Senate Fiscal Agency

FY 2015-16 APPROPRIATIONS REPORT

Part II - Initial Appropriations

July 2015

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THE SENATE FISCAL AGENCY

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

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

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

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

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OVERVIEW

FY 2015-16 INITIAL APPROPRIATIONS OVERVIEW

On February 11, 2015, Governor Rick Snyder presented his fiscal year (FY) 2015-16 budget recommendation and his FY 2016-17 budget projections to the Legislature. As in his original 2012 budget message, 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 FY 2015-16 appropriation bills that were ultimately passed by the Legislature included State appropriations for FY 2015-16 and language expressing legislative intent to provide FY 2016-17 appropriations that would be the same as those for FY 2015-16, with adjustments for caseload, costs, economic factors, and available revenue.

On June 3, 2015, the Legislature passed the FY 2015-16 appropriation bills. The budget passed by the Legislature was balanced based on the consensus revenue estimates agreed to on May 15, 2015. The FY 2015-16 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 $256.7 million in SAF revenue was appropriated for the Community Colleges budget and $205.2 million was appropriated for the Higher Education budget; the SAF amount for Community Colleges is $108.0 million less than the amount appropriated in FY 2014-15 (when that budget was funded entirely by the SAF), and the SAF amount for Universities is $1.3 million less than the FY 2014-15 amount to reflect lower Michigan Public School Employees' Retirement System (MPSERS) payments to seven eligible universities.

Similar to FY 2014-15, there were some variations from prior fiscal years in the budget process for FY 2015-16. Both the House and the Senate initiated a complete FY 2015-16 budget in their respective chambers: the House with 16 individual departmental appropriation bills and two omnibus appropriation bills (House Bills 4102 and 4115), and the Senate with 16 individual departmental appropriation bills and two omnibus appropriation bills (Senate Bills 133 and 134). Although 16 individual appropriation bills (9 Senate-originated and 7 House-originated) were reported out of conference committees, the bills were not considered by either the Senate or the House. Two omnibus bills (Senate Bill 133 for general appropriations and House Bill 4115 for education 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 conference reports for the 16 individual bills. The general omnibus bill and the education omnibus bill were enacted as Public Act 84 of 2015 and Public Act 85 of 2015, respectively.

On an overall basis, the initial level of FY 2015-16 Gross[1] appropriations for State budget areas totals $54.5 billion, while State Spending from State Resources[2] appropriations total $30.1 billion. The Gross total includes $54.0 billion in ongoing appropriations and $527.4 million in one-time appropriations. Table 1 outlines the totals by department for the initial ongoing Gross appropriations of $54.0 billion and the ongoing General Fund/General Purpose[3] (GF/GP) appropriations of $9.5 billion, as well as the one-time Gross appropriations of $527.4 million and the one-time GF/GP appropriations of $451.3 million. Table 2 provides the detail by budget area, program, and fund source, for the FY 2015-16 one-time appropriations. If the $95.0 million one-time payment to the Budget Stabilization Fund is included, total FY 2015-16 Gross one-time appropriations are $527.4 million, and all but $1.8 million of that amount is State Spending from State Resources one-time appropriations, which include $74.3 million of State Restricted revenue and $451.3 million of GF/GP revenue.

This Senate Fiscal Agency (SFA) report, *FY 2015-16 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 2015-16.

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[1] Gross appropriations are defined as total appropriations from all fund sources.
[2] State Spending from State Resources appropriations are appropriations from State Restricted and General Fund/General Purpose revenue.
[3] General Fund/General Purpose appropriations are State Spending from State Resources appropriations less State Restricted revenue.

Table 1

FY 2015-16 INITIAL ONGOING AND ONE-TIME APPROPRIATIONS GROSS AND GENERAL FUND/GENERAL PURPOSE (GF/GP)

Department/Budget Area	Initial Ongoing Gross Appropriations	Initial Ongoing GF/GP Appropriations	Initial One-Time Gross Appropriations	Initial One-Time GF/GP Appropriations	Total Gross Appropriations	Total GF/GP Appropriations
Agriculture & Rural Development	$85,394,000	$41,873,600	$1,200,000	$1,200,000	$86,594,000	$43,073,600
Attorney General	92,107,600	37,013,400	0	0	92,107,600	37,013,400
Civil Rights	16,128,700	12,949,700	0	0	16,128,700	12,949,700
Community Colleges	387,825,600	131,110,800	0	0	387,825,600	131,110,800
Corrections	1,962,226,000	1,903,948,400	0	0	1,962,226,000	1,903,948,400
Education	305,876,200	74,898,700	0	0	305,876,200	74,898,700
Environmental Quality	486,909,300	34,827,700	0	0	486,909,300	34,827,700
Executive	5,531,100	5,531,100	0	0	5,531,100	5,531,100
Health & Human Services	25,061,837,100	4,135,398,100	7,800,000	7,400,000	25,069,637,100	4,142,798,100
Higher Education	1,534,724,400	1,232,418,500	0	0	1,534,724,400	1,232,418,500
Insurance & Financial Services	65,057,700	150,000	0	0	65,057,700	150,000
Judiciary	284,651,400	183,442,200	0	0	284,651,400	183,442,200
Legislative Auditor General	22,840,500	15,460,100	0	0	22,840,500	15,460,100
Legislature	136,464,300	131,872,300	0	0	136,464,300	131,872,300
Licensing & Regulatory Affairs	407,649,000	38,481,500	0	0	407,649,000	38,481,500
Military & Veterans Affairs	163,953,700	48,187,300	3,000,000	3,000,000	166,953,700	51,187,300
Natural Resources	383,464,200	38,522,800	20,537,000	1,075,000	404,001,200	39,597,800
School Aid	13,846,529,300	45,900,000	49,800,000	0	13,896,329,300	45,900,000
State	225,256,700	17,161,500	0	0	225,256,700	17,161,500
State Police	617,137,400	372,605,600	3,700,000	3,700,000	620,837,400	376,305,600
Talent & Economic Development	1,105,573,500	151,007,000	47,450,000	47,450,000	1,153,023,500	198,457,000
Technology, Management & Budget	1,258,018,700	472,593,200	5,205,000	4,605,000	1,263,223,700	477,198,200
Transportation	3,638,201,400	142,000,000	258,000,000	258,000,000	3,896,201,400	400,000,000
Treasury (Debt Service)	156,449,000	156,449,000	0	0	156,449,000	156,449,000
Treasury (Operations)	506,297,100	94,030,300	29,900,000	29,900,000	536,197,100	123,930,300
Treasury (Revenue Sharing)	1,246,606,100	0	5,800,000	0	1,252,406,100	0
Total Budget Area Appropriations	**$54,002,710,000**	**$9,517,832,800**	**$432,392,000**	**$356,330,000**	**$54,435,102,000**	**$9,874,162,800**
Budget Stabilization Fund Approps	0	0	95,000,000	95,000,000	95,000,000	95,000,000
TOTAL INITIAL APPROPRIATIONS	**$54,002,710,000**	**$9,517,832,800**	**$527,392,000**	**$451,330,000**	**$54,530,102,000**	**$9,969,162,800**

Table 2

FY 2015-16 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE

Department/Budget Area	Gross	Interdept. Grants	Federal	Private	State Restricted	GF/GP
Agriculture & Rural Development						
Rural Development Value-Added Grants	$550,000					$550,000
Tree Fruit Research Grants	500,000					500,000
Geagley Laboratory	150,000					150,000
Health & Human Services						
Hospice Services	2,500,000					2,500,000
Pay for Success Contracts	1,500,000					1,500,000
Mental Health Commission Recommendations	1,500,000					1,500,000
Drug Policy Initiatives	1,500,000					1,500,000
Employment and Training Support Services	800,000		400,000			400,000
Military & Veterans Affairs						
Special Maintenance - National Guard	3,000,000					3,000,000
Natural Resources						
Forestry Investment	7,992,000				7,992,000	0
Kalamazoo River Watershed Improvements	5,000,000				5,000,000	0
Shooting Range Enhancement Projects	4,000,000			750,000	3,000,000	250,000
Forest Development Infrastructure	2,120,000				2,120,000	
Special Grant Programs	825,000					825,000
Recreation Passport Local Grants	500,000				500,000	0
Fish Production	100,000				100,000	0
School Aid						
Various Grants	49,800,000				49,800,000	0
State Police						
Trooper School	3,200,000					3,200,000
Sexual Assault Prevention & Education Initiative	500,000					500,000
Talent & Economic Development						
Film Incentives	25,000,000					25,000,000
Business Attraction and Community Revitalization	17,300,000					17,300,000
Special Grants	5,150,000					5,150,000
Technology, Management, & Budget						
Treasury - Technology Services	3,000,000					3,000,000
Legal Services	1,000,000					1,000,000
Technology Services Funding	600,000	600,000				0
Cost Study of 2014 PA 555	500,000					500,000
Special Projects	105,000					105,000
Transportation						
State and Local Road & Bridge Programs	258,000,000					258,000,000

FY 2015-16 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE						
Department/Budget Area	Gross	Interdept. Grants	Federal	Private	State Restricted	GF/GP
Treasury (Operations)						
Personal Property Tax Reform	19,300,000					19,300,000
Presidential Primary	10,000,000					10,000,000
Online Business Portal	600,000					600,000
Treasury (Revenue Sharing)						
City, Village, & Township Revenue Sharing	5,800,000				5,800,000	0
Subtotal One-Time Appropriations	**$432,392,000**	**$600,000**	**$400,000**	**$750,000**	**$74,312,000**	**$356,330,000**
Approp. to the Budget Stabilization Fund	**$95,000,000**					**$95,000,000**
TOTAL ONE-TIME APPROPRIATIONS	**$527,392,000**	**$600,000**	**$400,000**	**$750,000**	**$74,312,000**	**$451,330,000**

GUBERNATORIAL VETOES

Governor Snyder, through his constitutional line-item veto authority granted under Article V, Section 19 of the State Constitution of 1963, did not veto any specific line item appropriations but, in the general omnibus bill, the Governor did veto a subsection of boilerplate language. In his veto message, he stated, "I have disapproved the attempted re-appropriation of lapsed funds in section 1010(1) of Article X because the legislature has already appropriated, and I have approved, funding for the Prepaid Inpatient Health Plans as necessary to comply with federal regulations and state law." This veto message did not have an impact on the FY 2015-16 line-item appropriations in Part 1 of the omnibus budget bill.

FY 2015-16 INITIAL APPROPRIATIONS

The initial level of FY 2015-16 Gross appropriations is $54.4 billion, which is $499.7 million or 0.9% more than the Gross appropriations for FY 2014-15, as outlined in Table 3. Table 4 and Figure A summarize these appropriations by department and by fund source. The initial level of FY 2015-16 Adjusted Gross[4] appropriations (the more accurate measure of total appropriations because interdepartmental grants are netted out) totals $53.6 billion. This level of Adjusted Gross appropriations includes $23.1 billion of Federal funds, $395.4 million of local and private revenue, $20.2 billion of State Restricted revenue, and $9.9 billion of State General Fund/General Purpose revenue. Initial FY 2015-16 Adjusted Gross appropriations represent a $515.5 million or 1.0% increase from the year-to-date (as of July 1, 2015) level of FY 2014-15 appropriations. Initial State Spending from State Resources appropriations total $30.1 billion, an increase of $254.0 million or 0.9% from the year-to-date level of FY 2014-15 appropriations. Initial GF/GP appropriations total $9.9 billion, an increase of $190.0 million or 2.0% from the year-to-date level of FY 2014-15 appropriations. Tables 5, 6, and 7 and Figures B, C, and D provide a department-by-department comparison of FY 2015-16 initial appropriations to FY 2014-15 year-to-date appropriations in terms of Adjusted Gross, State Spending from State Resources, and GF/GP appropriations, respectively.

[4] Adjusted Gross appropriations are defined as Gross appropriations less interdepartmental grants received.

Table 3

GROSS APPROPRIATIONS
FY 2014-15 VERSUS FY 2015-16

Department/Budget Area	FY 2014-15 Year-to-Date Appropriations[1)]	FY 2015-16 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	$84,052,200	$86,594,000	$2,541,800	3.0%
Attorney General	93,822,300	92,107,600	(1,714,700)	(1.8)
Capital Outlay	0	0	0	0.0
Civil Rights	16,644,200	16,128,700	(515,500)	(3.1)
Community Colleges	364,724,900	387,825,600	23,100,700	6.3
Corrections	2,023,221,700	1,962,226,000	(60,995,700)	(3.0)
Education	288,155,200	305,876,200	17,721,000	6.1
Environmental Quality	519,191,800	486,909,300	(32,282,500)	(6.2)
Executive	5,916,100	5,531,100	(385,000)	(6.5)
Health & Human Services	24,804,733,400	25,069,637,100	264,903,700	1.1
Higher Education	1,517,496,300	1,534,724,400	17,228,100	1.1
Insurance & Financial Services	65,189,700	65,057,700	(132,000)	(0.2)
Judiciary	287,767,600	284,651,400	(3,116,200)	(1.1)
Legislative Auditor General	22,158,800	22,840,500	681,700	3.1
Legislature	131,930,500	136,464,300	4,533,800	3.4
Licensing & Regulatory Affairs	542,388,200	407,649,000	(134,739,200)	(24.8)
Military & Veterans Affairs	173,439,400	166,953,700	(6,485,700)	(3.7)
Natural Resources	394,155,400	404,001,200	9,845,800	2.5
Natural Resources Trust Fund	24,729,500	0	(24,729,500)	(100.0)
School Aid	13,673,960,100	13,896,329,300	222,369,200	1.6
State	227,424,900	225,256,700	(2,168,200)	(1.0)
State Police	649,741,900	620,837,400	(28,904,500)	(4.4)
Talent & Economic Development	1,002,779,900	1,153,023,500	150,243,600	15.0
Technology, Management, & Budget	1,361,809,900	1,263,223,700	(98,586,200)	(7.2)
Transportation	3,725,062,600	3,896,201,400	171,138,800	4.6
Treasury (Debt Service)	152,395,000	156,449,000	4,054,000	2.7
Treasury (Operations)	554,336,400	536,197,100	(18,139,300)	(3.3)
Treasury (Revenue Sharing)	1,228,215,400	1,252,406,100	24,190,700	2.0
TOTAL BUDGET AREA APPROPRIATIONS	**$53,935,443,300**	**$54,435,102,000**	**$499,658,700**	**0.9%**

[1)] Appropriations as of July 1, 2015.

Table 4

APPROPRIATIONS BY SOURCE OF FUNDS
FY 2015-16 INITIAL APPROPRIATIONS

Department/Budget Area	Gross	IDGs	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund/ General Purpose
Agriculture & Rural Development	$86,594,000	$317,300	$86,276,700	$10,427,900	$128,100	$32,647,100	$43,073,600
Attorney General	92,107,600	28,533,900	63,573,700	9,278,600	0	17,281,700	37,013,400
Capital Outlay	0	0	0	0	0	0	0
Civil Rights	16,128,700	286,700	15,842,000	2,721,700	18,700	151,900	12,949,700
Community Colleges	387,825,600	0	387,825,600	0	0	256,714,800	131,110,800
Corrections	1,962,226,000	225,000	1,962,001,000	5,568,700	8,533,200	43,950,700	1,903,948,400
Education	305,876,200	0	305,876,200	215,640,900	7,667,000	7,669,600	74,898,700
Environmental Quality	486,909,300	9,115,300	477,794,000	138,079,100	546,000	304,341,200	34,827,700
Executive	5,531,100	0	5,531,100	0	0	0	5,531,100
Health & Human Services	25,069,637,100	13,551,600	25,056,085,500	18,419,268,900	279,748,900	2,214,269,600	4,142,798,100
Higher Education	1,534,724,400	0	1,534,724,400	97,026,400	0	205,279,500	1,232,418,500
Insurance & Financial Services	65,057,700	707,600	64,350,100	2,000,000	0	62,200,100	150,000
Judiciary	284,651,400	2,362,900	282,288,500	6,428,600	8,171,900	84,245,800	183,442,200
Legislative Auditor General	22,840,500	5,392,800	17,447,700	0	0	1,987,600	15,460,100
Legislature	136,464,300	0	136,464,300	0	400,000	4,192,000	131,872,300
Licensing & Regulatory Affairs	407,649,000	46,068,700	361,580,300	63,674,900	1,020,300	258,403,600	38,481,500
Military & Veterans Affairs	166,953,700	99,300	166,854,400	90,208,600	2,237,000	23,221,500	51,187,300
Natural Resources	404,001,200	1,352,700	402,648,500	77,128,000	8,157,700	277,765,000	39,597,800
Natural Resources Trust Fund	0	0	0	0	0	0	0
School Aid	13,896,329,300	0	13,896,329,300	1,775,769,200	0	12,074,660,100	45,900,000
State	225,256,700	20,000,000	205,256,700	1,460,000	100	186,635,100	17,161,500
State Police	620,837,400	26,224,300	594,613,100	87,945,900	5,533,400	124,828,200	376,305,600
Talent & Economic Development	1,153,023,500	0	1,153,023,500	764,102,800	10,052,500	180,411,200	198,457,000
Tech., Management, & Budget	1,263,223,700	678,478,500	584,745,200	7,997,300	3,777,800	95,771,900	477,198,200
Transportation	3,896,201,400	3,928,500	3,892,272,900	1,257,488,000	50,393,500	2,184,391,400	400,000,000
Treasury (Debt Service)	156,449,000	0	156,449,000	0	0	0	156,449,000
Treasury (Operations)	536,197,100	9,500,700	526,696,400	39,661,500	9,055,100	354,049,500	123,930,300
Treasury (Revenue Sharing)	1,252,406,100	0	1,252,406,100	0	0	1,252,406,100	0
TOTAL BUDGET AREA APPROPS	**$54,435,102,000**	**$846,145,800**	**$53,588,956,200**	**$23,071,877,000**	**$395,441,200**	**$20,247,475,200**	**$9,874,162,800**

Figure A

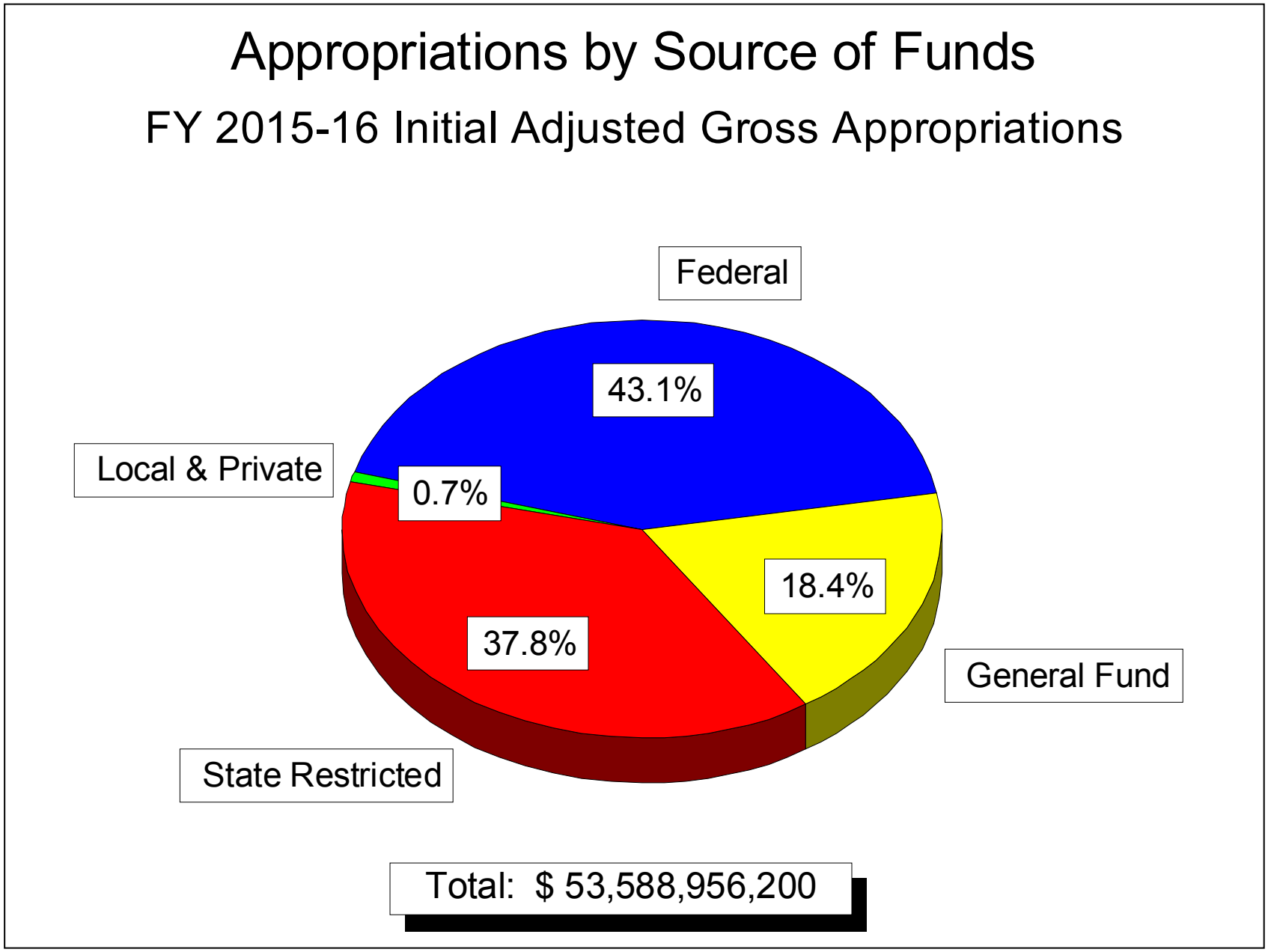

Appropriations by Source of Funds
FY 2015-16 Initial Adjusted Gross Appropriations
Federal
43.1%
Local & Private
0.7%
18.4%
37.8%
General Fund
State Restricted
Total: $ 53,588,956,200

Table 5

ADJUSTED GROSS APPROPRIATIONS
FY 2014-15 VERSUS FY 2015-16

Department/Budget Area	FY 2014-15 Year-to-Date Appropriations[1)]	FY 2015-16 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	$83,734,100	$86,276,700	$2,542,600	3.0%
Attorney General	66,038,500	63,573,700	(2,464,800)	(3.7)
Capital Outlay	0	0	0	0.0
Civil Rights	16,355,300	15,842,000	(513,300)	(3.1)
Community Colleges	364,724,900	387,825,600	23,100,700	6.3
Corrections	2,022,996,700	1,962,001,000	(60,995,700)	(3.0)
Education	288,155,200	305,876,200	17,721,000	6.1
Environmental Quality	509,661,300	477,794,000	(31,867,300)	(6.3)
Executive	5,916,100	5,531,100	(385,000)	(6.5)
Health & Human Services	24,773,761,600	25,056,085,500	282,323,900	1.1
Higher Education	1,517,496,300	1,534,724,400	17,228,100	1.1
Insurance & Financial Services	64,482,100	64,350,100	(132,000)	(0.2)
Judiciary	285,403,200	282,288,500	(3,114,700)	(1.1)
Legislative Auditor General	16,938,100	17,447,700	509,600	3.0
Legislature	131,930,500	136,464,300	4,533,800	3.4
Licensing & Regulatory Affairs	527,878,400	361,580,300	(166,298,100)	(31.5)
Military & Veterans Affairs	173,339,400	166,854,400	(6,485,000)	(3.7)
Natural Resources	392,800,300	402,648,500	9,848,200	2.5
Natural Resources Trust Fund	24,729,500	0	(24,729,500)	(100.0)
School Aid	13,673,960,100	13,896,329,300	222,369,200	1.6
State	207,424,900	205,256,700	(2,168,200)	(1.0)
State Police	623,508,700	594,613,100	(28,895,600)	(4.6)
Talent & Economic Development	1,002,779,900	1,153,023,500	150,243,600	15.0
Technology, Management, & Budget	652,616,300	584,745,200	(67,871,100)	(10.4)
Transportation	3,721,275,700	3,892,272,900	170,997,200	4.6
Treasury (Debt Service)	152,395,000	156,449,000	4,054,000	2.7
Treasury (Operations)	544,927,300	526,696,400	(18,230,900)	(3.3)
Treasury (Revenue Sharing)	1,228,215,400	1,252,406,100	24,190,700	2.0
TOTAL BUDGET AREA APPROPRIATIONS	**$53,073,444,800**	**$53,588,956,200**	**$515,511,400**	**1.0%**

[1)] Appropriations as of July 1, 2015.

Figure B

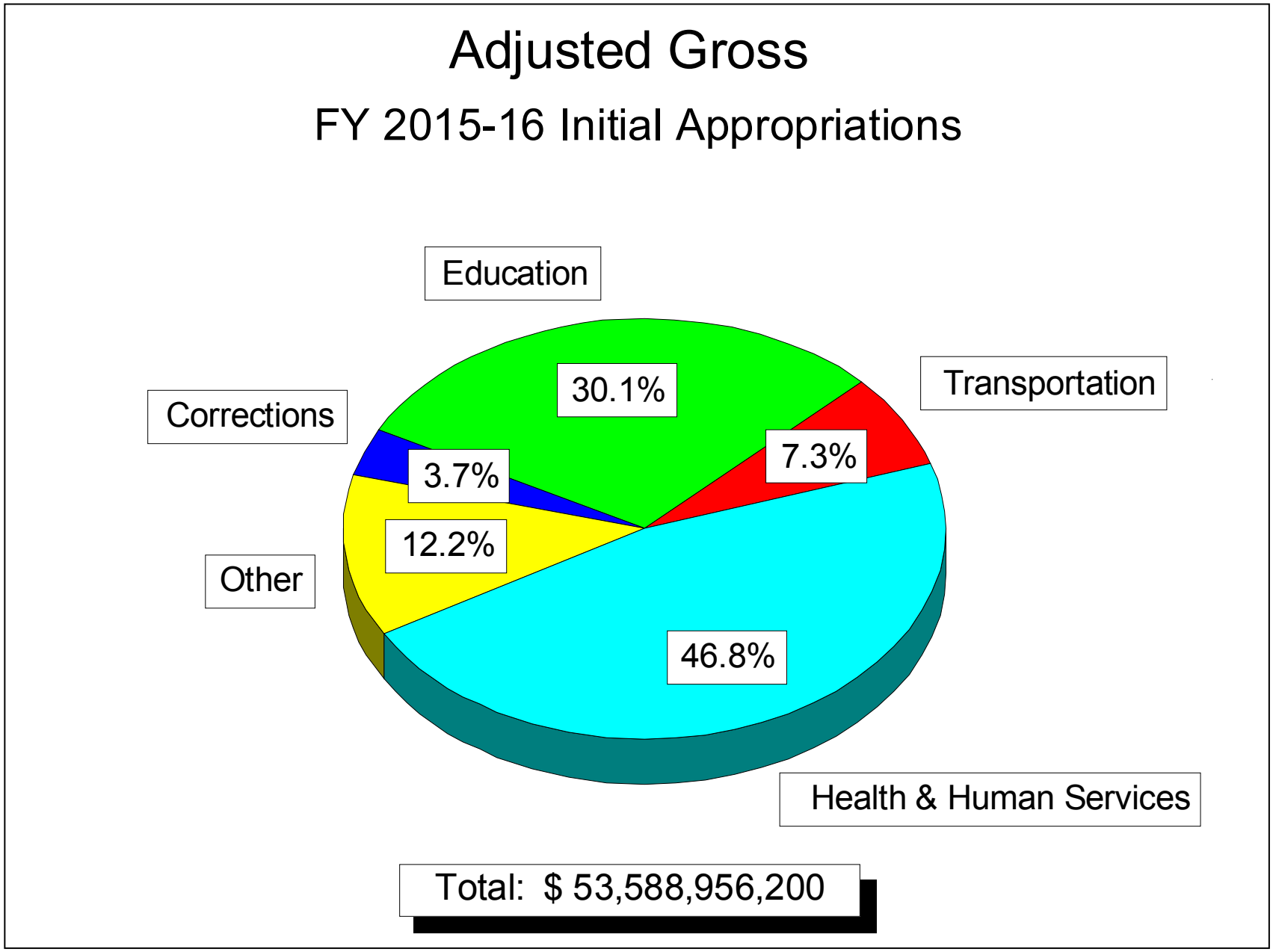

Adjusted Gross
FY 2015-16 Initial Appropriations
Education
30.1%
Transportation
7.3%
Corrections
3.7%
12.2%
Other
46.8%
Health & Human Services
Total: $ 53,588,956,200

Table 6

STATE SPENDING FROM STATE RESOURCES
FY 2014-15 VERSUS FY 2015-16

Department/Budget Area	FY 2014-15 Year-to-Date Appropriations[1)]	FY 2015-16 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	$73,459,600	$75,720,700	$2,261,100	3.1%
Attorney General	56,181,300	54,295,100	(1,886,200)	(3.4)
Capital Outlay	0	0	0	0.0
Civil Rights	13,600,100	13,101,600	(498,500)	(3.7)
Community Colleges	364,724,900	387,825,600	23,100,700	6.3
Corrections	2,008,868,000	1,947,899,100	(60,968,900)	(3.0)
Education	78,949,000	82,568,300	3,619,300	4.6
Environmental Quality	359,364,800	339,168,900	(20,195,900)	(5.6)
Executive	5,916,100	5,531,100	(385,000)	(6.5)
Health & Human Services	6,348,212,200	6,357,067,700	8,855,500	0.1
Higher Education	1,419,469,900	1,437,698,000	18,228,100	1.3
Insurance & Financial Services	62,482,100	62,350,100	(132,000)	(0.2)
Judiciary	270,779,900	267,688,000	(3,091,900)	(1.1)
Legislative Auditor General	16,938,100	17,447,700	509,600	3.0
Legislature	131,530,500	136,064,300	4,533,800	3.4
Licensing & Regulatory Affairs	326,285,300	296,885,100	(29,400,200)	(9.0)
Military & Veterans Affairs	75,740,900	74,408,800	(1,332,100)	(1.8)
Natural Resources	311,409,500	317,362,800	5,953,300	1.9
Natural Resources Trust Fund	24,729,500	0	(24,729,500)	(100.0)
School Aid	11,865,797,400	12,120,560,100	254,762,700	2.1
State	204,374,800	203,796,600	(578,200)	(0.3)
State Police	519,139,900	501,133,800	(18,006,100)	(3.5)
Talent & Economic Development	365,321,200	378,868,200	13,547,000	3.7
Technology, Management, & Budget	640,898,100	572,970,100	(67,928,000)	(10.6)
Transportation	2,439,633,100	2,584,391,400	144,758,300	5.9
Treasury (Debt Service)	152,395,000	156,449,000	4,054,000	2.7
Treasury (Operations)	503,216,300	477,979,800	(25,236,500)	(5.0)
Treasury (Revenue Sharing)	1,228,215,400	1,252,406,100	24,190,700	2.0
TOTAL BUDGET AREA APPROPRIATIONS	**$29,867,632,900**	**$30,121,638,000**	**$254,005,100**	**0.9%**

[1)] Appropriations as of July 1, 2015.

Figure C

State Spending From State Resources

FY 2015-16 Initial Appropriations

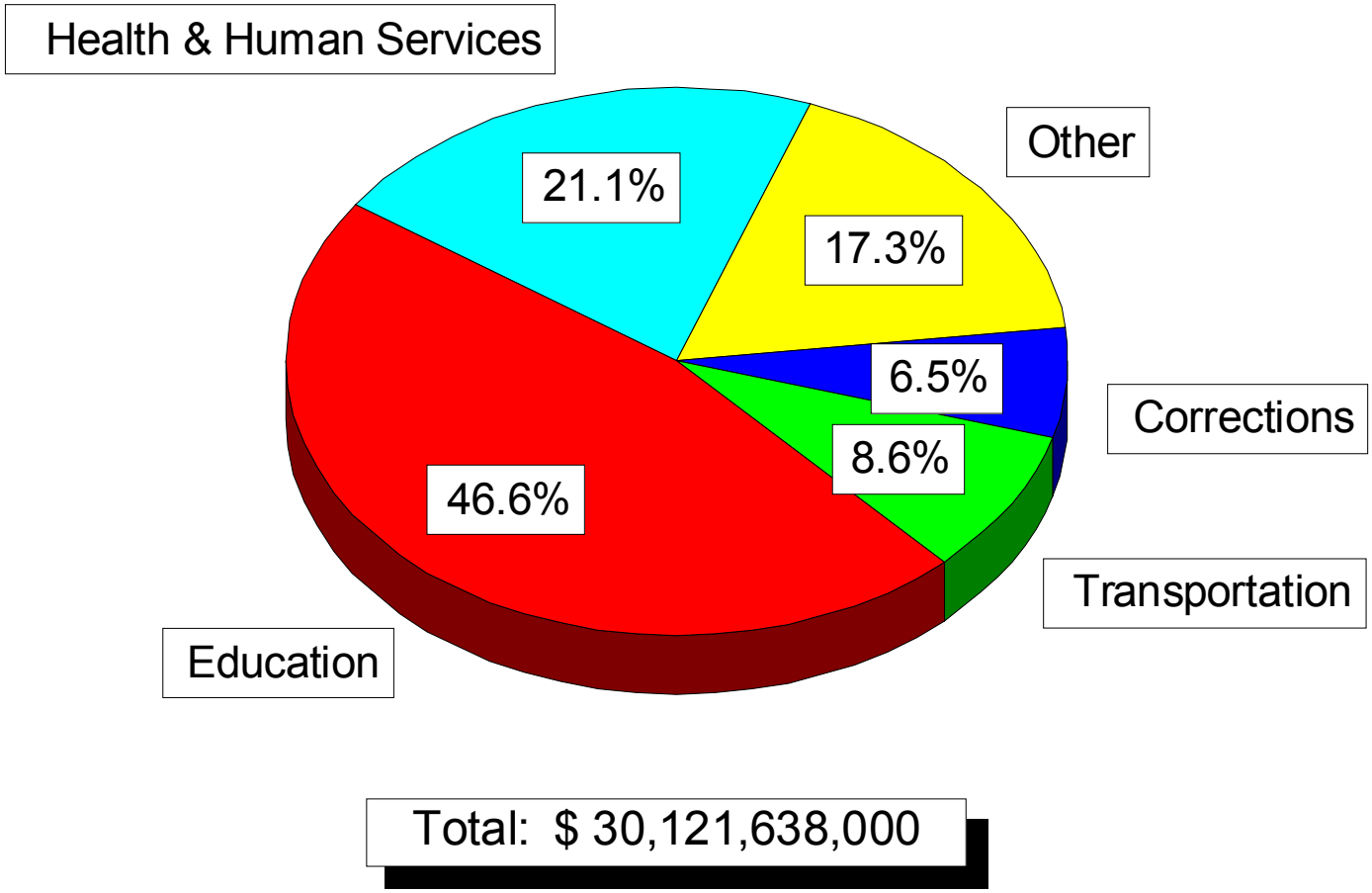


Table 7

GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2014-15 VERSUS FY 2015-16

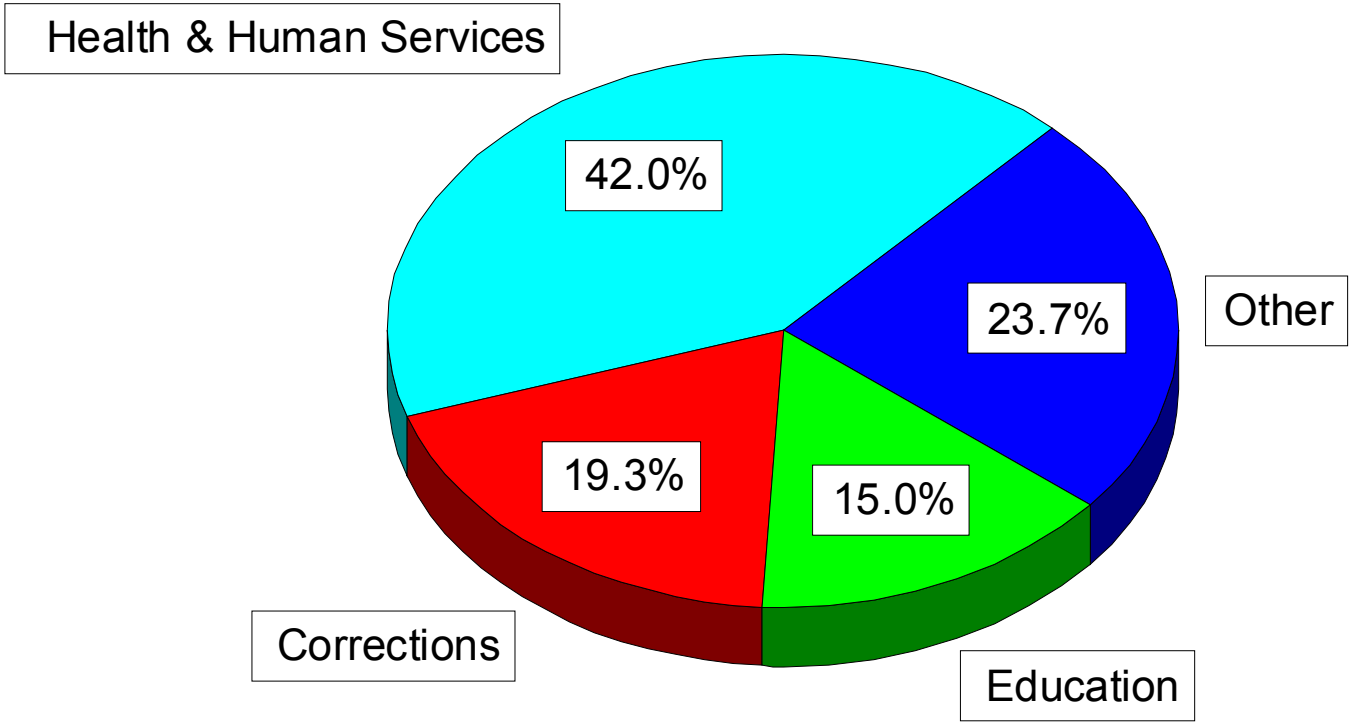
Department/Budget Area	FY 2014-15 Year-to-Date Appropriations[1)]	FY 2015-16 Initial Appropriations	Dollar Difference	Percent Change
Agriculture and Rural Development	$45,316,200	$43,073,600	($2,242,600)	(4.9%)
Attorney General	38,267,100	37,013,400	(1,253,700)	(3.3)
Capital Outlay	0	0	0	0.0
Civil Rights	13,448,200	12,949,700	(498,500)	(3.7)
Community Colleges	0	131,110,800	131,110,800	100.0
Corrections	1,960,098,400	1,903,948,400	(56,150,000)	(2.9)
Education	70,976,400	74,898,700	3,922,300	5.5
Environmental Quality	37,475,900	34,827,700	(2,648,200)	(7.1)
Executive	5,916,100	5,531,100	(385,000)	(6.5)
Health and Human Services	4,084,309,600	4,142,798,100	58,488,500	1.4
Higher Education	1,212,902,000	1,232,418,500	19,516,500	1.6
Insurance and Financial Services	55,000	150,000	95,000	172.7
Judiciary	186,527,400	183,442,200	(3,085,200)	(1.7)
Legislative Auditor General	14,937,300	15,460,100	522,800	3.5
Legislature	127,420,700	131,872,300	4,451,600	3.5
Licensing and Regulatory Affairs	39,821,300	38,481,500	(1,339,800)	(3.4)
Military and Veterans Affairs	52,454,500	51,187,300	(1,267,200)	(2.4)
Natural Resources	47,591,500	39,597,800	(7,993,700)	(16.8)
Natural Resources Trust Fund	0	0	0	0.0
School Aid	33,700,000	45,900,000	12,200,000	36.2
State	17,739,000	17,161,500	(577,500)	(3.3)
State Police	391,839,900	376,305,600	(15,534,300)	(4.0)
Talent and Economic Development	222,642,500	198,457,000	(24,185,500)	(10.9)
Technology, Management, and Budget	521,998,500	477,198,200	(44,800,300)	(8.6)
Transportation	284,647,900	400,000,000	115,352,100	40.5
Treasury (Debt Service)	152,395,000	156,449,000	4,054,000	2.7
Treasury (Operations)	121,668,300	123,930,300	2,262,000	1.9
Treasury (Revenue Sharing)	0	0	0	0.0
TOTAL BUDGET AREA APPROPRIATIONS	**$9,684,148,700**	**$9,874,162,800**	**$190,014,100**	**2.0%**

[1)] Appropriations as of July 1, 2015.

Figure D

General Fund/General Purpose

FY 2015-16 Initial Appropriations



Total: $ 9,874,162,800

HIGHLIGHTS OF CHANGES IN STATE APPROPRIATIONS

There are various elements that comprise the $499.7 million of Gross appropriation changes and the $190.0 million of GF/GP changes, including: new programs, program increases, program eliminations and reductions, fund shifts, and economic adjustments. The $499.7 million of Gross appropriation changes consists of $145.7 million for new programs, $1.8 billion for program funding increases, $1.0 billion of savings due to program eliminations and funding reductions, a negative $14.5 million for standard economic adjustments, $0.3 million for unclassified salary increases, and a negative $397.4 million of other technical program adjustments. A summary of the Gross and GF/GP appropriation changes from FY 2014-15 to FY 2015-16 is presented in Table 8. Tables 9 through 14 provide details on the appropriation changes.

Table 8

SUMMARY OF FY 2015-16 APPROPRIATION CHANGES

	Gross	GF/GP
FY 2014-15 Year-To-Date Appropriation[1)]	**$53,935,443,300**	**$9,684,148,700**
Changes for FY 2015-16:		
New Programs	$145,725,500	$35,676,500
Program Increases	1,793,502,300	361,541,000
Program Eliminations/Reductions	(1,027,937,900)	(282,763,500)
Major Fund Shifts Affecting GF/GP	0	114,232,100
Economic Adjustments	(14,466,600)	(5,029,600)
Unclassified Salaries	273,900	140,300
Other Technical Program Adjustments	(397,438,500)	(33,782,700)
Total Changes	$499,658,700	$190,014,100
FY 2015-16 INITIAL APPROPRIATION	**$54,435,102,000**	**$9,874,162,800**

[1)] Appropriation as of July 1, 2015.

There are a number of new programs for FY 2015-16, as well as other funding increases that are primarily attributable to caseload and cost issues in the Department of Health and Human Services and School Aid budgets. Table 9 summarizes FY 2015-16 Gross and GF/GP funding for new programs by department. New programs in various departments account for $145.7 million of Gross and $35.7 million of GF/GP appropriations. The largest GF/GP piece of the new programs' total is $10.0 million for one-time Presidential primary costs for the Department of Treasury. The largest Gross new program appropriation is $31.5 million in the School Aid budget for early literacy efforts.

In addition to new programs, there are Gross program increases of $1.8 billion and GF/GP increases of $361.5 million, which are outlined in Table 10. The largest Gross increase is $325.9 million in the Department of Health and Human Services to recognize full-year funding for the expansion of Medicaid. The second-largest Gross funding increase is a combined $236.5 million for Community Colleges ($17.2 million), Higher Education ($2.7 million), and School Aid ($216.6 million) due to the MPSERS rate cap for local units, which requires the State to fund the difference between the actual rate and the cap. The single largest GF/GP increase is $116.0 million in the Department of Transportation for State, local, transit, and airport programs; this $116.0 million increase brings the FY 2015-16 total GF/GP funding for the Department of Transportation to $400.0 million. Other program increases in the budget include $7.7 million for a new State Police trooper school, and operations increases for both State Universities and Community Colleges, $20.1 million and $4.3 million, respectively.

Table 11 outlines the programs eliminated, and those with reduced funding, in the FY 2015-16 initial appropriations. Of the total $1.0 billion in Gross program eliminations and reductions, $180.0 million, or 17.5%, is due to the downward revision in the consensus caseload and costs estimate for the Department of Health and Human Services. The second-largest Gross appropriation reduction of $126.1 million (all State Restricted School Aid Fund revenue) is in the K-12 budget with the elimination of best practices criteria and pupil performance grants. Another reduction of $54.6 million ($18.8 million GF/GP) in the Department of Health and Human Services is due to changes in Medicaid managed care pharmaceutical reimbursement.

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 2015-16 budget that either increase or decrease GF/GP appropriations. These fund shifts produce a net increase of $114.2 million in GF/GP appropriation levels, and are listed in Table 12.

Table 13 lists other program adjustments, primarily technical in nature, that reduce FY 2015-16 Gross appropriations by $397.4 million and reduce GF/GP appropriations by $33.8 million. Table 14 summarizes the FY 2015-16 initial appropriations economic adjustments that reflect overall reductions of $14.5 million Gross and $5.0 million GF/GP. State employee compensation changes are discussed in the next section of this report.

All of the changes listed in Tables 9 through 14 result in total appropriation increases from FY 2014-15 to FY 2015-16 of $499.7 million Gross and $190.0 million GF/GP.

Table 9

FY 2015-16 INITIAL APPROPRIATIONS
NEW PROGRAMS

Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Fruit tree research (one-time)	$500,000	$500,000
Attorney General		
Sexual assault law enforcement	1,700,000	1,700,000
Corrections		
Parole sanction certainty pilot program	500,000	500,000
Environmental Quality		
Privately owned leaking underground storage tank cleanup	20,000,000	0
Health and Human Services-Community Health		
Ambulance quality assurance assessment program (QAAP)	8,641,000	(1,000,000)
State match for immunization education	2,500,000	500,000
Drug policy initiative (one-time)	1,500,000	1,500,000
Health and Human Services-Human Services		
Kent County abuse/neglect cases private agency admin. rate pilot program	1,737,400	1,737,400
Special employment and training services pilot program (one-time)	800,000	400,000
Kent County nonprofit consortium	500,000	500,000
Judiciary		
Statewide civil court filing system (placeholder for discussion)	100	0
Military and Veterans Affairs		
Camp Grayling/Fort Custer training sites billeting fund	1,500,000	0
Targeted outreach to veterans	200,000	200,000

FY 2015-16 INITIAL APPROPRIATIONS NEW PROGRAMS		
Budget Area/Program	**Gross**	**GF/GP**
Natural Resources		
Forestry investment/vegetative management system (one-time)	7,992,000	0
Kalamazoo River watershed improvements (one-time)	5,000,000	0
Shooting range enhancement projects (one-time)	4,000,000	250,000
Rural area forest development infrastructure (one-time)	2,120,000	0
Special grant programs (one-time)	825,000	825,000
School Aid		
Early literacy	31,500,000	2,500,000
Career and technical education middle colleges	10,000,000	0
Computer adaptive test and financial data analysis tools	5,500,000	0
Gang prevention and intervention	1,000,000	0
Science, technology, engineering, and math (STEM) initiatives	470,000	470,000
Cooperative education grant (Albion/Marshall high school pupils)	300,000	0
Conducive learning center and civics education	210,000	210,000
State Police		
Campus sexual assault prevention (one-time)	500,000	500,000
Talent and Economic Development		
Special projects (one-time)	5,150,000	5,150,000
Technology, Management, and Budget		
Upgrade tax collection software and IT ($3.0 million one-time)	4,850,000	3,000,000
Replace Treasury business portal and align IT costs ($600,000 one-time)	2,600,000	0
Procurement improvement plan	825,000	479,100
School cost study (one-time)	500,000	500,000
Special grant projects (one-time)	105,000	105,000
Treasury (Operations)		
Presidential primary election costs (one-time)	10,000,000	10,000,000
City income tax administration	7,050,000	0
Online business portal ($600,000 one-time)	2,600,000	2,600,000
Financial review commission	2,000,000	2,000,000
Urban search and rescue taskforce	300,000	300,000
Chaldean community foundation	250,000	250,000
TOTAL NEW PROGRAMS	**$145,725,500**	**$35,676,500**

Table 10

FY 2015-16 INITIAL APPROPRIATIONS
PROGRAM INCREASES

Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Food licensing and inspection (fee revenue)	$1,514,400	$0
Pesticide, fertilizer, and feed regulation (fee revenue)	1,220,000	0
Freshwater environmental protection efforts (fee revenue)	1,000,000	0
Horse racing program grants	600,000	0
Commercial forestry audit program	150,000	150,000
Geagley lab equipment (one-time)	150,000	150,000
Qualified forest program	150,000	0
Accounting service center	50,000	50,000
Attorney General		
Prosecuting attorneys coordinating council training costs	166,000	166,000
Community Colleges		
State payment for MPSERS rate cap (School Aid Fund)	17,200,000	0
College operations performance funding (School Aid Fund)	4,300,700	0
Renaissance zone reimbursements (School Aid Fund)	1,600,000	0
Corrections		
Restore EO cuts: Huron Valley/Kincheloe/work comp/food service/education	4,700,000	4,700,000
Information technology services and projects	866,300	0
Education		
Federal funds for child development and care public assistance	11,805,600	0
Federal funds for child development and care child care licensing	9,161,600	0
Educator evaluations	2,500,000	2,500,000
State aid to libraries	1,000,000	1,000,000
Renaissance zone reimbursement	600,000	600,000
Restore financial independence team funding	389,100	389,100
Private donations for school for the deaf	100,000	0
Environmental Quality		
Expand air quality program (fee revenue)	1,200,000	0
Radiological emergency preparedness exercises	366,000	0
Health and Human Services-Community Health		
Expansion Medicaid base and expenditure adjustment	325,861,500	0
Actuarially sound rates for Medicaid PIHPs/behavioral health/HMOs	170,040,500	38,005,200
Traditional Medicaid base and expenditure adjustment	135,219,300	88,912,600
Hospital rate increase	92,856,100	0
Expand healthy kids dental to ages 0-12 in Kent/Oakland/Wayne	37,042,200	12,742,400
Specialty network/physician/dental adjustor payments	29,100,000	0
Medicaid use tax adjustments	8,098,000	2,785,700
Expand Medicaid autism services	7,350,100	2,528,400

FY 2015-16 INITIAL APPROPRIATIONS PROGRAM INCREASES		
Budget Area/Program	**Gross**	**GF/GP**
Health and Human Services-Community Health (continued)		
Integrated delivery system for Medicare/Medicaid dual eligible	6,233,000	1,558,200
Restore hospice room and board payments (one-time)	2,500,000	2,500,000
Newborn screening/mobile dentistry support (fee revenue)	2,080,900	0
Jail diversion transition pilot program	1,000,000	1,000,000
Increase various other services	8,781,400	1,325,500
Health and Human Services-Human Services		
Donated funds positions at hospitals/community agencies	20,551,200	0
Child care licensing consultants	5,661,500	0
Guardianship assistance caseload adjustment	1,377,400	766,900
Indirect costs for administrative hearings	851,400	516,900
State supplementation caseload adjustment	690,000	690,000
Drug testing pilot program for family independence program recipients	300,000	0
Charges for vital statistics	300,000	150,000
Settlement monitor costs	260,000	98,800
Michigan 2-1-1	100,000	100,000
School success partnership	150,000	(300,000)
Increase various other services	209,900	2,368,600
Higher Education		
1.5% performance-based increase for university operations	20,099,400	20,099,400
State payment for MPSERS rate cap (School Aid Fund)	2,713,800	0
1.5% increase for MSU agriculture/bio research, extension	894,100	894,100
1.5% increase for tuition grants for students at independent colleges	503,000	503,000
Midwest higher education compact dues	20,000	20,000
Insurance and Financial Services		
Medicaid expansion reporting costs	95,000	95,000
Legislative Auditor General		
Operations increase	681,700	522,800
Legislature		
Operations increase	4,533,800	4,451,600
Military and Veterans Affairs		
Armory maintenance projects (one-time)	3,000,000	3,000,000
Federal funds for drug law enforcement assistance	50,000	0
Natural Resources		
Federal funds for wildlife management	2,155,000	0
Belle Isle subaccount operating revenue	1,000,000	0
State forest habitat improvements	1,000,000	0
Trail improvements funded by off-road vehicle revenue	984,200	0
State management of Federal timber sales	900,000	0

FY 2015-16 INITIAL APPROPRIATIONS PROGRAM INCREASES		
Budget Area/Program	**Gross**	**GF/GP**
Natural Resources (continued)		
Recreation passport local grants (one-time)	500,000	0
Fish habitat improvement grants	500,000	0
Forest management training	200,000	0
Fish production fisheries settlement (one-time)	100,000	0
School Aid		
State payment for MPSERS rate cap	216,600,000	100,000
Foundation allowance	183,000,000	0
At risk program	72,000,000	0
Categorical offset payments	12,000,000	0
Career and technical education added-cost reimbursement	10,000,000	0
Change pupil membership blend to prior-school-year spring	9,700,000	0
Adult education	3,000,000	0
Consolidation incentive grants	3,000,000	0
Transportation/isolated districts funding	2,415,400	0
State		
Credit and debit card assessments	1,000,000	0
Ignition interlock program	1,000,000	0
State Police		
New trooper school ($3.2 million one-time)	7,700,000	7,700,000
Trooper contract adjustment	2,000,000	2,000,000
Sexual assault kit submission	1,649,600	1,649,600
Concealed weapons licensing	1,500,000	0
Motor carrier school	1,050,000	1,050,000
Statewide records management system	600,000	0
Second year cost for trooper school recruits	178,600	178,600
Emergency management planning and administration	152,000	152,000
Talent and Economic Development		
Restore reductions to business attraction/entrepreneurship eco-systems	10,000,000	10,000,000
Pure Michigan	4,000,000	0
Technology, Management, and Budget		
Motor vehicle fleet	6,515,500	0
Enterprisewide special maintenance	6,500,000	6,500,000
Information technology investment fund	2,000,000	2,000,000
Office of retirement services	1,257,600	0
State emergency operations center	631,700	0
Professional development	7,600	0

FY 2015-16 INITIAL APPROPRIATIONS PROGRAM INCREASES		
Budget Area/Program	**Gross**	**GF/GP**
Transportation		
State and local roads and bridges ($258 million one-time)	115,978,900	115,978,900
Michigan Transportation Fund program increases due to new revenue	59,974,100	0
Federal grants for transit, rail, and air	51,140,000	0
Redirect Transportation Economic Development Fund funds to airport safety	2,000,000	0
Additional State match for Federal funds	473,200	473,200
Finance, contracts, and support services	150,000	0
Restore vetoed funds for regional planning councils	80,000	0
Treasury (Debt Service)		
Clean Michigan Initiative debt service	6,737,000	6,737,000
Great Lakes Water Quality Bond debt service	2,718,000	2,718,000
Treasury (Operations)		
Increase payments in lieu of taxes to full funding	4,919,200	4,468,500
Financial independence team	1,950,000	1,950,000
Personal property tax reform administration	1,845,000	1,845,000
Casino gaming control administration	514,100	0
Adjust dual enrollment caseload	500,000	500,000
Senior citizen cooperative housing	500,000	500,000
Data collection authorization fee revenue	40,000	0
Treasury (Revenue Sharing)		
Constitutional revenue sharing	23,690,700	0
Return of certain counties to revenue sharing program	2,800,000	0
County incentive program	700,000	0
TOTAL PROGRAM INCREASES	**$1,793,502,300**	**$361,541,000**

Table 11

FY 2015-16 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS		
Budget Area/Program	**Gross**	**GF/GP**
Agriculture and Rural Development		
Eliminate funding for strategic growth initiative (one-time)	($2,000,000)	($2,000,000)
Reduce rural development value-added grants (retain $550,000 one-time)	(850,000)	(850,000)
Eliminate Ottawa agriculture incubator (one-time)	(500,000)	(500,000)
Eliminate Muskegon farmers' market funding (one-time)	(200,000)	(200,000)
Reduce commodity shows/expositions grant funding	(30,000)	(30,000)
Reduce local county fairs grant funding	(20,000)	(20,000)
Attorney General		
Eliminate Wayne County sexual assault prosecution funding (one-time)	(3,000,000)	(3,000,000)

FY 2015-16 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS		
Budget Area/Program	**Gross**	**GF/GP**
Civil Rights		
Remove unfilled public affairs position	(115,000)	(115,000)
Remove unfilled librarian position	(105,000)	(105,000)
Remove unused unclassified funding	(90,000)	(90,000)
Remove unfilled executive secretary position	(90,000)	(90,000)
Corrections		
Remove final funding for *Neal* settlement (one-time)	(25,000,000)	(25,000,000)
Savings expected from unified health care contract	(15,000,000)	(15,000,000)
Eliminate use of prisoner call revenue for security improvements	(6,000,000)	0
Reduce special maintenance projects	(3,000,000)	0
Reduce workers' compensation funding	(2,351,000)	(2,351,000)
Reduce prison industries operations	(2,297,400)	0
Savings from move from Kinross to Hiawatha	(2,000,000)	(2,000,000)
Eliminate education program enhancements (one-time)	(1,045,300)	(1,045,300)
Eliminate IDG to DHS for swift/sure and Michigan Rehabilitation Services	(1,000,000)	(1,000,000)
Savings from use of electronic monitoring devices	(1,000,000)	(1,000,000)
Eliminate Muskegon 70x7 pilot (one-time)	(600,000)	(600,000)
Reduce Goodwill Flip the Script program	(500,000)	(500,000)
Eliminate field operations mobilization (one-time)	(440,600)	(440,600)
Eliminate prisoner re-entry legal services	(149,000)	(149,000)
Education		
Child development and care caseload adjustment	(4,599,800)	1,842,700
Eliminate one-time donation for school for deaf playground upgrades	(360,000)	0
Reduce professional preparation services	(289,200)	0
Environmental Quality		
Reduce orphaned leaking underground storage tank cleanups	(12,900,000)	0
Reduce State match for drinking water revolving fund	(2,950,000)	(2,950,000)
Eliminate electronic document management funding (one-time)	(2,500,000)	(2,500,000)
Health and Human Services-Community Health		
Changes in Medicaid managed care pharmaceutical reimbursement	(54,585,800)	(18,777,500)
Medicaid cost savings due to increase in oversight staffing/contracts	(37,716,300)	(12,600,000)
Various changes in Federal authorization (family support/child waiver)	(35,238,100)	(531,400)
Changes in Medicaid hospital capital reimbursement calculations	(34,806,800)	(11,973,500)
Reduce HMO lab reimbursement to Medicaid fee for service levels	(31,790,000)	(10,935,800)
Medicaid savings from managed care coordination	(15,375,000)	(5,289,000)
Phase-out of indigent care agreement DSH payments	(10,000,000)	0
Eliminate FY 2014-15 one-time funding	(7,985,000)	(3,785,000)
Reduce mental health/wellness commission programs to $1.5m (one-time)	(7,462,500)	(3,500,000)
Reduce autism support and university autism funding	(4,500,000)	2,500,000

FY 2015-16 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS		
Budget Area/Program	**Gross**	**GF/GP**
Health and Human Services-Community Health (continued)		
Reduce University of Detroit dental clinic funding to $1.0 million	(3,092,300)	(3,092,300)
Savings from adult home help policy change	(2,300,000)	(791,200)
Replace Pine Rest psychiatric residency funding with potential lapses	(1,500,000)	(1,500,000)
Eliminate crime victims fund one-time funding for statewide trauma system	(1,300,000)	0
Reduce real alternatives pregnancy program	(750,000)	(750,000)
Reduce children's special health care transportation services base	(600,000)	(650,000)
Reduce rural visitation funding due to carry-forward from FY 2014-15	(550,000)	(550,000)
Eliminate Eastern Michigan University autism funding	(500,000)	(500,000)
Remove MiDocs graduate medical education consortium funding	(500,000)	(500,000)
Health and Human Services-Human Services		
Caseload and cost adjustments	(179,999,600)	(5,661,200)
Remove swift-and-sure IDG from Corrections	(14,084,500)	0
Close Maxey training school	(7,943,300)	(2,924,000)
Eliminate adoption redetermination assistance	(7,900,000)	(7,547,400)
Annualize FY 2014-15 budgetary savings	(6,296,800)	0
Eliminate asset test automation contract	(5,000,000)	(2,750,000)
Remove FY 2014-15 one-time funding for several programs	(4,900,000)	(4,900,000)
Close several local offices throughout the State	(2,439,000)	(1,000,000)
Savings from electronic notifications for MiBridges	(1,920,000)	(993,600)
Reduce foster care assignment/county hold-harmless provision	(1,737,400)	(1,737,400)
Eliminate juvenile justice 20/20 data system funding	(1,000,000)	(1,000,000)
Savings from electronic notifications for child support enforcement	(945,000)	(321,300)
Require cooperation with child support for assistance eligibility	(900,300)	(889,200)
Eliminate short-term family support and expanded family independence	(842,600)	(842,600)
Eliminate SSI advocates staff/replace with disability examiners	(795,800)	0
Reduce unclassified salaries due to DCH/DHS merger	(379,000)	(379,000)
Eliminate one-time center for hope funding	(250,000)	(250,000)
Reduce parent to parent mentor program	(150,000)	(150,000)
Reduce various other services (including FY 2014-15 budget reductions)	(4,974,100)	(4,029,900)
Higher Education		
Remove portion of MPSERS funding (one-time)	(4,002,200)	0
Insurance and Financial Services		
Savings from Michigan business one-stop direct license issuance	(78,500)	0
Judiciary		
Reduce base of swift-and-sure sanctions program	(1,750,000)	(1,750,000)
Reduce operations	(650,000)	(650,000)
Eliminate one-time trial court performance innovation fund	(375,000)	(375,000)
Eliminate community court pilot program	(20,000)	(20,000)

FY 2015-16 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS		
Budget Area/Program	**Gross**	**GF/GP**
Licensing and Regulatory Affairs		
Eliminate FY 2014-15 one-time funding (includes $15 million for Delphi)	(15,600,000)	(15,000,000)
Remove GF for freestanding surgical outpatient facilities inspections	(530,000)	(530,000)
Reduce health systems/health professionals regulation funding	(200,000)	(200,000)
Remove one-time licensing website development funding	(99,700)	(99,700)
Military and Veterans Affairs		
Eliminate one-time veterans home special maintenance fund	(3,000,000)	(3,000,000)
Reduce National Guard tuition assistance program	(600,000)	(600,000)
Eliminate one-time National Guard tuition assistance reserve	(400,000)	(400,000)
Remove funding for vacant partnership development staff	(117,300)	(117,300)
Reduce firefighting support at military training sites	(100,000)	(100,000)
Reduce departmental CSS&M	(100,000)	(100,000)
Reduce veterans coalition grants	(29,000)	(29,000)
Natural Resources		
Eliminate FY 2014-15 appropriations designated as one-time	(4,750,000)	(4,750,000)
Reduce non-motorized trail development and maintenance	(1,150,000)	(1,150,000)
Eliminate ongoing funding for Great Lakes research vessel	(2,000,000)	(1,000,000)
Eliminate ongoing Hart-Montague trail funding (project completed)	(530,000)	(530,000)
School Aid		
Eliminate best practices criteria	(75,000,000)	0
Eliminate pupil performance grants	(51,100,000)	0
Eliminate *Durant* bond payments	(39,500,000)	0
Changes in Federal grants	(32,393,500)	0
Eliminate additional MPSERS liability payment	(19,634,500)	0
Reduce technology readiness grants	(18,000,000)	0
Eliminate teacher evaluations funding (work project for FY 2014-15 funds)	(14,800,000)	0
Eliminate district fiscal emergency fund	(4,000,000)	0
Eliminate bus conversion grants	(3,000,000)	0
Eliminate one-time career readiness funding	(250,000)	(250,000)
State		
Reduce branch operations	(241,800)	(241,800)
Remove unused funds from unclassified line	(122,100)	(122,100)
Reduce department services operations	(83,800)	(83,800)
Reduce central operations	(26,900)	(26,900)
Reduce election administration and services	(25,000)	(25,000)
Reduce legal services operations	(400)	(400)

FY 2015-16 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS		
Budget Area/Program	**Gross**	**GF/GP**
State Police		
Remove one-time helicopter purchase	(4,932,000)	(4,932,000)
Eliminate one-time local public safety initiative grants	(4,550,000)	(4,550,000)
Remove one-time funding for FY 2014-15 trooper school	(4,408,500)	(3,508,500)
Eliminate FY 2014-15 motor carrier school	(4,391,900)	(4,391,900)
Eliminate one-time funding for Marshall post	(2,000,000)	(2,000,000)
Remove one-time electronic warrant system funding	(750,000)	(750,000)
Eliminate urban search and rescue grant	(500,000)	(500,000)
Savings from rent efficiencies	(381,900)	(381,900)
Remove one-time LEIN language conversion project	(350,000)	0
Reduce Capitol security funding	(294,000)	(294,000)
Remove one-time emergency support vehicle purchase	(225,000)	(225,000)
Reduce unclassified positions funding to reflect on-board staff	(160,800)	(160,800)
Talent and Economic Development		
Reduce business attraction and community revitalization	(16,000,000)	(15,600,000)
Eliminate one-time special grants	(15,750,000)	(15,750,000)
Reduce film incentive program	(13,237,100)	(13,237,100)
Reduce entrepreneurship eco-system	(3,600,000)	0
Eliminate one-time automotive engineering manufacturing fund	(2,000,000)	(2,000,000)
Technology, Management, and Budget		
Reduce litigation fund ($1.0 million one-time)	(3,000,000)	(3,000,000)
Reduce office of urban initiatives	(2,500,000)	(2,500,000)
Align information technology IDGs with State department reductions	(2,018,800)	0
Reduce public safety commission radio replacement	(2,000,000)	(2,000,000)
Reduce civil service commission IT line	(1,085,800)	(1,085,800)
Transportation		
Eliminate one-time Federal grant for the M-1 rail project	(25,544,000)	0
Reduce rail, transit, and bridge operations due to revenue changes	(22,581,300)	0
Redirect TEDF funds to meet Federal match	(2,000,000)	0
Redirect TEDF funds to airport safety	(2,000,000)	0
Treasury (Debt Service)		
Quality of Life Bond debt service	(5,401,000)	(5,401,000)
Treasury (Operations)		
Reduce supervision of general property tax law	(3,554,500)	(250,000)
Savings from administrative efficiencies	(800,000)	(800,000)
Reduce equine development	(670,100)	0
Treasury (Revenue Sharing)		
Reduce financially distressed cities, villages, or townships grants	(3,000,000)	0
TOTAL PROGRAM ELIMINATIONS/REDUCTIONS	**($1,027,937,900)**	**($282,763,500)**

Table 12

FY 2015-16 INITIAL APPROPRIATIONS
FUND SHIFTS TO INCREASE/(REDUCE) GF/GP

Budget Area/Program	GF/GP
Community Colleges	
Shift from School Aid Fund to General Fund	$131,110,800
Corrections	
Replace one-time restricted funds with General Fund	2,900,000
Use special equipment fund revenue to replace General Fund	(9,000,000)
Health and Human Services-Community Health	
Replace roads and risks reserve fund dollars	82,900,000
Replace Medicaid Benefits Trust Fund revenue	19,500,000
Replace certified public expenditure revenue	5,900,000
Reduced Healthy Michigan Fund revenue	1,737,300
Children's waiver fund source correction	1,368,100
Replace civil monetary penalty funding with General Fund	357,500
Increase in hospital QAAP tax to supplant General Fund	(92,856,100)
SCHIP/MIChild match rate increase	(17,900,100)
Medicaid match rate increase	(5,821,600)
Increase in HICA revenue	(21,600)
State psychiatric DSH savings	(14,500)
Health and Human Services-Human Services	
Adjust Federal and General Fund fund sourcing	(7,918,900)
Increase in base Medicaid match rate	(166,000)
Licensing and Regulatory Affairs	
Replace liquor purchase revolving with General Fund for fire protection grants	773,900
Replace liquor purchase revolving with General Fund in fire services bureau	555,700
Replace General Fund with DOE IDG in children and adult licensing bureau	(3,500,000)
Replace General Fund with corporate fees in reinventing performance program	(525,000)
Medicaid expansion administrative shift (IDG from DCH)	(450,000)
Replace General Fund with corporate fees in MIOSHA	(174,000)
Replace General Fund with corporate fees in workers' compensation agency	(112,500)
Natural Resources	
Replace General Fund with State Parks Endowment Fund for State parks repair	(2,500,000)
Replace General Fund with Forest Development Fund for wildfire protection	(150,000)
School Aid	
Replace SAF with General Fund	8,239,100
TOTAL FUND SHIFTS TO INCREASE/(REDUCE) GF/GP	**$114,232,100**

Table 13

FY 2015-16 INITIAL APPROPRIATIONS
OTHER PROGRAM ADJUSTMENTS

	Gross	GF/GP
Agriculture and Rural Development		
Technical fund source changes	$974,800	$600,000
Attorney General		
Align fund sources with expenditures	(239,200)	0
Corrections		
Transfer jail mental health pilot transition program to DHHS	(1,000,000)	(1,000,000)
Technical fund source changes	(425,800)	0
Education		
Transfer school reform office to DTMB	(2,420,900)	(2,420,900)
Adjust IDGs	(8,100)	23,400
Environmental Quality		
Technical fund source changes	(33,862,200)	3,400,000
Transfer retired engineers technical assistance/air policy to LARA	(1,303,600)	(550,000)
Executive		
Transfer Office for New Americans to LARA	(385,000)	(385,000)
Health and Human Services-Community Health		
Reverse certain EO 2015-5 budget reductions (GME/hospital pool)	32,716,300	16,550,000
Technical change in facility purchase of CMH services	(139,465,600)	0
Annualization of 1/1/15 Medicaid primary care rate increase	(14,900,700)	8,318,800
Technical IDG adjustment to reflect merger of DCH and DHS	(7,546,600)	0
Reverse FY 2014-15 contingency fund transfers	(5,547,600)	0
Health and Human Services-Human Services		
Reverse EO 2015-5/negative supplemental reductions	33,333,000	14,297,100
Reverse FY 2014-15 supplemental caseload adjustments	19,055,200	(1,450,400)
Transfer adult foster care and day care licensing to LARA	(28,955,300)	(16,115,100)
Technical adjustments	(11,000)	(2,200)
Higher Education		
Transfer Michigan College Access Network (MCAN) to K-12	(2,000,000)	(2,000,000)
Reverse FY 2014-15 contingency fund transfer	(1,000,000)	0
Judiciary		
Savings due to judgeship attrition	(351,800)	(351,800)
Licensing and Regulatory Affairs		
Transfer of children and adult licensing from former DHS	28,955,300	16,115,100
Transfer of energy functions from DEQ/TED	6,833,700	550,000
Transfer of Office for New Americans from Executive/DTMB	593,000	593,000
Transfer UIA, skilled trades to TED	(149,454,800)	0
Transfer motor carrier division to State Police	(2,974,300)	0
Technical fund source changes	(368,600)	711,600

FY 2015-16 INITIAL APPROPRIATIONS OTHER PROGRAM ADJUSTMENTS		
	Gross	**GF/GP**
Military and Veterans Affairs		
Technical fund source changes	(6,495,700)	0
Natural Resources		
Technical fund source changes	803,300	0
Reverse FY 2014-15 EOs/supplementals/contingency transfers	(9,470,000)	1,000,000
School Aid		
Transfer MCAN from Higher Ed/program increase	3,600,000	600,000
Transfer Detroit area precollege engineering program from MSF	340,000	340,000
Technical cost adjustments	(84,523,300)	0
State		
Reverse FY 2014-15 contingency fund transfers	(2,240,000)	0
Reverse FY 2014-15 supplementals	(1,200,000)	(200,000)
State Police		
Reverse FY 2014-15 EOs/supplementals/contingency transfers	7,694,200	22,331,100
Transfer of commercial vehicle registration from LARA	2,974,300	0
Remove FY 2014-15 disaster relief funding from base	(32,500,000)	(30,000,000)
Talent and Economic Development		
Create new department with transfers from LARA and Treasury	186,587,400	7,300,000
Transfer energy functions to new agency in LARA	(4,696,400)	0
Technology, Management, and Budget		
Transfer of school reform office from DOE	2,420,900	2,420,900
Reverse Venture Michigan Fund voucher purchase	(100,000,000)	(76,200,000)
Reverse FY 2014-15 EOs/supplementals/contingency transfers	(16,021,500)	24,049,700
Transfer Office for New Americans to LARA	(208,000)	(208,000)
Transportation		
Technical fund source changes	(3,883,400)	0
Remove one-time funding for regional transit authority	(1,100,000)	(1,100,000)
Treasury (Debt Service)		
Great Lakes Water Quality Bond financing adjustment		
Treasury (Operations)		
Move lottery promotion and advertising to boilerplate (Sec. 964)	(18,622,000)	0
Reverse FY 2014-15 supplementals/one-time items	(18,850,000)	(13,700,000)
Transfer unclassified position and FRIB to TED	(7,559,000)	(7,300,000)
Technical Base Funding Adjustments		
Remove Natural Resources Trust Fund	(24,729,500)	0
TOTAL OTHER PROGRAM ADJUSTMENTS	**($397,438,500)**	**($33,782,700)**

Table 14

FY 2015-16 INITIAL APPROPRIATIONS ECONOMIC ADJUSTMENTS

Department/Budget Area	Gross	IDGs	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund/ General Purpose
Agriculture & Rural Development	($175,300)	($800)	($174,500)	($18,100)	($200)	($55,700)	($100,500)
Attorney General	(352,400)	(116,300)	(236,100)	(35,000)	0	(70,500)	(130,600)
Civil Rights	(125,000)	(2,200)	(122,800)	(14,800)	0	0	(108,000)
Community Colleges	0	0	0	0	0	0	0
Corrections	(5,278,700)	0	(5,278,700)	(7,800)	(14,500)	(66,500)	(5,189,900)
Education	(169,200)	0	(169,200)	(132,500)	0	(15,500)	(21,200)
Environmental Quality	(343,600)	(13,200)	(330,400)	(93,700)	(900)	(187,600)	(48,200)
Executive	0	0	0	0	0	0	0
Health & Human Services-Health	(618,300)	(5,500)	(612,800)	(250,400)	(43,200)	(76,300)	(242,900)
Health & Human Services-Human	(2,461,000)	(33,000)	(2,428,000)	(1,622,600)	(67,800)	(3,800)	(733,800)
Higher Education	0	0	0	0	0	0	0
Insurance and Financial Services	(159,300)	0	(159,300)	0	0	(159,300)	0
Judiciary	30,500	(1,500)	32,000	(8,800)	(14,000)	(6,800)	61,600
Legislative Auditor General	0	0	0	0	0	0	0
Legislature	0	0	0	0	0	0	0
Licensing & Regulatory Affairs	(1,965,300)	(62,100)	(1,903,200)	(992,100)	(500)	(861,000)	(49,600)
Military & Veterans Affairs	(414,300)	(700)	(413,600)	(204,200)	(3,000)	(64,900)	(141,500)
Natural Resources	(344,600)	(2,400)	(342,200)	(58,200)	(3,600)	(291,700)	11,300
School Aid	(64,900)	0	(64,900)	0	0	(55,800)	(9,100)
State	(239,100)	0	(239,100)	0	0	(350,700)	111,600
State Police	530,100	(14,900)	545,000	(52,900)	(5,500)	15,700	587,700
Talent & Economic Development	(210,300)	0	(210,300)	(65,300)	(5,900)	(90,700)	(48,400)
Technology, Mgt., & Budget	22,200	(1,029,100)	1,051,300	23,200	33,700	(137,600)	1,132,000
Transportation	(1,559,600)	(8,400)	(1,551,200)	0	0	(1,551,200)	0
Treasury (Debt Service)	0	0	0	0	0	0	0
Treasury (Operations)	(568,500)	91,600	(660,100)	(43,900)	(2,800)	(503,300)	(110,100)
Treasury (Revenue Sharing)	0	0	0	0	0	0	0
TOTAL ECONOMIC ADJUSTMENTS	**($14,466,600)**	**($1,198,500)**	**($13,268,100)**	**($3,577,100)**	**($128,200)**	**($4,533,200)**	**($5,029,600)**
UNCLASSIFIED SALARIES ADJ.	**$273,900**	**$4,700**	**$269,200**	**$19,300**	**$0**	**$109,600**	**$140,300**

STATE EMPLOYEE COMPENSATION CHANGES AND EMPLOYMENT LEVELS

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

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

Table 15 provides a summary of the incremental State employee cost changes for FY 2015-16, including employee salary increases of $45.4 million. The State's portion of the cost of employee health insurance is estimated at $20.1 million for FY 2015-16. The amount that needs to be contributed to the State employee retirement systems in FY 2015-16 results in a decrease in costs for the FY 2015-16 budget. Retirement contributions will decrease $24.5 million Gross and $10.1 million GF/GP. Other post employment benefits (OPEB) costs for FY 2015-16 are less than the costs in FY 2014-15; OPEB costs will decrease by $55.3 million Gross and $26.6 million GF/GP. The contribution rates for both pension and OPEB are lower than estimated in the previous valuation. For pensions, the primary factor was improved investment performance, along with the five-year smoothing calculation that dropped off FY 2007-08. For OPEB there was a moderation in per capita health care costs coupled with the impact of prefunding future liability. The total Gross impact of economic adjustments for FY 2015-16 is an estimated decrease of $14.5 million on a total wage and salary base of approximately $3.3 billion.

Table 15

FY 2015-16 INITIAL APPROPRIATIONS
ESTIMATES OF ECONOMIC ADJUSTMENTS INCLUDED IN BUDGET
(Millions of Dollars)

	Gross	GF/GP
Wages and Salaries	$45.4	$23.1
Employee Insurance Costs	20.1	8.1
Retirement Contributions	(24.5)	(10.1)
OPEB	(55.3)	(26.6)
Workers' Compensation	(1.9)	(1.2)
All Other Economics	1.7	1.7
TOTAL ESTIMATED ECONOMIC INCREASES	**($14.5)**	**($5.0)**

Table 16 and Figure E provide a summary of State classified full-time equated (FTE) positions appropriated in FY 2015-16 versus the year-to-date level of FTEs appropriated in FY 2014-15. Total appropriated FTEs in FY 2015-16 equal 52,689.9, a decrease of 163.6 or 0.3% from FY 2014-15. The largest FTE reduction (657.0 FTEs) is in the Department of Licensing and Regulatory Affairs and generally equates to the net FTE reduction due to accounting for the transfer out of the Unemployment Insurance Agency, the skilled trades initiative, and the Office for New Americans (total of 860.0 FTEs), and the transfer in of 219.0 FTEs for the Bureau of Children and Adult Licensing. The 417.6 FTE reduction in the Department of Health and Human Services is primarily the net of a 200.0 FTE increase for donated funds positions and the loss of 550.0 FTEs due to program transfers and annualization of FY 2014-15 budgetary savings.

Table 16

FULL-TIME EQUATED POSITIONS
FY 2014-15 VERSUS FY 2015-16

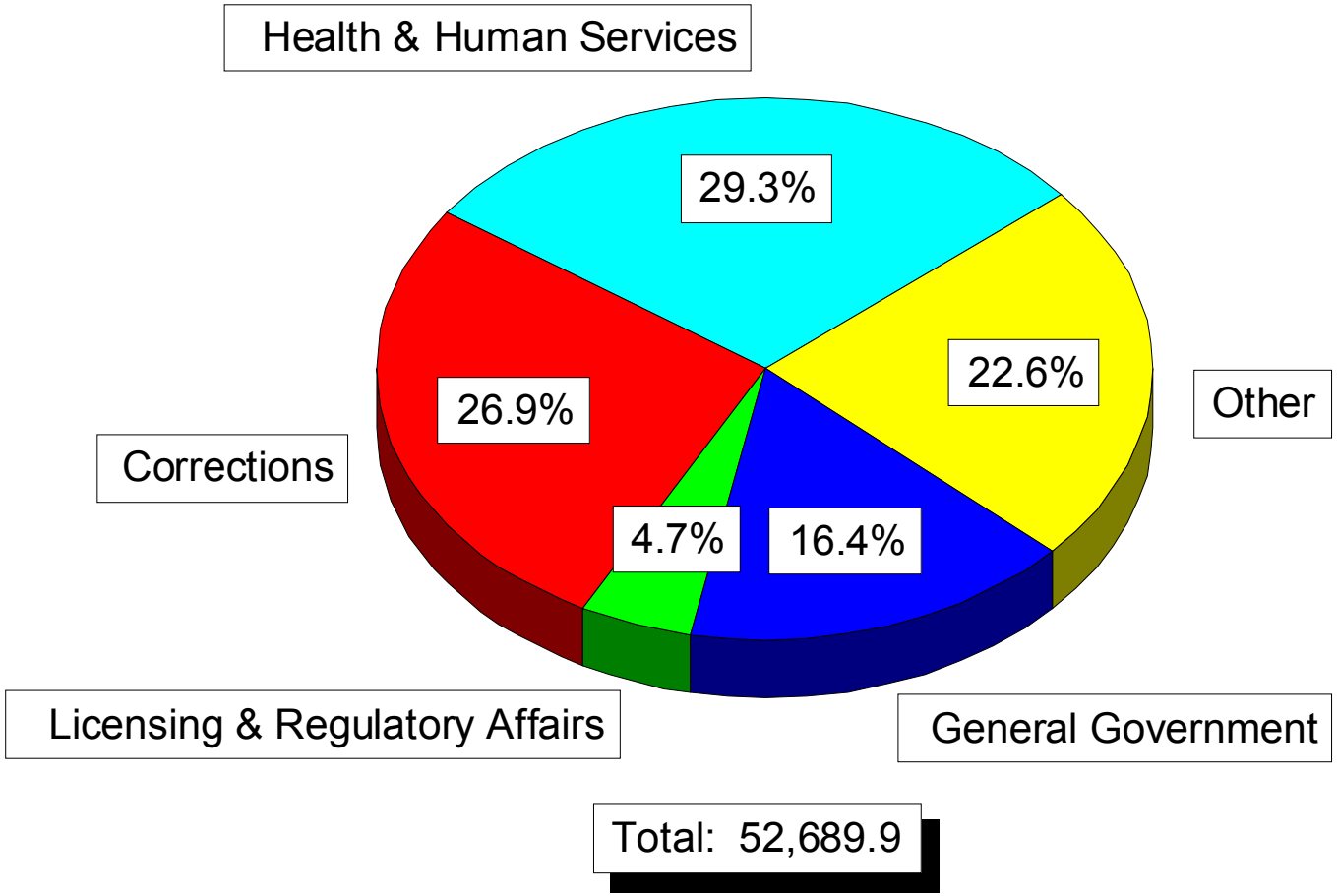
Department/Budget Area	FY 2014-15 Year-to-Date Positions	FY 2015-16 Initial Positions	Position Change	Percent Change
Agriculture & Rural Development	446.0	454.0	8.0	1.8%
Attorney General	513.5	518.5	5.0	1.0
Civil Rights	132.0	129.0	(3.0)	(2.3)
Corrections	14,179.3	14,174.3	(5.0)	(0.0)
Education	600.5	588.5	(12.0)	(2.0)
Environmental Quality	1,284.5	1,218.0	(66.5)	(5.2)
Executive	78.2	74.2	(4.0)	(5.1)
Health & Human Services	15,854.6	15,437.0	(417.6)	(2.6)
Higher Education	0.0	0.0	0.0	0.0
Insurance & Financial Services	337.0	337.0	0.0	0.0
Judiciary	490.0	489.0	(1.0)	(0.2)
Licensing & Regulatory Affairs	2,820.3	2,163.3	(657.0)	(23.3)
Military & Veterans Affairs	889.5	888.5	(1.0)	(0.1)
Natural Resources	2,222.3	2,229.8	7.5	0.3
State	1,587.0	1,587.0	0.0	0.0
State Police	3,070.0	3,131.0	61.0	2.0
Talent & Economic Development	756.0	1,613.0	857.0	113.4
Technology, Management, & Budget	2,817.0	2,844.0	27.0	1.0
Transportation	2,912.3	2,912.3	0.0	0.0
Treasury (Operations)	1,863.5	1,901.5	38.0	2.0
TOTAL POSITIONS	**52,853.5**	**52,689.9**	**(163.6)**	**(0.3%)**

Note: Full-Time Equated classified positions include exempt positions in Judiciary.

Figure E

Full-Time Equated Classified Positions

FY 2015-16 Initial Appropriations



PROGRAM TRANSFERS

The initial FY 2015-16 appropriations reflect the transfer of various programs from one budget area to another, as well as the creation of a new department (Department of Talent and Economic Development) and a new State agency (Michigan Agency for Energy). These transfers are listed in Table 17. The largest program transfers are due to the formation of the new Talent and Economic Development Department (TED) which is essentially a combination of the former Michigan Strategic Fund Agency with the Unemployment Insurance Agency and the skilled trades initiative from the Department of Licensing and Regulatory Affairs.

Table 17

FY 2015-16 INITIAL APPROPRIATIONS
SUMMARY OF PROGRAM TRANSFERS
(Actual Dollars)

Program/Sending Department	Fund Source	FY 2015-16	Receiving Department	Fund Source	FY 2015-16
Jail - Mental Health Transition Program					
Corrections	Gross	($1,000,000)	Health & Human Services	Gross	$1,000,000
	GF/GP	(1,000,000)		GF/GP	1,000,000
School Reform Office (Executive Budget Revision 2016-3)					
Education	FTEs	(12.0)	Tech., Management, & Budget	FTEs	11.0
	Gross	(2,420,900)		Gross	2,420,900
	GF/GP	(2,420,900)		GF/GP	2,420,900
Michigan Agency for Energy (Executive Budget Revision 2016-4)					
Environmental Quality	FTEs	(3.0)	Licensing & Regulatory Affairs	FTE	0.0
	Gross	(1,303,600)	(Michigan Agency for Energy)	Gross	6,833,700
	Federal	(84,000)		Federal	3,878,500
	Restricted	(669,600)		Private	30,000
	GF/GP	(550,000)		Restricted	2,375,200
				GF/GP	550,000
Talent & Economic Development	FTEs	(7.0)			
	Gross	(4,696,400)			
	Federal	(3,794,500)			
	Private	(30,000)			
	Restricted	(871,900)			
	GF/GP	0			
Licensing & Regulatory Affairs (Commercial Vehicle Regulation)	FTEs	(1.0)	State Police (Commercial Vehicle Regulation)	FTEs	14.0
	Gross	(2,974,300)		Gross	2,974,300
	Restricted	(2,974,300)		Restricted	2,974,300
	GF/GP	0		GF/GP	

FY 2015-16 INITIAL APPROPRIATIONS
SUMMARY OF PROGRAM TRANSFERS
(Actual Dollars)

Talent & Economic Development (Executive Budget Revision 2016-1)					
Michigan Strategic Fund	FTEs	(756.0)	Talent & Economic Development	FTEs	864.0
(MSF/MEDC, Workforce Development,	Gross	(1,006,582,500)	(MSF/MEDC, Workforce	Gross	1,193,169,900
MSHDA, Land Bank)	Federal	(627,305,000)	Development, MSHDA, Land	Federal	767,897,300
	Private	(4,433,500)	Bank, UIA, Skilled Trades	Local	4,433,500
	Local	(5,649,000)	Training Program, MSHDA	Private	5,649,000
	Restricted	(142,588,000)	Unclassified funding, FRIB)	Restricted	181,283,100
	GF/GP	(226,607,000)		GF/GP	233,907,000
Licensing & Regulatory Affairs	FTEs	(860.0)			
(UIA and Skilled Trades Training	Gross	(165,054,800)			
Program)	IDGs	13,973,600			
	Federal	(140,592,300			
	Restricted	(38,436,100)			
	GF/GP	0			
Treasury	Gross	(7,559,000)			
(MSHDA Unclassified funding, FRIB)	Restricted	(259,000)			
	GF/GP	(7,300,000)			
Executive	FTEs	(4.0)	Licensing & Regulatory Affairs	FTEs	4.0
(Office of New Americans, FTEs)	Gross	(385,000)	(Office of New Americans)	Gross	593,000
	GF/GP	(385,000)		GF/GP	593,000
DTMB	Gross	(208,000)			
(Office of New Americans, IT)	GF/GP	(208,000)			
Adult Foster Care Licensing (Executive Budget Revision 2016-2)	FTEs	(219.0)	Licensing & Regulatory Affairs	FTEs	219.0
Health & Human Services	Gross	(28,955,300)		Gross	28,955,300
	IDG	(12,840,200)		IDG	12,840,200
	GF/GP	(16,115,100)		GF/GP	16,115,100
Michigan College Access Network					
Higher Education	Gross	(2,000,000)	School Aid	Gross	3,000,000
	GF/GP	(2,000,000)		Restricted	3,000,000
				GF/GP	0
Detroit Area Precollege Engineering Program					
Michigan Strategic Fund	Gross	(300,000)	School Aid	Gross	340,000
	GF/GP	(300,000)		GF/GP	340,000

SCHOOL AID BUDGET HIGHLIGHTS

The K-12 portion of the FY 2015-16 School Aid budget totals nearly $13.9 billion, an increase of $222.3 million over FY 2014-15 year-to-date appropriations. The budget also continues to allocate ongoing spending from the School Aid Fund (SAF) to support community colleges and universities, totaling $461.9 million for FY 2015-16, an increase of $59.8 million over FY 2014-15. The K-12 portion of the budget includes spending $183.0 million to provide a foundation allowance increase ranging from $70 to $140 per pupil, bringing the minimum operational funding level from $7,251 to $7,391. Another $12.0 million is allocated to ensure that all in-formula districts receive at least a net $25-per-pupil increase when combining the increases in the foundation allowance and At-Risk funding with the eliminations of best practices funding and pupil performance grants.

New programs include $31.5 million for early literacy initiatives, including grants for additional instructional time for K-3 pupils, literacy coaches for K-3 teachers, expanding intermediate school district (ISD) home visiting programs focusing on parenting skills and identification of children needing special services, funding for the Michigan Education Corps, assessments for kindergarten entry and grades 1 and 2, updating the elementary teacher certification test to include early literacy, and other items.

Other new programs include $10.0 million for grants to career and technical education (CTE) middle colleges to support the five most "in-demand" career clusters identified by the regions, and a $1.0 million increase to the Michigan College Access Network (MCAN) (which is transferred to the School Aid budget from the Higher Education budget), bringing total funding for MCAN to $3.0 million. Also, the budget includes $4.0 million for reimbursement of the purchase of a computer adaptive test, $1.5 million for reimbursement of the purchase of data analysis tools, $1.0 million for gang prevention, $800,000 for various initiatives related to Science, Technology, Engineering, and Mathematics (STEM), $300,000 to support pupils from Albion's closed high school attending school in Marshall, $150,000 for a study of conductive learning related to cerebral palsy, and $60,000 for Civics Education.

Turning to existing programs, the FY 2015-16 budget includes a $70.0 million increase in At-Risk funding (to $379.0 million), and a $2.0 million increase for school health centers. The budget increases standard CTE funding by $10.0 million, and adult education funding and consolidation incentive grants by $3.0 million each. The budget adds $9.7 million to return to blending pupil counts using the prior year, and $2.4 million to reimburse more districts for transportation costs.

The budget funds required cost increases, including a $216.6 million increase for the school employer rate cap in the Michigan Public School Employees' Retirement System (to $893.5 million), $500,000 for School Bond Loan Fund debt service, and other obligation payments.

The budget eliminated the one-time extra payment toward MPSERS liabilities ($19.6 million). As noted above, pupil performance grants ($51.1 million) and best practices funding ($75.0 million) were eliminated, along with *Durant* debt service of $39.5 million (since FY 2014-15 was the last payment), and bus conversion grants ($3.0 million). Technology readiness grants were reduced $18.0 million, and no funding was appropriated for teacher evaluations or for the distressed district fund in FY 2015-16. However, the balance sheet for the School Aid Fund leaves a $50.0 million year-end balance unappropriated under the enacted budget for FY 2015-2016.

General Fund/General Purpose support of the K-12 portion of the budget increased from $33.7 million to $45.9 million, an increase of $12.2 million between the year-to-date amount for FY 2014-15 and the initial appropriation for FY 2015-16.

The State School Aid Act includes the budgets for Community Colleges and Higher Education in the statutory K-12 budget bill. Please see Articles II and III of Public Act 85 of 2015 for details.

RETIREMENT COSTS AND BUDGETED APPROPRIATIONS

A significant aspect of the State budget, as well as the budgets of K-12 school districts and community colleges, is the amount employers are required to pay toward retirement costs for their employees. The enacted budget includes the required employer contributions for the State Employees' Retirement System (SERS) and the Michigan Public School Employees' Retirement System (MPSERS), as well as for the much smaller Judges, State Police, and Legislative retirement systems. Public Act 300 of 2012 established a cap on the rate local employers in MPSERS will pay toward the unfunded accrued liabilities (UAL) in the system, with any required payments above that cap to be made by an appropriation.

Table 18 provides a two-year summary of the contribution rates for defined benefit (DB) and defined contribution (DC) retirement for SERS. Contribution rates are a combination of the amount required to pay down liabilities accrued in the past (legacy costs) and the amount required to pay for benefits earned today (normal cost), for both pensions and retiree health care benefits, and rates are expressed as a percentage of State payroll.

Table 18

STATE RETIREMENT CONTRIBUTION RATES AS A PERCENTAGE OF PAYROLL

	FY 2014-15	FY 2015-16	FY 2015-16 Chg.
State Employees' Retirement System[1)]			
Defined Benefit Pension	27.46%	26.05%	(1.41%)
Defined Benefit Health Care	22.76	20.63	(2.13)
TOTAL DEFINED BENEFITS COSTS	**50.22%**	**46.68%**	**(3.54%)**
Defined Contribution Retirement	31.09%	29.74%	(1.35%)
Defined Contribution Personal Health Fund	0.45	0.53	0.08
Defined Contribution Health Care	22.76	20.63	(2.13)
TOTAL DEFINED CONTRIBUTION COSTS	**54.30%**	**50.90%**	**(3.40%)**

1) Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2015-16 will be the fifth year of prefunding retiree health.

Table 19 provides a look at the FY 2015-16 contribution rates for the seven different retirement plan combinations in MPSERS. Public Act 300 of 2012 capped the local employer contribution rate for unfunded liabilities at roughly 21.0% of payroll (the FY 2011-12 amount), and the State is required to make an appropriation for any liabilities above that amount. The "normal" cost (paid entirely by local employers) for pension and retiree health care can fluctuate slightly from year to year. The maximum total local employer (school district, ISD, and community college) cost for FY 2015-16 under any of the seven plans is between roughly 25.4% and 27.4% of payroll, depending on the plan and employee DC contributions. In addition, funding to provide a rate cap for universities also was included in the FY 2015-16 budget for higher education, and legislation is pending to enact and implement that cap. The State subsidy for the statutory rate cap for entities other than universities is roughly 10.6% of MPSERS payroll, or about $963.0 million, and the State subsidy for the proposed university rate cap costs $5.2 million.

In addition to the $968.2 million appropriated for the rate caps, the K-12 budget for FY 2015-16 appropriated $100.0 million to districts to help offset a portion of their retirement costs. Also, a total of $1.7 million for community colleges was appropriated in FY 2015-16 to help pay for the cost of retiree health care. Table 20 illustrates the FY 2015-16 MPSERS-related appropriations by budget area and by purpose.

Table 19

FY 2015-16 MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM EMPLOYER CONTRIBUTION RATES

	Basic/MIP with Premium Subsidy	Pension Plus with Premium Subsidy	Pension Plus PHF	Pension Plus to DC with PHF	Basic/MIP to DC with Premium Subsidy	Basic/MIP to DC with PHF	Basic/MIP with PHF
Pension Contributions							
Pension Normal Cost	4.39%	3.17%	3.17%	0.00%	0.00%	0.00%	4.39%
Pension UAL	13.20	13.20	13.20	13.20	13.20	13.20	13.20
Pension Early Retirement Incentive	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Pension Total Rate	**18.95%**	**17.73%**	**17.73%**	**14.56%**	**14.56%**	**14.56%**	**18.95%**
Health Contributions							
Health Normal Cost	0.43%	0.43%	0.00%	0.00%	0.43%	0.00%	0.00%
Health UAL	6.40	6.40	6.40	6.40	6.40	6.40	6.40
Health Total Rate	**6.83%**	**2.71%**	**2.20%**	**2.20%**	**2.71%**	**2.20%**	**2.20%**
DB CONTRIBUTION TOTAL	**25.78%**	**24.56%**	**24.13%**	**20.96%**	**21.39%**	**20.96%**	**25.35%**
Maximum DC Contributions							
DC Employer Contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Personal Health Care Fund	0.00	0.00	2.00	2.00	0.00	2.00	2.00
DC CONTRIBUTION TOTAL	**0.00%**	**1.00%**	**3.00%**	**5.00%**	**4.00%**	**6.00%**	**2.00%**
Total Uncapped Rate	36.31%	35.09%	34.66%	31.49%	31.92%	31.49%	35.88%
State Subsidy	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%	10.53%

DC = Defined Contribution; MIP = Member Investment Plan; PHF = Personal Health Fund

Table 20

FY 2015-16 APPROPRIATIONS RELATED TO MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (Dollars in Millions)

Budget Area	Statutory Rate Cap	Non-Statutory Rate Cap	Cost Offset Grants	Retiree Health	Total
K-12/School Aid	$892.9	$0.0	$100.0	$0.0	$992.9
Community Colleges	$69.5	$0.0	$0.0	$1.7	$71.2
Higher Education	$0.0	$5.2	$0.0	$0.0	$5.2
Libraries	$0.6	$0.0	$0.0	$0.0	$0.6
TOTAL	**$963.0**	**$5.2**	**$100.0**	**$1.7**	**$1,069.9**

Table 21 outlines the FY 2015-16 estimated contributions to SERS and MPSERS by the State and by local employers, as funded in the enacted budget. The total combined cost of the estimated employer (State and local) contributions for the two largest retirement systems is $5.0 billion.

Table 21

FY 2015-16 ESTIMATED CONTRIBUTIONS TO TWO LARGEST RETIREMENT SYSTEMS

	Millions of Dollars
State Employees' Retirement System (SERS)[1]	
Defined Benefit Pension	$277.0
Defined Contribution	655.0
Retiree Health Care	686.0
Subtotal State Employees' Retirement System (includes Normal and Legacy)[2]	$1,618.0
Michigan Public School Employees' Retirement System (MPSERS)[3]	
Local Share	
Defined Benefit Pension	$1,628.0
Defined Benefit Health Care	613.0
"401k" for Health Care	200.0
Subtotal Public School Employees' Retirement System (Local)	$2,441.0
State Share	
Unfunded Accrued Liabilities (Pension and Health)	$963.0
Universities UAL Appropriation	5.2
Subtotal Michigan Public School Employees' Retirement System	$3,409.2
TOTAL ESTIMATED RETIREMENT CONTRIBUTIONS	**$5,027.2**
FY 2015-16 Estimated Rate Cap Subsidy Per K-12 Pupil on Average	$550

1) Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2015-16 will be the fifth year of prefunding retiree health.
2) Excludes FICA, which totals approximately $250.0 million.
3) Excludes DC contributions.

Fiscal year 2015-16 is the second year in which the enacted general omnibus budget includes a boilerplate section for each department identifying how much of the appropriations are in support of the legacy costs associated with the State Employees' Retirement System. As noted earlier, the total contributions made to a retirement system are a combination of a payment toward the past unfunded accrued liabilities for benefits already earned (legacy costs), which must be paid regardless of the future of a retirement plan, and a payment toward the accrual of service credit in the future (normal costs).

As shown in Table 21, the contributions in the State Employees' Retirement System are estimated to total $1.62 billion; of that amount, $1.33 billion is estimated in the boilerplate sections of the omnibus bill for legacy costs (both pension and retiree health), with the remaining $289.0 million for normal costs. Table 22 identifies the estimated $1.33 billion in legacy costs for pension and for retiree health care, and the total of the two, for each department. The normal costs are in addition to the figures listed in Table 22.

Table 22

FY 2015-16
LEGACY COSTS BREAKOUT – PENSIONS AND HEALTH CARE

Department	Pension-Related Legacy Costs (Retirement) Gross	Health Care Legacy Costs (OPEB) Gross	Total Legacy Costs Gross
Agriculture & Rural Development	$7,237,700	$5,513,800	$12,751,500
Attorney General	10,007,000	7,771,100	17,778,100
Civil Rights	1,701,400	1,296,100	2,997,500
Corrections	188,628,700	143,701,900	332,330,600
Education	8,793,500	6,699,100	15,492,600
Environmental Quality	18,340,800	13,961,100	32,301,900
Executive Office	0	0	0
Health and Human Services	203,794,100	155,250,000	359,044,100
Insurance & Financial Services	5,675,400	4,323,500	9,998,900
Judiciary	7,772,600	5,950,700	13,723,300
Legislature & Auditor General	15,465,300	12,568,700	28,034,000
Licensing & Regulatory Affairs	31,352,700	23,891,800	55,244,500
Military & Veterans Affairs	11,276,300	8,590,600	19,866,900
Natural Resources	26,133,200	19,909,000	46,042,200
State	17,739,100	13,513,900	31,253,000
State Police	67,221,200	56,157,300	123,378,500
Talent & Economic Development	20,831,400	15,869,700	36,701,100
Technology, Management, & Budget	43,527,000	33,218,400	76,745,400
Transportation	39,092,200	29,781,200	68,873,400
Treasury	26,422,100	20,129,200	46,551,300
TOTAL	**$751,011,700**	**$578,097,100**	**$1,329,108,800**

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 2015-16 appropriations exceed this minimum constitutional requirement by more than $2.0 billion. Table 23 provides a summary of the calculations used to determine the State's compliance with this constitutional requirement for FY 2014-15 and FY 2015-16. Table 24 lists State payments to local units of government that are appropriated in each State department or budget area.

Table 23

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT
ARTICLE IX, SECTION 30 REQUIREMENT
FY 2014-15 AND FY 2015-16 ESTIMATES
(Millions of Dollars)

	FY 2014-15 Estimate	FY 2015-16 Estimate
State Spending from State Resources	$29,836.8	$30,090.8[a)]
Required Payments to Local Units of Government (48.97%)	$14,611.1	$14,735.4
Estimated Payments to Local Units of Government	$16,400.9	$16,809.0
Estimated Payments as a Percentage of Total State Spending	54.97%	55.86%
Surplus of Section 30 Payments	$1,789.9	$2,073.5

[a)] Does not include $30.87 million of Federal aid counted as GF/GP revenue.

Table 24

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT
FY 2014-15 VERSUS FY 2015-16

Department/Budget Area	FY 2014-15 Year-to-Date Appropriations	FY 2015-16 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	$4,750,000	$4,750,000	$0	0.0%
Attorney General	0	0	0	0.0
Capital Outlay	0	0	0	0.0
Civil Rights	0	0	0	0.0
Community Colleges	364,724,900	387,825,600	23,100,700	6.3
Corrections	115,714,000	114,323,600	(1,390,400)	(1.2)
Education	13,576,000	15,176,000	1,600,000	11.8
Environmental Quality	2,775,000	3,648,500	873,500	31.5
Executive	0	0	0	0.0
Health & Human Services	1,223,163,100	1,221,145,400	(2,017,700)	(0.2)
Higher Education	0	0	0	0.0
Insurance & Financial Services	0	0	0	0.0
Judiciary	139,407,400	137,073,400	(2,334,000)	(1.7)
Legislative Auditor General	0	0	0	0.0
Legislature	0	0	0	0.0
Licensing & Regulatory Affairs	28,225,700	28,225,700	0	0.0
Military & Veterans Affairs	100,000	102,400	2,400	2.4
Natural Resources	5,123,500	5,548,300	424,800	8.3
Natural Resources Trust Fund	14,419,600	0	(14,419,600)	(100.0)
School Aid	11,714,612,100	11,962,930,600	248,318,500	2.1
State	1,360,800	1,272,100	(88,700)	(6.5)
State Police	19,775,600	15,464,100	(4,311,500)	(21.8)
Talent & Economic Development	11,224,800	11,224,800	0	0.0
Technology, Management, & Budget	0	0	0	0.0
Transportation	1,316,686,400	1,438,206,000	121,519,600	9.2
Treasury (Debt Service)	0	0	0	0.0
Treasury (Operations)	197,086,000	209,657,300	12,571,300	6.4
Treasury (Revenue Sharing)	1,228,215,400	1,252,406,100	24,190,700	2.0
TOTAL BUDGET AREA APPROPRIATIONS	**$16,400,940,300**	**$16,808,979,900**	**$408,039,600**	**2.5%**

FEE AND REVENUE CHANGES

The FY 2015-16 budget includes an estimated $448.1 million in total fee adjustments. Of the total fee changes, $10.6 million are from new fees or fee increases, $15.5 million are from the maintenance of current fee levels, and $422.1 million are from the delay of sunsets. Additionally, the reduction and elimination of four fees with annual revenue totaling $88,682 are part of the fee adjustment package. The bulk of the total fee adjustments comes just from fee sunset delays in two areas: the Nursing Home Quality Assurance Assessment Program in the Department of Health and Human Services, which generates about $249.8 million annually, and the Transportation Administration Collection Fund, which generates about $109.6 million annually. Table 25 provides a summary of the fee changes.

Table 25

ESTIMATES OF FY 2015-16 FEE REVENUE INCLUDED IN BUDGET
(Actual Dollars)

Department	Fee Type	Estimated Revenue
Fee Increases and New Fees		
Agriculture & Rural Development	Pesticide Registrant Fee (Increase)	$870,000
Agriculture & Rural Development	Fertilizer Tonnage Fee (Increase)	350,000
Agriculture & Rural Development	Feed License/Tonnage Fees (Increase Three Fees)	521,450
Agriculture & Rural Development	Food Safety Fees (Increase Five Fees)	2,403,500
Agriculture & Rural Development	Certificate of Free Sale (Increase)	87,500
Agriculture & Rural Development	License Late Fee (Increase)	37,500
Environmental Quality	Air Emissions - Per-Ton Fee (Increase)	1,200,000
Licensing & Regulatory Affairs	Base Inspection Fee - Hospitals (New)	84,500
Health & Human Services	Ambulance Quality Assurance Assessment Program	3,972,500
Licensing & Regulatory Affairs	Base Inspection Fee - Hospice Agencies (New)	63,000
Licensing & Regulatory Affairs	Base Inspection Fee - Long-Term Care/Nursing Homes (New)	224,500
Licensing & Regulatory Affairs	Base Inspection Fee - Substance Use Program (New)	637,500
Licensing & Regulatory Affairs	Base Inspection Fee - Free Standing Outpatient Facilities (Increase)	34,322
Licensing & Regulatory Affairs	Base Inspection Fee - Hospice Residence (Increase)	5,100
Licensing & Regulatory Affairs	Base Inspection Fee - Inpatient Psychiatric (Increase)	11,800
Licensing & Regulatory Affairs	Inspection Fee Per Bed - Hospitals (Increase)	44,880
Licensing & Regulatory Affairs	Inspection Fee Per Bed - Inpatient Psychiatric (Increase)	14,444
Licensing & Regulatory Affairs	Health Care Facility Initial License Application Fee (New)	20,000
Subtotal New and Increased Fees		**$10,582,496**
Maintenance of Current Fee Levels		
Agriculture & Rural Development	Pesticide Applicator (Two Fees)	$100,000
Licensing & Regulatory Affairs	Corporation Fees (Three Fees)	7,216,200
Licensing & Regulatory Affairs	Occupational License Fees (49 Fees)	2,299,179
Licensing & Regulatory Affairs	Financial Professional License Fees (Five Fees)	5,916,780
Subtotal Fee Maintenance		**$15,532,159**

ESTIMATES OF FY 2015-16 FEE REVENUE INCLUDED IN BUDGET (Actual Dollars)		
Department	**Fee Type**	**Estimated Revenue**
Fee Sunsets		
Agriculture & Rural Development	Pesticide Groundwater Fees (Three Fees)	$4,900,000
Agriculture & Rural Development	Livestock Dealer Fees	20,000
Health & Human Services	Nursing Home Quality Assurance Assessment Program	249,800,000
Environmental Quality	Air Quality Fees	9,600,000
Environmental Quality	Solid Waste Surcharge	5,300,000
Environmental Quality	Electronic Device Manufacturer Registration Fee	230,000
Environmental Quality	Electronic Device Recycler Registration Fee	50,000
Environmental Quality	Groundwater Discharge Permit Fees	1,200,000
Environmental Quality	Surface Water Discharge Permit Fees	2,800,000
Environmental Quality	Stormwater Discharge Permit Fees	1,630,000
Environmental Quality	Land and Water Permit Fees (Six Fees)	2,100,000
Environmental Quality	Expedited Permit Review Fee	31,800
Environmental Quality	Tire Disposal Surcharge	4,200,000
State	Vehicle Title Fees - Transport Admin Collection Fund	10,600,000
State	Look Up Fees - Transport Admin Collection Fund	38,500,000
State	Registration Fees - Transport Admin Collection Fund	60,500,000
State Police	Fingerprint Fee	6,400,000
State Police	Internet Criminal History Access Tool Fee	7,200,000
State Police	Traffic Law Enforcement and Safety Fund Fee	17,000,000
Subtotal Fee Sunsets		**$422,061,800**
Fee Decreases and Eliminations		
Licensing & Regulatory Affairs	Inspection Fee Per Bed - Long-Term Care/Nursing (Decrease)	($72,054)
Licensing & Regulatory Affairs	Inspection Fee Per Bed - Hospice Residence (Decrease)	(3,690)
Licensing & Regulatory Affairs	Base Inspection Fee - Psychiatric Partial Hospital (Eliminate)	(9,000)
Licensing & Regulatory Affairs	Inspection Per Bed - Psychiatric Partial Hospital (Eliminate)	(3,938)
Subtotal Fee Decreases and Eliminations		**($88,682)**
TOTAL ALL FEE ADJUSTMENTS		**$448,087,773**

DEBT SERVICE APPROPRIATIONS

Table 26 provides a summary of debt service appropriations for FY 2015-16. These include School Bond Loan Fund bonds in K-12 School Aid; State Building Authority rent payments appropriated in the Department of Technology, Management, and Budget (DTMB); various transportation-related bonds in the Department of Transportation; general obligation bonds in the Department of Treasury; and appropriations in the Department

of Talent and Economic Development for debt service costs associated with the Facility for Rare Isotope Beams and the Community College Skilled Trades Equipment Program. Gross appropriations for debt service on these bonds total $788.3 million for FY 2015-16. This represents a $20.6 million (2.5%) decrease from the $808.9 million debt service appropriations in FY 2014-15.

Table 26

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

Department/Program	FY 2014-15 Gross Appropriation	FY 2015-16 Est. Gross Appropriation	Dollar Change	Percent Change
School Aid				
Durant Bonds	$39,500,000	$0	($39,500,000)	(100.0%)
School Bond Loan	126,000,000	126,500,000	500,000	0.4
Subtotal Education	$165,500,000	$126,500,000	($39,000,000)	(23.6%)
DTMB State Building Authority Rent				
State Agencies	$48,442,800	$52,265,800	$3,823,000	7.9
Department of Corrections	36,698,900	36,829,900	131,000	0.4
Universities	125,460,300	135,995,300	10,535,000	8.4
Community Colleges	26,168,600	29,479,600	3,311,000	12.7
Subtotal Technology, Management, & Budget	$236,770,600	$254,570,600	$17,800,000	7.5%
Talent & Economic Development				
Facility for Rare Isotope Beams	$7,300,000	$7,300,000	$0	0.0
Community College Skilled Trades Equipment Program	4,600,000	4,600,000	0	0.0
Subtotal Talent & Economic Development	$11,900,000	$11,900,000	$0	0.0%
Transportation				
State Trunkline	$198,076,600	$194,617,900	($3,458,700)	(1.7)
Economic Development	11,665,300	11,672,600	7,300	0.1
Local Bridge Fund	2,406,700	2,406,800	100	0.0
Blue Water Bridge Fund	6,962,000	6,963,600	1,600	0.0
Aeronautics	4,992,200	4,997,700	5,500	0.1
Comprehensive Transportation	18,215,500	18,202,200	(13,300)	(0.1)
Subtotal Transportation	$242,318,300	$238,860,800	($3,457,500)	(1.4)
Treasury				
Quality of Life Bond	81,360,000	75,959,000	(5,401,000)	(6.6)
Clean Michigan Initiative	57,224,000	63,961,000	6,737,000	11.8
Great Lakes Water Initiative	13,811,000	16,529,000	2,718,000	19.7
Subtotal Treasury	$152,395,000	$156,449,000	$4,054,000	2.7
TOTAL	**$808,883,900**	**$788,280,400**	**($20,603,500)**	**(2.5%)**

TOBACCO SETTLEMENT APPROPRIATIONS

It is estimated that $302.4 million will be available for the State of Michigan during FY 2015-16 as a result of the 1998 master settlement agreement between the United States tobacco industry and 46 states. Table 27 provides a summary of the revenue to be received and details of the appropriations that are supported by tobacco settlement revenue. Of the $302.4 million in available revenue, $48.5 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 that had been withholding payments from the states. During FY 2012-13, the settlement allowed the release of funds that had been held in escrow for several years, resulting in a one-time infusion of revenue for Michigan; a portion of those funds is still available. From the FY 2015-16 available revenue of $302.4 million, $75.0 million is transferred to the 21st Century Jobs Trust Fund and $61.2 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.

In June 2014, legislation was enacted to provide for a State financial contribution of $194.8 million from the State's Budget Stabilization Fund to the Detroit retirement systems to assist in the resolution of the City of Detroit bankruptcy case and mitigate reductions to retirees' pensions. This legislation also requires that the dollars be repaid to the Budget Stabilization Fund from tobacco settlement revenue in annual installments of $17.5 million, beginning in FY 2014-15 and ending in FY 2034-35. The $17.5 million FY 2014-15 and FY 2015-16 payments are included in Table 27 as deductions from tobacco settlement revenue.

Pursuant to the Michigan Trust Fund Act (Public Act 489 of 2000), tobacco settlement revenue available after the required transfers are netted out is retained in the Michigan Merit Award Trust Fund, from which appropriations may be made. For FY 2015-16, net revenue for the Michigan Merit Award Trust Fund is $148.7 million. The initial FY 2015-16 budget includes the appropriation of $100.9 million of tobacco settlement funds through the Michigan Merit Award Trust Fund to five State budget areas. The largest appropriation is $64.3 million for the Medicaid program in the Department of Health and Human Services-Community Health, followed by an appropriation of $30.1 million for the Department of Health and Human Services-Human Services' Family Independence Program. If the Merit Award Trust Fund appropriations are deducted from the Merit Award Trust Fund net revenue, there is an estimated FY 2015-16 Merit Award Trust Fund year-end balance of $47.8 million.

Table 27

ESTIMATES OF TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS
FY 2014-15 COMPARED WITH FY 2015-16
(Actual Dollars)

	FY 2014-15	FY 2015-16
Revenue		
Unreserved Balance From Prior Fiscal Year	$74,635,400	$48,456,400
Total Annual Payments	281,814,600	285,158,000
Assumed Withheld Payments	0	(8,500,000)
Settlement Credit to Manufacturers	(21,097,400)	(21,097,400)
Other Settlement Adjustments	(9,142,400)	(1,681,100)
Interest Earnings	60,000	60,000
Total Tobacco Settlement Revenue	$326,270,200	$302,395,900
Less Transfers Out For:		
21st Century Jobs Trust Fund	($75,000,000)	($75,000,000)
Payment on 2006 Bond Securitization	(33,560,100)	(33,867,500)
Payment on 2007 Bond Securitization	(27,094,600)	(27,342,800)
Payment to the Budget Stabilization Fund	(17,500,000)	(17,500,000)
Total Transfers Out	($153,154,700)	($153,710,300)
Net Revenue to Merit Award Trust Fund	**$173,115,500**	**$148,685,600**
Appropriations		
Attorney General		
Administration	$487,300	$485,200
Community Health		
Medicaid Base	64,266,000	64,266,000
Aging: Respite Care	4,068,700	4,068,700
Human Services		
Family Independence Program	30,100,000	30,100,000
State Police		
Tobacco Tax Enforcement	793,900	793,100
Department of Treasury		
Student Financial Services Administration	1,143,200	1,139,800
Department of Technology, Management, and Budget		
Public Act 86 of 2015: Venture Michigan Fund Tax Vouchers	23,800,000	0
Total Merit Award Trust Fund Appropriations	**$124,659,100**	**$100,852,800**
MERIT AWARD TRUST FUND YEAR-END BALANCE	**$48,456,400**	**$47,832,800**

PROJECTED GF/GP YEAR-END BALANCES

The FY 2014-15 projected year-end GF/GP balance of $170.1 million is based on the May 2015 consensus estimate of GF/GP revenue and other revenue adjustments agreed upon as part of the budget process. The FY 2014-15 estimated GF/GP expenditures are based on initial appropriations, enacted supplemental appropriations, Executive Order reductions, caseload and cost adjustments, and estimated year-end funding lapses of $6.6 million. Part of the leadership budget target agreement was the decision to appropriate $100.0 million ($76.2 million GF/GP, $23.8 million Merit Award Trust Fund revenue) to purchase the Venture Michigan Fund I tax vouchers that were forecast to be claimed against FY 2014-15 and FY 2015-16 revenue.

The second column of Table 28 presents the SFA's estimate of the FY 2015-16 GF/GP year-end balance of $17.6 million. The FY 2015-16 projections also are based on the May 2015 consensus estimate of GF/GP revenue and other agreed-upon revenue adjustments. The FY 2015-16 estimated GF/GP expenditures are based on initial ongoing appropriations of $9.5 billion and initial one-time appropriations of: $98.3 million for general budget areas, $258.0 million for the Department of Transportation, and $95.0 million to the Budget Stabilization Fund. An amount of $5.4 million also is included on the FY 2015-16 balance sheet as a reserve for appropriations for new voting machines ($5.0 million) and potential trooper retirement costs ($0.4 million).

PROJECTED SCHOOL AID FUND (SAF) YEAR-END BALANCES

The FY 2014-15 projected year-end SAF balance of $140.5 million is based on the May 2015 consensus estimate of SAF revenue and other revenue adjustments agreed upon as part of the budget process. The FY 2014-15 estimated SAF expenditures are based on initial ongoing and one-time appropriations, enacted supplemental appropriations, and consensus cost adjustments. As mentioned in the preceding summary of GF/GP year-end balances, part of the leadership budget target agreement was the decision to appropriate $100.0 million ($76.2 million GF/GP, $23.8 million Merit Award Trust Fund revenue) to purchase Venture Michigan Fund I tax vouchers. This decision had an impact on the SAF balance sheet because the $100.0 million tax voucher purchase was completed with GF/GP dollars ($76.2 million) and Merit Award Trust Fund revenue ($23.8 million) instead of using $23.8 million of SAF revenue, which was the original plan.

The second column of Table 29 presents the SFA's estimate of the FY 2015-16 SAF year-end balance of $50.2 million. The FY 2015-16 projections also are based on the May 2015 consensus estimate of SAF revenue and other agreed-upon revenue adjustments. The FY 2015-16 estimated SAF expenditures are based on initial ongoing K-12 appropriations of $13.9 billion and initial one-time K-12 appropriations of $49.8 million. The SAF balance sheet reflects the continued use of SAF revenue to partially support the Community Colleges and Higher Education budgets. In the Community Colleges budget, the SAF allocation for FY 2015-16 was reduced by $108.0 million from FY 2014-15 when there was a total SAF appropriation of $364.7 million ($197.6 million ongoing and $167.1 million one-time), with $256.7 million SAF allocated to support community colleges in FY 2015-16. The SAF allocation in the Higher Education budget for FY 2015-16 is $1.3 million lower than for FY 2014-15, when the total SAF allocation was $206.5 million ($200.5 ongoing and $6.0 million one-time). Across the two budgets, SAF support of postsecondary purposes totals $461.9 million for FY 2015-16.

Table 28

FY 2014-15 AND FY 2015-16 GENERAL FUND/GENERAL PURPOSE REVENUE, EXPENDITURES, AND YEAR-END BALANCE ESTIMATES (Millions of Dollars)

	FY 2014-15	FY 2015-16
Beginning Balance	$306.4	$170.1
Ongoing Revenue:		
May 2015 Consensus Revenue Estimate	$9,724.9	$9,881.9
Revenue Sharing Payments	(459.2)	(462.7)
Shift of Short-Term Borrowing Costs to School Aid Fund	0.0	2.0
Managed Care Use Tax	374.8	406.7
Subtotal Ongoing Revenue	$9,640.5	$9,827.9
Non-Ongoing Revenue:		
One-Time Appropriation for Revenue Sharing	(8.8)	(5.8)
Total Estimated GF/GP Revenue	**$9,938.1**	**$9,992.2**
Expenditures:		
Initial Ongoing Appropriations	$9,594.0	$9,375.8
Initial Ongoing Appropriation for Transportation	0.0	142.0
Subtotal Ongoing Appropriations	$9,594.0	$9,517.8
Initial One-Time Appropriations	$207.0	$98.3
Initial One-Time Appropriation for Transportation	284.6	258.0
One-Time Appropriation to Budget Stabilization Fund	94.0	95.0
Enacted Supplementals	44.9	0.0
Executive Order 2015-5	(106.4)	0.0
Public Acts 5 and 6 of 2015-Budget Reductions	(419.7)	0.0
Public Act 86 of 2015-Venture Michigan Fund Voucher Purchase	76.2	0.0
Reserve for Voting Machines/Trooper Retirement	0.0	5.4
Estimated Year-End Lapses	(6.6)	0.0
Subtotal One-Time and Other Appropriations	$174.0	$456.7
Total Estimated GF/GP Expenditures	**$9,768.0**	**$9,974.6**
PROJECTED YEAR-END GF/GP BALANCE	**$170.1**	**$17.6**

Table 29

FY 2014-15 AND FY 2015-16 SCHOOL AID FUND
REVENUE, EXPENDITURES, AND YEAR-END BALANCE ESTIMATES
(Millions of Dollars)

	FY 2014-15	FY 2015-16
Beginning Balance	$455.1	$140.5
Ongoing Revenue:		
May 2015 Consensus Revenue Estimate	$11,883.2	$12,242.9
General Fund/General Purpose Grant	33.7	45.9
Federal Ongoing Aid	1,808.2	1,775.8
MPSERS Reserve Fund	18.0	0.0
Managed Care Use Tax	187.4	203.3
Subtotal Ongoing Revenue	$13,930.5	$14,267.9
Total Estimated School Aid Fund Revenue	**$14,385.6**	**$14,408.4**
Expenditures:		
Initial Ongoing Appropriations	$13,494.1	$13,895.0
January 2015 Consensus Cost Adjustments	(96.0)	0.0
May 2015 Consensus Cost Adjustments	(13.0)	(48.5)
Partially Fund Community Colleges with School Aid Fund	197.6	256.7
Partially Fund Higher Education with School Aid Fund	200.5	205.2
Subtotal Ongoing Appropriations	$13,783.2	$14,308.4
Initial One-Time K-12 Appropriations	376.2	49.8
Enacted Supplementals	81.7	0.0
University MPSERS Funding	4.0	0.0
Subtotal One-Time Appropriations	$461.9	$49.8
Total Estimated School Aid Fund Expenditures	**$14,245.1**	**$14,358.2**
PROJECTED YEAR-END SCHOOL AID FUND BALANCE	**$140.5**	**$50.2**

ECONOMIC FORECAST AND REVENUE ESTIMATES

A. ECONOMIC FORECAST

The economic forecast on which the enacted fiscal year (FY) 2015-16 State budget was based is the consensus economic forecast adopted at the May 2015 Consensus Revenue Estimating Conference. Under this consensus economic forecast, the U.S. economy will grow 2.4% in 2015, 2.8% in 2016, and 2.9% in 2017. 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 2015, 2016, and 2017, although the employment gains will generally be less than those experienced during 2011, 2012, and 2013 and will generally decline in magnitude in later years. Low inflation and stable employment are expected to result in inflation-adjusted personal income rising 5.1% in 2015 (boosted by an actual decline in the inflation rate during 2015), 2.4% in 2016, and 2.0% in 2017. The highlights of the economic outlook for both the U.S. and Michigan economies are as follows:

1. U.S. Economy

- Real Gross Domestic Product (GDP) will rise an estimated 2.4% in 2015 and 2.8% in 2016, compared with 2.4% growth in 2014. While consumer spending and wage growth are expected to remain weak, and the growth in vehicle sales is expected to slow, an improving housing market and greater business investment through much of the forecast period will result in modest increases in the rate of economic growth.
- Employment is expected to grow slowly through 2017, allowing the U.S. unemployment rate to decline from 6.2% in 2014 to 5.4% in 2015, 5.2% in 2016, and 5.1% in 2017.
- Light vehicle sales are expected to increase from 16.4 million units in 2014, to 16.9 million units in 2015 and 17.1 million units in both 2016 and 2017. By comparison, 16.1 million units were sold in 2007 and 10.4 million units in 2009.
- Housing starts are expected to rise from 1.0 million starts in 2014 to 1.1 million starts in 2015, 1.3 million starts in 2015, and 1.5 million starts in 2017. 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 1.6% in 2014, reflecting a mix of weak consumer demand, depressed housing prices, and rising energy prices. Declining energy prices during early 2015 are expected to lower inflation to 0.3% in 2015. Economic activity is then predicted to result in inflation rising 1.7% in 2016 and 2.2% in 2017.

2. Michigan Economy

- On an annual basis, employment in Michigan steadily declined between 2000 and 2010, but has increased in every year since. After rising 1.7% during 2014, employment is expected to increase 2.0% in 2015, 1.2% in 2016, and 1.0% in 2017.
- Michigan's unemployment rate is projected to decrease from 7.3% in 2014 to 5.8% in 2015, 5.5% in 2016, and 5.4% in 2017.
- 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 4.6% during 2015, 3.3% in 2016, and 3.1% in 2017. Adjusted for inflation, wage and salary payments are projected to increase 5.1% in 2015, 1.4% in 2016, and 1.0% in 2017.
- Personal income, the total income received by individuals, will increase at an estimated rate of 4.6% in 2015, compared with a 4.0% increase in 2014. Personal income then is expected to grow less rapidly, rising 4.4% in 2016 and 4.2% in 2017. Adjusted for inflation, personal income is projected to increase 5.1% in 2014, 2.4% in 2016, and 2.0% in 2017.

- Inflation in Michigan, as measured by the Detroit Consumer Price Index, is expected to decline 0.5% in 2015, before rising 1.9% in 2016, and 2.1% in 2017. In comparison, inflation rose 1.0% in 2014.

B. 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 $22.1 billion in FY 2015-16, up 2.4% from the $21.6 billion predicted to be received during FY 2014-15. 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 these two fiscal years are the estimates adopted at the May 2015 Consensus Revenue Estimating Conference. Total combined GF/GP and SAF revenue is expected to increase 0.3% in FY 2015-16, while combined GF/GP and SAF ongoing revenue is expected to increase 2.4%. The estimates of total revenue, as well as a breakdown between these two types of revenue, are presented in Table 30 for both the General Fund/General Purpose budget and the School Aid Fund for FY 2014-15 and FY 2015-16.

Table 30

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2014-15 AND FY 2015-16 (Millions of Dollars)

	FY 2014-15	FY 2015-16	$ Change	% Change
GENERAL FUND/GENERAL PURPOSE				
Beginning Balance	$306.4	$170.1	($136.3)	---
Consensus Estimate From Ongoing Sources[1)]:				
Net Income	6,199.0	6,377.0	178.0	2.9%
Michigan Business/Corporate Income Tax	278.6	170.8	(107.8)	(38.7)
Sales & Use Taxes	2,127.5	2,141.8	14.3	0.7
Tobacco Taxes	182.4	180.5	(1.9)	(1.0)
Insurance Company Premiums	402.0	412.5	10.5	2.6
Telephone & Telegraph	47.0	46.0	(1.0)	(2.1)
Oil & Gas Severance	39.0	41.3	2.3	5.9
All Other Taxes	82.4	150.7	68.3	82.9
Subtotal Taxes	9,357.9	9,520.6	162.7	1.7
Nontax Revenue	367.0	361.3	(5.7)	(1.6)
Subtotal Consensus Estimates Ongoing Revenue[1)]	9,724.9	9,881.9	157.0	1.6
Revenue Adjustments:				
Revenue Sharing Payments	(459.2)	(462.7)	(3.5)	0.8
One-time Appropriation for Revenue Sharing	(8.8)	(5.8)	3.0	(34.1)
Managed Care Use Tax Revenue/HICA Relief	374.8	406.7	31.9	8.5
Shift of Short-Term Borrowing Costs to SAF	0.0	2.0	2.0	---
Subtotal Revenue Adjustments	(93.2)	(59.8)	33.4	(35.8)
TOTAL GF/GP REVENUE	**$9,938.1**	**$9,992.2**	**$54.1**	**0.5%**

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2014-15 AND FY 2015-16 (Millions of Dollars)				
	FY 2014-15	FY 2015-16	$ Change	% Change
SCHOOL AID FUND				
Beginning Balance	$455.1	$140.5	($314.6)	---
Consensus Estimate From Ongoing Sources[1]:				
Sales & Use Taxes	5,931.8	6,188.3	256.5	4.3%
Income Tax	2,490.7	2,561.9	71.2	2.9
State Education Property Tax	1,850.3	1,861.9	11.6	0.6
Real Estate Transfer Tax	256.8	268.4	11.6	4.5
Tobacco Taxes	347.6	341.6	(6.0)	(1.7)
Casino Wagering Tax	111.0	112.7	1.7	1.5
Other Tax Revenue	115.0	117.1	2.1	1.8
Subtotal Taxes	11,103.2	11,451.9	348.7	3.1
Lottery	780.0	791.0	11.0	1.4
Subtotal Consensus Estimates Ongoing Revenue[1]	11,883.2	12,242.9	359.7	3.0
Other Revenue:				
General Fund Grant	33.7	45.9	12.2	36.2
MPSERS Retirement Obligation Reform Reserve Fund	18.0	0.0	(18.0)	(100.0)
Managed Care Use Tax Revenue/HICA Relief	187.4	203.3	15.9	8.5
Federal Aid	1,808.2	1,775.8	(32.4)	(1.8)
Subtotal Other Revenue	2,047.3	2,025.0	(22.3)	(1.1)
TOTAL SAF REVENUE	**$14,385.6**	**$14,408.4**	**$22.8**	**0.2%**
TOTAL GF/GP AND SAF:				
Beginning Balances	$761.5	$310.6	($450.9)	(59.2)
Consensus Estimate Ongoing Revenue	21,608.1	22,124.8	516.7	2.4
Other Revenue[2]	1,920.4	1,919.3	(1.1)	(0.1)
TOTAL REVENUE[2]	**$24,290.0**	**$24,354.7**	**$64.7**	**0.3%**

[1] Revenue estimates adopted at the May 2015 Consensus Revenue Estimating Conference.
[2] Total and other revenue excludes GF/GP grant to SAF.

1. General Fund/General Purpose Revenue

- In FY 2015-16, GF/GP revenue is projected to total an estimated $10.0 billion, representing an increase of 0.5% or $54.1 million from the revenue estimated for FY 2014-15, as shown in Table 30. The increase in GF/GP revenue reflects a $136.3 million decline in the beginning balance that is more than offset by growth in ongoing revenue and a reduced level of negative revenue adjustments.
- The balance carried over from FY 2014-15 is expected to total $170.1 million, which is down $136.3 million from the $306.4 million that was carried over from FY 2013-14.

- Revenue from ongoing sources during FY 2015-16 will total an estimated $9.9 billion, which is up 1.6% or $157.0 million from the forecasted FY 2014-15 level.
- The increase in GF/GP ongoing revenue in FY 2015-16 primarily reflects several factors:
  - Policy changes. Legislation enacted as personal property tax reform is expected to increase General Fund revenue by $55.0 million in FY 2015-16 through an Essential Services Assessment, which levies a new assessment on property that was exempted as part of the tax reform, in order to support ambulance, police, and fire services. However, the increase is more than offset by a $96.1 million decline in State use tax revenue that is being converted into a local use tax that generates revenue to reimburse local units for other losses associated with the personal property tax reform.
  - Certificated Credits. While the Michigan Business Tax (MBT) was effectively eliminated for most taxpayers beginning in 2012, some taxpayers continue to file an MBT return in order to claim certain tax credits that were awarded under the MBT and/or the Single Business Tax, which preceded the MBT. These credits are expected to total approximately $729.5 million in FY 2014-15, but will total approximately $895.4 million in FY 2015-16, subtracting an additional $165.9 million from GF/GP revenue in FY 2015-16.

2. School Aid Fund

- Revenue going to the School Aid Fund will total an estimated $14.4 billion in FY 2015-16, an increase of 0.2% or $22.8 million from the SAF revenue estimate for FY 2014-15. The SAF revenue estimate is presented in Table 30.
- Revenue from ongoing taxes and net lottery revenue earmarked to the SAF will total an estimated $12.2 billion, up 3.0% or $359.7 million from FY 2014-15, reflecting the continued economic growth during 2015 and 2016.
- In addition to the revenue from the ongoing earmarked taxes, the SAF will receive an estimated $2.0 billion during FY 2015-16, down $22.3 million from FY 2014-15. The majority of this additional revenue reflects Federal aid totaling an estimated $1.8 billion. Additional SAF revenue also includes $45.9 million in grants from the General Fund in FY 2015-16, up from $33.7 million in FY 2014-15, and $203.3 million from the Managed Care Use Tax, up from $187.4 million in FY 2014-15. While $18.0 million in revenue from the MPSERS Retirement Obligation Reform Reserve Fund was directed to the SAF in FY 2014-15, no revenue from the Fund will be directed to the SAF in FY 2015-16.

C. BUDGET AND ECONOMIC STABILIZATION FUND

Michigan's cyclical economy can produce significant swings in the rate of growth, or decline, in tax revenue from one year to the next. To help smooth the flow of revenue over the economic cyclical swings, Michigan created the Counter-Cyclical Budget and Economic Stabilization Fund in 1977. This Fund, more commonly referred to as the Budget Stabilization Fund (BSF), is designed to be a cash reserve to which the State adds money during good economic times and from which it withdraws money during poor economic years. Having the money available during poor economic years helps the State avoid having to cut spending and/or increase taxes, and therefore helps stabilize the State budget and the tax structure.

Two formulas, based on personal income growth and the unemployment rate, are used to 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 been made at the will of the Legislature and Governor.

As shown in Table 31, the BSF ended FY 2013-14 with a balance of $386.2 million. The budget for FY 2014-15 appropriated $111.5 million to the BSF, although the formulas calculated a payment of only $45.1 million into the Fund. The enacted budget for FY 2015-16 appropriates an additional $112.5 million to the BSF although the formulas suggest a payment of $243.1 million. In both fiscal years, a portion of the BSF deposit includes $17.5 million of tobacco settlement revenue to repay the BSF for money withdrawn from the BSF as part of the Detroit bankruptcy settlement agreement. The BSF is expected to end FY 2015-16 with a balance of $612.3 million.

Table 31

ECONOMIC AND BUDGET STABILIZATION FUND TRANSFERS, EARNINGS, AND FUND BALANCE
FY 1995-96 TO FY 2015-16 ESTIMATE
(Millions of Dollars)

Fiscal Year	Pay-In	Interest Earned	Pay-Out	Fund Balance
1995-96	$91.3	$59.2	$0.0	$1,153.6
1996-97	0.0	67.8	69.0	1,152.4
1997-98	0.0	60.1	212.0	1,000.5
1998-99	244.4	51.2	73.7	1,222.5
1999-2000	100.0	73.9	132.0	1,264.4
2000-01	0.0	66.7	337.0	994.2
2001-02	0.0	20.8	869.8	145.2
2002-03	9.1	1.8	156.1	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	2.0	81.3	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07	0.0	0.1	0.0	2.1
2007-08	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
2012-13	140.0	0.5	0.0	505.6
2013-14	75.0	0.4	194.8	386.2
Estimates:				
2014-15	111.5	0.6	0.0	498.3
2015-16	112.5	1.5	0.0	612.3

D. CONSTITUTIONAL REVENUE LIMIT

The Michigan Constitution places a limit on the amount of revenue State government may collect in any fiscal year. The limit essentially requires that total revenue, excluding Federal aid, not exceed 9.49% of personal income.

- As shown in Table 32, 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 through FY 2015-16.

- 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 2013-14, the gap between revenue and the limit is estimated to have increased from $6.5 billion in FY 2012-13 to $8.7 billion or 24.1%, reflecting revenue growing more slowly than personal income during 2012—the base year used to compute the FY 2013-14 revenue limit.
- In FY 2014-15, the gap between revenue and the limit is estimated to decline to $8.2 billion or 22.3%, reflecting slower income growth during 2013—the base year used to compute the FY 2014-15 revenue limit, and strong growth in revenue subject to the limit.
- It is estimated that the gap between revenue and the limit will increase to $9.0 billion or 23.6% in FY 2015-16, largely reflecting revenue growth attributable to policy changes causing revenue subject to the limit to grow more slowly than personal income during 2014—the base year used to compute the FY 2015-16 revenue limit.

Table 32

COMPLIANCE WITH CONSTITUTIONAL REVENUE LIMIT
FY 1994-95 TO FY 2015-16
(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	27,288.3	32,518.7	5,230.4
2012-13	28,102.0	33,988.6	5,886.6
Estimates[1)]			
2013-14	27,244.0	35,914.2	8,670.2
2014-15	28,486.3	36,676.1	8,189.8
2015-16	29,126.1	38,140.4	9,014.3

[1)] May 2015 Consensus revenue estimate.

BUDGET AREA DETAIL

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
P.A. 84 of 2015 – ARTICLE I

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	446.0	454.0	446.0	454.0	454.0	8.0	1.8
GROSS	**84,052,200**	**84,144,000**	**81,088,200**	**85,294,000**	**86,594,000**	**2,541,800**	**3.0**
Less:							
Interdepartmental Grants Received	318,100	317,300	317,300	317,300	317,300	(800)	(0.3)
ADJUSTED GROSS	**83,734,100**	**83,826,700**	**80,770,900**	**84,976,700**	**86,276,700**	**2,542,600**	**3.0**
Less:							
Federal Funds	10,176,200	10,427,900	10,427,900	10,427,900	10,427,900	251,700	2.5
Local and Private	98,300	128,100	128,100	128,100	128,100	29,800	30.3
TOTAL STATE SPENDING	**73,459,600**	**73,270,700**	**70,214,900**	**74,420,700**	**75,720,700**	**2,261,100**	**3.1**
Less:							
Other State Restricted Funds	28,143,400	30,897,100	27,641,300	32,047,100	32,647,100	4,503,700	16.0
GENERAL FUND/GENERAL PURPOSE	**45,316,200**	**42,373,600**	**42,573,600**	**42,373,600**	**43,073,600**	**(2,242,600)**	**(4.9)**
PAYMENTS TO LOCALS	**4,750,000**	**4,750,000**	**4,750,000**	**4,750,000**	**4,750,000**	**0**	**0.0**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
A.	**NEW PROGRAMS**		
	Fruit Tree Research. A one-time appropriation was added to the Michigan Department of Agriculture and Rural Development (MDARD) budget by the Conference Committee to provide matching State grants to address critical cherry, apple, peach, and plum tree fruit research and extension priorities in partnership with the Michigan Tree Fruit Commission.	Gross GF/GP	500,000 500,000
B.	**PROGRAM INCREASES**		
1.	**Horse Racing Program Grants.** The budget includes an increase in the appropriated total for horse racing program grants. The Conference Committee shifted $600,000 in expected unspent Agriculture Equine Industry Development Funds, originally proposed to be appropriated to the Department of Treasury's Gaming Control Board for horse racing regulation, to the Horse Racing Program Grants.	Gross Restricted GF/GP	600,000 600,000 0
2.	**Commercial Forestry Audit Program.** The budget includes an additional $150,000 GF/GP, for an FY 2015-16 total of $300,000 GF/GP, for an audit program that is to contract with a nonprofit organization to audit forestland owners and prepare an analysis of statewide best management practices.	Gross GF/GP	150,000 150,000
3.	**Geagley Laboratory Improvements.** The budget includes GF/GP funding to provide testing equipment updates and improvements to MDARD's Geagley Laboratory, located on the campus of Michigan State University.	Gross GF/GP	150,000 150,000
4.	**Qualified Forest Program.** The budget includes an additional $150,000 in anticipated restricted fee revenue, for an FY 2015-16 appropriated total of $2,682,500 ($284,900 restricted, $2,397,600 GF/GP).	Gross Restricted GF/GP	150,000 150,000 0
5.	**Accounting Service Center.** The budget includes $50,000 GF/GP to fully fund the accounting service center.	Gross GF/GP	50,000 50,000
C.	**PROGRAM ELIMINATIONS**		
1.	**Muskegon Farmers Market.** The budget eliminates a one-time grant of $200,000 GF/GP to the Muskegon Farmers Market.	Gross GF/GP	(200,000) (200,000)

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
2.	**Ottawa County Agriculture Incubator.** The budget eliminates a one-time grant of $500,000 GF/GP to the Ottawa County Agriculture Incubator.	Gross GF/GP	(500,000) (500,000)

D. PROGRAM REDUCTIONS

1.	**Rural Development Value-Added Grants/Strategic Growth Initiative.** The budget eliminates a one-time appropriation of $2.0 million GF/GP for the Strategic Growth Initiative (which also had an ongoing appropriation of $1.0 million GF/GP), reduced the Rural Development Value-Added Grants by $850,000 GF/GP, and combined the similarly purposed grant programs into a single appropriation for Rural Development Valued-Added Grants of $1.2 million GF/GP for FY 2015-16. The FY 2015-16 appropriation includes $650,000 in ongoing appropriations and $550,000 in one-time appropriations.	Gross GF/GP	(2,850,000) (2,850,000)
2.	**Shows and Expositions Grants.** The budget reduces funds for a competitive matching grant program to assist equine, livestock, and other agriculture commodity shows and expositions. The FY 2015-16 appropriation for this program is $20,000 GF/GP.	Gross GF/GP	(30,000) (30,000)
3.	**County Fairs Grants.** The budget reduces funds for a competitive matching grant program to assist local county fairs with infrastructure improvements. The FY 2015-16 appropriation for this program is $300,000 GF/GP.	Gross GF/GP	(20,000) (20,000)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Adjustment for Actual Funds Received. The budget includes adjustments to reflect actual amounts of revenue received and to align spending authority with that total and with FY 2014-15 legislative actions.	Gross IDG Federal Local Private Restricted GF/GP	974,800 0 269,800 0 30,000 75,000 600,000

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from $524,700 to $532,600.	Gross	7,900
	GF/GP	7,900

I. FEE INCREASES

1. Food Licensing and Inspection Fees. The budget includes $1,514,400 restricted in increased food licensing and inspection fees to enhance MDARD's efforts to ensure food safety at food processing and retail establishments.	Gross	1,514,400
	Restricted	1,514,400
	GF/GP	0
2. Pesticide, Fertilizer, and Feed Licensing and Regulatory Fees. The budget includes $1,220,000 restricted in increased pesticide and fertilizer fees to enhance the licensing and regulation of these substances.	Gross	1,220,000
	Restricted	1,220,000
	GF/GP	0
3. Freshwater Protection Fees. The budget includes $1.0 million restricted in increased Freshwater Protection Fund fees to enhance the environmental protection efforts of the Michigan Agriculture Environmental Assurance Program (MAEAP).	Gross	1,000,000
	Restricted	1,000,000
	GF/GP	0
4. Commercial Feed Regulatory Fees. The budget includes $521,400 restricted in increased Commercial Feed licensing and inspection fees to enhance the licensing and regulation of animal feed. The amount of the fund source in the FY 2014-15 budget was sufficient to cover this increase in revenue; thus, no additional fee revenue was added to the FY 2015-16 budget.		

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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.	Gross	(175,300)
	IDG	(800)
	Federal	(18,100)
	Private	(200)
	Restricted	(55,700)
	GF/GP	(100,500)

FY 2015-16 Change From
FY 2014-15 Year-to-Date

K. ONE-TIME APPROPRIATIONS

The budget identifies $1.2 million FY 2015-16 one-time appropriations, and eliminates $2.7 million FY 2014-15 one-time appropriations:

	Gross	GF/GP
FY 2015-16		
Rural Development Value-Added Grants	$550,000	$550,000
Tree Fruit Research Grants	500,000	500,000
Geagley Laboratory	150,000	150,000
Subtotal	**$1,200,000**	**$1,200,000**
FY 2014-15		
Food and Agriculture Industry Strategic Growth Initiative	($2,000,000)	($2,000,000)
Muskegon Farmers Market	(200,000)	(200,000)
Ottawa County Agriculture Incubator	(500,000)	(500,000)
Subtotal	**($2,700,000)**	**($2,700,000)**

L. VETOES - NONE

DEPARTMENT OF ATTORNEY GENERAL
P.A. 84 of 2015 – ARTICLE VIII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	513.5	518.5	518.5	518.5	518.5	5.0	1.0
GROSS	**93,822,300**	**91,941,600**	**91,941,600**	**91,941,600**	**92,107,600**	**(1,714,700)**	**(1.8)**
Less:							
Interdepartmental Grants Received	27,783,800	28,533,900	28,533,900	28,533,900	28,533,900	750,100	2.7
ADJUSTED GROSS	**66,038,500**	**63,407,700**	**63,407,700**	**63,407,700**	**63,573,700**	**(2,464,800)**	**(3.7)**
Less:							
Federal Funds	9,857,200	9,278,600	9,278,600	9,278,600	9,278,600	(578,600)	(5.9)
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	**56,181,300**	**54,129,100**	**54,129,100**	**54,129,100**	**54,295,100**	**(1,886,200)**	**(3.4)**
Less:							
Other State Restricted Funds	17,914,200	17,281,700	17,281,700	17,281,700	17,281,700	(632,500)	(3.5)
GENERAL FUND/GENERAL PURPOSE	**38,267,100**	**36,847,400**	**36,847,400**	**36,847,400**	**37,013,400**	**(1,253,700)**	**(3.3)**
PAYMENTS TO LOCALS	**0**	**0**	**0**	**0**	**0**	**0**	**0.0**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

A. NEW PROGRAMS

Sexual Assault Law Enforcement. The budget includes a new line item that provides funding for the prosecution of backlogged sexual assault cases across out-state Michigan. The additional funding adds 5.0 FTE positons for this function and is not related to the prior-year one-time funding for the backlog of cases in Wayne County.	FTE	5.0
	Gross	1,700,000
	GF/GP	1,700,000

B. PROGRAM INCREASES

Prosecuting Attorneys Coordinating Council (PACC). Additional funding is added for FY 2015-16 to replace a decrease in grant funding from the Michigan State Police. The additional funding will allow the PACC to provide additional training. Total funding for this line item in FY 2015-16 is $2.3 million.	Gross	166,000
	GF/GP	166,000

C. PROGRAM ELIMINATIONS

Removal of FY 2014-15 One-Time Funding. The Governor removed one-time funding of $3.0 million GF/GP provided for sexual assault prosecution cases resulting from the backlog of rape kits in Wayne County. The House and Senate concurred.	Gross	(3,000,000)
	GF/GP	(3,000,000)

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Technical Adjustment to Align Expenditures. The budget adjusts interdepartmental grant, Federal, and restricted funding sources to better align the expenditures of the Department of Attorney General with the actual funds received from other departments for services provided by the Department.	Gross	(239,200)
	IDG	866,400
	Federal	(543,600)
	Restricted	(562,000)
	GF/GP	0

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

H. UNCLASSIFIED SALARIES

Salary and Wage Increase. The budget increases funding for the unclassified salary line item from $724,700 to $735,600 in FY 2015-16.	Gross	10,900
	GF/GP	10,900

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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.	Gross	(352,400)
	IDG	(116,300)
	Federal	(35,000)
	Restricted	(70,500)
	GF/GP	(130,600)

K. ONE-TIME APPROPRIATIONS

The budget eliminates one FY 2014-15 one-time appropriation:

	Gross	GF/GP
FY 2014-15		
Sexual Assault Prosecutions	($3,000,000)	($3,000,000)
Subtotal.....	**($3,000,000)**	**($3,000,000)**

L. VETOES - NONE

DEPARTMENT OF CIVIL RIGHTS
P.A. 84 of 2015 – ARTICLE VIII

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

Includes Ongoing and One-time Appropriations as of July 1, 2015.

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Savings from Vacant Positions. The budget reduces funding and FTE positions due to vacancies in three areas that result in budgetary savings. There are savings of $115,000 for one vacant FTE position in the Public Affairs unit; savings of $105,000 for a vacant FTE librarian position; and savings of $90,000 for one vacant FTE executive secretary position.	FTE	(3.0)
	Gross	(310,000)
	GF/GP	(310,000)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES

Salary and Wage Increase and Budgetary Savings. The budget reduces overall funding for the unclassified salary line item from $724,700 to $644,200 in FY 2015-16. The economics portion of the change for this line item totals a positive $9,500 as reflected in this item. In addition, there is a negative reduction totaling $90,000 in order to realize the savings from the unused portion of funds. The net change for this line item is a negative $80,500.	Gross	(80,500)
	GF/GP	(80,500)

I. FEE INCREASES - NONE

	FY 2015-16 Change From FY 2014-15 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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.

Gross	(125,000)
IDG	(2,200)
Federal	(14,800)
GF/GP	(108,000)

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

COMMUNITY COLLEGES
P.A. 85 of 2015 – ARTICLE II

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	**364,724,900**	**393,825,600**	**393,825,600**	**392,596,800**	**387,825,600**	**23,100,700**	**6.3**
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	**364,724,900**	**393,825,600**	**393,825,600**	**392,596,800**	**387,825,600**	**23,100,700**	**6.3**
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	**364,724,900**	**393,825,600**	**393,825,600**	**392,596,800**	**387,825,600**	**23,100,700**	**6.3**
Less:							
Other State Restricted Funds	364,724,900	256,714,800	271,114,800	256,714,800	256,714,800	(108,010,100)	(29.6)
GENERAL FUND/GENERAL PURPOSE	**0**	**137,110,800**	**122,710,800**	**135,882,000**	**131,110,800**	**131,110,800**	**- -**
PAYMENTS TO LOCALS	**364,724,900**	**393,825,600**	**393,825,600**	**392,596,800**	**387,825,600**	**23,100,700**	**6.3**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Michigan Public School Employees Retirement System (MPSERS) Rate Cap. The budget includes an additional $17.2 million to continue funding the difference between the employers' capped contribution rate for unfunded accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contributions rate. Under MPSERS reform legislation, the State is required to pay the difference between these amounts. The FY 2015-16 State payment totals $69.5 million.	Gross Restricted GF/GP	17,200,000 17,200,000 0
2. Performance Funding. The Governor included a $4.3 million (1.4%) School Aid Fund increase for community college operations distributed through a modified version of the Performance Indicators Task Force Formula that has been used in recent years. The Governor eliminated the Local Strategic Value portion of the formula, which was previously used to distribute 15.0% of the formula allocations. The Governor transferred the 15.0% to the Weighted Degree portion of the formula, increasing that distribution from 17.5% of the formula to 32.5%. The Senate and House maintained the Local Strategic Value portion of the formula and did not concur with the Governor's changes. The Senate concurred with the amount of the Governor's funding increase ($4.3 million). The House increased funding to $6.1 million (a 2.0% increase). The Conference concurred with the Senate. Tables 1 and 2 provide details of allocations by college.	Gross Restricted GF/GP	4,300,700 4,300,700 0
3. Renaissance Zone Reimbursements. Payments are made pursuant to Public Act 376 of 1996. The Act requires the State to reimburse a community college district each year for all tax revenue lost as a result of the exemption of property under the Act. The budget increases funding from $3.5 million to $5.1 million based on current projections.	Gross Restricted GF/GP	1,600,000 1,600,000 0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS

Funding Shift. The FY 2014-15 supplemental (Public Act 5 of 2015) shifted $167.1 million from the State General Fund to the School Aid Fund (SAF), resulting in the entire FY 2014-15 Community College budget being funded from the SAF. The Governor's FY 2015-16 recommendation for community colleges shifted $137.1 million back to the State General Fund, leaving $256.7 million supported by the SAF, including the program increases recommended by the Governor. The House concurred with the	Gross Restricted GF/GP	0 (131,110,800) 131,110,800

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

Governor's recommended level of funding from SAF. The Senate shifted $14.4 million from the State General Fund back to the SAF, resulting in FY 2015-16 funding of $271.1 million from the SAF. The Conference concurred with the Governor and House regarding the $256.7 million SAF appropriation.

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Part-Time Independent Student Grants. The Governor and Senate included $6.0 million to initiate a revised version of the Part-Time Independent Student Grants created by Public Act 102 of 1986. The grants were established to foster the pursuit of postsecondary education by part-time students who have financial need. The House reduced funding for the grants to $2,928,100. The Conference did not include funding for the grants. The language section associated with this program (Sec. 215) also was removed.	Gross Restricted GF/GP	0 0 0
2. Block Transfers. The Senate and House included a new provision (Sec. 210c) creating a workgroup to reach agreement on a 60-credit block that would transfer to universities. The goal of the workgroup is to improve the transferability and applicability of associate of arts and associate of science degrees as a block of credits between community colleges and public universities on a statewide basis.	Gross GF/GP	0 0
3. Performance Metrics Review. The Senate included a new section (Sec. 230a) creating a task force to review, evaluate, discuss, and make recommendations regarding performance indicators established under the authority of Section 242 of Public Act 154 of 2005 (the FY 2005-06 Community Colleges appropriation). The task force must review whether the current metrics are the most appropriate and reliable performance indicators available and the most efficient methodology for connecting State funding to those indicators. The task force also is required to submit a report with recommendations. The Conference concurred with the Senate.	Gross GF/GP	0 0

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

Table 1: FY 2015-16 Community College Appropriations

College	FY 2014-15 Year-To-Date	FY 2015-16 Adjustments: 50% Proportionate To Base	17.5% Weighted Degree Formula	10.0% Student Contact Hours	7.5% Admin. Costs	15.0% Local Strategic Value	Total Distribution	Non-Formula Adjustments*	FY 2015-16 Initial Appropriation	Percent Change
Alpena	$5,390,700	$37,735	$10,402	$3,454	$10,830	$11,321	$73,700		$5,464,400	1.4%
Bay de Noc	5,419,500	37,937	11,024	4,477	5,865	11,381	70,700		5,490,200	1.3%
Delta	14,498,900	101,493	38,684	19,550	14,879	30,448	205,100		14,704,000	1.4%
Glen Oaks	2,516,100	17,613	8,807	2,404	917	5,284	35,000		2,551,100	1.4%
Gogebic	4,451,400	31,160	6,810	2,456	8,709	9,348	58,500		4,509,900	1.3%
Grand Rapids	17,947,500	125,633	31,482	30,047	14,905	37,690	239,800		18,187,300	1.3%
Henry Ford	21,623,800	151,367	33,714	28,941	10,023	45,410	269,500		21,893,300	1.2%
Jackson	12,087,300	84,612	26,364	10,885	10,763	25,383	158,000		12,245,300	1.3%
Kalamazoo Valley	12,503,100	87,522	37,094	19,277	16,131	26,257	186,300		12,689,400	1.5%
Kellogg	9,813,500	68,695	20,679	11,296	15,369	20,608	136,600		9,950,100	1.4%
Kirtland	3,167,700	22,174	10,960	3,442	10,591	6,652	53,800		3,221,500	1.7%
Lake Michigan	5,342,900	37,400	9,632	7,802	8,794	11,220	74,800		5,417,700	1.4%
Lansing	30,877,600	216,144	77,783	33,686	18,144	64,843	410,600		31,288,200	1.3%
Macomb	32,816,600	229,717	60,465	47,070	16,683	68,915	422,900		33,239,500	1.3%
Mid Michigan	4,682,000	32,774	15,893	7,758	9,420	9,832	75,700		4,757,700	1.6%
Monroe	4,492,900	31,450	10,319	6,832	14,709	9,435	72,700		4,565,600	1.6%
Montcalm	3,226,700	22,587	9,328	3,258	11,925	6,776	53,900		3,280,600	1.7%
Mott	15,686,100	109,803	37,541	20,632	14,696	32,941	215,600		15,901,700	1.4%
Muskegon	8,901,000	62,307	13,781	9,129	15,768	18,692	119,700		9,020,700	1.3%
North Central	3,172,400	22,207	5,998	4,429	13,138	6,662	52,400		3,224,800	1.7%
Northwestern	9,078,800	63,552	15,963	9,707	13,385	19,066	121,700		9,200,500	1.3%
Oakland	21,123,300	147,864	53,434	49,697	10,744	44,359	306,100		21,429,400	1.4%
St. Clair	7,061,600	49,431	13,362	8,154	10,630	14,829	96,400		7,158,000	1.4%
Schoolcraft	12,513,700	87,596	41,999	24,980	11,844	26,279	192,700		12,706,400	1.5%
Southwestern	6,576,400	46,035	10,679	5,506	5,210	13,811	81,200		6,657,600	1.2%
Washtenaw	13,077,300	91,542	65,754	24,612	14,435	27,462	223,800		13,301,100	1.7%
Wayne County	16,727,600	117,094	70,277	27,962	11,742	35,128	262,200		16,989,800	1.6%
West Shore	2,414,900	16,904	4,394	2,630	2,303	5,071	31,300		2,446,200	1.3%
Subtotal Operations:	$307,191,300	$2,150,348	$752,623	$430,073	$322,552	$645,103	$4,300,700	$0	$311,492,000	1.4%
Independent Part-Time Student Grants	$0							$0	0	0.0%
MPSERS Retiree Health Care	1,733,600							0	1,733,600	0.0%
MPSERS Reform Costs	52,300,000							17,200,000	69,500,000	32.9%
Renaissance Zone Reimbursements	3,500,000							1,600,000	5,100,000	45.7%
Total Appropriations:	$364,724,900	$2,150,348	$752,623	$430,073	$322,552	$645,103	$4,300,700	$18,800,000	$387,825,600	6.3%
State School Aid Fund	364,724,900	2,150,348	752,623	430,073	322,552	645,103	4,300,700	(112,310,800)	$256,714,800	-29.6%
GF/GP	$0	$0	$0	$0	$0	$0	$0	$131,110,800	$131,110,800	---

* Non-Formula Adjustments include cost increases for MPSERS Reform, Renaissance Zone Reimbursements, and funding adjustments between the State General Fund and the School Aid Fund. The FY 2014-15 Year-To-Date column includes the funding shift contained in Public Act 5 of 2015 which shifted $167.1 million from GF/GP support to the School Aid Fund, resulting in the entire FY 2014-15 Community College budget being funded from the School Aid Fund.

Table 2: FY 2015-16 Community College Appropriation History

College	FY 2014-15 Year-To-Date	FY 2015-16 Governor's Recommendation			FY 2015-16 Senate			FY 2015-16 House			FY 2015-16 Initial Appropriation		
		Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change
Alpena	$5,390,700	$71,300	$5,462,000	1.3%	$73,700	$5,464,400	1.4%	$105,400	$5,496,100	2.0%	$73,700	$5,464,400	1.4%
Bay de Noc	5,419,500	68,800	5,488,300	1.3%	70,700	5,490,200	1.3%	101,000	5,520,500	1.9%	70,700	5,490,200	1.3%
Delta	14,498,900	207,800	14,706,700	1.4%	205,100	14,704,000	1.4%	292,900	14,791,800	2.0%	205,100	14,704,000	1.4%
Glen Oaks	2,516,100	37,300	2,553,400	1.5%	35,000	2,551,100	1.4%	50,000	2,566,100	2.0%	35,000	2,551,100	1.4%
Gogebic	4,451,400	55,000	4,506,400	1.2%	58,500	4,509,900	1.3%	83,600	4,535,000	1.9%	58,500	4,509,900	1.3%
Grand Rapids	17,947,500	229,100	18,176,600	1.3%	239,800	18,187,300	1.3%	342,500	18,290,000	1.9%	239,800	18,187,300	1.3%
Henry Ford	21,623,800	252,900	21,876,700	1.2%	269,500	21,893,300	1.2%	385,000	22,008,800	1.8%	269,500	21,893,300	1.2%
Jackson	12,087,300	155,200	12,242,500	1.3%	158,000	12,245,300	1.3%	225,800	12,313,100	1.9%	158,000	12,245,300	1.3%
Kalamazoo Valley	12,503,100	191,800	12,694,900	1.5%	186,300	12,689,400	1.5%	266,100	12,769,200	2.1%	186,300	12,689,400	1.5%
Kellogg	9,813,500	133,800	9,947,300	1.4%	136,600	9,950,100	1.4%	195,200	10,008,700	2.0%	136,600	9,950,100	1.4%
Kirtland	3,167,700	56,600	3,224,300	1.8%	53,800	3,221,500	1.7%	76,900	3,244,600	2.4%	53,800	3,221,500	1.7%
Lake Michigan	5,342,900	71,900	5,414,800	1.3%	74,800	5,417,700	1.4%	106,900	5,449,800	2.0%	74,800	5,417,700	1.4%
Lansing	30,877,600	412,300	31,289,900	1.3%	410,600	31,288,200	1.3%	586,500	31,464,100	1.9%	410,600	31,288,200	1.3%
Macomb	32,816,600	405,800	33,222,400	1.2%	422,900	33,239,500	1.3%	604,000	33,420,600	1.8%	422,900	33,239,500	1.3%
Mid Michigan	4,682,000	79,500	4,761,500	1.7%	75,700	4,757,700	1.6%	108,100	4,790,100	2.3%	75,700	4,757,700	1.6%
Monroe	4,492,900	72,200	4,565,100	1.6%	72,700	4,565,600	1.6%	103,900	4,596,800	2.3%	72,700	4,565,600	1.6%
Montcalm	3,226,700	55,100	3,281,800	1.7%	53,900	3,280,600	1.7%	77,000	3,303,700	2.4%	53,900	3,280,600	1.7%
Mott	15,686,100	214,800	15,900,900	1.4%	215,600	15,901,700	1.4%	308,100	15,994,200	2.0%	215,600	15,901,700	1.4%
Muskegon	8,901,000	112,800	9,013,800	1.3%	119,700	9,020,700	1.3%	171,000	9,072,000	1.9%	119,700	9,020,700	1.3%
North Central	3,172,400	50,900	3,223,300	1.6%	52,400	3,224,800	1.7%	74,900	3,247,300	2.4%	52,400	3,224,800	1.7%
Northwestern	9,078,800	116,300	9,195,100	1.3%	121,700	9,200,500	1.3%	173,800	9,252,600	1.9%	121,700	9,200,500	1.3%
Oakland	21,123,300	307,500	21,430,800	1.5%	306,100	21,429,400	1.4%	437,300	21,560,600	2.1%	306,100	21,429,400	1.4%
St. Clair	7,061,600	93,000	7,154,600	1.3%	96,400	7,158,000	1.4%	137,700	7,199,300	1.9%	96,400	7,158,000	1.4%
Schoolcraft	12,513,700	202,400	12,716,100	1.6%	192,700	12,706,400	1.5%	275,200	12,788,900	2.2%	192,700	12,706,400	1.5%
Southwestern	6,576,400	76,600	6,653,000	1.2%	81,200	6,657,600	1.2%	116,000	6,692,400	1.8%	81,200	6,657,600	1.2%
Washtenaw	13,077,300	252,700	13,330,000	1.9%	223,800	13,301,100	1.7%	319,700	13,397,000	2.4%	223,800	13,301,100	1.7%
Wayne County	16,727,600	287,300	17,014,900	1.7%	262,200	16,989,800	1.6%	374,600	17,102,200	2.2%	262,200	16,989,800	1.6%
West Shore	2,414,900	30,000	2,444,900	1.2%	31,300	2,446,200	1.3%	44,700	2,459,600	1.9%	31,300	2,446,200	1.3%
Subtotal Operations:	$307,191,300	$4,300,700	$311,492,000	1.4%	$4,300,700	$311,492,000	1.4%	$6,143,800	$313,335,100	2.0%	$4,300,700	$311,492,000	1.4%
Independent Part-Time Student Grants	$0	$6,000,000	$6,000,000	---	$6,000,000	$6,000,000	---	$2,928,100	$2,928,100	---	$0	$0	0.0%
MPSERS Retiree Health Care	1,733,600	0	1,733,600	0.0%	0	1,733,600	0.0%	0	1,733,600	0.0%	0	1,733,600	0.0%
MPSERS Reform Costs	52,300,000	17,200,000	69,500,000	32.9%	17,200,000	69,500,000	32.9%	17,200,000	69,500,000	32.9%	17,200,000	69,500,000	32.9%
Renaissance Zone Reimbursements	3,500,000	1,600,000	5,100,000	45.7%	1,600,000	5,100,000	45.7%	1,600,000	5,100,000	45.7%	1,600,000	5,100,000	45.7%
Total Appropriations:	$364,724,900	$29,100,700	$393,825,600	8.0%	$29,100,700	$393,825,600	8.0%	$27,871,900	$392,596,800	7.6%	$23,100,700	$387,825,600	6.3%
State School Aid Fund	364,724,900	(108,010,100)	256,714,800	-29.6%	(93,610,100)	271,114,800	-25.7%	($108,010,100)	256,714,800	-29.6%	(108,010,100)	256,714,800	-29.6%
GF/GP	$0	$137,110,800	$137,110,800	---	$122,710,800	$122,710,800	---	$135,882,000	$135,882,000	---	$131,110,800	$131,110,800	---

DEPARTMENT OF CORRECTIONS
P.A. 84 of 2015 – ARTICLE V

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	14,179.3	14,174.3	14,174.3	14,174.3	14,174.3	(5.0)	(0.0)
GROSS	**2,023,221,700**	**1,976,226,000**	**1,961,726,100**	**1,966,226,000**	**1,962,226,000**	**(60,995,700)**	**(3.0)**
Less:							
Interdepartmental Grants Received	225,000	225,000	225,000	225,000	225,000	0	0.0
ADJUSTED GROSS	**2,022,996,700**	**1,976,001,000**	**1,961,501,100**	**1,966,001,000**	**1,962,001,000**	**(60,995,700)**	**(3.0)**
Less:							
Federal Funds	5,581,000	5,568,700	5,568,700	5,568,700	5,568,700	(12,300)	(0.2)
Local and Private	8,547,700	8,533,200	8,533,200	8,533,200	8,533,200	(14,500)	(0.2)
TOTAL STATE SPENDING	**2,008,868,000**	**1,961,899,100**	**1,947,399,200**	**1,951,899,100**	**1,947,899,100**	**(60,968,900)**	**(3.0)**
Less:							
Other State Restricted Funds	48,769,600	42,950,700	42,950,700	42,950,700	43,950,700	(4,818,900)	(9.9)
GENERAL FUND/GENERAL PURPOSE	**1,960,098,400**	**1,918,948,400**	**1,904,448,500**	**1,908,948,400**	**1,903,948,400**	**(56,150,000)**	**(2.9)**
PAYMENTS TO LOCALS	**115,714,000**	**114,323,600**	**114,323,600**	**109,723,600**	**114,323,600**	**(1,390,400)**	**(1.2)**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
A.	**NEW PROGRAMS**		
	Parole Sanction Certainty Pilot Program. The funding for this program is allocated to design programming to decrease the volume of technical parole violators returning to prison.	Gross GF/GP	500,000 500,000
B.	**PROGRAM INCREASES**		
1.	**Restoration of One-Time Reductions in Executive Order 2015-5.** Funding is restored for those items that were deemed one-time reductions in Executive Order 2015-5. The following line items were restored: Chippewa Correctional Facility - Kincheloe $1.5 million, Worker's Compensation $1.5 million, Prison Food Service $1.0 million, Education Program $500,000, and Women's Huron Valley Correctional Complex - Ypsilanti $200,000.	Gross GF/GP	4,700,000 4,700,000
2.	**Information Technology Services and Projects.** Increase funding from correctional industries revolving fund $176,000 and parole and probation oversight set-aside fees $690,300 as there was a fund source error by the Department in the prior fiscal year.	Gross Restricted GF/GP	866,300 866,300 0
C.	**PROGRAM ELIMINATIONS**		
1.	**Interdepartmental Grant to Department of Human Services for Swift-and-Sure.** The budget eliminates the appropriation for this Michigan Rehabilitative Service program, which assists an intensive probation supervision program that targets high-risk felony offenders with a history of probation violations or failures.	Gross GF/GP	(1,000,000) (1,000,000)
2.	**Prisoner Re-Entry Legal Services.** The spending for this program is removed.	Gross GF/GP	(149,000) (149,000)
3.	**Education: One-Time Enhancement Costs.** This one-time program is eliminated.	Gross GF/GP	(1,045,300) (1,045,300)
4.	**70X7 Life Recovery - Muskegon Pilot.** State funding for this program is ended.	Gross GF/GP	(600,000) (600,000)
5.	**Field Operations: One-Time Mobilization Costs.** This expenditure is not retained.	Gross GF/GP	(440,600) (440,600)

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
6.	**Capital Outlay - Security Improvement.** The $6.0 million of Restricted funds collected from prisoner calls previously used for security improvements is dropped.	Gross Restricted GF/GP	(6,000,000) (6,000,000) 0

D. PROGRAM REDUCTIONS

1.	**Expiration of the *Neal, et al.* Settlement.** The payment schedule associated with this litigation settlement has been completed.	Gross GF/GP	(25,000,000) (25,000,000)
2.	**Combined Physical/Mental Health Care Savings.** The resources allocated for the combined health care line item are reduced by $15.0 million to reflect savings from the expected unified health care contract due to a reduction in overhead and administrative costs.	Gross GF/GP	(15,000,000) (15,000,000)
3.	**Worker's Compensation Reduction.** Funding is reduced due to reduced use of worker's compensation, as there has been an increased deployment of Tasers within the facilities throughout the State.	Gross GF/GP	(2,351,000) (2,351,000)
4.	**Kinross/Hiawatha Facility Changeover.** The Department of Corrections is moving prisoners out of the Kinross Facility and into the Hiawatha Facility, which has been closed since 2009. Both facilities are located in Kincheloe, Michigan. The shift will generate $2.0 million in savings for the State.	Gross GF/GP	(2,000,000) (2,000,000)
5.	**Prison Industry Operations Reduction.** There was a reduction in funding for Prison Industries Operations as a result of discontinuing operations at three facilities, curtailing operations at one facility, and trimming administrative costs, for a total reduction of $2.3 million.	Gross Restricted GF/GP	(2,297,400) (2,297,400) 0
6.	**Electronic Monitoring Center Savings.** Due to a procurement change in curfew monitoring equipment, the Department expects savings in this line.	Gross GF/GP	(1,000,000) (1,000,000)
7.	**Goodwill Flip-the-Script Program Reduction.** Baseline programming is reduced for this targeted diversionary program.	Gross GF/GP	(500,000) (500,000)
8.	**Special Maintenance Curtailments.** There was a $3.0 million reduction in the Restricted funds used for special maintenance projects.	Gross Restricted GF/GP	(3,000,000) (3,000,000) 0

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
9.	**Prisoner Education.** With a contingency transfer in Fiscal Year 2014-15 of $500,000 of Federal Title I funds, the available Federal funds for Fiscal Year 2015-16 is $4,500 less than the Fiscal Year 2014-15 amount.	Gross Federal GF/GP	(4,500) (4,500) 0
10.	**Parole and Probation Oversight Set-Aside Fees.** With a reduction in the revenues collected from this source, there is a reduction in the amount dedicated for re-entry services.	Gross Restricted GF/GP	(421,300) (421,300) 0

E. FUNDING SHIFTS

1.	**Restoration of One-Time Restricted Fund Use.** Public Act 6 of 2015 included increased authorization to use $2.9 million of Restricted funds to offset GF/GP funding for FY 2014-15. This adjustment restores the funding allocation between the Restricted and GF/GP portions.	Gross Restricted GF/GP	0 (2,900,000) 2,900,000
2.	**Program and Special Equipment Fund.** The budget reflects funding of $9.0 million of Restricted funds to replace GF/GP support for education and re-entry services to align budget priorities.	Gross Restricted GF/GP	0 9,000,000 (9,000,000)

F. PROGRAM TRANSFERS

Jail - Mental Health Pilot Transition Program. Funding for this program is transferred to the Michigan Department of Health and Human Services.	Gross GF/GP	(1,000,000) (1,000,000)

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES

Unclassified Salary Increase. The budget increases Gross funding for the unclassified salaries line item from $1,724,206 to $1,750,000.	Gross GF/GP	25,800 25,800

I. FEE INCREASES - NONE

	FY 2015-16 Change From FY 2014-15 Year-to-Date
Gross	(5,278,700)
Federal	(7,800)
Local	(14,500)
Restricted	(66,500)
GF/GP	(5,189,900)

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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.

K. ONE-TIME APPROPRIATIONS

The budget eliminates approximately $27.0 million in FY 2014-15 one-time appropriations:

	Gross	GF/GP
FY 2014-15		
Neal, et al. Settlement	($25,000,000)	($25,000,000)
Education Program: One-Time Enhancement Costs	(1,045,300)	(1,045,300)
70X7 Life Recovery	(600,000)	(600,000)
Field Operations: One-Time Mobilization Costs	(440,600)	(440,600)
Subtotal	**($27,085,900)**	**($27,085,900)**

L. VETOES - NONE

DEPARTMENT OF EDUCATION
P.A. 84 of 2015 – ARTICLE VI

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	600.5	600.5	600.5	599.5	588.5	(12.0)	(2.0)
GROSS	**288,155,200**	**310,791,300**	**309,600,400**	**303,549,800**	**305,876,200**	**17,721,000**	**6.1**
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	**288,155,200**	**310,791,300**	**309,600,400**	**303,549,800**	**305,876,200**	**17,721,000**	**6.1**
Less:							
Federal Funds	201,279,200	218,583,400	218,583,400	212,921,900	215,640,900	14,361,700	7.1
Local and Private	7,927,000	7,667,000	7,667,000	7,667,000	7,667,000	(260,000)	(3.3)
TOTAL STATE SPENDING	**78,949,000**	**84,540,900**	**83,350,000**	**82,960,900**	**82,568,300**	**3,619,300**	**4.6**
Less:							
Other State Restricted Funds	7,972,600	7,669,600	7,669,600	7,669,600	7,669,600	(303,000)	(3.8)
GENERAL FUND/GENERAL PURPOSE	**70,976,400**	**76,871,300**	**75,680,400**	**75,291,300**	**74,898,700**	**3,922,300**	**5.5**
PAYMENTS TO LOCALS	**13,576,000**	**15,176,000**	**15,176,000**	**15,176,000**	**15,176,000**	**1,600,000**	**11.8**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
A. NEW PROGRAMS - NONE			
B. PROGRAM INCREASES			
1.	**Child Development and Care - Public Assistance.** The budget includes $11.8 million for public assistance from additional Federal funds with no GF/GP support. Of the total, $800,000 will be used to raise the exit threshold to 250% of poverty, $8.0 million to create a 12-month continuous eligibility model, and $3.0 million to provide higher-tiered reimbursement. Public Act 6 of 2015 provided half-year funding for FY 2014-15; this additional funding allows a full year of ongoing program enhancements.	Gross Federal GF/GP	11,805,600 11,805,600 0
2.	**Child Development and Care - External Support.** The budget includes $9.2 million for external support from additional Federal funds with no GF/GP support. The additional funding will be used to hire child care licensing consultants at the Department of Licensing and Regulatory Affairs.	Gross Federal GF/GP	9,161,600 9,161,600 0
3.	**Educator Evaluations.** The budget restores $2.5 million for educator evaluation funding after it was eliminated by Executive Order 2015-5. This funding is all supported by GF/GP revenue.	Gross GF/GP	2,500,000 2,500,000
4.	**State Aid to Libraries.** The budget increases State aid to libraries by $1.0 million, bringing total appropriations for FY 2015-16 to $9,876,000, all supported by GF/GP revenue.	Gross GF/GP	1,000,000 1,000,000
5.	**Renaissance Zone Reimbursement.** The budget increases Renaissance Zone Reimbursement to libraries to reflect estimates for FY 2015-16 and to ensure that the program is fully funded.	Gross GF/GP	600,000 600,000
6.	**Financial Independence Team.** The budget restores funding to the financial independence team to the FY 2014-15 enacted level, after it was reduced by Public Act 6 of 2015. This includes $350,000 in the Financial Independence Team line item and $39,100 in the Educational Improvement and Innovation Operations line item.	Gross GF/GP	389,100 389,100
7.	**Private Gifts - Deaf.** The budget increases private gifts for the Michigan School for the Deaf, due to increases in private donations.	Gross Private GF/GP	100,000 100,000 0
C. PROGRAM ELIMINATIONS			
	Removal of FY 2014-15 Contingency Fund Transfer. The budget removes a one-time contingency fund transfer of $360,000 for private donations to the School for the Deaf for playground and dormitory upgrades.	Gross Private GF/GP	(360,000) (360,000) 0

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
D. PROGRAM REDUCTIONS		
1. **Child Development and Care - Caseload Adjustments.** The budget reduces public assistance funding by $4.6 million due to caseload adjustments from the May 2015 Consensus Revenue Estimating Conference. The budget also includes a supplemental adjustment for FY 2014-15 that reduces GF/GP support by $2.7 million.	Gross Federal GF/GP	(4,599,800) (6,442,500) 1,842,700
2. **Professional Preparation Services.** The budget reduces this line item due to a decrease in expected revenue from certification fees that is not replaced by any other fund source.	Gross Restricted GF/GP	(289,200) (289,200) 0
E. FUNDING SHIFTS		
1. **Child Development and Care (CDC) - Public Assistance.** The budget moves $5.2 million GF/GP from CDC Public Assistance to CDC Administration and $5.2 million Federal from CDC Administration to CDC Public Assistance. This is to better align GF/GP funding with Federal matching and Maintenance of Effort requirement.	Gross Federal GF/GP	0 5,243,900 (5,243,900)
2. **CDC Operations/Administration.** The budget moves $5.2 million GF/GP from CDC Public Assistance to CDC Administration and $5.2 million Federal from CDC Administration to CDC Public Assistance. This is to better align GF/GP funding with Federal matching and Maintenance of Effort requirement.	Gross Federal GF/GP	0 (5,243,900) 5,243,900
F. PROGRAM TRANSFERS		
School Reform Office. The budget reflects the transfer of this office to the Department of Technology, Management, and Budget in accordance with Executive Revision 2016-3.	FTE Gross GF/GP	(12.0) (2,420,900) (2,420,900)
G. OTHER ISSUES		
IDG Adjustments. The budget reflects adjustments for interdepartmental grant (IDG) payments due to economic adjustments. This is a combination of $31,500 in decreased Federal funds for IDG payments to the Department of Health and Human Services and a $23,400 increase in GF/GP revenue for IDG payments to the Department of Licensing and Regulatory Affairs.	Gross Federal GF/GP	(8,100) (31,500) 23,400

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from $795,100 to $807,000.

Gross	11,900
Federal	1,000
Restricted	1,700
GF/GP	9,200

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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.

Gross	(169,200)
Federal	(132,500)
Restricted	(15,500)
GF/GP	(21,200)

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

DEPARTMENT OF ENVIRONMENTAL QUALITY
P.A. 84 of 2015 – ARTICLE VII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,284.5	1,218.0	1,221.0	1,221.0	1,218.0	(66.5)	(5.2)
GROSS	**519,191,800**	**486,622,300**	**487,013,000**	**487,912,900**	**486,909,300**	**(32,282,500)**	**(6.2)**
Less:							
Interdepartmental Grants Received	9,530,500	9,115,300	9,115,300	9,115,300	9,115,300	(415,200)	(4.4)
ADJUSTED GROSS	**509,661,300**	**477,507,000**	**477,897,700**	**478,797,600**	**477,794,000**	**(31,867,300)**	**(6.3)**
Less:							
Federal Funds	149,749,600	138,079,100	138,163,100	138,163,100	138,079,100	(11,670,500)	(7.8)
Local and Private	546,900	546,000	546,000	546,000	546,000	(900)	(0.2)
TOTAL STATE SPENDING	**359,364,800**	**338,881,900**	**339,188,600**	**340,088,500**	**339,168,900**	**(20,195,900)**	**(5.6)**
Less:							
Other State Restricted Funds	321,888,900	304,054,200	303,810,800	305,010,800	304,341,200	(17,547,700)	(5.5)
GENERAL FUND/GENERAL PURPOSE	**37,475,900**	**34,827,700**	**35,377,800**	**35,077,700**	**34,827,700**	**(2,648,200)**	**(7.1)**
PAYMENTS TO LOCALS	**2,775,000**	**3,648,500**	**3,648,500**	**3,648,500**	**3,648,500**	**873,500**	**31.5**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
A. NEW PROGRAMS		
Underground Storage Tank Authority. The Department of Environmental Quality (DEQ) budget includes revenue from the Underground Storage Tank Cleanup Fund to address privately owned leaking underground storage tanks. This Fund and program were created by Public Act 416 of 2014. The Fund receives the first $20.0 million of the seven-eighths-cent environmental regulatory fee paid on each gallon of refined petroleum products in Michigan. The remainder of that revenue is credited to the Refined Petroleum Fund, as all of this revenue had been before the enactment of the program.	FTE	1.0
	Gross	20,000,000
	Restricted	20,000,000
	GF/GP	0
B. PROGRAM INCREASES		
Radiological Protection Program. The budget includes additional interdepartmental grant revenue from the Department of State Police to conduct federally mandated radiological emergency preparedness exercises at Michigan's nuclear power plants. The funds used for these activities come from these power plants, and the cost of the exercises is anticipated to rise. A total of $1.6 million was included for this program.	Gross	366,000
	IDG	366,000
	GF/GP	0
C. PROGRAM ELIMINATIONS		
Electronic Document Management. The budget eliminates one-time funding to digitize many of the DEQ's records stored in paper form.	Gross	(2,500,000)
	GF/GP	(2,500,000)
D. PROGRAM REDUCTIONS		
1. **Refined Petroleum Product Cleanup Program.** The budget reduces the appropriation to this program from $32.9 million in FY 2014-15 to $20.0 million in FY 2015-16. Public Act 416 of 2014 redirected the first $20.0 million in Refined Petroleum Fund (RPF) revenue, the sole support for this program, to a new fund that will be used to clean up leaking underground storage tanks on private property, rather than orphaned tanks, which is what this program covers.	Gross	(12,900,000)
	Restricted	(12,900,000)
	GF/GP	0
2. **Drinking Water Revolving Fund State Match.** The budget reflects a reduction for this program. The DEQ receives a 5:1 Federal match on State money dedicated to this program, which provides low-interest loans to municipalities for improvements to drinking water infrastructure. In addition to GF/GP revenue, the DEQ uses repayments from previous loans as matching funds. Between repayments and the $2.05 million GF/GP that remains, the DEQ should be able to leverage all available Federal funds. A total of $85.0 million was included for this program.	Gross	(2,950,000)
	GF/GP	(2,950,000)

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

E. FUNDING SHIFTS

The budget includes numerous fund shifts between restricted funds, Federal sources, and interdepartmental grants/transfers. These shifts reflect availability of revenue for each respective source, as well as cost allocation adjustments.	Gross	0
	IDG	(768,000)
	Federal	(703,800)
	Restricted	1,471,800
	GF/GP	0

F. PROGRAM TRANSFERS

Executive Budget Revision 2016-4. The budget includes changes requested in Executive Revision 2016-4, which implemented the Executive Order that moved the Retired Engineers Technical Assistance Program and the position of Air Policy Director from the DEQ to the Department of Licensing and Regulatory Affairs.	FTE	(3.0)
	Gross	(1,303,600)
	Federal	(84,000)
	Restricted	(669,600)
	GF/GP	(550,000)

G. OTHER ISSUES

1. **Reduction of Unfilled FTE Positions.** Unfunded FTE authorization is reduced throughout the DEQ budget.	FTE	(64.5)
	Gross	0
	GF/GP	0
2. **Technical Adjustments - FY 2014-15.** The budget adjusts for one-time FY 2014-15 supplemental appropriations and Executive Reduction Orders.	Gross	(16,600,000)
	Federal	118,000
	Restricted	(20,118,000)
	GF/GP	3,400,000
3. **Clean Michigan Initiative Adjustments.** The budget includes a number of adjustments to the Clean Michigan Initiative funds used in the DEQ budget. These adjustments reflect statutory requirements, fund availability, and expected Federal revenue.	Gross	(1,473,200)
	Restricted	(1,473,200)
	GF/GP	0
4. **Overstated Federal Authorization.** The Governor, House, and Senate reduced a number of line items to reflect lower-than-appropriated Federal receipts. For a number of years, many of these items have been overappropriated (meaning the appropriation exceeds the size of the actual Federal grant). These adjustments bring appropriations to the level of expected revenue.	Gross	(10,907,000)
	Federal	(10,907,000)
	GF/GP	0

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
5. Technical Revenue Adjustments. The Governor, House, and Senate reduced excess restricted fund appropriations in the Contaminated Site Investigation, Cleanup, and Revitalization line, included restricted fund shifts in Oil, Gas, and Mineral Services, and increased authorization to reflect statutory changes in the Aquatic Nuisance Control Program.	Gross	(4,882,000)
	Restricted	(4,882,000)
	GF/GP	0

H. UNCLASSIFIED SALARIES

The budget includes economic adjustments to the salaries of DEQ unclassified employees. The budget increases Gross funding for the unclassified salaries line item from $724,700 to $735,600.	Gross	10,900
	Restricted	10,900
	GF/GP	0

I. FEE ADJUSTMENTS

1. Fee Extension. The budget was enacted under the assumption that sunsets on various fees would be delayed or eliminated. In total, these fees generate approximately $27.1 million per year. Public Acts 60, 70, 76, and 82 of 2015 delayed the sunsets on these fees.	Gross	0
	Restricted	0
	GF/GP	0
2. Air Quality Fee Increase. The budget includes an additional $1.2 million in Air Quality Fee revenue in anticipation of an increase in fees charged per ton of air emissions at regulated facilities. The current fee is $47.95 per ton; the budget assumes an increase to $51.15 per ton and adjustments to the level of emissions subject to fees. The current fee schedule raises about $9.6 million per year; with this increase the fee will raise about $10.8 million. Additional revenue will be used to expand the program and ensure that Federal and State requirements are met. Public Act 60 of 2015 enacted this increase, effective October 1, 2015.	Gross	1,200,000
	Restricted	1,200,000
	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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.	Gross	(343,600)
	IDG	(13,200)
	Federal	(93,700)
	Private	(900)
	Restricted	(187,600)
	GF/GP	(48,200)

K. ONE-TIME APPROPRIATIONS

The budget eliminates one FY 2014-15 one-time appropriation:

	Gross	GF/GP
FY 2014-15		
Electronic Document Management.....	($2,500,000)	($2,500,000)
Subtotal.....	**($2,500,000)**	**($2,500,000)**

L. VETOES - NONE

EXECUTIVE OFFICE
P.A. 84 of 2015 – ARTICLE VIII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	78.2	74.2	78.2	78.2	74.2	(4.0)	(5.1)
GROSS	**5,916,100**	**5,531,100**	**5,916,100**	**5,916,100**	**5,531,100**	**(385,000)**	**(6.5)**
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	**5,916,100**	**5,531,100**	**5,916,100**	**5,916,100**	**5,531,100**	**(385,000)**	**(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	**5,916,100**	**5,531,100**	**5,916,100**	**5,916,100**	**5,531,100**	**(385,000)**	**(6.5)**
Less:							
Other State Restricted Funds	0	0	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	**5,916,100**	**5,531,100**	**5,916,100**	**5,916,100**	**5,531,100**	**(385,000)**	**(6.5)**
PAYMENTS TO LOCALS	**0**	**0**	**0**	**0**	**0**	**0**	**0.0**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

Revised Governor's Recommendation. The revised Governor's Recommendation reduced funding by $385,000 and 4.0 FTEs pursuant to Executive Order 2014-12, which transferred the Office for New Americans from the Executive Office to the Department of Licensing and Regulatory Affairs. The transfer of this program is reflected in the FY 2015-16 budget.	FTE	(4.0)
	Gross	(385,000)
	GF/GP	(385,000)

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

DEPARTMENT OF HEALTH AND HUMAN SERVICES - COMMUNITY HEALTH
P.A. 84 of 2015 – ARTICLE X

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	3,653.1	3,677.1	3,689.1	3,677.1	3,687.1	34.0	0.9
GROSS	**19,101,921,900**	**18,964,058,400**	**19,013,702,400**	**18,932,657,100**	**19,554,822,400**	**452,900,500**	**2.4**
Less:							
Interdepartmental Grants Received	9,425,900	2,131,500	9,678,100	9,678,100	2,131,500	(7,294,400)	(77.4)
ADJUSTED GROSS	**19,092,496,000**	**18,961,926,900**	**19,004,024,300**	**18,922,979,000**	**19,552,690,900**	**460,194,900**	**2.4**
Less:							
Federal Funds	13,485,550,200	13,466,102,400	13,488,611,200	13,457,655,100	14,035,917,900	550,367,700	4.1
Local and Private	355,312,600	213,660,400	213,673,400	213,660,400	215,650,500	(139,662,100)	(39.3)
TOTAL STATE SPENDING	**5,251,633,200**	**5,282,164,100**	**5,301,739,700**	**5,251,663,500**	**5,301,122,500**	**49,489,300**	**0.9**
Less:							
Other State Restricted Funds	2,149,954,500	2,288,912,800	2,173,385,400	2,130,566,200	2,100,525,800	(49,428,700)	(2.3)
GENERAL FUND/GENERAL PURPOSE	**3,101,678,700**	**2,993,251,300**	**3,128,354,300**	**3,121,097,300**	**3,200,596,700**	**98,918,000**	**3.2**
PAYMENTS TO LOCALS	**1,125,819,800**	**1,125,752,600**	**1,125,753,200**	**1,126,972,500**	**1,127,817,700**	**1,997,900**	**0.2**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
A.	**NEW PROGRAMS**		
1.	**One-Time: Drug Policy Initiatives.** The budget includes one-time funding for a new program to reduce prescription drug abuse and support recovery efforts.	Gross GF/GP	1,500,000 1,500,000
2.	**Immunization Match.** The budget includes funding to provide and promote education about the value of vaccines for infants and toddlers. The budget allocates $1 in State money for every $4 received in private contributions to support this program, up to a maximum of $500,000 in State money.	Gross Private GF/GP	2,500,000 2,000,000 500,000
3.	**Ambulance Quality Assurance Assessment Program (QAAP).** The budget assumes implementation of legislation establishing an ambulance QAAP. Public Act 104 of 2015 established the ambulance QAAP and resulted in a reduction in GF/GP revenue due to gainsharing.	Gross Federal Restricted GF/GP	8,641,000 5,668,500 3,972,500 (1,000,000)
B.	**PROGRAM INCREASES**		
1.	**Traditional Medicaid Base and Expenditure Adjustment.** The budget reflects the consensus estimate of FY 2015-16 expenditures for Medicaid and related programs.	Gross Federal Restricted GF/GP	135,219,300 86,006,400 (39,699,700) 88,912,600
2.	**Expansion Medicaid Base and Expenditure Adjustment.** The budget reflects the consensus estimate of FY 2015-16 expenditures for the Healthy Michigan Plan (HMP). The adjustment reflects the rapid growth in the HMP caseload, which is expected to exceed 600,000 in FY 2015-16.	Gross Federal GF/GP	325,861,500 325,861,500 0
3.	**Michigan Administrative Hearing Services.** The budget includes an increase for information technology and rent for Michigan Administrative Hearing Services, and reflects the transfer of funding for hearing services for the HMP, from the Department of Licensing and Regulatory Affairs.	Gross Federal GF/GP	1,039,400 519,700 519,700
4.	**Mental Health and Wellness Commission Report Services.** The budget includes increased funding for the Mental Health and Wellness Commission to fund a transition program for 30 to 50 high-need youths at the Hawthorn Center, effective July 1, 2016.	FTE Gross Federal GF/GP	1.0 1,250,000 781,000 469,000

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
5.	**Jail Diversion Transition Pilot.** The budget reflects the transfer of a mental health jail diversion pilot from the Michigan Department of Corrections.	Gross	1,000,000
		GF/GP	1,000,000
6.	**Actuarially Sound Rates for PIHPs.** The budget includes a 1.5% rate increase for Prepaid Inpatient Health Plans (PIHPs) to meet the Federal requirement that the State pay actuarially sound capitation rates for Medicaid mental health and substance abuse services.	Gross	35,270,300
		Federal	23,137,300
		GF/GP	12,133,000
7.	**Actuarially Sound Rates for Medicaid Expansion Behavioral Health Services.** The budget includes a 1.5% rate increase to pay actuarially sound capitation rates for the behavioral health services provided under the HMP.	Gross	4,592,600
		Federal	4,592,600
		GF/GP	0
8.	**State Hospital and Center Pharmacy Inflation.** The budget includes funding to cover a 3.75% increase in pharmaceutical costs in State facilities.	Gross	425,700
		Federal	28,700
		Local	29,500
		Restricted	30,700
		GF/GP	336,800
9.	**Newborn Screening Fee Revenue for Quality Assurance Advisory Council.** The budget reflects additional revenue used to support the quality assurance advisory council.	Gross	300,000
		Restricted	300,000
		GF/GP	0
10.	**Michigan Public Health Institute Nursing Program.** The budget includes funding to implement a program to provide continuing education services to nurses.	Gross	268,700
		IDG	268,700
		GF/GP	0
11.	**Federal State Innovation Model Grant.** The budget includes an increase in funding from $20.0 million to $25.0 million to implement the State's Blueprint for Health Innovation. This effort supports patient-centered medical homes, innovation regions, and sharing of information infrastructure.	Gross	5,000,000
		Federal	5,000,000
		GF/GP	0
12.	**Newborn Screening Fee Revenue Increase.** The budget reflects an inflationary increase in the newborn screening fee and an advisory committee's recommendation that the fee be increased to $125.36.	Gross	1,760,900
		Restricted	1,760,900
		GF/GP	0

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
13. Mobile Dentistry Registration Fees. The budget reflects receipt of new fees on mobile dental providers used to support the Dental Programs line.	Gross	20,000
	Restricted	20,000
	GF/GP	0
14. Nursing Home Culture Project. The budget reflects the use of Civil Monetary Penalty revenue to implement a nursing home culture project. This project is intended to improve the quality of care at nursing facilities by creating a formal person-centered culture change model at nursing homes.	Gross	200,000
	Private	200,000
	GF/GP	0
15. Integrated Care for Dual Eligibles Grant. The budget reflects the first two years of funding for the implementation of the dual eligible waiver (concerning individuals who are eligible for both Medicare and Medicaid).	FTE	5.0
	Gross	6,233,000
	Federal	4,674,800
	GF/GP	1,558,200
16. Use Tax Adjustments. The budget increases funding to reflect the actual cost of the use tax for health maintenance organizations and fulfill the requirement of actuarial soundness.	Gross	8,098,000
	Federal	5,312,300
	GF/GP	2,785,700
17. Specialty Network Access Fee (SNAF), Physician Adjustor, and Dental Adjustor Funding Adjustments. The budget increases SNAF, Physician Adjustor, and Dental Adjustor payments to publicly affiliated clinics, as a result of the growth of the program.	Gross	29,100,000
	Federal	19,089,600
	Local	1,779,200
	Restricted	8,231,200
	GF/GP	0
18. Traditional Medicaid Actuarially Sound Rates for Medicaid Health Maintenance Organizations (HMOs). The budget includes a 2.0% rate increase for Medicaid HMOs to meet the Federal requirement that traditional Medicaid managed care rates be actuarially sound.	Gross	75,209,900
	Federal	49,337,700
	GF/GP	25,872,200
19. Expansion Medicaid Actuarially Sound Rates for Medicaid HMOs. The budget includes a 2.0% rate increase for Medicaid HMOs to meet the Federal requirement that expansion Medicaid managed care rates be actuarially sound.	Gross	54,967,700
	Federal	54,967,700
	GF/GP	0

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
20.	**Poison Control Funding.** The budget reflects a shift in match funding from the regular Medicaid match of 65.60%, to the State Children's Health Insurance Program (SCHIP) match rate of 98.92%. The amount of GF/GP support in this line is greater than the cap on funding eligible for match, but there is an increase in funding for this line since the total GF/GP amount is being left unchanged.	Gross Federal GF/GP	597,600 597,600 0
21.	**Medicaid Autism Services.** The budget increases funding to expand coverage for Medicaid autism services to children between the ages of 7 and 21. This expansion was mandated by the Federal government.	Gross Federal GF/GP	7,350,100 4,821,700 2,528,400
22.	**Healthy Kids Dental.** The budget expands the Healthy Kids Dental program to children up to age 12 in Kent, Oakland, and Wayne Counties. Children above the age of 12 in these three counties will remain uncovered.	Gross Federal GF/GP	37,042,200 24,299,800 12,742,400
23.	**Hospice Room and Board Payments.** The budget restores GF/GP funding for hospice room and board payments that were determined to be ineligible for Federal match in FY 2013-14 and, as a result, discontinued.	Gross GF/GP	2,500,000 2,500,000
24.	**Hospital Rate Increase.** The budget increases Hospital Rate Adjustment payments to hospitals to offset the hospital QAAP increase.	Gross Federal GF/GP	92,856,100 92,856,100 0

C. PROGRAM ELIMINATIONS

1.	**Elimination of Eastern Michigan University Autism Services Funding.** This funding is eliminated in FY 2015-16.	Gross GF/GP	(500,000) (500,000)
2.	**Removal of One-Time Autism Family Assistance Funding.** This one-time funding, providing guidance services to families to help them find autism services and funded using Autism Coverage Fund revenue, is removed.	Gross Restricted GF/GP	(1,500,000) (1,500,000) 0
3.	**Elimination of Traumatic Brain Injury Software Funding.** The budget removes funding that had been used to purchase software for several traumatic brain injury pilot services programs.	Gross GF/GP	(1,350,000) (1,350,000)
4.	**One-Time Child and Adolescent Health Center Funding.** This one-time funding is removed. The School Aid budget includes funding to continue these services at FY 2014-15 levels.	Gross GF/GP	(2,000,000) (2,000,000)

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
5.	**One-Time Senior Olympics Funding.** Funding for the Senior Olympics is not included in the budget.	Gross GF/GP	(100,000) (100,000)
6.	**Gestational Diabetes Study.** As this FY 2014-15 study was completed, the funding is removed.	Gross GF/GP	(35,000) (35,000)
7.	**Phase-Out of Indigent Care Agreement (ICA) Disproportionate Share Hospital (DSH) Payments.** As part of the transition from the State- and county-run limited benefits program to the Medicaid expansion, the FY 2014-15 budget retained $10.0 million in ICA DSH funding. The funding is not included in the FY 2015-16 budget.	Gross Federal Local GF/GP	(10,000,000) (6,554,000) (3,446,000) 0
8.	**End of One-Time Information Technology Project for Healthy Kids Dental Program.** The budget removes funding for a one-time project set up to allow the expansion of the Healthy Kids Dental program by zip code rather than by county.	Gross Federal GF/GP	(3,000,000) (2,700,000) (300,000)

D. PROGRAM REDUCTIONS

1.	**Changes in Federal Authorization.** The budget includes several changes to Federal authorization, including new Race to the Top education staff, which results in a net reduction in funding.	FTE Gross Federal GF/GP	5.0 (33,176,900) (33,176,900) 0
2.	**Family Support Subsidy.** The budget reflects a reduced expenditure estimate for this program.	Gross Federal GF/GP	(516,300) (516,300) 0
3.	**One-Time Mental Health and Wellness Commission Funding.** The budget removes most of the one-time funding for the commission's recommendations. The budget retains $500,000 for a strategic plan tied to the Defending Childhood Policy Initiative and $1.0 million for programs delayed due to Executive Order 2015-5.	Gross Federal GF/GP	(7,462,500) (3,962,500) (3,500,000)
4.	**Reduction in One-Time University Autism Funding.** In FY 2014-15, a total of $7.0 million, funded with Autism Coverage Fund dollars, was provided to five universities. Western Michigan University received $4.0 million, Michigan State University received $1.0 million, Eastern Michigan University received $1.0 million, Central Michigan University received $500,000, and	Gross Restricted GF/GP	(4,500,000) (7,000,000) 2,500,000

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
	Oakland University received $500,000. The FY 2015-16 budget includes $2.5 million in GF/GP revenue with no specific allocation for the individual universities.		
5.	**Children's Waiver Base and Caseload.** The budget includes a base adjustment to reflect updated expenditure estimates for the program.	Gross Federal GF/GP	(1,544,900) (1,013,500) (531,400)
6.	**Real Alternatives Pregnancy Program.** Funding for this program is reduced from $800,000 to $50,000, with language added to allow the carry-forward of unspent FY 2014-15 revenue to continue support for the program at current levels.	Gross GF/GP	(750,000) (750,000)
7.	**Rural Visitation Funding.** Fiscal year 2014-15 funding for this program was $2.25 million. The FY 2015-16 budget reflects an assumed carry-forward of $550,000, so that funding is removed from the program.	Gross GF/GP	(550,000) (550,000)
8.	**Children's Special Health Care Services Transportation.** The budget reflects a base and funding adjustment for this line, which has consistently lapsed money.	Gross Federal GF/GP	(600,000) 50,000 (650,000)
9.	**Removal of One-Time State Trauma System Funding.** One-time Crime Victims Trust Fund funding for the trauma system is removed in the budget. There will still be $3.5 million remaining to support ongoing programming.	Gross Restricted GF/GP	(1,300,000) (1,300,000) 0
10.	**MiDocs Graduate Medical Education Consortium.** The FY 2014-15 funding has not been spent, so language was added to create a work project to fund this program in FY 2015-16. The appropriation for this program is removed from the FY 2015-16 budget.	Gross GF/GP	(500,000) (500,000)
11.	**One-Time University of Detroit (U-D) Dental Clinic Funding.** The budget reflects a reduction in funding for the U-D dental clinic to $1.0 million in ongoing funding.	Gross GF/GP	(3,092,300) (3,092,300)
12.	**Reduction in Medicaid Managed Care Lab Reimbursement Rates to Medicaid Fee-for-Service Levels.** Executive Order 2015-5 included a reduction in managed care lab reimbursement rates effective August 1, 2015. The FY 2015-16 budget reflects continuation of this reduction.	Gross Federal GF/GP	(31,790,000) (20,854,200) (10,935,800)

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
13.	**Care Coordination Medicaid Managed Care Savings.** The budget assumes savings from increased care coordination in managed care.	Gross Federal GF/GP	(15,375,000) (10,086,000) (5,289,000)
14.	**Changes in Medicaid Managed Care Pharmaceutical Reimbursement.** The budget assumes the establishment of a single formulary for managed care pharmaceutical services with savings and the sharing of rebate revenue with the State.	Gross Federal GF/GP	(54,585,800) (35,808,300) (18,777,500)
15.	**Changes in the Calculation of Medicaid Hospital Capital Funding.** The budget reflects a new methodology for Medicaid hospital capital reimbursement. The methodology will include managed care hospital expenditure data, as the current approach only uses fee-for-service expenditure data. The net result will be a reduction in capital reimbursement.	Gross Federal GF/GP	(34,806,800) (22,833,300) (11,973,500)
16.	**Increase in Staffing and Contractual Funding for Third Party Liability (TPL) and Medicaid Office of Inspector General (OIG) Services and Reduced Medicaid Costs.** The budget reflects an increase of $2.4 million Gross and $1.2 million GF/GP to increase TPL and OIG efforts and resultant savings of $12.8 million GF/GP due to those efforts.	FTE Gross Federal GF/GP	10.0 (34,809,300) (23,209,300) (11,600,000)
17.	**Savings from Adult Home Help Policy Change.** The budget reflects savings from a new rule that changes the hiring process for home help provider agencies.	Gross Federal GF/GP	(2,300,000) (1,508,800) (791,200)
18.	**New Legislation Projected to Increase TPL Recoveries.** The budget assumes savings from passage of legislation that would expand TPL recoveries from commercial insurance entities.	Gross Federal GF/GP	(2,907,000) (1,907,000) (1,000,000)
19.	**Pine Rest Psychiatric Residency.** The FY 2014-15 supplemental included in Public Act 84 of 2015 contains language creating a work group to fund the Pine Rest Psychiatric Residency Program in FY 2015-16 using any unspent funds. The appropriation for this program is removed from the FY 2015-16 budget.	Gross GF/GP	(1,500,000) (1,500,000)

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

E. FUNDING SHIFTS

1.	**Change in the Base Medicaid Match Rate for FY 2015-16.** The base Medicaid match rate increases from 65.54% to 65.60% in FY 2015-16, leading to a decrease in GF/GP costs.	Gross	0
		IDG	(11,000)
		Federal	7,368,700
		Restricted	(1,536,100)
		GF/GP	(5,821,600)
2.	**Change in the Title XXI Match Rate for FY 2015-16.** The Federal Title XXI match rate, used to support the MIChild program, increases from 75.88% to 98.92% in FY 2015-16, decreasing GF/GP costs.	Gross	0
		Federal	17,900,100
		GF/GP	(17,900,100)
3.	**Children's Waiver Funding.** The budget removes excess Federal authorization in this line item.	Gross	0
		Federal	(1,368,100)
		GF/GP	1,368,100
4.	**CMH Non-Medicaid Services.** The budget reflects the removal of Roads and Risks Reserve revenue for Community Mental Health (CMH) non-Medicaid services and replacement with GF/GP support. This is an increase in funding over the initial FY 2014-15 appropriation, as the $20.0 million was first included in the FY 2014-15 supplemental, Public Act 6 of 2015.	Gross	0
		Restricted	(20,000,000)
		GF/GP	20,000,000
5.	**Use of Civil Monetary Penalty Revenue for Nursing Facility Monitoring.** The budget removes Civil Monetary Penalty funding for nursing facility monitoring and replaces it with GF/GP revenue.	Gross	0
		Private	(357,500)
		GF/GP	357,500
6.	**Technical Adjustments.** The budget reflects technical adjustments to adjust special Medicaid reimbursement fund sources, revise fund sourcing for State Psychiatric DSH payments, and adjust the estimated transfer of line item authority to fund the dual eligible waiver.	Gross	0
		Federal	145,200
		Local	(22,900)
		Restricted	(122,300)
		GF/GP	0
7.	**Medicaid Benefits Trust Fund.** The budget reflects a reduction in the amount of available Medicaid Benefits Trust Fund revenue, resulting from a drop in tobacco tax revenue.	Gross	0
		Restricted	(19,500,000)
		GF/GP	19,500,000

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
8. Healthy Michigan Fund. The budget reflects a reduction in the amount of available Healthy Michigan Fund revenue, resulting from a drop in tobacco tax revenue.	Gross	0
	Restricted	(1,737,300)
	GF/GP	1,737,300
9. Removal of Roads and Risks Reserve to Offset GF/GP. The budget removes one-time funding from the Roads and Risks Reserve that was used to offset GF/GP support in FY 2014-15.	Gross	0
	Restricted	(62,900,000)
	GF/GP	62,900,000
10. Certified Public Expenditure Revenue. The budget removes additional Certified Public Expenditure revenue that was recognized in FY 2014-15.	Gross	0
	Federal	(5,900,000)
	GF/GP	5,900,000
11. State Psychiatric DSH Savings. The budget reflects a change in the match rate for funds used to make special payments to State psychiatric facilities.	Gross	0
	Federal	14,500
	GF/GP	(14,500)
12. Health Insurance Claims Assessment (HICA) Revenue Estimate. The budget assumes an increase in HICA revenue resulting in more individuals purchasing insurance from the health insurance exchange.	Gross	0
	Restricted	21,600
	GF/GP	(21,600)
13. Increase Hospital QAAP. The budget increases QAAP revenue and "gainshares" the entire amount, offsetting an equal amount of GF/GP funding.	Gross	0
	Restricted	92,856,100
	GF/GP	(92,856,100)

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Reversal of FY 2014-15 Contingency Fund Transfers. A number of FY 2014-15 contingency fund transfers were enacted too late to be reflected in the FY 2015-16 budget.	Gross	(5,547,600)
	Federal	(3,962,000)
	Private	(335,600)
	Restricted	(1,250,000)
	GF/GP	0

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
2.	**Reversal of FY 2014-15 Executive Order 2015-5 Reductions.** Certain of the Executive Order reductions are carried forward into FY 2015-16 and are included in the budget, but a $14.5 million reduction to Graduate Medical Education, a $5.8 million reduction to the Rural and Sole Hospital pool, and reductions to Local Public Health, Health and Wellness Programs, and Mental Health and Wellness Commission recommendations are not continued in FY 2015-16, leading to a net increase in funding for FY 2015-16.	Gross Federal GF/GP	32,716,300 16,166,300 16,550,000
3.	**Juvenile Justice FTE.** The budget adjusts the FTE count to reflect an on-board FTE who deals with juvenile justice mental health issues.	FTE Gross GF/GP	1.0 0 0
4.	**Change in How State Facility Purchase of State Services (POSS) Funding is Recognized.** The budget reflects the transfer of $139.5 million in GF/GP funding from the Behavioral Health line into the line items for the individual State facilities. For a number of years, the State share of the costs of State facilities being given to the Community Mental Health boards, which then purchase the services from State facilities, so the funding has shown up in the CMH POSS line as well as in the State facility lines as a Local POSS fund source. In FY 2015-16, the money will solely be reflected in the individual facility line items. While this results in an ostensible reduction in Gross funding, in reality it changes the process so these dollars are reflected in the budget only once. There will be no change in the level of services provided.	Gross Local GF/GP	(139,465,600) (139,465,600) 0
5.	**In-Sourcing of Cancer and AIDS Staff.** The budget reflects the in-sourcing of cancer prevention staff (1.0 FTE) and AIDS continuum of care staff (16.0 FTEs).	FTE Gross GF/GP	17.0 0 0
6.	**Annualization of January 1, 2015 Changes to Medicaid Primary Care Rates.** During calendar years 2013 and 2014, payment rates for Medicaid primary care services were increased to the levels paid by Medicare. This increase was funded with 100% Federal funds. On January 1, 2015, one quarter into FY 2014-15, the funding expired. The FY 2014-15 budget retained about half of the rate increase, using State GF/GP funds and regular Federal Medicaid match. The FY 2015-16 budget includes a technical adjustment reflecting the expiration of $39.1 million in Federal funds and the annualization of the lower rate at a cost of $24.2 million Gross and $8.3 million GF/GP.	Gross Federal GF/GP	(14,900,700) (23,219,500) 8,318,800

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
7.	**Transfer of the MIChild Program into the Health Plan Services Line.** The budget reflects the transfer of the MIChild program into the Health Plan Services line, effective January 1, 2016. MIChild will operate as a separate line in the first quarter of FY 2015-16 and then be rolled in effective January 1, 2016, so the transfer will be of three-fourths of the line or $66.6 million. There is no net impact on the budget.	Gross GF/GP	0 0
8.	**Technical Adjustment to Interdepartmental Grants.** Due to the merger of the Department of Community Health (DCH) and the Department of Human Services (DHS), IDGs sent by DHS to DCH were removed from the merged budget.	Gross IDG GF/GP	(7,546,600) (7,546,600) 0

H. UNCLASSIFIED SALARIES

The budget includes a 1.5% increase for unclassified salaries. Gross funding for the unclassified salaries line item is increased from $724,700 to $735,500.	Gross GF/GP	10,800 10,800

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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.	Gross IDG Federal Local Private Restricted GF/GP	(618,300) (5,500) (250,400) (42,800) (400) (76,300) (242,900)

K. ONE-TIME APPROPRIATIONS

The budget identifies four FY 2015-16 one-time appropriations, eliminates five FY 2014-15 one-time appropriations, and shifts three appropriations from one-time to ongoing:

	Gross	GF/GP
FY 2015-16		
Pay for Success Contracts	$1,500,000	$1,500,000
Mental Health and Wellness Commission	1,500,000	1,500,000
Drug Policy Initiatives	1,500,000	1,500,000
Hospice Services	2,500,000	2,500,000
Subtotal	**$7,000,000**	**$7,000,000**
FY 2015-16		
Shift University Autism from One-Time to Ongoing	($7,000,000)	$0
Shift Bone Marrow Registry from One-Time to Ongoing	(250,000)	(250,000)
Shift U-D Dental from One-Time to Ongoing	(4,092,300)	(4,092,300)
Subtotal	**($11,342,300)**	**($4,342,300)**
FY 2014-15		
Eliminate Autism Family Assistance	($1,500,000)	$0
Eliminate Child and Adolescent Health Centers	(2,000,000)	(2,000,000)
Terminate Healthy Kids Dental Computer Project	(3,000,000)	(300,000)
Reduce Statewide Trauma System Funding	(1,300,000)	0
Eliminate Senior Olympics Funding	(100,000)	(100,000)
Subtotal	**($7,900,000)**	**($2,400,000)**

L. VETOES - NONE

DEPARTMENT OF HEALTH AND HUMAN SERVICES - HUMAN SERVICES
P.A. 84 of 2015 – ARTICLE X

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	12,201.5	12,037.9	11,968.9	12,034.9	11,749.9	(451.6)	(3.7)
GROSS	**5,702,811,500**	**5,704,992,200**	**5,720,733,500**	**5,721,385,100**	**5,514,814,700**	**(187,996,800)**	**(3.3)**
Less:							
Interdepartmental Grants Received	21,545,900	11,420,100	24,260,300	24,260,300	11,420,100	(10,125,800)	(47.0)
ADJUSTED GROSS	**5,681,265,600**	**5,693,572,100**	**5,696,473,200**	**5,697,124,800**	**5,503,394,600**	**(177,871,000)**	**(3.1)**
Less:							
Federal Funds	4,525,082,500	4,542,044,700	4,538,537,600	4,539,536,800	4,383,351,000	(141,731,500)	(3.1)
Local and Private	59,604,100	71,798,200	66,766,300	71,798,200	64,098,400	4,494,300	7.5
TOTAL STATE SPENDING	**1,096,579,000**	**1,079,729,200**	**1,091,169,300**	**1,085,789,800**	**1,055,945,200**	**(40,633,800)**	**(3.7)**
Less:							
Other State Restricted Funds	113,948,100	117,333,400	117,333,400	117,333,400	113,743,800	(204,300)	(0.2)
GENERAL FUND/GENERAL PURPOSE	**982,630,900**	**962,395,800**	**973,835,900**	**968,456,400**	**942,201,400**	**(40,429,500)**	**(4.1)**
PAYMENTS TO LOCALS	**97,343,300**	**97,088,300**	**96,252,900**	**101,973,200**	**93,327,700**	**(4,015,600)**	**(4.1)**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
A.	**NEW PROGRAMS**		
1.	**Kent County Performance-Based Contracting Pilot Program.** The budget includes $1.7 million for a pilot program in Kent County to implement a prospective case rate. Under the plan, the State will pay 100% of the $37 daily administrative rate that is provided to private agencies to supervise abuse and neglect cases and will hold the counties harmless for the costs. Boilerplate Section 503 and Public Act 304 of 2014 describe the steps that are needed to implement the changes.	Gross GF/GP	1,737,400 1,737,400
2.	**Kent County Nonprofit Consortium.** The budget includes funding to establish a consortium in Kent County to carry out the performance-based funding and prospective payment pilot program, which is described in boilerplate Section 504.	Gross GF/GP	500,000 500,000
3.	**Special Employment and Training Services Pilot Program.** The budget reflects an Executive proposal to provide funding for a new training program through Michigan Works!	Gross Federal GF/GP	800,000 400,000 400,000
4.	**Drug Testing Family Independence Program Recipients.** The budget includes funding for a pilot program to implement a suspicion-based drug testing pilot program in three counties, pursuant to Public Acts 394 and 395 of 2014.	Gross Federal GF/GP	300,000 300,000 0
B.	**PROGRAM INCREASES**		
1.	**Child Care Licensing Consultants.** The budget includes additional FTEs in order to align the staffing levels with the national average of one consultant to 98 cases. The current ratio is one consultant to 150 cases.	FTEs Gross IDG GF/GP	39.0 5,661,500 5,661,500 0
2.	**Indirect Costs for Administrative Hearings.** Michigan Administrative Hearings Services will begin charging indirect costs in FY 2015-16. This funding reflects these additional costs of the interdepartmental grant (IDG).	Gross Federal GF/GP	851,400 334,500 516,900
3.	**Michigan 2-1-1.** The budget includes funding increases for Michigan 2-1-1, which currently receives $400,000. Michigan 2-1-1 is an information resource center that connects callers to services and resources in their region.	Gross GF/GP	100,000 100,000

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
4.	**School Success Partnership.** Funding that was new in FY 2014-15 for the Northeast Michigan Community Services Agency is increased to $450,000 Gross to expand programs to at-risk children. The services provided are similar to those provided by Pathways to Potential.	Gross Federal GF/GP	150,000 450,000 (300,000)
5.	**Michigan Rehabilitation Services (MRS) Minimum Wage Increase.** The adjustment provides funding for increased salaries and wages for qualifying positions in MRS in both FY 2014-15 and FY 2015-16. The State's new minimum wage law went into effect September 1, 2014.	Gross Federal GF/GP	71,700 63,600 8,100
6.	**Centers for Independent Living.** The budget reflects a transfer of $5,543,000 in unused Federal authorization from MRS to the Centers for Independent Living (CILs). If the Federal government determines that the CILs are eligible to claim the Federal funding, the CILs can use the GF/GP appropriation of $3.6 million as a 21.3% match.	Gross GF/GP	0 0
7.	**Vital Statistics Cost Increase.** The costs for access to vital records and statistics have increased. The Department must have access to items such as birth and death records in order to confirm eligibility and payment levels for public assistance and child support, among other programs.	Gross Federal GF/GP	300,000 150,000 150,000
8.	**Guardian Contract.** The guardianship assistance portion of the Guardian Contract line item shows increasing costs because more counties require attorneys, rather than caseworkers, to represent adult clients. As Federal funding is capped, GF/GP revenue is included to fulfill the payments.	Gross GF/GP	50,000 50,000
9.	**Modified Settlement Agreement Monitor.** The costs of the court-appointed monitor have increased. The Department is required to contract with the agreed-upon monitor for the duration of the consent order with Children's Rights, Inc. The monitor establishes a budget for the services, which the Department is obligated to meet.	Gross Federal GF/GP	260,000 161,200 98,800
10.	**Private Agency Per Diem Rates.** The budget continues funding to provide increased per diem rates to private residential facilities and to increase the administrative rate that is provided to private child placing agencies from $37 to $40. The residential rate increase is $3.3 million Gross and the costs of the administrative rate total $5.1 million Gross. These items were part of the target agreement for Conference discussions. Due to the rounding of the target numbers, there is a minimal change from the FY 2014-15 year-to-date appropriation.	Gross Federal GF/GP	2,300 (13,200) 15,500

		FY 2015-16 Change From FY 2014-15 Year-to-Date
11. Donated Funds Positions. The budget increases Federal funding and matched Local and Private funding for additional outstationed eligibility workers who will work at hospitals and other community agencies in order to enroll eligible individuals in Medicaid and other assistance programs.	FTEs	200.0
	Gross	20,551,200
	Federal	10,275,600
	Private	6,969,300
	Local	3,306,300
	GF/GP	0
12. Michigan Rehabilitation Services. The budget provides additional GF/GP funding for MRS vocational services for disabled individuals. The Federal funding in the line is reduced by the amount of the GF/GP increase. This increase in GF/GP funding is part of the fund source adjustments in item 2, "Federal Earnings Offset and GF/GP Increases", under the heading "Funding Shifts", below.	Gross	0
	Federal	(2,295,000)
	GF/GP	2,295,000
13. Retirement Disability Determination Services. The budget recognizes a financing adjustment, which secured additional IDG funding from the Department of Technology, Management, and Budget authorization to fund the indirect (cost pooled) charges associated with the Retirement Disability Determination program currently billed to the Disability Determination Services (DDS) Operations line for shared administrative costs such as rent, occupancy, and utilities, charges and shared administrative staff, management, and physician costs.	Gross	85,900
	IDG	85,900
	GF/GP	0
14. State Supplementation Caseload Adjustment. The caseload consensus adjustment assumes a total caseload of 276,585 in FY 2015-16 at an average monthly cost of $19.04 per case.	Gross	690,000
	GF/GP	690,000
15. Guardianship Assistance Program Caseload Adjustment. The budget includes caseload consensus adjustments, projecting an average of 900 cases per month at a cost of $825.94 per case.	Gross	1,377,400
	Federal	610,500
	GF/GP	766,900
C. PROGRAM ELIMINATIONS		
1. Redetermined Adoption Assistance for Special Needs. The budget eliminates funding for a new program that was part of the FY 2014-15 budget that allowed adoptive parents to claim supplemental determination of care payments for children who have special needs that existed but were not identified at the time of the adoption. Public Act 308 of 2014 describes the program. Executive Order (E.O.) 2015-5 reduced the funding for the program from $7.9 million Gross to $1.0 million Gross.	Gross	(7,900,000)
	Federal	(352,600)
	GF/GP	(7,547,400)

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
2.	**Juvenile Justice Vision 20/20 Data System.** The budget eliminates funding to establish a data system for use by the Department of Human Services, the courts, the State Court Administrative Office, and private agencies to track information on youths who are in the juvenile justice system. This cut also was included in E.O. 2015-5.	Gross GF/GP	(1,000,000) (1,000,000)
3.	**SSI Advocates.** The budget eliminates the SSI Advocates staff, who assist individuals who receive State Disability Assistance (SDA) and who qualify for Federal disability. The advocates assist with the application process. The Restricted revenue will be redirected to the State Disability Assistance line item, and newly created positions, DDS Disability Examiners, will manage SDA clients.	FTEs Gross Restricted GF/GP	(8.0) (795,800) (795,800) 0
4.	**Extended FIP.** The budget eliminates funding for the Extended Family Independence Program (FIP), which provided $10 per month to families who were working and making the transition from the regular FIP.	Gross GF/GP	(116,400) (116,400)
5.	**Short-Term Family Support.** The budget eliminates funding for Short-Term Family Support, which provided short-term diversion funds for families who were at risk of becoming eligible for FIP. The average payment was $1,513 for approximately 40 cases per year.	Gross GF/GP	(726,200) (726,200)
6.	**Asset Test Automation.** The budget eliminates funding for a new contract to verify assets and financial information for public assistance applicants. Technology is not available to carry out the objectives of this system, as it was envisioned. This cut was part of E.O. 2015-5.	Gross Federal GF/GP	(5,000,000) (2,250,000) (2,750,000)
7.	**FY 2014-15 One-Time Program.** The budget eliminates one-time funding for the Center for Hope.	Gross GF/GP	(250,000) (250,000)

D. PROGRAM REDUCTIONS

1.	**Electronic Notifications for MiBridges.** Paper mailings are to be suspended for clients who opt out of this type of correspondence, in favor of electronic notifications. The proposal assumes a 50% saving.	Gross Federal GF/GP	(1,920,000) (926,400) (993,600)
2.	**FY 2014-15 One-Time Funding.** The budget removes one-time funding for several programs: IRS claims ($500,000), Performance Based Contract ($100,000), Information Technology ($300,000), Fostering Futures Scholarship ($500,000), Juvenile Justice Grants ($300,000), Food	Gross GF/GP	(4,900,000) (4,900,000)

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
	Bank ($100,000), Michigan Reading Corps ($400,000), Parent-to-Parent Program ($200,000), and Michigan Rehabilitation Services ($2.6 million).		
3.	**Unclassified Salaries for Merger.** The budget reflects a reduction for unclassified positions due to the merger of the Department of Human Services with the Department of Community Health, resulting in the Department of Health and Human Services (DHHS).	Gross GF/GP	(379,000) (379,000)
4.	**Closure of Local Offices.** The Department will close several facilities throughout the State, including in northern and southeastern Michigan, and use a statewide community partner network, sharing office space with public, private, or nonprofit partners in order to deliver services.	Gross Federal GF/GP	(2,439,000) (1,439,000) (1,000,000)
5.	**Electronic Notification for MiCSES.** Michigan Child Support Enforcement System (MiCSES) correspondence primarily will be distributed electronically. There are 170,000 billing coupons sent to noncustodial parents per month.	Gross Federal GF/GP	(945,000) (623,700) (321,300)
6.	**Swift-and-Sure Program in MRS.** The budget removes an IDG from the Department of Corrections used as a match for Title I funding in MRS. The funding was used to launch a pilot program in FY 2014-15 to provide former prisoners with job training and rehabilitation services. In addition to eliminating the IDG, the budget removes excess Federal authorization due to the reduction.	Gross IDG Federal GF/GP	(14,084,500) (3,000,000) (11,084,500) 0
7.	**Child Welfare Travel Reimbursements.** The travel costs associated with training of child welfare workers is reduced. The DHHS has been providing trainings that are closer to the workers and has taken other measures to reduce costs. The cut was part of the supplemental reductions in Public Act 5 of 2015.	Gross Federal GF/GP	(300,000) (147,000) (153,000)
8.	**Child Welfare Training Institute.** The reduction is based on prior-year spending lapses in the line item. The reduction was part of E.O. 2015-5.	Gross GF/GP	(100,000) (100,000)
9.	**Foster Care Case Assignment and County Hold Harmless Provision.** The budget retains a total of $5.0 million that was provided in FY 2014-15 to maintain the hold harmless provision. Part of the funding is directed to the new Kent County performance-based contracting model pilot program ($1.7 million Gross). The funding that is directed to all other counties in the State covers the administrative costs for new private foster care case management expenditures that otherwise would be split 50-50 between the State and the counties.	Gross GF/GP	(1,737,400) (1,737,400)

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
10. Peer Coaches FTE Reduction. The budget reduces the number of Peer Coaches, who are not part of the Medical Services Administration. These 56.0 full-time equated employees observe and assist with interactions between staff and clients and are liaisons for MiTEAM program operations. The reduction was part of the supplemental cuts in Public Act 5 of 2015.	FTEs	(10.0)
	Gross	(1,035,700)
	Federal	(403,900)
	GF/GP	(631,800)
11. Parent-to-Parent Mentor Program. The budget reduces funding for a program that is offered through a third party to provide peer support to adoptive parents, providing $350,000 out of $500,000 in ongoing funding that was available in FY 2014-15.	Gross	(150,000)
	GF/GP	(150,000)
12. Closure of W.J. Maxey Training School. One of the three public, secure juvenile detention facilities, W.J. Maxey Training School, will close when the 2015-16 fiscal year begins. The budget retains $1.0 million for the costs to close the facility and $1.8 million Gross to transfer 40 youths to comparable residential facilities.	FTEs	(69.0)
	Gross	(7,543,300)
	Federal	26,500
	Local	(5,045,800)
	GF/GP	(2,524,000)
13. In-Home Community Care Grants. The budget reduces funding to expand grants to rural communities to fund new and expanded in-home juvenile justice programs. A one-time appropriation of $250,000 also is eliminated. The reduction was included in E.O. 2015-5.	Gross	(600,000)
	GF/GP	(600,000)
14. Juvenile Justice Administration and Maintenance. The budget reduces the funding in the Juvenile Justice Administration and Maintenance line due to unspent prior-year GF/GP funding and the closure of the Maxey facility.	Gross	(400,000)
	GF/GP	(400,000)
15. Reclassification of Non-FIS Positions. The budget reclassifies non-Family Independence Specialist (FIS) positions as Assistance Payment Workers, reducing the hourly staff rate by $1.88. There were 140 workers statewide. The cut was included in E.O. 2015-5.	Gross	(550,000)
	Federal	(220,000)
	GF/GP	(330,000)
16. PATH Coordinator FTEs. The budget reduces the number of PATH Coordinator FTEs from 46.0 to 35.0. The cut was part of the supplemental reductions in Public Act 5 of 2015.	FTEs	(9.0)
	Gross	(1,002,400)
	Federal	(451,100)
	GF/GP	(551,300)
17. Recoupment FTE. The budget removes 1.0 FTE. This cut was included as part of E.O. 2015-5.	FTE	(1.0)
	Gross	(124,100)
	Federal	(80,700)
	GF/GP	(43,400)

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
18.	**Disability Determination Services Consolidation.** The budget consolidates the Medical Consultation Program line item into the Disability Determination Operations line and creates new staff positions, DDS Disability Examiners. In addition to managing Federal disability claims, the new employees will manage Medicaid and State Disability Assistance claims. This reduction was included in Public Act 5 of 2015.	Gross Federal GF/GP	0 412,700 (412,700)
19.	**Child Support Cooperation and Assistance.** The budget reflects a requirement that clients cooperate with child support collection efforts in order to be eligible for public assistance programs. The savings assume that many clients will experience a three-month lag in complying with this requirement.	Gross Federal GF/GP	(900,300) (11,100) (889,200)
20.	**Emergency Services Local Office Allocations.** The budget reflects a reduction to the Emergency Services Local Office Allocations line. This Gross cut was part of E.O. 2015-5, which reduced both Federal and GF/GP revenue.	Gross GF/GP	(1,151,000) (1,151,000)
21.	**Laptops for Executives.** The budget eliminates funding for laptops for executives who also have a tablet, resulting in a reduction of 52 computers. This cut was part of the supplemental reductions in Public Act 5 of 2015.	Gross Federal GF/GP	(85,900) (54,200) (31,700)
22.	**Family Independence Program Caseload Adjustment.** The budget reflects caseload consensus adjustments, projecting 25,473 cases at an average cost of $362.93 per case per month.	Gross Federal Restricted GF/GP	(32,184,200) (11,770,700) (6,547,300) (13,866,200)
23.	**State Disability Assistance Caseload Adjustment.** The budget reflects caseload consensus adjustments, with a projection of 5,566 cases and an average cost of $209.88 per case per month.	Gross Restricted GF/GP	(354,700) (5,146,700) 4,792,000
24.	**Food Assistance Program Adjustments.** The budget supports 847,700 cases at an average cost per month of $251.76. Additionally, the budget includes an adjustment to reduce Federal authorization due to declining caseloads and new funding for payments to eligible fugitive felons.	Gross Federal GF/GP	(128,159,700) (128,159,700) 0
25.	**Adoption Subsidy Caseload Adjustment.** The budget reflects caseload consensus projections of 25,064 cases at a cost of $745 per case per month.	Gross Federal GF/GP	(10,486,000) (6,600,900) (3,885,100)

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
26. Child Care Fund Caseload Adjustment. The budget reflects caseload consensus adjustments for a projected budget of $177.1 million in the line item in FY 2015-16.	Gross	(5,074,600)
	Federal	(2,554,700)
	GF/GP	(2,519,900)
27. Foster Care Caseload Adjustment. The caseload consensus adjustments estimate 6,175 cases at $27,877 annually per case in FY 2015-16.	Gross	(3,740,400)
	Federal	(11,926,300)
	Local	(1,193,900)
	Private	(438,200)
	GF/GP	9,818,000
28. Annualization of FY 2014-15 Budgetary Savings. The FY 2014-15 budget included $7.5 million GF/GP in savings. The FY 2015-16 budget annualizes these savings through reductions in multiple lines throughout the budget, primarily Federal revenue.	FTEs	(332.0)
	Gross	(6,296,800)
	Federal	(6,291,700)
	Local	(5,100)
	GF/GP	0
29. Sexual Assault Evidence Kit Commission. The budget does not include funding that was provided in Public Act 318 of 2014.	Gross	(25,000)
	GF/GP	(25,000)

E. FUNDING SHIFTS

1. FMAP Rate Adjustment. The Federal Medical Assistance Percentage (FMAP) increases from 65.54% in FY 2014-15 to 65.60% in FY 2015-16. The change in the Federal match rate results in decreased GF/GP expenditures in caseload and noncaseload line items.	Gross	(11,000)
	Federal	155,000
	GF/GP	(166,000)
2. Federal Earnings Offset and GF/GP Increases. The budget includes fund sourcing adjustments, which increase GF/GP revenue by $8.7 million. Federal fund sources, including Temporary Assistance for Needy Families (TANF) and capped funding, also are revised. The changes result in $0 Gross changes. Under the fund shift, the Healthy Michigan Plan retains $19.5 million Gross and $5.6 million GF/GP. The budget offsets a reduction of $2.1 million GF/GP in the Healthy Michigan Plan with an increase of GF/GP revenue of the same amount from fund source adjustments. The following items are accounted for elsewhere in this report: Michigan Rehabilitation Services ($2.3 million GF/GP) and Youth in Transition ($400,000 GF/GP).	Gross	0
	Federal	(3,845,400)
	Private	(90,000)
	GF/GP	3,935,400

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
3. Youth in Transition. The budget includes a fund shift that increases GF/GP revenue in the line item.	Gross	0
	Federal	(445,000)
	GF/GP	445,000
4. GF/GP Reduction and Federal TANF Offset. The budget includes fund source shifts to reduce GF/GP support and increase use of Federal TANF in the FIP line and the Adoption Subsidies line.	Gross	0
	Federal	12,258,800
	GF/GP	(12,258,800)
5. Cooperative Disability Investigation (CDI) Unit. Two Office of Inspector General FTEs are reassigned to Federal disability fraud prevention through a memorandum of understanding with the Social Security Administration, reducing the need for GF/GP revenue. The CDI unit is funded with Federal revenue only. The reduction was part of the FY 2014-15 supplemental cuts in Public Act 5 of 2015.	Gross	0
	Federal	40,500
	GF/GP	(40,500)

F. PROGRAM TRANSFERS

Transfer of Licensing to the Department of Licensing and Regulatory Affairs. The Conference agreement included the transfer of Adult Foster Care and Day Care licensing to the Department of Licensing and Regulatory Affairs. Child welfare licensure remains with the Department of Health and Human Services. The GF/GP reduction is offset by fund source shifts in the Child Welfare Licensing line.	FTEs	(219.0)
	Gross	(28,955,300)
	IDG	(12,840,200)
	GF/GP	(16,115,100)

G. OTHER ISSUES

1. Budget Restructure. The budget is restructured, affecting several units and line items. First, the Payroll Taxes and Fringe Benefits line item has been unrolled and the funding transferred to corresponding salary and wage line items. Additionally, three budget units are eliminated and their line items transferred: Central Support Accounts, Children's Services, and Information Technology. Four of the remaining units are renamed: Executive Operations becomes Departmentwide Administration; Community Action and Economic Opportunity becomes Community Services and Outreach; Adult and Family Services becomes Adult Protective and Support Services; and Local Office Staff and Operations becomes Field Operations and Support Services. The Budgetary Savings unit is zeroed out, as the savings are recognized throughout the corresponding budget units. The Information Technology line items are rolled into one line item and transferred to Departmentwide Administration. This section also includes a technical revision.	Gross	0
	Federal	2,200
	GF/GP	(2,200)

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
2. Alignment of FTEs. As the fringe benefits and other costs are rolled into the corresponding salary and wages line items, the number of supportable FTEs is adjusted to align the FTE count with the appropriation, a reduction of 69.0 FTEs. The budget reduces the number of authorized FTEs for the Office of Program Policy by 8.7 to align it with actual funding. The budget includes an increase of 16.0 FTE disability determination workers to align the number with the actual appropriation.	FTEs	(62.6)
	Gross	0
	GF/GP	0
3. Reversal of Items in Supplemental Public Act 5 of 2015. In order to adjust for the year-to-date changes, the budget calculations reverse several items that were in Public Act 5 of 2015. The supplemental request reduced PATH Coordinators by 9.0 FTEs, reduced Peer Coordinators by 10.0 FTEs, included fund shifts in TANF, disability services, and the Office of Inspector General, and reduced laptops for executives.	FTEs	19.0
	Gross	1,362,100
	Federal	(6,645,200)
	GF/GP	8,007,300
4. Reversal of Items in Executive Order 2015-5. In order to adjust for the year-to-date changes, the budget calculations reverse several items that were in E.O. 2015-5. The Executive Order included reductions to Maxey Training School, Redetermined Adoption Assistance, Recoupment Specialists (1.0 FTE), Michigan Rehabilitation Services, in-home grants, Healthy Michigan Plan, Emergency Services Local Office Allocations, JJ Vision 20/20 data system, asset test automation, and the Child Welfare Institute.	FTEs	1.0
	Gross	31,970,900
	Federal	17,812,000
	Local	(1,573,400)
	Private	829,400
	Restricted	8,613,100
	GF/GP	6,289,800
5. Reversal of FY 2014-15 Supplemental Items. The budget reverses caseload adjustments that were included in the supplemental.	Gross	19,055,200
	Federal	15,025,900
	Local	2,288,800
	Private	(485,300)
	Restricted	3,676,200
	GF/GP	(1,450,400)

H. UNCLASSIFIED SALARIES

Economic Adjustments. The standard economic factors for salaries and wages are applied to unclassified salaries. The budget increases Gross funding for the unclassified salaries line item from $724,600 to $735,500.	Gross	10,900
	Federal	4,100
	GF/GP	6,800

I. FEE INCREASES - NONE

	FY 2015-16 Change From FY 2014-15 Year-to-Date
Gross	(2,461,000)
IDG	(33,000)
Federal	(1,622,600)
Local	(37,800)
Private	(30,000)
Restricted	(3,800)
GF/GP	(733,800)

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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.

K. ONE-TIME APPROPRIATIONS

The budget identifies $800,000 FY 2015-16 one-time appropriations and eliminates $5,150,000 FY 2014-15 one-time appropriations:

	Gross	GF/GP
FY 2015-16		
Special Employment and Training Services Pilot Program	$800,000	$400,000
Subtotal	**$800,000**	**$400,000**
FY 2014-15		
IRS Claims	($500,000)	($500,000)
Center for Hope	(250,000)	(250,000)
Performance-Based Contract	(100,000)	(100,000)
Information Technology for Private Agencies	(300,000)	(300,000)
Fostering Futures Scholarship	(500,000)	(500,000)
Juvenile Justice In-Home Grants	(250,000)	(250,000)
Food Bank	(100,000)	(100,000)
Michigan Reading Corps	(350,000)	(350,000)
Parent-to-Parent Adoption Support	(200,000)	(200,000)
Michigan Rehabilitation Services	(2,600,000)	(2,600,000)
Subtotal	**($5,150,000)**	**($5,150,000)**

L. VETOES - NONE

HIGHER EDUCATION
P.A. 85 of 2015 – ARTICLE III

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	0.0	N/A	N/A	N/A	N/A
GROSS	**1,517,496,300**	**1,541,219,200**	**1,541,219,200**	**1,527,223,600**	**1,534,724,400**	**17,228,100**	**1.1**
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	**1,517,496,300**	**1,541,219,200**	**1,541,219,200**	**1,527,223,600**	**1,534,724,400**	**17,228,100**	**1.1**
Less:							
Federal Funds	98,026,400	97,026,400	97,026,400	97,026,400	97,026,400	(1,000,000)	(1.0)
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	**1,419,469,900**	**1,444,192,800**	**1,444,192,800**	**1,430,197,200**	**1,437,698,000**	**18,228,100**	**1.3**
Less:							
Other State Restricted Funds	206,567,900	205,279,500	205,279,500	205,279,500	205,279,500	(1,288,400)	(0.6)
GENERAL FUND/GENERAL PURPOSE	**1,212,902,000**	**1,238,913,300**	**1,238,913,300**	**1,224,917,700**	**1,232,418,500**	**19,516,500**	**1.6**
PAYMENTS TO LOCALS	**0**	**0**	**0**	**0**	**0**	**0**	**0.0**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. University Operations Increase. The Governor and the Senate included a $26.8 million (2.0%) increase for university operations funded by the State General Fund (GF/GP). In FY 2014-15, half of the funding increase was distributed across-the-board. The Governor, Senate, and House eliminated the across-the-board distribution for FY 2015-16. The performance-based metrics from the previous year are maintained. The allocation based on students receiving Pell Grants is changed from being based on the absolute number of students to the percentage of students at each institution who receive Pell Grants. The House reduced the increase to $13.6 million (1.0%) and adjusted the formula based on corrections to Saginaw Valley State University performance data. The Conference Committee included a 1.5% increase and concurred in the adjustments for Saginaw Valley State University performance data. Fiscal year 2015-16 appropriations for university operations total $1,360,557,600. Details of allocations by university are included in Tables 1 and 2. Prerequisites for performance funding and tuition restraint (3.2%) are maintained.	Gross GF/GP	20,099,400 20,099,400
2. Michigan Public School Employees Retirement System (MPSERS) Rate Cap. The FY 2014-15 budget included $2,446,200 School Aid Fund (SAF) in ongoing appropriations for MPSERS reimbursements. (This appropriation originally included $2.0 million GF/GP, which was replaced by SAF support in an FY 2014-15 supplemental, Public Act 5 of 2015.) The Governor increased ongoing appropriations from $2,446,200 to $5,160,000, supported entirely by the SAF. The Senate and House concurred with the Governor. The Governor's proposal included implementing an employers' cap on contributions for MPSERS unfunded actuarially accrued liability (UAAL) payments (25.73% of payroll). This is similar to the cap that was implemented for K-12 and community college employers. The cap is based on FY 2011-12 UAAL payments by MPSERS universities. The affected universities include Central, Eastern, Ferris, Lake Superior, Michigan Tech, Northern, and Western. Payments by the State for the cap will increase from $5.2 million in FY 2015-16 to $10.3 million in FY 2035-36. Over that time period, the cost to the State is estimated at $156.1 million. Amendments to the MPSERS Act are necessary to implement the proposed cap.	Gross Restricted GF/GP	2,713,800 2,713,800 0

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
3. Tuition Grants. Public Act 313 of 1966 established these grants; undergraduate students at Michigan two-year and four-year private institutions are eligible for up to 10 semesters, if they have financial need. The annual grant maximum stated in the boilerplate is $1,512; however, the Department of Treasury sets the actual grant amount based on funding and applications. The Governor and Senate maintained funding at the FY 2014-15 level. The House included a $327,500 GF/GP (1.0%) increase. The Conference included a 1.5% increase, resulting in an FY 2015-16 appropriation of $34,035,500.	Gross GF/GP	503,000 503,000
4. MSU AgBioResearch. AgBioResearch performs agricultural research to promote efficient production, marketing, distribution, and use of farm products. The Governor included a $640,600 (2.0%) GF/GP increase for Michigan State University (MSU) AgBioResearch. The Senate concurred with the Governor. The House reduced the increase to $312,800 (1.0%). The Conference included a 1.5% increase, resulting in an FY 2015-16 appropriation of $32,508,300.	Gross GF/GP	480,400 480,400
5. MSU Extension. MSU Extension Services identify and solve farm, home, and community problems through the practical application of Federal and State research findings. MSU Extension Services operates Michigan's Expanded Food and Nutrition Education Program, and serves as a resource for youth 4-H programs. The Governor included a $551,600 (2.0%) GF/GP increase for MSU Extension. The Senate concurred with the Governor. The House reduced the increase to $269,400 (1.0%). The Conference included a 1.5% increase, resulting in an FY 2015-16 appropriation of $27,994,800.	Gross GF/GP	413,700 413,700
6. Midwest Higher Education Compact Dues. The 12 member states of the Compact are: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. The work of the Compact is financed through member state dues and foundation grants. Examples of Compact projects are the Midwest Student Exchange Program, the Distributed Learning Workshop, and collaborations on computing, insurance, and telecommunications issues. The Governor increased the appropriation from $95,000 to $115,000 GF/GP. The Senate and House concurred with the Governor.	Gross GF/GP	20,000 20,000

C. PROGRAM ELIMINATIONS

FY 2014-15 One-Time MPSERS Funding. The budget eliminated FY 2014-15 one-time funding from the SAF for MPSERS reimbursements.	Gross Restricted GF/GP	(4,002,200) (4,002,200) 0

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

Michigan College Access Network. The $2.0 million GF/GP appropriation supports Michigan College Access Network operations, programming, and services to local college access networks. The budget transfers the program to the K-12 budget.	Gross GF/GP	(2,000,000) (2,000,000)

G. OTHER ISSUES

1. **FY 2014-15 Contingency Fund Transfer.** Subsequent to the passage of the FY 2015-16 Higher Education budget, a $1.0 million contingency fund transfer was approved, increasing the Tuition Incentive Program by $1.0 million, from $48.5 million to $49.5 million. The transfer was funded by Federal Temporary Assistance for Needy Families (TANF) funds. The TANF funds were available due to carry-forward funds from previous years. The $1.0 million adjustment was not included in the FY 2015-16 initial appropriation.	Gross Federal GF/GP	(1,000,000) (1,000,000) 0
2. **Indian Tuition Waiver.** Public Act 174 of 1976 provides for free tuition for Michigan resident North American Indians who attend Michigan public community colleges, universities, and certain Federal tribally controlled community colleges. Since the waiver appropriations were rolled into the operations funding for each university in FY 1996-97, State appropriations have not kept pace with actual costs. In FY 2014-15, universities absorbed $4.7 million of waiver costs. The FY 2014-15 budget included $500,000 GF/GP to offset a portion of the shortfall. The Governor transferred the $500,000 to university operations appropriations based on the number of students receiving waivers at each institution compared to that institution's total fiscal year equated students. The Senate and House concurred.	Gross GF/GP	0 0

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS

The budget eliminates FY 2014-15 one-time appropriations:

	Gross	GF/GP
FY 2014-15		
MPSERS Reimbursement	($4,002,200)	$0
Subtotal	**($4,002,200)**	**$0**

L. VETOES - NONE

Table 1: FY 2015-16 Higher Education Appropriations

		FY 2015-16 Adjustments								
	FY 2014-15 Year-To-Date Appropriation	Critical Skills	Research & Development	Metrics based on Carnegie Peers	Total Formula Distribution	Other Changes*	FY 2015-16 Initial Appropriation	Dollar Change From 2014-15	Percent Change	FY 2015-16 Appropriation per FYES**
Central	$79,115,000	$220,934	$19,105	$1,499,530	$1,739,600	$49,800	$80,904,400	$1,789,400	2.3%	$3,873
Eastern	71,771,100	213,579		839,188	1,052,800	11,400	72,835,300	1,064,200	1.5%	4,011
Ferris	49,087,000	360,261		748,443	1,108,700	32,100	50,227,800	1,140,800	2.3%	4,137
Grand Valley	63,136,000	372,988		1,505,678	1,878,700	20,500	65,035,200	1,899,200	3.0%	2,932
Lake Superior	12,782,500	52,764		133,339	186,100	215,000	13,183,600	401,100	3.1%	6,064
Michigan State	264,429,100	783,254	553,972	2,503,779	3,841,000	8,800	268,278,900	3,849,800	1.5%	5,837
Michigan Tech	45,923,100	255,418	90,516	378,025	724,000	14,900	46,662,000	738,900	1.6%	7,208
Northern	44,277,200	149,999		532,113	682,100	61,100	45,020,400	743,200	1.7%	5,606
Oakland	48,364,100	314,095	17,350	896,982	1,228,400	7,800	49,600,300	1,236,200	2.6%	2,903
Saginaw Valley	27,610,200	123,158		372,954	496,100	11,400	28,117,700	507,500	1.8%	3,186
UM-Ann Arbor	295,174,100	839,606	1,257,206	2,155,315	4,252,100	4,400	299,430,600	4,256,500	1.4%	6,831
UM-Dearborn	23,689,300	116,524		177,847	294,400	11,700	23,995,400	306,100	1.3%	3,609
UM-Flint	21,337,700	145,655		258,472	404,100	21,900	21,763,700	426,000	2.0%	3,156
Wayne State	190,519,800	210,839	262,257	343,699	816,800	10,100	191,346,700	826,900	0.4%	8,450
Western	102,742,000	307,461	32,861	1,054,236	1,394,500	19,100	104,155,600	1,413,600	1.4%	5,058
Subtotal University Operations:	**$1,339,958,200**	**$4,466,535**	**$2,233,267**	**$13,399,600**	**$20,099,400**	**$500,000**	**$1,360,557,600**	**$20,599,400**	**1.5%**	**$5,182**
MPSERS Reimbursement	$2,446,200					$2,713,800	$5,160,000	$2,713,800	110.9%	
MPSERS Reimbursement (FY15 one-time)	4,002,200					(4,002,200)	0	(4,002,200)	-100.0%	
MSU AgBioResearch	32,027,900					480,400	32,508,300	480,400	1.5%	
MSU Extension	27,581,100					413,700	27,994,800	413,700	1.5%	
Higher Education Database	200,000					0	200,000	0	0.0%	
Midwest Higher Ed Compact	95,000					20,000	115,000	20,000	21.1%	
King-Chavez-Parks	2,691,500					0	2,691,500	0	0.0%	
College Access Program	2,000,000					(2,000,000)	0	(2,000,000)	-100.0%	
Total Universities	**$1,411,002,100**	**$4,466,535**	**$2,233,267**	**$13,399,600**	**$20,099,400**	**($1,874,300)**	**$1,429,227,200**	**$18,225,100**	**1.3%**	
School Aid Fund	**$206,467,900**	**0**	**0**	**0**	**0**	**($1,288,400)**	**205,179,500**	**($1,288,400)**	**-0.6%**	
State GF/GP	**$1,204,534,200**	**$4,466,535**	**$2,233,267**	**$13,399,600**	**$20,099,400**	**($585,900)**	**$1,224,047,700**	**$19,513,500**	**1.6%**	
Grants and Financial Aid										
State Competitive Scholarships	$18,361,700					$0	$18,361,700	$0	0.0%	
Tuition Grants	33,532,500					503,000	34,035,500	503,000	1.5%	
Tuition Incentive Program (TIP)	49,500,000					(1,000,000)	48,500,000	(1,000,000)	-2.0%	
Children of Veterans & Officer's Tuition	1,400,000					0	1,400,000	0	0.0%	
Project Gear-Up	3,200,000					0	3,200,000	0	0.0%	
North American Indian Tuition Waiver	500,000					(500,000)	0	(500,000)	-100.0%	
Total Grants/Financial Aid	**$106,494,200**					**(997,000)**	**$105,497,200**	**($997,000)**	**-0.9%**	
Federal Higher Ed Act	**3,200,000**					**0**	**3,200,000**	**0**	**0.0%**	
Federal TANF	**94,826,400**					**(1,000,000)**	**93,826,400**	**(1,000,000)**	**-1.1%**	
Veterans Tax Check-off	**100,000**					**0**	**100,000**	**0**	**0.0%**	
State GF/GP	**$8,367,800**					**$3,000**	**$8,370,800**	**$3,000**	**0.0%**	
TOTAL HIGHER EDUCATION										
TOTAL ALL FUNDS	**$1,517,496,300**	**$4,466,535**	**$2,233,267**	**$13,399,600**	**$20,099,400**	**($2,871,300)**	**$1,534,724,400**	**$17,228,100**	**1.1%**	
TOTAL FEDERAL	**98,026,400**	**0**	**0**	**0**	**0**	**(1,000,000)**	**97,026,400**	**(1,000,000)**	**-1.0%**	
TOTAL STATE RESTRICTED	**206,567,900**	**0**	**0**	**0**	**0**	**(1,288,400)**	**205,279,500**	**(1,288,400)**	**-0.6%**	
TOTAL STATE GF/GP	**$1,212,902,000**	**$4,466,535**	**$2,233,267**	**$13,399,600**	**$20,099,400**	**($582,900)**	**$1,232,418,500**	**$19,516,500**	**1.6%**	

*Other Changes Column: MPSERS adjustments, MSU AgBioResearch and MSU Extension increase, Midwest Higher Education Compact dues increase, transfer Michigan College Access Program to K-12 budget, and roll Indian Tuition Waiver funding into university operation appropriations.

**FYES: Fiscal year equated students as reported in Higher Education Institutional Data Inventory for FY 2013-14.

Table 2: FY 2015-16 Higher Education Appropriation History

		Governor			Senate			House			Initial Appropriation		
University	FY 2014-15 Year-To-Date	FY 2015-16	Dollar Change	Percent Change	FY 2015-16	Dollar Change	Percent Change	FY 2015-16	Dollar Change	Percent Change	FY 2015-16	Dollar Change	Percent Change
Central	$79,115,000	$81,502,900	$2,387,900	3.0%	$81,502,900	$2,387,900	3.0%	$80,297,400	$1,182,400	1.5%	$80,904,400	$1,789,400	2.3%
Eastern	71,771,100	73,196,700	1,425,600	2.0%	73,196,700	1,425,600	2.0%	72,467,900	696,800	1.0%	72,835,300	1,064,200	1.5%
Ferris	49,087,000	50,606,700	1,519,700	3.1%	50,606,700	1,519,700	3.1%	49,840,900	753,900	1.5%	50,227,800	1,140,800	2.3%
Grand Valley	63,136,000	65,680,200	2,544,200	4.0%	65,680,200	2,544,200	4.0%	64,379,600	1,243,600	2.0%	65,035,200	1,899,200	3.0%
Lake Superior	12,782,500	13,247,300	464,800	3.6%	13,247,300	464,800	3.6%	13,118,700	336,200	2.6%	13,183,600	401,100	3.1%
Michigan State	264,429,100	269,590,500	5,161,400	2.0%	269,590,500	5,161,400	2.0%	266,938,600	2,509,500	0.9%	268,278,900	3,849,800	1.5%
Michigan Tech	45,923,100	46,908,000	984,900	2.1%	46,908,000	984,900	2.1%	46,409,300	486,200	1.1%	46,662,000	738,900	1.6%
Northern	44,277,200	45,254,400	977,200	2.2%	45,254,400	977,200	2.2%	44,782,400	505,200	1.1%	45,020,400	743,200	1.7%
Oakland	48,364,100	50,021,000	1,656,900	3.4%	50,021,000	1,656,900	3.4%	49,171,700	807,600	1.7%	49,600,300	1,236,200	2.6%
Saginaw Valley	27,610,200	28,120,400	510,200	1.8%	28,120,400	510,200	1.8%	27,944,600	334,400	1.2%	28,117,700	507,500	1.8%
UM-Ann Arbor	295,174,100	300,874,900	5,700,800	1.9%	300,874,900	5,700,800	1.9%	297,946,900	2,772,800	0.9%	299,430,600	4,256,500	1.4%
UM-Dearborn	23,689,300	24,095,700	406,400	1.7%	24,095,700	406,400	1.7%	23,892,700	203,400	0.9%	23,995,400	306,100	1.3%
UM-Flint	21,337,700	21,901,700	564,000	2.6%	21,901,700	564,000	2.6%	21,622,700	285,000	1.3%	21,763,700	426,000	2.0%
Wayne State	190,519,800	191,623,200	1,103,400	0.6%	191,623,200	1,103,400	0.6%	191,061,700	541,900	0.3%	191,346,700	826,900	0.4%
Western	102,742,000	104,633,700	1,891,700	1.8%	104,633,700	1,891,700	1.8%	103,669,100	927,100	0.9%	104,155,600	1,413,600	1.4%
Subtotal University Operations:	**$1,339,958,200**	**$1,367,257,300**	**$27,299,100**	2.0%	**$1,367,257,300**	**$27,299,100**	2.0%	**$1,353,544,200**	**$13,586,000**	1.0%	**$1,360,557,600**	**$20,599,400**	**1.5%**
MPSERS Reimbursement	$2,446,200	$5,160,000	$2,713,800	110.9%	$5,160,000	$2,713,800	110.9%	$5,160,000	$2,713,800	110.9%	$5,160,000	$2,713,800	110.9%
MPSERS Reimbursement (1-time)	4,002,200	0	(4,002,200)	-100.0%	0	(4,002,200)	-100.0%	0	(4,002,200)	-100.0%	0	(4,002,200)	-100.0%
MSU AgBioResearch	32,027,900	32,668,500	640,600	2.0%	32,668,500	640,600	2.0%	32,340,700	312,800	1.0%	32,508,300	480,400	1.5%
MSU Extension	27,581,100	28,132,700	551,600	2.0%	28,132,700	551,600	2.0%	27,850,500	269,400	1.0%	27,994,800	413,700	1.5%
Higher Education Database	200,000	200,000	0	0.0%	200,000	0	0.0%	200,000	0	0.0%	200,000	0	0.0%
Midwest Higher Ed Compact	95,000	115,000	20,000	21.1%	115,000	20,000	21.1%	115,000	20,000	21.1%	115,000	20,000	21.1%
King-Chavez-Parks	2,691,500	2,691,500	0	0.0%	2,691,500	0	0.0%	2,691,500	0	0.0%	2,691,500	0	0.0%
College Access Program	2,000,000	0	(2,000,000)	-100.0%	0	(2,000,000)	-100.0%	0	(2,000,000)	-100.0%	0	(2,000,000)	-100.0%
Total Universities	**$1,411,002,100**	**$1,436,225,000**	**$25,222,900**	**1.8%**	**$1,436,225,000**	**$25,222,900**	**1.8%**	**$1,421,901,900**	**$10,899,800**	**0.8%**	**$1,429,227,200**	**$18,225,100**	**1.3%**
School Aid Fund	**$206,467,900**	**205,179,500**	**($1,288,400)**	**-0.6%**	**205,179,500**	**(1,288,400)**	**-0.6%**	**205,179,500**	**(1,288,400)**	**-0.6%**	**205,179,500**	**(1,288,400)**	**-0.6%**
State GF/GP	**$1,204,534,200**	**$1,231,045,500**	**$26,511,300**	**2.2%**	**$1,231,045,500**	**26,511,300**	**2.2%**	**$1,216,722,400**	**12,188,200**	**1.0%**	**1,224,047,700**	**19,513,500**	**1.6%**
Grants and Financial Aid													
State Competitive Scholarships	$18,361,700	$18,361,700	$0	0.0%	$18,361,700	$0	0.0%	$18,361,700	$0	0.0%	$18,361,700	$0	0.0%
Tuition Grants	33,532,500	33,532,500	0	0.0%	33,532,500	0	0.0%	33,860,000	327,500	1.0%	34,035,500	503,000	1.5%
Tuition Incentive Program (TIP)	49,500,000	48,500,000	(1,000,000)	-2.0%	48,500,000	(1,000,000)	-2.0%	48,500,000	(1,000,000)	-2.0%	48,500,000	(1,000,000)	-2.0%
Children of Veterans & Officer's Tuition	1,400,000	1,400,000	0	0.0%	1,400,000	0	0.0%	1,400,000	0	0.0%	1,400,000	0	0.0%
Project Gear-Up	3,200,000	3,200,000	0	0.0%	3,200,000	0	0.0%	3,200,000	0	0.0%	3,200,000	0	0.0%
North American Indian Tuition Waiver	500,000	0	(500,000)	-100.0%	0	(500,000)	-100.0%	0	(500,000)	-100.0%	0	(500,000)	-100.0%
Total Grants/Financial Aid	**$106,494,200**	**$104,994,200**	**($1,500,000)**	**-1.4%**	**$104,994,200**	**(1,500,000)**	**-1.4%**	**$105,321,700**	**($1,172,500)**	**-1.1%**	**$105,497,200**	**($997,000)**	**-0.9%**
Federal Higher Ed Act	**3,200,000**	**3,200,000**	**0**	**0.0%**	**3,200,000**	**0**	**0.0%**	**3,200,000**	**0**	**0.0%**	**3,200,000**	**0**	**0.0%**
Federal TANF	**94,826,400**	**93,826,400**	**(1,000,000)**	**-1.1%**	**93,826,400**	**(1,000,000)**	**-1.1%**	**93,826,400**	**(1,000,000)**	**-1.1%**	**93,826,400**	**(1,000,000)**	**-1.1%**
Veterans Tax Check-off	**100,000**	**100,000**	**0**	**0.0%**	**100,000**	**0**	**0.0%**	**100,000**	**0**	**0.0%**	**100,000**	**0**	**0.0%**
State GF/GP	**$8,367,800**	**$7,867,800**	**($500,000)**	**-6.0%**	**$7,867,800**	**(500,000)**	**-6.0%**	**$8,195,300**	**(172,500)**	**-2.1%**	**$8,370,800**	**$3,000**	**0.0%**
TOTAL HIGHER EDUCATION													
TOTAL ALL FUNDS	**$1,517,496,300**	**$1,541,219,200**	**$23,722,900**	**1.6%**	**$1,541,219,200**	**$23,722,900**	**1.6%**	**$1,527,223,600**	**$9,727,300**	**0.6%**	**$1,534,724,400**	**$17,228,100**	**1.1%**
TOTAL FEDERAL	**98,026,400**	**97,026,400**	**(1,000,000)**	**-1.0%**	**97,026,400**	**(1,000,000)**	**-1.0%**	**97,026,400**	**(1,000,000)**	**-1.0%**	**97,026,400**	**(1,000,000)**	**-1.0%**
TOTAL STATE RESTRICTED	**206,567,900**	**205,279,500**	**(1,288,400)**	**-0.6%**	**205,279,500**	**(1,288,400)**	**-0.6%**	**205,279,500**	**(1,288,400)**	**-0.6%**	**205,279,500**	**(1,288,400)**	**-0.6%**
TOTAL STATE GF/GP	**$1,212,902,000**	**$1,238,913,300**	**$26,011,300**	**2.1%**	**$1,238,913,300**	**$26,011,300**	**2.1%**	**$1,224,917,700**	**$12,015,700**	**1.0%**	**$1,232,418,500**	**$19,516,500**	**1.6%**

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
P.A. 84 of 2015 – ARTICLE XI

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	337.0	337.0	337.0	337.0	337.0	0.0	0.0
GROSS	**65,189,700**	**65,057,700**	**64,962,700**	**65,057,700**	**65,057,700**	**(132,000)**	**(0.2)**
Less:							
Interdepartmental Grants Received	707,600	707,600	707,600	707,600	707,600	0	0.0
ADJUSTED GROSS	**64,482,100**	**64,350,100**	**64,255,100**	**64,350,100**	**64,350,100**	**(132,000)**	**(0.2)**
Less:							
Federal Funds	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	**62,482,100**	**62,350,100**	**62,255,100**	**62,350,100**	**62,350,100**	**(132,000)**	**(0.2)**
Less:							
Other State Restricted Funds	62,427,100	62,200,100	62,200,100	62,200,100	62,200,100	(227,000)	(0.4)
GENERAL FUND/GENERAL PURPOSE	**55,000**	**150,000**	**55,000**	**150,000**	**150,000**	**95,000**	**172.7**
PAYMENTS TO LOCALS	**0**	**0**	**0**	**0**	**0**	**0**	**0.0**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Healthy Michigan Plan Reporting. The budget includes $150,000 GF/GP for the executive director program to administer reporting requirements under Medicaid expansion regarding evidence on rate changes. In FY 2014-15, $55,000 GF/GP was appropriated to this program to create a baseline report. According to the Department, the cost of this program going forward has increased as more in-depth analysis is required in reports subsequent to the initial baseline report.	Gross GF/GP	95,000 95,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Michigan Business One Stop (MBOS) Reduction. The budget reduces information technology funding due to decreased costs. The Department previously paid for MBOS portal services for online license applications. Since the Department has started issuing licenses directly from its own website, this service is no longer needed.	Gross Restricted GF/GP	(78,500) (78,500) 0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from $717,500 to $728,300.	Gross Restricted GF/GP	10,800 10,800 0

I. FEE INCREASES - NONE

	FY 2015-16 Change From FY 2014-15 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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.	Gross (159,300) Restricted (159,300) GF/GP 0

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

JUDICIARY
P.A. 84 of 2015 – ARTICLE XII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	490.0	489.0	489.0	489.0	489.0	(1.0)	(0.2)
GROSS	**287,767,600**	**283,901,300**	**285,401,400**	**283,401,300**	**284,651,400**	**(3,116,200)**	**(1.1)**
Less:							
Interdepartmental Grants Received	2,364,400	2,362,900	2,362,900	2,362,900	2,362,900	(1,500)	(0.1)
ADJUSTED GROSS	**285,403,200**	**281,538,400**	**283,038,500**	**281,038,400**	**282,288,500**	**(3,114,700)**	**(1.1)**
Less:							
Federal Funds	6,437,400	6,428,600	6,428,600	6,428,600	6,428,600	(8,800)	(0.1)
Local and Private	8,185,900	8,171,900	8,171,900	8,171,900	8,171,900	(14,000)	(0.2)
TOTAL STATE SPENDING	**270,779,900**	**266,937,900**	**268,438,000**	**266,437,900**	**267,688,000**	**(3,091,900)**	**(1.1)**
Less:							
Other State Restricted Funds	84,252,500	84,245,700	84,245,800	84,245,700	84,245,800	(6,700)	(0.0)
GENERAL FUND/GENERAL PURPOSE	**186,527,400**	**182,692,200**	**184,192,200**	**182,192,200**	**183,442,200**	**(3,085,200)**	**(1.7)**
PAYMENTS TO LOCALS	**139,407,400**	**136,329,400**	**137,829,400**	**135,829,400**	**137,073,400**	**(2,334,000)**	**(1.7)**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date
A. NEW PROGRAMS		
Statewide E-File System. This funding provides a placeholder for future decisions regarding a statewide civil court filing system.	Gross	100
	Restricted	100
	GF/GP	0
B. PROGRAM INCREASES - NONE		
C. PROGRAM ELIMINATIONS		
1. **Trial Court Performance Innovation (TCPI) Fund.** The FY 2015-16 budget eliminates this one-item appropriation, which provided incentives for early adoption of best practices to improve efficiency and customer service as well as to provide specific grants to help launch innovative ideas.	FTE	(1.0)
	Gross	(375,000)
	GF/GP	(375,000)
2. **Community Court Pilot Program.** The funding for this pilot program is eliminated.	Gross	(20,000)
	GF/GP	(20,000)
D. PROGRAM REDUCTIONS		
1. **Swift-and-Sure Sanctions Program.** This alternative probation program for high-risk offenders has been adopted in 18 courts but not all the funds appropriated have been spent, so there is a baseline reduction of $1.75 million for FY 2015-16.	Gross	(1,750,000)
	GF/GP	(1,750,000)
2. **Operational Reductions.** Savings are identified in various line items from operating efficiencies and anticipated FTE departures or vacant positions that will not be filled.	Gross	(650,000)
	GF/GP	(650,000)
E. FUNDING SHIFTS - NONE		
F. PROGRAM TRANSFERS - NONE		
G. OTHER ISSUES		
Savings Due to Judgeship Attrition. The budget continues to reflect savings from the elimination of judgeships as a result of attrition.	Gross	(351,800)
	GF/GP	(351,800)

FY 2015-16 Change From
FY 2014-15 Year-to-Date

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, 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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.

Gross	30,500
IDG	(1,500)
Federal	(8,800)
Local	(12,100)
Private	(1,900)
Restricted	(6,800)
GF/GP	61,600

K. ONE-TIME APPROPRIATIONS

The budget eliminates $375,000 FY 2014-15 one-time appropriations:

	Gross	GF/GP
FY 2014-15		
Trial Court Performance Innovation Fund	($375,000)	($375,000)
Subtotal.....	**($375,000)**	**($375,000)**

L. VETOES - NONE

LEGISLATURE
P.A. 84 of 2015 – ARTICLE VIII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	0.0	0.0	0.0	0.0	0.0	N/A	N/A
GROSS	**154,089,300**	**159,304,800**	**159,304,800**	**158,594,200**	**159,304,800**	**5,215,500**	**3.4**
Less:							
Interdepartmental Grants Received	5,220,700	5,392,800	5,392,800	5,392,800	5,392,800	172,100	3.3
ADJUSTED GROSS	**148,868,600**	**153,912,000**	**153,912,000**	**153,201,400**	**153,912,000**	**5,043,400**	**3.4**
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	**148,468,600**	**153,512,000**	**153,512,000**	**152,801,400**	**153,512,000**	**5,043,400**	**3.4**
Less:							
Other State Restricted Funds	6,110,600	6,179,600	6,179,600	6,179,600	6,179,600	69,000	1.1
GENERAL FUND/GENERAL PURPOSE	**142,358,000**	**147,332,400**	**147,332,400**	**146,621,800**	**147,332,400**	**4,974,400**	**3.5**
PAYMENTS TO LOCALS	**0**	**0**	**0**	**0**	**0**	**0**	**0.0**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Auditor General Adjustment. The budget includes a 3.5% overall increase for Auditor General operations. Auditor General employees are State classified employees and thus are entitled to the economic increases included for classified employees pursuant to contract agreements. The funding for Auditor General operations for FY 2015-16 totals $22.8 million and includes the economic increases required for FY 2015-16.	Gross IDG Restricted GF/GP	681,700 172,100 (13,200) 522,800
2. Legislative Adjustment. The enacted budget includes an overall funding increase for the Legislature totaling 3.5%. The Senate receives an increase of $1.2 million overall while the House receives an overall increase of $1.8 million. The House and Senate Fiscal Agencies receive an increase of $125,300 each. The Legislative Council receives an increase of $521,500 while the Retirement System receives an increase of $148,500. The Farnum Building and the Cora Anderson House Building receive increases totaling $466,500. Finally, the budget includes additional funding of $199,600 for the State Capitol Historic Site line item ($139,600 for general operations and $60,000 for restoration, renewal, and maintenance).	Gross Restricted GF/GP	4,533,800 82,200 4,451,600

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
P.A. 84 of 2015 – ARTICLE XIII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,820.3	2,178.3	2,814.3	2,805.3	2,163.3	(657.0)	(23.3)
GROSS	**542,388,200**	**413,958,800**	**539,571,400**	**539,296,200**	**407,649,000**	**(134,739,200)**	**(24.8)**
Less:							
Interdepartmental Grants Received	14,509,800	42,568,700	15,754,900	16,279,900	46,068,700	31,558,900	217.5
ADJUSTED GROSS	**527,878,400**	**371,390,100**	**523,816,500**	**523,016,300**	**361,580,300**	**(166,298,100)**	**(31.5)**
Less:							
Federal Funds	200,624,800	63,674,900	200,388,700	200,388,700	63,674,900	(136,949,900)	(68.3)
Local and Private	968,300	1,020,300	990,300	990,300	1,020,300	52,000	5.4
TOTAL STATE SPENDING	**326,285,300**	**306,694,900**	**322,437,500**	**321,637,300**	**296,885,100**	**(29,400,200)**	**(9.0)**
Less:							
Other State Restricted Funds	286,464,000	265,213,400	298,214,000	298,742,500	258,403,600	(28,060,400)	(9.8)
GENERAL FUND/GENERAL PURPOSE	**39,821,300**	**41,481,500**	**24,223,500**	**22,894,800**	**38,481,500**	**(1,339,800)**	**(3.4)**
PAYMENTS TO LOCALS	**28,225,700**	**30,936,900**	**28,225,700**	**28,225,700**	**28,225,700**	**0**	**0.0**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
A. NEW PROGRAMS - NONE		
B. PROGRAM INCREASES - NONE		
C. PROGRAM ELIMINATIONS		
Remove FY 2014-15 One-Time Appropriations. The budget removes three one-time appropriations from FY 2014-15.	Gross Restricted GF/GP	(15,600,000) (600,000) (15,000,000)
D. PROGRAM REDUCTIONS		
1. **Bureau of Health Care Services (BHCS).** The budget reduces GF/GP appropriations for the Bureau. It is anticipated that this reduction will result in no programmatic changes as savings will be realized via lapses, holding positions vacant, or other measures. The budget contains a total of $59.3 million for the Bureau.	Gross GF/GP	(200,000) (200,000)
2. **GF/GP for Inspection of Freestanding Surgical Outpatient Facilities.** The budget removes $530,000 GF/GP from the BHCS that had been earmarked for the inspection of freestanding surgical outpatient facilities. Revenue from increased health facility inspection fees will supplement this reduction.	Gross GF/GP	(530,000) (530,000)
3. **One-Time GF/GP from BHCS.** The House and Conference removed $99,700 GF/GP that was included in the FY 2014-15 budget for the purpose of making disciplinary actions taken against health professionals searchable on the BHCS licensing website. The work is complete.	Gross GF/GP	(99,700) (99,700)
E. FUNDING SHIFTS		
1. **Workers' Compensation Agency.** The budget replaces $112,500 GF/GP with Corporation Fees in this program.	Gross Restricted GF/GP	0 112,500 (112,500)
2. **Michigan Liquor Control Commission (MLCC) Licensing and Enforcement.** The budget removes $500,000 in appropriations from license fees and replaces them with Liquor Purchase Revolving Fund money. License fee revenue has been overappropriated in recent years relative to actual revenue. For this reason, while this item is a fund shift, it in effect increases the amount of actual revenue available to the MLCC by $500,000.	Gross Restricted GF/GP	0 0 0

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
3.	**Michigan Administrative Hearing System - Medicaid Expansion.** The budget reduces Federal and GF/GP fund sources and replaces them with an interdepartmental grant (IDG) from the Department of Health and Human Services. These funds were added to the FY 2014-15 budget in anticipation of hearing increases due to Medicaid expansion. This shift properly allocates those costs.	Gross IDG Federal GF/GP	0 900,000 (450,000) (450,000)
4.	**Bureau of Children and Adult Licensing.** The budget includes a $3.5 million fund shift that reduces GF/GP revenue in this program, and replaces it with an IDG from the Michigan Department of Education (MDE). In the MDE budget, this IDG is supported with a Federal grant.	Gross IDG GF/GP	0 3,500,000 (3,500,000)
5.	**Reinventing Performance in Michigan.** The budget removes $525,000 GF/GP that had been used to support this program and replaces it with Corporation Fees.	Gross Restricted GF/GP	0 525,000 (525,000)
6.	**MIOSHA Fund Shift.** The budget includes a fund shift in the Michigan Occupational Safety and Health Administration by replacing $174,000 GF/GP with Corporation Fees.	Gross Restricted GF/GP	0 174,000 (174,000)
7.	**Fire Protection Grants.** The budget eliminates Liquor Purchase Revolving Fund appropriations for these grants and replaces them with GF/GP dollars.	Gross Restricted GF/GP	0 (773,900) 773,900
8.	**Bureau of Fire Services.** The budget reduces Liquor Purchase Revolving Fund appropriations for the Bureau and replaces them with GF/GP dollars.	Gross Restricted GF/GP	0 (555,700) 555,700

F. PROGRAM TRANSFERS

1.	**Executive Budget Revision (EBR) 2016-1.** The budget includes program transfers submitted as Executive Revisions to the FY 2015-16 Governor's Recommendation. Executive Budget Revision 2016-1 implemented the transfer of the Unemployment Insurance Agency and skilled trades initiative from the Department of Licensing and Regulatory Affairs (LARA) to the Department of Talent and Economic Development, and the transfer of the Office for New Americans from the Executive Office to LARA.	FTE Gross IDG Federal Restricted GF/GP	(860.0) (148,861,800) 13,973,600 (139,092,300) (24,336,100) 593,000
2.	**EBR 2016-2.** The budget includes program transfers submitted as Executive Revisions to the FY 2015-16 Governor's Recommendation. Executive Budget Revision 2016-2 implemented the transfer of the Bureau of Children and Adult Licensing from the former Department of Human Services to LARA.	FTE Gross IDG GF/GP	219.0 28,955,300 12,840,200 16,115,100

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
3. EBR 2016-4. The budget includes program transfers submitted as Executive Revisions to the FY 2015-16 Governor's Recommendation. Executive Budget Revision 2016-4 provided the budget implementation of the creation of the Michigan Agency for Energy within LARA. Much of the Agency's funding came from within LARA, but programs also were transferred from the Department of Environmental Quality. The EBR also transferred the Motor Carrier Division in the Public Service Commission to the Department of State Police.	FTE	(1.0)
	Gross	3,859,400
	Federal	3,878,500
	Private	30,000
	Restricted	(599,100)
	GF/GP	550,000

G. OTHER ISSUES

1. Video Franchise Assessment Fee Sunset. The budget removes appropriations from these assessments. The statutory authorization for the assessments expires during FY 2015-16 and appropriations of those assessments are removed to reflect that.	Gross	(417,200)
	Restricted	(417,200)
	GF/GP	0
2. Technical Adjustments. A number of technical adjustments are made throughout the LARA budget. These adjustments include: $407,200 in increased interdepartmental grant appropriations for the Michigan Administrative Hearing System, a $69,300 increase to reflect the elimination of the METRO Authority under the recent personal property tax reforms, a $200,000 reduction to Utility Consumer Representation Grants to reflect available revenue, numerous fund source adjustments among restricted funds, and adjustments for FY 2014-15 supplementals and Executive Reduction Orders.	Gross	376,500
	IDG	407,200
	Federal	(231,300)
	Local	22,500
	Restricted	(533,500)
	GF/GP	711,600
3. Information Technology Adjustments. The budget removes $2.1 million to reflect the end of support for the Michigan Business One-Stop, but partially offsets this reduction with a $1.8 million increase in Information Technology to reflect ongoing upgrades to the Licensing and Corporation Database.	Gross	(327,900)
	Federal	(76,900)
	Restricted	(251,000)
	GF/GP	0
4. Excess FTE Authorization. The budget removes 6.0 unfunded FTEs from the Public Service Commission, and 9.0 unfunded FTEs from the Michigan Liquor Control Commission.	FTE	(15.0)

H. UNCLASSIFIED SALARIES

The budget includes economic adjustments for the salaries of LARA's unclassified employees. Due to program transfers, the budget reduces Gross funding for the unclassified salaries line item from $4,768,700 to $4,605,200.	Gross	71,500
	Federal	14,200
	Restricted	55,600
	GF/GP	1,700

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

I. FEE INCREASES

1. Fee Sunset Delays. The budget is predicated on the delay of sunsets on 49 fees collected throughout the Department. In total, these fees generate about $17.5 million annually. These sunsets were delayed for four years in Public Acts 62, 63, 64, 65, 66, 67, 68, 74, and 75 of 2015.	Gross Restricted GF/GP	0 0 0
2. Health Care Facility Fee Increases. The budget assumes a general increase in inspection fees for health care facilities as well as a move to a triennial inspection schedule. In total, the increase would raise about $1.1 million each year, but as these fees have been overappropriated in the FY 2014-15 and prior-year budgets, no increase in appropriations was necessary.	Gross Restricted GF/GP	0 0 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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.	Gross IDG Federal Private Restricted GF/GP	(1,965,300) (62,100) (992,100) (500) (861,000) (49,600)

K. ONE-TIME APPROPRIATIONS

The budget eliminates three FY 2014-15 one-time appropriations:

	Gross	GF/GP
FY 2014-15		
MLCC IT Upgrades	($500,000)	$0
Disability Accessibility Project	(100,000)	0
Delphi Corporation Workers' Compensation Payment Fund	(15,000,000)	(15,000,000)
Subtotal	**($15,600,000)**	**($15,000,000)**

L. VETOES - NONE

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
P.A. 84 of 2015 – ARTICLE XIV

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	889.5	888.5	888.5	888.5	888.5	(1.0)	(0.1)
GROSS	**173,439,400**	**163,953,700**	**163,953,700**	**164,382,700**	**166,953,700**	**(6,485,700)**	**(3.7)**
Less:							
Interdepartmental Grants Received	100,000	99,300	99,300	99,300	99,300	(700)	(0.7)
ADJUSTED GROSS	**173,339,400**	**163,854,400**	**163,854,400**	**164,283,400**	**166,854,400**	**(6,485,000)**	**(3.7)**
Less:							
Federal Funds	94,358,500	90,208,600	90,208,600	90,208,600	90,208,600	(4,149,900)	(4.4)
Local and Private	3,240,000	2,237,000	2,237,000	2,237,000	2,237,000	(1,003,000)	(31.0)
TOTAL STATE SPENDING	**75,740,900**	**71,408,800**	**71,408,800**	**71,837,800**	**74,408,800**	**(1,332,100)**	**(1.8)**
Less:							
Other State Restricted Funds	23,286,400	23,221,500	23,221,500	23,221,500	23,221,500	(64,900)	(0.3)
GENERAL FUND/GENERAL PURPOSE	**52,454,500**	**48,187,300**	**48,187,300**	**48,616,300**	**51,187,300**	**(1,267,200)**	**(2.4)**
PAYMENTS TO LOCALS	**100,000**	**102,400**	**102,400**	**102,400**	**102,400**	**2,400**	**2.4**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date
A. NEW PROGRAMS		
1. Targeted Outreach. The budget includes an additional $200,000 GF/GP to provide the Veterans Affairs Agency with resources to engage in newly designed outreach programs to identify and contact veterans in need of services.	Gross GF/GP	200,000 200,000
2. Training Sites Billeting Fund. The budget includes spending authority by which the Department can receive and spend charges from certain visitors who use lodging facilities at Camp Grayling or Fort Custer to pay for ongoing operational costs at those facilities.	Gross Restricted GF/GP	1,500,000 1,500,000 0
B. PROGRAM INCREASES		
1. Armory Maintenance. The budget includes $3.0 million GF/GP in one-time appropriations for various maintenance projects at armories throughout the State.	Gross GF/GP	3,000,000 3,000,000
2. Counter Drug Program. The budget includes an additional $50,000 in anticipated Federal funds that may be used for investigations, law enforcement training, equipment and operations, asset accounting, and tracking of federally authorized drug law enforcement assistance.	Gross Federal GF/GP	50,000 50,000 0
C. PROGRAM ELIMINATIONS - NONE		
D. PROGRAM REDUCTIONS		
1. National Guard Tuition Assistance Program. The budget reflects a reduction of $1.0 million GF/GP for a State tuition assistance program for active members of the National Guard. Reductions include the removal of a one-time FY 2014-15 appropriation of $400,000 GF/GP for a program reserve and $400,000 GF/GP from ongoing appropriations, leaving the FY 2015-16 appropriation at $3,941,300 GF/GP.	Gross GF/GP	(1,000,000) (1,000,000)
2. Special Maintenance - Veterans' Homes. The budget removes one-time FY 2014-15 appropriations of $3.0 million GF/GP for maintenance projects at the Grand Rapids and D.J. Jacobetti homes for veterans.	Gross GF/GP	(3,000,000) (3,000,000)
3. Veterans Affair Agency Analyst. The budget eliminates from the Veterans Affairs Agency a vacant Partnership Development Analyst position.	FTE Gross GF/GP	(1.0) (117,300) (117,300)

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
4.	**Departmentwide Savings.** The budget reflects $100,000 GF/GP in departmental savings through efficiencies within contractual services, supplies, and materials.	Gross GF/GP	(100,000) (100,000)
5.	**Training Site Fire Protection.** The budget reflects a reduction of $100,000 GF/GP due to no-longer-required Air National Guard Fire Protection Activities at the Battle Creek Air National Guard Base and the Alpena Combat Readiness Training Center.	Gross GF/GP	(100,000) (100,000)
6.	**Veterans Coalition Grants.** The budget reflects a reduction of $29,000 GF/GP appropriated for grants to veterans service organizations for outreach efforts, resulting in an FY 2015-16 appropriation of $3,733,500 GF/GP for Veterans Service Grants.	Gross GF/GP	(29,000) (29,000)

E. FUNDING SHIFTS

Veterans Home Funding Shortfall. The budget includes the continuance of ongoing funding of $3.3 million GF/GP to offset income and assessment restricted revenue shortfalls at the Grand Rapids and D.J. Jacobetti homes for veterans due to declining membership and the ability of members to pay assessments.	Gross Restricted GF/GP	0 0 0

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Adjustment for Actual Funds Received. The budget includes adjustments to reflect actual amounts of revenue received and to align spending authority with that total and with FY 2014-15 legislative actions.	Gross Federal Local Restricted GF/GP	(6,495,700) (3,995,700) (1,000,000) (1,500,000) 0

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from $1,370,100 to $1,390,700.	Gross GF/GP	20,600 20,600

I. FEE INCREASES - NONE

	FY 2015-16 Change From FY 2014-15 Year-to-Date
Gross	(414,300)
IDG	(700)
Federal	(204,200)
Local	(2,600)
Private	(400)
Restricted	(64,900)
GF/GP	(141,500)

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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.

K. ONE-TIME APPROPRIATIONS

The budget identifies $3.0 million GF/GP FY 2015-16 one-time appropriations and eliminates $3.4 million GF/GP FY 2014-15 one-time appropriations:

	Gross	GF/GP
FY 2015-16		
Special Maintenance - National Guard	$3,000,000	$3,000,000
Subtotal	**$3,000,000**	**$3,000,000**
FY 2014-15		
Special Maintenance - Veterans' Home	($3,000,000)	($3,000,000)
National Guard Tuition Assistance Program Reserve	(400,000)	(400,000)
Subtotal	**($3,400,000)**	**($3,400,000)**

L. VETOES - NONE

DEPARTMENT OF NATURAL RESOURCES
P.A. 84 of 2015 – ARTICLE XV

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,222.3	2,219.8	2,219.8	2,219.8	2,229.8	7.5	0.3
GROSS	**394,155,400**	**389,494,200**	**389,644,300**	**387,997,200**	**404,001,200**	**9,845,800**	**2.5**
Less:							
Interdepartmental Grants Received	1,355,100	1,352,700	1,352,700	1,352,700	1,352,700	(2,400)	(0.2)
ADJUSTED GROSS	**392,800,300**	**388,141,500**	**388,291,600**	**386,644,500**	**402,648,500**	**9,848,200**	**2.5**
Less:							
Federal Funds	71,104,500	76,028,000	76,028,000	76,028,000	77,128,000	6,023,500	8.5
Local and Private	10,286,300	8,157,700	8,157,700	8,157,700	8,157,700	(2,128,600)	(20.7)
TOTAL STATE SPENDING	**311,409,500**	**303,955,800**	**304,105,900**	**302,458,800**	**317,362,800**	**5,953,300**	**1.9**
Less:							
Other State Restricted Funds	263,818,000	264,183,000	264,583,100	264,683,000	277,765,000	13,947,000	5.3
GENERAL FUND/GENERAL PURPOSE	**47,591,500**	**39,772,800**	**39,522,800**	**37,775,800**	**39,597,800**	**(7,993,700)**	**(16.8)**
PAYMENTS TO LOCALS	**5,123,500**	**5,548,400**	**5,548,300**	**5,523,300**	**5,548,300**	**424,800**	**8.3**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
A. NEW PROGRAMS			
1.	**Shooting Range Enhancement.** The budget includes one-time funds for improvements to shooting ranges. Several counties (Alger, Allegan, Alpena, Barry, Crawford, Jackson, Livingston, Marquette, Oakland, Ontonagon, Presque Isle, Roscommon, and St. Clair) were identified as priority counties for these enhancements.	Gross Federal Private GF/GP	4,000,000 3,000,000 750,000 250,000
2.	**Forestry Investment.** The budget includes additional one-time Forest Development Fund revenue for the purchase of new forestry equipment and for development of the Vegetative Management System.	Gross Restricted GF/GP	7,992,000 7,992,000 0
3.	**Forest Development Infrastructure.** The budget includes additional one-time Forest Development Fund appropriations for capital outlay projects intended to improve access to rural forest areas.	Gross Restricted GF/GP	2,120,000 2,120,000 0
4.	**Kalamazoo River Watershed Improvements.** The budget includes Environmental Protection Fund revenue for improvements to the Kalamazoo River watershed. These funds are part of a $75.0 million settlement between the State and Enbridge Inc., which resulted from a 2010 oil spill in the Kalamazoo River.	Gross Restricted GF/GP	5,000,000 5,000,000 0
5.	**Special Grant Programs.** The budget includes this new item. The programs are not specified and will be determined by the State Budget Director during the fiscal year.	Gross GF/GP	825,000 825,000
B. PROGRAM INCREASES			
1.	**Wildlife Management.** The budget includes additional Federal authorization in this program, bringing the total appropriation for Wildlife Management to $31.0 million. The Department of Natural Resources (DNR) had received Federal Pittman-Robertson grant money from increased gun and ammunition sales but did not have sufficient appropriation authority to spend those funds.	Gross Federal GF/GP	2,155,000 2,155,000 0
2.	**Recreation Passport Local Grants.** The budget includes additional one-time amounts for recreation grants to local units of government. A sufficient fund balance is available to support this appropriation.	Gross Restricted GF/GP	500,000 500,000 0

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
3.	**Fisheries Habitat Improvement Grants.** The budget includes increased Game and Fish Protection Fund revenue to support these grants. Fund revenue is available because the Great Lakes Research Vessel had sufficient appropriations in FY 2014-15 and does not need support in FY 2015-16. The budget includes $2.0 million for these grants.	Gross Restricted GF/GP	500,000 500,000 0
4.	**Increased Off-Road Vehicle (ORV) Fee Revenue.** The budget includes additional ORV Trail Improvement Fund revenue in a number of line items. This increase reflects additional ORV fee revenue from the ORV fee increase that took effect in 2014, which is projected to raise a total of $6.4 million annually.	Gross Restricted GF/GP	984,200 984,200 0
5.	**State Parks - Belle Isle Subaccount.** The budget includes Park Improvement Account revenue from the Belle Isle Subaccount. The Subaccount is required pursuant to the Belle Isle lease agreement with the City of Detroit, which requires funds derived from the operation of Belle Isle Park to be tracked separately from other State park revenue.	FTE Gross Restricted GF/GP	6.0 1,000,000 1,000,000 0
6.	**Fish Production-Fisheries Settlement.** The budget includes additional funds received as part of a settlement with Consumers Energy. These funds will be used for projects as specified in the settlement agreement, and total $1.0 million.	Gross Restricted GF/GP	100,000 100,000 0
7.	**State Management of Federal Timber Sales.** The budget includes Federal funds to reflect the State's entry into an agreement to manage timber sales on Federal land in the Hiawatha, Huron-Manistee, and Ottawa National Forests.	FTE Gross Federal GF/GP	4.0 900,000 900,000 0
8.	**Forest Management Training.** The budget includes additional Federal funds for the training of private and public professional land managers. These funds are a part of a $1.0 million five-year Federal grant.	Gross Federal GF/GP	200,000 200,000 0
9.	**State Forest Habitat Improvements.** The budget includes additional Forest Development Fund money for game habitat improvements in State forests through the DNR's forest management activities. In total, the budget includes $29.1 million for forest management.	Gross Restricted GF/GP	1,000,000 1,000,000 0

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

C. PROGRAM ELIMINATIONS

FY 2014-15 One-Time Appropriations. The budget eliminates $4.75 million in designated one-time appropriations from FY 2014-15. Also removed were ongoing appropriations for a new fisheries research vessel and the expansion of the Hart-Montague trail, as these projects received sufficient funding for their completion in FY 2014- 15.	Gross	(7,280,000)
	Private	(500,000)
	Restricted	(500,000)
	GF/GP	(6,280,000)

D. PROGRAM REDUCTIONS

Nonmotorized Trail Initiative. The budget includes a GF/GP reduction to this item. Four lines were affected: $900,000 from Nonmotorized Trail Development and Maintenance Grants, $150,000 from Forest Recreation and Trails, $50,000 from Mackinac Island State Park Operations, and $50,000 from Michigan Historical Center. A total of $1.4 million remains for this program.	FTE	(2.5)
	Gross	(1,150,000)
	GF/GP	(1,150,000)

E. FUNDING SHIFTS

1. **State Parks Repair and Maintenance.** The budget includes a fund shift that removes $2.5 million GF/GP from this line, and replaces it with State Parks Endowment Fund revenue. There is a sufficient spendable balance in this Fund to support the fund shift.	Gross	0
	Restricted	2,500,000
	GF/GP	(2,500,000)
2. **Forest Development Fund.** The budget increases Forest Development Fund appropriations in the Wildfire Protection line by $150,000 and reduces GF/GP support by a like amount.	Gross	0
	Restricted	150,000
	GF/GP	(150,000)

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. **Capital Outlay Adjustment.** The budget removes several FY 2014-15 waterways and recreation projects totaling $4.2 million, and includes several new ones totaling $4.5 million. New projects include: Fayette State Park, Cedarville Marina, Wyandotte Bishop Park Marina, Manistique Marina, Hayes Township Boating Access site, and East Tawas State Harbor.	Gross	270,500
	Federal	3,320,500
	Private	(2,500,000)
	Restricted	(550,000)
	GF/GP	0

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
2. Wildfire Protection Employee Classification. The budget includes additional Forest Development Fund revenue and FTEs to reflect an IRS audit that required the DNR to recognize Michigan Wildland Firefighters as State employees rather than contractors.	FTE	6.0
	Gross	220,000
	Restricted	220,000
	GF/GP	0
3. Technical Revenue Adjustments. A number of adjustments are made throughout the budget to reflect cost changes and the availability of funds. Excess FTE authorization also is reduced.	FTE	(6.0)
	Gross	312,800
	Federal	(343,800)
	Private	125,000
	Restricted	531,600
	GF/GP	0
4. Technical Adjustment - FY 2014-15 Items. The budget includes a technical adjustment to reflect the removal of one-time FY 2014-15 supplemental appropriations, contingency fund transfers, and Executive Reduction Orders.	Gross	(9,470,000)
	Federal	(3,150,000)
	Restricted	(7,320,000)
	GF/GP	1,000,000

H. UNCLASSIFIED SALARIES

The budget includes economic adjustments for the salaries of unclassified DNR employees. The budget increases Gross funding for the unclassified salaries line item from $724,700 to $735,600.	Gross	10,900
	Restricted	10,900
	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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.	Gross	(344,600)
	IDG	(2,400)
	Federal	(58,200)
	Private	(3,600)
	Restricted	(291,700)
	GF/GP	11,300

FY 2015-16 Change From
FY 2014-15 Year-to-Date

K. ONE-TIME APPROPRIATIONS

The budget identifies seven FY 2015-16 one-time appropriations and eliminates five FY 2014-15 one-time appropriations:

	Gross	GF/GP
FY 2015-16		
Recreation Passport Local Grants (One-Time)	$500,000	$0
Shooting Range Enhancement Projects	4,000,000	250,000
Forestry Investment	7,992,000	0
Forest Development Infrastructure - Capital Outlay	2,120,000	0
Fish Production (One-Time)	100,000	0
Kalamazoo River Watershed Improvements	5,000,000	0
Special Grant Programs	825,000	825,000
Subtotal	**$20,537,000**	**$1,075,000**
FY 2014-15		
River Raisin National Battlefield Foundation	($2,000,000)	($2,000,000)
Saginaw River Feasibility Study	(280,000)	(280,000)
Hart-Montague Trail	(470,000)	(470,000)
City of Alma/Alma College Public Safety Land Improvements	(1,000,000)	(1,000,000)
Flint River Dike Repair	(1,000,000)	(1,000,000)
Subtotal	**($4,750,000)**	**($4,750,000)**

L. VETOES - NONE

SCHOOL AID
P.A. 85 of 2015 – ARTICLE 1

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	**13,673,960,100**	**13,958,963,900**	**13,969,063,900**	**13,906,469,100**	**13,896,329,300**	**222,369,200**	**1.6**
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	**13,673,960,100**	**13,958,963,900**	**13,969,063,900**	**13,906,469,100**	**13,896,329,300**	**222,369,200**	**1.6**
Less:							
Federal Funds	1,808,162,700	1,775,769,200	1,775,769,200	1,775,769,200	1,775,769,200	(32,393,500)	(1.8)
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	**11,865,797,400**	**12,183,194,700**	**12,193,294,700**	**12,130,699,900**	**12,120,560,100**	**254,762,700**	**2.1**
Less:							
Other State Restricted Funds	11,832,097,400	12,137,294,700	12,151,594,700	12,084,799,900	12,074,660,100	242,562,700	2.1
GENERAL FUND/GENERAL PURPOSE	**33,700,000**	**45,900,000**	**41,700,000**	**45,900,000**	**45,900,000**	**12,200,000**	**36.2**
PAYMENTS TO LOCALS	**11,714,612,100**	**12,022,427,700**	**12,032,877,700**	**11,958,405,300**	**11,962,930,600**	**248,318,500**	**2.1**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
A. NEW PROGRAMS			
1.	**Early Literacy.** The budget includes funding for new early literacy programs designed to increase reading proficiency by fourth grade. Pieces of the new program include $17.5 million for grants to reimburse for additional instructional time, $5.0 million for intermediate school district (ISD) home visits, $3.0 million for early literacy coaches, $2.6 million for new assessments in grades K-2, $1.0 million for a pilot parent university project, $1.0 million for administration, $1.0 million for Michigan Education Corps, and funding for professional development.	Gross Restricted GF/GP	31,500,000 29,000,000 2,500,000
2.	**Career and Technical Education (CTE) Middle Colleges.** The budget includes $10.0 million for a new program designed to provide an incentive for the creation or expansion of CTE middle colleges, to increase the number of students graduating with both a high school diploma and some type of postsecondary degree or certificate in high-demand CTE fields.	Gross Restricted GF/GP	10,000,000 10,000,000 0
3.	**Computer Adaptive Test and Financial Data Analysis Tools.** The budget includes $4.0 million for reimbursement to districts that purchase a computer adaptive test, and $1.5 million for reimbursement to districts that purchase an approved financial data analysis tool.	Gross Restricted GF/GP	5,500,000 5,500,000 0
4.	**Gang Prevention and Intervention.** The budget includes $1.0 million for a new program designed to improve public safety, reduce the number of youths involved in gang-related activity, and increase high school graduation rates.	Gross Restricted GF/GP	1,000,000 1,000,000 0
5.	**Science, Technology, Engineering, and Math (STEM) Initiatives.** The budget includes a net change of $470,000 in STEM-related initiatives, which consist of $250,000 for Van Andel Science Institute, $250,000 for Science Olympiad, $50,000 for a new oversight commission, and an $80,000 reduction (leaving $250,000 total) for professional development (Project Lead the Way).	Gross GF/GP	470,000 470,000
6.	**Cooperative Education Grant.** The budget includes a new grant for a district (Marshall) that entered into a cooperative agreement to educate a neighboring district's (Albion's) high school pupils.	Gross Restricted GF/GP	300,000 300,000 0
7.	**Conductive Learning Center and Civics Education.** The budget includes $150,000 for a study on Conductive Learning at Michigan State University in conjunction with Aquinas College, and $60,000 for a Civics Education program.	Gross GF/GP	210,000 210,000

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
B.	**PROGRAM INCREASES**		
1.	**Retirement Rate Cap.** The budget includes a $216.6 million increase in the cost of the Michigan Public School Employees' Retirement System (MPSERS) rate cap, bringing the total cost of the cap in the K-12 budget to $893.5 million. The Higher Education and Community Colleges budgets also include funding for the MPSERS rate cap.	Gross Restricted GF/GP	216,600,000 216,500,000 100,000
2.	**Foundation Allowance.** The budget includes $183.0 million to pay for an increase in the foundation allowance ranging from $70 per pupil for higher-funded districts to $140 per pupil for minimally funded districts.	Gross Restricted GF/GP	183,000,000 183,000,000 0
3.	**At Risk.** The budget includes a $70.0 million increase in the traditional At Risk program, as well as a $2.0 million increase in the section that is earmarked for school-based health centers.	Gross Restricted GF/GP	72,000,000 72,000,000 0
4.	**Categorical Offset Payments.** The budget includes a $12.0 million increase in categorical offset payments (bringing the total to $18.0 million), to ensure that each district receives a net $25-per-pupil increase when combining the increases in foundation allowance and At Risk with the offsetting eliminations of best practices and pupil performance grants.	Gross Restricted GF/GP	12,000,000 12,000,000 0
5.	**Career and Technical Education Added-Cost Reimbursement.** The budget includes an increase of $10.0 million in traditional CTE added-cost reimbursement funding, bringing the total to $36.6 million.	Gross Restricted GF/GP	10,000,000 10,000,000 0
6.	**Pupil Membership Blend.** The budget includes $9.7 million to pay for the cost of returning the pupil membership blend formula to include the prior-year spring count. The formula is changed from 90% fall/10% same-school-year spring to 90% fall/10% prior-school-year spring.	Gross Restricted GF/GP	9,700,000 9,700,000 0
7.	**Adult Education.** The budget includes $3.0 million for an increase in Adult Education funding, bringing the total to $25.0 million, which will enable more students to participate.	Gross Restricted GF/GP	3,000,000 3,000,000 0
8.	**Consolidation Incentive Grants.** The budget increases consolidation incentive grants from $2.0 million in FY 2014-15 to $5.0 million, to reimburse for consolidation or annexation of districts or ISDs.	Gross Restricted GF/GP	3,000,000 3,000,000 0

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
9.	**Transportation/Isolated Districts Funding.** The budget increases funding to sparsely populated districts to assist with transportation costs, with an estimated 100 new grantees receiving an estimated $44 per pupil from the $2.4 million increase in the categorical funding.	Gross Restricted GF/GP	2,415,400 2,415,400 0
C.	**PROGRAM ELIMINATIONS**		
1.	**Best Practices.** Funding to districts meeting specified best practices criteria was eliminated.	Gross Restricted GF/GP	(75,000,000) (75,000,000) 0
2.	**Pupil Performance Grants.** Funding to districts meeting certain benchmarks for pupil performance on standardized tests was eliminated.	Gross Restricted GF/GP	(51,100,000) (51,100,000) 0
3.	***Durant* Bond Payments.** *Durant* bonds were paid off in FY 2014-15, allowing the funding to be eliminated for FY 2015-16.	Gross Restricted GF/GP	(39,500,000) (39,500,000) 0
4.	**Additional MPSERS Liability Payment.** Funding that was new in FY 2014-15 for an additional payment toward the unfunded accrued liability in MPSERS was eliminated.	Gross Restricted GF/GP	(19,634,500) (19,634,500) 0
5.	**Teacher Evaluations.** Funding that was new in FY 2014-15 for the support of the cost of teacher evaluations was eliminated for FY 2015-16, but language was included to allow the expenditure of the FY 2014-15 funding in subsequent years as a work project.	Gross Restricted GF/GP	(14,800,000) (14,800,000) 0
6.	**District Fiscal Emergency Contingency Fund.** The fiscal emergency fund was eliminated.	Gross Restricted GF/GP	(4,000,000) (4,000,000) 0
7.	**Bus Conversion Grants.** Funding that was new in FY 2014-15 for converting buses from diesel to natural gas was eliminated.	Gross Restricted GF/GP	(3,000,000) (3,000,000) 0
8.	**Career Readiness Study.** Funding for a one-time study of career readiness was eliminated.	Gross GF/GP	(250,000) (250,000)

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
D.	**PROGRAM REDUCTIONS**		
1.	**Federal Grants.** Estimated changes in Federal grants resulted in a reduction of $32.4 million.	Gross Federal GF/GP	(32,393,500) (32,393,500) 0
2.	**Technology Grants.** Technology readiness grants, designed to ensure that districts are prepared to administer student assessments online, was reduced by $18.0 million, as FY 2015-16 is the final year of funding and the program is winding down.	Gross Restricted GF/GP	(18,000,000) (18,000,000) 0
E.	**FUNDING SHIFTS**		
	The budget increases GF/GP support from $33.7 million to $45.9 million, for an increase of $12.2 million. After netting out identified GF/GP items, a fund shift (whereby GF/GP revenue replaces School Aid Fund revenue) totaling $8.2 million is included in the budget.	Gross Restricted GF/GP	0 (8,239,100) 8,239,100
F.	**PROGRAM TRANSFERS**		
1.	**Michigan College Access Network (MCAN).** The budget includes $3.0 million for the Michigan College Access Network, which previously had been funded at $2.0 million in the Higher Education budget, along with $600,000 for outreach and an online career planning tool.	Gross Restricted GF/GP	3,600,000 3,000,000 600,000
2.	**Detroit Area Precollege Engineering Program (DAPCEP).** The budget includes $340,000 for DAPCEP, which was funded in the Michigan Strategic Fund budget for FY 2014-15.	Gross GF/GP	340,000 340,000
G.	**OTHER ISSUES**		
	The budget includes adjustments in caseloads, taxable values, and special education costs, which drive adjustments in the foundation allowance and funding of special education, along with annual cost adjustments in cash flow borrowing, payments in lieu of taxes, Promise Zone reimbursement, and other minor adjustments. The adjustments total a negative $84.5 million.	Gross Restricted GF/GP	(84,523,300) (84,523,300) 0

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

	FY 2015-16 Change From FY 2014-15 Year-to-Date
Gross	(64,900)
Restricted	(55,800)
GF/GP	(9,100)

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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.

K. ONE-TIME APPROPRIATIONS

While the budget itself identifies only seven items as one-time in nature (the final year of technology grants, dissolution grants, and the updating of teacher certification tests, along with consolidation incentive grants, and three STEM-related initiatives), the balance sheets identify 24 one-time appropriations in total, as follows:

	Gross	GF/GP
FY 2015-16		
Technology infrastructure grants	$23,500,000	$0
Consolidation incentive grants	5,000,000	0
Computer adaptive test reimbursement	4,000,000	0
Dissolution grants	2,200,000	0
FIRST Robotics	2,000,000	0
Strict discipline academies and dropout recovery	2,000,000	0
Teacher certification test updates	1,800,000	0
Dual enrollment incentive grants	1,750,000	0
Financial data analysis tools	1,500,000	0
Parent university pilot (3rd grade reading)	1,000,000	0
Michigan Reading Corps (3rd grade reading)	1,000,000	0
Gang prevention and intervention	1,000,000	0

		FY 2015-16 Change From FY 2014-15 Year-to-Date
Teacher reading instruction test (3rd grade reading)	500,000	0
Career and technical education career planning tool	500,000	0
Detroit Area Precollege Engineering Program (DAPCEP)	340,000	0
Marshall/Albion cooperative education grant	300,000	0
Advanced Placement testing incentives	250,000	0
STEM professional development (Project Lead the Way)	250,000	0
STEM Science Olympiad	250,000	0
STEM Van Andel Institute	250,000	0
MSU/Aquinas conductive learning center study	150,000	0
Career and technical education-public awareness campaign	100,000	0
Civics education	60,000	0
STEM Council	50,000	0
Subtotal	**$49,750,000**	**$0**

L. VETOES - NONE

DEPARTMENT OF STATE
P.A. 84 of 2015 – ARTICLE VIII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,587.0	1,587.0	1,587.0	1,587.0	1,587.0	0.0	0.0
GROSS	**227,424,900**	**225,256,700**	**235,256,700**	**225,256,700**	**225,256,700**	**(2,168,200)**	**(1.0)**
Less:							
Interdepartmental Grants Received	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS	**207,424,900**	**205,256,700**	**215,256,700**	**205,256,700**	**205,256,700**	**(2,168,200)**	**(1.0)**
Less:							
Federal Funds	3,050,000	1,460,000	1,460,000	1,460,000	1,460,000	(1,590,000)	(52.1)
Local and Private	100	100	100	100	100	0	0.0
TOTAL STATE SPENDING	**204,374,800**	**203,796,600**	**213,796,600**	**203,796,600**	**203,796,600**	**(578,200)**	**(0.3)**
Less:							
Other State Restricted Funds	186,635,800	186,635,100	186,635,100	186,635,100	186,635,100	(700)	(0.0)
GENERAL FUND/GENERAL PURPOSE	**17,739,000**	**17,161,500**	**27,161,500**	**17,161,500**	**17,161,500**	**(577,500)**	**(3.3)**
PAYMENTS TO LOCALS	**1,360,800**	**1,272,100**	**1,272,100**	**1,272,100**	**1,272,100**	**(88,700)**	**(6.5)**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
A.	**NEW PROGRAMS - NONE**		
B.	**PROGRAM INCREASES**		
1.	**Credit and Debit Card Assessments.** The budget includes increased restricted funding for the authorization to use additional restricted funds that are being collected as more branch office transactions are being completed with the use of a debit or credit card. The fees collected are used to pay the credit card companies for the fees they charge the State for the allowable use of credit/debit cards for Secretary of State customer transactions. Total funding for FY 2015-16 is $6.0 million.	Gross Restricted GF/GP	1,000,000 1,000,000 0
2.	**Ignition Interlock Program.** The budget increases restricted funding to adjust for ongoing costs associated with this program, which monitors people convicted of driving while intoxicated or impaired. Funding is required as a result of Public Act 250 of 2014 and is provided through the collection of Driver Responsibility Fees.	Gross Restricted GF/GP	1,000,000 1,000,000 0
C.	**PROGRAM ELIMINATIONS - NONE**		
D.	**PROGRAM REDUCTIONS**		
1.	**Department Services Operations.** Funding is reduced to realize the savings that will result from the Department's implementation of administrative efficiencies. The reduction is necessary in order to balance the FY 2015-16 overall budget. Total funding for this line item in FY 2015-16 is $29.6 million.	Gross GF/GP	(83,800) (83,800)
2.	**Branch Operations.** Funding is reduced to realize the savings that will result from the Department's implementation of administrative efficiencies. The reduction is necessary in order to balance the FY 2015-16 overall budget. Total funding for this line item in FY 2015-16 is $83.5 million.	Gross GF/GP	(241,800) (241,800)
3.	**Central Operations.** Funding is reduced to realize the savings that will result from the Department's implementation of administrative efficiencies. The reduction is necessary in order to balance the FY 2015-16 overall budget. Total funding for this line item in FY 2015-16 is $47.9 million.	Gross GF/GP	(26,900) (26,900)

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
4. Election Administration Operations. Funding is reduced to realize the savings that will result from the Department's implementation of administrative efficiencies. The reduction is necessary in order to balance the FY 2015-16 overall budget. Total funding for this line item in FY 2015-16 is $7.1 million.	Gross GF/GP	(25,000) (25,000)
5. Legal Services Operations. Funding is reduced to realize the savings that will result from the Department's implementation of administrative efficiencies. The reduction is necessary in order to balance the FY 2015-16 overall budget. Total funding for this line item in FY 2015-16 is $9.0 million.	Gross GF/GP	(400) (400)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. FY 2014-15 Year-To-Date Adjustments. Current year adjustments pursuant to Public Act 6 of 2015 total $1.2 million. There is $1.0 million appropriated for the ignition interlock program and $200,000 for information technology costs associated with the May 2015 special election. This funding is indicated as a net negative adjustment to accurately reflect the full changes from FY 2014-15 to FY 2015-16.	Gross Restricted GF/GP	(1,200,000) (1,000,000) (200,000)
2. FY 2014-15 Year-To-Date Adjustment for Transfers. Transfer 2015-2 added $1.6 million to increase the Federal authorization for the receipt of additional Federal funds that will be used to upgrade commercial driver license testing kiosks in branch offices. Transfer 2015-4 added $650,000 to increase the restricted revenue authorization for the receipt of additional revenue from credit card transaction fees. Funding is not carried forward into FY 2015-16. This funding is indicated as a net negative adjustment to accurately reflect the full changes from FY 2014-15 to FY 2015-16.	Gross Federal Restricted GF/GP	(2,240,000) (1,590,000) (650,000) 0

H. UNCLASSIFIED SALARIES

Salary and Wage Increase and Budgetary Savings. The budget reduces overall funding for the unclassified salary line item from $724,700 to $613,500 in FY 2015-16. The economics portion of the change for this line item totals a positive $10,900 as reflected in this item. In addition, there is a negative reduction totaling $122,100 in order to realize the savings from the unused portion of funds. The net change for this line item is a negative $111,200.	Gross GF/GP	(111,200) (111,200)

	FY 2015-16 Change From FY 2014-15 Year-to-Date

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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.

Gross	(239,100)
Restricted	(350,700)
GF/GP	111,600

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

DEPARTMENT OF STATE POLICE
P.A. 84 of 2015 – ARTICLE XVI

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	3,070.0	3,105.0	3,110.0	3,081.0	3,131.0	61.0	2.0
GROSS	**649,741,900**	**616,505,500**	**618,863,200**	**612,981,200**	**620,837,400**	**(28,904,500)**	**(4.4)**
Less:							
Interdepartmental Grants Received	26,233,200	26,224,300	26,224,300	26,224,300	26,224,300	(8,900)	(0.0)
ADJUSTED GROSS	**623,508,700**	**590,281,200**	**592,638,900**	**586,756,900**	**594,613,100**	**(28,895,600)**	**(4.6)**
Less:							
Federal Funds	99,429,900	87,945,900	87,945,900	87,945,900	87,945,900	(11,484,000)	(11.5)
Local and Private	4,938,900	5,533,400	5,533,400	5,533,400	5,533,400	594,500	12.0
TOTAL STATE SPENDING	**519,139,900**	**496,801,900**	**499,159,600**	**493,277,600**	**501,133,800**	**(18,006,100)**	**(3.5)**
Less:							
Other State Restricted Funds	127,300,000	123,328,200	121,853,900	120,353,900	124,828,200	(2,471,800)	(1.9)
GENERAL FUND/GENERAL PURPOSE	**391,839,900**	**373,473,700**	**377,305,700**	**372,923,700**	**376,305,600**	**(15,534,300)**	**(4.0)**
PAYMENTS TO LOCALS	**19,775,600**	**15,464,100**	**15,464,100**	**15,464,100**	**15,464,100**	**(4,311,500)**	**(21.8)**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
A.	**NEW PROGRAMS**		
	Sexual Assault Prevention and Education Initiative. The budget includes a one-time appropriation of $500,000 GF/GP to be used for an educational program to reduce the incidence of sexual assaults on campuses of higher education.	Gross GF/GP	500,000 500,000
B.	**PROGRAM INCREASES**		
1.	**New Trooper School.** The budget includes $7.7 million GF/GP for a new Michigan State Police trooper school to begin in June 2016, for 88 candidates. This amount includes funding of $4.5 million GF/GP in ongoing and $3.2 million GF/GP in one-time appropriations.	FTE Gross GF/GP	88.0 7,700,000 7,700,000
2.	**Motor Carrier Officer School.** The budget includes $1,050,000 GF/GP for a new Michigan State Police motor carrier officer school to begin in October 2015, for 10 candidates.	FTE Gross GF/GP	10.0 1,050,000 1,050,000
3.	**Concealed Weapons Licensing.** The budget includes 13.0 FTEs and $1.5 million restricted to reflect Department licensing and regulatory requirements for concealed weapons licensing as required under Public Acts 3 and 4 of 2015.	FTE Gross Restricted GF/GP	13.0 1,500,000 1,500,000 0
4.	**Sexual Assault Kit Submission Act.** The budget includes 11.0 FTEs and $1,649,600 GF/GP for the necessary laboratory resources to meet statutory requirements under Public Act 227 of 2014, which requires law enforcement agencies to submit sexual assault kit evidence to an accredited lab for analysis within 14 days of taking possession and to analyze the evidence and upload extracted DNA profiles onto databases within 90 days of receiving evidence.	FTE Gross GF/GP	11.0 1,649,600 1,649,600
5.	**Trooper Contract Adjustment.** The budget includes $2.0 million GF/GP to reflect the additional costs for trooper salaries and benefits resulting from the spring 2015 settlement of contract negotiations between the Michigan State Trooper's Association and the State.	Gross GF/GP	2,000,000 2,000,000
6.	**Recruit School Second Year Costs.** The budget includes $178,600 GF/GP in additional funds to reflect second-year employee costs of an FY 2014-15 trooper school that is projected to graduate 60 troopers.	Gross GF/GP	178,600 178,600

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
7.	**State Records Management System.** The budget includes $600,000 in Local funds to reflect participation fees from additional communities that have chosen to partner with the Department in the operation of a statewide records management system.	Gross Local GF/GP	600,000 600,000 0
8.	**Emergency Management.** The budget includes $152,000 GF/GP for additional charges for information technology maintenance costs for the State Emergency Operations Center.	Gross GF/GP	152,000 152,000
C.	**PROGRAM ELIMINATIONS**		
1.	**Local Public Safety Initiative.** The budget eliminates the one-time $4,550,000 GF/GP appropriation for a Local Public Safety Initiative, designed to offer grants to local schools, both public and private, and sheriff's departments, for projects related to enhancing school safety. The appropriation was allocated 80% to K-12 schools and 20% to county sheriff's departments. The Governor's Council on Law Enforcement and Reinvention reviewed and recommended the one-time grant applications.	Gross GF/GP	(4,550,000) (4,550,000)
2.	**Urban Search and Rescue Grant.** The budget eliminates an earmarked grant of $500,000 GF/GP for a regional urban search and rescue task force.	Gross GF/GP	(500,000) (500,000)
D.	**PROGRAM REDUCTIONS**		
1.	**Elimination of FY 2014-15 Motor Carrier Recruit School.** The budget reflects the removal from base appropriations of the cancelled FY 2014-15 motor carrier school, which was to include 21.0 officer candidates, and includes $1,181,900 GF/GP in one-time and $3,210,000 GF/GP in ongoing appropriations.	FTE Gross GF/GP	(21.0) (4,391,900) (4,391,900)
2.	**Elimination of One-Time Funding for FY 2014-15 Trooper School.** The budget reflects the elimination of $4,408,500 ($3,508,500 GF/GP and $900,000 restricted) in one-time costs for the FY 2014-15 trooper school, which is to graduate 60 troopers.	Gross Restricted GF/GP	(4,408,500) (900,000) (3,508,500)
3.	**Rent Efficiencies.** The budget reflects a reduction of $381,900 GF/GP due to planned savings through reduced rent charges throughout the Department.	Gross GF/GP	(381,900) (381,900)
4.	**Capitol Security Vacancy Elimination.** The budget includes savings of $294,000 GF/GP from the elimination of four vacant positions with the Capitol Security unit (leaving 20.FTE positions funded for FY 2015-16).	Gross GF/GP	(294,000) (294,000)

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
5. Law Enforcement Information Network (LEIN) Language Conversion. The budget reflects the elimination of a one-time appropriation of $350,000 in LEIN user fees for updating and rewriting the programing that operates the LEIN system to XML language.	Gross Restricted GF/GP	(350,000) (350,000) 0
6. Helicopter Purchase. The budget reflects the elimination of a one-time appropriation of $4,932,000 GF/GP for the purchase of a new helicopter, increasing the Department's helicopter fleet to three units.	Gross GF/GP	(4,932,000) (4,932,000)
7. Emergency Support Vehicle. The budget reflects the elimination of a one-time appropriation of $225,000 GF/GP for the acquisition of an emergency support vehicle, Lenco Bearcat, used by the Special Operations Division Emergency Support Team.	Gross GF/GP	(225,000) (225,000)
8. Electronic Warrant System. The budget eliminates a one-time appropriation of $750,000 GF/GP for the development of a statewide information exchange system that eliminated redundant entry of information required to request, approve, and issue warrants and other legal processes.	Gross GF/GP	(750,000) (750,000)
9. Marshall Post. The budget eliminates a one-time appropriation of $2.0 million GF/GP for the State share of rental costs associated with the construction and operation of a joint Marshall Regional Law Enforcement Center in Calhoun County.	Gross GF/GP	(2,000,000) (2,000,000)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

Commercial Vehicle Regulation. The budget includes an additional 14.0 FTEs and $2,974,300 restricted to reflect the transfer of the Commercial Vehicle Regulation unit to the Department of State Police from the Department of Licensing and Regulatory Affairs, pursuant to Executive Order 2015-10.	FTE Gross Restricted GF/GP	14.0 2,974,300 2,974,300 0

G. OTHER ISSUES

1. Adjustment for FY 2014-15 Emergency Grants Supplemental. The budget reflects the removal of disaster assistance grant funding which was provided within Public Act 356 of 2014.	Gross Restricted GF/GP	(32,500,000) (2,500,000) (30,000,000)

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
2. **Adjustment for Actual Funds Received.** The budget includes adjustments to reflect actual amounts of revenue received and to align spending authority with that total and with FY 2014-15 legislative actions and Executive Orders reductions.	FTE	(54.0)
	Gross	(7,694,200)
	IDG	6,000
	Federal	(11,431,100)
	Restricted	(3,211,800)
	GF/GP	(22,331,100)

H. UNCLASSIFIED SALARIES

The budget decreases Gross funding for unclassified salaries by $150,000 to reflect the actual number of filled positions, and provides $10,800 in economic increases, decreasing Gross funding for the unclassified salaries line from $724,700 to $585,500.	Gross	(150,000)
	GF/GP	(150,000)

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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.	Gross	530,100
	IDG	(14,900)
	Federal	(52,900)
	Local	(5,000)
	Private	(500)
	Restricted	15,700
	GF/GP	587,700

K. ONE-TIME APPROPRIATIONS

The budget identifies $3.7 million FY 2015-16 one-time appropriations, eliminates $18,397,400 FY 2014-15 one-time appropriations, and shifts $831,900 appropriations from one-time to ongoing:

	Gross	GF/GP
FY 2015-16		
Trooper School	$3,200,000	$3,200,000
Sexual Assault Prevention and Education Initiative	500,000	500,000
Subtotal	**$3,700,000**	**$3,700,000**

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
FY 2015-16		
Shift Michigan International Speedway Traffic Control from One-Time to Ongoing	($831,900)	($831,900)
Subtotal	**($831,900)**	**($831,900)**
FY 2014-15		
Trooper School	($4,408,500)	($3,508,500)
Motor Carrier School	(1,181,900)	(1,181,900)
Helicopter Purchase	(4,932,000)	(4,932,000)
Emergency Support Vehicle	(225,000)	(225,000)
LIEN Language Conversion	(350,000)	0
Electronic Warrant System	(750,000)	(750,000)
Local Public Safety Initiative	(4,550,000)	(4,550,000)
Marshall Post Charges for Lease	(2,000,000)	(2,000,000)
Subtotal	**($18,397,400)**	**($17,247,400)**

L. VETOES - NONE

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
P.A. 84 of 2015 – ARTICLE VIII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	756.0	1,613.0	756.0	756.0	1,613.0	857.0	113.4
GROSS	**1,002,779,900**	**1,188,473,500**	**1,006,582,500**	**938,682,600**	**1,153,023,500**	**150,243,600**	**15.0**
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	**1,002,779,900**	**1,188,473,500**	**1,006,582,500**	**938,682,600**	**1,153,023,500**	**150,243,600**	**15.0**
Less:							
Federal Funds	627,370,300	764,102,800	627,305,000	627,305,000	764,102,800	136,732,500	21.8
Local and Private	10,088,400	10,052,500	10,082,500	10,082,500	10,052,500	(35,900)	(0.4)
TOTAL STATE SPENDING	**365,321,200**	**414,318,200**	**369,195,000**	**301,295,100**	**378,868,200**	**13,547,000**	**3.7**
Less:							
Other State Restricted Funds	142,678,700	180,411,200	181,088,000	142,588,000	180,411,200	37,732,500	26.4
GENERAL FUND/GENERAL PURPOSE	**222,642,500**	**233,907,000**	**188,107,000**	**158,707,100**	**198,457,000**	**(24,185,500)**	**(10.9)**
PAYMENTS TO LOCALS	**11,224,800**	**15,224,800**	**15,224,800**	**15,224,800**	**11,224,800**	**0**	**0.0**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
A.	**NEW PROGRAMS**		
	Special Projects. The budget includes $5,150,000 for Special Projects. The projects are not specified and will be determined by the State Budget Director during the fiscal year.	Gross GF/GP	5,150,000 5,150,000
B.	**PROGRAM INCREASES**		
1.	**Supplemental Reduction Restoration.** House Bill 4112 (Public Act 6 of 2015) resulted in a one-time decrease of $10.0 million Gross and GF/GP. This reduction occurred in Business Attraction and Community Revitalization ($2.2 million), and Entrepreneurship Eco-Systems ($7.8 million). The budget restores the amounts that were cut.	Gross GF/GP	10,000,000 10,000,000
2.	**Pure Michigan.** The budget increases the line item to $33.0 million in 21st Century Job Trust Fund, $1.0 million from Business Attraction and Community Revitalization and $3.0 million from Entrepreneurship Eco-System. The FY 2015-16 total Gross appropriation is $33.0 million.	Gross Restricted GF/GP	4,000,000 4,000,000 0
C.	**PROGRAM ELIMINATIONS**		
	One-Time Appropriations. The budget eliminates the FY 2014-15 one-time appropriations for special grants ($15.8 million) and the Automotive, Engineering and Manufacturing Fund ($2.0 million).	Gross GF/GP	(17,750,000) (17,750,000)
D.	**PROGRAM REDUCTIONS**		
1.	**Business Attraction and Community Revitalization.** The budget reduces the Gross amount by $16.0 million by reducing GF/GP support by $15.6 million, transfers $1.0 million in 21st Century Jobs Trust Funds to Pure Michigan, and transfers $600,000 in 21st Century Jobs Trust Fund from Entrepreneurship Eco-System, for total appropriations of $114.0 million.	Gross Restricted GF/GP	(16,000,000) (400,000) (15,600,000)
2.	**Film Incentive.** House Bill 4112 (PA 6 of 2015) resulted in a reduction of $12.0 million. The budget retains $25.0 million in one-time appropriations, resulting in a further reduction of $13.0 million.	Gross GF/GP	(13,000,000) (13,000,000)
3.	**Entrepreneurship Eco-System.** The budget reduces this line item by $3.6 million in 21st Century Jobs Trust Fund support. Of the total, $3.0 million was transferred to Pure Michigan and $600,000 to Business Attraction and Community Revitalization. The FY 2015-16 total Gross appropriation is $21.4 million.	Gross Restricted GF/GP	(3,600,000) (3,600,000) 0

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
4. Michigan Film Office. The budget eliminates the GF/GP funding to this office, which reduces total appropriations to $653,800. The entire office is now funded from the Michigan Film Promotion Fund.	Gross	(237,100)
	GF/GP	(237,100)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

1. Creation of the Department of Talent and Economic Development. Executive Order 2015-11 created the Department of Talent and Economic Development, which increased the Gross appropriation by $186.6 million. Of the total, $179.0 million came from the Department of Licensing and Regulatory Affairs, which included skilled jobs funding and funding for the Unemployment Insurance Agency. The remaining $7.6 million of the total came from the Department of Treasury, which included funding for one unclassified position and bond payments for the Facility for Rare Isotope Beams (FRIB).	FTE	864.0
	Gross	186,587,400
	Federal	140,592,300
	Restricted	38,695,100
	GF/GP	7,300,000
2. Creation of the Michigan Agency for Energy. Executive Order 2015-10 created the Michigan Agency for Energy, which reduced the Gross appropriation by $4.7 million. This Agency is located in the Department of Licensing and Regulatory Affairs.	FTE	(7.0)
	Gross	(4,696,400)
	Federal	(3,794,500)
	Private	(30,000)
	Restricted	(871,900)
	GF/GP	0

G. OTHER ISSUES

Workforce Development Line Item Consolidation. The budget consolidated 10 Workforce Development line items into two.

H. UNCLASSIFIED SALARIES

Creation of the Department of Talent and Economic Development. With the creation of this Department, funds were shifted to allow for 6.0 unclassified positions. Salaries for these positions total $875,500 for FY 2015-16. Of the total, $643,000 is Federal funds, $156,300 is State Restricted funds, and $46,200 is GF/GP funds.

I. FEE INCREASES - NONE

	FY 2015-16 Change From FY 2014-15 Year-to-Date
Gross	(210,300)
Federal	(65,300)
Private	(5,900)
Restricted	(90,700)
GF/GP	(48,400)

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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.

K. ONE-TIME APPROPRIATIONS

The budget identifies three FY 2015-16 one-time appropriations and eliminates two FY 2014-15 one-time appropriations:

	Gross	GF/GP
FY 2015-16		
Film Incentives	$25,000,000	$25,000,000
Business Attraction and Community Revitalization	17,300,000	17,300,000
Special Projects	5,150,000	5,150,000
Subtotal	**$47,450,000**	**$47,450,000**
FY 2014-15		
Special Grants	($15,750,000)	($15,750,000)
Automotive, engineering, and manufacturing fund	(2,000,000)	(2,000,000)
Subtotal	**($17,750,000)**	**($17,750,000)**

L. VETOES - NONE

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
P.A. 84 of 2015 – ARTICLE VIII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,817.0	2,844.0	2,833.0	2,828.0	2,844.0	27.0	1.0
GROSS	**1,361,809,900**	**1,267,119,200**	**1,258,029,300**	**1,256,406,300**	**1,263,223,700**	**(98,586,200)**	**(7.2)**
Less:							
Interdepartmental Grants Received	709,193,600	678,478,500	678,478,500	678,478,500	678,478,500	(30,715,100)	(4.3)
ADJUSTED GROSS	**652,616,300**	**588,640,700**	**579,550,800**	**577,927,800**	**584,745,200**	**(67,871,100)**	**(10.4)**
Less:							
Federal Funds	7,974,100	7,997,300	7,997,300	7,997,300	7,997,300	23,200	0.3
Local and Private	3,744,100	3,777,800	3,777,800	3,777,800	3,777,800	33,700	0.9
TOTAL STATE SPENDING	**640,898,100**	**576,865,600**	**567,775,700**	**566,152,700**	**572,970,100**	**(67,928,000)**	**(10.6)**
Less:							
Other State Restricted Funds	118,899,600	95,771,900	99,271,900	95,771,900	95,771,900	(23,127,700)	(19.5)
GENERAL FUND/GENERAL PURPOSE	**521,998,500**	**481,093,700**	**468,503,800**	**470,380,800**	**477,198,200**	**(44,800,300)**	**(8.6)**
PAYMENTS TO LOCALS	**0**	**0**	**0**	**0**	**0**	**0**	**0.0**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
A. NEW PROGRAMS			
1.	**Procurement Improvement Plan.** The budget provides new funding of $825,000 ($479,100 GF/GP) to hire 6.0 additional FTEs to implement a category management system for the State's procurement system. This new system will cause the State to examine all of its purchasing from an enterprise perspective and allow the State to leverage its spending abilities by reducing the number of contacts and suppliers used.	FTE	6.0
		Gross	825,000
		IDG	16,900
		Restricted	329,000
		GF/GP	479,100
2.	**Treasury Business Portal.** The budget provides authorization for the Department of Treasury to implement a new and refined business portal to replace the old Michigan Business One-Stop portal that was eliminated in the FY 2014-15 budget. The additional interdepartmental grant (IDG) funding will allow the Department of Treasury to meet other information technology projects/needs.	FTE	2.0
		Gross	2,000,000
		IDG	2,000,000
		GF/GP	0
3.	**Treasury Information Technology (IT) Technical Adjustment.** The budget aligns funding of the IT IDGs with agency requests. Funding of $1.2 million and 2.0 FTE positions is provided for city income tax operations and $650,000 and 1.0 FTE position is provided for personal property tax reforms.	FTE	3.0
		Gross	1,850,000
		IDG	1,850,000
		GF/GP	0
4.	**Treasury IT (One-Time).** New one-time GF/GP funding is provided for the Department of Treasury for IT costs incurred to upgrade tax collection software.	Gross	3,000,000
		GF/GP	3,000,000
5.	**Alignment of IT Funding (One-Time).** New one-time funding of $600,000 is provided for IT costs related to the Treasury Business Portal described above.	Gross	600,000
		IDG	600,000
		GF/GP	0
6.	**School Cost Study (One-Time).** New one-time GF/GP funding of $500,000 is provided for the cost to perform the school cost study required under Public Act 555 of 2014.	Gross	500,000
		GF/GP	500,000
7.	**Special Projects (One-Time).** New one-time funding of $105,000 is provided for special projects. The projects are not specified and will be determined by the State Budget Director during the fiscal year.	Gross	105,000
		GF/GP	105,000
B. PROGRAM INCREASES			
1.	**Motor Vehicle Fleet.** The authorization for expenditures for the State's motor vehicle fleet is increased to adjust the expenditures due to increased costs of fuel, maintenance, insurance, and leasing.	Gross	6,515,500
		IDG	6,515,500
		GF/GP	0

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
2.	**Office of Retirement Services.** The budget increases restricted funding to cover additional costs to administer the various retirement system changes due to enacted legislation affecting both defined contribution and deferred compensation plans.	Gross Restricted GF/GP	1,257,600 1,257,600 0
3.	**IT Investment Fund.** The budget increases GF/GP funding for this IT program to further provide maintenance and replacement of legacy IT systems across State departments and agencies. Funding for this item totals $65.0 million in FY 2015-16.	Gross GF/GP	2,000,000 2,000,000
4.	**Enterprisewide Special Maintenance.** The budget increases GF/GP funding for the ongoing appropriations for this item to provide maintenance services to State-owned buildings across the State. The FY 2014-15 budget included $7.0 million in one-time funding for this program that is not included in the FY 2015-16 budget. Total ongoing funding in FY 2015-16 increases from $23.0 million to $29.5 million.	Gross GF/GP	6,500,000 6,500,000
5.	**State Emergency Operations Center (SEOC).** Funding is increased in the authorization for the IDG from Building Occupancy Costs (BOC) to cover the costs of operating the new SEOC. The Michigan State Police (MSP) will occupy a portion of the building and this adjustment will allow the Department of Technology, Management, and Budget (DTMB) to recognize the BOC it will charge the MSP for use of the building.	Gross IDG GF/GP	631,700 631,700 0
6.	**Professional Development.** Funding for professional development is increased to comply with State employee contracts. The net increase in funding totals $7,600, bringing total funding for professional development to $1.1 million for FY 2015-16.	Gross IDG GF/GP	7,600 7,600 0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1.	**Office of Urban Initiatives.** General Fund/General Purpose funding of $5.0 million that was provided as one-time funding in FY 2014-15 is maintained for FY 2015-16 as an ongoing program, but reduced by half. Funding for this item totals $2.5 million for FY 2015-16.	FTE Gross GF/GP	5.0 (2,500,000) (2,500,000)
2.	**Information Technology - Alignment of IDG funding.** The budget includes a net reduction of $2.0 million for the IT portion of the budget to align its IDG funding with enacted FY 2014-15 appropriations for all State departments. Funding appropriated in the budget for statewide IT costs for FY 2015-16 totals $596.1 million.	Gross IDG GF/GP	(2,018,800) (2,018,800) 0

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
3. Michigan Public Safety Communications System (MPSCS) Lifecycle Radio Replacement. The budget reduces GF/GP funding for this program by $2.0 million to $39.8 million to provide funding for lifecycle replacement of equipment that is outdated.	Gross GF/GP	(2,000,000) (2,000,000)
4. Civil Service Commission IT Reduction. The budget reduces funding for the IT line item for the Civil Service Commission.	Gross GF/GP	(1,085,800) (1,085,800)
5. Litigation Costs (One-Time). The budget provides $1.0 million in one-time funding for litigation costs anticipated by the Department to be incurred in FY 2015-16. This is a decrease of $3.0 million from the one-time funding provided in FY 2014-15.	Gross GF/GP	(3,000,000) (3,000,000)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

Executive Budget Revision. The Governor submitted two revisions to his original recommendations to comply with E.O. 2014-12 and E.O. 2015-9. Executive Budget revision 2016-1 complied with Executive Order 2014-12 by transferring out $208,000 for the transfer of the Office for New Americans to the Department of Licensing and Regulatory Affairs. Executive Budget revision 2016-3 complied with E.O. 2015-9 by transferring in $2.4 million and 11.0 FTEs for the transfer of the Office of School Reform from the Department of Education to the DTMB.	FTE Gross GF/GP	11.0 2,212,900 2,212,900

G. OTHER ISSUES

1. Adjustment for FY 2014-15 Supplemental Funding. Fiscal year 2014-15 adjustments pursuant to Public Act (P.A.) 6 of 2015, Executive Order (E.O.) 2015-5, and P.A. 86 of 2015 total a positive $98.7 million. There is a negative adjustment of $17.8 million in P.A. 6 of 2015 for rent adjustments for the State Building Authority rent line items. There is a negative adjustment totaling $15.5 million across various line items to balance FY 2014-15. Additionally, there is a positive adjustment of $32.0 million for additional IDG revenue resulting from IT funds received from the Department of Human Services and a negative IDG adjustment totaling $478,100 to adjust various IT lines to align with the Department's actual FY 2014-15 appropriations. Finally, there is $100.0 million appropriated in P.A. 86 of 2015 for costs of purchasing tax vouchers issued under the Michigan Early Stage Investment Act. This funding is indicated as a net negative adjustment to accurately reflect the full changes from FY 2014-15 to FY 2015-16.	Gross IDG Restricted GF/GP	(98,221,900) (31,521,900) (23,800,000) (42,900,000)

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
2. FY 2014-15 One-Time Funding. The budget removes a total of $17.0 million of previous-year one-time funding that is not carried forward into FY 2015-16. These funding eliminations include: Regional Prosperity Grants ($1.0 million); Technology Services Funding ($6.9 million IDG, $300 GF/GP); Business One-Stop Depreciation costs ($871,700); Special Projects ($1.25 million); and Enterprisewide Special Maintenance ($7.0 million).	Gross	(17,022,000)
	IDG	(7,771,700)
	GF/GP	(9,250,300)
3. Adjustment for FY 2014-15 Transfers. Transfer 2015-2 added $777,600 to increase the authorization for the receipt of additional restricted funds that will be used to administer the deferred compensation plans. This funding is indicated as a net negative adjustment to accurately reflect the full changes from FY 2014-15 to FY 2015-16.	Gross	(777,600)
	Restricted	(777,600)
	GF/GP	0

H. UNCLASSIFIED SALARIES

Salary and Wage Increase. The budget increases funding for the unclassified salary line item from $824,600 to $977,000 in FY 2015-16. The economics portion of the increase for this line item totals $12,400 as reflected in this item. The remaining $140,000 of the increase for this line item corresponds to the Executive Budget revision 2016-3 discussed above in item F.	Gross	12,400
	IDG	4,700
	Restricted	900
	GF/GP	6,800

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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.	Gross	22,200
	IDG	(1,029,100)
	Federal	23,200
	Local	34,000
	Private	(300)
	Restricted	(137,600)
	GF/GP	1,132,000

K. ONE-TIME APPROPRIATIONS

The budget identifies five FY 2015-16 one-time appropriations, eliminates three FY 2014-15 one-time appropriations, and shifts one FY 2015-16 appropriation from one-time to ongoing:

	Gross	GF/GP
FY 2015-16		
Legal Services	$1,000,000	$1,000,000
Technology Services Funding	600,000	0
Treasury – technology services	3,000,000	3,000,000
Cost Study of P.A. 555 of 2014	500,000	500,000
Special Projects	105,000	105,000
Subtotal	**$5,205,000**	**$4,605,000**
FY 2015-16		
Shift half of Office of Urban Initiatives Funding from One-Time to Ongoing	($2,500,000)	($2,500,000)
Subtotal	**($2,500,000)**	**($2,500,000)**
FY 2014-15		
Regional Prosperity Grants	($500,000)	($500,000)
Enterprisewide Special Maintenance for State Facilities	(7,000,000)	(7,000,000)
Michigan Business One-Stop	(871,700)	0
Subtotal	**($8,371,700)**	**($7,500,000)**

L. VETOES - NONE

DEPARTMENT OF TRANSPORTATION
P.A. 84 of 2015 – ARTICLE XVII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 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	**3,725,062,600**	**3,635,722,500**	**3,635,722,500**	**3,655,722,500**	**3,896,201,400**	**171,138,800**	**4.6**
Less:							
Interdepartmental Grants Received	3,786,900	3,928,500	3,928,500	3,928,500	3,928,500	141,600	3.7
ADJUSTED GROSS	**3,721,275,700**	**3,631,794,000**	**3,631,794,000**	**3,651,794,000**	**3,892,272,900**	**170,997,200**	**4.6**
Less:							
Federal Funds	1,223,599,500	1,257,488,000	1,257,488,000	1,257,488,000	1,257,488,000	33,888,500	2.8
Local and Private	58,043,100	50,393,500	50,393,500	50,393,500	50,393,500	(7,649,600)	(13.2)
TOTAL STATE SPENDING	**2,439,633,100**	**2,323,912,500**	**2,323,912,500**	**2,343,912,500**	**2,584,391,400**	**144,758,300**	**5.9**
Less:							
Other State Restricted Funds	2,154,985,200	2,184,391,400	2,184,391,300	2,184,391,400	2,184,391,400	29,406,200	1.4
GENERAL FUND/GENERAL PURPOSE	**284,647,900**	**139,521,100**	**139,521,200**	**159,521,100**	**400,000,000**	**115,352,100**	**40.5**
PAYMENTS TO LOCALS	**1,316,686,400**	**1,252,574,400**	**1,252,574,400**	**1,264,754,400**	**1,438,206,000**	**121,519,600**	**9.2**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1.	**Ongoing GF/GP Federal Match Increase.** The budget increases Federal match appropriations by $473,200 for a total of $139.5 million Gross and ongoing GF/GP. The $139.5 million Gross and ongoing GF/GP includes $113.0 million for State trunkline roads and bridges, $25.0 million for transit and rail, and $1,521,100 for aeronautics. In FY 2014-15, the budget included the following one-time Federal match items: $127.0 million GF/GP for State trunkline roads and bridges, $10.0 million GF/GP for transit and rail, and $2.0 million GF/GP for aeronautics. These items were designated as one-time in FY 2014-15.	Gross GF/GP	473,200 473,200
2.	**Increased Funding for State and Local Roads and Bridges.** The budget increases one-time funding for this program by $113.5 million Gross and GF/GP, and increases ongoing funding by $2.5 million Gross and GF/GP, for a total appropriation of $260.5 million Gross and GF/GP. These funds will be distributed according to Public Act 51 of 1951 (39.1% to the Michigan Department of Transportation, 39.1% to county road agencies, and 21.8% to cities and villages). This program received $144.5 million Gross and GF/GP in FY 2014-15.	Gross GF/GP	115,978,900 115,978,900
3.	**Increased Funding for Airport Safety, Protection, and Improvement Program.** These funds are redirected from the Transportation Economic Development Fund (TEDF).	Gross Restricted GF/GP	2,000,000 2,000,000 0
4.	**Federal Transit, Rail and Air Grants.** The budget reflects grant increases from the Federal Transit Administration and the Federal Railroad Administration. It includes a $50.0 million increase in Federal aid to rail operations and infrastructure, an $840,000 increase in Federal aid to nonurban buses, and a $300,000 increase in Federal aid to the transit capital program.	Gross Federal GF/GP	51,140,000 51,140,000 0
5.	**Restoration of Vetoed Funds for Regional Planning Councils.** In FY 2014-15, the Governor vetoed a pedestrian crossing study, which affected grants to the regional planning councils program. The budget includes additional funding for this program to restore those funds.	Gross Federal Restricted GF/GP	80,000 64,000 16,000 0

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
6. Revenue Adjustments. A revenue increase is expected for the Michigan Transportation Fund (MTF), resulting in the following program increases: $57.7 million in local road funding, and $1.3 million in the TEDF. The airport safety, protection, and improvement program is increased by $1.0 million.	Gross	59,974,100
	Federal	422,000
	Local	116,400
	Restricted	59,435,700
	GF/GP	0

C. PROGRAM ELIMINATIONS

M-1 Rail Funding. The budget deletes the one-time $25.5 million Federal TIGER grant for the M-1 rail line under a supplemental appropriation in FY 2014-15.	Gross	(25,544,000)
	Federal	(17,778,000)
	Private	(7,766,000)
	GF/GP	0

D. PROGRAM REDUCTIONS

1. Revenue Adjustments. Revenue adjustments result in the following program decreases: $663,300 in aeronautics services, $3.9 million in rail operations and infrastructure, and $3.9 million in transit capital, service initiatives, and transportation to work. The Blue Water Bridge Fund is adjusted by a negative $14.1 million to realign the Fund with available toll revenue, accounting for a prior customs plaza project; this will result in a total of $10.6 million for the Fund in FY 2015-16.	Gross	(22,581,300)
	Restricted	(22,581,300)
	GF/GP	0
2. Transportation Economic Development Fund Redirection to State Trunkline Fund and Aeronautics Fund. The budget includes a Senate redirection of $2.0 million in TEDF license fee revenue to the State Trunkline Fund in order to meet Federal match requirements, and $2.0 million to the airport safety, protection, and improvement program. The license fee revenue was previously redirected to the State Trunkline Fund from FY 2010-11 to FY 2013-14, and was restored to the TEDF in FY 2014-15 to meet increased program demand.	Gross	(4,000,000)
	Restricted	(4,000,000)
	GF/GP	0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

G. OTHER ISSUES

1. IDG Adjustments. Technical adjustments to interdepartmental grants (IDGs) to other departments totaled a negative $414,800, and adjustments to IDGs from other departments totaled a negative $11,100.	Gross	(425,900)
	IDG	150,000
	Restricted	(575,900)
	GF/GP	0
2. Debt Service Adjustment. Appropriations for debt service obligations are decreased. In FY 2014-15, $242.3 million, $0 GF/GP was appropriated to debt service. The FY 2015-16 budget includes $238.9 million, $0 GF/GP for debt service.	Gross	(3,457,500)
	Federal	40,500
	Restricted	(3,498,000)
	GF/GP	0
3. Other Changes. The budget increases finance, contracts, and support services funding by $150,000 Gross, $0 GF/GP, and deletes the one-time appropriation of $1.1 million Gross and GF/GP in startup funding for the Regional Transit Authority.	Gross	(950,000)
	Restricted	150,000
	GF/GP	(1,100,000)

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from $724,700 to $735,600.	Gross	10,900
	Restricted	10,900
	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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.	Gross	(1,559,600)
	IDG	(1,551,200)
	Restricted	(1,540,300)
	GF/GP	0

K. ONE-TIME APPROPRIATIONS

The budget identifies one FY 2015-16 one-time appropriation, eliminates one FY 2014-15 one-time appropriation, and shifts four appropriations from one-time to ongoing:

	Gross	GF/GP
FY 2015-16		
State and local road and bridge programs	$258,000,000	$258,000,000
Subtotal	**$258,000,000**	**$258,000,000**
FY 2015-16		
Shift State trunkline Federal road and bridge construction (Federal match) from one-time to ongoing	($113,000,000)	($113,000,000)
Shift State and local road and bridge programs to ongoing	(2,478,900)	(2,478,900)
Shift transit capital and rail infrastructure to ongoing	(25,000,000)	(25,000,000)
Shift airport safety, protection & improvement program to ongoing	(1,521,100)	(1,521,100)
Subtotal	**($142,000,000)**	**($142,000,000)**
FY 2014-15		
Regional Transit Authority	($1,100,000)	($1,100,000)
Subtotal	**($1,100,000)**	**($1,100,000)**

L. VETOES - NONE

DEPARTMENT OF TREASURY - DEBT SERVICE
P.A. 84 of 2015 – ARTICLE VIII

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

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
A.	**NEW PROGRAMS - NONE**		
B.	**PROGRAM INCREASES**		
	1. Clean Michigan Initiative. The budget increases debt service payments for this bond. Of the total, $5,211,012 is due to changes to existing debt and $1,525,988 is due to projected new bond issues for FY 2015-16. This increases total debt service payments for this bond to $63,961,000.	Gross GF/GP	6,737,000 6,737,000
	2. Great Lakes Water Quality Bond. The budget increases debt service payments for this bond. Of the total, there is a $2,312,879 reduction for existing bonds and a $5,030,879 increase due to projected new bond issues for FY 2015-16. This increases total debt service payments for this bond to $16,529,000.	Gross GF/GP	2,718,000 2,718,000
C.	**PROGRAM ELIMINATIONS - NONE**		
D.	**PROGRAM REDUCTIONS**		
	Quality of Life Bond. The budget reduces payments for this bond. Of the total, there is a $5,561,293 reduction for existing bonds and a $160,291 increase due to projected new bond issues for FY 2015-16. This reduces total debt service payments for this bond to $75,959,000.	Gross GF/GP	(5,401,000) (5,401,000)
E.	**FUNDING SHIFTS - NONE**		
F.	**PROGRAM TRANSFERS - NONE**		
G.	**OTHER ISSUES - NONE**		
H.	**UNCLASSIFIED SALARIES - NONE**		
I.	**FEE INCREASES - NONE**		
J.	**ECONOMIC ADJUSTMENTS - NONE**		
K.	**ONE-TIME APPROPRIATIONS - NONE**		
L.	**VETOES - NONE**		

DEPARTMENT OF TREASURY - OPERATIONS
P.A. 84 of 2015 – ARTICLE VIII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,863.5	1,901.5	1,901.5	1,901.5	1,901.5	38.0	2.0
GROSS	**554,336,400**	**525,867,200**	**533,426,200**	**550,598,600**	**536,197,100**	**(18,139,300)**	**(3.3)**
Less:							
Interdepartmental Grants Received	9,409,100	9,500,700	9,500,700	9,500,700	9,500,700	91,600	1.0
ADJUSTED GROSS	**544,927,300**	**516,366,500**	**523,925,500**	**541,097,900**	**526,696,400**	**(18,230,900)**	**(3.3)**
Less:							
Federal Funds	39,705,400	39,661,500	39,661,500	39,661,500	39,661,500	(43,900)	(0.1)
Local and Private	2,005,600	9,055,100	9,055,100	9,055,100	9,055,100	7,049,500	351.5
TOTAL STATE SPENDING	**503,216,300**	**467,649,900**	**475,208,900**	**492,381,300**	**477,979,800**	**(25,236,500)**	**(5.0)**
Less:							
Other State Restricted Funds	381,548,000	354,719,600	354,978,600	373,600,600	354,049,500	(27,498,500)	(7.2)
GENERAL FUND/GENERAL PURPOSE	**121,668,300**	**112,930,300**	**120,230,300**	**118,780,700**	**123,930,300**	**2,262,000**	**1.9**
PAYMENTS TO LOCALS	**197,086,000**	**199,157,300**	**199,157,300**	**199,157,300**	**209,657,300**	**12,571,300**	**6.4**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

		FY 2015-16 Change From FY 2014-15 Year-to-Date	
A.	**NEW PROGRAMS**		
1.	**Presidential Primary.** The budget adds $10.0 million in one-time appropriations for the 2016 presidential primary. Funds are sent to local precincts to pay for the costs of running the election. This appropriation is funded by GF/GP support.	Gross GF/GP	10,000,000 10,000,000
2.	**City Income Tax Administration.** The budget funds a new program that supports cities in the collection of city income taxes. There are 24.0 FTEs included in this program. The program is completely funded by local funds from the City Income Tax Fund.	FTE Gross Local GF/GP	24.0 7,050,000 7,050,000 0
3.	**Online Business Portal.** The budget includes GF/GP funding for a new Department of Treasury Online Business Portal. Of the total, $2.0 million is appropriated as ongoing while $600,000 is one-time. The funds go to the Information Technology line item, which is forwarded to the Department of Technology, Management, and Budget.	Gross GF/GP	2,600,000 2,600,000
4.	**Financial Review Commission.** The budget includes new funding for the Financial Review Commission to provide ongoing support to review Detroit compliance with the Detroit bankruptcy package that was passed in 2014.	FTE Gross GF/GP	8.0 2,000,000 2,000,000
5.	**Grants.** The budget includes a $300,000 GF/GP grant for an Urban Search and Rescue Taskforce and a $250,000 GF/GP grant to the Chaldean Community Foundation.	Gross GF/GP	550,000 550,000
B.	**PROGRAM INCREASES**		
1.	**Payment in Lieu of Taxes.** The budget increases this unit in order to ensure that it is fully funded in accordance with statute and to pay for scheduled statutory increases in the Swamp and Tax Reverted Land Program from $3 per acre to $4 per acre. The total includes approximately $4.5 million GF/GP.	Gross Private Restricted GF/GP	4,919,200 2,300 448,400 4,468,500
2.	**Financial Independence Team.** The budget restores all but $300,000 of the funding for the financial independence team that was cut in the mid-year supplemental, House Bill 4112 (P.A. 6 of 2015).	Gross GF/GP	1,950,000 1,950,000

	FY 2015-16 Change From FY 2014-15 Year-to-Date	
3. Personal Property Tax Reform and Essential Services Assessment Act. The budget increases administrative support for this program, and moves 9.0 FTEs and $1.5 million from one-time implementation to ongoing administration. The budget increases the program by $1.8 million and 2.0 FTEs, all supported by GF/GP revenue.	FTE	2.0
	Gross	1,845,000
	GF/GP	1,845,000
4. Dual Enrollment. The budget increases this line item due to adjustments to the caseload consensus during the May 2015 Consensus Revenue Estimating Conference.	Gross	500,000
	GF/GP	500,000
5. Senior Citizen Cooperative Housing. The budget increases this line item due to adjustments made to the projected costs of the program.	Gross	500,000
	GF/GP	500,000
6. Data Collection Authorization Fee. The budget increases the Financial and Administrative Services unit due to the projection of additional data collection fee revenue.	Gross	40,000
	Restricted	40,000
	GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Land Reutilization Fee. The budget reduces funding to the Supervision of the general property tax law line item due to decreased revenue from Land Reutilization Fund fees. This cut is not offset by any additional funds.	Gross	(3,304,500)
	Restricted	(3,304,500)
	GF/GP	0
2. Administrative Efficiency. The budget continues reductions in multiple line items due to administrative efficiencies, first made in Executive Order 2015-5 and House Bill 4112 (P.A. 6 of 2015), and increases some of them by $800,000 for FY 2015-16.	Gross	(800,000)
	GF/GP	(800,000)
3. Supervision of the General Property Tax Law. The budget reduces this line item by $250,000 GF/GP.	Gross	(250,000)
	GF/GP	(250,000)
4. Casino and Gaming Unit. The budget increases the Casino Gaming Control Administration line item by $514,100 and 4.0 FTEs to provide licensing and regulation associated with live horse races, verifying electronic gaming devices, and enhancing the agency's communication strategies. No additional GF/GP funding is included in this increase. The budget also decreases Equine Development funding by $670,100 to reflect actual funding levels.	FTE	4.0
	Gross	(156,000)
	Restricted	(156,000)
	GF/GP	0

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

Creation of the Department of Talent and Economic Development. The budget includes the Governor's revisions that moved one unclassified position and Facility for Rare Isotope Beam (FRIB) bond payments to the Department of Talent and Economic Development.	Gross	(7,559,000)
	Restricted	(259,000)
	GF/GP	(7,300,000)

G. OTHER ISSUES

1. **Lottery Promotion and Advertising.** The budget moves this funding to boilerplate. A new Section 964 appropriates 1.0% of the prior fiscal year's gross lottery sales or $23.0 million, whichever is less, for promotion and advertising.	Gross	(18,622,000)
	Restricted	(18,622,000)
	GF/GP	0
2. **Removal of Supplemental Funding.** The budget eliminates FY 2014-15 supplemental funding. Public Acts 182 and 282 of 2014 (part of the Detroit bankruptcy package) made one-time appropriations of $100,000 and $1.0 million, respectively. Public Act 6 of 2014 made a one-time special grant for the ballot proposal ($11.0 million), casino information technology upgrades ($3.0 million), income tax fraud prevention start-up ($1.6 million), and the driver responsibility fee phase-out ($550,000).	Gross	(17,250,000)
	Restricted	(5,150,000)
	GF/GP	(12,100,000)
3. **Elimination of One-Time Items.** The budget eliminates the one-time appropriation of $600,000 that went toward creating a system that allows individuals to pay income taxes owed on credit cards and a $1.1 million grant to the City of Flint police and fire.	Gross	(1,600,000)
	GF/GP	(1,600,000)

H. UNCLASSIFIED SALARIES

The budget reflects economic adjustments of 2% for unclassified salaries. Due to program transfers, the budget reduces Gross funding for the unclassified salaries line item from $1,099,500 to $971,200.	Gross	16,500
	Restricted	7,900
	GF/GP	8,600

I. FEE INCREASES - NONE

	FY 2015-16 Change From FY 2014-15 Year-to-Date
Gross	(568,500)
IDG	91,600
Federal	(43,900)
Local	(2,800)
Restricted	(503,300)
GF/GP	(110,100)

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 receive a 2.0% base wage increase in FY 2015-16 effective on October 1, 2015. Non-exclusively represented employees (NERES) also will receive a 2.0% base wage increase for FY 2015-16 effective on October 1, 2015. There will be no lump-sum payments for either classified employees or NERES in FY 2015-16.

K. ONE-TIME APPROPRIATIONS

The budget identifies three FY 2015-16 one-time appropriations, eliminates two FY 2014-15 one-time appropriations, and shifts one appropriation from one-time to ongoing:

	Gross	GF/GP
FY 2015-16		
Personal Property Tax Payment	$19,300,000	$19,300,000
Presidential Primary	10,000,000	10,000,000
Online Business Portal	600,000	600,000
Subtotal	**$29,900,000**	**$29,900,000**
FY 2015-16		
Shift of Personal Property Tax Admin. from One-Time to Ongoing	($1,500,000)	($1,500,000)
Subtotal	**($1,500,000)**	**($1,500,000)**
FY 2014-15		
Credit Card Payment Service	($500,000)	($500,000)
Flint Police and Fire Safety Program	(1,100,000)	(1,100,000)
Subtotal	**($1,600,000)**	**($1,600,000)**

L. VETOES - NONE

DEPARTMENT OF TREASURY - REVENUE SHARING
P.A. 84 of 2015 – ARTICLE VIII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	FY 2015-16 SENATE	FY 2015-16 HOUSE	FY 2015-16 INITIAL APPROPS.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	**1,228,215,400**	**1,251,237,000**	**1,251,661,100**	**1,251,237,000**	**1,252,406,100**	**24,190,700**	**2.0**
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	**1,228,215,400**	**1,251,237,000**	**1,251,661,100**	**1,251,237,000**	**1,252,406,100**	**24,190,700**	**2.0**
Less:							
Federal Funds	0	0	0	0	0	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	**1,228,215,400**	**1,251,237,000**	**1,251,661,100**	**1,251,237,000**	**1,252,406,100**	**24,190,700**	**2.0**
Less:							
Other State Restricted Funds	1,228,215,400	1,251,237,000	1,251,237,000	1,251,237,000	1,252,406,100	24,190,700	2.0
GENERAL FUND/GENERAL PURPOSE	**0**	**0**	**424,100**	**0**	**0**	**0**	**0.0**
PAYMENTS TO LOCALS	**1,228,215,400**	**1,251,237,000**	**1,251,661,100**	**1,251,237,000**	**1,252,406,100**	**24,190,700**	**2.0**

Includes Ongoing and One-time Appropriations as of July 1, 2015.

	FY 2015-16 Change From FY 2014-15 Year-to-Date	

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Constitutional Revenue Sharing. The State Constitution requires the distribution of 15.0% of the sales tax levied at a rate of 4.0% to cities, villages, and townships on a per capita basis. The budget adds $23,690,700 to bring total funding for this program to $783,866,100, based on estimates from the May 2015 Consensus Revenue Estimating Conference. Actual payments are based on actual sales tax collections.	Gross Restricted GF/GP	23,690,700 23,690,700 0
2. Revenue Sharing Payments to Counties. The budget increases funding for revenue sharing to counties by $3.5 million to cover the projected cost of counties that re-enter State-paid revenue sharing for the first partial or full year. All other counties are eligible for the same payment amounts in FY 2015-16 as in FY 2014-15. The total funding of $214.7 million in FY 2015-16 is distributed through two line items: The County Incentive Program (which requires a county to comply with transparency and accountability requirements in order to receive full funding) and the County Revenue Sharing appropriation. The County Incentive Program is funded at $42,940,000 in FY 2015-16, an increase of $700,000. The County Revenue Sharing Program is funded at $171,760,000 in FY 2015-16, an increase of $2.8 million.	Gross Restricted GF/GP	3,500,000 3,500,000 0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Financially Distressed Cities, Villages, or Townships. The budget includes $5.0 million in FY 2015-16 for grants of up to $2.0 million to cities, villages, and townships that show signs of probable financial distress. The program was reduced from $8.0 million in FY 2014-15 to $5.0 million in FY 2015-16 by the elimination of $3.0 million in one-time funding.	Gross Restricted GF/GP	(3,000,000) (3,000,000) 0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

	FY 2015-16 Change From FY 2014-15 Year-to-Date
Gross	0
Restricted	0
GF/GP	0

G. OTHER ISSUES

1. **City, Village, and Township (CVT) Revenue Sharing.** The budget includes $248,840,000 for nonconstitutional revenue sharing payments to eligible cities, villages, and townships. This is the same amount of funding as was available in FY 2014-15. Each city, village, or township that was eligible for funding in FY 2014-15 (due to having received a statutory revenue sharing payment of over $4,500 in FY 2009-10 or having a population of more than 7,500) is eligible for the same amount in FY 2015-16. The maximum payment for each city, village, and township is the higher of 78.51044% of the statutory revenue sharing payment received in FY 2009-10 or $2.64659 per capita. Cities, villages, and townships must comply with accountability and transparency requirements to receive the full payment. Total funding for this program consists of $243,040,000 in ongoing appropriations and $5.8 million in one-time funding.

Revenue Sharing Appropriations in Public Act 84 of 2015
FY 2014-15 Year-to-Date and FY 2015-16 Initial

	FY 2014-15 Year-to-Date	FY 2015-16 Initial Appropriations	Difference	Percent Change
Constitutional	$760,175,400	$783,866,100	$23,690,700	3.1%
CVT Revenue Sharing	248,840,000	248,840,000	0	0.0
County Revenue Sharing	168,960,000	171,760,000	2,800,000	1.7%
County Incentive Program	42,240,000	42,940,000	700,000	1.7%
Financially Distressed CVTs	8,000,000	5,000,000	(3,000,000)	(37.5%)
Total	**$1,228,215,400**	**$1,252,406,100**	**$24,190,700**	**2.0%**

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS

The budget identifies one FY 2015-16 one-time appropriation (which is continued from FY 2014-15), and eliminates two FY 2014-15 one-time appropriations:

	Gross	GF/GP
FY 2015-16		
City, Village, and Township Revenue Sharing	$5,800,000	$5,800,000
Subtotal.....	**$5,800,000**	**$5,800,000**
FY 2014-15		
City, Village, and Township Revenue Sharing	($5,800,000)	($5,800,000)
Financially Distressed Cities, Villages, or Townships.....	(3,000,000)	(3,000,000)
Subtotal.....	**($8,800,000)**	**($8,800,000)**

L. VETOES - NONE

APPENDIX

FY 2015-16
APPROPRIATIONS BILL INDEX

DEPARTMENT/BUDGET AREA	BILL NUMBER	PUBLIC ACT NUMBER	VETOES
Agriculture and Rural Development	Senate Bill 133	P.A. 84 of 2015	No
Attorney General	Senate Bill 133	P.A. 84 of 2015	No
Civil Rights	Senate Bill 133	P.A. 84 of 2015	No
Community Colleges	House Bill 4115	P.A. 85 of 2015	No
Corrections	Senate Bill 133	P.A. 84 of 2015	No
Education	Senate Bill 133	P.A. 84 of 2015	No
Environmental Quality	Senate Bill 133	P.A. 84 of 2015	No
Executive	Senate Bill 133	P.A. 84 of 2015	No
Health and Human Services	Senate Bill 133	P.A. 84 of 2015	Yes
Higher Education	House Bill 4115	P.A. 85 of 2015	No
Insurance and Financial Services	Senate Bill 133	P.A. 84 of 2015	No
Judiciary	Senate Bill 133	P.A. 84 of 2015	No
Legislative Auditor General	Senate Bill 133	P.A. 84 of 2015	No
Legislature	Senate Bill 133	P.A. 84 of 2015	No
Licensing and Regulatory Affairs	Senate Bill 133	P.A. 84 of 2015	No
Military and Veterans Affairs	Senate Bill 133	P.A. 84 of 2015	No
Natural Resources	Senate Bill 133	P.A. 84 of 2015	No
School Aid	House Bill 4115	P.A. 85 of 2015	No
State	Senate Bill 133	P.A. 84 of 2015	No
State Police	Senate Bill 133	P.A. 84 of 2015	No
Talent and Economic Development	Senate Bill 133	P.A. 84 of 2015	No
Technology, Management, and Budget	Senate Bill 133	P.A. 84 of 2015	No
Transportation	Senate Bill 133	P.A. 84 of 2015	No
Treasury (Debt Service)	Senate Bill 133	P.A. 84 of 2015	No
Treasury (Operations)	Senate Bill 133	P.A. 84 of 2015	No
Treasury (Revenue Sharing)	Senate Bill 133	P.A. 84 of 2015	No

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- *"The 'Heat and Eat' Policy in Michigan"*

October 2014 **Issue Paper**
- *"FY 2014-15 Capital Outlay Process for Michigan Public Community Colleges and Universities"*

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- *"Fiscal Year 2014-15 Higher Education Appropriations Report"*

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- *"FY 2014-15 Appropriations Report – Part II - Initial Appropriations"*

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April 2014 ***Appropriations Report***
- *"FY 2012-13 Appropriations Report – Part III - Year-End Appropriations"*

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- *Appropriations Report – Part III - Year-End Appropriations*
- *Status of Lawsuits Against the State*
- *Higher Education Appropriations Report*
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