.00	\$25.00	\$3,340,000
	<u>Securities fee</u>				
	• broker/dealer annual registration fee	\$300.00	\$250.00	\$300.00	\$100,200
	• agent annual registration and/or change fee	\$65.00	\$30.00	\$65.00	\$5,125,000
• investment advisor annual registration fee	\$200.00	\$150.00	\$200.00	\$30,000	
• investment advisor representative annual registration and/or change fee	\$65.00	\$30.00	\$65.00	\$359,400	
• federal covered investment advisor annual notice fee	\$200.00	\$50.00	\$200.00	\$188,700	

**OVERVIEW**

<u>Department</u>	<u>Fee Title</u>	<u>-----Current Law-----</u>		<u>Proposed FY 2013 Fee Amount</u>	<u>Estimated Revenue</u>
		<u>FY 2012 Fee Amount</u>	<u>FY 2013 Fee Amount</u>		
Licensing & Regulatory Affairs (cont.)	<u>Construction code - mechanical</u>				
	• contractor exam fee	\$100.00	\$25.00	\$100.00	\$43,900
	• contractor annual license	\$100.00	\$75.00	\$100.00	\$703,800
	<u>Construction code - electrical</u>				
	• electrician exam fee	\$100.00	\$25.00	\$100.00	\$112,500
	• master electrician annual license	\$50.00	\$25.00	\$50.00	\$278,000
	• electrical journeyman annual license	\$40.00	\$20.00	\$40.00	\$279,500
	• apprentice electrician and specialty apprentice electrician annual license/registration	\$15.00	\$5.00	\$15.00	\$35,000
	• fire alarm specialty technician annual license	\$50.00	\$25.00	\$50.00	\$17,000
	• fire alarm specialty apprentice technician annual license	\$15.00	\$5.00	\$15.00	
	• sign specialist annual license	\$40.00	\$20.00	\$40.00	\$7,500
	• electrical, fire alarm, and sign specialty contractor annual license	\$200.00	\$100.00	\$200.00	\$609,100
	<u>Construction code - plumbing</u>				
	• journey plumber annual license	\$40.00	\$20.00	\$40.00	\$99,500
	• journey plumber license reinstatement	\$50.00	\$25.00	\$50.00	
	• apprentice plumber annual license	\$15.00	\$5.00	\$15.00	\$21,000
	• apprentice plumber license reinstatement	\$20.00	\$10.00	\$20.00	
	• journey, apprentice, or master plumber exam fee	\$100.00	\$50.00	\$100.00	\$39,500
	• master plumber or plumbing contractor annual license	\$300.00	\$200.00	\$300.00	\$494,700
	• replacement of lost/destroyed plumbing license	\$30.00	\$20.00	\$30.00	
	<u>Construction code - engineering</u>				
	• building official/inspector annual registration	\$25.00	\$10.00	\$25.00	\$2,300
	<u>Licensing / regulation - engineering</u>				
	• professional engineer application processing fee	\$35.00	\$30.00	\$35.00	\$465,800
	• professional engineer annual license	\$40.00	\$20.00	\$40.00	
	<u>Licensing / regulation - land surveyor</u>				
	• application processing	\$35.00	\$30.00	\$35.00	\$24,500
	<u>Licensing / regulation - barber</u>				
	• student barber, barber, student instructor, barber instructor application processing fee	\$20.00	\$15.00	\$20.00	\$284,300
	• barbershop application processing fee	\$50.00	\$40.00	\$50.00	
	• barber college application processing fee	\$75.00	\$50.00	\$75.00	

**OVERVIEW**

<u>Department</u>	<u>Fee Title</u>	<u>-----Current Law-----</u>		<u>Proposed FY 2013 Fee Amount</u>	<u>Estimated Revenue</u>	
		<u>FY 2012 Fee Amount</u>	<u>FY 2013 Fee Amount</u>			
Licensing & Regulatory Affairs (cont.)	<u>Licensing / regulation - cosmetologist</u>					
	• application processing fee	\$15.00	\$10.00	\$15.00	\$1,555,700	
	• annual license	\$24.00	\$12.00	\$24.00		
	• student registration	\$15.00	\$5.00	\$15.00		
		<u>Licensing / regulation - misc. occupations</u>				
		• collection and agency manager license	\$35.00	\$25.00	\$35.00	\$10,500
		• community planner application processing fee	\$35.00	\$30.00	\$35.00	\$1,200
		• employment or consulting agent annual license	\$40.00	\$30.00	\$40.00	\$2,200
		• Forester annual registration	\$40.00	\$25.00	\$40.00	\$300
		• hearing aid dealer trainee annual license	\$40.00	\$20.00	\$40.00	\$7,000
		<u>Licensing / regulation - real estate</u>				
		• brokers and associate brokers application processing fee	\$35.00	\$20.00	\$35.00	\$41,000
		• branch office annual license	\$20.00	\$10.00	\$20.00	
		• certified general or residential, licensed, or limited real estate appraiser application processing fee	\$35.00	\$25.00	\$35.00	\$20,700
		<u>Licensing / regulation - mortuary</u>				
		• mortuary science or funeral director annual license	\$40.00	\$30.00	\$40.00	\$104,300
		• funeral resident trainee annual license	\$30.00	\$15.00	\$30.00	
		<u>Licensing / regulation - ocularist</u>				
		• application processing	\$35.00	\$15.00	\$35.00	\$200
		• annual registration	\$40.00	\$20.00	\$40.00	
	• apprentice annual registration	\$20.00	\$10.00	\$20.00		
Natural Resources	Duplicate Recreational Safety Certificates	\$0.00	\$0.00	\$11.00	\$70,400	
	Shooting Range Fees – currently charged in state parks	\$4.00	\$4.00	\$5.00	\$50,000	
	Shooting Range Fees – new fee for staffed ranges on other state lands	\$0.00	\$0.00	\$5.00		
	Off Road Vehicle License Fee	\$16.25	\$16.25	\$35.00 in 2013	\$2.5 million	
State (Secretary of State)	Commercial Driver License (CDL)	\$25.00	\$25.00	\$35.00	\$750,000	
State Police	Fingerprint Fee	\$30.00	\$0	\$30.00	\$9.5 million	
	Name-Based Criminal Record Check (ICHAT)	\$10.00	\$0	\$10.00	\$5.7 million	
<b>TOTAL</b>					<b>\$88,205,100</b>	

## OVERVIEW

### **FY 2012-13 AND FY 2013-14 EXECUTIVE RECOMMENDATION SUMMARY/TABLES**

The Executive Budget Recommendation for FY 2012-13 increases adjusted gross appropriations by \$716.0 million (1.5%) from FY 2011-12 year-to-date amounts (adjusted for anticipated Other Post-Employment Benefits (OPEB) prefunding under SB 683), as a result of these changes in appropriations from major fund sources:

- GF/GP appropriations are increased by \$258.1 million (2.9%).
- State restricted appropriations are increased by \$86.6 million (0.5%).
- Federal appropriations are increased by \$364.2 million (1.9%).
- Local and private appropriations are increased by \$7.1 million (1.4%).

Total state spending from state sources (GF/GP plus state restricted) in the FY 2012-13 Executive Budget Recommendation is increased by \$344.7 million (1.3%) from FY 2011-12 year-to-date amounts.

Projected appropriation amounts for FY 2013-14 under the Executive Budget (which will not be legally binding) reflect a 1.6% decrease in GF/GP appropriations, a 0.2% decrease in total state spending from state sources, and a 0.4% increase in adjusted gross appropriations.

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:

- The year-to-date figures for FY 2011-12 budget designated some appropriation items as one-time (generally in boilerplate language), indicating intent that those items would not be funded in the subsequent budget year in order to maintain a structurally-balanced budget. The FY 2012-13 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.

Also, consistent with last year's Executive Budget proposal, this year's proposal greatly reduces the number of line item appropriations in each departmental budget, instead including a non-binding "Schedule of Programs" for each major budget area within a department. In most department budgets, the Legislature did not adopt the revised format last year, retaining legally-binding line item appropriation amounts. The analysis in this document is based on the assumption that Executive-proposed changes would be implemented on a line item basis.

**FY 2012-13 and FY 2013-14  
Executive Budget Appropriation Changes  
Millions of Dollars**

	<u>Year-to-Date FY 2011-12</u>	<u>Executive Recommendation FY 2012-13</u>	<u>Change Amounts</u>		<u>Executive Recommendation FY 2013-14</u>	<u>Change Amounts</u>	
General Fund/General Purpose	\$8,763.9	\$9,022.0	\$258.1	2.9%	\$8,881.9	(\$140.1)	-1.6%
State Restricted	<u>18,459.2</u>	<u>18,545.8</u>	<u>86.6</u>	0.5%	<u>18,627.0</u>	<u>81.2</u>	0.4%
<b>Total State Spending from State Sources</b>	<b>\$27,223.1</b>	<b>\$27,567.8</b>	<b>\$344.7</b>	<b>1.3%</b>	<b>\$27,508.9</b>	<b>(\$58.9)</b>	<b>-0.2%</b>
Federal	\$19,608.7	\$19,972.9	\$364.2	1.9%	\$20,202.2	\$229.3	1.1%
Local	378.2	378.6	0.4	0.1%	378.5	(0.1)	0.0%
Private	127.9	134.6	6.7	5.2%	134.6	-	0.0%
<b>Total Adjusted Gross</b>	<b>\$47,337.9</b>	<b>\$48,053.8</b>	<b>\$715.9</b>	<b>1.5%</b>	<b>\$48,224.2</b>	<b>\$170.4</b>	<b>0.4%</b>

*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 mandates or initiatives; includes state School Aid Fund.

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

**OVERVIEW**

**TABLE 1  
FY 2012-13 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS**

<b><u>Department/Budget Area</u></b>	<b><u>Gross</u></b>	<b><u>IDG/IDT</u></b>	<b><u>Adjusted Gross</u></b>	<b><u>Federal</u></b>	<b><u>Local</u></b>	<b><u>Private</u></b>	<b><u>State Restricted</u></b>	<b><u>GF/GP</u></b>
Community Colleges	294,130,500	0	294,130,500	0	0	0	197,614,100	96,516,400
Education	330,952,900	0	330,952,900	246,894,300	5,560,400	2,828,700	7,626,300	68,043,200
Higher Education	1,399,981,500	0	1,399,981,500	97,026,400	0	0	200,565,700	1,102,389,400
School Aid	12,687,014,800	0	12,687,014,800	1,701,041,400	0	0	10,785,973,400	200,000,000
<b>EDUCATION</b>	<b>\$14,712,079,700</b>	<b>\$0</b>	<b>\$14,712,079,700</b>	<b>\$2,044,962,100</b>	<b>\$5,560,400</b>	<b>\$2,828,700</b>	<b>\$11,191,779,500</b>	<b>\$1,466,949,000</b>
Attorney General	84,947,200	24,082,100	60,865,100	9,932,600	0	0	17,242,000	33,690,500
Civil Rights	14,332,600	0	14,332,600	2,641,300	0	18,700	151,900	11,520,700
Executive Office	4,887,900	0	4,887,900	0	0	0	0	4,887,900
Legislative Auditor General	18,687,700	3,792,100	14,895,600	0	0	0	1,890,700	13,004,900
Legislature	109,522,500	0	109,522,500	0	0	400,000	1,109,800	108,012,700
State	220,822,500	20,000,000	200,822,500	1,810,000	0	100	184,971,100	14,041,300
Tech., Mgmt. & Budget: Operations	882,101,200	635,564,900	246,536,300	9,464,300	1,320,800	190,200	90,517,200	145,043,800
Tech., Mgmt. & Budget: SBA Rent	256,870,600	0	256,870,600	0	0	0	0	256,870,600
Treasury: MI Strategic Fund	967,249,100	37,600	967,211,500	658,020,600	4,433,500	5,380,000	145,675,800	153,701,600
Treasury: Operations	469,575,000	8,861,800	460,713,200	40,365,300	2,252,700	0	350,163,400	67,931,800
Treasury: Debt Service	140,554,900	0	140,554,900	0	0	0	5,514,500	135,040,400
Treasury: Revenue Sharing	1,071,719,700	0	1,071,719,700	0	0	0	1,071,719,700	0
<b>GENERAL GOVERNMENT</b>	<b>\$4,241,270,900</b>	<b>\$692,338,500</b>	<b>\$3,548,932,400</b>	<b>\$722,234,100</b>	<b>\$8,007,000</b>	<b>\$5,989,000</b>	<b>\$1,868,956,100</b>	<b>\$943,746,200</b>
Community Health	15,095,480,100	10,023,800	15,085,456,300	9,740,485,300	257,280,100	93,264,000	2,146,562,200	2,847,864,700
Human Services	6,592,886,800	31,241,700	6,561,645,100	5,394,076,700	33,549,200	16,375,800	88,847,000	1,028,796,400
<b>HEALTH AND HUMAN SERVICES</b>	<b>\$21,688,366,900</b>	<b>\$41,265,500</b>	<b>\$21,647,101,400</b>	<b>\$15,134,562,000</b>	<b>\$290,829,300</b>	<b>\$109,639,800</b>	<b>\$2,235,409,200</b>	<b>\$3,876,661,100</b>
Agriculture & Rural Development	74,514,600	319,300	74,195,300	11,199,600	0	175,800	28,659,400	34,160,500
Environmental Quality	431,528,200	9,021,200	422,507,000	161,687,500	0	533,200	230,881,300	29,405,000
Natural Resources	341,762,100	2,027,200	339,734,900	66,603,000	0	7,239,200	244,254,800	21,637,900
<b>RESOURCE PROTECTION</b>	<b>\$847,804,900</b>	<b>\$11,367,700</b>	<b>\$836,437,200</b>	<b>\$239,490,100</b>	<b>\$0</b>	<b>\$7,948,200</b>	<b>\$503,795,500</b>	<b>\$85,203,400</b>
Corrections	2,064,497,900	992,100	2,063,505,800	8,784,400	264,300	0	72,271,500	1,982,185,600
Military & Veterans Affairs	167,839,200	1,166,500	166,672,700	99,239,400	769,200	1,503,700	30,427,000	34,733,400
State Police	573,143,800	25,235,000	547,908,800	104,911,000	6,869,400	231,300	119,005,700	316,891,400
<b>PUBLIC SAFETY AND DEFENSE</b>	<b>\$2,805,480,900</b>	<b>\$27,393,600</b>	<b>\$2,778,087,300</b>	<b>\$212,934,800</b>	<b>\$7,902,900</b>	<b>\$1,735,000</b>	<b>\$221,704,200</b>	<b>\$2,333,810,400</b>
Capital Outlay	1,800	0	1,800	0	0	0	0	1,800
Judiciary	266,225,000	2,638,200	263,586,800	6,017,100	7,049,300	921,800	88,582,200	161,016,400
Licensing & Regulatory Affairs	832,513,600	13,496,900	819,016,700	390,840,600	7,159,900	5,427,800	380,017,500	35,570,900
Transportation	3,452,090,300	3,531,900	3,448,558,400	1,221,830,100	52,080,200	100,000	2,055,548,100	119,000,000
<b>ALL OTHERS</b>	<b>\$4,550,830,700</b>	<b>\$19,667,000</b>	<b>\$4,531,163,700</b>	<b>\$1,618,687,800</b>	<b>\$66,289,400</b>	<b>\$6,449,600</b>	<b>\$2,524,147,800</b>	<b>\$315,589,100</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$48,845,834,000</b>	<b>\$792,032,300</b>	<b>\$48,053,801,700</b>	<b>\$19,972,870,900</b>	<b>\$378,589,000</b>	<b>\$134,590,300</b>	<b>\$18,545,792,300</b>	<b>\$9,021,959,200</b>

Note: Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as one-time.

**TABLE 2  
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS  
FY 2012-13 and FY 2013-14 Executive Recommendation Compared with FY 2011-12 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2011-12</u>	<u>Executive Recommendation FY 2012-13</u>	<u>Difference FY 2012-13 vs. FY 2011-12</u>		<u>Executive Recommendation FY 2013-14</u>	<u>Difference FY 2013-14 vs. FY 2012-13</u>	
Community Colleges	88,000,000	96,516,400	8,516,400	9.7%	96,516,400	0	0.0%
Education	64,643,900	68,043,200	3,399,300	5.3%	68,182,400	139,200	0.2%
Higher Education	1,065,632,500	1,102,389,400	36,756,900	3.4%	1,105,097,200	2,707,800	0.2%
School Aid	118,642,400	200,000,000	81,357,600	68.6%	18,642,400	(181,357,600)	-90.7%
<b>EDUCATION</b>	<b>\$1,336,918,800</b>	<b>\$1,466,949,000</b>	<b>\$130,030,200</b>	<b>9.7%</b>	<b>\$1,288,438,400</b>	<b>(\$178,510,600)</b>	<b>-12.2%</b>
Attorney General	29,836,300	33,690,500	3,854,200	12.9%	34,042,500	352,000	1.0%
Civil Rights	11,187,100	11,520,700	333,600	3.0%	11,675,000	154,300	1.3%
Executive Office	4,599,200	4,887,900	288,700	6.3%	4,829,200	(58,700)	-1.2%
Legislative Auditor General	11,624,100	13,004,900	1,380,800	11.9%	13,157,100	152,200	1.2%
Legislature	102,884,800	108,012,700	5,127,900	5.0%	108,012,700	0	0.0%
State	11,750,600	14,041,300	2,290,700	19.5%	13,841,200	(200,100)	-1.4%
Tech., Mgmt. & Budget: Operations	117,682,500	145,043,800	27,361,300	23.3%	130,633,500	(14,410,300)	-9.9%
Tech., Mgmt. & Budget: SBA Rent	256,870,600	256,870,600	0	0.0%	256,870,600	0	0.0%
Treasury: MI Strategic Fund	134,696,300	153,701,600	19,005,300	14.1%	128,945,200	(24,756,400)	-16.1%
Treasury: Operations	68,919,100	67,931,800	(987,300)	-1.4%	68,426,400	494,600	0.7%
Treasury: Debt Service	125,413,500	135,040,400	9,626,900	7.7%	154,449,500	19,409,100	14.4%
Treasury: Revenue Sharing	0	0	0	--	0	0	--
<b>GENERAL GOVERNMENT</b>	<b>\$875,464,100</b>	<b>\$943,746,200</b>	<b>\$68,282,100</b>	<b>7.8%</b>	<b>\$924,882,900</b>	<b>(\$18,863,300)</b>	<b>-2.0%</b>
Community Health	2,975,227,400	2,847,864,700	(127,362,700)	-4.3%	2,994,360,700	146,496,000	5.1%
Human Services	1,047,330,500	1,028,796,400	(18,534,100)	-1.8%	1,033,695,300	4,898,900	0.5%
<b>HEALTH AND HUMAN SERVICES</b>	<b>\$4,022,557,900</b>	<b>\$3,876,661,100</b>	<b>(\$145,896,800)</b>	<b>-3.6%</b>	<b>\$4,028,056,000</b>	<b>\$151,394,900</b>	<b>3.9%</b>
Agriculture & Rural Development	29,878,700	34,160,500	4,281,800	14.3%	32,607,800	(1,552,700)	-4.5%
Environmental Quality	28,378,300	29,405,000	1,026,700	3.6%	25,735,300	(3,669,700)	-12.5%
Natural Resources	18,326,700	21,637,900	3,311,200	18.1%	19,844,200	(1,793,700)	-8.3%
<b>RESOURCE PROTECTION</b>	<b>\$76,583,700</b>	<b>\$85,203,400</b>	<b>\$8,619,700</b>	<b>11.3%</b>	<b>\$78,187,300</b>	<b>(\$7,016,100)</b>	<b>-8.2%</b>
Corrections	1,950,939,100	1,982,185,600	31,246,500	1.6%	2,011,206,500	29,020,900	1.5%
Military & Veterans Affairs	33,983,700	34,733,400	749,700	2.2%	32,713,100	(2,020,300)	-5.8%
State Police	270,166,000	316,891,400	46,725,400	17.3%	320,624,200	3,732,800	1.2%
<b>PUBLIC SAFETY AND DEFENSE</b>	<b>\$2,255,088,800</b>	<b>\$2,333,810,400</b>	<b>\$78,721,600</b>	<b>3.5%</b>	<b>\$2,364,543,800</b>	<b>\$30,733,400</b>	<b>1.3%</b>
Capital Outlay	0	1,800	1,800	--	0	(1,800)	-100.0%
Judiciary	154,740,300	161,016,400	6,276,100	4.1%	161,857,100	840,700	0.5%
Licensing & Regulatory Affairs Growth	42,024,100	35,570,900	(6,453,200)	-15.4%	35,949,400	378,500	1.1%
Transportation	500,000	119,000,000	118,500,000	23700.0%	0	(119,000,000)	-100.0%
<b>ALL OTHERS</b>	<b>\$197,264,400</b>	<b>\$315,589,100</b>	<b>\$118,324,700</b>	<b>60.0%</b>	<b>\$197,806,500</b>	<b>(\$117,782,600)</b>	<b>-37.3%</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$8,763,877,700</b>	<b>\$9,021,959,200</b>	<b>\$258,081,500</b>	<b>2.9%</b>	<b>\$8,881,914,900</b>	<b>(\$140,044,300)</b>	<b>-1.6%</b>

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as one-time.

**REVIEW AND ANALYSIS OF FY 2012-13 AND FY 2013-14 EXECUTIVE RECOMMENDATION**

**OVERVIEW**

**TABLE 3  
ADJUSTED GROSS APPROPRIATIONS  
FY 2012-13 and FY 2013-14 Executive Recommendation Compared with FY 2011-12 Year-to-Date**

<b>Department/Budget Area</b>	<b>Year-To-Date FY 2011-12</b>	<b>Executive Recommendation FY 2012-13</b>	<b>Difference FY 2012-13 vs. FY 2011-12</b>		<b>Executive Recommendation FY 2013-14</b>	<b>Difference FY 2013-14 vs. FY 2012-13</b>	
Community Colleges	283,880,500	294,130,500	10,250,000	3.6%	294,130,500	0	0.0%
Education	326,559,800	330,952,900	4,393,100	1.3%	331,819,700	866,800	0.3%
Higher Education	1,364,178,400	1,399,981,500	35,803,100	2.6%	1,402,689,300	2,707,800	0.2%
School Aid	12,659,072,900	12,687,014,800	27,941,900	0.2%	12,603,634,800	(83,380,000)	-0.7%
<b>EDUCATION</b>	<b>\$14,633,691,600</b>	<b>\$14,712,079,700</b>	<b>\$78,388,100</b>	<b>0.5%</b>	<b>\$14,632,274,300</b>	<b>(\$79,805,400)</b>	<b>-0.5%</b>
Attorney General	55,418,900	60,865,100	5,446,200	9.8%	61,543,800	678,700	1.1%
Civil Rights	14,238,300	14,332,600	94,300	0.7%	14,524,000	191,400	1.3%
Executive Office	4,599,200	4,887,900	288,700	6.3%	4,829,200	(58,700)	-1.2%
Legislative Auditor General	13,198,900	14,895,600	1,696,700	12.9%	15,075,400	179,800	1.2%
Legislature	104,394,600	109,522,500	5,127,900	4.9%	109,522,500	0	0.0%
State	193,445,400	200,822,500	7,377,100	3.8%	203,132,400	2,309,900	1.2%
Tech., Mgmt. & Budget: Operations	219,872,300	246,536,300	26,664,000	12.1%	233,393,100	(13,143,200)	-5.3%
Tech., Mgmt. & Budget: SBA Rent	256,870,600	256,870,600	0	0.0%	256,870,600	0	0.0%
Treasury: MI Strategic Fund	987,989,800	967,211,500	(20,778,300)	-2.1%	943,464,600	(23,746,900)	-2.5%
Treasury: Operations	448,361,300	460,713,200	12,351,900	2.8%	463,655,100	2,941,900	0.6%
Treasury: Debt Service	140,928,000	140,554,900	(373,100)	-0.3%	159,964,000	19,409,100	13.8%
Treasury: Revenue Sharing	988,979,300	1,071,719,700	82,740,400	8.4%	1,080,716,000	8,996,300	0.8%
<b>GENERAL GOVERNMENT</b>	<b>\$3,428,296,600</b>	<b>\$3,548,932,400</b>	<b>\$120,635,800</b>	<b>3.5%</b>	<b>\$3,546,690,700</b>	<b>(\$2,241,700)</b>	<b>-0.1%</b>
Community Health	14,635,346,100	15,085,456,300	450,110,200	3.1%	15,451,165,100	365,708,800	2.4%
Human Services	6,712,267,900	6,561,645,100	(150,622,800)	-2.2%	6,562,592,400	947,300	0.0%
<b>HEALTH AND HUMAN SERVICES</b>	<b>\$21,347,614,000</b>	<b>\$21,647,101,400</b>	<b>\$299,487,400</b>	<b>1.4%</b>	<b>\$22,013,757,500</b>	<b>\$366,656,100</b>	<b>1.7%</b>
Agriculture & Rural Development	74,245,300	74,195,300	(50,000)	-0.1%	73,083,900	(1,111,400)	-1.5%
Environmental Quality	416,371,900	422,507,000	6,135,100	1.5%	419,488,400	(3,018,600)	-0.7%
Natural Resources	337,553,600	339,734,900	2,181,300	0.6%	337,942,600	(1,792,300)	-0.5%
<b>RESOURCE PROTECTION</b>	<b>\$828,170,800</b>	<b>\$836,437,200</b>	<b>\$8,266,400</b>	<b>1.0%</b>	<b>\$830,514,900</b>	<b>(\$5,922,300)</b>	<b>-0.7%</b>
Corrections	2,013,524,700	2,063,505,800	49,981,100	2.5%	2,084,244,200	20,738,400	1.0%
Military & Veterans Affairs	153,762,300	166,672,700	12,910,400	8.4%	153,962,100	(12,710,600)	-7.6%
State Police	507,629,200	547,908,800	40,279,600	7.9%	553,705,400	5,796,600	1.1%
<b>PUBLIC SAFETY AND DEFENSE</b>	<b>\$2,674,916,200</b>	<b>\$2,778,087,300</b>	<b>\$103,171,100</b>	<b>3.9%</b>	<b>\$2,791,911,700</b>	<b>\$13,824,400</b>	<b>0.5%</b>
Capital Outlay	0	1,800	1,800	--	0	(1,800)	-100.0%
Judiciary	256,184,500	263,586,800	7,402,300	2.9%	264,374,000	787,200	0.3%
Licensing & Regulatory Affairs	843,947,900	819,016,700	(24,931,200)	-3.0%	826,232,100	7,215,400	0.9%
Transportation	3,325,019,400	3,448,558,400	123,539,000	3.7%	3,318,420,900	(130,137,500)	-3.8%
<b>ALL OTHERS</b>	<b>\$4,425,151,800</b>	<b>\$4,531,163,700</b>	<b>\$106,011,900</b>	<b>2.4%</b>	<b>\$4,409,027,000</b>	<b>(\$122,136,700)</b>	<b>-2.7%</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$47,337,841,000</b>	<b>\$48,053,801,700</b>	<b>\$715,960,700</b>	<b>1.5%</b>	<b>\$48,224,176,100</b>	<b>\$170,374,400</b>	<b>0.4%</b>

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as one-time.

**TABLE 4  
APPROPRIATIONS DESIGNATED AS ONE-TIME ONLY**

<b>Department/Budget Area</b>	<b>FY 2011-12</b>		<b>FY 2012-13</b>	
	<b>School Aid/ Sales Tax</b>	<b>GF/GP</b>	<b>Sales Tax</b>	<b>GF/GP</b>
Agriculture and Rural Development	\$0	\$0	\$0	\$2,235,300
Attorney General	0	0	0	393,300
Civil Rights	0	0	0	104,300
Community Health	0	22,100,000	0	12,021,500
Corrections	0	0	0	14,003,300
Education	0	0	0	114,100
Environmental Quality	0	6,000,000	0	4,160,100
Executive Office	0	0	0	58,700
Higher Education	0	1,900,000	0	0
Human Services	0	0	0	7,936,800
Judiciary	0	0	0	636,900
Legislative Auditor General	0	0	0	184,800
Licensing and Regulatory Affairs	0	0	0	177,500
Military and Veterans Affairs	0	0	0	2,555,900
Natural Resources	0	4,000,000	0	2,096,200
School Aid	460,200,000	0	0	150,000,000
State	0	0	0	434,900
State Police	0	800,000	0	4,458,900
Technology, Management, and Budget	0	61,250,000	0	17,792,200
Transportation	0	500,000	0	119,000,000
Treasury: Operations	0	75,000,000	0	311,500
Treasury: Michigan Strategic Fund				25,140,900
Treasury: Revenue Sharing	30,000,000	0	20,000,000	0
<b>TOTAL: ONE-TIME APPROPRIATIONS</b>	<b>\$490,200,000</b>	<b>\$171,550,000</b>	<b>\$20,000,000</b>	<b>\$393,817,100</b>
Deposit to Budget Stabilization Fund		255,800,000		130,000,000
<b>TOTAL: ONE-TIME APPROPRIATIONS/BSF TRANSFER</b>	<b>\$490,200,000</b>	<b>\$427,350,000</b>	<b>\$20,000,000</b>	<b>\$493,817,100</b>

**TABLE 5  
FULL-TIME EQUATED (FTE) POSITIONS\*  
FY 2012-13 and FY 2013-14 Executive Recommendation Compared with FY 2011-12 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2011-12</u>	<u>Executive Recommendation FY 2012-13</u>	<u>Difference FY 2012-13 vs. FY 2011-12</u>	
Community Colleges	0.0	0.0	0.0	--
Education	596.0	594.5	(1.5)	-0.3%
Higher Education	0.0	0.0	0.0	--
School Aid	0.0	0.0		
<b>EDUCATION</b>	<b>596.0</b>	<b>594.5</b>	<b>(1.5)</b>	<b>-0.3%</b>
Attorney General	520.0	513.0	(7.0)	-1.3%
Civil Rights	126.0	121.0	(5.0)	-4.0%
Executive Office	84.2	84.2	0.0	0.0%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
State	1,815.0	1,698.0	(117.0)	-6.4%
Tech., Mgmt. & Budget: Operations	3,038.5	2,814.0	(224.5)	-7.4%
Tech., Mgmt. & Budget: SBA Rent	0.0	0.0	0.0	--
Treasury: MI Strategic Fund	820.0	769.0	(51.0)	-6.2%
Treasury: Operations	1,755.5	1,784.5	29.0	1.7%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
<b>GENERAL GOVERNMENT</b>	<b>8,159.2</b>	<b>7,783.7</b>	<b>(375.5)</b>	<b>-4.6%</b>
Community Health	3,640.2	3,613.9	(26.3)	-0.7%
Human Services	11,546.5	11,208.5	(338.0)	-2.9%
<b>HEALTH AND HUMAN SERVICES</b>	<b>15,186.7</b>	<b>14,822.4</b>	<b>(364.3)</b>	<b>-2.4%</b>
Agriculture & Rural Development	443.0	424.0	(19.0)	-4.3%
Environmental Quality	1,340.5	1,347.8	7.3	0.5%
Natural Resources	2,179.4	2,152.5	(26.9)	-1.2%
<b>RESOURCE PROTECTION</b>	<b>3,962.9</b>	<b>3,924.3</b>	<b>(38.6)</b>	<b>-1.0%</b>
Corrections	15,568.8	14,879.2	(689.6)	-4.4%
Military & Veterans Affairs	826.0	826.0	0.0	0.0%
State Police	2,753.0	2,674.0	(79.0)	-2.9%
<b>PUBLIC SAFETY AND DEFENSE</b>	<b>19,147.8</b>	<b>18,379.2</b>	<b>(768.6)</b>	<b>-4.0%</b>
Capital Outlay	0.0	0.0	0.0	--
Judiciary	491.0	472.0	(19.0)	-3.9%
Licensing & Regulatory Affairs	4,378.3	4,419.8	41.5	0.9%
Transportation	3,049.6	2,918.3	(131.3)	-4.3%
<b>ALL OTHERS</b>	<b>7,918.9</b>	<b>7,810.1</b>	<b>(108.8)</b>	<b>-1.4%</b>
<b>TOTAL FTE APPROPRIATIONS</b>	<b>54,971.5</b>	<b>53,314.2</b>	<b>(1,657.3)</b>	<b>-3.0%</b>

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

**TABLE 6  
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS  
FY 2012-13 Executive Recommendation**

<u>Department/Budget Area</u>	<u>Spending from State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending from State Sources as Payment to Locals</u>
Community Colleges	294,130,500	292,396,900	99.4%
Education	75,669,500	5,445,700	7.2%
Higher Education	1,302,955,100	0	0.0%
School Aid	10,985,973,400	10,841,677,500	98.7%
<b>EDUCATION</b>	<b>\$12,658,728,500</b>	<b>\$11,139,520,100</b>	<b>88.0%</b>
Attorney General	50,932,500	0	0.0%
Civil Rights	11,672,600	0	0.0%
Executive Office	4,887,900	0	0.0%
Legislative Auditor General	14,895,600	0	0.0%
Legislature	109,122,500	0	0.0%
State	199,012,400	1,360,800	0.7%
Tech., Mgmt. & Budget: Operations	235,561,000	0	0.0%
Tech., Mgmt. & Budget: SBA Rent	256,870,600	0	0.0%
Treasury: MI Strategic Fund	299,377,400	15,224,800	5.1%
Treasury: Operations	418,095,200	146,592,500	35.1%
Treasury: Debt Service	140,554,900	0	0.0%
Treasury: Revenue Sharing	1,071,719,700	1,071,719,700	100.0%
<b>GENERAL GOVERNMENT</b>	<b>\$2,812,702,300</b>	<b>\$1,234,897,800</b>	<b>43.9%</b>
Community Health	4,994,426,900	1,151,081,700	23.0%
Human Services	1,117,643,400	94,339,300	8.4%
<b>HEALTH AND HUMAN SERVICES</b>	<b>\$6,112,070,300</b>	<b>\$1,245,421,000</b>	<b>20.4%</b>
Agriculture & Rural Development	62,819,900	1,500,000	2.4%
Environmental Quality	260,286,300	2,775,000	1.1%
Natural Resources	265,892,700	6,152,600	2.3%
<b>RESOURCE PROTECTION</b>	<b>\$588,998,900</b>	<b>\$10,427,600</b>	<b>1.8%</b>
Corrections	2,054,457,100	91,166,400	4.4%
Military & Veterans Affairs	65,160,400	120,000	0.2%
State Police	435,897,100	18,728,700	4.3%
<b>PUBLIC SAFETY AND DEFENSE</b>	<b>\$2,555,514,600</b>	<b>\$110,015,100</b>	<b>4.3%</b>
Capital Outlay	1,800	0	0.0%
<b>ALL OTHER</b>	<b>\$2,839,736,900</b>	<b>\$1,353,093,100</b>	<b>47.6%</b>
<b>TOTALS APPROPRIATED</b>	<b>\$27,567,751,500</b>	<b>\$15,093,374,700</b>	<b>54.8%</b>

**Table 7**  
**FY 2012-13 ECONOMIC CHANGES BY DEPARTMENT/AGENCY**  
 (Thousands of Dollars)

	<u>Salaries and Wages</u>		<u>Insurance</u>		<u>Retirement, OPEB, and Worker's Comp</u>		<u>Building Occupancy Charges Rent, Other,</u>		<u>Total</u>	
	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>
Agriculture/Rural Development	\$197.6	\$408.3	(\$128.4)	(\$270.6)	\$646.4	1,084.3	\$0.8	\$16.8	\$716.4	\$1,238.8
Attorney General	403.3	1,087.0	(120.6)	(327.8)	1,519.5	4,168.4	2.3	4.2	1,804.5	4,931.8
Civil Rights	91.8	118.5	(44.5)	(58.1)	102.5	175.6	(20.1)	(20.1)	129.7	215.9
Civil Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Community Health	2,362.5	3,814.1	(1,214.1)	(2,032.6)	5,513.0	9,432.2	281.1	264.6	6,942.5	11,478.3
Corrections	10,864.1	11,161.5	(9,523.4)	(9,784.1)	33,353.9	34,211.6	766.2	766.2	35,460.8	36,355.2
Education	95.2	537.3	(42.8)	(280.0)	531.2	3,090.2	68.3	114.5	651.9	3,462.0
Environmental Quality	137.3	1,311.3	(90.0)	(826.9)	301.5	1,114.9	21.9	97.8	370.7	1,697.1
Executive Office	66.0	66.0	0.0	0.0	0.0	0.0	0.0	0.0	66.0	66.0
Human Services	3,017.8	8,853.9	(2,734.0)	(7,218.8)	4,247.1	6,870.8	14.3	32.0	4,545.2	8,537.9
Judiciary	712.1	908.0	(246.7)	(313.5)	2,880.2	3,724.1	(49.3)	(45.8)	3,296.3	4,272.8
Legislature	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legislative Auditor General	201.4	297.2	(52.8)	(77.9)	488.0	720.1	0.0	0.0	636.6	939.4
Licensing & Regulatory Affairs	337.3	4,446.7	(155.4)	(2,515.3)	1,137.1	21,655.3	69.8	778.9	1,388.8	24,365.6
Military and Veterans Affairs	136.3	627.2	(121.6)	(574.5)	490.7	1,394.3	13.1	54.0	518.5	1,501.0
Natural Resources	78.1	1,641.9	(59.7)	(1,179.8)	104.1	4,860.5	(67.8)	(153.5)	54.7	5,169.1
State	74.5	1,349.4	(40.6)	(921.4)	314.3	2,718.9	(76.3)	(85.6)	271.9	3,061.3
State Police	1,510.4	2,465.8	(1,239.5)	(1,932.8)	7,972.2	12,298.6	(117.6)	(135.1)	8,125.5	12,696.5
Tech, Management, & Budget	1,830.5	4,742.1	(691.4)	(1,868.4)	4,159.6	10,860.4	(97.2)	172.6	5,201.5	13,906.7
Treasury	8.7	2,789.9	(6.7)	(1,959.2)	18.2	12,125.0	0.0	155.9	20.2	13,111.6
Treasury: MI Strategic Fund	301.7	2,654.4	(164.4)	(1,201.8)	1,236.3	8,224.8	80.1	241.8	1,453.7	9,919.2
Transportation	223.8	1,208.3	(80.6)	(484.5)	388.7	3,772.6	0.0	188.2	531.9	4,684.6
Lump Sum Payments	18,959.7	40,862.9	0.0	0.0	6,354.2	13,543.5	0.0	0.0	25,313.9	54,406.4
<b>TOTAL</b>	<b>\$41,610.1</b>	<b>\$91,351.7</b>	<b>(\$16,757.2)</b>	<b>(\$33,828.0)</b>	<b>\$71,758.7</b>	<b>\$156,046.1</b>	<b>\$889.6</b>	<b>\$2,447.4</b>	<b>\$97,501.2</b>	<b>\$216,017.2</b>

*Note: The numbers in this table are from the State Budget Office based on the fund sourcing of the current fiscal year and may differ from the actual amounts of economic adjustments within each department due to changes in fund sourcing by the Executive Recommendation. IT-related economic adjustments are shown in the Department of Technology, Management, and Budget line.*

**FY 2012-13 AND FY 2013-14  
Budget Detail  
for  
EDUCATION**

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

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
COMMUNITY COLLEGES**

**Analyst: Erik Jonasson**

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			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	195,880,500	197,614,100	1,733,600	0.9	197,614,100	0	0.0
GF/GP	88,000,000	96,516,400	8,516,400	9.7	96,516,400	0	0.0
<b>Gross</b>	<b>\$283,880,500</b>	<b>\$294,130,500</b>	<b>\$10,250,000</b>	<b>3.6</b>	<b>\$294,130,500</b>	<b>\$0</b>	<b>0.0</b>
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2011-12 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 9, 2012. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

**Overview**

The Community Colleges budget supports the 28 community colleges located throughout the state. The colleges are governed by locally-elected boards of trustees. The colleges offer numerous educational programs aimed at traditional transfer students, career and technical education, developmental and remedial education, and continuing education courses. The colleges are funded through a combination of state aid, local property tax revenue, tuition and fees revenue, and other sources of revenue such as federal grants and investment earnings. State aid makes up about 19% of total community college general fund operating revenue, although the revenue mix varies considerably among the colleges.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. Operations Funding</b>	<b>Gross</b>	<b>\$283,880,500</b>	<b>\$8,516,400</b>	<b>\$0</b>
Funding for community college operations is increased by 3% (\$8.5 million GF/GP), with the funding increase distributed according to a performance funding formula. School Aid funding is maintained at \$195.9 million. The performance funding formula appropriates funds based on the three-year average of degree completions in critical skills areas. Critical skills areas are defined as scientific, technological, engineering, mathematical, and health-related fields. Percentage increases received by Community Colleges range from 1.3% to 8.4%. No additional increase for FY 2013-14; performance funding is not rolled in to ongoing base appropriations.	Restricted	195,880,500	0	0
	GF/GP	\$88,000,000	\$8,516,400	\$0
<b>2. MPSERS Retirement Contributions</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,733,600</b>	<b>\$0</b>
\$1.7 million from the School Aid Fund (SAF) is distributed to community colleges to offset a portion of retirement contributions owed by colleges for FY 2012-13. The distribution of these funds will be based on each college's proportion of the Michigan Public School Employee's Retirement System-covered payroll.	Restricted	N/A	1,733,600	0

**Major Boilerplate Changes From FY 2011-12**

***Executive Boilerplate Deletions***

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted.

***Sec. 206. Payment of Appropriations – REVISED***

Provides for 11 payments per year to community colleges; directs Department of Treasury to withhold appropriations if colleges fail to submit Activities Classification Structure data. Executive recommendation adds authority to withhold appropriations if P-20 longitudinal data system data is not reported. Executive recommendation gives the state budget director the authority to determine if a community college is in compliance with the provisions of this section.

***Sec. 206b. Calculations for Operations Appropriations – NEW***

Explains the process by which performance funding is calculated. A college's share of the three year average of the number of degree completions in critical skills areas is multiplied by the performance funding appropriation amount available per degree and added to each community college's FY 2011-12 operations appropriation.

***Sec. 208. Capital Outlay Funding – REVISED***

Requires that funding appropriated in section 201 is not used to pay for the construction or maintenance of a self-liquidating project. Executive Recommendation removes requirement that community colleges comply with requirements of the joint capital outlay subcommittee.

***Sec. 209. Transparency Website – DELETED***

Requires the colleges to post general fund expenditures on their websites. Expenditure information is to be broken down by various program areas (academic units, administrative units, and other initiatives) and include information on employee salaries and benefits, facility and equipment costs, and fund transfers. Colleges must also include projected FY 2011-12 budget information on the website and provide that information to the Legislature and the State Budget Office.

***Sec. 210. Collaboration With Four-Year Universities, Local Employers, and Each Other – DELETED***

Encourages colleges to collaborate with four-year universities, particularly in areas of training, instruction, program articulation, and meeting local employment needs; encourages colleges to collaborate with local employers and each other to identify local employment needs.

***Sec. 210a. Block Transfer – DELETED***

Establishes a 24-member committee made up of representatives from community colleges, universities, and legislators to develop a process to improve the transferability of core college courses between community colleges and universities, including the development of equivalency standards and identifying equivalent courses offered by the institutions.

***Sec. 212. Cost Containment Initiatives – DELETED***

Encourages colleges to evaluate and pursue efficiency and cost-containment measures, including joint ventures, consolidating services, program collaboration, increasing web-based instruction, improving energy efficiency, eliminating low-volume/high-cost instructional programs, self-insurance, and group purchasing.

***Sec 214. Remedial Education Assessment Cut Score – DELETED***

Establishes a 12-member committee of community college representatives, K-12 education representatives, and lawmakers to develop a common set of "cut scores" to be utilized by the colleges to determine the placement of recent high school graduates in remedial education courses at the college.

***Sec. 216. Review of Statutory Mandates – DELETED***

Intent language providing for the review of statutory mandates imposed on the colleges, including reviewing the costs and necessity of the mandates.

***Sec. 224. Aggregate Academic Status – REVISED***

Requires that colleges, upon request, inform high schools of the aggregate academic status of their students. Executive Recommendation adds language stating that community colleges shall cooperate with the Center for Education Performance and Information to design and implement a systematic approach for accomplishing this work.

***Sec. 230. Performance Indicator Formula – DELETED***

States intent that formula developed by performance indicator task force be used for funding distribution in future years.

***Sec. 231. Expected Rent Appropriations – NEW***

Outlines expected general fund support of \$26.2 million provided to community colleges for previously constructed capital projects. Funds are provided through appropriations to the Department of Technology, Management and Budget (DTMB).

**Community College Performance Funding Proposal  
FY 2012-2013 Executive Budget**

Operations	Operations Funding FY 2011-12 YTD	Critical Skills Area Degree Completions <sup>1</sup>			Total Operations Funding FY 2012-13
		3 Year Average Completions	Funding of \$601.37 Per Completion <sup>2</sup>	Percent Increase From FY 2011-12	
Alpena	\$4,984,300	280.0	\$168,400	3.4%	\$5,152,700
Bay de Noc	\$5,040,200	232.7	\$139,900	2.8%	\$5,180,100
Delta	\$13,336,200	969.7	\$583,100	4.4%	\$13,919,300
Glen Oaks	\$2,320,900	121.0	\$72,800	3.1%	\$2,393,700
Gogebic	\$4,140,500	172.0	\$103,400	2.5%	\$4,243,900
Grand Rapids	\$16,649,700	554.3	\$333,400	2.0%	\$16,983,100
Henry Ford	\$20,145,000	715.3	\$430,200	2.1%	\$20,575,200
Jackson	\$11,219,700	551.3	\$331,600	3.0%	\$11,551,300
Kalamazoo Valley	\$11,522,700	664.0	\$399,300	3.5%	\$11,922,000
Kellogg	\$9,047,900	464.3	\$279,200	3.1%	\$9,327,100
Kirtland	\$2,872,900	258.3	\$155,400	5.4%	\$3,028,300
Lake Michigan	\$4,937,700	166.7	\$100,200	2.0%	\$5,037,900
Lansing	\$28,651,900	1,529.7	\$919,800	3.2%	\$29,571,700
Macomb	\$30,490,300	1,153.7	\$693,800	2.3%	\$31,184,100
Mid Michigan	\$4,266,800	315.7	\$189,800	4.4%	\$4,456,600
Monroe County	\$4,094,000	197.0	\$118,500	2.9%	\$4,212,500
Montcalm	\$2,946,800	171.7	\$103,200	3.5%	\$3,050,000
Mott	\$14,526,400	692.3	\$416,300	2.9%	\$14,942,700
Muskegon	\$8,256,700	258.0	\$155,200	1.9%	\$8,411,900
North Central	\$2,886,500	127.3	\$76,600	2.7%	\$2,963,100
Northwestern	\$8,430,300	186.3	\$112,100	1.3%	\$8,542,400
Oakland	\$19,455,900	796.3	\$478,900	2.5%	\$19,934,800
St. Clair County	\$6,534,100	319.7	\$559,500	2.9%	\$6,726,300
Schoolcraft	\$11,477,300	930.3	\$90,400	4.9%	\$12,036,800
Southwestern	\$6,143,700	150.3	\$192,200	1.5%	\$6,234,100
Washtenaw	\$11,827,300	1,647.7	\$990,900	8.4%	\$12,818,200
Wayne County	\$15,425,900	461.3	\$277,400	1.8%	\$15,703,300
West Shore	\$2,248,900	74.7	\$44,900	2.0%	\$2,293,800
<b>Total</b>	<b>\$283,880,500</b>	<b>14,161.6</b>	<b>\$8,516,400</b>	<b>3.0%</b>	<b>\$292,396,900</b>

<sup>(1)</sup> Critical Skills Area (CSA) degree completions are defined as the three year average (FY 2008-09 to FY 2010-11) of certificate and associate degree completions in scientific, technological, engineering, mathematical, and health-related fields.

<sup>(2)</sup> Available performance funding is divided by total CSA degree completions. Community Colleges receive performance funding based on their share of CSA degree completions (\$601.37 per completion).

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
EDUCATION (Department)**

**Analysts: Bethany Wicksall and Mark Wolf**

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
<b>Federal</b>	244,074,400	246,894,300	2,819,900	1.2	247,526,200	631,900	0.3
<b>Local</b>	7,269,200	5,560,400	(1,708,800)	(23.5)	5,589,900	29,500	0.5
<b>Private</b>	3,133,400	2,828,700	(304,700)	(9.7)	2,828,700	0	0.0
<b>Restricted</b>	7,438,900	7,626,300	187,400	2.5	7,692,500	66,200	0.9
<b>GF/GP</b>	64,643,900	68,043,200	3,399,300	5.3	68,182,400	139,200	0.2
<b>Gross</b>	<b>\$326,559,800</b>	<b>\$330,952,900</b>	<b>\$4,393,100</b>	<b>1.3</b>	<b>\$331,819,700</b>	<b>\$866,800</b>	<b>0.3</b>
<b>FTEs</b>	596.0	594.5	(1.5)	(0.3)	594.5	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations and libraries, and providing technical assistance to school districts and libraries.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>Executive Changes</b>		
		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>1. Persistently Lowest Achieving (PLA) Schools</b>	FTE	64.1	1.0	0.0
Provides \$760,000 GF/GP to the Bureau of Assessment and Accountability, School Reform Office (SRO) to support reform/redesign activities of PLA schools not receiving federal School Improvement Grants (SIG), allowing the SRO to provide services commensurate with SIG-funded activities, including weekly monitoring, on-going learning, and technical assistance to PLA schools. Additionally, the funds would enable the SRO and the Office of Education Innovation and Improvement (OEII) to assist schools in closing the achievement gap between highest and lowest achieving districts (i.e. so-called "focus schools"), as provided for in the MDE's federal Elementary and Secondary Education Act (ESEA) flexibility waiver request.	<b>Gross</b>	<b>\$11,635,000</b>	<b>\$760,000</b>	<b>\$0</b>
	Federal	9,992,200	0	0
	GF/GP	\$1,642,800	\$760,000	\$0

**EDUCATION (DEPARTMENT)**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>2. Michigan Schools for the Deaf and Blind (MSDB)</b>	FTE	103.0	(27.0)	0.0
Reduces funding and staffing for the MSDB, following the recent sale of the MSDB's Flint campus to a private developer. The sale of the property has reduced the MSDB's property maintenance costs necessitating fewer capital expenses and maintenance staff. Enrollment declines in recent years have also necessitated fewer staff.	<b>Gross</b>	<b>\$14,624,600</b>	<b>(\$2,088,000)</b>	<b>\$0</b>
	Federal	6,464,200	(45,000)	0
	Local	7,181,000	(1,827,300)	0
	Private	760,800	(215,700)	0
	Restricted	218,600	0	0
<b>3. Performance Funding Initiative</b>	FTE	64.1	1.0	0.0
Provides \$125,000 GF/GP and 1.0 FTE position in staff support to the Bureau of Assessments and Accountability (BAA) to implement the performance funding program proposed in the School Aid Budget (Sec. 22f). The program would provide districts with incentive funds, totaling an estimated \$70 million, based on students' proficiency growth in grades 3-8 mathematics, grades 3-8 reading, and all subject areas for high school students.	<b>Gross</b>	<b>\$11,635,000</b>	<b>\$125,000</b>	<b>\$0</b>
	Federal	9,992,200	0	0
	GF/GP	\$1,642,800	\$125,000	\$0
<b>4. Charter School Oversight – Office of Education Innovation and Improvement</b>	FTE	55.7	2.0	0.0
Provides \$250,000 GF/GP and 2.0 FTE positions to the Office of Education Innovation and Improvement and provide for continued levels of oversight and support of school districts and charter schools following enactment of 2011 PA 270 (SB 618), which lifted the cap on charter schools.	<b>Gross</b>	<b>\$10,931,900</b>	<b>\$250,000</b>	<b>\$0</b>
	Federal	8,883,300	0	0
	Private	573,300	0	0
	Restricted	510,900	0	0
	GF/GP	\$964,400	\$250,000	\$0
<b>5. Charter School Oversight – Office of Field Services</b>	FTE	44.0	2.0	0.0
Provides \$250,000 GF/GP and 2.0 FTE positions to the Office of Field Services to provided continued levels of oversight and support of school districts and charter schools following the enactment of 2011 PA 270 (SB 618), which lifted the cap on university-authorized charter schools.	<b>Gross</b>	<b>\$9,519,200</b>	<b>\$250,000</b>	<b>\$0</b>
	Federal	8,748,300	0	0
	Private	572,100	0	0
	Restricted	53,000	0	0
	GF/GP	\$145,800	\$250,000	\$0
<b>6. Michigan Electronic Library (MeL) Database</b>	<b>Gross</b>	<b>\$950,000</b>	<b>\$800,000</b>	<b>\$0</b>
Provides \$800,000 GF/GP for the Library of Michigan, to support the library's acquisition of business databases and other online resource programs for small businesses and entrepreneurs.	GF/GP	\$950,000	\$800,000	\$0
<b>7. Michigan College Access Network</b>	FTE	6.0	0.0	0.0
Provides \$2.0 million GF/GP to the College Access and Outreach Unit (CAO), replacing lost federal funds, to enable the CAO, the Michigan College Access Network and its partners to continue to provide support to families preparing for college and to enable the continued placement of college advisors in urban and rural schools in the state.	<b>Gross</b>	<b>\$4,322,400</b>	<b>\$0</b>	<b>\$0</b>
	Federal	4,322,400	(2,000,000)	0
	GF/GP	\$0	\$2,000,000	\$0
<b>8. Early Childhood Investment Corporation</b>	FTE	61.0	0.0	0.0
Provides \$1.9 million federal funding to the Office of Great Start for funding for the Early Childhood Investment Corporation (ECIC) to support early childhood education program improvements through the 54 Great Start Collaboratives, to provide planning grants for the Children's Healthcare Access Program (CHAP), and to support the state's Tiered Quality Rating Improvement System (TQRIS), which provides assessments and professional development training for child care providers in the state.	<b>Gross</b>	<b>\$20,710,200</b>	<b>\$1,900,000</b>	<b>\$0</b>
	Federal	19,758,000	1,900,000	0
	Restricted	61,900	0	0
	GF/GP	\$890,300	\$0	0

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>9. Child Development and Care (CDC) Caseloads</b>	<b>Gross</b>	<b>\$159,155,700</b>	<b>(\$3,655,300)</b>	<b>\$0</b>
Reduces funding for the child care assistance payments by \$3.0 million due to continued reductions in the CDC program's caseload, down to an estimated 26,600 per month. CDC program caseloads for FY 2013 are determined at the May Consensus Revenue Estimating Conference (CREC). Also, makes economics adjustment and reduces funding support for an interdepartmental grant to the Department of Human Services for DHS responsibilities in CDC program administration.	Federal	117,166,900	(655,300)	0
	GF/GP	\$41,988,800	(\$3,000,000)	\$0
<b>10. Federal Fund Shift</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,849,000</b>	<b>N/A</b>
Includes an additional \$1.8 million from several federal fund sources previously appropriated in the budget of the Center for Education Performance and Information (CEPI) within the School Aid Budget. These federal funds are offset with GF/GP funds in the CEPI budget.	Federal	N/A	1,849,000	N/A
<b>11. State Aid Management System (SAMS)</b>	<b>Gross</b>	<b>\$3,511,000</b>	<b>\$125,000</b>	<b>\$0</b>
Provides an additional \$125,000 for IT costs to support the maintenance of the State Aid Management System (SAMS), the department's new IT system used to disburse school aid payments to districts. The MDE fully migrated to the new system in July 2011. The additional funds support 1.0 FTE position included in the budget for the Department of Technology, Management, and Budget.	Federal	2,062,400	0	0
	Local	76,500	0	0
	Restricted	325,500	0	0
	GF/GP	\$1,046,600	\$125,000	\$0
<b>12. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,803,100</b>	<b>\$1,491,100</b>
Reflects increased costs of \$3.8 million Gross (\$730,500 GF/GP) for negotiated salary and wage increases, actuarially-required retirement rate increases and other economic adjustments for FY 2012-13, and provide \$1.5 million Gross (\$253,300 GF/GP) for FY 2013-14.	Federal	N/A	2,586,800	1,061,000
	Local	N/A	102,000	46,000
	Restricted	N/A	383,800	130,800
	GF/GP	N/A	\$730,500	\$253,300
<b>13. One-Time Boilerplate Appropriations</b>	<b>Gross</b>	<b>N/A</b>	<b>\$624,300</b>	<b>N/A</b>
Includes FY 2012-13 appropriation designated as one-time of \$624,300 Gross (\$114,100 GF/GP) for negotiated one-time lump sum payments to state employees. As part of their contract, unionized employees will receive a 1% lump sum payment, and Non-Exclusively Represented Employees (NEREs) will receive a 2% lump sum payment in October 2012.	Federal	N/A	429,100	N/A
	Local	N/A	16,500	N/A
	Restricted	N/A	64,600	N/A
	GF/GP	N/A	\$114,100	N/A

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

**Executive Boilerplate Deletions**

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted.

**Sec. 207. Department Financial information – REVISED**

Requires MDE to maintain a searchable website accessible to the public which includes expenditures by category and appropriation unit, payments to vendors, the number of active employees by classification, and job specifications and wage rates. The Executive places this requirement on the Department of Technology, Management, and Budget (rather than individual departments), and deletes language allowing MDE to develop its own website or to refer to a central website. (Sec. 20-205)

**Sec. 208. Personnel Records – DELETED**

Directs that MDE require districts to retain teacher personnel records regarding sexual misconduct.

**REVIEW AND ANALYSIS OF FY 2012-13 AND FY 2013-14 EXECUTIVE RECOMMENDATION**

## **EDUCATION (DEPARTMENT)**

### **Major Boilerplate Changes From FY 2011-12**

#### **Sec. 211. Adequate Yearly Progress (AYP) – DELETED**

Requires that MDE allow districts to appeal a determination of failure to meet AYP prior to MDE reporting those results.

#### **Sec. 220. Timely Data – DELETED**

Requires MDE to provide data requested by the legislature, staff, and fiscal agencies in a timely manner.

#### **Sec. 225. Pupil Membership Fraud – DELETED**

Requires the State Superintendent of Public Instruction to investigate and report on issues of pupil membership fraud, and report on the scope of, and proposed solutions to, the problem.

#### **Sec. 226. Lapse Report – REVISED**

Requires MDE to report on the projected year-end General Fund lapse amounts for the prior fiscal year by November 15. The Executive requires the report by November 30. (Sec. 20-204)

#### **Sec. 227. Restricted Funds Report – REVISED**

Requires MDE to provide a report to the Legislature on restricted fund revenues, expenditures, and balances for FY 2011-12 and FY 2012-13 within 14 days of the issuance of the FY 2013-14 Executive Recommendation. The Executive requires the report be provided by the State Budget Office, rather than MDE. (Sec. 20-206)

#### **Sec. 229. State Education Reforms – DELETED**

Requires MDE and the superintendent to use funds appropriated in part 1 to ensure that its responsibilities under the school reform and redesign law (MCL 380.1280c) are carried out within the time required.

#### **Sec. 292. Number of Child Care Providers Report – DELETED**

Requires report on the number of childcare providers by type receiving payment for childcare services on October 1. (Previously included in the DHS budget this language applies now to the MDE with the transfer of the Child Development and Care Program from DHS to MDE.)

#### **Sec. 501. Felony Conviction Files – DELETED**

Requires that MDE maintain professional personnel registry and certificate revocations/felony conviction files.

#### **Sec. 601. Charter School Office – DELETED**

Earmarks \$350,000 and 3.5 FTE positions to operate the charter schools office.

#### **Sec. 6-601. College Access Program – NEW**

States that funds appropriated for the college access program may be used to support (1) Michigan College Access Network operations, programming, and services to local college access networks; (2) local college access networks, which are community-based organizations that work to improve college participation and completion rates; (3) the Michigan College Access Portal, an online portal to help students and families plan and apply for college; (4) public awareness campaigns to encourage low-income and first-generation students to attend college; and (5) subgrants to post-secondary institutions to provide student mentors and college advisors to assist high school students in navigating the postsecondary planning and enrollment process.

#### **Sec. 670. Child Development and Care Program Report – DELETED**

Requires a report on the amount of child care payments paid by parents in addition to the child care subsidy and the number of enrolled child care providers by reported annual household income. (Previously included in the DHS budget this language applies now to the MDE with the transfer of the Child Development and Care Program from DHS to MDE.)

#### **Sec. 673. Notification of CDC Eligibility Reduction or Elimination – DELETED**

Requires DHS/MDE to immediately notify the client and child care provider when the client's eligibility is reduced or eliminated; requires continued payment to providers until provider receives notice; requires annual report on additional payments. (Previously included in the DHS budget this language applies now the MDE with the transfer of the Child Development and Care Program from DHS to MDE.)

#### **Sec. 680. Child Development and Care Program Savings – DELETED**

States legislative intent on budgetary savings through the child development and care program including reducing the maximum number of reimbursable hours and improving error rates. (Previously included in the DHS budget this language applies now to the MDE with the transfer of the Child Development and Care Program from DHS to MDE.)

#### **Sec. 701. Collaboration with the Center for Educational Performance and Information (CEPI) – DELETED**

Directs MDE to work collaboratively with CEPI to support data collection.

#### **Sec. 6-801. One-Time Appropriation – NEW**

Provides an appropriation, in FY 2012-13 only, to make contractual lump sum payments to MDE employees.

**Major Boilerplate Changes From FY 2011-12**

**Sec. 803. *Keep Library Functions Together* – DELETED**

Legislative intent that the State maintain the Library of Michigan and its component programs together in a state department.

**Sec. 804. *Library Collections* – DELETED**

Requires the MDE and the Library of Michigan to maintain custody of the non-Michigan genealogy and all Michigan-specific collections and continue to make these collections available to the public.

**Sec. 903. *Online Education* – DELETED**

Directs MDE to work with districts that operate a cyber school or an alternative education program with a seat-time waiver to provide a report by March 1 detailing enrollments, resident districts, per pupil operating costs, and online education providers.

**Supplemental Recommendations for FY 2011-12 Appropriations**

**FY 2011-12  
Recommendation**

**1. *Charter Schools Regulation***

Provides additional staffing (2.0 FTE positions) for the MDE Office of Educational Improvement and Innovation (OEII), Public School Academy Unit to assist the unit in reviewing applications for new charter schools following the enactment of 2011 PA 277 (SB 618), which lifted the cap on university-authorized charter schools.

FTE	2.0
<b>Gross</b>	<b>\$125,000</b>
GF/GP	125,000

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
HIGHER EDUCATION**

**Analyst: Kyle I. Jen**

	FY 2011-12	FY 2012-13	Difference: FY 2012-13		FY 2013-14	Difference: FY 2013-14	
	Year-to-Date as of 2/9/12		Executive	Vs. FY 2011-12 Amount		%	Executive
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	98,326,400	97,026,400	(1,300,000)	(1.3)	97,026,400	0	0.0
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	200,219,500	200,565,700	346,200	0.2	200,565,700	0	0.0
GF/GP	1,065,632,500	1,102,389,400	36,756,900	3.4	1,105,097,200	2,707,800	0.2
<b>Gross</b>	<b>\$1,364,178,400</b>	<b>\$1,399,981,500</b>	<b>\$35,803,100</b>	<b>2.6</b>	<b>\$1,402,689,300</b>	<b>\$2,707,800</b>	<b>0.2</b>
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations.

**Overview**

The Higher Education budget, as contained in Article III of the compiled School Aid Act, provides funding for operational support of the state's 15 public universities, the Agricultural Experiment Station and Cooperative Extension Service operated by Michigan State University, various financial aid programs for students attending public and independent colleges and universities in the state, and several other smaller higher education-related programs.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>	FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
		FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. University Operations</b>	<b>Gross \$1,207,234,700</b>	<b>\$36,217,000</b>	<b>\$0</b>
Includes increase of \$36.2 million GF/GP (3.0%) to be distributed to the 15 public universities through four performance funding components of \$9.0 million each:	Restricted 200,019,500	0	0
	GF/GP \$1,007,215,200	\$36,217,000	\$0

- Degree completion component: Based on three-year average growth in total undergraduate degree completions.
- Critical skills area component: Based on three-year average number of weighted undergraduate degree completions in critical skills areas.
- Pell Grant component: Based on three-year average of enrolled students receiving federal Pell Grants (need-based).
- Tuition restraint component: Allocated to universities holding resident undergraduate tuition/fee rate increase at or below 4.0%.

Under first three components, funding increases for universities range from 0.9% to 7.6% (average of 2.25%). Some or all universities would receive additional funds under tuition restraint component.

Maintains existing \$200.0 million in School Aid Fund revenue appropriated for university operations. No further change in total university funding planned for FY 2013-14; \$36.2 million would again be allocated on performance funding basis (that is, FY 2012-13 increases would not be rolled into ongoing university base appropriations).

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>	
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
<b>2. Michigan Public School Employee Retirement System (MPERS)</b>	<b>Gross Restricted</b>	<b>N/A</b> N/A	<b>\$446,200</b> \$446,200	<b>\$0</b> \$0
Includes \$446,200 (School Aid Fund) to be allocated to the seven universities with employees in MPERS (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western) in proportion to retiree health care costs, in order to offset a portion of those costs.				
<b>3. Agricultural Experiment and Cooperative Extension Activities</b>	<b>Gross GF/GP</b>	<b>\$52,625,800</b> \$52,625,800	<b>\$0</b> \$0	<b>\$0</b> \$0
Maintains flat funding from FY 2011-12 for Agricultural Experiment Station and Cooperative Extension Service operated by Michigan State University at \$52.6 million GF/GP.				
<b>4. Facility for Rare Isotope Beams</b>	<b>Gross GF/GP</b>	<b>\$1,200,000</b> \$1,200,000	<b>\$1,139,900</b> \$1,139,900	<b>\$2,707,800</b> \$2,707,800
Continues appropriation for Facility for Rare Isotope Beams project at Michigan State, which had been designated as a one-time appropriation in FY 2011-12. Increases appropriation to \$2.3 million GF/GP in FY 2012-13 and \$5.0 million GF/GP in FY 2012-13 based on projected debt service schedule.				
<b>5. One-Time Items</b>	<b>Gross GF/GP</b>	<b>\$700,000</b> \$700,000	<b>(\$700,000)</b> (\$700,000)	<b>\$0</b> \$0
Does not continue other FY 2011-12 appropriations designated as one-time (\$500,000 for Eastern Michigan and \$200,000 for Western Michigan).				
<b>6. State Competitive Scholarships</b>	<b>Gross Federal</b>	<b>\$18,361,700</b> 18,361,700	<b>\$2,000,000</b> 2,000,000	<b>\$0</b> 0
Increases appropriation by \$2.0 million, to \$20.4 million (TANF), based on a projected increase in eligible students. Program provides merit/-need-based awards to students at public/independent institutions. Maximum scholarship to be maintained at FY 2011-12 level of \$575.				
<b>7. Tuition Grants</b>	<b>Gross Federal</b>	<b>\$31,664,700</b> 31,664,700	<b>(\$1,000,000)</b> (1,000,000)	<b>\$0</b> 0
Reduces appropriation by \$1.0 million, to \$30.7 million (TANF), based on a projected decline in eligible students. Program provides need-based awards to students at independent colleges. Maximum grant to be maintained at FY 2011-12 level of \$1,512. Performance reporting requirements added for independent colleges to participate in program (see section 252 below).				
<b>8. Tuition Incentive Program</b>	<b>Gross Federal</b>	<b>\$43,800,000</b> 43,800,000	<b>(\$1,000,000)</b> (1,000,000)	<b>\$0</b> 0
Reduces appropriation by \$1.0 million, to \$42.8 million (TANF), due to lower program cost growth since FY 2010-11. Program pays associate's degree tuition costs for Medicaid-eligible middle- and high-school students who go on to graduate from high school and enroll in college.				
<b>9. Robert C. Byrd Scholarship</b>	<b>Gross Federal</b>	<b>\$1,300,000</b> 1,300,000	<b>(\$1,300,000)</b> (1,300,000)	<b>\$0</b> 0
Removes \$1.3 million in funding for merit-based Robert C. Byrd Honors Scholarships due to federal funding elimination.				
<b>10. Children of Veterans Tuition Grant Program</b>	<b>Gross Restricted GF/GP</b>	<b>\$1,200,000</b> 200,000 \$1,000,000	<b>\$0</b> (100,000) \$100,000	<b>\$0</b> 0 \$0
Replaces \$100,000 in restricted funds with \$100,000 GF/GP to reflect declining income tax check-off contributions for program. (Line item also funds Officer's Survivor Tuition Program.)				

**HIGHER EDUCATION**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>11. Other Higher Education Programs</b>	<b>Gross</b>	<b>\$6,091,500</b>	<b>\$0</b>	<b>\$0</b>
Flat appropriation levels are maintained for Project GEAR-UP scholarships (\$3.2 million Federal), the King-Chavez-Parks grant programs (\$2.7 million GF/GP), the higher education database (\$105,000 GF/GP), and Midwestern Higher Education Compact dues (\$95,000 GF/GP).	Federal	3,200,000	0	0
	GF/GP	\$2,891,500	\$0	\$0

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

**Sec. 236b. Federal Contingency Funds – NEW**

Appropriates up to \$6.0 million in contingency funds, to be transferred to specific line items through the legislative transfer process.

**Sec. 237a. Research University Definition – DELETED**

Defines the term "Research University" to include three categories under Carnegie Classifications: "Doctoral/Research University," "Research University: High Research Activity," and "Research University: Very High Research Activity".

**Sec. 239. American Goods and Services – DELETED**

States preference for American goods and services, as well as those produced in Michigan and those produced by businesses owned by veterans.

**Sec. 239a. Foreign Auto Manufacturers – DELETED**

States intent that funds appropriated to universities not be used to purchase vehicles assembled outside U.S.

**Sec. 240. Deprived and Depressed Communities – DELETED**

Directs universities to ensure that businesses in deprived and depressed communities compete for and perform contracts.

**Sec. 241. Payment of Appropriations – REVISED**

Provides for 11 monthly payments to universities; directs Department of Treasury to withhold appropriations if universities fail to submit HEIDI data by specified deadlines. Revised to allow, rather than require, withholding of appropriation.

**Sec. 244. Postsecondary Student Data System – REVISED**

Requires universities to cooperate with measures taken by state to comply with American Recovery and Reinvestment Act (ARRA) provisions requiring establishment of a statewide P-20 education longitudinal data system. Revised to remove reference to ARRA and authorize state budget director to withhold monthly payments for a university not in compliance with section.

**Sec. 245. Posting of Expenditures – REVISED**

Requires report from each university categorizing institutional general fund expenditures among major categories for all academic units, administrative units, and external initiatives, as well as a list of all employee salary amounts for positions funded by institutional general fund. Revised to remove salary information from reporting requirements.

**Sec. 251. State Competitive Scholarship Program – REVISED**

Provides for distribution of funds appropriated for State Competitive Scholarships; specifies maximum grant amount of at least \$600, unless insufficient funds are available, in which case a report is required. Revised to reflect actual FY 2011-12 maximum grant amount of \$575.

**Sec. 252. Tuition Grant Program – REVISED**

Provides for distribution of funds appropriated for Tuition Grants; specifies maximum grant amount of at least \$1,512, unless insufficient funds are available, in which case a report is required; limits award eligibility to undergraduate students; provides for carry forward of unexpended funds; caps awards received by students at a single institution at \$3.0 million. Revised to move application deadline from July 1 to March 1 for FY 2013-14 and subsequent years, remove carry forward provision, and add performance reporting requirements in order for an institution to participate in the program.

**Sec. 254. Financial Aid Payment Schedules – REVISED**

Specifies 50%/50%/0%/0% quarterly payment schedule for financial aid programs. Revised to 50%/30%/10%/10% schedule.

**Sec. 256. Tuition Incentive Program – REVISED**

Specifies criteria for Tuition Incentive Program eligibility. Revised to include more specific process for certifying Medicaid eligibility.

**Major Boilerplate Changes From FY 2011-12****Sec. 261. Douglas Lake Biological Station – DELETED**

Designates University of Michigan Douglas Lake Biological Station as a unique resource.

**Sec. 262. Textbook Policies – DELETED**

States intent that each university develop policies for minimizing the costs of textbooks and submit a report on those policies.

**Sec. 263a. Research and Outreach Priorities – DELETED**

Directs Michigan State University to develop, in consultation with Agricultural Experiment and Cooperative Extension Service stakeholders, a set of research and outreach priorities and, as part of that effort, to convene a summit on production agriculture; requires report on fund sources and review of major programs. (Existing Section 263 requires similar report.)

**Sec. 265. Tuition Restraint – REVISED**

Provides for tuition restraint incentive funds appropriated to universities to be paid only if a university certifies that it did not adopt an increase in FY 2010-11 resident undergraduate tuition/fees after February 1, 2011, and that it will not adopt an increase in FY 2011-12 resident undergraduate tuition/fees that is greater than the prior-five-year statewide average tuition/fee increase (7.1%). Revised to provide for allocation of funds tied to tuition restraint in FY 2011-12; universities holding resident undergraduate tuition/fee increase below 4.0% would receive funds in proportion to amount below 4.1%. Definition of "tuition and fee rate" expanded to be more specific. Related financial reporting requirements deleted.

**Sec. 266. University Funding Formula – REVISED**

States that, in subsequent budget years, university operations funding shall be allocated to each university using an incentive-based formula developed and enacted by the Legislature. Replaced with language requiring universities to participate in Michigan Transfer Network to receive performance funding, providing for distribution of the that funding, and requiring new reporting regarding graduates receiving Pell Grants (to be used as part of FY 2013-14 performance funding). (Executive Budget rennumbers as Sec. 265a.)

**Sec. 268. Unfunded Indian Tuition Waiver Costs – DELETED**

States legislative intent to allocate funds for unfunded Indian Tuition Waiver costs at universities from the General Fund.

**Sec. 270a. Consolidation of Purchases – DELETED**

Requires universities to coordinate purchases of goods and services, including use of state MiDEAL purchasing program and Midwestern Higher Education Compact; requires report from Presidents Council on purchasing and associated savings.

**Sec. 271. Academic Program Accreditation – DELETED**

Requires universities to report on direct expenditures made for academic program accreditation.

**Sec. 272. Transfer Credit Reporting – DELETED**

Requires universities to report on the number of transfer credits, with grade of C or better, rejected for incoming students.

**Sec. 273. Student Religious Beliefs – DELETED**

States intent that universities report on efforts to accommodate the religious beliefs of students in accredited counseling programs.

**Sec. 274. Embryonic Stem Cell Research – DELETED**

States intent that universities conducting research using human embryonic stem cells report to the Department of Community Health regarding embryos and stem cell lines received or utilized by the university.

**Sec. 274a. Adult Coresident Health Benefits – DELETED**

States intent that universities not provide benefits to unmarried adult coresidents or their dependents and report on the costs of providing any such benefits.

**Sec. 275. Veterans Policies – REVISED**

States intent for universities to participate in the Yellow Ribbon GI Education Enhancement Program and provide other veterans-related services; requires report on program participation. Revised to remove reporting requirement.

**Sec. 275a. Capital Outlay Reporting – REVISED**

Prohibits use of state funds for self-liquidating projects; requires compliance with Joint Capital Outlay Subcommittee reporting requirements, with specified penalty of 1.0% appropriation reduction. Revised to remove specified penalty.

**Sec. 283. Information to High Schools – REVISED**

Requires universities to inform high schools regarding the academic status of students from each high school. Revised to require universities to work with Center for Educational Performance and Information (CEPI) to implement the requirement.

**Sec. 284. Information to Community Colleges – REVISED**

Requires universities to inform community colleges regarding the academic status of transfer students. Revised to require universities to work with Center for Educational Performance and Information (CEPI) to implement the requirement.

**REVIEW AND ANALYSIS OF FY 2012-13 AND FY 2013-14 EXECUTIVE RECOMMENDATION**

**HIGHER EDUCATION**

**Major Boilerplate Changes From FY 2011-12**

**Sec. 290. Degree Programs – DELETED**

Lists new degree programs established by public universities for which credit hours may be reported to HEIDI. (New list pending.)

**Sec. 292. Crime Statistics – DELETED**

Requires universities to make materials prepared in accordance with federal crime and campus security reporting requirements available through the Internet.

**Sec. 293. Student Records – DELETED**

Requires universities to provide information from the records of a student to persons authorized by student.

**Sec. 294. One-Time Appropriations – DELETED**

Appropriates \$1.9 million GF/GP on a one-time basis only in FY 2011-12 (see items 4 and 5 in Major Budget Changes section.)

**Sec. 294a. State Building Authority (SBA) Rent Payments – NEW**

States amounts appropriated, totaling \$124.0 million, through the Department of Technology, Management, and Budget for SBA rent payments associated with the state share of costs for previous capital projects at public universities.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
SCHOOL AID**

**Analysts: Bethany Wicksall and Mark Wolf**

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	--	\$0	\$0	--
<b>Federal</b>	1,653,331,800	1,701,041,400	47,709,600	2.9	1,701,041,400	0	0.0
<b>Local</b>	0	0	0	--	0	0	--
<b>Private</b>	0	0	0	--	0	0	--
<b>Restricted</b>	10,887,098,700	10,785,973,400	(101,125,300)	(0.9)	10,883,951,000	97,977,600	0.9
<b>GF/GP</b>	118,642,400	200,000,000	81,357,600	68.6	18,642,400	(181,357,600)	(90.7)
<b>Gross</b>	<b>\$12,659,072,900</b>	<b>\$12,687,014,800</b>	<b>\$27,941,900</b>	<b>0.2</b>	<b>\$12,603,634,800</b>	<b>(\$83,380,000)</b>	<b>(0.7)</b>

Notes: (1) FY 2011-12 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 9, 2012. (2) FY 2013-14 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

**Overview**

The School Aid budget makes appropriations to the state's 549 local school districts, 256 public school academies, and 57 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Educational Performance and Information, the Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. Prop A Obligation - Foundation Allowances (Sec. 22a)</b>	<b>Gross</b>	<b>\$5,691,000,000</b>	<b>\$16,000,000</b>	<b>(\$115,000,000)</b>
<i>(Supplemental Request 2012-9 would increase this section by \$78.0 million for FY 2011-12 to adjust for cost estimates.)</i>	Restricted	5,691,000,000	16,000,000	(115,000,000)
Increases by \$16.0 million from the current YTD for FY 2012-13 to incorporate taxable values and pupil estimates. Decreases by an additional \$115.0 million due to taxable value changes and further pupil declines for FY 2013-14.				
<b>2. Discretionary - Foundation Allowances (Sec. 22b)</b>	<b>Gross</b>	<b>\$3,032,300,000</b>	<b>(\$5,300,000)</b>	<b>\$79,000,000</b>
<i>(Supplemental Request 2012-9 would increase this section by \$19.7 million for FY 2011-12 to adjust for cost estimates and exchanges \$12.5 million GF/GP with SAF to shift GF/GP to the proposed one-time early childhood funding.)</i>	Restricted	2,922,561,100	(80,350,900)	260,357,600
	GF/GP	\$109,738,900	\$75,050,900	(\$181,357,600)

Reduces by \$5.3 million from the current YTD to recognize the elimination of \$17.5 million in district-specific foundation allowance adjustments (See Major Boilerplate Changes below, Section 20), \$50 million in assumed savings for requiring full day kindergarten for a full foundation, as well as estimated changes in taxable values and pupil estimates. FY 2013-14 estimates are adjusted to assume only \$25 million for kindergarten foundation savings as well as further changes in estimated taxable value and pupils.

**SCHOOL AID**

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>3. School Bond Redemption Fund (Sec. 11j)</b>	<b>Gross</b>	<b>\$93,575,300</b>	<b>\$26,814,700</b>	<b>\$11,270,000</b>
Increases by \$26.8 million to a total of \$120.4 million in FY 2012-13 and by another \$11.3 million to a total of \$131.7 million in FY 2013-14 to pay for increased interest payments.		Restricted	93,575,300	26,814,700
<b>4. Cash Flow Borrowing Costs (Sec. 11m)</b>	<b>Gross</b>	<b>\$20,000,000</b>	<b>(\$10,000,000)</b>	<b>\$10,000,000</b>
<i>(Supplemental Request 2012-9 would decrease by \$11.5 million to \$8.5 million for FY 2011-12 to adjust for low interest rates.)</i>		Restricted	20,000,000	(10,000,000)
Decreases costs to \$10.0 million in FY 2012-13 to reflect anticipated lower interest rates for short-term borrowing costs related to the State School Aid Fund. FY 2013-14 costs are adjusted to \$20.0 million for anticipated increases.				
<b>5. Michigan Business Tax (MBT) Impact on Out of Formula District Grants (Sec. 22e)</b>	<b>Gross</b>	<b>\$700,000</b>	<b>(\$700,000)</b>	<b>\$0</b>
Eliminates funding which held out-of-formula districts harmless from local personal property tax exemptions when the MBT was created.		Restricted	700,000	(700,000)
<b>6. Performance-Based and Best Practices Grants (Sec. 22f)</b>	<b>Gross</b>	<b>\$154,000,000</b>	<b>\$36,000,000</b>	<b>(\$90,000,000)</b>
Increases the FY 2011-12 total appropriation from \$154.0 million to \$190.0 million in FY 2012-13 and then decreases it back down to \$100.0 million in FY 2013-14. The funding would be divided into two pots. The first would be awards of up to \$100 per pupil based on districts meeting specified student achievement growth measures (estimated at a total of \$70.0 million). The estimated \$120.0 million in remaining funds in this section, after the performance funding has been distributed, would be distributed on an equal per pupil basis to all districts that meet 5 out of 6 revised best practices criteria. <i>(See Major Boilerplate Changes below for a detailed discussion of the performance and best practices criteria.)</i>		Restricted	154,000,000	36,000,000
In FY 2011-12, the entire appropriation for Section 22f was designated as one-time funding. For FY 2012-13, \$140.0 million is designated as one-time funding. For FY 2013-14, none of the funding is designated as one-time.				
<b>7. Consolidation Innovation Grants (Sec. 22g)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$10,000,000</b>	<b>(\$10,000,000)</b>
Adds \$10.0 million in funding, designated as one-time, for competitive assistance grants to help defray transition costs associated with the consolidation of operations or services among districts and ISDs that occur on or after October 1, 2012.		Restricted	0	10,000,000
<b>8. Juvenile Detention Facility Programs (Sec. 24a)</b>	<b>Gross</b>	<b>\$1,197,500</b>	<b>\$938,300</b>	<b>\$0</b>
<i>(Supplemental Request 2012-9 would increase by a total of \$917,300 for FY 2011-12 to adjust for a \$55,100 increase related to Other Post-Employment Benefits (OPEB) prefunding as well as an increase of \$862,200 for increased educational costs in DHS facilities.)</i>		Restricted	1,197,500	938,300
Increases by a total of \$938,300 from the current YTD appropriation to recognize the FY 2011-12 increases as well as another \$21,000 in further economic adjustments for FY 2012-13.				

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>	
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
<b>9. Youth Challenge Program (Sec. 24c)</b>	<b>Gross</b>	<b>\$742,300</b>	<b>\$23,300</b>	<b>\$0</b>
<i>(Supplemental Request 2012-9 would increase by \$23,300 for FY 2011-12 to adjust for increases related to Other Post-Employment Benefits (OPEB) prefunding.)</i>	Restricted	742,300	23,300	0
Increases by \$23,300 from the current YTD appropriation to recognize the FY 2011-12 OPEB increases for FY 2012-13.				
<b>10. Payment in Lieu of Taxes (PILT) Reimbursements (Sec. 26b)</b>	<b>Gross</b>	<b>\$2,890,000</b>	<b>(\$1,052,000)</b>	<b>\$0</b>
<i>(Supplemental Request 2012-9 would decrease by \$1.1 million to \$1.8 million for FY 2011-12 to adjust for a fund shift for PILT payments on lands purchased by the Natural Resources Trust Fund from the Natural Resources Trust Fund instead of the School Aid Fund pursuant to PAs 117 and 118 of 2011.)</i>	Restricted	2,890,000	(1,052,000)	0
Decreases by \$1.1 million from the current YTD appropriation to recognize the FY 2011-12 supplemental.				
<b>11. Federal Funding (Sec. 39a)</b>	<b>Gross</b>	<b>\$794,333,300</b>	<b>\$51,509,300</b>	<b>\$0</b>
Increases anticipated funding for "No Child Left Behind" and other federal funding by \$51.5 million to a total of \$845.8 million for both FY 2012-13 and FY 2013-14.	Federal	794,333,300	51,509,300	0
<b>12. Special Education (Sec. 51a)</b>	<b>Gross</b>	<b>\$1,414,869,100</b>	<b>\$14,400,000</b>	<b>\$32,600,000</b>
<i>(Supplemental Request 2012-9 would decrease by \$22.7 million for FY 2011-12 to adjust for costs now estimated to be lower than originally anticipated.)</i>	Federal	437,400,000	1,600,000	0
	Restricted	977,469,100	12,800,000	32,600,000
Increases by \$14.4 million from the current YTD appropriation for FY 2012-13 and by another \$32.6 million for FY 2013-14 to adjust for consensus estimates for the growth in special education reimbursement costs.				
<b>13. School Bus Inspections (Sec. 74(4))</b>	<b>Gross</b>	<b>\$1,529,600</b>	<b>\$105,300</b>	<b>\$0</b>
<i>(Supplemental Request 2012-9 would increase by \$79,300 for FY 2011-12 to adjust for increases related to Other Post-Employment Benefits (OPEB) prefunding.)</i>	Restricted	1,529,600	105,300	0
Increases by a total of \$105,300 from the current YTD appropriation to recognize the FY 2011-12 OPEB increases as well as another \$26,000 in further economic adjustments for FY 2012-13.				
<b>14. Center for Educational Performance and Information (Sec. 94a)</b>	<b>Gross</b>	<b>\$8,394,900</b>	<b>\$1,017,000</b>	<b>\$0</b>
<i>(Supplemental Request 2012-9 would increase by \$267,000 for FY 2011-12 to adjust for increases related to Other Post-Employment Benefits (OPEB) prefunding.)</i>	Federal	2,893,200	(2,699,700)	0
	GF/GP	\$5,501,700	\$3,716,700	\$0
Increases by a total of \$1.0 million from the current YTD appropriation to recognize the FY 2011-12 OPEB increases as well as another \$750,000 in economic adjustments for FY 2012-13 and FY 2013-14.				

**SCHOOL AID**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>15. Principal Educator Evaluator Training (Sec. 95)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,750,000</b>	<b>(\$1,250,000)</b>
Provides \$1.75 million in FY 2012-13 and \$500,000 in FY 2013-14 for grants to districts to support professional development for principals and assistant principals in a department-approved training program on implementing educator evaluation programs. (See Major Boilerplate Changes below for a detailed discussion of this program.)	Restricted	0	1,750,000	(1,250,000)
<b>16. Michigan Virtual University (MVU) (Sec. 98)</b>	<b>Gross</b>	<b>\$4,387,500</b>	<b>\$0</b>	<b>\$0</b>
Maintains current year total appropriations but shifts support of the program from partial federal funding to full funding from GF/GP. (See Major Boilerplate Changes below for a detailed discussion of other proposed changes for the MVU.)	Federal	2,700,000	(2,700,000)	0
	GF/GP	\$1,687,500	\$2,700,000	\$0
<b>17. Math and Science Centers (Sec. 99)</b>	<b>Gross</b>	<b>\$7,874,300</b>	<b>\$0</b>	<b>\$0</b>
Maintains current year total appropriations but shifts \$110,000 in GF/GP fund support to School Aid Fund.	Federal	5,249,300	0	0
	Restricted	2,515,000	110,000	0
	GF/GP	\$110,000	(\$110,000)	\$0
<b>18. Michigan Education Assessment Program (Sec. 104)</b>	<b>Gross</b>	<b>\$43,444,400</b>	<b>(\$8,500,000)</b>	<b>\$0</b>
Adjusts FY 2012-13 funding to remove \$8.5 million in two-year funding for FY 2010-11 and FY 2011-12 related to implementation of assessment changes required under 2009 state education reforms.	Federal	8,250,000	0	0
	Restricted	35,194,400	(8,500,000)	0
<b>19. MPSERS Cost Offset (Sec. 147a)</b>	<b>Gross</b>	<b>\$155,000,000</b>	<b>\$24,000,000</b>	<b>\$0</b>
The Executive budget increases the current appropriation of \$155.0 million to \$179.0 million for both FY 2012-13 and FY 2013-14. This would reimburse school districts (excluding ISDs) by approximately 2% of their MPSERS payroll.	Restricted	155,000,000	24,000,000	0
<b>20. MPSERS Retirement Obligation Reform Reserve Fund (Sec. 147b)</b>	<b>Gross</b>	<b>\$133,000,000</b>	<b>(\$133,000,000)</b>	<b>\$0</b>
Reflects a decrease in funding for this transfer, designated as a one-time allocation in FY 2011-12, into the MPSERS Retirement Obligation Reform Reserve fund. The \$133.0 million allocated into the fund has not yet been spent or distributed in the current year, nor does the Executive budget recommend any proposal for expending these funds.	Restricted	133,000,000	(133,000,000)	0
<b>21. Adair - Database Payment (Sec. 152a)</b>	<b>Gross</b>	<b>\$34,064,500</b>	<b>\$3,936,000</b>	<b>\$0</b>
Increases reimbursements to districts and ISDs by \$3.9 million to a total of \$38.0 million for both FY 2012-13 and FY 2013-14 for the costs related to state-mandated collection, maintenance, and reporting of data.	Restricted	34,064,500	3,936,000	0

**Major Boilerplate Changes From FY 2011-12**

**Sec. 3 et al. Education Achievement Authority, Education Achievement System, Achievement School – NEW**

The Executive budget would define the Education Achievement Authority (EAA) and the Education Achievement System (EAS), as established in proposed amendments to the Revised School Code and would define an "achievement school" as a public school within the EAS operated, managed, authorized, established, or overseen by the EAA. An achievement school would be eligible in the same manner as a district for all applicable funding. The Executive budget adds references to achievement schools in sections throughout the bill in addition to districts and public school academies. Section 20 would allocate funding to an achievement school based on the foundation allowance of the school district in which the achievement school is located.

**Major Boilerplate Changes From FY 2011-12**

**Sec. 20. Foundation Allowances – REVISED**

Makes no changes to foundation allowances overall, but eliminates foundation allowance adjustments for certain districts for former small class size grants as well as adjustments for specific districts including Wayne-Westland, Gibraltar, Garden City and Huron. Both the small class size and 4 district-specific adjustments were reduced in FY 2011-12, and language was included for each that specified FY 2011-12 would be the final year of this adjustment.

**Sec. 22f. Performance-Based and Best Practices Grants – REVISED**

The Executive budget increases the current appropriation from \$154.0 million in FY 2012-13 but decreases it to \$100 million in FY 2013-14. The budget also recommends significant changes to the grant criteria. Currently districts receive \$100 per pupil if they satisfy 4 out of 5 criteria regarding non-instructional costs. The Governor proposes to create 2 different awards. The first would be a maximum \$100 per pupil based on student academic performance growth, which would equal a currently estimated \$70.0 million. Districts would receive a portion or all of the following:

- \$30 per pupil for meeting proficiency growth in mathematics for grades 3 to 8.
- \$30 per pupil for meeting proficiency growth in reading for grades 3 to 8.
- \$40 per pupil for meeting proficiency growth over 4 years for high school students in all subject areas.

For both of the grades 3 to 8 standards, MDE would determine a growth model based on recently revised MEAP cut scores using a metric that assigns districts points ranging from 0 to 3 for each student depending on whether or not they began the year performing proficiently and whether they decline, maintain, or improve proficiency over the school year. A district would be eligible if the district average number of points was greater than 1.5, the district tests at least 95% of its students in reading or mathematics, and the district had at least 30 students in grade 3 to 8 that had a performance level change designation.

For the high school standards, the awards would be made using a metric based on a positive 4-year trend ending with FY 2011-12 in the percentage of high school students in each district testing as proficient in all state assessment subject areas (mathematics, reading, science, social studies, and writing). A district would qualify if a linear regression of the district's percentage of high school students testing proficient over the 4-year period is at least equal to the statewide average linear regression over that same period, the district's linear regression is positive, the district tested 95% of its students on the Michigan Merit Exam, and the district had at least 20 students take all the tested subjects on the Michigan Merit Exam for each of the last 4 years.

Any remaining funding left, currently estimated at \$120.0 million, after the performance-based funding is awarded would be distributed on an equal per pupil basis to districts that meet 5 out of 6 revised best practices criteria:

- Participate in Schools of Choice programs under Section 105 and Section 105c. (NEW)
- Measure student growth at least twice annually and report that growth to parents. (NEW)
- Provide dual enrollment and other opportunities for postsecondary coursework. (NEW)
- Provide online learning opportunities. (NEW)
- Act as policy holder for health care services benefits.
- Provide a dashboard to parents and members of the community.

**Sec. 31a. At-Risk Pupil Support – REVISED**

Currently districts that meet Adequate Yearly Progress may apply to the Department of Education (MDE) to be allowed to use some of their at-risk funding more flexibly than is otherwise allowed under the current statute. The Executive budget recommends eliminating the application process, and instead would allow such districts to spend up to 20% of their at-risk funds more flexibly than required by statute as long as funds are still spent for specific purposes designed to benefit at-risk pupils and districts maintain documentation of these expenditures and make them available to MDE upon request.

**Secs. 32b, 32d, 32j, and 39. Early Childhood Programs – REVISED**

Current statute requires that the MDE work with ISDs, Early Childhood Investment Corporation (ECIC) and other stakeholders to report to the legislature regarding legislative intent to move funding in FY 2012-13 to an early childhood block grant program administered by ISDs in conjunction with local Great Start Collaboratives. The MDE complied and recommended a multi-year phase-in to the block grant. Phase 1 began in FY 2011-12 by making ISDs the fiduciary for each of the 4 separate appropriation sections. The Executive budget includes the Phase 2 recommendation for FY 2012-13, which would revise the formula for Great Start School Readiness district preschool funding so that the number of eligible pupils are measured and slots are awarded on an ISD-wide basis. ISDs would then determine how to distribute those slots among their constituent districts. As recommended by MDE, future phases would include rolling in the competitive (non-district) program preschool slots, as well as the Great Start Collaborative funding in Sec. 32b and the 0-5 parenting program funding in Sec. 32j. Additionally, the Executive recommends that Sec. 32d funds for Great Start School Readiness be used only for preschool programs, and that they should no longer be used to support Parents Involved in Education (PIE) programs funded under former Sec. 32b as in effect in FY 2001-02.

**SCHOOL AID**

**Major Boilerplate Changes From FY 2011-12**

**Sec. 56. Special Education Millage Equalization – REVISED**

Revises the per pupil millage equalization levels to \$194,400 for reimbursements made in FY 2012-13 and \$195,000 for reimbursements made in FY 2013-14, to adjust for taxable value estimates.

**Sec. 62. Vocational Education Millage Equalization – REVISED**

Revises the per pupil millage equalization levels to \$194,200 for reimbursements made in FY 2012-13 and \$193,100 for reimbursements made in FY 2013-14, to adjust for taxable value estimates.

**Sec. 81. ISD General Operations – REVISED**

Currently ISDs receive general operations funding under this section with limited requirements other than complying with the State School Aid Act and certain provisions of the Revised School Code. The Executive budget recommends that, for FY 2012-13 and FY 2013-14, ISDs receive 95% of their FY 2011-12 allocations based on the existing requirements but would require that in order to receive the final 5% of their FY 2011-12 allocations, each ISD would have to satisfy at least 4 out of the 5 following criteria by June 1, 2013:

- Enter into agreement with MDE to develop a service consolidation plan in 2012-2013 to reduce costs and to implement that plan in 2013-2014 and report to MDE by February 1, 2014 on its progress.
- Obtain competitive bids on at least 1 non-instructional service valued at \$50,000 or more for itself or its constituent districts.
- Develop a technology plan in accordance with MDE policy on behalf of all of its constituent districts to integrate technology into the classroom and prepare teachers to use digital technology for instruction.
- Provide to parents and community members a dashboard or report card including specified items demonstrating the ISD's efforts to manage its finances responsibly.
- Work in a consortium with or more other ISDs to develop information management system requirements and bid specifications that can be used as statewide models including student management systems, learning management tools, and business services.

**Sec. 94a. Center for Education Performance and Information (CEPI) – REVISED**

The Executive budget would revise an \$850,000 grant that currently goes to a single partnership between an ISD and 1 high need local district into competitive grants to support collaborative efforts on the P-20 longitudinal data system including P-20 longitudinal data system portal hosting, hardware and software acquisition, maintenance, enhancements, user support and related materials and professional learning tools aimed at improving the utility of the P-20 longitudinal data system. It would give priority to an applicant that had received funding under this section in the prior fiscal year, but after 3 years of continuous funding would require an applicant to compete openly with other applicants.

**Sec. 95. Principal Educator Evaluator Training – NEW**

Creates new grant program to train principals and assistant principals in educator evaluations. For FY 2012-13, all districts could apply for funds, but for FY 2013-14, priority would be given to districts with new building administrators who have not yet had training. In order to qualify as a department-approved training program, a program must include instructional content on methods of evaluating teachers consistently across multiple grades and subjects, include training on observation focused on reliability and bias awareness, incorporate online resources and videos of actual lessons for applying rubrics and consistent scoring, and align with recommendations of the Governor's Council on Educator Effectiveness. Grant awards would be determined by the MDE but shall not exceed \$350 per participant.

**Sec. 98. Michigan Virtual University (MVU) – REVISED**

Redefines the role of the MVU and requires that it establish the Center for Online Learning Research and Innovation which would research, design and recommend online and blended learning education delivery models, online assessments, criteria to monitor and evaluate cyber schools and online course providers, analyze student performance and course completion data from cyber schools and online course providers, design professional development for online learning, as well as a number of other related requirements as specified in statute.

**Sec. 147. Michigan Public School Employees Retirement System (MPERS) Employer Contribution Rates – REVISED**

Estimates the MPERS employer contribution rates for FYs 2012-13 and 2013-14 as follows:

	FY 2011-12		FY 2012-13		FY 2013-14	
	Employees Pre-July 1, 2010	Employees on or after July 1, 2010	Employees Pre-July 1, 2010	Employees on or after July 1, 2010	Employees Pre-July 1, 2010	Employees on or after July 1, 2010
Pension Normal Rate	3.74%	2.24%	3.47%	2.24%	3.94%	2.67%
Pension Unfunded Accrued Liability (UAL)	12.49%	12.49%	12.49%	12.49%	15.86%	15.86%
Early Retirement Incentive (5 - years)	0%	0%	2.66%	2.66%	2.66%	2.66%
Retiree Health Rate	8.50%	8.50%	8.75%	8.75%	8.75%	8.75%
<b>Total Rate</b>	<b>24.46%</b>	<b>23.23%</b>	<b>27.37%</b>	<b>26.14%</b>	<b>31.21%</b>	<b>29.94%</b>

**FY 2011-12 School Aid Supplemental (SR 2012-9)**

<b><u>Supplemental Recommendations for FY 2011-12 Appropriations</u></b>		<b><u>FY 2011-12 Recommendation</u></b>
<p><b>1. Proposal A Obligation Payment (Sec. 22a)</b> Increases funding to adjust for January 2012 consensus pupil estimates and for recent reductions in taxable values due to the recognition of several tax appeal decisions and forceclosures as well as recent reclassifications of property of from industrial real property (taxable) to industrial personal property (non-taxable).</p>	<p><b>Gross</b> Restricted</p>	<p><b>\$78,000,000</b> 78,000,000</p>
<p><b>2. Proposal A Discretionary Payment (Sec. 22b)</b> Increases funding to adjust for January 2012 consensus pupil estimates, special education cost estimates and taxable value reductions. Also reduces the GF/GP funding in this line to make it available for the additional early childhood programs and replaces it with additional School Aid Fund revenue.</p>	<p><b>Gross</b> Restricted GF/GP</p>	<p><b>\$19,700,000</b> 32,200,000 (12,500,000)</p>
<p><b>3. School Aid Fund Cash Flow Borrowing Costs (Sec. 11m)</b> Decreases funding to reflect lower interest rates for short-term borrowing costs related to the School Aid Fund.</p>	<p><b>Gross</b> Restricted</p>	<p><b>(\$11,500,000)</b> (11,500,000)</p>
<p><b>4. Federal Education Jobs Fund Program (Sec. 11p)</b> Provides spending authorization for additional federal Education Jobs Fund revenue made available from unspent funds redistributed to the states.</p>	<p><b>Gross</b> Federal</p>	<p><b>\$4,700,000</b> 4,700,000</p>
<p><b>5. Juvenile Detention Facility Program (Sec. 24a)</b> Provides additional funding to cover actual costs of providing education in Department of Human Services (DHS) facilities.</p>	<p><b>Gross</b> Restricted</p>	<p><b>\$862,200</b> 862,200</p>
<p><b>6. PILT Reimbursement (Sec. 26b)</b> Reduces SAF funds supporting PILT payments due to a cost shift for PILT payments on lands purchased with Natural Resources Trust Fund (NRTF) revenue to the NRTF.</p>	<p><b>Gross</b> Restricted</p>	<p><b>(\$1,052,000)</b> (1,052,000)</p>
<p><b>7. Special Education Funding</b> Adjusts special education funding allocations (ISD foundation and costs, Headlee obligations, and court-placed pupils) due to revised cost estimates.</p>	<p><b>Gross</b> Restricted</p>	<p><b>(\$22,700,000)</b> (22,700,000)</p>
<p><b>8. Other Post Employment Benefit (OPEB) Payments</b> Increases funding for juvenile facility programs (Sec. 24a), Youth Challenge Program (Sec. 24c), school bus inspections (Sec. 74), and the Center for Educational Performance and Information (Sec. 94a) for other post employment benefit prefunding.</p>	<p><b>Gross</b> Restricted</p>	<p><b>\$424,700</b> 424,700</p>
<p><b>9. Early Childhood Education Programs (Sec. 32g)</b> Allocates \$12.5 million in GF/GP funding to the Department of Education, Office of Great Start for two early childhood education programs. \$3.25 million is allocated for a kindergarten entry status assessment, with funds used for training, purchasing an assessment tool and integrating into the P-20 data system, parent education and outreach, and project administration. The remaining \$9.25 million is for to administer the Tiered Quality Rating Improvement System (TQRIS), which aims to improve the quality of day care settings. Funds would be used for training; aligning state licensing requirements, early learning standards, and the state professional registry, assessment of early learning settings across multiple quality indicators, purchase of educational rating tools, creation of a data tracking system, family and parent education, evaluation, and quality improvement. The GF/GP funds available through an offset in School Aid Fund revenue for Proposal A Discretionary Payments (Sec. 22b).</p>	<p><b>Gross</b> GF/GP</p>	<p><b>\$12,500,000</b> 12,500,000</p>



**FY 2012-13 AND FY 2013-14  
Budget Detail  
for  
GENERAL GOVERNMENT**

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**Attorney General  
Civil Rights  
Executive Office  
Legislature  
Legislative Auditor General  
State  
Technology, Management, and Budget  
Treasury**

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
TOTAL GENERAL GOVERNMENT**

**Analysts: Robin R. Risko and Ben Gielczyk**

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
<b>IDG/IDT</b>	\$689,218,400	\$692,338,500	\$3,120,100	0.5	\$693,650,700	\$1,312,200	0.2
<b>Federal</b>	769,753,400	722,234,100	(47,519,300)	(6.2)	723,894,900	1,660,800	0.2
<b>Local</b>	8,109,500	8,007,000	(102,500)	(1.3)	8,058,600	51,600	0.6
<b>Private</b>	985,600	5,989,000	5,003,400	507.7	5,989,000	0	0.0
<b>Restricted</b>	1,773,984,000	1,868,956,100	94,972,100	5.4	1,883,865,300	14,909,200	0.8
<b>GF/GP</b>	875,464,100	943,746,200	68,282,100	7.8	924,882,900	(18,863,300)	(2.0)
<b>Gross</b>	<b>\$4,117,515,000</b>	<b>\$4,241,270,900</b>	<b>\$123,755,900</b>	<b>3.0</b>	<b>\$4,240,341,400</b>	<b>(\$929,500)</b>	<b>0.0</b>
<b>FTEs</b>	8,159.2	7,783.7	(375.5)	(4.6)	7,783.7	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

Currently, the following departmental and agency budgets are included in the General Government appropriations bill: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, State, Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs), and Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, Michigan Strategic Fund - Michigan State Housing Development Authority, Revenue Sharing, and Debt Service). The FY 2012-13 and 2013-14 Executive budget recommendations include each of the departments/agencies in individual articles. **Budget issues are listed by department on the following pages.**

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

**GENERAL SECTIONS OF BOILERPLATE**

**Executive Boilerplate Deletions**

In general, the Executive budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. These particular deleted sections are listed below:

- Sec. 207. Information Technology Work Project Accounts
- Sec. 209. Purchase of Foreign Goods
- Sec. 210. Businesses in Deprived and Depressed Communities
- Sec. 212. Receipt and Retention of Required Reports
- Sec. 214. Information Technology Services
- Sec. 215. Disciplinary Action Against State Employees
- Sec. 216. Out-of-State Travel Restrictions
- Sec. 221. Reporting Requirement on Policy Changes

**Sec. 213. Purchase of Ownership Interest In a Casino – DELETED**

Prohibits use of appropriations to purchase an ownership interest in a casino enterprise or gambling operation.

**Sec. 217. General Fund Restrictions – DELETED**

Prohibits using general fund appropriations where federal funds are available for the same purpose.

**Major Boilerplate Changes From FY 2011-12**

**Sec. 220. Limitation on Administering a Committee – DELETED**

Prohibits funds from being used to administer a committee or to solicit or obtain contributions for a committee. ("Committee" is defined as one which receives contributions or makes expenditures for the purpose of influencing or attempting to influence the action of voters.)

**Sec. 226. Use of Funding for Legal Services – DELETED**

Prohibits using appropriations to hire a person to provide legal services that are the responsibility of the attorney general; prohibition does not apply to legal services for bonding activities and for those activities that the attorney general authorizes.

(NOTE: This section is deleted from general sections of boilerplate but is contained within each individual department's boilerplate sections.)

**Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports – DELETED**

Requires state departments and agencies to report on their efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports.

**FY 2011-12 ONE-TIME ONLY APPROPRIATIONS**

**Sec. 1201. One-time Basis Only Appropriations – DELETED**

Appropriates \$136.3 million in GF/GP revenue and \$30.0 million in sales tax revenue on a one-time basis only in FY 2011-12.

**FY 2012-2013 ANTICIPATED APPROPRIATIONS**

**Sec. 1301. Anticipated Appropriations – DELETED**

Specifies legislative intent that FY 2012-13 appropriations are anticipated to be the same as those for FY 2011-12, except where line items need to be adjusted for changes in caseloads, federal fund matching rates, economic factors, and/or available revenues.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
ATTORNEY GENERAL**

**Analysts: Robin R. Risko**

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
<b>IDG/IDT</b>	\$23,007,400	\$24,082,100	\$1,074,700	4.7	\$24,400,100	\$318,000	1.3
<b>Federal</b>	9,299,900	9,932,600	632,700	6.8	10,070,400	137,800	1.4
<b>Local</b>	0	0	0	--	0	0	--
<b>Private</b>	0	0	0	--	0	0	--
<b>Restricted</b>	16,282,700	17,242,000	959,300	5.9	17,430,900	188,900	1.1
<b>GF/GP</b>	29,836,300	33,690,500	3,854,200	12.9	34,042,500	352,000	1.0
<b>Gross</b>	<b>\$78,426,300</b>	<b>\$84,947,200</b>	<b>\$6,520,900</b>	<b>8.3</b>	<b>\$85,943,900</b>	<b>\$996,700</b>	<b>1.2</b>
<b>FTEs</b>	520.0	513.0	(7.0)	(1.3)	513.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

The Attorney General serves as legal counsel for state departments, agencies, boards, and commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys. The department's mission is to protect the common legal rights of citizens, defend the Constitution and the laws of the state, and represent the legal interests of government. Its goals include making the state a safe place for its citizens, offering justice to victims of crime, defending common natural resources and monetary assets of the state, and delivering excellent legal services at a minimum cost to taxpayers.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		FY 2011-12 YTD	Executive Changes	
		(as of 2/9/12)	FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. Public Safety Initiative - Cities in Distress</b> Includes funding for additional prosecutorial services to reduce the backlog of outstanding warrants in high crime areas of the state and to increase prosecutions and incarceration of offenders.	<b>Gross</b>	N/A	<b>\$900,000</b>	<b>\$0</b>
	GF/GP	N/A	\$900,000	\$0
<b>2. Tobacco Tax Enforcement</b> Includes additional FTE positions and funding to support enforcement of tobacco tax laws and enforcement of the multi-state tobacco settlement agreement.	FTE	N/A	5.0	0.0
	<b>Gross</b>	N/A	<b>\$500,000</b>	<b>\$0</b>
	GF/GP	N/A	\$500,000	\$0
<b>3. Information Technology</b> Includes additional funding to cover deficits in information technology appropriations which have existed for the past six fiscal years.	<b>Gross</b>	<b>\$781,600</b>	<b>\$500,000</b>	<b>\$0</b>
	GF/GP	\$781,600	\$500,000	\$0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>	
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
<b>4. Full-Year Savings from Announced Contingency Plan</b>	FTE	N/A	(12.0)	0.0
Reflects full-year savings anticipated from the contingency plan issued in September 2011. The plan was introduced to achieve savings in lieu of state employee concessions that did not materialize. Funded vacant FTE positions are eliminated as part of the plan.	<b>Gross</b>	<b>N/A</b>	<b>(\$1,298,000)</b>	<b>\$0</b>
	IDG	N/A	(729,000)	0
	Federal	N/A	(120,000)	0
	Restricted	N/A	(409,000)	0
	GF/GP	N/A	(\$40,000)	\$0
<b>5. Additional Attorney for Casino Regulation</b>	<b>Gross</b>	<b>N/A</b>	<b>\$164,800</b>	<b>\$0</b>
Includes additional State Casino Gaming Fund revenue to support an attorney position which will assist the illegal gambling task force with legal matters relating to the identification and investigation of illegal gambling operations.	Restricted	N/A	164,800	0
<b>6. Eliminate Funding for Redistricting</b>	<b>Gross</b>	<b>\$250,000</b>	<b>(\$250,000)</b>	<b>\$0</b>
Eliminates one-time funding included in the FY 2011-12 budget for legal activities associated with defending Michigan's redistricting plan.	GF/GP	\$250,000	(\$250,000)	\$0
<b>7. Transfer Funding to Unclassified Positions</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>
Transfers \$88,400 from the Attorney General Operations line item to the Unclassified Positions line item to cover costs of salary increases (\$68,400 for Solicitor General and \$20,000 for the other four unclassified positions).	GF/GP	N/A	\$0	\$0
<b>8. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$6,004,100</b>	<b>\$996,700</b>
Includes \$5.0 million Gross and \$1.9 million GF/GP for negotiated salary and wage increases, the actuarially-required retirement rate increase, reduced employer health insurance costs due to the 20% employee contribution, and other economic adjustments in FY 2012-13. Includes a boilerplate appropriation of \$1.0 million Gross and \$393,300 GF/GP for the negotiated one-time lump sum payments to state employees in FY 2012-13. In FY 2013-14, includes \$2.0 million Gross and \$745,300 GF/GP for the projected cost of economic increases and removes the appropriation for the one-time lump sum payments.	IDG	N/A	1,754,600	318,000
	Federal	N/A	754,900	137,800
	Restricted	N/A	1,250,400	188,900
	GF/GP	N/A	\$2,244,200	\$352,000

**Major Boilerplate Changes From FY 2011-12**

*NOTE: No boilerplate language proposed specific to FY 2013-14.*

**Sec. 2-301. One-time Basis Only Appropriations – NEW**

Appropriates funding in FY 2012-13 on a one-time basis only (see #8 under Major Budget Changes for details).

<u>Supplemental Recommendations for FY 2011-12 Appropriations</u>		<u>FY 2011-12 Recommendation</u>
<b>1. Public Safety Initiative - Cities in Distress</b>	<b>Gross</b>	<b>\$900,000</b>
Includes funding for additional prosecutorial services to reduce the backlog of outstanding warrants in high crime areas of the state and to increase prosecutions and incarceration of offenders.	GF/GP	\$900,000
<b>2. Health Insurance Claims Assessment</b>	<b>Gross</b>	<b>\$100,000</b>
Includes funding for legal activities associated with defending the state in a federal lawsuit which claims the state's Health Insurance Claims Act is preempted by the federal Employee Retirement Income Security Act.	Restricted	100,000
<b>3. Redistricting</b>	<b>Gross</b>	<b>\$350,000</b>
Includes funding for legal activities associated with defending Michigan's redistricting plan.	GF/GP	\$350,000

**REVIEW AND ANALYSIS OF FY 2012-13 AND FY 2013-14 EXECUTIVE RECOMMENDATION**

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
CIVIL RIGHTS**

**Analyst: Robin R. Risko**

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$144,500	\$0	(\$144,500)	(100.0)	\$0	\$0	--
Federal	2,880,600	2,641,300	(239,300)	(8.3)	2,678,400	37,100	1.4
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	11,187,100	11,520,700	333,600	3.0	11,675,000	154,300	1.3
<b>Gross</b>	<b>\$14,382,800</b>	<b>\$14,332,600</b>	<b>(\$50,200)</b>	<b>(0.3)</b>	<b>\$14,524,000</b>	<b>\$191,400</b>	<b>1.3</b>
FTEs	126.0	121.0	(5.0)	(4.0)	121.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The Commission is directed to "secure the equal protection of such civil rights without such discrimination." The Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

Major Budget Changes From FY 2011-12 YTD Appropriations	FY 2011-12 YTD (as of 2/9/12)	Executive Changes		
		FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14	
<b>1. Reduce Federal Funding/Offset with GF/GP</b>	<b>Gross</b>	\$1,186,100	<b>(\$547,400)</b>	<b>\$0</b>
Reduces federal funding authorization for the Division on Deaf and Hard of Hearing by \$667,400 in order to reflect the amount of federal funding actually available. Increases GF/GP by \$120,000 to partially offset the loss of federal revenue. This funding will be used to meet the statutory obligation of testing and certifying sign language interpreters.	Federal	667,400	(667,400)	0
	Private	18,700	0	0
	Restricted	93,400	0	0
	GF/GP	\$406,600	\$120,000	\$0
<b>2. Full-Year Savings from Announced Contingency Plan</b>	FTE	N/A	(3.0)	0.0
Reflects full-year savings anticipated from the contingency plan issued in September 2011. The plan was introduced to achieve savings in lieu of state employee concessions that did not materialize. Funded vacant FTE positions are eliminated as part of the plan.	<b>Gross</b>	<b>N/A</b>	<b>(\$260,900)</b>	<b>\$0</b>
	GF/GP	N/A	(\$260,900)	\$0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>	FY 2011-12 YTD (as of 2/9/12)	Executive Changes		
		FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14	
<b>3. Asian Pacific American Affairs Commission</b>	FTE	0.0	1.0	0.0
Includes an FTE position and funding for the Asian Pacific American Affairs Commission which was transferred in the FY 2011-12 budget from DLARA, but without FTE authorization or funding. The Commission's objectives are to study the status of, serve the needs of, recognize the accomplishments of, devise methods to overcome discrimination against, ensure equal access to state services for, initiate programs for the betterment of, and promote public awareness of Asian Pacific Americans.	<b>Gross</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>
	GF/GP	\$0	\$100,000	\$0
<b>4. Increased Enforcement</b>	FTE	N/A	5.0	0.0
Includes additional FTE positions and funding for increased enforcement activities which will help to reduce the average processing time for discrimination complaints.	<b>Gross</b>	<b>N/A</b>	<b>\$287,800</b>	<b>\$0</b>
	Federal	N/A	172,800	0
	GF/GP	N/A	\$115,000	\$0
<b>5. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$370,300</b>	<b>\$191,400</b>
Includes \$241,400 Gross and \$155,200 GF/GP for negotiated salary and wage increases, the actuarially-required retirement rate increase, reduced employer health insurance costs due to the 20% employee contribution, and other economic adjustments in FY 2012-13. Includes a boilerplate appropriation of \$128,900 Gross and \$104,300 GF/GP for the negotiated one-time lump sum payments to state employees in FY 2012-13. In FY 2013-14, includes \$320,300 Gross and \$258,600 GF/GP for the projected cost of economic increases and removes the appropriation for the one-time lump sum payments.	Federal	N/A	110,800	37,100
	GF/GP	N/A	\$259,500	\$154,300

**Major Boilerplate Changes From FY 2011-12**

*NOTE: No boilerplate language proposed specific to FY 2013-14.*

**Sec. 3-401. One-time Basis Only Appropriations – NEW**

Appropriates funding in FY 2012-13 on a one-time basis only (see #5 under Major Budget Changes for details).

## Summary: Executive Budget Recommendation for Fiscal Years 2012-13 and 2013-14 EXECUTIVE OFFICE

Analyst: Robin R. Risko

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			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	--
<b>GF/GP</b>	4,599,200	4,887,900	288,700	6.3	4,829,200	(58,700)	(1.2)
<b>Gross</b>	<b>\$4,599,200</b>	<b>\$4,887,900</b>	<b>\$288,700</b>	<b>6.3</b>	<b>\$4,829,200</b>	<b>(\$58,700)</b>	<b>(1.2)</b>
FTEs	84.2	84.2	0.0	0.0	84.2	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

### Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget.

	FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
		FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>			
<b>1. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$288,700</b>
Includes \$230,000 GF/GP for negotiated salary and wage increases, the actuarially-required retirement rate increase, reduced employer health insurance costs due to the 20% employee contribution, and other economic adjustments in FY 2012-13. Includes a boilerplate appropriation of \$58,700 GF/GP for the negotiated one-time lump sum payments to state employees in FY 2012-13. In FY 2013-14, removes the appropriation for the one-time lump sum payments.	GF/GP	N/A	(\$58,700)

### Major Boilerplate Changes From FY 2011-12

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

#### Sec. 8-301. One-time Basis Only Appropriations – NEW

Appropriates funding in FY 2012-13 on a one-time basis only (see #1 under Major Budget Changes for details).

## Summary: Executive Budget Recommendation for Fiscal Years 2012-13 and 2013-14

### LEGISLATURE

Analyst: Robin R. Risko

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
<b>IDG/IDT</b>	\$250,000	\$0	(\$250,000)	(100.0)	\$0	\$0	--
<b>Federal</b>	0	0	0	--	0	0	--
<b>Local</b>	0	0	0	--	0	0	--
<b>Private</b>	400,000	400,000	0	0.0	400,000	0	0.0
<b>Restricted</b>	1,109,800	1,109,800	0	0.0	1,109,800	0	0.0
<b>GF/GP</b>	102,884,800	108,012,700	5,127,900	5.0	108,012,700	0	0.0
<b>Gross</b>	<b>\$104,644,600</b>	<b>\$109,522,500</b>	<b>\$4,877,900</b>	<b>4.7</b>	<b>\$109,522,500</b>	<b>\$0</b>	<b>0.0</b>
<b>FTEs</b>	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

#### Overview

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.

Major Budget Changes From FY 2011-12 YTD Appropriations	FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
		FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$4,877,900</b>
Includes additional funding to cover costs of economic adjustments.	GF/GP	N/A	\$4,877,900
<b>2. Legislative Corrections Ombudsman</b>	<b>Gross</b>	<b>\$606,200</b>	<b>\$0</b>
Includes additional GF/GP for the Legislative Corrections Ombudsman. The general fund will replace IDG funding which previously came from the Department of Corrections.	IDG	250,000	(250,000)
	GF/GP	\$356,200	\$250,000

\*Please note: The Legislative Auditor General budget is rolled in with the Legislature budget in the FY 2012-13 and FY 2013-14 Executive budget recommendations, but appears separate in this document.

#### Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
LEGISLATIVE AUDITOR GENERAL**

**Analyst: Robin R. Risko**

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
<b>IDG/IDT</b>	\$3,767,500	\$3,792,100	\$24,600	0.7	\$3,842,500	\$50,400	1.3
<b>Federal</b>	0	0	0	--	0	0	--
<b>Local</b>	0	0	0	--	0	0	--
<b>Private</b>	0	0	0	--	0	0	--
<b>Restricted</b>	1,574,800	1,890,700	315,900	20.1	1,918,300	27,600	1.5
<b>GF/GP</b>	11,624,100	13,004,900	1,380,800	11.9	13,157,100	152,200	1.2
<b>Gross</b>	<b>\$16,966,400</b>	<b>\$18,687,700</b>	<b>\$1,721,300</b>	<b>10.1</b>	<b>\$18,917,900</b>	<b>\$230,200</b>	<b>1.2</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

The Legislative Auditor General is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. FY 2011-12 Base Adjustment</b>	<b>Gross</b>	<b>N/A</b>	<b>\$511,000</b>	<b>\$0</b>
Includes additional funding to correct understated appropriations in the FY 2011-12 budget for employee-related economics.	IDG	N/A	202,400	0
	Restricted	N/A	89,200	0
	GF/GP	N/A	\$219,400	\$0
	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>
<b>2. Fund Source Shifts as a Result of the Statewide Single Audit</b>	<b>IDG</b>	<b>N/A</b>	<b>(500,000)</b>	<b>0</b>
Reduces IDG revenue and increases state restricted and GF/GP in order to accurately reflect where expenditures will occur as a result of converting to a statewide single audit.	Restricted	N/A	160,000	0
	GF/GP	N/A	\$340,000	\$0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>	
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
<b>3. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,210,300</b>	<b>\$230,200</b>
Includes \$939,400 Gross and \$636,600 GF/GP for negotiated salary and wage increases, the actuarially-required retirement rate increase, reduced employer health insurance costs due to the 20% employee contribution, and other economic adjustments in FY 2012-13. Includes a boilerplate appropriation of \$270,900 Gross and \$184,800 GF/GP for the negotiated one-time lump sum payments to state employees in FY 2012-13. In FY 2013-14, includes \$501,100 Gross and \$337,000 GF/GP for the projected cost of economic increases and removes the appropriation for the one-time lump sum payments.	IDG	N/A	269,100	50,400
	Restricted	N/A	119,800	27,600
	GF/GP	N/A	\$821,400	\$152,200

**\*Please note: The Legislative Auditor General budget is rolled in with the Legislature budget in the FY 2012-13 and FY 2013-14 Executive budget recommendations, but appears separate in this document.**

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

**Sec. 624. Statewide Single Audit – DELETED**

Requires a report regarding the feasibility of converting to a statewide single audit; report to include costs involved, required statutory changes, impact on legislative oversight, organizational changes necessary to provide centralized coordination, billing and funding structure changes, corrective action for known internal control weaknesses and prior single audit findings, and a recommendation on implementation.

**Sec. 625. Appropriation of Unexpended FY 2010-11 GF/GP – DELETED**

Appropriates up to \$905,000 of unexpended FY 2010-11 GF/GP funding to be used to pay costs of economic increases; of the \$905,000, requires funding that is not used to pay costs of economic increases to lapse to the general fund.

**Sec. 11-501. One-time Basis Only Appropriations – NEW**

Appropriates funding in FY 2012-13 on a one-time basis only (see #3 under Major Budget Changes for details).

## Summary: Executive Budget Recommendation for Fiscal Years 2012-13 and 2013-14

### STATE

Analyst: Ben Gielczyk

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
<b>IDG/IDT</b>	\$26,312,700	\$20,000,000	(\$6,312,700)	(24.0)	\$20,000,000	\$0	0.0
<b>Federal</b>	1,810,000	1,810,000	0	0.0	1,810,000	0	0.0
<b>Local</b>	0	0	0	--	0	0	--
<b>Private</b>	100	100	0	0.0	100	0	0.0
<b>Restricted</b>	179,884,700	184,971,100	5,086,400	2.8	187,481,100	2,510,000	1.4
<b>GF/GP</b>	11,750,600	14,041,300	2,290,700	19.5	13,841,200	(200,100)	(1.4)
<b>Gross</b>	<b>\$219,758,100</b>	<b>\$220,822,500</b>	<b>\$1,064,400</b>	<b>0.5</b>	<b>\$223,132,400</b>	<b>\$2,309,900</b>	<b>1.0</b>
<b>FTEs</b>	1,815.0	1,698.0	(117.0)	(6.4)	1,698.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

### Overview

The Department of State administers programs in eight areas: Driver Licensing and Vehicle Registration, which includes titling and registering vehicles; Elections and Campaign Finance Administration, which includes training local election officials and monitoring campaign finance; Regulatory and Consumer Protection, which includes inspecting and licensing automotive repair facilities; Traffic Safety, which includes driver testing; Office of the Great Seal; Assigned Claims Facility; Uniform Commercial Code; and Executive Direction and Central Support.

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. Credit and Debit Card Assessment Fees</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$4,000,000</b>	<b>\$0</b>
Reflects appropriation authorization increase of \$4.0 million Gross to accommodate the increase in credit and debit card fee collections due to the increase in online transactions associated with ExpressSOS. No changes recommended for FY 2013-14.	Restricted	1,000,000	4,000,000	0
<b>2. Contingency Plan Adjustment</b>	FTE	N/A	(11.0)	0.0
Reduction of \$965,800 Gross (\$103,900 GF/GP) due to the elimination of 11.0 FTE positions (funded, vacant) provided as part of the FY 2011-12 employee concession contingency plan. No changes recommended for FY 2013-14.	<b>Gross</b>	<b>N/A</b>	<b>(\$965,800)</b>	<b>\$0</b>
	Restricted	N/A	(861,900)	0
	GF/GP	N/A	(\$103,900)	\$0
<b>3. Transportation Administration Collection (TAC) Fund Adjustments</b>	FTE	N/A	(113.0)	0.0
Reduction of \$8.0 million Gross to adjust TAC Fund appropriation authorization to actual revenues. Eliminates 113.0 FTE positions (unfilled and unfunded) associated with TAC Fund appropriation. No changes recommended in FY 2013-14.	<b>Gross</b>	<b>N/A</b>	<b>(\$8,000,000)</b>	<b>\$0</b>
	Restricted	N/A	(8,000,000)	0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>	
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
<b>4. Commercial Driver License Medical Certificate Program</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,000,000</b>	<b>\$0</b>
Reflects increase of \$1.0 million Gross in appropriation authorization for Commercial Driver License Medical Certificate Program administration costs. Funding would be supported by a fee increase of \$10 (from \$25 to \$35) on CDL original and renewal group fees. Requires statutory change. No changes recommended for FY 2013-14.	Restricted	N/A	1,000,000	0
<b>5. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,335,900</b>	<b>\$4,004,300</b>
Reflects increased costs of \$3.3 million Gross (\$291,200 GF/GP) for negotiated salary and wage increases, actuarially-required retirement rate increase, reduced employer health insurance costs, and other economic adjustments. Additional increase of \$4.0 million Gross (\$234,800 GF/GP) projected for FY 2013-14.	IDG	N/A	701,600	0
	Restricted	N/A	2,343,100	3,769,500
	GF/GP	N/A	\$291,200	\$234,800
<b>6. Boilerplate Appropriations</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,694,400</b>	<b>(\$1,694,400)</b>
Includes FY 2012-13 boilerplate appropriations designated as one-time:	Restricted	N/A	1,259,500	(1,259,500)
	GF/GP	N/A	\$434,900	(\$434,900)
<ul style="list-style-type: none"> <li>• \$1.5 million Gross (\$284,900 GF/GP) for negotiated one-time lump sum payments to state employees.</li> <li>• \$150,000 GF/GP for marketing costs associated with ExpressSOS.</li> </ul>				

#### Major Boilerplate Changes From FY 2011-12

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

#### **Sec. 15-203. Legal Services – NEW**

Forbids department from using appropriated funds for legal services that are the responsibility of the attorney general unless authorized by the attorney general.

#### **Sec. 705 (5). Department Publications Report – DELETED**

Requires report on gifts, donations, contributions, and grants used to underwrite departmental publications along with information on the total revenue received from paid advertising in those publications.

#### **Sec. 711 (2). Olympic Education Training Plates Revenue – DELETED**

Appropriates funds in the Olympic Education Training Center Fund to the Olympic Education Training Center at Northern Michigan University.

#### **Sec. 714. Branch Office Closings or Consolidations – REVISED (Executive Sec. 15-312)**

Directs Department of State (at least 180 days prior to closing or consolidation, and at least 60 days prior to relocation) to inform appropriations committees and legislators who represent affected areas of closing and/or consolidation. Eliminates language that requires announcement to be in written form and to include analyses on criteria used for changes in branch location, including branch transactions, revenue, impact on citizens affected, and costs and savings that would result. Also eliminates language that requires report on savings from closing, consolidating, relocating offices, and costs of new leased facilities and expanded current space.

#### **Sec. 716b. Business Application Modernization Project Report – DELETED**

Requires the DOS to report on funding expended for the BAM project since its inception.

#### **Sec. 718. Buena Vista Township Branch Office – DELETED**

Requires DOS to maintain a full-service branch office in Buena Vista Township.

#### **Sec. 719. General Fund Expenditures – DELETED**

Requires DOS to use available restricted funding for expenditures before using general fund dollars.

#### **ONE-TIME BASIS ONLY**

#### **Sec. 15-401. One-Time Appropriation – NEW**

Appropriates certain one-time appropriations (discussion in Major Budget Changes Item #6 above).

#### **REVIEW AND ANALYSIS OF FY 2012-13 AND FY 2013-14 EXECUTIVE RECOMMENDATION**

**STATE**

**Supplemental Recommendations for FY 2011-12 Appropriations**

**FY 2011-12  
Recommendation**

**1. Commercial Driver License Medical Certificate Program**

Appropriates \$1.0 million GF/GP to implement the Commercial Driver License Medical Certificate Program that began on January 1, 2012. The program is a federal mandate, requiring commercial drivers to provide certain medical documents required by law. Medical information would be integrated within commercial driver license. States that do not meet the federal mandate may lose up to five percent of their U.S. Department of Transportation funding.

<b>Gross</b>	<b>\$1,000,000</b>
GF/GP	\$1,000,000

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
TECHNOLOGY, MANAGEMENT, AND BUDGET**

**Analyst: Ben Gielczyk**

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
<b>IDG/IDT</b>	\$620,917,600	\$635,564,900	\$14,647,300	2.4	\$636,402,800	\$837,900	0.1
<b>Federal</b>	10,653,700	9,464,300	(1,189,400)	(11.2)	10,409,700	945,400	10.0
<b>Local</b>	1,520,800	1,320,800	(200,000)	(13.2)	1,320,800	0	0.0
<b>Private</b>	186,800	190,200	3,400	1.8	190,200	0	0.0
<b>Restricted</b>	89,828,500	90,517,200	688,700	0.8	90,838,900	321,700	0.4
<b>GF/GP</b>	374,553,100	401,914,400	27,361,300	7.3	387,504,100	(14,410,300)	(3.6)
<b>Gross</b>	<b>\$1,097,660,500</b>	<b>\$1,138,971,800</b>	<b>\$41,311,300</b>	<b>3.8</b>	<b>\$1,126,666,500</b>	<b>(\$12,305,300)</b>	<b>(1.1)</b>
<b>FTEs</b>	3,038.5	2,814.0	(224.5)	(7.4)	2,814.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

The Department of Technology, Management, and Budget is an interdepartmental service and management agency responsible for ensuring proper financial record keeping for state agencies; managing capital outlay projects, state property, state buildings, state purchasing programs, and the state's retirement systems; supervising the state's motor vehicle fleet; providing office and building support services to state agencies; and acting as a general contractor between the state's information technology users and private sector providers of information technology products and services. The Department houses the Office of the State Budget, which prepares, presents, and executes the state budget on behalf of the Governor, and several other autonomous units: Office of the State Employer, Office of the Children's Ombudsman, Office of Regulatory Reform, State Building Authority, and Civil Service Commission.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>Executive Changes</b>		
		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>1. Information Technology Development Projects</b>	<b>Gross</b>	<b>N/A</b>	<b>\$50,000,000</b>	<b>\$0</b>
Includes \$50.0 million GF/GP for statewide IT initiatives targeting technology upgrades and automation opportunities. No changes recommended for FY 2013-14.	<b>GF/GP</b>	<b>N/A</b>	<b>\$50,000,000</b>	<b>\$0</b>
<b>2. Building Maintenance Fund</b>	<b>Gross</b>	<b>N/A</b>	<b>\$25,000,000</b>	<b>(\$10,000,000)</b>
Includes \$25.0 million GF/GP (\$10.0 million designated as a one-time boilerplate appropriation) to address deterioration and maintenance issues at state-owned buildings. For FY 2013-14, the boilerplate appropriation of \$10.0 million is projected to be eliminated.	<b>GF/GP</b>	<b>N/A</b>	<b>\$25,000,000</b>	<b>(\$10,000,000)</b>

**TECHNOLOGY, MANAGEMENT, AND BUDGET**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>3. Contingency Plan Adjustment</b>	FTE	N/A	(9.0)	0.0
Reflects reduction of \$806,300 Gross (\$567,100 GF/GP) due to the elimination of 9.0 FTE positions (funded, vacant positions). These positions were offered as part of the FY 2011-12 employee concession contingency plan. No changes recommended for FY 2013-14.	<b>Gross</b>	<b>N/A</b>	<b>(\$806,300)</b>	<b>\$0</b>
	IDG	N/A	(9,400)	0
	Restricted	N/A	(229,800)	0
	GF/GP	N/A	(\$567,100)	\$0
<b>4. Military Retirement Program Transfer</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,981,700</b>	<b>\$0</b>
Transfers \$4.0 million GF/GP from the Department of Military of Veterans Affairs (DMVA) to the Office of Retirement Services for the costs associated with the Military Retirement Program. No changes recommended for FY 2013-14.	GF/GP	N/A	\$3,981,700	\$0
<b>5. Information Technology Adjustments</b>	FTE	1,559.5	(100.0)	0.0
Includes \$4.3 million Gross for various department and agency technology services adjustments. Eliminates 100.0 FTE positions to accurately reflect funded positions. No changes recommended for FY 2013-14.	<b>Gross</b>	<b>\$444,146,200</b>	<b>\$4,270,800</b>	<b>\$0</b>
	IDG	444,146,200	4,270,800	0
<b>6. Statewide Single Audit Implementation</b>	FTE	N/A	1.0	0.0
Includes \$90,000 Gross and 1.0 FTE to allow the Office of Financial Management to establish and fill a new position to assume the additional workload that will result from the implementation of a statewide single audit.	<b>Gross</b>	<b>N/A</b>	<b>\$90,000</b>	<b>\$0</b>
	Restricted	N/A	90,000	0
<b>7. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$15,048,500</b>	<b>\$9,374,900</b>
Reflects increased costs of \$15.0 million Gross (\$2.4 million GF/GP) for negotiated salary and wage increases, actuarially-required retirement rate increase, reduced employer health insurance costs due to 20% employee contribution, and other economic adjustments. Additional increase of \$9.4 million Gross (\$3.4 million GF/GP) projected for FY 2013-14.	IDG	N/A	10,381,800	3,942,000
	Federal	N/A	658,900	1,372,100
	Private	N/A	3,400	0
	Restricted	N/A	1,590,300	678,900
	GF/GP	N/A	\$2,414,100	\$3,381,900
<b>8. Other One-Time Boilerplate Appropriations</b>	<b>Gross</b>	<b>N/A</b>	<b>\$11,680,200</b>	<b>(\$11,680,200)</b>
Includes FY 2012-13 boilerplate appropriations designated as one-time:	IDG	N/A	3,104,100	(3,104,100)
• \$4.7 million Gross (\$792,200 GF/GP) for negotiated one-time lump sum payments to state employees.	Federal	N/A	426,700	(426,700)
• \$7.0 million GF/GP for a statewide Office Consolidation Fund.	Restricted	N/A	357,200	(357,200)
	GF/GP	N/A	\$7,792,200	(\$7,792,200)
<b>9. Elimination of FY 2011-12 One-Time Boilerplate Appropriations</b>	<b>Gross</b>	<b>\$61,250,000</b>	<b>(\$61,250,000)</b>	<b>\$0</b>
Discontinues FY 2011-12 one-time boilerplate appropriations of \$61.3 million GF/GP for other postemployment benefits and asbestos abatement at the former state police headquarters.	GF/GP	\$61,250,000	(\$61,250,000)	\$0

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

**Sec. 803 (5). Statewide Administrative and Support Services – REVISED (Executive Section 17-303)**

Eliminates subsection that prohibits DTMB from expending funds for the purchase of new office furniture without first examining the possibility of using existing inventory that can be reused or refurbished.

**Sec. 809. Computer Contracts – DELETED**

Requires DTMB to report revisions that increase or decrease, by more than \$500,000, current contracts for computer software development, hardware acquisition, or quality assurance, at least 14 days prior to revision finalization.

**Major Boilerplate Changes From FY 2011-12**

**Sec. 813. Motor Vehicle Fleet (MVF) – REVISED (Executive Section 17-312)**

Deletes subsection (3) requiring MVF operation plan; specifies data required; authorizes plan adjustment to achieve maximum value and efficiency; and requires plan and changes to be reported within 60 days after year end. Revises subsection (4) by changing when the department may charge for fuel costs increases. Changes amount from \$2.27 per gallon to "\$3.04 net of tax." Deletes subsection (5) stating legislative intent requiring DTMB, when feasible, to prioritize the utilization of remanufactured parts as the primary means of maintenance and repair.

**Sec. 817. Vendor Disclosure (Call Centers) – DELETED**

Authorizes DTMB to require a vendor or subcontractor who provides call or contact center services to the state to disclose the location from which the call or contact center services are being provided.

**Sec. 822. Report on Unclassified Salaries – DELETED**

Requires DTMB to prepare a report on all salaries of unclassified employees and gubernatorial appointees within state departments.

**Sec. 822a. Report on Privatizing State Lottery – DELETED**

Requires DTMB to submit a report by April 1 regarding the feasibility of privatizing the state lottery.

**TECHNOLOGY SERVICES**

**Sec. 823.(4) Sale of Paid Advertising – DELETED**

Requires report on DTMB website of revenue received and number of advertising transactions.

**Sec. 824. Spatial Information and Technical Services – REVISED Executive Sec. 17-317**

Authorizes DTMB to receive and expend funds for supplying spatial information and technical services to other state departments, local units of government, and other organizations; deletes requirement to report fund sources and expenditures.

**Sec. 827.(4) Michigan Public Safety Communications (MPSC) System – REVISED Executive Sec. 17-320**

Requires approval by state budget director for expending MPSC System appropriation; requires DTMB to assess reasonable access and maintenance fees to system subscribers and use revenue for system support and maintenance; deletes requirement to report on receipts and expenditures for each six-month period of the fiscal year.

**Sec. 828. IT-Related Appropriations and Expenditures – DELETED**

Requires DTMB to report total funding appropriated for IT services and projects, by funding source, for all state departments; requires list of expenditures made from amounts received by DTMB.

**Sec. 829. Life-Cycle of Hardware and Software – DELETED**

Requires report which analyzes and makes recommendations on life-cycle of IT hardware and software.

**Sec. 830. Change Orders and Follow-Up On Contracts – DELETED**

Requires report on change orders and contract extensions for contracts greater than \$25,000 entered into by DTMB.

**Sec. 832. Child Support Enforcement System – DELETED**

Requires report on amount expended for Child Support Enforcement System, revisions made to spending plans, and amount of penalties paid to federal government.

**STATE BUILDING AUTHORITY**

**Sec. 840. State Building Authority General Fund Rent Payments – REVISED (Executive Sec. 17-501)**

Authorizes use of General Fund (GF) to meet cash flow requirements of State Building Authority (SBA) projects for lease and for which bonds or notes have not been issued; requires advances bear an interest cost to SBA; requires SBA to credit GF with amount of expenditure plus interest on sale of bonds or notes; requires Treasurer to make advances without interest for projects for which bonds or notes have been issued. Replaces "legislative concurrent resolution" to state "legislative appropriations" and year to "2013". Deletes "an approved by JCOS".

**Sec. 843. Status of Construction Projects – DELETED**

Requires DTMB to provide annual report on status of construction projects associated with SBA bonds.

**CAPITAL OUTLAY**

**Sec. 862. Required Reports – DELETED**

Requires DTMB to provide various detailed reports to JCOS and fiscal agencies with status of each planning or construction project financed by the SBA.

**Sec. 17-707. University and Community College Capital Outlay Project Authorization – NEW**

Authorizes appropriation and financing for 18 university and community college capital outlay projects. Provides project descriptions and costs.

**REVIEW AND ANALYSIS OF FY 2012-13 AND FY 2013-14 EXECUTIVE RECOMMENDATION**

**TECHNOLOGY, MANAGEMENT, AND BUDGET**

**Major Boilerplate Changes From FY 2011-12**

**ONE-TIME BASIS ONLY**

**Sec. 17-801. One-Time Appropriation – NEW**

Appropriates certain one-time appropriations (discussion in Major Budget Changes Item #2 and #8 above).

**Sec. 17-802. Special Maintenance Federal and State Restricted Fund Spending Authorization – NEW**

Authorizes appropriation of related federal and state restricted funds up to the amounts that will be earned based upon the initiatives undertaken with funds appropriated in part 1 for Special maintenance, Remodeling and Addition - State Facilities.

**Sec. 17-803. Enterprisewide Information Technology Investments Federal and State Restricted Fund Spending Authorization – NEW**

Authorizes appropriation of related federal and state restricted funds up to the amounts that will be earned based upon the initiatives undertaken with funds appropriated in part 1 for Enterprisewide Information Technology Investments.

**Supplemental Recommendations for FY 2011-12 Appropriations**

**FY 2011-12  
Recommendation**

**1. State Emergency Operations Center Planning Grant**

Provides \$80,000 GF/GP for a planning grant that would allow the department to contract for professional design services to plan for a facility that ensures the state of Michigan has the necessary capabilities to prevent, respond to, and recover from any type of emergency or disaster. The planning would also explore the consolidation of the State Emergency Operations Center, impending Michigan Cyber Command Center, and the Network Communications Center component of the Michigan Public Safety Communications System in a new facility along with associated support space at the state's Secondary Complex site.

<b>Gross</b>	<b>\$80,000</b>
GF/GP	\$80,000

## Summary: Executive Budget Recommendation for Fiscal Years 2012-13 and 2013-14 TREASURY

Analyst: Ben Gielczyk

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
<b>IDG/IDT</b>	\$14,818,700	\$8,899,400	(\$5,919,300)	(39.9)	\$9,005,300	\$105,900	1.2
<b>Federal</b>	745,109,200	698,385,900	(46,723,300)	(6.3)	698,926,400	540,500	0.1
<b>Local</b>	6,588,700	6,686,200	97,500	1.5	6,737,800	51,600	0.8
<b>Private</b>	380,000	5,380,000	5,000,000	1,315.8	5,380,000	0	0.0
<b>Restricted</b>	1,485,151,600	1,573,073,400	87,921,800	5.9	1,584,934,400	11,861,000	0.8
<b>GF/GP</b>	329,028,900	356,673,800	27,644,900	8.4	351,821,100	(4,852,700)	(1.4)
<b>Gross</b>	<b>\$2,581,077,100</b>	<b>\$2,649,098,700</b>	<b>\$68,021,600</b>	<b>2.6</b>	<b>\$2,656,805,000</b>	<b>\$7,706,300</b>	<b>0.3</b>
<b>FTEs</b>	2,575.5	2,553.5	(22.0)	(0.9)	2,553.5	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

### Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes, to invest, control, and disburse state monies, and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), Michigan State Housing and Development Authority (MSHDA), and the Michigan Strategic Fund (MSF) are autonomous agencies housed within the Department of Treasury. Funds and programs of the MSF are administered by the Michigan Economic Development Corporation (MEDC), which also administers the 21st Century Jobs Fund.

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. Presidential Primary</b>	<b>Gross</b>	<b>\$10,000,000</b>	<b>(\$10,000,000)</b>	<b>\$0</b>
Removes \$10.0 million GF/GP appropriated in FY 2011-12 for costs associated with the Presidential Primary.	GF/GP	\$10,000,000	(\$10,000,000)	\$0
<b>2. Constitutional Revenue Sharing</b>	<b>Gross</b>	<b>\$697,500,500</b>	<b>\$13,619,200</b>	<b>\$19,496,300</b>
Increases constitutional revenue sharing payments by \$13.6 million Gross to adjust for January Consensus Revenue Estimating Conference (CREC). Projected increase of \$19.5 million Gross for FY 2013-14.	Restricted	697,500,500	13,619,200	19,496,300
<b>3. Economic Vitality Incentive Program</b>	<b>Gross</b>	<b>\$210,000,000</b>	<b>\$0</b>	<b>\$0</b>
Includes FY 2011-12 one-time boilerplate appropriations (\$15.0 million Gross) in line-item as ongoing appropriations. Amounts to no gross funding change.	Restricted	210,000,000	0	0

### REVIEW AND ANALYSIS OF FY 2012-13 AND FY 2013-14 EXECUTIVE RECOMMENDATION

**TREASURY**

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>4. County Incentive Program</b>	<b>Gross</b>	<b>\$115,000,000</b>	<b>\$10,600,000</b>	<b>\$9,500,000</b>
Restructures county revenue sharing as an incentive program. Increases county payments by \$10.6 million Gross (75.0% of full funding). Projected increase of \$9.5 million Gross for FY 2013-14. FY 2011-12 one-time boilerplate funding (\$15.0 million Gross) is shifted to line-item as ongoing appropriations (no Gross funding change).	Restricted	115,000,000	10,600,000	9,500,000
<b>5. Competitive Grant Assistance Program</b>	<b>Gross</b>	<b>\$5,000,000</b>	<b>\$20,000,000</b>	<b>(\$20,000,000)</b>
Increases Competitive Grant Assistance Program by \$20.0 million Gross. Funding increase is provided in boilerplate and designated as one-time appropriations. The one-time appropriations are projected to be eliminated in FY 2013-14.	Restricted	5,000,000	20,000,000	(20,000,000)
<b>6. Payments in Lieu of Taxes</b>	<b>Gross</b>	<b>\$10,577,000</b>	<b>\$1,805,700</b>	<b>\$0</b>
Increases payments in lieu of taxes (PILT) by \$1.8 million Gross (reduction of \$349,400 GF/GP) to reflect legislative change requiring the Michigan Natural Resource Trust Fund (MNRTF) to make MNRTF Purchased Land PILT payments in full. No changes recommended for FY 2013-14.	Restricted	1,646,600	2,155,100	0
	GF/GP	\$8,930,400	(\$349,400)	\$0
<b>7. Contingency Plan Adjustment</b>	FTE	N/A	(43.0)	0.0
Reflects reduction of \$3.1 million Gross (\$993,700 GF/GP) due to the elimination of 43.0 FTEs (funded, vacant positions). These positions were offered as part of the FY 2011-12 employee concession contingency plan. Includes fund shift to replace restricted funds associated with contingency plan. No changes recommended for FY 2013-14.	<b>Gross</b>	<b>N/A</b>	<b>(\$3,088,300)</b>	<b>\$0</b>
	Restricted	N/A	0	0
	GF/GP	N/A	(\$3,088,300)	\$0
<b>8. FY 2011-12 Supplemental Appropriations Removal</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>(\$2,000,000)</b>	<b>\$0</b>
Removes \$2.0 million GF/GP in FY 2011-12 one-time supplemental appropriations for Michigan Finance Authority (\$1.0 million) and Tax Plan Implementation. No changes recommended in FY 2013-14.	GF/GP	\$2,000,000	(\$2,000,000)	\$0
<b>9. Tobacco Tax Enforcement</b>	FTE	0.0	13.0	0.0
Includes \$1.5 million GF/GP and 13.0 FTE positions to support tobacco tax enforcement. Replaces \$3.0 million Gross authorization included in FY 2011-12. No changes recommended for FY 2013-14.	<b>Gross</b>	<b>\$3,000,000</b>	<b>(\$1,500,000)</b>	<b>\$0</b>
	Restricted	3,000,000	(3,000,000)	0
	GF/GP	\$0	\$1,500,000	\$0
<b>10. General Fund Replacement Revenue</b>	<b>Gross</b>	<b>\$23,893,500</b>	<b>\$0</b>	<b>\$0</b>
Includes \$16.4 million GF/GP as replacement revenue for restricted and IDG funds. Replaces \$10.0 million Refined Petroleum Fund that supports debt service payments. Replaces \$6.4 million of IDG from Michigan Transportation Fund. No changes recommended for FY 2013-14.	IDG	8,379,000	(6,421,600)	0
	Restricted	15,514,500	(10,000,000)	0
	GF/GP	\$0	\$16,421,600	\$0
<b>11. Office of Fiscal Responsibility</b>	FTE	N/A	10.0	0.0
Includes \$4.5 million GF/GP and 10.0 FTE positions for assistance to local units of government facing financial emergencies. No changes recommended for FY 2013-14.	<b>Gross</b>	<b>N/A</b>	<b>\$4,500,000</b>	<b>\$0</b>
	GF/GP	N/A	\$4,500,000	\$0
<b>12. Health Insurance Claims Assessment Program</b>	FTE	N/A	15.0	0.0
Includes \$1.9 million Gross and 15.0 FTE positions for the administration of the Health Insurance Claims Assessment Program. No changes recommended for FY 2013-14.	<b>Gross</b>	<b>N/A</b>	<b>\$1,948,400</b>	<b>\$0</b>
	Restricted	N/A	1,948,400	0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>13. Other One-Time Boilerplate Appropriations</b>	<b>Gross</b>	N/A	<b>\$2,742,700</b>	<b>(\$2,742,700)</b>
Includes FY 2012-13 boilerplate appropriations of \$2.7 million	IDG	N/A	112,800	(112,800)
Gross (\$311,500 GF/GP) designated as one-time for negotiated	Federal	N/A	171,700	(171,700)
one-time lump sum payments to state employees.	Restricted	N/A	2,146,700	(2,146,700)
	GF/GP	N/A	\$311,500	(\$311,500)
<b>MICHIGAN STRATEGIC FUND</b>				
<b>14. Business Attraction and Economic Gardening</b>	<b>Gross</b>	<b>\$100,000,000</b>	<b>\$0</b>	<b>\$0</b>
Includes FY 2011-12 one-time boilerplate appropriations (\$50.0	Restricted	25,000,000	0	0
million GF/GP) in line-item as ongoing appropriations. Amounts to	GF/GP	\$75,000,000	\$0	\$0
no gross funding change.				
<b>15. Talent Fund for Job Training and Skills Development</b>	<b>Gross</b>	<b>N/A</b>	<b>\$15,000,000</b>	<b>\$0</b>
Includes \$15.0 million GF/GP for a new program that targets the	GF/GP	N/A	\$15,000,000	\$0
structurally unemployed in distressed cities. Funding would				
support educational access, training, and employment				
opportunities. No changes recommended for FY 2013-14.				
<b>16. Arts and Cultural Grants</b>	<b>Gross</b>	<b>\$2,567,400</b>	<b>\$3,582,600</b>	<b>\$0</b>
Includes \$3.6 million GF/GP to support arts and cultural programs	Federal	1,050,000	0	0
and events. No changes recommended for FY 2013-14.	Private	100,000	0	0
	GF/GP	\$1,417,400	\$3,582,600	\$0
<b>17. Workforce Development Private Fund Authorization</b>	<b>Gross</b>	<b>N/A</b>	<b>\$5,000,000</b>	<b>\$0</b>
Includes \$5.0 million Gross private fund appropriation authorization	Private	N/A	5,000,000	0
in anticipation of foundation grants awarded to the Workforce				
Development Agency. No changes recommended for FY 2013-14.				
<b>18. Federal Fund Authorization Adjustment</b>	<b>Gross</b>	<b>\$233,328,300</b>	<b>(\$50,000,000)</b>	<b>\$0</b>
Reduces federal fund authorization for Workforce Investment Act	Federal	233,328,300	(50,000,000)	0
by \$50.0 million to reflect available federal funds. No changes				
recommended for FY 2013-14.				
<b>19. Other One-Time Boilerplate Appropriations (MSF/MSHDA)</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,135,700</b>	<b>(\$1,135,700)</b>
Includes FY 2012-13 boilerplate appropriations of \$1.1 million	Federal	N/A	408,500	(408,500)
Gross (\$140,900 GF/GP) designated as one-time for negotiated	Restricted	N/A	586,300	(586,300)
one-time lump sum payments to state employees.	GF/GP	N/A	\$140,900	(\$140,900)
<b>20. Economic Adjustments (Treasury Operations and MSF)</b>	<b>Gross</b>	<b>N/A</b>	<b>\$15,213,600</b>	<b>\$8,179,300</b>
Reflects increased costs of \$15.2 million Gross (\$2.0 million	IDG	N/A	389,500	218,700
GF/GP) for negotiated salary and wage increases, actuarially-	Local	N/A	97,500	51,600
required retirement rate increase, reduced employer health	Federal	N/A	2,266,400	1,120,700
insurance costs due to 20% employee contribution, and other	Restricted	N/A	10,411,000	5,597,700
economic adjustments. Additional increase of \$8.2 million Gross	GF/GP	N/A	\$2,049,200	\$1,190,600
(\$1.2 million GF/GP) projected for FY 2013-14.				

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

**Executive Boilerplate Deletions**

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted.

## TREASURY

### Major Boilerplate Changes From FY 2011-12

#### **Sec. 906. Charge For Audits Conducted – REVISED (Executive Sec. 19-306)**

Authorizes Department of Treasury to charge for audits as permitted by state or federal law under contractual arrangements with local units of government, other principal executive departments, or state agencies. Deletes (2) which requires appropriation for state compliance audits to be used to cover costs of audits performed by independent CPAs or Department of Treasury auditors. Deletes (3) which requires audit to be performed for the most current county fiscal year in conjunction with the financial single audit. Includes new (2) which creates a revolving fund known as the Audit Charges Fund to collect contractual charges and carry forward for future appropriation.

#### **Sec. 925. Public Private Partnerships – REVISED (Executive Sec. 19-322)**

Creates Public Private Partnership Investment Fund to fund investments such as capital asset improvements, energy resource exploration, financial and investment incentives, infrastructure construction, and public-private sector joint ventures. Eliminates reporting requirement. Eliminates language barring public private investment activities related to the Detroit River international crossing or any successor project.

#### **Sec. 925a. Public Private Partnership Appropriations – DELETED**

Prohibits the funds appropriated for the public private partnership investment program from being used for activities related to the Detroit River international crossing.

#### **Sec. 943. Tobacco Tax Enforcement – DELETED**

Authorizes the department to use tobacco tax enforcement funding for certain costs associated with tobacco tax enforcement; requires a report.

#### **Sec. 945. Local Unit Assessment Review – DELETED**

Requires the department's assessment and certification division to conduct a 14-point reviews in at least one assessment jurisdiction per county.

### **REVENUE SHARING**

#### **Sec. 19-402. Competitive Grant Assistance Program – NEW**

Includes new section to provide \$25.0 million (\$5.0 million in FY 2011-12) for assistance grants to cities, villages, townships, and counties that elect to merge government services via a Competitive Grant Assistance Program; \$20.0 million of total available funding considered one-time boilerplate appropriation (19-1001).

#### **Sec. 951. Economic Vitality Incentive Program – REVISED (Executive Sec. 19-403)**

Specifies distribution of \$210.0 million under incentive program (revises program from FY 2011-12). Cities, villages, and townships that received a statutory revenue sharing payment in FY 2009-10 greater than \$4,500 will be eligible for 67.837363% of their FY 2009-10 statutory revenue sharing payment if certain criteria are met. Provides for redistribution of funds not distributed due to a failure to qualify. Adds County Incentive Program and specifies distribution of \$125.6 million for counties eligible.

#### **Sec. 19-404. Publicly Funded Health Care Contribution Act Compliance – NEW**

Requires each CVT and county that is eligible to receive incentive funding for best practices, to certify to the department that they are in compliance with the Publicly Funded Health Care Contribution Act. Failure to submit required certification would result in a 10 percent reduction to all payments issued under the incentive funding for best practices.

#### **Sec. 19-405. County Reserve Fund Certification – NEW**

Requires the department to annually certify to the state budget director the amount each county is authorized to expend from its revenue sharing reserve fund.

### **LOTTERY**

#### **Sec. 963. Department of Human Services Bridge Cards – DELETED**

Requires Lottery to notify lottery retailers that DHS bridge cards are not to be used to purchase lottery tickets.

### **MICHIGAN STRATEGIC FUND**

#### **Sec. 1007. Program Activities Report – DELETED**

Requires a report on activities of each program administered by the Michigan Strategic Fund or Michigan Economic Development Corporation, including spending and FTEs.

#### **Sec. 1009. Land and Land Options Purchasing – DELETED**

Prohibits MEDC from purchasing land or land options unless the land is in an economically distressed area or purchase is at invitation of local unit of government and economic development corporation; establishes guidelines.

#### **Sec. 1013. Fundraising Conflict of Interest – DELETED**

Prohibits MEDC staff involved in fundraising from being party to grant award or tax abatement decisions.

**Major Boilerplate Changes From FY 2011-12****Sec. 1014. Michigan Core Communities Fund – DELETED**

Outlines purposes and authorized uses of the fund; establishes policies and procedures for disseminating grants from the fund; requires notification before grant distribution.

**Sec. 1021. 21st Century Jobs Funds Spending Reauthorization – DELETED**

Provides for a continuation of authorization for 21st Century Jobs Trust funds authorized by PA 127 of 2007. Fund are made available until September 30, 2016 and work project will not exceed \$5.5 million.

**Sec. 1023. Tourism Promotion – DELETED**

Requires Michigan Strategic Fund (MSF) to coordinate tourism promotion with the tourism industry. Requires annual report which lists places included in tourism promotion.

**Sec. 1024. Business Attraction and Economic Gardening – DELETED**

Requires that not less than \$20.0 million of the funds appropriated in part 1 and Sec. 1201(1) be used for brownfield redevelopment incentives and historic preservation incentives.

**Sec. 1031. Spending Plan Report – DELETED**

Requires MSF to report by April 15, 2012 on the spending plan for the line items for innovation and entrepreneurship and business attraction and economic gardening.

**Sec. 1034. Business Incubator Program – DELETED**

Stipulates funding be awarded competitively to business incubators in ten counties or cities. Requires that \$1.3 million in 21st Century Jobs Trust Fund funding be used to fund business incubators.

**Sec. 1035. Michigan Council for the Arts and Cultural Affairs (MCACA) Arts and Cultural Grants – REVISED (Executive Sec. 19-803)**

Allows MCACA to charge nonrefundable application fee for arts and cultural grant applications. Application fees shall be deposited in the council for the arts fund and are appropriated for expenses necessary to administer the arts and cultural grant programs; allows for funds to be carried forward.

**Sec. 1054. WIA Youth Grant Program – DELETED**

Allows MSF to provide grants to non-profit organizations that offer programs to WIA-eligible youth focusing on entrepreneurship, work-readiness skills, job shadowing, and financial literacy.

**Sec. 1061. Workforce Development Boards – DELETED**

Requires local workforce development boards to maintain partnerships with governmental agencies, schools, and colleges located within their service delivery areas; specifies membership of education advisory groups.

**Sec. 1062. Disabled Veterans Outreach Program – DELETED**

Stipulates staffing levels for disabled veterans outreach program specialists and local veterans employment representatives to assist veterans with Michigan Works! Employment service centers. States that placement of veterans and disabled veterans a priority.

**Sec. 1064. Workforce Training Funds Allocation – DELETED**

Allocates \$100,000 to an existing employee-led public/private workforce development program meeting certain criteria and \$100,000 to an existing workforce development program operated collaboratively with local businesses and educational institutions meeting certain criteria.

**Sec. 1065. Workforce Funds for Libraries – DELETED**

Provides that funds distributed to local Michigan Works! Agencies may be used by the MWAs for services provided at local libraries that serve as access points, service centers, or local partners serving high demand or underserved areas.

**Sec. 1066. Gang Diversion Program – DELETED**

Indicates intent that a portion of the WIA, statewide activities funds be allocated to support coordinated efforts between local Michigan Works! agencies and police and sheriff departments to create programs that offer gang diversion activities.

**Sec. 1068. No Worker Left Behind Report – DELETED**

Requires MEDC to submit a report on the status of the No Worker Left Behind program.

**ONE-TIME BASIS ONLY****Sec. 19-1001. One-Time Appropriations – NEW**

Appropriates certain one-time appropriations (discussion in Major Budget Changes Item #5, #12, and #18 above). Also includes a one-time appropriation, \$25.0 million GF/GP, for film incentives which was also appropriated in FY 2011-12 as a one-time appropriation.

**TREASURY**

**Supplemental Recommendations for FY 2011-12 Appropriations**

**FY 2011-12  
Recommendation**

<b>1. Office of Fiscal Responsibility</b>	FTE	10.0
Appropriates \$10.0 million GF/GP and 10.0 FTE positions for assistance to local units of government facing financial emergencies. Appropriation will support oversight and guidance through contracted services related to legal, accounting, and auditing services that will be available to local units of government.	<b>Gross</b>	<b>\$10,000,000</b>
	GF/GP	\$10,000,000
<b>2. Health Insurance Claims Assessment Program</b>	FTE	15.0
Includes \$1.3 million Gross and 15.0 FTE positions for the administration of the Health Insurance Claims Assessment (HICA) Program. Administration includes collection, auditing, and other tax administration responsibilities. Funding supports partial-year operation of program.	<b>Gross</b>	<b>\$1,257,600</b>
	Restricted	1,257,600
<b>3. Payments in Lieu of Taxes</b>	<b>Gross</b>	<b>\$3,679,900</b>
Increases payments in lieu of taxes (PILT) by \$3.7 million Gross (\$1.2 million GF/GP) to restore payments in lieu of taxes (PILT) funding to FY 2010-11 levels and reflect legislative change requiring the Michigan Natural Resource Trust Fund (MNRTF) to make MNRTF Purchased Land PILT payments in full.	Restricted	2,453,900
	GF/GP	\$1,226,000
<b>MICHIGAN STRATEGIC FUND</b>		
<b>4. Pre-College Engineering</b>	<b>Gross</b>	<b>\$680,100</b>
Includes \$680,100 GF/GP to support the Detroit and Grand Rapids Pre-College Engineering programs. The programs help under-represented high school students prepare for careers in engineering, science, and technology related fields.	GF/GP	\$680,100

**FY 2012-13 AND FY 2013-14  
Budget Detail  
for  
HEALTH AND HUMAN  
SERVICES**

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**Community Health  
Human Services**

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
COMMUNITY HEALTH**

**Analysts: Margaret Alston, Susan Frey, Steve Stauff**

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$7,241,200	\$10,023,800	\$2,782,600	38.4	\$10,004,100	(\$19,700)	(0.2)
Federal	9,274,293,000	9,740,485,300	466,192,300	5.0	9,974,147,200	233,661,900	2.4
Local	257,851,000	257,280,100	(570,900)	(0.2)	257,129,700	(150,400)	(0.1)
Private	96,499,200	93,264,000	(3,235,200)	(3.4)	93,263,200	(800)	0.0
Restricted	2,031,475,500	2,146,562,200	115,086,700	5.7	2,132,264,300	(14,297,900)	(0.7)
GF/GP	2,975,227,400	2,847,864,700	(127,362,700)	(4.3)	2,994,360,700	146,496,000	5.1
<b>Gross</b>	<b>\$14,642,587,300</b>	<b>\$15,095,480,100</b>	<b>\$452,892,800</b>	<b>3.1</b>	<b>\$15,461,169,200</b>	<b>\$365,689,100</b>	<b>2.4</b>
FTEs	3,640.2	3,613.9	(26.3)	(0.7)	3,613.9	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

The Department of Community Health budget provides funding for a wide range of mental health, substance abuse, public health, and medical services programs, including Medicaid. Established in 1996, the Department also includes the Office of Services to the Aging, the Crime Victim Services Commission, and health policy.

**Executive Part 1 Appropriations:** The Executive proposes to roll-up the budget into 8 appropriation line items, a reduction from 131 line items in the current year budget.

Major Budget Changes From FY 2011-12 YTD Appropriations	FY 2011-12 YTD (as of 2/9/12)	Executive Changes		
		FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14	
<b>1. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$18,595,400</b>	<b>\$11,000,100</b>
Includes a net increase of \$18.6 million Gross (\$7.2 million GF/GP) to finance negotiated salary and wage increases, actuarially-required retirement rate increases, reduced employer health insurance costs due to 20% employee contribution, and economic adjustments for worker's compensation, building occupancy and rent, food, and gas, fuel, and utility costs for FY 2012-13. Includes FY 2013-14 active and retiree insurance and pension adjustment of \$11.0 million Gross (\$6.7 million GF/GP).	IDG	N/A	(54,500)	0
	Federal	N/A	3,933,200	3,228,200
	Restricted	N/A	325,500	1,076,000
	Local	N/A	7,183,800	0
	Private	N/A	(600)	0
	GF/GP	N/A	\$7,208,000	\$6,695,900
<b>2. FY 2011-12 Contingency Plan Savings</b>	<b>FTE</b>	<b>N/A</b>	<b>(88.3)</b>	<b>0.0</b>
Recognizes FY 2011-12 contingency plan savings of \$12.2 million Gross (\$6.1 million GF/GP) which is achieved by eliminating 88.3 funded and vacant FTE positions throughout the Department, reducing travel costs, and eliminating contracts.	<b>Gross</b>	<b>N/A</b>	<b>(\$12,176,400)</b>	<b>\$0</b>
	Federal	N/A	(3,034,400)	0
	Restricted	N/A	(304,600)	0
	Local	N/A	(2,776,500)	0
	GF/GP	N/A	(\$6,060,900)	\$0

		<b>Executive Changes</b>			
		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>	
<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>					
<b>3. FY 2012-13 State Employees One-Time Lump Sum Payments</b>					
Authorizes one-time only allocation of \$4.3 million Gross (\$2.6 million GF/GP) through boilerplate language (Section 4-1901) for negotiated one-time lump sum payments to state employees.		<b>Gross</b>	<b>N/A</b>	<b>\$4,285,300</b>	<b>(\$4,285,300)</b>
		IDG	N/A	19,700	(19,700)
		Federal	N/A	1,279,400	(1,279,400)
		Restricted	N/A	263,500	(263,500)
		Local	N/A	150,400	(150,400)
		Private	N/A	800	(800)
		GF/GP	N/A	\$2,571,500	(\$2,571,500)
<b>4. Community Health Automated Medicaid Processing System (CHAMPS) Funding</b>					
Adds full-year funding of \$13.4 million Gross (\$5.9 million GF/GP) for CHAMPS which is offset by savings of \$8.9 million Gross (\$1.2 million GF/GP) due to the completion of the federal Health Insurance Portability and Affordability Act (HIPAA) 5010 project which required enhancements related to the Medicaid claims processing system. Also, authorizes FY 2012-13 one-time allocation of \$40.0 million Gross (\$4.0 million GF/GP) through boilerplate language (Section 4-1901) for CHAMPS to implement medical codes for diagnosis and inpatient procedures (ICD 10) as required by federal law.		<b>Gross</b>	<b>\$25,723,700</b>	<b>\$44,477,400</b>	<b>(\$40,000,000)</b>
		Federal	22,889,000	35,732,000	(36,000,000)
		GF/GP	\$2,834,700	\$8,745,400	(\$4,000,000)
<b>5. Family Support Subsidy Program</b>					
Removes excess FY 2011-12 TANF revenue authorization of \$500,000 from the Family Support Subsidy Program which provides \$222.11 monthly payment to an average of 7,159 income-eligible families with a child under age 18 living at home who is severely mentally impaired, severely multiply impaired, or autistic. The reduction for this program is offset with an increase of \$190,500 in TANF revenue anticipating a 1.0% caseload increase in FY 2012-13.		<b>Gross</b>	<b>\$19,470,500</b>	<b>(\$309,500)</b>	<b>\$0</b>
		Federal	19,470,500	(309,500)	0
		GF/GP	\$0	\$0	\$0
<b>6. Actuarially Sound Capitation Payment Rates Adjustment</b>					
Includes a capitation rate increase of 1.5% for Health Plans and 1.25% for Prepaid Inpatient Health Plans (PIHPs) to ensure that payment rates for these managed care entities are actuarially sound in FY 2012-13. This adjustment results in an additional \$75.1 million Gross (\$25.3 million GF/GP) for the Medicaid Mental Health Services, Medicaid Substance Abuse Services, and Health Plan Services line items.		<b>Gross</b>	<b>\$6,490,537,900</b>	<b>\$75,148,000</b>	<b>\$0</b>
		Federal	4,293,335,900	49,890,800	0
		Restricted	1,159,708,900	0	0
		Local	38,931,800	0	0
		GF/GP	\$998,561,300	\$25,257,200	\$0
<b>7. Mental Health Services for Special Populations</b>					
Does not continue the FY 2011-12 one-time allocation of \$3.0 million GF/GP provided for in Section 1901 of PA 63 of 2011, Article IV for mental health services for special populations. The one-time funding is allocated as follows: \$250,000 for Hispanic/Latino Commission within the Department of Civil Rights; \$700,000 for ACCESS; \$700,000 for Arab/Chaldean; \$650,000 for Chaldean Chamber Foundation; and \$700,000 for Michigan Jewish Federation.		<b>Gross</b>	<b>\$8,842,800</b>	<b>(\$3,000,000)</b>	<b>\$0</b>
		GF/GP	\$8,842,800	(\$3,000,000)	\$0
<b>8. Children with Serious Emotional Disturbance Waiver</b>					
Increases funding for the Children with Serious Emotional Disturbance Program by \$4.5 million Gross (\$0 GF/GP), enabling the Department to serve additional children eligible for the federal waiver program in which community mental health services programs (CMHSPs) provide home and community-based mental health services. Currently, 12 CMHSPs in eighteen counties provide services for up to 357 children.		<b>Gross</b>	<b>\$8,188,000</b>	<b>\$4,463,000</b>	<b>\$0</b>
		IDG	2,769,000	500,000	0
		Federal	5,419,000	3,963,000	0
		GF/GP	\$0	\$0	\$0

**COMMUNITY HEALTH**

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>Executive Changes</b>		
		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>9. Pharmacy Inflationary Adjustment for State Psychiatric Hospitals and Center for Forensic Psychiatry</b>	<b>Gross</b>	<b>\$257,696,200</b>	<b>\$793,300</b>	<b>\$0</b>
Includes 5.0% inflationary adjustment for pharmacy costs at state-operated psychiatric hospitals and the Center for Forensic Psychiatry which equates to an increase of \$793,300 Gross (\$401,300 GF/GP) in funding for these facilities.	Federal	29,426,200	39,500	0
	Restricted	15,240,900	23,700	0
	Local	17,494,500	328,800	0
	GF/GP	\$195,534,600	\$401,300	\$0
<b>10. Healthy Michigan Fund, and Wellness Initiatives</b>	<b>Gross</b>	<b>\$37,175,900</b>	<b>\$3,146,600</b>	<b>(\$5,000,000)</b>
<i>-Healthy Michigan Fund (HMF)</i> - Reduces from \$34.2 to \$31.8 million to reflect decline in tobacco tax revenue to the Fund:	Restricted	34,175,900	(2,355,900)	(1,000,000)
	GF/GP	\$3,000,000	\$5,502,500	(\$4,000,000)
<ul style="list-style-type: none"> <li>Increases prevention project appropriations to \$5.1 million.</li> <li>Reduces Medicaid appropriation by \$2.5 million to \$26.7 million, replacing with \$2.5 million GF/GP.</li> <li>Renames HMF Program line item to Health and Wellness Initiatives.</li> <li>FY 2013-14 appropriation for Medicaid is reduced by \$1.0 million to reflect continued revenue decline to Fund, replacing with GF/GP.</li> </ul>				
<i>-New Wellness 4x4 Initiative</i> - Adds \$1.0 million GF/GP to the renamed line item for a new community-based collaborative public health program to address obesity, focusing on 4 healthy behaviors and 4 key health measures				
<i>-One-Time Basis Only Boilerplate Funding</i> - Increases from \$3.0 to \$5.0 million (Sec. 4-1901):				
<ul style="list-style-type: none"> <li>Continues boilerplate one-time basis only funding of \$3.0 million for Healthy Michigan Fund Program line item prevention projects under the new line item name.</li> <li>Provides additional boilerplate one-time basis only funding: \$1.25 million for the Wellness 4x4 Initiative and \$750,000 for maternal and child health/infant mortality, under the new line item name.</li> </ul>				
<b>11. Primary Care Services</b>	<b>Gross</b>	<b>\$3,195,900</b>	<b>\$30,200</b>	<b>\$0</b>
Does not continue one-time basis boilerplate funding of \$300,000 GF/GP for island health clinics in Sec. 1901. Restores primary care disproportionate share (DSH) funding of \$330,200 Gross (\$111,000 GF/GP) for Bronson Methodist Hospital supporting primary care services, increasing the hospital's primary care DSH payment to FY 2010-11 funded level.	Federal	1,870,300	219,200	0
	GF/GP	\$1,325,600	(\$189,000)	\$0
<b>12. Laboratory Services One-Time Equipment Funding</b>	<b>Gross</b>	<b>\$17,804,700</b>	<b>\$200,000</b>	<b>(\$200,000)</b>
Provides new boilerplate one-time basis only appropriation of \$200,000 for replacement of outdated laboratory equipment and supplies (Sec. 4-1901) in FY 2012-13.	IDG	530,700	0	0
	Federal	2,183,400	0	0
	Restricted	8,397,900	0	0
	GF/GP	\$6,692,700	\$200,000	(\$200,000)
<b>13. Bioterrorism Preparedness</b>	<b>Gross</b>	<b>\$49,286,900</b>	<b>(\$14,519,100)</b>	<b>\$0</b>
Reflects decline in funding from two federal grants for public health and hospital preparedness and response for bioterrorism with a reduction of \$14.5 million.	Federal	49,286,900	(14,519,100)	0
	GF/GP	\$0	\$0	\$0
<b>14. Maternal and Infant Home Visiting Program</b>	<b>Gross</b>	<b>\$2,200,000</b>	<b>\$2,107,200</b>	<b>\$0</b>
Recognizes \$2.1 million increased funds from the Maternal, Infant and Early Childhood Home Visiting federal program grant authorized under the Patient Protection and Affordable Care Act.	Federal	2,200,000	2,107,200	0
	GF/GP	\$0	\$0	\$0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>	
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
<b>15. Crime Victim Services</b>	<b>Gross</b>	<b>\$37,554,100</b>	<b>\$600,000</b>	<b>\$0</b>
Recognizes \$600,000 new federal grant funds for enhancement of the Michigan VINE crime victim information and notification network system providing offender custody status and related court event information to victims of crime.	Federal	23,489,700	600,000	0
	Restricted	14,064,400	0	0
	GF/GP	\$0	\$0	\$0
<b>16. Aging Services to Support Community Living</b>	<b>Gross</b>	<b>\$42,015,300</b>	<b>\$1,100,000</b>	<b>(\$250,000)</b>
Increases funding for senior community services, including \$500,000 to expand community living options counseling, \$100,000 to expand elder abuse prevention programs, and \$250,000 for community support for persons providing care for family members with Alzheimer's Disease or dementia. Also includes new boilerplate one-time basis only funding of \$250,000 GF/GP for aging elder abuse prevention programs in FY 2012-13 (Sec. 4-1901). (Totals shown include affected Office of Services to Aging Administration and Community Services line items.)	Federal	27,191,600	0	0
	Private	377,500	0	0
	GF/GP	\$14,446,200	\$1,100,000	(\$250,000)
<b>17. Cochlear Implant Policy Change</b>	<b>Gross</b>	<b>\$0</b>	<b>\$560,000</b>	<b>\$0</b>
Increases the Department's budget by \$560,000 Gross (\$188,900 GF/GP) reflecting annualized FY 2011-12 costs due to a change in State Medicaid policy including cochlear implants for both ears rather than just one ear. The appropriation lines affected are Medical Care and Treatment, Physician Services and Auxiliary Medical Services.	Federal	0	371,100	0
	GF/GP	\$0	\$188,900	\$0
<b>18. Electronic Health Records Incentive Program</b>	<b>FTEs</b>	<b>0.0</b>	<b>24.0</b>	<b>0.0</b>
Increases the relatively new Electronic Health Records Incentive Program line by \$24.7 million Gross (reduces GF/GP \$60,800) and makes a technical adjustment by incorporating 24.0 FTEs. The FY 2011-12 base authorization of \$119.4 million Gross included funding for administration for the program but no FTEs. All of the FY 2012-13 authorization is for electronic health record (EHR) incentive payments. The Department of Community Health will provide incentive payments to eligible professionals, eligible hospitals and critical access hospitals as they adopt, implement, upgrade or demonstrate meaningful use of certified EHR technology. An EHR is an electronic record of patient health information generated by one or more encounters in any care delivery setting.	<b>Gross</b>	<b>\$119,388,800</b>	<b>\$24,692,600</b>	<b>\$0</b>
	Federal	117,989,900	24,753,400	0
	GF/GP	\$1,398,900	(\$60,800)	\$0
<b>19. Medicaid Cost Increases</b>	<b>Gross</b>	<b>\$11,763,656,400</b>	<b>\$115,299,300</b>	<b>\$379,424,300</b>
Includes an increase for FY 2012-13 of \$263.3 million Gross (\$93.2 million GF/GP) to cover Medicaid caseload, utilization and inflation changes within Medical Services, Mental Health/Substance Abuse, Children's Special Health Care Services and Federal Medicare Prescription programs. Also recognizes an anticipated FY 2011-12 Medicaid caseload, utilization and inflation adjustment, which is included as a FY 2012-13 base reduction, reducing various Medicaid appropriation lines by \$148.0 million Gross (\$47.5 million GF/GP). The increase for FY 2013-14 Medicaid caseload, utilization and inflation is projected to be \$379.4 million Gross (\$128.3 million GF/GP).	Federal	7,832,698,100	69,490,500	251,115,600
	Local	52,469,400	0	0
	Private	2,100,000	0	0
	Merit Awd	82,275,800	0	0
	Restricted	1,865,496,800	0	0
	GF/GP	\$1,928,616,300	\$45,808,800	\$128,308,700

**COMMUNITY HEALTH**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>20. Dual Eligibles to Managed Care</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>
Shifting individuals who are eligible for both Medicare and Medicaid (dual eligibles) from fee-for-service to an integrated managed care system was anticipated to generate savings in the amount of \$40.8 million Gross (\$13.7 million GF/GP) in FY 2011-12 given a start date of April 1, 2012. The FY 2011-12 savings apparently will not be realized and are once again included in the FY 2012-13 Executive Recommendation with a program start date of April 1, 2013. There is no net change from FY 2011-12 to FY 2012-13.	Federal	N/A	0	0
	GF/GP	N/A	\$0	\$0
<b>21. Graduate Medical Education</b>	<b>Gross</b>	<b>\$153,465,900</b>	<b>(\$17,129,400)</b>	<b>\$0</b>
Continues the reduction of \$31.8 million Gross made to the Graduate Medical Education (GME) program in FY 2011-12, but does not continue the FY 2011-12 Sec. 1901 "one-time basis only" funding for GME of \$17.1 million Gross. The program would be funded in the FY 2012-13 Executive Recommendation at approximately \$136.3 million.	Federal	101,502,300	(11,329,400)	0
	GF/GP	\$51,963,600	(\$5,800,000)	\$0
<b>22. Primary Care Physician Rate Increase</b>	<b>Gross</b>	<b>N/A</b>	<b>\$281,800,000</b>	<b>\$0</b>
Recognizes an increase of \$281.8 million of federal funds that will be available to provide an increase in the reimbursement rates for primary care doctors, family doctors and pediatricians up to 100% of Medicare rates. Not included in the rate increase are nurse practitioners, physician assistants and OB/GYNs. This reimbursement level change is a requirement of the Affordable Care Act of 2010 and is entirely federally funded.	Federal	N/A	281,800,000	0
	GF/GP	N/A	\$0	\$0
<b>23. Include Behavioral Health Drugs On Preferred Drug List</b>	<b>Gross</b>	<b>\$338,717,500</b>	<b>\$0</b>	<b>\$0</b>
Savings of \$18.7 million gross (\$6.3 million GF/GP) were removed from the Pharmaceutical Services line in FY 2011-12 as a result of including behavioral health drugs on the preferred drug list. The FY 2011-12 savings apparently will not be realized and are once again included in the FY 2012-13 Executive Recommendation. There is no net change from FY 2011-12 to FY 2012-13. A statutory change would be required to realize these savings.	Federal	222,861,200	0	0
	GF/GP	\$115,856,300	\$0	\$0
<b>24. Healthy Kids Dental Expansion</b>	<b>Gross</b>	<b>N/A</b>	<b>\$25,000,000</b>	<b>\$25,000,000</b>
Includes the first one-quarter of a 4 year plan to phase-in statewide coverage for the Healthy Kids Dental program by increasing the budget \$25.0 million Gross (\$8.4 million GF/GP). The expansion would include, but is not limited to, parts of several large urban counties including Kent, Oakland, Macomb and Wayne. Areas with the greatest dental service need would be the highest priority for program expansion.	Federal	N/A	16,597,500	16,597,500
	GF/GP	N/A	\$8,402,500	\$8,402,500
<b>25. Airport Parking Tax Deposit to MBTF</b>	<b>Gross</b>	<b>\$105,877,700</b>	<b>\$0</b>	<b>\$0</b>
Replaces \$6.7 million of funding received from Wayne County for support of the Medicaid Adult Benefits Waiver program with a like amount of revenue from the Medicaid Benefits Trust Fund (MBTF). For many years Wayne County has provided the Department Wayne's portion of the Airport Parking Tax which the Department uses for support of the Medicaid Adult Benefits Waiver program. This change would eliminate the Airport Parking fee payment to Wayne County and the subsequent payment back to the State of Michigan by simply directing Wayne County's portion of the Airport Parking Tax to the Medicaid Benefits Trust Fund. Legislation would be necessary to make this adjustment and is anticipated in FY 2011-12.	Federal	70,027,300	0	0
	Local	6,653,800	(6,653,800)	0
	Restricted	6,100,000	6,653,800	0
	GF/GP	\$23,096,600	\$0	\$0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>26. Medicaid Estate Recovery Program</b>	<b>Gross</b>	<b>\$1,686,454,600</b>	<b>\$0</b>	<b>\$0</b>
Savings of \$16.6 million Gross (\$5.6 million GF/GP) were removed from the Long-Term Care Services line in FY 2011-12 representing savings generated by strengthening statutory changes to the existing Medicaid long-term care estate recovery law. The FY 2011-12 savings apparently will not be realized and are once again included in the FY 2012-13 Executive Recommendation. There is no net change from FY 2011-12 to FY 2012-13.	Federal	1,133,338,700	0	0
	Merit Awd	82,275,800	0	0
	Restricted	256,925,600	0	0
	Local	6,618,800	0	0
	GF/GP	\$207,295,700	\$0	\$0
<b>27. MIChoice Program Adjustments</b>	<b>Gross</b>	<b>\$229,921,000</b>	<b>\$7,500,000</b>	<b>\$0</b>
Increases the Medicaid Home- and Community-Based Services Waiver line by \$14.1 million Gross (\$4.8 million GF/GP) to recognize additional transitions from nursing homes and the reduction in the waiting list for the MIChoice program. The Long-Term Care Services line is reduced \$6.6 million Gross (\$1.5 million GF/GP) recognizing savings and transition costs.	Federal	146,177,400	4,143,300	0
	Local	265,000	0	0
	Private	2,100,000	0	0
	GF/GP	\$81,378,600	\$3,356,700	\$0
<b>28. PACE Program Adjustments</b>	<b>Gross</b>	<b>\$30,707,800</b>	<b>\$0</b>	<b>\$0</b>
Increases the Program for All-Inclusive Care for the Elderly (PACE) line item by \$4.1 million Gross (\$1.4 million GF/GP) bringing the existing PACE programs up to capacity(\$2.5 million) and adding a Berrien County PACE program (\$1.6 million). Both actions are funded by a reduction to the Long-Term Care Services line in the amount of the PACE increases.	Federal	20,310,200	0	0
	GF/GP	\$10,397,600	\$0	\$0
<b>29. Autism Spectrum Disorder Coverage</b>	<b>Gross</b>	<b>\$0</b>	<b>\$34,061,200</b>	<b>\$0</b>
Increases the Department's budget by \$34.1 million Gross (\$10.1 million GF/GP) to fund autism spectrum disorder treatment for an estimated 2,000 Medicaid and MIChild eligible children under the age of six. Creates a new line "Autism Services" authorized at \$20.5 million Gross (\$6.9 million GF/GP) and adds funding to the MIChild line of \$13.5 Gross (\$3.2 million GF/GP). In anticipation of the possibility of a private insurance coverage mandate for autism, \$15.0 million GF/GP is included in the available balance on the FY 2012-13 State balance sheet for potential insurer costs.	Federal	0	23,978,200	0
	GF/GP	\$0	\$10,083,000	\$0
<b>30. Use Tax Adjustment</b>	<b>Gross</b>	<b>\$201,057,300</b>	<b>(\$201,057,300)</b>	<b>\$0</b>
Reverses the FY 2011-12 supplemental PA 278 of 2011 that provided use tax (GF/GP) funding, which corrected authorization necessary to implement the State's final Health Insurance Claim Assessment (HICA) legislation. The Department budget is reduced \$201.1 million Gross (\$167.3 million GF/GP).	Federal	132,979,300	(132,979,300)	0
	Restricted	(99,214,200)	99,214,200	0
	GF/GP	\$167,292,200	(\$167,292,200)	\$0
<b>31. School-Based Services</b>	<b>Gross</b>	<b>\$91,296,500</b>	<b>\$40,206,200</b>	<b>\$0</b>
Increases the School-Based Services line by \$40.2 million federal funding representing Michigan school district's 60% portion of the federal Medicaid funds earned by the school district match. The other 40% of federal funding (\$26.8 million) is retained by the State and is used to offset GF/GP in the Medicare Premium Payments line.	Federal	152,160,800	67,010,300	0
	GF/GP	(\$60,864,300)	(\$26,804,100)	\$0

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

## COMMUNITY HEALTH

### Major Boilerplate Changes From FY 2011-12

#### **Executive Boilerplate Deletions**

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted. For the Department of Community Health, the Executive deletes 97 of 146 boilerplate sections.

#### **GENERAL SECTIONS**

##### **Sec. 213. Report on Tobacco and Healthy Michigan Funds – DELETED**

Requires state departments, agencies, and commissions receiving tobacco tax and Healthy Michigan funds to report on programs utilizing these funds by April 1, 2012, to the House and Senate Appropriations Committees, House and Senate Fiscal Agencies, and State Budget Director.

##### **Sec. 287. General Fund/General Purpose Lapses – DELETED**

Requires DCH to report on the estimated general fund/general purpose appropriations lapses at the close of the previous fiscal year by no later than November 15, 2011.

#### **COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS**

##### **Sec. 401. Comprehensive System of CMH Services – DELETED**

Provides that Part 1 appropriated funds are to support a comprehensive system of CMH services under the full authority and responsibility of local CMHSPs or PIHPs. Requires that DCH ensure each CMHSP or PIHP provides a complete array of mental health services, coordination of inpatient and outpatient hospital services, individualized plans of services, a case or care management system, and a system that serves at-risk and delinquent youth pursuant to provisions of the Mental Health Code, 1974 PA 258, MCL 330.1001 to 330.2106.

##### **Sec. 404. Report on CMHSPs – DELETED**

Requires DCH to report by May 31, 2012, on the following for CMHSPs or PIHPs: expenditures and services data, information about access to CMHSPs, lapses and carry-forwards during FY 2010-11, information on the CMH Medicaid managed care program, performance indicator information required to be submitted to DCH in contracts with CMHSPs or PIHPs, and an estimate of the number of mental health direct care workers.

##### **Sec. 406. Appropriation for State Disability Assistance Substance Abuse Services Program – DELETED**

Requires funds appropriated for the state disability assistance substance abuse services program be used to support per diem and board payments in substance abuse residential facilities. Requires DCH to reimburse all eligible licensed substance abuse programs at a rate equivalent to that paid by DHS to adult foster care providers.

##### **Sec. 408. Report on Substance Abuse Prevention, Education, and Treatment Programs – DELETED**

Requires DCH to report by April 1, 2012, on expenditures and services data on substance abuse prevention, education, and treatment programs for FY 2010-11.

##### **Sec. 418. Monthly Report on Medicaid Managed Mental Health Program – DELETED**

Requires DCH to report on the amount of funding paid to PIHPs to support the Medicaid managed mental health program in the preceding month including total paid to each PIHP, per capita rate paid for each eligibility group for each PIHP, number of cases in each eligibility group, and year-to-date summary of eligibles and expenditures.

##### **Sec. 492. Mental Health Services to County Jail Inmates – DELETED**

Does not allow the Department to prohibit the use of GF/GP dollars by CMHSPs to provide mental health services to inmates of a county jail if a CMHSP has entered into an agreement with a county or county sheriff.

#### **STATE PSYCHIATRIC HOSPITALS AND FORENSIC MENTAL HEALTH SERVICES**

##### **Sec. 608. Privatization of Food and Custodial Services – DELETED**

Allows DCH, in consultation with the Department of Technology, Management and Budget, to maintain a bid process to identify 1 or more private contractors to provide food and custodial services for the administrative areas at any state hospital identified by DCH as capable of generating savings through the outsourcing of those services.

#### **HEALTH POLICY**

##### **Sec. 704. Emergency Medical Services (EMS) Grantees and Contractors – DELETED**

Requires DCH to continue to work with EMS grantees funded from Part 1 appropriations to ensure that a sufficient number of qualified EMS personnel exist to serve rural areas of the state.

#### **CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION**

##### **Sec. 1004. Cancer Rate Investigations – DELETED**

Establishes legislative intent that DCH continue to collaborate with St. Clair County and the City of Detroit's southwest community to investigate and evaluate cancer rates.

**Major Boilerplate Changes From FY 2011-12**

**FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES**

***Sec. 1103. Sexual and Maternal Health Expenditure and Demographics Report – DELETED***

Requires DCH to annually report an estimate of public funds administered by the department for family planning, sexually transmitted infection prevention and treatment, pregnancies, and births, and to report demographics collected by DCH that are self-reported by individuals utilizing those services.

***Sec. 1104. Department Report Regarding Certain Pregnancy Planning and Prenatal Programs – DELETED***

Requires DCH to report by April 1 on funding allocations, breakdown of expenditures by urban and rural, and prior fiscal year service and expenditure data for the local maternal and child health, prenatal care, family planning, and pregnancy prevention programs. DCH must ensure that needs of rural communities are considered in distribution of funds for these programs. Defines "rural" entity as having a population of 30,000 or less.

***Sec. 1108. Restrictions on Use of Pregnancy Prevention Funding – REVISED***

Revises language to also prohibit family planning local agreements line item funds from being used for abortion counseling, referrals, or services; current language includes pregnancy prevention program appropriation line item funds.

***Sec. 1109. Volunteer Dental Services Program for the Uninsured – REVISED***

Eliminates language requiring annual report on services provided in the prior fiscal year by the volunteer program of dental services to the uninsured.

***Sec. 1135. School Health Education Curriculum – DELETED***

Establishes that if funds become available, provision of a school health education curriculum shall be in accordance with health education goals of the Michigan Model for Comprehensive School Health Education State Steering Committee; establishes steering committee membership; and requires curriculum materials be made available upon request.

**CRIME VICTIM SERVICES COMMISSION**

***Sec. 1302. Allocation of Funds for Forensic Nurse Examiner Programs – DELETED***

Allocates up to \$200,000 of justice assistance grants line item funds for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for prosecution of sexual assault. Funds to be used for program coordination and training.

**OFFICE OF SERVICES TO THE AGING**

***Sec. 1401. Eligibility for Senior Community Services and Nutrition Services Programs – DELETED***

Eligibility for services funded by community services and nutrition services appropriation line items shall be restricted to individuals at least 60 years of age who fail to qualify for home care services under Titles XVIII, XIX, or XX of the Social Security Act.

***Sec. 1403. Home-Delivered Meals Waiting Lists – DELETED***

Requires area agency on aging regions to report home-delivered meals waiting lists to Office of Services to the Aging and to the Legislature; establishes standard criteria for persons included on the waiting list, including an initial determination of likely eligibility.

**MEDICAL SERVICES ADMINISTRATION – NEW**

***Sec. 1501. Electronic Health Records Incentive Program Work Project – NEW***

Establishes unexpended funds for the Electronic Health Records Incentive program as a work project appropriation with the completion date estimated to be September 30, 2017.

**MEDICAL SERVICES**

***Sec. 1662. Review and Analysis of HMO Performance, EPSDT and MIHP Technical Assistance – DELETED***

Directs the Department to submit copies of analysis of HMO HEDIS reports and annual external quality review report within 30 days of receipt.

***Sec. 1684. Home- and Community-Based Services (HCBS) Waiver Costs – DELETED***

Requires report that identifies by waiver agent Medicaid HCBS waiver costs by administration, case management, and direct services.

***Sec. 1699. Disproportionate Share Hospital (DSH) and Graduate Medical Education (GME) Payments – DELETED***

Authorizes separate payments for hospitals serving a disproportionate share of indigent patients in the amount of \$45.0 million, and those hospitals providing GME training programs. Distribution is based on a methodology used in FY 2003-04. A distribution report is due by September 30 of the current fiscal year. The Department is required to form a workgroup to derive a new DSH formula or formulas with the result to be reported to the Legislature.

***Sec. 1775. Medicaid Managed Care for Dual Eligibles – DELETED***

Requires the Department to report to the Legislature on a federally-approved managed care waiver for dual Medicare/Medicaid eligibles.

**COMMUNITY HEALTH**

**Major Boilerplate Changes From FY 2011-12**

**Sec. 1846. Graduate Medical Education Funding Workgroup – DELETED**

Requires the Department to establish a workgroup on graduate medical education funding, identifies workgroup representation, goals of the workgroup and must issue a report.

**Sec. 1853. Medicaid HMO Enrollee Automatic Assignment Workgroup – DELETED**

Requires the Department to form a workgroup to develop revisions to the process of automatic assignment of new Medicaid recipients to HMOs if the recipient has not chosen an HMO upon enrollment.

**ONE-TIME BASIS ONLY**

**Sec. 1901. One-Time Funding for FY 2011-12 – REVISED**

Eliminates 4 of 5 of the FY 2011-12 one-time funding items; total of FY 2011-12 one-time funding was \$53.0 million gross (\$22.1 million GF/GP). Provides one-time funding of \$49.7 million Gross (\$12.0 million GF/GP) for FY 2012-13, including increased funding for Healthy Michigan Fund programs, renamed to health and wellness initiatives, and 4 new one-time funded items: state employee lump sum payments, laboratory services, Michigan Medicaid information system, and Office of Services to Aging administration.

<b><u>Supplemental Recommendations for FY 2011-12 Appropriations</u></b>		<b><u>FY 2011-12 Recommendation</u></b>
<b>1. Primary Care Services</b>	<b>Gross</b>	<b>\$330,200</b>
Restores primary care disproportionate share (DSH) funding of \$330,200 Gross (\$111,800 GF/GP) for Bronson Methodist Hospital supporting primary care services, increasing the hospital's primary care DSH payment to FY 2010-11 funded level.	Federal	218,400
	GF/GP	\$111,800
<b>2. Traumatic Brain Injury Treatment Project</b>	<b>Gross</b>	<b>\$200,000</b>
Restores \$200,000 Gross (\$100,000 GF/GP) funding for pilot programs to encourage trauma hospital use of traumatic brain injury (TBI) treatment models. Program was last supported in FY 2010-11 but funds were not expended.	Federal	100,000
	GF/GP	\$100,000
<b>3. Donated Dental Program Coordination</b>	<b>Gross</b>	<b>\$25,000</b>
Provides additional \$25,000 GF/GP for contractual services to coordinate Donated Dental Program services for uninsured persons who have difficulty accessing dental services due to mental or physical handicap, visual impairment, chronic illness or age. Increases program funding from \$125,000 to \$150,000, restoring it to FY 2008-09 funding level.	GF/GP	\$25,000
<b>4. Indigent Care Agreements</b>	<b>Gross</b>	<b>\$7,220,400</b>
Increases the Special Medicaid Reimbursement line by \$7.2 million Gross (\$2.5 million state restricted) to support additional indigent care agreement (ICA) services through the disproportionate hospital (DSH) pool. This action would bring the FY 2011-12 level of ICA support up to that of FY 2010-11. The FY 2012-13 Executive recommendation includes the increased FY 2011-12 amount.	Federal	4,775,600
	Restricted	2,444,800
	GF/GP	\$0
<b>5. Chiropractic Services</b>	<b>Gross</b>	<b>\$450,000</b>
Increases the Auxiliary Medical Services line by \$450,000 (\$152,400 GF/GP) restoring Medicaid chiropractic services beginning April 1, 2012. This amount is annualized in the FY 2012-13 Executive budget recommendation.	Federal	297,600
	GF/GP	\$152,400
<b>6. Hospital Assessment DSH Payments</b>	<b>Gross</b>	<b>\$9,640,500</b>
Increases the Special Medicaid Reimbursement line by \$9.6 million Gross (\$3.3 million state restricted) to support additional hospital assessment financed disproportionate hospital (DSH) pool payments. This action would bring the FY 2011-12 level of hospital assessment financed DSH payments up to that of FY 2010-11 and equals the amount included in the FY 2012-13 Executive recommendation.	Federal	6,376,200
	Restricted	3,264,300
	GF/GP	\$0
<b>7. Wayne State Psychiatric Residency Program</b>	<b>Gross</b>	<b>\$8,520,900</b>
Increases the Special Medicaid Reimbursement line by \$8.5 million Gross (\$2.9 million state restricted) to reinstate DSH funding for the psychiatric residency program at Wayne State University. The FY 2012-13 Executive recommendation includes funding of \$8.4 million for the Wayne State program through the DSH pool.	Federal	5,635,700
	Restricted	2,885,200
	GF/GP	\$0

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
HUMAN SERVICES (Department)**

**Analyst: Kevin Koorstra**

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
<b>IDG/IDT</b>	\$35,821,900	\$31,241,700	(\$4,580,200)	(12.8)	\$31,241,700	\$0	0.0
<b>Federal</b>	5,496,420,500	5,394,076,700	(102,343,800)	(1.9)	5,390,125,100	(3,951,600)	(0.1)
<b>Local</b>	28,679,500	33,549,200	4,869,700	17.0	33,549,200	0	0.0
<b>Private</b>	16,136,400	16,375,800	239,400	1.5	16,375,800	0	0.0
<b>Restricted</b>	123,701,000	88,847,000	(34,854,000)	(28.2)	88,847,000	0	0.0
<b>GF/GP</b>	1,047,330,500	1,028,796,400	(18,534,100)	(1.8)	1,033,695,300	4,898,900	0.5
<b>Gross</b>	<b>\$6,748,089,800</b>	<b>\$6,592,886,800</b>	<b>(\$155,203,000)</b>	<b>(2.3)</b>	<b>\$6,593,834,100</b>	<b>\$947,300</b>	<b>0.0</b>
<b>FTEs</b>	11,546.5	11,208.5	(338.0)	(2.9)	11,208.5	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food and emergency needs. The DHS is also charged with protecting children and assisting families by administering foster care, adoption and family preservation programs, and by enforcing child support laws. The DHS is also responsible for delivering juvenile justice services and for licensing day care, adult foster care, and child welfare agencies in the state.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>	<b>Executive Changes</b>		
	<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>1. Child Welfare Caseload Adjustments</b>	<b>Gross \$615,071,400</b>	<b>(\$32,514,900)</b>	<b>\$0</b>
Reduces funding for child welfare programs \$32.5 million Gross (\$18.7 million GF/GP) as follows:	Federal 337,939,800	(17,400,300)	0
• Foster care payments are reduced \$8.6 million Gross (\$8.1 million GF/GP) from 7,200 cases at \$24,378 per year to 7,150 cases at \$23,340 per year.	Local 13,388,800	3,341,000	0
• Adoption subsidies are reduced \$2.0 million Gross (\$1.0 million GF/GP) from 27,450 cases at \$652.50 per month to 27,249 cases at \$651.00 per month.	Private 1,400,000	200,000	0
• The County Child Care Fund is reduced \$23.9 million Gross (\$11.3 million GF/GP).	GF/GP \$262,342,800	(\$18,655,600)	\$0
• Guardianship assistance payments are increased \$2.0 million Gross (\$1.8 million GF/GP).			

**HUMAN SERVICES (DEPARTMENT)**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>	<b>Executive Changes</b>			
	<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>	
<b>2. Foster Family Rate Increase</b>	<b>Gross</b>	<b>N/A</b>	<b>\$11,291,300</b>	<b>\$0</b>
Increases \$11.3 million Gross (\$6.3 million GF/GP) to increase foster family rates \$3.00 per child per day. New rate would be implemented for current foster care cases, new guardianship assistance cases, and new adoption subsidy cases. The last increase for family rates was implemented in 2004.	Federal	N/A	4,166,700	0
	Local	N/A	809,700	0
	GF/GP	N/A	\$6,314,900	\$0
<b>3. Michigan Youth Opportunity Initiative</b>	FTE	N/A	18.0	0.0
Increases \$1.9 million Gross (\$878,900 GF/GP) to support 18.0 new FTEs to provide assistance to foster youth aging out of foster care. GF/GP would leverage federal funds to help support these new staff. The GF/GP contribution is redirected from other areas of the budget as a result of increasing federal Temporary Assistance for Needy Families (TANF) block grant funding.	<b>Gross</b>	<b>N/A</b>	<b>\$1,901,800</b>	<b>\$0</b>
	Federal	N/A	1,022,900	0
	GF/GP	N/A	\$878,900	\$0
<b>4. Family Preservation Programs</b>	<b>Gross</b>	<b>\$53,264,200</b>	<b>\$261,600</b>	<b>\$0</b>
Increases funding for family reunification \$2.5 million Gross. Funding would support a new Supported Visitation contract and a new Parent Partners contract. Increases Families First \$500,000 Gross. Reduces Strong Families/Safe Children funding \$2.7 million Gross. The new programs emphasize mentoring and enhanced support to parents with a child removed from their home.	Federal	52,385,300	261,600	0
	GF/GP	\$878,900	\$0	\$0
<b>5. One-Time Funding: Child Welfare Improvements</b>	<b>Gross</b>	<b>N/A</b>	<b>\$5,700,000</b>	<b>\$0</b>
Increases funding designated as one-time in boilerplate for child welfare improvements by \$5.7 million Gross (\$4.0 million GF/GP). The activities needing additional funding from the boilerplate authorization would be determined through the next Federal Monitor's report.	Federal	N/A	1,700,000	0
	GF/GP	N/A	\$4,000,000	\$0
<b>6. Other Child Welfare Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$880,900)</b>	<b>\$0</b>
Includes child welfare adjustments as reviewed below:	Federal	N/A	(280,900)	0
• Increases funding for out-patient mental health services \$4.4 million GF/GP.	GF/GP	N/A	(\$600,000)	\$0
• Increases funding for new psychotropic oversight contracts \$1.1 million Gross (\$559,100 GF/GP).				
• Increases Youth in Transition \$15,000 GF/GP.				
• Eliminates \$4.0 million GF/GP for a one-time Needs Assessment.				
• Reduces medical psychiatric evaluations \$1.4 million Gross (\$600,000 GF/GP) by implementing a statewide drug testing contract.				
• Reduces medical subsidies for adoptive youth \$1.0 million GF/GP.				

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>	<b>Executive Changes</b>			
		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>7. Public Assistance Caseload Adjustments</b>	<b>Gross</b>	<b>\$4,015,400,000</b>	<b>(\$91,828,700)</b>	<b>(\$14,736,000)</b>
Reduces funding for public assistance programs \$91.8 million	Federal	3,707,089,500	(91,002,800)	(15,365,900)
Gross (\$825,900 GF/GP) as follows:	Restricted	81,211,700	0	0
<ul style="list-style-type: none"> <li>• Food Assistance Program (FAP) is reduced \$68.4 million Gross from 1,103,042 cases at \$271 per month to 996,958 cases at \$271 per month.</li> <li>• Family Independence Program (FIP) is reduced \$22.6 million Gross from 69,363 cases at \$407 per month to 61,462 cases at \$427 per month.</li> <li>• State Disability Assistance (SDA) program is reduced \$2.4 million GF/GP from 10,250 cases at \$227 per month to 9,350 cases at \$207 per month.</li> <li>• State Supplementation program is increased \$1.6 million GF/GP from 258,500 cases at \$19.50 per month to 268,600 cases at \$19.50 per month.</li> </ul>	GF/GP	\$227,098,800	(\$825,900)	\$629,900
Also reduces FY 2013-14 projected budget \$14.7 million Gross and increases GF/GP by \$629,900 based on an estimated public assistance caseload adjustments.				
<b>8. Energy Services Adjustments</b>	<b>Gross</b>	<b>\$151,451,600</b>	<b>\$23,500,000</b>	<b>\$0</b>
Increase federal Low-income Home Energy Assistance Program (LIHEAP) based on anticipated federal grant authorization by \$58.5 million. Transfers out \$35.0 million in restricted fee revenue targeted for energy assistance to the Department of Licensing and Regulatory Affairs (LARA). A total of \$60.0 million in restricted fee revenue is appropriated in LARA for energy services.	Federal	116,451,600	58,500,000	0
	Restricted	35,000,000	(35,000,000)	0
	GF/GP	\$0	\$0	\$0
<b>9. State Supplementation Administration</b>	<b>Gross</b>	<b>\$2,681,100</b>	<b>(\$300,000)</b>	<b>\$0</b>
Reduces \$300,000 GF/GP to recognize savings from distributing State SSI Supplementation payments through Electronic Funds Transfer rather than through paper checks.	GF/GP	\$2,681,100	(\$300,000)	\$0
<b>10. Local Office Adult Services Increase</b>	FTE	N/A	41.0	0.0
Increases local office Adult Services staff by 41.0 FTEs and \$2.9 million Gross (\$924,700 GF/GP). New staff will reduce caseloads per worker from 237:1 to 200:1. Adult Services staff work on both Adult Protective Services and Adult Community Placements.	<b>Gross</b>	<b>N/A</b>	<b>\$2,935,700</b>	<b>\$0</b>
	Federal	N/A	2,011,000	0
	GF/GP	N/A	\$924,700	\$0
<b>11. Mobile Worker Initiative</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>
Increases funding \$2.4 million Gross (\$935,400 GF/GP) to purchase smart phones and apps to make direct care staff, licensing staff, and inspector general staff more mobile. With more staff in the field, the Executive Recommendation projects savings from rent and leases to offset the costs.	Federal	N/A	0	0
	GF/GP	N/A	\$0	\$0
<b>12. Stratified Case Management</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,195,000</b>	<b>\$0</b>
Increases funding \$1.2 million Gross to launch an initiative to help DHS identify client cases with the most barriers, that use the most services (state, local, or community-based services), and to coordinate services to help persons reach self-sufficiency.	Federal	N/A	1,145,000	0
	Private	N/A	50,000	0
	GF/GP	N/A	\$0	\$0
<b>13. Other Local Office Increases</b>	FTE	N/A	1.0	0.0
Increases security costs \$495,000 Gross (\$352,700 GF/GP) in both ongoing and one-time costs to improve the security and safety at DHS local offices. Increases mileage reimbursement for volunteer services \$225,700 Gross (\$58,700 GF/GP) and adds \$74,800 Gross and 1.0 FTE for SSI advocacy.	<b>Gross</b>	<b>N/A</b>	<b>\$795,500</b>	<b>\$0</b>
	Federal	N/A	309,300	0
	Restricted	N/A	74,800	0
	GF/GP	N/A	\$411,4000	\$0

**HUMAN SERVICES (DEPARTMENT)**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>14. Child Support Enforcement - Paternity Testing</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,800,000</b>	<b>\$0</b>
Increases funding \$1.8 million Gross (\$612,000 GF/GP) to provide unwed mothers the option to have a paternity test at the hospital to legally identify the father as alternative to the current requirement to sign an affidavit of parentage. Program seeks to avoid future costs of paternity establishment and would be voluntary and not mandated.	Federal	N/A	1,188,000	0
	GF/GP	N/A	\$612,000	\$0
<b>15. Background Check Program</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>(\$1,000,000)</b>	<b>\$0</b>
Transfers out \$1.0 million GF/GP from the DHS budget to the LARA budget.	GF/GP	\$1,000,000	(\$1,000,000)	\$0
<b>16. Disability Determination Services</b>	FTEs	721.9	(175.0)	0.0
Eliminates funding and FTEs added during FY 2009-10 to again perform eligibility reconsiderations for persons applying for federal SSI and SSDI. The intent was that the reconsideration process would reduce the number of individuals requesting a federal appeal. The FTEs were never hired because the federal government suspended the reconsideration process.	<b>Gross</b>	<b>\$114,949,500</b>	<b>(\$20,104,600)</b>	<b>\$0</b>
	IDG	299,900	0	0
	Federal	113,651,200	(20,104,600)	0
	GF/GP	\$998,400	\$0	\$0
<b>17. Bridges Maintenance and Support</b>	<b>Gross</b>	<b>N/A</b>	<b>\$2,218,600</b>	<b>\$0</b>
Increases funding for maintenance and support for the Bridges information technology eligibility program by \$2.2 million Gross (\$856,300 GF/GP). Funding will be used for regular Bridges updates and revisions that have had to be delayed due to the number of recent public assistance policy revisions, in addition to IT activities related to transferring out the Child Development and Care (CDC) program to the Office of Great Start within the Department of Education.	Federal	N/A	1,353,300	0
	GF/GP	N/A	\$856,300	\$0
<b>18. FTE and Federal Authorization Adjustments</b>	FTEs	N/A	(43.0)	0.0
Reduces FTE authorizations by 43.0 positions within child welfare, children services, and juvenile justice. Reduces federal authorization by \$47.4 million within child support enforcement, child support information technology, and payroll taxes and fringe benefits. These are adjustments to align spending with appropriations rather than program reductions or cuts.	<b>Gross</b>	<b>N/A</b>	<b>(\$47,423,900)</b>	<b>\$0</b>
	Federal	N/A	(47,423,900)	0
	GF/GP	N/A	\$0	\$0
<b>19. FY 2011-12 Employee Contingency Plan</b>	FTEs	N/A	(182.0)	0.0
Reduces budgeted salaries and wages to reflect actual realized salaries and wages by \$21.0 million Gross (\$5.8 million GF/GP). Eliminates funded staff vacancies saving \$6.0 million Gross (\$2.3 million GF/GP). Implements a targeted hiring freeze saving \$7.2 million Gross (\$2.8 million GF/GP) and offsets \$7.8 million GF/GP with TANF savings from the employee contingency plan.	<b>Gross</b>	<b>N/A</b>	<b>(\$34,241,100)</b>	<b>\$0</b>
	Federal	N/A	(15,470,100)	0
	GF/GP	N/A	(\$18,771,000)	\$0
<b>20. Employee Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$21,471,600</b>	<b>\$31,925,200</b>
Increases employee economic costs related to salary and wages, retirement, insurances, and building occupancy changes by \$10.9 million Gross (\$5.5 million GF/GP). Replaces \$3.9 million in IDG funds from DTMB with federal funds. Increases funding designated as one-time in boilerplate for state employee lump sum payments by \$10.5 million Gross (\$3.9 million GF/GP). Also increases FY 2013-14 projected budget \$31.9 million Gross (\$12.2 million GF/G) based on an estimated 6.9% increase to retirement costs and an estimated 6.3% increase to insurance costs.	IDG	N/A	(4,580,200)	0
	Federal	N/A	15,922,000	19,719,400
	Local	N/A	391,400	0
	Private	N/A	219,400	0
	Restricted	N/A	71,200	0
	GF/GP	N/A	\$9,447,800	\$12,205,800

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>	
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
<b>21. Federal Medical Assistance Percentage (FMAP) Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>
Reduces GF/GP by \$529,900 from the FMAP federal match rate adjustment from 66.14% to 66.39%. This rate is used to determine federal cost sharing for foster care payments and adoption subsidies.	Federal	N/A	529,900	0
	GF/GP	N/A	(\$529,900)	\$0

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

**Executive Boilerplate Deletions**

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted.

**GENERAL SECTIONS**

**Sec. 217. Limits on Out-of-State Travel – DELETED**

Limits out-of-state travel to specific conditions; requires report on out-of-state travel exemptions.

**Sec. 223. Medicaid Determination Requirements – DELETED**

Requires DHS to determine Medicaid eligibility within 60 days when disability is an eligibility factor and within 45 days for all other applicants.

**Sec. 224. Medicaid Determination Requirements for Nursing Home Patients – DELETED**

Requires DHS to approve or deny Medicaid applications for nursing home patients within 45 days of receipt of necessary information.

**Sec. 250. Information Technology Work Projects – DELETED**

Allows appropriations for information technology to be designated as work projects and carried forward into future fiscal years.

**Sec. 264. DHS Employee Communication with Legislature – DELETED**

Prohibits disciplinary action by DHS against employees for communicating with a legislator or legislative staff.

**EXECUTIVE OPERATIONS**

**Sec. 307. 2-1-1 Statewide Call System – DELETED**

Allocates \$550,000 for Michigan 2-1-1 to coordinate and support a statewide 2-1-1 call system; provides that funding shall not exceed 50% of total operating expenses; requires annual report.

**ADULT AND FAMILY SERVICES**

**Sec. 423. Michigan MiCAFE Contract – DELETED**

Allocates \$100,000 to Elder Law of Michigan MiCAFE to assist elderly citizens who may be eligible for food assistance; allows money to be used as matching funds to provide food assistance outreach as part of a food stamp hotline.

**CHILDREN'S SERVICES**

**Sec. 513. Child Placements in Out-of-State Facilities – DELETED**

Restricts placement of children in out-of-state facilities unless specified criteria are met as determined by the interstate compact office and deputy director of children's services; requires report on number of children in out-of-state placements and costs of placements.

**Sec. 533. Child Welfare Payment Promptness – DELETED**

Directs DHS to make payments to child placing agencies within 30 days after receiving documentation for out-of-home care services; directs DHS to explore automated payments to private agencies to improve speed and accuracy; requires report.

**Sec. 536. Foster Care Assignment System – DELETED**

Establishes criteria requiring DHS to place children within their own county or within a 75-mile radius of the home from which they entered custody except under certain listed circumstances.

## HUMAN SERVICES (DEPARTMENT)

### Major Boilerplate Changes From FY 2011-12

#### **Sec. 546. Foster Care Agency Administrative Rates – DELETED**

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHS; establishes general independent living administrative rate of \$28; establishes specialized independent living administrative rates less than rates provided in FY 2008-09 but more than the general independent living rate.

#### **Sec. 574. Contracts to License Relative Caregivers – REVISED**

Allocates \$2.5 million to private child placing agencies to facilitate licensure of relative caregivers as foster parents and allows private agencies to retain supervision of at least 50% of the newly licensed cases; provides \$375,000 for family incentive grants to help with home improvements needed by foster families. *Executive recommendation strikes out \$2.5 million.*

#### **Sec. 578. Mental Health Assessment – DELETED**

Requires DHS and child placing agencies to utilize a standardized assessment tool to determine placement and mental health services of children placed with DHS.

### **PUBLIC ASSISTANCE**

#### **Sec. 603. Energy Provider Agreements and Standard Utility Allowance Adjustments – DELETED**

Allows DHS to make direct payments to energy providers; establishes energy caps based on available federal funds; requires DHS to review and adjust the state food assistance standard utility allowance based on current energy costs; requires payments for energy assistance to be paid to energy provider not the individual.

#### **Sec. 610. State Emergency Relief – DELETED**

Requires consideration of expenses for finding employment as good cause for persons applying for SER assistance; establishes housing affordability standard under SER of 75% of total net income; prohibits SER payments to individuals found guilty of fraud, out-of-state residents, and illegal immigrants; requires SER rent assistance to be paid directly to the landlord.

#### **Sec. 613. Cremation of Unclaimed Bodies – DELETED**

Provides reimbursements for the cremation of indigent persons if a person with the right to control the disposition of the body does not claim the body or refuses to exercise that right.

#### **Sec. 615. Illegal Alien Public Assistance Prohibition – DELETED**

Prohibits providing public assistance to illegal aliens except as required by federal regulations or for emergency food and shelter services.

#### **Sec. 644. Regional Homeless Shelters – DELETED**

Requires DHS to prioritize money for regional homeless shelters that offer wraparound services with a lower cost per night than an alternative homeless shelter.

#### **Sec. 645. Domestic Violence Homeless Criteria for State Emergency Relief – DELETED**

Allows individuals living with others to escape domestic violence to be defined as homeless for purpose of SER.

#### **Sec. 677. Family Independence Program (FIP) Goals – DELETED**

Establishes state goal of having 50% of FIP cases involved in employment activities; requires quarterly reports; directs DHS to develop improvement plan if actual percentage falls below goal for two consecutive quarters.

#### **Sec. 686. Caseworker Policy Changes – DELETED**

Requires DHS to ensure that individuals presenting out-of-state identification are not enrolled in benefit programs in other states; requires caseworkers to confirm resident addresses in FIP and SDA cases; prohibits individuals with homes worth more than \$500,000 from receiving assistance; requires caseworkers to collect up-to-date phone numbers from Medicaid recipients during eligibility determination and provide this information to DCH.

#### **Sec. 696. Chaldean Community Foundation – DELETED**

Appropriates \$100,000 to the Chaldean Community Foundation to provide translation services, health care, and youth services.

### **JUVENILE JUSTICE SERVICES**

#### **Sec. 719. Legislative Notification of Juvenile Justice Changes – DELETED**

Requires DHS to notify Legislature at least 30 days before closing or making any change in the status of a state juvenile justice facility, including licensed bed capacity and operating bed capacity.

### **ONE-TIME BASIS ONLY**

#### **Sec. 1201. One-time Basis Appropriations – NEW**

Appropriates, on a one-time basis only, \$10.5 million for state employee lump sum payments and \$5.7 million for child welfare enhancements; programs are funded with \$8.3 million in federal revenue and \$7.9 million in state general fund/general purpose.

**FY 2012-13 AND FY 2013-14  
Budget Detail  
for  
RESOURCE PROTECTION**

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**Agriculture and Rural Development  
Environment Quality  
Natural Resources**

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
AGRICULTURE AND RURAL DEVELOPMENT**

**Analyst: William E. Hamilton**

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
<b>IDG/IDT</b>	\$437,700	\$319,300	(\$118,400)	(27.1)	\$316,900	(\$2,400)	(0.8)
<b>Federal</b>	14,587,700	11,199,600	(3,388,100)	(23.2)	11,488,500	288,900	2.6
<b>Local</b>	0	0	0	--	0	0	--
<b>Private</b>	178,400	175,800	(\$2,600)	(1.5)	174,300	(1,500)	(0.9)
<b>Restricted</b>	29,600,500	28,659,400	(941,100)	(3.2)	28,813,300	153,900	0.5
<b>GF/GP</b>	29,878,700	34,160,500	4,281,800	14.3	32,607,800	(1,552,700)	(4.5)
<b>Gross</b>	<b>\$74,683,000</b>	<b>\$74,514,600</b>	<b>(\$168,400)</b>	<b>(0.2)</b>	<b>\$73,400,800</b>	<b>(\$1,113,800)</b>	<b>(1.5)</b>
<b>FTEs</b>	443.0	424.0	(19.0)	(4.3)	424.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

The Department's key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, protecting consumers, and promoting the state's agricultural economy.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. Emergency Management</b>	FTEs	2.0	0.0	0.0
Recognizes \$500,000 federal US Food and Drug Administration Rapid Response Team grant. This grant is also available in the current year and the department will be requesting \$500,000 increase in current year spending authority. Budget also recognizes \$12,600 in economic adjustments.	<b>Gross</b>	<b>\$257,900</b>	<b>\$512,600</b>	<b>\$0</b>
	Federal	0	508,300	0
	GF/GP	\$257,900	\$4,300	\$0
<b>2. Food and Dairy – Food Safety and Quality Assurance</b>	FTEs	81.0	(6.0)	0.0
Reflects economic adjustments.	<b>Gross</b>	<b>\$10,433,100</b>	<b>(\$265,600)</b>	<b>\$0</b>
The State Budget Office has indicated that it will request a negative supplemental to reduce current year GF/GP appropriations by \$308,600 in this line to account for assumed employee cost savings that were not realized.	Federal	684,500	2,900	0
	Restr.	3,292,800	3,600	0
	GF/GP	\$6,455,800	(\$272,100)	\$0

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>Executive Changes</b>		
		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>3. Food and Dairy – Healthy Food Initiative (One-Time Boilerplate Appropriation)</b>	FTEs	0.0	5.0	(5.0)
	<b>Gross</b>	<b>\$0</b>	<b>\$1,500,000</b>	<b>(\$1,500,000)</b>
	GF/GP	\$0	\$1,500,000	(\$1,500,000)
<p>Recommends one-time boilerplate appropriation for a new Healthy Food Initiative. Program would "improve farm food safety and provide access to affordable, fresh, and healthy food. Funding will assist in meeting and implementing new food safety requirements." Department anticipates awarding up to \$1.0 million in grants (five grants up to \$200,000 each) to support regional food hubs. The remaining \$500,000 would be used to support additional staffing in needed to develop and implement preventative food safety measures associated with the FDA Food Safety Modernization Act. The Department indicates that of the \$500,000, \$93,200 would be used in the Food and Dairy, \$270,000 in Laboratory, and \$136,800 for Animal Health.</p>				
<b>4. Animal Industry – Animal Health and Disease Response</b>	FTEs	64.0	(4.0)	0.0
	<b>Gross</b>	<b>\$9,237,100</b>	<b>(\$280,400)</b>	<b>\$0</b>
	Federal	1,323,900	(443,500)	0
	Restricted	267,700	65,000	0
	GF/GP	\$7,645,500	\$98,100	\$0
<p>Recognizes \$153,100 Gross (\$96,100 GF/GP) in economic increases; \$483,500 decrease in federal revenue to reflect actual anticipated federal grants; \$50,000 increase in Animal Welfare Fund revenue (a fund established in 2007 PA 132).</p> <p><i>The State Budget Office has indicated that it will request a negative supplemental to reduce current year GF/GP appropriations by \$253,700 in this line to account for assumed employee cost savings that were not realized.</i></p>				
<b>5. Pesticide and Plant Pest Management</b>	FTEs	88.0	(11.0)	0.0
	<b>Gross</b>	<b>\$11,025,400</b>	<b>(\$485,300)</b>	<b>\$0</b>
	Federal	2,043,900	5,100	0
	Private	86,500	300	0
	Restricted	5,224,900	(387,200)	0
	GF/GP	\$3,670,100	(\$103,500)	\$0
<p>Recognizes \$86,300 Gross (\$103,500 GF/GP) in economic cost reductions; budget also reduces restricted fund sources by \$400,000 to reflect actual anticipated revenue.</p> <p><i>The State Budget Office has indicated that it will request a negative supplemental to reduce current year GF/GP appropriations by \$112,500 in this line to account for assumed employee cost savings that were not realized.</i></p>				
<b>6. Emerald Ash Borer Program</b>	FTEs	7.0	(7.0)	0.0
	<b>Gross</b>	<b>\$1,910,200</b>	<b>(\$1,910,200)</b>	<b>\$0</b>
	Federal	1,910,200	(1,910,200)	0
<p>Reflects elimination of targeted federal support for this program; appropriation had been as much as \$25.0 million in FYs 2003-04 and 2004-05.</p>				
<b>7. Michigan Agriculture Environmental Assurance Program (MAEAP)</b>	FTEs	3.0	4.0	0.0
	<b>Gross</b>	<b>\$575,400</b>	<b>\$1,046,100</b>	<b>\$0</b>
	Restricted	299,900	23,900	0
	GF/GP	\$275,500	\$1,022,200	\$0
<p>Provides additional \$1.0 million GF/GP in baseline funding with the aim of achieving goal of 5,000 MAEAP verifications by 2015. MAEAP is a voluntary program designed to promote natural resources conservation through education, technical assistance, and verification of agri-systems. Program first established in FY 2000-01 budget; established in statute through 2011 PA 1, and 2011 PA 2. Budget also recognizes \$46,100 in economic increases.</p>				
<b>8. Private Forest Development Program (One-Time Boilerplate)</b>	FTEs	0.0	0.0	0.0
	<b>Gross</b>	<b>\$0</b>	<b>\$500,000</b>	<b>(\$500,000)</b>
	GF/GP	\$0	\$500,000	(\$500,000)
<p>Recommends \$500,000 GF/GP for Private Forestry Initiative program, to provide assistance to private landowners in managing forest land. Program will be carried out through grants to local conservation districts. The appropriation is identified as one-time.</p>				

**AGRICULTURE AND RURAL DEVELOPMENT**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>9. Farmland/Open Space Preservation</b>				
Reflects economic adjustment of \$29,100; reduces restricted fund source by \$160,800 to reflect actual anticipated revenue.	FTEs	9.0	0.0	0.0
	<b>Gross</b>	<b>\$1,003,700</b>	<b>(\$131,700)</b>	<b>\$0</b>
	Restricted	1,003,700	(131,700)	0
<b>10. Migrant Labor Housing</b>				
Includes \$400,000 additional GF/GP funding for program which helps ensure safe housing for seasonal farm workers. The department currently conducts pre-season inspections at 850 licensed migrant labor camps in Michigan. Increased funding would support 3.0 additional FTE positions in order to also provide in-season inspections.	FTEs	6.0	3.0	0.0
	<b>Gross</b>	<b>\$1,202,600</b>	<b>(\$45,700)</b>	<b>\$0</b>
	Federal	488,200	(488,200)	0
	Restricted	148,200	8,800	0
	GF/GP	\$566,200	\$433,700	\$0
Proposal also reflects economic adjustments of \$42,500; and elimination of federal fund source. Restricted Migrant Labor Housing funds in this line represent migrant labor housing inspection fee of \$5 per allowable occupant established in 2010 PA 13 and 2010 PA 14.				
<b>11. Laboratory Services</b>				
Recognizes \$99,400 Gross (\$4,300 GF/GP) in economic increases; \$22,700 reduction in anticipated federal USDA grants; \$150,000 reduction in restricted gasoline inspection and testing fees to reflect actual anticipated revenue.	FTEs	42.0	(4.0)	0.0
	<b>Gross</b>	<b>\$5,759,700</b>	<b>(\$73,300)</b>	<b>\$0</b>
	IDG	215,800	(8,900)	0
	Federal	976,600	2,200	0
	Restricted	2,612,800	(70,900)	0
	GF/GP	\$1,954,500	\$4,300	\$0
<i>The State Budget Office has indicated that it will request a negative supplemental to reduce current year GF/GP appropriations by \$45,500 in this line to account for assumed employee cost savings that were not realized.</i>				
<b>12. USDA Monitoring</b>				
Reflects economic increase of \$66,400, and \$30,000 reduction in anticipated federal funding. The department's Geagley Laboratory is one of eight state laboratories in the United States which performs analytic testing services for the USDA Microbiological Data Program, a program which collects data on pathogens in fresh produce. This program is eliminated in the proposed FY 2012-13 federal budget.	FTEs	13.0	0.0	0.0
	<b>Gross</b>	<b>\$2,512,300</b>	<b>\$36,400</b>	<b>\$0</b>
	Federal	2,512,300	36,400	0
<b>13. Consumer Protection Program</b>				
Reflects net \$1,500 decrease related to economic adjustments; \$150,000 reduction in restricted gasoline inspection and testing fees to reflect actual anticipated revenue; and \$50,000 in funding from new Renewable Fuels Fund. Restricted revenue includes \$3.3 million from the Refined petroleum fund.	FTEs	39.0	0.0	0.0
	<b>Gross</b>	<b>\$5,768,800</b>	<b>(\$101,500)</b>	<b>\$0</b>
	IDG	111,700	(111,700)	0
	Restricted	5,656,500	10,200	0
	GF/GP	\$600	\$0	\$0
<b>14. Agriculture Development</b>				
Proposes \$600,000 GF/GP baseline increase to support 5.0 FTE positions to assist with local and regional economic development activities, including promotion of agricultural exports. Also reflects \$45,700 in economic adjustments.	FTEs	5.0	5.0	0.0
	<b>Gross</b>	<b>\$2,066,300</b>	<b>\$645,700</b>	<b>\$0</b>
	Federal	1,532,800	34,000	0
	Restricted	102,200	2,300	0
	GF/GP	\$431,300	\$609,400	\$0

**Executive Changes**

**Major Budget Changes From FY 2011-12 YTD Appropriations**

**15. Horse Racing Programs**

Recognizes economic increase for grant administration function, and rolls up some horse racing grant lines. The fund source for this line item is the Agriculture Equine Industry Development Fund (AEIDF).

	<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
FTEs	3.0	0.0	0.0
<b>Gross</b>	<b>\$3,139,200</b>	<b>\$2,500</b>	<b>\$0</b>
Restricted	3,139,200	2,500	0

	<b>FY 2011-12 YTD</b>	<b>FY 2012-13</b>	<b>Difference</b>
Horse racing administration	\$348,600	\$351,100	\$2,500
Purses & supplements-fairs/licensed tracks	611,400	708,300	96,900
Licensed tracks - light horse racing	34,100	40,300	6,200
Standardbred (SB) breeders' awards	250,000	285,900	35,900
SB purses/supplements-licensed tracks	461,600	527,800	66,200
SB sire stakes	209,000	239,000	30,000
SB training and stabling	9,300	0	(9,300)
Thoroughbred owners' awards	31,900	0	(31,900)
Thoroughbred supplements-licensed tracks	309,600	385,900	76,300
Thoroughbred breeders awards	309,600	358,600	49,000
Thoroughbred sire stakes	214,100	244,800	30,700
Distribution of outstanding winning tickets	350,000	0	(350,000)
<b>Total</b>	<b>\$3,139,200</b>	<b>\$3,141,700</b>	<b>\$2,500</b>

**16. Capital Outlay - Farmland/Open Space Acquisition**

Recommends appropriation of \$500,000 from state restricted Agriculture Preservation Fund; reflects actual anticipated revenue.

	<b>Gross</b>	<b>\$2,300,000</b>	<b>(\$1,800,000)</b>	<b>\$0</b>
Federal		1,250,000	(1,250,000)	0
Restricted		1,050,000	(550,000)	0

**17. State Employee One-Time Lump-Sum Payment (One-Time Boilerplate)**

Includes \$470,300 Gross (\$235,300 GF/GP) boilerplate appropriation for negotiated one-time lump sum payments to state employees.

	<b>Gross</b>	<b>\$0</b>	<b>\$470,300</b>	<b>(\$470,300)</b>
IDG		0	2,400	(2,400)
Federal		0	85,000	(85,000)
Restricted		0	146,100	(146,100)
GF/GP		\$0	\$235,300	(\$235,300)

**18. Economics**

Net economic increases of \$1.2 million Gross (\$716,400 GF/GP), reflect \$408,300 increase for negotiated employee salary and wages; \$2.9 million decrease for actuarially-required retirement contributions; \$270,600 decrease for employee insurances, \$54,600 reduction in worker's compensation costs, and \$16,800 increase in building occupancy. Economic increase also reflects \$4.0 million Gross (\$2.0 million GF/GP) for Other Post Retirement Benefit contribution. Economic increase of \$1.4 million Gross (\$682,600 GF/GP) projected for FY 2013-14.

	<b>Gross</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Federal		N/A	N/A	N/A
Restricted		N/A	N/A	N/A
GF/GP		N/A	N/A	N/A

**FY 2013-14 Planning Budget**

The decrease in FY 2013-14, as compared to FY 2012-13, reflects two factors, estimated increase of \$1.4 million for "Active and retiree insurance and pension adjustment," and a \$2.2 million decrease for program funding designated as one-time in FY 2011-12.

	<b>Gross</b>	<b>N/A</b>	<b>N/A</b>	<b>(\$1,113,800)</b>
IDG		N/A	N/A	(2,400)
Federal		N/A	N/A	288,900
Private		N/A	N/A	(1,500)
Restricted		N/A	N/A	153,900
GF/GP		N/A	N/A	(\$1,552,700)

**AGRICULTURE AND RURAL DEVELOPMENT**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>19. New Fees/Fee Extensions</b>	<b>Gross</b>	<b>\$371,000</b>	<b>\$0</b>	<b>\$0</b>
Recommendation does not propose new or increased fees related to department programs, but does assume extension of certain fees currently scheduled to sunset. Those fees and related estimated revenue are: Nursery and Plant Grower's license fees, \$250,000; Pesticide applicator registration fees, \$100,000; and Livestock dealer's fees, \$21,000. Budget also assumes that the sunset on the refined petroleum regulatory fee, set to sunset in December 2012, will be extended. This budget includes \$4.0 million appropriated from the Refined Petroleum Fund, a fund administered by the Department of Environmental Quality.	Restricted	371,000	0	0

**Major Boilerplate Changes From FY 2011-12**

*NOTE: No boilerplate language proposed specific to FY 2013-14.*

**Executive Boilerplate Deletions**

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes.

## Summary: Executive Budget Recommendation for Fiscal Years 2012-13 and 2013-14 ENVIRONMENTAL QUALITY

Analyst: Viola Bay Wild

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
<b>IDG/IDT</b>	\$12,615,200	\$9,021,200	(\$3,594,000)	(28.5)	\$8,972,400	(\$48,800)	(0.5)
<b>Federal</b>	160,757,400	161,687,500	930,100	0.6	161,271,800	(415,700)	(0.3)
<b>Local</b>	0	0	0	--	0	0	--
<b>Private</b>	725,800	533,200	(192,600)	(26.5)	529,000	(4,200)	(0.8)
<b>Restricted</b>	226,510,400	230,881,300	4,370,900	1.9	231,952,300	1,071,000	0.5
<b>GF/GP</b>	28,378,300	29,405,000	1,026,700	3.6	25,735,300	(3,669,700)	(12.5)
<b>Gross</b>	<b>\$428,987,100</b>	<b>\$431,528,200</b>	<b>\$2,541,100</b>	<b>0.6</b>	<b>\$428,460,800</b>	<b>(\$3,067,400)</b>	<b>(0.7)</b>
<b>FTEs</b>	1340.5	1,347.8	7.3	0.5	1,347.8	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

### Overview

The Department of Environmental Quality (DEQ) supports environmental protection, conservation, and cleanup and redevelopment programs and regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources.

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. Funding Authorization Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$5,288,800)</b>	<b>\$0</b>
Reduces funding authorization by \$5.3 million to align with anticipated revenues. Federal funding reduced by \$1.6 million, restricted by \$3.2 million, private by \$200,000, and IDG by \$380,000. Restricted funds reduced include Water Analysis Fees, Great Lakes Protection Fund, Stormwater Permit Fees, and Environmental Protection Bond Fund, and Environmental Response Fund, among others.	IDG	N/A	(380,000)	0
	Federal	N/A	(1,561,600)	0
	Private	N/A	(200,000)	0
	Restricted	N/A	(3,147,200)	0
<b>2. State-Owned Sites Cleanup Program</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$4,400,000)</b>	<b>\$0</b>
Eliminates one-time \$4.4 million restricted funding the State Site Cleanup Fund from previous year for cleanups of high risk sites where the State is responsible for the contamination.	Restricted	N/A	(4,400,000)	0
<b>3. Wetlands Funding</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>(\$1,500,000)</b>	<b>\$0</b>
Eliminates Environmental Protection Fund funding of \$2.0 million because funds are no longer available and replaces funding with \$500,000 federal support and a one-time \$1.5 million GF/GP boilerplate appropriation (the \$1.5 million GF/GP funding is shown in item #15 below).	Federal	0	500,000	0
	Restricted	2,000,000	(2,000,000)	0
	GF/GP	\$0	\$0	\$0

**ENVIRONMENTAL QUALITY**

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>Executive Changes</b>		
		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>4. Cost Allocation Adjustment</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>
Adjusts funding to reflect cost allocation changes from FY 2011-12.		IDG	(52,000)	0
	Federal	N/A	(367,100)	0
	Restricted	N/A	419,100	0
<b>5. Leaking Underground Storage Tanks (LUST) Cleanups</b>	<b>Gross</b>	<b>\$20,000,000</b>	<b>\$10,000,000</b>	<b>\$0</b>
Includes additional \$10.0 million Refined Petroleum Fund (RPF) revenue for cleanup work at LUST sites. Funding is available by replacing \$10.0 million of RPF revenues currently used for debt service in Treasury with GF/GP funding.		Restricted	10,000,000	0
<b>6. MiWaters Data System Project</b>	<b>Gross</b>	<b>\$3,200,000</b>	<b>(\$1,200,000)</b>	<b>(\$2,000,000)</b>
Provides \$2.0 million funding from Land and Water Permit Fees Fund to upgrade the National Pollutant Discharge Elimination Management System and combine it with Coastal and Inland Waters Permit Information System (CIWPIS) to form new MiWaters data system. Eliminates \$3.2 million funding for CIWPIS in FY 2011-12.		Restricted	3,200,000	(1,200,000)
<b>7. Drinking Water Revolving Fund (DWRP) Program</b>	<b>Gross</b>	<b>N/A</b>	<b>\$2,500,000</b>	<b>\$0</b>
Includes \$2.5 million GF/GP for DWRP program to provide state match to secure federal funding for infrastructure loans for public water facilities. An additional one-time GF/GP appropriation of \$2.5 million is provided through boilerplate (additional \$2.5 million funding shown in item #15 below).		GF/GP	\$2,500,000	\$0
<b>8. State Revolving Fund Program Staff</b>	FTE	N/A	5.0	0.0
Includes \$725,000 funding from the Strategic Water Quality Initiative Fund and 5.0 FTE positions for new cleanup program for sewer improvement projects.		<b>Gross</b>	<b>\$725,000</b>	<b>\$0</b>
	Restricted	N/A	725,000	0
<b>9. Great Lakes Compact Council</b>	<b>Gross</b>	<b>N/A</b>	<b>\$50,000</b>	<b>\$0</b>
Provides \$50,000 GF/GP to help fund administrative costs of the Great Lakes Compact Council.		GF/GP	\$50,000	\$0
<b>10. Nonferrous Metallic Mining Funding</b>	FTE	N/A	1.0	0.0
Provides \$100,000 funding from the Nonferrous Metallic Mineral Surveillance Fund and 1.0 FTE position for the nonferrous metallic mining program.		<b>Gross</b>	<b>\$100,000</b>	<b>\$0</b>
	Restricted	N/A	100,000	0
<b>11. Large Quantity Water Withdrawal Fee Increase</b>	FTE	N/A	1.25	0.0
Includes additional 1.25 FTE position and \$103,900 restricted funding authorization. \$648,300 estimated to be realized through a 25% increase in the large quantity water withdrawal fee (from \$200 to \$250) and extension of the fee to agricultural sector. New revenue would replace \$325,000 CMI funding and fund the current year unfunded authorization of \$205,200.		<b>Gross</b>	<b>\$103,900</b>	<b>\$0</b>
	Restricted	N/A	103,900	0
<b>12. FY 2011-12 Contingency Plans Funding</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$81,600)</b>	<b>\$0</b>
Includes reduction of \$81,600 GF/GP funding as part of contingency plan for budgetary savings for FY 2011-12.		GF/GP	(\$81,600)	\$0
<b>13. Muskegon Cleanup Site One-Time Appropriation</b>	<b>Gross</b>	<b>\$6,000,000</b>	<b>(\$6,000,000)</b>	<b>\$0</b>
Eliminates one-time funding of \$6.0 million GF/GP for Muskegon cleanup site appropriated through boilerplate in FY 2011-12.		GF/GP	\$6,000,000	(\$6,000,000)

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>	
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
<b>14. Other Post-Employment Benefits (OPEB) FY 2011-12 GF/GP Relief Adjustment</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>
	IDG	N/A	(3,293,400)	0
Includes adjustments to replace the one-time IDG funding relief of \$3.5 million for OPEB costs in FY 2011-12.	Federal	N/A	1,393,800	0
	Restricted	N/A	1,899,600	0
	GF/GP	N/A	\$0	\$0
<b>15. One-Time Boilerplate Appropriations</b>	<b>Gross</b>	<b>N/A</b>	<b>\$5,549,200</b>	<b>(\$5,549,200)</b>
Includes the following one-time appropriations for FY 2012-13: <ul style="list-style-type: none"> <li>• \$1.5 million Gross (\$160,100 GF/GP) for negotiated one-time lump sum payments to state employees.</li> <li>• \$2.5 million Gross and GF/GP for Drinking Water Revolving Fund state match program.</li> <li>• \$1.5 million Gross and GF/GP for Wetlands Program.</li> </ul>	IDG	N/A	48,800	(48,800)
	Federal	N/A	415,700	(415,700)
	Private	N/A	4,200	(4,200)
	Restricted	N/A	920,400	(920,400)
	GF/GP	N/A	\$4,160,100	(\$4,160,100)
<b>16. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,983,400</b>	<b>\$4,481,800</b>
Reflects increased costs of \$2.0 million Gross (\$398,200 GF/GP) for negotiated salary and wage increases, actuarially-required retirement rate increase, reduced employer health insurance costs due to 20% employee contribution, and other economic adjustments. Additional increase of \$4.5 million Gross (\$490,400 GF/GP) projected for FY 2013-14.	IDG	N/A	82,600	0
	Federal	N/A	549,300	0
	Private	N/A	3,200	0
	Restricted	N/A	950,100	3,991,400
	GF/GP	N/A	\$398,200	\$490,400

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

**Executive Boilerplate Deletions**

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted.

**Sec. 212. Disciplinary Action Against State Employees – DELETED**

Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs.

**Sec. 213. Administrative Rule Promulgation – DELETED**

Prohibits DEQ to adopt a rule that will apply to a small business if it has a disproportionate economic impact.

**Sec. 223. FTE Report by Line Item – DELETED**

Requires DEQ to report on the number of funded FTEs and number of FTEs funded by line item.

**Sec. 224. Quarterly FTE Report – DELETED**

Requires DEQ to report on the number of FTEs in pay status; report required quarterly.

**Sec. 227. Permit Application Status Tracking Tool – DELETED**

Requires report on implementation of a permit application tracking tool on DEQ website.

**Sec. 228. Customer Satisfaction Evaluation Program – DELETED**

Requires DEQ to develop a customer satisfaction evaluation program; requires report.

**Sec. 229. Expedited Permitting Program – DELETED**

Requires report identifying specific permit programs for which an expedited permitting option could be developed.

**Sec. 305. Refined Petroleum Fund – DELETED**

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

**Sec. 306. Refined Petroleum Fund Cleanup Site List – DELETED**

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program.

**ENVIRONMENTAL QUALITY**

**Major Boilerplate Changes From FY 2011-12**

**Sec. 311. Tax Exemption Certificates – DELETED**

Requires DEQ to enter into an MOU with Treasury on tax exemption certificates concerning air and water pollution equipment.

**Sec. 401. Aquatic Nuisance Control (ANC) – DELETED**

Requires \$100,000 be allocated to fund up to one additional FTE position for ANC program; requires report.

**Sec. 402. Groundwater Dispute Resolution Process – DELETED**

Directs Department to fund an aquifer dispute resolution process if funds are available.

**Sec. 601. Solid Waste Program Report – DELETED**

Requires report on the Department's Solid Waste Management Program and policies. Report shall include options for long-term funding, the impact of recycling, composting, and beneficial reuse, as well as the feasibility of contracting out landfill inspections.

**Sec. 1001. One-Time Basis Appropriation – REVISED**

Appropriates \$1.5 million Gross (160,100 GF/GP) for state employee lump sum payments, \$2.5 million GF/GP for Drinking Water Revolving Fund state match, and \$1.5 million for wetlands program; funding is on a one-time basis only.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
NATURAL RESOURCES**

**Analyst: Viola Bay Wild**

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
<b>IDG/IDT</b>	\$6,587,500	\$2,027,200	(\$4,560,300)	(69.2)	\$2,015,900	(\$11,300)	(0.6)
<b>Federal</b>	69,356,200	66,603,000	(2,753,200)	(4.0)	66,342,500	(260,500)	(0.4)
<b>Local</b>	0	0	0	--	0	0	--
<b>Private</b>	2,931,600	7,239,200	4,307,600	146.9	7,223,700	(15,500)	(0.2)
<b>Restricted</b>	246,939,100	244,254,800	(2,684,300)	(1.1)	244,532,200	277,400	0.1
<b>GF/GP</b>	18,326,700	21,637,900	3,311,200	18.1	19,844,200	(1,793,700)	(8.3)
<b>Gross</b>	<b>\$344,141,100</b>	<b>\$341,762,100</b>	<b>(\$2,379,000)</b>	<b>(0.7)</b>	<b>\$339,958,500</b>	<b>(\$1,803,600)</b>	<b>(0.5)</b>
<b>FTEs</b>	2,179.4	2,152.5	-26.9	(1.2%)	2,152.5	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

The Department of Natural Resources (DNR) manages, conserves, and protects Michigan's resources. Programs include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, state parks and forest campgrounds, and Michigan's historical programs.

Major Budget Changes From FY 2011-12 YTD Appropriations	FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
		FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. Funding and FTE Authorization Adjustments</b>	FTE	N/A	0.0
Reduces restricted funding authorization by \$10.1 million and private funding by \$260,100 to align with anticipated revenues. Includes a net federal funding authorization increase of \$1.6 million; reduces FTE authorizations by 24.0 positions through the elimination of unfilled and unfunded positions.	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
	Federal	1,648,800	0
	Private	(260,100)	0
	Restricted	(10,117,600)	0
<b>2. Great Lakes Restoration Initiative</b>	<b>Gross</b>	<b>10,000,000</b>	<b>(\$4,500,000)</b>
Reduces federal funding by \$4.5 million to align with anticipated revenues.	Federal	10,000,000	(4,500,000)
<b>3. Gifts and Bequests Authorization</b>	<b>Gross</b>	<b>\$500,000</b>	<b>\$4,500,000</b>
Includes additional \$4.5 million private funding authorization and changes name of line item to Gifts and Pass-Through Transactions.	Private	500,000	4,500,000
<b>4. Dam Management Grant Program</b>	FTE	N/A	1.0
Includes \$500,000 GF/GP funding and 1.0 FTE position for competitive grants for removal or maintenance of failing dams from private and state-owned land; additional one-time GF/GP funding of \$2.0 million appropriated in boilerplate (additional \$2.0 million funding is shown in item #13 below).	<b>Gross</b>	<b>N/A</b>	<b>\$500,000</b>
	GF/GP	N/A	\$500,000

**REVIEW AND ANALYSIS OF FY 2012-13 AND FY 2013-14 EXECUTIVE RECOMMENDATION**

**NATURAL RESOURCES**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>		
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>	
<b>5. Summer Youth Initiative</b>	<b>Gross</b>	<b>N/A</b>	<b>\$5,000,000</b>	<b>\$0</b>	
Appropriates \$5.0 million GF/GP funding for a new summer employment program for youth in the following urban areas: Pontiac, Flint, Saginaw, and Detroit.		GF/GP	\$5,000,000	\$0	
<b>6. Off Road Vehicle (ORV) License Fee Increase</b>	<b>Gross</b>	<b>N/A</b>	<b>\$2,530,700</b>	<b>\$0</b>	
Includes \$2.5 million additional restricted funding to be realized through an increase in the ORV license from the current annual fee of \$16.25 to a \$35.00 annual fee.		Restricted	2,530,700	0	
<b>7. Duplicate Recreational Safety Certificate Fee</b>	<b>Gross</b>	<b>N/A</b>	<b>\$70,400</b>	<b>\$0</b>	
Includes additional \$70,400 funding to be realized through a new fee charged for duplicate safety certificates such as boating, hunter, snowmobile, or ORV safety certificates; fee for replacement certificates would be \$11.00; \$28,200 of fee increase deposited into federal Hunter Education Fund.		Federal	28,200	0	
		Restricted	42,200		
<b>8. Shooting Range Fees</b>	<b>Gross</b>	<b>N/A</b>	<b>\$50,000</b>	<b>\$0</b>	
Increases restricted funding by \$50,000 in anticipation of a statutory change that would allow the DNR to charge a \$5.00 daily fee at all shooting ranges on state-owned land; currently range fees can only be charged at state parks; revenue will be deposited into the federal Hunter Education Fund.		Federal	50,000	0	
<b>9. FY 2011-12 Contingency Plans Funding</b>	FTE	N/A	(3.9)	0.0	
Includes reduction of \$364,200 GF/GP funding and elimination of authorization for 3.9 FTE positions as part of contingency plan for budgetary savings for FY 2011-12.		<b>Gross</b>	<b>N/A</b>	<b>(\$364,200)</b>	<b>\$0</b>
		GF/GP	N/A	(\$364,200)	\$0
<b>10. State Park Improvement Revenue Bond Payment</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,300</b>	<b>\$0</b>	
Includes \$3,300 restricted funding for State Park Improvement Revenue Bond Payment.		Restricted	3,300	0	
<b>11. Other Post-Employment Benefits (OPEB) FY 2011-12 GF/GP Relief Adjustment</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>	
Includes funding adjustments to replace the one-time IDG funding relief of \$4.6 million for OPEB costs in FY 2011-12.		IDG	(4,590,100)	0	
		Federal	1,300,800	0	
		Restricted	3,289,300	0	
<b>12. Grand Marais Harbor One-Time Appropriation</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$4,000,000)</b>	<b>\$0</b>	
Eliminates one-time funding of \$4.0 million GF/GP for Grand Marais Harbor appropriated through boilerplate in FY 2011-12.		GF/GP	(\$4,000,000)	\$0	
<b>13. Boilerplate Appropriations</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,892,600</b>	<b>(\$3,892,600)</b>	
Provides FY 2012-13 boilerplate appropriations designated as one-time: <ul style="list-style-type: none"> <li>\$1.9 million Gross (\$96,200 GF/GP) for negotiated one-time lump sum payments to state employees.</li> <li>\$2.0 million Gross and GF/GP for Dam Management Grant Program.</li> </ul>		IDG	11,300	(11,300)	
		Federal	260,500	(260,500)	
		Private	15,500	(15,500)	
		Restricted	1,509,100	(1,509,100)	
		GF/GP	N/A	\$2,096,200	(\$2,096,200)
<b>14. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$5,370,600</b>	<b>\$5,511,200</b>	
Reflects increased costs of \$5.4 million Gross (\$79,200 GF/GP) for negotiated salary and wage increases, actuarially-required retirement rate increase, reduced employer health insurance costs due to 20% employee contribution and other economic adjustments. Additional increase of \$5.5 million Gross (\$302,500 GF/GP) projected for FY 2013-14.		IDG	18,500	0	
		Federal	908,500	0	
		Private	52,200	0	
		Restricted	4,312,200	5,208,700	
		GF/GP	N/A	\$79,200	\$302,500

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>	
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
<b>15. Capital Outlay Projects</b>	<b>Gross</b>	<b>\$25,080,000</b>	<b>(\$6,703,500)</b>	<b>(\$3,422,200)</b>
Decreases funding for capital outlay projects in FY 2012-13 by \$6.7 million. Restricted funding for state parks and forest area projects is changed to state parks repair and maintenance projects and decreased by \$3.3 million; restricted funding for waterways projects is reduced by \$979,400 and federal funding is reduced by \$2.5 million. For FY 2013-14, proposed funding for waterways boating projects is reduced by \$3.4 million.	Federal	3,750,000	(2,450,000)	0
	Restricted	21,330,000	(4,253,500)	(3,422,200)

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

**Executive Boilerplate Deletions**

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted.

**Sec. 212. Disciplinary Action Against State Employees – DELETED**

Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs.

**Sec. 223. Waterways Fund Projects – DELETED**

Requires report on activities of Waterways Commission during the previous fiscal year; list of completed waterways fund projects to be provided to Legislature and State Budget Director by January 31, 2012.

**Sec. 233. FTE Report – DELETED**

Requires report on the number of FTEs in pay status; report required quarterly.

**Sec. 301. Engineering Services Fees – DELETED**

Allows fee charge against capital outlay or special maintenance appropriation to recover engineering service cost.

**Sec. 306. Historical Program Fees – REVISED**

Allows DNR to charge fees for historical program services and museum admissions; **Executive** eliminates language that requires children under 18 be admitted free to the Michigan Historical Museum (Renumbered to Sec. 14-403).

**Sec. 308. Land Transactions – DELETED**

Requires detailed report to Legislature on land purchases, sales and exchanges.

**Dec. 309. Oil and Gas Lease Report – DELETED**

Requires DNR to report on active oil and gas leases entered into before July of 1995 on parcels larger than 160 acres where the producing unit is less than or equal to 1/4 of the total lease acreage.

**Sec. 402. Livestock Loss Indemnification – DELETED**

State legislative intent that the DNR reimburse Department of Agriculture and Rural Development for livestock losses caused by wolves, coyotes, or cougars.

**Sec. 502. Water Control Structure Certification – DELETED**

Directs Fisheries Division to not interfere with the certification process for dams and other water control structures.

**Sec. 602. State Park Campground Closures – DELETED**

Requires Legislature be notified if reduced operations or recreation opportunities are planned at any state park or recreation area.

**Sec. 702. Timber Marking – DELETED**

Directs Department to mark and prescribe treatment on 79,000 acres, prepare for harvest 67,500 acres at an average rate of 12.5 to 15.0 cords per acre; requires quarterly report.

**Sec. 704. Horseback Riding Opportunities – DELETED**

Directs Department to work cooperatively with horseback riding interests to increase horseback riding opportunities.

**NATURAL RESOURCES**

**Major Boilerplate Changes From FY 2011-12**

**Sec. 705. Contract Foresters – DELETED**

Allows Department to hire sufficient contract foresters to mark timber.

**Sec. 706. State Forest Campground Closures – DELETED**

States legislative intent that the state forest campgrounds proposed by the DNR to be closed will remain open.

**Sec. 707. State Forest Campgrounds Mini-State Parks Pilot Program – DELETED**

Requires a strategic plan be developed to incorporate selected state forest campgrounds into the state park system as mini-state parks and develop a pilot program using 6 of the state forest campgrounds closed by E.O. 2009-22; requires report.

**Sec. 710. DNR Aircraft Report – DELETED**

Requires DNR to report on the wildfire protection aircraft program. Report shall include the number of planes owned, aircraft costs, airplane usage, number of wildfires, and annual flight hours logged.

**Sec. 801. Snowmobile Law Enforcement Grants – DELETED**

Provides snowmobile law enforcement grants to county law enforcement agencies in counties with state snowmobile trails.

**Sec. 802. Marine Safety Grants – DELETED**

Requires report on the Marine Safety Grant Program. Report to include watercraft registrations revenues, revenues and expenditures of the Marine Safety Fund, grant distribution methodology, and a list of grant awards by county.

**Sec. 902. Off Road Vehicle (ORV) Trail Improvement Grants – DELETED**

Requires expenditure of not less than \$980,000 for the development of new ORV trails.

**Sec. 1001. Capital Outlay Appropriations for the Harbors and Docks Grants in Aid – DELETED**

Provides for disbursement of Waterways Fund appropriation to the federal government and local governmental units.

**Sec. 1004. Capital Outlay - Grand Marais Harbor Project – DELETED**

Requires that DNR fund a capital outlay project to construct a breakwall at the Grand Marais Harbor once the necessary permits have been issued; project estimate cost is \$7.0 million.

**Sec. 1101. One-Time Basis Appropriation - Grand Marais Harbor Capital Outlay Project – DELETED**

Appropriates \$4.0 million GF/GP for the Grand Marais harbor capital outlay project; funding is on a one-time basis only.

**Sec. 14-902. Dam Management Program – NEW**

Provides that the unexpended funds for the Dam Management Grant Program are considered work project appropriations.

**FY 2012-13 AND FY 2013-14  
Budget Detail  
for  
PUBLIC SAFETY AND  
DEFENSE**

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**Corrections  
Military and Veterans Affairs  
State Police**

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
CORRECTIONS**

**Analyst: Bob Schneider**

-	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
IDG/IDT	\$974,700	\$992,100	\$17,400	1.8	\$1,002,600	\$10,500	1.1
Federal	8,259,500	8,784,400	524,900	6.4	8,931,900	147,500	1.7
Local	455,800	264,300	(191,500)	(42.0)	267,800	3,500	1.3
Private	0	0	0	--	0	0	--
Restricted	53,870,300	72,271,500	18,401,200	34.2	63,838,000	(8,433,500)	(11.7)
GF/GP	1,950,939,100	1,982,185,600	31,246,500	1.6	2,011,206,500	29,020,900	1.5
<b>Gross</b>	<b>\$2,014,499,400</b>	<b>\$2,064,497,900</b>	<b>\$49,998,500</b>	<b>2.5</b>	<b>\$2,085,246,800</b>	<b>\$20,748,900</b>	<b>1.0</b>
FTEs	15,568.8	14,879.2	689.6	(4.4)	14,879.2	0.0	--

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

The Michigan Department of Corrections (MDOC) is responsible for the operation and maintenance of the state's 31 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education and other prisoner programs, and reintegration programs. The Department is also responsible for the supervision of all parolees and probationers under Department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of December 31, 2011, the Department was responsible for 115,926 Michigan offenders: 52,893 probationers, 42,904 prisoners, and 20,129 parolees.

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		FY 2011-12 YTD	Executive Changes	
		(as of 2/9/12)	FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. Reverse FY 2012 Budgeted Prison Operations Savings</b>	Beds	1,750	(1,750)	0
Removes \$31.3 million in net GF/GP savings included in FY 2011-12 budget to be achieved through contracting for cost-effective housing of prisoners and through other prison operations savings and efficiencies. This includes the elimination of a \$47.9 million Cost Effective Housing Initiative appropriation to support payments to a third-party contractor as well as offsetting savings of \$79.2 million in the Inmate Housing Fund line item. Alternative prison operation savings are proposed by the Executive to partially offset this adjustment (see items 2 through 5 below).	<b>Gross</b>	<b>(\$31,326,500)</b>	<b>\$31,326,500</b>	<b>\$0</b>
	GF/GP	(\$31,326,500)	\$31,326,500	\$0
<b>2. Prison Savings - Alert Response Vehicle Assignments</b>	FTE	10,240.9	(114.4)	0.0
Reduces funding by \$13.2 million GF/GP across prison facilities to reflect the elimination of 114.4 FTE custody positions currently assigned to operate alert response vehicles (ARVs) to monitor the perimeter of various prison facilities. Represents 5.2 FTE positions at 22 different facilities that utilize an ARV for security purposes.	<b>Gross</b>	<b>\$1,097,527,600</b>	<b>(\$13,200,000)</b>	<b>\$0</b>
	Federal	1,615,900	0	0
	Restricted	377,000	0	0
	GF/GP	\$1,095,534,700	(\$13,200,000)	\$0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>3. Prison Savings - Direct Prisoner Observation Duties</b>	<b>Gross</b>	<b>\$1,097,527,600</b>	<b>(\$2,200,000)</b>	<b>\$0</b>
Reflects savings of \$2.2 million GF/GP attributable to use of trained prisoners, rather than custody staff, for direct and continuous observation duties for prisoners who display a self-injury or suicide risk. The policy change would reduce personnel costs, particularly overtime costs, that are often incurred when custody staff is used for direct observation.	Federal	1,615,900	0	0
	Restricted	377,000	0	0
	GF/GP	\$1,095,534,700	(\$2,200,000)	\$0
<b>4. Prison Savings - Staffing Reductions</b>	FTE	10,240.9	(32.8)	0.0
Eliminates a net 32.8 miscellaneous FTE positions across the state's prison facilities and within both regional administrative offices. Position adjustments are based on need, with some facilities gaining positions and others losing positions. Proposal results in total savings of \$2.4 million GF/GP.	<b>Gross</b>	<b>\$1,097,527,600</b>	<b>(\$2,400,000)</b>	<b>\$0</b>
	Federal	1,615,900	0	0
	Restricted	377,000	0	0
	GF/GP	\$1,095,534,700	(\$2,400,000)	\$0
<b>5. Prison Savings - Issuance of Prisoner Clothing</b>	<b>Gross</b>	<b>\$1,097,527,600</b>	<b>(\$1,100,000)</b>	<b>\$0</b>
Reduces funding by \$1.1 million GF/GP tied to reductions in the provision of state-issued clothing to prisoners. The Department will seek savings from both reductions in the standard set of clothing items issued to prisoners and from exploring the purchase of clothing from outside vendors rather than manufacturing clothing internally.	Federal	1,615,900	0	0
	Restricted	377,000	0	0
	GF/GP	\$1,095,534,700	(\$1,100,000)	\$0
<b>6. Closure of Mound Correctional Facility</b>	FTE	324.4	(324.4)	0.0
The Mound Correctional Facility in Detroit was closed in December 2011, and partial-year savings from the closure were included as part of the MDOC's FY 2011-12 contingency savings plan to achieve GF/GP savings in lieu of employee concessions. Executive Budget proposal includes \$34.1 million GF/GP in full-year savings from the closure, including \$27.3 million in direct savings from the facility line item, \$1.6 million from food service, \$845,200 in education savings, and \$4.3 million from health care.	Beds	1,062	(1,062)	0
	<b>Gross</b>	<b>\$34,106,300</b>	<b>(\$34,106,300)</b>	<b>\$0</b>
	GF/GP	\$34,106,300	(\$34,106,300)	\$0
<b>7. Increased Bed and Staffing Costs from Recent Closures</b>	Beds	44,167	558	0.0
Includes \$7.0 million GF/GP in additional funding to cover the need for increased bed space and personnel costs related to recent prison closures. Increases are proposed for Central Michigan (\$1.7 million, 154 beds), Brooks (\$1.3 million, 72 beds), Pugsley (\$1.3 million, 184 beds), and Macomb (\$1.1 million, 148 beds) to cover the costs of operating additional housing units to accommodate prisoners from Mound and other recently closed facilities. In addition, \$1.6 million GF/GP is requested for the Ryan Correctional Facility to cover increased personnel costs anticipated due to the Mound closure and resulting staffing shifts that will result in higher average seniority and thus compensation among staff.	<b>Gross</b>	<b>\$1,097,527,600</b>	<b>\$6,976,000</b>	<b>\$0</b>
	Federal	1,615,900	0	0
	Restricted	377,000	0	0
	GF/GP	\$1,095,534,700	\$6,976,000	\$0
<b>8. Prisoner Phone Revenue - Special Equipment &amp; Maintenance</b>	<b>Gross</b>	<b>\$0</b>	<b>\$4,300,000</b>	<b>\$0</b>
Appropriates \$5.8 million in new restricted revenue from prisoner phone charges in the Special Equipment and Maintenance line item. New prisoner telephone contract will assess additional charges on prisoner calls with a portion of the revenue deposited into a Special Equipment Fund (SEF). Executive proposes to use \$5.3 million for special security equipment such as tasers, ballistic vests, and contraband detection equipment. A combination of SEF revenue as well as reductions to normal equipment and maintenance spending will result in \$1.5 million GF/GP savings.	Restricted	0	5,800,000	0
	GF/GP	\$0	(\$1,500,000)	\$0

**CORRECTIONS**

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>Executive Changes</b>			
		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>	
<b>9. Prisoner Phone Revenue – Capital Outlay</b>		<b>Gross</b>	<b>\$0</b>	<b>\$13,882,000</b>	<b>(\$8,882,000)</b>
Provides \$13.9 million in Special Equipment Fund revenue from prisoner phone charges to finance security-related capital outlay purchases. \$11.4 million will be used to begin financing the replacement of personal protection equipment across the prison system. Another \$2.5 million will support the installation of new security cameras within two cell blocks at the Michigan Reformatory. For FY 2013-14, \$5.0 million remains in the budget for further personal protection equipment replacement.		Restricted	0	13,882,000	(8,882,000)
		GF/GP	\$0	\$0	\$0
<b>10. Contingency Plan – Field Operations Staff Reduction</b>		FTE	2,173.9	(115.0)	0.0
Includes \$10.0 million in full-year GF/GP savings for field operations staff and services related to supervision of parolees and probationers. Savings were initially included in MDOC's FY 2011-12 contingency plan issued in September 2011 by the State Budget Office to achieve GF/GP savings in lieu of employee concessions that did not materialize. Reductions reflect recent declines in parolee and probationer caseloads.		<b>Gross</b>	<b>\$257,063,200</b>	<b>(\$10,000,000)</b>	<b>\$0</b>
		Restricted	11,585,100	0	0
		Federal	144,200	0	0
		Local	455,800	0	0
		GF/GP	\$244,878,100	(\$10,000,000)	\$0
<b>11. Contingency Plan – Competitive Bidding of Health Care Services</b>		FTE	1,130.0	0.0	0.0
Reduces funding to the Clinical Complexes line items by \$7.3 million GF/GP in anticipation of savings to be achieved through competitive bidding of prisoner health care services currently delivered by state employees. While no specific FTE reduction is proposed, the plan could impact around 1,100 positions currently funded in the budget, including nurses, dentists, dental aides and hygienists, and psychologists. Proposal was also included as part of MDOC's FY 2011-12 contingency savings plan (see item 10 above).		<b>Gross</b>	<b>\$166,067,300</b>	<b>(\$7,328,900)</b>	<b>\$0</b>
		Restricted	369,300	0	0
		GF/GP	\$165,698,000	(\$7,328,900)	\$0
<b>12. Contingency Plan – Competitive Bidding of Mental Health Services</b>		FTE	546.0	0.0	0.0
Reduces funding for Mental Health Services and Support by \$1.5 million GF/GP in anticipation of savings to be achieved through competitive bidding of prisoner mental health services currently delivered by state employees. While no specific FTE reduction is proposed, the plan could impact over 500 positions currently funded in the budget, including social workers, nurses, therapists, psychologists, and psychiatrists. Proposal was also included as part of MDOC's FY 2011-12 contingency savings plan (see item 10 above).		<b>Gross</b>	<b>\$57,821,200</b>	<b>(\$2,500,000)</b>	<b>\$0</b>
		GF/GP	\$57,821,200	(\$2,500,000)	\$0
<b>13. Contingency Plan – Competitive Bidding of Woodland Center Correctional Facility</b>		FTE	272.2	0.0	0.0
Reduces funding by \$1.3 million GF/GP to reflect anticipated savings from competitively bidding out the operations of the Woodland Center Correctional Facility, which houses MDOC prisoners with serious mental illness. Proposal was also included as part of MDOC's FY 2011-12 contingency savings plan (see item 10 above).		<b>Gross</b>	<b>\$27,348,800</b>	<b>(\$1,304,200)</b>	<b>\$0</b>
		Restricted	377,000	0	0
		GF/GP	\$26,971,800	(\$1,304,200)	\$0
<b>14. Public Safety Initiative</b>		<b>Gross</b>	<b>\$0</b>	<b>\$4,500,000</b>	<b>\$0</b>
Adds \$4.5 million GF/GP to implement the Governor's announced public safety initiative related to local corrections. Funding would assist distressed communities in purchasing jail bed space in neighboring counties to address backlogs of active warrants in the community. Further details on the initiative are expected in the Governor's upcoming message to the Legislature on public safety.		GF/GP	\$0	\$4,500,000	\$0



**CORRECTIONS**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>22. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$50,493,700</b>	<b>\$44,422,500</b>
Includes \$50.5 million Gross (\$49.2 million GF/GP) for FY 2012-13 to account for various economic adjustments related to personnel, building occupancy, food and fuel costs including:	IDG	N/A	17,400	14,400
	Federal	N/A	120,300	230,900
	Local	N/A	5,800	4,800
<ul style="list-style-type: none"> <li>• \$11.4 million Gross (\$11.1 million GF/GP) for negotiated salary and wage increases.</li> <li>• \$13.2 million Gross (\$12.9 million GF/GP) for negotiated one-time lump sum payments to state employees.</li> <li>• \$32.7 million Gross (\$31.8 million GF/GP) to cover increases in contributions for retirement and retiree insurance coverage.</li> <li>• Savings of \$9.9 million Gross (\$9.7 million GF/GP) in employee insurance costs related primarily to increased employee health insurance contributions.</li> <li>• \$2.3 million GF/GP to cover increased worker's compensation costs.</li> </ul>	Restricted	N/A	1,127,300	712,000
	GF/GP	N/A	\$49,222,900	\$43,460,400
Another \$44.4 million (\$43.5 million GF/GP) is appropriated for FY 2013-14 to cover anticipated employee insurance, retirement, and retiree insurance cost increases.				

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

**Executive Boilerplate Deletions**

In general, the Executive deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted.

**Sec. 216. Special Equipment Fund – NEW**

Establishes guidelines for Special Equipment Fund revenue derived from prisoner telephone charges. Provides that revenues be used for special equipment and security projects which include, but are not limited to, replacement of personal protection systems, acquisition of contraband detection systems, and critical facility repairs to protect the safety of the public, staff, and prisoners. Provides that unexpended funds be carried forward and be available for appropriation in subsequent fiscal years.

**Sec. 219. Prisoner Telephone Calls – DELETED**

Requires prisoner telephone service contracts to contain a condition that prisoner telephone fees be the same as those applying outside of institutions, except for surcharges needed to meet special equipment costs.

**Sec. 235. Corrections Expenditure Reductions – DELETED**

Expresses intent that MDOC reduce expenditures by following specified Auditor General recommendations and by continuing the supply chain transformation process.

**Sec. 239. Management-to-Staff Ratio – DELETED**

Expresses legislative intent that Department maintain management-to-staff ratio of 1 supervisor to for each 5 employees at Lansing central office and regional administration offices.

**Sec. 301. Capital Outlay Appropriations – NEW**

Provides guidance for the Capital Outlay appropriations discussed above in Major Budget Changes, item 9. Allocates funding for priority programs and facility needs and allows authorizations to remain available for 3 fiscal years following the original appropriation year.

**Sec. 301. Offender Tracking Information System (OTIS) – DELETED**

Requires felony offender files generally to be maintained and publicly accessible for three years after the offender is released from MDOC jurisdiction, and requires fee-based access to older files.

**Sec. 401. One-Time Appropriations – NEW**

Appropriates \$1.1 million GF/GP for information technology services and projects and another \$13.2 million Gross (\$12.9 million GF/GP) for negotiated state employee lump-sum payments. For further discussion, see Major Budget Changes, items 21 and 22.

**Major Boilerplate Changes From FY 2011-12**

**Sec. 403. MPRI Reporting – DELETED**

Requires reports on actual prior-year and planned current-year MPRI expenditures and allocations.

**Sec. 406. MPRI Pilot Program for Faith-Based Non-Profit Agencies – DELETED**

Allocates \$2.0 million for pilot program utilizing faith-based non-profit agencies in prisoner reintegration efforts; requires report on results of pilot program.

**Sec. 407. Annual Statistical Reports – DELETED**

Requires annual statistical reports with court disposition, prison commitment, prison population and other corrections data and information to be placed online.

**Sec. 415. Creation of MPRI Database – DELETED**

Requires Department to create database for use by both Department and Michigan Prisoner Re-entry Initiative (MPRI) service providers in real-time and to issue guidance on the database to service providers.

**Sec. 418. State Identification and Birth Certificates for Returning Prisoners – DELETED**

Requires MDOC to collaborate with other state entities to develop processes to assist prisoners in obtaining state identification and their birth certificates and report on a plan to implement necessary process and policy changes.

**Sec. 419. Offender Data Reports – DELETED**

Requires regular electronic mail reports on offender populations by location, facility capacities, prison intake and returns, and parole board activity.

**Sec. 426. Prisoner Reintegration, Training, and Employment Programs – DELETED**

Allocates \$600,000 to Michigan-chartered non-profit agencies to operate and expand public utility asset recovery recycling programs with at least 45% of employees returning to the community from incarceration.

**Sec. 506. Interdepartmental Grant for the Legislative Corrections Ombudsman – DELETED**

Appropriates \$250,000 to the Legislative Corrections Ombudsman for MDOC oversight activities. Funding is transferred to the Legislature budget.

**Sec. 507. Interdepartmental Grant to Judiciary – DELETED**

Appropriates \$1.0 million to the Judiciary for establishment of "swift-and-sure" jail sanctions pilot program aimed at probation violators. Funding is transferred to the Judiciary budget.

**Sec. 803. Mental Health Services for Prisoners – DELETED**

Requires MDOC to use recognized performance standards and measures of quality to conduct periodic performance reviews of all mental health contracts. Requires renegotiation of contracts at least once every 3 years.

**Sec. 813. Monitoring of Drug Utilization for Prisoner Health Care – DELETED**

Requires MDOC to monitor and document drug utilization for prisoner health care service and examine drug utilization patterns and cost-cutting strategies used by corrections systems in other states; requires report to Legislature on other states' efforts.

**Sec. 924. Evaluation and Placement of Prisoners With Mental Illness – REVISED**

Provides guidelines for treatment of prisoners with mental illness. Executive revises language to require evaluation of prisoners in therapeutic seclusion "at a frequency defined in the Mental Health Code" rather than "every 12 hours" as under current law.

**Sec. 935. Facility Closure Guidelines – DELETED**

Establishes legislative intent that MDOC fully consider local economic impact when making determinations on facility closures and makes it a high priority to close a facility for which the local economic impact is minimized.

**Sec. 937. Cost-Effective Housing Initiative – DELETED**

Provides guidance on utilization of Cost-Effective Housing Initiative appropriation; funding to be used for public-private partnerships, privately-owned facilities, or use of state facilities by third-party contractors to achieve budgeted savings.

**Sec. 939. Competitive Bidding for Special Alternative Incarceration Facility – DELETED**

Requires competitive bidding for the privatization of the special alternative incarceration facility at Camp Cassidy Lake.

**CORRECTIONS**

**Supplemental Recommendations for FY 2011-12 Appropriations**

**FY 2011-12  
Recommendation**

**1. Public Safety Initiative**

Supplemental funding for FY 2011-12 to implement the Governor's announced public safety initiative related to local corrections. See Major Budget Changes – item 14 for discussion of proposal. Further details on the initiative are expected in the Governor's upcoming message to the Legislature on public safety.

<b>Gross</b>	<b>\$3,000,000</b>
GF/GP	\$3,000,000

**2. Camp Brighton Site Redevelopment**

Supports the cleanup of the site of the former Camp Brighton correctional camp in Livingston County.

<b>Gross</b>	<b>\$400,000</b>
GF/GP	\$400,000

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
MILITARY AND VETERANS AFFAIRS**

**Analyst: Robin R. Risko**

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
<b>IDG/IDT</b>	\$2,782,600	\$1,166,500	(\$1,616,100)	(58.1)	\$1,165,800	(\$700)	(0.1)
<b>Federal</b>	89,058,600	99,239,400	10,180,800	11.4	91,692,900	(7,546,500)	(7.6)
<b>Local</b>	765,600	769,200	3,600	0.5	765,600	(3,600)	(0.5)
<b>Private</b>	1,448,000	1,503,700	55,700	3.8	1,499,500	(4,200)	(0.3)
<b>Restricted</b>	28,506,400	30,427,000	1,920,600	6.7	27,291,000	(3,136,000)	(10.3)
<b>GF/GP</b>	33,983,700	34,733,400	749,700	2.2	32,713,100	(2,020,300)	(5.8)
<b>Gross</b>	<b>\$156,544,900</b>	<b>\$167,839,200</b>	<b>\$11,294,300</b>	<b>7.2</b>	<b>\$155,127,900</b>	<b>(\$12,711,300)</b>	<b>(7.6)</b>
<b>FTEs</b>	826.0	826.0	0.0	0.0	826.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

The Department of Military and Veterans Affairs has three primary missions: to execute duties as specified in various state statutes and by the Governor, to administer state regulated services, and to ensure preparedness of the Michigan National Guard to assist both state and federal authorities. The Michigan National Guard serves to protect the lives and property of Michigan citizens during times of natural disaster and civil unrest, to preserve peace, order, and public safety at the direction of the Governor, and to assist the federal government in defending sovereign interests of the United States when they are threatened or violated. The department also oversees state programs for veterans, the state's veterans' homes in Grand Rapids and Marquette, grants to veterans service organizations, and the Michigan Veterans' Trust Fund.

		Executive Changes		
		FY 2011-12 YTD (as of 2/9/12)	FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>				
<b>1. Capital Outlay - Replace Flint Armory</b>	<b>Gross</b>	<b>\$0</b>	<b>\$12,000,000</b>	<b>(\$12,000,000)</b>
Includes one-time funding for construction of a new armory in Flint, to replace the existing 87-year-old facility.	Federal	0	9,000,000	(9,000,000)
	Restricted	0	3,000,000	(3,000,000)
<b>2. Armory Maintenance</b>	<b>Gross</b>	<b>\$651,200</b>	<b>\$4,800,000</b>	<b>(\$2,400,000)</b>
Includes an on-going \$2.4 million GF/GP appropriation and a one-time \$2.4 million GF/GP boilerplate appropriation to address the backlog of special maintenance projects at the state's 43 armories.	GF/GP	\$651,200	\$4,800,000	(\$2,400,000)
	FTE	1.0	(1.0)	0.0
<b>3. Military Retirement Program</b>	<b>Gross</b>	<b>\$3,831,700</b>	<b>(\$3,831,700)</b>	<b>\$0</b>
Includes an additional \$150,000 GF/GP to cover full-year costs of mandatory retirement payments required pursuant to 1967 PA 150, the Michigan Military Act, and then transfers all costs associated with the Military Retirement program to the Office of Retirement Services within the Department of Technology, Management, and Budget (\$3,981,700 GF/GP).	GF/GP	\$3,831,700	(\$3,831,700)	\$0

**REVIEW AND ANALYSIS OF FY 2012-13 AND FY 2013-14 EXECUTIVE RECOMMENDATION**

**MILITARY AND VETERANS AFFAIRS**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>4. Additional Unclassified Positions</b>	<b>Gross</b>	<b>\$665,000</b>	<b>\$500,000</b>	<b>\$0</b>
Reflects a transfer of \$500,000 GF/GP to Unclassified Military Personnel to fund three new unclassified employees. One employee is proposed for the area of strategic planning, one for Homeland Security, and one to serve as chief of staff for operations. (\$200,000 GF/GP is being transferred from Headquarters and Armories, \$150,000 GF/GP from the Grand Rapids Veterans' Home, and \$150,000 GF/GP from the D.J. Jacobetti Veterans' Home)	GF/GP	\$665,000	\$500,000	\$0
<b>5. Veterans Affairs Directorate Administration</b>	FTE	2.0	1.0	0.0
Reflects a transfer of \$125,000 GF/GP to fund a Veterans Affairs Certification Officer and \$125,000 GF/GP to cover a funding shortfall. (\$125,000 GF/GP is being transferred from veterans service organizations, \$75,000 GF/GP from the Grand Rapids Veterans' Home, and \$50,000 GF/GP from the D.J. Jacobetti Veterans' Home)	<b>Gross</b>	<b>\$205,300</b>	<b>\$250,000</b>	<b>\$0</b>
	GF/GP	\$205,300	\$250,000	\$0
<b>6. Veterans Service Organization Grants</b>	<b>Gross</b>	<b>\$3,029,600</b>	<b>(\$125,000)</b>	<b>\$0</b>
Reduces grant funding for veterans service organizations by \$125,000 GF/GP and transfers the funding to the Veterans Affairs Directorate Administration. (See #5 above)	GF/GP	\$3,029,600	(\$125,000)	\$0
<b>7. Transfers to Fund Increases</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$625,000)</b>	<b>\$0</b>
Reduces funding for the Grand Rapids Veterans' Home by \$225,000 GF/GP, for the D.J. Jacobetti Veterans' Home by \$200,000 GF/GP, and for Headquarters and Armories by \$200,000 GF/GP and transfers the funding to Unclassified Military Personnel and Veterans Affairs Directorate Administration. (See #4 and #5 above)	GF/GP	N/A	(\$625,000)	\$0
<b>8. Grand Rapids Veterans' Home Restricted Funding</b>	<b>Gross</b>	<b>\$16,176,500</b>	<b>(\$2,000,000)</b>	<b>\$0</b>
Reduces the budget to more accurately reflect the amount of Income and Assessment revenue received at the Grand Rapids Veterans' Home.	Restricted	16,176,500	(2,000,000)	0
<b>9. D. J. Jacobetti Veterans' Home Fund Source Shift</b>	<b>Gross</b>	<b>\$11,450,900</b>	<b>\$0</b>	<b>\$0</b>
Increases the federal Veterans Health Administration fund source and reduces the Income and Assessments fund source at the D.J. Jacobetti Veterans' Home to more accurately reflect the amount of revenue received at the home.	Federal	6,137,700	250,000	0
	Restricted	5,313,200	(250,000)	0
<b>10. Federal Revenue Adjustment</b>	<b>Gross</b>	<b>\$24,294,100</b>	<b>\$425,000</b>	<b>\$0</b>
Increases federal funding authorization for the Grand Rapids Veterans' Home by \$225,000 and for the D.J. Jacobetti Veterans' Home by \$200,000 in order to reflect the amount of federal funding actually available.	Federal	24,294,100	425,000	0
<b>11. Savings from Privatization of Staff</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$921,300)</b>	<b>\$0</b>
Reflects a reduction of \$921,300 GF/GP in anticipation of additional savings resulting from privatizing resident care aide positions at the Grand Rapids Veterans' Home.	GF/GP	N/A	(\$921,300)	\$0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>12. Economic Adjustments</b>	<b>Gross</b>	N/A	\$2,272,300	\$1,688,700
Includes \$1.6 million Gross and \$546,800 GF/GP for negotiated salary and wage increases, the actuarially-required retirement rate increase, reduced employer health insurance costs due to the 20% employee contribution, and other economic adjustments in FY 2012-13. Includes a boilerplate appropriation of \$707,900 Gross and \$155,900 GF/GP for the negotiated one-time lump sum payments to state employees in FY 2012-13. In FY 2013-14, includes \$2.4 million Gross and \$535,600 GF/GP for the projected cost of economic increases and removes the appropriation for the one-time lump sum payments.	IDG	N/A	9,400	1,860,300
	Federal	N/A	1,342,500	(407,500)
	Local	N/A	3,600	(3,600)
	Private	N/A	55,700	(4,200)
	Restricted	N/A	158,400	(136,000)
	GF/GP	N/A	\$702,700	\$379,700
<b>13. Remove One-Time Capital Outlay Funding</b>	<b>Gross</b>	\$1,700,000	(\$1,700,000)	\$0
Removes one-time Capital Outlay funding appropriated in the FY 2011-12 budget for construction of a light demolition range at Camp Grayling.	Federal	1,700,000	(1,700,000)	0
<b>14. Capital Outlay - Land Acquisitions and Appraisals</b>	<b>Gross</b>	\$0	\$250,000	\$0
Includes authorization for the department to spend up to \$250,000 on land acquisitions and appraisals should land become available.	Restricted	0	250,000	0

**Major Boilerplate Changes From FY 2011-12**

*NOTE: No boilerplate language proposed specific to FY 2013-14.*

**GENERAL SECTIONS OF BOILERPLATE**

**Executive Boilerplate Deletions**

In general, the Executive budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. These particular deleted sections are listed below:

- Sec. 209. *Purchase of Foreign Goods*
- Sec. 210. *Businesses in Deprived and Depressed Communities*
- Sec. 211. *Information Technology Work Project Account*
- Sec. 212. *Receipt and Retention of Required Reports*
- Sec. 213. *Out-of-State Travel Restrictions*
- Sec. 214. *Information Technology Services*
- Sec. 215. *Disciplinary Action Against State Employees*

**Sec. 204. IDG Funding – DELETED**

Lists specific amounts and sources of interdepartmental grant funding received by the department.

**Sec. 217. Budgetary Efficiency – DELETED**

Requires the department to improve its budgetary efficiency by prioritizing personnel over buildings, pursuing consolidation of support services, seeking expenditure reductions, and identifying efficiencies that can be gained via elimination of programs.

**Sec. 218. GF/GP Savings – DELETED**

Requires unused GF/GP obtained as a result of efficiencies to be designated as the department incentive pool balance; requires funds associated with GF/GP supplemental requests to be debited against the department incentive pool balance if supplemental requests do not meet specified criteria; specifies how positive year-end balance of department incentive pool balance shall be allocated.

**Sec. 219. Meetings to Report on Achieving Requirements – DELETED**

Requires the department to be available to meet quarterly with the appropriate subcommittees to provide information as evidence of validating that all requirements in the bill have been achieved.

**Sec. 223. Intention to Sell Department Property – DELETED**

Requires the department to provide a 60-day notice of its intent to sell property.

## MILITARY AND VETERANS AFFAIRS

### Major Boilerplate Changes From FY 2011-12

#### **Sec. 224. Armory Closure or Consolidation – DELETED**

Requires the department to consult with appropriations subcommittees on the projected closings or consolidations of National Guard armories.

#### **Sec. 226. Partnerships With U.S. Armed Forces Reserve Units – DELETED**

Requires the department to seek partnerships with U.S. armed forces reserve units for colocation of activities and cost sharing for facilities.

#### **Sec. 227. Bid Process – DELETED**

Prohibits exclusion of public employee unions from the bid process.

### **MILITARY**

#### **Sec. 301. Administrative Support for Department Operations – DELETED**

Requires the department to provide proper levels of administrative support, staffing and resources, and fiscal controls for department expenditures.

#### **Sec. 302. National Guard Armories – REVISED**

Requires the department to properly operate and maintain armories in the state.

#### **Sec. 303. Army National Guard Forces for State and Local Emergencies – REVISED**

Requires the department to provide Army National Guard forces for emergencies and to properly train and equip military forces.

#### **Sec. 305. Air National Guard for State and Local Emergencies – REVISED**

Requires the department to provide Air National Guard forces for emergencies and to properly train and equip military forces.

#### **Sec. 306. Air National Guard Training Facilities – REVISED**

Requires the department to properly operate and maintain Selfridge and Battle Creek Air National Guard bases and the Alpena Combat Readiness Training Center.

### **VETERANS AND COMMUNITY OUTREACH**

#### **Sec. 405. Michigan Youth Challenge Academy – REVISED**

Requires the department to maintain proper levels of staffing and resources for operating the Michigan Youth Challenge Academy; lists specific operating requirements; authorizes unexpended funding to be carried forward.

### **HOMES**

#### **Sec. 501. Veterans' Homes – REVISED**

Requires the department to provide proper levels of staffing and resources for operating the two veterans' homes; authorizes appropriations for the Boards of Managers to be expended for facility improvements; specifies requirements for competency evaluated nursing assistants employed at the homes.

### **FY 2012-13 ONE-TIME ONLY APPROPRIATIONS**

#### **Sec. 13-701. One-time Basis Only Appropriations – NEW**

Appropriates funding in FY 2012-13 on a one-time basis only (see #2 and #12 under Major Budget Changes for details).

### **FY 2012-13 ANTICIPATED APPROPRIATIONS**

#### **Sec. 1201. Anticipated Appropriations – DELETED**

Expresses that it is the intent of the Legislature to provide the same appropriations for fiscal year 2012-13 as provided in fiscal year 2011-12, except for where adjustments are made for caseload and related costs, federal fund match rates, economic factors, and available revenue.

## Summary: Executive Budget Recommendation for Fiscal Years 2012-13 and 2013-14 STATE POLICE

Analyst: Robin R. Risko

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
<b>IDG/IDT</b>	\$26,111,100	\$25,235,000	(\$876,100)	(3.4)	\$25,555,200	\$320,200	1.3
<b>Federal</b>	106,072,200	104,911,000	(1,161,200)	(1.1)	105,698,300	787,300	0.8
<b>Local</b>	6,699,800	6,869,400	169,600	2.5	6,862,200	(7,200)	(0.1)
<b>Private</b>	220,900	231,300	10,400	4.7	236,400	5,100	2.2
<b>Restricted</b>	124,470,300	119,005,700	(5,464,600)	(4.4)	120,284,300	1,278,600	1.1
<b>GF/GP</b>	270,166,000	316,891,400	46,725,400	17.3	320,624,200	3,732,800	1.2
<b>Gross</b>	<b>\$533,740,300</b>	<b>\$573,143,800</b>	<b>\$39,403,500</b>	<b>7.4</b>	<b>\$579,260,600</b>	<b>\$6,116,800</b>	<b>1.1</b>
<b>FTEs</b>	2,753.0	2,674.0	(79.0)	(2.9)	2,674.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

### Overview

The mission of the Department of State Police is to protect public safety while respecting the rights and dignity of all persons. In addition to the department's role of providing general law enforcement services, the department is responsible for the development and coordination of state-level programs, technologies, and specialized services that enhance enforcement and emergency response capabilities for the entire public safety community. Organizational goals of the department are to prevent and investigate crime and enforce the law, improve traffic safety, provide for homeland security and emergency prevention, response, and recovery, provide the highest quality specialized services, enhance organizational performance, and improve operational efficiencies.

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		FY 2011-12 YTD	Executive Changes	
		(as of 2/9/12)	FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. Law Enforcement Enhancement</b>	<b>Gross</b>	N/A	<b>\$15,000,000</b>	<b>\$0</b>
Includes additional funding for law enforcement enhancement. Details are not available at this time, but will be made available in the Governor's upcoming March 2012 Special Message on Public Safety.	GF/GP	N/A	\$15,000,000	\$0
<b>2. Additional Laboratory Operations Staff</b>	FTE	212.0	12.0	0.0
Includes additional FTE positions and funding for laboratory operations.	<b>Gross</b>	<b>\$28,960,100</b>	<b>\$1,895,600</b>	<b>\$0</b>
	GF/GP	\$15,753,500	\$1,895,600	\$0
<b>3. Additional DNA Analysis Program Staff</b>	FTE	57.5	8.0	0.0
Includes additional FTE positions and funding for DNA analysis.	<b>Gross</b>	<b>\$7,982,800</b>	<b>\$1,281,600</b>	<b>\$0</b>
	GF/GP	\$3,103,400	\$1,281,600	\$0

**STATE POLICE**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>4. Public Safety Initiative - Cities in Distress</b>	<b>Gross</b>	<b>N/A</b>	<b>\$2,769,900</b>	<b>\$0</b>
Includes additional funding to provide more investigative and patrol assistance in high crime areas of the state. Specifically, this funding will be used to cover overtime, training, aviation, and fleet costs associated with assisting cities in distress. More specific details will be made available in the Governor's upcoming March 2012 Special Message on Public Safety.	GF/GP	N/A	\$2,769,900	\$0
<b>5. Fleet Leasing</b>	<b>Gross</b>	<b>\$12,980,700</b>	<b>\$2,650,000</b>	<b>\$0</b>
Includes additional funding to cover the costs of an increase in rates which are set for vehicles by DTMB. The rate is a blended rate which covers the costs of vehicle acquisition, insurance, gasoline, and maintenance. The rate increase is due primarily to the increase in fuel costs.	GF/GP	\$12,980,700	\$2,650,000	\$0
<b>6. Regional Policing Plan</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,324,000</b>	<b>\$0</b>
Includes \$674,000 to cover costs for cell phones and blackberry devices for staff that are utilizing mobile offices. Includes \$650,000 to cover support, server hosting, and storage costs associated with mobile computers/offices.	GF/GP	N/A	\$1,324,000	\$0
<b>7. Replace Outdated Equipment</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,106,600</b>	<b>\$0</b>
Includes \$673,000 to replace 180 outdated mobile radios and create a 10-year lifecycle replacement program. Includes \$433,600 to replace 160 mobile data computers and create a 5-year lifecycle replacement program.	GF/GP	N/A	\$1,106,600	\$0
<b>8. Additional Casino Gaming Staff</b>	FTE	32.0	2.0	0.0
Includes additional FTE positions and funding for investigation of illegal gaming operations.	<b>Gross</b>	<b>\$5,028,200</b>	<b>\$249,000</b>	<b>\$0</b>
	IDG	5,028,200	249,000	0
<b>9. Tobacco Tax Enforcement</b>	FTE	N/A	1.0	0.0
Includes additional funding for a tobacco tax enforcement analyst position and the associated training costs.	<b>Gross</b>	<b>N/A</b>	<b>\$200,000</b>	<b>\$0</b>
	GF/GP	N/A	\$200,000	\$0
<b>10. Replace Federal and State Restricted Revenues with GF/GP</b>	<b>Gross</b>	<b>N/A</b>	<b>\$318,200</b>	<b>\$0</b>
Includes an additional \$9.1 million in GF/GP revenue to replace various federal and state restricted revenues which are no longer available to the department.	Federal	N/A	(1,757,800)	0
	Restricted	N/A	(7,000,000)	0
	GF/GP	N/A	\$9,076,000	\$0
<ul style="list-style-type: none"> <li>Replaces \$7.0 million in state restricted Commercial Mobile Radio Service Fee revenue within the Michigan Public Safety Communications System due to the fund being exhausted by the end of FY 2011-12.</li> <li>Replaces \$1,403,400 in federal DHS funding which is no longer available; funding is used to maintain telecommunications, licensing fees, server hosting, and maintenance costs for the Michigan Intelligence Operations Center and the Emergency Management and Homeland Security Division.</li> <li>Replaces \$354,400 in federal DOT grant funding which is being reduced by 75% in FY 2012-13; funding is used to maintain Toxicology staffing levels.</li> <li>Replaces \$318,200 in federal Byrne grant (ARRA) funding that will be exhausted by the end of FY 2011-12; funding is used for lab technicians.</li> </ul>				

		Executive Changes		
		FY 2011-12 YTD (as of 2/9/12)	FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>				
<b>11. Full-Year Savings from Announced Contingency Plan</b>				
Reflects full-year savings anticipated from the contingency plan issued in September 2011. The plan was introduced to achieve savings in lieu of state employee concessions that did not materialize. Funded vacant FTE positions are eliminated as part of the plan, as well as shifting current positions funded with GF/GP to vacant restricted funded positions.	FTE	N/A	(2.0)	0.0
	<b>Gross</b>	<b>N/A</b>	<b>(\$1,202,300)</b>	<b>\$0</b>
	Restricted	N/A	(47,300)	0
	GF/GP	N/A	(\$1,155,000)	\$0
<b>12. Economic Adjustments</b>				
Includes \$13.8 million Gross and \$8.9 million GF/GP for negotiated salary and wage increases, the actuarially-required retirement rate increase, reduced employer health insurance costs due to the 20% employee contribution, and other economic adjustments in FY 2012-13. Includes a boilerplate appropriation of \$3.2 million Gross and \$2.1 million GF/GP for the negotiated one-time lump sum payments to state employees in FY 2012-13. In FY 2013-14, includes \$11.7 million Gross and \$8.2 million GF/GP for the projected cost of economic increases and removes the appropriation for the one-time lump sum payments.	<b>Gross</b>	<b>N/A</b>	<b>\$16,974,300</b>	<b>\$8,490,500</b>
	IDG	N/A	806,900	320,200
	Federal	N/A	1,613,500	787,300
	Local	N/A	172,800	(7,200)
	Private	N/A	10,400	5,100
	Restricted	N/A	3,367,700	1,278,600
	GF/GP	N/A	\$11,003,000	\$6,106,500
<b>13. Align FTE Positions and Revenues</b>				
Reduces FTE positions by 100.0 to reflect the actual number of funded FTE positions in the department. Reduces various IDG, federal, and state restricted funding sources and increases others in an effort to reflect actual revenues where they are received.	FTE	N/A	(100.0)	0.0
	<b>Gross</b>	<b>N/A</b>	<b>(\$4,737,100)</b>	<b>\$0</b>
	IDG	N/A	(25,800)	0
	Federal	N/A	(1,995,900)	0
	Restricted	N/A	(2,715,400)	0
	GF/GP	N/A	\$0	\$0
<b>14. Eliminate Funding for Traffic Control Services</b>				
Eliminates one-time funding included in the FY 2011-12 budget for providing traffic control services for the Michigan International Speedway.	<b>Gross</b>	<b>\$800,000</b>	<b>(\$800,000)</b>	<b>\$0</b>
	GF/GP	\$800,000	(\$800,000)	\$0
<b>15. One-time Boilerplate Appropriations</b>				
Includes the following one-time appropriations in boilerplate for FY 2012-13 and reflects the removal of the appropriations in FY 2013-14:	<b>Gross</b>	<b>N/A</b>	<b>\$2,373,700</b>	<b>(\$2,373,700)</b>
	GF/GP	N/A	\$2,373,700	(\$2,373,700)
<ul style="list-style-type: none"> <li>\$1,356,800 to replace 256 in-car cameras that are currently equipped with VHS technology.</li> <li>\$266,900 to replace protective gear that currently does not meet federal standards.</li> <li>\$750,000 to cover lease costs at the Collins Road facility.</li> </ul>				

## **STATE POLICE**

### **Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

#### **GENERAL SECTIONS OF BOILERPLATE**

##### ***Executive Boilerplate Deletions***

In general, the Executive budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. These particular deleted sections are listed below:

*Sec. 209. Purchase of Foreign Goods*

*Sec. 210. Businesses in Deprived and Depressed Communities*

*Sec. 211. Information Technology Work Project Account*

*Sec. 212. Receipt and Retention of Required Reports*

*Sec. 213. Out-of-State Travel Restrictions*

*Sec. 214. Information Technology Services*

*Sec. 215. Disciplinary Action Against State Employees*

##### ***Sec. 204. IDG Funding Received by the Department – DELETED***

Lists specific amounts and sources of interdepartmental grant funding received by the department.

##### ***Sec. 205(1). IDG Funding Made Available to Other State Departments – DELETED***

Lists specific amounts and sources of interdepartmental grant funding made available by the department to other state departments.

##### ***Sec. 216. Schedule of Programs Disclaimer – REVISED***

Specifies that the schedule of programs is a list of programs which may be, but is not required to be, funded; lists three scheduled programs which are exceptions and will be funded; specifies that the schedule of revenue sources may or may not be received from the entities listed in the bill; specifies that Secondary Road Patrol funding is not subject to funding flexibility and will be funded in accordance with the law; specifies that funding required by statute is not subject to funding flexibility.

##### ***Sec. 217. Budgetary Efficiency – DELETED***

Requires the department to improve its budgetary efficiency by prioritizing personnel over buildings, pursuing consolidation of support services, seeking expenditure reductions, and identifying efficiencies that can be gained via elimination of programs.

##### ***Sec. 218. GF/GP Savings – DELETED***

Requires unused GF/GP obtained as a result of efficiencies to be designated as the department incentive pool balance; requires funds associated with GF/GP supplemental requests to be debited against the department incentive pool balance if supplemental requests do not meet specified criteria; specifies how positive year-end balance of department incentive pool balance shall be allocated.

##### ***Sec. 219. Meetings to Report on Achieving Requirements – DELETED***

Requires the department to be available to meet quarterly with the appropriate subcommittees to provide information as evidence of validating that all requirements in the bill have been achieved.

##### ***Sec. 220. Data to be Reported – DELETED***

Requires the department to report on bridge card enforcement, school bus inspections, status of assessments collected under the Michigan Vehicle Code, and casino gaming oversight activities.

##### ***Sec. 222. Post Closure or Consolidation – DELETED***

Requires the department to notify subcommittees not less than 90 days before recommending closing or consolidating any state police posts.

##### ***Sec. 223. Privatization – DELETED***

Requires submission of a project plan 60 days before beginning any effort to privatize.

##### ***Sec. 225. Contractual Services – DELETED***

States legislative intent that the department not provide subsidy for any contractual services it provides (does not apply to state agencies).

##### ***Sec. 226. Worksite Inspections – DELETED***

Requires the department to strive to inspect its worksites annually to ensure internal control and quality of service.

##### ***Sec. 227. Interoperability Standards – DELETED***

Requires the department to define interoperability standards to ensure effective communication between state, local, regional, and federal agencies under public safety scenarios.

##### ***Sec. 230. Calhoun County Post – DELETED***

Authorizes the department to enter into an agreement with Calhoun County to build a new post to serve region 4 of district 5.

**Major Boilerplate Changes From FY 2011-12**

**Sec. 231. Assistance to Communities Without Law Enforcement Assistance – DELETED**

Requires the department to provide general law enforcement assistance to communities that have no local law enforcement, or that are underserved, until adequate services can be provided by other means.

**Sec. 232. Communication Towers – DELETED**

Requires the department to act as liaison between the Department of Technology, Management, and Budget and local public safety agencies to facilitate use of Michigan Public Safety Communications System towers.

**SCIENCE, TECHNOLOGY, AND TRAINING BUREAU**

**Sec. 301. Forensic Testing Services and Evidence – REVISED**

Requires the department to maintain proper levels of staffing and resources for providing forensic testing services and evidence; requires the department to post changes to protocol for retaining and purging DNA samples and records on the department website.

**Sec. 302. Training and Education – REVISED**

Requires the department to maintain proper levels of staffing and resources for providing training and educational opportunities that support enforcement and public safety efforts of the criminal justice community.

**Sec. 306. Law Enforcement Information Network (LEIN) Services – REVISED**

Requires the department to maintain proper levels of staffing and resources for maintaining LEIN services in support of public safety and law enforcement communities.

**FIELD SERVICES BUREAU**

**Sec. 401. Traffic Safety and Enforcement – REVISED**

Requires the department to maintain proper levels of staffing and resources for overseeing traffic safety and enforcement.

**Sec. 402. Criminal Investigations – REVISED**

Requires the department to maintain proper levels of staffing and resources for identifying and apprehending criminals through criminal investigations; requires the department to work with the Department of Community Health and other medical-related associations on the treatment of sexual assault victims; requires the department to enforce tobacco products tax act.

**Sec. 406. Regional Communication Centers – DELETED**

Requires the department to maintain proper levels of staffing and resources for operating and maintaining regional communication centers in the state.

**Sec. 409. Law Enforcement Delivery of Service Model – DELETED**

Requires the department to develop a law enforcement delivery of service model and to coordinate with local and county law enforcement for efficient delivery of services without duplication.

**SUPPORT SERVICES**

**Sec. 502. Hazardous Materials Response Training – REVISED**

Requires the department to maintain proper levels of staffing and resources for providing hazardous materials response training; requires the department to ensure that federal homeland security grants are allocated to first responders and that homeland security grants awarded to the City of Detroit are not used to supplant general funds.

**Sec. 503. Emergency Operations Center – REVISED**

Requires the department to operate and maintain the state's emergency operations center and to maintain readiness; requires the department to relocate the state's emergency operations center from its present site at Collins Road to another suitable facility.

**Sec. 504. Public Awareness Campaigns – DELETED**

Requires the department to conduct public awareness campaigns and to train child passenger safety technicians.

**Sec. 505. Public Safety Grants – DELETED**

Requires the department to administer various public safety grants to state, local, and private public safety entities.

**FY 2012-13 ONE-TIME ONLY APPROPRIATIONS**

**Sec. 16-601. One-time Basis Only Appropriations – NEW**

Appropriates funding in FY 2012-13 on a one-time basis only (see #12 and #15 under Major Budget Changes for details).

**FY 2011-12 ONE-TIME ONLY APPROPRIATIONS**

**Sec. 1001. One-time Basis Only Appropriations – DELETED**

Appropriates \$800,000 GF/GP on a one-time basis only in FY 2011-12.

**STATE POLICE**

**Major Boilerplate Changes From FY 2011-12**

**FY 2012-13 ANTICIPATED APPROPRIATIONS**

**Sec. 1201. Anticipated Appropriations – DELETED**

Expresses that it is the intent of the Legislature to provide the same appropriations for fiscal year 2012-13 as provided in fiscal year 2011-12, except for where adjustments are made for caseload and related costs, federal fund match rates, economic factors, and available revenue.

<b><u>Supplemental Recommendations for FY 2011-12 Appropriations</u></b>		<b><u>FY 2011-12 Recommendation</u></b>
<b>1. Fleet Leasing</b> Includes additional funding to cover the unanticipated costs of an increase in rates which are set for vehicles by DTMB. The rate is a blended rate which covers the costs of vehicle acquisition, insurance, gasoline, and maintenance. The rate increase is due primarily to the increase in fuel costs.	<b>Gross</b> GF/GP	<b>\$1,900,000</b> \$1,900,000
<b>2. Public Safety Initiative - Cities in Distress</b> Includes additional funding to provide more investigative and patrol assistance in high crime areas of the state. Specifically, this funding will be used to cover overtime, training, aviation, and fleet costs associated with assisting cities in distress. More specific details will be made available in the Governor's upcoming March 2012 Special Message on Public Safety.	<b>Gross</b> GF/GP	<b>\$1,500,000</b> \$1,500,000
<b>3. Collins Road Lease</b> Includes additional funding to cover full-year lease costs at the Collins Road facility. A savings was taken in the FY 2011-12 budget because it was anticipated that the Emergency Management Division (State Emergency Operations Center) would be moving out of the facility. However, for security reasons, it is not feasible for that division to move to the headquarters building in downtown Lansing. The division remains in the Collins Road facility and full-year lease costs need to be paid.	<b>Gross</b> GF/GP	<b>\$750,000</b> \$750,000
<b>4. Internet Crimes Against Children (ARRA)</b> Includes authorization for the department to receive and expend the remainder of federal ARRA grant revenues made available. These funds are used to pay for investigators of Internet crimes against children (i.e., sexual predators).	<b>Gross</b> Federal	<b>\$95,000</b> 95,000
<b>5. Lease Cancellation Boilerplate</b> Boilerplate is necessary to cancel the lease that the Richmond State Police post has. The lease agreement requires legislation in order for the lease to be cancelled. The lease is being cancelled as part of the Regional Policing Model (closure/consolidation of posts and moving to a more mobile police force).		

# **FY 2012-13 AND FY 2013-14 Budget Detail for ALL OTHERS**

**Capital Outlay  
Judiciary  
Licensing and Regulatory Affairs  
Transportation**

**CAPITAL OUTLAY**

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
CAPITAL OUTLAY**

**Analyst: Robin R. Risko**

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		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	0	1,800	1,800	100.0	0	(1,800)	(100.0)
<b>Gross</b>	<b>\$0</b>	<b>\$1,800</b>	<b>\$1,800</b>	<b>100.0</b>	<b>\$0</b>	<b>(\$1,800)</b>	<b>(100.0)</b>
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

**Overview**

The budgetary and administrative functions which are devoted to planning and financing the acquisition, construction, renovation, and maintenance of facilities used by state agencies, public universities, and community colleges are performed through the Capital Outlay process. The statutory acts which govern the capital outlay process include the Management and Budget Act, PA 431 of 1984, and the State Building Authority Act, PA 183 of 1964. Legislative oversight of the Capital Outlay process is provided by the Joint Capital Outlay Subcommittee (JCOS).

**Major Budget Changes From FY 2011-12 YTD Appropriations**

**1. Capital Outlay Projects for Universities and Community Colleges**

The Executive recommends 18 university and community college capital outlay projects that were previously authorized for planning in Public Act 329 of 2010. The total cost of the projects is \$613.1 million (\$308.6 university/community college share; \$304.5 million state share). An \$1,800 GF/GP appropriation is included in one generic line item in the Department of Technology, Management, and Budget budget. This appropriation would authorize construction and the State Building Authority lease as a result of proposed changes by the Executive to the Capital Outlay process (see #3 below).

The following is a list of institutions and projects recommended by the Executive:

- Central Michigan University - Bio-Sciences Building
- Grand Valley State University - Science, Lab, Classroom and Office Building
- Michigan State University - Bio-Engineering Facility
- Northern Michigan University - Jamrich Hall Replacement
- Oakland University - Engineering Center
- University of Michigan-Ann Arbor - G.G. Brown Memorial Laboratory Renovations
- University of Michigan-Dearborn - Science and Computer Information Building Renovations
- University of Michigan-Flint - Murchie Science Laboratory Building Renovations
- Wayne State University - Multi-Disciplinary Bio-Medical Research Building
- Alpena Community College - Electrical Power Technology Education and Training Center
- Bay de Noc Community College - Nursing Lab/Lecture Hall Remodeling
- Delta College - Health and Wellness F-Wing Renovations
- Gogebic Community College - Building Renovation

	FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
		FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>Gross</b>	<b>\$0</b>	<b>\$1,800</b>	<b>(\$1,800)</b>
GF/GP	\$0	\$1,800	(\$1,800)

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>	<b><u>FY 2011-12 YTD (as of 2/9/12)</u></b>	<b>Executive Changes</b>	
		<b><u>FY 2011-12 to FY 2012-13</u></b>	<b><u>FY 2012-13 to FY 2013-14</u></b>
Grand Rapids Community College - Cook Academic Hall Renovation			
Jackson Community College - Bert Walker Hall Renovations			
Lansing Community College - Arts and Sciences Building Renovation			
Mid-Michigan Community College - Mt. Pleasant Campus Unification			
North Central - Health Education and Science Center			

**2. Other Capital Outlay Items**

FY 2012-13 appropriations for Capital Outlay are recommended for state agency projects in the Departments of Agriculture and Resources Development, Corrections, Military and Veterans Affairs, Natural Resources, Technology, Management, and Budget, and Transportation. The appropriations for these projects are included in the respective operating budget bills. (See individual department sections within this report for more information on capital outlay appropriations.)

**3. Capital Outlay Process Reform**

The Executive proposes reforming the current Capital Outlay process by consolidating three separate legislative actions (planning, construction, and State Building Authority lease) into one legislative action that authorizes construction and the SBA lease.

Universities and community colleges would be required to submit professionally-developed schematic plans as the basis for their capital outlay requests. The Executive recommends that criteria and a scoring grid be used to evaluate capital outlay requests. The Executive proposes the House Fiscal Agency, the Senate Fiscal Agency, and the State Budget Office jointly score the requests, and provide a non-binding, objective evaluation of each project. The results of the evaluation would be published on the State Budget Office website. The Executive proposes scoring criteria which would recognize the merits of projects that support statewide economic development goals, focus on core academic and critical skills programs, re-invest or adaptively re-use existing facilities, demonstrate efficient utilization of existing facilities, and support sustainable design.

The Executive recommends establishing these reforms in statute, requiring in statute that construction bids be awarded to the lowest responsive, responsible bidder, and amending existing statute to streamline the authorization, transfer, and carry forward requirements for capital outlay projects.

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** *No boilerplate language proposed specific to FY 2013-14.*

See the DTMB section of this report for major boilerplate changes related to Capital Outlay.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
JUDICIARY**

**Analyst: Erik Jonasson**

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
<b>IDG/IDT</b>	\$3,602,700	\$2,638,200	(\$964,500)	(26.8)	\$2,631,700	(\$6,500)	(0.2)
<b>Federal</b>	5,694,800	6,017,100	322,300	5.7	6,005,600	(11,500)	(0.2)
<b>Local</b>	6,560,700	7,049,300	488,600	7.4	7,035,700	(13,600)	(0.2)
<b>Private</b>	869,700	921,800	52,100	6.0	919,700	(2,100)	(0.2)
<b>Restricted</b>	88,319,000	88,582,200	263,200	0.3	88,555,900	(26,300)	0.0
<b>GF/GP</b>	154,740,300	161,016,400	6,276,100	4.1	161,857,100	840,700	0.5
<b>Gross</b>	<b>\$259,787,200</b>	<b>\$266,225,000</b>	<b>\$6,437,800</b>	<b>2.5</b>	<b>\$267,005,700</b>	<b>\$780,700</b>	<b>0.3</b>
<b>FTEs</b>	491.0	472.0	(19.0)	(3.9)	472.0	0.0	0.0

Notes: (1) FY 2011-12 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 9, 2012, including SB 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government, which receives funds appropriated through the budget act for the Judiciary. The Judiciary budget provides operational funding for the Michigan Supreme Court, Court of Appeals, and related judicial agencies. The budget also funds the salaries of justices of the Supreme Court and judges of the appeals, circuit, probate, and district courts according to constitutional and statutory requirements. Assistance for local court operations is provided through a variety of grant programs. The largest of these, the Court Equity grant program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the numbers of judgeships.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. Fund Shift for Swift-and-Sure Sanctions Program</b> Funding for the program is maintained at \$1.0 million, with GF/GP funds replacing an IDG from the Department of Corrections. Boilerplate adjustments expand grant eligibility criteria to courts with a concurrent jurisdiction plan (see Sec. 320 below).	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$0</b>
	IDG/IDT	1,000,000	(1,000,000)	0
	GF/GP	\$0	\$1,000,000	\$0
<b>2. Continuance and Expansion of Mental Health Courts</b> Adds funding of \$1.0 million GF/GP for mental health courts. \$550,000 of these funds replace expiring work project funding for eight mental health courts. Additional funding of \$450,000 provides for additional mental health court expansions and one FTE to conduct evaluations.	FTE	N/A	1.0	0.0
	<b>Gross</b>	<b>N/A</b>	<b>\$1,000,000</b>	<b>\$0</b>
	GF/GP	N/A	\$1,000,000	\$0
<b>3. State Appellate Defender Office (SADO) Staff Increase</b> Adds funding of \$225,000 GF/GP for additional staff to assist in meeting the statutory requirement that SADO handle 25% of indigent appellate defense cases.	FTE	39.0	3.0	0.0
	<b>Gross</b>	<b>\$5,322,800</b>	<b>\$225,000</b>	<b>\$0</b>
	GF/GP	\$4,582,700	\$225,000	\$0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>4. Additional Court Consolidation Staff</b>	FTE	N/A	2.0	0.0
Adds funding of \$160,000 GF/GP for 2.0 FTEs at the State Court Administrative Office, to facilitate ongoing consolidation efforts, performance metrics, and operating efficiencies.	<b>Gross</b>	<b>N/A</b>	<b>\$160,000</b>	<b>\$0</b>
	GF/GP	N/A	\$160,000	\$0
<b>5. Reduced Funding for Eliminated Judgeships</b>	<b>Gross</b>	<b>\$94,279,400</b>	<b>(\$42,100)</b>	<b>\$0</b>
Adjusts budget for statutory changes in the number of judgeships resulting from PA 300 of 2011.	Restricted	7,090,200	0	0
	GF/GP	\$87,189,200	(\$42,100)	\$0
<b>6. One Time Lump Sum Payment to Employees</b>	<b>Gross</b>	<b>\$0</b>	<b>\$827,000</b>	<b>(\$827,000)</b>
Includes one-time boilerplate appropriation of \$827,000 Gross (\$636,900 GF/GP) for a negotiated 2% lump sum payment to state employees.	IDG/IDT	0	9,100	(9,100)
	Federal	0	51,200	(51,200)
	Local	0	78,600	(78,600)
	Private	0	8,200	(8,200)
	Restricted	0	43,200	(43,200)
	GF/GP	\$0	\$636,900	(\$636,900)
<b>7. Technical Adjustments</b>	FTE	N/A	(25.0)	0.0
Reduces the number of listed FTEs by 25.0 to align statutory number with current employment numbers. Adjusts restricted fund revenue to reflect estimated revenue for FY 2012-13.	<b>Gross</b>	<b>N/A</b>	<b>\$5,100</b>	<b>\$0</b>
	Restricted	N/A	5,100	0
<b>8. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$4,272,800</b>	<b>\$1,607,900</b>
Funds economic adjustments as follow for FY 2012-13:	IDG/IDT	N/A	29,700	2,600
• Salaries, Wages, & OASI: \$949,400 Gross, \$753,500 GF/GP	Federal	N/A	271,100	39,700
• Insurance: (\$313,500) Gross, (\$246,700) GF/GP	Local	N/A	410,000	65,000
• Retirement: \$3,768,300 Gross, \$2,924,400 GF/GP	Private	N/A	43,900	6,100
• Worker's Compensation: (\$85,600) Gross & GF/GP	Restricted	N/A	221,800	16,900
• Rent & Building Occupancy: (\$45,800) Gross & (\$49,300) GP/GP	GF/GP	N/A	\$3,296,300	\$1,477,600

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

**Executive Boilerplate Deletions**

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted.

**Sec. 309. Pilot Mental Health Courts – DELETED**

Requires SCAO to provide an update on the status of the pilot courts by April 1, 2012.

**Sec. 310. Drug Treatment Court Evaluation – DELETED**

Directs SCAO to evaluate drug court programs and provide an annual review.

**Sec. 311. Drug Courts – REVISED**

Specifies criteria for drug court grants; provides \$1.8 million IDG of Byrne grant revenue for expanding drug treatment courts to assist in avoiding prison bed space growth for nonviolent offenders. Executive Budget removes subsection authorizing judiciary to receive and expend funds from U.S. Department of Transportation in an amount not to exceed \$450,000 for drug treatment courts.

**Sec. 312. Drug Treatment Court Evaluation – DELETED**

Directs SCAO to evaluate drug court programs and provide an annual review.

**Sec. 320. Swift-and-Sure Sanctions Pilot Program – REVISED**

Authorizes \$1.0 million GF/GP appropriated in part 1 to be expended for swift-and-sure sanction program. Definition of "qualifying county" is expanded to include counties with a drug treatment court and concurrent jurisdiction plan.

**JUDICIARY**

**Major Boilerplate Changes From FY 2011-12**

**Sec. 322. State Appellate Defender Office Byrne Formula Grant – REVISED**

Provides that, if Byrne formula grant funding is awarded to the State Appellate Defender Office (SADO), SADO may receive and expend funding not exceeding \$250,000 as an IDG from the Department of State Police.

**Sec. 401. One-Time Lump Sum Payments to Employees – NEW**

One-time boilerplate appropriation of \$827,000 Gross (\$636,900 GF/GP) for a negotiated 2% lump sum payment to state employees. See "Major Budget Changes" above.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
LICENSING AND REGULATORY AFFAIRS**

**Analyst: Paul Holland**

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
<b>IDG/IDT</b>	\$14,870,100	\$13,496,900	(\$1,373,200)	(9.2)	\$13,773,700	\$276,800	2.1
<b>Federal</b>	377,515,600	390,840,600	13,325,000	3.5	395,184,100	4,343,500	1.1
<b>Local</b>	7,859,900	7,159,900	(700,000)	(8.9)	7,159,900	0	0.0
<b>Private</b>	4,727,800	5,427,800	700,000	14.8	5,427,800	0	0.0
<b>Restricted</b>	411,820,500	380,017,500	(31,803,000)	(7.7)	382,510,900	2,493,400	0.7
<b>GF/GP</b>	42,024,100	35,570,900	(6,453,200)	(15.4)	35,949,400	378,500	1.1
<b>Gross</b>	<b>\$858,818,000</b>	<b>\$832,513,600</b>	<b>(\$26,304,400)</b>	<b>(3.1)</b>	<b>\$840,005,800</b>	<b>\$7,492,200</b>	<b>0.9</b>
<b>FTEs</b>	4,378.3	4,419.8	41.5	0.9	4,419.8	0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

The Department of Licensing and Regulatory Affairs (LARA) administers the state's primary regulatory and employment security agencies. LARA is organized into four principal units: 1) Licensing and Regulatory, which implements and enforces Michigan laws pertaining to financial, commercial and occupational, construction and fire safety, health profession and facility, public utility, and liquor regulations; 2) the Michigan Administrative Hearing System, a quasi-judicial agency which centralizes and conducts administrative hearings for agencies throughout state government; 3) Employment Security and Workplace Safety, including the administration of unemployment insurance, workers' compensation insurance, occupational safety and health, and rehabilitation programs; and 4) the Office of Regulatory Reinvention, which oversees administrative rule-making and evaluates the state's regulatory infrastructure. The various agencies within LARA are primarily supported by several federal grants and by revenue generated through numerous fees collected from regulated entities.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>1. Bureau of Health Systems - Facilities Inspections</b>	FTE	199.6	0.0	0.0
Increases spending authorization for the Bureau of Health Systems (BHS), to support the inspections of health facilities, from federal Title 18 Medicare funds and Health Systems Fees paid by health facilities regulated by BHS; this is an increase of authorization to spend additional revenues, not an increase in the nominal amount of state fees.	<b>Gross</b>	<b>\$22,907,700</b>	<b>\$1,580,000</b>	<b>\$0</b>
	Federal	16,036,800	740,000	0
	Restricted	1,915,400	840,000	0
	GF/GP	\$4,755,500	\$0	\$0
<b>2. Bureau of Fire Services - Fireworks Regulation</b>	FTE	57.0	6.0	0.0
Increase staff and spending authority for the Bureau of Fire Services (BFS) to administer new consumer fireworks regulations pursuant to 2011 PA 256 funded with revenue from the new Fireworks Safety Fund supported by certification fees and a retail sales tax on the purchase of fireworks.	<b>Gross</b>	<b>\$5,889,300</b>	<b>\$600,000</b>	<b>\$0</b>
	IDG	100,000	0	0
	Federal	788,000	0	0
	Restricted	5,001,300	600,000	0

**LICENSING AND REGULATORY AFFAIRS**

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>Executive Changes</b>			
		<b><u>FY 2011-12 YTD (as of 2/9/12)</u></b>	<b><u>FY 2011-12 to FY 2012-13</u></b>	<b><u>FY 2012-13 to FY 2013-14</u></b>	
<b>3. Bureau of Commercial Services - AG Expenses</b>		FTE	175.0	0.0	0.0
Increases spending authorization for the Bureau of Commercial Services (BCS) from the Real Estate Enforcement Fund to support legal expenses of the Department of Attorney General (AG) pertaining to the investigation of mortgage fraud; these funds are currently transferred to the AG as an, off-budget, revenue reduction.		<b>Gross</b>	<b>\$20,520,800</b>	<b>\$300,000</b>	<b>\$0</b>
	Restricted		20,520,800	300,000	0
<b>4. Bureau of Fire Services - Fire Service Fees</b>		FTE	57.0	0.0	0.0
Assumes an increase of \$585,000 in revenue generated from Fire Service Fees for the Bureau of Fire Services (BFS) due to an assumed increase in the nominal amount of fees paid by hospitals and schools to offset the costs of inspections pursuant to the Fire prevention Code (1941 PA 207). In recent fiscal years, Fire Service Fee revenue has not generated the amount appropriated to the BFS; the increase in fee revenue would more accurately reflect past spending authorizations.		<b>Gross</b>	<b>\$5,889,300</b>	<b>\$0</b>	<b>\$0</b>
	IDG		100,000	0	0
	Federal		788,000	0	0
	Restricted		5,001,300	0	0
<b>5. Workers' Compensation Administration - Contingency</b>		FTE	96.6	(1.0)	0.0
Eliminates one vacant clerical support position within the Workers' Compensation Administration (WCA) at a saving in GF/GP.		<b>Gross</b>	<b>\$9,218,000</b>	<b>(\$71,100)</b>	<b>\$0</b>
	Restricted		3,310,600	0	0
	GF/GP		\$5,907,400	(\$71,000)	\$0
<b>6. Michigan Rehabilitative Services - Staffing Adjustment</b>		FTE	513.5	36.5	0.0
Increases authorized FTEs in the Michigan Rehabilitative Services (MRS) to accurately reflect the actual number of MRS staff, this increase in FTEs reflects a reclassification of Michigan Career and Technical Institute (MCTI) staff and not an increase in actual staff employed; previously the staff at the MCTI was not considered as FTEs within MRS.		<b>Gross</b>	<b>\$74,576,300</b>	<b>\$0</b>	<b>\$0</b>
	Federal		64,327,300	0	0
	Private		816,000	0	0
	Restricted		1,492,200	0	0
	GF/GP		\$7,940,800	\$0	\$0
<b>7. Michigan Administrative Hearing System - DEQ Costs</b>		FTE	205.4	0.0	0.0
Reduces the amount paid to the Michigan Administrative Hearing System (MAHS) via IDG from the Department of Environmental Quality (DEQ) to more accurately reflect the costs associated with the DEQ administrative hearing caseload.		<b>Gross</b>	<b>\$31,911,900</b>	<b>(\$80,200)</b>	<b>\$0</b>
	IDG		12,886,100	(80,200)	0
	Federal		7,975,900	0	0
	Restricted		10,985,600	0	0
	GF/GP		\$64,300	\$0	\$0
<b>8. Liquor Control Commission IT Upgrades</b>		<b>Gross</b>	<b>\$100</b>	<b>(\$100)</b>	<b>\$0</b>
Eliminates the Liquor Control Commission (LCC) information technology (IT) placeholder appropriation created by 2011 PA 63 to support the modernization of the LCC with the eventual replacement of its COBOL-based IT system with packaged software IT system.		GF/GP	\$100	(\$100)	\$0
<b>9. Independent Living - Fund Shift</b>		<b>Gross</b>	<b>\$4,908,600</b>	<b>\$0</b>	<b>\$0</b>
Replaces \$1.5 million in federal Social Security Administration (SSA) reimbursements provided to Centers for Independent Living (CILs) through the Michigan Rehabilitative Services (MRS) with \$1.5 million in GF/GP appropriation. This fund shift reflects a decrease in the available amount of SSA funds received by MRS from the federal government.		Federal	4,738,600	(1,500,000)	0
	Private		100,000	0	0
	GF/GP		\$70,000	\$1,500,000	\$0

		Executive Changes		
		FY 2011-12 YTD (as of 2/9/12)	FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>				
<b>10. Eliminate Low Income Energy Efficiency Fund</b>				
Eliminates the Low-Income Energy Efficiency Fund (LIEEF), invalidated by the Court of Appeals in July 2011. The LIEEF program was administered by the Public Service Commission (PSC) which awarded grants, supported by assessments on certain investor-owned utility companies, to the Department of Human Services and nonprofit organizations to support energy assistance for low-income residents and energy efficiency for all Michigan residents.	<b>Gross</b>	<b>\$95,000,000</b>	<b>(\$95,000,000)</b>	<b>\$0</b>
	Restricted	95,000,000	(95,000,000)	0
<b>11. Eliminate the Vulnerable Household Warmth Fund</b>				
Eliminates the Vulnerable Household Warmth Fund (VHWF), which was established by 2011 PA 274 and appropriated for by 2011 PA 275. The VHWF provided funding, through fiscal year 2012, for nonprofit organizations that were awarded grants under the LIEEF program by the PSC in Docket No. U-13129 to support energy assistance for low-income residents.	<b>Gross</b>	<b>\$23,000,000</b>	<b>(\$23,000,000)</b>	<b>\$0</b>
	Restricted	13,000,000	(13,000,000)	0
	GF/GP	\$10,000,000	(\$10,000,000)	\$0
<b>12. Establish Home Heating Assistance for the Vulnerable</b>				
Establishes the Home Heating Assistance for the Vulnerable (HHAV), a permanent program administered by the PSC and supported by assessments on all utility companies (investor-, cooperative-, and municipal-owned, regardless of size) that would competitively award grants to organizations that provide energy assistance (but not energy efficiency) to low-income households (not exceeding 60% state median income or receives assistance from a state emergency relief program, food stamps, or Medicaid).	<b>Gross</b>	<b>N/A</b>	<b>\$60,000,000</b>	<b>\$0</b>
	Restricted	N/A	60,000,000	0
<b>13. Bureau of Health Professions - OPEB IDG from DTMB</b>				
Implicitly eliminates the IDG from the Department of Technology, Management, and Budget (DTMB) to the Bureau of Health Professions (BHP) that was included in the revision of the supplemental in SB 683 (S-1) for FY 2011-12 supporting the prefunding of Other Post Retirement Benefits (OPEB).	FTE	160.0	0.0	0.0
	<b>Gross</b>	<b>\$28,648,500</b>	<b>(\$884,000)</b>	<b>\$0</b>
	IDG	884,000	(884,000)	0
	Federal	3,507,000	0	0
	Restricted	24,257,500	0	0
<b>14. Eliminate Past Fee Increase Sunsets</b>				
Assumes the elimination of sunsets on various past fee increases, set to expire on September 30, 2012, on corporate and business filing fees collected under the Bureau of Commercial Services and numerous occupational registration and licensing fees collected under the Bureaus of Commercial Services and Construction Codes and the Office of Financial and Insurance Regulation. Based on LARA estimates, the elimination of fee sunsets will generate approximately \$16.2 million dollars in FY 2012-13.	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>
	Restricted	N/A	0	0
<b>15. Various Technical Fund Shifts</b>				
Includes various technical fund shifts between and within line items and fund sources. These fund shifts all net out to zero gross, although some do shift between the types of fund sources. Some fund shifts reflect changes in the availability and categorization of funds, while others reflect changes to more accurately reflect program administration. The increase in GF/GP is largely the result of replacing an IDG from DHS (which was supported with GF/GP) to the Bureau of Health Professions (BHP) for administering criminal background checks on potential employees of Adult Foster Care and Homes for the Aged facilities.	<b>Gross</b>	<b>\$12,177,900</b>	<b>\$0</b>	<b>\$0</b>
	IDG	1,435,000	(1,435,000)	0
	Federal	3,550,800	(3,100,000)	0
	Local	700,000	(700,000)	0
	Private	0	700,000	0
	Restricted	6,492,100	3,506,900	0
	GF/GP	\$0	\$1,028,100	\$0

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>16. Economics Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$25,214,200</b>	<b>\$12,529,000</b>
Reflects increased costs for negotiated salary and wage increases, actuarially-required retirement rate increase, reduced employer health insurance costs due to 20% employee contribution, and other economic adjustments within LARA. Includes \$848,000 in economics adjustments for DTMB staff providing IT services to LARA. Additional increase projected for FY 2013-14 included in the "Active and retiree Insurance and Pension Adjustment" line item.	IDG	N/A	862,500	440,300
	Federal	N/A	14,369,600	7,158,900
	Restricted	N/A	9,069,800	4,373,800
	GF/GP	N/A	\$912,300	\$556,000
<b>17. One-Time Boilerplate Appropriation</b>	<b>Gross</b>	<b>N/A</b>	<b>\$5,036,800</b>	<b>(\$5,036,800)</b>
Provides one-time funding for lump-sum payments to state employees agreed to in 2011; 1% of salary for employees represented by a union and 2% of salary for employees not exclusively represented.	IDG	N/A	163,500	(163,500)
	Federal	N/A	2,815,400	(2,815,400)
	Restricted	N/A	1,880,400	(1,880,400)
	GF/GP	N/A	\$177,500	(\$177,500)

**Major Boilerplate Changes From FY 2011-12**

**NOTE:** No boilerplate language proposed specific to FY 2013-14.

**Sec. 202. Appropriations subject to DMB Act – REVISED**

Stipulates that the appropriations in this article are subject to the Management and Budget Act of 1984; MOVED TO ARTICLE 20.

**Sec. 208. Internet Reports – REVISED**

Directs LARA to use the internet or intranet to fulfill reporting requirements under this article; MOVED TO ARTICLE 20.

**Sec. 209. Buy Michigan – DELETED**

Directs LARA to purchase goods and services made in America, preferably in Michigan and preferably by veterans, if competitively priced at comparable quality.

**Sec. 210. Deprived and Depressed Communities – DELETED**

Directs LARA to reasonably ensure that businesses in "deprived and depressed" communities compete for and perform contracts for service and supplies.

**Sec. 211. Information Technology Work Projects – DELETED**

Permits appropriations for Information Technology to be designated as work projects and carried forward.

**Sec. 212. Records Retention – DELETED**

Requires LARA to retain all records in accordance with state and federal guidelines.

**Sec. 214. Technology User Fees to DTMB – DELETED**

Directs LARA to pay user fees to DTMB for IT services and projects subject to interagency agreements.

**Sec. 215. State Employees Communication with Legislature – DELETED**

Prohibits LARA from making disciplinary action against employees for communicating with the Legislature.

**Sec. 216. GF/GP Lapse Report – REVISED**

Requires LARA to prepare and transmit a report providing estimates of GF/GP lapses at the close of the fiscal year; MOVED TO ARTICLE 20, REQUIRES SBO TO PREPARE REPORT.

**Sec. 217. Out-of-State Travel – DELETED**

Provides several limitations and reporting requirements pertaining to out-of-state travel for LARA employees.

**Sec. 225. Private Grant Funded Projects – DELETED**

Directs LARA to report the receipt of a private grant to the Legislature and SBO.

**Sec. 227. Sale of Documents – REVISED**

Permits LARA to sell documents at a price not to exceed the cost of production and expend the revenue for costs related to updating and distributing the documents and appropriates funds collected under 1969 PA 306 for the cost of publication and distribution; ELIMINATES THE SALE OF LABOR LAW BOOKS.

**Major Boilerplate Changes From FY 2011-12**

**Sec. 231. Transparency Website – REVISED**

Requires LARA to maintain, either by itself or centrally with the state, a searchable website accessible by the public at no cost, which includes various appropriation, procurement, and staffing information; MOVED TO ARTICLE 20, REQUIRES DTMB TO MAINTAIN THE WEBSITE.

**Sec. 232. LARA Television Productions – DELETED**

Prohibits LARA from developing or producing any television productions.

**Sec. 234. Restricted Funds Report – REVISED**

Requires LARA to provide an annual report on state restricted fund estimated balances and projected revenues and expenditures for the fiscal years 2011 and 2012; MOVED TO ARTICLE 20, REQUIRES SBO TO PREPARE REPORT.

**Sec. 301. Fire Protection Grants – DELETED**

Directs LARA to expend funds in accordance with 1977 PA 289 and stipulates that local units of government are eligible for funds if they provide a specified report to LARA.

**Sec. 301a. Fire Protection Grant Report – DELETED**

Directs local units of government receiving funds in accordance with 1977 PA 289 to submit a report on the expenditures relating to fire protection of state-owned property and directs to provide a standard template for the report and a summary of the reports and transmit to the Legislature and SBO.

**Sec. 302. Fire Service Fees – REVISED**

Establishes the schedule of fees for inspections of hospital and schools by the Bureau of Fire Services in accordance with Section 2c of 1914 PA 207; INCREASES THE NOMINAL AMOUNTS OF THE FIRE SERVICE FEES (see "Major Budget Changes From FY 2011-12 YTD Appropriations" above).

**Sec. 302a. Fire Safe Cigarette Fine Revenue – DELETED**

Appropriates funds credited to the Cigarette Fire Safety Standard and Firefighter Protection Act Fund created by 2009 PA 56 for to be expended for purposes provided for in 2009 PA 56.

**Sec. 332. UI Computer System Report – DELETED**

Requires LARA to provide a quarterly report with specified information on the development of the unemployment insurance agency's integrated IT system project to the Legislature and SBO.

**Sec. 333. UI Internet Claims Report – DELETED**

Requires LARA to provide a quarterly report the percentage of claimants using the internet MARVIN system to certify and receive benefits and implement improvement to the system to reach a goal of 50% of claimants certifying on the system.

**Sec. 340. Workplace Deaths and Injuries Report – DELETED**

Requires LARA to provide an annual report on the number of individuals killed or injured on the job for the most recent year data are available to the Legislature and SBO.

**Sec. 341. Administrative Rules Restriction – DELETED**

Prohibits LARA from promulgating any rule more stringent than an applicable federal standard unless authorized by statute.

**Sec. 342. Training Grant to Mining Industry – DELETED**

Directs LARA to allocate not less than \$800,000 of MIOSHA CET grants to nonprofit organizations representing the mining industry.

**Sec. 361. Low-Income Energy Efficiency Fund Program – DELETED**

Requires the PSC to provide a report on the distribution of funds for the LIEEF program and permits LARA to carry forward unexpended funds collected under the LIEEF program to the subsequent fiscal year.

**Sec. 368. Regulatory Statistical Report – DELETED**

Requires LARA to provide a report containing specified information on the licensing and regulatory activities of the Bureaus of Commercial Services and Construction Codes to the Legislature and SBO.

**Sec. 380. Homeowner Construction Lien Recovery Fund – DELETED**

Direct LARA to use unexpended funds in the Homeowner Construction Lien Recovery Fund for payment of court-ordered construction lien judgments entered prior to the funds repeal on August 23, 2010 in the order they were entered and accrue interest.

**Sec. 390. Tax Tribunal Caseload Report – DELETED**

Requires the Tax Tribunal and MAHS to provide a report containing specified information about the caseload, dispositions, and backlog of tax tribunal cases to the Legislature and SBO.

**LICENSING AND REGULATORY AFFAIRS**

**Major Boilerplate Changes From FY 2011-12**

**Sec. 603. Local Match Requirements for Facilities Establishment Grants – DELETED**

Stipulates that the local match for vocational rehabilitation facilities establishment grants shall not exceed 21.3%.

**Sec. 604. Centers for Independent Living – DELETED**

Stipulates that all funds appropriated to Independent Living shall be used in support of Centers for Independent Living in underserved areas and the build capacity in compliance with federal regulations and consistence with the State Plan for Independent Living.

**Sec. 610. Commission for the Blind Case Services and Carry Forward – REVISED**

Stipulates that funds appropriation for the MCB includes case services and may be used for tuition payments and that LARA may carry forward revenue from local sources that is unexpended to the subsequent fiscal year; ELIMINATES PROVISION THAT FUNDS INCLUDE CASE SERVICES AND MAY BE USED FOR TUITION.

**Sec. 611. Vocational Rehabilitation Matching Funds – DELETED**

Directs the MRS and MCB work collaboratively with service organizations and governments to identify match dollars and maximize federal vocational rehabilitation funds.

**Sec. 708. Quarterly Staff Reports from Nursing Facilities – DELETED**

Requires that nursing facilities' quarterly reports to LARA include the specified information and requires LARA to make the quarterly staff report available to the public.

**Sec. 714. Nursing Facility Complaint Investigations Report – DELETED**

Requires LARA to report the timeliness of nursing facility complaint investigations and the number of allegations that are substantiated on an annual basis to the Legislature and SBO and requires LARA to make every effort to contact complainants during the investigations.

**Sec. 716. Investigations of Health Care Professionals – DELETED**

Requires LARA to give priority to investigations of alleged wrongdoing by licensed health care professional that are alleged to have occurred within two years of the initial complaint.

**Sec. 718. Nursing Home Complaint Deficiencies – DELETED**

Requires LARA to provide a report on frequently cited complaint deficiencies for nursing homes during the prior three fiscal years to the Legislature and SBO.

**Sec. 726. Medical Marihuana Program Fees – REVISED**

Requires LARA to provide a report of all information pertaining to the revenue and expenditures of the Medical Marihuana Program and other specified information to the Legislature and SBO and permits LARA to raise application and renewal fees if revenue is insufficient to offset expenses of the Program; ELIMINATES REPORTING REQUIREMENTS.

**Sec. 727. Outsource Medical Marihuana Program Administration – DELETED**

Requires LARA to establish and implement a bid process to identify a public or private contractor to administer the Medical Marihuana Program and requires LARA to transfer administration of the Program to the contractor by January 1st.

**Sec. 729. Circulating Nurse Data – DELETED**

Permits hospitals and ambulatory surgical centers to report to LARA whether registered nurses serve as circulating nurses during surgical procedures and requires LARA to report on the data it receives to the Legislature.

**Sec. 731. Bureau of Health Systems Regulatory Costs and Fee Report – DELETED**

Requires BHS to provide a report to the Legislature pertaining to the costs to regulate each of the several types of health facilities, a proposed fee schedule (developed in conjunction with interested stakeholders) to offset BHS' regulatory costs, and recommended statutory and rule changes.

**Sec. 1201. FY 2012-13 Appropriation – DELETED**

Stipulates that FY 2012-13 appropriations are anticipated to be the same as FY 2011-12 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.

**Sec. 12-501. State Employee Lump Sum Payment – NEW**

Appropriates one-time funding for lump-sum payments to state employees agreed to in 2011; 1% of salary for employees represented by a union and 2% of salary for employees not exclusively represented (see "Major Budget Changes From FY 2011-12 YTD Appropriations" above).

**Supplemental Recommendations for FY 2011-12 Appropriations**

**FY 2011-12  
Recommendation**

<b>1. Bureau of Fire Services - Fireworks Regulation</b>	FTE	6.0
Increases spending authority for the Bureau of Fire Services (BFS) to administer new consumer fireworks regulations pursuant to 2011 PA 256 funded with revenue from the new Fireworks Safety Fund supported by certification fees and a retail sales tax on the purchase of fireworks.	<b>Gross</b>	<b>\$470,000</b>
	Restricted	\$470,000
<b>2. Independent Living - GF/GP</b>	<b>Gross</b>	<b>\$1,500,000</b>
Increases GF/GP appropriation to Centers for Independent Living (CILs) to offset the reduction in federal Social Security Administration (SSA) reimbursements provided to CILs through the Michigan Rehabilitative Services (MRS).	GF/GP	\$1,500,000

**Summary: Executive Budget Recommendation  
for Fiscal Years 2012-13 and 2013-14  
TRANSPORTATION**

**Analyst: William E. Hamilton**

	FY 2011-12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
	Year-to-Date as of 2/9/12		Amount	%		Amount	%
<b>IDG/IDT</b>	\$19,917,800	\$3,531,900	(\$16,385,900)	(82.3)	\$3,558,300	\$26,400	0.7
<b>Federal</b>	1,241,195,200	1,221,830,100	(19,365,100)	(1.6)	1,221,830,100	0	0.0
<b>Local</b>	53,968,500	52,080,200	(1,888,300)	(3.5)	52,080,200	0	0.0
<b>Private</b>	0	100,000	100,000	--	100,000	0	0.0
<b>Restricted</b>	2,029,355,700	2,055,548,100	26,192,400	1.3	2,044,410,600	(11,137,500)	(0.5)
<b>GF/GP</b>	500,000	119,000,000	118,500,000	23,700	0	(119,000,000)	(100.0)
<b>Gross</b>	<b>\$3,344,937,200</b>	<b>\$3,452,090,300</b>	<b>\$107,153,100</b>	<b>3.2</b>	<b>\$3,321,979,200</b>	<b>(\$130,111,100)</b>	<b>(3.8)</b>
<b>FTEs</b>	3,049.6	2,918.3	(131.3)	(4.3)	2,918.3	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

**Overview**

The Transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately two-thirds of the revenue in this budget comes from state restricted revenue, with approximately one-third from federal sources. Almost all the state-restricted revenue in this budget is constitutionally-restricted – from motor fuel taxes and vehicle registration taxes. This revenue is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF) and the Comprehensive Transportation Fund (CTF), and to local road agencies.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>Executive Changes</b>		
		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>1. Debt Service</b>	<b>Gross</b>	<b>\$287,473,400</b>	<b>(\$47,198,900)</b>	<b>\$0</b>
Appropriation of \$240.3 million reflects anticipated debt service schedules. Decrease in debt service from current year appropriation is primarily due to the fact that the current year budget had included \$40.0 million for the repayment of short-term notes which were to be issued for federal aid match in FY 2010-11.	Federal	53,434,300	(7,567,600)	0
Short-term notes were not issued and the additional debt service spending authority in FY 2011-12 will lapse. Instead of short-term notes, in December 2011 the department issued \$91.0 million in long-term bonds, of which \$40.0 million is designated to match federal-aid for the capital STF road and bridge program, and \$51.0 million is designated for the Blue Water Bridge Plaza project. Repayment of long-term bonds will be made over a 20-year period.	Restricted	234,039,100	(39,631,300)	0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>	
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
<b>2. Support Services by Other State Departments</b>	<b>Gross</b>	<b>\$51,748,900</b>	<b>(\$5,431,000)</b>	<b>\$0</b>
Interdepartmental grants (IDGs) authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds; includes MTF IDG to the Department of State for costs of registration tax collection program (\$20.0 million), and MTF IDG to Department of Treasury for costs related to the collection of motor fuel taxes.	Restricted	51,748,900	(5,431,000)	0
Budget decreases baseline appropriation by \$6.7 million, including \$6.2 million decrease in MTF IDG to Department of Treasury (from \$8.4 million to \$2.5 million) to reflect cost allocation study, and \$575,000 decrease in STF IDG to the Attorney General (from \$2.8 million to \$2.4 million). Baseline decreases were partially offset by economic adjustments.				
<b>3. Executive Direction</b>	FTEs	37.3	(2.0)	0.0
Includes <i>Unclassified salaries, Asset Management Council, and Office of Commission Audits</i> . Reflects economic adjustments. Adjusts FTE positions to current employee levels.	<b>Gross</b>	<b>\$5,319,700</b>	<b>\$118,800</b>	<b>\$0</b>
	IDG	118,700	(118,700)	0
	Restricted	5,319,700	237,500	0
<b>4. Business Support</b>	FTEs	58.0	19.0	0.0
Includes <i>Business support, Economic development and enhancement, Property management, and Worker's compensation</i> . Reflects economic increases, and position transfers due to department reorganization. Increase in FY 2013-14 for "Active and retiree insurance and pension adjustment."	<b>Gross</b>	<b>\$17,559,900</b>	<b>\$3,047,800</b>	<b>\$9,165,100</b>
	IDG	448,600	(448,600)	41,200
	Restricted	17,111,300	3,496,400	9,123,900
<b>5. Finance, Contracts, and Support Services</b>	FTEs	277.5	(92.5)	0.0
Decrease primarily reflects position transfers due to department reorganization, a net reduction of \$3.3 million and 28.5 FTE positions in this unit. Also reflects transfer of Welcome Center operations to Design and Engineering Services, a reduction of \$4.3 million and 50.0 FTE positions in the unit. Also recognizes economic adjustments. Budget rolls up <i>Financial Operations</i> and <i>Contract Services</i> into single line and adjusts FTE positions to current employee levels.	<b>Gross</b>	<b>\$27,373,400</b>	<b>(\$7,235,900)</b>	<b>\$0</b>
	IDG	4,611,500	(1,094,400)	0
	Restricted	22,761,900	(6,141,500)	0
<b>6. Transportation Planning</b>	FTEs	176.0	(35.0)	0.0
Decrease from current year primarily reflects position transfers due to department reorganization, a net reduction of \$2.7 million and 31.0 FTE positions in this unit. Also recognizes economic adjustments. Budget rolls up <i>Statewide Planning Services, Data Collection Services, and Specialized Planning Services and Local Studies</i> into single <i>Planning Services</i> line and adjusts FTE positions to current employee levels.	<b>Gross</b>	<b>\$39,868,800</b>	<b>(\$1,118,000)</b>	<b>\$0</b>
	IDG	1,453,800	(1,453,800)	0
	Federal	22,000,000	0	0
	Restricted	16,415,000	335,800	0
<b>7. Design and Engineering Services</b>	FTEs	1,491.8	(7.0)	0.0
Increase primarily reflects position transfers due to department reorganization, a net increase of \$3.1 million and 37.0 FTE positions in this unit. Also reflects transfer of Welcome Center operations to this unit, an increase of \$4.3 million and 50.0 FTE positions. Also recognizes economic adjustments and adjusts FTE positions to current employee levels.	<b>Gross</b>	<b>\$124,905,700</b>	<b>\$13,766,100</b>	<b>\$0</b>
	IDG	8,220,500	(8,220,500)	0
	Federal	23,529,800	0	0
	Restricted	93,155,400	21,986,600	0

**TRANSPORTATION**

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>Executive Changes</b>	
			<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>8. State Trunkline Maintenance</b>	FTEs	837.7	(29.0)	0.0
Increase primarily reflects economic adjustments. Also reflects position transfers due to department reorganization, a net decrease of increase of \$486,900 and 4.0 FTE positions, and adjusts FTE positions to current employee levels. Retains \$5.0 million current year baseline reduction which had been described in budget development as one-time.	<b>Gross</b>	<b>\$270,560,500</b>	<b>\$2,835,200</b>	<b>\$0</b>
	IDG	3,542,800	(3,542,800)	0
	Restricted	267,017,700	6,378,000	0
<b>9. State Trunkline Road and Bridge Construction</b>	<b>Gross</b>	<b>\$842,310,000</b>	<b>\$94,743,200</b>	<b>(\$108,751,500)</b>
Reflects \$1.3 million anticipated reduction in available STF revenue for state trunkline capital program. Proposal also includes boilerplate appropriation of \$96.0 million in state General Fund (GF/GP) revenue, described as one-time, in order to match all available federal funds. Summary table shows this boilerplate appropriation as if included in this line item.	Federal	742,092,000	0	0
	Local	30,000,000	0	0
	Restricted	70,218,000	(1,256,800)	(12,751,500)
	GF/GP	\$0	\$96,000,000	(\$96,000,000)
Decrease in FY 2013-14 reflects end of one-time GF/GP appropriation and anticipated reduction in STF revenue due to end of \$12.0 million redirection of driver's license fees from TEDF.				
<b>10. Two Swing Bridges</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$500,000)</b>	<b>\$0</b>
Current year budget includes a boilerplate appropriation, designated as one-time of \$500,000 GF/GP for "maintenance of 2 swing bridges. The Governor's FY 2012-13 budget does not include this item.	GF/GP	500,000	(500,000)	0
<b>11. Local Bridge Program</b>	<b>Gross</b>	<b>\$27,252,500</b>	<b>(\$488,800)</b>	<b>(\$13,100)</b>
Act 51 earmark reflects anticipated gasoline tax revenue.	Restricted	27,252,500	(488,800)	(13,100)
<b>12. MTF to Local Road Agencies/Local Program Fund</b>	<b>Gross</b>	<b>\$921,732,600</b>	<b>\$9,752,800</b>	<b>\$5,490,700</b>
Recognizes MTF distribution to county road commissions (\$576,860,100), and cities/villages, (\$321,625,300) based on February 2012 revenue estimates and Act 51 formula; actual distribution will be based on actual MTF revenue, which will differ from estimates. Summary table also includes Local Program Fund, a \$33.0 million Act 51 earmark to local road agencies.	Restricted	921,732,600	9,752,800	5,490,700
<b>13. Transportation Economic Development Fund (TEDF)</b>	<b>Gross</b>	<b>\$32,226,200</b>	<b>(\$168,000)</b>	<b>\$12,595,000</b>
Continues into FY 2012-13 the shift of \$12 million in driver's license fee revenue from TEDF Category "A" to STF state trunkline road and bridge program to help provide matching funds for federal aid. This fund shift is not continued in FY 2013-14. Also reflects minor changes in net available TEDF revenue.	Restricted	32,226,200	(168,000)	12,595,000
<b>14. Aeronautics and Freight Services/Aeronautics Services</b>	FTEs	84.0	(30.0)	0.0
Decrease primarily reflects department reorganization which transferred <i>Freight Services</i> program into new <i>Office of Rail</i> , a decrease of \$4.0 million (CTF and MTF) and 28.0 FTE positions from this unit. Remaining restricted revenue is from the State Aeronautics Fund (SAF). Proposed budget rolls up <i>Airport Improvement</i> and <i>Aviation Services</i> lines into a single <i>Aeronautics Services</i> line, recognizes economic adjustments, and adjusts FTE positions to current employee levels. Increases <i>Air service</i> grant program from \$100,000 to \$700,000. Net increase in SAF appropriations of \$952,700 from estimated fund balance carry-forward; FY 2013-14 decrease reflects revenue estimates.	<b>Gross</b>	<b>\$11,557,100</b>	<b>(\$3,288,600)</b>	<b>(\$2,528,300)</b>
	IDG	387,400	(387,400)	0
	Restricted	11,169,700	(2,901,200)	(2,528,300)

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>	
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
<b>15. Public Transportation Services</b>	FTEs	46.0	(5.5)	0.0
Administers passenger public transportation programs. Net decrease from current year primarily reflects position transfers, a decrease of \$421,500 and 3.5 FTE positions. Also recognizes economic adjustments and adjusts FTE positions to current employee levels. Recognizes increase in federal funding for subrecipient oversight.	<b>Gross</b>	<b>\$6,381,400</b>	<b>(\$255,200)</b>	<b>\$0</b>
	IDG	288,000	(288,000)	0
	Federal	862,100	110,000	0
	Restricted	5,231,300	(77,200)	0
<b>16. Bus Transit - Local Bus Operating Assistance</b>	<b>Gross</b>	<b>\$166,624,000</b>	<b>\$0</b>	<b>\$0</b>
Budget includes \$166.6 million (CTF) for state operating assistance to local public transit agencies – unchanged since FY 2006-07.	Restricted	166,624,000	0	0
<b>17. Office of Rail</b>	FTEs	0.0	36.5	0.0
Recommends new <i>Office of Rail</i> reflecting department reorganization; funding and FTE positions transferred from existing programs, including freight services and rail safety programs.	<b>Gross</b>	<b>\$0</b>	<b>\$5,768,900</b>	<b>\$0</b>
	Restricted	0	5,768,900	0
<b>18. Intercity Services</b>	<b>Gross</b>	<b>\$6,100,000</b>	<b>\$1,590,000</b>	<b>\$0</b>
Supports intercity bus service through operating and capital assistance. Provides \$1.65 million additional CTF support; reduces Intercity Bus Equipment Fund authorization by \$60,000 to reflect actual revenue.	Federal	4,500,000	0	0
Additional funding to provide for replacement of buses reaching end of service life.	Local	50,000	0	0
	Restricted	1,550,000	1,590,000	0
<b>19. Rail Operations and Infrastructure</b>	<b>Gross</b>	<b>\$16,767,000</b>	<b>\$18,825,000</b>	<b>(\$19,374,700)</b>
Budget rolls up <i>Rail Passenger Service</i> and <i>Freight Preservation and Development</i> into a single <i>Rail Operations and Infrastructure</i> line. New line item will support AMRAK rail passenger service in Michigan, capital improvements to state owned rail property, and a rail economic development grant program. Budget adds \$7.6 million CTF and \$200,000 local/private to current year baseline to match federal rail passenger and/or rail freight program funds.	Federal	3,100,000	00	0
	Local	0	100,000	0
	Private	0	100,000	0
	Restricted	13,667,000	7,625,000	(8,374,700)
	GF/GP	\$0	\$11,000,000	(\$11,000,000)
Proposal includes \$11.0 million GF/GP boilerplate appropriation, described one-time, in order to match available federal rail passenger and/or rail freight programs. Our table shows boilerplate appropriation as an appropriation line item. Decrease in FY 2013-14 reflects end of one-time GF/GP appropriation and anticipated reduction in CTF revenue.				
<b>20. Transit Capital</b>	<b>Gross</b>	<b>\$50,048,400</b>	<b>\$28,984,500</b>	<b>(\$21,136,000)</b>
Adds \$16.9 million CTF to current year baseline to match federal transit grants to local transit agencies. In addition, Governor recommends a \$12.0 million GF/GP boilerplate appropriation, described one-time, in order to match available federal transit grants. Summary table shows boilerplate appropriation as if it were an appropriation line item.	Federal	28,300,000	0	0
	Local	5,000,000	0	0
	Restricted	16,748,400	16,894,500	(9,136,000)
	GF/GP	\$0	\$12,000,000	(\$12,000,000)
Decrease in FY 2013-14 reflects end of one-time GF/GP appropriation and anticipated reduction in CTF revenue.				
<b>21. Van Pooling</b>	<b>Gross</b>	<b>\$195,000</b>	<b>\$612,000</b>	<b>\$0</b>
Provides increased state CTF matching funds for federal transit grants.	Restricted	195,000	612,000	0

**TRANSPORTATION**

		<b>Executive Changes</b>		
<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/9/12)</b>	<b>FY 2011-12 to FY 2012-13</b>	<b>FY 2012-13 to FY 2013-14</b>
<b>22. Service Initiatives</b>	<b>Gross</b>	<b>\$1,415,000</b>	<b>\$450,000</b>	<b>\$0</b>
Provides increased state CTF matching funds for federal grants.		Federal	0	0
		Local	0	0
		Restricted	450,000	0
<b>23. Aeronautics Capital Projects</b>	<b>Gross</b>	<b>\$109,750,600</b>	<b>(\$12,017,400)</b>	<b>(\$2,297,500)</b>
Provides funding for federal Airport Improvement Program; reflects anticipated program funding, including estimated available SAF revenue.		Federal	(11,907,500)	0
		Local	(1,988,300)	0
		Restricted	1,878,400	(2,297,500)
<b>24. State Employee Lump-Sum Payment (One-Time Boilerplate)</b>	<b>Gross</b>	N/A	<b>\$3,260,800</b>	<b>(\$3,260,800)</b>
Budget includes \$3,260,800 Gross (\$3,246,000 state restricted; \$14,800 IDG from DTMB) boilerplate appropriation for negotiated one-time lump sum payments to state employees.		IDG	14,800	(14,800)
		Restricted	3,246,800	(3,246,800)
<b>25. Economics</b>	<b>Gross</b>	N/A	N/A	N/A
Budgetary changes described above include net economic increases of \$14.1 million reflecting negotiated salary and wage increases of \$2.8 million, \$25.6 million to fund Other Post Retirement Benefit (OPEB) obligations, \$2.0 million decrease in insurance costs, \$13.6 million decrease for actuarially-determined retirement contributions, and \$317,600 in other economic increases. Increase of \$9.2 million projected for FY 2013-14.		Restricted	N/A	N/A

**Major Boilerplate Changes From FY 2011-12**

*NOTE: No boilerplate language proposed specific to FY 2013-14.*

**Executive Boilerplate Deletions**

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate but is not a comprehensive list of all sections deleted.

**Sec. 216. Privatization Report – DELETED**

Deletes reporting requirement on privatization efforts.

**Sec. 229. Restricted Fund Report – DELETED**

Deletes report on restricted fund balances.

**Sec. 307. Rolling Five-Year Plan – DELETED**

Deletes requirement for Five-Year Plan report to legislature.

**Sec. 308. Contract Compliance – DELETED**

Deletes requirement that that MDOT and local road agencies pursue compliance with contract specifications for construction and maintenance; which provided for sanctions for unsatisfactory contractors; and which prohibited the department from reducing or restricting a contractor's prequalification until all administrative appeals had been exhausted.

**Sec. 353. Prompt Payment – DELETED**

Deletes language directing department to review contractor payment process.

**Sec. 354. Solicit Proposals for Improper Payment Audit – DELETED**

Deletes requirement that department to solicit proposals for an audit of improper payments.

**Sec. 382. State Airfleet Study – DELETED**

Deletes requirement that department and State Budget Office to provide independent study of needs of state airfleet.

**Sec. 384. New International Trade Crossing (NITC) – DELETED**

Deletes section limiting spending on Detroit-Windsor crossing project.

**Major Boilerplate Changes From FY 2011-12**

**Sec. 385. Private Facility Toll Credits – DELETED**

Deletes section requiring use of toll credits earned from private toll facilities to match available federal funds.

**Sec. 393. Best Practices for Public Transportation – DELETED**

Deletes directive regarding best practices.

**Supplemental Recommendations for FY 2011-12 Appropriations**

**FY 2011-12  
Recommendation**

**1. Welcome Center Operations**

Governor recommends \$200,000 STF to extend hours of service at state Welcome Centers.

<b>Gross</b>	<b>\$200,000</b>
Restricted	200,000

**2. Freight Preservation and Development**

Governor recommends \$1.0 CTF for rural rail infrastructure improvements.

<b>Gross</b>	<b>\$1,000,000</b>
Restricted	1,000,000

**3. Public Transportation Development – Service Initiatives**

Provides funding for two projects: \$750,000 CTF to match federal funds for study of transit options along Woodward corridor from Detroit to Birmingham and Pontiac; \$250,000 CTF to support the establishment of a Regional Transit Authority in Southeast Michigan.

<b>Gross</b>	<b>\$1,000,000</b>
Restricted	1,000,000



**FY 2012-13 and FY 2013-14**

**CONSENSUS REVENUE**

**Consensus Revenue: FY 2012-13 and FY 2013-14**

**Senior Economist: Rebecca Ross**

This section explains January 2012 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2011-12 through FY 2013-14 by major revenue sources.

For Michigan:

Wage and salary employment is expected to increase 0.7% in 2012, 0.8% in 2013, and 1.2% in 2014.

The unemployment rate is expected to be 10.4% in 2012, then decrease to 9.8% by 2014.

**GF/GP REVENUE ESTIMATES  
(Millions of Dollars)**

	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2012-13</u>		<u>FY 2013-14</u>	
				<u>Over FY 2011-12</u>	<u>Change</u>	<u>Over FY 2012-13</u>	<u>Change</u>
Personal Income Tax	\$4,926.5	\$5,711.7	\$5,912.1	\$785.2	15.9%	\$200.4	3.5%
Sales Tax	1,084.7	1,115.9	1,151.4	31.2	2.9%	35.5	3.2%
Use Tax	799.4	831.3	861.3	31.9	4.0%	30.0	3.6%
Business Taxes	1,402.6	641.8	591.3	(760.8)	(54.2)	(50.5)	(7.9)
Other Taxes	395.6	404.3	407.3	8.7	2.2%	3.0	0.7%
<b>GF/GP Tax Revenue</b>	<b>\$8,608.8</b>	<b>\$8,705.0</b>	<b>\$8,923.4</b>	<b>\$96.2</b>	<b>1.1%</b>	<b>\$218.4</b>	<b>2.5%</b>
Non-Tax Revenue	421.7	329.7	312.5	(92.0)	(21.8%)	(17.2)	(5.2%)
<b>Net Total GF/GP Revenue</b>	<b>\$9,030.5</b>	<b>\$9,034.7</b>	<b>\$9,235.9</b>	<b>\$4.2</b>	<b>0.0%</b>	<b>\$201.2</b>	<b>2.2%</b>

**General Fund/General Purpose Revenue by Source**

**Personal Income Tax**

Michigan personal income tax revenue is forecast to increase 10.8% in FY 2011-12, increase 15.9% in FY 2012-13, and increase 3.5% in FY 2013-14. The increases over FY 2011-12 and FY 2012-13 are due primarily to income tax changes that broaden the base and eliminate or reduce tax credits.

**Sales Tax**

Improving wage and salary income growth will increase GF/GP sales tax revenue from \$1,084.7 million in FY 2011-12, \$1,115.9 million in FY 2012-13, and \$1,151.4 million in FY 2013-14.

**Use Tax**

Use tax revenue is forecast to increase from \$799.4 million in FY 2011-12, \$831.3 million in FY 2012-13, and \$861.3 million in FY 2013-14.

**Business Taxes**

Net business taxes were \$1,617.8 million in FY 2010-11, and will decrease 13.3% to \$1,402.6 million in FY 2011-12, decrease 54.2% to \$641.8 million in FY 2012-13, and to \$591.3 million in FY 2013-14. Much of the decline over FY 2011-12 and FY 2012-13 is due to a significant business tax cut which replaced the Michigan Business Tax with the Corporate Income Tax.

**GF/GP Tax Revenue**

Final GF/GP tax revenue totaled \$8,274.4 million in FY 2010-11.

GF/GP tax revenue is expected to increase in FY 2011-12 to \$8,608.8 million (4.0% increase) and in FY 2012-13 to \$8,705.0 million (1.1% increase). It is expected to increase to \$8,923.4 million or 2.5% in FY 2013-14

**Net Total GF/GP Revenue**

Net total GF/GP revenue includes tax revenue and non-tax revenue.

Non-tax revenue includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs.

Net total GF/GP revenue was \$8,813.0 million in FY 2010-11.

Net total GF/GP revenue is expected to increase to \$9,030.5 million (2.5% increase) in FY 2011-12, then increase to \$9,034.7 million (increase of \$4.2 million, or 0.0%) in FY 2012-13. It is expected to increase to \$9,235.9 million or 2.2% in FY 2013-14.

**SCHOOL AID FUND REVENUE ESTIMATES  
(Millions of Dollars)**

	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2012-13</b>		<b>FY 2013-14</b>	
				<b>Over FY 2011-12</b>	<b>Change</b>	<b>Over FY 2012-13</b>	<b>Change</b>
Sales and Use Tax	\$5,404.4	\$5,542.8	\$5,707.8	\$138.4	2.6%	\$165.0	3.0%
Income Tax Earmark	2,104.4	2,228.8	2,320.7	124.4	5.9%	91.9	4.1%
Lottery and Casinos	833.7	839.0	844.4	5.3	0.6%	5.4	0.6%
Tobacco Taxes	366.1	355.3	344.2	(10.8)	(3.0%)	(11.1)	(3.1%)
State Education Tax	1,820.0	1,841.0	1,877.5	21.0	1.2%	36.5	2.0%
Real Estate Transfer Tax	132.9	143.6	158.0	10.7	8.1%	14.4	10.0%
Liquor Excise and Specific Taxes	102.3	104.5	106.9	2.2	2.2%	2.4	2.3%
<b>Net SAF Revenue</b>	<b>\$10,763.7</b>	<b>\$11,054.9</b>	<b>\$11,359.6</b>	<b>\$291.2</b>	<b>2.7%</b>	<b>\$304.7</b>	<b>2.8%</b>
Federal Funds	1,658.0	1,701.0	1,701.0	43.0	2.6%	0.0	0.0%
<b>Net Total SAF Revenue</b>	<b>\$12,421.7</b>	<b>\$12,755.9</b>	<b>\$13,060.6</b>	<b>\$334.2</b>	<b>2.7%</b>	<b>\$304.7</b>	<b>2.4%</b>

**School Aid Fund Revenue by Source**

***Sales and Use Taxes***

Combined sales and use tax revenue dedicated to the SAF equaled \$5,245.6 million in FY 2010-11. It is forecast to increase to \$5,404.4 million in FY 2011-12, increase to \$5,542.8 million (2.6% increase) in FY 2012-13, and increase to \$5,707.8 million in FY 2013-14.

***Income Tax***

Approximately 23% of gross income tax collections are dedicated to the SAF.

Dedicated income tax revenue is forecast to increase to \$2,104.4 million (6.7% increase) in FY 2011-12, increase to \$2,228.8 million (5.9% increase) in FY 2012-13, and increase to \$2,320.7 million in FY 2013-14.

***Lottery/Casinos***

Lottery and Casino revenue contributed \$841.2 million to the SAF in FY 2010-11. It is projected to increase \$833.7 million (0.9% decrease) in FY 2011-12, increase by 0.6% in FY 2012-13, and increase to \$844.4 million in FY 2013-14.

## **CONSENSUS REVENUE**

### **Tobacco Taxes**

Approximately 39% of gross tobacco tax revenue is dedicated to the SAF.

The SAF received \$376.2 million from tobacco taxes in FY 2010-11.

The demand for tobacco products is expected to decline over the duration of the forecast; total SAF tobacco tax revenue is expected to decrease to \$366.1 million in FY 2011-12, \$355.3 million in FY 2012-13, and \$344.2 million in FY 2013-14.

### **State Education Tax/Real Estate Transfer Tax**

All of the 6-mill state education tax (SET) and the real estate transfer tax (RET) is dedicated to the SAF.

Revenue from the SET was \$1,845.1 million in FY 2010-11. It is expected to decrease to \$1,820.0 million (1.4% decrease) in FY 2011-12, increase to \$1,841.0 million (1.2% increase) in FY 2012-13, and increase to \$1,877.5 million in FY 2013-14.

RET contributed \$123.2 million to the SAF in FY 2010-11. It is forecast to contribute \$132.9 million in FY 2011-12, \$143.6 million in FY 2012-13, and \$158.0 million in FY 2013-14.

### **Net SAF Revenue**

Net SAF revenue was \$11,248.1 million in FY 2010-11.

Net SAF revenue is expected to decrease 4.3% to \$10,763.7 million in FY 2011-12, increase 2.7% to \$11,054.9 million in FY 2012-13, and increase 2.8% to \$11,359.6 million in FY 2013-14.

### **Net Total SAF Revenue**

Actual SAF revenue represents revenue available for expenditure each year; it includes federal funds, but does not include any GF/GP transfers to SAF or beginning balances.

Actual SAF revenue was \$13,716.7 million in FY 2010-11. It is expected to decrease 9.4% to \$12,421.7 million in FY 2011-12, increase 2.7% to \$12,755.9 million in FY 2012-13, and increase 2.4% to \$13,060.6 million in FY 2013-14.

### **HFA Estimates of Year-End Balances**

The following table reports House Fiscal Agency estimates of year-end balances for GF/GP, the SAF, and the Budget Stabilization Fund (BSF).

#### **YEAR-END BALANCE ESTIMATES (Millions of Dollars)**

	<b><u>FY 2011-12</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2013-14</u></b>
General Fund/General Purpose	\$541.9	\$73.9	\$84.3
School Aid Fund	\$129.1	\$0.0	\$77.5
Budget Stabilization Fund	\$258.0	\$388.0	\$388.0

Year-end estimates notes:

FY 2010-11 estimates for GF/GP and the SAF are based on year-to-date appropriations, projected year-end adjustments, and consensus revenue estimates.

SAF revenue is restricted; hence, any year-end balance is carried forward to the subsequent year.

BSF estimates are based on current balance estimates and HFA estimates of future deposits and interest earned.

### **Budget Stabilization Fund Year-End Balances**

The following table notes BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 2008-09, and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 2011-12 and FY 2012-13. A complete list of BSF historical data is available from the HFA upon request.

The final BSF fund balance was \$2.2 million for FY 2010-11. The fund balance is forecast to be \$258.0 million for FY 2011-12 and \$388.0 million for FY 2012-13 and FY 2013-14.

**BUDGET STABILIZATION FUND HISTORY**  
(Millions of Dollars)

<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1990-91	0.0	230.0	27.1	182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.7	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.2	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.2
2001-02	0.0	869.8	20.8	145.2
2002-03	0.0	156.1	10.9	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	81.3	2.0	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07	0.0	0.0	0.1	2.1
2007-08	0.0	0.0	0.1	2.2
2008-09	0.0	0.0	0.0	2.2
2009-10	0.0	0.0	0.0	2.2
2010-11	0.0	0.0	0.0	2.2
2011-12*	255.8	0.0	0.0	258.0
2012-13**	130.0	0.0	0.0	388.0
2013-14**	0.0	0.0	0.0	388.0

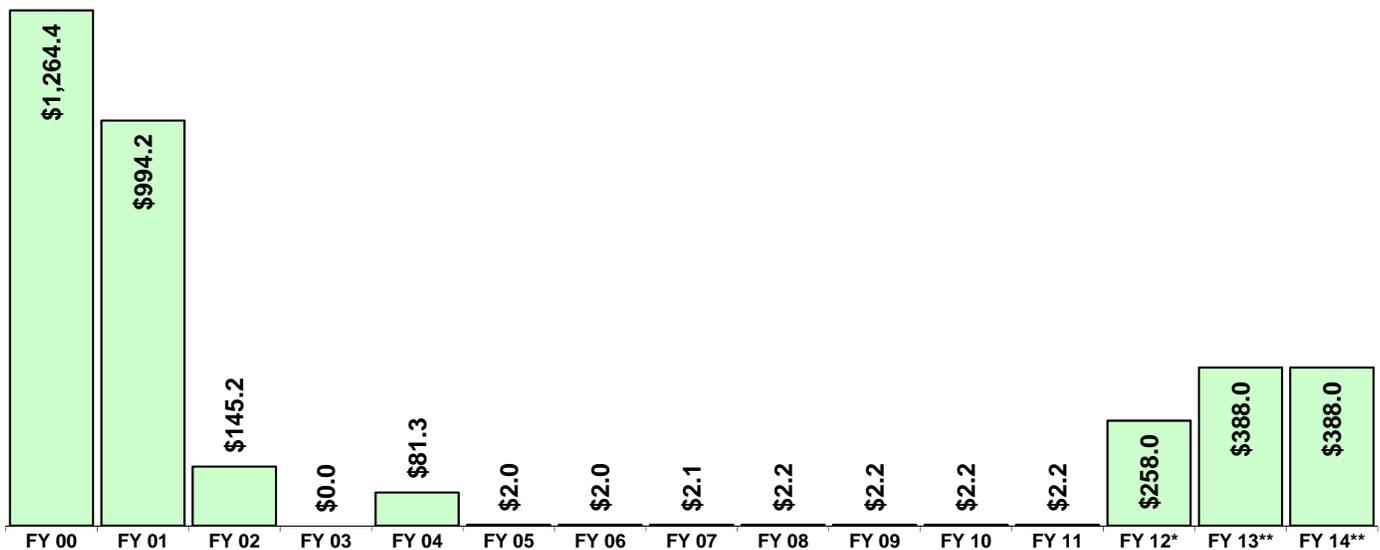
\* HFA Estimate

\*\* FY 13 Executive Recommendation

NOTE: Numbers may not add due to rounding.

**Budget Stabilization Fund (BSF) Balance**

(Millions of Dollars)



\*HFA Estimate

\*\* FY 13: Executive Recommendation

**CONSENSUS REVENUE**

**Compliance With the State Revenue Limit**

HFA estimates of the state revenue limit provided for in Article IX, Section 26, *Constitution of the State of Michigan*, and estimates of total state revenue collections subject to the state revenue limit are shown in the following table. As provided for in the *Constitution*, the revenue limit is calculated as 9.49% of total state personal income in the previous full calendar year (CY) prior to the fiscal year in which the revenue is measured, as estimated by the Bureau of Economic Analysis, United States Department of Commerce.

**COMPLIANCE WITH THE STATE REVENUE LIMIT  
(Millions of Dollars)**

<b><u>Revenue Limit Calculations</u></b>	<b><u>FY 2011-12</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2013-14</u></b>
Personal Income	CY 2010	CY 2011	CY 2012
Amount	\$342,663	\$362,538	\$373,776
X Limit Ratio	9.49%	9.49%	9.49%
<b>State Revenue Limit</b>	<b>32,518.7</b>	<b>34,404.9</b>	<b>35,471.3</b>
<b>Total Revenue Subject to Revenue Limit</b>	<b>\$26,354.8</b>	<b>\$26,842.1</b>	<b>\$27,581.6</b>
<b>Amount Under (Over) State Revenue Limit</b>	<b>\$6,164.0</b>	<b>\$7,562.8</b>	<b>\$7,889.8</b>

**Implications of Exceeding the State Revenue Limit**

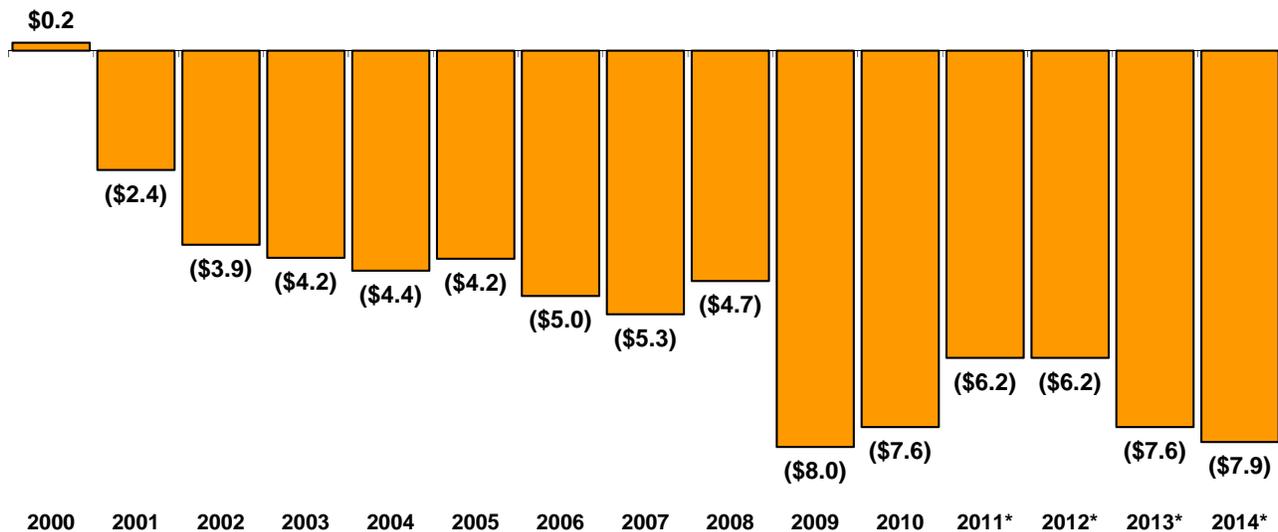
Article IX, Section 26, Constitution of the State of Michigan, provides that:

. . . For any fiscal year in the event that Total State Revenue exceed the limit established in this section by 1% or more, the excess revenues shall be refunded pro rata based on the liability reported on the Michigan income tax and single business tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than 1%, this excess may be transferred to the State Budget Stabilization Fund . . .

Furthermore, the state is prohibited from spending any current-year revenue in excess of the limit established in Section 26 by Article IX, Section 28.

The preliminary final FY 2010-11 revenue limit calculation indicates that the state revenue collections were well under the revenue limit. For FY 2011-12 through FY 2013-14, state revenue is estimated to be substantially below the revenue limit—by \$6.2 billion, \$7.6 billion, and \$7.9 billion respectively.

**Constitutional Revenue Limit  
(Billions of Dollars)**



\*Consensus Estimates





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