

**SENATE FISCAL AGENCY
 MEMORANDUM**

DATE: May 5, 2017
TO: Members of the Senate
FROM: Ellen Jeffries, Director
RE: FY 2017-18 State Budget: Senate-Passed Appropriations

The Senate passed all of the fiscal year (FY) 2017-18 individual budget bills on May 3 and May 4, 2017. The Senate-passed budget bills propose \$56.1 billion of total FY 2017-18 Gross appropriations and \$9.9 billion of State General Fund/General Purpose (GF/GP) appropriations for State budget areas, with no new appropriations for the Budget Stabilization Fund. The Senate Fiscal Agency (SFA) estimates that the Budget Stabilization Fund will have an FY 2016-17 year-end balance of \$700.0 million. The FY 2017-18 Senate-passed Gross appropriations represent a \$917.6 million or 1.7% increase over FY 2016-17, while FY 2017-18 Senate-passed GF/GP appropriations are \$225.8 million or 2.2% below those of FY 2016-17.

Table 1 lists the FY 2016-17 year-to-date Gross appropriations (as of May 4, 2017) as well as the FY 2017-18 Gross appropriation recommendations of the Governor, House, and Senate. The Senate Gross recommendation is \$212.1 million below the Governor's revised recommendation while the House proposal is \$481.4 million Gross below the Governor's. The House bills provide \$269.3 million less in Gross appropriations for State budget areas than the Senate's bills.

Table 2 outlines the FY 2016-17 year-to-date GF/GP appropriations (as of May 4, 2017) as well as the FY 2017-18 GF/GP recommendations of the Governor, House, and Senate. The Senate GF/GP recommendation for State budget areas is \$274.7 million below the Governor's revised recommendation while the House GF/GP proposal is \$271.5 million below the Governor's. The House bills spend \$3.2 million more in GF/GP revenue for State budget areas than the Senate's bills.

The largest GF/GP difference between the Governor's proposal and the Senate-passed appropriation recommendation is the Senate's redirection of the Governor's proposed \$266.5 million Budget Stabilization Fund increase to a Senate balance sheet reserve. The combination of the redirection of the Budget Stabilization Fund's \$266.5 million increase with the Senate's net \$274.7 million of GF/GP budget reductions, allows the Senate to create a \$541.2 million balance sheet reserve.

The appropriations in Tables 1 and 2 include both ongoing and one-time appropriations, and the tables summarize the dollar differences among the Governor, House, and Senate at this point in the appropriations process. Tables 3 and 4 provide preliminary three-year balance sheets for the GF/GP and School Aid Fund budgets, respectively, based on the Senate-passed appropriation recommendations.

For more details regarding the dollar changes in the individual budgets, please see the Senate Fiscal Agency budget highlight sheets at these links:

- S.B. 139: [Department of Agriculture and Rural Development](#)
- S.B. 134: [Community Colleges](#)
- S.B. 144: [Department of Corrections](#)

- S.B. 147: [Department of Education](#)
- S.B. 140: [Department of Environmental Quality](#)
- S.B. 142: [General Government](#)

- S.B. 135: [Department of Health and Human Services](#)
- S.B. 138: [Higher Education](#)
- S.B. 136: [Department of Insurance and Financial Services](#)

- S.B. 143: [Judiciary](#)
- S.B. 137: [Department of Licensing and Regulatory Affairs](#)
- S.B. 146: [Department of Military and Veterans Affairs](#)

- S.B. 141: [Department of Natural Resources](#)
- S.B. 149: [School Aid](#)
- S.B. 145: [Department of State Police](#)
- S.B. 148: [Department of Transportation](#)

The next Consensus Revenue Estimating Conference will be convened on May 17, 2017, and the resulting revenue estimates will be used to finalize the FY 2017-18 GF/GP appropriation target amounts for each State budget area. In the meantime, if you have any questions about any of the FY 2017-18 appropriation recommendations, please contact me.

/lms

Attachments

Table 1
FY 2016-17 and FY 2017-18 Gross Appropriations
(includes both ongoing and one-time appropriations)

Department/Budget Area	FY 2016-17 Year-to-Date*	FY 2017-18 Governor's Revised Rec.*	FY 2017-18 House Passed	FY 2017-18 Senate Passed	FY 2017-18 Senate Chg. to FY17 YTD	Sen. % Chg.	FY 2017-18 Senate Chg. To Governor	FY 2017-18 Senate Chg. To House
Agriculture and Rural Development	\$95,906,900	\$104,928,800	\$106,028,800	\$109,744,600	\$13,837,700	14.4%	\$4,815,800	\$3,715,800
Attorney General	101,635,800	101,068,800	101,068,800	179,345,200	77,709,400	76.5%	78,276,400	78,276,400
Capital Outlay	200	0	0	0	(200)	-100.0%	0	0
Civil Rights	16,248,500	16,099,600	16,099,600	16,249,600	1,100	0.0%	150,000	150,000
Community Colleges	395,925,600	398,167,600	395,142,600	401,326,500	5,400,900	1.4%	3,158,900	6,183,900
Corrections	2,002,729,000	2,014,419,200	2,007,919,200	1,974,419,200	(28,309,800)	-1.4%	(40,000,000)	(33,500,000)
Education	331,975,200	349,309,500	347,392,700	353,009,500	21,034,300	6.3%	3,700,000	5,616,800
Environmental Quality	517,036,400	510,842,000	503,500,300	490,003,200	(27,033,200)	-5.2%	(20,838,800)	(13,497,100)
Executive	5,636,300	6,848,500	6,848,500	6,848,500	1,212,200	21.5%	0	0
Health and Human Services	24,945,958,500	25,537,414,500	25,171,747,000	25,401,201,500	455,243,000	1.8%	(136,213,000)	229,454,500
Higher Education	1,582,640,400	1,637,224,400	1,621,124,400	1,630,224,400	47,584,000	3.0%	(7,000,000)	9,100,000
Insurance and Financial Services	66,257,200	66,741,400	66,741,400	66,741,400	484,200	0.7%	0	0
Judiciary	298,234,000	299,437,300	299,373,700	299,437,300	1,203,300	0.4%	0	63,600
Legislative Auditor General	23,651,900	24,286,200	24,286,200	24,286,200	634,300	2.7%	0	0
Legislature	147,903,600	154,974,800	153,574,800	155,274,800	7,371,200	5.0%	300,000	1,700,000
Licensing and Regulatory Affairs	422,577,100	441,576,300	440,465,000	433,096,900	10,519,800	2.5%	(8,479,400)	(7,368,100)
Military and Veterans Affairs	177,150,200	180,004,400	179,004,400	180,004,400	2,854,200	1.6%	0	1,000,000
Natural Resources	409,454,100	416,374,300	401,311,000	412,219,700	2,765,600	0.7%	(4,154,600)	10,908,700
Natural Resources Trust Fund	0	0	0	0	0	na	0	0
School Aid	14,161,842,100	14,302,088,800	14,309,450,700	14,287,705,500	125,863,400	0.9%	(14,383,300)	(21,745,200)
State	248,315,600	249,358,500	248,654,100	248,302,400	(13,200)	-0.0%	(1,056,100)	(351,700)
State Police	650,506,300	693,588,900	692,589,100	687,239,100	36,732,800	5.6%	(6,349,800)	(5,350,000)
Talent and Economic Development	1,149,114,300	1,143,324,800	1,102,237,200	1,152,448,500	3,334,200	0.3%	9,123,700	50,211,300
Technology, Management, and Budget	1,383,725,700	1,405,543,900	1,369,310,000	1,328,005,200	(55,720,500)	-4.0%	(77,538,700)	(41,304,800)
Transportation	4,115,753,600	4,347,443,000	4,347,443,000	4,347,443,000	231,689,400	5.6%	0	0
Treasury-Debt Service	137,037,000	107,580,000	107,580,000	107,580,000	(29,457,000)	-21.5%	0	0
Treasury-Operations	522,473,200	512,829,800	508,829,800	512,577,200	(9,896,000)	-1.9%	(252,600)	3,747,400
Treasury-Revenue Sharing	1,227,408,100	1,245,292,200	1,257,692,200	1,249,959,700	22,551,600	1.8%	4,667,500	(7,732,500)
Subtotal Gross Appropriations	\$55,137,096,800	\$56,266,767,500	\$55,785,414,500	\$56,054,693,500	\$917,596,700	1.7%	(\$212,074,000)	\$269,279,000
Budget Stabilization Fund	\$75,000,000	\$266,500,000	\$266,500,000	\$0	(\$75,000,000)	-100.0%	(\$266,500,000)	(\$266,500,000)
Senate Balance Sheet Reserve	\$0	\$0	\$0	\$541,210,700	\$541,210,700	na	\$541,210,700	\$541,210,700
Total Gross Appropriations	\$55,212,096,800	\$56,533,267,500	\$56,051,914,500	\$56,595,904,200	\$1,383,807,400	2.5%	\$62,636,700	\$543,989,700

* As of May 4, 2017

Table 2
FY 2016-17 and FY 2017-18 General Fund/General Purpose (GF/GP) Appropriations
(includes both ongoing and one-time appropriations)

Department/Budget Area	FY 2016-17 Year-to-Date*	FY 2017-18 Governor's Revised Rec.*	FY 2017-18 House Passed	FY 2017-18 Senate Passed	FY 2017-18 Senate Chg. to FY17 YTD	Sen. % Chg.	FY 2017-18 Senate Chg. To Governor	FY 2017-18 Senate Chg. To House
Agriculture and Rural Development	\$49,926,900	\$56,582,000	\$57,682,000	\$61,397,900	\$11,471,000	23.0%	\$4,815,900	\$3,715,900
Attorney General	42,840,500	40,298,600	40,298,600	40,248,600	(2,591,900)	-6.1%	(50,000)	(50,000)
Capital Outlay	200	0	0	0	(200)	-100.0%	0	0
Civil Rights	13,021,300	12,856,600	12,856,600	13,006,600	(14,700)	-0.1%	150,000	150,000
Community Colleges	135,510,800	3,025,000	0	6,183,900	(129,326,900)	-95.4%	3,158,900	6,183,900
Corrections	1,951,957,900	1,964,133,600	1,954,133,600	1,924,133,600	(27,824,300)	-1.4%	(40,000,000)	(30,000,000)
Education	76,181,200	81,035,700	79,118,900	81,035,700	4,854,500	6.4%	0	1,916,800
Environmental Quality	49,273,400	51,318,300	43,976,600	46,502,400	(2,771,000)	-5.6%	(4,815,900)	2,525,800
Executive	5,636,300	6,848,500	6,848,500	6,848,500	1,212,200	21.5%	0	0
Health and Human Services	4,392,732,800	4,461,735,400	4,343,714,300	4,351,065,600	(41,667,200)	-0.9%	(110,669,800)	7,351,300
Higher Education	1,243,904,500	1,289,954,500	1,273,854,500	1,282,954,500	39,050,000	3.1%	(7,000,000)	9,100,000
Insurance and Financial Services	150,000	150,000	150,000	150,000	0	0.0%	0	0
Judiciary	189,157,400	191,968,700	191,905,100	191,968,700	2,811,300	1.5%	0	63,600
Legislative Auditor General	16,123,900	16,607,600	16,607,600	16,607,600	483,700	3.0%	0	0
Legislature	143,227,800	150,297,100	148,897,100	150,597,100	7,369,300	5.1%	300,000	1,700,000
Licensing and Regulatory Affairs	43,721,100	43,016,600	44,016,600	43,016,600	(704,500)	-1.6%	0	(1,000,000)
Military and Veterans Affairs	58,243,600	63,067,500	62,067,500	63,067,500	4,823,900	8.3%	0	1,000,000
Natural Resources	43,410,000	64,047,300	48,984,000	45,197,300	1,787,300	4.1%	(18,850,000)	(3,786,700)
Natural Resources Trust Fund	0	0	0	0	0	na	0	0
School Aid	218,900,000	215,000,000	215,000,000	195,000,000	(23,900,000)	-10.9%	(20,000,000)	(20,000,000)
State	22,109,600	22,139,000	21,229,000	21,082,900	(1,026,700)	-4.6%	(1,056,100)	(146,100)
State Police	405,162,800	442,267,800	437,268,000	435,918,000	30,755,200	7.6%	(6,349,800)	(1,350,000)
Talent and Economic Development	182,508,900	193,502,400	127,608,100	197,126,100	14,617,200	8.0%	3,623,700	69,518,000
Technology, Management, and Budget	568,052,600	572,755,900	536,522,000	495,217,200	(72,835,400)	-12.8%	(77,538,700)	(41,304,800)
Transportation	9,750,000	0	0	0	(9,750,000)	-100.0%	0	0
Treasury-Debt Service	137,037,000	107,580,000	107,580,000	107,580,000	(29,457,000)	-21.5%	0	0
Treasury-Operations	101,458,800	98,768,500	94,768,500	93,672,100	(7,786,700)	-7.7%	(5,096,400)	(1,096,400)
Treasury-Revenue Sharing	0	0	12,400,000	4,667,500	4,667,500	na	4,667,500	(7,732,500)
Subtotal GF/GP Appropriations	\$10,099,999,300	\$10,148,956,600	\$9,877,487,100	\$9,874,245,900	(\$225,753,400)	-2.2%	(\$274,710,700)	(\$3,241,200)
Budget Stabilization Fund	\$75,000,000	\$266,500,000	\$266,500,000	\$0	(\$75,000,000)	-100.0%	(\$266,500,000)	(\$266,500,000)
Senate Balance Sheet Reserve	\$0	\$0	\$0	\$541,210,700	\$541,210,700	na	\$541,210,700	\$541,210,700
Total GF/GP Appropriations	\$10,174,999,300	\$10,415,456,600	\$10,143,987,100	\$10,415,456,600	\$240,457,300	2.4%	\$0	\$271,469,500

* As of May 4, 2017

Table 3

**SENATE PASSED GENERAL FUND/GENERAL PURPOSE (GF/GP)
REVENUE, EXPENDITURES, AND YEAR-END BALANCE ESTIMATES
(millions of dollars)**

	FY 2016-17 Governor's Rec. Year-To-Date	FY 2017-18 Senate Passed	FY 2018-19 Governor's Rec.
Revenue:			
Beginning Balance	\$604.4	\$366.0	\$8.1
<u>Ongoing Revenue:</u>			
Consensus Revenue Estimate (January 2017)	\$10,290.1	\$10,522.7	\$10,589.3
Revenue Sharing Payments	(465.3)	(465.9)	(465.9)
Shift of Borrowing Costs to School Aid Fund	5.5	6.5	7.5
Medicaid Managed Care Use Tax	<u>105.3</u>	<u>0.0</u>	<u>0.0</u>
Subtotal Ongoing Revenue	\$9,935.6	\$10,063.3	\$10,130.9
<u>Non-ongoing Revenue:</u>			
One-Time Appropriation for Revenue Sharing	(5.8)	(5.8)	0.0
Redirection of Restricted Revenue to GF	<u>16.8</u>	<u>0.0</u>	<u>0.0</u>
Subtotal Ongoing Revenue	\$11.0	(\$5.8)	\$0.0
Total Estimated GF/GP Revenue	\$10,551.0	\$10,423.5	\$10,139.0
Expenditures:			
<u>Ongoing Appropriations:</u>			
Initial Ongoing Appropriations	\$9,669.0	\$9,789.7	\$10,122.0
<u>One-Time and Other Appropriations:</u>			
Initial One-Time Appropriations	\$306.3	\$84.5	\$0.0
Appropriation to Budget Stabilization Fund	75.0	0.0	0.0
25% Unassigned GF Balance to Budget Stabilization Fund	0.0	0.0	0.0
Senate Balance Sheet Reserve	0.0	541.2	0.0
Enacted Supplementals	42.6	0.0	0.0
Venture Michigan Fund I Tax Vouchers (PA 340 of 2016)	72.0	0.0	0.0
Flint Water Emergency Reserve Fund (PA 340 of 2016)	10.0	0.0	0.0
Pending Supplemental Request #2017-3	<u>10.0</u>	<u>0.0</u>	<u>0.0</u>
Subtotal One-Time and Other Appropriations	\$516.0	\$625.7	\$0.0
Total Estimated GF/GP Expenditures	\$10,185.0	\$10,415.5	\$10,122.0
PROJECTED YEAR-END GF/GP BALANCE	\$366.0	\$8.1	\$17.0

Table 4

**SENATE PASSED SCHOOL AID FUND (SAF)
REVENUE, EXPENDITURES, AND YEAR-END BALANCE ESTIMATES
(millions of dollars)**

	FY 2016-17 Senate Year-To-Date	FY 2017-18 Senate Passed	FY 2018-19 Governor's Rec.
Revenue:			
Beginning Balance	\$168.2	\$143.3	\$1.9
<u>Ongoing Revenue:</u>			
Consensus Revenue Estimate (January 2017)	\$12,457.0	\$12,783.1	\$13,131.5
General Fund/General Purpose Grant	218.9	195.0	145.0
Community District Trust Fund	72.0	72.0	72.0
Medicaid Managed Care Use Tax	52.6	0.0	0.0
Federal Ongoing Aid	<u>1,730.7</u>	<u>1,726.9</u>	<u>1,726.9</u>
Subtotal Ongoing Revenue	\$14,531.2	\$14,777.0	\$15,075.4
Total Estimated School Aid Fund Revenue.....	\$14,699.4	\$14,920.3	\$15,077.3
Expenditures:			
<u>Ongoing Appropriations:</u>			
Initial Ongoing K-12 Appropriations (adjusted)	\$14,119.8	\$14,202.1	\$14,204.3
Supplemental Request #2017-2 (cost adjustments/civics ed)	(103.3)	0.0	0.0
Fund Community Colleges with School Aid Fund	260.4	391.5	396.2
Partially Fund Higher Education with School Aid Fund	<u>237.1</u>	<u>235.2</u>	<u>237.7</u>
Subtotal Ongoing Appropriations	\$14,514.1	\$14,828.8	\$14,838.2
<u>One-Time and Other Appropriations:</u>			
Initial One-Time K-12 Appropriations (adjusted)	\$42.0	\$85.6	\$97.9
Community College Budget Investments	0.0	3.6	7.2
Higher Education Budget Investments	<u>0.0</u>	<u>0.4</u>	<u>0.8</u>
Subtotal One-Time and Other Appropriations	\$42.0	\$89.6	\$105.9
Total Estimated School Aid Fund Expenditures.....	\$14,556.1	\$14,918.4	\$14,944.1
PROJECTED YEAR-END SCHOOL AID FUND BALANCE.....	\$143.3	\$1.9	\$133.2