

**SENATE FISCAL AGENCY  
MEMORANDUM**



**DATE:** June 14, 2018  
**TO:** Members of the Senate  
**FROM:** Ellen Jeffries, Director  
**RE:** Summary of the FY 2018-19 Appropriations Conference Reports

The House and Senate passed the General and Education Omnibus Conference Reports for the fiscal year (FY) 2018-19 State budget on June 12, 2018. This memo provides a summary of those reports.

The conference reports include FY 2018-19 Gross appropriations of \$56.8 billion and General Fund/General Purpose (GF/GP) appropriations of \$10.0 billion for State departments and budget areas. The FY 2018-19 Gross appropriations are \$149.5 million, or 0.3%, below the FY 2017-18 year-to-date amount, while the GF/GP appropriations are \$238.4 million, or 2.3%, below the FY 2017-18 year-to-date amount.

Table 1 lists the FY 2018-19 GF/GP appropriation amounts by department or budget area for both the General and Education Omnibus Conference Reports. Included in Article XX of the General Omnibus Conference Report are FY 2017-18 supplemental appropriations for Capital Outlay and State budget areas. The Education Omnibus Conference Report also includes FY 2017-18 supplemental appropriations for Higher Education and K-12. Table 2 summarizes the FY 2017-18 supplemental appropriations in both conference reports.

The General Omnibus Conference Report includes \$1.3 billion for State revenue sharing payments to local units of government. This amount is a 1.6% increase over FY 2017-18. State revenue sharing is funded from State sales tax revenue, of which a portion is constitutionally earmarked, and a portion is discretionary. The May 2018 consensus revenue estimates recognized \$835.3 million for FY 2018-19 constitutional revenue sharing, which is an increase of \$21.5 million or 2.6% over the FY 2017-18 consensus-adjusted amount. The conference report provides \$479.1 million for discretionary or "statutory" revenue sharing, which includes an increase of \$116,000, or 0.05%, for cities, villages, and townships, and a \$1.0 million or 0.5% increase for counties.

The FY 2017-18 and FY 2018-19 GF/GP balance sheet is outlined in Table 3 and is based on the May 2018 consensus revenue estimate of \$10.5 billion for FY 2017-18 (which is \$155.9 million more than the January 2018 consensus estimate), and \$10.4 billion for FY 2018-19 (which is \$72.0 million more than the January 2018 consensus estimate). For FY 2018-19, ongoing discretionary State revenue sharing payments of \$466.0 million combined with one-time State revenue sharing payments of \$13.1 million, reduce GF/GP revenue by \$479.1 million. The FY 2018-19 balance sheet also assumes the redirection of \$6.3 million of lawsuit settlement proceeds revenue from the General Fund. Based on all of these assumptions and including the \$101.4 million estimated beginning balance, total FY 2018-19 estimated GF/GP revenue is \$10.0 billion.

On the expenditure side of the FY 2018-19 GF/GP balance sheet, the \$10.0 billion of appropriations in the conference reports represents a decrease of \$238.4 million or 2.3% below current FY 2017-18 GF/GP appropriations (excluding appropriations for the Budget Stabilization Fund). There is still a decrease of \$223.4 million or 2.2% from estimated FY 2017-18 GF/GP expenditures, if FY 2017-18 supplementals included in the General Omnibus bill are taken into account. Comparing FY 2018-19 estimated GF/GP revenue to FY 2018-19 estimated GF/GP expenditures shows an FY 2018-19 projected year-end GF/GP balance of \$6.2 million.

Table 1

<b>General Omnibus Appropriation Bill            Senate Bill 848 (S-1) CR-1            FY 2018-19 Appropriations</b>		
<b>Department/Budget Area</b>	<b>FY 2018-19 Gross Appropriation</b>	<b>FY 2018-19 GF/GP Appropriation</b>
Agriculture and Rural Development .....	\$107,948,100	\$58,585,200
Attorney General .....	103,648,900	41,206,800
Civil Rights .....	16,201,100	13,022,100
Corrections .....	2,017,056,200	1,961,841,300
Education .....	400,815,000	86,183,700
Environmental Quality .....	447,502,600	73,746,500
Executive .....	6,980,100	6,980,100
Health and Human Services .....	24,880,165,600	4,460,087,300
Insurance and Financial Services .....	67,971,900	550,000
Judiciary .....	304,079,100	196,079,500
Legislative Auditor General .....	24,938,000	17,105,800
Legislature .....	158,112,500	153,318,200
Licensing and Regulatory Affairs .....	517,762,200	126,920,300
Military and Veterans Affairs .....	192,564,300	68,837,400
Natural Resources .....	438,442,800	49,081,800
State .....	246,662,800	18,466,300
State Police .....	716,459,500	459,047,800
Talent and Economic Development .....	1,115,295,600	141,095,800
Technology, Management, and Budget .....	1,347,108,600	473,789,500
Transportation .....	4,843,089,900	300,000,000
Treasury-Debt Service .....	107,080,000	107,080,000
Treasury-Operations .....	562,928,500	102,381,300
Treasury-Revenue Sharing .....	1,314,405,300	0
<b>Total General Omnibus Appropriations.....</b>	<b>\$39,937,218,600</b>	<b>\$8,915,406,700</b>

<b>Education Omnibus Appropriation Bill            House Bill 5579 (H-1) CR-1            FY 2018-19 Appropriations</b>		
<b>Department/Budget Area</b>	<b>FY 2018-19 Gross Appropriation</b>	<b>FY 2018-19 GF/GP Appropriation</b>
Community Colleges .....	\$408,215,500	\$0
Higher Education.....	1,669,732,600	1,046,017,900
School Aid K-12 .....	14,765,468,800	60,000,000
<b>Total Education Omnibus Appropriations.....</b>	<b>\$16,843,416,900</b>	<b>\$1,106,017,900</b>

<b>TOTAL COMBINED OMNIBUS APPROPRIATIONS</b>	<b>\$56,780,635,500</b>	<b>\$10,021,424,600</b>
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Table 2

<b>General Omnibus Appropriation Bill Senate Bill 848 (S-1) CR-1 Article XX: FY 2017-18 Supplemental Appropriations</b>		
<b>Department/Budget Area</b>	<b>FY 2017-18 Gross Appropriation</b>	<b>FY 2017-18 GF/GP Appropriation</b>
Agriculture and Rural Development .....	\$250,000	\$250,000
Attorney General .....	\$1,126,200	\$1,000,000
Capital Outlay .....	800	800
Corrections .....	1,750,000	1,750,000
Education.....	14,603,900	0
Environmental Quality .....	20,070,000	18,070,000
Health and Human Services.....	(681,378,100)	(29,425,200)
Licensing and Regulatory Affairs.....	600,000	0
Military and Veterans Affairs .....	3,766,700	3,766,700
Natural Resources.....	8,450,000	6,550,000
State .....	12,092,400	135,400
State Police .....	30,000,000	30,000,000
Talent and Economic Development .....	23,156,100	23,156,100
Technology, Management and Budget .....	21,618,200	21,198,200
Transportation .....	30,000,000	30,000,000
Treasury-Operations .....	1,898,500	1,598,500
<b>Subtotal Article XX-Budget Areas .....</b>	<b>(\$511,995,300)</b>	<b>\$108,050,500</b>
<b>Budget Stabilization Fund Appropriation .....</b>	<b>\$115,000,000</b>	<b>\$115,000,000</b>
<b>Total Article XX.....</b>	<b>(\$396,995,300)</b>	<b>\$223,050,500</b>

<b>Education Omnibus Appropriation Bill House Bill 5579 (H-1) CR-1 FY 2017-18 Supplemental Appropriations</b>		
<b>Budget Area/Program</b>	<b>FY 2017-18 Gross Appropriation</b>	<b>FY 2017-18 GF/GP Appropriation</b>
<b>Higher Education</b>		
State Competitive Scholarships (Sec.236f; Federal TANF).....	\$6,000,000	\$0
Tuition Grants (Sec.236f; Federal TANF) .....	<u>(6,000,000)</u>	<u>0</u>
<b>Total Higher Education .....</b>	<b>\$0</b>	<b>\$0</b>
<b>School Aid</b>		
Reduce Assessment Funding (Sec. 104; use in FY 2018-19).....	(\$5,000,000)	\$0
Consolidation Incentive Grants (Sec. 22g, funds lapsed in FY 2016-17)...	2,800,000	0
FIRST Robotics Increase (Sec. 99h).....	500,000	500,000
Berrien ISD CTE Planning Grant (Sec. 61e).....	250,000	0
Fund Shift: Replace GF/GP with SAF.....	0	(137,000,000)
Transfer \$850,000 from Court Placed to Strict Discipline Academies....	0	0
<b>Other Cost Adjustments:</b>		
Cash Flow Borrowing Costs (Sec. 11m).....	11,500,000	0
Foundation Allowance (Secs. 22a and 22b).....	(14,300,000)	0
Special Education (Sec. 51a).....	4,200,000	0
Renaissance Zone Costs (Sec. 26a).....	(2,000,000)	0
School Lunch (Sec. 31d).....	306,900	0
Promise Zone Costs (Sec. 26c).....	<u>100,000</u>	<u>0</u>
<b>Total School Aid .....</b>	<b>(\$1,643,100)</b>	<b>(\$136,500,000)</b>
<b>Total FY 2017-18 Education Omnibus Supplemental Approps. ....</b>	<b>(\$1,643,100)</b>	<b>(\$136,500,000)</b>

Table 3

<b>General Fund/General Purpose (GF/GP) Revenue, Expenditures, and Year-End Balance Estimates (millions of dollars)</b>		
	<b>Conference FY 2017-18</b>	<b>Conference FY 2018-19</b>
<b>Revenue:</b>		
Beginning Balance .....	\$622.5	\$101.4
<b>Ongoing Revenue:</b>		
Consensus Revenue Estimate (January 2018) .....	\$10,307.7	\$10,339.6
Consensus Revenue Estimate Change .....	155.9	72.0
Consensus Revenue Estimate (May 2018) .....	\$10,463.6	\$10,411.6
<b>Other Revenue Adjustments:</b>		
Revenue Sharing Payments .....	(\$465.9)	(\$466.0)
Subtotal Ongoing Revenue .....	\$9,997.7	\$9,945.6
<b>Non-Ongoing Revenue:</b>		
One-Time Appropriation for Revenue Sharing .....	(\$5.8)	(\$13.1)
Redirection of Restricted Revenue (Lawsuit Settlement/DRF) .....	(6.7)	(6.3)
Sale of Scott Correctional Facility .....	3.4	0.0
Subtotal Non-Ongoing Revenue .....	(\$9.1)	(\$19.4)
<b>Total Estimated GF/GP Revenue .....</b>	<b>\$10,611.2</b>	<b>\$10,027.6</b>
<b>Expenditures:</b>		
<b>Ongoing Appropriations:</b>		
Initial Appropriations .....	\$9,784.4	\$9,611.3
Subtotal Ongoing Appropriations .....	\$9,784.4	\$9,611.3
<b>One-Time and Other Appropriations:</b>		
Estimated One-Time Appropriations .....	\$257.3	\$410.1
Appropriation to Budget Stabilization Fund: \$150+\$115m .....	265.0	0.0
Enacted Supplementals .....	218.1	0.0
School Aid Fund Shift .....	(136.5)	0.0
Pending Supplementals .....	177.2	0.0
Health and Human Services Caseload and Costs .....	(69.1)	0.0
Assign Remaining Principal to School Bond Loan Fund .....	15.6	0.0
Lapse Prior Year DOE Work Project/TED Vets Grant .....	(2.2)	0.0
Subtotal One-Time and Other Appropriations .....	\$725.3	\$410.1
<b>Total Estimated GF/GP Expenditures .....</b>	<b>\$10,509.8</b>	<b>\$10,021.4</b>
<b>PROJECTED YEAR-END GF/GP BALANCE .....</b>	<b>\$101.4</b>	<b>\$6.2</b>

Table 4 provides the FY 2017-18 and FY 2018-19 School Aid Fund (SAF) balance sheet using the May 2018 consensus revenue estimate of \$13.2 billion for FY 2017-18 (which is \$159.5 million above the January 2018 consensus estimate), and \$13.6 billion for FY 2018-19 (which is \$110.4 million above the January 2018 consensus estimate). For FY 2017-18, a fund shift of \$136.5 million was included in the conference report, reducing GF/GP support of the K-12 budget from \$215.0 million to \$78.5 million. For FY 2018-19, other SAF revenue adjustments include: a \$60.0 million GF/GP grant; \$72.0 million from the Community District Education Trust Fund to pay the additional foundation allowance costs while the Detroit Public Schools' existing 18-mill property tax levy is diverted to pay off debt; \$31.9 million of revenue from the MPSERS Reforms Reserve Fund to pay the school costs related to MPSERS legislation; and \$1.7 billion of Federal aid. On the expenditure side of the FY 2018-19 SAF balance sheet, there are \$14.6 billion of ongoing K-12 appropriations, \$121.3 million of one-time K-12 appropriations, and appropriations of \$408.2 million and \$500.1 million for community colleges and universities, respectively. The \$500.1 million FY 2018-19 SAF appropriation for Higher Education represents an additional \$261.8 million fund shift from GF/GP to SAF, compared to FY 2017-18.

Comparing estimated FY 2018-19 SAF revenue to estimated FY 2018-19 SAF expenditures shows an FY 2018-19 projected year-end SAF balance of \$6.9 million.

**Table 4**  
**School Aid Fund (SAF)**  
**Revenue, Expenditures, and Year-End Balance Estimates**  
**(millions of dollars)**

	<b>Conference FY 2017-18</b>	<b>Conference FY 2018-19</b>
<b>Revenue:</b>		
Beginning Balance .....	\$377.4	\$217.7
<b>Ongoing Revenue:</b>		
Consensus Revenue Estimate (January 2018) .....	\$13,084.5	\$13,464.0
Consensus Revenue Estimate Change .....	<u>159.5</u>	<u>110.4</u>
Consensus Revenue Estimate (May 2018) .....	\$13,244.0	\$13,574.4
<b>Other Revenue Adjustments:</b>		
General Fund/General Purpose (GF/GP) Grant .....	\$78.5	\$60.0
Community District Education Trust Fund .....	72.0	72.0
Federal Ongoing Aid .....	<u>1,726.9</u>	<u>1,724.7</u>
Subtotal Ongoing Revenue .....	\$15,121.4	\$15,431.1
<b>Non-Ongoing Revenue:</b>		
SAF Deposit into MPSERS Reserve Fund .....	(\$55.0)	\$0.0
Reserve Fund for MPSERS .....	23.1	31.9
SAF Deposit into Mental Health Services and Support Fund .....	<u>(30.0)</u>	<u>0.0</u>
Subtotal Non-Ongoing Revenue .....	(\$61.9)	\$31.9
<b>Total Estimated School Aid Fund Revenue.....</b>	<b>\$15,436.9</b>	<b>\$15,680.7</b>
<b>Expenditures:</b>		
<b>Ongoing Appropriations:</b>		
Initial Ongoing K-12 Appropriations .....	\$14,266.5	\$14,644.2
Pending Supplementals + New Requests .....	(12.7)	0.0
Consensus Cost Adjustments (May 2018) .....	11.0	0.0
Fund Community Colleges with SAF .....	394.7	401.8
Higher Education with SAF (FY19: Shift \$120m+\$114.5m) .....	<u>237.9</u>	<u>499.4</u>
Subtotal Ongoing Appropriations .....	\$14,897.4	\$15,545.4
<b>One-Time and Other Appropriations:</b>		
Initial One-Time K-12 Appropriations .....	\$89.3	\$121.3
Initial One-Time Community Colleges Appropriations .....	3.6	6.4
Initial One-Time Higher Education Appropriations.....	0.4	0.7
Enacted Supplementals .....	5.5	0.0
MPSERS: PA 92 Costs and Additional UAAL Payment .....	<u>223.1</u>	<u>0.0</u>
Subtotal One-Time and Other Appropriations .....	\$321.9	\$128.4
<b>Total Estimated School Aid Fund Expenditures.....</b>	<b>\$15,219.3</b>	<b>\$15,673.8</b>
<b>PROJECTED YEAR-END SCHOOL AID FUND BALANCE.....</b>	<b>\$217.7</b>	<b>\$6.9</b>

The Senate Fiscal Agency website (<http://www.senate.michigan.gov/sfa/>) includes detailed decision documents for each budget area, and the Agency will publish a comprehensive report on the initial FY 2018-19 appropriations after the Governor signs the budget into law. In the meantime, if you have any questions, please contact me at 373-5300 or [ejeffries@senate.michigan.gov](mailto:ejeffries@senate.michigan.gov).

/lms

c: Tom Davis, Senate Majority Policy Office  
 David Ettinger, Senate Democratic Office  
 Senate Fiscal Agency Fiscal Analysts