

FY 2017-18
APPROPRIATIONS REPORT
Part II - Initial Appropriations



August 2017



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

THE SENATE FISCAL AGENCY

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

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

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

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



Ellen Jeffries, Director
Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536
Telephone (517) 373-2768
Internet Address: <http://www.senate.michigan.gov/sfa>

SENATE APPROPRIATIONS COMMITTEE

Senator Dave Hildenbrand, Chair

Senator Peter MacGregor, Vice Chair

Senator Goeff Hansen

Senator Jim Stamas

Senator Tonya Schuitmaker

Senator Marty Knollenberg

Senator Darwin L. Booher

Senator Mike Shirkey

Senator John Proos

Senator Mike Nofs

Senator Mike Green

Senator Jim Marleau

Senator Vincent Gregory, Minority Vice Chair

Senator Hoon-Yung Hopgood

Senator Curtis Hertel, Jr.

Senator David Knezek

Senator Coleman Young II

TABLE OF CONTENTS

Page

OVERVIEW

Table 1:	FY 2017-18 Initial Ongoing and One-Time Appropriations Gross and General Fund/General Purpose	2
Table 2:	FY 2017-18 Initial One-Time Appropriations by Fund Source	3
Table 3:	FY 2017-18 Line-Item Vetoes	6
Table 4:	Gross Appropriations FY 2016-17 Versus FY 2017-18	8
Table 5:	Appropriations by Source of Funds FY 2017-18 Initial Appropriations	9
Figure A:	Appropriations by Source of Funds FY 2017-18 Initial Adjusted Gross Appropriations	10
Table 6:	Adjusted Gross Appropriations FY 2016-17 Versus FY 2017-18	11
Figure B:	Adjusted Gross FY 2017-18 Initial Appropriations	12
Table 7:	State Spending From State Resources FY 2016-17 Versus FY 2017-18	13
Figure C:	State Spending From State Resources FY 2017-18 Initial Appropriations	14
Table 8:	General Fund/General Purpose Appropriations FY 2016-17 Versus FY 2017-18	15
Figure D:	General Fund/General Purpose FY 2017-18 Initial Appropriations	16
Table 9:	Public Acts 107 and 108 of 2017: FY 2017-18 Flint Drinking Water Emergency Initial Appropriations	17
Table 10:	Summary of FY 2017-18 Appropriation Changes	18
Table 11:	FY 2017-18 Initial Appropriations New Programs	19
Table 12:	FY 2017-18 Initial Appropriations Program Increases	21
Table 13:	FY 2017-18 Initial Appropriations Program Eliminations/Program Reductions	28
Table 14:	FY 2017-18 Initial Appropriations Fund Shifts to Increase/(Reduce) GF/GP	33
Table 15:	FY 2017-18 Initial Appropriations Other Program Adjustments	34
Table 16:	FY 2017-18 Initial Appropriations Economic and Unclassified Salaries Adjustments by Fund Source	36
Table 17:	FY 2017-18 Initial Appropriations Estimates of Economic Adjustments Included in Budget	37
Table 18:	Full-Time Equated Positions FY 2016-17 Versus FY 2017-18	38
Figure E:	Full-Time Equated Classified Positions FY 2017-18 Initial Appropriations	39
Table 19:	FY 2017-18 Initial Appropriations Summary of Program Transfers	40
Table 20:	State Retirement Contribution Rates as a Percentage of Payroll	43
Table 21:	FY 2017-18 MPSERS Employer Contribution Rates	44
Table 22:	FY 2017-18 Appropriations Related to Michigan Public School Employees' Retirement System	45
Table 23:	FY 2017-18 Estimated Contributions to Two Largest Retirement Systems	45
Table 24:	FY 2017-18 Legacy Costs Breakout - Pensions and Health Care	46
Table 25:	State Payments to Local Units of Government Article IX, Section 30 Requirement FY 2016-17 and FY 2017-18 Estimates	47
Table 26:	State Payments to Local Units of Government FY 2016-17 Versus FY 2017-18	48
Table 27:	FY 2017-18 Fee Adjustments Included in Budget	49
Table 28:	Debt Service Appropriations FY 2016-17 Compared with FY 2017-18	50

	<i>Page</i>
Table 29: Tobacco Settlement Revenue and Appropriations FY 2016-17 Compared to FY 2017-18	52
Table 30: FY 2016-17 and FY 2017-18 General Fund/General Purpose Revenue, Expenditures, and Year-End Balance Estimates	54
Table 31: FY 2016-17 and FY 2017-18 School Aid Fund Revenue, Expenditures, and Year-End Balance Estimates	55
Table 32: General Fund/General Purpose and School Aid Fund Revenue Estimates for FY 2016-17 and FY 2017-18.....	57
Table 33: Budget and Economic Stabilization Fund Transfers, Earnings, and Fund Balance FY 1997-98 to FY 2017-18 Estimate	60
Table 34: Compliance with Constitutional Revenue Limit FY 1997-98 to FY 2017-18.....	61

BUDGET AREA DETAIL

Agriculture and Rural Development.....	65
Attorney General.....	72
Civil Rights.....	77
Community Colleges.....	80
Corrections	85
Education.....	90
Environmental Quality.....	95
Executive	102
Health and Human Services.....	104
Higher Education	123
Insurance and Financial Services.....	129
Judiciary.....	132
Legislature	137
Licensing and Regulatory Affairs.....	141
Military and Veterans Affairs.....	147
Natural Resources	152
School Aid.....	159
State	169
State Police.....	173
Talent and Economic Development.....	179
Technology, Management, and Budget.....	185
Transportation.....	192
Treasury - Debt Service.....	198
Treasury - Operations.....	200
Treasury - Revenue Sharing	206

APPENDICES

Appendix A: FY 2017-18 Appropriation Bills Index	213
Appendix B: FY 2017-18 Vehicle Bills Used in Budget Development.....	214

OVERVIEW

FY 2017-18 INITIAL APPROPRIATIONS OVERVIEW

On February 8, 2017, Governor Rick Snyder presented his fiscal year (FY) 2017-18 budget recommendation and his FY 2018-19 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. Some of the FY 2017-18 appropriation bills that were ultimately passed by the Legislature included State appropriations for FY 2017-18 and language expressing legislative intent to provide FY 2018-19 appropriations that would be the same as those for FY 2017-18, with adjustments for caseload, costs, economic factors, and available revenue.

On June 20, 2017 (House) and June 22, 2017 (Senate), the Legislature passed the FY 2017-18 appropriation bills. The budget passed by the Legislature was balanced based on the consensus revenue estimates agreed to on May 17, 2017. The FY 2017-18 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 \$398.3 million in SAF revenue was appropriated for the Community Colleges budget and \$238.3 million was appropriated for the Higher Education budget. The SAF amount for Community Colleges essentially funds the entire budget from SAF revenue and is \$137.9 million more than the amount appropriated in FY 2016-17, and the SAF amount for Universities is \$1.2 million more than the FY 2016-17 amount to reflect higher Michigan Public School Employees' Retirement System (MPSERS) payments to universities.

There were some variations from prior fiscal years in the budget process for FY 2017-18. Both the House and the Senate initiated a complete FY 2017-18 budget in their respective chambers: the House with 16 individual departmental appropriation bills and two omnibus appropriation bills (House Bills 4313 and 4323), and the Senate with 16 individual departmental appropriation bills. Although 16 individual appropriation bills (eight Senate-originated and eight House-originated) were reported out of conference committees, the bills were not considered by either the Senate or the House. Two omnibus bills (House Bill 4313 for education appropriations and House Bill 4323 for general appropriations) also were reported out of conference committees and were the bills that the House and the Senate ultimately adopted. The content of the final two omnibus bills was a combination of two rounds of budget negotiations: 1) pursuant to a May 31, 2017, budget target agreement between them, the House and Senate signed conference reports for 16 individual departmental appropriation bills, but did not adopt them; and 2) after negotiating with the Executive branch, the House and Senate reported and adopted conference reports for House Bills 4313 and 4323 that combined the two rounds of budget decisions. The General omnibus bill and the Education omnibus bill were enacted as Public Act 107 of 2017 and Public Act 108 of 2017, respectively. The Appendices to this report provide an index of the FY 2017-18 appropriation bills and outline all of the bills used in the budget development process.

On an overall basis, the initial level of FY 2017-18 Gross¹ appropriations for State budget areas totals \$56.5 billion, while State Spending from State Resources² appropriations total \$32.1 billion. The Gross total includes \$55.9 billion in ongoing appropriations and \$593.5 million in one-time appropriations. [Table 1](#) outlines the totals by department for the initial ongoing Gross appropriations of \$55.9 billion and the ongoing General Fund/General Purpose³ (GF/GP) appropriations of \$9.8 billion, as well as the one-time Gross appropriations of \$593.5 million and the one-time GF/GP appropriations of \$257.3 million. [Table 2](#) provides the detail by budget area, program, and fund source, for the FY 2017-18 one-time appropriations.

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.

This Senate Fiscal Agency (SFA) report, *FY 2017-18 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 2017-18.

Table 1

FY 2017-18 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	\$102,798,500	\$54,351,800	\$11,650,100	\$11,650,000	\$114,448,600	\$66,001,800
Attorney General	99,898,800	39,548,600	1,300,000	700,000	101,198,800	40,248,600
Civil Rights	16,099,600	12,856,600	150,000	150,000	16,249,600	13,006,600
Community Colleges	394,689,500	0	4,637,000	1,025,000	399,326,500	1,025,000
Corrections	1,997,560,200	1,942,274,600	4,359,000	4,359,000	2,001,919,200	1,946,633,600
Education	351,181,100	80,677,400	100	0	351,181,200	80,677,400
Environmental Quality	489,867,600	43,244,000	18,900,100	4,000,000	508,767,700	47,244,000
Executive	6,848,500	6,848,500	0	0	6,848,500	6,848,500
Health & Human Services	25,419,769,900	4,356,689,900	25,114,700	8,795,000	25,444,884,600	4,365,484,900
Higher Education	1,628,805,400	1,279,254,500	419,000	0	1,629,224,400	1,279,254,500
Insurance & Financial Services	66,741,400	150,000	0	0	66,741,400	150,000
Judiciary	298,823,700	191,355,100	1,219,300	1,219,300	300,043,000	192,574,400
Legislative Auditor General	24,286,200	16,607,600	0	0	24,286,200	16,607,600
Legislature	152,274,800	147,597,100	3,000,000	3,000,000	155,274,800	150,597,100
Licensing & Regulatory Affairs	433,271,900	43,016,600	1,400,100	1,400,000	434,672,000	44,416,600
Military & Veterans Affairs	177,004,400	60,067,500	2,500,000	2,500,000	179,504,400	62,567,500
Natural Resources	392,317,300	41,294,900	16,650,000	15,650,000	408,967,300	56,944,900
School Aid	14,266,435,800	183,287,000	312,428,100	30,403,000	14,578,863,900	213,690,000
State	249,358,500	19,139,000	0	0	249,358,500	19,139,000
State Police	674,042,700	418,721,600	20,721,200	20,721,200	694,763,900	439,442,800
Talent & Economic Development	1,116,324,800	152,002,400	63,097,000	53,097,000	1,179,421,800	205,099,400
Technology, Management, & Budget	1,323,018,100	490,230,100	89,525,100	89,525,100	1,412,543,200	579,755,200
Transportation	4,347,443,000	0	0	0	4,347,443,000	0
Treasury (Debt Service)	107,580,000	107,580,000	0	0	107,580,000	107,580,000
Treasury (Operations)	508,029,800	95,468,500	4,400,000	2,900,000	512,429,800	98,368,500
Treasury (Revenue Sharing)	1,266,215,000	2,179,100	12,000,000	6,200,000	1,278,215,000	8,379,100
TOTAL INITIAL APPROPRIATIONS	\$55,910,686,500	\$9,784,442,400	\$593,470,800	\$257,294,600	\$56,504,157,300	\$10,041,737,000

Table 2

FY 2017-18 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE

Department/Budget Area	Gross	Federal	Local	State Restricted	GF/GP
Agriculture & Rural Development					
Agriculture industry research and development (MSU)	\$8,400,000	\$0	\$0	\$0	\$8,400,000
Michigan food bank council.....	2,000,000	0	0	0	2,000,000
Enhanced wildlife risk management project.....	1,000,000	0	0	0	1,000,000
Intercounty drain	250,000	0	0	0	250,000
Drinking water emergency placeholder.....	100	0	0	100	0
Total Agriculture & Rural Development.....	\$11,650,100	\$0	\$0	\$100	\$11,650,000
Attorney General					
Prosecuting attorneys-juvenile life without parole	\$700,000	\$0	\$0	\$0	\$700,000
Prosecuting attorneys-NextGen IT system (lawsuit fund).....	600,000	0	0	600,000	0
Total Attorney General	\$1,300,000	\$0	\$0	\$600,000	\$700,000
Civil Rights					
Deaf, deaf/blind, and hard of hearing needs assessment.....	\$150,000	\$0	\$0	\$0	\$150,000
Total Civil Rights.....	\$150,000	\$0	\$0	\$0	\$150,000
Community Colleges					
MPSERS normal cost offset.....	\$3,612,000	\$0	\$0	\$3,612,000	\$0
Michigan transfer network	1,025,000	0	0	0	1,025,000
Total Community Colleges.....	\$4,637,000	\$0	\$0	\$3,612,000	\$1,025,000
Corrections					
New custody staff training	\$4,359,000	\$0	\$0	\$0	\$4,359,000
Total Corrections	\$4,359,000	\$0	\$0	\$0	\$4,359,000
Education					
Drinking water emergency placeholder.....	\$100	\$0	\$0	\$100	\$0
Total Education	\$100	\$0	\$0	\$100	\$0
Environmental Quality					
Refined petroleum product cleanup program.....	\$14,900,000	\$0	\$0	\$14,900,000	\$0
Oil, gas, and mineral services	4,000,000	0	0	0	4,000,000
Drinking water emergency placeholder.....	100	0	0	100	0
Total Environmental Quality	\$18,900,100	\$0	\$0	\$14,900,100	\$4,000,000
Health & Human Services					
Drinking water emergency (includes \$100 placeholder)	\$14,041,700	\$3,500,000	\$0	\$8,861,700	\$1,680,000
Direct primary care pilot program.....	5,724,000	3,708,000	0	0	2,016,000
Child lead poisoning elimination board	1,250,000	0	0	0	1,250,000
Dental clinic program	1,000,000	0	0	0	1,000,000
Primary care hospital grant	850,000	0	0	0	850,000
Autism navigator	565,000	0	0	0	565,000
Farmer's market wireless equipment purchase.....	500,000	250,000	0	0	250,000
University autism programs.....	500,000	0	0	0	500,000
Michigan food bank council.....	184,000	0	0	0	184,000
Prenatal diagnosis clearinghouse website	150,000	0	0	0	150,000
Refugee assistance grant	150,000	0	0	0	150,000

Table 2 - continued

FY 2017-18 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE					
Department/Budget Area	Gross	Federal	Local	State Restricted	GF/GP
Health & Human Services (continued)					
Food pantry grant.....	100,000	0	0	0	100,000
Special Olympics Michigan	100,000	0	0	0	100,000
Total Health and Human Services	\$25,114,700	\$7,458,000	\$0	\$8,861,700	\$8,795,000
Higher Education					
MPSERS normal cost offset.....	\$419,000	\$0	\$0	\$419,000	\$0
Total Higher Education	\$419,000	\$0	\$0	\$419,000	\$0
Judiciary					
Montgomery v Louisiana compliance	\$700,000	\$0	\$0	\$0	\$700,000
Pretrial risk assessment	300,000	0	0	0	300,000
Expansion of problem-solving courts	219,300	0	0	0	219,300
Total Judiciary	\$1,219,300	\$0	\$0	\$0	\$1,219,300
Legislature					
Legislative information technology systems design project	\$3,000,000	\$0	\$0	\$0	\$3,000,000
Total Legislature	\$3,000,000	\$0	\$0	\$0	\$3,000,000
Licensing & Regulatory Affairs					
Fire protection grants enhancement	\$1,400,000	\$0	\$0	\$0	\$1,400,000
Drinking water emergency placeholder.....	100	0	0	100	0
Total Licensing & Regulatory Affairs	\$1,400,100	\$0	\$0	\$100	\$1,400,000
Military & Veterans Affairs					
Armory maintenance	\$2,500,000	\$0	\$0	\$0	\$2,500,000
Total Military & Veterans Affairs	\$2,500,000	\$0	\$0	\$0	\$2,500,000
Natural Resources					
State parks repair and maintenance	\$7,000,000	\$0	\$0	\$0	\$7,000,000
Trail development.....	5,000,000	0	0	0	5,000,000
Land ownership tracking system (\$1 million forest dev. fund).....	2,900,000	0	0	1,000,000	1,900,000
Wildlife management.....	1,000,000	0	0	0	1,000,000
Shooting range construction, repair, maintenance.....	250,000	0	0	0	250,000
Swimmer's itch pilot program	250,000	0	0	0	250,000
Invasive species prevention and control	200,000	0	0	0	200,000
Mineral extraction summit	50,000	0	0	0	50,000
Total Natural Resources	\$16,650,000	\$0	\$0	\$1,000,000	\$15,650,000
School Aid					
MPSERS additional unfunded accrued liability payment	\$200,000,000	\$0	\$0	\$200,000,000	\$0
MPSERS normal cost offset.....	48,969,000	0	0	48,940,000	29,000
MPSERS additional costs due to reforms	23,100,000	0	0	23,100,000	0
CTE equipment upgrades	9,600,000	0	0	0	9,600,000
Drinking water emergency (includes \$100 placeholder)	8,730,100	0	0	100	8,730,000
Various other grants (see School Aid section for details)	22,029,000	0	0	9,985,000	12,044,000
Total School Aid	\$312,428,100	\$0	\$0	\$282,025,100	\$30,403,000
State Police					
Trooper recruit school	\$9,286,200	\$0	\$0	\$0	\$9,286,200

Table 2 - continued

FY 2017-18 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE						
Department/Budget Area	Gross	Federal	Local	State Restricted	GF/GP	
State Police (continued)						
Disaster and emergency contingency fund	5,000,000	0	0	0	5,000,000	
Advanced 9-1-1	2,200,000	0	0	0	2,200,000	
Equipment lifecycle replacement-secure cities	1,000,000	0	0	0	1,000,000	
Fair and impartial policing training grants.....	980,000	0	0	0	980,000	
Forensic science	730,000	0	0	0	730,000	
Michigan international speedway traffic control	725,000	0	0	0	725,000	
Sexual assault prevention and education initiative	600,000	0	0	0	600,000	
Law enforcement job task analysis	200,000	0	0	0	200,000	
Total State Police	\$20,721,200	\$0	\$0	\$0	\$20,721,200	
Talent & Economic Development						
Michigan enhancement grants	\$35,897,000	\$0	\$0	\$0	\$35,897,000	
Going pro (\$10 million penalty and interest account)	15,500,000	0	0	10,000,000	5,500,000	
Talent marketing	5,000,000	0	0	0	5,000,000	
Department of talent and economic development grants.....	2,700,000	0	0	0	2,700,000	
Project rising tide.....	2,000,000	0	0	0	2,000,000	
Arts and cultural program	1,000,000	0	0	0	1,000,000	
Protect and grow	1,000,000	0	0	0	1,000,000	
Total Talent and Economic Development.....	\$63,097,000	\$0	\$0	\$10,000,000	\$53,097,000	
Technology, Management, & Budget						
Michigan infrastructure fund.....	\$35,000,000	\$0	\$0	\$0	\$35,000,000	
Drinking water declaration of emergency reserve fund	25,000,000	0	0	0	25,000,000	
IT investment fund augmentation	7,500,000	0	0	0	7,500,000	
Michigan.gov content management system.....	6,171,300	0	0	0	6,171,300	
Michigan public safety communication system replacement.....	5,000,000	0	0	0	5,000,000	
Homeland security initiative/cyber security	3,700,000	0	0	0	3,700,000	
SIGMA transition support	2,413,200	0	0	0	2,413,200	
MAIN operations FY 2016-17 closeout	2,087,600	0	0	0	2,087,600	
Citizen centric IT initiative	2,000,000	0	0	0	2,000,000	
School reform office performance information system	353,000	0	0	0	353,000	
Vendor data tracking pilot program	300,000	0	0	0	300,000	
Total Technology, Management, and Budget.....	\$89,525,100	\$0	\$0	\$0	\$89,525,100	
Treasury-Operations						
Information technology services and projects	\$2,000,000	\$0	\$0	\$0	\$2,000,000	
City income tax administration program.....	1,500,000	0	1,500,000	0	0	
Urban search and rescue	900,000	0	0	0	900,000	
Total Treasury-Operations	\$4,400,000	\$0	\$1,500,000	\$0	\$2,900,000	
Treasury-Revenue Sharing						
Supplemental city, village, and township revenue sharing.....	\$6,200,000	\$0	\$0	\$0	\$6,200,000	
City, village, and township revenue sharing.....	5,800,000	0	0	5,800,000	0	
Total Treasury-Revenue Sharing.....	\$12,000,000	\$0	\$0	\$5,800,000	\$6,200,000	
TOTAL ONE-TIME APPROPRIATIONS	\$593,470,800	\$7,458,000	\$1,500,000	\$327,218,200	\$257,294,600	

GUBERNATORIAL VETOES

Governor Snyder, through his constitutional line item veto authority granted under Article V, Section 19 of the State Constitution of 1963, vetoed 15 specific FY 2017-18 line item appropriations in the general omnibus bill and four specific appropriations in the education omnibus bill (three FY 2017-18 vetoes and one FY 2016-17 veto). The specific FY 2017-18 line item vetoes, totaling \$6.3 million of Gross appropriations and \$5.5 million GF/GP, are listed in [Table 3](#).

Table 3

FY 2017-18 LINE ITEM VETOES (actual dollars)			
Department/Budget Area	Gross	Federal	GF/GP
Agriculture & Rural Development			
Draft beer delivery system education/training	\$150,000	\$0	\$150,000
Albion equestrian center.....	100,000	0	100,000
Total Agriculture & Rural Development.....	\$250,000	\$0	\$250,000
Environmental Quality			
Drill core storage facility	\$500,000	\$0	\$500,000
Health & Human Services			
Pediatric traumatic brain injury project	\$1,000,000	\$0	\$1,000,000
Genomic opioid abuse demonstration program.....	850,000	850,000	0
TEAM cares primary care and dental clinics	300,000	0	300,000
Muskegon covenant academy.....	280,000	0	280,000
Upper Peninsula emergency medical services grant.....	182,000	0	182,000
Northeast Michigan school success partnership	75,000	0	75,000
Early neighborhood learning collaborative	60,000	0	60,000
Total Health & Human Services	\$2,747,000	\$850,000	\$1,897,000
Natural Resources			
Bay City state recreation area playscape	\$500,000	\$0	\$500,000
Onaway state park pavilion reconstruction.....	500,000	0	500,000
Snowmobile local grants	226,200	0	226,200
Off-road vehicle trail improvement grants.....	176,200	0	176,200
Snowmobile law enforcement grants.....	100,000	0	100,000
Total Natural Resources	\$1,502,400	\$0	\$1,502,400
School Aid			
Online mathematics program	\$1,000,000	\$0	\$1,000,000
Digital assessment preparation	250,000	0	250,000
Civics education: @\$60,000 in FYs 2016-17 and 17-18	60,000	0	60,000
Total School Aid	\$1,310,000	\$0	\$1,310,000
Total FY 2017-18 Vetoes	\$6,309,400	\$850,000	\$5,459,400
Boilerplate Sections Cited by the Governor as Unenforceable			
Budget Area	Article	Section Number	Provision
Health and Human Services	X	650	Requires Department to apply work requirements for food assistance eligibility on a statewide basis.
Health and Human Services	X	1009(3)	Requires deductions from Prepaid Inpatient Health Plans in subsequent fiscal year of any unspent direct care worker wage funds.
Transportation	XVII	382	Requires Department to submit construction cost-sharing bills to local units within two years after final construction contract payment.
School Aid	I	164h	Prohibits school districts and Intermediate school districts from using appropriated funds for legal actions against the State.

In addition to specific line item vetoes, the Governor considered various boilerplate language provisions to be unenforceable. In his general omnibus veto message, he stated, "Among the various provisions that are considered unenforceable, I note the following: section 650 (Article X); section 1009(3) (Article X); and section 382 (Article XVII)." In the education omnibus, the Governor cited Section 164h in Article I as unenforceable. The unenforceable sections cited by the Governor are summarized at the bottom of [Table 3](#). The Governor also referred to boilerplate sections in both the general and education omnibus bills that include statements of legislative intent: "We will take these legislative preferences into consideration as departments and agencies implement the appropriations. However, these legislative intent statements do not impose conditions on appropriations and are non-binding upon departments and agencies."

FY 2017-18 INITIAL APPROPRIATIONS

The initial level of FY 2017-18 Gross appropriations is \$56.5 billion, which is \$1.2 billion or 2.1% more than the Gross appropriations for FY 2016-17, as outlined in [Table 4](#). [Table 5](#) and [Figure A](#) summarize these appropriations by department and by fund source. The initial level of FY 2017-18 Adjusted Gross⁴ appropriations (the more accurate measure of total appropriations because interdepartmental grants are netted out) totals \$55.6 billion. This level of Adjusted Gross appropriations includes \$23.1 billion of Federal funds, \$380.9 million of local and private revenue, \$22.1 billion of State Restricted revenue, and \$10.0 billion of State General Fund/General Purpose revenue. Initial FY 2017-18 Adjusted Gross appropriations represent a \$1.1 billion or 2.1% increase from the year-to-date (as of July 14, 2017) level of FY 2016-17 appropriations. Initial State Spending from State Resources appropriations total \$32.1 billion, an increase of \$983.0 million or 3.2% from the year-to-date level of FY 2016-17 appropriations. Initial GF/GP appropriations total \$10.0 billion, a decrease of \$12.1 million or 0.1% from the year-to-date level of FY 2016-17 appropriations. [Tables 6, 7, and 8](#) and [Figures B, C, and D](#) provide a department-by-department comparison of FY 2017-18 initial appropriations to FY 2016-17 year-to-date appropriations in terms of Adjusted Gross, State Spending from State Resources, and GF/GP appropriations, respectively.

Pursuant to budget target agreements, there are three major FY 2017-18 appropriation directives: \$255.0 million is allocated in the School Aid budget to implement Michigan Public School Employees' Retirement System (MPSERS) reforms; \$35.0 million is added in the Department of Technology, Management, and Budget to replenish the State Infrastructure Fund; and \$150.0 million is added to the State's Budget Stabilization Fund to bring the estimated FY 2017-18 year-end balance in the Fund to a level of nearly \$900.0 million. Also included as part of the FY 2017-18 budget agreement are \$80.7 million of Gross FY 2017-18 Flint drinking water emergency appropriations, which are summarized in [Table 9](#). As of July 14, 2017, cumulative Gross appropriations included in the State budget from FY 2015-16 to FY 2017-18 for the Flint drinking water emergency are \$477.5 million, with \$34.2 million remaining in the drinking water declaration of emergency reserve fund.

It should be noted that although Capital Outlay appropriations are included in the General omnibus bill, they are FY 2016-17 supplemental appropriations, not FY 2017-18 initial appropriations. Details of the FY 2016-17 Capital Outlay budget will be included in the Senate Fiscal Agency publication: *FY 2016-17 Appropriations Report Part III - Year-End Appropriations*.

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

Table 4

GROSS APPROPRIATIONS FY 2016-17 VERSUS FY 2017-18				
Department/Budget Area	FY 2016-17 Year-to-Date Appropriations¹⁾	FY 2017-18 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	\$95,906,900	\$114,448,600	\$18,541,700	19.3%
Attorney General.....	105,362,100	101,198,800	(4,163,300)	(4.0)
Capital Outlay	2,600	0	(2,600)	(100.0)
Civil Rights	16,248,500	16,249,600	1,100	0.0
Community Colleges.....	395,925,600	399,326,500	3,400,900	0.9
Corrections.....	2,013,479,000	2,001,919,200	(11,559,800)	(0.6)
Education	346,501,400	351,181,200	4,679,800	1.4
Environmental Quality.....	620,336,400	508,767,700	(111,568,700)	(18.0)
Executive	5,636,300	6,848,500	1,212,200	21.5
Health & Human Services.....	24,979,554,400	25,444,884,600	465,330,200	1.9
Higher Education	1,587,640,400	1,629,224,400	41,584,000	2.6
Insurance & Financial Services	66,257,200	66,741,400	484,200	0.7
Judiciary.....	298,768,600	300,043,000	1,274,400	0.4
Legislative Auditor General.....	23,651,900	24,286,200	634,300	2.7
Legislature	148,903,600	155,274,800	6,371,200	4.3
Licensing & Regulatory Affairs.....	436,694,400	434,672,000	(2,022,400)	(0.5)
Military & Veterans Affairs	178,320,000	179,504,400	1,184,400	0.7
Natural Resources	421,368,100	408,967,300	(12,400,800)	(2.9)
Natural Resources Trust Fund.....	47,610,900	0	(47,610,900)	(100.0)
School Aid.....	14,053,904,600	14,578,863,900	524,959,300	3.7
State.....	250,315,600	249,358,500	(957,100)	(0.4)
State Police.....	658,564,400	694,763,900	36,199,500	5.5
Talent & Economic Development	1,156,450,300	1,179,421,800	22,971,500	2.0
Technology, Management, & Budget	1,389,256,700	1,412,543,200	23,286,500	1.7
Transportation.....	4,120,063,600	4,347,443,000	227,379,400	5.5
Treasury (Debt Service).....	137,037,000	107,580,000	(29,457,000)	(21.5)
Treasury (Operations).....	537,623,200	512,429,800	(25,193,400)	(4.7)
Treasury (Revenue Sharing)	1,259,435,300	1,278,215,000	18,779,700	1.5
TOTAL BUDGET AREA APPROPRIATIONS	\$55,350,819,000	\$56,504,157,300	\$1,153,338,300	2.1%
¹⁾ Appropriations as of July 14, 2017.				

Table 5

APPROPRIATIONS BY SOURCE OF FUNDS FY 2017-18 INITIAL APPROPRIATIONS							
Department/Budget Area	Gross	IDGs	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund/ General Purpose
Agriculture & Rural Development	\$114,448,600	\$310,300	\$114,138,300	\$11,373,900	\$101,600	\$36,661,000	\$66,001,800
Attorney General	101,198,800	29,915,300	71,283,500	9,518,000	0	21,516,900	40,248,600
Capital Outlay	0	0	0	0	0	0	0
Civil Rights	16,249,600	296,600	15,953,000	2,775,800	18,700	151,900	13,006,600
Community Colleges	399,326,500	0	399,326,500	0	0	398,301,500	1,025,000
Corrections	2,001,919,200	0	2,001,919,200	5,293,800	8,842,400	41,149,400	1,946,633,600
Education	351,181,200	0	351,181,200	254,084,700	7,851,500	8,567,600	80,677,400
Environmental Quality	508,767,700	3,100,500	505,667,200	170,042,600	555,300	287,825,300	47,244,000
Executive	6,848,500	0	6,848,500	0	0	0	6,848,500
Health & Human Services	25,444,884,600	13,640,900	25,431,243,700	18,364,898,000	266,421,000	2,434,439,800	4,365,484,900
Higher Education	1,629,224,400	0	1,629,224,400	111,526,400	0	238,443,500	1,279,254,500
Insurance & Financial Services	66,741,400	707,600	66,033,800	2,014,700	0	63,869,100	150,000
Judiciary	300,043,000	1,550,600	298,492,400	6,464,100	6,924,900	92,529,000	192,574,400
Legislative Auditor General	24,286,200	5,709,200	18,577,000	0	0	1,969,400	16,607,600
Legislature	155,274,800	0	155,274,800	0	400,000	4,277,700	150,597,100
Licensing & Regulatory Affairs	434,672,000	47,835,100	386,836,900	65,020,900	361,800	277,037,600	44,416,600
Military & Veterans Affairs	179,504,400	101,800	179,402,600	92,334,100	2,168,400	22,332,600	62,567,500
Natural Resources	408,967,300	232,200	408,735,100	70,095,700	7,446,000	274,248,500	56,944,900
Natural Resources Trust Fund	0	0	0	0	0	0	0
School Aid	14,578,863,900	0	14,578,863,900	1,726,943,500	0	12,638,230,400	213,690,000
State	249,358,500	20,000,000	229,358,500	1,460,000	50,100	208,709,400	19,139,000
State Police	694,763,900	26,221,600	668,542,300	83,662,500	6,013,300	139,423,700	439,442,800
Talent & Economic Development	1,179,421,800	0	1,179,421,800	762,144,800	6,120,900	206,056,700	205,099,400
Tech., Management, & Budget	1,412,543,200	713,959,000	698,584,200	4,985,300	2,444,400	111,399,300	579,755,200
Transportation	4,347,443,000	4,039,300	4,343,403,700	1,340,301,200	50,632,000	2,952,470,500	0
Treasury (Debt Service)	107,580,000	0	107,580,000	0	0	0	107,580,000
Treasury (Operations)	512,429,800	12,613,700	499,816,100	27,022,600	14,543,500	359,881,500	98,368,500
Treasury (Revenue Sharing)	1,278,215,000	0	1,278,215,000	0	0	1,269,835,900	8,379,100
TOTAL BUDGET AREA APPROPS	\$56,504,157,300	\$880,233,700	\$55,623,923,600	\$23,111,962,600	\$380,895,800	\$22,089,328,200	\$10,041,737,000

Figure A

Appropriations by Source of Funds

FY 2017-18 Initial Adjusted Gross Appropriations

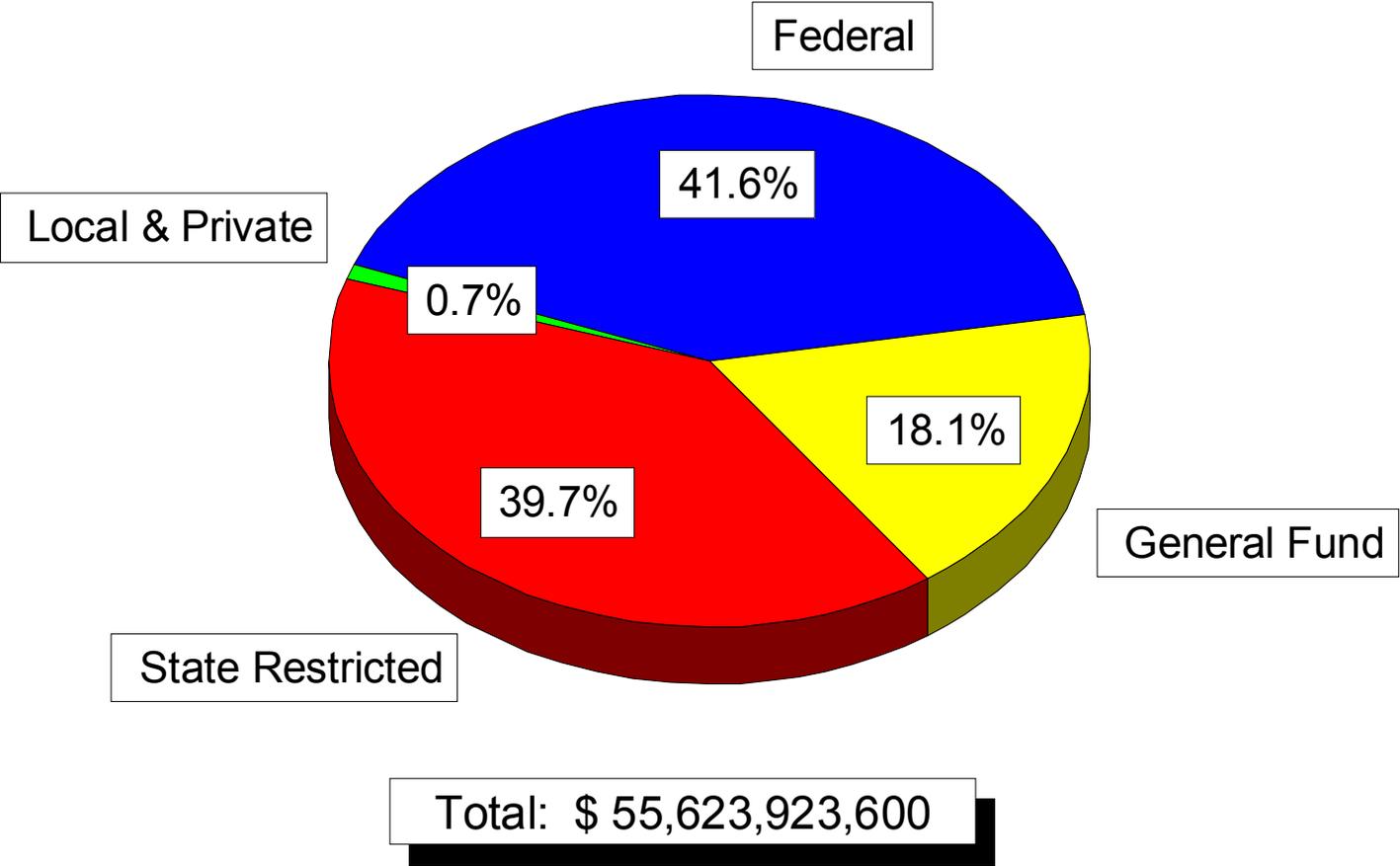


Table 6

ADJUSTED GROSS APPROPRIATIONS FY 2016-17 VERSUS FY 2017-18				
Department/Budget Area	FY 2016-17 Year-to-Date Appropriations¹⁾	FY 2017-18 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	\$95,583,700	\$114,138,300	\$18,554,600	19.4%
Attorney General.....	75,286,700	71,283,500	(4,003,200)	(5.3)
Capital Outlay	2,600	0	(2,600)	(100.0)
Civil Rights	15,954,900	15,953,000	(1,900)	(0.0)
Community Colleges.....	395,925,600	399,326,500	3,400,900	0.9
Corrections.....	2,013,479,000	2,001,919,200	(11,559,800)	(0.6)
Education	346,501,400	351,181,200	4,679,800	1.4
Environmental Quality.....	611,110,700	505,667,200	(105,443,500)	(17.3)
Executive	5,636,300	6,848,500	1,212,200	21.5
Health & Human Services.....	24,966,040,700	25,431,243,700	465,203,000	1.9
Higher Education	1,587,640,400	1,629,224,400	41,584,000	2.6
Insurance & Financial Services	65,549,600	66,033,800	484,200	0.7
Judiciary.....	297,184,000	298,492,400	1,308,400	0.4
Legislative Auditor General.....	18,093,300	18,577,000	483,700	2.7
Legislature	148,903,600	155,274,800	6,371,200	4.3
Licensing & Regulatory Affairs.....	382,678,300	386,836,900	4,158,600	1.1
Military & Veterans Affairs	178,218,200	179,402,600	1,184,400	0.7
Natural Resources	419,992,200	408,735,100	(11,257,100)	(2.7)
Natural Resources Trust Fund.....	47,610,900	0	(47,610,900)	(100.0)
School Aid.....	14,053,904,600	14,578,863,900	524,959,300	3.7
State.....	230,315,600	229,358,500	(957,100)	(0.4)
State Police.....	631,984,000	668,542,300	36,558,300	5.8
Talent & Economic Development	1,156,450,300	1,179,421,800	22,971,500	2.0
Technology, Management, & Budget	695,202,600	698,584,200	3,381,600	0.5
Transportation.....	4,116,050,200	4,343,403,700	227,353,500	5.5
Treasury (Debt Service).....	137,037,000	107,580,000	(29,457,000)	(21.5)
Treasury (Operations).....	525,060,900	499,816,100	(25,244,800)	(4.8)
Treasury (Revenue Sharing)	1,259,435,300	1,278,215,000	18,779,700	1.5
TOTAL BUDGET AREA APPROPRIATIONS.....	\$54,476,832,600	\$55,623,923,600	\$1,147,091,000	2.1%

¹⁾ Appropriations as of July 14, 2017.

Figure B

Adjusted Gross FY 2017-18 Initial Appropriations

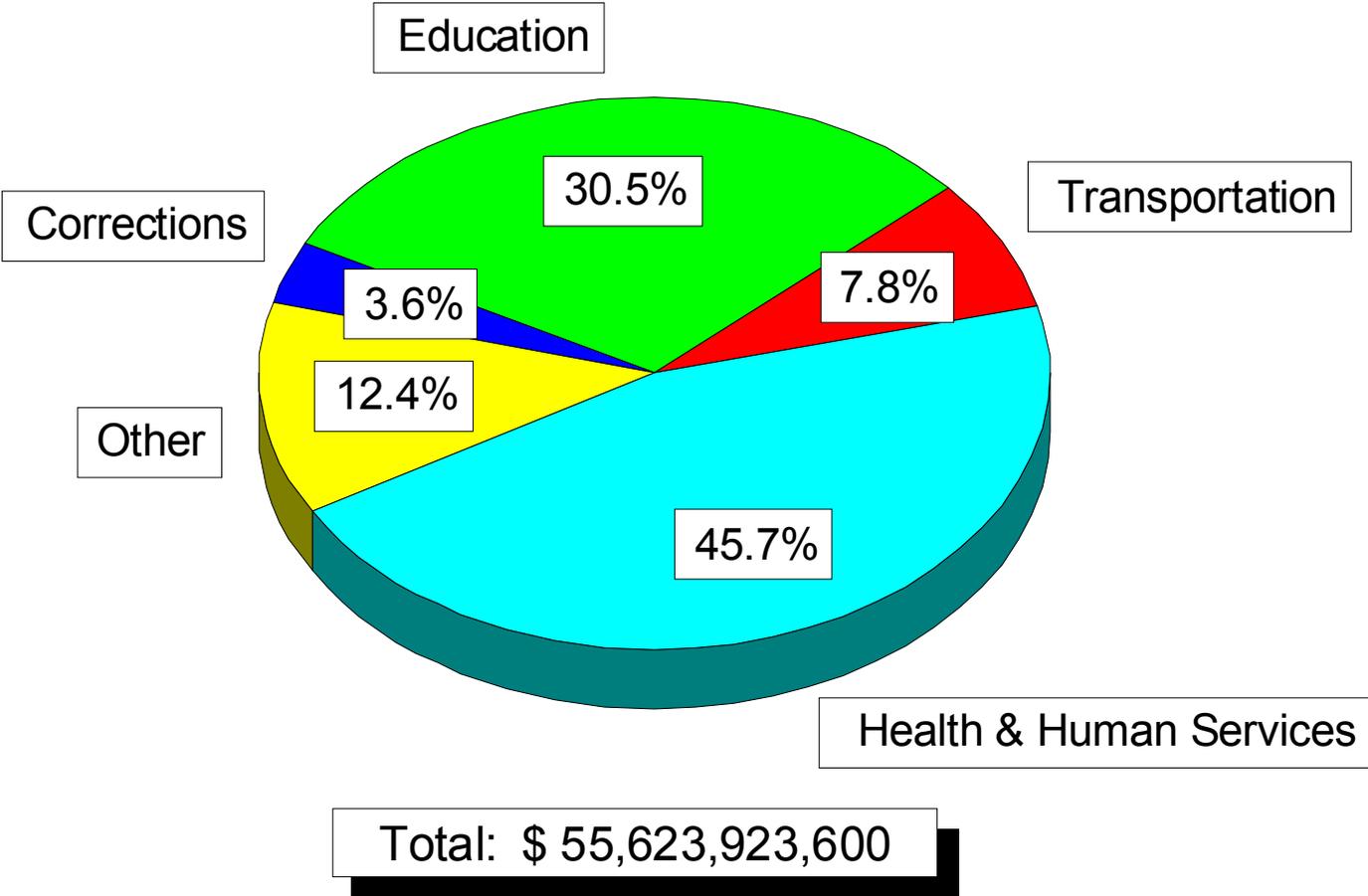


Table 7

STATE SPENDING FROM STATE RESOURCES FY 2016-17 VERSUS FY 2017-18				
Department/Budget Area	FY 2016-17 Year-to-Date Appropriations¹⁾	FY 2017-18 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	\$84,981,800	\$102,662,800	\$17,681,000	20.8%
Attorney General.....	64,603,000	61,765,500	(2,837,500)	(4.4)
Capital Outlay	2,600	0	(2,600)	(100.0)
Civil Rights	13,173,200	13,158,500	(14,700)	(0.1)
Community Colleges.....	395,925,600	399,326,500	3,400,900	0.9
Corrections.....	1,999,262,500	1,987,783,000	(11,479,500)	(0.6)
Education	86,661,900	89,245,000	2,583,100	3.0
Environmental Quality.....	371,532,600	335,069,300	(36,463,300)	(9.8)
Executive	5,636,300	6,848,500	1,212,200	21.5
Health & Human Services.....	6,569,155,800	6,799,924,700	230,768,900	3.5
Higher Education	1,481,114,000	1,517,698,000	36,584,000	2.5
Insurance & Financial Services	63,549,600	64,019,100	469,500	0.7
Judiciary.....	282,443,400	285,103,400	2,660,000	0.9
Legislative Auditor General.....	18,093,300	18,577,000	483,700	2.7
Legislature	148,503,600	154,874,800	6,371,200	4.3
Licensing & Regulatory Affairs.....	316,462,400	321,454,200	4,991,800	1.6
Military & Veterans Affairs	83,809,400	84,900,100	1,090,700	1.3
Natural Resources	335,472,400	331,193,400	(4,279,000)	(1.3)
Natural Resources Trust Fund.....	47,610,900	0	(47,610,900)	(100.0)
School Aid.....	12,323,171,900	12,851,920,400	528,748,500	4.3
State.....	228,855,500	227,848,400	(1,007,100)	(0.4)
State Police.....	538,109,600	578,866,500	40,756,900	7.6
Talent & Economic Development	382,186,500	411,156,100	28,969,600	7.6
Technology, Management, & Budget	687,924,400	691,154,500	3,230,100	0.5
Transportation.....	2,749,477,700	2,952,470,500	202,992,800	7.4
Treasury (Debt Service).....	137,037,000	107,580,000	(29,457,000)	(21.5)
Treasury (Operations).....	473,862,400	458,250,000	(15,612,400)	(3.3)
Treasury (Revenue Sharing)	1,259,435,300	1,278,215,000	18,779,700	1.5
TOTAL BUDGET AREA APPROPRIATIONS	\$31,148,054,600	\$32,131,065,200	\$983,010,600	3.2%

¹⁾ Appropriations as of July 14, 2017.

Figure C

State Spending From State Resources FY 2017-18 Initial Appropriations

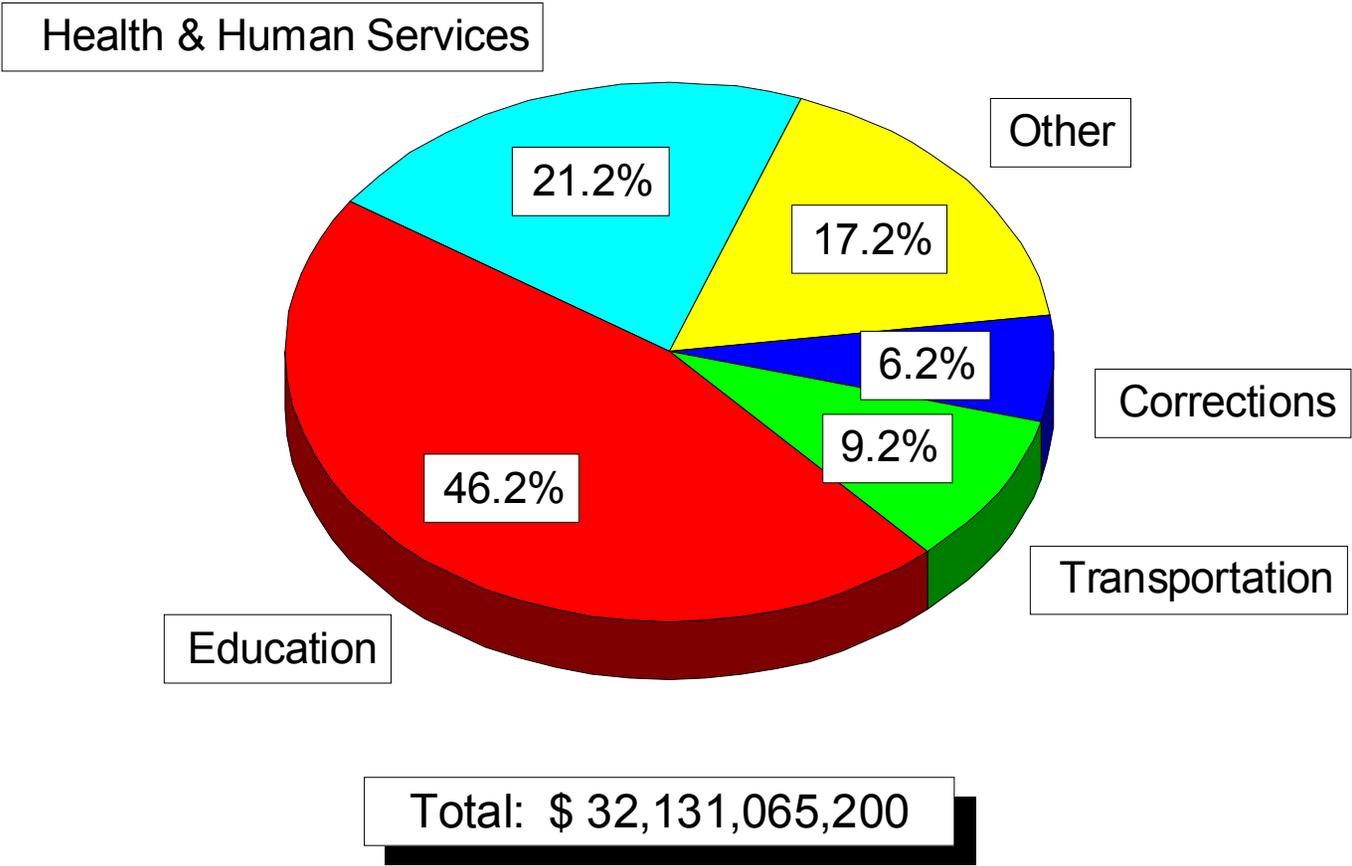


Table 8

GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS FY 2016-17 VERSUS FY 2017-18				
Department/Budget Area	FY 2016-17 Year-to-Date Appropriations¹⁾	FY 2017-18 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	\$49,926,900	\$66,001,800	\$16,074,900	32.2%
Attorney General.....	42,840,500	40,248,600	(2,591,900)	(6.1)
Capital Outlay	2,600	0	(2,600)	(100.0)
Civil Rights	13,021,300	13,006,600	(14,700)	(0.1)
Community Colleges.....	135,510,800	1,025,000	(134,485,800)	(99.2)
Corrections.....	1,962,707,900	1,946,633,600	(16,074,300)	(0.8)
Education	78,281,200	80,677,400	2,396,200	3.1
Environmental Quality.....	49,273,400	47,244,000	(2,029,400)	(4.1)
Executive	5,636,300	6,848,500	1,212,200	21.5
Health & Human Services.....	4,342,888,900	4,365,484,900	22,596,000	0.5
Higher Education	1,243,904,500	1,279,254,500	35,350,000	2.8
Insurance & Financial Services	150,000	150,000	0	0.0
Judiciary.....	189,657,400	192,574,400	2,917,000	1.5
Legislative Auditor General.....	16,123,900	16,607,600	483,700	3.0
Legislature	144,227,800	150,597,100	6,369,300	4.4
Licensing & Regulatory Affairs.....	48,721,100	44,416,600	(4,304,500)	(8.8)
Military & Veterans Affairs	59,043,600	62,567,500	3,523,900	6.0
Natural Resources	47,260,000	56,944,900	9,684,900	20.5
Natural Resources Trust Fund.....	0	0	0	0.0
School Aid.....	179,040,000	213,690,000	34,650,000	19.4
State.....	22,109,600	19,139,000	(2,970,600)	(13.4)
State Police.....	409,312,800	439,442,800	30,130,000	7.4
Talent & Economic Development	189,844,900	205,099,400	15,254,500	8.0
Technology, Management, & Budget	571,083,600	579,755,200	8,671,600	1.5
Transportation.....	9,750,000	0	(9,750,000)	(100.0)
Treasury (Debt Service).....	137,037,000	107,580,000	(29,457,000)	(21.5)
Treasury (Operations).....	106,458,800	98,368,500	(8,090,300)	(7.6)
Treasury (Revenue Sharing)	0	8,379,100	8,379,100	---
TOTAL BUDGET AREA APPROPRIATIONS	\$10,053,814,800	\$10,041,737,000	(\$12,077,800)	(0.1%)

¹⁾ Appropriations as of July 14, 2017.

Figure D

General Fund/General Purpose FY 2017-18 Initial Appropriations

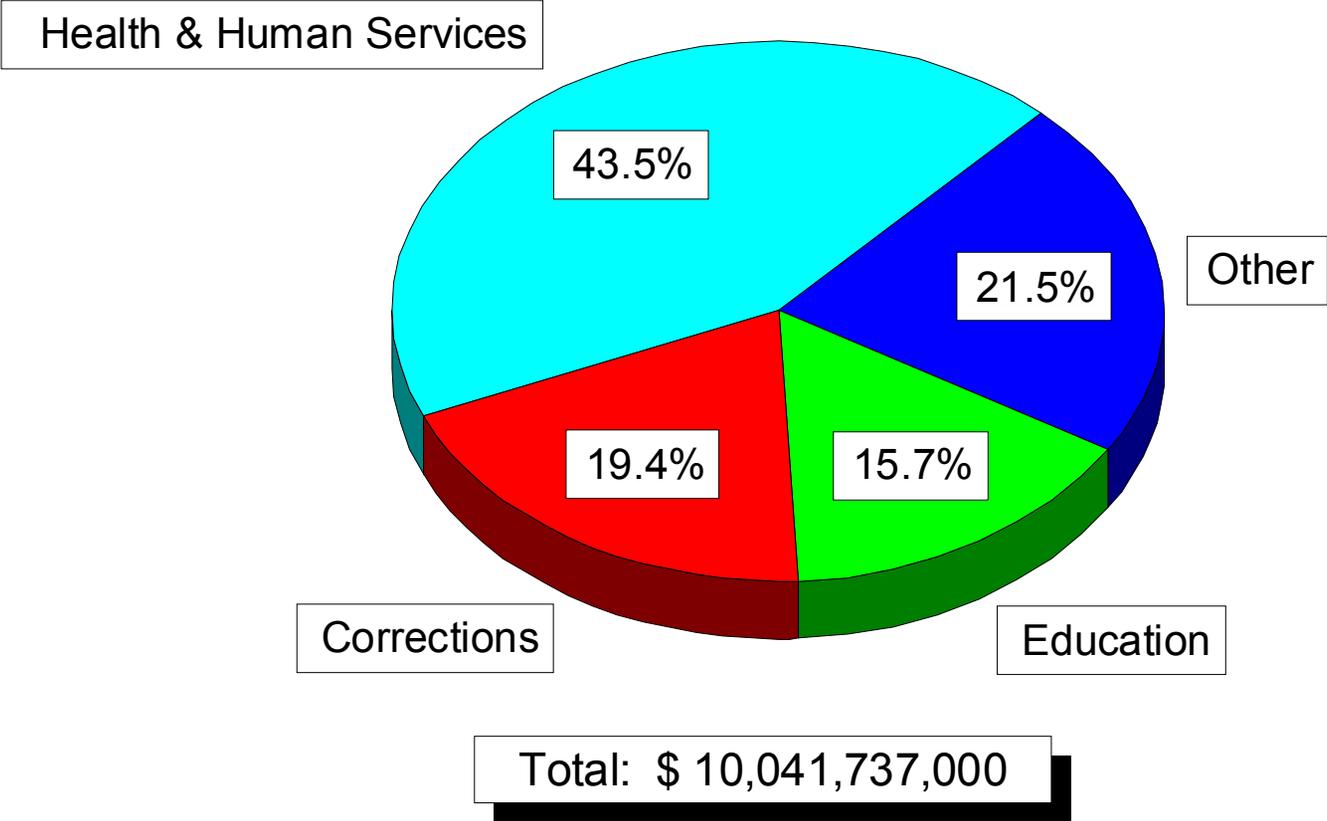


Table 9

PUBLIC ACTS 107 AND 108 OF 2017: FY 2017-18 FLINT DRINKING WATER EMERGENCY INITIAL APPROPRIATIONS					
Department/Program	Gross	Federal	Reserve Fund	Other State Restricted	GF/GP
Agriculture & Rural Development					
Drinking water emergency reserve fund placeholder.....	\$100	\$0	\$100	\$0	\$0
Total Agriculture and Rural Development.....	\$100	\$0	\$100	\$0	\$0
Attorney General					
Legal costs (Lawsuit settlement fund)	\$2,600,000	\$0	\$0	\$2,600,000	\$0
Total Attorney General.....	\$2,600,000	\$0	\$0	\$2,600,000	\$0
Education					
Drinking water emergency reserve fund placeholder.....	\$100	\$0	\$100	\$0	\$0
Total Education.....	\$100	\$0	\$100	\$0	\$0
Environmental Quality					
Drinking water emergency reserve fund placeholder.....	\$100	\$0	\$100	\$0	\$0
Total Environmental Quality.....	\$100	\$0	\$100	\$0	\$0
Health & Human Services					
Medicaid waiver.....	\$30,352,500	\$24,254,400	\$0	\$0	\$6,098,100
Summer EBT and fresh produce initiative (TANF/HMF).....	7,830,000	3,500,000	0	4,330,000	0
Nutrition outreach (HMF).....	1,436,000	0	0	1,436,000	0
Water filter cartridges and filter replacements	1,000,000	0	0	0	1,000,000
Comprehensive lead poisoning prevention (4.0 FTEs; HMF)	709,000	0	0	709,000	0
Additional child and adolescent health center funding (HMF).....	650,000	0	0	650,000	0
Nurse family partnership (HMF)	500,000	0	0	500,000	0
Flint double-up food bucks	380,000	0	0	0	380,000
Children's health access program (CHAP) (HMF).....	375,000	0	0	375,000	0
Breastfeeding support initiative (HMF)	300,000	0	0	300,000	0
Flint local health department food safety inspectors.....	300,000	0	0	0	300,000
Parents as teachers (HMF)	259,500	0	0	259,500	0
Lead abatement contractor infrastructure/workforce dev. (HMF)	180,000	0	0	180,000	0
Toxicology support for drinking water response (0.5 FTE; HMF)	122,100	0	0	122,100	0
Drinking water emergency reserve fund placeholder.....	100	0	100	0	0
Total Health and Human Services.....	\$44,394,200	\$27,754,400	\$100	\$8,861,600	\$7,778,100
Licensing & Regulatory Affairs					
Drinking water emergency reserve fund placeholder.....	\$100	\$0	\$100	\$0	\$0
Total Licensing and Regulatory Affairs.....	\$100	\$0	\$100	\$0	\$0
School Aid					
Great start readiness program.....	\$3,000,000	\$0	\$0	\$0	\$3,000,000
School nurses and social workers	2,625,000	0	0	0	2,625,000
Genesee ISD staff and early childhood/nutritional services.....	2,500,000	0	0	0	2,500,000
Summer nutrition programs	605,000	0	0	0	605,000
Drinking water emergency reserve fund placeholder.....	100	0	100	0	0
Total School Aid	\$8,730,100	\$0	\$100	\$0	\$8,730,000
Technology, Management, & Budget					
Drinking water declaration of emergency reserve fund.....	\$25,000,000	\$0	\$0	\$0	\$25,000,000
Total Technology, Management, and Budget.....	\$25,000,000	\$0	\$0	\$0	\$25,000,000
Total FY 2017-18 Initial Appropriations	\$80,724,700	\$27,754,400	\$600	\$11,461,600	\$41,508,100

HIGHLIGHTS OF CHANGES IN STATE APPROPRIATIONS

There are various elements that account for the \$1.2 billion Gross appropriation increase and the \$12.1 million GF/GP decrease noted previously. These elements include new programs, program increases, program eliminations and reductions, fund shifts, and economic adjustments. The \$1.2 billion of Gross appropriation changes consists of \$117.2 million for new programs, \$2.3 billion for program funding increases, \$1.3 billion of savings due to program eliminations and funding reductions, \$99.1 million of other technical program adjustments, \$106.6 million for standard economic adjustments, and \$574,000 for unclassified salary increases. A summary of the Gross and GF/GP appropriation changes from FY 2016-17 to FY 2017-18 is presented in [Table 10](#). [Tables 11](#) through [16](#) provide details on the appropriation changes.

Table 10

SUMMARY OF FY 2017-18 APPROPRIATION CHANGES		
	Gross	GF/GP
FY 2016-17 Year-To-Date Appropriation¹⁾	\$55,350,819,000	\$10,053,814,800
Changes for FY 2017-18:		
New Programs.....	\$117,233,400	\$39,152,200
Program Increases	2,302,109,000	469,458,400
Program Eliminations/Reductions	(1,274,098,700)	(350,819,900)
Major Fund Shifts Affecting GF/GP	0	(213,425,400)
Other Technical Program Adjustments	(99,065,200)	(14,291,500)
Economic Adjustments	106,585,800	57,549,100
Unclassified Salaries Adjustments	574,000	299,300
Total Changes	<u>\$1,153,338,300</u>	<u>(\$12,077,800)</u>
FY 2017-18 INITIAL APPROPRIATION	\$56,504,157,300	\$10,041,737,000

¹⁾ Appropriation as of July 14, 2017.

There are a number of new programs for FY 2017-18, 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 11](#) summarizes FY 2017-18 Gross and GF/GP funding for new programs by department. New programs in various departments account for \$117.2 million of Gross and \$39.2 million of GF/GP appropriations. The single largest Gross piece of the new programs' total is \$23.1 million, all from School Aid Fund revenue, for costs of Michigan Public School Employees' Retirement System (MPERS) reforms enacted in Public Act 92 of 2017, in tandem with the School Aid budget. The initial appropriations also reflect a total of \$27.7 million across five budget areas for medical marijuana regulation, financed by marijuana use tax and license fee revenue. The largest GF/GP new program appropriation is \$6.2 million in the Department of Treasury for supplemental State Revenue Sharing per capita payments for cities, villages, and townships.

In addition to new programs, there are Gross program increases of \$2.3 billion and GF/GP increases of \$469.5 million, which are outlined in [Table 12](#). The largest Gross increase is \$531.5 million in the Department of Health and Human Services to recognize caseload and cost adjustments for both traditional and expansion Medicaid. The second-largest Gross funding increase is a combined \$215.9 million for county road commissions (\$88.9 million), State trunkline road and bridge funding (\$77.3 million), and city and village road funding (\$49.6 million) in the Department of Transportation. As part of the budget target agreement, there is a \$200.0 million Gross appropriation in the School Aid budget for an additional payment toward MPERS unfunded accrued liabilities and \$35.0 million for the Michigan Infrastructure Fund. The Gross appropriation increases for the Community Colleges and Higher Education budgets are \$5.4 million and \$42.1 million, respectively. Among the GF/GP program increases in the budget are \$12.2 million for a new State Police trooper school and \$5.0 million for the State Police's Disaster and Emergency Contingency Fund.

Table 13 outlines the programs eliminated, and those with reduced funding, in the FY 2017-18 initial appropriations. Of the total \$1.3 billion in Gross program eliminations and reductions, \$327.6 million, or 25.7%, is from the reduction of actuarial soundness payments in the Department of Health and Human Services due to the expiration of the Medicaid managed care use tax and the reduction in revenue for the Michigan Access to Care Initiative. Throughout all of the budget areas, the removal of FY 2016-17 appropriations that were characterized as one-time accounted for approximately \$170.0 million Gross, and the removal of FY 2016-17 employee lump-sum payments produced Gross savings of \$42.8 million.

In addition to the new programs, program increases, and program eliminations and reductions outlined in Tables 11, 12, and 13, there are numerous fund shifts in the FY 2017-18 budget that either increase or decrease GF/GP appropriations. These fund shifts, the largest being the \$133.5 million replacement of GF/GP support in the Community Colleges budget with School Aid Fund revenue, produce a net decrease of \$213.4 million in GF/GP appropriation levels, and are listed in Table 14.

Table 15 lists other program adjustments, primarily technical in nature, that reduce FY 2017-18 Gross appropriations by \$99.1 million and reduce GF/GP appropriations by \$14.3 million. Table 16 summarizes the FY 2017-18 initial appropriations economic adjustments, which reflect an overall increase of \$106.6 million Gross and \$57.5 million GF/GP. In addition to the economic adjustments, there is a Gross increase for unclassified salaries of \$574,000 and a GF/GP increase of \$299,300, resulting in total FY 2017-18 Gross appropriations for unclassified salaries of \$21.1 million. State employee compensation changes are discussed in the next section of this report.

All of the changes listed in Tables 11 through 16 result in appropriation increases from FY 2016-17 to FY 2017-18 of \$1.2 billion Gross and appropriation decreases of \$12.1 million GF/GP.

Table 11
FY 2017-18 INITIAL APPROPRIATIONS
NEW PROGRAMS

Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Food bank council frozen produce program (one-time).....	\$2,000,000	\$2,000,000
Enhanced wildlife risk mitigation of bovine tuberculosis (one-time).....	1,000,000	1,000,000
Intercounty drain mapping project (one-time)	250,000	250,000
Attorney General		
Medical marihuana regulation (4.0 FTEs; marihuana revenue).....	375,000	0
Bad-faith patent infringement claims act (lawsuit settlement proceeds).....	180,000	0
Corrections		
Westside residential alternative to prison program	1,500,000	1,500,000
High school online equivalency pilot program.....	1,000,000	1,000,000
Federally qualified health centers pilot program	75,000	75,000
Education		
Partnership model for districts.....	641,800	641,800
Health and Human Services		
Direct primary care pilot (one-time).....	5,724,000	2,016,000
Medical marihuana regulation (marihuana revenue).....	3,263,200	0
Adult home help electronic verification.....	1,475,000	125,000
Early primary care pilot program	1,000,000	1,000,000
Employment first program	500,000	500,000

Table 11 - continued

FY 2017-18 INITIAL APPROPRIATIONS		
NEW PROGRAMS		
Budget Area/Program	Gross	GF/GP
Health and Human Services (continued)		
Prenatal diagnosis clearinghouse website (one-time)	150,000	150,000
Michigan cornerstone initiative.....	100	100
Judiciary		
Pretrial risk assessment tool (2.0 FTEs; \$300,000 one-time).....	605,700	605,700
Licensing and Regulatory Affairs		
Medical marihuana regulation/licensing (108.0 FTEs; marihuana revenue).....	10,000,000	0
Natural Resources		
Minerals extraction summit.....	50,000	50,000
School Aid		
MPSERS reforms costs (PA 92 of 2017)	23,100,000	0
High school per-pupil payment.....	11,000,000	0
Partnership model for districts at risk of academic failure.....	6,000,000	0
Value-added growth and projection analytics system	2,500,000	2,500,000
Regional technology data hubs.....	2,200,000	0
Transition to MiSTEM network regions	1,485,000	1,400,000
Career and technical education (CTE) vocational education counselors	1,160,000	0
Information technology certifications.....	1,000,000	1,000,000
Career prep and readiness program (MI bright future)	1,000,000	1,000,000
Competency-based education grants for districts	500,000	500,000
Cybersecurity competitive grants for districts.....	500,000	0
State		
Lottery assistance in the upper peninsula (10.0 FTEs; lottery revenue).....	715,800	0
State Police		
Medical marihuana regulation/licensing (48.0 FTEs; marihuana revenue).....	9,435,700	0
Fair and impartial policing grants (one-time).....	980,000	980,000
University study on THC's effects on driving ability (one-time).....	250,000	250,000
Law enforcement officer job task analysis (one-time).....	200,000	200,000
Talent and Economic Development		
Talent marketing focused on out-of-state talent.....	5,000,000	5,000,000
Project rising tide	2,000,000	2,000,000
Technology, Management, and Budget		
Michigan.gov content management system rewrite	6,171,300	6,171,300
Michigan master computing contract (restricted revenue).....	373,500	0
State vendor data tracking	300,000	300,000
Labor market population projections	268,300	268,300
Continue citizen centric government IT project @ \$3.0 million total	(31,000)	(31,000)

Table 11 - continued

FY 2017-18 INITIAL APPROPRIATIONS NEW PROGRAMS		
Budget Area/Program	Gross	GF/GP
Treasury (Operations)		
Medical marihuana regulation and grants (marihuana revenue)	4,635,000	0
Financial data analytic tool reimbursement to municipalities	500,000	500,000
Treasury (Revenue Sharing)		
Supplemental city, village, township \$0.81198 per capita payments	6,200,000	6,200,000
TOTAL NEW PROGRAMS	\$117,233,400	\$39,152,200

Table 12

FY 2017-18 INITIAL APPROPRIATIONS PROGRAM INCREASES		
Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
MSU agriculture research and development (one-time)	\$7,001,000	\$7,001,000
Food and agriculture investment program (previously value-added grants).....	3,243,900	3,243,900
Michigan agriculture environmental assurance program (new water fee revenue)	1,500,000	0
Federal food and dairy regulatory requirements	1,122,300	980,100
Agriculture development for food processing.....	408,500	408,500
Right to farm program assistance	384,000	384,000
Food and health emergency management (\$100,000 Federal).....	459,700	359,700
Farmland preservation tax credit processing	305,600	0
Intercounty drain program	315,100	315,100
Department operations	187,700	187,700
County fairs, shows, and expositions grants	179,300	179,300
Animal disease prevention and response	164,700	164,700
Pesticide and plant pest management	142,200	142,200
Drinking water emergency reserve fund placeholder.....	100	0
Attorney General		
Unlicensed activity law enforcement	732,300	0
Prosecuting attorneys coordinating council (PACC)-NextGen IT system (one-time)	600,000	0
Student safety OK 2 Say program.....	470,000	0
Energy package funding (1.0 FTE)	217,000	0
Prescription drug abuse unit: convert \$700,000 one-time to ongoing	0	0
PACC: retain \$700,000 juvenile life without parole one-time funding	0	0
Civil Rights		
Deaf, deafblind, and hard of hearing needs assessment (one-time)	150,000	150,000
Community Colleges		
Net State payment for MPSERS costs (School Aid Fund).....	1,217,000	0
College operations increase.....	3,158,900	0
Michigan transfer network enhancements	1,025,000	1,025,000

Table 12 - continued
FY 2017-18 INITIAL APPROPRIATIONS
PROGRAM INCREASES

Budget Area/Program	Gross	GF/GP
Corrections		
New custody staff training (one-time).....	4,359,000	4,359,000
Trinity food service contract adjustment.....	2,707,600	2,707,600
Oncology specialty care costs.....	2,328,300	2,328,300
Future facility and staff transition costs.....	999,900	999,900
Programs designed to reduce recidivism.....	925,100	925,100
Education		
Child development and care (CDC) reimbursement rate increase.....	19,430,000	8,400,000
Increase CDC entry threshold from 125% to 130% of poverty level (Federal).....	5,500,000	0
May 2017 CREC caseload and cost adjustments (Federal).....	3,500,000	0
Office of great start license monitoring/support for LARA reviews (Federal).....	2,165,500	0
State aid to libraries: increase to 36 cents per capita.....	1,191,700	1,191,700
State assessment staff support.....	1,000,000	1,000,000
TEACH scholarship program (Federal).....	1,000,000	0
Environmental Quality		
Drinking water/wastewater infrastructure local units' grants (\$28.5m Federal).....	35,007,000	2,950,000
Refined petroleum fund cleanup reimbursements.....	14,900,000	0
Employee legal costs for water emergency (lawsuit settlement proceeds).....	3,000,000	0
Federal lead and copper rule compliance (9.0 FTEs).....	1,300,000	1,300,000
Vapor intrusion program (1.0 FTE; \$122,800 lab fee revenue).....	422,800	300,000
Communications and public affairs office (2.0 FTEs).....	350,000	350,000
Lease costs in Flint (\$62,700 State restricted).....	83,300	20,600
Executive		
Operations increase.....	200,000	200,000
Health and Human Services		
Traditional Medicaid base and caseload.....	281,662,300	103,475,600
Healthy Michigan Plan (HMP) base and caseload.....	249,808,400	13,017,200
Expansion of nursing home quality assurance assessment program (QAAP).....	73,000,000	(8,243,700)
Phase 2 of integrated service delivery.....	45,089,800	3,514,500
Behavioral health direct care worker wage pass-through.....	45,000,000	14,161,500
Traditional Medicaid actuarial soundness.....	39,156,300	13,790,900
Full-year impact of ambulance QAAP.....	36,666,500	(2,426,100)
Hospital rate adjustor payments.....	25,898,800	(60,334,800)
Traditional Medicaid behavioral health actuarial soundness.....	23,238,000	8,184,400
HMP actuarial soundness.....	21,551,100	1,239,200
Changes in Federal authorization.....	20,446,200	0
Physician adjustor and specialty network access fee adjustments.....	19,624,700	0
Medicaid autism services base adjustment.....	16,792,400	5,687,600
Increase in foster care private agency administrative rates.....	14,200,000	8,910,000
Medicaid behavioral health base and caseload.....	12,028,100	3,972,900

Table 12 - continued
FY 2017-18 INITIAL APPROPRIATIONS
PROGRAM INCREASES

Budget Area/Program	Gross	GF/GP
Health and Human Services (continued)		
Increase in adult services staffing (95.0 FTEs).....	11,286,700	8,097,200
Increase in State facility staffing (72.0 FTEs).....	7,173,200	4,864,300
Children's special health care services base and caseload.....	7,125,500	3,383,000
Increase in Illinois payment to support Medicaid computer system.....	5,000,000	0
Long term care QAAP adjustment impact on HMP.....	5,000,000	0
Expansion of pathways to potential (45.0 FTEs).....	4,919,100	2,896,600
Increase Medicaid neo-natology rates to 75% of Medicare.....	4,215,100	1,484,600
Population health initiatives (24.5 FTEs).....	4,178,500	0
Annualization of Hawthorn Center transitional unit.....	3,750,000	1,407,000
Increase emergency shelter per diem from \$12 to \$16.....	3,744,800	2,246,900
Foster parent and youth support expansion.....	3,591,400	3,591,400
Funding to reduce senior services wait lists.....	3,563,600	3,563,600
Healthy Michigan Plan behavioral health actuarial soundness.....	2,655,400	152,700
Increase in multicultural funding.....	2,000,000	2,000,000
Healthy Michigan Plan behavioral health cost adjustment.....	1,928,900	800,200
Additional finance and accounting staff.....	1,824,900	912,500
Expansion of Medicaid non-emergency transportation.....	1,419,600	500,000
Guardianship rate increase from \$83 to \$95 per month.....	1,419,600	500,000
Child lead poisoning board recommendations (one-time).....	1,250,000	1,250,000
Increase rates to support foster care licensure for relative caregivers.....	1,000,000	1,000,000
Federal juvenile justice prison rape elimination act.....	980,400	462,000
Primary care grant to Oaklawn Hospital.....	850,000	850,000
Prosecuting attorney rate increase.....	817,800	0
Expansion of vapor intrusion services.....	815,000	815,000
Adoption savings reinvestment.....	811,600	1,629,100
Increased respite care fund revenue.....	600,000	0
Increase hospice funding.....	500,000	500,000
Dental registry funding.....	500,000	500,000
Farmers market wireless equipment purchase.....	500,000	250,000
Increased newborn screening fee revenue.....	343,700	0
State facility pharmacy inflation.....	312,100	256,900
"Kids Kicking Cancer" program.....	305,000	305,000
Section 298 pilots and demonstration models.....	277,400	0
Private funding for dental program.....	250,000	0
Increased funding for real alternatives program.....	250,000	(400,000)
Implementation of genetic parentage act.....	248,000	84,300
Increase in Medicaid immunization funding.....	240,000	240,000
Increased funding for kidney foundation.....	200,000	200,000
Island clinic funding.....	200,000	200,000

Table 12 - continued
FY 2017-18 INITIAL APPROPRIATIONS
PROGRAM INCREASES

Budget Area/Program	Gross	GF/GP
Health and Human Services (continued)		
Food Bank MASS program funding (one-time)	184,000	184,000
Refugee assistance grant to Chaldean Ladies of Charity (one-time)	150,000	150,000
Special Olympics grant (one-time)	100,000	100,000
Oakland Hope food pantry (one-time)	100,000	100,000
Increase in DOC contract for eligibility specialists	14,800	0
Adjustments in lead abatement funding	10,000	0
Higher Education		
Performance-based 2.0% average increase for university operations	28,000,000	28,000,000
Competitive scholarships-43.6% increase from \$18.4 million to \$26.4 million	8,000,000	8,000,000
Tuition grants-8.6% increase from \$35.0 million to \$38.0 million.....	3,000,000	3,000,000
Net State payment for MPSERS costs (School Aid Fund).....	1,234,000	0
MSU agriculture/bio research-2.0% increase from \$33.2 million to \$33.9 million.....	670,000	670,000
MSU extension-2.0% increase from \$28.7 million to \$29.3 million	580,000	580,000
Tuition incentive program-increase from \$58.0 million to \$58.3 million (TANF)	300,000	0
Indian tuition waiver program	300,000	300,000
Judiciary		
Update/maintain trial court videoconferencing equipment	815,000	815,000
Veterans courts	436,400	436,400
Michigan legal self-help program	100,000	100,000
Retain <u>Montgomery v. Louisiana</u> compliance funding @ \$700,000 (one-time)	0	0
Legislative Auditor General		
Operations increase	634,300	483,700
Legislature		
Operations increase	10,571,200	10,569,300
Legislative corrections ombudsman	200,000	200,000
Michigan veterans' facility ombudsman.....	100,000	100,000
Licensing and Regulatory Affairs		
First responder presumed coverage fund claims/admin. (marihuana revenue)	1,980,000	0
Day care worker background checks (4.0 FTEs; Federal IDG from DOE)	800,000	0
Energy package implementation (public utility assessments).....	300,500	0
Direct wine shipment enforcement (shipper enforcement fund)	172,200	0
Natural gas pipeline inspections (Federal/public utility assessments).....	144,300	0
Expand ethnic commission services	75,000	75,000
Video franchise fees	45,300	0
Drinking water emergency reserve fund placeholder.....	100	0
Military and Veterans Affairs		
Grand Rapids veterans home staff, training, and services	2,820,000	2,820,000
Land purchases and appraisals	1,000,000	0
Michigan veterans facility authority staff and operations	1,000,000	1,000,000

Table 12 - continued

FY 2017-18 INITIAL APPROPRIATIONS		
PROGRAM INCREASES		
Budget Area/Program	Gross	GF/GP
Military and Veterans Affairs (continued)		
D.J. Jacobetti veterans home staff/Medicaid certification efforts	800,000	800,000
National Guard tuition assistance program	500,000	500,000
Veterans' service grants increase: \$72,000 transferred from vets affairs admin.....	0	0
Natural Resources		
State parks repair and maintenance (one-time).....	7,000,000	7,000,000
Capital outlay-waterways projects (restricted revenue)	5,842,000	0
Trail development (one-time)	5,000,000	5,000,000
Land ownership tracking system (\$1 million restricted revenue; one-time)	2,900,000	1,900,000
New conservation officers and support staff (12.0 FTEs)	1,827,500	1,827,500
Chronic wasting disease funding (one-time)	1,000,000	1,000,000
Recreation improvement account (9.0 FTEs; transportation package revenue)	817,500	0
State archives public infrastructure records availability (3.0 FTEs)	565,100	565,100
Forest fire equipment replacement.....	350,000	350,000
Shooting range improvements	250,000	250,000
Invasive species prevention and control	200,000	200,000
MIRec grants system support (Federal/restricted revenue).....	63,500	0
State parks revenue bond debt service adjustment (restricted revenue)	2,200	0
Continue swimmer's itch program @ \$250,000	0	0
School Aid		
MPSERS additional payment toward unfunded accrued liabilities	200,000,000	0
Foundation allowance increases between \$60 to \$120 per pupil/2x formula	153,000,000	0
At risk funding (FY18 total @ \$500 million).....	120,011,800	0
Lowering of MPSERS assumed rate of return	48,969,000	29,000
State special education funding (FY18 total @ \$956.2 million)	14,800,000	500,000
Career and technical education (CTE) equipment upgrades	6,400,000	6,400,000
Center for educational performance and information (CEPI).....	6,000,000	6,000,000
Bilingual education	4,800,000	0
Early literacy coaches	3,000,000	0
Blend CTE and adult education (5 sites @ \$400,000 each)	2,000,000	0
Comprehensive science, technology, engineering, and math grants	1,850,000	1,850,000
Michigan education corps	1,500,000	1,500,000
Early literacy grants for districts	1,000,000	0
Cash flow borrowing	1,000,000	0
Kindergarten readiness evaluation.....	815,000	0
Promise zones.....	500,000	0
Advanced placement incentive program	500,000	500,000
Child and adolescent health centers	500,000	0
Integrated behavior and learning support	475,000	475,000
Bus driver safety education	400,000	0

Table 12 - continued
FY 2017-18 INITIAL APPROPRIATIONS
PROGRAM INCREASES

Budget Area/Program	Gross	GF/GP
School Aid (continued)		
FIRST robotics.....	300,000	300,000
STEM executive director	175,000	175,000
Add a prosperity region to 10 cents-a-meal program.....	125,000	125,000
State		
Expand investigations for vehicle repair services and mechanics (11.0 FTEs).....	1,420,400	1,420,400
Information technology increase for online support (restricted revenue).....	1,000,000	0
Expand Mi-time line (mobile waiting app) to more branch offices.....	400,000	400,000
State Police		
New trooper school (100.0 FTEs; \$6.2 million one-time).....	12,224,000	12,224,000
Second year cost for trooper school recruits.....	6,382,900	6,382,900
Disaster and emergency contingency fund (FY18 total @ \$9.0 million)	5,000,000	5,000,000
Forensic science testing, supplies, and lab services (14.0 FTEs)	2,684,700	2,684,700
Equipment lifecycle replacement (\$1 million one-time).....	1,484,000	1,484,000
Expand computer crimes unit (7.0 FTEs).....	1,480,300	1,480,300
Expand emergency management division (7.0 FTEs)	978,900	978,900
Forensic science biological casework (one-time).....	730,000	730,000
Expand OK 2 Say hotline	608,300	608,300
MCOLES increase/funding adjustment	368,000	368,000
Sexual assault prevention and education (FY18 total @ \$600,000).....	100,000	100,000
Civil air patrol training grant (one-time)	20,000	20,000
Talent and Economic Development		
Michigan enhancement grants (one-time).....	35,897,000	35,897,000
Going pro training program (\$10 million penalty and interest revenue;one-time).....	15,500,000	5,500,000
DTED grants (one-time)	2,700,000	2,700,000
Arts and cultural grants (FY18 total @ \$11,150,000; \$1million one-time)	1,000,000	1,000,000
Entrepreneurship eco-system grant to Van Andel institute	1,000,000	1,000,000
Increase Pure Michigan to \$35 million (21st century jobs trust fund)	1,000,000	0
Technology, Management, and Budget		
Michigan infrastructure fund	35,000,000	35,000,000
Drinking water declaration of emergency reserve fund.....	25,000,000	25,000,000
Align IDG funding with prior-year enacted appropriations	23,296,300	0
SIGMA permanent organization structure (52.0 FTEs; \$4.5 million one-time)	19,381,400	16,815,100
Michigan public safety communications system	5,000,000	5,000,000
Cyber security improvements (12.0 FTEs; \$3.7 million one-time)	6,744,600	6,744,600
IT investment fund (FY18 total @ \$72.5 million; \$7.5 million one-time)	3,000,000	3,000,000
Grand Rapids veterans home accounting services (IDG).....	1,206,300	0
School reform office (\$353,000 one-time).....	1,135,000	1,135,000
Office of performance and transformation.....	500,000	500,000
Military retirement system administrative costs (restricted revenue)	380,000	0

Table 12 - continued
FY 2017-18 INITIAL APPROPRIATIONS
PROGRAM INCREASES

Budget Area/Program	Gross	GF/GP
Technology, Management, and Budget (continued)		
State police cyber crimes unit (1.0 FTE; IDG).....	137,900	0
Payroll administration for MEDC (1.0 FTE; private revenue).....	127,700	0
State police retirement supplemental payments	27,000	27,000
Transportation		
County road commissions	88,941,600	0
State trunkline road and bridge construction.....	77,325,900	0
Cities and villages road funding	49,589,000	0
Transportation economic development	17,671,600	0
Rail freight economic development	8,768,200	0
Metro Detroit drainage and flooding mitigation	8,500,000	0
Federal funding increase.....	7,889,300	0
Transit capital, intercity, and service initiatives (comprehensive trans. fund).....	7,606,400	0
Salt storage buildings and containment contract	2,500,000	0
Local bus operating	2,000,000	0
Information technology improvements	1,000,000	0
Treasury (Debt Service)		
Great Lakes Water Quality Bond debt service	3,992,000	3,992,000
Treasury (Operations)		
City income tax administration (local revenue)	3,232,100	0
Information technology improvements (one-time).....	2,000,000	2,000,000
Tax processing bureau operations	992,200	992,200
Expand iLottery games (lottery revenue)	716,300	0
Dual enrollment cost increases (May 2017 CREC).....	500,000	500,000
Urban search and rescue (FY18 total @ \$900,000; one-time).....	400,000	400,000
Senior citizen cooperative housing.....	200,000	200,000
Michigan gaming control board internal control (1.0 FTE; state services fees).....	149,900	0
Treasury (Revenue Sharing)		
Constitutional revenue sharing.....	9,760,000	0
County revenue sharing: 1.0% increase for eligible counties	2,179,100	2,179,100
Return of Alcona/Charlevoix to county revenue sharing program	640,600	0
TOTAL PROGRAM INCREASES	\$2,302,109,000	\$469,458,400

Table 13

FY 2017-18 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS		
Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Remove FY 2016-17 environmental assurance supplemental	(\$1,805,600)	\$0
Environmental stewardship (FY 2017-18 total is \$10.2 million Gross)	(469,000)	0
Vital agriculture infrastructure grant (eliminate)	(220,000)	(220,000)
Grape and wine council (FY 2017-18 total is \$927,000 Gross)	(170,000)	(170,000)
Attorney General		
Remove FY 2016-17 supplementals	(3,876,300)	0
Legal defense costs (one-time)	(3,000,000)	(3,000,000)
Operations reduction (lawsuit settlement proceeds)	(600,000)	0
Technical base adjustment	(7,100)	(7,100)
Civil Rights		
Remove FY 2016-17 one-time funding for division of deaf and hard of hearing	(250,000)	(250,000)
Technical base adjustment	(5,100)	(5,100)
Community Colleges		
Renaissance zone reimbursements	(2,000,000)	(2,000,000)
Corrections		
Align Hepatitis C funding with caseload	(18,199,500)	(18,199,500)
Remove FY 2016-17 one-time funding for custody staff training/ballistic vests	(8,987,400)	(8,506,100)
Savings at facilities with closed housing units	(6,500,700)	(6,500,700)
Reduce supervising region incentive program	(1,999,900)	(1,999,900)
Health care savings due to prisoner population reduction	(1,159,100)	(1,159,100)
Pugsley facility closure savings	(800,000)	(800,000)
Remove one-time funding for residential services revenue shortfall	(750,000)	(750,000)
Reduce funding for public safety initiative	(500,000)	(500,000)
Eliminate placeholder for cost effective housing initiative	(100)	(100)
Education		
Remove FY 2016-17 supplementals	(14,526,200)	(2,100,000)
Reduce drinking water emergency to \$100 reserve fund placeholder	(8,050,000)	0
Eliminate funds for voluntary water testing	(4,500,000)	(4,500,000)
Renaissance zone reimbursements	(2,000,000)	(2,000,000)
Reduce State assessment funding (Federal)	(1,000,000)	0
Remove one-time funding for certification fee revenue shortfall	(500,000)	(500,000)
Environmental Quality		
Remove FY 2016-17 supplementals	(105,325,000)	(225,000)
Strategic water quality initiatives grants and loans (Prop 2 bond proceeds)	(35,000,000)	0
Clean Michigan initiative response activities (CMI bond proceeds)	(14,900,000)	0
Remove FY 2016-17 one-time funds (retain \$100 water reserve fund placeholder)	(13,100,000)	(12,400,000)
Align non-GF fund sources with revenue	(2,833,400)	0
Remove refined petroleum funds for emergency cleanup actions	(1,000,000)	0

Table 13 - continued

FY 2017-18 INITIAL APPROPRIATIONS		
PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS		
Budget Area/Program	Gross	GF/GP
Health and Human Services		
Reduction in Michigan access to care initiative (MACI) revenue	(169,700,000)	22,434,700
Annualization of expiration of managed care use tax actuarial soundness	(157,891,000)	(41,650,600)
Reverse FY 2016-17 boilerplate appropriations.....	(77,739,900)	0
Remove one-time integrated services delivery funding	(36,922,500)	(3,692,200)
Adjust non-GF revenue to amount received	(33,640,400)	0
State psychiatric disproportionate share hospital payment.....	(20,088,000)	13,013,000
Child welfare services base and caseload	(15,352,600)	(9,711,000)
Remove one-time SACWIS funding	(11,538,600)	(5,769,300)
Public assistance base and caseload adjustments.....	(9,089,700)	(5,021,000)
Remove one-time family preservation funding.....	(6,098,200)	0
Remove FY 2016-17 supplemental for Macomb Medicaid behavioral health	(5,000,000)	(5,000,000)
Remove FY 2016-17 child care fund supplemental payments	(5,000,000)	(5,000,000)
Reduce "heat and eat" funding to reflect available carryforward	(4,266,800)	(4,266,800)
Remove FY 2016-17 Authority Health graduate medical education funding	(2,800,000)	(1,400,000)
10% reduction in mental health and wellness commission funding	(2,205,000)	(745,600)
Remove FY 2016-17 supplemental for Flint drinking water office	(1,443,500)	(1,443,500)
Reduction in civil service charges costs.....	(1,100,000)	(1,100,000)
Adjustment in funding for drinking water declaration of emergency	(1,096,400)	(7,414,200)
Reduce emergency services funding	(1,000,000)	(1,000,000)
Remove FY 2016-17 refugee services enhancement funding.....	(1,000,000)	(1,000,000)
Remove health innovation grants.....	(1,000,000)	(1,000,000)
End funding for Healthy Michigan Plan incentives education	(1,000,000)	(520,000)
Veto of genomic based demonstration project (reduces sub abuse line)	(850,000)	0
Remove FY 2016-17 statewide "double up food bucks" funding	(750,000)	(750,000)
Remove FY 2016-17 hope network supplemental	(500,000)	(500,000)
Reduce university autism funding (shift to one-time)	(500,000)	(500,000)
Remove FY 2016-17 supplemental for toxicology and response	(376,400)	(376,400)
Remove start-up costs for Kent County pilot.....	(335,000)	(335,000)
Remove FY 2016-17 childhood lead funding	(329,000)	(329,000)
Remove one-time Michigan 2-1-1 funding	(300,000)	(300,000)
Veto of Muskegon Covenant House funding.....	(280,000)	(280,000)
Eliminate hope network renovation funding	(250,000)	(250,000)
Reduction in SSI legal advocacy contract.....	(250,000)	(250,000)
Eliminate family independence program drug testing pilot	(250,000)	(250,000)
Reduce Maxey facility maintenance funding	(250,000)	(250,000)
Adjustment in MedIncentive program funding.....	(170,000)	(101,600)
Remove funding for Alzheimer's pilot project.....	(150,000)	(150,000)
Veto of school success program	(75,000)	(75,000)
Veto of early neighborhood learning collaborative	(60,000)	(60,000)

Table 13 - continued

FY 2017-18 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS		
Budget Area/Program	Gross	GF/GP
Health and Human Services (continued)		
Adjustment in funding for Medicaid pregnant women dental enhancement	(28,700)	0
Adjustment to poison control funding	(3,500)	0
Higher Education		
Eliminate one-time funding for MSU diagnostic center for animal health	(500,000)	(500,000)
Insurance and Financial Services		
Technical base adjustment.....	(10,900)	0
Judiciary		
Remove one-time funding for community dispute resolution funding shortfall	(500,000)	(500,000)
Problem-solving courts (FY18 @ \$219,300 one-time).....	(30,700)	(30,700)
Legislature		
Legislative IT system (FY18 total @ \$3.0 million).....	(3,000,000)	(3,000,000)
Remove FY 2016-17 supplemental.....	(1,000,000)	(1,000,000)
Remove FY 2016-17 one-time funding for criminal justice policy study	(500,000)	(500,000)
Licensing and Regulatory Affairs		
Remove FY 2016-17 supplementals	(13,503,000)	(5,000,000)
Align non-GF fund sources with revenue	(3,183,300)	0
Fire protection grants (FY18 total @ \$10.8 million; one-time)	(2,000,000)	(2,000,000)
Remove one-time funding for liquor control commission IT upgrade.....	(1,560,000)	0
Military and Veterans Affairs		
Remove FY 2016-17 supplementals and contingency fund transfers	(4,219,800)	(3,800,000)
Eliminate one-time funding for Grand Rapids home Medicaid certification	(1,000,000)	(1,000,000)
Eliminate one-time funding for Camp Grayling commander's residence	(300,000)	(300,000)
Eliminate one-time grant for homeless veterans' assistance	(300,000)	(300,000)
Eliminate placeholder for veterans' homes planning.....	(100)	(100)
Natural Resources		
Remove FY 2016-17 supplementals and contingency fund transfers	(15,906,000)	(7,350,000)
Remove FY 2016-17 capital outlay funding (Federal/restricted revenue)	(10,442,100)	0
Remove FY 2016-17 one-time funding for various programs	(8,800,000)	(1,400,000)
Align non-GF fund sources with revenue	(5,489,200)	0
School Aid		
Foundation allowance technical cost adjustments	(51,700,000)	0
MPSERS and school bond loan fund technical adjustments	(23,016,000)	0
Drinking water declaration of emergency (FY18 total @ \$8,730,100)	(3,900,000)	(1,412,500)
Reduce Federal grants.....	(3,239,900)	0
Eliminate consolidation innovation grants	(3,000,000)	0
Eliminate funding for gang prevention and intervention programs.....	(3,000,000)	0
State savings due to new cap on shared-time pupil claims	(2,000,000)	0
Eliminate transition grants in dissolved districts	(1,860,000)	0
Eliminate funding for competency-based transcript pilot project.....	(500,000)	(500,000)

Table 13 - continued

FY 2017-18 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS		
Budget Area/Program	Gross	GF/GP
School Aid (continued)		
Reduce funding for online algebra tool (FY18 total @ \$1.1 million).....	(400,000)	(400,000)
Eliminate Marshall schools' cooperative education grant	(300,000)	0
Eliminate Van Buren's CTE/health partnership grant.....	(250,000)	0
Eliminate funding earmarked for science olympiad.....	(250,000)	0
Reduce funding for youth challeNGe program (FY18 total @ \$1.5 million).....	(110,000)	0
Reduce funding for Van Andel education institute (FY18 total @ \$150,000)	(100,000)	(100,000)
Eliminate funding earmarked for college/career readiness outreach.....	(50,000)	(50,000)
State		
Remove FY 2016-17 one-time funding for voting machines	(5,000,000)	(5,000,000)
Align fund sources with expenditures.....	(1,078,700)	(3,400)
State Police		
Remove FY 2016-17 supplementals and contingency fund transfers	(9,088,300)	(6,650,000)
Remove one-time funding for FY 2016-17 trooper school	(3,200,000)	(3,200,000)
Eliminate one-time funding for school safety initiative competitive grants.....	(2,000,000)	(2,000,000)
Reduce Michigan international speedway traffic control to \$725,000 (one-time)	(75,000)	(75,000)
Talent and Economic Development		
Remove FY 2016-17 one-time/supplemental funds-special grants @ \$21.5 million	(31,234,500)	(22,456,000)
MSHDA revenue reduction.....	(7,450,600)	0
Reduce protect and grow to FY 2017-18 total of \$1 million	(2,000,000)	(2,000,000)
Reduce TANF revenue available for department.....	(1,200,000)	0
Technology, Management, and Budget		
Remove FY 2016-17 supplementals in Public Act 340 of 2016.....	(82,534,000)	(82,534,000)
SIGMA reduction (16.0 FTEs).....	(12,642,000)	(3,754,700)
Remove FY 2016-17 one-time funding for various programs	(9,700,900)	(6,850,900)
Remove FY 2016-17 supplementals for asset pilot/Flint integrity monitoring	(2,500,000)	0
Transportation		
Remove FY 2016-17 one-time GF/GP funding	(9,750,000)	(9,750,000)
Movable bridge and local agency wetland mitigation.....	(6,890,000)	0
Decreased revenue from aviation fuel tax.....	(6,136,500)	0
Design and engineering services (reduce 66.0 FTEs).....	(6,035,000)	0
Remove FY 2016-17 supplementals	(4,310,000)	0
Rail operations and infrastructure	(3,003,300)	0
Transportation planning (reduce 3.0 FTEs)	(2,315,000)	0
Department administration and support (reduce 17.0 FTEs).....	(785,000)	0
Shift terminal development functions to rail operations infrastructure line.....	(300,000)	0
Detroit/Wayne County port authority	(268,200)	0
Treasury (Debt Service)		
Clean Michigan Initiative debt service	(26,726,000)	(26,726,000)
Quality of Life Bond debt service.....	(6,723,000)	(6,723,000)

Table 13 - continued

FY 2017-18 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS		
Budget Area/Program	Gross	GF/GP
Treasury (Operations)		
Remove FY 2016-17 one-time/supplemental/contingency transfer funds	(17,992,600)	(10,892,500)
Reduce federal grants for Michigan finance authority.....	(12,955,700)	0
Align health and safety fund grants with revenue	(7,500,000)	0
Align financial independence team revenue with expenditures	(1,000,000)	(1,000,000)
Remove funds for Lenawee ISD; Gianna house; loan counseling pilot.....	(521,600)	(521,600)
Align general property tax law supervision revenue with expenditures	(500,000)	(500,000)
Adjust PILT: increase purchased lands; reduce swamp/tax reverted	(47,200)	(203,400)
TOTAL PROGRAM ELIMINATIONS/REDUCTIONS	(\$1,274,098,700)	(\$350,819,900)

Table 14

FY 2017-18 INITIAL APPROPRIATIONS FUND SHIFTS TO INCREASE/(REDUCE) GF/GP	
Budget Area/Program	GF/GP
Community Colleges	
Replace GF with School Aid Fund	(\$133,510,800)
Corrections	
Replace GF with special equipment fund revenue.....	(5,000,000)
Education	
Replace Federal funds for building occupancy charges with GF	56,700
Environmental Quality	
Replace environmental pollution prevention fund revenue with GF.....	1,362,000
Health and Human Services	
Reduction in Medicaid expansion match rate (to 94.0% on 1/1/18).....	55,224,500
Change in traditional Medicaid match rate	43,818,300
Certified public expenditure revenue adjustment	2,720,800
Change in Title XXI match rate	274,900
Health insurance claims assessment (HICA) revenue and rate change.....	(79,607,900)
Assume continuation of health insurer fee moratorium.....	(29,637,300)
Replace GF with merit award trust fund revenue	(26,460,800)
Reverse FY 17 supplemental adjustment tied to Federal overpayment	(18,000,000)
Replace GF with temporary assistance for needy families (TANF)	(10,539,200)
Replace GF with Healthy Michigan Fund revenue	(9,625,600)
Swap in TANF from TED's talent investment agency	(1,200,000)
Higher Education	
Replace GF with TANF	(4,700,000)
Judiciary	
Replace court fees for judges' salaries with GF to prefund health care.....	286,000
School Aid	
Replace SAF for foundation allowance with GF.....	12,815,700
State	
Replace GF with restricted revenue (due to a position transfer).....	(2,700)
Talent and Economic Development	
Replace 21st century jobs trust fund revenue for eco-system with GF.....	1,000,000
Replace GF for community ventures with penalty and interest revenue.....	(9,500,000)
Replace GF for going pro training with penalty and interest revenue	(5,000,000)
Technology, Management, and Budget	
Replace restricted revenue for civil service with GF	1,800,000
TOTAL FUND SHIFTS TO INCREASE/(REDUCE) GF/GP	(\$213,425,400)

Table 15

FY 2017-18 INITIAL APPROPRIATIONS OTHER PROGRAM ADJUSTMENTS		
	Gross	GF/GP
Agriculture and Rural Development		
Align fund sources with expenditures	\$1,866,000	(\$625,000)
Remove FY 2016-17 employee lump sum payments.....	(407,300)	(275,100)
Attorney General		
Remove FY 2016-17 employee lump sum payments.....	(618,000)	(245,700)
Civil Rights		
Remove FY 2016-17 employee lump sum payments.....	(92,100)	(72,800)
Corrections		
DTMB user fee rate change.....	1,500,000	1,500,000
Align fund sources with lease, tether, and IDG expenditures.....	150,200	80,600
Remove FY 2016-17 employee lump sum payments.....	(10,448,300)	(10,319,000)
Align authorization with anticipated revenue	(651,400)	(400,000)
Education		
Remove FY 2016-17 employee lump sum payments.....	(667,900)	(123,500)
Environmental Quality		
Continue one-time funding for oil, gas, and mineral services.....	4,000,000	4,000,000
Remove FY 2016-17 employee lump sum payments.....	(1,205,300)	(210,100)
Executive		
Transfer office of urban initiatives from DTMB (5.0 FTEs)	1,012,200	1,012,200
Health and Human Services		
Savings from worker's comp shift tied to merger.....	0	(1,000,000)
Remove FY 2016-17 employee lump sum payments.....	(12,274,900)	(5,101,100)
Adjust program of all-inclusive care for the elderly.....	(2,452,100)	(860,400)
Insurance and Financial Services		
Remove FY 2016-17 employee lump sum payments.....	(329,900)	0
Judiciary		
Hall of justice security funding (previously in DTMB budget)	363,000	363,000
Private rent increases	11,700	11,700
Transfer of indigent defense commission to LARA	(2,329,000)	(2,329,000)
Align fund sources with anticipated revenue	(1,490,500)	0
Remove FY 2016-17 employee lump sum payments.....	(517,300)	(436,400)
Savings due to judgeship attrition.....	(483,300)	(483,300)
Licensing and Regulatory Affairs		
Transfer of indigent defense commission from Judiciary (16.0 FTEs)	2,386,800	2,386,800
Remove FY 2016-17 employee lump sum payments.....	(1,957,300)	(197,200)
Military and Veterans Affairs		
Remove FY 2016-17 employee lump sum payments.....	(590,100)	(159,500)
Align fund sources with anticipated revenue	(130,600)	(3,100)
Consolidate National Guard tuition assistance funding	(60,000)	3,447,000

Table 15 - continued

FY 2017-18 INITIAL APPROPRIATIONS OTHER PROGRAM ADJUSTMENTS		
	Gross	GF/GP
Natural Resources		
Adjust Federal funds for wetland mitigation banking	3,500	0
Remove FY 2016-17 employee lump sum payments.....	(1,481,800)	(177,200)
State		
Remove FY 2016-17 employee lump sum payments.....	(982,000)	(48,000)
Continue credit card service fee total authorization of \$8 million	0	0
State Police		
Align fund sources with anticipated revenue	(3,307,500)	(92,900)
Remove FY 2016-17 employee lump sum payments.....	(2,752,800)	(1,975,500)
Talent and Economic Development		
Remove FY 2016-17 employee lump sum payments.....	(1,641,300)	(104,300)
Technology, Management, and Budget		
Remove FY 2016-17 employee lump sum payments.....	(2,848,200)	(477,500)
Transfer office of urban initiatives to Executive office (5.0 FTEs)	(1,012,200)	(1,012,200)
Adjust statewide allocation plan fund sources	(193,800)	(81,000)
Transportation		
Baseline adjustments.....	1,144,300	0
Debt service adjustments.....	(8,985,900)	0
Remove FY 2016-17 employee lump sum payments.....	(2,315,500)	0
Treasury (Operations)		
Remove FY 2016-17 employee lump sum payments.....	(1,663,100)	(280,400)
Technical Base Funding Adjustments		
Remove Natural Resources Trust Fund	(47,610,900)	0
Remove Capital Outlay.....	(2,600)	(2,600)
TOTAL OTHER PROGRAM ADJUSTMENTS	(\$99,065,200)	(\$14,291,500)

Table 16
FY 2017-18 INITIAL APPROPRIATIONS
ECONOMIC AND UNCLASSIFIED SALARIES ADJUSTMENTS BY FUND SOURCE

Department/Budget Area	Gross	IDGs	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund/ General Purpose
Agriculture & Rural Development	\$1,067,100	\$4,000	\$1,063,100	\$53,900	\$700	\$276,100	\$732,400
Attorney General	1,341,200	407,300	933,900	88,700	0	206,900	638,300
Civil Rights	178,500	5,500	173,000	29,600	0	0	143,400
Community Colleges	0	0	0	0	0	0	0
Corrections	22,837,700	0	22,837,700	14,800	125,800	166,300	22,530,800
Education	1,470,200	0	1,470,200	973,300	102,900	83,500	310,500
Environmental Quality	2,709,300	86,300	2,623,000	593,700	0	1,512,700	516,600
Executive	0	0	0	0	0	0	0
Health & Human Services	27,822,700	123,500	27,699,200	13,075,500	344,300	496,400	13,783,000
Higher Education	0	0	0	0	0	0	0
Insurance and Financial Services	802,400	0	802,400	14,700	0	787,700	0
Judiciary	4,293,400	600	4,292,800	55,400	119,800	39,000	4,078,600
Legislative Auditor General	0	0	0	0	0	0	0
Legislature	0	0	0	0	0	0	0
Licensing & Regulatory Affairs	4,131,300	577,600	3,553,700	717,000	1,700	2,412,300	422,700
Military & Veterans Affairs	1,622,200	0	1,622,200	891,700	12,500	241,200	476,800
Natural Resources	3,824,300	15,300	3,809,000	459,900	(400)	2,880,000	469,500
School Aid	69,400	0	69,400	0	0	26,600	42,800
State	2,548,500	150,100	2,398,400	0	0	2,154,200	244,200
State Police	13,678,100	295,300	13,382,800	352,300	23,300	2,393,100	10,614,100
Talent & Economic Development	2,373,900	0	2,373,900	1,489,000	2,900	667,200	214,800
Technology, Mgt., & Budget	6,669,200	3,618,700	3,050,500	50,800	500	1,366,100	1,633,100
Transportation	5,514,900	0	5,514,900	0	0	5,514,900	0
Treasury (Debt Service)	0	0	0	0	0	0	0
Treasury (Operations)	3,631,500	103,300	3,528,200	104,200	63,300	2,663,200	697,500
Treasury (Revenue Sharing)	0	0	0	0	0	0	0
TOTAL ECONOMIC ADJUSTMENTS	\$106,585,800	\$5,387,500	\$101,198,300	\$18,964,500	\$797,300	\$23,887,400	\$57,549,100
UNCLASSIFIED SALARIES ADJ.	\$574,000	\$28,900	\$545,100	\$27,900	\$0	\$217,900	\$299,300

STATE EMPLOYEE COMPENSATION CHANGES AND EMPLOYMENT LEVELS

The FY 2017-18 initial budget reflects the recommendations for State employee compensation adopted by the Civil Service Commission on December 14, 2016. For employees who are exclusively represented by employee unions (AFSCME, MCO, MSEA, SEIU, and UAW), the Civil Service Commission approved for FY 2017-18 a two-year agreement that includes a 3.0% base wage increase effective October 1, 2017. 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 2017-18. Beginning on October 1, 2017, NEREs will receive a 3.0% general wage increase. They also will continue to be required to pay an employee share of health insurance premiums of 20.0%.

Table 17 provides a summary of the incremental State employee cost changes for FY 2017-18, including employee salary increases of \$92.8 million. The State's portion of the cost increase for employee health insurance is estimated at \$1.3 million for FY 2017-18. The amount that needs to be contributed to the State employee retirement systems in FY 2017-18 results in an increase in costs for the FY 2017-18 budget. Retirement contributions will increase by \$23.3 million Gross and \$12.8 million GF/GP. Other employee retirement costs (OERC) for FY 2017-18 are less than the costs in FY 2016-17; OERC costs will decrease by \$13.0 million Gross and \$3.3 million GF/GP. The contribution rates for both pensions and OERC are less than estimated in the previous valuation, primarily because lowering the assumed rate of return on investments from 8.0% to 7.5% is more than offset by other system experience savings. The total impact of economic adjustments for FY 2017-18 is an estimated increase of \$106.6 million Gross (\$57.6 million GF/GP) on a total wage and salary base of approximately \$3.9 billion.

Table 17
FY 2017-18 INITIAL APPROPRIATIONS
ESTIMATES OF ECONOMIC ADJUSTMENTS INCLUDED IN BUDGET
(millions of dollars)

	Gross	GF/GP
Wages and Salaries	\$92.8	\$48.0
Longevity and Employee Insurance Costs.....	1.3	0.7
Retirement Contributions	23.3	12.8
OERC	(13.0)	(3.3)
Workers' Compensation.....	(4.6)	(3.8)
All Other Economics.....	6.8	3.2
TOTAL ESTIMATED ECONOMIC INCREASES	\$106.6	\$57.6

Table 18 and Figure E provide a summary of State classified full-time equated (FTE) positions appropriated in FY 2017-18 versus the year-to-date level of FTE positions (FTEs) appropriated in FY 2016-17. Total appropriated FTEs in FY 2017-18 equal 52,876.5, an increase of 120.5 or 0.2% from FY 2016-17. The largest FTE increase, 211.0 FTEs, is in the Department of State Police and is primarily due to a new trooper school and new medical marijuana regulation responsibilities. The largest FTE decrease (162.0 FTEs) is in the Department of Talent and Economic Development, and reflects the departmentwide alignment of the number of FTEs with funded positions.

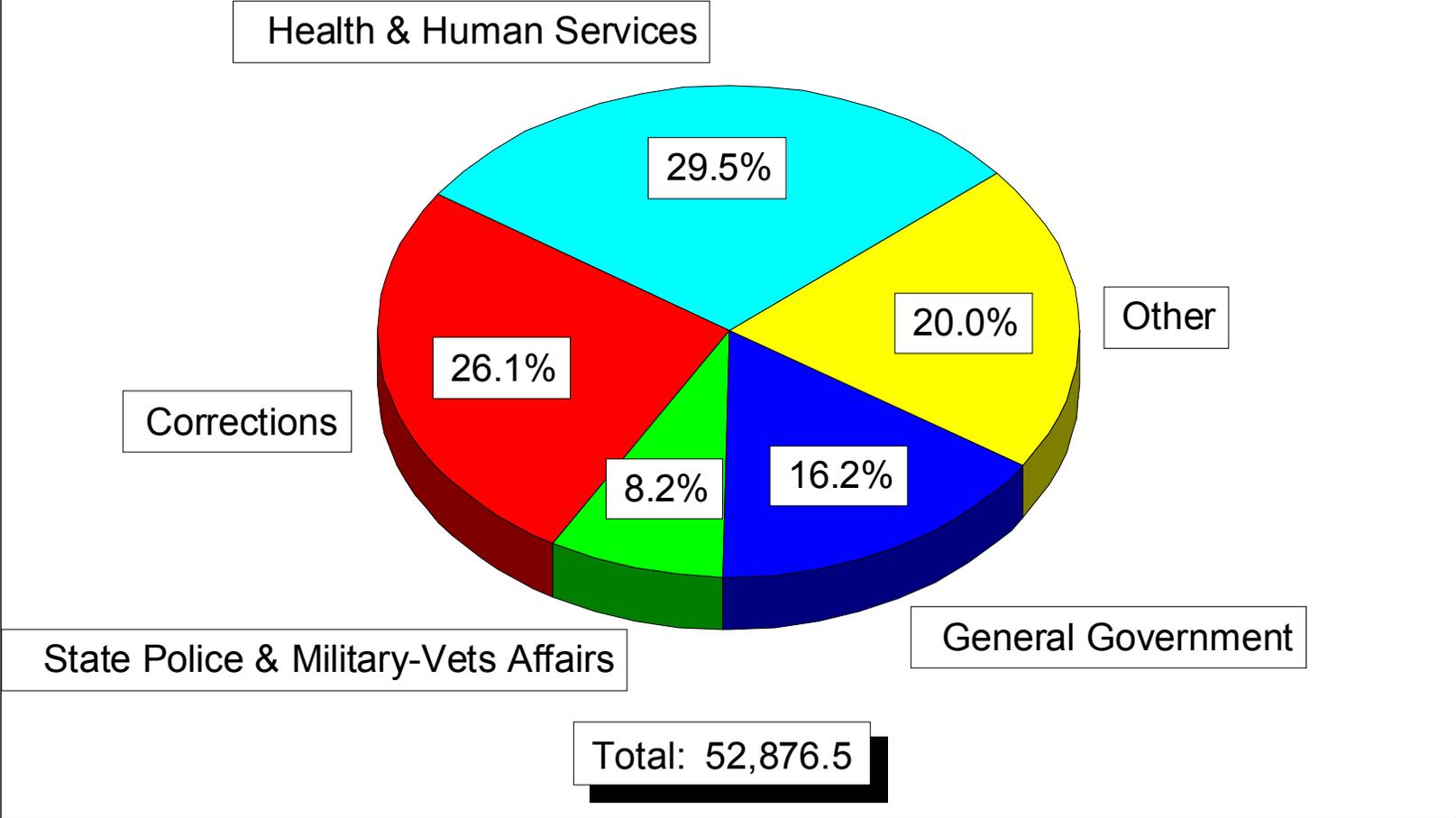
Table 18
FULL-TIME EQUATED POSITIONS
FY 2016-17 VERSUS FY 2017-18

Department/Budget Area	FY 2016-17 Year-to-Date Positions	FY 2017-18 Initial Positions	Position Change	Percent Change
Agriculture & Rural Development	476.0	493.5	17.5	3.7%
Attorney General.....	531.0	530.0	(1.0)	(0.2)
Civil Rights	129.0	110.0	(19.0)	(14.7)
Corrections.....	13,803.9	13,803.9	0.0	0.0
Education	597.5	603.5	6.0	1.0
Environmental Quality.....	1,237.0	1,239.0	2.0	0.2
Executive	74.2	79.2	5.0	6.7
Health & Human Services.....	15,597.5	15,611.5	14.0	0.1
Higher Education	0.0	0.0	0.0	0.0
Insurance & Financial Services	336.5	336.5	0.0	0.0
Judiciary.....	510.0	501.0	(9.0)	(1.8)
Licensing & Regulatory Affairs.....	2,202.3	2,322.3	120.0	5.4
Military & Veterans Affairs	898.5	904.5	6.0	0.7
Natural Resources	2,237.8	2,261.8	24.0	1.1
State	1,587.0	1,586.0	(1.0)	(0.1)
State Police.....	3,226.0	3,437.0	211.0	6.5
Talent & Economic Development	1,609.0	1,447.0	(162.0)	(10.1)
Technology, Management, & Budget	2,877.0	2,937.0	60.0	2.1
Transportation.....	2,912.3	2,820.3	(92.0)	(3.2)
Treasury (Operations)	1,913.5	1,852.5	(61.0)	(3.2)
TOTAL POSITIONS	52,756.0	52,876.5	120.5	0.2%

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

Figure E

Full-Time Equated Classified Positions FY 2017-18 Initial Appropriations



PROGRAM TRANSFERS

The initial FY 2017-18 appropriations reflect the transfer of two programs from one budget to another; the programs transferred are listed in [Table 19](#). The Michigan Indigent Defense Commission (MIDC) was transferred from the Judiciary to the Department of Licensing and Regulatory Affairs pursuant to Public Act 439 of 2016. Public Act 439 of 2016 was part of a legislative package that amended the MIDC Act to re-establish the MIDC within the Department, and require the MIDC to submit proposed minimum standards for local delivery of services for approval by the Department (rather than the Supreme Court). Funding for the Office of Urban Initiatives was transferred from the Department of Technology, Management, and Budget to the Executive Office, but the corresponding boilerplate language was not.

Table 19

FY 2017-18 INITIAL APPROPRIATIONS SUMMARY OF PROGRAM TRANSFERS (actual dollars)					
Program/Sending Department	Fund Source	FY 2017-18	Receiving Department	Fund Source	FY 2017-18
Michigan Indigent Defense Commission					
Judiciary	FTEs	(16.0)	Licensing & Regulatory Affairs	FTEs	16.0
	Gross	(\$2,329,000)		Gross	\$2,386,800
	GF/GP	(2,329,000)		GF/GP	2,386,800
Office of Urban Initiatives					
Tech., Management, & Budget	FTEs	(5.0)	Executive	FTEs	5.0
	Gross	(1,012,200)		Gross	1,012,200
	GF/GP	(1,012,200)		GF/GP	1,012,200

SCHOOL AID BUDGET HIGHLIGHTS

The K-12 portion of the FY 2017-18 School Aid budget totals nearly \$14.6 billion, an increase of \$525.0 million over FY 2016-17 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 \$636.6 million for FY 2017-18, an increase of \$139.1 million over FY 2016-17 due to using the SAF to entirely support community colleges operational funding. The K-12 portion of the budget includes spending \$153.0 million to provide a foundation allowance increase ranging from \$60 to \$120 per pupil (the same dollar increase as provided in FY 2016-17), bringing the minimum operational funding level from \$7,511 to \$7,631.

New programs include additional dollars to support the higher costs of high school students (\$11.0 million for \$25 per-pupil payments), \$6.0 million for a new partnership model where the Michigan Department of Education will partner with academically-struggling districts, \$2.5 million for a new value-added growth and projection analytics system, and \$2.2 million for regional technology data hubs. The budget also includes other smaller new programs, ranging in cost from \$250,000 to \$1.5 million. Also, while not a new program area, a new line item was added to pay for additional retirement costs (\$23.1 million in the first year) that will accrue to districts as a result of Public Act 92 of 2017, which changed retirement options for new school employees and made related amendments.

Two existing programs (other than the foundation allowance) see significant increases in this budget: retirement and At Risk. In the teacher retirement arena, the budget includes a \$200.0 million additional one-time payment toward unfunded accrued liabilities, as well as \$49.0 million to reimburse districts for the increased normal costs related to lowering the assumed rate of return on assets supporting the system. At Risk is increased \$120.0 million to provide both a per-pupil increase to currently-eligible districts, and a 30% payment to currently-ineligible districts.

Numerous other existing programs also are receiving increases, including a \$6.4 million increase for career and technical education equipment upgrades, \$4.8 million for bilingual education, \$3.0 million for early literacy coaches, and \$2.0 million for certain adult education programs.

The budget eliminates consolidation innovation grants and gang prevention and intervention programs (\$3.0 million each), transition grants for pupils of dissolved districts (\$1.9 million), a competency-based transcript pilot project (\$500,000), a cooperative education grant (\$300,000), and a health partnership grant and Science Olympiad (\$250,000 each). The budget reduces shared-time funding by \$2.0 million to reflect a cap on how much each shared-time pupil may be claimed in membership.

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

General Fund/General Purpose support of the K-12 portion of the budget is increased \$34.7 million, from \$179.0 million to \$213.7 million.

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 108 of 2017 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 into the retirement accounts of their employees. The Governor's budget includes the required employer contribution rates for the two largest plans: the State Employees' Retirement System (SERS) and the Michigan Public School Employees' Retirement System (MPERS). The State also has retirement plans for State Police, Judiciary, and the Legislature, but those systems are not discussed here as they are much smaller in scale. Public Acts 300 of 2012 and 136 of 2016 implemented a cap on the rate school employers in MPERS pay toward the unfunded accrued liabilities (UAL) in the system, with any required payments above that cap to be made by a State appropriation.

Proposal to Lower the Assumed Rate of Return (AROR)

New for FY 2017-18, and reflected in Tables 20 and 21, the budget reflects a lowering of the assumed rate of return (AROR) in most of the State's retirement plans. Previously, in all of the retirement plans, with the exception of the MPERS hybrid plan (established for new hires beginning in 2010) and the State Police hybrid plan (established for new hires beginning in 2012), the AROR on assets in the retirement plan portfolios was 8.0%. (The current MPERS hybrid and State Police hybrid plans assume a 7.0% rate of return on assets; the new MPERS hybrid effective February 1, 2018, will assume 6.0%.) The budgets reflect the cost of lowering the AROR from 8.0% to 7.5% in FY 2017-18 for the State employee plans (built into baseline costs for FY 2017-18), and from 8.0% to 7.5% over a two-year phase-in for the MPERS basic and member investment plans (with half of the costs built into the baseline for FY 2017-18 and the other half added in FY 2018-19).

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

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

Contribution Rates and Estimated Costs for SERS and MPERS

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

Table 20

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

Table 21 provides a look at the FY 2017-18 contribution rates for the seven different retirement plan combinations in MPSERS. Before the enactment of significant MPSERS reforms in 2010 and 2012, there were two principal types of retirement plans available to school employees, based on hire date: the basic system and the Member Investment Plan (MIP) system. Since the passage of the reforms that began in 2010, there are now seven combinations of retirement and retiree health care plans in MPSERS, including the earlier basic and MIP plans (no longer available to new employees), the Pension Plus hybrid plan (available since July 2010), and a straight defined contribution plan (available since September 2012). In addition, Public Act 92 of 2017 establishes a new hybrid with more conservative investment assumptions, which will result in another set of contribution rates for FY 2018-19, but which are not reflected in Table 21, and will change the contribution rates for employees who choose the defined contribution plan. Retiree health care for school employees first hired since September 4, 2012, is now strictly a personal health fund (401k or similar savings account) and does not contain any health care premium subsidy. All employees hired before September 4, 2012, also were given an opportunity to "cash out" the value of their health care premium subsidy and convert to a personal health fund. Similar to one of the SERS reforms, prefunding of retiree health care is now a component of MPSERS.

Public Act 300 of 2012 capped the K-12 and community college contribution rate for unfunded liabilities at roughly 21% of payroll (their FY 2011-12 amount), and Public Act 136 of 2016 capped the university contribution rate for unfunded liabilities at roughly 26% of payroll (their FY 2011-12 amount); the State is required to make an appropriation for any liabilities above that amount. The "normal" cost for pension and retiree health care can fluctuate slightly from year to year, and is generally paid by the local employer. The maximum total employer (school) cost for FY 2017-18 under any of the seven plans is between roughly 25% and 27% of payroll, depending on the plan and employee DC contributions. The budget uses one-time revenue to pay for the roughly 0.76% increase in normal costs due to the lower assumed rate of return, at a total education (K-12, libraries, community colleges, and higher education) cost of \$53.0 million. The State subsidy on the UAL is roughly 11.3% of MPSERS payroll for schools, community colleges, and participating libraries, or about \$1,031.6 million, slightly lower than the 11.7% subsidy in FY 2016-17. For the seven universities that remain part of MPSERS for employees hired before 1996, the State rate cap cost is roughly \$4.0 million. Another \$2.7 million was appropriated to reflect adjustments in university payroll assumptions used to determine contribution rates.

Table 21

FY 2017-18 MPSERS EMPLOYER CONTRIBUTION RATES							
	Basic/MIP with Premium Subsidy	Pension Plus with Premium Subsidy	Pension Plus PHF	Pension Plus to DC with PHF	Basic/MIP to DC with Premium Subsidy	Basic/MIP to DC with PHF	Basic/MIP with PHF
<u>Pension Contributions</u>							
Pension Normal Cost	4.35%	3.07%	3.07%	0.00%	0.00%	0.00%	4.35%
Pension UAL	14.78	14.78	14.78	14.78	14.78	14.78	14.78
Pension Early Retirement Incentive	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Pension Total Rate	20.49%	19.21%	19.21%	16.14%	16.14%	16.14%	20.49%
<u>Health Contributions</u>							
Health Normal Cost	0.25%	0.25%	0.00%	0.00%	0.25%	0.00%	0.00%
Health UAL	4.82	4.82	4.82	4.82	4.82	4.82	4.82
Health Total Rate	5.07%	5.07%	4.82%	4.82%	5.07%	4.82%	4.82%
DB CONTRIBUTION TOTAL	25.56%	24.28%	24.03%	20.96%	21.21%	20.96%	25.31%
<u>DC Contributions</u>							
DC Employer Contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Personal Health Care Fund	0.00	0.00	2.00	2.00	0.00	2.00	2.00
DC CONTRIBUTION TOTAL	0.00%	1.00%	3.00%	5.00%	4.00%	6.00%	2.00%
<u>Total Uncapped Rate</u>	36.88%	35.60%	35.35%	32.28%	32.53%	32.28%	36.63%
State Subsidy	11.32	11.32	11.32	11.32	11.32	11.32	11.32
DC = Defined Contribution; MIP = Member Investment Plan; PHF = Personal Health Fund							
Note: The budget includes \$960.8 million in the K-12 budget, \$70.8 million in the Community Colleges budget, and \$4.0 million in the Higher Education budget to pay the State subsidy for the UAL rate cap, which includes the FY 2017-18 cost of lowering the assumed rate of return, phased in over two years. Identified as one-time funding, the budget includes \$49.0 million in the K-12 budget, \$6.7 million in the Community Colleges budget, and \$2.4 million in the Higher Education budget to hold the entities harmless from increased pension and health care normal costs due to lowering the assumed rate of return.							

Source: State Budget Office

In addition to the \$1,038.3 million appropriated for the rate caps, the K-12 budget for FY 2017-18 appropriates \$200.0 million for a one-time additional payment toward unfunded accrued liabilities, \$100.0 million to districts to help offset a portion of their retirement costs, \$52.9 million to assist employers with higher costs due to lowering the assumed rate of investment returns, and \$23.1 million for the additional costs to employers related to Public Act 92 of 2017 (i.e., higher defined contribution costs and higher hybrid normal costs). Also, a total of \$1.7 million for community colleges is appropriated in FY 2017-18 to help pay for the cost of retiree health care. [Table 22](#) illustrates the FY 2017-18 MPSERS-related appropriations by budget area and purpose.

Table 22

FY 2017-18 APPROPRIATIONS RELATED TO MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM						
(millions of dollars)						
Budget Area	Statutory Rate Cap	Additional AROR Costs	Cost Offset Grants	Additional UAL or Retiree Health	New Costs PA 92 of 2017	Total
School Aid	\$960.1	\$48.9	\$100.0	\$200.0	\$23.1	\$1,332.1
Community Colleges	\$70.8	\$3.6	\$0.0	\$1.7	\$0.0	\$76.1
Higher Education	\$6.7	\$0.4	\$0.0	\$0.0	\$0.0	\$7.1
Libraries	\$0.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.7
TOTAL	\$1,038.3	\$52.9	\$100.0	\$201.7	\$23.1	\$1,416.0

Table 23 outlines the FY 2017-18 estimated contributions to SERS and MPSERS by the State and local employers, as appropriated in the budget. The total combined cost of the estimated employer (State and local) contributions is \$4.8 billion.

Table 23

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

For the fourth year, the budget includes a boilerplate section for each department identifying how much of the appropriation is in support of the legacy costs associated with the State Employees' Retirement System. As noted earlier, the total contributions made to a retirement system are a combination of a payment toward the past unfunded accrued liabilities for benefits already earned (legacy costs) and a payment toward the accrual of service credit in the future (normal costs). As shown in [Table 23](#), the total contributions in the State Employees' Retirement System are estimated by the Senate Fiscal Agency at \$1.5 billion, and of that total, \$1.2 billion is estimated by the State Budget Office for legacy costs (both pension and health), with the remaining \$300.0 million for normal costs including State DC contributions for SERS. [Table 24](#) identifies the estimated legacy costs for pension and for retiree health care, and the total of the two, for each department.

Table 24
FY 2017-18
LEGACY COSTS BREAKOUT – PENSIONS AND HEALTH CARE

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

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%. It is estimated that the initial FY 2017-18 appropriations exceed this minimum constitutional requirement by more than \$2.2 billion. Table 25 provides a summary of the calculations used to determine the State's compliance with this constitutional requirement for FY 2016-17 and FY 2017-18. Table 26 lists State payments to local units of government that are appropriated in each State department or budget area.

Table 25

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT FY 2016-17 AND FY 2017-18 ESTIMATES (millions of dollars)		
	FY 2016-17 Estimate	FY 2017-18 Estimate
State Spending from State Resources	\$31,129.2 ^{a)}	\$32,112.2 ^{a)}
Required Payments to Local Units of Government (48.97%).....	\$15,244.0	\$15,725.4
Estimated Payments to Local Units of Government.....	\$17,317.6	\$17,967.3
Estimated Payments as a Percentage of Total State Spending.....	55.63%	55.95%
Surplus of Section 30 Payments	\$2,073.7	\$2,242.0
^{a)} Does not include \$18.827 million of Federal aid counted as GF/GP revenue.		

Table 26

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 2016-17 VERSUS FY 2017-18				
Department/Budget Area	FY 2016-17 Year-to-Date Appropriations	FY 2017-18 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	\$4,750,000	\$7,350,000	\$2,600,000	54.7%
Attorney General.....	0	0	0	0.0
Capital Outlay	1,300	0	(1,300)	(100.0)
Civil Rights	0	0	0	0.0
Community Colleges.....	395,925,600	399,326,500	3,400,900	0.9
Corrections.....	112,638,200	113,888,800	1,250,600	1.1
Education	19,176,000	14,367,700	(4,808,300)	(25.1)
Environmental Quality.....	3,750,000	4,531,000	781,000	20.8
Executive	0	0	0	0.0
Health & Human Services.....	1,335,730,700	1,356,864,000	21,133,300	1.6
Higher Education	0	0	0	0.0
Insurance & Financial Services	0	0	0	0.0
Judiciary.....	137,775,900	147,230,400	9,454,500	6.9
Legislative Auditor General.....	0	0	0	0.0
Legislature	0	0	0	0.0
Licensing & Regulatory Affairs.....	37,625,700	30,625,700	(7,000,000)	(18.6)
Military & Veterans Affairs	102,400	142,400	40,000	39.1
Natural Resources	10,900,000	7,154,300	(3,745,700)	(34.4)
Natural Resources Trust Fund.....	37,854,600	0	(37,854,600)	(100.0)
School Aid.....	12,158,829,600	12,677,072,800	518,243,200	4.3
State.....	1,211,300	1,215,900	4,600	0.4
State Police.....	17,198,900	14,113,200	(3,085,700)	(17.9)
Talent & Economic Development	11,224,800	11,300,000	75,200	0.7
Technology, Management, & Budget	0	0	0	0.0
Transportation.....	1,587,185,200	1,717,843,100	130,657,900	8.2
Treasury (Debt Service).....	0	0	0	0.0
Treasury (Operations).....	186,320,700	186,083,500	(237,200)	(0.1)
Treasury (Revenue Sharing)	1,259,435,300	1,278,215,000	18,779,700	1.5
TOTAL BUDGET AREA APPROPRIATIONS	\$17,317,636,200	\$17,967,324,300	\$649,688,100	3.8%

FEE AND REVENUE ADJUSTMENTS

The FY 2017-18 budget includes \$1.6 million in total fee adjustments, all of which are from the delay of fee sunsets in the Department of Environmental Quality, as shown in [Table 27](#). No other fee adjustments are included in the budget.

Table 27
FY 2017-18
FEE ADJUSTMENTS INCLUDED IN BUDGET
(actual dollars)

Department	Fee Type	Estimated Revenue
Fee Sunsets		
Environmental Quality	Liquid industrial byproduct transporter & facility site identification number fees	\$3,900
Environmental Quality	Hazardous waste manifest fees & handler user charges	1,052,300
Environmental Quality	Hazardous waste generator, transporter, treatment, storage, or disposal facility user charges	43,800
Environmental Quality	Wastewater operator training and certification fees	242,000
Environmental Quality	Drinking water operator training and certification fees	220,000
Environmental Quality	Sewage operator training and certification fees	0 ¹⁾
Subtotal Fee Sunsets		\$1,562,000
TOTAL ALL FEE ADJUSTMENTS		\$1,562,000
¹⁾ Revenue detail not available at this time.		

DEBT SERVICE APPROPRIATIONS

[Table 28](#) provides a summary of debt service appropriations for FY 2017-18. These include School Bond Loan Fund bonds in K-12 School Aid; debt service costs related to the Facility for Rare Isotope Beams and the Community College Skilled Trades Equipment Program appropriated in the Department of Talent and Economic Development; State Building Authority rent payments appropriated in the Department of Technology, Management, and Budget; various transportation-related bonds in the Department of Transportation; and general obligation bonds in the Department of Treasury. Gross appropriations for debt service on these bonds total \$720.5 million for FY 2017-18. This represents a \$39.4 million (5.2%) decrease from the \$759.9 million of debt service appropriations in FY 2016-17.

Table 28

**DEBT SERVICE APPROPRIATIONS
FY 2016-17 COMPARED WITH FY 2017-18**

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

TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS

In 1998, a Master Settlement Agreement was reached between 46 states, including Michigan, and certain U.S. tobacco manufacturers, to provide annual payments to states. The payments began in 2000 and will continue in perpetuity. As [Table 29](#) illustrates, there are several transfers out of the tobacco settlement revenue before it is deposited into the Merit Award Trust Fund, where it is available for appropriation by the Legislature. Pursuant to law, \$75.0 million of the tobacco settlement revenue is earmarked each fiscal year, from FY 2007-08 through FY 2018-19, for the 21st Century Jobs Trust Fund. Also pursuant to law, \$17.5 million of the tobacco settlement revenue is deposited each fiscal year, from FY 2014-15 through FY 2034-35, into the Budget Stabilization Fund as repayment for an FY 2013-14 State appropriation of \$194.8 million to the Settlement Administration Fund to help mitigate the impact of the City of Detroit bankruptcy on its pensioners. A new statutory earmark for the Community District Trust Fund of \$72.0 million annually for 10 years, was enacted in FY 2016-17 to implement a new system for schools in Detroit.

The other transfer of funds from tobacco settlement revenue is for debt service on the securitization of a portion of the tobacco settlement revenue in 2006 and 2007. The debt service amount for FY 2017-18 is estimated to be \$69.4 million.

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 2017-18, net revenue for the Michigan Merit Award Trust Fund is \$57.9 million. The initial FY 2017-18 budget includes the appropriation of \$52.8 million of tobacco settlement funds through the Michigan Merit Award Trust Fund to four State budget areas. The largest appropriation is \$46.2 million for the Medicaid program in the Department of Health and Human Services, followed by an appropriation of \$4.1 million for the Department's Office of Aging respite services. If the Merit Award Trust Fund appropriations are deducted from the Merit Award Trust Fund net revenue, there is an estimated FY 2017-18 Merit Award Trust Fund year-end balance of \$5.1 million.

Table 29

TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS			
FY 2016-17 COMPARED TO FY 2017-18			
(actual dollars)			
	FY 2016-17 Year-To-Date	FY 2017-18 Initial	Initial Chg. From FY 2016-17
Revenue			
Unreserved Balance From Prior Fiscal Year	\$119,400	\$3,756,100	\$3,636,700
Total Annual Payments	294,864,000	306,345,800	11,481,800
Assumed Withheld Payments	(15,757,000)	(18,380,700)	(2,623,700)
Settlement Credit to Manufacturers/Adjustments	(23,000,000)	0	23,000,000
Interest Earnings	50,000	100,000	50,000
Total Tobacco Settlement Revenue	<u>\$256,276,400</u>	<u>\$291,821,200</u>	<u>\$35,544,800</u>
Less Transfers Out For:			
21st Century Jobs Trust Fund	(\$75,000,000)	(\$75,000,000)	\$0
Community District Trust Fund (Detroit)	(72,000,000)	(72,000,000)	0
Payment to Budget Stabilization Fund (Detroit)	(17,500,000)	(17,500,000)	0
Payment on 2006 Bond Securitization	(34,164,700)	(38,414,500)	(4,249,800)
Payment on 2007 Bond Securitization	<u>(27,582,700)</u>	<u>(31,013,800)</u>	<u>(3,431,100)</u>
Total Transfers Out	<u>(\$226,247,400)</u>	<u>(\$233,928,300)</u>	<u>(\$7,680,900)</u>
Net Revenue To Merit Award Trust Fund	\$30,029,000	\$57,892,900	\$27,863,900
Appropriations			
Attorney General			
Operations	\$495,700	\$499,500	\$3,800
Health and Human Services			
Medicaid Base	19,739,200	46,200,000	26,460,800
Aging: Respite Care	4,068,700	4,068,700	0
State Police			
Tobacco Tax Enforcement	805,500	843,000	37,500
Department of Treasury			
Student Financial Services Administration	1,163,800	1,172,200	8,400
Total Merit Award Trust Fund Appropriations	\$26,272,900	\$52,783,400	\$26,510,500
MERIT AWARD TRUST FUND YEAR-END BALANCE	\$3,756,100	\$5,109,500	\$1,353,400

PROJECTED GF/GP YEAR-END BALANCES

The FY 2016-17 projected year-end GF/GP balance of \$267.4 million is based on the May 2017 consensus estimate of GF/GP revenue and other revenue adjustments agreed upon as part of the budget process. The FY 2016-17 estimated GF/GP expenditures are based on initial appropriations and enacted supplemental appropriations that include caseload and cost adjustments, and a shift of \$39.8 million from GF/GP revenue to SAF revenue as a funding source for the GF/GP budget.

The second column of [Table 30](#) presents the Senate Fiscal Agency's (SFA's) estimate of the FY 2017-18 GF/GP year-end balance of \$13.3 million. The FY 2017-18 projections also are based on the May 2017 consensus estimate of GF/GP revenue and other agreed-upon revenue adjustments. Part of the leadership budget target agreement was the decision to appropriate \$150.0 million of GF/GP revenue to the State's Budget Stabilization Fund. The FY 2017-18 estimated GF/GP expenditures are based on initial ongoing appropriations of \$9.8 billion and initial one-time appropriations of \$407.3 million.

PROJECTED SCHOOL AID FUND (SAF) YEAR-END BALANCES

The FY 2016-17 projected year-end SAF balance of \$271.7 million is based on the May 2017 consensus estimate of SAF revenue and other revenue adjustments agreed upon as part of the budget process. The FY 2016-17 estimated SAF expenditures are based on initial ongoing and one-time appropriations, enacted supplemental appropriations, contingency fund transfers, and consensus cost adjustments.

The second column of [Table 31](#) presents the SFA's estimate of the FY 2017-18 SAF year-end balance of \$7.4 million. The FY 2017-18 projections also are based on the May 2017 consensus estimate of SAF revenue and other agreed-upon revenue adjustments. Part of the leadership budget target agreement was the decision to appropriate \$200.0 million of SAF revenue to fund a one-time MPERS unfunded actuarial accrued liability (UAAL) payment to lower the debt in MPERS. The FY 2017-18 SAF balance sheet continues to include \$72.0 million from the Community District Education Trust Fund to pay the additional foundation allowance costs for Detroit Public Schools while the district's existing 18-mill property tax levy is diverted from supporting its foundation allowance to pay off debt. New for FY 2017-18, a deposit of \$55.0 million SAF is made to the MPERS Reserve Fund, and \$23.1 million from that Fund is used to pay first-year costs associated with MPERS reforms enacted under Public Act 92 of 2017.

The FY 2017-18 estimated SAF expenditures are based on initial ongoing K-12 appropriations of \$14.3 billion and initial one-time K-12 appropriations of \$312.4 million. The SAF balance sheet reflects the continued use of SAF revenue to support the Community Colleges and Higher Education budgets. In the Community Colleges budget, the SAF allocation for FY 2017-18 is increased by \$137.9 million over FY 2016-17 to essentially fully fund community colleges with SAF revenue at a level of \$398.3 million in FY 2017-18. The SAF allocation in the Higher Education budget for FY 2017-18 is \$1.2 million higher than for FY 2016-17, when the total SAF allocation was \$237.1 million. Across the two budgets, SAF support of postsecondary purposes totals \$636.6 million for FY 2017-18.

Table 30

FY 2016-17 AND FY 2017-18 GENERAL FUND/GENERAL PURPOSE REVENUE, EXPENDITURES, AND YEAR-END BALANCE ESTIMATES (millions of dollars)		
	FY 2016-17	FY 2017-18
Beginning Balance	\$604.4	\$267.4
Ongoing Revenue:		
May 2017 Consensus Revenue Estimate	\$10,111.3	\$10,408.6
Revenue Sharing Payments	(465.3)	(465.9)
Shift of Short-Term Borrowing Costs to School Aid Fund	5.5	6.5
Medicaid Managed Care Use Tax	<u>121.6</u>	<u>0.0</u>
Subtotal Ongoing Revenue	\$9,773.1	\$9,949.2
Non-Ongoing Revenue:		
One-Time Appropriation for Revenue Sharing	(\$5.8)	(\$5.8)
Redirection of Restricted Revenue	15.0	0.0
Hewlett Packard Settlement Proceeds	<u>9.5</u>	<u>(5.8)</u>
Subtotal Non-Ongoing Revenue	\$18.7	(\$11.6)
Total Estimated GF/GP Revenue	\$10,396.2	\$10,205.0
Expenditures:		
Initial Ongoing Appropriations	\$9,669.0	\$9,784.4
One-Time and Other Appropriations:		
Initial One-Time Appropriations	\$306.3	\$257.3
Appropriation to Budget Stabilization Fund	75.0	150.0
Enacted Supplementals	118.3	0.0
Shift from GF/GP to SAF Funding Source	(39.8)	0.0
Estimated Year-End Lapses	<u>0.0</u>	<u>0.0</u>
Subtotal One-Time and Other Appropriations	\$459.8	\$407.3
Total Estimated GF/GP Expenditures	\$10,128.8	\$10,191.7
PROJECTED YEAR-END GF/GP BALANCE	\$267.4	\$13.3

Table 31
FY 2016-17 AND FY 2017-18 SCHOOL AID FUND
REVENUE, EXPENDITURES, AND YEAR-END BALANCE ESTIMATES
(millions of dollars)

	FY 2016-17	FY 2017-18
Beginning Balance.....	\$168.2	\$271.7
Ongoing Revenue:		
May 2017 Consensus Revenue Estimate	\$12,609.9	\$12,970.5
General Fund/General Purpose Grant	179.0	213.7
Federal Ongoing Aid	1,730.7	1,726.9
Community District Education Trust Fund	72.0	72.0
Medicaid Managed Care Use Tax	60.8	0.0
Subtotal Ongoing Revenue.....	\$14,652.4	\$14,983.1
Non-Ongoing Revenue:		
SAF Deposit into MPSERS Reserve Fund.....	\$0.0	(\$55.0)
Reserve Fund for MPSERS	0.0	23.1
Drinking Water Declaration of Emergency Reserve Fund.....	2.5	0.0
Subtotal Non-Ongoing Revenue.....	\$2.5	(\$31.9)
Total Estimated School Aid Fund Revenue	\$14,823.1	\$15,222.9
Expenditures:		
Initial Ongoing K-12 Appropriations	\$13,985.8	\$14,266.5
Enacted Supplementals.....	(107.9)	0.0
Funding Community Colleges with School Aid Fund.....	260.4	398.3
Partially Funding Higher Education with School Aid Fund	237.1	238.3
Subtotal Ongoing Appropriations.....	\$14,375.4	\$14,903.1
One-Time and Other Appropriations:		
Initial One-Time K-12 Appropriations.....	\$176.0	\$89.3
MPSERS UAAL Payment	0.0	200.0
MPSERS K-12 New Reform Costs.....	0.0	23.1
Estimated Lapses	0.0	0.0
Subtotal One-Time and Other Appropriations	\$176.0	\$312.4
Total Estimated School Aid Fund Expenditures	\$14,551.4	\$15,215.5
PROJECTED YEAR-END SCHOOL AID FUND BALANCE.....	\$271.7	\$7.4

ECONOMIC FORECAST AND REVENUE ESTIMATES

A. ECONOMIC FORECAST

The economic forecast on which the enacted fiscal year (FY) 2017-18 State budget was based is the consensus economic forecast adopted at the May 2017 Consensus Revenue Estimating Conference. Under this consensus economic forecast, the U.S. economy will grow 2.3% in 2017, 2.3% in 2018, and 2.1% in 2019. Relatively flat total vehicle sales will lend stability to the motor vehicle industry, and combined with slow but steady economic growth nationally, will result in Michigan employment growing, but more slowly than any time since 2010. Michigan personal income, adjusted for inflation, is expected to rise over the forecast period, although the growth in 2017 is expected to be roughly half as strong as experienced in 2016. Low inflation and the employment situation are expected to result in inflation-adjusted personal income rising 1.3% in 2017, 2.8% in 2018, and 2.5% in 2019. 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 2.3% in both 2017 and 2018, compared with 1.6% growth in 2016. While consumer spending and wage growth are expected to improve, the growth will remain weak by historical standards. In contrast, light vehicle sales are expected to decline and productivity growth is forecasted to remain very low. When combined with an improving housing market, the forecast predicts modest increases in the rate of economic growth.
- Employment is expected to grow, although at a slower rate each year of the forecast through 2019, and the U.S. unemployment rate is predicted to decline from 4.9% in 2016 to 4.6% in 2017, and 4.4% in both 2018 and 2019.
- Light vehicle sales are expected to decrease from an all-time record high of 17.5 million units in 2016 to 17.0 million units in 2017, 16.9 million units in 2018, and 16.8 million units in 2019. In comparison, during the most recent recession in 2009, 10.4 million units were sold.
- Housing starts are expected increase 7.9% in 2017, rising from 1.17 million starts in 2016 to 1.27 million starts. The growth in housing starts will slow, rising 4.0% in 2018 and 2.4% in 2019, bringing total starts to 1.35 million in 2019. In comparison, starts totaled 2.1 million in 2006 and 554,000 in 2009.
- Inflation, as measured by the U.S. Consumer Price Index, rose 1.3% in 2016. As energy prices increase modestly, economic activity increases, and labor markets tighten, the forecast expects inflation to rise 2.5% in 2017, 1.9% in 2018, and 2.2% in 2019.

2. Michigan Economy

- On an annual basis, employment in Michigan steadily declined between 2000 and 2010, but has increased in every year since 2010. After rising 1.9% during 2016, employment is expected to increase 1.4% in 2017, 0.9% in 2018, and 1.0% in 2019.
- Michigan's unemployment rate is projected to increase from 4.9% in 2016 to 5.1% in both 2017 and 2018, before declining to 5.0% in 2019.
- Tighter labor markets will help increase total wage and salary payments to workers in Michigan over the forecast period. Total payments to wage and salary workers are expected to increase 3.3% during 2017, 4.1% in 2018, and 4.2% in 2019.
- Personal income, the total income received by individuals, will increase at an estimated rate of 3.5% in 2017, compared with a 3.6% increase in 2016, before rising 4.6% in 2018 and 4.7% in 2019. However, adjusted for inflation, personal income is projected to increase 1.3% in 2017, 2.8% in 2018, and 2.5% in 2019.
- Inflation in Michigan, as measured by the Detroit Consumer Price Index, is expected to increase 2.2% in 2017, 1.8% in 2018, and 2.3% in 2019. In comparison, inflation rose 1.0% in 2016.

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 \$23.4 billion in FY 2017-18, up 2.9% from the \$22.7 billion predicted to be received during FY 2016-17. 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, including beginning balances carried over from the prior year). The projected levels of revenue from ongoing revenue sources for these two fiscal years are the estimates adopted at the May 2017 Consensus Revenue Estimating Conference. Total combined GF/GP and SAF revenue is expected to increase 0.9% in FY 2017-18, while combined GF/GP and SAF ongoing revenue is expected to increase 2.9%. The slower growth in total revenue reflects changes in revenue that is not ongoing, such as the substantial decline in the GF/GP beginning balance and the repeal of the Managed Care Use Tax. The estimates of total revenue, as well as a breakdown between these two types of revenue, are presented in [Table 32](#) for both the General Fund/General Purpose budget and the School Aid Fund for FY 2016-17 and FY 2017-18.

Table 32

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2016-17 AND FY 2017-18 (millions of dollars)				
	FY 2016-17	FY 2017-18	\$ Change	% Change
GENERAL FUND/GENERAL PURPOSE				
Beginning Balance	\$604.4	\$267.4	(\$337.0)	---
<u>Consensus Estimate From Ongoing Sources¹⁾:</u>				
Net Income	6,939.5	7,191.7	252.2	3.6%
Michigan Business/Corporate Income Tax	155.2	194.6	39.4	25.4
Sales & Use Taxes	1,866.5	1,833.6	(32.9)	(1.8)
Tobacco Taxes	186.0	184.4	(1.6)	(0.9)
Insurance Company Premiums	366.3	408.9	42.6	11.6
Telephone & Telegraph	36.6	36.0	(0.6)	(1.6)
Oil & Gas Severance	24.8	27.0	2.2	8.9
All Other Taxes	<u>148.3</u>	<u>159.3</u>	<u>11.0</u>	<u>7.4</u>
Subtotal Taxes	9,723.2	10,035.5	312.3	3.2
Nontax Revenue	<u>388.1</u>	<u>373.1</u>	<u>(15.0)</u>	<u>(3.9)</u>
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	10,111.3	10,408.6	297.3	2.9
<u>Revenue Adjustments:</u>				
Revenue Sharing Payments	(465.3)	(465.9)	(0.6)	0.1
One-time Appropriation for Revenue Sharing	(5.8)	(5.8)	0.0	0.0
Hewlett Packard Settlement Proceeds	9.5	0.0	(9.5)	---
Managed Care Use Tax Revenue	121.6	0.0	(121.6)	(100.0)
Net Redirection of Revenue from Other Funds	15.0	(5.8)	(20.8)	---
Shift of Short-Term Borrowing Costs to SAF	5.5	6.5	1.0	18.2
Subtotal Revenue Adjustments	<u>(319.5)</u>	<u>(471.0)</u>	<u>(151.5)</u>	<u>47.4</u>
TOTAL GF/GP REVENUE	\$10,396.2	\$10,205.0	(\$191.2)	(1.8%)

Table 32 - continued

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2016-17 AND FY 2017-18 (millions of dollars)				
	FY 2016-17	FY 2017-18	\$ Change	% Change
SCHOOL AID FUND				
Beginning Balance	\$168.2	\$271.7	\$103.5	---
<u>Consensus Estimate From Ongoing Sources¹⁾:</u>				
Sales & Use Taxes	6,121.1	6,328.8	207.7	3.4%
Income Tax	2,756.1	2,850.0	93.9	3.4
State Education Property Tax	1,945.9	2,002.6	56.7	2.9
Real Estate Transfer Tax	312.7	315.7	3.0	1.0
Tobacco Taxes	357.2	352.6	(4.6)	(1.3)
Casino Wagering Tax	114.0	115.0	1.0	0.9
Other Tax Revenue	115.9	118.1	2.2	1.9
Subtotal Taxes	11,722.9	12,082.8	359.9	3.1
Lottery	887.0	887.7	0.7	0.1
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	12,609.9	12,970.5	360.6	2.9
<u>Other Revenue:</u>				
General Fund Grant	218.8	213.7	(5.1)	(2.3)
Community District Education Trust Fund	72.0	72.0	0.0	---
Drinking Water Emergency Reserve Fund	2.5	0.0	(2.5)	---
Fund Shift Changes to GF/GP Grant	(39.8)	0.0	39.8	---
Deposit of SAF Revenue into MPSERS Reserve Fund	0.0	(55.0)	(55.0)	---
Reserve Fund for MPSERS	0.0	23.1	23.1	---
Managed Care Use Tax Revenue/HICA Relief	60.8	0.0	(60.8)	(100.0)
Federal Aid	1,730.7	1,726.9	(3.8)	(0.2)
Subtotal Other Revenue	2,045.0	1,980.7	(64.3)	(3.1)
TOTAL SAF REVENUE	\$14,823.1	\$15,222.9	\$399.8	2.7%
TOTAL GF/GP AND SAF:				
Beginning Balances	\$772.6	\$539.1	(\$233.5)	(30.2)
Consensus Estimate Ongoing Revenue	22,721.2	23,379.1	657.9	2.9
Other Revenue ²⁾	1,506.7	1,296.0	(210.7)	(14.0)
TOTAL REVENUE²⁾	\$25,000.5	\$25,214.2	\$213.7	0.9%
¹⁾ Revenue estimates adopted at the May 2017 Consensus Revenue Estimating Conference.				
²⁾ Total and other revenue excludes GF/GP grant to SAF.				

1. General Fund/General Purpose Revenue

- In FY 2017-18, GF/GP revenue is projected to total an estimated \$10.2 billion, representing a decrease of 1.8% or \$191.2 million from the revenue estimated for FY 2016-17, as shown in Table 32. The decrease in GF/GP revenue reflects a \$337.0 million decline in the beginning balance and a revenue reduction of \$121.6 million from the termination of the Managed Care Use Tax at the end of 2016. The growth in ongoing revenue during FY 2017-18 is insufficient to offset those two revenue reductions.

- The balance carried over from FY 2016-17 is expected to total \$267.4 million, which is down \$337.0 million from the \$604.4 million that was carried over from FY 2015-16.
- Revenue from ongoing sources during FY 2017-18 will total an estimated \$10.4 billion, which is up 2.9% or \$297.3 million from the forecasted FY 2016-17 level.
- The increase in GF/GP ongoing revenue in FY 2016-17 primarily reflects several factors:
 - Policy changes. Legislation enacted as part of the personal property tax reform package is expected to increase General Fund revenue by \$78.0 million in FY 2016-17 and \$82.1 million in FY 2017-18 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 \$380.9 million decline in FY 2016-17 and a \$410.8 million decline in FY 2017-18 in State use tax revenue, which 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.
 - Strong individual income tax growth. Modest employment gains, combined with tight labor markets and stock market gains, will result in revenue growing more rapidly than refunds and expected net GF/GP individual income tax revenue growth of 3.6% in FY 2017-18, an increase of \$252.2 million.
 - 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. Net MBT revenue is expected to total approximately a negative \$922.8 million in FY 2016-17, as refunds exceed collections, but will total approximately a negative \$755.6 million in FY 2017-18, reducing the subtraction from (thus increasing) GF/GP revenue by \$167.2 million in FY 2017-18.

2. School Aid Fund

- Revenue going to the School Aid Fund will total an estimated \$15.2 billion in FY 2017-18, an increase of 2.7% or \$399.8 million from the SAF revenue estimate for FY 2016-17. The SAF revenue estimate is presented in [Table 32](#).
- Revenue from ongoing taxes and net lottery revenue earmarked to the SAF will total an estimated \$13.0 billion in FY 2017-18, up 2.9% or \$360.6 million from FY 2016-17, reflecting the continued economic growth during 2017 and 2018.
- In addition to the revenue from the ongoing earmarked taxes, the SAF will receive an estimated \$2.0 billion during FY 2017-18, although the additional revenue is \$64.3 million less than is expected in FY 2016-17. The majority of this additional revenue reflects Federal aid totaling an estimated \$1.7 billion. School Aid Fund revenue also includes \$213.7 million in grants from the General Fund in FY 2016-17, down from \$218.8 million in FY 2016-17, and reflects a loss of \$60.8 million due to the termination of the Managed Care Use Tax at the end of 2016. In addition, the SAF will receive \$72.0 million in revenue from the Community District Education Trust Fund in FY 2017-18.

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 33](#), the BSF ended FY 2015-16 with a balance of \$612.4 million. The budget for FY 2016-17 appropriates \$92.5 million to the BSF, although the formulas calculate a payment of \$150.3 million into the Fund. The enacted budget for FY 2017-18 appropriates \$167.5 million to the BSF: \$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, plus an additional \$150.0 million; although the formulas do not suggest either a pay-in or pay-out. The BSF is expected to end FY 2017-18 with a balance of \$886.1 million.

Table 33
BUDGET AND ECONOMIC STABILIZATION FUND TRANSFERS, EARNINGS, AND FUND BALANCE
FY 1997-98 TO FY 2017-18 ESTIMATE
(millions of dollars)

Fiscal Year	Pay-In	Interest Earned	Pay-Out	Fund Balance
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
2014-15	111.5	0.4	0.0	498.1
2015-16	112.5	1.8	0.0	612.4
Estimates:				
2016-17	92.5	2.9	0.0	707.8
2017-18	167.5	10.8	0.0	886.1

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 34, 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 2017-18.
- 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%; although the greatest absolute amount by which revenue was below the limit was in FY 2013-14, when revenue was \$8.5 billion or 23.6% below the limit.
- In FY 2015-16, the gap between revenue and the limit is estimated to have increased from \$7.4 billion in FY 2014-15 to \$8.5 billion or 22.2%, reflecting revenue growing more slowly than personal income during 2014—the base year used to compute the FY 2015-16 revenue limit. If the estimate is correct, the gap between revenue and the limit in FY 2015-16 will set a new record for absolute size.
- In FY 2016-17, the gap between revenue and the limit is estimated to increase to \$9.1 billion or 22.7%, reflecting slower revenue growth during FY 2016-17 combined with more rapid growth in personal income in 2015—the base year used to compute the FY 2016-17 revenue limit.
- It is estimated that the gap between revenue and the limit will increase to \$9.5 billion or 22.8% in FY 2017-18, reflecting a third consecutive year in which revenue subject to the limit grows more slowly than personal income.

Table 34
COMPLIANCE WITH CONSTITUTIONAL REVENUE LIMIT
FY 1997-98 TO FY 2017-18
(millions of dollars)

Fiscal Year	Revenue Subject to Limit	Revenue Limit	Under (Over) Limit
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
2013-14	27,432.5	35,914.2	8,481.7
2014-15	29,277.6	36,676.1	7,398.5
Estimates ¹⁾			
2015-16	29,791.1	38,313.6	8,522.5
2016-17	31,177.3	40,314.2	9,136.9
2017-18	32,265.6	41,783.7	9,518.1

¹⁾ May 2017 Consensus revenue estimates.

BUDGET AREA DETAIL

**DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
P.A. 107 of 2017 – ARTICLE I**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	476.0	493.5	493.5	491.5	493.5	17.5	3.7
GROSS	95,906,900	104,928,800	109,744,600	106,028,800	114,448,600	18,541,700	19.3
Less:							
Interdepartmental Grants Received	323,200	310,300	310,300	310,300	310,300	(12,900)	(4.0)
ADJUSTED GROSS	95,583,700	104,618,500	109,434,300	105,718,500	114,138,300	18,554,600	19.4
Less:							
Federal Funds	10,471,200	11,273,900	11,273,900	11,273,900	11,373,900	902,700	8.6
Local and Private	130,700	101,600	101,600	101,600	101,600	(29,100)	(22.3)
TOTAL STATE SPENDING	84,981,800	93,243,000	98,058,800	94,343,000	102,662,800	17,681,000	20.8
Less:							
Other State Restricted Funds	35,054,900	36,661,000	36,660,900	36,661,000	36,661,000	1,606,100	4.6
GENERAL FUND/GENERAL PURPOSE	49,926,900	56,582,000	61,397,900	57,682,000	66,001,800	16,074,900	32.2
PAYMENTS TO LOCALS	4,750,000	7,350,000	7,350,000	6,850,000	7,350,000	2,600,000	54.7

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

<p>1. Food Bank Council of Michigan - Frozen Produce. The budget includes a one-time grant of \$2.0 million GF/GP to the Food Bank Council of Michigan to establish an individually quick frozen (IQF) program to flash freeze produce in order to provide nutritious food year-round to Michigan residents in need.</p>	<p>Gross 2,000,000 GF/GP 2,000,000</p>
<p>2. Enhanced Wildlife Risk Mitigation. The budget includes \$1.0 million GF/GP in one-time funding to support a cost share program for local conservation districts to assess cattle farms and implement practices that will prevent the spread of bovine tuberculosis.</p>	<p>Gross 1,000,000 GF/GP 1,000,000</p>
<p>3. Intercounty Drain Mapping Project. The budget includes one-time appropriations to fund a project with the Michigan Association of County Drain Commissioners to establish a State standard drainage infrastructure mapping tool.</p>	<p>Gross 250,000 GF/GP 250,000</p>
<p>4. Management of Draft Beer Delivery Systems. The budget included boilerplate Section 901, which earmarked \$150,000 GF/GP from the ongoing budget line Food Safety and Quality Assurance to assist managers of draft beer delivery systems with line-cleaning techniques. The item was vetoed by the Governor.</p>	<p>Gross 150,000 GF/GP 150,000</p>
<p>5. Albion Equestrian Center. The budget included a one-time grant of \$100,000 GF/GP to enhance the grounds adjacent to the Albion Equestrian Center. The item was vetoed by the Governor.</p>	<p>Gross 100,000 GF/GP 100,000</p>

B. PROGRAM INCREASES

<p>1. Agriculture Research and Development. The budget includes a one-time appropriation of \$8.4 million GF/GP for agricultural research and development to be performed by Michigan State University. The appropriation contains several projects with designated appropriations identified by boilerplate Section 901 as follows:</p> <p style="margin-left: 20px;">Animal Agriculture Initiative..... \$2,500,000 Fruit and Vegetable Campus/Mobile Lab..... 3,200,000 Fruit and Vegetable Campus/Mobile Labs Workforce Development 1,200,000 Tree Fruit Commission <u>1,500,000</u> Total..... \$8,400,000</p>	<p>Gross 7,001,000 GF/GP 7,001,000</p>
--	--

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

The Fruit and Vegetable Labs designations are new inclusions to research funding for Michigan State University, while the Animal Agriculture Initiative received an appropriation of \$399,000 GF/GP ongoing and \$500,000 GF/GP one-time in FY 2016-17 and the Tree Fruit Commission received a one-time appropriation of \$500,000 GF/GP in FY 2016-17.

- | | | |
|--|---|--|
| <p>2. Food and Agriculture Investment Program. The budget includes an increase of \$3,243,900 GF/GP to a grant program intended to promote and expand the Michigan food and agriculture sector, increase Michigan exports, and increase food processing and other value-added activities within the State. The grant program, under its previous title of "Value-added Grants", received \$500,000 GF/GP in ongoing appropriations and \$1.0 million GF/GP in one-time appropriations for FY 2016-17. The total FY 2017-18 appropriations for the program are \$4,743,900 GF/GP, all in ongoing appropriations.</p> | <p>Gross
GF/GP</p> | <p>3,243,900
3,243,900</p> |
| <p>3. Michigan Agriculture Environmental Assurance Program (MAEAP). The budget includes additional Restricted funding to increase MAEAP activity, supported by an increase in the spending authorization for the Freshwater Protection Fund due to fee increases (enacted by Public Act 118 of 2015).</p> | <p>FTE
Gross
Restricted
GF/GP</p> | <p>2.0
1,500,000
1,500,000
0</p> |
| <p>4. Federal Food and Dairy Regulatory Requirements. The budget includes a combination of Federal and GF/GP funding to support the implementation of food safety requirements included in the Federal Food Safety Modernization Act.</p> | <p>FTE
Gross
Federal
GF/GP</p> | <p>2.0
1,122,300
142,200
980,100</p> |
| <p>5. Agriculture Development. The budget includes additional support for the Agriculture Development Division for increasing promotion of Michigan's food processing and agricultural products in global markets, along with efforts to attract food and agriculture processing companies to rural areas around the State. The total FY 2017-18 appropriation for the Agriculture Development line item consists of 12.0 FTEs and \$4,019,800 GF/GP.</p> | <p>FTE
Gross
GF/GP</p> | <p>1.0
408,500
408,500</p> |
| <p>6. Right to Farm Program. The budget includes additional GF/GP funding and FTEs for the program to provide additional staff to support an expected significant increase in Right to Farm assistance requests, in part due to an anticipated increase in hog industry activity. The total FY 2017-18 appropriation for the Right to Farm Program line item consists of 6.5 FTEs and \$950,800 GF/GP.</p> | <p>FTE
Gross
GF/GP</p> | <p>2.5
384,000
384,000</p> |

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

7. Emergency Management. The budget includes additional funding of \$359,700 GF/GP and \$100,000 Federal to bolster preparations for coping with potential statewide food and other health emergencies. The total FY 2017-18 appropriation for the Emergency line item is \$4.0 FTEs and \$1,079,600, consisting \$434,400 Federal and \$645,200 GF/GP.	FTE Gross Federal GF/GP	1.0 459,700 100,000 359,700
8. Farmland Preservation Program. The budget includes an additional \$305,600 in Restricted funds to support three limited-term positions to help eliminate a backlog in farmland and open space preservation tax credit processing. The total budget for FY 2017-18 is 10.0 FTEs and \$1,623,100, consisting of \$1,410,600 Restricted and \$212,500 GF/GP.	FTE Gross Restricted GF/GP	3.0 305,600 305,600 0
9. Intercounty Drain Program. The budget includes additional support of 2.0 FTEs and \$315,100 GF/GP to improve program performance. The total FY 2017-18 appropriation for the Intercounty Drain Program line item consists of 6.0 FTEs and \$802,900 GF/GP.	FTE Gross GF/GP	2.0 315,100 315,100
10. Departmental Operations. The budget includes additional GF/GP funding to support new staff in the operational services division and to compensate for declining private commodity group revenue support.	FTE Gross GF/GP	1.0 187,700 187,700
11. County Fairs, Shows and Expositions Grants. The budget includes additional funding to increase the number of grants offered, increasing the FY 2017-18 appropriation to \$649,300 GF/GP.	Gross GF/GP	179,300 179,300
12. Animal Disease Prevention and Response. The budget includes an increase of 1.0 FTE and \$164,700 GF/GP for animal disease programs of prevention, identification, and response, increasing the FY 2017-18 appropriation to \$649,300 GF/GP.	FTE Gross GF/GP	1.0 164,700 164,700
13. Pesticide and Plant Pest Management. The budget includes an additional 2.0 FTEs and \$142,200 GF/GP for the Pesticide and Plant Pest Management Division to support the implementation of requirements included in the Federal Food Safety Modernization Act.	FTE Gross GF/GP	2.0 142,200 142,200
14. Drinking Water Declaration of Emergency. The budget includes a placeholder appropriation of \$100 Restricted (from the Drinking Water Declaration of Emergency Reserve Fund) to which funding may be added during FY 2017-18.	Gross Restricted GF/GP	100 100 0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

C. PROGRAM ELIMINATIONS

Vital Agriculture Infrastructure Grant. The budget eliminates a one-time FY 2016-17 GF/GP grant for improving farm-to-market infrastructure.

Gross	(220,000)
GF/GP	(220,000)

D. PROGRAM REDUCTIONS

1. Environmental Stewardship. The FY 2017-18 total appropriation is \$10,236,600 Gross; \$1,477,300 Federal; \$7,689,500 State Restricted; and \$1,069,800 GF/GP.

Gross	(469,000)
Restricted	(469,000)

2. Grape and Wine Council. The budget eliminates a one-time increase of GF/GP funding for Council activities to counter a loss of Restricted revenue, which has not been replaced. Total FY 2017-18 funding is \$927,000 Gross, \$923,300 State Restricted, and \$8,700 GF/GP.

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

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Technical Adjustment. The budget includes an adjustment to align interdepartmental grant, Federal, private, and Restricted funds to the amount that is expected to be received throughout the budget.

Gross	1,866,000
IDG	(15,100)
Federal	632,800
Private	(29,300)
Restricted	1,902,600
GF/GP	(625,000)

2. Adjustment for FY 2016-17 Appropriations. The budget includes an adjustment to reflect Public Act 340 of 2016, which provided \$1,805,600 in restricted revenue support for MAEAP.

Gross	(1,805,600)
Restricted	(1,805,600)
GF/GP	0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

3. Removal of FY 2016-17 Employee Lump-Sum Payments. The budget removes lump sum payments to employees that were included as part of the FY 2016-17 budget.

Gross	(407,300)
IDG	(1,800)
Federal	(26,200)
Private	(500)
Restricted	(103,700)
GF/GP	(275,100)

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$545,900 to \$562,300.

Gross	16,400
GF/GP	16,400

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	1,067,100
IDG	4,000
Federal	53,900
Private	700
Restricted	276,100
GF/GP	732,400

K. ONE-TIME APPROPRIATIONS

The budget identifies \$11,650,100 of FY 2017-18 one-time appropriations, eliminates \$390,000 of FY 2016-17 one-time appropriations, and shifts \$1.0 million of appropriations from one-time to ongoing and \$399,000 from ongoing to one-time:

	Gross	GF/GP
FY 2017-18		
Drinking Water Declaration of Emergency	\$100	\$0
Enhanced Wildlife Risk Management Project.....	1,000,000	1,000,000
Intercounty Drain.....	250,000	250,000

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

Agriculture Industry Research and Development	8,400,000	8,400,000
Food Bank Council of Michigan	2,000,000	2,000,000
Subtotal	\$11,650,100	\$11,650,000

FY 2017-18

Value-added Grants from One-Time to Ongoing.....	(\$1,000,000)	(\$1,000,000)
Animal Agriculture Initiative from Ongoing to One-Time	399,000	399,000
Subtotal	(\$601,000)	(\$601,000)

FY 2016-17

Value-added Grants	(\$1,000,000)	(\$1,000,000)
Grape and Wine Council.....	(170,000)	(170,000)
Vital Agriculture Infrastructure Grant Program	(220,000)	(220,000)
Tree Fruit Research Grants	(500,000)	(500,000)
Animal Agriculture Initiative	(500,000)	(500,000)
Subtotal	(\$2,390,000)	(\$2,390,000)

L. VETOES

- | | |
|--|--|
| <p>1. Management of Draft Beer Delivery Systems. The Governor vetoed boilerplate Section 901, which earmarked \$150,000 GF/GP from the ongoing budget line Food Safety and Quality Assurance to assist managers of draft beer delivery systems with line-cleaning techniques, thereby reducing the total appropriation of the line from \$16,798,400 to \$16,648,400.</p> | <p>Gross (150,000)
GF/GP (150,000)</p> |
| <p>2. Albion Equestrian Center. The Governor vetoed a one-time grant of \$100,000 GF/GP to enhance the grounds adjacent to the Albion Equestrian Center.</p> | <p>Gross (100,000)
GF/GP (100,000)</p> |

**DEPARTMENT OF ATTORNEY GENERAL
P.A. 107 of 2017 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	531.0	533.0	507.0	536.0	530.0	(1.0)	(0.2)
GROSS	105,362,100	101,068,800	179,345,200	101,068,800	101,198,800	(4,163,300)	(4.0)
Less:							
Interdepartmental Grants Received	30,075,400	29,915,300	29,915,300	29,915,300	29,915,300	(160,100)	(0.5)
ADJUSTED GROSS	75,286,700	71,153,500	149,429,900	71,153,500	71,283,500	(4,003,200)	(5.3)
Less:							
Federal Funds	10,153,700	9,518,000	72,507,400	9,518,000	9,518,000	(635,700)	(6.3)
Local and Private	530,000	0	0	0	0	(530,000)	(100.0)
TOTAL STATE SPENDING	64,603,000	61,635,500	76,922,500	61,635,500	61,765,500	(2,837,500)	(4.4)
Less:							
Other State Restricted Funds	21,762,500	21,336,900	36,673,900	21,336,900	21,516,900	(245,600)	(1.1)
GENERAL FUND/GENERAL PURPOSE	42,840,500	40,298,600	40,248,600	40,298,600	40,248,600	(2,591,900)	(6.1)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

Patent Infringement. The budget adds \$180,000 in additional restricted funding from the Lawsuit Settlement Proceeds Fund for costs associated with implementation of Public Act 550 of 2016, which enacted the Bad-Faith Patent Infringement Claims Act.

Gross	180,000
Restricted	180,000
GF/GP	0

B. PROGRAM INCREASES

1. Prescription Drug Abuse Unit. The budget includes \$700,000 GF/GP to continue the development of a statewide drug enforcement strategy to battle prescription drug abuse in Michigan. This funding was converted to ongoing funding in FY 2017-18 after being included as one-time funding in FY 2016-17.

Gross	700,000
GF/GP	700,000

2. PACC NextGen IT System Replacement. The budget adds \$600,000 in one-time restricted funding from Lawsuit Settlement Proceeds to be used by the Prosecuting Attorneys Coordinating Council (PACC) to upgrade its case management system.

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

3. PACC Juvenile Life Without Parole Cases. The budget includes one-time GF/GP funding totaling \$700,000 for the PACC to provide assistance to local prosecutors for costs associated with investigations, crime victim rights, prosecutions, and appeals for retroactive juvenile life-without-parole cases.

Gross	700,000
GF/GP	700,000

4. Unlicensed Activity Law Enforcement. The budget includes interdepartmental grant (IDG) funding of \$732,300 GF/GP and 5.5 FTEs to enhance services provided by the Attorney General to the Department of Licensing and Regulatory Affairs to investigate unlicensed builders, accountants, and realtors across the State.

FTE	5.5
Gross	732,300
IDG	732,300
GF/GP	0

5. Student Safety. The budget includes additional restricted funding to extend a work project for the OK2SAY Program, which is designed to prevent bullying and encourage students to report safety issues. The existing work project is set to expire on September 30, 2017.

Gross	470,000
Restricted	470,000
GF/GP	0

6. Medical Marihuana. The budget adds restricted funding and 4.0 FTEs for services required to comply with Public Acts 281-283 of 2016, the legislation that regulates the medical marihuana industry in Michigan.

FTE	4.0
Gross	375,000
Restricted	375,000
GF/GP	0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

7. **Energy Package.** The budget adds restricted funding and one FTE for services required to comply with Public Act 341 of 2016, which amended the Michigan Public Service Commission enabling act to address energy reliability and a number of other issues.

FTE	1.0
Gross	217,000
Restricted	217,000
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. **Operations Line Item.** The budget reduces restricted funding by \$600,000 to allow the use of those funds for the PACC case management system upgrade (described in item A.1. above).

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

2. **Technical Baseline Adjustments.** The budget includes one negative GF/GP adjustment of \$7,100 to the Information Technology (IT) line item due to an adjustment of available General Funds.

Gross	(7,100)
GF/GP	(7,100)

3. **Removal of FY 2016-17 One-Time Appropriations.** The budget removes GF/GP funding totaling \$4.4 million and 4.5 FTE positions provided as follows: \$3.0 million for legal defense costs; \$700,000 and 4.5 FTEs for Prescription Drug Abuse program; and \$700,000 for the Juvenile Life Without Parole litigation costs.

FTE	(4.5)
Gross	(4,400,000)
GF/GP	(4,400,000)

4. **Removal of FY 2016-17 Supplemental Funding.** The budget does not include funding from two supplemental bills totaling \$3.9 million and 4.0 FTEs for FY 2016-17. Public Act 341 of 2016 provided \$150,000 to the Department of Attorney General to hire one FTE for services required to comply with the Act (energy regulation). Public Act 107 of 2017, Article XX, provided a total of \$3.7 million in supplemental appropriations of which \$2.5 million and 3.0 FTEs were appropriated for costs associated with compliance of the Wrongful Imprisonment Compensation Act (Public Act 343 of 2016) and \$1.2 million for the Prosecuting Attorneys Coordinating Council for the design, development, and implementation of a case management computer system.

FTE	(4.0)
Gross	(3,876,300)
IDG	(719,300)
Federal	(677,000)
Local	(530,000)
Restricted	(1,950,000)
GF/GP	0

E. FUNDING SHIFTS

- Funding Source Adjustments.** The budget includes a shift of funding in several line items totaling \$366,400. The budget reduces IDG funding by \$366,400 and increases restricted funding by \$366,400. The fund shift has a net zero effect on the budget.

Gross	0
IDG	(366,400)
Restricted	366,400
GF/GP	0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

- | | |
|---|--|
| <p>1. FTE Adjustment. The budget reduces the FTE allocation by 3.0 from the Governor with no effect on funding to better align actual number of filled FTE positions with the number allotted.</p> | <p>FTE (3.0)
Gross 0
GF/GP 0</p> |
| <p>2. Removal of FY 2016-17 Lump Sum Payments. The budget removes funding totaling \$618,000 (\$245,700 GF/GP) for the 1.5% lump sum payments received by all State classified employees as part of negotiated contracts for FY 2016-17.</p> | <p>Gross (618,000)
IDG (214,000)
Federal (47,400)
Restricted (110,900)
GF/GP (245,700)</p> |

H. UNCLASSIFIED SALARIES

<p>The budget increases Gross funding for the unclassified salaries line item from \$754,000 to \$776,600.</p>	<p>Gross 22,600 GF/GP 22,600</p>
--	--------------------------------------

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

<p>The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.</p>	<p>Gross 1,341,200 IDG 407,300 Federal 88,700 Restricted 206,900 GF/GP 638,300</p>
---	--

K. ONE-TIME APPROPRIATIONS

The budget identifies \$1.3 million of FY 2017-18 one-time appropriations, eliminates \$3.7 million of FY 2016-17 one-time appropriations, and shifts \$700,000 of appropriations from one-time to ongoing:

	Gross	GF/GP
FY 2017-18		
PACC Juvenile Life without Parole Cases.....	\$700,000	\$700,000
PACC NextGen IT System	600,000	0
Subtotal	\$0	\$0
FY 2017-18		
Prescription Drug Abuse Enforcement from One-Time to Ongoing	(\$700,000)	(\$700,000)
Subtotal	(\$700,000)	(\$700,000)
FY 2016-17		
PACC Juvenile Life without Parole Cases.....	(\$700,000)	(\$700,000)
State Defense Costs	(3,000,000)	(3,000,000)
Subtotal	(\$3,700,000)	(\$3,700,000)

L. VETOES - NONE

**DEPARTMENT OF CIVIL RIGHTS
P.A. 107 of 2017 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	129.0	127.0	89.0	127.0	110.0	(19.0)	(14.7)
GROSS	16,248,500	16,099,600	16,249,600	16,099,600	16,249,600	1,100	0.0
Less:							
Interdepartmental Grants Received	293,600	296,600	296,600	296,600	296,600	3,000	1.0
ADJUSTED GROSS	15,954,900	15,803,000	15,953,000	15,803,000	15,953,000	(1,900)	(0.0)
Less:							
Federal Funds	2,763,000	2,775,800	2,775,800	2,775,800	2,775,800	12,800	0.5
Local and Private	18,700	18,700	18,700	18,700	18,700	0	0.0
TOTAL STATE SPENDING	13,173,200	13,008,500	13,158,500	13,008,500	13,158,500	(14,700)	(0.1)
Less:							
Other State Restricted Funds	151,900	151,900	151,900	151,900	151,900	0	0.0
GENERAL FUND/GENERAL PURPOSE	13,021,300	12,856,600	13,006,600	12,856,600	13,006,600	(14,700)	(0.1)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Deaf, Deafblind, and Hard of Hearing Needs Assessment. The budget adds one-time GF/GP funding totaling \$150,000 to allow the Department to perform a needs assessment of the deaf, deafblind, and hard of hearing community across the State to assess the services needed in this community.

Gross	150,000
GF/GP	150,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Technical Baseline Adjustments. The budget includes two technical GF/GP adjustments: a negative adjustment of \$600 for the Operations line item and a negative adjustment of \$4,500 to the Information Technology (IT) line item.

Gross	(5,100)
GF/GP	(5,100)

2. Removal of FY 2016-17 One-Time Appropriation. The budget removes GF/GP funding of \$250,000 that provided additional funding for the Division of Deaf and Hard of Hearing.

FTE	(2.0)
Gross	(250,000)
GF/GP	(250,000)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. FTE Adjustment. The budget reduces the total number of FTEs overall by 17.0 from the Governor's recommendation to better reflect the actual number of filled FTE positions based on FTE data from December 31, 2016.

FTE	(17.0)
Gross	0
GF/GP	0

2. Removal of FY 2016-17 Lump Sum Payments. The budget removes funding totaling \$92,100 (\$72,800 GF/GP) for the 1.5% lump sum payments received by all State classified employees as part of negotiated contracts for FY 2016-17.

Gross	(92,100)
IDG	(2,500)
Federal	(16,800)
GF/GP	(72,800)

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$660,300 to \$680,100.

Gross	19,800
GF/GP	19,800

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	178,500
IDG	5,500
Federal	29,600
GF/GP	143,400

K. ONE-TIME APPROPRIATIONS

The budget identifies \$150,000 of FY 2017-18 one-time appropriations and eliminates \$250,000 of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2017-18		
Deaf, Deaf/Blind, and Hard of Hearing Needs Assessment...	\$150,000	\$150,000
Subtotal.....	\$150,000	\$150,000
 FY 2016-17		
Division on Deaf and Hard of Hearing	(\$250,000)	(\$250,000)
Subtotal.....	(\$250,000)	(\$250,000)

L. VETOES - NONE

**COMMUNITY COLLEGES
P.A. 108 of 2017 – ARTICLE II**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	395,925,600	398,167,600	401,326,500	395,142,600	399,326,500	3,400,900	0.9
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	395,925,600	398,167,600	401,326,500	395,142,600	399,326,500	3,400,900	0.9
Less:							
Federal Funds	0	0	0	0	0	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	395,925,600	398,167,600	401,326,500	395,142,600	399,326,500	3,400,900	0.9
Less:							
Other State Restricted Funds	260,414,800	395,142,600	395,142,600	395,142,600	398,301,500	137,886,700	52.9
GENERAL FUND/GENERAL PURPOSE	135,510,800	3,025,000	6,183,900	0	1,025,000	(134,485,800)	(99.2)
PAYMENTS TO LOCALS	395,925,600	398,167,600	401,326,500	395,142,600	399,326,500	3,400,900	0.9

Includes Ongoing and One-time Appropriations as of July 14, 2017.

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | |
|---|---|
| <p>1. College Operations. The Governor and House did not include a funding increase for college operations. The Senate included a \$3,158,900 GF/GP (1.0%) increase; \$1.4 million to adjust for payments in excess of the calculated loss for the personal property tax, and \$1.8 million distributed through the 2016 Performance Indicators Review Task Force formula. The Conference Committee concurred with the Senate, but financed the increase from the State School Aid Fund (SAF). See Table 1 for details. Table 2 provides comparisons between recommendations of the Governor, Senate, House, and Conference Committee.</p> | <p>Gross 3,158,900
Restricted 3,158,900
GF/GP 0</p> |
| <p>2. Michigan Public School Employees' Retirement System (MPSERS). Adjustments include an increase of \$6,705,000 SAF related to decreasing the assumed rate of return for the Unfunded Actuarial Accrued Liability (UAAL) and a one-time increase of \$3,612,000 SAF due to decreasing the assumed rate of return for the normal cost hold harmless.</p> | <p>Gross 10,317,000
Restricted 10,317,000
GF/GP 0</p> |
| <p>3. Michigan Transfer Network Enhancements. The budget includes \$1,025,000 GF/GP for improvements to the Michigan Transfer Network (MTN). The MTN website helps students, advisers, and the general public find transfer course equivalencies between Michigan colleges and universities. The MTN is sponsored by the Michigan Association of Collegiate Registrars and Admissions Officers and hosted by Michigan State University. The enhancement funding will provide for a new Michigan Transfer Network website, including a new course equivalency database, information about the Michigan Transfer Agreement, and associate-to-bachelor's degree transfer pathways that allow a student to maximize coursework at community colleges and universities.</p> | <p>Gross 1,025,000
GF/GP 1,025,000</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

- | | |
|---|---|
| <p>1. MPSERS Savings. The budget reflects a decrease of \$9,100,000 SAF due to investment gains and positive health experience for the MPSERS.</p> | <p>Gross (9,100,000)
Restricted (9,100,000)
GF/GP 0</p> |
|---|---|

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

2. Renaissance Zone Reimbursements. The budget reduces Renaissance Zone Reimbursements from \$5.1 million to \$3.1 million based on FY 2017-18 projected payments.

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

E. FUNDING SHIFTS

School Aid Fund. The budget shifts \$133,510,800 from GF/GP to the School Aid Fund, thereby funding community college base operations and renaissance zone reimbursements entirely from the SAF.

Gross 0
Restricted 133,510,800
GF/GP (133,510,800)

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS

The budget identifies \$4,637,000 of FY 2017-18 one-time appropriations:

	Gross	GF/GP
FY 2017-18		
Michigan Transfer Network.....	\$1,025,000	\$1,025,000
MPSERS Normal Cost Offset.....	3,612,000	0
Subtotal.....	\$4,637,000	\$1,025,000

L. VETOES - NONE

Table 1: FY 2017-18 Community College Appropriations

College	FY 2016-17 Year-To-Date	FY 2017-18 Adjustments										FY 2017-18 Appropriation	Percent Change
		30.0% Sustainability	10.0% Performance Improvement	10.0% Performance Completion #	10.0% Performance Completion Rate	30.0% Contact Hours	5.0% Administrative Costs	5.0% Local Strategic Value	Total Formula Distribution	Non-Formula Adjustments	Total Adjustments		
Alpena	\$5,544,700	\$9,469	\$6,122	\$1,933	\$4,769	\$4,588	\$2,864	\$1,578	\$31,300	\$51,500	\$82,800	\$5,627,500	1.5%
Bay de Noc	5,560,900	9,497	2,532	2,293	4,808	4,883	2,479	1,583	28,100	0	28,100	5,589,000	0.5
Delta	14,907,700	25,458	7,847	10,531	6,789	24,225	3,902	4,243	83,000	0	83,000	14,990,700	0.6
Glen Oaks	2,586,900	4,418	1,178	1,438	3,517	3,040	191	736	14,500	0	14,500	2,601,400	0.6
Gogebic	4,577,800	7,818	2,085	1,263	4,998	3,573	2,127	1,303	23,200	114,400	137,600	4,715,400	3.0
Grand Rapids	18,450,500	31,509	9,426	10,044	8,402	37,853	3,814	5,251	106,300	0	106,300	18,556,800	0.6
Henry Ford	22,176,000	37,871	15,993	8,167	12,698	37,897	4,272	6,312	123,200	0	123,200	22,299,200	0.6
Jackson	12,397,600	21,172	5,646	5,200	7,986	15,322	3,809	3,529	62,700	129,800	192,500	12,590,100	1.6
Kalamazoo Valley	12,873,900	21,985	5,863	7,484	8,133	23,507	4,117	3,664	74,800	0	74,800	12,948,700	0.6
Kellogg	10,087,500	17,227	6,626	4,785	6,946	13,415	4,223	2,871	56,100	0	56,100	10,143,600	0.6
Kirtland	3,270,000	5,584	1,489	1,880	1,489	4,723	3,268	931	19,400	0	19,400	3,289,400	0.6
Lake Michigan	5,492,800	9,380	2,501	2,340	2,501	10,445	2,117	1,563	30,800	0	30,800	5,523,600	0.6
Lansing	31,677,300	54,096	15,362	17,040	16,746	42,842	3,627	9,016	158,600	488,300	646,900	32,324,200	2.0
Macomb	33,681,800	57,520	15,339	15,950	17,594	62,111	3,718	9,587	181,800	0	181,800	33,863,600	0.5
Mid Michigan	4,834,100	8,255	2,201	4,002	2,201	10,789	2,653	1,376	31,500	103,300	134,800	4,968,900	2.8
Monroe	4,636,700	7,918	2,444	2,631	2,112	8,512	3,876	1,320	28,800	0	28,800	4,665,500	0.6
Montcalm	3,343,100	5,709	1,522	1,985	1,522	3,957	3,911	952	19,600	83,600	103,200	3,446,300	3.1
Mott	16,115,500	27,521	8,903	10,837	9,621	25,873	3,535	4,587	90,900	51,700	142,600	16,258,100	0.9
Muskegon	9,150,600	15,627	11,393	2,935	4,167	11,407	4,242	2,604	52,400	0	52,400	9,203,000	0.6
North Central	3,290,400	5,619	1,498	1,700	3,991	5,708	3,576	937	23,000	39,800	62,800	3,353,200	1.9
Northwestern	9,318,000	15,913	5,882	4,196	4,243	12,933	3,322	2,652	49,100	141,800	190,900	9,508,900	2.0
Oakland	21,770,900	37,179	9,914	15,052	9,914	53,114	3,437	6,196	134,800	0	134,800	21,905,700	0.6
Schoolcraft	12,909,300	22,046	5,879	9,333	8,322	28,626	4,096	3,674	82,000	0	82,000	12,991,300	0.6
Southwestern	6,732,500	11,497	5,511	2,979	3,066	6,910	1,871	1,916	33,700	94,500	128,200	6,860,700	1.9
St. Clair	7,259,300	12,397	3,306	3,344	5,800	10,823	3,030	2,066	40,800	0	40,800	7,300,100	0.6
Washtenaw	13,534,000	23,112	8,839	14,544	8,507	34,798	3,713	3,852	97,400	0	97,400	13,631,400	0.7
Wayne County	17,234,200	29,431	9,494	14,919	7,848	34,323	3,165	4,905	104,100	0	104,100	17,338,300	0.6
West Shore	2,478,000	4,232	5,024	1,015	1,128	3,264	952	705	16,300	62,000	78,300	2,556,300	3.2
Subtotal Operations:	\$315,892,000	\$539,460	\$179,820	\$179,820	\$179,820	\$539,460	\$89,910	\$89,910	\$1,798,200	\$1,360,700	\$3,158,900	\$319,050,900	1.0%
MPSERS Retiree Health Care	\$1,733,600									\$0	\$0	\$1,733,600	0.0%
MPSERS Reform Costs	73,200,000									(2,395,000)	(2,395,000)	70,805,000	(3.3)
Renaissance Zone Reimbursements	5,100,000									(2,000,000)	(2,000,000)	3,100,000	(39.2)
Independent Part-Time Student Grants	0									0	0	0	0.0
MI Transfer Network Enhancements (one-time)	0									1,025,000	1,025,000	1,025,000	--
MPSERS Normal Cost Offset (one-time)	0									3,612,000	3,612,000	3,612,000	--
Total Appropriations:	\$395,925,600	\$539,460	\$179,820	\$179,820	\$179,820	\$539,460	\$89,910	\$89,910	\$1,798,200	\$1,602,700	\$3,400,900	\$399,326,500	0.9%
State School Aid Fund	260,414,800	0	0	0	0	0	0	0	0	137,886,700	137,886,700	398,301,500	52.9
GF/GP	\$135,510,800	\$539,460	\$179,820	\$179,820	\$179,820	\$539,460	\$89,910	\$89,910	\$1,798,200	(\$136,284,000)	(\$134,485,800)	\$1,025,000	(99.2%)

Table 2: FY 2017-18 Community College Appropriation

College	FY 2016-17 Year-To-Date	FY 2017-18 Governor's Recommendation			FY 2017-18 Senate			FY 2017-18 House			FY 2017-18 Initial Appropriation		
		Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change
Alpena	\$5,544,700	\$0	\$5,544,700	0.0%	\$82,800	\$5,627,500	1.5%	\$0	\$5,544,700	0.0%	\$82,800	\$5,627,500	1.5%
Bay de Noc	5,560,900	0	5,560,900	0.0	28,100	5,589,000	0.5	0	5,560,900	0.0	28,100	5,589,000	0.5
Delta	14,907,700	0	14,907,700	0.0	83,000	14,990,700	0.6	0	14,907,700	0.0	83,000	14,990,700	0.6
Glen Oaks	2,586,900	0	2,586,900	0.0	14,500	2,601,400	0.6	0	2,586,900	0.0	14,500	2,601,400	0.6
Gogebic	4,577,800	0	4,577,800	0.0	137,600	4,715,400	3.0	0	4,577,800	0.0	137,600	4,715,400	3.0
Grand Rapids	18,450,500	0	18,450,500	0.0	106,300	18,556,800	0.6	0	18,450,500	0.0	106,300	18,556,800	0.6
Henry Ford	22,176,000	0	22,176,000	0.0	123,200	22,299,200	0.6	0	22,176,000	0.0	123,200	22,299,200	0.6
Jackson	12,397,600	0	12,397,600	0.0	192,500	12,590,100	1.6	0	12,397,600	0.0	192,500	12,590,100	1.6
Kalamazoo Valley	12,873,900	0	12,873,900	0.0	74,800	12,948,700	0.6	0	12,873,900	0.0	74,800	12,948,700	0.6
Kellogg	10,087,500	0	10,087,500	0.0	56,100	10,143,600	0.6	0	10,087,500	0.0	56,100	10,143,600	0.6
Kirtland	3,270,000	0	3,270,000	0.0	19,400	3,289,400	0.6	0	3,270,000	0.0	19,400	3,289,400	0.6
Lake Michigan	5,492,800	0	5,492,800	0.0	30,800	5,523,600	0.6	0	5,492,800	0.0	30,800	5,523,600	0.6
Lansing	31,677,300	0	31,677,300	0.0	646,900	32,324,200	2.0	0	31,677,300	0.0	646,900	32,324,200	2.0
Macomb	33,681,800	0	33,681,800	0.0	181,800	33,863,600	0.5	0	33,681,800	0.0	181,800	33,863,600	0.5
Mid Michigan	4,834,100	0	4,834,100	0.0	134,800	4,968,900	2.8	0	4,834,100	0.0	134,800	4,968,900	2.8
Monroe	4,636,700	0	4,636,700	0.0	28,800	4,665,500	0.6	0	4,636,700	0.0	28,800	4,665,500	0.6
Montcalm	3,343,100	0	3,343,100	0.0	103,200	3,446,300	3.1	0	3,343,100	0.0	103,200	3,446,300	3.1
Mott	16,115,500	0	16,115,500	0.0	142,600	16,258,100	0.9	0	16,115,500	0.0	142,600	16,258,100	0.9
Muskegon	9,150,600	0	9,150,600	0.0	52,400	9,203,000	0.6	0	9,150,600	0.0	52,400	9,203,000	0.6
North Central	3,290,400	0	3,290,400	0.0	62,800	3,353,200	1.9	0	3,290,400	0.0	62,800	3,353,200	1.9
Northwestern	9,318,000	0	9,318,000	0.0	190,900	9,508,900	2.0	0	9,318,000	0.0	190,900	9,508,900	2.0
Oakland	21,770,900	0	21,770,900	0.0	134,800	21,905,700	0.6	0	21,770,900	0.0	134,800	21,905,700	0.6
Schoolcraft	12,909,300	0	12,909,300	0.0	82,000	12,991,300	0.6	0	12,909,300	0.0	82,000	12,991,300	0.6
Southwestern	6,732,500	0	6,732,500	0.0	128,200	6,860,700	1.9	0	6,732,500	0.0	128,200	6,860,700	1.9
St. Clair	7,259,300	0	7,259,300	0.0	40,800	7,300,100	0.6	0	7,259,300	0.0	40,800	7,300,100	0.6
Washtenaw	13,534,000	0	13,534,000	0.0	97,400	13,631,400	0.7	0	13,534,000	0.0	97,400	13,631,400	0.7
Wayne County	17,234,200	0	17,234,200	0.0	104,100	17,338,300	0.6	0	17,234,200	0.0	104,100	17,338,300	0.6
West Shore	2,478,000	0	2,478,000	0.0	78,300	2,556,300	3.2	0	2,478,000	0.0	78,300	2,556,300	3.2
Subtotal Operations:	\$315,892,000	\$0	\$315,892,000	0.0%	\$3,158,900	\$319,050,900	1.0%	\$0	\$315,892,000	0.0%	\$3,158,900	\$319,050,900	1.0%
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	73,200,000	(2,395,000)	70,805,000	(3.3)	(2,395,000)	70,805,000	(3.3)	(2,395,000)	70,805,000	(3.3)	(2,395,000)	70,805,000	(3.3)
Renaissance Zone Reimbursements	5,100,000	(2,000,000)	3,100,000	(39.2)	(2,000,000)	3,100,000	(39.2)	(2,000,000)	3,100,000	(39.2)	(2,000,000)	3,100,000	(39.2)
Independent Part-Time Student Grants	0	2,000,000	2,000,000	--	2,000,000	2,000,000	--	0	0	0.0	0	0	0.0
MI Transfer Network Enhancements (one-time)	0	1,025,000	1,025,000	--	1,025,000	1,025,000	--	0	0	0.0	1,025,000	1,025,000	--
MPSERS Normal Cost Offset (one-time)	0	3,612,000	3,612,000	--	3,612,000	3,612,000	--	3,612,000	3,612,000	--	3,612,000	3,612,000	--
Total Appropriations:	\$395,925,600	\$2,242,000	\$398,167,600	0.6%	\$5,400,900	\$401,326,500	1.4%	(\$783,000)	\$395,142,600	(0.2%)	\$3,400,900	\$399,326,500	0.9%
State School Aid Fund	260,414,800	134,727,800	395,142,600	51.7	134,727,800	395,142,600	51.7	134,727,800	395,142,600	51.7	137,886,700	398,301,500	52.9
GF/GP	\$135,510,800	(\$132,485,800)	\$3,025,000	(97.8%)	(\$129,326,900)	\$6,183,900	(95.4%)	(\$135,510,800)	\$0	(100.0%)	(\$134,485,800)	\$1,025,000	(99.2%)

**DEPARTMENT OF CORRECTIONS
P.A. 107 of 2017 – ARTICLE IV**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	13,803.9	13,803.9	13,803.9	13,803.9	13,803.9	0.0	0.0
GROSS	2,013,479,000	2,014,419,200	1,974,419,200	2,007,919,200	2,001,919,200	(11,559,800)	(0.6)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	2,013,479,000	2,014,419,200	1,974,419,200	2,007,919,200	2,001,919,200	(11,559,800)	(0.6)
Less:							
Federal Funds	5,523,700	5,293,800	5,293,800	5,293,800	5,293,800	(229,900)	(4.2)
Local and Private	8,692,800	8,842,400	8,842,400	8,842,400	8,842,400	149,600	1.7
TOTAL STATE SPENDING	1,999,262,500	2,000,283,000	1,960,283,000	1,993,783,000	1,987,783,000	(11,479,500)	(0.6)
Less:							
Other State Restricted Funds	36,554,600	36,149,400	36,149,400	39,649,400	41,149,400	4,594,800	12.6
GENERAL FUND/GENERAL PURPOSE	1,962,707,900	1,964,133,600	1,924,133,600	1,954,133,600	1,946,633,600	(16,074,300)	(0.8)
PAYMENTS TO LOCALS	112,638,200	114,388,800	119,988,700	110,888,800	113,888,800	1,250,600	1.1

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

1. Westside Residential Alternative to Prison Program. The budget funds a new alternative sentencing program for probation violators in 13 western Michigan counties.	Gross GF/GP	1,500,000 1,500,000
2. High School Online Equivalency Pilot. The budget funds a pilot project for 400 inmates to complete a career-based online high school diploma.	Gross GF/GP	1,000,000 1,000,000
3. Federally Qualified Health Centers. The budget includes funding for a pilot program to link parolees and probationers with Federally Qualified Health Centers to ensure that their behavioral and physical health needs are addressed.	Gross GF/GP	75,000 75,000

B. PROGRAM INCREASES

1. New Custody Staff Training. The budget funds an officer academy with an expected graduation class of 177 to address higher-than-anticipated attrition.	Gross GF/GP	4,359,000 4,359,000
2. Trinity Food Service Contract Adjustment. The budget funds a contractual inflationary adjustment.	Gross GF/GP	2,707,600 2,707,600
3. Oncology. The budget increases funding for higher caseload and associated specialty care costs for cancer.	Gross GF/GP	2,328,300 2,328,300
4. Future Facility and Staff Transition Costs. The budget increases funding to help pay transition costs for employees in the event that a facility is closed.	Gross GF/GP	999,900 999,900
5. Criminal Justice Reinvestment. The budget increases funding for evidence-based programs designed to reduce recidivism.	Gross GF/GP	925,100 925,100

C. PROGRAM ELIMINATIONS

Cost Effective Housing Initiative. The budget eliminates a \$100 placeholder.	Gross GF/GP	(100) (100)
--	----------------	----------------

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

D. PROGRAM REDUCTIONS

1. Hepatitis C. The budget aligns funding with a reduced anticipated Hepatitis C caseload (F2-F4 metavir scores).	Gross GF/GP	(18,199,500) (18,199,500)
2. FY 2016-17 One-time Appropriations Removal. The budget removes one-time funding for new custody staff training (\$8,506,100) and ballistic vests (\$481,300).	Gross Restricted GF/GP	(8,987,400) (481,300) (8,506,100)
3. Correctional Facilities. The budget recognizes targeted savings at facilities with closed housing units.	Gross GF/GP	(6,500,700) (6,500,700)
4. Supervising Region Incentive Program. The budget reduces FY 2017-18 funding for the program, recognizing that most of the FY 2016-17 funding was not spent and is carried over in a work project.	Gross GF/GP	(1,999,900) (1,999,900)
5. Health Care Population Savings. The budget recognizes savings in health care due to a reduction of the prisoner population.	Gross GF/GP	(1,159,100) (1,159,100)
6. Pugsley Facility Closure. The budget recognizes savings from lower-than-anticipated Pugsley facility closure costs.	Gross GF/GP	(800,000) (800,000)
7. Residential Services. The budget removes funding from FY 2016-17 that addressed a one-time shortfall.	Gross GF/GP	(750,000) (750,000)
8. Public Safety Initiative. The budget reduces funding for the program.	Gross GF/GP	(500,000) (500,000)

E. FUNDING SHIFTS

Program and Special Equipment Fund. The budget shifts GF/GP funding in the Education Program and Prisoner Reentry MDOC Programs lines to the Program and Special Equipment Fund.	Gross Restricted GF/GP	0 5,000,000 (5,000,000)
---	------------------------------	-------------------------------

F. PROGRAM TRANSFERS - NONE

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

G. OTHER ISSUES

<p>1. Fiscal Year 2017-18 DTMB Rate Changes. The budget funds an increase to address the impact of a new per-user fee structure in the Department of Technology, Management, and Budget.</p>	<p>Gross 1,500,000 GF/GP 1,500,000</p>
<p>2. Other Increases. The budget funds contractual lease increases for Michigan Department of Corrections headquarters, aligns authorization for local tether reimbursements with an anticipated increase in local revenue, and aligns interdepartmental grants to the Department of Health and Human Services and Judiciary with accumulated increases in payroll costs.</p>	<p>Gross 150,200 Local 69,600 GF/GP 80,600</p>
<p>3. Removal of FY 2016-17 Employee Lump-Sum Payments. The budget removes lump sum payments to employees that were included as part of the FY 2016-17 budget.</p>	<p>Gross (10,448,300) Federal (7,600) Local (45,800) Restricted (75,900) GF/GP (10,319,000)</p>
<p>4. Authorization Alignments. The budget removes excess authorization for administrative hearings officers and inmate legal services and aligns authorization with anticipated revenue for Federal education funds and Detroit Reentry Center reimbursement.</p>	<p>Gross (651,400) Federal (237,100) Restricted (14,300) GF/GP (400,000)</p>

H. UNCLASSIFIED SALARIES

<p>The budget increases Gross funding for the unclassified salaries line item from \$1,793,800 to \$1,847,600.</p>	<p>Gross 53,800 GF/GP 53,800</p>
--	--------------------------------------

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

<p>The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for</p>	<p>Gross 22,837,700 Federal 14,800 Local 125,800 Restricted 166,300 GF/GP 22,530,800</p>
---	--

FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

K. ONE-TIME APPROPRIATIONS

The budget identifies \$4,359,000 of FY 2017-18 one-time appropriations and eliminates \$9,468,700 of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2017-18		
New Custody Staff Training	\$4,359,000	\$4,359,000
Subtotal	\$4,359,000	\$4,359,000
FY 2016-17		
New Custody Staff Training	(\$8,506,100)	(\$8,506,100)
Ballistic Vests	(481,300)	0
Supervising Region Incentive Program	(481,300)	(481,300)
Subtotal	(\$9,468,700)	(\$8,987,400)

L. VETOES - NONE

**DEPARTMENT OF EDUCATION
P.A. 107 of 2017 – ARTICLE VI**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	597.5	603.5	603.5	599.5	603.5	6.0	1.0
GROSS	346,501,400	349,309,500	353,009,500	347,392,700	351,181,200	4,679,800	1.4
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	346,501,400	349,309,500	353,009,500	347,392,700	351,181,200	4,679,800	1.4
Less:							
Federal Funds	252,248,100	251,854,700	255,554,700	251,854,700	254,084,700	1,836,600	0.7
Local and Private	7,591,400	7,851,500	7,851,500	7,851,500	7,851,500	260,100	3.4
TOTAL STATE SPENDING	86,661,900	89,603,300	89,603,300	87,686,500	89,245,000	2,583,100	3.0
Less:							
Other State Restricted Funds	8,380,700	8,567,600	8,567,600	8,567,600	8,567,600	186,900	2.2
GENERAL FUND/GENERAL PURPOSE	78,281,200	81,035,700	81,035,700	79,118,900	80,677,400	2,396,200	3.1
PAYMENTS TO LOCALS	19,176,000	13,176,000	16,026,000	13,176,000	14,367,700	(4,808,300)	(25.1)

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

Partnership District Support. The budget creates a new office that includes 4.0 FTEs for partnership liaisons to work with districts to identify need, develop intervention plans, and coordinate partnerships with available public, private, and nonprofit resources to drive school improvement.

FTE	4.0
Gross	641,800
GF/GP	641,800

B. PROGRAM INCREASES

1. Child Development and Care (CDC) Reimbursement Rate Increase. The budget includes \$19.4 million Gross and \$8.4 million GF/GP to increase the hourly reimbursement rate for the CDC program, which based on the provider's license status and tier level or star quality rating.

Gross	19,430,000
Federal	11,030,000
GF/GP	8,400,000

2. Child Development and Care Threshold Expansion. The budget includes \$5.5 million in Gross and Federal funds to increase the entry threshold from 125% to 130% of the Federal Poverty Level.

Gross	5,500,000
Federal	5,500,000
GF/GP	0

3. May 2017 CREC Adjustment. The budget includes a \$3.5 million increase in Gross and Federal funds to reflect adjustments to projected caseloads and costs-per-case made at the May 2017 Consensus Revenue Estimating Conference (CREC).

Gross	3,500,000
Federal	3,500,000
GF/GP	0

4. Child Development and Care External Support. The budget includes \$1,365,500 in additional Gross and Federal funds for the Office of Great Start Operations to monitor and support "license exempt" providers who are giving care in their own home or a related child's home, which is required under the reauthorization of the Federal block grant funding. The budget also includes \$800,000 in additional Gross and Federal funds for Child Development and Care External Support for Licensing and Regulatory Affairs to review the background check results that were funded in an FY 2016-17 supplemental.

Gross	2,165,500
Federal	2,165,500
GF/GP	0

5. State Assessment Staff Support. The budget increases GF/GP funding in State Assessment to support vacant positions as a result of decreases in Federal funding projected for FY 2017-18.

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

6. TEACH Scholarship Program. The budget includes \$1.0 million in additional Gross and Federal funds in the TEACH scholarship program in order to provide scholarships to employees of child care providers who are in the Great Start to Quality program, have undergone a star quality review, and are seeking to increase their star quality rating.

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

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

7. State Aid to Libraries. The budget includes a \$1.2 million Gross and GF/GP increase for State aid to libraries, which increases the per capita rate 12%, to \$0.36 per capita.

Gross 1,191,700
GF/GP 1,191,700

C. PROGRAM ELIMINATIONS

Voluntary Water Testing. The budget removes an FY 2016-17 one-time appropriation to reimburse schools for the cost of testing drinking water.

Gross (4,500,000)
GF/GP (4,500,000)

D. PROGRAM REDUCTIONS

1. Removal of FY 2016-17 Supplemental. The budget reduces the Child Development and Care program by \$14.5 million Gross and \$2.1 million GF/GP to remove FY 2016-17 supplemental increases, which include: \$7.1 million in Gross and Federal funds for the Department of Licensing and Regulatory Affairs to conduct fingerprinting and comprehensive background checks of all child care providers, staff, and individuals with unsupervised access to children, which is now a Federal requirement; \$1.5 million in Gross and Federal funds to cover information technology costs associated with implementing provider rate increases; \$4.9 million Gross and \$2.1 million GF/GP to increase the hourly reimbursement rate; and \$1,033,900 Gross and Federal to reflect the May 2017 CREC adjustments to caseloads and cost-per-case projections.

Gross (14,526,200)
Federal (12,426,200)
GF/GP (2,100,000)

2. Drinking Water Declaration of Emergency. The budget removes the Federal funding from the Drinking Water Declaration of Emergency line item in one-time appropriations. The \$100 Drinking Water Declaration of Emergency Reserve Fund placeholder is still included to allow the transfer of additional funding in the event that it is needed in FY 2017-18.

Gross (8,050,000)
Federal (8,050,000)
GF/GP 0

3. Renaissance Zone Reimbursement. The budget reduces the Renaissance Zone Reimbursement line item due to the phase-out and expiration of existing zones over the past few years, resulting in significant lapses at the end of each year.

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

4. Federal Assessment Funding. The budget reduces Federal funding for assessments as a result of a \$2.0 million reduction in Federal funding for the Office of Assessment and Accountability. This reduction is partially offset by a \$1.0 million Federal grant to improve the quality, validity, and reliability of State assessments that measure student growth and achievement.

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

5. Certification Fee Subsidy. The budget removes an FY 2016-17 one-time appropriation that supported a certification fee shortfall.

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

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

E. FUNDING SHIFTS

<p>1. Building Occupancy Charges. The budget includes a fund shift due to the unavailability of Federal funds to support Building Occupancy Charges within the Hannah Building; the Federal funds are replaced by GF/GP revenue.</p>	<p>Gross 0 Federal (56,700) GF/GP 56,700</p>
<p>2. Michigan Schools for Deaf and Blind. The budget moves \$150,000 in local revenue in the Michigan Schools for Deaf and Blind Operations to restricted revenue in the Low Incidence Outreach Program.</p>	<p>Gross 0 Local (150,000) Restricted 150,000 GF/GP 0</p>
<p>3. Michigan Schools for Deaf and Blind Operations. The budget moves \$347,000 in Federal revenue in the Michigan Schools for Deaf and Blind Operations to local revenue.</p>	<p>Gross 0 Federal (347,000) Local 347,000 GF/GP 0</p>

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

<p>Lump-Sum Removal. The budget removes a lump-sum amount from Information Technology, the Michigan Administrative Hearing System, and the Child Care and Development Fund.</p>	<p>Gross (667,900) Federal (459,400) Local (39,700) Private (100) Restricted (45,200) GF/GP (123,500)</p>
--	---

H. UNCLASSIFIED SALARIES

<p>The budget increases Gross funding for the unclassified salaries line item from \$827,200 to \$851,900 due to economics.</p>	<p>Gross 24,700 Federal 7,100 Restricted (1,400) GF/GP 19,000</p>
---	---

I. FEE INCREASES - NONE

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	1,470,200
Federal	973,300
Local	102,700
Private	200
Restricted	83,500
GF/GP	310,500

K. ONE-TIME APPROPRIATIONS

The budget identifies \$100 of FY 2017-18 one-time appropriations, and eliminates \$13.1 million of FY 2016-17 one-time appropriations:

	<u>Gross</u>	<u>GF/GP</u>
FY 2017-18		
Drinking Water Declaration of Emergency	\$100	\$100
Subtotal	\$100	\$100
 FY 2016-17		
Drinking Water Declaration of Emergency	(\$8,050,000)	\$0
Statewide School Drinking Water Testing	(4,500,000)	(4,500,000)
Certification Fee Subsidy	(500,000)	(500,000)
Subtotal	(\$13,050,000)	(\$5,000,000)

L. VETOES - NONE

**DEPARTMENT OF ENVIRONMENTAL QUALITY
P.A. 107 of 2017 – ARTICLE VII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,237.0	1,254.0	1,230.0	1,227.0	1,239.0	2.0	0.2
GROSS	620,336,400	510,842,000	490,003,200	503,500,300	508,767,700	(111,568,700)	(18.0)
Less:							
Interdepartmental Grants Received	9,225,700	3,100,500	3,100,500	3,100,500	3,100,500	(6,125,200)	(66.4)
ADJUSTED GROSS	611,110,700	507,741,500	486,902,700	500,399,800	505,667,200	(105,443,500)	(17.3)
Less:							
Federal Funds	239,022,800	170,042,600	170,042,600	170,042,600	170,042,600	(68,980,200)	(28.9)
Local and Private	555,300	555,300	555,300	555,300	555,300	0	0.0
TOTAL STATE SPENDING	371,532,600	337,143,600	316,304,800	329,801,900	335,069,300	(36,463,300)	(9.8)
Less:							
Other State Restricted Funds	322,259,200	285,825,300	269,802,400	285,825,300	287,825,300	(34,433,900)	(10.7)
GENERAL FUND/GENERAL PURPOSE	49,273,400	51,318,300	46,502,400	43,976,600	47,244,000	(2,029,400)	(4.1)
PAYMENTS TO LOCALS	3,750,000	4,531,000	4,531,000	4,531,000	4,531,000	781,000	20.8

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

Drill Core Storage Facility. The budget included GF/GP funds for the replacement of a facility in the Upper Peninsula where drill core samples are stored. The Governor vetoed this appropriation.

Gross	500,000
GF/GP	500,000

B. PROGRAM INCREASES

1. Lead and Copper Rule. The budget includes an additional \$1.3 million and 9.0 FTEs to provide increased support and training to drinking water suppliers for compliance with the Federal Lead and Copper Rule.

FTE	9.0
Gross	1,300,000
GF/GP	1,300,000

2. Refined Petroleum Fund - Cleanup Reimbursements. The budget includes additional appropriations from this Fund. Boilerplate Section 314 specifies that these funds are to be used to reimburse owners and operators of underground storage tanks who have performed corrective actions on leaking tanks, but who are not eligible for reimbursement under the Michigan Underground Storage Tank Authority program.

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

3. Water State Revolving Funds. The budget provides additional Federal authorization to reflect availability of funds. This program, formerly called the Water Pollution Control and Drinking Water Revolving Fund, receives Federal funds and State matching funds that provide grants and loans to local units of government for improvements to drinking water and wastewater infrastructure. Additional GF/GP and loan repayment revenue is included to provide the necessary State match to draw down these Federal funds. The GF/GP portion of this item reflects a shift of these funds from "one-time" to ongoing. Total funding for FY 2017-18 is \$120.0 million.

Gross	35,007,000
Federal	28,457,000
Restricted	3,600,000
GF/GP	2,950,000

4. Employee Legal Costs. The budget includes \$3.0 million from the Lawsuit Settlement Proceeds Fund to cover legal costs for former employees related to the Flint water emergency.

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

5. Vapor Intrusion Program. The budget includes an additional \$122,800 in Laboratory Fees, \$300,000 GF/GP, and 1.0 FTE for this program, which assesses and performs remediation on structures that have harmful vapors leeching through the basement or foundation. This increase brings the total appropriation for the program to \$1.7 million and 4.0 FTEs.

FTE	1.0
Gross	422,800
Restricted	122,800
GF/GP	300,000

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

6. Communications and Public Affairs Office. The budget provides an additional \$350,000 GF/GP and 2.0 FTEs for the establishment of a communications and public affairs office that will provide a liaison between technical staff and the public. Additionally, the budget transfers 2.0 FTEs and \$305,400 GF/GP to this program from other lines in the Department of Environmental Quality (DEQ) budget.

FTE	2.0
Gross	350,000
GF/GP	350,000

7. Lease Costs. The budget includes additional funds to cover additional rent costs. These costs are primarily attributable to increased DEQ presence in the City of Flint following the Flint water emergency.

Gross	83,300
Restricted	62,700
GF/GP	20,600

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Strategic Water Quality Initiatives Grants and Loans. The budget reduces this program to \$62.0 million to reflect availability of funds. Revenue for the program is derived from bond sales authorized under Proposal 2 of 2002.

Gross	(35,000,000)
Restricted	(35,000,000)
GF/GP	0

2. Emergency Cleanup Actions. The budget removes all Refined Petroleum Fund appropriations from this item. After the change, \$3.0 million from the Cleanup and Redevelopment Fund remains.

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

3. Clean Michigan Initiatives (CMI) - Response Activities. The budget removes \$14.9 million in CMI funds for response activities at environmental cleanup sites to reflect availability of revenues. Generally, CMI funds are dwindling, and have been exhausted in this particular area, as provided by statute.

Gross	(14,900,000)
Restricted	(14,900,000)
GF/GP	0

4. Reduction of Non-GF/GP Fund Sources to Reflect Actual Revenue. The budget adjusts a number of non-GF/GP fund sources to more accurately reflect their actual revenue and expenditure levels.

Gross	(2,833,400)
IDG	(2,053,400)
Federal	(500,000)
Restricted	(280,000)
GF/GP	0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

5. Removal of FY 2016-17 Supplemental Appropriations. The budget does not include the following FY 2016-17 items that were included in supplemental appropriations bills throughout the year: \$100.0 million in Federal Water Infrastructure for Improvements to the Nation Act funds that were primarily directed toward the Flint water emergency, \$1.8 million in Drinking Water Declaration of Emergency Reserve Fund and Federal funds for training and technical assistance at the Flint water plant, \$225,000 GF/GP for engineering studies on dredging the Saginaw River, and \$3.3 million from the Drinking Water Declaration of Emergency Reserve Fund for connection costs to a backup water supply (Karegnondi Water Authority) for the City of Flint.

Gross	(105,325,000)
Federal	(100,335,600)
Restricted	(4,764,400)
GF/GP	(225,000)

6. Removal of FY 2016-17 One-Time Appropriations. The budget removes a number of FY 2016-17 one-time appropriations, and moves one item from one-time to ongoing. Further detail is available in the One-Time Appropriations table on page 100.

FTE	(10.0)
Gross	(13,100,100)
Restricted	(700,100)
GF/GP	(12,400,000)

E. FUNDING SHIFTS

1. Air Quality Program. The budget removes \$1.4 million in Environmental Pollution Prevention Fund revenue that is no longer available and replaces it with GF/GP funding.

Gross	0
Restricted	(1,362,000)
GF/GP	1,362,000

2. Municipal Assistance. The budget shifts \$2.4 million in appropriation authority from the Water Pollution Control Revolving Fund to Federal funds to accurately reflect expenditures.

Gross	0
Federal	2,372,900
Restricted	(2,372,900)
GF/GP	0

3. Surface Water. The budget shifts \$682,200 in appropriation authority from the Water Pollution Control Revolving Fund to Federal funds to accurately reflect expenditures.

Gross	0
Federal	682,200
Restricted	(682,200)
GF/GP	0

4. Information Technology Services and Projects. The budget shifts \$36,200 in appropriation authority from the Water Pollution Control Revolving Fund to Federal funds to accurately reflect expenditures.

Gross	0
Federal	36,200
Restricted	(36,200)
GF/GP	0

F. PROGRAM TRANSFERS - NONE

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

G. OTHER ISSUES

<p>1. Oil, Gas, and Mineral Services. The budget includes one-time GF/GP funding to support this program, which regulates the extraction of natural resources in Michigan. Low fuel prices have created a structural funding deficit in the program. This item also was included as a one-time appropriation in FY 2016-17.</p>	<p>Gross 4,000,000 GF/GP 4,000,000</p>
<p>2. Drinking Water Declaration of Emergency. The budget includes a one-time placeholder from the Drinking Water Declaration of Emergency Reserve Fund for potential future contingency fund transfers to the DEQ budget using this fund source. This item also was included as a one-time appropriation in FY 2016-17.</p>	<p>Gross 100 Restricted 100 GF/GP 0</p>
<p>3. Renaming Laboratory Services IDT. The budget reclassifies the interdivisional transfer (IDT) for laboratory services as a restricted fund. This item results in no net change to the budget.</p>	<p>Gross 0 IDG (4,115,100) Restricted 4,115,100 GF/GP 0</p>
<p>4. Removal of FY 2016-17 Employee Lump-Sum Payments. The budget removes lump sum payments to employees that were included as part of the FY 2016-17 budget.</p>	<p>Gross (1,205,300) IDG (43,000) Federal (286,600) Restricted (665,600) GF/GP (210,100)</p>

H. UNCLASSIFIED SALARIES

<p>The budget increases Gross funding for the unclassified salaries line item from \$754,000 to \$776,600.</p>	<p>Gross 22,600 Restricted 16,100 GF/GP 6,500</p>
--	--

I. FEE INCREASES - NONE

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	2,709,300
IDG	86,300
Federal	593,700
Restricted	1,512,700
GF/GP	516,600

K. ONE-TIME APPROPRIATIONS

The budget identifies \$19,400,100 million of FY 2017-18 one-time appropriations, shifts \$2,950,000 of appropriations from one-time to ongoing, and eliminates \$10,150,100 million of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2017-18		
Drill Core Storage Facility	\$500,000	\$500,000
Drinking Water Declaration of Emergency	100	0
Oil, Gas, and Mineral Services	4,000,000	4,000,000
Refined Petroleum Product Cleanup Program	14,900,000	0
Subtotal	\$19,400,100	\$4,500,000
 FY 2017-18		
Water Pollution Control and Drinking Water Revolving Fund from One-Time to Ongoing	(\$2,950,000)	(\$2,950,000)
Subtotal	(\$2,950,000)	(\$2,950,000)

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

FY 2016-17

Contaminated Lake and River Sediment Cleanup Program	(\$700,000)	\$0
Drinking Water Declaration of Emergency	(5,400,100)	(5,400,000)
Oil, Gas, and Mineral Services	(4,000,000)	(4,000,000)
Saginaw River Dredging Project - Phase I	(50,000)	(50,000)
Subtotal	(\$10,150,100)	(\$9,450,000)

L. VETOES

Drill Core Storage Facility. The Governor vetoed \$500,000 one-time GF/GP for this new program.

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

**EXECUTIVE OFFICE
P.A. 107 of 2017 – ARTICLE VIII**

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

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Executive Office Operations. The budget includes an overall increase of 3.0% to reflect actual costs of operations and expenditures for the Executive Office. Total funding for the Executive Office is \$6,848,500 for FY 2017-18.

Gross	200,000
GF/GP	200,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

Office of Urban Initiatives. The budget transfers all funding and 5.0 FTEs for this office to the Executive Office from the Department of Technology, Management, and Budget. The Office of Urban Initiatives focuses on economic impact and job growth initiatives in urban and metropolitan areas.

FTE	5.0
Gross	1,012,200
GF/GP	1,012,200

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES

There is no increase for the unclassified salaries line item for FY 2017-18; it remains at a Gross appropriations level of \$1,307,300.

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

There are no economic adjustments for the Executive Office in FY 2017-18.

K. VETOES - NONE

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
P.A. 107 of 2017 – ARTICLE X**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	15,597.5	15,614.5	15,339.4	15,466.0	15,611.5	14.0	0.1
GROSS	24,979,554,400	25,537,414,500	25,401,201,500	25,171,747,000	25,444,884,600	465,330,200	1.9
Less:							
Interdepartmental Grants Received	13,513,700	13,640,900	13,640,900	13,640,900	13,640,900	127,200	0.9
ADJUSTED GROSS	24,966,040,700	25,523,773,600	25,387,560,600	25,158,106,100	25,431,243,700	465,203,000	1.9
Less:							
Federal Funds	18,120,036,000	18,351,244,100	18,346,518,000	18,105,315,100	18,364,898,000	244,862,000	1.4
Local and Private	276,848,900	268,624,300	263,144,200	266,906,900	266,421,000	(10,427,900)	(3.8)
TOTAL STATE SPENDING	6,569,155,800	6,903,905,200	6,777,898,400	6,785,884,100	6,799,924,700	230,768,900	3.5
Less:							
Other State Restricted Funds	2,226,266,900	2,442,169,800	2,426,832,800	2,442,169,800	2,434,439,800	208,172,900	9.4
GENERAL FUND/GENERAL PURPOSE	4,342,888,900	4,461,735,400	4,351,065,600	4,343,714,300	4,365,484,900	22,596,000	0.5
PAYMENTS TO LOCALS	1,335,730,700	1,371,570,500	1,352,891,200	1,361,256,600	1,356,864,000	21,133,300	1.6

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

1. Employment First Program. The budget includes funding to implement the Employment First program pursuant to Executive Order 2015-15 by allowing for the service provider community to promote employment for individuals with disabilities.	Gross GF/GP	500,000 500,000
2. Michigan Cornerstore Initiative. The budget includes placeholder funding for this program.	Gross GF/GP	100 100
3. Early Primary Care Pilot Program. The budget funds this program, which will place physicians in medically underserved areas.	Gross GF/GP	1,000,000 1,000,000
4. Indigent Primary Care and Dental Care Clinics. The budget included funding for clinics operated by Team Cares Inc. in Wayne County. The Governor vetoed this funding.	Gross GF/GP	300,000 300,000
5. Prenatal Diagnosis Clearinghouse Website. The budget includes one-time funding for this clearinghouse, which will provide information on prenatally diagnosed conditions.	Gross GF/GP	150,000 150,000
6. Adult Home Help Electronic Verification. The budget includes funding for a new verification program aimed to reduce fraud in the Adult Home Help program.	Gross Federal GF/GP	1,475,000 1,350,000 125,000
7. Direct Primary Care Pilot. The budget includes funding to support a direct primary care pilot program.	Gross Federal GF/GP	5,724,000 3,708,000 2,016,000
8. Medical Marihuana Regulatory Revenue. The budget includes additional revenue from the regulation of medical marihuana facilities that will be used to increase access to substance use disorder services.	Gross Federal Restricted GF/GP	3,263,200 1,839,300 1,423,900 0

B. PROGRAM INCREASES

1. Changes in Federal Authorization. The budget includes several changes to Federal authorization, including a new field operations nutrition grant and an increase in aging nutrition services grants, which result in a net increase in funding.	Gross Federal GF/GP	20,446,200 20,446,200 0
---	---------------------------	-------------------------------

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

2. Phase 2 of Integrated Service Delivery. The budget continues funding to enhance the delivery of public services of the Department of Health and Human Services (DHHS) through information technology. Of the total funding, \$41.6 million is Federal funding.	FTE Gross Federal GF/GP	27.0 45,089,800 41,575,300 3,514,500
3. Additional Finance and Accounting Staff. The budget includes an increase in the finance and accounting staff in order to deal with the complexity of the integration of the accounts from the former Department of Community Health and the former Department of Human Services into the single Department of Health and Human Services budget.	FTE Gross Federal GF/GP	19.0 1,824,900 912,400 912,500
4. Implementation of Genetic Parentage Act. The budget includes funding for expanded implementation of the Genetic Parentage Act, Public Act 365 of 2014. The funding supports approximately 2,000 additional tests to determine genetic parentage in collection locations other than a prosecuting attorney's office.	Gross Federal GF/GP	248,000 163,700 84,300
5. Food Bank MASS Program Funding. The budget includes one-time support for the Food Bank Council of Michigan to implement an enhancement of the Michigan Agricultural Surplus System (MASS) and purchase food for 3.0 million additional meals.	Gross GF/GP	184,000 184,000
6. Increase in Emergency Shelter Per Diem Rate. The budget includes funding to increase the per diem rate for emergency shelters from \$12 to \$16. This is the first half of a planned \$8 increase over a two-year period.	Gross Federal GF/GP	3,744,800 1,497,900 2,246,900
7. Adoption Savings Reinvestment. The budget includes a General Fund increase to recognize a reinvestment of savings due to the Federal government's expansion of the eligibility for Title IV-E cases.	Gross Federal GF/GP	811,600 (817,500) 1,629,100
8. Prosecuting Attorney Rate Increase. The budget includes a standard rate of \$175 per hour for a prosecuting attorney's or assistant prosecuting attorney's time. Before a standard rate was set, prosecuting attorneys were reimbursed based on actual costs for overhead and staff time.	Gross Federal GF/GP	817,800 817,800 0
9. Foster Parent and Youth Support Expansion. The budget includes funding to implement regional resource teams to facilitate the retention and attraction of foster parents. Additionally, the budget includes funding for the Michigan Youth Opportunity Initiative, which provides enhanced services to foster children preparing to "age-out" of care.	FTE Gross GF/GP	11.0 3,591,400 3,591,400

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

10. Changes in Foster Care Private Agency Administrative Rates. The budget includes funding to increase the per diem rates for several types of child welfare services, including nonprofit private agency general foster care, treatment foster care, independent living, independent living program plus, trial reunification, and residential placements.	Gross Federal GF/GP	14,200,000 5,290,000 8,910,000
11. Funding to Facilitate Licensure of Relative Caregivers. The budget includes funding to increase the rates paid to nonprofit private agency foster care agencies to seek foster care licensure for relative caregivers. The rate for placement within 180 days was increased from \$2,300 to \$4,500.	Gross GF/GP	1,000,000 1,000,000
12. Federal Juvenile Justice Prison Rape Elimination Act (PREA). The budget includes funding to increase the number of direct care employees by 10.0 FTEs (5.0 FTEs each at Bay Pines Center and Shawono Center) in order to decrease the juvenile-to-staff ratio to comply with the Federal requirements under the PREA.	FTE Gross Federal Local GF/GP	10.0 980,400 56,400 462,000 462,000
13. Increase in Multicultural Services Funding. The budget increases funding for multicultural services provided through organizations in southeastern Michigan.	Gross GF/GP	2,000,000 2,000,000
14. Farmers Market Wireless Equipment Purchase. The budget includes one-time funding to cover the cost of purchasing wireless equipment.	Gross Federal GF/GP	500,000 250,000 250,000
15. Refugee Services Grant. The budget includes one-time funding to support a refugee services program operated by the Chaldean Ladies of Charity.	Gross GF/GP	150,000 150,000
16. Increase in Department of Corrections (DOC) Contract for Eligibility Specialists. The budget reflects an increase in the interdepartmental grant (IDG) from the DOC to cover the cost of processing applications and providing case management for prisoners returning to the community.	Gross IDG GF/GP	14,800 14,800 0
17. Expansion of Pathways to Potential Program. The budget funds an expansion of the Pathways to Potential program.	FTE Gross Federal GF/GP	45.0 4,919,100 2,022,500 2,896,600

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

18. Increase in Adult Services Staffing. The budget includes an increase in adult services staffing to reduce caseload ratios to 200-1.	FTE	95.0
	Gross	11,286,700
	Federal	3,189,500
	GF/GP	8,097,200
19. Annualization of Hawthorn Center Funding Increase. The budget includes full-year funding for the transitional unit at the Hawthorn Center. This unit was opened on July 1, 2017.	Gross	3,750,000
	Federal	2,343,000
	GF/GP	1,407,000
20. Special Olympics Funding. The budget includes a one-time grant for a Special Olympics program in Grand Traverse County.	Gross	100,000
	GF/GP	100,000
21. Oakland Hope Food Pantry. The budget includes a one-time grant to the Oakland Hope Food Pantry.	Gross	100,000
	GF/GP	100,000
22. Section 298 Pilot Programs and Demonstration Models. The budget includes an increase over the FY 2016-17 supplemental amount for implementation of behavioral health integration pilot programs and demonstration projects outlined in Section 298 of Public Act 107 of 2017. The total funding for FY 2017-18 is \$3,088,200 Gross and \$1.0 million GF/GP.	Gross	277,400
	Federal	277,400
	GF/GP	0
23. Medicaid Behavioral Health Services Base and Caseload. Funding for traditional Medicaid mental health and substance abuse services is increased based on the consensus estimate agreed to in May 2017.	Gross	12,028,100
	Federal	8,055,200
	GF/GP	3,972,900
24. Healthy Michigan Plan Behavioral Health Cost Adjustment. Funding for expansion Medicaid mental health and substance abuse services is increased based on the consensus estimate agreed to in May 2017.	Gross	1,928,900
	Federal	1,128,700
	GF/GP	800,200
25. Medicaid Autism Services Base Adjustment. Funding for Medicaid autism services is increased based on the consensus estimate. The funding also includes a 12.0% increase in the fee schedule.	Gross	16,792,400
	Federal	11,104,800
	GF/GP	5,687,600
26. Traditional Medicaid Behavioral Health Actuarial Soundness Adjustment. The State is required to pay actuarially sound capitation rates for Medicaid managed care services. The actuarial soundness increase for traditional Medicaid behavioral health services is 1.0%.	Gross	23,238,000
	Federal	15,053,600
	GF/GP	8,184,400

	FY 2017-18 Change From FY 2016-17 Year-to-Date
27. Expansion Medicaid Behavioral Health Actuarial Soundness Adjustment. The State is required to pay actuarially sound capitation rates for Medicaid managed care services. The actuarial soundness increase for Healthy Michigan Plan behavioral health services is 1.0%.	Gross 2,655,400 Federal 2,502,700 GF/GP 152,700
28. Behavioral Health Direct Care Worker Wage Pass-Through. The budget includes funding for a \$0.50 per hour wage increase for direct care workers providing Medicaid behavioral health services.	Gross 45,000,000 Federal 30,838,500 GF/GP 14,161,500
29. State Facility Pharmacy Inflation. The budget includes funding to cover a 5.0% assumed increase in pharmaceutical costs at State facilities.	Gross 312,100 Federal 9,600 Local 22,500 Restricted 23,100 GF/GP 256,900
30. Increase in State Facility Staffing. The budget includes additional staffing for State psychiatric facilities to address staffing shortages and safety concerns.	FTE 72.0 Gross 7,173,200 Federal 2,308,900 GF/GP 4,864,300
31. Island Clinic Funding. The budget includes increased funding for clinics on Mackinac Island and Beaver Island.	Gross 200,000 GF/GP 200,000
32. Additional Newborn Screening Fee Revenue. The budget reflects a 2.3% inflationary increase in newborn screening fees.	Gross 343,700 Restricted 343,700 GF/GP 0
33. Adjustment in Lead State Children's Health Insurance Program (SCHIP) Funding. The budget reflects a slight increase in administrative funds for lead abatement projects in Flint and other high-risk communities. Total funding is \$23.5 million Federal.	Gross 10,000 Federal 10,000 GF/GP 0
34. Expansion of Vapor Intrusion Services. The budget annualizes funding for efforts to combat vapor intrusion.	FTE 6.5 Gross 815,000 GF/GP 815,000

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

35. Population Health Initiatives. The budget includes funding for a number of population health initiatives, including a public health drinking water initiative, toxicology staff expansion, and child lead prevention. These programs are financed with Healthy Michigan Fund revenue.	FTE Gross Restricted GF/GP	24.5 4,178,500 4,178,500 0
36. Recommendations of the Child Lead Poisoning Board. The budget includes one-time funding to implement these recommendations.	Gross GF/GP	1,250,000 1,250,000
37. Private Funding for Dental Programs. The budget reflects a grant from Delta Dental to support fluoridation equipment and dental sealant services.	Gross Private GF/GP	250,000 250,000 0
38. Increased Funding for the Kidney Foundation. The budget includes additional funding for this organization.	Gross GF/GP	200,000 200,000
39. Funding for "Kids Kicking Cancer" Program. The budget includes funding for an anti-opioid program run by this group.	Gross GF/GP	305,000 305,000
40. Pediatric Traumatic Brain Injury (TBI) Services. The budget included new funding for TBI assessment and treatment software for hospitals. The Governor vetoed this item.	Gross GF/GP	1,000,000 1,000,000
41. Increased Funding for Real Alternatives Program. The budget includes an increase in funding for this program to \$650,000, with a shift in funding from GF/GP revenue to Temporary Assistance for Needy Families (TANF) support.	Gross Federal GF/GP	250,000 650,000 (400,000)
42. Increased Funding for Upper Peninsula Emergency Medical Services (EMS). The budget increased funding for Upper Peninsula EMS services. The Governor vetoed this increase.	Gross GF/GP	182,000 182,000
43. Children's Special Health Care Services (CSHCS) Medical Care and Treatment Base Funding. The budget reflects the May 2017 consensus on CSHCS spending.	Gross Federal GF/GP	7,125,500 3,742,500 3,383,000
44. Increased Restricted Respite Care Revenue. The budget reflects increased Restricted dollars used to support senior respite care services.	Gross Restricted GF/GP	600,000 600,000 0

		FY 2017-18 Change From FY 2016-17 Year-to-Date	
45. Funding to Reduce Wait Lists for Senior Services.	The budget includes \$1.5 million for senior nutrition services and \$2.1 million for senior in-home services with the goal of eliminating waiting lists for these programs.	Gross	3,563,600
		GF/GP	3,563,600
46. Dental Registry Funding.	The budget includes funding to support a dental registry.	Gross	500,000
		GF/GP	500,000
47. Traditional Medicaid Base and Caseload.	The budget reflects the May 2017 consensus agreement on adjustments to the traditional Medicaid line items.	Gross	281,662,300
		Federal	173,212,200
		Local	(74,900)
		Restricted	5,049,400
		GF/GP	103,475,600
48. Healthy Michigan Plan Base and Caseload.	The budget reflects the May 2017 consensus agreement on adjustments to the Healthy Michigan Plan line item. The program caseload is expected to exceed 660,000.	Gross	249,808,400
		Federal	236,978,700
		Restricted	(187,500)
		GF/GP	13,017,200
49. Physician Adjustor and Specialty Network Access Fee (SNAF) Adjustments.	The budget includes adjustments to fee-for-service and managed care payments made to publically affiliated clinics through the Physician Adjustor and SNAF programs.	Gross	19,624,700
		Federal	9,976,600
		Local	156,900
		Restricted	9,491,200
		GF/GP	0
50. Hospital Rate Adjustor Payments.	The budget includes a shift in Hospital Rate Adjuster payments made through Medicaid managed care organizations.	Gross	25,898,800
		Federal	(12,830,700)
		Restricted	99,064,300
		GF/GP	(60,334,800)
51. Long-Term Care Quality Assurance Assessment Program (QAAP) Impact on Healthy Michigan Plan.	The budget includes a technical adjustment tied to the impact of QAAP dollars on the expansion Medicaid line.	Gross	5,000,000
		Federal	4,712,500
		Restricted	287,500
		GF/GP	0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

52. Traditional Medicaid Actuarial Soundness. The State is required to pay actuarially sound rates to Medicaid managed care organizations. The budget includes a 1.0% adjustment for traditional Medicaid actuarial soundness.	Gross Federal GF/GP	39,156,300 25,365,400 13,790,900
53. Expansion Medicaid Actuarial Soundness. The State is required to pay actuarially sound rates to Medicaid managed care organizations. The budget includes a 1.0% adjustment for expansion Medicaid actuarial soundness.	Gross Federal GF/GP	21,551,100 20,311,900 1,239,200
54. Increase in Medicaid Immunization Funding. The budget includes an increase for the iVaccinate program.	Gross GF/GP	240,000 240,000
55. Full-Year Impact of the Ambulance QAAP. The budget reflects full-year costs for the ambulance QAAP that is assumed in the budget.	Gross Federal Restricted GF/GP	36,666,500 26,882,700 12,209,900 (2,426,100)
56. Expansion of Medicaid Nonemergency Transportation Services. The budget includes an initiative to expand Medicaid nonemergency transportation using an approach focused on public transportation.	Gross Federal GF/GP	1,419,600 919,600 500,000
57. Expansion of Nursing Home QAAP. The budget includes an increase in the nursing home QAAP to fund a new quality pool.	Gross Federal Restricted GF/GP	73,000,000 47,289,400 33,954,300 (8,243,700)
58. Primary Care Grant to Oaklawn Hospital. The budget includes a grant to support primary care services provided by Oaklawn Hospital.	Gross GF/GP	850,000 850,000
59. Increased Reimbursement for Medicaid Neonatology Services. The budget increases Medicaid neonatology rates to 75% of Medicare rates.	Gross Federal GF/GP	4,215,100 2,730,500 1,484,600
60. Hospice Funding. The budget includes an increase in room and board payments to certain hospitals to a total of \$3.0 million.	Gross GF/GP	500,000 500,000

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

- 61. **Guardianship Rate Increase.** The budget funds an increase in guardianship reimbursement from \$83 per month to \$95 per month.
- 62. **Increase in Illinois Payment to Support Michigan/Illinois Medicaid Computer System Alliance.** The budget recognizes additional funding from the State of Illinois to cover the costs of that state's use of Michigan's Medicaid computer system.

Gross	1,419,600
Federal	919,600
GF/GP	500,000
Gross	5,000,000
Private	5,000,000
GF/GP	0

C. PROGRAM ELIMINATIONS

- 1. **Removal of One-Time MiSACWIS Funding.** The budget reflects the removal of the one-time funding for the Michigan Statewide Automated Child Welfare Information System (MiSACWIS). This increased funding included hardware/software purchases, consulting service fees, and employee costs.
- 2. **Elimination of Family Independence Program (FIP) Drug Testing Pilot.** The budget removes funding for a now-completed FIP drug testing pilot.
- 3. **Health Innovation Grants.** The budget removes funding for this program.
- 4. **Alzheimer's Pilot Project.** The budget removes funding that supported the final year of a three-year Alzheimer's Disease pilot project.
- 5. **Healthy Michigan Plan Incentive Funding.** The budget ends a program that informed residents about Healthy Michigan Plan health incentives.

Gross	(11,538,600)
Federal	(5,769,300)
GF/GP	(5,769,300)
Gross	(250,000)
GF/GP	(250,000)
Gross	(1,000,000)
GF/GP	(1,000,000)
Gross	(150,000)
GF/GP	(150,000)
Gross	(1,000,000)
Federal	(480,000)
GF/GP	(520,000)

D. PROGRAM REDUCTIONS

- 1. **Adjustment of Revenue Sources to Actual Amounts Received.** The budget reduces various non-GF/GP fund sources to reflect actual revenue received.

Gross	(33,640,400)
Federal	(14,152,400)
Local	(6,544,500)
Private	(10,160,800)
Restricted	(2,782,700)
GF/GP	0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

<p>2. Changes in One-Time Flint Drinking Water Declaration of Emergency Funding. The budget removes one-time funding of \$15.1 million related to the Drinking Water Declaration of Emergency in Flint, but replaces it with new one-time funding of \$14.0 million for the Flint area using surplus Healthy Michigan Fund and other revenue. This funding may be used for such activities as nutrition assistance, epidemiological analysis and case management, support for children's health care access and programming, nursing services, field operations costs, lead poisoning surveillance, nutritional incentives provided through the Double Up Food Bucks Expansion Program, and water tests performed by food inspectors.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">FTE</td> <td style="text-align: right;">4.5</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">(1,096,400)</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">(2,070,000)</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">8,387,800</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">(7,414,200)</td> </tr> </table>	FTE	4.5	Gross	(1,096,400)	Federal	(2,070,000)	Restricted	8,387,800	GF/GP	(7,414,200)
FTE	4.5										
Gross	(1,096,400)										
Federal	(2,070,000)										
Restricted	8,387,800										
GF/GP	(7,414,200)										
<p>3. Reversal of FY 2016-17 Boilerplate Appropriations. The budget does not reflect \$46.4 million Gross in FY 2016-17 information technology adjustments that were made via boilerplate authorization, or \$31,339,900 Gross of FY 2016-17 contingency fund transfers.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Gross</td> <td style="text-align: right;">(77,739,900)</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">(77,227,600)</td> </tr> <tr> <td>Private</td> <td style="text-align: right;">(212,300)</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">(300,000)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">0</td> </tr> </table>	Gross	(77,739,900)	Federal	(77,227,600)	Private	(212,300)	Restricted	(300,000)	GF/GP	0
Gross	(77,739,900)										
Federal	(77,227,600)										
Private	(212,300)										
Restricted	(300,000)										
GF/GP	0										
<p>4. Removal of One-Time Michigan 2-1-1 Funding. The budget removes \$300,000 of one-time funding for this nonprofit information resource center, which connects callers to services and resources.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Gross</td> <td style="text-align: right;">(300,000)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">(300,000)</td> </tr> </table>	Gross	(300,000)	GF/GP	(300,000)						
Gross	(300,000)										
GF/GP	(300,000)										
<p>5. Removal of FY 2016-17 Supplemental Funding for Hope Network. The budget deletes the one-time funding for Hope Network included in Public Act 340 of 2016.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Gross</td> <td style="text-align: right;">(500,000)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">(500,000)</td> </tr> </table>	Gross	(500,000)	GF/GP	(500,000)						
Gross	(500,000)										
GF/GP	(500,000)										
<p>6. Elimination of Hope Network Renovation Funding. The budget omits the \$250,000 infrastructure grant provided to the Hope Network for renovation of an Ottawa County facility.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Gross</td> <td style="text-align: right;">(250,000)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">(250,000)</td> </tr> </table>	Gross	(250,000)	GF/GP	(250,000)						
Gross	(250,000)										
GF/GP	(250,000)										
<p>7. Child Welfare Services Base and Caseload Adjustments. The May 2017 caseload consensus provides funding for 5,800 foster care cases at an average annual cost per case of \$29,933. The May 2017 caseload consensus recognized a reduction in the adoption subsidy caseload, adjusting the projection to 23,406 cases with a monthly cost per case of \$732.07. The budget includes caseload consensus adjustments that were determined in May for a projected total annual cost to the State of \$187.2 million. The May caseload consensus provides funding for an average of 1,200 guardianship assistance cases per month. The revised monthly cost per case is \$778.15.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Gross</td> <td style="text-align: right;">(15,352,600)</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">(5,847,500)</td> </tr> <tr> <td>Local</td> <td style="text-align: right;">(248,800)</td> </tr> <tr> <td>Private</td> <td style="text-align: right;">454,700</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">(9,711,000)</td> </tr> </table>	Gross	(15,352,600)	Federal	(5,847,500)	Local	(248,800)	Private	454,700	GF/GP	(9,711,000)
Gross	(15,352,600)										
Federal	(5,847,500)										
Local	(248,800)										
Private	454,700										
GF/GP	(9,711,000)										

		FY 2017-18 Change From FY 2016-17 Year-to-Date	
8. Removal of FY 2016-17 Supplemental Payments to Counties.	The budget removes funding in Public Act 340 of 2016 that compensated certain counties for unreimbursed portions of their child care fund for fiscal year 2015-16. The funds were intended to remedy unpaid disputed billings and to ensure financial stability for county child care funds.	Gross GF/GP	(5,000,000) (5,000,000)
9. Removal of Start-Up Costs for Kent County Pilot.	The budget removes start-up costs for the West Michigan Partnership for Children consortium as the case rate payments are scheduled to begin at the start of fiscal year 2017-18.	Gross GF/GP	(335,000) (335,000)
10. Removal of One-Time Family Preservation Funding.	The budget removes one-time funding that expanded family preservation and support services to additional counties and expanded the Family Reunification Program to several counties in northern Michigan.	FTE Gross Federal GF/GP	(1.0) (6,098,200) (6,098,200) 0
11. Maxey Maintenance Costs.	The budget reflects that the ongoing maintenance costs for the shuttered W.J. Maxey facility are less than initially anticipated.	Gross GF/GP	(250,000) (250,000)
12. Public Assistance Base and Caseload Adjustments.	The May 2017 caseload consensus included adjustments to funding for the Family Independence Program, State Disability Assistance, and Supplemental Security Income (SSI). These agreed-upon adjustments are reflected in the budget.	Gross Federal Restricted GF/GP	(9,089,700) (3,722,100) (346,600) (5,021,000)
13. "Heat and Eat" Program Funding.	The budget uses \$2.5 million GF/GP plus \$4,266,800 in unused "Heat and Eat" carryforward funding from FY 2016-17 to continue program funding at the \$6,766,800 level appropriated in FY 2016-17.	Gross GF/GP	(4,266,800) (4,266,800)
14. Removal of Refugee Services Enhancement Funding.	The budget does not include continuation of funding contained in an FY 2016-17 supplemental for refugee services.	Gross GF/GP	(1,000,000) (1,000,000)
15. Reduction in Emergency Services Funding.	The budget reduces emergency services funding.	Gross Federal GF/GP	(1,000,000) (400,000) (600,000)
16. Removal of FY 2016-17 Statewide Funding for "Double Up Food Bucks".	The budget removes funding for statewide services from the "Double Up Food Bucks" program that was included in an FY 2016-17 supplemental.	Gross GF/GP	(750,000) (750,000)

	FY 2017-18 Change From FY 2016-17 Year-to-Date	
17. Reduction to SSI Legal Advocacy Contract. The budget reduces funding for this contract from \$500,000 to \$250,000.	Gross GF/GP	(250,000) (250,000)
18. Reduction in Mental Health and Wellness Commission Funding. The budget reflects a 10.0% reduction in funding to enact the recommendations of the Mental Health and Wellness Commission.	Gross Federal GF/GP	(2,205,000) (1,459,400) (745,600)
19. Civil Service Charges. The budget shifts funding from the DHHS to the civil services appropriation within the budget for the Department of Technology, Management, and Budget, to recognize a Purchase of State Services shortfall.	Gross GF/GP	(1,100,000) (1,100,000)
20. University Autism Funding. The budget reduces funding for autism programs at Central Michigan University, Eastern Michigan University, Michigan State University, Oakland University, and Western Michigan University from \$1.0 million to \$500,000. The funding is also shifted from ongoing to one-time.	Gross GF/GP	(500,000) (500,000)
21. Removal of FY 2016-17 Supplemental Funding for the Macomb Pre-Paid Inpatient Health Plan (PIHP). A FY 2016-17 supplemental included one-time funding for the Macomb PIHP. It is removed in the FY 2017-18 budget.	Gross GF/GP	(5,000,000) (5,000,000)
22. Removal of FY 2016-17 Supplemental Funding for Flint Drinking Water Office. The budget removes this partial one-time funding, but full-year funding is included among the population health initiatives described above.	FTE Gross GF/GP	(6.5) (1,443,500) (1,443,500)
23. Removal of FY 2016-17 Supplemental Funding for Toxicology and Response. The budget removes this partial one-time funding, but full-year funding is included among the population health initiatives described above.	FTE Gross GF/GP	(3.5) (376,400) (376,400)
24. Removal of FY 2016-17 Childhood Lead Funding. The budget removes one-time funding used to expand the Childhood Lead Prevention Program.	FTE Gross GF/GP	(1.5) (329,000) (329,000)
25. MedIncentive Program Funding. The budget omits supplemental funding used to support the MedIncentive program aimed at improving health outcomes for Healthy Michigan Plan participants.	Gross Federal GF/GP	(170,000) (68,400) (101,600)

		FY 2017-18 Change From FY 2016-17 Year-to-Date	
26. Removal of One-Time Integrated Services Delivery Funding.	The budget removes this one-time funding used to enhance the delivery of services to Michigan residents.	Gross	(36,922,500)
		Federal	(33,230,300)
		GF/GP	(3,692,200)
27. Reduction in Michigan Access to Care Initiative (MACI) Revenue.	The budget includes changes tied to the impact of the Medicare Upper Payment Limit on hospital payments made through the MACI program.	Gross	(169,700,000)
		Federal	(101,395,400)
		Restricted	(90,739,300)
		GF/GP	22,434,700
28. State Psychiatric Disproportionate Share Hospital (DSH) Payment.	The budget reflects the reduction of the State facility DSH payment to the maximum allowed under Federal law.	Gross	(20,088,000)
		Federal	(13,013,000)
		Restricted	(20,088,000)
		GF/GP	13,013,000
29. SCHIP Impact on Poison Control Funding.	The budget includes a technical adjustment to poison control funding tied to the reduction in the SCHIP match rate.	Gross	(3,500)
		Federal	(3,500)
		GF/GP	0
30. Removal of FY 2016-17 Supplemental Funding for Authority Health Graduate Medical Education (GME).	The budget removes this one-time payment made to Authority Health to cover GME costs.	Gross	(2,800,000)
		Federal	(1,400,000)
		GF/GP	(1,400,000)
31. Annualization of the Expiration of Actuarial Soundness Costs for the Managed Care Use Tax.	The FY 2016-17 budget included three months of the managed care use tax and the State had to reimburse Medicaid managed care organizations for their costs of the tax. This adjustment removes the final three months of funding.	Gross	(157,891,000)
		Federal	(116,240,400)
		GF/GP	(41,650,600)
32. Medicaid Pregnant Women Dental Enhancement.	The budget continues funding for this program, but, due to the reduced Medicaid match rate, reduces the Gross authorization.	Gross	(28,700)
		Federal	(28,700)
		GF/GP	0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

E. FUNDING SHIFTS

1. Change in Base Medicaid Match Rate for FY 2017-18. The base Medicaid match rate decreases from 65.15% to 64.78% in FY 2017-18, leading to an increase in GF/GP costs.	Gross Federal Local Restricted GF/GP	0 (62,018,600) 241,400 17,958,900 43,818,300
2. Change in Title XXI Match Rate for FY 2017-18. The Federal Title XXI match rate, used to support the MIChild program, decreases from 98.92% to 98.35% in FY 2017-18, increasing GF/GP costs.	Gross Federal GF/GP	0 (274,900) 274,900
3. Reduction in Federal Medicaid Expansion Match Rate for FY 2017-18. The expansion Medicaid match rate decreases from 95.0% to 94.0% on January 1, 2018, leading to an increase in GF/GP costs.	Gross Federal GF/GP	0 (55,224,500) 55,224,500
4. Swap of Temporary Assistance for Needy Families (TANF) Funding with GF/GP. The budget includes a fund source shift in the Child Welfare Field Staff line item and the Family Independence Program line item, with TANF revenue being used to offset GF/GP revenue to comply with Federal TANF rule interpretation.	Gross Federal GF/GP	0 10,939,200 (10,939,200)
5. Health Insurance Claims Assessment (HICA) Revenue and Rate Reversion. The HICA rate reverted to 1.0% on January 1, 2017. The budget reflects the annualization of this rate reversion. The budget also reflects increased available HICA revenue due to there being no need to pay any HICA rebate in calendar year 2017.	Gross Restricted GF/GP	0 79,607,900 (79,607,900)
6. Merit Award Trust Fund Revenue. The budget reflects an increase in available Merit Award Trust Fund revenue used to offset GF/GP support in Medicaid.	Gross Tobacco GF/GP	0 26,460,800 (26,460,800)
7. Healthy Michigan Fund Revenue. The budget assumes an increase in available Healthy Michigan Fund revenue used to offset GF/GP support in Medicaid.	Gross Restricted GF/GP	0 9,625,600 (9,625,600)

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

8. Certified Public Expenditure Revenue. The budget reflects reduced availability of Federal dollars through this program.	Gross Federal GF/GP	0 (2,720,800) 2,720,800
9. Assumed Continuation of Health Insurer Fee Moratorium. The Federal health insurer fee was suspended in calendar year 2017. The FY 2017-18 budget assumes continued suspension of the fee, and then shifts HICA dollars that would have been used to cover the fee to supplant GF/GP revenue in Medicaid.	Gross Restricted GF/GP	0 29,637,300 (29,637,300)
10. Reversal of FY 2016-17 Supplemental Adjustments Tied to Federal Overpayment. There was a \$34.0 million duplicate payment of Federal funds booked at the end of FY 2015-16. The FY 2016-17 supplemental corrected this overpayment and then also recognized increased accrued Restricted revenue of \$16.0 million to help reduce the GF/GP impact of this overpayment. The FY 2017-18 budget removes these adjustments as they were one-time adjustments.	Gross Federal Restricted GF/GP	0 34,000,000 (16,000,000) (18,000,000)
11. Swap in TANF from Reduction in Talent Investment Agency. The budget reflects a reduction in TANF spending in the Talent Investment Agency, freeing up TANF revenue to be used in the DHHS to offset GF/GP revenue.	Gross Federal GF/GP	0 1,200,000 (1,200,000)

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Adjustment of FTE Count to Actual. The budget adjusts the FTE count in various units to reflect the Department's actual on-board staff. This does not change the actual number of employees in the Department.	FTE Gross GF/GP	(288.0) 0 0
2. Savings from Funding Shift Tied to Department Merger. The budget reflects a \$1.0 million fund source shift between Federal revenue and GF/GP support in the Worker's Compensation line item to produce savings tied to the merger of the Departments of Community Health and Human Services.	Gross Federal GF/GP	0 1,000,000 (1,000,000)

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

3. Removal of FY 2016-17 Employee Lump-Sum Payments. Effective October 1, 2016, State employees received a 1.5% lump sum adjustment. The budget removes this adjustment.

Gross	(12,274,900)
IDG	(11,100)
Federal	(6,860,800)
Local	(78,200)
Private	(40,200)
Restricted	(183,500)
GF/GP	(5,101,100)

4. Adjustments to Program of All-Inclusive Care for the Elderly (PACE). The budget assumes an increase of \$17.5 million in PACE funding, with \$20.0 million being shifted over from the Long-Term Care services line. The net reduction is due to a lower per-member per-month adjustment of 1.0% instead of the 2.5% built into the original FY 2017-18 recommendation.

Gross	(2,452,100)
Federal	(1,591,700)
GF/GP	(860,400)

5. Shift of U-D Dental Clinic Funding. The budget continues funding for the University of Detroit Mercy Dental Clinic at \$2.0 million but shifts half of that funding from ongoing to one-time.

Gross	0
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$1,119,300 to \$1,153,000.

Gross	33,700
GF/GP	33,700

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	27,822,700
IDG	123,500
Federal	13,075,500
Local	282,700
Private	61,600
Restricted	496,400
GF/GP	13,783,000

K. ONE-TIME APPROPRIATIONS

The budget identifies \$25,114,700 of FY 2017-18 one-time appropriations and eliminates \$70.0 million of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2017-18		
Food Bank MASS Program	\$184,000	\$184,000
FY 2017-18 Drinking Water Declaration of Emergency.....	14,041,700	1,680,000
Child Lead Poisoning Elimination Board Recommendations	1,250,000	1,250,000
Shift of Half of U-D Dental Clinic Funding from Ongoing to One-Time	1,000,000	1,000,000
Direct Primary Care Pilot Program	5,724,000	2,016,000
Farmer's Market Wireless Equipment Purchase	500,000	250,000
Oakland Hope Food Pantry Program	100,000	100,000
Prenatal Diagnosis Clearinghouse Website	150,000	150,000
Primary Care Grant to Oaklawn Hospital	850,000	850,000
Refugee Assistance Grant to Chaldean Ladies of Charity	150,000	150,000
Special Olympics of Michigan.....	100,000	100,000
Autism Navigator.....	565,000	565,000
Shift of Remaining University Autism Funding from Ongoing to One-Time	500,000	500,000
Subtotal.....	\$25,114,700	\$8,795,000
FY 2016-17		
FY 2016-17 Drinking Water Declaration of Emergency.....	(\$15,138,100)	(\$9,094,200)
MiSACWIS Implementation	(11,538,600)	(5,769,300)
Demonstration Projects - Michigan 2-1-1	(300,000)	(300,000)
Family Preservation Funding	(6,098,200)	0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

Mobile Electronic Service Verification Study	(25,000)	(25,000)
Integrated Service Delivery.....	(36,922,500)	(3,692,200)
Subtotal.....	(\$70,022,400)	(\$18,880,700)

L. VETOES

1. Pediatric Traumatic Brain Injury Services. See item B.41. above.	Gross GF/GP	(1,000,000) (1,000,000)
2. Indigent Primary Care and Dental Care Clinics. See item A.4. above.	Gross GF/GP	(300,000) (300,000)
3. Muskegon Covenant House Academy. The Governor vetoed funding from the Youth in Transition line used to support this charter high school. This program was funded in FY 2016-17.	Gross GF/GP	(280,000) (280,000)
4. School Success Program. The Governor vetoed a boilerplate increase in funding for this program that was directed from the Pathways to Potential program increase.	Gross GF/GP	(75,000) (75,000)
5. Early Neighborhood Learning Collaborative. The Governor vetoed a boilerplate appropriation to this program that was directed from the Pathways to Potential program increase.	Gross GF/GP	(60,000) (60,000)
6. Genomic-Based Demonstration Project. The Governor vetoed a boilerplate appropriation of Federal opioid crisis funding. The money was to be used to develop a genomic-based demonstration project to predict opioid response and abuse in Kalamazoo County.	Gross Federal GF/GP	(850,000) (850,000) 0
7. Funding for Upper Peninsula Emergency Medical Services (EMS). See item B.43. above.	Gross GF/GP	(182,000) (182,000)

**HIGHER EDUCATION
P.A. 108 of 2017 – ARTICLE III**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	0.0	N/A	N/A	N/A	N/A
GROSS	1,587,640,400	1,637,224,400	1,630,224,400	1,621,124,400	1,629,224,400	41,584,000	2.6
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,587,640,400	1,637,224,400	1,630,224,400	1,621,124,400	1,629,224,400	41,584,000	2.6
Less:							
Federal Funds	106,526,400	111,526,400	111,526,400	111,526,400	111,526,400	5,000,000	4.7
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	1,481,114,000	1,525,698,000	1,518,698,000	1,509,598,000	1,517,698,000	36,584,000	2.5
Less:							
Other State Restricted Funds	237,209,500	235,743,500	235,743,500	235,743,500	238,443,500	1,234,000	0.5
GENERAL FUND/GENERAL PURPOSE	1,243,904,500	1,289,954,500	1,282,954,500	1,273,854,500	1,279,254,500	35,350,000	2.8
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of July 14, 2017.

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. University Operations. The Governor recommended an overall \$35.0 million GF/GP (2.5%) increase for university operations. The formula continues performance metrics used in FY 2016-17. Half of the funding increase is allocated proportional to FY 2010-11 (across-the-board). Prerequisites for receiving performance funding are continued. Tuition restraint is set at the greater of 3.8% or \$475. (In FY 2016-17, tuition restraint was 4.2%.) The Senate reduced the increase to \$28.0 million (2.0%), and the House reduced the increase to \$26.6 million (1.9%). Both the Senate and House concurred with the formula and tuition restraint recommended by the Governor. The Conference Committee concurred with the Senate. <u>Table 1</u> provides details of formula allocations and <u>Table 2</u> compares the recommendations of the Governor, Senate, and House by university and program.</p>	<p>Gross 28,000,000 GF/GP 28,000,000</p>
<p>2. MSU AgBioResearch. Michigan State University (MSU) AgBioResearch performs agricultural research to promote efficient production, marketing, distribution, and use of farm products. The budget includes a \$670,000 GF/GP (2.0%) increase, from \$33,243,100 to \$33,913,100.</p>	<p>Gross 670,000 GF/GP 670,000</p>
<p>3. MSU Extension. MSU Extension identifies and solves farm, home, and community problems through the practical application of research findings. MSU Extension operates Michigan's Expanded Food and Nutrition Education Program, serves as a resource for youth 4-H programs, and provides information on family financial planning. The budget includes a \$580,000 GF/GP (2.0%) increase for MSU Extension, increasing funding from \$28,672,600 to \$29,252,600.</p>	<p>Gross 580,000 GF/GP 580,000</p>
<p>4. Competitive Scholarships. Public Act 208 of 1964 established State competitive scholarships. Undergraduate students at Michigan two-year and four-year, public and private institutions are eligible for up to 10 semesters if they have financial need and a qualifying ACT score. The budget increases funding by \$8.0 million GF/GP (43.6%), from \$18,361,700 to \$26,361,700.</p>	<p>Gross 8,000,000 GF/GP 8,000,000</p>
<p>5. Tuition Grants. Public Act 313 of 1966 established Tuition Grants. Undergraduate students at Michigan two-year and four-year private institutions are eligible for up to 10 semesters, if they have financial need. The budget increases funding by \$3.0 million GF/GP (8.6%), from \$35,021,500 to \$38,021,500.</p>	<p>Gross 3,000,000 GF/GP 3,000,000</p>

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

6. Tuition Incentive Program (TIP). The TIP is a financial aid program targeted toward low-income middle school and high school students. It was established in FY 1986-87 through language in the Department of Social Services appropriation bill and was transferred to the Higher Education budget in FY 1992-93. The TIP provides an incentive to students to complete high school and go on to college by pledging to pay their tuition and fees for associate degree or certificate programs (Phase I), as well as up to \$2,000 at a four-year institution (Phase II). Students in grades 6 through 12 who are Michigan Medicaid-eligible for 24 months in a 36-consecutive-month period can qualify for TIP. The FY 2017-18 appropriation act for Higher Education (amendments to the State School Aid Act) includes a FY 2016-17 supplemental appropriation for TIP, bringing FY 2016-17 funding for TIP to \$58.0 million. The budget increases funding from the FY 2016-17 year-to-date appropriation of \$58.0 million to \$58.3 million, funded from Federal Temporary Assistance for Needy Families funds. A new program limitation was added to Section 256. Beginning in FY 2018-19, students enrolled in public universities will receive mandatory fees and a maximum per-credit payment that does not exceed three times the average community college in-district per-credit tuition rate for the immediately preceding academic year.

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

7. Michigan Public School Employees' Retirement System (MPERS). Adjustments for the seven universities (Central, Eastern, Ferris, Lake Superior, Michigan Tech, Northern, and Western) in MPERS include an increase of \$2,411,000 School Aid Fund (SAF) due to decreasing the assumed rate of return for the Unfunded Actuarial Accrued Liability (UAAL); a one-time increase of \$419,000 SAF due to decreasing the assumed rate of return for the normal cost offset; and \$2.7 million SAF to reflect changing the assumed payroll growth for the purposes of determining the UAAL from 3.5% to 2.0%.

Gross	5,530,000
Restricted	5,530,000
GF/GP	0

8. North American 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. State appropriations in university operation budgets have not kept pace with actual costs. In FY 2015-16, universities absorbed \$6.1 million of waiver costs. The budget includes a separate appropriation of \$300,000 GF/GP to partially offset the shortfall.

Gross	300,000
GF/GP	300,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. MPERS Savings. Adjustments for MPERS reflect a decrease of \$4,296,000 SAF due to investment gains and positive health experience.

Gross	(4,296,000)
Restricted	(4,296,000)
GF/GP	0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

2. MSU Diagnostic Center for Population and Animal Health (DCPAH). The FY 2017-18 budget eliminates the FY 2016-17 one-time \$500,000 GF/GP appropriation for the MSU DCPAH.

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

E. FUNDING SHIFTS

Tuition Incentive Program (TIP). The budget includes a \$4.7 million funding shift for the TIP, from GF/GP to Federal Temporary Assistance for Needy Families. This results in the entire program being supported by Federal funds.

Gross	0
Federal	4,700,000
GF/GP	(4,700,000)

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS

The budget identifies \$419,000 SAF of FY 2017-18 one-time appropriations and eliminates \$500,000 of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2017-18		
MPSERS Normal Cost Offset	\$419,000	\$0
Subtotal	\$419,000	\$0
 FY 2016-17		
MSU DCPAH	(\$500,000)	(\$500,000)
Subtotal	(\$500,000)	(\$500,000)

L. VETOES - NONE

Table 1: FY 2017-18 HIGHER EDUCATION APPROPRIATIONS

University	FY 2016-17 Year-To-Date Appropriation	FY 2017-18 Adjustments						FY 2017-18 Initial Appropriation	Dollar Change From 2016-17	Percent Change
		Proportional to FY 2010-11	Critical Skills	Research & Development	Metrics based on Carnegie Peers	Total Formula Distribution	Other Changes			
Central	\$83,925,500	\$789,842	\$158,115	\$14,384	\$766,577	\$1,728,900		\$85,654,400	\$1,728,900	2.1%
Eastern	73,593,800	749,372	166,040	3,870	656,842	1,576,100		75,169,900	1,576,100	2.1
Ferris	52,259,900	479,228	250,027	0	606,312	1,335,600		53,595,500	1,335,600	2.6
Grand Valley	68,227,900	610,887	248,864	0	1,012,401	1,872,200		70,100,100	1,872,200	2.7
Lake Superior	13,567,400	125,124	32,422	0	50,095	207,600		13,775,000	207,600	1.5
Michigan State	275,862,100	2,796,217	546,758	402,143	1,631,916	5,377,000		281,239,100	5,377,000	1.9
Michigan Tech	48,097,500	472,377	169,898	64,071	248,370	954,700		49,052,200	954,700	2.0
Northern	46,279,200	444,937	103,510	0	309,738	858,200		47,137,400	858,200	1.9
Oakland	49,920,700	500,342	223,628	10,708	580,516	1,315,200		51,235,900	1,315,200	2.6
Saginaw Valley	29,114,000	273,236	85,692	0	293,171	652,100		29,766,100	652,100	2.2
UM-Ann Arbor	308,639,000	3,117,245	558,932	859,599	1,414,327	5,950,100		314,589,100	5,950,100	1.9
UM-Dearborn	24,803,300	243,720	80,624	0	294,295	618,600		25,421,900	618,600	2.5
UM-Flint	22,549,300	205,987	107,069	0	199,405	512,500		23,061,800	512,500	2.3
Wayne State	196,064,500	2,111,036	176,544	179,984	637,692	3,105,300		199,169,800	3,105,300	1.6
Western	107,440,900	1,080,450	202,988	20,796	631,677	1,935,900		109,376,800	1,935,900	1.8
Subtotal University Operations:	\$1,400,345,000	\$14,000,000	\$3,111,111	\$1,555,556	\$9,333,333	\$28,000,000	\$0	\$1,428,345,000	\$28,000,000	2.0%
MPSERS Reimbursement	\$5,890,000						\$815,000	\$6,705,000	\$815,000	13.8%
MSU AgBioResearch	33,243,100						670,000	33,913,100	670,000	2.0
MSU Extension	28,672,600						580,000	29,252,600	580,000	2.0
Higher Education Database	200,000						0	200,000	0	0.0
Midwest Higher Ed Compact	115,000						0	115,000	0	0.0
King-Chavez-Parks	2,691,500						0	2,691,500	0	0.0
MSU DCPAH Veterinary Lab (one-time)	500,000						(500,000)	0	(500,000)	(100.0)
MPSERS Normal Cost Hold Harmless (one-time)	0						419,000	419,000	419,000	--
MSU Animal Agriculture Initiative (one-time)	0						0	0	0	0.0
MSU Agriculture Workforce Initiative (one-time)	0						0	0	0	0.0
Total Universities	\$1,471,657,200	\$14,000,000	\$3,111,111	\$1,555,556	\$9,333,333	\$28,000,000	\$1,984,000	\$1,501,641,200	\$29,984,000	2.0%
School Aid Fund	237,109,500					0	1,234,000	238,343,500	1,234,000	0.5
State GF/GP	\$1,234,547,700	\$14,000,000	\$3,111,111	\$1,555,556	\$9,333,333	\$28,000,000	\$750,000	\$1,263,297,700	\$28,750,000	2.3%
Grants and Financial Aid										
State Competitive Scholarships	\$18,361,700						\$8,000,000	\$26,361,700	\$8,000,000	43.6%
Tuition Grants	35,021,500						3,000,000	38,021,500	3,000,000	8.6
Tuition Incentive Program (TIP)	58,000,000						300,000	58,300,000	300,000	0.5
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	0						300,000	300,000	300,000	--
Total Grants/Financial Aid	\$115,983,200						\$11,600,000	\$127,583,200	\$11,600,000	10.0%
Federal Higher Ed Act	3,200,000						0	3,200,000	0	0.0
Federal TANF	103,326,400						5,000,000	108,326,400	5,000,000	4.8
Veterans Tax Check-off	100,000						0	100,000	0	0.0
State GF/GP	\$9,356,800						\$6,600,000	\$15,956,800	\$6,600,000	70.5%
TOTAL HIGHER EDUCATION										
TOTAL ALL FUNDS	\$1,587,640,400	\$14,000,000	\$3,111,111	\$1,555,556	\$9,333,333	\$28,000,000	\$13,584,000	\$1,629,224,400	\$41,584,000	2.6%
TOTAL FEDERAL	106,526,400	0	0	0	0	0	5,000,000	111,526,400	5,000,000	4.7
TOTAL STATE RESTRICTED	237,209,500	0	0	0	0	0	1,234,000	238,443,500	1,234,000	0.5
TOTAL STATE GF/GP	\$1,243,904,500	\$14,000,000	\$3,111,111	\$1,555,556	\$9,333,333	\$28,000,000	\$7,350,000	\$1,279,254,500	\$35,350,000	2.8%

Table 2: FY 2017-18 Higher Education Appropriation

University	FY 2016-17 Year-To-Date	Governor			Senate			House			Initial Appropriation		
		FY 2017-18 Gov. Rec.	Dollar Change	Percent Change	FY 2017-18 Senate	Dollar Change	Percent Change	FY 2017-18 House	Dollar Change	Percent Change	FY 2017-18	Dollar Change	Percent Change
Central	\$83,925,500	\$86,086,600	\$2,161,100	2.6%	\$85,654,400	\$1,728,900	2.1%	\$85,568,000	\$1,642,500	2.0%	\$85,654,400	\$1,728,900	2.1%
Eastern	73,593,800	75,564,000	1,970,200	2.7	75,169,900	1,576,100	2.1	75,091,100	1,497,300	2.0	75,169,900	1,576,100	2.1
Ferris	52,259,900	53,929,400	1,669,500	3.2	53,595,500	1,335,600	2.6	53,528,700	1,268,800	2.4	53,595,500	1,335,600	2.6
Grand Valley	68,227,900	70,568,100	2,340,200	3.4	70,100,100	1,872,200	2.7	70,006,400	1,778,500	2.6	70,100,100	1,872,200	2.7
Lake Superior	13,567,400	13,827,000	259,600	1.9	13,775,000	207,600	1.5	13,764,700	197,300	1.5	13,775,000	207,600	1.5
Michigan State	275,862,100	282,583,400	6,721,300	2.4	281,239,100	5,377,000	1.9	280,970,300	5,108,200	1.9	281,239,100	5,377,000	1.9
Michigan Tech	48,097,500	49,290,900	1,193,400	2.5	49,052,200	954,700	2.0	49,004,500	907,000	1.9	49,052,200	954,700	2.0
Northern	46,279,200	47,351,900	1,072,700	2.3	47,137,400	858,200	1.9	47,094,500	815,300	1.8	47,137,400	858,200	1.9
Oakland	49,920,700	51,564,700	1,644,000	3.3	51,235,900	1,315,200	2.6	51,170,100	1,249,400	2.5	51,235,900	1,315,200	2.6
Saginaw Valley	29,114,000	29,929,100	815,100	2.8	29,766,100	652,100	2.2	29,733,500	619,500	2.1	29,766,100	652,100	2.2
UM-Ann Arbor	308,639,000	316,076,500	7,437,500	2.4	314,589,100	5,950,100	1.9	314,291,600	5,652,600	1.8	314,589,100	5,950,100	1.9
UM-Dearborn	24,803,300	25,576,600	773,300	0.0	25,421,900	618,600	2.5	25,391,000	587,700	2.4	25,421,900	618,600	2.5
UM-Flint	22,549,300	23,189,900	640,600	2.8	23,061,800	512,500	2.3	23,036,100	486,800	2.2	23,061,800	512,500	2.3
Wayne State	196,064,500	199,946,100	3,881,600	2.0	199,169,800	3,105,300	1.6	199,014,500	2,950,000	1.5	199,169,800	3,105,300	1.6
Western	107,440,900	109,860,800	2,419,900	2.3	109,376,800	1,935,900	1.8	109,280,000	1,839,100	1.7	109,376,800	1,935,900	1.8
Subtotal University Operations:	\$1,400,345,000	\$1,435,345,000	\$35,000,000	2.5%	\$1,428,345,000	\$28,000,000	2.0%	\$1,426,945,000	\$26,600,000	1.9%	\$1,428,345,000	\$28,000,000	2.0%
MPERS Reimbursement	\$5,890,000	\$4,005,000	(\$1,885,000)	(32.0%)	\$4,005,000	(\$1,885,000)	(32.0%)	\$4,005,000	(\$1,885,000)	(32.0%)	\$6,705,000	\$815,000	13.8%
MSU AgBioResearch	33,243,100	34,074,200	831,100	2.5	33,913,100	670,000	2.0	34,074,200	831,100	2.5	33,913,100	670,000	2.0
MSU Extension	28,672,600	29,391,500	718,900	2.5	29,252,600	580,000	2.0	29,391,500	718,900	2.5	29,252,600	580,000	2.0
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	115,000	115,000	0	0.0	115,000	0	0.0	115,000	0	0.0	115,000	0	0.0
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
MSU Veterinary Lab (one-time)	500,000	0	(500,000)	(100.0)	0	(500,000)	(100.0)	0	(500,000)	(100.0)	0	(500,000)	(100.0)
MPERS Normal Cost Offset (one-time)	0	419,000	419,000	--	419,000	419,000	--	419,000	419,000	--	419,000	419,000	--
MSU Animal Agriculture Initiative (one-time)	0	2,500,000	2,500,000	--	2,500,000	2,500,000	--	0	0	0.0	0	0	0.0
MSU Agriculture Workforce Initiative (one-time)	0	1,200,000	1,200,000	--	1,200,000	1,200,000	--	0	0	0.0	0	0	0.0
MSU Fruit & Vegetable Processing Teaching Lab	0	0	0	0.0	0	0	0.0	1,500,000	1,500,000	--	0	0	0.0
Total Universities	\$1,471,657,200	\$1,509,941,200	\$38,284,000	2.6%	\$1,502,641,200	\$30,984,000	2.1%	\$1,499,341,200	\$27,684,000	1.9%	\$1,501,641,200	\$29,984,000	2.0%
School Aid Fund	237,109,500	235,643,500	(1,466,000)	(0.6)	235,643,500	(1,466,000)	(0.6)	235,643,500	(1,466,000)	(0.6)	238,343,500	1,234,000	0.5
State GF/GP	\$1,234,547,700	\$1,274,297,700	\$39,750,000	3.2%	\$1,266,997,700	\$32,450,000	2.6%	\$1,263,697,700	\$29,150,000	2.4%	\$1,263,297,700	\$28,750,000	2.3%
Grants and Financial Aid													
State Competitive Scholarships	\$18,361,700	\$26,361,700	\$8,000,000	43.6%	\$26,361,700	\$8,000,000	43.6%	\$22,361,700	\$4,000,000	21.8%	\$26,361,700	\$8,000,000	43.6%
Tuition Grants	35,021,500	38,021,500	3,000,000	8.6	38,021,500	3,000,000	8.6	36,521,500	1,500,000	4.3	38,021,500	3,000,000	8.6
Tuition Incentive Program (TIP)	58,000,000	58,300,000	300,000	0.5	58,300,000	300,000	0.5	58,300,000	300,000	0.5	58,300,000	300,000	0.5
Children of Veterans & Officers 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	0	0	0	0.0	300,000	300,000	--	0	0	0.0	300,000	300,000	--
Total Grants/Financial Aid	\$115,983,200	\$127,283,200	\$11,300,000	9.7%	\$127,583,200	\$11,600,000	10.0%	\$121,783,200	\$5,800,000	5.0%	\$127,583,200	\$11,600,000	10.0%
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	103,326,400	108,326,400	5,000,000	4.8	108,326,400	5,000,000	4.8	108,326,400	5,000,000	4.8	108,326,400	5,000,000	4.8
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	\$9,356,800	\$15,656,800	\$6,300,000	67.3%	\$15,956,800	\$6,600,000	70.5%	\$10,156,800	\$800,000	8.5%	\$15,956,800	\$6,600,000	70.5%
TOTAL HIGHER EDUCATION													
TOTAL ALL FUNDS	\$1,587,640,400	\$1,637,224,400	\$49,584,000	3.1%	\$1,630,224,400	\$42,584,000	2.7%	\$1,621,124,400	\$33,484,000	2.1%	\$1,629,224,400	\$41,584,000	2.6%
TOTAL FEDERAL	106,526,400	111,526,400	5,000,000	4.7	111,526,400	5,000,000	4.7	111,526,400	5,000,000	4.7	111,526,400	5,000,000	4.7
TOTAL STATE RESTRICTED	237,209,500	235,743,500	(1,466,000)	(0.6)	235,743,500	(1,466,000)	(0.6)	235,743,500	(1,466,000)	(0.6)	238,443,500	1,234,000	0.5
TOTAL STATE GF/GP	\$1,243,904,500	\$1,289,954,500	\$46,050,000	3.7%	\$1,282,954,500	\$39,050,000	3.1%	\$1,273,854,500	\$29,950,000	2.4%	\$1,279,254,500	\$35,350,000	2.8%

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
P.A. 107 of 2017 – ARTICLE XI**

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

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Information Technology. This line has a small baseline decrease from FY 2016-17, less than 0.5%.

Gross	(10,900)
Restricted	(10,900)
GF/GP	0

E. FUNDING SHIFTS

Consumer Services and Protection. This line item has a fund shift of \$126,200 from Insurance Licensing and Regulation Fees to the Insurance Bureau Fund with no total impact on the appropriation amount.

Gross	0
Restricted	0
GF/GP	0

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Lump Sum Payments. The budget reflects the removal of FY 20116-17 one-time benefit payments.

Gross	(329,900)
Restricted	(329,900)
GF/GP	0

2. Line Item Consolidation. The line items for Insurance Rates and Forms and Regulatory Compliance are consolidated into the Insurance Evaluation line item. There is no impact on the total appropriation amount as a result of this change.

Gross	0
Restricted	0
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$746,500 to \$769,100.

Gross	22,600
Restricted	22,600
GF/GP	0

**FY 2017-18 Change From
FY 2016-17 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 employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	802,400
Federal	14,700
Restricted	787,700
GF/GP	0

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

JUDICIARY
P.A. 107 of 2017 – ARTICLE XII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	510.0	501.0	499.0	501.0	501.0	(9.0)	(1.8)
GROSS	298,768,600	299,437,300	299,437,300	299,373,700	300,043,000	1,274,400	0.4
Less:							
Interdepartmental Grants Received	1,584,600	1,550,600	1,550,600	1,550,600	1,550,600	(34,000)	(2.1)
ADJUSTED GROSS	297,184,000	297,886,700	297,886,700	297,823,100	298,492,400	1,308,400	0.4
Less:							
Federal Funds.....	6,433,500	6,464,100	6,464,100	6,464,100	6,464,100	30,600	0.5
Local and Private	8,307,100	6,924,900	6,924,900	6,924,900	6,924,900	(1,382,200)	(16.6)
TOTAL STATE SPENDING	282,443,400	284,497,700	284,497,700	284,434,100	285,103,400	2,660,000	0.9
Less:							
Other State Restricted Funds	92,786,000	92,529,000	92,529,000	92,529,000	92,529,000	(257,000)	(0.3)
GENERAL FUND/GENERAL PURPOSE	189,657,400	191,968,700	191,968,700	191,905,100	192,574,400	2,917,000	1.5
PAYMENTS TO LOCALS	137,775,900	146,794,000	147,094,000	146,730,400	147,230,400	9,454,500	6.9

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

Pretrial Risk Assessment. The budget provides \$305,700 ongoing General Fund revenue and \$300,000 one-time General Fund revenue to support the development of a pretrial risk assessment tool in an effort to increase the number of offenders released on personal recognizance while awaiting trial.

FTE	2.0
Gross	605,700
GF/GP	605,700

B. PROGRAM INCREASES

1. Trial Court Videoconferencing Equipment Updating and Maintenance. The budget provides funding to support continued maintenance, upgrades and replacement of trial court videoconferencing equipment in courtrooms around the State.

Gross	815,000
GF/GP	815,000

2. Montgomery v Louisiana Compliance. The budget continues \$700,000 one-time General Fund revenue to support the State Appellate Defender Office (SADO) compliance with the Montgomery v Louisiana decision.

Gross	700,000
GF/GP	700,000

3. Veterans Courts. The budget increases funding for veterans courts.

Gross	436,400
GF/GP	436,400

4. Problem-Solving Courts. The budget provides one-time funding for the expansion of problem-solving courts.

Gross	219,300
GF/GP	219,300

5. Michigan Legal Help Program. The budget funds full-year costs of the Michigan Legal Self-Help Program.

Gross	100,000
GF/GP	100,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. FY 2016-17 One-Time Appropriations Removal. The budget removes funding for Montgomery v Louisiana compliance (\$700,000) and problem-solving courts (\$250,000).

Gross	(950,000)
GF/GP	(950,000)

2. Community Dispute Resolution. The budget removes funding that was added in FY 2016-17 for a one-time funding shortfall.

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

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

E. FUNDING SHIFTS

Prefunding Judges' Retiree Health Care. The budget implements prefunding of retiree health care in the Judges Retirement System by shifting State restricted funding from judges' salaries, and replacing it with GF/GP.

Gross	0
Restricted	(286,000)
GF/GP	286,000

F. PROGRAM TRANSFERS

MIDC transfer to LARA. The budget transfers the Michigan Indigent Defense Commission to the Department of Licensing and Regulatory Affairs in accordance with Public Act 442 of 2016.

FTE	(16.0)
Gross	(2,329,000)
GF/GP	(2,329,000)

G. OTHER ISSUES

1. Private Security. The budget provides funding to support private security at the Hall of Justice, which was previously funded through the Department of Technology, Management, and Budget.

Gross	363,000
GF/GP	363,000

2. Private Rent Increases. The budget provides for increases in private rent for SADO and Court of Appeals offices.

Gross	11,700
GF/GP	11,700

3. Judgeship Changes. The budget reduces funding for three district court and one circuit court judgeship eliminated through attrition and includes additional three months of funding for the three circuit court judgeships added in FY 2016-17, which received nine months of funding. The budget also reduces funding for one district court judgeship that was eliminated through attrition and restores funding for a Court of Appeals judgeship that was eliminated in the FY 2016-17 budget due to anticipated attrition that was not realized.

Judges	(4.0)
Gross	(483,300)
GF/GP	(483,300)

4. Alignment of Authorization with Available Revenue. The budget reduces interdepartmental grants and State restricted funding sources to align authorization with available revenue.

Gross	(1,490,500)
IDG	(34,600)
Local	(1,455,900)
GF/GP	0

5. Statewide e-file System. The budget authorizes 5.0 FTEs to implement and monitor the statewide e-file system.

FTE	5.0
Gross	0
GF/GP	0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

6. Removal of FY 2016-17 Employee Lump-Sum Payments. The budget removes lump sum payments to employees that were included as part of the FY 2016-17 budget.

Gross	(517,300)
Federal	(24,800)
Local	(44,700)
Private	(1,400)
Restricted	(10,000)
GF/GP	(436,400)

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 employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	4,293,400
IDG	600
Federal	55,400
Local	106,600
Private	13,200
Restricted	39,000
GF/GP	4,078,600

K. ONE-TIME APPROPRIATIONS

The budget identifies \$1,219,300 of FY 2017-18 one-time appropriations, shifts \$750,000 of appropriations from one-time to ongoing, and eliminates \$950,000 of FY 2016-17 one-time appropriations:

	<u>Gross</u>	<u>GF/GP</u>
FY 2017-18		
<u>Montgomery v Louisiana</u> Compliance.....	\$700,000	\$700,000
Pretrial Risk Assessment.....	300,000	300,000
Problem-Solving Courts.....	219,300	219,300
Subtotal.....	\$1,219,300	\$1,219,300

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

FY 2017-18

Medication-Assisted Treatment from One-Time to Ongoing	(\$750,000)	(\$750,000)
Subtotal	(\$750,000)	(\$750,000)

FY 2016-17

<u>Montgomery v Louisiana</u> Compliance.....	(\$700,000)	(\$700,000)
Problem-Solving Courts	(250,000)	(250,000)
Subtotal	(\$950,000)	(\$950,000)

L. VETOES - NONE

**LEGISLATURE
P.A. 107 of 2017 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	0.0	0.0	0.0	0.0	0.0	N/A	N/A
GROSS	172,555,500	179,261,000	179,561,000	177,861,000	179,561,000	7,005,500	4.1
Less:							
Interdepartmental Grants Receives	5,558,600	5,709,200	5,709,200	5,709,200	5,709,200	150,600	2.7
ADJUSTED GROSS	166,996,900	173,551,800	173,851,800	172,151,800	173,851,800	6,854,900	4.1
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	166,596,900	173,151,800	173,451,800	171,751,800	173,451,800	6,854,900	4.1
Less:							
Other State Restricted Funds	6,245,200	6,247,100	6,247,100	6,247,100	6,247,100	1,900	0.0
GENERAL FUND/GENERAL PURPOSE	160,351,700	166,904,700	167,204,700	165,504,700	167,204,700	6,853,000	4.3
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | |
|--|--|
| <p>1. Legislative Adjustment. The budget increases overall funding for the Legislature by a total of 7.5% (excluding one-time funds). The Senate receives an increase of \$1.4 million overall while the House receives an overall increase of \$2.4 million. The House and Senate Fiscal Agencies receive an increase of \$94,500 each. The Legislative Council receives an increase of \$782,700 while the Retirement System receives an increase of \$99,300. The Binsfeld Office Building receives an increase of \$5.2 million while the Cora Anderson House Building receives an increase totaling \$342,800. The budget also includes additional funding of \$149,700 for the State Capitol Historic Site line item (\$170,900 for general operations and a reduction totaling \$21,200 for restoration, renewal, and maintenance). Funding for the Legislature totals \$155.3 million (\$150.6 million GF/GP) for FY 2017-18.</p> | <p>Gross 10,571,200
Restricted 1,900
GF/GP 10,569,300</p> |
| <p>2. Auditor General Adjustment. The budget increases overall funding for Auditor General operations. The increase totals \$634,300 of which \$483,700 is General Fund support. Funding for the Auditor General totals \$24.3 million (\$16.6 million GF/GP) for FY 2017-18.</p> | <p>Gross 634,300
IDG 150,600
GF/GP 483,700</p> |
| <p>3. Legislative IT System Upgrade. The budget includes a one-time item totaling \$3.0 million GF/GP for the upgrade and integration of the legislative computer system (Chamber Automation System). This represents a net decrease of \$3.0 million from the FY 2016-17 \$6.0 million appropriation.</p> | <p>Gross 3,000,000
GF/GP 3,000,000</p> |
| <p>4. Legislative Corrections Ombudsman. The budget increases GF/GP funding for the Legislative Corrections Ombudsman by \$200,000 to fully fund operations. FY 2017-18 total funding is \$958,400.</p> | <p>Gross 200,000
GF/GP 200,000</p> |
| <p>5. Michigan Veterans' Facility Ombudsman. The budget increases GF/GP funding for the Michigan Veterans' Facility Ombudsman by \$100,000 to expand services. FY 2017-18 total funding is \$300,000.</p> | <p>Gross 100,000
GF/GP 100,000</p> |

C. PROGRAM ELIMINATIONS - NONE

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

D. PROGRAM REDUCTIONS

- | | |
|---|--|
| <p>1. Removal of FY 2016-17 Supplemental Funding. The budget removes funding provided in Public Act 340 of 2016, which included supplemental GF/GP funding of \$6.0 million for the upgrade and integration of the legislative computer system (Chamber Automation System).</p> | <p>Gross (6,000,000)
GF/GP (6,000,000)</p> |
| <p>2. Removal of FY 2016-17 One-Time Appropriations. The budget removes \$500,000 in one-time GF/GP funding that was appropriated to the Criminal Justice Policy Commission to support a study of the cost savings of redirecting 17-year-olds from the adult court to family and juvenile justice systems.</p> | <p>Gross (500,000)
GF/GP (500,000)</p> |
| <p>3. Adjustment for FY 2016-17 Supplemental Funding. The budget includes an FY 2016-17 adjustment provided in Public Act 33 of 2017 that totals a positive \$1.0 million to reimburse the House and Senate for a previous transfer of funds (\$500,000 each) to the Capitol Historic Site for building improvements. This funding is included as a net negative adjustment here to accurately reflect the full changes from FY 2016-17 to FY 2017-18.</p> | <p>Gross (1,000,000)
GF/GP (1,000,000)</p> |

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

The budget identifies \$3.0 million of FY 2017-18 one-time appropriations, and eliminates \$500,000 of FY 2016-17 one-time appropriations.

	Gross	GF/GP
FY 2017-18		
Legislative IT Systems Design Project	\$3,000,000	\$3,000,000
Subtotal	\$3,000,000	\$3,000,000
 FY 2016-17		
Criminal Justice Policy Commission Study.....	(\$500,000)	(\$500,000)
Total	(\$500,000)	(\$500,000)

L. VETOES - NONE

**DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
P.A. 107 of 2017 – ARTICLE XIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,202.3	2,322.3	2,322.3	2,302.3	2,322.3	120.0	5.4
GROSS	436,694,400	441,576,300	433,096,900	440,465,000	434,672,000	(2,022,400)	(0.5)
Less:							
Interdepartmental Grants Received	54,016,100	47,835,100	47,835,100	47,835,100	47,835,100	(6,181,000)	(11.4)
ADJUSTED GROSS	382,678,300	393,741,200	385,261,800	392,629,900	386,836,900	4,158,600	1.1
Less:							
Federal Funds.....	65,852,500	65,020,900	65,020,900	65,020,900	65,020,900	(831,600)	(1.3)
Local and Private	363,400	361,800	361,800	361,800	361,800	(1,600)	(0.4)
TOTAL STATE SPENDING	316,462,400	328,358,500	319,879,100	327,247,200	321,454,200	4,991,800	1.6
Less:							
Other State Restricted Funds	267,741,300	285,341,900	276,862,500	283,230,600	277,037,600	9,296,300	3.5
GENERAL FUND/GENERAL PURPOSE	48,721,100	43,016,600	43,016,600	44,016,600	44,416,600	(4,304,500)	(8.8)
PAYMENTS TO LOCALS	37,625,700	29,225,700	29,225,700	30,225,700	30,625,700	(7,000,000)	(18.6)

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

Medical Marihuana - Sales Regulation. The budget includes \$10.0 million from the new Marihuana Regulatory Fund and 108.0 FTEs for the regulation of licensed medical marihuana growers, processors, provisioning centers, and secure transporters. It should be noted that the fund source for this item is distinct from the Michigan Medical Marihuana Fund, and consists of application fees and annual assessments that will be levied upon the licensees.

FTE	108.0
Gross	10,000,000
Restricted	10,000,000
GF/GP	0

B. PROGRAM INCREASES

1. First Responder Presumed Coverage Fund. The budget includes \$1,780,000 from the new Marihuana Excise Tax Fund for claims against the First Responder Presumed Coverage Fund, and \$200,000 for administration. Including this item, the FY 2017-18 total available in the Fund is estimated to be \$4,750,000.

Gross	1,980,000
Restricted	1,980,000
GF/GP	0

2. Day Care Worker Background Checks. The budget includes an interdepartmental grant (IDG) from the Department of Education that passes through Federal funds for background checks for day care workers statewide on an ongoing basis. Funds for this purpose were released to states based on new Federal regulations.

FTE	4.0
Gross	800,000
IDG	800,000
GF/GP	0

3. Increase in Direct Shipper Enforcement Fund Appropriation. The budget includes additional appropriations from this Fund to increase enforcement actions against unlicensed sellers of wine. The increase brings appropriations from this Fund to \$300,000.

Gross	172,200
Restricted	172,200
GF/GP	0

4. Ethnic Commission Service Expansions. The budget includes an additional \$25,000 each for the Hispanic/Latino Commission of Michigan, the Asian Pacific American Affairs Commission, and the Commission on Middle Eastern American Affairs for new initiatives.

Gross	75,000
GF/GP	75,000

5. New Energy Requirements. The budget contains an additional \$300,500 in Public Utility Assessments to support staff who will be engaged in ensuring that the requirements of Public Acts 341 and 342 of 2016, commonly referred to as the "energy package", are adhered to. The legislation included funding for these positions totaling \$2.8 million and 19.0 FTEs. This item brings the total for these new positions to \$3.1 million and 19.0 FTEs.

Gross	300,500
Restricted	300,500
GF/GP	0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

<p>6. Natural Gas Pipeline Inspections. The budget includes Federal funds and Public Utility Assessments to annualize funding added during FY 2016-17 to meet Federal guidelines with regard to natural gas pipeline inspections. This item brings total funding for the inspections to \$914,300 and 5.0 FTEs.</p>	<p>Gross 144,300 Federal 115,100 Restricted 29,200 GF/GP 0</p>
<p>7. Video Franchise Fees. The budget includes additional Public Utility Assessment appropriations to reflect the restoration of these fees. A portion of these fees was included in a contingency fund transfer during FY 2016-17; this item increases the total appropriation of these fees to \$300,000. The fees had sunsetted in 2016, but were restored by Public Act 438 of 2016.</p>	<p>Gross 45,300 Restricted 45,300 GF/GP 0</p>
<p>8. Drinking Water Declaration of Emergency. The budget includes a one-time placeholder from the Drinking Water Declaration of Emergency Reserve Fund for potential future contingency fund transfers to the Department of Licensing and Regulatory Affairs (LARA) budget using this fund source.</p>	<p>Gross 100 Restricted 100 GF/GP 0</p>

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

<p>1. Reduction of Non-GF/GP Fund Sources to Reflect Actual Revenue. The budget adjusts a number of non-GF/GP fund sources to more accurately reflect their actual revenue and expenditure levels.</p>	<p>Gross (3,183,300) IDG (200,000) Federal (83,700) Local (2,400) Restricted (2,897,200) GF/GP 0</p>
<p>2. Removal of FY 2016-17 Supplemental Appropriations. The budget does not include the following FY 2016-17 items that were included in supplemental appropriations bills and contingency fund transfers throughout the year: \$7.1 million in IDG funds and 8.0 FTEs from the Department of Education to perform background checks in child care facilities, \$5.0 million GF/GP for indigent defense county plans, \$975,700 in Federal funds for prescription drug monitoring, and \$435,000 in Federal funds for firefighter training.</p>	<p>FTE (8.0) Gross (13,503,000) IDG (7,092,300) Federal (1,410,700) GF/GP (5,000,000)</p>

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

- | | | |
|--|------------|-------------|
| <p>3. Fire Protection Grants Enhancement. The budget includes a one-time enhancement of \$1.4 million GF/GP for grants to municipalities for fire protection. The grants are based on the State equalized value of State-owned buildings within each municipality. With this enhancement, the total amount included for these grants is \$10.8 million. A one-time enhancement of \$3.4 million was included in the FY 2016-17 budget, with a total grant amount of \$12.8 million.</p> | Gross | (2,000,000) |
| | GF/GP | (2,000,000) |
| <p>4. Removal of FY 2016-17 One-Time Appropriation. The budget removes an FY 2016-17 one-time appropriation for Liquor Control Commission information technology upgrades.</p> | Gross | (1,560,000) |
| | Restricted | (1,560,000) |
| | GF/GP | (0) |

E. FUNDING SHIFTS

- | | | |
|--|------------|-----------|
| <p>1. Storage Tank Regulation. The budget eliminates \$2.6 million in aboveground and underground storage tank fees and replaces those appropriations with Refined Petroleum Fund (RPF) revenue, in accordance with Public Act 467 of 2016. The Act eliminated the collection of the fees and increased the funding mechanism for the RPF from 7/8 cent per gallon of refined petroleum products sold to 1 cent per gallon.</p> | Gross | 0 |
| | Restricted | 0 |
| | GF/GP | 0 |
| <p>2. Information Technology Fund Source Alignment. The budget includes a large number of small changes to the various restricted and Federal sources that support LARA's information technology services.</p> | Gross | 0 |
| | Federal | 154,000 |
| | Restricted | (154,000) |
| | GF/GP | 0 |

F. PROGRAM TRANSFERS

- | | | |
|---|-------|-----------|
| <p>Michigan Indigent Defense Commission. The budget reflects the transfer of the Commission from the Judiciary to LARA pursuant to Public Act 439 of 2016.</p> | FTE | 16.0 |
| | Gross | 2,386,800 |
| | GF/GP | 2,386,800 |

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

G. OTHER ISSUES

Removal of FY 2016-17 Employee Lump-Sum Payments. The budget removes lump sum payments to employees that were included as part of the FY 2016-17 budget.

Gross	(1,957,300)
IDG	(285,400)
Federal	(324,400)
Local	(900)
Restricted	(1,149,400)
GF/GP	(197,200)

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$4,861,800 to \$5,007,500.

Gross	145,700
IDG	19,100
Federal	1,100
Restricted	117,300
GF/GP	8,200

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	4,131,300
IDG	577,600
Federal	717,000
Local	1,700
Restricted	2,412,300
GF/GP	422,700

K. ONE-TIME APPROPRIATIONS

The budget identifies \$1,400,100 of FY 2017-18 one-time appropriations, and eliminates \$4,960,000 of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2017-18		
Drinking Water Declaration of Emergency	\$100	\$0
Fire Protection Grants Enhancement	1,400,000	1,400,000
Subtotal	\$1,400,100	\$1,400,000
FY 2016-17		
Fire Protection Grants Enhancement	(\$3,400,000)	(\$3,400,000)
Liquor Control Commission IT Upgrades	(1,560,000)	0
Subtotal	(\$4,960,000)	(\$3,400,000)

L. VETOES - NONE

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
P.A. 107 of 2017 – ARTICLE XIV**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	898.5	904.5	904.5	904.5	904.5	6.0	0.7
GROSS	178,320,000	180,004,400	180,004,400	179,004,400	179,504,400	1,184,400	0.7
Less:							
Interdepartmental Grants Received	101,800	101,800	101,800	101,800	101,800	0	0.0
ADJUSTED GROSS	178,218,200	179,902,600	179,902,600	178,902,600	179,402,600	1,184,400	0.7
Less:							
Federal Funds	92,043,600	92,334,100	92,334,100	92,334,100	92,334,100	290,500	0.3
Local and Private	2,365,200	2,168,400	2,168,400	2,168,400	2,168,400	(196,800)	(8.3)
TOTAL STATE SPENDING	83,809,400	85,400,100	85,400,100	84,400,100	84,900,100	1,090,700	1.3
Less:							
Other State Restricted Funds	24,765,800	22,332,600	22,332,600	22,332,600	22,332,600	(2,433,200)	(9.8)
GENERAL FUND/GENERAL PURPOSE	59,043,600	63,067,500	63,067,500	62,067,500	62,567,500	3,523,900	6.0
PAYMENTS TO LOCALS	102,400	142,400	142,400	142,400	142,400	40,000	39.1

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | |
|---|---|
| <p>1. Grand Rapids Home for Veterans. The budget includes an additional \$2,820,000 GF/GP for operational costs to support additional staffing, training, and contractual services cost increases at the Grand Rapids Home for Veterans. The total budget for the Grand Rapids Home for Veterans is 347.0 FTEs and \$50,404,500.</p> | <p>Gross 2,820,000
GF/GP 2,820,000</p> |
| <p>2. D.J. Jacobetti Home for Veterans. The budget includes an additional \$800,000 GF/GP to support increased staffing at the D.J. Jacobetti Home for Veterans to support ongoing Medicaid certification efforts. The total budget for the D.J. Jacobetti Home for Veterans is 170.5 FTEs and \$22,275,500.</p> | <p>Gross 800,000
GF/GP 800,000</p> |
| <p>3. Land Purchases and Appraisals. The budget includes a \$1.0 million Restricted increase to allow for the receipt and expenditure of estimated property sales revenue in fiscal year 2017-18.</p> | <p>Gross 1,000,000
Restricted 1,000,000
GF/GP 0</p> |
| <p>4. Michigan Veterans Facility Authority. The budget includes \$1.0 million GF/GP to provide for staffing and operations of the Michigan Veterans' Facility Authority, pursuant to Public Act 561 of 2016, which enacted the Michigan Veterans' Facility Authority Act, and related legislation.</p> | <p>Gross 1,000,000
GF/GP 1,000,000</p> |
| <p>5. National Guard Tuition Assistance Program. The budget provides an additional \$500,000 GF/GP to reflect increased participation by Guard members in the tuition assistance program. The total FY 2017-18 budget for the grant program is \$4,007,000 GF/GP.</p> | <p>Gross 500,000
GF/GP 500,000</p> |
| <p>6. Veterans Service Grants. The budget includes a 2% cost of living increase (\$72,000) for the Veterans Service Grant program for an FY 2017-18 appropriation of \$3,835,500 GF/GP. The funding increase was achieved by a shift of \$72,000 GF/GP from the Michigan Veterans Affairs Agency Administration line item to the grant program, leaving the Agency with a total FY 2017-18 appropriation of 30.0 FTEs and 7,061,200.</p> | <p>Gross 0
GF/GP 0</p> |

C. PROGRAM ELIMINATIONS - NONE

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

D. PROGRAM REDUCTIONS

1. Grand Rapids Home for Veterans Medicaid Certification. The budget eliminates a one-time appropriation of \$1.0 million GF/GP to establish a Medicaid certification project, which has since been cancelled due to plans to build a new facility to replace the current home.	Gross GF/GP	(1,000,000) (1,000,000)
2. Camp Grayling Housing Enhancement. The budget eliminates a one-time appropriation of \$300,000 GF/GP to create a new commander's residence at Camp Grayling.	Gross GF/GP	(300,000) (300,000)
3. Homeless Veterans Grant. The budget eliminates a one-time grant of \$300,000 GF/GP to assist with coordination of efforts to help homeless veterans.	Gross GF/GP	(300,000) (300,000)
4. Veterans Homes Planning. The budget eliminates a one-time \$100 placeholder appropriation for Veterans Home Planning.	Gross GF/GP	(100) (100)
5. Adjustment for FY 2016-17 Supplemental Appropriations and Contingency Fund Transfers. The budget includes adjustments to reflect Public Act 340 of 2016, which provided \$1.0 million GF/GP for the Michigan Veterans Facility Authority and \$2.0 million for the Grand Rapids Home for Veterans, and Public Act 107 of 2017, which provided \$800,000 for the National Guard Tuition Assistance Program and FY 2016-17 Contingency Fund Transfers of \$419,800.	Gross Federal Local Restricted GF/GP	(4,219,800) (250,000) (100,000) (69,800) (3,800,000)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Adjustment of Federal Funds Based on Anticipated Revenue and FTE adjustments. The budget includes adjustments to reflect actual funds received, including technical adjustments to reflect the actual FTE count in the budget.	FTE Gross Federal Local Restricted GF/GP	6.0 (130,600) (4,900) (102,800) (19,800) (3,100)
--	---	---

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

2. National Guard Tuition Assistance Program Funding Adjustment. The budget includes a technical adjustment that consolidates National Guard Tuition Assistance Program funding into a single line item and incorporates boilerplate to recognize the Part 1 GF/GP appropriation as a deposit into the Tuition Assistance Fund (Restricted) and authorize expenditure from the Fund.

Gross	(60,000)
Restricted	(3,507,000)
GF/GP	3,447,000

3. Removal of FY 2016-17 Employee Lump-Sum Payments. The budget removes lump sum payments to employees that were included as part of the FY 2016-17 budget.

Gross	(590,100)
Federal	(346,300)
Local	(6,500)
Restricted	(77,800)
GF/GP	(159,500)

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$1,425,500 to \$1,468,300.

Gross	42,800
GF/GP	42,800

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	1,622,200
Federal	891,700
Local	12,500
Restricted	241,200
GF/GP	476,800

K. ONE-TIME APPROPRIATIONS

The budget identifies \$2.5 million of FY 2017-18 one-time appropriations and eliminates \$1.3 million of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2017-18		
Armory Maintenance.....	\$2,500,000	\$2,500,000
Subtotal.....	\$2,500,000	\$2,500,000
FY 2016-17		
Armory Maintenance.....	\$2,500,000	\$2,500,000
Grand Rapids Home Medicaid Certification Pilot	(1,000,000)	(1,000,000)
Homeless Veterans.....	(300,000)	(300,000)
Subtotal.....	(\$1,200,000)	(\$1,200,000)

L. VETOES - NONE

**DEPARTMENT OF NATURAL RESOURCES
P.A. 107 of 2017 – ARTICLE XV**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,237.8	2,264.8	2,262.8	2,255.8	2,261.8	24.0	1.1
GROSS	421,368,100	416,374,300	412,219,700	401,311,000	408,967,300	(12,400,800)	(2.9)
Less:							
Interdepartmental Grants Received	1,375,900	232,200	232,200	232,200	232,200	(1,143,700)	(83.1)
ADJUSTED GROSS	419,992,200	416,142,100	411,987,500	401,078,800	408,735,100	(11,257,100)	(2.7)
Less:							
Federal Funds.....	77,073,400	70,095,700	70,095,700	70,095,700	70,095,700	(6,977,700)	(9.1)
Local and Private	7,446,400	7,446,000	7,446,000	7,446,000	7,446,000	(400)	(0.0)
TOTAL STATE SPENDING	335,472,400	338,600,400	334,445,800	323,537,100	331,193,400	(4,279,000)	(1.3)
Less:							
Other State Restricted Funds	288,212,400	274,553,100	289,248,500	274,553,100	274,248,500	(13,963,900)	(4.8)
GENERAL FUND/GENERAL PURPOSE	47,260,000	64,047,300	45,197,300	48,984,000	56,944,900	9,684,900	20.5
PAYMENTS TO LOCALS	10,900,000	9,854,300	7,154,300	9,329,300	7,154,300	(3,745,700)	(34.4)

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

Minerals Extraction Summit. The budget includes GF/GP funding for a summit between industries and government agencies to address the issues facing extractive industries.

Gross 50,000
GF/GP 50,000

B. PROGRAM INCREASES

1. State Parks Repair and Maintenance. The budget includes one-time additional GF/GP support for various repair and maintenance projects among Michigan's State Parks.

Gross 7,000,000
GF/GP 7,000,000

2. Trail Development. The budget includes one-time additional GF/GP funds for development of nonmotorized trails, focusing on the Iron Belle trail, which will connect Ironwood and Detroit with a walking and biking trail.

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

3. Transportation Revenue Package - Recreation Improvement Account. The budget includes additional funds to reflect new revenue to the Account due to gas tax increases in the transportation revenue package. These funds are allocated as follows: (\$50,000) Recreation Improvement Fund Grants, \$50,000 Snowmobile Local Grants Program, \$304,800 Forest Recreation and Trails, and \$512,700 Recreational Boating program. This item is an adjustment to a \$4.7 million increase included in FY 2016-17, and includes FTE positions that were not included in the FY 2016-17 increases. The \$50,000 reduction in Recreation Improvement Grants is a reduction of the \$300,000 increase provided in FY 2016-17 to \$250,000 and properly reflects expected revenue.

FTE 9.0
Gross 817,500
Restricted 817,500
GF/GP 0

4. Forest Fire Equipment. The budget includes additional GF/GP support to replace aging wildfire equipment.

Gross 350,000
GF/GP 350,000

5. Conservation Officers. The budget includes GF/GP funding to support 10 new conservation officers and two support staff positions.

FTE 12.0
Gross 1,827,500
GF/GP 1,827,500

6. Capital Outlay. The budget includes additional funds for State and local boating facilities, East Tawas State Harbor, and wetland restoration and acquisition. The funding breakdown is \$4.3 million Michigan State Waterways Fund and \$1.5 million from waterfowl hunting license fees.

Gross 5,842,000
Restricted 5,842,000
GF/GP 0

7. Swimmer's Itch Program. The budget continues one-time GF/GP funding of \$250,000 for grants related to efforts to combat swimmer's itch.

Gross 0
GF/GP 0

		FY 2017-18 Change From FY 2016-17 Year-to-Date	
8. Land Ownership Tracking System.	The budget includes one-time funding of \$1.9 million GF/GP and \$1.0 million from the Forest Development Fund that will enable the Department of Natural Resources (DNR) to complete the rewrite of this computer system, which is used to track all State-owned land.	Gross Restricted GF/GP	2,900,000 1,000,000 1,900,000
9. State Archives - Public Infrastructure Records.	The budget includes additional GF/GP funding to support 3.0 FTEs at the State Archives focused on making public infrastructure records available to the public on a long-term basis.	FTE Gross GF/GP	3.0 565,100 565,100
10. Chronic Wasting Disease.	The budget includes one-time GF/GP support for efforts to combat chronic wasting disease in the State's deer herd.	Gross GF/GP	1,000,000 1,000,000
11. Bay City State Recreation Area.	The budget included GF/GP dollars for the reconstruction of a playscape at Bay City State Recreation Area. The Governor vetoed this appropriation.	Gross GF/GP	500,000 500,000
12. Onaway State Park.	The budget included GF/GP funding for the reconstruction of a pavilion at Onaway State Park. The Governor vetoed this appropriation.	Gross GF/GP	500,000 500,000
13. Shooting Range Improvements.	The budget includes GF/GP support for improvements to shooting ranges throughout the State.	Gross GF/GP	250,000 250,000
14. Invasive Species Prevention and Control.	The budget includes additional one-time GF/GP for this program, bringing the total for FY 2017-18 to \$5.2 million.	Gross GF/GP	200,000 200,000
15. Off-Road Vehicle and Snowmobile Trails and Law Enforcement.	The budget included additional one-time GF/GP funding as follows: \$226,200 snowmobile local grants, \$176,200 for ORV trail improvement, and \$100,000 for snowmobile law enforcement. The Governor vetoed this appropriation.	Gross GF/GP	502,400 502,400
16. State Park Revenue Bonds - Debt Service Adjustment.	The Governor, House, and Senate included additional revenue to cover increased costs of servicing these bonds.	Gross Restricted GF/GP	2,200 2,200 0
17. MIREcGrants System Support.	The Governor, House, and Senate included additional Federal and restricted funds to support maintenance on the computer system used to manage the DNR's recreation grant system.	Gross Federal Restricted GF/GP	63,500 7,600 55,900 0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

<p>1. Removal of FY 2016-17 Capital Outlay. The budget removes FY 2016-17 funding for capital outlay projects totaling \$842,100 and reduces other capital outlay appropriations including forest development infrastructure, State game and wildlife area maintenance, and State parks repair and maintenance by \$9.6 million in restricted and Federal funds.</p>	<p>Gross (10,442,100) Federal (2,700,000) Restricted (7,742,100) GF/GP 0</p>
<p>2. Reduction of Non-GF/GP Fund Sources to Reflect Actual Revenue. The budget adjusts a number of non-GF/GP fund sources to more accurately reflect their actual revenue and expenditure levels.</p>	<p>Gross (5,489,200) Federal (4,455,500) Restricted (1,033,700) GF/GP 0</p>
<p>3. Removal of FY 2016-17 Supplemental Appropriations. The budget does not include the following FY 2016-17 items that were included in supplemental appropriations bills and contingency fund transfers throughout the year: \$4.8 million from the Michigan State Waterways Fund for improvements to State boating access sites and harbors, \$1.0 million GF/GP for chronic wasting disease, \$1.0 million GF/GP for repair and maintenance to the fort at Mackinac Island State Park, \$4.3 million GF/GP for startup costs related to wetland mitigation banking, \$1.0 million GF/GP to combat invasive species, and \$3.8 million in Recreation Passport fee revenue for State Park and other recreation area maintenance.</p>	<p>Gross (15,906,000) Restricted (8,556,000) GF/GP (7,350,000)</p>
<p>4. Removal of FY 2016-17 One-Time Appropriations. The budget removes a number of FY 2016-17 one-time appropriations, and moves one item from one-time to ongoing. Further detail is available in the One-Time Appropriations table below.</p>	<p>Gross (8,800,000) Federal (100,000) Restricted (7,300,000) GF/GP (1,400,000)</p>

E. FUNDING SHIFTS

<p>MacMullan Conference Center. The budget reclassifies the funding used to support operations of the MacMullan Conference Center as a restricted fund rather than an interdepartmental grant.</p>	<p>Gross 0 IDG (1,156,000) Restricted 1,156,000 GF/GP 0</p>
---	---

F. PROGRAM TRANSFERS - NONE

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

G. OTHER ISSUES

1. Wetland Mitigation Banking. The budget includes an adjustment to ongoing Federal funds that will be used to support this program. In total, the FY 2017-18 budget contains 1.0 FTE and \$403,500 in Federal funds for this purpose. Funds for the program had previously been appropriated in an FY 2016-17 supplemental appropriation bill.

Gross	3,500
Federal	3,500
GF/GP	0

2. Removal of FY 2016-17 Employee Lump-Sum Payments. The budget removes lump sum payments to employees that were included as part of the FY 2016-17 budget.

Gross	(1,481,800)
IDG	(3,000)
Federal	(193,200)
Restricted	(1,108,400)
GF/GP	(177,200)

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$754,000 to \$776,700.

Gross	22,700
Restricted	22,700
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 employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	3,824,300
IDG	15,300
Federal	459,900
Private	(400)
Restricted	2,880,000
GF/GP	469,500

K. ONE-TIME APPROPRIATIONS

The budget identifies \$18,152,400 of FY 2017-18 one-time appropriations, and eliminates \$9,050,000 of FY 2016-17 one-time appropriations:

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

	Gross	GF/GP
FY 2017-18		
Bay City Recreation Area, Playscape Reconstruction.....	\$500,000	\$500,000
Invasive Species	200,000	200,000
Land Ownership Tracking System.....	2,900,000	1,900,000
Mineral Extraction Summit.....	50,000	50,000
Off-Road Vehicle Trail Improvement Grants	176,200	176,200
Onaway State Park, Pavilion Reconstruction	500,000	500,000
Shooting Range Construction, Repair, and Maintenance	250,000	250,000
Snowmobile Law Enforcement Grants	100,000	100,000
Snowmobile Local Grants Program	226,200	226,200
State Parks Repair and Maintenance	7,000,000	7,000,000
Swimmer's Itch Pilot Program.....	250,000	250,000
Trail Development.....	5,000,000	5,000,000
Wildlife Management	1,000,000	1,000,000
Subtotal.....	\$18,152,400	\$17,152,000
FY 2016-17		
Forestry Investment.....	(\$2,100,000)	\$0
Invasive Species	(1,000,000)	(1,000,000)
Land Ownership Tracking System.....	(4,000,000)	0
Forest Fire Equipment	(1,000,000)	0
Fisheries Resource Management.....	(600,000)	(300,000)
Swimmer's Itch Pilot Program.....	(250,000)	(250,000)
Water Trail Development	(100,000)	(100,000)
Subtotal.....	(\$9,050,000)	(\$1,650,000)

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

L. VETOES

<p>1. Bay City State Recreation Area. The Governor vetoed \$500,000 GF/GP for the reconstruction of a playscape at Bay City State Recreation Area.</p>	<p>Gross (500,000) GF/GP (500,000)</p>
<p>2. Onaway State Park. The Governor vetoed \$500,000 GF/GP for the reconstruction of a pavilion at Onaway State Park.</p>	<p>Gross (500,000) GF/GP (500,000)</p>
<p>3. Off-Road Vehicle and Snowmobile Trails and Law Enforcement. The Governor vetoed the following one-time GF/GP increases: \$226,200 snowmobile local grants, \$176,200 for ORV trail improvement, and \$100,000 for snowmobile law enforcement.</p>	<p>Gross (502,400) GF/GP (502,400)</p>

SCHOOL AID
P.A. 108 of 2017 – ARTICLE I

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	14,053,904,600	14,302,088,800	14,287,705,500	14,309,450,700	14,578,863,900	524,959,300	3.7
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	14,053,904,600	14,302,088,800	14,287,705,500	14,309,450,700	14,578,863,900	524,959,300	3.7
Less:							
Federal Funds	1,730,732,700	1,726,943,500	1,726,943,500	1,726,943,500	1,726,943,500	(3,789,200)	(0.2)
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	12,323,171,900	12,575,145,300	12,560,762,000	12,582,507,200	12,851,920,400	528,748,500	4.3
Less:							
Other State Restricted Funds	12,144,131,900	12,360,145,300	12,365,762,000	12,367,507,200	12,638,230,400	494,098,500	4.1
GENERAL FUND/GENERAL PURPOSE	179,040,000	215,000,000	195,000,000	215,000,000	213,690,000	34,650,000	19.4
PAYMENTS TO LOCALS	12,158,829,600	12,411,741,800	12,414,642,500	12,417,153,600	12,677,072,800	518,243,200	4.3

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

1. Michigan Public School Employees' Retirement System (MPSERS) Reforms Costs. The budget includes a new categorical item to reimburse districts for the additional normal and defined contribution costs resulting from Public Act 92 of 2017.	Gross Restricted GF/GP	23,100,000 23,100,000 0
2. High School Per-Pupil Payment. The budget includes a new categorical item to pay districts an additional \$25 per-high school pupil.	Gross Restricted GF/GP	11,000,000 11,000,000 0
3. Partnership Model. The budget includes a new categorical item providing funding for districts that are at risk of academic failure and choose to work with the Department of Education in a partnership that will identify areas to strengthen.	Gross Restricted GF/GP	6,000,000 6,000,000 0
4. Value-Added Growth and Projection Analytics System. The budget includes a new categorical item providing funding to the Department to adopt a model value-added growth and projection analytics system and incorporate that model into reporting requirements.	Gross GF/GP	2,500,000 2,500,000
5. Regional Technology Data Hubs. The budget includes \$2.2 million for regional technology data hubs, to support the integration of local data systems into the Michigan Data Hub Network.	Gross Restricted GF/GP	2,200,000 2,200,000 0
6. Transition to MiSTEM Network Regions. The budget includes funding for an Executive Director of the new MiSTEM Network and transitional funding for the new science, technology, engineering, and math (STEM) regions, to replace the existing math and science centers.	Gross Restricted GF/GP	1,485,000 85,000 1,400,000
7. CTE/Vocational Education Counselors. The budget includes new funding for counselors of career and technical education.	Gross Restricted GF/GP	1,160,000 1,160,000 0
8. Information Technology Certifications. The budget includes \$1.0 million for a new categorical item to provide information technology education opportunities to students in grades K-12.	Gross GF/GP	1,000,000 1,000,000
9. Career Preparation and Readiness Platform. The budget includes \$1.0 million to expand an eligible web-based career preparation and readiness platform (MI Bright Future).	Gross GF/GP	1,000,000 1,000,000

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

10. Online Math Program. The budget included \$1.0 million for a new online mathematics tool. The Governor vetoed this item.	Gross GF/GP	1,000,000 1,000,000
11. Competency-Based Education. The budget includes \$500,000 for grants to districts for the design and implementation of competency-based education programs to provide enhanced choice to pupils and parents for the completion of the requirements in grades K-12.	Gross GF/GP	500,000 500,000
12. Cybersecurity Competitions. The budget includes \$500,000 for competitive grants to districts that provide pupils in grades 6-12 with opportunities to improve computer science skills by participating in cybersecurity competitions.	Gross Restricted GF/GP	500,000 500,000 0
13. Digital Assessment Preparation. The budget included \$250,000 GF/GP for an assessment digital literacy preparation pilot project. The Governor vetoed this item.	Gross GF/GP	250,000 250,000
14. Civics Education. The budget included \$60,000 for both FY 2016-17 and FY 2017-18 to support funding for a civics education program. The Governor vetoed this item.	Gross GF/GP	60,000 60,000

B. PROGRAM INCREASES

1. MPSERS Additional Payment toward Unfunded Accrued Liabilities. The budget includes a \$200.0 million one-time payment toward unfunded accrued liabilities in MPSERS.	Gross Restricted GF/GP	200,000,000 200,000,000 0
2. Foundation Allowance. The budget includes \$153.0 million to provide a \$60 to \$120 per-pupil foundation allowance increase to districts using the "2x" funding formula.	Gross Restricted GF/GP	153,000,000 153,000,000 0
3. At Risk. The budget increases At Risk funding by more than \$120.0 million, and includes currently out-of-formula districts (which will receive funding equal to 30% of what currently-eligible districts will receive). Total funding in the section is just under \$500.0 million.	Gross Restricted GF/GP	120,011,800 120,011,800 0
4. MPSERS Assumed Rate of Return. The budget includes nearly \$49.0 million to reimburse districts for the increased normal costs related to lowering the assumed rate of return in MPSERS from 8% to 7.75%. (The rate will be reduced to 7.5% in FY 2018-19.)	Gross Restricted GF/GP	48,969,000 48,940,000 29,000

		FY 2017-18 Change From FY 2016-17 Year-to-Date	
5. Positive Cost Adjustments.	Increasing costs in special education (\$14.8 million), cash flow borrowing (\$1.0 million), and promise zones (\$500,000) are included in the budget.	Gross Restricted GF/GP	16,300,000 15,800,000 500,000
6. Career and Technical Education (CTE) Equipment Upgrades.	The budget increases funding for CTE equipment upgrades from \$3.2 million to \$9.6 million.	Gross GF/GP	6,400,000 6,400,000
7. Center for Educational Performance and Information (CEPI).	The budget increases CEPI's funding by \$6.0 million over the FY 2016-17 funding level (which was reduced by \$2.0 million).	Gross GF/GP	6,000,000 6,000,000
8. Bilingual Education.	The budget includes an increase from \$1.2 million to \$6.0 million for bilingual education. Funding will be provided to districts based on bilingual assessment scores.	Gross Restricted GF/GP	4,800,000 4,800,000 0
9. Early Literacy Coaches.	The budget doubles funding for early literacy coaches at intermediate districts, from \$3.0 million to \$6.0 million.	Gross Restricted GF/GP	3,000,000 3,000,000 0
10. Adult Education.	The budget includes \$2.0 million to provide grants of \$400,000 to five additional sites that work to blend CTE and adult education.	Gross Restricted GF/GP	2,000,000 2,000,000 0
11. Comprehensive STEM Grants.	The budget increases funding for STEM grants by \$1.85 million.	Gross GF/GP	1,850,000 1,850,000
12. Michigan Education Corps.	The budget increases funding for the Michigan Education Corps/Michigan Reading Corps program, from \$1.0 million to \$2.5 million.	Gross GF/GP	1,500,000 1,500,000
13. Early Literacy.	The budget rolls \$1.45 million for early literacy professional development in assessments and \$950,000 for early literacy professional development into district grants, and adds another \$1.0 million for those grants.	Gross Restricted GF/GP	1,000,000 1,000,000 0
14. Kindergarten Readiness Evaluation.	The budget increases funding for an evaluation of kindergarten readiness from \$185,000 to \$1.0 million.	Gross Restricted GF/GP	815,000 815,000 0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

15. Advanced Placement (AP) Incentive Program. The budget increases AP incentive funding to replace lost Federal funds, and to fully fund anticipated needs.	Gross GF/GP	500,000 500,000
16. Child and Adolescent Health Centers. The budget increases funding for child and adolescent health centers from \$5.6 million to \$6.1 million, in anticipation of lower Federal Medicaid match dollars supporting the centers.	Gross Restricted GF/GP	500,000 500,000 0
17. Integrated Behavior and Learning Support. The budget increases funding for this program, recommended by the Special Education Task Force, from \$1.1 million to \$1.6 million.	Gross GF/GP	475,000 475,000
18. Bus Driver Safety Education. The budget increases funding for bus driver safety, from \$1.6 million to \$2.0 million.	Gross Restricted GF/GP	400,000 400,000 0
19. FIRST Robotics. The budget increases FIRST Robotics funding from \$2.5 million to \$2.8 million, with the increase designated for nonpublic schools to participate in the program.	Gross GF/GP	300,000 300,000
20. STEM Executive Director. The budget includes additional funding for the new STEM executive director, to be hired in the last quarter of FY 2016-17.	Gross GF/GP	175,000 175,000
21. 10 Cents a Meal. The budget includes funding for an additional prosperity region to qualify for the 10 cents a meal program.	Gross GF/GP	125,000 125,000

C. PROGRAM ELIMINATIONS

1. Consolidation Innovation Grants. The budget eliminates consolidation innovation or incentive grants, totaling \$3.0 million.	Gross Restricted GF/GP	(3,000,000) (3,000,000) 0
2. Gang Prevention and Intervention Programs. The budget eliminates \$3.0 million for gang prevention and intervention program funding.	Gross Restricted GF/GP	(3,000,000) (3,000,000) 0
3. Transition Grants for Dissolved Districts. The budget eliminates the final year of funding for transition grants in dissolved districts. (Of the total, \$660,000 was used to pay off the remaining debt in the Buena Vista school district.)	Gross Restricted GF/GP	(1,860,000) (1,860,000) 0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

4. Competency-Based Transcript Pilot Project. The budget eliminates funding for a competency-based transcript pilot project.	Gross GF/GP	(500,000) (500,000)
5. Cooperative Education Grant. The budget eliminates the final year of funding for Marshall Schools' cooperative education grant.	Gross Restricted GF/GP	(300,000) (300,000) 0
6. CTE/Health Partnership Grant. The budget eliminates funding for Van Buren's grant that supported a partnership between the intermediate district and health department.	Gross Restricted GF/GP	(250,000) (250,000) 0
7. Science Olympiad. The budget eliminates earmarked funding for Science Olympiad; the program may compete for STEM grants.	Gross Restricted GF/GP	(250,000) (250,000) 0

D. PROGRAM REDUCTIONS

1. Negative Technical Foundation Allowance Cost Adjustments. The budget reflects \$51.7 million in savings for the foundation allowance due to declining enrollment and growing taxable values.	Gross Restricted GF/GP	(51,700,000) (51,700,000) 0
2. Technical Adjustments in MPSERS Rate Cap Costs and School Bond Loan Fund. The budget reflects \$22.0 million in MPSERS rate cap savings and \$1.0 million in savings in the School Bond Loan Fund.	Gross Restricted GF/GP	(23,016,000) (23,016,000) 0
3. Federal Grants. The budget recognizes lower Federal grants, estimated at \$3.2 million.	Gross Federal GF/GP	(3,239,900) (3,239,900) 0
4. Flint Declaration of Emergency. The budget reduces funding for the Flint declaration of emergency by a total of \$3.9 million. Of that total, \$2.5 million is to remove a mid-year contingency fund transfer in FY 2016-17; the remaining \$1.4 million is a reduction in base spending.	Gross Restricted GF/GP	(3,900,000) (2,487,500) (1,412,500)
5. Shared Time. The budget reflects \$2.0 million in State savings due to the new cap on time that may be claimed for a shared-time pupil: a public district may not claim more than 0.75 of a full-time equated nonpublic pupil's time for foundation allowance funding.	Gross Restricted GF/GP	(2,000,000) (2,000,000) 0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

6. Online Algebra Tool. The budget reduces funding for the existing online algebra tool (Algebra Nation), from \$1.5 million to \$1.1 million.	Gross GF/GP	(400,000) (400,000)
7. Youth ChalleNGe Program. The budget reduces funding for the National Guard's Youth ChalleNGe program from \$1.6 million to \$1.5 million.	Gross Restricted GF/GP	(110,000) (110,000) 0
8. Van Andel Education Institute. The budget reduces funding for the Van Andel Education Institute from \$250,000 to \$150,000.	Gross GF/GP	(100,000) (100,000)
9. College and Career Readiness Outreach. The budget reduces college and career readiness funding by \$50,000, to remove earmarked funding for outreach.	Gross GF/GP	(50,000) (50,000)

E. FUNDING SHIFTS

1. School Aid Fund (SAF)/General Fund Supporting Foundation Allowance. After accounting for the changes identified above, the budget includes a net fund shift of \$12.8 million GF/GP in place of SAF support of the foundation allowance.	Gross Restricted GF/GP	0 (12,815,700) 12,815,700
2. Math and Science Centers. The budget replaces lower Federal support for math and science centers with SAF dollars.	Gross Federal Restricted GF/GP	0 (549,300) 549,300 0

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	69,400
Restricted	26,600
GF/GP	42,800

K. ONE-TIME APPROPRIATIONS

The budget identifies \$312.4 million of FY 2017-18 one-time appropriations, shifts \$8.2 million of appropriations from one-time to ongoing, and eliminates \$6.2 million of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2017-18		
MPSERS additional UAAL payment.....	\$200,000,000	\$0
MPSERS normal cost offset	48,969,000	29,000
MPSERS additional costs due to reforms	23,100,000	0
CTE equipment upgrades	9,600,000	9,600,000
Flint declaration of emergency.....	8,730,100	8,730,000
Computer adaptive tests	4,000,000	0
Michigan Reading Corps	2,500,000	2,500,000
Nonpublic school mandates.....	2,500,000	2,500,000
Student growth assessment tool.....	2,500,000	2,500,000
Financial data tools	1,500,000	0
Year-round schools grants.....	1,500,000	0
CTE counselors	1,160,000	0
Online algebra tool.....	1,100,000	1,100,000

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

Career preparation and readiness platform	1,000,000	1,000,000
IT certifications	1,000,000	1,000,000
Kindergarten readiness assessment	1,000,000	0
Cybersecurity competitions	500,000	0
Competency-based district grants	500,000	500,000
10 Cents a Meal	375,000	375,000
Detroit Area Precollege Engineering Program (DAPCEP)	340,000	340,000
Early learning cooperative	175,000	0
Van Andel Education Institute	150,000	150,000
Conductive learning center	150,000	0
Restaurant and culinary arts training	79,000	79,000
Subtotal	\$312,428,100	\$0

FY 2017-18

STEM grants and administration	(\$2,850,000)	(\$50,000)
Dual enrollment incentive payments	(1,750,000)	0
Michigan Integrated Behavior and Learning Support Initiative	(1,600,000)	(1,600,000)
Strict discipline academies	(750,000)	0
Dropout recovery	(750,000)	0
FIRST Robotics	(500,000)	0
Subtotal	(\$8,200,000)	(\$1,650,000)

FY 2016-17

Consolidation incentive grants	(\$3,000,000)	\$0
Dissolution grants	(1,860,000)	0
Competency based transcript pilot project	(500,000)	(500,000)
Cooperative education grant	(300,000)	0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

Science Olympiad	(250,000)	0
CTE Van Buren ISD/health department grant	(250,000)	0
Career preparation readiness campaign	(50,000)	(50,000)
Subtotal	(\$6,210,000)	(\$650,000)

L. VETOES

<p>1. Online Math Program. The Governor vetoed \$1.0 million GF/GP for a new online math program.</p>	<p>Gross (1,000,000) GF/GP (1,000,000)</p>
<p>2. Digital Assessment Preparation. The Governor vetoed \$250,000 GF/GP for a digital assessment preparation program.</p>	<p>Gross (250,000) GF/GP (250,000)</p>
<p>3. Civics Education. The Governor vetoed \$60,000 GF/GP for a civics education grant.</p>	<p>Gross (60,000) GF/GP (60,000)</p>

**DEPARTMENT OF STATE
P.A. 107 of 2017 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,587.0	1,608.0	1,458.0	1,608.0	1,586.0	(1.0)	(0.1)
GROSS	250,315,600	249,358,500	248,302,400	248,654,100	249,358,500	(957,100)	(0.4)
Less:							
Interdepartmental Grants Received	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS	230,315,600	229,358,500	228,302,400	228,654,100	229,358,500	(957,100)	(0.4)
Less:							
Federal Funds	1,460,000	1,460,000	1,460,000	1,460,000	1,460,000	0	0.0
Local and Private	100	50,100	50,100	50,100	50,100	50,000	50,000.0
TOTAL STATE SPENDING	228,855,500	227,848,400	226,792,300	227,144,000	227,848,400	(1,007,100)	(0.4)
Less:							
Other State Restricted Funds	206,745,900	205,709,400	205,709,400	205,915,000	208,709,400	1,963,500	0.9
GENERAL FUND/GENERAL PURPOSE	22,109,600	22,139,000	21,082,900	21,229,000	19,139,000	(2,970,600)	(13.4)
PAYMENTS TO LOCALS	1,211,300	1,215,900	1,215,900	1,215,900	1,215,900	4,600	0.4

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

Lottery Assistance in the Upper Peninsula. The budget includes new restricted funding and 10.0 FTEs to allow certain Secretary of State branch offices to assist with redeeming winning lottery tickets in the Upper Peninsula by serving as Lottery Claim Centers to process winning tickets valued between \$600 and \$50,000. Public Act 340 of 2016 appropriated \$300,000 for this purpose during FY 2016-17; the FY 2017-18 total funding is \$1,015,800.

FTE	10.0
Gross	715,800
Restricted	715,800
GF/GP	0

B. PROGRAM INCREASES

1. Office of Investigative Services Expansion. The budget adds GF/GP funding and 11.0 FTEs to enhance consumer protection aimed at fraud prevention and detection by increasing regulatory enforcement over vehicle repair facilities and mechanics. Funding is provided in the Legal Services Operations line item, which totals \$14.9 million for FY 2017-18.

FTE	11.0
Gross	1,420,400
GF/GP	1,420,400

2. Information Technology (IT) Increase. The budget increases restricted (Transportation Administration Collection Fund) funding necessary to maintain the existing level of online support. Total funding for IT for FY 2017-18 is \$37.5 million.

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

3. Mi-Time Line Expansion. The budget increases GF/GP funding to expand this program to allow customers to virtually wait in line by use of a mobile application. At the time of this report, this service is available in 30 branch offices across the State. The additional funding will allow 20 more branch offices to make this technology available to customers.

Gross	400,000
GF/GP	400,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Removal of FY 2016-17 One-Time Appropriation. The budget removes GF/GP funding of \$5.0 million provided for voting machine replacements.

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

2. Technical Reduction. The budget makes adjustments to various line items to align funding sources with actual expenditures. The adjustments total a negative \$1.1 million.

Gross	(1,078,700)
Restricted	(1,075,300)
GF/GP	(3,400)

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

E. FUNDING SHIFTS

- | | |
|--|---|
| <p>1. Thomas Daley Gift of Life Fund. The budget includes a shift in the classification of funding by reclassifying the Thomas Daley Gift of Life Fund as a private fund from the previous classification as a restricted fund. This shift of \$50,000 from restricted funding to private funding has a net zero effect on the budget.</p> | <p>Gross 0
Private 50,000
Restricted (50,000)
GF/GP 0</p> |
| <p>2. Position Transfer. The budget includes the transfer of one FTE from one unit to another unit, making additional GF/GP revenue necessary to fully fund the position due to the unavailability of restricted revenue in the new unit. The net effect on the Gross appropriation is zero but the transfer results in a decrease in available General Fund revenue.</p> | <p>Gross 0
Restricted 2,700
GF/GP (2,700)</p> |

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

- | | |
|---|--|
| <p>1. Credit Card Service Fees. An FY 2016-17 contingency fund transfer of restricted funds totaling a positive \$2.0 million was provided in Transfer Letter 2017-6. The additional funds increased the authority for the Department to receive and spend additional revenue collected from the fees charged for the use of credit and debit cards. The budget continues the restricted fund authorization level to provide for the anticipated increase in credit card activity at branch offices and self-service terminals that will result in the collection of additional fees for use of credit cards. Total funding for FY 2017-18 for the Credit Card Assessments line item is \$8.0 million.</p> | <p>Gross 0
Restricted 0
GF/GP 0</p> |
| <p>2. FTE Adjustment. The budget reduces the FTE allocation by 22.0 from the Governor's recommendation with no effect on funding to better align the actual number of filled FTE positions with the number allotted.</p> | <p>FTE (22.0)
Gross 0
GF/GP 0</p> |
| <p>3. Removal of FY 2016-17 Lump Sum Payments. The budget removes funding for the 1.5% lump sum payments received by all State classified employees as part of negotiated contracts for FY 2016-17.</p> | <p>Gross (982,000)
IDG (150,100)
Restricted (783,900)
GF/GP (48,000)</p> |

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$628,800 to \$647,700.

Gross	18,900
GF/GP	18,900

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	2,548,500
IDG	150,100
Restricted	2,154,200
GF/GP	244,200

K. ONE-TIME APPROPRIATIONS

The budget eliminates \$5.0 million of FY 2016-17 one-time appropriations.

	<u>Gross</u>	<u>GF/GP</u>
FY 2016-17		
Voting Machine Replacements.....	(\$5,000,000)	(\$5,000,000)
Subtotal.....	(\$5,000,000)	(\$5,000,000)

L. VETOES - NONE

**DEPARTMENT OF STATE POLICE
P.A. 107 of 2017 – ARTICLE XVI**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	3,226.0	3,437.0	3,437.0	3,431.0	3,437.0	211.0	6.5
GROSS	658,564,400	693,588,900	687,239,100	692,589,100	694,763,900	36,199,500	5.5
Less:							
Interdepartmental Grants Received	26,580,400	26,221,600	26,221,600	26,221,600	26,221,600	(358,800)	(1.3)
ADJUSTED GROSS	631,984,000	667,367,300	661,017,500	666,367,500	668,542,300	36,558,300	5.8
Less:							
Federal Funds	87,967,800	83,662,500	83,662,500	83,662,500	83,662,500	(4,305,300)	(4.9)
Local and Private	5,906,600	6,013,300	6,013,300	6,013,300	6,013,300	106,700	1.8
TOTAL STATE SPENDING	538,109,600	577,691,500	571,341,700	576,691,700	578,866,500	40,756,900	7.6
Less:							
Other State Restricted Funds	128,796,800	135,423,700	135,423,700	139,423,700	139,423,700	10,626,900	8.3
GENERAL FUND/GENERAL PURPOSE	409,312,800	442,267,800	435,918,000	437,268,000	439,442,800	30,130,000	7.4
PAYMENTS TO LOCALS	17,198,900	14,113,200	14,113,200	14,113,200	14,113,200	(3,085,700)	(17.9)

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

<p>1. Medical Marihuana Regulation and Licensing. The budget includes a total of \$9,435,000 Restricted to support the Department of State Police's responsibilities under Public Act (PA) 281 of 2016 (the Medical Marihuana Facilities Licensing Act) in the regulation and licensing of medical marihuana facilities. This includes 48.0 FTEs and \$8,775,700 from the Medical Marihuana Fund pursuant to PA 281 of 2016 to support \$4,299,500 and 30.0 FTEs in Investigative Services, \$874,500 and 8.0 FTEs in Forensic Science, \$309,200 and 3.0 FTEs in Intelligence Operations, \$709,200 and 7.0 FTEs in Commercial Vehicle Enforcement and Inspections, and \$2,583,300 in departmental rent and fleet leasing costs. It also includes \$660,000 in Medical Marihuana Excise Tax revenue pursuant to PA 281 of 2016 to provide \$330,000 to the Michigan Council on Law Enforcement Standards (MCOLES) for the provision of training to local agencies and \$330,000 to the State Police for training and equipment.</p>	<p>FTE 48.0 Gross 9,435,700 Restricted 9,435,700 GF/GP 0</p>
<p>2. Fair and Impartial Policing Grants. The budget includes a one-time appropriation of \$250,000 GF/GP for training programs to law enforcement agencies that have been developed by the U.S. Department of Justice for fair and impartial policing training.</p>	<p>Gross 980,000 GF/GP 980,000</p>
<p>3. Impaired Driving Safety Commission Fund. The budget includes a one-time appropriation of \$250,000 GF/GP for the Impaired Driving Safety Commission, pursuant to PA 243 of 2016, to conduct a university-based study on the effects of THC on the ability to drive a motor vehicle.</p>	<p>Gross 250,000 GF/GP 250,000</p>
<p>4. Law Enforcement Officer Job Task Analysis. The budget includes a one-time \$200,000 GF/GP appropriation to support the Michigan Council on Law Enforcement Standards decennial job task analysis to identify essential skills and abilities for core law enforcement positions.</p>	<p>Gross 200,000 GF/GP 200,000</p>

B. PROGRAM INCREASES

<p>1. Trooper School. The budget includes \$12,224,000 GF/GP (\$6,246,900 GF/GP one-time and \$2,977,100 GF/GP ongoing) for a new trooper school to begin in July 2018 that will graduate 150 candidates, bringing the expected total of enlisted officers within the Department of State Police to 2,100 by fall of 2018.</p>	<p>FTE 100.0 Gross 12,224,000 GF/GP 12,224,000</p>
<p>2. Recruit School Second-Year Costs. The budget includes \$6,382,900 GF/GP in additional funds to reflect FY 2017-18 full second-year costs in salary, benefits, CSS&M (contracted services, supplies, and materials) , and fleet costs for the FY 2016-17 trooper school projected graduates.</p>	<p>Gross 6,382,900 GF/GP 6,382,900</p>

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

3. Forensic Science Enhancement - Ongoing. The budget includes an additional 14.0 FTEs and \$1,840,000 GF/GP for Laboratory Services, including 10.0 FTEs to work with controlled substances and 4.0 FTEs to handle firearms cases. The budget also includes \$844,700 GF/GP for forensic science testing and supplies, including \$444,000 for general forensic testing supplies and \$400,000 for DNA.	FTE Gross GF/GP	14.0 2,684,700 2,684,700
4. Forensic Science Enhancement - One-Time. The budget includes a one-time appropriation of \$730,000 GF/GP to support biological casework.	Gross GF/GP	730,000 730,000
5. Computer Crimes Unit Expansion. The budget includes an additional 8.0 FTEs and \$1,480,300 GF/GP to increase capacity of the unit to prevent, detect, and investigate cybercrimes.	FTE Gross GF/GP	7.0 1,480,300 1,480,300
6. Equipment Lifecycle Replacement. The budget includes \$1,484,000 GF/GP for lifecycle equipment replacement, including \$1.0 million in one-time appropriations for the Secure Cities program, which includes in-car cameras, and \$484,000 in ongoing appropriations to support replacement of Department ballistic vests and tasers.	Gross GF/GP	1,484,000 1,484,000
7. OK2SAY Hotline Expansion. The budget includes 6.0 FTEs and \$608,300 GF/GP for service expansion of the statewide student hotline.	FTE Gross GF/GP	6.0 608,300 608,300
8. Disaster and Emergency Contingency Fund. The budget includes \$5.0 million GF/GP appropriated to the Disaster and Emergency Contingency Fund established in the State's Emergency Management Act. The Act provides for a statutory cap on the Fund of \$10.0 million. This appropriation of \$5.0 million, combined with the FY 2016-17 supplemental appropriation of \$4.0 million, puts the current unallocated amount in the Fund at \$9.0 million.	Gross GF/GP	5,000,000 5,000,000
9. Emergency Management. The budget includes 7.0 FTEs and \$978,900 GF/GP appropriated to Emergency Management and Homeland Security Division to expand readiness and response capabilities in the event of disasters.	FTE Gross GF/GP	7.0 978,900 978,900
10. MCOLES Increase/Funding Adjustment. The budget include an additional \$368,000 GF/GP to support the regulatory administrative functions of MCOLES, in part to reflect the shift of Restricted funds (which had been used in support of MCOLES) to other uses under PA 289 of 2016.	Gross GF/GP	368,000 368,000

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

<p>11. Sexual Assault Prevention and Education Initiative. The budget includes a \$100,000 GF/GP appropriation increase for the Sexual Assault Prevention and Education Initiative grant program, which provides grants to institutions of higher education to reduce the incidence of sexual assaults on campuses. The total appropriation for FY 2017-18 is \$600,000 GF/GP.</p>	<p>Gross</p>	<p>100,000</p>
	<p>GF/GP</p>	<p>100,000</p>

<p>12. Civil Air Patrol. The budget includes a one-time grant of \$20,000 GF/GP to the Michigan Civil Air Patrol to support training related to its disaster response operations.</p>	<p>Gross</p>	<p>20,000</p>
	<p>GF/GP</p>	<p>20,000</p>

C. PROGRAM ELIMINATIONS

<p>School Safety Initiative Grants. The budget eliminates a \$2.0 million GF/GP one-time competitive grant program to provide grants to local K-12 schools for projects to enhance school safety.</p>	<p>Gross</p>	<p>(2,000,000)</p>
	<p>GF/GP</p>	<p>(2,000,000)</p>

D. PROGRAM REDUCTIONS

<p>1. One-Time FY 2016-17 Trooper School Costs. The budget eliminates one-time funding for the one-time costs of the FY 2016-17 trooper school.</p>	<p>Gross</p>	<p>(3,200,000)</p>
	<p>GF/GP</p>	<p>(3,200,000)</p>

<p>2. Michigan International Speedway (MIS) Traffic Control. The budget reflects a reduction of \$75,000 GF/GP from a one-time appropriation to provide traffic control support for the MIS by the Michigan State Police. The total appropriation for FY 2017-18 is \$725,000 GF/GP.</p>	<p>Gross</p>	<p>(75,000)</p>
	<p>GF/GP</p>	<p>(75,000)</p>

<p>3. Adjustment for FY 2016-17 Supplemental Appropriations and Contingency Fund Transfers. The budget includes adjustments to reflect Public Act 340 of 2016, which shifted \$2.5 million from GF/GP funding to Restricted; PA 107 of 2017, which provided \$4.0 million GF/GP for the Disaster and Emergency Contingency Fund, \$3,908,100 Restricted to the Drinking Water Declaration of Emergency, and \$150,000 GF/GP to the Roadside Saliva Testing Pilot program; and contingency fund transfer 2017-3, which provided \$1,030,200 in Restricted funds for Forensic Science.</p>	<p>Gross</p>	<p>(9,088,300)</p>
	<p>Restricted</p>	<p>(2,438,300)</p>
	<p>GF/GP</p>	<p>(6,650,000)</p>

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

G. OTHER ISSUES

1. Adjustment of Federal Funds Based on Anticipated Revenue and FTE Adjustments. The budget includes adjustments to reflect actual funds received and other technical adjustments throughout the budget.

FTE	29.0
Gross	(3,307,500)
IDG	(551,200)
Federal	(4,529,300)
Local	(7,100)
Private	100,000
Restricted	1,773,000
GF/GP	(92,900)

2. Removal of FY 2016-17 Employee Lump-Sum Payments. The budget removes lump sum payments to employees that were included as part of the FY 2016-17 budget.

Gross	(2,752,800)
IDG	(102,900)
Federal	(128,300)
Local	(9,500)
Restricted	(536,600)
GF/GP	(1,975,500)

H. UNCLASSIFIED SALARIES

The budget provides Gross funding for the unclassified salaries line item from \$600,200 to \$586,100, with a \$32,200 reduction as a baseline adjustment and an \$18,200 economic increase.

Gross	18,200
GF/GP	18,200

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	13,678,100
IDG	295,300
Federal	352,300
Local	23,300
Private	0
Restricted	2,393,100
GF/GP	10,614,100

K. ONE-TIME APPROPRIATIONS

The budget identifies \$20,721,000 of FY 2017-18 one-time appropriations, and eliminates \$5,275,000 of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2017-18		
Disaster and Emergency Contingency Fund	\$5,000,000	\$5,000,000
Equipment Lifecycle Replacement -- Secure Cities	1,000,000	1,000,000
Fair and Impartial Policing Training Grants	980,000	980,000
Forensic Science	730,000	730,000
Law Enforcement Job Task Analysis.....	200,000	200,000
Sexual Assault Prevention and Education Initiative	600,000	600,000
Advanced 9-1-1.....	2,200,000	2,200,000
Michigan International Speedway Traffic Control	725,000	725,000
Trooper School	9,286,200	9,286,200
Subtotal.....	\$20,721,000	\$20,721,000
FY 2016-17		
Trooper Recruit School.....	(\$3,200,000)	(\$3,200,000)
Michigan International Speedway Traffic Control	(75,000)	(75,000)
School Safety Initiative	(2,000,000)	(2,000,000)
Subtotal.....	(\$5,275,000)	(\$5,275,000)

L. VETOES - NONE

**DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
P.A. 107 of 2017 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,609.0	1,609.0	1,267.0	1,609.0	1,447.0	(162.0)	(10.1)
GROSS	1,156,450,300	1,143,324,800	1,152,448,500	1,102,237,200	1,179,421,800	22,971,500	2.0
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,156,450,300	1,143,324,800	1,152,448,500	1,102,237,200	1,179,421,800	22,971,500	2.0
Less:							
Federal Funds	768,144,800	762,144,800	762,144,800	762,144,800	762,144,800	(6,000,000)	(0.8)
Local and Private	6,119,000	6,120,900	6,120,900	6,120,900	6,120,900	1,900	0.0
TOTAL STATE SPENDING	382,186,500	375,059,100	384,182,800	333,971,500	411,156,100	28,969,600	7.6
Less:							
Other State Restricted Funds	192,341,600	181,556,700	187,056,700	206,363,400	206,056,700	13,715,100	7.1
GENERAL FUND/GENERAL PURPOSE	189,844,900	193,502,400	197,126,100	127,608,100	205,099,400	15,254,500	8.0
PAYMENTS TO LOCALS	11,224,800	34,300,000	11,300,000	11,300,000	11,300,000	75,200	0.7

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|--|------------------------|--------------------------------|
| <p>1. Talent Marketing. The budget includes a new program to focus on attracting out-of-State talent to Michigan.</p> | <p>Gross
GF/GP</p> | <p>5,000,000
5,000,000</p> |
| <p>2. Project Rising Tide. The budget includes a new program that began in the Michigan Economic Development Corporation's corporate budget to provide technical assistance to rural communities that work through the process of the Redevelopment Ready Certification program. The additional GF/GP funding allows the program to expand beyond the 10 initial communities that are currently in the program.</p> | <p>Gross
GF/GP</p> | <p>2,000,000
2,000,000</p> |

B. PROGRAM INCREASES

- | | | |
|---|------------------------|----------------------------------|
| <p>1. Grants. The budget includes two line items with designated grants that are all supported by GF/GP funding. The first line item is the Michigan Enhancement Grants, which is \$35,897,000 and includes 36 individual grants. The second line item is DTED - Grants, which is \$2.7 million and includes three individual grants. The table below summarizes the grants.</p> | <p>Gross
GF/GP</p> | <p>38,597,000
38,597,000</p> |
|---|------------------------|----------------------------------|

Municipality	Recipient/Purpose	Amount
Commerce Township	Scarlet's Park, playground project	\$100,000
Sanilac County	Sanilac FFA "Miracle of Life Barn"	35,000
City of Algonac	Seawall along St. Clair River	500,000
St. Clair Township	St. Clair Highway bridge	2,700,000
Oakland County	Oakland Hope to Address Hunger	100,000
Chippewa County	Michigan Works! retirement shortfall	800,000
City of Sault Saint Marie.....	Sault Sainte Marie carbide docks	1,000,000
Hillsdale County	Hillsdale County vet affairs scholarship program	12,000
Plymouth Township.....	Ann Arbor/McClumpha Rd. intersection fix	1,000,000
City of Albion	Albion water tower	500,000
Statewide	Holy Cross Services	1,500,000
City of Eastpointe	Gianna House	100,000
City of Livonia.....	MDNR grants: accessible playground in Rotary Park	300,000
City of Livonia.....	MDNR grants: upgrade to outdoor pool, Botsford Park	70,000
Plymouth Township.....	DeHoCo	1,500,000
Lenawee County	Southern Michigan Center for Science and Industry	800,000
Wayne County.....	No Wrong Door	250,000
Statewide	Car Street awareness campaign	300,000

Municipality	Recipient/Purpose	Amount
City of Westland	Voss Park: 4 baseball diamonds with lighting	300,000
Salem Township.....	Urban Services District	10,000,000
City of Hudsonville	Harvey Street "woonerf" project	1,000,000
City of Grand Rapids.....	Civic Theatre	1,000,000
City of Lowell.....	Showboat replacement	1,000,000
Saginaw County Road Commission	Dixie Highway Federal match	1,000,000
Kalamazoo Valley Community College.....	Healthy living campus	2,000,000
White Lake Township.....	Road infrastructure improvement	750,000
Muskegon County and City of Coopersville ...	Wastewater treatment improvement	2,500,000
Monroe County.....	ISD CET program equipment purchase	40,000
Ida School District	CAD program equipment purchase	70,000
Ionia County	White Bridge rebuilding	350,000
Village of Lexington.....	Master plan study	120,000
City of Grand Rapids.....	Dam removal	1,500,000
Mackinaw City.....	Repainting Mackinaw cutter	300,000
City of Sault Ste. Marie	Lake Superior State University power grid improvement	300,000
City of Zeeland	Interchange upgrade	2,000,000
Congressional Sportsmen's Foundation	National Assembly of Sportsmen's Caucuses annual summit	100,000
Total Michigan Enhancement Grants		\$35,897,000
DTED Grants		
Municipality	Recipient/Purpose	Amount
City of Rochester Hills.....	Riverbend Park.....	\$500,000
Statewide	Helmets to Hard Hats	200,000
Statewide	Focus Hope	2,000,000
Total DTED - Grants		\$2,700,000

2. **Going Pro.** The budget includes an increase to the Going Pro program, which previously was named the Skilled Trades Training Program. The entire increase is included as a one-time appropriation with \$10.0 million from restricted penalties and interest revenue and \$5.5 million GF/GP. This brings total Going Pro appropriations to \$46.4 million, when including the ongoing appropriations. The line item also has two designated grants amounting to \$4.5 million GF/GP.
- | | | |
|--|------------|------------|
| | Gross | 15,500,000 |
| | Restricted | 10,000,000 |
| | GF/GP | 5,500,000 |
3. **Arts and Cultural Program.** The budget includes a \$1.0 million increase in Arts and Cultural grants; the increase is appropriated as one-time funding. The increase supports the growing number of applications for arts and cultural grants that exceed current appropriations. Total FY 2017-18 funding is \$11,150,000.
- | | | |
|--|-------|-----------|
| | Gross | 1,000,000 |
| | GF/GP | 1,000,000 |

4. Entrepreneurship Eco-System. The budget includes a \$1.0 million GF/GP increase in Entrepreneurship Eco-System and designates it as a grant to Van Andel. Total FY 2017-18 funding is \$20.4 million.	Gross GF/GP	1,000,000 1,000,000
5. Pure Michigan. The budget includes a \$1.0 million increase in Pure Michigan with 21 st Century Jobs Trust Fund dollars. Total FY 2017-18 funding is \$35.0 million.	Gross Restricted GF/GP	1,000,000 1,000,000 0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. FY 2016-17 One-Time Appropriations and Supplemental Removal. The budget removes \$31.2 million in one-time appropriations and supplemental appropriations, which include \$21.5 million for Special Grants, \$8.8 million for Statewide Data System Integration, and \$1.0 million for a Sustainability Employment Pilot Program. Of the total amount removed, \$4.8 million is Federal funds, \$4.0 million is restricted revenue, and \$22.4 million is GF/GP funding.	Gross Federal Restricted GF/GP	(31,234,500) (4,800,000) (3,978,500) (22,456,000)
2. Technical Adjustments. The budget reflects a \$7.1 million reduction in MSHDA Fees and Charges, with the remaining adjustments being the fund sourcing of economics.	Gross Restricted GF/GP	(7,450,600) (7,450,600) 0
3. Protect and Grow. The budget reduces the one-time Protect and Grow funding by \$2.0 million, with \$1.0 million remaining for FY 2017-18. This funding is focused on retaining and expanding the defense industry in Michigan.	Gross GF/GP	(2,000,000) (2,000,000)
4. Temporary Assistance for Needy Families (TANF) Reduction. The budget reflects a \$1.2 million reduction in TANF dollars, bringing total TANF dollars in the Department of Talent and Economic Development to \$63.7 million.	Gross Federal GF/GP	(1,200,000) (1,200,000) 0

E. FUNDING SHIFTS

1. Going Pro. The budget includes a \$5.0 million transfer from GF/GP funding to Penalties and Interest revenue in ongoing appropriations to Going Pro, resulting in a reduction to total GF/GP appropriations.	Gross Restricted GF/GP	0 5,000,000 (5,000,000)
2. Community Ventures. The budget includes a \$9.5 million transfer from GF/GP funding to Penalties and Interest revenue in Community Ventures, resulting in a reduction to total GF/GP appropriations.	Gross Restricted GF/GP	0 9,500,000 (9,500,000)

3. Entrepreneurship Eco-System. The budget includes a \$1.0 million transfer from 21st Century Jobs Trust Fund dollars to GF/GP funding, which allows the restricted funding to be used to support the increase in Pure Michigan.

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

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Removal of FY 2016-17 Employee Lump-Sum Payments. The budget removes lump sum payments to employees that were included as part of the FY 2016-17 budget.

Gross	(1,641,300)
Federal	(1,506,800)
Private	(1,000)
Restricted	(29,200)
GF/GP	(104,300)

2. FTE Reduction. The budget reflects an overall 162.0 FTE reduction to align FTE positions in the budget with actual filled positions in the Department. Of the total reduction, 38.0 FTE positions were reduced from the Michigan Strategic Fund, 22.0 from Workforce Program Administration, 76.0 from Unemployment Insurance Agency, and 26.0 from Housing and Rental Assistance.

FTE	(162.0)
Gross	0
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$897,400 to \$1,086,900. Of the total change, \$27,000 Gross is due to economics and \$162,500 was transferred from the Michigan State Housing Development Authority, the Talent Investment Agency, and the Michigan Strategic Fund.

Gross	27,000
Federal	17,800
Restricted	6,200
GF/GP	3,000

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	2,373,900
Federal	1,489,000
Private	2,900
Restricted	667,200
GF/GP	214,800

K. ONE-TIME APPROPRIATIONS

The budget identifies \$63.1 million of FY 2017-18 one-time appropriations, shifts \$14.0 million of appropriations from one-time to ongoing, and eliminates \$31.2 million of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2017-18		
Arts and Cultural Program	\$1,000,000	\$1,000,000
DTED - Grants	2,700,000	2,700,000
Going Pro	15,500,000	5,500,000
Michigan Enhancement Grants	35,897,000	35,897,000
Project Rising Tide	2,000,000	2,000,000
Protect and Grow	1,000,000	1,000,000
Talent Marketing	5,000,000	5,000,000
Subtotal	\$63,097,000	\$53,097,000
FY 2017-18		
Business Attraction and Community Revitalization	(\$14,000,000)	(\$14,000,000)
Subtotal	(\$14,000,000)	(\$14,000,000)
FY 2016-17		
Special Grants	(\$21,456,000)	(\$21,456,000)
Statewide Data System Integration	(8,778,500)	0
Sustainability Employment Pilot Program	(1,000,000)	(1,000,000)
Subtotal	(\$31,234,500)	(\$22,456,000)

L. VETOES - NONE

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
P.A. 107 of 2017 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,877.0	2,937.0	2,900.0	2,937.0	2,937.0	60.0	2.1
GROSS	1,389,256,700	1,405,543,900	1,328,005,200	1,369,310,000	1,412,543,200	23,286,500	1.7
Less:							
Interdepartmental Grants Received	694,054,100	713,959,000	713,959,000	713,959,000	713,959,000	19,904,900	2.9
ADJUSTED GROSS	695,202,600	691,584,900	614,046,200	655,351,000	698,584,200	3,381,600	0.5
Less:							
Federal Funds	4,958,200	4,985,300	4,985,300	4,985,300	4,985,300	27,100	0.5
Local and Private	2,320,000	2,444,400	2,444,400	2,444,400	2,444,400	124,400	5.4
TOTAL STATE SPENDING	687,924,400	684,155,200	606,616,500	647,921,300	691,154,500	3,230,100	0.5
Less:							
Other State Restricted Funds	116,840,800	111,399,300	111,399,300	111,399,300	111,399,300	(5,441,500)	(4.7)
GENERAL FUND/GENERAL PURPOSE	571,083,600	572,755,900	495,217,200	536,522,000	579,755,200	8,671,600	1.5
PAYMENTS TO LOCALS	0	2,500,000	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

- | | |
|---|---|
| <p>1. Citizen Centric Government IT Project. Public Act 107 of 2017, Article XX, included \$3.0 million for this project for FY 2016-17. The FY 2017-18 budget continues funding of \$3.0 million for the Citizen Centric Government IT Project, which will allow residents to interact with State of Michigan programs and services through the use of individualized online portals, key high-value system integrations, and new mobile applications, allowing access to resources at all times. Of the \$3.0 million appropriation, \$2.0 million is designated as FY 2017-18 one-time funding.</p> | <p>Gross 0
GF/GP 0</p> |
| <p>2. Labor Market Information Population and Labor Force Projections. The budget provides funding and 2.0 FTEs for the production of population projections for the State and all counties.</p> | <p>FTE 2.0
Gross 268,300
GF/GP 268,300</p> |
| <p>3. Michigan Master Computing Contract. The budget provides funding and 3.0 FTEs for this new program, which redefines the information technology (IT) procurement process.</p> | <p>FTE 3.0
Gross 373,500
Restricted 373,500
GF/GP 0</p> |
| <p>4. Michigan.gov Content Management System Rewrite. The budget provides one-time funding to support the procurement, stand up, and migration of 130 existing Michigan.gov items to a new portal.</p> | <p>Gross 6,171,300
GF/GP 6,171,300</p> |
| <p>5. State Vendor Data Tracking. The budget provides one-time funding for a new pilot project to allow the State to contract with a vendor that will provide comprehensive information on all vendors with which the State conducts business transactions.</p> | <p>Gross 300,000
GF/GP 300,000</p> |

B. PROGRAM INCREASES

- | | |
|--|---|
| <p>1. Cyber Security Improvements. Additional GF/GP funding and 12.0 FTEs are provided for the third year of a multiyear program to enhance the cyber security program. Total FY 2017-18 funding for Homeland and Cyber Security is \$19.9 million.</p> | <p>FTE 12.0
Gross 6,744,600
GF/GP 6,744,600</p> |
|--|---|

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

<p>2. SIGMA - Permanent Organizational Structure. The budget increases funding by a total of \$19.4 million (\$16.8 million GF/GP) and adds 52.0 FTEs in the Budget and Financial Management line item to provide ongoing SIGMA operations, contractual services, and continued improvements related to SIGMA (Statewide Integrated Governmental Applications, the new system that will perform the State's administrative functions including financial management, procurement, and budgeting). Of the total funding, \$4.5 million (all GF/GP) is designated as one-time.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">FTE</td> <td style="text-align: right;">52.0</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">19,381,400</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">2,566,300</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">16,815,100</td> </tr> </table>	FTE	52.0	Gross	19,381,400	Restricted	2,566,300	GF/GP	16,815,100
FTE	52.0								
Gross	19,381,400								
Restricted	2,566,300								
GF/GP	16,815,100								
<p>3. Office of Performance and Transformation. The budget provides \$500,000 GF/GP additional funding for the <i>Socrata</i> transparency website. This office was transferred to the Department of Technology, Management, and Budget (DTMB) via Executive Order 2016-4 and is responsible for the systematic review and coordination of the State's regulatory, business, and customer service environments.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Gross</td> <td style="text-align: right;">500,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">500,000</td> </tr> </table>	Gross	500,000	GF/GP	500,000				
Gross	500,000								
GF/GP	500,000								
<p>4. School Reform Office. Additional GF/GP funding is provided for four programs: \$353,000 one-time for an upgrade of the Performance Information System (PERIS) which tracks student performance; \$280,000 for the Partnership with Enroll Detroit to assist families transferring to new schools; \$252,000 and 2.0 FTEs to support a pilot program that measures deferred maintenance costs to replacement value of priority schools; and \$250,000 to support student and parent surveys for accountability measurement. Total funding for the School Reform Office totals \$3.1 million for FY 2017-18.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">FTE</td> <td style="text-align: right;">2.0</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">1,135,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">1,135,000</td> </tr> </table>	FTE	2.0	Gross	1,135,000	GF/GP	1,135,000		
FTE	2.0								
Gross	1,135,000								
GF/GP	1,135,000								
<p>5. Accounting Services for Grand Rapids Veterans Home. The budget includes increased interdepartmental grant (IDG) funding and adds 8.0 FTEs for costs associated with providing accounting services to the Grand Rapids Veterans Home.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">FTE</td> <td style="text-align: right;">8.0</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">1,206,300</td> </tr> <tr> <td>IDG</td> <td style="text-align: right;">1,206,300</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">0</td> </tr> </table>	FTE	8.0	Gross	1,206,300	IDG	1,206,300	GF/GP	0
FTE	8.0								
Gross	1,206,300								
IDG	1,206,300								
GF/GP	0								
<p>6. Information Technology (IT) – Alignment of IDG Funding. The budget includes a net increase of \$23.3 million and 2.0 FTE positions for the IT portion of the budget to align its IDG funding with enacted FY 2016-17 appropriations for all State departments. Funding appropriated in the budget for statewide IT costs for FY 2017-18 totals \$626.9 million.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Gross</td> <td style="text-align: right;">23,296,300</td> </tr> <tr> <td>IDG</td> <td style="text-align: right;">23,296,300</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">0</td> </tr> </table>	Gross	23,296,300	IDG	23,296,300	GF/GP	0		
Gross	23,296,300								
IDG	23,296,300								
GF/GP	0								
<p>7. IT Investment Fund. The budget provides one-time funding for additional IT-related projects. The FY 2017-18 total appropriation is \$72.5 million, of which \$7.5 million is one-time funding.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Gross</td> <td style="text-align: right;">3,000,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">3,000,000</td> </tr> </table>	Gross	3,000,000	GF/GP	3,000,000				
Gross	3,000,000								
GF/GP	3,000,000								
<p>8. Michigan Public Safety Communications System (MPSCS). The budget provides one-time funding totaling \$5.0 million for the continued replacement of the MPSCS across the State.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Gross</td> <td style="text-align: right;">5,000,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">5,000,000</td> </tr> </table>	Gross	5,000,000	GF/GP	5,000,000				
Gross	5,000,000								
GF/GP	5,000,000								

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

9. Michigan Infrastructure Fund. The budget provides one-time funding to support future infrastructure projects across the State.	Gross GF/GP	35,000,000 35,000,000
10. Drinking Water Declaration of Emergency Reserve Fund. The budget provides one-time funding for future costs associated with the Flint water emergency.	Gross GF/GP	25,000,000 25,000,000
11. Miscellaneous Changes. The budget includes 2.0 FTEs and adjustments to several items totaling \$672,600. Changes include: \$380,000 for administrative costs for the Michigan Military Retirement System; \$137,900 and 1.0 FTE for the State Police Cyber Crimes Unit; \$127,700 and 1.0 FTE for the Office of Financial Management to administer the payroll for the Michigan Economic Development Corporation; and \$27,000 for the State Police Retirement System.	FTE Gross IDG Private Restricted GF/GP	2.0 672,600 137,900 127,700 380,000 27,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Removal of FY 2016-17 Supplemental Funding. The budget removes a total of \$82.5 million in additional funding that Public Act 340 of 2016 provided for three programs: \$500,000 to pay survivor benefits of public safety officers killed in the line of duty; \$10.0 million for deposit into the Drinking Water Declaration of Emergency Reserve Fund; and \$72.0 million for the final debt payment for the Venture Michigan Fund I.	Gross GF/GP	(82,534,000) (82,534,000)
2. Removal of FY 2016-17 One-Time Appropriations. The budget removes a total of \$9.7 million (\$6.9 million GF/GP) of the following one-time funding provided in the FY 2016-17 budget: Legal Services (\$5.0 million); Office of Retirement Services (\$2.85 million); Enterprisewide Special Maintenance (\$1.6 million); and Special Projects (\$250,000).	Gross Restricted GF/GP	(9,700,900) (2,850,000) (6,850,900)
3. SIGMA Reduction. The budget includes reductions in FTEs and in two IT line items to offset the costs of the program increase for the SIGMA Permanent Organizational Structure program in the Budget and Financial Management line item (described in item B.2 above). The reductions include \$6,321,000 (all IDG funding) and 16.0 FTEs in the Technology Services line item and another \$6,321,000 (\$3.8 million GF/GP) in the Information Technology line item.	FTE Gross IDG Restricted GF/GP	(16.0) (12,642,000) (6,321,000) (2,566,300) (3,754,700)

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

4. Adjustment for FY 2016-17 Supplemental Funding (Article XX). A FY 2016-17 adjustment provided in Article XX of Public Act 107 of 2017 totals a positive \$5.5 million. This supplemental appropriation includes one-time funding for the following: 1) new funding of \$3.0 million for the Citizen Centric Government IT Project (described above in item A.1.); 2) new funding of \$2.0 million for a Regional Infrastructure Asset Management pilot project based on recommendations of the Governor's 21st Century Infrastructure Commission; and 3) additional funding of \$500,000 from the Drinking Water Declaration of Emergency Reserve Fund for Flint integrity monitoring. Funding for the Citizen Centric Government IT Project continues for FY 2017-18.

Gross	(2,531,000)
Restricted	(2,500,000)
GF/GP	(31,000)

E. FUNDING SHIFTS

Civil Service Financing. The budget includes the replacement of \$1.8 million in restricted revenue with GF/GP.

Gross	0
Restricted	(1,800,000)
GF/GP	1,800,000

F. PROGRAM TRANSFERS

Transfer of Office of Urban Initiatives. All GF/GP funding and 5.0 FTEs are transferred to the Executive Office.

FTE	(5.0)
Gross	(1,012,200)
GF/GP	(1,012,200)

G. OTHER ISSUES

1. Removal of FY 2016-17 Employee Lump Sum Payments. The budget removes funding for the 1.5% lump sum payments received by all State classified employees as part of negotiated contracts for FY 2016-17.

Gross	(2,848,200)
IDG	(1,839,900)
Federal	(23,700)
Local	(3,800)
Restricted	(503,300)
GF/GP	(477,500)

2. Statewide Cost Allocation Plan (SWCAP) Adjustments. Adjust fund sources for SWCAP.

Gross	(193,800)
IDG	(203,200)
Restricted	90,400
GF/GP	(81,000)

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$1,001,400 to \$1,031,500.

Gross	30,100
IDG	9,800
Restricted	1,800
GF/GP	18,500

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	6,669,200
IDG	3,618,700
Federal	50,800
Local	500
Restricted	1,366,100
GF/GP	1,633,100

K. ONE-TIME APPROPRIATIONS

The budget identifies \$89.5 million of FY 2017-18 one-time appropriations and eliminates \$14.2 million of FY 2016-17 one-time appropriations.

	Gross	GF/GP
FY 2017-18		
ITIF Augmentation	\$7,500,000	\$7,500,000
Citizen Centric IT Initiative	2,000,000	2,000,000
MAIN Operations for Fiscal Year 2017 Closeout.....	2,087,600	2,087,600
Michigan Infrastructure Fund	35,000,000	35,000,000
Cyber Security	3,700,000	3,700,000
Drinking Water Declaration of Emergency Reserve Fund.....	25,000,000	25,000,000
MPSCS Lifecycle Replacement.....	5,000,000	5,000,000

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

Michigan.gov Content Management.....	6,171,300	6,171,300
School Reform Office – Performance Information System.....	353,000	353,000
SIGMA Transition Support (10.0 FTEs).....	2,413,200	2,413,200
Vendor Data Tracking Pilot Program.....	300,000	300,000
Subtotal.....	\$89,525,100	\$89,525,100
 FY 2016-17		
ITIF One-Time Augmentation	(\$4,500,000)	(\$4,500,000)
Enterprisewide Special Maintenance for State Facilities.....	(1,600,900)	(1,600,900)
Office of Retirement Services IT Modernization and Enterprise Mandates.....	(2,850,000)	0
Legal Services	(5,000,000)	(5,000,000)
Special Projects	(250,000)	(250,000)
Subtotal.....	(\$14,200,900)	(\$11,350,900)

L. VETOES - NONE

**DEPARTMENT OF TRANSPORTATION
P.A. 107 of 2017 – ARTICLE XVII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,912.3	2,912.3	2,912.3	2,723.3	2,820.3	(92.0)	(3.2)
GROSS	4,120,063,600	4,347,443,000	4,347,443,000	4,347,443,000	4,347,443,000	227,379,400	5.5
Less:							
Interdepartmental Grants Received	4,013,400	4,039,300	4,039,300	4,039,300	4,039,300	25,900	0.6
ADJUSTED GROSS	4,116,050,200	4,343,403,700	4,343,403,700	4,343,403,700	4,343,403,700	227,353,500	5.5
Less:							
Federal Funds	1,314,744,000	1,340,301,200	1,340,301,200	1,340,301,200	1,340,301,200	25,557,200	1.9
Local and Private	51,828,500	50,632,000	50,632,000	50,632,000	50,632,000	(1,196,500)	(2.3)
TOTAL STATE SPENDING	2,749,477,700	2,952,470,500	2,952,470,500	2,952,470,500	2,952,470,500	202,992,800	7.4
Less:							
Other State Restricted Funds	2,739,727,700	2,952,470,500	2,952,470,500	2,952,470,500	2,952,470,500	212,742,800	7.8
GENERAL FUND/GENERAL PURPOSE	9,750,000	0	0	0	0	(9,750,000)	(100.0)
PAYMENTS TO LOCALS	1,587,185,200	1,715,980,300	1,716,980,400	1,729,747,200	1,717,843,100	130,657,900	8.2

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. County Road Commissions. The baseline increase for counties is primarily due to the road funding package of 2015. Less than 10% of the increase is related to FTE reductions, mostly from Design and Engineering Services.</p>	<p>Gross 88,941,600 Restricted 88,941,600 GF/GP 0</p>
<p>2. State Trunkline Road and Bridge Construction. Just over \$9.1 million of this increase is due to FTE reductions. The rest of the increase is a baseline adjustment due to the road funding package.</p>	<p>Gross 77,325,900 Federal 25,652,500 Local 3,500 Restricted 51,669,900 GF/GP 0</p>
<p>3. Cities and Villages. The baseline increase for cities and villages is primarily due to the road funding package of 2015. Less than 10% of the increase is due to FTE reductions, mostly from Design and Engineering Services.</p>	<p>Gross 49,589,000 Restricted 49,589,000 GF/GP 0</p>
<p>4. Transportation Economic Development (TED). The budget restores TED funding after statutory cuts to Category A projects in GY 2016-17.</p>	<p>Gross 17,671,600 Restricted 17,671,600 GF/GP 0</p>
<p>5. Rail Freight Economic Development. The new line is created from restricted funds previously appropriated to Rail Operations and Infrastructure and the Detroit/Wayne County Port Authority. Previous work for Freight Economic Development was done through the Rail Operations and Infrastructure line; for companies that require rail freight improvements, the Department, through this line, can provide loans that may graduate to grants if those companies meet or exceed rail usage volume goals.</p>	<p>Gross 8,768,200 Restricted 8,768,200 GF/GP 0</p>
<p>6. Metro Detroit Drainage and Flooding Mitigation. The appropriation for Highway Maintenance is increased by \$8,500,000 for drainage maintenance on limited access freeways in Oakland, Macomb, and Wayne Counties.</p>	<p>Gross 8,500,000 Restricted 8,500,000 GF/GP 0</p>
<p>7. Increased Federal Funding. Federal funding increases are expected for Local Road and Bridge Construction, \$5,889,300, and Nonurban Operating/Capital Bus Transit, \$2.0 million.</p>	<p>Gross 7,889,300 Federal 7,889,300 GF/GP 0</p>

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

8. Comprehensive Transportation Funding (CTF). As a part of the Michigan Transportation Fund (MTF), CTF revenue is up due to the road funding package. This includes increased funding for Transit Capital, \$5,496,400; Intercity Services, \$1,610,000; and Service Initiatives, \$500,000.	Gross Local Restricted GF/GP	7,606,400 110,000 7,496,400 0
9. Salt Storage Buildings and Containment Contract. This new line item is an investment of State Trunkline Fund (STF) dollars for the renovation of existing salt storage facilities. This initial investment will help the Department prioritize storage facility repairs based upon need. This project was not funded in prior years, and was categorized as deferred maintenance.	Gross Restricted GF/GP	2,500,000 2,500,000 0
10. Local Bus Operating. Funding is increased with cuts to Rail Operations and Infrastructure.	Gross Restricted GF/GP	2,000,000 2,000,000 0
11. Information Technology (IT) Improvements. The budget adds \$1.0 million to IT for modernization projects.	Gross Restricted GF/GP	1,000,000 1,000,000 0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. One-Time General Fund Removal. The budget removes FY 2016-17 one-time appropriations, outlined below.	Gross GF/GP	(9,750,000) (9,750,000)
2. Movable Bridge and Local Agency Wetland Mitigation. Both programs received double the amount of statutorily required funding in FY 2016-17. Both programs are fully funded although both are, technically, reduced from the FY 2016-17 funding amounts.	Gross Restricted GF/GP	(6,890,000) (6,890,000) 0
3. Decreased Revenue from Aviation Fuel Tax. Decreases in aviation fuel tax revenue have lowered appropriations to the Detroit Metropolitan Wayne County Airport (\$2,275,000) and the Airport Improvement Program (\$3,861,500).	Gross Restricted GF/GP	(6,136,500) (6,136,500) 0

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

4. Design and Engineering Services. The budget includes 66.0 FTE cuts to this line to fund STF construction, and restores \$1.0 million from cuts to Transportation Planning.	<table border="0" style="width: 100%;"> <tr><td>FTE</td><td style="text-align: right;">(66.0)</td></tr> <tr><td>Gross</td><td style="text-align: right;">(6,035,000)</td></tr> <tr><td>Restricted</td><td style="text-align: right;">(6,035,000)</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">0</td></tr> </table>	FTE	(66.0)	Gross	(6,035,000)	Restricted	(6,035,000)	GF/GP	0		
FTE	(66.0)										
Gross	(6,035,000)										
Restricted	(6,035,000)										
GF/GP	0										
5. Rail Operations and Infrastructure. Cuts to this line item funded the new Rail Freight Economic Development line item and provided additional funding for Local Bus Operating.	<table border="0" style="width: 100%;"> <tr><td>Gross</td><td style="text-align: right;">(3,003,300)</td></tr> <tr><td>Restricted</td><td style="text-align: right;">(3,003,300)</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">0</td></tr> </table>	Gross	(3,003,300)	Restricted	(3,003,300)	GF/GP	0				
Gross	(3,003,300)										
Restricted	(3,003,300)										
GF/GP	0										
6. Transportation Planning. The total decrease includes a cut of 3.0 FTEs and \$2.0 million to fund increases to the Design and Administration sections.	<table border="0" style="width: 100%;"> <tr><td>FTE</td><td style="text-align: right;">(3.0)</td></tr> <tr><td>Gross</td><td style="text-align: right;">(2,315,000)</td></tr> <tr><td>Restricted</td><td style="text-align: right;">(2,315,000)</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">0</td></tr> </table>	FTE	(3.0)	Gross	(2,315,000)	Restricted	(2,315,000)	GF/GP	0		
FTE	(3.0)										
Gross	(2,315,000)										
Restricted	(2,315,000)										
GF/GP	0										
7. Department Administration and Support. Cuts to FTEs in this section shift funding to Trunkline Road and Bridge construction. This does not include the \$250,000 increase to the Asset Management Council, noted in Other Baseline Adjustments, below.	<table border="0" style="width: 100%;"> <tr><td>FTE</td><td style="text-align: right;">(17.0)</td></tr> <tr><td>Gross</td><td style="text-align: right;">(785,000)</td></tr> <tr><td>IDG</td><td style="text-align: right;">25,900</td></tr> <tr><td>Restricted</td><td style="text-align: right;">(810,900)</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">0</td></tr> </table>	FTE	(17.0)	Gross	(785,000)	IDG	25,900	Restricted	(810,900)	GF/GP	0
FTE	(17.0)										
Gross	(785,000)										
IDG	25,900										
Restricted	(810,900)										
GF/GP	0										
8. Terminal Development. This line is removed from the budget. The responsibility for terminal development is shifted into the Rail Operations and Infrastructure line item.	<table border="0" style="width: 100%;"> <tr><td>Gross</td><td style="text-align: right;">(300,000)</td></tr> <tr><td>Restricted</td><td style="text-align: right;">(300,000)</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">0</td></tr> </table>	Gross	(300,000)	Restricted	(300,000)	GF/GP	0				
Gross	(300,000)										
Restricted	(300,000)										
GF/GP	0										
9. Detroit/Wayne County Port Authority (DWCPA). Funding from cuts to the DWCPA goes to the new Rail Freight Economic Development line item.	<table border="0" style="width: 100%;"> <tr><td>Gross</td><td style="text-align: right;">(268,200)</td></tr> <tr><td>Restricted</td><td style="text-align: right;">(268,200)</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">0</td></tr> </table>	Gross	(268,200)	Restricted	(268,200)	GF/GP	0				
Gross	(268,200)										
Restricted	(268,200)										
GF/GP	0										
10. Aviation Services. The budget provides funding for Aviation Services at the level of the Governor's recommendation, but cuts 6.0 FTEs from this line item.	<table border="0" style="width: 100%;"> <tr><td>FTE</td><td style="text-align: right;">(6.0)</td></tr> <tr><td>Gross</td><td style="text-align: right;">0</td></tr> <tr><td>Restricted</td><td style="text-align: right;">0</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">0</td></tr> </table>	FTE	(6.0)	Gross	0	Restricted	0	GF/GP	0		
FTE	(6.0)										
Gross	0										
Restricted	0										
GF/GP	0										

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

11. Supplemental Reductions. This category includes the removal of FY 2016-17 supplemental increases for the Priority Roads Investment Program, \$3.0 million (Michigan Infrastructure Fund); State Trunkline Federal Aid Road and Bridge Construction, \$350,000 (private funds); and Intercity Services, \$960,000 (private funds).

Gross	(4,310,000)
Private	(1,310,000)
Restricted	(3,000,000)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Debt Service Adjustments. Payments are adjusted based on debt service requirements.

Gross	(8,985,900)
Federal	(7,984,600)
Restricted	(1,001,300)
GF/GP	0

2. Lump Sum Payments. The budget omits FY 2016-17 one-time benefit payments.

Gross	(2,315,500)
Restricted	(2,315,500)
GF/GP	0

3. Other Baseline Adjustments. The budget includes the following increases: Local Bridge Program, \$814,300; Transportation Asset Management Council, \$250,000; Design and Engineering Services, \$120,100; Highway Maintenance, \$33,900; and Intercity Passenger and Freight, \$300,000. The budget reflects the following decreases: Interdepartmental Grants (\$108,400); Information Technology (\$123,100); Aviation Services (\$123,000); and Airport Improvement Program (\$19,500).

Gross	1,144,300
Restricted	1,144,300
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$754,000 to \$776,600.

Gross	22,600
Restricted	22,600
GF/GP	0

I. FEE INCREASES - NONE

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

Gross	5,514,900
Restricted	5,514,900
GF/GP	0

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

K. ONE-TIME APPROPRIATIONS

The budget eliminates \$9,750,000 of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
Special Grants	(\$8,500,000)	(\$8,500,000)
Erosion Mitigation Grants Supplemental	(\$1,250,000)	(\$1,250,000)
Subtotal.....	(\$9,750,000)	(\$9,750,000)

L. VETOES - NONE

**DEPARTMENT OF TREASURY - DEBT SERVICE
P.A. 107 of 2017 – ARTICLE VIII**

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

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Great Lakes Water Quality Bond. The budget increases debt service payments for this bond. Of the total, \$1,411,000 is a reduction in scheduled payments and \$5,403,000 is projected new bond issuances for FY 2017-18. This increases total debt service payments to \$22,865,000.

Gross	3,992,000
GF/GP	3,992,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Clean Michigan Initiative. The budget reduces debt service payments for this bond due to projected decreases in scheduled bond payments with no new projected bonds being issued for FY 2017-18. This decreases total debt service payments to \$62,751,000.

Gross	(26,726,000)
GF/GP	(26,726,000)

2. Quality of Life Bond. The budget reduces debt service payments for this bond due to projected decreases in scheduled bond payments with no new projected bonds being issued for FY 2017-18. This decreases total debt service payments to \$21,964,000.

Gross	(6,723,000)
GF/GP	(6,723,000)

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. 107 of 2017 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,913.5	1,952.5	1,740.5	1,952.5	1,852.5	(61.0)	(3.2)
GROSS	537,623,200	512,829,800	512,577,200	508,829,800	512,429,800	(25,193,400)	(4.7)
Less:							
Interdepartmental Grants Received	12,562,300	12,613,700	12,613,700	12,613,700	12,613,700	51,400	0.4
ADJUSTED GROSS	525,060,900	500,216,100	499,963,500	496,216,100	499,816,100	(25,244,800)	(4.8)
Less:							
Federal Funds	39,920,800	27,022,600	27,022,600	27,022,600	27,022,600	(12,898,200)	(32.3)
Local and Private	11,277,700	14,543,500	14,542,700	14,543,500	14,543,500	3,265,800	29.0
TOTAL STATE SPENDING	473,862,400	458,650,000	458,398,200	454,650,000	458,250,000	(15,612,400)	(3.3)
Less:							
Other State Restricted Funds	367,403,600	359,881,500	364,726,100	359,881,500	359,881,500	(7,522,100)	(2.0)
GENERAL FUND/GENERAL PURPOSE	106,458,800	98,768,500	93,672,100	94,768,500	98,368,500	(8,090,300)	(7.6)
PAYMENTS TO LOCALS	186,320,700	186,383,500	186,130,700	186,383,500	186,083,500	(237,200)	(0.1)

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

- | | |
|---|---|
| <p>1. Medical Marihuana Excise Fund Grants and Regulation. The budget includes new funding to implement Public Act 281 of 2016, the Medical Marihuana Facilities Licensing Act. Of the total, \$3,960,000 is for Medical Marihuana Excise Fund grants and the remaining \$675,000 is for regulation and administration of the Act. The Medical Marihuana Excise Fund Grants line item appropriates revenue for distribution to municipalities, counties, and county sheriffs in accordance to statute. This funding is all supported by the Medical Marihuana Excise Fund.</p> | <p>FTE 1.0
Gross 4,635,000
Restricted 4,635,000
GF/GP 0</p> |
| <p>2. Financial Data Analytic Tool Reimbursement. The budget includes \$500,000 GF/GP for financial data analytic tool reimbursement for cities, villages, townships, and counties.</p> | <p>Gross 500,000
GF/GP 500,000</p> |

B. PROGRAM INCREASES

- | | |
|---|---|
| <p>1. City Income Tax Administration. The budget continues \$2,050,000 in supplemental funding and includes an additional \$3,232,100 for the City Income Tax Administration program. The total increase to this program includes \$3,782,100 for ongoing operations and \$1.5 million in one-time appropriations. The ongoing funding increase is to allow the hiring of 20.0 FTEs to provide ongoing support if the City of Lansing or any other city joins the City Income Tax Administration program. The \$1.5 million in one-time appropriations is to implement information technology changes to bring an additional city into the program. The increase is all supported by the City Income Tax Fund, which is supported by the local cities that participate in the program.</p> | <p>FTE 20.0
Gross 3,232,100
Local 3,232,100
GF/GP 0</p> |
| <p>2. Information Technology for Systems, Applications, and Process Support. The budget includes a one-time appropriation to support information technology improvements to the Systems, Applications, and Process Support unit.</p> | <p>Gross 2,000,000
GF/GP 2,000,000</p> |
| <p>3. Tax Processing Bureau. The budget includes an increase for the Tax Processing Bureau to allow the hiring and support for tax processing operations in order to further reduce the telephone wait time and processing time of individual tax returns.</p> | <p>FTE 9.0
Gross 992,200
GF/GP 992,200</p> |
| <p>4. State Lottery. The budget includes an increase to State Lottery to allow the Lottery Bureau to hire 8.0 FTEs for the iLottery games. These games have increased greatly since they began, and the increased FTEs will allow greater expansion of these games. The increase is supported by State lottery revenue.</p> | <p>FTE 8.0
Gross 716,300
Restricted 716,300
GF/GP 0</p> |

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

5. Dual Enrollment. The budget increases funding for Dual Enrollment to reflect cost increases estimated at the May 2017 Consensus Revenue Estimating Conference. This increase is all supported by GF/GP revenue.	Gross GF/GP	500,000 500,000
6. Urban Search and Rescue. The budget includes an increase to Urban Search and Rescue, which is all supported by GF/GP revenue. Total FY 2017-18 funding is \$900,000.	Gross GF/GP	400,000 400,000
7. Senior Citizen Cooperative Housing. The budget includes an increase in Senior Citizen Cooperative Housing funding due to Public Act 78 of 2016, which increased the number of facilities in the program.	Gross GF/GP	200,000 200,000
8. Casino Information Technology. The budget includes an increase in Casino Information Technology funding to allow the Michigan Gaming Control board to hire an additional FTE to increase internal control in order to ensure the security and accuracy of the revenue reported.	FTE Gross Restricted GF/GP	1.0 149,900 149,900 0
9. County Lien Fee Increase. The budget continues the FY 2016-17 supplemental increase of \$1.3 million for the Office of Collections due to Public Act 224 of 2016, which sets the fee for recording a document with the register of deeds at \$30 (rather than an amount based on the number of pages), and Public Act 227 of 2016, which extends the increase to liens recorded by the Department of Treasury for unpaid taxes or amounts due to other departments. (Previously, the Department paid \$10 per lien.) Public Act 227 allows the Department to collect the recording fee from the person liable for the unpaid tax, and Public Act 230 of 2016 allows the Department to recover the fee upon the sale of property.	Gross IDG GF/GP	0 0 0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Removal of FY 2016-17 One-Time Appropriations, Supplemental, and Contingency Fund Transfers. The budget removes one-time appropriations, supplemental funding, and contingency fund transfers totaling \$17,992,600 Gross, \$7.1 million Restricted, and \$10,892,500 GF/GP. The enacted FY 2016-17 one-time appropriations that were removed totaled \$2,842,600, which included \$2,842,600 GF/GP for implementing free individual e-file for individual income taxes and a \$100 placeholder for the Drinking Water Declaration of Emergency Fund. The supplemental appropriations removed included funding appropriated by Public Act (PA) 340 of 2016 and Article XX	Gross Restricted GF/GP	(17,992,600) (7,100,100) (10,892,500)
---	------------------------------	---

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

of PA 107 of 2017 totaling \$12,450,000. Public Act 340 of 2016 included \$3,050,000 GF/GP: \$3.0 million for an additional appropriation in the Supervision of the General Property Tax Law line and \$50,000 to reimburse a local school district millage proposal election. Article XX of PA 107 of 2017 included \$9.4 million, of which \$5.0 million GF/GP was for deposit into the Wrongful Imprisonment Compensation Fund and \$4.4 million was for the Drinking Water Declaration of Emergency. The budget also removes \$2.7 million in Contingency Fund increases from transfers 2017-1 and 2017-5, which both increased appropriations to the Drinking Water Declaration of Emergency and were supported by the Drinking Water Declaration of Emergency Reserve Fund.

2. United States Department of Education Funding. The budget decreases the Michigan Finance Authority - Bond Financing Programs due to decreases in various U.S. Department of Education grants.	Gross Federal GF/GP	(12,955,700) (12,955,700) 0
3. Health and Safety Fund Grant. The budget decreases the Health and Safety Fund to reflect actual revenue and expenditures from this line item.	Gross Restricted GF/GP	(7,500,000) (7,500,000) 0
4. Financial Independence Team. The budget decreases the Financial Independence Team line item to reflect significant lapses from this line item in recent fiscal years.	Gross GF/GP	(1,000,000) (1,000,000)
5. Removal of Ongoing Grants. The budget removes three ongoing grants, \$76,000 for the Lenawee Intermediate School District plasma cutting machine matching grant, \$100,000 for the Gianna House, and \$345,600 for the Student Loan Delinquency Counseling pilot program.	Gross GF/GP	(521,600) (521,600)
6. Supervision of the General Property Tax Law. The budget decreases the Supervision of the General Property Tax Law line item to reflect significant lapses from this line item in recent fiscal years.	Gross GF/GP	(500,000) (500,000)
7. Payments In Lieu of Taxes. The budget includes two line item changes within the Payment In Lieu of Taxes program. The first change increases Purchased Lands by 3%, which amounts to \$252,800 Gross and \$96,600 GF/GP, to allow the purchase of additional land by the Department of Natural Resources. The second change decreases the Swamp and Tax Reverted line item \$300,000 to reflect lapses from this line item in recent fiscal years.	Gross Private Restricted GF/GP	(47,200) 800 155,400 (203,400)

E. FUNDING SHIFTS - NONE

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Removal of FY 2016-17 Employee Lump Sum Payments. The budget removes lump sum payments to employees that were included as part of the FY 2016-17 budget.

Gross	(1,663,100)
IDG	(51,900)
Federal	(48,600)
Local	(30,400)
Restricted	(1,251,800)
GF/GP	(280,400)

2. FTE Reduction. The budget includes an overall 100.0 FTE reduction to align FTE positions in the budget with actual filled positions in the Department.

FTE	(100.0)
Gross	0
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$995,500 to \$1,025,300 due to economics.

Gross	29,800
Federal	1,900
Restricted	10,000
GF/GP	17,900

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other employment retirement costs (OERC), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 3.0% base wage increase in FY 2017-18 effective on October 1, 2017. Non-exclusively represented employees (NERES) also will receive a 3.0% base wage increase for FY 2017-18 effective on October 1, 2017. There will be no lump-sum payments for either classified employees or NERES in FY 2017-18.

Gross	3,631,500
IDG	103,300
Federal	104,200
Local	63,300
Restricted	2,663,200
GF/GP	697,500

K. ONE-TIME APPROPRIATIONS

The budget identifies \$4.4 million of FY 2017-18 one-time appropriations, and eliminates \$9,942,600 of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2017-18		
Urban Search and Rescue	\$900,000	\$900,000
City Income Tax Administration	1,500,000	0
Information Technology	2,000,000	2,000,000
Subtotal	\$4,400,000	\$2,900,000
FY 2016-17		
Free Individual E-file	(\$2,842,500)	(\$2,842,500)
Drinking Water Declaration of Emergency	(7,100,100)	0
Subtotal	(\$9,942,600)	(\$2,842,500)

L. VETOES - NONE

**DEPARTMENT OF TREASURY - REVENUE SHARING
P.A. 107 of 2017 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 GOV.'S REC.	FY 2017-18 SENATE	FY 2017-18 HOUSE	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	1,259,435,300	1,245,292,200	1,249,959,700	1,257,692,200	1,278,215,000	18,779,700	1.5
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,259,435,300	1,245,292,200	1,249,959,700	1,257,692,200	1,278,215,000	18,779,700	1.5
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	1,259,435,300	1,245,292,200	1,249,959,700	1,257,692,200	1,278,215,000	18,779,700	1.5
Less:							
Other State Restricted Funds	1,259,435,300	1,245,292,200	1,245,292,200	1,245,292,200	1,269,835,900	10,400,600	0.8
GENERAL FUND/GENERAL PURPOSE	0	0	4,667,500	12,400,000	8,379,100	8,379,100	--
PAYMENTS TO LOCALS	1,259,435,300	1,245,292,200	1,249,959,700	1,257,692,200	1,278,215,000	18,779,700	1.5

Includes Ongoing and One-time Appropriations as of July 14, 2017.

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

A. NEW PROGRAMS

Supplemental City, Village, and Township Revenue Sharing. The budget includes \$6.2 million in one-time GF/GP revenue for payment of \$0.81198 per capita to local governments that currently are eligible for City, Village, and Township Revenue Sharing.

Gross	6,200,000
GF/GP	6,200,000

B. PROGRAM INCREASES

1. Constitutional Revenue Sharing. The State Constitution requires the payment of 15.0% of sales tax revenue collected at a 4.0% rate to cities, villages, and townships on a per capita basis. The budget includes \$798,087,800 for estimated constitutional revenue sharing payments in FY 2017-18 based on the May 2017 consensus revenue estimates. This is a 1.2% increase over the revised estimate for FY 2016-17 payments. Actual payments will be made based on actual revenue collections.

Gross	9,760,000
Restricted	9,760,000
GF/GP	0

2. Revenue Sharing Payments to Counties. A county that has completed withdrawals from its revenue sharing reserve fund is eligible for State-paid revenue sharing through two line items: County Revenue Sharing and the County Incentive Program. The budget provides a total of \$220,087,200 for revenue sharing payments to counties consisting of \$176,926,800 for County Revenue Sharing and \$43,160,400 for the County Incentive Program, which requires compliance with accountability and transparency conditions. These appropriations cover the \$640,600 in additional costs (\$513,700 in County Revenue Sharing and \$126,900 in the County Incentive Program) in FY 2017-18 for Alcona and Charlevoix Counties, which are eligible for their first full-year of State-paid revenue sharing in FY 2017-18, and a 1.0% increase for all eligible counties of \$2,179,100, which is paid entirely through the County Revenue Sharing program.

Gross	2,819,700
Restricted	640,600
GF/GP	2,179,100

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

**FY 2017-18 Change From
FY 2016-17 Year-to-Date**

G. OTHER ISSUES

- | | |
|--|---|
| <p>1. City, Village, and Township Revenue Sharing. The budget continues funding in FY 2017-18 for City, Village, and Township (CVT) Revenue Sharing (nonconstitutional or "statutory" revenue sharing) at \$248,840,000, which consists of \$243,040,000 in ongoing funds and \$5.8 million in one-time appropriations.</p> | <p>Gross 0
Restricted 0
GF/GP 0</p> |
| <p>2. Financially Distressed Cities, Villages, and Townships. The budget maintains funding for grants to financially distressed cities, villages, and townships at \$5.0 million in FY 2017-18, the same amount as in FY 2016-17. Grants of up to \$2.0 million are awarded by the Department of Treasury to cities, villages, or townships with signs of probable financial distress. Use of the grants is limited to approved projects that move the local government toward financial stability.</p> | <p>Gross 0
Restricted 0
GF/GP 0</p> |

Revenue Sharing Appropriations				
FY 2016-17 Year-to-Date and FY 2017-18 Initial Appropriations				
	FY 2016-17 Year-to-Date	FY 2017-18 Initial Appropriations	Difference	Percent Change
Constitutional Revenue Sharing	\$788,327,800	\$798,087,800	\$9,760,000	1.2%
CVT Revenue Sharing	248,840,000	248,840,000	0	0.0
Supplemental CVT Revenue Sharing	0	6,200,000	6,200,000	---
County Revenue Sharing	174,234,000	176,926,800	2,692,800	1.5
County Incentive Program	43,033,500	43,160,400	126,900	0.3
Financially Distressed CVTs	5,000,000	5,000,000	0	0.0
Total	\$1,256,435,300	\$1,278,215,000	\$18,779,700	1.5%

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS

The budget identifies \$12.0 million of FY 2017-18 one-time appropriations:

	<u>Gross</u>	<u>GF/GP</u>
FY 2017-18		
City, Village, and Township Revenue Sharing	\$5,800,000	\$0
Supplemental City, Village, and Township Revenue Sharing	6,200,000	6,200,000
Subtotal	\$12,000,000	\$6,200,000

L. VETOES - NONE

APPENDIX

Appendix A
FY 2017-18
APPROPRIATIONS BILL INDEX

DEPARTMENT/BUDGET AREA	BILL NUMBER	PUBLIC ACT NUMBER	LINE-ITEM VETOES
Agriculture and Rural Development.....	House Bill 4323	P.A. 107 of 2017	Yes
Attorney General.....	House Bill 4323	P.A. 107 of 2017	No
Civil Rights	House Bill 4323	P.A. 107 of 2017	No
Community Colleges.....	House Bill 4313	P.A. 108 of 2017	No
Corrections	House Bill 4323	P.A. 107 of 2017	No
Education.....	House Bill 4323	P.A. 107 of 2017	No
Environmental Quality.....	House Bill 4323	P.A. 107 of 2017	Yes
Executive	House Bill 4323	P.A. 107 of 2017	No
Health and Human Services.....	House Bill 4323	P.A. 107 of 2017	Yes
Higher Education	House Bill 4313	P.A. 108 of 2017	No
Insurance and Financial Services.....	House Bill 4323	P.A. 107 of 2017	No
Judiciary.....	House Bill 4323	P.A. 107 of 2017	No
Legislative Auditor General	House Bill 4323	P.A. 107 of 2017	No
Legislature	House Bill 4323	P.A. 107 of 2017	No
Licensing & Regulatory Affairs.....	House Bill 4323	P.A. 107 of 2017	No
Military and Veterans Affairs.....	House Bill 4323	P.A. 107 of 2017	No
Natural Resources	House Bill 4323	P.A. 107 of 2017	Yes
School Aid.....	House Bill 4313	P.A. 108 of 2017	Yes
State	House Bill 4323	P.A. 107 of 2017	No
State Police	House Bill 4323	P.A. 107 of 2017	No
Talent and Economic Development.....	House Bill 4323	P.A. 107 of 2017	No
Technology, Management, and Budget.....	House Bill 4323	P.A. 107 of 2017	No
Transportation.....	House Bill 4323	P.A. 107 of 2017	No
Treasury (Debt Service)	House Bill 4323	P.A. 107 of 2017	No
Treasury (Operations).....	House Bill 4323	P.A. 107 of 2017	No
Treasury (Revenue Sharing)	House Bill 4323	P.A. 107 of 2017	No

Appendix B

FY 2017-18 VEHICLE BILLS USED IN BUDGET DEVELOPMENT

DEPARTMENT	GOVERNOR'S REC OMNIBUS	SENATE SUB. COM.	SENATE FULL COM.	SENATE PASSED	HOUSE SUB. COM.	HOUSE FULL COM. OMNIBUS	HOUSE PASSED OMNIBUS	CONF. COM.	CONF/ENACTED OMNIBUS
Agriculture and Rural Development	S.B. 218	S.B. 139	S.B. 139	S.B. 139	H.B. 4241	H.B. 4323	H.B. 4323	S.B. 139	H.B. 4323/P.A. 107
Attorney General	S.B. 218	S.B. 142	S.B. 142	S.B. 142	H.B. 4243	H.B. 4323	H.B. 4323	S.B. 142	H.B. 4323/P.A. 107
Capital Outlay	S.B. 218	N/A	N/A	N/A	N/A	N/A	N/A	N/A	H.B. 4323/P.A. 107
Civil Rights	S.B. 218	S.B. 142	S.B. 142	S.B. 142	H.B. 4243	H.B. 4323	H.B. 4323	S.B. 142	H.B. 4323/P.A. 107
Community Colleges	S.B. 217	S.B. 134	S.B. 134	S.B. 134	H.B. 4236	H.B. 4313	H.B. 4313	H.B. 4236	H.B. 4313/P.A. 108
Corrections	S.B. 218	S.B. 144	S.B. 144	S.B. 144	H.B. 4227	H.B. 4323	H.B. 4323	S.B. 144	H.B. 4323/P.A. 107
Education	S.B. 218	S.B. 147	S.B. 147	S.B. 147	H.B. 4234	H.B. 4323	H.B. 4323	H.B. 4234	H.B. 4323/P.A. 107
Environmental Quality	S.B. 218	S.B. 140	S.B. 140	S.B. 140	H.B. 4231	H.B. 4323	H.B. 4323	H.B. 4231	H.B. 4323/P.A. 107
Executive	S.B. 218	S.B. 142	S.B. 142	S.B. 142	H.B. 4243	H.B. 4323	H.B. 4323	S.B. 142	H.B. 4323/P.A. 107
Health and Human Services	S.B. 218	S.B. 135	S.B. 135	S.B. 135	H.B. 4238	H.B. 4323	H.B. 4323	H.B. 4238	H.B. 4323/P.A. 107
Higher Education	S.B. 217	S.B. 138	S.B. 138	S.B. 138	H.B. 4229	H.B. 4313	H.B. 4313	H.B. 4229	H.B. 4313/P.A. 108
Insurance and Financial Services	S.B. 218	S.B. 136	S.B. 136	S.B. 136	H.B. 4240	H.B. 4323	H.B. 4323	S.B. 136	H.B. 4323/P.A. 107
Judiciary	S.B. 218	S.B. 143	S.B. 143	S.B. 143	H.B. 4233	H.B. 4323	H.B. 4323	H.B. 4233	H.B. 4323/P.A. 107
Legislative Auditor General	S.B. 218	S.B. 142	S.B. 142	S.B. 142	H.B. 4243	H.B. 4323	H.B. 4323	S.B. 142	H.B. 4323/P.A. 107
Legislature	S.B. 218	S.B. 142	S.B. 142	S.B. 142	H.B. 4243	H.B. 4323	H.B. 4323	S.B. 142	H.B. 4323/P.A. 107
Licensing and Regulatory Affairs	S.B. 218	S.B. 141	S.B. 141	S.B. 141	H.B. 4237	H.B. 4323	H.B. 4323	H.B. 4237	H.B. 4323/P.A. 107
Military and Veterans Affairs	S.B. 218	S.B. 146	S.B. 146	S.B. 146	H.B. 4228	H.B. 4323	H.B. 4323	S.B. 146	H.B. 4323/P.A. 107
Natural Resources	S.B. 218	S.B. 137	S.B. 137	S.B. 137	H.B. 4239	H.B. 4323	H.B. 4323	S.B. 137	H.B. 4323/P.A. 107
School Aid	S.B. 217	S.B. 149	S.B. 149	S.B. 149	H.B. 4235	H.B. 4313	H.B. 4313	H.B. 4235	H.B. 4313/P.A. 108
State	S.B. 218	S.B. 142	S.B. 142	S.B. 142	H.B. 4243	H.B. 4323	H.B. 4323	S.B. 142	H.B. 4323/P.A. 107
State Police	S.B. 218	S.B. 145	S.B. 145	S.B. 145	H.B. 4243	H.B. 4323	H.B. 4323	S.B. 145	H.B. 4323/P.A. 107
Talent and Economic Development	S.B. 218	S.B. 142	S.B. 142	S.B. 142	H.B. 4243	H.B. 4323	H.B. 4323	S.B. 142	H.B. 4323/P.A. 107
Technology, Management, and Budget	S.B. 218	S.B. 142	S.B. 142	S.B. 142	H.B. 4243	H.B. 4323	H.B. 4323	S.B. 142	H.B. 4323/P.A. 107
Transportation	S.B. 218	S.B. 148	S.B. 148	S.B. 148	H.B. 4242	H.B. 4323	H.B. 4323	S.B. 148	H.B. 4323/P.A. 107
Treasury (Debt Service)	S.B. 218	S.B. 142	S.B. 142	S.B. 142	H.B. 4243	H.B. 4323	H.B. 4323	S.B. 142	H.B. 4323/P.A. 107
Treasury (Operations)	S.B. 218	S.B. 142	S.B. 142	S.B. 142	H.B. 4243	H.B. 4323	H.B. 4323	S.B. 142	H.B. 4323/P.A. 107
Treasury (Revenue Sharing)	S.B. 218	S.B. 142	S.B. 142	S.B. 142	H.B. 4243	H.B. 4323	H.B. 4323	S.B. 142	H.B. 4323/P.A. 107



RECENT SENATE FISCAL AGENCY PUBLICATIONS

- | | | | | | |
|---|------------------------------|---|-------------------------|---|------------------------------|
| Summer 2017 | State Notes | February 2017 | Lawsuit Report | Fall 2016 | State Notes |
| <ul style="list-style-type: none">• "State Capitol Restoration/Infrastructure Upgrade Project"• "Public Act 107 of 2017: FY 2016-17 Capital Outlay Supplemental Appropriation"• "Telehealth: How Communications Technology is Changing the Provision of Health Care"• "Overview of State Appropriations for the Flint Drinking Water Emergency-Update"• "Funding Cuts to the Detroit/Wayne County Port Authority"• "Recent Trends and Changes in Shared Time Public/Private/Home-School Education"• "Michigan Use Tax Basics" | | <ul style="list-style-type: none">• "FY 2015-16 Status of Lawsuits Involving the State of Michigan" | | <ul style="list-style-type: none">• "Automobile Insurance, Assigned Claims, and Taxation"• "General Fund Revenue at Michigan Public Universities and Community Colleges" | |
| May 2017 | Economic Outlook | Winter 2017 | State Notes | October 2016 | Appropriations Report |
| <ul style="list-style-type: none">• "Michigan's Economic Outlook and Budget Review FY 2016-17, FY 2017-18, and FY 2018-19" | | <ul style="list-style-type: none">• "Capital Outlay Construction Authorizations"• "State of Michigan Highway Negligence Litigation History"• "Michigan Department of Health and Human Services Flint Drinking Water Emergency Expenditures"• "Transportation Revenue, Appropriations, and Road Quality after the Road Funding Package"• "Michigan Natural Resources Trust Fund Board Project Recommendations for Application Year 2016"• "Update on the Michigan Early Stage Venture Capital Tax Vouchers" | | <ul style="list-style-type: none">• "FY 2016-17 Higher Education Appropriations Report" | |
| Spring 2017 | State Notes | December 2016 | Economic Outlook | October 2016 | State Budget Overview |
| <ul style="list-style-type: none">• "Tuition Incentive Program Update"• "General Fund/General Purpose Revenue Growth" | | <ul style="list-style-type: none">• "Michigan's Economic Outlook and Budget Review FY 2015-16, FY 2016-17, FY 2017-18, and FY 2018-19" | | <ul style="list-style-type: none">• "The Economy and State Revenue" | |
| March 2017 | Appropriations Report | November 2016 | Issue Paper | September 2016 | Boilerplate Report |
| <ul style="list-style-type: none">• "FY 2017-18 Appropriations Report - Part I - Governor's Recommendations" | | <ul style="list-style-type: none">• "Feeding the Future: the WIC Program in Michigan" | | <ul style="list-style-type: none">• "Reports Required by Boilerplate in Appropriation Acts" | |
| February 2017 | Issue Paper | | | August 2016 | Issue Paper |
| <ul style="list-style-type: none">• "An Introduction to the History and Regulation of Online Gaming" | | | | <ul style="list-style-type: none">• "The Evolving Role of the Joint Committee on Administrative Rules" | |
| | | | | August 2016 | Issue Paper |
| | | | | <ul style="list-style-type: none">• "Mandatory Labeling of Genetically Modified Food" | |
| | | | | July 2016 | Appropriations Report |
| | | | | <ul style="list-style-type: none">• "FY 2016-17 Appropriations Report - Part II - Initial Appropriations" | |

RECURRING SENATE FISCAL AGENCY REPORTS

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