



FY 2008-09
APPROPRIATIONS REPORT
Part II - Initial Appropriations

November 2008



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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.



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OVERVIEW

FY 2008-09 INITIAL APPROPRIATIONS OVERVIEW

On February 7, 2008, Governor Jennifer Granholm presented her fiscal year (FY) 2008-09 State budget recommendation to the Legislature. Unlike the previous fiscal year, there were no recommendations for tax or fee increases included in the Governor's budget, and the majority of the budget was enacted by the end of July 2008. The only FY 2008-09 appropriation bills not completed during July were those for the Department of Transportation, the Natural Resources Trust Fund, and Capital Outlay. The Governor signed the FY 2008-09 Department of Transportation appropriation bill on September 27, 2008, and the FY 2007-08 Capital Outlay bill on September 29, 2008. The Michigan Natural Resources Trust Fund Board will not meet until December 2008 to formulate its FY 2008-09 appropriation recommendations for Natural Resources Trust Fund projects. Although a separate FY 2008-09 Capital Outlay budget was not enacted, capital outlay funds for various departments were appropriated within the individual departmental budgets and State Building Authority debt service was appropriated in the Department of Management and Budget.

This Senate Fiscal Agency (SFA) report, *FY 2008-09 Appropriations Report Part II - Initial Appropriations*, is the middle SFA report in a series that includes *Part I - Governor's Recommendations* and *Part III - Year-End Appropriations*. This report provides a summary of the major issues that were part of the development of the initial appropriations for FY 2008-09.

FISCAL YEAR 2008-09 INITIAL APPROPRIATIONS

On an overall basis, the Legislature approved Adjusted Gross¹ appropriations totaling \$43.8 billion. This level of Adjusted Gross appropriations represents a \$331.4 million or 0.8% increase from the year-to-date level of FY 2007-08 appropriations. Initial State Spending from State Resources² appropriations total \$28.4 billion, a decrease of \$19.2 million or 0.1% from the year-to-date level of FY 2007-08 appropriations. State General Fund/General Purpose³ (GF/GP) appropriations total \$9.7 billion, a decrease of \$279.3 million or 2.8% from the year-to-date level of FY 2007-08 appropriations. [Table 1](#) and [Figure A](#) summarize these appropriations by fund source. [Tables 2, 3, and 4](#) and [Figures B, C, and D](#) provide a department/budget area comparison of FY 2008-09 initial appropriations to FY 2007-08 year-to-date appropriations in terms of Adjusted Gross, State Spending from State Resources, and State GF/GP appropriations.

In general, the FY 2008-09 initial appropriations can be characterized as a continuation budget with the funding of most State programs retained at the FY 2007-08 levels, adjusted for caseload costs. There are some new programs and program expansions, along with other changes, included in the FY 2008-09 budget and highlights of these changes are summarized below.

HIGHLIGHTS OF CHANGES IN STATE APPROPRIATIONS

Water Withdrawal Assessment Program. Enactment of the Great Lakes Compact and accompanying water withdrawal regulations created additional responsibilities for the Departments of Agriculture, Environmental Quality, and Natural Resources. A total of \$850,000, \$775,000 GF/GP, is included for this purpose in FY 2008-09.

Mental Health Court Pilot Program. The Department of Community Health, in conjunction with the Judiciary, plans to establish mental health court pilots in several Michigan counties. Funding in the Judiciary budget (\$550,000) will be used to develop practices, guidelines, and sites for these courts; the appropriation in Community Health (\$1.1 million) will be used to fund treatment costs.

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

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

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

Community College and University Operations. The FY 2008-09 budget includes an average increase of 2.0% (\$5.7 million) for public community college operations, with increases for individual colleges ranging from 1.6% to 2.6%. Each public university receives an operations increase of 1.0%, which is a total of \$14.5 million in new funding.

Community Health. There are several new programs in FY 2008-09 but the largest is the \$10.4 million Ambulance Quality Assurance Assessment Program (QAAP). Assuming legislation passes to establish this new QAAP, it will be funded from a \$4.8 million tax on ambulance services. This revenue will be combined with Federal Medicaid match revenue to support a \$10.3 million increase in Medicaid rates paid to ambulance providers, and the State will retain \$700,000 in gainsharing revenue. The largest dollar increase in the budget is for Medicaid base funding: \$206.7 million Gross and \$64.9 million GF/GP, which reflects the Medicaid consensus agreement. The budget also contains an increase in the Federal Medicaid match rate from 58.1% to 60.3%, leading to a \$173.7 million decrease in GF/GP costs.

The Department of Community Health budget includes additional funding of \$5.3 million for reimbursement to physicians for targeted primary care services; \$629,200 to allow a 25-cent-per-script increase in the Medicaid pharmacy dispensing fee; and \$1.3 million to provide Medicaid-eligible residents of adult foster care homes and homes for the aged, with an \$8 increase in the monthly personal care supplement.

Corrections. The largest funding increase is \$14.9 million for the estimated full-year costs of Hepatitis C treatment, which includes testing for prisoners at intake, lab tests, vaccinations, and liver biopsies. The budget expands mental health care funding by \$4.8 million, including \$2.1 million for two additional outpatient mental health treatment teams.

Throughout the Department of Corrections, there are funding reductions of approximately \$67.3 million; among them are: \$15.7 million from changing the relief factor for correctional officer assignments; \$15.2 million through centralization and regionalization of business and food services; and \$13.2 million from the closure of Scott Correctional Facility.

Human Services. There are several rate increases in the FY 2008-09 budget, including: \$10.0 million to provide a 2.5% increase in child day care rates; \$5.5 million to increase the private child-placing agency rate from \$25 to \$27 per day; and \$1.4 million to return indigent burial rates to those provided in FY 2006-07. The budget also includes \$8.1 million in additional Federal Temporary Assistance for Needy Families (TANF) funding to allow a \$1 per-person per-month increase in the Family Independence Program (FIP) grant and to increase the FIP clothing allowance from \$43 to \$88 per year.

The budget provides \$300,000 GF/GP to implement a child welfare pilot project in Kent County; the county will purchase all child welfare services from private agencies and it is assumed that this effort will result in \$300,000 in GF/GP savings for the foster care program. The budget also includes a net reduction of \$31.5 million to reflect base adjustments that were part of the caseload consensus agreement.

Labor and Economic Growth. There is an expansion of the No Worker Left Behind Program from \$37.0 million in FY 2007-08 to \$96.0 million in FY 2008-09; the \$96.0 million total includes \$15.0 million in new GF/GP funding. Also larger is the Michigan Nursing Corps grant program, which is increased from \$1.5 million to \$5.0 million, all GF/GP funding. On the regulatory side of the budget, there are two major funding increases: \$9.4 million GF/GP for the Michigan Unemployment Agency to pay interest on money borrowed from the Federal government to meet unemployment benefit obligations; and \$6.7 million in State restricted revenue for 50.0 new full-time equated (FTE) positions to expand existing oversight efforts regarding financial and mortgage agencies.

Management and Budget (DMB). Funding of \$500,000 GF/GP is added for a new Supplier Diversity Program to increase the number and types of vendors submitting bids for State contracts. The appropriation for State Building Authority (SBA) rent that the State pays for State-financed capital outlay building projects was moved to the DMB in FY 2006-07; an increase of \$5.0 million GF/GP brings the FY 2008-09 SBA rent total to \$231.8 million.

Military and Veterans Affairs. Grants for veterans service organizations are increased by \$117,300 or 3.0%, for total FY 2008-09 funding of \$4.0 million.

School Aid. The budget provides about \$257.0 million in additional spending for the Foundation Allowance, which equates to increases in per-pupil funding ranging from a minimum of \$56 to a maximum of \$112. The budget includes a new \$15.0 million 21st Century Schools Program that provides grants to districts with less than a 70.0% graduation rate, for the planning and start-up of newly configured small schools. Other funding increases include: \$42.0 million more for debt service on *Durant* bonds; a \$22.2 million increase in the School Aid Fund's share of cash flow borrowing costs; and an additional \$10.0 million for early childhood education.

State Police. The budget includes \$7.3 million GF/GP for a new trooper school which is expected to graduate 80-plus troopers in January 2009. The budget also includes \$2.5 million in new funding to add palm prints to the Automated Fingerprint Identification System; an additional \$2.0 million for statewide laboratory services; and \$2.6 million GF/GP to address the Michigan State Police's public safety communication system's deficit.

Transportation. Although Federal aid is increasing by \$260.3 million, \$133.0 million of those Federal dollars come from the transfer of Capital Outlay projects to the Transportation budget, and there is a reduction in State restricted transportation revenue of approximately \$37.0 million. There is language in the FY 2008-09 budget (Sec. 384) that allows the Department of Transportation to finish the Detroit River International Crossing (DRIC) study but prohibits any activity associated with finishing the DRIC study that would bind the State in any way regarding construction.

Treasury-Operations. The largest increase in the budget is the transfer of \$14.2 million from the Department of Natural Resources (DNR) for payments in lieu of taxes (PILT) that are made to local units of government for land owned by the DNR. The budget includes an additional \$3.4 million GF/GP to continue the Michigan Business Tax implementation process, and funds three new programs: \$1.4 million for public-private partnership investments; \$1.0 million to hire a consultant to evaluate pension funds; and \$500,000 for a property tax appeal program to assist local units or school districts in defending appeals of utility personal property tax assessments.

Treasury-Revenue Sharing. There is an increase of \$8.1 million for cities, villages, and townships that received statutory revenue sharing payments during FY 2006-07. There is also an appropriation of \$2.4 million for counties that accelerated their tax collections in FY 2004-05 and have now depleted their reserve funds.

Treasury-Strategic Fund Agency. The budget includes a new \$1.2 million program to fund business incubators in Berrien, Genesee, Macomb, Washtenaw, and Wayne Counties. There are several sizable appropriation reductions, including a \$55.7 million reduction in the Michigan Promotion Program, dropping it from \$61.4 million to \$5.7 million, to remove one-time funding for business and tourism promotion used over two fiscal years, and a \$13.0 million reduction in the 21st Century Jobs Trust Fund's grant and loan program.

DEBT SERVICE APPROPRIATIONS

There are debt service appropriations in four separate budget areas: Management and Budget, School Aid, Transportation, and Treasury. The table below compares the FY 2008-09 debt service appropriations to those of FY 2007-08.

DEBT SERVICE APPROPRIATIONS FY 2008-09 COMPARED WITH FY 2007-08				
Department/Program	FY 2007-08 Gross Appropriation	FY 2008-09 Gross Appropriation	Dollar Change	Percent Change
Management and Budget				
State Building Authority Rent	\$226,822,100	\$231,822,100	\$5,000,000	2.2%
School Aid				
<i>Durant</i> Bonds.....	141,000	42,000,000	41,859,000	29,687.2
School Bond Loan Fund	3,900,000	39,000,000	35,100,000	900.0
Transportation				
State Trunkline	170,934,500	139,253,700	(31,680,800)	(18.5)
Comprehensive Transportation	29,841,900	29,891,600	49,700	0.2
Economic Development.....	14,609,400	14,450,000	(159,400)	(1.1)
Airport Safety and Protection Plan	3,474,600	3,430,900	(43,700)	(1.3)
Local Bridge Fund	3,000,000	3,000,000	0	0.0
Blue Water Bridge Fund	1,751,800	1,977,400	225,600	12.9
Treasury				
Quality of Life Bond	52,900,000	38,000,000	(14,900,000)	(28.2)
Clean Michigan Initiative.....	32,000,000	26,400,000	(5,600,000)	(17.5)
Great Lakes Water Quality Bond.....	2,700,000	16,400,000	13,700,000	507.4
Water Pollution Control Bond	2,386,400	2,323,000	(63,400)	(2.7)
Totals	\$544,461,700	\$587,948,700	\$43,487,000	8.0%

PROGRAM TRANSFERS

There is a Gross appropriation total of \$301.3 million transferred from various FY 2007-08 State budget areas into different budget areas for FY 2008-09. The two major components are the transfer of \$250.0 million from Capital Outlay to individual State departments, and the transfer of \$36.5 million from various State departments to the Civil Service Commission for the consolidation of the human resources function. [Table 5](#) outlines, by department, the FY 2007-08 programs transferred out and their new FY 2008-09 location and appropriation.

GUBERNATORIAL VETOES

The Governor vetoed \$23.2 million of Adjusted Gross appropriations and \$1.8 million of GF/GP appropriations. [Table 6](#) provides a summary of these vetoes by department. The largest veto is the \$11.6 million for horse racing programs removed from the Department of Agriculture. The majority of vetoes are in the Department of Human Services. The \$4.4 million in Human Services vetoes includes funding for various special projects.

TOBACCO SETTLEMENT APPROPRIATIONS

The State of Michigan is expected to receive an estimated \$293.4 million during FY 2008-09 as a result of the master settlement agreement between the United States tobacco industry and 46 states. Table 7 provides a summary of the appropriations that are supported by tobacco settlement revenue. The budget includes \$242.2 million of tobacco settlement appropriations. The largest portion of the appropriation supports scholarship programs in the Higher Education budget. Other programs supported with a significant amount of tobacco settlement revenue include the Medicaid program in the Department of Community Health and economic development programs in the Strategic Fund Agency. The FY 2008-09 budget also includes the use of \$39.1 million of tobacco settlement revenue for debt service payments on tobacco securitization bonds issued to help balance the FY 2006-07 State budget and a \$10.0 million transfer to supplement General Fund revenue.

PROJECTED YEAR-END BALANCES

The level of the FY 2008-09 appropriations is based on the May 2008 consensus estimate of GF/GP and School Aid Fund revenue. The initial GF/GP and School Aid Fund appropriations have met the constitutional requirement of being in balance between estimated revenue and enacted appropriations. Table 8 provides a summary of the SFA estimate of the FY 2008-09 GF/GP year-end balance. Estimated FY 2008-09 GF/GP revenue will total \$9.7 billion. Initial FY 2008-09 GF/GP appropriations total \$9.7 billion, resulting in a projected \$1.7 million balance. Table 9 provides a summary of the SFA estimate of the FY 2008-09 School Aid Fund year-end balance. A comparison of estimated revenue with initial appropriations leads to a zero year-end balance.

STATE EMPLOYMENT LEVELS

Table 10 and Figure E provide a summary of State classified FTE positions appropriated in FY 2008-09 versus the year-to-date level of FTEs appropriated in FY 2007-08. Total appropriated FTEs in FY 2008-09 equal 56,258.1, a decrease of 783.6 or 1.4% from the prior fiscal year level. State departments with the largest employment decreases include Corrections and Human Services. The 436.0 FTE increase in the Department of Management and Budget is attributable primarily to the consolidation of the human resource function within the Civil Service Commission, which is appropriated in the DMB.

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Article IX, Section 30 of the State Constitution of 1963 prohibits the State from reducing the portion of State appropriations paid to units of local government below the FY 1978-79 level of 48.79%. The initial FY 2008-09 appropriation bills exceed this minimum constitutional requirement by \$2.2 billion. Table 11 provides a summary of the calculations used to determine the State's compliance with this constitutional requirement for FY 2007-08 and FY 2008-09. Table 12 provides a summary of State appropriations by department counted as payments to local units of government.

Table 1

FY 2008-09 INITIAL APPROPRIATIONS BY SOURCE OF FUNDS					
Department/Budget Area	Adjusted Gross	Federal Funds	Local & Private Funds	Other State Restricted	General Fund
Agriculture.....	\$85,643,200	\$16,121,900	\$237,200	\$36,795,500	\$32,488,600
Attorney General.....	52,108,700	8,050,800	0	11,927,600	32,130,300
Capital Outlay	0	0	0	0	0
Civil Rights	14,475,300	2,057,300	0	0	12,418,000
Community Colleges.....	299,360,500	0	0	0	299,360,500
Community Health	12,492,258,100	7,225,985,400	308,265,400	1,862,478,400	3,095,528,900
Corrections	2,038,391,000	10,350,200	430,300	53,094,700	1,974,515,800
Education	95,143,100	70,598,500	10,012,400	6,980,800	7,551,400
Environmental Quality (Operations)	344,813,500	130,636,100	455,700	169,309,900	44,411,800
Environmental Quality (CMI Bond)	0	0	0	0	0
Executive	5,317,300	0	0	0	5,317,300
Higher Education	1,769,105,200	7,400,000	0	116,100,000	1,645,605,200
History, Arts, and Libraries	52,178,400	7,757,400	512,400	4,167,800	39,740,800
Human Services	4,573,806,800	3,170,414,600	57,335,800	61,589,200	1,284,467,200
Information Technology	0	0	0	0	0
Judiciary.....	259,330,500	5,126,400	6,935,600	87,947,900	159,320,600
Labor and Economic Growth	1,356,620,600	874,942,400	21,203,500	386,914,000	73,560,700
Legislative Auditor General	14,089,700	0	0	1,539,900	12,549,800
Legislature	114,504,000	0	400,000	1,109,800	112,994,200
Management and Budget	383,455,900	10,743,700	2,142,900	77,694,100	292,875,200
Military and Veterans Affairs.....	182,126,700	109,988,200	2,748,300	29,050,400	40,339,800
Natural Resources	285,424,900	51,702,100	4,745,000	218,353,600	10,624,200
Natural Resources Trust Fund	0	0	0	0	0
School Aid.....	13,378,906,800	1,562,008,600	0	11,776,098,200	40,800,000
State.....	194,776,400	5,673,700	100	162,573,800	26,528,800
State Police.....	503,970,700	94,733,400	8,785,800	115,529,900	284,921,600
Transportation.....	3,612,229,200	1,460,995,800	71,624,200	2,079,609,200	0
Treasury (Debt Service).....	83,123,000	0	0	15,514,500	67,608,500
Treasury (Operations).....	401,028,800	36,868,900	1,105,100	287,132,300	75,922,500
Treasury (Revenue Sharing)	1,086,919,600	0	0	1,086,707,600	212,000
Treasury (Strategic Fund).....	149,563,400	55,438,800	715,600	63,805,200	29,603,800
TOTAL APPROPRIATIONS	\$43,828,671,300	\$14,917,594,200	\$497,655,300	\$18,712,024,300	\$9,701,397,500

Figure A

Appropriations by Source of Funds

FY 2008-09 Initial Appropriations

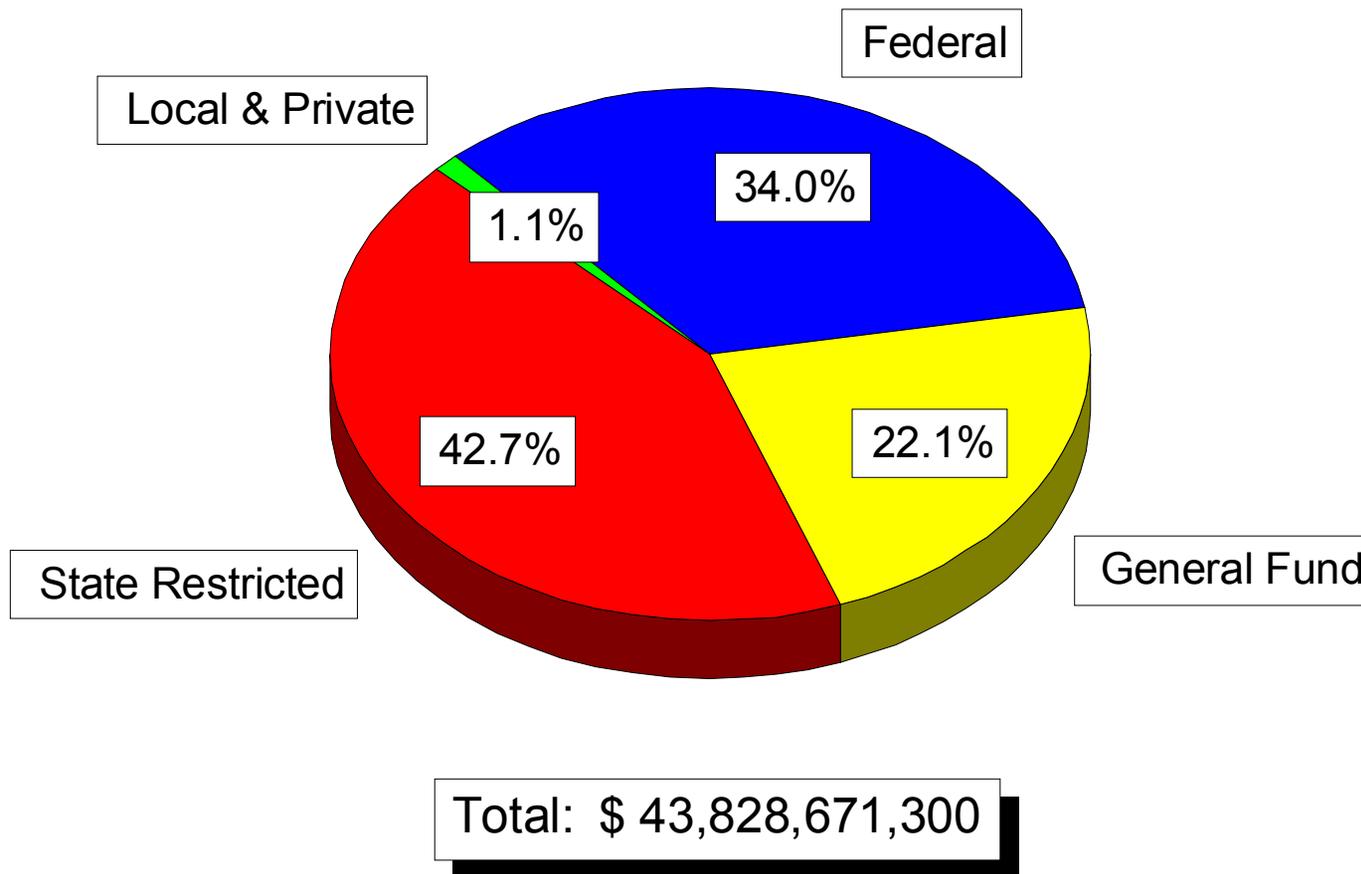


Table 2

ADJUSTED GROSS APPROPRIATIONS FY 2007-08 VERSUS FY 2008-09				
Department/Budget Area	FY 2007-08 Year-to-Date Appropriations	FY 2008-09 Initial Appropriations	Dollar Difference	Percent Change
Agriculture	\$99,196,000	\$85,643,200	(\$13,552,800)	(13.7)%
Attorney General	51,343,900	52,108,700	764,800	1.5
Capital Outlay	243,805,500	0	(243,805,500)	(100.0)
Civil Rights	14,815,800	14,475,300	(340,500)	(2.3)
Community Colleges	318,938,800	299,360,500	(19,578,300)	(6.1)
Community Health	12,111,887,900	12,492,258,100	380,370,200	3.1
Corrections	2,078,416,500	2,038,391,000	(40,025,500)	(1.9)
Education	99,904,800	95,143,100	(4,761,700)	(4.8)
Environmental Quality (Operations)	347,168,300	344,813,500	(2,354,800)	(0.7)
Environmental Quality (CMI Bond)	5,663,200	0	(5,663,200)	(100.0)
Executive	5,317,300	5,317,300	0	0.0
Higher Education	1,886,675,700	1,769,105,200	(117,570,500)	(6.2)
History, Arts, and Libraries	49,412,000	52,178,400	2,766,400	5.6
Human Services	4,911,495,900	4,573,806,800	(337,689,100)	(6.9)
Information Technology	0	0	0	0.0
Judiciary	257,257,500	259,330,500	2,073,000	0.8
Labor and Economic Growth	1,277,034,900	1,356,620,600	79,585,700	6.2
Legislative Auditor General	14,026,700	14,089,700	63,000	0.4
Legislature	114,504,000	114,504,000	0	0.0
Management and Budget	368,252,600	383,455,900	15,203,300	4.1
Military and Veterans Affairs	134,009,800	182,126,700	48,116,900	35.9
Natural Resources	285,437,100	285,424,900	(12,200)	(0.0)
Natural Resources Trust Fund	35,266,200	0	(35,266,200)	(100.0)
School Aid	12,897,780,100	13,378,906,800	481,126,700	3.7
State	191,076,400	194,776,400	3,700,000	1.9
State Police	544,681,000	503,970,700	(40,710,300)	(7.5)
Transportation	3,360,195,600	3,612,229,200	252,033,600	7.5
Treasury (Debt Service)	89,986,400	83,123,000	(6,863,400)	(7.6)
Treasury (Operations)	407,353,100	401,028,800	(6,324,300)	(1.6)
Treasury (Revenue Sharing)	1,076,445,600	1,086,919,600	10,474,000	1.0
Treasury (Strategic Fund)	219,892,500	149,563,400	(70,329,100)	(32.0)
TOTAL APPROPRIATIONS	\$43,497,241,100	\$43,828,671,300	\$331,430,200	0.8%

Figure B

Adjusted Gross FY 2008-09 Initial Appropriations

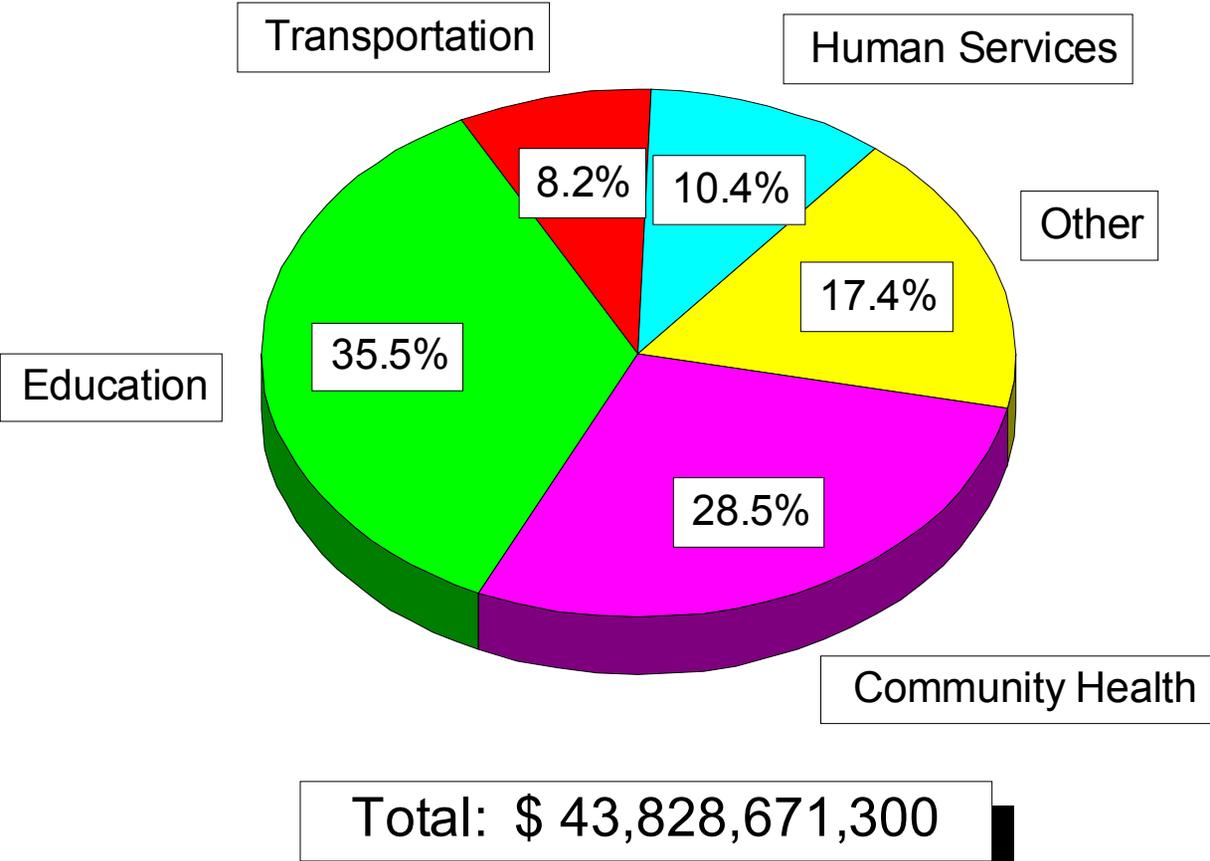


Table 3

STATE SPENDING FROM STATE RESOURCES FY 2007-08 VERSUS FY 2008-09				
Department/Budget Area	FY 2007-08 Year-to-Date Appropriations	FY 2008-09 Initial Appropriations	Dollar Difference	Percent Change
Agriculture	\$77,694,900	\$69,284,100	(\$8,410,800)	(10.8)%
Attorney General	43,527,900	44,057,900	530,000	1.2
Capital Outlay	34,224,400	0	(34,224,400)	(100.0)
Civil Rights	12,437,200	12,418,000	(19,200)	(0.2)
Community Colleges	318,938,800	299,360,500	(19,578,300)	(6.1)
Community Health	5,022,405,800	4,958,007,300	(64,398,500)	(1.3)
Corrections	2,066,234,100	2,027,610,500	(38,623,600)	(1.9)
Education	14,211,900	14,532,200	320,300	2.3
Environmental Quality (Operations)	214,562,700	213,721,700	(841,000)	(0.4)
Environmental Quality (CMI Bond)	5,663,200	0	(5,663,200)	(100.0)
Executive	5,317,300	5,317,300	0	0.0
Higher Education	1,771,477,100	1,761,705,200	(9,771,900)	(0.6)
History, Arts, and Libraries	41,943,900	43,908,600	1,964,700	4.7
Human Services	1,482,457,400	1,346,056,400	(136,401,000)	(9.2)
Information Technology	0	0	0	0.0
Judiciary	245,889,400	247,268,500	1,379,100	0.6
Labor and Economic Growth	435,123,400	460,474,700	25,351,300	5.8
Legislative Auditor General	14,026,700	14,089,700	63,000	0.4
Legislature	114,104,000	114,104,000	0	0.0
Management and Budget	363,123,500	370,569,300	7,445,800	2.1
Military and Veterans Affairs	69,576,000	69,390,200	(185,800)	(0.3)
Natural Resources	234,301,700	228,977,800	(5,323,900)	(2.3)
Natural Resources Trust Fund	34,542,300	0	(34,542,300)	(100.0)
School Aid	11,421,776,200	11,816,898,200	395,122,000	3.5
State	185,770,100	189,102,600	3,332,500	1.8
State Police	389,023,100	400,451,500	11,428,400	2.9
Transportation	2,116,605,000	2,079,609,200	(36,995,800)	(1.7)
Treasury (Debt Service)	89,986,400	83,123,000	(6,863,400)	(7.6)
Treasury (Operations)	367,446,700	363,054,800	(4,391,900)	(1.2)
Treasury (Revenue Sharing)	1,076,445,600	1,086,919,600	10,474,000	1.0
Treasury (Strategic Fund)	163,749,000	93,409,000	(70,340,000)	(43.0)
TOTAL APPROPRIATIONS	\$28,432,585,700	\$28,413,421,800	(\$19,163,900)	(0.1)%

Figure C

State Spending From State Resources

FY 2008-09 Initial Appropriations

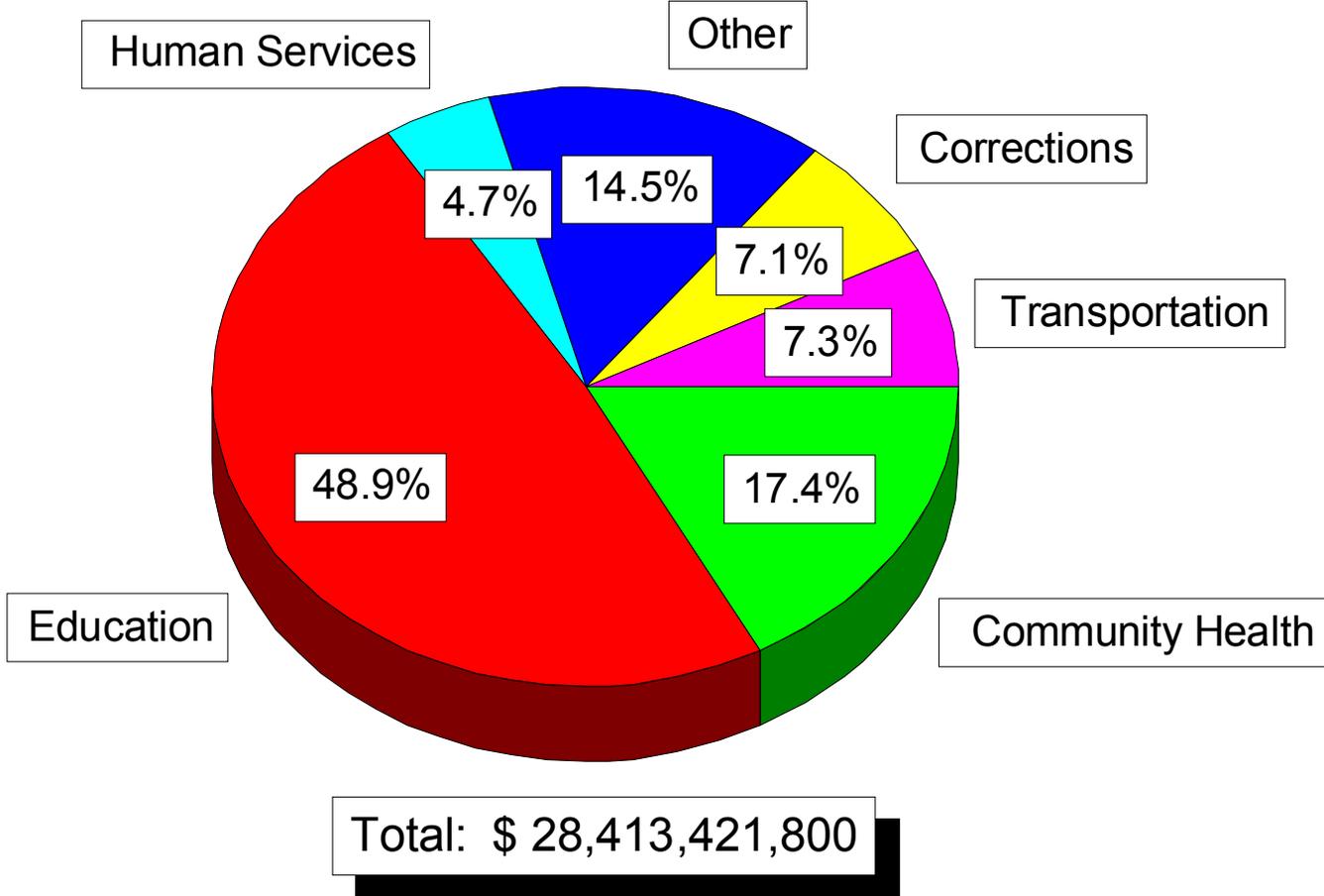


Table 4

GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS FY 2007-08 VERSUS FY 2008-09				
Department/Budget Area	FY 2007-08 Year-to-Date Appropriations	FY 2008-09 Initial Appropriations	Dollar Difference	Percent Change
Agriculture	\$31,573,200	\$32,488,600	\$915,400	2.9%
Attorney General	32,036,600	32,130,300	93,700	0.3
Capital Outlay	2,100	0	(2,100)	(100.0)
Civil Rights	12,437,200	12,418,000	(19,200)	(0.2)
Community Colleges	318,938,800	299,360,500	(19,578,300)	(6.1)
Community Health	3,217,758,000	3,095,528,900	(122,229,100)	(3.8)
Corrections	1,996,084,500	1,974,515,800	(21,568,700)	(1.1)
Education	7,075,400	7,551,400	476,000	6.7
Environmental Quality (Operations)	42,763,200	44,411,800	1,648,600	3.9
Environmental Quality (CMI Bond)	0	0	0	0.0
Executive	5,317,300	5,317,300	0	0.0
Higher Education	1,669,827,100	1,645,605,200	(24,221,900)	(1.5)
History, Arts, and Libraries	39,298,300	39,740,800	442,500	1.1
Human Services	1,406,908,800	1,284,467,200	(122,441,600)	(8.7)
Information Technology	0	0	0	0.0
Judiciary	157,996,700	159,320,600	1,323,900	0.8
Labor and Economic Growth	46,002,700	73,560,700	27,558,000	59.9
Legislative Auditor General	12,486,800	12,549,800	63,000	0.5
Legislature	112,994,200	112,994,200	0	0.0
Management and Budget	293,522,000	292,875,200	(646,800)	(0.2)
Military and Veterans Affairs	40,503,800	40,339,800	(164,000)	(0.4)
Natural Resources	23,743,200	10,624,200	(13,119,000)	(55.3)
Natural Resources Trust Fund	0	0	0	0.0
School Aid	34,909,600	40,800,000	5,890,400	16.9
State	28,797,200	26,528,800	(2,268,400)	(7.9)
State Police	277,029,300	284,921,600	7,892,300	2.8
Transportation	0	0	0	0.0
Treasury (Debt Service)	66,071,900	67,608,500	1,536,600	2.3
Treasury (Operations)	73,419,300	75,922,500	2,503,200	3.4
Treasury (Revenue Sharing)	230,900	212,000	(18,900)	(8.2)
Treasury (Strategic Fund)	32,993,800	29,603,800	(3,390,000)	(10.3)
TOTAL APPROPRIATIONS	\$9,980,721,900	\$9,701,397,500	(\$279,324,400)	(2.8)%

Figure D

General Fund/General Purpose FY 2008-09 Initial Appropriations

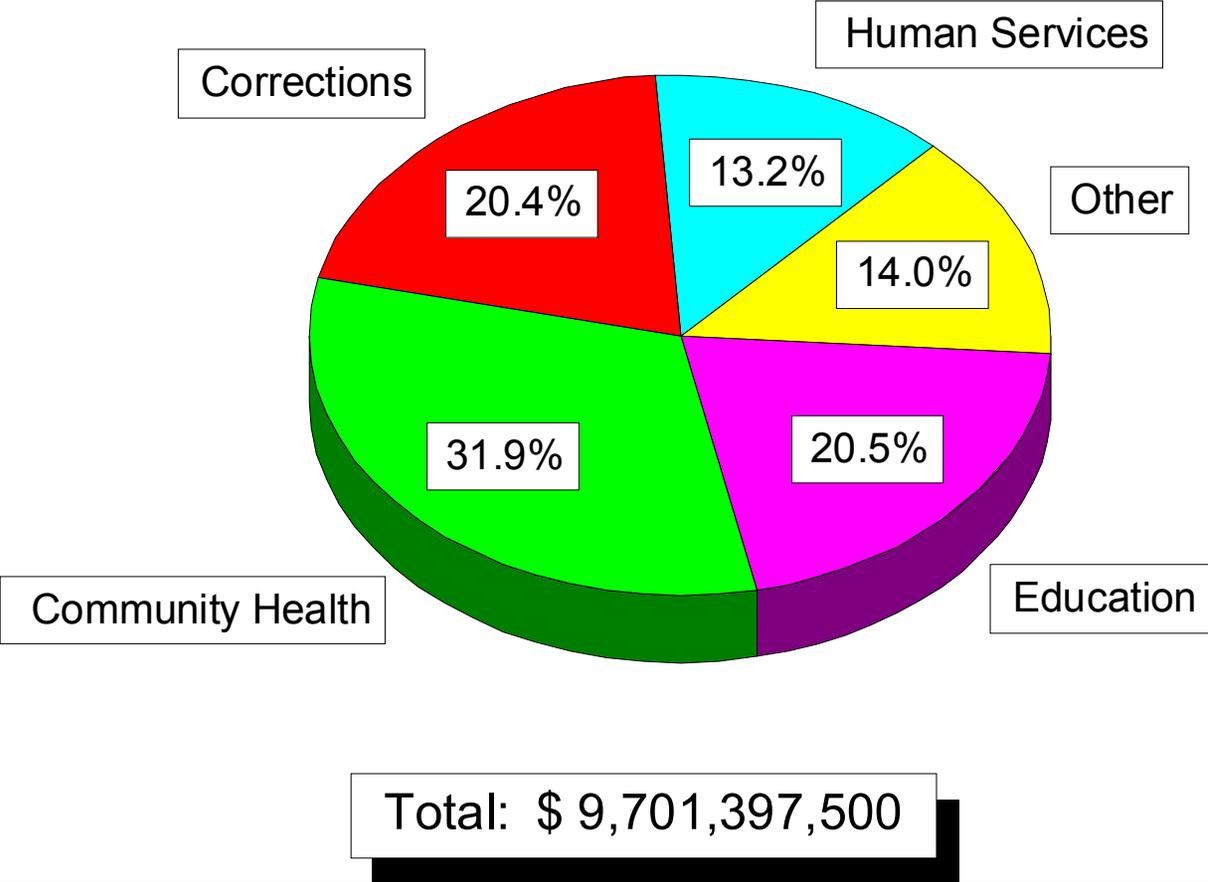


Table 5

FY 2008-09 INITIAL APPROPRIATIONS - SUMMARY OF PROGRAM TRANSFERS (Actual Dollars)					
From:	Fund Source	FY 2007-08 Transferred Out	To:	Fund Source	FY 2008-09 Enacted
Agriculture					
Human Resources Consolidation	Gross	(642,500)	Management and Budget	Gross	601,300
	GF/GP	(350,500)	Civil Service Commission	GF/GP	309,300
Capital Outlay					
Farmland and Open Space Development Acquisition	Gross	(3,750,000)	Agriculture	Gross	3,750,000
	GF/GP	0		GF/GP	0
Major Special Maintenance, Remodeling and Additions for State Agencies	Gross	(2,000,000)	Management and Budget	Gross	2,000,000
	GF/GP	0		GF/GP	0
Various Construction, Remodeling, and Maintenance Projects	Gross	(26,500,000)	Military and Veterans Affairs	Gross	53,400,000
	GF/GP	0		GF/GP	450,000
State Park and Forest Area Improvements	Gross	(2,500,000)	Natural Resources	Gross	4,800,000
	GF/GP	0		GF/GP	0
Waterways Boating Program	Gross	(13,557,100)	Natural Resources	Gross	9,393,000
	GF/GP	0		GF/GP	0
MDOT - Buildings and Facilities	Gross	(14,305,000)	Transportation	Gross	9,132,000
	GF/GP	0		GF/GP	0
MDOT - Airport Improvement Program	Gross	(183,191,300)	Transportation	Gross	167,491,700
	GF/GP	0		GF/GP	0
Civil Rights					
Human Resources Consolidation	Gross	(201,200)	Management and Budget	Gross	201,200
	GF/GP	(189,400)	Civil Service Commission	GF/GP	189,400
Community Health					
Human Resources Consolidation	Gross	(4,206,500)	Management and Budget	Gross	4,206,500
	GF/GP	(2,496,900)	Civil Service Commission	GF/GP	2,496,900

FY 2008-09 INITIAL APPROPRIATIONS - SUMMARY OF PROGRAM TRANSFERS (Actual Dollars)					
From:	Fund Source	FY 2007-08 Transferred Out	To:	Fund Source	FY 2008-09 Enacted
Corrections			Management and Budget		
Human Resources Consolidation	Gross	(13,392,600)	Civil Service Commission	Gross	12,312,900
	GF/GP	(13,217,500)		GF/GP	12,137,800
Education			Management and Budget		
Human Resources Consolidation	Gross	(603,500)	Civil Service Commission	Gross	579,600
	GF/GP	(213,700)		GF/GP	189,800
Environmental Quality			Management and Budget		
Human Resources Consolidation	Gross	(1,387,100)	Civil Service Commission	Gross	1,377,400
	GF/GP	(315,500)		GF/GP	225,000
History, Arts, and Libraries					
Film Office	Gross	(180,300)	Treasury	Gross	681,600
	GF/GP	(180,300)	Michigan Strategic Fund	GF/GP	181,600
Human Resources Consolidation	Gross	(209,700)	Management and Budget	Gross	211,500
	GF/GP	(209,700)	Civil Service Commission	GF/GP	211,500
Human Services			Management and Budget		
Human Resources Consolidation	Gross	(5,069,100)	Civil Service Commission	Gross	4,961,600
	GF/GP	(1,446,800)		GF/GP	1,413,100
Labor and Economic Growth			Management and Budget		
Human Resources Consolidation	Gross	(2,641,700)	Civil Service Commission	Gross	2,382,000
	GF/GP	0		GF/GP	0
Management and Budget			Management and Budget		
Human Resources Consolidation	Gross	(831,700)	Civil Service Commission	Gross	831,700
	GF/GP	(276,300)		GF/GP	276,300
Military and Veterans Affairs			Management and Budget		
Human Resources Consolidation	Gross	(984,900)	Civil Service Commission	Gross	922,300
	GF/GP	(829,300)		GF/GP	766,700

FY 2008-09 INITIAL APPROPRIATIONS - SUMMARY OF PROGRAM TRANSFERS					
(Actual Dollars)					
From:	Fund Source	FY 2007-08 Transferred Out	To:	Fund Source	FY 2008-09 Enacted
Natural Resources					
Human Resources Consolidation	Gross	(1,740,300)	Management and Budget	Gross	1,769,200
	GF/GP	(304,300)	Civil Service Commission	GF/GP	141,300
Payments in Lieu of Taxes	Gross	(14,184,100)	Treasury	Gross	14,189,200
	GF/GP	(11,834,100)		GF/GP	11,839,100
State Police					
Human Resources Consolidation	Gross	(1,775,700)	Management and Budget	Gross	1,597,400
	GF/GP	(1,150,300)	Civil Service Commission	GF/GP	991,100
Transportation					
Human Resources Consolidation	Gross	(2,315,100)	Management and Budget	Gross	2,549,000
	GF/GP	0	Civil Service Commission	GF/GP	0
Treasury-Operations					
Human Resources Consolidation	Gross	(2,075,100)	Management and Budget	Gross	1,954,000
	GF/GP	(1,550,900)	Civil Service Commission	GF/GP	1,447,900
Notes: The above items do not include the transfer of the internal audit function to the Department of Management and Budget (DMB). Appropriations remain in the individual departments with an interdepartmental grant funding the program in the DMB.					

Table 6
FY 2008-09
LINE ITEM VETOES
(Actual Dollars)

Budget Area/Item	Adjusted Gross	General Fund/ General Purpose
Agriculture		
Cooperative Resources Management Initiative IDG from DNR	\$0	\$0
Horse Racing	(11,631,900)	0
Corrections		
Intensive Probation Pilot Program	(980,000)	(980,000)
Environmental Quality		
Environmental Ombudsman	(250,000)	0
Retrofit Reverse Vending Machines	(2,000,000)	0
History, Arts, and Libraries		
Michigan History Day	(25,000)	(25,000)
Local Historical Society Grants	(25,000)	(25,000)
Human Services		
Grant to Private Human Service Agency in Sanilac County	(120,000)	(120,000)
Counties Retaining a Portion of Title IV-E Federal Funds	(3,013,500)	0
Home Care Incentive Program	(100)	0
Child Support Collection Contract	(500,000)	(170,000)
Marriage and Fatherhood Education Contracts	(250,000)	0
Adrian Training School Capital Improvements	(500,000)	(500,000)
Natural Resources		
Cooperative Resources Management Initiative	(750,000)	0
State		
Cost Allocation Study Regarding Transportation Revenue	(100,000)	0
Transportation		
Cost Allocation Plan for Motor Fuel Tax Collections	(100,000)	0
Treasury-Strategic Fund Agency		
Lakeshore Advantage Economic Development Grant	(3,000,000)	0
TOTAL LINE ITEM VETOES	(\$23,245,500)	(\$1,820,000)

Table 7

FY 2008-09 TOBACCO SETTLEMENT APPROPRIATIONS AND REVENUE (Actual Dollars)	
Budget Area/Program	FY 2008-09 Initial Appropriation
Attorney General	
Administration	\$408,600
Community Health	
Medicaid Base	50,856,200
Medicaid Nursing Home Personal Needs Allowance	5,000,000
Aging: Respite Care	<u>5,000,000</u>
Total Community Health	60,856,200
Higher Education	
Merit Award Scholarships	5,200,000
Promise Grants	90,500,000
Tuition Incentive Program	15,850,000
Nursing Scholarship Program	<u>4,250,000</u>
Total Higher Education	115,800,000
Strategic Fund Agency	
21 st Century Jobs Fund Program	62,000,000
Treasury	
Merit Award Administration	1,453,000
Michigan Education Savings Plan	800,000
Tuition Incentive Program Administration	426,700
Information Technology	<u>415,900</u>
Total Treasury	3,095,600
TOTAL MERIT AWARD TRUST FUND APPROPRIATIONS.....	<u>\$242,160,400</u>
Tobacco Settlement Revenue Estimates	Revenue Estimates
Balance From Prior Fiscal Year	\$0
Annual Payments	293,400,000
Interest Earnings	<u>900,000</u>
Total Tobacco Settlement Revenue	294,300,000
Less Transfers Out For:	
Payment on Bond Securitization (13.34% of Revenue)	(39,139,560)
Transfer to General Fund	<u>(10,000,000)</u>
NET REVENUE TO MERIT AWARD TRUST FUND.....	<u>\$245,160,440</u>
PROJECTED YEAR-END BALANCE	<u>\$3,000,040</u>

Table 8
FY 2008-09
GENERAL FUND/GENERAL PURPOSE
INITIAL APPROPRIATIONS
(Millions of Dollars)

	SFA Estimate
Revenue:	
Beginning Balance.....	\$139.4
Consensus Revenue Estimate	8,884.6
Revenue Sharing Freeze.....	558.7
Revenue Sharing Increase (2.0%)	(8.1)
Shift of Short-Term Borrowing Costs to School Aid Fund	45.0
Treasury-Insurance Escheats Revenue	25.0
Treasury-Secondary Collections	6.0
21 st Century Fund Transfer to General Fund	10.0
Tourism Borrowing Transfer to General Fund.....	10.0
Transportation Economic Development Fund Transfer to General Fund	6.0
Sale of Surplus State Property-Northville	6.5
Total Estimated Revenue.....	\$9,683.1
Expenditures:	
Initial Appropriations	\$9,701.4
Lapse from Contract Savings	(20.0)
Total Projected Expenditures.....	\$9,681.4
PROJECTED YEAR-END BALANCE.....	\$1.7

Table 9
FY 2008-09
SCHOOL AID FUND
INITIAL APPROPRIATIONS
(Millions of Dollars)

	SFA Estimate
Revenue:	
Beginning Balance.....	\$68.7
Consensus Revenue Estimate	11,707.4
GF/GP Grant	40.8
Federal Aid	1,562.0
Total Estimated Revenue.....	\$13,378.9
Expenditures:	
Initial Appropriations	\$13,378.9
Total Projected Expenditures.....	\$13,378.9
PROJECTED YEAR-END BALANCE.....	\$0.0

Table 10
FULL-TIME EQUATED POSITIONS
FY 2007-08 VERSUS FY 2008-09

Department/Budget Area	FY 2007-08 Year-to-Date Positions	FY 2008-09 Initial Positions	Position Change	Percent Change
Agriculture	686.5	594.5	(92.0)	(13.4)%
Attorney General	556.0	537.0	(19.0)	(3.4)
Civil Rights.....	136.0	127.0	(9.0)	(6.6)
Community Health.....	4,761.6	4,602.7	(158.9)	(3.3)
Corrections	17,637.4	17,087.0	(550.4)	(3.1)
Education.....	466.5	482.5	16.0	3.4
Environmental Quality (Operations)	1,561.7	1,520.7	(41.0)	(2.6)
Executive	74.2	74.2	0.0	0.0
Higher Education	1.0	1.0	0.0	0.0
History, Arts, and Libraries	230.0	226.0	(4.0)	(1.7)
Human Services	10,575.4	10,401.8	(173.6)	(1.6)
Information Technology.....	1,774.4	1,657.0	(117.4)	(6.6)
Judiciary	519.0	491.0	(28.0)	(5.4)
Labor and Economic Growth.....	4,292.5	4,300.0	7.5	0.2
Management and Budget.....	988.0	1,424.0	436.0	44.1
Military and Veterans Affairs	1,015.0	985.0	(30.0)	(3.0)
Natural Resources	2,087.9	2,167.9	80.0	3.8
State	1,853.8	1,809.0	(44.8)	(2.4)
State Police	2,899.0	2,924.0	25.0	0.9
Transportation	3,029.3	3,008.3	(21.0)	(0.7)
Treasury (Operations)	1,744.5	1,684.5	(60.0)	(3.4)
Treasury (Strategic Fund).....	152.0	153.0	1.0	0.7
TOTAL POSITIONS.....	57,041.7	56,258.1	(783.6)	(1.4)%

Figure E

Full-Time Equated Positions FY 2008-09 Initial Appropriations

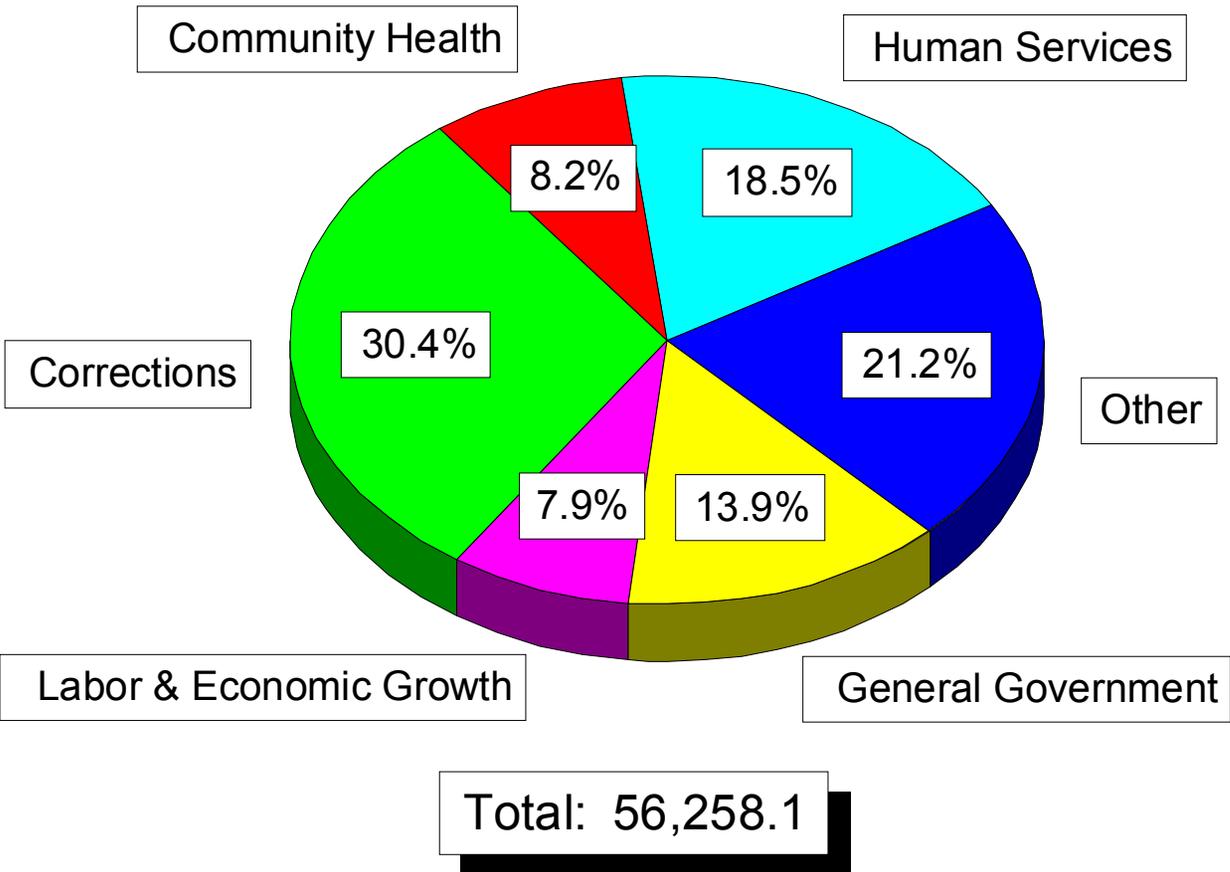


Table 11

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT FY 2007-08 AND FY 2008-09 ESTIMATES (Millions of Dollars)		
	2007-08 Estimate	2008-09 Estimate
State Spending from State Resources ¹⁾	\$28,397.6	\$28,378.4
Required Payments to Local Units of Government (48.97%)	\$13,906.3	\$13,896.9
Estimated Payments to Local Units of Government.....	\$15,912.2	\$16,083.4
Estimated Payments as a Percentage of Total State Spending	56.03%	56.67%
Surplus of Section 30 Payments	\$2,005.9	\$2,186.5
¹⁾ Excludes \$35.0 million of unrestricted Federal aid.		

Table 12

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 2007-08 VERSUS FY 2008-09				
Department/Budget Area	FY 2007-08 Year-to-Date Appropriations	FY 2008-09 Initial Appropriations	Dollar Difference	Percent Change
Agriculture.....	\$2,616,800	\$2,416,800	(\$200,000)	(7.6)%
Attorney General.....	0	0	0	0.0
Capital Outlay.....	11,249,300	0	(11,249,300)	(100.0)
Civil Rights.....	0	0	0	0.0
Community Colleges.....	318,938,800	299,360,500	(19,578,300)	(6.1)
Community Health.....	1,282,732,300	1,275,247,400	(7,484,900)	(0.6)
Corrections.....	91,440,000	89,162,800	(2,277,200)	(2.5)
Education.....	0	0	0	0.0
Environmental Quality (Operations).....	4,300,000	5,200,000	900,000	20.9
Environmental Quality (CMI Bond).....	0	0	0	0.0
Executive.....	0	0	0	0.0
Higher Education.....	3,759,100	3,759,100	0	0.0
History, Arts, and Libraries.....	11,536,300	11,228,400	(307,900)	(2.7)
Human Services.....	124,569,000	143,572,200	19,003,200	15.3
Information Technology.....	0	0	0	0.0
Judiciary.....	123,725,200	124,193,800	468,600	0.4
Labor and Economic Growth.....	51,470,500	48,655,800	(2,814,700)	(5.5)
Legislative Auditor General.....	0	0	0	0.0
Legislature.....	0	0	0	0.0
Management and Budget.....	0	0	0	0.0
Military and Veterans Affairs.....	120,000	120,000	0	0.0
Natural Resources.....	19,291,100	8,357,000	(10,934,100)	(56.7)
Natural Resources Trust Fund.....	19,985,400	0	(19,985,400)	(100.0)
School Aid.....	11,352,295,700	11,602,465,900	250,170,200	2.2
State.....	1,225,200	1,253,800	28,600	2.3
State Police.....	20,594,700	20,741,400	146,700	0.7
Transportation.....	1,240,293,900	1,211,011,600	(29,282,300)	(2.4)
Treasury (Debt Service).....	0	0	0	0.0
Treasury (Operations).....	148,169,900	147,914,600	(255,300)	(0.2)
Treasury (Revenue Sharing).....	1,076,445,600	1,086,919,600	10,474,000	1.0
Treasury (Strategic Fund).....	7,441,200	1,800,000	(5,641,200)	(75.8)
TOTAL APPROPRIATIONS.....	\$15,912,200,000	\$16,083,380,700	\$171,180,700	1.1%

BUDGET AREA DETAIL

**DEPARTMENT OF AGRICULTURE
P.A. 253 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	686.5	593.5	593.5	593.5	594.5	(92.0)	(13.4)
GROSS	108,811,400	106,730,000	104,855,000	104,943,200	95,182,400	(13,629,000)	(12.5)
Less:							
Interdepartmental Grants Received	9,615,400	9,539,200	11,339,200	9,539,200	9,539,200	(76,200)	(0.8)
ADJUSTED GROSS	99,196,000	97,190,800	93,515,800	95,404,000	85,643,200	(13,552,800)	(13.7)
Less:							
Federal Funds	21,267,600	16,111,000	14,861,000	14,861,000	16,121,900	(5,145,700)	(24.2)
Local and Private	233,500	237,200	237,200	237,200	237,200	3,700	1.6
TOTAL STATE SPENDING	77,694,900	80,842,600	78,417,600	80,305,800	69,284,100	(8,410,800)	(10.8)
Less:							
Other State Restricted Funds	46,121,700	48,352,400	45,927,400	45,852,400	36,795,500	(9,326,200)	(20.2)
GENERAL FUND/GENERAL PURPOSE ..	31,573,200	32,490,200	32,490,200	34,453,400	32,488,600	915,400	2.9
PAYMENTS TO LOCALS	2,616,800	2,416,800	2,416,800	2,416,800	2,416,800	(200,000)	(7.6)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

Water Withdrawal Assessment Program

Enactment of the Great Lakes Compact and accompanying water withdrawal regulations created additional responsibilities for the Department of Agriculture related to monitoring water withdrawals by farm operations. The budget includes one position and General Fund dollars for the additional expenses of the new program.

FTE	1.0
Gross	130,000
GF/GP	130,000

B. PROGRAM INCREASES

Bovine Tuberculosis

The budget includes a net increase to the Bovine Tuberculosis eradication program. There is an increase in General Fund support for activities to contain and eradicate Bovine Tuberculosis from the cattle and deer herds in the State. The budget also reduced the restricted funding from the Agriculture Equine Industry Development Fund (AEIDF) that previously funded the Bovine TB program and provided a slight increase in Federal funding to allow expenditure of additional Federal funding that is expected in FY 2008-09. The reduction in appropriations for the Bovine TB program from the AEIDF was a transfer of that funding to horse racing programs. The Governor vetoed all of the horse racing line items and requested a supplemental appropriation to restore the AEIDF to the Bovine TB program and appropriate the horse racing line items at their previous levels.

FTE	12.0
Gross	287,300
Federal	10,900
Restricted	(1,423,600)
GF/GP	1,700,000

C. PROGRAM ELIMINATIONS

Horse Racing

The Governor vetoed the line items in the initial budget that supported horse racing and State and county fairgrounds, which eliminated these programs. The Legislature had moved \$1,471,600 in appropriations from the Agriculture Equine Industry Development Fund from the Bovine TB program to horse racing programs. The increase provided to these programs by the Legislature added \$991,600 to horse racing programs and \$480,000 to building and tracks improvements at State and county fairgrounds. In the veto letter, the Governor indicated intent to restore funding for these programs to current-year levels. Public Act 279 of 2008 appropriated funding for horse racing functions at the FY 2007-08 level of \$10,160,300, restoring most of the amount vetoed. Funding was not provided for building and track improvements.

Gross	(10,208,300)
Restricted	(10,208,300)
GF/GP	0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

D. PROGRAM REDUCTIONS

1. Emerald Ash Borer Reduction

Federal funding for Emerald Ash Borer eradication activities in Michigan is declining. The budget reduced appropriations to reflect the decreased Federal support.

Gross	(5,000,000)
Federal	(5,000,000)
GF/GP	0

2. Pesticide and Plant Pest Management Reduction

Federal funding for this program was expected to decline and the budget reflects the change. The total reduction in the appropriation for this program is composed of \$800,000 from the United States Department of Agriculture and \$600,000 from the Environmental Protection Agency.

Gross	(1,400,000)
Federal	(1,400,000)
GF/GP	0

3. General Fund Reduction

In order to meet lower revenue estimates for the General Fund, the budgets for all State departments include reductions in General Fund appropriations. For the Department of Agriculture, the total reduction was divided among the food safety, environmental stewardship, and laboratory services programs.

Gross	(77,900)
GF/GP	(77,900)

4. Management Services Reduction

The budget includes a reduction to Management services, which is an administrative function. The reduction could impact up to two positions, but details on how the reduction will be implemented are unknown.

Gross	(150,000)
GF/GP	(150,000)

E. FUNDING SHIFTS - NONE

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

F. PROGRAM TRANSFERS

1. Farmland and Open Space Acquisition

Funding for capital outlay projects is transferred from the capital outlay budget to the operations budget for FY 2008-09. Funding from the United States Department of Agriculture and the State Agriculture Preservation Fund is appropriated for the purchase of development rights and grants to local units of government for the acquisition of agricultural conservation easements.

Gross	3,750,000
Federal	1,250,000
Restricted	2,500,000
GF/GP	0

2. Human Resources Consolidation

A statewide consolidation of human resources functions has been phased in over many years. The final step transfers the funding for human resources to the Department of Management and Budget, which is the new home of the Civil Service Commission and employee services.

FTE	(5.0)
Gross	(642,500)
Restricted	(292,000)
GF/GP	(350,500)

G. OTHER ISSUES

1. FTE Adjustments

On a statewide basis, the budget includes changes to the number of FTE positions appropriated in departments. The adjusted numbers reflect the actual number of FTEs that appropriations can support, which results in a reduction in FTEs for the Department of Agriculture.

FTE	(100.0)
Gross	0
GF/GP	0

2. Internal Audit

Internal audit functions are being consolidated into the Department of Management and Budget. The budget moves \$263,700 into a new line item that will provide support for this function through an interdepartmental grant process.

Gross	0
GF/GP	0

3. Other Changes

The budget includes other changes to make adjustments for changes in anticipated State restricted and Federal revenue, cost allocation, and one-time appropriations in FY 2007-08.

Gross	(448,100)
IDG	(75,000)
Federal	(27,000)
Restricted	69,900
GF/GP	(416,000)

H. UNCLASSIFIED SALARIES - NONE

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	130,500
IDG	(1,200)
Federal	20,400
Private	3,700
Restricted	27,800
GF/GP	79,800

K. VETOES

1. Cooperative Resources Management Initiative

The Governor vetoed an interdepartmental grant of \$1.0 million from the Department of Natural Resources to the Department of Agriculture, which would have distributed the funds in the form of grants to soil conservation districts to provide forestland management services to private foresters.

2. Horse Racing

The Governor vetoed a total of \$11,631,900 of appropriations from the Agriculture Equine Industry Development Fund in the horse racing and county fair line items. The Conference Report moved funding appropriated from the AEIDF from the Bovine Tuberculosis program to purposes in the Fairs and Expositions unit to increase the purses and awards available for horse racing and building and track improvements at local and county fairs. The veto letter stated intent to appropriate the horse racing funding to the FY 2007-08 levels through a supplemental appropriation and to restore the \$1,423,600 of AEIDF appropriations to the Bovine TB program. Public Act 279 of 2008 restored appropriations for the horse racing line items to their FY 2007-08 level of \$10,160,300. Action has not been taken yet to restore the AEIDF funding to the Bovine TB program.

**DEPARTMENT OF ATTORNEY GENERAL
P.A. 261 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	556.0	537.0	537.0	537.0	537.0	(19.0)	(3.4)
GROSS	73,124,200	76,544,600	76,544,500	76,544,600	76,409,700	3,285,500	4.5
Less:							
Interdepartmental Grants Received	21,780,300	24,301,000	24,301,000	24,301,000	24,301,000	2,520,700	11.6
ADJUSTED GROSS	51,343,900	52,243,600	52,243,500	52,243,600	52,108,700	764,800	1.5
Less:							
Federal Funds	7,816,000	8,050,800	8,050,800	8,050,800	8,050,800	234,800	3.0
Local and Private.....	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	43,527,900	44,192,800	44,192,700	44,192,800	44,057,900	530,000	1.2
Less:							
Other State Restricted Funds	11,491,300	11,927,600	11,927,600	11,927,600	11,927,600	436,300	3.8
GENERAL FUND/GENERAL PURPOSE ..	32,036,600	32,265,200	32,265,100	32,265,200	32,130,300	93,700	0.3
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Memoranda of Understanding

Interdepartmental grants and Restricted revenue were adjusted to reflect memoranda of understanding between the Department of Attorney General and other State departments. These agreements reflect the services provided by the Attorney General's office to other departments and gives the Department of Attorney General the authority to bill other departments for services rendered.

Gross	2,805,000
IDG	2,424,000
Restricted	381,000
GF/GP	0

2. Federal Revenue

New Federal revenue was received for the Medicaid Fraud Control Unit within the Department of Attorney General for total funding of \$4,513,600 for this program for FY 2008-09.

Gross	200,000
Federal	200,000
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Administrative Reduction

The Governor made an administrative reduction in the Information Technology line item.

Gross	(1,400)
GF/GP	(1,400)

2. Target GF/GP Reduction

The Operations line item was reduced by 0.25% per target agreement.

Gross	(79,800)
GF/GP	(79,800)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

G. OTHER ISSUES

FTE Rebasing

The Governor made adjustments to the Department's FTE allotment by reducing the number of FTE positions by 19.0 to reflect actual number of funded positions.

FTE	(19.0)
Gross	0
GF/GP	0

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	361,700
IDG	96,700
Federal	34,800
Restricted	55,300
GF/GP	174,900

K. VETOES

1. Enforcement Revenue Carryforward

Section 307 appropriates additional antitrust, securities fraud, consumer protection or class action enforcement revenue, or attorney fees recovered by the Department, up to \$250,000, and would have authorized up to \$250,000 of unspent funds to be carried forward for expenditure in the succeeding fiscal year. The Governor vetoed the sentence authorizing the carry-forward of unspent funds.

2. Medicaid False Claims

Section 311 would have appropriated funds collected for violations of the Medicaid False Claims Act to the Department and allowed the carry forward of any unspent funds. The Governor vetoed the entire section.

**CAPITAL OUTLAY
P.A. 278 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	245,805,500	0	0	0	0	(245,805,500)	(100.0)
Less:							
Interdepartmental Grants Received	2,000,000	0	0	0	0	(2,000,000)	(100.0)
ADJUSTED GROSS	243,805,500	0	0	0	0	(243,805,500)	(100.0)
Less:							
Federal Funds	194,371,700	0	0	0	0	(194,371,700)	(100.0)
Local and Private	15,209,400	0	0	0	0	(15,209,400)	(100.0)
TOTAL STATE SPENDING	34,224,400	0	0	0	0	(34,224,400)	(100.0)
Less:							
Other State Restricted Funds	34,222,300	0	0	0	0	(34,222,300)	(100.0)
GENERAL FUND/GENERAL PURPOSE ..	2,100	0	0	0	0	(2,100)	(100.0)
PAYMENTS TO LOCALS	11,249,300	0	0	0	0	(11,249,300)	(100.0)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

1. Department of Military and Veterans Affairs

Projects for FY 2008-09 include \$40.0 million (all Federal) for a Military Operations on Urban Terrain Training Course at Camp Grayling, \$500,000 (State Restricted) for land acquisitions, and \$900,000 (\$450,000 Federal/\$450,000 GF/GP) for repairs at various Armories.

Gross	41,400,000
Federal	40,450,000
Restricted	500,000
GF/GP	450,000

2. Department of Natural Resources Waterways Projects

Projects for FY 2008-09 include \$500,000 for Port Austin site improvements, \$300,000 for Phase V of the Mackinaw City Marina, \$2.4 million for Metro Beach Metropark dock replacements and other upgrades, and \$500,000 for land acquisitions.

Gross	3,700,000
Restricted	3,700,000
GF/GP	0

3. Department of Transportation

Projects for FY 2008-09 include \$1,915,000 to relocate the Port Huron Transportation Service Center (a change that reflects Phase 1 of \$21.1 million in improvements related to enhanced border security) and \$945,000 for the Fennville Maintenance Garage Expansion Project.

Gross	2,860,000
Restricted	2,860,000
GF/GP	0

B. PROGRAM INCREASES

Revenue Adjustments

Programs were adjusted based on available Federal, local, private, and restricted revenue sources.

Gross	19,686,800
Local	15,464,800
Private	1,500,000
Restricted	2,722,000
GF/GP	0

C. PROGRAM ELIMINATIONS

FY 2007-08 Projects

Funding for FY 2007-08 one-time projects is eliminated.

Gross	(27,136,200)
Federal	(13,784,100)
Restricted	(13,350,000)
GF/GP	(2,100)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

D. PROGRAM REDUCTIONS

Revenue Adjustments

Programs were adjusted based on available Federal and restricted revenue sources.

Gross	(36,349,400)
Federal	(33,020,000)
Restricted	(3,329,400)
GF/GP	0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

FY 2008-09 Appropriation

Due to revenue issues, the Governor did not make a recommendation for the FY 2007-08 Capital Outlay budget until January 14, 2008. Due to various delays, the aeronautics portion of the FY 2007-08 Capital Outlay budget did not pass the Legislature until June 10, 2008, and the balance of the FY 2007-08 Capital Outlay budget did not pass the Legislature until September 25, 2008. During this period, no progress was being made on the FY 2008-09 Capital Outlay appropriation bill. On June 6, 2008, the Governor submitted a revised recommendation transferring all FY 2008-09 departmental capital outlay appropriation items to the respective departmental appropriation bills. Departments affected included the Department of Agriculture, Department of Management and Budget, Department of Military and Veterans Affairs, Department of Natural Resources, and Department of Transportation. The Legislature concurred with the Governor's revised recommendation.

Gross	(249,966,700)
IDG	(2,000,000)
Federal	(188,017,600)
Local	(30,674,200)
Private	(1,500,000)
Restricted	(27,324,900)
GF/GP	(450,000)

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. VETOES - NONE

**DEPARTMENT OF CIVIL RIGHTS
P.A. 261 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	136.0	127.0	127.0	127.0	127.0	(9.0)	(6.6)
GROSS	14,815,800	14,528,400	14,528,400	14,528,400	14,475,300	(340,500)	(2.3)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	14,815,800	14,528,400	14,528,400	14,528,400	14,475,300	(340,500)	(2.3)
Less:							
Federal Funds	2,378,600	2,057,300	2,057,300	2,057,300	2,057,300	(321,300)	(13.5)
Local and Private.....	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	12,437,200	12,471,100	12,471,100	12,471,100	12,418,000	(19,200)	(0.2)
Less:							
Other State Restricted Funds	0	0	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE ..	12,437,200	12,471,100	12,471,100	12,471,100	12,418,000	(19,200)	(0.2)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Computer Upgrades

Funding was increased for the purchase of new computers for the Department.

Gross	75,000
Federal	15,000
GF/GP	60,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Administrative Reduction

The Governor made an administrative reduction in the Information Technology line item.

Gross	(600)
GF/GP	(600)

2. Target GF/GP Reduction

The Operations line item was reduced by 0.25% per target agreement.

Gross	(31,100)
GF/GP	(31,100)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

1. Transferred Out

The budget transferred human resource (HR) functions to a new HR Consolidation Unit in the Civil Service Commission, including all funding and 2.0 FTE positions.

FTE	(2.0)
Gross	(201,200)
Federal	(11,800)
GF/GP	(189,400)

2. Transferred Out

Human resources optimization funding was transferred to the new HR Consolidation Unit in the Civil Service Commission.

Gross	(8,700)
GF/GP	(8,700)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

G. OTHER ISSUES

1. FY 2007-08 Transfer Adjustment

An adjustment was made to the FY 2007-08 appropriation to reflect the transfer of 5-9-08 allowing the Department to receive Federal funds from the U.S. Department of Justice for equal employment opportunity and cultural competency training.

Gross	(253,600)
Federal	(253,600)
GF/GP	0

2. FTE Rebasing

The Governor made adjustments to the Department's FTE allotment by reducing the number of FTE positions by 7.0 to reflect the actual number of funded positions.

FTE	(7.0)
Gross	0
GF/GP	0

3. FY 2007-08 Legislative Transfer

Legislative transfer dated 9-11-08 transferred Federal funds from contingency funding to increase spending authority due to receipt of additional Federal dollars.

Gross	(70,900)
Federal	(70,900)
GF/GP	0

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	150,600
GF/GP	150,600

K. VETOES - NONE

**COMMUNITY COLLEGES
P.A. 255 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	318,938,800	302,228,800	302,228,800	310,617,000	299,360,500	(19,578,300)	(6.1)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	318,938,800	302,228,800	302,228,800	310,617,000	299,360,500	(19,578,300)	(6.1)
Less:							
Federal Funds	0	0	0	0	0	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	318,938,800	302,228,800	302,228,800	310,617,000	299,360,500	(19,578,300)	(6.1)
Less:							
Other State Restricted Funds	0	0	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE ..	318,938,800	302,228,800	302,228,800	310,617,000	299,360,500	(19,578,300)	(6.1)
PAYMENTS TO LOCALS	318,938,800	302,228,800	302,228,800	310,617,000	299,360,500	(19,578,300)	(6.1)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Community College Operations

Gross	5,736,500
GF/GP	5,736,500

The Governor included funding for an overall 3.0% increase for community college operations. The Leadership Target Agreement reduced funding available for community colleges to a 2% increase. The increase is distributed pursuant to the Performance Indicators Task Force formula. This distribution formula has been used to allocate increases in funding since FY 2006-07. The attached table ([Table 1](#)) delineates increases for each college, which range from 1.6% to 2.6%. Components of the formula include:

- a. 50.0% distribution proportionate to current base funding
- b. 17.5% based on student contact hours
- c. 17.5% based on a weighted degrees formula
- d. 15.0% based on strategic value

2. Renaissance Zone Reimbursements

Gross	445,000
GF/GP	

Funding is increased from \$3,035,000 to \$3,480,000, based on projected payments pursuant to P.A. 376 of 1996.

C. PROGRAM ELIMINATIONS

One-Time Delayed Payment

Gross	(25,759,800)
GF/GP	(25,759,800)

The budget eliminated the funding related to the one-time August 2007 delayed payment (Executive Order 2007-3 and P.A. 17 of 2007).

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

- G. OTHER ISSUES - NONE**
- H. UNCLASSIFIED SALARIES - NONE**
- I. FEE INCREASES - NONE**
- J. ECONOMIC ADJUSTMENTS - NONE**
- K. VETOES - NONE**

Table 1: FY 2008-09 COMMUNITY COLLEGES - PUBLIC ACT 255 of 2008

College	FY 2007-08 Year-To-Date*	FY 2008-09 Governor		FY 2008-09 Senate		FY 2008-09 House					FY 2008-09 Enacted				
		Total Increase	Percent Change	Total Increase	Percent Change	Formula Distribution	ITW** Adjustment	Other Adjustments	Total Increase	Percent Change	Formula Distribution	Other Adjustments	Total Increase	Percent Change	Total Appropriation
Alpena	5,034,800	137,100	2.7%	137,100	2.7%	137,100	1,400	125,700	264,200	5.2%	91,300		91,300	1.8%	5,126,100
Bay de Noc	5,084,400	141,000	2.8%	141,000	2.8%	141,000	17,500	121,400	279,900	5.5%	94,000		94,000	1.8%	5,178,400
Delta	13,458,400	439,800	3.3%	439,800	3.3%	439,800	0		439,800	3.3%	293,200		293,200	2.2%	13,751,600
Glen Oaks	2,259,100	68,500	3.0%	68,500	3.0%	68,500	0		68,500	3.0%	45,700		45,700	2.0%	2,304,800
Gogebic	4,207,700	101,200	2.4%	101,200	2.4%	101,200	15,400	258,500	375,100	8.9%	67,500		67,500	1.6%	4,275,200
Grand Rapids	16,879,000	511,300	3.0%	511,300	3.0%	511,300	125,900		637,200	3.8%	340,800		340,800	2.0%	17,219,800
Henry Ford	20,524,100	562,300	2.7%	562,300	2.7%	562,300	0		562,300	2.7%	374,800		374,800	1.8%	20,898,900
Jackson	11,338,500	305,500	2.7%	305,500	2.7%	305,500	13,100		318,600	2.8%	203,800		203,800	1.8%	11,542,300
Kalamazoo Valley	11,643,300	368,000	3.2%	368,000	3.2%	368,000	13,200		381,200	3.3%	245,300		245,300	2.1%	11,888,600
Kellogg	9,129,600	273,200	3.0%	273,200	3.0%	273,200	0		273,200	3.0%	182,200		182,200	2.0%	9,311,800
Kirtland	2,781,000	92,700	3.3%	92,700	3.3%	92,700	12,500		105,200	3.8%	61,800		61,800	2.2%	2,842,800
Lake Michigan	4,919,800	138,400	2.8%	138,400	2.8%	138,400	7,200		145,600	3.0%	92,300		92,300	1.9%	5,012,100
Lansing	29,183,800	868,100	3.0%	868,100	3.0%	868,100	67,100		935,200	3.2%	578,700		578,700	2.0%	29,762,500
Macomb	31,158,600	922,800	3.0%	922,800	3.0%	922,800	0		922,800	3.0%	615,300		615,300	2.0%	31,773,900
Mid Michigan	4,202,200	130,600	3.1%	130,600	3.1%	130,600	163,600		294,200	7.0%	87,000		87,000	2.1%	4,289,200
Monroe	4,054,300	132,800	3.3%	132,800	3.3%	132,800	14,200		147,000	3.6%	88,500		88,500	2.2%	4,142,800
Montcalm	2,919,500	93,100	3.2%	93,100	3.2%	93,100	8,500		101,600	3.5%	62,100		62,100	2.1%	2,981,600
Mott	14,730,200	429,400	2.9%	429,400	2.9%	429,400	21,500		450,900	3.1%	286,200		286,200	1.9%	15,016,400
Muskegon	8,369,000	224,400	2.7%	224,400	2.7%	224,400	28,500		252,900	3.0%	149,600		149,600	1.8%	8,518,600
North Central	2,838,000	83,400	2.9%	83,400	2.9%	83,400	109,300		192,700	6.8%	55,600		55,600	2.0%	2,893,600
Northwestern	8,531,900	225,300	2.6%	225,300	2.6%	225,300	138,400		363,700	4.3%	150,100		150,100	1.8%	8,682,000
Oakland	19,698,200	653,200	3.3%	653,200	3.3%	653,200	9,700		662,900	3.4%	435,500		435,500	2.2%	20,133,700
St. Clair	6,600,400	194,100	2.9%	194,100	2.9%	194,100	14,800		208,900	3.2%	129,400		129,400	2.0%	6,729,800
Schoolcraft	11,516,300	376,100	3.3%	376,100	3.3%	376,100	36,200		412,300	3.6%	250,700		250,700	2.2%	11,767,000
Southwestern	6,174,000	154,500	2.5%	154,500	2.5%	154,500	0		154,500	2.5%	102,900		102,900	1.7%	6,276,900
Washtenaw	11,841,800	460,900	3.9%	460,900	3.9%	460,900	34,400		495,300	4.2%	307,200		307,200	2.6%	12,149,000
Wayne County	15,586,500	454,900	2.9%	454,900	2.9%	454,900	3,200		458,100	2.9%	303,400		303,400	1.9%	15,889,900
West Shore	2,156,900	62,200	2.9%	62,200	2.9%	62,200	27,000		89,200	4.1%	41,600		41,600	1.9%	2,198,500
FY 07 Delayed Payment Reimbursement	* See Notes														
SUBTOTAL OPERATIONS:	\$286,821,300	\$8,604,800	3.0%	\$8,604,800	3.0%	\$8,604,800	\$882,600	\$505,600	\$9,993,000	3.5%	\$5,736,500	\$0	\$5,736,500	2.0%	\$292,557,800
At Risk	3,322,700	0	0.0%	0	0.0%			0	0	0.0%			0	0.0%	3,322,700
Renaissance Zone	3,025,000	455,000	15.0%	454,900	15.0%			455,000	455,000	15.0%	455,000		455,000	15.0%	3,480,000
Nursing Programs	0	0	0.0%	100	--			7,000,000	7,000,000	--					0
TOTAL APPROPRIATION:	\$293,169,000	\$9,059,800	3.1%	\$9,059,800	3.1%	\$8,604,800	\$882,600	\$7,960,600	\$17,448,000	6.0%	\$5,736,500	\$455,000	\$6,191,500	2.1%	\$299,360,500
GF/GP	\$293,169,000	\$9,059,800	3.1%	\$9,059,800	3.1%	\$8,604,800	\$882,600	\$7,960,600	\$17,448,000	6.0%	\$5,736,500	\$455,000	\$6,191,500	2.1%	\$299,360,500

Notes

* For the purposes of this analysis, the FY 2007-08 \$25,759,800 appropriation related to reimbursement for the August 2007 delayed payment is not included in the adjusted FY 2007-08 base. Also, the \$10,000 supplemental appropriation for Renaissance Zones reimbursements contained in Public Act 279 of 2008 is not included in the Year-To-Date column.

** ITW: Indian Tuition Waiver.

**DEPARTMENT OF COMMUNITY HEALTH
P.A. 246 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	4,761.6	4,602.7	4,600.7	4,602.7	4,602.7	(158.9)	(3.3)
GROSS	12,151,298,100	12,455,551,900	12,482,872,700	12,438,712,300	12,533,142,000	381,843,900	3.1
Less:							
Interdepartmental Grants Received	39,410,200	40,883,900	40,883,900	40,883,900	40,883,900	1,473,700	3.7
ADJUSTED GROSS	12,111,887,900	12,414,668,000	12,441,988,800	12,397,828,400	12,492,258,100	380,370,200	3.1
Less:							
Federal Funds	6,771,045,100	7,159,785,100	7,159,893,600	7,146,514,600	7,225,985,400	454,940,300	6.7
Local and Private	318,437,000	308,667,400	308,667,400	308,265,400	308,265,400	(10,171,600)	(3.2)
TOTAL STATE SPENDING	5,022,405,800	4,946,215,500	4,973,427,800	4,943,048,400	4,958,007,300	(64,398,500)	(1.3)
Less:							
Other State Restricted Funds	1,804,647,800	1,860,109,700	1,891,186,200	1,841,291,200	1,862,478,400	57,830,600	3.2
GENERAL FUND/GENERAL PURPOSE ..	3,217,758,000	3,086,105,800	3,082,241,600	3,101,757,200	3,095,528,900	(122,229,100)	(3.8)
PAYMENTS TO LOCALS	1,282,732,300	1,279,459,400	1,286,188,800	1,289,664,800	1,275,247,400	(7,484,900)	(0.6)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

1. Mental Health Courts

Gross	1,126,900
GF/GP	1,126,900

The budget includes funding for a mental health court pilot program. The pilots will be established in several counties in the State in conjunction with funding through the Judiciary. The funding in the Department of Community Health (DCH) budget will be used to cover treatment costs.

2. New Outpatient and Residential Forensic Mental Health Services

FTE	22.0
Gross	2,355,300
IDG	2,355,300
GF/GP	0

The budget contains funding and staff for two new forensic outpatient treatment programs and a new residential treatment program. The DCH provides services to prisoners with mental health issues under a contract with the Department of Corrections.

3. Public Health Physician Practice Project

Gross	600,000
Private	300,000
GF/GP	300,000

The budget includes funding for a partnership with Michigan State University and the University of Michigan to train and recruit medical directors for local public health departments. A number of local health department medical directors will reach retirement age in the next few years.

4. Federal Funding for New Birth Certificate Standards

FTE	10.0
Gross	1,000,000
Federal	1,000,000
GF/GP	0

New Federal funding is included to implement new Federal standards for birth certificates.

5. Upgrade of Health Professions Phone System

Gross	1,400,000
Restricted	2,000,000
GF/GP	(600,000)

The budget includes \$1.4 million in excess Health Professions Regulatory Fund revenue to upgrade the health professions phone system. This phone system is used to collect complaints about medical providers. The budget also assumes that \$600,000 in excess Health Professions Regulatory Fund revenue will be used to supplant GF/GP funding.

		FY 2008-09 Change From FY 2007-08 Year-to-Date	
6. Funding for Clinic		Gross	75,000
		GF/GP	75,000
<p>The budget includes \$75,000 for the purchase of diabetic supplies at the Helen M. Nickless Volunteer Clinic in Bay City.</p>			
7. Sexually Transmitted Disease Initiative		Gross	750,000
		GF/GP	750,000
<p>A new program to combat rising gonorrhea and chlamydia infection rates is funded.</p>			
8. Drug Resistant Staph Tracking		FTE	2.0
		Gross	300,000
		GF/GP	300,000
<p>The budget includes a new initiative to combat drug resistant staph infections.</p>			
9. Traumatic Brain Injury Programming		Gross	300,000
		GF/GP	300,000
<p>Two pilot programs to support treatment of traumatic brain injuries are funded in the budget.</p>			
10. New School-Based Clinics		Gross	572,400
		Federal	345,000
		GF/GP	227,400
<p>The budget includes funding for two school-based clinics, at Arthur Hill High School in Saginaw and Mumford High School in Detroit.</p>			
11. Senior Olympics		Gross	100,000
		GF/GP	100,000
<p>The budget includes funding for the Senior Olympics.</p>			
12. Ambulance Quality Assurance Assessment Program (QAAP)		Gross	10,429,700
		Federal	6,274,700
		Restricted	4,800,000
		GF/GP	(645,000)
<p>The budget assumes passage of legislation establishing an ambulance QAAP. The QAAP would be funded from a \$4.8 million tax on ambulance services, most of which would be combined with Federal Medicaid match revenue to support a \$10.3 million increase in Medicaid rates paid to ambulance providers. The State would retain \$700,000 in gainsharing revenue.</p>			

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

B. PROGRAM INCREASES

1. Actuarially Sound Rates for Community Mental Health Service Providers (CMHSPs)

Under the Medicaid mental health managed care waiver, the State is required to pay actuarially sound capitation rates to CMHSPs. The budget includes a 2.9% increase in these rates in order to comply with Federal requirements.

Gross	50,154,700
Federal	30,228,400
Restricted	2,758,500
GF/GP	17,167,800

2. Community Mental Health (CMH) Direct Care Worker Wage Increase

The budget includes funding sufficient to provide CMH direct care workers with a 1% increase in wages, effective February 1, 2009.

Gross	6,018,000
Federal	3,278,700
GF/GP	2,739,300

3. Increased Funding to Recipients of CMH Multicultural Grants

The FY 2008-09 budget includes targeted increases in the General Fund grants provided to organizations in receipt of CMH multicultural funding. Those organizations receiving increases include the Arab Community Center for Economic and Social Services (\$300,000), the Arab Chaldean Council (\$30,000), the Jewish Federation of Metropolitan Detroit (\$380,000), and the Chaldean Cultural Center (\$350,000) for select operations at Shenandoah Country Club in West Bloomfield.

Gross	1,060,000
GF/GP	1,060,000

4. W.K. Kellogg Foundation Grant Increase

The budget recognizes an increase in spending authorization for the private W.K. Kellogg Foundation "Generation with Promise" grant to eight select middle schools. The grant is geared toward promoting healthy behaviors and reducing childhood obesity.

Gross	353,300
Private	353,300
GF/GP	0

5. Increased Interdepartmental Grant Revenue from Department of Human Services (DHS)

The budget reflects an increase in the interdepartmental grant (IDG) from the DHS for vital records services and support of the paternity registry. This increase brings the appropriation more closely in line with historical expenditures.

Gross	235,100
IDG	235,100
GF/GP	0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

6. Recognition of Additional Restricted Revenue	<p>The budget contains additional restricted revenue to support programming. This includes \$67,800 in radiation safety revenue, \$915,300 to support health professionals' recovery services, and \$204,100 to cover the costs of services provided by the Attorney General.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">1,187,200</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">1,187,200</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">0</td> </tr> </table>	Gross	1,187,200	Restricted	1,187,200	GF/GP	0				
Gross	1,187,200											
Restricted	1,187,200											
GF/GP	0											
7. Adjustment to Primary Care Disproportionate Share Hospital (DSH) Funding	<p>Due to changes in the Federal DSH cap, the State is eligible to receive additional matching funds for the primary care DSH pools. These additional funds are reflected in the final budget.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">968,200</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">781,600</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">186,600</td> </tr> </table>	Gross	968,200	Federal	781,600	GF/GP	186,600				
Gross	968,200											
Federal	781,600											
GF/GP	186,600											
8. State Loan Repayment Hospital Match	<p>The Michigan Essential Health Provider program receives matching revenue from hospitals; the budget recognizes a \$105,000 increase in these private funds for FY 2008-09.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">105,000</td> </tr> <tr> <td>Private</td> <td style="text-align: right;">105,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">0</td> </tr> </table>	Gross	105,000	Private	105,000	GF/GP	0				
Gross	105,000											
Private	105,000											
GF/GP	0											
9. Addition of Staff to Reduce the Nursing Home Complaint Backlog	<p>The budget includes four additional FTEs to help reduce the backlog of complaints pertaining to nursing home care.</p>	<table border="0"> <tr> <td>FTE</td> <td style="text-align: right;">4.0</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">376,600</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">282,300</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">11,400</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">82,900</td> </tr> </table>	FTE	4.0	Gross	376,600	Federal	282,300	Restricted	11,400	GF/GP	82,900
FTE	4.0											
Gross	376,600											
Federal	282,300											
Restricted	11,400											
GF/GP	82,900											
10. Newborn Screening Revenue Adjustments	<p>The budget recognizes additional laboratory services revenue from newborn screening test fees due to both an annual inflationary increase in the fee and the addition of new screening tests for cystic fibrosis and hearing. These revenues will be used to fund additional FTEs and the expansion in newborn screening services.</p>	<table border="0"> <tr> <td>FTE</td> <td style="text-align: right;">5.5</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">297,900</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">297,900</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">0</td> </tr> </table>	FTE	5.5	Gross	297,900	Restricted	297,900	GF/GP	0		
FTE	5.5											
Gross	297,900											
Restricted	297,900											
GF/GP	0											
11. Private Childhood Obesity Grant	<p>The budget recognized a new two-year private grant aimed at preventing childhood obesity. The grant was awarded to Michigan State University by the Robert Wood Johnson Foundation.</p>	<table border="0"> <tr> <td>FTE</td> <td style="text-align: right;">0.5</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">61,600</td> </tr> <tr> <td>Private</td> <td style="text-align: right;">61,600</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">0</td> </tr> </table>	FTE	0.5	Gross	61,600	Private	61,600	GF/GP	0		
FTE	0.5											
Gross	61,600											
Private	61,600											
GF/GP	0											

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

12. Local Grant to Child and Teen Health Centers

The budget reflects local funding related to the Child and Adolescent/Teen Health Centers program. This funding and the program are supported with School Aid Fund money appropriated to schools and recognized in the DCH budget as local funds from school districts.

Gross	75,000
Local	75,000
GF/GP	0

13. Increased Funding for Care Management

The budget includes an increase in funding for care management for seniors citizens who wish to remain in their homes but require assisted living services.

Gross	600,000
GF/GP	600,000

14. Increased Funding for Tribal Elders' Services

The budget includes an additional \$60,000 for services directed to the Tribal Elders' program and managed by the Office of Services to the Aging.

Gross	60,000
GF/GP	60,000

15. Actuarially Sound Rates for Medicaid HMOs

The budget increases capitation payment rates paid to Medicaid health maintenance organizations (HMOs) in FY 2008-09 by 4.0% in order to meet Federal standards for actuarial soundness.

Gross	93,353,400
Federal	56,264,100
Restricted	(1,283,600)
GF/GP	38,372,900

16. Expansion of the Home- and Community-Based Waiver (HCBW) Program and Program of All-Inclusive Care for the Elderly (PACE)

The budget includes additional funds for the HCBW and PACE programs. From these funds, \$11,642,600 will be used to reduce the waiting list for the Home- and Community-Based Waiver program, while the remaining \$4,050,000 will be used to expand the PACE program to Muskegon and Calhoun Counties.

FTE	3.5
Gross	15,692,600
Federal	6,655,300
GF/GP	9,037,300

17. Increase in Primary Care Procedure Codes for Physicians

The budget includes additional funding for the reimbursement of primary care services provided by physicians. This increase will be focused on well child visits and various primary care procedure codes.

Gross	5,285,700
Federal	3,185,700
GF/GP	2,100,000

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

18. Increase in Pharmacy Dispensing Fees

The budget includes funds sufficient to provide pharmacies with a 25-cent-per-script increase in the Medicaid pharmacy dispensing fee, effective April 1, 2009.

Gross	629,200
Federal	379,200
GF/GP	250,000

19. Increase in Monthly Personal Care Supplement

The budget includes additional funds to provide Medicaid-eligible residents of adult foster care homes and homes for the aged with an \$8 increase in the monthly personal care supplement.

Gross	1,344,000
Federal	810,000
GF/GP	534,000

C. PROGRAM ELIMINATIONS

1. Removal of One-Time Funding

The budget removed one-time funding for a reverse 911 system at the Caro mental health facility and funding for a study of consolidation of local services.

Gross	(200,000)
GF/GP	(200,000)

2. Reduction in Background Check Funding

The budget reflects the expiration of Federal funding for background checks on employees of health facilities. Adult foster care providers will be exempt from covering the costs of background checks, but other facilities such as nursing homes now will be responsible for the costs of these checks.

Gross	(3,119,600)
Federal	(2,890,700)
Restricted	(228,900)
GF/GP	0

3. Removal of Explicit Funding for Pine Rest Program

The budget removed explicit funding for the Pine Rest dementia program in Grand Rapids.

Gross	(360,000)
Federal	(209,200)
GF/GP	(150,800)

D. PROGRAM REDUCTIONS

1. Human Resources Optimization

The budget includes further adjustments related to the FY 2004-05 implementation of a centralized human resources system in the Department of Civil Service. Savings of \$285,500 Gross and GF/GP are assumed from optimization.

Gross	(285,500)
GF/GP	(285,500)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

2. Michigan Health Initiative (MHI) Funding Reductions

The FY 2008-09 DCH budget reflects reductions to programs funded with MHI revenue and replaces some of that revenue with GF/GP funding. The budget removed funding previously allocated to the Bovine Tuberculosis line.

Gross	(525,000)
Restricted	(1,391,700)
GF/GP	866,700

3. Reduction to Gambling Addiction Authorization

The budget reduced authorization in the Gambling Addiction line from \$3.5 million to \$3.0 million to reflect more accurately actual expenditures under that line.

Gross	(500,000)
Restricted	(500,000)
GF/GP	0

4. Family Support Subsidy Program Adjustments

The budget recognizes the availability of \$21,700 in Federal Temporary Assistance to Needy Families (TANF) funds to support administrative costs for the Family Support Subsidy and also includes a base reduction of \$436,800 to reflect projected program costs in FY 2008-09.

Gross	(415,100)
Federal	(415,100)
GF/GP	0

5. Expiration of One-Time Lead Abatement Funding

A contingency fund transfer approved in May 2008 increased funding for the Lead Abatement program line by \$27,000. This funding stemmed from a settlement and carry-forward funding, neither of which will be available in FY 2008-09.

Gross	(27,000)
Restricted	(27,000)
GF/GP	0

6. Savings Due to Increased Pharmaceutical Rebates

The budget includes savings that are expected to result from a projected increase in pharmaceutical rebates due to the implementation of the Federal Deficit Reduction Act provisions pertaining to multisource generic medications.

Gross	(8,154,000)
Federal	(4,914,400)
GF/GP	(3,239,600)

7. Savings Resulting from the Reduced Use of Nursing Homes

The budget assumes significant savings from ongoing transfers of individuals from nursing homes into community-based settings and the resultant reduction in nursing home use.

Gross	(32,429,200)
Federal	(19,545,100)
GF/GP	(12,884,100)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

8. Additional Savings Resulting from the Pharmacy Quality Improvement Project
 The FY 2008-09 budget assumes increased savings associated with the Pharmacy Quality Improvement Project and consistent prescribing standards.

Gross (1,979,000)
 Federal (1,193,200)
 GF/GP (785,800)

9. Administrative Reduction to Information Technology
 The budget reflects savings associated with a 5.0% reduction in the administrative overhead charged by the Department of Information Technology to the DCH.

Gross (8,500)
 Federal (6,500)
 GF/GP (2,000)

E. FUNDING SHIFTS

1. Increase in Medicaid Match Rate
 The budget reflects the increase in the Federal Medicaid match rate from 58.10% in FY 2007-08 to 60.27% in FY 2008-09, leading to a significant decrease in GF/GP costs.

Gross 0
 Federal 173,658,300
 GF/GP (173,658,300)

2. Increase in Title XXI Match Rate
 The Federal Title XXI match rate, used to support the MI-Child and Adult Benefits Waiver programs, will increase from 70.67% in FY 2007-08 to 72.19% in FY 2008-09, decreasing GF/GP costs.

Gross 0
 Federal 3,240,500
 GF/GP (3,240,500)

3. Merit Award Trust Fund Adjustment
 The budget reflects a reduction in available Merit Award funding in the Medicaid program.

Gross 0
 Tobacco (9,043,800)
 GF/GP 9,043,800

4. Replacement of Shortfall in Medicaid Benefits Trust Fund
 The budget reflects the actual available revenue in the Medicaid Benefits Trust Fund, resulting in an increase in GF/GP costs.

Gross 0
 Restricted (9,400,000)
 GF/GP 9,400,000

5. Recognition of Medicaid False Claims Act Savings
 The budget reflects assumed increased savings from False Claims Act actions. If the State brings statute in line with Federal law, the State may retain 10% more of collections.

Gross 0
 Restricted 1,000,000
 GF/GP (1,000,000)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

F. PROGRAM TRANSFERS

Human Resources Consolidation

The budget includes further adjustments related to the FY 2004-05 implementation of a centralized human resources system in the Department of Civil Service. Funding and FTEs were transferred out of the DCH.

FTE	(33.0)
Gross	(4,206,500)
Federal	(316,500)
Local	(1,127,200)
Restricted	(265,900)
GF/GP	(2,496,900)

G. OTHER ISSUES

1. Changes in Federal Authorization

The budget includes a number of adjustments to reflect the level of Federal grant funding expected to be received in FY 2008-09. Some of the funding increases were used to offset GF/GP support.

FTE	4.5
Gross	(13,631,200)
Federal	(13,294,600)
Restricted	(50,000)
GF/GP	(286,600)

2. Healthy Michigan Fund (HMF)

The budget does not include any changes to HMF programming. Due to a shortfall in tobacco tax revenue, \$858,000 in HMF revenue used to support Cancer Prevention and Control was replaced with an equivalent amount of GF/GP revenue.

Gross	0
Restricted	(858,000)
GF/GP	858,000

3. Adjustments to FTE Count

The budget includes a significant reduction in the FTE count as reflected in the enacted bill. This does not reflect any reduction in staff, but was rather a technical change to ensure the bill displayed accurate FTE counts. The budget also reflects the statewide consolidation of internal audit functions.

FTE	(183.9)
Gross	0
GF/GP	0

4. Medicaid Base Funding

The budget reflects the FY 2008-09 Medicaid consensus agreement arrived at by the Office of State Budget, the House Fiscal Agency, and the Senate Fiscal Agency, about a 2.6% increase in Gross costs.

Gross	206,734,600
Federal	119,920,000
Local	843,200
Restricted	21,114,400
GF/GP	64,857,000

		FY 2008-09 Change From FY 2007-08 Year-to-Date
5. Rebasing of Funding for State Hospital and Centers		
The budget includes adjustments to reflect actual costs of placements in State hospitals and centers.		
	Gross	(7,231,200)
	Federal	(2,550,100)
	Local	(4,513,000)
	Restricted	(168,100)
	GF/GP	0
6. Reversal of Unrealized Pharmacy Carve-In Savings		
Due to the failure of Congress to pass legislation allowing states to collect Medicaid pharmaceutical rebates for managed care organizations, GF/GP savings assumed in FY 2007-08 were removed.		
	Gross	(8,679,900)
	Federal	(5,231,400)
	Restricted	(8,679,900)
	GF/GP	5,231,400
7. Transfer of Funding to Mental Health Facilities		
The budget reflects the transfer of undistributed Community Mental Health risk pool funding and surplus Purchase of Medical Services funding to support State mental health facilities.		
	Gross	2,400,000
	Local	2,400,000
	GF/GP	0
8. Forensic Center Pharmacy Costs		
The budget reflects an estimated 5% increase in Forensic Center pharmacy costs.		
	Gross	93,500
	Local	6,000
	Restricted	100
	GF/GP	87,400
9. Base Adjustment to Interdepartmental Grant		
The budget reflects the actual size of the IDG from the Department of Corrections.		
	Gross	(1,071,800)
	IDG	(1,071,800)
	GF/GP	0
10. Recognition of Medicare Part D Revenue for State Facilities		
The budget includes an estimate of Medicare Part D pharmaceutical reimbursements for residents in State facilities who are eligible for Medicare.		
	Gross	3,374,800
	Restricted	3,374,800
	GF/GP	0
11. New Federal Bioterrorism Match Requirements		
The budget reflects adjustments in Gross and Local funding related to the proposed implementation of a match requirement for efforts to combat bioterrorism. The match requirement was eventually delayed, but the budget reflects the other adjustments.		
	Gross	(1,677,300)
	Federal	(2,177,300)
	Local	500,000
	GF/GP	0

		FY 2008-09 Change From FY 2007-08 Year-to-Date
12. Adjustment in Funding for Women, Infants, and Children (WIC) Program		
The budget reflects a net decrease in WIC Program funding compared to FY 2007-08 funding, which was significantly increased after transfers in May and September. It is likely that the FY 2008-09 funding will be adjusted to a higher level to reflect the higher base funding.		Gross (17,363,100) Federal (14,929,500) Private (2,433,600) GF/GP 0
13. Adjustment in Crime Victims Funding		
The budget reflected revised estimates of the availability of Federal and Restricted Crime Victims funding.		Gross (168,700) Federal (158,700) Restricted (10,000) GF/GP 0
14. Long-Term Care Ombudsman Funding		
The budget reflects a net decrease in funding compared to FY 2007-08 funding, which was increased after a transfer.		Gross (260,000) Private (260,000) GF/GP 0
15. QAAP Adjustments		
The budget includes a variety of technical adjustments to the QAAP programs.		Gross (1,341,800) Federal 25,530,400 Local (843,200) Restricted (30,102,600) GF/GP 4,073,600
16. Unrealized Family Planning Waiver Savings		
The budget reflects the actual anticipated level of savings from the Plan First family planning waiver, which was lower than previously anticipated, thus requiring additional appropriations to make up the shortfall.		Gross 5,030,700 Federal 2,772,700 GF/GP 2,258,000
17. Annualization of FY 2007-08 Funding Increases		
The budget includes funding to cover the annualization of the Adult Home Help minimum wage increase, the shift of foster children to managed care, and the expansion of the Healthy Kids Dental program to Genesee and Saginaw Counties as well as funding from the University of Michigan to support the Healthy Kids Dental program.		Gross 13,518,600 Federal 8,182,300 Restricted (34,700) GF/GP 5,371,000

		FY 2008-09 Change From FY 2007-08 Year-to-Date
18. Special Financing Adjustments		
	The budget reflects a number of adjustments made to Medicaid special financing programs, including a projected increase in Certified Public Expenditures revenue from costs incurred by public clinics eligible for Federal reimbursement.	Gross (49,008,200) Federal (4,951,300) Local (4,937,300) Restricted 2,689,700 GF/GP (41,809,300)
19. Nursing Home Variable Cost Rate		
	The budget does not include any reduction in the variable cost rate, but increases the State retainer from the nursing home QAAP.	Gross 0 Restricted 5,379,900 GF/GP (5,379,900)
20. Increased Nursing Home and Hospital QAAP Gainsharing		
	The budget increases hospital and nursing home QAAP gainsharing, and increases the flow-through via Medicaid HMOs to hospitals by \$94.0 million.	Gross 99,470,900 Federal 59,951,100 Restricted 70,081,000 GF/GP (30,561,200)
21. Adjustments to Home- and Community-Based Waiver Program		
	The budget reflects the transfer of Money Follows the Person Grant funding to the HCBW line and support from Wayne County for the program.	Gross 4,333,300 Federal 4,347,800 Local (14,500) GF/GP 0
22. Increased Savings from Incontinency Contract		
	The budget assumes greater savings from the incontinency supply contract.	Gross (2,700,000) Federal (1,627,300) GF/GP (1,072,700)
23. Changes in Disproportionate Share Hospital Payment to Harper-Hutzel Hospital		
	The budget replaced the DSH payment to Harper-Hutzel hospital with an identical payment through the HMO line to the hospital.	Gross (12,013,700) Federal 12,748,900 Restricted (12,013,700) GF/GP (12,748,900)
24. Shift of Maternity Cases from Fee-for-Service to Managed Care		
	The budget reflects the transfer of Medicaid pregnant women to managed care.	FTE 6.0 Gross 17,271,900 Federal 10,357,400 Restricted 16,761,900 GF/GP (9,847,400)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

25. Adjustment to Information Technology Restricted Revenue

The budget reflects additional Restricted funding for information technology.

Gross	497,700
Restricted	497,700
GF/GP	0

26. Adjustments to Childhood Blood Lead Testing Revenue

The budget reflects projected childhood blood test revenue; in past years, this amount was recognized as an expenditure credit. As a result, this adjustment brings the budget in line with past expenditure patterns. A May 2008 contingency fund transfer increased FY 2007-08 funding by \$718,800, leading to a net decrease for FY 2008-09.

Gross	(243,800)
Restricted	(243,800)
GF/GP	0

27. Adjustments Related to FY 2007-08 Contingency Fund Transfers

Two FY 2007-08 contingency fund transfers adopted in late September increased FY 2007-08 funding but were not reflected in the initial FY 2008-09 appropriations act. These two transfers reflected additional Federal and Private funding for AIDS programs (\$3,886,300) and \$53,000 in Private funding for Project FRESH.

Gross	(3,939,300)
Federal	(1,934,500)
Private	(2,004,800)
GF/GP	0

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	3,790,500
IDG	(44,900)
Federal	1,091,300
Local	1,317,500
Private	400
Restricted	177,800
GF/GP	1,248,400

K. VETOES - NONE

**DEPARTMENT OF CORRECTIONS
P.A. 245 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	17,637.4	17,499.5	17,063.3	17,083.1	17,087.0	(550.4)	(3.1)
GROSS.....	2,079,681,100	2,062,052,200	2,054,215,200	2,044,699,900	2,039,668,200	(40,012,900)	(1.9)
Less:							
Interdepartmental Grants Received	1,264,600	1,277,200	1,277,200	1,277,400	1,277,200	12,600	1.0
ADJUSTED GROSS	2,078,416,500	2,060,775,000	2,052,938,000	2,043,422,500	2,038,391,000	(40,025,500)	(1.9)
Less:							
Federal Funds	11,752,700	10,350,200	10,350,200	10,351,300	10,350,200	(1,402,500)	(11.9)
Local and Private.....	429,700	430,300	430,300	430,400	430,300	600	0.1
TOTAL STATE SPENDING	2,066,234,100	2,049,994,500	2,042,157,500	2,032,640,800	2,027,610,500	(38,623,600)	(1.9)
Less:							
Other State Restricted Funds	70,149,600	71,731,700	63,894,700	54,382,200	53,094,700	(17,054,900)	(24.3)
GENERAL FUND/GENERAL PURPOSE ..	1,996,084,500	1,978,262,800	1,978,262,800	1,978,258,600	1,974,515,800	(21,568,700)	(1.1)
PAYMENTS TO LOCALS	91,440,000	107,363,000	94,232,500	91,304,400	89,162,800	(2,277,200)	(2.5)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

1. Field Office Security

Gross	548,600
GF/GP	548,600

Following a shooting at the Lawton Parole Office, the Michigan Department of Corrections (MDOC) installed metal detectors at 14 high-risk field offices. The appropriation includes \$548,600 for security officers to operate and monitor the equipment and those passing through the detectors.

2. Cellular Telephones for Field Agents

Gross	248,000
GF/GP	248,000

The budget includes \$248,000 for 496 cell phones that will be available for check out by parole and probation agents making home visits. The cell phones will cost \$20 each, with a monthly charge of \$40.

3. Pardon and Commutation Unit

FTE	4.0
Gross	367,200
GF/GP	367,200

Following Executive Order 2007-02, which established an Executive Clemency Advisory Council, the Parole Board received an increased number of commutation/pardon applications. The appropriation includes \$367,200 and 4.0 FTEs for staff to handle these applications. There are currently 5,011 inmates serving a life sentence. The Parole Board can accept one application per prisoner every two years.

B. PROGRAM INCREASES

1. Hepatitis C Testing and Treatment

Gross	14,856,600
GF/GP	14,856,600

In FY 2007-08, \$1.7 million was appropriated to the MDOC for the purpose of providing Hepatitis C (HCV) antibody tests to prisoners being released, and to prisoners at intake scoring high on the HCV risk screening. The appropriation provides an additional \$14,856,600 for the estimated full-year costs of testing prisoners at intake, lab tests, vaccinations for other Hepatitis strains, liver biopsies, and treatment.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

2. Health Care Staff

To accommodate the bed increase in the FY 2007-08 budget, the budget includes \$1,485,600 for 3.2 additional physicians and 11.9 additional physician's assistants and nurse practitioners, who are all in contractor positions, as well as 13.5 FTE licensed practical nurses. An additional 7.0 FTE nurses also are included in the budget at a cost of \$631,000.

FTE	20.5
Gross	2,116,600
GF/GP	2,116,600

3. Mental Health Treatment

Due to increased mental health care needs in the prisons, the budget expands mental health care, including \$2,117,500 for two additional outpatient mental health treatment teams; \$247,500 for full-year funding of the team added in the FY 2007-08 appropriation; \$1,461,400 for an additional Residential Treatment Program (RTP) unit at Gus Harrison Correctional Facility; and \$975,600 and 12.2 FTEs for a Social Skills Development Unit at Gus Harrison. The Department of Community Health appropriation includes an FTE authorization for the outpatient mental health treatment teams, as well as the RTP unit.

FTE	12.2
Gross	4,802,000
GF/GP	4,802,000

4. Global Positioning System Tethers (GPS)

In FY 2007-08, partial-year funding was provided for 500 GPS tether units. The budget includes the remaining \$301,800 for the FY 2007-08 GPS tethers, as well as \$3,304,000 and 20.0 FTEs for 500 additional GPS tethers.

FTE	20.0
Gross	3,605,800
GF/GP	3,605,800

5. Field Office Lease Space

The budget includes \$231,100 to expand field office lease space to accommodate increased workload and staffing at the Lincoln Park Parole Office, as well as for the replacement lease space for the Outer District Parole Office, which was destroyed by fire.

Gross	231,100
GF/GP	231,100

6. Parolee LEIN Checks

Public Act 487 of 2006 requires the MDOC to run quarterly Law Enforcement Information Network (LEIN) checks on violent parolees, who account for approximately 50.0% of all parolees. The appropriation includes \$79,900 for a new employee to run the additional 33,400 LEIN checks annually.

FTE	1.0
Gross	79,900
GF/GP	79,900

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

7. Community Corrections and Substance Abuse Treatment

Gross	600,000
GF/GP	600,000

The appropriation increases funding for Community Corrections Comprehensive Plans and Services and substance abuse treatment by \$225,000 each. Additionally, the budget provides \$150,000 for an additional seven residential beds in the community for probationers and parole or probation violators.

8. Equipment and Special Maintenance

Gross	2,000,000
GF/GP	2,000,000

In the FY 2006-07 and FY 2007-08 appropriations, \$2.0 million for equipment and special maintenance was removed in order to appropriate the funds in the Capital Outlay budget. The FY 2008-09 appropriation replaces the \$2.0 million in the budget to fund the maintenance of the MDOC's land, equipment, and building space.

9. Correctional Officer Training

Gross	1,875,400
GF/GP	1,875,400

The appropriation includes additional funding for correctional officer training. This line item funds wages, training manuals, certification, uniforms, and travel for recruits at a cost of \$18,250 per recruit.

10. Inmate Legal Services

Gross	390,000
GF/GP	390,000

The budget includes an additional \$390,000 for inmate legal services. The funding in this line item provides for the legal writer program, pursuant to Federal court order in the *Knop v. Johnson* case. This program provides minimal access to courts for prisoners who are unable to draft and file legal pleadings. The original appropriation for this line item had remained at \$314,900 since FY 2001-02, and since FY 2003-04, \$390,000 has been transferred into the line item every year.

11. Emergency Response Team Equipment

Gross	357,500
GF/GP	357,500

There are 21 emergency response teams with 650 members at various correctional facilities throughout the State that provide emergency response services both to the correctional facilities and to law enforcement agencies. The budget provides \$357,500 for equipment updates such as updating the original bullet-proof vests and gas masks at a cost of \$550 per member.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

12. Utilities

Gross	241,600
GF/GP	241,600

The appropriation includes an additional \$215,700 for trash removal service contracts. The new three-year trash removal service contracts are more expensive due to increases in fuel prices and tipping fees. The budget also includes an additional \$25,900 to provide for the 5.2% water rate increase and 4.9% sewer rate increase for the Huron Valley Complex.

13. Work Crew at Pugsley Correctional Facility

Gross	34,500
GF/GP	34,500

Before its closure, Camp Sauble provided prisoner work crews to Oaks Correctional Facility, and the funding for work crew transportation and wages was removed when the facility closed. The budget includes \$34,500 for Pugsley Correctional Facility to send work crews to Oaks.

C. PROGRAM ELIMINATIONS

1. Scott Correctional Facility Closure

FTE	(10.0)
Gross	(13,166,000)
GF/GP	(13,166,000)

The budget provides for the closure of Scott Correctional Facility in May 2009. The female prisoners at Scott will be paroled or transferred to the Huron Valley Complex (HVC). The male prisoners at the HVC will be paroled or transferred to other facilities as appropriate, because the HVC will become an all-female facility. The budget reduces Scott by \$14,566,700, reduces the prisoner education program by \$1.1 million and 10.0 FTEs, and adds \$2,500,700 to the HVC.

2. Remaining Southern Michigan Correctional Facility Funding Elimination

Gross	(3,072,000)
Restricted	(7,500)
GF/GP	(3,064,500)

The appropriation removes the remaining funding for Southern Michigan Correctional Facility, which closed in November 2007.

3. Mental Health Study

Gross	(400,000)
GF/GP	(400,000)

The budget does not include funds appropriated in FY 2007-08 for the purpose of contracting for a study of mental health in the prisons.

4. Camp Manistique Maintenance and Repurposing

Gross	(120,000)
GF/GP	(120,000)

The budget removes funds for security and utility costs for closed Camp Manistique, and a feasibility study of potential future uses of closed facilities in the Upper Peninsula.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

D. PROGRAM REDUCTIONS

1. Public Works Crews

Gross	(2,516,900)
GF/GP	(2,516,900)

The budget reduces GF/GP funding for public works crews. While nonprofit organizations and units of government pay user fees for the crews, GF/GP funding covers most of the cost of supervising and transporting the offenders. Unless savings are found elsewhere in the correctional facilities, the number of public works crews will be reduced.

2. Telephone Fees and Commissions

Gross	(3,856,400)
Restricted	(3,856,400)
GF/GP	0

In conjunction with replacing a portion of the telephone fees and commissions with GF/GP funding, the appropriation removes all fees from community re-entry centers (\$1,619,600) and field operations (\$902,600) with no GF/GP replacement. Additionally, the budget replaces only a portion of the fees in the County Jail Reimbursement Program and the Felony Drunk Driver Jail Reduction and Community Treatment Program, resulting in \$976,900 and \$357,300 reductions in these programs, respectively.

3. Central Office

FTE	(5.0)
Gross	(800,000)
GF/GP	(800,000)

The appropriation reduces the central office by 5.0 FTEs for savings of \$400,000, as well as additional savings of \$400,000 through additional central office reductions.

4. Other Reductions

Gross	(515,600)
Restricted	(200)
GF/GP	(515,400)

The budget includes a Department of Information Technology (DIT) administrative reduction of \$5,600 gross and \$5,400 GF/GP. The removal of several one-time equipment costs amounts to a \$510,000 reduction in the budget.

E. FUNDING SHIFTS

1. Telephone Fees and Commissions

Gross	0
Restricted	(7,221,300)
GF/GP	7,221,300

The budget eliminates the remaining 10 months of restricted revenue from telephone fees and commissions, which are collected from people who receive telephone calls from prisoners. Two months of revenue had been eliminated in the FY 2007-08 budget. Of the \$11,077,700 in fees removed, \$7,221,300 was replaced with GF/GP support.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

2. Public Works User Fees

The appropriation halves public works user fees and replaces the \$1,286,900 with GF/GP funding. Fees are paid by nonprofit organizations and units of government for work done by prisoner crews. In the FY 2007-08 budget, these fees had been doubled, so the FY 2008-09 appropriation returns them to the FY 2006-07 level.

Gross	0
Restricted	(1,286,900)
GF/GP	1,286,900

F. PROGRAM TRANSFERS

The budget transfers the \$1,079,700 in human resources optimization costs previously contained in the budget to the Civil Service Commission within the Department of Management and Budget (DMB). Additionally, the budget transfers the MDOC's human resources responsibilities, including \$12,312,900 Gross, \$12,137,800 GF/GP, and 136.0 FTEs, to the Civil Service Commission within the DMB pursuant to Executive Order 2007-30. In accordance with Executive Order 2007-31, the budget transfers internal audit responsibilities, including 6.0 FTEs, to the DMB, although the funding for these FTEs remains in the MDOC budget.

FTE	(142.0)
Gross	(13,392,600)
Restricted	(175,100)
GF/GP	(13,217,500)

G. OTHER ISSUES

1. Correctional Facility Staffing

The appropriation saves \$15,701,400 by changing the relief factor for correctional officer assignments. The relief factor for a seven-day assignment will decrease from 1.80 to 1.75, meaning that facilities will be funded and staffed for 1.75 FTEs per assignment, rather than 1.80, generating savings in overtime and hiring. These savings are accompanied by a 221.7 reduction in FTE authorization. The budget also saves \$6.4 million and 133.2 FTEs by reducing the number of custody officers by 3.6 FTEs at all facilities except Huron Valley, Mound, and Scott correctional facilities. The budget saves \$200,000 by implementing a pilot program at Standish Correctional Facility that will change custody supervisor shifts to 12 hours.

FTE	(349.5)
Gross	(21,088,100)
GF/GP	(21,088,100)

The budget provides \$412,300 and 5.4 FTEs to Deerfield Correctional Facility for an afternoon shift front desk officer, and officers to oversee the food service area during the morning and afternoon shifts. The appropriation also provides \$801,000 for nurse signing and retention bonuses. The new union contract includes retention bonuses for nurses at some correctional facilities in Jackson. All nurses employed at Duane Waters, Egeler, and Parnall for at least 2,080 hours will receive a retention bonus of \$5,000. Previously, the bonus was for \$1,500 and only covered Duane Waters. Additionally, the contract increased the signing bonus for nurses to \$5,000, up from \$1,500.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

2. Centralization and Regionalization

The budget saves \$4,995,300 through business office efficiencies. Full-year savings also are included for the regionalization of business offices, maintenance shops, warehouse, and food service operations that began in FY 2007-08, saving an additional \$1,071,000. In addition, the budget saves \$5,871,200 (\$1,205,400 GF/GP) and 90.0 FTEs by centralizing prison stores and regionalizing warehouses. This measure eliminates store revenue as a source of restricted funds. The creation of regional warehouses results in additional operational savings totaling \$3,231,900.

FTE	(90.0)
Gross	(15,169,400)
Restricted	(4,665,800)
GF/GP	(10,503,600)

3. Other Changes

The budget reflects \$4.0 million in expected prisoner health care contract savings. The budget does not include \$1,412,000 in Federal funds appropriated in FY 2007-08 through a contingency fund transfer. The budget reduces authorization for FTEs that are not funded in Planning, Community Development, and Research (2.0) and the Michigan Prisoner Reentry Initiative (MPRI) Education Program (15.0). Additionally, the dialysis unit has been moved from closed Southern Michigan to Ryan Correctional Facility. The funding is transferred to Ryan, but authorization for 5.4 FTEs is added to Ryan in the budget because Southern Michigan Correctional Facility was not appropriated any FTEs in FY 2007-08 from which to complete the transfer.

FTE	(11.6)
Gross	(5,412,000)
Federal	(1,412,000)
GF/GP	(4,000,000)

4. Information Technology

The budget includes \$300,000 for partial funding to upgrade 100 servers and remove 80 servers by consolidating small sites. The consolidation will save on support and licensing costs. The MDOC currently has 180 file and print servers throughout the State, 174 of which are obsolete. The appropriation also includes \$750,000 to replace a portion of the 5,010 personal computers in the MDOC that are obsolete. The computers will be leased at a cost of \$360 annually per machine, as well as a one-time installation cost of \$450,900.

Gross	2,076,400
GF/GP	2,076,400

The budget includes \$976,400 to fund an increase in the Office Automation rate charged to departments by DIT. The charge increased from \$625 to \$855 per desktop computer and includes technical support, server hosting, and life cycle refresh for file, print, and email servers. The appropriation includes a \$50,000 interdepartmental grant (IDG) to the Judiciary for use of the Judicial Data Warehouse by MDOC employees.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, workers' compensation, fuel and utilities, food, and building occupancy charges consistent with factors applied to all budgets.

Gross	5,064,900
IDG	12,600
Federal	9,500
Local	600
Restricted	158,300
GF/GP	4,883,900

K. VETOES

The Governor vetoed \$980,000 for an IDG to the Judiciary for the administration of a pilot program for intensive supervision of probationers. The probation officers supervising the caseloads in the Intensive Probation Pilot Program were to report to a circuit court judge, but remain employees of the MDOC.

**DEPARTMENT OF EDUCATION
P.A. 212 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	466.5	485.0	477.0	485.5	482.5	16.0	3.4
GROSS	99,904,800	95,666,200	94,543,200	95,716,300	95,143,100	(4,761,700)	(4.8)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0
ADJUSTED GROSS	99,904,800	95,666,200	94,543,200	95,716,300	95,143,100	(4,761,700)	(4.8)
Less:							
Federal Funds	76,072,200	70,598,500	69,675,500	70,598,500	70,598,500	(5,473,700)	(7.2)
Local and Private.....	9,620,700	10,012,400	10,012,400	10,012,400	10,012,400	391,700	4.1
TOTAL STATE SPENDING	14,211,900	15,055,300	14,855,300	15,105,400	14,532,200	320,300	2.3
Less:							
Other State Restricted Funds	7,136,500	6,980,800	6,980,800	6,980,800	6,980,800	(155,700)	(2.2)
GENERAL FUND/GENERAL PURPOSE .	7,075,400	8,074,500	7,874,500	8,124,600	7,551,400	476,000	6.7
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

State Testing Item Bank System. Federal funding and personnel were added to the budget for the establishment of a State testing item bank system, including: test creation (\$644,700); psychometric analysis (\$582,800 and 6.0 FTEs); and system administration (\$200,000 and 1.0 FTE).

FTE	7.0
Gross	1,427,500
Federal	1,427,500
GF/GP	0

B. PROGRAM INCREASES

Program Oversight Positions. Funding and 7.0 FTE positions were added for oversight of various State programs to address Auditor General citations: Special Education program (\$89,000 GF and 1.0 FTE); Michigan School Readiness Program (\$89,000 GF and 1.0 FTE); High Priority Schools program (\$267,000 GF and 3.0 FTEs); At-risk program (\$89,000 GF and 1.0 FTE); and English Language Proficiency Assessment program (\$117,200 Federal and 1.0 FTE).

FTE	7.0
Gross	651,200
Federal	117,200
GF/GP	534,000

1. Michigan School for the Deaf and Blind (MSDB). Funding and positions were added for special education teachers (\$320,000 and 4.0 FTEs) and interpreters (\$160,000 and 2.0 FTEs) for the MSDB to address enrollment increases. Partially offsetting this increase is a reduction in funding due to the elimination of the Summer Institute (\$90,000).

FTE	6.0
Gross	390,000
Local	480,000
Private	(90,000)
GF/GP	0

2. School Improvement Grant Administration. Federal funds and 5.0 FTE positions were added for administration of a new Federal grant, designed to assist schools identified for improvement, corrective action, and restructuring.

FTE	5.0
Gross	923,000
Federal	923,000
GF/GP	0

3. Teacher Tenure Position. General Fund support and 0.5 FTE positions were added to assist with teacher tenure issues.

FTE	0.5
Gross	48,300
GF/GP	48,300

C. PROGRAM ELIMINATIONS - NONE

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

D. PROGRAM REDUCTIONS

Data Systems. Federal funding was eliminated for the Data Articulation System (\$3,950,000 - implementation delayed until the new Single Record Student Database is operational) and the Longitudinal Data System (\$455,000 – end of Federal grant).

Gross	(4,405,000)
Federal	(4,405,000)
GF/GP	0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

1. Transfer of Human Resources Function to the Civil Service Commission. A statewide consolidation of human resources functions included transferring funding and 5.0 FTEs to the Civil Service Commission.

FTE	(5.0)
Gross	(603,500)
Federal	(336,200)
Restricted	(53,600)
GF/GP	(213,700)

2. Transfer of Internal Auditor Function to the Department of Management and Budget. A statewide consolidation of internal auditor functions included the addition of funding to this budget for transfer to the Department of Management and Budget.

Gross	100,000
GF/GP	100,000

G. OTHER ISSUES

1. Best Practices Study. Federal funding was added to conduct a best practices study for assessing students with disabilities.

Gross	300,000
Federal	300,000
GF/GP	0

2. One-Time Adjustments. Adjustments were made to account for one-time fiscal year 2007-08 supplemental appropriations and transfers.

Gross	(3,422,400)
Federal	(3,322,400)
Restricted	(100,000)
GF/GP	0

3. Other Changes. Other adjustments were made, including: administrative reductions in Educational Assessment & Accountability (\$292,100); administrative reductions for the Department of Information Technology (\$10,300); and FTE adjustments to reflect filled positions more accurately.

FTE	(4.5)
Gross	(302,400)
Federal	(298,300)
Local	(500)
Restricted	(800)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

GF/GP (2,800)

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	131,600
Federal	120,500
Local	(3,800)
Private	6,000
Restricted	(1,300)
GF/GP	10,200

K. VETOES - NONE

**DEPARTMENT OF ENVIRONMENTAL QUALITY
P.A. 247 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,561.7	1,513.7	1,513.7	1,513.7	1,520.7	(41.0)	(2.6)
GROSS	365,831,200	362,815,500	365,088,500	362,820,500	363,703,700	(2,127,500)	(0.6)
Less:							
Interdepartmental Grants Received	18,662,900	19,071,200	18,890,200	19,071,200	18,890,200	227,300	1.2
ADJUSTED GROSS	347,168,300	343,744,300	346,198,300	343,749,300	344,813,500	(2,354,800)	(0.7)
Less:							
Federal Funds	132,150,500	130,636,100	130,636,100	130,636,100	130,636,100	(1,514,400)	(1.1)
Local and Private	455,100	455,700	455,700	455,700	455,700	600	0.1
TOTAL STATE SPENDING	214,562,700	212,652,500	215,106,500	212,657,500	213,721,700	(841,000)	(0.4)
Less:							
Other State Restricted Funds	171,799,500	167,653,900	170,254,900	167,653,900	169,309,900	(2,489,600)	(1.4)
GENERAL FUND/GENERAL PURPOSE ..	42,763,200	44,998,600	44,851,600	45,003,600	44,411,800	1,648,600	3.9
PAYMENTS TO LOCALS	4,300,000	4,050,000	4,300,000	4,050,000	5,200,000	900,000	20.9

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

1. Water Withdrawal Assessment Program

Enactment of the Great Lakes Compact and accompanying water withdrawal regulations created additional responsibilities for the Department of Environmental Quality for operation of an Internet-based water withdrawal assessment tool, continuing maintenance of the assessment tool and monitoring system, increased staff oversight of allowable withdrawals, and support for the Water Resources Conservation Advisory Council. The budget includes full-time equated (FTE) positions and funding from the Clean Michigan Initiative Clean Water Fund and the General Fund to support the new expenses of the program. Total appropriations for this program are \$895,000.

FTE	7.0
Gross	645,000
Restricted	75,000
GF/GP	570,000

2. Macomb Real-Time Water Quality Monitoring

The budget includes a grant to Macomb and St. Clair Counties for real-time water quality monitoring in the St. Clair watershed. A similar grant has been provided for this project in three of the five previous fiscal years; however, it was not appropriated in FY 2007-08.

Gross	250,000
Restricted	250,000
GF/GP	0

3. Village of Chesaning Water Control

The budget includes funding from the Clean Michigan Initiative Clean Water Fund for a grant to the Village of Chesaning for pollution and water control activities. The municipality must submit a work plan and obtain all necessary permits for components of the project.

Gross	900,000
Restricted	900,000
GF/GP	0

B. PROGRAM INCREASES

Laboratory Billings

The environmental laboratory bills other divisions and departments for services provided. The other divisions pay the laboratory through the interdepartmental transfer process. The budget includes an increase in this funding to reflect an anticipated increase in activity.

Gross	200,000
IDG	200,000
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

D. PROGRAM REDUCTIONS

1. Drinking Water Revolving Loan Fund

Gross	(1,106,900)
GF/GP	(1,106,900)

In order to meet reduced General Fund revenue estimates, the budget reduces the State match for Federal funding for the Drinking Water Revolving Loan Fund. The State provides a 20% match to Federal dollars, so this reduction in General Fund support may result in the loss of Federal funding as well, depending on the amount of Federal funds available for this program.

2. Clean Michigan Initiative Cleanup Projects

Gross	NA
Restricted	NA
GF/GP	NA

The budget removed funding for new cleanup projects under the Clean Michigan Initiative (CMI) program. Existing CMI projects will continue since many of them take multiple years to complete, but no new projects will be started in FY 2008-09. In previous fiscal years, these appropriations were described in a separate section of this report and \$5,663,200 was appropriated in FY 2007-08 for this purpose. With the removal of funding for new projects, a separate section is no longer necessary.

E. FUNDING SHIFTS

General Fund Increase

Gross	0
Restricted	(2,473,300)
GF/GP	2,473,300

Permit and license fee revenue from selected programs in all of the Department's divisions is expected to fall short of the amounts necessary to maintain the current levels of service. The budget includes a partial fund shift from State restricted permit fee revenue to General Fund dollars to support the programs. A similar fund shift was enacted in FY 2007-08 for \$11.0 million and that was continued for FY 2008-09 for a total fund shift of \$13,473,300.

F. PROGRAM TRANSFERS

Human Resources Consolidation

FTE	(13.0)
Gross	(1,387,100)
Restricted	(1,071,600)
GF/GP	(315,500)

A statewide consolidation of human resources functions has been phased in over many years. The final step transfers the funding for human resources to the Department of Management and Budget, which is the new home of the Civil Service Commission and employee services.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

G. OTHER ISSUES

1. FTE Adjustments

On a statewide basis, the budget includes changes to the number of full-time equated positions appropriated in departments. The adjusted numbers reflect the actual number of FTEs that appropriations can support, which results in a reduction in FTEs for the Department of Environmental Quality.

FTE	(35.0)
Gross	0
GF/GP	0

2. Internal Audit

Internal audit functions are being consolidated into the Department of Management and Budget. The budget moves \$228,500 into a new line item that will provide support for this function through an interdepartmental grant process.

Gross	0
GF/GP	0

3. Other Changes

The budget includes adjustments for items such as changes in estimates of revenue from Federal and State restricted fund sources, cost allocation, and one-time appropriations in FY 2007-08.

Gross	(2,218,400)
IDG	5,500
Federal	(1,700,200)
Restricted	(523,100)
GF/GP	(600)

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	589,900
IDG	21,800
Federal	185,800
Private	600
Restricted	353,400
GF/GP	28,300

K. VETOES

1. Reverse Vending Machines

The Governor vetoed the use of \$2.0 million from the Cleanup and Redevelopment Trust Fund to reimburse retailers for the cost of retrofitting reverse vending machines to accept Michigan-only returnable beverage containers. The funding would have been transferred to the Environmental Protection Fund and spent from that Fund.

2. Environmental Ombudsman

The Governor vetoed funding of \$250,000 that had been added from various restricted funds for a position in the Legislative Council that would have served as an ombudsman for the general public on environmental issues and facilitated discussions with the Department of Environmental Quality as needed.

**EXECUTIVE
P.A. 261 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	74.2	74.2	74.2	74.2	74.2	0.0	0.0
GROSS	5,317,300	5,317,300	5,317,300	5,317,300	5,317,300	0	0.0
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	5,317,300	5,317,300	5,317,300	5,317,300	5,317,300	0	0.0
Less:							
Federal Funds	0	0	0	0	0	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	5,317,300	5,317,300	5,317,300	5,317,300	5,317,300	0	0.0
Less:							
Other State Restricted Funds	0	0	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE ..	5,317,300	5,317,300	5,317,300	5,317,300	5,317,300	0	0.0
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

- A. NEW PROGRAMS - NONE**
- B. PROGRAM INCREASES - NONE**
- C. PROGRAM ELIMINATIONS - NONE**
- D. PROGRAM REDUCTIONS - NONE**
- E. FUNDING SHIFTS - NONE**
- F. PROGRAM TRANSFERS - NONE**
- G. OTHER ISSUES - NONE**
- H. UNCLASSIFIED SALARIES - NONE**
- I. FEE INCREASES - NONE**
- J. ECONOMIC ADJUSTMENTS - NONE**
- K. VETOES - NONE**

**HIGHER EDUCATION
P.A. 213 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1.0	1.0	1.0	1.0	1.0	0.0	0.0
GROSS	1,886,675,700	1,799,426,000	1,799,426,000	1,799,426,000	1,769,105,200	(117,570,500)	(6.2)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,886,675,700	1,799,426,000	1,799,426,000	1,799,426,000	1,769,105,200	(117,570,500)	(6.2)
Less:							
Federal Funds	7,400,000	7,400,000	7,400,000	7,400,000	7,400,000	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	1,879,275,700	1,792,026,000	1,792,026,000	1,792,026,000	1,761,705,200	(117,570,500)	(6.3)
Less:							
Other State Restricted Funds	117,500,000	116,100,000	116,100,000	116,100,000	116,100,000	(1,400,000)	(1.2)
GENERAL FUND/GENERAL PURPOSE ..	1,761,775,700	1,675,926,000	1,675,926,000	1,675,926,000	1,645,605,200	(116,170,500)	(6.6)
PAYMENTS TO LOCALS	3,759,100	0	3,759,100	3,759,100	3,759,100	0	0.0

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. University Operations

Gross	14,527,300
GF/GP	14,527,300

An increase of 1.0% is added to each university's operations line item. Column 3 of Table 1 outlines the dollar amount each university receives. The Governor originally recommended a total increase of 3.0%, with individual university increases ranging from 2.3% to 6.2%, based on a three-part formula. The Senate and House had provided across-the-board increases of 3.0% and 2.7%, respectively.

2. Agricultural Experiment Station (AES) and Cooperative Extension Service (CES)

Gross	633,200
GF/GP	633,200

The AES and CES are agricultural economic programs operated by Michigan State University that provide services throughout the State. Similar to the increases for university operations, 1.0% is added to AES (\$340,000) and CES (\$293,200) for FY 2008-09 total funding levels of \$34.3 million and \$29.6 million, respectively. The Governor and Senate had recommended a 3.0% increase while the House had added 2.7%.

3. Midwestern Higher Education Compact

Gross	5,000
GF/GP	5,000

Public Act 195 of 1990 entered Michigan into the Midwestern Higher Education Compact whose mission is to advance Midwestern higher education through interstate cooperation and resource sharing. Twelve states are Compact members: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. The work of the Compact is financed through annual member state dues and foundation grants. The FY 2008-09 budget includes an increase of \$5,000 to reflect the new annual dues amount of \$95,000. The Governor, Senate, and House all included the dues increase.

4. Michigan Promise Grants

Gross	49,000,000
Restricted	49,000,000
GF/GP	0

Public Act 479 of 2006 created the Michigan Promise Grant Program to provide merit-based grants of up to \$4,000 to students who score well on the high school Merit Exam and/or who complete two years of postsecondary education with at least a 2.5 grade point average. The FY 2008-09 appropriation of \$90.5 million pays for the \$1,000 biennial grants (\$1,000 per year for the first two years of study) for students enrolled in college who scored well on the Merit

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

Exam. Costs of the \$2,000/\$4,000 grants paid after completion of two years of postsecondary education will begin in FY 2009-10.

5. Tuition Incentive Program (TIP)

Due to an increase in TIP students attending college, the appropriation for TIP is increased by \$4.1 million GF/GP from the initial FY 2007-08 appropriation for the program. The program provides an incentive to Medicaid-eligible middle school and high school students by promising to pay for their college tuition if they graduate from high school. It pays for two years of associate-level tuition costs and up to an additional \$2,000 for study at a four-year institution. There were 10,462 TIP students in FY 2006-07 and approximately 12,000 TIP students in FY 2007-08. The FY 2008-09 TIP appropriation is \$25.2 million, financed from \$15,850,000 in Merit Award Trust Fund revenue and \$9,350,000 in State GF/GP revenue.

Gross	4,100,000
Restricted	0
GF/GP	4,100,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Michigan Merit Awards

Public Act 94 of 1999 created the Michigan Merit Award Program, which provides merit-based grants of up to \$3,000 to students who scored well on the middle school and high school MEAP test or Merit Exam. The high school class of 2000 was the first eligible graduating class and the class of 2006 was the last. Beginning with the high school graduating class of 2007, Michigan Merit Awards were replaced by Michigan Promise Grants (item B4). In order to fulfill Merit Award commitments for previous graduating classes, \$5.2 million is estimated to be needed for FY 2008-09, resulting in an appropriation reduction of \$54.8 million from the initial FY 2007-08 \$60.0 million funding level.

Gross	(47,100,000)
Restricted	(47,100,000)
GF/GP	0

E. FUNDING SHIFTS

In FY 2007-08, the grants and financial aid appropriations included \$3.3 million from State restricted revenue sources that are not available for FY 2008-09: \$1.4 million from Tuition Grant carry-forward funds, \$1.2 million from the Michigan Higher Education Assistance Authority Operating Fund, and \$0.7 million from a State income tax check-off for children of veterans. These State restricted fund sources were replaced with \$3.3 million in State GF/GP revenue.

Gross	0
Restricted	(3,300,000)
GF/GP	3,300,000

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Gross (138,736,000)
GF/GP (138,736,000)

1. FY 2007-08 One-Time Adjustment

There is a technical adjustment to the FY 2007-08 base appropriations for the 15 public universities included in the development of the FY 2008-09 budget: the reduction of \$138.7 million State GF/GP to recognize the one-time repayment to the universities of the August 2007 payment delay.

2. Appropriation Act Format

The FY 2008-09 act retains the budget bill format initially used in FY 2007-08 that separates Higher Education budget line items into four articles:

- Article 1: Total summary unit for appropriation act
- Article 2: Research universities (Michigan State, UM-Ann Arbor, Wayne State)
- Article 3: State universities (remaining 12 universities)
- Article 4: State and regional programs, grants, and financial aid

During the budget development process, the Governor and the House supported the retention of the "article" format while the Senate passed a bill with all 15 public universities listed in alphabetical order in a single Part 1, with boilerplate language in Part 2.

3. Major Boilerplate Changes

Postsecondary Student Data System. A progress report is required regarding the development of student-level data that could be submitted to the Center for Educational Performance and Information. (Secs. 216 and 316)

Conflicts of Interest. Intent language is added for governing boards of public universities to examine operations for potential conflicts of interest. (Sec. 217)

State Competitive Scholarships and Tuition Grants. Intent language is added to secure a 1.0% increase for both of these programs. (Secs. 301 and 302)

Future Farmers of America. \$80,000 of Michigan State University's operations appropriation is earmarked for the Michigan Future Farmers of America Association. (Sec. 434)

Indian Tuition. Intent language is added to pay for unfunded Indian Tuition Waiver costs from General Fund/General Purpose unreserved balances at the close of FY 2007-08. (Sec. 451)

Research Commercialization Plan. If a State university does not submit its plan by January 15, 2009, then that university will not be eligible to receive an allocation from the Technology Commercialization Incentive Fund when it is established. (Sec. 464)

Timely Graduation. Intent language is added for State universities to provide sufficient counseling and limit changes to general graduation requirements during a student's enrollment, to facilitate timely graduation of all students. (Sec. 471)

Tuition Rebate. Intent language is added for a State university to rebate to students any amount of the 2007-08 academic year tuition increase that was based on the assumption that the August 2007 delayed payment would not be repaid. (Sec. 472)

Status of Nursing Education. A new report from the Department of Labor and Economic Growth is required regarding the number of nursing degree programs offered, available openings for new nursing students, faculty needed to expand nursing education, and any barriers there may be to the employment of more nurses in Michigan. (Sec. 715)

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. VETOES - NONE

Table 1: FY 2008-09 HIGHER EDUCATION APPROPRIATIONS - PUBLIC ACT 213 OF 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	FY 2007-08 Adjusted* Appropriation	2007-08 Approp Per Student**	University Operations Increase of 1.0%	Financial Aid/Other Changes	FY 2008-09 Initial Appropriation	Dollar Change From 2007-08	Percent Change From 2007-08	2008-09 Approp Per Student**
Universities								
Central	\$81,941,100	\$3,837	\$819,400		\$82,760,500	\$819,400	1.0%	\$3,875
Eastern	77,774,100	4,222	777,700		78,551,800	777,700	1.0%	4,264
Ferris	49,730,800	4,484	497,300		50,228,100	497,300	1.0%	4,529
Grand Valley	63,387,500	3,057	633,900		64,021,400	633,900	1.0%	3,088
Lake Superior	12,981,900	5,541	129,800		13,111,700	129,800	1.0%	5,596
Michigan State	290,139,800	6,753	2,901,400		293,041,200	2,901,400	1.0%	6,821
Michigan Tech	49,028,200	8,160	490,300		49,518,500	490,300	1.0%	8,242
Northern	46,171,500	5,408	461,700		46,633,200	461,700	1.0%	5,462
Oakland	51,932,900	3,549	519,300		52,452,200	519,300	1.0%	3,585
Saginaw Valley	28,356,200	3,603	283,600		28,639,800	283,600	1.0%	3,639
UM-Ann Arbor	323,439,900	8,020	3,234,400		326,674,300	3,234,400	1.0%	8,100
UM-Dearborn	25,295,000	4,196	253,000		25,548,000	253,000	1.0%	4,238
UM-Flint	21,379,900	4,065	213,800		21,593,700	213,800	1.0%	4,105
Wayne State	219,046,500	8,597	2,190,500		221,237,000	2,190,500	1.0%	8,683
Western	112,122,000	5,030	1,121,200		113,243,200	1,121,200	1.0%	5,081
Ag Experiment Station(AES)	33,996,200		340,000		34,336,200	340,000	1.0%	
Cooperative Extension(CES)	29,322,300		293,200		29,615,500	293,200	1.0%	
Higher Education Database	200,000				200,000	0	0.0%	
Midwest Higher Ed Compact	90,000			5,000	95,000	5,000	5.6%	
King-Chavez-Parks	2,691,500				2,691,500	0	0.0%	
Total Universities	\$1,519,027,300	\$5,734	\$15,160,500	\$5,000	\$1,534,192,800	\$15,165,500	1.0%	\$5,792
State GF/GP	\$1,519,027,300		\$15,160,500	\$5,000	\$1,534,192,800	\$15,165,500	1.0%	
Grants and Financial Aid								
Competitive Scholarships	\$35,530,500				\$35,530,500	\$0	0.0%	
Tuition Grants	56,668,100				56,668,100	0	0.0%	
Work Study	7,326,300				7,326,300	0	0.0%	
Part-time Independent	2,653,300				2,653,300	0	0.0%	
Ed.Opportunity Grants(MEOG)	2,084,200				2,084,200	0	0.0%	
Byrd Scholarship Program	1,500,000				1,500,000	0	0.0%	
Nursing Scholarship Program	4,250,000				4,250,000	0	0.0%	
Michigan Merit Award Program	52,300,000			(47,100,000)	5,200,000	(47,100,000)	-90.1%	
Michigan Promise Grant Program	41,500,000			49,000,000	90,500,000	49,000,000	118.1%	
Tuition Incentive Program(TIP)	21,100,000			4,100,000	25,200,000	4,100,000	19.4%	
Children of Veterans Tuition	1,000,000				1,000,000	0	0.0%	
Project Gear-Up	3,000,000				3,000,000	0	0.0%	
Total Grants/Financial Aid	\$228,912,400		\$0	\$6,000,000	\$234,912,400	\$6,000,000	2.6%	
Federal	7,400,000		0	0	7,400,000	0	0.0%	
Merit Award Trust Fund	113,900,000		0	1,900,000	115,800,000	1,900,000	1.7%	
MHEAA Operating Fund	1,200,000		0	(1,200,000)	0	(1,200,000)	-100.0%	
Tuition Grant Carryforward	1,400,000		0	(1,400,000)	0	(1,400,000)	-100.0%	
Veterans Tax Checkoff	1,000,000		0	(700,000)	300,000	(700,000)	-70.0%	
State GF/GP	\$104,012,400		\$0	\$7,400,000	\$111,412,400	\$7,400,000	7.1%	
TOTAL HIGHER ED	\$1,747,939,700		\$15,160,500	\$6,005,000	\$1,769,105,200	\$21,165,500	1.2%	
TOTAL FEDERAL	7,400,000		0	0	7,400,000	0	0.0%	
TOTAL STATE RESTRICTED	117,500,000		0	(1,400,000)	116,100,000	(1,400,000)	-1.2%	
TOTAL STATE GF/GP	\$1,623,039,700		\$15,160,500	\$7,405,000	\$1,645,605,200	\$22,565,500	1.4%	

*FY 2007-08 adjustment: remove one-time restoration of \$138,736,000 August 2007 delayed payment. ** FY 2006-07 Fiscal-Year-Equated Students (FYES)

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES
P.A. 254 of 2008

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	230.0	226.0	226.0	227.0	226.0	(4.0)	(1.7)
GROSS	49,551,200	52,586,300	52,986,300	57,058,900	52,847,000	3,295,800	6.7
Less:							
Interdepartmental Grants Received	139,200	668,600	668,600	668,600	668,600	529,400	380.3
ADJUSTED GROSS	49,412,000	51,917,700	52,317,700	56,390,300	52,178,400	2,766,400	5.6
Less:							
Federal Funds	7,355,700	7,507,400	7,757,400	7,507,400	7,757,400	401,700	5.5
Local and Private	112,400	512,400	512,400	512,400	512,400	400,000	355.9
TOTAL STATE SPENDING	41,943,900	43,897,900	44,047,900	48,370,500	43,908,600	1,964,700	4.7
Less:							
Other State Restricted Funds	2,645,600	3,967,800	4,117,800	3,979,800	4,167,800	1,522,200	57.5
GENERAL FUND/GENERAL PURPOSE ..	39,298,300	39,930,100	39,930,100	44,390,700	39,740,800	442,500	1.1
PAYMENTS TO LOCALS	11,536,300	11,235,400	11,235,400	13,235,400	11,228,400	(307,900)	(2.7)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Arts and Cultural Grants

The budget increases funding for Arts and Cultural Grants from \$7,754,000 in FY 2007-08 to \$8,037,900 in FY 2008-09, an increase of 3.7%.

Gross	283,900
Federal	122,000
Restricted	70,000
GF/GP	91,900

2. Records Center Relocation

The budget provides additional funding of \$870,000 for the cost of relocating the records center from a State facility now needed by the Department of Military and Veterans Affairs to a building that would be purchased for the records center, if the purchase is approved in the Capital Outlay budget.

Gross	870,000
IDG	551,300
GF/GP	318,700

3. Book Distribution Centers

The budget includes an additional \$10,000 for this program, which collects free books from publishers and distributes them to institutions that provide services to low-income, elderly, or disabled people statewide, providing total funding in FY 2008-09 of \$360,000.

Gross	10,000
GF/GP	10,000

C. PROGRAM ELIMINATIONS

Michigan History Day

The Governor vetoed \$25,000 of funding for this statewide history competition for students.

Gross	(25,000)
GF/GP	(25,000)

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

F. PROGRAM TRANSFERS

1. Film Office

The budget transfers the Michigan Film Office to the Michigan Strategic Fund in accordance with P.A. 75 of 2008.

FTE	(1.0)
Gross	(180,300)
GF/GP	(180,300)

2. Human Resources Consolidation

The budget transfers \$209,700 and 2.0 FTEs to the Civil Service Commission as part of the consolidation of the State human resources personnel pursuant to Executive Order 2007-30.

FTE	(2.0)
Gross	(209,700)
GF/GP	(209,700)

G. OTHER ISSUES

Other adjustments made in the budget include the appropriation of \$788,000 of revenue from the History, Arts, and Libraries Fund, which was previously off budget; the appropriation of \$500,000 in restricted funds for the operation of the museum store; creation of a \$600,000 line item to provide expenditure authority for additional grants that may be received during the year; the transfer of 1.0 internal audit position to the Department of Management and Budget; and various fund source adjustments.

FTE	(1.0)
Gross	2,520,600
IDG	(21,700)
Federal	280,100
Local	200,000
Private	199,900
Restricted	1,445,100
GF/GP	417,200

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	26,300
IDG	(200)
Federal	(400)
Private	100
Restricted	7,100
GF/GP	19,700

K. VETOES

1. Local Historical Society Grants

The Governor vetoed the Local Historical Society Grant program, reducing the budget by \$25,000 GF/GP. The program would have provided grants of up to \$2,000 for State and local historical society projects.

2. Michigan History Day

The Governor vetoed the Michigan History Day program, a history competition for school-age students. As passed the Legislature, Michigan History Day would have received State funding of \$25,000 GF/GP.

**DEPARTMENT OF HUMAN SERVICES
P.A. 248 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	10,575.4	10,442.8	10,397.8	10,466.8	10,401.8	(173.6)	(1.6)
GROSS	4,913,911,900	4,658,581,900	4,642,241,200	4,619,752,800	4,576,223,500	(337,688,400)	(6.9)
Less:							
Interdepartmental Grants Received	2,416,000	2,416,700	2,416,700	2,416,700	2,416,700	700	0.0
ADJUSTED GROSS	4,911,495,900	4,656,165,200	4,639,824,500	4,617,336,100	4,573,806,800	(337,689,100)	(6.9)
Less:							
Federal Funds	3,359,045,000	3,146,759,300	3,166,860,900	3,168,228,800	3,170,414,600	(188,630,400)	(5.6)
Local and Private	69,993,500	71,468,200	57,335,700	57,336,000	57,335,800	(12,657,700)	(18.1)
TOTAL STATE SPENDING	1,482,457,400	1,437,937,700	1,415,627,900	1,391,771,300	1,346,056,400	(136,401,000)	(9.2)
Less:							
Other State Restricted Funds	75,548,600	61,419,200	61,589,200	61,589,200	61,589,200	(13,959,400)	(18.5)
GENERAL FUND/GENERAL PURPOSE ..	1,406,908,800	1,376,518,500	1,354,038,700	1,330,182,100	1,284,467,200	(122,441,600)	(8.7)
PAYMENTS TO LOCALS	124,569,000	145,704,400	143,572,200	143,572,200	143,572,200	19,003,200	15.3

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

1. Family Independence Program (FIP) Work Incentive Payment

Gross	1,778,300
GF/GP	1,778,300

Boilerplate language instructs the Department of Human Services (DHS) to provide funding to Michigan Works! agencies for distribution to FIP recipients who have met Federal work requirements for three consecutive months. A payment of \$50 will be provided to each eligible recipient with an option of an additional \$25 to be placed on behalf of the recipient into an individual development account.

2. Kent County Child Welfare Demonstration Project

FTE	(1.0)
Gross	0
GF/GP	0

The budget provides \$300,000 GF/GP to cover the anticipated cost of implementing a child welfare pilot project in Kent County. The county will purchase all child welfare services, excluding child evaluation and child protective services, from private agencies. The budget assumes foster care program savings associated with this effort of \$300,000 GF/GP.

3. Michigan Youth Opportunity Initiative (MYOI)

Gross	1,225,000
Federal	650,000
Private	575,000
GF/GP	0

The budget provides \$1.2 million for the MYOI program. The MYOI provides services to foster care youths as they reach the age at which they are no longer eligible for care.

4. Bridges to Responsible Adulthood

Gross	1,000,000
Federal	800,000
GF/GP	200,000

The budget provides \$1.0 million for the Bridges to Responsible Adulthood program. The program provides services to older foster care children.

5. Michigan State University (MSU) Kinship Care Center

Gross	200,000
Federal	200,000
GF/GP	0

The budget provides \$200,000 in Federal Temporary Assistance to Needy Families (TANF) funding for the MSU Kinship Care Center. This grant has been provided in prior years but was vetoed by the Governor in FY 2007-08.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

6. Communities in Schools

Gross	200,000
GF/GP	200,000

The budget allocates \$200,000 GF/GP for the Communities in Schools program. The program matches needed human service resources to eligible children in schools.

7. YouthVille of Detroit

Gross	100,000
GF/GP	100,000

The budget provides \$100,000 GF/GP for the YouthVille Detroit facility.

B. PROGRAM INCREASES

1. FIP Benefit Increases

Gross	8,078,300
Federal	8,078,300
GF/GP	0

The budget provides \$2.5 million in TANF funding for a \$1-per-person per-month increase in the FIP grant and \$5.6 million in TANF funding to increase the FIP clothing allowance from \$43 per year to \$88 per year.

2. Child Daycare Rate Increase

Gross	10,000,000
GF/GP	10,000,000

The FY 2008-09 budget reflects a roughly 2.5% increase in child day care reimbursement rates provided in FY 2007-08 supplemental appropriation.

3. State Disability Assistance (SDA) Grant Increase

Gross	696,900
GF/GP	696,900

The appropriation provides about \$700,000 GF/GP to fund a 2.0% increase in SDA grants. The 2.0% adjustment will increase SDA payments by about \$5 per recipient per month.

4. Indigent Burial Rate Increase

Gross	1,359,300
GF/GP	1,359,300

The budget provides funding to increase reimbursement for indigent burial to the rates previously provided in FY 2006-07.

5. Foster Care Rate Adjustments

Gross	6,049,400
Federal	889,200
Local	1,054,400
GF/GP	4,105,800

The budget provides sufficient funding to increase the administrative rate provided to private child-placing agencies from \$25 per day to \$27 per day (\$5.5 million Gross/\$3.6 million GF/GP),

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

to provide a 4.0% administrative rate increase to private agencies for independent living foster care services (\$170,000 Gross/\$100,000 GF/GP), and a 4.0% rate increase for specialized services provided through residential foster care facilities (\$410,000 GF/GP).

6. Staff Increases

The appropriation provides an additional 24.0 FTEs to the Department in FY 2008-09. These include 7.0 additional FTEs for the Office of Child and Adult Licensing, 5.0 additional FTEs for Child Protective Service, 5.0 additional FTEs for foster care and adoption contract monitoring, 3.0 additional FTEs to oversee compacts reached with other states for child placements, 2.0 additional FTEs for background checks for licensed foster care workers, and 2.0 FTEs for Children's Trust Fund administration.

FTE	24.0
Gross	1,703,600
Federal	520,200
GF/GP	1,183,400

7. Nutrition Grant

The budget recognizes additional Federal Food Stamp Nutrition Education Plan funds now available to the State.

Gross	14,900,000
Federal	14,900,000
GF/GP	0

8. Michigan 2-1-1

The appropriation increases GF/GP support for Michigan 2-1-1 by \$100,000. The 2-1-1 program, operated by the United Way, provides a toll-free phone service that links eligible individuals to needed health and human service resources.

Gross	100,000
GF/GP	100,000

9. MiCAFE

The budget includes an increase in GF/GP support for the Michigan Coordinated Access to Food for the Elderly program (MiCAFE).

Gross	30,000
GF/GP	30,000

10. Food Stamp Reinvestment

The budget allocates an additional \$1.3 million to food stamp reinvestment. This increase is necessary because the Department anticipates Federal sanctions associated with the State's failure to meet the Federal food stamp error rate target.

Gross	1,320,000
GF/GP	1,320,000

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

11. Adoption Caseload Backlog Reduction

The budget provides funds for increased services aimed at reducing the backlog of adoption-eligible cases in which adoptive parents have not yet been found.

Gross	2,372,700
Federal	1,140,500
GF/GP	1,232,200

12. Facilities Increase

The appropriation reflects anticipated cost increases associated with moving several local offices to new locations and rent increases.

Gross	3,007,300
Federal	799,700
GF/GP	2,207,600

13. Authorization Increase

The budget provides an additional \$1.0 million in private authorization to recognize anticipated grant awards for children's services.

Gross	1,000,000
Private	1,000,000
GF/GP	0

14. Bench Warrant Revenue Adjustment

The budget adjusts authorization for restricted revenue in the Child Support Enforcement Operations line to account for carry-forward Child Support Bench Warrant Enforcement Fund revenue.

Gross	170,000
Restricted	170,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Juvenile Justice Staff Reductions

The budget eliminated 30.0 FTEs allocated in FY 2007-08 to Medium Security Juvenile facilities, 20.0 FTEs allocated to Bureau of Juvenile Justice, and 10.0 FTEs to recognize the closure of the Flint House Community Juvenile Justice Center.

FTE	(60.0)
Gross	(6,201,200)
Federal	(264,400)
Local	(1,813,700)
GF/GP	(4,123,100)

2. Family Independence Program Child Support Pass-Through Savings

The budget recognizes savings that will be achieved through replacing State funding for FIP child support pass-through payments with Federal TANF funding.

Gross	(5,300,000)
GF/GP	(5,300,000)

		FY 2008-09 Change From FY 2007-08 Year-to-Date	
3. Strong Families/Safe Children Fund Shift		Gross	(2,000,000)
		GF/GP	(2,000,000)
<p>The appropriation shifts Federal funding from the Strong Families/Safe Children program to adoption subsidies, generating GF/GP savings.</p>			
4. GF/GP Savings from Employee Separation Costs		Gross	(1,689,900)
		GF/GP	(1,689,900)
<p>The FY 2007-08 appropriation included GF/GP support for one-time separation costs associated with staffing changes. The new budget adjusts the Payroll Taxes and Fringe Benefits line to recognize that these costs will no longer be incurred in FY 2008-09.</p>			
5. Local Office Consolidation		Gross	(1,090,000)
		Federal	(289,800)
		GF/GP	(800,200)
<p>The budget includes savings associated with consolidating local offices in the northern Lower Peninsula, the Upper Peninsula, and Calhoun County.</p>			
6. Employment and Training GF/GP Savings		Gross	(299,000)
		GF/GP	(299,000)
<p>The budget removed excess GF/GP funding allocated to the Employment and Training Support Services line.</p>			
7. Foster Care Fund Source Adjustment		Gross	(450,000)
		Private	(450,000)
		GF/GP	0
<p>The budget removed excess Private authorization from the Foster Care line.</p>			
8. Information Technology Administrative Savings		Gross	(5,327,300)
		Federal	(2,513,800)
		GF/GP	(2,813,500)
<p>The budget recognizes savings to be achieved through administrative efficiencies in information technology in the DHS and the Department of Information Technology.</p>			
9. Agency Reorganization		Gross	(1,257,300)
		Federal	(257,300)
		GF/GP	(1,000,000)
<p>The budget recognizes anticipated savings that will be achieved through staff reorganization in the DHS.</p>			

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

10. Restricted Authorization Adjustment

Anticipated loss of fee revenue collected through the Bureau of Child and Adult Licensing is recognized in the budget.

Gross	(349,800)
Restricted	(349,800)
GF/GP	0

E. FUNDING SHIFTS

1. Supplemental Security Income (SSI) Repayment Savings

The budget recognizes GF/GP savings from a policy change that will require FIP recipients who receive retroactive SSI payments to repay FIP benefits received during the period of time covered by the retroactive SSI payments.

Gross	0
Restricted	4,338,300
GF/GP	(4,338,300)

2. Change in Medicaid Rate

The Federal Medical Assistance Percentage (FMAP) was increased from .581 in FY 2007-08 to .6012 in FY 2008-09. The budget adjusts fund sourcing for a number of programs to accommodate this change.

Gross	0
Federal	8,374,400
Restricted	(1,984,100)
GF/GP	(6,390,300)

3. Jobs, Education and Training (JET) Expansion Fund Shift

The budget reduces GF/GP support in the Jobs, Education and Training Expansion line to recognize additional Federal revenue.

Gross	0
Federal	1,362,800
GF/GP	(1,362,800)

4. Domestic Violence Fund Shift

The budget uses excess State restricted funds to reduce GF/GP support in the Domestic Violence Prevention and Treatment line.

Gross	0
Restricted	1,040,000
GF/GP	(1,040,000)

5. Food Stamp Administration Fund Shift

The budget increases GF/GP revenue for food stamp administration functions. This increase in funding is necessary because of reductions in Federal support for this function.

Gross	0
Federal	(3,586,000)
GF/GP	3,586,000

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

6. Child Support Collection Fund Shift

The budget provides \$2.0 million GF/GP to replace an anticipated shortfall in State restricted revenue.

Gross	0
Restricted	(2,000,000)
GF/GP	2,000,000

7. Children's Services Fund Source Adjustment

Lost Federal funds in the Salary and Wages (\$81,500), CSS&M (\$250,000), and Adoption Support Services (\$651,000) lines are replaced with GF/GP funding in the budget.

Gross	0
Federal	(982,500)
GF/GP	982,500

8. Domestic Violence Prevention and Treatment

The budget recognizes increased available Federal revenue for the Domestic Violence Prevention and Treatment program.

Gross	0
Federal	464,300
GF/GP	(464,300)

9. State Disability Assistance Fund Shift

The budget recognizes additional Federal SSI recoveries, reducing GF/GP need in the SDA program.

Gross	0
Restricted	500,000
GF/GP	(500,000)

10. County Juvenile Officers Fund Shift

The budget adjusts Federal authorization in the County Juvenile Officers line to account for anticipated reductions in Federal Title IV-B funding.

Gross	0
Federal	(244,600)
GF/GP	244,600

11. Paternity Testing

The budget increases GF/GP support for paternity testing to account for an anticipated reduction in available Federal funding.

Gross	0
Federal	(185,900)
GF/GP	185,900

12. Occupancy Charge Adjustment

The appropriation increases GF/GP revenue in the Occupancy Charge line to account for anticipated reductions in available Federal funding.

Gross	0
Federal	(600,000)
GF/GP	600,000

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

13. TANF Contingency Fund Shift

The State's receipt of TANF contingency funds will free up additional GF/GP dollars in FY 2008-09.

Gross	0
Federal	1,778,300
GF/GP	(1,778,300)

14. Arrearage Adjustment

The budget includes an adjustment in fund sourcing related to child support arrearage collections.

Gross	0
Restricted	170,000
GF/GP	(170,000)

F. PROGRAM TRANSFERS

Transfer of Human Resource Functions to Department of Management and Budget

The budget accounts for the transfer of human resource responsibilities from the DHS to the Department of Management and Budget.

FTE	(46.0)
Gross	(5,069,100)
Federal	(3,465,800)
Local	(156,500)
GF/GP	(1,446,800)

G. OTHER ISSUES

1. Prior-Year Base Adjustment

The budget reflects prior-year supplemental and transfer changes in the DHS budget.

Gross	(44,518,700)
Federal	(27,346,200)
Local	(10,622,400)
GF/GP	(6,550,100)

2. Prior-Year Base Adjustment: Public Act 279 of 2008

The base is adjusted to account for a supplemental appropriation that uses GF/GP dollars shifted from the Higher Education appropriation to increase the State's countable Maintenance of Effort (MOE) expenditure. The GF/GP revenue claimed from the Higher Education appropriation is replaced with Federal TANF funds and does not represent a cut to either budget.

Gross	0
Federal	107,798,600
Restricted	(15,850,000)
GF/GP	(91,948,600)

		FY 2008-09 Change From FY 2007-08 Year-to-Date
3. Food Assistance Program (FAP) Adjustment		Gross (292,000,000)
		Federal (292,000,000)
		GF/GP 0
<p>Boilerplate section 620 in the DHS appropriation permits the Department to make automatic adjustments in Federal authorization in the FAP program to account for changes in caseload. The base is adjusted to account for this increase provided in FY 2007-08.</p>		
4. Assistance Program Base Adjustments		Gross (31,491,500)
		Federal (8,296,300)
		Local (1,502,800)
		GF/GP (21,692,400)
<p>The budget reflects anticipated reductions in program costs in the FIP, foster care, and child day care, and increases in adoption subsidy, SSI, SDA, and child care fund.</p>		
5. FTE Rebase		FTE (172.6)
		Gross 0
		GF/GP 0
<p>The budget adjusts appropriated FTE counts to meet appropriated levels.</p>		
6. Reversal of Title IV-E Reform Savings		Gross (8,817,400)
		Federal (5,935,400)
		Local 618,000
		GF/GP (3,500,000)
<p>The budget partially restores anticipated savings built into the FY 2007-08 DHS appropriation.</p>		
7. Program Transfers		FTE 77.0
		Gross 0
		GF/GP 0
<p>The budget recognizes several transfers of programs within budget units in the Department. Funds transferred from the JET Expansion line item were used to increase local office FTEs.</p>		
8. Newly Licensed Foster Care		Gross 10,955,400
		Federal 7,359,500
		GF/GP 3,595,900
<p>The budget reflects an anticipated increase in the number of private licensed foster care homes. Funds are provided for increased administrative costs and maintenance payments. The appropriation also reflects anticipated savings in the FIP through increased licensure of relative caregivers as foster parents.</p>		

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

9. Annualized Savings

The budget includes a number of adjustments to lines to reflect the full-year impact of policy changes enacted in FY 2007-08. These include adjustments for rate increases provided through the adoption subsidy and adjustments to reflect the impact of the closure of the Woodland East facility.

Gross	(496,500)
Federal	762,300
Local	(1,436,500)
GF/GP	177,700

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	2,423,100
IDG	700
Federal	1,459,500
Local	66,300
Private	10,500
Restricted	6,200
GF/GP	879,900

K. VETOES

1. Sanilac County Human Services Grant

The Governor vetoed boilerplate language Section 310, which instructed the Department to provide \$120,000 GF/GP for a pilot project that would be operated in Sanilac County.

2. Child Support Arrearage Contract

The Governor vetoed boilerplate language Section 908, which required the Department to allocate \$500,000 Gross/\$170,000 GF/GP for a contract with an entity that would collect outstanding child support arrearages. The contractor would be paid on a contingency basis. The budget had assumed savings similar to the level provided through the contract.

3. Earned Income Tax Credit (EITC) Marriage and Fatherhood Contracts

The Governor vetoed budget boilerplate Section 1104(3), which required the Department to spend \$250,000 in TANF funding, through a competitive grant process, to vendors that would provide programs combining marriage and fatherhood training with education on using the EITC.

4. Child Care Fund In-Home Incentive Program Placeholder

The Governor vetoed \$100 set aside as a placeholder toward a new program that would provide financial incentives to counties to increase the number of children receiving child welfare and juvenile justice services in the home. Boilerplate Section 583 was vetoed as well.

5. Adrian Training School Improvements

The Governor vetoed \$500,000 GF/GP set aside for facility improvements at the Adrian Training School in Adrian, Michigan.

6. Title IV-E Payments to Local Government

The Governor vetoed budget boilerplate that required the Department to make available to local governments that submit their own Title IV-E claims the full value of the first \$5.0 million in Title IV-E claims. The Governor adjusted the Child Care Fund line down by \$3.0 million Gross to account for this veto. Fiscal year 2007-08 boilerplate required the Department to retain 50% of Title IV-E revenue received by local governments.

**DEPARTMENT OF INFORMATION TECHNOLOGY
P.A. 261 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,774.4	1,657.0	1,657.0	1,657.0	1,657.0	(117.4)	(6.6)
GROSS	429,838,100	434,846,000	432,992,900	433,992,900	432,534,600	2,696,500	0.6
Less:							
Interdepartmental Grants Received	429,838,100	434,846,000	432,992,900	433,992,900	432,534,600	2,696,500	0.6
ADJUSTED GROSS	0	0	0	0	0	0	0.0
Less:							
Federal Funds	0	0	0	0	0	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	0	0	0	0	0	0	0.0
Less:							
Other State Restricted Funds	0	0	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE ..	0	0	0	0	0	0	0.0
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Michigan Public Safety Communications System

This increase in funding from the Department of State Police will partially offset a continuing operating deficit in the system. In previous fiscal years, the deficit was covered by supplemental appropriations or transfers.

Gross	2,600,000
IDG	2,600,000
GF/GP	0

2. Other Program Increases

These include: \$1,655,100 for server and personal computer replacement and network upgrades in various departments; \$233,200 in information technology (IT) costs for new staff; \$561,200 in increased maintenance costs for various departments; 2.0 additional FTEs and \$200,000 for the Criminal Justice Information Center systems; \$357,700 for upgrades to equipment at the Retirement Call Center; \$497,700 for various systems in the Department of Community Health; \$29,400 for software licenses for the Department of History, Arts, and Libraries; \$976,400 for the Department of Corrections to reflect rate adjustments; \$422,800 in new revenue for the Automated Fingerprint Identification System and the Traffic Crash Reporting System; and a technical adjustment for the Civil Service Commission of \$14,900.

FTE	2.0
Gross	4,948,400
IDG	4,948,400
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Department of Human Services (DHS)

The appropriation for the DHS had to be increased to reflect the base for FY 2007-08, and the Department also included an overall reduction of \$5,298,200.

Gross	(2,289,300)
IDG	(2,289,300)
GF/GP	0

2. Department of Treasury

A reduction of \$1.0 million is included for secondary collection activities.

Gross	(1,000,000)
IDG	(1,000,000)
GF/GP	0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

3. Other Program Reductions

These include: the removal of one-time funding of \$1,978,000; a Department of Information Technology administrative reduction of \$233,400; a Department of Management and Budget (DMB) reduction of \$28,800; a reduction of \$16,100 in the Department of Corrections; and a technical adjustment for the Department of Natural Resources of \$33,000.

Gross	(2,289,300)
IDG	(2,289,300)
GF/GP	0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. FTE Rebasing

The Governor's Recommendation included statewide adjustments for FTEs to reflect the number of funded positions more accurately.

FTE	(119.4)
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2. Human Resources Transfers

Costs associated with human resources in various departments were shifted to the Civil Service Commission in accordance with Executive Order 2007-30. As a result, the interdepartmental grant (IDG) from the Civil Service Commission increased by \$399,200 to reflect the IT portion of those costs, and the other departments reflect the corresponding decrease.

Gross	0
IDG	0
GF/GP	0

3. Adjustments to Reflect Revenue

Net adjustments of (\$178,700) were made to properly align IT costs with revenue.

Gross	(178,700)
IDG	(178,700)
GF/GP	0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

H. UNCLASSIFIED SALARIES

FTE Rebasing

FTE (3.0)

The Governor's Recommendation included statewide adjustments for FTEs to reflect more accurately the number of funded positions.

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

Gross	905,400
IDG	905,400
GF/GP	0

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These also include HMO savings for the DMB of \$27,400.

K. VETOES - NONE

**JUDICIARY
P.A. 250 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	519.0	490.0	496.0	499.0	491.0	(28.0)	(5.4)
GROSS	259,781,000	261,912,700	262,746,900	261,912,700	261,904,000	2,123,000	0.8
Less:							
Interdepartmental Grants Received	2,523,500	2,523,500	3,553,500	2,523,500	2,573,500	50,000	2.0
ADJUSTED GROSS	257,257,500	259,389,200	259,193,400	259,389,200	259,330,500	2,073,000	0.8
Less:							
Federal Funds	4,626,400	4,626,400	5,126,400	4,626,400	5,126,400	500,000	10.8
Local and Private	6,741,700	6,935,600	6,935,600	6,935,600	6,935,600	193,900	2.9
TOTAL STATE SPENDING	245,889,400	247,827,200	247,131,400	247,827,200	247,268,500	1,379,100	0.6
Less:							
Other State Restricted Funds	87,892,700	87,893,800	87,947,900	87,893,800	87,947,900	55,200	0.1
GENERAL FUND/GENERAL PURPOSE ..	157,996,700	159,933,400	159,183,500	159,933,400	159,320,600	1,323,900	0.8
PAYMENTS TO LOCALS	123,725,200	123,720,300	124,193,800	124,620,300	124,193,800	468,600	0.4

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

Pilot Mental Health Court Programs

Funding for this new program will allow the establishment of two or three mental health court pilot sites. In conjunction with the Department of Community Health, the judiciary will develop practices and guidelines for these courts and choose sites.

FTE	1.0
Gross	550,000
GF/GP	550,000

B. PROGRAM INCREASES

1. Direct Trial Court Automation Support

Local user fees are increased for a new judicial information system. The total increase was \$652,700, but \$489,500 of the increase was included in P.A. 113 of 2008.

Gross	163,200
Local	163,200
GF/GP	0

2. Drug Treatment Courts

An additional \$500,000 of available Federal funding is included for Driving Under the Influence courts.

Gross	500,000
Federal	500,000
GF/GP	0

3. Appellate Assigned Counsel Administration

The budget added \$53,000 and 1.0 FTE to this line item to prevent additional mandatory furlough days or layoffs.

FTE	1.0
Gross	53,000
GF/GP	53,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

These include a number of small GF/GP reductions to fund the increase in the Appellate Assigned Counsel Administration: Supreme Court Administration (\$6,100), Judicial Institute (\$1,200), State Court Administrative Office (\$4,000), Judicial Information Systems (\$1,400), Foster Care Review Board (\$500), Court of Appeals (\$10,000), Judicial Tenure Commission (\$600), Appellate Public Defender Program (\$2,700), and Court Equity Fund Reimbursements (\$26,500).

Gross	(53,000)
GF/GP	(53,000)

E. FUNDING SHIFTS - NONE

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. FTE Rebasing

FTE (30.0)

The Governor's Recommendation included statewide adjustments for FTEs to reflect more accurately the number of funded positions.

2. Judicial Data Warehouse User Fees

Gross 50,000
IDG 50,000
GF/GP 0

The judicial information systems line item is increased to reflect an interdepartmental grant (IDG) from the Department of Corrections for use of the Judicial Data Warehouse.

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES

Supreme Court Administration

Gross 54,100
Restricted 54,100
GF/GP 0

The Supreme Court is authorized to increase the fee for the State Bar examination, a restricted fund source. The fee will be increased from \$300 to \$340, and \$200 to \$240 for reexamination, as of February 2009.

J. ECONOMIC ADJUSTMENTS

Gross 805,700
Local 30,700
Restricted 1,100
GF/GP 773,900

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments also include standard adjustments for judges' Old Age and Survivors' Insurance and Social Security, and increases in defined contribution costs for newly elected judges. Additionally, HMO savings of \$62,800 are included.

K. VETOES

Intensive Probation Pilot Program

The Governor vetoed this program, which would have been funded by a \$980,000 IDG from the Department of Corrections. The Judiciary conference report contained boilerplate language establishing pilot sites and guidelines for the program. The funding and boilerplate also were vetoed in the Corrections budget.

**DEPARTMENT OF LABOR AND ECONOMIC GROWTH
P.A. 251 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	4,292.5	4,299.5	4,294.5	4,292.5	4,300.0	7.5	0.2
GROSS	1,311,507,700	1,416,991,900	1,359,723,100	1,364,352,700	1,387,394,800	75,887,100	5.8
Less:							
Interdepartmental Grants Received	34,472,800	30,724,200	30,724,300	30,724,200	30,774,200	(3,698,600)	(10.7)
ADJUSTED GROSS	1,277,034,900	1,386,267,700	1,328,998,800	1,333,628,500	1,356,620,600	79,585,700	6.2
Less:							
Federal Funds	820,712,500	875,637,300	875,637,200	831,637,300	874,942,400	54,229,900	6.6
Local and Private	21,199,000	21,203,500	21,203,500	21,203,500	21,203,500	4,500	0.0
TOTAL STATE SPENDING	435,123,400	489,426,900	432,158,100	480,787,700	460,474,700	25,351,300	5.8
Less:							
Other State Restricted Funds	389,120,700	385,719,100	386,308,000	385,937,600	386,914,000	(2,206,700)	(0.6)
GENERAL FUND/GENERAL PURPOSE ..	46,002,700	103,707,800	45,850,100	94,850,100	73,560,700	27,558,000	59.9
PAYMENTS TO LOCALS	51,470,500	48,920,900	48,720,800	49,920,900	48,655,800	(2,814,700)	(5.5)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. No Worker Left Behind

The budget includes additional funding from both Federal Workforce Investment Act funds and GF/GP revenue. The program will provide free tuition for two years for displaced workers to retrain them in high-demand occupations. This is the second year of this three-year program. The increase will bring the funding (which is appropriated in the line item for Workforce Training Program Subgrantees) from \$37.0 million to \$96.0 million. The total includes \$15.0 million GF/GP funding. Of this amount, between \$2.5 million and \$5.0 million is for adult basic education or remedial education, between \$2.5 million and \$5.0 million is for community college capacity building, and the remaining funds are for direct training of individuals.

Gross	59,000,000
Federal	44,000,000
GF/GP	15,000,000

2. Michigan Nursing Corps

An increase in this grant program will bring total funding for this program from \$1.5 million to \$5.0 million for FY 2008-09. The grants are provided to institutions of higher education for the preparation of nursing faculty around the State.

Gross	3,500,000
GF/GP	3,500,000

3. Office of Financial and Insurance Regulation

Due to statutory changes creating additional regulatory responsibilities for this office, increases in restricted spending authority are included in the budget. New regulatory requirements for mortgage loan officers and captive insurance companies were enacted. Additionally, the budget includes new FTEs and restricted revenue to expand existing efforts in prelicensure checks and examinations of financial and mortgage agencies, in response to the recent mortgage crisis.

FTE	50.0
Gross	6,695,400
Restricted	6,695,400
GF/GP	0

4. Unemployment Agency

As a result of the higher unemployment rate, Michigan has borrowed money from the Federal government to meet benefit payment obligations. The interest on these loans is required to be repaid. The budget includes an increase of \$9.4 million GF/GP to replace Contingent Fund/ Penalty and Interest funds, which are needed to pay the interest on the loans.

Gross	9,357,700
GF/GP	9,357,700

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

5. Centers for Independent Living

The budget includes an increase in this grant line. Grants are provided to the 15 centers located throughout the State for support services to disabled individuals in order for them to live independently. This increase will bring funding for these grants from \$3.1 million to \$3.6 million.

Gross	500,000
Restricted	500,000
GF/GP	0

6. State Office of Administrative Hearings and Rules

The budget provides an additional 7.0 FTEs and \$640,700 to accommodate increases in caseloads for Department of Human Services clients and \$382,500 for a data system rewrite. Additional spending authority of \$50,000 and 0.5 FTE also are included to assist in addressing the backlog in teacher tenure hearings.

FTE	7.5
Gross	1,073,200
IDG	690,700
Federal	382,500
GF/GP	0

C. PROGRAM ELIMINATIONS

Focus: HOPE Pilot Project

The budget discontinues funding for this completed project to design a program to help welfare recipients make the transition into the workplace.

Gross	(140,000)
GF/GP	(140,000)

D. PROGRAM REDUCTIONS

1. Workforce Program Administration

This line was reduced by \$50,000 to \$12,867,500 in order to meet the required target reduction. The line funds all of the administrative staff who provide support to the State and Federal job training programs.

Gross	(50,000)
GF/GP	(50,000)

2. Welfare-to-Work Programs

This grant line was reduced by \$65,000 to \$107,733,600 in order to meet the required target reduction. The line includes Federal and State funding that is distributed to local providers for job training programs available for welfare recipients.

Gross	(65,000)
GF/GP	(65,000)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

3. Jobs, Education and Training (JET)

The budget reduces this line item, which is funded from an interdepartmental grant (IDG) from the Department of Human Services, by 36.0 FTEs and \$4.5 million. The reduction will better reflect the actual client referrals from the Welfare-to-Work program to the Michigan Rehabilitation Services program.

FTE	(36.0)
Gross	(4,467,600)
IDG	(4,467,600)
GF/GP	0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

Human Resources

Pursuant to Executive Order 2007-30, all human resources functions were consolidated under the Civil Service Commission. This transfer included the transfer of 22.0 FTEs and \$2.6 million.

FTE	(22.0)
Gross	(2,641,700)
Federal	(1,815,600)
Restricted	(826,100)
GF/GP	0

G. OTHER ISSUES

Various adjustments to IDG, Federal, and restricted fund sources are included in the budget to reflect current funding estimates.

FTEs	8.0
Gross	1,162,300
IDG	(13,000)
Federal	10,728,000
Restricted	(9,552,700)
GF/GP	0

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	1,962,800
IDG	91,300
Federal	935,000
Local	4,500
Restricted	976,700
GF/GP	(44,700)

K. VETOES

The Governor vetoed a \$2.0 million set-aside from a \$30.0 million boilerplate appropriation to the Welfare-to-Work Program. The language added \$30.0 million in Temporary Assistance to Needy Families (TANF) contingency funds that would be awarded in FY 2007-08, allowing the carry-forward of the equivalent amount of regular TANF funds in FY 2008-09. The set-aside would have provided \$2.0 million of these funds to the Michigan Housing and Community Development Fund for the creation of additional housing for low- and very low-income individuals.

**LEGISLATIVE AUDITOR GENERAL
P.A. 261 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	15,828,200	15,828,200	15,891,300	15,853,200	15,891,200	63,000	0.4
Less:							
Interdepartmental Grants Received	1,801,500	1,801,500	1,801,500	1,801,500	1,801,500	0	0.0
ADJUSTED GROSS	14,026,700	14,026,700	14,089,800	14,051,700	14,089,700	63,000	0.4
Less:							
Federal Funds	0	0	0	0	0	0	0.0
Local and Private.....	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	14,026,700	14,026,700	14,089,800	14,051,700	14,089,700	63,000	0.4
Less:							
Other State Restricted Funds	1,539,900	1,539,900	1,539,900	1,539,900	1,539,900	0	0.0
GENERAL FUND/GENERAL PURPOSE ..	12,486,800	12,486,800	12,549,900	12,511,800	12,549,800	63,000	0.5
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

- A. NEW PROGRAMS - NONE
- B. PROGRAM INCREASES - NONE
- C. PROGRAM ELIMINATIONS - NONE
- D. PROGRAM REDUCTIONS - NONE
- E. FUNDING SHIFTS - NONE
- F. PROGRAM TRANSFERS - NONE
- G. OTHER ISSUES

Information Technology

Gross	63,000
GF/GP	63,000

Funding was added by the Legislature to allow the office to move its information technology functions from the executive branch network to the legislative branch network.

- H. UNCLASSIFIED SALARIES - NONE
- I. FEE INCREASES - NONE
- J. ECONOMIC ADJUSTMENTS - NONE
- K. VETOES - NONE

**LEGISLATURE
P.A. 261 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	114,504,000	114,504,000	113,744,100	115,324,900	114,504,000	0	0.0
Less:							
Interdepartmental Grants Received	0	0	0	500,000	0	0	0.0
ADJUSTED GROSS	114,504,000	114,504,000	113,744,100	114,824,900	114,504,000	0	0.0
Less:							
Federal Funds	0	0	0	0	0	0	0.0
Local and Private	400,000	400,000	400,000	400,000	400,000	0	0.0
TOTAL STATE SPENDING	114,104,000	114,104,000	113,344,100	114,424,900	114,104,000	0	0.0
Less:							
Other State Restricted Funds	1,109,800	1,109,800	1,109,800	1,109,800	1,109,800	0	0.0
GENERAL FUND/GENERAL PURPOSE ..	112,994,200	112,994,200	112,234,300	113,315,100	112,994,200	0	0.0
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

Legislative Corrections Ombudsman

Gross	369,700
GF/GP	369,700

The House and Senate added funding to re-establish this Ombudsman's office within the Legislative Council. The appropriated funding should support approximately 5.0 FTE positions.

B. PROGRAM INCREASES

National Association Dues

Gross	51,000
GF/GP	51,000

Funding was increased by the House and Senate to pay the annual dues to the National Conference of Commissioners on Uniform State Laws.

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Property Management

Gross	(516,800)
GF/GP	(516,800)

The House and Senate made adjustments to the funding for Legislative Property Management. Funding was increased by \$189,100 for the Capitol Building and \$323,500 for the Farnum Building, while funding was decreased for the Anderson House Office Building by \$1,029,400.

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

Gross	96,100
GF/GP	96,100

The only line item to be increased for economics by the House and Senate was an increase in funding for the Legislative Council.

K. VETOES - NONE

**DEPARTMENT OF MANAGEMENT AND BUDGET
P.A. 261 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	988.0	1,418.0	1,418.0	1,426.0	1,424.0	436.0	44.1
GROSS	530,934,200	550,834,200	548,440,900	549,590,900	551,059,700	20,125,500	3.8
Less:							
Interdepartmental Grants Received	162,681,600	167,603,800	165,318,000	165,468,000	167,603,800	4,922,200	3.0
ADJUSTED GROSS	368,252,600	383,230,400	383,122,900	384,122,900	383,455,900	15,203,300	4.1
Less:							
Federal Funds	3,279,100	10,743,700	10,669,900	10,669,900	10,743,700	7,464,600	227.6
Local and Private	1,850,000	2,142,900	2,142,900	2,142,900	2,142,900	292,900	15.8
TOTAL STATE SPENDING	363,123,500	370,343,800	370,310,100	371,310,100	370,569,300	7,445,800	2.1
Less:							
Other State Restricted Funds	69,601,500	77,694,100	77,694,100	77,694,100	77,694,100	8,092,600	11.6
GENERAL FUND/GENERAL PURPOSE ..	293,522,000	292,649,700	292,616,000	293,616,000	292,875,200	(646,800)	(0.2)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

1. Property Use

The budget includes funding of \$150,000 for a study of the best use of space in State-owned buildings, as well as \$400,000 for costs associated with relocating of offices into State buildings.

Gross	550,000
IDG	550,000
GF/GP	0

2. Supplier Diversity Program

Funding of \$500,000 and 4.0 FTEs were added to increase the number and types of vendors submitting bids for State contracts.

FTE	4.0
Gross	500,000
GF/GP	500,000

B. PROGRAM INCREASES

1. State Building Authority

Funding was increased for the "rent" the State pays for State-financed building projects based on projected payments. The FY 2008-09 appropriation totals \$231,822,100.

Gross	5,000,000
GF/GP	5,000,000

2. Professional Development Funds

Funding was increased to comply with labor/management agreements.

Gross	71,000
IDG	71,000
GF/GP	0

3. Children's Ombudsman

Funding was increased to provide sufficient support for the supervisor position and to fund fully the allotted 12.0 FTEs. The FY 2008-09 appropriation totals \$1,485,000.

Gross	80,000
GF/GP	80,000

C. PROGRAM ELIMINATIONS - NONE

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

D. PROGRAM REDUCTIONS

1. Administrative Reductions

Administrative reductions were made to several line items, including: Parking Enforcement (\$300,000 and 5.0 FTEs); Department of Management and Budget (DMB) Administrative Services (\$274,000 and 3.0 FTEs); Civil Service Commission (\$300,800); and Information Technology (\$40,000).

FTE	(8.0)
Gross	(914,800)
IDG	(300,000)
Restricted	(146,800)
GF/GP	(468,000)

2. Target GF/GP Reductions

Several line items were reduced in order to reach the target agreement by the Executive and Legislative leadership.

Gross	(105,400)
GF/GP	(105,400)

E. FUNDING SHIFTS

1. Human Resource Optimization

Due to the transfer of human resources (HR) optimization functions to the Civil Service Commission pursuant to Executive Order 2007-30, all interdepartmental grant (IDG) funding associated with this function was zeroed out to reflect accurately the funding sources from which the IDG originally came.

Gross	0
IDG	(3,278,200)
Federal	537,700
Restricted	413,200
GF/GP	2,327,300

2. Statewide Cost Allocation Plan Adjustments

Restricted, IDG, and GF/GP funding was adjusted to reflect actual appropriations.

Gross	0
IDG	(445,000)
Restricted	888,100
GF/GP	(443,100)

F. PROGRAM TRANSFERS

1. Internal Audit Functions

Various State departments transferred their internal audit functions, including 35.0 FTEs, to the DMB pursuant to Executive Order 2007-31.

FTE	35.0
Gross	5,870,400
IDG	5,870,400
GF/GP	0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

2. Human Resource Optimization

The HR optimization costs previously contained in the Department's budget were transferred to the Civil Service Commission within the Department pursuant to Executive Order 2007-30.

Gross	(66,000)
IDG	(16,000)
Restricted	(26,700)
GF/GP	(23,300)

3. Human Resource Consolidation - Transferred Out

The Department's HR functions, including 14.0 FTEs, were transferred to the Civil Service Commission pursuant to Executive Order 2007-30.

FTE	(14.0)
Gross	(831,700)
IDG	(264,200)
Restricted	(291,200)
GF/GP	(276,300)

4. Human Resource Consolidation - Transferred In

Various State departments transferred their human resource functions, including 344.0 FTEs, to the Civil Service Commission pursuant to Executive Order 2007-30.

FTE	344.0
Gross	33,433,200
IDG	34,900
Federal	5,353,100
Local	292,900
Restricted	8,372,500
GF/GP	19,379,800

5. Capital Outlay

Pursuant to the revised FY 2008-09 Executive Recommendation dated 6-6-08, funding was added for major special maintenance, remodeling, and additions for State agencies.

Gross	2,000,000
IDG	2,000,000
GF/GP	0

G. OTHER ISSUES

1. Revised Executive Recommendation

Pursuant to the revised FY 2008-09 Executive Recommendation dated 6-5-08, funding was added, including 1.0 FTE, to comply with the transfers of human resource and internal audit functions to the Civil Service Commission as required in Executive Orders 2007-30 and 2007-31, respectively.

FTE	1.0
Gross	243,300
IDG	135,800
Federal	73,800
GF/GP	33,700

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

2. Other Changes	Other changes resulted in minor adjustments in funding, including the addition of 6.0 FTEs to the Retirement Services Call Center.	FTE 6.0 Gross 477,400 IDG 446,100 Restricted 31,300 GF/GP 0
3. FTE Rebasing	The Governor made adjustments to the Department's FTE allotment by increasing the number of FTE positions by 68.0 to reflect the actual number of funded positions.	FTE 68.0 Gross 0 GF/GP 0
4. FY 2007-08 Supplemental	Adjustments made to account for FY 2007-08 supplemental funding provided in P.A. 279 of 2008, which provided funding of \$21.5 million to the State Sponsored Group Insurance Fund to credit the fund for interest earnings and \$4.5 million in funding for the Detroit Zoo.	Gross (26,042,800) GF/GP (26,042,800)
5. FY 2007-08 Legislative Transfer	Legislative transfer dated 9-11-08 transferred funds between funding sources to reflect actual receipts of 1% charges against Federal and Restricted funds.	Gross 0 Federal 1,500,000 Restricted (1,500,000) GF/GP 0
H. UNCLASSIFIED SALARIES - NONE		
I. FEE INCREASES - NONE		
J. ECONOMIC ADJUSTMENTS	The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.	Gross (139,100) IDG 117,400 Restricted 352,200 GF/GP (608,700)
K. VETOES - NONE		

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
P.A. 214 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,015.0	985.0	985.0	985.0	985.0	(30.0)	(3.0)
GROSS	135,690,700	183,788,700	130,506,000	130,606,000	183,807,900	48,117,200	35.5
Less:							
Interdepartmental Grants Received	1,680,900	1,681,200	1,681,200	1,681,200	1,681,200	300	0.0
ADJUSTED GROSS	134,009,800	182,107,500	128,824,800	128,924,800	182,126,700	48,116,900	35.9
Less:							
Federal Funds	61,686,600	109,988,200	57,538,200	57,538,200	109,988,200	48,301,600	78.3
Local and Private	2,747,200	2,748,300	2,748,300	2,748,300	2,748,300	1,100	0.0
TOTAL STATE SPENDING	69,576,000	69,371,000	68,538,300	68,638,300	69,390,200	(185,800)	(0.3)
Less:							
Other State Restricted Funds	29,072,200	28,800,400	28,300,400	28,300,400	29,050,400	(21,800)	(0.1)
GENERAL FUND/GENERAL PURPOSE ..	40,503,800	40,570,600	40,237,900	40,337,900	40,339,800	(164,000)	(0.4)
PAYMENTS TO LOCALS	120,000	120,000	120,000	120,000	120,000	0	0.0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAM

Rehabilitation of Veteran's Memorial at State Fairgrounds

Gross	5,000
GF/GP	5,000

The budget includes \$5,000 GF/GP for the rehabilitation of the veteran's memorial located at the Michigan State Fairgrounds. Section 305 of the budget bill makes the expenditure of these funds contingent upon the receipt of \$50,000 in matching funds from Wayne County.

B. PROGRAM INCREASES

1. Starbase Educational Program

Gross	815,000
Federal	815,000
GF/GP	0

The budget includes additional funds from the National Guard Bureau for the Starbase program, an educational program that provides elementary school students with math and science experiences in the Mt. Clemens and Detroit areas. The funds will support technology training for 35 other Starbase program directors from the U.S. provided through the Michigan program.

2. Headquarters Utilities and Maintenance

Gross	200,000
GF/GP	200,000

The budget includes additional GF/GP funds for increases in costs associated with utilities and maintenance needs at the recently occupied Baker-Olin building and the Joint Forces Headquarters located on the north side of Lansing, Michigan.

3. Military Retirement

Gross	169,500
GF/GP	169,500

The budget includes additional funds to cover anticipated FY 2008-09 costs of Michigan National Guard and Michigan Air Guard retirement payments, pursuant to P.A. 150 of 1967.

4. Equipment and Vehicles for Training Sites

Gross	400,000
Federal	400,000
GF/GP	0

The budget includes an additional \$400,000 in Federal support for the purchase of large vehicles and equipment (road graders, dump trucks, etc.) for maintenance use at Camp Grayling and Fort Custer.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

5. Veterans Service Organizations

Gross	117,300
GF/GP	117,300

The budget includes the 3% increase added to the base for FY 2007-08 for veterans service organization grants, made effective by supplemental appropriations from P.A. 113 of 2007. Total grant funding for FY 2008-09 is \$4,029,600.

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Information Technology Administrative Reduction

Gross	(1,700)
Restricted	(1,100)
GF/GP	(600)

The budget includes a 5% administrative reduction for information and technology.

E. FUNDING SHIFTS

GF/GP Shift from Veterans Home to Military Training Sites

Gross	250,000
Restricted	250,000
GF/GP	0

The budget shifted GF/GP funds from the D.J. Jacobetti Veterans Home to the Military Training Sites appropriation and supplanted the GF/GP with available restricted revenue generated by the home.

F. PROGRAM TRANSFERS

1. Capital Outlay Projects

Gross	53,400,000
Federal	52,450,000
Restricted	500,000
GF/GP	450,000

The budget includes a transfer from the Capital Outlay budget for funding for special maintenance, remodeling and additions, and land acquisitions and appraisals statewide, and for the construction of a military operations on urban terrain (MOUT) training course at Camp Grayling.

2. Human Resources Optimization and Consolidation Savings

FTE	(9.0)
Gross	(984,900)
Federal	(18,700)
Restricted	(136,900)
GF/GP	(829,300)

The budget includes consolidation savings for human resources operations pursuant to Executive Order 2007-30.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

G. OTHER ISSUES

1. Administrative Reductions

Gross	(223,600)
GF/GP	(223,600)

The budget includes calculated savings from projected costs of administration (\$223,600) from various appropriation units.

2. GF/GP Funds from Headquarters and Armories to Veterans Service Organization Grants

Gross	0
GF/GP	0

The FY 2008-09 budget includes the continuation of the FY 2007-08 level of funding for grants to veterans service organizations (increased by 3% under P.A. 113 of 2007), made possible by a shift of \$117,300 GF/GP from the Headquarters and Armories unit to the grant program.

3. Funded Full-Time Equated Position Adjustment

FTE	(21.0)
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The budget includes a technical adjustment to reflect the actual number of funded full-time equated positions and to reflect internal audit consolidation (1.0 FTE).

4. FY 2007-08 Supplementals and Transfers

Gross	(6,260,000)
Federal	(5,499,100)
Restricted	(643,600)
GF/GP	(117,300)

The budget reflects adjustments to account for supplemental appropriations under P.A. 113 of 2008 (\$117,300 GF/GP), P.A. 279 of 2008 (\$1,045,700 Federal), and legislative contingency fund transfers of May, 9, 2008 (\$3,418,400 Federal), May 15, 2008 (\$643,600 Restricted) and September 11, 2008 (\$1,035,000 Federal).

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

Gross	230,600
IDG	300
Federal	155,000
Private	400
Local	700
Restricted	9,200
GF/GP	65,000

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Economic adjustments reflect calculated savings of \$129,500 GF/GP from projected costs of health insurance from various appropriation units.

K. VETOES - NONE

**DEPARTMENT OF NATURAL RESOURCES
P.A. 252 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,087.9	2,164.9	2,164.9	2,167.9	2,167.9	80.0	3.8
GROSS	289,245,400	301,161,700	274,579,700	291,158,800	289,227,100	(18,300)	(0.0)
Less:							
Interdepartmental Grants Received	3,808,300	3,802,200	3,802,200	3,802,200	3,802,200	(6,100)	(0.2)
ADJUSTED GROSS	285,437,100	297,359,500	270,777,500	287,356,600	285,424,900	(12,200)	(0.0)
Less:							
Federal Funds	47,968,900	51,202,100	49,909,100	50,409,100	51,702,100	3,733,200	7.8
Local and Private	3,166,500	4,745,000	3,245,000	3,245,000	4,745,000	1,578,500	49.8
TOTAL STATE SPENDING	234,301,700	241,412,400	217,623,400	233,702,500	228,977,800	(5,323,900)	(2.3)
Less:							
Other State Restricted Funds	210,558,500	217,953,500	204,203,600	209,053,600	218,353,600	7,795,100	3.7
GENERAL FUND/GENERAL PURPOSE ..	23,743,200	23,458,900	13,419,800	24,648,900	10,624,200	(13,119,000)	(55.3)
PAYMENTS TO LOCALS	19,291,100	22,146,100	5,057,000	19,286,100	8,357,000	(10,934,100)	(56.7)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

Water Withdrawal Assessment Program

Gross	75,000
GF/GP	75,000

Enactment of the Great Lakes Compact and accompanying water withdrawal regulations created additional responsibilities for the Department of Natural Resources related to monitoring the impact of water withdrawals on fish populations and water quality. The budget includes General Fund dollars for the additional expenses of the new program.

B. PROGRAM INCREASES

1. Timber Management

Gross	1,250,000
Restricted	1,250,000
GF/GP	0

Projections for revenue to the Forest Development Fund were higher than anticipated and the budget includes an increase in appropriations from this Fund for additional timber prescription and timber marking activities. A total of \$13.0 million from the Forest Development Fund is appropriated for timber treatment.

2. Wildfire Fighting

Gross	650,000
Federal	250,000
Restricted	400,000
GF/GP	0

An increase in appropriations from the Forest Development Fund will be used to purchase and maintain equipment for fighting wildfires. This is a significant increase from the \$100,000 appropriated for wildfire equipment in FY 2007-08. The budget also includes additional Federal funding for staff costs of fighting wildfires.

3. Endangered Species and Wetland Conservation

Gross	2,400,000
Federal	2,400,000
GF/GP	0

Additional Federal funds are appropriated in anticipation of an increase in funding for cooperative endangered species conservation and coastal wetland conservation.

4. Fish Hatcheries

Gross	500,000
Federal	500,000
GF/GP	0

Additional Federal funding is included to support the six State fish hatcheries and related educational programs.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

5. Game Area Maintenance

An increase in funding for maintenance at the State's game and wildlife areas reflects the final implementation of supporting this activity with appropriations in the operations budget instead of in the capital outlay budget.

Gross	250,000
Federal	250,000
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. State Park Operations

The budget includes a reduction in appropriations from the Park Improvement Fund to reflect a decline in revenue to the Fund. The Department of Natural Resources has been implementing a series of reductions in State park operations over the past few years to avoid large program reductions in one year or deficit spending. Since the Department has been operating the State park system at a level lower than appropriated, this reduction in Park Improvement Fund authorized spending will not affect the current level of operations or staff.

Gross	(2,500,000)
Restricted	(2,500,000)
GF/GP	0

2. General Fund Reductions

In order to meet lower revenue estimates for the General Fund, the budgets for all State departments include reductions in General Fund appropriations. For the Department of Natural Resources, the reductions were taken from a variety of lines items that cover both administrative and programmatic functions.

Gross	(59,400)
GF/GP	(59,400)

E. FUNDING SHIFTS

Wildfire Protection

In order to meet reduced General Fund revenue estimates, the budget includes a fund shift from General Fund dollars to the Forest Development Fund to support forest fire-fighting activities.

Gross	0
Restricted	1,000,000
GF/GP	(1,000,000)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

F. PROGRAM TRANSFERS

1. Human Resources Consolidation

A statewide consolidation of human resources functions has been phased in over many years. The final step transfers the funding for human resources to the Department of Management and Budget, which is the new home of the Civil Service Commission and employee services.

FTE	(16.0)
Gross	(1,740,300)
Restricted	(1,436,000)
GF/GP	(304,300)

2. Parks and Recreation

Funding for capital outlay projects was transferred from the capital outlay budget to the operations budget for FY 2008-09. Appropriations from private sources and the Park Improvement Fund are included for repair and maintenance projects at State parks. The private funds are in anticipation of private charitable donations or partnerships, although those are not identified yet.

Gross	3,500,000
Private	1,500,000
Restricted	2,000,000
GF/GP	0

3. Forest Roads and Bridges

Funding for capital outlay projects is transferred from the capital outlay budget to the operations budget for FY 2008-09. Funding from the Forest Development Fund is appropriated for repair and construction of roads and bridges in State forests.

Gross	1,300,000
Restricted	1,300,000
GF/GP	0

4. Waterways Projects

Funding for capital outlay projects is transferred from the capital outlay budget to the operations budget for FY 2008-09. The budget includes funding from Federal sources and the Michigan State Waterways Fund for State and local infrastructure projects, land acquisition for boating access sites and marinas, two State boating access improvement projects, and one local boating project.

Gross	9,393,000
Federal	1,293,000
Restricted	8,100,000
GF/GP	0

5. Payments In Lieu Of Taxes

Payments in lieu of taxes are paid to local units of government for land owned by the Department of Natural Resources and to supplement reduced property tax obligations of commercial forestland owners. The budget transfers the appropriation for those payments and responsibility for calculating and distributing the funds to the Department of Treasury.

Gross	(14,184,100)
Restricted	(2,350,000)
GF/GP	(11,834,100)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

G. OTHER ISSUES

1. FTE adjustments

On a statewide basis, the budget includes changes to the number of full-time equated (FTE) positions appropriated in departments. The adjusted numbers reflect the actual number of FTEs that appropriations can support. The FTEs for the Department of Natural Resources are increased because overtime and seasonal employees had not previously been included.

FTE	100.0
Gross	0
GF/GP	0

2. Internal Audit

Internal audit functions are being consolidated into the Department of Management and Budget. The budget moves \$491,100 into a new line item that will provide support for this function through an interdepartmental grant process and transfers 4.0 FTEs to the Department of Management and Budget.

FTE	(4.0)
Gross	0
GF/GP	0

3. Other Adjustments

The budget includes a number of other adjustments, including changes in anticipated revenue collections, reductions in Federal grant funding, annual adjustment in debt service on revenue bonds, cost allocation, and one-time appropriations in FY 2007-08.

Gross	(1,218,200)
IDG	(6,100)
Federal	(1,000,000)
Private	75,000
Restricted	(286,200)
GF/GP	(900)

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	365,700
Federal	40,200
Private	3,500
Restricted	317,300
GF/GP	4,700

K. VETOES

Cooperative Resources Management Initiative

The Governor vetoed funding of \$750,000 from the Forest Development Fund that had been included in the enrolled bill to support grants to local soil conservation districts to provide services to private foresters. The funding would have been an interdepartmental grant to the Department of Agriculture, which would have distributed the funding to grantees.

**SCHOOL AID
P.A. 268 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	12,897,780,100	13,515,227,700	13,381,821,000	13,415,379,900	13,378,906,800	481,126,700	3.7
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	12,897,780,100	13,515,227,700	13,381,821,000	13,415,379,900	13,378,906,800	481,126,700	3.7
Less:							
Federal Funds	1,476,003,900	1,562,008,600	1,562,008,600	1,562,008,600	1,562,008,600	86,004,700	5.8
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	11,421,776,200	11,953,219,100	11,819,812,400	11,853,371,300	11,816,898,200	395,122,000	3.5
Less:							
Other State Restricted Funds	11,386,866,600	11,910,219,100	11,776,812,400	11,810,371,000	11,776,098,200	389,231,600	3.4
GENERAL FUND/GENERAL PURPOSE ..	34,909,600	43,000,000	43,000,000	43,000,300	40,800,000	5,890,400	16.9
PAYMENTS TO LOCALS	11,352,295,700	11,738,786,800	11,605,380,200	11,638,939,000	11,602,465,900	250,170,200	2.2

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

1. 21st Century Schools

The budget includes a new program for grants to districts with less than a 70% graduation rate, for the planning and start-up of newly constructed or newly configured small schools designed to reduce the drop-out rate.

Gross	15,000,000
Restricted	15,000,000
GF/GP	0

2. Replacing Lost Revenue from Changes in the Michigan Business Tax

The budget includes a new line item that provides funding to ensure that out-of-formula districts are not adversely affected by changes in the Michigan Business Tax.

Gross	1,300,000
Restricted	1,300,000
GF/GP	0

3. Math/Science Centers and Michigan Virtual University (MVU) After-School Pilot Projects

The budget funds a new program for pilot grants to math and science centers selected by the centers and the MVU to develop and implement pilot programs for after-school and summer math for eighth grade students.

Gross	725,000
Restricted	725,000
GF/GP	0

B. PROGRAM INCREASES

1. Foundation Allowance

The budget includes an increase in per-pupil funding ranging from a minimum of \$56 to a maximum of \$112. Districts whose per-pupil funding was at the minimum of \$7,204 in FY 2007-08 will receive the maximum \$112 increase in FY 2008-09, and any district above \$8,433 in the prior year will receive the minimum increase of \$56. Districts in between will receive an increase somewhere between \$56 and \$112, on a sliding scale. (Note: This line item includes a mix of General Fund and School Aid Fund money. For FY 2008-09, some of the GF dollars in this line were moved to support the GF funding increases detailed below, and the GF reduction in this line was replaced with additional School Aid Fund dollars.)

Gross	256,500,000
Restricted	257,709,600
GF/GP	(1,209,600)

2. Federal Funding

Federal funds are projected to increase by more than \$86.0 million, with a substantial increase in Title I At-Risk funds of more than \$61.0 million.

Gross	86,004,700
Federal	86,004,700
GF/GP	0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

3. Required Increases in Debt Service and Special Education Costs

Necessary increases in debt service on *Durant* bonds of nearly \$42.0 million and the School Bond Loan Fund of more than \$35.0 million, Renaissance Zone reimbursement of \$7.5 million, and Special Education costs of more than \$33.3 million, are appropriated in the budget.

Gross	117,759,000
Restricted	115,659,000
GF/GP	2,100,000

4. Cash Flow Borrowing Costs

The budget increases the School Aid Fund's share of cash flow borrowing costs, from \$22.8 million in FY 2007-08 to \$45.0 million in FY 2008-09. Total cash flow borrowing costs are approximately \$90.0 million, with the remaining cost made up by the General Fund.

Gross	22,200,000
Restricted	22,200,000
GF/GP	0

5. Early Childhood Education

The budget includes a \$5.0 million increase for the Early Childhood Investment Corporation for the creation of additional Great Start collaboratives, and a \$5.0 million increase (of which \$2.5 million is GF/GP support) for additional slots in programs designed to address the school readiness of at-risk four-year-olds.

Gross	10,000,000
Restricted	7,500,000
GF/GP	2,500,000

6. Center for Educational Performance and Information (CEPI)

The CEPI received an additional \$2.5 million GF/GP. This increase may be used for the electronic exchange of student records among K-12 districts and postsecondary institutions. It also may be used for additional staff, and the creation of useful data reports.

Gross	2,500,000
GF/GP	2,500,000

7. Health Centers, ISD Operations, and Pre-College Engineering

School-based health centers received a \$1.0 million increase, intermediate school district (ISD) operations received a 1%, or \$809,100, increase, and pre-college engineering was increased by \$300,000 to provide four new \$75,000 grants for these programs.

Gross	2,109,100
Restricted	2,109,100
GF/GP	0

C. PROGRAM ELIMINATIONS

***Durant* Cash Payments**

Since FY 2007-08 was the last year for *Durant* cash payments, this item was eliminated for the FY 2008-09 budget.

Gross	(32,000,000)
Restricted	(32,000,000)
GF/GP	0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

D. PROGRAM REDUCTIONS

1. Specific District Grants

A grant to Grosse Pointe for demonstration projects in math and science is increased by \$700,000, a grant to Harper Woods for programs for the academically talented is increased by \$300,000, a grant to Redford Union is reduced by \$450,000, a grant to Chippewa Valley is reduced by \$250,000, and a \$400,000 grant to Pontiac was eliminated.

Gross	(100,000)
Restricted	(100,000)
GF/GP	0

2. Assessment Costs

Due to numerous changes in the assessment program, most notably the elimination of free test retakes unless a person is economically unable to pay, funding for this program was reduced.

Gross	(449,600)
Restricted	(449,600)
GF/GP	0

3. Juvenile Detention Facilities and Special Education Lending Library Reductions

Due to efficiencies implemented at juvenile detention facilities, this appropriation is reduced by \$274,900. Also, the Special Education Lending Library at Central Michigan University will see its appropriation reduced by \$150,000.

Gross	(424,900)
Restricted	(424,900)
GF/GP	0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	3,400
Restricted	3,400
GF/GP	0

K. VETOES - NONE

**DEPARTMENT OF STATE
P.A. 261 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,853.8	1,809.0	1,809.0	1,809.0	1,809.0	(44.8)	(2.4)
GROSS	211,076,400	211,085,600	211,021,800	206,871,900	214,776,400	3,700,000	1.8
Less:							
Interdepartmental Grants Received	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS	191,076,400	191,085,600	191,021,800	186,871,900	194,776,400	3,700,000	1.9
Less:							
Federal Funds	5,306,200	5,673,700	1,460,000	1,460,000	5,673,700	367,500	6.9
Local and Private	100	100	100	100	100	0	0.0
TOTAL STATE SPENDING	185,770,100	185,411,800	189,561,700	185,411,800	189,102,600	3,332,500	1.8
Less:							
Other State Restricted Funds	156,972,900	158,523,800	162,673,800	158,523,800	162,573,800	5,600,900	3.6
GENERAL FUND/GENERAL PURPOSE ..	28,797,200	26,888,000	26,887,900	26,888,000	26,528,800	(2,268,400)	(7.9)
PAYMENTS TO LOCALS	1,225,200	1,253,800	1,253,800	1,253,800	1,253,800	28,600	2.3

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Computer Server Replacement

Gross	90,000
GF/GP	90,000

Additional one-time funding was added by the Governor for the replacement of an outdated computer server in the contact center that provides automated information regarding branch office services.

2. Assigned Claims

Gross	120,000
Restricted	120,000
GF/GP	0

Funding was increased to cover the increased attorney costs for claims filed against uninsured drivers.

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Federal Funding

Gross	(451,200)
Federal	(451,200)
GF/GP	0

The budget eliminated Federal funds in two lines because they were one-time funding: \$350,000 to help with compliance with the Help America Vote Act and \$101,200 for Social Security number verifications.

2. Administrative Reductions

Gross	(621,500)
Restricted	(14,200)
GF/GP	(607,300)

Administrative reductions were made to several line items, including: Department Services Operations (\$237,000); Regulatory Services Operations (\$222,000); Central Operations (\$76,800); Branch Operations (\$68,600); and Information Technology (\$17,100).

3. Target GF/GP Reductions

Gross	(71,700)
GF/GP	(71,700)

Several line items were reduced in order to reach the target agreement by the Executive and Legislative leadership.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Revised Executive Recommendation

Pursuant to the revised FY 2008-09 Executive Recommendation dated 6-5-08, Federal funding was increased to allow for the expenditure of new Help America Vote Act funding to assist with compliance with the Act.

Gross	4,213,700
Federal	4,213,700
GF/GP	0

2. FTE Rebasing

The Governor made adjustments to the Department's FTE allotment by reducing the number of FTE positions by 44.8 to reflect the actual number of funded positions.

FTE	(44.8)
Gross	0
GF/GP	0

3. Department Services Reduction

The Operations line item in this unit was reduced due to the Governor's veto of the Transportation Funds Cost Study (see below in Vetoes Section).

Gross	(100,000)
Restricted	(100,000)
GF/GP	0

4. FY 2007-08 Supplemental

Adjustments made to account for FY 2007-08 supplemental funding provided in P.A. 279 of 2008 which provided \$2.5 million for implementation of the REAL ID program.

Gross	(2,495,000)
Federal	(2,495,000)
GF/GP	0

5. FY 2007-08 Legislative Transfer

Legislative transfer dated 9-11-08 transferred Federal funds from contingency funding to increase spending authority due to receipt of additional Federal dollars.

Gross	(900,000)
Federal	(900,000)
GF/GP	0

H. UNCLASSIFIED SALARIES - NONE

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

I. FEE INCREASES

Enhanced Driver License Revenue

Funding was added to allow for the expenditure of anticipated new revenue from fees collected for the issuance of the new enhanced driver license and personal ID cards.

Gross	4,150,000
Restricted	4,150,000
GF/GP	0

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	(234,300)
Restricted	1,445,100
GF/GP	(1,679,400)

K. VETOES

Transportation Funds Cost Study

The Governor vetoed boilerplate language that would have required the Department of State to conduct a cost study identifying costs of work performed by the Department from State restricted funds. There was no specific funding added in any line item by the Legislature for this funding; however, the Governor's veto reduced restricted funding in the Department Services Operations line item.

**DEPARTMENT OF STATE POLICE
P.A. 249 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,899.0	2,924.0	2,924.0	2,924.0	2,924.0	25.0	0.9
GROSS	570,974,700	529,412,200	528,812,200	531,412,300	530,292,600	(40,682,100)	(7.1)
Less:							
Interdepartmental Grants Received	26,293,700	26,221,900	26,321,900	26,221,900	26,321,900	28,200	0.1
ADJUSTED GROSS	544,681,000	503,190,300	502,490,300	505,190,400	503,970,700	(40,710,300)	(7.5)
Less:							
Federal Funds	146,656,300	94,733,400	94,733,400	94,733,400	94,733,400	(51,922,900)	(35.4)
Local and Private	9,001,600	8,785,800	8,085,800	8,785,800	8,785,800	(215,800)	(2.4)
TOTAL STATE SPENDING	389,023,100	399,671,100	399,671,100	401,671,200	400,451,500	11,428,400	2.9
Less:							
Other State Restricted Funds	111,993,800	113,629,900	113,629,900	114,629,900	115,529,900	3,536,100	3.2
GENERAL FUND/GENERAL PURPOSE ..	277,029,300	286,041,200	286,041,200	287,041,300	284,921,600	7,892,300	2.8
PAYMENTS TO LOCALS	20,594,700	20,541,400	20,741,400	20,541,400	20,741,400	146,700	0.7

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

1. Trooper School Costs for FY 2008-09

Gross	7,335,900
GF/GP	7,335,900

The budget includes funding for the FY 2008-09 costs of a new Michigan State Police Trooper school, which began in August 2008 with 101 candidates. The school, the Department's 121st, is expected to graduate 80-plus troopers in January 2009. Support for FY 2007-08 costs of the school was made possible by \$1.0 million GF/GP appropriated in FY 2007-08 supplemental appropriations from P.A. 113 of 2008. As of August 2008, there were 1,011 troopers stationed at 51 posts and 13 satellite offices across the State. This school represents the first trooper class since 89 members of the 120th trooper school graduated in December 2004.

2. Detroit Crime Laboratory

Gross	200,000
GF/GP	200,000

The budget includes funds to assist the Detroit Police crime lab in the initial hiring of a quality control officer and a biologist. The biologist will operate a DNA extraction machine.

3. Palm Print Analysis

Gross	2,500,000
Restricted	1,500,000
GF/GP	1,000,000

The budget includes funds to add palm prints to the Automated Fingerprint Identification System (AFIS) pursuant to the requirements of the Federal Adam Walsh Act.

4. State Police Resource Allocation Study

Gross	200,000
GF/GP	200,000

The budget includes funding for a study, to be contracted to an in-State university, to examine police allocation needs throughout the State.

B. PROGRAM INCREASES

1. Forensic Laboratories

Gross	2,000,000
Restricted	2,000,000
GF/GP	0

The budget includes an additional \$1.0 million Restricted to assist with the structural deficit in the statewide laboratory services budget. The budget also includes in its base allotment the \$2.0 million GF/GP necessary to keep the Sterling Heights and Marquette crime labs open for FY 2008-09, pursuant to P.A. 113 of 2008.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

2. Michigan Public Safety Communication System (MPSCS)

Gross	2,600,000
GF/GP	2,600,000

The budget includes an added \$2.6 million in GF/GP funds to address the system's structural operational deficit.

3. Increased Federal and Restricted Fund Authorizations to Reflect Anticipated Revenue

Gross	2,324,900
IDG	127,100
Federal	865,000
Restricted	1,332,800
GF/GP	0

The budget includes an additional \$865,000 Federal for drunk driving toxicology grants and field sobriety test training, \$1.3 million Restricted for Criminal Justice Information System support, \$100,000 Restricted for internet concealed weapons law training, \$222,800 Restricted for traffic crash data collection, \$200,000 Restricted to make technical upgrades to AFIS and a \$127,100 interdepartmental grant to reflect Department support for 9-1-1 under P.A. 164 of 2007.

C. PROGRAM ELIMINATIONS

Calumet Post Acquisition Project

Gross	(450,000)
GF/GP	(450,000)

The budget eliminates the one-time project consisting of the purchase by the Department of the State Police post building and property in Calumet, Michigan.

D. PROGRAM REDUCTIONS

1. Decreased Federal and Restricted Fund Authorizations to Reflect Anticipated Revenue

Gross	(52,668,500)
Local	(213,800)
Federal	(52,454,700)
GF/GP	0

The budget reflects the expiration of initial multiyear Federal homeland security grants (\$50.0 million), reductions in Federal traffic safety grants (\$954,700), Federal antidrug initiative program grants (\$1.5 million), and the reduction of restricted revenue support for communications from the Law Enforcement Information System fees (\$213,800).

2. Information Technology Administrative Reduction

Gross	(11,100)
Local	(4,000)
GF/GP	(7,100)

The budget includes an administrative reduction to information technology operations.

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

E. FUNDING SHIFTS

Forensic Sciences

The budget includes a reduction of \$900,000 in GF/GP support to be supplanted by an equal increase in restricted funds from the State Services Fees fund (casino revenue carry-forward dollars).

Gross	0
Restricted	900,000
GF/GP	(900,000)

F. PROGRAM TRANSFERS

Human Resources Optimization and Consolidation

The budget includes consolidation savings for human resources operations pursuant to Executive Order 2007-30, which transferred such duties to the Department of Management and Budget.

FTE	(16.0)
Gross	(1,775,700)
IDG	(34,900)
Local	(26,300)
Restricted	(564,200)
GF/GP	(1,150,300)

G. OTHER ISSUES

1. Parole Absconders

The budget includes a new line, Parole Absconder Sweeps, with an appropriation of \$10,000 GF/GP, an amount shifted from the major line item of the Special Investigations section, Criminal investigations.

Gross	0
GF/GP	0

2. FY 2007-08 Supplemental and Transfers

The budget reflects adjustments to account for supplemental appropriations under P.A. 113 of 2008 (\$3.0 million), P.A. 279 of 2008 (\$450,000) and a legislative contingency fund transfer of May 8, 2008 (\$416,100 Federal, \$500,000 Restricted) and September 11, 2008 (\$150,000 IDG, \$175,000 Restricted).

Gross	(4,693,100)
IDG	(150,000)
Federal	(416,100)
Restricted	(675,000)
GF/GP	(3,450,000)

3. Full-Time Equated Position Adjustment

The budget includes an adjustment to reflect actual funded FTE positions.

FTE	(9.0)
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**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Economic adjustments reflect calculated savings from projected costs of health insurance of \$219,600 GF/GP from various appropriation units.

Gross	753,500
IDG	61,800
Federal	82,900
Local	9,900
Private	1,100
Restricted	84,000
GF/GP	513,800

K. VETOES - NONE

**DEPARTMENT OF TRANSPORTATION
P.A. 275 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	3,029.3	3,008.3	3,008.3	3,008.3	3,008.3	(21.0)	(0.7)
GROSS	3,360,195,600	3,424,465,500	3,593,997,200	3,424,505,500	3,612,229,200	252,033,600	7.5
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	3,360,195,600	3,424,465,500	3,593,997,200	3,424,505,500	3,612,229,200	252,033,600	7.5
Less:							
Federal Funds	1,200,740,600	1,316,771,200	1,449,795,800	1,316,771,200	1,460,995,800	260,255,200	21.7
Local and Private	42,850,000	40,950,000	71,624,200	40,950,000	71,624,200	28,774,200	67.2
TOTAL STATE SPENDING	2,116,605,000	2,066,744,300	2,072,577,200	2,066,784,300	2,079,609,200	(36,995,800)	(1.7)
Less:							
Other State Restricted Funds	2,116,605,000	2,066,744,300	2,072,577,200	2,066,784,300	2,079,609,200	(36,995,800)	(1.7)
GENERAL FUND/GENERAL PURPOSE .	0	0	0	0	0	0	0.0
PAYMENTS TO LOCALS	1,240,293,900	1,221,559,700	1,208,246,600	1,195,050,700	1,211,011,600	(29,282,300)	(2.4)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. Federal Aid Road Construction. Expenditures are increased for Federal aid road construction.</p>	<p>Gross 159,071,100 Federal 159,071,100 GF/GP 0</p>
<p>2. Maintenance. The budget adds maintenance funding related to additional lane miles (\$205,500) and inflationary increases (\$4,064,700).</p>	<p>Gross 4,270,200 Restricted 4,270,200 GF/GP 0</p>
<p>3. Roadside Cleaning. Funding is increased for the Youth Corps (\$250,000) and additional cleaning cycles in the Metro Region (\$1.0 million).</p>	<p>Gross 1,250,000 Restricted 1,250,000 GF/GP 0</p>
<p>4. Federal Transit Grants. Federal expenditure authorization is increased in anticipation of specific grants and earmarks: Bus Capital (\$6.4 million) and Rail Passenger (\$4.8 million).</p>	<p>Gross 11,200,000 Federal 11,200,000 GF/GP 0</p>

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

<p>1. State Restricted Revenue. Expenditures are reduced to reflect anticipated revenue. The reductions are: State Trunkline Roads - \$25,060,700; County Road Commissions - \$25,294,300; Cities and Villages - \$14,102,700; and Local Bridge Program - \$1,281,600.</p>	<p>Gross (65,739,300) Restricted (65,739,300) GF/GP 0</p>
<p>2. Public Transportation Development. Expenditures are reduced for Bus Capital (\$10.0 million) and Transportation to Work (\$3.0 million) to reflect lower Federal/local funding for these programs.</p>	<p>Gross (13,000,000) Federal (11,500,000) Local (1,500,000) GF/GP 0</p>
<p>3. Comprehensive Transportation Fund (CTF). Expenditures from the CTF are reduced to align them more closely with anticipated revenue.</p>	<p>Gross (2,485,600) Restricted (2,485,600) GF/GP 0</p>

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

<p>1. Capital Outlay. Items previously included in the Capital Outlay budget bill were moved into this budget. These items include: Buildings and Facilities (\$9.1 million) and Airport Improvement Programs (\$167.5 million).</p>	<p>Gross 176,623,700 Federal 133,024,600 Local 30,674,200 Restricted 12,924,900 GF/GP 0</p>
<p>2. Transfer of Human Resources Function to the Civil Service Commission. A statewide consolidation of human resources functions included transferring funding and 21.0 FTEs to the Civil Service Commission.</p>	<p>FTE (21.0) Gross (205,000) Restricted (205,000) GF/GP 0</p>

G. OTHER ISSUES

<p>1. Debt Service. Funding for scheduled debt service payments is reduced due mainly to a decrease of \$32.1 million reflecting the repayment in FY 2007-08 of Federal grant anticipation notes.</p>	<p>Gross (31,608,600) Federal (32,296,700) Restricted 688,100 GF/GP 0</p>
<p>2. Grants to Other Departments. Adjustments are made in the amounts of grants to other departments. Included in this total is a \$100,000 veto, described under Item K, Vetoes.</p>	<p>Gross (634,000) Restricted (634,000) GF/GP 0</p>
<p>3. Other Revenue-Based Adjustments. Expenditures from various funds are adjusted due to anticipated revenue.</p>	<p>Gross 12,000 Federal 753,400 Local (400,000) Restricted (341,400) GF/GP 0</p>
<p>4. One-Time Adjustments. Adjustments are made to account for one-time FY 2007-08 reductions.</p>	<p>Gross 13,000,000 Restricted 13,000,000 GF/GP 0</p>

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

5. Other Changes. The budget makes adjustments involving an administrative reduction for Information Technology.

Gross	(15,600)
Restricted	(15,600)
GF/GP	0

6. Transportation Economic Development Fund (TEDF) Transfer. The \$6.0 million of TEDF appropriations reduced in FY 2006-07 are transferred to the General Fund in FY 2008-09. Because the line items were previously reduced, no FY 2008-09 line item reductions were required.

Gross	0
Restricted	0
GF/GP	0

7. Detroit River International Crossing (DRIC). The budget includes language (Sec. 384) outlining specific allowable preliminary activities for the DRIC project.

Gross	0
GF/GP	0

H. UNCLASSIFIED SALARIES

Unclassified Position. Funding is included for an unclassified position that has been vacant for several years. The title and duties of this position are not specified.

Gross	70,600
Restricted	70,600
GF/GP	0

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	224,100
Federal	2,800
Restricted	221,300
GF/GP	0

K. VETOES

Cost Allocation Plan. The Governor vetoed Section 306(3), which directed the Department of Treasury to conduct a cost allocation study to identify the costs of collecting constitutionally restricted motor fuel taxes. Funding from the Michigan Transportation Fund was removed from the grant to the Department of Treasury.

**DEPARTMENT OF TREASURY - DEBT SERVICE
P.A. 261 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	89,986,400	83,123,000	83,123,000	83,123,000	83,123,000	(6,863,400)	(7.6)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	89,986,400	83,123,000	83,123,000	83,123,000	83,123,000	(6,863,400)	(7.6)
Less:							
Federal Funds	0	0	0	0	0	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	89,986,400	83,123,000	83,123,000	83,123,000	83,123,000	(6,863,400)	(7.6)
Less:							
Other State Restricted Funds	23,914,500	15,514,500	15,514,500	15,514,500	15,514,500	(8,400,000)	(35.1)
GENERAL FUND/GENERAL PURPOSE ..	66,071,900	67,608,500	67,608,500	67,608,500	67,608,500	1,536,600	2.3
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Great Lakes Water Quality Bond

Gross	13,700,000
GF/GP	13,700,000

Adjustments include a decrease for current debt service of \$300,000, and an increase for new bond issues of \$14.0 million.

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Water Pollution Control Bond and Interest Redemption

Gross	(63,400)
GF/GP	(63,400)

The budget reflects an anticipated decrease of \$63,400.

2. Quality of Life Bond

Gross	(14,900,000)
GF/GP	(14,900,000)

Adjustments include an increase of \$2.0 million for current debt service, an increase of \$100,000 to support new bond issues, and a reduction of \$17.0 million as part of a three-year restructuring plan.

3. Clean Michigan Initiative

Gross	(5,600,000)
GF/GP	(5,600,000)

Adjustments include a decrease of \$10.2 million for current debt service, an increase of \$1.6 million for new bond issues, and a restoration of \$3.0 million as part of the debt restructuring plan.

E. FUNDING SHIFTS

Quality of Life Bond

Gross	0
Restricted	(8,400,000)
GF/GP	8,400,000

The budget replaces \$8.4 million of Refined Petroleum Fund support with General Fund dollars.

F. PROGRAM TRANSFERS - NONE

- G. OTHER ISSUES - NONE**
- H. UNCLASSIFIED SALARIES - NONE**
- I. FEE INCREASES - NONE**
- J. ECONOMIC ADJUSTMENTS - NONE**
- K. VETOES - NONE**

DEPARTMENT OF TREASURY - OPERATIONS
P.A. 261 of 2008

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,744.5	1,682.5	1,682.5	1,682.5	1,684.5	(60.0)	(3.4)
GROSS	418,904,500	398,397,000	409,274,300	397,247,000	411,843,200	(7,061,300)	(1.7)
Less:							
Interdepartmental Grants Received	11,551,400	10,814,300	10,814,400	10,814,300	10,814,400	(737,000)	(6.4)
ADJUSTED GROSS	407,353,100	387,582,700	398,459,900	386,432,700	401,028,800	(6,324,300)	(1.6)
Less:							
Federal Funds	38,805,700	36,868,900	36,868,900	36,868,900	36,868,900	(1,936,800)	(5.0)
Local and Private	1,100,700	1,105,100	1,105,100	1,105,100	1,105,100	4,400	0.4
TOTAL STATE SPENDING	367,446,700	349,608,700	360,485,900	348,458,700	363,054,800	(4,391,900)	(1.2)
Less:							
Other State Restricted Funds	294,027,400	284,782,300	283,820,200	283,332,300	287,132,300	(6,895,100)	(2.3)
GENERAL FUND/GENERAL PURPOSE ..	73,419,300	64,826,400	76,665,700	65,126,400	75,922,500	2,503,200	3.4
PAYMENTS TO LOCALS	148,169,900	133,409,000	148,598,000	133,409,000	147,914,600	(255,300)	(0.2)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

1. Property Tax Appeal Program

This new program will assist local units of government or school districts in defending appeals of utility personal property tax assessments.

Gross 500,000
GF/GP 500,000

2. Pension Plan Consultant

Funding is included to hire a consultant to evaluate pension funds.

Gross 1,000,000
Restricted 1,000,000
GF/GP 0

3. Public Private Partnership Investment

The Governor's Revised Recommendation included this new program, allowing for the exploration of opportunities for the State to invest with private partners in various arenas.

Gross 1,450,000
Restricted 1,450,000
GF/GP 0

B. PROGRAM INCREASES

1. Michigan Business Tax Implementation

A scheduled increase is included to continue the implementation process.

Gross 3,400,000
GF/GP 3,400,000

2. Casino Gaming Administration

The budget includes an increase of \$684,000 and 8.0 FTEs for monitoring the larger permanent casinos.

FTE 8.0
Gross 684,000
Restricted 684,000
GF/GP 0

3. Other Increases

These include: \$705,000 for Renaissance Zone Reimbursement; \$700,000 for Attorney General charges; \$100,000 for Federal home heating assistance; \$250,000 for out-of-State lien filings; and \$790,000 for various information technology projects.

Gross 2,545,000
Federal 100,000
Restricted 1,240,000
GF/GP 1,205,000

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

C. PROGRAM ELIMINATIONS

1. Implementation Costs for Tax Changes

Gross (520,000)
GF/GP (520,000)

One-time funding of \$520,000 for the implementation of the repealed tax on services and the increase in income tax was removed.

2. Neighborhood Enterprise Zones

FTE (1.0)
Gross (150,000)
GF/GP (150,000)

The budget includes a reduction of \$150,000 and 1.0 FTE for this program.

3. Presidential Primary Funding

Gross (10,000,000)
GF/GP (10,000,000)

One-time funding for the presidential primary was removed.

D. PROGRAM REDUCTIONS

1. Casino Gaming Administration

Gross (5,500,000)
Restricted (5,500,000)
GF/GP 0

One-time funding to move the Gaming Control Board to Detroit was eliminated.

2. Information Technology

Gross (1,000,000)
GF/GP (1,000,000)

A \$1.0 million reduction is included for secondary collection activities.

3. Other Reductions

Gross (8,731,300)
IDG (751,500)
Federal (600)
Restricted (6,831,100)
GF/GP (1,148,100)

These include: \$681,900 for the Senior Citizen Cooperative Housing Tax Exemption; a decrease from the Michigan Transportation Fund (\$750,900) for Customer Contact and Tax Processing; a decrease in Commercial Mobile Radio Service Payments (\$6.8 million) due to the partial sunset of the fees; and administrative reductions to the Revenue Enhancement Program (\$336,400), Student Financial Services (\$75,200), the Supervision of the General Property Tax Law (\$50,000), and Information Technology (\$36,900).

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

E. FUNDING SHIFTS

Technical Adjustments

The transfer out of human resources functions required technical adjustments to several fund sources, including the interdepartmental grant (IDG) from the Michigan Transportation Fund, the IDG from State agency collection fees, and delinquent tax collection revenue.

Gross	0
IDG	42,300
Restricted	(42,300)
GF/GP	0

F. PROGRAM TRANSFERS

1. Transfer In of Payments in Lieu of Taxes

These payments to local units of government are transferred from the Department of Natural Resources. The budget also includes a \$100 placeholder for administrative costs, as those costs are being determined.

Gross	14,189,200
IDG	100
Restricted	2,350,000
GF/GP	11,839,100

2. Transfer Out of Human Resources Costs

The Department of Treasury's human resources costs are transferred to the Civil Service Commission pursuant to Executive Order 2007-30.

FTE	(20.0)
Gross	(2,057,300)
IDG	(43,100)
Restricted	(481,100)
GF/GP	(1,533,100)

G. OTHER ISSUES

1. FTE Rebasing

The Governor's Recommendation included statewide adjustments for FTEs to reflect more accurately the number of funded positions.

FTE	(46.0)
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2. Internal Audit Positions

The budget transfers to the Department of Management and Budget FTEs associated with internal audit functions in the State Lottery.

FTE	(1.0)
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**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

3. FY 2007-08 Supplemental

Adjustments made to account for FY 2007-08 supplemental funding provided in P.A. 279 of 2008 which provided funding of \$2.1 million for the College Access Challenge Grant.

Gross	(2,100,000)
Federal	(2,100,000)
GF/GP	0

4. FY 2007-08 Legislative Transfer

Legislative transfer dated 9-11-08 transferred Restricted funds from contingency funding to increase spending authority due to receipt of additional Restricted dollars.

Gross	(1,300,000)
Restricted	(1,300,000)
GF/GP	0

H. UNCLASSIFIED SALARIES

Lottery Commissioner

An increase of \$17,000 is included.

Gross	17,000
Restricted	17,000
GF/GP	0

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These also include \$59,500 in HMO savings.

Gross	512,100
IDG	15,200
Federal	63,800
Local	4,400
Restricted	518,400
GF/GP	(89,700)

K. VETOES - NONE

**DEPARTMENT OF TREASURY - REVENUE SHARING
P.A. 261 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	1,076,445,600	1,091,399,100	1,075,373,500	1,091,399,100	1,086,919,600	10,474,000	1.0
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,076,445,600	1,091,399,100	1,075,373,500	1,091,399,100	1,086,919,600	10,474,000	1.0
Less:							
Federal Funds	0	0	0	0	0	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	1,076,445,600	1,091,399,100	1,075,373,500	1,091,399,100	1,086,919,600	10,474,000	1.0
Less:							
Other State Restricted Funds	1,076,214,700	1,091,187,100	1,075,059,500	1,091,187,100	1,086,707,600	10,492,900	1.0
GENERAL FUND/GENERAL PURPOSE ..	230,900	212,000	314,000	212,000	212,000	(18,900)	(8.2)
PAYMENTS TO LOCALS	1,076,445,600	1,091,399,100	1,075,373,500	1,091,399,100	1,086,919,600	10,474,000	1.0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

2% "Bonus" Payments

Gross	8,098,300
Restricted	8,098,300

Cities, villages, and townships that received a payment under statutory revenue sharing provisions during FY 2006-07 will receive a "bonus" payment equal to 2.0% of the FY 2006-07 statutory revenue sharing payment the units received. The "bonus" payments account for \$8,098,300 of the total amount of restricted revenue sharing appropriated for FY 2008-09.

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS

Revenue Sharing Payments To Counties

Gross	2,375,700
Restricted	2,394,600
GF/GP	(18,900)

In FY 2004-05, the State required counties to accelerate their collection of operating taxes over a period of three years and place the revenue into a reserve fund that would replace restricted revenue historically distributed to counties under the Glenn Steil State Revenue Sharing Act. If appropriated, the Act provides for a distribution to counties that have depleted the reserve fund. During FY 2007-08, Tuscola County depleted its reserve fund and received a payment of \$18,900. Public Act 261 of 2008 appropriates \$2,394,600 in restricted revenue sharing money to counties in an effort to ensure that the combination of the payment plus any withdrawals will total the amount a county would be allowed to withdraw if the reserve fund had a sufficient balance.

In FY 2007-08, this appropriation was made from General Fund money, rather than restricted sales tax revenue, as had been done historically.

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Revenue Sharing Payments in FY 2007-08 and FY 2008-09

Public Act 261 of 2008 appropriates revenue sharing payments for FY 2008-09. Gross revenue sharing payments are estimated and appropriated at \$1,086,919,600 in FY 2008-09, an increase of \$10,474,000, or 0.8%, from FY 2007-08 actual payments. The gross appropriation includes \$212,000 in General Fund appropriations to a local unit under the control of an emergency financial manager (Highland Park) in order to hold it harmless from the FY 2003-04 executive order reductions to revenue sharing.

The gross appropriation also includes \$2,394,500 in restricted revenue appropriations to counties, while in FY 2006-07 the appropriation for this purpose was made from General Fund revenue.

The remaining \$1,084,313,100 appropriated for revenue sharing payments is restricted State revenue and includes payments required under the State Constitution as well as payments authorized under statute. As in FY 2007-08, but unlike in other prior years, the total restricted appropriated amount will no longer be a limit on total revenue sharing distributions: If actual sales tax revenue exceeds the consensus figure and produces a higher constitutional revenue sharing total than the appropriated amount, then a portion of that increase will be distributed without an offsetting reduction in statutory payments. If actual sales tax revenue is less than the adopted estimate, then constitutional revenue sharing payments will be lower and statutory payments will be increased.

The appropriated amount of restricted funds is approximately \$550,600,000 less than the amount suggested by the statutory formula to "fully fund" revenue sharing payments. The text of P.A. 261 of 2008 appropriates \$1,085,531,500 for revenue sharing, including \$406,933,000 for statutory state revenue sharing grants. The \$406,933,000 was the amount of statutory revenue sharing payments forecasted at the May 2008 Consensus conference to be needed in FY 2008-09 to keep local units at the same level of combined constitutional and statutory revenue sharing payments received during FY 2007-08 and provide the "bonus" payments to eligible local units. Subsequent to the enactment of P.A. 261, but prior to the issuance of this report, final FY 2007-08 revenue sharing payments were determined and payments were greater than forecasted in May 2008. As a result, \$408,109,100 would be needed in statutory revenue sharing payments during FY 2008-09 in order to keep each individual local unit at the same level of combined constitutional and statutory payments received during FY 2007-08 and still make the "bonus" payments to eligible local units. Language in P.A. 261 of 2008, Section 950(3), authorizes an increase in the amount appropriated for statutory revenue sharing payments if the specified amount is insufficient, and an

additional \$1,176,100 is needed to meet the requirements regarding the payments to individual local units.

The estimated revenue sharing payments by distribution type are summarized in Table 1. The figures in Table 1 are based on the May 2008 consensus estimates of State revenue.

2. Changes to the Revenue Sharing Payment Distribution Formula for Cities, Villages, and Townships

The Glenn Steil State Revenue Sharing Act (MCL 141.901 et seq.) does not specify a distribution formula for statutory revenue sharing payments to cities, villages, and townships for FY 2007-08 and later years. The Act does make provisions for statutory revenue sharing payments to counties for these fiscal years. The Governor's FY 2008-09 budget recommendation included boilerplate language to specify the distribution of statutory revenue sharing payments to cities, villages, and townships. The appropriation follows the recommendation and specifies the distribution formula in the boilerplate language.

The distribution formula presented in boilerplate attempts to fix the combined total of constitutional and statutory revenue sharing payments to some local units regardless of sales tax collections. Due to previous changes in the revenue sharing distribution formula, approximately 1,035 local units, mostly townships, did not receive a payment under statutory revenue sharing provisions during FY 2007-08. The boilerplate formula allows these local units to receive any increase in constitutional payments, but specifies that any unit receiving a payment under the statutory provisions may not receive more in combined constitutional and statutory revenue sharing payments than it received during FY 2007-08. As a result, in FY 2008-09, the remaining units will receive whatever statutory payment is necessary to bring their combined constitutional and statutory revenue sharing payments up to the same combined level received during FY 2007-08. The boilerplate language increases the statutory appropriation to accomplish this if sales tax collections are below the forecasted level.

Because constitutional revenue sharing payments are expected to decrease by 1.8% in FY 2008-09, all local units are predicted to receive a statutory payment in FY 2008-09 in order to keep each local unit at the same combined payment received in FY 2007-08. However, if sales tax revenue is greater than expected and increases from the FY 2007-08 level, the statutory payment will be eliminated for some local units that received minimal statutory payments during FY 2007-08 and the units will receive only constitutional revenue sharing payments.

3. Special Census Revenue Sharing Payments

No special census payments are appropriated for FY 2008-09. Similarly, no special census payments were appropriated for FY 2007-08.

To receive special census payments a city, village, or township had to be certified to be eligible by June 30, 2007. To be eligible, the city, village, or township must have a population increase of 10.0% or more from the previous Federal decennial census, as determined by a special census.

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. VETOES - NONE

Table 1

REVENUE SHARING PAYMENTS FOR FY 2006-07 THROUGH ESTIMATED FY 2008-09
(Millions of Dollars)

	FY 2007-08, Actual				FY 2008-09, As Enacted		
	FY 2006-07 Actual	FY 2007-08 Actual	Change from FY 2006-07		FY 2008-09 Estimate ¹⁾	Change from FY 2007-08	
			Dollar	Percent		Dollar	Percent
Sales Tax Constitutional:							
Counties	\$0.0	\$0.0	\$0.0	---	\$0.0	\$0.0	---
<u>Cities, Villages, & Townships</u>							
Cities	345.6	357.3	11.6	3.4%	350.9	(6.3)	(1.8)%
Detroit	63.8	66.0	2.1	3.3	64.8	(1.2)	(1.8)
Townships	301.3	311.3	10.0	3.3	305.8	(5.5)	(1.8)
Villages	19.0	19.7	0.6	3.3	19.3	(0.3)	(1.8)
Cities, Villages, & Townships Subtotal	666.0	688.2	22.2	3.3	676.0	(12.2)	(1.8)
Subtotal Constitutional	\$666.0	\$688.2	\$22.2	3.3%	\$676.0	(\$12.2)	(1.8)
Sales Tax Statutory:							
Counties	\$0.0	\$0.0	\$0.0	---	\$2.4	\$2.4	12,600.2%
<u>Cities, Villages, & Townships</u>							
Cities	377.0	365.4	(11.6)	(3.1)	379.3	13.9	3.8
Detroit	208.9	206.8	(2.1)	(1.0)	212.1	5.3	2.6
Townships	20.2	15.6	(4.7)	(23.1)	21.5	5.9	38.1
Villages	7.7	7.0	(0.6)	(8.1)	7.5	0.5	7.1
Cities, Villages, & Townships Subtotal	404.9	388.0	(16.9)	(4.2)	408.3	20.3	5.2
Subtotal Statutory	\$404.9	\$388.0	\$(16.9)	(4.2)%	\$410.7	\$22.7	5.8%
Total Restricted Revenue Sharing¹⁾	\$1,070.9	\$1,076.2	\$5.3	0.5%	\$1,086.7	\$10.5	1.0%
Counties	\$0.0	\$0.0	\$0.0	---	\$2.4	\$2.4	12,600.2%
<u>Cities, Villages, & Townships</u>							
Cities	722.7	722.7	0.0	0.0	\$730.2	\$7.5	1.0%
Detroit	272.7	272.7	0.0	0.0	276.9	4.2	1.5
Townships	321.5	326.8	5.3	1.7	327.2	0.4	0.1
Villages	26.7	26.7	0.0	0.0	26.9	0.2	0.6
Cities, Villages, & Townships Subtotal	1,070.9	1,076.2	5.3	0.5	1,084.3	8.1	0.8
Special Census Payments (General Fund)²⁾	\$0.9	\$0.0	\$(0.9)	(100.0)%	\$0.0	\$0.0	---
Total Revenue Sharing Under Appropriation	\$1,071.8	\$1,076.2	\$4.4	0.4%	\$1,086.7	\$10.5	1.0%

¹⁾ Revenue sharing payments are based on consensus sales tax estimates adopted at the May 2008 Consensus Revenue Estimating Conference, subject to any existing appropriations. County payments reflect payments made to hold counties harmless for the depletion of revenue sharing reserve funds created as part of the FY 2004-05 budget. In FY 2007-08 these payments (\$18,854) were made from General Fund revenue.

²⁾ Reduction in Special Census payments in FY 2006-07 reflects approval of Executive Order 2007-3.

**DEPARTMENT OF TREASURY - STRATEGIC FUND AGENCY
P.A. 261 of 2008**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2007-08 YEAR-TO-DATE	FY 2008-09 GOV.'S REC.	FY 2008-09 SENATE	FY 2008-09 HOUSE	FY 2008-09 INITIAL APPROPS.	CHANGES FROM FY 2007-08 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	152.0	153.0	153.0	147.0	153.0	1.0	0.7
GROSS	219,972,500	161,514,200	161,514,100	161,523,600	149,643,700	(70,328,800)	(32.0)
Less:							
Interdepartmental Grants Received	80,000	80,300	80,300	80,300	80,300	300	0.4
ADJUSTED GROSS	219,892,500	161,433,900	161,433,800	161,443,300	149,563,400	(70,329,100)	(32.0)
Less:							
Federal Funds	55,430,700	55,438,800	55,438,800	55,438,800	55,438,800	8,100	0.0
Local and Private	712,800	715,600	715,600	715,600	715,600	2,800	0.4
TOTAL STATE SPENDING	163,749,000	105,279,500	105,279,400	105,288,900	93,409,000	(70,340,000)	(43.0)
Less:							
Other State Restricted Funds	130,755,200	75,555,200	75,555,100	75,005,200	63,805,200	(66,950,000)	(51.2)
GENERAL FUND/GENERAL PURPOSE ..	32,993,800	29,724,300	29,724,300	30,283,700	29,603,800	(3,390,000)	(10.3)
PAYMENTS TO LOCALS	7,441,200	1,800,000	1,800,000	2,400,000	1,800,000	(5,641,200)	(75.8)

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

A. NEW PROGRAMS

Business Incubator Program

The budget includes a new program to fund business incubators in Washtenaw, Genesee, Berrien, Wayne, and Macomb Counties. Funds are to be distributed on a competitive basis to existing incubators in these designated areas. The program includes one-time funding from the 21st Century Investment Fund - Returns to Fund, which is funded with repayments or returns on investment from previously funded life science projects or investments.

Gross	1,250,000
Restricted	1,250,000
GF/GP	0

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS

Michigan State University Bio-Energy Research Center

The budget does not include the one-time grant appropriated to this center in FY 2007-08. This is a joint venture with the University of Wisconsin to research various bio-energy sources.

Gross	(3,500,000)
GF/GP	(3,500,000)

D. PROGRAM REDUCTIONS

1. 21st Century Jobs Trust Fund Programs

This program was reduced \$10.0 million pursuant to the target negotiations. This program is a grant and loan program originally created in 2006 to diversify and improve the State's economy. Additionally, the Governor vetoed a \$3.0 million boilerplate set-aside for Lakeshore Advantage, reducing the line further from \$75.0 million to \$62.0 million.

Gross	(13,000,000)
Restricted	(13,000,000)
GF/GP	0

2. Michigan Promotion Program

This program was appropriated two separate one-time funding increases in FY 2007-08. The first was included in the FY 2007-08 appropriation act, which allocated an additional \$5.7 million from the 21st Century Investment Fund - Returns to Fund. The second increase was included in P.A. 98 of 2008, an FY 2007-08 supplemental appropriation, which included an additional \$50.0 million available from the refinancing of the bonds to provide additional revenue to the 21st Century Jobs Trust Fund to support tourism promotion and business marketing in FY 2007-08

Gross	(55,700,000)
Restricted	(55,700,000)
GF/GP	0

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

and FY 2008-09. Neither increase is included in the FY 2008-09 budget, bringing the total appropriation from \$61.4 million to \$5.7 million. This program promotes Michigan as a tourism destination in and outside the State through the purchase of advertising in various media outlets.

3. Economic Development Job Training Grants

Gross	(120,500)
GF/GP	(120,500)

These grants were reduced by \$120,000 from \$7.4 million to \$7.3 million in compliance with the agreed-upon target reductions. Additionally, the budget includes two boilerplate allocations from these grants. The first provides \$500,000 to the Michigan Aerospace Manufacturing Association to increase aerospace certifications for the manufacturing sector and a second allocation provides \$50,000 to Mack Alive which is a community organization in Detroit. These grants are provided to private businesses in coordination with training institutions to train new or existing employees.

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

FTE	6.0
Gross	681,600
Restricted	500,000
GF/GP	181,600

1. Film Office

Pursuant to P.A. 75 of 2008, this office was transferred from the Department of History, Arts, and Libraries. The budget includes the staffing and appropriation for this office.

2. Human Resources Optimization Changes

FTE	(5.0)
Gross	(17,800)
GF/GP	(17,800)

Pursuant to Executive Order 2007-30, the costs and staffing for human resource offices from all State departments were consolidated under the Department of Management and Budget.

G. OTHER ISSUES

Gross	(700)
GF/GP	(700)

The budget eliminates funding for seven different \$100 placeholders for new grants to various economic development and cultural institutions around the State.

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

**FY 2008-09 Change From
FY 2007-08 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	78,600
IDG	300
Federal	8,100
Private	2,800
GF/GP	67,400

K. VETOES

The Governor vetoed a \$3.0 million allocation to Lakeshore Advantage from the 21st Century Jobs Trust Fund appropriation. The allocation is used to cover the administrative and operating expenses for a former Pfizer facility that was donated to Michigan State University for use as a Bio-Energy Research Facility.

APPENDICES

**FY 2008-09
APPROPRIATION BILLS INDEX**

<u>DEPARTMENTS/BUDGET AREAS</u>	<u>BILL NUMBER</u>	<u>PUBLIC ACT NUMBER</u>	<u>VETOES</u>
Agriculture.....	H.B. 5807	P.A. 253 of 2008	YES
Attorney General.....	H.B. 5816	P.A. 261 of 2008	YES
Civil Rights.....	H.B. 5816	P.A. 261 of 2008	NO
Community Colleges.....	S.B. 1093	P.A. 255 of 2008	NO
Community Health.....	S.B. 1094	P.A. 246 of 2008	NO
Corrections.....	S.B. 1095	P.A. 245 of 2008	YES
Education.....	S.B. 1096	P.A. 212 of 2008	NO
Environmental Quality.....	S.B. 1097	P.A. 247 of 2008	YES
Executive.....	H.B. 5816	P.A. 261 of 2008	NO
Higher Education.....	S.B. 1099	P.A. 213 of 2008	NO
History, Arts, and Libraries.....	H.B. 5804	P.A. 254 of 2008	YES
Human Services.....	H.B. 5814	P.A. 248 of 2008	YES
Information Technology.....	H.B. 5816	P.A. 261 of 2008	NO
Judiciary.....	H.B. 5810	P.A. 250 of 2008	YES
Labor and Economic Growth.....	H.B. 5809	P.A. 251 of 2008	YES
Legislative Auditor General.....	H.B. 5816	P.A. 261 of 2008	NO
Legislature.....	H.B. 5816	P.A. 261 of 2008	NO
Management and Budget.....	H.B. 5816	P.A. 261 of 2008	NO
Military and Veterans Affairs.....	H.B. 5812	P.A. 214 of 2008	NO
Natural Resources.....	S.B. 1106	P.A. 252 of 2008	YES
School Aid.....	S.B. 1107	P.A. 268 of 2008	NO
State.....	H.B. 5816	P.A. 261 of 2008	YES
State Police.....	H.B. 5811	P.A. 249 of 2008	NO
Strategic Fund Agency.....	H.B. 5816	P.A. 261 of 2008	YES
Transportation.....	H.B. 5808	P.A. 275 of 2008	YES
Treasury.....	H.B. 5816	P.A. 261 of 2008	NO

ECONOMIC FORECAST AND REVENUE ESTIMATES

A. ECONOMIC FORECAST

The economic forecast on which the enacted FY 2008-09 State budget was based is the consensus economic forecast adopted at the May 2008 Consensus Revenue Estimating Conference. Under this consensus economic forecast, the U.S. economy will grow in 2008 at its slowest rate of growth since the 2001 recession and then will improve only modestly in 2009. In fact, the rate of economic growth forecast for the U.S. economy for 2009 is weaker than the rates of growth experienced each year from 2003 to 2007. Michigan's economy has been struggling for seven consecutive years and it is not expected to turn around in 2008 or 2009. The structural changes in the motor vehicle industry that have adversely affected Michigan's economy since 2001 are expected to continue to unfold in 2008 and 2009. These ongoing structural changes combined with the relatively weak level of economic activity forecast nationally mean that Michigan's economic struggles will continue through 2009. As a result, Michigan employment and personal income adjusted for inflation are expected to decline in both 2008 and 2009. The highlights for the economic outlook for both the U.S. and Michigan economies are as follows:

1. U.S. Economy

- Real Gross Domestic Product (GDP) will rise an estimated 1.8% in 2009, representing an improvement from the 1.1% increase forecast for 2008, but slower than the 2.8% and 2.0% rates of growth experienced in 2006 and 2007, respectively. The primary factors that will prevent the U.S. economy from growing in excess of 2.0% in 2009 will be high energy prices and continued weakness in the housing market, both of which will have negative repercussions on consumer spending.
- Employment is expected to decline in 2008, but then begin to grow again in 2009; however, the rate of growth will not be strong enough to keep pace with the increase in the number of people actively looking for work. As a result, the U.S. unemployment rate is expected to edge up to 5.8% in 2009 from 5.3% in 2008.
- Light vehicle sales are expected to decline to 14.9 million units in 2008 from the 16.1 million units sold in 2007. In 2009, light vehicle sales are not expected to experience much improvement.
- Inflation is expected to increase in 2008 due to the significant run-up in energy prices, but then ease back to a more moderate level in 2009. In 2007, the general price level, as measured by the U.S. Consumer Price Index, rose 2.8%. In 2008, the steep rise in energy prices will boost inflation to 4.1%, but in 2009 it is expected to settle back to a rate of 2.9%.

2. Michigan Economy

- Employment in Michigan has steadily declined since the summer of 2000 and it is expected to continue falling in 2008 and 2009. In 2007, wage and salary employment declined 1.5% to 4,262,000 workers. In 2008, wage and salary employment will fall another 1.8% to an estimated 4,185,000 workers. Employment will continue to trend down in 2009 to an estimated 4,123,000 workers, which represents a decline of 1.5%.
- The projected decline in employment will push Michigan's unemployment rate up from the 7.2% recorded in 2007 to an estimated 7.6% in 2008 and 8.3% in 2009.
- Due largely to the projected decline in wage and salary employment, total wage and salary payments to workers in Michigan are expected to show little improvement in 2008 and 2009. Total payments to wage and salary workers are expected to remain essentially unchanged in 2008 from the 2007 level and then edge up by only 0.7% in 2009. Adjusting for inflation, wage and salary payments are projected to be down 2.8% in 2008 and 1.8% in 2009.

- Personal income, the total income received by individuals, will increase at an estimated rate of 1.9% in 2009, which will be up from the 1.4% increase expected in 2008. Given the weak rates of growth in wage and salary income expected in 2008 and 2009, most of this projected increase in Michigan personal income will be due to increases in unearned income.
- Inflation in Michigan, as measured by the Detroit Consumer Price Index, will measure 2.6% in 2009, which will be essentially unchanged from the 2008 level, but up from the 1.6% experienced in 2007.

B. GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES

General Fund/General Purpose and School Aid Fund revenue will total an estimated \$23.0 billion in FY 2008-09, which is down 0.2% from the \$23.1 billion expected to be generated in FY 2007-08. The revenue that will be collected in FY 2008-09 includes two major types of revenue: 1) revenue from ongoing revenue sources, and 2) revenue from various revenue adjustments and one-time sources. The projected levels of revenue from ongoing revenue sources for these two fiscal years are the estimates adopted at the May 2008 Consensus Revenue Estimating Conference. The estimates of total revenue, as well as a breakdown between these two types of revenue, are presented in [Table 1](#) for both the General Fund/General Purpose budget and the School Aid Fund for FY 2007-08 and FY 2008-09.

Table 1

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2007-08 AND FY 2008-09 (Millions of Dollars)				
	FY 2007-08	FY 2008-09	\$ Change	% Change
GENERAL FUND/GENERAL PURPOSE				
Beginning Balance.....	\$259.1	\$139.9	(\$119.2)	---
<u>Consensus Estimate From Ongoing Sources:</u> ¹⁾				
Net Income Tax.....	5,054.2	4,896.6	(157.6)	(3.1)%
Single Business Tax.....	560.6	0.0	(560.6)	(100.0)
Michigan Business Tax.....	1,475.3	1,931.6	456.3	30.9
Sales Tax.....	72.1	89.7	17.6	24.4
Use Tax.....	892.0	877.3	(14.7)	(1.6)
Cigarette Tax.....	216.0	211.6	(4.4)	(2.0)
Insurance Company Premiums Tax.....	244.0	260.0	16.0	6.6
Telephone & Telegraph Tax.....	79.0	75.0	(4.0)	(5.1)
Casino Wagering Tax.....	16.9	0.0	(16.9)	(100.0)
All Other Taxes.....	213.7	210.5	(3.2)	(1.5)
Subtotal Taxes.....	\$8,823.8	\$8,552.3	(\$271.5)	(3.1)%
Nontax Revenue.....	340.3	332.3	(8.0)	(2.4)
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	\$9,164.1	\$8,884.6	(\$279.5)	(3.0)%
<u>Revenue Adjustments:</u>				
Revenue Sharing Reductions.....	577.5	558.7	(18.8)	(3.3)
Revenue Sharing Increase.....	0.0	(8.1)	(8.1)	---
Tobacco Settlement Refinancing.....	60.0	0.0	(60.0)	(100.0)
Sale of Northville State Property.....	22.9	6.5	(16.4)	(71.6)
Jury Compensation Fund Transfer.....	2.3	0.0	(2.3)	(100.0)

**GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND
REVENUE ESTIMATES FOR FY 2007-08 AND FY 2008-09
(Millions of Dollars)**

	FY 2007-08	FY 2008-09	\$ Change	% Change
Comprehensive Transportation Fund Transfer	5.0	0.0	(5.0)	(100.0)
Transportation Economic Development Fund Transfer	13.0	6.0	(7.0)	(53.8)
Financial Institutions Fund Transfer	2.0	0.0	(2.0)	(100.0)
Shift of Short-Term Borrowing Costs to SAF	22.8	45.0	22.2	97.4
Treasury Insurance Escheats Revenue	0.0	25.0	25.0	---
Treasury Secondary Collections	0.0	6.0	6.0	---
21 st Century Fund Transfer	0.0	10.0	10.0	---
Tourism Borrowing Transfer	0.0	10.0	10.0	---
Subtotal Revenue Adjustments	705.5	659.1	(46.4)	(6.6)
TOTAL GF/GP REVENUE	\$10,128.7	\$9,683.6	(\$445.1)	(4.4)%
SCHOOL AID FUND				
Beginning Balance	\$82.4	\$68.6	(\$13.8)	---
<u>Consensus Estimate From Ongoing Sources:</u> ¹⁾				
Sales & Use Taxes	5,282.9	5,271.6	(11.3)	(0.2)
Income Tax	2,118.2	2,111.5	(6.7)	(0.3)
State Education Property Tax	2,028.3	2,015.5	(12.8)	(0.6)
Michigan Business Tax	341.0	729.0	388.0	113.8
Real Estate Transfer Tax	189.0	177.0	(12.0)	(6.3)
Tobacco Tax	431.2	421.5	(9.7)	(2.2)
Casino Wagering Tax	120.8	118.6	(2.2)	(1.8)
Other Tax Revenue	114.5	115.0	0.5	0.4
Subtotal Taxes	\$10,625.9	\$10,959.7	\$333.8	3.1%
Lottery	749.2	747.6	(1.6)	(0.2)
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	\$11,375.0	\$11,707.4	\$332.4	2.9%
<u>Other Revenue:</u>				
General Fund Grant	34.9	43.0	8.1	23.2
Federal Aid	1,476.0	1,562.0	86.0	5.8
Subtotal Other Revenue	1,510.9	1,605.0	94.1	6.2
TOTAL SAF REVENUE	\$12,968.3	\$13,381.0	\$412.7	3.2%
TOTAL GF/GP AND SAF:				
Beginning Balances	\$341.5	\$208.5	(\$133.0)	(38.9)%
Consensus Estimate Ongoing Revenue	20,539.1	20,592.0	52.9	0.3
Other Revenue ²⁾	2,181.5	2,221.1	39.6	1.8
Total Revenue ²⁾	23,062.1	23,021.6	(40.5)	(0.2)

¹⁾ Revenue estimates adopted at the May 2008 Consensus Revenue Estimating Conference.

²⁾ Total and other revenue excludes GF/GP grant to SAF.

1. General Fund/General Purpose Revenue

- In FY 2008-09, GF/GP revenue will total an estimated \$9.7 billion, representing a decline of 4.4% or \$445.1 million from the revenue estimated for FY 2007-08, as shown in [Table 1](#). This decline will be due to a projected smaller beginning balance, a decline in the revenue generated from ongoing sources due to tax policy changes, and a slight reduction in the amount of revenue that will be generated from revenue adjustments.
- The balance that will be carried over from FY 2007-08 is expected to total \$139.9 million, which is down from the \$259.1 million that was carried into FY 2007-08.
- Revenue from ongoing sources will total an estimated \$8.88 billion, which is down 3.0% or \$279.5 million from the FY 2007-08 estimated level.
- This decline in GF/GP revenue from ongoing sources is principally due to the following factors:
 - The new earned income tax credit will have its initial revenue impact in FY 2008-09 and will reduce income tax revenue an estimated \$133.6 million.
 - The amount of the Michigan Business Tax that is earmarked to the School Aid Fund will more than double in FY 2008-09, which will reduce GF/GP revenue an estimated \$388.0 million.
 - Casino tax revenue going to the General Fund will be eliminated because all three of the Detroit casinos will be in their new facilities by the end of FY 2007-08.
- Various revenue adjustments also will generate an estimated \$659.1 million in GF/GP revenue in FY 2007-08. Most of this revenue will be due to a reduction in revenue sharing payments totaling \$550.6 million. In addition, short-term borrowing costs (negative interest revenue) totaling \$45.0 million will be shifted to the School Aid Fund, \$57.0 million will be transferred from other funds, and \$6.5 million will be generated by the sale of some State property.

2. School Aid Fund

- Revenue going to the School Aid Fund (SAF) will total an estimated \$13.4 billion in FY 2008-09. This represents an increase of 3.2% or \$412.7 million from the SAF revenue estimate for FY 2007-08. The SAF revenue estimate is presented in [Table 1](#).
- Revenue from ongoing taxes and net lottery revenue earmarked to the SAF will total an estimated \$11.7 billion, up 2.9% from FY 2007-08.
- This projected increase in earmarked revenue overstates the true increase in underlying SAF revenue.
 - The revenue generated by the earmarked taxes, excluding the Michigan Business Tax, is projected to be down 0.5% or \$54.2 million, while the Michigan Business Tax revenue earmarked to the SAF will increase from \$341.0 million in FY 2007-08 to \$729.0 million in FY 2008-09.
 - Therefore, all of the increase in earmarked SAF revenue is due to the increased Michigan Business Tax earmarking.
 - However, most of this increase in the Michigan Business Tax earmarking is intended to reimburse schools for local property taxes they will lose because of the personal property tax reductions that were enacted as part of the overall change in business taxes.
 - Adjusting for the earmarking of this large increase in Michigan Business Tax revenue to the SAF, which will be directly offset by increased SAF expenditures, reveals that earmarked SAF revenue will be down slightly in FY 2008-09 compared with the estimated level for FY 2007-08.
- In addition to the revenue from the ongoing earmarked taxes, the SAF will receive an estimated \$1.6 billion from two sources: Federal aid will total an estimated \$1.56 billion and a grant from the General Fund will total \$43.0 million.

C. BUDGET AND ECONOMIC STABILIZATION FUND

Michigan’s cyclical economy can produce significant swings in the rate of growth, or decline, in tax revenue from one year to the next. To help smooth the flow of revenue over the economic cyclical swings, Michigan created the Counter-Cyclical Budget and Economic Stabilization Fund in 1977. This fund, more commonly referred to as the Budget Stabilization Fund (BSF), is designed to be a cash reserve to which the State adds money during good economic times and from which it withdraws money during poor economic years. Having the money available during poor economic years helps the State avoid having to cut spending and/or increase taxes, and therefore helps stabilize the State budget and the tax structure.

Two formulas based on personal income growth and the unemployment rate are used to reveal when economic conditions are right for transfers into and out of the BSF to occur; however, all transfers into and from the BSF must be appropriated by the Legislature and approved by the Governor. In addition, the Legislature and the Governor may appropriate funds into and from the BSF even if these formulas do not trigger a transfer. Historically, most of the BSF transactions have not been directly tied to the formulas, but have simply been made of the will of the Legislature and Governor.

As shown in Table 2, the BSF ended FY 2006-07 with a balance of only \$2.1 million and at the end of FY 2007-08 the ending balance is expected to total \$2.2 million. The enacted budget for FY 2008-09 does not appropriate any funds from or to the BSF. As a result, it is estimated that the BSF will end FY 2008-09 with a balance of \$2.3 million.

Table 2
ECONOMIC AND BUDGET STABILIZATION FUND TRANSFERS, EARNINGS, AND FUND BALANCE
FY 1995-96 TO FY 2008-09
(Millions of Dollars)

Fiscal Year	Pay-In	Interest Earned	Pay-Out	Fund Balance
1995-96	\$91.3	\$59.2	\$0.0	\$1,153.6
1996-97	0.0	67.8	69.0	1,152.4
1997-98	0.0	60.1	212.0	1,000.5
1998-99	244.4	51.2	73.7	1,222.5
1999-2000	100.0	73.9	132.0	1,264.4
2000-01	0.0	66.7	337.0	994.2
2001-02	0.0	20.8	869.8	145.2
2002-03	9.1	1.8	156.1	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	2.0	81.3	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07	0.0	0.1	0.0	2.1
2007-08 (estimate)	0.0	0.1	0.0	2.2
2008-09 (estimate)	0.0	0.1	0.0	2.3

D. CONSTITUTIONAL REVENUE LIMIT

The Michigan Constitution places a limit on the amount of revenue State government may collect in any fiscal year. The limit essentially requires that total revenue, excluding Federal aid, not exceed 9.49% of personal income.

- As shown in Table 3, revenue subject to the limit has been well below the limit in recent years and revenue is expected to remain considerably below the constitutional limit in FY 2008-09.
- In FY 2007-08, revenue subject to the limit will fall below the limit by an estimated \$4.98 billion or 15.4%.
- In FY 2008-09, it is estimated that the gap between revenue and the limit will increase to \$5.93 billion or 17.7%.

Table 3
COMPLIANCE WITH CONSTITUTIONAL REVENUE LIMIT
(Millions of Dollars)

Fiscal Year	Rev. Subject to Limit	Revenue Limit	Under (Over) Limit
1994-95	\$18,585.4	\$18,475.8	(\$109.6)
1995-96	19,798.8	19,982.0	183.2
1996-97	20,694.3	21,672.2	977.9
1997-98	22,072.3	22,712.4	640.1
1998-99	23,208.5	23,186.8	(21.7)
1999-2000	24,362.9	24,203.2	(159.7)
2000-01	23,907.6	26,315.4	2,407.8
2001-02	23,546.0	27,463.1	3,917.1
2002-03	24,061.6	28,243.1	4,181.5
2003-04	24,384.7	28,825.4	4,440.7
2004-05	25,626.8	29,842.3	4,215.5
2005-06	25,814.2	30,760.3	4,946.1
2006-07	26,118.4	31,440.7	5,322.3
2007-08 (estimate) ¹⁾	27,390.5	32,368.0	4,977.5
2008-09 (estimate) ¹⁾	27,606.3	33,535.4	5,929.1

¹⁾ May 2008 consensus revenue estimate.

