

**SENATE FISCAL AGENCY  
MEMORANDUM**



**DATE:** September 24, 2019  
**TO:** Members of the Senate  
**FROM:** Christopher Harkins, Director  
**RE:** Summary of the FY 2019-20 Appropriations Conference Reports

The House and Senate passed Conference Reports for the fiscal year (FY) 2019-20 State budget on September 19 and September 24. This memo provides a summary of those reports.

The Conference Reports include FY 2019-20 Gross appropriations of \$59.9 billion and General Fund/General Purpose (GF/GP) appropriations of \$10.7 billion for State departments and budget areas. The FY 2019-20 Gross appropriations are \$1.7 billion, or 2.8%, above the FY 2018-19 year-to-date amount, while the GF/GP appropriations are \$199.2 million, or 1.9%, above the FY 2018-19 year-to-date amount.

Unlike the previous several years in which General and Education omnibus budgets were presented to the Governor, the FY 2019-20 budget has been presented to the Governor in 16 separate Conference Reports. The budget presented by the Legislature for the Governor's signature is based on the consensus revenue assumptions determined in May and does not include the revenue recommendations included in the Governor's initial FY 2019-20 Executive budget.

Table 1 lists the FY 2019-20 gross appropriation amounts by budget area for each of the Conference Reports. Table 2 lists the FY 2019-20 GF/GP appropriation amounts by budget area for each of the Conference Reports. Included in the General Government Conference Report, SB 138 (S-2) CR-1, are FY 2018-19 supplemental appropriations for various State budget areas. The School Aid Conference Report included FY 2018-19 supplemental K-12 technical appropriations to reflect the necessary adjustments resulting from the May Consensus Revenue Estimating Conference. Table 3 summarizes the FY 2018-19 department supplemental appropriations.

The FY 2018-19 and FY 2019-20 GF/GP balance sheet is outlined in Table 4 and is based on the May 2019 consensus revenue estimate of \$10.9 billion for FY 2018-19 (which is \$151.5 million more than the January 2019 consensus estimate), and \$10.8 billion for FY 2019-20 (which is \$59.1 million more than the January 2019 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 2019-20 balance sheet converts the current year one-time discretionary State revenue sharing payments into ongoing payments and increases total payments by 2.3% resulting in a GF/GP revenue reduction of \$490.1 million. Additionally, the FY 2019-20 balance sheet assumes a change to current income tax statute by directing \$171.9 million from the General Fund to the School Aid Fund. Based on these assumptions and including the \$637.1 million estimated beginning balance, total FY 2019-20 estimated GF/GP revenue is \$10.8 billion.

On the expenditure side of the FY 2019-20 GF/GP balance sheet, the \$10.7 billion of appropriations in the Conference Reports represents an increase of \$199.2 million or 1.9% above current FY 2018-19 GF/GP appropriations (excluding appropriations for the Budget Stabilization Fund). If the FY 2018-19 supplementals included in the General Government Conference Report bill are taken into account, there is an estimated increase of \$225.2 million or 2.2% from estimated FY 2018-19 GF/GP expenditures. Comparing FY 2019-20 estimated GF/GP revenue to FY 2019-20 estimated GF/GP expenditures shows an FY 2019-20 projected year-end GF/GP balance of \$92.1 million.

**Table 1**  
**FY 2018-19 and FY 2019-20 Gross Appropriations**  
**(includes both ongoing and one-time appropriations)**

Department/Budget Area	FY 2018-19 Year-to-Date	FY 2019-20 Conference Reports	FY 2019-20 Conference Change to FY 19 YTD	
			\$	%
Agriculture and Rural Development.....	\$112,198,100	\$112,637,600	\$439,500	0.4%
Attorney General.....	104,662,700	105,982,800	1,320,100	1.3%
Capital Outlay .....	15,000,900	0	(15,000,900)	(100.0%)
Civil Rights .....	16,201,100	16,388,300	187,200	1.2%
Community Colleges.....	408,215,500	414,719,000	6,503,500	1.6%
Corrections.....	2,019,056,200	2,026,123,400	7,067,200	0.4%
Education .....	406,134,900	419,794,500	13,659,600	3.4%
Environment, Great Lakes and Energy.....	501,302,600	616,140,800	114,838,200	22.9%
Executive.....	6,980,100	7,114,300	134,200	1.9%
Health and Human Services .....	25,545,746,400	26,452,349,600	906,603,200	3.5%
Higher Education .....	1,669,732,600	1,685,545,000	15,812,400	0.9%
Insurance and Financial Services.....	67,971,900	68,889,800	917,900	1.4%
Judiciary .....	304,079,100	311,062,100	6,983,000	2.3%
Legislature .....	211,450,500	201,425,900	(10,024,600)	(4.7%)
Licensing and Regulatory Affairs .....	557,996,800	566,294,000	8,297,200	1.5%
Military and Veterans Affairs.....	200,639,300	204,617,600	3,978,300	2.0%
Natural Resources .....	484,430,900	439,717,700	(44,713,200)	(9.2%)
Natural Resources (Trust Fund) .....	26,044,000	0	(26,044,000)	(100.0%)
School Aid.....	14,844,588,800	15,235,343,600	390,754,800	2.6%
State.....	250,362,800	250,393,000	30,200	0.0%
State Police.....	778,100,000	728,943,500	(49,156,500)	(6.3%)
Talent and Economic Development.....	1,260,746,100	1,096,994,000	(163,752,100)	(13.0%)
Technology, Management, and Budget.....	1,433,943,600	1,527,057,100	93,113,500	6.5%
Transportation.....	5,013,880,800	5,386,580,200	372,699,400	7.4%
Treasury-Debt Service .....	107,080,000	104,335,000	(2,745,000)	(2.6%)
Treasury-Operations .....	595,041,500	592,066,900	(2,974,600)	(0.5%)
Treasury-Revenue Sharing.....	1,329,672,100	1,355,474,600	25,802,500	1.9%
<b>Total Appropriations.....</b>	<b>\$58,271,259,300</b>	<b>\$59,925,990,300</b>	<b>\$1,654,731,000</b>	<b>2.8%</b>

**Table 2**  
**FY 2018-19 and FY 2019-20 GF/GP Appropriations**  
**(includes both ongoing and one-time appropriations)**

Department/Budget Area	FY 2018-19 Year-to-Date	FY 2019-20 Conference Reports	FY 2019-20 Conference Change to FY 19 YTD	
			\$	%
Agriculture and Rural Development.....	\$62,835,200	\$57,200,000	(\$5,635,200)	(9.0%)
Attorney General.....	41,841,800	41,736,300	(105,500)	(0.3%)
Capital Outlay .....	15,000,900	0	(15,000,900)	(100.0%)
Civil Rights .....	13,022,100	13,195,700	173,600	1.3%
Community Colleges.....	0	0	0	-
Corrections.....	1,963,841,300	1,944,000,000	(19,841,300)	(1.0%)
Education .....	91,503,600	87,212,000	(4,291,600)	(4.7%)
Environment, Great Lakes and Energy.....	58,546,500	168,577,400	110,030,900	187.9%
Executive.....	6,980,100	7,114,300	134,200	1.9%
Health and Human Services .....	4,447,614,400	4,758,928,300	311,313,900	7.0%
Higher Education .....	1,046,017,900	1,208,099,300	162,081,400	15.5%
Insurance and Financial Services .....	550,000	150,000	(400,000)	(72.7%)
Judiciary .....	196,079,500	201,392,200	5,312,700	2.7%
Legislature .....	198,824,000	188,366,300	(10,457,700)	(5.3%)
Licensing and Regulatory Affairs .....	140,845,300	124,030,700	(16,814,600)	(11.9%)
Military and Veterans Affairs .....	75,912,400	73,800,000	(2,112,400)	(2.8%)
Natural Resources .....	77,241,800	46,985,000	(30,256,800)	(39.2%)
School Aid.....	87,920,000	75,000,000	(12,920,000)	(14.7%)
State.....	20,966,300	13,451,200	(7,515,100)	(35.8%)
State Police.....	493,337,400	476,321,700	(17,015,700)	(3.4%)
Talent and Economic Development.....	286,546,300	121,383,000	(165,163,300)	(57.6%)
Technology, Management, and Budget.....	552,544,500	450,480,800	(102,063,700)	(18.5%)
Transportation.....	356,790,900	400,000,000	43,209,100	12.1%
Treasury-Debt Service .....	107,080,000	104,335,000	(2,745,000)	(2.6%)
Treasury-Operations .....	128,881,300	108,141,800	(20,739,500)	(16.1%)
Treasury-Revenue Sharing.....	0	0	0	-
<b>Total Appropriations.....</b>	<b>\$10,470,723,500</b>	<b>\$10,669,901,000</b>	<b>\$199,177,500</b>	<b>1.9%</b>

**Table 3**  
**Senate Bill 138 (S-2) CR-1**  
**Part 1A: FY 2017-18 Supplemental Appropriations**

Department/Budget Area	FY 2018-19 Gross Appropriation	FY 2018-19 GF/GP Appropriation
Agriculture and Rural Development	\$1,277,000	\$1,277,000
Attorney General	1,372,500	0
Education	(10,000,000)	254,200
Health and Human Services	451,697,300	(34,239,200)
Judiciary	1,250,000	0
Licensing and Regulatory Affairs	500,000	0
Natural Resources	21,100,000	0
State Police	1,927,600	1,927,600
Technology, Management and Budget	4,465,000	4,465,000
Treasury-Operations	250,000	250,000
<b>Part 1A Supplemental Total</b>	<b>\$473,839,400</b>	<b>(\$26,065,400)</b>

**Table 4**  
**General Fund/General Purpose (GF/GP)**  
**Revenue, Expenditures, and Year-End Balance Estimates**  
**(millions of dollars)**

	<b>Conference FY 2018-19</b>	<b>Conference FY 2019-20</b>
<b>Revenue:</b>		
Beginning Balance .....	\$788.3	\$637.1
<u>Ongoing Revenue:</u>		
Consensus Revenue Estimate (January 2019) .....	\$10,700.2	\$10,717.8
Consensus Revenue Estimate Change .....	<u>\$151.5</u>	<u>\$59.1</u>
Consensus Revenue Estimate (May 2019) .....	\$10,851.7	\$10,776.9
<u>Other Revenue Adjustments:</u>		
Revenue Sharing Payments .....	(\$466.0)	(\$490.1)
Adjustment to Income Tax Earmark.....	<u>\$0.0</u>	<u>(\$171.9)</u>
Subtotal Ongoing Revenue .....	\$10,385.7	\$10,114.9
<u>Non-Ongoing Revenue:</u>		
One-Time Appropriation for Revenue Sharing .....	(\$13.1)	\$0.0
Revenue from Sale of Farnum Building .....	\$4.5	\$0.0
Legal Settlements/Redirection of Restricted Revenue .....	\$6.8	\$0.0
Reimbursement for Implementation of Recreational Marihuana .....	<u>\$0.0</u>	<u>\$10.0</u>
Subtotal Non-Ongoing Revenue .....	(\$1.8)	\$10.0
<b>Total Estimated GF/GP Revenue .....</b>	<b>\$11,172.2</b>	<b>\$10,762.0</b>
<b>Expenditures:</b>		
<u>Ongoing Appropriations:</u>		
Initial Appropriations.....	<u>\$9,614.6</u>	<u>\$10,074.9</u>
Subtotal Ongoing Appropriations .....	\$9,614.6	\$10,074.9
<u>One-Time and Other Appropriations:</u>		
Estimated One-Time Appropriations .....	\$406.8	\$520.0
Appropriation to Budget Stabilization Fund .....	\$100.0	\$0.0
Enacted Supplementals .....	\$421.4	\$0.0
School Aid Fund Shift.....	\$27.9	\$75.0
Pending Supplementals .....	(\$34.9)	\$0.0
Health and Human Services Caseload and Costs.....	\$8.8	\$0.0
Estimated Lapses.....	<u>(\$9.5)</u>	<u>\$0.0</u>
Subtotal One-Time and Other Appropriations .....	\$920.5	\$595.0
<b>Total Estimated GF/GP Expenditures .....</b>	<b>\$10,535.1</b>	<b>\$10,669.9</b>
<b>PROJECTED YEAR-END GF/GP BALANCE .....</b>	<b>\$637.1</b>	<b>\$92.1</b>

Table 5 provides the FY 2018-19 and FY 2019-20 School Aid Fund (SAF) balance sheet using the May 2019 consensus revenue estimate of \$13.5 billion for FY 2018-19 (which is \$68.2 million below the January 2019 consensus estimate), and \$13.8 billion for FY 2019-20 (which is \$86.9 million below the January 2019 consensus estimate). For FY 2019-20, other SAF revenue adjustments include: a \$75.0 million GF/GP grant; \$75.4 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; \$171.9 million in estimated additional revenue by amending income tax statutes to direct funds to the SAF instead of the General Fund; and \$1.7 billion of Federal aid. The SAF balance sheet also assumes the use of \$40 million from the Talent Investment Fund. On the expenditure side of the FY 2019-20 SAF balance sheet, there are \$15.2 billion of ongoing K-12 appropriations, \$70 million of one-time K-12 appropriations (\$40 million funded with Talent Investment Fund dollars), and total appropriations of \$414.7 million and \$349.4 million for community colleges and universities, respectively. The \$349.4 million FY 2019-20 SAF appropriation for Higher Education represents a \$150.0 million fund shift from SAF to GF/GP, compared to FY 2018-19.

Comparing estimated FY 2019-20 SAF revenue to estimated FY 2019-20 SAF expenditures shows an FY 2019-20 projected year-end SAF balance of \$3.4 million.

**Table 5**  
**School Aid Fund (SAF)**  
**Revenue, Expenditures, and Year-End Balance Estimates**  
**(millions of dollars)**

	<b>Conference FY 2018-19</b>	<b>Conference FY 2019-20</b>
<b>Revenue:</b>		
Beginning Balance .....	\$320.5	\$49.3
<b>Ongoing Revenue:</b>		
Consensus Revenue Estimate (January 2019) .....	\$13,550.5	\$13,926.7
Consensus Revenue Estimate Change .....	(\$68.2)	(\$86.9)
Consensus Revenue Estimate (May 2019) .....	\$13,482.3	\$13,839.8
<b>Other Revenue Adjustments:</b>		
General Fund/General Purpose (GF/GP) Grant .....	\$87.9	\$75.0
Community District Education Trust Fund .....	\$72.2	\$75.4
Federal Ongoing Aid .....	\$1,745.9	\$1,749.6
Adjustment to Income Tax Earmark.....	\$0.0	\$171.9
Subtotal Ongoing Revenue .....	\$15,388.3	\$15,911.7
<b>Non-Ongoing Revenue:</b>		
Reserve Fund for MPSERS .....	\$30.0	\$1.9
SAF Deposit into Mental Health Services and Support Fund .....	\$30.0	\$0.0
Talent Investment Fund (PA 228 of '18) .....	\$0.0	\$40.0
Subtotal Non-Ongoing Revenue .....	\$60.0	\$41.9
<b>Total Estimated School Aid Fund Revenue.....</b>	<b>\$15,768.8</b>	<b>\$16,002.9</b>
<b>Expenditures:</b>		
<b>Ongoing Appropriations:</b>		
Initial Ongoing K-12 Appropriations .....	\$14,653.2	\$15,198.1
Consensus Cost Adjustments (May 2019) .....	(\$56.4)	(\$18.3)
School Bond Loan Fund Adjustment (Post-CREC) .....	\$0.0	(\$14.5)
Additional Cash Flow Borrowing Costs .....	\$14.0	\$0.0
Enacted Supplementals (PA 265 of 2018).....	\$0.5	\$0.0
Fund Community Colleges with SAF .....	\$401.8	\$408.3
Higher Education with SAF .....	\$499.4	\$348.8
Subtotal Ongoing Appropriations .....	\$15,512.5	\$15,922.4
<b>One-Time and Other Appropriations:</b>		
Initial One-Time K-12 Appropriations .....	\$120.8	\$70.0
Initial One-Time Community Colleges Appropriations .....	\$6.4	\$6.4
Initial One-Time Higher Education Appropriations.....	\$0.7	\$0.7
Enacted Supplementals .....	\$79.1	\$0.0
Subtotal One-Time and Other Appropriations .....	\$207.0	\$77.1
<b>Total Estimated School Aid Fund Expenditures.....</b>	<b>\$15,719.5</b>	<b>\$15,999.5</b>
<b>PROJECTED YEAR-END SCHOOL AID FUND BALANCE .....</b>	<b>\$49.3</b>	<b>\$3.4</b>
<b>GF/GP and School Aid Combined Balance .....</b>	<b>\$686.4</b>	<b>\$95.5</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 2019-20 appropriations after the Governor signs the budget into law. In the meantime, if you have any questions, please contact me at 373-2768 or [charkins@senate.michigan.gov](mailto:charkins@senate.michigan.gov).

/lms

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