



FY 2017-18

APPROPRIATIONS REPORT
Part I - Governor's Recommendations

March 2017

Senate Fiscal Agency



Ellen Jeffries, Director - Lansing, Michigan - (517) 373-2768
Internet Address: <http://www.senate.michigan.gov/sfa>

THE SENATE FISCAL AGENCY

The Senate Fiscal Agency is governed by a board of five members, including the majority and minority leaders of the Senate, the Chairperson of the Appropriations Committee of the Senate, and two other members of the Appropriations Committee of the Senate appointed by the Chairperson of the Appropriations Committee with the concurrence of the Majority Leader of the Senate, one from the minority party.

The purpose of the Agency, as defined by statute, is to be of service to the Senate Appropriations Committee and other members of the Senate. In accordance with this charge the Agency strives to achieve the following objectives:

1. To provide technical, analytical, and preparatory support for all appropriations bills.
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.
5. To review and evaluate the impact of Federal budget decisions on the State.
6. To review and evaluate State issuance of long-term and short-term debt.
7. To review and evaluate the State's compliance with constitutional and statutory fiscal requirements.
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.



Ellen Jeffries, Director
Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536
Telephone (517) 373-2768

Internet Address: <http://www.senate.michigan.gov/sfa>

SENATE APPROPRIATIONS COMMITTEE

Senator Dave Hildenbrand, Chair

Senator Peter MacGregor, Vice Chair

Senator Goeff Hansen

Senator Jim Stamas

Senator Tonya Schuitmaker

Senator Marty Knollenberg

Senator Darwin L. Booher

Senator Mike Shirkey

Senator John Proos

Senator Mike Nofs

Senator Mike Green

Senator Jim Marleau

Senator Vincent Gregory, Minority Vice Chair

Senator Hoon-Yung Hopgood

Senator Curtis Hertel, Jr.

Senator David Knezek

Senator Coleman Young II

TABLE OF CONTENTS

	Page
OVERVIEW	1
Table 1: FY 2017-18 Governor's Recommendation by Source of Funds	3
Figure A: Appropriations by Source of Funds FY 2017-18 Governor's Recommendation Adjusted Gross	4
Table 2: Adjusted Gross Appropriations FY 2016-17 Year-to-Date Versus FY 2017-18 Governor's Recommendation	5
Figure B: Adjusted Gross Appropriations by Major Category FY 2017-18 Governor's Recommendation	6
Table 3: State Spending From State Resources Appropriations FY 2016-17 Year-to-Date Versus FY 2017-18 Governor's Recommendation	7
Figure C: State Spending From State Resources FY 2017-18 Governor's Recommendation	8
Table 4: General Fund/General Purpose Appropriations FY 2016-17 Year-to-Date Versus FY 2017-18 Governor's Recommendation	9
Figure D: General Fund/General Purpose FY 2017-18 Governor's Recommendation	10
Table 5: Full-Time Equated Classified Positions FY 2016-17 Year-to-Date Versus FY 2017-18 Governor's Recommendation	11
Figure E: Full-Time Equated Classified Positions FY 2017-18 Governor's Recommendation	12
Table 6: FY 2017-18 Governor's Recommendation One-Time Appropriations	13
Table 7: State Payments to Local Units of Government FY 2016-17 Year-to-Date Versus FY 2017-18 Governor's Recommendation	16
Table 8: February 2017 Governor's Recommendation General Fund/General Purpose Revenue, Expenditures, and Year-End Balance	17
Table 9: February 2017 Governor's Recommendation School Aid Fund Revenue, Expenditures, and Year-End Balance	18
 SUMMARY OF MAJOR FY 2017-18 GROSS AND GF/GP APPROPRIATION CHANGES	 19
Table 10: FY 2017-18 Governor's Appropriation Recommendation Summary of Changes from FY 2016-17 Year-to-Date Gross and GF/GP Appropriations	19
Table 11: FY 2017-18 Governor's Appropriation Recommendation New Gross and GF/GP Programs	20
Table 12: FY 2017-18 Governor's Appropriation Recommendation Gross and GF/GP Funding Increases	21
Table 13: FY 2017-18 Governor's Appropriation Recommendation Gross and GF/GP Funding Eliminations/Reductions	26
Table 14: FY 2017-18 Governor's Appropriation Recommendation Fund Shifts to Increase/(Reduce) GF/GP	30
Table 15: FY 2017-18 Governor's Appropriation Recommendation Program Transfers	31
Table 16: FY 2017-18 Governor's Appropriation Recommendation Gross and GF/GP Unclassified Salaries, Economics, and Lump Sum Salary Amounts	32
 SUMMARY OF MAJOR SCHOOL AID APPROPRIATION CHANGES	 33
Table 17: FY 2017-18 Governor's Gross Appropriation Recommendation K-12 School Aid Appropriation Changes	35

FEE AND REVENUE PROPOSALS	37
Table 18: FY 2017-18 Governor's Recommendation Proposed Fee Adjustments Included in Budget....	37
SUMMARY OF OTHER MAJOR FY 2017-18 APPROPRIATION ISSUES	38
Table 19: Capital Outlay Recommendation Summary.....	39
Table 20: Flint Drinking Water Declaration of Emergency Appropriation Summary.....	40
Table 21: Revenue Sharing Appropriation Summary	41
Table 22: FY 2017-18 State Budget Recommendation Economic Increases Included in Budget.....	42
Table 23: State Retirement Contribution Rates as a Percentage of Payroll	44
Table 24: FY 2017-18 MPERS Employer Contribution Rates.....	45
Table 25: FY 2017-18 Estimated Contributions to Two Largest Retirement Systems	46
Table 26: FY 2017-18 Legacy Costs Breakout - Pensions and Health Care	47
Table 27: Debt Service Appropriations FY 2017-18 Compared with FY 2016-17.....	48
Table 28: Tobacco Settlement Revenue and Appropriations FY 2016-17 Compared to FY 2017-18 Governor's Recommendation	49
Table 29: State Spending from State Resources Appropriations Total Compared in Selected Budget Areas	50
ECONOMIC AND REVENUE FORECAST	51
Table 30: Consensus Economic Forecast January 12, 2017	55
Table 31: Governor's Projected Total State Revenue: FY 2015-16 Through FY 2017-18.....	56
Table 32: General Fund/General Purpose Revenue Estimates: FY 2016-17 and FY 2017-18.....	57
Table 33: School Aid Fund Revenue Estimates: FY 2016-17 and FY 2017-18	58
Figure F: Budget Stabilization Fund Year-End Balance with the Governor's Recommended Deposits in FY 2017-18.....	59
DETAILS FOR DEPARTMENTS AND BUDGET AREAS.....	60
Table 34: Gross Appropriations FY 2017-18 Governor's Recommendation Versus FY 2016-17 Year-to-Date	60
Table 35: General Fund/General Purpose Appropriations FY 2017-18 Governor's Recommendation Versus FY 2016-17 Year-to-Date	61
Table 36: Governor's FY 2017-18 Gross and GF/GP Changes to FY 2016-17	62
APPENDIX	
Governor's Recommendation Highlight Sheets	

OVERVIEW

On February 8, 2017, Governor Rick Snyder presented his fiscal year (FY) 2017-18 State Budget Message and his budget projections for FY 2018-19. 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 2017-18 appropriation recommendation.

The FY 2017-18 budget recommendation from the Governor is based on the consensus revenue estimates agreed to on January 12, 2017. The FY 2017-18 General Fund/General Purpose (GF/GP) consensus revenue estimate is \$10.5 billion. This represents a 2.3% increase from the FY 2016-17 GF/GP consensus revenue estimate. The FY 2017-18 School Aid Fund (SAF) consensus revenue estimate is \$12.8 billion, a 2.6% increase from the FY 2016-17 consensus revenue estimate. The Governor's FY 2017-18 recommendation reflects a December 31, 2016, expiration of the Medicaid managed care use tax; tied to that expiration is reversion of the Health Insurance Claims Assessment (HICA) rate from 0.75% to 1.0%. The Governor's FY 2017-18 recommendation includes \$1.6 million in fee adjustments, all of which are from the elimination of fee sunsets in the Department of Environmental Quality. The Governor also is recommending statutory changes that would direct the deposit of 25.0% of the FY 2016-17 unassigned year-end GF/GP revenue balance to the Budget Stabilization Fund.

The Governor recommends FY 2017-18 Gross appropriations of \$56.3 billion and Adjusted Gross appropriations of \$55.4 billion. Included in this appropriation total are \$23.1 billion of Federal funds, \$383.1 million of local and private funds, \$21.8 billion of State Restricted revenue, and \$10.1 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-D](#) illustrate the total funding by source and major spending category. Compared with FY 2016-17 year-to-date appropriations, the Governor's FY 2017-18 budget includes an Adjusted Gross appropriation increase of \$1.2 billion or 2.2%, an increase in State Spending from State Resources appropriations of \$777.5 million or 2.5%, and an increase in GF/GP appropriations of \$49.4 million or 0.5%.

The primary reasons for the increase in State Spending from State Resources appropriations are costs associated with the Medicaid match in the Department of Health and Human Services; funding increases in the School Aid budget for the foundation allowance, the At Risk program, and the Michigan Public School Employees' Retirement System; and a nearly \$206.0 million increase in State restricted revenue for the Department of Transportation. [Tables 2-4](#) compare the Governor's FY 2017-18 recommendation for Adjusted Gross, State Spending from State Resources, and GF/GP appropriations with the FY 2016-17 year-to-date appropriations. [Table 5](#) compares the FY 2017-18 recommended number of 53,293.0 full-time equated (FTE) positions to the FY 2016-17 level of 52,714.0 FTEs, an increase of 579.0 positions or 1.1%. [Figure E](#) illustrates FTEs by major budget category.

The FY 2017-18 recommendation includes appropriations that the Governor has designated as either "ongoing" or "one-time". [Table 6](#) outlines the proposed FY 2017-18 one-time appropriations by fund source, with a Gross total for all budget areas of \$321.4 million. The Governor's budget also includes a \$175.0 million Gross appropriation (all GF/GP revenue) for the Budget Stabilization Fund, which brings total one-time appropriation recommendations to \$496.4 million Gross, and \$357.1 million GF/GP.

The Governor's recommendation includes \$17.7 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 estimated State payments to local units of government for FY 2016-17 and FY 2017-18, of \$17.3 billion and \$17.7 billion, respectively.

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT (millions of dollars)	
	FY 2017-18 Est.
State Spending from State Resources	\$31,889.1 ^{a)}
Required Payments to Local Units of Government (48.97%)	\$15,616.1
Estimated Payments to Local Units of Government.....	\$17,680.0
Estimated Payments as a Percentage of Total State Spending	55.44%
Surplus of Section 30 Payments	\$2,063.9
a) Does not include \$18.827 million of Federal aid counted as GF/GP revenue.	

Tables 8 and 9 present the GF/GP and SAF balance sheets for FY 2016-17, FY 2017-18, and FY 2018-19, which reflect positive ending balances for all three fiscal years.

The total Gross and GF/GP dollar changes from FY 2016-17 to FY 2017-18 are increases of \$1.2 billion and \$49.4 million, respectively. Table 10 shows that the \$49.4 million GF/GP increase consists of \$33.7 million of GF/GP funding for new programs, \$402.4 million of GF/GP funding increases, \$293.1 million of GF/GP funding reductions, a \$127.1 million GF/GP decrease due to fund shifts, a GF/GP reduction of \$24.3 million due to program transfers and lump sum salary adjustments, \$288,300 for an unclassified salaries increase, and an increase of \$57.6 million in GF/GP economic adjustments. Tables 11-16 provide the details of these changes.

The FY 2017-18 School Aid Fund budget changes proposed by the Governor are outlined in Table 17. As the table indicates, the net change in SAF appropriations is an increase of \$140.3 million. This \$140.3 million change consists of \$27.7 million for new programs, \$470.2 million of funding increases for existing programs, and \$357.6 million of funding reductions.

Table 18 lists the Governor's proposed fee adjustments for FY 2017-18. Following the fee table, there is an update of the personal property tax reform issue that the Governor has tied to his lack of funding increases for community colleges and State Revenue Sharing, and the expiration of foster care "hold harmless" provisions for State-county cost sharing. Tables 19-29 outline background information regarding major budget areas and other general appropriation issues. Tables 30-33 summarize the consensus revenue estimates that are the basis for the Governor's proposed budget, and Tables 34-36 provide details by budget area of the Governor's FY 2017-18 Gross and GF/GP changes to FY 2016-17. The Appendix to this report contains highlight sheets of the Governor's recommendation for all budget areas.

On an overall basis, the Governor's FY 2017-18 budget proposal increases Adjusted Gross appropriations by 2.2%, State Spending from State Resources appropriations by 2.5%, and GF/GP appropriations by 0.5%. Part of the reason for the lower increase in GF/GP appropriations is the shift of nearly \$133.0 million of Community College GF/GP appropriations to the School Aid Fund, and the lowering of debt service appropriations by \$29.5 million. As in his previous six budgets, the Governor's seventh budget message includes performance measures for State programs.

Table 1
FY 2017-18 GOVERNOR'S RECOMMENDATION
BY SOURCE OF FUNDS

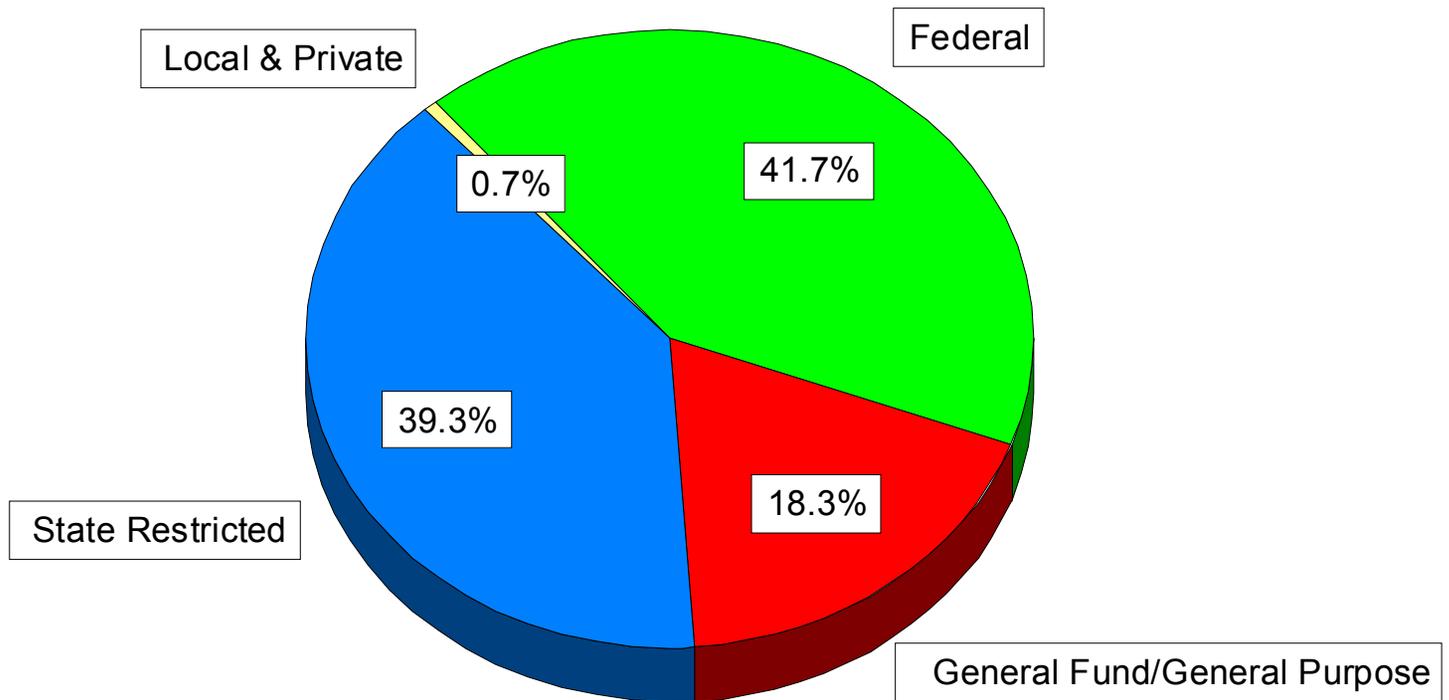
Department/Budget Area	Gross	IDGs	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund/ General Purpose
Agriculture & Rural Development	\$104,928,800	\$310,300	\$104,618,500	\$11,273,900	\$101,600	\$36,661,000	\$56,582,000
Attorney General	101,068,800	29,915,300	71,153,500	9,518,000	0	21,336,900	40,298,600
Capital Outlay	0	0	0	0	0	0	0
Civil Rights	16,099,600	296,600	15,803,000	2,775,800	18,700	151,900	12,856,600
Community Colleges	398,167,600	0	398,167,600	0	0	395,142,600	3,025,000
Corrections	2,014,419,200	0	2,014,419,200	5,293,800	8,842,400	36,149,400	1,964,133,600
Education	349,309,500	0	349,309,500	251,854,700	7,851,500	8,567,600	81,035,700
Environmental Quality	510,842,000	3,100,500	507,741,500	170,042,600	555,300	285,825,300	51,318,300
Executive	6,848,500	0	6,848,500	0	0	0	6,848,500
Health & Human Services	25,537,414,500	13,640,900	25,523,773,600	18,351,244,100	268,624,300	2,442,169,800	4,461,735,400
Higher Education	1,637,224,400	0	1,637,224,400	111,526,400	0	235,743,500	1,289,954,500
Insurance & Financial Services	66,741,400	707,600	66,033,800	2,014,700	0	63,869,100	150,000
Judiciary	299,954,600	1,550,600	298,404,000	6,488,900	6,971,000	92,539,000	192,405,100
Legislative Auditor General	24,286,200	5,709,200	18,577,000	0	0	1,969,400	16,607,600
Legislature	154,974,800	0	154,974,800	0	400,000	4,277,700	150,297,100
Licensing & Regulatory Affairs	441,576,300	47,835,100	393,741,200	65,020,900	361,800	285,341,900	43,016,600
Military & Veterans Affairs	180,004,400	101,800	179,902,600	92,334,100	2,168,400	22,332,600	63,067,500
Natural Resources	416,374,300	232,200	416,142,100	70,095,700	7,446,000	274,553,100	64,047,300
Natural Resources (Trust Fund)	0	0	0	0	0	0	0
School Aid	14,302,088,800	0	14,302,088,800	1,726,943,500	0	12,360,145,300	215,000,000
State	249,358,500	20,000,000	229,358,500	1,460,000	50,100	205,709,400	22,139,000
State Police	693,588,900	26,221,600	667,367,300	83,662,500	6,013,300	135,423,700	442,267,800
Talent & Econ. Development	1,143,324,800	0	1,143,324,800	762,144,800	6,120,900	181,556,700	193,502,400
Technology, Mgt., & Budget	1,405,543,900	713,959,000	691,584,900	4,985,300	2,444,400	111,399,300	572,755,900
Transportation	4,347,443,000	4,039,300	4,343,403,700	1,340,301,200	50,632,000	2,952,470,500	0
Treasury (Debt Service)	107,580,000	0	107,580,000	0	0	0	107,580,000
Treasury (Operations)	512,829,800	12,613,700	500,216,100	27,022,600	14,543,500	359,881,500	98,768,500
Treasury (Revenue Sharing)	1,245,292,200	0	1,245,292,200	0	0	1,245,292,200	0
TOTAL APPROPRIATIONS	\$56,267,284,800	\$880,233,700	\$55,387,051,100	\$23,096,003,500	\$383,145,200	\$21,758,509,400	\$10,149,393,000

ω

Figure A

Appropriations by Source of Funds

FY 2017-18 Governor's Recommendation Adjusted Gross



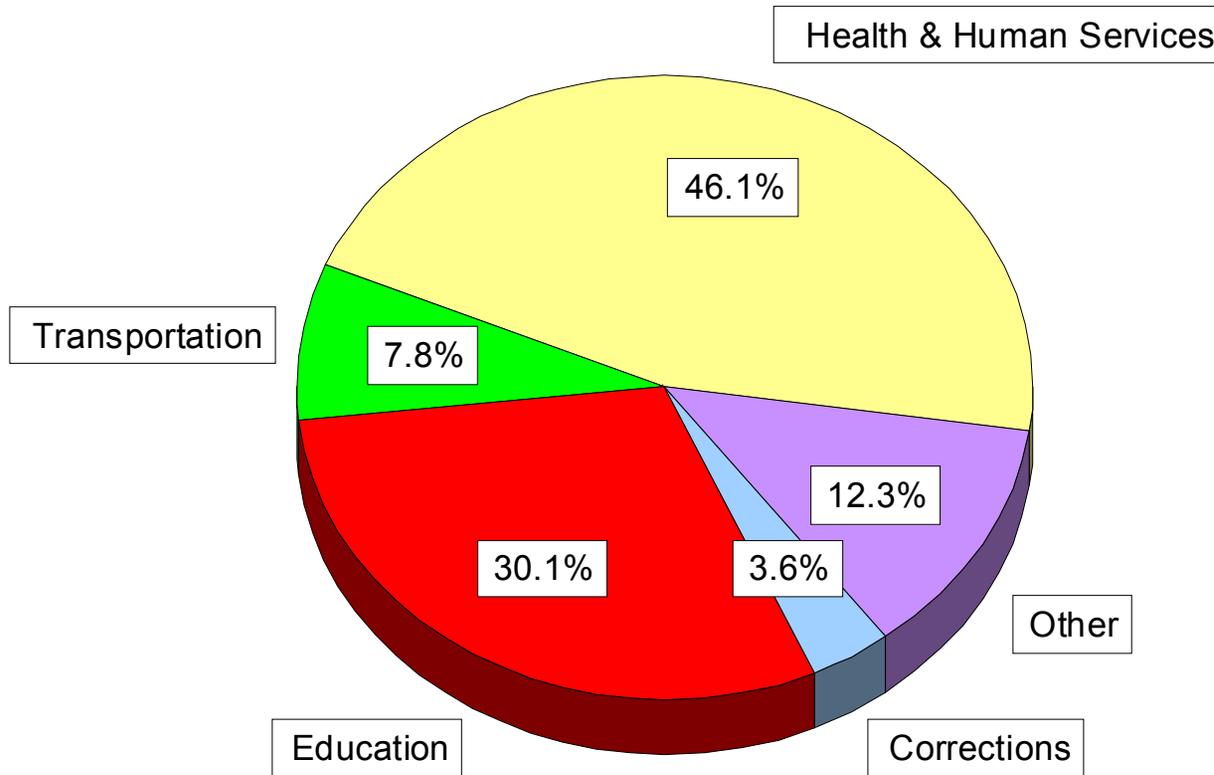
Total = \$ 55,387,051,100

Table 2
ADJUSTED GROSS APPROPRIATIONS
FY 2016-17 YEAR-TO-DATE VERSUS FY 2017-18 GOVERNOR'S RECOMMENDATION

Department/Budget Area	FY 2016-17 Year-to-Date Appropriations	FY 2017-18 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development.....	\$95,583,700	\$104,618,500	\$9,034,800	9.5%
Attorney General	72,496,100	71,153,500	(1,342,600)	(1.9)
Capital Outlay.....	200	0	(200)	(100.0)
Civil Rights	15,954,900	15,803,000	(151,900)	(1.0)
Community Colleges	395,925,600	398,167,600	2,242,000	0.6
Corrections	2,002,729,000	2,014,419,200	11,690,200	0.6
Education	331,975,200	349,309,500	17,334,300	5.2
Environmental Quality	507,660,700	507,741,500	80,800	0.0
Executive.....	5,636,300	6,848,500	1,212,200	21.5
Health & Human Services	24,871,377,600	25,523,773,600	652,396,000	2.6
Higher Education.....	1,582,640,400	1,637,224,400	54,584,000	3.4
Insurance & Financial Services.....	65,549,600	66,033,800	484,200	0.7
Judiciary	296,684,000	298,404,000	1,720,000	0.6
Legislative Auditor General.....	18,093,300	18,577,000	483,700	2.7
Legislature.....	147,903,600	154,974,800	7,071,200	4.8
Licensing & Regulatory Affairs.....	372,588,600	393,741,200	21,152,600	5.7
Military & Veterans Affairs.....	176,998,400	179,902,600	2,904,200	1.6
Natural Resources	407,578,200	416,142,100	8,563,900	2.1
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid	14,161,842,100	14,302,088,800	140,246,700	1.0
State	228,315,600	229,358,500	1,042,900	0.5
State Police	622,895,700	667,367,300	44,471,600	7.1
Talent & Economic Development.....	1,149,114,300	1,143,324,800	(5,789,500)	(0.5)
Technology, Management, & Budget.....	689,671,600	691,584,900	1,913,300	0.3
Transportation	4,111,740,200	4,343,403,700	231,663,500	5.6
Treasury (Debt Service).....	137,037,000	107,580,000	(29,457,000)	(21.5)
Treasury (Operations).....	511,210,900	500,216,100	(10,994,800)	(2.2)
Treasury (Revenue Sharing).....	1,227,408,100	1,245,292,200	17,884,100	1.5
TOTAL APPROPRIATIONS.....	\$54,206,610,900	\$55,387,051,100	\$1,180,440,200	2.2%

Figure B

Adjusted Gross Appropriations by Major Category FY 2017-18 Governor's Recommendation



Total = \$ 55,387,051,100

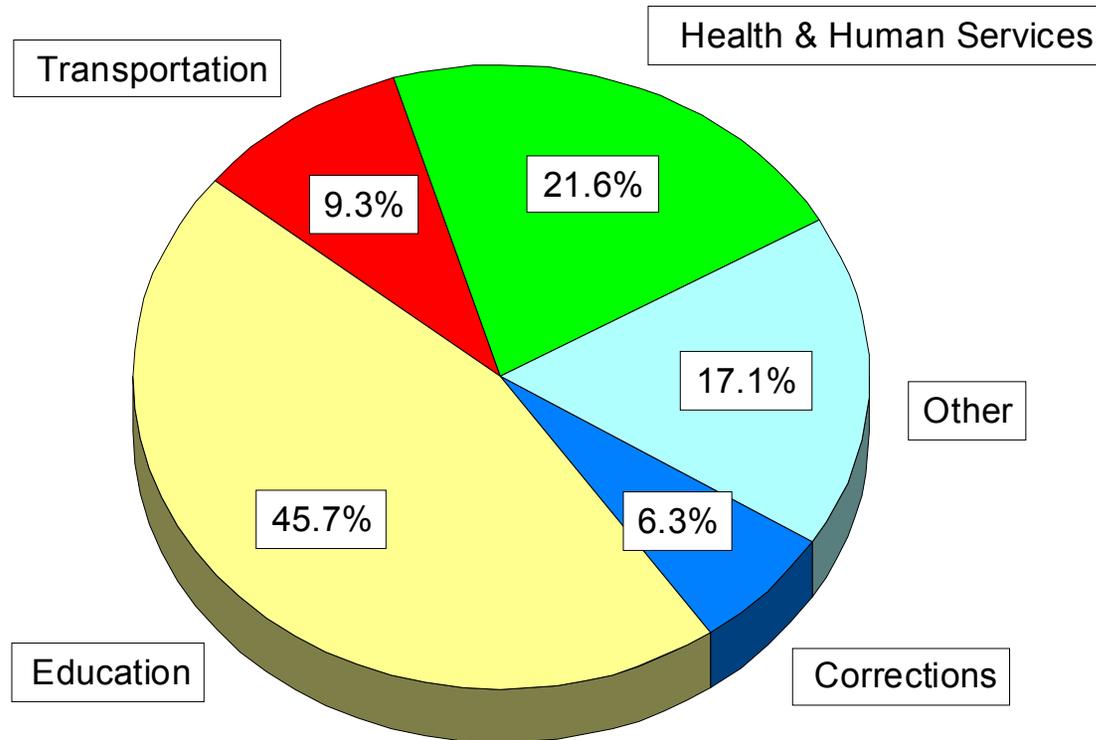
**Table 3
STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS
FY 2016-17 YEAR-TO-DATE VERSUS FY 2017-18 GOVERNOR'S RECOMMENDATION**

Department/Budget Area	FY 2016-17 Year-to-Date Appropriations	FY 2017-18 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development.....	\$84,981,800	\$93,243,000	\$8,261,200	9.7%
Attorney General	63,019,400	61,635,500	(1,383,900)	(2.2)
Capital Outlay.....	200	0	(200)	(100.0)
Civil Rights	13,173,200	13,008,500	(164,700)	(1.3)
Community Colleges	395,925,600	398,167,600	2,242,000	0.6
Corrections	1,988,512,500	2,000,283,000	11,770,500	0.6
Education	84,561,900	89,603,300	5,041,400	6.0
Environmental Quality	368,082,600	337,143,600	(30,939,000)	(8.4)
Executive.....	5,636,300	6,848,500	1,212,200	21.5
Health & Human Services	6,686,900,300	6,903,905,200	217,004,900	3.2
Higher Education.....	1,481,114,000	1,525,698,000	44,584,000	3.0
Insurance & Financial Services.....	63,549,600	64,019,100	469,500	0.7
Judiciary	281,943,400	284,944,100	3,000,700	1.1
Legislative Auditor General.....	18,093,300	18,577,000	483,700	2.7
Legislature.....	147,503,600	154,574,800	7,071,200	4.8
Licensing & Regulatory Affairs.....	307,783,400	328,358,500	20,575,100	6.7
Military & Veterans Affairs.....	82,939,600	85,400,100	2,460,500	3.0
Natural Resources	327,366,400	338,600,400	11,234,000	3.4
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid	12,343,209,400	12,575,145,300	231,935,900	1.9
State	226,855,500	227,848,400	992,900	0.4
State Police	529,021,300	577,691,500	48,670,200	9.2
Talent & Economic Development.....	374,850,500	375,059,100	208,600	0.1
Technology, Management, & Budget.....	682,393,400	684,155,200	1,761,800	0.3
Transportation	2,746,477,700	2,952,470,500	205,992,800	7.5
Treasury (Debt Service).....	137,037,000	107,580,000	(29,457,000)	(21.5)
Treasury (Operations).....	462,062,400	458,650,000	(3,412,400)	(0.7)
Treasury (Revenue Sharing).....	1,227,408,100	1,245,292,200	17,884,100	1.5
TOTAL APPROPRIATIONS.....	\$31,130,402,400	\$31,907,902,400	\$777,500,000	2.5%

Figure C

State Spending From State Resources

FY 2017-18 Governor's Recommendation



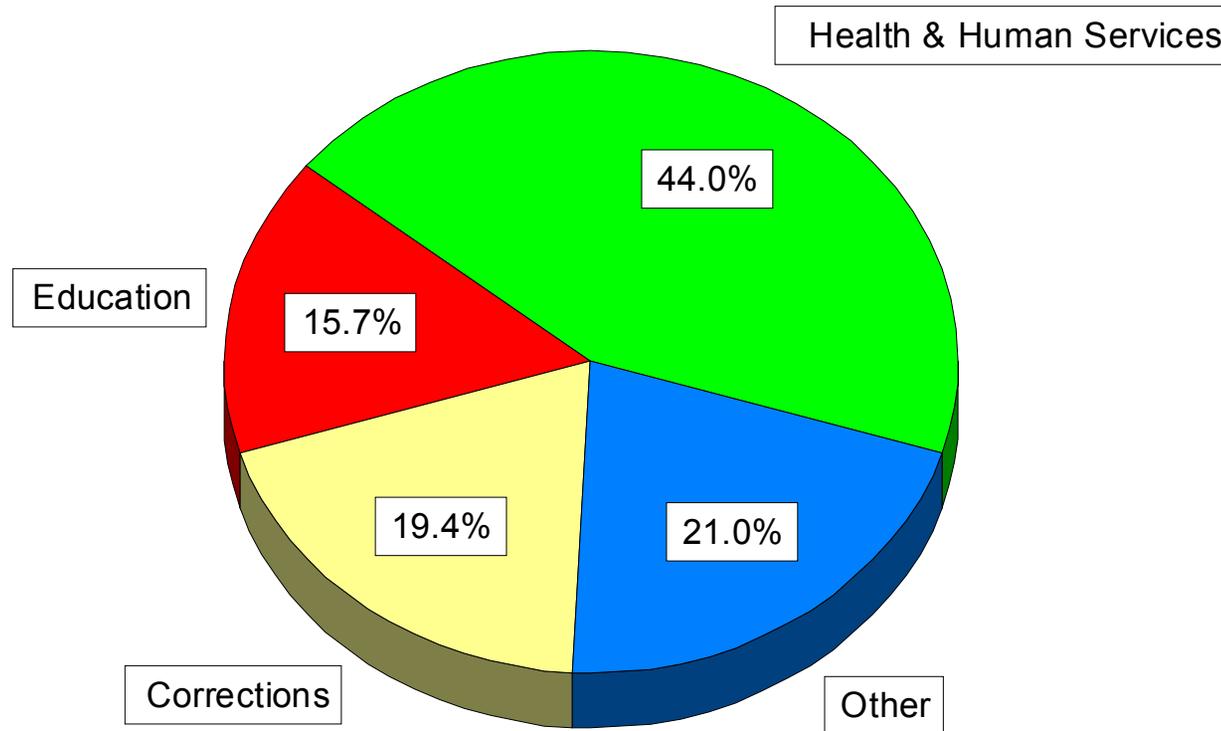
Total = \$ 31,907,902,400

**Table 4
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2016-17 YEAR-TO-DATE VERSUS FY 2017-18 GOVERNOR'S RECOMMENDATION**

Department/Budget Area	FY 2016-17 Year-to-Date Appropriations	FY 2017-18 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development.....	\$49,926,900	\$56,582,000	\$6,655,100	13.3%
Attorney General	42,840,500	40,298,600	(2,541,900)	(5.9)
Capital Outlay.....	200	0	(200)	(100.0)
Civil Rights	13,021,300	12,856,600	(164,700)	(1.3)
Community Colleges	135,510,800	3,025,000	(132,485,800)	(97.8)
Corrections	1,951,957,900	1,964,133,600	12,175,700	0.6
Education	76,181,200	81,035,700	4,854,500	6.4
Environmental Quality	49,273,400	51,318,300	2,044,900	4.2
Executive.....	5,636,300	6,848,500	1,212,200	21.5
Health & Human Services	4,392,732,800	4,461,735,400	69,002,600	1.6
Higher Education.....	1,243,904,500	1,289,954,500	46,050,000	3.7
Insurance & Financial Services.....	150,000	150,000	0	0.0
Judiciary	189,157,400	192,405,100	3,247,700	1.7
Legislative Auditor General.....	16,123,900	16,607,600	483,700	3.0
Legislature.....	143,227,800	150,297,100	7,069,300	4.9
Licensing & Regulatory Affairs.....	43,721,100	43,016,600	(704,500)	(1.6)
Military & Veterans Affairs.....	58,243,600	63,067,500	4,823,900	8.3
Natural Resources	43,410,000	64,047,300	20,637,300	47.5
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid	218,900,000	215,000,000	(3,900,000)	(1.8)
State	22,109,600	22,139,000	29,400	0.1
State Police	405,162,800	442,267,800	37,105,000	9.2
Talent & Economic Development.....	182,508,900	193,502,400	10,993,500	6.0
Technology, Management, & Budget.....	568,052,600	572,755,900	4,703,300	0.8
Transportation	9,750,000	0	(9,750,000)	(100.0)
Treasury (Debt Service).....	137,037,000	107,580,000	(29,457,000)	(21.5)
Treasury (Operations).....	101,458,800	98,768,500	(2,690,300)	(2.7)
Treasury (Revenue Sharing).....	0	0	0	0.0
TOTAL APPROPRIATIONS.....	\$10,099,999,300	\$10,149,393,000	\$49,393,700	0.5%

Figure D

General Fund/General Purpose FY 2017-18 Governor's Recommendation



Total = \$ 10,149,393,000

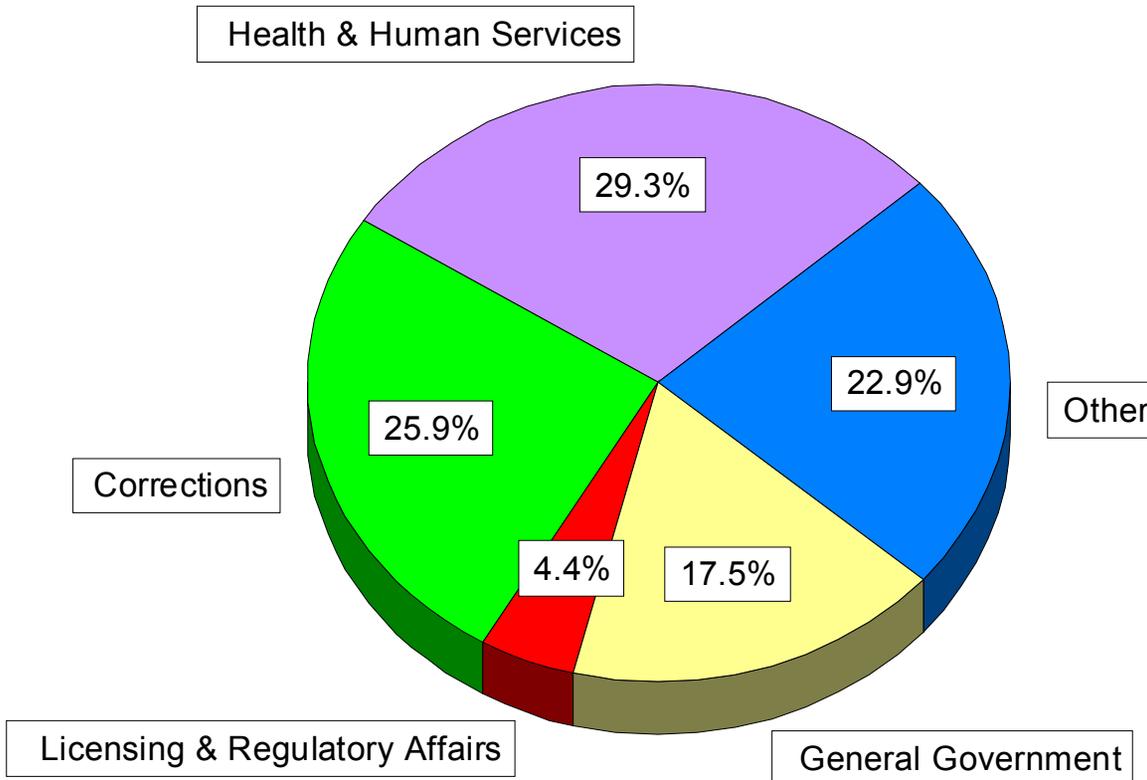
Table 5

**FULL-TIME EQUATED CLASSIFIED POSITIONS
FY 2016-17 YEAR-TO-DATE VERSUS FY 2017-18 GOVERNOR'S RECOMMENDATION**

Department/Budget Area	FY 2016-17 Year-to-Date Appropriations	FY 2017-18 Governor's Recommendation	Position Change	Percent Change
Agriculture & Rural Development.....	476.0	493.5	17.5	3.7%
Attorney General	527.0	533.0	6.0	1.1
Civil Rights.....	129.0	127.0	(2.0)	(1.6)
Corrections	13,803.9	13,803.9	0.0	0.0
Education.....	597.5	603.5	6.0	1.0
Environmental Quality	1,236.0	1,254.0	18.0	1.5
Executive	74.2	79.2	5.0	6.7
Health & Human Services	15,594.5	15,614.5	20.0	0.1
Higher Education	0.0	0.0	0.0	0.0
Insurance & Financial Services	336.5	336.5	0.0	0.0
Judiciary.....	510.0	501.0	(9.0)	(1.8)
Licensing & Regulatory Affairs	2,175.3	2,322.3	147.0	6.8
Military & Veterans Affairs	898.5	904.0	5.5	0.6
Natural Resources.....	2,237.8	2,264.8	27.0	1.2
State.....	1,587.0	1,608.0	21.0	1.3
State Police.....	3,226.0	3,437.0	211.0	6.5
Talent & Economic Development.....	1,609.0	1,609.0	0.0	0.0
Technology, Management, & Budget.....	2,877.0	2,937.0	60.0	2.1
Transportation.....	2,912.3	2,912.3	0.0	0.0
Treasury (Operations)	1,906.5	1,952.5	46.0	2.4
TOTAL POSITIONS	52,714.0	53,293.0	579.0	1.1%

Figure E

Full-Time Equated Classified Positions FY 2017-18 Governor's Recommendation



Total = 53,293.0

Table 6

FY 2017-18 GOVERNOR'S RECOMMENDATION ONE-TIME APPROPRIATIONS

Budget Area/Program	Gross	Federal	State Restricted	GF/GP
Agriculture and Rural Development				
Tree fruit commission.....	\$1,500,000	\$0	\$0	\$1,500,000
Enhanced wildlife risk mitigation project.....	1,000,000	0	0	1,000,000
Statewide double up food bucks.....	750,000	0	0	750,000
Flint expansion of double up food bucks.....	680,100	0	100	680,000
Intercounty drain mapping project.....	250,000	0	0	250,000
Agriculture and Rural Development Total.....	\$4,180,100	\$0	\$100	\$4,180,000
Attorney General				
Prosecuting attorneys coordinating council juvenile life cases.....	\$750,000	\$0	\$0	\$750,000
Attorney General Total.....	\$750,000	\$0	\$0	\$750,000
Community Colleges				
MPSERS normal cost: lowered assumed rate of return (SAF).....	\$3,612,000	\$0	\$3,612,000	\$0
Michigan transfer network enhancement.....	1,025,000	0	0	1,025,000
Community Colleges Total.....	\$4,637,000	\$0	\$3,612,000	\$1,025,000
Corrections				
New custody staff training.....	\$4,359,000	\$0	\$0	\$4,359,000
Corrections Total.....	\$4,359,000	\$0	\$0	\$4,359,000
Education				
Flint declaration of emergency reserve fund placeholder.....	\$100	\$0	\$100	\$0
Education Total.....	\$100	\$0	\$100	\$0
Environmental Quality				
Environmental cleanup/redevelopment program fund shift.....	\$14,900,000	\$0	\$14,900,000	\$0
Flint declaration of emergency (includes \$100 reserve fund placeholder).....	1,000,100	0	100	1,000,000
Environmental Quality Total.....	\$15,900,100	\$0	\$14,900,100	\$1,000,000
Health and Human Services				
Flint declaration of emergency (includes \$100 reserve fund placeholder).....	\$13,361,700	\$3,500,000	\$8,861,700	\$1,000,000
Child lead poisoning elimination board recommendations.....	2,000,000	0	0	2,000,000
Refugee services enhancements.....	1,000,000	0	0	1,000,000
Shift of university autism funding from ongoing to one-time.....	1,000,000	0	0	1,000,000
Autism navigator.....	565,000	0	0	565,000
Michigan food bank council: agricultural surplus system.....	500,000	0	0	500,000
Health and Human Services Total.....	\$18,426,700	\$3,500,000	\$8,861,700	\$6,065,000

Table 6 - continued

FY 2017-18 GOVERNOR'S RECOMMENDATION ONE-TIME APPROPRIATIONS				
Budget Area/Program	Gross	Federal	State Restricted	GF/GP
Higher Education				
MSU's animal agriculture initiative	\$2,500,000	\$0	\$0	\$2,500,000
MSU's agriculture workforce initiative	1,200,000	0	0	1,200,000
MPSERS normal cost: lowered assumed rate of return (SAF).....	419,000	0	419,000	0
Higher Education Total	\$4,119,000	\$0	\$419,000	\$3,700,000
Judiciary				
State appellate defender's office (Montgomery v. Louisiana, 11.0 FTEs)	\$750,000	\$0	\$0	\$750,000
Pretrial risk assessment.....	300,000	0	0	300,000
Judiciary Total	\$1,050,000	\$0	\$0	\$1,050,000
Legislature				
IT systems design project	\$3,000,000	\$0	\$0	\$3,000,000
Legislature Total	\$3,000,000	\$0	\$0	\$3,000,000
Military and Veterans Affairs				
Armory special maintenance.....	\$2,500,000	\$0	\$0	\$2,500,000
Military and Veterans Affairs Total	\$2,500,000	\$0	\$0	\$2,500,000
Natural Resources				
State parks repair and maintenance	\$10,000,000	\$0	\$0	\$10,000,000
Trail development	5,000,000	0	0	5,000,000
Wetland mitigation banking program	3,850,000	0	0	3,850,000
Abandoned mine shaft closure (1.0 FTE)	2,002,400	0	0	2,002,400
Land ownership tracking system replacement (\$1 million forest dev. fund)....	2,900,000	0	1,000,000	1,900,000
Natural Resources Total	\$23,752,400	\$0	\$1,000,000	\$22,752,400
School Aid				
MPSERS normal cost: lowered assumed rate of return (SAF).....	\$48,969,000	\$0	\$48,969,000	\$0
Career and technical education equipment (SAF).....	20,000,000	0	20,000,000	0
Flint declaration of emergency (includes \$100 reserve fund placeholder)	8,730,100	0	8,730,100	0
Declining enrollment assistance (SAF).....	7,000,000	0	7,000,000	0
Feedback for instructional improvement/teacher evaluations (SAF).....	7,000,000	0	7,000,000	0
Statewide school drinking water quality program (SAF).....	4,500,000	0	4,500,000	0
Balanced calendar grants (SAF).....	3,000,000	0	3,000,000	0
Cybersecurity competitions (SAF)	500,000	0	500,000	0
School Aid Total	\$99,699,100	\$0	\$99,699,100	\$0
State Police				
Disaster and emergency contingency fund.....	\$10,000,000	\$0	\$0	\$10,000,000
New trooper school (100 graduates)	6,246,900	0	0	6,246,900
Fair and impartial policing training grants	1,000,000	0	0	1,000,000

Table 6 - continued

FY 2017-18 GOVERNOR'S RECOMMENDATION ONE-TIME APPROPRIATIONS				
Budget Area/Program	Gross	Federal	State Restricted	GF/GP
State Police (continued)				
Secure cities equipment lifecycle replacement.....	1,000,000	0	0	1,000,000
Forensic science division expansion	730,000	0	0	730,000
Sexual assault prevention and education initiative.....	600,000	0	0	600,000
Law enforcement officer job task analysis	200,000	0	0	200,000
State Police Total	\$19,776,900	\$0	\$0	\$19,776,900
Talent and Economic Development				
Business attraction and community revitalization	\$10,000,000	\$0	\$0	\$10,000,000
Going pro skilled trades training program	10,000,000	0	0	10,000,000
Talent marketing	5,000,000	0	0	5,000,000
Project rising tide	2,000,000	0	0	2,000,000
Protect and grow defense contracts	1,000,000	0	0	1,000,000
Arts and cultural program.....	1,000,000	0	0	1,000,000
Talent and Economic Development Total	\$29,000,000	\$0	\$0	\$29,000,000
Technology, Management, and Budget				
Flint declaration of drinking water emergency reserve fund	\$25,000,000	\$0	\$0	\$25,000,000
Michigan infrastructure fund.....	20,000,000	0	0	20,000,000
Michigan.gov content management system rewrite.....	9,050,000	0	0	9,050,000
Information technology investment fund (FY 18 total=\$7.5 million).....	7,500,000	0	0	7,500,000
Multiple high-value IT system integrations.....	5,534,300	0	0	5,534,300
Michigan public safety communications system replacement.....	5,000,000	0	0	5,000,000
Sigma permanent organizational structure net (26.0 FTEs).....	4,500,800	0	0	4,500,800
Cyber security staffing/hardware and support (12.0 FTEs).....	4,000,000	0	0	4,000,000
School reform office priority school district data collection	353,000	0	0	353,000
Capital outlay planning authorizations	700	0	0	700
Technology, Management, and Budget Total	\$80,938,800	\$0	\$0	\$80,938,800
Treasury-Operations				
IT for systems, applications, and processes support.....	\$2,000,000	\$0	\$0	\$2,000,000
City income tax program assistance	1,500,000	0	1,500,000	0
Treasury-Operations Total	\$3,500,000	\$0	\$1,500,000	\$2,000,000
Treasury-Revenue Sharing				
City, village, and township nonconstitutional revenue sharing	\$5,800,000	\$0	\$5,800,000	\$0
Treasury-Revenue Sharing Total	\$5,800,000	\$0	\$5,800,000	\$0
Total One-Time Budget Area Appropriations	\$321,389,200	\$3,500,000	\$135,792,100	\$182,097,100
Budget Stabilization Fund appropriation	175,000,000	0	0	175,000,000
TOTAL ONE-TIME APPROPRIATIONS	\$496,389,200	\$3,500,000	\$135,792,100	\$357,097,100

Table 7

**STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT
FY 2016-17 YEAR-TO-DATE VERSUS FY 2017-18 GOVERNOR'S RECOMMENDATION**

Department/Budget Area	FY 2016-17 Year-to-Date Appropriations	FY 2017-18 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development	\$4,750,000	\$7,350,000	\$2,600,000	54.7%
Attorney General.....	0	0	0	0.0
Capital Outlay	100	0	(100)	(100.0)
Civil Rights	0	0	0	0.0
Community Colleges.....	395,925,600	398,167,600	2,242,000	0.6
Corrections.....	111,888,200	114,388,800	2,500,600	2.2
Education	19,176,000	13,176,000	(6,000,000)	(31.3)
Environmental Quality.....	3,750,000	4,531,000	781,000	20.8
Executive	0	0	0	0.0
Health & Human Services.....	1,326,260,100	1,371,570,500	45,310,400	3.4
Higher Education	0	0	0	0.0
Insurance & Financial Services	0	0	0	0.0
Judiciary.....	137,775,900	146,794,000	9,018,100	6.5
Legislative Auditor General.....	0	0	0	0.0
Legislature	0	0	0	0.0
Licensing & Regulatory Affairs.....	32,625,700	29,225,700	(3,400,000)	(10.4)
Military & Veterans Affairs	102,400	142,400	40,000	39.1
Natural Resources	8,200,000	9,854,300	1,654,300	20.2
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid.....	12,181,929,700	12,411,741,800	229,812,100	1.9
State.....	1,211,300	1,215,900	4,600	0.4
State Police.....	17,198,900	14,113,200	(3,085,700)	(17.9)
Talent & Economic Development	11,224,800	34,300,000	23,075,200	205.6
Technology, Management, & Budget	0	2,500,000	2,500,000	100.0
Transportation.....	1,587,185,200	1,715,980,300	128,795,100	8.1
Treasury (Debt Service).....	0	0	0	0.0
Treasury (Operations).....	186,320,700	159,675,600	(26,645,100)	(14.3)
Treasury (Revenue Sharing)	1,227,408,100	1,245,292,200	17,884,100	1.5
TOTAL APPROPRIATIONS	\$17,252,932,700	\$17,680,019,300	\$427,086,600	2.5%

Table 8

**FEBRUARY 2017 GOVERNOR'S RECOMMENDATION GENERAL FUND/GENERAL PURPOSE (GF/GP)
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(millions of dollars)**

	FY 2016-17	FY 2017-18	FY 2018-19
Revenue:			
Beginning Balance	\$604.4	\$366.0	\$7.6
Ongoing Revenue:			
Consensus Revenue Estimate (January 2017)	\$10,290.1	\$10,522.7	\$10,589.3
Revenue Sharing Payments	(465.3)	(465.9)	(465.9)
Shift of Borrowing Costs to School Aid Fund	5.5	6.5	7.5
Medicaid Managed Care Use Tax	105.3	0.0	0.0
Subtotal Ongoing Revenue	\$9,935.6	\$10,063.3	\$10,130.9
Non-Ongoing Revenue:			
One-Time Appropriation for Revenue Sharing	(5.8)	(5.8)	0.0
Redirection of Restricted Revenue	16.8	0.0	0.0
Subtotal Non-Ongoing Revenue	\$11.0	(\$5.8)	\$0.0
Total Estimated GF/GP Revenue	\$10,551.0	\$10,423.5	\$10,138.5
Expenditures:			
Ongoing Appropriations:			
Initial Ongoing Appropriations	\$9,669.0	\$9,967.3	\$9,986.7
Estimated Average Baseline Adjustments	0.0	0.0	135.3
Subtotal Ongoing Appropriations	\$9,669.0	\$9,967.3	\$10,122.0
One-Time and Other Appropriations:			
Initial One-Time Appropriations	\$306.3	\$182.1	\$0.0
Appropriation to Budget Stabilization Fund	75.0	175.0	0.0
25% Unassigned GF Balance to Budget Stabilization Fund	0.0	91.5	0.0
Enacted Supplementals	42.6	0.0	0.0
Venture Michigan Fund I Tax Vouchers (PA 340 of 2016)	72.0	0.0	0.0
Flint Water Emergency Reserve Fund (PA 340 of 2016)	10.0	0.0	0.0
Pending Supplemental Request #2017-3	10.0	0.0	0.0
Subtotal One-Time and Other Appropriations	\$516.0	\$448.6	\$0.0
Total Estimated GF/GP Expenditures	\$10,185.0	\$10,415.9	\$10,122.0
PROJECTED YEAR-END GF/GP BALANCE	\$366.0	\$7.6	\$16.5

Table 9

**FEBRUARY 2017 GOVERNOR'S RECOMMENDATION SCHOOL AID FUND
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(millions of dollars)**

	FY 2016-17	FY 2017-18	FY 2018-19
Revenue:			
Beginning Balance.....	\$168.2	\$143.4	\$7.6
<u>Ongoing Revenue:</u>			
Consensus Revenue Estimate (January 2017)	\$12,457.0	\$12,783.1	\$13,131.5
General Fund/General Purpose Grant.....	218.9	215.0	145.0
Community District Trust Fund.....	72.0	72.0	72.0
Medicaid Managed Care Use Tax.....	52.6	0.0	0.0
Federal Ongoing Aid.....	<u>1,730.7</u>	<u>1,726.9</u>	<u>1,726.9</u>
Subtotal Ongoing Revenue	<u>\$14,531.2</u>	<u>\$14,797.0</u>	<u>\$15,075.4</u>
Total Estimated School Aid Fund Revenue.....	\$14,699.4	\$14,940.4	\$15,083.0
Expenditures:			
<u>Ongoing Appropriations:</u>			
Initial Ongoing K-12 Appropriations	\$14,119.8	\$14,202.4	\$14,204.3
Supplemental Request #2017-2 (Cost Adjustments).....	(103.4)	0.0	0.0
Fund Community Colleges with School Aid Fund.....	260.4	391.5	396.2
Partially Fund Higher Education with School Aid Fund	<u>237.1</u>	<u>235.2</u>	<u>237.7</u>
Subtotal Ongoing Appropriations	<u>\$14,514.0</u>	<u>\$14,829.1</u>	<u>\$14,838.2</u>
<u>One-Time and Other Appropriations:</u>			
Initial One-Time K-12 Appropriations	\$42.0	\$99.7	\$97.9
Community College Budget Investments	0.0	3.6	7.2
Higher Education Budget Investments.....	<u>0.0</u>	<u>0.4</u>	<u>0.8</u>
Subtotal One-Time and Other Appropriations.....	<u>\$42.0</u>	<u>\$103.7</u>	<u>\$106.0</u>
Total Estimated School Aid Fund Expenditures.....	\$14,556.0	\$14,932.8	\$14,944.2
PROJECTED YEAR-END SCHOOL AID FUND BALANCE.....	\$143.4	\$7.6	\$138.8

SUMMARY OF MAJOR FY 2017-18 GROSS AND GF/GP APPROPRIATION CHANGES

The Governor's FY 2017-18 budget includes \$10.5 billion in ongoing GF/GP revenue as estimated at the January 12, 2017, Consensus Revenue Estimating Conference, and \$6.5 million from the ongoing shift of short-term borrowing costs to the School Aid Fund. The Governor's FY 2017-18 recommendation of \$465.9 million of ongoing funding for revenue sharing for cities, villages, townships, and counties reduces total ongoing GF/GP revenue to \$10.1 billion. When the ongoing GF/GP revenue is combined with a beginning balance of \$366.0 million carried forward from FY 2016-17 and \$5.8 million of one-time appropriations for non-constitutional State Revenue Sharing, total estimated FY 2017-18 GF/GP revenue is \$10.4 billion.

The FY 2017-18 ongoing GF/GP appropriations recommended by the Governor total nearly \$10.0 billion and one-time GF/GP budget area appropriations recommended by the Governor total \$182.1 million (as listed in Table 6); combined with \$266.5 million of one-time allocations to the Budget Stabilization Fund, these recommended appropriations result in total estimated GF/GP expenditures of \$10.4 billion and a projected year-end balance of \$7.6 million. Column 2 of Table 8 outlines the Governor's FY 2017-18 GF/GP revenue and expenditure assumptions.

Table 10 provides a comparison of the Governor's recommended FY 2017-18 Gross and GF/GP appropriations to the FY 2016-17 year-to-date levels as of February 8, 2017. The Governor's FY 2017-18 recommendation of \$56.3 billion Gross and \$10.1 billion GF/GP, represents appropriation increases of \$1.2 billion Gross and \$49.4 million GF/GP. The net change in GF/GP appropriations can be categorized as new GF/GP programs of \$33.7 million, GF/GP funding increases of \$402.4 million, GF/GP funding reductions of \$293.1 million, and fund shifts that result in a \$127.1 million decrease in GF/GP appropriations. Fund shifts are generally defined as changes in the funding sources for a program that do not affect the overall appropriation level of the program. The Governor also removes the FY 2016-17 1.5% lump sum salary adjustments, and includes an unclassified salaries increase of \$574,000 Gross and \$288,300 GF/GP, as well as net economic adjustments of \$106.6 million Gross and \$57.6 million GF/GP.

Table 10

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION SUMMARY OF CHANGES FROM FY 2016-17 YEAR-TO-DATE GROSS AND GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS (millions of dollars)		
	Gross	GF/GP
FY 2016-17 Year-To-Date Appropriation¹	\$55,071,084,700	\$10,099,999,300
Changes for FY 2017-18:		
New Programs	\$100,056,600	\$33,684,000
Funding Increases	2,188,828,300	402,359,400
Funding Eliminations/Reductions	(1,157,945,500)	(293,093,300)
Fund Shifts Affecting GF/GP	0	(127,134,000)
Program Transfers	57,800	(4,442,200)
Lump Sum Salary Adjustments	(42,018,800)	(19,828,700)
Unclassified Salaries Increase.....	574,000	288,300
Economic Adjustments	106,647,700	57,560,200
Total Changes	\$1,196,200,100	\$49,393,700
FY 2017-18 Governor's Recommendation.....	\$56,267,284,800	\$10,149,393,000

¹ Appropriation as of February 8, 2017.

Table 11 outlines the details of the \$100.1 million Gross and \$33.7 million GF/GP for new programs. The largest amount of new program funding is for the licensing and regulation of medical marihuana facilities, pursuant to Public Acts 281, 282, and 283 of 2016. The Governor recommends \$36.4 million of State Restricted Marihuana Regulatory Fund revenue in five State departments: Attorney General (\$400,000), Health and Human Services (\$3.3 million), Licensing and Regulatory Affairs (\$18.7 million), State Police (\$9.4 million), and Treasury (\$4.6 million). The next-largest new program amount is in the School Aid budget: \$27.7 million, of which \$22.0 million is for a \$50 high school per-pupil bonus. The Governor also recommends \$1.2 million GF/GP for a new Michigan State University agriculture workforce initiative.

Table 11

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION NEW PROGRAMS		
Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Enhanced wildlife risk mitigation (one-time).....	\$1,000,000	\$1,000,000
Intercounty drain mapping project (one-time)	250,000	250,000
Attorney General		
Medical marihuana regulation (PAs 281-283 of 2016)	375,000	0
Corrections		
Westside residential alternatives.....	1,500,000	1,500,000
Education		
Partnership model with districts	641,800	641,800
Environmental Quality		
Vapor intrusion (new in FY 2016-17; total in FY 2017-18 @ \$2.6 million)...	1,376,300	1,253,500
Health and Human Services		
Medical marihuana regulation	3,263,200	0
Vapor intrusion (new in FY 2016-17; total in FY 2017-18 @ \$2.2 million)...	815,000	815,000
Higher Education		
MSU agriculture workforce initiative (one-time)	1,200,000	1,200,000
Judiciary		
Pretrial risk assessment.....	605,700	605,700
Private security at hall of justice.....	363,000	363,000
Licensing and Regulatory Affairs		
Medical marihuana sales regulation	18,651,600	0
Day care worker background checks.....	800,000	0
Natural Resources		
Mine shaft closure funding (one-time).....	2,002,400	2,002,400
School Aid		
High school per pupil bonus.....	22,000,000	0
Partnership model districts.....	3,000,000	0
Technology regional data hubs.....	2,200,000	0
Cybersecurity competitions	500,000	0
State		
Lottery assistance in the upper peninsula.....	1,015,800	0
State Police		
Medical marihuana regulation/licensing.....	9,435,700	0
Fair/impartial policing grants (one-time).....	1,000,000	1,000,000
Officer job task analysis (one-time).....	200,000	200,000
Talent and Economic Development		
Talent marketing	5,000,000	5,000,000
Project rising tide.....	2,000,000	2,000,000

Table 11 - continued

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION NEW PROGRAMS		
<u>Budget Area/Program</u>	<u>Gross</u>	<u>GF/GP</u>
Technology, Management, and Budget		
Michigan.gov content management rewrite (one-time).....	9,050,000	9,050,000
Citizen centric government information technology (\$5.5 million one-time)....	6,534,300	6,534,300
Michigan master computing contract	373,500	0
Labor market information and labor force projections	268,300	268,300
Treasury Operations		
Medical marihuana regulation/grants	4,635,000	0
TOTAL NEW PROGRAMS	\$100,056,600	\$33,684,000

The details of the \$2.2 billion Gross and \$402.4 million GF/GP funding increases recommended by the Governor are listed in Table 12. A significant amount, \$720.4 million, of the recommended Gross increases can be attributed to Medicaid caseload and cost adjustments in the Department of Health and Human Services (DHHS); also in DHHS, the Governor recommends a \$73.0 million Gross expansion of the nursing home quality assurance assessment program. The Governor's School Aid K-12 budget includes \$150.0 million SAF for an increase in At Risk funding, \$128.0 million SAF for an increase in the K-12 foundation allowance, and an additional \$139.9 million for Michigan Public School Employees' Retirement System (MPERS) costs. The Governor's budget includes \$35.0 million GF/GP for a 2.5% increase for public university operations and \$2.8 million for universities' MPERS costs, with no increase for community college operations but an increase of \$10.3 million SAF for colleges' MPERS costs. The Governor also continues to reward those public universities that limit resident undergraduate tuition increases, but the maximum amount that a university may increase tuition and fees without a penalty is lowered from 4.2% in FY 2016-17, to 3.8% or \$475, whichever is greater, in FY 2017-18. Other major FY 2017-18 Gross and GF/GP increases include \$25.0 million for the Flint drinking water declaration of emergency reserve fund, \$20.0 million for the expansion of the existing \$5.0 million infrastructure fund, and \$15.0 million for State parks and trail development in the Department of Natural Resources.

Table 12

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
<u>Budget Area/Program</u>	<u>Gross</u>	<u>GF/GP</u>
Agriculture and Rural Development		
Technical adjustments for revenue received	\$1,866,000	(\$13,900)
Michigan agriculture environmental assurance	1,500,000	0
Food and agriculture investment program (formerly value-added grants)	1,243,900	1,243,900
Federal food/dairy requirements (food safety).....	1,122,300	837,900
Tree fruit commission (one-time; FY 2017-18 total @ \$1.5 million)	1,000,000	1,000,000
Double up food bucks targeted statewide (one-time).....	750,000	750,000
Drinking water emergency: double up food bucks for Flint (one-time).....	680,100	680,000
Agriculture development expansion	408,500	408,500
Right to farm	384,000	384,000
Emergency management.....	359,700	359,700
Intercounty drain program.....	315,100	315,100
Farmland preservation program	305,600	0
Department operations	187,700	187,700
Animal disease prevention and response.....	164,700	164,700
Pesticide and plant pest management	142,200	142,200

Table 12 - continued

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
<u>Budget Area/Program</u>	<u>Gross</u>	<u>GF/GP</u>
Attorney General		
Unlicensed activity law enforcement	732,300	0
Student safety OK 2 Say program	470,000	0
Energy package funding	217,000	0
Juvenile life without parole (one-time; FY 18 total @ \$750,000)	50,000	50,000
Convert prescription drug abuse unit to ongoing FY 18 total @ \$700,000	0	0
Community Colleges		
MPSERS normal/UAAL costs-lower rate of return, 8% to 7.5% (one-time)	10,317,000	0
Restoration of independent part-time student grants	2,000,000	2,000,000
Michigan transfer network enhancements	1,025,000	1,025,000
Corrections		
New custody staff training (one-time)	4,359,000	4,359,000
Trinity food service contract	4,036,000	4,036,000
Corizon health care contract	3,511,900	3,511,900
Increased oncology costs	2,328,300	2,328,300
DTMB user fee rate change	1,500,000	1,500,000
Local tether reimbursements	69,600	0
Grand view plaza rent	64,000	64,000
Adjust DHHS eligibility specialist IDG	16,000	16,000
Judiciary data warehouse IDG adjustment	600	600
Education		
Child care reimbursement at 75th percentile	27,200,000	8,400,000
State assessment staff support	2,550,000	2,550,000
Child development external support background checks	2,165,500	0
Environmental Quality		
State water revolving funds	35,007,000	2,950,000
Lead and copper rule (compliance costs)	2,562,400	2,562,400
Flint: technical assistance for water treatment plant	1,000,100	1,000,000
Communications/public affairs (new office)	708,400	708,400
Manufactured housing community regulations	500,000	500,000
Energy regulation package	150,000	0
Property management rent costs	83,300	20,600
Convert oil, gas, mineral services to ongoing FY 18 total @ \$4 million	0	0
Executive Office		
Operations	200,000	200,000
Health and Human Services		
Medicaid base/caseload	439,300,200	46,278,500
Health insurer fee reinstatement in calendar year 2018	167,034,300	0
Actuarial soundness	114,083,000	33,046,400
Expand nursing home QAAP	73,000,000	(8,243,700)
Integrated service delivery expansion	45,089,800	3,514,500
Behavioral health direct care worker 50 cent increase	45,000,000	14,161,500
Healthy homes administration dollars (federal Title XXI)	23,480,000	0
Private foster care rate increases	14,200,000	6,767,600
Flint drinking water declaration of emergency (one-time)	13,361,700	1,000,000
Expand Medicaid non-emergency transportation	12,032,000	3,432,500
Additional adult services staff	11,286,700	8,097,200
Ambulance QAAP annualization	10,290,000	0
Nutrition education grants (federal grant)	10,000,000	0
Local public health administration federal funding	8,400,000	0
New state facility staff (72.0 FTEs)	7,173,200	4,864,300
Expand pathways to potential	5,640,000	3,321,100

Table 12 - continued

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
<u>Budget Area/Program</u>	Gross	GF/GP
Health and Human Services (continued)		
Illinois reimbursement for use of CHAMPs Medicaid computer system.....	5,000,000	0
Population health initiatives annualization.....	4,178,500	0
Hawthorn center new unit annualization.....	3,750,000	1,407,000
Emergency shelter per diem increase.....	3,744,800	3,744,800
Expand foster care support.....	3,591,400	2,807,900
Senior services wait list elimination.....	3,563,600	3,563,600
Increase FIP clothing allowance to \$200.....	2,687,100	0
Other technical/revenue adjustments.....	2,392,700	100
Child lead poisoning elimination (one-time).....	2,000,000	2,000,000
Increase multicultural funding.....	2,000,000	2,000,000
DHHS finance and accounting staff.....	1,824,900	912,500
Juvenile justice prison rape elimination funding.....	1,230,400	462,000
Refugee services funding (one-time).....	1,000,000	1,000,000
Child care fund caseload.....	993,000	993,000
Guardianship caseload.....	851,100	305,500
Prosecuting attorney rate increase.....	817,800	0
Adoption subsidy savings reinvestment.....	811,600	0
Food bank council MASS funding (one-time).....	500,000	500,000
Newborn screening fee increased revenue.....	343,700	0
Pharmacy inflation for State facilities (5%).....	312,100	256,900
Dental programs (private grants).....	250,000	0
Genetic parentage implementation.....	248,000	84,300
DOC eligibility specialists.....	14,800	0
Higher Education		
University operations (2.5% increase).....	35,000,000	35,000,000
Competitive scholarships.....	8,000,000	8,000,000
Tuition incentive program (TIP).....	5,300,000	0
Tuition grants.....	3,000,000	3,000,000
MSU animal agriculture initiative (one-time; @ \$399,000 FY 18 MDARD).....	2,500,000	2,500,000
MPSERS normal/UAAL costs lowered rate of return from 8% to 7.5%.....	2,411,000	0
MSU AgBio (2.5% increase).....	831,100	831,100
MSU Extension (2.5% increase).....	718,900	718,900
MPSERS normal cost offset (one-time).....	419,000	0
Judiciary		
Trial court video conference equipment.....	815,000	815,000
Restore court of appeals judge funding.....	131,000	131,000
Annualize Michigan legal self-help funding.....	100,000	100,000
Montgomery v Louisiana compliance (one-time; increase to \$750,000).....	50,000	50,000
Private rent increases.....	11,700	11,700
Legislative Auditor General		
Operations.....	634,300	483,700
Legislature		
Operations.....	10,571,200	10,569,300
IT systems design project.....	3,000,000	3,000,000
Licensing and Regulatory Affairs		
New energy regulation requirements.....	3,110,500	0
First responder presumed coverage.....	1,980,000	0
Natural gas pipeline inspections.....	914,300	0
Attorney general costs for unlicensed activity.....	439,300	0
Video franchise fees.....	300,000	0
Ethnic commission service expansions.....	75,000	75,000

Table 12 - continued

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
<u>Budget Area/Program</u>	Gross	GF/GP
Military and Veterans Affairs		
Land purchases and appraisals.....	1,000,000	0
Grand Rapids veterans' home (FY 2017-18 total @ \$2.8 million).....	820,000	820,000
Jacobetti facility staff (Medicaid certification)	800,000	800,000
Michigan veterans facility authority (FY 2017-18 total @ \$1.5 million)	499,900	499,900
National guard tuition assistance.....	500,000	500,000
Natural Resources		
State parks/trail development capital outlay (one-time)	15,000,000	15,000,000
Capital outlay projects	5,842,000	0
Wetland mitigation banking program (\$3.85 million one-time)	4,253,500	3,850,000
Federal funds for wildlife management.....	3,908,000	0
Land ownership tracking system (one-time).....	2,900,000	1,900,000
Conservation officers	1,827,500	1,827,500
Recreation improvement (FY 2017-18 total @ \$1.8 million)	817,500	0
Public infrastructure records	565,100	565,100
Michigan wildlife council	500,000	0
Forest fire equipment.....	350,000	350,000
Oil/gas/mineral lease compliance	304,600	0
MIRecGrants system support	63,500	0
State park bonds' debt service	2,200	0
School Aid		
At risk funding	150,000,000	0
Foundation allowance increase	128,000,000	0
MPSERS rate cap on unfunded accrued liability (UAAL).....	90,884,000	83,000
MPSERS normal costs lowered rate of return.....	48,969,000	0
Career and technical education equipment	16,800,000	(3,000,000)
Declining enrollment support	7,000,000	0
Educator evaluations	7,000,000	0
Center for education performance and information	4,000,000	4,000,000
Cash flow borrowing costs	3,500,000	0
ISD literacy coaches	3,000,000	0
Comprehensive STEM grants.....	2,000,000	(700,000)
School breakfast.....	2,000,000	0
Year-round schools/balanced calendar	1,500,000	0
Promise zone reimbursement.....	500,000	0
Integrated behavior and learning support.....	475,000	(1,125,000)
State		
Credit card service fees	2,000,000	0
Expand investigative services.....	1,420,400	1,420,400
Information technology increase for online support.....	1,000,000	0
Expand Mi-time line	400,000	400,000
State Police		
Disaster and emergency contingency fund (one-time).....	10,000,000	10,000,000
Annualize FY 2016-17 trooper school	6,382,900	6,382,900
New trooper school (\$3,046,900 one-time)	6,024,000	6,024,000
Expand forensic science services (\$730,000 one-time).....	2,570,000	2,570,000
Computer crimes unit.....	1,480,300	1,480,300
Secure cities equipment replacement (one-time).....	1,000,000	1,000,000
Emergency management.....	978,900	978,900
Forensic science testing supplies	844,700	844,700
OK 2 Say hotline	608,300	608,300
Departmentwide equipment replacement.....	484,000	484,000

Table 12 - continued

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
<u>Budget Area/Program</u>	<u>Gross</u>	<u>GF/GP</u>
State Police (continued)		
MCOLES revenue adjustment	368,000	0
Sexual assault prevention and education (one-time)	100,000	100,000
Talent and Economic Development		
Business attraction (FY 2017-18 total @ \$125.5 million)	10,000,000	10,000,000
Going pro skilled trades training program (one-time)	10,000,000	10,000,000
Arts and cultural program (one-time; FY 2017-18 total @ \$11.2 million)	1,000,000	1,000,000
Technology, Management, and Budget		
Information technology technical adjustment to correct IDGs	23,296,300	0
Michigan infrastructure fund (one-time; FY 2017-18 total @ \$25 million)	20,000,000	20,000,000
SIGMA (\$4.5 million one-time; FY 2017-18 total @ \$61.9 million)	19,381,400	16,815,100
Drinking water declaration of emergency reserve fund (FY 18 @ \$25 million)	15,000,000	15,000,000
Cyber security (\$4.0 million one-time)	7,044,600	7,044,600
Michigan public safety communication system replacement (one-time)	5,000,000	5,000,000
IT investment fund (one-time; FY 2017-18 total @ \$7.5 million)	3,000,000	3,000,000
MiPage mobile center of excellence	1,587,000	1,587,000
Grand Rapids veterans' home accounting services	1,206,300	0
School reform office	782,000	782,000
Office of performance/transformation	500,000	500,000
Michigan military retirement system administration	380,000	0
School reform office upgrade (one-time)	353,000	353,000
State police cyber crimes unit	137,900	0
MEDC payroll administration	127,700	0
State police retirement adjustment	27,000	27,000
Capital outlay planning authorizations (one-time)	700	700
Transportation		
County road commissions	88,941,600	0
State trunkline fund	68,190,900	0
Cities and villages	49,589,000	0
Transportation economic development fund	17,671,600	0
Transit and rail program adjustments	15,103,100	0
Metro Detroit drainage and flood mitigation	8,500,000	0
Federal programs	7,889,300	0
Salt storage buildings containment contract	2,500,000	0
Information technology	1,000,000	0
Local bridge program	814,300	0
Transportation asset management council	250,000	0
Treasury-Debt Service		
Great Lakes water quality bonds debt service	3,992,000	3,992,000
Treasury-Operations		
City income tax administration	5,282,100	0
Information technology for systems	2,000,000	2,000,000
County lien fee increase	1,300,000	0
Tax processing bureau	992,200	992,200
State lottery staff	716,300	0
Dual enrollment funding	500,000	500,000
PILT 3% increase in purchased lands	252,800	96,600
Senior citizens cooperative housing	200,000	200,000
Casino information technology	149,900	0

Table 12 - continued

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING INCREASES		
<u>Budget Area/Program</u>	Gross	GF/GP
Treasury-Revenue Sharing		
Constitutional revenue sharing (2.3% increase).....	17,243,500	0
County incentive program (0.3% increase)	513,700	0
County revenue sharing (0.3% increase)	126,900	0
TOTAL FUNDING INCREASES	\$2,188,828,300	\$402,359,400

Table 13 provides the details of the \$1.2 billion of Gross, and \$293.1 million of GF/GP, funding reductions in the Governor's FY 2017-18 budget. Of the \$293.1 million of GF/GP reductions, \$229.1 million, or more than two-thirds, consists of appropriations that were either supplementals (\$124.7 million) or designated as one-time (\$104.4 million) for FY 2016-17, including \$72.0 million for the purchase of Venture Michigan Fund I tax vouchers. The largest of the other reductions are in the Department of Health and Human Services: \$157.9 million Gross and \$41.7 million GF/GP to reflect the phase-out of the Medicaid managed care use tax, and the loss of \$54.1 million Gross due to Medicaid special financing adjustments. There is also a \$33.5 million GF/GP reduction because of lower debt service costs in the Department of Treasury.

Table 13

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING ELIMINATIONS/REDUCTIONS		
<u>Budget Area/Program</u>	Gross	GF/GP
Agriculture and Rural Development		
Remove SB 800 FY 2016-17 supplemental funding.....	(\$1,805,600)	\$0
Reduce MSU animal agriculture initiative (retain \$399,000).....	(500,000)	(500,000)
Environmental stewardship technical adjustment.....	(469,000)	(469,000)
Vital agriculture infrastructure grant (one-time).....	(220,000)	(220,000)
Grape and wine council (one-time).....	(170,000)	(170,000)
County fairs, shows, and expositions grants.....	(169,500)	(169,500)
Attorney General		
State defense costs (one-time).....	(3,000,000)	(3,000,000)
Capital Outlay		
Remove SB 800 FY 2016-17 supplemental funding.....	(200)	(200)
Civil Rights		
Deaf/hard of hearing funding (one-time).....	(250,000)	(250,000)
Community Colleges		
MPSERS investment gains/positive health experience savings.....	(9,100,000)	0
Renaissance zone adjustments	(2,000,000)	(2,000,000)
Corrections		
New custody staff training (one-time)	(8,506,100)	(8,506,100)
Adjust for actual Hepatitis C caseload	(3,199,500)	(3,199,500)
Eliminate supervising region incentive program	(2,518,600)	(2,518,600)
Eliminate goodwill flip the script	(1,500,000)	(1,500,000)
Reduce Pugsley closure costs	(800,000)	(800,000)
Regional incentive funding (one-time)	(481,300)	(481,300)
Ballistic vest purchase (one-time).....	(481,300)	0
Federal education authorization adjustment.....	(237,100)	0
Administrative hearings officers, align with spending	(200,000)	(200,000)
Inmate legal services authorization alignment.....	(200,000)	(200,000)
Reentry center reimbursement authorization.....	(14,300)	0
Cost effective housing placeholder	(100)	(100)
Future facility placeholder	(100)	(100)

Table 13 - continued

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING ELIMINATIONS/REDUCTIONS		
<u>Budget Area/Program</u>	Gross	GF/GP
Education		
Drinking water emergency (one-time).....	(8,050,000)	0
Renaissance zone reimbursement phase-out	(2,000,000)	(2,000,000)
Federal assessment funding	(1,000,000)	0
Remove certification fees (one-time)	(500,000)	(500,000)
Environmental Quality		
Strategic water initiatives grants and loans (Prop 2 bonds).....	(35,000,000)	0
Drinking water declaration of emergency (one-time)	(5,400,100)	(5,400,000)
Water pollution control (one-time).....	(2,950,000)	(2,950,000)
Eliminate interdivisional charge IDT.....	(2,053,400)	0
Remove SB 800 FY 2016-17 supplemental funding.....	(2,025,000)	(225,000)
Technical revenue adjustments	(780,000)	0
Lake sediment cleanup (one-time).....	(700,000)	0
Saginaw River dredging (one-time)	(50,000)	(50,000)
Health and Human Services		
Annualize phase out of Medicaid managed care use tax	(157,891,000)	(41,650,600)
Medicaid special financing adjustments.....	(54,061,000)	22,777,300
Integrated service delivery funding (one-time).....	(36,922,500)	(3,692,200)
Remove SB 800 FY 2016-17 supplemental funding.....	(34,918,900)	(10,048,900)
Adjust restricted authorization to actual revenue	(33,640,400)	0
Family independence program caseload	(21,656,700)	(4,000,000)
Drinking water declaration of emergency (one-time)	(15,138,100)	(9,094,200)
SACWIS implementation funding (one-time)	(11,538,600)	(5,769,300)
Adoption subsidy caseload	(11,477,700)	(5,268,600)
Sunset of county hold harmless (child care fund).....	(8,000,000)	(8,000,000)
Family preservation (one-time)	(6,098,200)	0
University of Detroit Mercy and statewide dental clinic funding.....	(3,550,000)	(3,550,000)
Remove Medicaid pregnant women dental benefit enhancement.....	(2,726,000)	(950,000)
Centers for independent living reduction	(2,000,000)	(2,000,000)
Medicaid immunization education funding	(1,500,000)	(500,000)
Wayne State psychiatric residency reduction	(1,401,500)	(1,401,500)
Payment of civil service 1% charge	(1,100,000)	(1,100,000)
Eliminate Healthy Michigan Plan incentives program	(1,000,000)	(500,000)
MedIncentives demonstration funding	(830,000)	(415,000)
Supplemental security income caseload.....	(562,600)	(562,600)
Eliminate SSI contract.....	(500,000)	(500,000)
Reduce real alternatives program	(350,000)	(350,000)
Kent County child welfare funding	(335,000)	(335,000)
Michigan 2-1-1 funding (one-time)	(300,000)	(300,000)
Covenant house funding	(280,000)	(280,000)
Maxey maintenance funding	(250,000)	(250,000)
Hope network facility funding	(250,000)	(250,000)
Foster care caseload.....	(178,300)	2,176,600
State disability assistance caseload	(131,400)	(73,100)
Mobile electronic verification study (one-time).....	(25,000)	(25,000)
Higher Education		
MPSERS investment gains/positive health experience savings.....	(4,296,000)	0
Eliminate MSU veterinary lab funding (one-time)	(500,000)	(500,000)

Table 13 - continued

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING ELIMINATIONS/REDUCTIONS		
<u>Budget Area/Program</u>	Gross	GF/GP
Judiciary		
Align authorization with available revenue.....	(1,455,900)	0
Reduce judgeship funding.....	(614,300)	(614,300)
Problem solving court (remove one-time).....	(250,000)	(250,000)
Legislature		
Remove SB 800 FY 2016-17 supplemental funding.....	(6,000,000)	(6,000,000)
Criminal justice policy commission (remove one-time).....	(500,000)	(500,000)
Licensing and Regulatory Affairs		
Fire protection grant enhancement (one-time).....	(3,400,000)	(3,400,000)
Reduce federal and restricted authorization to actual	(2,983,300)	0
Liquor control commission IT upgrades (one-time).....	(1,560,000)	0
Remove SB 800 FY 2016-17 supplemental funding.....	(770,000)	0
Reduce administrative hearing IDG from DOC.....	(200,000)	0
Military and Veterans Affairs		
Grand Rapids Medicaid certification pilot (one-time)	(1,000,000)	(1,000,000)
Homeless veterans (one-time).....	(300,000)	(300,000)
Reduce Camp Grayling special maintenance for commander housing ...	(300,000)	(300,000)
Baseline revenue adjustments.....	(181,900)	0
Natural Resources		
Remove prior year capital outlay	(10,442,100)	0
Remove SB 800/SB 1137 FY 2016-17 supplemental funding.....	(8,300,000)	(3,500,000)
Adjust revenue authorization to actual.....	(5,489,200)	0
Land ownership track funding (one-time).....	(4,000,000)	0
Forestry investment (one-time).....	(2,100,000)	0
Forest fire equipment (one-time).....	(1,000,000)	0
Invasive species (one-time)	(1,000,000)	(1,000,000)
Fisheries management (one-time).....	(600,000)	(300,000)
Swimmer's itch funding (one-time).....	(250,000)	(250,000)
Water trail development (one-time).....	(100,000)	(100,000)
School Aid		
MPSERS rate cap (without change in annual rate of return).....	(112,900,000)	0
Federal grant reductions	(91,689,200)	0
Cap funding for shared time.....	(55,000,000)	0
Technical foundation allowance cost adjustment	(45,000,000)	4,680,700
Reduce cyber schools allowance 20%	(16,000,000)	0
Technical special education cost adjustments.....	(9,900,000)	0
Computer adaptive tests	(4,000,000)	0
Consolidation innovation grants.....	(3,000,000)	0
Gang prevention and intervention.....	(3,000,000)	0
Nonpublic schools mandate reimbursement.....	(2,500,000)	(2,500,000)
Renaissance zone reimbursement	(2,000,000)	0
Student transition grants in dissolved districts.....	(1,860,000)	0
Financial data analysis tools	(1,500,000)	0
Online algebra tool.....	(1,500,000)	(1,500,000)
Flint drinking water declaration of emergency funding	(1,412,500)	(1,412,500)
School bond loan fund debt service.....	(1,000,000)	0
Michigan education/reading corps	(1,000,000)	(1,000,000)
Dropout recovery.....	(750,000)	0
Strict discipline academies.....	(750,000)	0
Competency based transcript pilot.....	(500,000)	(500,000)
Detroit area precollege engineering.....	(340,000)	(340,000)
Cooperative education grant.....	(300,000)	0

Table 13 - continued

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING ELIMINATIONS/REDUCTIONS		
<u>Budget Area/Program</u>	Gross	GF/GP
School Aid (continued)		
10 cents a meal program	(250,000)	(250,000)
Van Andel education institute	(250,000)	(250,000)
Science olympiad and STEM	(250,000)	0
Health department partnership with ISD	(250,000)	0
Eliminate kindergarten test	(185,000)	0
Early learning collaborative	(175,000)	0
Conductive learning center study	(150,000)	0
Youth ChalleNGe	(110,000)	0
Culinary education grant	(79,000)	(79,000)
College readiness outreach	(50,000)	(50,000)
State		
Election administration/services (one-time)	(5,000,000)	(5,000,000)
Adjust lines to reflect expenditures	(1,000,000)	0
Remove SB 800 FY 2016-17 supplemental funding	(300,000)	0
State Police		
Adjust authorization to actual funds received	(3,035,500)	0
Advance 9-1-1 (one-time)	(2,200,000)	(2,200,000)
School safety initiative (one-time)	(2,000,000)	(2,000,000)
Michigan international speedway traffic control (one-time)	(800,000)	(800,000)
Rent adjustments	(203,800)	(203,800)
Roadside saliva placeholder	(100)	(100)
Talent and Economic Development		
FY 2016-17 special grants (one-time)	(12,000,000)	(12,000,000)
Data system integration (one-time)	(8,778,500)	0
Technical adjustments to revenue	(7,915,800)	900
Remove SB 800 FY 2016-17 supplemental funding	(3,120,000)	(3,120,000)
Reduce protect and grow (FY 2017-18 total @ \$1.0 million)	(2,000,000)	(2,000,000)
TANF adjustment	(1,200,000)	0
Technology, Management, and Budget		
Venture Michigan Fund I payment (SB 800)	(72,034,000)	(72,034,000)
SIGMA reduction (FY 2017-18 total @ \$61.9 million)	(12,642,000)	(3,754,700)
Legal services funding (one-time)	(5,000,000)	(5,000,000)
Office of retirement services IT (one-time)	(2,850,000)	0
Special maintenance (one-time; FY 2017-18 total @ \$26 million)	(1,600,900)	(1,600,900)
Remove SB 800 FY 2016-17 supplemental for first responders	(500,000)	(500,000)
FY 2016-17 special projects (one-time)	(250,000)	(250,000)
Alignment of fund sources	(193,800)	(81,000)
Transportation		
Debt service adjustments	(8,985,900)	0
Aviation program adjustments	(6,279,000)	0
Lenawee access route (one-time)	(5,000,000)	(5,000,000)
Movable bridge	(4,890,000)	0
Macomb access ramps (one-time)	(2,000,000)	(2,000,000)
Local agency wetland mitigation	(2,000,000)	0
Berrien right-of-way acquisition (one-time)	(1,500,000)	(1,500,000)
Remove SB 800 FY 2016-17 supplemental funding	(1,250,000)	(1,250,000)
IDG and other adjustments	(109,800)	0

Table 13 - continued

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION FUNDING ELIMINATIONS/REDUCTIONS		
<u>Budget Area/Program</u>	Gross	GF/GP
Treasury-Debt Service		
Clean Michigan initiative debt service decrease	(26,726,000)	(26,726,000)
Quality of life bonds debt service decrease	(6,723,000)	(6,723,000)
Treasury-Operations		
Federal Department of Education grant reduction	(12,955,700)	0
Health and safety fund grant	(7,500,000)	0
Remove SB 800 FY 2016-17 supplemental funding	(3,050,000)	(3,050,000)
Individual e-file (one-time)	(2,842,500)	(2,842,500)
Removal of ongoing grants	(521,600)	(521,600)
Urban search/rescue (one-time)	(500,000)	(500,000)
Remove FY 2016-17 transfer funding	(300,000)	0
Drinking water declaration of emergency reserve fund placeholder	(100)	0
TOTAL GF/GP FUNDING ELIMINATIONS/REDUCTIONS	(\$1,157,945,500)	(\$293,093,300)

The details of the net negative \$127.1 million in fund shifts that increase and decrease GF/GP appropriations are listed in Table 14. The largest fund shift amount, \$133.5 million from GF/GP to School Aid Fund, is in the Community Colleges budget, to reflect the replacement of all but \$3.0 million GF/GP in that budget area. The largest fund shifts that increase GF/GP are in the Department of Health and Human Services: \$99.0 million in shifts from Federal funds to GF/GP due to a lower expansion Medicaid match rate (96.25% to 94.25%) and a lower regular Medicaid match rate (65.15% to 64.78%).

Table 14

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION FUND SHIFTS TO INCREASE/(REDUCE) GF/GP	
<u>Budget Area/Program</u>	GF/GP
Community Colleges	
Fund source shift from GF/GP to School Aid Fund	(\$133,510,800)
Education	
Fund source shift from building occupancy charges to GF/GP	56,700
Environmental Quality	
Air quality program fund source shift to GF/GP	1,362,000
Health and Human Services	
Medicaid expansion match rate from 96.25% to 94.25%	55,215,400
Regular Medicaid match rate from 65.15% to 64.78%	43,818,300
Child care fund swap of TANF to GF/GP	9,540,000
Medicaid certified public expenditures revenue	2,720,800
Adoption savings Federal reinvestment requirement	1,066,600
Correct Medicaid match funding for FY 2016-17 initiatives	809,800
Foster parent youth fund shift from Federal to GF/GP	783,500
Mental health and wellness commission fund shift from Federal to GF/GP	562,500
SCHIP match rate from 98.61% to 98.35%	284,000
Increase in HICA revenue	(79,607,900)
Fund shift from GF/GP to Merit Award Trust Fund (Tobacco settlement revenue)	(25,260,800)
Increased Healthy Michigan Fund revenue offsetting GF/GP	(9,625,600)
Talent agency fund swap of GF/GP to TANF	(1,200,000)
Higher Education	
Tuition incentive program fund shift from GF/GP to TANF	(4,700,000)
Judiciary	
Judges' retiree health care fund shift from restricted to GF/GP	286,000
Military and Veterans Affairs	
Replace veterans' tuition assistance fund revenue with GF/GP	3,447,000

Table 14 - continued

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION FUND SHIFTS TO INCREASE/(REDUCE) GF/GP	
State	
Replace lost driver responsibility fee revenue with GF/GP.....	3,000,000
Adjustment for position transfer fund source	(2,700)
State Police	
Replace State services fee fund revenue with GF/GP.....	4,000,000
Replace law enforcement training (MCOLES) funding with GF/GP	521,200
Reverse FY 2016-17 supplemental replenishment of court case revenue.....	(2,500,000)
Technology, Management, and Budget	
Civil service 1.0% financing charge change that increases GF/GP.....	1,800,000
TOTAL GF/GP FUND SHIFTS	(\$127,134,000)

The Governor's FY 2017-18 budget recommendation includes various other changes from FY 2016-17, including program transfers, increases for unclassified salaries and economic factors, and the removal of FY 2016-17 one-time lump sum salary adjustments. Table 15 presents program transfers that result in a net Gross appropriation increase of \$57,800 and a GF/GP reduction of \$4.4 million (due to a fund shift from GF/GP to SAF for the school drinking water quality program).

Table 15

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION PROGRAM TRANSFERS		
Budget Area/Program	Gross	GF/GP
<u>School Drinking Water Quality Program</u>		
From: Department of Education	(4,500,000)	(4,500,000)
To: School Aid	4,500,000	0
<u>Office of Urban Initiatives (5.0 FTEs)</u>		
From: Department of Technology, Management, and Budget.....	(1,012,200)	(1,012,200)
To: Executive Office	1,012,200	1,012,200
<u>Indigent Defense Commission</u>		
From: Judiciary	(2,329,000)	(2,329,000)
To: Licensing and Regulatory Affairs	2,386,800	2,386,800
TOTAL PROGRAM TRANSFERS	\$57,800	(\$4,442,200)

Table 16 outlines the Governor's FY 2017-18 Gross and GF/GP changes by budget area for unclassified salaries, economic adjustments, and lump sum salary amounts. The Governor recommends a Gross increase of \$574,000 (\$288,300 GF/GP) for unclassified salaries, and economic adjustments of \$106.6 million Gross and \$57.6 million GF/GP. The removal of FY 2016-17 lump sum salary amounts results in Gross and GF/GP reductions of \$42.0 million and \$19.8 million, respectively.

Table 16

FY 2017-18 GOVERNOR'S APPROPRIATION RECOMMENDATION						
GROSS AND GF/GP CHANGES FOR UNCLASSIFIED SALARIES, ECONOMICS, AND LUMP SUM SALARY AMOUNTS						
Department/Budget Area	Unclassified Salaries		Economics		1.5% Lump Sum	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture and Rural Development.....	\$16,400	\$16,400	\$1,067,100	\$732,500	(\$407,300)	(\$275,100)
Attorney General.....	22,600	22,600	1,341,200	638,300	(625,100)	(252,800)
Civil Rights.....	19,800	19,800	178,500	143,400	(97,200)	(77,900)
Corrections.....	53,800	53,800	22,837,700	22,530,800	(10,448,300)	(10,319,000)
Education.....	24,700	19,000	1,470,200	310,500	(667,900)	(123,500)
Environmental Quality.....	22,600	6,500	2,709,300	516,600	(1,205,300)	(210,100)
Health and Human Services.....	33,700	22,700	27,822,700	13,794,000	(12,274,900)	(5,101,100)
Insurance and Financial Services.....	22,600	0	802,400	0	(340,800)	0
Judiciary.....	0	0	4,293,400	4,078,600	0	0
Licensing and Regulatory Affairs.....	145,700	8,200	4,131,300	422,700	(1,957,300)	(197,200)
Military and Veterans Affairs.....	42,800	42,800	1,622,200	476,800	(598,800)	(162,600)
Natural Resources.....	22,700	0	3,824,300	469,500	(1,481,800)	(177,200)
School Aid.....	0	0	69,400	42,800	0	0
State.....	18,900	18,900	2,548,500	244,200	(1,060,700)	(51,400)
State Police.....	18,200	18,200	13,678,100	10,614,100	(2,820,900)	(2,017,700)
Talent and Economic Development.....	27,000	3,000	2,373,900	214,800	(1,176,100)	(105,200)
Technology, Management, and Budget.....	30,100	18,500	6,669,200	1,633,100	(2,848,200)	(477,500)
Transportation.....	22,600	0	5,576,800	0	(2,345,100)	0
Treasury (Operations).....	29,800	17,900	3,631,500	697,500	(1,663,100)	(280,400)
TOTAL CHANGES.....	\$574,000	\$288,300	\$106,647,700	\$57,560,200	(\$42,018,800)	(\$19,828,700)

SUMMARY OF MAJOR SCHOOL AID APPROPRIATION CHANGES

Overall, the Governor is recommending a Gross appropriation increase of \$140.3 million for School Aid compared with current law, as shown in Table 17, or a \$243.6 million increase compared with projected revised FY 2016-17 spending. The recommendation would decrease GF/GP support of the School Aid budget slightly, from \$218.9 million in current law to \$215.0 million in FY 2017-18.

Proposed Supplemental

The Governor's FY 2016-17 supplemental request (2017-2) would decrease School Aid Gross appropriations by \$103.4 million, consisting of negative adjustments to expected Federal grants totaling \$87.9 million and negative net cost adjustments throughout the budget to align it with anticipated spending levels, which total \$15.5 million of SAF revenue. The negative \$15.5 million is based on consensus pupils and cost adjustments, developed in January 2017. The specifics of the supplemental are increased costs of \$10.0 million for foundation allowance payments, an increased cost of \$2.5 million for cash flow borrowing costs, an increased cost of \$2.0 million for school breakfast, savings of \$2.0 million in renaissance zone reimbursements, and savings of \$28.0 million in special education.

Foundation Allowance

The Governor is recommending an increase ranging from \$50 per pupil for districts with foundation allowances at or above the basic foundation (which is \$8,229 for FY 2016-17), up to \$100 per pupil for districts at the minimum foundation allowance (which is \$7,511 for FY 2016-17). The proposal uses the "2x" formula, which provides double the dollar increase to districts at the minimum compared with the dollar increase for districts at or above the basic, with districts between the minimum and the basic getting something between "1x" and "2x". Under the proposal, the basic would increase to \$8,279 and the minimum to \$7,611. The total cost of the proposal is \$128.0 million.

In addition, the Governor is proposing to reduce the foundation allowance of cyber schools (i.e., those public school academies that were issued a contract under the Revised School Code to operate as a school of excellence that is a cyber school) by 20% if the school is in at least its second year of operation. This proposal would save the State an estimated \$16.0 million.

At Risk

The Governor is proposing an increase of 40.0%, or \$150.0 million, for the At Risk program, bringing total funding to \$529.0 million. The At Risk program, when fully funded, is designed to provide 11.5% of a district's foundation allowance for each at-risk pupil, currently defined as pupils eligible for free lunch, to those districts whose per-pupil operational funding is at or below the basic foundation allowance. The Governor's proposal would expand eligibility to all districts, regardless of their foundation allowance, and make the payment equal to 11.5% of the statewide average foundation allowance. Also, eligibility would be expanded to include children: a) who are eligible for reduced-price lunch, in addition to free lunch; b) whose families receive food or cash assistance; or c) who are homeless, migrants, or in foster care.

Michigan Public School Employees' Retirement System (MPSERS)

The Governor is proposing to lower the assumed rate of return in the closed MPSERS plans (and in the other closed State plans) from 8.0% to 7.5%. (The open hybrid plan, established in 2010, assumes a 7.0% rate of return.) In MPSERS, this reduction would be funded over two years. The K-12 budget cost for FY 2017-18 would total \$139.9 million. The cost is broken into two parts: \$90.9 million

for the increase in cost on the "old" debt, paid for by the State via the MPSERS rate cap, plus \$49.0 million for the increase in the "normal" cost for service earned in the future. The normal cost is generally paid by the employer, but the Governor's proposal uses one-time funding to cover the increase in the normal cost for FY 2017-18 and FY 2018-19. There would be a similar cost increase again in FY 2018-19, on top of the inflated FY 2017-18 base. This higher cost base would be continued through the payoff date of FY 2037-38.

Other New Programs

The Governor's budget proposal includes \$22.0 million for a new per-pupil payment to districts for the support of their high school students. Payments are estimated at \$50 per high school pupil. In addition, the Governor is proposing \$3.0 million for partnership model districts, designed to address districts that have at least one school receiving an F grade in the accountability system, before being identified by the School Reform Office as chronically failing. Two other new programs proposed are technology regional data hubs (\$2.2 million) and cybersecurity competitions (\$500,000).

Increases in Existing Programs

Other than the increases mentioned earlier for the foundation allowance and At Risk, the budget proposal includes an increase of \$16.8 million for the purchase of career and technical education equipment, a \$7.0 million appropriation for the second of two years of funding for educator evaluations, an increase of \$4.0 million for the Center for Educational Performance and Information to backfill expiring Federal funds, a \$3.0 million increase for intermediate school district early literacy coaches, an increase of \$2.0 million for science, technology, engineering, and math grants, and some other increases in programs and costs. The Governor also is proposing a \$7.0 million categorical appropriation to help districts that experienced 5% or more pupil loss in the last two years, with this additional support lasting two years.

Program Reductions or Eliminations

The Governor is proposing to reduce the amount of funding spent in the budget for shared-time programs. In a shared-time program, a nonpublic or home-schooled student participates in one or more non-core public school classes, generating payment for the public school that is able to count that student in membership. The current estimate of the FY 2016-17 State cost of shared-time programs is \$115.0 million; the Governor's budget caps the FY 2017-18 amount available for shared-time programs at \$60.0 million, a reduction of \$55.0 million.

The Governor is proposing to eliminate a number of programs, including funding for computer adaptive tests, gang prevention and intervention programs, consolidation innovation grants, reimbursement to nonpublic schools for mandates, reimbursement for the purchase of financial data analysis tools, an online algebra tool, Michigan Education Corps, strict discipline academies, dropout recovery programs, and a number of smaller grant programs.

The budget proposes a number of cost adjustments, including savings in the MPSERS rate cap costs due to better actual experience compared to actuarial assumptions (with these savings then used in the budget to pay for the costs associated with a lower assumed rate of return), a reduction in Federal grants anticipated to be received, technical foundation allowance and special education cost adjustments, and some other smaller program reductions.

Other Items of Note

The budget continues the \$72.0 million appropriation from the Community District Trust Fund to support the foundation allowance of the Detroit Public Schools Community District. Funding for Flint is maintained in large part, with funding totaling \$8.7 million for FY 2017-18. The Governor's recommendation for the overall Education omnibus funds the Community Colleges budget entirely out of School Aid Fund revenue (while FY 2016-17 is a split between SAF and GF/GP revenue), for total School Aid Fund support of postsecondary budgets of \$630.8 million (\$395.1 million for Community Colleges and \$235.6 for Higher Education). The MPSERS changes mentioned above for K-12 are carried into the Community Colleges and Higher Education budgets as well.

Table 17

FY 2017-18 GOVERNOR'S GROSS APPROPRIATION RECOMMENDATION K-12 SCHOOL AID APPROPRIATION CHANGES (millions of dollars)	
FY 2016-17 Year-to-Date Gross Appropriations	\$14,161.8
FY 2017-18 Governor's Recommended Gross Appropriations	14,302.1
Net Change in School Aid Appropriations	\$140.3
Recommended Appropriations for New Programs:	
High school per-pupil payment of \$50	\$22.0
Partnership model districts	3.0
Technology regional data hubs	2.2
Cybersecurity competitions	0.5
Subtotal Appropriations for New Programs	\$27.7
Recommended Appropriation Increases in Existing Programs:	
At risk	\$150.0
Foundation allowance: \$50 to \$100 per-pupil increase	128.0
MPSERS rate cap on unfunded accrued liabilities due to lowered AROR	90.9
MPSERS normal cost increase due to lowered assumed rate of return (AROR).....	49.0
Career and technical education equipment upgrades	16.8
Educator evaluations.....	7.0
Declining enrollment support.....	7.0
School drinking water quality program (transferred in from MDE).....	4.5
Center for Educational Performance and Information	4.0
Cash flow borrowing costs	3.5
ISD literacy coaches	3.0
Comprehensive STEM grants	2.0
School breakfast	2.0
Year-round schools/balanced calendar	1.5
Promise zone reimbursement	0.5
Integrated behavior and learning support (MiBLSi)	0.5
Economics.....	0.1
Subtotal Appropriation Increases in Existing Programs	\$470.2
Recommended Appropriation Eliminations or Reductions:	
MPSERS rate cap technical cost adjustments (in absence of lowered AROR)	(\$112.8)
Federal grants	(91.7)
Cap funding for shared-time programs (funded at \$60.0 million; total est. cost of \$115.0 million)	(55.0)
Technical foundation allowance cost adjustments (pupils, taxable values).....	(45.0)
Reduce cyber schools' foundation allowances 20%	(16.0)
Special education cost adjustments.....	(9.9)
Eliminate funding for computer adaptive tests.....	(4.0)
Eliminate funding for gang prevention and intervention programs	(3.0)

Table 17 - continued

FY 2017-18 GOVERNOR'S GROSS APPROPRIATION RECOMMENDATION K-12 SCHOOL AID APPROPRIATION CHANGES (millions of dollars)	
Eliminate consolidation innovation grants.....	(3.0)
Eliminate reimbursement to nonpublic schools for mandates	(2.5)
Technical renaissance zone reimbursement cost adjustment.....	(2.0)
Eliminate student transition grants in dissolved districts.....	(1.9)
Eliminate reimbursement for financial data analysis tools	(1.5)
Eliminate funding for an online algebra tool.....	(1.5)
Reduce Flint declaration of emergency funding	(1.4)
Eliminate Michigan Education Corps/Reading Corps	(1.0)
Reduce school bond loan fund debt service	(1.0)
Eliminate added cost funding for strict discipline academies.....	(0.8)
Eliminate added cost funding for dropout recovery programs	(0.8)
Eliminate pilot project funding for a competency-based transcript program.....	(0.5)
Eliminate Science Olympiad and Van Andel Education Institute (\$250,000 each)	(0.5)
Eliminate Detroit area precollege engineering program funding	(0.3)
Eliminate Marshall cooperative education grant	(0.3)
Eliminate Van Buren ISD/health department grant.....	(0.3)
Eliminate 10 cents a meal program	(0.3)
Eliminate early learning collaborative funding.....	(0.2)
Eliminate conductive learning study grant	(0.2)
Eliminate kindergarten readiness assessment funding	(0.2)
Reduce Youth ChalleNGe Academy.....	(0.1)
Eliminate culinary education (MRA) grant.....	(0.1)
Reduce college readiness outreach.....	(0.1)
Subtotal Appropriation Eliminations or Reductions	(\$357.6)
TOTAL RECOMMENDED APPROPRIATION CHANGES	\$140.3

FEE AND REVENUE PROPOSALS

Proposed Fee Adjustments

The FY 2017-18 budget proposes \$1.6 million in total fee adjustments, all of which are from the elimination of fee sunsets in the Department of Environmental Quality, as shown in Table 18. No other fee adjustments are included in the Governor's Recommendations.

Table 18
FY 2017-18 GOVERNOR'S RECOMMENDATION
PROPOSED FEE ADJUSTMENTS INCLUDED IN BUDGET
(actual dollars)

Department	Fee Type	Estimated Revenue
Fee Sunsets		
Environmental Quality	Liquid industrial byproduct transporter and facility site identification number fees	\$3,900
Environmental Quality	Hazardous waste manifest fees and handler user charges	1,052,300
Environmental Quality	Hazardous waste generator, transporter, treatment, storage, or disposal facility user charges	43,800
Environmental Quality	Wastewater operator training and certification fees	242,000
Environmental Quality	Drinking water operator training and certification fees	220,000
Environmental Quality	Sewage operator training and certification fees	0 ¹
Subtotal Fee Sunsets		\$1,562,000
TOTAL ALL FEE ADJUSTMENTS		\$1,562,000

¹ Revenue detail not available at this time.

Personal Property Tax Reform Update

Personal property taxes (PPTs) were substantially changed by legislation adopted in 2012, amended in 2013 and 2014, and then made effective by voter approval in 2014. These reforms exempted small personal property taxpayers and eligible manufacturing personal property from ad valorem property taxation. The small taxpayer exemption was effective beginning in 2014. The manufacturing personal property tax exemption is being phased in from 2016 to 2023. To reimburse local governments that had a lower property tax base as a result of the PPT exemptions and thus received less property tax revenue, the Local Community Stabilization Authority (LCSA) was created. The LCSA is required to levy a fixed dollar amount of the use tax and then distribute that revenue to compensate local governmental units for reduced personal property tax revenue according to a statutory formula.

The statutory reimbursement from the LCSA depends on definitions that specify what counts as a qualified loss and the level of millage considered for reimbursement. Certain types of millage are guaranteed 100% reimbursement under the statute. These are referred to as "Tier 1" millage. The types of millage reimbursed at 100% are debt millage levied by a school district or intermediate school district; local school district sinking fund or recreation millage or operating millage not reimbursed by the School Aid Fund; essential services (police, fire, and jail) operating millage or debt millage levied by a county, city, village, or township; small taxpayer exemption loss; and tax increment finance authority levies. Other types of millage (county, city, village, and township nonessential services debt and operating millage, and debt and operating millage levied by community colleges, libraries, and authorities) are not guaranteed a certain percentage of reimbursement. Instead, for these "Tier 2" tax levies, municipalities share proportionately in funds

remaining from the LCSA tax levy after the 100% reimbursements are made. The remaining funds are distributed to each eligible municipality in the same proportion as a municipality's Tier 2 qualified loss is to the total of all Tier 2 qualified losses.

The Department of Treasury determined that the reimbursements due in FY 2016-17 for calendar year 2016 taxes total \$374.3 million. Of that amount, \$158.2 million is payable to Tier 1 municipalities for millage guaranteed at 100%. The remaining funds available to be distributed to Tier 2 municipalities total \$216.1 million. Of the Tier 2 amount, only \$81.5 million is needed to reimburse the eligible local units for all of their qualified loss. The remaining \$134.6 million is in excess of the qualified losses. The amount of money necessary to reimburse local governments for Tier 2 millage was overestimated at the time the PPT package was enacted. The statute, however, requires the funds to be distributed. The payments are made according to a statutory schedule with most of the FY 2016-17 payments distributed on November 20, 2016, and the remaining distribution due on February 20, 2017.

The Governor's recommendation characterizes the \$134.6 million in reimbursements in excess of 100% of the qualified loss as "bonus payments" that can be regarded as funds that reduce the need for FY 2017-18 State appropriations in certain budget areas. The proposed budgets for community colleges, revenue sharing, and the Department of Health and Human Services (private agency foster care rates) note that the PPT bonus payments are available to many local units of government to offset increased costs in other areas. Not every local government, however, receives this additional payment, which depends on the loss in taxable value of personal property from 2013 to the current year multiplied by the lowest rate of eligible millage levied between 2012 and the immediately preceding year for jurisdictions and types of millage that are not guaranteed 100% reimbursement.

SUMMARY OF OTHER MAJOR FY 2017-18 APPROPRIATION ISSUES

Capital Outlay

The Governor's FY 2017-18 budget recommendation includes new planning authorizations for three universities, two community colleges, and two State agency projects. While planning authorizations are not a commitment on the part of the State to fund a project, if the projects eventually received construction authorizations, the total cost to the State would be \$215.0 million. The State's share of project costs would be funded through the State Building Authority (SBA). Annual rental payments to the SBA would range from \$15.0 million to \$19.3 million until the bonds were retired (approximately 17 years). The State agency projects include the replacement of the Caro Center with a new State Psychiatric Hospital. The estimated cost of the new facility is \$115.0 million. The other State agency project is a 90,000-square-foot addition to the Secretary of State Building at the Secondary Complex in Dimondale, Michigan. The total estimated project cost is \$34.1 million.

Table 19 provides a summary of capital outlay requests and the Governor's recommendation.

Flint Drinking Water Declaration of Emergency

On January 5, 2016, Governor Snyder issued a proclamation that a state of emergency existed in the County of Genesee and the City of Flint due to the damaged water infrastructure. Table 20 summarizes the FY 2015-16 and FY 2016-17 State appropriations that have been enacted related to this emergency, and outlines the Governor's recommendation for FY 2017-18. Cumulative total State appropriations, assuming the FY 2017-18 Governor's recommendation is adopted, would be \$375.9 million Gross and \$238.3 million GF/GP.

**Table 19: FY 2017-18 Capital Outlay Appropriation: Governor's Recommendation
State Building Authority (SBA) Projects**

<u>Institution</u>	<u>Project</u>	<u>Institution Request</u>			<u>Governor's Recommendation</u>		
		<u>Total Cost</u>	<u>State Share</u>	<u>Institution Share</u>	<u>Total Cost</u>	<u>State Share</u>	<u>Institution Share</u>
Ferris	Center for Virtual Learning	\$40,000,000	\$30,000,000	\$10,000,000			
Michigan State	STEM Teaching and Learning Facility	72,500,000	29,900,000	42,600,000			
Michigan Tech	H-STEM Engineering & Health Tech Complex - Phase 1	39,600,000	29,700,000	9,900,000	39,600,000	29,700,000	9,900,000
Northern	Technical Career & Engineering Technology Facility	26,500,000	19,875,000	6,625,000			
Oakland	South Foundation Hall Expansion	40,000,000	30,000,000	10,000,000			
Saginaw Valley	College of Business & Management Expansion	17,500,000	9,800,000	7,700,000	17,500,000	9,800,000	7,700,000
Wayne State	STEM Innovation Learning Center	29,500,000	14,750,000	14,750,000	29,500,000	14,750,000	14,750,000
SUBTOTAL - UNIVERSITIES		\$265,600,000	\$164,025,000	\$101,575,000	\$86,600,000	\$54,250,000	\$32,350,000
Alpena	Center for Health Sciences and Student Success	\$6,700,000	\$3,350,000	\$3,350,000			
Bay de Noc	Catherine Bonifas Building Renovation	5,259,200	2,629,600	2,629,600			
Glen Oaks	Library, Concourse, and Fine Arts Studio Transformation	3,202,200	1,601,100	1,601,100			
Gogebic	Lindquist Student Center Renovation/Wellness Center	2,400,000	1,200,000	1,200,000			
Grand Rapids	Applied Technology Center Renovation & Expansion	12,734,500	6,367,250	6,367,250			
Henry Ford	Entrepreneur & Innovation Institute/Tech. Bldg. Ren. & Add.	14,900,000	6,700,000	8,200,000	14,900,000	6,700,000	8,200,000
Jackson	Health and Sports Management Center	6,000,000	3,000,000	3,000,000			
Kirtland	Michigan Forest Products Institute Building	6,100,000	3,050,000	3,050,000			
Lansing	505 North Capitol Avenue Building Renovation	6,500,000	3,250,000	3,250,000			
Macomb	Advanced Technology Complex	24,516,800	12,258,400	12,258,400			
Mid Michigan	Classroom and Library Renovations	14,622,100	7,311,050	7,311,050			
Mott	Southern Lakes Branch Center: Rehabilitation/Renovation	8,112,200	4,056,100	4,056,100			
North Central	AD/CL Classroom Renovation & Expanded Learning Space	6,800,000	3,400,000	3,400,000			
Oakland	No new project requested						
Schoolcraft	Applied Science Renovation & Expansion	20,000,000	10,000,000	10,000,000			
St. Clair	Health Sciences AJT - Building Renovation	9,800,000	4,900,000	4,900,000	9,800,000	4,900,000	4,900,000
Washtenaw	Advanced Transportation Center Addition & Remodeling	4,000,000	2,000,000	2,000,000			
Wayne	Eastern Campus Repurposing & Upgrading	18,000,000	9,000,000	9,000,000			
SUBTOTAL - COMMUNITY COLLEGES:		\$169,647,000	\$84,073,500	\$85,573,500	\$24,700,000	\$11,600,000	\$13,100,000
DHHS	Caro Center Replacement - New Psychiatric Hospital	\$115,000,000	\$115,000,000	N/A	\$115,000,000	\$115,000,000	N/A
DTMB	Secondary Complex - Secretary of State Building Addition	34,100,000	34,100,000	N/A	34,100,000	34,100,000	N/A
SUBTOTAL - STATE AGENCIES:		\$149,100,000	\$149,100,000	\$0	\$149,100,000	\$149,100,000	\$0
TOTAL SBA PROJECTS:		\$584,347,000	\$397,198,500	\$187,148,500	\$260,400,000	\$214,950,000	\$45,450,000

Table 20

**FLINT DRINKING WATER DECLARATION OF EMERGENCY
SUMMARY OF GROSS AND GF/GP STATE APPROPRIATIONS
FY 2015-16 AND FY 2016-17 ENACTED/FY 2017-18 GOVERNOR'S RECOMMENDATION**

Department/Budget Area	FY 2015-16 Year-to-Date		FY 2016-17 Year-to-Date		FY 2017-18 Gov's Rec.	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture & Rural Development	\$0	\$0	\$0	\$0	\$680,100	\$680,000
Attorney General	1,300,000	0	5,600,000	3,000,000	0	0
Education	28,285,000	8,685,000	8,050,100	0	100	0
Environmental Quality	47,253,500	45,776,500	7,200,100	5,400,000	1,000,100	1,000,000
Health & Human Services (HHS)	32,097,100	19,600,100	15,138,100	9,094,200	13,361,700	1,000,000
HHS: Medicaid Waiver	20,862,600	4,470,700	30,352,500	6,098,100	30,352,500	6,098,100
Licensing & Regulatory Affairs	1,860,000	1,660,000	0	0	0	0
Military & Veterans Affairs	2,500,000	2,000,000	0	0	0	0
Natural Resources	250,000	250,000	0	0	0	0
School Aid	9,200,000	9,200,000	10,142,600	10,142,500	8,730,100	0
State Police	6,100,000	6,100,000	0	0	0	0
Tech, Man, Budget Reserve Fund	18,900,000	18,900,000	10,000,000	10,000,000	25,000,000	25,000,000
Reserve Fund Withdrawals	(977,000)	0	(1,764,900)	0	(500)	0
Treasury	44,130,000	44,130,000	300,100	0	0	0
Total	\$211,761,200	\$160,772,300	\$85,018,600	\$43,734,800	\$79,124,100	\$33,778,100
Cumulative Total State Appropriations (including FY 2017-18 Governor's Rec.) =					Gross	GF/GP
					\$375,903,900	\$238,285,200
					Reserve Fund Balance =	\$51,157,600

Revenue Sharing Payments

The Governor recommends revenue sharing payments of approximately \$1.2 billion in FY 2017-18, an increase of 1.5% or \$17.9 million over FY 2016-17 year-to-date appropriations. This increase is due almost entirely to an estimated \$17.2 million increase in constitutional revenue sharing for cities, villages, and townships (CVTs). There also is an increase of \$640,600 in revenue sharing payments to counties to cover the full-year payment cost of two counties that returned to State-paid county revenue sharing for part-year funding in FY 2016-17. City, village, and township revenue sharing ("statutory") and the grant program for financially distressed cities, villages, and townships would be funded at the same levels in FY 2017-18 as in FY 2016-17. The Governor's recommendation is shown in [Table 21](#).

Table 21

REVENUE SHARING APPROPRIATION SUMMARY				
Ongoing/One-Time Appropriations	FY 2016-17 Year-to-Date	FY 2017-18 Gov's Rec.	Dollar Change	Percent Change
Constitutional Revenue Sharing	\$756,300,600 ^{a)}	\$773,544,100	\$17,243,500	2.3%
CVT Revenue Sharing	248,840,000	248,840,000	0	0.0
County Incentive Program	43,033,500	43,160,400	126,900	0.3
County Revenue Sharing	174,234,000	174,747,700	513,700	0.3
Financially Distressed CVTs	5,000,000	5,000,000	0	0.0
TOTAL	\$1,227,408,100	\$1,245,292,200	\$17,884,100	1.5%

^{a)} Reflects the January 2017 consensus revenue estimate for sales tax revenue.

Constitutional revenue sharing is estimated at \$773,544,100 in FY 2017-18 based on the January 2017 consensus revenue estimates. This would provide CVTs with a 2.3% increase in payments over the revised FY 2016-17 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. Each CVT is projected to receive approximately \$78.51 per capita in FY 2017-18.

For CVT revenue sharing ("statutory"), the Governor recommends a total of \$248,840,000 in FY 2017-18. This consists of \$243,040,000 in ongoing funding and \$5.8 million in one-time funding, the same as in FY 2016-17. Eligibility, payments, and transparency and accountability requirements would remain the same as in FY 2016-17.

The Governor proposes to increase revenue sharing payments to counties by 0.3% to \$217.9 million. The County Revenue Sharing line would increase by \$513,700 to \$174,747,700 and the County Incentive Program would increase by \$126,900 to \$43,160,400. The additional funding covers the increased cost of payments to two counties (Alcona and Charlevoix) that returned to State-paid revenue sharing in FY 2016-17 for part-year funding and will be eligible for full-year funding in FY 2017-18. Payments to other counties would not change. As in prior years, compliance with accountability and transparency criteria would be required for eligible counties to receive full payments under the County Incentive Program in FY 2017-18. The last five counties (Antrim, Emmet, Keweenaw, Leelanau, and Mackinac) are projected to return to State-paid revenue sharing from FY 2018-19 to FY 2022-23, when withdrawals from each county's revenue sharing reserve fund will be completed.

The Governor maintains the grant program for Financially Distressed Cities, Villages, or Townships at \$5.0 million in FY 2017-18, the same level of funding as in FY 2016-17.

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.

On December 14, 2016, the Civil Service Commission approved a two-year agreement for wages and benefits for employees who are exclusively represented by employee unions (AFSCME, MCO, MSEA, SEIU, and UAW) for fiscal years 2017-18 and 2018-19. The Commission approved a 3.0% general wage increase effective October 1, 2017, and a 2.0% general wage increase effective October 1, 2018, for represented employees. Additionally, contracts will require represented employees to continue 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 2017-18. Beginning on October 1, 2017, NEREs will receive a 3.0% general wage increase. They also will continue to pay 20.0% of their health insurance premium in FY 2017-18. Coordinated Compensation Plans for NEREs are approved by the Civil Service Commission on an annual basis; thus, a compensation plan for FY 2018-19 will not be considered until December 2017.

Total Gross employee wages and salaries in the FY 2017-18 Governor's budget are an estimated \$3.3 billion, while other total Gross employee benefit costs are an estimated \$2.7 billion.

Table 22 provides a summary of the incremental State employee economic cost changes for FY 2017-18 recommended in the Governor's budget, including Gross employee salary increases of \$92.8 million. The State's portion of the cost of longevity payments and employee health insurance is estimated to increase by \$1.3 million for FY 2017-18. The amount that needs to be contributed to the State employee retirement systems in FY 2017-18 results in an increase in costs. Retirement contributions, excluding payments for legacy pension costs, will increase \$23.3 million Gross and \$12.8 million GF/GP. Other employee retirement costs (OERC), including legacy pension costs and retiree health care costs, for FY 2017-18 will be less than the costs in FY 2016-17. Gross changes for OERC will total a negative \$13.0 million Gross or a negative \$3.3 million GF/GP. The total GF/GP impact of economic adjustments for FY 2017-18 is an increase of \$57.6 million.

Table 22

FY 2017-18 STATE BUDGET RECOMMENDATION ECONOMIC ADJUSTMENTS INCLUDED IN BUDGET (millions of dollars)		
	Gross	GF/GP
Wages and Salaries.....	\$92.8	\$48.0
Longevity and Employee Insurance Costs	1.3	0.7
Retirement Contributions	23.3	12.8
Other Employee Retirement Costs (OERC).....	(13.0)	(3.3)
Workers' Compensation.....	(4.6)	(3.8)
All Other Economics	6.8	3.2
TOTAL ECONOMICS.....	\$106.6	\$57.6

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 for the two largest plans: the State Employees' Retirement System (SERS) and the Michigan Public School Employees' Retirement System (MPERS). The State also has retirement plans for State Police, Judiciary, and the Legislature, but those systems are not discussed here as they are much smaller in scale. Public Acts 300 of 2012 and 136 of 2016 implemented a cap on the rate school employers in MPERS pay toward the unfunded accrued liabilities (UAL) in the system, with any required payments above that cap to be made by a State appropriation.

Proposal to Lower the Assumed Rate of Return (AROR)

New for FY 2017-18, and reflected in Tables 23 and 24, the Governor is proposing to lower the assumed rate of return in most of the State's retirement plans. Currently, in all of the retirement plans, with the exception of the MPERS hybrid plan (established for new hires beginning in 2010) and the State Police hybrid plan (established for new hires beginning in 2012), the assumed rate of return on assets in the retirement plan portfolios is 8.0%. (The MPERS and State Police hybrid plans assume a 7.0% rate of return on assets.) The Governor is proposing to lower the assumed rate of return from 8.0% to 7.5% in FY 2017-18 for the State employee plans (built into baseline costs for FY 2017-18), and from 8.0% to 7.5% over a two-year phase-in for the MPERS basic and member investment plans (with half of the costs built into the baseline for FY 2017-18 and the other half added in FY 2018-19).

The proposal to lower the assumed rate of return results in increased contribution rates required to be paid by employers. 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). The proposal to lower the AROR would increase both the legacy unfunded accrued liabilities and the normal cost, in both SERS and MPERS, totaling \$246.9 million in FY 2017-18 and \$406.9 million in FY 2018-19. However, due to baseline savings of \$237.3 million resulting from lower health care costs and better investment returns compared to the assumed levels, along with the completion of paying off the most recent SERS early-out, the net cost in FY 2017-18 would be \$9.6 million. Another \$160.0 million would be necessary in FY 2018-19 to pay the increased normal and legacy costs in MPERS for the second year of the phase-in of the lower AROR. The higher funding levels would continue until the UAL was paid off (FY 2037-38).

Of the total costs listed above, the Governor is proposing to use one-time revenue to hold local schools, community colleges, libraries, and universities harmless from the increase in normal cost, in both FY 2017-18 (\$53.0 million) and FY 2018-19 (another \$60.0 million). The cap on the amount local employers pay toward the UAL means that the increase in legacy costs (\$100.0 million in FY 2017-18 and another \$100.0 million in FY 2018-19) would be borne entirely by the School Aid Fund.

Contribution Rates and Estimated Costs for SERS and MPERS

Table 23 provides a three-year summary of the contribution rates for defined benefit (DB) and defined contribution (DC) retirement for SERS. 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 the case 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 23

STATE RETIREMENT CONTRIBUTION RATES AS A PERCENTAGE OF PAYROLL				
	FY 2015-16	FY 2016-17	FY 2017-18	2017-18 Change
State Employees' Retirement System¹⁾				
Defined Benefit Pension	26.05%	25.50%	24.60%	(0.90%)
Defined Benefit Health Care	20.63	21.05	22.14	1.09
Total Defined Benefit Costs	46.68%	46.55%	46.74%	0.19%
Defined Contribution Retirement	29.74%	28.94%	26.43%	(2.51%)
Defined Contribution Health Care	21.16	21.70	22.14 ²⁾	0.44
Total Defined Contribution Costs	50.90%	50.64%	48.57%	(2.07%)
¹⁾ Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2017-18 will be the seventh year of prefunding retiree health. ²⁾ For DC employees hired after January 1, 2012, cost would be 2% higher to pay the 401k health match.				

Table 24 provides a look at the FY 2017-18 contribution rates for the seven different retirement plan combinations in MPSERS. Before the enactment of significant MPSERS reforms 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 K-12 and community college contribution rate for unfunded liabilities at roughly 21% of payroll (their FY 2011-12 amount), and Public Act 136 of 2016 capped the university contribution rate for unfunded liabilities at roughly 26% of payroll (their FY 2011-12 amount); 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, and is generally paid by the local employer. The maximum total employer (school) cost for FY 2017-18 under any of the seven plans is between roughly 25% and 27% of payroll, depending on the plan and employee DC contributions. The Governor is proposing to use one-time revenue to pay for the roughly 0.76% increase in normal costs due to the lower assumed rate of return, at a total education (K-12, libraries, community colleges, and higher education) cost of \$53.0 million. The State subsidy on the UAL is roughly 11.3% of MPSERS payroll for schools, community colleges, and participating libraries, or about \$1,031.6 million, slightly lower than the 11.7% subsidy in FY 2016-17. Legislation was enacted in 2016 to implement a rate cap for the seven universities that remain part of MPSERS for employees hired before 1996, and that State cost is roughly \$4.0 million.

Table 24

FY 2017-18 MPSERS EMPLOYER CONTRIBUTION RATES							
	Basic/MIP with Premium Subsidy	Pension Plus with Premium Subsidy	Pension Plus 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	4.35%	3.07%	3.07%	0.00%	0.00%	0.00%	4.35%
Pension UAL	14.78	14.78	14.78	14.78	14.78	14.78	14.78
Pension Early Retirement Incentive	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Pension Total Rate	20.49%	19.21%	19.21%	16.14%	16.14%	16.14%	20.49%
<u>Health Contributions</u>							
Health Normal Cost	0.25%	0.25%	0.00%	0.00%	0.25%	0.00%	0.00%
Health UAL	4.82	4.82	4.82	4.82	4.82	4.82	4.82
Health Total Rate	5.07%	5.07%	4.82%	4.82%	5.07%	4.82%	4.82%
DB CONTRIBUTION TOTAL	25.56%	24.28%	24.03%	20.96%	21.21%	20.96%	25.31%
<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>	36.88%	35.60%	35.35%	32.28%	32.53%	32.28%	36.63%
State Subsidy	11.32	11.32	11.32	11.32	11.32	11.32	11.32
DC = Defined Contribution; MIP = Member Investment Plan; PHF = Personal Health Fund							
Note: The Governor's budget includes \$960.8 million in the K-12 budget, \$70.8 million in the Community Colleges budget, and \$4.0 million in the Higher Education budget to pay the State subsidy for the UAL rate cap, which includes the FY 2017-18 cost of lowering the assumed rate of return, phased in over two years. Identified as one-time funding, the Governor's budget includes \$49.0 million in the K-12 budget, \$6.7 million in the Community Colleges budget, and \$2.4 million in the Higher Education budget to hold the entities harmless from increased pension and health care normal costs due to a lowering in the assumed rate of return.							

Source: State Budget Office

Table 25 outlines the FY 2017-18 estimated contributions to SERS and MPERS 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 \$4.8 billion.

Table 25

FY 2017-18 ESTIMATED CONTRIBUTIONS TO TWO LARGEST RETIREMENT SYSTEMS (millions of dollars)	
<u>State Employees' Retirement System (SERS)</u> ¹⁾	
Defined Benefit Pension.....	\$216.0
Defined Contribution	590.0
Retiree Health Care	705.0
Subtotal State Employees' Retirement System ²⁾	\$1,511.0
<u>Michigan Public School Employees' Retirement System (MPERS)</u> ³⁾	
<u>Local Share</u>	
Defined Benefit Pension.....	\$1,813.0
Defined Benefit Health Care.....	457.0
"401k" for Health Care.....	25.0
Subtotal Public School Employees' Retirement System (Local).....	\$2,295.0
<u>State Share</u>	
Unfunded Accrued Liabilities (Pension and Health).....	\$1,035.6
Subtotal Michigan Public School Employees' Retirement System	\$3,330.6
TOTAL ESTIMATED RETIREMENT CONTRIBUTIONS	\$4,841.6
FY 2017-18 Estimated Subsidy Per K-12 Pupil on Average	\$640
¹⁾ Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2017-18 will be the seventh year of prefunding retiree health. ²⁾ Excludes FICA, which totals approximately \$260.0 million. ³⁾ Excludes DC contributions for pension; includes DC contributions for health.	

For the third 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 25, the total contributions in the State Employees' Retirement System are estimated by the Senate Fiscal Agency at \$1.5 billion, and of that total, \$1.2 billion is estimated by the State Budget Office for legacy costs (both pension and health), with the remaining \$300.0 million for normal costs including State DC contributions for SERS. Table 26 identifies the estimated legacy costs for pension and for retiree health care, and the total of the two, for each department.

Table 26**FY 2017-18****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	\$6,381,100	\$6,018,900	\$12,400,000
Attorney General	8,893,100	8,388,200	17,281,300
Civil Rights	1,387,200	1,308,400	2,695,600
Corrections	145,788,300	137,512,400	283,300,700
Education	7,939,900	7,489,200	15,429,100
Environmental Quality	16,580,100	15,638,900	32,219,000
Health & Human Services	172,731,300	162,926,000	335,657,300
Insurance & Financial Services	4,915,200	4,636,100	9,551,300
Judiciary	7,185,500	6,777,600	13,963,100
Legislature and Auditor General	10,936,800	10,315,900	21,252,700
Licensing & Regulatory Affairs	29,005,600	27,359,100	56,364,700
Military & Veterans Affairs	8,787,300	8,288,500	17,075,800
Natural Resources	22,774,200	21,481,400	44,255,600
State	16,040,400	15,129,800	31,170,200
State Police	70,149,700	54,090,700	124,240,400
Talent & Economic Development	16,651,100	15,705,900	32,357,000
Technology, Management, & Budget	43,301,700	40,843,600	84,145,300
Transportation	32,905,600	31,037,700	63,943,300
Treasury	22,140,700	20,883,900	43,024,600
School Aid	723,500	682,400	1,405,900
TOTAL	\$645,218,300	\$596,514,600	\$1,241,732,900

Source: State Budget Office

Debt Service Adjustments

Table 27 provides a summary of recommended debt service appropriations for FY 2017-18. These include School Bond Loan Fund bonds in K-12 School Aid; debt service costs related to the Facility for Rare Isotope Beams and the Community College Skilled Trades Equipment Program appropriated in the Department of Talent and Economic Development; State Building Authority rent payments appropriated in the Department of Technology, Management, and Budget; various transportation-related bonds in the Department of Transportation; and general obligation bonds in the Department of Treasury. Gross appropriations for debt service on these bonds total \$720.5 million for FY 2017-18. This represents a \$39.4 million (5.2%) decrease from the \$759.9 million debt service appropriations in FY 2016-17.

Table 27

DEBT SERVICE APPROPRIATIONS FY 2017-18 COMPARED WITH FY 2016-17				
Department/Program	FY 2016-17 Gross Appropriation	FY 2017-18 Gross Appropriation	Dollar Change	Percent Change
School Aid				
School Bond Loan	\$126,500,000	\$125,500,000	(\$1,000,000)	(0.8)
Subtotal School Aid.....	\$126,500,000	\$125,500,000	(\$1,000,000)	(0.8)
Talent and Economic Development¹				
Facility For Rare Isotope Beams (MSF)	\$7,300,000	\$7,300,000	\$0	0.0
Community College Skilled Trades Equipment Program (MSF).....	4,600,000	4,600,000	0	0.0
Subtotal Talent & Economic Dev.	\$11,900,000	\$11,900,000	\$0	0.0
DTMB-State Building Authority Rent				
State Agencies.....	\$49,665,800	\$49,665,800	\$0	0.0
Department of Corrections.....	21,029,900	21,029,900	0	0.0
Universities	144,995,300	144,995,300	0	0.0
Community Colleges.....	30,879,600	30,879,600	0	0.0
Subtotal Technology, Mgt., & Budget.....	\$246,570,600	\$246,570,600	\$0	0.0
Transportation				
State Trunkline.....	\$194,076,400	\$185,109,100	(\$8,967,300)	(4.6)
Economic Development.....	11,612,200	11,548,300	(63,900)	(0.6)
Local Bridge Fund.....	2,406,500	2,315,400	(91,100)	(3.8)
Blue Water Bridge Fund	6,963,900	7,105,100	141,200	2.0
Airport Safety and Protection Plan	4,616,400	4,617,000	600	0.0
Comprehensive Transportation	18,249,900	18,244,500	(5,400)	(0.0)
Subtotal Transportation	\$237,925,300	\$228,939,400	(\$8,985,900)	(3.8)
Treasury				
Quality of Life Bond	28,687,000	21,964,000	(6,723,000)	(23.4)
Clean Michigan Initiative.....	89,477,000	62,751,000	(26,726,000)	(29.9)
Great Lakes Water Initiative	18,873,000	22,865,000	3,992,000	21.2
Subtotal Treasury	\$137,037,000	\$107,580,000	(\$29,457,000)	(21.5)
TOTAL	\$759,932,900	\$720,490,000	(\$39,442,900)	(5.2%)

Tobacco Settlement Revenue and Appropriations

In 1998, a Master Settlement Agreement was reached between 46 states, including Michigan, and certain U.S. tobacco manufacturers, to provide annual payments to states. The payments began in 2000 and will continue in perpetuity. As [Table 28](#) 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. A new statutory

earmark for the Community District Trust Fund of \$72.0 million annually for 10 years, was enacted in FY 2016-17 to implement a new system for schools in Detroit.

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 2017-18 is estimated to be \$68.9 million. Under the Governor's proposal, there would be an estimated FY 2017-18 year-end balance of \$1.4 million in the Merit Award Trust Fund.

Table 28

TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS			
FY 2016-17 COMPARED TO FY 2017-18 GOVERNOR'S RECOMMENDATION			
(actual dollars)			
	FY 2016-17	FY 2017-18	Gov's Rec. Chg.
	Year-To-Date	Gov's Rec.	From FY 2016-17
Revenue			
Unreserved Balance From Prior Fiscal Year	\$119,400	\$523,000	\$403,600
Total Annual Payments.....	294,583,800	306,345,800	11,762,000
Assumed Withheld Payments.....	(19,737,100)	(20,525,200)	(788,100)
Settlement Credit to Manufacturers/Adjustments	(23,000,000)	0	23,000,000
Interest Earnings.....	50,000	100,000	50,000
Total Tobacco Settlement Revenue	\$252,016,100	\$286,443,600	\$34,427,500
Less Transfers Out For:			
21st Century Jobs Trust Fund	(\$75,000,000)	(\$75,000,000)	\$0
Community District Trust Fund (Detroit)	(72,000,000)	(72,000,000)	0
Payment to Budget Stabilization Fund (Detroit).....	(17,500,000)	(17,500,000)	0
Payment on 2006 Bond Securitization.....	(33,596,300)	(38,128,500)	(4,532,200)
Payment on 2007 Bond Securitization.....	(27,123,900)	(30,782,900)	(3,659,000)
Total Transfers Out.....	(\$225,220,200)	(\$233,411,400)	(\$8,191,200)
Net Revenue To Merit Award Trust Fund	\$26,795,900	\$53,032,200	\$26,236,300
Appropriations			
Attorney General			
Operations.....	\$495,700	\$499,500	\$3,800
Health and Human Services			
Medicaid Base.....	19,739,200	45,000,000	25,260,800
Aging: Respite Care	4,068,700	4,068,700	0
State Police			
Tobacco Tax Enforcement.....	805,500	843,000	37,500
Department of Treasury			
Student Financial Services Administration.....	1,163,800	1,172,200	8,400
Total Merit Award Trust Fund Appropriations	\$26,272,900	\$51,583,400	\$25,310,500
MERIT AWARD TRUST FUND YEAR-END BALANCE	\$523,000	\$1,448,800	\$925,800

Data Source: State Budget Office

State Spending from State Resources Appropriations

Table 29 compares State Spending from State Resources appropriations (a combination of State Restricted and State GF/GP appropriations) for selected State budget areas over the time period from FY 2007-08 to the FY 2017-18 Governor's recommendation. As the table indicates, total State Spending appropriations are estimated to increase by 12.2% over the ten-year period, while State appropriations for the Department of Corrections and Higher Education are estimated to be lower by 3.2% and 13.9%, respectively. The Detroit Consumer Price Index is estimated to increase by 12.6% over this same time period.

Table 29

STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS TOTAL COMPARED IN SELECTED BUDGET AREAS (millions of dollars)				
Budget Area	FY 2007-08 Year-to-Date Appropriations	FY 2017-18 Gov's Rec. Appropriations	Dollar Difference	Percent Change
Health and Human Services	\$6,514.5	\$6,903.9	\$389.4	6.0%
Corrections	2,066.2	2,000.3	(66.0)	(3.2)
K-12 School Aid	11,421.8	12,575.1	1,153.4	10.1
Community Colleges	318.9	398.2	79.2	24.8
Higher Education	1,771.5	1,525.7	(245.8)	(13.9)
Revenue Sharing-Constitutional	688.2	773.5	85.3	12.4
Revenue Sharing-Nonconstitutional	388.2	471.7	83.5	21.5
All Other Programs	5,272.0	7,259.4	1,987.4	37.7
Total State Spending	\$28,441.3	\$31,907.9	\$3,466.6	12.2%
Addendum:				
Medicaid Caseload	1,550,654	2,400,000	849,346	54.8%
Prison Population	51,454	41,148	(10,306)	(20.0%)
K-12 Pupil Count	1,652,555	1,486,500	(166,055)	(10.0%)
University Students	254,231	260,817	6,586	2.6%
Community College Students	146,234	124,371	(21,863)	(15.0%)
Michigan Personal Income (millions)	\$353,728.0	\$469,953.5	\$116,225.5	32.9%
Detroit Consumer Price Index	204.6	230.4	25.8	12.6%
NOTES: Revenue Sharing: Constitutional number is the January 2017 Consensus Revenue Estimating Conference (CREC) estimate. Medicaid Caseload: Number for FY 2017-18 includes the estimated 630,000 individuals who are eligible under the expansion of Medicaid. Prison Population: These are the year-end numbers published by the Department of Corrections for calendar years 2006 and 2016, respectively. K-12 Pupils: FY 2017-18 pupil count is the January 2017 CREC estimate. Community College and University Students: Numbers in FY 2017-18 column reflect the most recent data available, which are FY 2015-16 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 2017-18 numbers are January 2017 CREC estimates.				

ECONOMIC AND REVENUE FORECAST

The Governor's proposed budget for FY 2017-18 is based on the consensus economic forecast adopted at the January 12, 2017, Consensus Revenue Estimating Conference. This economic forecast is summarized in [Table 30](#).

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. Some fundamental elements of the economy remain well below their prerecession peaks, and many 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 2016, the economy had been in recovery for 29 quarters after the recession trough in the second quarter of 2009. Four recoveries since World War II lasted 20 quarters or more, although only three recoveries lasted 29 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 2016 was only 11.5% above the level during the fourth quarter of 2007, when the recession began, and only 16.4% above the level in the second quarter of 2009, when the economy finished contracting. As a result, the economy has averaged only 2.1% annual growth since the end of the recession, compared with an average of 4.5% annual growth over the other three recoveries. Consumption expenditures, which on average account for two-thirds of economic activity, also have exhibited weak growth relative to historical standards, with the current recovery averaging 2.3% annual growth, compared with a historical average of 4.4% growth. Furthermore, consumption growth has been offset by the contracting government sector, which has declined at an average annual rate of 0.9% compared with the historical average of 3.3% growth. Early in the recovery, much of the growth in the economy has reflected increases in inventories: goods produced but not sold. As consumption growth has improved, it has to some degree been offset by low, or even declining, rates of business investment. Furthermore, economic growth is generally limited by the combination of population growth (specifically the portion of the population that enters the labor force and finds work) and productivity. Slow population growth, declining labor force participation rates, and low productivity have combined to limit the maximum potential economic growth the economy can achieve.

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. Although motor vehicle sales reached an all-time high in 2015, and then again in 2016 with light vehicle sales totaling 17.5 million units, 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.

Over much of the current recovery, spending has generally risen more rapidly than wage and salary income, despite the weak growth in consumer spending compared with historical standards. However, that trend has reversed since mid-2014, when wages began growing more rapidly than consumption. As investment growth has slowed, or even declined, since late 2014, consumption has returned to its historical position of accounting for the majority of growth in the economy, although the improvement in consumer spending is less than what would be expected given wage growth, is being offset by other sectors of the economy (most notably investment and net exports), and has been financed by increased borrowing, particularly since early 2014. Personal saving as a percentage of disposable personal income increased in 2016 to the highest levels since 2012;

however, this saving has not translated into a reduction in consumer debt levels. Over the first three quarters of 2016, outstanding consumer debt per person increased at an annual rate of 4.1%, growing more rapidly than either the 1.8% annual rate for income or the 2.1% annual rate for spending. Nonrevolving debt, which includes student loans and motor vehicle loans, also increased at a 4.1% rate during the first three quarters of 2016. Similarly, revolving credit (mainly credit card debt) increased at a 4.0% annual rate over the first three quarters of 2016, a rate almost double the growth rate in personal consumption spending and more than double the rate of income growth.

Consumer debt has increased even as the share of disposable personal income that must be used to service that debt has remained flat at levels not experienced since the early 1980s. Just as the composition of consumer debt has changed so has the cost of servicing that debt. While nonrevolving debt has grown more rapidly than revolving debt, the share of disposable personal income required to service mortgage debt has steadily fallen since 2007, largely as a result of monetary policy designed to keep long-term interest rates low. However, the cost of servicing revolving debt, which had fallen between 2007 and 2012 as consumers dealt with the aftermath of the 2008-2009 financial crisis, has increased since 2012. Although the total financial obligations ratio has remained stable over the last year, it is likely to increase once interest rates begin rising.

The housing market, which counts as residential investment rather than consumption spending, continued to improve in 2016, although it remains weak by almost any historical measure--roughly matching housing start levels during the 1979-1982 and 1991 recessions. Housing starts totaled approximately 1.17 million units in 2016, the seventh consecutive annual increase in starts and a 5.2% increase from 2015. However, 2016 represents the 14th-weakest year of housing starts (based on data available back to 1959), above the eight-year 2008 through 2015 period and the recession years of 1975, 1981, 1982, and 1991. Housing starts in 2016 were 43.4% below the prerecession peak of 2.1 million starts in 2005.

Despite the improvements in the economy, job growth has remained relatively weak. Notwithstanding employment gains during the last six years, payroll employment did not reach the prerecession peak until May 2014. As of December 2016, payroll employment averaged only 1.7% annual growth since the February 2010 trough and was up only 1.6% from the December 2015 level, after showing as much as a 2.3% year-over-year increase as recently as February 2015. Payroll employment growth remained relatively stable during 2016, averaging a gain of approximately 187,000 jobs per month, down 17.3% from the 226,000-job average monthly increase in 2015 (which was down from the 2014 average of 250,000 new jobs per month), and not much above the 160,000 to 175,000 increase necessary to keep pace with population growth. The unemployment rate fell from a peak of 10.0% in October 2009, to 4.7% in December 2016. 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 the December 2009 trough in total employment (as opposed to payroll employment) and September 2014, the labor force averaged 0.3% per year annual growth. However, between November 2015 and November 2016, the labor force grew 1.3%. As of September 2014, total employment had surpassed the prerecession peak of November 2007 and the November 2016 level of total employment set an all-time record. Nevertheless, labor force participation during 2016 remained at the same 40-year lows experienced during 2015.

Inflation-adjusted GDP is expected to increase at a rate of 2.0% in 2017, slowing slightly to 1.9% growth in 2018, and increasing slightly to 2.1% in 2019. The unemployment rate is estimated to decline from 4.9% in 2016 to 4.7% in 2017, 2018, and 2019. Housing starts are expected to continue increasing over the forecast period, rising from 1.16 million starts in 2016 to 1.22 million in 2017 and 1.27 million in 2018, while light vehicle sales are expected to decrease from 17.5 million units in 2016 to 17.2 million units in 2017, 17.0 million units in 2018, and 16.9 million units in 2019.

Michigan Economy

Like the national economy, Michigan's economic activity 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 291,700 jobs in 2009 represented the largest one-year loss of payroll jobs since the Great Depression. Between the April 2000 peak and Michigan's March 2010 employment trough, Michigan lost 861,500 jobs, a decline of 18.4%.

Since 2010, however, the Michigan economy has grown. Payroll employment increased for a sixth consecutive year in 2016, rising 2.0%, after growing 1.5% in 2015 and 1.8% in 2014. Personal income grew approximately 3.6% during 2016, down from 4.6% in 2015 and 2014 but above the 1.4% growth in 2013.

In 2017 and 2018, Michigan's economy is expected to continue expanding, although at a slightly slower pace than in 2016. Wage and salary employment is projected to rise 1.1% in 2017, and 1.0% in both 2018 and 2019. The unemployment rate is expected to remain steady at 4.6% in 2017, before increasing to 4.8% in 2018. Personal income, adjusted for inflation, will grow an estimated 1.6% in 2017 and 1.8% in 2018, after growing 2.0% in 2016. Inflation, as measured by the Detroit Consumer Price Index, will increase 2.2% in 2017 and 1.9% in 2018, after rising 1.6% in 2016.

Revenue Estimates

Based on the economic forecast summarized above, it is estimated that revenue totaling \$57.3 billion will be available in FY 2017-18 to support Governor Snyder's proposed budget. This represents a 1.9% increase from the revised estimate of the total revenue that the Governor expects will be available for FY 2016-17. Estimates of the total revenue on which the Governor's proposed budget is based are summarized in [Table 31](#). The Governor did not make any tax policy recommendations as part of the FY 2017-18 budget proposal.

Following are summaries of the revenue estimates on which the Governor's proposed General Fund/General Purpose and School Aid Fund budgets are based.

General Fund/General Purpose and School Aid Fund

The General Purpose portion of the General Fund (GF/GP) and the School Aid Fund (SAF) portion of the overall State budget account for \$25.4 billion, or 44.3%, of the total State government revenue estimated for FY 2017-18. Detailed estimates of GF/GP and SAF revenue for FY 2016-17 and FY 2017-18 are presented in [Table 32](#) and [Table 33](#), 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 12, 2017, 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, and beginning carry-over balances.

General Fund/General Purpose Revenue

As shown in [Table 31](#), GF/GP revenue is expected to total \$10.4 billion in FY 2017-18, which represents a decrease of 1.2% from the revised FY 2016-17 estimates. This decline in total GF/GP revenue is attributable to growth in revenue from ongoing sources being more than offset by: 1) a \$238.4 million reduction in the projected carry-over balance from the prior fiscal year,

2) an increase, from \$308.9 million in FY 2016-17 to \$410.8 million in FY 2017-18, in the amount of use tax diverted to local units as a result of personal property tax reform, and 3) the loss of \$105.3 million attributable to ending the Medicaid managed care use tax pursuant to Federal requirements. Revenue from ongoing sources is forecast to increase 2.3% in FY 2017-18, to \$10.5 billion.

School Aid Fund

School Aid Fund revenue available for spending in FY 2017-18 will total an estimated \$14.9 billion, representing a 1.6% increase from the revised estimate for FY 2016-17. This projected increase in SAF revenue reflects growth in revenue from ongoing State sources being somewhat offset by a 1.8% decrease in the grant from the General Fund, a 0.2% decline in Federal aid, a \$24.8 million decrease in the balance carried forward from the prior fiscal year, and a \$52.6 million decline in the revenue from the Medicaid managed care use tax. The estimate of SAF revenue in FY 2017-18, summarized in Table 33, includes ongoing earmarked tax and lottery revenue totaling an estimated \$12.8 billion, a 2.6% increase from the revised estimate for FY 2016-17. In addition, the SAF revenue estimate for FY 2017-18 includes Federal aid totaling \$1.7 billion and a \$215.0 million grant from the General Fund.

Table 30

**CONSENSUS ECONOMIC FORECAST
JANUARY 12, 2017**

	Calendar 2016 Forecast	Calendar 2017 Forecast	% Change From Prior Year	Calendar 2018 Forecast	% Change From Prior Year	Calendar 2019 Forecast	% Change From Prior Year
United States:							
Real Gross Domestic Product (billions of chained 2009 dollars)	16,660	16,993	2.0%	17,316	1.9%	17,680	2.1%
Consumer Price Index (1982-84=100)	239.925	244.879	2.1%	249.777	2.0%	255.504	2.3%
3-Month Treasury Bills (Interest Rate, %).....	0.30%	0.80%	---	1.40%	---	2.10%	---
Unemployment Rate (%).....	4.9%	4.7%	---	4.7%	---	4.7%	---
Light Vehicle Sales (millions of units)	17.5	17.2	(1.7%)	17.0	(1.2%)	16.9	(0.6%)
Michigan:							
Wage and Salary Employment (thousands)	4,329	4,376	1.1%	4,420	1.0%	4,464	1.0%
Unemployment Rate (%).....	4.6%	4.6%	---	4.8%	---	4.7%	---
Personal Income (billions of dollars).....	\$440,101	\$457,265	3.9%	\$474,183	3.7%	\$493,625	4.1%
Real Personal Income (billions of 1982-84 dollars) ...	\$198,076	\$201,330	1.6%	\$204,870	1.8%	\$208,937	2.0%
Detroit Consumer Price Index (1982-84=100).....	222.188	227.122	2.2%	231.456	1.9%	236.255	2.1%

Source: Estimates adopted at the January 12, 2017 Consensus Revenue Estimating Conference.

Table 31

**GOVERNOR'S PROJECTED TOTAL STATE REVENUE:
FY 2015-16 THROUGH FY 2017-18
(millions of dollars)**

Fund	FY 2015-16 Final	FY 2016-17 Estimate	% Change FY 2016-17/ FY 2015-16	FY 2017-18 Estimate	% Change FY 2017-18/ FY 2016-17
General Fund/General Purpose:					
Beginning Balance.....	\$694.7	\$604.4	----	\$366.0	----
Revenue From Ongoing Sources ¹⁾	10,015.4	10,290.1	2.7%	10,522.7	2.3%
Proposed Tax/Fee Changes	0.0	0.0	----	0.0	----
One-Time Revenue Adjustments & Other.....	78.6	(343.5)	(537.0)	(465.2)	35.4
Total GF/GP Revenue.....	\$10,788.7	\$10,551.0	(2.2%)	\$10,423.5	(1.2%)
School Aid Fund:					
Beginning Balance.....	\$190.2	\$168.2	----	\$143.4	----
Ongoing Earmarked Tax & Lottery Revenue ¹⁾	12,118.7	12,457.0	2.8%	12,783.1	2.6%
Proposed Tax/Revenue Changes	0.0	0.0	----	0.0	----
Federal Aid	1,585.2	1,730.7	9.2	1,726.9	(0.2)
Other Revenue (General Fund grant, etc.).....	55.1	343.5	523.4	287.0	(16.4)
Total SAF Revenue.....	\$13,949.2	\$14,699.4	5.4%	\$14,940.4	1.6%
Other Funds:					
Gen'l Fund/Special Purpose & Special Revenue Funds	\$5,660.0	\$5,762.9	1.8%	\$5,923.8	2.8%
Federal Aid (not included elsewhere).....	18,361.6	19,544.4	6.4	20,128.1	3.0
Transportation Funds	4,258.1	5,313.0	24.8	5,604.7	5.5
Fund Balances:					
Restricted Gen'l Fund Subfunds Unreserved Balances	517.5	634.1	22.5	737.5	16.3
Special Revenue Fund Balances	990.1	1,093.7	10.5	983.1	(10.1)
Total Fund Balances.....	1,507.5	1,727.8	14.6	1,720.6	(0.4)
Total Other Funds with Beginning Balance	29,787.3	32,348.0	8.6	33,377.1	3.2
Gross Revenue	\$54,525.2	\$57,598.4	5.6%	\$58,741.0	2.0%
Less Interfund Transfers.....	(\$1,117.1)	(\$1,376.8)	23.2%	(\$1,453.7)	5.6%
Net Total Revenue	\$53,408.1	\$56,221.7	5.3%	\$57,287.4	1.9%

¹⁾ Estimates adopted at the January 12, 2017, Consensus Revenue Estimating Conference.

Source: Governor's Executive Budget for FY 2017-18, Appendix C, State Budget Office Balance Sheets, and Senate Fiscal Agency

Table 32

GENERAL FUND/GENERAL PURPOSE REVENUE ESTIMATES: FY 2016-17 AND FY 2017-18
(millions of dollars)

	FY 2016-17	FY 2017-18	Percent Change
Beginning Balance	\$604.4	\$366.0	(39.4%)
Consensus Estimates for Ongoing Revenue Sources¹⁾			
<u>Taxes:</u>			
Net Income Tax.....	6,985.6	7,237.4	3.6
Michigan Business Tax.....	(672.8)	(680.6)	1.2
Corporate Income Tax.....	946.5	975.8	3.1
Sales.....	1,178.9	1,209.3	2.6
Use.....	668.7	583.7	(12.7)
Cigarette.....	184.0	182.4	(0.9)
Beer and Wine/Liquor.....	107.0	109.2	2.1
Insurance Company Premiums.....	405.6	419.4	3.4
Oil/Gas Severance.....	23.6	25.7	8.9
Essential Services Assessment.....	75.0	78.3	4.4
All Other Taxes.....	9.9	14.0	41.4
Subtotal Taxes.....	9,912.0	10,154.6	2.4
Nontax Revenue.....	378.1	368.1	(2.6)
Total GF/GP Consensus Revenue Estimates	\$10,290.1	\$10,522.7	2.3%
Revenue Sharing Payments (Ongoing Plus One-Time).....	(471.1)	(471.7)	0.1
Other Revenue Adjustments ²⁾	127.6	6.5	(94.9)
Proposed Tax Policy/Enforcement Changes.....	0.0	0.0	----
Total GF/GP Revenue (Current Fiscal Year)	\$9,946.6	\$10,057.5	1.1%
TOTAL GF/GP REVENUE WITH BEGINNING BALANCE	\$10,551.0	\$10,423.5	(1.2%)
¹⁾ Estimates adopted at the January 12, 2017, Consensus Revenue Estimating Conference. ²⁾ Includes the following: \$5.5 million in borrowing costs that are shifted to the School Aid Fund in FY 2016-17 and \$6.5 million in FY 2017-18, managed care use tax revenue of \$105.3 million in FY 2016-17, and \$16.8 million in redirected restricted revenue in FY 2016-17.			

Table 33

SCHOOL AID FUND REVENUE ESTIMATES: FY 2016-17 AND FY 2017-18
(millions of dollars)

	FY 2016-17	FY 2017-18	Percent Change
Beginning Balance	\$168.2	\$143.4	(14.7%)
Consensus Estimates for Earmarked Tax & Lottery Revenue¹⁾			
Taxes:			
Sales Tax & Use Tax	5,971.4	6,143.9	2.9
Income Tax.....	2,770.6	2,864.3	3.4
State Education Property Tax	1,933.9	1,990.6	2.9
Real Estate Transfer Tax	305.2	309.8	1.5
Tobacco Taxes.....	353.0	348.4	(1.3)
Casino Gaming Tax	114.0	115.0	0.9
Other Tax Revenue.....	116.9	119.1	1.9
Subtotal Taxes	11,565.0	11,891.1	2.8
Lottery	892.0	892.0	0.0
Subtotal Earmarked Tax & Lottery Consensus Estimate	\$12,457.0	\$12,783.1	2.6%
GF/GP Grant	218.9	215.0	(1.8)
Federal Aid	1,730.7	1,726.9	(0.2)
Proposed Tax Policy/Enforcement Changes	0.0	0.0	----
Other Revenue Adjustments ²⁾	124.6	72.0	(42.2)
Total SAF Revenue (Current Fiscal Year)	\$14,531.2	\$14,797.0	1.8%
TOTAL SAF REVENUE WITH BEGINNING BALANCE	\$14,699.4	\$14,940.4	1.6%

¹⁾ Estimates adopted at the January 12, 2017, Consensus Revenue Estimating Conference.

²⁾ Includes the following: \$72.0 million from Community District Trust Fund in both FY 2016-17 and FY 2017-18, and \$52.6 million in managed care use tax revenue in FY 2016-17.

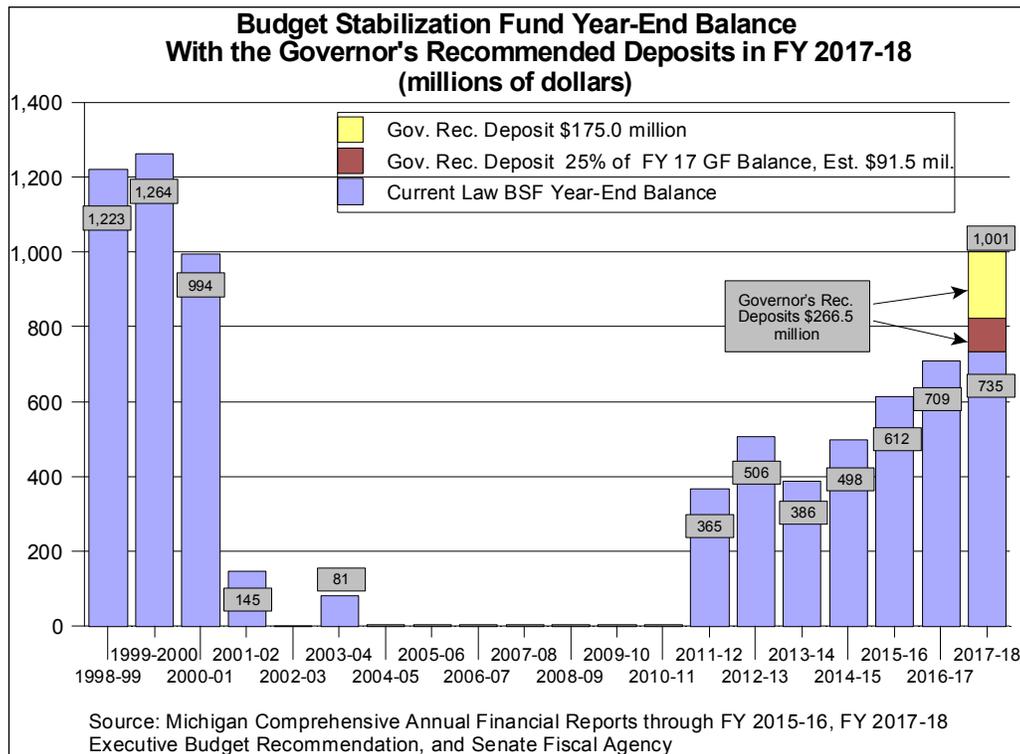
Budget Stabilization Fund

The Budget Stabilization Fund (BSF) is the State's "Rainy Day" fund or cash reserve. In years of economic growth, deposits may be made to the Fund, and in years of recession, money may be withdrawn to cushion the budgetary impact of declining State revenue or for job creation activities. Statutory formulas direct the amount of the pay-in or pay-out from the BSF; however, the Legislature has the authority to appropriate the formula amount or a different amount.

The BSF balance was \$612.4 million at the close of FY 2015-16. Deposits of \$92.5 million have been appropriated for FY 2016-17. Public Act 340 of 2016 appropriated \$75.0 million GF/GP to the BSF in FY 2016-17 and the Michigan Trust Fund Act requires the deposit of \$17.5 million from tobacco settlement revenue into the BSF each year from FY 2014-15 to FY 2034-35. The Trust Fund Act transfers reimburse the BSF for a \$194.8 million withdrawal in FY 2013-14 related to the Detroit bankruptcy settlement. Based on the appropriated deposits and estimated interest earnings, the BSF balance at the close of FY 2016-17 is estimated at \$708.9 million.

The Governor recommends two deposits to the BSF which total an estimated \$266.5 million in FY 2017-18. These deposits consist of an appropriation of \$175.0 million GF/GP and the appropriation of 25% of the FY 2016-17 unassigned GF/GP closing balance. In the Executive Recommendation, the FY 2016-17 GF/GP unassigned closing balance is estimated at \$366.0 million; 25% of that amount would result in a BSF deposit of \$91.5 million. The actual year-end deposit would be based on the final closing balance for FY 2016-17 and could be either higher or lower than the current estimate. The deposits recommended by the Governor would increase the estimated BSF balance from \$734.6 million to \$1,001.1 million at the close of FY 2017-18. The history of the BSF year-end balances and the estimated impact of the Governor's recommendation for FY 2017-18 are shown in [Figure F](#).

Figure F



DETAILS FOR DEPARTMENTS AND BUDGET AREAS

This section of the report presents tables that summarize the Governor's FY 2017-18 Gross and GF/GP appropriation changes to FY 2016-17 (as of February 8, 2017) for each department and budget area. Tables 34 and 35 summarize the Gross and GF/GP changes, respectively. Table 36 provides detail by budget area for the Gross and GF/GP changes. Following Table 36 are highlight sheets for individual departments and budget areas that summarize the Gross appropriation and boilerplate language changes from FY 2016-17 to the Governor's recommendation for FY 2017-18.

Table 34

FY 2017-18 GOVERNOR'S RECOMMENDATION COMPARED TO FY 2016-17 YEAR-TO-DATE			
Department/Budget Area	FY 2016-17 Year-To-Date Gross Appropriations	FY 2017-18 Gov's Rec. Gross Appropriations	Gov's Gross Change To FY 2016-17
Agriculture and Rural Development	\$95,906,900	\$104,928,800	\$9,021,900
Attorney General	101,485,800	101,068,800	(417,000)
Capital Outlay	200	0	(200)
Civil Rights	16,248,500	16,099,600	(148,900)
Community Colleges	395,925,600	398,167,600	2,242,000
Corrections	2,002,729,000	2,014,419,200	11,690,200
Education	331,975,200	349,309,500	17,334,300
Environmental Quality	516,886,400	510,842,000	(6,044,400)
Executive	5,636,300	6,848,500	1,212,200
Health and Human Services	24,884,891,300	25,537,414,500	652,523,200
Higher Education	1,582,640,400	1,637,224,400	54,584,000
Insurance and Financial Services	66,257,200	66,741,400	484,200
Judiciary	298,234,000	299,954,600	1,720,600
Legislative Auditor General	23,651,900	24,286,200	634,300
Legislature	147,903,600	154,974,800	7,071,200
Licensing and Regulatory Affairs	419,512,400	441,576,300	22,063,900
Military and Veterans Affairs	177,100,200	180,004,400	2,904,200
Natural Resources	408,954,100	416,374,300	7,420,200
School Aid	14,161,842,100	14,302,088,800	140,246,700
State	248,315,600	249,358,500	1,042,900
State Police	649,476,100	693,588,900	44,112,800
Talent and Economic Development	1,149,114,300	1,143,324,800	(5,789,500)
Technology, Management, and Budget	1,383,725,700	1,405,543,900	21,818,200
Transportation	4,115,753,600	4,347,443,000	231,689,400
Treasury (Debt Service)	137,037,000	107,580,000	(29,457,000)
Treasury (Operations)	522,473,200	512,829,800	(9,643,400)
Treasury (Revenue Sharing)	1,227,408,100	1,245,292,200	17,884,100
Total Budget Area Appropriations	\$55,071,084,700	\$56,267,284,800	\$1,196,200,100
Budget Stabilization Fund	\$75,000,000	\$266,500,000	\$191,500,000
Total Appropriations	\$55,146,084,700	\$56,533,784,800	\$1,387,700,100

Table 35

FY 2017-18 GOVERNOR'S RECOMMENDATION COMPARED TO FY 2016-17 YEAR-TO-DATE			
Department/Budget Area	FY 2016-17 Year-To-Date GF/GP Appropriations	FY 2017-18 Gov's Rec. GF/GP Appropriations	Gov's GF/GP Change To FY 2016-17
Agriculture and Rural Development	\$49,926,900	\$56,582,000	\$6,655,100
Attorney General	42,840,500	40,298,600	(2,541,900)
Capital Outlay	200	0	(200)
Civil Rights	13,021,300	12,856,600	(164,700)
Community Colleges	135,510,800	3,025,000	(132,485,800)
Corrections	1,951,957,900	1,964,133,600	12,175,700
Education	76,181,200	81,035,700	4,854,500
Environmental Quality	49,273,400	51,318,300	2,044,900
Executive	5,636,300	6,848,500	1,212,200
Health and Human Services	4,392,732,800	4,461,735,400	69,002,600
Higher Education	1,243,904,500	1,289,954,500	46,050,000
Insurance and Financial Services	150,000	150,000	0
Judiciary	189,157,400	192,405,100	3,247,700
Legislative Auditor General	16,123,900	16,607,600	483,700
Legislature	143,227,800	150,297,100	7,069,300
Licensing and Regulatory Affairs	43,721,100	43,016,600	(704,500)
Military and Veterans Affairs	58,243,600	63,067,500	4,823,900
Natural Resources	43,410,000	64,047,300	20,637,300
School Aid	218,900,000	215,000,000	(3,900,000)
State	22,109,600	22,139,000	29,400
State Police	405,162,800	442,267,800	37,105,000
Talent and Economic Development	182,508,900	193,502,400	10,993,500
Technology, Management, and Budget	568,052,600	572,755,900	4,703,300
Transportation	9,750,000	0	(9,750,000)
Treasury (Debt Service)	137,037,000	107,580,000	(29,457,000)
Treasury (Operations)	101,458,800	98,768,500	(2,690,300)
Treasury (Revenue Sharing)	0	0	0
Total Budget Area Appropriations	\$10,099,999,300	\$10,149,393,000	\$49,393,700
Budget Stabilization Fund	\$75,000,000	\$266,500,000	\$191,500,000
Total Appropriations	\$10,174,999,300	\$10,415,893,000	\$240,893,700

Table 36

GOVERNOR'S FY 2017-18 GROSS AND GF/GP CHANGES TO FY 2016-17

Budget Area/Line Items	Gov's Changes to FY 2016-17	
	Gross	GF/GP
Agriculture and Rural Development		
Technical adjustments for revenue received	\$1,866,000	(\$13,900)
MI agriculture environmental assurance program	1,500,000	0
Food and agriculture investment program (formerly value-added).....	1,243,900	1,243,900
Federal food and dairy requirements	1,122,300	837,900
Enhanced wildlife risk management (one-time).....	1,000,000	1,000,000
Tree fruit commission (one-time).....	1,000,000	1,000,000
Double up food bucks targeted statewide (one-time)	750,000	750,000
Drinking water declaration of emergency (one-time).....	680,100	680,000
Agriculture development expansion.....	408,500	408,500
Right to farm program enhancement	384,000	384,000
Emergency management.....	359,700	359,700
Intercounty drain program.....	315,100	315,100
Farmland preservation program	305,600	0
Intercounty drain mapping project (one-time).....	250,000	250,000
Department operations	187,700	187,700
Animal disease prevention and response.....	164,700	164,700
Pesticide and plant pest management.....	142,200	142,200
Remove FY 2016-17 supplemental	(1,805,600)	0
MSU animal agriculture init. (FY 18 Ag @ \$399,000/ High Ed @ \$2.5 million).....	(500,000)	(500,000)
Environmental stewardship technical adjustment.....	(469,000)	(469,000)
Remove FY 2016-17 employee lump sum payments.....	(407,300)	(275,100)
Vital agriculture infrastructure grant (one-time)	(220,000)	(220,000)
Grape and wine council (one-time).....	(170,000)	(170,000)
County fairs, shows and expositions grants	(169,500)	(169,500)
Unclassified salaries	16,400	16,400
Economic adjustments.....	1,067,100	732,500
Total Agriculture and Rural Development.....	\$9,021,900	\$6,655,100
Attorney General		
Unlicensed builders/realtors law enforcement.....	\$732,300	\$0
Student safety-OK2SAY and anti-bullying	470,000	0
Medical marihuana regulation.....	375,000	0
Energy legislation implementation	217,000	0
Prosecutors-juvenile life w/o parole (one-time; FY 18 total @ \$750,000) ..	50,000	50,000
Retain prescription drug enforcement unit (FY 18 total @ \$700,000) ...	0	0
Remove one-time funding for defense costs	(3,000,000)	(3,000,000)
Remove FY 2016-17 employee lump sum payments.....	(625,100)	(252,800)
Unclassified salaries	22,600	22,600
Economic adjustments.....	1,341,200	638,300
Total Attorney General	(\$417,000)	(\$2,541,900)
Capital Outlay		
Remove FY 2016-17 planning authorizations	(\$200)	(\$200)
Total Capital Outlay	(\$200)	(\$200)
Civil Rights		
Remove one-time funding for division of deaf/hard of hearing	(\$250,000)	(\$250,000)
Remove FY 2016-17 employee lump sum payments.....	(97,200)	(77,900)
Unclassified salaries	19,800	19,800
Economic adjustments.....	178,500	143,400
Total Civil Rights.....	(\$148,900)	(\$164,700)

Table 36 - continued

GOVERNOR'S FY 2017-18 GROSS AND GF/GP CHANGES TO FY 2016-17		
Budget Area/Line Items	Gov's Changes to FY 2016-17	
	Gross	GF/GP
Community Colleges		
MPERS UAAL costs-lower assumed rate of return, 8% to 7.5%	\$6,705,000	\$0
MPERS normal costs-lower assumed rate of return (one-time).....	3,612,000	0
Independent part-time student grants restoration.....	2,000,000	2,000,000
Michigan transfer network enhancements (one-time)	1,025,000	1,025,000
Fund shift from GF/GP to SAF.....	0	(133,510,800)
MPERS investment gains/positive health experience savings.....	(9,100,000)	0
Renaissance zone reimbursements - adjust to actual costs	(2,000,000)	(2,000,000)
Total Community Colleges.....	\$2,242,000	(\$132,485,800)
Corrections		
Trinity food service contract adjustment	\$4,036,000	\$4,036,000
Corizon healthcare contract adjustment	3,511,900	3,511,900
Increase oncology costs	2,328,300	2,328,300
Westside residential alternative to prison program.....	1,500,000	1,500,000
DTMB rate changes	1,500,000	1,500,000
Local tether reimbursements	69,600	0
Grandview plaza rent increase	64,000	64,000
Adjust DHHS eligibility specialist IDG.....	16,000	16,000
Judiciary data warehouse IDG.....	600	600
Remove FY 2016-17 employee lump sum payments.....	(10,448,300)	(10,319,000)
New custody staff training (one-time; FY 18 total @ \$13,770,200).....	(4,147,100)	(4,147,100)
Hepatitis C pharmaceuticals	(3,199,500)	(3,199,500)
Supervising region incentive program (Governor eliminates).....	(2,999,900)	(2,999,900)
Goodwill flip the script program	(1,500,000)	(1,500,000)
Pugsley facility closure costs savings.....	(800,000)	(800,000)
Ballistic vests one-time funding	(481,300)	0
Federal education authorization	(237,100)	0
Inmate legal services	(200,000)	(200,000)
Administrative hearings officers.....	(200,000)	(200,000)
Reentry center reimbursement authorization.....	(14,300)	0
Future facility.....	(100)	(100)
Cost-effective housing initiative	(100)	(100)
Unclassified salaries	53,800	53,800
Economic adjustments.....	22,837,700	22,530,800
Total Corrections	\$11,690,200	\$12,175,700
Department of Education		
Child development/care public assistance provider rate increase	\$27,200,000	\$8,400,000
State assessments staffing support.....	2,550,000	2,550,000
Child development and care external support	2,165,500	0
Partnership model with districts	641,800	641,800
Building occupancy charges - fund shift.....	0	56,700
Drinking water declaration of emergency (retain \$100 placeholder).....	(8,050,000)	0
Transfer school drinking water quality program to K-12 (one-time)	(4,500,000)	(4,500,000)
Renaissance zone reimbursement	(2,000,000)	(2,000,000)
Federal state assessment funding.....	(1,000,000)	0
Remove FY 2016-17 employee lump sum payments.....	(667,900)	(123,500)
Remove certification fees subsidy (one-time).....	(500,000)	(500,000)
Unclassified salaries	24,700	19,000
Economic adjustments.....	1,470,200	310,500
Total Department of Education	\$17,334,300	\$4,854,500

Table 36 - continued

GOVERNOR'S FY 2017-18 GROSS AND GF/GP CHANGES TO FY 2016-17		
Budget Area/Line Items	Gov's Changes to FY 2016-17	
	Gross	GF/GP
Environmental Quality		
Increase Federal funds and GF/GP for water infrastructure.....	\$35,007,000	\$2,950,000
Increase lead and copper rule compliance support.....	2,562,400	2,562,400
Vapor intrusion program (new).....	1,376,300	1,253,500
Drinking water declaration of emergency (one-time).....	1,000,100	1,000,000
New communications and public affairs office.....	708,400	708,400
New manufactured housing water supply regulation.....	500,000	500,000
Energy package requirements - PAs 341 and 342 of 2016.....	150,000	0
Increase property management to reflect increased rent.....	83,300	20,600
Air quality program fund shift - replace EPPF with GF/GP.....	0	1,362,000
Convert oil, gas, mineral services to ongoing (FY 18 total @ \$4 million)...	0	0
Reduce strategic water quality initiatives due to revenue.....	(35,000,000)	0
Remove FY17 one-time and supplemental appropriations.....	(11,125,100)	(8,625,000)
Remove interdivisional charge and shift costs to agencies.....	(2,053,400)	0
Remove FY 2016-17 employee lump sum payments.....	(1,205,300)	(210,100)
Reduce overstated Federal and restricted fund appropriations.....	(780,000)	0
Unclassified salaries.....	22,600	6,500
Economic adjustments.....	2,709,300	516,600
Total Environmental Quality.....	(\$6,044,400)	\$2,044,900
Executive		
Transfer of office of urban initiatives from DTMB.....	\$1,012,200	\$1,012,200
Operations increase (3.0%).....	200,000	200,000
Total Executive.....	\$1,212,200	\$1,212,200
Health and Human Services		
Expansion-Medicaid base/caseload.....	\$418,522,000	\$19,295,300
Cover Medicaid cost of reinstated Federal health insurer fee.....	167,034,300	0
Traditional Medicaid base/caseload.....	133,149,400	80,511,500
Expansion of nursing home QAAP to include quality pool.....	73,000,000	(8,243,700)
Integrated service delivery phase 2 (27.0 FTEs).....	45,089,800	3,514,500
Direct care worker \$0.50/hour increase.....	45,000,000	14,161,500
Medicaid autism services base/caseload.....	43,928,900	15,471,800
Physician adjustor and SNAF adjustments.....	42,787,200	0
Traditional physical health Medicaid actuarial soundness.....	39,156,300	13,790,900
Traditional Medicaid behavioral health actuarial soundness.....	23,238,000	8,184,400
Expansion-Medicaid actuarial soundness (physical health).....	21,551,100	1,239,200
Changes in Federal authorization.....	20,446,200	0
Expansion-Medicaid behavioral health base/caseload.....	15,934,400	916,300
Increased foster care private agency administrative rates.....	14,200,000	6,767,600
Expansion of Medicaid non-emergency transportation.....	12,032,000	3,432,500
Increase adult services staffing (95.0 FTEs).....	11,286,700	8,097,200
Full-year impact of ambulance QAAP.....	10,290,000	0
Increase State facility staff to meet requirements (72.0 FTEs).....	7,173,200	4,864,300
Expand pathways to potential (51.0 FTEs).....	5,640,000	3,321,100
Increase Illinois payment to support CHAMPS alliance.....	5,000,000	0
Long term care QAAP impact on Medicaid expansion.....	5,000,000	0
Population health initiatives (24.5 FTEs).....	4,178,500	0
Annualize new Hawthorn Center funding.....	3,750,000	1,407,000
Increase emergency shelter per diem from \$12 to \$16.....	3,744,800	3,744,800
Foster parent and youth support expansion (11.0 FTEs).....	3,591,400	3,591,400
Increase senior services funding to eliminate wait lists.....	3,563,600	3,563,600
Medicaid marihuana regulatory revenue.....	3,263,200	0
Increase FIP clothing allowance from \$140 to \$200.....	2,687,100	0

Table 36 - continued

GOVERNOR'S FY 2017-18 GROSS AND GF/GP CHANGES TO FY 2016-17		
Budget Area/Line Items	Gov's Changes to FY 2016-17	
	Gross	GF/GP
Health and Human Services (continued)		
Expansion-Medicaid behavioral health actuarial soundness.....	2,655,400	152,700
Increase multicultural funding (FY 2017-18 total @ \$10.6 million).....	2,000,000	2,000,000
Child lead poisoning board (one-time).....	2,000,000	2,000,000
Additional finance and accounting staff (19.0 FTEs).....	1,824,900	912,500
Children's special health care base, fund source, and caseload.....	1,367,500	(16,626,400)
Child care fund base/caseload	993,000	993,000
Federal juv. justice rape prevention programming (10.0 FTEs)	980,400	462,000
Guardianship assistance base/caseload	851,100	305,500
Prosecuting attorney rate increase	817,800	0
Expand vapor intrusion funding (8.5 FTEs)	815,000	815,000
Adoption savings reinvestment.....	811,600	1,629,100
Increased senior respite care revenue	600,000	0
Food bank MASS funding (one-time)	500,000	500,000
Recognize newborn screening fee revenue	343,700	0
Assume 5% pharmacy inflation at State facilities	312,100	256,900
Private funding for dental programs.....	250,000	0
Implement genetic parentage act	248,000	84,300
Increased DOC payment for eligibility specialists.....	14,800	0
Adjust lead abatement SCHIP Federal funding	10,000	0
Change in expansion-Medicaid match rate (96.25%-->94.25%).....	0	55,224,500
Change in traditional Medicaid match rate (65.15%-->64.78%).....	0	43,818,300
TANF fund source adjustment (no longer allowable use).....	0	9,540,000
Certified public expenditure revenue adjustment	0	2,720,800
Change in Title XXI match rate.....	0	274,900
Rounding error on transfer.....	0	100
Swap in TANF from reduction to talent investment agency.....	0	(1,200,000)
Recognize additional Healthy Michigan Fund revenue	0	(9,625,600)
Recognize additional Merit Award Trust Fund revenue.....	0	(25,260,800)
Increased HICA revenue due to no 2017 rebate	0	(79,607,900)
Decrease in Michigan access to care initiative payments	(169,700,000)	22,434,700
Annualize expiration of managed care use tax (actuarial soundness) ..	(157,891,000)	(41,650,600)
Remove one-time integrated services funding	(36,922,500)	(3,692,200)
Remove unrealized non-GF revenue.....	(33,640,400)	0
Medicaid behavioral health base/caseload.....	(31,523,900)	(11,102,700)
Hospital rate adjustor changes	(26,656,100)	(45,178,500)
Family independence program base/caseload	(21,656,700)	(4,000,000)
State psychiatric disproportionate share payment adjustment.....	(20,088,000)	13,013,000
Remove FY 2016-17 employee lump sum payments.....	(12,274,900)	(5,101,100)
Remove one-time SACWIS funding	(11,538,600)	(5,769,300)
Adoption subsidies base/caseload	(11,477,700)	(5,268,600)
Eliminate county hold harmless funding	(8,000,000)	(8,000,000)
Eliminate one-time family preservation funding (1.0 FTE).....	(6,098,200)	0
Remove FY 2016-17 child care fund supplemental payments	(5,000,000)	(5,000,000)
Remove funding for FY 2016-17 authority health GME payment.....	(2,800,000)	(1,400,000)
Remove Medicaid pregnant women dental payment enhancement	(2,726,000)	(950,000)
Remove FY 14 and FY 15 centers for independent living increases	(2,000,000)	(2,000,000)
Eliminate U-D Mercy dental clinic funding	(2,000,000)	(2,000,000)
Drinking water declaration of emergency one-time funding	(1,776,400)	(8,094,200)
Eliminate FY 2016-17 dental clinics grant	(1,550,000)	(1,550,000)
Remove Medicaid immunization funding	(1,500,000)	(500,000)
Remove FY 2016-17 funding for drinking water office (6.5 FTEs)	(1,443,500)	(1,443,500)
Reduce Wayne State psychiatric DSH payment	(1,401,500)	(1,401,500)
Payment of Civil Service 1% charge.....	(1,100,000)	(1,100,000)

Table 36 - continued

GOVERNOR'S FY 2017-18 GROSS AND GF/GP CHANGES TO FY 2016-17		
Budget Area/Line Items	Gov's Changes to FY 2016-17	
	Gross	GF/GP
Health and Human Services (continued)		
Eliminate Healthy Mich plan (expansion-Medicaid) incentive funding...	(1,000,000)	(57,500)
Eliminate MedIncentive program funding	(830,000)	(47,700)
SSI base/caseload	(562,600)	(562,600)
Remove hope network contract	(500,000)	(500,000)
Remove SSI legal advocacy contract	(500,000)	(500,000)
Remove FY 2016-17 funding for toxicology (3.5 FTEs)	(376,400)	(376,400)
Remove FY 2016-17 increased funding for real alternatives	(350,000)	(350,000)
Remove start-up costs for Kent County pilot	(335,000)	(335,000)
Remove FY 2016-17 childhood lead funding (1.5 FTEs)	(329,000)	(329,000)
Remove one-time Michigan 2-1-1- funding	(300,000)	(300,000)
Remove covenant house funding	(280,000)	(280,000)
Reduce maxey facility maintenance costs	(250,000)	(250,000)
Remove hope network renovation funding	(250,000)	(250,000)
Foster care payments base/caseload	(178,300)	2,176,600
State disability assistance base/caseload	(131,400)	(73,100)
Remove one-time electronic verification funding	(25,000)	(25,000)
Poison control funding adjustment	(3,500)	0
Unclassified salaries	33,700	22,700
Economic adjustments	27,822,700	13,794,000
Total Health and Human Services	\$652,523,200	\$69,002,600
Higher Education		
University operations increase	\$35,000,000	\$35,000,000
Competitive scholarships	8,000,000	8,000,000
Tuition incentive program (TIP)	5,300,000	0
Tuition grants	3,000,000	3,000,000
MSU animal agriculture initiative (one-time; FY 18 Ag @ \$399,000) ...	2,500,000	2,500,000
MPERS UAAL costs-lower assumed rate of return, 8% to 7.5%	2,411,000	0
MSU agriculture workforce initiative (one-time)	1,200,000	1,200,000
MSU Agbio research	831,100	831,100
MSU extension	718,900	718,900
MPERS normal costs-lower assumed rate of return (one-time)	419,000	0
TIP fund shift to TANF	0	(4,700,000)
MPERS investment gains/positive health experience savings	(4,296,000)	0
Eliminate one-time MSU vet lab funding	(500,000)	(500,000)
Total Higher Education	\$54,584,000	\$46,050,000
Insurance and Financial Services		
Remove FY 2016-17 employee lump sum payments	(\$340,800)	\$0
Unclassified salaries	22,600	0
Economic adjustments	802,400	0
Total Insurance and Financial Services	\$484,200	\$0
Judiciary		
Trial court videoconferencing equipment update/maintenance	\$815,000	\$815,000
Pretrial risk assessment	605,700	605,700
Private security	363,000	363,000
Restore funding for Court of Appeals judgeship	131,000	131,000
Annualize michigan legal help program	100,000	100,000
Montgomery v. Louisiana compliance (FY 18 total @ \$750,000)	50,000	50,000
Private rent increases	11,700	11,700
Transfer of indigent defense council to LARA	(2,329,000)	(2,329,000)
Align authorization with available revenue	(1,455,900)	0

Table 36 - continued

GOVERNOR'S FY 2017-18 GROSS AND GF/GP CHANGES TO FY 2016-17		
Budget Area/Line Items	Gov's Changes to FY 2016-17	
	Gross	GF/GP
Judiciary (continued)		
Judgeship changes	(614,300)	(614,300)
Problem solving courts.....	(250,000)	(250,000)
Fund source shift for judges' retiree healthcare from restricted to GF	0	286,000
Economic adjustments.....	4,293,400	4,078,600
Total Judiciary.....	\$1,720,600	\$3,247,700
Legislative Auditor General		
Operations increase (2.7%)	\$634,300	\$483,700
Total Legislative Auditor General	\$634,300	\$483,700
Legislature		
Operations increase	\$10,421,500	\$10,398,400
State Capitol historic site (FY 2017-18 total @ \$7,540,100)	149,700	170,900
Legislative IT system (FY 2017-18 total @ \$3.0 million; one-time).....	(3,000,000)	(3,000,000)
Remove FY 17 one-time criminal justice policy commission study	(500,000)	(500,000)
Total Legislature	\$7,071,200	\$7,069,300
Licensing and Regulatory Affairs		
Medical marihuana - regulation of commercial operations	\$18,651,600	\$0
Energy package requirements - PAs 341/342 of 2016.....	3,110,500	0
Transfer of indigent defense commission from Judiciary	2,386,800	2,386,800
First responder presumed coverage claims.....	1,780,000	0
Child care worker background checks - meet Fed. requirements	800,000	0
Attorney general costs for unlicensed activity.....	439,300	0
Video franchise fees - add back to PSC under PA 438 of 2016.....	300,000	0
First responder presumed coverage administration	200,000	0
Natural gas pipeline inspections - meet Fed. requirements	144,300	0
Ethnic commissions - expand program for 3 commissions	75,000	75,000
Remove FY17 one-time appropriations for fire prot. grants/LCC IT	(4,960,000)	(3,400,000)
Reduce overstated restricted and Federal fund sources.....	(2,983,300)	0
Remove FY 2016-17 employee lump sum payments.....	(1,957,300)	(197,200)
Reduce corrections administrative hearings to reflect caseload	(200,000)	0
Unclassified salaries	145,700	8,200
Economic adjustments.....	4,131,300	422,700
Total Licensing and Regulatory Affairs.....	\$22,063,900	(\$704,500)
Military and Veterans Affairs		
Grand Rapids veterans home staff and training	\$2,820,000	\$2,820,000
Land purchases and appraisals.....	1,000,000	0
D.J. Jacobetti veterans home Medicaid certification	800,000	800,000
National Guard tuition assistance enhancement	500,000	500,000
Michigan veterans facility authority (FY 18 total @ \$1.5 million).....	499,900	499,900
Remove FY 2016-17 supplemental for GR home nursing services	(2,000,000)	(2,000,000)
Remove one-time Grand Rapids Medicaid certification pilot.....	(1,000,000)	(1,000,000)
Remove FY 2016-17 employee lump sum payments.....	(598,800)	(162,600)
Camp Grayling commander's lodging construction	(300,000)	(300,000)
Remove one-time homeless veterans grant	(300,000)	(300,000)
Technical adjustments for revenue received	(121,900)	0
Replace State restricted revenue for tuition assistance with GF	(60,000)	3,447,000
Unclassified salaries	42,800	42,800
Economic adjustments.....	1,622,200	476,800
Total Military and Veterans Affairs.....	\$2,904,200	\$4,823,900

Table 36 - continued

GOVERNOR'S FY 2017-18 GROSS AND GF/GP CHANGES TO FY 2016-17		
Budget Area/Line Items	Gov's Changes to FY 2016-17	
	Gross	GF/GP
Natural Resources		
State parks repair and maintenance (one-time)	\$10,000,000	\$10,000,000
Trail development (one-time)	5,000,000	5,000,000
Capital outlay - new waterways projects.....	4,342,000	0
Wetland mitigation banking (\$3.85 one-time)	4,253,500	3,850,000
Increase Federal funds for wildlife management.....	3,908,000	0
Land ownership tracking system (one-time; FY18 @ \$6.9 million)	2,900,000	1,900,000
Abandoned mineshaft closure (new; one-time)	2,002,400	2,002,400
Add 10 new conservation officers and 2 support staff.....	1,827,500	1,827,500
Capital outlay - new recreation lands and infrastructure projects.....	1,500,000	0
Recreation improvement grants (FY 2017-18 total @ \$1.8 million)	817,500	0
Increase access to public infrastructure records at State archives	565,100	565,100
MI wildlife council-increase in available surcharge revenue	500,000	0
Increase replacement of old wildfire equipment	350,000	350,000
Increase for oil, gas, and mineral lease compliance.....	304,600	0
Increase for MiRecGrant system maintenance and development.....	63,500	0
Debt service adjustment for State parks revenue bonds.....	2,200	0
Remove FY 2016-17 one-time/supplemental appropriations	(17,350,000)	(5,150,000)
Capital outlay - remove FY 17 rec. lands/infrastructure projects.....	(9,600,000)	0
Reduce overstated Federal/restricted fund appropriations.....	(5,489,200)	0
Remove FY 2016-17 employee lump sum payments.....	(1,481,800)	(177,200)
Capital outlay - remove FY 17 waterways projects	(842,100)	0
Unclassified salaries	22,700	0
Economic adjustments.....	3,824,300	469,500
Total Natural Resources.....	\$7,420,200	\$20,637,300
School Aid		
At risk: broaden eligibility, all districts	\$150,000,000	\$0
Foundation allowance: \$50-\$100 via 2x	128,000,000	0
MPERS rate cap increase due to lower assumed rate of return.....	90,884,000	83,000
MPERS normal cost hold harmless due to lower AROR	48,969,000	0
High school per-pupil payment	22,000,000	0
Career and technical education equipment upgrades	16,800,000	(3,000,000)
Declining enrollment support	7,000,000	0
Educator evaluations	7,000,000	0
School drinking water quality program.....	4,500,000	0
Center for educational performance and information	4,000,000	4,000,000
Cash flow borrowing costs	3,500,000	0
Partnership model districts.....	3,000,000	0
Intermediate district early literacy coaches.....	3,000,000	0
Technology regional data hubs.....	2,200,000	0
Comprehensive STEM grants.....	2,000,000	(700,000)
School breakfast	2,000,000	0
Year-round schools.....	1,500,000	0
Cybersecurity competitions.....	500,000	0
Promise zone reimbursement.....	500,000	0
Integrated behavior and learning support (MiBLSi).....	475,000	(1,125,000)
MPERS rate cap technical cost adjustments (w/o chg to AROR).....	(112,900,000)	0
Federal grants.....	(91,689,200)	0
Cap funding for shared-time programs.....	(55,000,000)	0
Foundation allowance technical cost adjustments	(45,000,000)	4,680,700
Reduce cyber schools' foundation allowances 20%.....	(16,000,000)	0
Special education technical cost adjustments	(9,900,000)	0
Eliminate computer adaptive tests reimbursement.....	(4,000,000)	0

Table 36 - continued

GOVERNOR'S FY 2017-18 GROSS AND GF/GP CHANGES TO FY 2016-17		
Budget Area/Line Items	Gov's Changes to FY 2016-17	
	Gross	GF/GP
School Aid (continued)		
Eliminate gang prevention and intervention programs	(3,000,000)	0
Eliminate consolidation innovation grants.....	(3,000,000)	0
Eliminate nonpublic schools reimbursement for mandates	(2,500,000)	(2,500,000)
Renaissance zone reimbursement technical adjustment	(2,000,000)	0
Eliminate student transition grants in dissolved districts	(1,860,000)	0
Eliminate reimbursement for financial data analysis tools.....	(1,500,000)	0
Eliminate online algebra tool funding	(1,500,000)	(1,500,000)
Reduce Flint declaration of emergency funding to \$8.7 million.....	(1,412,500)	(1,412,500)
Eliminate Michigan reading corps/education corps funding	(1,000,000)	(1,000,000)
Reduce school bond loan fund debt service.....	(1,000,000)	0
Eliminate added cost funding for strict discipline academies	(750,000)	0
Eliminate added cost funding for dropout recovery programs.....	(750,000)	0
Eliminate pilot project for competency-based transcript.....	(500,000)	(500,000)
Eliminate Detroit pre-college engineering program (DAPCEP).....	(340,000)	(340,000)
Eliminate Marshall cooperative education grant.....	(300,000)	0
Eliminate Van Buren ISD/health department grant.....	(250,000)	0
Eliminate 10 cents a meal program	(250,000)	(250,000)
Eliminate science olympiad.....	(250,000)	0
Eliminate Van Andel education institute	(250,000)	(250,000)
Eliminate kindergarten readiness assessment funding	(185,000)	0
Eliminate early learning collaborative funding	(175,000)	0
Eliminate conductive learning center grant.....	(150,000)	0
Reduce Youth ChalleNge academy funding.....	(110,000)	0
Eliminate Mich. restaurant association's culinary education grant	(79,000)	(79,000)
Reduce college readiness outreach	(50,000)	(50,000)
Economic adjustments.....	69,400	42,800
Total School Aid.....	\$140,246,700	(\$3,900,000)
State		
Increase payment of credit card service fees due to more activity.....	\$2,000,000	\$0
Expand office of investigative services to upgrade fraud detection.....	1,420,400	1,420,400
Upper peninsula lottery assistance (new in SB 800; FY 18 @ \$1.0 million)	715,800	0
Information technology increase for online support.....	1,000,000	0
Expand Mi-TimeLine mobile applications to 20 more branches.....	400,000	400,000
Remove one-time FY 2016-17 election administration funding.....	(5,000,000)	(5,000,000)
Remove FY 2016-17 employee lump sum payments.....	(1,060,700)	(51,400)
Technical reduction to align funding sources	(1,000,000)	0
Fund shift from driver fees to GF	0	3,000,000
Fund shift due to position transfer fund source.....	0	(2,700)
Unclassified salaries	18,900	18,900
Economic adjustments.....	2,548,500	244,200
Total State.....	\$1,042,900	\$29,400
State Police		
Disaster and emergency contingency fund (one-time).....	\$10,000,000	\$10,000,000
Medical marijuana regulation and licensing (new)	9,435,700	0
New trooper school (\$6,246,900 one-time)	9,224,000	9,224,000
Second year costs for FY 2016-17 trooper school	6,382,900	6,382,900
Forensic science expansion (\$730,000 one-time).....	2,570,000	2,570,000
Computer crimes unit.....	1,480,300	1,480,300
Equipment lifecycle replacement for secure cities.....	1,000,000	1,000,000
Fair and impartial police training grants (new).....	1,000,000	1,000,000

Table 36 - continued

GOVERNOR'S FY 2017-18 GROSS AND GF/GP CHANGES TO FY 2016-17		
Budget Area/Line Items	Gov's Changes to FY 2016-17	
	Gross	GF/GP
State Police (continued)		
Emergency management staff enhancement	978,900	978,900
OK2SAY student hotline	608,300	608,300
Equipment lifecycle replacement -- departmentwide	484,000	484,000
Forensic science testing supplies	444,000	444,000
Forensic science testing supplies -- DNA	400,700	400,700
Fund shift for MCOLES from State restricted to GF/GP	368,000	521,200
Law enforcement officer job task analysis (new)	200,000	200,000
Sexual assault prevention and education initiative	100,000	100,000
Remove one-time FY 2016-17 trooper school cost	(3,200,000)	(3,200,000)
Remove FY 2016-17 employee lump sum payments	(2,820,900)	(2,017,700)
Eliminate one-time advanced 9-1-1 project	(2,200,000)	(2,200,000)
Eliminate one-time school safety initiative grants	(2,000,000)	(2,000,000)
Eliminate Michigan international speedway traffic control funds	(800,000)	(800,000)
State services fee fund phase out -- replace with GF/GP	0	4,000,000
Reverse FY 17 supplemental replenishment of court case revenue	0	(2,500,000)
Technical adjustments for revenue received	(3,239,400)	(203,900)
Unclassified salaries	18,200	18,200
Economic adjustments	13,678,100	10,614,100
Total State Police	\$44,112,800	\$37,105,000
Talent and Economic Development		
Business attraction and community revitalization (one-time)	\$10,000,000	\$10,000,000
Going pro skilled trades training program (one-time)	10,000,000	10,000,000
Talent marketing (new; one-time)	5,000,000	5,000,000
Project rising tide (new; one-time)	2,000,000	2,000,000
Arts and culture grants (\$1 million one-time, \$10.15 million ongoing)	1,000,000	1,000,000
Remove one-time FY 2016-17 appropriations	(23,898,500)	(15,120,000)
Technical adjustments	(7,915,800)	900
Protect and grow (FY 2017-18 total @ \$1.0 million)	(2,000,000)	(2,000,000)
TANF reduction	(1,200,000)	0
Remove FY 2016-17 employee lump sum payments	(1,176,100)	(105,200)
Unclassified salaries	27,000	3,000
Economic adjustments	2,373,900	214,800
Total Talent and Economic Development	(\$5,789,500)	\$10,993,500
Technology, Management, and Budget		
IT alignment of funds to FY 2016-17 appropriated amount	\$23,296,300	\$0
Michigan infrastructure fund (FY 18 total @ \$25 million one-time)	20,000,000	20,000,000
SIGMA permanent organizational structure	19,381,400	16,815,100
Drinking water decl. of emergency reserve fund (FY 18 @ \$25 million)	15,000,000	15,000,000
Michigan.gov content management system rewrite (one-time)	9,050,000	9,050,000
Cyber security improvements (\$4.0 million one-time)	7,044,600	7,044,600
Citizen centric government IT project (\$5.5 million one-time)	6,534,300	6,534,300
Public safety communications sys. lifecycle replacement (one-time)	5,000,000	5,000,000
IT investment fund (FY 18 total @ \$7.5 million one-time)	3,000,000	3,000,000
MiPage mobile center of excellence permanent operating support	1,587,000	1,587,000
Grand Rapids veterans home accounting services	1,206,300	0
Office of performance and transformation	500,000	500,000
Michigan military retirement system administration	380,000	0
Michigan master computer contract	373,500	0
School reform office automation of data submission (one-time)	353,000	353,000
School reform office assistance for transforming to new schools	280,000	280,000
Labor market information population and labor force projections	268,300	268,300

Table 36 - continued

GOVERNOR'S FY 2017-18 GROSS AND GF/GP CHANGES TO FY 2016-17		
Budget Area/Line Items	Gov's Changes to FY 2016-17	
	Gross	GF/GP
Technology, Management, and Budget (continued)		
School reform office facility condition index process	252,000	252,000
School reform office satisfaction survey	250,000	250,000
Michigan state police cyber crimes unit.....	137,900	0
Office of financial management - MEDC payroll.....	127,700	0
Michigan state police retirement supplemental payments.....	27,000	27,000
Capital outlay planning authorizations (one-time)	700	700
Remove FY 2016-17 venture MI fund voucher payments	(72,034,000)	(72,034,000)
Remove FY 2016-17 one-time funding.....	(9,700,900)	(6,850,900)
SIGMA reductions to offset costs of permanent structure	(12,642,000)	(3,754,700)
Remove FY 2016-17 employee lump sum payments.....	(2,848,200)	(477,500)
Transfer office of urban initiatives to Executive office	(1,012,200)	(1,012,200)
Remove FY 2016-17 supplemental for first responders' healthcare	(500,000)	(500,000)
Statewide cost allocation (SWCAP) adjustment.....	(193,800)	(81,000)
Civil service commission financing source adjustments.....	0	1,800,000
Unclassified salaries	30,100	18,500
Economic adjustments.....	6,669,200	1,633,100
Total Technology, Management, and Budget	\$21,818,200	\$4,703,300
Transportation		
Road and bridge programs/county road commissions	\$88,941,600	\$0
Road and bridge programs/state trunkline.....	68,190,900	0
Road and bridge programs/cities and villages.....	49,589,000	0
Transportation economic development fund.....	17,671,600	0
Transit and rail programs.....	15,103,100	0
Detroit drainage and flooding mitigation	8,500,000	0
Federal highway programs	5,889,300	0
Salt storage buildings and containment contract.....	2,500,000	0
Federal nonurban bus operating capital	2,000,000	0
IT modernization projects.....	1,000,000	0
Local bridge program	814,300	0
Asset management council.....	250,000	0
Debt service adjustments.....	(8,985,900)	0
Remove FY 2016-17 one-time GF/GP funding	(8,500,000)	(8,500,000)
Aviation programs	(6,279,000)	0
Movable bridge	(4,890,000)	0
Remove FY 2016-17 employee lump sum payments.....	(2,345,100)	0
Local agency wetland mitigation.....	(2,000,000)	0
Remove one-time GF/GP supplemental.....	(1,250,000)	(1,250,000)
IDG and other adjustments	(109,800)	0
Unclassified salaries	22,600	0
Economic adjustments.....	5,576,800	0
Total Transportation	\$231,689,400	(\$9,750,000)
Treasury - Debt Service		
Great lakes water quality bond	\$3,992,000	\$3,992,000
Clean Michigan initiative	(26,726,000)	(26,726,000)
Quality of life bond	(6,723,000)	(6,723,000)
Total Treasury - Debt Service	(\$29,457,000)	(\$29,457,000)

Table 36 - continued

GOVERNOR'S FY 2017-18 GROSS AND GF/GP CHANGES TO FY 2016-17		
Budget Area/Line Items	Gov's Changes to FY 2016-17	
	Gross	GF/GP
Treasury - Operations		
City income tax administration	5,282,100	0
Medical marihuana excise fund grants and regulation	4,635,000	0
Information technology for systems, applications, process support	2,000,000	2,000,000
Collections - lien fee increase	1,300,000	0
Tax processing bureau increase	992,200	992,200
State lottery	716,300	0
Dual enrollment increase	500,000	500,000
Payments in lieu of taxes: 3% increase on purchased lands	252,800	96,600
Senior citizens cooperative housing legislative changes	200,000	200,000
Casino information technology	149,900	0
Federal department of education funding reduction	(12,955,700)	0
Health and safety fund grant decrease	(7,500,000)	0
Remove FY 2016-17 one-time and supplemental funding	(6,692,600)	(6,392,500)
Remove FY 2016-17 employee lump sum payments	(1,663,100)	(280,400)
Remove grants for plasma cutter, Gianna house, student loan pilot	(521,600)	(521,600)
Unclassified salaries	29,800	17,900
Economic adjustments	3,631,500	697,500
Total Treasury - Operations	(\$9,643,400)	(\$2,690,300)
Treasury - Revenue Sharing		
Constitutional revenue sharing	\$17,243,500	\$0
County revenue sharing and county incentive program	640,600	0
Total Treasury - Revenue Sharing	\$17,884,100	\$0
TOTAL BUDGET AREA CHANGES	\$1,196,200,100	\$49,393,700

APPENDIX

Governor's Recommendation
Highlight Sheets



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 139 (as introduced 2-9-17)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	476.0	493.5	17.5	3.7
GROSS	95,906,900	104,928,800	9,021,900	9.4
Less:				
Interdepartmental Grants Received	323,200	310,300	(12,900)	(4.0)
ADJUSTED GROSS	95,583,700	104,618,500	9,034,800	9.5
Less:				
Federal Funds	10,471,200	11,273,900	802,700	7.7
Local and Private	130,700	101,600	(29,100)	(22.3)
TOTAL STATE SPENDING	84,981,800	93,243,000	8,261,200	9.7
Less:				
Other State Restricted Funds	35,054,900	36,661,000	1,606,100	4.6
GENERAL FUND/GENERAL PURPOSE	49,926,900	56,582,000	6,655,100	13.3
PAYMENTS TO LOCALS	4,750,000	7,350,000	2,600,000	54.7

FY 2016-17 Year-to-Date Gross Appropriation \$95,906,900

Changes from FY 2016-17 Year-to-Date:

1. **Michigan Agriculture Environmental Assurance Program (MAEAP) Enhancement.** Governor recommended an increase of \$1.5 million Restricted to reflect added revenue resulting from fee increases provided by PA 118 of 2015. 1,500,000
2. **Food and Agriculture Investment Program.** Governor recommended \$2,743,900 GF/GP for a grant program which follows closely the FY 2016-17 \$1.5 million Value-Added Grant Program. 2,743,900
3. **Federal Food and Dairy Regulatory Requirements.** Governor recommended 4.0 FTEs and \$1,122,300 Gross (\$980,100 GF/GP) to implement requirements of the Federal Food Safety Modernization Act. 1,122,300
4. **Enhanced Wildlife Risk Management.** Governor recommended one-time funding of \$1.0 million GF/GP for local conservation districts in Alpena County to assess cattle farms and implement practices to prevent the spread of bovine tuberculosis. 1,000,000
5. **Tree Fruit Commission.** Governor recommended one-time funding of an additional \$1.0 million GF/GP in one-time funding for capital improvements for Tree Fruit Commission research facilities, for a total FY 2017-18 recommendation of \$1.5 million GF/GP. 1,000,000
6. **Double Up Food Bucks - Statewide.** Governor recommended one-time funding of \$750,000 GF/GP to bring the program to targeted areas throughout the State. 750,000

7. Drinking Water Declaration of Emergency. Governor recommended one-time funding of \$680,100 Gross (\$680,000 GF/GP) for providing Double Up Food Bucks program in the city of Flint and to perform water tests at local food service establishments.	680,100
8. Agriculture Development Expansion. Governor recommended an additional FTE and \$408,500 GF/GP to support the promotion of Michigan food processing and products in worldwide markets.	408,500
9. Right to Farm Program. Governor recommended an additional 2.5 FTEs and \$384,000 GF/GP to handle increased workload of Right to Farm program.	384,000
10. Farmland Preservation Program. Governor recommended an additional \$305,600 in restricted fund support of farmland preservation efforts.	305,600
11. Intercounty Drain Mapping Project. Governor recommended a one-time appropriation of \$250,000 GF/GP to fund a project with the Michigan Association of County Drain Commissioners to establish a state standard drainage infrastructure mapping tool.	250,000
12. Department Operations. Governor recommended an increase of 1.0 FTE and \$187,700 GF/GP for department operations.	187,700
13. Value-Added Grants - One-Time. Governor recommended the elimination of one-time appropriation of \$1.0 million GF/GP in Value-Added Grants.	(1,000,000)
14. Animal Agriculture Initiative. Governor recommended the elimination of one-time appropriation of \$500,000 GF/GP for Animal Agriculture Initiative research project.	(500,000)
15. Value-Added Grants - Ongoing. Governor recommended the elimination of ongoing appropriation of \$300,000 GF/GP in Value-Added Grants.	(300,000)
16. Vital Agriculture Infrastructure Grant. Governor recommended the elimination of one-time appropriation of \$220,000 GF/GP for an agriculture bridge infrastructure project.	(220,000)
17. Grape and Wine Council. Governor recommended the elimination of one-time appropriation of \$170,000 GF/GP for the Wine and Grape Council.	(170,000)
18. County Fairs, Shows and Expositions Grants. Governor recommended the reduction of \$169,500 GF/GP for the Grant program, leaving a FY 2017-18 recommended appropriation of \$300,500 GF/GP.	(169,500)
19. Remove FY 2016-17 Supplemental Appropriations. PA 340 of 2016 provided \$1,805,600 in restricted revenue support for MAEAP.	(1,805,600)
20. Technical Adjustments for Actual Revenue Received.	1,771,400
21. Unclassified Salaries. Economic adjustment.	16,400
22. Economic Adjustments. Includes \$1,067,100 Gross and \$732,500 GF/GP for economic adjustments.	1,067,100
Total Changes.....	\$9,021,900
FY 2017-18 Governor's Recommendation.....	\$104,928,800

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Disciplinary Action.** Governor eliminated language-prohibiting action against an employee for communicating with legislative staff. (Sec. 215)
2. **Retain Reports.** Governor eliminated a requirement that all reports be kept and retained by MDARD. (Sec. 234)
3. **Technology Use.** Governor struck language requiring use of technology in licensing and registration using a secure web portal. (Sec. 303)

4. **Food Safety Modernization Act.** Governor struck language providing guidelines for implementing Food Modernization Act, funding, and to require a report. (Sec. 403)
5. **TB Testing Costs.** Governor eliminated section which required that the MDARD pay for all whole herd and individual TB testing in modified accredited zones. (Sec. 451)
6. **Animal Indemnity.** Governor amended a section by modifying guidelines for animal indemnity payments, eliminating some language duplicative of statute and modified reporting requirements. (Sec. 453)
7. **Bovine TB Monitoring.** Governor amended language to update guidelines per a more recent MOU between the USDA and the MDARD. (Sec. 454)
8. **Bovine TB Activity and Status Report.** Governor removed annual and quarterly report requirement of the MDARD activities and current status of bovine TB in the state. (Sec. 457)
9. **Whole Herd TB Testing.** 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)
10. **Laboratory Program.** Governor eliminated boilerplate section requiring the turn-around times at Geagley Lab to increase from 30-50% to 75-80% and the implementation of a risk based inspection program on and to track program outcomes. House expanded language. (Sec. 652)
11. **Value-Added Grants.** Governor eliminated a boilerplate section that provided guidelines and procedures for a Value-Added Grants program which including a competitive grant program and a Food and Agriculture Investment Program. (Sec. 701)
12. **Rural Development Fund Grants.** Governor eliminated a boilerplate section requiring work with the Rural Development Fund board to establish a process and criteria for the program. (Sec. 702)
13. **Agriculture Development Division Annual Report.** Governor amended language adding metrics and activity goals for FY 2017-18. (Sec. 706)
14. **Grape and Wine Report.** Governor eliminated a section requiring an annual report on Grape and Wine Industry Council activities. (Sec. 709)
15. **Food and Agriculture Investment Program.** Governor added a new boilerplate section providing guidelines for a new agriculture investment program which would include the allowance to spend funds for grants, loans or loan guarantees, infrastructure development, other economic assistance, program administration and export assistance and promotion. (Sec. 711)
16. **Equine Funds.** Governor removed a section requiring that equine funds only be spent for equine purposes. (Sec. 801)
17. **Equine Regulatory Costs.** Governor eliminated a section which provided criteria to the Gaming Board for establishing equine regulatory costs. (Sec. 804)
18. **County Fairs, Show and Expositions Grant Program.** Governor amended language to substitute "expositions" in place of any reference to "exhibitions" and modifies guidelines. (Sec. 805)
19. **Drinking Water Declaration of Emergency.** Governor added a new boilerplate section which provides guidelines for the expenditure of part 1 appropriations for Drinking Water Declaration of Emergency, including the operation of Double Up Food Bucks program and the water testing at local food establishments in the emergency-declared area. (Sec. 901)

Date Completed: 2-21-17

Fiscal Analyst: Bruce Baker

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 142 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	527.0	533.0	6.0	1.1
GROSS	101,485,800	101,068,800	(417,000)	(0.4)
Less:				
Interdepartmental Grants Received	28,989,700	29,915,300	925,600	3.2
ADJUSTED GROSS	72,496,100	71,153,500	(1,342,600)	(1.9)
Less:				
Federal Funds	9,476,700	9,518,000	41,300	0.4
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	63,019,400	61,635,500	(1,383,900)	(2.2)
Less:				
Other State Restricted Funds	20,178,900	21,336,900	1,158,000	5.7
GENERAL FUND/GENERAL PURPOSE	42,840,500	40,298,600	(2,541,900)	(5.9)
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2016-17 Year-to-Date Gross Appropriation \$101,485,800

Changes from FY 2016-17 Year-to-Date:

1. **Removal of FY 2016-17 One-Time Appropriation.** Removed GF/GP funding of \$4.4 million provided as follows: \$3.0 million for legal defense costs; \$700,000 for Prescription Drug Abuse program; and \$700,000 for the Juvenile Life Without Parole litigation costs. (4,400,000)
2. **Removal of FY 2016-17 Lump Sum Payments.** Removed funding totaling \$618,000 (\$245,700 GF/GP) for the 1.5% lump sum payments received by all State classified employees as part of negotiated contracts for FY 2016-17. (618,000)
3. **Technical Baseline Adjustments.** The Governor included one negative GF/GP adjustment of \$7,100 to the IT line item. (7,100)
4. **Unlicensed Activity Law Enforcement.** Funding of \$732,300 GF/GP and 5.5 FTEs were added to enhance services provided by the Attorney General to the Department of Licensing and Regulatory Affairs to investigate unlicensed builders, accountants, and realtors across the State. 732,300
5. **Prescription Drug Abuse Unit.** Funding of \$700,000 GF/GP was provided to continue the development of a statewide drug enforcement strategy to battle prescription drug abuse in Michigan. 700,000
6. **Student Safety.** Restricted funding was provided to extend a work project for the OK2SAY Program that works to prevent bullying and allow students to feel safe in reporting safety issues. The current work project is set to expire on 9/30/17. 470,000
7. **Medical Marijuana.** Restricted funding was increased and 4.0 FTEs added for services required to comply with Public Acts 281-283 of 2016. 375,000

8. Energy Package. Restricted funding was increased and one FTE added for services required to comply with Public Act 341 of 2016.	217,000
9. One-Time - PACC Juvenile Life Without Parole Cases. One-time GF/GP funding totaling \$750,000 is provided for the Prosecuting Attorneys Coordination Council to provide assistance to local prosecutors for costs associated with investigations, crime victim rights, prosecutions and appeals for retroactive juvenile life without parole cases.	750,000
10. Unclassified Salaries. Increased GF/GP funding by \$22,600 for total funding of \$776,600 for FY 2017-18.	22,600
11. Economic Adjustments. Includes \$1,341,200 Gross and \$638,300 GF/GP.	1,341,200
Total Changes.....	(\$417,000)
FY 2017-18 Governor's Recommendation.....	\$101,068,800

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Boilerplate Structure. Governor:** Moved boilerplate from the FY 2016-17 general sections that applied to all General Government budgets to the Article for the Department of Attorney General. Changes to those items can be found in the highlight sheet for the **General Sections**.
2. **NEW. 301. Drug Investigation and Prosecution Unit. Governor:** Adds new language that requires the attorney general to use funds appropriated in Part 1 to maintain a minimum of 24 drug investigations and to prosecute when sufficient evidence is obtained. (**NEW** Sec. 301)
3. **Mortgage Fraud Investigations.** Language states that from the funds appropriated in Part 1 for Attorney General Operations, the Department must allocate \$600,000 for the investigation and prosecution of mortgage fraud. **Governor:** Deleted. (Current Law Sec. 313)
4. **Juvenile Life without Parole.** Language states that the \$700,000 appropriated in Part 1 is to be used for investigations, crime victim rights, prosecutions and appeals for retroactive juvenile life without parole cases. Also requires a report to be submitted by September 30. **Governor:** Increased amount to \$750,000. (Sec. 314a)
5. **Legacy Cost Estimates.** Total legacy costs are estimated at \$18,361,000. Of the total, Pension-related legacy costs are estimated at \$10,096,700 and retiree health care legacy costs are estimated at \$8,264,300 for fiscal year ending September 30, 2017. **Governor:** Provided the following Legacy Costs estimates for FY 2018: Total legacy costs estimated at \$17,281,300. Of that total, \$8,893,100 are for pension-related legacy costs and \$8,388,200 are for retiree health care legacy costs for the fiscal year ending September 30, 2018. (Sec. 315)
6. **Sexual Assault Law Enforcement Efforts.** Language requires the Department to use the funds for testing of backlogged sexual assault kits across the State outside of Wayne County. The language also requires the Department to submit a spending plan to the Legislature prior to release of the funds. The order of priority for expenditure of the funds is: 1) to eliminate all county sexual assault kit backlogs by the end of the fiscal year, 2) to assist local prosecutors with investigations and prosecutions of viable cases, and 3) to provide victim services. It also requires a spending plan submitted to the Legislature prior to release of the funds. **Governor:** Eliminated section. (Current Law Sec. 316)

Date Completed: 2-15-17

Fiscal Analyst: Joe Carrasco, Jr.

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 142 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	129.0	127.0	(2.0)	(1.6)
GROSS	16,248,500	16,099,600	(148,900)	(0.9)
Less:				
Interdepartmental Grants Received	293,600	296,600	3,000	1.0
ADJUSTED GROSS	15,954,900	15,803,000	(151,900)	(1.0)
Less:				
Federal Funds.....	2,763,000	2,775,800	12,800	0.5
Local and Private	18,700	18,700	0	0.0
TOTAL STATE SPENDING	13,173,200	13,008,500	(164,700)	(1.3)
Less:				
Other State Restricted Funds.....	151,900	151,900	0	0.0
GENERAL FUND/GENERAL PURPOSE	13,021,300	12,856,600	(164,700)	(1.3)
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2016-17 Year-to-Date Gross Appropriation	\$16,248,500
Changes from FY 2016-17 Year-to-Date:	
1. Removal of FY 2016-17 One-Time Appropriation. Removed GF/GP funding of \$250,000 provided for additional funding for the Division of Deaf and Hard of Hearing.	(250,000)
2. Removal of FY 2016-17 Lump Sum Payments. Removed funding totaling \$92,100 (\$72,800 GF/GP) for the 1.5% lump sum payments received by all State classified employees as part of negotiated contracts for FY 2016-17.	(92,100)
3. Technical Baseline Adjustments. The Governor included two technical GF/GP adjustments: a negative adjustment of \$600 for the Operations line item and a negative adjustment of \$4,500 to the IT line item.	(5,100)
4. Unclassified Salaries. Increased GF/GP funding by \$19,800 for total funding of \$680,100 for FY 2017-18.	19,800
5. Economic Adjustments. Includes \$178,500 Gross and \$143,400 GF/GP.	178,500
Total Changes	(\$148,900)
FY 2017-18 Governor's Recommendation	\$16,099,600

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Boilerplate Structure. Governor:** Moved boilerplate from the FY 2015-16 general sections that applied to all General Government budgets to the Article for the Department of Civil Rights. Changes to those items can be found in the highlight sheet for the **General Sections**.
2. **Department Report.** Requires a detailed report submitted by November 30 that covers the Department's activities and operations. **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)
4. **Legacy Cost Estimates.** Total legacy costs are estimated at \$3,062,000. Of the total, pension-related legacy costs are estimated at \$1,697,800 and retiree health care legacy costs are estimated at \$1,364,200 for fiscal year ending September 30, 2017. **Governor:** Provided the following Legacy Costs estimates for FY 2018: Total legacy costs estimated at \$2,695,600. Of that total, \$1,387,200 are for pension-related legacy costs and \$1,308,400 are for retiree health care legacy costs for the fiscal year ending September 30, 2018. (Sec. 410)

Date Completed: 2-15-17

Fiscal Analyst: Joe Carrasco, Jr.



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 134 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	0.0	0.0
GROSS	395,925,600	398,167,600	2,242,000	0.6
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	395,925,600	398,167,600	2,242,000	0.6
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	395,925,600	398,167,600	2,242,000	0.6
Less:				
Other State Restricted Funds.....	260,414,800	395,142,600	134,727,800	51.7
GENERAL FUND/GENERAL PURPOSE	135,510,800	3,025,000	(132,485,800)	(97.8)
PAYMENTS TO LOCALS	395,925,600	398,167,600	2,242,000	0.6

FY 2016-17 Year-to-Date Gross Appropriation **\$395,925,600**

Changes from FY 2016-17 Year-to-Date:

- Funding Shift.** The Governor shifted \$133,510,800 from GF/GP to the School Aid Fund (SAF), thereby funding community college operations and renaissance zone reimbursements entirely from the SAF. 0
- Independent Part-Time Student Grants.** The Governor included \$2.0 million GF/GP to initiate a revised version of the Independent Part-Time Student Grants program 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 academic year for not more than two 12-month periods at any educational institution. The last year these grants received funding was in FY 2008-09, when grants totaled \$2.6 million. The Governor is proposing amendments to 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 on receiving grants to three-years. 2,000,000
- Michigan Transfer Network Enhancements.** The Governor included \$1,025,000 GF/GP for improvements to the Michigan Transfer Network (MTN). The MTN website helps students, advisers, and the general public to view transfer course equivalencies between Michigan colleges and universities. The MTN is sponsored by the Michigan Association of Collegiate Registrars and Admissions Officers and hosted by Michigan State University. The enhancement funding will provide for a new Michigan Transfer Network website, including a new course equivalency database, information about the Michigan Transfer Agreement, and associate to bachelor's degree transfer pathways that allow a student to maximize coursework at community colleges and universities. 1,025,000

<p>4. Michigan Public School Employees' Retirement System (MPSERS). Adjustments include an increase of \$6,705,000 (SAF) related to decreasing the assumed rate of return for the UAAL; a one-time increase of \$3,612,000 (SAF) due to decreasing the assumed rate of return for the normal cost hold harmless; and a decrease of \$9,100,000 (SAF) due to investment gains and positive health experience.</p> <p>5. Renaissance Zone Reimbursements. The appropriation is reduced from \$5.1 million to \$3.1 million based on projected payments.</p>	<p>1,217,000</p> <p>(2,000,000)</p>
<hr/>	
Total Changes.....	\$2,242,000
<hr/>	
FY 2017-18 Governor's Recommendation.....	\$398,167,600
<hr/>	

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Independent Part-Time Student Grants.** The Governor included language stating that the \$2.0 million appropriation is subject to Public Act 102 of 1986. (The Governor is proposing amendments to that act that limits the grant to community college students, requires a prerequisite of 15 credit hours completed within a certificate or degree program, and changes the set \$600 grant to one set by the Department of Treasury.) If applicants exceed available funding, funds will be given to persons with the greatest financial needs. Includes reporting requirements. Requires compliance with reporting to receive funds in FY 2018-19. (Sec. 201 (7) & (8))
2. **Michigan Transfer Network Website Enhancements.** Provides that appropriation is one-time and for the purpose of enhancement to the website to improve the transfer of college credit among Michigan's postsecondary institutions. Requires updates on use of funds to State Budget Director, subcommittees, and fiscal agencies upon request. (Sec. 201 (9))
3. **Payment Distribution Schedule.** Provides for payment schedule. If the State Budget Director determines that a community college failed to submit Activities Classification Structure (ACS) data to the Center Educational Performance and Information (CEPI) by November 1, or failed to submit its longitudinal data system data set, the State Treasurer shall withhold the monthly installments from that community college until those data are submitted. The State Budget Director is required to shall notify the community college subcommittee chairs at least 10 days before withholding funds from any community college. The Governor included other statutorily required reports to the conditions for receiving monthly payments (college credit opportunity data set, annual independent audit, tuition and fees report, number and type of degrees and certificates report), and removed the prior notice to subcommittee chairs requirement. (Sec. 206)
4. **Transparency.** Requires community colleges to make available through links on website homepages annual operating budgets, 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), board of trustees resolution regarding compliance with best practices, and opportunities for earning college credit through dual enrollment. 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, and the State Budget Director's authority to determine compliance and withhold funds for failure to comply with transparency site requirements. The Governor also eliminated the requirement for college governing board resolution on compliance with best practices. (Sec. 209)
5. **Block Transfers.** Requires report from the Michigan Community College Association (MCCA) and the Michigan Association of State Universities (MASU) on the implementation of the Michigan Transfer Agreement (30 block credits). The language requires the report to include clear timelines for establishing transfer pathways. The Governor modified current reporting requirements by specifically including alignment of learning outcomes in gateway mathematics courses in the quantitative reasoning, college algebra and statistics pathways and transferability of mathematics gateway courses. Language is also clarified to require not only timelines for "establishment" but also "implementation" of transfer pathways. (Sec. 210b)
6. **ACS Database.** Requires CEPI to establish, maintain, and coordinate the State community college database. The Governor eliminated the provision requiring CEPI to assist community colleges in complying with audits under this section or federal law. (Sec. 217)

7. **Reporting Requirements.** Sections providing for various college reports (audits, tuition and fees, etc.). Modifies and clarifies CEPI responsibilities for collecting information, distributing reports to recipient, and use of the P-20 Longitudinal Data System. Ties into changes in Section 206 regarding compliance with reporting requirements. (Sec. 222, Sec. 224, Sec. 225, Sec. 226)
8. **Indian Tuition Waiver.** The Governor, for reporting purposes, changed the reference from "fiscal" year to "academic" year, included continuing education students in number of waiver students reported, and defined "withdrawal" as any student awarded the waiver who withdraws from the institution at any point during the term, regardless of enrollment in subsequent terms. (Sec. 223)
9. **Deleted Provisions. 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 cost containment measures and collaborations (Sec. 212); 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)

Date Completed: 2-14-17

Fiscal Analyst: Bill Bowerman

Table 1: FY 2017-18 Community College Appropriations: Governor's Recommendation

College	FY 2016-17 Year-To-Date	Total Formula	Non-Formula	Total	FY 2017-18	Percent
		Distribution	Adjustments	Adjustments	Appropriation	Change
Alpena	\$5,544,700	\$0		\$0	\$5,544,700	0.0%
Bay de Noc	5,560,900	0		0	5,560,900	0.0%
Delta	14,907,700	0		0	14,907,700	0.0%
Glen Oaks	2,586,900	0		0	2,586,900	0.0%
Gogebic	4,577,800	0		0	4,577,800	0.0%
Grand Rapids	18,450,500	0		0	18,450,500	0.0%
Henry Ford	22,176,000	0		0	22,176,000	0.0%
Jackson	12,397,600	0		0	12,397,600	0.0%
Kalamazoo Valley	12,873,900	0		0	12,873,900	0.0%
Kellogg	10,087,500	0		0	10,087,500	0.0%
Kirtland	3,270,000	0		0	3,270,000	0.0%
Lake Michigan	5,492,800	0		0	5,492,800	0.0%
Lansing	31,677,300	0		0	31,677,300	0.0%
Macomb	33,681,800	0		0	33,681,800	0.0%
Mid Michigan	4,834,100	0		0	4,834,100	0.0%
Monroe	4,636,700	0		0	4,636,700	0.0%
Montcalm	3,343,100	0		0	3,343,100	0.0%
Mott	16,115,500	0		0	16,115,500	0.0%
Muskegon	9,150,600	0		0	9,150,600	0.0%
North Central	3,290,400	0		0	3,290,400	0.0%
Northwestern	9,318,000	0		0	9,318,000	0.0%
Oakland	21,770,900	0		0	21,770,900	0.0%
Schoolcraft	12,909,300	0		0	12,909,300	0.0%
Southwestern	6,732,500	0		0	6,732,500	0.0%
St. Clair	7,259,300	0		0	7,259,300	0.0%
Washtenaw	13,534,000	0		0	13,534,000	0.0%
Wayne County	17,234,200	0		0	17,234,200	0.0%
West Shore	2,478,000	0		0	2,478,000	0.0%
Subtotal Operations:	\$315,892,000	\$0	\$0	\$0	\$315,892,000	0.0%
MPSERS Retiree Health Care	1,733,600		0	0	1,733,600	0.0%
MPSERS Reform Costs	73,200,000		(2,395,000)	(2,395,000)	70,805,000	(3.3%)
Renaissance Zone Reimbursements	5,100,000		(2,000,000)	(2,000,000)	3,100,000	(39.2%)
Independent Part-Time Student Grants	0		2,000,000	2,000,000	2,000,000	----
Michigan Transfer Network Enhancements (one-time)	0		1,025,000	1,025,000	1,025,000	----
MPSERS Normal Cost Hold Harmless (one-time)	0		3,612,000	3,612,000	3,612,000	----
Total Appropriations:	\$395,925,600	\$0	\$2,242,000	\$2,242,000	\$398,167,600	0.6%
State School Aid Fund	260,414,800	0	134,727,800	134,727,800	395,142,600	51.7%
GF/GP	\$135,510,800	\$0	(\$132,485,800)	(\$132,485,800)	\$3,025,000	(97.8%)



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 144 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	13,803.9	13,803.9	0.0	0.0
GROSS	2,002,729,000	2,014,419,200	11,690,200	0.6
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	2,002,729,000	2,014,419,200	11,690,200	0.6
Less:				
Federal Funds.....	5,523,700	5,293,800	(229,900)	(4.2)
Local and Private	8,692,800	8,842,400	149,600	1.7
TOTAL STATE SPENDING	1,988,512,500	2,000,283,000	11,770,500	0.6
Less:				
Other State Restricted Funds	36,554,600	36,149,400	(405,200)	(1.1)
GENERAL FUND/GENERAL PURPOSE	1,951,957,900	1,964,133,600	12,175,700	0.6
PAYMENTS TO LOCALS	111,888,200	114,388,800	2,500,600	2.2

FY 2016-17 Year-to-Date Gross Appropriation \$2,002,729,000

Changes from FY 2016-17 Year-to-Date:

1. **Westside Residential Alternative to Prison Program.** Governor proposed a new alternative sentencing program for probation violators in thirteen West Michigan counties. 1,500,000
2. **New Custody Staff Training.** Governor funded an officer academy with an expected graduated class of 177 to address higher than anticipated attrition. 4,359,000
3. **Trinity Food Service Contract.** Governor funded contractual inflationary adjustment. 4,036,000
4. **Corizon Health Care Contract.** Governor funded inflationary and cost-per-prisoner contract adjustments. 3,511,900
5. **Oncology.** Governor provided for increased caseload and associated specialty care costs for cancer. 2,328,300
6. **Fiscal Year 2018 DTMB Rate Changes.** Impact of new per user fee structure. 1,500,000
7. **One-Time Funding Removal.** Governor eliminated one-time funding for officer academy in FY 2016-17 and ballistic vests. (8,987,400)
8. **Hepatitis C.** Governor aligned funding with anticipated Hepatitis C caseload (F2-F4 metavir scores). (3,199,500)
9. **Supervising Region Incentive Program.** Governor eliminated \$2,518,600 ongoing and \$481,300 one-time dedicated funding for the Supervising Region Incentive Program. (2,999,900)
10. **Goodwill Flip the Script.** Governor eliminated dedicated funding for Goodwill Flip the Script program. (1,500,000)

11. Pugsley Facility Closure. Governor recognized savings from lower than anticipated Pugsley facility closure costs.	(800,000)
12. Other Changes. Governor eliminated placeholders for the cost effective housing initiative and future facility, removed excess authorization for administrative hearings officers and inmate legal services, aligned authorization with anticipated restricted revenues, adjusted IDGs to account for payroll increases, and funded a rent increase for Grandview Plaza.	(501,400)
13. Unclassified Salaries. Includes \$53,800 Gross and \$53,800 GF/GP for unclassified salaries.	53,800
14. Economic Adjustments. Includes a negative \$5,341,700 Gross and \$5,275,700 GF/GP for OERC and \$17,731,100 Gross and \$17,487,500 GF/GP for other economic adjustments.	12,389,400
Total Changes	\$11,690,200
FY 2017-18 Governor's Recommendation	\$2,014,419,200

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Deletions.** The Governor proposed to eliminate the following sections from current-year boilerplate: 206, 212, 214, 239, 405, 411, 412, 417, 419(1), 437, 505, 508, 511, 601, 602, 611, 612, 616, 802, 803, 806, 812, 816, 901, 902, 904, 908, 909, 910, 912, 937, 940, 942, 1000, 1011, and 1201. These deletions include a variety of reporting requirements, record retention requirements, statements of legislative intent, and language pertaining to health services, mental health awareness training, Goodwill Flip-the-Script, the Supervising Region Incentive Program, parole board policies, one-time reports, contracting requirements, and anticipated appropriations.
2. **Definitions.** Eight definitions were eliminated from the bill. All were acronyms that are no longer referenced in the bill.
3. **Section numbering.** Governor renumbered several sections and edited headings to maintain consistency across all budget areas.
4. **Reporting requirements.** Governor reduced the frequency of reporting for vendor contract compliance (Sec. 307), prisoner populations (Sec. 419), parole review (Sec. 422), and Hepatitis C treatment (Sec. 807). Also added State Budget Office to the list of report recipients where it wasn't already.
5. **Program additions.** Governor added sections to assist the State Court Administrative Office with data compilation for the Swift and Sure Sanctions Program (Sec. 247), and to implement the Westside Residential Alternative to Prison program (Sec. 617).
6. **Updated amounts for Total Legacy Costs.** Governor updated total legacy costs section. The pension-related costs are \$145,738,300 and the retiree health care costs are \$137,512,400. (Sec. 214)

Date Completed: 3-8-17

Fiscal Analyst: Ryan M. Bergan



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 147 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	597.5	603.5	6.0	1.0
GROSS	331,975,200	349,309,500	17,334,300	5.2
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	331,975,200	349,309,500	17,334,300	5.2
Less:				
Federal Funds	239,821,900	251,854,700	12,032,800	5.0
Local and Private	7,591,400	7,851,500	260,100	3.4
TOTAL STATE SPENDING	84,561,900	89,603,300	5,041,400	6.0
Less:				
Other State Restricted Funds	8,380,700	8,567,600	186,900	2.2
GENERAL FUND/GENERAL PURPOSE	76,181,200	81,035,700	4,854,500	6.4
PAYMENTS TO LOCALS	19,176,000	13,176,000	(6,000,000)	(31.3)

FY 2016-17 Year-to-Date Gross Appropriation

Changes from FY 2016-17 Year-to-Date:

- 1. Child Development and Care Public Assistance.** The Governor increased appropriations in order to increase child care provider reimbursement rates to the 75th percentile of the market rate, which is the Federally-recommended rate. Of the total increase, \$18.8 million is Federal funding and \$8.4 million is GF/GP. 27,200,000
- 2. State Assessment Support.** The Governor increased GF/GP to the Assessment and Accountability Office to fill ten currently vacant positions as a result of declining Federal dollars in the Assessment and Accountability Office. 2,550,000
- 3. Child Development and Care External Support.** The Governor increased Federal funding to external support. Of the total, \$1,365,500 is to monitor and support 'license exempt' providers who are giving care in their own home or related child's home and \$800,000 is for Licensing and Regulatory Affairs to review the background check results that come from the FY 2016-17 supplemental request. The increase is part of the reauthorization agreement of Federal funds. 2,165,500
- 4. Partnership Model with Districts.** The Governor created this office with 4.0 FTEs GF/GP to support partnership liaisons to work with districts to identify need, develop intervention plans, and coordinate public, private, and non-profit resources to drive school improvement. 641,800
- 5. Building Occupancy Charge Fund Shift.** The Governor included a fund shift due to the Federal funds becoming unavailable to support Building Occupancy Charges within the Hannah Building and replaced those funds with \$56,700 GF/GP. 0

6. Drinking Water Declaration of Emergency. The Governor removed the Federal funding from the Drinking Water Declaration of Emergency line item in one-time appropriations. The \$100 Drinking Water Declaration of Emergency Reserve Fund place holder is still included to allow transfers of additional funding in the event that it is needed in FY 2017-18.	(8,050,000)
7. Removal of FY 2016-17 One-Time. The Governor removed FY 2016-17 one-time appropriations, which included \$4.5 million for statewide school drinking water testing reimbursement, which was transferred to School Aid, and \$500,000 for certification fee support. This funding was all GF/GP.	(5,000,000)
8. Renaissance Zone Reimbursement. The Governor reduced Renaissance Zone Reimbursement due to phase out and expiration of existing zones over the past few years resulting in significant lapses at the end of each year. This funding is all GF/GP.	(2,000,000)
9. Federal State Assessment Funding. The Governor reduced Federal funding as a result of a \$2.0 million in reduction in Federal funding for the Office of Assessment and Accountability. This reduction was partially offset by a \$1.0 million Federal grant to improve the quality, validity, and reliability of State assessment to measure student growth and achievement.	(1,000,000)
10. Lump Sum Removal. The Governor made a lump-sum removal from Information Technology, Michigan Administrative Hearing System, and Child Care and Development Fund, of which \$123,500 of the decrease was GF/GP.	(667,900)
11. FTE Increase and Transfer. The Governor Increased the Field Office by 2.0 FTEs for a Nonpublic Schools Ombudsman and a Foster Care Liaison due to requirements under the Federal Every Student Succeeds Act. No funding was included with the FTE increase. The Governor also moved 5.0 FTEs and their corresponding funding from the Office of Improvement and Innovation to the Michigan Schools for Deaf and Blind operations line item.	0
12. Economic Adjustments. Gross economic increase of \$1,494,900 and \$329,500 GF/GP.	1,494,900
Total Changes.....	\$17,334,300
FY 2017-18 Governor's Recommendation.....	\$17,334,300

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Deleted Reports.** The Governor deleted a number of sections related to reporting requirements, which include: 223 (retention of all reports), 227 (responding to requests from the Legislature and report due dates within 30 days), 230 (nonpublic school mandate report), 325 (notification of grants received), 1001 (child care provider report), and 1003 (Early Childhood Investment Corporation report).
2. **Other Deleted Sections.** The Governor deleted a number of other sections, which include: 216 (appeals to Adequate Yearly Progress status), 219 (identify GSRP student on the kindergarten entry exam), 221 (sexual misconduct retention), 222 (protects employees who testify to the Legislature), 228 (requires consideration of issuing a request for information prior to issuing a request for proposals for contracts over \$1.0 million), 229 (notification of entering \$1.0 million contracts and Federal waivers), 302 (State Board travel expenditure cap), 502 (allow substitute teaching hours to qualify for teaching credit), 803 (legislative intent to keep the Library of Michigan whole), 1009 (increased the Child Development and Care threshold to 125% of the Federal Poverty Level), 1010 & 1101 (drinking water declaration of emergency funding), 1102 (voluntary water testing reimbursement), and 1201 (legislative intent for second year appropriations).
3. **Modified Sections.** The Governor made modifications to a number of sections, which include: 350 (special education taskforce distributing information to parents of newly identified students with special needs instead of all parents annually), 701 (requires implementation of multi-tiered systems of support to grades K-8 from K-3 for schools that receive At-Risk funding), and 1007 (streamlined the activity report on child care licensors in Licensing and Regulatory Affairs).

4. **Increased Child Development and Care Public Support.** The Governor included a new section for the appropriation increase in the child development and care public assistance line item. The section requires that the funds be used to increase the child care provider reimbursement rate. (Sec. 1004)
5. **Increased Child Development and Care External Support.** The Governor included a new section for the appropriation increase in the child development and care external support line item. The section requires that the funds be used to assist Licensing and Regulatory Affairs in providing fingerprinting services and background checks of employees of child care providers as required by the Federal grant. (Sec. 1005)
6. **Technical Modifications.** The Governor made a number of modifications that include date changes, spending changes to reflect Part 1 appropriations, legacy cost estimations, and standardized section language. (Secs. 201, 207, 212, 214, 503, 801, 804)

Date Completed: 2-14-17

Fiscal Analyst: Cory Savino



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 140 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,236.0	1,254.0	18.0	1.5
GROSS	516,886,400	510,842,000	(6,044,400)	(1.2)
Less:				
Interdepartmental Grants Received	9,225,700	3,100,500	(6,125,200)	(66.4)
ADJUSTED GROSS.....	507,660,700	507,741,500	80,800	0.0
Less:				
Federal Funds.....	139,022,800	170,042,600	31,019,800	22.3
Local and Private	555,300	555,300	0	0.0
TOTAL STATE SPENDING.....	368,082,600	337,143,600	(30,939,000)	(8.4)
Less:				
Other State Restricted Funds.....	318,809,200	285,825,300	(32,983,900)	(10.3)
GENERAL FUND/GENERAL PURPOSE.....	49,273,400	51,318,300	2,044,900	4.2
PAYMENTS TO LOCALS	3,750,000	4,531,000	781,000	20.8

FY 2016-17 Year-to-Date Gross Appropriation \$516,886,400

Changes from FY 2016-17 Year-to-Date:

1. **Vapor Intrusion Program.** The Governor provided GF/GP, laboratory services fees, and 8.0 FTEs for the establishment of a vapor intrusion program. The program will address public health concerns stemming from chemicals in soil that manage to leak into basements and building foundations. 1,376,300
2. **Communications and Public Affairs Office.** The Governor provided GF/GP and 3.0 additional FTEs for the establishment of a communications and public affairs office that would provide a liaison between technical staff and the public. 708,400
3. **Drinking Water Declaration of Emergency.** The Governor included support for technical assistance the Department is funding at Flint's water treatment plant. 1,000,100
4. **Oil, Gas, and Mineral Services.** The Governor included additional GF/GP funding to support this program, which regulates the extraction of natural resources in Michigan. Low fuel prices have created a structural funding deficit in the program. 4,000,000
5. **Lead and Copper Rule Program.** The Governor provided additional GF/GP and 17.0 new FTEs to support the Department's compliance efforts with the Federal Lead and Copper Rule. 2,562,400
6. **Water State Revolving Funds.** The Governor provided additional Federal authorization to reflect availability of funds. This program, formerly called the Water Pollution Control and Drinking Water Revolving Fund, receives Federal funds and State match which provide grants and loans to local units of government for improvements to drinking water and wastewater infrastructure. Additional GF/GP and loan repayment revenue was included to provide necessary State match to draw down these funds. Total funding is \$120.0 million. 35,007,000

7. Manufactured Housing Community Regulation. The Governor included GF/GP and 3.0 FTEs to support new regulations on drinking water and wastewater systems in manufactured housing communities.	500,000
8. Energy Regulation Package. The Governor included Public Utility Assessment revenues to support one additional FTE to perform the Department's duties under PA 341 of 2016.	150,000
9. Strategic Water Quality Initiatives Grants and Loans. The Governor reduced this program to \$62.0 million to reflect availability of funds. Revenue for the program is derived from bond sales authorized under Proposal 2 of 2002.	(35,000,000)
10. Clean Michigan Initiatives - Response Activities. The Governor removed \$14.9 million in CMI funds for response activities at environmental cleanup sites to reflect availability of revenues. CMI funds are dwindling, generally, and have been exhausted in this particular area, as provided by statute. These funds were replaced with a like amount of Refined Petroleum Fund, albeit on a one-time basis.	0
11. Air Quality Program - Fund Shift. The Governor removed \$1.4 million in Environmental Pollution Prevention Fund revenue that is no longer available and replaced it with GF/GP.	0
12. Remove FY 2016-17 Supplemental and One-Time Appropriations. The Governor removed a number of these items that were not included as part of the Department's base budget.	(15,125,100)
13. Other Changes. The Governor included various technical changes including reductions to over-appropriated restricted and Federal funds, reclassification of an interdivisional charge, removal of lump sum payments to employees, and increased rent costs.	(3,955,400)
14. Economic Adjustments. Includes a negative \$613,900 Gross and a negative \$110,800 GF/GP for OPEB and \$3,345,800 Gross and \$633,900 GF/GP for other economic adjustments.	2,731,900
Total Changes.....	(\$6,044,400)
FY 2017-18 Governor's Recommendation.....	\$510,842,000

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Communication with the Legislature.** The Governor removed a prohibition against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 220)
2. **Rule Promulgation - Small Business Impact.** The Governor removed a prohibition against the promulgation of rules that would have a disproportionate impact on small businesses. (Sec. 221)
3. **Clean Michigan Initiative Report.** The Governor removed a report that requires various information about projects funded with bond proceeds from the Clean Michigan Initiative. (Sec. 235)
4. **Refined Petroleum Fund Repayment.** The Governor removed a statement of legislative intent that the \$70.0 million transferred to the Environmental Protection Fund from the Refined Petroleum Fund in FY 2006-07 be repaid. (Sec. 305)
5. **Refined Petroleum Fund Site List.** The Governor removed a section detailing the RPF sites that would be funded in the budget. (Sec. 306)
6. **PFC Workgroup.** The Governor removed a section requiring a workgroup to study the effects of exposure to perfluorinated compounds and to establish cleanup criteria. (Sec. 312)

7. **Vapor Intrusion Program.** The Governor included new a new section establishing performance metrics for the new vapor intrusion program. (Sec. 6-313 of Governor's Rec.)
8. **Water Quality and Use Initiative - Spending Plan.** The Governor removed a requirement that a spending plan be established for this program. (Sec. 402)
9. **Western Lake Erie Collaborative Agreement.** The Governor removed a reporting requirement on the implementation plan for the Agreement. (Sec. 410)
10. **Lead and Copper Rule Technical Assistance Metrics.** The Governor included a new section containing metrics for the additional staff and funding for Lead and Copper Rule technical assistance. (Sec. 6-604 of Governor's Rec.)
11. **Flint Water Crisis Expenditure Report.** The Governor removed a section that requires various information about expenditures made in relation to the Flint water crisis. (Sec. 803)

Date Completed: 2-17-17

Fiscal Analyst: Josh Sefton



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 142 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	74.2	79.2	5.0	6.7
GROSS	5,636,300	6,848,500	1,212,200	21.5
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	5,636,300	6,848,500	1,212,200	21.5
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	5,636,300	6,848,500	1,212,200	21.5
Less:				
Other State Restricted Funds	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	5,636,300	6,848,500	1,212,200	21.5
PAYMENTS TO LOCALS	0	0	0	0.0

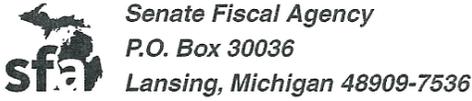
FY 2016-17 Year-to-Date Gross Appropriation	\$5,636,300
Changes from FY 2016-17 Year-to-Date:	
1. Executive Office Operations. Governor recommended a 3.0% overall increase for Executive Office operations.	200,000
2. Office of Urban Initiatives. Transferred all funding and 5.0 FTEs to Executive Office from DTMB.	1,012,200
Total Changes	\$1,212,200
FY 2017-18 Governor's Recommendation	\$6,848,500

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. There is no boilerplate for the Executive Office.

Date Completed: 2-15-17

Fiscal Analyst: Joe Carrasco, Jr.



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 135 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	15,594.5	15,614.5	20.0	0.1
GROSS	24,884,891,300	25,537,414,500	652,523,200	2.6
Less:				
Interdepartmental Grants Received	13,513,700	13,640,900	127,200	0.9
ADJUSTED GROSS	24,871,377,600	25,523,773,600	652,396,000	2.6
Less:				
Federal Funds	17,905,772,200	18,351,244,100	445,471,900	2.5
Local and Private	278,705,100	268,624,300	(10,080,800)	(3.6)
TOTAL STATE SPENDING	6,686,900,300	6,903,905,200	217,004,900	3.2
Less:				
Other State Restricted Funds	2,294,167,500	2,442,169,800	148,002,300	6.5
GENERAL FUND/GENERAL PURPOSE	4,392,732,800	4,461,735,400	69,002,600	1.6
PAYMENTS TO LOCALS	1,326,260,100	1,371,570,500	45,310,400	3.4

FY 2016-17 Year-to-Date Gross Appropriation **\$24,884,891,300**

Changes from FY 2016-17 Year-to-Date:

1. **Medicaid and Related Match Rates.** Governor reflected drops in traditional Medicaid match rate to 64.78%, Title XXI match rate to 98.35%, and expansion Medicaid match to 94.0% effective January 1, 2018. Total cost increase of \$99.3 million GF/GP. 0
2. **Other Fund Source Adjustments.** Governor reflected numerous fund source shifts, including a \$9.5 million reduction in available Temporary Assistance for Needy Families (TANF) revenue, \$25.3 million additional available Tobacco Settlement revenue, and a \$79.6 million increase in Health Insurance Claims Assessment (HICA) revenue. Total GF/GP savings from these and other smaller fund source shifts of \$103.4 million. 0
3. **Changes in Federal Grants.** Budget reflected changes in available Federal grants. 21,426,600
4. **Medicaid Actuarial Soundness Adjustments.** Governor included 1.0% increases for traditional and expansion Medicaid managed care organizations for physical health and behavioral health to ensure rates paid meet Federal actuarial soundness requirements. 86,600,800
5. **Adjustments to Special Medicaid Payments.** Governor included reductions to special hospital payments to reflect the maximum allowable Federal amounts as well as adjustments to special financing payments and payments to publicly affiliated clinics. \$9.7 million GF/GP savings. (173,656,900)
6. **Healthy Michigan Plan (HMP) Base and Caseload.** Governor included increased funding for the Medicaid expansion, also known as the HMP, to reflect growth in the caseload to over 650,000 people. GF/GP cost of \$20.2 million. 434,456,400

7. Traditional Medicaid Base and Caseload. Governor included adjustments to reflect anticipated costs for the base Medicaid program. GF/GP cost of \$68.3 million.	146,921,900
8. Children's Services Base and Caseload. Governor included minor adjustments to most children's services caseloads, with a larger \$11.5 million Gross, \$5.3 million GF/GP savings in the Adoption Subsidies program. Total GF/GP savings of \$1.8 million.	(8,994,100)
9. Public Assistance Base and Caseload. Governor including minor adjustments to most caseloads along with a \$21.7 million Gross, \$4.0 million GF/GP savings in the Family Independence Program (FIP). Total GF/GP savings of \$4.6 million.	(22,350,700)
10. Integrated Service Delivery. Governor included the second year of funding for the Department's Integrated Service Delivery initiative. GF/GP cost of \$3.5 million.	45,089,800
11. Program Enhancements. The Governor included a number of enhancements in the budget; Among these were creation of a provider tax funded quality pool for nursing homes (\$73.0 million Gross, \$8.2 million GF/GP savings from tax retention), a \$0.50 per hour wage pass-through for direct care workers (\$50.0 million Gross, \$14.2 million GF/GP), an increase in foster care private agency administrative rates (\$14.2 million Gross, \$6.8 million GF/GP), expansion of Medicaid non-emergency transportation contracts (\$12.0 million Gross, \$3.4 million GF/GP), an increase in the emergency shelter per diem from \$12 to \$16 (\$3.8 million Gross and GF/GP), increased senior services funding to eliminate wait lists (\$3.6 million Gross and GF/GP), an increase in the FIP clothing allowance to \$200 (\$2.7 million Gross, \$0 GF/GP), and an increase in multicultural funding (\$2.0 million Gross and GF/GP).	161,221,000
12. Staff Enhancements. The Governor included additional staff, in particular 95.0 FTEs for adult services, 72.0 FTEs for state facilities, 51.0 FTEs to expand the Pathways to Potential program, and 11.0 FTEs for foster parent and youth support. Total cost \$20.8 million GF/GP.	29,516,200
13. Program Reductions. Governor had several program reductions. Various FY 2016-17 dental services enhancements were removed, including funding for clinics around the state and a Medicaid pregnant woman dental rate enhancement (savings of \$4.5 million GF/GP), a \$2.0 million Gross and GF/GP reduction to Centers for Independent Living, and a reduction of \$1.4 million Gross and GF/GP in funding for Wayne State University psychiatric services. The budget also assumed the expiration of the county hold harmless provision for foster care, resulting in a shift of costs from the state to counties amount to \$8.0 million.	(21,357,500)
14. Technical Adjustments Tied to Federal and State Policy Changes. Budget reflected annualization of the expiration of the Medicaid managed care use tax (\$157.9 million Gross and \$41.7 million GF/GP savings). Budget also reflected the anticipated reinstatement of the Federal health insurer fee in calendar year 2018 (\$167.0 million Gross, \$0 GF/GP cost).	9,143,300
15. One-Time Funding Adjustments. Includes the removal of two one-time Information Technology projects, the conversion of two ongoing \$1.0 million programs to one-time (university autism and refugee services), and \$13.4 million Gross, \$1.0 million GF/GP to fund new initiatives in Flint.	(52,160,700)
16. Removal of FY 2016-17 Lump Sum Adjustment. \$5.1 million GF/GP savings.	(12,274,900)
17. Other Changes. Other changes, mostly involving technical adjustments to reflect unrealized non-GF revenues, resulted in a reduction in Gross authorization.	(18,914,400)
18. Economic Adjustments. Includes \$27.9 million Gross and \$13.8 million GF/GP for economic adjustments.	27,856,400
Total Changes.....	\$652,523,200
FY 2017-18 Governor's Recommendation.....	\$25,537,414,500

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Deletions.** Governor eliminated the following sections from current year boilerplate: 214, 228, 231, 233, 240, 252, 264, 280, 288, 289, 290, 291, 293, 299, 310, 511, 514, 515, 519, 532, 537, 540, 556, 558, 562, 564, 568, 569, 602, 603, 614, 617, 625, 630, 672, 701, 721, 805, 908, 911, 912, 928, 941, 994, 997, 1057, 1058, 1140, 1142, 1150, 1151, 1225, 1228, 1229, 1300, 1301, 1307, 1311, 1340, 1424, 1502, 1503, 1645, 1701, 1704, 1705, 1724, 1730, 1757, 1782, 1806, 1820, 1850, 1862, 1870, 1875, 1876, 1877, 1890, 1894, 1899, 1909, 1912, and 2001.
2. **Section numbering.** Governor renumbered the following current year boilerplate sections for uniformity across budget areas: 205 renumbered 221, 206 renumbered 210, 207 renumbered 213, 208 renumbered 204, 209 renumbered 205, 210 renumbered 206, 211 renumbered 226, 212 replaced by 265, 213 renumbered 227, 217 renumbered 207, 230 renumbered 1901, 265 replaced 212, 276 renumbered 208, 287 renumbered 209, 292 renumbered 211, 294 renumbered 1903, 297 renumbered 214, 534 renumbered 1904, 642 renumbered 454, 905 replaced by 1007, 960 renumbered 1906, 1007 replaced 905, 1180 renumbered 1182, 1910 renumbered 1905.
3. **Definitions.** Three definitions were eliminated from the bill, "current fiscal year" and "previous fiscal year" though these two phrases remained in the Governor's bill. The other definition deleted was "SSI". The phrase "part D of title IV" was replaced by "part D of title I+V". (Sec. 203)
4. **Revenue Source Information.** Governor removed the annual requirement for the Department to provide additional information on Federal, Private, and Local fund sources in preparing the budget. (Secs. 212 and 265)
5. **Public Availability of Policy and Procedures Manual.** Governor removed subsection that required the Department to ensure that the policy and procedure manuals are publically accessible. (Sec. 222)
6. **Automatic Appropriation of Collected Fees.** Governor added additional phrase into section that allows collected fees to be appropriated when received. (Sec. 223)
7. **Healthy Michigan Plan Advertising.** Governor deleted language appropriating \$1.0 million to the Medicaid Health Plans to inform residents about HMP incentives shown to improve health outcomes, and prohibits the use of funds to advertise enrollment in the HMP. (Sec. 228)
8. **Legislative Waiver/State Plan Amendment Notification.** Governor restricted notification of a waiver or state plan amendment to only those pertaining to the Centers for Medicare and Medicaid Services. (Sec. 263)
9. **Limit on Administrative Components of New Contracts.** Governor deleted language requiring a minimum of 90% of contracts financed through GF/GP or State Restricted funds must be spent on direct services. The language allows exceptions to be made if it can be demonstrated that they are necessary. (Sec. 288)
10. **Legacy Costs.** Governor altered language specifying legacy costs for FY18, to include \$172.7 million for pension-related costs and \$162.9 million for retiree health care costs. (Sec. 297)
11. **Medicaid Behavioral Health Workgroup.** Governor modified language requiring the Department to continue working with stakeholders to improve the coordination of physical and behavioral health services. All efforts made towards improvement must be built on the core values agreed to by the Section 298 Stakeholder Workgroup. (Sec. 298)
12. **Emergency Shelter Rate Increase.** Governor added section that increased the per diem rates for emergency shelter programs to \$16.00 per bed per night from the current \$12.00 per bed per night. (Sec. 453)
13. **Child Welfare Out-of-State Placement Conditions.** Governor modified approval procedures to require the executive director of the children's services agency instead of the deputy director for children's services and removed language requesting determination for the statewide recidivism rate for adjudicated youth placed in care and reporting. (Sec. 513)
14. **Administrative Daily Rate Increase.** Governor modified section that outlines the administrative daily rate for several types of children's services. In addition to foster care, independent living and trial unification services the Department will pay \$46.20 in an administrative rate for private child welfare agencies. (Sec. 546)
15. **Foster Care Regional Resource Team/MYOI.** Governor added language that directs the Department to support foster parent regional resource teams and expand the Michigan Youth Opportunities Initiative to all counties in the state. (Sec. 594)
16. **Indigent Funerary Services Rate.** Governor removed language for \$5.00 increase in per case payment for funeral directors that provided funeral goods and services for indigent individuals. (Sec. 613)
17. **FIP Clothing Allowance.** Governor increased of the clothing allowance for all FIP cases to \$200 from a \$140 annual allowance. (Sec. 669)

18. **Standard Utility Allowance Increase (Heat and Eat).** Governor added language that authorizes the Department to provide an additional \$20.01 annual payment in heating assistance to food assistance cases that are not eligible for heating assistance for an expanded monthly allotment of food assistance. (Sec. 688)
19. **Pathways to Potential Expansion.** Governor added language that increased the resources available to the Pathways to Potential program in "rising tide" communities: Central Lake, Charlotte, Ewart, Grayling, Harrison, Hillsdale, Newberry, Paw Paw, River Rouge, Sandusky. (Sec. 689)
20. **Adult Services Field Staff.** Governor added language that directs the Department to improve staffing ratios in adult protective services to decrease crime and fraud amongst older adults. (Sec. 851)
21. **Reporting on Data by CMHSPs.** Governor combined reporting requirements on substance use disorder, prevention, education and treatment programs with other reporting requirements by CMHSPs. Deleted previous year section pertaining to substance use disorder programs. (Secs. 904 and 908)
22. **Marihuana Regulatory Fund.** Governor included new language directing the use of revenue from the marihuana regulatory fund be used to improve physical health, expand access to substance use disorder prevention and treatment services; and strengthen existing prevention, treatment, and recovery systems. (Sec. 909)
23. **Direct Care Worker Wage Increase.** Governor modified language allocating up to \$45.0 million to increase the hourly wage for direct care workers who provide Medicaid behavioral health supports and services. (Sec. 1009).
24. **Opioid Fraud.** Governor removed language dedicating 1.0 FTE to coordinating with the Department of Licensing and Regulatory Affairs (LARA), the Department of Attorney General, and the Medicaid Health Plans to reduce fraud related to opioid prescribing within Medicaid and address the recommendations of the prescription drug and opioid abuse task force. (Sec. 1150)
25. **Opioid Addiction Treatment.** Governor removed language dedicating 1.0 FTE to coordinating with LARA, the Department of Attorney General, and the Medicaid Health Plans to help inform Medicaid enrollees of medically appropriate treatment options for opioid addiction and address the recommendations of the prescription drug and opioid abuse task force. (Sec. 1151)
26. **Childhood Lead Program Expansion.** Governor included new language requiring the Department to re-establish a public health drinking water unit and enhance efforts to monitor child blood lead levels. (Sec. 1180)
27. **Vapor Intrusion Response Unit.** Governor included new language directing the Department to establish a vapor intrusion response unit to reduce the number of residents exposed to toxic substances through vapor intrusion, and improve health outcomes for people who have been exposed. (Sec. 1181)
28. **Pregnancy and Parenting Pilot Program.** Governor removed language allocating \$400,000 of TANF funds for a real alternatives pregnancy and parenting support program. Language also includes outcome goals for the program. (Sec. 1307)
29. **National Brand Peanut Butter.** Governor removed language requiring WIC to include national brand peanut butter on the list of approved basket items. (Sec. 1340)
30. **Nursing Facility Quality Measure Initiative.** Governor included new language directing the Department to implement a nursing facility quality initiative, financed through an increase in the Nursing Home QAAP, to provide quality incentive payments to reward improvements in outcomes for nursing facility patients and residents. (Sec. 1646)
31. **GME Quality Data Reporting.** Governor altered language to require the Department to withhold 25% of a hospital's GME payments if they haven't submitted the data to a qualifying nonprofit organization by January 1, 2018. (Sec. 1805)
32. **GME Cost and Retention Reporting.** Governor removed subsections that required the Department develop a template for hospital's to report GME related information, convene a workgroup to develop new metrics for the distribution of GME funding, and seek a waiver if needed. (Sec. 1812)
33. **Medicaid Nonemergency Transportation.** Governor rewrote language to require the Department to increase the number of counties where a contracted broker administers the Medicaid nonemergency transportation benefit. (Sec. 1861)
34. **Protected Class Prescriptions.** Governor removed language prohibiting the Department from subjecting certain prescription drugs to prior authorization procedures. (Sec. 1875)

Date Completed: 2-16-17

Fiscal Analysts: Elynn Ackerman, Steve Angelotti, and John Maxwell

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768

Fax: (517) 373-1986

Senate Bill 138 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	N/A	N/A	0.0	0.0
GROSS	1,582,640,400	1,637,224,400	54,584,000	3.4
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,582,640,400	1,637,224,400	54,584,000	3.4
Less:				
Federal Funds	101,526,400	111,526,400	10,000,000	9.8
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	1,481,114,000	1,525,698,000	44,584,000	3.0
Less:				
Other State Restricted Funds	237,209,500	235,743,500	(1,466,000)	(0.6)
GENERAL FUND/GENERAL PURPOSE	1,243,904,500	1,289,954,500	46,050,000	3.7
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2016-17 Year-to-Date Gross Appropriation **\$1,582,640,400**

Changes from FY 2016-17 Year-to-Date:

- University Operations.** The Governor included an overall \$35.0 million GF/GP (2.5%) increase for university operations. The formula continues performance metrics used in FY 2016-17. Half of the funding increase proportional to FY 2010-11 (across-the-board). Prerequisites for receiving performance funding are continued. Tuition restraint is set at the greater of 3.8% or \$475 (FY 2016-17 tuition restraint was 4.2%). Details of allocations by university are included in [Table 1](#). 35,000,000
- MSU AgBioResearch.** MSU AgBioResearch performs agricultural research to promote efficient production, marketing, distribution, and use of farm products. The Governor included a 2.5% GF/GP increase for MSU AgBioResearch, increasing funding from \$33,243,100 to \$34,074,200. 831,100
- MSU Extension.** MSU Extension identifies and solves farm, home, and community problems through the practical application of research findings. MSU Extension 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 2.5% GF/GP increase for MSU Extension, increasing funding from \$28,672,600 to \$29,391,500. 718,900
- Competitive Scholarships.** Public Act 208 of 1964 established State competitive scholarships. Undergraduate students at Michigan two-year and four-year, public and private institutions are eligible for up to 10 semesters if they have financial need and a qualifying ACT score. The Governor is recommending increasing funding by 8.0 million GF/GP, from \$18,361,700 to \$26,361,700. 8,000,000

<p>5. Tuition Grants. Public Act 313 of 1966 established Tuition Grants. Undergraduate students at Michigan two-year and four-year private institutions are eligible for up to 10 semesters, if they have financial need. The Governor recommended increasing funding by \$3.0 million GF/GP, from \$35,021,500 to \$38,021,500.</p>	<p>3,000,000</p>
<p>6. Tuition Incentive Program (TIP). The TIP is a financial aid program targeted toward low-income middle school and high school students. It was established in FY 1986-87 through language in the Department of Social Services appropriation bill and was transferred to the Higher Education budget in FY 1992-93. The TIP provides an incentive to students to complete high school and go on to college by pledging to pay their tuition and fees for associate degree or certificate programs (Phase I), as well as up to \$2,000 at a four-year institution (Phase II). Students in grades 6 through 12 who are Medicaid-eligible for 24 months in a 36-consecutive-month period can qualify for TIP. The Governor increased funding from \$53.0 million to \$58.3 million, funded from Federal Temporary Assistance for Needy Families (TANF). A supplemental of \$2.6 million (TANF) is also recommended for FY 2016-17 based on projected costs. The Governor is recommending additional limits to the program in FY 2018-19. (See item #8 in boilerplate changes.) A \$4.7 funding shift from General Fund to TANF is also included in the Governor's FY 2017-18 recommendation.</p>	<p>5,300,000</p>
<p>7. Michigan Public School Employees' Retirement System (MPSERS). Adjustments for the seven universities (Central, Eastern, Ferris, Lake Superior, Michigan Tech, Northern, and Western) include an increase of \$2,411,000 (SAF) due to decreasing the assumed rate of return for the UAAL; a one-time increase of \$419,000 (SAF) due to decreasing the assumed rate of return for the normal cost offset; and a decrease of \$4,296,000 (SAF) due to investment gains and positive health experience.</p>	<p>(1,466,000)</p>
<p>8. MSU Animal Agriculture Initiative. The Animal Agriculture Initiative is a partnership between livestock producers, industry groups, MSU and the Michigan Department of Agriculture and Rural Development. The initiative develops sustainable farm production practices, environmentally sound manure management systems, efficient new energy sources, safer food products and more humane animal care systems based on science. The one-time funding grant of \$2.5 million GF/GP recommended by the Governor represents a portion of the \$3.5 million request from MSU. It will fund new and continuing projects directly tied to problems limiting growth and sustainability of Michigan animal agriculture industries, provide investments in infrastructure and operations to support ongoing animal agriculture research, and support emergency funding to quickly address emerging issues.</p>	<p>2,500,000</p>
<p>9. MSU Agriculture Workforce Initiative. The Governor recommended one-time funding of \$1.2 million GF/GP to develop a food-processing curriculum and expand partnerships with community colleges. The Initiative provides direct support for Michigan's agriscience programs and teachers. Funding will also be used to expand educational and training opportunities in animal agriculture (swine, dairy and meat industries) to improve food-borne illness detection, quality control, production monitoring and distribution related to food safety. The funding represents a portion of the \$2.5 million requested by MSU.</p>	<p>1,200,000</p>
<p>10. One-Time Appropriation. The FY 2016-17 budget included a one-time appropriation for the MSU Diagnostic Center for Population and Animal Health (DCPAH).</p>	<p>(500,000)</p>
<p>Total Changes.....</p>	<p>\$54,584,000</p>
<p>FY 2017-18 Governor's Recommendation.....</p>	<p>\$1,637,224,400</p>

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **P-20 Education Longitudinal Data System.** A public university receiving funds in section 236 shall cooperate with all measures taken by the State to develop, operate, and maintain the statewide P-20 longitudinal data system described in section 94a. Governor removed "shall cooperate with all measures taken "; and replaced with "provide its longitudinal data system data set for the preceding academic year ...". (Sec. 244)
2. **Budget Transparency.** Requires public university to maintain a public transparency website available through a link on its website homepage with specified budget and other information. Governor removed State Budget Director's authority to determine compliance and withhold funds for noncompliance. (Sec. 245)

3. **Children of Veterans and Officer's Survivor Tuition Grant Programs.** The Governor included new language providing that the funds appropriated for the programs shall be supported with revenue from the restricted account created in section 5 of the Children of Veterans Tuition Grant Act and unexpended funds remaining in the restricted account at the end of the fiscal year shall not lapse to the general fund. The general fund/general purpose funds appropriated for the grant programs shall also be deposited into the restricted account as required in section 5 of the Children of Veterans Tuition Grant Act. Funds deposited into the restricted account are appropriated and available for allocation as required in the Children of Veterans Tuition Grant act. (Sec. 249)
4. **Financial Aid Requirement.** The Governor added new language stating that to be considered eligible for any scholarship or grant financial aid program administered by treasury the student must file the free application for federal student aid (FAFSA) annually. (Sec. 250)
5. **State Competitive Scholarship Program.** Provides that grants for the State Competitive Scholarship Program shall be distributed pursuant to 1964 PA 208, MCL 390.971 to 390.981 and provides other criteria. Current law provides that the Department of Treasury determines an actual maximum state competitive scholarship award per student, which shall be not less than \$575.00. The Governor increased the per student award stated in this section from \$575 to \$1,000. (Sec. 251)
6. **State Tuition Grant Program.** Provides that grants for the State Tuition Grant Program shall be distributed pursuant to 1966 PA 313 and provides other criteria. Current law provides that the Department of Treasury determines an actual maximum state tuition grant award per student, which shall not be less than \$1,512. The Governor increased the per student award stated in this section from \$1,512 to \$2,000; beginning with FY 2018-19 changed application due date in June 1; limited grants to not more than ten semesters, or if an eligible applicant has not completed using the grant with ten years after eligibility is determined, whichever occurs first; eliminated carryforward authorization for unexpended funds; and updated date references. (Sec. 252)
7. **Student Financial Aid Distribution.** Sets quarterly distribution schedule for the State Competitive Scholarship, Tuition Incentive, and Tuition Grant programs. The Governor modified schedule for Tuition Incentive Program to 65% the first quarter and 35% the second quarter. (Sec. 254)
8. **Tuition Incentive Program.** Provides criteria for the Tuition Incentive Program. The Governor modified this section by providing:
 - Students must be enrolled in a certificate or associate degree program and taking classes within the program of study for a certificate or associate degree. Tuition will not be covered for courses outside of a certificate or associate degree program.
 - For students attending a 5-year middle college approved by the Michigan Department of Education, be less than 21 years of age when he or she graduates from high school instead of the current age limit of less than 20 years old.
 - All eligibility expires six years from high school graduation or equivalency certificate.
 - The Department will only accept standard per-credit hour tuition billings.
 - Beginning in FY 2018-19, persons enrolled in public universities will receive a maximum per credit payment that does not exceed two times the average community college in-district per credit tuition rate for the immediately preceding academic year.
 - New reporting requirements on student success, P-20 Longitudinal Data, and Pell grants.
 - Beginning with FY 2018-19, requires Treasury to withhold funding from students who attend institutions that do not comply with reporting requirements. (Sec. 256)
9. **AgBioResearch and MSU Extension.** Requires annual report on and specifies goals. The Governor increased the metric goals for increasing the sector's total economic impact and increasing agricultural exports. The metric for increasing jobs in the food and agriculture sector by ten percent was eliminated. (Sec. 263a)
10. **Tuition Restraint.** The Governor changed the cap from 4.2%, to the greater of 3.8% or \$475; eliminated language that states "fee" includes the annual amount a student is charged for coverage by the university-affiliated group health insurance policy; removed provision that stated universities exceeding the cap will not receive planning or construction authorizations for a State funded capital outlay project in the subsequent two fiscal years; removed provision stating that other sanctions may be imposed at any time by the Legislature for universities exceeding tuition cap, and updated date references. (Sec. 265)

11. **Performance Funding.** The Governor updated Carnegie classifications categories for research; eliminated legislative intent that, beginning in the 2016-17 State fiscal year, a university classified as improving is assigned a score of 1; and updated date references. (Sec. 265a)
12. **Indian Tuition Waiver.** The Governor removed a 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, for reporting purposes, changed the reference from "fiscal" year to "academic" year, included continuing education students in number of waiver students reported, and defined "withdrawal" as any student awarded the waiver who withdraws from the institution at any point during the term, regardless of enrollment in subsequent terms. (Sec. 268)
13. **Unexpended Grant Funds.** Modified reporting requirements for select student support services, college/university partnerships, visiting professors programs and the educator development program to provide information on amount of unobligated and unexpended funds remaining funds as of March 31, 2018, and a plan to expend the remaining funds by the end of the fiscal year. (Sec. 282)
14. **Academic Progress Reports - High Schools and Community Colleges.** Process for providing information to high schools and community colleges regarding the academic progress of former students. The Governor modified based on use of data provided to CEPI and the P-20 Longitudinal Data System. (Sec. 283 and Sec. 284)
15. **Deleted Provisions.** The Governor removed the following sections: intent regarding appropriations for the next fiscal year (Sec. 236a); 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); intent regarding protection/preservation of U of M Douglas Lake Biological Station (Sec. 261); discouraged instruction activity (Sec. 271a); human embryonic stem cell research report (Sec. 274); Yellow Ribbon GI Education Enhancement Program notice/reporting requirement and legislative intent reference (portion of Sec. 275); and prohibits use of funds for the construction or maintenance of a self-liquidating project, requires compliance with Section 238 of 1984 PA 431 and Joint Capital Outlay Subcommittee use and finance requirements, and includes penalty provisions. (Sec. 275a)

Date Completed: 2-16-17

Fiscal Analyst: Bill Bowerman

Table 1: FY 2017-18 HIGHER EDUCATION APPROPRIATIONS: GOVERNOR'S RECOMMENDATION

University	FY 2016-17 Year-To-Date Appropriation	Formula Adjustments					Total Formula Distribution	Other Changes	FY 2017-18 Gov. Rec.	Dollar Change From FY 2016-17	Percent Change	Appropriation Per FYES
		Proportional to FY 2010-11	Critical Skills	Research & Development	Metrics based on Carnegie Peers							
Central	\$83,925,500	\$987,302	\$197,644	\$17,981	\$958,221	\$2,161,100		\$86,086,600	\$2,161,100	2.6%	\$4,138	
Eastern	73,593,800	936,715	207,549	4,838	821,053	1,970,200		75,564,000	1,970,200	2.7%	4,387	
Ferris	52,259,900	599,035	312,534	0	757,889	1,669,500		53,929,400	1,669,500	3.2%	4,447	
Grand Valley	68,227,900	763,608	311,079	0	1,265,502	2,340,200		70,568,100	2,340,200	3.4%	3,108	
Lake Superior	13,567,400	156,405	40,528	0	62,618	259,600		13,827,000	259,600	1.9%	6,997	
Michigan State	275,862,100	3,495,271	683,448	502,678	2,039,895	6,721,300		282,583,400	6,721,300	2.4%	6,105	
Michigan Tech	48,097,500	590,472	212,373	80,089	310,462	1,193,400		49,290,900	1,193,400	2.5%	7,326	
Northern	46,279,200	556,171	129,387	0	387,172	1,072,700		47,351,900	1,072,700	2.3%	6,414	
Oakland	49,920,700	625,427	279,535	13,385	725,645	1,644,000		51,564,700	1,644,000	3.3%	2,890	
Saginaw Valley	29,114,000	341,545	107,115	0	366,464	815,100		29,929,100	815,100	2.8%	3,597	
UM-Ann Arbor	308,639,000	3,896,556	698,665	1,074,499	1,767,908	7,437,500		316,076,500	7,437,500	2.4%	7,234	
UM-Dearborn	24,803,300	304,650	100,780	0	367,869	773,300		25,576,600	773,300	3.1%	3,771	
UM-Flint	22,549,300	257,483	133,836	0	249,256	640,600		23,189,900	640,600	2.8%	3,463	
Wayne State	196,064,500	2,638,795	220,680	224,980	797,115	3,881,600		199,946,100	3,881,600	2.0%	8,949	
Western	107,440,900	1,350,562	253,736	25,995	789,597	2,419,900		109,860,800	2,419,900	2.3%	5,519	
Subtotal University Operations:	\$1,400,345,000	\$17,499,997	\$3,888,889	\$1,944,445	\$11,666,666	\$35,000,000	\$0	\$1,435,345,000	\$35,000,000	2.5%	\$5,503	
MPSERS Reimbursement	\$5,890,000						(\$1,885,000)	\$4,005,000	(\$1,885,000)	(32.0%)		
MSU AgBioResearch	33,243,100						831,100	34,074,200	831,100	2.5%		
MSU Extension	28,672,600						718,900	29,391,500	718,900	2.5%		
Higher Education Database	200,000						0	200,000	0	0.0%		
Midwest Higher Ed Compact	115,000						0	115,000	0	0.0%		
King-Chavez-Parks	2,691,500						0	2,691,500	0	0.0%		
MSU Veterinary Lab (one-time)	500,000						(500,000)	0	(500,000)	(100.0%)		
MPSERS Normal Cost Hold Harmless (one-time)	0							419,000	419,000	----		
MSU Animal Agricultural Initiative (one-time)	0						2,500,000	2,500,000	2,500,000	----		
MSU Agriculture Workforce Initiative (one-time)	0						1,200,000	1,200,000	1,200,000	----		
Total Universities	\$1,471,657,200	\$17,499,997	\$3,888,889	\$1,944,445	\$11,666,666	\$35,000,000	\$3,284,000	\$1,509,941,200	\$38,284,000	2.6%		
School Aid Fund	237,109,500	0	0	0	0	0	(1,466,000)	235,643,500	(1,466,000)	(0.6%)		
State GF/GP	\$1,234,547,700	\$17,499,997	\$3,888,889	\$1,944,445	\$11,666,666	\$35,000,000	\$4,750,000	\$1,274,297,700	\$39,750,000	3.2%		
Grants and Financial Aid												
State Competitive Scholarships	\$18,361,700						\$8,000,000	\$26,361,700	\$8,000,000	43.6%		
Tuition Grants	35,021,500						3,000,000	38,021,500	3,000,000	8.6%		
Tuition Incentive Program (TIP)	53,000,000						5,300,000	58,300,000	5,300,000	10.0%		
Children of Veterans & Officer's Tuition	1,400,000						0	1,400,000	0	0.0%		
Project Gear-Up	3,200,000						0	3,200,000	0	0.0%		
Total Grants/Financial Aid	\$110,983,200						\$16,300,000	\$127,283,200	\$16,300,000	14.7%		
Federal Higher Ed Act	3,200,000						0	3,200,000	0	0.0%		
Federal TANF	98,326,400						10,000,000	108,326,400	10,000,000	10.2%		
Veterans Tax Check-off	100,000						0	100,000	0	0.0%		
State GF/GP	\$9,356,800						\$6,300,000	\$15,656,800	\$6,300,000	67.3%		
TOTAL HIGHER EDUCATION												
TOTAL ALL FUNDS	\$1,582,640,400	\$17,499,997	\$3,888,889	\$1,944,445	\$11,666,666	\$35,000,000	\$19,584,000	\$1,637,224,400	\$54,584,000	3.4%		
TOTAL FEDERAL	101,526,400	0	0	0	0	0	10,000,000	111,526,400	10,000,000	9.8%		
TOTAL STATE RESTRICTED	237,209,500	0	0	0	0	0	(1,466,000)	235,743,500	(1,466,000)	(0.6%)		
TOTAL STATE GF/GP	\$1,243,904,500	\$17,499,997	\$3,888,889	\$1,944,445	\$11,666,666	\$35,000,000	\$11,050,000	\$1,289,954,500	\$46,050,000	3.7%		



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 136 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	336.5	336.5	0.0	0.0
GROSS	66,257,200	66,741,400	484,200	0.7
Less:				
Interdepartmental Grants Received	707,600	707,600	0	0.0
ADJUSTED GROSS	65,549,600	66,033,800	484,200	0.7
Less:				
Federal Funds	2,000,000	2,014,700	14,700	0.7
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	63,549,600	64,019,100	469,500	0.7
Less:				
Other State Restricted Funds	63,399,600	63,869,100	469,500	0.7
GENERAL FUND/GENERAL PURPOSE	150,000	150,000	0	0.0
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2016-17 Year-to-Date Gross Appropriation	\$66,257,200
Changes from FY 2016-17 Year-to-Date:	
1. FY 2016-17 Employee Lump Sum Payments. Technical adjustment to remove these payments to employees.	(340,800)
2. Economic Adjustments. \$825,000 Gross and \$0.0 GF/GP for economic adjustments.	825,000
Total Changes	\$484,200
FY 2017-18 Governor's Recommendation	\$66,741,400

Boilerplate Changes from FY 2016-17 Year-to-Date:

- Out-of-State Travel Report.** The Governor replaced this report with a less detailed version consistent with the report found in most other Department budget bills. The replacement version removed certain travel limitations. (Sec. 207)
- Contingency Funds.** The Governor added a limitation for the use of contingency funds, requiring that they be transferred pursuant to section 393(2) of the Management and Budget Act, 1984 PA 431, MCL 18.1393, prior to use. (Sec. 210)
- Report Retention.** The Governor removed a requirement that reports be retained according to State and Federal laws. (Sec. 217)
- Communication with the Legislature.** The Governor removed a section prohibiting the Department from taking disciplinary action against employees who communicate with the Legislature. (Sec. 218)

5. **TV or Radio Productions.** The Governor removed a section prohibiting the Department from producing radio or TV productions. (Sec. 219)
6. **Healthy Michigan Plan - Accounting.** The Governor removed a section requiring the Department to notify the State Budget Office and fiscal agencies of any changes to the existing accounting structure for costs associated with Healthy Michigan. (Sec. 220)
7. **Healthy Michigan Reporting.** The Governor removed a section that limited GF/GP expenditures regarding the Healthy Michigan Plan to meeting reporting requirements. The section was not applicable as the budget recommendation included no GF/GP funds. (Sec. 221)
8. **Health Insurance Rate Filings Report.** The Governor removed a section requiring the Department to report annual rate filings to the Legislature. (Sec. 301)

Date Completed: 2-16-17

Fiscal Analyst: Michael Siracuse



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 143 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	510.0	501.0	(9.0)	(1.8)
GROSS	298,234,000	299,954,600	1,720,600	0.6
Less:				
Interdepartmental Grants Received	1,550,000	1,550,600	600	0.0
ADJUSTED GROSS	296,684,000	298,404,000	1,720,000	0.6
Less:				
Federal Funds	6,433,500	6,488,900	55,400	0.9
Local and Private	8,307,100	6,971,000	(1,336,100)	(16.1)
TOTAL STATE SPENDING	281,943,400	284,944,100	3,000,700	1.1
Less:				
Other State Restricted Funds	92,786,000	92,539,000	(247,000)	(0.3)
GENERAL FUND/GENERAL PURPOSE	189,157,400	192,405,100	3,247,700	1.7
PAYMENTS TO LOCALS	137,775,900	146,794,000	9,018,100	6.5

FY 2016-17 Year-to-Date Gross Appropriation \$298,234,000

Changes from FY 2016-17 Year-to-Date:

- 1. Trial Court Videoconferencing Equipment Updating and Maintenance.** Governor included funding for continued maintenance, upgrades and replacement of trial court videoconferencing equipment in courtrooms around the state. 815,000
- 2. Pretrial Risk Assessment.** Governor included funding to support the development of a pretrial risk assessment tool in an effort to increase the number of offenders released on personal recognizance while awaiting trial. 605,700
- 3. Court of Appeals judgeship.** Governor restored funding that was eliminated in the FY 2016-17 budget due to anticipated attrition that was not realized. 131,000
- 4. Michigan Legal Help Program.** Governor provided for full year costs of Michigan Legal Self-Help Program. 100,000
- 5. Montgomery v. Louisiana Compliance.** Governor increased funding to a total of \$750,000 to support the State Appellate Defenders Office compliance with *Montgomery v. Louisiana* decision. 50,000
- 6. MIDC transfer to LARA.** Governor transferred the Michigan Indigent Defense Commission to the Department of Licensing and Regulatory Affairs in accordance with 2016 PA 442. (2,329,000)
- 7. Judgeship Changes.** Governor reduced funding for three district court and one circuit court judgeship eliminated through attrition and included additional three months funding for the three circuit court judgeships added in FY 2016-17 which received nine months of funding. Also reduced funding for one district court judgeship which was eliminated through attrition. (614,300)

8. Problem Solving Courts. Governor removed one-time funding for the expansion of problem-solving courts.	(250,000)
9. Prefunding Judges' Retiree Healthcare. Governor provided funding to implement prefunding of Retiree Healthcare in the Judicial Retirement System. Increased General Fund was offset with a corresponding decrease from the Court Fee Fund.	0
10. Other Changes. Governor reduced state restricted funding source to align authorization with available revenue, included funding for private security at the Hall of Justice, and funded increased private rent for SADO and Court of Appeals offices.	(1,081,200)
11. Economic Adjustments. Includes \$72,600 Gross and \$73,400 GF/GP for OERC and \$4,220,800 Gross and \$4,005,200 GF/GP for other economic adjustments.	4,293,400
Total Changes	\$1,720,600
FY 2017-18 Governor's Recommendation	\$299,954,600

Boilerplate Changes from FY 2016-17 Year-to-Date:

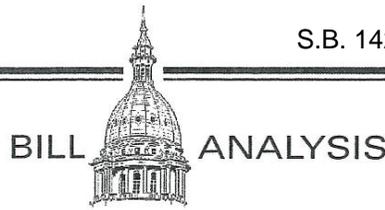
1. **Deletions.** The Governor proposed to eliminate the following sections from current-year boilerplate: 202(2), 204, 205, 207, 211, 212, 306, 312, 322a, 323, 324, 325, 401, and 1201. These deletions included a variety of reporting requirements, language related to one-time appropriations and the Michigan Indigent Defense Commission, statements of legislative intent, language pertaining to foster care cases, and program-specific metrics.
2. **Definitions.** Three definitions were removed from the bill: "DOJ" means the United States Department of Justice, "DOT" means the United States Department of Transportation, and "HHS" means the United States Department of Health and Human Services.
3. **Section numbering.** Governor renumbered several sections to maintain consistency across all budget areas.
4. **Updated amounts for Total Legacy Costs.** Governor updated total legacy costs section. The pension-related costs are \$7,815,500 and the retiree health care costs are \$6,777,600. (Sec. 224)

Date Completed: 2-13-17

Fiscal Analyst: Ryan M. Bergan



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 142 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	0.0	0.0	0.0	0.0
GROSS	171,555,500	179,261,000	7,705,500	4.5
Less:				
Interdepartmental Grants Received	5,558,600	5,709,200	150,600	2.7
ADJUSTED GROSS	165,996,900	173,551,800	7,554,900	4.6
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	400,000	400,000	0	0.0
TOTAL STATE SPENDING	165,596,900	173,151,800	7,554,900	4.6
Less:				
Other State Restricted Funds.....	6,245,200	6,247,100	1,900	0.0
GENERAL FUND/GENERAL PURPOSE	159,351,700	166,904,700	7,553,000	4.7
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2016-17 Year-to-Date Gross Appropriation \$171,555,500

Changes from FY 2016-17 Year-to-Date:

1. **Removal of FY 2016-17 Supplemental Funding.** Public Act 340 of 2016 provided additional GF/GP funding of \$6.0 million for the upgrade and integration of the legislative computer system (Chamber Automation System). (6,000,000)
2. **Removal of FY 2016-17 One-Time Appropriations.** Removed \$500,000 in GF/GP that was appropriated to the Criminal Justice Policy Commission to support a study of the cost savings of redirecting 17-year-olds from the adult court to family and juvenile justice systems. (500,000)
3. **Auditor General Adjustment.** Governor recommended a 2.7% overall increase for Auditor General operations. The increase totaled \$634,300 of which \$483,700 is general fund. Funding for the Auditor General totals \$24.3 million (\$16.6 million GF/GP) for FY 2017-18. 634,300
4. **Legislative Adjustment.** The Governor increased overall funding for the Legislature by a total of 7.5% (excluding one-time funds). The Senate received an increase of \$1.4 million overall while the House received an overall increase of \$2.4 million. The House and Senate Fiscal Agencies received an increase of \$94,500 each. The Legislative Council received an increase of \$782,700 while the Retirement System received an increase of \$99,300. The Binsfeld Office Building received an increase of \$5.2 million while the Cora Anderson House Building received increases totaling \$342,800. Finally, the Governor included additional funding of \$149,700 for the State Capitol Historic Site line item (\$170,900 for general operations and a reduction totaling \$21,200 for restoration, renewal and maintenance). Funding for the Legislature totals \$152.0 (\$147.3 million GF/GP) for FY 2017-18. 10,571,200

5. One-Time Funding. The budget included one item totaling \$3.0 million GF/GP for the upgrade and integration of the legislative computer system (Chamber Automation System).	3,000,000
Total Changes.....	\$7,705,500
FY 2017-18 Governor's Recommendation.....	\$179,261,000

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Boilerplate Structure. Governor:** Moved boilerplate from the FY 2016-17 general sections that applied to all General Government budgets to the Article for the Legislature. Changes to those items can be found in the highlight sheet for the **General Sections**.
2. **Farnum Building.** Provides that the Senate may charge rent and assess utility costs and appropriates funds for renovation, operation, and maintenance of Farnum Building and other Senate properties. **Governor:** Changed reference from Farnum Building to the Senate Office Building. (Sec. 602)
3. **Property Management.** Designates property management appropriation for the Legislature as work project. Specifies that the funds will be used to purchase equipment and services for building maintenance. Includes an estimated total cost of \$2.0 million and completion date of September 30, 2020. **Governor:** Changed completion date to September 30, 2021. (Sec. 606)
4. **Legislative Automated Processing.** Designates appropriations in Part 1 for automated data processing as work project appropriations. Includes estimated costs of \$2.0 million and tentative completion date of September 30, 2020. **Governor:** Changed completion date to September 30, 2021. (Sec. 607)
5. **Legislative Corrections Ombudsman Fund.** Language states that the funds appropriated in Part 1 includes an additional \$125,000 to be used to fund an additional legislative corrections ombudsman analyst. **Governor:** Deleted. (Current Law Sec. 609)
6. **Criminal Justice Policy Commission Study.** Language states that \$500,000 included in Part 1 shall be used for a study to determine what the additional estimated annual costs to counties would be if 17-year-olds were redirected from the adult court and correctional systems into the family court and juvenile justice systems. The study shall also determine the estimated savings to the state corrections system, as well as any other financial or policy costs and benefits, from such a redirection. Provides that funds are work project appropriations with an anticipated completion date of April 1, 2018. **Governor:** Deleted. (Current Law Sec. 610)
7. **Legacy Cost Estimates.** Total legacy costs are estimated at \$21,279,600. Of the total, pension-related legacy costs are estimated at \$11,998,700 and retiree health care legacy costs are estimated at \$9,280,900 for fiscal year ending September 30, 2017. **Governor:** Provided the following Legacy Costs estimates for FY 2018: Total legacy costs estimated at \$21,252,700. Of that total, \$10,936,800 are for pension-related legacy costs and \$10,315,900 are for retiree health care legacy costs for the fiscal year ending September 30, 2018. (Sec. 615)
8. **NEW. Legislative System IT Upgrade. Governor:** New language added stating that the funds appropriated shall be used for the design, development, and implementation of a legislative computer system. Funds cannot be used without written approval from the Speaker of the House, the Senate Majority Leader, and the Legislative Council Administrator. **NEW** (Sec. 616)
9. **Sec. 618. 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 2015-16. **Governor:** Deleted. (Current Law Sec. 618)
10. **Sec. 619. Michigan Veterans Facility Ombudsman.** Language requires funds appropriated in Part 1 for the Michigan Veterans Facility Ombudsman to be used to create a Veterans Facility Ombudsman to address complaints made at the veterans homes of this state. **Governor:** Deleted. (Current Law Sec. 619)

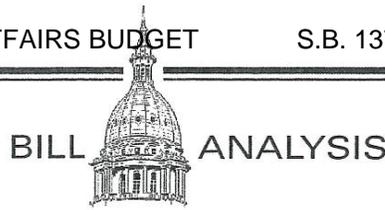
Date Completed: 2-15-17

Fiscal Analyst: Joe Carrasco, Jr.

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 137 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	2,175.3	2,322.3	147.0	6.8
GROSS	419,512,400	441,576,300	22,063,900	5.3
Less:				
Interdepartmental Grants Received	46,923,800	47,835,100	911,300	1.9
ADJUSTED GROSS	372,588,600	393,741,200	21,152,600	5.7
Less:				
Federal Funds.....	64,441,800	65,020,900	579,100	0.9
Local and Private	363,400	361,800	(1,600)	(0.4)
TOTAL STATE SPENDING	307,783,400	328,358,500	20,575,100	6.7
Less:				
Other State Restricted Funds.....	264,062,300	285,341,900	21,279,600	8.1
GENERAL FUND/GENERAL PURPOSE	43,721,100	43,016,600	(704,500)	(1.6)
PAYMENTS TO LOCALS	32,625,700	29,225,700	(3,400,000)	(10.4)

FY 2016-17 Year-to-Date Gross Appropriation \$419,512,400

Changes from FY 2016-17 Year-to-Date:

1. **Medical Marihuana - Sales Regulation.** The Governor included a prorated appropriation from the new Marihuana Regulatory Fund and 108.0 FTEs for the regulation of medical marihuana licensed growers, processors, provisioning centers, and secure transporters. It should be noted that the fund source for this item is distinct from the Michigan Medical Marihuana Fund, and consists of application fees and annual assessments that will be levied upon the aforementioned regulated community. 18,651,600
2. **New Energy Requirements.** The Governor included \$3,110,500 in Public Utility Assessments and 19.0 FTEs to fulfill various requirements of Public Acts 341 and 342 of 2016, legislation commonly referred to as the 'Energy Package'. 3,110,500
3. **First Responder Presumed Coverage Fund.** The Governor included \$1,780,000 from the new Marihuana Excise Tax Fund for claims against the First Responder Presumed Coverage Fund, and \$200,000 for administration. 1,980,000
4. **Day Care Worker Background Checks.** The Governor included funds for background checks for day care workers statewide on an ongoing basis. Funds for this purpose were released to states based on new Federal regulations. 800,000
5. **Natural Gas Pipeline Inspections.** The Governor included Federal funds and Public Utility Assessments to annualize funding added during FY 2016-17 to meet Federal guidelines with regard to natural gas pipeline inspections. 144,300
6. **Ethnic Commission Service Expansions.** The Governor included an additional \$25,000 each for the Hispanic/Latino Commission of Michigan, the Asian Pacific American Affairs Commission, and the Commission on Middle Eastern American Affairs for new initiatives. 75,000

7. Attorney General Costs for Unlicensed Activity. The Governor included restricted funds for Attorney General costs related to investigation and prosecution of unlicensed regulatory activities.	439,300
8. Storage Tank Regulation. The Governor eliminated \$2.6 million in aboveground and underground storage tank fees and replaced those appropriations with Refined Petroleum Fund (RPF), in accordance with Public Act 467 of 2016. The Act eliminated the collection of the fees and increased the funding mechanism for the RPF from 7/8 cent per gallon of refined petroleum products sold to 1 cent per gallon.	0
9. Michigan Indigent Defense Commission. The Governor's budget reflects the transfer of the Commission from the Judiciary to LARA pursuant to Public Act 439 of 2016.	2,386,800
10. Video Franchise Fees. The Governor included additional Public Utility Assessment appropriations to reflect the restoration of these fees. The fees had originally sunset in 2016, but were restored by Public Act 438 of 2016.	300,000
11. Administrative Hearings - Corrections. The Governor reduced the IDG received from Corrections to reflect actual hearing caseloads.	(200,000)
12. Reduce Overstated Restricted and Federal Funds. The Governor included reductions to a number of line items and restricted and Federal fund sources to reflect available revenue.	(2,983,300)
13. FY 2016-17 Employee Lump Sum Payments. Technical adjustment to remove these payments to employees.	(1,957,300)
14. Remove FY 2016-17 One-Time Items and Supplemental Appropriations.	(4,960,000)
15. Economic Adjustments. Includes a negative \$973,500 Gross and a negative \$96,600 GF/GP for OPEB and \$5,250,500 Gross and \$527,500 GF/GP for other economic adjustments.	4,277,000
Total Changes	\$22,063,900
FY 2017-18 Governor's Recommendation	\$441,576,300

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Out-of-State Travel Report.** The Governor replaced this report with a less detailed version that is consistent with the report found in most other Department budget bills. (Sec. 207)
2. **Report Retention.** The Governor removed a requirement that reports be retained according to State and Federal laws. (Sec. 217)
3. **Communication with the Legislature.** The Governor removed a prohibition against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 218)
4. **TV or Radio Productions.** The Governor removed a prohibition against the Department producing radio or TV productions. (Sec. 219)
5. **Healthy Michigan Plan - Accounting Structure.** The Governor removed a section requiring the Department to notify the State Budget Office and fiscal agencies if any changes to the existing accounting structure for costs associated with Healthy Michigan. (Sec. 220)
6. **Regulatory Activities Report.** The Governor removed a report providing details on licensing/regulatory activities undertaken by each agency or bureau in the Department. (Sec. 226)
7. **Employee Performance Monitoring.** The Governor removed a section stating the intent of the Legislature that the Department establish an employee performance monitoring process in addition to what is required by the Civil Service Commission. (Sec. 227)

8. **Carbon Dioxide Sequestration.** The Governor removed a section requiring the Public Service Commission and Michigan Agency for Energy to explore policies related to carbon sequestration, and produce a report. (Sec. 301)
9. **Low-Income Energy Assistance - Program Management.** The Governor included a new section identifying the Michigan Agency for Energy as the manager of the low-income energy assistance program, pursuant to an agreement with the Michigan Department of Health and Human Services. (Sec. 12-301 of Governor's Rec.)
10. **Liquor License Delay Mitigation.** The Governor removed a section requiring the Michigan Liquor Control Commission to utilize funds to invest in technology to mitigate delays in license issuance related to section 503 of the Michigan Liquor Control Code. (Sec. 401)
11. **Unlawful Shipments of Wine.** The Governor removed a section requiring funds to be expended for the investigation and enforcement of unlawful outstate sellers of wine. (Sec. 402)
12. **Medical Marihuana Report.** The Governor retained a report for this program, but removed the specifications for the report. (Sec. 507)
13. **Wood Product Manufacturing - Facility Inspections.** The Governor removed a requirement that MIOSHA establish a consistent method of performing and tracking inspections of these facilities. Requires a report. (Sec. 516)
14. **Opioid Overprescription Reporting.** The Governor removed a report on administrative actions taken against healthcare providers who overprescribe or overdispense opioids, and that the Department formulate a plan to notify patients of those providers. (Sec. 517)
15. **Michigan Automated Prescription System (MAPS) Upgrades.** The Governor removed a report related to the MAPS system. (Sec. 519)
16. **Bureau of Services for Blind Persons (BSBP) - Identify Federal Match.** The Governor removed a requirement that BSBP work with service organizations to identify qualified Federal match dollars. (Sec. 705)
17. **First Responder Presumed Coverage Fund.** The Governor included a new section allowing Fund revenue in excess of those appropriated to be spent on qualified claims. (Sec. 12-708 of Governor's Rec.)
18. **Indigent Defense - Grants.** The Governor included a new section allowing the Michigan Indigent Defense Commission (MIDC) to spend these grants as they are received, up to \$250,000 from the Byrne formula, and up to \$300,000 from other Federal grants. This language was included in the FY 2016-17 Judiciary budget, as the MIDC part of that budget until last year. (Sec. 12-800)
19. **Indigent Defense Reports.** The Governor included a new section requiring reports on various processes in the MIDC. This language was included in the FY 2016-17 Judiciary budget, as the MIDC part of that budget until last year. (Sec. 12-801)
20. **Medical Marihuana Operation and Oversight Grants.** The Governor included a new subsection to the existing medical marihuana operation and oversight grants to county law enforcement. The new language establishes intent that the grants end in FY 2017-18. (Sec. 12-902[5])
21. **MLCC IT Update Metrics.** The Governor removed a section establishing metrics for IT updates in the MLCC that were included in the FY 2016-17 budget. (Sec. 1001)

Date Completed: 2-14-17

Fiscal Analyst: Josh Sefton

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.

 **Senate Fiscal Agency**
 P.O. Box 30036
 Lansing, Michigan 48909-7536


BILL ANALYSIS

Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 146 (as introduced 2-9-17)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	898.5	904.0	5.5	0.6
GROSS	177,100,200	180,004,400	2,904,200	1.6
Less:				
Interdepartmental Grants Received	101,800	101,800	0	0.0
ADJUSTED GROSS	176,998,400	179,902,600	2,904,200	1.6
Less:				
Federal Funds	91,793,600	92,334,100	540,500	0.6
Local and Private	2,265,200	2,168,400	(96,800)	(4.3)
TOTAL STATE SPENDING	82,939,600	85,400,100	2,460,500	3.0
Less:				
Other State Restricted Funds	24,696,000	22,332,600	(2,363,400)	(9.6)
GENERAL FUND/GENERAL PURPOSE	58,243,600	63,067,500	4,823,900	8.3
PAYMENTS TO LOCALS	102,400	142,400	40,000	39.1

FY 2016-17 Year-to-Date Gross Appropriation **\$177,100,200**

Changes from FY 2016-17 Year-to-Date:

- | | |
|---|-------------|
| 1. Grand Rapids Home for Veterans. Governor recommended \$2,820,000 GF/GP to cover additional staff and training costs. | 2,820,000 |
| 2. Michigan Veterans Facility Authority. Governor provided \$1.5 million in support of administrative operations of authority, established by PA 561 of 2016, et al. | 1,500,000 |
| 3. Land Purchases and Appraisals. Governor recommended \$1.0 million Restricted for the purpose of departmental property appraisals and land purchases. | 1,000,000 |
| 4. D.J. Jacobetti Home for Veterans. Governor recommended \$800,000 GF/GP for increased staffing to support ongoing effort to establish Medicaid certification for the facility. | 800,000 |
| 5. National Guard Tuition Assistance Program Enhancement. Governor recommended a \$500,000 GF/GP enhancement for the program to reflect increased participation. | 500,000 |
| 6. Grand Rapids Home for Veterans. Governor recommended the elimination of one-time appropriations of \$1.0 million GF/GP for a Medicaid certification project. | (1,000,000) |
| 7. Camp Grayling Housing Enhancement. Governor recommended the elimination of one-time appropriations of \$300,000 GF/GP to provide a new commander's residence. | (300,000) |
| 8. Homeless Veterans Grant. Governor recommended the elimination of one-time grant of \$300,000 GF/GP to address the problem of homeless veterans. | (300,000) |
| 9. Veterans Homes Planning Placeholder. Governor recommended the elimination of a one-time placeholder appropriation of \$100. | (100) |

10. National Guard Tuition Assistance Program Funding Adjustment. Governor recommended a technical funding adjustment for the program. The total recommended appropriation for the program for FY 2017-18 is \$4,007,000, including enhancements.	(60,000)
11. Remove FY 2016-17 Supplemental Appropriations. PA 340 of 2016 provided \$3.0 million GF/GP for the Michigan Veterans Facility Authority.	(3,000,000)
12. Technical Adjustment for Actual Revenue Received.	(720,700)
13. Unclassified Salaries. Governor recommended an economic adjustment of \$42,800 GF/GP.	42,800
14. Economic Adjustments. Includes \$1,622,200 Gross and \$476,800 GF/GP for economic adjustments.	1,622,200
<hr/>	
Total Changes.....	\$2,904,200
<hr/>	
FY 2017-18 Governor's Recommendation.....	\$180,004,400
<hr/>	

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Disciplinary Action.** Governor eliminated language prohibiting action against employee who communicates with Legislature. (Sec. 215)
2. **Sale of Property.** Governor struck requirement to give 60-day notice prior to announcement to sell property. (Sec. 233)
3. **Special Maintenance Carry Forward.** Governor struck a section requiring appropriations for one-time Special Maintenance be carried forward at the end of the fiscal year. (Sec. 234)
4. **Unclassified Positions.** Governor struck language listing the titles of unclassified employees. (Sec. 300)
5. **Youth Challenge Program.** Governor amended language with new subsection granting carryforward status to any unexpended private donations to the program. (Sec 307)
6. **National Guard Tuition Assistance Program.** Governor amended language with new subsection allowing for the deposit and expenditure of restricted funds based on Part 1 appropriation. (Sec. 310)
7. **Information Technology.** Governor removed boilerplate which provides for IDG-pass through billing for technology services supplied by DTMB. (Sec. 311)
8. **Michigan Veterans Affairs Agency (MVAA) Grants to Veterans Service Organizations.** Governor amended language by removing a specific number of hours of service (116,500) as being a goal of service provided. (Sec. 406)
9. **MVAA, Veterans Homes and Michigan Veterans Facility Authority.** Governor amended language by including reference to Michigan Veterans Facility Authority, created by PA 340 of 2016. (Sec. 501)
10. **Medicaid and Medicare Certification Standards for D.J. Jacobetti Home for Veterans.** Governor amended language by modifying schedule for the completion of certification to FY 2017-18. (Sec. 502)
11. **Board of Managers, Veterans Homes and Michigan Veterans Facility Authority.** Governor amended language by including reference to Michigan Veterans Facility Authority, created by PA 340 of 2016. (Sec. 504)
12. **Capital Outlay -- Land and Acquisitions.** Governor amended language by removing a subsection, which requires the Department to provide a listing of property sales and acquisitions on a quarterly basis. (Sec. 604)
13. **Veterans Homes Planning.** Governor struck language providing guidelines for veterans' homes planning. (Sec. 605)
14. **Budget Year Two Funding.** Governor struck language providing guidelines for year two appropriations. (Sec. 1201)
15. **Budget Year Two -- Outreach Metric.** Governor struck language requiring the reporting of the percentage of veterans contacted, with a goal of 100% reached. (Sec. 1202)
16. **Budget Year Two -- Developed Claims Metric.** Governor struck language requiring the MVAA to maintain a minimum of 50% fully developed claims as determined by the USDVA. (Sec. 1203)

Date Completed: 2-21-17

Fiscal Analyst: Bruce Baker

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 141 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,237.8	2,264.8	27.0	1.2
GROSS	408,954,100	416,374,300	7,420,200	1.8
Less:				
Interdepartmental Grants Received	1,375,900	232,200	(1,143,700)	(83.1)
ADJUSTED GROSS	407,578,200	416,142,100	8,563,900	2.1
Less:				
Federal Funds	72,765,400	70,095,700	(2,669,700)	(3.7)
Local and Private	7,446,400	7,446,000	(400)	(0.0)
TOTAL STATE SPENDING	327,366,400	338,600,400	11,234,000	3.4
Less:				
Other State Restricted Funds	283,956,400	274,553,100	(9,403,300)	(3.3)
GENERAL FUND/GENERAL PURPOSE	43,410,000	64,047,300	20,637,300	47.5
PAYMENTS TO LOCALS	8,200,000	9,854,300	1,654,300	20.2

FY 2016-17 Year-to-Date Gross Appropriation \$408,954,100

Changes from FY 2016-17 Year-to-Date:

- 1. State Parks Repair and Maintenance - One-Time.** The Governor included GF/GP for various repair and maintenance projects among Michigan's State Parks. 10,000,000
- 2. Trail Development.** The Governor included GF/GP for development of nonmotorized trails, focusing on the Iron Belle trail, which will connect Ironwood and Detroit with a walking and biking trail. 5,000,000
- 3. Conservation Officers.** The Governor included GF/GP funding to support ten new conservation officers and two support staff. 1,827,500
- 4. Abandoned Mine Shaft Closure.** The Governor included one-time GF/GP funding for a limited term FTE to coordinate the closure of abandoned mine shafts on DNR-managed public land. This funding would be sufficient to close about half of these facilities, focused on the higher risks to public health and safety. 2,002,400
- 5. Wetland Mitigation Banking Program.** The Governor included \$403,500 Federal ongoing, and \$3,850,000 GF/GP one-time for the development of a wetland mitigation banking program on tax-reverted lands. 4,253,500
- 6. Land Ownership Tracking System.** The Governor included \$1.9 million GF/GP and \$1.0 million from the Forest Development Fund that would enable the Department to complete the rewrite of this computer system which is used to track all state-owned land. 2,900,000

<p>7. Transportation Revenue Package - Recreation Improvement Account. The Governor included additional funds to reflect new revenues to the Account due to gas tax increases in the transportation revenue package. These funds are allocated as follows: (\$50,000) Recreation Improvement Fund Grants, \$50,000 Snowmobile Local Grants Program, \$304,800 Forest Recreation and Trails, and \$512,700 Recreational Boating program. This item is an adjustment to increases included in FY 17.</p> <p>8. Capital Outlay. The Governor included additional funds for State and local boating facilities, East Tawas State Harbor, and wetland restoration and acquisition. Funding breakdown is \$4.3 million Michigan State Waterways Fund and \$1.5 million from waterfowl hunting license fees.</p> <p>9. State Archives - Public Infrastructure Records. The Governor included additional GF/GP to support 3.0 FTEs at the State Archives focused on making public infrastructure records available to the public on a long-term basis.</p> <p>10. Forest Fire Equipment. The Governor included additional GF/GP to replace aging wildfire equipment.</p> <p>11. Michigan Wildlife Council. The Governor included additional authorization for the Council to focus on promoting wildlife conservation. The Council is funded from a \$1 per license surcharge on hunting and fishing licenses.</p> <p>12. Wildlife Management - Increase Federal Funds. The Governor included additional Federal Pittman-Robertson funds Michigan is expected to receive due to increased firearm and ammunition sales.</p> <p>13. Oil, Gas, and Mineral Lease Compliance. The Governor included additional State Parks Endowment Fund revenue to hire 2.0 FTEs to ensure lessees remain compliant in their mineral leases.</p> <p>14. State Park Revenue Bonds - Debt Service Adjustment. The Governor included additional revenue to cover increased costs of servicing these bonds.</p> <p>15. MIRecGrants System Support. The Governor included additional Federal and restricted funds to support maintenance on the computer system used to manage the Department's recreation grant system.</p> <p>16. Remove FY 2016-17 Capital Outlay. The Governor removed prior-year capital outlay projects totaling \$842,100 and reduced other capital outlay appropriations including forest development infrastructure, State game and wildlife area maintenance, and State parks repair and maintenance by \$9.6 million.</p> <p>17. Reduce Over-Appropriated Funds. The Governor reduced appropriations from a number of funds to reflect available revenue.</p> <p>18. Remove FY 2016-17 Employee Lump Sum Payments. The Governor removed employee lump-sum payments made as part of labor negotiations for FY 2016-17.</p> <p>19. Remove FY 2016-17 One-Time Appropriations and Supplementals.</p> <p>20. Economic Adjustments. Includes a negative \$531,500 Gross and a negative \$92,200 GF/GP for OPEB and \$4,378,500 Gross and \$561,700 GF/GP for other economic adjustments.</p>	<p>817,500</p> <p>5,842,000</p> <p>565,100</p> <p>350,000</p> <p>500,000</p> <p>3,908,000</p> <p>304,600</p> <p>2,200</p> <p>63,500</p> <p>(10,442,100)</p> <p>(5,489,200)</p> <p>(1,481,800)</p> <p>(17,350,000)</p> <p>3,847,000</p> <hr/> <p>Total Changes.....</p> <hr/> <p>FY 2017-18 Governor's Recommendation.....</p> <hr/>
	<p>\$7,420,200</p> <p>\$416,374,300</p>

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Report Retention.** The Governor removed a requirement that reports be retained according to State and Federal laws. (Sec. 218)
2. **Waterways Projects Report.** The Governor removed a report on Michigan State Waterways projects completed in the previous fiscal year. (Sec. 219)

3. **Communication with the Legislature.** The Governor removed a prohibition against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 220)
4. **Invasive Species Grant Earmark.** The Governor removed a requirement that not less than \$3.6 million appropriated for invasive species prevention and control be allocated toward grants. (Sec. 251)
5. **Invasive Species Order - Swine.** The Governor removed a report on efforts and expenditures related to the enforcement of the invasive species order against swine. (Sec. 503)
6. **Cervid Operation Licensing Fees.** The Governor removed a report on the use of cervidae licensing and inspection fees as well as a requirement that those fees be used only for regulation of private cervid operations. (Sec. 504)
7. **Urban Deer Management Plan.** The Governor removed a section requiring the Department to develop an urban deer management plan and to use it as a basis for discussion on the issue with local units of government. (Sec. 505)
8. **Water Control Structure Certification.** The Governor removed a requirement that the Department not impede the certification process for water control structures on Michigan waterways. (Sec. 602)
9. **Increased Conservation Officers.** The Governor included a new section requiring that increased funds for law enforcement in the Department be used to hire ten new conservation officers and two new support staff. (Sec. 701 of Gov's Rec.)
10. **Grand River Waterway Study.** The Governor removed a section requiring the Department to work with the State Budget Office to establish work project status for funds included in the FY 2013-14 budget for an engineering study on the Grand River. (Sec. 706)
11. **Forest Management Investment.** The Governor removed language related to performance metrics for an increase in funding in the Forest Management Division that was included in the FY 2016-17 budget. (Sec. 808)
12. **Forest Fire Equipment.** The Governor removed language related to performance metrics for an increase in forest fire equipment replacement that was included in the FY 2016-17 budget. (Sec. 809)
13. **Snowmobile Law Enforcement Grants.** The Governor removed a section directing the Department to provide snowmobile law enforcement grants to counties from appropriations for that purpose. (Sec. 901)
14. **Marine Safety Grant Report.** The Governor removed a report on marine safety grants to county law enforcement. (Sec. 902)
15. **Forest Management Technology Enhancement.** The Governor removed language related to performance metrics for an increase in funding in the Forest Management Division for technology that was included in the FY 2016-17 budget. (Sec. 1201)
16. **Land Ownership Tracking System (LOTS) Replacement.** The Governor removed a section regarding the replacement of the LOTS system. (Sec. 1202)
17. **Invasive Species Program - Increase Interdepartmental Funding.** The Governor removed language on performance metrics for this FY 2016-17 one-time item. (Sec. 1203)
18. **Swimmer's Itch Pilot Program.** The Governor removed language related to FY 2016-17 one-time funding for a pilot program to combat swimmer's itch. (Sec. 1204)
19. **Wetland Mitigation Banking.** The Governor included a new section that establishes metrics for new funding for wetland mitigation banking. The stated goal is to facilitate an increase in credits available to 1,800. (Sec. 1201 of Gov's Rec.)
20. **Abandoned Mine Shaft Closures.** The Governor included a new section that established a goal of 50 closures for the new funds included in the budget for this purpose. (Sec. 1202 of Gov's Rec.)

Date Completed: 2-21-17

Fiscal Analyst: Josh Sefton

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 149 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	0.0	0.0
GROSS	14,161,842,100	14,302,088,800	140,246,700	1.0
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS.....	14,161,842,100	14,302,088,800	140,246,700	1.0
Less:				
Federal Funds.....	1,818,632,700	1,726,943,500	(91,689,200)	(5.0)
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING.....	12,343,209,400	12,575,145,300	231,935,900	1.9
Less:				
Other State Restricted Funds.....	12,124,309,400	12,360,145,300	235,835,900	1.9
GENERAL FUND/GENERAL PURPOSE.....	218,900,000	215,000,000	(3,900,000)	(1.8)
PAYMENTS TO LOCALS	12,181,929,700	12,411,741,800	229,812,100	1.9

FY 2016-17 Year-to-Date Gross Appropriation \$14,161,842,100

Changes from FY 2016-17 Year-to-Date:

- At Risk.** Governor proposed to include all districts in funding and broaden pupil eligibility to include reduced lunch, in addition to free lunch, and homeless and migrant students. 150,000,000
- Foundation Allowance.** Governor proposed to increase the foundation allowance between \$50 and \$100 per pupil, using the "2x" formula. New minimum foundation allowance would be \$7,611, and new basic foundation allowance would be \$8,279 per pupil. 128,000,000
- MPSERS UAAL Rate Cap Increase Due to Lower Assumed Rate of Return (AROR).** Governor proposed to increase the MPSERS unfunded actuarial accrued liabilities rate cap costs by \$90.9 million above what the costs otherwise would have been, due to the proposal to lower the AROR on investments in the school retirement system, from 8.0% to 7.5% over two years. 90,884,000
- MPSERS Normal Cost Increase Due to Lower AROR.** Governor proposed to use one-time revenue to hold schools harmless from the increase in normal costs due to the proposal to lower the AROR on investments in the school retirement system over two years. 48,969,000
- Per-Pupil Added Payment for High School Pupils.** Governor proposed an extra estimated \$50 per high school pupil to recognize the higher costs of educating high school students. 22,000,000
- CTE Equipment Upgrades.** Governor proposed to increase funding for equipment upgrades in career and technical education programs by \$16.8 million, to \$20.0 million total. 16,800,000
- Declining Enrollment.** Governor proposed a new categorical to provide additional funding to districts that have lost at least 5% of enrollment over the prior two years. 7,000,000

8. Educator Evaluations. Governor proposed the second of two years of funding for the training of personnel to complete educator evaluations.	7,000,000
9. School Drinking Water Tests. Governor transferred this program from the Department of Education budget to School Aid, to pay for tests of water at public and nonpublic schools.	4,500,000
10. Center for Educational Performance and Information (CEPI). Governor increased GF/GP funding to backfill Federal funds that had been supporting the Center via a work project, and which have now been expended.	4,000,000
11. Partnership Model Districts. Governor proposed a new program to assist districts identified to partner with other organizations to coordinate resources and improve student achievement. Eligible districts would include those with a building earning an "F" grade in the accountability system and meeting other eligibility criteria.	3,000,000
12. Intermediate District Early Literacy Coaches. Governor proposed doubling the funding for early literacy coaches at intermediate districts due to higher-than-anticipated costs.	3,000,000
13. Technology Regional Data Hubs. Governor proposed a new program to integrate local data systems based on common standards, with the goal to provide for actionable use of data by districts and intermediate districts through common reports and dashboards and for efficiently providing information to meet State and Federal reporting.	2,200,000
14. Comprehensive Science, Technology, Engineering, and Math (STEM) Grants. Governor increased funding for competitive STEM grants from \$1.0 million to \$3.0 million.	2,000,000
15. Year-Round Schools/Balanced Calendar. Governor proposed doubling the funding for year-round schools to expand to balanced calendar, from \$1.5 million to \$3.0 million.	1,500,000
16. Cybersecurity Competitions. Governor proposed a new program for grants to expand opportunities to improve computer science skills by participating in events hosted by Merit Network or the Air Force, with funding for coaches and registration and travel fees.	500,000
17. Integrated Behavior and Learning Support (MiBLSi). Governor proposed increasing this funding from \$1,125,000 to \$1,600,000 to continue implementing task for recommendations.	475,000
18. MPSERS Rate Cap Technical Cost Savings (w/o Change to AROR). In the absence of the proposed reduction in the AROR, there would have been savings in the categorical that pays the cost for the unfunded accrued liabilities above the rate cap of 20.96% of payroll.	(112,900,000)
19. Cap Funding for Shared-Time Programs. Governor proposed capping the amount of funding available for pupils in shared-time programs at \$60.0 million, a \$55.0 million reduction from the estimated FY 2016-17 spending level of \$115.0 million.	(55,000,000)
20. Technical Adjustments. Governor included technical savings in foundation allowance costs (\$45.0 million), special education (\$9.9 million), renaissance zone reimbursement (\$2.0 million), and school bond loan fund debt service (\$1.0 million), and included technical cost increases in cash flow borrowing (\$3.5 million), school breakfast (\$2.0 million), and promise zone reimbursement (\$0.5 million).	(51,900,000)
21. Federal Grants. Governor reduced Federal grant appropriation authority to align with projected grants to be received.	(91,689,200)
22. Cyber Schools' Foundation Allowance 20% Reduction. Governor reduced cyber schools' foundation allowances 20%, or roughly \$1,500 per pupil.	(16,000,000)

<p>23. Program Eliminations. Governor eliminated: computer adaptive tests (\$4.0 million), gang prevention and intervention (\$3.0 million), consolidation innovation (\$3.0 million), nonpublic schools reimbursement for mandates (\$2.5 million), student transition grants in dissolved districts (\$1.9 million), financial data analysis tools (\$1.5 million), online algebra tool (\$1.5 million), Michigan Education Corps (\$1.0 million), strict discipline academies (\$750,000), dropout recovery (\$750,000), competency-based transcript (\$500,000), Detroit Pre-college Engineering Program (\$340,000), Marshall's cooperative education grant (\$300,000), Van Buren ISD's partnership grant with its health department (\$250,000), 10 Cents a Meal (\$250,000), Science Olympiad (\$250,000), Van Andel Education Institute (\$250,000), kindergarten readiness assessment (\$185,000), early learning collaborative (\$175,000), conductive learning center study (\$150,000), and culinary education (\$79,000).</p>	<p>(22,589,000)</p>
<p>24. Flint Water Emergency. Governor reduced funding from \$10.1 million to \$8.7 million, and changed the fund source from GF/GP to School Aid Fund.</p>	<p>(1,412,500)</p>
<p>25. Youth ChalleNGe. Governor reduced funding from \$1.6 million to \$1.5 million.</p>	<p>(110,000)</p>
<p>26. College Readiness Outreach. Governor reduced funding from \$3.05 million to \$3.0 million by eliminating a \$50,000 earmark for outreach on dual enrollment programming.</p>	<p>(50,000)</p>
<p>27. Economic Adjustments. Includes \$69,400 Gross and \$42,800 GF/GP for economic adjustments.</p>	<p>69,400</p>
<p>Total Changes.....</p>	
	<p>\$140,246,700</p>
<p>FY 2017-18 Governor's Recommendation.....</p>	
	<p>\$14,302,088,800</p>

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Section 20m Calculations Rolled into Base.** Governor proposed to roll the majority of the estimated costs under Section 20m (the portion of the foundation allowance increase in FY 2016-17 that exceeded inflation) into the base funding for affected districts, to the extent allowed by the estimate for the inflation measure used in FY 2017-18. (Sections 20m and 22b)
2. **School Reform Office.** Governor proposed to broaden the list of sections for which a chief executive officer may operate in schools to include Sections 391(3), 507(6), 528(6), or 561(6) of the Revised School Code. (Sec. 21)
3. **Shared-Time Pupil Payments.** Governor removed payments for shared-time pupils from Sections 22a and 22b (foundation allowance sections) and into a new Section 23f. (Sections 22a, 22b, 23f)
4. **At Risk.** Governor broadened both the districts eligible for At Risk (to include all districts) and the pupils eligible (to include those who are "economically disadvantaged"). Economically disadvantaged would include students eligible for free or reduced-price meals, those whose families are receiving supplemental nutrition or TANF assistance, those who are homeless or migrant, and those who are in foster care. (Current law only counts students eligible for free meals.) In addition, Governor changed the payment calculation from 11.5% of a district's foundation allowance to 11.5% of the statewide average (with districts above the basic capped at the basic for this calculation). Also, Governor required districts to use the funds to address chronic absenteeism, ensuring that economically disadvantaged students do not score worse as a group than non-disadvantaged students on English language arts and math assessments, and ensuring that at least 65% of high school pupils take CTE, advanced placement, or international baccalaureate classes. Other language changes would allow districts to use up to 5% for professional development on multi-tiered systems of supports, would require MDE to calculate reports on the top 30%/bottom 30% of math and English language arts exams, and would replace the formula triggered for mandatory spending in certain categories with a different process and metrics. (Sec. 31a)
5. **Great Start Readiness Program (GSRP).** Governor included GSRP workgroup recommendations that change the source of data for estimating need in each intermediate district, that require a calculation of statewide unmet need, and that would direct any additional funds to ISDs whose percentage served was less than the statewide average. Governor removed language allowing ISDs to offer services to children in families whose income was at or below 300% of the Federal poverty level (FPL) if there was no waiting list for kids served at 250% of FPL. Included language providing that funding to each ISD is the lesser of the previous number of children served or capacity. (Sections 32d and 39)

6. **Early Literacy.** Governor removed language capping the number of years allowed for funding of professional development and grants to administer diagnostic tools in early literacy programs. (Sec. 35a(2) and (3))
7. **Career and Technical Education (CTE).** Governor made slight changes to the calculation of average CTE costs for the purpose of reimbursing districts, and removed legislative intent language to reimburse districts with early/middle college programs for the added costs of providing both a high school diploma and postsecondary degree or certificate. (Section 61a)
8. **CTE Equipment Upgrades.** Governor increased funding and restructured the formulaic program to be a competitive grant program, with grants at least \$250,000 and up to \$1,000,000. Included language prescribing what would be required to be included in each grant application for equipment upgrades. (Sec. 61c)
9. **Educator Evaluations.** Governor added language specifying that local activities funded under the section may include training for evaluators and observers, professional learning for teachers, principals, and other school leaders, and the purchase of licenses, technology, and other materials to fully implement locally-chosen evaluation tools. (Sec. 95a)
10. **Michigan Virtual University.** Governor added an earmark of up to \$500,000 of existing funding to support the expansion of new online and blended educator professional development programs working with MAISA. (Sec. 98)
11. **Math and Science Education.** Governor restructured funding for the 33 existing math and science centers, replacing them with a network of ten regional MiSTEM centers aligned with prosperity regions. (Sec. 99s)
12. **Assessments.** Governor required the Department to collaborate with CEPI to develop or select an online reporting tool for student-level assessment data. Also required the Department to begin the development and piloting of English language arts and math tests for statewide benchmark assessments three times a year. (Sections 104 and 104c)

Date Completed: 2-14-17

Fiscal Analyst: Kathryn Summers



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 142 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,587.0	1,608.0	21.0	1.3
GROSS	248,315,600	249,358,500	1,042,900	0.4
Less:				
Interdepartmental Grants Received	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS	228,315,600	229,358,500	1,042,900	0.5
Less:				
Federal Funds	1,460,000	1,460,000	0	0.0
Local and Private	100	50,100	50,000	50,000.0
TOTAL STATE SPENDING	226,855,500	227,848,400	992,900	0.4
Less:				
Other State Restricted Funds	204,745,900	205,709,400	963,500	0.5
GENERAL FUND/GENERAL PURPOSE	22,109,600	22,139,000	29,400	0.1
PAYMENTS TO LOCALS	1,211,300	1,215,900	4,600	0.4

FY 2016-17 Year-to-Date Gross Appropriation **\$248,315,600**

Changes from FY 2016-17 Year-to-Date:

1. **Removal of FY 2016-17 Supplemental Funding.** Public Act 340 of 2016 provided additional funding to allow certain Sect. of State branch offices to assist with redeeming winning lottery tickets in the UP by serving as Lottery Claim Centers to process winning tickets valued between \$600 and \$50,000. (300,000)
2. **Removal of FY 2016-17 One-Time Appropriation.** Removed GF/GP funding of \$5.0 million provided for voting machine replacements. (5,000,000)
3. **Lottery Assistance in the Upper Peninsula.** New restricted funding and 10.0 FTEs to allow certain SOS branch offices to assist with redeeming winning lottery tickets in the UP by serving as Lottery Claim Centers to process winning tickets valued between \$600 and \$50,000. Funding was provided in the Branch Operations line item which totals \$87.9 million for FY 2017-18. 1,015,800
4. **Credit Card Service Fees.** Increased restricted fund authorization level to provide for the anticipated increase in credit card activity at branch offices and self-service terminals that will result in the collection of additional fees for use of credit cards. Total funding for FY 2017-18 for the Credit Card Assessments line item was increased to \$8.0 million. 2,000,000
5. **Office of Investigative Services Expansion.** Added GF/GP funding and 11.0 FTEs to enhance consumer protection aimed at fraud prevention and detection by increasing regulatory enforcement of vehicle repair facilities and mechanics. Funding is provided in the Legal Services Operations line item totaling \$14.9 million for FY 2017-18. 1,420,400
6. **Information Technology Increase.** Increased restricted (TACF) funding necessary to maintain current level of online support. Total funding for IT for FY 2017-18 is \$37.5 million. 1,000,000

7. Mi-Time Line Expansion. Increased GF/GP funding will allow for the expansion of this program to allow customers to virtually wait in line by use of a mobile application. Currently this service is available in 30 branch offices across the State. This additional funding will allow 20 more branches to make this technology available to customers. Funding was provided in the Branch Operations line item which totals \$87.9 million for FY 2017-18.	400,000
8. Removal of FY 2016-17 Lump Sum Payments. Removed funding for the 1.5% lump sum payments received by all State classified employees as part of negotiated contracts for FY 2016-17.	(982,000)
9. Technical Reduction. Various lines are adjusted to align funding sources with actual expenditures.	(1,078,700)
10. Funding Shift. The budget included a shift from restricted funds to GF/GP funds totaling \$3.0 million due to decreased fee collections. The result is a net zero on the budget, however, GF/GP funding is increased by \$3.0 million while restricted funding is reduced accordingly.	0
11. Unclassified Salaries. Increased funding by \$18,900 for total funding of \$647,700 for FY 2017-18.	18,900
12. Economic Adjustments. Includes \$2,548,500 Gross and \$244,200 GF/GP.	2,548,500
Total Changes.....	\$1,042,900
FY 2017-18 Governor's Recommendation.....	\$249,358,500

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Boilerplate Structure. Governor:** Moved boilerplate from the FY 2016-17 general sections that applied to all General Government budgets to the Article for the Department of State. Changes to those items can be found in the highlight sheet for the **General Sections**.
2. **Commemorative/Specialty Plates.** Provides for and limits expenditures from commemorative and specialty license plate fee revenue to administration of the program. Revenues in excess of appropriations shall remain in the Transportation Administration Collection Fund for future appropriations. **Governor:** Deleted. (Current Law Sec. 710)
3. **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)
4. **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)
5. **ATM Commission Fees.** Allows the Department to collect a commission fee from companies providing ATM machines in branch offices. The fees received shall be deposited in the TACF. **Governor:** Deleted. (Current Law Sec. 721)
6. **Legacy Cost Estimates.** Total legacy costs are estimated at \$31,874,100. Of the total, pension-related legacy costs are estimated at \$17,673,400 and retiree health care legacy costs are estimated at \$14,200,700 for fiscal year ending September 30, 2017. **Governor:** Provided the following Legacy Costs estimates for FY 2018: Total legacy costs estimated at \$31,170,200. Of that total, \$16,040,400 are for pension-related legacy costs and \$15,129,800 are for retiree health care legacy costs for the fiscal year ending September 30, 2018. (Sec. 725)

Date Completed: 2-15-17

Fiscal Analyst: Joe Carrasco, Jr.

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
Fax: (517) 373-1986

Senate Bill 145 (as introduced 2-9-17)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	3,226.0	3,437.0	211.0	6.5
GROSS	649,476,100	693,588,900	44,112,800	6.8
Less:				
Interdepartmental Grants Received	26,580,400	26,221,600	(358,800)	(1.3)
ADJUSTED GROSS	622,895,700	667,367,300	44,471,600	7.1
Less:				
Federal Funds.....	87,967,800	83,662,500	(4,305,300)	(4.9)
Local and Private	5,906,600	6,013,300	106,700	1.8
TOTAL STATE SPENDING	529,021,300	577,691,500	48,670,200	9.2
Less:				
Other State Restricted Funds.....	123,858,500	135,423,700	11,565,200	9.3
GENERAL FUND/GENERAL PURPOSE	405,162,800	442,267,800	37,105,000	9.2
PAYMENTS TO LOCALS	17,198,900	14,113,200	(3,085,700)	(17.9)

FY 2016-17 Year-to-Date Gross Appropriation \$649,476,100

Changes from FY 2016-17 Year-to-Date:

- Trooper School.** Governor recommended funding of \$9,224,000 GF/GP (\$2,977,100 ongoing and \$6,246,900 one-time) for a new trooper school to begin in June, 2018 to graduate 100 troopers to increase overall departmental enlisted strength to 2,072. 9,224,000
- Recruit School Second-Year Costs.** Governor recommended \$6,382,900 GF/GP in additional funds to reflect FY 2017-18 full second-year costs in salary, benefits, CSS&M, and fleet costs for the FY 2016-17 trooper school graduates. 6,382,900
- Medical Marijuana Regulation and Licensing.** Governor recommended 48.0 FTEs and \$8,775,700 from the Medical Marijuana Fund per PA 281 of 2016 to support \$4,299,500 and 30.0 FTEs in Investigative Services, \$874,500 and 8.0 FTEs in Forensic Science, \$309,200 and 3.0 FTEs in Intelligence Operations, \$709,200 and 7.0 FTEs in Commercial Vehicle Enforcement and Inspections, and \$2,583,300 in departmental rent and fleet leasing costs. 8,775,700
- Forensic Science Enhancement - On going.** Governor recommended 14.0 FTEs and \$1,840,000 GF/GP for laboratory services, including 10.0 FTEs to work with controlled substances caseloads and 4.0 FTEs for firearms cases. 1,840,000
- Forensic Science Enhancement - One-time.** Governor recommended \$730,000 GF/GP in one-time funding for the support of biological casework. 730,000
- Forensic Science Testing Supplies.** Governor recommended \$844,700 GF/GP for lab testing supplies including \$444,000 for general forensic testing supplies and consumables and \$400,700 for DNA needs. 844,700

7. Computer Crimes Unit Expansion. Governor recommended 8.0 FTEs and \$1,480,300 GF/GP to increase capacity of unit to prevent, detect and investigate cybercrimes.	1,480,300
8. Disaster and Emergency Contingency Fund. Governor recommended a one-time replenishment of \$10.0 million GF/GP appropriated to the fund to meet statutory cap amount.	10,000,000
9. Emergency Management. Governor recommended 7.0 FTEs and \$978,900 GF/GP to expand readiness and response capabilities in event of disasters.	978,900
10. Equipment Lifecycle Replacement. Governor recommended \$1,484,000 GF/GP for lifecycle equipment replacement, including \$1.0 million in one-time appropriations for Secure Cities program which includes in-car cameras and \$484,000 in ongoing appropriations to support replacement of department ballistic vests and tasers.	1,484,000
11. Fair and Impartial Policing Grants. Governor recommended \$1.0 million GF/GP in one-time appropriations for training grants to law enforcement agencies, including the State Police.	1,000,000
12. Law Enforcement Officer Job Task Analysis. Governor recommended \$200,000 GF/GP in one-time appropriations for the Michigan Commission on Law Enforcement Standards (MCOLES) to do a job task analysis to identify the essential skills and abilities for core law enforcement positions.	200,000
13. OK2SAY Hotline Expansion. Governor recommended 6.0 FTEs and \$608,300 GF/GP for the operation of the student safety hotline.	608,300
14. Sexual Assault Prevention and Education Initiative. Governor recommended an increase of \$100,000 GF/GP to the grant program to make the higher education initiative a one-time appropriation of \$600,000 GF/GP for FY 2017-18.	100,000
15. Marihuana Excise Tax Funding. Governor recommended \$660,000 in Medical Marihuana Excise Tax revenue per PA 281 of 2016 to provide \$330,000 to the (MCOLES) for training to local agencies and \$330,000 to the State Police for training and equipment.	660,000
16. FY 2016-17 Trooper School Costs. Governor recommended the elimination of a one-time appropriation of \$3.2 million GF/GP for FY 2016-17 trooper school costs.	(3,200,000)
17. Advanced 9-1-1. Governor recommended the elimination of a one-time appropriation of \$2,200,000 GF/GP to establish advanced 9-1-1 services statewide.	(2,200,000)
18. School Safety Initiative Grants. Governor recommended the elimination of a one-time appropriation of \$2.0 million GF/GP for school safety grants.	(2,000,000)
19. Michigan International Speedway (MIS) Traffic Control. Governor recommended the elimination of an \$800,000 GF/GP grant to support traffic control at the MIS.	(800,000)
20. MCOLES Funding Adjustment. Governor recommended \$521,200 GF/GP to supplant Secondary Road Patrol and Training Funds per PA 289 of 2016, which had been used for administrative purposes. A technical adjustment also reduced the level of training fund support by \$153,200 to equal expected receipt of funds.	368,000
21. State Services Fee Fund. Governor recommended the supplanting of \$4.0 million in State Services Fee Funds with \$4.0 million GF/GP revenue to phase out the use of those restricted funds.	0
22. Other Changes. Governor recommended technical adjustments to align authorization to reflect actual revenues.	(6,060,300)
23. Unclassified Salaries. Economic adjustment.	18,200
24. Economic Adjustments. Governor recommendation includes \$13,678,100 Gross and \$10,614,100 GF/GP for economic adjustments.	13,678,100
Total Changes	\$44,112,800
FY 2017-18 Governor's Recommendation	\$693,588,900

Boilerplate Changes from FY 2016-17 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 which was shifted to Sec. 215 for FY 2016-17. (Sec. 204a)
3. **Disciplinary Action.** Governor eliminated language prohibiting action against employee who communicates with Legislature. (Sec. 215)
4. **List of Core Services.** Governor amended list of departmental core services by updating other titles to conform to Part 1 appropriations. (Sec. 222)
5. **Post Closures.** Governor struck boilerplate section requiring prior legislative notice of MSP post closures. (Sec. 222)
6. **Privatization Notice.** Governor struck boilerplate section requiring prior legislative notice of MSP privatization plans. (Sec. 223)
7. **Contractual and Reimbursed Services Revenue.** Governor added two subsections which allow for receipt and expenditure of revenue for contractual and reimbursed services and provide that such an allowance would be in accordance with SIGMA procedures. (Sec. 226)
8. **Federal Revenues.** Governor added a subsection to section allowing for the receipt and expenditure of federal funds which would make such an allowance in accordance to SIGMA procedures. (Sec. 241)
9. **Training.** Governor modified language requiring the development and delivery of training to support law enforcement. (Sec. 401)
10. **Criminal Justice Information Systems.** Governor deleted requirement to provide detailed report on concealed pistol licensing. (Sec. 402)
11. **Forensic Testing.** Governor updated language referencing accreditation boards, removed date for when 30-day average turnaround time should be met, deleted alleged duplicative section and moved certain language requiring DNA protocol notices to biometrics section. (Sec. 403)
12. **Biometric Testing.** Governor shifted DNA protocol notification language from Sec. 403 to Sec. 404. (Sec. 404)
13. **Sexual Assault Kit Analysis.** Governor changed required report to Legislature date from October 31 to December 1. (Sec. 405)
14. **Traffic Enforcement.** Governor increased metric requiring a minimum of 400,000 hours of traffic enforcement to 455,200. (Sec. 601)
15. **Intelligence Operations.** Governor kept intelligence operations language from existing Sec. 701 for specialized services and increase metric requiring an increase of cyber crimes unit cases completed compared to FY 2014-15 from 20% to 40% for FY 2017-18 and added a goal of decreasing backlogs of digital forensic analysis cases until a 60-day turnaround is maintained. (Sec. 701)
16. **Specialized Services.** Governor pulled specialized services language from Sec. 701 and placed it in Sec. 702. (Sec. 702)
17. **Emergency Management.** Governor updated language to reflect SIGMA procedures and increase metric requirement of providing three training sessions to enhance safe response to natural or manmade disasters to requiring four. (Sec. 704)
18. **Secondary Road Patrol Grant Program.** Governor amended language by removing quarterly report requirement. (Sec. 706)
19. **School Safety Initiative Grant Program.** Governor eliminated section relating to guidelines for FY 2016-17 one-time appropriation. (Sec. 901)
20. **Advanced 9-1-1 Project.** Governor eliminated section relating to guidelines for FY 2016-17 one-time appropriation. (Sec. 903)
21. **Budget Year Two Funding.** Governor struck language providing guidelines for year two appropriations. (Sec. 1201)

Date Completed: 2-21-17

Fiscal Analyst: Bruce Baker

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 142 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,609.0	1,609.0	0.0	0.0
GROSS	1,149,114,300	1,143,324,800	(5,789,500)	(0.5)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,149,114,300	1,143,324,800	(5,789,500)	(0.5)
Less:				
Federal Funds	768,144,800	762,144,800	(6,000,000)	(0.8)
Local and Private	6,119,000	6,120,900	1,900	0.0
TOTAL STATE SPENDING	374,850,500	375,059,100	208,600	0.1
Less:				
Other State Restricted Funds	192,341,600	181,556,700	(10,784,900)	(5.6)
GENERAL FUND/GENERAL PURPOSE	182,508,900	193,502,400	10,993,500	6.0
PAYMENTS TO LOCALS	11,224,800	34,300,000	23,075,200	205.6

FY 2016-17 Year-to-Date Gross Appropriation **\$1,149,114,300**

Changes from FY 2016-17 Year-to-Date:

- Business Attraction and Community Revitalization.** The Governor increased Business Attraction and Community Revitalization by \$10.0 million. Of the total increase, there was a \$14.0 million increase in ongoing appropriations and a \$4.0 million decrease in one-time appropriations. This brings total appropriations to \$125.5 million Gross, \$103.9 million GF/GP and \$21.6 million in 21st Century Jobs Trust Fund dollars. 10,000,000
- Going Pro.** The Governor increased the Going Pro program, which is renamed from the Skilled Trades Training Program. The increase was all included as one-time appropriations. This brings total Going Pro appropriations to \$40.9 million, \$25.6 million in penalties and interest revenue from the Michigan employment security contingent fund, and \$15.3 million GF/GP. 10,000,000
- Talent Marketing.** The Governor included this new program which is focused on attracting out-of-state talent to Michigan. The appropriation is all supported by GF/GP. 5,000,000
- Project Rising Tide.** The Governor included this program began in the MEDC corporate budget to provide technical assistance to rural communities that work through the process of the Redevelopment Ready Certification program. The \$2.0 million in GF/GP would allow the program to expand beyond the 10 initial communities that are currently in the program. 2,000,000
- Arts and Cultural Grants.** The Governor increased Arts and Culture Grants by \$1.0 million GF/GP in one-time appropriations due to a growing number of applications for arts and culture grants that far exceed current appropriations. This brings total appropriation to \$11,150,000 Gross, \$10.0 million GF/GP. 1,000,000

6. Removal of FY 2016-17 One-Time Appropriations and Supplemental. The Governor removed FY 2016-17 one time and supplemental appropriations. Of the total, \$14,120,000 in GF/GP was the year-end total for special grants, \$8,778,500 in Federal and restricted funds was for the Statewide Data Systems Integration, and \$1.0 million GF/GP was the year-end total for Sustainability Employment Pilot Program.	(23,898,500)
7. Technical Adjustments. The Governor included a \$7.1 million reduction in MSHDA Fees and Charges with the remaining technical adjustments being the lump sum payment removal and adjustments to the fund sources of the economic adjustments.	(9,091,900)
8. Protect and Grow. The Governor reduced the one-time protect and grow funding by \$2.0 million with \$1.0 million remaining for FY 2017-18. This funding is focused on retaining and growing the defense industry in Michigan.	(2,000,000)
9. TANF Reduction. The Governor included a \$1.2 million reduction in TANF dollars, bringing total TANF dollars in TED to \$63.7 million.	(1,200,000)
10. FTE Transfer. The Governor moved 7.0 FTEs and their corresponding funding from the UIA and 5.0 from Workforce Program Administration, to TIA executive direction (7.0), MSF Administrative Services (3.0), and TED executive direction and operations (2.0).	0
11. Economic Adjustments. Economic increase of \$2,400,900 Gross and \$217,800 GF/GP.	2,400,900
Total Changes.....	(\$5,789,500)
FY 2017-18 Governor's Recommendation.....	\$1,143,324,800

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Deleted Reports.** The Governor deleted a number of reports, which include: 990 (Michigan State Housing Development Authority production goal report), 1007 (Michigan Strategic Fund and Michigan Economic Development Corporation report), 1010 (Jobs for Michigan Investment Fund report), 1033 (Michigan Film and Media Office activity report), 1076 (Unemployment Insurance Agency quarterly report on implementing the integrated systems project), 1077 (Unemployment Insurance agency quarterly report on the usage of the Internal Web portal).
2. **Other Deleted Sections.** The Governor deleted a number of other sections, which include 1041 (limits the amount that can be transferred to Business Attraction and Community Development to no more than 60% before April 1), 1046 (Special Grants), 1081 (Statewide System for data Integration one-time appropriations), and 1083 (Sustainable Employment Pilot one-time appropriations).
3. **Modified Sections.** The Governor modified a number of sections including 1005 (removing private revenue from the Pure Michigan report), 1035 (Allowing Arts and Culture grant funding to be used for administration of the program), 1042 (simplifies Business Attraction quarterly report to 'all previous appropriations' from listing all the various previous work project appropriations), 1061 (Includes 'apprenticeship awareness' as one of the focuses of the Youth Entrepreneurship grants), 1065 (name change from 'Skilled Trades Training Program' to 'Going Pro' and moving the quarterly report to an annual report due Feb. 15), and 1066 (name change to 'Going Pro' and focus on addressing 'in-demand talent needs in Michigan' from 'employees of Michigan Businesses').
4. **New One-Time Appropriations Metric Sections.** The Governor included a number new sections that include benchmark metric specifications for new appropriations, which include: 1050 (Business attraction and community Development one-time appropriations), 1051 (Talent Marketing one-time appropriations), 1052 (Rising Tide one-time appropriations), 1053 (Arts and Culture Grant one-time appropriations), 1054 (Protect and Grow one-time appropriations), and 1084 (Going Pro one-time appropriations).
5. **Technical Modifications.** The Governor made a number of technical adjustments to reflect date changes, Part 1 appropriations totals, legacy costs estimates, and standardizing language. (Secs. 980 & 981)

Date Completed: 3-27-17

Fiscal Analyst: Cory Savino

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 142 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,877.0	2,937.0	60.0	2.1
GROSS	1,383,725,700	1,405,543,900	21,818,200	1.6
Less:				
Interdepartmental Grants Received	694,054,100	713,959,000	19,904,900	2.9
ADJUSTED GROSS	689,671,600	691,584,900	1,913,300	0.3
Less:				
Federal Funds	4,958,200	4,985,300	27,100	0.5
Local and Private	2,320,000	2,444,400	124,400	5.4
TOTAL STATE SPENDING	682,393,400	684,155,200	1,761,800	0.3
Less:				
Other State Restricted Funds	114,340,800	111,399,300	(2,941,500)	(2.6)
GENERAL FUND/GENERAL PURPOSE	568,052,600	572,755,900	4,703,300	0.8
PAYMENTS TO LOCALS	0	2,500,000	2,500,000	--

FY 2016-17 Year-to-Date Gross Appropriation \$1,383,725,700

Changes from FY 2016-17 Year-to-Date:

- 1. Removal of FY 2016-17 Supplemental Funding.** Public Act 340 of 2016 provided additional funding for three programs: \$500,000 to pay survivor benefits of public safety officers killed in the line of duty; \$10.0 million for deposit into the Drinking Water Declaration of Emergency Reserve Fund ; and \$72.0 million to for final debt payment for the Venture Michigan I. (82,534,000)
- 2. Removal of FY 2016-17 One-Time Appropriations. Governor:** Removed a total of \$14.2 million (\$11.4 million GF/GP) of the following one-time funding provided in the FY 2016-17 budget: Legal Services (\$5.0 million); IT Investment Fund (\$4.5 million); Office of Retirement Services (\$2.85 million); Enterprisewide Special Maintenance (\$1.6 million); and Special Projects (\$250,000). (14,200,900)
- 3. Citizen Centric Government Project.** Provided new GF/GP funding to allow citizens to interact with the State of Michigan programs and services through the use of individualized online portals, key high-value system integrations, and new mobile applications allowing access to resources on a 24/7 basis. 1,000,000
- 4. Labor Market Information Population and Labor Force Projections.** Provided new GF/GP funding and 2.0 FTEs to produce population projections for the State in total and all individual counties. 268,300
- 5. Michigan Master Computing Contract.** Provided restricted funding and 3.0 FTEs for this new program that redefines the IT procurement process. 373,500

<p>6. Cyber Security Improvements. Additional GF/GP funding was provided for third year of a multi-year program to enhance cyber security program. Total FY 2017-18 funding for Homeland and Cyber Security is \$16.2 million.</p>	<p>3,044,600</p>
<p>7. SIGMA-Permanent Organizational Structure. Increased funding by a total of \$14.9 million (\$12.3 million GF/GP) and added 26.0 FTEs in the Budget and Financial Management line item to provide ongoing SIGMA operations, contractual services, and continued improvements related to SIGMA. Funding for Budget and Financial Management totals \$38.8 million for FY 2017-18.</p>	<p>14,880,600</p>
<p>8. MiPage-Mobile Center of Excellence Permanent Operating Support. Provided additional GF/GP funding for continued support of the State's mobility efforts. Total funding in FY 2017-18 for the Enterprise Identity Management line item is \$9.3 million.</p>	<p>1,587,000</p>
<p>9. Office of Performance and Transformation. Provided additional GF/GP funding for the <i>Socrata</i> transparency website. This office was transferred to DTMB via Executive Order 2016-4 and is responsible for the systematic review and coordination of the State's regulatory, business, and customer service environments. This item also is funded in the Budget and Financial Services unit, funded at \$38.8 million for FY 2017-18.</p>	<p>500,000</p>
<p>10. School Reform Office. Additional GF/GP funding provided for three programs: \$280,000 for the Partnership with Enroll Detroit to assist families transforming to new schools; \$252,000 and 2.0 FTEs to support a pilot program that measures deferred maintenance costs to replacement value of priority schools; and \$250,000 to support student and parent surveys for accountability measurement. Funding for the School Reform Office totals \$3.1 million for FY 2017-18.</p>	<p>782,000</p>
<p>11. Accounting Services for Grand Rapids Veterans Home. Increased IDG funding and added 8.0 FTEs for costs associated with providing accounting services to the GR Veterans Home.</p>	<p>1,206,300</p>
<p>12. Information Technology (IT) - Alignment of IDG Funding. Governor: Aligned its IDG funding with enacted FY 2016-17 appropriations for all departments.</p>	<p>23,296,300</p>
<p>13. Removal of FY 216-17 Lump Sum Payments. Removed funding for the 1.5% lump sum payments received by all State classified employees as part of negotiated contracts for FY 2016-17.</p>	<p>(2,848,200)</p>
<p>14. SIGMA Reduction. The budget included reductions in two IT line items to offset the costs of the program increase for the SIGMA Permanent Organizational Structure program in the Budget and Financial Management line item (described above). The reductions included \$6,321,000 (all IDG funding) in the Technology Services line item and another \$6,321,000 (\$3.8 million GF/GP) in the Information Technology line item.</p>	<p>(12,642,000)</p>
<p>15. Transfer of Office of Urban Initiatives. All GF/GP funding and 5.0 FTEs were transferred to the Executive Office.</p>	<p>(1,012,200)</p>
<p>16. One-Time Items. The budget included ten one-time items totaling \$80.9 million in GF/GP appropriations. Items included: \$25.0 million for deposit into the Drinking Water Declaration of Emergency Reserve Fund; \$20.0 million for deposit into the Michigan Infrastructure Fund; \$9.1 million for the migration of 131 Michigan.gov items to new portal; \$7.5 for IT Investment Fund projects; \$5.5 million for the Citizen Centric Government IT project (described above); \$5.0 million for the continued replacement of the Michigan Public Safety Communications System; \$4.5 million for the SIGMA Permanent Organizational Structure; \$4.0 million for Cyber Security; \$353,000 for the School Reform Office for the PERIS program to allow priority schools to automate the submission of data; and \$700 for seven \$100 placeholders for planning grants for three university projects, two community college projects, and two State agency projects.</p>	<p>80,938,800</p>

17. Other Changes. The budget included 2.0 FTEs and adjustments to several items in the budget totaling \$478,800. Changes include: \$380,000 for administrative costs for the Michigan Military Retirement System; \$137,900 and 1.0 FTE for the State Police Cyber Crimes Unit; \$127,700 and 1.0 FTE for the Office of Financial Management to administer MEDC's payroll; \$27,000 for the MSP Retirement System; and a negative \$193,800 for SWCAP adjustments.	478,800
18. Unclassified Salaries. Increased funding by \$30,100 for total funding of \$1,031,750 for FY 2017-18.	30,100
19. Economic Adjustments. Includes \$6,669,200 Gross and \$1,633,100 GF/GP.	6,669,200
Total Changes.....	\$21,818,200
FY 2017-18 Governor's Recommendation.....	\$1,405,543,900

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2016-17 general sections that applied to all General Government budgets to the Article for the Department of Technology, Management, and Budget. Changes to those items can be found in the highlight sheet for the **General Sections**.
2. **MAIN Charges.** Language states that MAIN shall be funded by charges against State funds that benefit from the use of MAIN. **Governor:** Modified language to include SIGMA as additional recipient of the funds as the State transitions from MAIN to SIGMA. (Sec. 807)
3. **Request for Proposals Website.** Requires DTMB to maintain an Internet website that contains notice of all invitations to bid and requests for proposals over \$50,000. Prohibits the Department from accepting a bid or proposal less than 14 days after the request was made available on the website. (Sec. 810)
4. **Privatization RFP Factors.** Language stipulates that DTMB shall include factors that will be used to evaluate and determine price related to requests for proposals issued for the purpose of privatization. **Governor:** Deleted. (Current Law Sec. 816)
5. **Space Consolidation.** Requires the Department to develop a plan regarding the use of space consolidation funds and report annually to the Legislature. **Governor:** Deleted as project has been completed. (Current Law Sec. 821)
6. **Legacy Cost Estimates.** Total legacy costs are estimated at \$78,962,000. Of the total, pension-related legacy costs are estimated at \$43,795,600 and retiree health care legacy costs are estimated at \$35,166,400 for fiscal year ending September 30, 2017. **Governor:** Provided the following Legacy Costs estimates for FY 2018: Total legacy costs estimated at \$84,145,300. Of that total, \$43,301,700 are for pension-related legacy costs and \$40,843,600 are for retiree health care legacy costs for the fiscal year ending September 30, 2018. (Sec. 822e)
7. **Report for Office of Urban Initiatives.** Requires a report by April 15 to the Legislature, the State Budget Director, and the fiscal agencies on the expenditures for the office of urban initiatives. The report shall provide information detailing the economic impact and job growth initiatives for each urban and metropolitan area receiving funds under Part 1. **Governor:** Deleted as Office is transferred to the Executive Office. (Current Law Sec. 822h)
8. **Office of Good Government.** Language states that the funds appropriated in Part 1 shall be used to expand the Office and to broaden the office's support of transformative good government initiatives. **Governor:** Deleted. (Current Law Sec. 822j)
9. **Hawthorn Center Appraisal.** Language requires DTMB to work with the Department of Health and Human Services on an appraisal of state-owned lands and buildings at the Hawthorn Center Psychiatric Hospital Facility for Children and Adolescents. The Department also must create a proposal for possible replacement of the facility and submit the appraisal and proposal to the legislature by March 1, 2017. **Governor:** Deleted. (Current Law Sec. 822k)
10. **Tracking Performance of Vendors.** Language states that the Department shall establish a system that collaborates with other departments to track the performance of vendors who are awarded contracts through the procurement process. **Governor:** Deleted. (Current Law Sec. 822m)

11. **Placement of all Contract Proposals on Department Website.** Language requires the Department to establish a publically accessible portal on the Department's website that displays all contract proposals for all State departments and agencies. **Governor:** Deleted. (Current Law Sec. 822n)
12. **Spatial Information/Technical Services.** Allows Department to enter into agreements to supply spatial information and technical services to other departments, local units of government, and organizations. Includes annual reporting requirement regarding receipt and expenditure of funds under this section. **Governor:** Deleted reporting requirement. (Sec. 824)
13. **MAIN Access.** Provides for access to all historical and current data contained within MAIN for the Legislature and State departments. **Governor:** Adds "or its successor" due to MAIN being replaced by SIGMA. (Sec. 825)
14. **Modernization of State IT Systems.** Language states that the increased funding shall be used to modernize the State's IT systems and integrate State system interfaces to improve customer service. **Governor:** Deleted. (Current Law Sec. 836)
15. **NEW. Cyber Security Use of Funding.** **Governor:** Added new language specifying metrics to be measured regarding cyber security. (**NEW** Sec. 836)
16. **Cyber Security System Improvements.** Language states that the increased funding for cyber security shall be used to increase cyber security by developing a comprehensive security framework. **Governor:** Deleted. (Current Law Sec. 837)
17. **NEW. Citizen Centric Government.** **Governor:** Added new language specifying metrics to be measured regarding MiLogin and MiPage. (**NEW** Sec. 837)
18. **Enterprise Identity Management (MiLogin).** Language states that the funds for the enterprise identity management program shall be used to expand the enterprise identity management program to provide an enterprisewide single sign-on and identity management tool. **Governor:** Deleted. (Current Law Sec. 838)
19. **NEW. MiPage Mobile Center of Excellence.** **Governor:** Added new language specifying metrics to be measured regarding the MiPage Mobile Center of Excellence. (**NEW** Sec. 838)
20. **Office of Retirement Services.** Language requires the increased funding to be used for expanding the Office's IT capability so as to provide a 90% customer contact satisfaction level. **Governor:** Deleted. (Current Law Sec. 839)
21. **NEW. Caro Center Replacement.** **Governor:** Added new language stating that the planning authorization for the Caro Center's scope is changed from the initial plan to modernize the Center to now building a new psychiatric hospital in its place. (**NEW** Sec. 868)
22. **NEW. Drinking Water Declaration of Emergency Reserve Fund.** **Governor:** Added new language creating the Reserve Fund. Language also requires the deposit of \$25.0 million into the fund in FY 2017-18, states that funds cannot be spent until appropriated by the Legislature, requires all interest earnings by the Reserve Fund to be deposited in the general fund, and states that any funds remaining in the Reserve Fund at the end of the fiscal year shall remain in the Reserve Fund and not lapse to the general fund. (**NEW** Sec. 900)
23. **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: 822, 822d, 827(4) (the current law report), 828, 829, 830, 831, 832, 860(e), (f), and (g) and 862. The majority of these sections required the Department to provide either reports or notifications to the Legislature.

Date Completed: 2-15-17

Fiscal Analyst: Joe Carrasco, Jr.

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-2768
Fax: (517) 373-1986

Senate Bill 148 (as introduced)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,912.3	2,912.3	0.0	0.0
GROSS	4,115,753,600	4,347,443,000	231,689,400	5.6
Less:				
Interdepartmental Grants Received	4,013,400	4,039,300	25,900	0.6
ADJUSTED GROSS	4,111,740,200	4,343,403,700	231,663,500	5.6
Less:				
Federal Funds	1,314,744,000	1,340,301,200	25,557,200	1.9
Local and Private	50,518,500	50,632,000	113,500	0.2
TOTAL STATE SPENDING	2,746,477,700	2,952,470,500	205,992,800	7.5
Less:				
Other State Restricted Funds	2,736,727,700	2,952,470,500	215,742,800	7.9
GENERAL FUND/GENERAL PURPOSE	9,750,000	0	(9,750,000)	(100.0)
PAYMENTS TO LOCALS	1,587,185,200	1,716,980,300	129,795,100	8.2

FY 2016-17 Year-to-Date Gross Appropriation \$4,115,753,600

Changes from FY 2016-17 Year-to-Date:

- Baseline Adjustment from the Road Funding Package.** The Governor's budget included increases to State Trunkline Road and Bridge (\$68,190,900), County Road Commissions (\$88,941,600), and Cities and Villages (\$49,589,000). 206,721,500
- Transportation Economic Development.** The Governor's budget included full funding for Targeted Industries: Category A of the Transportation Economic Development Fund. Category A funds were diverted by earmarks in the previous fiscal year. The total appropriation for FY 2017-18 was \$42,119,100. 17,671,600
- Transit and Rail Program Adjustments.** The Governor's recommendation for transit and rail adjustments included increases due to additional CTF revenue for Transit Capital (\$5,496,400), Intercity Services (\$1,610,000), Service Initiatives (\$500,000) and Rail Operations & Infrastructure (\$7,496,700). 15,103,100
- Metro Detroit Drainage and Flooding Mitigation.** The Governor included an increase to the Highway Maintenance line item from the State Trunkline Fund to contract performance of drainage maintenance in Oakland, Macomb, and Wayne Counties. 8,500,000
- Local Federal Aid Road and Bridge.** The Governor included a baseline increase of federal funds for local road agency construction based upon increased federal revenue. 5,889,300
- Salt Storage Buildings and Containment Contract.** The Governor's recommendation included this investment from the State Trunkline Fund to renovate existing salt storage facilities. 2,500,000
- Nonurban Operating/Capital.** The Governor's recommendation included \$2.0 million in additional federal funds. 2,000,000

8. Information Technology Improvements. The Governor's recommendation included additional money for IT modernization projects from the State Trunkline Fund.	1,000,000
9. Local Bridge Program. The Governor included a baseline increase for this program, as directed by Act 51.	814,300
10. Transportation Asset Management Council. The Governor's recommendation included additional baseline support for the Council (TAMC). The TAMC has new responsibilities to evaluate warranties under the Road Funding Package and has not had a baseline increase in funding for over a decade. With the additional \$250,000, The Governor's total appropriation was \$1,876,400.	250,000
11. Aviation Program Adjustments. The Governor's recommendation adjusted aviation program funding to reflect lower-than-projected revenue from aviation fuel taxes. (Aviation Services adjustment: (-\$123,000); Airport Safety, Protection and Improvement Program adjustment: (-\$3,881,000); Detroit Metro Airport: (-\$2,275,000)).	(6,279,000)
12. Movable Bridge. PA 246 of 2016 established the Movable Bridge Fund for distributions to each person or agency responsible for the operation of a publicly owned movable bridge. Prior to the act, operating costs for movable bridges were covered by each local agency's distribution of MTF funds. Although it was created in statute during FY 2015-16, the Movable Bridge Fund was not appropriated any funds until FY 2016-17 with the passage of a supplemental, PA 340 of 2016. To make up for the absence of funding for FY 2015-16, the supplemental appropriated two fiscal years of funding for the Movable Bridge Fund; \$5.0 million for each fiscal year, totaling \$10,000,000. For FY 2017-18, the Governor recommended a total for the Fund of \$5,110,000, an \$110,000 increase over base funding, but \$4,890,000 less that the \$10.0 million appropriated in FY 2016-17.	(4,890,000)
13. FY 2016-17 Employee Lump Sum Payments. The Governor's recommendation included a technical adjustment to remove lump sum payments from the previous year.	(2,345,100)
14. Local Agency Wetland Mitigation. PA 246 of 2016 established the Local Agency Wetland Mitigation Fund and Advisory Board. The Board provides grants to local road agencies for the purpose of construction and purchasing land for a wetland mitigation bank. Although it was created in statute during FY 2015-16, the Local Agency Wetland Mitigation Fund was not appropriated any funds until FY 2016-17 with the passage of a supplemental, PA 340 of 2016. To make up for the absence of funding for FY 2015-16, the supplemental appropriated two fiscal years of funding for the Wetland Mitigation Fund; \$2.0 million for each fiscal year, totaling \$4,000,000. For FY 2017-18, the Governor recommended a total for the Fund of \$2,000,000, half the amount appropriated in FY 2016-17.	(2,000,000)
15. Other Baseline Adjustments. Other adjustments due to increased revenue and shifting funds, including: Information Technology (\$123,100); Design and Engineering Services (\$120,100); Terminal Development (\$300,000); Intercity Services (\$200,000, from Terminal Development); Rail Operations and Infrastructure (\$100,000, from Terminal Development); and Highway Maintenance (\$33,900).	(109,800)
16. Other Changes. Including removal of FY 2016-17 One-Time Funding (\$8,500,000), FY 2016-17 Supplementals (\$1,250,000), and Debt Service Adjustments (\$8,985,900).	(18,735,900)
17. Economic Adjustments. \$5,599,400 Gross and \$0 GF/GP for economic adjustments. Includes the adjustments for Department Administration (\$438,300), Information Technology (\$224,500), Transportation Planning (\$123,000), Design and Engineering Services (\$1,861,900), Highway Maintenance (\$1,024,000), Blue Water Bridge Operations (\$67,400), Aeronautics (\$116,700), Public Transportation Services (\$84,200), Road and Bridge Programs (\$1,288,000), Grant Programs (\$216,100), and Intercity Passenger and Freight (\$93,400).	5,599,400
Total Changes.....	\$231,689,400
FY 2017-18 Governor's Recommendation.....	\$4,347,443,000

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Communication with the Legislature.** The Governor removed a section prohibiting the Department from taking disciplinary action against employees who communicate with the Legislature. (Sec. 215)
2. **Federal Rule Change Notification.** The Governor removed a requirement that the Department inform the legislature of proposed federal rule changes that would require amendments to Michigan law. (Sec. 217)
3. **Remanufactured Parts.** The Governor removed a requirement that the Department prioritize the use of remanufactured parts for the maintenance of its auto fleet. (Sec. 270)
4. **Commercial Space at Public Terminals.** The Governor removed a section that required space leased by the Department be rented on a competitive market rate basis and that placed restrictions on uses for lease revenue. (Sec. 305)
5. **State Infrastructure Bank Program.** The Governor deleted a subsection that required an annual report on the program to the legislature and the State Budget Office. (Sec. 313)
6. **Rest Area Signage.** The Governor removed a section that required signage with contact information be posted for the contractor responsible for rest area maintenance. (Sec. 319)
7. **Contractor Payment Process.** The Governor removed a section requiring prompt payment of contractors and Departmental review of the payment process. (Sec. 353)
8. **Local Federal Aid Project Review.** The Governor removed a section requiring review of local Federal aid projects within 120 days of receipt. (Sec. 357)
9. **Groundbreaking Ceremony Reimbursement Prohibition.** The Governor removed a section prohibiting reimbursement to contractors or consultants for costs associated with groundbreaking ceremonies. (Sec. 375)
10. **Billboard Safety Studies.** The Governor removed a section prohibiting safety studies on the impacts of billboards on motorist safety. (Sec. 376)
11. **E-Verify System Application for all Construction Contracts.** The Governor removed a section requiring the use of the E-Verify system to verify that all persons hired by a contractor are legally present and authorized to work in the United States. Removal of this section also relieves the Department of an annual reporting requirement to the legislature on the use of the E-Verify system. (Sec. 381)
12. **Final Cost-sharing.** The Governor removed a section that requires the Department to submit a final cost-sharing bill to local agencies, when applicable, within 2 years after the date of the final contract payment. (Sec. 382)
13. **Aircraft Travel Reporting.** The Governor removed a subsection requiring a reciprocal agreement, and the related annual report, between the Department and the Michigan State Police on police use of fixed-wing aircraft. (Sec. 383)
14. **Best Practices.** The Governor removed a section that required the Department to employ and report on best practices for transportation services in the state. (Sec. 393)
15. **Funding Prioritization.** The Governor removed a section that required the Department and local agencies to prioritize funding for existing road networks. (Sec. 394)
16. **Contractual Eligibility.** The Governor removed a section that required applicants for contractual services, other than construction contracts, meet eligibility requirements. (Sec. 396)
17. **Roads Innovation Fund Report.** The Governor removed a section requiring a Departmental report if the Roads Innovation Funds were not released by October 1, 2016. The funds were released before the end of the last fiscal year and the report is no longer required. (Sec. 505)
18. **Warranty Program Development and Reporting.** The Governor removed a section that required the Department to develop a warranty program in conjunction with the road construction industry and engineering consultants. The annual reporting requirements in the section were also removed. (Sec. 601)

19. **Flooding Mitigation.** The Governor included a new section to support highway drainage maintenance activities on limited access state trunklines in Wayne, Oakland, and Macomb counties. (Sec. 19-605)
20. **Deer Removal.** The Governor removed a section that required the Department and local agencies to prioritize large animal carcass removal when funds are available to do so. (Sec. 610)
21. **Contract Incentives & Disincentives.** The Governor removed a section that required the Department to establish and report annually on contract incentives and disincentives for the prior fiscal year. (Sec. 612)
22. **Alternative Road Surface Materials.** The Governor removed a section that encouraged the Department to examine the use of alternative or recycled materials for road construction. Removal of this section included removal of the annual reporting requirement on the use of such materials. (Sec. 660)
23. **Railroad Abandonment Notification.** The Governor removed a section that required the Department to notify the Legislature if and when the Department receives notification of a railroad company's intent to abandon a rail line. (Sec. 703)
24. **Rail Operations and Infrastructure Reporting.** The Governor modified a section to require reporting on rail and infrastructure "obligations" in lieu of "expenditures". The new section also required notification to the State Budget Director and new reporting deadlines. (Sec. 704)
25. **Woodhaven Project.** The Governor removed a section that encouraged the Department to provide assistance to the city of Woodhaven for a rail and street separation project. (Sec. 705)
26. **Department Ownership and Operation of Airports.** The Governor removed a section that encouraged the Department to find private entities or local public agencies to assume ownership and operating responsibility of Department owned airports. (Sec. 802)
27. **Aging Aircraft.** The Governor removed a section that required the Department to issue an RFP for competitive bids to manage and sell the Department's aging aircraft fleet. (Sec. 803)
28. **One-Time Special Grants.** The Governor removed a section that identified FY 2016-17 earmarks to Berrien, Lenawee, and Macomb counties.

Date Completed: 3-30-17

Fiscal Analyst: Michael Siracuse

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 142 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	N/A	N/A	0.0	0.0
GROSS	137,037,000	107,580,000	(29,457,000)	(21.5)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	137,037,000	107,580,000	(29,457,000)	(21.5)
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	137,037,000	107,580,000	(29,457,000)	(21.5)
Less:				
Other State Restricted Funds	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	137,037,000	107,580,000	(29,457,000)	(21.5)
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2016-17 Year-to-Date Gross Appropriation	\$137,037,000
Changes from FY 2016-17 Year-to-Date:	
1. Great Lakes Water Quality Bond. The Governor increased debt service payments for this bond. Of the total, \$1,411,000 is a reduction in scheduled payments and \$5,403,000 is projected in new bond issuances for FY 2017-18. This increased total debt service payments to \$22,865,000.	3,992,000
2. Clean Michigan Initiative. The Governor reduced debt service payments for this bond due to projected decreases in scheduled bond payments with no new bonds projected to be issued for FY 2017-18. This decreased total debt service payments to \$62,751,000.	(26,726,000)
3. Quality of Life Bond. The Governor reduced debt service payments for this bond due to projected decreases in scheduled bond payments with no new bonds projected to be issued for FY 2017-18. This decreased total debt service payments to \$21,964,000.	(6,723,000)
Total Changes	(\$29,457,000)
FY 2017-18 Governor's Recommendation	\$107,580,000

Boilerplate Changes from FY 2016-17 Year-to-Date: None



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 142 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,906.5	1,952.5	46.0	2.4
GROSS	522,473,200	512,829,800	(9,643,400)	(1.8)
Less:				
Interdepartmental Grants Received	11,262,300	12,613,700	1,351,400	12.0
ADJUSTED GROSS	511,210,900	500,216,100	(10,994,800)	(2.2)
Less:				
Federal Funds.....	39,920,800	27,022,600	(12,898,200)	(32.3)
Local and Private	9,227,700	14,543,500	5,315,800	57.6
TOTAL STATE SPENDING	462,062,400	458,650,000	(3,412,400)	(0.7)
Less:				
Other State Restricted Funds	360,603,600	359,881,500	(722,100)	(0.2)
GENERAL FUND/GENERAL PURPOSE	101,458,800	98,768,500	(2,690,300)	(2.7)
PAYMENTS TO LOCALS	186,320,700	159,675,600	(26,645,100)	(14.3)

FY 2016-17 Year-to-Date Gross Appropriation **\$522,473,200**

Changes from FY 2016-17 Year-to-Date:

1. **City Income Tax Administration.** The Governor increased this program, which includes \$3,782,100 for ongoing operation and \$1.5 million for one-time appropriations. The ongoing funding increase is to allow the hire of 20.0 FTEs to support a new city joining the program. The \$1.5 million in one-time appropriations to implement the corporate and withholding tax components for the City of Detroit. The increase is all supported by the City Income Tax Fund. This brings total appropriations to \$11,185,300 City Income Tax Fund dollars. 5,282,100
2. **Medical Marihuana Grants and Regulation.** The Governor created this funding to implement Public Act 281 of 2016. Of the total, \$3,960,000 is for the Medical Marihuana Excise Fund grants and the remaining \$675,000 is for regulation and administration of the act. The Excise fund distributes revenue to Municipalities, Counties, and County Sheriffs in accordance to statute. This funding is all supported by the Medical Marihuana Excise Fund. 4,635,000
3. **Information Technology for S.A.P.S.** The Governor included one-time appropriations to support Information Technology improvements to the Systems, Application, and Process Support. 2,000,000
4. **Lien Fee Increase.** The Governor Increased the Office of Collections due to changes from Public Act 224 and 230 of 2016, which increases the recording fee on Liens from \$10 to \$30. The department increased IDGs to pay for the additional costs. 1,300,000
5. **Tax Processing Bureau.** The Governor increased the Tax Processing Bureau to hire 9.0 FTEs and support for tax processing operations in order to further reduce the telephone wait time and processing time of individual tax returns. This increase is all supported by GF/GP. Total appropriation would be \$38.8 million, \$11.0 million GF/GP. 992,200

6. State Lottery. The Governor increased the State Lottery in order to hire 8.0 FTEs for the iLottery games. All supported by State Lottery Revenue.	716,300
7. Dual Enrollment. The Governor increased Dual Enrollment to reflect pupil increases from the January Consensus Revenue Estimating Conference. All supported by GF/GP. This brings total appropriations to \$2.0 million Gross and GF/GP.	500,000
8. Payments in Lieu of Taxes. The Governor increased Purchased Lands by 3%, \$96,600 of which was GF/GP	252,800
9. Senior Citizens Cooperative Housing. The Governor increased Senior Citizen Cooperative Housing due to Public Act 78 of 2016, which increased the number of facilities in the program. The increase was supported by GF/GP. This brings total appropriations to \$10.7 million Gross and GF/GP.	200,000
10. Casino Information Technology. The Governor increased Casino Gaming Administration to hire an additional FTE to increase internal control to ensure the security and accuracy of the revenue reported.	149,900
11. Federal Department of Education Funding. The Governor decreased the Michigan Finance Authority, due to decreases in various Federal Department of Education grants.	(12,955,700)
12. Health and Safety Fund Grant. The Governor decreased the Health and Safety Fund to reflect actual restricted fund revenue and expenditures from this line item.	(7,500,000)
13. Removal of Grants, One-Time, and Supplemental Funding. The Governor removed \$521,600 in ongoing grants (\$76,000 Plasma Cutting Machine, \$100,000 Gianna House, \$345,600 Student Loan Delinquency Pilot), \$2,842,500 for free individual income tax E-file, \$500,000 for Urban Search and Rescue, the \$100 Drinking Water Declaration of Emergency placeholder, \$3,050,000 from Public Act 340 of 2016, and \$300,000 from Legislative Transfer 2017-1. Of the total decrease, \$6,914,200 was GF/GP and \$300,000 was funded from the Drinking Water Declaration of Emergency Fund.	(7,214,200)
14. Technical Changes. The Governor included a lump sum removal throughout the department. Of the total decrease, \$280,400 was GF/GP.	(1,663,100)
15. FTE Transfers. The Governor moved the Financial Review Commission from Executive Direction to the Financial Independence Team, FTEs from Tax Policy to City Income Tax, and rolled out the Office of Revenue and Tax Analysis line item from Tax and Economic Policy.	0
16. Economic Adjustments. Economic increase of \$3,661,300 Gross and \$715,400 GF/GP.	3,661,300
Total Changes.....	(\$9,643,400)
FY 2017-18 Governor's Recommendation.....	\$512,829,800

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Deleted Reports and Notifications.** The Governor deleted a number of reports, which include: 902a (notification of bond refinancing), 927 (personality property tax report), 934(2) (Michigan Financial Authority report), 944 (retention of reports received by pension plan consultants).
2. **Other Deleted Sections.** The Governor deleted a number of other sections, which include: 936 (student loan delinquency pilot program), 940 (state capital historic fund), 949g (urban search and rescue), 963 (ban DHS bridge cards from being used to purchase lottery tickets).

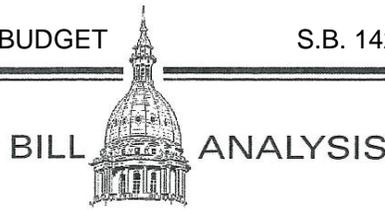
3. **Minimum Assessing of Requirement Review.** The Governor modified the section involving minimum assessment of requirements review of localities from one locality in every country reviewed annually to requiring that every locality be reviewed at least once every five years. (Sec. 945)
4. **Equine Development Fund.** The Governor made modifications to two sections that involve the Equine Development Fund and proration. The first change removed laboratory analysis from the exception of being prorated in the event revenue in the fund is less than expenditures. The second change was to remove language that allows the racing commission to reduce the number of race dates in the event that revenue in the fund is less than the regulatory costs. (Secs. 977 and 978)
5. **Medical Marihuana.** The Governor included a new section that specifies that revenue from the Medical Marihuana Excise Fund must be administered and distributed in accordance to statute. (Sec. 949h)
6. **City Income Tax Administration.** The Governor included a new section that references the increased ongoing appropriations to the City Income Tax Administration and specifies that the appropriations be used to include another city in the program. (Sec. 949i)
7. **Wrongful Imprisonment Fund.** The Governor included a new section that creates the Wrongful Imprisonment Fund and specifies that the funds must be used in accordance to PA 343 of 2016. (Sec. 949j)
8. **Technical Modifications.** The Governor made a number of technical adjustments such as revised dates, legacy estimates, and standardizing language. (Secs. 915 and 948)

Date Completed: 3-27-17

Fiscal Analyst: Cory Savino



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 142 (as introduced)
 Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	0.0	0.0
GROSS	1,227,408,100	1,245,292,200	17,884,100	1.5
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS.....	1,227,408,100	1,245,292,200	17,884,100	1.5
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING.....	1,227,408,100	1,245,292,200	17,884,100	1.5
Less:				
Other State Restricted Funds.....	1,227,408,100	1,245,292,200	17,884,100	1.5
GENERAL FUND/GENERAL PURPOSE.....	0	0	0	0.0
PAYMENTS TO LOCALS	1,227,408,100	1,245,292,200	17,884,100	1.5

FY 2016-17 Year-to-Date Gross Appropriation \$1,227,408,100

Changes from FY 2016-17 Year-to-Date:

- 1. Constitutional Revenue Sharing.** The Governor recommended \$773,544,100 for constitutional revenue sharing in FY 2017-18, an increase of 2.3% from the current estimate for FY 2016-17. This increase is consistent with the January 2017 consensus estimate of sales tax revenue. Constitutional revenue sharing distributes 15% of sales tax revenue collected at a 4.0% rate to cities, villages, and townships on a per capita basis. 17,243,500
- 2. Revenue Sharing Payments to Counties.** The Governor recommended a total of \$217,908,100 for revenue sharing payments to counties. This amount would be paid through two line items, \$174,747,700 for County Revenue Sharing and \$43,160,400 for the County Incentive Program. The Governor recommended increases of \$513,700 for County Revenue Sharing and \$126,900 for the County Incentive Program to cover the cost of two counties (Alcona and Charlevoix) that received part-year funding in FY 2016-17 and will be eligible for full-year funding in FY 2017-18. All other counties will receive the same payments in FY 2017-18 as in FY 2016-17, assuming continued compliance with the accountability and transparency requirements of the County Incentive Program. 640,600
- 3. City, Village, and Township Revenue Sharing.** The Governor recommended \$248,840,000 in FY 2017-18 for nonconstitutional or "statutory" payments to cities, villages, and townships, the same amount as in FY 2016-17. The appropriation consists of \$243,040,000 in ongoing funding and \$5.8 million in one-time money. Eligibility, payments, and transparency and accountability requirements would be the same in FY 2017-18 as in the current year. 0

4. **Financially Distressed Cities, Villages, or Townships.** The Governor recommended \$5.0 million in FY 2017-18 for this grant program, the same amount as in FY 2016-17. 0

Total Changes \$17,884,100

FY 2017-18 Governor's Recommendation **\$1,245,292,200**

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Online Option for Citizen's Guide to Finances.** The Governor added an option for a city, village, township, or county to certify that it is using the Department of Treasury online system for the citizen's guide to its finances instead of submitting a paper copy. (Sec. 20-952(3))
2. **Extend Due Date for Accountability and Transparency Reports and Certification.** The Governor extended from December 1 to April 1 the date by which an eligible city, village, township, or county is required to complete its accountability and transparency requirements without forfeiting any payments for which it is eligible. Currently revenue sharing payments are made on the last business day of October, December, February, April, June, and August. A local government must satisfy the accountability and transparency requirements by December 1 or the first day of a subsequent payment month. All eligible local governments receive the first payment which is made prior to the due date for the accountability reports. If the accountability and transparency certifications are not made by December 1 or the first day of any subsequent payment month, the payment for that month (1/6th of the total) is forfeited. Under the Governor's proposal, a local government that did not complete accountability requirements by December 1 but satisfied the requirements by April 1, would be able to receive ("defer" instead of forfeit) its second and third revenue sharing payments in August. (Sec. 20-952(4)(e))

Date Completed: 2-15-17

Fiscal Analyst: Elizabeth Pratt



RECENT SENATE FISCAL AGENCY REPORTS

- February 2017** **Issue Paper**
• *"An Introduction to the History and Regulation of Online Gaming"*
- February 2017** **Lawsuit Report**
• *"FY 2015-16 Status of Lawsuits Involving the State of Michigan"*
- Winter 2017** **State Notes**
• *"Capital Outlay Construction Authorizations"*
• *"State of Michigan Highway Negligence Litigation History"*
• *"Michigan Department of Health and Human Services Flint Drinking Water Emergency Expenditures"*
• *"Transportation Revenue, Appropriations, and Road Quality after the Road Funding Package"*
• *"Michigan Natural Resources Trust Fund Board Project Recommendations for Application Year 2016"*
• *"Update on the Michigan Early Stage Venture Capital Tax Vouchers"*
- December 2016** **Economic Outlook**
• *"Michigan's Economic Outlook and Budget Review FY 2015-16, FY 2016-17, FY 2017-18, and FY 2018-19"*
- November 2016** **Issue Paper**
• *"Feeding the Future: the WIC Program in Michigan"*
- October 2016** **State Notes**
• *"Automobile Insurance, Assigned Claims, and Taxation"*
• *"General Fund Revenue at Michigan Public Universities and Community Colleges"*
- October 2016** **Appropriations Report**
• *"FY 2016-17 Higher Education Appropriations Report"*
- October 2016** **State Budget Overview**
• *"The Economy and State Revenue"*
- September 2016** **Boilerplate Report**
• *"Reports Required by Boilerplate in Appropriation Acts"*
- August 2016** **Issue Paper**
• *"The Evolving Role of the Joint Committee on Administrative Rules"*
- August 2016** **Issue Paper**
• *"Mandatory Labeling of Genetically Modified Food"*
- July 2016** **Appropriations Report**
• *"FY 2016-17 Appropriations Report - Part II - Initial Appropriations"*
- Summer 2016** **State Notes**
• *"State Student Financial Aid Programs"*
• *"Michigan's State Budget and Temporary Assistance for Needy Families: Fiscal Year 2008-09 through Fiscal Year 2016-17"*
• *"Overview of State Appropriations for the Flint Drinking Water Emergency"*
- May 2016** **Economic Outlook**
• *"Michigan's Economic Outlook and Budget Review FY 2015-16, FY 2016-17, and FY 2017-18"*
- Spring 2016** **State Notes**
• *"Tuition Incentive Program"*
• *"The Increased Minimum Wage Impact on Michigan's Public Assistance Caseload"*
• *"Property Tax Millage Limitations in Michigan"*
• *"Proposed Integration of Michigan Medicaid Behavioral and Physical Health Services"*
• *"Michigan State Government Debt"*
• *"Overview of the Every Student Succeeds Act"*
- March 2016** **Appropriations Report**
• *"FY 2016-17 Appropriations Report - Part I - Governor's Recommendations"*

RECURRING SENATE FISCAL AGENCY REPORTS

- *Appropriations Report – Part I - Governor's Recommendations*
- *Appropriations Report – Part II - Initial Appropriations*
- *Appropriations Report – Part III - Year-End Appropriations*
- *Status of Lawsuits Against the State*
- *Higher Education Appropriations Report*
- *Michigan Economic Outlook and Budget Review*
- *Monthly Revenue Report*
- *Monthly Michigan Economic Indicators*
- *State Notes: Topics of Legislative Interest*