



FY 2013-14
APPROPRIATIONS REPORT
Part II - Initial Appropriations

August 2013



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THE SENATE FISCAL AGENCY

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

1. To provide technical, analytical, and preparatory support for all appropriations bills.
2. To provide written analyses of all Senate bills, House bills, and Administrative Rules considered by the Senate.
3. To review and evaluate proposed and existing State programs and services.
4. To provide economic and revenue analysis and forecasting.
5. To review and evaluate the impact of Federal budget decisions on the State.
6. To review and evaluate State issuance of long-term and short-term debt.
7. To review and evaluate the State's compliance with constitutional and statutory fiscal requirements.
8. To prepare special reports on fiscal issues as they arise and at the request of members of the Senate.

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



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OVERVIEW

FY 2013-14 INITIAL APPROPRIATIONS OVERVIEW

On February 7, 2013, Governor Rick Snyder presented his fiscal year (FY) 2013-14 budget recommendation and his FY 2014-15 budget projections to the Legislature. As in 2012, the Governor's intent was to establish a biennial budget process, but an Attorney General's February 9, 2011, letter opinion stated that the Governor is allowed to propose a two-year budget and the Legislature can enact a two-year budget but the second year would be only an expression of an "intent to appropriate", not binding or legally enforceable. The appropriation bills that were ultimately passed by the Legislature included State appropriations for FY 2013-14 and language expressing legislative intent to provide FY 2014-15 appropriations that would be the same as those for FY 2013-14, with adjustments for caseload, costs, economic factors, and available revenue.

On June 4, 2013, the Legislature passed the final FY 2013-14 appropriation bills. The budget passed by the Legislature was balanced based on the consensus revenue estimates agreed to on May 15, 2013. The FY 2013-14 budget continues to use State Restricted School Aid Fund (SAF) revenue as a fund source for all three education sectors: K-12, Community Colleges, and Universities. An amount of \$197.6 million in SAF revenue was appropriated for the Community College budget and \$200.5 million was appropriated for the Higher Education budget; both of these SAF amounts are unchanged from FY 2012-13.

Similar to FY 2012-13, there were some variations from prior fiscal years in the budget process for FY 2013-14. Both the House and the Senate initiated a complete FY 2013-14 budget in their respective chambers: the House with two omnibus appropriation bills and the Senate with 16 individual departmental appropriation bills. Although the 16 individual Senate appropriation bills were reported out of conference committees, the bills were not considered by either the Senate or the House. The two House omnibus bills (one for education appropriations and one for all other State appropriations) also were reported out of conference committees and were the bills that the House and the Senate ultimately adopted. The content of the two omnibus bills was the same as the content of the 16 individual bills. The general omnibus bill and the education omnibus bill were enacted as Public Act 59 of 2013 and Public Act 60 of 2013, respectively.

On an overall basis, the initial level of FY 2013-14 Adjusted Gross¹ appropriations totals \$48.7 billion. This Adjusted Gross total includes \$48.0 billion in ongoing appropriations and \$736.1 million in one-time appropriations. [Table 1](#) outlines the totals by department for the initial ongoing Adjusted Gross appropriations of \$48.0 billion and the ongoing GF/GP appropriations of \$9.0 billion, as well as the one-time Adjusted Gross appropriations of \$736.1 million and the one-time GF/GP appropriations of \$428.8 million. [Table 2](#) provides the detail by budget area, program, and fund source, for the FY 2013-14 one-time appropriations; the table includes total Adjusted Gross appropriations, Federal, local, and private funding, as well as State Spending from State Resources² appropriations, for each program. If the \$75.0 million one-time payment to the Budget Stabilization Fund and the \$115.0 million balance remaining from the \$230.0 million one-time appropriation to the Roads and Risks Reserve Fund are included, total FY 2013-14 Adjusted Gross one-time appropriations are \$926.1 million, and all but \$20.3 million of that amount are State Spending from State Resources one-time appropriations that include \$172.0 million of State Restricted revenue and \$733.8 million of GF/GP revenue.

This Senate Fiscal Agency (SFA) report, *FY 2013-14 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 2013-14.

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.

Table 1

**FY 2013-14 INITIAL ONGOING AND ONE-TIME APPROPRIATIONS
ADJUSTED GROSS AND STATE GENERAL FUND/GENERAL PURPOSE (GF/GP)**

Department/Budget Area	Initial Ongoing Adjusted Gross Appropriations	Initial Ongoing GF/GP Appropriations	Initial One-Time Adjusted Gross Appropriations	Initial One-Time GF/GP Appropriations	Total Adjusted Gross Appropriations	Total GF/GP Appropriations
Agriculture and Rural Development.....	\$76,259,000	\$37,180,300	\$3,400,000	\$3,400,000	\$79,659,000	\$40,580,300
Attorney General.....	61,951,400	34,481,300			61,951,400	34,481,300
Civil Rights.....	15,198,300	12,337,500			15,198,300	12,337,500
Community Colleges.....	334,877,600	137,263,500	1,100,000	1,100,000	335,977,600	138,363,500
Community Health.....	15,242,353,300	2,801,972,100	132,939,200	114,075,000	15,375,292,500	2,916,047,100
Corrections.....	2,046,504,700	1,973,233,300	9,032,500	9,032,500	2,055,537,200	1,982,265,800
Education.....	298,366,000	70,893,900			298,366,000	70,893,900
Environmental Quality.....	506,766,900	28,104,500	1,000,000	1,000,000	507,766,900	29,104,500
Executive.....	5,370,000	5,370,000			5,370,000	5,370,000
Higher Education.....	1,430,573,500	1,132,981,400			1,430,573,500	1,132,981,400
Human Services.....	5,996,756,300	1,000,960,400	3,500,000	2,039,600	6,000,256,300	1,003,000,000
Insurance and Financial Services.....	74,627,900	11,000,000			74,627,900	11,000,000
Judiciary.....	276,572,900	178,950,600	4,490,700	4,490,700	281,063,600	183,441,300
Legislative Auditor General.....	15,862,300	13,911,300			15,862,300	13,911,300
Legislature.....	123,819,300	122,309,500			123,819,300	122,309,500
Licensing and Regulatory Affairs.....	486,550,200	22,864,600	2,140,300	2,140,300	488,690,500	25,004,900
Military and Veterans Affairs.....	160,580,000	41,003,300	5,500,000	5,500,000	166,080,000	46,503,300
Natural Resources.....	340,976,600	24,686,600	600,000	600,000	341,576,600	25,286,600
School Aid.....	13,168,803,600	180,000,000	193,000,000	50,000,000	13,361,803,600	230,000,000
State.....	199,548,900	15,253,400			199,548,900	15,253,400
State Police.....	575,037,400	346,912,400	6,561,900	6,561,900	581,599,300	353,474,300
Technology, Management, and Budget...	497,215,300	392,787,300	16,000,000	16,000,000	513,215,300	408,787,300
Transportation.....	3,357,191,600	0	236,300,000	121,300,000	3,593,491,600	121,300,000
Treasury - Debt Service.....	154,202,500	151,188,000			154,202,500	151,188,000
Treasury - Operations.....	479,340,200	83,040,000	9,763,300	6,763,300	489,103,500	89,803,300
Treasury - Revenue Sharing.....	1,107,857,700	0	26,000,000	0	1,133,857,700	0
Treasury - Strategic Fund Agency.....	923,473,900	133,363,900	84,800,000	84,800,000	1,008,273,900	218,163,900
TOTAL APPROPRIATIONS.....	\$47,956,637,300	\$8,952,049,100	\$736,127,900	\$428,803,300	\$48,692,765,200	\$9,380,852,400

Table 2

FY 2013-14 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE

Department/Budget Area	Adjusted Gross	Federal Funds	Local & Private Funds	Other State Restricted	State General Fund
Agriculture and Rural Development					
Qualified Forest Affidavit Program	\$2,300,000	\$0	\$0	\$0	\$2,300,000
Pesticide and Plant Pest Management	800,000	0	0	0	800,000
Ottawa County Water Resources Study.....	300,000	0	0	0	300,000
Community Colleges					
Virtual Learning Collaborative	1,100,000	0	0	0	1,100,000
Community Health					
Foregone Medicaid Expansion Savings	103,000,000	0	0	0	103,000,000
Michigan Medicaid Information System.....	18,300,000	16,000,000	0	0	2,300,000
Mental Health Innovation.....	5,000,000	0	0	0	5,000,000
Graduate Medical Education	4,314,200	2,864,200	0	0	1,450,000
University Autism Centers and Services	2,000,000	0	0	0	2,000,000
Island Clinics	325,000	0	0	0	325,000
Corrections					
New Custody Training Staff.....	9,032,500	0	0	0	9,032,500
Environmental Quality					
Wetlands Program.....	600,000	0	0	0	600,000
Hazardous Waste Management.....	400,000	0	0	0	400,000
Human Services					
Information Technology Services and Projects	2,000,000	960,400	0	0	1,039,600
Demonstration Projects	1,500,000	500,000	0	0	1,000,000
Judiciary					
Michigan Court System Case Management System.....	3,490,700	0	0	0	3,490,700
Trial Court Performance Innovation Fund	1,000,000	0	0	0	1,000,000
Licensing and Regulatory Affairs					
Nursing Home Survey Information Technology System	2,140,300	0	0	0	2,140,300
Military and Veterans Affairs					
Veterans Service Delivery Initiative.....	3,955,000	0	0	0	3,955,000
Veterans Affairs Agency Computer Upgrade	1,500,000	0	0	0	1,500,000
County Counselor Education and Training Expenses.....	45,000	0	0	0	45,000
Natural Resources					
Conservation Officer Training.....	600,000	0	0	0	600,000
School Aid					
Best Practices.....	80,000,000	0	0	80,000,000	0
Technology Infrastructure Grants.....	50,000,000	0	0	45,000,000	5,000,000
Foundation Allowance-Equity Payment.....	36,000,000	0	0	36,000,000	0
Foundation Allowance-Small Class Size Adjustment.....	9,000,000	0	0	9,000,000	0
Competitive Student Centered Learning Grants	8,000,000	0	0	8,000,000	0

Table 2 - continued

FY 2013-14 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE					
Department/Budget Area	Adjusted Gross	Federal Funds	Local & Private Funds	Other State Restricted	State General Fund
School Aid (continued)					
District Consolidation Grant.....	5,000,000	0	0	5,000,000	0
First Robotics.....	3,000,000	0	0	3,000,000	0
Career Prep-Michigan Merit Exam Integration Grant.....	1,000,000	0	0	1,000,000	0
Career Prep-Transfer Credit Partnership Grant.....	1,000,000	0	0	1,000,000	0
General Fund Support for School Aid.....	0	0	0	(45,000,000)	45,000,000
State Police					
At-Post Troopers-Trooper School.....	3,661,900	0	0	0	3,661,900
Disaster and Emergency Contingency Fund.....	2,000,000	0	0	0	2,000,000
Grand Rapids Forensics Laboratory.....	400,000	0	0	0	400,000
Emergency Response Team Vehicle Replacement.....	350,000	0	0	0	350,000
Secondary Road Patrol Program.....	150,000	0	0	0	150,000
Technology, Management, and Budget					
Technology Services Funding (\$21.3 million IDG).....	0	0	0	0	0
State Facilities Special Maintenance and Remodeling.....	10,000,000	0	0	0	10,000,000
Regional Prosperity Grants.....	2,500,000	0	0	0	2,500,000
Legal Services.....	2,000,000	0	0	0	2,000,000
Delta County Bridge Removal.....	1,500,000	0	0	0	1,500,000
Transportation					
Federal Match for State Trunkline Rd/Bridge Construction.....	121,300,000	0	0	0	121,300,000
Priority Roads Investment Program.....	115,000,000	0	0	115,000,000	0
Treasury - Operations					
Distressed Communities.....	5,000,000	0	0	0	5,000,000
Michigan Casino Gaming Board System Replacement.....	3,000,000	0	0	3,000,000	0
Sales/Use Taxes and Withholding System Replacement.....	1,763,300	0	0	0	1,763,300
Treasury - Revenue Sharing					
Competitive Grant Assistance Program.....	10,000,000	0	0	10,000,000	0
Economic Vitality Incentive Program.....	9,500,000	0	0	9,500,000	0
County Incentive Program.....	6,500,000	0	0	6,500,000	0
Treasury - Strategic Fund					
Film Incentive Program.....	50,000,000	0	0	0	50,000,000
Business Attraction and Community Revitalization.....	24,800,000	0	0	0	24,800,000
Skilled Trades Training Program.....	10,000,000	0	0	0	10,000,000
Subtotal One-Time Appropriations.....	\$736,127,900	\$20,324,600	\$0	\$287,000,000	\$428,803,300
Appropriation to the Budget Stabilization Fund.....	75,000,000	0	0	0	75,000,000
Appropriation to the Roads and Risks Reserve Fund.....	230,000,000	0	0	0	230,000,000
Approp. from Roads/Risks Reserve Fund to Transportation.....	(115,000,000)	0	0	(115,000,000)	0
TOTAL ONE-TIME INITIAL APPROPRIATIONS.....	\$926,127,900	\$20,324,600	\$0	\$172,000,000	\$733,803,300

GUBERNATORIAL VETOES

Governor Snyder, through his constitutional line-item veto authority granted under Article V, Section 19 of the State Constitution of 1963, vetoed \$1.8 million of Adjusted Gross appropriations and \$340,000 of General Fund/General Purpose³ (GF/GP) appropriations. Table 3 provides a summary of the line-item vetoes by department. There were only two vetoes and the largest was in the Department of Transportation, where the Governor removed \$1.5 million of State Restricted transportation revenue for a high speed rail traffic control pilot project. The other veto was in the Department of Treasury's Michigan Strategic Fund, where the Governor eliminated \$340,000 GF/GP for the Detroit and Grand Rapids precollege engineering programs. Further specific departmental information on these vetoes is included in the Budget Area Detail section of this report.

Table 3
FY 2013-14
LINE-ITEM VETOES
(Actual Dollars)

Budget Area/Item	Adjusted Gross	General Fund/ General Purpose
Transportation		
High Speed Rail Traffic Control Pilot Project.....	(\$1,500,000)	\$0
Treasury - Strategic Fund		
Detroit/Grand Rapids Precollege Engineering Programs.....	(340,000)	(340,000)
TOTAL VETOES	(\$1,840,000)	(\$340,000)

FY 2013-14 INITIAL APPROPRIATIONS

The initial level of FY 2013-14 Adjusted Gross appropriations totals \$48.7 billion. This level of Adjusted Gross appropriations includes \$19.3 billion of Federal funds, \$533.5 million of local and private revenue, \$19.4 billion of State Restricted revenue, and \$9.4 billion of State General Fund/General Purpose revenue. Table 4 and Figure A summarize these appropriations by department and by fund source. Initial FY 2013-14 Adjusted Gross appropriations represent a \$1.0 billion or 2.2% increase from the year-to-date (as of July 3, 2013) level of FY 2012-13 appropriations. Initial State Spending from State Resources appropriations total \$28.8 billion, an increase of \$1.0 billion or 3.6% from the year-to-date level of FY 2012-13 appropriations. Initial GF/GP appropriations total \$9.4 billion, an increase of \$356.6 million or 4.0% from the year-to-date level of FY 2012-13 appropriations. Tables 5, 6, and 7 and Figures B, C, and D provide a department-by-department comparison of FY 2013-14 initial appropriations to FY 2012-13 year-to-date appropriations in terms of Adjusted Gross, State Spending from State Resources, and GF/GP appropriations, respectively.

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

Table 4

APPROPRIATIONS BY SOURCE OF FUNDS					
FY 2013-14 INITIAL ONGOING AND ONE-TIME APPROPRIATIONS					
Department/Budget Area	Adjusted Gross	Federal Funds	Local & Private Funds	Other State Restricted	General Fund
Agriculture and Rural Development.....	\$79,659,000	\$9,960,900	\$96,900	\$29,020,900	\$40,580,300
Attorney General.....	61,951,400	9,838,200	0	17,631,900	34,481,300
Capital Outlay.....	0	0	0	0	0
Civil Rights.....	15,198,300	2,690,200	18,700	151,900	12,337,500
Community Colleges.....	335,977,600	0	0	197,614,100	138,363,500
Community Health.....	15,375,292,500	9,915,647,000	378,162,600	2,165,435,800	2,916,047,100
Corrections.....	2,055,537,200	8,852,500	8,392,800	56,026,100	1,982,265,800
Education.....	298,366,000	211,873,000	7,567,000	8,032,100	70,893,900
Environmental Quality.....	507,766,900	150,779,700	541,800	327,340,900	29,104,500
Executive.....	5,370,000	0	0	0	5,370,000
Higher Education.....	1,430,573,500	97,026,400	0	200,565,700	1,132,981,400
Human Services.....	6,000,256,300	4,814,517,900	47,268,400	135,470,000	1,003,000,000
Insurance and Financial Services.....	74,627,900	2,000,000	0	61,627,900	11,000,000
Judiciary.....	281,063,600	5,343,900	8,064,600	84,213,800	183,441,300
Legislative Auditor General.....	15,862,300	0	0	1,951,000	13,911,300
Legislature.....	123,819,300	0	400,000	1,109,800	122,309,500
Licensing and Regulatory Affairs.....	488,690,500	195,559,900	2,668,300	265,457,400	25,004,900
Military and Veterans Affairs.....	166,080,000	89,782,700	2,240,000	27,554,000	46,503,300
Natural Resources.....	341,576,600	67,127,300	7,237,200	241,925,500	25,286,600
Natural Resources Trust Fund.....	0	0	0	0	0
School Aid.....	13,361,803,600	1,764,421,300	0	11,367,382,300	230,000,000
State.....	199,548,900	1,810,000	100	182,485,400	15,253,400
State Police.....	581,599,300	98,846,100	7,207,200	122,071,700	353,474,300
Technology, Management, and Budget.....	513,215,300	8,790,900	1,511,200	94,125,900	408,787,300
Transportation.....	3,593,491,600	1,198,885,500	50,277,100	2,223,029,000	121,300,000
Treasury - Debt Service.....	154,202,500	0	0	3,014,500	151,188,000
Treasury - Operations.....	489,103,500	39,410,400	1,981,500	357,908,300	89,803,300
Treasury - Revenue Sharing.....	1,133,857,700	0	0	1,133,857,700	0
Treasury - Strategic Fund.....	1,008,273,900	638,370,300	9,888,400	141,851,300	218,163,900
TOTAL APPROPRIATIONS.....	\$48,692,765,200	\$19,331,534,100	\$533,523,800	\$19,446,854,900	\$9,380,852,400

Figure A

Appropriations by Source of Funds

FY 2013-14 Initial Appropriations

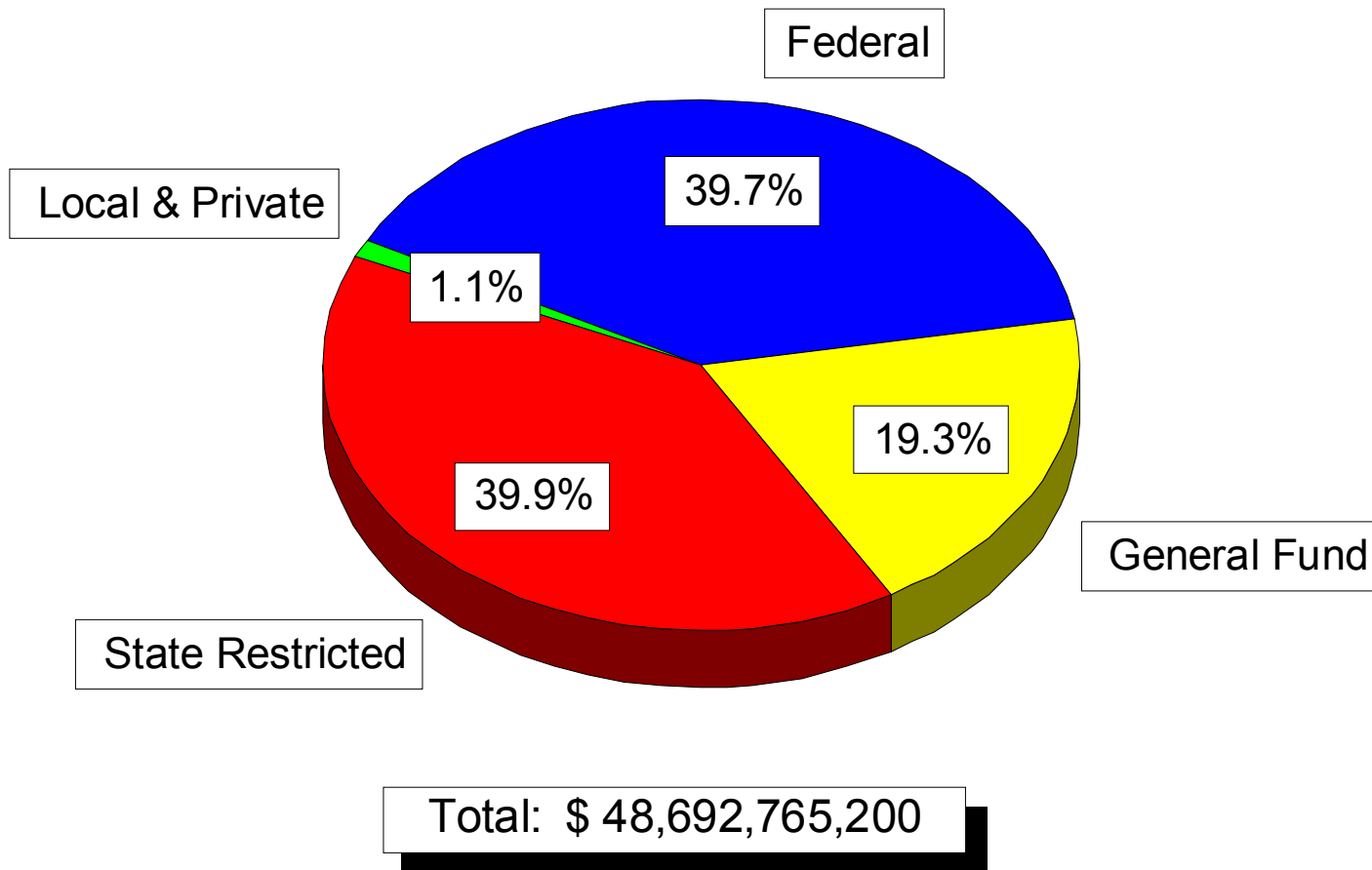


Table 5
ADJUSTED GROSS APPROPRIATIONS
FY 2012-13 VERSUS FY 2013-14

Department/Budget Area	FY 2012-13 Year-to-Date Appropriations¹⁾	FY 2013-14 Initial Appropriations	Dollar Difference	Percent Change
Agriculture and Rural Development.....	\$78,013,700	\$79,659,000	\$1,645,300	2.1%
Attorney General.....	62,759,400	61,951,400	(808,000)	(1.3)
Capital Outlay	700	0	(700)	(100.0)
Civil Rights	14,805,700	15,198,300	392,600	2.7
Community Colleges.....	306,630,500	335,977,600	29,347,100	9.6
Community Health	14,930,580,600	15,375,292,500	444,711,900	3.0
Corrections.....	2,020,023,500	2,055,537,200	35,513,700	1.8
Education	313,376,700	298,366,000	(15,010,700)	(4.8)
Environmental Quality.....	423,308,700	507,766,900	84,458,200	20.0
Executive	4,887,900	5,370,000	482,100	9.9
Higher Education	1,399,220,400	1,430,573,500	31,353,100	2.2
Human Services.....	6,131,241,700	6,000,256,300	(130,985,400)	(2.1)
Insurance and Financial Services.....	0	74,627,900	74,627,900	100.0
Judiciary.....	271,790,200	281,063,600	9,273,400	3.4
Legislative Auditor General.....	14,895,600	15,862,300	966,700	6.5
Legislature	111,172,500	123,819,300	12,646,800	11.4
Licensing and Regulatory Affairs.....	642,159,400	488,690,500	(153,468,900)	(23.9)
Military and Veterans Affairs.....	179,041,100	166,080,000	(12,961,100)	(7.2)
Natural Resources	357,216,600	341,576,600	(15,640,000)	(4.4)
Natural Resources Trust Fund.....	23,348,700	0	(23,348,700)	(100.0)
School Aid.....	12,912,055,600	13,361,803,600	449,748,000	3.5
State.....	201,029,300	199,548,900	(1,480,400)	(0.7)
State Police.....	559,873,200	581,599,300	21,726,100	3.9
Technology, Management, and Budget.....	508,408,700	513,215,300	4,806,600	0.9
Transportation.....	3,478,302,200	3,593,491,600	115,189,400	3.3
Treasury - Debt Service.....	140,554,900	154,202,500	13,647,600	9.7
Treasury - Operations	494,432,700	489,103,500	(5,329,200)	(1.1)
Treasury - Revenue Sharing.....	1,087,251,000	1,133,857,700	46,606,700	4.3
Treasury - Strategic Fund	985,417,600	1,008,273,900	22,856,300	2.3
TOTAL APPROPRIATIONS	\$47,651,798,800	\$48,692,765,200	\$1,040,966,400	2.2%

¹⁾ Appropriation as of July 3, 2013.

Figure B

Adjusted Gross FY 2013-14 Initial Appropriations

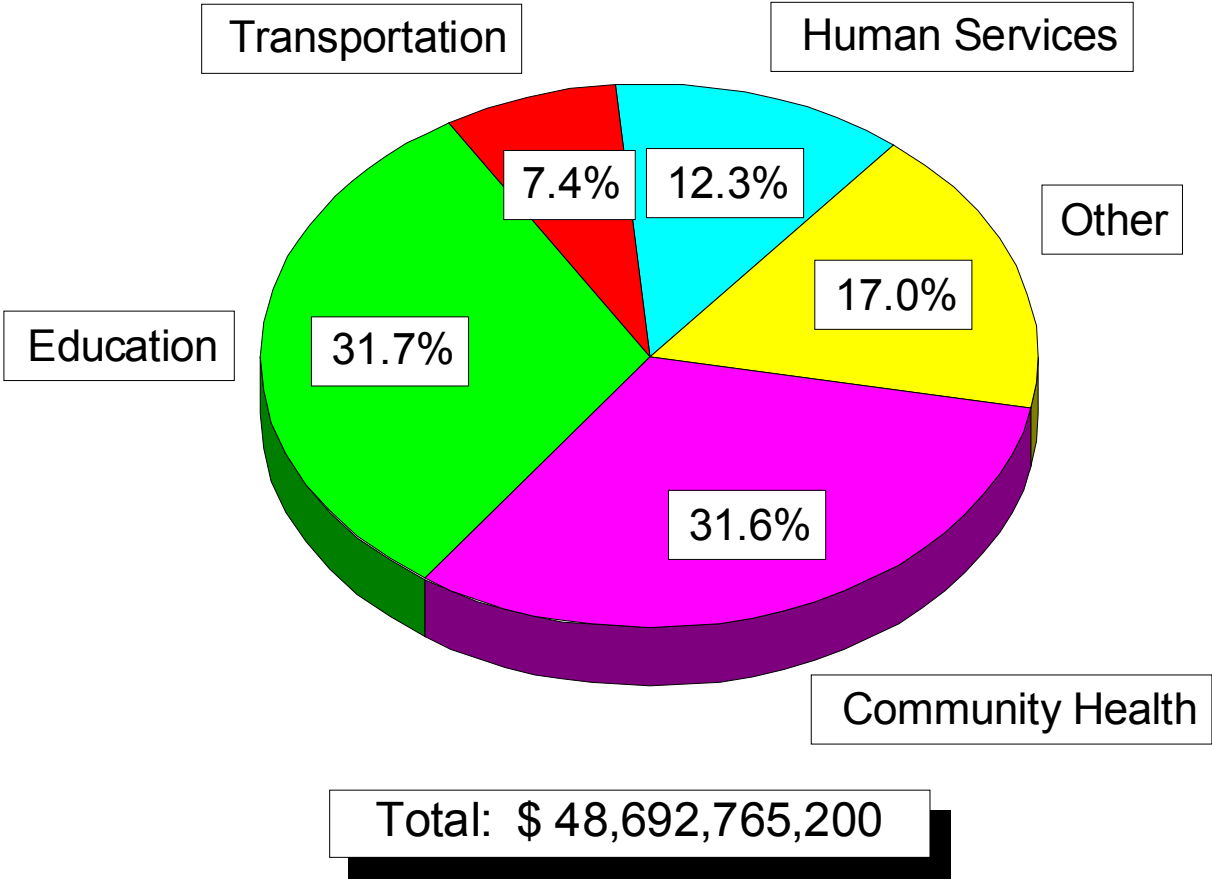


Table 6
STATE SPENDING FROM STATE RESOURCES
FY 2012-13 VERSUS FY 2013-14

Department/Budget Area	FY 2012-13 Year-to-Date Appropriations¹⁾	FY 2013-14 Initial Appropriations	Dollar Difference	Percent Change
Agriculture and Rural Development.....	\$65,833,300	\$69,601,200	\$3,767,900	5.7%
Attorney General.....	52,826,800	52,113,200	(713,600)	(1.4)
Capital Outlay	700	0	(700)	(100.0)
Civil Rights	12,105,500	12,489,400	383,900	3.2
Community Colleges.....	306,630,500	335,977,600	29,347,100	9.6
Community Health	4,948,404,300	5,081,482,900	133,078,600	2.7
Corrections.....	2,008,225,100	2,038,291,900	30,066,800	1.5
Education	76,134,000	78,926,000	2,792,000	3.7
Environmental Quality.....	261,088,000	356,445,400	95,357,400	36.5
Executive	4,887,900	5,370,000	482,100	9.9
Higher Education	1,302,194,000	1,333,547,100	31,353,100	2.4
Human Services.....	1,103,713,700	1,138,470,000	34,756,300	3.1
Insurance and Financial Services.....	0	72,627,900	72,627,900	100.0
Judiciary.....	257,133,700	267,655,100	10,521,400	4.1
Legislative Auditor General.....	14,895,600	15,862,300	966,700	6.5
Legislature	110,772,500	123,419,300	12,646,800	11.4
Licensing and Regulatory Affairs.....	370,779,400	290,462,300	(80,317,100)	(21.7)
Military and Veterans Affairs.....	76,794,400	74,057,300	(2,737,100)	(3.6)
Natural Resources	283,452,600	267,212,100	(16,240,500)	(5.7)
Natural Resources Trust Fund.....	23,348,700	0	(23,348,700)	(100.0)
School Aid.....	11,211,014,200	11,597,382,300	386,368,100	3.4
State.....	198,859,200	197,738,800	(1,120,400)	(0.6)
State Police.....	447,861,500	475,546,000	27,684,500	6.2
Technology, Management, and Budget.....	497,433,400	502,913,200	5,479,800	1.1
Transportation.....	2,194,291,900	2,344,329,000	150,037,100	6.8
Treasury - Debt Service.....	140,554,900	154,202,500	13,647,600	9.7
Treasury - Operations	451,564,700	447,711,600	(3,853,100)	(0.9)
Treasury - Revenue Sharing.....	1,087,251,000	1,133,857,700	46,606,700	4.3
Treasury - Strategic Fund.....	317,583,500	360,015,200	42,431,700	13.4
TOTAL APPROPRIATIONS	\$27,825,635,000	\$28,827,707,300	\$1,002,072,300	3.6%

¹⁾ Appropriation as of July 3, 2013.

Figure C

State Spending From State Resources FY 2013-14 Initial Appropriations

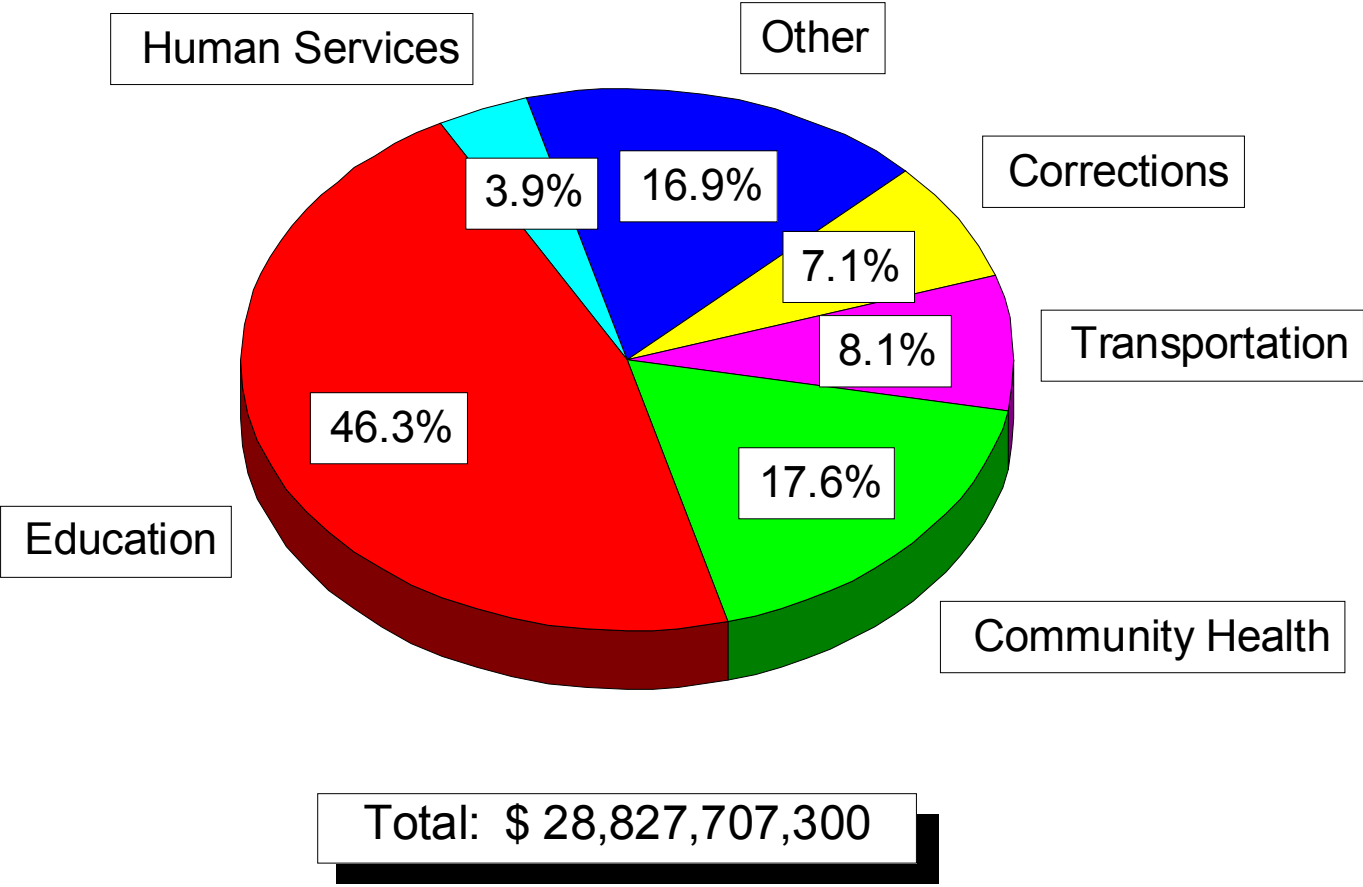


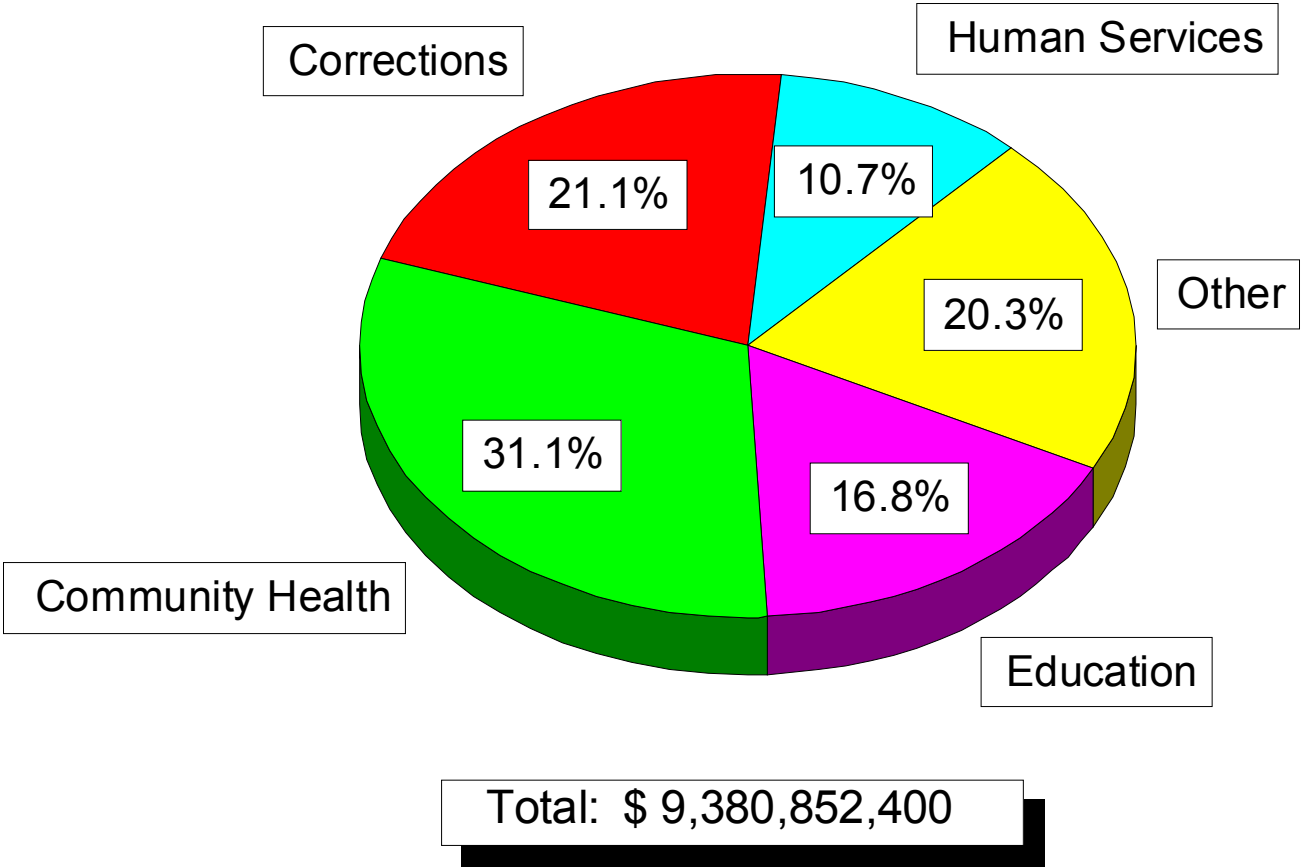
Table 7

GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS FY 2012-13 VERSUS FY 2013-14				
Department/Budget Area	FY 2012-13 Year-to-Date Appropriations ¹⁾	FY 2013-14 Initial Appropriations	Dollar Difference	Percent Change
Agriculture and Rural Development.....	\$37,098,900	\$40,580,300	\$3,481,400	9.4%
Attorney General.....	33,825,800	34,481,300	655,500	1.9
Capital Outlay	700	0	(700)	(100.0)
Civil Rights	11,953,600	12,337,500	383,900	3.2
Community Colleges.....	109,016,400	138,363,500	29,347,100	26.9
Community Health	2,787,167,600	2,916,047,100	128,879,500	4.6
Corrections.....	1,941,235,600	1,982,265,800	41,030,200	2.1
Education	68,443,200	70,893,900	2,450,700	3.6
Environmental Quality.....	29,812,400	29,104,500	(707,900)	(2.4)
Executive	4,887,900	5,370,000	482,100	9.9
Higher Education	1,101,628,300	1,132,981,400	31,353,100	2.8
Human Services.....	1,029,205,100	1,003,000,000	(26,205,100)	(2.5)
Insurance and Financial Services.....	0	11,000,000	11,000,000	100.0
Judiciary.....	171,571,500	183,441,300	11,869,800	6.9
Legislative Auditor General.....	13,004,900	13,911,300	906,400	7.0
Legislature	109,662,700	122,309,500	12,646,800	11.5
Licensing and Regulatory Affairs.....	39,745,200	25,004,900	(14,740,300)	(37.1)
Military and Veterans Affairs.....	46,367,400	46,503,300	135,900	0.3
Natural Resources	31,337,900	25,286,600	(6,051,300)	(19.3)
Natural Resources Trust Fund.....	0	0	0	0.0
School Aid.....	282,400,000	230,000,000	(52,400,000)	(18.6)
State.....	14,888,100	15,253,400	365,300	2.5
State Police.....	319,513,800	353,474,300	33,960,500	10.6
Technology, Management, and Budget.....	406,916,200	408,787,300	1,871,100	0.5
Transportation.....	23,000,000	121,300,000	98,300,000	427.4
Treasury - Debt Service.....	135,040,400	151,188,000	16,147,600	12.0
Treasury - Operations	101,794,500	89,803,300	(11,991,200)	(11.8)
Treasury - Revenue Sharing.....	0	0	0	0.0
Treasury - Strategic Fund	174,722,400	218,163,900	43,441,500	24.9
TOTAL APPROPRIATIONS	\$9,024,240,500	\$9,380,852,400	\$356,611,900	4.0%

¹⁾ Appropriation as of July 3, 2013.

Figure D

General Fund/General Purpose FY 2013-14 Initial Appropriations



HIGHLIGHTS OF CHANGES IN STATE APPROPRIATIONS

There are various elements that comprise the \$1.0 billion of Adjusted Gross appropriation changes and the \$356.6 million of GF/GP changes, including: new programs, program increases, program eliminations and reductions, fund shifts, and economic adjustments. The \$1.0 billion of Adjusted Gross appropriation changes consist of \$100.9 million for new programs, \$1.8 billion for program funding increases, \$1.4 billion of savings due to program eliminations and funding reductions, \$187.1 million for standard economic adjustments, \$0.9 million for unclassified salary increases, \$53.2 million of savings from the removal of FY 2012-13 one-time lump sum payments to State employees, and \$345.2 million of technical adjustments to account for base funding changes such as FY 2012-13 supplemental appropriations and contingency fund transfers, certain one-time appropriations, and other technical issues. A summary of the Adjusted Gross and GF/GP appropriation changes from FY 2012-13 to FY 2013-14 is presented in [Table 8](#). [Tables 9](#) through [12](#) provide details on the appropriation changes.

Table 8

SUMMARY OF FY 2013-14 APPROPRIATION CHANGES		
(Millions of Dollars)		
	Adjusted Gross	GF/GP
FY 2012-13 Year-to-Date Appropriation¹⁾	\$47,651.8	\$9,024.2
Changes for FY 2013-14:		
New Programs	\$100.9	\$49.1
Program Increases	1,826.6	485.3
Program Eliminations/Reductions	(1,366.6)	(159.2)
Major Fund Shifts Affecting GF/GP	0.0	(36.2)
Economic Adjustments	187.1	96.0
Unclassified Salaries	0.9	0.7
One-Time Employee Lump Sum Payments	(53.2)	(25.3)
Technical Adjustments	345.2	(53.7)
TOTAL CHANGES	\$1,041.0	\$356.6
FY 2013-14 Initial Appropriation	\$48,692.8	\$9,380.9

¹⁾ Appropriation as of July 3, 2013.

There are a number of new programs for FY 2013-14, as well as other funding increases that are primarily attributable to caseload and cost issues in the Department of Community Health and in the School Aid budgets. [Table 9](#) summarizes FY 2013-14 Adjusted Gross and GF/GP funding for new programs by department. New programs in various departments account for \$100.9 million of Adjusted Gross and \$49.1 million of GF/GP appropriations. The largest GF/GP piece of the new programs' total is \$10.0 million for a Skilled Trades Training Program that will be administered by the Michigan Strategic Fund Agency within the Department of Treasury. The largest new program Adjusted Gross appropriation is \$19.3 million of State Restricted transportation revenue for the State takeover of the Amtrak Wolverine rail line.

In addition to new programs, there are Adjusted Gross funding increases of \$1.8 billion and GF/GP increases of \$485.3 million, which are outlined in [Table 10](#). The largest Adjusted Gross increase is \$263.0 million (\$20.2 million GF/GP) for the Community Colleges and School Aid budgets due to the Michigan Public School Employees Retirement System (MPERS) rate cap for local units that requires the State to fund the difference between the actual rate and the cap. There are several major funding increases in the Department of Community Health: \$193.0 million Adjusted Gross

(\$65.7 million GF/GP) for Medicaid base and caseload adjustments, \$112.5 million (\$37.9 million GF/GP) for actuarially sound rates for Medicaid health maintenance organizations and pre-paid inpatient health plans, and \$103.2 million (no GF/GP) for an increase in Medicaid primary care rates to Medicare. The next-largest increase is in the Department of Transportation for the Priority Roads Investment Program, which received a \$115.0 million State Restricted revenue appropriation from the Roads and Risks Reserve Fund. There is a \$100.0 million increase of State Restricted revenue for the Department of Environmental Quality's Strategic Water Quality Initiatives Fund for grants and loans, \$60.0 million in new State Restricted utility fee revenue in the Department of Human Services for the Michigan Energy Assistance Program for low-income individuals, and 2.0% operations increases for both State Universities and Community Colleges, \$21.9 million and \$5.8 million, respectively. These eight Adjusted Gross funding increases of \$974.4 million represent 53.3% of the total FY 2013-14 initial appropriation Adjusted Gross funding increases.

Table 11 outlines the programs eliminated, and those with reduced funding, in the FY 2013-14 initial appropriations. Of the total \$1.4 billion in Adjusted Gross program eliminations and reductions, \$683.7 million, or 50.0%, is due to the downward revision in the consensus caseload estimate for the Department of Human Services' food assistance program. Another \$138.5 million Adjusted Gross reduction (\$77.3 million GF/GP) reflects the removal of one-time FY 2012-13 appropriations, and there is an Adjusted Gross appropriation reduction of \$110.0 million due to the elimination of a temporary earmark of sales tax revenue for transportation spending.

In addition to the new programs, program increases, and program eliminations and reductions outlined in Tables 9, 10, and 11, there are numerous fund shifts in the FY 2013-14 budget that either increase or decrease GF/GP appropriations. These fund shifts produce a net decrease of \$36.2 million in GF/GP appropriation levels, and are listed in Table 12.

Table 9

FY 2013-14 INITIAL APPROPRIATIONS NEW PROGRAMS (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Agriculture and Rural Development		
Food and Agriculture Industry Growth Initiative	\$1.0	\$1.0
Community Health		
Infant Mortality Plan	2.0	2.0
Health Care Transformation Office	1.8	1.5
Jail Diversion Initiative	1.6	1.6
Health Innovation Grants for Local and Private Entities	1.5	1.5
Behavioral Health Homes Demonstration Projects.....	0.9	0.1
Alternative Pregnancy/Parenting Home Support Pilot Program	0.7	0.7
All Payer Claims Database	0.3	0.3
Veterans' Mental Health/Substance Abuse Services	0.1	0.1
Mental Health Innovations Fund (one-time).....	5.0	5.0
Corrections		
City of Detroit Detention Center	5.6	0.0
Helping Individuals Return to Employment (HIRE) Pilot Program	1.0	1.0
Goodwill's Oil Filter Recycling Project	0.3	0.3
Human Services		
Centers for Independent Living Pilot Program	1.5	1.5
Campus Coaches Services for Foster Care Children.....	0.8	0.2
Gentle Teaching Methods Pilot Program	0.1	0.1
Juvenile Justice Analyst.....	0.1	0.1
Judiciary		
Veterans' Courts	0.5	0.5
Michigan Court System Implementation (one-time).....	3.5	3.5
Trial Court Performance Innovations Fund (one-time)	1.0	1.0
Licensing and Regulatory Affairs		
Medical Marihuana Operation and Oversight Grants	3.0	0.0
Nursing Home Survey Project (one-time)	2.1	2.1
Military and Veterans Affairs		
Veterans Affairs Agency	4.0	4.0
Veterans Affairs Agency Design and Development (one-time)	4.0	4.0
Natural Resources		
Capital Outlay Projects	2.9	0.0
Belle Isle Management	2.5	2.5

Table 9 - continued

FY 2013-14 INITIAL APPROPRIATIONS NEW PROGRAMS (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
School Aid		
Hold-Harmless in Per-Pupil Funding.....	6.0	0.0
Bilingual Education	1.2	0.0
Student Centric Grants (one-time).....	8.0	0.0
FIRST Robotics (one-time)	3.0	0.0
Articulation and Transfer Partnerships (one-time).....	1.0	0.0
Transportation		
State Takeover of Amtrak Wolverine Rail Line.....	19.3	0.0
Treasury - Strategic Fund		
Special Projects	4.6	4.6
Skilled Trades Training Program (one-time).....	10.0	10.0
TOTAL NEW PROGRAMS	\$100.9	\$49.1

Table 10

FY 2013-14 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Agriculture and Rural Development		
Export Assistance	\$1.0	\$1.0
Food Safety Initiative	0.3	0.3
Farmland and Open Space Preservation	0.2	0.0
Agriculture Development/County Fair Capital Improvement Grants.....	0.2	0.2
Producer Security/Grain Dealer Program	0.2	0.0
Qualified Forest Affidavit Program (one-time)	1.7	1.7
Pesticide and Plant Pest Management (one-time)	0.8	0.8
Ottawa County Water Resource Study (one-time)	0.3	0.3
Attorney General		
Operations Increase for Legal Services.....	1.3	0.0
Fraud Prevention/Prosecution (\$333,000 IDG from DHS)	0.0	0.0
Civil Rights		
Division on Deaf and Hard of Hearing	0.1	0.1
Hispanic/Latino Commission Funding	0.1	0.1

Table 10 - continued

FY 2013-14 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Community Colleges		
MPERS Rate Cap for Community Colleges	18.9	18.9
2% Increase for College Operations	5.8	5.8
Virtual Learning Collaborative (one-time)	1.1	1.1
Community Health		
Medicaid Base and Caseload Adjustments	193.0	65.7
Increase in Medicaid Primary Care Rates to Medicare	103.2	0.0
Medicaid Managed Care Actuarial Soundness.....	112.5	37.9
Medicaid Autism Services	20.5	6.9
Michigan/Illinois CHAMPS (Information System) Alliance	15.0	0.0
Healthy Kids Dental Program Expansion.....	11.6	3.9
AIDS Pharmaceutical Rebate Adjustment	10.6	0.0
Other Caseload and Program Cost Increases.....	11.2	7.1
University Autism Programs-Central/Eastern/Oakland/Western (one-time).....	2.0	2.0
Corrections		
Special Equipment and Maintenance	6.0	0.0
Information Technology Upgrades.....	0.9	0.9
Detroit Reentry Center Staff.....	0.9	0.9
Alger Housing Unit Conversion.....	0.5	0.5
Post-Closure Facility Maintenance	0.6	0.6
New Employee Training School (one-time)	9.0	9.0
Education		
Renaissance Zone Reimbursements to Libraries	1.5	1.5
State Aid to Libraries.....	1.4	1.4
Accounting/Charter School/School Improvement Support	0.4	0.2
Information Technology Upgrades.....	0.1	0.0
Environmental Quality		
Strategic Water Quality Initiatives Fund Grants and Loans.....	100.0	0.0
Refined Petroleum Product Cleanup Program	2.5	0.0
Brownfield Redevelopment Grants	0.5	0.0
Surface Water State Match.....	0.2	0.2
Wetlands Program (one-time).....	0.6	0.6
Hazardous Waste Management (one-time).....	0.4	0.4
Executive Office		
Administrative Costs	0.1	0.1
Higher Education		
2% Increase for University Operations	21.9	21.9
MPERS Reimbursements.....	2.0	2.0

Table 10 - continued

FY 2013-14 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Higher Education (continued)		
MSU Agriculture/Bio Research and Extension	2.1	2.1
Tuition Incentive Program	3.2	3.2
Children of Veterans/Officers Survivors Grants	0.2	0.2
Human Services		
Michigan Energy Assistance Program	60.0	0.0
Adoption Subsidy Per Diem Rate Increase	20.5	0.4
Child Welfare Staff Enhancement.....	20.1	6.2
Family Independence Program Time Limit Exemptions	6.0	0.0
Information Technology Upgrades.....	6.0	2.1
Indigent Burial	3.3	3.0
Child Placing Agencies Per Diem Rate Increase.....	5.1	3.8
Child Support State Disbursement Unit	3.0	0.8
Rape Prevention	2.5	0.0
Child Abuse Prevention Services Expansion/Title IV-E Waiver	2.5	0.0
Disability Determination Operations.....	2.4	0.2
Salary, Retirement, and Health Care Base Funding Adjustments.....	22.0	30.0
Other Caseload and Program Cost Increases.....	10.6	5.3
Information Technology Investments for BRIDGES (one-time).....	2.0	1.0
Information Technology Equipment for Fraud Prevention (one-time).....	1.5	1.0
Judiciary		
Drug and Sobriety Courts Regionalization/Expansion.....	2.5	2.5
Mental Health Court Expansion	2.0	2.0
State Appellate Defender Staff Increase	0.2	0.2
Legislative Auditor General		
Enhanced Services and Information Technology Audits	0.7	0.7
Legislature		
Operations, Retirement, and Information Technology.....	12.8	12.8
Licensing and Regulatory Affairs		
Information Technology Upgrades.....	0.4	0.0
Military and Veterans Affairs		
Veterans Homes Medical Care	2.6	2.6
Land and Acquisitions for Training Sites	0.8	0.0
Veterans Service Officers	0.6	0.6
Veterans Homes Maintenance.....	0.5	0.5
Veterans Employment Database Enhancements (one-time)	1.5	1.5
Veterans Counselor Training and Education (one-time).....	0.0	0.0

Table 10 - continued

FY 2013-14 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Natural Resources		
Wildlife/Conservation Staffing from License Fee Increase	11.4	0.0
Trails and Trail Maintenance from License Fee Increase	2.7	0.0
New Conservation Officer School	4.0	4.0
Wildfire Protection	0.8	0.8
Information Technology Upgrades	0.2	0.0
Conservation Officer Training (one-time)	0.6	0.6
School Aid		
MPSERS Rate Cap	244.1	1.3
Increase in Basic Foundation Allowance	80.0	0.0
Great Start Readiness Programs	65.0	0.0
Increase in Federal Funds	63.4	0.0
Fully Fund Pupil Performance Grants	16.4	0.0
Michigan Virtual University	5.0	5.0
Other Technical and Cost Adjustments	22.9	2.2
Equity Payment (one-time)	36.0	0.0
Integration of Merit Curriculum and Career/Technical Education (one-time)	1.0	0.0
State		
Driver Look-Up Fees Revenue Increase	4.7	0.0
Contractual/Customer Services	0.5	0.5
Information Technology Upgrades	0.2	0.0
State Police		
Trooper School Graduates and New Trooper School (107)	11.0	11.0
Mobile Computers Data Costs	2.2	2.1
State Capitol Complex Security	1.8	1.8
Security at Major State Events	1.2	1.2
Collins Road Rent	0.4	0.4
New Trooper School Support Costs (one-time)	3.7	3.7
Disaster and Emergency Contingency Fund (one-time)	2.0	2.0
Grand Rapids Forensic Laboratory (one-time)	0.4	0.4
Emergency Response Team Specialized Vehicles (one-time)	0.4	0.4
Secondary Road Patrol Grant Program (one-time)	0.2	0.2
Technology, Management, and Budget		
Cyber Security Services	2.0	2.0
State Building Authority Rent	1.7	1.7
Office of Retirement Services Pension Prefunding for Military/Veterans Affairs	0.8	0.8
Replace Lost Federal Funds for Labor Market Information Strategies	0.6	0.6
Procurement Project Management	0.5	0.5

Table 10 - continued

FY 2013-14 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Technology, Management, and Budget (continued)		
Information Technology Upgrades.....	0.4	0.2
Special Maintenance for State Facilities (one-time)	10.0	10.0
Litigation Costs (one-time)	2.0	2.0
Regional Prosperity Grant Program (one-time)	2.5	2.5
Old Escanaba River Bridge Demolition (one-time).....	1.5	1.5
Transportation		
Blue Water Bridge Customs Plaza.....	25.8	0.0
Road and Bridge Programs	8.2	0.0
Debt Service.....	2.0	0.0
Priority Roads Investment Program (one-time)	115.0	0.0
Federal Aid Match for Road and Bridge Construction (one-time).....	98.3	98.3
Treasury - Debt Service		
Great Lakes Water Quality Bond	9.4	9.4
Clean Michigan Initiative	2.9	2.9
Quality of Life Bond.....	2.3	2.3
Treasury - Operations		
Facility for Rare Isotope Beams (FRIB) Debt Service	5.0	5.0
Digital Tobacco Stamps	3.0	0.0
Payments in Lieu of Taxes.....	1.7	1.0
Information Technology Upgrades.....	1.1	1.0
Dual Enrollment Payments	0.5	0.5
Casino Gaming Control Board Information Technology (one-time).....	3.0	0.0
Computer System Improvements (one-time).....	1.8	1.8
Treasury - Revenue Sharing		
Constitutional Revenue Sharing	20.6	0.0
County Revenue Sharing.....	12.1	0.0
Economic Vitality Incentive Program	8.8	0.0
County Incentive Program (one-time).....	4.0	0.0
Economic Vitality Incentive Program (one-time).....	2.0	0.0
Treasury - Strategic Fund		
Pure Michigan	4.0	0.0
Innovation and Entrepreneurship.....	3.5	0.0
Arts and Cultural Grants and Administration	2.4	2.4
Federal Project GEAR-UP	1.7	0.0
Information Technology Upgrades.....	0.2	0.0
Business Attraction and Community Revitalization (one-time).....	24.8	24.8
TOTAL PROGRAM INCREASES	\$1,826.6	\$485.3

Table 11
FY 2013-14 INITIAL APPROPRIATIONS
PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS
(Millions of Dollars)

Budget Area/Program	Adjusted Gross	GF/GP
Agriculture and Rural Development		
Loss of Federal/Restricted Revenue for Food Safety/Animal Industry	(\$1.4)	\$0.0
Remove Rural Value-Added Grants (one-time)	(0.9)	(0.9)
Remove Food Safety Funding (one-time)	(0.5)	(0.5)
Community Health		
Harper/Hutzel Hospital Rate Adjustor Payment (eliminate)	(20.0)	(6.7)
Transitional Medicaid Plus Program (eliminate)	(0.2)	(0.2)
Third Party Liability Savings	(7.5)	(2.5)
Dual Eligible Waiver Savings	(5.3)	(1.8)
Loss of Escheats Funding for Senior Respite Services	(4.2)	0.0
Jail Diversion Program Facility Savings	(3.3)	(1.6)
Healthy Kids Dental and MIChild Dental Rates	(1.6)	(0.5)
Loss of Various Program Grants	(0.5)	(0.0)
Medicaid Computer Project Funding Reduction (one-time)	(11.7)	(0.7)
Remove Health/Wellness Funding (one-time)	(5.0)	(5.0)
Corrections		
Food Service Funding	(6.0)	(6.0)
Information Technology Projects (one-time)	(1.1)	(1.1)
Education		
Child Development and Care Caseload Adjustment	(4.5)	0.0
Federal and Private Funding Authorization	(2.7)	0.0
Central Michigan University Central Assessment Lending Library (one-time)	(0.1)	(0.1)
Environmental Quality		
Wickes TCE Plume Study (eliminate)	(0.3)	0.0
MiWaters Information Technology System Rewrite Funding	(2.0)	0.0
Office of Environmental Assistance	(0.5)	0.0
Remove Drinking Water Revolving Fund (one-time)	(2.5)	(2.5)
Remove Wetlands Program Funding (one-time)	(1.5)	(1.5)
Human Services		
Food Assistance Program Caseload	(683.7)	0.0
Family Independence Program Caseload	(47.0)	(6.9)
Foster Care Caseload	(24.7)	(21.4)
Child Care Fund Expenditures	(18.6)	(9.1)
Recognize Federal Funding Reduction for Weatherization Assistance	(12.0)	0.0
Completion of Child Welfare Information System Savings	(7.5)	(3.2)
State Disability Assistance Caseload	(6.3)	(6.3)
Other Program and Cost Reductions	(18.4)	(9.2)

Table 11 - continued

FY 2013-14 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Human Services (continued)		
State Emergency Relief Energy Services (one-time).....	(59.9)	(27.7)
Remove Inspector General IT Funding (one-time)	(2.5)	(1.5)
Remove Seita Scholarship Funding (one-time)	(0.8)	(0.8)
Remove Juvenile Justice Behavioral Study (one-time).....	(0.5)	(0.5)
Remove Medicaid Eligibility Review Pilot Project (one-time).....	(0.3)	(0.3)
Insurance and Financial Services		
Autism Coverage Reimbursement Program	(4.0)	(4.0)
Judiciary		
Appellate Defender/Drug Treatment Federal Funds Adjustment.....	(0.7)	0.0
Eliminated-Judgeships Savings	(0.4)	(0.4)
Licensing and Regulatory Affairs		
Loss of Federal/Restricted Revenue for Unemployment Agency/Other	(67.7)	0.0
Military and Veterans Affairs		
Remove Flint Armory Funding (one-time).....	(12.0)	0.0
Remove Special Maintenance Funding (one-time).....	(2.4)	(2.4)
Remove Veterans' Homes Remodeling Funding (one-time)	(2.1)	(2.1)
Remove Military Records Digitization Funding (one-time).....	(0.8)	(0.8)
Remove Veterans Services Enhancement Funding (one-time).....	(0.4)	(0.4)
Remove Veterans Outreach Funding (one-time)	(0.2)	(0.2)
Natural Resources		
Summer Youth Initiative	(0.5)	(0.5)
Remove Dam Management Grant (one-time).....	(2.0)	(2.0)
School Aid		
Deposit to MPSERS Reserve for Retirement Obligation Reforms (eliminate).....	(41.0)	0.0
MPSERS Cost Offset	(55.0)	0.0
Principal Educator Evaluator Training.....	(1.3)	0.0
Consolidation Incentive Grants (one-time).....	(5.0)	0.0
State		
Assigned Claims Assessment (eliminate; Auto Insurance Place. Facility picks up)....	(1.1)	0.0
Olympic Fundraising License Plate (eliminate).....	(0.1)	0.0
Transportation Administration Collection Fund Revenue Shortfall	(8.0)	0.0
Remove Commercial Driver License Certification Funding (one-time).....	(0.6)	(0.6)
Remove ExpressSOS Marketing (one-time).....	(0.2)	(0.2)
State Police		
Remove Trooper Equipment Replacement Funding (one-time).....	(1.6)	(1.6)

Table 11 - continued

FY 2013-14 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Technology, Management, and Budget		
Remove Special Maintenance Funding (one-time).....	(10.0)	(10.0)
Remove Space Consolidation Funding (one-time).....	(7.0)	(7.0)
Remove Teacher Evaluation Project Funding (one-time).....	(4.0)	(4.0)
Transportation		
Redirection of Sales Tax Revenue to Roads/Aeronautics (eliminate).....	(110.0)	0.0
Loss of Reauthorized Federal Funds Under Map-21 Program.....	(31.2)	0.0
Treasury - Debt Service		
Water Pollution Bond Repayment Schedule Changes.....	(0.9)	(0.9)
Treasury - Operations		
Services for Financially Distressed Communities.....	(0.8)	(0.8)
Remove Litigation Costs Funding (one-time)/Transfer Function to DTMB.....	(3.0)	(3.0)
Treasury - Revenue Sharing		
County Incentive Program.....	(1.0)	0.0
Treasury - Strategic Fund		
Loss of Federal Funds for Workforce Development Agency.....	(21.8)	0.0
Business Attraction and Community Revitalization.....	(4.8)	0.0
TOTAL PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS.....	(\$1,366.6)	(\$159.2)

Table 12

FY 2013-14 INITIAL APPROPRIATIONS MAJOR FUND SHIFTS TO INCREASE/(REDUCE) GF/GP (Millions of Dollars)	
Budget Area/Program	GF/GP
Community Health	
Michigan Access to Care Initiative.....	\$10.2
Change in Base Medicaid and Title XXI Match Rate.....	6.9
Healthy Michigan Fund Revenue Shortfall.....	1.2
Reduce Certified Public Expenditure Reimbursement.....	1.0
Merit Award Trust Fund Revenue Increase.....	(4.6)
Senior Respite Services Escheats Revenue Increase.....	(0.4)
Environmental Quality	
Replace Great Lakes Fund Revenue.....	0.5
Human Services	
Decrease in Base Medicaid Match Rate.....	0.2
TANF Fund Swap.....	(2.5)
SSI Advocates Shift from General Fund to Restricted.....	(0.2)

Table 12 - continued

FY 2013-14 INITIAL APPROPRIATIONS MAJOR FUND SHIFTS TO INCREASE/(REDUCE) GF/GP (Millions of Dollars)	
Budget Area/Program	GF/GP
Judiciary	
Court Fee Fund Adjustment.....	1.1
Licensing and Regulatory Affairs	
Replace Revenue Lost from Exempting Veterans from Certain Fees.....	2.8
School Aid	
Technology Grants.....	5.0
Shift from General Fund.....	(64.8)
State	
Replace Michigan Transportation Fund Due to Spending Cap	0.6
State Police	
Replace Federal Community Policing Funds.....	2.1
Technology, Management, and Budget	
Statewide Cost Allocation Project Shift from General Fund to Restricted Revenue ...	(0.5)
Treasury - Debt Service	
Refined Petroleum Fund Shift to General Fund.....	2.5
Treasury - Strategic Fund	
Business Attraction and Community Revitalization Shift to General Fund.....	2.7
TOTAL GF/GP FUND SHIFTS.....	(\$36.2)

PROGRAM TRANSFERS

The initial FY 2013-14 appropriations reflect the transfer of nine programs from one department to another, and these transfers are listed in [Table 13](#). The two largest program transfers are from the Department of Licensing and Regulatory Affairs to the newly established Department of Insurance and Financial Services: \$62.3 million Adjusted Gross (no GF/GP) for financial and insurance regulation and \$15.0 million (all GF/GP) for autism coverage reimbursement.

Table 13

FY 2013-14 INITIAL APPROPRIATIONS SUMMARY OF PROGRAM TRANSFERS (Actual Dollars)					
Program/Sending Department	Fund Source	FY 2013-14 Enacted	Receiving Department	Fund Source	FY 2013-14 Enacted
Renaissance Zone Reimbursements					
Treasury - Operations	Gross	(3,500,000)	Community Colleges	Gross	3,500,000
	GF/GP	(3,500,000)		GF/GP	3,500,000
Michigan College Access Network					
Education	Gross	(2,000,000)	Higher Education	Gross	2,000,000
	GF/GP	(2,000,000)		GF/GP	2,000,000
State Aid to Libraries					
School Aid	Gross	(1,304,300)	Education	Gross	1,304,300
	GF/GP	(1,304,300)		GF/GP	1,304,300
Storage Tank Programs					
Environmental Quality	FTEs	(37.0)	Licensing & Regulatory Affairs	FTEs	37.0
	Gross	(4,925,700)		Gross	4,393,100
	Federal	(1,255,300)		Federal	1,255,300
	Restricted	(3,670,400)		Restricted	3,137,800
	GF/GP	0		GF/GP	0
Professional Development					
Technology, Management, & Budget	FTEs	(4.0)	Human Services	FTEs	3.0
	Gross	(465,600)		Gross	358,400
	Federal	(322,100)		Federal	248,100
	GF/GP	(143,500)		GF/GP	110,300
Financial and Insurance Regulation					
Licensing & Regulatory Affairs	Gross	(62,289,500)	Insurance & Financial Services	Gross	62,289,500
	Federal	(2,000,000)		Federal	2,000,000
	Restricted	(60,289,500)		Restricted	60,289,500
	GF/GP	0		GF/GP	0
Autism Coverage Reimbursement					
Licensing & Regulatory Affairs	Gross	(15,000,000)	Insurance & Financial Services	Gross	15,000,000
	GF/GP	(15,000,000)		GF/GP	15,000,000
Wage and Hours Division					
Treasury - Strategic Fund Agency	FTEs	(1.0)	Licensing & Regulatory Affairs	FTEs	1.0
	Gross	(132,300)		Gross	132,300
	GF/GP	(132,300)		GF/GP	132,300
Public-Private Partnerships					
Treasury - Operations	Gross	(1,513,700)	Technology, Management, & Budget	Gross	1,500,000
	Restricted	(1,513,700)		Restricted	1,500,000
	GF/GP	0		GF/GP	0

FEE AND REVENUE CHANGES

The FY 2013-14 initial appropriations assume \$487.9 million in total fee adjustments. Of the total fee changes, \$82.6 million will be derived from new fees or fee increases, while \$5.3 million will come from the delay of seven sunsets in fee legislation that will allow certain Department of Environmental Quality fees to be maintained at their current levels. The largest numbers of fee adjustments are in the Departments of Community Health, Environmental Quality, and Natural Resources, but the largest new fee is the Department of Human Services' low-income energy assistance fund fee, which replaces a fee previously collected through a customer fee on utility bills. The FY 2013-14 initial appropriations also assume \$400.0 million in revenue from the combination of a sunset delay and a rate increase, for the Health Insurance Claims Assessment (HICA) on health insurers' paid claims. The enacted HICA fee legislation (Public Act 58 of 2013) includes only a delay in the sunset until December 31, 2017, and does not include the HICA rate increase. This will result in an FY 2013-14 shortfall of approximately \$124.0 million in the HICA funding source for the Department of Community Health. Table 14 summarizes the fee revenue assumed in the FY 2013-14 budget.

Table 14

FY 2013-14 FEE REVENUE INCLUDED IN BUDGET (Actual Dollars)		
Department	Fee Type	Assumed Revenue
Fee Increases and New Fees		
Community Health	Vital Records Fees (HB 4786).....	\$1,500,000
Community Health	Emergency Medical Services Fees (HB 4785).....	1,006,100
Community Health	Certificate of Need Fees (HB 4787)	700,000
Community Health	Newborn Screening Fees (PA 31 of 2006).....	650,400
Human Services	Low-Income Energy Assistance Fund Fee - New (PA 95 of 2013).....	60,000,000
Natural Resources	Hunting and Fishing Licenses (HB 4668).....	11,400,000
Natural Resources	Off-Road Vehicle License (PA 75 of 2013)	1,500,000
Natural Resources	Off-Road Vehicle State Trail Fee - New (PA 75 of 2013).....	1,200,000
State	Record Look-Up Fee (PA 59 of 2013, Sec. 703)	4,700,000
Subtotal New and Increased Fees		\$82,656,500
Maintenance of Current Fee Levels		
Environmental Quality	Environmental Pollution Prevention Fund - six fees (PA 73 of 2013)	\$1,000,000
Environmental Quality	Solid Waste Surcharge (PA 72 of 2013)	4,300,000
Subtotal Fee Sunsets		\$5,300,000
Sunset Delay and Increased Fee Rate		
Community Health	Health Insurance Claims Assessment (PA 58 of 2013)	\$400,000,000
Subtotal HICA.....		\$400,000,000
TOTAL ALL FEE ADJUSTMENTS.....		\$487,905,000

DEBT SERVICE APPROPRIATIONS

Table 15 provides a summary of recommended debt service appropriations for FY 2013-14. These include *Durant* bonds and School Bond Loan Fund bonds in K-12 School Aid; State Building Authority bonds appropriated in the Department of Technology, Management, and Budget; various transportation-related bonds in the Department of Transportation; general obligation bonds in the Department of Treasury; and new debt service costs related to the Facility for Rare Isotope Beams. Gross appropriations for debt service on these bonds total \$833.6 million for FY 2013-14. This represents a \$35.6 million (4.5%) increase from the \$798.0 million debt service appropriations in FY 2012-13. New costs result from additional bonding under the Great Lakes Initiative due to enacted changes for the Strategic Water Quality Initiative Fund, debt service to fund the community share of costs for the MSU Facility for Rare Isotope Beams, and scheduled payments based on existing bond issues.

Table 15
DEBT SERVICE APPROPRIATIONS
FY 2012-13 COMPARED WITH FY 2013-14

Department/Program	FY 2012-13 Gross Appropriation	FY 2013-14 Gross Appropriation	Dollar Change	Percent Change
School Aid				
<i>Durant</i> Bonds	\$39,000,000	\$39,500,000	\$500,000	1.3%
School Bond Loan	120,390,000	131,660,000	11,270,000	9.4
Subtotal Education	159,390,000	171,160,000	11,770,000	7.4
DTMB State Building Authority Rent				
State Agencies	68,305,800	70,005,800	1,700,000	2.5
Department of Corrections	47,379,900	47,379,900	0	0.0
Universities	118,125,300	117,225,300	(900,000)	(0.8)
Community Colleges	23,959,600	23,959,600	0	0.0
Subtotal DTMB	257,770,600	258,570,600	800,000	0.3
Transportation				
State Trunkline	199,473,700	199,738,200	264,500	0.1
Economic Development.....	9,115,900	10,003,400	887,500	9.7
Local Bridge Fund	3,261,700	2,406,300	(855,400)	(26.2)
Blue Water Bridge Fund	5,950,200	6,962,500	1,012,300	17.0
Aeronautics.....	3,892,600	3,892,200	(400)	(0.0)
Comprehensive Transportation	18,580,400	19,318,500	738,100	4.0
Subtotal Transportation	240,274,500	242,321,100	2,046,600	0.9

Table 15 - continued

DEBT SERVICE APPROPRIATIONS				
FY 2012-13 COMPARED WITH FY 2013-14				
Department/Program	FY 2012-13 Gross Appropriation	FY 2013-14 Gross Appropriation	Dollar Change	Percent Change
Treasury				
Water Pollution Control Bond	2,054,000	1,132,700	(921,300)	(44.9)
Quality of Life Bond	77,694,800	79,965,800	2,271,000	2.9
Clean Michigan Initiative.....	54,300,900	57,187,400	2,886,500	5.3
Great Lakes Water Initiative	6,505,200	15,916,600	9,411,400	144.7
Facility For Rare Isotope Beams (MSF).....	0	7,300,000	7,300,000	---
Subtotal Treasury	140,554,900	161,502,500	20,947,600	14.9
TOTAL.....	\$797,990,000	\$833,554,200	\$35,564,200	4.5%

TOBACCO SETTLEMENT APPROPRIATIONS

It is estimated that \$290.6 million will be available for the State of Michigan during FY 2013-14 as a result of the master settlement agreement between the United States tobacco industry and 46 states. Table 16 provides a summary of the revenue to be received and details of the appropriations that are supported by tobacco settlement revenue. Of the \$290.6 million in available revenue, \$66.8 million is the unreserved balance carried forward from the prior fiscal year. The reason for the large carry-forward of funds is that the State of Michigan (along with 19 other states) negotiated a settlement with cigarette manufacturers who had been withholding payments from the states. The settlement released funds that had been held in escrow for several years, and will be a one-time infusion of revenue for Michigan. From the FY 2013-14 available revenue of \$290.6 million, \$75.0 million is transferred to the 21st Century Jobs Trust Fund and \$54.0 million is used for current debt service requirements on tobacco securitization bonds issued in 2006 and 2007 that provided start-up funding for the 21st Century Jobs Trust Fund and helped balance the FY 2006-07 State budget. This results in net revenue for the Michigan Merit Award Trust Fund of \$161.7 million. The initial FY 2013-14 budget includes the appropriation of \$118.3 million of tobacco settlement funds through the Michigan Merit Award Trust Fund to five State departments. The largest appropriation is \$81.8 million for the Medicaid program in the Department of Community Health, followed by an appropriation of \$30.1 million for the Department of Human Services' Family Independence Program. If these Merit Award Trust Fund appropriations are deducted from the Merit Award Trust Fund net revenue, there is an estimated FY 2013-14 Merit Award Trust Fund year-end balance of \$43.4 million.

Table 16

TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS		
FY 2012-13 COMPARED WITH FY 2013-14		
(Actual Dollars)		
	FY 2012-13	FY 2013-14
Revenue		
Unreserved Balance From Prior Fiscal Year	\$647,900	\$66,751,600
Total Annual Payments.....	256,045,100	253,484,600
Assumed Withheld Payments	0	0
Settlement Credit to Manufacturers	(90,729,800)	(22,682,500)
State Share of Disputed Payments.....	223,393,800	0
Other Adjustments	(3,668,000)	(7,000,000)
Interest Earnings.....	70,000	60,000
Total Tobacco Settlement Revenue	<u>\$385,759,000</u>	<u>\$290,613,700</u>
<u>Less Transfers Out For:</u>		
21st Century Jobs Trust Fund	(\$75,000,000)	(\$75,000,000)
Payment on 2006 Bond Securitization	(51,364,500)	(29,855,200)
Payment on 2007 Bond Securitization	<u>(41,468,900)</u>	<u>(24,103,500)</u>
Total Transfers Out.....	<u>(\$167,833,400)</u>	<u>(\$128,958,700)</u>
Estimated Net Revenue To Merit Award Trust Fund.....	\$217,925,600	\$161,655,000
Appropriations		
<u>Attorney General</u>		
Administration	\$463,100	\$487,300
<u>Community Health</u>		
Medicaid Base	76,733,500	81,766,000
Aging: Respite Care.....	4,468,700	4,068,700
<u>Human Services</u>		
Family Independence Program	30,100,000	30,100,000
<u>State Police</u>		
Tobacco Tax Enforcement.....	716,200	750,000
<u>Department of Treasury</u>		
Student Financial Services Administration	1,092,500	1,123,700
Total Merit Award Trust Fund Appropriations	\$113,574,000	\$118,295,700
Supplemental to Offset HICA Revenue Shortfall.....	\$37,600,000	\$0
ESTIMATED MERIT AWARD TRUST FUND YEAR-END BALANCE	\$66,751,600	\$43,359,300

STATE EMPLOYEE COMPENSATION CHANGES AND EMPLOYMENT LEVELS

The FY 2013-14 initial budget includes the Civil Service Commission-approved FY 2013-14 agreement for employees who are exclusively represented by employee unions (AFSCME, MCO, MSEA, SEIU, and UAW). The Commission approved a 1.0% lump-sum payment effective October 1, 2013, for represented employees. Contracts continue to require represented employees to pay 20.0% of their health care premiums.

On December 12, 2012, the Civil Service Commission adopted a Coordinated Compensation Plan for non-exclusively represented State classified employees (NEREs) for FY 2013-14. Beginning on October 1, 2013, NEREs will receive a 1.0% general wage increase and no lump-sum payment. They also will continue to be required to pay an employee share of health insurance premiums of 20.0%.

Table 17 provides a summary of the incremental State employee cost increases for FY 2013-14, including employee salary increases of \$35.7 million. In addition, the State's portion of the cost of employee health insurance is estimated to increase by 1.2%, or \$12.6 million. The amount that needs to be contributed to the State employee retirement systems in FY 2013-14 results in significant cost increases in the FY 2013-14 budget. Retirement contribution increases will total \$120.5 million Gross and \$59.3 million GF/GP. Finally, Other Post Employment Benefits (OPEB) costs for FY 2013-14 will increase less than in FY 2012-13. Gross OPEB costs will increase by \$29.0 million, with \$14.4 million coming from the GF/GP budget, compared to FY 2012-13 when Gross and GF/GP OPEB costs increased by \$464.7 million and \$233.4 million, respectively. The total GF/GP impact for FY 2013-14 economic factors is an increase of \$96.0 million.

Table 18 and Figure E provide a summary of State classified full-time equated (FTE) positions appropriated in FY 2013-14 versus the year-to-date level of FTEs appropriated in FY 2012-13. Total appropriated FTEs in FY 2013-14 equal 52,814.5, a decrease of 775.0 or 1.4% from FY 2012-13. The large decrease in the Department of Licensing and Regulatory Affairs is due to a loss of Federal funds for 470.0 positions within the Unemployment Insurance Agency as well as the transfer of 347.0 FTEs to the new Department of Insurance and Financial Services. The FTE reduction in the Department of Corrections is due primarily to an adjustment to remove vacant unfunded positions.

Table 17

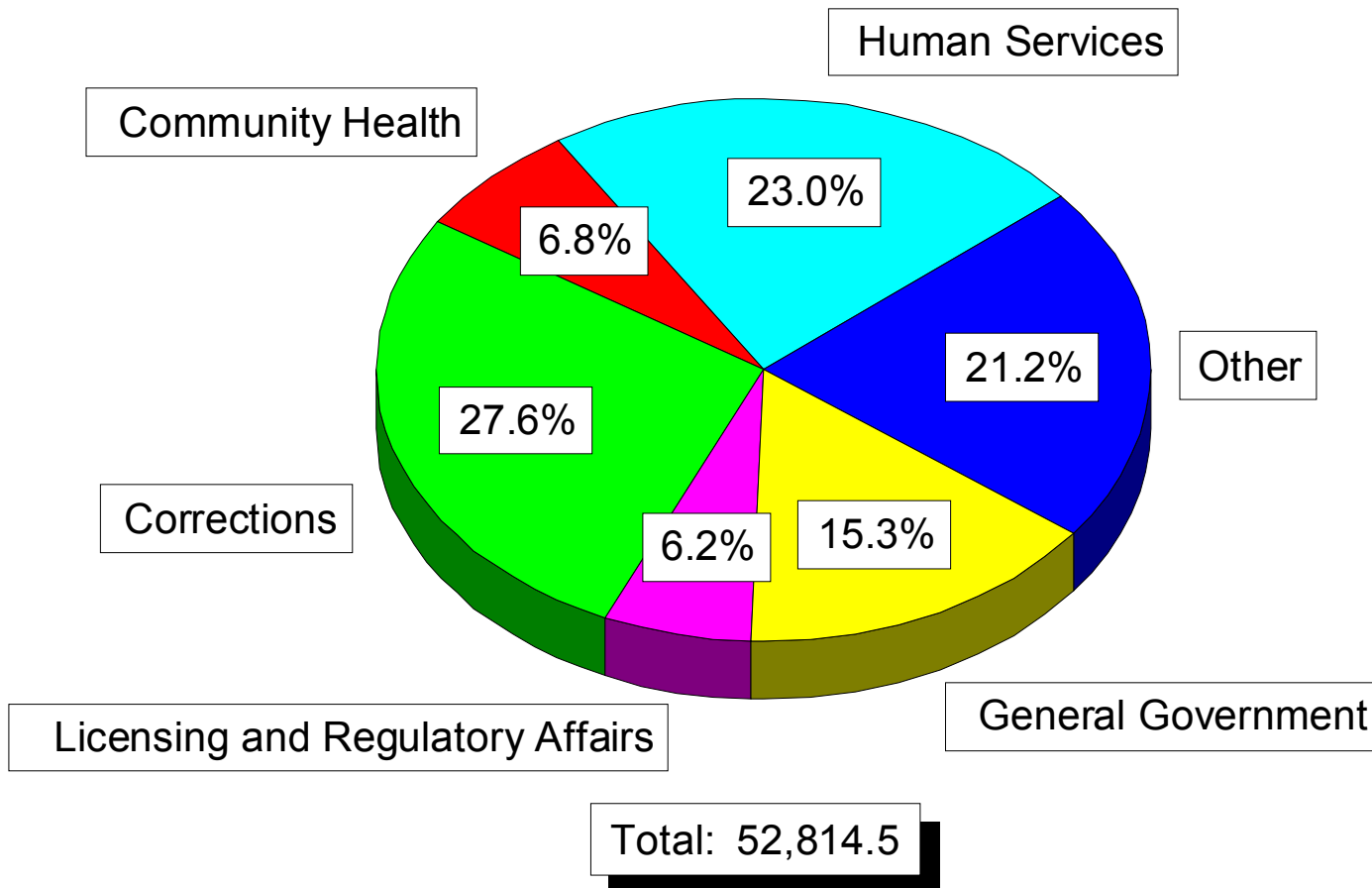
FY 2013-14 STATE BUDGET RECOMMENDATION ECONOMIC INCREASES INCLUDED IN BUDGET (Millions of Dollars)		
	Gross	GF/GP
Wages and Salaries	\$35.7	\$14.6
Employee Insurance Costs	12.6	5.3
Retirement Contributions	120.5	59.3
OPEB	29.0	14.4
Workers' Compensation	(0.1)	0.2
All Other Economics	1.1	2.2
TOTAL ECONOMICS	\$198.8	\$96.0

Table 18

FULL-TIME EQUATED POSITIONS FY 2012-13 VERSUS FY 2013-14				
Department/Budget Area	FY 2012-13 Year-to-Date Positions	FY 2013-14 Initial Positions	Position Change	Percent Change
Agriculture and Rural Development.....	425.0	434.0	9.0	2.1%
Attorney General.....	509.0	511.0	2.0	0.4
Civil Rights	121.0	122.0	1.0	0.8
Community Health	3,546.6	3,585.6	39.0	1.1
Corrections.....	14,758.3	14,559.6	(198.7)	(1.3)
Education	590.5	593.5	3.0	0.5
Environmental Quality.....	1,321.5	1,281.5	(40.0)	(3.0)
Executive	74.2	74.2	0.0	0.0
Higher Education	0.0	0.0	0.0	0.0
Human Services.....	12,308.0	12,144.5	(163.5)	(1.3)
Insurance and Financial Services.....	0.0	337.0	337.0	100.0
Judiciary.....	472.0	483.0	11.0	2.3
Licensing and Regulatory Affairs.....	3,709.8	2,913.0	(796.8)	(21.5)
Military and Veterans Affairs.....	845.0	889.5	44.5	5.3
Natural Resources	2,093.8	2,134.3	40.5	1.9
State.....	1,689.0	1,562.0	(127.0)	(7.5)
State Police.....	2,883.0	2,931.0	48.0	1.7
Technology, Management, and Budget.....	2,808.0	2,816.0	8.0	0.3
Transportation.....	2,912.3	2,912.3	0.0	0.0
Treasury - Operations	1,774.5	1,774.5	0.0	0.0
Treasury - Strategic Fund.....	748.0	756.0	8.0	1.1
TOTAL POSITIONS	53,589.5	52,814.5	(775.0)	(1.4%)

Figure E

Full-Time Equated Positions FY 2013-14 Initial Appropriations



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 local units of government below the FY 1978-79 level of 48.97%. The initial FY 2013-14 appropriations exceed this minimum constitutional requirement by \$1.8 billion. Table 19 provides a summary of the calculations used to determine the State's compliance with this constitutional requirement for FY 2012-13 and FY 2013-14. Table 20 lists State payments to local units of government that are appropriated in each State department or budget area.

Table 19

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT FY 2012-13 AND FY 2013-14 ESTIMATES (Millions of Dollars)		
	FY 2012-13 Estimate	FY 2013-14 Estimate
State Spending from State Resources	\$27,770.8	\$28,772.9 ^{a)}
Required Payments to Local Units of Government (48.97%).....	\$13,599.4	\$14,090.1
Estimated Payments to Local Units of Government.....	\$15,464.4	\$15,901.5
Estimated Payments as a Percentage of Total State Spending.....	55.69%	55.27%
Surplus of Section 30 Payments	\$1,865.0	\$1,811.5
¹⁾ Does not include \$54.839 million of Federal aid counted as GF/GP revenue.		

Table 20

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 2012-13 VERSUS FY 2013-14				
Department/Budget Area	FY 2012-13 Year-to-Date Appropriations	FY 2013-14 Initial Appropriations	Dollar Difference	Percent Change
Agriculture and Rural Development.....	\$1,500,000	\$3,500,000	\$2,000,000	133.3%
Attorney General.....	0	0	0	0.0
Capital Outlay	0	0	0	0.0
Civil Rights	0	0	0	0.0
Community Colleges.....	306,630,500	335,977,600	29,347,100	9.6
Community Health	1,211,451,300	1,227,298,200	15,846,900	1.3
Corrections.....	91,166,400	90,609,700	(556,700)	(0.6)
Education	6,208,000	10,376,000	4,168,000	67.1
Environmental Quality.....	2,775,000	2,775,000	0	0.0
Executive	0	0	0	0.0
Higher Education	0	0	0	0.0
Human Services.....	100,595,000	92,153,400	(8,441,600)	(8.4)
Insurance and Financial Services.....	0	0	0	0.0
Judiciary.....	127,604,200	136,975,300	9,371,100	7.3
Legislative Auditor General.....	0	0	0	0.0
Legislature	0	0	0	0.0
Licensing and Regulatory Affairs.....	22,625,700	29,417,500	6,791,800	30.0
Military and Veterans Affairs.....	120,000	165,000	45,000	37.5
Natural Resources	22,982,400	5,109,400	(17,873,000)	(77.8)
Natural Resources Trust Fund.....	19,778,700	0	(19,778,700)	(100.0)
School Aid.....	11,032,518,300	11,437,124,700	404,606,400	3.7
State.....	1,360,800	1,360,800	0	0.0
State Police.....	18,728,700	16,187,600	(2,541,100)	(13.6)
Technology, Management, and Budget.....	0	0	0	0.0
Transportation.....	1,239,302,500	1,208,687,600	(30,614,900)	(2.5)
Treasury - Debt Service	0	0	0	0.0
Treasury - Operations	156,584,400	154,744,100	(1,840,300)	(1.2)
Treasury - Revenue Sharing.....	1,087,251,000	1,133,857,700	46,606,700	4.3
Treasury - Strategic Fund	15,224,800	15,224,800	0	0.0
TOTAL APPROPRIATIONS	\$15,464,407,700	\$15,901,544,400	\$437,136,700	2.8%

PROJECTED GF/GP YEAR-END BALANCES

The FY 2012-13 projected year-end GF/GP balance of \$674.7 million is based on the May 2013 consensus estimate of GF/GP revenue and other revenue adjustments agreed upon as part of the budget process. The FY 2012-13 estimated GF/GP expenditures are based on initial appropriations, enacted supplemental appropriations, other caseload and cost adjustments, and estimated year-end funding lapses of \$40.0 million. Table 21 presents the SFA's estimate of the FY 2012-13 GF/GP year-end balance.

The FY 2013-14 projections are also based on the May 2013 consensus estimate of GF/GP revenue and other agreed-upon revenue adjustments. The FY 2013-14 estimated GF/GP expenditures are based on initial ongoing appropriations of \$9.0 billion, initial one-time appropriations of \$428.8 million, enacted supplementals of \$5.1 million, and one-time appropriations of \$75.0 million to the Budget Stabilization Fund and \$230.0 million to the Roads and Risks Reserve Fund. The Roads and Risks Reserve Fund was created to provide funds for priority road projects in the Department of Transportation and for potential budget funding risks that might arise during the fiscal year. Language in the General Government appropriation act (Sec. 211b. in Article VIII of the General Omnibus appropriation Act) creates the Fund within the State Treasury and allows for the appropriation of half of the reserve funds (\$115.0 million) for roads effective October 1, 2013, and allows any dollars remaining in the Fund on February 1, 2014, to be appropriated for roads. Table 22 outlines the SFA's estimate of a \$17.3 million FY 2013-14 year-end GF/GP balance.

Table 21
FY 2012-13
GENERAL FUND/GENERAL PURPOSE
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(Millions of Dollars)

	SFA Estimate
Revenue:	
Beginning Balance	\$979.2
<u>Ongoing Revenue:</u>	
May 2013 Consensus Revenue Estimate	\$9,189.2
Revenue Sharing Payments.....	(350.6)
Shift of Short-Term Borrowing Costs to School Aid Fund	3.2
Subtotal Ongoing Revenue.....	\$8,841.8
<u>Non-Ongoing Revenue:</u>	
One-Time Appropriation for Revenue Sharing.....	(\$20.0)
Reduce Liquor Purchase Revolving Fund Lapse to General Fund.....	(2.0)
Subtotal Non-Ongoing Revenue.....	(\$22.0)
Total Estimated GF/GP Revenue.....	\$9,799.0
Expenditures:	
Initial Ongoing Appropriations.....	\$8,628.5
Initial One-Time Appropriations	365.7
Subtotal Initial Ongoing and One-Time Appropriations	\$8,994.2
<u>Other Adjustments:</u>	
One-Time Appropriation to Budget Stabilization Fund.....	\$140.0
Public Act 305 of 2012 (Agriculture Loan Program).....	15.0
Public Acts 348 and 349 of 2012 (Right-to-Work).....	2.0
Public Act 436 of 2012 (Emergency Manager)	5.8
Public Act 518 of 2012 (Indigent Burial/PILT)	5.2
Public Act 9 of 2013 (Vets Service Delivery/Harbor Dredging).....	14.5
Public Act 60 of 2013 (Community Colleges' MPSERS).....	12.5
Public Act 102 of 2013 (Consensus DCH Caseload/Cost Adjustments)	(30.3)
Public Act 102 of 2013 (Consensus DHS Caseload/Cost Adjustments).....	(19.6)
Public Act 102 of 2013 (Consensus Dual Enrollment Cost Adjustments).....	(9.5)
Public Act 102 of 2013 (Excluding Caseload Adjustments).....	34.4
Estimated Debt Service Savings-Refinancing of SBA Bonds	(18.0)
Other Estimated Year-End Lapses.....	(22.0)
Subtotal Other Adjustments.....	\$130.1
Total Estimated GF/GP Expenditures.....	\$9,124.3
PROJECTED YEAR-END GF/GP BALANCE	\$674.7

Table 22
FY 2013-14
GENERAL FUND/GENERAL PURPOSE
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(Millions of Dollars)

	SFA Estimate
Revenue:	
Beginning Balance	\$674.7
<u>Ongoing Revenue:</u>	
May 2013 Consensus Revenue Estimate	\$9,446.2
Revenue Sharing Payments	(370.6)
Shift of Short-Term Borrowing Costs to School Aid Fund	4.0
Individual Relief	(20.0)
Subtotal Ongoing Revenue	\$9,059.6
<u>Non-Ongoing Revenue:</u>	
One-Time Appropriation for Revenue Sharing	(26.0)
Total Estimated GF/GP Revenue	\$9,708.3
Expenditures:	
Initial Ongoing Appropriations	\$8,952.0
Initial One-Time Appropriations	428.8
Subtotal Initial Ongoing and One-Time Appropriations	\$9,380.9
<u>Other Adjustments:</u>	
One-Time Appropriation to the Budget Stabilization Fund	\$75.0
One-Time Appropriation to the Roads and Risks Reserve Fund	230.0
Public Act 97 of 2013 (School District Dissolution Implementation)	4.9
Public Act 102 of 2013 (DCH Registry/DNR Fisheries)	0.2
Subtotal Other Adjustments	\$310.1
Total Estimated GF/GP Expenditures	\$9,691.0
PROJECTED YEAR-END GF/GP BALANCE	\$17.3

SCHOOL AID BUDGET HIGHLIGHTS

The FY 2013-14 School Aid budget continues to include \$398.1 million in spending from the SAF to support community colleges and universities. The K-12 portion of the budget includes spending \$80.0 million to provide a \$30 increase in the basic foundation allowance, which will become \$8,049 per pupil, and a \$60 increase in the minimum foundation, bringing it to \$7,026. In addition, \$36.0 million is appropriated as an equity payment to ensure that minimum funding in FY 2013-14 is at least \$7,076 per pupil.

Other notable increases in the budget include: an increase of \$244.1 million to pay for capping the employer contributions to the retirement system for unfunded accrued liabilities at 20.96% applied to Michigan Public School Employees' Retirement System (MPERS) payroll; a \$65.0 million increase for Great Start Readiness Program grants; an increase of \$63.4 million in Federal grants; a \$16.4 million increase for pupil performance grants; a \$19.0 million increase in technical cost adjustments; a \$6.0 million appropriation to ensure that every district receives at least a \$5 increase in per-pupil funding compared to the prior year, when reviewing foundation allowance, equity, and MPERS offset funding (which sees a reduction for FY 2013-14); and, a \$5.0 million increase to Michigan Virtual University.

Notable decreases in the budget for schools include: a \$41.0 million elimination of money deposited to the MPERS reserve account for retirement reforms; a \$55.0 million reduction in funding to districts for the purpose of offsetting retirement costs (the MPERS offset funding mentioned above); and a \$1.3 million reduction in funding for principal educator evaluator training.

General Fund/General Purpose support of the K-12 budget decreases from \$282.4 million in FY 2012-13 to \$230.0 million in FY 2013-14, and a new fund source (the MPERS reserve account for retirement reforms) supports the FY 2013-14 budget at a level of \$156.0 million.

The State School Aid Act includes the budgets for Community Colleges and Higher Education in the statutory K-12 budget bill. Please see Public Act 60 of 2013 for details.

Tables 23 and 24 present the SAF balance sheets for FY 2012-13 and FY 2013-14, respectively. There is a projected FY 2012-13 year-end SAF balance of \$140.7 million and the projected FY 2013-14 SAF year-end balance is \$1.3 million.

Table 23
FY 2012-13
SCHOOL AID FUND
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(Millions of Dollars)

	SFA Estimate
Revenue:	
Beginning Balance	\$254.1
May 2013 Consensus Revenue Estimate	\$11,213.4
<u>Other Revenue Adjustments:</u>	
General Fund/General Purpose Grant.....	282.4
Federal Ongoing Aid.....	1,701.0
Subtotal Ongoing Revenue.....	\$13,196.8
Total Estimated School Aid Fund Revenue	\$13,450.9
Expenditures:	
<u>Ongoing Appropriations:</u>	
Initial Ongoing K-12 Appropriations (Public Act 201 of 2012)	\$12,750.2
Cost Adjustments (Consensus Estimate, Public Act 60 of 2013)	(52.6)
Partially Fund Community Colleges with School Aid Fund.....	197.6
Partially Fund Higher Education with School Aid Fund	200.5
Subtotal Ongoing Appropriations.....	\$13,095.7
<u>One-Time Appropriations:</u>	
Best Practices Grants	\$80.0
Technology Grants.....	50.0
Consolidation Innovation Grants.....	10.0
MPERS Retirement Obligation Reform Reserve Fund	41.0
Class-Size Grants	13.3
Public Act 465 of 2012 (PILT Supplemental).....	0.2
Public Act 60 of 2013 (PA 300 of 2012 MPERS Supplemental)	20.0
Subtotal One-Time Appropriations	\$214.5
Total Estimated School Aid Fund Expenditures	\$13,310.2
PROJECTED YEAR-END SCHOOL AID FUND BALANCE	\$140.7

Table 24
FY 2013-14
SCHOOL AID FUND
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(Millions of Dollars)

	SFA Estimate
Revenue:	
Beginning Balance	\$140.7
May 2013 Consensus Revenue Estimate	\$11,470.1
<u>Other Revenue Adjustments:</u>	
Initial General Fund/General Purpose Grant	180.0
Public Act 97 of 2013 (General Fund Grant-District Dissolution Implementation)	4.9
Federal Ongoing Aid	1,764.4
MPERS Retirement Obligation Reform Reserve Fund	156.0
Subtotal Ongoing Revenue.....	<u>\$13,575.4</u>
<u>Non-Ongoing Revenue:</u>	
General Fund/General Purpose Grant.....	\$50.0
Total Estimated School Aid Fund Revenue	<u>\$13,766.1</u>
Expenditures:	
Initial K-12 Ongoing Appropriations	\$13,168.8
Initial K-12 One-Time Appropriations	193.0
Subtotal Initial K-12 Ongoing and One-Time Appropriations	<u>\$13,361.8</u>
<u>Other Adjustments:</u>	
Partially Fund Community Colleges with School Aid Fund.....	197.6
Partially Fund Higher Education with School Aid Fund	200.5
Public Act 97 of 2013 (School District Dissolution Implementation).....	4.9
Subtotal Other Adjustments.....	<u>\$403.0</u>
Total Estimated School Aid Fund Expenditures	<u>\$13,764.8</u>
PROJECTED YEAR-END SCHOOL AID FUND BALANCE	<u>\$1.3</u>

ECONOMIC FORECAST AND REVENUE ESTIMATES

ECONOMIC FORECAST

The economic forecast on which the enacted fiscal year (FY) 2013-14 State budget was based is the consensus economic forecast adopted at the May 2013 Consensus Revenue Estimating Conference. Under this consensus economic forecast, the U.S. economy will grow 1.9% in 2013, 2.7% in 2014, and 2.9% in 2015. The restructuring in the motor vehicle industry, combined with an improving economy nationally, will cause both Michigan employment and Michigan personal income, adjusted for inflation, to rise in 2013, 2014, and 2015, although the employment gains will be less than those experienced during 2011 and 2012. As a result of low inflation and stable employment, inflation-adjusted personal income is expected to rise 0.7% in 2013, 2.2% in 2014, and 2.2% in 2015. The highlights of the economic outlook for both the U.S. and Michigan economies are as follows:

U.S. Economy

- Real Gross Domestic Product (GDP) will rise an estimated 1.9% in 2013, 2.7% in 2014, and 2.9% in 2015 compared with 2.2% growth in 2012 and 1.7% growth in 2011. While consumer spending and wage growth are expected to remain weak, improvements are predicted in the housing market, vehicle sales, and business investment through much of the forecast period.
- Employment is expected to grow through 2015, allowing the U.S. unemployment rate to decline from 8.1% in 2012 to 7.6% in 2013, 7.0% in 2014, and 6.4% in 2015.
- Light vehicle sales are expected to increase from 14.4 million units in 2012, to 15.3 million units in 2013, 15.6 million units in 2014, and 15.9 million units in 2015. By comparison, 16.1 million units were sold in 2007 and 10.4 million units in 2009.
- Housing starts are expected to rise from 781,000 in 2012 to 1.1 million in 2013, 1.3 million in 2014, and 1.4 million in 2015. By comparison, starts totaled 2.1 million in 2006 and 554,000 in 2009.
- Inflation, as measured by the U.S. Consumer Price Index, increased 2.1% in 2012, reflecting a mix of weak consumer demand and rising energy prices. The forecast estimates that inflation will rise 1.7% in 2013, 1.9% in 2014, and 2.1% in 2015.

Michigan Economy

- On an annual basis, employment in Michigan steadily declined between 2000 and 2010, but increased in both 2011 and 2012. After rising 1.8% during 2012, employment is expected to increase 1.3% in 2013, 1.2% in 2014, and 1.2% in 2015.
- Michigan's unemployment rate is projected to decrease from 9.1% in 2012 to 8.6% in 2013, 8.1% in 2014, and 7.7% in 2015.
- Rising employment will help increase total wage and salary payments to workers in Michigan over the forecast period. Total payments to wage and salary workers are expected to increase 3.0% during 2013, 3.1% in 2014, and 3.9% in 2015. Adjusted for inflation, wage and salary payments are projected to increase 1.3% in 2013, 1.5% in 2014, and 1.9% in 2015.
- Personal income, the total income received by individuals, will increase at an estimated rate of 2.5% in 2013, compared with a 3.5% increase in 2012. Personal income growth then is expected to grow more rapidly, rising 4.0% in 2014 and 4.2% in 2015. Adjusted for inflation, personal income is projected to increase 0.7% in 2013, 2.2% in 2014, and 2.2% in 2015.
- Inflation in Michigan, as measured by the Detroit Consumer Price Index, is expected to increase 1.7% in 2013, 1.6% in 2014, and 1.8% in 2015. In comparison, inflation rose 2.0% in 2012.

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES

General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue from ongoing sources is expected to total \$20.9 billion in FY 2013-14, up 2.5% from the \$20.4 billion predicted to be received during FY 2012-13. The total revenue collected in a fiscal year includes two major types of revenue: 1) revenue from ongoing revenue sources, and 2) revenue from various revenue adjustments (such as tax changes and one-time sources). The projected levels of revenue from ongoing revenue sources for fiscal years 2012-13 and 2013-14 are the estimates adopted at the May 2013 Consensus Revenue Estimating Conference. Total combined GF/GP and SAF revenue is expected to increase 1.2% in FY 2013-14, while combined GF/GP and SAF ongoing revenue is expected to increase 2.5%. The estimates of total revenue, as well as a breakdown between these two types of revenue, are presented in Table 25 for both the General Fund/General Purpose budget and the School Aid Fund for FY 2012-13 and FY 2013-14.

Table 25

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2012-13 AND FY 2013-14 (Millions of Dollars)				
	FY 2012-13	FY 2013-14	\$ Change	% Change
GENERAL FUND/GENERAL PURPOSE				
Beginning Balance	\$979.2	\$674.7	(\$441.8)	---
<u>Consensus Estimate From Ongoing Sources¹⁾:</u>				
Net Income.....	5,843.9	5,914.2	70.4	1.2%
Michigan Business/Corporate Income Tax.....	430.0	407.0	(23.0)	(5.3)
Sales & Use Taxes	1,831.8	2,041.3	209.5	11.4
Cigarette.....	191.4	188.8	(2.6)	(1.4)
Insurance Company Premiums	297.0	348.2	51.2	17.2
Telephone & Telegraph	56.0	55.0	(1.0)	(1.8)
Oil & Gas Severance	53.0	55.0	2.0	3.8
All Other Taxes	<u>107.9</u>	<u>105.5</u>	<u>(2.4)</u>	<u>(2.2)</u>
Subtotal Taxes.....	8,811.0	9,115.0	304.1	3.5
Nontax Revenue	<u>378.2</u>	<u>331.2</u>	<u>(47.0)</u>	<u>(12.4)</u>
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	9,189.2	9,446.2	257.1	2.8
<u>Revenue Adjustments:</u>				
Revenue Sharing Payments	(350.6)	(370.6)	(20.0)	5.7
One-time Appropriation for Revenue Sharing.....	(20.0)	(26.0)	(6.0)	30.0
Individual Relief.....	0.0	(20.0)	(20.0)	---
Reduce Liquor Purchase Revolving Fund Lapse to General Fund	(2.0)	0.0	2.0	---
Shift of Short-Term Borrowing Costs to School Aid Fund	3.2	4.0	2.8	---
Subtotal Revenue Adjustments	<u>(369.4)</u>	<u>(412.6)</u>	<u>(43.2)</u>	<u>11.7</u>
TOTAL GF/GP REVENUE	\$9,799.0	\$9,708.3	(\$90.7)	(0.9)

Table 25 - continued

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2012-13 AND FY 2013-14 (Millions of Dollars)				
	FY 2012-13	FY 2013-14	\$ Change	% Change
SCHOOL AID FUND				
Beginning Balance	\$254.1	\$140.7	(\$113.4)	---
<u>Consensus Estimate From Ongoing Sources¹⁾:</u>				
Sales & Use Taxes	5,579.4	5,776.3	196.9	3.5%
Income Tax	2,326.6	2,353.7	27.1	1.2
State Education Property Tax	1,792.0	1,818.0	26.0	1.5
Real Estate Transfer Tax	190.5	202.1	11.6	6.1
Tobacco Tax	366.8	359.8	(7.0)	(1.9)
Casino Wagering Tax	109.7	112.0	2.3	2.1
Other Tax Revenue	103.4	105.6	2.2	2.2
Subtotal Taxes	10,468.4	10,727.6	259.2	2.5
Lottery	745.0	742.5	(2.5)	(0.3)
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	11,213.4	11,470.1	256.7	2.3
<u>Other Revenue:</u>				
General Fund Grant	282.4	234.9	(47.5)	(16.8)
MPSERS Retirement Obligation Reform Reserve Fund	0.0	156.0	156.0	---
Federal Aid	1,701.0	1,764.4	63.4	3.7
Subtotal Other Revenue	1,983.4	2,155.3	171.9	8.7
TOTAL SAF REVENUE	\$13,450.9	\$13,766.1	\$315.2	2.3%
TOTAL GF/GP AND SAF:				
Beginning Balances	\$1,233.3	\$815.4	(\$417.9)	(33.9%)
Consensus Estimate Ongoing Revenue	20,402.6	20,916.3	513.7	2.5
Other Revenue ²⁾	1,331.6	1,507.8	176.2	13.2
TOTAL REVENUE²⁾	\$22,967.5	\$23,239.5	\$272.0	1.2%
¹⁾ Revenue estimates adopted at the May 2013 Consensus Revenue Estimating Conference.				
²⁾ Total and other revenue excludes GF/GP grant to SAF.				

General Fund/General Purpose Revenue

- In FY 2013-14, GF/GP revenue is projected to total an estimated \$9.7 billion, representing a decrease of 0.9% or \$90.7 million from the revenue estimated for FY 2012-13, as shown in Table 25. The decrease in GF/GP revenue reflects a smaller beginning balance and one-time revenue adjustments that are partially offset by growth in ongoing revenue.
- The balance carried over from FY 2012-13 is expected to total \$674.7 million, which is down \$304.5 million from the \$979.2 million that was carried over from FY 2011-12.
- Revenue from ongoing sources during FY 2013-14 will total an estimated \$9.4 billion, which is up 2.8% or \$257.1 million from the forecasted FY 2012-13 level.
- The increase in GF/GP ongoing revenue primarily reflects the following factors:

- One-time revenue events. Net individual income tax revenue is expected to grow 18.1% in FY 2012-13, compared with 1.2% growth during FY 2013-14, even though revenue from income tax withholding is expected to rise 3.4% in both fiscal years. Fiscal Year 2012-13 revenue is expected to grow substantially as a result of higher annual and quarterly payments received during the first part of calendar year 2013. These higher annual and estimated payments reflected increased dividend income and capital gains realizations taken by taxpayers who were anticipating substantial changes in the Federal income tax for 2013 as a result of the "fiscal cliff" budget negotiations in December 2012. Some of these dividends and gains would have otherwise occurred during the forecast period and thus represent revenue that was received in FY 2012-13 instead of later years. Furthermore, no similar series of events is expected to occur over the forecast period, thus reducing the growth in income tax revenue during FY 2013-14.
- How certain revenue adjustments are shown in the tables. Legislation enacted in 2012 redirected \$110.0 million of sales tax revenue in FY 2012-13 from the General Fund to the Michigan Transportation Fund and the Aeronautics Fund. As a result, ongoing GF/GP revenue exhibits an additional \$110.0 million increase in FY 2013-14 beyond changes in revenue attributable to the economy.
- Policy changes. Income tax changes enacted during 2011 and 2012 are expected to reduce revenue by an additional \$66.6 million in FY 2013-14, further reducing the growth in individual income tax revenue. Offsetting this decline is increased revenue from insurance company taxes. Legislation enacted during 2012 changed the tax status of Blue Cross Blue Shield of Michigan. As a result, revenue from insurance company taxes is expected to be \$40.0 million higher in FY 2013-14 and \$80.0 million higher in FY 2014-15.

School Aid Fund

- Revenue going to the School Aid Fund will total an estimated \$13.8 billion in FY 2013-14, an increase of 2.3% or \$315.2 million from the SAF revenue estimate for FY 2012-13. The SAF revenue estimate is presented in [Table 25](#).
- Revenue from ongoing taxes and net lottery revenue earmarked to the SAF will total an estimated \$11.5 billion, up 2.3% (\$256.7 million) from FY 2012-13, reflecting the continued economic growth during 2013 and 2014. While the 2011 tax reform legislation, particularly the elimination of the Michigan Business Tax and its earmark of revenue to the SAF, reduced SAF revenue by approximately \$709.1 million in FY 2011-12, the transition impacts are complete and thus ongoing revenue growth more closely reflects the underlying economy. Baseline revenue (revenue excluding any changes in tax policy) generated by earmarked taxes is projected to increase 2.1% or \$254.6 million.
- In addition to the revenue from the ongoing earmarked taxes, the SAF will receive an estimated \$2.2 billion during FY 2013-14, up from \$2.0 billion in FY 2012-13. The majority of this additional revenue reflects Federal aid, which will total an estimated \$1.8 billion in FY 2013-14. Additional SAF revenue includes \$234.9 million in grants from the General Fund in FY 2013-14, down from \$282.4 million in FY 2012-13. Total SAF revenue is also affected by the FY 2012-13 budget spending down SAF revenue carried over from FY 2011-12. The beginning balance in the School Aid Fund totaled \$254.1 million in FY 2012-13, but is expected to total only \$140.7 million in FY 2013-14.

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 indicate when economic conditions justify transfers into and out of the BSF. However, all transfers into and out of 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 at the will of the Legislature and Governor.

As shown in Table 26, the BSF ended FY 2011-12 with a balance of \$364.9 million. The current budget for FY 2012-13 appropriates \$140.0 million to the BSF, although the formulas do not indicate that a payment into the Fund is required. The enacted budget for FY 2013-14 appropriates an additional \$75.0 million to the BSF although the transfer is not required by the formulas. As a result, given forecasted interest rates, the BSF is expected to end FY 2013-14 with a balance of \$588.6 million.

Table 26

ECONOMIC AND BUDGET STABILIZATION FUND TRANSFERS, EARNINGS, AND FUND BALANCE FY 1995-96 TO FY 2013-14 (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
1999-00	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	0.0	0.1	0.0	2.2
2008-09	0.0	0.0	0.0	2.2
2009-10	0.0	0.0	0.0	2.2
2010-11	0.0	0.0	0.0	2.2
2011-12	362.7	0.2	0.0	365.1
<u>Estimates:</u>				
2012-13	140.0	3.6	0.0	508.6
2013-14	75.0	5.1	0.0	588.6

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 27, 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 2013-14.
- In FY 2008-09, revenue subject to the limit fell below the limit by the greatest margin in the history of the limit: approximately \$8.0 billion or 24.3%.
- In FY 2010-11, the gap between revenue and the limit decreased to \$5.6 billion or 17.0%, reflecting both income declines during 2009 – the base year used to compute the FY 2010-11 revenue limit – and increased revenue resulting from the improving economy.
- In FY 2011-12, the gap between revenue and the limit is estimated to have decreased to \$5.3 billion or 16.3%, reflecting the flat income level during 2010 – the base year used to compute the FY 2011-12 revenue limit – and a slight decline in revenue subject to the limit.
- In FY 2012-13, the gap between revenue and the limit is estimated to increase to \$6.4 billion or 18.9%, reflecting increased income growth during 2011 – the base year used to compute the FY 2012-13 revenue limit – and relatively flat revenue subject to the limit.
- It is estimated that the gap between revenue and the limit will increase to \$7.0 billion or 20.0% in FY 2013-14, reflecting strong income growth during 2012 – the base year used to compute the FY 2012-13 revenue limit – and modest increases in revenue subject to the limit.

Table 27

**COMPLIANCE WITH CONSTITUTIONAL REVENUE LIMIT
FY 1994-95 TO FY 2013-14
(Millions of Dollars)**

Fiscal Year	Revenue 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	27,716.3	32,368.0	4,651.7
2008-09	24,838.6	32,824.5	7,985.9
2009-10	25,572.6	33,178.2	7,605.6
2010-11	27,248.2	32,829.0	5,580.8
2011-12	27,228.1	32,518.7	5,290.6
<u>Estimates:</u> ¹⁾			
2012-13	27,580.8	33,988.6	6,407.8
2013-14	28,130.5	35,169.8	7,039.4

¹⁾ May 2013 Consensus revenue estimate.

BUDGET AREA DETAIL

**DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
P.A. 59 of 2013 of 2013 – ARTICLE I**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	425.0	428.0	429.0	428.0	434.0	9.0	2.1
GROSS	78,533,000	76,993,300	79,143,300	76,793,300	80,183,300	1,650,300	2.1
Less:							
Interdepartmental Grants Received	519,300	524,300	524,300	524,300	524,300	5,000	1.0
ADJUSTED GROSS.....	78,013,700	76,469,000	78,619,000	76,269,000	79,659,000	1,645,300	2.1
Less:							
Federal Funds.....	12,079,600	9,720,900	9,720,900	9,720,900	9,960,900	(2,118,700)	(17.5)
Local and Private	100,800	96,900	96,900	96,900	96,900	(3,900)	(3.9)
TOTAL STATE SPENDING.....	65,833,300	66,651,200	68,801,200	66,451,200	69,601,200	3,767,900	5.7
Less:							
Other State Restricted Funds.....	28,734,400	29,020,900	29,020,900	29,020,900	29,020,900	286,500	1.0
GENERAL FUND/GENERAL PURPOSE...	37,098,900	37,630,300	39,780,300	37,430,300	40,580,300	3,481,400	9.4
PAYMENTS TO LOCALS	1,500,000	3,500,000	3,500,000	3,500,000	3,500,000	2,000,000	133.3

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS

Food and Agriculture Industry Growth Initiative. The budget includes \$1.0 million for a grant program to promote industry-wide development and growth. Boilerplate language is also included to allow for the expenditure of any funds authorized for the program by the Michigan Strategic Fund or the Michigan Economic Development Corporation.

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

B. PROGRAM INCREASES

1. Agriculture Product Assurance and Export Assistance. The budget includes 4.0 FTEs and \$1.0 million to bolster the Department's ability to inspect agricultural goods for export in a timely manner.

FTE	4.0
Gross	1,000,000
GF/GP	1,000,000

2. Food Safety. The budget includes additional funds to aid the efforts of wholesale food inspections and lab testing.

Gross	250,000
GF/GP	250,000

3. Agriculture Development. The budget includes 1.0 FTE and \$130,000 to fund an agriculture development position assigned to the Upper Peninsula.

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

4. County Fair Capital Improvement Grants. The budget includes a \$20,000 increase to the grant program, bringing the FY 2013-14 appropriation total for the program to \$301,600 GF/GP.

Gross	20,000
GF/GP	20,000

5. Producer Security/Grain Dealer Program. The budget reflects an additional 1.0 FTE position and \$150,000 Restricted to fund programs resulting from fee adjustments in Public Acts 148 and 149 of 2012.

FTE	1.0
Gross	150,000
Restricted	150,000
GF/GP	0

6. Farmland and Open Space Preservation. The budget includes additional Restricted funds for program administration from the Agriculture Preservation Fund.

Gross	192,500
Restricted	192,500
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

D. PROGRAM REDUCTIONS

<p>1. U.S.D.A. Monitoring. The budget reflects the reduction of \$1.0 million in Federal funds for the U.S.D.A. monitoring program that collects data on pesticide and food safety.</p>	<p>Gross (1,000,000) Federal (1,000,000) GF/GP 0</p>
<p>2. Animal Industry-Disease Prevention and Response. The budget reflects a loss of Federal and Restricted revenue (licensing and inspection fees) for the animal disease and response program.</p>	<p>Gross (449,300) Federal (336,200) Restricted (113,100) GF/GP 0</p>

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

<p>Adjustments for Actual Funds Received and FY 2012-13 Legislative Action. The budget reflects technical adjustments made for actual funds received and reversal of FY 2012-13 supplemental appropriations and contingency transfers.</p>	<p>FTE (2.0) Gross (2,344,000) Federal (927,800) Private (7,300) Restricted (415,500) GF/GP (993,400)</p>
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H. UNCLASSIFIED SALARIES

<p>Salary Increases. The budget includes a total increase to unclassified salary positions of \$7,000.</p>	<p>Gross 7,000 GF/GP 7,000</p>
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I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

<p>The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all</p>	<p>Gross 1,764,400 IDG 7,400 Federal 230,300</p>
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**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$126,300 GF/GP for OPEB.

Private	3,400
Restricted	618,700
GF/GP	904,600

K. ONE-TIME APPROPRIATIONS

1. Ottawa County Water Resource Study. The budget includes funding for a study, with Ottawa County participation, of groundwater and public water supply resources within the county, including test well monitoring of glacial and bedrock aquifers for quality and quantity and impact of water usage.

Gross	300,000
GF/GP	300,000

2. Qualified Forest Affidavit Program. The budget includes 5.0 FTEs and \$1.7 million for the start-up costs of a program, which has the objective of increasing the knowledge of nonindustrial private forestland owners of sound forest management practices, thereby increasing the amount of commercial timber production in the State.

FTE	5.0
Gross	1,700,000
GF/GP	1,700,000

3. Pesticide and Plant Pest Management. The budget includes a one-time increase in GF/GP of \$800,000 in the current inspection and certification program to offset a shortfall in State Restricted revenue from agriculture licensing and inspection fees (Item B.5. above).

Gross	800,000
GF/GP	800,000

4. Employee Lump-Sum Payments. The budget eliminated a one-time appropriation for State employee lump-sum payments that were made in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements.

Gross	(470,300)
IDG	(2,400)
Federal	(85,000)
Private	(1,500)
Restricted	(146,100)
GF/GP	(235,300)

5. New Food Safety Requirements. The budget eliminated a one-time appropriation for implementation of new food safety requirements through training, inspections, and testing.

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

6. Rural Development Value-Added Grants. The budget eliminated a one-time appropriation of \$900,000 GF/GP for a grant program to assist the expansion of value-added agriculture production, processing, and access within the State.

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

L. VETOES - NONE

**DEPARTMENT OF ATTORNEY GENERAL
P.A. 59 of 2013 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	509.0	511.0	511.0	511.0	511.0	2.0	0.4
GROSS	88,293,000	89,306,900	89,306,900	89,013,100	89,139,900	846,900	1.0
Less:							
Interdepartmental Grants Received	25,533,600	27,355,500	27,355,500	27,355,500	27,188,500	1,654,900	6.5
ADJUSTED GROSS.....	62,759,400	61,951,400	61,951,400	61,657,600	61,951,400	(808,000)	(1.3)
Less:							
Federal Funds.....	9,932,600	9,838,200	9,838,200	9,838,200	9,838,200	(94,400)	(1.0)
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING.....	52,826,800	52,113,200	52,113,200	51,819,400	52,113,200	(713,600)	(1.4)
Less:							
Other State Restricted Funds.....	19,001,000	17,631,900	17,631,900	17,631,900	17,631,900	(1,369,100)	(7.2)
GENERAL FUND/GENERAL PURPOSE...	33,825,800	34,481,300	34,481,300	34,187,500	34,481,300	655,500	1.9
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | |
|---|--|
| <p>1. Operations Increases for Legal Services. The budget increased the operations line by \$1,284,700 to fund additional legal services for the Department of Human Services (DHS) and the Department of Licensing and Regulatory Affairs. The increase reflects the current memoranda of understanding with these Departments. As proposed by the Governor, this was an increase of \$2,124,200 in FY 2013-14, however, after Public Act 102 of 2013, which increased the Operations line by \$839,500 in FY 2012-13, the resulting increase is \$1,284,700 in FY 2013-14.</p> | <p>Gross 1,284,700
IDG 672,700
Restricted 612,000
GF/GP 0</p> |
| <p>2. Fraud Prevention and Prosecution. The budget added \$333,000 and 3.0 FTE positions for prevention and prosecution of fraud cases related to programs operated by the DHS, including cash assistance. The program is funded by an interdepartmental grant (IDG) from the DHS.</p> | <p>FTE 3.0
Gross 333,000
IDG 333,000
GF/GP 0</p> |
| <p>3. Information Technology (IT) Upgrades. The budget includes funding for upgrading several IT components within the Department of Attorney General. Specifically, increased funding includes: \$10,900 for Microsoft Windows upgrade and geospatial mapping capabilities and \$42,200 for wireless infrastructure upgrades and internet bandwidth upgrades.</p> | <p>Gross 53,100
GF/GP 53,100</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Student Safety Hotline. The budget does not continue funding for the Student Safety Hotline, which is a project to establish a way for students to report bullying and threats using multiple communications media to a hotline that is monitored 24 hours a day. The project would be conducted jointly by the Department of Attorney General and the Department of Michigan State Police with cooperation from the Michigan Department of Education. This program received \$2,371,000 in FY 2012-13 and work project authority in Public Act 102 of 2013 contingent upon the enactment of Senate Bill 374. Senate Bill 374 was passed by the Senate on June 19, 2013, and is pending in the Michigan House of Representatives.

FTE	(1.0)
Gross	(2,371,000)
Restricted	(2,371,000)
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget increased the line item for unclassified salaries from \$700,000 in FY 2012-13 to \$707,000 in FY 2013-14.

Gross	7,000
GF/GP	7,000

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$2,054,400 for OPEB.

Gross	2,566,000
IDG	946,500
Federal	28,200
Restricted	602,600
GF/GP	988,700

K. ONE-TIME APPROPRIATIONS

Removed Lump-Sum Employee Payments. The budget removed \$1,025,900 for one-time payments to employees in FY 2012-13 pursuant to employment contracts.

Gross	(1,025,900)
IDG	(297,300)
Federal	(122,600)
Restricted	(212,700)
GF/GP	(393,300)

L. VETOES - NONE

CAPITAL OUTLAY

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	700	0	0	0	0	(700)	(100.0)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	700	0	0	0	0	(700)	(100.0)
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	700	0	0	0	0	(700)	(100.0)
Less:							
Other State Restricted Funds.....	0	0	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE...	700	0	0	0	0	(700)	(100.0)
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**

Capital Outlay appropriations for departments have been included in annual departmental budgets since FY 2008-09, leaving just planning and construction authorizations for Capital Outlay appropriation bills. No FY 2013-14 appropriation for new State Building Authority-financed projects has been enacted as of this publication. The \$700 negative adjustment for FY 2013-14 reflects the one-time nature of planning and construction authorizations included in FY 2012-13. The actual cost of projects is included in State Building Authority rent appropriations contained in the General Government appropriation bill.

Gross	(700)
GF/GP	(700)

- H. UNCLASSIFIED SALARIES - NONE**
- I. FEE INCREASES - NONE**
- J. ECONOMIC ADJUSTMENTS - NONE**
- K. ONE-TIME APPROPRIATIONS - NONE**
- L. VETOES - NONE**

**DEPARTMENT OF CIVIL RIGHTS
P.A. 59 of 2013 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	121.0	122.0	122.0	107.0	122.0	1.0	0.8
GROSS	14,805,700	15,198,300	15,198,300	14,632,300	15,198,300	392,600	2.7
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	14,805,700	15,198,300	15,198,300	14,632,300	15,198,300	392,600	2.7
Less:							
Federal Funds.....	2,641,300	2,690,200	2,690,200	2,690,200	2,690,200	48,900	1.9
Local and Private	58,900	18,700	18,700	18,700	18,700	(40,200)	(68.3)
TOTAL STATE SPENDING	12,105,500	12,489,400	12,489,400	11,923,400	12,489,400	383,900	3.2
Less:							
Other State Restricted Funds.....	151,900	151,900	151,900	151,900	151,900	0	0.0
GENERAL FUND/GENERAL PURPOSE...	11,953,600	12,337,500	12,337,500	11,771,500	12,337,500	383,900	3.2
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|---|--------------|----------------|
| <p>1. Division on Deaf and Hard of Hearing. The budget includes \$100,000 and 1.0 FTE position to fund an employee returning from military leave. This increased the line item to \$771,300.</p> | <p>FTE</p> | <p>1.0</p> |
| | <p>Gross</p> | <p>100,000</p> |
| | <p>GF/GP</p> | <p>100,000</p> |
| <p>2. Hispanic/Latino Commission of Michigan. The budget includes \$54,000 to support the work of this commission and reduce the use of funds from the operations line for this purpose. This increased the line item to \$255,600.</p> | <p>Gross</p> | <p>54,000</p> |
| | <p>GF/GP</p> | <p>54,000</p> |
| <p>3. Information Technology (IT) Upgrades. The budget includes funding for upgrading several IT components within the Department. Specifically, funding includes: \$1,000 for upgrading geospatial mapping capabilities; \$5,800 for wireless infrastructure upgrades; \$3,600 for internet band width expansion; and savings of \$4,300 in the cost of Microsoft upgrades due to a reduction in employees.</p> | <p>Gross</p> | <p>6,100</p> |
| | <p>GF/GP</p> | <p>6,100</p> |

C. PROGRAM ELIMINATIONS

- | | | |
|---|----------------|-----------------|
| <p>Tides Foundation Grant. The budget removed \$40,200 in spending authority for private funding from the Tides Foundation for a study of the economic impact of State and local antidiscrimination policies. This amount of funding was appropriated in FY 2012-13 by contingency fund transfer to replace spending authority inadvertently lapsed at book-closing.</p> | <p>Gross</p> | <p>(40,200)</p> |
| | <p>Private</p> | <p>(40,200)</p> |
| | <p>GF/GP</p> | <p>0</p> |

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

H. UNCLASSIFIED SALARIES

The budget increased the unclassified salaries line from \$700,000 in FY 2012-13 to \$707,000 in FY 2013-14.

Gross	7,000
GF/GP	7,000

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$60,800 for OPEB.

Gross	394,600
Federal	73,500
GF/GP	321,100

K. ONE-TIME APPROPRIATIONS

Removal of One-time Employee Lump-Sum Payments. The budget removed \$128,900 that was appropriated in FY 2012-13 for one-time lump-sum payments to classified employees pursuant to labor contracts.

Gross	(128,900)
Federal	(24,600)
GF/GP	(104,300)

L. VETOES - NONE

**COMMUNITY COLLEGES
P.A. 60 of 2013 – ARTICLE II**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	306,630,500	335,977,600	335,977,600	334,877,600	335,977,600	29,347,100	9.6
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	306,630,500	335,977,600	335,977,600	334,877,600	335,977,600	29,347,100	9.6
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	306,630,500	335,977,600	335,977,600	334,877,600	335,977,600	29,347,100	9.6
Less:							
Other State Restricted Funds.....	197,614,100	197,614,100	197,614,100	197,614,100	197,614,100	0	0.0
GENERAL FUND/GENERAL PURPOSE...	109,016,400	138,363,500	138,363,500	137,263,500	138,363,500	29,347,100	26.9
PAYMENTS TO LOCALS	306,630,500	335,977,600	335,977,600	334,877,600	335,977,600	29,347,100	9.6

Includes Ongoing and One-time Appropriations.

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|--|------------------------|----------------------------------|
| <p>1. Michigan Public School Employees Retirement System (MPERS) Rate Cap. The budget includes \$31.4 million GF/GP to fund the difference between the employer's capped contribution rate for unfunded accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contributions rate. MPERS reform legislation requires the State to pay the difference between these amounts. The enacted budget also includes a supplemental of \$12.5 million to fund the amount necessary in FY 2012-13, resulting in a net increase of \$18.9 million in FY 2013-14.</p> | <p>Gross
GF/GP</p> | <p>18,900,000
18,900,000</p> |
| <p>2. Performance Funding. The Governor included a \$5.8 million GF/GP (2.0%) increase for community college operations distributed through a modified version of the Performance Indicators Task Force Formula that has been used in recent budgets. The Governor also reallocated \$1,277,500 that was distributed based on local strategic value in FY 2012-13. This resulted in a total of \$7,124,600 being distributed through the Governor's proposed formula. The Governor proposed replacing the local strategic value component with a new allocation based on the number of skilled trades program students placed in a relevant job or apprenticeship, with extra weighting for placing a student veteran. The Senate and House maintained FY 2012-13 base appropriations and distributed the FY 2013-14 funding increase through the current Performance Indicators Task Force Formula. <u>Table 1</u> provides details of funding adjustments by college.</p> | <p>Gross
GF/GP</p> | <p>5,847,100
5,847,100</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

<p>Renaissance Zone Reimbursements. The Governor, Senate, and House included \$3.5 million GF/GP for Renaissance Zone tax reimbursements pursuant to Public Act 376 of 1996. This appropriation was included in the Department of Treasury budget in FY 2012-13 at the same level of funding.</p>	<p>Gross GF/GP</p>	<p>3,500,000 3,500,000</p>
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G. OTHER ISSUES

MPSERS Retiree Health Care. In FY 2012-13, the Governor recommended a \$1,733,600 appropriation from the School Aid Fund for the purpose of offsetting the increase in MPSERS retirement contributions attributable to a 0.25% increase in retiree health care costs. Distributions were to be based on the FY 2011-12 MPSERS payroll. The enacted version of the budget included the funding, but allocated the funds to community colleges on an across-the-board basis. The Governor recommended continuation of the funding, but again recommended that the funds be allocated to community colleges based on MPSERS payroll. The Senate and House concurred with the Governor. Table 2 delineates the estimated difference in allocation methods.

Gross	0
GF/GP	0

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS

Virtual Learning Collaborative. The Virtual Learning Collaborative provides access to courses offered by all Michigan public community colleges. In 2009, the Michigan Community College Association board of directors approved an affiliate membership for four-year institutions. To date, Lawrence Tech and Grand Valley State University have become members. The Governor, Senate, and House included new State funding for the development of course aggregator software, development of a "pathway to credential" tool that will identify for students courses toward a career path, development of analytics software that informs colleges of course demand for decision-making about future offerings, and development of a repository of online courses and resources for use by faculty at member institutions.

Gross	1,100,000
GF/GP	1,100,000

L. VETOES - NONE

**Table 1: FY 2013-14 Enacted
Community College Performance Funding**

College	FY 2013-14 Enacted							Total Formula Distribution	FY 2013-14 Appropriation	Percent Change
	FY 2012-13 Enacted	50% Proportionate to Base	10.0% Student Contact Hours	7.5% Administrative Cost Component	17.5% Weighted Degree Formula	15.0% Local Strategic Value ¹⁾				
Alpena	\$5,133,600	51,300	4,800	15,800	15,600	15,400	102,900	\$5,236,500	2.0%	
Bay de Noc	5,184,000	51,800	6,300	5,300	16,400	15,600	95,400	5,279,400	1.8%	
Delta	13,772,700	137,700	27,500	19,900	64,400	41,300	290,800	14,063,500	2.1%	
Glen Oaks	2,393,500	24,000	3,600	5,000	8,200	7,200	48,000	2,441,500	2.0%	
Gogebic	4,251,700	42,500	3,200	10,400	9,700	12,800	78,600	4,330,300	1.8%	
Grand Rapids	17,129,200	171,300	39,900	19,900	43,200	51,400	325,700	17,454,900	1.9%	
Henry Ford	20,687,400	206,800	40,700	15,300	47,700	62,100	372,600	21,060,000	1.8%	
Jackson	11,542,000	115,400	16,500	12,800	36,900	34,600	216,200	11,758,200	1.9%	
Kalamazoo Valley	11,880,200	118,800	26,300	22,000	39,600	35,600	242,300	12,122,500	2.0%	
Kellogg	9,330,000	93,300	14,700	21,800	34,200	28,000	192,000	9,522,000	2.1%	
Kirtland	2,981,200	29,800	4,700	15,100	16,000	8,900	74,500	3,055,700	2.5%	
Lake Michigan	5,081,500	50,800	11,300	6,100	13,200	15,200	96,600	5,178,100	1.9%	
Lansing	29,463,900	294,600	46,400	23,700	106,700	88,300	559,700	30,023,600	1.9%	
Macomb	31,343,700	313,400	59,500	24,200	96,400	93,900	587,400	31,931,100	1.9%	
Mid Michigan	4,412,600	44,100	11,900	11,500	24,600	13,200	105,300	4,517,900	2.4%	
Monroe	4,241,900	42,400	9,600	21,800	14,200	12,700	100,700	4,342,600	2.4%	
Montcalm	3,051,800	30,500	4,400	14,400	10,900	9,200	69,400	3,121,200	2.3%	
Mott	14,955,800	149,500	29,500	21,800	45,600	44,900	291,300	15,247,100	1.9%	
Muskegon	8,493,300	84,900	10,500	20,000	19,300	25,500	160,200	8,653,500	1.9%	
North Central	2,992,900	29,900	5,600	16,500	10,500	9,000	71,500	3,064,400	2.4%	
Northwestern	8,662,000	86,600	13,100	17,800	19,800	26,000	163,300	8,825,300	1.9%	
Oakland	20,065,100	200,600	66,900	22,900	67,400	60,200	418,000	20,483,100	2.1%	
St. Clair	6,726,700	67,300	11,300	14,200	20,400	20,200	133,400	6,860,100	2.0%	
Schoolcraft	11,852,100	118,500	31,500	16,100	58,500	35,600	260,200	12,112,300	2.2%	
Southwestern	6,296,600	63,000	7,700	6,200	11,900	18,900	107,700	6,404,300	1.7%	
Washtenaw	12,295,200	122,900	32,600	20,200	103,000	36,900	315,600	12,610,800	2.6%	
Wayne County	15,867,900	158,700	41,300	16,100	62,700	47,600	326,400	16,194,300	2.1%	
West Shore	2,308,400	23,200	3,400	1,700	6,200	6,900	41,400	2,349,800	1.8%	
Total	\$292,396,900	\$2,923,600	\$584,700	\$438,500	\$1,023,200	\$877,100	\$5,847,100	\$298,244,000	2.0%	

1) Amounts assume each college meets best practice requirements to qualify for Local Strategic Value distributions pursuant to Section 230.

**Table 2: Estimated Allocation for MPSERS Retiree Health Care Reimbursement
FY 2012-13 Distribution Compared to FY 2013-14 Enacted**

Community College	FY 2012-13 Enacted	FY 2013-14 Enacted	Difference
Alpena	\$30,400	\$21,000	(\$9,400)
Bay de Noc	30,800	16,700	(14,100)
Delta	81,400	89,100	7,700
Glen Oaks	14,200	8,900	(5,300)
Gogebic	25,300	11,500	(13,800)
Grand Rapids	101,700	152,700	51,000
Henry Ford	123,000	120,100	(2,900)
Jackson	68,500	43,000	(25,500)
Kalamazoo Valley	70,400	57,800	(12,600)
Kellogg	55,300	36,900	(18,400)
Kirtland	17,500	20,800	3,300
Lake Michigan	30,200	26,200	(4,000)
Lansing	175,000	144,700	(30,300)
Macomb	186,200	153,500	(32,700)
Mid Michigan	26,100	30,800	4,700
Monroe	25,000	33,900	8,900
Montcalm	18,000	17,700	(300)
Mott	88,700	83,300	(5,400)
Muskegon	50,400	32,700	(17,700)
North Central	17,600	16,000	(1,600)
Northwestern	51,500	41,900	(9,600)
Oakland	118,800	180,100	61,300
St. Clair	39,900	35,500	(4,400)
Schoolcraft	70,100	101,200	31,100
Southwestern	37,500	13,800	(23,700)
Washtenaw	72,200	106,500	34,300
Wayne County	94,200	124,400	30,200
West Shore	13,700	12,900	(800)
Total	\$1,733,600	\$1,733,600	\$0

**DEPARTMENT OF COMMUNITY HEALTH
P.A. 59 of 2013 – ARTICLE IV**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	3,546.6	3,583.6	3,593.6	3,571.6	3,585.6	39.0	1.1
GROSS	14,940,604,400	16,634,251,000	15,365,251,900	15,327,024,200	15,385,348,600	444,744,200	3.0
Less:							
Interdepartmental Grants Received	10,023,800	10,056,100	10,056,100	10,056,100	10,056,100	32,300	0.3
ADJUSTED GROSS	14,930,580,600	16,624,194,900	15,355,195,800	15,316,968,100	15,375,292,500	444,711,900	3.0
Less:							
Federal Funds.....	9,625,131,500	11,392,469,900	9,924,142,100	9,882,379,600	9,915,647,000	290,515,500	3.0
Local and Private	357,044,800	333,878,900	359,792,500	378,162,600	378,162,600	21,117,800	5.9
TOTAL STATE SPENDING	4,948,404,300	4,897,846,100	5,071,261,200	5,056,425,900	5,081,482,900	133,078,600	2.7
Less:							
Other State Restricted Funds.....	2,161,236,700	2,172,313,600	2,226,518,200	2,165,424,200	2,165,435,800	4,199,100	0.2
GENERAL FUND/GENERAL PURPOSE...	2,787,167,600	2,725,532,500	2,844,743,000	2,891,001,700	2,916,047,100	128,879,500	4.6
PAYMENTS TO LOCALS	1,211,451,300	1,227,734,500	1,235,720,300	1,235,500,000	1,227,298,200	15,846,900	1.3

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS

<p>1. Veterans' Mental Health/Substance Abuse Strategic Action Plan. The budget includes funding for this new initiative, which will allocate money to credential local providers in Tri-Care, a behavioral health insurance system for active-duty members of the military and their families, to co-locate clinicians, to train law enforcement personnel to recognize post-traumatic stress disorder, and to support military cultural competency among Community Mental Health (CMH) boards.</p>	<p>Gross 60,000 GF/GP 60,000</p>
<p>2. Jail/Prison Diversion Initiative. The budget includes funding for a jail/prison diversion program, with offsetting GF/GP savings assumed. A workgroup composed of judges, law enforcement persons, and others will be created and five pilot projects will be funded.</p>	<p>FTE 1.0 Gross 1,630,000 GF/GP 1,630,000</p>
<p>3. Behavioral Health Homes. The budget includes funding for three demonstration projects to coordinate physical and behavioral health services for high-need and high-risk mentally ill individuals.</p>	<p>Gross 900,000 Federal 810,000 GF/GP 90,000</p>
<p>4. Health Innovation Grants. The budget includes funding for health innovation grants. The intent is to solicit proposals from local and private entities and use a competitive application process. Of this funding, \$250,000 will be dedicated to a chronic fatigue syndrome study.</p>	<p>Gross 1,500,000 GF/GP 1,500,000</p>
<p>5. Michigan Infant Mortality Plan. The budget includes funding to aid the health status of women of childbearing age, to implement a regional perinatal system, and to promote infant "safe sleep" practices.</p>	<p>FTE 4.0 Gross 2,000,000 GF/GP 2,000,000</p>
<p>6. Pregnancy and Parenting Home Support Program. The budget funds a pilot alternative pregnancy and parenting home support program.</p>	<p>Gross 700,000 GF/GP 700,000</p>
<p>7. Health Care Transformation Office. The budget includes funding for a health care transformation office, to support collaborative partnerships and work on reducing bureaucratic difficulties faced by contractors.</p>	<p>FTE 10.0 Gross 1,840,800 Federal 330,000 GF/GP 1,510,800</p>
<p>8. All Payer Claims Database. The budget includes funding for an all payer claims database, which will collect price information on medical procedures to allow insurers and consumers to have comprehensive information about the price and quality of health care services.</p>	<p>Gross 300,000 GF/GP 300,000</p>

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

B. PROGRAM INCREASES

1. Health and Wellness Programs Ongoing Appropriations. The budget includes an increase in ongoing health and wellness appropriations, partially offsetting the removal of \$5.0 million in one-time funding for these programs.	Gross GF/GP	1,000,000 1,000,000
2. Medicaid Base and Expenditure Adjustment. The budget reflects the consensus estimate of FY 2013-14 expenditures for Medicaid and related programs.	Gross Federal GF/GP	192,965,400 127,228,200 65,737,200
3. Family Support Subsidy Caseload. The budget includes additional Temporary Assistance for Needy Families (TANF) funding to cover an estimated increase in program caseload from 7,189 to 7,265.	Gross Federal GF/GP	203,900 203,900 0
4. Actuarially Sound Rates for Prepaid Inpatient Health Plans (PIHPs). The budget includes a 1.25% rate increase for Medicaid PIHPs to meet the Federal requirement that Medicaid managed care rates be actuarially sound.	Gross Federal GF/GP	26,888,000 17,832,100 9,055,900
5. Michigan Essential Health Provider Program. The budget includes an increase in funding for this program, which supports loan repayment costs for certain providers who agree to work in medically underserved areas.	Gross Federal GF/GP	1,000,000 500,000 500,000
6. AIDS Pharmaceutical Rebate Adjustment. The budget reflects the estimated level of AIDS pharmaceutical rebates that are used to support the AIDS drug program for uninsured individuals.	Gross Private GF/GP	10,570,700 10,570,700 0
7. Newborn Screening Fee Revenue Increase. The budget reflects an inflationary increase in the newborn screening fee and an advisory committee's recommendations for fee increases, raising the total fee from \$98.08 to \$103.53.	Gross Restricted GF/GP	650,400 650,400 0
8. Lead Abatement Funding. The budget includes an increase in lead abatement funding.	Gross GF/GP	1,250,000 1,250,000
9. Essential Public Health Services. The budget includes an increase to local public health departments.	Gross GF/GP	2,000,000 2,000,000
10. Traumatic Brain Injury Treatment Services. The budget includes funding for treatment for those with traumatic brain injuries.	Gross GF/GP	1,250,000 1,250,000

		FY 2013-14 Change From FY 2012-13 Year-to-Date	
11. Infant Mortality Services.	The budget includes funding for evidence-based approaches to reduce infant mortality, including the Nurse Family Partnership.	Gross GF/GP	500,000 500,000
12. Women, Infants, and Children (WIC) Program Formula Rebates.	Additional WIC formula rebate revenue was recognized and will be used to support the WIC program.	Gross Private GF/GP	2,459,500 2,459,500 0
13. Use of Victims Rights Funds for Media Awareness.	The budget reflects continued use of Crime Victims Rights funds for media awareness efforts to let people know about services and their eligibility for compensation.	Gross Restricted GF/GP	30,000 30,000 0
14. Senior Nutrition Services.	The budget includes an increase for senior nutrition services.	Gross GF/GP	500,000 500,000
15. Actuarially Sound Rates for Medicaid Health Maintenance Organizations (HMOs).	The budget includes a 2.5% rate increase for Medicaid HMOs to meet the Federal requirement that Medicaid managed care rates be actuarially sound.	Gross Federal GF/GP	85,658,900 56,809,000 28,849,900
16. Increased Funding for Medicaid Autism Services.	The budget includes full-year funding for Medicaid autism services, a total of \$38.0 million Gross.	Gross Federal GF/GP	20,455,400 13,566,000 6,889,400
17. Expansion of Healthy Kids Dental Program.	The budget expanded the Healthy Kids Dental Program to Ingham, Ottawa, and Washtenaw Counties. Five counties remain not covered: Kalamazoo, Kent, Macomb, Oakland, and Wayne.	Gross Federal GF/GP	11,643,000 7,721,600 3,921,400
18. Annualization of Medicaid Primary Care Rate Increase.	The budget includes full-year funding for the federally funded rate increase for Medicaid primary care services that took effect on January 1, 2013. Rates were increased to Medicare rates for these services.	Gross Federal GF/GP	103,200,000 103,200,000 0
19. Information Technology (IT) Upgrades.	The budget includes funding for upgrading several IT components within the Department. Specifically, increased funding includes: \$109,200 for upgrading geospatial mapping capabilities; \$126,200 for wireless infrastructure upgrades; and \$106,300 for internet bandwidth expansion.	Gross Federal Restricted GF/GP	341,700 211,900 17,100 112,700
20. Michigan/Illinois CHAMPS Alliance.	The budget includes private revenue from the Michigan/Illinois Medicaid Management Information System (MMIS) project. The State of Illinois will partner with Michigan to use Michigan's MMIS system and will pay Michigan for use of the system.	Gross Private GF/GP	15,000,000 15,000,000 0

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

C. PROGRAM ELIMINATIONS

1. Harper/Hutzel Hospital Rate Adjustor (HRA) Payment. The FY 2013-14 budget eliminated the Harper/Hutzel HRA payment.	Gross Federal GF/GP	(19,989,600) (13,257,100) (6,732,500)
2. Elimination of Transitional Medicaid Plus (TMA Plus) Program. The FY 2013-14 budget eliminated the TMA Plus program.	Gross GF/GP	(200,000) (200,000)

D. PROGRAM REDUCTIONS

1. Termination of Epidemiological Outcome Workgroup Grant. The budget reflects the expiration of a three-year grant from the Center for Substance Abuse Prevention, used to enhance and integrate substance abuse assessment.	Gross Private GF/GP	(200,000) (200,000) 0
2. Assumed Facility Savings Related to Jail/Prison Diversion Program. The budget reflects savings to the Caro and Walter Reuther State Psychiatric facilities due to the diversion of individuals from State facility placement under the jail/prison diversion program.	Gross Local GF/GP	(3,260,000) (1,630,000) (1,630,000)
3. Removal of FY 2012-13 Private Grant. An FY 2012-13 supplemental included a small grant from the Robert Wood Johnson Foundation tied to the county health rankings report. This funding is not continued in FY 2013-14.	Gross Private GF/GP	(9,700) (9,700) 0
4. Removal of Pregnancy Risk Assessment Monitoring System (PRAMS) Grant. The FY 2012-13 budget was adjusted to reflect a one-time grant from the W.K. Kellogg Foundation. The grant is not continued in the FY 2013-14 budget.	Gross Private GF/GP	(100,000) (100,000) 0
5. Expiration of Family, Maternal, and Children's Health Services Private Grants. The budget reflects the expiration in FY 2013-14 of two FY 2012-13 private grants, \$39,000 in funding for dental projects and \$131,300 for youth and pregnant women services.	Gross Private GF/GP	(170,300) (170,300) 0
6. Senior Respite Services. A one-time surplus in escheats funding used to expand Senior Respite Services in FY 2012-13 will not be available in FY 2013-14.	Gross Restricted GF/GP	(4,190,000) (4,190,000) 0
7. Savings from Implementation of Dual Eligible Waiver. The budget assumed a limited amount of savings from implementation of the proposed dual eligible waiver during FY 2013-14.	Gross Federal GF/GP	(5,286,800) (3,527,100) (1,759,700)

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

8. Healthy Kids Dental and MICHild Dental Rate Adjustments. The budget reflects technical adjustments to indicate the actual payment rates for these services.	Gross (1,610,700) Federal (1,149,200) GF/GP (461,500)
9. Third Party Liability Savings. The budget assumed an increase in savings from the Department's efforts to enhance third party liability recoveries in the Medicaid program.	Gross (7,491,700) Federal (4,968,500) GF/GP (2,523,200)
10. Microsoft Enterprise Agreement. The budget includes savings from the Microsoft Enterprise Agreement.	Gross (86,900) Federal (53,900) Restricted (4,300) GF/GP (28,700)

E. FUNDING SHIFTS

1. Change in Base Medicaid Match Rate for FY 2013-14. The base Medicaid match rate decreases from 66.39% to 66.32% in FY 2013-14, leading to an increase in GF/GP costs.	Gross 0 Federal (8,809,700) Local 67,000 Restricted 1,839,500 GF/GP 6,903,200
2. Change in Title XXI Match Rate for FY 2013-14. The Title XXI match rate, which reflects the Title XXI match revenue used to support the MICHild program, decreases from 76.47% to 76.40% in FY 2013-14, leading to a small increase in GF/GP costs.	Gross 0 Federal (35,700) GF/GP 35,700
3. Healthy Michigan Fund Revenue. Tobacco tax revenue dedicated to the Healthy Michigan Fund and used to support wellness programs and Medicaid continues to decrease and is offset with GF/GP funding.	Gross 0 Restricted (1,202,900) GF/GP 1,202,900
4. Senior Respite Services Escheats Revenue. The budget reflects an ongoing increase in escheats revenue used to support the Senior Respite Services line, and uses that revenue to offset GF/GP support.	Gross 0 Restricted 400,000 GF/GP (400,000)
5. Michigan Access to Care Initiative (MACI) Payments. The budget reflects the fund source adjustments tied to payments made to hospitals under the MACI program. The fund source adjustments tie to the Medicaid match rate and the provider tax.	Gross 0 Federal (52,600) Restricted (10,122,400) GF/GP 10,175,000

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

6. Merit Award Trust Fund Revenue. The budget adjusted for the available Merit Award Trust Fund revenue.	Gross	0
	Restricted	4,632,500
	GF/GP	(4,632,500)
7. Adjustment to Certified Public Expenditures. The Federal Affordable Care Act will reduce the State's ability to claim certified public expenditure reimbursement due to a reduction in uncompensated care, leading to this adjustment.	Gross	0
	Federal	(1,000,000)
	GF/GP	1,000,000
8. Health Insurance Claims Assessment (HICA) Fund Source. The FY 2012-13 budget used Merit Award Trust Fund revenue to help resolve a shortfall in HICA revenue. Since that money will not be available in FY 2013-14, it was removed from the budget.	Gross	0
	Restricted	37,600,000
	Tobacco	(37,600,000)
	GF/GP	0

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Changes in Federal Authorization. The budget reflects adjustments to Federal grants, including several increases and new grants as well as decreases related to the expiration of grants.	FTE	(1.0)
	Gross	3,516,900
	Federal	3,516,900
	GF/GP	0
2. State Facility Financing Adjustments. The budget includes technical adjustments to State Facility funding to reflect changes in the Medicaid match rate as well as the transfer of facility earned days funding back to CMH.	Gross	(8,987,500)
	Federal	(26,900)
	Local	(8,960,600)
	GF/GP	0
3. Infant Mortality Perinatal Regionalization Staff Adjustment. The budget includes a technical adjustment to reflect an already-hired FTE employee who handles infant mortality perinatal regionalization.	FTE	1.0
	Gross	0
	GF/GP	0
4. Insourcing of HIV and Sexually Transmitted Disease (STD) Services. The budget reflects insourcing of the HIV and STD staff; at present staff from the Southeastern Michigan Health Association supervise State employees, but that will be changed to have a State employee be in charge.	FTE	5.0
	Gross	0
	GF/GP	0

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

5. Implementation of Managed Care for Children's Special Health Care Services (CSHCS) Recipients. CSHCS Medicaid clients are being shifted into managed care. There is a GF/GP savings from this shift due to hospital provider taxes.	Gross Federal Restricted GF/GP	568,600 568,600 7,539,700 (7,539,700)
6. Increase in Physician Adjustor Fee Revenue. The budget reflects an increase in administrative fees applied to the physician adjustor payment program.	FTE Gross Restricted GF/GP	2.0 198,600 198,600 0
7. Insourcing of Medical Services Administration Staff. Medical Services Administration staff for appeals and third party liability services are insourced.	FTE Gross GF/GP	17.0 0 0
8. State Psychiatric Hospital Disproportionate Share Hospital (DSH) Payments and Other Special Financing Adjustments. The budget reflects a number of minor adjustments in special financing payments, in particular the State Psychiatric DSH payments.	Gross Federal Local Restricted GF/GP	16,300 (817,400) 23,900 1,541,300 (731,500)
9. Expansion of Program of Alternative Care for the Elderly (PACE). The budget includes an expansion of the PACE program of \$15,461,500, funded with an equivalent amount of savings in the Long-Term Care program. The expansion will result in a slight loss in provider tax revenue.	Gross Restricted GF/GP	0 (850,400) 850,400
10. Medicaid Expansion. The budget does not fund the proposed expansion of the State's Medicaid program to all under 133% of the Federal poverty level.	Gross Federal GF/GP	0 0 0

H. UNCLASSIFIED SALARIES

The budget includes a 1.0% increase to the Director and Other Unclassifieds line item.

Gross	7,000
GF/GP	7,000

I. FEE INCREASES

1. Vital Records Fee Increase. The budget assumed an increase in vital records fees. Most fees are expected to be increased between 20% and 50%.

Gross	1,500,000
Restricted	1,500,000
GF/GP	0

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

2. Certificate of Need (CON) Fee Increase. The budget assumed an increase in CON fees to continue current program operations, including new processing and survey fees.

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

3. Emergency Medical Services (EMS) Increase. The budget assumed an increase in EMS fees to support current program operations, including new fees for first responders and for education.

Gross	1,006,100
Restricted	1,006,100
GF/GP	0

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$1,944,800 for OPEB.

Gross	16,301,500
IDG	52,000
Federal	3,994,800
Local	4,206,100
Private	12,400
Restricted	777,400
GF/GP	7,258,800

K. ONE-TIME APPROPRIATIONS

1. State Employee Lump-Sum Payments. The FY 2013-14 budget omitted the FY 2012-13 one-time lump-sum payments to State employees.

Gross	(4,285,300)
IDG	(19,700)
Federal	(1,279,400)
Local	(150,400)
Private	(800)
Restricted	(263,500)
GF/GP	(2,571,500)

2. Health and Wellness Programs One-Time Appropriation. The FY 2013-14 budget omitted the one-time Health and Wellness Programs appropriation.

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

3. Mental Health Innovations Fund. The budget includes a new fund that will provide in-home services to youths at high risk for mental health issues. The appropriation includes \$2.5 million for home-based services for children, \$1.0 million for care management and treatment for high-risk youths, and \$1.5 million for mental health first aid tools and youth crisis intervention training for law enforcement.

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

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

<p>4. CMH Services for Special Populations One-Time Funding. The one-time funding of \$3.0 million for CMH services for special populations is continued at the same level, but the funding will now be treated as ongoing funding.</p>	<p>Gross 0 GF/GP 0</p>
<p>5. Eastern Michigan University (EMU) Autism Center. The budget includes an increase in funding for the EMU autism center from \$500,000 to \$1.0 million, with the new money being designated as one-time funding.</p>	<p>Gross 500,000 GF/GP 500,000</p>
<p>6. Oakland University Center for Autism Research, Education, and Support (OU CARES). The budget includes one-time funding for this program at Oakland University.</p>	<p>Gross 500,000 GF/GP 500,000</p>
<p>7. Central Michigan University (CMU) Central Assessment Lending Library. The budget includes one-time funding for this program at Central Michigan University.</p>	<p>Gross 500,000 GF/GP 500,000</p>
<p>8. Western Michigan University (WMU) Autism Center of Excellence. The budget includes one-time funding for this program at Western Michigan University.</p>	<p>Gross 500,000 GF/GP 500,000</p>
<p>9. Federally Required Diagnostic Coding Project. The budget reflects the second-year funding for this one-time project, a decrease from the \$30.0 million appropriated in FY 2012-13.</p>	<p>Gross (11,700,000) Federal (11,000,000) GF/GP (700,000)</p>

L. VETOES - NONE

**DEPARTMENT OF CORRECTIONS
P.A. 59 of 2013 – ARTICLE V**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	14,758.3	14,496.5	14,496.5	14,496.5	14,559.6	(198.7)	(1.3)
GROSS	2,021,015,600	2,037,434,600	2,020,377,600	2,043,809,500	2,056,646,800	35,631,200	1.8
Less:							
Interdepartmental Grants Received	992,100	1,109,600	1,109,600	1,109,600	1,109,600	117,500	11.8
ADJUSTED GROSS.....	2,020,023,500	2,036,325,000	2,019,268,000	2,042,699,900	2,055,537,200	35,513,700	1.8
Less:							
Federal Funds.....	8,952,400	8,852,500	8,852,500	8,852,500	8,852,500	(99,900)	(1.1)
Local and Private	2,846,000	8,392,800	266,200	266,200	8,392,800	5,546,800	194.9
TOTAL STATE SPENDING.....	2,008,225,100	2,019,079,700	2,010,149,300	2,033,581,200	2,038,291,900	30,066,800	1.5
Less:							
Other State Restricted Funds.....	66,989,500	56,026,100	53,348,500	56,002,900	56,026,100	(10,963,400)	(16.4)
GENERAL FUND/GENERAL PURPOSE...	1,941,235,600	1,963,053,600	1,956,800,800	1,977,578,300	1,982,265,800	41,030,200	2.1
PAYMENTS TO LOCALS	91,166,400	90,859,700	88,359,700	90,609,700	90,609,700	(556,700)	(0.6)

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|--|--|--|
| <p>1. Goodwill's Oil Filter Recycling Project. The budget includes \$250,000 to assist Goodwill's Green Works in providing employment and skills development opportunities for parolees.</p> | | <p>Gross 250,000
GF/GP 250,000</p> |
| <p>2. City of Detroit Detention Center. The budget authorizes the Michigan Department of Corrections (MDOC) to receive and spend an additional \$5.6 million in local funds paid to the State by the City of Detroit to provide for the operation of a 200-bed lock-up on the site of the former Mound Correctional Facility. Costs of operating the facility are fully covered by the city and include one-time physical plant alterations to allow the facility to accommodate this new purpose. This additional \$5.6 million brings the total full-year funding for the facility to \$8.1 million, because partial-year funding of \$2.5 million, along with the 63.1 FTEs responsible for operation of the facility, was added via a supplemental in FY 2012-13.</p> | | <p>FTE 0
Gross 5,644,900
Local 5,644,900
GF/GP 0</p> |
| <p>3. H.I.R.E. Job Training Pilot Program. The budget provides \$1.0 million to increase the capacity of the H.I.R.E. (Helping Individuals Return to Employment) job training program. The program, administered by Goodwill Industries, is intended to assist parolees with disabilities in learning job skills and in finding suitable employment opportunities.</p> | | <p>Gross 1,000,000
GF/GP 1,000,000</p> |

B. PROGRAM INCREASES

- | | | |
|---|--|--|
| <p>1. Special Equipment Fund (SEF). The budget added \$6.0 million to the Special Equipment and Maintenance line item, with the funding coming from the SEF. The SEF revenue is generated via a surcharge on prisoner telephone calls. The additional funding will be used to upgrade personal protection systems at various facilities.</p> | | <p>Gross 6,000,000
Restricted 6,000,000
GF/GP 0</p> |
| <p>2. Information Technology (IT) Upgrades. The budget includes funding for upgrading several IT components within the Department. Specifically, increased funding includes: \$216,300 for Microsoft Windows upgrade; \$34,600 for upgrading geospatial mapping capabilities; \$294,400 for wireless infrastructure upgrades; and \$379,800 for internet bandwidth expansion.</p> | | <p>Gross 929,100
Restricted 23,200
GF/GP 905,900</p> |
| <p>3. Staff Adjustment at Detroit Re-Entry Center. The budget includes an additional \$881,400 and 8.8 FTEs for staff at the Detroit Re-Entry Center (DRC). Ryan Correctional Facility was repurposed to create the DRC, and when the conversion occurred, the MDOC estimated that the repurposed facility would require a staff of 187.4 FTEs, but it was later determined that 196.2 FTEs would be required, which necessitated this adjustment.</p> | | <p>FTE 8.8
Gross 881,400
GF/GP 881,400</p> |

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

<p>4. Staff Adjustment at Alger Correctional Facility Housing Unit. This item corrected an error from the FY 2012-13 budget. A housing unit at Alger Correctional Facility was converted from single- to double-bunking, increasing bed space capacity; however, the marginal operations costs such as for health care and food services associated with those 88 beds were not added to the facility line item. To correct this error, the budget includes \$506,200.</p>	<p>Gross 506,200 GF/GP 506,200</p>
<p>5. Postclosure Maintenance Costs. The budget includes additional funding for postclosure maintenance at the following facilities: Camp Ottawa, Camp Manistique, Camp Kitwen, and the Standish Correctional Facility. Postclosure maintenance tasks include maintenance of ventilation and plumbing systems, security to prevent vandalism and theft, and groundskeeping. Some closed facilities, particularly Standish Correctional Facility, have substantial useful life remaining, so the Department anticipates using the facilities again in the future.</p>	<p>Gross 634,100 GF/GP 634,100</p>
<p>6. Food Service at Maxey/Green Oaks Center. The budget reflects an increase in the interdepartmental grant (IDG) from the Department of Human Services (DHS) to the Michigan Department of Corrections for the food service that is provided by MDOC to the DHS clients and staff at the Maxey/Green Oaks center. The DHS facility does not have a kitchen, but the neighboring MDOC facility does, so the Departments have made an arrangement for MDOC to provide food service.</p>	<p>Gross 219,700 IDG 219,700 GF/GP 0</p>
<p>C. PROGRAM ELIMINATIONS - NONE</p>	
<p>D. PROGRAM REDUCTIONS</p>	
<p>1. Food Service at DCH Forensic Center. The budget reduced an IDG from the Department of Community Health (DCH) to align with the actual cost of food service being provided to Forensic Center, which is neighboring an MDOC facility. This adjustment corrects a previous overestimate.</p>	<p>Gross (120,000) IDG (120,000) GF/GP 0</p>
<p>2. Food Service Funding Reduction. The budget reduced food service funding by \$6.0 million to reflect savings associated with the completion of the competitive bidding process, which is anticipated to result in a contract with a third party operator.</p>	<p>Gross (6,000,000) GF/GP (6,000,000)</p>
<p>3. Education Program Funding. The FY 2012-13 budget was increased by \$268,000 to authorize the Department to use \$168,000 additional Federal grant dollars and \$100,000 in Private grant dollars for prisoner education. These funds were not part of the original base for FY 2012-13 and therefore are not included in the FY 2013-14 initial appropriation.</p>	<p>Gross (268,000) Federal (168,000) Private (100,000) GF/GP 0</p>

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

<p>1. Internal Adjustments. The budget reflects a variety of internal funding adjustments, which have no overall Gross or GF/GP impact. The adjustments ensure that the spending plan for each line item will be less than or equal to the appropriated line item. The adjustments did the following:</p> <ul style="list-style-type: none"> • Adjusted facility line items by \$42,173,800; some facility budgets were reduced but most were increased, leading to a net increase. • Increased transportation funding by \$7,023,100. • Increased food service funding by \$6,289,600; after this internal adjustment was made the line item was reduced by \$6.0 million, so the overall increase beyond economic adjustments was \$289,600. • Reduced funding for health care services by \$25,600,900. • Reduced funding for prisoner Re-Entry Services by \$19,697,000. • Reduced funding for leased beds by \$9,000,100. • Reduced other items by \$1,506,900. 	<p>Gross (159,200) GF/GP (159,200)</p>
<p>2. Reduction in Unfunded FTE Authorization. The budget removed 225.5 FTEs that are vacant and not funded to bring the budget into closer alignment with the actual number of FTEs the Department uses.</p>	<p>FTE (225.5) Gross 0 GF/GP 0</p>
<p>3. Re-Entry FTE Adjustment. The budget added 18.0 FTEs across seven different correctional facilities for the purposes of providing re-entry-related programming such as the Violence Prevention Program. Funding for these positions was made available via internal adjustments.</p>	<p>FTE 18.0 Gross 0 GF/GP 0</p>

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

H. UNCLASSIFIED SALARIES

The budget reflects adding \$159,200 for the unclassified salaries line item. The line pays the salaries of the following six unclassified positions: Director, Deputy Director - Operations Support, Deputy Director - Facility Administration, Deputy Director - Field Operations, Health Services Administration, and Legislative Liaison.

Gross	159,200
GF/GP	159,200

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$6,670,200 for OPEB.

Gross	48,876,700
IDG	21,700
Federal	151,500
Local	3,200
Restricted	876,900
GF/GP	47,823,400

K. ONE-TIME APPROPRIATIONS

1. New Employee Training School. The budget includes \$9.0 million in additional one-time funding for the training of approximately 400 new corrections officers to fill current and anticipated vacancies.

Gross	9,032,500
GF/GP	9,032,500

2. Elimination of FY 2012-13 One-Time Funding. The budget removed all of the one-time funding included in the FY 2012-13 budget, including \$13.2 million for employee lump-sum payments, \$1.1 million for information technology projects, and \$17.6 million from the Special Equipment Fund that was authorized in a supplemental appropriation, Public Act 305 of 2012.

Gross	(31,955,400)
IDG	(3,900)
Federal	(83,400)
Local	(1,300)
Restricted	(17,863,500)
GF/GP	(14,003,300)

L. VETOES - NONE

**DEPARTMENT OF EDUCATION
P.A. 59 of 2013 – ARTICLE VI**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	590.5	594.5	594.5	590.5	593.5	3.0	0.5
GROSS	313,376,700	318,888,400	322,246,900	318,285,900	298,366,000	(15,010,700)	(4.8)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS.....	313,376,700	318,888,400	322,246,900	318,285,900	298,366,000	(15,010,700)	(4.8)
Less:							
Federal Funds.....	228,603,600	232,395,400	232,241,650	232,145,300	211,873,000	(16,730,600)	(7.3)
Local and Private	8,639,100	7,567,000	7,567,000	7,567,000	7,567,000	(1,072,100)	(12.4)
TOTAL STATE SPENDING.....	76,134,000	78,926,000	82,438,250	78,573,600	78,926,000	2,792,000	3.7
Less:							
Other State Restricted Funds.....	7,690,800	8,032,100	8,021,800	8,015,300	8,032,100	341,300	4.4
GENERAL FUND/GENERAL PURPOSE...	68,443,200	70,893,900	74,416,450	70,558,300	70,893,900	2,450,700	3.6
PAYMENTS TO LOCALS	6,208,000	10,312,300	13,212,300	10,272,300	10,376,000	4,168,000	67.1

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. Information Technology (IT) Upgrades. The budget includes funding for upgrading several IT components within the Department. Specifically, increased funding includes: \$41,900 for Microsoft Windows upgrade; \$6,100 for geospatial mapping capabilities; \$29,900 for wireless infrastructure upgrades; and \$26,100 for internet bandwidth expansion.</p>	<p>Gross 104,000 Federal 60,200 Restricted 12,100 GF/GP 31,700</p>
<p>2. Carl D. Perkins Grant. The budget includes a \$40,000 increase to meet the Carl D. Perkins Career and Technical Education grant's maintenance of effort requirements; this is a \$38.7 million Federal grant.</p>	<p>Gross 40,000 GF/GP 40,000</p>
<p>3. Renaissance Zone Reimbursements to Libraries. The budget includes \$1.5 million in Renaissance Zone reimbursements to libraries. Reimbursements in the School Aid budget were increased by \$1.7 million, to \$3.2 million, bringing the net renaissance zone reimbursements to libraries between both budgets up to \$4.7 million.</p>	<p>Gross 1,500,000 GF/GP 1,500,000</p>
<p>4. State Aid to Libraries. The budget includes a \$1.3 million transfer of State aid to libraries from the School Aid budget to consolidate all funding into one budget, and a \$1.4 million increase, bringing the total line item to \$8.9 million.</p>	<p>Gross 1,363,700 GF/GP 1,363,700</p>
<p>5. School Improvement Plans. The budget includes a \$137,500 and 1.0 FTE increase to allow the Department to review up to 300 School Improvement Plans annually (up from 180 reviews annually).</p>	<p>Gross 137,500 GF/GP 137,500</p>
<p>6. Charter School Support. The budget includes a \$127,500 and 1.0 FTE increase for the Office of Field Services to support and monitor newly opened charter schools resulting from the lifted charter school cap with the enactment of Public Act 277 of 2011.</p>	<p>Gross 127,500 Federal 63,700 GF/GP 63,800</p>
<p>7. Accounting Support. The budget includes a \$114,000 and 1.0 FTE increase for additional accounting support for the Child Development and Care (CDC) program not transferred from the Department of Human Services (DHS) with the creation of the Office of Great Start.</p>	<p>Gross 114,000 Federal 90,000 Restricted 10,300 GF/GP 13,700</p>

C. PROGRAM ELIMINATIONS - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

D. PROGRAM REDUCTIONS

- | | | |
|--|---------|-------------|
| <p>1. Child Development and Care (CDC) Adjustment. The budget includes a \$20.4 million reduction in the CDC public assistance line for FY 2013-14 to reflect CDC caseload projections agreed upon at the May 2013 Consensus Revenue Estimating Conference. After the expiration of the FY 2012-13 reduction of \$15.9 million, this nets to a \$4.5 million change from FY 2012-13 year-to-date.</p> | Gross | (4,510,900) |
| | Federal | (4,510,900) |
| <p>2. Federal and Private Funding Authorization. The budget includes a reduction of \$2.7 million for Federal and private funding authorization to reflect actual revenue.</p> | Gross | (2,682,000) |
| | Federal | (1,536,600) |
| | Private | (1,145,400) |

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

- | | | |
|---|-------|-------------|
| <p>1. Michigan College Access Network. The budget reflects the transfer of the \$2.0 million Michigan College Access Network into the Higher Education budget to better align the budget with program objectives.</p> | Gross | (2,000,000) |
| | GF/GP | (2,000,000) |
| <p>2. State Aid to Libraries. The budget includes a \$1.3 million transfer of State aid to libraries from the School Aid budget to consolidate all funding into one budget, and a \$1.4 million increase, bringing the total line item to \$8.9 million.</p> | Gross | 1,304,300 |
| | GF/GP | 1,304,300 |

G. OTHER ISSUES

- | | | |
|---|---------|--------------|
| <p>Child Development and Care IDG. The budget reflects an \$11.8 million (\$0 GF/GP) IDG grant reduction to the DHS to reflect actual expenditures for CDC external support.</p> | Gross | (11,820,600) |
| | Federal | (11,820,600) |

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$249,400 for OPEB.

Gross	2,400,600
Federal	1,498,600
Local	89,800
Restricted	302,100
GF/GP	510,100

K. ONE-TIME APPROPRIATIONS

The budget reflects a reduction of \$1,088,800 due to the expiration of one-time funds from FY 2012-13 for the Central Michigan University (CMU) Central Assessment Lending Library; lump-sum payments to State employees; a cooperative education grant; and a contingency fund transfer to reflect the partial funding source change of the salary of the Deputy Superintendent for Office of Great Start. The \$50,000 GF/GP CMU grant was transferred to the Department of Community Health budget and increased to \$500,000 GF/GP.

Gross	(1,088,800)
Federal	(429,100)
Local	(16,500)
Restricted	(129,100)
GF/GP	(514,100)

L. VETOES - NONE

**DEPARTMENT OF ENVIRONMENTAL QUALITY
P.A. 59 of 2013 – ARTICLE VII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,321.5	1,285.5	1,285.5	1,285.5	1,281.5	(40.0)	(3.0)
GROSS	432,329,900	517,668,800	510,668,900	507,878,500	517,168,800	84,838,900	19.6
Less:							
Interdepartmental Grants Received	9,021,200	9,401,900	9,401,900	9,399,300	9,401,900	380,700	4.2
ADJUSTED GROSS.....	423,308,700	508,266,900	501,267,000	498,479,200	507,766,900	84,458,200	20.0
Less:							
Federal Funds.....	161,687,500	150,929,700	150,929,700	150,911,400	150,779,700	(10,907,800)	(6.7)
Local and Private	533,200	541,800	541,800	541,800	541,800	8,600	1.6
TOTAL STATE SPENDING.....	261,088,000	356,795,400	349,795,500	347,026,000	356,445,400	95,357,400	36.5
Less:							
Other State Restricted Funds.....	231,275,600	327,690,900	320,690,900	320,626,100	327,340,900	96,065,300	41.5
GENERAL FUND/GENERAL PURPOSE...	29,812,400	29,104,500	29,104,600	26,399,900	29,104,500	(707,900)	(2.4)
PAYMENTS TO LOCALS	2,775,000	2,775,000	2,775,000	2,775,000	2,775,000	0	0.0

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Strategic Water Quality Initiatives Fund (SWQIF). The budget includes an additional \$97.0 million for grants and loans to municipalities for sewer upgrades and \$3.0 million for wetland mitigation banks. Revenue will come from bonds issued under the authority of Proposal 2 of 2002.	Gross Restricted GF/GP	100,000,000 100,000,000 0
2. Information Technology (IT) Upgrades. The budget includes funding for upgrading several IT components within the Department of Environmental Quality (DEQ). Specifically, changes to funding include: \$16,500 for upgrading geospatial mapping capabilities; \$51,000 for wireless infrastructure upgrades; \$39,300 for internet bandwidth expansion; and a negative \$21,500 for Microsoft Windows upgrade.	Gross IDG Federal Restricted GF/GP	85,300 2,600 18,300 59,800 4,600
3. Brownfield Redevelopment Grants. The budget includes a total of \$5.5 million for Brownfield Redevelopment Grants. The grants are funded from Clean Michigan Initiative bond funds earmarked for this purpose.	Gross Restricted GF/GP	500,000 500,000 0
4. Surface Water State Match. The budget includes additional GF/GP funding for use as State match for Federal funds. Federal funds will be drawn down at a 1:1 match rate. Total funding for Surface Water in FY 2013-14 is approximately \$17.7 million.	Gross GF/GP	200,000 200,000
5. Refined Petroleum Product Cleanup Program. The budget includes a total of \$32.3 million in Refined Petroleum Fund revenue for the cleanup of orphaned leaking underground storage tanks.	Gross Restricted GF/GP	2,500,000 2,500,000 0

C. PROGRAM ELIMINATIONS

WICKES TCE Plume Study. The budget does not include an appropriation for an engineering study of the trichloroethylene plume at the former Wickes Manufacturing site. This appropriation was included in boilerplate in the FY 2012-13 DEQ budget and was not included by the Governor, House, or Senate in their respective budgets for FY 2013-14.	Gross Restricted GF/GP	(300,000) (300,000) 0
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**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

D. PROGRAM REDUCTIONS

- | | |
|---|---|
| <p>1. Office of Environmental Assistance. The budget reduced the Office as part of an agreement with industry groups to fund the Hazardous Waste Management Program. Gross funding for the Office for FY 2013-14 is approximately \$6.2 million.</p> | <p>FTE (4.0)
Gross (500,000)
Federal (150,000)
Restricted (350,000)
GF/GP 0</p> |
| <p>2. Removal of MiWaters Funding. The budget removed a \$2.0 million appropriation for the MiWaters IT system re-write. Appropriations for this purpose are no longer necessary as the project will be carried forward as a work project under the Management and Budget Act.</p> | <p>Gross (2,000,000)
Restricted (2,000,000)
GF/GP 0</p> |

E. FUNDING SHIFTS

- | | |
|---|--|
| <p>1. Office of the Great Lakes Funding. The budget includes a \$500,000 fund shift that increases GF/GP appropriations and decreases appropriations from the Great Lakes Fund. The Fund receives revenue from a corpus balance that was intended to pay Michigan's share of the Great Lakes Compact. In recent years the company managing the Fund for the constituent states has failed to produce the returns that were originally projected. This transfer makes up the difference between the projected revenue in the Fund and the costs of maintaining the Compact.</p> | <p>Gross 0
Restricted (500,000)
GF/GP 500,000</p> |
| <p>2. Technical Adjustments. The budget reflects some small technical funding shifts that net to zero. These changes were made to several lines and reflect available revenue.</p> | <p>Gross 0
IDG 22,500
Federal (36,500)
Restricted 14,000
GF/GP 0</p> |

F. PROGRAM TRANSFERS

- | | |
|---|--|
| <p>Storage Tank Programs. The budget reflects Executive Order 2012-14, which transferred the Underground Storage Tank Program and Aboveground Storage Tank Program from the DEQ to the Department of Licensing and Regulatory Affairs.</p> | <p>FTE (37.0)
Gross (4,925,700)
Federal (1,255,300)
Restricted (3,670,400)
GF/GP 0</p> |
|---|--|

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

G. OTHER ISSUES

<p>1. Hazardous Waste Program. The Governor's recommended budget included revenue from an anticipated increase in Hazardous Waste Program fees. The Senate and House did not include this revenue. The enacted budget includes boilerplate language that effectively combines several DEQ funds and allows them to be used interchangeably, provided statutory authority is given to do so. This will allow the DEQ to maintain the program for FY 2013-14 while a more permanent funding solution is decided upon.</p>	<p>Gross 0 Restricted 0 GF/GP 0</p>
<p>2. Wetlands Program. The budget includes \$1.0 million in ongoing GF/GP revenue and \$0.6 million in one-time revenue for the wetlands permitting program. In FY 2012-13, the GF/GP of \$1.5 million was categorized as "one-time", so while this item shows an additional \$1.0 million for the program, the ongoing appropriation, coupled with the one-time \$0.6 million appropriation, increases the program by \$100,000. The FTE associated with this item is for a new wetlands ombudsman position.</p>	<p>FTE 1.0 Gross 1,000,000 GF/GP 1,000,000</p>
<p>3. Solid Waste Surcharge Sunset Extension. The budget includes revenue from solid waste surcharge fees that bring in about \$4.3 million for the Solid Waste Program annually. These fees are set to sunset on October 1, 2013.</p>	<p>Gross 0 Restricted 0 GF/GP 0</p>
<p>4. Revenue Adjustments. The budget reflects several technical adjustments to match projected revenue with appropriations.</p>	
<p>a. Radiological Protection IDG. The budget includes additional interdepartmental grant (IDG) revenue to reflect actual receipts and expenditures by the Radiological Protection Program.</p>	<p>Gross 234,400 IDG 234,400 GF/GP 0</p>
<p>b. Great Lakes Restoration Initiative. The budget reduced Federal appropriations for this program to reflect changes to the program at the Federal level. The DEQ is no longer used as a pass-through entity for grants to local governments; these grants are now directly awarded from the U.S. Environmental Protection Agency to local units.</p>	<p>Gross (10,000,000) Federal (10,000,000) GF/GP 0</p>
<p>c. Other Overstated Revenue Sources. The budget reduced Federal and restricted spending authorization to reflect lower anticipated levels of revenue across several budget areas in the DEQ.</p>	<p>Gross (2,337,000) Federal (400,000) Restricted (1,937,000) GF/GP 0</p>

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

5. Removal of FY 2012-13 Supplemental Appropriations. The budget omitted funding for the Aquifer Dispute Resolution Program, as this was added as a supplemental during FY 2012-13 and not included in the Governor's, House's, or Senate's budget during the budget process.

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

H. UNCLASSIFIED SALARIES

The budget includes economic adjustments for unclassified salaries.

Gross	7,000
Restricted	5,000
GF/GP	2,000

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$715,300 for OPEB.

Gross	5,524,100
IDG	170,000
Federal	1,331,400
Private	12,800
Restricted	3,264,300
GF/GP	745,600

K. ONE-TIME APPROPRIATIONS

1. Hazardous Waste Program. The budget includes one-time GF/GP funding for the Hazardous Waste Program. This item was included by the Governor and Senate, but not by the House during the budget process. This funding was part of a recommendation from a user group as part of a long-term funding solution for the Program. Other components of this recommendation were not included in the FY 2013-14 DEQ budget.

Gross	400,000
GF/GP	400,000

2. Wetlands Program. The budget includes one-time GF/GP funding for the permitting program for wetlands. This item was included by the Governor and Senate, but not by the House during the budget process. Of this amount, \$100,000 will fund a wetlands ombudsman.

Gross	600,000
GF/GP	600,000

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

- 3. Removal of FY 2012-13 One-Time Appropriations.** The budget omitted FY 2012-13 one-time appropriations for State employee lump-sum payments, Drinking Water Revolving Fund State match, and the Wetlands Program.

Gross	(5,549,200)
IDG	(48,800)
Federal	(415,700)
Private	(4,200)
Restricted	(920,400)
GF/GP	(4,160,100)

L. VETOES - NONE

**EXECUTIVE
P.A. 59 of 2013 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	74.2	74.2	74.2	74.2	74.2	0.0	0.0
GROSS	4,887,900	4,970,000	4,970,000	4,970,000	5,370,000	482,100	9.9
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS.....	4,887,900	4,970,000	4,970,000	4,970,000	5,370,000	482,100	9.9
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.....	4,887,900	4,970,000	4,970,000	4,970,000	5,370,000	482,100	9.9
Less:							
Other State Restricted Funds.....	0	0	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE...	4,887,900	4,970,000	4,970,000	4,970,000	5,370,000	482,100	9.9
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Executive Office. The budget includes a 2% increase for FY 2013-14 to reflect actual costs of operation and expenditures.

Gross	97,800
GF/GP	97,800

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES

Salary and Wage Increases. The budget includes an increase for this line item to cover the costs of salary and wages for unclassified employees.

Gross	400,000
GF/GP	400,000

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$0 for OPEB.

Gross	43,000
GF/GP	43,000

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

K. ONE-TIME APPROPRIATIONS

FY 2012-13 One-Time Funding. The budget removed the one-time funding provided for FY 2012-13, which included \$58,700 for State employee lump-sum payments.

Gross	(58,700)
GF/GP	(58,700)

L. VETOES - NONE

**HIGHER EDUCATION
P.A. 60 of 2013 – ARTICLE III**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	0.0	N/A	N/A	N/A	N/A
GROSS	1,399,220,400	1,430,573,500	1,430,573,500	1,430,573,500	1,430,573,500	31,353,100	2.2
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,399,220,400	1,430,573,500	1,430,573,500	1,430,573,500	1,430,573,500	31,353,100	2.2
Less:							
Federal Funds.....	97,026,400	97,026,400	97,026,400	97,026,400	97,026,400	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	1,302,194,000	1,333,547,100	1,333,547,100	1,333,547,100	1,333,547,100	31,353,100	2.4
Less:							
Other State Restricted Funds.....	200,565,700	200,565,700	200,565,700	200,565,700	200,565,700	0	0.0
GENERAL FUND/GENERAL PURPOSE ...	1,101,628,300	1,132,981,400	1,132,981,400	1,132,981,400	1,132,981,400	31,353,100	2.8
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations.

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|---|--------------|-------------------|
| <p>1. Performance Funding. The Governor included a \$24,869,000 (2.0%) GF/GP increase for university operations and allocated funds consistent with the performance funding and tuition restraint formulas adopted in the FY 2012-13 Higher Education budget. Metrics include: weighted undergraduate completions in critical skills, research and development expenditures, six-year graduation rates, total completions, and administrative costs. The Governor maintained the prerequisites for qualifying for performance funding, including: participation in at least three reverse transfer agreements, a dual-enrollment policy that does not consider whether the credits were used toward high school graduation, and participation in the Michigan Transfer Network. The House and Senate eliminated tuition restraint as a separate allocation of funding and instead added tuition restraint as a prerequisite for receiving performance funding. The House included \$4.0 million more than the Senate did for performance funding. (The Senate moved \$2.0 million to increased Michigan Public School Employees' Retirement System (MPERS) reimbursements (Item 2. below) and \$2.0 million for Indian Tuition Waiver Reimbursements.) Consistent with FY 2012-13, the House scored Carnegie classification distributions as follows: 3 for improving, 2 for top 20%, and 1 for above the national median. The House modified the distribution formula for Carnegie classifications by weighting the distribution by the number of resident undergraduate fiscal year equated students (FYES). The Senate changed the scoring Carnegie distributions to: 3 for top 20%, 2 for above the national median, and 2 for improving, with no weighting. The Senate also included intent language stating that improving would be reduced to a score of 1 in FY 2014-15. The enacted budget includes \$21,869,000 for performance funding (\$3.0 million less than the House and \$1.0 million more than the Senate), scoring Carnegie distributions the same as the Senate (including the intent language for FY 2014-15). The distributions were weighted by all undergraduate FYES (resident and nonresident). <u>Table 1</u> lists performance funding allocations to each university. Also, the annual joint Senate/House FY 2013-14 Higher Education Appropriations Report provides a comprehensive overview of the Higher Education budget.</p> | <p>Gross</p> | <p>21,869,000</p> |
| | <p>GF/GP</p> | <p>21,869,000</p> |
| <p>2. MPERS Reimbursements. The FY 2012-13 budget included \$446,200 for the purpose of offsetting a portion of the MPERS costs for universities. The Senate increased this appropriation by \$2.0 million GF/GP. The House did not include this adjustment. The Conference concurred with the Senate.</p> | <p>Gross</p> | <p>2,000,000</p> |
| | <p>GF/GP</p> | <p>2,000,000</p> |

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

- | | | |
|---|---------------------------|-----------------------------------|
| <p>3. Tuition Incentive Program (TIP). The enacted budget increased this program by \$3.2 million GF/GP (7.3%), from \$43.8 million to \$47.0 million. The program provides an incentive to students to complete high school and go on to college by pledging to pay tuition and fees for associate degree or certificate programs, as well as up to a maximum amount of \$2,000 for junior and senior years combined at a four-year institution. Students in grades 6 through 12 who are Medicaid-eligible for 24 months within a 36-consecutive-month period can qualify for TIP. To limit growth in the cost of the program, the Governor recommended that beginning with FY 2014-15, Phase I grants to Michigan public four-year institutions be limited to 300% of the statewide average per credit hour cost of a public community college. The Governor is proposing a separate act to implement this change.</p> | <p>Gross</p> <p>GF/GP</p> | <p>3,200,000</p> <p>3,200,000</p> |
| <p>4. Children of Veterans/Officers Survivors Tuition Grants. The budget increased funding from \$1.2 million to \$1.4 million for Children of Veterans/Officers Survivors Tuition Grants. The appropriation funds two programs. Public Act 248 of 2005 repealed a program that had been established in 1935 and replaced it with tuition grants for children of Michigan veterans who either died or were permanently disabled. An undergraduate student at a Michigan two-year or four-year, public or private, institution is eligible for up to four academic years if the student maintains a 2.25 cumulative grade point average. The grants are funded from a State income tax check-off (\$100,000) and the General Fund (\$1.3 million). The annual grant maximum for a full-time student is \$2,800 and for a part-time student is \$1,400.</p> | <p>Gross</p> <p>GF/GP</p> | <p>200,000</p> <p>200,000</p> |
| <p>5. MSU AgBioResearch and MSU Extension. The Governor included a \$1,084,100 GF/GP (2.0%) increase. The House separated the appropriation into two line items, MSU AgBioResearch \$29,706,600, and MSU Extension \$25,582,100. The Conference concurred with two line items and increased funding by \$2,084,100 GF/GP (3.8%), resulting in \$30,243,900 for MSU AgBioResearch and \$26,044,800 for MSU Extension.</p> | <p>Gross</p> <p>GF/GP</p> | <p>2,084,100</p> <p>2,084,100</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

F. PROGRAM TRANSFERS

College Access Program. The Governor's recommendation transferred this program from the Department of Education to the Higher Education budget. The Senate and House concurred. There is no adjustment to the level of funding in FY 2012-13.

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

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

**Table 1: FY 2013-14 Enacted
University Performance Funding**

University	FY 2012-13 Year-to-Date	Funding Proportional to Share of Total				Scored vs. National Carnegie Peers										Percent Change
		22.2%		11.1%		66.7%										
		Funding per unit: \$340.46 per completion		\$ 0.0019 per dollar		Six-year Graduation Rate	Total Degree Completions	Inst Support as % of Core Expend	Total Score	Total Undergrad FYES	FYES- Weighted Score	\$12.25 per weighted point	Funding	*Total Performance Funding	FY 2013-14 Appropriation w/ Perf Funding	
Michigan State	\$245,037,000	2,664	\$906,890	\$293,704,711	\$555,802	2	3	2	7	34,841	243,887	\$2,986,649	\$4,449,300	\$249,486,300	1.82	
UM-Ann Arbor	274,156,700	2,629	895,059	728,871,000	1,379,305	3	3	2	8	27,332	218,656	2,677,669	4,952,000	279,108,700	1.81	
Wayne State	183,398,300	659	224,361	163,944,192	310,246	0	0	0	0	15,828	0	0	534,700	183,933,000	0.29	
Michigan Tech	42,579,100	903	307,474	52,917,000	100,139	3	2	2	7	5,427	37,989	465,215	872,800	43,451,900	2.05	
Western	95,487,500	1,037	353,053	27,538,940	52,114	2	2	2	6	18,272	109,632	1,342,557	1,747,700	97,235,200	1.83	
Central	71,352,300	681	231,680	7,527,977	14,246	3	3	2	8	19,275	154,200	1,888,339	2,134,300	73,486,600	2.99	
Oakland	44,964,100	918	312,539	9,531,111	18,037	0	2	0	2	13,888	27,776	340,146	670,700	45,634,800	1.49	
Eastern	66,466,700	642	218,573			0	3	0	3	15,525	46,575	570,359	788,900	67,255,600	1.19	
Ferris	44,250,700	1,212	412,718			2	3	2	7	10,956	76,692	939,173	1,351,900	45,602,600	3.06	
Grand Valley	55,436,000	1,182	402,270			3	3	2	8	19,668	157,344	1,926,840	2,329,100	57,765,100	4.20	
Saginaw Valley	25,656,700	362	123,075			2	0	0	2	8,288	16,576	202,990	326,100	25,982,800	1.27	
UM-Dearborn	22,237,300	356	121,202			2	0	0	2	5,927	11,854	145,164	266,400	22,503,700	1.20	
UM-Flint	19,526,600	375	127,671			2	2	0	4	5,591	22,364	273,870	401,500	19,928,100	2.06	
Northern	40,856,600	472	160,759			2	3	2	7	8,194	57,358	702,408	863,200	41,719,800	2.11	
Lake Superior	12,046,100	183	62,452			2	2	0	4	2,408	9,632	117,954	180,400	12,226,500	1.50	
TOTAL:	\$1,243,451,700	14,274	\$4,859,778	\$1,284,034,931	\$2,429,889	28	31	16	75	211,420	1,190,535	\$14,579,333	\$21,869,000	\$1,265,320,700	1.76	

Total performance funding: **\$21,869,000**

Additional MPSERS reimbursement: \$2,000,000
 Additional MSU Ag/Extension: 1,000,000
Total Funding Increase: \$24,869,000

Data Notes			
Component	Source	Years	Other
Critical skills undergrad awards	State HEIDI	FYs 2011-2012	Removed accounting/multi-disciplinary
Research & develop expend	Federal IPEDS	FY 2011	Carnegie research universities only
Six-year graduation rate	Federal IPEDS	FYs 2007-2010	
Total degree completions	Federal IPEDS	FYs 2007-2010	Includes graduate degrees
Inst support as % of core expend	Federal IPEDS	FYs 2007-2010	Measure of administrative costs
Undergrad FYES	State HEIDI	FY 2012	

Scoring	
Top 20% nationally	3
Improving over 3 years	2
Above national median	2

***Requirements to receive performance funding amounts:**

1. Restrain FY 2013-14 resident undergraduate tuition/fee rate increase to 3.75% or below
2. Participate in at least three reverse transfer agreements with community colleges (or make good-faith effort)
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation
4. Participate in the Michigan Transfer Network

**DEPARTMENT OF HUMAN SERVICES
P.A. 59 of 2013 – ARTICLE X**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	12,308.0	12,276.5	12,038.7	11,306.1	12,144.5	(163.5)	(1.3)
GROSS	6,161,935,000	6,045,776,100	6,045,776,100	5,938,602,400	6,018,383,400	(143,551,600)	(2.3)
Less:							
Interdepartmental Grants Received	30,693,300	30,594,600	30,594,600	28,970,900	18,127,100	(12,566,200)	(40.9)
ADJUSTED GROSS.....	6,131,241,700	6,015,181,500	6,015,181,500	5,909,631,500	6,000,256,300	(130,985,400)	(2.1)
Less:							
Federal Funds.....	4,973,378,600	4,802,702,800	4,802,815,200	4,768,780,800	4,814,517,900	(158,860,700)	(3.2)
Local and Private	54,149,400	47,747,500	47,747,500	42,428,400	47,268,400	(6,881,000)	(12.7)
TOTAL STATE SPENDING.....	1,103,713,700	1,164,731,200	1,164,618,800	1,098,422,300	1,138,470,000	34,756,300	3.1
Less:							
Other State Restricted Funds.....	74,508,600	151,618,800	151,506,400	90,797,500	135,470,000	60,961,400	81.8
GENERAL FUND/GENERAL PURPOSE...	1,029,205,100	1,013,112,400	1,013,112,400	1,007,624,800	1,003,000,000	(26,205,100)	(2.5)
PAYMENTS TO LOCALS	100,595,000	95,422,200	91,338,400	95,906,500	92,153,400	(8,441,600)	(8.4)

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS

<p>1. Centers for Independent Living (CIL) Pilot Program. The House budget included \$300,000 Gross for a pilot program to be administered by the CILs. The budget provides enough funding for the Department to implement the pilot program statewide.</p>	<p>Gross 1,500,000 GF/GP 1,500,000</p>
<p>2. Gentle Teaching Methods Pilot Program. Funding for a pilot program to integrate Gentle Teaching methods into Field Staff Worker training is included. The Senate budget included the funding for a pilot program for Child Protective Services workers.</p>	<p>Gross 100,000 GF/GP 100,000</p>
<p>3. Campus Coaches. The budget provides funding for mentoring and other college assistance for foster care children through the Campus Coaches program.</p>	<p>Gross 750,000 Federal 600,000 GF/GP 150,000</p>
<p>4. Juvenile Justice Analyst. The budget provides funding for the Department to create a new position dedicated to the collection and analysis of juvenile justice data.</p>	<p>FTEs 1.0 Gross 116,000 GF/GP 116,000</p>

B. PROGRAM INCREASES

<p>1. Fraud Prevention: Voter Registration Act Compliance. As part of the National Voter Registration Act, the DHS is required to submit registration forms and updates on behalf of clients. The budget includes funding for the printing and mailing costs associated with compliance with the Act.</p>	<p>Gross 717,600 Federal 367,000 GF/GP 350,600</p>
<p>2. Child Support Specialists. As part of the Pathways to Prevention business model, the budget provides funding for 11.0 FTE Child Support Specialists to establish paternity and support for public assistance clients.</p>	<p>FTEs 11.0 Gross 1,092,400 Federal 721,000 GF/GP 371,400</p>
<p>3. State Disbursement Unit. The budget provides increased funding for the child support State Disbursement Unit in anticipation of an increase in child support payments due to declining unemployment levels.</p>	<p>Gross 3,000,000 Federal 2,190,000 GF/GP 810,000</p>
<p>4. Domestic Violence Prevention and Treatment. The budget recognized an increase in Federal funding that is available to the program.</p>	<p>Gross 500,000 Federal 500,000 GF/GP 0</p>

		FY 2013-14 Change From FY 2012-13 Year-to-Date	
5. Child Advocacy Centers.	The budget recognized an increase in the restricted revenue that is available for the Centers. In FY 2012-13, the Department requested a contingency fund transfer in order to receive the full amount of funding that was available.	Gross Restricted GF/GP	1,000,000 1,000,000 0
6. Rape Prevention.	The budget recognized an increase in the restricted revenue that is collected in the Sexual Assault Prevention Fund. In FY 2012-13, the Department requested a contingency fund transfer in order to receive the full amount of funding that was available.	Gross Federal Restricted GF/GP	2,500,000 500,000 2,000,000 0
7. Children's Justice Act Grants.	The budget reflects increased funding in the line item.	Gross Federal GF/GP	200,000 200,000 0
8. Crucial Accountability Training.	As part of the Pathways to Potential business model, the Governor recommended funding for the Child Welfare Institute to hire 10.0 FTE employees to provide "Crucial Accountability" training to as many as 7,000 staff. The training is an evidence-based program and curriculum that improves employee/client interactions.	FTEs Gross Federal GF/GP	10.0 1,234,900 839,700 395,200
9. Child Welfare Staffing.	The budget annualizes and provides funding for 497.0 FTEs out of the 577.0 FTEs that were initially budgeted in FY 2012-13 for child welfare staffing needs related to the settlement agreement with Children's Rights. The FY 2013-14 budget unrolls the Child Welfare Staffing Enhancement line item and allocates the funding and FTEs to the following positions: Child Protective Services, Direct Care Workers, Child Welfare First Line Supervisors, Education Planners, Permanency Planning Coordinators, and Child Welfare Second Line Supervisors. Funding associated with fringe benefits, travel, and information technology costs also is included.	FTEs Gross Federal GF/GP	(80.0) 20,101,300 13,877,100 6,224,200
10. Child Placing Agencies Per Diem Rate.	The House budget provided a per diem rate increase of \$3 for private child placing agencies, which is contingent on the amendment of State law to eliminate the county match for the \$3 increase. The proposal is included in the enacted budget.	Gross Federal GF/GP	5,142,400 1,357,900 3,784,500
11. Adoption Subsidy Per Diem Rate.	The Conference Committee concurred with an Executive Revision to fund the per diem rate increase of \$3 that was provided to new adoptive parents in FY 2012-13 and extend the increase to all adoptive parents. The Revision proposed nearly \$8.0 million in cuts to offset the total projected costs of \$28.0 million Gross. Cuts included vacancy savings in several staff lines, family preservation programs, Emergency Services Local Office Allocations, and contracts for runaway youths.	Gross Federal GF/GP	20,509,500 20,134,500 375,000

		FY 2013-14 Change From FY 2012-13 Year-to-Date	
12. County Juvenile Officers.	The budget increased the baseline funding in order to cover the projected actual expenditures. The line item provides grants to counties for officers and juvenile court programs.	Gross GF/GP	254,700 254,700
13. Community Support Services.	The budget increased the baseline funding in order to cover the projected actual expenditures. This line item provides support to counties that do not have juvenile detention facilities by funding other detention programs, community and in-home care programs, and some re-entry support.	Gross GF/GP	348,600 348,600
14. Juvenile Justice Behavioral Study.	The budget includes funding to continue the juvenile justice behavioral study that began in FY 2012-13.	Gross GF/GP	250,000 250,000
15. Medical Review Team Staff.	The budget includes 4.0 FTEs and funding for case processing and backlog for State Disability Assistance determination. This request was part of the Governor's Pathways to Potential business model.	FTEs Gross Federal GF/GP	4.0 807,300 274,500 532,800
16. Disability Determination Operations.	The budget includes part of the Governor's proposed funding increase for Disability Determination Operations.	Gross Federal GF/GP	2,429,700 2,222,700 207,000
17. State Supplement Administration.	A funding increase was provided to cover increased costs associated with processing the State Supplemental Income (SSI) program transactions, which are due to an increased SSI caseload. The costs are assessed by the Federal government.	Gross GF/GP	262,500 262,500
18. Exemptions to Time Limit on Family Independence Program (FIP) Assistance.	The budget recognized increased costs associated with the passage of Public Act 607 of 2012, which included exemptions to the FIP 60-month time limit. Approximately 950 cases will be exempt in FY 2013-14.	Gross Federal GF/GP	6,000,000 6,000,000 0
19. Indigent Burial.	The budget appropriated the funding needed for the Department to provide services as required under current statute.	Gross Federal GF/GP	3,300,000 300,000 3,000,000
20. Multicultural Integration Funding.	The House budget provided increases in the line item in order to fund the Jewish Federation. The enacted budget includes the funding.	Gross GF/GP	500,000 500,000

	FY 2013-14 Change From FY 2012-13 Year-to-Date	
21. Adoption Subsidy Caseload Adjustment. The budget recognized the caseload consensus adjustment, providing funding for 27,117 cases at an estimated cost per case of \$731.96.	Gross	652,500
	Federal	482,500
	GF/GP	170,000
22. Guardianship Assistance Caseload Adjustment. The budget recognized the caseload consensus adjustment, providing funding for 500 cases at an estimated cost per case of \$714.95.	Gross	1,077,600
	Federal	849,400
	GF/GP	228,200
23. State Supplementation Caseload Adjustment. The budget recognized the caseload consensus adjustment, providing funding for 268,912 cases at an estimated cost per case of \$19.02.	Gross	303,500
	GF/GP	303,500
24. Phone Charges. The budget increased funding for landline phone charges, rates for smartphones, and technical support charges.	Gross	2,187,300
	Federal	1,314,800
	GF/GP	872,500
25. Information Technology (IT) Upgrades. The budget includes funding for upgrading several IT components within the Department. Specifically, increased funding includes: \$407,700 for Microsoft Windows upgrade; \$140,600 for upgrading geospatial mapping capabilities; \$467,900 for wireless infrastructure upgrades; and \$351,800 for internet bandwidth expansion.	Gross	1,368,000
	Federal	913,900
	GF/GP	454,100
26. SACWIS Broadband Upgrade. The budget includes funding for costs associated with increasing the Department's broadband capacity, which is needed in order to manage the new Statewide Automated Child Welfare Information System (SACWIS) IT system.	Gross	2,400,000
	Federal	1,645,700
	GF/GP	754,300
27. Fraud Prevention: Attorney General. The budget includes funding for a Memorandum of Understanding between the Department of Human Services (DHS) and the Attorney General to dedicate two attorneys to the prosecution of public assistance fraud.	Gross	333,000
	GF/GP	333,000
28. Taskforce. Funding is provided for one-time expenses, such as mileage reimbursements, associated with the implementation of the Taskforce on the Sexual Abuse of Children, defined under Section 12b of the Child Protection Law, MCL 722.632b.	Gross	30,000
	GF/GP	30,000
29. Title IV-E Waiver. The budget funds a Title IV-E waiver, which was approved by the Federal government. The waiver allows the Department to use Title IV-E funding to expand child abuse prevention services for children ages 0-5 who would not have been otherwise eligible for services under the Federal guidelines.	Gross	2,500,000
	Federal	2,500,000
	GF/GP	0

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

30. In-Home Community Care Programs. The House and Senate budgets included funding to expand in-home community care programs for the juvenile justice system, as an alternative to incarceration. The FY 2013-14 budget provides funding for programs in rural areas.

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

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Electronic Benefit Transfer (EBT). The budget reduced the funding in the line item due to lapses in funding in previous years.

Gross	(3,500,000)
Federal	(1,750,000)
GF/GP	(1,750,000)

2. Weatherization Assistance Program Grant. The budget recognized a reduction in Federal funding for weatherization.

Gross	(12,000,000)
Federal	(12,000,000)
GF/GP	0

3. Employment and Training Support Services. The budget reduced the funding available to Employment and Training Support Services. Due to a policy change that was enacted in the FY 2012-13 budget, the Department saw a reduction in spending on vehicle repairs for eligible public assistance clients. This policy and the associated savings will carry forward into FY 2013-14.

Gross	(558,700)
GF/GP	(558,700)

4. Permanency Planning Specialists. The budget reflects the House proposal to eliminate the Permanency Planning Assistants in the Permanency Planning Specialists line item.

FTEs	(30.5)
Gross	(3,175,000)
Federal	(1,833,700)
GF/GP	(1,341,300)

5. Family Preservation Programs. The budget omitted the Governor's proposed \$2.5 million increase for family preservation programs, and further reduced the funding that is available to these programs.

Gross	(778,600)
Federal	(778,600)
GF/GP	0

6. Juvenile Justice Grants. The budget recognized a reduction in the amount of available Federal funding for juvenile justice programs.

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

7. W.J. Maxey Training School. The budget reflects the Senate proposal to reduce the Maxey Training School by \$300,000.

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

		FY 2013-14 Change From FY 2012-13 Year-to-Date	
8. Local Office Staff.	The budget includes a negative appropriation that the Department must balance through staff attrition and cuts.	Gross GF/GP	(3,500,000) (3,500,000)
9. Rent Charge.	The budget reduced the Rent line item in order to account for savings as the Department shifts more staff to the Mobile Worker Initiative.	Gross Federal GF/GP	(1,236,400) (742,200) (494,200)
10. Child Care Fund Financial Review Savings.	The budget reflects the Senate proposal to reduce the Child Care Fund appropriation to account for a reduction in waste, fraud, and abuse in allowable claims made by the counties.	Gross Federal GF/GP	(11,000,000) (5,500,000) (5,500,000)
11. Emergency Services Local Office Allocations.	The budget reduced the appropriation for the Emergency Services Local Office Allocations line item, partially concurring with the proposed reduction in the House budget.	Gross Federal GF/GP	(500,000) (250,000) (250,000)
12. SACWIS Savings.	The budget recognized savings from the completion of the SACWIS Child Welfare Information System in early FY 2013-14. The savings primarily reflect start-up costs to implement the system.	Gross Federal GF/GP	(7,500,000) (4,334,100) (3,165,900)
13. Reduce Computers.	The budget reflects the Senate proposal to reduce the number of computers in the Department by 3,000 and recognized the associated Department of Technology, Management, and Budget support costs of \$938.16 per computer.	Gross Federal GF/GP	(2,814,500) (1,801,300) (1,013,200)
14. Child Care Fund Caseload Adjustment.	The budget recognized the caseload consensus projection for the Child Care Fund, which is \$181.0 million.	Gross Federal GF/GP	(7,649,700) (4,047,800) (3,601,900)
15. Foster Care Caseload Adjustment.	The budget recognized the caseload consensus adjustment, providing funding for 6,200 cases at an estimated cost per case of \$26,997 annually.	Gross Federal Private Local GF/GP	(24,699,000) (1,139,100) 1,600,900 (3,780,500) (21,380,300)
16. Food Assistance Program Caseload Adjustment.	The budget recognized the caseload consensus adjustment, providing funding for 876,650 cases at an estimated monthly cost per case of \$228.50.	Gross Federal GF/GP	(683,698,900) (683,698,900) 0

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

- | | | |
|---|---|---|
| <p>17. Family Independence Program Caseload Adjustment. The budget recognized the caseload consensus adjustment, providing funding for 44,378 cases at an estimated monthly cost per case of \$394.81. Caseload consensus also funded 1,260 Extended Family Independence Program (EFIP) cases and 50 Short-Term Family Support (STFS) cases.</p> | <p>Gross
Federal
Restricted
GF/GP</p> | <p>(46,952,500)
(23,924,300)
(16,113,900)
(6,914,300)</p> |
| <p>18. State Disability Assistance Program Caseload Adjustment. The budget recognized the caseload consensus adjustment, providing funding for 7,777 cases at an estimated monthly cost per case of \$223.22.</p> | <p>Gross
GF/GP</p> | <p>(6,271,200)
(6,271,200)</p> |

E. FUNDING SHIFTS

- | | | |
|--|--|--|
| <p>1. Federal Medical Assistance Percentage (FMAP). The FMAP rate will decrease from 66.39% to 66.32% in FY 2013-14. The reduction in Federal funding required an increase in GF/GP revenue.</p> | <p>Gross
Federal
GF/GP</p> | <p>12,900
(175,400)
188,300</p> |
| <p>2. Interdepartmental Grant (IDG) from Michigan Department of Education (MDE). The Conference budget includes an Executive Revision to reduce the amount of funding appropriated for an IDG from the MDE for Child Development Care administrative services. The IDG was reduced from \$30.0 million to \$17.5 million in the Governor's Recommendation for the MDE. The DHS adjustment recognized the actual amount that would be made available through the IDG and replaced the reduced funding with Federal TANF funding.</p> | <p>Gross
IDG
Federal
GF/GP</p> | <p>0
(12,467,500)
12,467,500
0</p> |
| <p>3. Mobile Workers Initiative. The budget increased funding by \$218,000 Gross for the Mobile Workers Initiative, the costs of which were offset by a reduction in costs associated with leases, stationary office spaces, and other related items.</p> | <p>Gross
GF/GP</p> | <p>0
0</p> |
| <p>4. SSI Advocates. The Conference Committee rejected the Governor's proposed funding increase for the SSI Advocates, and replaced all GF/GP spending in the line item with Restricted revenue.</p> | <p>Gross
Restricted
GF/GP</p> | <p>0
155,700
(155,700)</p> |
| <p>5. TANF and GF/GP Swap. The budget achieved additional GF/GP savings through the offset of GF/GP spending in the Payroll Taxes and Fringe Benefits line item with Federal TANF funding.</p> | <p>Gross
Federal
GF/GP</p> | <p>0
2,500,000
(2,500,000)</p> |

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

6. Restricted Fund Source. The budget recognized a reduction in Restricted revenue that was made available through retained child support, and offset the reduction with an increase in Federal funding.

Gross	0
Federal	112,400
Restricted	(112,400)
GF/GP	0

F. PROGRAM TRANSFERS

Office of Professional Development. The budget approved the transfer of 3.0 FTEs to the Office of Professional Development from the Civil Service Commission within the Department of Technology, Management, and Budget.

FTEs	3.0
Gross	358,400
Federal	248,100
GF/GP	110,300

G. OTHER ISSUES

1. TANF Fund Sourcing. The Senate and House budgets unrolled the TANF fund sourcing, and the enacted budget allocated \$546,239,200 in TANF funding.

Gross	0
GF/GP	0

2. Child Welfare Staffing Line Items. The Conference budget rolled the Child Protective Services and Direct Care Workers line items into two new caseload and non-caseload line items. Merging the caseload positions into the same line item will give the Department more flexibility in assigning cases and in meeting the terms of the settlement agreement with Children's Rights.

Gross	0
GF/GP	0

3. Staff Alignment. The budget aligned the number of FTE positions with the funding that was appropriated and available in several staffing line items.

FTEs	(83.0)
Gross	0
GF/GP	0

4. Energy Self-Sufficiency Program. The Conference Committee shifted \$25.0 million in Federal Low-Income Home Energy Assistance Program (LIHEAP) funding to the Energy Self-Sufficiency Program line, which is defined in boilerplate Sec. 621 and is similar to the program described in Public Act 615 of 2012. Funding will be available to this program only if legislation to create a restricted revenue source to fund the Michigan Energy Assistance Program is not enacted.

Gross	0
GF/GP	0

5. Contingency Fund Transfers. The year-to-date FY 2012-13 appropriation was adjusted to include the legislative transfers in the State Budget Office request number 2013-5. The Federal contingency fund transfers include \$1.8 million for Executive Operations Contractual Services,

Gross	(11,017,600)
Federal	(8,517,600)
Private	(1,700,000)

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

Supplies, and Materials; \$500,000 for Domestic Violence Prevention and Treatment; \$217,600 for Child Protection; \$200,000 for Worker's Compensation; \$4.2 million for Child Welfare First Line Supervisors; \$250,000 for Wage Employment Verification Reporting; and \$1.4 million for Child Support Enforcement Operations and the State Disbursement Unit. The Private contingency fund transfer supports Donated Funds Positions. The Restricted revenue contingency funding supports \$700,000 for Rape Prevention and Services, and \$100,000 for Child Advocacy Centers.

Restricted (800,000)
GF/GP 0

6. Supplemental Funding Request. The year-to-date FY 2012-13 appropriation was adjusted to include the supplemental request that was approved in Public Act 102 of 2013. The supplemental request included a reduction of \$651.3 million Gross to adjust for revised caseload projections, an increase of \$15.0 million Gross for FIP litigation payments, \$28.0 million for the adoption subsidy \$3 per diem rate increase, \$53.4 million for shortfalls due to Other Post-Employment Benefits (OPEB) and retirement charges that were higher than calculated, \$2.1 million for increased staffing costs, and \$2.1 million for Adoption Support Services. The staffing costs were offset by \$2.1 million in reductions in the Electronic Benefit Transfer, Employment Training and Support Services, and Child Welfare First Line Supervisors line items. These adjustments are effectively reversed in FY 2013-14.

Gross 553,176,300
IDG 112,000
Federal 542,606,200
Private (5,747,500)
Local 2,120,100
Restricted 14,745,000
GF/GP (435,500)

H. UNCLASSIFIED SALARIES

Economic Adjustments. The standard economic factors for salaries and wages were applied to unclassified salaries.

Gross 7,000
Federal 2,800
GF/GP 4,200

I. FEE INCREASES

Michigan Energy Assistance Program. The budget includes an appropriation for the Michigan Energy Assistance Program, which was established in Public Act 615 of 2012. Legislation creating a Restricted revenue fund source for the program was signed by the Governor.

FTEs 1.0
Gross 60,000,000
Restricted 60,000,000
GF/GP 0

J. ECONOMIC ADJUSTMENTS

1. Economic Adjustments. The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges

Gross 40,263,600
IDG 13,300
Federal 24,988,300

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$4,848,900 for OPEB.

Private	189,300
Local	436,700
Restricted	92,600
GF/GP	14,543,400

2. Target Adjustments. The Conference budget includes additional adjustments that were part of target agreements. Four line items required additional funding to cover retirement and OPEB: Payroll Taxes and Fringe Benefits, Rent, Direct Care Workers, and Field Staff Salaries and Wages.

Gross	22,000,000
Federal	(8,000,000)
GF/GP	30,000,000

3. Building Occupancy Charges. The budget includes an adjustment for the actual Building Occupancy Charges that are to be assessed to the Department.

Gross	60,000
Federal	60,000
GF/GP	0

K. ONE-TIME APPROPRIATIONS

1. IT Investment for BRIDGES. The budget includes funding to cover the costs of maintenance and updates for the BRIDGES system, but does not appropriate 18.5 FTEs, which were included in the Governor's recommended budget.

Gross	2,000,000
Federal	960,400
GF/GP	1,039,600

2. IT Equipment for Fraud Prevention. The budget includes funding for biometric fraud detection technology.

Gross	1,500,000
Federal	500,000
GF/GP	1,000,000

3. FY 2012-13: Michigan Rehabilitative Services. The budget recognized the elimination of one-time funding for Michigan Rehabilitative Services.

Gross	(504,600)
Federal	(499,000)
Restricted	(5,600)
GF/GP	0

4. FY 2012-13: Low-Income Energy Assistance. The budget recognized the elimination of one-time funding for low-income energy assistance. The temporary support filled the funding gap that was created when the Low-Income Energy and Efficiency Fund (LIEEF) was eliminated. The Michigan Energy Assistance Program and associated restricted revenue source replace this funding.

Gross	(59,900,000)
Federal	(32,200,000)
GF/GP	(27,700,000)

		FY 2013-14 Change From FY 2012-13 Year-to-Date	
5. FY 2012-13: Seita Scholarship.	The budget recognized the elimination of one-time funding for the Seita Scholarship, which was provided to Western Michigan University to establish a scholarship program for foster care children who were transitioning out of the system.	Gross	(750,000)
		GF/GP	(750,000)
6. FY 2012-13: Juvenile Justice Behavioral Study.	The budget recognized the elimination of one-time funding for a juvenile justice behavioral study. The FY 2013-14 budget provided \$250,000 to continue the study.	Gross	(500,000)
		GF/GP	(500,000)
7. FY 2012-13: Medicaid Pilot Program.	The budget recognized the elimination of one-time funding for a pilot program to implement a Lean process at two local Department offices in order to improve the efficiency of Medicaid eligibility determination.	Gross	(250,000)
		GF/GP	(250,000)
8. FY 2012-13: State Employee Lump-Sum Payments.	The budget recognized the elimination of one-time funding for State employee lump-sum payments.	Gross	(10,541,900)
		Federal	(6,605,100)
		GF/GP	(3,936,800)
9. FY 2012-13: Inspector General Technology.	The budget recognized the elimination of one-time funding for fraud detection technology.	Gross	(2,500,000)
		Federal	(1,000,000)
		GF/GP	(1,500,000)
10. FY 2012-13: Supplemental Appropriation.	The budget removed from the FY 2012-13 year-to-date total the supplemental appropriation that was provided to the Department through Public Act 518 of 2012.	Gross	(3,300,000)
		Federal	(300,000)
		GF/GP	(3,000,000)

L. VETOES - NONE

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
P.A. 59 of 2013 – ARTICLE XI**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	347.0	347.0	N/A	337.0	337.0	100.0
GROSS	0	79,335,500	76,335,500	0	75,335,500	75,335,500	100.0
Less:							
Interdepartmental Grants Received	0	707,600	707,600	0	707,600	707,600	100.0
ADJUSTED GROSS.....	0	78,627,900	75,627,900	0	74,627,900	74,627,900	100.0
Less:							
Federal Funds.....	0	2,000,000	2,000,000	0	2,000,000	2,000,000	100.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING.....	0	76,627,900	73,627,900	0	72,627,900	72,627,900	100.0
Less:							
Other State Restricted Funds.....	0	61,627,900	61,627,900	0	61,627,900	61,627,900	100.0
GENERAL FUND/GENERAL PURPOSE...	0	15,000,000	12,000,000	0	11,000,000	11,000,000	100.0
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Autism Coverage Reimbursement Program. The budget reduced appropriations for this program. The Autism Coverage Fund provides reimbursement to health insurance companies for certain payments related to the treatment of autism.

Gross	(4,000,000)
GF/GP	(4,000,000)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

1. Transfer of Financial and Insurance Regulation from the Department of Licensing and Regulatory Affairs (LARA). The budget includes a transfer of regulatory functions for insurance companies, banks, credit unions, and other financial institutions from LARA to the Department of Insurance and Financial Services (DIFS). This change implements Executive Order 2013-1, which created DIFS.

Gross	62,289,500
Federal	2,000,000
Restricted	60,289,500
GF/GP	0

2. Transfer of Autism Coverage Reimbursement Program from LARA. The budget includes a transfer of the Autism Coverage Reimbursement Program from LARA to DIFS. This change implements Executive Order 2013-1.

Gross	15,000,000
GF/GP	15,000,000

G. OTHER ISSUES

IDG for Debt Management Regulation. The budget includes an interdepartmental grant from LARA to pay for services provided by DIFS for the regulation of entities engaged in the debt management business.

Gross	707,600
IDG	707,600
GF/GP	0

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$209,700 for OPEB.

Gross	1,338,400
Restricted	1,338,400
GF/GP	0

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

JUDICIARY
P.A. 59 of 2013 – ARTICLE XII

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	472.0	482.0	480.0	480.0	483.0	11.0	2.3
GROSS	274,428,400	285,316,200	273,709,000	273,709,000	283,414,100	8,985,700	3.3
Less:							
Interdepartmental Grants Received	2,638,200	2,350,500	2,350,500	2,350,500	2,350,500	(287,700)	(10.9)
ADJUSTED GROSS	271,790,200	282,965,700	271,358,500	271,358,500	281,063,600	9,273,400	3.4
Less:							
Federal Funds.....	6,685,400	5,343,900	5,343,900	5,343,900	5,343,900	(1,341,500)	(20.1)
Local and Private	7,971,100	8,064,600	8,064,600	8,064,600	8,064,600	93,500	1.2
TOTAL STATE SPENDING	257,133,700	269,557,200	257,950,000	257,950,000	267,655,100	10,521,400	4.1
Less:							
Other State Restricted Funds.....	85,562,200	86,115,900	86,115,900	86,115,900	84,213,800	(1,348,400)	(1.6)
GENERAL FUND/GENERAL PURPOSE...	171,571,500	183,441,300	171,834,100	171,834,100	183,441,300	11,869,800	6.9
PAYMENTS TO LOCALS	127,604,200	138,999,600	127,899,600	127,899,600	136,975,300	9,371,100	7.3

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS

Veterans' Courts Funding. The budget includes \$500,000 for Veterans' Courts. The Governor had proposed adding \$3.0 million for the expansion of Drug, DWI/sobriety, and Veterans' Courts, but did not specify a breakdown of how the \$3.0 million would be allocated among the types of courts. In Conference, the Legislature agreed to add the \$3.0 million, but separated it into two line items, putting \$2.5 million into the existing Drug Court line item, and putting the remaining \$500,000 into a new line item specifically to provide grants to Veterans' Courts. Veterans' Courts had not previously received State funding, but several are already in existence with the support of Federal, local, and private funding sources. The grants available under this new line could both support existing Veterans' Courts and allow additional Veterans' Courts to be created.

Gross	500,000
GF/GP	500,000

B. PROGRAM INCREASES

1. Regionalization and Expansion of Drug and DWI/Sobriety Courts. The budget includes \$2.5 million in additional funding for the Drug Court line item. The Governor proposed \$3.0 million for the expansion of Drug, DWI/Sobriety, and Veterans' Courts, which the Legislature agreed to provide, but separated into two line items (designating the other \$500,000 specifically for Veterans' Courts). The funding is to be distributed via a grant process, and one of the goals will be to support regionalization by which one program can provide services across multiple jurisdictions.

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

2. Expansion of Mental Health Courts. The budget includes an additional \$2.0 million for grants to support the expansion of mental health courts to approximately five to 10 additional locations.

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

3. State Appellate Defender Office (SADO) Staff Increase. The Governor proposed adding 1.0 FTE and \$107,200 to the State Appellate Defender Office (SADO) line item to help the office meet its statutory requirement of handling 25% of the State's criminal appellate defense cases. In FY 2011-12, the office handled only 18% of the caseload, and after the addition of \$225,000 and 3.0 FTEs, the office is expected to handle 22% of the caseload in FY 2012-13. The Senate and House did not include this additional funding in their passed bills, but during Conference they not only agreed to include the additional \$107,200 and 1.0 FTE, but doubled the addition to \$214,400 and 2.0 FTEs.

FTE	2.0
Gross	214,400
GF/GP	214,400

C. PROGRAM ELIMINATIONS - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

D. PROGRAM REDUCTIONS

- | | |
|---|--|
| <p>1. Savings from Eliminated Judgeships. The budget reflects savings from the elimination of five judgeships; these eliminations are the result of Public Act 300 of 2011, which implemented many of the judicial resource reductions recommended in the State Court Administrative Office's 2011 Judicial Resource Recommendation. The savings reflected account for full-year savings from two judgeships, and partial-year savings on the other three.</p> | <p>Gross (391,500)
GF/GP (391,500)</p> |
| <p>2. State Appellate Defender Office Federal Funds. The FY 2012-13 budget was increased by \$418,300 to authorize the Judiciary to use additional Federal grant funding. These funds were not part of the original base for FY 2012-13 and therefore were not included in the FY 2013-14 initial appropriation. However, SADO did receive authorization in boilerplate Sec. 322 to spend up to \$300,000 in additional Federal grant funding if the amount awarded by the U.S. Department of Justice exceeds the amount appropriated in Part 1.</p> | <p>Gross (418,300)
Federal (418,300)
GF/GP 0</p> |
| <p>3. Drug Treatment Court Federal Funding. The FY 2012-13 budget was increased by \$250,000 to authorize the Judiciary to use additional grant funding from the Office of Highway Safety Planning. These funds were not part of the original FY 2012-13 base and therefore were not included in the FY 2013-14 initial appropriation.</p> | <p>Gross (250,000)
Federal (250,000)
GF/GP 0</p> |

E. FUNDING SHIFTS

<p>Court Fee Fund Adjustment. This issue was brought to the attention of the Legislature late in the budget process, so although it was not presented as a formal Revised Governor's Recommendation, it was incorporated into the Conference bill. An actuarial adjustment was made in the revenue needed for Judges' Retirement, which in turn created a shortfall in the Court Fee Fund, which was then made whole with GF/GP dollars. The bill includes an adjustment of \$1.9 million, but due to a supplemental appropriation for FY 2012-13 that included an adjustment of \$820,000, the net increase for FY 2013-14 is \$1.1 million.</p>	<p>Gross 0 Restricted (1,082,100) GF/GP 1,082,100</p>
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F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Alignment of Federal and Restricted Revenue. The budget adjusted funding for several programs to more accurately reflect the actual anticipated revenue from the respective fund source as follows:

- An interdepartmental grant from the Michigan Department of State Police from the Byrne Justice Assistance Grant for drug treatment courts was reduced by \$300,000.
- Michigan Department of Transportation National Highway Traffic Safety Administration funding for Judicial Information Systems was reduced by \$572,400.
- Federal Health and Human Services Title IV-E funding for the Foster Care Review Board was reduced by \$254,000.
- Federal Department of Justice funding for the Appellate Public Defender program was increased by \$118,300.
- Justice System Fund revenue for the State Court Administrative Office was reduced by \$205,400.
- Restricted miscellaneous revenue of \$71,000 for the Judicial Institute was eliminated.

Gross	(1,284,500)
IDG	(300,000)
Federal	(708,100)
Restricted	(276,400)
GF/GP	0

2. Creation of New Line Items for Previous Pilot Programs. The budget created new line items for the Swift-and-Sure Sanctions program and for the Mental Health Courts. The Swift-and-Sure Sanctions program was previously contained within the Drug Court line item, so the \$6.0 million in program funding was transferred into the new line. The Mental Health Courts funding was previously contained in the State Court Administrative Office line item, so \$2.1 million in funding was transferred to the new line item. In both cases, the new budget structure is a reflection of the removal of "pilot" status.

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, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. All of the Judicial branch employees are unclassified, and they generally receive the same salary and wage economics as the non-exclusively represented employees (NERES); Judiciary employees will receive a 1% base wage increase for FY 2013-14. The budget includes \$265,000 for OPEB.

Gross	2,452,100
IDG	21,400
Federal	86,100
Local	162,400
Private	17,900
Restricted	53,300
GF/GP	2,111,000

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

K. ONE-TIME APPROPRIATIONS

- | | |
|---|--|
| <p>1. Elimination of One-Time FY 2012-13 Funding. The budget removed the one-time funding that was included in the FY 2012-13 budget for employee lump-sum payments.</p> | <p>Gross (827,200)
IDG (9,100)
Federal (51,200)
Local (78,600)
Private (8,200)
Restricted (43,200)
GF/GP (636,900)</p> |
| <p>2. Trial Court Performance Innovations (TCPI) Fund. The Governor proposed \$4.0 million in one-time funding for TCPI. Of the \$4.0 million, \$3.0 million would provide incentives for early adoption of best practices to improve efficiency and customer service, and the remaining \$1.0 million would provide specific grants to help launch innovative ideas. The Senate and House did not include any of the funding, but at Conference decided to include \$1.0 million and 1.0 FTE and did not provide specific guidance on whether the funding should be used for incentives or innovation.</p> | <p>FTE 1.0
Gross 1,000,000
GF/GP 1,000,000</p> |
| <p>3. Michigan Court System (MiCS) Implementation. The budget added one-time funding of \$3.5 million and 8.0 FTEs to assist with the implementation of a unified case management information system in participating trial courts throughout the State. The new integrated system will eventually replace four separate systems that are built on technology that is more than 25 years old. The 8.0 FTE employees will assist in training the more than 4,000 eventual users of the new system. The Governor had proposed an increase of \$2.5 million, but Conference included an additional \$990,700 to further speed the implementation process.</p> | <p>FTE 8.0
Gross 3,490,700
GF/GP 3,490,700</p> |

L. VETOES - NONE

**LEGISLATIVE AUDITOR GENERAL
P.A. 59 of 2013 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	18,687,700	20,554,400	21,754,400	21,407,500	20,954,400	2,266,700	12.1
Less:							
Interdepartmental Grants Received	3,792,100	5,092,100	5,092,100	5,092,100	5,092,100	1,300,000	34.3
ADJUSTED GROSS	14,895,600	15,462,300	16,662,300	16,315,400	15,862,300	966,700	6.5
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	14,895,600	15,462,300	16,662,300	16,315,400	15,862,300	966,700	6.5
Less:							
Other State Restricted Funds.....	1,890,700	1,951,000	1,951,000	1,951,000	1,951,000	60,300	3.2
GENERAL FUND/GENERAL PURPOSE...	13,004,900	13,511,300	14,711,300	14,364,400	13,911,300	906,400	7.0
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|---|------------------------|----------------------------|
| <p>1. Augmented Funding. The budget includes increased funding in order to allow the Auditor General to enhance audit oversight and service delivery, including the audit of the annual Comprehensive Annual Financial Report.</p> | <p>Gross
GF/GP</p> | <p>250,000
250,000</p> |
| <p>2. Information Technology Audits. The budget includes increased funding for the hiring of additional auditors to perform audits on the State's information technology projects and programs.</p> | <p>Gross
GF/GP</p> | <p>400,000
400,000</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

- | | | |
|--|---|---|
| <p>Technical Adjustment. The budget moved boilerplate authorization that allows the Auditor General to receive and expend funds for additional audits to the line items section in Article VIII. Though this increased the total appropriation, this is <i>not new</i> funding as previous boilerplate language allowed for the receipt and expenditure of these funds.</p> | <p>Gross
IDG
Restricted
GF/GP</p> | <p>1,255,200
1,224,300
30,900
0</p> |
|--|---|---|

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$92,400 for OPEB.

Gross	632,400
IDG	134,700
Restricted	56,500
GF/GP	441,200

K. ONE-TIME APPROPRIATIONS

FY 2012-13 One-Time Funding. The budget removed the one-time funding provided for FY 2012-13, which included \$270,900 for State employee lump-sum payments.

Gross	(270,900)
IDG	(59,000)
Restricted	(27,100)
GF/GP	(184,800)

L. VETOES - NONE

**LEGISLATURE
P.A. 59 of 2013 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	111,172,500	123,819,300	123,819,300	119,919,300	123,819,300	12,646,800	11.4
Less:							
Interdepartmental Grants Received	0	0	0	100,000	0	0	0.0
ADJUSTED GROSS	111,172,500	123,819,300	123,819,300	119,819,300	123,819,300	12,646,800	11.4
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	110,772,500	123,419,300	123,419,300	119,419,300	123,419,300	12,646,800	11.4
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 ...	109,662,700	122,309,500	122,309,500	118,309,500	122,309,500	12,646,800	11.5
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. Senate Operations. Funding increases for the Senate include: \$3.3 million for Senate Operations; \$167,600 for information technology (IT); and \$320,800 for the Senate Fiscal Agency. The funding increases are part of the total overall increase of 11.6% for the Legislature, which will be used primarily for increased costs of other post-employment benefits (OPEB).</p>	<p>Gross 3,797,300 GF/GP 3,797,300</p>
<p>2. House Operations. Funding increases for the House include: \$4.9 million for House Operations; \$133,000 for IT; and \$320,800 for the House Fiscal Agency. The funding increases are part of the total overall increase of 11.6% for the Legislature, which will be used primarily for increased OPEB costs.</p>	<p>Gross 5,399,400 GF/GP 5,399,400</p>
<p>3. Legislative Council. Funding increases include \$889,700 for Council Operations and \$90,400 for IT. The funding increases are part of the total overall increase of 11.6% for the Legislature.</p>	<p>Gross 980,100 GF/GP 980,100</p>
<p>4. Legislative Retirement. Funding was increased by a total of \$151,700 for nonretirement expenses. The funding increases are part of the total overall increase of 11.6% for the Legislature.</p>	<p>Gross 151,700 GF/GP 151,700</p>
<p>5. Building Operations. Funding increases include: \$398,300 for the Capitol Building; \$1.5 million for the Cora Anderson House Building; and \$641,100 for the Farnum Building. The funding increases are part of the total overall increase of 11.6% for the Legislature.</p>	<p>Gross 2,515,500 GF/GP 2,515,500</p>

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

G. OTHER ISSUES

<p>1. Adjustment for FY 2012-13 Supplemental Funding. The budget does not include funding that had been included via supplemental appropriations. Public Act 9 of 2013 reflected the transfer of \$250,000 GF/GP from the Department of Corrections to the Law Revision Commission within the Legislative Council to fund a contract with the Council of State Governments to continue its review of Michigan's sentencing guidelines and practices (State Budget Office request 2013-7).</p>	<p>Gross (250,000) GF/GP (250,000)</p>
<p>2. Line Item Adjustments. Various line items were adjusted based on the Governor's Recommendation for FY 2012-13. The increases include: \$6,600 for Worker's Compensation and \$46,200 for the Legislative Corrections Ombudsman.</p>	<p>Gross 52,800 GF/GP 52,800</p>

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

**DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
P.A. 59 of 2013 – ARTICLE XIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	3,709.8	2,920.0	2,920.0	3,152.8	2,913.0	(796.8)	(21.5)
GROSS	655,656,300	494,801,400	495,278,400	561,930,700	502,918,700	(152,737,600)	(23.3)
Less:							
Interdepartmental Grants Received	13,496,900	14,228,200	14,228,200	13,221,900	14,228,200	731,300	5.4
ADJUSTED GROSS.....	642,159,400	480,573,200	481,050,200	548,708,800	488,690,500	(153,468,900)	(23.9)
Less:							
Federal Funds.....	268,708,300	195,560,000	195,560,000	191,887,800	195,559,900	(73,148,400)	(27.2)
Local and Private	2,671,700	2,668,300	2,668,300	2,668,300	2,668,300	(3,400)	(0.1)
TOTAL STATE SPENDING.....	370,779,400	282,344,900	282,821,900	354,152,700	290,462,300	(80,317,100)	(21.7)
Less:							
Other State Restricted Funds.....	331,034,200	258,540,000	259,957,300	316,312,800	265,457,400	(65,576,800)	(19.8)
GENERAL FUND/GENERAL PURPOSE...	39,745,200	23,804,900	22,864,600	37,839,900	25,004,900	(14,740,300)	(37.1)
PAYMENTS TO LOCALS	22,625,700	26,917,500	25,417,500	26,611,800	29,417,500	6,791,800	30.0

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS

Medical Marihuana Operation and Oversight Grants. The budget includes an appropriation and boilerplate language establishing a new grant program. This program will direct up to \$3.0 million from the Medical Marihuana Fund to be awarded to county law enforcement departments for the operation and oversight of the Michigan Medical Marihuana Act.

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

B. PROGRAM INCREASES

Information Technology (IT) Upgrades. The budget includes funding for upgrading several IT components within the Department of Licensing and Regulatory Affairs (LARA). Specifically, increased funding includes: \$7,200 for Microsoft Windows upgrade; \$139,300 for upgrading geospatial mapping capabilities; \$140,800 for wireless infrastructure upgrades; and \$156,000 for internet bandwidth expansion.

Gross	443,300
Federal	221,400
Restricted	221,900
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Unemployment Insurance Agency (UIA) Administration Block Grant. The budget reduced the amount of Federal appropriations to reflect a loss of Federal funds. Funds are awarded to states based on the number of residents collecting unemployment insurance benefits, and as this number has decreased in Michigan so has the State's grant allocation.

FTE	(470.0)
Gross	(67,161,900)
Federal	(67,161,900)
GF/GP	0

2. Restricted Fund Reductions. The budget reduced various restricted funds and corresponding FTEs. These reductions are not expected to have major programmatic impacts or result in layoffs.

FTE	(5.0)
Gross	(500,000)
Restricted	(500,000)
GF/GP	0

E. FUNDING SHIFTS

1. Fee Exemptions for Veterans. The budget includes a restricted fund-to-GF/GP fund shift to reflect fee exemptions for certain occupations and corporation filing fees that were enacted at the end of the 2011-2012 legislative session. The Governor and House shifted \$3.7 million to reflect these exemptions; the Senate and ultimately the enacted budget reduced this to \$2.8 million.

Gross	0
Restricted	(2,759,700)
GF/GP	2,759,700

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

2. Net-Zero Fund Shifts. The budget includes various technical fund shifts that net to zero.

Gross	0
Federal	(188,100)
Local	(3,400)
Restricted	191,500
GF/GP	0

F. PROGRAM TRANSFERS

1. Creation of Department of Insurance and Financial Services (DIFS). The budget transferred appropriations for the former Office of Financial and Insurance Regulation and the Autism Coverage Reimbursement Program from LARA to DIFS, pursuant to Executive Order (E.O.) 2013-1.

FTE	(347.0)
Gross	(77,289,500)
Federal	(2,000,000)
Restricted	(60,289,500)
GF/GP	(15,000,000)

2. Receipt of Storage Tank Programs from Department of Environmental Quality (DEQ). The budget transferred the Underground Storage Tank Program and Aboveground Storage Tank Program from the DEQ to LARA pursuant to E.O. 2012-14.

FTE	37.0
Gross	4,393,100
Federal	1,255,300
Restricted	3,137,800
GF/GP	0

3. Receipt of Prevailing Wage and Hour Division from Michigan Strategic Fund (MSF). The budget reflects the transfer of the Division from the MSF to LARA pursuant to E.O. 2012-9.

FTE	1.0
Gross	132,300
GF/GP	132,300

G. OTHER ISSUES

1. Removal of FY 2012-13 Supplemental and Contingency Fund Appropriations. The budget removed funding for FY 2012-13 mid-year appropriations that were not ongoing in nature. These appropriations include \$2.0 million for right-to-work implementation, \$1.8 million for expanded unemployment fraud prevention, \$1.0 million for worker's compensation supplement payments, and a \$ 3.4 million contingency transfer for Fire Protection Grants.

Gross	(8,154,500)
Restricted	(3,354,500)
GF/GP	(4,800,000)

2. Reduction of Overstated Appropriations. The budget reduced various restricted and Federal fund sources where revenue is not expected to reach the level of current appropriations. Unused FTE authorization also was included as part of this change.

FTE	(10.8)
Gross	(14,800,000)
Federal	(6,500,000)
Restricted	(8,300,000)
GF/GP	0

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

- | | | |
|---|--|--|
| <p>3. Rent Reduction for UIA. The budget reduced rent payments for the UIA as a current lease on the Fisher Building in Detroit is set to expire and will not be renewed. This space is no longer necessary based on reductions at the Unemployment Insurance Agency.</p> | <p>Gross
Federal
GF/GP</p> | <p>(900,000)
(900,000)
0</p> |
| <p>4. Alignment of Michigan Administrative Hearing System Funding. The budget reflects a \$281,500 reduction in interdepartmental grants (IDGs) received from the Department of Community Health and a \$170,000 increase in IDGs received from the Department of Human Services to reflect projected changes in demand for administrative hearings. Authorization for 2.0 FTEs also was eliminated as part of this alignment.</p> | <p>FTE
Gross
IDG
GF/GP</p> | <p>(2.0)
(111,500)
(111,500)
0</p> |

H. UNCLASSIFIED SALARIES

- | | | |
|--|---|---|
| <p>1. Unclassified Economics. The budget includes regular economic adjustments for the Unclassified Salaries line item.</p> | <p>Gross
Federal
Restricted
GF/GP</p> | <p>46,000
13,000
33,000
0</p> |
| <p>2. Administrative Law Salary Increase. The budget includes additional authorization to increase salaries for certain administrative law positions by between 5% and 10%, based on position. These increases will bring the salaries more in line with comparable private sector positions and is designed to help retain employees in these positions.</p> | <p>Gross
Federal
Restricted
GF/GP</p> | <p>176,300
28,200
148,100
0</p> |

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

<p>The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$2,125,800 for OPEB.</p>	<p>Gross IDG Federal Restricted GF/GP</p>	<p>10,380,700 1,006,300 4,400,100 4,769,400 204,900</p>
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**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

K. ONE-TIME APPROPRIATIONS

- 1. **Removal of FY 2012-13 One-Time Appropriations.** The budget removed one-time appropriations for State employee lump-sum payments that were included in the FY 2012-13 budget.

- 2. **Nursing Home Survey Project.** The budget includes a one-time appropriation to fund a nursing home survey project as detailed in Public Act 322 of 2012.

Gross	(4,532,200)
IDG	(163,500)
Federal	(2,316,400)
Restricted	(1,874,800)
GF/GP	(177,500)
Gross	2,140,300
GF/GP	2,140,300

L. VETOES - NONE

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
P.A. 59 of 2013 – ARTICLE XIV**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	845.0	871.0	871.0	871.0	889.5	44.5	5.3
GROSS	180,207,600	162,608,000	162,608,000	162,590,100	166,730,000	(13,477,600)	(7.5)
Less:							
Interdepartmental Grants Received	1,166,500	650,000	650,000	650,000	650,000	(516,500)	(44.3)
ADJUSTED GROSS.....	179,041,100	161,958,000	161,958,000	161,940,100	166,080,000	(12,961,100)	(7.2)
Less:							
Federal Funds.....	99,239,400	89,782,700	89,782,700	89,773,800	89,782,700	(9,456,700)	(9.5)
Local and Private	3,007,300	2,240,000	2,240,000	2,240,000	2,240,000	(767,300)	(25.5)
TOTAL STATE SPENDING.....	76,794,400	69,935,300	69,935,300	69,926,300	74,057,300	(2,737,100)	(3.6)
Less:							
Other State Restricted Funds.....	30,427,000	27,554,000	27,554,000	27,547,600	27,554,000	(2,873,000)	(9.4)
GENERAL FUND/GENERAL PURPOSE...	46,367,400	42,381,300	42,381,300	42,378,700	46,503,300	135,900	0.3
PAYMENTS TO LOCALS	120,000	120,000	120,000	165,000	165,000	45,000	37.5

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS

New Veterans Affairs Agency. The budget includes funding of \$4.0 million GF/GP for the ongoing costs of the new Veterans Affairs Agency, created by Executive Order 2013-2 and first funded under Public Act 9 of 2013 with 11.0 FTEs and \$2,997,500 GF/GP.

FTE	33.0
Gross	4,000,000
GF/GP	4,000,000

B. PROGRAM INCREASES

1. Grand Rapids Veterans Home. The budget includes 12.0 FTEs and \$1,772,000 GF/GP to provide psychiatric and behavioral care (\$500,000), upgrades to the pharmaceutical inventory control system (\$72,000), and additional Nursing staff (\$1.2 million and 12.0 FTEs).

FTE	12.0
Gross	1,772,000
GF/GP	1,772,000

2. D.J. Jacobetti Veterans Home. The budget includes 6.5 FTEs and \$850,000 GF/GP to provide psychiatric and behavioral care (\$200,000), and additional Nursing staff (\$650,000 and 6.5 FTEs).

FTE	6.5
Gross	850,000
GF/GP	850,000

3. Veterans Service Officers. The budget includes funds for the Department to hire an additional 5.0 FTE employees to qualify as VA-certified veterans service officers to assist veterans in obtaining benefits and to provide training to county veterans officers.

FTE	5.0
Gross	600,000
GF/GP	600,000

4. Maintenance at State Veterans Homes. The budget includes an additional \$500,000 GF/GP in ongoing maintenance funding designated for use at either the Grand Rapids or the D.J. Jacobetti Veterans Home.

Gross	500,000
GF/GP	500,000

5. Michigan Emergency Volunteers. The budget includes additional funding of \$15,000 GF/GP for the Michigan Emergency Volunteers to reflect the costs of increased training. The funding comes from the existing appropriation for Headquarters and Armories.

Gross	0
GF/GP	0

6. Information Technology. The budget includes adjustments for cost increases for a Windows 7 upgrade and improvements in the State's wireless infrastructure and internet bandwidth.

Gross	26,000
Federal	12,900
Restricted	9,300
GF/GP	3,800

7. D.J. Jacobetti Veterans Home Laundry Services. The budget includes new funds to reflect a new contract for laundry services for the D.J. Jacobetti Veterans Home.

Gross	60,000
GF/GP	60,000

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

8. Land and Acquisitions. The budget includes additional funding for the acquisition costs of land and properties for new or expanded training sites.

Gross	750,000
Restricted	750,000
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Homeland Security. The budget reflects a reduction of \$350,000 in interdepartmental grants from the Department of Community Health and the Department of State Police for Homeland Security activities.

Gross	(350,000)
IDG	(350,000)
GF/GP	0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Military Sites Maintenance. The budget reflects an adjustment for Federal revenue received for maintenance costs at training sites.

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

2. Youth Challenge Program. The budget reflects an adjustment for actual revenue received for the Youth Challenge Program.

Gross	(925,300)
IDG	(165,800)
Private	(759,500)
GF/GP	0

3. Grand Rapids Veterans Home. The budget reflects an adjustment for actual revenue received for the operation of the home, including Federal Medicaid and Medicare funds and income and assessments revenue obtained from members.

Gross	(1,600,000)
Federal	(600,000)
Restricted	(1,000,000)
GF/GP	0

4. Military Training Sites and Support Facilities/Headquarters and Armories Federal Funds Adjustment. The budget includes adjustment to reflect actual Federal revenue received.

Gross	1,700,000
Federal	1,700,000
GF/GP	0

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

5. Adjustment for Supplemental Appropriations. The budget contains an adjustment to reflect FY 2012-13 supplemental appropriations.

FTE	(11.0)
Gross	(8,134,000)
GF/GP	(8,134,000)

H. UNCLASSIFIED SALARIES

1. Unclassified Salaries Increase. The budget includes a total increase to unclassified salary positions of \$11,700, which is accounted for in this report with the total economic increases listed under Item J.

Gross	11,700
GF/GP	11,700

2. Transfer of FTE Position to Unclassified Status. The budget reflects the transfer of an FTE position within the Veterans Affairs Directorate to unclassified status, to title the employee as the director of the new Veterans Affairs Agency.

FTE	(1.0)
Gross	0
GF/GP	0

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$617,500 for OPEB.

Gross	3,369,900
Federal	1,837,900
Restricted	503,700
GF/GP	1,028,300

K. ONE-TIME APPROPRIATIONS

1. Veterans Affairs Agency. The budget includes a one-time appropriation of \$3,955,000 GF/GP for first-year design and development costs for the Agency.

Gross	3,955,000
GF/GP	3,955,000

2. Computer Enhancements for Veterans Employment Efforts. The budget includes one-time appropriations for costs related to the integration of the Pure Michigan Talent Connect jobs website into the H2H platform (Hero 2 Hired veterans job data base) to help the Pure Michigan site translate a veteran's military occupation, skills, training, and experience into those required for civilian employment.

Gross	1,500,000
GF/GP	1,500,000

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

3. County Veterans Counselor Training and Education. The budget includes a one-time appropriation for assisting County Veterans Counselors to attend training at the convention of the National Association of County Veterans Service Officers, scheduled to be held in Grand Rapids in January 2014.

Gross	45,000
GF/GP	45,000

4. Removal of One-Time FY 2012-13 Increases. The budget includes reductions to reflect the elimination of FY 2012-13 one-time expenditures, including funds for a new Flint Armory (\$12.0 million), veterans service enhancements (\$434,000), military records digitization (\$750,000), special maintenance for armories (\$2.4 million), one-time special maintenance for the State's veterans homes (\$2.1 million), veterans outreach (\$0.2 million) and completion of State employee lump-sum payments (\$707,000).

Gross	(18,607,900)
IDG	(700)
Federal	(9,407,500)
Local	(3,600)
Private	(4,200)
Restricted	(3,136,000)
GF/GP	(6,055,900)

L. VETOES - NONE

**DEPARTMENT OF NATURAL RESOURCES
P.A. 59 of 2013 – ARTICLE XV**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	2,093.8	2,135.3	2,109.3	2,083.3	2,134.3	40.5	1.9
GROSS	359,243,800	354,388,900	339,838,900	335,579,500	342,988,900	(16,254,900)	(4.5)
Less:							
Interdepartmental Grants Received	2,027,200	1,412,300	1,412,300	1,412,300	1,412,300	(614,900)	(30.3)
ADJUSTED GROSS.....	357,216,600	352,976,600	338,426,600	334,167,200	341,576,600	(15,640,000)	(4.4)
Less:							
Federal Funds.....	66,524,800	67,127,300	67,127,300	67,127,300	67,127,300	602,500	0.9
Local and Private	7,239,200	7,237,200	7,237,200	7,237,200	7,237,200	(2,000)	(0.0)
TOTAL STATE SPENDING.....	283,452,600	278,612,100	264,062,100	259,802,700	267,212,100	(16,240,500)	(5.7)
Less:							
Other State Restricted Funds.....	252,114,700	251,325,500	241,925,500	241,873,000	241,925,500	(10,189,200)	(4.0)
GENERAL FUND/GENERAL PURPOSE...	31,337,900	27,286,600	22,136,600	17,929,700	25,286,600	(6,051,300)	(19.3)
PAYMENTS TO LOCALS	22,982,400	11,689,400	5,109,400	5,109,400	5,109,400	(17,873,000)	(77.8)

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS

Belle Isle Management. The Governor included \$3.7 million for the potential State management of Belle Isle, while the House and Senate rejected the item. The budget includes \$2.5 million for this purpose.

FTE	16.0
Gross	2,500,000
GF/GP	2,500,000

B. PROGRAM INCREASES

1. Additional Conservation Officers. The budget includes additional ongoing revenue to support the hiring of new conservation officers.

FTE	35.0
Gross	4,000,000
GF/GP	4,000,000

2. Wildfire Protection. The budget includes additional GF/GP revenue to support efforts of the Department of Natural Resources (DNR) to combat wildfires. The total FY 2013-14 appropriation for Wildfire Protection is \$13.0 million.

Gross	750,000
GF/GP	750,000

3. Information Technology (IT) Upgrades. The budget includes funding for upgrading several IT components within the DNR. Specifically, increased funding includes: \$17,300 for Microsoft Windows upgrade; \$78,400 for upgrading geospatial mapping capabilities; \$3,800 for wireless infrastructure upgrades; and \$55,700 for internet bandwidth expansion.

Gross	155,200
Restricted	137,300
GF/GP	17,900

4. Accounting Service Center Cost Adjustment. The budget includes additional funding for the DNR's share of the Accounting Service Center, which provides centralized accounting services for several State departments.

Gross	5,000
Restricted	5,000
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Summer Youth Initiative. The Governor proposed funding this program at the FY 2012-13 level of \$3.0 million. The House and Senate rejected the program entirely. The budget includes \$2.5 million for this program.

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

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

2. Reduction of Overstated Non-GF/GP Appropriations. The budget reduced interdepartmental grant, Federal, and restricted fund appropriations in several lines from several fund sources where revenue no longer supported the level of appropriations. Reductions to FTEs also were included in these changes. These changes have no real programmatic impact as the DNR can spend only revenue it actually receives and these reductions were taken from empty spending authority.

FTE	(54.5)
Gross	(14,689,900)
IDG	(626,700)
Federal	(37,600)
Private	(17,900)
Restricted	(14,007,700)
GF/GP	0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Adjustment for FY 2012-13 Supplemental Appropriations. The budget eliminated supplemental appropriations that had been included in Public Act 9 of 2013. This supplemental included funding for harbor dredging projects and a waterway study of the Grand River.

Gross	(21,061,000)
Restricted	(9,461,000)
GF/GP	(11,600,000)

2. Capital Outlay Adjustments. The budget includes \$2.9 million in new capital outlay projects and removed \$4.9 million in completed or currently appropriated projects for a total of \$16.4 million in projects for FY 2013-14. These projects are primarily construction of new or improved recreational boating facilities and improvement of State parks.

Gross	(1,960,900)
Federal	338,000
Restricted	(2,298,900)
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget includes economics adjustments for unclassified salaries in the DNR.

Gross	7,000
Restricted	7,000
GF/GP	0

I. FEE INCREASES

1. Hunting and Fishing License Fee Increase. The budget includes \$11.4 million in additional Game and Fish Protection Fund revenue, reflecting an anticipated increase in hunting and fishing license fees. The fee proposal would raise a total of approximately \$19.8 million annually, but since the hunting/fishing license year runs April 1 to March 30, only part of this increased revenue was reflected in the FY 2013-14 DNR budget.

FTE	44.0
Gross	11,365,000
Restricted	11,365,000
GF/GP	0

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

2. Off-Road Vehicle License Fee Increase. The budget includes \$2.7 million in additional revenue from anticipated increases in off-road vehicle (ORV) license fees. The fee proposal would raise the fees from \$16.25 annually to \$26.25 annually. A \$10 surcharge would be added for licensed ORVs that are used on State trails.

Gross	2,700,000
Restricted	2,700,000
GF/GP	0

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$874,000 for OPEB.

Gross	4,067,300
IDG	23,100
Federal	562,600
Private	31,400
Restricted	3,173,200
GF/GP	277,000

K. ONE-TIME APPROPRIATIONS

1. Conservation Officer Training. The budget includes \$600,000 in GF/GP revenue for the outfitting and training of new conservation officers. This item is related to item B.1. above.

Gross	600,000
GF/GP	600,000

2. Removal of FY 2012-13 One-Time Appropriations. The budget removed two FY 2012-13 one-time appropriations: \$2.0 million for the Dam Management Grant Program, and \$1.9 million for State employee lump-sum payments.

Gross	(3,892,600)
IDG	(11,300)
Federal	(260,500)
Private	(15,500)
Restricted	(1,509,100)
GF/GP	(2,096,200)

L. VETOES - NONE

NATURAL RESOURCES TRUST FUND

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	23,348,700	0	0	0	0	(23,348,700)	(100.0)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	23,348,700	0	0	0	0	(23,348,700)	(100.0)
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	23,348,700	0	0	0	0	(23,348,700)	(100.0)
Less:							
Other State Restricted Funds.....	23,348,700	0	0	0	0	(23,348,700)	(100.0)
GENERAL FUND/GENERAL PURPOSE ...	0	0	0	0	0	0	0.0
PAYMENTS TO LOCALS	19,778,700	0	0	0	0	(19,778,700)	(100.0)

- 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**

Michigan Natural Resources Trust Fund. Article IX, Section 35 of the Michigan Constitution of 1963 established the Michigan Natural Resources Trust Fund (MNRTF). The MNRTF consists of all bonuses, rentals, delayed rentals, and royalties collected or reserved by the State under provisions of leases for the extraction of nonrenewable resources from State-owned land, except such revenue accruing under leases of State-owned land acquired with money from the State or Federal Game and Fish Protection Fund or revenue accruing from land purchased with such revenue. Until the corpus of the MNRTF reached \$500.0 million, annual expenditures consisted of MNRTF interest and earnings, and 33⅓% of MNRTF revenue received by the State during the previous fiscal year. The MNRTF reached \$500.0 million in 2011, which limits future expenditures to annual interest and investment earnings. According to the Constitution, not less than 25% of the total amounts made available for expenditure from the Trust Fund from any State fiscal year must be spent for acquisition of land and rights in land and not more than 25% of the total amounts made available for expenditure from the Trust Fund from any State fiscal year may be spent for development of public recreation facilities. The MNRTF board of trustees makes recommendations for projects in December each year; therefore, recommendations for FY 2013-14 will not be included in an appropriation bill until early in 2014. The negative adjustment for FY 2013-14 reflects the elimination of appropriations for FY 2012-13 projects.

Gross	(23,348,700)
Restricted	(23,348,700)
GF/GP	0

- H. UNCLASSIFIED SALARIES - NONE**
- I. FEE INCREASES - NONE**

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

- J. ECONOMIC ADJUSTMENTS - NONE**
- K. ONE-TIME APPROPRIATIONS - NONE**
- L. VETOES - NONE**

**SCHOOL AID
P.A. 60 of 2013 – ARTICLE I**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	12,912,055,600	13,235,234,800	13,225,686,900	13,236,535,000	13,361,803,600	449,748,000	3.5
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	12,912,055,600	13,235,234,800	13,225,686,900	13,236,535,000	13,361,803,600	449,748,000	3.5
Less:							
Federal Funds.....	1,701,041,400	1,764,421,300	1,764,421,300	1,764,421,300	1,764,421,300	63,379,900	3.7
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	11,211,014,200	11,470,813,500	11,461,265,600	11,472,113,700	11,597,382,300	386,368,100	3.4
Less:							
Other State Restricted Funds.....	10,928,614,200	11,240,813,500	11,231,665,600	11,242,113,600	11,367,382,300	438,768,100	4.0
GENERAL FUND/GENERAL PURPOSE ...	282,400,000	230,000,000	229,600,000	230,000,100	230,000,000	(52,400,000)	(18.6)
PAYMENTS TO LOCALS	11,032,518,300	11,309,030,900	11,309,482,400	11,320,231,200	11,437,124,700	404,606,400	3.7

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS

<p>1. Hold-Harmless in Per-Pupil Funding. The budget includes \$6.0 million to ensure that every district receives at least a \$5-per-pupil increase in funding compared to the prior year, when reviewing foundation allowance, equity, and Michigan Public School Employees' Retirement System (MPERS) offset funding year-to-year.</p>	<p>Gross 6,000,000 Restricted 6,000,000 GF/GP 0</p>
<p>2. Bilingual Education. The budget includes \$1.2 million for bilingual education funding, providing grants to districts that offer programs of instruction for limited English-proficient pupils.</p>	<p>Gross 1,200,000 Restricted 1,200,000 GF/GP 0</p>

B. PROGRAM INCREASES

<p>1. Great Start Readiness Programs (GSRP). The budget includes a \$65.0 million increase for GSRP programs, which are designed to educate at-risk four-year-olds and prepare them for kindergarten.</p>	<p>Gross 65,000,000 Restricted 65,000,000 GF/GP 0</p>
<p>2. MPERS Rate Cap. The budget includes an increase of \$244.1 million to pay for the increased State cost of capping school district and participating library contributions into the MPERS.</p>	<p>Gross 244,100,000 Restricted 242,800,000 GF/GP 1,300,000</p>
<p>3. Increase in Basic Foundation Allowance. The budget includes \$80.0 million to increase the basic foundation allowance by \$30 per pupil, which results in a \$60 increase per pupil to the districts at the minimum funding level. The new minimum (excluding equity) is \$7,026.</p>	<p>Gross 80,000,000 Restricted 80,000,000 GF/GP 0</p>
<p>4. Pupil Performance Grants. The budget includes a more-than-50% increase (\$16.4 million) to fully fund pupil performance grants, based on student test scores.</p>	<p>Gross 16,400,000 Restricted 16,400,000 GF/GP 0</p>
<p>5. Increase in Federal Funds. The budget includes \$63.4 million in increased Federal grants.</p>	<p>Gross 63,379,900 Federal 63,379,900 GF/GP 0</p>

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

6. Technical Cost Adjustments. The budget includes an increase of \$11.8 million for debt service, \$0.8 million for cash flow borrowing costs, \$0.7 million for payments in lieu of taxes and Promise Zone adjustments, \$27.0 million for special education costs, and \$7,500 for a State Police information technology adjustment; and reflects negative adjustments for pupils and taxable values of \$17.3 million and a \$4.0 million reduction in School Breakfast spending to align these items with actual payouts.	Gross Restricted GF/GP	19,015,800 19,015,800 0
7. Michigan Virtual University. The budget includes an increase of \$5.0 million GF/GP for the Michigan Virtual University to catalog online learning, provide professional development, and focus and develop student-centric learning modules and tools in an online environment.	Gross GF/GP	5,000,000 5,000,000
8. Renaissance Zone Reimbursements. The budget includes an additional \$1.7 million GF/GP (\$3.2 million in total) to fully fund Renaissance Zone Reimbursements to libraries.	Gross GF/GP	1,700,000 1,700,000
9. Intermediate School District Equalization Grants. The budget includes \$1.1 million to ensure that no intermediate school district loses more than 25% of its funding from one year to the next.	Gross Restricted GF/GP	1,067,000 1,067,000 0
10. Rural and Isolated Districts. The budget includes a \$0.6 million increase to provide additional funds to rural and isolated districts.	Gross Restricted GF/GP	559,600 559,600 0
11. Math and Science Centers. The budget includes \$500,000 to increase funding for math and science centers. Of this amount, \$125,000 is for general math and science centers and \$375,000 is for a grant to the Michigan Science, Technology, Engineering, and Mathematics (STEM) Partnership to support STEM competitions.	Gross Restricted GF/GP	500,000 125,000 375,000
12. Center for Educational Performance and Information (CEPI). The budget includes \$100,000 GF/GP for CEPI to develop a pupil transfer application process.	Gross GF/GP	100,000 100,000

C. PROGRAM ELIMINATIONS

Deposit to MPSERS Reserve for Retirement Obligation Reforms. The budget did not continue making a \$41.0 million deposit into this reserve fund for reform costs.	Gross Restricted GF/GP	(41,000,000) (41,000,000) 0
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**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

D. PROGRAM REDUCTIONS

<p>1. MPSERS Cost Offset. The budget reduced funding to districts via the MPSERS cost offset of Section 147a. The rate cap was fully funded, however, in Sec. 147c.</p>	<p>Gross (55,000,000) Restricted (55,000,000) GF/GP 0</p>
<p>2. Principal Educator Evaluator Training. The budget reduced funding used to train principals in evaluating teachers; this was a planned reduction to match anticipated ongoing costs.</p>	<p>Gross (1,250,000) Restricted (1,250,000) GF/GP 0</p>

E. FUNDING SHIFTS

<p>1. Technology Grants. The budget earmarked \$5.0 million of Technology Grant funding (out of \$50.0 million total) and specified that it was from General Fund/General Purpose revenue, for the purpose of earmarking dollars to a single provider for a whole-school technology project.</p>	<p>Gross 0 Restricted (5,000,000) GF/GP 5,000,000</p>
<p>2. General Fund/General Purpose Support of Budget. General Fund/General Purpose support of the budget was reduced from FY 2012-13 levels.</p>	<p>Gross 0 Restricted 64,787,400 GF/GP (64,787,400)</p>

F. PROGRAM TRANSFERS

<p>State Aid to Libraries. General Fund/General Purpose funding of \$1.3 million was transferred out of the School Aid budget and consolidated with other State Aid to Library payments in the Department of Education budget.</p>	<p>Gross (1,304,300) GF/GP (1,304,300)</p>
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G. OTHER ISSUES

Fiscal Year 2013-14 is the first year in which restricted revenue from the MPSERS Reserve Fund was appropriated, in the amount of \$156.0 million. This was in support of the MPSERS rate cap, item B.2. above.

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$32,700 for OPEB.

Gross	280,000
Restricted	63,300
GF/GP	216,700

K. ONE-TIME APPROPRIATIONS

While the budget itself identifies only one item (district consolidation grants of \$5.0 million) as one-time in nature, and does not identify equity payments to be built into future foundation allowances, the balance sheets identify \$193.0 million in spending from the carry-forward balance, and therefore this funding is categorized as one-time by the State Budget Office. The following items are shown as funded out of the FY 2012-13 carry-forward into FY 2013-14 and categorized as one-time:

1. **Best Practices.** This program was first funded in FY 2011-12, but is continued into FY 2013-14 at the same \$80.0 million level as in FY 2012-13. The program rewards districts for meeting various identified best practices (seven out of eight for FY 2013-14).
2. **Technology Infrastructure Grants.** This program was first funded in FY 2012-13, but is continued into FY 2013-14 at the same \$50.0 million level, providing funding so districts are prepared for the online Smarter Balanced exam beginning in FY 2014-15.
3. **Equity Payment.** This program provides up to \$50 in a one-time equity payment to ensure that minimum per-pupil funding in FY 2013-14 is at least \$7,076.
4. **Small Class Size Grants.** This program was proposed for elimination in FY 2012-13, but was retained, and then again retained for FY 2013-14 at the same \$9.0 million funding level.

Gross	0
Restricted	0
GF/GP	0
Gross	0
Restricted	0
GF/GP	0
Gross	36,000,000
Restricted	36,000,000
GF/GP	0
Gross	0
Restricted	0
GF/GP	0

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

<p>5. Student-Centric Grants. The budget includes \$8.0 million for new competitive grants to districts that focus on student-centric learning.</p>	<p>Gross 8,000,000 Restricted 8,000,000 GF/GP 0</p>
<p>6. FIRST Robotics. The budget includes \$3.0 million for a new FIRST Robotics program, designed to provide competitive grants to districts that provide pupils in grades 7-12 with expanded opportunities to improve STEM skills by participating in robotics programs.</p>	<p>Gross 3,000,000 Restricted 3,000,000 GF/GP 0</p>
<p>7. Articulation and Transfer. The budget includes \$1.0 million for the purpose of establishing partnerships between high schools, middle colleges, and public colleges and universities that develop statewide transfer or articulation agreements to ensure that postsecondary credit earned during high school transfers to postsecondary institutions.</p>	<p>Gross 1,000,000 Restricted 1,000,000 GF/GP 0</p>
<p>8. Career and Technical Education (CTE). The budget includes a \$1.0 million increase in career and technical education funding for the purpose of integrating the Michigan Merit Curriculum content standards into State-approved CTE programs for the purpose of awarding credit.</p>	<p>Gross 1,000,000 Restricted 1,000,000 GF/GP 0</p>
<p>9. Consolidation Incentive Grants. The budget retained what had been intended as one-time funding for consolidation incentive grants, but reduced funding by 50% from \$10.0 million to \$5.0 million.</p>	<p>Gross (5,000,000) Restricted (5,000,000) GF/GP 0</p>

L. VETOES - NONE

**DEPARTMENT OF STATE
P.A. 59 of 2013 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,689.0	1,562.0	1,562.0	1,562.0	1,562.0	(127.0)	(7.5)
GROSS	221,029,300	219,548,900	219,548,900	218,954,700	219,548,900	(1,480,400)	(0.7)
Less:							
Interdepartmental Grants Received	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS.....	201,029,300	199,548,900	199,548,900	198,954,700	199,548,900	(1,480,400)	(0.7)
Less:							
Federal Funds.....	2,170,000	1,810,000	1,810,000	1,810,000	1,810,000	(360,000)	(16.6)
Local and Private	100	100	100	100	100	0	0.0
TOTAL STATE SPENDING.....	198,859,200	197,738,800	197,738,800	197,144,600	197,738,800	(1,120,400)	(0.6)
Less:							
Other State Restricted Funds.....	183,971,100	182,485,400	182,485,400	182,485,400	182,485,400	(1,485,700)	(0.8)
GENERAL FUND/GENERAL PURPOSE...	14,888,100	15,253,400	15,253,400	14,659,200	15,253,400	365,300	2.5
PAYMENTS TO LOCALS	1,360,800	1,360,800	1,360,800	1,360,800	1,360,800	0	0.0

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. Information Technology (IT) Upgrades. The budget includes funding for upgrading several IT components within the Department. Specifically, increased funding includes: \$53,400 for Microsoft Windows upgrade; \$39,000 for upgrading geospatial mapping capabilities; \$26,000 for wireless infrastructure upgrades; and \$41,600 for internet bandwidth expansion.</p>	<p>Gross 160,000 Restricted 148,400 GF/GP 11,600</p>
<p>2. Anatomical Gift Registry. The budget includes additional funding to promote organ donation by using funds from the Thomas Daley Gift Fund created in Public Act 55 of 2012.</p>	<p>Gross 50,000 Restricted 50,000 GF/GP 0</p>
<p>3. Contractual Services. Funding was increased to cover the costs associated with the Department's servicing of over 20 million customer documents annually.</p>	<p>Gross 500,000 GF/GP 500,000</p>

C. PROGRAM ELIMINATIONS

<p>1. Assigned Claims Assessments. The budget eliminated funding for this program as these services are now being carried out by the Michigan Automobile Insurance Placement Facility as of January 1, 2013, pursuant to Public Act 204 of 2012.</p>	<p>FTE (7.0) Gross (1,098,600) Restricted (1,098,600) GF/GP 0</p>
<p>2. Olympic Fund-Raising Plate. Funding for this line item was eliminated due to duplication of language in boilerplate and in the Michigan Vehicle Code. The Code provides for the collection and distribution of the fee; thus, this line item is no longer necessary in the Department's annual budget.</p>	<p>Gross (75,700) Restricted (75,700) GF/GP 0</p>

D. PROGRAM REDUCTIONS

<p>Transportation Administration Collection Fund (TACF). The budget was adjusted to reflect lower-than-anticipated collections of fees that are deposited into this Fund. Deposits fell by \$8.0 million due to lower-than-anticipated collection of fees, such as driver license and vehicle registration fees. Additionally, FTE positions were reduced by 120.0 due to the lower collection of fees.</p>	<p>FTE (120.0) Gross (8,000,000) Restricted (8,000,000) GF/GP 0</p>
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**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

E. FUNDING SHIFTS

Michigan Transportation Fund (MTF). The budget replaced MTF funding with GF/GP funding to pay for economic increases for employees funded by the MTF. Funding from the MTF is capped at \$20.0 million and the economic increases caused the funding to exceed the capped amount.

Gross	0
Restricted	(606,300)
GF/GP	606,300

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Transfer Adjustment for Letter Dated 3-15-13. An FY 2012-13 baseline adjustment was made to include a Federal contingency fund transfer to allow the Department to spend additional funds totaling \$360,000 in the Motorcycle Safety Grants program, in order to provide advanced rider courses and to purchase additional training motorcycles.

Gross	(360,000)
Federal	(360,000)
GF/GP	0

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES

Driver Look-Up Fees. The budget appropriated the additional revenue to be raised from the \$1 increase in the driver look-up fee from \$7 to \$8 per record requested. The increased revenue is estimated at \$4.7 million for FY 2013-14.

Gross	4,700,000
Restricted	4,700,000
GF/GP	0

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$661,700 for OPEB.

Gross	4,938,300
Restricted	4,656,000
GF/GP	282,300

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

K. ONE-TIME APPROPRIATIONS

FY 2012-13 One-Time Funding. The budget removed the one-time funding provided for FY 2012-13. One-time funding for FY 2012-13 includes: \$1.5 million for State employee lump-sum payments; \$150,000 for express services funding for marketing costs associated with the Department's newly implemented express services now offered at Secretary of State branch offices across the State; and \$600,000 for the commercial driver medical certificate program to cover the costs associated with the new Federal mandate requiring all commercial drivers to provide medical proof that they are healthy enough to operate a commercial vehicle.

Gross	(2,294,400)
Restricted	(1,259,500)
GF/GP	(1,034,900)

L. VETOES - NONE

**DEPARTMENT OF STATE POLICE
P.A. 59 of 2013 – ARTICLE XVI**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	2,883.0	2,914.0	2,914.0	2,914.0	2,931.0	48.0	1.7
GROSS	585,111,700	603,801,700	600,601,700	601,186,900	606,819,000	21,707,300	3.7
Less:							
Interdepartmental Grants Received	25,238,500	25,219,700	25,219,700	25,219,700	25,219,700	(18,800)	(0.1)
ADJUSTED GROSS	559,873,200	578,582,000	575,382,000	575,967,200	581,599,300	21,726,100	3.9
Less:							
Federal Funds.....	104,911,000	98,846,100	98,846,100	98,846,100	98,846,100	(6,064,900)	(5.8)
Local and Private	7,100,700	7,207,200	7,207,200	7,207,200	7,207,200	106,500	1.5
TOTAL STATE SPENDING	447,861,500	472,528,700	469,328,700	469,913,900	475,546,000	27,684,500	6.2
Less:							
Other State Restricted Funds.....	128,347,700	121,554,400	121,554,400	122,041,400	122,071,700	(6,276,000)	(4.9)
GENERAL FUND/GENERAL PURPOSE ...	319,513,800	350,974,300	347,774,300	347,872,500	353,474,300	33,960,500	10.6
PAYMENTS TO LOCALS	18,728,700	15,537,600	15,537,600	15,837,600	16,187,600	(2,541,100)	(13.6)

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. State Capitol Complex Security. The budget includes 17.0 FTEs and \$1.8 million GF/GP for security upgrades for the downtown Lansing State Capitol complex, including the Capitol building.	FTE Gross GF/GP	17.0 1,800,000 1,800,000
2. Security at Major Events. The budget includes an appropriation of \$1.2 million in contingency funds to cover the potential costs of troopers associated with enforcement or traffic safety needs of major public or recreational events in the State.	Gross GF/GP	1,200,000 1,200,000
3. Part 2 of Public Safety Initiative - Trooper School Ongoing Costs. The budget includes \$11.0 million GF/GP to cover full-year salary costs of FY 2012-13 trooper school graduates and a new trooper school to begin January 2014, targeted to graduate 107 new troopers.	FTE Gross GF/GP	107.0 11,000,000 11,000,000
4. Information Technology Services and Projects. The budget includes additional funds related to increased mobile data computers in Michigan State Police vehicles, an upgrade to Windows 7, and improvements to the State's wireless infrastructure and internet bandwidth.	Gross IDG Federal Local Restricted GF/GP	2,287,300 49,000 30,600 7,500 85,400 2,114,800

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS

At-Post Troopers/COPS Grant. The budget reflects the shift of \$2.1 million in Federal Community policing funding, which had been used to support 21 troopers, to GF/GP support in order to continue those positions.	Gross Federal GF/GP	0 (2,094,800) 2,094,800
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F. PROGRAM TRANSFERS - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

G. OTHER ISSUES

- | | | | | | | | | | | | | | | | |
|---|---|-------|-----------|-------|--------------|------------|-----------|---------|-------------|-------|-------|------------|-------------|-------|-------------|
| 1. Adjustments for Actual Funds Received/FY 2012-13 Supplemental. The budget includes adjustments to reflect actual amounts of funds to be received and to align spending authority with that total. The adjustments are reflected in dozens of budget lines, but most notably in the line for the Secondary Road Patrol Grant Program, where expected revenue received for FY 2013-14 was reduced by \$3.0 million to reflect recent years' decline in Restricted fund collections. The adjustments also include an additional \$517,300 in Restricted funds to reflect funds received in support of the Nuclear Power Plant Emergency Planning program and FY 2012-13 supplemental appropriations of \$7.1 million gross, \$2.0 million GF/GP. | <table border="0"> <tr><td>FTE</td><td style="text-align: right;">(76.0)</td></tr> <tr><td>Gross</td><td style="text-align: right;">(16,940,500)</td></tr> <tr><td>IDG</td><td style="text-align: right;">(745,600)</td></tr> <tr><td>Federal</td><td style="text-align: right;">(4,780,600)</td></tr> <tr><td>Local</td><td style="text-align: right;">2,200</td></tr> <tr><td>Restricted</td><td style="text-align: right;">(9,416,500)</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">(2,000,000)</td></tr> </table> | FTE | (76.0) | Gross | (16,940,500) | IDG | (745,600) | Federal | (4,780,600) | Local | 2,200 | Restricted | (9,416,500) | GF/GP | (2,000,000) |
| FTE | (76.0) | | | | | | | | | | | | | | |
| Gross | (16,940,500) | | | | | | | | | | | | | | |
| IDG | (745,600) | | | | | | | | | | | | | | |
| Federal | (4,780,600) | | | | | | | | | | | | | | |
| Local | 2,200 | | | | | | | | | | | | | | |
| Restricted | (9,416,500) | | | | | | | | | | | | | | |
| GF/GP | (2,000,000) | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 2. Portable Radio Batteries. The budget includes additional funds to replace radio batteries by 626 per year, in order to put the batteries, which power the Department's approximately 3,100 radios, on a 2.5-year replacement cycle. | <table border="0"> <tr><td>Gross</td><td style="text-align: right;">80,000</td></tr> <tr><td>IDG</td><td style="text-align: right;">1,300</td></tr> <tr><td>Restricted</td><td style="text-align: right;">8,700</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">70,000</td></tr> </table> | Gross | 80,000 | IDG | 1,300 | Restricted | 8,700 | GF/GP | 70,000 | | | | | | |
| Gross | 80,000 | | | | | | | | | | | | | | |
| IDG | 1,300 | | | | | | | | | | | | | | |
| Restricted | 8,700 | | | | | | | | | | | | | | |
| GF/GP | 70,000 | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 3. Fleet Leasing. The budget includes an additional \$1.1 million GF/GP to reflect increases in monthly vehicle fleet leasing costs as the Department switches from Ford Crown Victorias to Dodge Chargers as its main patrol vehicle. | <table border="0"> <tr><td>Gross</td><td style="text-align: right;">1,122,400</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">1,122,400</td></tr> </table> | Gross | 1,122,400 | GF/GP | 1,122,400 | | | | | | | | | | |
| Gross | 1,122,400 | | | | | | | | | | | | | | |
| GF/GP | 1,122,400 | | | | | | | | | | | | | | |

H. UNCLASSIFIED SALARIES

Unclassified Salaries Increase. The budget includes a total increase to unclassified salary positions of \$7,000.	<table border="0"> <tr><td>Gross</td><td style="text-align: right;">7,000</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">7,000</td></tr> </table>	Gross	7,000	GF/GP	7,000
Gross	7,000				
GF/GP	7,000				

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$4,135,400 for OPEB.	<table border="0"> <tr><td>Gross</td><td style="text-align: right;">19,082,900</td></tr> <tr><td>IDG</td><td style="text-align: right;">845,200</td></tr> <tr><td>Federal</td><td style="text-align: right;">1,029,600</td></tr> <tr><td>Local</td><td style="text-align: right;">127,300</td></tr> <tr><td>Private</td><td style="text-align: right;">10,100</td></tr> <tr><td>Restricted</td><td style="text-align: right;">3,722,200</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">13,348,500</td></tr> </table>	Gross	19,082,900	IDG	845,200	Federal	1,029,600	Local	127,300	Private	10,100	Restricted	3,722,200	GF/GP	13,348,500
Gross	19,082,900														
IDG	845,200														
Federal	1,029,600														
Local	127,300														
Private	10,100														
Restricted	3,722,200														
GF/GP	13,348,500														

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

K. ONE-TIME APPROPRIATIONS

<p>1. Secondary Road Patrol Grant Program. The budget includes a one-time appropriation of \$150,000 GF/GP for the Secondary Road Patrol Program, which provides support to County Sheriff patrols of secondary roads, to help offset lower restricted fund support for the program in recent years.</p>	<p>Gross 150,000 GF/GP 150,000</p>
<p>2. Grand Rapids Forensic Laboratory. The budget includes a one-time appropriation of \$400,000 GF/GP for the maintenance and repair of the heating, ventilation and air conditioning (HVAC) system at the Department's Grand Rapids Forensic Laboratory.</p>	<p>Gross 400,000 GF/GP 400,000</p>
<p>3. Disaster and Emergency Contingency Fund. The budget includes a one-time appropriation of \$2.0 million GF/GP for the Disaster and Emergency Contingency Fund established in the State's Emergency Management Act. These funds are to be used to provide financial assistance to State and qualified local agencies responding to disasters. Boilerplate Section 704 allows for the expenditure of up to \$800,000 from the money appropriated to the Fund without formal appropriation from the Legislature.</p>	<p>Gross 2,000,000 GF/GP 2,000,000</p>
<p>4. Emergency Support Team Specialized Vehicles. The budget includes a one-time appropriation of \$350,000 GF/GP for the purchase of two replacement specialized vehicles used by the Emergency Support Team to respond to difficult and dangerous situations, including hostage rescue and counter-terrorism activities.</p>	<p>Gross 350,000 GF/GP 350,000</p>
<p>5. New Trooper School Costs. The budget includes a one-time appropriation of \$3,661,900 GF/GP to cover all costs, including recruitment, salaries, training, and equipment, associated with conducting a new Michigan State Trooper school, which is to begin in January 2014 and is to graduate 107 new troopers.</p>	<p>Gross 3,661,900 GF/GP 3,661,900</p>
<p>6. Employee Lump-Sum Payments and Other One-Time Appropriations. The budget eliminated a one-time appropriation of \$3,220,000 Gross for State employee lump-sum payments that were made in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements and \$1,623,700 GF/GP for At-Post Trooper equipment.</p>	<p>Gross (4,843,700) IDG (168,700) Federal (249,700) Local (38,900) Private (1,700) Restricted (675,800) GF/GP (3,708,900)</p>

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

- | | | |
|--|--------------|----------------|
| <p>7. Michigan International Speedway Traffic Control. The budget continues an FY 2012-13 appropriation of \$800,000 GF/GP for Department costs of providing traffic support for the speedway. For FY 2013-14, the appropriation was shifted from the budget unit containing one-time appropriations to the Uniform Services unit as an ongoing appropriation.</p> | <p>Gross</p> | <p>0</p> |
| | <p>GF/GP</p> | <p>0</p> |
| | | |
| <p>8. Emergency Operations Center Rent. The budget includes additional funds needed for the continuing rent requirements for the Emergency Operations Center located at the Collins Road facility until a planned replacement facility is constructed at the State's Secondary Complex. The \$700,000 GF/GP budget for FY 2013-14 is categorized as an ongoing appropriation.</p> | <p>Gross</p> | <p>350,000</p> |
| | <p>GF/GP</p> | <p>350,000</p> |

L. VETOES - NONE

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
P.A. 59 of 2013 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	2,808.0	2,806.0	2,806.0	2,804.0	2,816.0	8.0	0.3
GROSS	1,143,973,600	1,185,975,200	1,184,375,100	1,163,982,900	1,190,375,100	46,401,500	4.1
Less:							
Interdepartmental Grants Received	635,564,900	677,159,800	677,159,800	677,159,800	677,159,800	41,594,900	6.5
ADJUSTED GROSS.....	508,408,700	508,815,400	507,215,300	486,823,100	513,215,300	4,806,600	0.9
Less:							
Federal Funds.....	9,464,300	8,790,900	8,790,900	8,790,900	8,790,900	(673,400)	(7.1)
Local and Private	1,511,000	1,511,200	1,511,200	1,511,200	1,511,200	200	0.0
TOTAL STATE SPENDING.....	497,433,400	498,513,300	496,913,200	476,521,000	502,913,200	5,479,800	1.1
Less:							
Other State Restricted Funds.....	90,517,200	92,625,900	92,625,900	92,625,900	94,125,900	3,608,700	4.0
GENERAL FUND/GENERAL PURPOSE...	406,916,200	405,887,400	404,287,300	383,895,100	408,787,300	1,871,100	0.5
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS

State Police Mobile Computing Support. The budget includes new funding for information technology support for upgrading the mobile computing capabilities in State Police cruisers.

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

B. PROGRAM INCREASES

1. Information Technology (IT) Upgrades. The budget includes funding for upgrading several IT components within the Department. Specifically, increased funding includes: \$1,423,600 for Microsoft Windows upgrade; \$936,500 for upgrading geospatial mapping capabilities; \$1,616,000 for wireless infrastructure upgrades; and \$1,547,900 for internet bandwidth expansion.

Gross	5,524,000
IDG	5,168,700
Federal	20,500
Restricted	128,800
GF/GP	206,000

2. Information Technology - Alignment of IDG Funding. The IT portion of the budget aligns its interdepartmental grant (IDG) funding with enacted FY 2012-13 appropriations for all State departments.

Gross	4,385,700
IDG	4,385,700
GF/GP	0

3. Departmental IT Changes. Various adjustments were made to departmental IT appropriations due to changes in IT needs and programs.

Gross	3,051,300
IDG	3,051,300
GF/GP	0

4. Motor Vehicle Fleet. The budget provides funding for increased fuel costs, maintenance, and fleet leasing costs for the Department of Human Services and the State Police.

Gross	1,500,000
IDG	1,500,000
GF/GP	0

5. Professional Development Funds. The budget includes funding to provide professional development and training for non-exclusively represented employees.

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

6. State Building Authority (SBA) Rent Adjustments. Additional funding is included for the SBA line item for State agencies to reflect increased debt service costs.

Gross	1,700,000
GF/GP	1,700,000

7. Military Retirement Program. The budget includes additional funding for unfunded costs associated with prefunding pensions for the Department of Military and Veterans Affairs.

Gross	826,100
GF/GP	826,100

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

8. Administrative Services. This increase in restricted funding allows the corresponding amount in GF/GP funds to be used to hire 2.0 FTEs in support staff.

FTE	2.0
Gross	300,000
Restricted	300,000
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Accounting Services. The budget includes a negative adjustment for cost savings due to efficiencies in operations for services associated with the accounting services for the Michigan State Police.

Gross	(120,000)
IDG	(120,000)
GF/GP	0

E. FUNDING SHIFTS

Statewide Cost Allocation Project (SWCAP) Adjustments. The budget adjusted IDG, restricted, and GF/GP funding to reflect actual appropriations.

Gross	0
IDG	49,400
Restricted	431,600
GF/GP	(481,000)

F. PROGRAM TRANSFERS

1. Civil Service Transfer to Department of Human Services (DHS). The budget reflects the transfer of 4.0 FTE positions and associated funding to the DHS to provide training specific to the DHS.

FTE	(4.0)
Gross	(465,600)
Federal	(322,100)
GF/GP	(143,500)

2. Public-Private Partnership. The budget reflects the transfer from the Department of Treasury of spending authority for public-private partnerships.

Gross	1,500,000
Restricted	1,500,000
GF/GP	0

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

G. OTHER ISSUES

- | | |
|---|---|
| <p>1. Adjustment for FY 2012-13 Supplemental Funding. The budget does not include two items that were added via supplemental appropriations. Public Act 102 of 2013 provided \$900,000 for first-year debt service costs related to the start of the business building project at Lake Superior State University. The supplemental also included \$100,000 for a planning grant to build a State Police post in Marshall.</p> | <p>Gross (1,000,000)
GF/GP (1,000,000)</p> |
| <p>2. Target Agreements. The budget contains several items that were agreed upon for inclusion in the FY 2013-14 budget. These items include: \$500,000 for project management for procuring contracts; \$600,000 for the labor market information strategies line item to replace a reduction in Federal funding; \$300,000 for increased fringe benefit costs associated with the salary and wage increase included in the Executive budget; and \$2.0 million and 10.0 FTE positions for increased cyber security for the Department and the Michigan State Police to fund staff positions 24 hours a day, every day of the year.</p> | <p>FTE 10.0
Gross 3,400,000
GF/GP 3,400,000</p> |

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

<p>The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$2,225,400 for OPEB.</p>	<p>Gross 12,980,200 IDG 8,163,900 Federal 54,900 Private 200 Restricted 1,605,500 GF/GP 3,155,700</p>
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**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

K. ONE-TIME APPROPRIATIONS

<p>1. FY 2012-13 One-Time Funding. The budget removed the one-time funding provided for FY 2012-13. One-time funding for FY 2012-13 included: \$4.7 million for State employee lump-sum payments; \$10.0 million for special maintenance and remodeling for State facilities; \$7.0 million for the space consolidation fund for consolidation in State office buildings; and \$4.0 million for a teacher evaluation pilot program.</p>	<p>Gross (25,680,200) IDG (3,104,100) Federal (426,700) Restricted (357,200) GF/GP (21,792,200)</p>
<p>2. Special Maintenance for State-Owned Facilities. The budget includes \$10.0 million to complete maintenance projects on State-owned facilities.</p>	<p>Gross 10,000,000 GF/GP 10,000,000</p>
<p>3. Regional Prosperity Grants. The budget includes funding to provide grants for the formation of regional collaborative bodies for adult education, workforce development, economic development, transportation, and higher education institutions. A collaborative body will work toward providing economic prosperity within the region in which it is formed.</p>	<p>Gross 2,500,000 GF/GP 2,500,000</p>
<p>4. Technology Investments. The budget includes funding for two specific technology investment projects. Funding of \$18.3 million is provided for the Department of Community Health to complete its diagnostic coding project. Funding of \$3.0 million is provided for the Department of Treasury to replace the computing system for the Michigan Gaming Control Board.</p>	<p>Gross 21,300,000 IDG 21,300,000 GF/GP 0</p>
<p>5. Bridge Removal. Funding is included for costs associated with the removal and disposal of materials of an abandoned bridge in Delta County.</p>	<p>Gross 1,500,000 GF/GP 1,500,000</p>
<p>6. Litigation Costs. The budget includes one-time GF/GP funding of \$2.0 million for litigation costs anticipated by the Department to be incurred in FY 2013-14.</p>	<p>Gross 2,000,000 GF/GP 2,000,000</p>

L. VETOES - NONE

**DEPARTMENT OF TRANSPORTATION
P.A. 59 of 2013 – ARTICLE XVII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	2,912.3	2,912.3	2,912.3	2,912.3	2,912.3	0.0	0.0
GROSS	3,481,834,100	4,574,787,600	3,493,816,700	3,440,968,700	3,597,116,700	115,282,600	3.3
Less:							
Interdepartmental Grants Received	3,531,900	3,625,100	3,625,100	3,625,100	3,625,100	93,200	2.6
ADJUSTED GROSS	3,478,302,200	4,571,162,500	3,490,191,600	3,437,343,600	3,593,491,600	115,189,400	3.3
Less:							
Federal Funds.....	1,231,830,100	1,198,885,500	1,198,885,500	1,198,885,500	1,198,885,500	(32,944,600)	(2.7)
Local and Private	52,180,200	50,277,100	50,277,100	50,277,100	50,277,100	(1,903,100)	(3.6)
TOTAL STATE SPENDING	2,194,291,900	3,321,999,900	2,241,029,000	2,188,181,000	2,344,329,000	150,037,100	6.8
Less:							
Other State Restricted Funds.....	2,171,291,900	3,321,999,900	2,241,029,000	2,088,181,000	2,223,029,000	51,737,100	2.4
GENERAL FUND/GENERAL PURPOSE...	23,000,000	0	0	100,000,000	121,300,000	98,300,000	427.4
PAYMENTS TO LOCALS	1,239,302,500	1,228,928,100	1,208,687,600	1,208,386,800	1,208,687,600	(30,614,900)	(2.5)

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS

Amtrak Wolverine Rail Line. The budget includes funding for costs associated with the State's takeover of the operation and maintenance of the Wolverine rail line route between Pontiac, MI, and Chicago, IL. Due to changes in Federal regulations, the State is now required to operate and maintain all Amtrak lines of 750 miles or less in length that run through the State.

Gross	19,333,000
Restricted	19,333,000
GF/GP	0

B. PROGRAM INCREASES

1. Information Technology (IT) Upgrades. The budget includes funding for upgrading several IT components within the Department. Specifically, increased funding includes: \$68,000 for Microsoft Windows upgrade; \$141,100 for upgrading geospatial mapping capabilities; \$127,100 for wireless infrastructure upgrades; and \$87,600 for internet bandwidth expansion.

Gross	423,800
Restricted	423,800
GF/GP	0

2. Blue Water Bridge Customs Plaza. The budget includes additional funding for the expansion of the customs plaza on the Blue Water Bridge. Funding is provided from collected toll revenue.

Gross	25,800,000
Restricted	25,800,000
GF/GP	0

3. Governor's Infrastructure Investment Package. The Governor included \$1.2 billion in additional revenue in his Executive Recommendation for FY 2013-14 for Road and Bridge funding that would have come from his proposed Transportation Infrastructure Investment package. Because the package was not enacted at the time the budget was finalized, the enacted budget does not include this additional revenue and instead makes appropriations based on the available non-GF/GP revenue according to the February 2013 Michigan Department of Treasury revenue estimates. The total changes for Road and Bridge programs for FY 2013-14 (including portions of the one-time revenue discussed in item K. below) include: an increase of \$48.4 million for State Trunkline road and bridge programs; a decrease of \$5.4 million for local bridge funding; an increase of \$6.2 million for county road commissions; and an increase of \$3.4 million for cities and villages.

Gross	8,227,300
Federal	15,398,000
Local	(4,396,900)
Restricted	(2,773,800)
GF/GP	0

4. Debt Service. Total funding was increased due to changes in scheduled debt service payments.

Gross	2,046,600
Federal	45,500
Restricted	2,001,100
GF/GP	0

5. Interdepartmental Grants (IDGs). The budget reflects adjustments in funding for grants to several other State departments and agencies. These IDGs support services provided to or on behalf of the State Transportation Department for services rendered.

Gross	207,800
Restricted	207,800
GF/GP	0

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

C. PROGRAM ELIMINATIONS

General Sales Tax Revenue. The budget does not include the one-time redirection of general sales tax revenue to restricted funds - \$100.0 million of State Trunkline Fund funding for road and bridge programs and \$10.0 million of State Aeronautics Fund funding for airport improvements.

Gross	(110,000,000)
Restricted	(110,000,000)
GF/GP	0

D. PROGRAM REDUCTIONS

Moving Ahead for Progress in the 21st Century (MAP-21) Federal Reauthorization. The budget adjusted Federal funding due to changes in Federal reauthorization under a new Federal program known as MAP-21. This program is intended to transform the growth and development of the country's vital transportation infrastructure.

Gross	(31,177,900)
Federal	(31,177,900)
GF/GP	0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Adjustment for FY 2012-13 Supplemental Funding. The budget does not include several items that were added via supplemental appropriations. Public Act 387 of 2012 provided \$250,000 of restricted funding for start-up costs associated with the new Regional Transportation Authority created for Wayne, Oakland, Macomb, and Washtenaw Counties. Public Act 102 of 2013 provided \$5.4 million in restricted funding for local bus operating assistance and \$10.0 million in Federal funds for the Detroit multimodal project.

Gross	(15,646,600)
Federal	(10,000,000)
Restricted	(5,646,600)
GF/GP	0

2. Miscellaneous Changes. The budget includes miscellaneous adjustments to two line items to reflect changes in Federal, local, and State restricted revenue. The adjustments include: a decrease of \$4.4 million for airport improvement programs and a reduction of \$779,200 for aeronautics programs

Gross	(5,201,000)
Federal	(3,605,100)
Local	1,246,900
Restricted	(2,842,800)
GF/GP	0

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$1.4 million for OPEB.

Gross	11,230,400
IDG	108,000
Federal	(3,605,100)
Local	1,246,900
Restricted	13,480,600
GF/GP	0

K. ONE-TIME APPROPRIATIONS

1. Employee Lump-Sum Payments. The budget removed a one-time appropriation for FY 2012-13 for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees received a 1% lump-sum payment and NEREs received a 2% lump-sum payment.

Gross	(3,260,800)
IDG	(14,800)
Restricted	(3,246,000)
GF/GP	0

2. Federal Aid Match for FY 2012-13. The budget removed one-time GF/GP funding to meet Federal aid match requirements so the State could receive the maximum Federal aid for which it was eligible. The amounts appropriated were \$12.0 million for matching Transit Capital funding and \$11.0 million for matching Rail Operations and Infrastructure funding.

Gross	(23,000,000)
GF/GP	(23,000,000)

3. Federal Aid Match for FY 2013-14. The budget includes GF/GP funding of \$121.3 million in order for the State to meet its Federal aid match requirement to maximize Federal funding for road and bridge programs across the State.

Gross	121,300,000
GF/GP	121,300,000

4. Priority Roads Investment Program. The budget includes \$115.0 million of one-time increased funding for road and bridge programs across the State.

Gross	115,000,000
Restricted	115,000,000
GF/GP	0

L. VETOES

Rail Crossing Pilot Project. The Governor vetoed \$1.5 million for a pilot project for testing safety devices at high-speed rail crossings.

Gross	(1,500,000)
Restricted	(1,500,000)
GF/GP	0

**DEPARTMENT OF TREASURY - DEBT SERVICE
P.A. 59 of 2013 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	140,554,900	154,202,500	154,202,500	146,202,500	154,202,500	13,647,600	9.7
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	140,554,900	154,202,500	154,202,500	146,202,500	154,202,500	13,647,600	9.7
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	140,554,900	154,202,500	154,202,500	146,202,500	154,202,500	13,647,600	9.7
Less:							
Other State Restricted Funds.....	5,514,500	3,014,500	3,014,500	5,514,500	3,014,500	(2,500,000)	(45.3)
GENERAL FUND/GENERAL PURPOSE...	135,040,400	151,188,000	151,188,000	140,688,000	151,188,000	16,147,600	12.0
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|--|-------|-----------|
| <p>1. Great Lakes Water Quality Bond. As recommended by the Governor, the budget increased funding for debt service on these bonds to \$15,916,000 in FY 2013-14. This will cover scheduled debt service payments on outstanding bond issues and provide approximately \$8.0 million for the initial debt service on an additional \$100.0 million in bonds proposed for issuance. The bonds will be used for grants and loans to local governments for sanitary sewer and storm sewer improvements, stormwater management plans or programs, and the establishment of wetland mitigation banks. State voters approved the issuance of Great Lakes Water Quality Bonds in 2002.</p> | Gross | 9,411,500 |
| | GF/GP | 9,411,500 |
| <p>2. Clean Michigan Initiative. The budget increased funding for debt service on these bonds to cover scheduled payments. The appropriation for this program was increased by \$2,886,500 to \$57,187,400.</p> | Gross | 2,886,500 |
| | GF/GP | 2,886,500 |
| <p>3. Quality of Life Bond. The budget added \$2,271,000 to the total appropriation for this program, which increased funding to \$79,965,800 in FY 2013-14 to pay scheduled debt service payments. A fund shift that affected this program is described below in item E.</p> | Gross | 2,271,000 |
| | GF/GP | 2,271,000 |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

- | | | |
|---|-------|-----------|
| <p>Water Pollution Control Bond and Interest Redemption. As recommended by the Governor, the budget reduced appropriations for debt service payments on this program to \$1,132,700 in FY 2013-14. This is expected to be the last year of debt service payments on these bonds.</p> | Gross | (921,400) |
| | GF/GP | (921,400) |

E. FUNDING SHIFTS

- | | | |
|--|------------|-------------|
| <p>Quality of Life Bond. The budget reduced the use of the Refined Petroleum Fund to pay debt service on this program by \$2.5 million and increased the GF/GP revenue for the program by the same amount. The total funding for this program is \$79,965,800 in FY 2013-14; that amount consists of \$3,014,500 from the Refined Petroleum Fund and \$76,951,300 in GF/GP revenue.</p> | Gross | 0 |
| | Restricted | (2,500,000) |
| | GF/GP | 2,500,000 |

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

- F. PROGRAM TRANSFERS - NONE**
- G. OTHER ISSUES - NONE**
- H. UNCLASSIFIED SALARIES - NONE**
- I. FEE INCREASES - NONE**
- J. ECONOMIC ADJUSTMENTS - NONE**
- K. ONE-TIME APPROPRIATIONS - NONE**
- L. VETOES - NONE**

**DEPARTMENT OF TREASURY - OPERATIONS
P.A. 59 of 2013 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,774.5	1,784.5	1,774.5	1,784.5	1,774.5	0.0	0.0
GROSS	503,294,500	495,797,200	492,447,200	490,442,300	498,233,500	(5,061,000)	(1.0)
Less:							
Interdepartmental Grants Received	8,861,800	9,130,000	9,130,000	9,130,000	9,130,000	268,200	3.0
ADJUSTED GROSS.....	494,432,700	486,667,200	483,317,200	481,312,300	489,103,500	(5,329,200)	(1.1)
Less:							
Federal Funds.....	40,615,300	39,410,400	39,410,400	39,410,400	39,410,400	(1,204,900)	(3.0)
Local and Private	2,252,700	1,981,500	1,981,500	1,981,500	1,981,500	(271,200)	(12.0)
TOTAL STATE SPENDING.....	451,564,700	445,275,300	441,925,300	439,920,400	447,711,600	(3,853,100)	(0.9)
Less:							
Other State Restricted Funds.....	349,770,200	362,772,000	359,422,000	362,772,000	357,908,300	8,138,100	2.3
GENERAL FUND/GENERAL PURPOSE...	101,794,500	82,503,300	82,503,300	77,148,400	89,803,300	(11,991,200)	(11.8)
PAYMENTS TO LOCALS	156,584,400	153,383,300	169,383,300	155,569,400	154,744,100	(1,840,300)	(1.2)

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | |
|---|--|
| <p>1. Facility for Rare Isotope Beams (FRIB) Debt Service. The support for the FRIB project at Michigan State University was increased from \$2,339,900 in FY 2012-13 to \$7.3 million in FY 2013-14. The FY 2013-14 funding is for the first year of debt service on bonds that will be issued to pay the community share of construction of the facility. The amount of bond proceeds that can be used for this project is limited in boilerplate to \$90,961,100. The debt service payments are expected to last for 15 to 17 years. The Michigan Strategic Fund will issue the bonds after a determination that other funding and all required permits are in place.</p> | <p>Gross 4,960,100
GF/GP 4,960,100</p> |
| <p>2. Digital Tobacco Stamps. The budget added \$3.0 million from tobacco tax revenue for the cost of implementing digital tobacco stamps. The funding is in the line item for Tax and Economic Policy.</p> | <p>Gross 3,000,000
Restricted 3,000,000
GF/GP 0</p> |
| <p>3. Payments in Lieu of Taxes (PILT). The budget added \$1,734,500 in FY 2013-14 for PILT programs. This fully funds the statutory PILT formulas in compliance with Public Acts 603 and 604 of 2012.</p> | <p>Gross 1,734,500
Private 22,000
Restricted 673,400
GF/GP 1,039,100</p> |
| <p>4. Information Technology. The budget includes \$942,500 for the information technology cost of tax administration. This increased the information technology line to \$24,360,600.</p> | <p>Gross 942,600
GF/GP 942,600</p> |
| <p>5. Information Technology (IT) Upgrades. The budget includes funding for upgrading several IT components within the Department. Specifically, increased funding includes: \$53,500 for Microsoft Windows upgrade; \$34,800 for upgrading geospatial mapping capabilities; \$59,500 for wireless infrastructure upgrades; and \$55,200 for internet bandwidth expansion.</p> | <p>Gross 203,000
Federal 1,700
Restricted 173,100
GF/GP 28,200</p> |
| <p>6. Dual Enrollment Payments. The budget increased funding for dual enrollment payments for nonpublic school students from the year-to-date funding of \$500,000 in FY 2012-13 to \$1,003,200 in FY 2013-14. The program was enacted originally at \$10.0 million in FY 2012-13 and reduced to \$500,000 by Public Act 102 of 2013 due to lower-than-expected participation.</p> | <p>Gross 503,200
GF/GP 503,200</p> |

C. PROGRAM ELIMINATIONS - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

- | | | |
|--|---------------------------------------|--|
| <p>1. Renaissance Zone Reimbursements for Community Colleges. The budget transferred funding for Community College Renaissance Zone Reimbursement to the Community College budget.</p> | <p>Gross
GF/GP</p> | <p>(3,500,000)
(3,500,000)</p> |
| <p>2. Public Private Partnership. The budget removed \$1,513,700 of State Restricted spending authority for the Public Private Partnership Fund from the Treasury budget and moved it to the Department of Technology, Management, and Budget. This reduced the line item for Supervision of the General Property Tax Law. This program has not been active in Treasury in the last year.</p> | <p>Gross
Restricted
GF/GP</p> | <p>(1,513,700)
(1,513,700)
0</p> |

G. OTHER ISSUES

- | | | |
|---|------------------------------------|--------------------------------------|
| <p>1. Agricultural Loan Origination Program. The budget removed supplemental funding of \$14.0 million in FY 2012-13 for paying loan origination fees pursuant to the Agricultural Disaster Loan Origination Program Act of 2012, which assisted agriculture interests adversely affected by the weather during the 2012 growing season.</p> | <p>Gross
GF/GP</p> | <p>(14,000,000)
(14,000,000)</p> |
| <p>2. Marina Dredging Loan Origination Program. The budget removed supplemental funding provided in Public Act 9 of 2013 for a marina dredging program.</p> | <p>Gross
GF/GP</p> | <p>(1,000,000)
(1,000,000)</p> |
| <p>3. Emergency Manager Funding. The budget removed supplemental funding of \$5,780,000 in FY 2012-13 that was provided by Public Act 436 of 2012. This funding was used for payment of emergency manager salaries and financial and legal consultant services related to financially distressed local units of government. This funding was replaced in part with a \$5.0 million one-time appropriation in FY 2013-14, which is described below in item K.1.</p> | <p>Gross
GF/GP</p> | <p>(5,780,000)
(5,780,000)</p> |
| <p>4. Federal Grant. The budget removed \$250,000 of supplemental funding in FY 2012-13 that was included in Public Act 102 of 2013.</p> | <p>Gross
Federal
GF/GP</p> | <p>(250,000)
(250,000)
0</p> |

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

5. Other Adjustments. The budget made changes for rent and building occupancy, workers' compensation, fund source adjustments, and removal of unrealized Federal and local revenue.

Gross	(1,666,800)
IDG	200,100
Federal	(1,243,300)
Local	(335,000)
Restricted	(308,000)
GF/GP	19,400

H. UNCLASSIFIED SALARIES

The budget includes \$9,700 for increases to unclassified salaries and \$42,100 for the annual cost of making the director of the Michigan State Housing Development Authority an unclassified position, which was approved in Public Act 102 of 2013.

Gross	51,800
Restricted	9,700
GF/GP	42,100

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$1,056,800 for OPEB.

Gross	7,233,700
IDG	180,900
Federal	458,400
Local	41,800
Restricted	5,250,300
GF/GP	1,302,300

K. ONE-TIME APPROPRIATIONS

1. Distressed Communities. The budget provided \$5.0 million in one-time funding to pay emergency manager salaries and for financial consulting services for financially distressed local units of government.

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

2. Computer System Improvements. The budget includes \$1,763,300 in one-time funding for the development of system requirements for replacing the business tax registration system and the sales, use, and withholding system. The total cost of these information technology improvements is estimated at \$23.1 million over three years in the budget for Treasury and the Department of Technology, Management, and Budget.

Gross	1,763,300
GF/GP	1,763,300

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

<p>3. Casino Gaming Control Board Information Technology. The budget added \$3.0 million in State Restricted funds for replacing information technology systems at the Casino Gaming Control Board. The one-time appropriation is funded with \$2.3 million from the Casino Gaming Fund and \$700,000 from the State Services Fee Fund.</p>	<p>Gross 3,000,000 Restricted 3,000,000 GF/GP 0</p>
<p>4. Removal of One-time Lump-Sum Payments. The budget removed one-time lump-sum payments to State employees in FY 2012-13.</p>	<p>Gross (2,742,700) IDG (112,800) Federal (171,700) Restricted (2,146,700) GF/GP (311,500)</p>
<p>5. Treasury Legal Services. One-time funding of \$3.0 million in FY 2012-13 for legal services was removed, with responsibility and \$2.0 million in FY 2013-14 one-time funding for legal services transferred to the Department of Technology, Management, and Budget.</p>	<p>Gross (3,000,000) GF/GP (3,000,000)</p>

L. VETOES - NONE

**DEPARTMENT OF TREASURY - REVENUE SHARING
P.A. 59 of 2013 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	1,087,251,000	1,123,150,200	1,139,150,200	1,123,150,200	1,133,857,700	46,606,700	4.3
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,087,251,000	1,123,150,200	1,139,150,200	1,123,150,200	1,133,857,700	46,606,700	4.3
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	1,087,251,000	1,123,150,200	1,139,150,200	1,123,150,200	1,133,857,700	46,606,700	4.3
Less:							
Other State Restricted Funds.....	1,087,251,000	1,123,150,200	1,123,150,200	1,123,150,200	1,133,857,700	46,606,700	4.3
GENERAL FUND/GENERAL PURPOSE...	0	0	16,000,000	0	0	0	0.0
PAYMENTS TO LOCALS	1,087,251,000	1,123,150,200	1,139,150,200	1,123,150,200	1,133,857,700	46,606,700	4.3

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | |
|--|---|
| <p>1. Constitutional Revenue Sharing. The Constitution requires that 15% of the sales tax levied at a rate of 4.0% be distributed to cities, villages, and townships on a per capita basis. Based on the results of the May 2013 Consensus Revenue Estimating Conference, the budget added \$20,606,700 for constitutional revenue sharing payments to cities, villages, and townships. This increased the estimated payments for constitutional revenue sharing from \$716,651,000 in FY 2012-13 to \$737,236,700 in FY 2013-14, a 2.9% increase. Actual payments will be based on the actual sales tax collections. Constitutional revenue sharing is paid from restricted sales tax revenue.</p> | <p>Gross 20,606,700
Restricted 20,606,700
GF/GP 0</p> |
| <p>2. County Revenue Sharing. The budget added \$12,128,000 to county revenue sharing, which increased payments from \$104,489,000 in FY 2012-13 to \$116,608,000 in FY 2013-14. This increase includes about \$8.0 million to cover the cost of counties that return to State-paid county revenue sharing for either the first year or the first full year. The remaining \$4,128,000 provides a 4.8% increase to counties in State-paid revenue sharing (as opposed to those counties that are still making withdrawals from revenue sharing reserve funds).</p> | <p>Gross 12,128,000
Restricted 12,128,000
GF/GP 0</p> |
| <p>3. Economic Vitality Incentive Program (EVIP) - Ongoing Portion. The budget increased the portion of the funding for EVIP that is considered ongoing from \$217,500,000 in FY 2012-13 to \$226,340,000. In addition, one-time funding was increased. Total appropriations for EVIP are summarized below.</p> | <p>Gross 8,840,000
Restricted 8,840,000
GF/GP 0</p> |

EVIP Appropriations Summary			
	FY 2012-13	FY 2013-14	
	Year-to-Date	Enacted	Change
Ongoing EVIP	\$217,500,000	\$226,340,000	\$8,840,000
One-time EVIP	7,500,000	9,500,000	2,000,000
Total EVIP	\$225,000,000	\$235,840,000	\$10,840,000

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

4. County Incentive Program - Ongoing Portion. The budget increased funding for the County Incentive Program to \$29,152,000. This consists of \$22,652,000 in ongoing funding and \$6.5 million in one-time appropriations. Although total funding increased, the ongoing portion declined by \$968,000, as shown in the following table.

Gross (968,000)
Restricted (968,000)
GF/GP 0

County Incentive Program Appropriations Summary			
	FY 2012-13	FY 2013-14	
	Year-to-Date	Enacted	Change
Ongoing	\$23,620,000	\$22,652,000	(\$968,000)
One-time	2,500,000	6,500,000	4,000,000
Total	\$26,120,000	\$29,152,000	\$3,032,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Competitive Grant Assistance Program. The budget maintained the same funding as in FY 2012-13. Total funding of \$15.0 million in FY 2013-14 consists of \$5.0 million in ongoing appropriations and \$10.0 million in one-time funding. This is the same split between ongoing and one-time funding as in the FY 2012-13 budget.

Gross 0
Restricted 0
GF/GP 0

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

K. ONE-TIME APPROPRIATIONS

The budget increased one-time funding for revenue sharing by \$6.0 million in FY 2013-14. One-time funding for EVIP was increased by \$2.0 million to \$9.5 million in FY 2013-14 and the one-time funding for the County Incentive Program was increased by \$4.0 million to \$6.5 million in FY 2013-14. One-time funding for the Competitive Grant Assistance Program (CGAP) remained unchanged from the prior year. These one-time appropriations provide 2.3% of the funding for revenue sharing. The County Incentive Program, EVIP, and the CGAP all receive both ongoing and one-time funding. In total, one-time funding for revenue sharing increased from \$20.0 million in FY 2012-13 to \$26.0 million in FY 2013-14. The ongoing and one-time appropriations for revenue sharing are summarized in the table below.

Gross	6,000,000
Restricted	6,000,000
GF/GP	0

FY 2013-14 Summary of Revenue Sharing Appropriations				
	Ongoing	One-Time	Total	One-Time Funding as a Percent of Total
Constitutional	\$737,257,700	\$0	\$737,257,700	0.0%
County Revenue Sharing	116,608,000	0	116,608,000	0.0%
County Incentive Program	22,652,000	6,500,000	29,152,000	22.3%
EVIP	226,340,000	9,500,000	235,840,000	4.0%
Competitive Grant Assistance Program	5,000,000	10,000,000	15,000,000	66.7%
Total	\$1,107,857,700	\$26,000,000	\$1,133,857,700	2.3%

L. VETOES - NONE

**DEPARTMENT OF TREASURY - STRATEGIC FUND AGENCY
P.A. 59 of 2013 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV.'S REC.	FY 2013-14 SENATE	FY 2013-14 HOUSE	FY 2013-14 INITIAL APPROPS.	CHANGES FROM FY 2012-13 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	748.0	772.0	746.0	754.0	756.0	8.0	1.1
GROSS	985,455,200	1,000,613,900	1,002,953,900	898,121,600	1,008,273,900	22,818,700	2.3
Less:							
Interdepartmental Grants Received	37,600	0	0	0	0	(37,600)	(100.0)
ADJUSTED GROSS.....	985,417,600	1,000,613,900	1,002,953,900	898,121,600	1,008,273,900	22,856,300	2.3
Less:							
Federal Funds.....	658,020,600	638,370,300	638,370,300	638,370,300	638,370,300	(19,650,300)	(3.0)
Local and Private	9,813,500	9,888,400	9,888,400	9,888,400	9,888,400	74,900	0.8
TOTAL STATE SPENDING.....	317,583,500	352,355,200	354,695,200	249,862,900	360,015,200	42,431,700	13.4
Less:							
Other State Restricted Funds.....	142,861,100	141,851,300	141,851,300	143,702,700	141,851,300	(1,009,800)	(0.7)
GENERAL FUND/GENERAL PURPOSE...	174,722,400	210,503,900	212,843,900	106,160,200	218,163,900	43,441,500	24.9
PAYMENTS TO LOCALS	15,224,800	15,224,800	15,224,800	15,224,800	15,224,800	0	0.0

Includes Ongoing and One-time Appropriations.

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|--|--------------|------------------|
| <p>1. Special Projects. The budget includes funding in the Job Creation Services line for several special projects included in the Leadership Target Agreement. The funding amounts are \$2.0 million for the Kalamazoo Valley Healthy Living Program, \$2.0 million for the Grand Rapids Public Museum, \$375,000 for the Holland windmill, and \$200,000 for refugee job training by the Chaldean Community Foundation.</p> | <p>Gross</p> | <p>4,575,000</p> |
| | <p>GF/GP</p> | <p>4,575,000</p> |
| <p>2. Skilled Trades Training Program. The budget added \$10.0 million for training grants for businesses. This program is funded with one-time GF/GP support and is described below in item K.3.</p> | | |

B. PROGRAM INCREASES

- | | | |
|---|-------------------|------------------|
| <p>1. Arts and Cultural Grants. The budget increased funding for art grants by \$2.0 million to \$8,150,000</p> | <p>Gross</p> | <p>2,000,000</p> |
| | <p>GF/GP</p> | <p>2,000,000</p> |
| <p>2. Pure Michigan. The budget added \$4.0 million to the appropriation for tourism promotion, which increased the funding from \$25.0 million in FY 2012-13 to \$29.0 million in FY 2013-14. The increase will fund international tourism marketing. Pure Michigan is funded from the 21st Century Jobs Trust Fund.</p> | | |
| <p>3. Innovation and Entrepreneurship. The budget increased funding for Innovation and Entrepreneurship by \$3.5 million in FY 2013-14. This program is funded from the 21st Century Jobs Trust Fund.</p> | <p>Gross</p> | <p>3,500,000</p> |
| | <p>Restricted</p> | <p>3,500,000</p> |
| | <p>GF/GP</p> | <p>0</p> |
| <p>4. Job Creation Services. The budget added \$385,000 GF/GP and 2.0 full-time equated positions to this line item, which funds the operations of the Strategic Fund Agency. The positions are for arts grant administration. The budget also removed an interdepartmental grant that was no longer applicable.</p> | | |
| | <p>FTE</p> | <p>2.0</p> |
| | <p>Gross</p> | <p>347,400</p> |
| | <p>IDG</p> | <p>(37,600)</p> |
| | <p>GF/GP</p> | <p>385,000</p> |
| <p>5. Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP). The budget added \$1,730,700 in Federal funding for this program. This increased total funding to \$4,730,700.</p> | | |
| | <p>Gross</p> | <p>1,730,700</p> |
| | <p>Federal</p> | <p>1,730,700</p> |
| | <p>GF/GP</p> | <p>0</p> |

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

6. Information Technology (IT) Upgrades. The budget includes funding for upgrading several IT components within the Michigan Strategic Fund and the Michigan State Housing Development Authority. Specifically, increased funding includes: \$148,500 for Microsoft Windows upgrade; \$4,400 for upgrading geospatial mapping capabilities; and \$21,800 for wireless infrastructure upgrades and internet bandwidth expansion.

Gross	174,700
Federal	74,600
Restricted	100,100
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Reduction in Federal Funding. The budget reduced Federal funding based on estimates of funds that will be available during FY 2013-14 for programs in the Workforce Development Agency. These reductions affected the following line items: Welfare-to-Work was reduced by \$3,801,600; Workforce Programs Administration was reduced by \$703,300; Employment Services was reduced by \$14,328,200; Postsecondary Education was reduced by \$800,000; Adult Education was reduced by \$60,000; Workforce Development Agency Administrative Services was reduced by \$46,600; and Information Technology was reduced by \$2,016,700.

Gross	(21,756,400)
Federal	(21,756,400)
GF/GP	0

2. Land Bank Funding Reduction. The budget decreased funding for the State Land Bank Fast Track Authority to remove \$1,220,800 in supplemental funding that was added in Public Act 102 of 2013. The budget also removed \$1,851,400 in unrealized restricted revenue. Land Bank funding was enacted at \$1,142,500 in FY 2013-14. The State Land Bank Fast Track Authority was transferred by Executive Order 2013-8 to the Michigan State Housing Development Authority.

Gross	(3,072,200)
Restricted	(1,851,400)
GF/GP	(1,220,800)

E. FUNDING SHIFTS

Business Attraction and Community Revitalization Fund Shift. The budget reduced the amount of 21st Century Jobs Trust Fund support used in this line from \$25.0 million to \$17.5 million. The budget replaced a portion of the funding with \$2.7 million ongoing GF/GP. In total, the Business Attraction and Community Revitalization line item was increased from \$100.0 million in FY 2012-13 to \$120.0 million in FY 2013-14 as described below in item K.2.

Gross	(4,800,000)
Restricted	(7,500,000)
GF/GP	2,700,000

F. PROGRAM TRANSFERS

Wage and Hour Unit. The wage and hour unit was transferred from the Michigan Strategic Fund to the Department of Licensing and Regulatory Affairs pursuant to Executive Order 2012-9.

FTE	(1.0)
Gross	(132,300)
GF/GP	(132,300)

**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

G. OTHER ISSUES

<p>1. Community Ventures. The budget continued funding for the Community Ventures Program at \$9.8 million in FY 2013-14, the same level as in FY 2012-13. Authority for 7.0 FTE positions was added for the program. This program provides targeted job training to individuals in Detroit, Saginaw, Pontiac, and Flint who have had long-term unemployment and may have barriers to working.</p>	<p>FTE 7.0 Gross 0 GF/GP 0</p>
<p>2. Precollege Engineering. The budget included \$340,000 to support Precollege Programs in Engineering and Science. These funds were for college and career preparation programs in Detroit and Grand Rapids. This program was funded in FY 2012-13 as a boilerplate allocation of \$340,000 from the line item for Community Ventures. The Governor vetoed this item.</p>	<p>Gross 340,000 GF/GP 340,000</p>
<p>3. Other Adjustments. The budget made other adjustments to Federal and State Restricted revenue to reflect the projected amount of funds available.</p>	<p>Gross (99,300) Federal (137,700) Restricted 38,400 GF/GP 0</p>

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

<p>The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will not receive a base wage increase in FY 2013-14 but instead will receive a 1% lump-sum payment on October 2, 2013. Non-exclusively represented employees (NERES) will receive a 1% base wage increase for FY 2013-14 but no lump-sum payment. The budget includes \$365,500 for OPEB.</p>	<p>Gross 2,686,800 Federal 847,000 Private 74,900 Restricted 1,289,400 GF/GP 475,500</p>
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K. ONE-TIME APPROPRIATIONS

<p>1. Film Incentives. The budget includes one-time funding of \$50.0 million GF/GP in FY 2013-14 for Film Incentives. This is the third year of one-time funding for the program. This is the same level of one-time funding as was appropriated in FY 2012-13.</p>	<p>Gross 0 GF/GP 0</p>
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**FY 2013-14 Change From
FY 2012-13 Year-to-Date**

- 2. Business Attraction and Community Revitalization.** The budget provided \$120.0 million in FY 2013-14 for Business Attraction and Community Revitalization, an increase of \$20.0 million from FY 2012-13. Of the total appropriated in FY 2013-14, \$24.8 million is considered one-time funding. There was no one-time funding for the program in FY 2012-13; thus, there is a decline in ongoing funding of \$4.8 million.

Gross 24,800,000
GF/GP 24,800,000

Business Attraction and Community Revitalization Appropriations and Fund Sources (in millions)			
Appropriation	FY 2012-13	FY 2013-14	Change
Business Attraction and Community Revitalization ¹⁾	\$100.0	\$120.0	\$20.0
Funding Sources			
21 st Century Jobs Trust Fund	25.0	17.5	(7.5)
Ongoing GF/GP	75.0	77.7	2.7
One-time GF/GP	0.0	24.8	24.8
¹⁾ This appropriation was called Business Attraction and Economic Gardening in FY 2011-12 and FY 2012-13.			

- 3. Skilled Trades Training Program.** The budget added \$10.0 million in one-time GF/GP revenue for a program to provide grants to businesses for employee training.
- 4. Employee Lump-Sum Payments - Michigan Strategic Fund.** The budget removed one-time funding for lump-sum payments to State employees in FY 2012-13 only.
- 5. Employee Lump-Sum Payments - Michigan State Housing Development Authority.** The budget removed one-time funding for lump-sum payments to State employees in FY 2012-13 only.

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

Gross (604,100)
Federal (408,500)
Restricted (54,700)
GF/GP (140,900)

Gross (531,600)
Restricted (531,600)
GF/GP 0

L. VETOES

- Precollege Engineering.** The budget as passed by the Legislature included \$340,000 GF/GP for Precollege Programs in Engineering and the Sciences. This was to support programs in Grand Rapids and Detroit to prepare youths for college studies in technical fields. This item was vetoed by the Governor.

Gross (340,000)
GF/GP (340,000)

APPENDIX

**FY 2013-14
APPROPRIATION BILLS INDEX**

<u>DEPARTMENTS/BUDGET AREAS</u>	<u>BILL NUMBER</u>	<u>PUBLIC ACT NUMBER</u>	<u>LINE-ITEM VETOES</u>
Agriculture and Rural Development	H.B. 4328	P.A. 59 of 2013	NO
Attorney General	H.B. 4328	P.A. 59 of 2013	NO
Civil Rights	H.B. 4328	P.A. 59 of 2013	NO
Community Colleges	H.B. 4228	P.A. 60 of 2013	NO
Community Health	H.B. 4328	P.A. 59 of 2013	NO
Corrections	H.B. 4328	P.A. 59 of 2013	NO
Education	H.B. 4328	P.A. 59 of 2013	NO
Environmental Quality	H.B. 4328	P.A. 59 of 2013	NO
Executive	H.B. 4328	P.A. 59 of 2013	NO
Higher Education	H.B. 4228	P.A. 60 of 2013	NO
Human Services	H.B. 4328	P.A. 59 of 2013	NO
Insurance and Financial Services	H.B. 4328	P.A. 59 of 2013	NO
Judiciary	H.B. 4328	P.A. 59 of 2013	NO
Legislative Auditor General	H.B. 4328	P.A. 59 of 2013	NO
Legislature	H.B. 4328	P.A. 59 of 2013	NO
Licensing and Regulatory Affairs	H.B. 4328	P.A. 59 of 2013	NO
Military and Veterans Affairs	H.B. 4328	P.A. 59 of 2013	NO
Natural Resources and Environment	H.B. 4328	P.A. 59 of 2013	NO
School Aid	H.B. 4228	P.A. 60 of 2013	NO
State	H.B. 4328	P.A. 59 of 2013	NO
State Police	H.B. 4328	P.A. 59 of 2013	NO
Technology, Management, and Budget	H.B. 4328	P.A. 59 of 2013	NO
Transportation	H.B. 4328	P.A. 59 of 2013	YES
Treasury - Debt Service	H.B. 4328	P.A. 59 of 2013	NO
Treasury - Operations	H.B. 4328	P.A. 59 of 2013	NO
Treasury - Revenue Sharing	H.B. 4328	P.A. 59 of 2013	NO
Treasury - Strategic Fund Agency	H.B. 4328	P.A. 59 of 2013	YES



RECENT SENATE FISCAL AGENCY REPORTS

<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2012-13, FY 2013-14, AND FY 2014-15" May 2013</p>	<p>"FISCAL YEAR 2012-13 HIGHER EDUCATION APPROPRIATIONS REPORT" October 2012</p>	<p>"FY 2009-10 APPROPRIATIONS REPORT – PART III - YEAR-END APPROPRIATIONS" November 2011</p>
<p>"FY 2013-14 APPROPRIATIONS REPORT – PART I - GOVERNOR'S RECOMMENDATIONS" March 2013</p>	<p>"FY 2012-13 APPROPRIATIONS REPORT – PART II - INITIAL APPROPRIATIONS" July 2012</p>	<p>"THE STATE AND LOCAL IMPACT OF PROPERTY TAXES LEVIED ON MICHIGAN PERSONAL PROPERTY" (REVISED) by David Zin September 2011</p>
<p>"FISCAL ANALYSIS OF GOVERNOR SNYDER'S MEDICAID EXPANSION PROPOSAL" by Steve Angelotti March 2013</p>	<p>"STUDY OF MICHIGAN PUBLIC UNIVERSITY ENROLLMENT PATTERNS BY COUNTY AND INSTITUTION" July 2012</p>	<p>"FISCAL YEAR 2011-12 HIGHER EDUCATION APPROPRIATIONS REPORT" September 2011</p>
<p>"FY 2011-12 STATUS OF LAWSUITS INVOLVING THE STATE OF MICHIGAN" February 2013</p>	<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2011-12, FY 2012-13, AND FY 2013-14" May 2012</p>	<p>"FY 2011-12 APPROPRIATIONS REPORT – PART II - INITIAL APPROPRIATIONS" August 2011</p>
<p>"FY 2010-11 APPROPRIATIONS REPORT – PART III - YEAR-END APPROPRIATIONS" December 2012</p>	<p>"A COMPARISON OF MICHIGAN'S RESIDENTIAL PLACEMENT OPTIONS FOR JUVENILE DELINQUENCY CASES" by Frances Carley May 2012</p>	<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2010-11, FY 2011-12, AND FY 2012-13" May 2011</p>
<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2011-12, FY 2012-13, FY 2013-14 AND FY 2014-15" December 2012</p>	<p>"FY 2012-13 APPROPRIATIONS REPORT – PART I - GOVERNOR'S RECOMMENDATIONS" March 2012</p>	<p>"FY 2011-12 APPROPRIATIONS REPORT – PART I - GOVERNOR'S RECOMMENDATIONS" March 2011</p>
<p>"SCHOOL CAPITAL EXPENDITURE FINANCE IN MICHIGAN ISSUES AND ALTERNATIVES" by Elizabeth Pratt, Cameron S. Mock, David Zin and Christene Diehr November 2012</p>	<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2010-11, FY 2011-12, FY 2012-13, AND FY 2013-14" December 2011</p>	<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2009-10, FY 2010-11, and FY 2011-12" December 2010</p>

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