



FY 2012-13

APPROPRIATIONS REPORT
Part I - Governor's Recommendations

March 2012

Senate Fiscal Agency



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THE SENATE FISCAL AGENCY

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

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

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

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



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OVERVIEW

On February 9, 2012, Governor Rick Snyder presented his fiscal year (FY) 2012-13 State Budget Message and his budget projections for FY 2013-14. Pursuant to an Attorney General's letter opinion issued on February 9, 2011, 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. This report will focus on Governor Snyder's FY 2012-13 appropriation recommendations.

The FY 2012-13 budget recommendation from the Governor is based on the consensus revenue estimates agreed to on January 13, 2012. The FY 2012-13 General Fund/General Purpose (GF/GP) consensus revenue estimate is \$9.0 billion. This represents a 0.04% increase from the FY 2011-12 GF/GP consensus revenue estimate. The School Aid Fund (SAF) consensus revenue estimate is \$11.1 billion, a 2.7% increase from the FY 2011-12 consensus revenue estimate. There are no new taxes proposed as part of the FY 2012-13 budget but there are fee adjustments totaling approximately \$86.5 million.

The Governor recommended FY 2012-13 Adjusted Gross appropriations¹ of \$48.1 billion. Included in this appropriation total are \$20.0 billion of Federal funds, \$513.2 million of local and private funds, \$18.5 billion of State Restricted revenue, and \$9.0 billion of State GF/GP revenue. Table 1 and Figure A outline the sources of funding for each department and budget area included in the Governor's recommendation. Compared with FY 2011-12 year-to-date appropriations, the Governor's FY 2012-13 budget includes an Adjusted Gross appropriation increase of \$919.6 million or 2.0%, an increase in State Spending from State Resources appropriations² of \$480.4 million or 1.8%, and an increase in GF/GP appropriations³ of \$393.5 million or 4.6%.

One of the reasons for the year-over-year increases in most budget areas is that the FY 2011-12 appropriation base does not include the pending supplemental appropriation for Other Post-Employment Benefit (OPEB) costs that was part of the budget agreement for FY 2011-12. The FY 2011-12 budget agreement included \$200.0 million GF/GP to begin to prefund retiree health care costs for the State Employees' Retirement System. The FY 2011-12 enacted budget already includes \$60.0 million GF/GP for OPEB prefunding. If the pending supplemental of approximately \$140.0 million GF/GP (along with other fund sources) is enacted, the total recommended FY 2012-13 Adjusted Gross, State Spending from State Resources, and GF/GP appropriation percentage increases over FY 2011-12 with OPEB appropriations in the base, are 1.4%, 1.1%, and 2.9%, respectively. Tables 2-4 compare the Governor's FY 2012-13 recommendation for Adjusted Gross, State Spending from State Resources, and GF/GP appropriations with the FY 2011-12 appropriations that have been adjusted for the OPEB supplemental funding. Figures B-D show these three appropriation sources by major budget area for FY 2012-13.

The FY 2012-13 recommended level of full-time equated (FTE) positions is 53,178.7, which is 1,651.0 positions or 3.0% lower than FY 2011-12. Table 5 and Figure E provide detail by budget area.

¹ Adjusted Gross appropriations are defined as Gross appropriations less interdepartmental grants received.

² State Spending from State Resources appropriations are Adjusted Gross appropriations less Federal, Local, and Private revenue.

³ General Fund/General purpose appropriations are State Spending from State Resources appropriations less State Restricted revenue.

The Governor's recommendation includes \$15.1 billion of estimated payments to local units of government. This exceeds the required level of payments pursuant to Article IX, Section 30 of the State Constitution by \$1.6 billion. Below is a summary of the estimate and Table 6 lists the payments to local units by department.

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT (Millions of Dollars)	
	FY 2012-13 Estimate
State Spending from State Resources	\$27,550.4 ^{a)}
Required Payments to Local Units of Government (48.97%).....	13,491.4
Estimated Payments to Locals.....	15,095.1
Payments Percentage of Total State Spending.....	54.79%
Surplus of Section 30 Payments.....	\$1,603.7
^{a)} Does not include \$17.325 million of Federal aid counted as GF/GP revenue.	

The funding increases for FY 2012-13 include appropriations that the Governor has designated as either "ongoing" or "one-time". Table 7 outlines the one-time appropriations recommended by the Governor for FY 2012-13. In addition to \$449.4 million in one-time Adjusted Gross appropriations for State departments, there is a one-time appropriation of \$130.0 million for the Budget Stabilization Fund, for total one-time Adjusted Gross appropriations of \$579.4 million, or 1.2% of the total Adjusted Gross appropriations. The Governor's recommendation of \$525.2 million for one-time GF/GP appropriations equates to 5.8% of the total GF/GP spending proposed for the FY 2012-13 budget. Of the FY 2012-13 one-time appropriations, \$53.2 million Adjusted Gross and \$25.3 million GF/GP are for State employee lump sum payments that are required by contract. Table 8 outlines the Governor's recommendation for these payments.

The total GF/GP dollar change from FY 2011-12 to the Governor's recommendation for FY 2012-13 is an increase of \$393.5 million. This \$393.5 million increase is the sum of \$583.6 million in funding for new or expanded programs, funding reductions of \$656.3 million, funding shifts that increase GF/GP by \$97.5 million, and the recognition of \$368.7 million in OPEB appropriations as a combination of "cash basis" for current retirees and prefunding for future retirees. The largest GF/GP funding increases in the FY 2012-13 Governor's budget include \$119.0 million in the Department of Transportation to enable the State to meet its Federal match requirements, followed by \$50.0 million in the Department of Technology, Management, and Budget for targeted technology upgrades based on information from a study currently being conducted to provide an inventory of risks. The Governor's budget also includes \$23.2 million in new GF/GP funding in the Departments of Attorney General, Corrections, and State Police for his recently unveiled public safety initiative. Both the Department of Community Health and the K-12 School Aid recommendations reflect essentially continuation budgets, while 3.0% increases are provided for community colleges and universities.

Similar to the first budget that Governor Snyder presented in February 2011, the Governor's second budget message includes performance measures for State programs. The Governor again proposes to roll-up many line items in each budget area and to eliminate most legislatively initiated boilerplate language. The consolidation of line items and the elimination of boilerplate language would provide more flexibility for the Executive branch but also would greatly reduce the Legislature's oversight role.

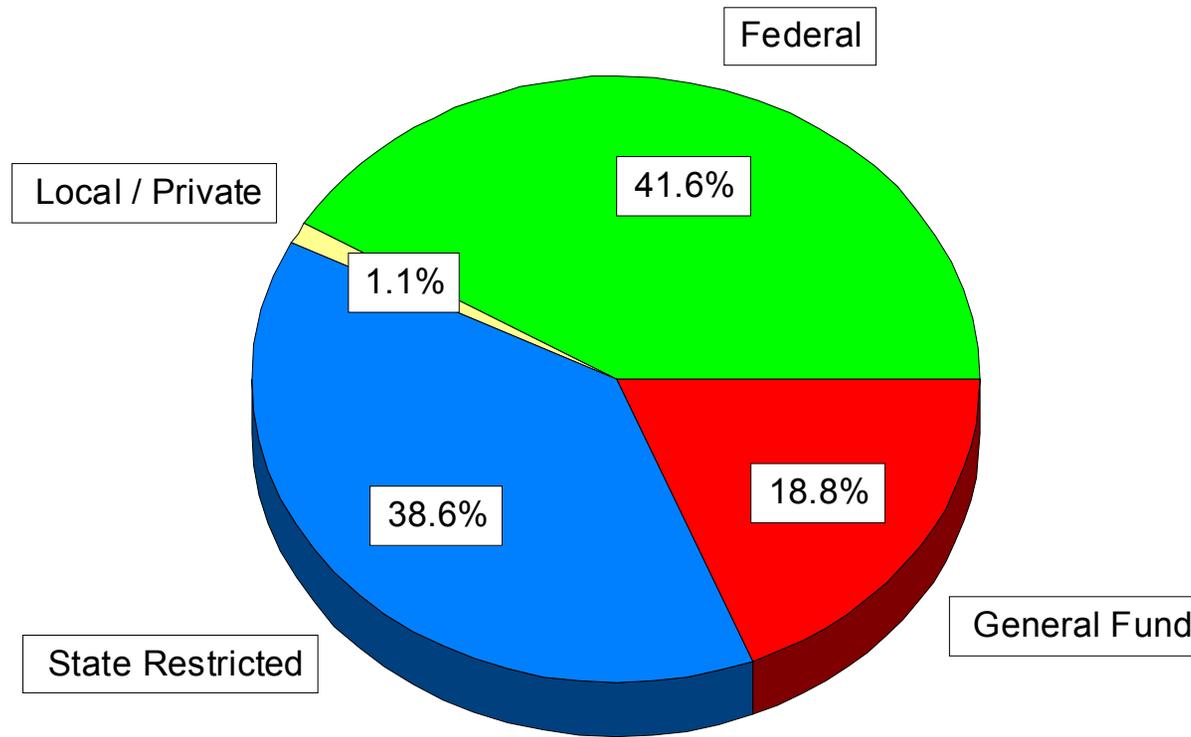
Table 1
FY 2012-13 GOVERNOR'S RECOMMENDATION
BY SOURCE OF FUNDS

Department/Budget Area	Adjusted Gross	Federal Funds	Local and Private Funds	Restricted	General Funds
Agriculture & Rural Development	\$74,195,300	\$11,199,600	\$175,800	\$28,659,400	\$34,160,500
Attorney General	60,865,100	9,932,600	0	17,242,000	33,690,500
Capital Outlay	0	0	0	0	0
Civil Rights	14,332,600	2,641,300	18,700	151,900	11,520,700
Community Colleges	294,130,500	0	0	197,614,100	96,516,400
Community Health	15,085,456,300	9,740,485,300	350,544,100	2,146,562,200	2,847,864,700
Corrections	2,063,505,800	8,784,400	264,300	72,271,500	1,982,185,600
Education	330,952,900	246,894,300	8,389,100	7,626,300	68,043,200
Environmental Quality	422,507,000	161,687,500	533,200	230,881,300	29,405,000
Executive	4,887,900	0	0	0	4,887,900
Higher Education	1,399,981,500	97,026,400	0	200,565,700	1,102,389,400
Human Services	6,561,645,100	5,394,076,700	49,925,000	88,847,000	1,028,796,400
Judiciary	263,586,800	6,017,100	7,971,100	88,582,200	161,016,400
Legislative Auditor General	14,895,600	0	0	1,890,700	13,004,900
Legislature	109,522,500	0	400,000	1,109,800	108,012,700
Licensing & Regulatory Affairs	819,016,700	390,840,600	12,587,700	380,017,500	35,570,900
Military & Veterans Affairs	166,672,700	99,239,400	2,272,900	30,427,000	34,733,400
Natural Resources	339,734,900	66,603,000	7,239,200	244,254,800	21,637,900
School Aid	12,687,014,800	1,701,041,400	0	10,785,973,400	200,000,000
State	200,822,500	1,810,000	100	184,971,100	14,041,300
State Police	547,908,800	104,911,000	7,100,700	119,005,700	316,891,400
Technology, Management, & Budget	503,408,700	9,464,300	1,511,000	90,517,200	401,916,200
Transportation	3,448,558,400	1,221,830,100	52,180,200	2,055,548,100	119,000,000
Treasury (Debt Service)	140,554,900	0	0	5,514,500	135,040,400
Treasury (Operations)	460,713,200	40,365,300	2,252,700	350,163,400	67,931,800
Treasury (Revenue Sharing)	1,071,719,700	0	0	1,071,719,700	0
Treasury (Strategic Fund)	967,211,500	658,020,600	9,813,500	145,675,800	153,701,600
TOTAL APPROPRIATIONS	\$48,053,801,700	\$19,972,870,900	\$513,179,300	\$18,545,792,300	\$9,021,959,200

Note: Includes both ongoing and one-time appropriations.

Figure A

Appropriations by Source of Funds FY 2012-13 Governor's Recommendation



Total = \$ 48,053,801,700

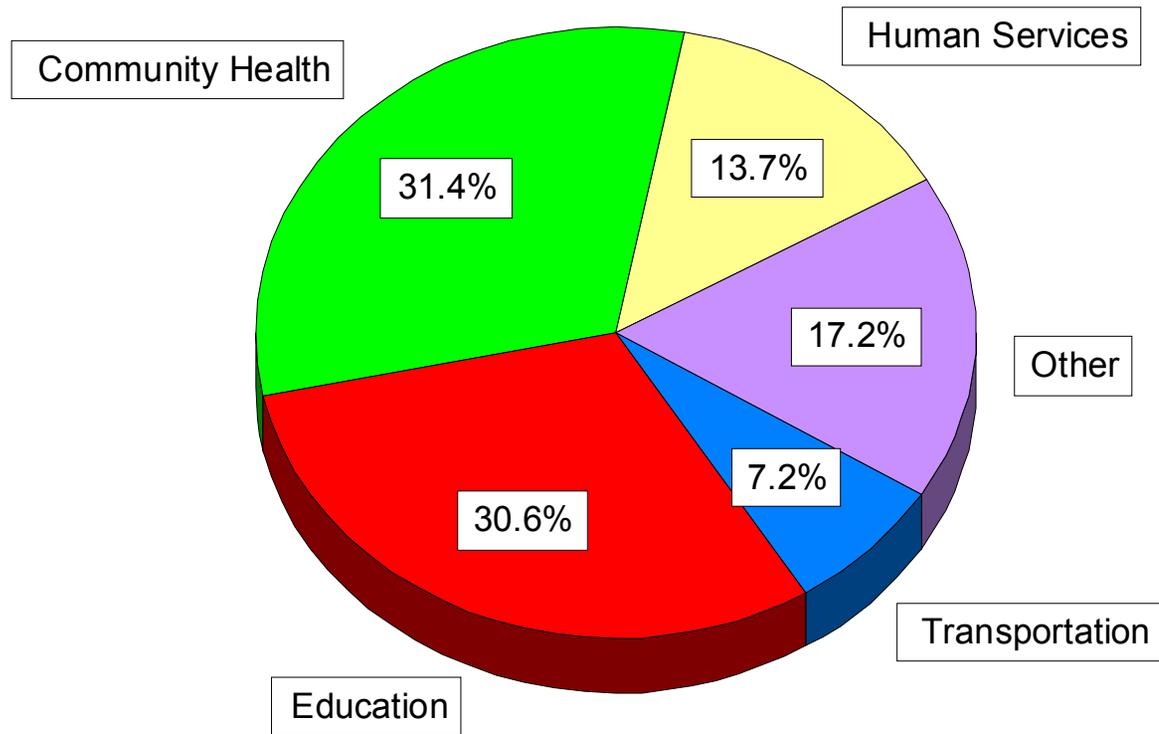
Table 2
ADJUSTED GROSS APPROPRIATIONS
FY 2011-12 VERSUS GOVERNOR'S RECOMMENDATION

Department/Budget Area	FY 2011-12 Adjusted for OPEB	FY 2012-13 Governor's Rec.	Dollar Change	Percent Change
Agriculture & Rural Development	\$74,245,300	\$74,195,300	(\$50,000)	(0.1%)
Attorney General	55,418,900	60,865,100	5,446,200	9.8
Capital Outlay	0	0	0	na
Civil Rights	14,238,300	14,332,600	94,300	0.7
Community Colleges	283,880,500	294,130,500	10,250,000	3.6
Community Health	14,635,346,100	15,085,456,300	450,110,200	3.1
Corrections	2,013,524,700	2,063,505,800	49,981,100	2.5
Education	326,559,800	330,952,900	4,393,100	1.3
Environmental Quality	416,371,900	422,507,000	6,135,100	1.5
Executive	4,599,200	4,887,900	288,700	6.3
Higher Education	1,364,178,400	1,399,981,500	35,803,100	2.6
Human Services	6,712,267,900	6,561,645,100	(150,622,800)	(2.2)
Judiciary	256,184,500	263,586,800	7,402,300	2.9
Legislative Auditor General	13,198,900	14,895,600	1,696,700	12.9
Legislature	104,394,600	109,522,500	5,127,900	4.9
Licensing & Regulatory Affairs	843,947,900	819,016,700	(24,931,200)	(3.0)
Military & Veterans Affairs	153,762,300	166,672,700	12,910,400	8.4
Natural Resources	337,553,600	339,734,900	2,181,300	0.6
School Aid	12,659,072,900	12,687,014,800	27,941,900	0.2
State	193,445,400	200,822,500	7,377,100	3.8
State Police	507,629,200	547,908,800	40,279,600	7.9
Technology, Management, & Budget	476,742,900	503,408,700	26,665,800	5.6
Transportation	3,325,019,400	3,448,558,400	123,539,000	3.7
Treasury (Debt Service)	140,928,000	140,554,900	(373,100)	(0.3)
Treasury (Operations)	448,361,300	460,713,200	12,351,900	2.8
Treasury (Revenue Sharing)	1,027,500,500	1,071,719,700	44,219,200	4.3
Treasury (Strategic Fund)	987,989,800	967,211,500	(20,778,300)	(2.1)
TOTAL APPROPRIATIONS	\$47,376,362,200	\$48,053,801,700	\$677,439,500	1.4%

Note: Includes both ongoing and one-time appropriations; FY 2011-12 includes budget adjustments as of February 9, 2012 and the pending OPEB supplemental.

Figure B

Adjusted Gross Appropriations FY 2012-13 Governor's Recommendation



Total = \$ 48,053,801,700

Table 3

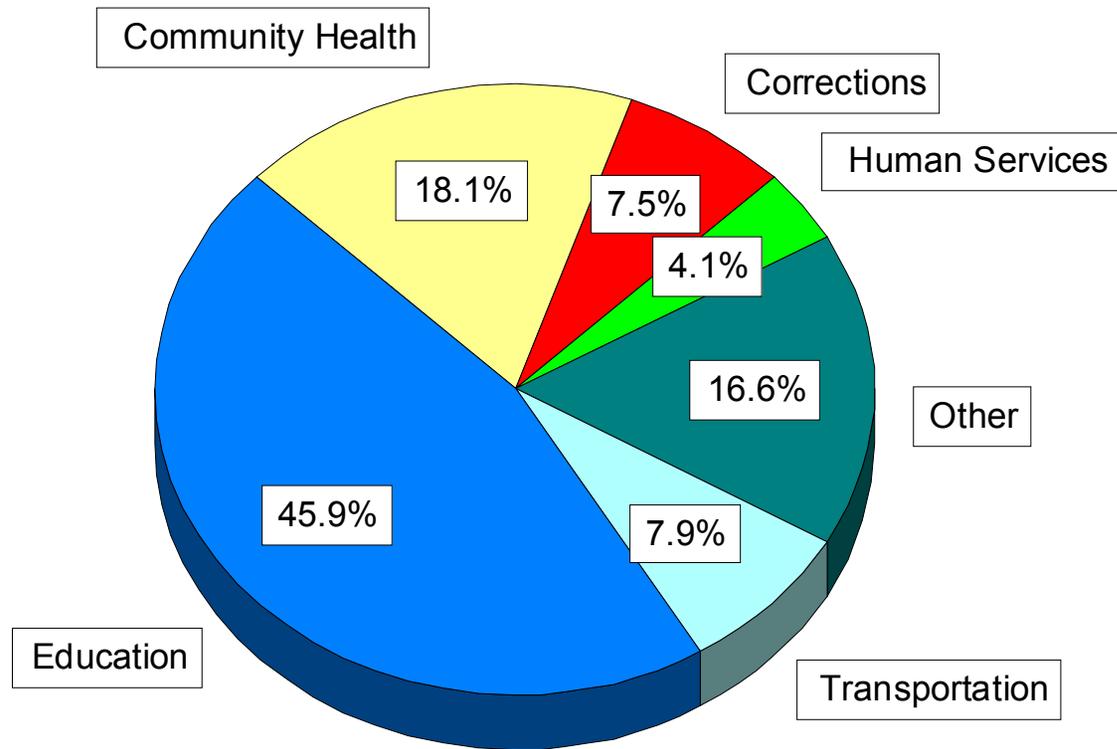
STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS FY 2011-12 VERSUS GOVERNOR'S RECOMMENDATION				
Department/Budget Area	FY 2011-12 Adjusted for OPEB	FY 2012-13 Governor's Rec.	Dollar Change	Percent Change
Agriculture & Rural Development	\$59,479,200	\$62,819,900	\$3,340,700	5.6%
Attorney General	46,119,000	50,932,500	4,813,500	10.4
Capital Outlay	0	0	0	na
Civil Rights	11,339,000	11,672,600	333,600	2.9
Community Colleges	283,880,500	294,130,500	10,250,000	3.6
Community Health	5,006,702,900	4,994,426,900	(12,276,000)	(0.2)
Corrections	2,004,809,400	2,054,457,100	49,647,700	2.5
Education	72,082,800	75,669,500	3,586,700	5.0
Environmental Quality	254,888,700	260,286,300	5,397,600	2.1
Executive	4,599,200	4,887,900	288,700	6.3
Higher Education	1,265,852,000	1,302,955,100	37,103,100	2.9
Human Services	1,171,031,500	1,117,643,400	(53,388,100)	(4.6)
Judiciary	243,059,300	249,598,600	6,539,300	2.7
Legislative Auditor General	13,198,900	14,895,600	1,696,700	12.9
Legislature	103,994,600	109,122,500	5,127,900	4.9
Licensing & Regulatory Affairs	453,844,600	415,588,400	(38,256,200)	(8.4)
Military & Veterans Affairs	62,490,100	65,160,400	2,670,300	4.3
Natural Resources	265,265,800	265,892,700	626,900	0.2
School Aid	11,005,741,100	10,985,973,400	(19,767,700)	(0.2)
State	191,635,300	199,012,400	7,377,100	3.8
State Police	394,636,300	435,897,100	41,260,800	10.5
Technology, Management, & Budget	464,381,600	492,433,400	28,051,800	6.0
Transportation	2,029,855,700	2,174,548,100	144,692,400	7.1
Treasury (Debt Service)	140,928,000	140,554,900	(373,100)	(0.3)
Treasury (Operations)	407,070,100	418,095,200	11,025,100	2.7
Treasury (Revenue Sharing)	1,027,500,500	1,071,719,700	44,219,200	4.3
Treasury (Strategic Fund)	277,203,100	299,377,400	22,174,300	8.0
TOTAL APPROPRIATIONS	\$27,261,589,200	\$27,567,751,500	\$306,162,300	1.1%

Note: Includes both ongoing and one-time appropriations; FY 2011-12 includes budget adjustments as of February 9, 2012 and the pending OPEB supplemental.

Figure C

State Spending From State Resources

FY 2012-13 Governor's Recommendation



Total = \$ 27,567,751,500

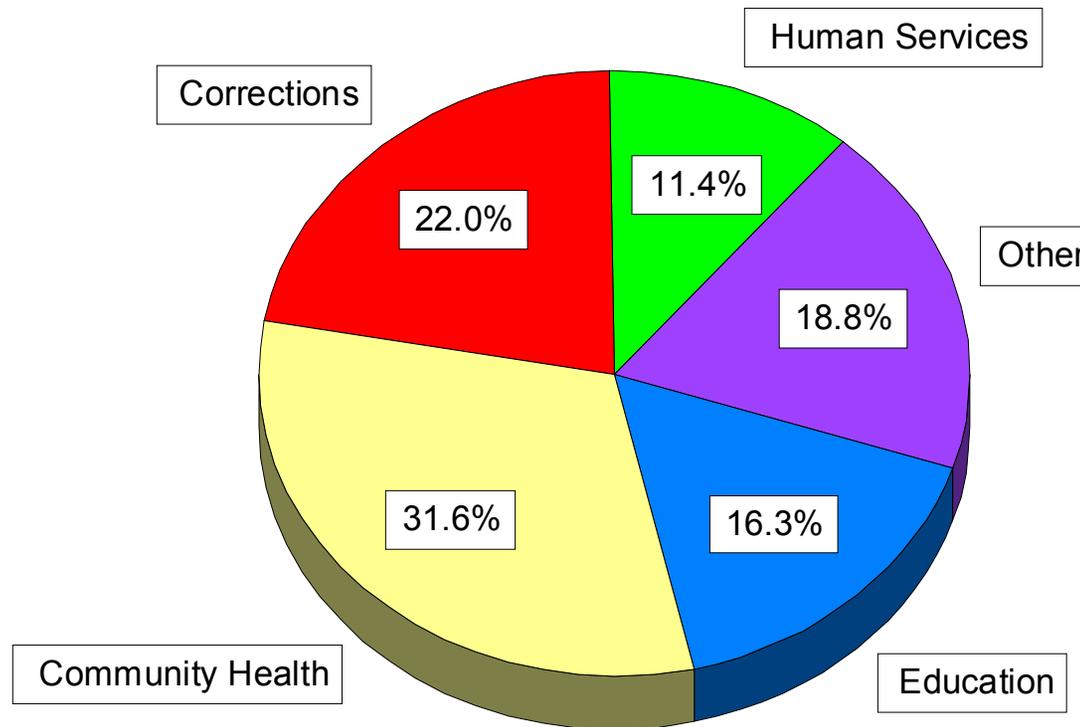
Table 4

GENERAL FUND/GENERAL PURPOSE (GF/GP) APPROPRIATIONS FY 2011-12 VERSUS GOVERNOR'S RECOMMENDATION				
Department/Budget Area	FY 2011-12 Adjusted for OPEB	FY 2012-13 Governor's Rec.	Dollar Change	Percent Change
Agriculture & Rural Development	\$29,878,700	\$34,160,500	\$4,281,800	14.3%
Attorney General	29,836,300	33,690,500	3,854,200	12.9
Capital Outlay	0	0	0	na
Civil Rights	11,187,100	11,520,700	333,600	3.0
Community Colleges	88,000,000	96,516,400	8,516,400	9.7
Community Health	2,975,227,400	2,847,864,700	(127,362,700)	(4.3)
Corrections	1,950,939,100	1,982,185,600	31,246,500	1.6
Education	64,643,900	68,043,200	3,399,300	5.3
Environmental Quality	28,378,300	29,405,000	1,026,700	3.6
Executive	4,599,200	4,887,900	288,700	6.3
Higher Education	1,065,632,500	1,102,389,400	36,756,900	3.4
Human Services	1,047,330,500	1,028,796,400	(18,534,100)	(1.8)
Judiciary	154,740,300	161,016,400	6,276,100	4.1
Legislative Auditor General	11,624,100	13,004,900	1,380,800	11.9
Legislature	102,884,800	108,012,700	5,127,900	5.0
Licensing & Regulatory Affairs	42,024,100	35,570,900	(6,453,200)	(15.4)
Military & Veterans Affairs	33,983,700	34,733,400	749,700	2.2
Natural Resources	18,326,700	21,637,900	3,311,200	18.1
School Aid	118,642,400	200,000,000	81,357,600	68.6
State	11,750,600	14,041,300	2,290,700	19.5
State Police	270,166,000	316,891,400	46,725,400	17.3
Technology, Management, & Budget	374,553,100	401,916,200	27,363,100	7.3
Transportation	500,000	119,000,000	118,500,000	23,700.0
Treasury (Debt Service)	125,413,500	135,040,400	9,626,900	7.7
Treasury (Operations)	68,919,100	67,931,800	(987,300)	(1.4)
Treasury (Revenue Sharing)	0	0	0	na
Treasury (Strategic Fund)	134,696,300	153,701,600	19,005,300	14.1
TOTAL APPROPRIATIONS	\$8,763,877,700	\$9,021,959,200	\$258,081,500	2.9%

Note: Includes both ongoing and one-time appropriations; FY 2011-12 includes budget adjustments as of February 9, 2012 and the pending OPEB supplemental.

Figure D

General Fund/General Purpose FY 2012-13 Governor's Recommendation



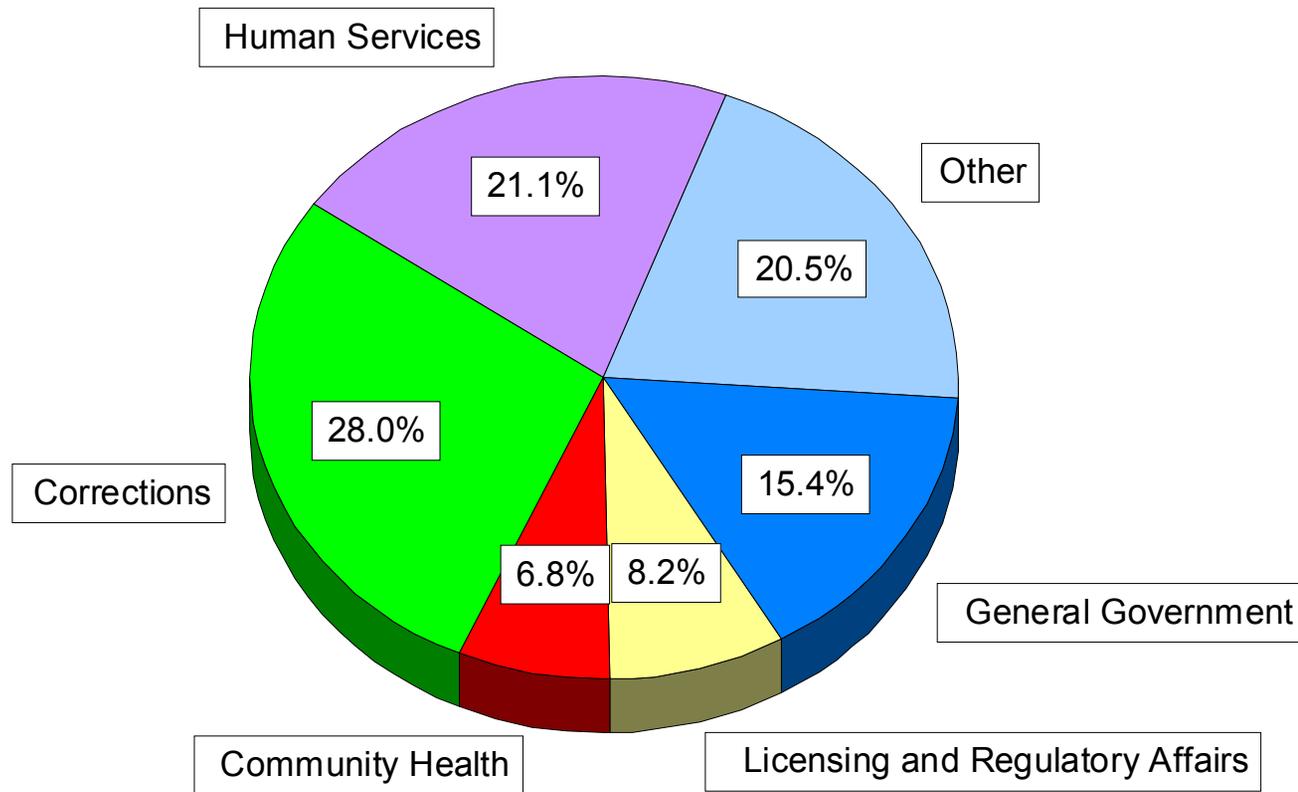
Total = \$ 9,021,959,200

Table 5

FULL-TIME EQUATED CLASSIFIED POSITIONS FY 2011-12 VERSUS GOVERNOR'S RECOMMENDATION				
Department/Budget Area	FY 2011-12 Year-to-Date Appropriations	FY 2012-13 Governor's Recommendation	Position Change	Percent Change
Agriculture & Rural Development	441.0	422.0	(19.0)	(4.3%)
Attorney General	514.0	507.0	(7.0)	(1.4)
Civil Rights	121.0	116.0	(5.0)	(4.1)
Community Health	3,634.2	3,613.9	(20.3)	(0.6)
Corrections	15,568.8	14,879.2	(689.6)	(4.4)
Education	596.0	594.5	(1.5)	(0.3)
Environmental Quality	1,334.5	1,341.8	7.3	0.5
Executive	74.2	74.2	0.0	0.0
Higher Education	0.0	0.0	0.0	0.0
Human Services	11,540.5	11,202.5	(338.0)	(2.9)
Judiciary	491.0	472.0	(19.0)	(3.9)
Licensing & Regulatory Affairs	4,320.8	4,362.3	41.5	1.0
Military & Veterans Affairs	819.0	819.0	0.0	0.0
Natural Resources	2,173.4	2,146.5	(26.9)	(1.2)
State	1,809.0	1,692.0	(117.0)	(6.5)
State Police	2,751.0	2,672.0	(79.0)	(2.9)
Technology, Management, & Budget	3,032.5	2,808.0	(224.5)	(7.4)
Transportation	3,043.3	2,912.3	(131.0)	(4.3)
Treasury (Operations)	1,745.5	1,774.5	29.0	1.7
Treasury (Strategic Fund)	820.0	769.0	(51.0)	(6.2)
TOTAL POSITIONS	54,829.7	53,178.7	(1,651.0)	(3.0%)

Figure E

Full-Time Equated Classified Positions FY 2012-13 Governor's Recommendation



Total = 53,178.7

Table 6

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 2011-12 VERSUS GOVERNOR'S RECOMMENDATION				
Department/Budget Area	FY 2011-12 Year-to-Date Appropriations	FY 2012-13 Governor's Rec.	Dollar Difference	Percent Change
Agriculture & Rural Development	\$1,500,000	\$1,500,000	\$0	0.0%
Attorney General	0	0	0	0.0
Capital Outlay	0	0	0	0.0
Civil Rights	0	0	0	0.0
Community Colleges	283,880,500	294,130,500	10,250,000	3.6
Community Health	1,444,737,700	1,151,081,700	(293,656,000)	(20.3)
Corrections	89,893,500	91,166,400	1,272,900	1.4
Education	5,445,700	5,445,700	0	0.0
Environmental Quality	2,175,000	2,775,000	600,000	27.6
Executive	0	0	0	0.0
Higher Education	0	0	0	0.0
Human Services	107,003,300	94,339,300	(12,664,000)	(11.8)
Judiciary	119,875,600	119,811,500	(64,100)	(0.1)
Legislative Auditor General	0	0	0	0.0
Legislature	0	0	0	0.0
Licensing & Regulatory Affairs	22,988,700	21,625,700	(1,363,000)	(5.9)
Military & Veterans Affairs	120,000	120,000	0	0.0
Natural Resources	10,550,000	6,152,600	(4,397,400)	(41.7)
School Aid	10,872,741,100	10,841,677,500	(31,063,600)	(0.3)
State	1,360,800	1,360,800	0	0.0
State Police	19,056,000	18,728,700	(327,300)	(1.7)
Technology, Management, & Budget	0	0	0	0.0
Transportation	1,182,737,000	1,211,655,900	28,918,900	2.4
Treasury (Debt Service)	0	0	0	0.0
Treasury (Operations)	153,993,500	146,592,500	(7,401,000)	(4.8)
Treasury (Revenue Sharing)	1,027,500,500	1,071,719,700	44,219,200	4.3
Treasury (Strategic Fund)	15,224,800	15,224,800	0	0.0
TOTAL APPROPRIATIONS	\$15,360,783,700	\$15,095,108,300	(\$265,675,400)	(1.7%)

Table 7

FY 2012-13 GOVERNOR'S RECOMMENDATION ONE-TIME APPROPRIATIONS		
Budget Area/Program	Adjusted Gross Appropriation	GF/GP Appropriation
Agriculture and Rural Development		
Healthy Food Program	\$1,500,000	\$1,500,000
Private Forestry Program	500,000	500,000
Community Health		
CHAMPS Diagnostic Coding Project	40,000,000	4,000,000
Health and Wellness Initiatives	5,000,000	5,000,000
State Laboratory Equipment and Supplies.....	200,000	200,000
Elder Abuse Training and Prevention Initiatives	250,000	250,000
Corrections		
Information Technology Adjustments.....	1,129,500	1,129,500
Environmental Quality		
Drinking Water Revolving Fund	2,500,000	2,500,000
Wetlands Program.....	1,500,000	1,500,000
Human Services		
Child Welfare Enhancements.....	5,700,000	4,000,000
Military and Veterans Affairs		
Armory Special Maintenance	2,400,000	2,400,000
Natural Resources		
Dam Management.....	2,000,000	2,000,000
School Aid		
Best Practices and Performance Funding.....	140,000,000	140,000,000
Best Practices Innovation Grants.....	10,000,000	10,000,000
Fund Shift from School Aid Fund to General Fund	0	31,357,600
State		
ExpressSOS Marketing	150,000	150,000
State Police		
Replacement of Outdated Equipment/Protective Gear	1,623,700	1,623,700
Collins Road Rent and Building Occupancy Charges..	750,000	750,000
Technology, Management, and Budget		
Special Maintenance for State Buildings.....	10,000,000	10,000,000
Space Consolidation Fund	7,000,000	7,000,000
Transportation		
General Fund for Federal Match	119,000,000	119,000,000
Treasury (Revenue Sharing)		
Competitive Grant Assistance Program	20,000,000	0
Treasury (Strategic Fund)		
Film Incentive Funding	25,000,000	25,000,000
Subtotal One-Time Appropriations.....	\$396,203,200	\$369,860,800
State Employee Lump Sum Payments.....	\$53,213,500	\$25,313,900
Appropriation to the Budget Stabilization Fund.....	130,000,000	130,000,000
TOTAL ONE-TIME APPROPRIATIONS	\$579,416,700	\$525,174,700

Table 8

FY 2012-13 GOVERNOR'S RECOMMENDATION STATE EMPLOYEE LUMP SUM PAYMENTS

Department/Budget Area	Gross	IDG	Adjusted Gross	Federal	Local/ Private	State Restricted	GF/GP
Agriculture & Rural Development	\$470,300	\$2,400	\$467,900	\$85,000	\$1,500	\$146,100	\$235,300
Attorney General	1,025,900	297,300	728,600	122,600	0	212,700	393,300
Capital Outlay	0	0	0	0	0	0	0
Civil Rights	128,900	0	128,900	24,600	0	0	104,300
Community Colleges	0	0	0	0	0	0	0
Community Health	4,285,300	19,700	4,265,600	1,279,400	151,200	263,500	2,571,500
Corrections	13,225,900	3,900	13,222,000	83,400	1,300	263,500	12,873,800
Education	624,300	0	624,300	429,100	16,500	64,600	114,100
Environmental Quality	1,549,200	48,800	1,500,400	415,700	4,200	920,400	160,100
Executive	58,700	0	58,700	0	0	0	58,700
Higher Education	0	0	0	0	0	0	0
Human Services	10,541,900	0	10,541,900	6,605,100	0	0	3,936,800
Judiciary	827,200	9,100	818,100	51,200	86,800	43,200	636,900
Legislative Auditor General	270,900	59,000	211,900	0	0	27,100	184,800
Legislature	0	0	0	0	0	0	0
Licensing & Regulatory Affairs	5,036,800	163,500	4,873,300	2,815,400	0	1,880,400	177,500
Military & Veterans Affairs	707,900	700	707,200	407,500	7,800	136,000	155,900
Natural Resources	1,892,600	11,300	1,881,300	260,500	15,500	1,509,100	96,200
School Aid	0	0	0	0	0	0	0
State	1,544,400	0	1,544,400	0	0	1,259,500	284,900
State Police	3,220,000	168,700	3,051,300	249,700	40,600	675,800	2,085,200
Technology, Management, & Budget	4,680,200	3,104,100	1,576,100	426,700	0	357,200	792,200
Transportation	3,260,800	14,800	3,246,000	0	0	3,246,000	0
Treasury (Debt Service)	0	0	0	0	0	0	0
Treasury (Operations)	2,742,700	112,800	2,624,900	171,700	0	2,146,700	311,500
Treasury (Revenue Sharing)	0	0	0	0	0	0	0
Treasury (Strategic Fund)	1,135,700	0	1,135,700	408,500	0	586,300	140,900
TOTAL APPROPRIATION	\$57,229,600	\$4,016,100	\$53,213,500	\$13,836,100	\$325,400	\$13,738,100	\$25,313,900

SUMMARY OF MAJOR FY 2012-13 GF/GP APPROPRIATION CHANGES

The Governor's budget message includes \$9.2 billion in GF/GP revenue for FY 2012-13 and recommends \$9.0 billion GF/GP for FY 2013-14. As the balance sheet in [Table 9](#) indicates, the FY 2012-13 budget includes \$9.0 billion in ongoing revenue as estimated at the January 13, 2012, Consensus Revenue Estimating Conference and \$10.0 million in GF/GP revenue due to the ongoing shift of short-term borrowing costs to the School Aid Fund. The Governor's FY 2012-13 recommendation of \$340.6 million for statutory revenue sharing for cities, villages, townships, and counties and the new one-time \$20.0 million appropriation for a revenue sharing competitive grant assistance program, reduce the ongoing GF/GP revenue to \$8.7 billion. When the ongoing GF/GP revenue is combined with a beginning balance of \$541.9 million in funds carried forward from FY 2011-12, total estimated FY 2012-13 GF/GP revenue is \$9.23 billion.

The FY 2012-13 ongoing GF/GP appropriations recommended by the Governor total \$8.6 billion and one-time GF/GP appropriations recommended by the Governor total \$525.2 million (as listed in [Table 7](#)), resulting in total estimated expenditures of \$9.16 billion and a projected year-end GF/GP balance of \$73.9 million.

Table 9

FEBRUARY 2012 GOVERNOR'S RECOMMENDATION GENERAL FUND/GENERAL PURPOSE (GF/GP) REVENUE, EXPENDITURES, AND YEAR-END BALANCE (Millions of Dollars)			
	FY 2011-12	FY 2012-13	FY 2013-14
Revenue:			
Beginning Balance	\$566.6	\$541.9	\$73.9
Ongoing Revenue:			
Consensus Revenue Estimate (January 13, 2012)	\$9,030.5	\$9,034.6	\$9,236.0
Revenue Sharing Payments.....	(300.0)	(340.6)	(350.1)
One-Time Appropriation for Revenue Sharing.....	(30.0)	(20.0)	0.0
Shift of Short-Term Borrowing Costs to School Aid Fund.....	8.5	10.0	20.0
Subtotal Ongoing Revenue.....	\$8,709.0	\$8,684.0	\$8,905.9
Non-Ongoing Revenue:			
Use Tax on Health Maintenance Organizations.....	\$201.1	\$0.0	\$0.0
Total Estimated GF/GP Revenue.....	\$9,476.7	\$9,225.9	\$8,979.8
Expenditures:			
Ongoing Appropriations:			
Initial Ongoing Appropriations	\$8,175.5	\$8,626.8	\$8,881.9
Enacted Supplementals	181.4	0.0	0.0
Pending OPEB Supplemental	135.4	0.0	0.0
Employee Concessions/Alternative Contingency plans.....	(91.3)	0.0	0.0
Subtotal Ongoing Appropriations.....	\$8,401.0	\$8,626.8	\$8,881.9
One-Time Appropriations:			
Initial One-Time Appropriations.....	\$171.6	\$213.8	\$13.6
One-Time Appropriation to School Aid Fund	100.0	181.4	0.0
One-Time Appropriation to Budget Stabilization Fund.....	255.8	130.0	0.0
Savings from One-Time OPEB Approp. (\$60 million-\$42.5 million) ..	(17.5)	0.0	0.0
Proposed Supplementals (February 9, 2012)	23.9	0.0	0.0
Subtotal One-Time Appropriations	\$533.8	\$525.2	\$13.6
Total Estimated GF/GP Expenditures.....	\$8,934.8	\$9,152.0	\$8,895.5
PROJECTED YEAR-END GF/GP BALANCE	\$541.9	\$73.9	\$84.3

Table 10 provides a comparison of the Governor's recommended FY 2012-13 GF/GP appropriations to the FY 2011-12 year-to-date levels. The Governor's FY 2012-13 GF/GP recommendation of \$9,022.0 million represents a \$393.5 million increase in GF/GP appropriations. This net change in GF/GP appropriations can be categorized as new GF/GP programs of \$83.1 million, funding increases of \$500.5 million, funding reductions of \$656.3 million, and fund shifts resulting in a \$97.5 million increase in GF/GP appropriations. These fund shifts are generally defined as changes in the fund sources for a program that do not affect the overall appropriation level of the program. Tables 11-14 provide the details of the new programs, funding increases, funding reductions, and funding shifts, respectively.

In addition to the standard categories of change, the funding for Other Post-Employment Benefits (OPEB) is listed separately on Table 10 at \$368.7 million, which includes the pending FY 2011-12 OPEB GF/GP supplemental of \$135.4 million and the \$233.3 million additional GF/GP amount added in FY 2012-13 to reflect the consolidation of all retiree health care costs, both "pay-as-you-go" for current retirees and prefunding for future retirees. The funding for OPEB continues the policy proposed for FY 2011-12 that begins to prefund retiree health care costs for the State Employees' Retirement System (SERS).

Table 10

FY 2012-13 BUDGET RECOMMENDATION GOVERNOR'S MAJOR CHANGES FROM FY 2011-12 YEAR-TO-DATE GENERAL FUND/GENERAL PURPOSE (GF/GP) APPROPRIATIONS (Millions of Dollars)	
FY 2011-12 Year-to-Date Appropriations	\$8,628.5
FY 2012-13 Governor's Recommendation	9,022.0
Change in GF/GP Appropriations.....	\$393.5
Total New Programs	\$83.1
Total Funding Increases.....	500.5
Total Funding Reductions	(656.3)
Total Funding Shifts	97.5
Total OPEB Funding	368.7
TOTAL GF/GP FUNDING CHANGE.....	\$393.5

Table 11 outlines the details of the \$83.1 million GF/GP for new programs. The largest new program provides funding of \$50.0 million in the Department of Technology, Management, and Budget for targeted technology upgrades in State departments and agencies. A study is currently being conducted to produce an inventory of technology risks; the new funds would be used to address those risks. The Governor's budget recommends \$15.0 million GF/GP for the Michigan Strategic Fund to create a talent fund for job training and skills development that would invest in economic development initiatives in distressed cities. The Governor's budget also includes \$4.5 million GF/GP for a new Office of Fiscal Responsibility that would provide technical assistance and support to at-risk local units of government.

Table 11

FY 2012-13 GOVERNOR'S APPROPRIATION RECOMMENDATION NEW GF/GP PROGRAMS (Millions of Dollars)	
<u>Budget Area/Program</u>	
Attorney General	
Public Safety Initiative.....	\$0.9
Civil Rights	
Asian Pacific American Affairs Commission.....	0.1
Corrections	
Public Safety Initiative - Jail Space.....	4.5
Human Services	
Paternity Testing for Child Support.....	0.6
Natural Resources	
Summer Youth Initiative.....	5.0
Dam Management (ongoing).....	0.5
Dam Management (one-time).....	2.0
Technology, Management, and Budget	
Enterprise-wide IT Investment Project.....	50.0
Treasury (Operations)	
Office of Fiscal Responsibility.....	4.5
Treasury (Strategic Fund)	
Talent Fund for Job Training.....	15.0
TOTAL GF/GP FUNDING FOR NEW PROGRAMS.....	\$83.1

The details of the \$500.5 million of major funding increases recommended by the Governor are listed in Table 12. A significant amount, \$71.1 million, of the recommended increases can be attributed to caseload and cost adjustments in the Medicaid program in the Department of Community Health. The Governor recommends converting the \$50.0 million FY 2011-12 one-time appropriation for business attraction and economic gardening to an ongoing appropriation that would provide total FY 2012-13 GF/GP funding of \$100.0 million. Unlike FY 2011-12, when the Governor recommended a 15.0% reduction for the operations of Michigan's public universities, the FY 2012-13 budget includes 3.0% increases for both community colleges (\$8.5 million) and universities (\$36.2 million). The 3.0% increases would be distributed based primarily on the number of student degree completions in critical skills areas. For public universities, \$9.1 million of the \$36.2 million funding increase would be distributed only to those institutions that hold academic year 2012-13 resident undergraduate tuition increases to no more than 4.0%. Among the other major GF/GP funding increases for FY 2012-13 are \$15.0 million for law enforcement enhancement in the Department of State Police, \$10.0 million for coverage of autism spectrum disorders in the Department of Community Health, \$163.5 million in one-time funding initiatives, and \$25.3 million for one-time State employee lump sum payments that are required by contract. Tables 7 and 8 contain more information on the one-time appropriations.

Table 13 provides the details of the \$656.3 million of GF/GP funding reductions in the Governor's FY 2012-13 budget. In addition to the GF/GP savings of \$159.2 million in State employee economics due to changes in insurance costs and retirement contribution rates, there are savings of \$146.6 million from the elimination of FY 2011-12 one-time GF/GP funding initiatives and savings of \$85.6 million from the implementation of FY 2011-12 departmental contingency plans that were in lieu of State employee concessions. The largest single-department GF/GP reduction, \$167.3 million, is in the Department of Community Health where the use tax on health maintenance organizations, and the related payments for actuarial soundness, is replaced with a full year of State Restricted revenue from the health claims assessment.

Table 12

**FY 2012-13 GOVERNOR'S APPROPRIATION RECOMMENDATION
MAJOR GF/GP FUNDING INCREASES
(Millions of Dollars)**

<u>Budget Area/Program</u>	
Agriculture and Rural Development	
Agricultural Environmental Assurance	\$1.0
Migrant Housing Regulation	0.4
Rural Development	0.6
Attorney General	
Tobacco Tax Enforcement	0.5
Community Colleges	
3% Funding Increase	8.5
Community Health	
Medicaid Base and Caseload Adjustments	45.8
Actuarially Sound Rates for Medicaid HMOs/PIHPs	25.3
Technology Projects	5.7
Autism Spectrum Disorders Coverage	10.1
Healthy Kids Dental Expansion	8.4
Health and Wellness and Other Initiatives	2.4
Corrections	
Closed Facility Maintenance	3.5
Neal Lawsuit Settlement Cost Increase	5.0
Unrealized Savings from Cost Effective Housing Initiative	10.4
Facility Closure Adjustments	5.4
New Employee Training School Funding	4.5
IT System Maintenance	2.4
Parole Fees Shortfall	0.8
Education	
New Staff	0.4
Early Childhood Programs/ECIC	1.2
Support for Persistently Low Achieving Schools	0.8
Charter School Unit Staff	0.5
ELibrary Funding	0.8
Environmental Quality	
Great Lakes Compact Council	0.1
Drinking Water Revolving Loan Fund	2.5
Executive Office	
Funding Increase	0.2
Higher Education	
Performance Funding	36.2
MSU FRIB Funding	2.3
Human Services	
Foster Parent Pay \$3/day Increase	6.3
Adult Services Outreach	0.9
Michigan Youth Opportunity Initiative	1.8
SSI Caseload Increase	1.6
Security at Local County Offices	0.4
Judiciary	
New Staff	0.4
Mental Health Courts	1.0
Legislature	
Funding Increase	4.9

**FY 2012-13 GOVERNOR'S APPROPRIATION RECOMMENDATION
MAJOR GF/GP FUNDING INCREASES
(Millions of Dollars)**

Licensing and Regulatory Affairs	
Centers for Independent Living	1.5
Military and Veterans Affairs	
Military Retirement Costs	0.2
Special Maintenance	2.4
Veterans Affairs Directorate	0.3
State Police	
Public Safety Initiative - Law Enforcement Enhancement	15.0
Public Safety Initiative - Distressed Cities	2.8
Forensic Sciences Staff	3.2
Fleet Leasing	2.7
Tobacco Tax Enforcement	0.2
Replacement of Outdated Equipment	1.1
Regional Policing Communications	1.3
Technology, Management, and Budget	
Information Technology Adjustments	2.5
Capital Outlay Maintenance	15.0
Treasury (Operations)	
Tobacco Tax Enforcement	1.5
Treasury (Strategic Fund)	
Arts/Culture Grants	3.6
Ongoing Business Attraction	50.0
Other Funding Increases in Budget Recommendation	5.4
One-Time Funding Increases.....	163.5
One-Time Lump Sum Payments.....	25.3
TOTAL GF/GP FUNDING INCREASES	\$500.5

Table 13

FY 2012-13 GOVERNOR'S APPROPRIATION RECOMMENDATION MAJOR GF/GP FUNDING ELIMINATIONS/REDUCTIONS (Millions of Dollars)	
<u>Budget Area/Program</u>	
Attorney General	
Redistricting Lawsuit.....	(\$0.3)
Community Health	
Increased Special Financing Savings.....	(29.8)
Replacement of Use Tax with Full Year of Health Claims Tax	(167.3)
Savings from Medicaid Reimbursement Initiatives	(9.4)
Savings from Enrolling Urgent Care Centers as Providers	(0.3)
Savings from Increased Inspector General Staffing.....	(1.3)
Pharmaceutical Savings Initiatives	(2.2)
Education	
Reduction in Child Care Caseload	(3.0)
Human Services	
Caseload and Cost Adjustments	(23.1)
Drug Testing Net Savings.....	(0.6)
Savings from EBT for SSI Checks.....	(0.3)
Judiciary	
Elimination of Judgeships.....	(0.1)
Licensing and Regulatory Affairs	
Elimination of Vulnerable Household Warmth Fund	(10.0)
Military and Veterans Affairs	
Headquarters and Armories.....	(0.2)
Veterans Service Organization.....	(0.1)
Technology, Management, and Budget	
Removal of Boilerplate Funding	(2.5)
Treasury (Operations)	
Removal of Presidential Primary Funding	(10.0)
Removal of Unemployment Deficit Bonds Issuance Funding	(1.0)
Removal of Tax Plan Implementation Funding	(1.0)
Other Funding Decreases in Budget Recommendation.....	(2.4)
Statewide Contingency Plan Savings.....	(85.6)
Savings on Employee Economics	(159.2)
One-Time Funding Reductions/Eliminations.....	(146.6)
TOTAL GF/GP FUNDING ELIMINATIONS/REDUCTIONS	(\$656.3)

The details of the \$97.5 million in fund shifts that increase and decrease GF/GP appropriations are listed in Table 14. The largest fund shift is \$81.4 million in GF/GP revenue to the K-12 School Aid budget. In FY 2011-12, there is a GF/GP appropriation to the School Aid Fund of \$118.6 million; the additional \$81.4 million recommended by the Governor for FY 2012-13 would result in a total GF/GP grant to the School Aid Fund of \$200.0 million. The Governor has characterized \$181.4 million of this \$200.0 million GF/GP grant as one-time GF/GP funding and the Governor's recommendation for FY 2013-14 includes a GF/GP grant of only \$18.6 million.

Table 14

FY 2012-13 GOVERNOR'S APPROPRIATION RECOMMENDATION MAJOR FUND SHIFTS TO INCREASE/(REDUCE) GF/GP (Millions of Dollars)	
<u>Budget Area/Program</u>	
Civil Rights	
Replacement of Uncollectible Federal Funds.....	\$0.1
Community Health	
Medicaid Benefits Trust Fund Shortfall.....	6.4
Healthy Michigan Fund Shortfall.....	2.5
Increase in Base Medicaid Match Rate.....	(25.7)
Health Claims Tax Revenue.....	(1.2)
Tobacco Tax Shortfall.....	1.4
Tobacco Settlement Dollars.....	5.5
Education	
College Access Network Grant Revenue.....	2.0
Higher Education	
Children of Veterans Tuition Grants.....	0.1
Human Services	
Increase in Base Medicaid Match Rate.....	(0.2)
Juvenile Justice Fund Sourcing.....	(0.5)
Judiciary	
Swift and Sure Sanctions Fund Source.....	1.0
Licensing and Regulatory Affairs	
Adult Foster Care Background Checks.....	1.0
Military and Veterans Affairs	
Veterans Home Federal Funds.....	(0.4)
School Aid	
Shift to General Fund.....	81.4
State	
Shift from Michigan Transportation Fund to General Fund.....	1.7
State Police	
Replacement of Federal Funds.....	0.7
Public Safety Communications System.....	7.0
Homeland Security Federal Funds.....	1.4
Treasury Debt Service	
Refined Petroleum Fund Shift to General Fund.....	10.0
Treasury Operations	
PILT Fund Source.....	(0.3)
Tax Planning General Fund Replacement with Delinquent Tax Revenue.....	(2.1)
Reduction of IDG from Michigan Transportation Fund.....	6.4
Other Fund Source Shifts in Budget Recommendation.....	0.3
TOTAL GF/GP FUND SHIFTS.....	\$97.5

SUMMARY OF MAJOR FY 2012-13 SCHOOL AID FUND APPROPRIATION CHANGES

The Governor's budget message includes \$13.1 billion in estimated School Aid Fund (SAF) revenue for FY 2012-13 and recommends \$13.1 billion SAF revenue for FY 2013-14. As the balance sheet in Table 15 indicates, the FY 2012-13 SAF budget includes \$11.1 billion in ongoing revenue as estimated at the January 13, 2012, Consensus Revenue Estimating Conference, a \$200.0 million GF/GP grant, and ongoing Federal aid of \$1.7 billion. When the ongoing SAF revenue and the GF/GP grant are combined with a beginning balance of \$129.0 million in funds carried forward from FY 2011-12, total estimated FY 2012-13 SAF revenue is \$13.1 billion. It should be noted that the Governor has characterized \$181.4 million of the \$200.0 million GF/GP grant as one-time revenue. The one-time \$181.4 million GF/GP revenue is used to finance one-time appropriations of \$150.0 million and a one-time fund shift from SAF to GF/GP revenue. For FY 2013-14, the Governor recommends a total GF/GP grant to the SAF of only \$18.6 million.

The FY 2012-13 ongoing SAF appropriations recommended by the Governor total \$12.9 billion and one-time SAF appropriations recommended by the Governor total \$150.0 million (as listed in Table 7), resulting in total estimated expenditures of \$13.1 billion and a projected year-end SAF balance of \$0.0 million.

Table 15

FEBRUARY 2012 GOVERNOR'S RECOMMENDATION SCHOOL AID FUND REVENUE, EXPENDITURES, AND YEAR-END BALANCE (Millions of Dollars)			
	FY 2011-12	FY 2012-13	FY 2013-14
Revenue:			
Beginning Balance	\$724.7	\$129.0	\$0.0
Consensus Revenue Estimate (January 13, 2012)	\$10,763.6	\$11,055.0	\$11,359.5
Other Revenue Adjustments:			
General Fund/General Purpose Grant	118.6	200.0	18.6
Federal Ongoing Aid	<u>1,658.0</u>	<u>1,701.0</u>	<u>1,701.0</u>
Subtotal Ongoing and GF/GP Revenue	<u>\$12,540.2</u>	<u>\$12,956.0</u>	<u>\$13,079.1</u>
Total Estimated School Aid Fund Revenue	\$13,264.9	\$13,085.0	\$13,079.1
Expenditures:¹⁾			
Ongoing Appropriations:			
Initial Ongoing K-12 Appropriations	\$12,203.6	\$12,537.0	\$12,603.6
K-12 Cost Adjustments (Consensus Estimate, Jan. 2012)	63.3	0.0	0.0
SBO Cost Adjustments	5.1	0.0	0.0
Partial Funding of Community Colleges with School Aid Fund	195.9	197.6	197.6
Partial Funding of Higher Education with School Aid Fund	<u>200.0</u>	<u>200.4</u>	<u>200.4</u>
Subtotal Ongoing Appropriations	\$12,667.9	\$12,935.0	\$13,001.6
One-Time Appropriations:			
Public School Empl. Retirement System (MPERS) Payments	\$155.0	\$0.0	\$0.0
K-12 Best Practices/Performance Grants	154.0	140.0	0.0
MPERS Retirement Obligation Reform Reserve Fund	133.0	0.0	0.0
Partial Restoration of K-12 Small Class Size Grants	13.5	0.0	0.0
Consolidation Innovation Grants	<u>0.0</u>	<u>10.0</u>	<u>0.0</u>
Subtotal One-Time Appropriations	\$455.5	\$150.0	\$0.0
Supplemental: H.B. 4445 (As Passed the Senate)	\$12.5	\$0.0	\$0.0
Total Estimated School Aid Fund Expenditures	\$13,135.9	\$13,085.0	\$13,001.6
PROJECTED YEAR-END SCHOOL AID FUND BALANCE	\$129.0	\$0.0	\$77.5

¹⁾ As of February 9, 2012

Table 16 illustrates the various ways the Governor's School Aid budget recommendations for FY 2011-12 and FY 2012-13 may be viewed. The bolded figures correspond to the figures presented by the Governor during the briefing on February 9, 2012.

Table 16

SCHOOL AID FUND APPROPRIATIONS FY 2012-13 GOVERNOR'S RECOMMENDATION COMPARED TO FY 2011-12		
Fiscal Year	Adjusted Gross Appropriation	State Spending
FY 2011-12 Initial (including one-time)	\$12,659,072,900	\$11,005,741,100
FY 2011-12 Initial excluding the \$133 million for MPSERS reforms	12,526,072,900	10,872,741,100
FY 2011-12 Revised for CREC	12,740,007,800	11,081,976,000
FY 2011-12 Revised for CREC excluding the \$133 million for MPSERS reforms	12,607,007,800	10,948,976,000
FY 2012-13 Governor's Rec. (including one-time).....	12,687,014,800	10,985,973,400
Change to FY 2011-12 Initial	\$27.9 million or 0.2%	(\$19.8) million or (0.2%)
Change to FY 2011-12 Initial excluding the \$133 million for MPSERS reforms	\$160.9 million or 1.3%	\$113.2 million or 1.0%
Change to FY 2011-12 Revised Rec.	(\$53.0) million or (0.4%)	(\$96.0) million or (0.9%)
Change to FY 2011-12 Revised Rec. excluding the \$133 million for MPSERS reforms	\$80.0 million or 0.6%	\$37.0 million or 0.3%

Overall, Gross spending in the Governor's recommendation for the FY 2012-13 budget is \$53.0 million less than the Consensus Revenue Estimating Conference (CREC)-adjusted level for FY 2011-12, or, if compared to initial levels, the budget is \$27.9 million above initial appropriations, excluding the CREC supplemental. The FY 2012-13 budget includes no change for the foundation allowance. The budget does, however, reclassify as ongoing funding \$205.0 million in what had previously been one-time funding. Specifically, \$155.0 million in reimbursement for retirement costs is continued, along with \$50.0 million of the \$154.0 million set aside in FY 2011-12 for best practices grants. A further \$140.0 million in best practices and performance funding is included for FY 2012-13, but it is classified as one-time funding. An additional \$24.0 million in Michigan Public School Employees' Retirement System (MPSERS) reimbursement is included, and intended as ongoing funding. The budget also includes two new programs: \$10.0 million for consolidation innovation grants (one-time funding) and \$1.75 million for training of principals in the area of teacher evaluations. The \$133.0 million appropriation in FY 2011-12 for MPSERS reforms is not continued in FY 2012-13.

Table 17 provides a comparison of the Governor's recommended FY 2012-13 SAF appropriations to the FY 2011-12 initial levels and the details of the \$27.9 million increase.

Table 17

GOVERNOR'S FY 2012-13 BUDGET RECOMMENDATIONS MAJOR CHANGES FROM FY 2011-12 INITIAL SCHOOL AID FUND ADJUSTED GROSS APPROPRIATIONS (Millions of Dollars)	
FY 2011-12 Initial Appropriations.....	\$12,659.1
FY 2012-13 Governor's Recommendation	12,687.0
Change in School Aid Fund Appropriations	\$27.9
Recommended Appropriation Increases:	
Increase in Federal funds.....	\$53.1
Increase in best practices/performance grants.....	36.0
Increase in school bond loan fund debt service.....	26.8
Increase in MPSERS reimbursement	24.0
Technical foundation allowance/special education cost adjustments	91.0
New consolidation innovation grants	10.0
Increase in data reporting costs reimbursement.....	3.9
New principal training for teacher evaluations	1.8
Economic adjustments	1.2
Educational costs at juvenile detention facilities.....	0.9
Subtotal Appropriation Increases	\$248.7
Recommended Appropriation Reductions:	
Kindergarten funding change (half funding for half-day)	(\$50.0)
Elimination of district-specific foundation adjustments	(4.0)
Elimination of class-size reduction grants.....	(13.5)
Elimination of MPSERS reserve for retirement reforms	(133.0)
Reduction in cash-flow borrowing costs.....	(10.0)
Reduction in MEAP testing costs.....	(8.5)
Reduction in PILT costs	(1.1)
Elimination of reimbursement for lost MBT revenue.....	(0.7)
Subtotal Appropriation Reductions	(\$220.8)
Total School Aid Fund Appropriation Changes.....	\$27.9

CAPITAL OUTLAY

The Governor included construction authorizations for 18 of the 20 projects that received planning authorizations in Public Act 329 of 2010. The two excluded were Macomb County Community College and Lake Superior State University. Neither institution submitted planning documents to Department of Technology, Management, and Budget by the November 2011 deadline. Several projects included cost adjustments from the original planning authorizations. Cost increases are funded entirely by the institution. Cost reductions are shared by the State and institution proportionally, based on 75%/25% State/university (with a \$30.0 million cap for the State share), and 50%/50% State/community college allocation. Table 18 provides information on the 18 projects recommended by the Governor and cost adjustments by university/college.

In the Governor's FY 2012-13 recommendation, project costs total \$613.1 million, with a State share of \$304.5 million and a university/college share of \$308.6 million. State costs will be funded through the State Building Authority. Annual debt service costs for the projects will range from \$21.3 million to \$27.4 million for 15 to 17 years depending on the bond interest rates and when the projects come on line. The Governor included the \$100 line item construction authorizations in the Department of Technology, Management, and Budget FY 2012-13 appropriation bill.

The Governor's recommendation also included major changes to the capital outlay process that will require amendments to the Management and Budget Act and the State Building Authority Act. The recommended reforms to the capital outlay process include consolidating into a single bill the planning authorization, construction authorization, and State Building Authority lease approval. Institutions will be required to submit professionally developed schematic plans as the basis for capital outlay requests. A new evaluation process is recommended to recognize the merits of projects that support statewide economic development goals, focus on core academic and critical skill programs, re-invest or adaptively re-use existing facilities, demonstrate efficient use of existing facilities, and support sustainable design.

Table 18

FY 2012-13 GOVERNOR'S RECOMMENDATION FOR UNIVERSITY AND COMMUNITY COLLEGE CONSTRUCTION AUTHORIZATIONS									
Project	Public Act 329 of 2010			Governor's Recommendation			Change		
	Total Cost	State Share	Institution Share	Total Cost	State Share	Institution Share	Total Cost	State Share	Institution Share
Central - Bio-Sciences Bldg.	\$75,000,000	\$30,000,000	\$45,000,000	\$89,420,000	\$30,000,000	\$59,420,000	\$14,420,000	\$0	\$14,420,000
Grand Valley - Science Lab, Classroom & Office Building ¹⁾	55,000,000	30,000,000	25,000,000	55,000,000	30,000,000	25,000,000	0	0	0
Michigan State - Bioengineering Facility ¹⁾	193,600,000	30,000,000	163,600,000	40,340,200	30,000,000	10,340,200	(153,259,800)	0	(153,259,800)
Northern - Jamrich Hall Replacement ¹⁾	33,900,000	25,425,000	8,475,000	33,400,000	25,050,000	8,350,000	(500,000)	(375,000)	(125,000)
Oakland - Engineering Center	74,551,739	30,000,000	44,551,739	74,551,700	30,000,000	44,551,700	(39)	0	(39)
U of M-Ann Arbor - G.G. Brown Memorial Lab. Renovation	64,000,000	30,000,000	34,000,000	47,000,000	30,000,000	17,000,000	(17,000,000)	0	(17,000,000)
U of M-Dearborn - Science & Computer Info. Bldg. Renovations	51,000,000	30,000,000	21,000,000	51,000,000	30,000,000	21,000,000	0	0	0
U of M-Flint - Murchie Science Lab. Bldg. Renovations	22,170,000	16,627,500	5,542,500	22,170,000	16,627,500	5,542,500	0	0	0
Wayne State - Multidisciplinary Biomedical Research Bldg.	200,000,000	30,000,000	170,000,000	90,414,700	30,000,000	60,414,700	(109,585,300)	0	(109,585,300)
SUBTOTAL - UNIVERSITIES	\$769,221,739	\$252,052,500	\$517,169,239	\$503,296,600	\$251,677,500	\$251,619,100	(\$265,925,139)	(\$375,000)	(\$265,550,139)
Alpena - Electrical Power Technology & Training Center	\$4,997,500	\$2,498,750	\$2,498,750	4,989,600	\$2,494,800	\$2,494,800	(7,900)	(3,950)	(3,950)
Bay de Noc - Nursing Lab/Lecture Hall Remodeling	1,500,000	750,000	750,000	1,500,000	750,000	750,000	0	0	0
Delta - Health & Wellness - F Wing Renovations	19,984,000	9,992,000	9,992,000	19,984,000	9,992,000	9,992,000	0	0	0
Gogebic - Bldg. Renovation	1,500,000	750,000	750,000	1,500,000	750,000	750,000	0	0	0
Grand Rapids - Cook Academic Hall Renovation	10,000,000	5,000,000	5,000,000	14,255,400	5,000,000	9,255,400	4,255,400	0	4,255,400
Jackson - Bert Walker Hall Renovations ¹⁾	19,500,000	9,750,000	9,750,000	19,500,000	9,750,000	9,750,000	0	0	0
Lansing - Arts & Sciences Bldg. Renovation	19,950,000	9,975,000	9,975,000	19,950,000	9,975,000	9,975,000	0	0	0
Mid Michigan - Mt. Pleasant Campus Unification	17,704,500	8,852,250	8,852,250	17,704,600	8,852,300	8,852,300	100	50	50
North Central - Health Education & Science Center Project	10,428,400	5,214,200	5,214,200	10,428,400	5,214,200	5,214,200	0	0	0
SUBTOTAL - COMM. COLLEGES	\$105,564,400	\$52,782,200	\$52,782,200	\$109,812,000	\$52,778,300	\$57,033,700	\$4,247,600	(\$3,900)	\$4,251,500
TOTAL SBA PROJECTS	\$874,786,139	\$304,834,700	\$569,951,439	\$613,108,600	\$304,455,800	\$308,652,800	(\$261,677,539)	(\$378,900)	(\$261,298,639)

¹⁾ Project titles were revised.

DEBT SERVICE ADJUSTMENTS

The Governor's recommendation reflects an overall reduction of \$20.8 million in debt service costs below FY 2011-12 levels, as shown in Table 19. This amount does not include debt service costs for bonds issued to pay off Federal unemployment insurance loans. Those bonds will be paid by an obligation assessment levied on Michigan employers. The increase in debt service costs for the school bond loan reflects additional costs related to refinancing. The reduction for State Trunkline bonds reflects actual bonding costs. The \$41.0 million planned for short-term Trunkline bonding was instead covered by long-term borrowing, which reduced the need for debt service appropriations. The adjustment for environmental bonds is based on the expectation of an additional bond issuance in the fall of 2012.

Table 19
DEBT SERVICE APPROPRIATIONS
FY 2012-13 COMPARED WITH FY 2011-12

Department/Program	FY 2011-12 Gross Appropriation	FY 2012-13 Gross Appropriation	Dollar Change	Percent Change
School Aid				
Durant Bonds	\$39,000,000	\$39,000,000	0	0.0
School Bond Loan	93,575,300	120,390,000	\$26,814,700	28.7%
Subtotal Education	132,575,300	159,390,000	26,814,700	20.2
State Building Authority (SBA) Rent				
State Agencies	68,305,800	68,305,800	0	0.0
Department of Corrections	47,379,900	47,379,900	0	0.0
Universities	117,225,300	117,225,300	0	0.0
Community Colleges	23,959,600	23,959,600	0	0.0
Subtotal SBA	256,870,600	256,870,600	0	0.0
Transportation				
State Trunkline	247,449,700	199,473,700	(47,976,000)	(19.4)
Economic Development	9,174,600	9,115,900	(58,700)	(0.6)
Local Bridge Fund	3,261,800	3,261,700	(100)	(0.0)
Blue Water Bridge Fund	4,115,000	5,950,200	1,835,200	44.6
Aeronautics	3,473,500	3,892,600	419,100	12.1
Comprehensive Transportation	19,998,800	18,580,400	(1,418,400)	(7.1)
Subtotal Transportation	287,473,400	240,274,500	(47,198,900)	(16.4)
Treasury				
Water Pollution Control Bond	2,125,500	2,054,000	(71,500)	(3.4)
Quality of Life Bond	75,278,500	77,694,800	2,416,300	3.2
Clean Michigan Initiative	59,373,100	54,300,900	(5,072,200)	(8.5)
Great Lakes Water Initiative	4,150,900	6,505,200	2,354,300	56.7
Subtotal Treasury	140,928,000	140,554,900	(373,100)	(0.3%)
TOTAL	\$817,847,300	\$797,090,000	(\$20,757,300)	(2.5%)

FEE ADJUSTMENTS

The FY 2012-13 budget proposed \$86.5 million in total fee adjustments. Of the total fee changes proposed, \$4.1 million would be derived from new fees or fee increases, while \$82.4 million would come from the delay of 59 sunsets in fee legislation that would allow fees to be maintained at their current levels. The bulk of the fee adjustments are in the Departments of Environmental Quality, Licensing and Regulatory Affairs, Natural Resources, and State Police. Table 20 provides a summary of the proposed fee changes.

Table 20

FY 2012-13 GOVERNOR'S RECOMMENDATION PROPOSED FEE ADJUSTMENTS INCLUDED IN BUDGET (Actual Dollars)		
Department	Fee Type	Est. Revenue
<u>Fee Increases and New Fees</u>		
Environmental Quality	Non-Agric. Large Water Withdrawal	\$119,500
Environmental Quality	Agric. Large Water Withdrawal (New)	528,800
Licensing & Regulatory Affairs	Fire Service Fee - Ops. & Maintenance	40,000
Licensing & Regulatory Affairs	Fire Service Fee - Plan Review	545,000
Natural Resources	Off-Road Vehicle License	2,000,000
Natural Resources	Duplicate Safety Certificate (New)	70,400
Natural Resources	Shooting Range Fees (New)	50,000
State	Commercial Driver License	750,000
Subtotal New and Increased Fees		\$4,103,700
<u>Maintenance of Current Fee Levels</u>		
<u>Fee Sunsets - Fee Reductions</u>		
Agriculture & Rural Development	Nursery/Plant Growers Fees (two fees)	250,000
Agriculture & Rural Development	Pesticide Applicator Fees (two fees)	100,000
Agriculture & Rural Development	Livestock Dealer Fees (four fees)	21,000
Licensing & Regulatory Affairs	Corporation Fees (three fees)	5,166,100
Licensing & Regulatory Affairs	Securities Fees (five fees)	5,803,300
Licensing & Regulatory Affairs	Construction Code Exam Fees (four fees)	899,700
Licensing & Regulatory Affairs	Construction Code License Fees (14 fees)	1,843,600
Licensing & Regulatory Affairs	Occupational Licensing Fees (22 fees)	2,517,700
Subtotal Fee Sunsets		\$16,601,400
<u>Fee Sunsets - Fee Eliminations</u>		
Environmental Quality	Refined Petroleum Fund	51,800,000
State Police	Fingerprint Fee	9,000,000
State Police	Name-Based Criminal Record Check	5,000,000
Subtotal Fee Sunsets		\$65,800,000
Subtotal Maintenance of Current Fee Levels		\$82,401,400
TOTAL ALL FEE ADJUSTMENTS		\$86,505,100

RETIREMENT CONTRIBUTION RATES

A significant financial aspect of the State budget, as well as the budgets of K-12 school districts and public 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 to the State Employees' Retirement System (SERS) and the Public School Employees' Retirement System (PSERS). Table 21 provides a three-year summary of the contribution rates for defined benefit (DB) pensions and defined contribution (DC) retirement for both systems. The FY 2011-12 and FY 2012-13 retirement rates for PSERS include the 3.0% employee health care contribution that is currently in litigation. The PSERS rates shown are the rates for employees

hired before July 1, 2010; rates for employees hired on or after July 1, 2010, are 1.2 percentage points lower because those employees are part of the hybrid "Pension Plus" plan. Table 22 outlines the FY 2012-13 estimated contributions to SERS and PSERS. The total combined cost of the estimated employer contributions is \$4.2 billion.

The Governor's budget also recognizes the continuing issue of long-term employee compensation costs by focusing on what are referred to as "Other Post-Employment Benefits" (OPEB) provided to retirees. A major OPEB cost is for retiree health care, which the State is beginning to pay on a prefunded basis.

Table 21

RETIREMENT CONTRIBUTION RATES AS A PERCENTAGE OF PAYROLL				
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2012-13 Change
<u>State Employees' Retirement System</u> ¹⁾				
Defined Benefit Pension	23.98%	37.15%	23.94%	(13.21%)
Defined Benefit Health Care	13.40%	23.00%	23.60%	0.60%
Total Defined Benefit Costs	37.38%	60.15%	47.54%	(12.61%)
Defined Contribution Retirement	6.00%	6.25%	25.55%	19.30%
Defined Contribution Health Care	13.40%	23.00%	23.60%	0.60%
Total Defined Contribution Costs	19.40%	29.25%	49.15%	19.90%
<u>Public School Employees' Retirement System</u> ²⁾				
Defined Benefit Pension	12.16%	15.96%	18.62%	2.66%
Defined Benefit Health Care	5.50%	5.50%	5.75%	0.24%
Surcharge Due to Injunction	3.00%	3.00%	3.00%	0.00%
Total Defined Benefit Costs	20.66%	24.46%	27.37%	2.91%
¹⁾ Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2012-13 will be the second year of prefunding retiree health.				
²⁾ Rates for employees hired before July 1, 2010.				
Note: The FY 2012-13 Total Defined Benefit costs for employees hired on or after July 1, 2010, are 26.14% of PSERS payroll.				

Table 22

FY 2012-13 ESTIMATED CONTRIBUTIONS TO TWO LARGEST RETIREMENT SYSTEMS	
	Millions of Dollars
<u>State Employees' Retirement System (SERS)</u> ¹⁾	
Defined Benefit Pension	\$376.0
Defined Contribution	424.0
Health Care	744.5
Subtotal State Employees' Retirement System.....	\$1,543.5
<u>Public School Employees' Retirement System (PSERS)</u> ²⁾	
Defined Benefit Pension	\$1,830.0
Health Care	860.0
Subtotal Public School Employees' Retirement System	\$2,690.0
Additional FY 2012-13 Estimated Cost Per Pupil.....	\$160
¹⁾ Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2012-13 will be the second year of prefunding retiree health.	
²⁾ FY 2012-13 is the first of five years of additional payments for the Early Retirement Incentive Program of 2010, adding 2.66% of payroll costs.	

STATE EMPLOYEE COMPENSATION CHANGES

Article XI, Section 5 of the Michigan Constitution provides that increases in the rates of compensation authorized by the Civil Service Commission require prior notice to the Governor, who then transmits the increases to the Legislature as part of the overall budget recommendation. Within 60 calendar days following such transmission, the Legislature, by a two-thirds vote of the members elected and serving in each house, may reject or reduce increases in the rate of compensation authorized by the Civil Service Commission. Reductions made by the Legislature must apply uniformly to all classes of employees and cannot adjust pay differentials already established by the Civil Service Commission. Rates of compensation also cannot be reduced below those in effect at the time the increases are transmitted to the Legislature.

The FY 2012-13 recommendation includes the Civil Service Commission-approved FY 2012-13 agreement for employees who are exclusively represented by employee unions (AFSCME, MCO, MSEA, SEIU, and UAW). The Commission approved a 1.0% general wage increase and a 1.0% lump-sum payment effective October 1, 2012, for represented employees. Additionally, the contracts require represented employees to pay 20.0% of their health care premiums, up from the current 10.0% requirement.

The Civil Service Commission also adopted a Coordinated Compensation Plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Beginning on October 1, 2012, NEREs will receive a 3.0% general wage increase and a 2.0% lump-sum payment. They also will be required to pay an employee share of health insurance premiums of 20.0%, rather than 10%, of total premium cost.

Table 23 provides a summary of the incremental State employee cost increases recommended in the Governor's budget, including employee salary increases. In addition, the State's portion of the cost of employee health insurance is estimated to decrease by 5.0% due to the new requirement for all State employees to pay 20.0% of their premiums. This employee insurance cost decrease saves an estimated \$33.8 million Gross and \$16.8 million GF/GP. The amount that needs to be contributed to the State employee retirement systems in FY 2012-13 results in significant cost decreases in the FY 2012-13 budget. Retirement contribution decreases will total \$308.7 million Gross and \$162.2 million GF/GP. The total GF/GP impact is an increase of \$97.5 million.

Table 23

FY 2012-13 STATE BUDGET RECOMMENDATION ECONOMIC INCREASES INCLUDED IN BUDGET (Millions of Dollars)		
	Gross	GF/GP
Wages and Salaries	\$91.4	\$41.6
Employee Insurance Costs	(33.8)	(16.8)
Retirement Contributions	(308.7)	(162.2)
OPEB.....	464.7	233.4
Workers' Compensation.....	0.04	0.6
All Other Economics.....	2.4	0.9
TOTAL ECONOMICS	\$216.0	\$97.5

STATE REVENUE SHARING

The Governor recommended \$1,071.7 million in funding for revenue sharing payments in FY 2012-13, an increase of \$44.2 million or 4.3% over estimated FY 2011-12 funding. Of the total for revenue sharing, approximately \$711.1 million is for constitutionally required per-capita payments to cities, villages, and townships; \$210.0 million continues funding for the Economic Vitality

Incentive Program (EVIP) for eligible cities, villages, and townships at the FY 2011-12 level; \$125.6 million is for a new incentive-based program for eligible counties; and \$25.0 million includes a \$20.0 million expansion of the Competitive Grant Assistance Program for local governments involved in cooperation or consolidation projects.

Constitutional revenue sharing is projected to increase from \$697.5 million in FY 2011-12 to \$711.1 million in FY 2012-13, an increase of \$13.6 million or 2.0%. The Constitution requires that 15.0% of the revenue from the sales tax levied at 4.0% be distributed to cities, villages, and townships on a per-capita basis.

The Governor recommended continuing EVIP at \$210.0 million. In FY 2011-12, this program was funded by \$195.0 million in ongoing appropriations and \$15.0 million in one-time funding. For FY 2012-13 the Governor's proposal would appropriate all funding for EVIP as ongoing. Eligibility for EVIP payments would be the same as in FY 2011-12, although incentive requirements would be revised.

For FY 2012-13, the Governor recommended eliminating statutory revenue sharing for counties and replacing it with an incentive program similar to EVIP. Total funding available to eligible counties would increase from \$115.0 million in FY 2011-12 to \$125.6 million in FY 2012-13, an increase of \$10.6 million or 9.0%; however, the total funding available would be less than that required by the Glenn Steil State Revenue Sharing Act and FY 2012-13 funding would be distributed on an incentive basis instead of through the formula. Under the Act, counties fall into two groups: 1) those that have exhausted their revenue sharing reserve funds (funds that were created by the acceleration of property tax payments in FY 2004-05) and are eligible for State payments; and 2) those that are still drawing the allowable amounts from their revenue sharing reserve accounts. Whether a county is still drawing from its revenue sharing reserve account depends on the county's reliance on revenue sharing relative to property taxes as a part of its budget in FY 2003-04. In FY 2011-12, 50 counties received county revenue sharing payments. In FY 2012-13, an additional 11 counties are projected to exhaust their reserve accounts and re-enter the revenue sharing formula. Under the formula, those 61 counties would receive an estimated \$167.6 million in FY 2012-13. The appropriation recommended by the Governor would be \$42.0 million under the formula amount. Counties that met all of the incentive requirements would receive approximately 74.9% of the formula amount, compared to an estimated 75.8% of the formula amount in FY 2011-12.

In FY 2011-12, \$5.0 million was available for consolidation grants that were awarded to eligible cities, villages, townships, and counties through a competitive process. The Governor recommended increasing funding for the program to \$25.0 million in FY 2012-13, with the addition of \$20.0 million in one-time funding.

Table 24 summarizes the change in revenue sharing payments from FY 2011-12 to the FY 2012-13 Governor's recommendation.

Table 24

REVENUE SHARING APPROPRIATION SUMMARY				
	FY 2011-12	FY 2012-13 Gov's Rec.	Dollar Change	Percent Change
Constitutional Revenue Sharing	\$697,500,500	\$711,119,700	\$13,619,200	2.0%
Econ. Vitality Incentive Program	210,000,000	210,000,000	0	0.0%
County Revenue Sharing	115,000,000	0	(115,000,000)	-100.0%
County Incentive Program	0	125,600,000	125,600,000	na
Competitive Grant Assis. Program	5,000,000	25,000,000	20,000,000	400.0%
TOTAL	\$1,027,500,500	\$1,071,719,700	\$44,219,200	4.3%

TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS

Total tobacco settlement revenue for FY 2012-13 is estimated to be \$248.5 million. Pursuant to statute, the Governor recommended the transfer of \$75.0 million of tobacco settlement revenue to the 21st Century Jobs Fund and the diversion of \$59.9 million of tobacco settlement revenue to pay debt service requirements on outstanding tobacco securitization bonds. The remaining \$113.6 million of tobacco settlement revenue would be deposited in the Merit Award Trust Fund and the Governor recommended appropriations of \$113.6 million for five State departments: Attorney General, Community Health, Human Services, State Police, and Treasury. Table 25 provides a summary of tobacco settlement revenue and appropriations included in the Governor's FY 2012-13 budget.

Table 25

TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS			
(Actual Dollars)			
Budget Area/Program	FY 2011-12 Year-to-Date	FY 2012-13 Gov's Rec.	Dollar Change
<u>Tobacco Settlement Revenue Estimates:</u>			
Balance From Prior Fiscal Year.....	\$56,100	\$0	(\$56,100)
Total Annual Payments	286,639,100	283,873,600	(2,765,500)
Assumed Withheld Payments.....	(35,423,700)	(35,416,600)	7,100
Interest Earnings.....	20,000	20,000	0
Total Tobacco Settlement Revenue	\$251,291,500	\$248,477,000	(\$2,814,500)
Transfer to 21 st Century Jobs Fund.....	(75,000,000)	(75,000,000)	0
2006 Bond Securitization (13.34% of Revenue)	(33,512,100)	(33,144,200)	367,900
2007 Bond Securitization (10.77% of Revenue)	(27,055,900)	(26,758,800)	297,100
Net Revenue To Merit Award Trust Fund.....	\$115,723,500	\$113,574,000	(\$2,149,500)
<u>Merit Award Trust Fund Appropriations:</u>			
Attorney General			
Administration	\$408,600	\$463,100	\$54,500
Community Health			
Medicaid Base	82,275,800	76,733,500	(5,542,300)
Aging: Respite Care.....	4,468,700	4,468,700	0
Human Services			
Family Independence Program	30,100,000	30,100,000	0
State Police			
Tobacco Tax Enforcement	682,000	716,200	34,200
Department of Treasury			
Tuition Incentive Program Administration.....	996,400	1,092,500	96,100
Total Merit Award Trust Fund Approps.....	\$118,931,500	\$113,574,000	(\$5,357,500)
PROJECTED YEAR-END BALANCE	(\$3,208,000)	\$0	\$3,208,000

ECONOMIC AND REVENUE FORECAST

The Governor's proposed budget for FY 2012-13 is based on the consensus economic forecast adopted at the January 13, 2012, Consensus Revenue Estimating Conference. This economic forecast is summarized in Table 26.

U.S. Economy

On September 20, 2010, the National Bureau of Economic Research announced that the recession the U.S. economy had entered in December 2007 had ended in June 2009. Virtually every economic indicator identifies the 2008-2009 recession as the most severe economic contraction in more than 70 years. While the economy, as measured by inflation-adjusted Gross Domestic Product (GDP), has grown since the second quarter of 2009, the gains have generally been modest: inflation-adjusted GDP has averaged 2.5% annual growth while personal consumption expenditures have averaged only 2.1% annual growth. Much of the growth in retail sales has been driven by higher fuel prices, higher food prices, and growth in luxury markets such as jewelry, although January 2012 light vehicle sales were 52.8% above the February 2009 trough.

Despite the improvements in the economy, a number of fundamental indicators show limited, if any, improvement. The growth in the labor market has remained weak, with a loss of almost 1.3 million payroll jobs during the eight months after the recession ended in June 2009. Total employment in October 2011 was only 611,000 jobs (0.2%) above the June 2009 level, although gains in the next three months resulted in January 2012 employment being up 1.6 million jobs (1.2%) from the June 2009 level (although still only 2.3% above the February 2010 trough). Housing starts, a key indicator of the factors that led to the 2008-2009 recession, remain at depressed levels, with 2011 starts averaging only 4.1% above the level in June 2009. In January 2012, the index of consumer expectations portion of the University of Michigan's Consumer Sentiment Index indicated that less than 25.0% of consumers expected any financial gains during the coming year, and less than half of that number expected incomes to rise at a faster rate than inflation. Since the fourth quarter of 2009, business inventories have increased by an inflation-adjusted \$375.6 billion, approximately 60.9% of the \$616.4 billion net increase in total inflation-adjusted GDP. Normally, increases in personal consumption account for approximately 70% to 75% of economic growth; and growth that is driven on increases in unsold goods is not sustainable.

Several economic indicators currently exhibit conditions that have both positive and negative implications, and exhibit strength for some aspects of the economy but not for others. Productivity, as measured by output per worker, has risen at an average annual rate of 3.9% since the second quarter of 2009, well above the 1.7% average during much of the latter half of the 20th century. Productivity gains have increased output, profits, and income, but have reduced the need for additional workers and thus kept unemployment higher than would otherwise be expected. While personal income has grown, personal saving as a share of disposable personal income (personal income after taxes) is more than double what it was before the recession. Much of the increase in saving has been used to reduce household debt. While higher saving and less debt improve the overall long-term financial health of consumers, slower consumption growth and higher saving reduce the need for additional output and workers.

In 2012, inflation-adjusted GDP is expected to increase at a rate of 2.0%, up from a 1.7% increase in 2011, before increasing at a 2.2% rate in 2013. The unemployment rate is estimated to increase to 9.1% in 2012, up from 9.0% in 2011, and then fall to 8.9% in 2013. Light vehicle sales are expected to exhibit strong growth in 2012 and 2013, rising from 12.7 million units in 2011 to 13.7 million units in 2012 and 14.5 million units in 2013. Even with those increases, light vehicle sales in 2013 will remain below the 2007 level by approximately 9.9%.

Table 26

CONSENSUS ECONOMIC FORECAST: 2012 AND 2013

JANUARY 13, 2012

	Calendar 2010 Actual	Calendar 2011 Forecast	% Change From Prior Year	Calendar 2012 Forecast	% Change From Prior Year	Calendar 2013 Forecast	% Change From Prior Year
United States:							
Real Gross Domestic Product (billions of chained 2005 dollars)	\$13,088	\$13,310	1.7%	\$13,576	2.0%	\$13,875	2.2%
Consumer Price Index (1982-84=100)	218.1	225.0	3.2%	230.0	2.2	234.4	1.9
3-Month Treasury Bills (Interest Rate, %).....	0.1%	0.1%		0.1%		0.2%	
Unemployment Rate (%).....	9.6%	9.0%		9.1%		8.9%	
Light Vehicle Sales (millions of units)	11.6	12.7	9.5%	13.7	7.9%	14.5	5.8%
Michigan:							
Wage and Salary Employment (thousands)	3,861	3,927	1.7%	3,954	0.7%	3,986	0.8%
Unemployment Rate (%).....	12.5%	10.7%		10.4%		10.2%	
Personal Income (billions of dollars).....	\$342,663	\$361,510	5.5%	\$372,355	3.0%	\$382,781	2.8%
Real Personal Income (billions of 1982-84 \$s).....	\$167,083	\$170,443	2.0%	\$171,592	0.7%	\$173,282	1.0%
Detroit Consumer Price Index (1982-84=100).....	205.1	212.1	3.4%	217.0	2.3%	220.9	1.8%

Source: Consensus Revenue Agreement, Executive Summary, January 13, 2012

Michigan Economy

Like the national economy, Michigan's economic activity also was very weak in 2009 and 2010. Wage and salary employment declined 7.0% from the 2008 level in 2009, marking nine consecutive years that wage and salary employment declined from the previous year's level, and the loss of 289,900 jobs in 2009 represented the largest one-year loss of payroll jobs since the Great Depression. Between the June 2000 peak and the September 2009 trough, Michigan lost 860,100 jobs, a decline of 18.3%.

However, in 2010 the Michigan economy appeared to be growing again. Payroll employment increased for seven consecutive months and posted December 2010 employment was up 36,800 jobs from the prior December. After falling 5.4% during 2009, personal income increased 3.3% during 2010. In 2011, the Michigan economy continued to improve. Payroll employment is estimated to have increased 1.7% in 2011, the first annual increase since 2000, and personal income is estimated to have grown 5.5%.

In 2012 and 2013, Michigan's economy is expected to improve, although at a slower pace than in 2011. Wage and salary employment will rise 0.7% in 2012 and 0.8% in 2013. The unemployment rate is expected to decline from 10.7% in 2011 to 10.4% in 2012 and 10.2% in 2013. Personal income, adjusted for inflation, will grow an estimated 0.7% in 2012 and an additional 1.0% in 2013. Inflation, as measured by the Detroit Consumer Price Index, will be 2.3% in 2012 and 1.8% in 2013.

REVENUE ESTIMATES

Based on the economic forecast summarized above, combined with the tax restructuring legislation adopted in 2011 and the Governor's proposed revenue adjustments, it is estimated that revenue totaling \$49.9 billion will be available in FY 2012-13 to support Governor Snyder's proposed budget. This represents a 0.3% increase from the revised estimate of the total revenue that the Governor expects will be available for FY 2011-12. Estimates of the total revenue on which the Governor's proposed budget is based are summarized in Table 27.

The Governor did not recommend any tax policy changes for FY 2012-13, although the impact of the 2011 tax restructuring legislation is presented in Table 28. Following are summaries of the revenue estimates on which the Governor's proposed General Fund/General Purpose and School Aid Fund budgets are based.

Table 27

**GOVERNOR'S PROJECTED TOTAL STATE REVENUE:
FY 2010-11 THROUGH FY 2012-13**

Fund	FY 2010-11 Preliminary Final	FY 2011-12 Estimate	% Change FY 2011-12/ FY 2010-11	FY 2012-13 Estimate	% Change FY 2012-13/ FY 2011-12
General Fund/General Purpose:					
Beginning Balance.....	\$187.2	\$566.6	---	\$541.9	---
Revenue From Ongoing Sources ¹⁾	8,813.1	9,030.5	2.5%	9,034.6	0.0
Proposed Tax/Fee Changes	0.0	0.0	---	0.0	---
One-Time Revenue Adjustments & Other.....	(213.8)	(120.4)	(43.7)	(350.6)	191.2
Total GF/GP Revenue.....	\$8,786.5	\$9,476.7	7.9%	\$9,225.9	(2.6%)
School Aid Fund:					
Beginning Balance.....	255.9	724.7	---	129.1	---
Ongoing Earmarked Tax & Lottery Revenue ¹⁾	11,248.2	10,763.6	(4.3)	11,055.0	2.7
Proposed Tax/Revenue Changes	0.0	0.0	---	0.0	---
Federal Aid (including ARRA).....	2,178.3	1,658.0	(23.9)	1,701.0	2.6
Other Revenue (General Fund grant, etc.).....	18.6	118.6	537.6	200.0	68.6
Total SAF Revenue.....	\$13,701.0	\$13,264.9	(3.2%)	\$13,085.1	(1.4%)
Other Funds:					
Gen'l Fund/Special Purpose & Special Revenue Funds...	5,856.8	5,040.4	(13.9)	5,168.1	2.5
Federal Aid (not included elsewhere).....	16,518.4	16,624.5	0.6	16,998.5	2.2
Transportation Funds	4,238.7	4,284.1	1.1	4,156.7	(3.0)
Fund Balances:					
Restricted Gen'l Fund Subfunds Unreserved Balances	366.2	665.4	81.7	665.4	0.0
Special Revenue Fund Balances	174.8	211.2	20.8	471.1	123.0
Total Fund Balances.....	541.0	876.6	62.0	1,136.5	29.6
Total Other Funds with Beginning Balance	27,154.9	26,825.6	(1.2)	27,459.7	2.4
Gross Revenue	\$49,642.4	\$49,567.3	(0.2%)	\$49,770.7	0.4%
Less Interfund Transfers.....	(1,088.4)	(1,010.5)	(7.2)	(1,094.1)	8.3
Net Total Revenue	\$48,554.0	\$48,556.7	0.0%	\$48,676.6	0.2%

¹⁾ Estimates adopted at the January 13, 2012, Consensus Revenue Estimating Conference.

Source: Governor's Executive Budget for FY 2012-13, Appendix C, State Budget Office Balance Sheets, and Senate Fiscal Agency

Table 28

**ENACTED TAX RESTRUCTURING LEGISLATION
(Dollars in Millions)**

Tax Provision	FY 2011-12			FY 2012-13			FY 2013-14		
	GF/GP	SAF	Total	GF/GP	SAF	Total	GF/GP	SAF	Total
<u>Prior Law:</u>									
Michigan Business Tax (MBT)	\$1,066.8	\$759.1	\$1,825.9	\$1,259.5	\$778.8	\$2,038.3	\$1,304.8	\$793.6	\$2,098.4
<u>Business Tax Changes:</u>									
MBT Repeal (12/31/11)	(\$454.2)	(\$759.1)	(\$1,213.3)	(\$1,259.5)	(\$778.8)	(\$2,038.3)	(\$1,304.8)	(\$793.6)	(\$2,098.4)
Corporate Income Tax (1/1/12)	457.9	0.0	457.9	770.0	0.0	770.0	831.8	0.0	831.8
Financial Institutions Tax	27.7	0.0	27.7	43.9	0.0	43.9	45.6	0.0	45.6
Certified Credits/Options Tax	24.7	0.0	24.7	(462.0)	0.0	(462.0)	(583.5)	0.0	(583.5)
Total Changes to Business Taxes	56.1	(759.1)	(703.0)	(907.6)	(778.8)	(1,686.4)	(1,010.9)	(793.6)	(1,804.5)
Net Business Tax Rev. After Credits	\$1,122.9	\$0.0	\$1,122.9	\$351.9	\$0.0	\$351.9	\$293.9	\$0.0	\$293.9
<u>Individual Income Tax Changes:</u>									
Delay/Eliminate Tax Rate Changes	\$172.0	\$0.0	\$172.0	\$225.0	\$0.0	\$225.0	\$415.4	\$0.0	\$415.4
Repeal Senior/Unemp. Ins. Exemption	6.7	2.1	8.8	41.0	0.0	41.0	32.2	10.0	42.2
Repeal Child Deduction	0.0	0.0	0.0	57.1	0.0	57.1	48.0	10.8	58.8
Change Pension Tax	182.5	38.4	220.9	253.7	82.5	336.2	260.2	86.8	347.0
Repeal Nonrefundable Credits	73.9	0.0	73.9	103.5	0.0	103.5	107.0	0.0	107.0
Change Homestead Credit	0.0	0.0	0.0	257.0	0.0	257.0	265.0	0.0	265.0
Modify Earned Income Tax Credit	0.0	0.0	0.0	261.6	0.0	261.6	269.4	0.0	269.4
Eliminate Subtract./Exemp./Other	37.9	9.5	47.5	49.3	21.8	71.1	54.2	18.1	72.3
Total Chngs. to Individual Income Tax	\$473.0	\$50.0	\$523.1	\$1,248.2	\$104.3	\$1,352.5	\$1,451.4	\$125.7	\$1,577.1
Net Impact of Enacted Reforms	\$529.1	(\$709.1)	(\$179.9)	\$340.6	(\$674.5)	(\$333.9)	\$440.5	(\$667.9)	(\$227.4)
<u>Addendum: Impact by Taxpayer Type</u>									
Businesses			(\$703.0)			(\$1,686.4)			(\$1,804.5)
Individuals			\$523.1			\$1,352.5			\$1,577.1

Source: Consensus revenue estimates, January 13, 2012

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND

The General Purpose portion of the General Fund (GF/GP) and the School Aid Fund (SAF) portions of the overall State budget account for \$23.5 billion, or 47.2%, of the total State government revenue estimated for FY 2012-13. Detailed estimates of GF/GP and SAF revenue for FY 2011-12 and FY 2012-13 are presented in Table 29 and Table 30, respectively. The estimates for GF/GP and SAF revenue derived from ongoing revenue sources and enacted tax policy changes are the consensus estimates adopted by the Administration, Senate Fiscal Agency, and House Fiscal Agency at the January 13, 2012, Consensus Revenue Estimating Conference. In addition to the consensus estimates, the total GF/GP and SAF revenue estimates include the Administration's initial estimates of one-time revenue adjustments, grants and transfers, Federal aid, beginning carry-over balances, and the impact of the last year's enacted tax restructuring.

General Fund/General Purpose Revenue

As shown in Table 29, GF/GP revenue is expected to total \$9.2 billion in FY 2012-13, which represents a 2.6% decrease from the revised FY 2011-12 estimate. This decline in total GF/GP revenue is attributable to three major factors: 1) a \$24.7 million reduction in the projected carry-over balance from FY 2011-12; 2) the preservation of selected Michigan Business Tax (MBT) credits despite the shift from the MBT to a Corporate Income Tax; and 3) the elimination of the use tax on health maintenance organizations due to Federal issues. Revenue from ongoing sources is actually forecast to remain flat in FY 2012-13, at \$9.03 billion.

School Aid Fund

School Aid Fund revenue available for spending in FY 2012-13 will total an estimated \$13.09 billion, representing a 1.4% decrease from the revised estimate for FY 2011-12. This projected decrease in SAF revenue reflects the smaller balance carried forward from the prior fiscal year more than offsetting revenue growth from ongoing sources. To partially offset the revenue loss from the elimination of the MBT, the FY 2011-12 budget draws down \$595.6 million of the balance carried forward from FY 2010-11. The estimate of SAF revenue in FY 2012-13 is summarized in Table 30. The SAF revenue estimate for FY 2012-13 includes ongoing earmarked tax and lottery revenue totaling an estimated \$11.06 billion, which is 2.7% above the revised estimate for FY 2011-12 that reflects the improving economy. In addition, the SAF revenue estimate for FY 2012-13 includes a grant from the GF/GP budget proposed at \$200.0 million (up from \$118.6 million in FY 2011-12) and Federal aid of \$1.70 billion.

Table 29

**GENERAL FUND/GENERAL PURPOSE REVENUE ESTIMATES: FY 2011-12 AND FY 2012-13
(Millions of Dollars)**

	FY 2011-12	FY 2012-13	Percent Change
Beginning Balance	\$566.6	\$541.9	(4.4%)
Consensus Estimates for Ongoing Revenue Sources¹⁾			
Taxes:			
Net Income Tax	4,926.5	5,711.7	15.9
Michigan Business Tax.....	637.3	(462.0)	(172.5)
Corporate Income Tax.....	485.6	813.9	67.6
Sales	1,084.7	1,115.9	2.9
Use.....	799.4	831.3	4.0
Cigarette	189.4	184.9	(2.4)
Beer and Wine/Liquor.....	89.3	91.0	1.9
Insurance Company Premiums	282.0	289.9	2.8
Oil/Gas Severance.....	62.2	65.0	4.5
Telephone & Telegraph	57.0	57.3	0.5
All Other Taxes	(4.6)	6.0	(230.4)
Subtotal Taxes.....	8,608.8	8,705.0	1.1
Nontax Revenue	421.7	329.7	(21.8)
Total GF/GP Consensus Revenue Estimates	\$9,030.5	\$9,034.6	0.0%
Revenue Sharing Savings (Ongoing Plus One-Time)	(330.0)	(360.6)	9.3
Use Tax on HMOs	201.1	0.0	(100.0)
Other Revenue Adjustments ²⁾	8.5	10.0	17.3
Proposed Tax Policy/Enforcement Changes	0.0	0.0	---
Total GF/GP Revenue (Current Fiscal Year)	\$8,910.1	\$8,684.0	(2.5%)
TOTAL GF/GP REVENUE WITH BEGINNING BALANCE	\$9,476.7	\$9,225.9	(2.6%)
¹⁾ Estimates adopted at the January 13, 2012, Consensus Revenue Estimating Conference.			
²⁾ Includes the following: \$8.5 million for SAF payment of short-term borrowing in FY 2011-12 and \$10.0 million in FY 2012-13.			

Table 30

SCHOOL AID FUND REVENUE ESTIMATES: FY 2011-12 AND FY 2012-13
(Millions of Dollars)

	FY 2011-12	FY 2012-13	Percent Change
Beginning Balance	\$724.7	\$129.1	(82.2%)
Consensus Estimates for Earmarked Tax & Lottery Revenue: ¹⁾			
Taxes:			
Sales Tax & Use Tax.....	5,404.4	5,542.8	2.6
Income Tax	2,104.4	2,228.8	5.9
State Education Property Tax	1,820.0	1,841.0	1.2
Real Estate Transfer Tax.....	132.9	143.6	8.1
Michigan Business Tax.....	0.0	0.0	---
Tobacco Taxes	366.1	355.3	(3.0)
Casino Gaming Tax.....	113.7	106.3	(6.5)
Other Tax Revenue	102.3	104.5	2.2
Subtotal Taxes.....	10,043.7	10,322.2	2.8
Lottery	720.0	732.7	1.8
Subtotal Earmarked Tax & Lottery Consensus Estimate	\$10,763.6	\$11,055.0	2.7%
GF/GP Grant.....	118.6	200.0	68.6
Federal Aid.....	1,658.0	1,701.0	2.6
Proposed Tax Policy/Enforcement Changes	0.0	0.0	---
Other Revenue Adjustments	0.0	0.0	---
Total SAF Revenue (Current Fiscal Year)	\$12,540.2	\$12,956.0	3.3%
TOTAL SAF REVENUE WITH BEGINNING BALANCE	\$13,264.9	\$13,085.0	(1.4%)

¹⁾ Estimates adopted at the January 13, 2012, Consensus Revenue Estimating Conference.

DETAILS FOR DEPARTMENTS AND BUDGET AREAS

This section of the report presents a table that summarizes the Governor's FY 2012-13 Gross and GF/GP appropriation changes to FY 2011-12 for each department and budget area. Following Table 31 are highlight sheets for individual departments and budget areas that summarize the Gross appropriation and boilerplate language changes from FY 2011-12 to the Governor's recommendation for FY 2012-13.

Table 31

GOVERNOR'S FY 2012-13 GROSS AND GF/GP CHANGES TO FY 2011-12		
Budget Area/Line Items	Governor's Changes	
	Gross	GF/GP
Agriculture and Rural Development		
Local conservation district grants for forestry.....	\$500,000	\$500,000
Michigan agricultural environmental assurance.....	1,000,000	1,000,000
Migrant labor housing inspections.....	400,000	400,000
Food safety initiatives.....	500,000	500,000
Rural redevelopment.....	600,000	600,000
Regional food hub support.....	1,000,000	1,000,000
Capital Outlay adjustment.....	(1,800,000)	0
Reduction to reflect anticipated revenues.....	(3,421,200)	(8,100)
Savings from FY 2011-12 contingency plan.....	(720,300)	(720,300)
One-time lump sum employee payments.....	470,300	235,300
OPEB adjustments.....	6,603,400	3,265,200
Economic adjustments.....	(2,836,900)	(1,314,300)
Total Agriculture and Rural Development.....	\$2,295,300	\$5,457,800
Attorney General		
Public safety initiative.....	\$900,000	\$900,000
Tobacco tax enforcement.....	500,000	500,000
Information technology increase.....	500,000	500,000
Transfer to unclassified line.....	(88,400)	(88,400)
Unclassified salaries.....	88,400	88,400
Add attorney for illegal gaming cases.....	164,800	0
Remove funding for redistricting lawsuit.....	(250,000)	(250,000)
Savings from FY 2011-12 contingency plan.....	(1,298,000)	(40,000)
One-time lump sum employee payments.....	1,025,900	393,300
OPEB adjustments.....	10,073,100	3,827,200
Economic adjustments.....	(1,259,500)	(507,600)
Total Attorney General.....	\$10,356,300	\$5,322,900
Capital Outlay		
No changes (recommendations in DTMB budget).....	\$0	\$0
Total Capital Outlay.....	\$0	\$0
Civil Rights		
Asian Pacific American Affairs Commission.....	\$100,000	\$100,000
Operations - increase investigations.....	287,800	115,000
Commission on disability concerns - remove excess Federal.....	(667,400)	0
Commission on disability concerns - fund shift to replace Federal.....	120,000	120,000
Savings from FY 2011-12 contingency plan.....	(260,900)	(260,900)
One-time lump sum employee payments.....	128,900	104,300
OPEB adjustments.....	1,578,400	1,247,700
Economic adjustments.....	(684,400)	(584,400)
Total Civil Rights.....	\$602,400	\$841,700

GOVERNOR'S FY 2012-13 GROSS AND GF/GP CHANGES TO FY 2011-12

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
Community Colleges		
Performance funding: 3.0% increase	\$8,516,400	\$8,516,400
MPSERS retiree health care	1,733,600	0
Total Community Colleges	\$10,250,000	\$8,516,400
Community Health		
Savings from FY 2011-12 contingency plan	(\$12,176,400)	(\$6,060,900)
Changes in Federal grants	(7,984,800)	0
Increase in Medicaid match rate from 66.14% to 66.39%	0	(25,733,000)
Increase in MIChild match rate from 76.30% to 76.47%	0	(96,900)
Medicaid base and caseload (including mental health)	110,435,300	44,727,300
Removal of use tax actuarial soundness payments	(201,057,300)	(167,292,200)
Healthy Michigan Fund adjustments	1,000,000	3,502,500
Savings from accounting consolidation	(143,600)	0
Increase financial/audit staff	500,000	250,000
Changes in private grants	996,800	0
Family support subsidy caseload	(309,500)	0
Children's waiver administrative costs	500,000	0
Enhanced mental health rate from DHS for abused/neglected	8,705,500	0
Prepaid inpatient health plan (PIHP) actuarial soundness	27,884,300	9,371,900
Increase in severely emotionally disturbed waiver	4,463,000	0
Hospital/center pharmacy inflation	793,300	401,300
Phase-down of essential health provider payments	(381,400)	(81,400)
Adjust restricted revenue to actual	21,200	0
Restore FY 2011-12 Bronson DSH reduction	330,200	111,000
Restore traumatic brain injury funding	200,000	100,000
Increase donated dental funding	25,000	25,000
Aging services expansions (counseling, dementia, elder abuse)	850,000	850,000
Staff for integration of dual eligible services	600,000	300,000
Additional electronic health records funding	24,692,600	(60,800)
Special financing adjustments	(9,034,400)	(2,880,000)
Increase in cost of wheelchairs	2,000,000	672,200
Tobacco tax shortfall	0	7,800,000
Adjust MIChild substance abuse rate	12,500	2,900
School-based services savings	40,206,200	(26,804,100)
Increase in physician adjustor payments	53,800,000	0
HMO actuarial soundness	47,263,700	15,885,300
Full-year cost of healthy kids dental contracts	808,800	271,900
Cochlear implant policy change	560,000	188,900
Merit Award Trust Fund shortfall	0	5,542,300
Adjust claims tax revenue to actual	0	(1,195,000)
Medicaid cost recoupment initiatives	(28,000,000)	(9,410,800)
Savings from expansion of Medicaid inspector general office	(4,756,500)	(1,294,900)
Include urgent care facilities as Medicaid providers	(900,000)	(286,100)
Pharmaceutical savings from physician education	(6,476,000)	(2,176,700)
Restoration of DSH (QAAP, psych residency, indigent care)	25,381,800	0
Restoration of Medicaid chiropractic services	900,000	302,500
25% phase-in of healthy kids dental	25,000,000	8,402,500
Medicaid/MIChild coverage of autism therapies (under age six)	34,061,200	10,083,000
Expand waiver services and increase nursing home transitions	7,500,000	3,356,700
Increase Medicaid primary care rates to Medicare rates	281,800,000	0
Increase mileage reimbursement for nonemergency transportation	1,976,000	988,000
Termination of HIPAA technology project	(8,922,600)	(1,154,600)

GOVERNOR'S FY 2012-13 GROSS AND GF/GP CHANGES TO FY 2011-12

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
Community Health (continued)		
Funding of Medicaid data warehouse	1,000,000	1,000,000
Full funding of Medicaid computer system CHAMPS	13,400,000	5,900,000
One-time: Eliminate FY 2011-12 one-time funding	(52,962,800)	(22,100,000)
One-time: Federally required CHAMPS update	40,000,000	4,000,000
One-time: Health and wellness initiatives	5,000,000	5,000,000
One-time: State lab equipment and supplies	200,000	200,000
One-time: Elder abuse and training initiatives.....	250,000	250,000
One-time lump sum employee payments.....	4,285,300	2,571,500
OPEB adjustments	60,852,200	23,321,800
Economic adjustments	(14,394,800)	(2,861,000)
Total Community Health	\$480,754,800	(\$114,109,900)
Corrections		
Savings from FY 2011-12 contingency plan	(\$55,280,400)	(\$55,280,400)
FY 2011-12 unrealized savings from housing initiative.....	10,926,500	10,426,500
Facility operating adjustments.....	5,400,000	5,400,000
Neal, et al. settlement agreement adjustment.....	5,000,000	5,000,000
New employee training school adjustment.....	4,531,500	4,531,500
IT system maintenance and development	2,445,500	2,445,500
Post-closure facility costs adjustment	3,500,000	3,500,000
Transfer of court-related item to Judiciary.....	(1,000,000)	(1,000,000)
Offset probation/parole fees shortfall	0	800,000
Prosecutorial and detainer expense adjustment.....	500,000	500,000
Transfer legislative ombudsman funding to Legislature.....	(250,000)	(250,000)
Reverse FY 2011-12 unclassified line item adjustment.....	175,000	175,000
Reverse prisoner stores State restricted fund reduction.....	3,802,500	0
Adjust State restricted funds to better align with actual revenue	(5,203,300)	0
Special equipment fund and capital outlay.....	19,182,000	0
Public safety initiative - cities in distress (jail space).....	4,500,000	4,500,000
One-time: Technology investments (x-rays and digital files)	1,129,500	1,129,500
One-time lump sum employee payments.....	13,225,900	12,873,800
OPEB adjustments	199,544,300	194,470,200
Economic adjustments	(84,204,900)	(81,872,200)
Total Corrections.....	\$127,924,100	\$107,349,400
Education		
Performance-based funding initiative	\$125,000	\$125,000
State aid management system maintenance	125,000	125,000
Support for early childhood programs / ECIC	1,900,000	1,244,700
Support for low performing schools.....	760,000	760,000
Support for additional public school academies.....	500,000	500,000
Michigan eLibrary database	800,000	800,000
CEPI Federal funds shifted to MDE (help low performing districts).....	1,849,000	0
College access network grant program (replace Federal funds)	0	2,000,000
Child care caseload adjustment	(3,000,000)	(3,000,000)
Technical adj. to Michigan schools for the deaf & blind (property sale).....	(2,088,000)	0
Fay Hall tenant rent elimination (schools for the deaf & blind property sale)...	(261,000)	0
ECIC private foundation expiration.....	(89,000)	0
One-time lump sum employee payments.....	624,300	114,100
OPEB adjustments	7,159,200	1,344,200
Economic adjustments	(1,050,400)	(28,800)
Total Department of Education.....	\$7,354,100	\$3,984,200

GOVERNOR'S FY 2012-13 GROSS AND GF/GP CHANGES TO FY 2011-12

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
Environmental Quality		
Wetlands permit program one-time fund shift	\$0	\$1,500,000
Increase Refined Petroleum Fund cleanups	10,000,000	0
Funding for MiWaters permitting system rewrite	2,000,000	0
Michigan's share of Great Lakes Compact Council costs	50,000	50,000
Drinking water revolving loan program - State match	5,000,000	5,000,000
Restore nonferrous metallic mining funding	100,000	0
Increase staff for State Revolving Fund	725,000	0
Increase large quantity water withdrawal fee	103,900	0
Reduce appropriations to reflect anticipated State Restricted revenue	(9,688,800)	0
One-time: Eliminate FY 2011-12 Muskegon cleanup funding	(6,000,000)	(6,000,000)
Remove one-time non-GF FY 2011-12 funding	(3,200,000)	0
Savings from FY 2011-12 contingency plan	(81,600)	(81,600)
One-time lump sum employee payments	1,549,200	160,100
OPEB adjustments	22,074,100	2,347,600
Economic adjustments	(11,623,600)	(1,062,700)
Total Environmental Quality	\$11,008,200	\$1,913,400
Executive		
Executive Office adjustment for actual costs	\$164,000	\$164,000
One-time lump sum employee payments	\$58,700	\$58,700
Economic adjustments	66,000	66,000
Total Executive	\$288,700	\$288,700
Higher Education		
Performance funding and tuition restraint: 3.0% increase	\$36,217,000	\$36,217,000
Tuition incentive program	(1,000,000)	0
Tuition grants	(1,000,000)	0
State competitive scholarships	2,000,000	0
Robert C. Byrd scholarship	(1,300,000)	0
Children of veteran's survivor tuition - funding shift	0	100,000
MPSERS retiree health care	446,200	0
MSU - FRIB funding (included in ongoing appropriations)	2,339,900	2,339,900
One-time: Eliminate FY 2011-12 MSU FRIB funding	(1,200,000)	(1,200,000)
One-time: Eliminate FY 2011-12 EMU autism collaborative center funding ...	(500,000)	(500,000)
One-time: Eliminate FY 2011-12 WMU economic development funding	(200,000)	(200,000)
Total Higher Education	\$35,803,100	\$36,756,900
Human Services		
Reduce food assistance program ARRA funding	(\$276,474,900)	\$0
Increase regular funding for food assistance program caseload	190,727,700	0
Adjust child welfare and public assistance caseload projections	(38,596,400)	(19,481,500)
Recognize new funding for psychotropic oversight contracts	559,100	0
Eliminate funding for advisory commissions	(17,900)	(7,200)
Eliminate holding place for urban empowerment zone	(100)	0
Adjust financing for new FMAP rate	(207,000)	(633,400)
Recognize 175.0 FTE vacancies in disability determination	(21,904,600)	0
Adjust funding to match anticipated authorization	(24,423,900)	(385,100)
Fund shift from family reunification to youth services program	0	(878,900)
Recognize increased LIHEAP grant funding	58,500,000	0
Recognize increased Title IV-B funding	3,174,000	0
Increase funding for security at local DHS field offices	495,000	352,700
Transfer background check program to LARA	(1,000,000)	(1,000,000)

GOVERNOR'S FY 2012-13 GROSS AND GF/GP CHANGES TO FY 2011-12

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
Human Services (continued)		
Information Technology upgrades for BRIDGES and SSI EFT	1,918,600	565,300
New program: Establish paternity at birth in hospitals	1,800,000	612,000
New program: Supported visitation for family reunification	2,000,000	0
New program: Parent partners to provide peer-to-peer mentoring	500,000	0
New program: Stratified case management for FIP clients	1,195,000	0
Increase adult services for 41.0 FTEs and support costs	2,935,700	924,700
Increase for disability determination medical evidence	1,800,000	0
Increase foster care and adoptive parent per diem rate by \$3	11,291,300	6,314,900
Increase the number of SSI advocates by 1.0 FTE	74,800	0
Recognize funding for elder law of Michigan MiCAFE outreach	75,000	0
Increase funding for administration to cover increased caseloads	170,000	68,000
Increase volunteers' mileage reimbursement from \$0.39 to \$0.55	225,700	58,700
Increase for Michigan youth opportunities initiative	1,671,800	648,900
Recognize savings from one contract for child welfare drug tests	(1,440,000)	(600,000)
Redirect local chargeback funds to summer youth employment	230,000	230,000
Remove excess authorization in legal support contracts	(23,000,000)	0
Remove one-time funding for strong families safe children pilot	(5,912,400)	0
Restore FY 2011-12 funding cut to families first program	500,000	0
Reverse the Vulnerable Heat and Warmth Fund collections	(35,000,000)	0
Savings from FY 2011-12 contingency plan (reduce 182.0 FTEs)	(34,241,100)	(18,771,000)
One-time: Child welfare program funding	5,700,000	4,000,000
One-time lump sum employee payments	10,541,900	3,936,800
OPEB adjustments	147,625,400	54,260,100
Economic adjustments	(75,452,800)	(26,058,000)
Total Human Services	(\$93,960,100)	\$4,157,000
Judiciary		
Fund shift for swift-and-sure sanctions	\$0	\$1,000,000
Technical adjustments	(5,100)	0
Reduce funding for elimination of judgeships	(42,100)	(42,100)
Continue and expand mental health courts	1,000,000	1,000,000
Staff increase in court administration and appellate defender (5.0 FTEs)	385,000	385,000
One-time lump sum employee payments	827,200	636,900
OPEB adjustments	7,393,500	5,818,100
Economic adjustments	(306,700)	(315,800)
Total Judiciary	\$9,251,800	\$8,482,100
Legislative Auditor General		
Field operations - fully fund economics from FY 2011-12	\$511,000	\$219,400
Funding shift - statewide single audit replace IDG with GF/GP	0	340,000
One-time lump sum employee payments	270,900	184,800
OPEB adjustments	2,521,200	1,708,700
Economic adjustments	(647,700)	(438,900)
Total Legislative Auditor General	\$2,655,400	\$2,014,000
Legislature		
Senate adjustment	\$1,073,900	\$1,073,900
Senate OPEB adjustments	1,273,700	1,273,700
Senate information technology	107,800	107,800
Senate Fiscal Agency	290,900	290,900
Senate Fiscal Agency OPEB adjustments	126,500	126,500
House adjustment	1,429,600	1,429,600

GOVERNOR'S FY 2012-13 GROSS AND GF/GP CHANGES TO FY 2011-12

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
Legislature (continued)		
House OPEB adjustments.....	1,678,200	1,678,200
House information technology.....	85,600	85,600
House Fiscal Agency	276,400	276,400
House Fiscal Agency OPEB adjustments	141,000	141,000
Legislative Council	456,000	456,000
Legislative Council OPEB adjustments	602,500	602,500
Legislative Service Bureau information technology	58,200	58,200
Worker's compensation	6,300	6,300
National association dues	283,500	283,500
Corrections ombudsman	18,300	18,300
Corrections ombudsman fund shift - IDG replaced with GF/GP	0	250,000
Legislative retirement - non-retirement expenses	157,200	157,200
Legislative retirement OPEB adjustments.....	19,500	19,500
Capitol building	127,600	127,600
Cora Anderson building.....	415,800	415,800
Farnum building and other properties	90,800	90,800
Total Legislature.....	\$8,719,300	\$8,969,300
Licensing and Regulatory Affairs		
Create home heating assistance for the vulnerable program	\$60,000,000	\$0
Adjust for elimination of LIEEF	(95,000,000)	0
Adjust for elimination of vulnerable household warmth assistance.....	(23,000,000)	(10,000,000)
Centers for independent living Federal-to-GF/GP fund shift.....	0	1,500,000
Increase health systems for additional inspections.....	1,580,000	0
Adult foster care homes background checks IDG-to-GF/GP fund shift	0	1,028,100
New revenue from regulation of firework sales	600,000	0
Savings from FY 2011-12 contingency plan	(71,100)	(71,100)
Technical adjustments.....	219,700	0
One-time lump sum employee payments.....	5,036,800	177,500
OPEB adjustments	61,178,800	2,514,600
Economic adjustments	(12,521,000)	(651,000)
Total Licensing and Regulatory Affairs	(\$1,976,800)	(\$5,501,900)
Military and Veterans Affairs		
Armory maintenance	\$4,800,000	\$4,800,000
Flint armory replacement.....	12,250,000	0
Military retirement - transfer to DTMB - office of retirement.....	(3,831,700)	(3,831,700)
Unclassified salaries - fill three vacant positions.....	500,000	500,000
Veterans homes GF/GP reduction	(425,000)	(425,000)
Veterans homes Federal fund replacement for GF/GP.....	425,000	0
Veterans service organizations grant reduction	(125,000)	(125,000)
Veterans affairs directorate VA certification position.....	125,000	125,000
Veterans affairs directorate funding shortfall.....	125,000	125,000
Headquarters and armories reduction.....	(200,000)	(200,000)
Grand Rapids veterans home revenue adjustment.....	(2,000,000)	0
Capital outlay adjustment.....	(1,700,000)	0
Savings from FY 2011-12 contingency plan	(921,300)	(921,300)
One-time lump sum employee payments.....	707,900	155,900
OPEB adjustments	10,521,800	2,561,200
Economic adjustments	(4,896,000)	(1,075,600)
Total Military and Veterans Affairs	\$15,355,700	\$1,688,500

GOVERNOR'S FY 2012-13 GROSS AND GF/GP CHANGES TO FY 2011-12

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
Natural Resources		
Create dam management program	\$2,500,000	\$2,500,000
Create summer youth initiative program	5,000,000	5,000,000
Increase off-road vehicle license fee	2,530,700	0
Create duplicate recreational safety certificate fee	70,400	0
Create shooting range fee	50,000	0
Reduce restricted authorization to match anticipated revenue	(8,728,900)	0
Adjust State park improvement bond to reflect costs	3,300	0
Capital outlay adjustment	(6,703,500)	0
One-time: Eliminate FY 2011-12 Grand Marais breakwater funding	(4,000,000)	(4,000,000)
Savings from FY 2011-12 contingency plan	(364,200)	(364,200)
One-time lump sum employee payments	1,892,600	96,200
OPEB adjustments	25,778,200	1,294,000
Economic adjustments	(10,462,300)	(719,300)
Total Natural Resources	\$7,566,300	\$3,806,700
School Aid		
Increase in Federal funds	\$53,109,300	\$0
Increase in best practices/performance grants	36,000,000	0
Increase in School Bond Loan Fund debt service	26,814,700	0
Increase in MPSERS reimbursement	24,000,000	0
Tech. foundation allowance/special education cost adjustments	91,000,000	0
New consolidation innovation grants	10,000,000	0
Increase in data reporting costs reimbursement	3,936,000	0
Fund shift - Michigan virtual university	0	2,700,000
Fund shift - center for education performance and information	0	2,699,700
Fund shift - Math and science centers - GF to SAF	0	(110,000)
Fund shift - SAF to GF (unappropriated, supports discret. payment)	0	75,050,900
New principal training for teacher evaluations	1,750,000	0
Educational costs at juvenile detention facilities	862,200	0
Kindergarten funding change (half funding for half-day)	(50,000,000)	0
Eliminate district-specific foundation adjustments	(4,000,000)	0
One-time: Eliminate FY 2011-12 class-size reduction grants	(13,500,000)	0
One-time: Eliminate FY 2011-12 MPSERS reserve for retirement reforms	(133,000,000)	0
Reduction in cash-flow borrowing costs	(10,000,000)	0
Reduction in MEAP testing costs	(8,500,000)	0
Reduction in PILT costs	(1,052,000)	0
Eliminate reimbursement for lost MBT revenue	(700,000)	0
OPEB adjustment	1,243,000	1,038,300
Economic adjustments	(21,300)	(21,300)
Total School Aid	\$27,941,900	\$81,357,600
State		
One-time: ExpressSOS marketing	\$150,000	\$150,000
Credit and debit card assessment fee - funding source increase transactions	4,000,000	0
Savings from FY 2011-12 contingency plan	(965,800)	(103,900)
Transportation Administration Fund adjustment for revenue shortfall	(8,000,000)	0
Fund shift - replace Mich. Trans. Fund (MTF) with GF/GP due to MTF cap ...	0	1,668,500
Fee increase - commercial driver license increased by \$10	1,000,000	0
One-time lump sum employee payments	1,544,400	284,900
OPEB adjustments	19,130,600	1,113,900
Economic adjustments	(7,921,700)	(358,300)
Total State	\$8,937,500	\$2,755,100

GOVERNOR'S FY 2012-13 GROSS AND GF/GP CHANGES TO FY 2011-12

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
State Police		
Law enforcement enhancement.....	\$15,000,000	\$15,000,000
Fleet leasing - higher costs	2,650,000	2,650,000
Forensic science - add 20.0 FTEs to reduce backlog.....	3,177,200	3,177,200
Public safety initiative - stressed cities support.....	2,769,900	2,769,900
Regional policing - mobile communications support.....	1,324,000	1,324,000
Tobacco tax enforcement.....	200,000	200,000
Casino gaming - illegal gaming investigations	249,000	0
Communications equipment replacement.....	1,106,600	1,106,600
One-time: Collins road lease	750,000	750,000
One-time: Outdated equipment replacement.....	1,623,700	1,623,700
Replace exhausted Federal revenue with GF/GP.....	318,200	2,076,000
Replace exhausted State Restricted revenue with GF/GP	0	7,000,000
Adjustment to reflect anticipated revenue	(4,737,100)	0
Savings from FY 2011-12 contingency plan	(1,202,300)	(1,155,000)
One-time: Eliminate FY 2011-12 MIS funding.....	(800,000)	(800,000)
One-time lump sum employee payments.....	3,220,000	2,085,200
OPEB adjustments	62,417,400	42,016,000
Economic adjustments	(40,005,500)	(28,408,200)
Total State Police	\$48,061,100	\$51,415,400
Technology, Management, and Budget		
One-time: Special maintenance for State-owned facilities.....	\$10,000,000	\$10,000,000
One-time: Space consolidation in State-owned facilities	7,000,000	7,000,000
Enterprise-wide IT investment project.....	50,000,000	50,000,000
Professional development for classified employees	175,000	0
Various IT changes in department IT lines.....	16,226,500	2,500,000
Capital outlay funding for maintenance and remodeling.....	15,001,800	15,001,800
Statewide single audit implementation	90,000	0
One-time: Eliminate FY 2011-12 OPEB and asbestos abatement funding	(61,250,000)	(61,250,000)
Statewide cost allocation plan (SWCAP) adjustments.....	(638,100)	(9,600)
Savings from FY 2011-12 contingency plan	(806,300)	(567,100)
Civil Service reduction to reflect actual revenue	(1,700,000)	0
Federal funds reduction for bureau of labor market information	(2,275,000)	0
Technical adjustment for reduction of 225.5 FTES	(2,500,000)	(2,500,000)
IT alignment of IDGs for FY 2011-12 enacted appropriations	(274,500)	0
Transfer military retirement program to DTMB.....	3,981,700	3,981,700
Remove FY 2011-12 supplemental for Office of Retirement Services	(1,900,000)	0
One-time lump sum employee payments.....	4,680,200	792,200
OPEB adjustments	36,519,300	7,329,800
Economic adjustments	(13,691,300)	(2,470,400)
Total Technology, Management, and Budget.....	\$58,639,300	\$29,808,400
Transportation		
<u>State Trunkline Fund (STF) - alignment with available revenue:</u>		
Federal aid	(1,256,800)	0
Local bridge programs	(488,800)	0
County road commissions	6,261,700	0
Cities and villages	3,491,100	0
<u>Comprehensive Transportation Fund (CTF) Federal match requirement:</u>		
Transit capital.....	16,894,500	0
Van pooling	612,000	0
Service initiatives	450,000	0

GOVERNOR'S FY 2012-13 GROSS AND GF/GP CHANGES TO FY 2011-12

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
Transportation (continued)		
Rail passengers	7,825,000	0
Intercity bus services - replacement of old buses.....	1,650,000	0
One-time: Eliminate FY 2011-12 swing bridge funding	(500,000)	(500,000)
Public transportation - alignment with available revenue	110,000	0
Bus equipment and facility fee adjustment	(60,000)	0
<u>Debt service adjustments:</u>		
STF	(47,976,000)	0
Blue water bridge	1,835,200	0
CTF	(1,418,400)	0
Other	360,300	0
One-time: Federal match for STF road and bridge construction.....	\$96,000,000	\$96,000,000
One-time: Federal match for transit capital	12,000,000	12,000,000
One-time: Federal match for rail operations and infrastructure	11,000,000	11,000,000
IDG Adjustments to other departments	(6,396,600)	0
Accounting service center adj. for DNR (\$54,000); DEQ (\$68,800)	(122,800)	0
Transportation Econ. Dev. Fund (TEDF) revenue adjustment.....	(168,000)	0
Restore aviation services, \$185,100; air service program, \$600,000	785,100	0
Airport safety, protection, and improvement program	(12,017,400)	0
One-time lump sum employee payments	3,260,800	0
OPEB adjustments	44,580,700	0
Economic adjustments	(12,892,000)	0
Total Transportation	\$123,819,600	\$118,500,000
Treasury - Debt Service		
Fund shift - reduce use of Refined Petroleum Fund	\$0	\$10,000,000
Estimated debt service payments adjustments	(373,100)	(373,100)
Total Treasury - Debt Service.....	(\$373,100)	\$9,626,900
Treasury - Operations		
Office of fiscal responsibility	\$4,500,000	\$4,500,000
Tobacco tax enforcement.....	1,500,000	1,500,000
Remove tobacco tax enforcement spending authority	(3,000,000)	0
Payments in lieu of taxes	1,805,700	(349,400)
Revenue sharing administration.....	200,000	200,000
Health insurance claims assessment administration	1,948,400	0
Lottery promotion	931,100	0
Gaming enforcement.....	431,800	0
Savings from FY 2011-12 contingency plan	(3,088,300)	(993,700)
Fund shift to reduce charges to Transportation Fund	0	6,421,600
Fund shift for tax plan implementation	0	(2,094,600)
Remove funding for 2012 presidential primary	(10,000,000)	(10,000,000)
Remove funds for unemployment bond issuance costs	(1,000,000)	(1,000,000)
One-time: Remove remaining tax plan implementation funding	(1,000,000)	(1,000,000)
Unclassified salary technical adjustment	1,000	0
One-time lump sum employee payments.....	2,742,700	311,500
OPEB adjustments	28,720,100	3,491,300
Economic adjustments	(7,192,100)	(653,800)
Total Treasury - Operations	\$17,500,400	\$332,900

GOVERNOR'S FY 2012-13 GROSS AND GF/GP CHANGES TO FY 2011-12

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
Treasury - Revenue Sharing		
Constitutional revenue sharing	\$13,619,200	\$0
County revenue sharing	(115,000,000)	0
County incentive program	125,600,000	0
One-time: Competitive grant assistance program	20,000,000	0
Total Treasury - Revenue Sharing	\$44,219,200	\$0
Treasury - Strategic Fund		
Talent fund for jobs training and skill development	\$15,000,000	\$15,000,000
Arts and cultural grants	3,582,600	3,582,600
Workforce training programs Federal funds reduction	(50,000,000)	0
Private grant funds - potential grants for workforce programs	5,000,000	0
Savings from FY 2011-12 contingency plan	(250,100)	(250,100)
One-time lump sum employee payments - MSHDA	531,600	0
One-time lump sum employee payments - Strategic Fund	604,100	140,900
OPEB adjustments	11,036,800	1,937,700
Economic adjustments	(2,074,800)	(673,200)
Total Treasury - Strategic Fund	(\$16,569,800)	\$19,737,900
TOTAL CHANGES TO FY 2011-12 YEAR TO DATE	\$946,424,700	\$393,471,400

HIGHLIGHT SHEETS

Senate Bill 947 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$72,219,300
Changes from FY 2011-12 Year-to-Date:	
1. Michigan Agricultural Environmental Assurance Program (MAEAP). The Governor recommended an additional \$1.0 million GF/GP for the program.	1,000,000
2. Migrant Labor Housing Inspections. The Governor recommended an increase of \$400,000 GF/GP to allow for greater in-season inspection of housing at Michigan's 850 migrant labor camps to ensure compliance with housing standards.	400,000
3. Food Safety. The Governor recommended a one-time increase of \$500,000 GF/GP to implement food safety initiatives associated with new FDA Food Safety Modernization Act requirements.	500,000
4. Rural Development. The Governor recommended \$600,000 GF/GP to enhance rural development efforts and provide additional export market expertise.	600,000
5. Regional Food Hub Support. The Governor recommended a one-time \$1.0 million GF/GP appropriation to assist and support regional food hubs.	1,000,000
6. Conservation Districts/Forestry Initiative. The Governor recommended a one-time appropriation of \$500,000 GF/GP for grants to conservation districts to provide assistance with managing forestland.	500,000
7. Lump Sum Payments. The Governor included one-time funds (\$470,300 Gross, \$235,300 GF/GP) for employee lump sum payments.	470,300
8. Capital Outlay Adjustment. The Governor removed a one-time Federal expenditure.	(1,800,000)
9. Adjustment to Reflect Anticipated Revenues. The Governor included a reduction of \$3,421,200 Gross, \$8,100 GF/GP to reflect actual funds received.	(3,421,200)
10. FY 2011-12 Contingency Plans. The Governor provided for the FY 2011-12 employee contingency plans, a reduction of \$720,300 GF/GP.	(720,300)
11. Economics. Includes \$6,603,400 (\$3,265,200 GF/GP) for OPEB and a negative \$2,836,900 (\$1,314,300 GF/GP) for other economic adjustments.	3,766,500
Total Changes	\$2,295,300
FY 2012-13 Governor's Recommendation	\$74,514,600

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:**Boilerplate Recommended for Deletion by the Governor:**

1. **Civil Service.** Requires billings from Civil Service Commission per Constitution. (Sec. 204)
2. **Website.** Requires department website with department expenditure and employee data. (Sec. 207)
3. **Internet Reports.** Requires use of Internet for providing reports. (Sec. 208)
4. **Foreign Goods.** Prohibits purchase of foreign goods and services when domestic sources are available. (Sec. 209)
5. **IT Work Projects.** Designates IT projects as work projects. (Sec. 211)
6. **Report Retention.** Requires retention of all reports produced. (Sec. 212)
7. **IT Fees.** Requires payment of fees to DTMB for IT services. (Sec. 214)
8. **Employee Discipline.** Prohibits discipline against employee for communicating with Legislature. (Sec. 215)
9. **Lapse Estimates.** Requires report of GF/GP lapse estimates. (Sec. 228)
10. **State Restricted Fund Balances.** Requires reporting of restricted funds balances. (Sec. 229)
11. **Grant Notification.** Requires prior notification of grant disbursements. (Sec. 302)
12. **Food Borne Outbreaks.** Requires report on outbreaks and enforcement. (Sec. 402)
13. **Bovine TB/DNR.** Requires reimbursement to DNR for monitoring and testing. (Sec. 450)
14. **TB Modified Accredited Zones.** Requires payment for testing and indemnity. (Sec. 451)
15. **Livestock Indemnity.** Allows for payment for indemnity under Animal Industry Act and requires payment due to livestock death by certain predators and allows for expenditure of indemnity funds from the DNR. (Sec. 453)
16. **TB-Free Status.** Requires efforts with USDA to eradicate bovine TB in Lower Peninsula areas which are classified as Modified Accredited. (Sec. 454)
17. **Animal I.D.** Prohibits electronic ID program for other than cattle unless guidelines are outlined in statute. (Sec. 456)
18. **TB Report.** Requires a quarterly TB eradication progress report. (Sec. 457)
19. **Aquaculture.** Requires inspection and testing of aquaculture facilities. (Sec. 458)
20. **Fruit and Vegetable Inspections.** States intent for MDARD to work with industry for third-party inspections and to provide funds for inspections necessary for export of goods. (Sec. 551)
21. **Pollution Prevention.** Requires support for pollution prevention programs. (Sec. 601)
22. **USDA Environmental Quality Incentive Program.** Requires efforts to identify matching funds for program. (Sec. 606)
23. **Intercountry Drain Districts.** Requires support of districts and collaboration with locals for funding of drain program. (Sec. 607)
24. **Agriculture Development Report.** Requires report of MDARD's development and export market activities. (Sec. 706)
25. **Grape and Wine Industry.** Requires report on Grape and Wine Industry Council activities. (Sec. 709)
26. **Agriculture Equine Industry Development Fund (AEIDF).** Requires AEIDF monies to be used only for equine purposes. (Sec. 801)
27. **In the Event of No Racing.** Provides that purse funds be placed in escrow should no thoroughbred races be held. (Sec. 803)
28. **Racing Regulatory Costs.** Requires actual expenditure data to be used to determine regulatory costs of racing. (Sec. 804)

New Boilerplate:

1. **Attorney General.** Prohibits funds to be used for legal services not authorized by the Attorney General. (Sec. 204)

Date Completed: 2-23-12

Fiscal Analyst: Bruce Baker

Senate Bill 949 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$283,880,500
Changes from FY 2011-12 Year-to-Date:	
1. Performance Funding. The Governor included a 3.0% GF/GP increase to community colleges allocated through a new formula based on the average number of completions of associate degrees and certificates below baccalaureate in critical skills areas (three-year average for FY 2008-09, FY 2009-10 and FY 2010-11). Critical skills areas include: science, technology, engineering, mathematics, and health fields. The source of the data is the United States Department of Education Integrated Postsecondary Education Data System (IPEDS). See <u>Table 1</u> for distributions.	8,516,400
2. Michigan Public School Employees Retirement System (MPSERS) Health Costs. The Governor included funding for the purpose of offsetting the increase in MPSERS retirement contributions owed by community colleges in FY 2012-13 attributable to the 0.25% increase in costs related to retiree health care. While the boilerplate indicates that amounts allocated to each college will be based on each participating college's total payroll covered by the MPSERS in proportion to the total MPSERS covered payroll for all participating colleges for the immediately preceding fiscal year, the intent of the Governor was to allocate funding equivalent to 0.25% of each college's FY 2011-12 MPSERS payroll. <u>Table 2</u> provides an estimate of amounts that would be allocated to each community college, based on the FY 2010-11 community college MPSERS payroll, an inflationary adjustment, and the intended allocation methodology. Actual distributions will be based on the FY 2011-12 MPSERS payroll, and any potential revisions to boilerplate that provides for the distribution.	1,733,600
Total Changes	\$10,250,000
FY 2012-13 Governor's Recommendation	\$294,130,500

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Performance Funding Calculations.** The Governor included new language basing formula allocations of new funding on the average number of completions of associate degrees and certificates below baccalaureate in critical skills areas (three-year average for FY 2008-09, FY 2009-10 and FY 2010-11). The source of the data is the United States Department of Education Integrated Postsecondary Education Data System (IPEDS). Provides that community colleges shall report to the Center for Educational Performance and Information (CEPI) the number of students in the most recently completed academic year that transferred to a 4-year college or university and states that data will be used in the FY 2013-14 formula. (Sec. 206b)
2. **Anticipated Appropriations Subsequent Fiscal Year.** Boilerplate stating intent of the Legislature to provide the same level of appropriations for the next fiscal year, except that the line items will be adjusted for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue. The Governor replaced this section with actual line items for FY 2013-14.
3. **Payment Distribution Schedule.** Provides for the payment of funds to colleges in eleven equal monthly payments. Provides for accrual of July and August payments. Withholds payments if Activities Classification Structure (ACS) data are not submitted by November 1. The Governor extended reasons for withholding funds to providing P-20 data and provides that the State Budget Director shall determine compliance with this section. (Sec. 206)
4. **P-20 Longitudinal Data System.** Requires community colleges receiving funds under this act to cooperate with the State to comply with the provisions of the American Recovery and Reinvestment Act (ARRA) of 2009 requiring the establishment of a statewide P-20 Longitudinal Data System. The Governor changed shall “cooperate” to shall “comply”. Removed reference to ARRA. (Sec. 219)
5. **Student Academic Status.** Requires community colleges, upon request, to inform interested Michigan high schools of the aggregate academic status of its students for the prior academic year, in a manner prescribed by the Michigan Community College Association and in cooperation with the Michigan Association of Secondary School Principals. The Governor modified this language by requiring community colleges to cooperate with CEPI to design and implement a system to accomplish this work. (Sec. 224)
6. **State Building Authority Rent.** The Governor included new language listing amounts paid by the State for previously constructed capital projects for each community college. (Sec. 231)
7. **Deleted Sections.** The Governor removed: Buy America intent (Sec. 204); Depressed and Deprived intent (Sec. 205); compliance with JCOS use and finance requirements and penalty provisions (portion of Sec. 208); transparency and budget reporting requirements (Sec. 209); collaboration with four-year universities (Sec. 210); transferability of core college courses between colleges and universities (Sec. 210a); intent for colleges to promote equal opportunity (Sec. 211); encourages community colleges to achieve efficiencies (Sec. 212); creates committee to develop a common set of scores using the ACT assessment to determine placement in developmental courses at community colleges (Sec. 214); review statutory mandates (Sec. 216); prohibits purchase of foreign automobiles (Sec. 227); prohibits disciplinary action against an employee for communicating with the Legislature (Sec. 228); and intent that performance task force indicators be reviewed and more fully implemented for distribution of State funding in future years (Sec. 230).

Date Completed: 2-11-12

Fiscal Analyst: Bill Bowerman

Table 1: FY 2011-12 Community College Appropriation Bill

College	FY 2011-12 Year-To-Date	FY 2012-13 Governor's Rec.				
		3 Yr. Avg. CSA Completions*	Other Changes	Total Adjustments	Governor's Rec.	Percent Change
Alpena	4,984,300	168,400		168,400	5,152,700	3.4%
Bay de Noc	5,040,200	139,900		139,900	5,180,100	2.8%
Delta	13,336,200	583,100		583,100	13,919,300	4.4%
Glen Oaks	2,320,900	72,800		72,800	2,393,700	3.1%
Gogebic	4,140,500	103,400		103,400	4,243,900	2.5%
Grand Rapids	16,649,700	333,400		333,400	16,983,100	2.0%
Henry Ford	20,145,000	430,200		430,200	20,575,200	2.1%
Jackson	11,219,700	331,600		331,600	11,551,300	3.0%
Kalamazoo Valley	11,522,700	399,300		399,300	11,922,000	3.5%
Kellogg	9,047,900	279,200		279,200	9,327,100	3.1%
Kirtland	2,872,900	155,400		155,400	3,028,300	5.4%
Lake Michigan	4,937,700	100,200		100,200	5,037,900	2.0%
Lansing	28,651,900	919,800		919,800	29,571,700	3.2%
Macomb	30,490,300	693,800		693,800	31,184,100	2.3%
Mid Michigan	4,266,800	189,800		189,800	4,456,600	4.4%
Monroe	4,094,000	118,500		118,500	4,212,500	2.9%
Montcalm	2,946,800	103,200		103,200	3,050,000	3.5%
Mott	14,526,400	416,300		416,300	14,942,700	2.9%
Muskegon	8,256,700	155,200		155,200	8,411,900	1.9%
North Central	2,886,500	76,600		76,600	2,963,100	2.7%
Northwestern	8,430,300	112,100		112,100	8,542,400	1.3%
Oakland	19,455,900	478,900		478,900	19,934,800	2.5%
St. Clair	6,534,100	192,200		192,200	6,726,300	2.9%
Schoolcraft	11,477,300	559,500		559,500	12,036,800	4.9%
Southwestern	6,143,700	90,400		90,400	6,234,100	1.5%
Washtenaw	11,827,300	990,900		990,900	12,818,200	8.4%
Wayne County	15,425,900	277,400		277,400	15,703,300	1.8%
West Shore	2,248,900	44,900		44,900	2,293,800	2.0%
Subtotal Operations:	\$283,880,500	\$8,516,400	\$0	\$8,516,400	\$292,396,900	3.0%
MPSERS Retiree Health Care	\$0	\$0	\$1,733,600	1,733,600	1,733,600	---
Total Appropriations:	\$283,880,500	\$8,516,400	\$1,733,600	10,250,000	\$294,130,500	3.6%
State School Aid Fund	195,880,500	0	1,733,600	1,733,600	197,614,100	0.9%
GF/GP	\$88,000,000	\$8,516,400	\$0	\$8,516,400	\$96,516,400	9.7%

* CSA: Critical Skills Areas (science, technology, engineering, mathematics, and health fields).

**Table 2: Estimated Allocation for MPSERS
Retiree Health Care Premium Increase**

	FY 2010-11 MPSERS Payroll	FY 2010-11 Employer Contribution	\$1,733,600 Estimated Distribution
Community College			
Alpena	\$7,752,813.88	\$1,572,491.80	\$20,400
Bay de Noc	6,521,626.17	1,299,182.75	17,200
Delta	33,544,911.02	6,791,868.38	88,400
Glen Oaks	3,198,037.83	651,352.89	8,400
Gogebic	4,320,763.82	882,692.13	11,400
Grand Rapids	59,398,743.85	12,001,121.54	156,500
Henry Ford	48,459,618.88	9,683,074.98	127,700
Jackson	16,752,400.69	3,375,169.62	44,100
Kalamazoo Valley	24,979,997.97	4,909,841.62	65,800
Kellogg	13,264,612.42	2,699,863.56	34,900
Kirtland	8,220,766.60	1,671,221.08	21,700
Lake Michigan	11,280,044.50	2,295,441.34	29,700
Lansing	54,608,806.98	10,969,926.73	143,900
Macomb	56,884,190.38	11,579,619.58	149,900
Mid Michigan	11,194,474.14	2,241,585.05	29,500
Monroe	12,944,178.18	2,623,594.63	34,100
Montcalm	6,678,244.80	1,349,109.08	17,600
Mott	31,030,637.19	6,332,891.35	81,800
Muskegon	12,070,105.66	2,447,949.04	31,800
North Central	6,387,192.13	1,302,647.78	16,800
Northwestern	15,509,777.94	3,133,426.46	40,900
Oakland	67,442,153.00	13,680,344.45	177,600
St. Clair	13,452,151.24	2,720,964.42	35,400
Schoolcraft	37,082,425.60	7,588,019.81	97,700
Southwestern	5,074,347.64	1,023,301.82	13,400
Washtenaw	40,489,463.96	8,144,875.32	106,700
Wayne County	44,516,654.45	8,906,787.96	117,300
West Shore	<u>4,920,159.96</u>	<u>998,208.28</u>	<u>13,000</u>
TOTAL:	\$657,979,300.88	\$132,876,573.45	\$1,733,600

Senate Bill 950 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$14,614,725,300
Changes from FY 2011-12 Year-to-Date:	
1. Increase in Base FMAP Rate. The base Medicaid FMAP will increase from 66.14% in FY 2011-12 to 66.39% in FY 2012-13, leading to a savings of \$25.7 million GF/GP.	0
2. Medicaid Base Funding. Governor included base adjustments for Medicaid, Community Mental Health (CMH) Medicaid services, the Children's Special Health Care Services (CSHCS) program, and the Adult Benefits Waiver, increasing GF/GP costs by \$44.9 million.	110,435,300
3. Actuarial Soundness Adjustments. The Governor included actuarial soundness adjustments for Pre-paid Inpatient Health Plans (PIHPs) and Medicaid Health Maintenance Organizations (HMOs), at a cost of \$25.3 million GF/GP.	75,148,000
4. Physician Adjustor and School-Based Services Payments. The Governor included an increase in these payments to Medicaid providers affiliated with public clinics, at no GF/GP cost. The Governor also reflected increased demand for school-based services payments, with a savings of \$26.8 million GF/GP.	94,006,200
5. Expiration of the HMO/PIHP Use Tax. As the HMO/PIHP Use Tax expires on April 1, 2012, the funding necessary to reimburse HMOs and PIHPs for their Use Tax costs was removed from the FY 2012-13 budget, with a GF/GP savings of \$167.3 million.	(201,057,300)
6. Savings Initiatives. The Governor included several Medicaid savings initiatives, focusing on recouping payments, adding urgent care centers as Medicaid providers, and increasing physician pharmaceutical education efforts, with GF/GP savings of \$13.2 million.	(40,132,500)
7. Program Enhancements. The Governor restored a number of past program cuts, including cuts to some disproportionate share hospital payments and chiropractic services. The Governor also included funding for expansion of long-term care community care, the Healthy Kids Dental program, and senior programs. Finally, the Governor included funding to cover autism services for Medicaid and MICHild eligibles under the age of six. Total GF/GP cost of \$23.4 million.	103,513,700
8. Medicaid Primary Care Rates. The Governor reflected the Federal requirement that states reimburse Medicaid providers for primary care services at Medicare rates in 2013 and 2014. The cost of this requirement will be paid by the Federal government.	281,800,000
9. One-Time Funding Adjustments. The Governor removed \$52.9 million Gross and \$22.1 million GF/GP in one-time FY 2011-12 funding. The Governor included \$49.7 million Gross and \$12.0 million GF/GP in new one-time items, including \$40.0 million Gross and \$4.0 million GF/GP for information technology and \$5.0 million Gross and GF/GP for a health and wellness initiative.	(3,227,500)
10. Economic Adjustments. Includes \$60,052,800 for OPEB and a negative \$14,394,800 for other economic adjustments.	46,457,400
11. Other Changes. Other changes, including adjustments to available Federal funds, and \$4,285,300 for lump sum economics led to an increase in proposed appropriations.	13,811,500
Total Changes.....	\$480,754,800
FY 2012-13 Governor's Recommendation.....	\$15,095,480,100

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Elimination of Most Boilerplate Language.** The Governor removed most sections of boilerplate language, including almost all language requiring reports to the Legislature.
2. **Report Retention and Communication with Department Staff.** Sections requiring the Department to retain reports so they would be subject to the Freedom of Information Act and prohibiting the Department from punishing employees for communicating with the Legislature were deleted (current year Secs. 265 and 267).
3. **CMH Contractual Requirements.** Longstanding language outlining the continuum of services that must be provided by CMHs was deleted (current year Sec. 401).
4. **CMH Contract Changes.** Prohibition on the Department from entering into new or amended CMH contracts which have a fiscal impact without notifying the Legislature was deleted (current year Sec. 402).
5. **Substance Abuse Coordinating Agencies.** Limits on the Department's ability to change the relationship between coordinating agencies and the State was deleted (current year Secs. 407, 468, and 470).
6. **Pharmacy Dispensing Fee.** The setting of Medicaid pharmacy dispensing and pharmacy co-payments was deleted (current year Sec. 1620).
7. **Autism Spectrum Disorder Coverage.** The Governor included new language directing that the MIChild and Medicaid programs cover treatments for autism spectrum disorder to children under six years of age (Secs. 1670(10) and 1858).

Date Completed: 2-24-12

Fiscal Analyst: Steve Angelotti

Senate Bill 951 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$1,936,573,800
Changes from FY 2011-12 Year-to-Date:	
1. Full Year on FY 2011-12 Contingency Plans. The Governor included \$32.5 million in savings associated with the Mound Facility closure, \$10.0 million in savings by eliminating 115 vacant field operations positions, and \$11.1 million in savings from competitive bidding of health care, mental health, and the Woodland Facility.	(55,280,400)
2. FY 2011-12 Unrealized Savings from Cost Effective Housing Initiative (CEHI). FY 2011-12 CEHI called for \$31.3 million in savings, yet only \$20.9 million was achieved, resulting in a net increase. The savings resulted from reducing alert response vehicles, prisoner clothing policy changes, utilizing prisoner employees to do direct observation, and eliminating various facility administration positions. This item also accounts for 6 non-CEHI adjustments which cause a net increase of \$500,000.	10,926,500
3. Closure-Related Facility Costs. The Governor included \$3.5 million for upkeep and security at multiple closed facilities and \$5.4 million for marginal operating costs associated with adding beds at some facilities which allowed for the closure of others.	8,900,000
4. Neal, at al. Settlement Agreement Adjustment. Payment increased from \$15.0 million to \$20.0 million as required under the terms of the settlement.	5,000,000
5. New Employee Training School Adjustment. Increased funding to allow training of 430 corrections officers to replace retirees; previous funding would allow training of only 220.	4,531,500
6. I.T. System Maintenance and Development. Supports existing systems and tools.	2,445,500
7. Technical Adjustments and Transfers. Transferred \$1.0 million for swift-and-sure sanctions to Judiciary and \$250,000 for the Legislative Ombudsman to the Legislature. The parole/probation fee shortfall was offset using \$0 Gross (but \$800,000 GF/GP), and \$500,000 was included to pay local agencies to temporarily hold parole violators. State restricted and Federal funding was adjusted down by a net of \$5.2 million due to items such as the correctional industries revolving fund, prisoner health copays, and the Federal Department of Justice Prison Rape Act.	(5,953,300)
8. Reverse FY 2011-12 Adjustments on Unclassifieds and Prisoner Stores. Governor restored FY 2011-12 reduction of \$175,000 to unclassified employee line item and restored \$3.8 million eliminated from prison storekeeper restricted funds (paid via prisoner fees on items purchased). Prison store consolidation did not include bidding storekeeper function.	3,977,500
9. Special Equipment Fund and Capital Outlay. Provided restricted funds from prisoner telephone fee revenue for use on operating budget security equipment such as cell phone jammers and TASERS (\$5.3 million) and capital outlay items such as personal protection devices and security cameras (\$13.9 million).	19,182,000
10. Public Safety Initiative - Cities in Distress. The Governor proposed funding to free up space in crowded jails in high-crime areas by leasing beds from counties with vacancies.	4,500,000
11. Economic Adjustments. Included \$199,544,300 for OPEB, a negative \$84,204,900 for economics and \$13,225,900 for one-time lump sum payments (1% union, 2% non-union).	128,565,300
12. One-Time: Technology. Purchases five digital x-ray machines and file digitization software.	1,129,500
Total Changes.....	127,924,100
FY 2012-13 Governor's Recommendation.....	\$2,064,497,900

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections were not included: 202, 204, 204a, 206, 207, 208, 209, 211(2 & 3), 212, 213, 214, 215, 216, 218, 219, 220, 221, 224, 225, 229, 235, 236, 237, 238, 239, 240, 301, 302, 304, 305, 402, 403, 404, 405, 405a, 406, 407, 409, 410 (1 & 2, but not 3), 411, 412, 413, 415, 416 (all except subsection 4), 417, 418, 419, 420, 422, 424, 426, 429, 430, 431, 433, 434, 503, 504, 505, 506, 507, 601, 602, 604, 606, 608, 609, 611, 612, 613, 615, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 812, 813, 816, 902, 903, 904, 907, 910, 911, 912, 913, 916, 920, 921, 922, 923, 925, 927, 928, 929, 930, 932, 934, 935, 936, 937, 938, 939, 940, 941, and 942. Several of these sections required that the Department provide either reports or notifications to the Legislature; others were sections stating legislative intent. One noteworthy deletion was Sec. 937 which described goals of the Cost Effective Housing Initiative (CEHI). Sections of boilerplate that have been retained in the Governor's budget have been renumbered accordingly.
2. **Special Equipment Fund (SEF).** Defines SEF as State restricted revenue that can be used on safety equipment and contraband detection devices. SEF funds unexpended would not lapse to the General Fund. (Sec. 216)
3. **Evaluation of Mentally Ill Prisoners.** In current law (Sec. 924), mentally ill prisoners in therapeutic seclusion must be evaluated by a mental health professional every 12 hours in order to remain in seclusion. The Governor's proposal would change the phrase "every 12 hours" to instead say "at a frequency defined in the mental health code." (Sec. 215)
4. **Additional Specificity in Language for Public Works Contracts.** Current law (Sec. 906) dictates that any local unit of government or private organization that contracts with the Department for public works services shall be responsible for financing the entire costs of such an agreement. The Governor inserts the term "non-profit" in front of the term private organization, which means the language may now exclude this clause from applying to for-profit private organizations. (Sec. 215)
5. **Eliminate Competitive Bid Language for Inmate Housing Fund.** Governor's language outlines the fund as a separate control account, but no longer states that savings shall be achieved through competitive bidding. (Sec. 213)
6. **Capital Outlay.** Because capital outlay expenditures are included in the bill, the Governor has included the standard language pertaining to such funds being appropriated. (Secs. 301 and 302)
7. **Definitions.** The Governor eliminated a number of definitions that are no longer used in the bill. (Sec. 202)

Date Completed: 2-23-12

Fiscal Analyst: Dan O'Connor

Senate Bill 952 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$323,598,800
Changes from FY 2011-12 Year-to-Date:	
1. College Access Network Grant. Governor proposed a \$2.0 million shift from Federal revenue to General Fund to ensure Michigan College Access Network (MCAN) grant program funding continues, despite the discontinuation of Federal funds. It is the largest proposed GF/GP increase to the Dept. of Education budget, but would not result in additional funding to the MCAN.	0
2. Early Childhood Programs. Governor proposed a \$1,244,700 GF/GP and \$655,300 Federal fund increase for Office of Great Start operations, an amount equivalent to the reduction to the Early Childhood Investment Corporation (ECIC) in the FY 2011-12 DHS budget.	1,900,000
3. Center for Educational Performance and Information (CEPI) Federal Funds Shift. Governor proposed a \$1,849,000 shift of CEPI Federal funding from the K-12 budget to the Dept. of Education to help with low performing districts.	1,849,000
4. Michigan eLibrary Database (MeL). Governor proposed an \$800,000 GF/GP increase for the MeL for the purchase of business research databases for small businesses and entrepreneurs. This is a proposed 84% increase to the MeL funding.	800,000
5. Persistently Low Achieving (PLA) Schools Support. Governor proposed a \$760,000 GF/GP and 1.0 FTE increase for assistance to the 63 new PLA schools in FY 2012-13. This will allow the State School Reform Office to provide support similar to that received by federally supported School Improvement Grant schools.	760,000
6. Support for Additional Public School Academies (PSAs). Governor proposed a \$250,000 GF/GP, and 2.0 FTEs increase for the Office of Field Services (OFS), and a \$250,000 GF/GP, and 2.0 FTEs (1 consultant and 1 coordinator) increase for the Office of Education Improvement and Innovation (OEII). The additional consultants would maintain the current OEII ratio of 85 PSAs to one consultant, and the current OFS ratio of approximately 50 local education agencies to 1 consultant.	500,000
7. Performance-Based Funding Initiative. Governor proposed \$125,000 GF/GP and 1.0 FTE for the performance-based funding initiative to analyze student growth measures.	125,000
8. State Aid Management System. Governor proposed \$125,000 GF/GP and 1.0 FTE in the Dept. of Technology, Management, and Budget to support the new State Aid Management System.	125,000
9. Childcare Caseload. Governor included a \$3.0 million GF/GP reduction for child development care public assistance caseload; accounts for projected reduction of 300 cases per month between FY 2011-12 and FY 2012-13.	(3,000,000)
10. One-Time Lump Sum Payment. Governor Included \$624,300 Gross, \$114,100 GF/GP for one-time lump sum payments for state employees.	624,300
11. Economic Adjustments. Includes \$7,159,200 for OPEB and a negative \$395,100 for other economic adjustments.	6,764,100
12. Other Changes. Technical adjustments with no effect on GF/GP include \$2,349,000 reduction for Michigan Schools for the Deaf and Blind property sale, including Fay Hall tenant rent reduction; \$89,000 reduction for ECIC private foundation expiration; \$655,300 reduction as a result of economic adjustments for child development IDG with the Dept. of Human Services.	(3,093,300)
Total Changes.....	\$7,354,100
FY 2012-13 Governor's Recommendation.....	\$330,952,900

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **"Standard Boilerplate" Deleted.** The Governor proposed to eliminate the following sections of "standard" boilerplate that were consistent among departmental budgets: Management and Budget Act (Sec. 202); Civil Service Commission billing (Sec. 204); departmental use of the Internet to fulfill reporting requirements (Sec. 205); searchable department website (Sec. 207); DIT user charges (Sec. 209); work projects carried forward (Sec. 210); Buy American/Buy Michigan (Sec. 212); out-of-state travel (Sec. 214); out-of-state travel limitations (Sec. 215); employees who communicate with Legislature (Sec. 216); depressed and deprived communities (Sec. 217); retention of records (Sec. 218); department annual report - estimated balances, projected revenue, expenditures (Sec. 227); providing data in a timely manner (Sec. 220); and reporting on GF/GP lapse (Sec. 226).
2. **Other Deleted Sections.** Governor proposed to eliminate the following sections specific to the Dept. of Education budget: requiring districts to maintain complete personnel records (Sec. 208); appeal of annual yearly progress status (Sec. 211); investigation and report of pupil membership fraud (Sec. 225); activities and duties completed no later than deadlines (Sec. 229); schools for the deaf and blind Flint campus (Sec. 404); maintain professional personnel register and certificate revocation/felony conviction files (Sec. 501); \$350,000 earmark for charter schools office (Sec. 601); departmental collaboration with CEPI for data collection (Sec. 701); intent for Library of Michigan to keep its component programs together (Sec. 803); requiring Library of Michigan to maintain its non-Michigan genealogy and Michigan-specific collections (Sec. 804); notification of Federal and private grants received (Sec. 901); funds appropriated in Part 1 for the CACG to be set aside as a work project (Sec. 902); and report on cyber schools (Sec. 903).
3. **College Access Network Grant.** Establishes allowable uses for funds. (Sec. 6-601)
4. **State Employee Lump Sum Payments.** One-time appropriation of \$624,300 Gross and \$114,100 GF/GP. (Sec. 6-801)

Date Completed: 3-13-12

Fiscal Analyst: Cameron S. Mock

Senate Bill 953 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$414,520,000
Changes from FY 2011-12 Year-to-Date:	
1. LUST Cleanups. The Governor included \$10.0 million from Refined Petroleum Fund to be used for leaking underground storage tank (LUST) cleanups. This money was formerly used by the Department of Treasury for debt service.	10,000,000
2. MiWaters IT Project. The Governor included restricted funding to add the NPDES Maintenance System (NMS) to the rewrite of the Coastal Inland Waters Permit Information System (CIWPIS) rewrite. The combined system would be called MiWaters, and would serve residents seeking permits under either system.	2,000,000
3. Great Lakes Compact Council. The Governor included \$50,000 in GF/GP to fund Michigan's share of the administrative costs of the Great Lakes Compact Council.	50,000
4. Drinking Water Revolving Loan Program. The Governor included \$2.5 million in ongoing funding and \$2.5 million in one-time funding to be used as State match for available Federal grant money. The funds would be used for loans to municipalities for upgrades to their drinking water systems.	5,000,000
5. Nonferrous Metallic Mining Program. The Governor restored funding to this program, as it was mistakenly recommended to be removed during the FY 2011-12 budget process.	100,000
6. State Revolving Fund Staffing. The Governor recommended 5.0 FTEs and additional funding to support the recommendations of the Water Pollution Control Revolving Fund Advisory Committee.	725,000
7. Large Quantity Water Withdrawal Fee Increase. The Governor recommended increasing the fee from \$200 to \$250 annually, and removing the exemption from the fee for agricultural users. The increase is expected to raise \$648,300, however part of this new revenue would be offset by \$325,000 in CMI funding which is no longer available. Net revenue would be used to bring the number of FTEs for the program to 5.5 from 2.5.	103,900
8. Wetlands Permitting Funding. The Governor included a one-time fund shift of \$1.5 million GF/GP and \$0.5 million Federal to replace \$2.0 million Environmental Protection Fund (EPF), as EPF funding is no longer available.	0
9. Reduce Excess Appropriation Authority. The Governor reduced restricted fund appropriations to reflect available revenue.	(9,688,800)
10. Remove One-Time Funding. The Governor removed one-time funding for the CIWPIS rewrite, as funding needed for the project has been appropriated.	(3,200,000)
11. FY 2011-12 Contingency Plan. The Governor included the elimination of 1.0 FTE and associated funding for an employee concessions contingency plan.	(81,600)
12. State Employee Lump-Sum Payments. The Governor included a one-time lump-sum payment to State employees.	1,549,200
13. Economic Adjustments. Includes \$22,074,100 for OPEB and a negative \$11,623,600 for other economic adjustments.	10,450,500
Total Changes.....	\$17,008,200
FY 2012-13 Governor's Recommendation.....	\$431,528,200

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Civil Service Charges.** The Governor removed a section requiring payment of a 1% Civil Service charge. (Sec. 204)
2. **IT Work Projects and User Fees.** The Governor removed work project language for IT projects, and the requirement that departments pay user fees to DTMB for IT services. (Secs. 206 and 208)
3. **Report Retention.** The Governor removed a requirement that the Department retain reports. (Sec. 207)
4. **Purchasing Requirements.** The Governor removed a prohibition on buying foreign goods and preference for Michigan companies, as well as a section favoring deprived and depressed communities. (Secs. 210 and 211)
5. **Communication with the Legislature.** The Governor removed a prohibition against punishing employees who communicate with the Legislature. (Sec. 212)
6. **Small Business Rules.** The Governor removed a prohibition on administrative rules that disproportionately affect small businesses. (Sec. 213)
7. **FTE Reports.** The Governor removed two reports on the number of FTEs in the Department. (Secs. 223 and 224)
8. **Expenditure Posting Cost.** The Governor removed a section requiring that the cost of expenditure posting not exceed \$10,000. (Sec. 226)
9. **Permit Tracking Report.** The Governor removed a report on the implementation of a permit tracking tool. (Sec. 227)
10. **Customer Satisfaction Program.** The Governor removed a requirement that the DEQ develop a customer satisfaction evaluation program. (Sec. 228)
11. **Expedited Permit Program Report.** The Governor removed a report on programs that could have an expedited option. (Sec. 229)
12. **Refined Petroleum Fund (RPF) Repayment.** The Governor removed a section stating the Legislature's intent to repay \$70.0 million to the RPF that was taken as part of the FY 2006-07 budget.
13. **RPF Cleanup Program.** The Governor removed a section detailing the sites for the Refined Petroleum Product Cleanup Program. (Sec. 306)
14. **Funding Transfers.** The Governor removed two sections that transferred money from the Small Business Pollution Prevention Assistance Revolving Loan Fund. The first transferred \$2.0 million to the Environmental Pollution Prevention Fund, and the second transferred \$1.3 million to the Environmental Protection Fund. (Secs. 307 and 308)
15. **Work Projects.** The Governor removed sections establishing Brownfield Grants and Loans Program and Environmental Bond Site Reclamation Program appropriations as work projects. (Secs. 309 and 310)
16. **Tax Exemption MOU.** The Governor removed a requirement for DEQ to enter a memorandum of understanding with Treasury on the process for reviewing tax exemptions for air pollution control equipment. (Sec. 311)
17. **Aquatic Nuisance Control Program.** The Governor removed a \$100,000 earmark for the ANC program. (Sec. 401)
18. **Groundwater Dispute Resolution.** The Governor removed a requirement that the DEQ fund a groundwater dispute resolution process. (Sec. 402)
19. **Aquatic Invasive Species Advisory Council.** The Governor removed a requirement that the DEQ fund this council, provided it was created. (Sec. 403)
20. **Solid Waste Policy Report.** The Governor removed a report addressing the implementation of the State's solid waste policy. (Sec. 601)
21. **Muskegon Cleanup Site.** The Governor removed a \$6.0 million one-time appropriation for the Muskegon cleanup site. (Sec. 1001)

Date Completed: 2-29-12

Fiscal Analyst: Josh Sefton

	<u>Gross</u>	<u>GF/GP</u>	<u>FTE</u> <u>Employees</u>
FY 2011-12 Year-to-Date Appropriation	\$4,106,297,100	\$864,050,200	8,116.2
FY 2012-13 Governor's Recommendation	4,241,272,700	943,748,000	7,740.7
Change from Year-To-Date	134,975,600	79,697,800	(375.5)
Percent Change from Year-To-Date	3.3%	9.2%	(4.6)%

See Individual Highlight Sheet for Department Detail

Changes from FY 2011-12 Year-to-Date:

1. **Bill Structure.** The Governor recommended an omnibus bill for government operations with a separate article for each department. The General Government budgets were not aggregated in the Governor's recommendation. Some of the General Government boilerplate is included in Article 20 of the Governor's recommendation which would apply to all of the appropriations in the omnibus bill. Article 20 also includes required reports of the estimated statewide totals for total State spending and payments to locals and projected (Sec. 20-201) and operating fund revenues and balances (Sec. 20-301).
2. **Deleted General Sections.** The Governor deleted the following general sections: information technology work project authorization (Sec. 207), purchasing requirements regarding consideration for buying from American, Michigan, and veteran-owned firms (Sec. 209), purchasing requirement regarding deprived and depressed areas (Sec. 210); retention of reports by departments (Sec. 212), prohibit casino ownership (Sec. 213), Department of Technology, Management, and Budget user fees (Sec. 214), prohibit employee discipline for speaking with a legislator or legislative staff (Sec. 215), limitations on out-of-State travel (Sec. 216), prohibit use of General Fund money when Federal funds are available (Sec. 217), prohibition on using appropriations to administer a committee or obtain contributions for a committee as defined in the Michigan Campaign Finance Act, MCL 169.203 (Sec. 220), policy change report (Sec. 221), and require departments to follow-up on savings proposals from the Legislative Auditor General (Sec. 229).
3. **Relocated Sections.** The Governor moved the schedule of payments to locals by department and list of definitions to sections in the articles for the individual departments.
4. **Lapse Report.** The Governor recommended that the report of lapse estimates be submitted by November 30 instead of November 15, and that the report be prepared by the State Budget Office instead of by individual departments and agencies. (Sec. 20-204)
5. **Transparency Reporting.** The Governor changed the language on internet expenditure and vendor reporting for the public to require that it be maintained by the Department of Technology, Management, and Budget, instead of giving departments and agencies the option to do this separately. (Sec. 205)
6. **Appropriation to the Budget Stabilization Fund.** The Governor recommended an appropriation of \$130,000,000 from the General Fund to the Countercyclical Budget and Economic Stabilization Fund. The section also reports the statutory calculation to determine the amount of any required payment to the Fund. According to this calculation, no pay-in is required in FY 2012-13. (Sec. 20-207)

Date Completed: 3-13-12

Fiscal Analyst: Elizabeth Pratt

Senate Bill 954 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$74,590,900
Changes from FY 2011-12 Year-to-Date:	
1. Public Safety Initiative. The Governor recommended \$900,000 GF/GP to contract for special attorneys general to assist in reducing the backlog of outstanding warrants in distressed cities.	900,000
2. Information Technology (IT). The Governor increased the IT line by \$500,000 GF/GP. Excess IT costs have been supported from the operations line.	500,000
3. Implement Contingency Plan Savings. The Governor continued the savings from the FY 2011-12 contingency plan reductions, eliminating 12.0 FTE positions.	(1,298,000)
4. Tobacco Tax Enforcement. The Governor recommended \$500,000 GF/GP and 5.0 FTE positions for the cost of enhanced tobacco tax enforcement in conjunction with the State Police and Treasury.	500,000
5. Unclassified Salaries. The Governor increased unclassified salaries by \$88,400 GF/GP.	88,400
6. Gaming Attorney. The Governor added State restricted funds for an attorney position to support illegal gambling enforcement for the Michigan Gaming Control Board.	164,800
7. State Employee Lump Sum Payments. The Governor added \$1,025,900 for one-time payments that are required by contract.	1,025,900
8. Economic Adjustments. Includes \$10,073,100 for OPEB and savings of \$1,259,500 for other economic adjustments.	8,813,600
9. Other Changes. The Governor recommended removing \$250,000 in one-time funding for redistricting lawsuit and a transfer of \$88,400 from the operations line to the unclassified line.	(338,400)
Total Changes	\$10,356,300
FY 2012-13 Governor's Recommendation.....	\$84,947,200

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Bill Structure.** The Governor separated the General Government departments into articles within his proposed budget. The Attorney General budget is in Article 2. The Governor combined the existing 6 line items into 2 rolled up lines, one for Attorney General operations and one for Prosecuting Attorneys Coordinating Council. Fund source details would not be included. (Article 2)
2. **Report of Total State Spending.** The Governor moved the report of total State spending to each department, as opposed to the single total included currently for the General Government budgets as a whole. (Sec. 2-201)
3. **Definitions.** The Governor rolled up fund source detail and deleted many definitions of acronyms that currently are included in the appropriated fund source detail. (Sec. 2-202)
4. **Prohibition on Outside Legal Services.** The Governor included language that prohibits a department from hiring legal services that are the responsibility of the Attorney General, with limited exceptions. Currently the language is in Sec. 226 of the General Sections for the General Government departments. (Sec. 2-204)
5. **One-Time Basis Appropriations.** The Governor added boilerplate for a one-time appropriation for State employee lump sum payments which total \$1,025,900, including \$393,300 GF/GP. (Sec. 2-301)

Date Completed: 3-2-11

Fiscal Analyst: Elizabeth Pratt

Senate Bill 954 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$13,730,200
Changes from FY 2011-12 Year-to-Date:	
1. Contingency Plan Reductions. The Governor recommended continuing FY 2011-12 contingency plan reductions. This would decrease operations funding by \$260,900 and eliminate 4.0 full-time equivalent (FTE) positions.	(260,900)
2. Investigations. The Governor increased funding for civil rights complaint investigations by \$287,800, with a combination of additional Federal funding and \$115,000 GF/GP.	287,800
3. Commission on Disability Concerns Fund Shift. The Governor removed \$667,400 in uncollectible Federal funds and 2.0 FTEs from the budget and added \$120,000 GF/GP.	(547,400)
4. Asian Pacific American Affairs Commission. The Governor recommended first-time State funding of \$100,000 GF/GP and 1.0 FTE to support this existing commission.	100,000
5. State Employee Lump Sum Payments. The Governor added \$128,900 for one-time payments that are required by contract.	128,900
6. Economic Adjustments. Includes \$1,578,400 for OPEB and savings of \$684,400 for other economic adjustments.	894,000
Total Changes.....	\$602,400
FY 2012-13 Governor's Recommendation.....	\$14,332,600

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Bill Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The Civil Rights budget is in Article 3. The Governor combined the existing 5 line items into 1 line for civil rights operations. Fund source details would not be included. (Article 3)
2. **Report of Total State Spending.** The Governor moved the report of total State spending to each department, as opposed to the total included currently for the General Government budgets as a whole. (Sec. 3-201)
3. **Definitions.** The Governor rolled up fund source detail and deleted many definitions of acronyms that currently are included in the appropriated fund source detail. (Sec. 3-202)
4. **Contingency Fund Spending Authority.** The Governor increased the contingency fund authorization for potential additional private funds from \$500,000 to \$750,000. The funding would only become available if the Department received a private grant and it was approved by both the House and the Senate Appropriations Committees in a legislative transfer. (Sec. 3-204)
5. **Prohibition on Outside Legal Services.** The Governor included language that prohibits a department from hiring legal services that are the responsibility of the Attorney General, with limited exceptions. Currently the language is in Sec. 226 of the General Sections for the General Government departments. (Sec. 2-204)
6. **One-Time Basis Appropriations.** The Governor added boilerplate for a one-time appropriation for State employee lump sum payments which total \$128,900, including \$104,300 GF/GP. (Sec. 3-401)

Date Completed: 3-13-12

Fiscal Analyst: Elizabeth Pratt

Senate Bill 954 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$4,599,200
Changes from FY 2011-12 Year-to-Date:	
1. State Employee Lump Sum Payments. The Governor added \$58,700 for one-time payments that are required by contract.	58,700
2. Executive Office. Governor included an adjustment in funding to reflect actual costs of operation.	164,000
3. Economic Adjustments. Includes \$0 for OPEB and \$66,000 for other economic adjustments.	66,000
Total Changes.....	\$288,700
FY 2012-13 Governor's Recommendation.....	\$4,887,900

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. There previously were no boilerplate sections for the Executive Office. The Governor added one general section listing the total State spending from State resources and the payments to local units of government. (Sec. 8-201)
2. **One-Time Appropriations.** The Governor provided for one-time appropriations totaling \$58,700 for State employee lump sum payments. (Sec. 8-301)

Date Completed: 3-2-12

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 954 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$100,803,200
Changes from FY 2011-12 Year-to-Date:	
1. Senate Changes. The Governor increased funding by a total of \$2.9 million. Funding includes: \$2.3 million for Senate Operations including \$1.3 million for OPEB; \$107,800 for IT; and \$417,400 for the Senate Fiscal Agency, including \$126,500 for OPEB.	2,872,800
2. House Changes. The Governor increased funding by a total of \$3.6 million. Funding includes: \$3.1 million for House Operations including \$1.7 million for OPEB; \$85,600 for IT; and \$417,400 for the House Fiscal Agency, including \$141,000 for OPEB.	3,610,800
3. Legislative Council Changes. The Governor increased funding by a total of \$1.1 million. Funding includes: \$456,000 for Council Operations; \$602,500 for OPEB; and \$58,200 for IT.	1,116,700
4. Legislative Retirement Changes. The Governor increased funding by a total of \$176,700. Funding includes \$157,200 for non-retirement expenses and \$19,500 for OPEB.	176,700
5. Building Operations Changes. The Governor increased funding by a total of \$634,200. Funding includes: \$127,600 for the Capitol building; \$415,800 for the Cora Anderson House building; and \$90,800 for the Farnum building.	634,200
6. Other Changes. The Governor included additional funding for several line items. These include: \$6,300 for worker's compensation; \$283,500 for National Association Dues; and \$18,300 for the Legislative Corrections Ombudsman. Additionally, included is a funding shift to replace IDG funding with GF/GP funding for the Corrections Ombudsman which results in a zero gross change but increases GF/GP expenditures by \$250,000.	308,100
Total Changes.....	\$8,719,300
FY 2012-13 Governor's Recommendation.....	\$109,522,500

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Total State Spending.** The Governor added one general section listing the total State spending from State resources and the payments to local units of government. (Sec. 11-201)
2. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 11.
3. **National Association Dues.** The Governor deleted the words "if funds are available" from the language. (Sec. 11-304)
4. **Date Changes.** The Governor extended the work project dates to September 30, 2017, for Property Management and Legislative Automated Processing. (Secs. 11-307 and 11-308)

Date Completed: 3-2-12

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 954 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$16,032,300
Changes from FY 2011-12 Year-to-Date:	
1. State Employee Lump Sum Payments. The Governor added \$270,900 one-time payments that are required by contract.	270,900
2. Field Operations. The Governor increased funding to fully fund economic increases budgeted in FY 2011-12. Funding from lapsed funds fell short of projections.	511,000
3. Fund Shift. The Governor replaced IDG funding related to the Statewide Single Audit with GF/GP. The shift increases GF/GP expenditures by \$340,000 while having a zero effect on the Gross appropriation.	0
4. Economic Adjustments. Includes \$2.5 million for OPEB and a negative \$647,700 for Department economic adjustments.	1,873,500
Total Changes.....	\$2,655,400
FY 2012-13 Governor's Recommendation.....	\$18,687,700

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Total State Spending.** The Governor added one general section listing the total State spending from State resources and the payments to local units of government. (Sec. 11-201)
2. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 11.
3. **Statewide Single Audit.** The Governor removed language requiring a report, by December 31, 2011, regarding the feasibility of converting to a statewide single audit. (Sec. 624)
4. **Lapsed Funds for Economics.** The Governor removed language allowing the Auditor General to use up to \$905,000 of lapsed funds to pay for economic cost increases. (Sec. 625)
5. **One-Time Appropriations.** The Governor provided for one-time appropriations totaling \$270,900 for State employee lump sum payments. (Sec. 11-501)

Date Completed: 3-2-12

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 954 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$211,885,000
Changes from FY 2011-12 Year-to-Date:	
1. One-Time Boilerplate Appropriations. The Governor included \$150,000 in one-time GF/GP funding for marketing of the Department's newly implemented Express Services.	150,000
2. Credit and Debit Card Assessment Fees. Due to the number of increased transactions via credit and debit cards, the funding source from this fee was increased to realize the additional revenue. The revenue is used to pay for the fees charged by the credit and debit card companies.	4,000,000
3. Contingency Plan Adjustment. The Governor included a reduction for the savings realized by the Department for employee-related costs.	(965,800)
4. Transportation Administration Collection Fund (TACF). The Governor adjusted the source of funding from this fund to reflect actual revenue.	(8,000,000)
5. Fund Shift. The Governor replaced Michigan Transportation Fund (MTF) funding with GF/GP due to the capped amount of MTF funds that can be transferred to the Department. The shift increases GF/GP expenditures while having a zero effect on the gross appropriation.	0
6. Commercial Driver License. The Governor included additional funding that is anticipated due to the \$10 increase in the fee for a Commercial Driver license.	1,000,000
7. State Employee Lump Sum Payments. The Governor added \$1,544,400 for one-time payments that are required by contract.	1,544,400
8. Economic Adjustments. Includes \$19.1 million for OPEB and a negative \$7.9 million for Department economic adjustments.	11,208,900
Total Changes.....	\$8,937,500
FY 2012-13 Governor's Recommendation.....	\$220,822,500

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 15.
2. **Total State Spending.** Governor provided a new section stating the amount of total State spending from State resources and the amount of payments to local units of government. (Sec. 15-201)
3. **Automatic Teller Machine (ATM).** Governor included definition for ATM. (Sec. 15-202)
4. **Legal Services.** Governor included language prohibiting the Department from using funds to hire legal services that are the responsibility of the Attorney General. (Sec. 15-203)
5. **Branch Office Closings.** At least 180 days prior to the announcement of Secretary of State branch office closings or consolidations, or 60 days prior to relocating a branch office, the Department of State shall inform members of the Senate and House of Representatives Standing Committees on Appropriations and Legislators who represent affected areas regarding the details of the proposal. The Governor eliminated the written notice requirement in this section. (Sec. 714)
6. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. The Governor removed this section. (Sec. 718)
7. **General Fund Expenditures.** Requires the Department to use State restricted funds before using General Fund dollars. The Governor removed this section. (Sec. 719)
8. **One-Time Appropriations.** The Governor provided for one-time appropriations totaling \$1.5 million for State employee lump sum payments. (Sec. 15-401)
9. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections and/or subsections were not included: Secs. 705(5), 711(2), 716, 716b, and 716c. The majority of these sections required the Department to provide either reports or notifications to the Legislature.

Date Completed: 3-2-12

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 954 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$1,080,334,300
Changes from FY 2011-12 Year-to-Date:	
1. FY 2011-12 Adjustment. The Governor removed one-time funding of \$1.9 million that was added by P.A. 264 of 2011 to fund additional costs associated with administering newly enacted retirement reforms.	(1,900,000)
2. Removal of One-Time Funding. The Governor excluded FY 2011-12 one-time funding of \$61.3 million: \$60.0 million for OPEB and \$1.3 million for asbestos removal at former State Police Headquarters.	(61,250,000)
3. Capital Outlay. Governor included \$15.0 million for maintenance and remodeling costs for various State-owned buildings and \$1,800 for University and Community College construction authorizations.	15,001,800
4. Statewide Single Audit. Governor included funding for the Office of Financial Management to establish and fill a new position related to the statewide single audit.	90,000
5. Professional Development Funds. The Governor included funding to provide professional development and training for State classified employees per contract requirements.	175,000
6. One-Time Boilerplate Appropriations. The Governor included the following one-time funding: \$10.0 million for special maintenance for State-owned facilities; \$7.0 million for space consolidation; and \$4.7 million for lump-sum payments for State employees.	21,680,200
7. Military Retirement Program. The Governor transferred the military retirement program to DTMB from the Department of Military and Veterans Affairs.	3,981,700
8. Revenue Adjustments. Two items were reduced to reflect actual revenue: \$1.7 million for Civil Service Commission and \$2.3 million for the Bureau of Labor Market Information Strategies.	(3,975,000)
9. Information Technology (IT) - Alignment of IDG Funding. The IT portion of the budget aligned its IDG funding with enacted FY 2011-12 appropriations for all departments.	(274,500)
10. Enterprise-wide IT Investment Project. Governor proposed a new program to prioritize and manage IT projects across all State departments and agencies.	50,000,000
11. Departmental IT Changes. Various adjustments were made to Departmental IT appropriations to adjust for changes in IT needs and programs. Major increases include \$5.5 million for Dept. of Community Health and \$3.7 million for Public Protection programs. Decreases include \$2.2 million for Dept. of Human Services, \$400,000 for Dept. of Natural Resources, and \$700,000 for DTMB. Also included were baseline adjustments for FY 2011-12 costs related to OPEB totaling \$9.7 million.	16,226,500
12. Economic Adjustments. Includes \$35.1 million for Department OPEB and \$1.4 million for IT OPEB. Other economic adjustments total a negative \$13.5 million for the Department and a negative \$215,000 for IT economics.	22,828,000
13. Other Changes. Miscellaneous negative adjustments were made to various line items, including: \$638,100 for statewide cost allocation plan; \$806,300 for contingency plan; and \$2.5 million for adjustments for the reduction of 225.5 FTEs.	(3,944,400)
Total Changes.....	\$58,639,300
FY 2012-13 Governor's Recommendation.....	\$1,138,973,600

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items

Changes from FY 2011-12 Year-to-Date:

1. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 17.
2. **Computer Contract Adjustments.** Required notification to the House and Senate Appropriation Committee Chairs and General Government Subcommittee Committee Chairs on computer contract revisions that increase or decrease current contracts by more than \$500,000. The Governor removed this section. (Sec. 809)
3. **Motor Vehicle Fleet.**
 - a) Provides that funds appropriated in Part 1 for the Motor Vehicle Fleet are for administration and for acquisition, lease, operation, maintenance, repair, replacement, and disposal of State motor vehicles.
 - b) Appropriations in Part 1 shall be funded from rates charged to State departments and agencies for utilizing vehicle travel services. Provides that revenue may be carried forward to the next fiscal year.
 - c) Requires DTMB to develop a plan that includes the number of vehicles assigned to departments and agencies; efforts to reduce vehicle expenditures, the number of cars in the motor vehicle fleet, the number of miles driven by fleet vehicles, and the number of gallons of fuel consumed by fleet vehicles.
 - d) Allows the Department to charge State agencies for fuel cost increases that exceed the average retail price of \$2.27 per gallon and requires the Department to give a 30-day notice before a fuel surcharge is implemented.
 - e) Requires Department to use remanufactured parts, whenever economically feasible, when repairing fleet vehicles.

The Governor removed Subsections 3 and 5 (items c and e above). Governor also changed rate to \$3.04 in Subsection 4 (item d above). (Sec. 813)
4. **Vendor Call or Contact Centers.** The Governor removed current year language requiring disclosure of location of call/contact centers. (Sec. 817)
5. **Unclassified Salaries.** Language required the Department to compile a report by January 1 pertaining to the salaries of unclassified employees and gubernatorial appointees. The Governor removed this section. (Sec. 822)
6. **Privatization of State Lottery Administration.** Requires Department to submit a report to the Legislature regarding the feasibility of privatizing the administration of the State Lottery. The Governor removed this section. (Sec. 822a)
7. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections and/or subsections were not included: Secs. 823(4), 824 (required report only), 827(4) however, carryforward language was retained, 828, 829, 830, 832, 840(4), 843, 850(1), 860 (only deletes "JCOS" from definitions, 862, and 876). The majority of these sections required the Department to provide either reports or notifications to the Legislature.
8. **University and Community College Capital Outlay Projects.** The Governor added new language providing authorization for university and community college projects appropriated from State Building Authority funding to proceed. (Sec. 17-707)
9. **One-Time Appropriations.** The Governor provided for one-time appropriations totaling \$21.7 million for State facility special maintenance, \$10.0 million; space consolidation, \$7.0 million; and \$4.7 million for State employee lump sum payments. (Sec. 17-801)
10. **Special Maintenance and Remodeling.** The Governor included language stating that in addition to the GF/GP appropriation in Part 1 and Sec. 17-801 for special maintenance and remodeling, related Federal and State restricted funds will be appropriated up to the amounts that will be earned based upon the initiatives undertaken with the funds in Part 1. (Sec. 17-802)
11. **Enterprisewide IT Investments.** The Governor included language stating that in addition to the GF/GP appropriation in Part 1 for enterprisewide information technology investments, related Federal and State restricted funds will be appropriated up to the amounts that will be earned based upon the initiatives undertaken with the funds in Part 1. (Sec. 17-803)

Date Completed: 3-2-12

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 954 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$452,074,600
Changes from FY 2011-12 Year-to-Date:	
1. Office of Fiscal Responsibility. The Governor added \$4,500,000 GF/GP for a new office to assist financially distressed local governments avoid insolvency.	4,500,000
2. Tobacco Tax Enforcement. The Governor recommended \$1,500,000 GF/GP for additional tobacco tax enforcement.	1,500,000
3. Payments in Lieu of Taxes. The Governor increased State restricted fund spending authority and realized General Fund savings of \$349,400 from the shift to increased payments from the Natural Resources Trust Fund pursuant to 2011 PA 118.	1,805,700
4. Health Insurance Claims Assessment Administration. The Governor recommended \$1,948,400 for administration of this new assessment.	1,948,400
5. Lottery Promotion. The Governor increased State restricted funds for lottery promotion by \$931,100 to \$18,622,000.	931,100
6. Gaming Enforcement. The Governor recommended additional State restricted funding for the Michigan Gaming Control Board to reduce illegal gaming.	431,800
7. Charges to the Michigan Transportation Fund. The Governor recommended a fund shift to reduce tax collection and administrative charges to the Michigan Transportation Fund by \$6,421,600 and increase General Fund support for those functions by the same amount.	0
8. Presidential Primary. The Governor removed \$10,000,000 GF/GP for the 2012 presidential primary.	(10,000,000)
9. Contingency Plan Savings. The Governor continued FY 2011-12 contingency plan savings of \$3,088,300 and eliminated 43.0 FTE funded positions.	(3,088,300)
10. Revenue Sharing Administration. The Governor increased funding by \$200,000 GF/GP for the increased cost of administering the incentive and competitive grant programs for cities, villages, townships, and counties.	200,000
11. State Employee Lump Sum Payments. The Governor added \$2,742,700 for one-time payments that are required by contract.	2,742,700
12. Economic Adjustments. Includes \$28,720,100 for OPEB and a negative \$7,192,100 for other economic adjustments.	21,528,000
13. Other Changes. The Governor recommended removing \$3,000,000 in tobacco tax enforcement State restricted revenue; removing the remaining \$1,000,000 in supplemental funding for tax plan implementation; removing \$1,000,000 in one-time funding for the issuance costs of unemployment fund deficit reduction bonds; and a \$1,000 technical increase to the unclassified line.	(4,999,000)
Total Changes.....	\$17,500,400
FY 2012-13 Governor's Recommendation.....	\$469,575,000

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Bill Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The Treasury budget is in Article 19. The Governor combined the existing 44 line items (excluding line for debt service, revenue sharing, and Michigan Strategic Fund which are considered separately) into 10 rolled up lines. (Article 19)
2. **Report of Total State Spending.** The Governor moved the report of total State spending to each department, as opposed to the total included currently for the General Government budgets as a whole. (Sec. 19-201)
3. **Definitions.** The Governor rolled up fund source detail and deleted many definitions of acronyms that currently are included in the appropriated fund source detail. (Sec. 19-202)
4. **Deleted Reports.** The Governor recommended deleting the following reports: bond restructuring (Sec. 902a), cost of collections of unpaid taxes and loans (Sec. 903(3)), senior citizens' cooperative housing tax exemption audit report (Sec. 913(2)), sale of customized listings (Sec. 916), appropriations for write-offs and advances (Sec. 917(2)), unclaimed property audits (Sec. 919(2)), transportation fund cost of collections (Sec. 922), principle residence exemption audits (Sec. 924(2)), public private partnership (Sec. 925(5)), personal property tax audits (Sec. 927), costs of collections for State departments (Sec. 930(2)), restricted fund management fees (Sec. 931), Municipal Finance Authority unappropriated revenue and spending (Sec. 934(3)), and pension consultant report (Sec. 944).
5. **Public Private Partnership.** The Governor deleted the current prohibition against support for the Detroit River International Crossing or any successor project by the Department or the Public Private Partnership Fund. (Secs. 925 and 925a)
6. **Audit Charges Fund.** The Governor created a revolving fund for receiving contractual payments from audit charges. (Sec. 19-306(2)).
7. **Municipal Finance Fee Fund.** The Governor created a revolving fund to receive fees collected under the Municipal Finance Act. Revenue could be carried forward for future appropriation. (Sec. 19-308)
8. **Tobacco Tax Enforcement.** The Governor deleted boilerplate related to use of funds for tobacco tax enforcement. The Governor declared this section unenforceable in his signing message. (Sec. 943)
9. **Lottery Information for Retailers.** The Governor deleted a requirement for the Bureau of the State Lottery to inform retailers that cash on a Bridge Card cannot be used to purchase lottery tickets. (Sec. 963)
10. **Gaming Control Board Rewards for Crime Information.** The Governor increased the largest reward that the Gaming Commission is allowed to provide for information related to crimes involving the horse racing industry from \$5,000 to \$5,800. (Sec. 19-604)
11. **One-Time Basis Appropriations.** The Governor added boilerplate for a one-time appropriation for State employee lump sum payments which total \$2,742,700, including \$311,500 GF/GP. (Sec. 2-301)

Date Completed: 3-2-12

Fiscal Analyst: Elizabeth Pratt

Senate Bill 954 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$140,928,000
Changes from FY 2011-12 Year-to-Date:	
1. Debt Service Scheduled Payments. The Governor recommended a reduction of \$373,100 in the cost of State debt service payments on general obligation bonds issued for voter-approved environmental programs. This reflects the net change in the cost of payments of principal and interest on four programs: These programs are Water Pollution Control Bonds, Quality of Life Bonds, Clean Michigan Initiative, and Great Lakes Water Quality Bonds. The Governor projected that additional bonds will be issued for the Clean Michigan Initiative and Great Lakes Water Quality Bond Program in FY 2012-13.	(373,100)
2. Debt Service Fund Shift. The Governor recommended a fund shift to reduce use of revenue from the Refined Petroleum Fund for payment of debt service on Quality of Life bonds. The appropriations from the Refined Petroleum Fund would decrease by \$10,000,000 which would be replaced by \$10,000,000 GF/GP.	0
Total Changes.....	(\$373,100)
FY 2012-13 Governor's Recommendation.....	\$140,554,900

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. No boilerplate changes were recommended.

Date Completed: 3-2-12

Fiscal Analyst: Elizabeth Pratt

Senate Bill 954 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$1,027,500,500
Changes from FY 2011-12 Year-to-Date:	
1. Constitutional Revenue Sharing. The Governor recommended constitutional revenue sharing to cities, villages, and townships at \$711,119,700 based on consensus revenue estimates. This is an increase of \$13,619,200 or 2.0% over the current estimates for FY 2011-12. This required program distributes 15.0% of the State sales tax revenue received at a rate of 4.0% on a per capita basis to cities, villages, and townships (CVTs).	13,619,200
2. Economic Vitality Incentive Program (EVIP). The Governor continued this program for eligible cities, villages, and townships at the current level of \$215,000,000, however, \$15,000,000 in one-time funding in FY 2011-12 was made ongoing.	0
3. County Statutory Revenue Sharing. The Governor eliminated statutory revenue sharing for counties. This program provided State payments to counties that had depleted their revenue sharing reserve accounts which were created by the acceleration of property tax collections in FY 2003-04. The cost of fully funding the statutory formula for counties is approximately \$167.6 million in FY 2012-13. Payments for this program were prorated in FY 2011-12 to the available appropriation.	(115,000,000)
4. County Incentive Program. The Governor created an incentive program for counties similar to the current EVIP for cities, villages, and townships. Receipt of payments would be based on satisfying incentive criteria for transparency in finances, consolidation of services, and employment compensation plans. Payment amounts would be based on the amounts due under the existing county revenue sharing formula and prorated to the total available. The proposed funding is \$10,600,000 greater than county revenue sharing was in FY 2011-12, however, due to counties returning to the program as they exhaust their reserve accounts, there would be a greater proration of payments in FY 2012-13 than in FY 2011-12.	125,600,000
5. Competitive Grant Assistance Program. The Governor provided an increase of \$20,000,000 in one-time funding to bring this program to \$25,000,000. The program offers competitive grants to cities, villages, townships, and counties for costs associated with mergers, inter-local agreements, and cooperative efforts for local units combining government operations.	20,000,000
Total Changes.....	\$44,219,200
FY 2012-13 Governor's Recommendation.....	\$1,071,719,700

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Competitive Grant Assistance Program.** The Governor eliminated the requirement that grants be awarded only to projects that occurred on or after October 1, 2012. (Sec. 19-402)
2. **Incentive Programs.** The Governor revised the EVIP requirements to include counties and required participants to comply with compensation plan requirements for employee contracts or agreements entered into after September 30, 2012. The Governor required participants to submit a list of the expiration dates of current employee contracts and agreements. The Governor added a 3-year budget projection and debt service detail to accountability and transparency requirements. Second year EVIP participants would be required to update previous consolidation and compensation plans, identify barriers to implementation of those plans, present timelines for implementation, and include at least one new consolidation proposal. The three categories would remain accountability and transparency, consolidation of services, and employee compensation, with one-third of funding dependent on completion of each category. Certification of compliance and submission of completed plans would be required for payment. Payments would be issued until the due dates. After the due date for a category, payments would be forfeited for any payment month unless the certification was made by the first day of that payment month. (Sec. 19-403)
3. **County Incentive Program.** The Governor created an incentive-based program for counties. Payments would be calculated according to the existing revenue sharing formula but paid based on county completion of incentive requirements. The incentive requirements would be the same as those under the EVIP. (Sec. 19-403)
4. **Health Care Benefits.** The Governor required all incentive program participants to certify by April 1, 2013 either compliance with Secs. 3, 4, and 5 of the Publicly Funded Health Insurance Contribution Act, 2011 PA 152 (cost sharing requirements) or that health benefits are not offered to local employees or elected officials. Failure to comply would result in a 10% reduction in all incentive program payments. (Sec. 19-404)

Date Completed: 3-13-12

Fiscal Analyst: Elizabeth Pratt

Senate Bill 954 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$983,818,900
Changes from FY 2011-12 Year-to-Date:	
1. Talent Fund for Jobs Training and Skills Development. The Governor recommended \$15,000,000 GF/GP for a new program to provide job training for the unemployed in distressed cities.	15,000,000
2. Arts and Cultural Grants. The Governor increased funding by \$3,582,600 GF/GP to a total of \$6,150,000.	3,582,600
3. Workforce Training Program. The Governor reduced the line to \$250,798,500 due to a \$50,000,000 reduction in Federal Workforce Investment Act funding and the potential receipt of up to \$5,000,000 in private grants for workforce development.	(45,000,000)
4. Business Development and Economic Gardening. The Governor continued funding for the program at \$100,000,000 in FY 2012-13. The budget converted \$50,000,000 GF/GP in one-time funding in FY 2011-12 to an ongoing General Fund appropriation in FY 2012-13.	0
5. Film Incentive Program. The Governor funded the program at \$25,000,000 GF/GP in one-time funding in FY 2012-13, the same level of one-time funding as in FY 2011-12.	0
6. State Employee Lump Sum Payments. The Governor added \$1,135,700 for one-time payments that are required by contract.	1,135,700
7. Economic Adjustments. Includes \$11,036,800 for OPEB and a negative \$2,074,800 for other economic adjustments.	8,962,000
8. Other Changes. The Governor recommended continuation of contingency plan reductions of \$250,100.	(250,100)
Total Changes	(\$16,569,800)
FY 2012-13 Governor's Recommendation	\$967,249,100

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Bill Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The Michigan Strategic Fund (MSF) budget is part of the Treasury budget within Article 19. The Governor combined the existing 30 line items into two rolled up lines for MSF and the Michigan State Housing Development Authority (MSHDA). (Article 19)
2. **Deleted Reports.** The Governor recommended deleting the following reports: MSHDA housing production goals (Sec. 980), Broadband Development Authority (Sec. 981), MSF grant report (Sec. 1006), investment program report (Sec. 1007), core communities fund (Sec. 1014), spending plan for funds for innovation and entrepreneurship and business development and economic gardening (Sec. 1031), film tax credits report (Sec. 1032), and No Worker Left Behind report (Sec. 1068).
3. **Deleted Sections.** The Governor proposed deleting the following sections: Limitations on land purchases (Sec. 1009), separation of fund-raising from grant or tax abatement awards (Sec. 1013), reappropriation of 21st Century work project (Sec. 1021), tourism promotion coordination with locals (Sec. 1023), allocation of at least \$20.0 million in economic gardening funds for brownfield and historic preservation incentives (Sec. 1024), Workforce Investment Act allocations (Secs. 1054 and 1064), WIA gang diversion intent language (Sec. 1066), education partnerships with local workforce boards (Sec. 1061), veterans' specialists available at Michigan Works! service centers (Sec. 1062), and Michigan Works! agencies required funding for libraries serving as access points (Sec.1065).
4. **Contingency Fund.** The Governor increased the potential contingency fund authorizations from \$10.0 million to \$50.0 million for Federal revenue, from \$1.0 million to \$5.0 million for State restricted funds, from \$700,000 to \$5.0 million for private funds, and added \$100,000 in local contingency fund authorization. The funds would not be considered appropriated until they had been approved by legislative transfer. (Sec. 19-701)
5. **Arts and Cultural Grants.** The Governor removed the limit on the use of appropriations for administration and the report to the Legislature on grant awards. (Sec. 19-803)
6. **Business Incubators.** The Governor deleted this program which provided grants to business incubators in Detroit and the following counties: Houghton, Kent, Macomb, Oakland, Washtenaw, and a Midland County site of an Isabella County incubator. (Sec. 1034)
7. **One-Time Basis Appropriations.** The Governor added boilerplate for a one-time appropriation for state employee lump sum payments which total \$1,135,700, including \$140,900 GF/GP. (Sec. 2-301)

Date Completed: 3-13-12

Fiscal Analyst: Elizabeth Pratt

Senate Bill 955 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$1,364,178,400
Changes from FY 2011-12 Year-to-Date:	
1. Performance Funding. Governor recommended a 3.0% increase to universities allocated by four new funding formulas based on the three-year average growth of undergraduate degree completions, three-year average degree completions in critical skills areas (science, technology, engineering, mathematics, and health fields), three-year average number of undergraduate students receiving Pell Grants, and tuition restraint. <u>Table 1</u> provides a listing of amounts by university.	36,217,000
2. MSU Facility for Rare Isotopes. The FY 2011-12 budget included a one-time appropriation of \$1.2 million for this facility. Governor included funding for this facility in ongoing appropriations for FY 2012-13. The total project cost is estimated at \$614.5 million (\$520.0 million Federal and a community cost share of \$94.5 million). The \$2,339,900 included in the budget reflects FY 2011-12 debt service costs for funds borrowed by MSU to date, which will count toward the \$94.5 million community share. MSU is also contributing approximately \$320.0 million in "in kind" support for the project.	2,339,900
3. Michigan Public School Employees Retirement System (MPERS) Retiree Health Costs. Governor included funding to offset the increase in MPERS retirement contributions attributable to the 0.25% increase in costs related to retiree health care. While the boilerplate indicates that amounts allocated to each university will be based on each participating university's total retiree health care premiums paid for MPERS retirants in proportion to the total retiree health care premium for all participating universities for the immediately preceding State fiscal year, the intent of the Governor was to allocate funding equivalent to 0.25% of each university's FY 2011-12 MPERS payroll. <u>Table 2</u> provides an estimate of amounts that would be allocated to each university based on January through December 2011 MPERS retiree health care premiums. Actual amounts will depend on FY 2011-12 retiree health care premiums and any potential revisions to boilerplate providing for the distribution.	446,200
4. State Competitive Scholarships. Governor increased funding for this program from \$18,361,700 to \$20,361,700. The program is supported by Federal funds. Funds were made available through reductions to Tuition Grants and the Tuition Incentive Program (Items 5 & 6 below). The program provides funds to undergraduate students at Michigan two-year and four-year public and private institutions. Students are eligible for up to 10 semesters if they have financial need and a qualifying ACT score.	2,000,000
5. Tuition Grants. Governor reduced this program by \$1.0 million, from \$31,664,700 to \$30,664,700. The program provides funding for financially needy undergraduate students at Michigan two-year and four-year private institutions.	(1,000,000)
6. Tuition Incentive Program (TIP). Governor reduced this program by \$1.0 million, from \$43.8 million to \$42.8 million. The program provides an incentive to students to complete high school and go on to college by pledging to pay tuition and fees for an associate degree or certificate programs, as well as up to \$2,000 at a four-year institution. Students in grades 6 through 12 who are Medicaid-eligible for 24 months can qualify for TIP.	(1,000,000)
7. Federal Funds. The Robert C. Byrd scholarship was eliminated by Congress.	(1,300,000)
8. Elimination of One-Time FY 2011-12 Appropriations.	(1,900,000)
Total Changes	\$35,803,100
FY 2012-13 Governor's Recommendation	\$1,399,981,500

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Second Year Appropriation.** States intent of the Legislature to provide that appropriations for the next fiscal year are anticipated to be the same as line items listed in part 1 except adjustments for changes in caseloads, Federal match rates, economic factors, and available revenue. Governor replaced with line items for FY 2013-14. (Sec. 236a)
2. **Contingency Fund Appropriations.** Governor included new boilerplate appropriating up to \$6,000,000 in Federal contingency funds for grants and financial aid. (Sec. 236b)
3. **Workforce Development Agency.** New definition language providing that as used in this article, "workforce development agency" means the work force development agency of the Michigan Strategic Fund. (Sec. 237b)
4. **P-20 Education Longitudinal Data System.** Requires public universities to cooperate with all measures taken by the State to establish a statewide P-20 education longitudinal data system to comply with the State Fiscal Stabilization Fund provisions of the American Recovery and Reinvestment Act. Governor modified to require the development of a P-20 system and allows the Budget Director to withhold funds for noncompliance. (Sec. 244)
5. **Posting of Expenditures.** Requires report categorizing institutional general fund expenditures among major categories for all academic units, administrative units and external initiatives and to require a list of all employee salary amounts for positions funded by institutional general fund. Governor modified by removing listing of individual employee information.
6. **State Competitive Scholarship Program.** Governor reduced per-student award from \$600 to \$575 to reflect actual amounts. (Sec. 251)
7. **Tuition Grant Program.** Governor modified by changing deadline from applying before July 1, to application received by July 1, and received by March 1 for subsequent years. Eliminates carry forward of unexpended funds. New reporting requirements for independent colleges to participate in program (P-20 longitudinal and other data). (Sec. 252)
8. **Student Financial Aid Distributions.** Governor changed distribution from 50% at the beginning of the first quarter, and 50% at the beginning of the second quarter to four quarterly payouts of 50%, 30%, 10%, and 10%. (Sec. 254)
9. **Tuition Restraint.** Governor revised the tuition restraint program and set the FY 2012-13 limit at 4.0%. Funds subject to tuition restraint total \$9,054,300. (Sec. 265)
10. **Performance Funding Criteria.** Requires universities to certify that they participate in the Michigan Transfer Network as a part of the Michigan Association of Collegiate Registrars and Admissions Officers Transfer Agreement in order to receive performance funding. Sets criteria for performance funding based on four metrics: 1) The difference in the number of undergraduate degree completions between academic year 2007-2008 and academic year 2010-2011, divided by three. 2) The average number of undergraduate degree completions in critical skills areas (academic years 2008-2009 through 2010-2011), with the number of associate degrees multiplied by 0.5. 3) The sum of undergraduate students receiving Pell Grants (academic years 2008-2009 through 2010-2011) divided by three. In FY 2013-14 the number of Pell Grant students that graduate will be used for performance distributions under this category. (Sec. 265a)
11. **Academic Information - High Schools and Community Colleges.** Governor modified current-year language to require universities to work with the CEPI to design and implement a systematic approach to accomplish this task of updating institutions regarding academic status of university students. (Sec. 283 and Sec. 284)
12. **State Building Authority Rent.** Lists amounts paid by the State for previously constructed capital outlay projects. (Sec. 294a)
13. **Deleted Sections.** Governor removed: Research university definition (Sec. 237a); Buy American/Buy Michigan intent language (Sec. 239); purchase of foreign automobiles prohibition (Sec. 239a); deprived and depressed communities (Sec. 240); U of M Douglas Lake Biological Station (Sec. 261); minimizing the cost of textbooks (Sec. 262); Agriculture Experiment Station and Cooperative Extension Service - research priorities (Sec. 263a); university funding formula (Sec. 266); unfunded Indian tuition waiver costs (Sec. 268); coordinate purchases of goods and services (Sec. 270a); academic program accreditation (Sec. 271); rejection of transfer credits report (Sec. 272); counseling degree programs/student's religious beliefs (Sec. 273); human embryonic stem cell research report (Sec. 274); adult co-resident health benefits - legislative intent and report (Sec. 274a); Yellow Ribbon GI Education Enhancement Program report requirement (portion of Sec. 275); compliance with JCOS use and finance requirements and penalty provisions (portion of Sec. 275a); new degree programs (Sec. 290); campus security information (Sec. 292); and Federal Educational Rights and Privacy Act (Sec. 293).

Table 1: Governor's Recommendation For FY 2012-13 Higher Education Appropriations

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Universities	FY 2011-12 Year-To-Date Appropriation	Degree Completion Growth	Critical Skills Area Degree Completions	Pell Grant Students	Total Formula Distribution	Other Changes	FY 2012-13 Governor's Recommendation	Dollar Change From 2011-12	Percent Change From 2011-12	2012-13 Appropriation Per Student**
Central	\$68,108,900	\$1,340,946	\$424,681	\$806,137	\$2,571,800		\$70,680,700	\$2,571,800	3.8%	\$3,138
Eastern	64,619,100	200,569	409,384	889,368	1,499,300		66,118,400	1,499,300	2.3%	3,532
Ferris	41,324,300	1,191,952	733,375	656,938	2,582,300		43,906,600	2,582,300	6.2%	3,636
Grand Valley	52,677,400	2,492,783	729,493	773,823	3,996,100		56,673,500	3,996,100	7.6%	2,529
Lake Superior	10,789,500	0	113,248	133,944	247,200		11,036,700	247,200	2.3%	4,606
Michigan State	241,120,800	441,251	1,719,960	1,136,538	3,297,800		244,418,600	3,297,800	1.4%	5,550
Michigan Tech	40,733,600	0	611,792	190,686	802,500		41,536,100	802,500	2.0%	6,310
Northern	38,367,400	578,784	278,554	434,918	1,292,300		39,659,700	1,292,300	3.4%	4,608
Oakland	43,145,000	595,976	540,441	463,212	1,599,600		44,744,600	1,599,600	3.7%	2,759
Saginaw Valley	23,561,500	504,287	225,355	391,369	1,121,000		24,682,500	1,121,000	4.8%	2,733
UM-Ann Arbor	268,803,300	1,690,508	1,670,185	531,446	3,892,200		272,695,500	3,892,200	1.4%	6,457
UM-Dearborn	21,016,300	0	228,552	342,977	571,500		21,587,800	571,500	2.7%	3,273
UM-Flint	17,762,400	17,192	220,104	331,175	568,500		18,330,900	568,500	3.2%	2,739
Wayne State	182,036,900	0	484,959	1,197,403	1,682,400		183,719,300	1,682,400	0.9%	7,409
Western	93,168,300	0	664,193	774,029	1,438,200		94,606,500	1,438,200	1.5%	4,302
Tuition Restraint Incentive						9,054,300	9,054,300	9,054,300	---	
MPSERS Retiree Health Care						446,200	446,200	446,200	---	
Ag Exp. and Coop. Exten. Activities	52,625,800						52,625,800	0	0.0%	
MSU Facility for Rare Isotope Beams*	0					2,339,900	2,339,900	2,339,900	---	
Higher Education Database	105,000						105,000	0	0.0%	
Midwest Higher Ed Compact	95,000						95,000	0	0.0%	
King-Chavez-Parks	2,691,500						2,691,500	0	0.0%	
FY 2011-12 One-time Appropriations	1,900,000					(1,900,000)	0	(1,900,000)	-100.0%	
Total Universities	\$1,264,652,000	\$9,054,248	\$9,054,276	\$9,053,962	\$27,162,700	\$9,940,400	\$1,301,755,100	\$37,103,100	2.9%	
School Aid Fund	\$200,019,500					\$446,200	200,465,700	\$446,200	0.2%	
State GF/GP	\$1,064,632,500	\$9,054,248	\$9,054,276	\$9,053,962	\$27,162,700	\$9,494,200	\$1,101,289,400	\$36,656,900	3.4%	
Grants and Financial Aid										
State Competitive Scholarships	\$18,361,700					\$2,000,000	\$20,361,700	\$2,000,000	10.9%	
Tuition Grants	31,664,700					(1,000,000)	30,664,700	(1,000,000)	-3.2%	
Tuition Incentive Program (TIP)	43,800,000					(1,000,000)	42,800,000	(1,000,000)	-2.3%	
Byrd Scholarship Program	1,300,000					(1,300,000)	0	(1,300,000)	-100.0%	
Children of Veterans & Officer's Tuition	1,200,000						1,200,000	0	0.0%	
Project Gear-Up	3,200,000						3,200,000	0	0.0%	
Total Grants/Financial Aid	\$99,526,400					(1,300,000)	\$98,226,400	(\$1,300,000)	-1.3%	
Federal Higher Ed Act	4,500,000					(1,300,000)	3,200,000	(1,300,000)	-28.9%	
Federal TANF	93,826,400					0	93,826,400	0	---	
Veterans Tax Check-off	200,000					(100,000)	100,000	(100,000)	-50.0%	
State GF/GP	\$1,000,000					\$100,000	\$1,100,000	\$100,000	10.0%	
TOTAL HIGHER EDUCATION										
TOTAL ALL FUNDS	\$1,364,178,400	\$9,054,248	\$9,054,276	\$9,053,962	\$27,162,700	\$8,640,400	\$1,399,981,500	\$35,803,100	2.6%	
TOTAL FEDERAL	98,326,400	0	0	0	0	(1,300,000)	97,026,400	(1,300,000)	-1.3%	
TOTAL STATE RESTRICTED	200,219,500	0	0	0	0	346,200	200,565,700	346,200	0.2%	
TOTAL STATE GF/GP	\$1,065,632,500	\$9,054,248	\$9,054,276	\$9,053,962	\$27,162,700	\$9,594,200	\$1,102,389,400	\$36,756,900	3.4%	

* Previously included in One-time Appropriations at \$1,200,000.

** FY 2010-11 Fiscal-Year-Equated Students (FYES).

**Table 2: MPSERS Retiree Health Care Premium Increases
Estimated Distribution**

Universities	Jan.-Dec. 2011 Retiree Health Portion of Premium	Estimated \$446,200 Distribution
Central	\$5,169,627	\$98,400
Eastern	3,115,288	59,300
Ferris.....	4,048,586	77,000
Lake Superior.....	940,140	17,900
Michigan Tech.....	2,796,885	53,200
Northern.....	2,616,826	49,800
Western	4,759,540	90,600
TOTAL.....	\$23,446,892	\$446,200

Senate Bill 956 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$6,686,846,900
Changes from FY 2011-12 Year-to-Date:	
1. Caseload Adjustments. The Governor's budget included caseload adjustments for both public assistance and child welfare programs, resulting in a projected spending decrease.	(124,343,600)
2. Foster Care and Adoption Subsidies. The Governor increased the per diem rate for foster care and adoptive parents, and independent living and guardians by \$3.	11,291,300
3. Background Check Program. The Governor transferred the program and associated funding to the Department of Licensing and Regulatory Affairs.	(1,000,000)
4. Vulnerable Heat and Warmth Fund. The Governor eliminated the temporary fund.	(35,000,000)
5. Families First Program. The Governor restored funding that was cut in FY 2011-12.	500,000
6. Information Technology. The Governor included funding for BRIDGES and recognized savings from using an electronic fund transfer for Supplemental Security Income (SSI).	1,918,600
7. Adult Services Outreach. The Governor increased staff for adult services outreach and neglect and abuse prevention by 41.0 FTEs.	2,935,700
8. Child Welfare Drug Testing Contracts. The Governor recognized savings from a single, statewide contract to do drug tests on potential foster care and adoptive parents.	(1,440,000)
9. New Programs. The Governor included funding to establish paternity at birth in hospitals, and for other child welfare and public assistance programs.	5,495,000
10. Funding Increases. The Governor increased funding for several programs and support services, including security for field offices, mileage for volunteers, mental health waiver (1.0 FTE) SSI Advocates, and the Michigan Youth Opportunities Initiative.	4,342,300
11. Disability Determination Operations. The Governor decreased staffing by 175.0 FTEs and Federal funding authorization due to vacancies.	(21,904,600)
12. Federal Funding. The Governor recognized increased grants for LIHEAP and Title IV-B.	62,233,100
13. Adjust Financing. The Governor adjusted several line items to match anticipated Federal authorization, recognized additional FMAP savings, removed excess funding from Legal Support Contracts, and removed one-time funding for Strong Families Safe Children.	(53,543,300)
14. Statewide Contingency Plan. The Governor adjusted the budget to account for the contingency plan, which would reduce the number of staff by 182.0 FTEs.	(34,241,100)
15. One-Time Appropriations. The Governor provided funding for Child Welfare programs.	5,700,000
16. Economic Adjustments. Includes \$147,625,400 for OPEB and a negative \$75,452,800 for other economic adjustments. One-time funding for negotiated employee compensation lump sum payment was also added, \$10.5 million Gross/\$3.9 million GF/GP.	82,714,500
17. Other Changes. The Governor reduced staffing by 43.0 FTEs, redirected \$230,000 Gross to the Summer Youth Employment program, eliminated funding for advisory commissions (\$17,900 Gross), added a holding place for the Urban Empowerment Zone (\$100), and increased funding for administrative hearings by \$170,000 Gross.	382,000
Total Changes	(\$93,960,100)
FY 2012-13 Governor's Recommendation	\$6,592,886,800

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Foster Care Payments to Indian Tribes.** New boilerplate requiring the State to reimburse tribal governments 50-50 for foster care children not covered by Federal funding. (Sec. 502)
2. **One-Time Appropriation.** New boilerplate providing \$3.9 million GF/GP for state employee payments and \$4.0 million GF/GP for Child Welfare program enhancements. (Sec. 1201)
3. **Updated Language.** Language updated for current fiscal year and current practices. (Secs. 201, 203, 211, 508, 574, and 708)
4. **Foster Care Placements and Private Providers.** Governor deleted language providing guidelines for placements and provisions for private providers. (Secs. 207, 220, 279, 513, 536, 537, 539, 570, 589, and 753)
5. **Foster Care and Adoption Payments.** Governor eliminated definitions of payments and reports on subsidies. (Secs. 533, 546, and 556)
6. **Juvenile Justice System.** Governor deleted reports on Wayne County's juvenile justice system and juvenile placements in general. (Secs. 505, 710, 719, and 724)
7. **Mental Health Services.** Governor removed standards of practice definitions for mental health care for youth under State supervision. (Secs. 578 and 580)
8. **Work Group on Foster Parent Drop-Outs.** Governor deleted work group and report requirements. (Sec. 583)
9. **Medicaid Eligibility and Work Group on Privatization.** Governor eliminated requirement for a work group on the privatization of Medicaid eligibility and standards of promptness. (Secs. 223, 224, and 620)
10. **Energy Assistance Work Group and State Emergency Relief.** Governor deleted sections regarding SER and weatherization payments, exemptions, and a work group requirement. (Secs. 603, 610, 1103, and 1105)
11. **Work Group on BCAL and Contract Compliance.** Governor deleted work group and report requirement. (Sec. 230)
12. **Indigent Burial.** Governor removed definition of indigent burial practices. (Secs. 613 and 614)
13. **General Administrative Practices.** Governor deleted definitions of general processes and various practices. (Secs. 202, 204, 208, 215, 217, 219, 250, 251, 259, 264, 273, 311, and 532)
14. **Funding and Other Reports.** Governor eliminated reports on the status of Federal funding and the number of FTEs. (Secs. 214, 231, 265, 274, and 296)
15. **Child Welfare Reports.** Governor removed reports on child welfare programs and the posting of the court monitor reports from the Children's Rights Settlement agreement. (Secs. 514, 523, and 588)
16. **Supervisor-to-Staff Ratio.** Governor deleted requirement to explore a 1:12 supervisor-to-staff ratio. (Sec. 298)
17. **Waste, Fraud, and Abuse.** The Governor removed requirements on prevention and reporting. (Secs. 425 and 672)
18. **Marriage and Family.** Governor eliminated permissive language to allow for programs. (Secs. 293, 415, and 416)
19. **Child Development and Care.** Governor eliminated references to Child Development and Care, which was transferred to the Department of Education in FY 2011-12. (Secs. 292, 670, 673, and 680)
20. **Domestic Violence.** Governor removed sections that allow victims of domestic violence to access public assistance benefits. (Secs. 645 and 653)
21. **Public Assistance Provisions.** Governor eliminated definitions for processes and standards for public assistance programs. (Secs. 609, 615, 644, 677, and 686)
22. **Other Programs.** Governor removed language that refers to specific programs, including Michigan 2-1-1, MiCAFE, out-station eligibility workers, and the Chaldean Community Foundation. (Secs. 307, 423, 696, and 750)

Date Completed: 2-29-12

Fiscal Analyst: Frances Carley

Senate Bill 957 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$256,973,200
Changes from FY 2011-12 Year-to-Date:	
1. Reduce Funding for Elimination of Judgeships. Public Act 300 of 2011 eliminated by attrition 8 trial court judgeships; however, the FY 2011-12 Judiciary Budget had already assumed savings of \$942,100 based on eliminating 6 judgeships.	(42,100)
2. Fund Shift for Swift-and-Sure Sanctions. The Governor eliminated the \$1.0 million IDG from Department of Corrections and replaced the same amount with GF/GP dollars.	0
3. Technical Adjustments. The Governor reduced FTEs by 25.0 and aligned restricted funds with estimated revenue.	(5,100)
4. Continue and Expand Mental Health Courts. The Governor included \$550,000 to maintain services at 8 sites previously funded by American Recovery and Reinvestment Act revenue and \$450,000 to expand operations and hire 1.0 FTE for evaluation purposes.	1,000,000
5. Staff Increase in Administrative and SADO. The Governor provided \$160,000 to hire 2.0 FTEs to assist with court consolidation and \$225,000 to hire 3.0 FTEs at the State Appellate Defender Office (SADO) to assist them in meeting statutory requirement of handling 25% of indigent appellate defense cases.	385,000
6. One Time Lump Sum Economics. Staff received a 2% lump sum, retirement costs included.	827,200
7. Economic Adjustments. The Governor included \$7,393,500 for OPEB and a negative \$306,700 for other economic adjustments.	7,086,800
Total Changes	9,251,800
FY 2012-13 Governor's Recommendation	\$266,255,000

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections were not included: Secs. 204, 208, 212, 214, 215, 219, 221, 222, 306, 309, 310, 312, and 321. Secs. 222 and 321, regarding State restricted fund balance reporting and self-help legal website, respectively, were newly proposed deletions this year. The remaining listed sections were proposed deletions in last year's Governor's Recommendation, but were subsequently added back. The subjects of these sections included the preference for buying American, Michigan and veteran-owned goods and services, the restriction on out-of-state travel for state employees, and various reporting requirements. Sections of boilerplate that remain have been renumbered accordingly.
2. **Remove Language Regarding NHSA Grant.** Eliminated language that provided a funding plan that would apply if Judiciary was awarded a United States Department of Transportation - National Highway Safety Administration (U.S. DOT-NHSA) grant to support drug treatment courts. (Sec. 311(5))
3. **Include Concurrent Jurisdiction as Qualifying for Drug Court Pilot.** Current law stated that a court had to be a unified trial court in order to participate in the Swift-and-Sure Sanctions Pilot Program; the revised section included both unified trial courts and courts with concurrent jurisdiction plans. (Sec. 308)
4. **Reduce Contingent Byrne Grant-Related IDG from State Police.** Current law (Sec. 322) authorizes two interdepartmental grants (IDGs) from State Police to Judiciary for \$525,000 and \$225,000 contingent on various aspects of Federal Byrne formula grant funding. The revised language includes only the \$225,000 and also removes the more specific language. (Sec. 309)
5. **Definitions.** The Governor eliminated a number of definitions that are no longer used in the bill. (Sec. 203)

Date Completed: 2-23-12

Fiscal Analyst: Dan O'Connor

Senate Bill 958 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$834,490,400
Changes from FY 2011-12 Year-to-Date:	
1. Home Heating Assistance for the Vulnerable (HHAV). The Governor created this new program to provide home heating assistance for vulnerable populations. This program would be funded through the rate structure of both State-regulated and non-regulated utilities. In contrast to the former Low-Income Energy Efficiency Fund (LIEEF), no grants for energy efficiency would be provided.	60,000,000
2. Eliminate LIEEF and Vulnerable Household Warmth Assistance (VHWA). The LIEEF was repealed in 2011, and the VHWA was created as a temporary program in its stead. The Governor replaced both with the HHAV.	(118,000,000)
3. Centers for Independent Living. The Governor used a fund shift to provide \$1.5 million in GF/GP to replace lost Federal funding of a like amount.	0
4. Additional Health Systems Inspections. The Governor included an additional \$740,000 Federal and \$840,000 State restricted funds for the Bureau of Health Systems for the inspection of regulated facilities.	1,580,000
5. Adult Foster Care Homes Background Checks. The Governor replaced a \$1.0 million IDG from the Department of Human Services and \$28,100 in Liquor Purchase Revolving Fund with GF/GP funding for the subsidy of background checks for employees of these facilities.	0
6. Fireworks Sales Regulation. The Governor included 6.0 FTEs and funding from the Fireworks Safety Fund to implement regulation of fireworks sales under 2011 PA 256.	600,000
7. Bureau of Fire Services Fees. The Governor raised inspection and plan review fees for hospitals and schools. The fees are expected to raise approximately \$585,000. No additional appropriation authority was included.	0
8. FY12 Contingency Plan. The Governor included the elimination of 1.0 FTE and associated funding in the Worker's Compensation Agency.	(71,100)
9. State Employee Lump-Sum Payments. The Governor included a one-time lump-sum payment for State employees.	5,036,800
10. Technical Adjustments. The Governor included three technical adjustments: the reduction of an IDG from DEQ to the Michigan Administrative Hearing System to reflect actual charges, an increase of \$300,000 from the Real Estate Enforcement Fund to the Attorney General (AG) to support LARA's usage of AG services, and the elimination of a \$100 placeholder for Liquor Control Commission IT upgrades.	219,700
11. Economic Adjustments. Includes \$61,178,800 for OPEB and a negative \$12,521,000 for other economic adjustments.	48,657,800
Total Changes	(\$1,976,800)
FY 2012-13 Governor's Recommendation	\$832,513,600

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Purchasing Requirements.** The Governor removed a prohibition on buying foreign goods and preference for Michigan companies, as well as a section favoring deprived and depressed communities. (Secs. 209 and 210)
2. **IT Work Projects and User Fees.** The Governor removed work project language for IT projects, and the requirement that departments pay user fees to DTMB for IT services. (Secs. 211 and 214)
3. **Report Retention.** The Governor removed a requirement that the Department retain reports. (Sec. 212)
4. **Communication with the Legislature.** The Governor removed a prohibition against punishing employees who communicate with the Legislature. (Sec. 215)
5. **Out-of-State Travel Limits.** The Governor removed a section limiting out-of-state travel. (Sec. 217)
6. **Private Grant Notification.** The Governor removed a requirement that LARA notify the Legislature upon receipt of a private grant. (Sec. 225)
7. **TV Show Prohibition.** The Governor removed a section prohibiting LARA from producing TV shows. (Sec. 232)
8. **Fire Protection Grants.** The Governor removed 2 sections requiring reports from municipalities receiving Fire Protection Grants. (Secs. 301 and 301a)
9. **Fire Safety Standard and Firefighter Protection Act Appropriation.** The Governor removed a section which appropriated revenue credited to the funds associated with this Act as they are received. (Sec. 302a)
10. **Federal Funds Appropriation.** The Governor removed a section appropriating funds earned from the U.S. Department of Labor that are in excess of appropriations. (Sec. 330)
11. **UIA IT Project Report.** The Governor removed a reporting requirement for the UIA IT system upgrades. (Sec. 332)
12. **MARVIN Report.** The Governor removed a report on the number of UI benefit recipients using MARVIN. (Sec. 333)
13. **MIOSHA Report.** The Governor removed a report on the number of people injured or killed at work. (Sec. 340)
14. **Rule Stringency.** The Governor removed a prohibition on rules more stringent than Federal standards. (Sec. 341)
15. **CET Grants Earmark.** The Governor removed an \$80,000 CET grant earmark for the aggregate industry. (Sec. 342)
16. **LIEEF Report.** The Governor removed a report requirement for the Low-Income Energy Efficiency Fund. (Sec. 361)
17. **Commercial Services and Construction Codes Report.** The Governor removed a report on the regulatory and licensing activities of these two Bureaus. (Sec. 368)
18. **Nursing Facilities Reports.** The Governor removed two reports on the activities of and complaints filed against nursing facilities. (Secs. 708 and 714)
19. **Tax Tribunal Report.** The Governor removed a report on the activities of the Tax Tribunal. (Sec. 390)
20. **Investigation Priority.** The Governor removed a section requiring priority be given to investigations of complaints against health professionals for alleged events that occurred within two years of the initial complaint. (Sec. 716)
21. **Medical Marihuana Reports.** The Governor removed reports on the Medical Marihuana Program. (Sec. 726[1] and [3])
22. **Medical Marihuana Contractor.** The Governor removed a requirement that the Medical Marihuana Program be transferred to a private contractor. (Sec. 727)

Date Completed: 2-29-12

Fiscal Analyst: Josh Sefton

Senate Bill 959 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$152,483,500
Changes from FY 2011-12 Year-to-Date:	
1. Armory Maintenance. The Governor recommended an additional \$4.8 million GF/GP to repair and maintain State-owned National Guard armories, providing \$2.4 million GF/GP in Part 1 to an existing base of \$5.3 million GF/GP and \$2.4 million GF/GP in a one-time boilerplate appropriation.	4,800,000
2. Flint Armory. The Governor recommended construction of a new Flint National Guard Armory for \$12.0 million Federal and \$250,000 State restricted for land acquisition and appraisals.	12,250,000
3. Military Retirement. The Governor recommended an increase of \$150,000 GF/GP to reflect higher costs and to transfer the program to the DTMB, Office of Retirement Services.	(3,831,700)
4. Unclassified Salaries. The Governor recommended filling three unclassified positions, one for strategic planning, an assistant for Air National Guard, and a deputy for installations.	500,000
5. Grand Rapids and D.J. Jacobetti Veterans Home Fund Shifts. The Governor recommended a shift of \$225,000 and \$200,000 GF/GP to Federal funds respectively, and a fund shift of \$250,000 State restricted to Federal for the Jacobetti home. Total FY 2012-13 homes' funding would be \$46.5 million for Grand Rapids and \$18.1 million for Jacobetti.	0
6. Veterans Affairs Directorate. The Governor recommended the addition of 1.0 FTE for a VA certification officer (\$125,000 GF/GP) and \$125,000 GF/GP to fill a funding shortfall.	250,000
7. Veterans Service Organization Grants. The Governor recommended a reduction of \$125,000 GF/GP to bring the proposed FY 2012-13 level to \$2,904,600 GF/GP.	(125,000)
8. Headquarters and Armories Reduction. The Governor recommended a GF/GP administrative reduction of \$200,000.	(200,000)
9. Grand Rapids Veterans Home Adjustment. The Governor recommended a reduction of \$2.0 million to reflect actual restricted funds received.	(2,000,000)
10. Lump Sum Payments. The Governor included \$707,900 Gross, \$155,900 GF/GP for employee lump sum payments.	707,900
11. Capital Outlay Adjustment. The Governor removed one-time Federal expenditure.	(1,700,000)
12. FY 2011-12 Contingency Plans. The Governor provided for the FY 2011-12 employee contingency plans, a reduction of \$921,300 GF/GP.	(921,300)
13. Economics. Includes \$10,521,800 (\$2,561,200 GF/GP) for OPEB and a negative \$4,896,000 (\$1,075,600 GF/GP) for other economic adjustments.	5,625,800
Total Changes	\$15,355,700
FY 2012-13 Governor's Recommendation	\$167,839,200

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:**Boilerplate Recommended for Deletion by the Governor:**

1. **IDGs.** State Source and amounts of IDGs received. (Sec.204)
2. **Website.** Requires department website with department expenditure and employee data. (Sec. 207)
3. **Internet Reports.** Requires use of Internet for providing reports. (Sec. 208)
4. **Foreign Goods.** Prohibits purchase of foreign goods and services when domestic sources are available. (Sec. 209)
5. **Deprived and Depressed.** Requires efforts to bring business to deprived and depressed areas. (Sec. 210)
6. **IT Work Projects.** Designates IT projects as work projects. (Sec. 211)
7. **Report Retention.** Requires retention of all reports produced. (Sec. 212)
8. **Travel.** Provides restrictions and guidelines for out-of-state travel. (Sec. 213)
9. **IT Fees.** Requires payment of fees to DTMB for IT services. (Sec. 214)
10. **Employee Discipline.** Prohibits discipline against employee for communicating with Legislature. (Sec. 215)
11. **Budgetary Efficiencies.** Requires improvement in budgetary efficiencies. (Sec. 217)
12. **Lapse Fund Incentive.** Requires GF/GP lapse funds to be used for incentive measures. (Sec. 218)
13. **Quarterly Reports.** Requires quarterly reports to Subcommittees. (Sec. 219)
14. **Sale Notification.** Requires 60-day notification prior to sale of any property. (Sec. 220)
15. **Armory Closures/Consolidations.** Requires consultation with Legislature regarding projected closures/consolidations. (Sec. 224)
16. **Colocations.** Requires efforts to seek partnerships for colocation of activities. (Sec. 226)
17. **Bids on Contracts.** Prohibits exclusion of bidding on contracts by public employee unions. (Sec. 227)
18. **Lapse Estimates.** Requires report of GF/GP lapse estimates. (Sec. 228)
19. **State Restricted Fund Balances.** Requires reporting of restricted fund balances. (Sec. 229)
20. **Administrative Functions.** Requires administrative support, staffing, accountability, adherence to standards. (Sec. 301)
21. **Armory Operations.** Requires adherence with Army regulations, to evaluate for consolidation and efficiencies, to track and monitor equipment and provide security with a passive system. (Sec. 302)
22. **Training.** Requires providing training to standards set by U.S. armed forces. (Sec. 302)
23. **Air Guard Training Facilities.** Requires building maintenance and security to be in accordance to regulations. (Sec. 302)
24. **Michigan Youth Challenge Program.** Requires staff and resources to train a starting class size of 144 cadets and that three meals a day shall be provided according to regulations. (Sec.406)
25. **Veterans Homes.** Requires resources adequate to provide services for 618 nursing and 140 domiciliary beds at the Grand Rapids Home and 182 and 59 at the Jacobetti Home; requires medical staff to be in accordance with VA standards; requires daily laundry services; requires janitorial services to be in accordance with existing standards; and requires homes to provide an individual assessment and plan to each member. (Sec. 501)
26. **Board of Managers.** Requires notification of a department change in Board of Managers' spending plan. (Sec. 501)

Date Completed: 2-29-12

Fiscal Analyst: Bruce Baker

Senate Bill 960 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$330,195,800
Changes from FY 2011-12 Year-to-Date:	
1. Dam Management Grant Program. The Governor included \$500,000 in recurring appropriations and \$2.0 million in one-time funding for a program that would give grants to State, local, and private dam owners whose dams needed repair or demolition.	2,500,000
2. Summer Youth Initiative. The Governor included a new program which would hire youth in Saginaw, Flint, Pontiac, and Detroit to work at DNR-operated facilities.	5,000,000
3. Off-Road Vehicle License Fee Increase. The Governor included a proposal to raise annual ORV fees from \$16.25 to \$35 in FY 2012-13, and \$45 in FY 2014-15. Additional revenue would be used for the maintenance and development of ORV trails.	2,530,700
4. Duplicate Safety Certificate Fee. The Governor included a proposal to create an \$11 fee for issuing duplicates of the various recreational safety certificates issued by the DNR.	70,400
5. Shooting Range Fees. The Governor included a proposal to allow the DNR to charge a \$5 daily fee for DNR-operated shooting ranges that are not inside State parks. Currently, shooting ranges inside State parks have a \$4 daily fee; this fee would be increased to \$5 as well.	50,000
6. Reduce Excess Appropriation Authority. The Governor reduced appropriations to a variety of line items to reflect the actual availability of State restricted revenue.	(8,728,900)
7. State Park Improvement Bond. The Governor increased this line to reflect changes in financing costs.	3,300
8. Capital Outlay Adjustments. The Governor adjusted Capital Outlay appropriations to match new projects expected for FY 2012-13.	(6,703,500)
9. FY 2012 Contingency Plan. The Governor included the elimination of 3.9 FTEs and associated funding for an employee concessions contingency plan.	(364,200)
10. State Employee Lump-Sum Payments. The Governor included a one-time lump-sum payment to State employees.	1,892,600
11. Economic Adjustments. Includes \$25,778,200 for OPEB and a negative \$10,462,300 for other economic adjustments.	15,315,900
Total Changes	\$11,566,300
FY 2012-13 Governor's Recommendation	\$341,762,100

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Civil Service Charges.** The Governor removed a section requiring payment of a 1% Civil Service charge. (Sec. 204)
2. **IT Work Projects and User Fees.** The Governor removed work project language for IT projects, and the requirement that departments pay user fees to DTMB for IT services. (Secs. 208 and 216)
3. **Purchasing Requirements.** The Governor removed a prohibition on buying foreign goods and preference for Michigan companies, as well as a section favoring deprived and depressed communities. (Secs. 210 and 211)
4. **Communication with the Legislature.** The Governor removed a prohibition against punishing employees who communicate with the Legislature. (Sec. 212)
5. **Report Retention.** The Governor removed a requirement that the Department retain reports. (Sec. 217)
6. **Waterways Projects.** The Governor removed a report on projects the Waterways Commission completed. (Sec. 223)
7. **FTE Report.** The Governor removed a quarterly FTE reporting requirement. (Sec. 233)
8. **Expenditure Posting Cost.** The Governor removed a section requiring that the cost of expenditure posting not exceed \$10,000. (Sec. 235)
9. **Engineering Service Costs.** The Governor removed a section allowing the Department to charge a standard percentage fee to recover engineering costs. A similar section was retained. (Sec. 301)
10. **Michigan Historical Museum Admission Fees.** The Governor removed an exemption for children under 18 for admissions fees at the Michigan Historical Museum. (Sec. 306)
11. **Land Transactions.** The Governor removed a report on land transactions approved during the year. (Sec. 308)
12. **Oil and Gas Leases.** The Governor removed a report on oil and gas leases that meet certain criteria. (Sec. 309)
13. **Livestock Indemnification Payments.** The Governor removed a section requiring the DNR to reimburse the DARD for indemnification payments resulting from livestock lost to wolves, coyotes, and cougars. (Sec. 402)
14. **Water Control Structure Certification.** The Governor removed a section prohibiting the DNR from impeding the certification of water control structures on Michigan waterways. (Sec. 502)
15. **MNRTF to State Parks Endowment Fund Transfer.** The Governor removed a section which transferred \$10.0 million from the Michigan Natural Resources Trust Fund to the State Parks Endowment Fund. (Sec. 601)
16. **Intent to Reduce Recreation Opportunities.** The Governor removed a section which required the DNR to notify the Legislature of its intent to reduce recreation opportunities. (Sec. 602)
17. **Timber Marking Quotas.** The Governor removed sections establishing minimums for the number of acres marked and prepared for timber harvest, and that the DNR hire contract foresters to meet these quotas. (Secs. 702 and 705)
18. **Horseback Interests.** The Governor removed a section requiring the DNR to work cooperatively with horseback riding interests. (Sec. 704)
19. **Closed State Forest Campgrounds.** The Governor removed sections expressing the Legislature's intent that State forest campgrounds proposed for closure remain open and accessible to the public, and that some closed campgrounds be incorporated into the State park system. (Secs. 706 and 707)
20. **Aircraft Use Report.** The Governor removed a report on the DNR's use of aircraft. (Sec. 710)
21. **Law Enforcement Grants.** The Governor removed two sections establishing criteria for issuing Snowmobile Law Enforcement Grants and Marine Safety Grants. (Secs. 801 and 802)
22. **ORV Trail Grants.** The Governor removed requirement that \$980,000 of these grants be used for new trails. (Sec. 902)
23. **Capital Outlay Projects.** The Governor removed a section directing the use of Capital Outlay funds. (Sec. 1001)
24. **Grand Marais Breakwall.** The Governor removed a section establishing the Grand Marais Breakwall project as a Capital Outlay project, and a section appropriating \$4.0 million GF/GP for the project on a one-time basis. (Sec. 1004)

Date Completed: 2-29-12

Fiscal Analyst: Josh Sefton

Senate Bill 961 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$12,659,072,900
Changes from FY 2011-12 Year-to-Date:	
1. Technical Cost Adjustments. The Governor recommended \$91.0 million Gross for an increase in costs associated with taxable values, pupils, and special education. Of this amount, \$63.7 million was recommended as an increase in base spending for fiscal year 2011-12, with a further \$29.3 million recommended for FY 2012-13. In addition, \$862,200 in additional education costs at juvenile detention facilities were included, and \$5.4 million in Federal funds were replaced with State funds anticipating Federal cuts.	97,261,900
2. Increase in Federal Funds. The Governor included \$47.7 million in increased Federal funds based on anticipated Federal spending levels.	47,709,600
3. Increase in Best Practices/Student Performance Grants. In addition to continuing what had been intended as one-time funding, the Governor increased grants for best practices and student performance from \$154.0 million to \$190.0 million, of which \$50.0 million is intended as continuing funding in FY 2013-14 and \$140.0 million is one-time in FY 2012-13.	36,000,000
4. Increase in MPSERS Reimbursement. In addition to continuing what had been intended as one-time funding, the Governor increased grants to school districts to partially offset the costs of the retirement system, from \$155.0 million to \$179.0 million.	24,000,000
5. New Consolidation Innovation Grants. The Governor proposed one-time funding of a program to provide consolidation innovation grants, part of the "best practices" program.	10,000,000
6. New Principal Training for Teacher Evaluations. The Governor proposed a new program to provide up to \$300/principal for training in effectively evaluating teachers. Yearly costs are expected to be \$500,000 after initial costs of \$1.75 million.	1,750,000
7. Increase in Debt Service for School Bond Loan Fund. The Governor increased required debt service funding for the School Bond Loan Fund program by 28%.	26,814,700
8. Increase in Data Collection and Reporting Reimbursement. The Governor increased reimbursement to districts for costs associated with data collection and reimbursement.	3,936,000
9. Savings from Half-Day Kindergarten. Implementing language added last year, the Governor's budget recognized \$50.0 million in estimated savings from the change for kindergarten where half-day programs will generate half funding.	(50,000,000)
10. Elimination of Spending. The Governor eliminated the following items: \$133.0 million for MPSERS reserve for retirement reforms (intended as one-time in FY 2011-12), \$4.0 million for district-specific foundation allowances and \$13.5 million for class-size reduction grants (scheduled for elimination after FY 2011-12), and \$700,000 for reimbursement of lost revenue due to changes from the MBT, also scheduled for elimination.	(151,200,000)
11. Reduction in Other Costs. The Governor recommended adjustments in other spending to better reflect estimated costs: \$10.0 million in cash-flow borrowing costs, \$8.5 million in MEAP testing costs, and \$1.1 million in Payments in Lieu of Taxes reimbursement.	(19,552,000)
12. Economic Adjustments. Includes \$818,300 for OPEB and \$403,400 for other economic adjustments.	1,221,700
Total Changes	\$27,941,900
FY 2012-13 Governor's Recommendation	\$12,687,014,800

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Education Achievement System (EAS).** Throughout the bill, the Governor included definitions and references to the EAS, Achievement Authority, and Achievement School, to allow students in schools designated to be within the EAS to be counted in membership at the foundation allowance of the local district.
2. **Best Practices/Student Performance Grants.** The Governor included amended language for the program that had been intended as one-time funding in FY 2011-12 to promote best practices. The program is continued into FY 2012-13, with a total of \$190.0 million appropriated, and up to \$100 per pupil is allocated for districts meeting stated levels of student performance (elementary/middle and high school). Any unallocated funds would be distributed to districts displaying best practices, by meeting five of six criteria: participating in schools-of-choice, conducting assessments at least twice a year, supporting opportunities for students to receive postsecondary credit while attending secondary school, offering online instructional programs, providing a dashboard, or holding the policy for health insurance. (Sec. 22f)
3. **Consolidation Innovation Grants.** The Governor included a new program offering competitive assistance grants to districts and intermediate districts for the reimbursement of transition costs associated with the consolidation of operation or services between two or more districts or the consolidation of districts or ISDs. (Sec. 22g)
4. **School Readiness.** The Governor removed preschool and parenting education programs (former ASAP-PIE) from the allowable uses of school readiness funding. (Sec. 32d)
5. **Itinerant Staff Reimbursement.** The Governor removed language requiring the redistribution of special education funds, that otherwise would lapse, to intermediate districts impacted by changes made in 2003-04 regarding costs associated with itinerant staffing. (Sec. 51a(7)).
6. **Best Practices Earmark for ISDs.** The Governor earmarked 5% of existing intermediate district operational funding as incentive payments for ISDs meeting best practices (service consolidation, competitive bids on non-instructional services, technology plan for constituent districts, dashboard, and information management system). (Sec. 81)
7. **P-20 Longitudinal Data System.** The Governor repurposed \$850,000 in funds for the Center for Educational Performance and Information (CEPI) as competitive grants to intermediate districts to support collaborative efforts of the P-20 system. (Sec. 94)
8. **Principal Training.** The Governor appropriated new funding for grants to districts to support professional development for principals and assistant principals in an approved training program for implementing educator evaluations as required under Sec. 1249 of the Revised School Code. (Sec. 95)
9. **Michigan Virtual University (MVU).** The Governor proposed changing the mission of the MVU by establishing the Center for Online Learning Research and Innovation, focused on research and innovation in online learning. The new Center also would be required to annually research and recommend criteria by which cyber schools and online course providers should be monitored and evaluated to ensure a quality education for their students, as well as analyze the effectiveness of online learning delivery models. The MVU was further charged with conducting a pilot study of 1,000 students in online courses to determine and demonstrate the merits of a payment system for online instructional programs based on student performance rather than solely on enrollment and attendance. (Sec. 98)
10. **MPSERS Rate.** The FY 2012-13 MPSERS rate totaled 27.37% of payroll for employees hired before July 1, 2010, and totaled 26.14% of payroll for employees hired on or after that date. (Sec. 147)

Date Completed: 3-1-12

Fiscal Analyst: Kathryn Summers

**FY 2011-12 Governor's Adjusted Appropriations and FY 2012-13 and FY 2013-14 Governor's Recommendation
(Dollars in Thousands)**

Line Item Description	FY 2011-12			FY 2012-13 GOVERNOR		FY 2013-14 GOVERNOR	
	Initial Appropriations FY 2011-12	Revised Gov's Rec FY 2011-12	Change Gov's Rec FY 2011-12	Change from FY 12 Adjusted Approps	Governor's Rec Appropriations	Change from FY 13 Adjusted Approps	Governor's Rec Appropriations
Sec. 11g Durant Non-plaintiff Debt Service	\$39,000.0	\$39,000.0	\$0.0	\$0.0	\$39,000.0	\$0.0	\$39,000.0
Sec. 11j School Bond Loan Fund Payments - Debt Service	\$93,575.3	\$93,575.3	\$0.0	\$26,814.7	\$120,390.0	\$11,270.0	\$131,660.0
Sec. 11m Cash Flow Borrowing Costs	\$20,000.0	\$8,500.0	(\$11,500.0)	\$1,500.0	\$10,000.0	\$10,000.0	\$20,000.0
Sec. 11p Education Jobs Fund	\$0.0	\$4,700.0	\$4,700.0	(\$4,700.0)	\$0.0	\$0.0	\$0.0
Sec 22a Proposal A Obligation Payment	\$5,691,000.0	\$5,769,000.0	\$78,000.0	(\$62,000.0)	\$5,707,000.0	(\$115,000.0)	\$5,592,000.0
Sec. 22b Discretionary Payment - State	\$3,032,300.0	\$3,052,000.0	\$19,700.0	(\$25,000.0)	\$3,027,000.0	\$79,000.0	\$3,106,000.0
Sec. 22d Isolated Districts Funding	\$2,025.0	\$2,025.0	\$0.0	\$0.0	\$2,025.0	\$0.0	\$2,025.0
Sec. 22e MBT Impact on Out-of-Formula Districts	\$700.0	\$700.0	\$0.0	(\$700.0)	\$0.0	\$0.0	\$0.0
Sec. 22f Best Practices or Other Items	\$154,000.0	\$154,000.0	\$0.0	\$36,000.0	\$190,000.0	(\$90,000.0)	\$100,000.0
Sec. 22g Consolidation Innovation Grants - NEW	\$0.0	\$0.0	\$0.0	\$10,000.0	\$10,000.0	(\$10,000.0)	\$0.0
Sec. 24 Court-Placed Pupils	\$8,000.0	\$8,000.0	\$0.0	\$0.0	\$8,000.0	\$0.0	\$8,000.0
Sec. 24a Juvenile Detention Facilities	\$1,197.5	\$2,114.8	\$917.3	\$21.0	\$2,135.8	\$0.0	\$2,135.8
Sec. 24c Challenge Program	\$742.3	\$765.6	\$23.3	\$0.0	\$765.6	\$0.0	\$765.6
Sec. 26a Renaissance Zone Costs	\$26,300.0	\$26,300.0	\$0.0	\$0.0	\$26,300.0	\$0.0	\$26,300.0
Sec. 26b PILT Reimbursement	\$2,890.0	\$1,838.0	(\$1,052.0)	\$0.0	\$1,838.0	\$0.0	\$1,838.0
Sec. 31a "At Risk" Pupil Support	\$308,988.2	\$308,988.2	\$0.0	\$0.0	\$308,988.2	\$0.0	\$308,988.2
Sec. 31a Vision/Hearing Screening	\$5,150.0	\$5,150.0	\$0.0	\$0.0	\$5,150.0	\$0.0	\$5,150.0
Sec. 31a Child and Adolescent Health Centers	\$3,557.3	\$3,557.3	\$0.0	\$0.0	\$3,557.3	\$0.0	\$3,557.3
Sec. 31d School Lunch Programs - State Share	\$22,495.1	\$22,495.1	\$0.0	\$0.0	\$22,495.1	\$0.0	\$22,495.1
Sec. 31d School Lunch Programs - Federal Share	\$402,506.0	\$402,506.0	\$0.0	\$0.0	\$402,506.0	\$0.0	\$402,506.0
Sec. 31f School Breakfast	\$9,625.0	\$9,625.0	\$0.0	\$0.0	\$9,625.0	\$0.0	\$9,625.0
Sec. 32b Great Start - ECIC Collaborative Grants	\$5,900.0	\$5,900.0	\$0.0	\$0.0	\$5,900.0	\$0.0	\$5,900.0
Sec. 32d Great Start - School Readiness	\$95,700.0	\$95,700.0	\$0.0	\$0.0	\$95,700.0	\$0.0	\$95,700.0
Sec. 32g Early Learning Assessment, Quality Rating - NEW	\$0.0	\$12,500.0	\$12,500.0	(\$12,500.0)	\$0.0	\$0.0	\$0.0
Sec. 32j Great Start - ISD 0-5 Grants	\$5,000.0	\$5,000.0	\$0.0	\$0.0	\$5,000.0	\$0.0	\$5,000.0
Sec. 32l Great Start - School Readiness to Non-Districts	\$8,875.0	\$8,875.0	\$0.0	\$0.0	\$8,875.0	\$0.0	\$8,875.0
Sec. 39a(1) NCLB Federal DOE Grants	\$761,973.6	\$761,973.6	\$0.0	\$50,354.9	\$812,328.5	\$0.0	\$812,328.5
Sec 39a(2) Other Non-NCLB Federal DOE Grants	\$32,359.7	\$32,359.7	\$0.0	\$1,154.4	\$33,514.1	\$0.0	\$33,514.1
Sec. 51c Special Education Headlee - State Share	\$669,900.0	\$647,500.0	(\$22,400.0)	\$25,400.0	\$672,900.0	\$25,100.0	\$698,000.0
Sec. 51a(2) Spec. Ed. Foundations - State Share	\$245,500.0	\$247,000.0	\$1,500.0	\$10,300.0	\$257,300.0	\$7,500.0	\$264,800.0
Sec. 51a(3) Spec. Ed. Hold Harmless to ISDs - State Share	\$1,000.0	\$1,000.0	\$0.0	\$0.0	\$1,000.0	\$0.0	\$1,000.0
Sec. 51a(12) Spec. Ed. Non Sec. 52 to ISDs - State Share	\$6,800.0	\$5,000.0	(\$1,800.0)	(\$200.0)	\$4,800.0	\$0.0	\$4,800.0
Sec. 51a(6) Spec. Ed. Rules Change - State Share	\$2,200.0	\$2,200.0	\$0.0	\$0.0	\$2,200.0	\$0.0	\$2,200.0
Sec. 53a Court-Placed Spec. Ed. FTEs - State Share	\$13,500.0	\$13,500.0	\$0.0	\$0.0	\$13,500.0	\$0.0	\$13,500.0
Sec. 54 MI School for Deaf and Blind - State Share	\$1,688.0	\$1,688.0	\$0.0	\$0.0	\$1,688.0	\$0.0	\$1,688.0
Sec. 56 Spec. Ed. Millage Equalization - State Share	\$36,881.1	\$36,881.1	\$0.0	\$0.0	\$36,881.1	\$0.0	\$36,881.1
Sec. 51a Special Education - Federal IDEA	\$363,400.0	\$363,400.0	\$0.0	\$1,600.0	\$365,000.0	\$0.0	\$365,000.0
Sec. 51d Special Education - Other Federal	\$74,000.0	\$74,000.0	\$0.0	\$0.0	\$74,000.0	\$0.0	\$74,000.0
Sec. 61a Vocational Education	\$26,611.3	\$26,611.3	\$0.0	\$0.0	\$26,611.3	\$0.0	\$26,611.3

**FY 2011-12 Governor's Adjusted Appropriations and FY 2012-13 and FY 2013-14 Governor's Recommendation
(Dollars in Thousands)**

Line Item Description	FY 2011-12			FY 2012-13		FY 2013-14	
	Initial Appropriations FY 2011-12	Revised Gov's Rec FY 2011-12	Change Gov's Rec FY 2011-12	GOVERNOR Change from FY 12 Adjusted Approps	GOVERNOR Governor's Rec Appropriations	GOVERNOR Change from FY 13 Adjusted Approps	GOVERNOR Governor's Rec Appropriations
Sec. 62 ISD Vocational Ed Millage Equalization	\$9,000.0	\$9,000.0	\$0.0	\$0.0	\$9,000.0	\$0.0	\$9,000.0
Sec. 74 Bus Driver Safety Instruction	\$1,625.0	\$1,625.0	\$0.0	\$0.0	\$1,625.0	\$0.0	\$1,625.0
Sec. 74 School Bus Inspections	\$1,529.6	\$1,608.9	\$79.3	\$26.0	\$1,634.9	\$0.0	\$1,634.9
Sec. 81 ISD General Operations Support	\$62,108.0	\$62,108.0	\$0.0	\$0.0	\$62,108.0	\$0.0	\$62,108.0
Sec. 93 State Aid to Libraries	\$1,304.3	\$1,304.3	\$0.0	\$0.0	\$1,304.3	\$0.0	\$1,304.3
Sec. 94a Center for Educ. Perf. and Information - State Share	\$5,501.7	\$5,768.7	\$267.0	\$3,449.7	\$9,218.4	\$0.0	\$9,218.4
Sec. 94a Center for Educ. Perf. and Information - Federal	\$2,893.2	\$2,893.2	\$0.0	(\$2,699.7)	\$193.5	\$0.0	\$193.5
Sec. 95 Principal Educator Evaluation Training - NEW	\$0.0	\$0.0	\$0.0	\$1,750.0	\$1,750.0	(\$1,250.0)	\$500.0
Sec. 98 Michigan Virtual High School - State	\$1,687.5	\$1,687.5	\$0.0	\$2,700.0	\$4,387.5	\$0.0	\$4,387.5
Sec. 98 Michigan Virtual High School - Federal	\$2,700.0	\$2,700.0	\$0.0	(\$2,700.0)	\$0.0	\$0.0	\$0.0
Sec. 99 Math/Science Centers - State	\$2,625.0	\$2,625.0	\$0.0	\$0.0	\$2,625.0	\$0.0	\$2,625.0
Sec. 99 Math/Science Centers - Federal	\$5,249.3	\$5,249.3	\$0.0	\$0.0	\$5,249.3	\$0.0	\$5,249.3
Sec. 104a MEAP Testing - State Share	\$35,194.4	\$35,194.4	\$0.0	(\$8,500.0)	\$26,694.4	\$0.0	\$26,694.4
Sec. 104a MEAP Testing - Federal Share	\$8,250.0	\$8,250.0	\$0.0	\$0.0	\$8,250.0	\$0.0	\$8,250.0
Sec. 107 Adult Education - State	\$22,000.0	\$22,000.0	\$0.0	\$0.0	\$22,000.0	\$0.0	\$22,000.0
Sec. 146a MPSERS One-Time Cost Offset	\$155,000.0	\$155,000.0	\$0.0	\$24,000.0	\$179,000.0	\$0.0	\$179,000.0
Sec. 146b MPSERS Reserve for Retirement Obligation Reform	\$133,000.0	\$133,000.0	\$0.0	(\$133,000.0)	\$0.0	\$0.0	\$0.0
Sec. 152. Adair v State of Michigan	\$34,064.5	\$34,064.5	\$0.0	\$3,936.0	\$38,000.5	\$0.0	\$38,000.5
TOTAL SCHOOL AID APPROPRIATIONS	\$12,659,072.9	\$12,740,007.8	\$80,934.9	(\$52,993.0)	\$12,687,014.8	(\$83,380.0)	\$12,603,634.8
TOTAL REVENUE							
Federal Aid	\$1,653,331.8	\$1,658,031.8	\$4,700.0	\$43,009.6	\$1,701,041.4	\$0.0	\$1,701,041.4
School Aid Fund (SAF)	\$10,887,098.7	\$10,963,333.6	\$76,234.9	(\$177,360.2)	\$10,785,973.4	\$97,977.6	\$10,883,951.0
General Fund/General Purpose	\$118,642.4	\$118,642.4	\$0.0	\$81,357.6	\$200,000.0	(\$181,357.6)	\$18,642.4
Federal Education Jobs Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Federal ARRA State Fiscal Stabilization Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
TOTAL REVENUE	\$12,659,072.9	\$12,740,007.8	\$80,934.9	(\$52,993.0)	\$12,687,014.8	(\$83,380.0)	\$12,603,634.8

Senate Bill 962 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation.....	\$525,082,700
Changes from FY 2011-12 Year-to-Date:	
1. Fleet Leasing. The Governor recommended an additional \$2.65 million GF/GP to account for increased fuel costs and shifting of sergeants to road patrol under regional policing.	2,650,000
2. Law Enforcement Enhancement. The Governor recommended an increase of \$15.0 million GF/GP for enhancements to be announced in March 2012, but is likely to include the training and hiring of an additional 100+ new troopers.	15,000,000
3. Forensic Science. The Governor recommended an increase of \$3.2 million GF/GP to add 20.0 FTEs to reduce crime lab case backlogs.	3,177,200
4. Stressed Cities Support. The Governor recommended adding \$2.8 million GF/GP to cover overtime and other costs associated with targeting resources toward stressed cities when needed.	2,769,900
5. Regional Policing. The Governor added GF/GP funding for IT support (\$650,000) and for cell phone communications (\$674,000) to implement regional policing plan.	1,324,000
6. Tobacco Tax Enforcement. The Governor recommended the addition of 1.0 FTE for an analyst and for training costs to enhance enforcement efforts.	200,000
7. Casino Gaming. The Governor added 1.0 FTE and \$249,000 in casino fee revenue to investigate illegal gaming.	249,000
8. Replacement of Outdated and End-of-Lifecycle Equipment. The Governor added GF/GP for replacement of 180 radios (\$673,000); 160 mobile data computers (\$433,600); 256 in-car cameras (\$1,356,800); and replacement of protective gear (\$266,900). Of the amount added, \$1,623,700 would be a one-time appropriation.	2,730,300
9. One-Time Collins Road Lease Appropriation. The Governor provided GF/GP funds to reflect actual rent costs of Collins Road facility (Emergency Management Center) which was reduced in FY 2011-12.	750,000
10. Replace Exhausted Federal/Restricted Funds with GP/GP. The Governor recommended GF/GP replacement of \$672,600 Federal in Lab Operations, \$7.0 million restricted for State radio communication system, and \$1,403,400 to replace reduced Federal funds for the Michigan Intelligence Operations Center and Emergency Management.	318,200
11. One-Time MIS Appropriation. The Governor eliminated one-time GF/GP appropriation for traffic service for Michigan International Speedway.	(800,000)
12. Lump Sum Payments. The Governor included \$3,220,000 Gross, \$2,085,200 GF/GP, for employee lump sum payments.	3,220,000
13. Adjustment to Reflect Anticipated Revenues. The Governor included a reduction of \$4,737,100 Gross, \$25,800 IDG, \$1,995,900 Federal and \$2,715,400 State restricted to reflect actual funds received.	(4,737,100)
14. FY 2011-12 Contingency Plans. The Governor provided for the FY 2011-12 employee contingency plans, a reduction of \$1,202,300 Gross, \$1,155,000 GF/GP.	(1,202,300)
15. Economics. Includes \$62,417,400 (\$42,016,000 GF/GP) for OPEB and a negative \$40,005,500 (\$28,408,200 GF/GP) for other economic adjustments.	22,411,900
Total Changes	\$48,061,100
FY 2012-13 Governor's Recommendation	\$573,143,800

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:**Boilerplate Recommended for Deletion by the Governor:**

1. **IDGs.** States source and amounts of IDGs received. (Sec. 204)
2. **IDGs.** States source and amounts of outgoing IDGs. (Sec. 205)
3. **Website.** Requires department website with department expenditure and employee data. (Sec. 207)
4. **Internet Reports.** Requires use of Internet for providing reports. (Sec. 208)
5. **Foreign Goods.** Prohibits purchase of foreign goods and services when domestic sources are available. (Sec. 209)
6. **Deprived and Depressed.** Requires efforts to bring business to deprived and depressed areas. (Sec. 210)
7. **IT Work Projects.** Designates IT projects as work projects. (Sec. 211)
8. **Report Retention.** Requires retention of all reports produced. (Sec. 212)
9. **Travel.** Provides restrictions and guidelines for out-of-state travel. (Sec. 213)
10. **IT Fees.** Requires payment of fees to DTMB for IT services. (Sec. 214)
11. **Employee Discipline.** Prohibits discipline against employee for communicating with Legislature. (Sec. 215)
12. **Budgetary Efficiencies.** Requires improvement in budgetary efficiencies. (Sec. 217)
13. **Lapse Fund Incentive.** Requires GF/GP lapse funds to be used for incentive measures. (Sec. 218)
14. **Quarterly Reports.** Requires quarterly reports to Subcommittees. (Sec. 219)
15. **Annual Report.** Requires annual report to Subcommittees. (Sec. 220)
16. **Post Closures/Consolidations.** Requires a 90-day notification to Legislature before determining to close or consolidate a State Police post, along with a local impact study. (Sec. 222)
17. **Privatization.** Requires 60-day notification prior to beginning any efforts to privatize. (Sec. 223)
18. **Contractual Services.** Prohibits any subsidy of contractual services provided. (Sec. 225)
19. **Worksite Inspections.** Requires annual inspection of worksites for internal control and quality. (Sec. 226)
20. **Radio Interoperability.** Requires definition of standards and to monitor compliance. (Sec. 227)
21. **Lapse Estimates.** Requires report of GF/GP lapse estimates. (Sec. 228)
22. **State Restricted Fund Balances.** Requires reporting of restricted fund balances. (Sec. 229)
23. **Calhoun County Post.** Allows efforts to establish a new State Police post facility in Calhoun County. (Sec. 230)
24. **Underserved Communities.** Requires law enforcement coverage to communities underserved by police. (Sec. 231)
25. **Liaison for Tower Use.** Requires acting as liaison to allow for local use of radio towers. (Sec. 232)
26. **Preference for MCOLES Certified Officers.** Requires preference for hiring new troopers. (Sec. 302-5)
27. **Bridges/LEIN.** Requires DHS/MSP cooperation to identify ineligible public assistance candidates. (Sec. 306-4)
28. **LEIN Probation Information.** Requires probation information to be placed on the LEIN system. (Sec. 306-5)
29. **LEIN Fees.** States absence of LEIN user revenue in Part 1 and provides guidelines for establishing fee. (Sec. 306-6)
30. **Sexual Assault.** Requires cooperative effort to ensure proper procedures in the collection of evidence. (Sec. 402-4)
31. **Tobacco Tax Enforcement.** Provides appropriation and guidelines for enforcement. (Sec. 402-5)
32. **Communication Centers.** Provides guidelines and metrics for regional communication centers. (Sec. 406)
33. **Service Model.** Requires development of law enforcement service model for each area of the State. (Sec. 409)
34. **Homeland Security.** Requires grants to be allocated in highest percentage possible to first responders and prohibits grants to City of Detroit for the purpose of supplanting existing General Fund appropriations. (Sec. 502-4)
35. **Collins Road Facility/Emergency Management.** Requires emergency operations to move from Collins Road facility. (Sec. 503-3)
36. **Public Awareness Campaigns.** Requires campaigns including those on child passenger safety. (Sec. 504)
37. **Public Safety Grants.** Requires administration and adherence to guidelines for grant disbursements. (Sec. 505)

Boilerplate Amended by the Governor:

38. **Commercial Vehicle Inspection Metric.** The Governor reduced the minimum for the number of vehicles to be inspected from 75,000 to 53,000 annually. (Sec. 401-4)
39. **School Bus Inspections.** The Governor added language which states staffing shall be maintained necessary to annually inspect all black and yellow school buses in the state. (Sec. 401-5)

Date Completed: 2-29-12

Senate Bill 963 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$3,328,270,700
Changes from FY 2011-12 Year-to-Date:	
1. Removal of One-Time Funding. The Governor removed FY 2011-12 one-time funding of \$500,000 for maintenance of two swing bridges.	(500,000)
2. One-Time Boilerplate Appropriations. Governor included \$119.0 million in one-time GF/GP funding for Federal aid match requirements.	119,000,000
3. Road and Bridge Funding. State Trunkline (STF) funding includes \$6.3 million for county road commissions and \$3.5 million for cities and villages. Reductions include \$1.3 million for STF Federal aid and \$488,800 for local bridge programs.	8,007,200
4. State Aeronautics Fund. Governor restored funding for two programs: \$185,100 for aviation services and \$600,000 for air service programs.	785,100
5. Comprehensive Transportation Fund Adjustments. Programs were adjusted to meet Federal match requirements: \$16.9 million for transit capital; \$612,000 for van pooling; \$450,000 for service initiatives; and \$7.8 million for rail passenger services.	25,781,500
6. Intercity Bus Services. Governor increased funding for replacement of old buses.	1,650,000
7. Debt Service. The Governor included reductions in funding for scheduled debt service payments. The primary reduction results from the Department's change from short-term borrowing to long-term borrowing for the \$40.0 million bond related to the FY 2010-11 target agreement.	(47,198,900)
8. Interdepartmental Grants (IDGs). The Governor adjusted funding for grants to several other departments. The largest adjustment is a reduction of \$6.1 million to the Department of Treasury to align funding with the estimated cost allocation study amount.	(6,396,600)
9. Airport Safety, Protection, and Improvement Program. Governor reduced funding to align with available revenue.	(12,017,400)
10. State Employee Lump Sum Payments. The Governor added \$3,260,800 for one-time payments that are required by contract.	3,260,800
11. Economic Adjustments. Includes \$44.6 million for other post-employment benefits (OPEB) and a negative \$12.9 million for Department economic adjustments.	31,688,700
12. Other Changes. The Governor recommended miscellaneous adjustments in several line items to reflect changes in State restricted and Federal revenue estimates: an increase of \$110,000 for public transportation and reductions of \$122,800 for accounting service center; \$168,000 for Transportation Economic Development Fund revenue; and \$60,000 for bus equipment and facility fees.	(240,800)
Total Changes	\$123,819,600
FY 2012-13 Governor's Recommendation	\$3,452,090,300

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year-to-Date:

1. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections and/or subsections were not included: Secs. 204, 205, 207, 208, 209, 210, 211, 259, 260, 261, 263, 266, 270, 303, 305, 307, 308, 309, 310, 319, 353, 357, 375, 383, 384, 385, 393, 401, 601, 602, 603, 610, 612, 660, 664, 703, 708, 711, 714, 731, 734, 740, and 902. The majority of these sections required the Department to provide either reports or notifications to the Legislature. For example, Section 207 required analysis of potential privatization efforts and appropriate notification of any privatization efforts. Section 307 required an annual report of the Department's rolling 5-year plan listing all county road commission highway projects. Section 610 stated legislative intent that the Department place a priority on the removal of dead deer and other large animal remains from State highways. Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly.
2. **Definitions.** The Governor deleted a number of definitions that are no longer used in the bill. (Sec. 203).
3. **One-Time Appropriations.** The Governor provided for one-time appropriations totaling \$122.3 million: \$119.0 million GF/GP for Federal aid match requirement and \$3.3 million in State restricted revenue for State employee lump sum payments. (Sec. 18-901)

Date Completed: 3-1-12

Fiscal Analyst: Joe Carrasco, Jr.



RECENT SENATE FISCAL AGENCY REPORTS

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