

FY 2015-16

APPROPRIATIONS REPORT

Part I - Governor's Recommendations

March 2015



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THE SENATE FISCAL AGENCY

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2. To provide written analyses of all Senate bills, House bills, and Administrative Rules considered by the Senate.
3. To review and evaluate proposed and existing State programs and services.
4. To provide economic and revenue analysis and forecasting.
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6. To review and evaluate State issuance of long-term and short-term debt.
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8. To prepare special reports on fiscal issues as they arise and at the request of members of the Senate.

The Agency is located on the 8th floor of the Victor Office Center. The Agency is an equal opportunity employer.



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OVERVIEW

On February 11, 2015, Governor Rick Snyder presented his fiscal year (FY) 2015-16 State Budget Message and his budget projections for FY 2016-17. Pursuant to an Attorney General's letter opinion issued on February 9, 2011, the Governor is allowed to propose a two-year budget and the Legislature can enact a two-year budget but the second year would be only an expression of an "intent to appropriate", not binding or legally enforceable. This overview will focus on Governor Snyder's FY 2015-16 appropriation recommendation.

The FY 2015-16 budget recommendation from the Governor is based on the consensus revenue estimates agreed to on January 16, 2015. The FY 2015-16 General Fund/ General Purpose (GF/GP) consensus revenue estimate is \$9.7 billion. This represents a 2.2% increase from the FY 2014-15 GF/GP consensus revenue estimate. The FY 2015-16 School Aid Fund (SAF) consensus revenue estimate is \$12.3 billion, a 3.2% increase from the FY 2014-15 consensus revenue estimate. The Governor's FY 2015-16 recommendation includes \$453.9 million in fee adjustments, and assumes passage of legislation that would increase the Health Insurance Claims Assessment (HICA) rate from 0.75% to 1.3%, which would result in estimated GF/GP savings of \$180.1 million.

The Governor recommends FY 2015-16 Adjusted Gross appropriations¹ of \$53.0 billion. Included in this appropriation total are \$22.7 billion of Federal funds, \$401.2 million of local and private funds, \$20.5 billion of State Restricted revenue, and \$9.5 billion of GF/GP revenue. Table 1 outlines the sources of funding for each department and budget area included in the Governor's recommendation; Figures A and B provide illustrations of the total funding by source and major spending category. Compared with FY 2014-15 year-to-date appropriations as of February 11, 2015, the Governor's FY 2015-16 budget includes an Adjusted Gross appropriation increase of \$685.3 million or 1.3%, a decrease in State Spending from State Resources appropriations² of \$119.6 million or 0.4%, and a decrease in GF/GP appropriations³ of \$636.4 million or 6.3%.

The primary reason for the increase in Adjusted Gross appropriations is the Governor's proposal for additional Federal spending of \$815.8 million related to the expansion of the Medicaid program to include approximately 580,000 individuals in the \$3.2 billion Healthy Michigan Plan. The \$636.4 million GF/GP appropriation decrease can be attributed primarily to GF/GP savings in the Department of Community Health related to replacing GF/GP revenue with State restricted HICA revenue of \$180.1 million and hospital Quality Assurance Assessment Program (QAAP) revenue of \$77.1 million. The Governor also carries forward many of the reductions proposed in all budget areas for FY 2014-15. Tables 2-4 compare the Governor's FY 2015-16 recommendation for Adjusted Gross, State Spending from State Resources, and GF/GP appropriations with the FY 2014-15 year-to-date appropriations. Table 5 compares the FY 2015-16 recommended number of 52,723.9 full-time equated (FTE) positions to the FY 2014-15 level of 52,866.5 FTEs, a decrease of 142.6 positions or 0.3%.

The FY 2015-16 recommendation includes appropriations that the Governor has designated as either "ongoing" or "one-time". Table 6 outlines the proposed FY 2015-16 one-time Adjusted Gross and GF/GP appropriations. In addition to the \$340.1 million of one-time Adjusted Gross appropriations (\$216.2 million GF/GP) for various budget areas, the Governor recommends a \$95.0 million one-time GF/GP appropriation to the Budget Stabilization Fund. The Governor also recommends boilerplate language in the General Government bill that would appropriate 25.0% of any FY 2015-16 GF/GP excess revenue forecast at the May 2016 Consensus Revenue Estimating Conference, and 25.0%

¹ Adjusted Gross appropriations are defined as Gross appropriations less interdepartmental grants received.

² State Spending from State Resources appropriations are Adjusted Gross appropriations less Federal, Local, and Private revenue.

³ General Fund/General Purpose appropriations are State Spending from State Resources appropriations less State Restricted revenue.

of any net GF/GP lapse amount, to the Budget Stabilization Fund, as part of the FY 2015-16 book-closing process.

The Governor's recommendation includes \$16.7 billion of estimated payments to local units of government. This exceeds the required level of payments pursuant to Article IX, Section 30 of the State Constitution by more than \$2.0 billion. Below is a summary of the estimate and Table 7 lists the payments to local units by department or budget area.

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT (Millions of Dollars)	
	FY 2015-16 Est.
State Spending from State Resources	\$29,939.1 ^{a)}
Required Payments to Local Units of Government (48.97%).....	\$14,661.2
Estimated Payments to Local Units of Government	\$16,681.3
Estimated Payments as a Percentage of Total State Spending.....	55.72%
Surplus of Section 30 Payments.....	\$2,020.1
a) Does not include \$30.87 million of Federal aid counted as GF/GP revenue.	

Tables 8 and 9 present the GF/GP and SAF balance sheets for FY 2014-15, FY 2015-16, and FY 2016-17, which result in positive ending balances for all three fiscal years.

The total GF/GP dollar change from FY 2014-15 to FY 2015-16 is a \$636.4 million decrease. Table 10 shows that the \$636.4 million decrease consists of \$13.2 million of GF/GP funding for new programs, \$172.8 million of GF/GP funding increases, \$513.4 million of GF/GP funding reductions, a \$123.2 million GF/GP decrease due to fund shifts, a \$180.1 million GF/GP reduction related to the HICA revenue proposal, \$0.1 million for an unclassified salaries increase, and a net reduction of \$5.8 million in GF/GP economic adjustments. Tables 11-15 provide the details of these GF/GP changes.

The FY 2015-16 School Aid Fund budget changes proposed by the Governor are outlined in Table 16. As the table indicates, the net change in SAF appropriations is an increase of \$88.7 million. This \$88.7 million change consists of \$40.8 million for new programs, \$523.4 million of funding increases for existing programs, and \$475.5 million of funding reductions.

Table 17 lists the Governor's proposed fee adjustments for FY 2015-16. Following the fee table, there is a summary of the HICA and Use Tax issue. Tables 18-26 outline background information regarding major budget areas and other general appropriation issues. Tables 27-30 summarize the consensus revenue estimates that are the basis for the Governor's proposed budget, and Tables 31-33 provide details by budget area of the Governor's Gross and GF/GP changes to the FY 2014-15 appropriations.

On an overall basis, the Governor's FY 2015-16 budget proposal increases Adjusted Gross appropriations by \$685.3 million and reduces GF/GP appropriations by \$636.4 million. The Adjusted Gross appropriation increase is primarily due to the continued growth of the Healthy Michigan Plan, while the GF/GP decrease can be attributed mainly to the proposed replacement of GF/GP revenue with State restricted revenue and the continuation of FY 2014-15 proposed budget reductions and fund shifts. With the adoption of the Governor's FY 2014-15 budget balancing proposal, the FY 2015-16 Governor's recommendation would represent an Adjusted Gross appropriation increase of \$1.1 billion and a GF/GP appropriation decrease of \$113.8 million. Similarly to the four budgets that Governor Snyder has presented previously, the Governor's fifth budget message includes performance measures for State programs.

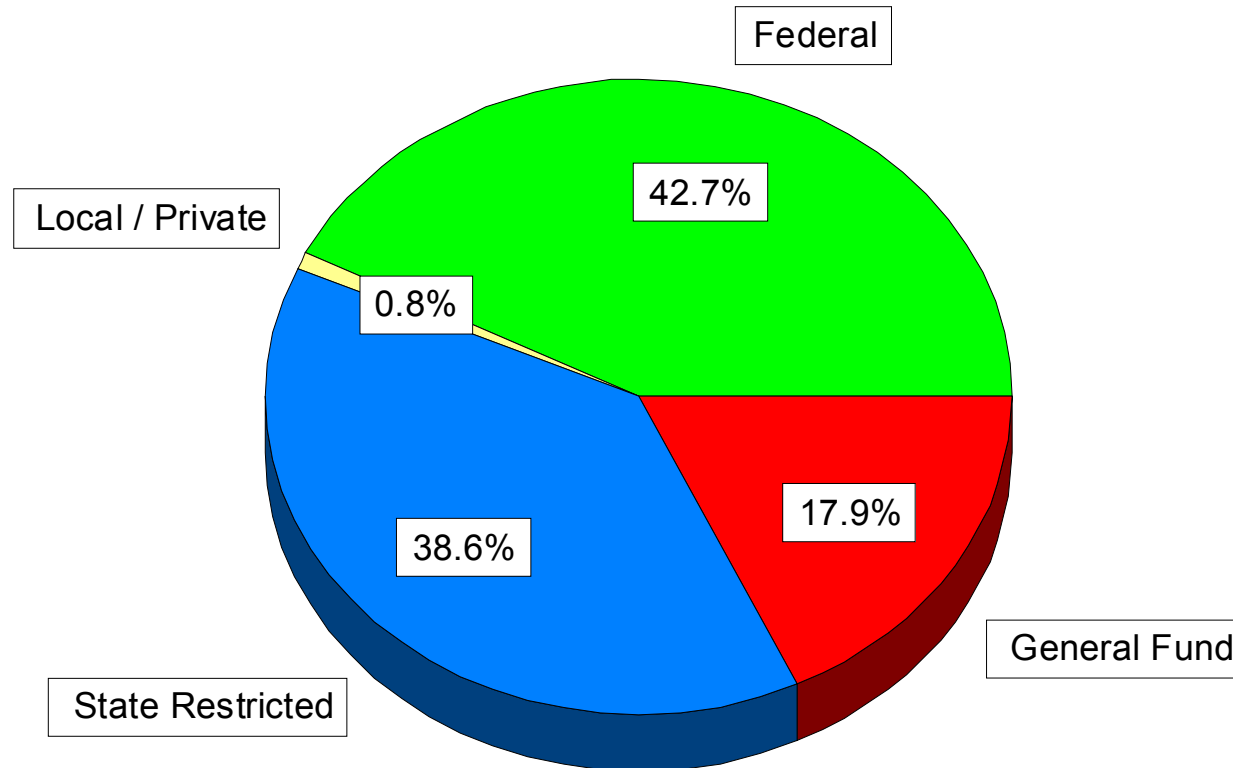
Table 1

FY 2015-16 GOVERNOR'S RECOMMENDATION BY SOURCE OF FUNDS							
Department/Budget Area	Gross	IDGs	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund/ General Purpose
Agriculture & Rural Development	\$84,144,000	\$317,300	\$83,826,700	\$10,427,900	\$128,100	\$30,897,100	\$42,373,600
Attorney General	91,941,600	28,533,900	63,407,700	9,278,600	0	17,281,700	36,847,400
Capital Outlay	0	0	0	0	0	0	0
Civil Rights	16,128,700	286,700	15,842,000	2,721,700	18,700	151,900	12,949,700
Community Colleges	393,825,600	0	393,825,600	0	0	256,714,800	137,110,800
Community Health	18,971,605,000	9,678,100	18,961,926,900	13,465,957,200	213,683,300	2,289,035,100	2,993,251,300
Corrections	1,976,226,000	225,000	1,976,001,000	5,568,700	8,533,200	42,950,700	1,918,948,400
Education	313,212,200	0	313,212,200	218,583,400	7,667,000	7,669,600	79,292,200
Environmental Quality	487,925,900	9,115,300	478,810,600	138,163,100	546,000	304,723,800	35,377,700
Executive	5,916,100	0	5,916,100	0	0	0	5,916,100
Higher Education	1,541,219,200	0	1,541,219,200	97,026,400	0	205,279,500	1,238,913,300
Human Services	5,734,326,500	24,260,300	5,710,066,200	4,542,043,600	71,798,200	117,333,400	978,891,000
Insurance & Financial Services	65,057,700	707,600	64,350,100	2,000,000	0	62,200,100	150,000
Judiciary	283,901,300	2,362,900	281,538,400	6,428,600	8,171,900	84,245,700	182,692,200
Legislative Auditor General	22,840,500	5,392,800	17,447,700	0	0	1,987,600	15,460,100
Legislature	136,464,300	0	136,464,300	0	400,000	4,192,000	131,872,300
Licensing & Regulatory Affairs	545,605,900	15,754,900	529,851,000	200,388,700	990,300	304,248,600	24,223,400
Military & Veterans Affairs	163,953,700	99,300	163,854,400	90,208,600	2,237,000	23,221,500	48,187,300
Natural Resources	389,494,200	1,352,700	388,141,500	76,028,000	8,157,700	264,183,000	39,772,800
School Aid	13,958,963,900	0	13,958,963,900	1,775,769,200	0	12,137,294,700	45,900,000
State	225,256,700	20,000,000	205,256,700	1,460,000	100	186,635,100	17,161,500
State Police	613,531,200	26,224,300	587,306,900	87,945,900	5,533,400	120,353,900	373,473,700
Technology, Management, & Budget	1,264,906,300	678,478,500	586,427,800	7,997,300	3,777,800	95,771,900	478,880,800
Transportation	3,635,722,500	3,928,500	3,631,794,000	1,257,488,000	50,393,500	2,184,391,400	139,521,100
Treasury (Debt Service)	156,449,000	0	156,449,000	0	0	0	156,449,000
Treasury (Operations)	533,426,200	9,500,700	523,925,500	39,661,500	9,055,100	354,978,600	120,230,300
Treasury (Revenue Sharing)	1,251,237,000	0	1,251,237,000	0	0	1,251,237,000	0
Treasury (Strategic Fund)	1,006,582,500	0	1,006,582,500	627,305,000	10,082,500	142,588,000	226,607,000
TOTAL APPROPRIATIONS	\$53,869,863,700	\$836,218,800	\$53,033,644,900	\$22,662,451,400	\$401,173,800	\$20,489,566,700	\$9,480,453,000

Figure A

Appropriations by Source of Funds

FY 2015-16 Governor's Recommendation



Total = \$ 53,033,644,900

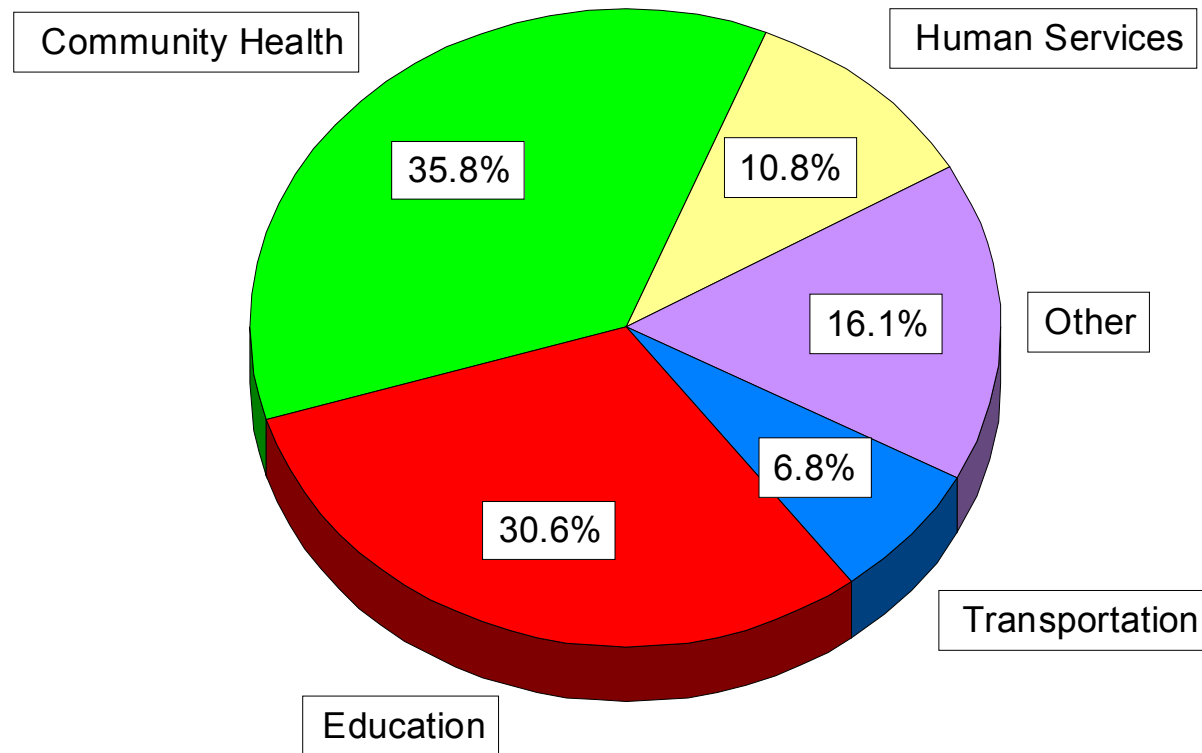
Table 2

**ADJUSTED GROSS APPROPRIATIONS
FY 2014-15 VERSUS GOVERNOR'S RECOMMENDATION**

Department/Budget Area	FY 2014-15 Year-to-Date Appropriations	FY 2015-16 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development	\$84,144,100	\$83,826,700	(\$317,400)	(0.4%)
Attorney General	66,038,500	63,407,700	(2,630,800)	(4.0)
Capital Outlay	0	0	0	0.0
Civil Rights	16,355,300	15,842,000	(513,300)	(3.1)
Community Colleges	364,724,900	393,825,600	29,100,700	8.0
Community Health	18,216,419,000	18,961,926,900	745,507,900	4.1
Corrections	2,040,296,700	1,976,001,000	(64,295,700)	(3.2)
Education	287,096,100	313,212,200	26,116,100	9.1
Environmental Quality	493,061,300	478,810,600	(14,250,700)	(2.9)
Executive	5,916,100	5,916,100	0	0.0
Higher Education	1,516,496,300	1,541,219,200	24,722,900	1.6
Human Services	5,733,628,800	5,710,066,200	(23,562,600)	(0.4)
Insurance & Financial Services	64,482,100	64,350,100	(132,000)	(0.2)
Judiciary	285,403,200	281,538,400	(3,864,800)	(1.4)
Legislative Auditor General	16,938,100	17,447,700	509,600	3.0
Legislature	131,930,500	136,464,300	4,533,800	3.4
Licensing & Regulatory Affairs	528,078,400	529,851,000	1,772,600	0.3
Military & Veterans Affairs	166,843,700	163,854,400	(2,989,300)	(1.8)
Natural Resources	383,330,300	388,141,500	4,811,200	1.3
School Aid	13,870,325,600	13,958,963,900	88,638,300	0.6
State	203,984,900	205,256,700	1,271,800	0.6
State Police	645,839,800	587,306,900	(58,532,900)	(9.1)
Technology, Management, & Budget	585,138,700	586,427,800	1,289,100	0.2
Transportation	3,695,731,700	3,631,794,000	(63,937,700)	(1.7)
Treasury (Debt Service)	152,395,000	156,449,000	4,054,000	2.7
Treasury (Operations)	536,227,300	523,925,500	(12,301,800)	(2.3)
Treasury (Revenue Sharing)	1,232,694,000	1,251,237,000	18,543,000	1.5
Treasury (Strategic Fund)	1,024,779,900	1,006,582,500	(18,197,400)	(1.8)
TOTAL APPROPRIATIONS	\$52,348,300,300	\$53,033,644,900	\$685,344,600	1.3%

Figure B

Adjusted Gross Appropriations FY 2015-16 Governor's Recommendation



Total = \$ 53,033,644,900

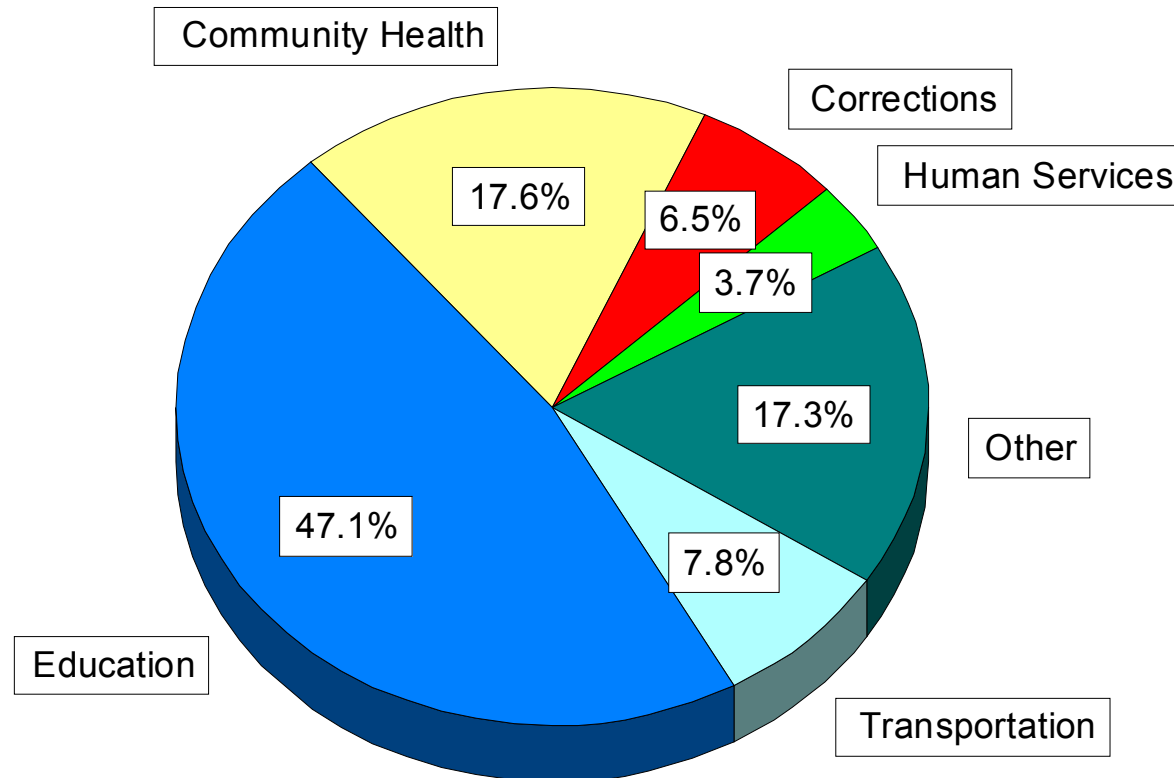
Table 3

STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS FY 2014-15 VERSUS GOVERNOR'S RECOMMENDATION				
Department/Budget Area	FY 2014-15 Year-to-Date Appropriations	FY 2015-16 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development	\$73,919,600	\$73,270,700	(\$648,900)	(0.9%)
Attorney General	56,181,300	54,129,100	(2,052,200)	(3.7)
Capital Outlay	0	0	0	0.0
Civil Rights	13,600,100	13,101,600	(498,500)	(3.7)
Community Colleges	364,724,900	393,825,600	29,100,700	8.0
Community Health	5,301,104,900	5,282,286,400	(18,818,500)	(0.4)
Corrections	2,026,668,000	1,961,899,100	(64,768,900)	(3.2)
Education	90,055,600	86,961,800	(3,093,800)	(3.4)
Environmental Quality	342,646,800	340,101,500	(2,545,300)	(0.7)
Executive	5,916,100	5,916,100	0	0.0
Higher Education	1,419,469,900	1,444,192,800	24,722,900	1.7
Human Services	1,121,690,000	1,096,224,400	(25,465,600)	(2.3)
Insurance & Financial Services	62,482,100	62,350,100	(132,000)	(0.2)
Judiciary	270,779,900	266,937,900	(3,842,000)	(1.4)
Legislative Auditor General	16,938,100	17,447,700	509,600	3.0
Legislature	131,530,500	136,064,300	4,533,800	3.4
Licensing & Regulatory Affairs	326,485,300	328,472,000	1,986,700	0.6
Military & Veterans Affairs	74,240,900	71,408,800	(2,832,100)	(3.8)
Natural Resources	305,089,500	303,955,800	(1,133,700)	(0.4)
School Aid	12,062,162,900	12,183,194,700	121,031,800	1.0
State	202,524,800	203,796,600	1,271,800	0.6
State Police	541,471,000	493,827,600	(47,643,400)	(8.8)
Technology, Management, & Budget	573,420,500	574,652,700	1,232,200	0.2
Transportation	2,439,633,100	2,323,912,500	(115,720,600)	(4.7)
Treasury (Debt Service)	152,395,000	156,449,000	4,054,000	2.7
Treasury (Operations)	494,516,300	475,208,900	(19,307,400)	(3.9)
Treasury (Revenue Sharing)	1,232,694,000	1,251,237,000	18,543,000	1.5
Treasury (Strategic Fund)	387,321,200	369,195,000	(18,126,200)	(4.7)
TOTAL APPROPRIATIONS	\$30,089,662,300	\$29,970,019,700	(\$119,642,600)	(0.4%)

Figure C

State Spending From State Resources

FY 2015-16 Governor's Recommendation



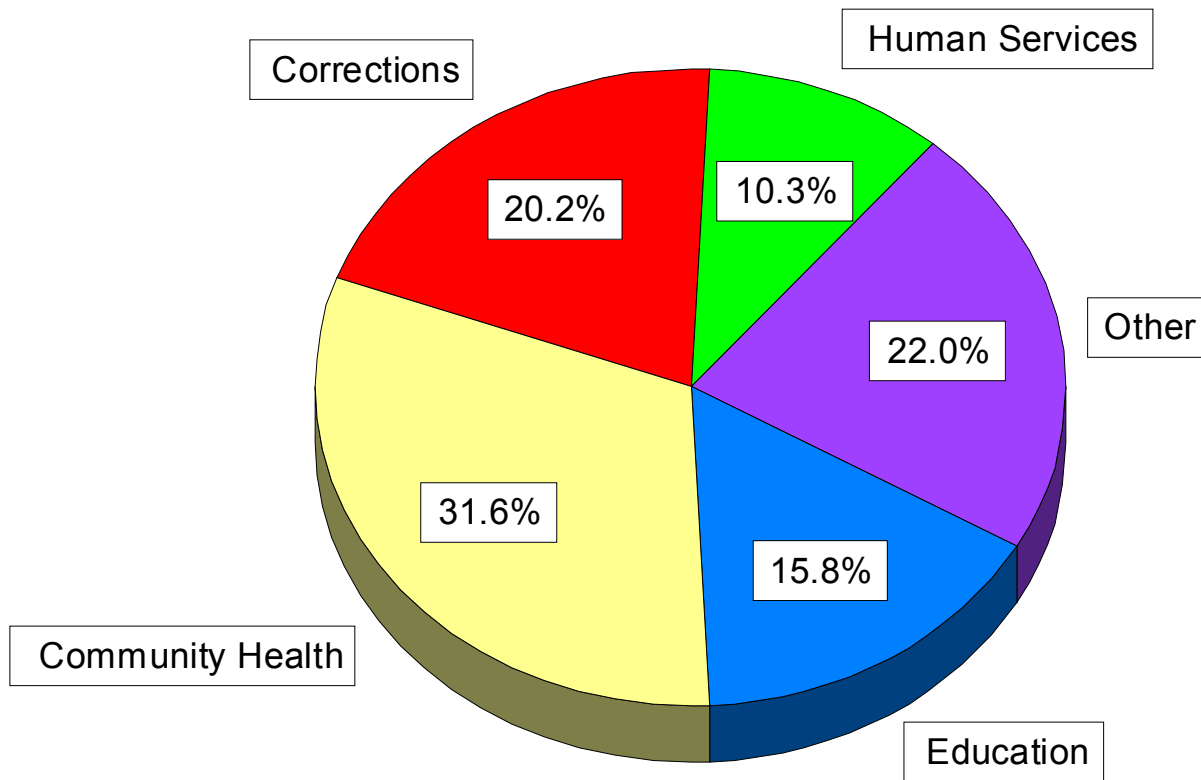
Total = \$ 29,970,019,700

Table 4

GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS FY 2014-15 VERSUS GOVERNOR'S RECOMMENDATION				
Department/Budget Area	FY 2014-15 Year-to-Date Appropriations	FY 2015-16 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development	\$45,916,200	\$42,373,600	(\$3,542,600)	(7.7%)
Attorney General	38,267,100	36,847,400	(1,419,700)	(3.7)
Capital Outlay	0	0	0	0.0
Civil Rights	13,448,200	12,949,700	(498,500)	(3.7)
Community Colleges	167,110,800	137,110,800	(30,000,000)	(18.0)
Community Health	3,239,701,400	2,993,251,300	(246,450,100)	(7.6)
Corrections	1,980,798,400	1,918,948,400	(61,850,000)	(3.1)
Education	82,083,000	79,292,200	(2,790,800)	(3.4)
Environmental Quality	40,875,900	35,377,700	(5,498,200)	(13.5)
Executive	5,916,100	5,916,100	0	0.0
Higher Education	1,214,902,000	1,238,913,300	24,011,300	2.0
Human Services	995,452,600	978,891,000	(16,561,600)	(1.7)
Insurance & Financial Services	55,000	150,000	95,000	172.7
Judiciary	186,527,400	182,692,200	(3,835,200)	(2.1)
Legislative Auditor General	14,937,300	15,460,100	522,800	3.5
Legislature	127,420,700	131,872,300	4,451,600	3.5
Licensing & Regulatory Affairs	40,133,800	24,223,400	(15,910,400)	(39.6)
Military & Veterans Affairs	49,154,500	48,187,300	(967,200)	(2.0)
Natural Resources	48,591,500	39,772,800	(8,818,700)	(18.1)
School Aid	114,900,000	45,900,000	(69,000,000)	(60.1)
State	17,539,000	17,161,500	(377,500)	(2.2)
State Police	414,171,000	373,473,700	(40,697,300)	(9.8)
Technology, Management, & Budget	479,098,500	478,880,800	(217,700)	(0.0)
Transportation	284,647,900	139,521,100	(145,126,800)	(51.0)
Treasury (Debt Service)	152,395,000	156,449,000	4,054,000	2.7
Treasury (Operations)	118,118,300	120,230,300	2,112,000	1.8
Treasury (Revenue Sharing)	0	0	0	0.0
Treasury (Strategic Fund)	244,642,500	226,607,000	(18,035,500)	(7.4)
TOTAL APPROPRIATIONS	\$10,116,804,100	\$9,480,453,000	(\$636,351,100)	(6.3%)

Figure D

General Fund/General Purpose FY 2015-16 Governor's Recommendation



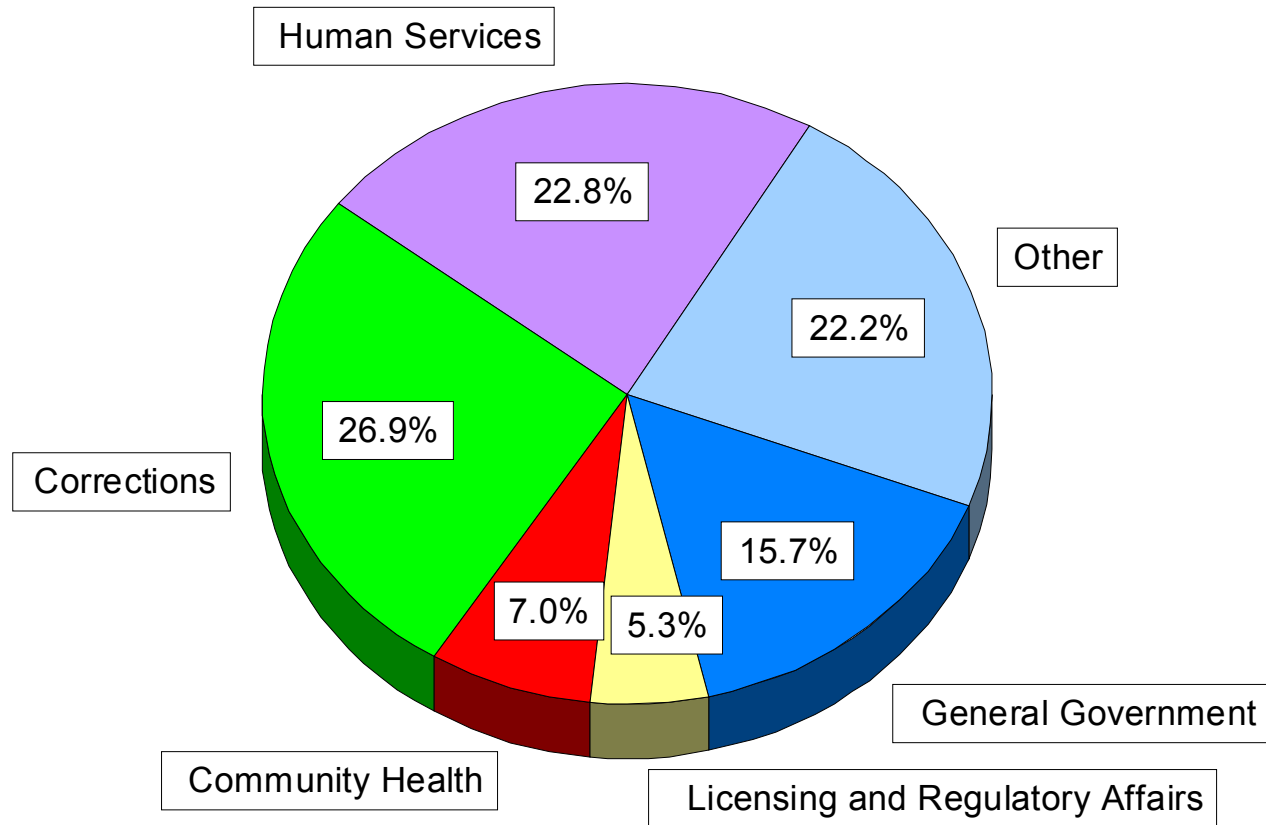
Total = \$ 9,480,453,000

Table 5

FULL-TIME EQUATED CLASSIFIED POSITIONS FY 2014-15 VERSUS GOVERNOR'S RECOMMENDATION				
Department/Budget Area	FY 2014-15 Year-to-Date Appropriations	FY 2015-16 Governor's Recommendation	Position Change	Percent Change
Agriculture & Rural Development	446.0	454.0	8.0	1.8%
Attorney General	513.5	518.5	5.0	1.0
Civil Rights	132.0	129.0	(3.0)	(2.3)
Community Health	3,648.1	3,677.1	29.0	0.8
Corrections	14,179.3	14,174.3	(5.0)	(0.0)
Education	600.5	600.5	0.0	0.0
Environmental Quality	1,284.5	1,221.0	(63.5)	(4.9)
Executive	78.2	78.2	0.0	0.0
Higher Education	0.0	0.0	0.0	0.0
Human Services	12,221.5	12,037.9	(183.6)	(1.5)
Insurance & Financial Services	337.0	337.0	0.0	0.0
Judiciary	488.0	487.0	(1.0)	(0.2)
Licensing & Regulatory Affairs	2,820.3	2,820.3	0.0	0.0
Military & Veterans Affairs	889.5	888.5	(1.0)	(0.1)
Natural Resources	2,222.3	2,219.8	(2.5)	(0.1)
State	1,587.0	1,587.0	0.0	0.0
State Police	3,070.0	3,091.0	21.0	0.7
Technology, Management, & Budget	2,817.0	2,833.0	16.0	0.6
Transportation	2,912.3	2,912.3	0.0	0.0
Treasury (Operations)	1,863.5	1,901.5	38.0	2.0
Treasury (Strategic Fund)	756.0	756.0	0.0	0.0
TOTAL POSITIONS	52,866.5	52,723.9	(142.6)	(0.3%)

Figure E

Full-Time Equated Classified Positions FY 2015-16 Governor's Recommendation



Total = 52,723.9

Table 6

FY 2015-16 GOVERNOR'S RECOMMENDATION ONE-TIME APPROPRIATIONS		
Budget Area/Program	Adjusted Gross Appropriation	GF/GP Appropriation
Agriculture and Rural Development		
Geagley lab equipment.....	\$500,000	\$500,000
Agriculture and Rural Development Total.....	\$500,000	\$500,000
Community Health		
University autism programs	\$2,500,000	\$2,500,000
Pay for success contracts	1,500,000	1,500,000
Drug policy initiative	1,500,000	1,500,000
Mental health commission recommendations	1,500,000	1,500,000
Community Health Total	\$7,000,000	\$7,000,000
Human Services		
Specialized employment and training services pilot program	\$800,000	\$400,000
Human Services Total	\$800,000	\$400,000
Natural Resources		
Capital outlay: improvements to shooting ranges.....	\$4,000,000	\$250,000
Vegetative management system and forestry equipment	4,000,000	0
Recreation grants for local units of government.....	500,000	0
Natural Resources Total	\$8,500,000	\$250,000
School Aid		
Distressed districts contingency fund	\$75,000,000	\$0
Technology readiness.....	25,000,000	0
Dissolution grants	2,200,000	0
Consolidation grants	2,000,000	0
FIRST Robotics.....	2,000,000	0
Teacher certification test updates	1,800,000	0
Dual enrollment incentives.....	1,750,000	0
Strict discipline academies	1,000,000	0
Gang prevention and intervention.....	1,000,000	0
Early reading parent university pilot.....	1,000,000	0
Michigan virtual university online course catalog and mentoring	600,000	0
Career and technical education planning tools.....	500,000	0
Early reading teacher instruction assessment.....	500,000	0
Advanced placement testing incentives	250,000	0
Continuing technical education pilot public awareness campaign ...	100,000	0
School Aid Total.....	\$114,700,000	\$0
State Police		
Trooper school (75 troopers)	\$3,200,000	\$3,200,000
Sexual assault prevention and education initiative.....	500,000	500,000
State Police Total	\$3,700,000	\$3,700,000
Technology, Management, and Budget		
Litigation costs	\$2,000,000	\$2,000,000
Treasury online business portal IT interdepartmental grant.....	600,000	0
Capital outlay planning authorizations (Delta/Mott/LSSU/UM-AA/UM-D).....	500	500
Technology, Management, and Budget Total	\$2,600,500	\$2,000,500

Table 6 - continued

FY 2015-16 GOVERNOR'S RECOMMENDATION ONE-TIME APPROPRIATIONS		
Budget Area/Program	Adjusted Gross Appropriation	GF/GP Appropriation
Transportation		
Road and bridge construction Federal match.....	\$113,000,000	\$113,000,000
Transit and rail infrastructure Federal match.....	25,000,000	25,000,000
Aeronautics Federal match.....	1,521,100	1,521,100
Transportation Total.....	\$139,521,100	\$139,521,100
Treasury (Operations)		
Personal property tax reform: grants to locals.....	\$19,300,000	\$19,300,000
Treasury online business portal IT.....	600,000	600,000
Treasury (Operations) Total.....	\$19,900,000	\$19,900,000
Treasury (Strategic Fund)		
Business attraction and community revitalization.....	\$17,900,000	\$17,900,000
Film incentive program	25,000,000	25,000,000
Treasury (Strategic Fund) Total	\$42,900,000	\$42,900,000
Subtotal One-Time Appropriations.....	\$340,121,600	\$216,171,600
Appropriation to the Budget Stabilization Fund	95,000,000	95,000,000
TOTAL ONE-TIME APPROPRIATIONS.....	\$435,121,600	\$311,171,600

Table 7

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 2014-15 VERSUS GOVERNOR'S RECOMMENDATION				
Department/Budget Area	FY 2014-15 Year-to-Date Appropriations	FY 2015-16 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development	\$4,750,000	\$4,750,000	\$0	0.0%
Attorney General	0	0	0	0.0
Capital Outlay	0	0	0	0.0
Civil Rights	0	0	0	0.0
Community Colleges	364,724,900	393,825,600	29,100,700	8.0
Community Health	1,108,135,300	1,125,752,600	17,617,300	1.6
Corrections	115,714,000	114,323,600	(1,390,400)	(1.2)
Education	15,776,000	15,176,000	(600,000)	(3.8)
Environmental Quality	2,775,000	3,648,500	873,500	31.5
Executive	0	0	0	0.0
Higher Education	0	0	0	0.0
Human Services	97,343,300	97,088,300	(255,000)	(0.3)
Insurance & Financial Services	0	0	0	0.0
Judiciary	139,407,400	136,329,400	(3,078,000)	(2.2)
Legislative Auditor General	0	0	0	0.0
Legislature	0	0	0	0.0
Licensing & Regulatory Affairs	28,225,700	30,936,900	2,711,200	9.6
Military & Veterans Affairs	100,000	102,400	2,400	2.4
Natural Resources	5,123,500	5,548,400	424,900	8.3
School Aid	11,905,777,600	12,022,427,700	116,650,100	1.0
State	1,360,800	1,272,100	(88,700)	(6.5)
State Police	19,775,600	11,899,400	(7,876,200)	(39.8)
Technology, Management, & Budget	0	0	0	0.0
Transportation	1,316,686,400	1,252,574,400	(64,112,000)	(4.9)
Treasury (Debt Service)	0	0	0	0.0
Treasury (Operations)	197,086,000	199,157,300	2,071,300	1.1
Treasury (Revenue Sharing)	1,232,694,000	1,251,237,000	18,543,000	1.5
Treasury (Strategic Fund)	11,224,800	15,224,800	4,000,000	35.6
TOTAL APPROPRIATIONS	\$16,566,680,300	\$16,681,274,400	\$114,594,100	0.7%

Table 8

FEBRUARY 2015 GOVERNOR'S RECOMMENDATION GENERAL FUND/GENERAL PURPOSE REVENUE, EXPENDITURES, AND YEAR-END BALANCE (Millions of Dollars)			
	FY 2014-15	FY 2015-16	FY 2016-17
Revenue:			
Beginning Balance.....	\$306.4	\$0.3	\$28.9
<u>Ongoing Revenue:</u>			
Consensus Revenue Estimate (January 2015).....	\$9,501.4	\$9,713.2	\$10,000.6
Revenue Sharing Payments	(459.2)	(462.7)	(462.7)
Shift of Borrowing Costs to School Aid Fund.....	3.0	4.0	5.0
Managed Care Use Tax.....	373.7	377.7	97.7
Affiliate Nexus Sales/Use Tax	0.0	10.0	10.0
Subtotal Ongoing Revenue	\$9,418.9	\$9,642.2	\$9,650.6
<u>Non-ongoing Revenue:</u>			
One-Time Appropriation for Revenue Sharing	(8.8)	0.0	0.0
Venture Michigan Fund Tax Vouchers	(38.1)	(38.1)	(30.5)
Total Estimated GF/GP Revenue	\$9,678.4	\$9,604.4	\$9,649.0
Expenditures:			
<u>Ongoing Appropriations:</u>			
Initial Ongoing Appropriations.....	\$9,594.0	\$9,264.3	\$9,331.1
Subtotal Ongoing Appropriations	\$9,594.0	\$9,264.3	\$9,331.1
<u>One-Time Appropriations:</u>			
Initial One-Time Appropriations	\$207.0	\$76.7	\$0.0
Initial One-Time Appropriations for Transportation	284.6	139.5	0.0
Appropriation to Budget Stabilization Fund	94.0	95.0	0.0
Enacted Supplementals	31.2	0.0	0.0
Executive Order 2015-5	(106.4)	0.0	0.0
Supplemental Request 2015-3 (General Budget Areas).....	(169.4)	0.0	0.0
Supplemental Request 2015-4 (Capital Outlay \$400).....	0.0	0.0	0.0
Supplemental Request 2015-5 (Education Budget Areas)	(250.3)	0.0	0.0
Work Project Lapses (SBO Letter 2-11-15).....	(6.6)	0.0	0.0
Subtotal One-Time Appropriations	\$84.1	\$311.2	\$0.0
Total Estimated GF/GP Expenditures	\$9,678.1	\$9,575.5	\$9,331.1
PROJECTED YEAR-END GF/GP BALANCE.....	\$0.3	\$28.9	\$317.9

Table 9

FEBRUARY 2015 GOVERNOR'S RECOMMENDATION SCHOOL AID FUND REVENUE, EXPENDITURES, AND YEAR-END BALANCE (Millions of Dollars)			
	FY 2014-15	FY 2015-16	FY 2016-17
Revenue:			
Beginning Balance	\$455.1	\$119.9	\$5.4
<u>Ongoing Revenue:</u>			
Consensus Revenue Estimate (January 2015)	\$11,889.1	\$12,263.7	\$12,640.9
MPSERS Reserve Fund	18.0	0.0	0.0
General Fund/General Purpose Grant	95.0	15.0	15.0
Reimbursement from GF for Personal Property Tax Reform	19.9	30.9	42.0
Supplemental Request 2015-5 (GF for MPSERS/Nutrition Ed)	(81.2)	0.0	0.0
Managed Care Use Tax	186.8	188.9	48.8
Affiliate Nexus Sales/Use Tax	0.0	44.0	45.3
Federal Ongoing Aid	<u>1,808.2</u>	<u>1,775.8</u>	<u>1,775.8</u>
Subtotal Ongoing Revenue	\$13,935.8	\$14,318.3	\$14,567.8
<u>Non-ongoing Revenue:</u>			
Venture Michigan Fund Tax Vouchers	(11.9)	(11.9)	(9.5)
Total Estimated School Aid Fund Revenue	\$14,379.0	\$14,426.3	\$14,563.7
Expenditures:			
<u>Ongoing Appropriations:</u>			
Initial Ongoing K-12 Appropriations	\$13,494.1	\$13,844.3	\$13,839.3
Consensus Cost Adjustments (January 2015)	(96.0)	0.0	0.0
Funding Community Colleges with School Aid Fund	197.6	256.7	263.6
Partially Funding Higher Education with School Aid Fund	<u>200.5</u>	<u>205.2</u>	<u>205.4</u>
Subtotal Ongoing Appropriations	\$13,796.2	\$14,306.2	\$14,308.3
<u>One-Time Appropriations:</u>			
Initial One-Time K-12 Appropriations	\$376.2	\$114.7	\$0.0
University MPSERS Funding	4.0	0.0	0.0
Supp. Request 2015-5 (All SAF for Community Colleges)	167.1	0.0	0.0
Supp. Request 2015-5 (Libraries/Charters MPSERS)	2.2	0.0	0.0
Supp. Request 2015-5 (University MPSERS Fund Shift)	2.0	0.0	0.0
Supp. Request 2015-5 (Education Resource Study)	1.0	0.0	0.0
Supp. Request 2015-5 (Reduce Extra MPSERS Payment)	(88.4)	0.0	0.0
Supp. Request 2015-5 (Eliminate Online Nutrition/Health)	<u>(1.2)</u>	<u>0.0</u>	<u>0.0</u>
Subtotal One-Time Appropriations	\$462.9	\$114.7	\$0.0
Total Estimated School Aid Fund Expenditures	\$14,259.1	\$14,420.9	\$14,308.3
PROJECTED YEAR-END SCHOOL AID FUND BALANCE	\$119.9	\$5.4	\$255.4

SUMMARY OF MAJOR FY 2015-16 GF/GP APPROPRIATION CHANGES

The Governor's FY 2015-16 budget includes \$9.7 billion in ongoing revenue as estimated at the January 16, 2015, Consensus Revenue Estimating Conference, \$4.0 million from the ongoing shift of short-term borrowing costs to the School Aid Fund, \$377.7 million of ongoing revenue from the managed care use tax, and \$10.0 million of ongoing revenue from the recently enacted affiliate nexus sales and use tax. The Governor's FY 2015-16 recommendation of \$462.7 million of ongoing funding for revenue sharing for cities, villages, townships, and counties, reduces the ongoing GF/GP revenue to \$9.6 billion. When the ongoing GF/GP revenue is combined with a beginning balance of \$0.3 million carried forward from FY 2014-15 and a \$38.1 million nonongoing appropriation for Venture Michigan Fund tax vouchers, total estimated FY 2015-16 GF/GP revenue is \$9.6 billion.

The FY 2015-16 ongoing GF/GP appropriations recommended by the Governor total \$9.3 billion and one-time GF/GP appropriations recommended by the Governor total \$311.2 million (as listed in [Table 6](#)), resulting in total estimated GF/GP expenditures of \$9.6 billion and a projected year-end balance of \$28.9 million. Column 2 of [Table 8](#) outlines the Governor's FY 2015-16 GF/GP revenue and expenditure assumptions.

[Table 10](#) provides a comparison of the Governor's recommended FY 2015-16 GF/GP appropriations to the FY 2014-15 year-to-date levels as of February 11, 2015. The Governor's FY 2015-16 GF/GP recommendation of \$9,480.5 million represents a \$636.4 million decrease in GF/GP appropriations. This net change in GF/GP appropriations can be categorized as new GF/GP programs of \$13.2 million, GF/GP funding increases of \$172.8 million, GF/GP funding reductions of \$513.4 million, and fund shifts resulting in a \$123.2 million decrease in GF/GP appropriations. The fund shifts are generally defined as changes in the fund sources for a program that do not affect the overall appropriation level of the program. The Governor also includes GF/GP savings of \$180.1 million from his proposal to increase and uncap the Health Insurance Claims Assessment (HICA), as well as net economic adjustments of a negative \$5.8 million.

Table 10

FY 2015-16 GOVERNOR'S APPROPRIATION RECOMMENDATION MAJOR CHANGES FROM FY 2014-15 YEAR-TO-DATE GF/GP APPROPRIATIONS	
<u>Budget Area/Program</u>	
FY 2014-15 Year-to-Date Appropriations (as of 2-11-15)	\$10,116,804,100
FY 2015-16 Governor's Recommendation	9,480,453,000
Net Change in GF/GP Appropriations	(\$636,351,100)
Total New Programs	\$13,229,600
Total Funding Increases	172,821,700
Total Funding Reductions	(513,449,000)
Total Funding Shifts	(123,154,000)
Enactment of HICA Rate Increase and Removal of Revenue Cap	(180,103,000)
Unclassified Salaries Increase	143,500
Total OPEB Funding Change	(26,625,800)
Total Non-OPEB Economic Adjustments	20,785,900
Total GF/GP Funding Change	(\$636,351,100)

[Table 11](#) outlines the details of the \$13.2 million GF/GP for new programs. The largest amount of new program funding is in the Department of Treasury: \$2.6 million for an online business portal and \$2.0 million for the Financial Review Commission that was created pursuant to Public Act 181 of 2014, part of the Detroit bankruptcy legislation. The Governor also recommends \$2.2 million GF/GP in the School Aid budget for college and career readiness tools and \$2.0 million for early reading initiatives.

Table 11

FY 2015-16 GOVERNOR'S APPROPRIATION RECOMMENDATION NEW GF/GP PROGRAMS	
<u>Budget Area/Program</u>	
Attorney General	
Sexual assault law enforcement.....	\$1,700,000
Community Health	
Drug policy initiative (one-time).....	1,500,000
Natural Resources	
Shooting range enhancements (one-time).....	250,000
School Aid	
College and career readiness	1,600,000
Administration of early reading initiatives.....	1,000,000
Michigan virtual university online course catalog expansion (one-time).....	600,000
Best practices clearinghouse for early reading	500,000
Early reading elementary teacher assessment (one-time)	500,000
State Police	
Campus sexual assault prevention (one-time).....	500,000
Technology, Management, and Budget	
Procurement improvement plan	479,100
Capital outlay planning authorizations (Delta/Mott/LSSU/UM-AA/UM-D; one-time) ..	500
Treasury (Operations)	
Online business portal (\$600,000 one-time)	2,600,000
Financial review commission.....	2,000,000
TOTAL NEW GF/GP PROGRAMS	\$13,229,600

The details of the \$172.8 million of funding increases recommended by the Governor are listed in Table 12. A significant amount, \$56.7 million, of the recommended increases can be attributed to caseload and cost adjustments in the Departments of Community Health and Human Services. The Governor recommends a 2.0% increase of \$26.8 million for public university operations with funds continuing to be distributed pursuant to performance formulas. The Governor also continues to reward those public universities that limit resident undergraduate tuition increases, but the maximum amount a university may increase tuition and fees without a penalty is lowered from 3.2% to 2.8%. Other major FY 2015-16 GF/GP increases include \$7.9 million for the expansion of the Healthy Kids Dental Program to children eight years old and younger in Kent, Oakland, and Wayne Counties; \$7.7 million in the Department of State Police for a new trooper school; and \$7.0 million in the Department of Technology, Management, and Budget to expand enterprisewide information technology investments from a total of \$63.0 million to \$70.0 million.

Table 12

FY 2015-16 GOVERNOR'S APPROPRIATION RECOMMENDATION GF/GP FUNDING INCREASES	
<u>Budget Area/Program</u>	
Agriculture and Rural Development	
Geagley lab equipment (one-time).....	\$500,000
Accounting service center	50,000
Community Health	
Actuarially sound rates for Medicaid HMOs/PIHPs.....	38,005,200
Community Mental Health (CMH) non-Medicaid funding.....	20,000,000
Annualization of 1-1-15 Medicaid primary care rate increase.....	8,318,800
Expand Medicaid adult dental reimbursement 7-1-16	7,925,000
Expand healthy kids dental to ages 0-8 in Kent/Oakland/Wayne Counties.....	7,500,000
Medicaid use tax adjustments	2,785,700

Table 12 - continued

FY 2015-16 GOVERNOR'S APPROPRIATION RECOMMENDATION GF/GP FUNDING INCREASES	
Community Health (continued)	
Expand Medicaid autism services to age 21	2,528,400
Youth transition from psychiatric treatment to the community	1,876,000
Integrated delivery system for Medicare/Medicaid dual eligible	1,558,200
Michigan administrative hearing services technical adjustment	519,700
State mental health facility pharmaceutical inflation	449,100
Education	
Increase in State aid to libraries	1,000,000
Renaissance zone reimbursement	600,000
Educator evaluations	200,000
Adjustments to interdepartmental grants	23,400
Higher Education	
2.0% increase for university operations	26,799,100
2.0% increase for MSU agriculture/bio research, extension	1,192,200
Midwest higher education compact dues	20,000
Human Services	
State disability assistance caseload and fund source adjustments	5,375,400
Ongoing Michigan rehabilitation services (MRS) funding	3,595,000
Supplemental security income (SSI) caseload	630,900
Guardianship caseload	577,700
Indirect costs for administrative hearings	516,900
Specialized employment and training (one-time)	400,000
Charges for vital statistics	150,000
Settlement monitor costs	98,800
Guardian contract cost increase	50,000
Minimum wage impact on MRS	8,100
Insurance and Financial Services	
Medicaid expansion administrative costs	95,000
Legislative Auditor General	
Funding increase	522,800
Legislature	
Funding increase	4,451,600
State Police	
New trooper school (\$3.2 million one-time)	7,700,000
Sexual assault kit submission	1,649,600
Motor carrier school	1,050,000
Second year cost for trooper school recruits	178,600
Emergency management planning and administration	152,000
Technology, Management, and Budget	
Enterprisewide information technology investments	7,000,000
Enterprisewide special maintenance	1,000,000
Treasury (Debt Service)	
Clean Michigan Initiative debt service	6,737,000
Great Lakes Water Quality Bond debt service	2,718,000
Treasury (Operations)	
PILT increase to full funding	4,468,500
Personal property tax reform administration	1,845,000
TOTAL GF/GP FUNDING INCREASES	\$172,821,700

Table 13 provides the details of the \$513.4 million of GF/GP funding reductions in the Governor's FY 2015-16 budget. Of the \$513.4 million of GF/GP reductions, \$296.7 million or nearly 60.0%, consists of appropriations that were designated as one-time for FY 2014-15, including \$144.5 million in the Department of Transportation for local road and bridge projects, and \$30.0 million in the

Department of State Police for disaster relief funding. The largest of the other reductions are in the Department of Community Health, a decrease of \$57.5 million to reflect the decline of Medicaid base and caseload, and GF/GP savings of \$16.8 million from the proposed carve-out of HMO pharmaceutical services.

Table 13

FY 2015-16 GOVERNOR'S APPROPRIATION RECOMMENDATION GF/GP FUNDING ELIMINATIONS/REDUCTIONS	
Agriculture	
Reduce food and agriculture industry growth initiative to \$1.1 million (one-time).....	(\$1,900,000)
Eliminate rural development value-added grants.....	(1,050,000)
Eliminate Ottawa agriculture incubator (one-time).....	(500,000)
Eliminate Muskegon farmers' market funding (one-time).....	(200,000)
Reduce county fairs capital improvement grants	(150,000)
Eliminate forestry audit program	(150,000)
Eliminate funding for agriculture shows and exhibitions	(50,000)
Attorney General	
Eliminate Wayne County sexual assault prosecution funding (one-time).....	(3,000,000)
Civil Rights	
Remove unfilled public affairs position	(115,000)
Remove unfilled librarian position	(105,000)
Remove unused unclassified funding	(90,000)
Remove unfilled executive secretary position	(90,000)
Community Health	
Medicaid base and caseload decline	(57,510,900)
Carve out HMO pharmaceutical services to increase rebates	(16,777,500)
GF/GP savings from expansion of State psychiatric DSH	(15,785,100)
Reduce hospital capital cost reimbursement	(11,973,500)
Reduce HMO lab reimbursement from Medicare to Medicaid fee for service	(10,935,800)
Increased HMO care coordination savings	(5,289,000)
Eliminate funding for U-D dental clinic (one-time).....	(4,092,300)
Eliminate OB/GYN hospital funding pool	(3,793,400)
Reduce mental health and wellness commission programs (one-time).....	(3,500,000)
Eliminate funding for child/adolescent health (one-time)	(2,000,000)
Eliminate traumatic brain injury pilot funding.....	(1,350,000)
Eliminate GF portion of funding for statewide trauma system (one-time).....	(1,300,000)
Eliminate real alternatives program funding.....	(800,000)
Eliminate MiDocs GME consortium funding.....	(500,000)
Eliminate EMU autism funding	(500,000)
Reduce autism support and university autism funding (one-time).....	(500,000)
Eliminate funding for Healthy Kids Dental computer project (one-time)	(300,000)
Eliminate funding for bone marrow registry (one-time)	(250,000)
Eliminate Alzheimer's pilot funding.....	(150,000)
Eliminate funding for senior olympics (one-time)	(100,000)
Eliminate gestational diabetes study funding	(35,000)
Corrections	
Remove final funding for <i>Nea</i> / settlement (one-time).....	(25,000,000)
Facility savings through efficiencies	(7,350,000)
Savings on electronic monitoring devices	(4,000,000)
Eliminate goodwill Flip the Script program	(2,500,000)
Savings from move from Kinross to Hiawatha	(2,000,000)
Reduce county jail reimbursement.....	(1,250,000)
Eliminate education program enhancements (one-time)	(1,045,300)
Eliminate IDG to DHS for swift/sure and MRS	(1,000,000)
Transportation savings	(1,000,000)

Table 13 - continued

FY 2015-16 GOVERNOR'S APPROPRIATION RECOMMENDATION GF/GP FUNDING ELIMINATIONS/REDUCTIONS	
Corrections (continued)	
Eliminate Muskegon 70x7 pilot (one-time)	(600,000)
Decrease to local re-entry services providers	(500,000)
Eliminate field operations mobilization (one-time).....	(440,600)
Education	
Reduce GF in child development and care program	(2,400,000)
Environmental Quality	
Reduce drinking water revolving loan fund State match	(2,950,000)
Eliminate electronic document management funding (one-time).....	(2,500,000)
Human Services	
Reduce adoption redetermination assistance	(6,547,400)
Remove child placing agency \$3 increase	(3,784,500)
Family independence program caseload and fund source	(3,552,600)
Remove temporary per diem increase for residential care	(3,300,000)
Eliminate asset test automation contract	(2,750,000)
Eliminate one-time MRS funding (one-time)	(2,600,000)
Closure of DHS offices	(2,185,000)
Reinstate 50-50 cost share for private agency administrative rate	(1,650,000)
Reduce staffing	(1,556,500)
Eliminate centers for independent living pilot.....	(1,500,000)
Reduce costs through electronic notifications.....	(1,314,900)
Reduce juvenile justice funding.....	(1,000,000)
Eliminate juvenile justice 20/20 data system funding.....	(1,000,000)
Savings from requiring cooperation with child support prior to assistance	(889,200)
Eliminate short-term family support and expanded family independence	(842,600)
Eliminate parent to parent program (\$200,000 one-time)	(700,000)
Remove fostering futures funding (one-time).....	(500,000)
Remove IRS claims funding (one-time)	(500,000)
Consolidate disability determination services	(453,200)
Adoption subsidy caseload.....	(370,700)
Remove Michigan reading corp funding (one-time)	(350,000)
Remove IT for private agencies funding (one-time).....	(300,000)
Eliminate school success partnership	(300,000)
Remove center for hope funding (one-time)	(250,000)
Remove juvenile justice in-home services funding (one-time).....	(250,000)
Reduce travel reimbursements	(153,000)
Remove performance based funding (one-time).....	(100,000)
Remove food bank funding (one-time).....	(100,000)
Eliminate pilot to treat secondary trauma for workers	(100,000)
Remove funding for laptops for executives with tablets	(31,700)
Judiciary	
Decrease swift and sure funding	(2,500,000)
Reduce mental health courts and diversion funding	(500,000)
Remove trial courts innovations fund (one-time).....	(375,000)
Reduce judgeships through attrition.....	(351,800)
Reduce court equity fund and other operational funds	(150,000)
Eliminate community court pilot.....	(20,000)
Licensing and Regulatory Affairs	
Eliminate Delphi worker's compensation fund (one-time)	(15,000,000)
Reduce health systems regulation funding	(100,000)
Reduce health professions regulation funding	(100,000)
Eliminate right to work funding (one-time).....	(100,000)

Table 13 - continued

FY 2015-16 GOVERNOR'S APPROPRIATION RECOMMENDATION GF/GP FUNDING ELIMINATIONS/REDUCTIONS	
Military and Veterans Affairs	
Eliminate veterans home special maintenance fund (one-time)	(3,000,000)
Reduce veterans service organization outreach	(429,000)
Eliminate National Guard tuition assistance reserve (one-time)	(400,000)
Remove funding for vacant partnership development staff	(117,300)
Reduce firefighting support at military training sites	(100,000)
Reduce departmental CSS&M	(100,000)
Natural Resources	
Eliminate River Raisin battlefield park funding (one-time)	(2,000,000)
Eliminate Hart-Montague trail funding (\$470,000 one-time)	(1,000,000)
Eliminate funding for Great Lakes research vessel	(1,000,000)
Eliminate City of Alma public safety land funding (one-time)	(1,000,000)
Eliminate Flint River dike repair funding (one-time)	(1,000,000)
Reduce nonmotorized trail development and maintenance	(900,000)
Eliminate Saginaw River feasibility study funding (one-time)	(280,000)
Reduce funding for forest recreation and trails	(150,000)
Eliminate cormorant mitigation funding	(150,000)
Reduce funding for Mackinac Island state park operations	(50,000)
Reduce funding for Michigan historical center	(50,000)
School Aid	
Eliminate educator evaluations funding (one-time)	(2,700,000)
Eliminate online health and nutrition funding (one-time)	(1,200,000)
Eliminate career readiness funding (one-time)	(250,000)
State	
Reduce branch operations	(241,800)
Remove unused funds from unclassified line	(122,100)
Reduce department services operations	(83,800)
Reduce central operations	(26,900)
Reduce election administration and services	(25,000)
Reduce legal services operations	(400)
State Police	
Remove FY 2014-15 disaster relief funding from base	(30,000,000)
Eliminate helicopter funding (one-time)	(4,932,000)
Eliminate local public safety initiative (one-time)	(4,550,000)
Eliminate FY 2014-15 motor carrier school (\$1,181,900 one-time)	(4,391,900)
Remove funding for FY 2014-15 trooper school (one-time)	(3,508,500)
Eliminate funding for Marshall post (one-time)	(2,000,000)
Eliminate Michigan international speedway traffic control funding (one-time)	(831,900)
Eliminate electronic warrant system funding (one-time)	(750,000)
Eliminate urban search and rescue grant	(500,000)
Savings from rent efficiencies	(381,900)
Reduce Capitol security funding	(294,000)
Eliminate emergency support vehicle purchase funding (one-time)	(225,000)
Reduce unclassified positions funding to reflect on-board staff	(150,000)
Technology, Management, and Budget	
Reduce office of urban initiatives	(2,500,000)
Reduce litigation costs from \$4 million to \$2 million (one-time)	(2,000,000)
Reduce public safety commission radio replacement	(2,000,000)
Eliminate special projects	(1,250,000)
Reduce civil service commission IT line	(1,085,800)
Eliminate regional prosperity grants (one-time)	(1,000,000)
Eliminate technical services funding	(300)

Table 13 - continued

FY 2015-16 GOVERNOR'S APPROPRIATION RECOMMENDATION GF/GP FUNDING ELIMINATIONS/REDUCTIONS	
Transportation	
Reduce GF to \$139.5 million for State match requirement only (one-time).....	(144,026,800)
Eliminate regional transportation authority startup funding (one-time)	(1,100,000)
Treasury (Debt Service)	
Quality of life bond debt service	(5,401,000)
Treasury (Operations)	
Reduce senior cooperative housing tax exemption funding	(2,000,000)
Reduce supervision of general property tax law funding	(2,000,000)
Eliminate Flint police and fire safety funding (one-time)	(1,100,000)
Remove tax/economic policy administrative grant (2014 PA 282; one-time)	(1,000,000)
Reduce tax and economic policy funding.....	(650,000)
Reduce tax compliance program funding.....	(550,000)
Reduce financial independence team funding	(500,000)
Eliminate credit card payment funding (one-time).....	(500,000)
Reduce tax processing program funding	(100,000)
Reduce office of collections program funding	(100,000)
Reduce tobacco tax enforcement funding.....	(100,000)
Remove financial review administrative grant (2014 PA 182; one-time)	(100,000)
Treasury (Strategic Fund)	
Eliminate special grants (one-time).....	(15,750,000)
Eliminate automotive engineering manufacturing fund (one-time).....	(2,000,000)
Remove film office GF/GP.....	(237,100)
TOTAL GF/GP FUNDING ELIMINATIONS/REDUCTIONS	(\$513,449,000)

The details of the net negative \$123.2 million in fund shifts that increase and decrease GF/GP appropriations are listed in [Table 14](#). The largest fund shifts are from GF/GP to the School Aid Fund: a \$71.0 million GF/GP decrease in School Aid and a \$30.0 million GF/GP decrease in the Community Colleges budget. The next-largest fund shifts are in the Department of Community Health: a \$63.5 million shift from GF/GP to hospital quality assurance assessment revenue, and a \$60.9 million increase in GF/GP to replace Roads and Risks Reserve Fund dollars that have been depleted.

Table 14

FY 2015-16 GOVERNOR'S APPROPRIATION RECOMMENDATION FUND SHIFTS TO INCREASE/(REDUCE) GF/GP	
<u>Budget Area/Program</u>	
Community Colleges	
Shift from GF/GP to School Aid Fund	(\$30,000,000)
Community Health	
Replace roads and risks reserve fund dollars with GF/GP	60,900,000
Reduced Medicaid Benefits Trust Fund revenue	19,500,000
Reduced Healthy Michigan Fund revenue	1,737,300
Children's waiver fund source correction	1,400,000
Replace civil monetary penalty funding with GF/GP	357,500
Increase in hospital QAAP tax to supplant GF in GME.....	(63,505,200)
SCHIP/MiChild match rate increase	(17,095,100)
Increase in hospital QAAP tax to supplant GF in rural/sole hospital pool.....	(13,584,000)
Increase in HICA revenue	(6,495,600)
Medicaid match rate increase	(5,853,500)
Corrections	
Use special equipment fund revenue to supplant GF/GP	(9,000,000)
Education	
Shift libraries' MPSERS from GF/GP to School Aid Fund	(2,200,000)

Table 14 - continued

FY 2015-16 GOVERNOR'S APPROPRIATION RECOMMENDATION FUND SHIFTS TO INCREASE/(REDUCE) GF/GP	
Higher Education	
Shift universities' MPERS from GF/GP to School Aid Fund	(2,000,000)
Human Services	
Adjustment for Federal and GF fund sourcing	6,445,400
Adjustment for foster care Title IV-E funding	5,428,300
Increase in base Medicaid match rate	(166,000)
Licensing and Regulatory Affairs	
Healthy Michigan Plan administrative shift (IDG from DCH).....	(450,000)
Workers compensation administration fund shift from GF/GP to restricted.....	(112,500)
Military and Veterans Affairs	
Grand Rapids veterans home fund source shift from restricted to GF/GP	3,300,000
Natural Resources	
Supplant GF/GP with State Parks Endowment Fund	(1,500,000)
School Aid	
Replace GF/GP with SAF (part of foundation allowance increase)	(70,994,200)
Technology, Management, and Budget	
Administrative services fund source shift from restricted to GF/GP	781,900
Office of state employer fund source shift from GF/GP to restricted	(45,000)
Statewide cost allocation plan (SWCAP) fund shift from GF/GP to restricted	(3,300)
TOTAL FUND SHIFTS TO INCREASE/(REDUCE) GF/GP	(\$123,154,000)

Table 15 outlines the Governor's FY 2015-16 GF/GP changes by budget area for unclassified salaries, other post employment benefits (OPEB), and other economic adjustments. The Governor recommends an increase of \$143,500 for unclassified salaries, a decrease of \$26.6 million for OPEB costs, and an increase of \$20.8 million for other economic factors.

Table 15

FY 2015-16 GOVERNOR'S APPROPRIATION RECOMMENDATION GF/GP UNCLASSIFIED SALARIES, OPEB, AND OTHER ECONOMICS ADJUSTMENTS			
Department/Budget Area	Unclassified Salaries Increase	OPEB Changes	Other Economics Changes
Agriculture and Rural Development	\$7,900	(\$329,400)	\$228,900
Attorney General	10,900	(294,000)	163,400
Civil Rights	9,500	(132,500)	24,500
Community Health.....	10,800	(2,183,800)	1,940,900
Corrections.....	25,800	(14,772,500)	9,582,600
Education	9,200	(149,900)	126,500
Environmental Quality	3,200	(241,100)	189,700
Human Services.....	6,800	(4,061,900)	3,314,300
Insurance and Financial Services	0	0	0
Judiciary	0	(464,500)	526,100
Licensing and Regulatory Affairs	1,700	(74,500)	24,900
Military and Veterans Affairs	20,600	(252,200)	110,700
Natural Resources	0	(237,600)	248,900
School Aid	0	(68,300)	12,500
State	10,900	(98,300)	209,900
State Police	10,800	(2,082,000)	2,658,900
Technology, Management, and Budget.....	6,800	(667,500)	1,065,900
Transportation	0	0	0
Treasury (Operations).....	8,600	(373,500)	263,400
Treasury (Strategic Fund)	0	(142,300)	93,900
TOTAL CHANGES	\$143,500	(\$26,625,800)	\$20,785,900

SUMMARY OF MAJOR SCHOOL AID FUND APPROPRIATION CHANGES

Overall, the Governor is recommending a Gross appropriation increase of \$88.7 million compared with spending as of February 11, 2015, or a \$271.0 million increase compared with projected revised FY 2014-15 spending.

Foundation Allowance

The Governor is recommending a \$75 across-the-board increase in the per-pupil foundation grant. The cost of this proposal is \$108.0 million. The equity payment, which in FY 2014-15 is a separate categorical, is rolled into base funding for FY 2015-16.

New Programs

New programs include \$25.0 million for early literacy initiatives, including grants for additional instructional time with kindergarteners, literacy coaches for K-3 teachers, expanding intermediate school district (ISD) home visiting programs focusing on parenting skills and identification of children needing special services, assessments for kindergarten entry and grades 1 and 2, and other items. Other new programs include \$20.0 million for career and technology education and skilled trades initiatives, including \$17.8 million for grants to prosperity regions to support the five most "in-demand" career clusters identified by the regions; \$0.6 million to add community college courses to the statewide online course catalog; and, a \$1.0 million increase to the Michigan College Access Network (which is transferred to the School Aid budget from the Higher Education budget), bringing total funding for that program to \$3.0 million.

Increases in Existing Programs

The Governor is recommending a \$100.0 million increase in At-Risk funding (to \$409.0 million), and a \$71.0 million increase in money set aside for the district fiscal emergency contingency fund. Also, in order to fund the rate cap in the Michigan Public School Employees' Retirement System (MPERS), funding is increased \$216.6 million (plus \$2.2 million to pay for library MPERS payments transferred in from the Michigan Department of Education). School Bond Loan Fund debt service is increased \$17.0 million.

Decreases or Eliminations of Existing Programs

The Governor is recommending the elimination of the one-time payment toward MPERS liabilities (\$108.0 million in current law; reduced in the negative supplemental). Also, pupil performance grants (\$51.1 million) are eliminated, along with \$14.8 million for educator evaluations (with funding from FY 2014-15 carried over and spent in FY 2015-16), *Durant* debt service of \$39.5 million (since FY 2014-15 is the last payment), bus conversion grants (\$3.0 million), and online health and nutrition programming (\$1.2 million). Best Practices grants are reduced \$45.0 million, and Technology Readiness grants are reduced \$16.5 million.

Table 16

FY 2015-16 GOVERNOR'S APPROPRIATION RECOMMENDATION K-12 SCHOOL AID APPROPRIATION CHANGES (Millions of Dollars)	
FY 2014-15 Year-to-Date Appropriations (as of 2-11-15)	\$13,870.3
FY 2015-16 Governor's Recommended Appropriations	13,959.0
Net Change in School Aid Appropriations	\$88.7
Recommended Appropriations for New Programs:	
Career and technical education/dual enrollment	\$17.8
Additional instructional time	10.0
College and career readiness tools	3.6
Investment in literacy coaches for K-3 teachers	3.0
Evidence-based professional development in assessments	1.5
Gang prevention and intervention programs	1.0
Department of Education administration of early reading initiatives	1.0
Parents university pilot	1.0
Research-based professional development on early literacy	1.0
Elementary teacher assessment of reading instruction	0.5
Clearinghouse for best practices in early reading	0.5
Subtotal Appropriations for New Programs	\$40.8
Recommended Appropriation Increases in Existing Programs:	
MPSERS rate cap	\$218.8
Foundation allowance increase (\$75 across the board)	108.0
At-risk pupil support	100.0
District fiscal emergency contingency fund	71.0
School bond loan fund payments debt service	17.0
Great start early childhood block grants	5.0
MEAP testing - state share	2.6
Michigan Virtual University	0.6
Promise Zones reimbursement	0.3
PILT reimbursement	0.1
Subtotal Appropriation Increases in Existing Programs	\$523.4
Recommended Appropriation Eliminations or Reductions:	
MPSERS liability extra payment (eliminated)	(\$108.0)
Equity payment (eliminated/rolled into base)	(103.0)
Technical cost adjustments (foundations, special education)	(58.3)
Pupil performance (eliminated)	(51.1)
Best practices	(45.0)
<i>Durant</i> non-plaintiff debt service (eliminated; paid off)	(39.5)
Federal grants	(32.4)
Technology infrastructure grants	(16.5)
Educator evaluations (eliminated)	(14.8)
Bus conversion from diesel to natural gas (eliminated)	(3.0)
Nutrition program (eliminated)	(1.2)
Strict discipline academies	(1.0)
Vocational education	(1.0)
STEM professional development (eliminated)	(0.3)
Career readiness study (eliminated)	(0.3)
ISD general operations support	(0.0)
Economics	(0.1)
Subtotal Appropriation Decreases or Eliminations	(\$475.5)
TOTAL RECOMMENDED APPROPRIATION CHANGES	\$88.7

SUMMARY OF OTHER MAJOR FY 2015-16 APPROPRIATION ISSUES

Fee and Revenue Proposals

The FY 2015-16 budget proposes \$453.9 million in total fee adjustments. Of the total fee changes proposed, \$14.0 million would be from new fees or fee increases, \$17.6 million would come from the maintenance of current fee levels, and \$422.3 million would come from the delay of sunsets. Additionally, the reduction and elimination of three fees with annual revenue totaling \$16,628 was recommended. The bulk of the total comes from just two fee sunset delays: the Nursing Home Quality Assurance Assessment Program in the Department of Community Health, which generates about \$249.8 million annually, and the Transportation Administration Collection Fund, which generates about \$109.6 million annually. [Table 17](#) provides a summary of the proposed fee changes.

Table 17

FY 2015-16 GOVERNOR'S RECOMMENDATION PROPOSED FEE ADJUSTMENTS INCLUDED IN BUDGET (Actual Dollars)		
Department	Fee Type	Estimated Revenue
Fee Increases and New Fees		
Agriculture & Rural Development	Pesticide Registrant Fee (Increase)	\$870,000
Agriculture & Rural Development	Fertilizer Tonnage Fee (Increase)	350,000
Agriculture & Rural Development	Feed License/Tonnage Fees (Increase Three Fees)	521,450
Agriculture & Rural Development	Food Safety Fees (Increase Five Fees)	2,403,500
Agriculture & Rural Development	Certificate of Free Sale (Increase)	87,500
Agriculture & Rural Development	License Late Fee (Increase)	37,500
Education	Teacher Testing Fee Cap (Remove Cap)	0
Environmental Quality	Air Emissions - Per-Ton Fee (Increase)	2,250,000
Licensing & Regulatory Affairs	Base Inspection Fee - Hospitals (New)	84,500
Licensing & Regulatory Affairs	Base Inspection Fee - Hospice Agencies (New)	63,000
Licensing & Regulatory Affairs	Base Inspection Fee - LTC/Nursing Homes (New)	224,500
Licensing & Regulatory Affairs	Base Inspection Fee - Substance Use Prog. (New)	637,500
Licensing & Regulatory Affairs	Base Inspection Fee - FSOs (Increase)	34,322
Licensing & Regulatory Affairs	Base Inspection Fee - Hospice Res. (Increase)	5,100
Licensing & Regulatory Affairs	Base Inspection Fee - Inpatient Psych. (Increase)	11,800
Licensing & Regulatory Affairs	Inspection Fee Per Bed - Hospitals (Increase)	44,880
Licensing & Regulatory Affairs	Inspection Fee Per Bed - LTC/Nursing (Increase)	131,029
Licensing & Regulatory Affairs	Inspection Fee Per Bed - Inpat. Psych. (Increase)	14,444
Licensing & Regulatory Affairs	Health Care Facility Initial License App. Fee (New)	20,000
Licensing & Regulatory Affairs	Liquor Licenses - Licensee (Increase 16 Fees)	5,572,479
Licensing & Regulatory Affairs	Liquor License - 24-Hour Permits (Increase)	106,145
Licensing & Regulatory Affairs	Liquor License - Inspection Fee (Increase)	154,316
Licensing & Regulatory Affairs	Liquor License - Temporary Auth. Fee (Increase)	23,135
Licensing & Regulatory Affairs	Liquor License Transfer Fee	319,984
Subtotal New and Increased Fees.....		\$13,967,084
Maintenance of Current Fee Levels		
Agriculture & Rural Development	Pesticide Applicator (Two Fees)	100,000
Licensing & Regulatory Affairs	Corporation Fees (Three Fees)	7,216,200
Licensing & Regulatory Affairs	Occupational License Fees (41 Fees)	4,350,764
Licensing & Regulatory Affairs	Financial Professional License Fees (Five Fees)	5,916,780
Subtotal Fee Maintenance		\$17,583,744

Table 17 - continued

FY 2015-16 GOVERNOR'S RECOMMENDATION PROPOSED FEE ADJUSTMENTS INCLUDED IN BUDGET (Actual Dollars)		
Department	Fee Type	Estimated Revenue
Fee Sunsets		
Agriculture & Rural Development	Pesticide Groundwater Fees (Three Fees)	4,900,000
Agriculture & Rural Development	Livestock Dealer Fees	20,000
Community Health	Nursing Home Quality Assurance Assess. Program	249,800,000
Environmental Quality	Air Quality Fees	9,600,000
Environmental Quality	Solid Waste Surcharge	5,300,000
Environmental Quality	Electronic Device Manufacturer Reg. Fee	230,000
Environmental Quality	Electronic Device Recycler Reg. Fee	50,000
Environmental Quality	Groundwater Discharge Permit Fees	1,240,000
Environmental Quality	Surface Water Discharge Permit Fees	2,840,000
Environmental Quality	Stormwater Discharge Permit Fees	1,630,000
Environmental Quality	Land and Water Permit Fees (Six Fees)	2,300,000
Environmental Quality	Expedited Permit Review Fee	31,800
Environmental Quality	Tire Disposal Surcharge	4,200,000
State	Transportation Administration Collection Fund	109,600,000
State Police	Fingerprint Fee	6,500,000
State Police	ICHAT Fee	7,100,000
State Police	Traffic Law Enforcement and Safety Fund Fee	17,000,000
Subtotal Fee Sunsets		\$422,341,800
Fee Decreases and Eliminations		
Licensing & Regulatory Affairs	Inspection Fee Per Bed - Hospice Res. (Decrease)	(3,690)
Licensing & Regulatory Affairs	Base Inspec. Fee - Psych Partial Hosp. (Eliminate)	(9,000)
Licensing & Regulatory Affairs	Inspec. Per Bed - Psych Partial Hosp. (Eliminate)	(3,938)
Subtotal Fee Decreases and Eliminations		(\$16,628)
TOTAL ALL FEE ADJUSTMENTS.....		\$453,876,000

HICA and Use Tax Summary

Background

The Health Insurance Claims Assessment (HICA) rate was reduced from 1.0% to 0.75% on July 1, 2014. The HICA is applied to medical claims with certain exemptions (such as federally run programs like Medicare and Veterans' Administration health services).

A 6.0% Medicaid managed care Use Tax was reinstated effective April 1, 2014. This tax applies to Medicaid managed care organizations that provide physical health and behavioral health services to the "regular" Medicaid population as well as the expansion Medicaid population. Two-thirds of this Use Tax revenue goes to the General Fund and one-third to the School Aid Fund, so the reinstatement of this tax affects both the General Fund and the School Aid Fund.

Because the Federal government requires states to pay actuarially sound rates to Medicaid managed care organizations, the reinstatement of the Use Tax forced the State to increase payment rates to Medicaid managed care organizations to cover the cost of the Use Tax to those organizations. Due to Federal Medicaid match, the cost of making the managed care organizations whole is considerably less than the GF/GP revenue from the Use Tax. The net GF/GP benefit due to the Use Tax was budgeted at \$236.2 million GF/GP in FY 2014-15.

The revised HICA legislation includes a cap on revenue from the HICA and the net GF/GP revenue from the Use Tax. Any combined revenue above \$450.0 million must be refunded proportionally to HICA payers in the subsequent fiscal year. The FY 2014-15 budget assumed that total HICA and net GF/GP Use Tax revenue would be \$467.3 million in FY 2014-15, which would lead to a refund of \$17.3 million to HICA payers in FY 2015-16.

Governor Snyder's FY 2015-16 Budget and HICA

Governor Snyder's budget assumes passage of legislation that would remove the cap on combined HICA and net GF/GP Use Tax revenue and, more notably, increase the HICA rate from 0.75% to 1.30%. The removal of the cap would increase HICA revenue in FY 2015-16 by \$17.3 million as there would be no refunds. That \$17.3 million would offset an equal amount of GF/GP funding. The increase in the HICA rate would raise \$162.8 million and would offset an equal amount of GF/GP funding as well. Therefore the HICA legislation assumed by Governor Snyder would reduce GF/GP costs in the State's Medicaid program by \$180.1 million.

Previous changes to HICA, including the implementation of HICA, the delay of the sunset on HICA, and attempts to increase the HICA rate have faced opposition, so passage of the legislation is not guaranteed. If the assumed legislation is not enacted, there is the potential for a \$180.1 million GF/GP revenue shortfall.

Revenue Sharing Payments

The Governor recommends revenue sharing payments of approximately \$1.25 billion in FY 2015-16, an increase of 1.5% or \$18.5 million over FY 2014-15 year-to-date appropriations. This increase consists of a \$23.8 million increase in constitutional revenue sharing for cities, villages, and townships (CVTs), an increase in revenue sharing payments to counties of \$3.5 million or 1.7% to cover the cost of counties returning for the first full or part-year of State-paid revenue sharing in FY 2015-16, a reduction in nonconstitutional city, village, and township revenue sharing of \$5.8 million or 2.3%, and a decrease of \$3.0 million or 37.5% in funding for grants to financially distressed cities, villages, and townships. The Governor's recommended appropriations for revenue sharing for FY 2015-16 are shown in Table 18.

Table 18

REVENUE SHARING APPROPRIATION SUMMARY				
Ongoing & One-Time Appropriations	FY 2014-15 Year-to-Date	FY 2015-16 Gov's Rec.	Dollar Change	Percent Change
Constitutional Revenue Sharing	\$764,654,000 ^{a)}	\$788,497,000	\$23,843,000	3.1%
CVT Revenue Sharing	248,840,000	243,040,000	(5,800,000)	(2.3)
County Incentive Program	42,240,000	42,940,000	700,000	1.7
County Revenue Sharing	168,960,000	171,760,000	2,800,000	1.7
Financially Distressed CVTs	8,000,000	5,000,000	(3,000,000)	(37.5)
TOTAL	\$1,232,694,000	\$1,251,237,000	\$18,543,000	1.5%
^{a)} Reflects the January 2015 consensus revenue estimate for sales tax revenue.				

Based on the January 2015 consensus revenue estimates and the estimated impact of Public Act 553 of 2014 which expanded sales tax nexus, constitutional revenue sharing is estimated at \$788,497,000 in FY 2015-16. This would provide CVTs with a 3.1% increase in payments over the revised FY 2014-15 estimate. Constitutional revenue sharing pays CVTs 15.0% of sales tax collected at a rate of 4.0%. The funds are distributed on a per capita basis.

For city, village, and township nonconstitutional revenue sharing payments, the Governor recommends \$243,040,000 in FY 2015-16, a decrease of \$5.8 million or 2.3%. The Governor limits eligibility to CVTs

that received at least \$4,500 in statutory revenue sharing payments in FY 2009-10. This would eliminate payment of \$2.64659 per capita to CVTs with a population over 7,500 that are not otherwise eligible for statutory revenue sharing. This would reduce the number of eligible CVTs from 587 to 486, removing 101 local units (100 townships and one city) from nonconstitutional revenue sharing. Another 15 local units would have reduced payments because they would no longer be able to receive the higher of the per capita payment or the payment based on FY 2009-10 payments. Payments in FY 2015-16 would be made at 78.51044% of the statutory revenue sharing payments made in FY 2009-10. In order to receive funding, CVTs would be required to comply with accountability and transparency requirements.

The Governor recommends that revenue sharing payments to counties increase by 1.7% to \$214.7 million. As in FY 2014-15, this funding would be distributed through two line items. The County Revenue Sharing line would increase by \$2.8 million to \$171,760,000 and the County Incentive Program would increase by \$700,000 to \$42,940,000. These increases cover the cost of two counties (Kalkaska and Mason) that will return to State-paid revenue sharing in FY 2015-16 and increased costs associated with the 11 counties that returned to State-paid revenue sharing for a partial year in FY 2014-15 and now will receive full-year funding. Payments to other counties would not change. Seven counties would continue to make authorized withdrawals from their revenue sharing reserve funds in lieu of State-paid revenue sharing. Compliance with accountability and transparency criteria would be required to receive payments under the County Incentive Program.

State Employee Compensation Changes

Article XI, Section 5 of the Michigan Constitution provides that increases in the rates of compensation authorized by the Civil Service Commission require prior notice to the Governor, who then transmits the increases to the Legislature as part of the overall budget recommendation. Within 60 calendar days after the transmission, the Legislature, by a two-thirds vote of the members elected and serving in each house, may reject or reduce increases in the rate of compensation authorized by the Civil Service Commission. Reductions made by the Legislature must apply uniformly to all classes of employees and cannot adjust pay differentials already established by the Civil Service Commission. Rates of compensation also cannot be reduced below those in effect at the time the increases are transmitted to the Legislature.

The FY 2015-16 recommendation includes the impasse panel recommendations adopted by the Civil Service Commission on January 15, 2014. The FY 2015-16 agreement for employees who are exclusively represented by employee unions (AFSCME, MCO, MSEA, SEIU, and UAW) includes a 2.0% base wage increase effective October 1, 2015. Contracts continue to require represented employees to pay 20.0% of their health care premiums.

The Civil Service Commission also adopted a Coordinated Compensation Plan for non-exclusively represented State classified employees (NEREs) for FY 2015-16. Beginning on October 1, 2015, NEREs also will receive a 2.0% general wage increase. They also will continue to be required to pay an employee share of health insurance premiums of 20.0%.

Table 19 provides a summary of the incremental State employee cost changes for FY 2015-16 recommended in the Governor's budget, including employee salary increases of \$46.2 million. The State's portion of the cost of employee health insurance is estimated to increase by \$20.1 million for FY 2015-16. The amount that needs to be contributed to the State employee retirement systems in FY 2015-16 results in a decrease in costs. Retirement contributions will decrease \$24.5 million Gross and \$10.1 million GF/GP. Other Post Employment Benefits (OPEB) costs for FY 2015-16 will be less than the costs in FY 2014-15. Gross changes will total a negative \$55.3 million and a negative \$26.6 million GF/GP. The contribution rates for both pension and OPEB are lower than estimated in the previous valuation. For pensions, the primary factor was improved investment performance,

along with the five-year smoothing calculation that dropped off FY 2007-08. For OPEB, there was a moderation in per capita health care costs coupled with the impact of prefunding future liabilities. The total GF/GP impact of economic adjustments for FY 2015-16 is a decrease of \$5.8 million.

Table 19

FY 2015-16 STATE BUDGET RECOMMENDATION ECONOMIC INCREASES INCLUDED IN BUDGET (Millions of Dollars)		
	Gross	GF/GP
Wages and Salaries	\$46.2	\$22.3
Employee Insurance Costs	20.1	8.1
Retirement Contributions	(24.5)	(10.1)
OPEB.....	(55.3)	(26.6)
Workers' Compensation.....	(1.9)	(1.2)
All Other Economics.....	1.7	1.7
TOTAL ECONOMICS	(\$13.7)	(\$5.8)

Employer Retirement Contribution Rates

A significant aspect of the State budget, as well as the budgets of K-12 school districts and community colleges, is the amount employers are required to pay into the retirement accounts of their employees. The Governor's budget includes the required employer contribution rates to the State Employees' Retirement System (SERS) and the Michigan Public School Employees' Retirement System (MPERS). Public Act 300 of 2012 implemented a cap on the rate local employers in MPERS will pay toward the unfunded accrued liabilities in the system, with any required payments above that cap to be made by an appropriation.

Table 20 provides a three-year summary of the contribution rates for defined benefit (DB) and defined contribution (DC) retirement for SERS. Contribution rates are a combination of the amount required to pay down liabilities accrued in the past (legacy costs) and the amount required to pay for benefits earned today (normal cost). Beginning in FY 2012-13, the unfunded accrued liability in SERS was spread across both DB and DC payroll, rather than just the declining DB payroll as had been in place previously. Also, beginning in FY 2011-12, the funding methodology for retiree health care was changed from a cash basis to a prefunding basis, requiring larger contributions up front in order to save money down the road. The State Employees' Retirement System pension component was closed to newly hired employees on March 31, 1997, and the retiree health care premium coverage component was closed to new employees on January 1, 2012.

Table 20

STATE RETIREMENT CONTRIBUTION RATES AS A PERCENTAGE OF PAYROLL				
	FY 2013-14	FY 2014-15	FY 2015-16	2015-16 Change
<u>State Employees' Retirement System¹⁾</u>				
Defined Benefit Pension	26.04%	27.46%	26.05%	(1.41)%
Defined Benefit Health Care	24.19%	22.76%	20.63%	(2.13)%
Total Defined Benefit Costs	50.23%	50.22%	46.68%	(3.54)%
Defined Contribution Retirement	29.78%	31.09%	29.74%	(1.35)%
Defined Contribution Health Care	24.19%	23.21%	21.16%	(2.05)%
Total Defined Contribution Costs	53.97%	54.30%	50.90%	(3.40)%
¹⁾ Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2015-16 will be the fifth year of prefunding retiree health.				

Table 21 provides a look at the FY 2015-16 contribution rates for the seven different retirement plan combinations in MPSERS. Before the significant MPSERS reforms enacted in 2010 and 2012, there were two principal types of retirement plans available to school employees, based on hire date: the basic system and the Member Investment Plan (MIP) system. Since the passage of the reforms that began in 2010, there are now seven combinations of retirement and retiree health care plans in MPSERS, including the earlier basic and MIP plans (no longer available to new employees), the Pension Plus hybrid plan (available since July 2010), and a straight defined contribution plan (available since September 2012). Retiree health care for school employees first hired since September 4, 2012, is now strictly a personal health fund (401k or similar savings account) and does not contain any health care premium subsidy. All employees hired before September 4, 2012, also were given an opportunity to "cash out" the value of their health care premium subsidy and convert to a personal health fund. Similar to one of the SERS reforms, prefunding of retiree health care is now a component of MPSERS.

Public Act 300 of 2012 capped the local employer contribution rate for unfunded liabilities at roughly 21% of payroll (the FY 2011-12 amount), and the State is required to make an appropriation for any liabilities above that amount. The "normal" cost for pension and retiree health care can fluctuate slightly from year to year. The maximum total employer cost for FY 2015-16 under any of the seven plans is between roughly 24% and 26% of payroll, depending on the plan and employee DC contributions, virtually unchanged from FY 2014-15. The State subsidy is roughly 10.5% of MPSERS payroll for schools, community colleges, and participating libraries, or about \$963.0 million, up from 9.4% in FY 2014-15. New for FY 2015-16, the Governor is proposing to implement a rate cap for the seven universities that remain part of MPSERS for employees hired before 1996, at a cost of \$5.2 million.

Table 22 outlines the FY 2015-16 estimated contributions to SERS and MPSERS by the State and local employers, as proposed in the Governor's budget. The total combined cost of the estimated employer (State and local) contributions is \$5.0 billion.

For the second year, the Governor's proposed budget includes a boilerplate section for each department identifying how much of the appropriation is in support of the legacy costs associated with the State Employees' Retirement System. As noted earlier, the total contributions made to a retirement system are a combination of a payment toward the past unfunded accrued liabilities for benefits already earned (legacy costs) and a payment toward the accrual of service credit in the future (normal costs). As shown in Table 22, the total contributions in the State Employees' Retirement System are estimated by the Senate Fiscal Agency at \$1.62 billion, and of that total, \$1.32 billion is estimated by the State Budget Office for legacy costs (both pension and health), with the remaining \$294.0 million for normal costs. Table 23 identifies the estimated legacy costs for pension and for retiree health care, and the total of the two, for each department.

Table 21

FY 2015-16 MPSERS EMPLOYER CONTRIBUTION RATES							
	Basic/MIP with Premium Subsidy	Pension Plus with Premium Subsidy	Pension Plus with PHF	Pension Plus to DC with PHF	Basic/MIP to DC with Premium Subsidy	Basic/MIP to DC with PHF	Basic/MIP with PHF
<u>Pension Contributions</u>							
Pension Normal Cost	4.39%	3.17%	3.17%	0.00%	0.00%	0.00%	4.39%
Pension UAL	13.20	13.20	13.20	13.20	13.20	13.20	13.20
Pension Early Retirement Incentive	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Pension Total Rate	18.95%	17.73%	17.73%	14.56%	14.56%	14.56%	18.95%
<u>Health Contributions</u>							
Health Normal Cost	0.43%	0.43%	0.00%	0.00%	0.43%	0.00%	0.00%
Health UAL	6.40	6.40	6.40	6.40	6.40	6.40	6.40
Health Total Rate	6.83%	6.83%	6.40%	6.40%	6.83%	6.40%	6.40%
DB CONTRIBUTION TOTAL	25.78%	24.56%	24.13%	20.96%	21.39%	20.96%	25.35%
<u>DC Contributions</u>							
DC Employer Contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Personal Health Care Fund	0.00	0.00	2.00	2.00	0.00	2.00	2.00
DC CONTRIBUTION TOTAL	0.00%	1.00%	3.00%	5.00%	4.00%	6.00%	2.00%
<u>Total Uncapped Rate</u>	36.31%	35.09%	34.66%	31.49%	31.92%	31.49%	35.88%
State Subsidy	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%
DC = Defined Contribution; MIP = Member Investment Plan; PHF = Personal Health Fund							
Note: The Governor's budget includes \$893.5 million in the K-12 budget, \$69.5 million in the Community Colleges budget, and \$5.2 million in the Higher Education budget to pay the State subsidy for the UAL rate cap. For Higher Education, separate implementing legislation is necessary to enact the UAL rate cap.							

Source: State Budget Office

Table 22

FY 2015-16 ESTIMATED CONTRIBUTIONS TO TWO LARGEST RETIREMENT SYSTEMS	
	Millions of Dollars
State Employees' Retirement System (SERS)¹⁾	
Defined Benefit Pension	\$277.0
Defined Contribution	655.0
Retiree Health Care	686.0
Subtotal State Employees' Retirement System ²⁾	\$1,618.0
Michigan Public School Employees' Retirement System (MPERS)³⁾	
<u>Local Share</u>	
Defined Benefit Pension	\$1,628.0
Defined Benefit Health Care	613.0
"401k" for Health Care	200.0
Subtotal Public School Employees' Retirement System (Local)	\$2,441.0
<u>State Share</u>	
Unfunded Accrued Liabilities (Pension and Health) ⁴⁾	\$963.0
Subtotal Michigan Public School Employees' Retirement System	\$3,404.0
TOTAL ESTIMATED RETIREMENT CONTRIBUTIONS	\$5,022.0
FY 2015-16 Estimated Subsidy Per K-12 Pupil on Average	\$550

¹⁾ Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2015-16 will be the fifth year of prefunding retiree health. ²⁾ Excludes FICA, which totals approximately \$250.0 million. ³⁾ Excludes DC contributions for pension; includes DC contributions for health. ⁴⁾ Excludes State payment of \$5.2 million proposed for participating universities.

Table 23

FY 2015-16 LEGACY COSTS BREAKOUT – PENSIONS AND HEALTH CARE			
Department	Pension-Related Legacy Costs (Retirement) Gross	Health Care Legacy Costs (OPEB) Gross	Total Legacy Costs Gross
Agriculture & Rural Development	\$7,237,700	\$5,513,800	\$12,751,500
Attorney General	10,007,000	7,771,100	17,778,100
Civil Rights	1,701,400	1,296,100	2,997,500
Community Health	49,623,700	37,801,400	87,425,100
Corrections	188,628,700	143,701,900	332,330,600
Education	9,042,900	6,889,100	15,932,000
Environmental Quality	18,399,000	14,016,600	32,415,600
Executive Office	0	0	0
Human Services	154,170,400	117,448,600	271,619,000
Insurance & Financial Services	5,675,400	4,323,500	9,998,900
Judiciary	7,772,600	5,950,700	13,723,300
Legislature & Auditor General	15,465,300	12,568,700	28,034,000
Licensing & Regulatory Affairs	39,137,600	29,815,400	68,953,000
Military & Veterans Affairs	11,276,300	8,590,600	19,866,900
Natural Resources	26,133,200	19,909,000	46,042,200
State	17,739,100	13,513,900	31,253,000
State Police	66,961,400	55,959,500	122,920,900
Technology, Management, & Budget	43,360,600	33,087,500	76,448,100
Transportation	39,092,200	29,781,200	68,873,400
Treasury	26,422,100	20,129,200	46,551,300
Michigan Strategic Fund	10,482,500	7,985,700	18,468,200
TOTAL	\$748,329,100	\$576,053,500	\$1,324,382,600

Source: State Budget Office

Debt Service Adjustments

Table 24 provides a summary of recommended debt service appropriations for FY 2015-16. These include School Bond Loan Fund bonds in K-12 School Aid; State Building Authority rent payments appropriated in the Department of Technology, Management, and Budget (DTMB); various transportation-related bonds in the Department of Transportation; general obligation bonds in the Department of Treasury; debt service costs related to the Facility for Rare Isotope Beam; and debt service costs associated with the Community College Skilled Trades Equipment Program. Gross appropriations for debt service on these bonds total \$804.8 million for FY 2015-16. This represents a \$21.9 million (2.6%) decrease from the \$826.7 million debt service appropriations in FY 2014-15.

Table 24
DEBT SERVICE APPROPRIATIONS
FY 2015-16 COMPARED WITH FY 2014-15

Department/Program	FY 2014-15 Gross Appropriation	FY 2015-16 Est. Gross Appropriation	Dollar Change	Percent Change
School Aid				
Durant Bonds	\$39,500,000	\$0	(\$39,500,000)	(100.0%)
School Bond Loan	126,000,000	143,000,000	17,000,000	13.5
Subtotal Education.....	165,500,000	143,000,000	(22,500,000)	(13.6)
DTMB State Building Authority Rent				
State Agencies	58,405,800	52,265,800	(6,140,000)	(10.5)
Department of Corrections	44,879,900	36,829,900	(8,050,000)	(17.9)
Universities	124,825,300	135,995,300	11,170,000	8.9
Community Colleges	26,459,600	29,479,600	3,020,000	11.4
Subtotal DTMB.....	254,570,600	254,570,600	0	0.0
Transportation				
State Trunkline	198,076,600	194,617,900	(3,458,700)	(1.7)
Economic Development	11,665,300	11,672,600	7,300	0.1
Local Bridge Fund	2,406,700	2,406,800	100	0.0
Blue Water Bridge Fund.....	6,962,000	6,963,600	1,600	0.0
Aeronautics	4,992,200	4,997,700	5,500	0.1
Comprehensive Transportation.....	18,215,500	18,202,200	(13,300)	(0.1)
Subtotal Transportation	242,318,300	238,860,800	(3,457,500)	(1.4)
Treasury				
Quality of Life Bond	81,360,000	75,959,000	(5,401,000)	(6.6)
Clean Michigan Initiative	57,224,000	63,961,000	6,737,000	11.8
Great Lakes Water Initiative.....	13,811,000	16,529,000	2,718,000	19.7
Facility For Rare Isotope Beams.....	7,300,000	7,300,000	0	0.0
Community College Skilled Trades Equipment Program	4,600,000	4,600,000	0	0.0
Subtotal Treasury	164,295,000	168,349,000	4,054,000	2.5
TOTAL	\$826,683,900	\$804,780,400	(\$21,903,500)	(2.6%)

Tobacco Settlement Revenue and Appropriations

In 1998, a Master Settlement Agreement was reached between 46 states and certain U.S. tobacco manufacturers, to provide annual payments to states. The payments began in 2000 and will continue in perpetuity. As Table 25 illustrates, there are several transfers out of the tobacco settlement revenue before it is deposited into the Merit Award Trust Fund, where it is available for appropriation by the Legislature. Pursuant to law, \$75.0 million of the tobacco settlement revenue is earmarked each fiscal year, from FY 2007-08 through FY 2018-19, for the 21st Century Jobs Trust Fund. Also pursuant to law, \$17.5 million of the tobacco settlement revenue is deposited each fiscal year, from FY 2014-15 through FY 2034-35, into the Budget Stabilization Fund as repayment for an FY 2013-14 State appropriation of \$194.8 million to the Settlement Administration Fund to help mitigate the impact of the City of Detroit bankruptcy on its pensioners.

The other transfer of funds from tobacco settlement revenue is for debt service on the securitization of a portion of the tobacco settlement revenue in 2006 and 2007. The debt service amount for FY 2015-16 is estimated to be \$61.2 million. Under the Governor's proposal, there would be an estimated FY 2015-16 year-end balance in the Merit Award Trust Fund of \$75.0 million, which the Governor recommends be carried forward into FY 2016-17.

Table 25
TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS
FY 2014-15 COMPARED TO FY 2015-16 GOVERNOR'S RECOMMENDATION
(Actual Dollars)

	FY 2014-15 Year-To-Date	FY 2015-16 Gov's Rec.	Gov's Rec. Chng. From FY 2014-15
Revenue			
Unreserved Balance From Prior Fiscal Year	\$74,635,400	\$75,665,800	\$1,030,400
Total Annual Payments.....	286,307,100	285,158,000	(1,149,100)
Assumed Withheld Payments	0	(8,500,000)	(8,500,000)
Settlement Credit to Manufacturers/Adjustments	(30,239,800)	(22,778,500)	7,461,300
Interest Earnings.....	60,000	60,000	0
Total Tobacco Settlement Revenue	\$330,762,700	\$329,605,300	(\$1,157,400)
Less Transfers Out For:			
21st Century Jobs Trust Fund	(\$75,000,000)	(\$75,000,000)	\$0
Reserve for Detroit Bankruptcy/Pensioners.....	(17,500,000)	(17,500,000)	0
Payment on 2006 Bond Securitization.....	(34,159,400)	(33,867,500)	291,900
Payment on 2007 Bond Securitization.....	(27,578,400)	(27,342,800)	235,600
Total Transfers Out.....	(\$154,237,800)	(\$153,710,300)	\$527,500
Net Revenue To Merit Award Trust Fund	\$176,524,900	\$175,895,000	(\$629,900)
Appropriations			
<u>Attorney General</u>			
Operations	\$487,300	\$485,200	(\$2,100)
<u>Community Health</u>			
Medicaid Base	64,266,000	64,266,000	0
Aging: Respite Care.....	4,068,700	4,068,700	0
<u>Human Services</u>			
Family Independence Program.....	30,100,000	30,100,000	0
<u>State Police</u>			
Tobacco Tax Enforcement.....	793,900	793,100	(800)
<u>Department of Treasury</u>			
Student Financial Services Administration	1,143,200	1,139,800	(3,400)
Total Merit Award Trust Fund Appropriations	\$100,859,100	\$100,852,800	(\$6,300)
MERIT AWARD TRUST FUND YEAR-END BALANCE.....	\$75,665,800	\$75,042,200	(\$623,600)

Table 26

STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS TOTAL COMPARED IN SELECTED BUDGET AREAS (Millions of Dollars)				
Department/Budget Area	FY 2005-06 Appropriations	FY 2015-16 Gov's Rec.	Dollar Change	Percent Change
Community Health	\$4,538.6	\$5,282.3	\$743.7	16.4%
Corrections	1,872.7	1,961.9	89.2	4.8%
Human Services	1,230.2	1,096.2	(134.0)	(10.9%)
K-12 School Aid	11,308.0	12,183.2	875.2	7.7%
Community Colleges	281.6	393.8	112.3	39.9%
Higher Education	1,730.9	1,444.2	(286.8)	(16.6%)
Revenue Sharing - Constitutional	680.1	788.5	108.4	15.9%
Revenue Sharing - Nonconstitutional	423.5	462.7	39.2	9.3%
All Other Programs	5,638.4	6,357.2	718.8	12.7%
Total State Spending	\$27,704.0	\$29,970.0	\$2,266.0	8.2%
Addendum:				
Medicaid Caseload	1,475,000	2,350,000	875,000	59.3%
Prison Population	50,949	44,997	(5,952)	(11.7%)
K-12 Pupil Count	1,697,534	1,495,000	(202,534)	(11.9%)
University Students	253,020	262,537	9,517	3.8%
Community College Students	133,359	143,829	10,470	7.9%
Michigan Personal Income (millions)	\$337,968.4	\$433,879.8	\$95,911.4	28.4%
Detroit Consumer Price Index	195.9	226.7	30.8	15.7%
Notes: Medicaid Caseload: Number for FY 2015-16 includes the estimated 580,000 individuals who are eligible under the expansion of Medicaid. Prison Population: These are "average population" numbers and do not represent the exact count on any particular date, but demonstrate how many beds are associated with the appropriation; the numbers are taken from the appropriation bills. K-12 Pupils: FY 2015-16 pupil count is from the January 2015 Consensus Revenue Estimating Conference. Community College and University Students: Numbers in FY 2015-16 column reflect the most recent data available, which are FY 2013-14 fiscal-year-equated-students as reported in the Activities Classification Structure (ACS) and the Higher Education Institutional Data Inventory (HEIDI). Michigan Personal Income and Detroit CPI: Numbers are fiscal year averages; FY 2015-16 numbers are January 2015 CREC estimates.				

ECONOMIC AND REVENUE FORECAST

The Governor's proposed budget for FY 2015-16 is based on the consensus economic forecast adopted at the January 16, 2015, Consensus Revenue Estimating Conference. This economic forecast is summarized in Table 27.

U.S. Economy

Since the 2008-2009 recession, generally regarded as the most severe economic contraction in more than 70 years, the economy has grown slowly. Many fundamental elements of the economy remain well below their prerecession peaks, and even factors that have recovered have done so more slowly than during almost any other post-World War II recovery. As of the third quarter of 2014, the economy had been in recovery for 21 quarters after the recession trough in the second quarter of 2009. Four recoveries since World War II have lasted 21 quarters or more, and at this point the current recovery is approximately half as strong as the average of those recoveries.

Inflation-adjusted Gross Domestic Product (GDP) in the third quarter of 2014 was only 7.8% above the level during the fourth quarter of 2007, when the recession began, and only 12.6% above the level in the second quarter of 2009, when the economy finished contracting. As a result, the economy has averaged only 2.3% annual growth since the end of the recession, compared with an average of 4.3% annual growth over the other four recoveries. Consumption expenditures, which on average account for two-thirds of

economic activity, have exhibited even weaker growth relative to historical standards, with the current recovery averaging 2.2% annual growth, compared with a historical average of 4.2% growth. Furthermore, consumption growth has been offset by the contracting government sector, which has declined at an average annual rate of 1.1% compared with the historical average of 2.8% growth. Over this recovery, much of the growth in the economy has reflected increases in inventories: goods produced but not sold. For example, during the first three quarters of 2014, increases in inventories accounted for 80.3% of the increase in inflation-adjusted GDP. While inventory accumulation is generally regarded as good if it is intended, inventory increases do not represent a sustainable way to expand the economy without increased consumption to support the additional production.

Consumption growth has remained weak for a variety of reasons, and many of the increases have reflected increased purchases of motor vehicles. Consumers have remained risk-averse about spending, especially for big-ticket items and nonessential purchases, as employment growth has remained weak and wage increases have been negligible. Replacement consumption, where consumers replace durable goods that have simply grown so old that they are no longer considered viable, has accounted for a significant portion of the growth in consumption spending, particularly for motor vehicles.

Despite these shifts in the composition of consumer spending, spending is still rising at a faster rate than wage and salary income. Since the recession trough, inflation-adjusted consumption spending has risen by an average of 2.2% per year, while inflation-adjusted wage and salary income has risen by an average of 1.6% per year. Over the first three quarters of 2014, this pattern changed and incomes grew more rapidly than spending, as inflation-adjusted consumption spending rose at an annual rate of 2.0%, compared with a 2.9% rate of increase in inflation-adjusted wage and salary income. Despite the increase in wage income, consumption growth also appears to be significantly driven by increased borrowing, with outstanding consumer debt rising at an annual rate of 7.3% during the first three quarters of 2014.

The housing market improved substantially in 2014, the fifth consecutive year of improvement, although it remains weak by almost any historical measure. Based on data available back to 1959, housing starts in 2014 represented the seventh-weakest year of housing starts (with the weaker years being 2008-2013) and were 1.1% below the level in 1991, the lowest year before the 2008-2009 recession.

Despite the improvements in the economy, the labor market remains relatively weak. Employment increased during 2014, and passed the prerecession peak in May 2014. Between the February 2010 employment trough and November 2014, payroll employment averaged only 1.6% annual growth. After remaining flat during much of 2013, manufacturing employment increased 1.4% in 2014 but was still down approximately 1.4 million jobs (10.5%) from the beginning of the recession in December 2007. The unemployment rate fell from a peak of 10.0% in October 2009, to 5.8% in November 2014. However, through 2013, the labor force grew much more slowly than the working age population and declines in the unemployment rate often reflected a stagnant or declining labor force as much as increased employment. Between 2007 and 2013, the labor force averaged 0.2% per year annual growth, while in November 2014, the labor force was 0.7% larger than in November 2013. As of September 2014, total employment had surpassed the prerecession peak of November 2007 and the November 2014 level of total employment set an all-time record.

Inflation-adjusted GDP is expected to increase at a rate of 3.0% in 2015, up from a 2.3% increase in 2014, before increasing at a 3.1% rate in 2016. The unemployment rate is estimated to decline from 6.2% in 2014 to 5.6% in 2015 and 5.4% in 2016. Housing starts are expected to exhibit strong growth in 2015 and 2016, rising from 1.0 million starts in 2014 to 1.2 million in 2015 and 1.4 million in 2016, while light vehicle sales are expected to increase from 16.4 million units in 2014 to 16.8 million units in 2015 and 17.1 million units in 2016.

Michigan Economy

Like the national economy, Michigan's economic activity also was very weak in 2009 and 2010. Wage and salary employment declined 7.0% from the 2008 level in 2009, marking nine consecutive years that wage and salary employment declined from the previous year's level, and the loss of 291,600 jobs in 2009 represented the largest one-year loss of payroll jobs since the Great Depression. Between the April 2000 peak and the July 2009 trough, Michigan lost 861,100 jobs, a decline of 18.4%.

Since 2010, however, the Michigan economy has grown, but at a slowing rate. Payroll employment increased for a fourth consecutive year in 2014, rising 0.7%, after growing 1.8% in 2013. Personal income grew approximately 4.2% during 2014, up from 3.9% in 2012 and 1.4% in 2013.

In 2015 and 2016, Michigan's economy is expected to continue expanding, although at the same or even a slightly faster pace than in 2014. Wage and salary employment will rise 1.3% in both 2015 and 2016. The unemployment rate is expected to decline from 7.4% in 2014 to 6.9% in 2015 and 6.5% in 2016. Personal income, adjusted for inflation, will grow an estimated 3.5% in 2015 and an additional 2.8% in 2016. Inflation, as measured by the Detroit Consumer Price Index, will be 0.7% in 2015 and 1.5% in 2016.

Revenue Estimates

Based on the economic forecast summarized above, it is estimated that revenue totaling \$54.1 billion will be available in FY 2015-16 to support Governor Snyder's proposed budget. This represents a 2.1% increase from the revised estimate of the total revenue that the Governor expects will be available for FY 2014-15. Estimates of the total revenue on which the Governor's proposed budget is based are summarized in Table 28.

The Governor did not recommend any tax policy changes for FY 2014-15 or FY 2015-16 but included two items under the category of proposed changes. The two items are a continuance of a use tax on health maintenance organizations (HMOs) and the identification of a liability associated with the Venture Michigan Fund (VMF). The use tax continuance, which would affect both fiscal years, would increase General Fund/General Purpose revenue by approximately \$377.7 million and School Aid Fund revenue by \$188.9 million in FY 2015-16. The VMF liability, reflecting the redemption of tax vouchers issued in earlier fiscal years, is expected to reduce General Fund/General Purpose revenue by \$38.1 million and School Aid Fund revenue by \$11.9 million in both FY 2014-15 and FY 2015-16. Following are summaries of the revenue estimates on which the Governor's proposed General Fund/General Purpose and School Aid Fund budgets are based.

Table 27

CONSENSUS ECONOMIC FORECAST JANUARY 16, 2015							
	Calendar 2014 Forecast	Calendar 2015 Forecast	% Change From Prior Year	Calendar 2016 Forecast	% Change From Prior Year	Calendar 2017 Forecast	% Change From Prior Year
United States:							
Real Gross Domestic Product (billions of chained 2009 dollars)	16,072	16,554	3.0%	17,067	3.1%	17,545	2.8%
Consumer Price Index (1982-84=100)	236.812	238.780	0.8%	242.619	1.6%	246.568	1.6%
3-Month Treasury Bills (Interest Rate, %).....	0.03%	0.30%	---	1.20%	---	2.10%	---
Unemployment Rate (%).....	6.2%	5.6%	---	5.4%	---	5.2%	---
Light Vehicle Sales (millions of units)	16.4	16.8	2.4%	17.1	1.8%	17.2	0.6%
Michigan:							
Wage and Salary Employment (thousands)	4,133.0	4,187.0	1.3%	4,241.0	1.3%	4,292.0	1.2%
Unemployment Rate (%).....	7.4%	6.9%	---	6.7%	---	6.5%	---
Personal Income (billions of dollars).....	\$402,703.0	\$420,019.0	4.3%	\$438,500.0	4.4%	\$457,356.0	4.3%
Real Personal Income (billions of 1982-84 dollars) ..	\$180,993.0	\$187,412.0	3.5%	\$192,753.0	2.8%	\$198,086.0	2.8%
Detroit Consumer Price Index (1982-84=100).....	222.496	224.115	0.7%	227.493	1.5%	230.887	1.5%

Source: Consensus Revenue Agreement, Executive Summary, January 16, 2015

Table 28
GOVERNOR'S PROJECTED TOTAL STATE REVENUE:
FY 2013-14 THROUGH FY 2015-16
(Millions of Dollars)

Fund	FY 2013-14 Final	FY 2014-15 Estimate	% Change FY 2014-15/ FY 2013-14	FY 2015-16 Estimate	% Change FY 2015-16/ FY 2014-15
General Fund/General Purpose:					
Beginning Balance.....	\$1,186.6	\$306.4	---	\$0.3	---
Revenue From Ongoing Sources ¹⁾	9,018.5	9,501.4	5.4%	9,713.2	2.2%
Proposed Tax/Fee Changes	0.0	(38.1)	---	(38.1)	---
One-Time Revenue Adjustments & Other	(276.6)	(91.3)	(67.0)	(71.0)	(22.2)
Total GF/GP Revenue.....	\$9,928.5	\$9,678.4	(2.5%)	\$9,604.4	(0.8%)
School Aid Fund:					
Beginning Balance.....	292.0	455.1	---	119.8	---
Ongoing Earmarked Tax & Lottery Revenue ¹⁾	11,520.5	11,889.1	3.2	12,263.7	3.2
Proposed Tax/Revenue Changes	0.0	(11.9)	---	(11.9)	---
Federal Aid	1,623.3	1,808.1	11.4	1,775.8	(1.8)
Other Revenue (General Fund grant, etc.).....	451.7	238.5	(47.2)	278.8	16.9
Total SAF Revenue.....	\$13,887.5	\$14,379.0	3.5%	\$14,426.3	0.3%
Other Funds:					
Gen'l Fund/Special Purpose & Special Revenue Funds ...	6,774.5	5,290.8	(21.9)	5,451.9	3.0
Federal Aid (not included elsewhere).....	15,690.1	18,725.9	19.3	19,629.2	4.8
Transportation Funds	4,269.6	4,290.2	0.5	4,378.8	2.1
Fund Balances:					
Restricted Gen'l Fund Subfunds Unreserved Balances	474.1	557.8	17.7	558.0	0.0
Special Revenue Fund Balances	<u>1,068.4</u>	<u>1,057.3</u>	(1.0)	<u>1,067.7</u>	1.0
Total Fund Balances.....	1,542.5	1,615.2	4.7	1,625.7	0.7
Total Other Funds with Beginning Balance	28,276.7	29,922.1	5.8	31,085.7	3.9
Gross Revenue	\$52,092.7	\$53,979.4	3.6%	\$55,116.3	2.1%
Less Interfund Transfers.....	(1,832.8)	(1,052.9)	(42.6)	(1,053.3)	0.0
Net Total Revenue	\$50,259.9	\$52,926.5	5.3%	\$54,063.0	2.1%

¹⁾ Estimates adopted at the January 16, 2015, Consensus Revenue Estimating Conference.

Source: Governor's Executive Budget for FY 2015-16, Appendix C, State Budget Office Balance Sheets, and Senate Fiscal Agency

General Fund/General Purpose and School Aid Fund

The General Purpose portion of the General Fund (GF/GP) and the School Aid Fund (SAF) portions of the overall State budget account for \$24.0 billion, or 44.4%, of the total State government revenue estimated for FY 2015-16. Detailed estimates of GF/GP and SAF revenue for FY 2014-15 and FY 2015-16 are presented in Table 29 and Table 30, respectively. The estimates for GF/GP and SAF revenue derived from ongoing revenue sources and enacted tax policy changes are the consensus estimates adopted by the Administration, Senate Fiscal Agency, and House Fiscal Agency at the January 16, 2015, Consensus Revenue Estimating Conference. In addition to the consensus estimates, the total GF/GP and SAF revenue estimates include the Administration's initial estimates of one-time revenue adjustments, grants and transfers, Federal aid, beginning carry-over balances, and the impact of the personal property tax reform.

General Fund/General Purpose Revenue

As shown in Table 29, GF/GP revenue is expected to total \$9.6 billion in FY 2015-16, which represents a decrease of 0.8% from the revised FY 2014-15 estimates. This decline in total GF/GP revenue is attributable to a \$306.1 million reduction in the projected carry-over balance from the prior fiscal year, increases in Michigan Business Tax refunds, and the diversion of \$96.1 million in use tax revenue as a result of personal property tax reform that more than offset growth in revenue from ongoing sources. Revenue from ongoing sources is forecast to increase 2.2% in FY 2015-16, to \$9.7 billion.

School Aid Fund

School Aid Fund revenue available for spending in FY 2015-16 will total an estimated \$14.4 billion, representing a 0.3% increase from the revised estimate for FY 2014-15. This projected increase in SAF revenue reflects growth in revenue from ongoing sources combining with a \$335.2 million decrease in the balance carried forward from the prior fiscal year and an \$80.0 million decline in the grant from the General Fund. The estimate of SAF revenue in FY 2015-16 is summarized in Table 30. The SAF revenue estimate for FY 2015-16 includes ongoing earmarked tax and lottery revenue totaling an estimated \$12.3 billion, which is 3.2% above the revised estimate for FY 2014-15. In addition, the SAF revenue estimate for FY 2015-16 includes Federal aid totaling \$1.8 billion, as well as \$188.9 million in revenue from a use tax on certain transactions with managed care organizations.

Table 29
GENERAL FUND/GENERAL PURPOSE REVENUE ESTIMATES: FY 2014-15 AND FY 2015-16
(Millions of Dollars)

	FY 2014-15	FY 2015-16	Percent Change
Beginning Balance	\$306.4	\$0.3	(99.9%)
Consensus Estimates for Ongoing Revenue Sources¹⁾			
<u>Taxes:</u>			
Net Income Tax	\$5,948.1	\$6,184.2	4.0%
Michigan Business Tax	(680.8)	(807.4)	18.6
Corporate Income Tax	944.7	976.7	3.4
Sales	1,202.8	1,261.4	4.9
Use	965.5	905.6	(6.2)
Cigarette	180.1	177.2	(1.6)
Beer and Wine/Liquor	99.5	101.5	2.0
Insurance Company Premiums	412.0	423.0	2.7
Oil/Gas Severance	58.0	59.2	2.1
Telephone & Telegraph	47.0	46.0	(2.1)
All Other Taxes	(39.5)	26.5	(167.1)
Subtotal Taxes	9,137.4	9,353.9	2.4
Nontax Revenue	364.0	359.3	(1.3)
Total GF/GP Consensus Revenue Estimates	\$9,501.4	\$9,713.2	2.2%
Revenue Sharing Payments (Ongoing Plus One-Time)	(468.0)	(462.7)	(1.1)
Other Revenue Adjustments ²⁾	376.7	391.7	4.0
Proposed Tax Policy/Enforcement Changes	(38.1)	(38.1)	0.0
Total GF/GP Revenue (Current Fiscal Year)	\$9,372.0	\$9,604.1	2.5%
TOTAL GF/GP REVENUE WITH BEGINNING BALANCE	\$9,678.4	\$9,604.4	(0.8%)
¹⁾ Estimates adopted at the January 16, 2015, Consensus Revenue Estimating Conference. ²⁾ Includes the following: \$3.0 million in borrowing costs that are shifted to the School Aid Fund in FY 2014-15 and \$4.0 million in FY 2015-16, managed care use tax revenue of \$373.7 million in FY 2014-15 and \$377.7 million in FY 2015-16, and \$10.0 million of sales and use tax revenue in FY 2015-16 from affiliate nexus standards.			

Table 30

SCHOOL AID FUND REVENUE ESTIMATES: FY 2014-15 AND FY 2015-16
(Millions of Dollars)

	FY 2014-15	FY 2015-16	Percent Change
Beginning Balance	\$455.1	\$119.9	(73.7%)
Consensus Estimates for Earmarked Tax & Lottery Revenue¹⁾			
Taxes:			
Sales Tax & Use Tax	\$6,018.5	\$6,244.5	3.8%
Income Tax.....	2,446.6	2,534.7	3.6
State Education Property Tax	1,845.3	1,880.9	1.9
Real Estate Transfer Tax	247.8	260.7	5.2
Michigan Business Tax	0.0	0.0	---
Tobacco Taxes.....	345.9	338.4	(2.2)
Casino Gaming Tax	111.0	113.5	2.3
Other Tax Revenue.....	114.0	116.0	1.8
Subtotal Taxes	11,129.1	11,488.7	3.2
Lottery	760.0	775.0	2.0
Subtotal Earmarked Tax & Lottery Consensus Estimate	\$11,889.1	\$12,263.7	3.2%
GF/GP Grant	95.0	15.0	(84.2)
Federal Aid	1,808.2	1,775.8	(1.8)
Proposed Tax Policy/Enforcement Changes	(11.9)	(11.9)	---
Other Revenue Adjustments ²⁾	143.5	263.8	83.8
Total SAF Revenue (Current Fiscal Year).....	\$13,923.9	\$14,306.5	2.7%
TOTAL SAF REVENUE WITH BEGINNING BALANCE.....	\$14,379.0	\$14,426.3	0.3%
¹⁾ Estimates adopted at the January 16, 2015, Consensus Revenue Estimating Conference.			
²⁾ Includes the following: \$18.0 from the MPSERS reserve fund in FY 2014-15, GF reimbursements of \$19.9 million in FY 2014-15 and \$30.9 million in FY 2015-16 for personal property tax reform, a supplemental request related to MPSERS and nutrition education that lowers FY 2014-15 revenue \$81.2 million, managed care use tax revenue of \$186.8 million in FY 2014-15 and \$188.9 million in FY 2015-16, and \$44.0 million of sales and use tax revenue in FY 2015-16 from affiliate nexus standards.			

DETAILS FOR DEPARTMENTS AND BUDGET AREAS

This section of the report presents tables that summarize the Governor's FY 2015-16 Gross and GF/GP appropriation changes to FY 2014-15 (as of February 11, 2015) for each department and budget area. Tables 31 and 32 summarize the Gross and GF/GP changes, respectively. Table 33 provides detail by budget area for the Gross and GF/GP changes. Following Table 33 are highlight sheets for individual departments and budget areas that summarize the Gross appropriation and boilerplate language changes from FY 2014-15 to the Governor's recommendation for FY 2015-16.

Table 31

GROSS APPROPRIATIONS FY 2015-16 GOVERNOR'S RECOMMENDATION VERSUS FY 2014-15 YEAR-TO-DATE (INCLUDES BOTH ONGOING AND ONE-TIME APPROPRIATIONS)			
Department/Budget Area	FY 2014-15 Year-To-Date Feb. 11, 2015	FY 2015-16 Gov's Rec.	Gross Dollar Difference
Agriculture & Rural Development	\$84,462,200	\$84,144,000	(\$318,200)
Attorney General	93,822,300	91,941,600	(1,880,700)
Civil Rights	16,644,200	16,128,700	(515,500)
Community Colleges	364,724,900	393,825,600	29,100,700
Community Health	18,225,844,900	18,971,605,000	745,760,100
Corrections	2,040,521,700	1,976,226,000	(64,295,700)
Education	287,096,100	313,212,200	26,116,100
Environmental Quality	502,591,800	487,925,900	(14,665,900)
Executive	5,916,100	5,916,100	0
Higher Education	1,516,496,300	1,541,219,200	24,722,900
Human Services	5,755,174,700	5,734,326,500	(20,848,200)
Insurance & Financial Services	65,189,700	65,057,700	(132,000)
Judiciary	287,767,600	283,901,300	(3,866,300)
Legislative Auditor General	22,158,800	22,840,500	681,700
Legislature	131,930,500	136,464,300	4,533,800
Licensing & Regulatory Affairs	542,588,200	545,605,900	3,017,700
Military & Veterans Affairs	166,943,700	163,953,700	(2,990,000)
Natural Resources	384,685,400	389,494,200	4,808,800
School Aid	13,870,325,600	13,958,963,900	88,638,300
State	223,984,900	225,256,700	1,271,800
State Police	672,073,000	613,531,200	(58,541,800)
Technology, Management, & Budget	1,262,810,400	1,264,906,300	2,095,900
Transportation	3,699,518,600	3,635,722,500	(63,796,100)
Treasury (Debt Service)	152,395,000	156,449,000	4,054,000
Treasury (Operations)	545,636,400	533,426,200	(12,210,200)
Treasury (Revenue Sharing)	1,232,694,000	1,251,237,000	18,543,000
Treasury (Strategic Fund Agency)	1,024,779,900	1,006,582,500	(18,197,400)
Total Budget Area Appropriations	\$53,178,776,900	\$53,869,863,700	\$691,086,800
Budget Stabilization Fund	\$94,000,000	\$95,000,000	\$1,000,000
Total GF/GP Appropriations	\$53,272,776,900	\$53,964,863,700	\$692,086,800

Table 32

GF/GP APPROPRIATIONS FY 2015-16 GOVERNOR'S RECOMMENDATION VERSUS FY 2014-15 YEAR-TO-DATE (INCLUDES BOTH ONGOING AND ONE-TIME APPROPRIATIONS)			
Department/Budget Area	FY 2014-15 Year-To-Date Feb. 11, 2015	FY 2015-16 Gov's Rec.	GF/GP Dollar Difference
Agriculture & Rural Development	\$45,916,200	\$42,373,600	(\$3,542,600)
Attorney General	38,267,100	36,847,400	(1,419,700)
Civil Rights	13,448,200	12,949,700	(498,500)
Community Colleges	167,110,800	137,110,800	(30,000,000)
Community Health	3,239,701,400	2,993,251,300	(246,450,100)
Corrections	1,980,798,400	1,918,948,400	(61,850,000)
Education	82,083,000	79,292,200	(2,790,800)
Environmental Quality	40,875,900	35,377,700	(5,498,200)
Executive	5,916,100	5,916,100	0
Higher Education	1,214,902,000	1,238,913,300	24,011,300
Human Services	995,452,600	978,891,000	(16,561,600)
Insurance & Financial Services	55,000	150,000	95,000
Judiciary	186,527,400	182,692,200	(3,835,200)
Legislative Auditor General	14,937,300	15,460,100	522,800
Legislature	127,420,700	131,872,300	4,451,600
Licensing & Regulatory Affairs	40,133,800	24,223,400	(15,910,400)
Military & Veterans Affairs	49,154,500	48,187,300	(967,200)
Natural Resources	48,591,500	39,772,800	(8,818,700)
School Aid	114,900,000	45,900,000	(69,000,000)
State	17,539,000	17,161,500	(377,500)
State Police	414,171,000	373,473,700	(40,697,300)
Technology, Management, & Budget	479,098,500	478,880,800	(217,700)
Transportation	284,647,900	139,521,100	(145,126,800)
Treasury (Debt Service)	152,395,000	156,449,000	4,054,000
Treasury (Operations)	118,118,300	120,230,300	2,112,000
Treasury (Revenue Sharing)	0	0	0
Treasury (Strategic Fund Agency)	244,642,500	226,607,000	(18,035,500)
Total Budget Area Appropriations	\$10,116,804,100	\$9,480,453,000	(\$636,351,100)
Budget Stabilization Fund	\$94,000,000	\$95,000,000	\$1,000,000
Total GF/GP Appropriations	\$10,210,804,100	\$9,575,453,000	(\$635,351,100)

Table 33

GOVERNOR'S FY 2015-16 GROSS AND GF/GP CHANGES FROM FY 2014-15		
Budget Area/Line Items	Gov's Changes to FY 2014-15	
	Gross	GF/GP
Agriculture and Rural Development		
Food establishment inspections fee increase	\$1,514,400	\$0
Pesticide and fertilizer inspections fee increase.....	1,220,000	0
Technical adjustment for funds received.....	564,800	0
Geagley laboratory equipment replacement (one-time).....	500,000	500,000
Accounting service center	50,000	50,000
Commercial feed inspections fee increase: \$521,400	0	0
Reduce food and agriculture industry growth initiative to \$1.1 million	(1,900,000)	(1,900,000)
Eliminate rural development value added grants	(1,050,000)	(1,050,000)
Eliminate one-time Ottawa County agriculture incubator grant.....	(500,000)	(500,000)
Eliminate one-time Muskegon farmers market grant	(200,000)	(200,000)
Reduce county fairs capital improvement grants	(150,000)	(150,000)
Eliminate commercial forestry audit program	(150,000)	(150,000)
Eliminate shows and exposition grants	(50,000)	(50,000)
Unclassified salaries increase	7,900	7,900
Economic adjustments	(175,300)	(100,500)
Total Agriculture and Rural Development	(\$318,200)	(\$3,542,600)
Attorney General		
Sexual assault enforcement/prosecution of out-State cases (new)	\$1,700,000	\$1,700,000
Remove one-time Wayne County sexual assault prosecutions	(3,000,000)	(3,000,000)
Technical adjustment to align expenditures	(239,200)	0
Unclassified salaries increase	10,900	10,900
Economic adjustments	(352,400)	(130,600)
Total Attorney General.....	(\$1,880,700)	(\$1,419,700)
Civil Rights		
Eliminate 1.0 FTE public affairs position	(\$115,000)	(\$115,000)
Eliminate 1.0 FTE librarian position.....	(105,000)	(105,000)
Eliminate 1.0 FTE executive position	(90,000)	(90,000)
Eliminate unused portion of unclassified salaries line.....	(90,000)	(90,000)
Unclassified salaries increase	9,500	9,500
Economic adjustments	(125,000)	(108,000)
Total Civil Rights	(\$515,500)	(\$498,500)
Community Colleges		
MPERS unfunded accrued liability (UAL) cap costs.....	\$17,200,000	\$0
Reinstate independent part-time student grants	6,000,000	0
College operations increase (1.4%)	4,300,700	0
Renaissance zone reimbursements	1,600,000	0
Funding shift from GF/GP to school aid fund	0	(30,000,000)
Total Community Colleges	\$29,100,700	(\$30,000,000)
Community Health		
Adjust expansion-Medicaid base, caseload, inflation, utilization.....	\$783,919,000	\$0
Public clinic adjustor payment increases.....	99,400,000	0
Adjust actuarial soundness for Medicaid HMOs.....	75,209,900	25,872,200
Adjust actuarial soundness for expansion Medicaid HMOs	54,967,700	0
Federal state innovation model grant	50,000,000	0
Actuarial soundness for Medicaid behavioral health.....	35,270,300	12,133,000
Adjust expansion-Medicaid behavioral health base	31,843,200	0
Increase in State psychiatric DSH savings.....	24,062,600	(15,785,100)
Increase Medicaid adult dental reimbursement 7/1/16	23,037,800	7,925,000
Healthy Kids Dental for 0- to 8-year-olds in Kent/Oakland/Wayne	21,802,300	7,500,000

Table 33 - continued

GOVERNOR'S FY 2015-16 GROSS AND GF/GP CHANGES FROM FY 2014-15		
Budget Area/Line Items	Gov's Changes to FY 2014-15	
	Gross	GF/GP
Community Health (continued)		
CMH non-Medicaid funding increase	20,000,000	20,000,000
FY 2015-16 Medicaid behavioral health base and caseload	8,515,500	2,929,300
Technical adjustments to use tax revenue	8,098,000	2,785,700
Expand Medicaid autism services to age 21	7,350,100	2,528,400
Changes in Federal authorization	6,235,100	0
Federal integrated care for dual eligibles grant	6,233,000	1,558,200
Mental health and wellness commission ongoing services	5,000,000	1,876,000
Actuarial soundness for expansion-Medicaid behavioral health	4,592,600	0
Children's special health care services base and caseload	2,034,500	1,670,500
Drug policy initiative (new, one-time)	1,500,000	1,500,000
Expand newborn screening fee coverage	1,460,500	0
Michigan administrative hearing services cost increase	1,039,400	519,700
Transfer of jail diversion pilot from DOC	1,000,000	1,000,000
Allocation of liquor fee increase to substance abuse programs	913,200	0
Fund source shift and increase in poison control contract	597,600	0
State hospital and center pharmacy inflation	567,600	449,100
Newborn screening fee inflationary adjustment	300,400	0
Newborn screening fee administrative costs	300,000	0
Michigan public health institute nursing education program	268,700	0
Create nursing home quality of care project	200,000	0
Mobile dental registration fees	20,000	0
Remove roads and risks reserve fund support for Medicaid	0	60,900,000
Medicaid benefits trust fund revenue shortfall	0	19,500,000
Healthy Michigan Fund revenue shortfall	0	1,737,300
Technical correction on Federal children's waiver funds	0	1,400,000
Replace civil monetary penalty revenue with GF/GP	0	357,500
Increase in Medicaid match rate from 65.54% to 65.60%	0	(5,853,500)
Adjust HICA revenue estimate	0	(6,495,600)
Increase hospital QAAP to fund rural/sole community hospitals	0	(13,584,000)
Increase in SCHIP match rate from 75.88% to 98.92%	0	(17,095,100)
Remove cap on net HICA and use tax revenue	0	(17,303,000)
Increase hospital QAAP to fund hospital GME	0	(63,505,200)
Increase HICA rate from 0.75% to 1.30%	0	(162,800,000)
Adjust Medicaid base, caseload, inflation, and utilization	(194,578,100)	(61,460,700)
Technical adjustment to purchase of State services funding	(139,465,600)	0
Transfer of pharmaceuticals from HMOs to fee-for-service	(48,771,800)	(16,777,500)
Reduce hospital capital funding	(34,806,800)	(11,973,500)
Reduce Medicaid managed care lab reimbursement	(31,790,000)	(10,935,800)
Medicaid HMO care coordination savings	(15,375,000)	(5,289,000)
Annualization of changes to Medicaid primary care rates	(14,900,700)	8,318,800
Eliminate outstate hospital obstetrics funding pool	(11,027,300)	(3,793,400)
Phase-out of indigent care agreement payments	(10,000,000)	0
Mental health and wellness commission one-time services	(7,462,500)	(3,500,000)
Reduce one-time university autism funding	(4,500,000)	(500,000)
Eliminate one-time U-D dental clinic funding	(4,092,300)	(4,092,300)
Remove one-time Healthy Kids Dental computer project	(3,000,000)	(300,000)
Eliminate one-time child and adolescent health funding	(2,000,000)	(2,000,000)
Eliminate one-time autism family assistance	(1,500,000)	0
Eliminate traumatic brain injury software funding	(1,350,000)	(1,350,000)
Remove one-time statewide trauma system funding	(1,300,000)	(1,300,000)
Eliminate real alternatives pregnancy program funding	(800,000)	(800,000)
Children's special health care transportation base/fund source	(600,000)	(650,000)
Family support subsidy caseload	(516,300)	0
Eliminate MiDocs graduate medical education consortium	(500,000)	(500,000)

Table 33 - continued

GOVERNOR'S FY 2015-16 GROSS AND GF/GP CHANGES FROM FY 2014-15		
Budget Area/Line Items	Gov's Changes to FY 2014-15	
	Gross	GF/GP
Community Health (continued)		
Eliminate EMU ongoing autism funding	(500,000)	(500,000)
Eliminate one-time bone marrow registry funding	(250,000)	(250,000)
Eliminate Alzheimer's pilot program	(150,000)	(150,000)
Remove one-time senior olympics funding	(100,000)	(100,000)
Remove gestational diabetes study funding	(35,000)	(35,000)
Unclassified salaries increase	10,800	10,800
Economic adjustments	(618,300)	(242,900)
Total Community Health	\$745,760,100	(\$246,450,100)
Corrections		
Expiration of <i>Neal et al.</i> settlement payments	(\$25,000,000)	(\$25,000,000)
Reduce operating expenditures	(14,350,000)	(14,350,000)
Reduce maintenance/capital outlay for security (restricted revenue)	(9,000,000)	0
Eliminate various programs	(6,585,900)	(6,585,900)
Decline in restricted revenue	(2,356,900)	0
Reduce local program funding	(1,750,000)	(1,750,000)
Fund shift from GF to special equipment fund revenue	0	(9,000,000)
Unclassified salaries increase	25,800	25,800
Economic adjustments	(5,278,700)	(5,189,900)
Total Corrections	(\$64,295,700)	(\$61,850,000)
Department of Education		
Child development and care - public assistance (Federal)	\$23,611,300	\$0
Child development and care - external support (Federal)	5,661,500	\$0
State aid to libraries	1,000,000	1,000,000
Renaissance zone reimbursement	600,000	600,000
Educator evaluations	200,000	200,000
Increase in private gifts for schools for deaf and blind	100,000	0
Reduce child development and care public assistance match	(2,400,000)	(2,400,000)
Transfer MPSERS library payments to school aid budget	(2,200,000)	(2,200,000)
Professional preparation services	(289,200)	0
IDG payment adjustments	(8,100)	23,400
Unclassified salaries increase	11,900	9,200
Economic adjustments	(171,300)	(23,400)
Total Department of Education	\$26,116,100	(\$2,790,800)
Environmental Quality		
Underground storage tank program per PA 146 of 2014	\$20,000,000	\$0
Air quality fee increase	2,250,000	0
Radiological protection program IDG from State Police	366,000	0
Reduce refined petroleum product cleanup program	(12,900,000)	0
Reduce overstated Federal appropriation authority	(10,907,000)	0
Technical adjustments for restricted revenue	(4,882,000)	0
State match for drinking water revolving fund	(2,950,000)	(2,950,000)
Remove one-time appropriation for document management	(2,500,000)	(2,500,000)
Adjust Clean Michigan Initiative appropriations to match revenue	(1,473,200)	0
Reduce air quality environmental pollution prevention funding	(1,337,000)	0
Unclassified salaries increase	10,900	3,200
Economic adjustments	(343,600)	(51,400)
Total Environmental Quality	(\$14,665,900)	(\$5,498,200)
Executive		
No change	\$0	\$0
Total Executive	\$0	\$0

Table 33 - continued

GOVERNOR'S FY 2015-16 GROSS AND GF/GP CHANGES FROM FY 2014-15		
Budget Area/Line Items	Gov's Changes to FY 2014-15	
	Gross	GF/GP
Higher Education		
University operations increase (2.0%).....	\$26,799,100	\$26,799,100
MPERS unfunded accrued liability (UAL) cap (25.73%) costs	2,713,800	0
MSU AgBioResearch and MSU extension increase (2.0%).....	1,192,200	1,192,200
Midwest higher education compact dues increase	20,000	20,000
MPERS fund shift from GF/GP to SAF	0	(2,000,000)
Eliminate one-time university MPERS funding	(4,002,200)	0
Transfer college access program (MCAN) to K-12 budget	(2,000,000)	(2,000,000)
Total Higher Education	\$24,722,900	\$24,011,300
Human Services		
Increase donated funds positions by 200.0 FTEs	\$20,551,200	\$0
Caseload adjustment for food assistance program (FAP)	13,817,800	0
Increase child care licensing consultants by 39.0 FTEs	5,661,500	0
Increase Michigan rehabilitation services.....	1,300,000	3,595,000
Caseload adjustment for guardianship assistance.....	961,000	577,700
Increase for administrative hearing services indirect costs.....	851,400	516,900
Employment and training pilot program (one-time)	800,000	400,000
Supplemental security income (SSI) caseload adjustment	630,900	630,900
State disability assistance (SDA) caseload adjustment	521,400	5,375,400
Increase for vital statistics retrieval	300,000	150,000
Cost increases for modified settlement agreement monitor.....	260,000	98,800
Increase for retirement disability determination	85,900	0
Michigan rehabilitation services minimum wage increase	71,700	8,100
Increase for guardianship assistance adult legal representation	50,000	50,000
Increase GF/GP to align fund sourcing of Federal earnings	0	30,085,200
Reduce GF/GP for increased Federal revenue claims	0	(30,595,300)
Consolidate disability determination operations	0	(412,700)
Reduce GF to reflect Federal staff for disability investigation unit	0	(40,500)
Reduce redetermined adoption subsidies for special needs.....	(6,900,000)	(6,547,400)
Caseload adjustment for family independence program (FIP).....	(6,806,600)	(3,552,600)
Recognize FY 2014-15 "budgetary savings" that reduced 332.0 FTEs.....	(6,296,800)	2,955,500
Close local offices.....	(5,331,000)	(2,185,000)
Remove one-time appropriations from FY 2014-15	(5,150,000)	(5,150,000)
Remove \$3 administrative rate increase for private agencies	(5,142,400)	(3,784,500)
Eliminate asset test automation for assistance eligibility	(5,000,000)	(2,750,000)
Remove rate increase for private residential facilities.....	(3,655,300)	(3,300,000)
Reduce swift and sure program	(3,000,000)	0
Reduction for electronic MiBridges and MiCSES notifications.....	(2,865,000)	(1,314,900)
Reinstate 50-50 cost share for foster care administrative rate.....	(1,650,000)	(1,650,000)
Reduce centers for independent living	(1,500,000)	(1,500,000)
Caseload adjustment for foster care payments.....	(1,448,800)	9,428,300
Reduce peer coaches by 10.0 FTEs	(1,035,700)	(631,800)
Reduce PATH coordinators by 9.0 FTEs	(1,002,400)	(551,300)
Eliminate juvenile justice vision 20/20 project	(1,000,000)	(1,000,000)
Caseload adjustment for adoption subsidies.....	(938,600)	(370,700)
Require cooperation with child support for assistance eligibility	(900,300)	(889,200)
Eliminate SSI advocates and 8.0 FTEs.....	(795,800)	0
Eliminate short-term family support.....	(726,200)	(726,200)
Reduce juvenile justice in-home grants.....	(600,000)	(600,000)
Reclassify non-family independence program specialist FTEs.....	(550,000)	(330,000)
Eliminate parent-to-parent program for adoptive parents	(500,000)	(500,000)
Reduce Maxey training school for lapsed funding	(400,000)	(400,000)
Reduce travel reimbursements for child welfare training	(300,000)	(153,000)

Table 33 - continued

GOVERNOR'S FY 2015-16 GROSS AND GF/GP CHANGES FROM FY 2014-15		
Budget Area/Line Items	Gov's Changes to FY 2014-15	
	Gross	GF/GP
Human Services (continued)		
Eliminate school success partnership expansion.....	(300,000)	(300,000)
Reduce recoupment positions by 1.0 FTE	(124,100)	(43,400)
Eliminate extended family independence program (EFIP).....	(116,400)	(116,400)
Reduce child welfare training institute funding	(100,000)	(100,000)
Reduce 52 laptops for executives who also have a tablet	(85,900)	(31,700)
Reduce GF/GP for FMAP rate change from 65.54% to 65.60%.....	(11,000)	(166,000)
Unclassified salaries increase	10,900	6,800
Economic adjustments	(2,489,600)	(747,600)
Total Human Services	(\$20,848,200)	(\$16,561,600)
Insurance and Financial Services		
Financial institutions evaluation.....	\$4,989,900	\$0
Consumer services and protection	4,433,300	0
Insurance rates and forms.....	500,000	0
Medicaid administration.....	95,000	95,000
Reduce regulatory compliance and market conduct	(4,989,900)	0
Reduce department services.....	(4,433,300)	0
Reduce insurance evaluation	(500,000)	0
Reduce information technology	(78,500)	0
Unclassified salaries increase	10,800	0
Economic adjustments	(159,300)	0
Total Insurance and Financial Services	(\$132,000)	\$95,000
Judiciary		
Reduce swift and sure sanctions program	(\$2,500,000)	(\$2,500,000)
Reduce mental health and diversion services.....	(500,000)	(500,000)
Remove one-time trial court innovation funding	(375,000)	(375,000)
Savings due to judgeship reductions through attrition	(351,800)	(351,800)
Savings from ongoing operations	(150,000)	(150,000)
Eliminate community court pilot program	(20,000)	(20,000)
Economic adjustments	30,500	61,600
Total Judiciary	(\$3,866,300)	(\$3,835,200)
Legislative Auditor General		
Operations increase (3.5%).....	\$681,700	\$522,800
Total Legislative Auditor General	\$681,700	\$522,800
Legislature		
Operations increase (3.5%).....	\$4,533,800	\$4,451,600
Total Legislature	\$4,533,800	\$4,451,600
Licensing and Regulatory Affairs		
Career technology and skilled trades initiative (new).....	\$15,600,000	\$0
Liquor license fee increase for licensing and enforcement	5,262,900	0
Licensing and corporations database IT improvements.....	1,820,000	0
Technical adjustments.....	276,500	0
Continue \$18 million penalty/interest revenue for UIA operations	0	0
Fund shift from GF to corporation fees for workers' comp administration.....	0	(112,500)
Fund shift from GF to IDG for administrative hearings.....	0	(450,000)
Remove one-time appropriations for Delphi; IT; disability project.....	(15,600,000)	(15,000,000)
Remove IT support for MI business one-stop	(2,147,900)	0
Remove employment relations com. supplemental (2014 PA 414)	(100,000)	(100,000)
Reduce GF/GP for health professions regulation	(100,000)	(100,000)
Reduce GF/GP for health systems regulation.....	(100,000)	(100,000)

Table 33 - continued

GOVERNOR'S FY 2015-16 GROSS AND GF/GP CHANGES FROM FY 2014-15		
Budget Area/Line Items	Gov's Changes to FY 2014-15	
	Gross	GF/GP
Licensing and Regulatory Affairs (continued)		
Unclassified salaries increase	71,500	1,700
Economic adjustments	(1,965,300)	(49,600)
Total Licensing and Regulatory Affairs	\$3,017,700	(\$15,910,400)
Military and Veterans Affairs		
Training sites billeting fund	\$1,500,000	\$0
Technical adjustment for funds received	50,000	0
Veterans home fund shift due to restricted revenue shortfall	0	3,300,000
Remove one-time veterans home special maintenance	(3,000,000)	(3,000,000)
Reduce veterans service officers coalition contract hours	(429,000)	(429,000)
Remove one-time National Guard tuition assistance reserve	(400,000)	(400,000)
Eliminate partnership analyst position	(117,300)	(117,300)
Departmentwide savings in contractual services and supplies	(100,000)	(100,000)
Reduce fire protection support at Fort Custer and Alpena	(100,000)	(100,000)
Unclassified salaries increase	20,600	20,600
Economic adjustments	(414,300)	(141,500)
Total Military and Veterans Affairs	(\$2,990,000)	(\$967,200)
Natural Resources		
Forestry equipment/develop vegetative mgt. system (new, one-time)	\$4,000,000	\$0
Shooting range enhancement projects (new, one-time)	4,000,000	250,000
Increase Federal authority for wildlife management	2,155,000	0
Increase for park improvement from Belle Isle subaccount revenue	1,000,000	0
Increase in revenue from enacted off-road vehicle fees	984,200	0
Fisheries habitat improvement grants (game and fish revenue)	500,000	0
Recreation passport local grants/spend fund balance (one-time)	500,000	0
Technical revenue adjustments for restricted funds	309,700	0
Adjust capital outlay adjustment/remove old projects, add new	270,500	0
Increase for State park revenue bonds debt service costs	3,100	0
State parks fund shift from GF/GP to State parks endowment fund	0	(1,500,000)
Remove FY 2014-15 one-time appropriations	(4,750,000)	(4,750,000)
Remove one-time appropriation for new fisheries research boat	(2,000,000)	(1,000,000)
Reduce nonmotorized trail initiative by 46%	(1,150,000)	(1,150,000)
Remove one-time appropriation for Hart-Montague trail	(530,000)	(530,000)
Eliminate cormorant population mitigation program	(150,000)	(150,000)
Unclassified salaries increase	10,900	0
Economic adjustments	(344,600)	11,300
Total Natural Resources	\$4,808,800	(\$8,818,700)
School Aid		
MPSERS rate cap	\$218,800,000	\$0
Foundation allowance increase	108,000,000	(70,994,200)
At risk pupil support	100,000,000	0
District fiscal emergency contingency fund	71,000,000	0
Career and technical education/dual enrollment	17,800,000	0
School bond loan fund payments debt service	17,000,000	0
Additional instructional time	10,000,000	0
Great start early childhood block grants	5,000,000	0
College and career readiness tools (new, one-time)	3,600,000	3,600,000
Investment in literacy coaches for K-3 teachers	3,000,000	0
MEAP testing - state share	2,600,000	0
Evidence-based professional development in assessments	1,450,000	0
Gang prevention and intervention programs	1,000,000	0
MDE administration of early reading initiatives	1,000,000	1,000,000

Table 33 - continued

GOVERNOR'S FY 2015-16 GROSS AND GF/GP CHANGES FROM FY 2014-15		
Budget Area/Line Items	Gov's Changes to FY 2014-15	
	Gross	GF/GP
School Aid (continued)		
Parents university pilot	1,000,000	0
Research-based professional development on early literacy.....	950,000	0
Expand Michigan virtual university online course catalog (new, one-time).....	600,000	600,000
Elementary teacher assessment of reading instruction	500,000	500,000
Clearinghouse for best practices in early reading	500,000	500,000
Promise zones reimbursement.....	316,900	0
PILT reimbursement.....	66,800	0
MPERS liability extra payment.....	(108,000,000)	0
Equity payment.....	(103,000,000)	0
Technical cost adjustments (foundations, special education)	(58,400,000)	0
Pupil performance	(51,100,000)	0
Best practices	(45,000,000)	0
<i>Durant</i> non-plaintiff debt service.....	(39,500,000)	0
Federal no-child-left-behind (NCLB) grants.....	(28,893,500)	0
Technology infrastructure grants	(16,500,000)	0
Educator evaluations	(14,800,000)	(2,700,000)
Bus conversion from diesel to natural gas	(3,000,000)	0
Special education - other Federal	(3,000,000)	0
Nutrition program.....	(1,200,000)	(1,200,000)
Strict discipline academies	(1,000,000)	0
Vocational education	(1,000,000)	0
Other Federal non-NCLB grants	(500,000)	0
STEM professional development	(330,000)	0
Career readiness study	(250,000)	(250,000)
Intermediate school district general operations support.....	(7,000)	0
Economic adjustments	(64,900)	(55,800)
Total School Aid	\$88,638,300	(\$69,000,000)
State		
Credit and debit card assessments revenue for administration	\$1,000,000	\$0
Ignition interlock program (driver responsibility fees).....	1,000,000	0
Branch operations administrative efficiencies	(241,800)	(241,800)
Reduce unused portion of unclassified salaries line	(122,100)	(122,100)
Department services operations administrative efficiencies	(83,800)	(83,800)
Central operations administrative efficiencies	(26,900)	(26,900)
Election administration/services administrative efficiencies.....	(25,000)	(25,000)
Legal services operations administrative efficiencies	(400)	(400)
Unclassified salaries increase	10,900	10,900
Economic adjustments	(239,100)	111,600
Total State	\$1,271,800	(\$377,500)
State Police		
New trooper school (ongoing)	\$4,500,000	\$4,500,000
New trooper school (one-time)	3,200,000	3,200,000
Sexual assault kit submission act.....	1,649,600	1,649,600
Motor carrier school.....	1,050,000	1,050,000
State records management system.....	600,000	0
Campus sexual assault prevention and education (new, one-time).....	500,000	500,000
FY 2014-15 recruit school second-year costs	178,600	178,600
State emergency operations center technology	152,000	152,000
Remove FY 2014-15 disaster assistance from base	(32,500,000)	(30,000,000)
Technical adjustment for funds received.....	(14,636,900)	0
Remove one-time appropriation for helicopter purchase	(4,932,000)	(4,932,000)
Remove one-time appropriation for local public safety initiative	(4,550,000)	(4,550,000)

Table 33 - continued

GOVERNOR'S FY 2015-16 GROSS AND GF/GP CHANGES FROM FY 2014-15		
Budget Area/Line Items	Gov's Changes to FY 2014-15	
	Gross	GF/GP
State Police (continued)		
Remove FY 2014-15 one-time appropriation for trooper school	(4,408,500)	(3,508,500)
Cancel FY 2014-15 motor carrier school	(3,210,000)	(3,210,000)
Remove one-time appropriation for Marshall post lease charges	(2,000,000)	(2,000,000)
Cancel FY 2014-15 one-time appropriation for motor carrier school	(1,181,900)	(1,181,900)
Remove one-time appropriation for MIS traffic control	(831,900)	(831,900)
Remove one-time appropriation for electronic warrant system	(750,000)	(750,000)
Eliminate urban search and rescue grant	(500,000)	(500,000)
Reduce rent costs	(381,900)	(381,900)
Remove one-time appropriation for LEIN upgrade	(350,000)	0
Eliminate vacant capitol security positions	(294,000)	(294,000)
Remove one-time appropriation for emergency support vehicle	(225,000)	(225,000)
Reduce unclassified position appropriation	(150,000)	(150,000)
Unclassified salaries increase	10,800	10,800
Economic adjustments	519,300	576,900
Total State Police.....	(\$58,541,800)	(\$40,697,300)
Technology, Management, and Budget		
Enterprisewide IT maintenance	\$7,000,000	\$7,000,000
Motor Vehicle Fleet - increased fuel, maintenance, and leasing costs	6,515,500	0
Implement proposed new treasury business portal	2,000,000	0
IT Technical Adjustment to align funds with agency requests, 3.0 FTEs	1,850,000	0
Increase admin. costs for office of retirement services	1,257,600	0
Enterprisewide capital outlay special maintenance	1,000,000	1,000,000
Procurement improvement plan management system (new)	825,000	479,100
State Emergency Operations Center - increase authorization to allow	631,700	0
Treasury online business portal IT IDG (one-time)	600,000	0
Professional Development - adjustments per contracts	7,600	0
College and university capital outlay authorizations (new, one-time)	500	500
Fund shift from IDG to GF/GP for administrative services	0	781,900
Adjust Statewide cost allocation plan	0	(3,300)
Fund shift from GF/GP to restricted for office of state employer	0	(45,000)
Remove one-time appropriation for technology services	(6,900,300)	(300)
Reduce funding for office of urban initiatives	(2,500,000)	(2,500,000)
IT - alignment of IT IDGs with enacted IT appropriations	(2,018,800)	0
MI Public Safety Comm. System Lifecycle and Radio Replacement	(2,000,000)	(2,000,000)
Reduce litigation costs from \$4 million to \$2 million (one-time)	(2,000,000)	(2,000,000)
Remove one-time appropriation for special projects	(1,250,000)	(1,250,000)
Reduce civil service commission IT	(1,085,800)	(1,085,800)
Remove one-time appropriation for regional prosperity grants	(1,000,000)	(1,000,000)
Remove one-time appropriation for business one-stop depreciation	(871,700)	0
Unclassified salaries increase	12,400	6,800
Economic adjustments	22,200	398,400
Total Technology, Management, and Budget.....	\$2,095,900	(\$217,700)
Transportation		
Revenue adjustments	\$51,446,800	\$0
New Federal grants for rail and transit	51,140,000	0
Increase transit and rail GF for Federal match to \$25 million (one-time)	15,000,000	15,000,000
Increase state trunkline maintenance	10,000,000	0
Increase finance, contracts and support services	150,000	0
Restoration of vetoed funds to regional planning councils	80,000	0
Remove one-time appropriation for State and local road projects	(144,500,000)	(144,500,000)
Adjust Blue Water Bridge fund for available toll revenue	(14,054,000)	
Reduce State trunkline road/bridge Fed. match to \$113 million (one-time)....	(14,000,000)	(14,000,000)

Table 33 - continued

GOVERNOR'S FY 2015-16 GROSS AND GF/GP CHANGES FROM FY 2014-15		
Budget Area/Line Items	Gov's Changes to FY 2014-15	
	Gross	GF/GP
Transportation (continued)		
Redirect transportation economic dev. fund (TEDF) for match.....	(12,000,000)	0
Debt service adjustment.....	(3,457,500)	0
Remove one-time appropriation for regional transit authority.....	(1,100,000)	(1,100,000)
Reduce airport safety GF for Federal match to \$1.5 million (one-time)	(526,800)	(526,800)
IDG adjustments.....	(425,900)	0
Unclassified salaries increase	10,900	0
Economic adjustments	(1,559,600)	0
Total Transportation.....	(\$63,796,100)	(\$145,126,800)
Treasury (Debt Service)		
Clean Michigan initiative.....	\$6,737,000	\$6,737,000
Great lakes water quality bond.....	2,718,000	2,718,000
Quality of life bond.....	(5,401,000)	(5,401,000)
Total Treasury (Debt Service)	\$4,054,000	\$4,054,000
Treasury (Operations)		
City income tax administration program (new; restricted revenue).....	\$7,050,000	\$0
Payments in lieu of taxes.....	4,919,200	4,468,500
Online business portal (new; \$600,000 one-time).....	2,600,000	2,600,000
Financial review commission (new).....	2,000,000	2,000,000
Personal property tax reform implementation	1,845,000	1,845,000
Casino gaming control administration	514,100	0
Data collection fees	40,000	0
Lottery promotion and advertising	(18,622,000)	0
Reduce administration for tax compliance and processing.....	(4,000,000)	(4,000,000)
Decrease in land reutilization fees	(3,304,500)	0
Senior citizen cooperative housing tax exemption	(2,000,000)	(2,000,000)
Remove one-time appropriation for Flint public safety grant.....	(1,100,000)	(1,100,000)
Remove IBM MBT changes supplemental (2014 PA 282)	(1,000,000)	(1,000,000)
Remove one-time appropriation for credit card payment implementation	(500,000)	(500,000)
Remove Detroit financial plan admin. supplemental (2014 PA 182).....	(100,000)	(100,000)
Unclassified salaries increase	16,500	8,600
Economic adjustments	(568,500)	(110,100)
Total Treasury (Operations)	(\$12,210,200)	\$2,112,000
Treasury (Revenue Sharing)		
Constitutional revenue sharing.....	\$23,843,000	\$0
County revenue sharing and county incentive program.....	3,500,000	0
City, village, and township revenue sharing.....	(5,800,000)	0
Financially distressed cities, villages, and townships.....	(3,000,000)	0
Total Treasury (Revenue Sharing).....	\$18,543,000	\$0
Treasury (Strategic Fund)		
Increase Pure Michigan to \$30 million (21st century jobs trust fund).....	\$1,000,000	\$0
Remove one-time appropriation for special grants	(15,750,000)	(15,750,000)
Remove one-time appropriation for auto/engineering/manufacturing fund.....	(2,000,000)	(2,000,000)
Reduce business attraction to \$129 million (21st cent. jobs trust fund).....	(1,000,000)	0
Remove GF/GP from film office	(237,100)	(237,100)
Economic adjustments	(210,300)	(48,400)
Total Treasury (Strategic Fund).....	(\$18,197,400)	(\$18,035,500)
Total Budget Area Changes	\$691,086,800	(\$636,351,100)
Budget Stabilization Fund.....	1,000,000	1,000,000
TOTAL APPROPRIATION CHANGES	\$692,086,800	(\$635,351,100)

HIGHLIGHT SHEETS

Senate Bill 115 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	446.0	454.0	8.0	1.8
GROSS	84,462,200	84,144,000	(318,200)	(0.4)
Less:				
Interdepartmental Grants Received	318,100	317,300	(800)	(0.3)
ADJUSTED GROSS.....	84,144,100	83,826,700	(317,400)	(0.4)
Less:				
Federal Funds.....	10,126,200	10,427,900	301,700	3.0
Local and Private	98,300	128,100	29,800	30.3
TOTAL STATE SPENDING.....	73,919,600	73,270,700	(648,900)	(0.9)
Less:				
Other State Restricted Funds.....	28,003,400	30,897,100	2,893,700	10.3
GENERAL FUND/GENERAL PURPOSE.....	45,916,200	42,373,600	(3,542,600)	(7.7)
PAYMENTS TO LOCALS	4,750,000	4,750,000	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation.....	\$84,462,200
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Changes from FY 2014-15 Year-to-Date:

- | | |
|---|-----------|
| 1. Pesticide and Plant Pest Management Division Increase. Governor recommended an increase in registration and inspection fees totaling \$1,220,000 restricted to enhance the surveillance of fertilizer and pesticide industry. | 1,220,000 |
| 2. Food Establishments. Governor recommended an increase in food establishment fees totaling \$1,514,000 restricted to increase inspections in an effort to improve food establishment compliance to food safety regulations. | 1,514,400 |
| 3. Commercial Feed Inspections. Governor recommended an increase in inspection fees totaling \$521,400 to enhance inspection activity. The current FY 2014-15 appropriation authority level for this support is adequate for this increase in restricted revenue to be expended. | 0 |
| 4. Geagley Laboratory Improvements. Governor recommended a one-time appropriation of \$500,000 GF/GP to replace outdated and unsupported equipment at the lab. | 500,000 |
| 5. Accounting Service Center. Governor recommended \$50,000 GF/GP to fully fund the accounting service center. | 50,000 |
| 6. Commercial Forestry Audit Program. Governor recommended elimination of \$150,000 GF/GP program. | (150,000) |

FY 2015-16 AGRICULTURE AND RURAL DEVELOPMENT BUDGET

7. Rural Development Value-Added Grant Program. Governor recommended elimination of the \$950,000 GF/GP grant program.	(950,000)
8. County Fairs Capitol Improvement Grants. Governor recommended a reduction in funding for the program of \$150,000 GF/GP, leaving the FY 2015-16 level at \$170,000 GF/GP.	(150,000)
9. Shows and Expositions Grants. Governor recommended the elimination of the \$50,000 GF/GP grants to agricultural exhibitors.	(50,000)
10. Removal of FY 2014-15 One-Time Funding. Governor recommended the elimination of one-time GF/GP funding for Food and Agriculture Industry Growth Initiative (\$2.0 million), Muskegon Farmers Market (\$200,000), and Ottawa County Agriculture Incubator (\$500,000).	(2,700,000)
11. Economic Adjustments. Includes a negative \$588,200 Gross and a negative \$329,400 GF/GP for OPEB and \$412,900 Gross and \$228,900 GF/GP for other economic adjustments.	(167,400)
12. Other Changes. Governor recommended non-GF/GP technical adjustments across various lines to reflect anticipated revenue and expenditure levels.	564,800
Total Changes	(\$318,200)
FY 2015-16 Governor's Recommendation	\$84,144,000

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Benchmarks.** Governor eliminated requirement that benchmarks be established to measure performance of new programs or program increases in excess of \$500,000. (Sec. 205)
2. **Retain Reports.** The Governor eliminated a requirement that all reports be kept and retained by MDARD. (Sec. 212)
3. **Disciplinary Action.** The Governor eliminated language prohibiting action against employee for communicating with legislative staff. (Sec. 215)
4. **Non Line-Item Grants.** The Governor removed a prohibition that all non line-item grants to non-profits, governments, or schools not be granted without prior notice to Legislature. (Sec. 302)
5. **Licensed Food Establishments.** Governor added NEW Section to require increased inspections of food establishments to improve monthly rate of regulatory compliance. (Sec. 401)
6. **TB Testing Costs.** Governor eliminated requirement that MDARD pay for all whole herd and individual TB testing in modified accredited zones. (Sec. 451)
7. **Animal Indemnification.** The Governor removed a requirement providing for animal indemnification for certain instances of death by wild animals. (Sec. 453)
8. **MDARD TB Collaboration with USDA.** The Governor amended language requiring cooperation to monitor TB by referencing a May, 2014 memorandum of understanding between the two. (Sec. 454)
9. **Animal ID.** The Governor removed prohibition of using electronic tags on anything other than cattle. (Sec. 456)
10. **TB Progress Report.** The Governor eliminated requirement for quarterly progress report on TB monitoring. (Sec. 457)
11. **Aquaculture.** The Governor eliminated requirement for inspections of aquaculture operations. (Sec. 458)
12. **Whole Herd TB Testing.** The Governor eliminated language prohibiting whole herds from being tested more often than every four years or not re-tested until all other county herds have been tested, except under certain circumstances. (Sec. 459)
13. **Pesticide and Plant Pest Management.** Governor added NEW language requiring improvements to perform proper surveillance of fertilizer and pesticide industries, including its use and storage according to regulations. (Sec. 501)

FY 2015-16 AGRICULTURE AND RURAL DEVELOPMENT BUDGET

14. **Conservation Districts.** Governor eliminated Section which provided guidelines for the allocation of appropriations to conservation districts. (Sec. 603)
15. **Funding Restriction.** The Governor eliminated language prohibiting the use of any other funds for administration or implementation of the Michigan Agriculture Environmental Assurance Program other than what is provided in its line. (Sec. 605)
16. **Intercounty Drains.** The Governor eliminated legislative intent that intercounty drain support be provided by MDARD and the requirement that the Department work with districts to find needed funding for administrative costs. (Sec. 607)
17. **Commercial Forestry Audit Program.** The Governor eliminated guideline language for a forest management evaluation program he recommends not be funded for FY 2015-16. (Sec. 609)
18. **Value-Added Grant Program.** The Governor eliminated guideline language for an agriculture economic development grant program he recommends not be funded for FY 2015-16. (Sec. 701)
19. **Development and Export Report.** The Governor eliminated a requirement for an annual report on MDARD development and export activities. (Sec. 706)
20. **Grape and Wine Report.** The Governor eliminated requirement for annual report on Grape and Wine Industry Council activities. (Sec. 709)
21. **Strategic Growth Initiative Grant Program.** The Governor amended guideline language by striking Section 711(7) which designated \$250,000 for a Michigan Tech regional partnership project. (Sec. 711)
22. **Equine Funds.** The Governor removed requirement that equine funds only be spent for equine purposes. (Sec. 801)
23. **Thoroughbred Purse Disbursement.** The Governor eliminated language providing for disbursement of thoroughbred purse funds in the event no races are held. (Sec. 803)
24. **Equine Regulatory Costs.** The Governor eliminated language which provided criteria for establishing equine regulatory costs. (Sec. 804)
25. **Shows and Exhibition Grants.** The Governor eliminated guideline language for a grant program he recommends not be funded for FY 2015-16. (Sec. 806)

Date Completed: 2-18-15

Fiscal Analyst: Bruce Baker

Senate Bill 122 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	513.5	518.5	5.0	1.0
GROSS	93,822,300	91,941,600	(1,880,700)	(2.0)
Less:				
Interdepartmental Grants Received	27,783,800	28,533,900	750,100	2.7
ADJUSTED GROSS	66,038,500	63,407,700	(2,630,800)	(4.0)
Less:				
Federal Funds	9,857,200	9,278,600	(578,600)	(5.9)
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	56,181,300	54,129,100	(2,052,200)	(3.7)
Less:				
Other State Restricted Funds	17,914,200	17,281,700	(632,500)	(3.5)
GENERAL FUND/GENERAL PURPOSE	38,267,100	36,847,400	(1,419,700)	(3.7)
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation	\$93,822,300
Changes from FY 2014-15 Year-to-Date:	
1. Removal of FY 2014-15 One-Time Funding. The Governor removed one-time funding of \$3.0 million GF/GP provided for sexual assault prosecution cases resulting from the backlog of rape kits in Wayne County.	(3,000,000)
2. Sexual Assault Law Enforcement. The Governor included funds for a new line item that provides funding for the prosecution of backlog sexual assault cases across out-State Michigan. Additional funding added 5.0 FTE positions for this function and is not related to the prior-year one-time funding for the backlog of cases in Wayne County.	1,700,000
3. Technical Adjustment to Align Expenditures. The Governor reduced IDG and restricted funding to better align the expenditures of the Department with the actual funds received from other departments for services provided by the Department of Attorney General.	(239,200)
4. Economic Adjustments. Includes a negative \$802,000 Gross and a negative \$294,000 GF/GP for OPEB and \$460,500 Gross and \$174,300 GF/GP for other economic adjustments.	(341,500)
Total Changes	(\$1,880,700)
FY 2015-16 Governor's Recommendation	\$91,941,600

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2014-15 general sections that applied to all General Government budgets to the Article for the Department of Attorney General. These sections include:
 - Report on total State spending for the Department. (Sec. 2-201)
 - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 2-202)
 - Definitions. (Sec. 2-203)
 - Requirement for Departments to maintain searchable websites. (Sec. 2-206)
 - Allowable use of the Internet to fulfill reporting requirements. (Sec. 2-208)
 - Buy American with a Michigan preference. (Sec. 2-209)
 - Required department to allow businesses in deprived and depressed communities to bid on contracts. (Sec. 2-210)
 - Report on out-of-state travel. (Sec. 2-216)
 - Department Scorecards. (Sec. 2-219)
 - Prohibition on outside legal services. (Sec. 2-226)
 - Restricted Revenue Report. (Sec. 2-227)
 - GF/GP Lapse Report. (Sec. 2-228)
2. **Prisoner Reimbursement Funds.** Provides that the Department may spend up to \$614,400 of prisoner reimbursement funds on activities related to the State Correctional Facilities Reimbursement Act. If the Department collects in excess of \$1,131,000, up to \$1,000,000 of that amount is appropriated and may be spent on representing the Department of Corrections and its officers, employees, and agents, including, but not limited to, the defense of civil actions filed by prisoners. **Governor:** reduced amount of prisoner reimbursement funds by \$2,500 to \$611,900 due to economic changes. (Current Law Sec. 309)
3. **Sexual Assault Law Enforcement Efforts. Governor:** added new language for sexual assault law enforcement efforts. Language requires the Department to use the funds for testing of backlogged sexual assault kits across the State. The purpose of this initiative is to eliminate all county sexual assault kit backlogs by the end of the fiscal year, assist local prosecutors with investigations and prosecutions of viable cases, and to provide victim services. (Gov. Sec. 2-316)

Date Completed: 2-18-15

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 122 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	132.0	129.0	(3.0)	(2.3)
GROSS	16,644,200	16,128,700	(515,500)	(3.1)
Less:				
Interdepartmental Grants Received	288,900	286,700	(2,200)	(0.8)
ADJUSTED GROSS	16,355,300	15,842,000	(513,300)	(3.1)
Less:				
Federal Funds	2,736,500	2,721,700	(14,800)	(0.5)
Local and Private	18,700	18,700	0	0.0
TOTAL STATE SPENDING	13,600,100	13,101,600	(498,500)	(3.7)
Less:				
Other State Restricted Funds	151,900	151,900	0	0.0
GENERAL FUND/GENERAL PURPOSE	13,448,200	12,949,700	(498,500)	(3.7)
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation	\$16,644,200
Changes from FY 2014-15 Year-to-Date:	
1. Unclassified Salaries. The Governor reduced funding for this line item to account for the unused portion of the funds.	(90,000)
2. Public Affairs Positon. The Governor eliminated funding for 1.0 FTE due to a vacant position.	(115,000)
3. Librarian Position. The Governor eliminated funding for 1.0 FTE due to a vacant position.	(105,000)
4. Executive Secretary Position. The Governor eliminated funding for 1.0 FTE due to a vacant position.	(90,000)
5. Economic Adjustments. Includes a negative \$157,900 Gross and a negative \$132,500 GF/GP for OPEB and \$42,400 Gross and \$34,000 GF/GP for other economic adjustments.	(115,500)
Total Changes	(\$515,500)
FY 2015-16 Governor's Recommendation	\$16,128,700

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2014-15 general sections that applied to all General Government budgets to the Article for the Department of Civil Rights. These sections include:
 - Report on total State spending for the Department. (Sec. 3-201)
 - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 3-202)
 - Definitions. (Sec. 3-203)
 - Requirement for Departments to maintain searchable websites. (Sec. 3-206)
 - Allowable use of the Internet to fulfill reporting requirements. (Sec. 3-208)
 - Buy American with a Michigan preference. (Sec. 3-209)
 - Required department to allow businesses in deprived and depressed communities to bid on contracts. (Sec. 3-210)
 - Report on out-of-state travel. (Sec. 3-216)
 - Department Scorecards. (Sec. 3-219)
 - Prohibition on outside legal services. (Sec. 3-226)
 - Restricted Revenue Report. (Sec. 3-227)
 - GF/GP Lapse Report. (Sec. 3-228)
2. **Department Report.** Requires a detailed report submitted by November 30 that covers the following items for the most recent fiscal year: detailed description of departmental operations; detailed description of all subunits in the department; responsibilities, positions, revenue, and spending for each subunit; number of complaints by type; average cost per complaint investigation and average investigative time spent per complaint; percent of complaints that are meritorious and worthy of investigation or settlement and the percentage of complaints that have no merit; list of amounts awarded to claimants; expenditures associated with complaint investigation and enforcement; complaint investigations closed per FTE for the past five years; complaint evaluations completed per FTE for the past 5 years; and productivity projections. **Governor:** eliminated section. (Current Law Sec. 404)
3. **Notifications Required Regarding Federal Reports or Complaints.** Requires the department to notify the Office of State Budget, Senate and House appropriations committees, and the Senate and House Fiscal Agencies prior to submitting a report or complaint to the United State Commission on Civil Rights or other Federal departments. **Governor:** eliminated section. (Current Law Sec. 405)

Date Completed: 2-18-15

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 117 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A
GROSS	364,724,900	393,825,600	29,100,700	8.0
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	364,724,900	393,825,600	29,100,700	8.0
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING.....	364,724,900	393,825,600	29,100,700	8.0
Less:				
Other State Restricted Funds.....	197,614,100	256,714,800	59,100,700	29.9
GENERAL FUND/GENERAL PURPOSE.....	167,110,800	137,110,800	(30,000,000)	(18.0)
PAYMENTS TO LOCALS	364,724,900	393,825,600	29,100,700	8.0

FY 2014-15 Year-to-Date Gross Appropriation	\$364,724,900
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Changes from FY 2014-15 Year-to-Date:

1. **Michigan Public School Employees Retirement System (MPERS) Rate Cap.** The Governor included \$17.2 million School Aid Fund (SAF) to continue funding the difference between the employer's capped contribution rate for unfunded accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contributions rate. MPERS reform legislation requires the State to pay the difference between these amounts. The FY 2015-16 amount totals \$69.5 million. 17,200,000
2. **Independent Part-Time Student Grants.** The Governor included \$6.0 million SAF to initiate a revised version of the Part-Time Independent Student Grants created by Public Act 102 of 1986. The grants were established to foster the pursuit of postsecondary education by part-time students who have financial need. The maximum grant was \$600 per year for not more than two 12-month periods at any given educational institution. The last year these grants received funding was in FY 2008-09 when grants totaled \$2.6 million. The Governor recommended amending Public Act 102 to revise the grant program by limiting grants to community college students, removing the \$600 limit and providing the Department of Treasury with the authority to set the limit each academic year, and changing the two-year limit for each student to three years. The Governor also included new language in the Community College budget (Sec. 215) encouraging community colleges to prioritize grant funds for aid to students who have enrolled in an academic program after not being enrolled for more than a semester or term, who have previously earned credits in an academic program, and who have not yet earned a certificate or degree. 6,000,000

3. Performance Funding. The Governor included a \$4.3 million SAF (1.4%) increase for community college operations distributed through a modified version of the Performance Indicators Task Force Formula that has been used in recent years. The Governor eliminated the Local Strategic Value portion of the formula which was previously used to distribute 15% of the formula allocations. The Governor transferred the 15.0% to the Weighted Degree portion of the formula, increasing that distribution from 17.5% of the formula to 32.5%. The Governor also added computer and information systems to the programs included in the highest weighted degree calculation. The Governor requires active participation in the Michigan Transfer Network as a new prerequisite to receive performance funding. <u>Table 1</u> includes details of allocations by college.	4,300,700
4. Renaissance Zone Reimbursements. Payments are made pursuant to Public Act 376 of 1996. The Act requires the State to reimburse a community college district each year for all tax revenue lost as a result of the exemption of property under the Act. The Governor increased funding from \$3.5 million to \$5.1 million based on current projections. The \$1.6 million increase is funded from the SAF.	1,600,000
5. Funding Shift. The Governor shifted \$30.0 million from the State General Fund to the SAF. This shift does not account for the proposed FY 2014-15 supplemental that would shift \$167.1 million from the State General Fund to the SAF, funding the entire FY 2014-15 Community College budget from the SAF. The Governor's FY 2015-16 recommendation for community colleges funds \$137.1 million of the budget from the State General Fund and \$256.7 from the SAF.	0
Total Changes.....	\$29,100,700
FY 2015-16 Governor's Recommendation.....	\$393,825,600

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Transparency.** Requires each community college to make available through links on its website homepage its annual operating budget, links to the most recent activities classification structure report, current collective bargaining agreements, health care plans, audits and financial reports, projected general fund revenue and expenditures and debt service obligations, estimated costs incurred due to Affordable Health Care Act (ACA), opportunities for earning college credit through dual enrollment and compliance with best practices. Includes certain format requirements consistent with K-12 reporting. Provides that the State Budget Director determines compliance and allows for withholding of State aid payments for noncompliance. The Governor eliminated estimated costs of ACA, Board of Trustees resolution regarding compliance with best practices, the State Budget Director's authority to withhold funds for failure to comply with transparency site requirements, and dual enrollment reporting requirements. (Sec. 209)
2. **Block Transfers.** (1) It is the intent of the Legislature that the Michigan Association of Collegiate Registrars and Admissions Officers implement any agreement or agreements among the community colleges and universities concerning the transferability of college courses resulting from the recommendations of the committee created under former section 210a. (2) It is the intent of the Legislature that the Michigan Association of Collegiate Registrars and Admissions Officers, the Michigan Community College Association, and the Presidents Council, State universities of Michigan shall together submit an implementation update report to the Senate and House Appropriations Subcommittees on Community Colleges and Higher Education, the Senate and House Fiscal Agencies, and the State Budget Director by March 1, 2015. The Governor removed the one-time reporting requirement and transferred the implementation requirement in (1) to a new Sec. 213 (2). (Sec. 210b)
3. **Independent Part-Time Student Grants.** The Governor included new language encouraging colleges to prioritize Independent Part-Time Student grants for aid to students who have enrolled in an academic program after not being enrolled for more than a semester or term, who have previously earned credits in an academic program, and who have not yet earned a certificate or degree. (Sec. 215)
4. **Associate Degree Report.** Requires community colleges to report to the Workforce Development Agency (WDA) the numbers and type of associate degrees and other certificates awarded during the previous fiscal year. The Governor added a sentence stating colleges shall work with the WDA and Center for Educational Performance and Information (CEPI) to develop a systematic approach for accomplishing this task. (Sec. 226)

5. **Performance Indicators Task Force.** Delineates formula used for FY 2014-15 based on 2006 recommendations of the Performance Indicators Task Force. Sets criteria for Local Strategic Value component of the formula and requires certification of compliance by each college through a board of trustees' resolution. The Governor eliminated the Local Strategic Value portion of formula and increased weighted degrees to 32.5 of formula distribution. The Governor also added a prerequisite that colleges must actively participate in and submit timely updates to the Michigan Transfer Network in order to receive performance funding.
6. **Deleted Provisions.** The Governor deleted: Anticipated appropriations for subsequent fiscal year (Sec. 201a); prohibits use of appropriations for construction or maintenance of self-liquidating projects and requires compliance with Section 238 if the Management and Budget Act and Joint Capital Outlay Subcommittee use and finance requirements -- includes penalty for noncompliance (Sec. 208); encourages community colleges to achieve efficiencies through collaborations (Sec. 212); one-time reporting requirement for ACS advisory committee ((Sec. 217) (4); prohibition on use of appropriations for purchase or lease of foreign automobiles (Sec. 227); and prohibition on disciplinary action against an employee for communicating with a member of the Legislature or legislative staff (Sec. 228). The Governor also removed legislative intent references in sections 210, 213, 222, and 229.

Date Completed: 2-17-15

Fiscal Analyst: Bill Bowerman

Table 1

FY 2015-16 COMMUNITY COLLEGE APPROPRIATIONS: GOVERNOR'S RECOMMENDATION										
College	FY 2014-15 Enacted	Non-Formula Adjustments ¹⁾	50% Proportionate to Base	32.5% Weighted Degree Formula	10.0% Student Contact Hours	7.5% Administrative Costs	Total Formula Distribution	Total Adjustments	Appropriation	Percent Change
Alpena	\$5,390,700		\$37,735	\$19,318	\$3,454	\$10,830	\$71,300	\$71,300	\$5,462,000	1.3%
Bay de Noc	5,419,500		37,937	20,474	4,477	5,865	68,800	68,800	5,488,300	1.3%
Delta	14,498,900		101,493	71,842	19,550	14,879	207,800	207,800	14,706,700	1.4%
Glen Oaks	2,516,100		17,613	16,355	2,404	917	37,300	37,300	2,553,400	1.5%
Gogebic	4,451,400		31,160	12,647	2,456	8,709	55,000	55,000	4,506,400	1.2%
Grand Rapids	17,947,500		125,633	58,467	30,047	14,905	229,100	229,100	18,176,600	1.3%
Henry Ford	21,623,800		151,367	62,611	28,941	10,023	252,900	252,900	21,876,700	1.2%
Jackson	12,087,300		84,612	48,962	10,885	10,763	155,200	155,200	12,242,500	1.3%
Kalamazoo Valley	12,503,100		87,522	68,888	19,277	16,131	191,800	191,800	12,694,900	1.5%
Kellogg	9,813,500		68,695	38,404	11,296	15,369	133,800	133,800	9,947,300	1.4%
Kirtland	3,167,700		22,174	20,354	3,442	10,591	56,600	56,600	3,224,300	1.8%
Lake Michigan	5,342,900		37,400	17,888	7,802	8,794	71,900	71,900	5,414,800	1.3%
Lansing	30,877,600		216,144	144,455	33,686	18,144	412,300	412,300	31,289,900	1.3%
Macomb	32,816,600		229,717	112,293	47,070	16,683	405,800	405,800	33,222,400	1.2%
Mid Michigan	4,682,000		32,774	29,516	7,758	9,420	79,500	79,500	4,761,500	1.7%
Monroe	4,492,900		31,450	19,164	6,832	14,709	72,200	72,200	4,565,100	1.6%
Montcalm	3,226,700		22,587	17,323	3,258	11,925	55,100	55,100	3,281,800	1.7%
Mott	15,686,100		109,803	69,719	20,632	14,696	214,800	214,800	15,900,900	1.4%
Muskegon	8,901,000		62,307	25,594	9,129	15,768	112,800	112,800	9,013,800	1.3%
North Central	3,172,400		22,207	11,140	4,429	13,138	50,900	50,900	3,223,300	1.6%
Northwestern	9,078,800		63,552	29,645	9,707	13,385	116,300	116,300	9,195,100	1.3%
Oakland	21,123,300		147,864	99,235	49,697	10,744	307,500	307,500	21,430,800	1.5%
St. Clair	7,061,600		49,431	24,815	8,154	10,630	93,000	93,000	7,154,600	1.3%
Schoolcraft	12,513,700		87,596	77,999	24,980	11,844	202,400	202,400	12,716,100	1.6%
Southwestern	6,576,400		46,035	19,832	5,506	5,210	76,600	76,600	6,653,000	1.2%
Washtenaw	13,077,300		91,542	122,114	24,612	14,435	252,700	252,700	13,330,000	1.9%
Wayne County	16,727,600		117,094	130,515	27,962	11,742	287,300	287,300	17,014,900	1.7%
West Shore	2,414,900		16,904	8,160	2,630	2,303	30,000	30,000	2,444,900	1.2%
Subtotal Operations	\$307,191,300	\$0	\$2,150,348	\$1,397,729	\$430,073	\$322,552	\$4,300,700	\$4,300,700	\$311,492,000	1.4%
Independent Pt-Time Student Grants	\$0	\$6,000,000						6,000,000	6,000,000	---
MPSERS Retiree Health Care	1,733,600	0						0	1,733,600	0.0%
MPSERS Reform Costs	52,300,000	17,200,000						17,200,000	69,500,000	32.9%
Ren. Zone Reimbursement	3,500,000	1,600,000						1,600,000	5,100,000	45.7%
Total Appropriations	\$364,724,900	\$24,800,000	\$2,150,348	\$1,397,729	\$430,073	\$322,552	\$4,300,700	\$29,100,700	\$393,825,600	8.0%
School Aid Fund	197,614,100	54,800,000	2,150,348	1,397,729	430,073	322,552	4,300,700	59,100,700	\$256,714,800	29.9%
GF/GP	\$167,110,800	(\$30,000,000)	\$0	\$0	\$0	\$0	\$0	(\$30,000,000)	\$137,110,800	(18.0%)
1) Non-Formula Adjustments include funding for Independent Part-Time Student Grants, cost increases for MPSERS Reform and Renaissance Zones; and a \$30.0 million funding shift from State General Fund to the School Aid Fund. The FY 2014-15 Enacted column does not reflect the pending FY 2014-15 supplemental that will shift \$167.1 million from GF/GP to the School Aid Fund, funding the entire FY 2014-15 Community College budget from the School Aid Fund.										

Senate Bill 118 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	3,648.1	3,677.1	29.0	0.8
GROSS	18,225,844,900	18,971,605,000	745,760,100	4.1
Less:				
Interdepartmental Grants Received	9,425,900	9,678,100	252,200	2.7
ADJUSTED GROSS	18,216,419,000	18,961,926,900	745,507,900	4.1
Less:				
Federal Funds	12,567,108,200	13,465,957,200	898,849,000	7.2
Local and Private	348,205,900	213,683,300	(134,522,600)	(38.6)
TOTAL STATE SPENDING	5,301,104,900	5,282,286,400	(18,818,500)	(0.4)
Less:				
Other State Restricted Funds	2,061,403,500	2,289,035,100	227,631,600	11.0
GENERAL FUND/GENERAL PURPOSE	3,239,701,400	2,993,251,300	(246,450,100)	(7.6)
PAYMENTS TO LOCALS	1,108,135,300	1,125,752,600	17,617,300	1.6

FY 2014-15 Year-to-Date Gross Appropriation	\$18,225,844,900
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Changes from FY 2014-15 Year-to-Date:

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|--|---------------|
| 1. Medicaid and State Children's Health Insurance Program (SCHIP) Match Rate. Governor reflected \$5.9 million in GF/GP savings from an increase in the Medicaid match rate from 65.54% to 65.60% and \$17.1 million in GF/GP savings from an increase in the SCHIP match rate from 75.88% to 98.92%. | 0 |
| 2. Other Fund Source Adjustments. Governor reflected expiration of \$60.9 million in Roads and Risks Reserve funding, \$21.2 million in reduced Tobacco Tax revenue, and an increase of \$6.5 million in Health Insurance Claims Assessment (HICA) revenue. | 0 |
| 3. Medicaid Base and Caseload. Due to a drop in the Medicaid caseload in late 2014, the Governor's budget reduced base funding by \$56.9 million GF/GP. | (184,028,100) |
| 4. Medicaid Expansion Base and Caseload. The Medicaid expansion, also known as the Healthy Michigan Plan, continued to see caseload growth. There is no GF/GP cost as the program is funded with 100% Federal funding through December 31, 2016. | 815,762,200 |
| 5. Changes in Federal Authorization. Governor reflected changes in Federal grants, in particular a \$50.0 million State Innovation Model grant that would help implement the State's Blueprint for Health Innovation. | 62,468,100 |

FY 2015-16 COMMUNITY HEALTH BUDGET

6. Actuarial Soundness Adjustments. Governor recognized the Federal requirement that Medicaid managed care rates be actuarially sound. Increases were proposed for behavioral health, physical health, and Medicaid expansion, at a cost of \$38.0 million GF/GP.	170,040,500
7. Technical Adjustments to Medicaid and Other Payments. Governor included adjustments to reflect increased public clinic adjustor payments, changes to special payments to State psychiatric hospitals, and the annualization of Medicaid primary care rates.	106,659,900
8. Programmatic Reductions. Governor proposed transferring managed care pharmaceutical to fee for service (savings \$16.8 million GF/GP), reducing hospital capital reimbursement (savings \$12.0 million GF/GP), reducing managed care lab reimbursement (savings \$10.9 million GF/GP), eliminating the outstate hospital obstetrics funding pool (savings \$3.8 million GF/GP), and eliminating the Real Alternatives pregnancy program (savings \$0.8 million GF/GP).	(143,070,900)
9. Program Enhancements. Governor proposed expanding Healthy Kids Dental to children ages 0-8 in Kent, Oakland, and Wayne Counties (cost \$7.9 million GF/GP), increasing adult dental reimbursement (cost \$7.5 million GF/GP), increasing Community Mental Health non-Medicaid funding by \$20.0 million GF/GP, and expanding Medicaid autism services to age 21 (cost of \$2.5 million GF/GP).	77,190,200
10. Change in How Facility Purchase of State Services (POSS) is Recognized. Governor transferred POSS funding from the Behavioral Health unit to the State facility line items. Instead of the State share of facility costs being provided to CMHs, the money would be reflected in the individual facility line items. While this adjustment leads to an ostensible reduction in Gross funding, the change would lead to the money only being reflected in the budget once; there would be no change in the money spent on State facilities or the level of services provided.	(139,465,600)
11. Statutory Changes to HICA. Governor proposed eliminating the cap on combined HICA and net GF/GP Use Tax revenue (GF/GP savings of \$17.3 million). Governor proposed increasing HICA rate from 0.75% to 1.3% (GF/GP savings of \$162.8 million). Both changes would require legislation.	0
12. Increase in Hospital Quality Assurance Assessment Program (QAAP) Tax to Fund Ongoing Programs. Governor proposed increasing the hospital QAAP rate to fund the graduate medical education program (GF/GP savings of \$63.5 million) and to fund the rural and sole community hospital pool (GF/GP savings of \$13.6 million).	0
13. One-time Funding. Governor included several one-time items (\$1.5 million for mental health commission recommendations, \$1.5 million for pay for success contracts, \$1.5 million for a drug policy initiative, and \$500,000 apiece for five University autism centers). Governor removed current year funding for mental health commission recommendations, autism services, the University of Detroit dental clinic, a Healthy Kids Dental computerization project, child and adolescent health funding, the statewide trauma system, a bone marrow registry, and the Senior Olympics.	(22,704,800)
14. Economic Adjustments. Includes a negative \$4,076,500 Gross and negative \$2,216,600 GF/GP for OPEB and \$3,469,000 Gross and \$1,984,500 GF/GP for other economic adjustments.	(607,500)
15. Other Changes. Other changes resulted in a small increase in expenditures.	3,516,100
Total Changes.....	\$745,760,100
FY 2015-16 Governor's Recommendation.....	\$18,971,605,000

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Performance Metrics.** Governor removed language requiring a report of benchmarks to measure performance for all new programs and program expansions with appropriations greater than \$500,000, as well as intent language that all new appropriations greater than \$500,000 include performance metrics. (Sec. 204)

2. **Communication with Department Staff.** Governor removed language prohibiting punishment of any employee for communicating with a legislator or legislative staffer. (Sec. 267)
3. **Legacy Costs.** Governor altered language to specify the legacy costs at \$49,623,700 for pension-related costs and \$37,801,400 for retiree health care costs for the year. (Sec. 297)
4. **Data Reporting by CMHs.** Governor deleted language requiring CMHs to report data to the Department and the Legislature on their expenditures and services. (Sec. 404)
5. **Mental Health Diversion Council Recommendations.** Governor altered language to appropriate \$4,825,000 from the Behavioral Health Administration line to address recommendations by the Council. (Sec. 495)
6. **Privatization of State Facility Food and Custodial Services.** Governor deleted language permitting the Department to bid out food and custodial services at State hospitals if certain conditions were met. (Sec. 608)
7. **Healthy Exercise Program Pilot.** Governor deleted language allocating \$1.0 million to establish a school children's healthy exercise program aimed at children grades K-8. Also requires that program sites provide a 20% match to receive funds. (Sec. 654)
8. **Free Health Clinic Funding.** Governor removed language directing \$250,000 in funding to be equally distributed to free health clinics throughout the State. (Sec. 712)
9. **Incentives for In-State Residencies.** Governor deleted language evaluating ways to incentivize medical students to serve their primary care residency in this State. (Sec. 715)
10. **Federal SIM Grant Funding.** Governor included new language directing State Innovation Model Grant funding be allocated to support the implementation of the health delivery system innovations. Also includes outcomes and performance measures. (Sec. 718)
11. **Report on Planned Allocations for Maternal and Child Programs.** Governor deleted language requiring a report on expenditures for local maternal and child health services, prenatal care outreach, pregnancy prevention, and family planning. (Sec. 1104)
12. **Mobile Dentistry Fees.** Governor included new language directing that fees collected for Mobile Dentistry be used to offset the cost of the program. (Sec. 1110)
13. **OB/GYN Lump Sum Payment.** Governor deleted language requiring a lump sum payment equal to \$830 for each obstetrical and newborn care case billed by hospitals in FY 2012-13, to hospitals which qualify for rural hospital access payments. (Sec. 1802)
14. **Graduate Medical Education.** Governor removed language directing the distribution of funds allocated for GME to encourage the training of physicians to meet future State needs, as well as allocating \$500,000 for the creation of a GME consortium, MiDocs, to develop new residency programs. (Secs. 1846 and 1870).
15. **Healthy Kids Dental.** Governor included new language to expand the Healthy Kids Dental Program to kids up to the age of 9, in Kent, Oakland, and Wayne counties. Also includes outcomes and performance measures. (Sec. 1894).
16. **Adult Dental Services.** Governor included new language requiring a contract with a managed care organization to administer the Medicaid adult dental benefit. Also includes outcomes and performance measures. (Sec. 1895)
17. **Diabetes Manifestation in Medicaid.** Governor removed language requiring reports on the prevalence of gestational diabetes in the Medicaid population and the Medicaid program performance on diabetes specific measures. Language would allocate up to \$35,000 contingent upon the receipt of matching private funds for the study on gestational diabetes. (Secs. 1896 and 1897)
18. **Drug Policy Initiatives.** Governor included new language requiring the development and implementation of a plan to address the problem of drug abuse. Also includes outcomes and performance measures. (Sec. 1907)

Date Completed: 2-18-15

Fiscal Analysts: Steve Angelotti and Ellyn Ackerman

Senate Bill 119 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	14,179.3	14,174.3	(5.0)	(0.0)
GROSS	2,040,521,700	1,976,226,000	(64,295,700)	(3.2)
Less:				
Interdepartmental Grants Received	225,000	225,000	0	0.0
ADJUSTED GROSS	2,040,296,700	1,976,001,000	(64,295,700)	(3.2)
Less:				
Federal Funds	5,081,000	5,568,700	487,700	9.6
Local and Private	8,547,700	8,533,200	(14,500)	(0.2)
TOTAL STATE SPENDING	2,026,668,000	1,961,899,100	(64,768,900)	(3.2)
Less:				
Other State Restricted Funds	45,869,600	42,950,700	(2,918,900)	(6.4)
GENERAL FUND/GENERAL PURPOSE	1,980,798,400	1,918,948,400	(61,850,000)	(3.1)
PAYMENTS TO LOCALS	115,714,000	114,323,600	(1,390,400)	(1.2)

FY 2014-15 Year-to-Date Gross Appropriation	\$2,040,521,700
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Changes from FY 2014-15 Year-to-Date:

- 1. Neal et al. Litigation Settlement Expiration.** Governor removed \$25.0 million GF/GP settlement payments with the Neal et al. civil case. (25,000,000)
- 2. Program and Special Equipment Fund Shift.** Governor shifted \$9.0 million of restricted funds to replace GF/GP for education and re-entry services to align budget priorities. (9,000,000)
- 3. Facility Operating Efficiencies.** Governor reduced funding for twenty-one facility line items to recognize facility operating savings as well as transportation logistics savings. (8,350,000)
- 4. Electronic Monitoring Center Savings.** Governor identified \$4.0 million in funds that can be eliminated by the State purchasing rather than leasing the GPS and radio tethers. (4,000,000)
- 5. Goodwill 'Flip the Script' Program Elimination.** Governor excluded program from budget proposal. (2,500,000)
- 6. One-time Funding Removal.** Governor cut one-time costs for education enhancements, field mobilization costs, and the 70 x 7 life recovery program. (2,085,900)
- 7. Kinross/Hiawatha Facility Swap.** Governor recognized \$2.0 million GF/GP savings from transition of prisoners from Kinross to the Hiawatha facility in the Upper Peninsula. (2,000,000)
- 8. IDG to DHS for Swift-and-Sure Withdrawal/Mental Health Pilot Relocation.** Governor withdrew \$1.0 million GF/GP in program funding from budget recommendation. (2,000,000)

FY 2015-16 CORRECTIONS BUDGET

9. Local Funding Reductions. Governor identified savings for county jail reimbursement program and re-entry local service providers through lapses and administrative efficiencies.	(1,750,000)
10. Economic Adjustments. Includes a negative \$14,406,000 Gross and a negative \$14,772,500 GF/GP for OPEB and \$9,153,100 Gross and \$9,608,400 GF/GP for other economic adjustments.	(5,252,900)
11. Other Changes. Governor reflected reduction in restricted revenue amounts.	(2,356,900)
Total Changes.....	(\$64,295,700)
FY 2015-16 Governor's Recommendation.....	\$1,976,226,000

Boilerplate Changes from FY 2014-15 Year-to-Date:

- Deletions.** The Governor proposed the elimination of the majority of the current-year boilerplate; the approximately fifty-eight Sections or subsections proposed for elimination include: 204, 206, 207, 212, 214, 232, 238, 239, 247, 304, 305, 402, 403, 404, 406, 407, 409, 411, 412, 413, 417, 418, 420, 421, 431, 434, 435, 436, 437, 504, 505, 508, 509, 510, 511, 601, 608, 611, 612, 615, 802, 803, 804(2), 805, 812, 814, 816, 904, 907, 911, 912, 913, 915, 937, 938, 940, 1011, 1051, and 1201. The deletions include a variety of reporting requirements, statements of legislative intent, and guidance on certain programs such as the LEAN program, Swift-and-Sure IDG to DHS, and the workforce development language.
- Definitions.** Fourteen definitions were eliminated from the bill, ranging from simple acronyms such as GED means "general educational development certificate", to broader definitions for concepts such as recidivism and cost per prisoner. Twenty-four definitions would remain in the bill with such terms as: full-time equivalent, offender target population, and serious mental illness.
- Program and Special Equipment Fee Language Change.** Governor changed name of fund from 'special equipment fund' to 'program and special equipment fund'. (Sec. 5-219)
- Contingency Funding Allowance Increase.** Governor increased the amount of State contingency funds allowed to be collected increased from \$5,000,000 to \$10,000,000 for the potential use for State restricted contingency if needed in FY 2015-16 in accordance with the program and special equipment fund shift. (Sec. 5-229(2))
- Updated Amounts for Total Legacy Costs.** Governor updated total legacy costs section, the pension-related costs are: \$188,628,700 and the retiree health care costs are: \$143,701,900. (Sec. 5-246)
- Changes to Offsite Inpatient Medical Care Reports.** Governor deleted reporting requirement concerning off-site inpatient medical care and average length of stay in off-site facilities. (Sec. 5-804(2))

Date Completed: 2-18-15

Fiscal Analyst: John P. Maxwell

Senate Bill 120 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	600.5	600.5	0.0	0.0
GROSS	287,096,100	313,212,200	26,116,100	9.1
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	287,096,100	313,212,200	26,116,100	9.1
Less:				
Federal Funds	189,473,500	218,583,400	29,109,900	15.4
Local and Private	7,567,000	7,667,000	100,000	1.3
TOTAL STATE SPENDING	90,055,600	86,961,800	(3,093,800)	(3.4)
Less:				
Other State Restricted Funds	7,972,600	7,669,600	(303,000)	(3.8)
GENERAL FUND/GENERAL PURPOSE	82,083,000	79,292,200	(2,790,800)	(3.4)
PAYMENTS TO LOCALS	15,776,000	15,176,000	(600,000)	(3.8)

FY 2014-15 Year-to-Date Gross Appropriation	\$287,096,100
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Changes from FY 2014-15 Year-to-Date:

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| 1. State Aid to Libraries. The Governor increased State aid to libraries by \$1.0 million to support operations and programs that support early childhood literacy. This is supported by GF/GP. | 1,000,000 |
| 2. Renaissance Zone Reimbursement. The Governor increased Renaissance Zone Reimbursements to libraries to ensure that the program is fully funded for FY 2015-16. This is supported by GF/GP. | 600,000 |
| 3. Educator Evaluations. The Governor turned \$900,000 in one-time appropriations into ongoing and increased this line item by an additional \$200,000. This is intended to provide support to schools that are implementing educator evaluations. This is all supported by GF/GP | 200,000 |
| 4. Child Development and Care. The Governor increased the Child Development and Care program due to an increase in Federal funds. This increase requires no additional GF/GP. Of the total, \$23.6 million is for public assistance to increase the eligibility threshold to 250% of poverty (\$1.5 million), create a 12-month continuous eligibility model (\$16.0 million), and provide higher reimbursement to higher quality program. The remaining \$5.6 million is going to external support to hire additional licensing consultants at the Department of Human Services (DHS). | 29,272,800 |
| 5. Private Gifts - Deaf. The Governor increased private gifts to the Michigan Schools for the Deaf and Blind due to an increase in private donations. | 100,000 |

FY 2015-16 DEPARTMENT OF EDUCATION BUDGET

6. Child Development and Care - Public Assistance. The Governor reduced the GF/GP in this line item due to a decrease in caseloads that resulted in GF/GP that is no longer being needed to support Federal funds.	(2,400,000)
7. MPSERS Payments to Libraries. The Governor transferred MPSERS payments for libraries to the School Aid budget, which reduced Gross as well as GF/GP.	(2,200,000)
8. Professional Preparation Services. The Governor reduced this line item due to a decrease in expected revenue from certification fees and was not replaced by other fund sources.	(289,200)
9. Economic Adjustments. Economic adjustments increased \$573,600 Gross and \$139,800 GF/GP. Also, included negative \$717,100 Gross and negative \$139,800 GF/GP for OPEB and negative \$15,900 Gross and negative \$4,100 GF/GP for other economic adjustments.	(159,400)
10. Other Changes. The Governor modified IDG payments to DHS (decreased Gross and Federal \$31,500) and the Department of Licensing and Regulatory Affairs (LARA) (increased Gross and GF/GP \$23,400) due to economic adjustments.	(8,100)
Total Changes	\$26,116,100
FY 2015-16 Governor's Recommendation	\$313,212,200

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Deleted Reporting Requirements.** The Governor deleted a number of sections that required various reports to the Legislature, which includes sexual misconduct report, retaining previous reports, benchmarks for new and expanded programs, notification before entering into contracts above \$1.0 million and NCLB changes, nonpublic school mandates, grant notifications, Child Development and Care program, and Early Childhood Investment Corporation. (Secs. 208, 218, 234, 235, 236, 901, 1001, and 1003)
2. **Deleted Library Sections.** The Governor deleted two sections that involve libraries. One requires the library unit to remain intact. The second specifies MPSERS payments to libraries, this was deleted due to this line item being transferred to the School Aid budget. (Secs. 803 and 805)
3. **Other Deleted Sections.** The Governor deleted a number of other sections. This includes protecting employees who communicate to the Legislature, requiring reports and information requests within 30 days, requiring RFI before an RFP for contracts above \$5.0 million, cap on the per diem line item, allowing substitute teaching to be used towards teacher certifications, and restrictions on the teacher evaluation line item. (Secs. 216, 220, 233, 302, 502, and 702)
4. **Michigan Schools for the Deaf and Blind.** The Governor added a section that allows the Michigan Schools for the Deaf and Blind low incident outreach program to carry forward unexpended restricted revenue that is collected throughout the year. (Sec. 408)
5. **Teacher Evaluations.** The Governor added a section that provides guidelines on how the education evaluation line item is to be expended. The funds are to be used to assist in implementing teacher evaluations in schools. (Sec. 703)
6. **State Aid to Libraries Increase.** The Governor added a section that provides guidelines on how those increases should be spent. The increases are for general operations and for programs that focus on early childhood literacy and 3rd grade reading proficiency. (Sec. 806)
7. **Child Development and Care Program.** The Governor added a section that provides guidelines on how increases in the program are to be used. The increases to the program are intended to increase access for low-income children to high-quality preschool to increase preparation to kindergarten entry and 3rd grade reading proficiencies. (Sec. 1004)
8. **Technical Adjustments.** The Governor made technical adjustments which include date changes, definition changes due to transferring out MPSERS payments to libraries, legacy costs adjustments (totals \$15.9 million for FY 2015-16), and payments to locals adjustments (totals \$15.2 million for FY 2015-16). (Secs. 201, 227, 231, and 804)

Date Completed: 2-19-15

Fiscal Analyst: Cory Savino

Senate Bill 121 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,284.5	1,221.0	(63.5)	(4.9)
GROSS	502,591,800	487,925,900	(14,665,900)	(2.9)
Less:				
Interdepartmental Grants Received	9,530,500	9,115,300	(415,200)	(4.4)
ADJUSTED GROSS	493,061,300	478,810,600	(14,250,700)	(2.9)
Less:				
Federal Funds	149,867,600	138,163,100	(11,704,500)	(7.8)
Local and Private	546,900	546,000	(900)	(0.2)
TOTAL STATE SPENDING	342,646,800	340,101,500	(2,545,300)	(0.7)
Less:				
Other State Restricted Funds	301,770,900	304,723,800	2,952,900	1.0
GENERAL FUND/GENERAL PURPOSE	40,875,900	35,377,700	(5,498,200)	(13.5)
PAYMENTS TO LOCALS	2,775,000	3,648,500	873,500	31.5

FY 2014-15 Year-to-Date Gross Appropriation	\$502,591,800
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Changes from FY 2014-15 Year-to-Date:

1. **Underground Storage Tank Authority.** The Governor included revenue from the Underground Storage Tank Cleanup Fund to provide monies to address privately-owned leaking underground storage tanks. This fund and program were created by Public Act 416 of 2014. The Fund receives the first \$20.0 million of the $\frac{7}{8}$ of a cent environmental regulatory fee paid on each gallon of refined petroleum products in Michigan. The remainder of that revenue is credited to the Refined Petroleum Fund, as all of this revenue had been before the enactment of this program. 20,000,000
2. **Refined Petroleum Product Cleanup Program.** The Governor included a reduction in this program from \$32.9 million in FY 2014-15 to \$20.0 million in FY 2015-16. Public Act 416 of 2014 redirected the first \$20.0 million in Refined Petroleum Fund (RPF) revenue, the sole support for this program, to a new fund that will be used to clean up leaking underground storage tanks on private property, rather than orphaned tanks, which is what this program covers. There is a sufficient balance in the RPF to partially offset the redirection of these funds, so the reduction the Governor included in this line is \$12.9 million rather than the full \$20.0 million. (12,900,000)

FY 2015-16 ENVIRONMENTAL QUALITY BUDGET

3. Air Quality Fee Increase. The Governor included additional Air Quality Fees revenue in anticipation of an increase in fees charged per ton of air emissions at regulated facilities. The current fee is \$47.95 per ton; the Governor's budget assumes an increase to \$65.00 per ton. The current fee raises about \$9.6 million per year, with this increase the fee would raise about \$11.9 million. Additional revenue would be used to expand the program and ensure that Federal and State requirements are met.	2,250,000
4. Fee Sunsets. The Governor's budget assumes that a number of fee sunsets are eliminated or delayed. Failure to address these sunsets would result in the loss of about \$27.1 million in revenue across a number of restricted funds in the DEQ budget.	0
5. Air Quality - Environmental Pollution Prevention Fund (EPPF). The Governor removed EPPF current revenue used to support the Air Quality Division. The Fund does not have revenues or a balance that allows for current-year appropriation levels to be maintained. This reduction would have a programmatic impact on the Air Quality Division and would result in the reduction of services, permit delays, or other outcomes.	(1,337,000)
6. Drinking Water Revolving Fund State Match. The Governor included a reduction for this program. The DEQ receives a 5:1 Federal match on State monies dedicated to this program which provides low-interest loans to municipalities for improvements to drinking water infrastructure. In addition to GF/GP, the DEQ also uses repayments from previous loans as matching funds. Between repayments and the \$2.05 million GF/GP that would be left in the program if this reduction were enacted, the DEQ should be able to leverage all available Federal funds.	(2,950,000)
7. Radiological Protection Program. The Governor included additional interdepartmental grant revenue from the Department of State Police to conduct Federally mandated radiological emergency preparedness exercises at Michigan's nuclear power plants. The funds used for these activities come from these power plants, and the cost of the exercises is anticipated to rise.	366,000
8. Clean Michigan Initiative Adjustments. The Governor included a number of adjustments to the Clean Michigan Initiative funds used in the DEQ budget. These adjustments reflect statutory requirements, fund availability, and expected Federal revenue.	(1,473,200)
9. Overstated Federal Authorization. The Governor reduced a number of line items to reflect lower-than-appropriated Federal receipts. Many of these items have been over-appropriated (appropriation exceeds size of actual Federal grant) for a number of years. These adjustments would bring appropriations to the level of expected revenue.	(10,907,000)
10. Technical Adjustments. The Governor included reductions in excess restricted fund appropriations in the Contaminated Site Investigation, Cleanup, and Revitalization line, restricted fund shifts in Oil, Gas, and Mineral Services, and an increase in authorization to reflect statutory changes in the Aquatic Nuisance Control Program.	(4,882,000)
11. Remove FY 2014-15 One-Time Appropriations.	(2,500,000)
12. Economic Adjustments. Includes a negative \$1,503,500 Gross and a negative \$241,100 GF/GP for OPEB and \$1,170,800 Gross and \$192,900 GF/GP for other economic adjustments.	(332,700)
Total Changes.....	(\$14,665,900)
FY 2015-16 Governor's Recommendation.....	\$487,925,900

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **New Program Benchmarks.** The Governor removed a section requiring any new or expanded programs over \$500,000 to have identified metrics. (Sec. 204)
2. **Report Retention.** The Governor removed a section requiring the Department to abide by State and Federal guidelines for record retention. (Sec. 207)
3. **Disciplinary Action.** The Governor removed a section prohibiting disciplinary action from being taken against employees who communicate with the Legislature. (Sec. 212)
4. **Small Business Rules.** The Governor removed a section prohibiting rules that have a disproportionate impact on small businesses. (Sec. 213)
5. **FTE Report.** The Governor removed a report on the number of FTEs in the Department after the beginning of the fiscal year. (Sec. 223)
6. **Customer Satisfaction Report.** The Governor removed a report on the customer satisfaction program. (Sec. 228)
7. **Expedited Permit Program Report.** The Governor removed a report on this program. (Sec. 229)
8. **Refined Petroleum Fund (RPF) Repayment.** The Governor removed a section establishing intent that \$70.0M borrowed from the Refined Petroleum Fund in FY 2006-07 be repaid. (Sec. 305)
9. **RPF Site List.** The Governor removed a list of sites to be funded with Refined Petroleum Fund revenue in part 1. (Sec. 306)
10. **Aquatic Nuisance Control (ANC) Program.** The Governor removed a section requiring \$700,000 and 5.0 FTEs to be allocated to this program. (Sec. 401)
11. **Water Quality and Use Initiative Report.** The Governor removed a report on the use of funds for this program. (Sec. 402)
12. **Air Quality Penalties.** The Governor removed a section prohibiting the Department from issuing additional penalties for violations committed by a facility's previous owner, unless compelled by a legal agreement. (Sec. 502)
13. **Increased Air Fees.** The Governor included a new section directing the Department to use increased funds for the Air Quality Program to increase compliance assistance, permitting, inspections, monitoring, and enforcement. The funds would assist with ensuring that Michigan meets National Ambient Air Quality Standards. (Sec. 501 of Gov's Rec.)
14. **Stormwater, Asset Management, and Wastewater (SAW) Grants Report.** The Governor removed section requiring a report on all previously awarded SAW grants. (Sec. 603)
15. **Environmental Pollution Prevention Fund (EPPF) Revenue Shortfall.** The Governor removed a section requiring EPPF appropriations to be used for the Hazardous Waste Management Program as a priority if EPPF revenues are not sufficient to cover all appropriations of the fund. (Sec. 604)
16. **FY 2015-16 Appropriation Intent.** The Governor removed two sections stating legislative intent for appropriations in FY16. (Secs. 1201 & 1202)

Date Completed: 2/17/15

Fiscal Analyst: Josh Sefton

Senate Bill 122 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	78.2	78.2		
GROSS	5,916,100	5,916,100	0.0	0.0
Less:			0	0.0
Interdepartmental Grants Received	0	0		
ADJUSTED GROSS	5,916,100	5,916,100	0	0.0
Less:			0	0.0
Federal Funds	0	0		
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	5,916,100	5,916,100	0	0.0
Less:			0	0.0
Other State Restricted Funds	0	0		
GENERAL FUND/GENERAL PURPOSE	5,916,100	5,916,100	0	0.0
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation	\$5,916,100
Changes from FY 2014-15 Year-to-Date:	
1. The Governor Recommended NO CHANGES from enacted FY 2014-15 budget.	0
Total Changes	0
FY 2015-16 Governor's Recommendation	\$5,916,100

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. There previously were no boilerplate sections for the Executive Office. The Governor added one general section listing the total State spending from State resources and the payments to local units of government. (Gov. Sec. 8-201)

Date Completed: 2-17-15

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 123 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A
GROSS	1,516,496,300	1,541,219,200	24,722,900	1.6
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,516,496,300	1,541,219,200	24,722,900	1.6
Less:				
Federal Funds	97,026,400	97,026,400	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	1,419,469,900	1,444,192,800	24,722,900	1.7
Less:				
Other State Restricted Funds	204,567,900	205,279,500	711,600	0.3
GENERAL FUND/GENERAL PURPOSE	1,214,902,000	1,238,913,300	24,011,300	2.0
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation	\$1,516,496,300
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Changes from FY 2014-15 Year-to-Date:

1. **University Operations Increase.** The Governor included a 2.0% increase for university operations funded by the State General Fund (GF/GP). In FY 2014-15, half of the funding increase was distributed across-the-board. The Governor eliminated the across-the-board distribution for FY 2015-16. The performance-based metrics from the previous year are maintained. The allocation based on students receiving Pell Grants is changed from the absolute number of students to the percentage of students at each institution that receive Pell Grants. Prerequisites to receiving performance funding are continued. Tuition restraint is set at 2.8%. Details of allocations by university are included in [Table 1](#). 26,799,100
2. **Michigan Public School Employees Retirement System (MPERS) Rate Cap.** The FY 2014-15 budget included \$2,446,200 (\$2.0 million GF/GP and \$446,200 School Aid Fund (SAF)) in ongoing appropriations for MPERS reimbursements. The Governor increases ongoing appropriations from \$2,446,200 to \$5,160,000 and shifts \$2.0 million from General Fund to the SAF, funding the entire FY 2015-16 appropriation with the SAF. (Note: there is a pending supplemental appropriation that would implement the \$2.0 million funding shift in FY 2014-15.)

FY 2015-16 HIGHER EDUCATION BUDGET

The Governor's proposal included implementing an employer's cap on contributions for MPERS unfunded accrued liability (UAL) payments (25.73% of payroll). This is similar to the cap that was implemented for K-12 and community college employers. The cap is based on FY 2011-12 UAL payments by MPERS universities. The affected universities include Central, Eastern, Ferris, Lake Superior, Michigan Tech, Northern, and Western. Payments by the State for the cap will increase from \$5.2 million in FY 2015-16 to \$10.3 million in FY 2035-36. Over that time period, the cost to the State is estimated at \$156.1 million.	2,713,800
3. MSU AgBioResearch. AgBioResearch performs agricultural research to promote efficient production, marketing, distribution, and use of farm products. AgBioResearch receives funds from the Federal government under the Hatch Act, as well as State appropriations and local and private revenue. Examples of research conducted include quality and yield-related properties of dry beans, production of leaner, low-fat meat products, and plant biotechnology. AgBioResearch and MSU Extension Services are partners with MSU in both Project GREEN (Generating Research and Extension to meet Economic and Environmental Needs) and the animal health diagnostic laboratory. The Governor included a 2.0% GF/GP increase for MSU AgBioResearch, increasing funding from \$32,027,900 to 32,668,500.	640,600
4. MSU Extension. MSU Extension Services identify and solve farm, home, and community problems through the practical application of Federal and State research findings. MSU Extension Services receives funds from the Federal government under the Smith-Lever Act and the Food and Agriculture Act, as well as State appropriations and local and private revenue. MSU Extension Services operates Michigan's Expanded Food and Nutrition Education Program (EFNEP), serves as a resource for youth 4-H programs, and provides information on family financial planning. The Governor included a 2.0% GF/GP increase for MSU Extension, increasing funding from \$27,581,100 to \$28,132,700.	551,600
5. Midwest Higher Education Compact Dues. Public Act 195 of 1990 allowed Michigan to join the Midwestern Higher Education Compact whose purpose is to provide greater Higher Education opportunities and services in the Midwestern region. The 12-member states of the Compact are: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, Ohio, and Wisconsin. Each member state appoints five commissioners to the Compact's governing body. The work of the Compact is financed through member state dues and foundation grants. This appropriation in the Higher Education bill is Michigan's annual dues payment. Examples of Compact projects are the Midwest Student Exchange Program, the Distributed Learning Workshop, and collaborations on computing, insurance, and telecommunications issues. The Governor increased the appropriation from \$95,000 to \$115,000 GF/GP.	20,000
6. Michigan College Access Network. The \$2.0 million GF/GP appropriation supports Michigan college access network operations, programming, and services to local college access networks. Local college access networks are community-based college access/success partnerships involved in increasing the college participation and completion rates within geographically defined communities through a coordinated strategy. Funds also support the Michigan college access portal, an online one-stop portal to help students and families plan and apply for college. The Governor transferred the program to the K-12 budget.	(2,000,000)
7. Indian Tuition Waiver. Public Act 174 of 1976 provides for free tuition for Michigan resident North American Indians who attend Michigan public community colleges, universities, and certain Federal tribally controlled community colleges. Since the waiver appropriations were rolled into the operations funding for each university in FY 1996-97, State appropriations have not kept pace with actual costs. In FY 2014-15, universities absorbed \$4.7 million of waiver costs. The FY 2014-15 budget included \$500,000 GF/GP to offset a portion of the shortfall. The Governor transferred the \$500,000 to university operations appropriations based on the number of students receiving waivers at each institution compared to that institution's total fiscal year equated students.	
8. Eliminate FY 2014-15 One-Time Funding. The Governor eliminated the FY 2014-15 one-time appropriation from the SAF for MPERS reimbursements.	(4,002,200)
Total Changes.....	\$24,722,900
FY 2015-16 Governor's Recommendation.....	\$1,541,219,200

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Payment Schedule.** Provides for distributions by the State Treasurer to the respective institutions in 11 equal monthly installments. Subjects payments to Section 265a (submitting HEIDI data). The Governor added compliance with Section 244 (submitting P-20 data to CEPI) as a condition for receiving monthly payments. (Sec. 241)
2. **Budget Transparency.** Posting of financial and other information on university websites. The Governor eliminated the State Budget Director's authority to determine compliance and dual enrollment reporting. (Sec. 245)
3. **MPSERS Reimbursement.** The Governor modified this section based on his proposal to cap the rate for UAL payments by MPSERS universities at 25.73%. Requires universities to use appropriations for MPSERS payments. (Sec. 246)
4. **State Tuition Grant Program.** The Governor changed the application deadline from July 1 to March 1 beginning with the 2015-2016 academic year; eliminated the carry-forward of unexpended grants; removed reporting of projected balances and changes reporting from twice a year to once a year; reduced limit on how much can be awarded to students at a single institution from \$3.2 million to \$3.0 million; and required institutions to provide P-20 Data for students to receive tuition grant awards beginning with September 30, 2016. (Sec. 252)
5. **Needs Analysis Criteria.** The Department of Treasury shall determine the needs analysis criteria for students to qualify for the State Competitive Scholarship Program and Tuition Grant Program. The Governor included Independent Part-Time Student Grant Program. (Sec. 255)
6. **Student Financial Aid Programs Report.** The Governor added programs included in Section 201. (Sec. 258)
7. **Common Application.** The Governor added a new section stating that a public university is encouraged to adopt the common application, managed by the common application, incorporated, to make postsecondary education more accessible to students in this State. (Sec. 260)
8. **Tuition Restraint.** The Governor set tuition restraint at 2.8%, removed university required health insurance costs from fee calculation, and included date revisions. (Sec. 265)
9. **Performance Funding Criteria.** The Governor maintained current prerequisites and requires "active" participation in Michigan Transfer Network and submission of timely updates. Formula changes include elimination of the across-the-board distribution from performance funding and adjusting allocations for other criteria, changing Pell portion of formula to distribution based on percentage of Pell students instead of absolute number, and eliminating intent statement to change improving scoring for Carnegie distributions to a value of one. (Sec. 265a)
10. **Indian Tuition Waiver.** The Governor removed legislative intent statement that funds be allocated from the General Fund for unfunded North American Indian tuition waiver costs incurred by public universities. The Governor also removed distribution of FY 2014-15 funds due to rolling the appropriation into university operation appropriations. A new provision was included stating universities shall provide to the Department of Civil Rights any information necessary for preparing the report required in this section. (Sec. 268)
11. **Deleted Provisions.** The Governor removed the following sections: intent regarding appropriations for the next fiscal year (Sec. 236a); purchase of foreign automobiles prohibition (Sec. 239a); provision stating the acceptance and use of Federal or private funds does not place an obligation upon the Legislature to continue the purposes for which the funds are made available (portion of Sec. 242); College Access Program (Sec. 259); intent regarding protection/preservation of U of M Douglas Lake Biological Station (Sec. 261); language stating intent that universities develop policies to minimize the cost of textbooks and course materials (Sec 262a); discouraged instruction activity (Sec. 271a); counseling degree programs/student's religious beliefs (Sec. 273); human embryonic stem cell research report (Sec. 274); legislative intent regarding adult co-resident health benefits (Sec. 274a); Yellow Ribbon GI Education Enhancement Program notice/reporting requirements (portion of Sec. 275); prohibits use of funds for the construction or maintenance of a self-liquidating project, requires compliance with Section 238 of 1984 PA 431 and JCOS use and finance requirements, and includes penalty provisions (Sec. 275a); and Federal Educational Rights & Privacy Act compliance (Sec. 293). The Governor also removed legislative intent references in sections 263a and 286.

Date Completed: 2-18-15

Fiscal Analyst: Bill Bowerman

Table 1

FY 2015-16 HIGHER EDUCATION APPROPRIATIONS: GOVERNOR'S RECOMMENDATION

University	FY 2014-15 Enacted	Critical Skills	Research & Development	Metrics based on Carnegie Peers	Total Formula Distribution	Other Changes ¹⁾	FY 2015-16 Gov's Rec.	\$ Change from FY 2014-15	Percent Change
Central	\$79,115,000	\$294,577	\$25,473	\$2,018,089	\$2,338,100	\$49,800	\$81,502,900	\$2,387,900	3.0%
Eastern	71,771,100	284,771	0	1,129,392	1,414,200	11,400	73,196,700	1,425,600	2.0%
Ferris	49,087,000	480,346	0	1,007,266	1,487,600	32,100	50,606,700	1,519,700	3.1%
Grand Valley	63,136,000	497,315	0	2,026,363	2,523,700	20,500	65,680,200	2,544,200	4.0%
Lake Superior	12,782,500	70,351	0	179,450	249,800	215,000	13,247,300	464,800	3.6%
Michigan State	264,429,100	1,044,335	738,626	3,369,621	5,152,600	8,800	269,590,500	5,161,400	2.0%
Michigan Tech	45,923,100	340,557	120,687	508,752	970,000	14,900	46,908,000	984,900	2.1%
Northern	44,277,200	199,998	0	716,125	916,100	61,100	45,254,400	977,200	2.2%
Oakland	48,364,100	418,792	23,133	1,207,172	1,649,100	7,800	50,021,000	1,656,900	3.4%
Saginaw Valley	27,610,200	164,209	0	334,618	498,800	11,400	28,120,400	510,200	1.8%
UM-Ann Arbor	295,174,100	1,119,470	1,676,268	2,900,654	5,696,400	4,400	300,874,900	5,700,800	1.9%
UM-Dearborn	23,689,300	155,364	0	239,349	394,700	11,700	24,095,700	406,400	1.7%
UM-Flint	21,337,700	194,206	0	347,855	542,100	21,900	21,901,700	564,000	2.6%
Wayne State	190,519,800	281,117	349,675	462,555	1,093,300	10,100	191,623,200	1,103,400	0.6%
Western	102,742,000	409,947	43,815	1,418,805	1,872,600	19,100	104,633,700	1,891,700	1.8%
Subtotal Univ. Operations	\$1,339,958,200	\$5,955,355	\$2,977,677	\$17,866,066	\$26,799,100	\$500,000	\$1,367,257,300	\$27,299,100	2.0%
MPERS Reimbursement	2,446,200				0	2,713,800	5,160,000	2,713,800	110.9%
MPERS Reimburs (FY15 one-time)	4,002,200					(4,002,200)	0	(4,002,200)	(100.0%)
MSU AgBioResearch	32,027,900					640,600	32,668,500	640,600	2.0%
MSU Extension	27,581,100					551,600	28,132,700	551,600	2.0%
Higher Education Database	200,000					0	200,000	0	0.0%
Midwest Higher Ed Compact	95,000					20,000	115,000	20,000	21.1%
King-Chavez-Parks	2,691,500					0	2,691,500	0	0.0%
College Access Program	2,000,000					(2,000,000)	0	(2,000,000)	(100.0%)
Total Universities	\$1,411,002,100	\$5,955,355	\$2,977,677	\$17,866,066	\$26,799,100	(\$1,576,200)	\$1,436,225,000	\$25,222,900	1.8%
School Aid Fund	204,467,900	0	0	0	0	\$711,600	205,179,500	\$711,600	0.3%
State GF/GP	1,206,534,200	\$5,955,355	\$2,977,677	\$17,866,066	\$26,799,100	(\$2,287,800)	\$1,231,045,500	\$24,511,300	2.0%
Grants and Financial Aid									
State Comp. Scholarships	18,361,700					\$0	\$18,361,700	\$0	0.0%
Tuition Grants	33,532,500					0	33,532,500	0	0.0%
Tuition Incentive Program (TIP)	48,500,000					0	48,500,000	0	0.0%
Children Vets & Officers Tuition	1,400,000					0	1,400,000	0	0.0%
Project Gear-Up	3,200,000					0	3,200,000	0	0.0%
No. Amer. Indian Tuition Waiver	500,000					(500,000)	0	(500,000)	(100.0%)
Total Grants/Financial Aid	105,494,200					(500,000)	\$104,994,200	\$0	0.0%
Federal Higher Ed Act	3,200,000					0	3,200,000	0	0.0%
Federal TANF	93,826,400					0	93,826,400	0	0.0%
Veterans Tax Check-off	100,000					0	100,000	0	0.0%
State GF/GP	8,367,800					(\$500,000)	\$7,867,800	(\$500,000)	(6.0%)
HIGHER EDUCATION SUMMARY									
TOTAL ALL FUNDS	\$1,516,496,300	\$5,955,355	\$2,977,677	\$17,866,066	\$26,799,100	(\$2,076,200)	\$1,541,219,200	\$25,222,900	1.7%
TOTAL FEDERAL	97,026,400	0	0	0	0	0	97,026,400	0	0.0%
TOTAL STATE RESTRICTED	204,567,900	0	0	0	0	711,600	205,279,500	711,600	0.3%
TOTAL STATE GF/GP	\$1,214,902,000	\$5,955,355	\$2,977,677	\$17,866,066	\$26,799,100	(\$2,787,800)	\$1,238,913,300	\$24,011,300	2.0%

¹⁾ Other Changes Column: MPERS adjustments and funding shift, roll Indian Tuition Waiver funding into University Operation appropriations, increase MSU AgBioResearch and MSU Extension, dues increase for Midwest Higher Education Compact, and transfer Michigan College Access Program to K-12 budget.

Senate Bill 124 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	12,221.5	12,037.9	(183.6)	(1.5)
GROSS	5,755,174,700	5,734,326,500	(20,848,200)	(0.4)
Less:				
Interdepartmental Grants Received	21,545,900	24,260,300	2,714,400	12.6
ADJUSTED GROSS	5,733,628,800	5,710,066,200	(23,562,600)	(0.4)
Less:				
Federal Funds	4,551,275,200	4,542,043,600	(9,231,600)	(0.2)
Local and Private	60,663,600	71,798,200	11,134,600	18.4
TOTAL STATE SPENDING	1,121,690,000	1,096,224,400	(25,465,600)	(2.3)
Less:				
Other State Restricted Funds	126,237,400	117,333,400	(8,904,000)	(7.1)
GENERAL FUND/GENERAL PURPOSE	995,452,600	978,891,000	(16,561,600)	(1.7)
PAYMENTS TO LOCALS	97,343,300	97,088,300	(255,000)	(0.3)

FY 2014-15 Year-to-Date Gross Appropriation	\$5,755,174,700
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Changes from FY 2014-15 Year-to-Date:

- | | |
|--|-------------|
| 1. Investment: Child Care Licensing Consultants. Governor included Federal funding for an additional 39.0 FTEs to meet Federal program standards. | 5,661,500 |
| 2. Investment: Donated Funds Positions. Governor included Federal, Local, and Private funding for 200.0 FTE eligibility workers for Medicaid and public assistance determination. | 20,551,200 |
| 3. Michigan Rehabilitation Services (MRS). Partially restored a reduction in the FY 2014-15 budget and provided funding for the minimum wage increase. | 1,371,700 |
| 4. Guardian Contract. Recognized increased costs associated with guardianship assistance for adult clients. More counties require attorney rather than caseworker representation. | 50,000 |
| 5. Vital Statistics Expenses. Recognized increased costs to retrieve vital statistics from the Department of Community Health. | 300,000 |
| 6. Administrative Hearing Costs. Recognized indirect costs for administrative hearings. | 851,400 |
| 7. Disability Determination and Fraud Prevention. Recognized GF/GP savings from Cooperative Disability Investigation (CDI) expansion and consolidation of Disability Determination Services, and an increased IDG for Retirement Disability services. | 85,900 |
| 8. Modified Settlement Agreement (MSA). Increased charges from the MSA monitor. | 260,000 |
| 9. Remove \$3 Administrative Rate Increase. Eliminated a temporary rate increase from \$37 to \$40 for private child placing agencies. | (5,142,400) |

FY 2015-16 HUMAN SERVICES BUDGET

10. Private Residential Facility Rate Increase. Eliminated a temporary rate increase for private residential facilities.	(3,655,300)
11. Cost Share for Foster Care Case Assignment. Reinstated the 50-50 cost share between the counties and State for the \$37 administrative rate for private child placing agencies.	(1,650,000)
12. Redetermined Adoption Assistance. Retained \$1.0 million for redetermined subsidies for special needs adopted children.	(6,900,000)
13. Grants for In-Home Juvenile Justice Programs. Retained \$400,000 for grants.	(600,000)
14. Parent-to-Parent Program. Eliminated peer mentoring program for adoptive parents.	(500,000)
15. Swift-and-Sure Program with MRS. Eliminated IDG from the Department of Corrections.	(3,000,000)
16. Centers for Independent Living. Reduced funding for pilot program and expansion.	(1,500,000)
17. School Success Partnership for NEMCSA. Eliminated program.	(300,000)
18. JJ Vision 20/20 Project. Eliminated program.	(1,000,000)
19. Child Support. Required cooperation with child support for public assistance eligibility.	(900,300)
20. Close Local Offices. Recognized savings from Rent and Building Occupancy Charges.	(5,331,000)
21. Automated Asset Test. Eliminated automated asset tests for eligibility determination.	(5,000,000)
22. Electronic Notifications. Reduce paper notifications for MiBridges and MICSES clients.	(2,865,000)
23. Extended Family Independence Program (EFIP). Eliminated \$10 per month program.	(116,400)
24. Short-Term Family Support. Eliminated \$1,513 payment that served 40 cases annually.	(726,200)
25. SSI Advocates. Eliminated 8.0 FTEs due to Disability Determination Services consolidation.	(795,800)
26. PATH Coordinators. Reduced welfare-to-work coordinators by 9.0 FTEs.	(1,002,400)
27. Peer Coaches. Reduced non-MSA child welfare services workers by 10.0 FTEs.	(1,035,700)
28. Recoupment Positions. Reduced positions by 1.0 FTE.	(124,100)
29. Non-Family Independence Specialists (FIS). Reclassified positions at a lower pay rate.	(550,000)
30. Travel Reimbursements. Reduced travel reimbursements for child welfare staff training.	(300,000)
31. Child Welfare Training Institute. Recognized prior year funding lapse.	(100,000)
32. Laptops for Executives. Eliminated 52 laptops for executives who also have a tablet.	(85,900)
33. W.J. Maxey Training School. Recognized prior year funding lapse.	(400,000)
34. Child Welfare Caseload Adjustments. Adjusted baseline projections.	(1,426,400)
35. Public Assistance Caseload Adjustments. Adjusted baseline projections.	8,163,500
36. One-Time Appropriations. Removed FY 2014-15 one-time funding. Included new funding for employment and training services pilot program (\$800,000 Gross and \$400,000 GF/GP).	(4,350,000)
37. Budgetary Savings. Annualized a reduction of 332.0 FTEs in FY 2014-15.	(6,296,800)
38. Economic Adjustments. Includes a negative \$12,598,400 Gross and negative \$4,061,900 GF/GP for OPEB and \$10,119,700 Gross and \$3,321,100 GF/GP for other economic adjustments.	(2,478,700)
39. Other Changes. Restructure of budget bill, FMAP adjustment to 65.60%, program and legislative transfers, align FTE counts with actual appropriations.	(11,000)
Total Changes.....	(\$20,848,200)
FY 2015-16 Governor's Recommendation.....	\$5,734,326,500

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Internet Reporting.** New language allowed the Department to fulfill the reporting requirement either through email, the internet, or intranet. (Sec. 208)
2. **Terminal Leave Pay Outs.** New language required spending to align with Gross appropriation in the line. (Sec. 316)
3. **Child Care Licensing Consultants.** New language required the Department to pay for additional Child Care Licensing Consultants from an IDG from the Michigan Department of Education. (Sec. 317)
4. **Donated Funds Positions.** New language increased the outstationed eligibility specialists to staff adult placement and independent living settings, health clinics, hospitals with high uncompensated care, and other sites. (Sec. 752)
5. **General Reporting Requirements.** Several sections updated the list of agencies receiving boilerplate reports or a report deadline. (Secs. 215, 274, 279, 505, 523, 583, and 677)
6. **FTE Reporting.** Removed language requiring monthly FTE count, annual supervisor-to-staff ratio, and evaluations. (Secs. 214, 298, and 563)
7. **Notifications.** Removed language requiring notification of contract and policy changes, RFI and RFP processes, e-verify, and penalty clause for late reports. (Secs. 222, 226, 228, 240, 291, and 295)
8. **Workgroups.** Removed workgroups for low-income transportation services, TANF utilization in Michigan Works!, assisted living services, and Medicaid. (Secs. 227, 229, 315, and 603)
9. **Disciplinary Action.** Removed language prohibiting disciplinary action against a Department staff member who communicates with the Legislature. (Sec. 264)
10. **Michigan Rehabilitation Services (MRS).** Removed language on MRS audit and reporting, and the order of selection for services. (Secs. 403 and 405)
11. **Foster Care.** Removed language requiring a report on mental health exams for foster children, restrictions on out-of-state placements, treatment foster care, placements, medication, guardianship assistance, court training, parent visitations, and a medical passport. (Secs. 511, 513, 519, 537, 540, 547, 560, 564, 565, 566, and 567)
12. **Private Agency Rates.** Removed increases for administrative rate and residential services. (Sec. 546)
13. **Foster Care Case Assignment.** Removed language requiring the Department to pay 100% of the administrative rate for child placing agencies. (Sec. 589)
14. **Private Child Welfare Agencies.** Removed language on facility and license reviews, payment standards, and training. (Secs. 525, 532, 533, 558, and 585)
15. **Redetermined Adoption Assistance.** Removed language to provide redetermined subsidies for special needs adopted children. (Sec. 556)
16. **Performance Based Contracting.** Removed language describing a prospective payment system for child welfare services. (Sec. 503)
17. **Medicaid.** Removed language requiring a report of foster care children who had a break in Medicaid coverage, and changed Medicaid eligibility determination standard of promptness from 60 to 90 days. (Secs. 506 and 620)
18. **Kent County Privatization.** Replaced current language with revised reporting requirements. (Sec. 515)
19. **Adoption.** Removed language requiring a minimum adoption rate for adoptive parents. (Sec. 568)
20. **Swift-and-Sure Program.** Removed language for an interdepartmental grant from the Department of Corrections to carry out the Swift-and-Sure prisoner re-entry program through MRS. (Sec. 407)
21. **Marriage and Family Language.** Removed language on marriage and family initiatives. (Secs. 293, 415, and 416)
22. **Elder Abuse Prosecuting Attorneys.** Removed language defining two elder abuse prosecuting attorneys, and changed the entity responsible for the report to the Department. (Sec. 420)
23. **Juvenile Justice.** Removed language on type I transfer, residential contract terms, Medicaid waiver, JJ Vision 20/20, behavioral study, notification of closure, and occupancy. (Secs. 592, 701, 702, 703, 711, 719, and 721)

FY 2015-16 HUMAN SERVICES BUDGET

- 24. **Public Assistance.** Removed language on refugees, LEIN report, disability redeterminations, SSI, travel, EFIP, Bridge card fraud, statistics, and weatherization. (Secs. 612, 617, 622, 625, 626, 657, 672, 686, 1105, 1106, and 1107)
- 25. **Program Benchmarks.** Removed reporting requirement on new or expanded programs over \$500,000. (Sec. 206)
- 26. **Donated Funds Positions.** Revised current language and added new language on the program. (Secs. 750 and 752)
- 27. **Other Programs.** Removed an appropriation for the CILs, workers on wheels, secondary trauma pilot, parent-to-parent, in-home care, task force, technology, school success partnership, and one-time appropriations. (Secs. 404, 424, 509, 559, 587, 590, 1001, 1108, 1201, 1202, 1203, 1204, and 1205)

Date Completed: 2-18-15

Fiscal Analyst: Frances Carley

Senate Bill 125 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	337.0	337.0	0.0	0.0
GROSS	65,189,700	65,057,700	(132,000)	(0.2)
Less:				
Interdepartmental Grants Received	707,600	707,600	0	0.0
ADJUSTED GROSS	64,482,100	64,350,100	(132,000)	(0.2)
Less:				
Federal Funds	2,000,000	2,000,000	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	62,482,100	62,350,100	(132,000)	(0.2)
Less:				
Other State Restricted Funds	62,427,100	62,200,100	(227,000)	(0.4)
GENERAL FUND/GENERAL PURPOSE	55,000	150,000	95,000	172.7
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation	\$65,189,700
Changes from FY 2014-15 Year-to-Date:	
1. Healthy Michigan Plan Reporting. The Governor included \$150,000 GF/GP for the executive director program to administer reporting requirements under Medicaid expansion regarding evidence on rate changes. In FY 2014-15, \$55,000 GF/GP was appropriated to this program to create a baseline report. According to the Department, the cost of this program going forward has increased as more in-depth analysis is required in reports subsequent to the baseline report.	95,000
2. Michigan Business One Stop (MBOS) Reduction. The Governor reduced IT funding due to decreased costs. The Department previously paid for MBOS portal services for online license applications. Since the Department started issuing licenses directly from its own website, this service was no longer needed.	(78,500)
3. Economic Adjustments. Includes a negative \$446,100 Gross and \$0 GF/GP for OPEB and \$297,600 Gross and \$0 GF/GP for other economic adjustments.	(148,500)
Total Changes	(132,000)
FY 2015-16 Governor's Recommendation	65,057,700

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Benchmarks and Performance Measurement.** The Governor deleted a requirement for the Department to measure performance relating to expenditures for programs over \$0.5 million, and report on proposed benchmarks. (Sec. 205)
2. **Record Retention.** The Governor deleted a requirement regarding retaining copies of reports in compliance with Federal and State guidelines for short-term and long-term record retention. (Sec. 212)
3. **Disciplinary Action.** The Governor deleted a prohibition against the Department taking disciplinary action against an employee for communicating with a member of the Legislature or legislative staff. (Sec. 215)
4. **Office Space Reporting.** The Governor deleted a requirement that the Department submit a report regarding the amount of office space square footage paid for and actually used by the department. (Sec. 219)
5. **Television and Radio Productions.** The Governor deleted a prohibition against the Department developing or producing any television or radio productions. (Sec. 232)
6. **Full-time Equated Positions: Spending and Reporting.** The Governor deleted a section which stated that it is the Legislature's intent that: 1) appropriations are properly accounted for, and 2) that full-time equated positions are not to be used as placeholders for spending in other parts of budgets. The section also required an annual report to the Legislature that details full-time equated position data. (Sec. 240)
7. **Economic Development Report.** The Governor deleted requirement for the Department to submit a report to the Legislature indicating funds spent and full-time positions used, and a plan for ongoing and future efforts, regarding support of economic development of the insurance or financial industries. (Sec. 310)
8. **Autism Coverage Fund.** The Governor deleted reporting requirements regarding Autism Coverage Fund reimbursements to carriers for autism diagnosis and treatment. (Sec. 802)

Date Completed: 2-18-15

Fiscal Analyst: Glenn Steffens

Senate Bill 126 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	488.0	487.0	(1.0)	(0.2)
GROSS.....	287,767,600	283,901,300	(3,866,300)	(1.3)
Less:				
Interdepartmental Grants Received	2,364,400	2,362,900	(1,500)	(0.1)
ADJUSTED GROSS	285,403,200	281,538,400	(3,864,800)	(1.4)
Less:				
Federal Funds.....	6,437,400	6,428,600	(8,800)	(0.1)
Local and Private	8,185,900	8,171,900	(14,000)	(0.2)
TOTAL STATE SPENDING	270,779,900	266,937,900	(3,842,000)	(1.4)
Less:				
Other State Restricted Funds	84,252,500	84,245,700	(6,800)	(0.0)
GENERAL FUND/GENERAL PURPOSE	186,527,400	182,692,200	(3,835,200)	(2.1)
PAYMENTS TO LOCALS	139,407,400	136,329,400	(3,078,000)	(2.2)

FY 2014-15 Year-to-Date Gross Appropriation	\$287,767,600
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Changes from FY 2014-15 Year-to-Date:

- Swift-and-Sure Program Reduction.** Governor reduced the Swift-and-Sure sanction program by \$2.5 million GF/GP due to lapsed program balance. (2,500,000)
- Mental Health Courts and Diversion Services Decrease.** Governor cut \$0.5 million GF/GP funding by decreasing the funding to Mental Health Courts from lapsed balance. (500,000)
- Elimination of Trial Court Innovation Fund.** Governor removed one-time funding program. (375,000)
- Judgeship Attrition Savings.** In accordance with the 2013 Judicial Resource Recommendation, the Legislature passed a package of bills reducing approximately 40 judgeships by attrition; associated with these reductions the Governor reflected \$351,800 GF/GP savings that will be achieved by the attrition of 10.0 judgeships. (351,800)
- Operating Expense Efficiencies.** The Governor's proposed savings through operating efficiencies and anticipated FTE departures or vacant position which would not be filled. (130,600)
- Removal of Community Court Pilot Program.** Governor ended the funding of this pilot project. (20,000)
- Court Equity Fund Reduction.** Governor reduced funding to realize savings by decline in funds available for distribution. (19,400)
- Economic Adjustments.** Includes a negative \$576,000 Gross adjustment and a negative \$464,500 GF/GP for OPEB and \$606,500 Gross and \$526,100 GF/GP for other economic adjustments. 30,500

Total Changes.....	(\$3,866,300)
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FY 2015-16 Governor's Recommendation.....	\$283,901,300
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Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language Sections were not included: 204, 205, 207, 209, 211, 212, 225, 306, 309, 310, 312, 318, 320, 321, 323, and 1201. Most were proposed to be deleted in last year's Governor's Recommendation but were subsequently added back by the Legislature. The subjects of these Sections included not taking disciplinary action against an employee for communicating with the Legislature; public notice for foster care case changes and explanation of foster care plan changes; statistical tracking of adjudicated juveniles; interagency program linkage for swift-and-sure; records retention process; performance measure report; assistance to local trial courts in improving judgment collection; reporting requirements for mental health courts, drug court evaluation and monitoring, the Parental Rights Restoration Act, and out-of-state placements of juveniles; the creation of a legal self-help website; and a section dealing with legislative intent concerning appropriations process.
2. **Definitions.** The Governor eliminated a number of definitions for Federal agencies as well as some terms specific to appropriations. (Sec. 11-203)
3. **Legacy Costs Reporting.** Governor updated total legacy costs section, the Judiciary pension-related costs are: \$7,772,600 and the Judiciary retiree health care costs are: \$5,950,700. (Sec. 11-224)

Date Completed: 2-18-15

Fiscal Analyst: John P. Maxwell

Senate Bill 122 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS.....	154,089,300	159,304,800	5,215,500	3.4
Less:				
Interdepartmental Grants Received	5,220,700	5,392,800	172,100	3.3
ADJUSTED GROSS	148,868,600	153,912,000	5,043,400	3.4
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	400,000	400,000	0	0.0
TOTAL STATE SPENDING	148,468,600	153,512,000	5,043,400	3.4
Less:				
Other State Restricted Funds	6,110,600	6,179,600	69,000	1.1
GENERAL FUND/GENERAL PURPOSE	142,358,000	147,332,400	4,974,400	3.5
PAYMENTS TO LOCALS	0	0	0	0.0
FY 2014-15 Year-to-Date Gross Appropriation			\$154,089,300	
Changes from FY 2014-15 Year-to-Date:				
1. Auditor General Adjustment. Governor recommended a 3.5% overall increase for Auditor General operations.			681,700	
2. Legislative Adjustment. The Governor increased overall funding for the Legislature by a total of 3.5%. The Senate received an increase of \$1.2 million overall while the House received an overall increase of \$1.8 million. The House and Senate Fiscal Agencies received an increase of \$125,300 each. The Legislative Council received an increase of \$521,500 while the Retirement System received an increase of \$148,500. The Farnum Building and the Cora Anderson House Building received increases totaling \$466,500. Finally, the Governor included additional funding of \$199,600 for the State Capitol Historic Site line item (\$139,600 for general operations and \$60,000 for restoration, renewal and maintenance).			4,533,800	
Total Changes.....			\$5,215,500	
FY 2015-16 Governor's Recommendation.....			\$159,304,800	

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2014-15 general sections that applied to all General Government budgets to the Article for the Legislature. These sections include:
 - Report on total State spending for the Department. (Sec. 12-201)
 - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 12-202)
 - Definitions. (Sec. 12-203)
2. **Capitol Historic Site Fund.** Language states that the appropriation in Part 1 from the Capitol Historic Site Fund does not take effect unless Enrolled Senate Bill 678 of the 97th Legislature is enacted into law. **Governor:** eliminated section. (Current Law Sec. 609)
3. **Legislative Retirement System.** Intent language states that all administrative functions and associated funding for the Michigan Legislative Retirement System shall be transferred to DTMB by the end of FY 2014-15. **Governor:** eliminated section. (Current Law Sec. 618)
4. **IT Auditors.** Language states that \$400,000 may be used to hire up to 10 additional auditors to perform audits of the State's most critical IT systems and services. **Governor:** eliminated section. (Current Law Sec. 625)

Date Completed: 2-17-15

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 127 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,820.3	2,820.3	0.0	0.0
GROSS.....	542,588,200	545,605,900	3,017,700	0.6
Less:				
Interdepartmental Grants Received	14,509,800	15,754,900	1,245,100	8.6
ADJUSTED GROSS	528,078,400	529,851,000	1,772,600	0.3
Less:				
Federal Funds.....	200,624,800	200,388,700	(236,100)	(0.1)
Local and Private	968,300	990,300	22,000	2.3
TOTAL STATE SPENDING	326,485,300	328,472,000	1,986,700	0.6
Less:				
Other State Restricted Funds	286,351,500	304,248,600	17,897,100	6.3
GENERAL FUND/GENERAL PURPOSE	40,133,800	24,223,400	(15,910,400)	(39.6)
PAYMENTS TO LOCALS	28,225,700	30,936,900	2,711,200	9.6

FY 2014-15 Year-to-Date Gross Appropriation	\$542,588,200
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Changes from FY 2014-15 Year-to-Date:

- Career Technology and Skilled Trades Initiative.** The Governor recommended a new State-wide initiative intended to increase technical and skilled trades education and training opportunities. LARA's portion of the initiative would be funded primarily from penalties and interest collected by the Unemployment Insurance Agency. The program would provide skilled trades training, an at-risk youth program, funding for Michigan Advanced Technical Training, re-employment opportunities, and support for new Americans. 15,600,000
- Eliminate Fee Sunsets.** The Governor's budget is predicated on the delay or elimination or delay of sunsets on 49 fees collected throughout the department. In total these fees generate about \$17.5 million annually. 0
- Retail Liquor License Fee Increase.** The Governor proposed increases to the fees paid for retail liquor licenses. The proposal would increase fees by 50% for three years, and then reduce that increase by half afterward. For example, a fee that is currently \$600 would be increased to \$900 for three years, and then be reduced to \$750 in subsequent years. The Department has indicated that in the last several years fund balances that had sustained the Liquor Control Commission for a number of years have been spent. 5,262,900
- Health Care Facility Inspection Fee Increase.** The Governor proposed a general increase on inspection fees for health care facilities as well as a move to a triennial inspection schedule. In total the increase would raise about \$1.3 million each year, but as these fees have been over-appropriated in the current and prior year budgets, no increase in appropriations would be necessary. 0

5. Unemployment Insurance Agency (UIA) - Restore Use of Penalty & Interest Revenue. The UIA has used Penalty and Interest Account revenue to fund operations for the last few years as Federal revenues have declined. In the FY 2014-15 budget, \$18.0 million was appropriated as one-time. For FY 2015-16 the Governor has recommended to appropriate these funds on an ongoing basis.	18,000,000
6. Information Technology. The Governor removed \$2.1 million to reflect the end of support for the Michigan Business One-Stop, but partially offset this reduction with a \$1.8 million increase in Information Technology to reflect ongoing upgrades to the Licensing and Corporation Database.	(327,900)
7. Bureau of Health Care Systems GF/GP Reduction. The Governor reduced GF/GP appropriations for the Bureau. It is anticipated that this reduction would result in no programmatic changes as savings will be realized via lapses, holding positions vacant, or other savings measures. The Governor's budget contains a total of \$64.1 million for the Bureau.	(200,000)
8. Fund Shifts. The Governor included two fund shifts: The first would remove \$112,500 in GF/GP from the Workers' Compensation Agency and replace it with Corporations Fees. The second shift would remove \$900,000 (half Federal and half GF/GP) from the Michigan Administrative Hearing System and replace it with an interdepartmental grant from the Department of Community Health.	0
9. Remove FY 2014-15 One-Time Appropriations.	(33,700,000)
10. Technical Adjustments. The Governor recommended making a number of technical adjustments throughout the LARA budget. These adjustments include: \$407,200 in increased interdepartmental grant appropriations for the Michigan Administrative Hearing System, a \$69,300 increase to reflect the elimination of the METRO Authority under the recent personal property tax reforms, and a \$200,000 reduction to Utility Consumer Representation Grants to reflect available revenue.	276,500
11. Economic Adjustments. Includes a negative \$3,093,800 Gross and a negative \$74,500 GF/GP for OPEB and \$1,200,000 Gross and \$26,600 GF/GP for other economic adjustments.	(1,893,800)
Total Changes.....	\$3,017,700
FY 2015-16 Governor's Recommendation.....	\$545,605,900

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **New Program Benchmarks.** The Governor removed a section requiring any new or expanded programs over \$500,000 to have identified metrics. (Sec. 205)
2. **Liquor Control Commission IT Work Project.** The Governor removed a section identifying appropriations for Liquor Control Commission IT Upgrades as a work project. (Sec. 211)
3. **Report Retention.** The Governor removed language requiring that report retention guidelines be followed. (Sec. 212)
4. **Communication with the Legislature.** The Governor removed a prohibition on taking disciplinary action against employees who communicate with the Legislature. (Sec. 215)
5. **Office Space Report.** The Governor removed a report on the utilization of office space. (Sec. 219)
6. **FTEs as Spending Placeholders.** The Governor removed a section prohibiting the use of FTEs as spending placeholders. The section also required a report on the number of FTEs in the Department. (Sec. 240)
7. **Special Event Fee Report.** The Governor removed a report requirement for revenues the Department receives from holding trainings and other special events. (Sec. 241(5))
8. **Reinventing Performance in Michigan (RPM) Costs.** The Governor removed a section requiring the Department to work with other agencies participating in the RPM program to help cover the Department's costs. (Sec. 243)

9. **Healthy Michigan Plan Accounting.** The Governor removed a section requiring the Department to work with the Department of Community Health to identify any expenditures related to the Healthy Michigan Plan. (Sec. 245)
10. **Licensing and Regulatory Program Report.** The Governor removed a section requiring a detailed activity report on most of the Department's programs. (Sec. 248)
11. **Prefund OPEB.** The Governor removed a statement of intent that OPEB costs continue to be prefunded. (Sec. 250)
12. **Homeowner Construction Lien Fund Appropriation.** The Governor removed a report on the remaining balance in this fund. (Sec. 505[2])
13. **Nursing Facility Complaint Report.** The Governor removed a report on the number of complaints, investigations, and frequently-cited deficiencies at nursing facilities. (Sec. 506)
14. **Medical Marihuana Program Report.** The Governor modified a report requirement containing various metrics related to the Medical Marihuana Program. The revised section does not specify particular metrics. (Sec. 507[1][a]-[i] & 507[2])
15. **Bureau of Health Care Services.** The Governor removed a report on facilities regulated by the Bureau. (Sec. 509)
16. **Freestanding Surgical Outpatient Facilities.** The Governor removed the earmark of \$530,000 for the inspection and licensing of these facilities. (Sec. 510)
17. **Health Professional Disciplinary Actions.** The Governor removed a requirement that disciplinary actions be posted on the online license verification website, and that \$200,000 be allocated for this purpose. (Sec. 512)
18. **Unemployment Insurance Agency (UIA) Integrated System Project Report.** The Governor removed a section requiring quarterly status reports on this IT project. (Sec. 702)
19. **MARVIN Usage.** The Governor removed a section requiring a report on usage of the UIA's MARVIN system and establishing a goal of 80% usage of the Internet MARVIN system. (Sec. 703)
20. **BSBP Matching Funds.** The Governor removed a requirement that the Bureau of Services for Blind Persons work collaboratively to maximize available Federal matching dollars. (Sec. 705)
21. **Tax Tribunal Report.** The Governor removed a report on the activities of the Tax Tribunal. (Sec. 801)
22. **Unemployment Insurance Agency Metrics.** The Governor included a new section requiring that increased funds for the UIA be used for maintaining customer service standards, and that metrics be identified to measure the success of those efforts. (Sec. 904 of Gov's Rec.)
23. **Career Technology and Skilled Trades Initiative Metrics.** The Governor included a new section requiring that funds for this program be used to expand workforce training and re-employment services, and that metrics be identified to measure the success of the program. (Sec. 905 of Gov's Rec.)

Date Completed: 2/17/15

Fiscal Analyst: Josh Sefton

Senate Bill 128 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	889.5	888.5	(1.0)	(0.1)
GROSS.....	166,943,700	163,953,700	(2,990,000)	(1.8)
Less:				
Interdepartmental Grants Received	100,000	99,300	(700)	(0.7)
ADJUSTED GROSS	166,843,700	163,854,400	(2,989,300)	(1.8)
Less:				
Federal Funds.....	90,362,800	90,208,600	(154,200)	(0.2)
Local and Private	2,240,000	2,237,000	(3,000)	(0.1)
TOTAL STATE SPENDING	74,240,900	71,408,800	(2,832,100)	(3.8)
Less:				
Other State Restricted Funds	25,086,400	23,221,500	(1,864,900)	(7.4)
GENERAL FUND/GENERAL PURPOSE	49,154,500	48,187,300	(967,200)	(2.0)
PAYMENTS TO LOCALS	100,000	102,400	2,400	2.4

FY 2014-15 Year-to-Date Gross Appropriation	\$166,943,700
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Changes from FY 2014-15 Year-to-Date:

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| 1. Training Sites Billeting Fund. Governor recommended \$1.5 million in restricted spending authority to accept charges on visitors who use lodging facilities at Camp Grayling or Fort Custer to pay for ongoing operational cost at those housing facilities. | 1,500,000 |
| 2. Veterans Home Funding Shortfall. Governor recommended supplanting \$3.3 million in member assessment revenue, down due in part to declining member census, with \$3.3 million GF/GP to offset this projected loss and fully fund the homes' operations. | 0 |
| 3. Veterans Coalition Grant for Veterans Outreach Services. Governor recommended reducing the amount available to the Michigan Veterans Coalition by \$429,000 GF/GP. | (429,000) |
| 4. Elimination of Analyst Position. Governor recommended elimination of a vacant partnership analyst for a savings of \$117,000 GF/GP. | (117,300) |
| 5. Departmentwide Savings. Governor recommended efficiencies of \$100,000 GF/GP within contractual services, supplies and maintenance. | (100,000) |
| 6. Training Site Fire Protection. Governor recommended a reduction of \$100,000 GF/GP in fire support for Fort Custer and Alpena to reflect Federal policies. | (100,000) |
| 7. FY 2014-15 One-Time Appropriations. Governor recommended eliminating FY 2014-15 one-time appropriations for National Guard Tuition Assistance Program Reserve (\$400,000 GF/GP) and Special Maintenance - Veterans Home (\$3.0 million GF/GP). | (3,400,000) |
| 8. Economic Adjustments. Includes a negative \$885,900 Gross and a negative \$252,200 GF/GP for OPEB and \$477,800 Gross and \$110,700 GF/GP for other economic adjustments. | (393,700) |

9. Other Changes. Governor recommended a technical adjustment to reflect non-GF/GP revenue received.	50,000
Total Changes.....	(\$2,990,000)
FY 2015-16 Governor's Recommendation.....	\$163,953,700

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Definitions Section.** Governor removed several definitions including those for "DOD," "DVA," "DVA-VHA," "HFCA," "HHS," "IDG," "Large Veterans Organization," "Medium Veterans Organization," "Small Veterans Organization," "Subcommittees", and added definitions for "USDVA" and "USDVA-VHA." (Sec. 203)
2. **Incoming IDGs.** Governor struck language listing all incoming IDGs to the DMVA budget. (Sec. 204)
3. **Federal DOD-DOA-NGB Support.** Governor struck section stating various Federal DOD-DOA-NGB funding to be received by DMVA. (Sec. 205a)
4. **Federal DVA-VHA Support.** Governor struck section stating various Federal DVA-VHA funding to be received by DMVA. (Sec. 205b)
5. **Federal HHS-HCFA, Medicare Support.** Governor struck section stating various Federal HHS-HCFA, Medicare funding to be received by DMVA. (Sec. 205c)
6. **Federal HHS-HCFA, Title XIX, Medicaid Support.** Governor struck section stating various Federal HHS-HCFA, Title XIX, Medicaid funding to be received by DMVA. (Sec. 205d)
7. **Retain Reports.** Governor eliminated requirement for all reports be kept and retained by DMVA. (Sec. 212)
8. **Disciplinary Action.** Governor eliminated language prohibiting action against employee who communicates with the Legislature. (Sec. 215)
9. **Schedule of Programs.** Governor struck subsection stating that schedule of programs listed in Part 1 may or may not receive funding from the unit sources listed. (Sec. 216)
10. **Efficiencies.** Governor removed language outlining priorities for finding DMVA budgetary efficiencies. (Sec. 217)
11. **Contractual Services Guidelines.** Governor struck language requiring bids for contractual services not exclude public employee unions from bid process. (Sec. 227)
12. **Sale of Property.** Governor struck requirement to give 60-day notice prior to announcement to sell property. (Sec. 233)
13. **Unclassified Positions Listing.** Governor removed language listing unclassified positions and requiring notice when a new position is created. (Sec. 300)
14. **Administrative Support.** Governor removed section requiring administrative support for various DMVA functions. (Sec. 301)
15. **Armories and Joint Force Readiness.** Governor amended section by eliminating language which contained numerous legal citations and detailed reporting requirements with more general language requiring leadership over armory operations, a measurement system of armory conditions and a quarterly report on the status of armories. (Sec. 302)
16. **Training Facilities and Airbases.** Governor amended language by removing a requirement for a quarterly report. (Sec. 304)
17. **Starbase Educational Program.** Governor struck boilerplate, which describes program and requires program offerings at Selfridge, Battle Creek, and Alpena Bases. (Sec. 309)
18. **National Guard Tuition Assistance Program.** Governor amended section to remove existing metric performance requirements and other language concerning program guidelines which are now in statutory law. (Sec. 310)
19. **Information Technology.** Governor removed boilerplate which provides for IDG pass-through billing for technology services supplied by DTMB. (Sec. 311)
20. **Billeting Charges.** Governor added NEW boilerplate language which describes creation of a revolving account to accept payment from overnight visitors to Fort Custer and Camp Grayling, with the proceeds to be used for maintenance and operations costs of housing those visitors. An annual report is also required. (Sec. 312)

21. **Michigan Veterans Affairs Agency (MVAA).** Governor amended this section by adding a requirement that the MVAA report benefit claims submitted to the USVA by coalition partner veterans service officers and by striking a requirement that a five-member advisory board of VSO members be created. (Sec. 400)
22. **Veterans Service Grants.** Governor amended language by striking a metric requirement that a minimum of 6,240 hours of service be provided in State correctional facilities. (Sec. 406)
23. **State Veterans Homes.** Governor amended language concerning the Grand Rapids and D.J. Jacobetti Veterans Homes by combining separate sections (and language) dedicated to each (Secs. 501 and 503) into a single boilerplate section. Stricken from the language was reference to legal citations, a listing of the number of licensed beds, specific medical staffing standards, requirements for transportation, laundry and custodial services, individual medical and care assessment, a prohibition against funding be used for any other purpose than for the homes, requirements for hiring contractual nurses' assistants, and a requirement that the homes ensure they will meet a minimum standard of 2.5 patient care hours per patient each day, seven days a week. Governor also added language requiring the DMVA to provide results of annual USDVA survey and certification as proof of compliance to standards of care. Separate boilerplate sections concerning the homes' Board of Managers (Secs. 502 and 504) were also combined into one section under the Governor's Recommendation, but with language unchanged. (Secs. 501- 504)
24. **FY 2014-15 One-Time Appropriations.** Governor recommended removing language concerning FY 2014-15 one-time appropriations, including a section on Special Maintenance-Veterans Home (Sec. 701) and National Guard Tuition Assistance Program - Reserve. (Sec. 702) (Secs. 701 and 702)
25. **FY 2015-16 Appropriations.** Governor eliminated language requiring the MVAA to provide the percentage of veterans contacted, with a goal of 100% (Sec. 1202) and that the MVAA maintain a minimum 50% of fully developed claims of the veterans it serves. (Sec. 1203) (Secs. 1202 and 1203)

Date Completed: 2-19-15

Fiscal Analyst: Bruce Baker

Senate Bill 129 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,222.3	2,219.8	(2.5)	(0.1)
GROSS.....	384,685,400	389,494,200	4,808,800	1.3
Less:				
Interdepartmental Grants Received	1,355,100	1,352,700	(2,400)	(0.2)
ADJUSTED GROSS	383,330,300	388,141,500	4,811,200	1.3
Less:				
Federal Funds.....	67,954,500	76,028,000	8,073,500	11.9
Local and Private	10,286,300	8,157,700	(2,128,600)	(20.7)
TOTAL STATE SPENDING	305,089,500	303,955,800	(1,133,700)	(0.4)
Less:				
Other State Restricted Funds	256,498,000	264,183,000	7,685,000	3.0
GENERAL FUND/GENERAL PURPOSE	48,591,500	39,772,800	(8,818,700)	(18.1)
PAYMENTS TO LOCALS	5,123,500	5,548,400	424,900	8.3

FY 2014-15 Year-to-Date Gross Appropriation	\$384,685,400
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Changes from FY 2014-15 Year-to-Date:

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| 1. Forestry Investment. The Governor included additional one-time Forest Development Fund revenues for the purchase of new forestry equipment and for development of the Vegetative Management System. | 4,000,000 |
| 2. Shooting Range Enhancement. The Governor included one-time funds for improvements to shooting ranges. Several counties (Ontonagon, Livingston, Jackson, Oakland, Alpena, Presque Isle, Allegan, Marquette, St. Clair, Alger, Barry, Crawford, and Roscommon) were identified as priority counties for these enhancements. | 4,000,000 |
| 3. Wildlife Management. The Governor included additional Federal authorization in this program. The DNR currently has Federal Pittman-Robertson grant money from increased gun and ammunition sales and does not have sufficient appropriation authority to spend those funds. | 2,155,000 |
| 4. Nonmotorized Trail Initiative. The Governor included a GF/GP reduction to this item. Four lines would be impacted: \$900,000 from Nonmotorized Trail Development and Maintenance Grants, \$150,000 from Forest Recreation and Trails, \$50,000 from Mackinac Island State Park Operations, and \$50,000 from Michigan Historical Center. | (1,150,000) |
| 5. Cormorant Population Mitigation Program. The Governor eliminated funding for this program which provides funding for harassment and other cormorant management activities. | (150,000) |

FY 2015-16 NATURAL RESOURCES BUDGET

6. Remove FY 2014-15 One-Time Appropriations. The Governor removed \$4.75 million in designated one-time appropriations from FY15. Also removed were ongoing appropriations for a new fisheries research vessel and the expansion of the Hart-Montague trail as these projects will have sufficient funding for their completion in FY 2014-15.	(7,280,000)
7. Recreation Passport Local Grants. The Governor included additional one-time amounts for recreation grants to local units of government. A sufficient fund balance is available to support this appropriation.	500,000
8. Capital Outlay. The Governor removed several FY 2014-15 waterways and recreation projects totaling \$4.2 million, and included several new ones totaling \$4.5 million.	270,500
9. Fisheries Habitat Improvement Grants. The Governor included increased Game and Fish Protection Fund revenues to support these grants. Fund revenue is available due to the Great Lakes Research Vessel having sufficient appropriations in FY 2014-15 and not needing support in FY 2015-16.	500,000
10. Increased Off-Road Vehicle (ORV) Fee Revenue. The Governor included additional ORV Trail Improvement Fund revenue to a number of line items. This increase reflects increased ORV fee revenue from the ORV fee increase that took effect in 2014.	984,200
11. State Parks - Belle Isle Subaccount. The Governor included additional Park Improvement Account revenue from the Belle Isle Subaccount. The Subaccount is required pursuant to the Belle Isle lease agreement which requires funds derived from the operation of Belle Isle Park to be tracked separately from other State park revenue.	1,000,000
12. State Parks Repair and Maintenance - Fund Shift. The Governor included a fund shift which would remove \$1.5 GF/GP from this line, and replace it with State Parks Endowment Fund revenue. There is a sufficient spendable balance in this fund to support this fund shift.	0
13. Technical Revenue Adjustments. The Governor included a number of adjustments throughout the budget to reflect cost changes and the availability of funds.	312,800
14. Economic Adjustments. Includes a negative \$2,117,100 Gross and a negative \$237,600 GF/GP for OPEB and \$1,783,400 Gross and \$248,900 GF/GP for other economic adjustments.	(333,700)
Total Changes.....	\$4,808,800
FY 2015-16 Governor's Recommendation.....	\$389,494,200

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **New Program Benchmarks.** The Governor removed a section requiring any new or expanded programs over \$500,000 to have identified metrics. (Sec. 204)
2. **Communication with the Legislature.** The Governor removed a prohibition on taking disciplinary action against employees who communicate with the Legislature. (Sec. 212)
3. **Report Retention.** The Governor removed language requiring that report retention guidelines be followed. (Sec. 217)
4. **Waterways Report.** The Governor removed a report on projects completed during the fiscal year. (Sec. 223)
5. **Michigan Civilian Conservation Corps.** The Governor removed a section requiring the DNR to work with the MCCC steering committee to plan for a MCCC outside of State government. (Sec. 250)
6. **Land Transaction Report.** The Governor removed a report on land transactions from the previous year. (Sec. 408)
7. **Federal Wildlife Management Fund Increase.** The Governor included a new section requiring that increased levels of Federal funds be used for the restoration, conservation, management, and enhancement of wildlife habitat. (Sec. 501 of Gov's Rec.)
8. **Invasive Species Order Report.** The Governor removed a report on invasive species order actions taken against swine raised under the husbandry of Michigan residents. (Sec. 503)

9. **Cervid Fee Report.** The Governor removed a report on the use of Cervid registration/inspection fees. (Sec. 504)
10. **Water Control Structure Certification.** The Governor removed a prohibition on impeding the certification of water control structures. (Sec. 602)
11. **Cormorant Report.** The Governor removed a quarterly report on Cormorant control efforts. (Sec. 603)
12. **Recreation Opportunities.** The Governor removed a requirement that the Legislature be notified of any intent to reduce recreation opportunities. (Sec. 702)
13. **Pure Michigan Trails.** The Governor removed a section earmarking \$200,000 for the Pure Michigan Trails program. (Sec. 704)
14. **Forest Management Funding Increase.** The Governor included a new section requiring that increased levels of Forest Development Fund appropriations be used for strategic investments in technology and equipment. (Sec. 801 of Gov's Rec.)
15. **Timber Marking.** The Governor removed two sections that prescribed minimum amounts of timber to be prepared and marked for harvest, and that a sufficient number of foresters be hired to do so. (Secs. 802 & 805)
16. **Horseback Interests.** The Governor removed a requirement that the DNR work with horseback interests. (Sec. 804)
17. **Gas and Oil Lease Development.** The Governor removed section requiring the DNR to develop a plan to motivate gas and oil lessees to undertake warranted new operations. (Sec. 808)
18. **Snowmobile Law Enforcement.** The Governor removed criteria for how these grants are distributed. (Sec. 901)
19. **Marine Safety Grant Report.** The Governor removed a report on these grants and funds used for them. (Sec. 902)
20. **ORV Trail Improvement Grants.** The Governor removed a requirement that at least \$980,000 of these grants be used for new trails. (Sec. 1002)
21. **Saginaw River.** The Senate included a feasibility study of deepening the Saginaw River. (Sec. 1201)
22. **FY 2015-16 Appropriation Intent.** The Governor removed two sections stating legislative intent for appropriations in FY 2015-16. (Secs. 1301 & 1302)

Date Completed: 2/17/15

Fiscal Analyst: Josh Sefton

Senate Bill 130 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A
GROSS.....	13,870,325,600	13,958,963,900	88,638,300	0.6
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	13,870,325,600	13,958,963,900	88,638,300	0.6
Less:				
Federal Funds.....	1,808,162,700	1,775,769,200	(32,393,500)	(1.8)
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	12,062,162,900	12,183,194,700	121,031,800	1.0
Less:				
Other State Restricted Funds	11,947,262,900	12,137,294,700	190,031,800	1.6
GENERAL FUND/GENERAL PURPOSE	114,900,000	45,900,000	(69,000,000)	(60.1)
PAYMENTS TO LOCALS	11,905,777,600	12,022,427,700	116,650,100	1.0

FY 2014-15 Year-to-Date Gross Appropriation	\$13,870,325,600
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Changes from FY 2014-15 Year-to-Date:

- | | |
|--|-------------|
| 1. MPSERS Rate Cap. Governor increased funding to pay for the State support of the local employer rate cap in the Michigan Public School Employees' Retirement System (MPSERS). Total funding for the rate cap in the K-12 budget is \$893.5 million. | 218,800,000 |
| 2. Foundation Allowance. Governor proposed a \$75 across-the-board increase in the per-pupil foundation allowance, bringing the minimum to \$7,326. | 108,000,000 |
| 3. At Risk. Governor proposed a 32.4%, or \$100.0 million, increase in the At Risk program. | 100,000,000 |
| 4. District Fiscal Emergency Contingency Fund. Governor proposed a \$71.0 million increase in the amount deposited into this reserve fund, intended to make payments to districts in fiscal distress under certain conditions. FY 2014-15 funding was \$4.0 million. | 71,000,000 |
| 5. Career and Technical Education. Governor proposed \$17.8 million for career and technical education/dual enrollment, \$3.0 million GF/GP for the Michigan College Access Network (MCAN), which was transferred into the budget from the Higher Education budget, and \$600,000 GF/GP for a public awareness campaign and an online career planning tool. | 21,400,000 |
| 6. Early Literacy Initiatives. Governor proposed \$10.0 million in grants to support additional instruction time for kindergarteners; a \$5.0 million increase in block grants to intermediate districts to expand home visits for parenting skills and early identification of children with additional needs; a \$3.0 million investment in literacy coaches for K-3 teachers; a \$2.6 million increase in assessments for grades K-2; and other early literacy funding totaling another \$5.4 million (of which \$2.0 million is GF/GP). | 26,000,000 |

FY 2015-16 SCHOOL AID BUDGET

7. Debt Service, Payments in Lieu of Taxes (PILT), Promise Zones. Governor proposed an increase in the required debt service for the School Bond Loan Fund (\$17.0 million), a \$316,900 increase for Promise Zone reimbursement, and a \$66,800 increase for PILT reimbursement.	17,383,700
8. Gang Prevention and Intervention. Governor proposed a new \$1.0 million program to provide grants for gang prevention and intervention.	1,000,000
9. Michigan Virtual University (MVU). Governor proposed a \$600,000 GF/GP increase for MVU to expand the online course catalog to include community college courses for the purpose of dual enrollment and to create a network of school-based mentors for online learning.	600,000
10. MPSERS Additional Payment Toward Liabilities. Governor proposed eliminating a \$108.0 million appropriation that makes an additional payment toward unfunded accrued liabilities.	(108,000,000)
11. Equity Payment. Governor proposed eliminating the separate equity payment (up to \$125 per pupil in FY 2014-15) and instead rolled it into base funding.	(103,000,000)
12. Technical Cost Adjustments. Governor reduced costs for foundation allowances and special education due to newer estimates.	(58,400,000)
13. Pupil Performance, Best Practices, and Technology Grants. Governor eliminated funding for pupil performance grants (\$51.1 million), reduced best practices by \$45.0 million, and reduced technology infrastructure grants by \$16.5 million.	(112,600,000)
14. Durant Bonds. Governor eliminated funding for <i>Durant</i> non-plaintiff debt service, since FY 2014-15 was the last year of payments.	(39,500,000)
15. Federal Grants. Governor reduced Federal grants by \$32.4 million.	(32,393,500)
16. Educator Evaluations. Governor eliminated FY 2015-16 funding for educator evaluations, but added language for FY 2014-15 funding to be designated as a work project.	(14,800,000)
17. Other Program Eliminations. Governor eliminated funding for bus conversion grants (\$3.0 million), an online nutrition program (\$1.2 million), professional development in science, technology, engineering, and math (\$330,000), and a career readiness study (\$250,000).	(4,780,000)
18. Other Program Reductions. Governor reduced funding for strict discipline academies (\$1.0 million), vocational education (\$1.0 million), and a payment for consolidated Intermediate School Districts (\$7,000).	(2,007,000)
19. Economic Adjustments. Includes (\$98,200) Gross and (\$68,300) GF/GP for OPEB and \$33,300 Gross and \$12,500 GF/GP for other economic adjustments.	(64,900)
Total Changes.....	\$88,638,300
FY 2015-16 Governor's Recommendation.....	\$13,958,963,900

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Fiscal Emergency Fund.** Governor expanded the uses to support the rehabilitation of districts experiencing severe academic and financial stress to mitigate the impact on learning, instead of only for dissolved districts. (Sec. 11r)
2. **Data Submission Dates.** Governor moved from October 15 to November 1 the yearly reporting of prior fiscal year financial data, and included language allowing for up to 10% of school aid to be withheld if a district does not adopt a budget that complies with the Uniform Budgeting and Accounting Act or post required information. (Sec. 18)
3. **Online Learning.** Governor added community colleges to the section allowing for dual enrollment in online courses provided they meet specified conditions, and added clarifying language that the primary district (instead of educating) is responsible for the program. In addition, Governor added a requirement that the primary district assign to each pupil a mentor to monitor the pupil's progress during the online course and supply the providing district with the mentor's contact information. (Sec. 21f)

4. **Best Practices.** Governor reduced the maximum per-pupil grant from \$50 to \$20, and changed the eligibility from meeting seven out of the current eight, to meeting both financial best practices (including providing department-approved training to board members if the General Fund balance is below 5.0%) and academic best practices (including administering a kindergarten entry assessment, administering department-approved diagnostic tools to monitor early literacy and reading skills in grades K-3, or assessing the effectiveness of college and career advising programs in the district), newly defined in the bill. (Sec. 22f)
5. **Technology Readiness Grants.** Governor added data systems that use evidence-based literacy diagnostic tools to inform teachers of pupils in grades K-3 as an allowable use of grant funding. (Sec. 22i)
6. **At-Risk.** Governor deleted from the definition of at-risk pupil the following three criteria: victim of child abuse or neglect; pregnant teenager or teenage parent; and, family history of school failure, incarceration, or substance abuse. In addition, Governor added language requiring the Department of Education to collaborate with the Department of Human Services to prioritize assigning Pathways to Potential Success coaches to elementary schools that have a high percentage of pupils in grades K-3 not reading at grade level. (Sec. 31a)
7. **Gang Prevention.** Governor added a new section that would provide grants to districts that form partnerships with nonprofit organizations, law enforcement, and other community resources to provide programs that divert young adults from gang-related criminal activity. Grant recipients would have to partner with a university to collect data to evaluate the effectiveness of programs in reducing violent crime and gang-related activity in the community. (Sec. 31c)
8. **Early Literacy.** Governor added a new section stating that the increased funds in (new) sections 35a to 35g will be used to ensure children are reading at grade level by the end of third grade, and so that Michigan will be in the top 10 most improved states in fourth grade reading proficiency as measured by the 2019 National Assessment of Educational Progress (NAEP), and in the top 10 states overall by 2025. (Sec. 35.)
9. **Parent University.** Governor added a new section outlining a pilot of a parent education program for parents of children less than four years old so that children are ready to succeed at school entry. Grants would be the lesser of \$130,000 or \$120 per four-year-old in the district or consortium. The program would be overseen by a certificated teacher with an early childhood focus, with at least two hours per week for parents and their eligible children to participate in parent education programs with structured learning activities. (Sec. 35a)
10. **Professional Development Related to Current State Literacy Standards.** Governor added a new section providing funding for professional development with the Department determining the level of grant awards and collaborating with the Michigan Virtual University to provide the training online to educators of pupils in grades K-3. (Sec. 35b)
11. **Other Early Literacy Sections.** Governor added five additional sections related to early literacy, including adoption of a certification test for newly certified elementary teachers (Sec. 35c); diagnostic tools to monitor the development of early literacy and reading skills of pupils in grades K-3 (Sec. 35d); early literacy coaches (Sec. 35e); grants for providing additional instructional time to pupils in grades K-3 that have been identified as needing additional support (Sec. 35f); and, establishing a clearinghouse of best practices (Sec. 35g).
12. **Reallocation of Lapsing Special Education Money.** Governor proposed eliminating a provision that distributes money that otherwise would lapse under special education to districts affected by changes related to the costs of itinerant staff. (Sec. 51a(7)(c))
13. **Career and Technical Education Early/Middle College Programs.** Governor added a new section for early/middle college programs (five-year programs) designed to increase the number of residents with high quality degrees or credentials, and to increase the number of students who are college- and career-ready upon high school graduation. Funding would be distributed to an Intermediate School District (ISD) serving as a fiscal agent in each of the 10 prosperity regions, and would be for programs that have been identified in the highest five career cluster rankings, allowing for a student to earn a high school diploma and achieve either a certificate, associate's degree, apprenticeship, or transferable credits. (Sec. 61b)
14. **Michigan College Access Network (MCAN).** Governor transferred from the Higher Education budget the MCAN, which is intended to inform students of college and career options and provide an array of tools to increase the number of students adequately prepared to make decisions on college and career. (Sec. 67) Of the \$3.6 million appropriation, \$0.6 million is earmarked for dual enrollment outreach and an online career planning tool. (Sec. 67)
15. **ISD Best Practices.** Governor deleted two current best practices (obtaining competitive bids and acting as the policy holder), and changed the eligibility from meeting five out of six to meeting all remaining four best practices. (Sec. 81)
16. **Educator Evaluations.** Governor struck language prohibiting the use of these funds unless House Bills 5223 and 5224 of the previous legislative session were enacted (i.e., the funds could be used). (Sec. 95a)

17. **Michigan Virtual University.** Governor added a requirement that MVU create a statewide network of school-based mentors serving as liaisons between students, online instructors, parents, and school staff, and provide mentors with training and assistance designed to help more students be successful online learners. Also, language was added for MVU to include online courses offered by community college in the statewide catalog of online learning, and language was added capping the amount of funding that MVU can use to subsidize the cost paid by districts for online courses at \$1.0 million. (Sec. 98)
18. **Deficit Districts.** Governor included numerous changes related to deficit elimination plans and enhanced deficit elimination plans, reflective of "early warning" legislation that was deliberated in the previous legislative session. (Sec. 102)
19. **Transmittal of Budgetary Assumptions.** Governor included a new section for transmitting budgetary assumptions, reflective of "early warning" legislation that was deliberated in the previous legislative session. (Sec. 103a)
20. **Determination of Fiscal Stress.** Governor included a new section requiring a notification of fiscal stress, deficit, or financial emergency and a request for assistance, reflective of "early warning" legislation that was deliberated in the previous legislative session. (Sec. 103b)
21. **Periodic Financial Status Reports.** Governor included a new section requiring a district to submit periodic financial status reports if the Superintendent or State Treasurer determine that financial stress may exist, that a deficit is projected to arise, or that the district may be unable to meet its financial obligations, reflective of "early warning" legislation that was deliberated in the previous legislative session. (Sec. 103c)
22. **Merit Exam.** Governor changed 'shall' to 'may' for the requirement of one or more writing components, and added language allowing the Department to augment the college entrance and work skills components to develop the assessment, dependent on their alignment to Michigan content standards. (Sec. 104b)
23. **M-STEP.** Governor added grade 11 to the summative assessments for English Language Arts (ELA) and math (currently grades 3-10), and added language requiring the Department to field test additional components (fall and spring assessments to measure ELA and math in grades 1 and 2, and kindergarten entry assessment) in the assessment system beginning in FY 2015-16 for full implementation in FY 2016-17. (Sec. 104c)
24. **Adult Education.** Governor added individuals more than 20 years old enrolled in an adult basic education program and testing at below 9th grade in reading or math to the list of eligible participants. (Sec. 107)
25. **Administration of Instructional Programs.** Governor added language prohibiting a noncertificated educator to administer instructional programs in an elementary or secondary school, or in an adult basic education or high school completion program, unless that educator is fulfilling applicable continuing education requirements. (Sec. 163)
26. **Repealers.** Sections 12 (intent to appropriate for the upcoming year), 22c (equity payment), 22j (pupil performance grants), 31b (year-round schooling), 32r (Race to the Top Federal grant), 64c (career readiness study), 64d (IT education opportunities), 74a (bus conversion grants), 99b (STEM professional development), 147d (one-time additional payment toward MPSERS liabilities), and 166 (5.0% penalty if dispensing a family planning drug or device), were repealed by the Governor.

Date Completed: 2-13-15

Fiscal Analyst: Kathryn Summers

**FY 2014-15 Year to Date (through PA 196 of 2014), Recommended Supplemental Changes for FY 2014-15, and
Governor's Recommendation for FY 2015-16 (Dollars in Thousands)**

Line Item Description	Enacted FY 2014-15 PA 196 of 2014	Supplemental Proposed Changes FY 2014-15	REVISED Totals FY 2014-15	Gov's Rec FY 2015-16	Compared to Revised FY 2014-15	Current Law FY 2014-15
Sec. 11g <i>Durant</i> Non-plaintiff Debt Service	\$39,500.0	\$0.0	\$39,500.0	\$0.0	(\$39,500.0)	(\$39,500.0)
Sec. 11j School Bond Loan Fund Payments - Debt Service	\$126,000.0	\$0.0	\$126,000.0	\$143,000.0	\$17,000.0	\$17,000.0
Sec. 11m Cash Flow Borrowing Costs	\$4,000.0	(\$1,000.0)	\$3,000.0	\$4,000.0	\$1,000.0	\$0.0
Sec. 11r District Fiscal Emergency Contingency Fund	\$4,000.0	\$0.0	\$4,000.0	\$75,000.0	\$71,000.0	\$71,000.0
Sec. 20F Hold Harmless in Per-Pupil Funding	\$6,000.0	\$0.0	\$6,000.0	\$6,000.0	\$0.0	\$0.0
Sec. 20G Student Transition Grants in Dissolved Districts	\$2,200.0	\$0.0	\$2,200.0	\$2,200.0	\$0.0	\$0.0
Sec 22a Proposal A Obligation Payment	\$5,393,000.0	(\$13,000.0)	\$5,380,000.0	\$5,277,000.0	(\$103,000.0)	(\$116,000.0)
Sec. 22b Discretionary Payment - State	\$3,492,000.0	(\$58,000.0)	\$3,434,000.0	\$3,662,000.0	\$228,000.0	\$170,000.0
Sec. 22c Equity Payment	\$103,000.0	\$0.0	\$103,000.0	\$0.0	(\$103,000.0)	(\$103,000.0)
Sec. 22d Isolated Districts Funding	\$2,584.6	\$0.0	\$2,584.6	\$2,584.6	\$0.0	\$0.0
Sec. 22f Best Practices	\$75,000.0	\$0.0	\$75,000.0	\$30,000.0	(\$45,000.0)	(\$45,000.0)
Sec. 22g Consolidation Innovation Grants	\$2,000.0	\$0.0	\$2,000.0	\$2,000.0	\$0.0	\$0.0
Sec. 22i Technology Infrastructure and iSchool	\$41,500.0	\$0.0	\$41,500.0	\$25,000.0	(\$16,500.0)	(\$16,500.0)
Sec. 22j Pupil Performance	\$51,100.0	\$0.0	\$51,100.0	\$0.0	(\$51,100.0)	(\$51,100.0)
Sec. 22L Study of Education Resources - NEW	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Sec. 24 Court-Placed Pupils	\$8,000.0	\$0.0	\$8,000.0	\$8,000.0	\$0.0	\$0.0
Sec. 24a Juvenile Detention Facilities	\$2,195.5	\$0.0	\$2,195.5	\$2,189.8	(\$5.7)	(\$5.7)
Sec. 24c Challenge Program	\$1,500.0	\$0.0	\$1,500.0	\$1,497.4	(\$2.6)	(\$2.6)
Sec. 25f Strict Discipline Academies	\$2,000.0	\$0.0	\$2,000.0	\$1,000.0	(\$1,000.0)	(\$1,000.0)
Sec. 26a Renaissance Zone Costs	\$26,300.0	\$0.0	\$26,300.0	\$26,300.0	\$0.0	\$0.0
Sec. 26b PILT Reimbursement	\$4,210.0	\$0.0	\$4,210.0	\$4,276.8	\$66.8	\$66.8
Sec. 26c Promise Zone	\$293.1	\$0.0	\$293.1	\$610.0	\$316.9	\$316.9
Sec. 31a "At Risk" Pupil Support	\$308,988.2	\$0.0	\$308,988.2	\$408,988.2	\$100,000.0	\$100,000.0
Sec. 31a Vision/Hearing Screening	\$5,150.0	\$0.0	\$5,150.0	\$5,150.0	\$0.0	\$0.0
Sec. 31a Child and Adolescent Health Centers	\$3,557.3	\$0.0	\$3,557.3	\$3,557.3	\$0.0	\$0.0
Sec. 31c Gang Prevention and Intervention Programs - NEW	\$0.0	\$0.0	\$0.0	\$1,000.0	\$1,000.0	\$1,000.0
Sec. 31d School Lunch Programs - State Share	\$22,495.1	\$0.0	\$22,495.1	\$22,495.1	\$0.0	\$0.0
Sec. 31d School Lunch Programs - Federal Share	\$513,200.0	\$0.0	\$513,200.0	\$513,200.0	\$0.0	\$0.0
Sec. 31f School Breakfast	\$5,625.0	\$0.0	\$5,625.0	\$5,625.0	\$0.0	\$0.0
Sec. 31g Nutrition Program	\$1,200.0	(\$1,200.0)	\$0.0	\$0.0	\$0.0	(\$1,200.0)
Sec. 32d Great Start - School Readiness	\$239,575.0	\$0.0	\$239,575.0	\$239,575.0	\$0.0	\$0.0
Sec. 32p Great Start Early Childhood Block Grants	\$10,900.0	\$0.0	\$10,900.0	\$15,900.0	\$5,000.0	\$5,000.0
Sec. 35 MDE Administration of Early Reading Initiatives - NEW	\$0.0	\$0.0	\$0.0	\$1,000.0	\$1,000.0	\$1,000.0
Sec. 35a Parents University Pilot - NEW	\$0.0	\$0.0	\$0.0	\$1,000.0	\$1,000.0	\$1,000.0
Sec. 35b Research-Based Professional Development on Early Literacy - NEW	\$0.0	\$0.0	\$0.0	\$950.0	\$950.0	\$950.0
Sec. 35c Elementary Teacher Assessment of Reading Instruction - NEW	\$0.0	\$0.0	\$0.0	\$500.0	\$500.0	\$500.0
Sec. 35d Evidence-Based Professional Development in Assessments - NEW	\$0.0	\$0.0	\$0.0	\$1,450.0	\$1,450.0	\$1,450.0
Sec. 35e Investment in Literacy Coaches for K-3 Teachers - NEW	\$0.0	\$0.0	\$0.0	\$3,000.0	\$3,000.0	\$3,000.0
Sec. 35f Additional Instructional Time - NEW	\$0.0	\$0.0	\$0.0	\$10,000.0	\$10,000.0	\$10,000.0
Sec. 35g Clearinghouse for Best Practices in Early Reading - NEW	\$0.0	\$0.0	\$0.0	\$500.0	\$500.0	\$500.0
Sec. 39a(1) NCLB Federal DOE Grants	\$807,969.9	\$0.0	\$807,969.9	\$779,076.4	(\$28,893.5)	(\$28,893.5)
Sec 39a(2) Other Non-NCLB Federal DOE Grants	\$31,300.0	\$0.0	\$31,300.0	\$30,800.0	(\$500.0)	(\$500.0)
Sec. 41 Bilingual Education	\$1,200.0	\$0.0	\$1,200.0	\$1,200.0	\$0.0	\$0.0
Sec. 43 Teacher Certification Test Review	\$1,800.0	\$0.0	\$1,800.0	\$1,800.0	\$0.0	\$0.0
Sec. 51c Special Education Headlee - State Share	\$630,500.0	(\$24,500.0)	\$606,000.0	\$621,000.0	\$15,000.0	(\$9,500.0)
Sec. 51a(2) Spec. Ed. Foundations - State Share	\$252,000.0	(\$200.0)	\$251,800.0	\$257,200.0	\$5,400.0	\$5,200.0
Sec. 51a(3) Spec. Ed. Hold Harmless to ISDs - State Share	\$1,000.0	\$0.0	\$1,000.0	\$1,000.0	\$0.0	\$0.0
Sec. 51a(11) Spec. Ed. Non Sec. 52 to ISDs - State Share	\$3,300.0	\$700.0	\$4,000.0	\$3,200.0	(\$800.0)	(\$100.0)

**FY 2014-15 Year to Date (through PA 196 of 2014), Recommended Supplemental Changes for FY 2014-15, and
Governor's Recommendation for FY 2015-16 (Dollars in Thousands)**

Line Item Description	Enacted FY 2014-15 PA 196 of 2014	Supplemental Proposed Changes FY 2014-15	REVISED Totals FY 2014-15	Gov's Rec FY 2015-16	Compared to Revised FY 2014-15	Current Law FY 2014-15
Sec. 51a(6) Spec. Ed. Rules Change - State Share	\$2,200.0	\$0.0	\$2,200.0	\$2,200.0	\$0.0	\$0.0
Sec. 53a Court-Placed Spec. Ed. FTEs - State Share	\$10,500.0	\$0.0	\$10,500.0	\$10,500.0	\$0.0	\$0.0
Sec. 54 MI School for Deaf and Blind - State Share	\$1,688.0	\$0.0	\$1,688.0	\$1,688.0	\$0.0	\$0.0
Sec. 56 Spec. Ed. Millage Equalization - State Share	\$37,758.1	\$0.0	\$37,758.1	\$37,758.1	\$0.0	\$0.0
Sec. 51a Special Education - Federal IDEA	\$370,000.0	\$0.0	\$370,000.0	\$370,000.0	\$0.0	\$0.0
Sec. 51d Special Education - Other Federal	\$74,000.0	\$0.0	\$74,000.0	\$71,000.0	(\$3,000.0)	(\$3,000.0)
Sec. 61a Vocational Education	\$27,611.3	\$0.0	\$27,611.3	\$26,611.3	(\$1,000.0)	(\$1,000.0)
Sec. 61b Career and Technical Education/Dual Enrollment - NEW	\$0.0	\$0.0	\$0.0	\$17,800.0	\$17,800.0	\$17,800.0
Sec. 62 ISD Vocational Ed Millage Equalization	\$9,190.0	\$0.0	\$9,190.0	\$9,190.0	\$0.0	\$0.0
Sec. 64b Dual Enrollment Incentive Payments	\$1,750.0	\$0.0	\$1,750.0	\$1,750.0	\$0.0	\$0.0
Sec. 64c Career Readiness Study	\$250.0	\$0.0	\$250.0	\$0.0	(\$250.0)	(\$250.0)
Sec. 67 College and Career Readiness Tools - NEW	\$0.0	\$0.0	\$0.0	\$3,600.0	\$3,600.0	\$3,600.0
Sec. 74 Bus Driver Safety Instruction	\$1,625.0	\$0.0	\$1,625.0	\$1,625.0	\$0.0	\$0.0
Sec. 74 School Bus Inspections	\$1,691.5	\$0.0	\$1,691.5	\$1,690.7	(\$0.8)	(\$0.8)
Sec. 74a Bus Conversion from Diesel to Natural Gas	\$3,000.0	\$0.0	\$3,000.0	\$0.0	(\$3,000.0)	(\$3,000.0)
Sec. 81 ISD General Operations Support	\$65,115.0	\$0.0	\$65,115.0	\$65,108.0	(\$7.0)	(\$7.0)
Sec. 81(7) ISD Best Practices	\$2,000.0	\$0.0	\$2,000.0	\$2,000.0	\$0.0	\$0.0
Sec. 94 Advanced Placement (AP) Incentive Program	\$250.0	\$0.0	\$250.0	\$250.0	\$0.0	\$0.0
Sec. 94a Center for Educ. Perf. and Information - State Share	\$12,022.8	\$0.0	\$12,022.8	\$11,967.0	(\$55.8)	(\$55.8)
Sec. 94a Center for Educ. Perf. and Information - Federal	\$193.5	\$0.0	\$193.5	\$193.5	\$0.0	\$0.0
Sec. 95a Educator Evaluations	\$14,800.0	\$0.0	\$14,800.0	\$0.0	(\$14,800.0)	(\$14,800.0)
Sec. 98 Michigan Virtual High School - State	\$7,387.5	\$0.0	\$7,387.5	\$7,987.5	\$600.0	\$600.0
Sec. 99 Math/Science Centers - State	\$3,225.0	\$0.0	\$3,225.0	\$3,225.0	\$0.0	\$0.0
Sec. 99 Math/Science Centers - Federal	\$5,249.3	\$0.0	\$5,249.3	\$5,249.3	\$0.0	\$0.0
Sec. 99b STEM Professional Development	\$330.0	\$0.0	\$330.0	\$0.0	(\$330.0)	(\$330.0)
Sec. 99h FIRST Robotics	\$2,000.0	\$0.0	\$2,000.0	\$2,000.0	\$0.0	\$0.0
Sec. 104 MEAP Testing - State Share	\$41,394.4	\$0.0	\$41,394.4	\$43,994.4	\$2,600.0	\$2,600.0
Sec. 104 MEAP Testing - Federal Share	\$6,250.0	\$0.0	\$6,250.0	\$6,250.0	\$0.0	\$0.0
Sec. 107 Adult Education - State	\$22,000.0	\$0.0	\$22,000.0	\$22,000.0	\$0.0	\$0.0
Sec. 147a MPSERS District Reimbursement	\$100,000.0	\$0.0	\$100,000.0	\$100,000.0	\$0.0	\$0.0
Sec. 147c MPSERS Rate Cap (Section 41 of MPSERS Act)	\$674,700.0	\$2,200.0	\$676,900.0	\$893,500.0	\$216,600.0	\$218,800.0
Sec. 147d MPSERS Liability Extra Payment	\$108,000.0	(\$88,365.5)	\$19,634.5	\$0.0	(\$19,634.5)	(\$108,000.0)
Sec. 152. Adair v State of Michigan	\$38,000.5	\$0.0	\$38,000.5	\$38,000.5	\$0.0	\$0.0
TOTAL SCHOOL AID APPROPRIATIONS	\$13,870,325.6	(\$183,365.5)	\$13,686,960.1	\$13,958,963.9	\$272,003.8	\$88,638.3
TOTAL REVENUE						
Federal Aid	\$1,808,162.7	\$0.0	\$1,808,162.7	\$1,775,769.2	(\$32,393.5)	(\$32,393.5)
School Aid Fund (SAF)	\$11,929,262.9	(\$102,165.5)	\$11,827,097.4	\$12,137,294.7	\$310,197.3	\$208,031.8
General Fund/General Purpose	\$114,900.0	(\$81,200.0)	\$33,700.0	\$45,900.0	\$12,200.0	(\$69,000.0)
MPSERS Reforms Fund	\$18,000.0	\$0.0	\$18,000.0	\$0.0	(\$18,000.0)	(\$18,000.0)
TOTAL REVENUE	\$13,870,325.6	(\$183,365.5)	\$13,686,960.1	\$13,958,963.9	\$272,003.8	\$88,638.3

Senate Bill 122 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,587.0	1,587.0	0.0	0.0
GROSS.....	223,984,900	225,256,700	1,271,800	0.6
Less:				
Interdepartmental Grants Received	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS	203,984,900	205,256,700	1,271,800	0.6
Less:				
Federal Funds.....	1,460,000	1,460,000	0	0.0
Local and Private	100	100	0	0.0
TOTAL STATE SPENDING	202,524,800	203,796,600	1,271,800	0.6
Less:				
Other State Restricted Funds	184,985,800	186,635,100	1,649,300	0.9
GENERAL FUND/GENERAL PURPOSE	17,539,000	17,161,500	(377,500)	(2.2)
PAYMENTS TO LOCALS	1,360,800	1,272,100	(88,700)	(6.5)

FY 2014-15 Year-to-Date Gross Appropriation	\$223,984,900
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Changes from FY 2014-15 Year-to-Date:

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| 1. Credit and Debit Card Assessments. The Governor increased restricted funding for the authorization to use additional restricted funds that are being collected as more branch office transactions are being completed with the use of a debit or credit card. | 1,000,000 |
| 2. Ignition Interlock Program. The Governor increased restricted funding to adjust for ongoing costs associated with this program that monitors persons convicted of driving while intoxicated or impaired. Funding is required as a result of PA 250 of 2014 and is provided through the collection of Driver Responsibility Fees. | 1,000,000 |
| 3. Unclassified Salaries. The Governor reduced funding for this line item in order to realize the savings from the unused portion of funds. | (122,100) |
| 4. Department Services Operations. The Governor reduced funding to realize the savings that will result from the Department's implementation of administrative efficiencies. | (83,800) |
| 5. Legal Services Operations. The Governor reduced funding to realize the savings that will result from the Department's implementation of administrative efficiencies. | (400) |
| 6. Branch Operations. The Governor reduced GF/GP funding to realize the savings that will result from the Department's implementation of administrative efficiencies. | (241,800) |
| 7. Central Operations. The Governor reduced funding to realize the savings that will result from the Department's implementation of administrative efficiencies. | (26,900) |
| 8. Election Administration Operations. The Governor reduced funding to realize the savings that will result from the Department's implementation of administrative efficiencies. | (25,000) |

FY 2015-16 STATE BUDGET

9. **Economic Adjustments.** Includes a negative \$1,482,700 Gross and a negative \$98,300 GF/GP for OPEB and \$1,254,500 Gross and \$220,800 GF/GP for other economic adjustments. (228,200)

Total Changes.....	\$1,271,800
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FY 2015-16 Governor's Recommendation.....	\$225,256,700
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Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2014-15 general sections that applied to all General Government budgets to the Article for the Department of State. These sections include:
 - Report on total State spending for the Department. (Sec. 16-201)
 - Appropriations are subject to the Management and Budget Act, 1984 PA 431. (Sec. 16-202)
 - Definitions. (Sec. 16-203)
 - Requirement for Departments to maintain searchable websites. (Sec. 16-206)
 - Allowable use of the Internet to fulfill reporting requirements. (Sec. 16-208)
 - Buy American with a Michigan preference. (Sec. 16-209)
 - Required department to allow businesses in deprived and depressed communities to bid on contracts. (Sec. 16-210)
 - Report on out-of-state travel. (Sec. 16-216)
 - Department Scorecards. (Sec. 16-219)
 - Prohibition on outside legal services. (Sec. 16-226)
 - Restricted Revenue Report. (Sec. 16-227)
 - GF/GP Lapse Report. (Sec. 16-228)
2. **Business Application Modernization Project Report.** Requires a report of the total funds expended for the business application modernization project, start dates, costs, and penalties paid to the state by the contract provider. **Governor:** eliminated section. (Current Law Sec. 716b)
3. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. **Governor:** eliminated section. (Current Law Sec. 718)

Date Completed: 2-18-15

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 131 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	3,070.0	3,091.0	21.0	0.7
GROSS.....	672,073,000	613,531,200	(58,541,800)	(8.7)
Less:				
Interdepartmental Grants Received	26,233,200	26,224,300	(8,900)	(0.0)
ADJUSTED GROSS	645,839,800	587,306,900	(58,532,900)	(9.1)
Less:				
Federal Funds.....	99,429,900	87,945,900	(11,484,000)	(11.5)
Local and Private	4,938,900	5,533,400	594,500	12.0
TOTAL STATE SPENDING	541,471,000	493,827,600	(47,643,400)	(8.8)
Less:				
Other State Restricted Funds	127,300,000	120,353,900	(6,946,100)	(5.5)
GENERAL FUND/GENERAL PURPOSE	414,171,000	373,473,700	(40,697,300)	(9.8)
PAYMENTS TO LOCALS	19,775,600	11,899,400	(7,876,200)	(39.8)

FY 2014-15 Year-to-Date Gross Appropriation	\$672,073,000
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Changes from FY 2014-15 Year-to-Date:

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| 1. Trooper School. Governor recommended funding of \$7,770,000 GF/GP (\$3.2 million one-time) for a new trooper school to begin in April 2016 or 75 candidates. | 7,700,000 |
| 2. Sexual Assault Kit Submission Act. Governor recommended \$1,649,000 GF/GP to add 11 FTEs to meet recently enacted statutory requirements and to improve clearance rates and turn-around times for processing kits. | 1,649,600 |
| 3. Motor Carrier School. Governor recommended funding of \$1,050,000 GF/GP for a new Motor Carrier Officer school to begin in October 2015 for 10 candidates. | 1,050,000 |
| 4. State Records Management System. Governor recommended additional authority to receive restricted revenue resulting from more agencies choosing to join the State records management system. | 600,000 |
| 5. Sexual Assault Prevention and Education. Governor recommended one-time GF/GP funding for an initiative to help reduce the incidence of sexual assaults on campuses of higher education. | 500,000 |
| 6. Recruit School Second Year Costs. Governor recommended \$178,600 GF/GP in additional funds to reflect FY 2014-15 second year costs. | 178,600 |
| 7. Emergency Management. Governor included \$152,000 in GF/GP funding for technology maintenance costs at the State Emergency Operations Center. | 152,000 |
| 8. Elimination of FY 2014-15 Motor Carrier School. Governor reduced base appropriations by \$3,210,000 GF/GP to reflect cancelled 31 person motor carrier school. | (3,210,000) |

FY 2015-16 STATE POLICE BUDGET

9. Urban Search and Rescue. Governor eliminated an earmarked grant of \$500,000 GF/GP to a regional urban search and rescue task force.	(500,000)
10. Rent Efficiencies. Governor recommended a GF/GP rent savings of \$381,900.	(381,900)
11. Vacancy Elimination. Governor recommended the elimination of four vacant positions within the Capitol Security unit for a savings of \$294,000, leaving 20 filled positions.	(294,000)
12. Unclassified Position Adjustment. Governor recommended a reduction in funding of \$150,000 to reflect the actual number of filled positions.	(150,000)
13. Elimination of FY 2014-15 One-Time Funding. Governor recommend the elimination of funding for Trooper School (\$4,408,500 Gross, \$3,508,500 GF/GP); Motor Carrier School (\$1,181,900 GF/GP); Helicopter Purchase (\$4,932,000); Emergency Support Vehicle (\$225,000 GF/GP); LEIN Language Conversion (\$350,000 Restricted); Electronic Warrant System (\$750,000 GF/GP); Local Public Safety Initiative (\$4,550,000 GF/GP); Marshall Post Charges for Lease (\$2.0 million), and Michigan International Speedway Traffic Control (\$831,900 GF/GP).	(19,229,300)
14. Disaster Assistance. Governor removed from base FY 2014-15 appropriation for disaster assistance, \$32.5 million Gross; \$2.5 million Federal, and \$30.0 million GF/GP.	(32,500,000)
15. Economic Adjustments. Includes a negative \$3,012,700 Gross and a negative \$2,031,300 GF/GP for OPEB and \$3,542,800 Gross and \$2,619,000 GF/GP for other economic adjustments.	530,100
16. Other Changes. Governor recommended a technical adjustment across various non- GF/GP fund sources to reflect actual revenue received.	(14,636,900)
Total Changes.....	(\$58,541,800)
FY 2015-16 Governor's Recommendation.....	\$613,531,200

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Incoming IDGs.** Governor struck language listing all incoming IDGs to the MSP budget. (Sec. 204)
2. **Outgoing IDGs.** Governor struck language listing all outgoing IDGs from the MSP budget with the exception of a Byrne Justice Assistance Grant to the Judiciary. (Sec. 205)
3. **Federal Homeland Security Support.** Governor struck section stating various Federal DHS funding to be received by MSP. (Sec. 205a)
4. **Federal DOJ Support.** Governor struck section stating various Federal DOJ funding to be received by MSP. (Sec. 205b)
5. **Federal DOT Support.** Governor struck section stating various Federal DOT funding to be received by MSP. (Sec. 205c)
6. **Retain Reports.** Governor eliminated requirement for all reports to be kept and retained by MSP. (Sec. 212)
7. **Disciplinary Action.** Governor eliminated language prohibiting action against employee who communicates with the Legislature. (Sec. 215)
8. **Efficiencies.** Governor removed language outlining priorities for finding MSP budgetary efficiencies. (Sec. 217)
9. **Quarterly Reports.** Governor struck language which required MSP to "provide all information necessary to validate that the requirements of this part have been achieved." (Sec. 219)
10. **Post Closure/Consolidation.** Governor struck requirement for MSP to give a 90-day notice prior to recommending a post closure or consolidation. (Sec. 222)
11. **Privatization.** Governor struck requirement for MSP to give 60-day notice prior to effort to privatize, with an evaluation report. (Sec. 223)
12. **Radio Liaison.** Governor struck language requiring MSP to act as liaison between DTMB and other agencies to facilitate the use of State public radio communication system towers. (Sec. 232)
13. **Wayland Post.** Governor eliminated requirement that MSP initiate discussion with city of Wayland regarding a shared facility. (Sec. 235)

14. **Unclassified Positions Listing.** Governor removed language listing unclassified positions and requiring notice when a new position is created. (Sec. 300)
15. **Executive Direction.** Governor struck section requiring effective and efficient administrative leadership be provided. (Sec. 301)
16. **State Executive Security.** Governor removed section requiring effective protection for Governor and visiting dignitaries. (Sec. 302)
17. **Administrative Support.** Governor removed section requiring administrative support for various MSP functions. (Sec. 304)
18. **Training/Law Enforcement Services.** Governor amended language by removing legal citations, many requirements and metrics, but retaining a reporting requirement and a metric setting a goal of average classroom occupancy rate to be at 55%. (Sec. 401)
19. **Michigan Commission on Law Enforcement Standards (MCOLES).** Governor amended language by removing legal citations and reporting requirements but kept requirement for MCOLES to update standards within 30 days of enacted legislation. (Sec. 404)
20. **Criminal Justice Information Systems.** Governor amended section by removing legal citations and reporting requirements. (Sec. 405)
21. **Laboratory Operations.** Governor amended section by removing legal citations. (Sec. 412)
22. **DNA Analysis.** Governor amended section by removing legal citations. (Sec. 413)
23. **Biometrics and Identification.** Governor amended section by removing legal citations and a requirement to average 28 day wait for scheduling a polygraph exam. (Sec. 414)
24. **Sexual Assault Kit Initiative.** Governor added NEW language outlining an initiative to improve case clearance rates and turn-around times for receipt and processing of kits. (Sec. 415)
25. **Field Services.** Governor amended section reducing greatly the detail required for a report on MSP's Secure Cities Program. (Sec. 501)
26. **Security at Events.** Governor eliminated section requiring MSP to respond to potential threats to State facilities and major public events. (Sec. 502)
27. **Criminal Investigations.** Governor amended language by removing legal citations. (Sec. 503)
28. **Fire Investigations.** Governor amended language by removing legal citations. (Sec. 505)
29. **Specialized Services.** Governor amended language by removing requirement that MSP seek to increase the number of public and private sector contacts which receive homeland security information and intelligence and added a requirement that MSP create monthly suspicious activity reports. (Sec. 601)
30. **Commercial Vehicle Law Enforcement.** Governor amended language to remove many legal citations and numerous reporting requirements. (Sec. 602)
31. **Emergency Management/Homeland Security.** Governor amended language to remove many legal citations and Sec. 606(9) which designated \$500,000 in funding for an urban search and rescue task force. (Sec. 606)
32. **Highway Safety Planning.** Governor amended language to remove legal citations and a reporting requirement. (Sec. 608)
33. **Secondary Road Patrol.** Governor amended language by removing many legal citations. (Sec. 610)
34. **One-Time Appropriations for FY 2014-15.** Governor struck sections pertaining to FY 2014-15 One-Time Appropriations, including the following language: Trooper School (Sec. 701); Emergency Vehicle (Sec. 702); Motor Carrier School (Sec. 703); Helicopter Purchase (Sec. 704); LEIN Upgrade (Sec. 705); Electronic Warrant System (Sec. 706); Michigan International Speedway Traffic Control (Sec. 707); Local Public Safety Initiative (Sec. 708) and Marshall MSP Post. (Sec. 709)
35. **FY 2015-16 Appropriations.** Governor eliminated language requiring an increase in trooper patrols by 9%, aviation hours by 30%, and vehicle inspections by 12% and improvement due to LEIN language conversion project and establishment of an electronic warrant system. (Sec. 1202)

Senate Bill 122 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,817.0	2,833.0	16.0	0.6
GROSS.....	1,262,810,400	1,264,906,300	2,095,900	0.2
Less:				
Interdepartmental Grants Received	677,671,700	678,478,500	806,800	0.1
ADJUSTED GROSS	585,138,700	586,427,800	1,289,100	0.2
Less:				
Federal Funds.....	7,974,100	7,997,300	23,200	0.3
Local and Private	3,744,100	3,777,800	33,700	0.9
TOTAL STATE SPENDING	573,420,500	574,652,700	1,232,200	0.2
Less:				
Other State Restricted Funds	94,322,000	95,771,900	1,449,900	1.5
GENERAL FUND/GENERAL PURPOSE	479,098,500	478,880,800	(217,700)	(0.0)
PAYMENTS TO LOCALS	0	0	0	0.0
FY 2014-15 Year-to-Date Gross Appropriation			\$1,262,810,400	

Changes from FY 2014-15 Year-to-Date:

- 1. Removal of FY 2014-15 One-Time Appropriations.** The Governor removed a total of \$22.0 million of the following one-time funding provided in the FY 2014-15 budget: Litigation fund (\$4.0 million); Regional Prosperity Grants (\$1.0 million); Technology Services Funding (\$6.9 million IDG, \$300 GF/GP); Office of Urban Initiatives (\$5.0 million); Business One-Stop Depreciation costs (\$871,700); Special Projects (\$1.25 million); and Enterprisewide Special Maintenance (\$7.0 million). (26,022,000)
- 2. Procurement Improvement Plan.** The Governor provided new funding of \$825,000 (\$479,100 GF/GP) to hire 6.0 additional FTEs to implement a category management system for the State's procurement system. This new system will force the State to examine all of its purchasing from an enterprise perspective and allow the State to leverage its spending abilities by reducing the number of contacts and suppliers utilized. 825,000
- 3. Treasury Business Portal.** The Governor provided authorization for the Department of Treasury to implement a new and refined business portal to replace the old Michigan Business One-Stop portal that was eliminated in the FY 2014-15 budget. The additional IDG funding will allow the Department of Treasury to meet other IT projects/needs. 2,000,000
- 4. Office of Urban Initiatives.** General Fund/General Purpose funding that was provided as one-time funding in FY 2014-15 is maintained for FY 2015-16 as an ongoing program, but reduced by half. 2,500,000
- 5. Motor Vehicle Fleet.** The Governor increased IDG funding to account for higher fuel, maintenance, and vehicle leasing costs. 6,515,500

6. State Emergency Operations Center (SEOC). The Governor included funding increases in the authorization for the IDG from Building Operation Costs (BOC) to cover the costs of operating the new SEOC. The Michigan State Police (MSP) will occupy a portion of the building and this adjustment will allow DTMB to recognize the BOC they will charge the MSP for their use of the building.	631,700
7. Office of Retirement Services. The Governor increased restricted funding to cover additional administrative costs to administer the various retirement system changes due to enacted legislation affecting both Defined Contribution and Deferred Compensation.	1,257,600
8. Information Technology (IT) Investment Fund. The Governor increased GF/GP funding for this IT program to further provide maintenance and replacement of legacy IT systems across State departments and agencies. Funding for this item will total \$70.0 million in FY 2015-16.	7,000,000
9. Enterprisewide Special Maintenance. The Governor increased GF/GP funding for the ongoing appropriations for this item to provide maintenance services to State-owned buildings across the State. The FY 2014-15 budget included \$7.0 million in one-time funding for this program that is not included in the FY 2015-16 budget. Total ongoing funding in FY 2015-16 increases from \$23.0 million to \$31.0 million.	8,000,000
10. Treasury IT Technical Adjustment. The Governor's increase aligned funding of the IT IDGs with agency requests. Funding of \$1.2 million and 2.0 FTE positions is provided for City Income Tax operations and \$650,000 and 1.0 FTE position is provided for Personal Property Tax reforms.	1,850,000
11. Michigan Public Safety Communications System (MPSCS) Lifecycle and Radio Replacement. The Governor reduced GF/GP funding for this program by \$2.0 million to \$39.8 million to provide funding for lifecycle replacement of equipment that is outdated.	(2,000,000)
12. Civil Service Commission. The Governor reduced funding for the IT line item for the Civil Service Commission.	(1,085,800)
13. Information Technology (IT) - Alignment of IDG Funding. The IT portion of the budget aligned its IDG funding with enacted FY 2014-15 appropriations for all departments.	(2,018,800)
14. FY 2015-16 One-Time Appropriations. Governor included the following one-time funding: \$2.0 million for litigation costs; \$600,000 for alignment of IT funding with agency requests related to the Treasury Business Portal described above; and \$500 for planning authorizations for SBA-authorized community college and university construction projects.	2,600,500
15. Economic Adjustments. Includes a negative \$3,521,500 Gross and a negative \$667,500 GF/GP for OPEB and \$3,556,100 Gross and \$1,072,700 GF/GP for other economic adjustments.	34,600
16. Other Changes. The Governor included several miscellaneous changes including: a net zero Gross change for SWCAP, however change results in a negative adjustment to GF/GP funding of (\$3,300); \$7,600 for Professional Development to comply with contracts; a net zero Gross change to provide GF/GP funding to offset IDG funding that supports administrative services for DTMB, however change results in a positive adjustment to GF/GP funding of \$781,900; and a net zero Gross change for the Office of State Employer to reduce GF/GP funding in the Office of the State Employer and replace the funding with Health Management Fund restricted funds, however change results in a negative adjustment to GF/GP funding of (\$45,000).	7,600
Total Changes.....	\$2,095,900
FY 2015-16 Governor's Recommendation.....	\$1,264,906,300

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2014-15 general sections that applied to all General Government budgets to the Article for the Department of Technology, Management, and Budget. These sections include:

- Report on total State spending for the Department. (Sec. 18-201)
 - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 18-202)
 - Definitions. (Sec. 18-203)
 - Requirement for Departments to maintain searchable websites. (Sec. 18-206)
 - Allowable use of the Internet to fulfill reporting requirements. (Sec. 18-208)
 - Buy American with a Michigan preference. (Sec. 18-209)
 - Required department to allow businesses in deprived and depressed communities to bid on contracts. (Sec. 18-210)
 - Report on out-of-state travel. (Sec. 18-216)
 - Department Scorecards. (Sec. 18-219)
 - Prohibition on outside legal services. (Sec. 18-226)
 - Restricted Revenue Report. (Sec. 18-227)
 - GF/GP Lapse Report. (Sec. 18-228)
 - Related Federal and restricted funds for special maintenance. (Sec. 18-233)
 - Related Federal and restricted funds for enterprisewide IT investments. (Sec. 18-234)
2. **Computer Contract Adjustments.** Within 14 days of the Department finalizing the revisions, the Department must notify the House and Senate Appropriation Committee Chairs and General Government Subcommittee Committee Chairs on computer contract revisions that increase or decrease current contracts by more than \$500,000. The **Governor:** removed the 14-day requirement and instead requires a report quarterly. (Current Law Sec. 809)
 3. **Motor Vehicle Fleet. Governor:** removed the requirement for the Department to use remanufactured parts, whenever economically feasible, when repairing fleet vehicles. (Current Law Sec. 813(5))
 4. **Enterprisewide IT Investments.** Requires the Department to develop a plan regarding the use of funds appropriated in Part 1 for the Enterprisewide IT Investments program. Also requires the Department to notify the Legislature and the fiscal agencies when an IT investment project will require the transfer of \$500,000 or more from another project. **Governor:** removed the notification to the Legislature portion of the language. (Current Law Sec. 814)
 5. **IT Investments Program Expansion. Governor:** added new language requiring the Department to use any increase in funding for the program to be used for the modernization of state IT systems, improvement of the State's cyber security framework, and to achieve efficiencies. (Sec. 18-814a)
 6. **Vendor Call or Contact Centers. Governor:** removed current-year language requiring disclosure of location of call/contact centers. (Current Law Sec. 817)
 7. **Legacy Costs.** Language lists the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimate of the amount of pension-related legacy costs. **Governor:** Updated the amounts to reflect the amounts needed for FY 2015-16. (Current Law Sec. 822i; Gov. Sec. 18-822a)
 8. **Regional Prosperity Grants.** Provides boilerplate language describing the qualification process for the Regional Prosperity Grant Program. (Current Law Sec. 890) **Governor:** made this an ongoing program and moved the boilerplate language to the main boilerplate section of the bill as a new section. The Governor also revised and updated the language, updated dates in subsection (9), and added new subparts within the new section. (Gov. Sec. 18-822c)
 9. **Cloud Computing.** Requires the Department to conduct an analysis of using public or private cloud computing technologies for new projects. **Governor:** eliminated section. (Current Law Sec. 836)
 10. **Online Citizens Guide and Dashboard.** Requires the department to issue an RFP for a publicly accessible statewide online citizens guide and dashboard web service that offers access to State of Michigan reports and data from municipalities, local, and intermediate school districts as a common transparency solution and that has a fiscal stress warning system as a component. **Governor:** eliminated section. (Current Law Sec. 840)
 11. **State Building Authority Authorizations.** Language requires the Legislature to determine that funding provided in Part 1 is for the leasing of facilities to be used for a public purpose. **Governor:** eliminated section. (Current Law Sec. 866)
 12. **Farnum Building Sale Proceeds. Governor:** Added new language requiring the proceeds from the sale of the building to be appropriated to the Department in accordance with any legislation that is enacted that authorizes the sale. If the net proceeds from the sale of the Farnum building are less than the \$7.0 million authorized in current law Section 896 for Senate relocation costs, then the difference between the net sale proceeds and \$7.0 million shall be appropriated by the Legislature to the Department. (Gov. Sec. 18-867)
 13. **Litigation Fund Report.** Requires a quarterly report to the Legislature on litigation fund expenditures by case, purpose, and department involved. **Governor:** eliminated section. (Current Law Sec. 891)

14. **Michigan Business One-Stop Depreciation Expenses.** Language states that the amount appropriated in Part 1 for depreciation expenses shall be expended solely to pay the remaining capitalized development cost of the Michigan Business One-Stop. Language also stipulates that the budget director shall reduce the user fees charged to State departments by amounts equivalent to the reduction in appropriation for the Michigan Business One-Stop. The Department shall not charge State departments or agencies for maintenance or operation of the Michigan Business One Stop. Also allows the Department to expend up to \$1.5 million on continued maintenance and operation of the program and that departments or agencies may not be charged IDGs or other sources of financing. **Governor:** eliminated section. (Current Law Sec. 895)
15. **Senate Relocation from Farnum Building.** Allows up to \$7.0 million of the funds appropriated in Part 1 to be made available to the Senate for future lease, purchase, and transition costs related to the relocation from the Farnum Building. **Governor:** eliminated section. (Current Law Sec. 896)
16. **One-Time Special Projects Earmarks.** Language earmarks \$250,000 of One-Time Special Projects funding for the Catholic Charities Center for Hope and \$500,000 for payments to individuals and surviving spouses receiving retirement payments under Section 411 of the Michigan Military Act. **Governor:** eliminated section. (Current Law Sec. 897)
17. **Other Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections and/or subsections were not included: 808a, 810, 815, 816, 821, 822, 822f, 822g, 822h, 824 (required report only), 827(4), 828, 829, 830, 831, 832, and 862. The majority of these sections required the Department to provide either reports or notifications to the Legislature.

Date Completed: 2-18-15

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 132 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,912.3	2,912.3	0.0	0.0
GROSS.....	3,699,518,600	3,635,722,500	(63,796,100)	(1.7)
Less:				
Interdepartmental Grants Received	3,786,900	3,928,500	141,600	3.7
ADJUSTED GROSS	3,695,731,700	3,631,794,000	(63,937,700)	(1.7)
Less:				
Federal Funds.....	1,205,821,500	1,257,488,000	51,666,500	4.3
Local and Private	50,277,100	50,393,500	116,400	0.2
TOTAL STATE SPENDING	2,439,633,100	2,323,912,500	(115,720,600)	(4.7)
Less:				
Other State Restricted Funds	2,154,985,200	2,184,391,400	29,406,200	1.4
GENERAL FUND/GENERAL PURPOSE	284,647,900	139,521,100	(145,126,800)	(51.0)
PAYMENTS TO LOCALS	1,316,686,400	1,252,574,400	(64,112,000)	(4.9)
FY 2014-15 Year-to-Date Gross Appropriation			\$3,699,518,600	

Changes from FY 2014-15 Year-to-Date:

- GF/GP One-Time Federal Match Increase.** The Governor increased one-time Federal match appropriations by \$473,200 for a total of \$139.5 million Gross and GF/GP. \$113.0 million Gross and \$113.0 million GF/GP is recommended for State trunkline roads and bridges (includes \$12.0 million redirected from TEDF; see item #3.), \$25.0 million GF/GP for transit and rail, and \$1,521,100 GF/GP for aeronautics. In FY 2014-15, the budget included the following one-time Federal match items: \$127.0 million GF/GP for State trunkline roads and bridges, \$10.0 million GF/GP for transit and rail, and \$2.0 million for aeronautics. 473,200
- Elimination of One-Time GF/GP Funding for State and Local Roads and Bridges.** The Governor removed this one-time appropriation of \$144.5 million Gross, \$144.5 million GF/GP, of which approximately \$56.5 million was distributed to the State trunkline fund, \$56.5 million to county road commissions, and \$31.5 million to cities and villages. (144,500,000)
- Transportation Economic Development Fund (TEDF) Redirect to State Trunkline Fund.** The Governor included a redirection of license fees that fund the targeted industries program to meet Federal match requirements. This revenue was directed to the State trunkline from FY 2010-11 to FY 2013-14, and was restored to the TEDF in FY 2014-15 to meet increased demand in the targeted industries program. (12,000,000)

FY 2015-16 TRANSPORTATION BUDGET

4. Increased Highway Maintenance Funding. The Governor increased funding for highway maintenance for a total of \$324.7 million appropriated to the program. According to the Department, this increase would allow the Department to keep up current maintenance levels, and is required to offset the increased costs of road maintenance. Maintenance cost increases primarily stem from increased prices for salt, sand, asphalt, and other road construction materials.	10,000,000
5. Federal Transit and Rail Grants. The Governor included grant increases from the Federal Transit Administration and the Federal Railroad Administration. This included a \$50 million increase in Federal aid to rail operations and infrastructure, an \$840,000 increase in Federal aid to nonurban buses, and a \$300,000 increase in Federal aid to the transit capital program.	51,140,000
6. Restoration of Vetoed Funds for Regional Planning Councils. In FY 2014-15, the Governor vetoed a pedestrian crossing study, which affected the grants to regional planning councils program. The Governor included additional funding for this program in FY 2015-16 to restore those funds.	80,000
7. Revenue Adjustments. A revenue increase is expected for the Michigan Transportation Fund (MTF), resulting in the following program increases: \$57.7 million in local road funding, and \$1.3 million in the TEDF. Other revenue adjustments result in the following program decreases: \$663,300 in aeronautics services, \$3.9 million in rail operations and infrastructure, and \$3.9 million in transit capital, service initiatives, and transportation to work. The airport safety, protection and improvement program was increased by \$1.0 million.	51,446,800
8. Blue Water Bridge Fund Adjustment. This adjustment would realign the fund with available toll revenue. In FY 2013-14 and FY 2014-15, appropriations to the fund were increased to prepare for a customs plaza project. The Governor directed a total of \$10.6 million to the fund.	(14,054,000)
9. IDG Adjustments. Technical adjustments to IDG grants to other departments totaled a negative \$414,800, and adjustments to IDGs from other departments totaled a negative \$11,100.	(425,900)
10. Debt Service Adjustment. Debt service obligations decreased. In FY 2014-15, \$242.3 million, \$0 GF/GP was appropriated to debt service. The Governor recommended \$238.9 million, \$0 GF/GP to debt service in FY 2015-16.	(3,457,500)
11. Economic Adjustments. Included a negative \$3,073,700 Gross and \$0 GF/GP for OPEB and \$1,525,000 Gross and \$0 GF/GP for other economic adjustments.	(1,548,700)
12. Other Changes. The Governor increased finance, contracts and support services by \$150,000 Gross, \$0 GF/GP, and deleted the one-time appropriation of \$1.1 million Gross, \$1.1 million GF/GP in startup funds for the Regional Transit Authority.	(950,000)
Total Changes.....	(63,796,100)
FY 2015-16 Governor's Recommendation.....	3,635,722,500

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Disciplinary Action.** The Governor deleted a prohibition against MDOT from taking disciplinary action against an employee for communicating with the Legislature. (Sec. 215)
2. **Remanufactured Parts and Alternative Road Materials.** The Governor deleted a requirement for MDOT to prioritize the use of remanufactured parts as the primary means of vehicle maintenance (Sec. 270), and a requirement that MDOT evaluate the use of materials which incorporate crumb rubber from scrap tires (Sec 660).
3. **Effects of Policy Changes; Small Businesses.** The Governor deleted a requirement for MDOT to report on policy changes made to implement public acts, and a prohibition against funds being used in a way that would have a disproportionate economic impact on small businesses. (Sec. 263)
4. **Contractor-Related Requirements.** The Governor deleted the following requirements and prohibitions: 1) MDOT must post signs regarding the contractor responsible for rest area maintenance (Sec. 319); 2) MDOT must review its

contractor payment process and ensure prompt payment and prime contractor compliance (Sec. 353); 3) MDOT must complete any required inspections for local Federal aid projects within 120 days of submission (Sec. 357); 4) MDOT may not reimburse contractors for certain costs (e.g., groundbreaking ceremonies) from appropriated funds (Sec. 375); 5) as a condition of each contract for construction, maintenance, or engineering services, MDOT must require the contractor to use the E-Verify system (Sec. 381); 6) in administering a local government contract, within 2 years of final payment to a contractor, MDOT must submit the final cost-sharing bill to the local government (Sec. 382).

5. **Department-Owned Aircraft Reports.** The Governor included language from boilerplate prior to FY 2014-15. In FY 2014-15, the language was amended and included more specific reporting requirements. (Sec. 383)
6. **Dead Animal Removal.** The Governor deleted a provision that MDOT must consider the removal of large animal remains from highway shoulders a priority. (Sec. 610)
7. **Deleted Report Requirements.** The Governor deleted a requirement that MDOT must retain all reports in compliance with Federal and State guidelines. (Sec. 212). The Governor also deleted requirements that MDOT must provide a report or information regarding the following: expenditures for administration and planning associated with local governments (Sec. 233); money to be received by each local government within a legislator's district (Sec. 303); a rolling five-year plan of all construction projects (Sec. 307), and associated criteria for the plan (Sec. 603); MDOT's activities related to the prequalification of construction contractors (Sec. 308); the status of the State infrastructure bank (Sec. 313(3)); the amount of Federal aid for allocations to certain State and local programs (Sec. 401); contract incentives for state trunkline projects (Sec. 612); a railroad company's abandonment of a railroad line (Sec. 703); a rail feasibility study between Holland and Detroit (Sec. 712); the encumbered and unencumbered balances of the CTF (Sec. 740); rollover test standards for transit buses (Sec. 741); the status of airport improvement projects (Sec. 902); and timely production of copies of agendas and approved minutes for monthly commission meetings (Sec. 310). The Governor deleted requirements to provide the State Budget Office with: GF/GP appropriation lapses by program area (Sec. 228); and estimates regarding State fund balances, revenues, and expenditures (Sec. 229).
8. **Warranty Development.** The Governor deleted a requirement for MDOT to work with the road construction industry and engineering consulting community to develop performance and road construction warranties. (Sec. 601)
9. **Benchmarks and Performance Measurement.** The Governor deleted a requirement for the Department to measure performance relating to expenditures for programs over \$0.5 million, and report on proposed benchmarks. (Sec. 204)
10. **Pedestrian Crossing Study (Vetoed in FY 2014-15).** The Governor deleted a requirement for the department to study the feasibility of a pedestrian crossing over Bear River in Petoskey along US Highway 131, which was initially included and vetoed in FY 2014-15. (Sec. 311)
11. **Service Consolidation Workgroup.** The Governor deleted a requirement for MDOT to conduct a workgroup aimed at consolidating transportation services for low-income, elderly, and disabled individuals. (Sec. 312)
12. **Best Practices.** The Governor deleted a requirement for the Department to promote best practices in public transportation services, and to report on efforts taken to implement best practices. (Sec. 393)
13. **Existing Roads as Priority.** The Governor deleted a requirement for the Department and local road agencies to make preservation of existing roads a funding priority. (Sec. 394)
14. **Highway Maintenance Outcomes & Measures.** The Governor included a requirement that the increase in highway maintenance must support safety-related, high-priority and deferred routine maintenance needs.
15. **Elimination of One-Time Appropriations.** The Governor deleted provisions regarding State trunkline Federal match (Sec. 1001); State and local road funding (Sec. 1002); reporting requirements regarding a freight-rail tunnel from Detroit to Windsor (Sec. 1006) and transit capital and rail infrastructure (Sec. 1003), a high-speed rail crossing pilot program (Sec. 1004, which was vetoed in FY 2014-15), and startup funding for the Regional Transit Authority (Sec. 1005).

Date Completed: 2-17-15

Fiscal Analyst: Glenn Steffens

Senate Bill 122 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A
GROSS	152,395,000	156,449,000	4,054,000	2.7
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	152,395,000	156,449,000	4,054,000	2.7
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	152,395,000	156,449,000	4,054,000	2.7
Less:				
Other State Restricted Funds	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	152,395,000	156,449,000	4,054,000	2.7
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation	\$152,395,000
Changes from FY 2014-15 Year-to-Date:	
1. Clean Michigan Initiative. The Governor increased debt service payments for this bond. Of the total, \$5,211,012 is due to changes to existing debt and \$1,525,988 is due to projected new bond issues for FY 2015-16. This increased total debt service payments for this bond to \$63,961,000.	6,737,000
2. Great Lakes Water Quality Bond. The Governor increased debt service payments to this bond. Of the total, there is a \$2,312,879 reduction for existing bonds and a \$5,030,879 increase due to projected new bond issues for FY 2015-16. This increased total debt service payments to this bond to \$16,529,000.	2,718,000
3. Quality of Life Bond. The Governor reduced payments to this bond. Of the total, there is a \$5,561,293 reduction for existing bonds and a \$160,291 increase due to projected new bond issues for FY 2015-16. This reduced total debt service payments for this bond to \$75,959,000.	(5,401,000)
Total Changes.....	\$4,054,000
FY 2015-16 Governor's Recommendation.....	\$156,449,000

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. There were no boilerplate changes related to Debt Service in Treasury.

Date Completed: 2-18-14

Fiscal Analyst: Cory Savino

Senate Bill 122 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,863.5	1,901.5	38.0	2.0
GROSS.....	545,636,400	533,426,200	(12,210,200)	(2.2)
Less:				
Interdepartmental Grants Received	9,409,100	9,500,700	91,600	1.0
ADJUSTED GROSS	536,227,300	523,925,500	(12,301,800)	(2.3)
Less:				
Federal Funds.....	39,705,400	39,661,500	(43,900)	(0.1)
Local and Private	2,005,600	9,055,100	7,049,500	351.5
TOTAL STATE SPENDING	494,516,300	475,208,900	(19,307,400)	(3.9)
Less:				
Other State Restricted Funds	376,398,000	354,978,600	(21,419,400)	(5.7)
GENERAL FUND/GENERAL PURPOSE	118,118,300	120,230,300	2,112,000	1.8
PAYMENTS TO LOCALS	197,086,000	199,157,300	2,071,300	1.1

FY 2014-15 Year-to-Date Gross Appropriation	\$545,636,400
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Changes from FY 2014-15 Year-to-Date:

- | | |
|---|-----------|
| 1. City Income Tax Administration. The Governor created a program that supports cities in the collection of city income taxes. There are also 24.0 FTEs included in this program. The program would be funded by local funds from the Local City Income Tax fund. | 7,050,000 |
| 2. Payments in Lieu of Taxes (PILT). The Governor increased this unit in order to ensure that it is being fully funded in accordance to statute and for scheduled statutory increases in the Swamp and Tax Reverted Land Program from \$3 per acre to \$4 per acre. GF/GP supports \$4.5 million of the total. | 4,919,200 |
| 3. Personal Property Tax Reform and Essential Services Assessment Act program. The Governor increased administrative support for this program. 9.0 FTEs and \$1.5 million have been moved from one-time implementation to ongoing administration. The Governor also increased the program by an additional \$1.8 million and 2.0 FTEs totaling \$3,345,000 in FY 2015-16. The Governor also moved \$19.3 million from one-time implementation to one-time payments to locals in accordance with statute. | 1,845,000 |
| 4. Financial Review Commission. The Governor increased \$2.0 million and 8.0 FTEs to the Financial Review Commission to provide ongoing support to ensure Detroit compliance with the Detroit Bankruptcy package that was passed in 2014. | 2,000,000 |
| 5. Treasury Online Business Portal. The Governor created a new Department of Treasury Business Portal funded at \$2.6 million, of which \$2.0 million is appropriated as ongoing while \$600,000 is one-time. The funds go to the Information Technology line item. | 2,600,000 |

FY 2015-16 TREASURY - OPERATIONS BUDGET

6. Casino & Gaming Legal Affairs. The Governor increased the Casino gaming control administration line item to provide licensing and regulation associated with live horse races, verifying electronic gaming devices, and enhancing the agency's communication strategies. No additional GF/GP is included in this increase.	514,100
7. Data Collection Authorization Increase. The Governor increased the Financial and Administrative Services unit due to additional data collection fees.	40,000
8. Lottery Promotion and Advertising. The Governor removed the Lottery Promotion and Advertising line item, however, boilerplate sec. 20-964 was added that allows the Department to use 1% of the lottery gross sales towards promotion and advertising.	(18,622,000)
9. Administrative Efficiency Reduction. The Governor reduced line items due to administrative efficiencies that are not intended to impact essential services. The reductions impact Local Government Programs (\$2.0 million), Tax Programs (\$1.4 million), Financial Programs (\$500,000), and Finance and Administrative Services (\$100,000).	(4,000,000)
10. Land Reutilization Funding. The Governor reduced funding to the Supervision of the General Property tax law line item due to decreased revenue from Land Reutilization Fund fees. This cut is not offset by any additional funds.	(3,304,500)
11. Senior Citizen Cooperative Housing Tax Exemption. The Governor reduced funding to this line item. Costs of this program have been reduced due in part to reassessments of property values. The reduction reflects the anticipated lapse amount for FY 2015-16.	(2,000,000)
12. Elimination of One-Time Items. The Governor eliminated the one-time appropriations of \$600,000 that went towards creating a system that allows individuals to pay income tax owed on credit cards, and a \$1.1 million grant to Flint for police and fire.	(1,600,000)
13. Remove Supplemental Funding. The Governor eliminated FY 2014-15 supplemental funding. PAs 282 and 182 of 2014 made one-time appropriations to Tax and Economic Policy (\$1.0 million) and Executive Operations (\$100,000).	(1,100,000)
14. Economic Adjustments. Economic adjustments increased \$1,752,600 Gross and \$284,500 GF/GP. Also includes negative \$2,252,700 Gross and negative \$373,500 GF/GP for OPEB and negative \$51,900 Gross and negative \$12,500 GF/GP for other economic adjustments.	(552,000)
Total Changes.....	(\$12,210,200)
FY 2015-16 Governor's Recommendation.....	\$533,426,200

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Deleted Reporting Requirements.** The Governor removed a number of sections that require reporting, this includes: sec. 20-201 (change to payments to locals), sec. 20-902a (notification of bond refunding or restructuring), sec. 20-927 (Personal Property Tax audits), and sec. 20-944 (forward reports from any pension plan consultants). (Secs. 20-902a, 20-927, and 20-944)
2. **Grants to the City of Flint.** The Governor removed a section that appropriated the one-time grant to the city of Flint for police and fire. (Sec. 20-949a)
3. **Bridge Cards.** The Governor removed a section that restricts bridge cards from being used to buy lottery tickets. (Sec. 20-963)
4. **Income Tax Fraud Prevention.** The Governor added a section that allows Treasury to contract with a private agency to prevent the disbursement of fraudulent tax returns. A portion of the funds that have been prevented from being disbursed goes towards funding this program, but it cannot exceed \$1.6 million. The section also requires a report to the Legislature on the amount of fraudulent tax returns that were stopped. (Sec. 20-948)
5. **Personal Property Tax Payments.** The Governor added a section that requires Treasury to make one-time personal property tax payments to locals in accordance with the Local Community Stabilization Authority Act in addition to the administration of the program. (Sec. 20-949)

6. **City Income Tax Administration Program.** The Governor added a section that allows the Department to work with individual cities to operate e-file tax returns for city governments. (Sec. 20-949a)
7. **Online Business Portal.** The Governor added a section that allows Treasury to expend funds to Information Technology in order to establish an online business portal that allows businesses to do electronic business tax registration, tax returns, and tax payments. (Sec. 20-949b)
8. **Financial Review.** The Governor added a section that specifies the Financial Review Commission duties in overseeing the City of Detroit. (Sec. 20-949c)
9. **Essential Services Assessment.** The Governor added a section that specifies the purpose of the essential services assessment phase-in, which will replace the personal property tax. (Sec. 20-949d)
10. **Wayne County Tobacco Revenue.** The Governor added a section that allows tobacco revenue that was being used by DCH to support health care, and is no longer needed, to return to Wayne County. (Sec. 20-949e)
11. **Lottery Promotion.** The Governor added a section that allows 1% of gross lottery sales from the previous year to be used towards promotion without being included in a line item. (Sec. 20-964)
12. **Audits Modification.** The Governor modified a section that reduced the assessment and certification division audits on local units from a full 14-point review of one local unit in each county to a minimum assessing requirement review for each county. (Sec. 20-945)
13. **Technical Adjustments.** The Governor made technical adjustments that reflect date changes, payments to locals adjustments, and legacy cost adjustments. (Sec. 20-201, 20-949, and 20-1100)

Date Completed: 2-19-14

Fiscal Analyst: Cory Savino

Senate Bill 122 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A
GROSS	1,232,694,000	1,251,237,000	18,543,000	1.5
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,232,694,000	1,251,237,000	18,543,000	1.5
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	1,232,694,000	1,251,237,000	18,543,000	1.5
Less:				
Other State Restricted Funds	1,232,694,000	1,251,237,000	18,543,000	1.5
GENERAL FUND/GENERAL PURPOSE	0	0	0	0.0
PAYMENTS TO LOCALS	1,232,694,000	1,251,237,000	18,543,000	1.5

FY 2014-15 Year-to-Date Gross Appropriation	\$1,232,694,000
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Changes from FY 2014-15 Year-to-Date:

- Constitutional Revenue Sharing.** The Governor recommended \$788,497,000 for constitutional revenue sharing in FY 2015-16, an increase of 3.1% over the January 2015 consensus estimate of payments in FY 2014-15. Constitutional revenue sharing is paid to cities, villages, and townships on a per-capita basis. 23,843,000
- City, Village, and Township Revenue Sharing.** The Governor reduced nonconstitutional (statutory) revenue sharing to CVTs by 2.3% to \$243,040,000. The Governor removed the per capita payment option for CVTs with a population over 7,500 that was included in the FY 2014-15 budget. This would remove 101 local units of government (100 townships and 1 city) from eligibility for a payment, leaving 486 eligible local units, the same units as in FY 2013-14. (5,800,000)
- County Revenue Sharing and County Incentive Program.** The Governor increased revenue sharing funding for counties by \$3.5 million to cover the cost of counties that return to State-paid revenue sharing for the first full- or part-year of payments in FY 2015-16. The line item for County Revenue Sharing would receive \$2.8 million and the County Incentive Program (which requires compliance with accountability and transparency requirements) would receive \$700,000. 3,500,000
- Financially Distressed Cities, Villages, and Townships.** This grant program to CVTs with signs of probable financial distress would be reduced from \$8.0 million in FY 2014-15 to \$5.0 million in FY 2015-16. (3,000,000)

Total Changes	\$18,543,000
FY 2015-16 Governor's Recommendation	\$1,251,237,000

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **City, Village, and Township Revenue Sharing Eligibility.** The Governor deleted the distribution of \$2.64659 per capita to CVTs with a population of over 7,500 that was in effect for FY 2014-15. Eligibility remains for CVTs that received a statutory revenue sharing payment in FY 2009-10 greater than \$4,500. Those CVTs are eligible for up to 78.51044% of the payment received in FY 2009-10. (Sec. 20-952)
2. **Accountability and Transparency.** The Governor revised the accountability and transparency criteria for CVTs and counties to specify that the report of debt service payments extends until maturity of the debt and to require that eligible CVTs and counties include information in any general mailing to citizens about the internet or physical location of the accountability and transparency reports. (Sec. 20-952)
3. **County Revenue Sharing Withholding.** The Governor authorized the withholding of revenue sharing payments to a county if the county is more than three months delinquent in maintaining the county child care fund or State ward board and care chargeback obligations. These obligations relate to foster care and juvenile justice. (Sec. 20-952(4)(i))
4. **Financially Distressed CVTs.** The Governor delayed the report date for grant awards from March 15 to September 30. The Governor expanded examples of allowable uses for the grants. The Governor added replacement of critical infrastructure (instead of just repair), added repair or replacement of critical equipment owned by the CVT; permitted qualifying infrastructure to be either owned or maintained by the CVT (as opposed to "owned and maintained" by the CVT; allowed funds to be used to reduce any type of debt service obligations (not just obligations supported by the local general fund), and specified that shared services are provided in conjunction with another jurisdiction. The Governor also updated work project amounts and dates and removed the direction for Treasury to establish an application process. (Sec. 20-956)
5. **County Revenue Sharing - Statement of Purpose.** The Governor added language to state that the purpose of the increased funding for county revenue sharing is to provide the funding allowed under Sec. 44a of the General Property Tax Act. (Sec. 20-957)
6. **Online Financial Accountability Reporting System.** The Governor deleted language that required the Department of Treasury to work with the Department of Technology, Management, and Budget to issue a request for proposals (RFP) for a statewide financial accountability reporting system accessible to the general public and report on the status of the RFP by March 15. (Sec. 958)

Date Completed: 3-20-15

Fiscal Analyst: Elizabeth Pratt

Senate Bill 122 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	756.0	756.0	0.0	0.0
GROSS.....	1,024,779,900	1,006,582,500	(18,197,400)	(1.8)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,024,779,900	1,006,582,500	(18,197,400)	(1.8)
Less:				
Federal Funds.....	627,370,300	627,305,000	(65,300)	(0.0)
Local and Private	10,088,400	10,082,500	(5,900)	(0.1)
TOTAL STATE SPENDING	387,321,200	369,195,000	(18,126,200)	(4.7)
Less:				
Other State Restricted Funds	142,678,700	142,588,000	(90,700)	(0.1)
GENERAL FUND/GENERAL PURPOSE	244,642,500	226,607,000	(18,035,500)	(7.4)
PAYMENTS TO LOCALS	11,224,800	15,224,800	4,000,000	35.6

FY 2014-15 Year-to-Date Gross Appropriation	\$1,024,779,900
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Changes from FY 2014-15 Year-to-Date:

- Pure Michigan.** The Governor increased \$1.0 million in 21st Century Jobs Trust Fund to this line item. This increased total appropriations to \$30.0 million. 1,000,000
- Elimination of One-time.** The Governor eliminated the FY 2014-15 one-time appropriations for special grants (\$15.8 million) and the automotive, engineering and manufacturing fund (\$2.0 million). (17,750,000)
- Business Attraction and Community Revitalization.** The Governor reduced \$1.0 million in 21st Century Jobs Trust Fund from this line item. This reduced total ongoing and one-time appropriation to this program to \$129.0 million. (1,000,000)
- Michigan Film Office.** The Governor eliminated the GF/GP to this office, which reduces total appropriations to \$653,800. However, statute allows for up to 4% of the total appropriations to the film incentive program to go towards administration, so some of that could be used to support the office. (237,100)
- Economic Adjustments.** Economic adjustments increased \$210,000 Gross and \$93,900 GF/GP. Also includes negative \$413,800 Gross and negative \$142,300 GF/GP for OPEB and negative \$6,500 Gross and \$0 GF/GP for other economic adjustments. (210,300)
- Other Changes.** The Governor consolidated ten Workforce Development line items into two. The consolidation resulted in no overall change to the line items other than economic adjustments.

Total Changes.....	(\$18,197,400)
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FY 2015-16 Governor's Recommendation.....	\$1,006,582,500
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Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Deleted Reporting Requirements.** The Governor removed sections that require reports on the Michigan State Housing and Development Authority progress on goals status and the Land Bank fast track activities. (Secs. 20-980 and 20-986)
2. **Deleted Sections Due to Program Elimination.** The Governor removed multiple sections due to that program not being continued into FY 2015-16 by MSF, this includes sections: 20-981 (Michigan Broadband Development Authority), 20-1044 (Special Grants), 20-1057 (Aerospace special grant), and 20-1069 (Special Grant to GED assessment). (Secs. 20-981, 20-1044, 20-1057, and 20-1069)
3. **Deleted Language on Specific Bond Issues.** The Governor removed authority language on bonds issued for the MSU Facility for Rare Isotope Beam and Community College Skilled Trades Equipment Program. These bonds have been issued in FY 2014-15. (Secs. 20-1037 and 20-1052)
4. **Deleted Creation of a Workgroup or Task Force.** The Governor removed multiple sections that created either a Workgroup or Joint Task Force in FY 2014-15, this includes sections: 20-990 (Joint Taskforce on housing rehabilitation), 20-1058 (Workgroup on transportation for the low-income, elderly, or disabled), 20-1070 (created a workgroup on Michigan Works! Job training programs and declining family independence program caseloads). (Secs. 20-990, 20-1058, 20-1070)
5. **Deleted Requirements on Appropriations.** The Governor removed multiple sections that put restrictions on how appropriations can be used, this includes sections: 20-1034(2) (business incubators and accelerators), 20-1041 (Cap on Business Attraction and Community Revitalization), 20-1043 (\$250,000 to West Michigan Film office), 20-1044 (Michigan Heritage Restoration Program), 20-1048 (Michigan Law Enforcement Memorial Fund), and 20-1059 (pre-college engineering programs). (Secs. 20-1034(2), 20-1041, 20-1043, 20-1044, 20-1048, and 20-1059)
6. **Skilled Trades Training Program.** The Governor added a section that allows the skilled trades training program to use up to \$5.0 million towards matching Federal funds. (Sec. 20-1039b)
7. **Report on MEDC Awards.** The Governor added a section that creates a report on projects that were awards by MEDC. (Sec. 20-1052)
8. **One-Time Appropriations.** The Governor added two sections that establish criteria for the one-time appropriations to the Business Attraction and Community Revitalization program and Film Incentive program. (Secs. 20-1071 and 20-1072)
9. **Technical Changes.** The Governor made technical adjustments to reflect date changes, alignment with statute, consolidation of the Workforce Development Agency, consistency in reports, and Legacy Cost adjustments. (Secs. 20-1009, 20-1013, 20-1032, 20-1033, 20-1034, 20-1039, 20-1045, 20-1054, 20-1063, and 20-1068)

Date Completed: 2-18-14

Fiscal Analyst: Cory Savino



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