



**FY 2006-07**  
**APPROPRIATIONS REPORT**  
**Part II - Initial Appropriations**

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**September 2006**



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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

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## FY 2006-07 INITIAL APPROPRIATIONS OVERVIEW

The Legislature completed action and the Governor signed into law all of the fiscal year (FY) 2006-07 appropriation bills, with the exception of the Capital Outlay bill, by August 16, 2006. The overall budget can be best characterized as a continuation budget with actual program reductions in several budget areas. In terms of the revenue side of the budget, the overall budget was developed without any tax increases or fee increases. This decision not to include new taxes or fees in the budget has led to a restrained level of appropriation growth in the budget. The issues that received the majority of the debate on the enacted budget included funding increases for K-12 education, community colleges, and universities, the reform of existing State welfare and Medicaid programs, and the decision not to include tax or fee increases in the final budget.

The enacted FY 2006-07 State budget was developed and based on a consensus revenue estimate agreed to on May 17, 2006. This consensus revenue estimate provides for \$8.4 billion of General Fund/General Purpose (GF/GP) revenue and \$11.6 billion of School Aid Fund (SAF) revenue. The GF/GP revenue estimate represents a \$153.7 million or 1.9% increase from the estimated FY 2005-06 level and the SAF revenue estimate represents a \$354.4 million or 3.2% increase from the estimated FY 2005-06 level. As well as the GF/GP and SAF revenue estimated at the consensus revenue estimating conference, the enacted budget includes several other additions to GF/GP and SAF revenue. These include the carryforward of surplus FY 2005-06 revenue, Federal funds appropriated in the SAF budget, transfers of a variety of State Restricted revenue sources to the GF/GP budget, and revenue received from the sale of surplus State property. Total FY 2006-07 GF/GP revenue available to support appropriations is \$9.2 billion and total FY 2006-07 SAF revenue available to support appropriations is \$13.1 billion.

### FISCAL YEAR 2006-07 APPROPRIATIONS

On an overall basis, the Legislature approved Adjusted Gross appropriations totaling \$41.9 billion. This total assumes that the Legislature enacts the Capital Outlay appropriation bill at the level recommended by the Governor. This level of Adjusted Gross appropriations represents a \$622.0 million or 1.5% increase from the year-to-date level of FY 2005-06 appropriations. Enacted State Spending from State Resources appropriations totaled \$28.1 billion, an increase of \$423.6 million or 1.5% from the year-to-date level of FY 2005-06 appropriations. Enacted GF/GP appropriations totaled \$9.2 billion, an increase of \$166.3 million or 1.8% from the year-to-date level of FY 2005-06 appropriations. [Table 1](#) and [Figure A](#) summarize these appropriations by source of funds.

### Major Changes in State Appropriations

[Tables 2, 3, and 4](#) and [Figures B, C, and D](#) provide a detailed comparison of enacted FY 2006-07 appropriations with year-to-date FY 2005-06 appropriations. The tables and figures present appropriation data by State departments in terms of Adjusted Gross<sup>1)</sup>, State Spending from State Resources<sup>2)</sup>, and GF/GP<sup>3)</sup> appropriations. The following information contains a brief summary of the major FY 2006-07 appropriation changes in each budget area. All numbers in the summary are GF/GP appropriations unless otherwise noted.

**Agriculture:** The enacted budget largely represents a continuation of spending policies in place during FY 2005-06. Funding increases are provided for the food safety program and for the inspection of fruits and vegetables to assure the safety and quality of these items.

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<sup>1)</sup> Adjusted Gross appropriations are defined as Gross appropriations less interdepartmental grants received.

<sup>2)</sup> State Spending from State Resources appropriations are defined as Adjusted Gross appropriations less Federal, Local, and Private funds.

<sup>3)</sup> General Fund/General Purpose appropriations are defined as State Spending from State Resources appropriations less State Restricted appropriations.

**Attorney General:** The enacted budget largely represents a continuation of spending policies in place during FY 2005-06.

**Capital Outlay:** The Legislature has yet to enact the FY 2006-07 Capital Outlay appropriations bill. The explanation of these appropriations contained in this report reflects the Governor's recommendations.

**Civil Rights:** The enacted budget largely represents a continuation of spending policies in place during FY 2005-06.

**Civil Service:** The enacted budget largely represents a continuation of spending policies in place during FY 2005-06. The budget does reflect a 5.0% reduction in funding for agency services, executive direction, and information technology programs.

**Community Colleges:** The enacted budget contains a 2.9% average increase for the operational funding of the 28 community colleges. The funding increases for each college are distributed through a legislative task force funding model that considered several factors in allocating operational funding. The use of this funding formula led to percentage increases for the colleges ranging from a minimum of 2.5% to a maximum of 7.2%. The 7.2% increase for Bay de Noc Community College resulted from a \$200,000 separate adjustment for the college outside of the funding formula.

**Community Health:** The enacted budget contains a 6.0% increase in Gross appropriations and a 1.2% reduction in GF/GP appropriations. Funding for community mental health programs is adjusted to reflect projected caseload and utilization rates. A 2.0% funding increase for Medicaid mental health services and a 2.0% increase in the wage rates paid to community mental health direct care workers are provided. The funding of the Detroit-Wayne County Community Mental Health Board depends on whether this organization converts its operating structure to an authority. If the Detroit-Wayne County Community Mental Health Board fails to change its operating structure to an authority by December 1, 2006, its funding from the State will be reduced by \$3.5 million per month. Funding for public health programs across the State is basically provided at a continuation level. The funding of the Medicaid program includes projected caseload and utilization adjustments that total approximately 2.8%. Medicaid payments to physicians are increased by 2.0%, this increase will be used to increase Medicaid reimbursement for primary care services. Adjustments are also made to the assessments paid by hospitals to the State to increase net Medicaid reimbursements to hospitals. Medicaid payments to health maintenance organizations are increased by 5.0% to meet Federal requirements. Savings are built into the cost of providing pharmaceuticals to Medicaid clients by assumptions concerning pharmaceutical rebates. The Governor's proposed low-income health care plan, Michigan First Healthcare Plan, has \$100.0 million of placeholder Federal authorization. These funds will not be available until the Federal government approves a State waiver establishing this program.

**Corrections:** The enacted budget largely represents a continuation of spending policies in place during FY 2005-06. There are several specific program reductions contained in the budget. These include the elimination of some of the safety inspectors in the prisons, the elimination of 27.5 FTE sergeant positions in prisons, the reorganization of the field operations administrative side of the Department by reducing administrative staff and adding field agent positions, and savings from increasing the use of video conferencing to reduce prisoners' transportation costs. The enacted budget also includes a funding increase for Project Joshua, a program that targets gun offenders on probation or parole in the City of Detroit.

**Education:** The enacted budget contains funding increases for the Michigan School for the Deaf and Blind to reflect program needs, and the funding for two programs was transferred from the Education budget to the School Aid budget. These programs are the Michigan Educational Assessment Program and the School Breakfast Program.

**Environmental Quality-Clean Michigan Initiative.** The enacted budget includes bond funding for brownfield grants and loans and environmental cleanup projects.

**Environmental Quality-Operations:** The enacted budget includes environmental cleanup funding increases financed with bond revenue from the Environmental Protection Bond Fund and the Great Lakes Water Quality Bond. Program reductions in the enacted budget reflect the availability of Federal and other State restricted funding sources.

**Executive Office:** The enacted budget largely represents a continuation of spending policies in place during FY 2005-06.

**Higher Education:** The enacted budget contains a 3.0% average increase for the operations funding of the State's public universities. The funding increases for each university are distributed through a combination of a funding model, per-student floor funding, and other adjustments. The funding model includes components based on enrollment, degree completions, and Federal research funding. The floor funding is designed to provide \$3,775 per fiscal year equated student for all schools. The combination of all of the funding adjustments led to percentage funding increases of between 2.5% and 6.0% for the universities. The enacted budget also contains full funding of financial aid programs, including the Merit Award Scholarship Program, the State Competitive Scholarship Program, and the Michigan Tuition Grant Program.

**History, Arts, and Libraries:** The enacted budget largely represents a continuation of spending policies in place during FY 2005-06.

**Human Services:** The enacted budget contains funding increases to reflect projected caseload increases in the Family Independence Program, day care services provided, and adoption and foster care programs. In order to meet changes in Federally mandated work requirements for welfare recipients, the enacted budget contains increases in the Jobs, Education and Training (JET) pilot program. This program is designed to provide intensive and focused efforts to ensure that welfare recipients make the transition to employment as soon as possible. The enacted budget also includes the funding to fill 51.2 FTE positions in the Child Protective Services program to ensure that all child protective service cases are adequately staffed.

**Information Technology:** The enacted budget largely represents a continuation of spending policies in place during FY 2005-06.

**Judiciary:** The enacted budget contains funding increases to fund new probate and circuit court judges added pursuant to statutory changes. Modest program reductions were enacted in court administration, judicial information systems, and Court Equity Fund reimbursements.

**Labor and Economic Growth:** The enacted budget contains funding from the Department of Human Services for the implementation of the JET program designed to move welfare recipients into the workforce. The enacted budget includes a \$3.7 million increase for fire protection grants to local governments and funding increases in a variety of regulatory programs to reflect the availability of State restricted revenue. The enacted budget also reflects the elimination of funding for the Michigan Broadband Development Authority, which is expected to terminate in mid-FY 2006-07.

**Legislature:** The enacted budget largely represents a continuation of spending policies in place during FY 2005-06. Additional funding for the Office of Auditor General is included to increase audit activities.

**Management and Budget:** The enacted budget largely represents a continuation of spending policies in place during FY 2005-06. The appropriation for debt service payments on bonds issued by the State Building Authority is included in this budget. During FY 2005-06, this appropriation of \$232.7 million was made in the Department of Treasury budget.

**Military and Veterans Affairs:** The enacted budget largely represents a continuation of spending policies in place during FY 2005-06.

**Natural Resources:** The enacted budget largely represents a continuation of spending policies in place during FY 2005-06. The enacted budget reflects a fund source shift in the forest fire protection program, reducing GF/GP support and increasing State restricted revenue. The major program

initiative in the budget is an appropriation of \$150,000 to support activities to control the population of cormorants, a large migratory bird, in northern Michigan areas.

**School Aid:** The enacted budget contains an overall 3.3% increase in State appropriations to local school districts, academies, and intermediate school districts. The basic foundation allowance is increased by \$210 or a per-pupil funding increase of 3.1%. The enacted budget includes a new categorical payment for districts whose foundation allowance in FY 2006-07 is under \$7,360, with the payment of an additional \$23 per-pupil equity payment. Other new categorical programs funded in the budget include a declining enrollment payment, a middle school mathematics program, a health and science program, a special program for students whose parents are incarcerated, and several other smaller programs. The enacted budget also contains funding from the SAF for a variety of programs whose funding in prior years had been from GF/GP appropriations or the Merit Award Trust Fund. These programs include cash flow borrowing costs, juvenile justice education programs, the Youth Challenge Program, school breakfast programs, hearing and vision screening, pre-college engineering, testing costs associated with the Michigan Educational Assessment Program, and school bus inspections.

**State:** The enacted budget largely represents a continuation of spending policies in place during FY 2005-06. The enacted budget contains a \$1.1 million funding increase for the business application modernization project designed to upgrade the mainframe computer system operated by the Department.

**State Police:** The enacted budget contains \$2.5 million of State restricted funding for a trooper school. This trooper school must commence by August 15, 2007, and be designed to graduate at least 50 new troopers. The enacted appropriation contains adequate funding so that no existing State Police posts will need to be closed during FY 2006-07.

**Transportation:** The enacted budget reflects the estimates of the amount of available Federal and State restricted fund sources available to support State and local transportation projects. Total funding for programs funded by the Comprehensive Transportation Fund is increased by 8.8% to reflect the fact that sales tax revenue dedicated to this Fund has been fully provided. This funding increase affects rail transportation services and local public transportation agencies.

**Treasury-Debt Service:** The enacted budget contains an overall 12.5% increase for debt service payments on outstanding general obligation bonds. These bonds finance primarily environmental cleanup projects.

**Treasury-Operations:** The enacted budget contains numerous adjustments dealing with the transfer of programs to other departments, the elimination of one-time funding items, and funding increases to meet statutory obligations. The appropriation for State Building Authority bond debt service has been transferred to the Department of Management and Budget and funding increases are provided to meet statutory obligations in the senior citizen cooperative housing program, renaissance zone payments, and interest payments on agricultural loans.

**Treasury-Revenue Sharing:** The enacted budget contains a freeze in revenue sharing payments to cities, villages, and townships at the level received in FY 2005-06. The constitutional portion of revenue sharing payments to cities, villages, and townships will increase by 2.8% and the statutory payments will be decreased to offset the constitutional increase. Special census revenue sharing payments are funded at \$900,000 for cities, villages, and townships that qualify for these special payments due to population increases.

**Treasury-Strategic Fund Agency:** The enacted budget reflects the elimination of the \$400.0 million FY 2005-06 one-time appropriation funded with tobacco settlement securitization funds. Funding for economic development job grants is reduced by \$1.6 million from the FY 2005-06 level.

## **GUBERNATORIAL VETOES**

Governor Granholm, through her constitutional line item veto authority, vetoed \$4.1 million of Adjusted Gross and \$95,000 of GF/GP appropriations. [Table 5](#) provides a summary of these vetoes by department. The majority of these vetoes involved specific projects inserted into the budget by the Legislature for environmental cleanup, natural resources, and transportation issues. The Governor's veto messages concerning these specific projects suggested that these types of projects should be determined by criteria outlined by the State departments as opposed to specific designation by the Legislature in the appropriation bills. The Governor's veto messages also informed the Legislature that several boilerplate language provisions contained in numerous appropriation bills would not be enforced by the State departments, because the Governor deemed these provisions unenforceable due to either constitutional or statutory issues.

## **FEE INCREASES**

The enacted FY 2006-07 budget contains no general fee increases that require statutory authorization. Any increases in State restricted revenue resulting from fee adjustments are from previously authorized fee increases or fee increases authorized by State departments not needing new statutory authorization.

## **TOBACCO SETTLEMENT APPROPRIATIONS**

The enacted budget includes the appropriation of \$327.4 million of revenue generated from the master settlement agreement by the United States tobacco industry and 46 states. [Table 6](#) provides a summary of the appropriations made from tobacco settlement revenue deposited into the Merit Award Trust Fund. The majority of the tobacco settlement-financed appropriations fall into two categories. A total of \$165.8 million of the appropriations for the State Medicaid program is financed with tobacco settlement revenue and the entire appropriation of \$127.7 million for the Merit Award Scholarship Program is financed with tobacco settlement revenue.

## **PROJECTED YEAR-END BALANCES**

The level of FY 2006-07 appropriations was based on the May 2006 consensus estimate of GF/GP and SAF revenue along with numerous other revenue adjustments including Federal funds appropriations, the transfer of State restricted revenue, and the carryforward of surplus revenue from the prior fiscal year. The enacted budget has met the constitutional requirement of approving a GF/GP and SAF budget that is balanced between enacted appropriations and estimated revenue. [Table 7](#) provides a summary of the Senate Fiscal Agency estimate of a \$300,000 FY 2006-07 GF/GP year-end balance. The enacted GF/GP budget includes \$109.6 million of surplus revenue carried forward from FY 2005-06, \$585.0 million of revenue resulting from a freeze in statutory revenue sharing payments, and \$93.1 million of various other revenue sources. [Table 8](#) provides a summary of the Senate Fiscal Agency estimate of a zero FY 2006-07 SAF year-end balance. The enacted SAF budget includes \$95.2 million of surplus revenue carried forward from FY 2005-06, a \$35.0 million GF/GP grant to the SAF budget, and \$1.4 billion of Federal aid.

## **STATE EMPLOYMENT LEVELS**

Table 9 and Figure E provide a summary of State classified full-time equated (FTE) employees appropriated in FY 2006-07 versus the year-to-date level of FTEs appropriated in FY 2005-06. Total appropriated FTE employees in FY 2006-07 equal 56,724.3, an increase of 281.9 or 0.5% from the prior fiscal year. State departments with the largest employment increases include the Department of Corrections and the Department of Labor and Economic Growth. The growth of employees in the Department of Corrections results primarily from the completion of modifications at the Huron Valley Complex to accommodate the mental health population in the prison system. The growth of employees in the Department of Labor and Economic Growth results from increases in regulatory programs along with changes related to welfare reform initiatives.

## **STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT**

Article IX, Section 30 of the State Constitution of 1963 prohibits the State from reducing the portion of State appropriations paid to units of local government below the FY 1978-79 level of 48.97%. The enacted FY 2006-07 appropriation bills exceed this minimum constitutional requirement by \$2.4 billion. Table 10 provides a summary of the calculations used to determine the State's compliance with this constitutional requirement for FY 2005-06 and FY 2006-07. Table 11 provides a summary of the State appropriations by department counted as payments to local units of government.

Table 1

APPROPRIATIONS BY SOURCE OF FUNDS FY 2006-07 YEAR-TO-DATE					
Department/Budget Area	Adjusted Gross	Federal Funds	Local & Private Funds	Other State Restricted	General Funds
Agriculture .....	\$103,246,100	\$23,700,000	\$183,800	\$48,449,000	\$30,913,300
Attorney General .....	54,618,000	10,236,500	0	11,485,500	32,896,000
Capital Outlay <sup>1)</sup> .....	213,975,100	147,974,300	12,648,300	53,350,300	2,200
Civil Rights .....	14,020,200	1,566,200	0	0	12,454,000
Civil Service .....	30,759,000	4,779,100	1,850,000	17,157,500	6,972,400
Community Colleges .....	289,879,400	0	0	0	289,879,400
Community Health.....	11,158,871,300	6,042,584,700	305,004,300	1,871,199,600	2,940,082,700
Corrections.....	1,939,183,100	11,431,500	420,900	68,775,700	1,858,555,000
Education .....	90,590,100	67,570,600	8,900,000	7,527,000	6,592,500
Environmental Quality (Operations).....	411,099,900	140,288,500	450,000	236,533,000	33,828,400
Environmental Quality (CMI Bond) .....	14,411,000	0	0	14,411,000	0
Executive.....	5,509,900	0	0	0	5,509,900
Higher Education.....	1,787,491,300	3,000,000	0	159,700,000	1,624,791,300
History, Arts, and Libraries.....	54,784,700	8,450,900	577,400	2,581,200	43,175,200
Human Services.....	4,465,032,600	3,135,487,200	64,395,500	67,702,000	1,197,447,900
Information Technology .....	0	0	0	0	0
Judiciary .....	256,864,600	4,626,400	4,454,900	87,178,500	160,604,800
Labor and Economic Growth .....	1,207,990,400	795,345,800	18,138,600	347,069,300	47,436,700
Legislature.....	131,122,400	0	400,000	2,649,700	128,072,700
Management and Budget.....	320,848,500	0	0	52,438,900	268,409,600
Military and Veterans Affairs .....	121,238,000	51,450,700	2,694,400	26,452,700	40,640,200
Natural Resources (Operations) .....	284,547,300	42,964,300	3,125,100	213,188,300	25,269,600
Natural Resources Trust Fund.....	0	0	0	0	0
School Aid .....	13,093,745,100	1,411,236,900	0	11,647,508,200	35,000,000
State .....	184,793,500	3,052,100	100	162,608,600	19,132,700
State Police .....	546,646,100	169,305,000	8,169,200	119,873,200	249,298,700
Transportation .....	3,441,865,300	1,169,336,300	47,500,000	2,225,029,000	0
Treasury (Debt Service) .....	100,158,200	0	0	23,914,500	76,243,700
Treasury (Operations) .....	375,065,500	35,906,300	1,066,200	281,583,300	56,509,700
Treasury (Revenue Sharing).....	1,107,514,400	0	0	1,106,410,000	1,104,400
Treasury (Strategic Fund) .....	80,401,200	47,687,000	700,000	5,000	32,009,200
<b>TOTAL APPROPRIATIONS.....</b>	<b>\$41,886,272,200</b>	<b>\$13,327,980,300</b>	<b>\$480,678,700</b>	<b>\$18,854,781,000</b>	<b>\$9,222,832,200</b>

<sup>1)</sup> Assumes adoption of FY 2006-07 Governor's Recommendation

Figure A

# Appropriations by Source of Funds FY 2006-07 Year-to-Date

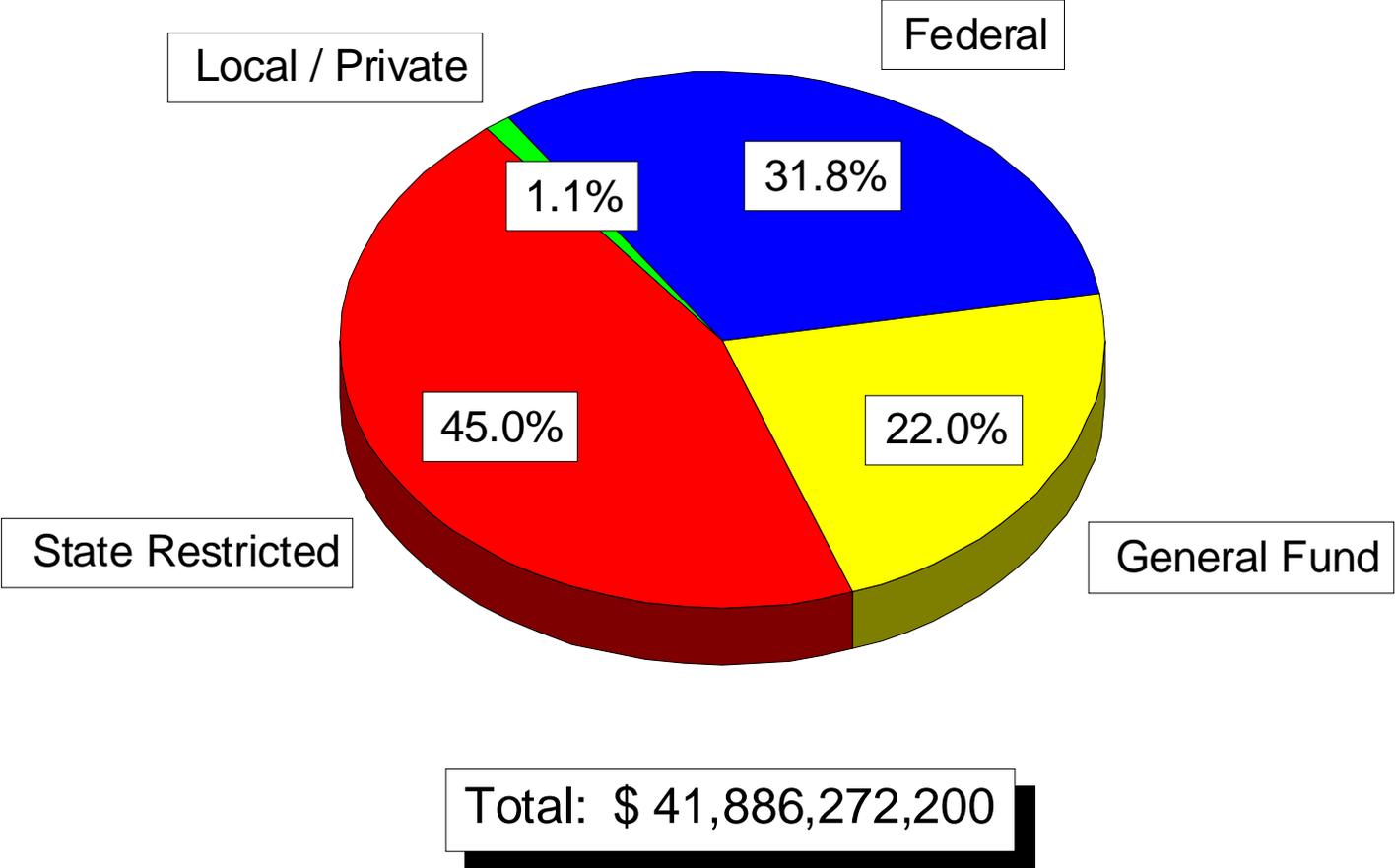


Table 2

<b>ADJUSTED GROSS APPROPRIATIONS FY 2005-06 VERSUS FY 2006-07</b>				
<b>Department/Budget Area</b>	<b>FY 2005-06 Year-to-Date Appropriations</b>	<b>FY 2006-07 Year-to-Date Appropriations</b>	<b>Dollar Difference</b>	<b>Percent Change</b>
Agriculture .....	\$110,684,200	\$103,246,100	\$(7,438,100)	(6.7)%
Attorney General.....	52,339,700	54,618,000	2,278,300	4.4
Capital Outlay <sup>1)</sup> .....	236,575,500	213,975,100	(22,600,400)	(9.6)
Civil Rights .....	13,674,900	14,020,200	345,300	2.5
Civil Service .....	30,270,700	30,759,000	488,300	1.6
Community Colleges.....	281,552,400	289,879,400	8,327,000	3.0
Community Health .....	10,527,543,600	11,158,871,300	631,327,700	6.0
Corrections.....	1,869,062,600	1,939,183,100	70,120,500	3.8
Education .....	120,957,400	90,590,100	(30,367,300)	(25.1)
Environmental Quality (Operations).....	438,692,700	411,099,900	(27,592,800)	(6.3)
Environmental Quality (CMI Bond) .....	0	14,411,000	0	100.0
Executive .....	5,375,500	5,509,900	134,400	2.5
Higher Education .....	1,734,443,900	1,787,491,300	53,047,400	3.1
History, Arts, and Libraries .....	53,201,200	54,784,700	1,583,500	3.0
Human Services.....	4,498,668,200	4,465,032,600	(33,635,600)	(0.7)
Information Technology .....	0	0	0	0.0
Judiciary.....	252,968,400	256,864,600	3,896,200	1.5
Labor and Economic Growth .....	1,237,257,700	1,207,990,400	(29,267,300)	(2.4)
Legislature .....	127,638,400	131,122,400	3,484,000	2.7
Management and Budget .....	81,094,000	320,848,500	239,754,500	295.7
Military and Veterans Affairs.....	120,278,800	121,238,000	959,200	0.8
Natural Resources (Operations) .....	277,299,900	284,547,300	7,247,400	2.6
Natural Resources Trust Fund.....	39,357,900	0	(39,357,900)	(100.0)
School Aid.....	12,700,614,500	13,093,745,100	393,130,600	3.1
State.....	178,078,400	184,793,500	6,715,100	3.8
State Police.....	538,138,900	546,646,100	8,507,200	1.6
Transportation.....	3,424,910,200	3,441,865,300	16,955,100	0.5
Treasury (Debt Service).....	89,001,400	100,158,200	11,156,800	12.5
Treasury (Operations).....	637,268,900	375,065,500	(262,203,400)	(41.1)
Treasury (Revenue Sharing) .....	1,103,626,325	1,107,514,400	3,888,075	0.4
Treasury (Strategic Fund).....	483,717,700	80,401,200	(403,316,500)	(83.4)
<b>TOTAL APPROPRIATIONS .....</b>	<b>\$41,264,293,925</b>	<b>\$41,886,272,200</b>	<b>\$621,978,275</b>	<b>1.5%</b>

<sup>1)</sup> Assumes adoption of FY 2006-07 Governor's Recommendation

Figure B

# Adjusted Gross FY 2006-07 Year-to-Date Appropriations

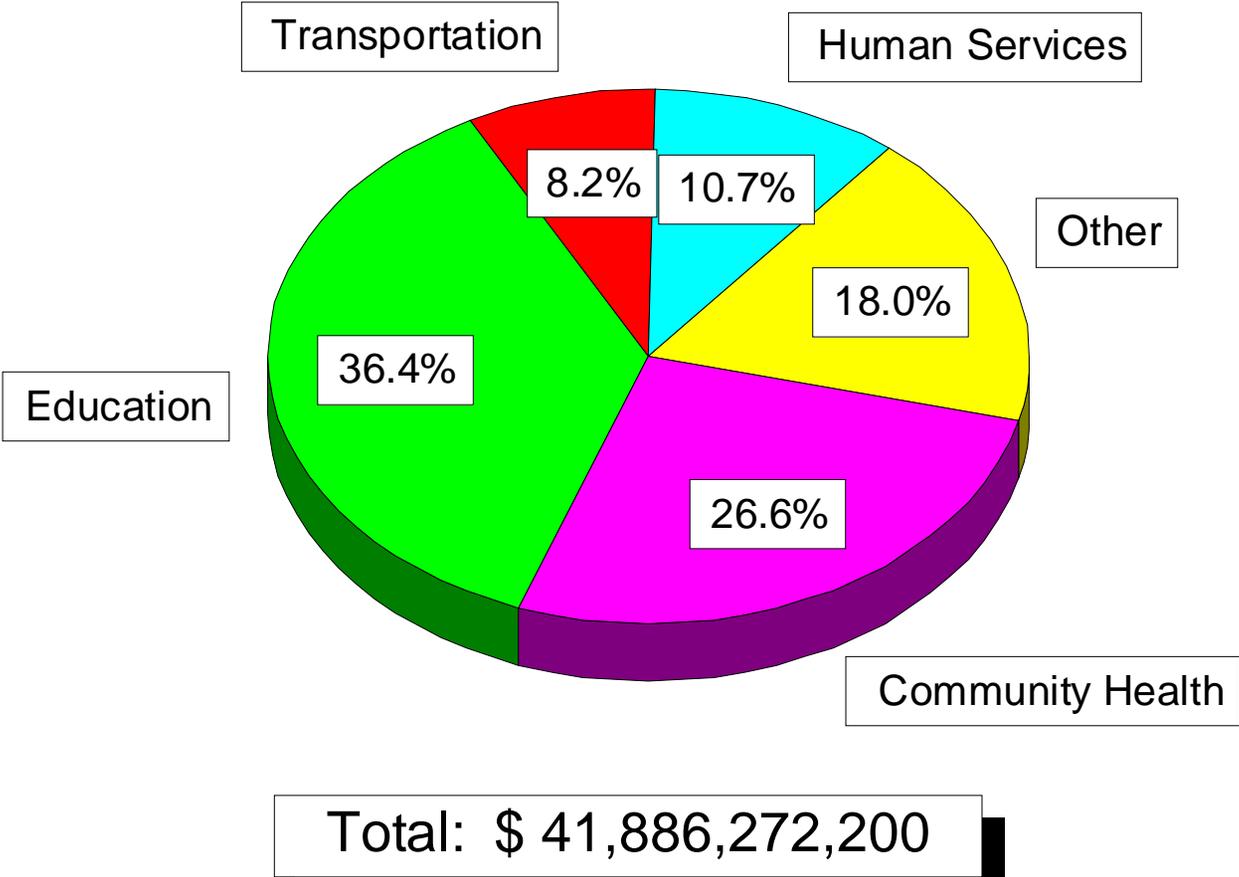


Table 3

STATE SPENDING FROM STATE RESOURCES FY 2005-06 VERSUS FY 2006-07				
Department/Budget Area	FY 2005-06 Year-to-Date Appropriations	FY 2006-07 Year-to-Date Appropriations	Dollar Difference	Percent Change
Agriculture .....	\$76,864,800	\$79,362,300	\$2,497,500	3.2%
Attorney General.....	42,512,600	44,381,500	1,868,900	4.4
Capital Outlay <sup>1)</sup> .....	58,938,700	53,362,500	(5,576,200)	(9.5)
Civil Rights .....	12,108,700	12,454,000	345,300	2.9
Civil Service .....	23,641,600	24,129,900	488,300	2.1
Community Colleges.....	281,552,400	289,879,400	8,327,000	3.0
Community Health .....	4,538,595,100	4,811,282,300	272,687,200	6.0
Corrections.....	1,857,240,700	1,927,330,700	70,090,000	3.8
Education .....	39,809,400	14,119,500	(25,689,900)	(64.5)
Environmental Quality (Operations).....	292,724,700	270,361,400	(22,363,300)	(7.6)
Environmental Quality (CMI Bond) .....	0	14,411,000	14,411,000	100.0
Executive .....	5,375,500	5,509,900	134,400	2.5
Higher Education .....	1,730,943,900	1,784,491,300	53,547,400	3.1
History, Arts, and Libraries .....	44,405,500	45,756,400	1,350,900	3.0
Human Services.....	1,199,480,100	1,265,149,900	65,669,800	5.5
Information Technology .....	0	0	0	0.0
Judiciary.....	244,780,400	247,783,300	3,002,900	1.2
Labor and Economic Growth .....	391,113,100	394,506,000	3,392,900	0.9
Legislature .....	127,238,400	130,722,400	3,484,000	2.7
Management and Budget .....	81,094,000	320,848,500	239,754,500	295.7
Military and Veterans Affairs.....	66,268,600	67,092,900	824,300	1.2
Natural Resources (Operations) .....	233,279,600	238,457,900	5,178,300	2.2
Natural Resources Trust Fund.....	39,357,900	0	(39,357,900)	(100.0)
School Aid.....	11,308,027,200	11,682,508,200	374,481,000	3.3
State.....	174,635,000	181,741,300	7,106,300	4.1
State Police.....	347,434,100	369,171,900	21,737,800	6.3
Transportation.....	2,208,159,900	2,225,029,000	16,869,100	0.8
Treasury (Debt Service).....	89,001,400	100,158,200	11,156,800	12.5
Treasury (Operations).....	600,838,100	338,093,000	(262,745,100)	(43.7)
Treasury (Revenue Sharing) .....	1,103,626,325	1,107,514,400	3,888,075	0.4
Treasury (Strategic Fund).....	434,995,900	32,014,200	(402,981,700)	(92.6)
<b>TOTAL APPROPRIATIONS .....</b>	<b>\$27,654,043,625</b>	<b>\$28,077,623,200</b>	<b>\$423,579,575</b>	<b>1.5%</b>

<sup>1)</sup> Assumes adoption of FY 2006-07 Governor's Recommendation

Figure C

# State Spending From State Resources

## FY 2006-07 Year-to-Date Appropriations

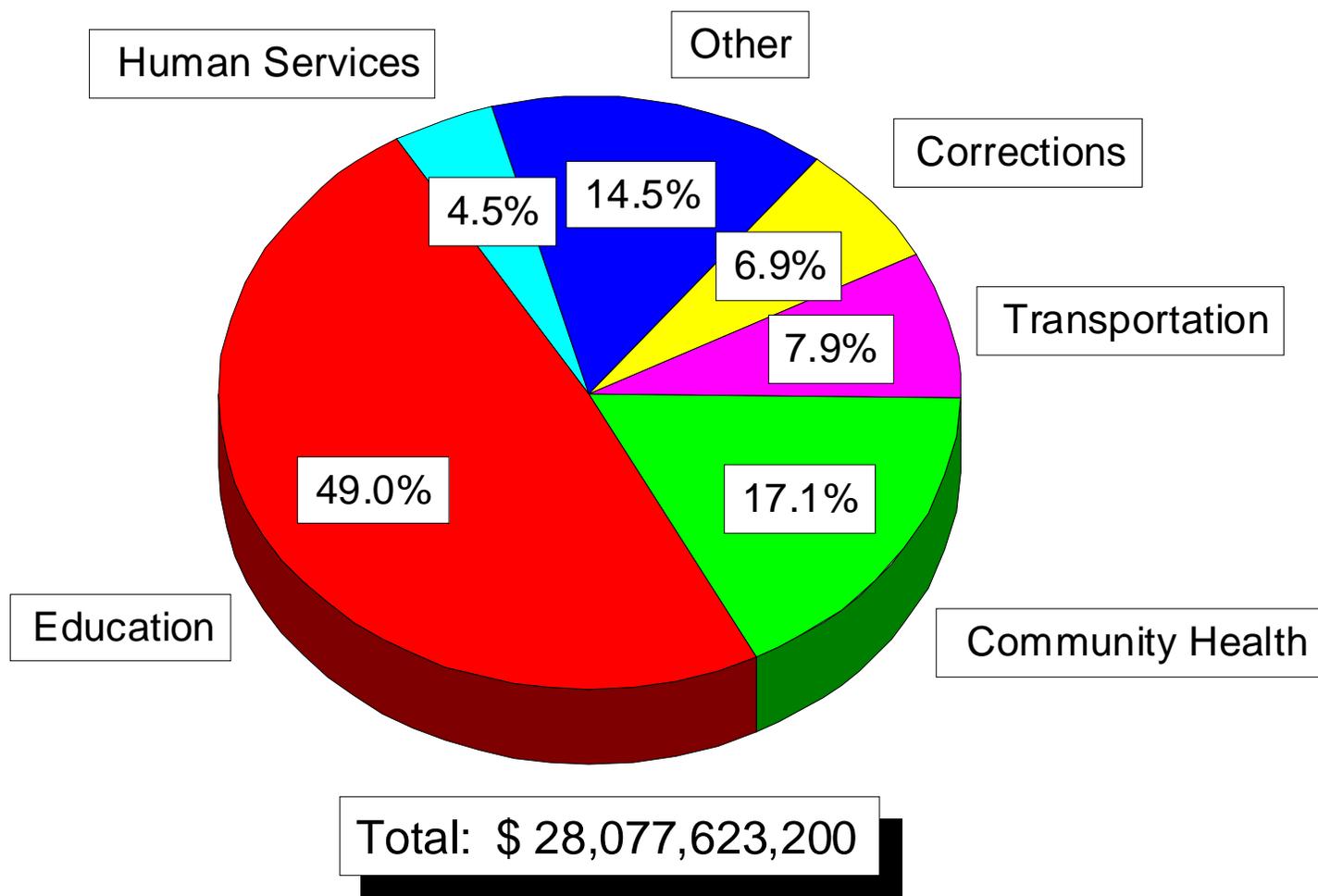


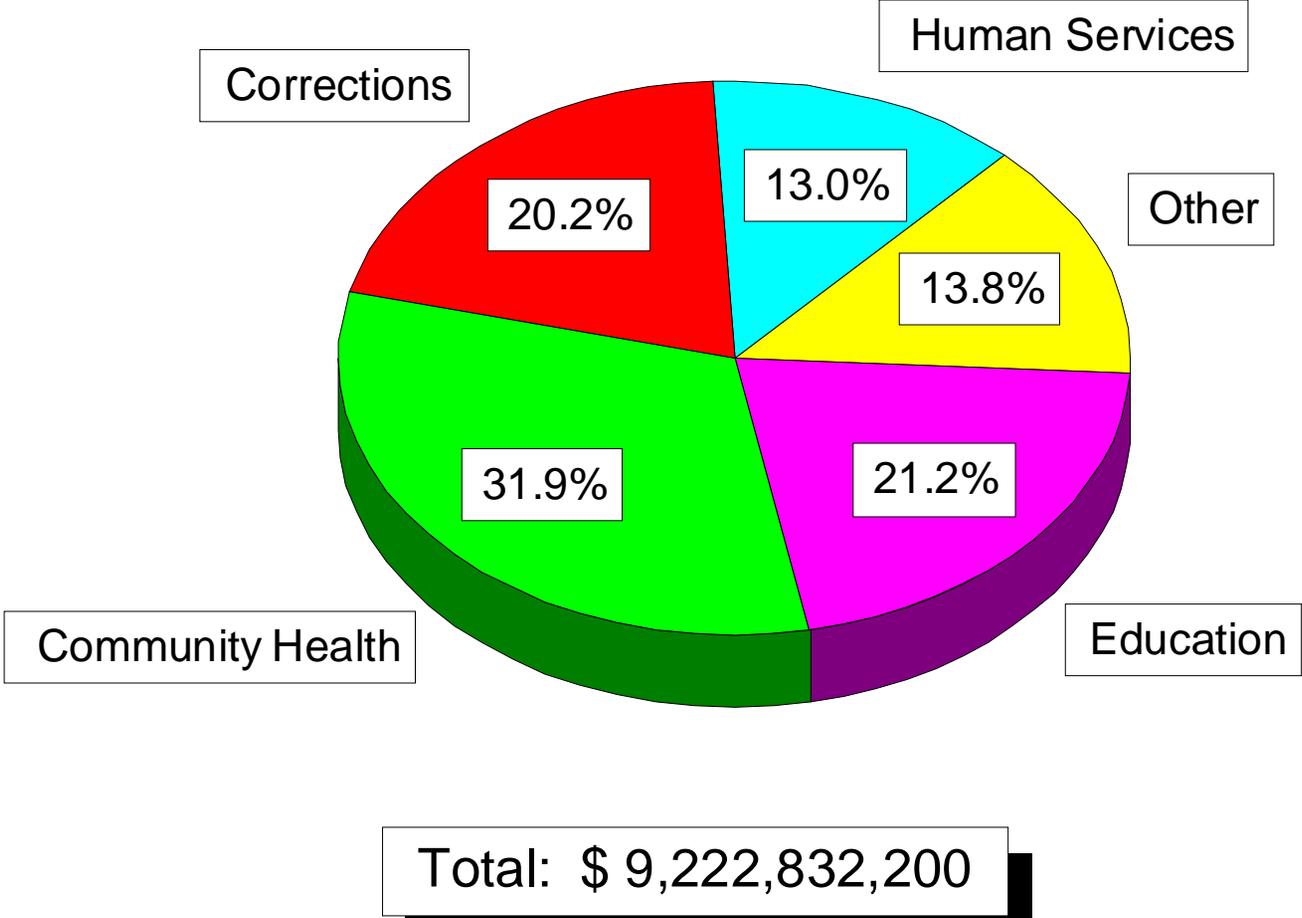
Table 4

<b>GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS FY 2005-06 VERSUS FY 2006-07</b>				
<b>Department/Budget Area</b>	<b>FY 2005-06 Year-to-Date Appropriations</b>	<b>FY 2006-07 Year-to-Date Appropriations</b>	<b>Dollar Difference</b>	<b>Percent Change</b>
Agriculture .....	\$28,887,700	\$30,913,300	\$2,025,600	7.0%
Attorney General.....	31,501,200	32,896,000	1,394,800	4.4
Capital Outlay <sup>1)</sup> .....	4,702,700	2,200	(4,700,500)	(100.0)
Civil Rights .....	12,108,700	12,454,000	345,300	2.9
Civil Service .....	7,102,400	6,972,400	(130,000)	(1.8)
Community Colleges.....	281,552,400	289,879,400	8,327,000	3.0
Community Health .....	2,976,928,900	2,940,082,700	(36,846,200)	(1.2)
Corrections.....	1,790,650,700	1,858,555,000	67,904,300	3.8
Education .....	16,100,400	6,592,500	(9,507,900)	(59.1)
Environmental Quality (Operations).....	31,809,600	33,828,400	2,018,800	6.3
Environmental Quality (CMI Bond) .....	0	0	0	0.0
Executive .....	5,375,500	5,509,900	134,400	2.5
Higher Education .....	1,577,443,900	1,624,791,300	47,347,400	3.0
History, Arts, and Libraries .....	41,821,900	43,175,200	1,353,300	3.2
Human Services.....	1,127,678,200	1,197,447,900	69,769,700	6.2
Information Technology .....	0	0	0	0.0
Judiciary.....	157,614,500	160,604,800	2,990,300	1.9
Labor and Economic Growth .....	39,063,400	47,436,700	8,373,300	21.4
Legislature .....	124,881,900	128,072,700	3,190,800	2.6
Management and Budget .....	35,217,900	268,409,600	233,191,700	662.1
Military and Veterans Affairs.....	39,689,100	40,640,200	951,100	2.4
Natural Resources (Operations) .....	25,943,200	25,269,600	(673,600)	(2.6)
Natural Resources Trust Fund.....	0	0	0	0.0
School Aid.....	62,714,000	35,000,000	(27,714,000)	(44.2)
State.....	19,997,800	19,132,700	(865,100)	(4.3)
State Police.....	231,761,600	249,298,700	17,537,100	7.6
Transportation.....	0	0	0	0.0
Treasury (Debt Service).....	52,886,900	76,243,700	23,356,800	44.2
Treasury (Operations).....	298,036,500	56,509,700	(241,526,800)	(81.0)
Treasury (Revenue Sharing) .....	1,105,100	1,104,400	(700)	(0.1)
Treasury (Strategic Fund).....	33,990,900	32,009,200	(1,981,700)	(5.8)
<b>TOTAL APPROPRIATIONS .....</b>	<b>\$9,056,567,000</b>	<b>\$9,222,832,200</b>	<b>\$166,265,200</b>	<b>1.8%</b>

<sup>1)</sup> Assumes adoption of FY 2006-07 Governor's Recommendation

Figure D

# General Fund/General Purpose FY 2006-07 Year-to-Date Appropriations



**Table 5**  
**FY 2006-07**  
**LINE ITEM VETOES**  
**(Actual Dollars)**

Budget Area/Item	Adjusted Gross	General Fund/ General Purpose
<b>Education</b>		
Education Commission of the States Back Dues .....	\$ (50,000)	\$ (50,000)
Michigan History Day Activities.....	(25,000)	(25,000)
<b>Environmental Quality</b>		
Environmental Ombudsman .....	(200,000)	0
Muskegon County Wetland Development .....	(200,000)	0
Permit Program Benchmarking Study .....	(50,000)	0
Little Black Creek Cleanup Activities .....	(35,000)	0
<b>Human Services</b>		
Stop-Smoking Pilot Project for Foster Parents .....	(20,000)	(20,000)
<b>Natural Resources</b>		
Kalamazoo River Dam Removal Projects .....	(2,000,000)	0
Jackson County Cascades Park Project .....	(500,000)	0
Petoskey Breakwall Repairs .....	(400,000)	0
Gladwin County Chappel Dam Maintenance.....	(300,000)	0
<b>Transportation</b>		
Cost Allocation Plan Development .....	(100,000)	0
Chippewa County M-48/I-75 Interchange Construction .....	(100,000)	0
Petoskey US-31 Traffic Light Installation.....	(52,000)	0
Michigan International Speedway Signage .....	(50,000)	0
<b>TOTAL LINE ITEM VETOES .....</b>	<b>(\$4,082,000)</b>	<b>\$(95,000)</b>

Table 6

<b>FY 2006-07 TOBACCO SETTLEMENT APPROPRIATIONS                      MICHIGAN MERIT AWARD TRUST FUND                      (Actual Dollars)</b>	
<b>Budget Area/Program</b>	<b>Enacted</b>
<b>Attorney General</b>	
Legal Services .....	\$406,700
<b>Community Health</b>	
Medicaid Base Funding .....	165,800,000
Senior Prescription Drug Program.....	0
Nursing Home Personal Needs Allowance.....	5,000,000
Senior Respite Care Services.....	5,000,000
<b>Education</b>	
Michigan Education Assessment Program.....	0
<b>Higher Education</b>	
Merit Award Scholarships .....	127,700,000
Tuition Incentive Program.....	6,350,000
Nursing Scholarship Program.....	4,250,000
Operations Funding .....	9,500,000
<b>Treasury</b>	
Merit Award Board .....	1,544,200
Tuition Incentive Program Administration.....	409,900
Michigan Education Savings Program.....	1,000,000
Information Technology .....	407,500
<b>TOTAL MERIT AWARD TRUST FUND APPROPRIATIONS .....</b>	<b>\$327,368,300</b>

**Table 7**

<b>FY 2006-07 GENERAL FUND/GENERAL PURPOSE REVENUE, EXPENDITURES, AND YEAR-END BALANCE (Millions of Dollars)</b>	
	<b>Aug. 2006 Enacted</b>
<b>Revenue:</b>	
Beginning Balance .....	\$ 109.6
<b>Ongoing Revenue:</b>	
Revenue Estimate .....	8,435.4
Revenue Sharing Freeze .....	585.0
Subtotal Ongoing Revenue .....	\$9,020.4
<b>Recommended Revenue Adjustments:</b>	
Pharmaceutical Tax Credit Adjustment .....	10.0
Land Sales .....	28.0
Financial Institutions Fund Transfer to GF/GP .....	2.8
Interest Earning Tobacco Securitization .....	15.0
Shift Short Term Borrowing Costs to School Aid Fund .....	22.8
Liquor Purchase Revolving Fund Transfer to General Fund .....	4.0
Consumer Finance Fees Transfer to General Fund .....	7.0
Liquor Licenses/Penalties .....	3.5
Subtotal Recommended Revenue Adjustments .....	93.1
<b>Total Revenue .....</b>	<b>\$9,223.1</b>
<b>Expenditures:</b>	
Enacted Appropriations .....	9,222.8
<b>Total Expenditures .....</b>	<b>\$9,222.8</b>
<b>PROJECTED YEAR-END BALANCE .....</b>	<b>\$ 0.3</b>

**Table 8**

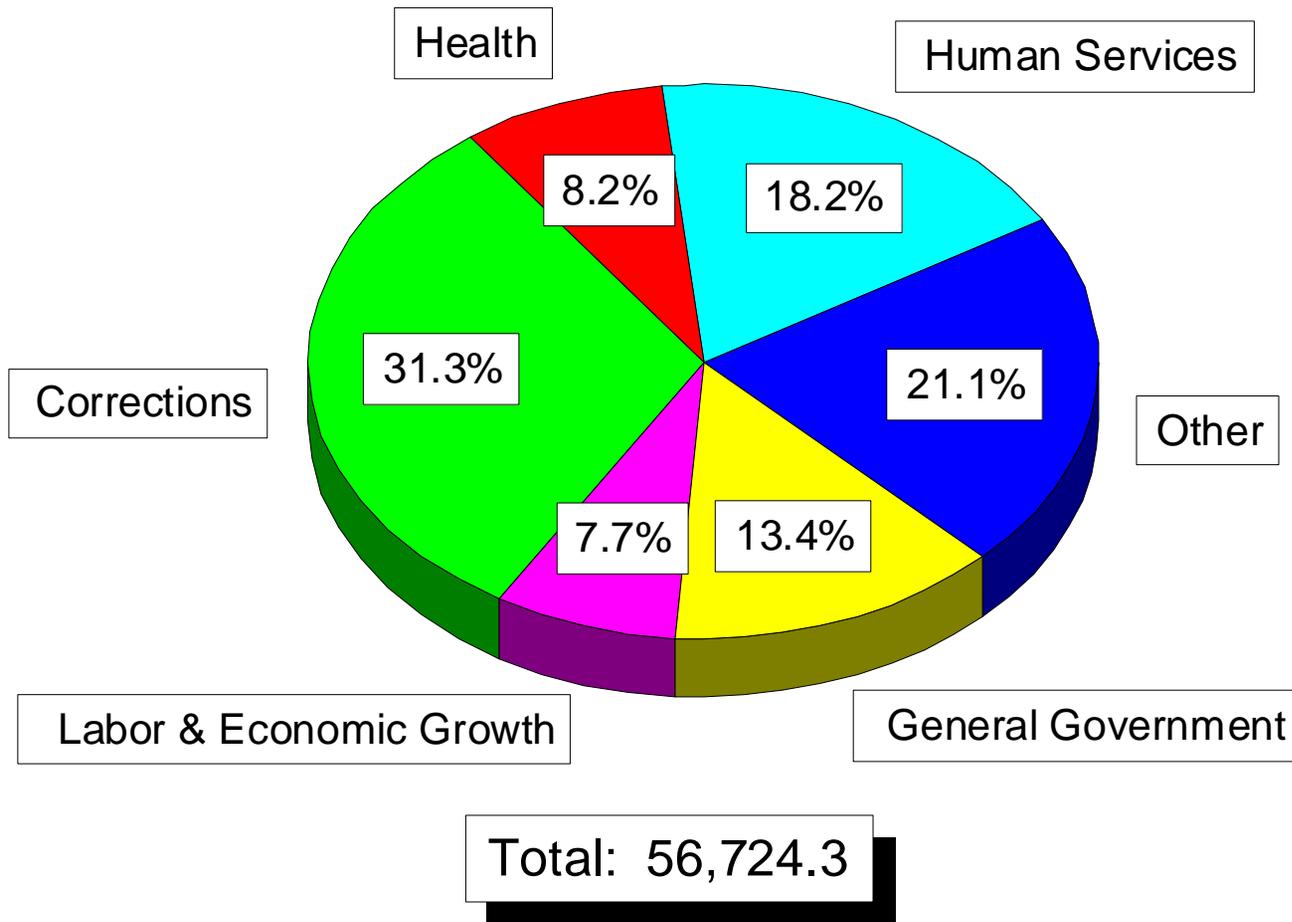
<b>FY 2006-07 SCHOOL AID FUND REVENUE, EXPENDITURES, AND YEAR-END BALANCE (Millions of Dollars)</b>	
	<b>Aug. 2006 Enacted</b>
<b>Revenue:</b>	
Beginning Balance .....	\$ 95.2
Consensus Revenue Estimate .....	11,552.4
GF/GP Grant .....	35.0
Federal Aid .....	1,411.2
<b>Total Revenue .....</b>	<b>\$13,093.8</b>
<b>Expenditures:</b>	
Enacted Appropriations .....	13,093.8
<b>Total Expenditures .....</b>	<b>\$13,093.8</b>
<b>PROJECTED YEAR-END BALANCE .....</b>	<b>\$ 0.0</b>

**Table 9  
FULL-TIME EQUATED POSITIONS  
FY 2005-06 VERSUS FY 2006-07**

<b>Department/Budget Area</b>	<b>FY 2005-06 Year-to-Date Positions</b>	<b>FY 2006-07 Year-to-Date Positions</b>	<b>Position Change</b>	<b>Percent Change</b>
Agriculture .....	691.0	690.0	(1.0)	(0.1)%
Attorney General.....	560.0	559.0	(1.0)	(0.2)
Civil Rights .....	136.0	136.0	0.0	0.0
Civil Service .....	240.5	240.5	0.0	0.0
Community Health .....	4,673.6	4,658.1	(15.5)	(0.3)
Corrections.....	17,509.2	17,782.0	272.8	1.6
Education .....	423.5	435.5	12.0	2.8
Environmental Quality (Operations).....	1,567.2	1,561.7	(5.5)	(0.4)
Executive .....	74.2	74.2	0.0	0.0
Higher Education .....	1.0	1.0	0.0	0.0
History, Arts, and Libraries .....	232.0	232.0	0.0	0.0
Human Services.....	10,384.2	10,343.4	(40.8)	(0.4)
Information Technology .....	1,760.4	1,776.4	16.0	0.9
Judiciary.....	509.0	509.0	0.0	0.0
Labor and Economic Growth .....	4,167.5	4,238.5	71.0	1.7
Management and Budget .....	745.0	752.0	7.0	0.9
Military and Veterans Affairs.....	1,016.0	1,015.0	(1.0)	(0.1)
Natural Resources (Operations) .....	2,073.5	2,086.4	12.9	0.6
State.....	1,853.8	1,853.8	0.0	0.0
State Police.....	2,897.0	2,900.0	3.0	0.1
Transportation.....	3,031.3	3,030.3	(1.0)	(0.0)
Treasury (Operations).....	1,706.5	1,697.5	(9.0)	(0.5)
Treasury (Strategic Fund).....	190.0	152.0	(38.0)	(20.0)
<b>TOTAL POSITIONS .....</b>	<b>56,442.4</b>	<b>56,724.3</b>	<b>281.9</b>	<b>0.5%</b>

Figure E

# Full-Time Equated Positions FY 2006-07 Year-to-Date Appropriations



**Table 10**

<b>STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT (Millions of Dollars)</b>		
	<b>2005-06 Estimate</b>	<b>2006-07 Estimate</b>
State Spending from State Resources <sup>1)</sup> .....	\$27,619.0	\$28,042.6
Required Payments to Local Units of Government (48.97%).....	\$13,525.0	\$13,732.5
Estimated Payments to Local Units of Government.....	\$15,673.0	\$16,182.3
Estimated Payments as a Percentage of Total State Spending.....	56.75%	57.71%
Surplus of Section 30 Payments .....	\$2,148.0	\$2,449.8
<hr/>		
<sup>1)</sup> Excludes \$35.0 million of unrestricted Federal aid		

Table 11

<b>STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 2005-06 VERSUS FY 2006-07</b>				
<b>Department/Budget Area</b>	<b>FY 2005-06 Year-to-Date Appropriations</b>	<b>FY 2006-07 Year-to-Date Appropriations</b>	<b>Dollar Difference</b>	<b>Percent Change</b>
Agriculture .....	\$3,316,800	\$3,216,800	\$(100,000)	(3.0)%
Attorney General .....	0	0	0	0.0
Capital Outlay <sup>1)</sup> .....	14,325,000	19,992,000	5,667,000	39.6
Civil Rights .....	0	0	0	0.0
Civil Service .....	0	0	0	0.0
Community Colleges .....	281,552,400	289,879,400	8,327,000	3.0
Community Health .....	1,136,168,800	1,317,715,000	181,546,200	16.0
Corrections .....	87,830,400	90,341,500	2,511,100	2.9
Education .....	12,911,000	0	(12,911,000)	(100.0)
Environmental Quality (Operations) .....	6,288,700	5,758,700	(530,000)	(8.4)
Environmental Quality (CMI Bond) .....	0	0	0	0.0
Executive .....	0	0	0	0.0
Higher Education .....	3,759,100	3,759,100	0	0.0
History, Arts, and Libraries .....	15,375,400	14,058,900	(1,316,500)	(8.6)
Human Services .....	90,607,800	113,717,400	23,109,600	25.5
Information Technology .....	0	0	0	0.0
Judiciary .....	123,762,500	124,419,000	656,500	0.5
Labor and Economic Growth .....	50,012,400	51,370,500	1,358,100	2.7
Legislature .....	0	0	0	0.0
Management and Budget .....	0	0	0	0.0
Military and Veterans Affairs .....	120,000	120,000	0	0.0
Natural Resources (Operations) .....	29,012,500	29,182,500	170,000	0.6
Natural Resources Trust Fund .....	0	0	0	0.0
School Aid .....	11,285,376,300	11,536,597,200	251,220,900	2.2
State .....	993,800	1,469,800	476,000	47.9
State Police .....	20,518,700	19,899,200	(619,500)	(3.0)
Transportation .....	1,278,368,900	1,304,085,600	25,716,700	2.0
Treasury (Debt Service) .....	0	0	0	0.0
Treasury (Operations) .....	119,249,500	139,406,500	20,157,000	16.9
Treasury (Revenue Sharing) .....	1,103,626,325	1,107,514,400	3,888,075	0.4
Treasury (Strategic Fund) .....	9,798,000	9,798,000	0	0.0
<b>TOTAL APPROPRIATIONS .....</b>	<b>\$15,672,974,325</b>	<b>\$16,182,301,500</b>	<b>\$509,327,175</b>	<b>3.2%</b>

<sup>1)</sup> Assumes adoption of FY 2006-07 Governor's Recommendation



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## **BUDGET AREA DETAIL**

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**DEPARTMENT OF AGRICULTURE  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	691.0	690.0	690.0	700.0	690.0	(1.0)	(0.1)
<b>GROSS.....</b>	<b>121,052,400</b>	<b>111,785,000</b>	<b>113,153,800</b>	<b>114,694,100</b>	<b>113,628,800</b>	<b>(7,423,600)</b>	<b>(6.1)</b>
Less:							
Interdepartmental Grants Received .....	10,368,200	10,382,700	10,382,700	10,382,700	10,382,700	14,500	0.1
<b>ADJUSTED GROSS.....</b>	<b>110,684,200</b>	<b>101,402,300</b>	<b>102,771,100</b>	<b>104,311,400</b>	<b>103,246,100</b>	<b>(7,438,100)</b>	<b>(6.7)</b>
Less:							
Federal Funds.....	33,680,700	22,757,000	23,700,000	22,757,000	23,700,000	(9,980,700)	(29.6)
Local and Private .....	138,700	183,800	183,800	183,800	183,800	45,100	32.5
<b>TOTAL STATE SPENDING.....</b>	<b>76,864,800</b>	<b>78,461,500</b>	<b>78,887,300</b>	<b>81,370,600</b>	<b>79,362,300</b>	<b>2,497,500</b>	<b>3.2</b>
Less:							
Other State Restricted Funds.....	47,977,100	48,399,000	48,449,000	48,549,000	48,449,000	471,900	1.0
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>28,887,700</b>	<b>30,062,500</b>	<b>30,438,300</b>	<b>32,821,600</b>	<b>30,913,300</b>	<b>2,025,600</b>	<b>7.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>3,316,800</b>	<b>3,141,000</b>	<b>3,141,000</b>	<b>3,300,000</b>	<b>3,216,800</b>	<b>(100,000)</b>	<b>(3.0)</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

<b>A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE</b>		
<b>B. FRUIT AND VEGETABLE INSPECTIONS</b>	Gross	300,000
	GF/GP	300,000
The budget includes funding for seasonal inspections of fruits and vegetables.		
<b>C. SURVEY OF EQUINE INDUSTRY</b>	Gross	50,000
	Restricted	50,000
	GF/GP	0
The budget includes funding from the Agriculture Equine Industry Development Fund for the purpose of conducting a departmental survey of the equine industry in the State.		
<b>D. CONSERVATION RESERVE ENHANCEMENT PROGRAM</b>	Gross	350,000
	GF/GP	350,000
The budget includes new funding for the administrative costs of the Conservation Reserve Enhancement Program.		
<b>E. FOOD SAFETY AND QUALITY ASSURANCE</b>	Gross	475,000
	GF/GP	475,000
The budget includes additional funding for departmental inspections related to food safety and quality assurance.		
<b>F. MIGRANT LABOR HOUSING INSPECTIONS</b>	Gross	150,000
	Federal	150,000
	GF/GP	0
The budget includes additional Federal funding for the migrant labor housing inspection program.		
<b>G. EMERGING DISEASE AND EMERGENCY MANAGEMENT</b>	Gross	57,600
	Federal	57,600
	GF/GP	0
The budget includes additional Federal funds for emerging disease surveillance and response within the animal industry.		
<b>H. GROUNDWATER AND FRESHWATER PROTECTION</b>	Gross	250,000
	Federal	250,000
	GF/GP	0
The budget includes additional Federal funds in support of the groundwater and freshwater protection program under the Environmental Stewardship division.		
<b>I. LABORATORY PROGRAM</b>	Gross	543,000
	Federal	543,000
	GF/GP	0
The budget reflects additional Federal support available for the laboratory services unit.		

		<b>FY 2006-07 Change From FY 2005-06 Year-to-Date</b>	
<b>J. FOOD SAFETY AND QUALITY ASSURANCE - FEDERAL SUPPORT</b>		Gross	150,000
		Federal	150,000
		GF/GP	0
	The budget reflects additional Federal funding available for the food inspection program.		
<b>K. PROGRAM REDUCTIONS/ELIMINATIONS</b>			
<b>1. Emerald Ash Borer</b>		Gross	(10,000,000)
		Federal	(10,000,000)
		GF/GP	0
	The budget includes reduced funding to reflect the amount of expected Federal resources available to Michigan for control of the emerald ash borer problem in the State.		
<b>2. Administrative Savings</b>		Gross	(100,000)
		GF/GP	(100,000)
	The budget reflects efficiency savings associated with finance and human resource operations.		
<b>3. Pesticide and Plant Pest Management</b>		Gross	(210,000)
		Federal	(210,000)
		GF/GP	0
	The budget reflects elimination of a \$210,000 Federal grant to Michigan State University.		
<b>4. Bovine TB Program</b>		Gross	(233,600)
		Federal	(233,600)
		GF/GP	0
	The budget reflects a reduction in Federal support for the State's Bovine Tuberculosis Program.		
<b>L. PROGRAM TRANSFERS</b>			
<b>Horse Racing Audits</b>		Gross	240,000
		Restricted	240,000
		GF/GP	0
	The budget reflects the transfer of funding for annual racetrack audits from the Department of Treasury to the Office of the Racing Commissioner within the Department of Agriculture.		
<b>M. UNCLASSIFIED SALARIES - NONE</b>			
<b>N. FEE INCREASES - NONE</b>			
<b>O. FUNDING SHIFTS</b>			
<b>1. Food and Dairy</b>		Gross	0
		Restricted	(500,000)
		GF/GP	500,000
	The budget included a shift of \$500,000 in restricted funding to GF/GP funding for the Food Safety and Quality Assurance Program.		

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

<b>2. Agriculture Development</b>		Gross	0
		Private	40,000
		GF/GP	(40,000)
	The budget reflects a shift of \$40,000 from GF/GP to private funds (from commodity groups) to support agriculture development efforts.		
<b>P. ECONOMIC ADJUSTMENTS</b>		Gross	2,545,200
		IDG	14,500
		Federal	411,300
		Private	5,100
		Restricted	951,900
		GF/GP	1,162,400
<b>Q. OTHER ISSUES</b>			
<b>1. Fairs and Racing</b>		Gross	(20,000)
		Restricted	(20,000)
		GF/GP	0
	The budget reduces restricted revenue from the Fairs, Racing and Producer Security unit by \$20,000.		
<b>2. Human Resources Consolidation</b>		FTE	(1.0)
		Gross	(72,400)
		GF/GP	(72,400)
	The budget includes a reduction due to consolidation of human resources units.		
<b>3. Human Resources Service Center User Charges</b>		Gross	10,600
		GF/GP	10,600
	The budget includes an additional \$10,600 in Human Resources Service Center charges.		
<b>4. Agriculture Statistics</b>		Gross	(35,000)
		GF/GP	(35,000)
	The budget reduces funding for the agricultural statistics reporting program.		
<b>5. FY 2005-06 Supplemental Appropriations</b>		Gross	(1,874,000)
		Federal	(1,099,000)
		Restricted	(250,000)
		GF/GP	(525,000)
<b>R. VETOES - NONE</b>			

**DEPARTMENT OF ATTORNEY GENERAL  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	560.0	557.0	559.0	557.0	559.0	(1.0)	(0.2)
<b>GROSS.....</b>	<b>65,748,100</b>	<b>68,306,300</b>	<b>68,104,000</b>	<b>68,306,300</b>	<b>68,532,300</b>	<b>2,784,200</b>	<b>4.2</b>
Less:							
Interdepartmental Grants Received .....	13,408,400	13,914,300	13,914,300	13,914,300	13,914,300	505,900	3.8
<b>ADJUSTED GROSS.....</b>	<b>52,339,700</b>	<b>54,392,000</b>	<b>54,189,700</b>	<b>54,392,000</b>	<b>54,618,000</b>	<b>2,278,300</b>	<b>4.4</b>
Less:							
Federal Funds.....	9,827,100	10,236,500	10,236,500	10,236,500	10,236,500	409,400	4.2
Local and Private .....	0	0	0	0	0	0	0.0
<b>TOTAL STATE SPENDING.....</b>	<b>42,512,600</b>	<b>44,155,500</b>	<b>43,953,200</b>	<b>44,155,500</b>	<b>44,381,500</b>	<b>1,868,900</b>	<b>4.4</b>
Less:							
Other State Restricted Funds.....	11,011,400	11,259,500	11,485,500	11,259,500	11,485,500	474,100	4.3
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>31,501,200</b>	<b>32,896,000</b>	<b>32,467,700</b>	<b>32,896,000</b>	<b>32,896,000</b>	<b>1,394,800</b>	<b>4.4</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. PROGRAM REDUCTIONS/ELIMINATIONS**

**Funding Adjustments.** The Governor, House, and Senate removed Corporate and Security Fees, \$140,300. The State Trunkline Fund appropriation was reduced by \$300,000 based on actual workload from the Department of Transportation. The Governor also recommended the elimination of 2.0 FTEs and \$226,000 associated with restricted funding for cases involving unlicensed realtors. The Legislature maintained the positions and funding based on pending legislation regarding the expanded use of those restricted funds.

FTE	(1.0)
Gross	(440,300)
IDG	(300,000)
Restricted	(140,300)
GF/GP	0

**C. PROGRAM TRANSFERS - NONE**

**D. UNCLASSIFIED SALARIES - NONE**

**E. FEE INCREASES - NONE**

**F. FUNDING SHIFTS**

Charges to Restricted funds are increased based on legal services provided. These adjustments include \$140,000 from the Department of Human Services related to the Children and Youth Services Division, \$30,000 from the Liquor Purchase Revolving Fund, and \$30,000 from Oil and Gas Privilege Fee revenue. These changes result in a GF/GP reduction of \$200,000.

Gross	0
IDG	140,000
Restricted	60,000
GF/GP	(200,000)

**G. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	3,224,500
IDG	665,900
Federal	409,400
Restricted	554,400
GF/GP	1,594,800

**H. VETOES**

**1. Enforcement Revenue Carryforward**

Gross	0
GF/GP	0

Section 307 provides that unobligated anti-trust enforcement revenue, securities fraud revenue, consumer protection or class action enforcement revenues, or attorney fees recovered by the Department, not to exceed \$1,000,000, may be carried forward and available for appropriation to the Department in the succeeding fiscal year. The Governor modified this section by reducing the carry-forward authorization to \$250,000. The House and Senate maintained the current year carry-forward authorization of \$1,000,000, and replaced "may" with "shall" be carried forward. Along with the carry-forward authorization, the House and Senate appropriate revenues received, up to \$1,000,000, to the Department in FY 2006-07. The Governor vetoed the entire section.

**2. Prisoner Reimbursement Funds**

Gross	0
GF/GP	0

Section 309 provides that the Department may spend up to \$421,800 of prisoner reimbursement funds on activities related to the State Correctional Facilities Reimbursement Act. If the Department of Attorney General collects in excess of \$1,131,000, the excess, limited to \$1,000,000, may be spent on the defense of the State, its departments, or employees, in civil actions filed by prisoners. The Governor, House, and Senate increased the amount reserved for collection activities from \$421,800 to \$445,800. The House and Senate added a provision allowing the Department of Attorney General to carry forward up to \$500,000 for expenditure in the following fiscal year. The Governor vetoed the sentence that authorized the carryforward of unexpended funds.

**CAPITAL OUTLAY  
S.B. 1081**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE*	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions .....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>GROSS</b> .....	<b>238,575,500</b>	<b>215,975,100</b>	<b>0</b>	<b>0</b>	<b>215,975,100</b>	<b>(22,600,400)</b>	<b>(9.5)</b>
Less:							
Interdepartmental Grants Received.....	2,000,000	2,000,000	0	0	2,000,000	0	(0.0)
<b>ADJUSTED GROSS</b> .....	<b>236,575,500</b>	<b>213,975,100</b>	<b>0</b>	<b>0</b>	<b>213,975,100</b>	<b>(22,600,400)</b>	<b>(9.6)</b>
Less:							
Federal Funds .....	156,852,600	147,974,300	0	0	147,974,300	(8,878,300)	(5.7)
Local and Private.....	20,784,200	12,648,300	0	0	12,648,300	(8,135,900)	(39.1)
<b>TOTAL STATE SPENDING</b> .....	<b>58,938,700</b>	<b>53,352,500</b>	<b>0</b>	<b>0</b>	<b>53,352,500</b>	<b>(5,586,200)</b>	<b>(9.5)</b>
Less:							
Other State Restricted Funds .....	54,236,000	53,350,300	0	0	53,350,300	(885,700)	(1.6)
<b>GENERAL FUND/GENERAL PURPOSE ..</b>	<b>4,702,700</b>	<b>2,200</b>	<b>0</b>	<b>0</b>	<b>2,200</b>	<b>(4,700,500)</b>	<b>(99.9)</b>
<b>PAYMENTS TO LOCALS</b> .....	<b>14,325,000</b>	<b>19,992,000</b>	<b>0</b>	<b>0</b>	<b>19,992,000</b>	<b>5,667,000</b>	<b>39.6</b>

\* Assumes adoption of the Governor's recommendation and Target Agreement

**FY 2005-06 Change From  
FY 2004-05 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. FY 2006-07 APPROPRIATIONS**

At the time of this report's publication, the FY 2006-07 Capital Outlay appropriation bill (Senate Bill 1081 or House Bill 5721) had not been passed by either the Senate or the House. The following items have been recommended by the Governor and are pending approval by the Legislature. If all of these items were approved by the Legislature as recommended by the Governor, the total FY 2006-07 appropriation for Capital Outlay would be \$22.6 million less than the FY 2005-06 year-to-date appropriation.

Gross	(22,600,400)
Federal	(8,878,300)
Local	(8,135,900)
Restricted	(885,700)
GF/GP	(4,700,500)

<b>FY 2006-07 CAPITAL OUTLAY APPROPRIATIONS As Recommended by the Governor</b>	
	<b><u>Gross</u></b>
<b>Department of Agriculture</b>	
Farmland/open space - reduced to reflect actual revenue	\$3,750,000
<b>State Agency Special Maintenance</b>	
Continuation level - funded from building occupancy charges	2,000,000
<b>Planning Authorizations</b>	
Universities - total estimated costs \$148.6 million	500
Community Colleges - total estimated costs \$181.2 million	1,300
Regional Economic Development Initiative - \$100.0 million	100
<b>Construction Authorizations</b>	
Kirtland Community College - total authorized cost \$1.0 million	100
DMB State Facility Preservation - Phase III total authorized cost \$50.0 million	100
DNR State Park Improvements - total authorized cost \$20.0 million	100
<b>Department of Military and Veterans Affairs</b>	
Special maintenance, remodeling, and additions (Federal Funds)	5,000,000
<b>Department of Natural Resources</b>	
State park repair and maintenance	2,000,000
Forest roads, bridges, and facilities	1,400,000
Wetlands acquisitions	2,000,000

<b>FY 2006-07 CAPITAL OUTLAY APPROPRIATIONS As Recommended by the Governor</b>	
	<b><u>Gross</u></b>
<b>Department of Natural Resources – Waterways</b>	
Infrastructure improvements - state projects	4,720,000
Infrastructure improvements - local projects	2,250,000
Land acquisitions	1,170,000
State boating access site - Walloon Lake, Charlevoix	510,000
Local boating access site - Tuscarora Twp., Cheboygan	332,500
Local boating access site - Frankfort, Benzie County	113,500
Local boating access site - Ludington, Mason County	171,000
State harbor - Mackinaw City marina, Phase III	265,000
State harbor - Mitchell State Park, seawall, walkway	463,000
State harbor - DeTour harbor improvements	4,000,000
Local harbor - Leland marina improvements	875,000
<b>Department of Transportation</b>	
Salt storage buildings - contract agencies	2,000,000
Salt storage buildings - state locations	1,100,000
Institutional and agency roads	750,000
Construct/replace wash bays at maintenance garages	563,300
Detroit - Rosa Parks Transportation Campus - cost increase/scope change	13,187,000
Gladstone - Delta County - bituminous testing laboratory	400,000
Bay City Transportation Service Center addition	550,000
Oakland County Transportation Service Center construction	2,500,000
Miscellaneous special maintenance, remodeling, and additions	1,000,000
<b>Department of Transportation – Aeronautics</b>	
Airport Safety, Protection, and Improvement Program	162,902,600
<b>TOTAL</b>	<b>\$215,975,100</b>

**DEPARTMENT OF CIVIL RIGHTS  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	136.0	136.0	136.0	136.0	136.0	0.0	0.0
<b>GROSS.....</b>	<b>13,674,900</b>	<b>14,020,200</b>	<b>13,858,000</b>	<b>14,020,200</b>	<b>14,020,200</b>	<b>345,300</b>	<b>2.5</b>
Less:							
Interdepartmental Grants Received .....	0	0	0	0	0	0	0.0
<b>ADJUSTED GROSS.....</b>	<b>13,674,900</b>	<b>14,020,200</b>	<b>13,858,000</b>	<b>14,020,200</b>	<b>14,020,200</b>	<b>345,300</b>	<b>2.5</b>
Less:							
Federal Funds.....	1,566,200	1,566,200	1,566,200	1,566,200	1,566,200	0	0.0
Local and Private .....	0	0	0	0	0	0	0.0
<b>TOTAL STATE SPENDING.....</b>	<b>12,108,700</b>	<b>12,454,000</b>	<b>12,291,800</b>	<b>12,454,000</b>	<b>12,454,000</b>	<b>345,300</b>	<b>2.9</b>
Less:							
Other State Restricted Funds.....	0	0	0	0	0	0	0.0
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>12,108,700</b>	<b>12,454,000</b>	<b>12,291,800</b>	<b>12,454,000</b>	<b>12,454,000</b>	<b>345,300</b>	<b>2.9</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. HUMAN RESOURCES OPTIMIZATION CHARGES**

Gross	(21,000)
GF/GP	(21,000)

The Human Resources Optimization charge was reduced based on the new methodology used to assess the Department's cost for the system.

**C. PROGRAM REDUCTIONS/ELIMINATIONS - NONE**

**D. PROGRAM TRANSFERS - NONE**

**E. UNCLASSIFIED SALARIES - NONE**

**F. FEE INCREASES - NONE**

**G. FUNDING SHIFTS - NONE**

**H. ECONOMIC ADJUSTMENTS**

Gross	366,300
GF/GP	366,300

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

**I. VETOES - NONE**

**DEPARTMENT OF CIVIL SERVICE  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	240.5	240.5	240.5	240.5	240.5	0.0	0.0
<b>GROSS.....</b>	<b>35,941,600</b>	<b>36,547,100</b>	<b>36,456,300</b>	<b>36,547,100</b>	<b>36,547,100</b>	<b>605,500</b>	<b>1.7</b>
Less:							
Interdepartmental Grants Received .....	5,670,900	5,788,100	5,788,100	5,788,100	5,788,100	117,200	2.1
<b>ADJUSTED GROSS.....</b>	<b>30,270,700</b>	<b>30,759,000</b>	<b>30,668,200</b>	<b>30,759,000</b>	<b>30,759,000</b>	<b>488,300</b>	<b>1.6</b>
Less:							
Federal Funds.....	4,779,100	4,779,100	4,779,100	4,779,100	4,779,100	0	0.0
Local and Private .....	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	0	0.0
<b>TOTAL STATE SPENDING.....</b>	<b>23,641,600</b>	<b>24,129,900</b>	<b>24,039,100</b>	<b>24,129,900</b>	<b>24,129,900</b>	<b>488,300</b>	<b>2.1</b>
Less:							
Other State Restricted Funds.....	16,539,200	17,157,500	17,157,500	17,157,500	17,157,500	618,300	3.7
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>7,102,400</b>	<b>6,972,400</b>	<b>6,881,600</b>	<b>6,972,400</b>	<b>6,972,400</b>	<b>(130,000)</b>	<b>(1.8)</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. HUMAN RESOURCES OPTIMIZATION USER CHARGE**

Gross	(16,000)
Restricted	(10,000)
GF/GP	(6,000)

The Department's cost for the Human Resources Optimization Program was adjusted based on the new methodology of assessing costs to departments.

**C. PROGRAM REDUCTIONS/ELIMINATIONS**

**Program Reductions.** An overall 5% General Fund reduction to the Department was allocated to the following line items:

Gross	(355,100)
GF/GP	(355,100)

Agency Services	\$162,100
Executive Direction	\$162,000
Information Technology	\$ 31,000

**D. PROGRAM TRANSFERS - NONE**

**E. UNCLASSIFIED SALARIES - NONE**

**F. FEE INCREASES - NONE**

**G. FUNDING SHIFTS - NONE**

**H. ECONOMIC ADJUSTMENTS**

Gross	976,600
IDG	117,200
Restricted	628,300
GF/GP	231,100

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

**I. OTHER ISSUES**

Gross	0
GF/GP	0

Other adjustments include the transfer of funding between line items to reflect the current organizational structure of the Department.

**J. VETOES - NONE**

**COMMUNITY COLLEGES  
P.A. 341 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>GROSS</b> .....	<b>281,552,400</b>	<b>287,129,400</b>	<b>287,129,400</b>	<b>288,780,700</b>	<b>289,879,400</b>	<b>8,327,000</b>	<b>3.0</b>
Less:							
Interdepartmental Grants Received .....	0	0	0	0	0	0	0.0
<b>ADJUSTED GROSS</b> .....	<b>281,552,400</b>	<b>287,129,400</b>	<b>287,129,400</b>	<b>288,780,700</b>	<b>289,879,400</b>	<b>8,327,000</b>	<b>3.0</b>
Less:							
Federal Funds.....	0	0	0	0	0	0	0.0
Local and Private .....	0	0	0	0	0	0	0.0
<b>TOTAL STATE SPENDING</b> .....	<b>281,552,400</b>	<b>287,129,400</b>	<b>287,129,400</b>	<b>288,780,700</b>	<b>289,879,400</b>	<b>8,327,000</b>	<b>3.0</b>
Less:							
Other State Restricted Funds.....	0	0	43,900,000	0	0	0	0.0
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>281,552,400</b>	<b>287,129,400</b>	<b>243,229,400</b>	<b>288,780,700</b>	<b>289,879,400</b>	<b>8,327,000</b>	<b>3.0</b>
<b>PAYMENTS TO LOCALS</b> .....	<b>281,552,400</b>	<b>287,129,400</b>	<b>287,129,400</b>	<b>288,780,700</b>	<b>289,879,400</b>	<b>8,327,000</b>	<b>3.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. OPERATIONS**

Gross	8,027,000
GF/GP	8,027,000

The Governor recommended an across-the-board 2% increase for college operations. The Senate restored half (\$225,000) of the \$450,000 reduction made to Wayne County Community College's (WCCC's) appropriation in FY 2003-04; allocated \$443,000 to three colleges, Bay de Noc, Kalamazoo Valley, and Mid Michigan, (which did not receive a Task Force distribution in the Senate version) in an effort to move toward a funding floor of \$6,500; distributed the balance of the 2% increase through the Task Force model; and replaced \$43.9 million in General Fund support with School Aid Fund dollars. The House restored half (\$225,000) of the \$450,000 reduction made to WCCC; provided \$200,000 each for Bay de Noc and Mid Michigan Community College; distributed the balance of the 2.5% increase through the Task Force model; created a new line item for Economic Development Grants of \$251,100; created a new line item for Accelerated Licensing Certification grants of \$100; created a new line item for Nursing Expansion grants of \$100; and included FY 2005-06 supplemental appropriations of \$200,000 each for Bay de Noc and Mid Michigan Community College.

The Conference Committee maintained the \$225,000 FY 2005-06 supplemental in WCCC's base; provided a \$200,000 separate adjustment for Bay de Noc; distributed the balance of available funding through the Task Force model; and funded all adjustments entirely from the General Fund. The Conference Committee did not include new line items created by the House and did not include the House-proposed supplemental appropriations for FY 2005-06.

The Conference Committee adjustments reflect funding based on the Leadership Target, which increased funding for the Community College appropriation by \$8,327,000 over the FY 2005-06 year-to-date appropriation. After adjusting for funding required for Renaissance Zone Reimbursements (Item C below), a 2.9% overall increase was available for community college operations. Table 1 delineates the FY 2006-07 changes from FY 2005-06 for Community Colleges.

**C. RENAISSANCE ZONE REIMBURSEMENTS**

Gross	300,000
GF/GP	300,000

The budget increased funding from \$2.9 million to \$3.2 million to reflect projected reimbursements pursuant to the Michigan Renaissance Zone Act.

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**D. AT-RISK STUDENT SUCCESS PROGRAM**

Gross	0
GF/GP	0

The Governor, House, and Senate concurred in maintaining funding for the At-Risk Student Success Program at the FY 2005-06 appropriation level of \$3,322,700. Of the amount appropriated, \$1,120,000 is allocated for base grants of \$40,000 each to address the special needs of at-risk students or the acquisition or upgrade of technology-related equipment and software. The balance of the funding is prorated among community colleges based on the number of student contact hours for developmental and preparatory instruction reported for the most recent three-year period.

**E. PROGRAM REDUCTIONS/ELIMINATIONS - NONE**

**F. PROGRAM TRANSFERS - NONE**

**G. UNCLASSIFIED SALARIES - NONE**

**H. FEE INCREASES - NONE**

**I. FUNDING SHIFTS - NONE**

**J. ECONOMIC ADJUSTMENTS - NONE**

**K. VETOES - NONE**

**Table 1: FY 2006-07 Community Colleges - Public Act 341 of 2006**

	(1)	(2)	(3)	(4)	(5)	(6)
	FY 2005-06 Year-To-Date Appropriation	Funding Adjustment Bay de Noc	Task Force Formula Amounts	FY 2006-07 Public Act 341 of 2006	\$ Change From FY 2005-06	% Change From FY 2005-06
<b>COLLEGE OPERATIONS</b>						
Alpena	\$4,777,100		\$127,700	\$4,904,800	\$127,700	2.7%
Bay de Noc	4,618,500	200,000	131,400	4,949,900	331,400	7.2%
Delta	12,917,100		392,100	13,309,200	392,100	3.0%
Glen Oaks	2,167,100		68,400	2,235,500	68,400	3.2%
Gogebic	3,951,500		92,900	4,044,400	92,900	2.4%
Grand Rapids	16,247,500		459,800	16,707,300	459,800	2.8%
Henry Ford	19,800,700		529,300	20,330,000	529,300	2.7%
Jackson	10,960,800		274,300	11,235,100	274,300	2.5%
Kalamazoo Valley	11,183,600		335,000	11,518,600	335,000	3.0%
Kellogg	8,786,700		250,800	9,037,500	250,800	2.9%
Kirtland	2,666,800		82,300	2,749,100	82,300	3.1%
Lake Michigan	4,728,900		143,700	4,872,600	143,700	3.0%
Lansing	28,097,100		793,700	28,890,800	793,700	2.8%
Macomb	29,978,600		868,700	30,847,300	868,700	2.9%
Mid Michigan	3,999,100		111,300	4,110,400	111,300	2.8%
Monroe	3,890,800		119,000	4,009,800	119,000	3.1%
Montcalm	2,814,300		75,700	2,890,000	75,700	2.7%
Mott	14,205,400		382,100	14,587,500	382,100	2.7%
Muskegon	8,083,900		208,500	8,292,400	208,500	2.6%
North Central	2,738,100		72,300	2,810,400	72,300	2.6%
Northwestern	8,248,900		206,800	8,455,700	206,800	2.5%
Oakland	18,910,900		574,100	19,485,000	574,100	3.0%
St. Clair	6,334,300		200,400	6,534,700	200,400	3.2%
Schoolcraft	11,098,900		294,500	11,393,400	294,500	2.7%
Southwestern	5,958,000		163,100	6,121,100	163,100	2.7%
Washtenaw	11,280,600		408,800	11,689,400	408,800	3.6%
Wayne County	14,807,200		401,900	15,209,100	401,900	2.7%
West Shore	2,077,300		58,400	2,135,700	58,400	2.8%
<b>TOTAL OPERATIONS</b>	<b>\$275,329,700</b>	<b>\$200,000</b>	<b>\$7,827,000</b>	<b>\$283,356,700</b>	<b>\$8,027,000</b>	<b>2.9%</b>
<b>GRANTS</b>						
At-Risk Student Success	3,322,700		0	3,322,700	0	0.0%
Renaissance Zone Funding	2,900,000		300,000	3,200,000	300,000	10.3%
<b>TOTAL GRANTS</b>	<b>\$6,222,700</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$6,522,700</b>	<b>\$300,000</b>	<b>4.8%</b>
<b>TOTAL COMM. COLLEGES</b>	<b>\$281,552,400</b>	<b>\$200,000</b>	<b>\$8,127,000</b>	<b>\$289,879,400</b>	<b>\$8,327,000</b>	<b>3.0%</b>
<b>TOTAL STATE GF/GP</b>	<b>\$281,552,400</b>	<b>\$200,000</b>	<b>\$8,127,000</b>	<b>\$289,879,400</b>	<b>\$8,327,000</b>	<b>3.0%</b>

COMMUNITY COLLEGES

**DEPARTMENT OF COMMUNITY HEALTH  
P.A. 330 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions .....	4,673.6	4,670.1	4,688.1	4,652.1	4,658.1	(15.5)	(0.3)
<b>GROSS.....</b>	<b>10,561,633,600</b>	<b>11,260,606,200</b>	<b>11,193,067,500</b>	<b>10,907,016,800</b>	<b>11,196,157,400</b>	<b>634,523,800</b>	<b>6.0</b>
Less:							
Interdepartmental Grants Received.....	34,090,000	37,286,100	37,286,100	37,286,100	37,286,100	3,196,100	9.4
<b>ADJUSTED GROSS .....</b>	<b>10,527,543,600</b>	<b>11,223,320,100</b>	<b>11,155,781,400</b>	<b>10,869,730,700</b>	<b>11,158,871,300</b>	<b>631,327,700</b>	<b>6.0</b>
Less:							
Federal Funds .....	5,688,988,000	6,102,352,600	6,088,988,500	5,823,755,500	6,042,584,700	353,596,700	6.2
Local and Private.....	299,960,500	302,504,300	302,504,300	305,004,300	305,004,300	5,043,800	1.7
<b>TOTAL STATE SPENDING .....</b>	<b>4,538,595,100</b>	<b>4,818,463,200</b>	<b>4,764,288,600</b>	<b>4,740,970,900</b>	<b>4,811,282,300</b>	<b>272,687,200</b>	<b>6.0</b>
Less:							
Other State Restricted Funds .....	1,561,666,200	1,817,312,800	1,816,312,800	1,812,976,900	1,871,199,600	309,533,400	19.8
<b>GENERAL FUND/GENERAL PURPOSE ..</b>	<b>2,976,928,900</b>	<b>3,001,150,400</b>	<b>2,947,975,800</b>	<b>2,927,994,000</b>	<b>2,940,082,700</b>	<b>(36,846,200)</b>	<b>(1.2)</b>
<b>PAYMENTS TO LOCALS.....</b>	<b>1,136,168,800</b>	<b>1,132,576,800</b>	<b>1,288,492,900</b>	<b>1,316,508,700</b>	<b>1,317,715,000</b>	<b>181,546,200</b>	<b>16.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. MENTAL HEALTH ISSUES**

<b>1. Medicaid Mental Health and Substance Abuse Services Base and Caseload</b>	Gross Federal GF/GP	20,344,900 11,470,500 8,874,400
<p>The budget includes an increase in Medicaid base funding for Community Mental Health (CMH) agencies and substance abuse services to reflect increases in utilization and caseload.</p>		
<b>2. Actuarially Sound Rates for Medicaid Mental Health and Substance Abuse Services</b>	Gross Federal GF/GP	32,618,700 18,390,400 14,228,300
<p>The budget increases rates for Medicaid mental health services and Medicaid substance abuse services by 2% to meet a Federal requirement that payment rates for Medicaid managed care services be actuarially sound.</p>		
<b>3. Wayne County CMH Non-Medicaid Funding</b>	Gross GF/GP	0 0
<p>The budget includes language regarding the status of the Detroit-Wayne CMH, which currently is not constituted as a mental health authority. If the Detroit-Wayne CMH does not become a mental health authority by December 1, 2006, its funding will be reduced by \$3.5 million each month until the Detroit-Wayne CMH becomes an authority. If the CMH becomes an authority before September 30, 2007, the amount of the funding reductions will be reinstated. The language also directs that the reductions come out of administrative costs rather than services to clients.</p>		
<b>4. State Mental Health Hospitals Base Funding Adjustments</b>	FTE Gross Federal Local Restricted GF/GP	(79.9) (2,577,800) (125,500) (3,672,100) (372,200) 1,592,000
<p>The budget includes adjustments in funding and staff to reflect the current placements made by CMH agencies to State-operated facilities for the developmentally disabled and mentally ill. The budget also includes funding for increased staff at the Mt. Pleasant Center for the Developmentally Disabled to meet Federal staffing requirements.</p>		
<b>5. Recognition of CMH Quality Assurance Assessment Program (QAAP) Revenue</b>	Gross Restricted GF/GP	0 4,238,000 (4,238,000)
<p>The budget reflects the most recent estimate of revenue from the CMH QAAP.</p>		
<b>6. CMH Direct Care Worker Wage Increase</b>	Gross Federal GF/GP	10,400,000 5,863,500 4,536,500
<p>The budget includes funding for a 2% wage increase for CMH direct care workers.</p>		

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**C. PUBLIC HEALTH ISSUES**

**1. Hearing and Vision Screening**

Financial responsibility for hearing and vision screening services is shifted to the School Aid budget for FY 2006-07. The FY 2005-06 Department of Community Health (DCH) appropriation reduced the allocation for hearing and vision screening services to half that of previous years. Support for hearing and vision screening will be increased to the full level of prior years with School Aid dollars flowing back to the DCH as local funds.

Gross	2,575,000
Local	5,150,000
GF/GP	(2,575,000)

**2. Healthy Michigan Fund (HMF)**

Total funding for HMF programming is increased by \$350,000 in FY 2006-07 with a corresponding decrease in HMF support for the Medicaid base. Major changes in the distribution of these funds include the new HMF support for programs related to arthritis (\$50,000), Huntington's disease (\$50,000), and Parkinson's disease (\$50,000), as well as a \$200,000 increase in the allocation for infant mortality services.

Gross	550,000
Federal	200,000
GF/GP	350,000

**D. MEDICAID**

**1. Children's Special Health Care Services (CSHCS) Base Adjustment**

The budget includes an adjustment to reflect anticipated changes to the base and caseload for the CSHCS program.

Gross	7,853,800
Federal	5,200,100
GF/GP	2,653,700

**2. Michigan First Healthcare Plan**

The budget provides \$100.0 million in Federal authorization as a placeholder for the Michigan First Healthcare Plan. The program would provide health insurance for low-income, uninsured adults. This funding is contingent upon Federal approval of a State waiver application.

Gross	100,000,000
Federal	100,000,000
GF/GP	0

**3. Medical Services Administration Staff**

The budget provides funding for additional staff in the Medical Services Administration to complete tasks associated with new Medicaid policy changes. The staff will be used to administer changes in the distribution of funds for Graduate Medical Education (GME) and mental health drugs, increase scrutiny of applications for Medicaid long-term care services, and perform internal audit functions.

FTE	33.0
Gross	5,095,900
Federal	2,548,000
GF/GP	2,547,900

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

<b>4. Medicaid Base Adjustment</b>	<p>The budget includes an increase in funding for the base Medicaid program and the MIChild program due to increases in caseload, costs, and utilization. This adjustment represents about a 2.8% increase in costs over the year-to-date FY 2005-06 funding.</p>	<table border="0"> <tr><td>Gross</td><td style="text-align: right;">169,741,300</td></tr> <tr><td>Federal</td><td style="text-align: right;">82,903,800</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">86,837,500</td></tr> </table>	Gross	169,741,300	Federal	82,903,800	GF/GP	86,837,500		
Gross	169,741,300									
Federal	82,903,800									
GF/GP	86,837,500									
<b>5. Adult Benefits Waiver Base Adjustment</b>	<p>The budget provides a 23% increase in the Adult Benefits Waiver program base. This adjustment will finance anticipated increases in pharmaceutical costs as well as expansion of program enrollment to meet the requirements of the Federal waiver.</p>	<table border="0"> <tr><td>Gross</td><td style="text-align: right;">22,148,400</td></tr> <tr><td>Federal</td><td style="text-align: right;">15,386,500</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">6,761,900</td></tr> </table>	Gross	22,148,400	Federal	15,386,500	GF/GP	6,761,900		
Gross	22,148,400									
Federal	15,386,500									
GF/GP	6,761,900									
<b>6. Medicare Part D</b>	<p>The budget provides additional funding for the Medicare Part D program to cover the anticipated full-year cost of the program and to account for expected increases in drug costs and program utilization.</p>	<table border="0"> <tr><td>Gross</td><td style="text-align: right;">30,726,900</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">30,726,900</td></tr> </table>	Gross	30,726,900	GF/GP	30,726,900				
Gross	30,726,900									
GF/GP	30,726,900									
<b>7. Quality Assurance Assessment Program Changes</b>	<p>The budget recognizes GF/GP savings through modifications to QAAP programs. The majority of these savings will be generated through changes in hospital reimbursement. The hospital QAAP assessment will be increased by 1%; revenue from this increase will be used to increase fee-for-service and managed care hospital Medicaid rates. The increase in the hospital QAAP rate and the expansion of the HMO QAAP base will increase gainsharing retained by the State by \$30.0 million. The FY 2006-07 DCH appropriation also creates about \$3.4 million in GF/GP savings by carving Medicaid Graduate Medical Education payments into Medicaid HMOs.</p>	<table border="0"> <tr><td>Gross</td><td style="text-align: right;">283,062,600</td></tr> <tr><td>Federal</td><td style="text-align: right;">159,277,000</td></tr> <tr><td>Restricted</td><td style="text-align: right;">157,168,400</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">(33,382,800)</td></tr> </table>	Gross	283,062,600	Federal	159,277,000	Restricted	157,168,400	GF/GP	(33,382,800)
Gross	283,062,600									
Federal	159,277,000									
Restricted	157,168,400									
GF/GP	(33,382,800)									
<b>8. Special Financing</b>	<p>The budget recognizes GF/GP savings from minor modifications in special financing arrangements and increases in Federal support for Medicaid school-based services.</p>	<table border="0"> <tr><td>Gross</td><td style="text-align: right;">11,804,500</td></tr> <tr><td>Federal</td><td style="text-align: right;">14,584,600</td></tr> <tr><td>Restricted</td><td style="text-align: right;">3,190,200</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">(5,970,300)</td></tr> </table>	Gross	11,804,500	Federal	14,584,600	Restricted	3,190,200	GF/GP	(5,970,300)
Gross	11,804,500									
Federal	14,584,600									
Restricted	3,190,200									
GF/GP	(5,970,300)									
<b>9. Physician Rate Increase</b>	<p>The budget allocates additional funds for Medicaid physician services. These dollars are to be targeted to increase reimbursement rates for well-child visits and adult primary care services. The funding allocated for these targeted increases is equivalent to a 2% increase in fee-for-service and HMO physician reimbursement.</p>	<table border="0"> <tr><td>Gross</td><td style="text-align: right;">16,623,600</td></tr> <tr><td>Federal</td><td style="text-align: right;">9,372,400</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">7,251,200</td></tr> </table>	Gross	16,623,600	Federal	9,372,400	GF/GP	7,251,200		
Gross	16,623,600									
Federal	9,372,400									
GF/GP	7,251,200									

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**10. Adult Home Help Direct Care Workers Wage Adjustment**

The budget includes funding to increase the wages of Adult Home Help program direct care workers to the new minimum wage. An additional increase of 50 cents per hour is provided to workers who currently make \$7.00 per hour or more.

Gross	31,462,600
Federal	17,738,600
GF/GP	13,724,000

**11. Medicaid Managed Care Actuarial Sound Rates**

The budget increases reimbursement to Medicaid HMOs by 5% for FY 2006-07 to meet Federal actuarial soundness requirements.

Gross	97,333,000
Federal	54,876,300
GF/GP	42,456,700

**12. Health Information Technology and Health Behavior Incentives**

The budget provides a \$10.0 million Federal placeholder for a health behavior incentive program for Medicaid recipients. Implementation of this policy change will be contingent upon the Department's securing Federal support for this initiative. The FY 2006-07 appropriation also includes \$9.5 million Gross for health information technology initiatives; \$4.5 million of this allocation is targeted to a health information electronic exchange program in southeastern Michigan.

Gross	19,500,000
Federal	12,250,000
GF/GP	7,250,000

**13. Federal Pharmacy Rebate Adjustment**

The budget assumes savings (\$43.0 million GF/GP) from rebates collected through the Medicaid program for pharmaceutical products purchased through Medicaid HMOs. Realization of these savings is contingent upon passage of Federal legislation that will permit states to collect these rebates. The budget assumes additional savings from policy changes that will be feasible if this Federal legislation is passed, by carving antidepressant medication into the Medicaid Health Plan Services line (generating \$3.1 million GF/GP savings through the HMO QAAP) and carving antidepressant medication into the Medicaid Mental Health Services line (generating \$5.3 million GF/GP savings through the CMH QAAP).

Gross	(84,916,400)
Federal	(48,501,400)
Restricted	14,997,600
GF/GP	(51,412,600)

**14. Medicaid Program Cost Savings**

The budget includes savings from a number of other Medicaid cost-saving initiatives. These include a reduction in the program eligibility error rate (savings of \$8.7 million GF/GP), savings from increased scrutiny of applications for Medicaid long-term care services (\$5.0 million GF/GP), passage of the Federal Deficit Reduction Act (\$9.6 million GF/GP), recovery of identified pharmaceutical overpayments (\$10.0 million GF/GP), case management for identified high-cost cases (\$4.4 million GF/GP), a quality improvement initiative for pharmaceutical services (\$1.8 million GF/GP), the creation of a health information electronic exchange program in

Gross	(155,912,700)
Federal	(87,903,500)
GF/GP	(68,009,200)

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

southeastern Michigan (\$2.7 million GF/GP), and caseload reduction associated with creation of an asset test for Group 2 Medicaid recipients in FY 2005-06 (\$7.7 million GF/GP).

**E. TOBACCO SETTLEMENT REVENUE**

**1. Funding Increase**

N/A

Funding from the tobacco settlement is increased by \$53.5 million, from \$122.3 million to \$175.8 million. This funding supports the Medicaid program (\$170.8 million) and respite services provided to caregivers of elderly individuals with mental or physical disabilities (\$5.0 million).

**2. Elder Prescription Insurance Coverage (EPIC) Program**

Gross	(3,900,000)
Tobacco	0
GF/GP	(3,900,000)

Due to the implementation of the Medicare Part D program, the EPIC program was eliminated effective January 1, 2006. The \$3.9 million in tobacco settlement dollars saved by the elimination will be shifted to supplant GF/GP dollars in the Medicaid program.

**F. PROGRAM REDUCTIONS/ELIMINATIONS - NONE**

**G. PROGRAM TRANSFERS - NONE**

**H. UNCLASSIFIED SALARIES - NONE**

**I. FEE INCREASES - NONE**

**J. FUNDING SHIFTS**

**1. Federal Medicaid Match Rate**

Gross	0
Federal	(17,466,300)
GF/GP	17,466,300

The budget includes a GF/GP cost increase due to the decrease in the Federal Medicaid match rate from 56.59% in FY 2004-05 to 56.38% in FY 2006-07. The MICHild match rate also decreases in FY 2006-07, from 69.61% to 69.47%.

**2. Tobacco Tax Fund Source Shift**

Gross	0
Restricted	49,400,000
GF/GP	(49,400,000)

The budget reflects increased availability of tobacco tax revenue dedicated by statute to the Medicaid Benefits Trust Fund.

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**3. Merit Award Trust Fund**

The budget includes a fund source shift reflecting the leadership agreement on use of tobacco settlement dollars.

Gross	0
Tobacco	79,082,000
GF/GP	(79,082,000)

**K. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	30,775,500
IDG	2,754,300
Federal	4,626,700
Local	7,226,800
Private	5,700
Restricted	1,772,700
GF/GP	14,389,300

**L. OTHER ISSUES**

Other changes, including recognition of on-board FTEs, led to minor adjustments in funding.

FTE	31.4
Gross	(10,786,000)
IDG	441,800
Federal	(7,095,000)
Local	(2,909,000)
Private	(757,600)
Restricted	56,700
GF/GP	(522,900)

**M. VETOES - NONE**

**DEPARTMENT OF CORRECTIONS  
P.A. 331 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	17,509.2	17,812.5	17,812.5	17,812.5	17,782.0	272.8	1.6
<b>GROSS.....</b>	<b>1,870,106,400</b>	<b>1,947,421,500</b>	<b>1,947,421,500</b>	<b>1,917,421,500</b>	<b>1,940,421,500</b>	<b>70,315,100</b>	<b>3.8</b>
Less:							
Interdepartmental Grants Received .....	1,043,800	1,238,400	1,238,400	1,238,400	1,238,400	194,600	18.6
<b>ADJUSTED GROSS.....</b>	<b>1,869,062,600</b>	<b>1,946,183,100</b>	<b>1,946,183,100</b>	<b>1,916,183,100</b>	<b>1,939,183,100</b>	<b>70,120,500</b>	<b>3.8</b>
Less:							
Federal Funds.....	11,410,200	11,431,500	11,431,500	11,431,500	11,431,500	21,300	0.2
Local and Private .....	411,700	420,900	420,900	420,900	420,900	9,200	2.2
<b>TOTAL STATE SPENDING.....</b>	<b>1,857,240,700</b>	<b>1,934,330,700</b>	<b>1,934,330,700</b>	<b>1,904,330,700</b>	<b>1,927,330,700</b>	<b>70,090,000</b>	<b>3.8</b>
Less:							
Other State Restricted Funds.....	66,590,000	68,775,700	68,775,700	68,775,700	68,775,700	2,185,700	3.3
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>1,790,650,700</b>	<b>1,865,555,000</b>	<b>1,865,555,000</b>	<b>1,835,555,000</b>	<b>1,858,555,000</b>	<b>67,904,300</b>	<b>3.8</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>87,830,400</b>	<b>90,341,500</b>	<b>90,341,500</b>	<b>90,341,500</b>	<b>90,341,500</b>	<b>2,511,100</b>	<b>2.9</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. TRAINING**

Gross	8,824,400
GF/GP	8,824,400

The budget increases training support by \$7,824,400 for new employee schools. The DOC is expecting to need to train 695 new employees due to anticipated retirements. The funding covers the cost of a corrections officer's initial clothing issue (approximately \$750 per officer), salary for the training, and training materials. As training functions are now consolidated with the Michigan State Police (MSP), the budget also provides \$1.0 million to pay the MSP for meals, room usage, security, and lodging costs.

**C. HEALTH CARE**

FTE	9.0
Gross	2,279,000
GF/GP	2,279,000

The budget provides \$1,018,800 for compliance with the *Hadix* consent decree. Continued compliance will require six additional physicians at the Acute and Ambulatory Clinics at the Jackson Complex. The budget also adds \$471,400 to the U.S. Department of Justice psychiatric consent decree for a new Department of Community Health Mental Health Outpatient Team at the Thumb Correctional Facility (TCF), which has faced increased demand for prisoner mental health services. Due to the addition of 320 youthful offenders from the Michigan Youth Correctional Facility, the TCF also has experienced increased demand for other health care. The budget includes an additional \$331,500 and authorization for 4.0 FTEs for clinical staffing at this facility. The budget also includes \$457,300 for additional nurse practitioners. These 5.0 FTEs will provide medical case review for acute patients as required in the *Hadix* consent decree. The funding provides for review statewide, although *Hadix* applies only to some facilities at the Jackson Complex.

**D. SECURITY AND INFORMATION TECHNOLOGY**

**1. Electronic Monitoring**

FTE	10.0
Gross	1,670,500
GF/GP	1,670,500

The budget provides \$1,670,500 and 10.0 FTEs for the electronic monitoring center and other field operations offices in order to implement a global positioning system (GPS) tether system. The new GPS tethers will be used to passively monitor parolees who have committed serious criminal violations and have high rates of recidivism. Target offender groups include burglars and sex offenders.

**2. Security Cameras**

Gross	425,500
GF/GP	425,500

The budget includes \$425,500 for digital security cameras at correctional facilities to replace the current black and white video cameras.

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**3. Information Technology**

The budget provides \$1,098,700 to replace the current servers housing the Offender Management Network Information (OMNI) system. The budget also adds \$660,000 for completing the migration of the DOC's older database, CMIS, to the new OMNI application.

Gross	1,758,700
GF/GP	1,758,700

**E. PROJECT JOSHUA**

The budget includes an additional \$800,000 for Project Joshua in order to expand the program to include Detroit's second police precinct. Project Joshua is a program that, in conjunction with the Attorney General's office and local law enforcement, targets gun offenders. Currently, the Project operates only in Detroit's third precinct. Parolees and probationers are visited at home by DOC field agents escorted by local law enforcement officers and must go to "call in" meetings where they learn about Project Joshua's zero tolerance policy with respect to gun violence prosecutions and are offered various educational, employment-related, counseling, and other re-entry service opportunities.

Gross	800,000
GF/GP	800,000

**F. FTE ADJUSTMENTS**

The budget removes 50.0 FTEs from academic/vocational programs because the program is not funded to provide for more than the 370.5 FTEs that are left. The budget also removes 68.3 FTEs as a result of combining Corrections Centers and the Technical Rule Violator Program into the Community Re-entry Program. The Technical Rule Violator Program's FTEs were not included when the programs were combined. Through the transfer of funds from the Inmate Housing Fund to the new line for the Huron Valley Complex, 456.8 FTEs were added to the facility. Additionally, Prison Industries Operations lost 1.0 FTE, an Engineer Manager who was transferred to the Department of Information Technology.

FTE	337.5
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**G. PROGRAM REDUCTIONS/ELIMINATIONS**

**1. Correctional Facility Staffing**

**a. Corrections Inspectors**

The budget cuts 17.0 FTE Correctional Security Inspectors, for savings of \$1.5 million. Because of the reduction, most correctional facilities will have one Inspector.

FTE	(17.0)
Gross	(1,500,000)
GF/GP	(1,500,000)

**b. Sergeant Positions**

The budget cuts 27.5 FTE Sergeant positions for savings of \$2.0 million.

FTE	(27.5)
Gross	(2,000,000)
GF/GP	(2,000,000)

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**2. Efficiencies**

**a. Field Operations**

The budget recognizes a savings of \$2,989,400 due to reorganizing Field Operations Administration by reducing managers and clerical staff by 81.5 FTEs and adding 46.3 FTE Field Agent positions.

FTE	(35.2)
Gross	(2,989,400)
GF/GP	(2,989,400)

**b. Correctional Facilities**

The budget reflects \$4,533,400 in transportation and overtime savings at the correctional facilities through videoconferencing with courts in order to cut down on transporting prisoners for court appearances and, through coordination with Correctional Medical Services, to reduce the number of times prisoners are transported for off-site medical care to one trip per day. The budget also recognizes savings of \$268,700 at Egeler Correctional Facility, achieved through organizational efficiencies.

Gross	(4,802,100)
GF/GP	(4,802,100)

**H. PROGRAM TRANSFERS**

The budget transfers \$2.0 million from equipment and special maintenance to Capital Outlay.

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

**I. UNCLASSIFIED SALARIES - NONE**

**J. FEE INCREASES - NONE**

**K. FUNDING SHIFTS**

The budget replaces GF/GP support with \$42,000 in additional restricted revenue available from resident stores and \$2,216,000 from public works fees.

Gross	0
Restricted	2,258,000
GF/GP	(2,258,000)

**L. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, workers' compensation, fuel, and building occupancy charges consistent with factors applied to all budgets.

Gross	83,226,400
IDT/IDG	29,600
Federal	21,300
Local	9,200
Restricted	1,699,300
GF/GP	81,467,000

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

FTE	(4.0)
Gross	(15,377,900)
IDT/IDG	165,000
Restricted	(1,771,600)
GF/GP	(13,771,300)

**M. OTHER ISSUES**

The budget provides \$612,000 and 4.0 FTEs to restore funding for the Jail Services Unit. The DOC had expected this unit to be moved to the Department of Labor and Economic Growth via currently pending legislation. The budget also provides \$208,000 for additional lease space in the field operations office in Detroit. Currently, overflow employees are working in the lunch and conference room spaces. The budget includes \$871,900 due to contract increases and renewals for substance abuse testing and treatment outpatient programs, prisoner extradition transportation, and water and sewer services.

The budget eliminates \$305,200 in high security pay premiums for employees who do not qualify. The budget removes an obsolete position from Executive Direction for a savings of \$154,200, and removes \$54,000 in equipment and special maintenance funding. The Human Resources Optimization saves \$506,800 as a result of a reduction of 7.0 FTEs, and \$248,400 as a result of reduced user charges. The budget does not include \$4.0 million of the Michigan Prisoner Re-entry Program's funding that was designated in P.A. 153 of 2006 as a work project. Additionally, the budget does not explicitly include \$6,331,300 for fuel and utility increases and \$3,668,700 for bed openings that were a part of the FY 2005-06 Supplemental increase in P.A. 345 of 2006. In the FY 2006-07 budget, any additional beds were funded with internal transfers, and fuel and utility increases of \$2,157,500 are included above in economic adjustments. Other technical changes result in savings of \$29,600.

Additionally, the budget reduces restricted revenue by \$1.5 million to align it with actual collections for the Sheriffs Coordinating and Training Office, which were less than \$130,000 in FY 2004-05, and by \$271,600 to reflect actual collections of participant contributions to Corrections Centers.

**N. VETOES - NONE**

**DEPARTMENT OF EDUCATION  
P.A. 332 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	423.5	435.5	435.5	434.4	435.5	12.0	2.8
<b>GROSS.....</b>	<b>120,957,400</b>	<b>90,365,100</b>	<b>90,440,200</b>	<b>92,465,100</b>	<b>90,590,100</b>	<b>(30,367,300)</b>	<b>(25.1)</b>
Less:							
Interdepartmental Grants Received .....	0	0	0	0	0	0	0.0
<b>ADJUSTED GROSS.....</b>	<b>120,957,400</b>	<b>90,365,100</b>	<b>90,440,200</b>	<b>92,465,100</b>	<b>90,590,100</b>	<b>(30,367,300)</b>	<b>(25.1)</b>
Less:							
Federal Funds.....	73,805,400	67,570,600	67,570,600	67,570,600	67,570,600	(6,234,800)	(8.4)
Local and Private .....	7,342,600	8,900,000	8,900,000	8,900,000	8,900,000	1,557,400	21.2
<b>TOTAL STATE SPENDING.....</b>	<b>39,809,400</b>	<b>13,894,500</b>	<b>13,969,600</b>	<b>15,994,500</b>	<b>14,119,500</b>	<b>(25,689,900)</b>	<b>(64.5)</b>
Less:							
Other State Restricted Funds.....	23,709,000	7,227,000	7,388,900	7,327,000	7,527,000	(16,182,000)	(68.3)
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>16,100,400</b>	<b>6,667,500</b>	<b>6,580,700</b>	<b>8,667,500</b>	<b>6,592,500</b>	<b>(9,507,900)</b>	<b>(59.1)</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>12,911,000</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>(12,911,000)</b>	<b>(100.0)</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. INCREASES IN EXISTING PROGRAMS AND NEW ITEMS**

**1. New Items**

The budget includes a \$3.0 million appropriation for Unspecified Federal and Private Grants, in anticipation of receiving grants after October 1. Additional funding includes \$100,000 for the development of Subject Area Content Expectations, \$25,000 for Michigan History Day, \$100,000 for National Board Certification Grants, and \$50,000 for Education Commission of the States dues.

Gross	3,275,000
Federal	2,000,000
Private	1,000,000
Restricted	100,000
GF/GP	175,000

**2. Existing Programs**

The budget includes a number of changes in existing program funding. Eight new FTEs and \$560,000 were added for the Michigan Schools for the Deaf and Blind; funding was included for a new State Aid analyst (\$64,000 and 1.0 FTE) and upgrading the teacher licensure (\$100,000) and school aid payment systems (\$107,000); Federal administrative funding was adjusted to reflect actual Federal funding (\$1,962,400 and 2.0 FTEs); \$120,000 of General Fund administrative reductions were included; and, \$25,000 was added to Central Michigan University's Alternative Route to Certification program, with new dollars included for a similar program at Wayne State University (WSU) (\$100,000 total for WSU).

FTEs	11.0
Gross	2,798,400
Federal	2,117,100
Local	405,300
Restricted	225,000
GF/GP	51,000

**C. PROGRAM REDUCTIONS/ELIMINATIONS**

A one-time Federal grant to reimburse districts for the costs of educating pupils displaced by hurricanes was eliminated, as was a \$100,000 appropriation, half of which went to the Michigan Virtual High School and the other half to WSU for Middle School Math projects. Also, an FY 2005-06 supplemental of \$195,800 from restricted fees (to pay for a Court of Appeals decision) is not continued in FY 2006-07. An FY 2005-06 study of best practices in education, funded at \$350,000 in FY 2005-06, was continued, but reduced to \$175,000. Finally, savings from Human Resources Service Center User Charges reduced the budget by \$6,200.

Gross	(3,763,000)
Federal	(3,286,000)
Restricted	(295,800)
GF/GP	(181,200)

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**D. PROGRAM TRANSFERS**

The budget transferred two items to the K-12 budget, funded with SAF revenue rather than the General Fund or Merit Award Trust Fund dollars used when the items were in the Department of Education budget: 1) Michigan Educational Assessment Program (MEAP) Testing (\$16,359,300 State, \$8,425,200 Federal), and 2) School Breakfast (\$9,625,000). The budget received the MEAP Test Center from the Department of Treasury (\$119,300 and 1.0 FTE) and Federal funding for Educators on Loan (\$400,000).

FTE	1.0
Gross	(33,890,200)
Federal	(7,905,900)
Restricted	(16,359,300)
GF/GP	(9,625,000)

**E. UNCLASSIFIED SALARIES - NONE**

**F. FEE INCREASES - NONE**

**G. FUNDING SHIFTS**

Three fund shifts occurred in the budget: 1) \$65,000 in Federal funds for Information Technology projects were shifted to \$15,000 in Certification Fees and \$50,000 in Local Cost Sharing; 2) \$38,000 in Federal funds for Building Occupancy Charges were shifted to Restricted funds; and 3) \$25,000 in Local funds supporting Terminal Leave payments were shifted to Restricted funds.

Gross	0
Federal	(103,000)
Restricted	78,000
Local	25,000
GF/GP	0

**H. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	1,287,500
Federal	943,000
Restricted	70,100
Local	111,300
Private	15,800
GF/GP	147,300

**I. VETOES**

**1. Education Commission of the States**

The Governor vetoed \$50,000 appropriated for the partial repayment of back dues to the Education Commission of the States.

Gross	(50,000)
GF/GP	(50,000)

**2. Michigan History Day**

The Governor vetoed \$25,000 appropriated for the support of activities surrounding Michigan History Day.

Gross	(25,000)
GF/GP	(25,000)

**DEPARTMENT OF ENVIRONMENTAL QUALITY - CLEAN MICHIGAN INITIATIVE  
P.A. 343 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>GROSS</b> .....	<b>0</b>	<b>14,411,000</b>	<b>0</b>	<b>0</b>	<b>14,411,000</b>	<b>14,411,000</b>	<b>100.0</b>
Less:							
Interdepartmental Grants Received .....	0	0	0	0	0	0	0.0
<b>ADJUSTED GROSS</b> .....	<b>0</b>	<b>14,411,000</b>	<b>0</b>	<b>0</b>	<b>14,411,000</b>	<b>14,411,000</b>	<b>100.0</b>
Less:							
Federal Funds.....	0	0	0	0	0	0	0.0
Local and Private .....	0	0	0	0	0	0	0.0
<b>TOTAL STATE SPENDING</b> .....	<b>0</b>	<b>14,411,000</b>	<b>0</b>	<b>0</b>	<b>14,411,000</b>	<b>14,411,000</b>	<b>100.0</b>
Less:							
Other State Restricted Funds.....	0	14,411,000	0	0	14,411,000	14,411,000	100.0
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>PAYMENTS TO LOCALS</b> .....	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. ENVIRONMENTAL CLEANUP SITES**

The budget includes funding to support corrective action at environmental cleanup sites. A list of sites that will receive funding from this appropriation also is provided in the budget.

Gross	5,600,000
Restricted	5,600,000
GF/GP	0

**C. BROWNFIELD GRANTS AND LOANS**

Brownfield grants and loans are awarded to local units of government or other public bodies to investigate and remediate identified sites with environmental contamination. The projects must have an anticipated economic development result such as job creation, private investment, or property tax increase. The program is supported with revenue from the Clean Michigan Initiative bond.

Gross	8,811,000
Restricted	8,811,000
GF/GP	0

**D. PROGRAM REDUCTIONS/ELIMINATIONS - NONE**

**E. PROGRAM TRANSFERS - NONE**

**F. UNCLASSIFIED SALARIES - NONE**

**G. FEE INCREASES - NONE**

**H. FUNDING SHIFTS - NONE**

**I. ECONOMIC ADJUSTMENTS - NONE**

**J. VETOES - NONE**

**DEPARTMENT OF ENVIRONMENTAL QUALITY - OPERATIONS**  
**P.A. 343 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,567.2	1,561.7	1,561.7	1,564.7	1,561.7	(5.5)	(0.4)
<b>GROSS.....</b>	<b>456,723,800</b>	<b>440,744,500</b>	<b>372,128,500</b>	<b>411,963,500</b>	<b>429,333,500</b>	<b>(27,390,300)</b>	<b>(6.0)</b>
Less:							
Interdepartmental Grants Received .....	18,031,100	18,233,600	18,233,600	18,233,600	18,233,600	202,500	1.1
<b>ADJUSTED GROSS.....</b>	<b>438,692,700</b>	<b>422,510,900</b>	<b>353,894,900</b>	<b>393,729,900</b>	<b>411,099,900</b>	<b>(27,592,800)</b>	<b>(6.3)</b>
Less:							
Federal Funds.....	145,518,000	140,338,500	140,338,500	140,338,500	140,288,500	(5,229,500)	(3.6)
Local and Private .....	450,000	450,000	450,000	450,000	450,000	0	0.0
<b>TOTAL STATE SPENDING.....</b>	<b>292,724,700</b>	<b>281,722,400</b>	<b>213,106,400</b>	<b>252,941,400</b>	<b>270,361,400</b>	<b>(22,363,300)</b>	<b>(7.6)</b>
Less:							
Other State Restricted Funds.....	260,915,100	247,894,000	180,212,000	218,913,000	236,533,000	(24,382,100)	(9.3)
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>31,809,600</b>	<b>33,828,400</b>	<b>32,894,400</b>	<b>34,028,400</b>	<b>33,828,400</b>	<b>2,018,800</b>	<b>6.3</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>6,288,700</b>	<b>4,500,000</b>	<b>5,938,700</b>	<b>5,650,000</b>	<b>5,758,700</b>	<b>(530,000)</b>	<b>(8.4)</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. GROUNDWATER WITHDRAWAL PROGRAM**

Public Acts 33 to 37 of 2006 established a new permit and regulatory program for the withdrawal of groundwater. The budget includes funding to support the administrative costs of the new program. The Acts increased the fee for water use reporting, resulting in additional State restricted revenue to be used for program expenses.

Gross	605,000
Restricted	105,000
GF/GP	500,000

**C. ENVIRONMENTAL CLEANUP SITES**

The budget includes funding from the Environmental Protection Bond Fund to support corrective action at environmental cleanup sites. A list of sites that will receive funding from this appropriation also is provided in the budget.

Gross	15,500,000
Restricted	15,500,000
GF/GP	0

**D. STRATEGIC WATER QUALITY INITIATIVES PROGRAM**

Public Acts 252 to 257 of 2005 direct up to \$40.0 million of the Strategic Water Quality Initiative Fund (SWQIF) to a new grant program that provides assistance to potential applicants for the SWQIF and Water Pollution Control Revolving Fund loan programs. The grants may be used for project planning and design. The funding for SWQIF comes from a portion of the Great Lakes Water Quality Bond of 2002.

Gross	40,000,000
Restricted	40,000,000
GF/GP	0

**E. STATE REVOLVING LOAN FUND REDUCTION**

The Federal budget reduced the amount available for State water pollution revolving loan funds. The State is required to provide a 20% match to the Federal funding. Since the Federal funds are anticipated to decline by about \$5.0 million, the budget does not include a portion of the State General Fund matching dollars.

Gross	(6,073,600)
Federal	(5,000,000)
GF/GP	(1,073,600)

**F. ST. LOUIS WATER SUPPLY WELLS**

The budget provides funding from the Environmental Protection Fund for the City of St. Louis to procure an alternative water supply. The current water supply is threatened by spreading contamination from an existing Superfund site.

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

**G. ST. CLAIR SHORES - LANGE/REVERE CANALS**

The budget appropriates funding from the Cleanup and Redevelopment Fund to support cleanup efforts in two canals in St. Clair Shores.

Gross	500,000
Restricted	500,000
GF/GP	0

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**H. OTHER SPECIAL PROJECTS**

Funding for four other special projects was included. The projects are an environmental ombudsman in the Legislative Council (\$200,000 Restricted), cleanup activities at the Little Black Creek (\$35,000 Restricted), the development of a wetland in Muskegon County (\$200,000 Restricted), and a benchmarking study on selected permit programs in the Department (\$50,000 Federal). All of these projects were vetoed by the Governor (Item P below).

Gross	485,000
Federal	50,000
Restricted	435,000
GF/GP	0

**I. PROGRAM REDUCTIONS/ELIMINATIONS**

**1. Manufactured Housing**

The restricted fund source supporting the regulation and inspection of mobile home parks has insufficient revenue to pay for all of the program's expenses. The Department of Labor and Economic Growth (DLEG) has primary administrative responsibility for the mobile home program and it will assume many of the functions previously handled by the Department of Environmental Quality (DEQ). Executive Order 2006-16, issued on July 26, 2006, formally transferred from the DEQ to DLEG all remaining mobile home functions, except those related to water supply systems and sewage collection and disposal.

Gross	(633,300)
Restricted	(633,300)
GF/GP	0

**2. General Fund Reductions**

The budget removes General Fund amounts and FTEs from various line items, including \$58,100 and 0.5 FTE from air quality, \$11,400 from radiological protection, and \$367,500 and 4.0 FTEs from surface water programs.

FTE	(4.5)
Gross	(437,000)
GF/GP	(437,000)

**J. PROGRAM TRANSFERS – NONE**

**K. UNCLASSIFIED SALARIES – NONE**

**L. FEE INCREASES – NONE**

**M. FUNDING SHIFTS**

**1. Cleanup Funding**

Revenue to the Cleanup and Redevelopment Fund is declining and the budget replaces \$2.0 million with revenue from the State General Fund to support administrative costs of environmental site cleanup.

Gross	0
Restricted	(2,000,000)
GF/GP	2,000,000

		<b>FY 2006-07 Change From FY 2005-06 Year-to-Date</b>
<b>2. Clean Michigan Initiative Administrative Funding</b>		Gross 0
		Restricted 0
		GF/GP 0
	Of \$575.0 million from the Clean Michigan Initiative (CMI) bond issue made available to the Department of Environmental Quality, 3% was allocated by statute for administrative costs. This amount is insufficient for the multiyear costs of administering environmental cleanup sites. The budget replaces \$1.9 million of CMI administrative funds with revenue from the Environmental Protection Fund.	
<b>3. Land and Water Management Unit</b>		Gross 0
		Restricted 0
		GF/GP 0
	Revenue from land and water permit fees is short of the amount necessary to support the administrative costs of the permitting programs. The budget appropriates \$1,613,800 from the Environmental Protection Fund to offset the revenue shortfall from permit fees in the areas of Great Lakes shorelands and field permitting and project assistance.	
<b>4. Pollution Prevention Activities</b>		Gross 0
		Restricted 0
		GF/GP 0
	Revenue to the Waste Reduction Fee Fund is declining. To maintain a constant level of operations, the budget supports a portion of activities related to pollution prevention and technical assistance to small businesses with \$100,300 from the Small Business Pollution Prevention Revolving Fund.	
<b>N. ECONOMIC ADJUSTMENTS</b>		Gross 5,551,600
		IDG 173,800
		Federal 1,229,200
		Restricted 3,082,600
		GF/GP 1,066,000
	The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.	
<b>O. OTHER ISSUES</b>		FTE (1.0)
		Gross (82,703,000)
		IDG 28,700
		Federal (1,458,700)
		Restricted (81,236,400)
		GF/GP (36,600)
	The budget makes adjustments for anticipated revenue of restricted funds, the statewide Human Resources Optimization Project, and the removal of one-time appropriations enacted in FY 2005-06, which included an appropriation of \$80.0 million from the Refined Petroleum Fund for contaminated site cleanup.	
<b>P. VETOES</b>		Gross (485,000)
		Federal (50,000)
		Restricted (435,000)
		GF/GP 0
	The Governor vetoed four special projects at specific locations in the State. The projects are described in Item H above.	

**EXECUTIVE OFFICE  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	74.2	74.2	74.2	74.2	74.2	0.0	0.0
<b>GROSS.....</b>	<b>5,375,500</b>	<b>5,375,500</b>	<b>5,466,800</b>	<b>5,375,500</b>	<b>5,509,900</b>	<b>134,400</b>	<b>2.5</b>
Less:							
Interdepartmental Grants Received .....	0	0	0	0	0	0	0.0
<b>ADJUSTED GROSS.....</b>	<b>5,375,500</b>	<b>5,375,500</b>	<b>5,466,800</b>	<b>5,375,500</b>	<b>5,509,900</b>	<b>134,400</b>	<b>2.5</b>
Less:							
Federal Funds.....	0	0	0	0	0	0	0.0
Local and Private .....	0	0	0	0	0	0	0.0
<b>TOTAL STATE SPENDING.....</b>	<b>5,375,500</b>	<b>5,375,500</b>	<b>5,466,800</b>	<b>5,375,500</b>	<b>5,509,900</b>	<b>134,400</b>	<b>2.5</b>
Less:							
Other State Restricted Funds.....	0	0	0	0	0	0	0.0
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>5,375,500</b>	<b>5,375,500</b>	<b>5,466,800</b>	<b>5,375,500</b>	<b>5,509,900</b>	<b>134,400</b>	<b>2.5</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. PROGRAM REDUCTIONS/ELIMINATIONS - NONE**

**C. PROGRAM TRANSFERS - NONE**

**D. UNCLASSIFIED SALARIES - NONE**

**E. FEE INCREASES - NONE**

**F. FUNDING SHIFTS - NONE**

**G. ECONOMIC ADJUSTMENTS**

Gross	134,400
GF/GP	134,400

The Governor and House did not include any funding adjustments for the Executive Office. The Senate included a 3.0% adjustment for economics and a 1.3% General Fund reduction. The Conference Committee included an economic adjustment of 2.5%.

**H. VETOES - NONE**

**HIGHER EDUCATION  
P.A. 340 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1.0	1.0	1.0	1.0	1.0	0.0	0.0
<b>GROSS.....</b>	<b>1,734,443,900</b>	<b>1,741,840,700</b>	<b>1,777,886,800</b>	<b>1,780,950,700</b>	<b>1,787,491,300</b>	<b>53,047,400</b>	<b>3.1</b>
Less:							
Interdepartmental Grants Received .....	0	0	0	0	0	0	0.0
<b>ADJUSTED GROSS.....</b>	<b>1,734,443,900</b>	<b>1,741,840,700</b>	<b>1,777,886,800</b>	<b>1,780,950,700</b>	<b>1,787,491,300</b>	<b>53,047,400</b>	<b>3.1</b>
Less:							
Federal Funds.....	3,500,000	3,000,000	3,000,000	3,000,000	3,000,000	(500,000)	(14.3)
Local and Private .....	0	0	0	0	0	0	0.0
<b>TOTAL STATE SPENDING.....</b>	<b>1,730,943,900</b>	<b>1,738,840,700</b>	<b>1,774,886,800</b>	<b>1,777,950,700</b>	<b>1,784,491,300</b>	<b>53,547,400</b>	<b>3.1</b>
Less:							
Other State Restricted Funds.....	153,500,000	153,800,000	157,050,000	148,800,000	159,700,000	6,200,000	4.0
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>1,577,443,900</b>	<b>1,585,040,700</b>	<b>1,617,836,800</b>	<b>1,629,150,700</b>	<b>1,624,791,300</b>	<b>47,347,400</b>	<b>3.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>3,759,100</b>	<b>3,759,100</b>	<b>3,759,100</b>	<b>3,759,100</b>	<b>3,759,100</b>	<b>0</b>	<b>0.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. UNIVERSITY OPERATIONS FUNDING**

**1. House Funding Model**

	Gross	32,643,900
	GF/GP	32,643,900

The FY 2006-07 enacted Higher Education budget includes \$32.6 million for University Operations distributed through the funding model developed by the House. The funding model includes components based on enrollment, degree completions, and Federal research funding. The model reflects updated data in each component from the FY 2005-06 version of the model. A significant change from the FY 2005-06 model is a higher weighting for math degrees and education degrees in math-, science-, technical-, and special education-related subareas. Consistent with FY 2005-06 intent language, the amount of research funds effectively matched for the University of Michigan-Ann Arbor (which was capped in FY 2005-06) is increased by the overall percentage increase in the university's research funding. Funding increases under the model are limited to 2.9%; universities showing funding reductions under the model are held harmless.

**2. Per-Student Floor Funding**

	Gross	2,540,000
	GF/GP	2,540,000

After applying the funding model adjustments, a funding floor for all 15 public universities of \$3,775 per fiscal-year-equated student (FYES) is established. Only three universities were below the \$3,775 minimum per student: Grand Valley State University, Oakland University, and Saginaw Valley University. Oakland and Saginaw Valley receive \$67,800 and \$577,200, respectively, to bring them up to the \$3,775 per-student level, based on 2004-05 FYES. Due to limited resources, Grand Valley receives \$1.9 million, which brings it up to only \$3,340 in per-student funding. An additional \$8.4 million would have been required to fund Grand Valley at \$3,775 per FYES.

**3. Pell Grant Funding**

	Gross	4,805,200
	GF/GP	4,805,200

Three universities did not receive funding under either the model or the floor policies; those universities are allotted \$450 for each FY 2004-05 Federal Pell Grant awarded at their institutions. A total of \$4.8 million is appropriated for Lake Superior State University (\$422,100), Northern Michigan University (\$1,347,800), and Wayne State University (\$3,035,300).

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**4. Other Adjustments**

Gross	3,272,900
GF/GP	3,272,900

In order to provide an increase over FY 2005-06 of at least 2.5% for each of the 15 public universities, a total of \$2.6 million is divided between Michigan Technological University (\$264,800) and Wayne State University (\$2,331,400). An additional amount of \$676,700 is distributed among Michigan State University (\$227,000), Oakland (\$185,600), University of Michigan-Ann Arbor (\$253,100), and University of Michigan-Flint (\$11,000). All of the FY 2006-07 adjustments for University Operations are displayed in Table 1.

**C. TUITION RESTRAINT**

The FY 2006-07 budget continues the tuition restraint policy implemented in FY 2005-06: If a Michigan public university increases its resident undergraduate tuition and required fees from academic year 2005-06 to 2006-07, then it also must increase its General Fund student financial aid expenditures by at least the same percentage. This policy is conveyed as legislative intent in boilerplate Sec. 436.

**D. AGRICULTURAL EXPERIMENT STATION (AES) AND COOPERATIVE EXTENSION SERVICE (CES)**

Gross	1,235,400
GF/GP	1,235,400

The Governor had recommended no changes for the AES and CES line items. The House and Senate agreed to an increase of 2.0% for each: \$663,300 for AES and \$572,100 for CES. Total FY 2006-07 funding for AES and CES is \$33.8 million and \$29.2 million, respectively.

**E. STATE COMPETITIVE SCHOLARSHIPS**

Gross	(500,000)
Federal	(500,000)
GF/GP	0

Federal funds for State Competitive Scholarships, which are need-based grants for students who perform well on the American College Test (ACT), are reduced by \$500,000, as recommended by the Governor. The Governor also replaced an FY 2005-06 funding source of \$3.0 million from Michigan Higher Education Assistance Authority (MHEAA) operating revenue with State GF/GP revenue but the FY 2006-07 enacted budget retains the \$3.0 million MHEAA fund source. Total FY 2006-07 funding is \$34.1 million, of which \$3.0 million is MHEAA revenue, \$1.5 million is Federal revenue, and the balance State GF/GP revenue.

**F. MICHIGAN TUITION GRANTS**

Gross	0
Restricted	(1,100,000)
GF/GP	1,100,000

For the fourth year in a row, the Governor recommended elimination of Michigan Tuition Grants, which are need-based awards for students attending Michigan independent colleges and universities, and the Legislature did not concur. As a result of FY 2006-07 budget negotiations, the

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

\$58.8 million program is retained, financed from \$2.9 million in Tuition Grant funds carried forward from FY 2005-06 and \$55.9 million in State GF/GP revenue. In FY 2005-06, carry-forward funds of \$4.0 million had been available.

The intent is that the \$58.8 million appropriation will allow a grant maximum of at least \$2,000 per student. At the August 3, 2006 MHEAA meeting, a \$2,100 grant maximum was set, with the intent to increase the maximum award or the number of awards later in the year if there are sufficient funds.

**G. NURSING SCHOLARSHIP PROGRAM**

Gross	250,000
Restricted	250,000
GF/GP	0

An additional \$250,000 in Merit Award Trust Fund revenue is added to the \$4.0 million Nursing Scholarship Program in order to allow master's degree programs in nursing to be funded.

**H. MICHIGAN MERIT AWARD PROGRAM**

Gross	1,300,000
Restricted	1,300,000
GF/GP	0

Fiscal Year 2006-07 expenditures for Merit Awards are projected to increase by \$1.3 million to a total of \$127.7 million. Michigan Merit Award Scholarships are \$2,500 awards for students who pass the reading, writing, math, and science components of the MEAP in high school; these students can receive an additional \$250-\$500 if they also scored well on the middle school MEAP test. Merit Awards are generally paid over a two-year period directly to the postsecondary institution where the eligible student is enrolled. The FY 2006-07 appropriation pays for the second installment for the high school graduating class of 2005 and the first installment for the high school graduating class of 2006.

**I. TUITION INCENTIVE PROGRAM (TIP)**

Gross	2,000,000
GF/GP	2,000,000

Due to an increase in TIP students attending college, an additional \$2.0 million is required for FY 2006-07. The Program provides an incentive to Medicaid-eligible middle school and high school students by promising to pay for their college tuition if they graduate from high school. It pays for two years of community college and up to an additional \$2,000 for study at a four-year institution. The FY 2006-07 TIP appropriation is \$14.0 million, financed from \$6.35 million in Merit Award Trust Fund revenue and \$7.65 million in State GF/GP revenue.

**J. NEW PROGRAM: MICHIGAN LEADERSHIP, EDUCATION, AND DEVELOPMENT**

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

The enacted budget includes a new \$5.0 million Michigan Leadership, Education, and Development (MiLEAD) Initiative proposed by the Governor. The MiLEAD Initiative calls for one-year academic and conservation-based work training programs for at-risk individuals between the ages of 18 and 25. The Michigan Department of Natural Resources (DNR) will administer MiLEAD and will partner

with Michigan public and independent colleges and universities in order to provide an academic curriculum, a residential experience, and the completion of conservation work projects. Amendments to the Michigan Civilian Conservation Corps Act (Public Act 22 of 1984) will be necessary in order to include participation from postsecondary institutions and to fund MiLEAD from the corpus of the Michigan Civilian Conservation Corps Endowment Fund, as has been proposed.

**K. PROGRAM REDUCTIONS/ELIMINATIONS - NONE**

**L. PROGRAM TRANSFERS - CHILDREN OF MICHIGAN VETERANS TUITION GRANT PROGRAM**

Gross	500,000
Restricted	1,000,000
GF/GP	(500,000)

Public Act 248 of 2005 established a new Children of Veterans Tuition Grant Program to replace a tuition grant program that had been created by Public Act 245 of 1935, which was repealed. The new Program is administered by the Michigan Department of Treasury's Higher Education Assistance Authority (MHEAA) and funding for the tuition grants is included in the Higher Education appropriation act instead of the Michigan Department of Military and Veterans Affairs appropriation act where it had previously resided. The primary fund source for the new Program is revenue from a Michigan income tax check-off; this new revenue stream replaces funding from the Michigan Veterans Trust Fund. In FY 2005-06, \$500,000 in State GF/GP revenue was appropriated for the Program in the Higher Education budget and \$500,000 was appropriated in the Department of Military and Veterans Affairs, for a total of \$1.0 million. In FY 2006-07, \$1.0 million is appropriated in the Higher Education budget and the funding is from the contributions to the Program collected under the new income tax check-off.

**M. UNCLASSIFIED SALARIES - NONE**

**N. FEE INCREASES - NONE**

**O. FUNDING SHIFTS - NONE**

**P. ECONOMIC ADJUSTMENTS - NONE**

**Q. VETOES - NONE**

**Table 1: FY 2006-07 Higher Education - Public Act 340 of 2006**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	FY 2005-06	2005-06	House	Senate	Pell	Other	Financial	FY 2006-07	Change	Change	2006-07
	Year-to-Date	Approp	Funding	Floor of	Grant	Operations	Aid	Public Act	From	From	Approp
	Appropriation	Per	Model	\$3,775	Funding	Adjustments;	Changes	340 of 2006	2005-06	2005-06	Per
		Student*				2% AES/CES					Student*
<b>UNIVERSITIES</b>											
Central	80,061,900	3,736	2,321,800					82,383,700	2,321,800	2.9%	3,844
Eastern	76,140,600	4,019	2,028,100					78,168,700	2,028,100	2.7%	4,126
Ferris	48,634,700	4,611	1,410,400					50,045,100	1,410,400	2.9%	4,745
Grand Valley	61,129,900	3,151	1,772,800	1,895,000				64,797,700	3,667,800	6.0%	3,340
Lake Superior	12,506,300	4,827	0		422,100			12,928,400	422,100	3.4%	4,990
Michigan State	283,730,300	6,782	8,228,200			227,000		292,185,500	8,455,200	3.0%	6,984
Michigan Tech	48,018,800	8,095	935,700			264,800		49,219,300	1,200,500	2.5%	8,297
Northern	45,051,600	5,348	0		1,347,800			46,399,400	1,347,800	3.0%	5,508
Oakland	50,685,700	3,664	1,469,900	67,800		185,600		52,409,000	1,723,300	3.4%	3,788
Saginaw Valley	27,499,800	3,595	797,500	577,200				28,874,500	1,374,700	5.0%	3,775
UM-Ann Arbor	316,368,500	8,048	9,174,700			253,100		325,796,300	9,427,800	3.0%	8,288
UM-Dearborn	24,739,200	3,973	717,400					25,456,600	717,400	2.9%	4,088
UM-Flint	20,903,100	4,231	606,200			11,000		21,520,300	617,200	3.0%	4,355
Wayne State	214,666,300	8,603	0		3,035,300	2,331,400		220,033,000	5,366,700	2.5%	8,818
Western	109,695,200	4,569	3,181,200					112,876,400	3,181,200	2.9%	4,702
Ag Experiment Station (AES)	33,163,800					663,300		33,827,100	663,300	2.0%	
Cooperative Extension (CES)	28,604,300					572,100		29,176,400	572,100	2.0%	
Higher Education Database	200,000							200,000	0	0.0%	
Midwest Higher Ed Compact	90,000							90,000	0	0.0%	
King-Chavez-Parks	2,691,500							2,691,500	0	0.0%	
<b>TOTAL UNIVERSITIES</b>	<b>1,484,581,500</b>	<b>5,679</b>	<b>32,643,900</b>	<b>2,540,000</b>	<b>4,805,200</b>	<b>4,508,300</b>	<b>0</b>	<b>1,529,078,900</b>	<b>44,497,400</b>	<b>3.0%</b>	<b>5,852</b>
<b>Merit Award Trust Fund</b>	<b>9,500,000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,500,000</b>	<b>0</b>	<b>0.0%</b>	
<b>State GF/GP</b>	<b>1,475,081,500</b>		<b>32,643,900</b>	<b>2,540,000</b>	<b>4,805,200</b>	<b>4,508,300</b>	<b>0</b>	<b>1,519,578,900</b>	<b>44,497,400</b>	<b>3.0%</b>	
<b>GRANTS &amp; FINANCIAL AID</b>											
Competitive Scholarships	34,630,500						(500,000)	34,130,500	(500,000)	-1.4%	
Tuition Grants	58,768,100							58,768,100	0	0.0%	
Work Study	7,326,300							7,326,300	0	0.0%	
Part-time Independent	2,653,300							2,653,300	0	0.0%	
Ed.Opportunity Grants(MEOG)	2,084,200							2,084,200	0	0.0%	
Byrd Scholarship Program	1,500,000							1,500,000	0	0.0%	
Nursing Scholarship Program	4,000,000						250,000	4,250,000	250,000	6.3%	
Michigan Merit Award Program	126,400,000						1,300,000	127,700,000	1,300,000	1.0%	
Tuition Incentive Program(TIP)	12,000,000						2,000,000	14,000,000	2,000,000	16.7%	
Children of Veterans Tuition	500,000						500,000	1,000,000	500,000	100.0%	
Mi. Leadership, Ed, Development	0						5,000,000	5,000,000	5,000,000	na	
<b>TOTAL FINANCIAL AID</b>	<b>249,862,400</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,550,000</b>	<b>258,412,400</b>	<b>8,550,000</b>	<b>3.4%</b>	
<b>Federal</b>	<b>3,500,000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(500,000)</b>	<b>3,000,000</b>	<b>(500,000)</b>	<b>-14.3%</b>	
<b>Merit Award Trust Fund</b>	<b>137,000,000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,300,000</b>	<b>138,300,000</b>	<b>1,300,000</b>	<b>0.9%</b>	
<b>MHEAA/Carry-Forward</b>	<b>7,000,000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,100,000)</b>	<b>5,900,000</b>	<b>(1,100,000)</b>	<b>-15.7%</b>	
<b>Veterans Tax Checkoff</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>na</b>	
<b>Civilian Conservation Corps</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>na</b>	
<b>State GF/GP</b>	<b>102,362,400</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,850,000</b>	<b>105,212,400</b>	<b>2,850,000</b>	<b>2.8%</b>	
<b>TOTAL HIGHER ED</b>	<b>1,734,443,900</b>		<b>32,643,900</b>	<b>2,540,000</b>	<b>4,805,200</b>	<b>4,508,300</b>	<b>8,550,000</b>	<b>1,787,491,300</b>	<b>53,047,400</b>	<b>3.1%</b>	
<b>TOTAL FEDERAL</b>	<b>3,500,000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(500,000)</b>	<b>3,000,000</b>	<b>(500,000)</b>	<b>-14.3%</b>	
<b>TOTAL STATE RESTRICTED</b>	<b>153,500,000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,200,000</b>	<b>159,700,000</b>	<b>6,200,000</b>	<b>4.0%</b>	
<b>TOTAL STATE GF/GP</b>	<b>1,577,443,900</b>		<b>32,643,900</b>	<b>2,540,000</b>	<b>4,805,200</b>	<b>4,508,300</b>	<b>2,850,000</b>	<b>1,624,791,300</b>	<b>47,347,400</b>	<b>3.0%</b>	

\* FY 2004-05 Fiscal-Year-Equated Students (FYES); MSU calculation doesn't include AES and CES.

**DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES**  
**P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	232.0	232.0	232.0	232.0	232.0	0.0	0.0
<b>GROSS.....</b>	<b>53,850,900</b>	<b>54,688,700</b>	<b>53,931,400</b>	<b>55,363,700</b>	<b>54,863,700</b>	<b>1,012,800</b>	<b>1.9</b>
Less:							
Interdepartmental Grants Received .....	649,700	79,000	79,000	79,000	79,000	(570,700)	(87.8)
<b>ADJUSTED GROSS.....</b>	<b>53,201,200</b>	<b>54,609,700</b>	<b>53,852,400</b>	<b>55,284,700</b>	<b>54,784,700</b>	<b>1,583,500</b>	<b>3.0</b>
Less:							
Federal Funds.....	8,218,300	8,450,900	8,450,900	8,450,900	8,450,900	232,600	2.8
Local and Private .....	577,400	577,400	577,400	577,400	577,400	0	0.0
<b>TOTAL STATE SPENDING.....</b>	<b>44,405,500</b>	<b>45,581,400</b>	<b>44,824,100</b>	<b>46,256,400</b>	<b>45,756,400</b>	<b>1,350,900</b>	<b>3.0</b>
Less:							
Other State Restricted Funds.....	2,583,600	2,781,200	2,581,200	2,581,200	2,581,200	(2,400)	(0.1)
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>41,821,900</b>	<b>42,800,200</b>	<b>42,242,900</b>	<b>43,675,200</b>	<b>43,175,200</b>	<b>1,353,300</b>	<b>3.2</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>15,375,400</b>	<b>14,058,900</b>	<b>13,516,600</b>	<b>14,008,900</b>	<b>14,058,900</b>	<b>(1,316,500)</b>	<b>(8.6)</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. ARTS AND CULTURAL GRANTS**

Gross	(315,900)
GF/GP	(315,900)

The budget includes \$10,144,300 for arts and cultural grants. A portion of the \$631,800 of supplemental funding appropriated in FY 2005-06 was not continued, resulting in a decrease of \$315,900.

**C. STATE AID TO LIBRARIES**

Gross	315,900
GF/GP	315,900

The budget includes a total of \$12,143,000 for State aid to public libraries and cooperative libraries. The line items for State aid to public libraries and State aid to cooperative libraries, separated in FY 2005-06, are combined for FY 2006-07.

**D. PROGRAM REDUCTIONS/ELIMINATIONS - NONE**

**E. PROGRAM TRANSFERS - NONE**

**F. UNCLASSIFIED SALARIES - NONE**

**G. FEE INCREASES - NONE**

**H. FUNDING SHIFTS - NONE**

**I. ECONOMIC ADJUSTMENTS**

Gross	982,600
IDG	3,900
Federal	32,600
Restricted	39,600
GF/GP	906,500

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

**J. OTHER ISSUES**

Gross	30,200
IDG	(574,600)
Federal	200,000
Restricted	(42,000)
GF/GP	446,800

The budget includes increases in economics for the Department of Information Technology (DIT) of \$42,300, a base adjustment for DIT services of \$120,100, a base adjustment in building occupancy charges of \$180,900, elimination of an interdepartmental grant that no longer applies (\$500,000), reduction in human resource service center user charges of (\$13,400), an increase of \$300 for the film office, expenditure authority for potential new Federal grant funds for Mackinac Island of \$200,000, and fund source adjustments due to cost allocation changes.

**K. VETOES - NONE**

**DEPARTMENT OF HUMAN SERVICES  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	10,384.2	10,278.7	10,117.7	10,248.7	10,343.4	(40.8)	(0.4)
<b>GROSS.....</b>	<b>4,499,778,000</b>	<b>4,472,266,400</b>	<b>4,471,836,300</b>	<b>4,426,205,300</b>	<b>4,468,135,300</b>	<b>(31,642,700)</b>	<b>(0.7)</b>
Less:							
Interdepartmental Grants Received .....	1,109,800	1,102,700	1,102,700	1,102,700	3,102,700	1,992,900	179.6
<b>ADJUSTED GROSS.....</b>	<b>4,498,668,200</b>	<b>4,471,163,700</b>	<b>4,470,733,600</b>	<b>4,425,102,600</b>	<b>4,465,032,600</b>	<b>(33,635,600)</b>	<b>(0.7)</b>
Less:							
Federal Funds.....	3,236,593,300	3,147,908,300	3,149,774,900	3,145,059,800	3,135,487,200	(101,106,100)	(3.1)
Local and Private .....	62,594,800	65,853,600	66,408,500	62,853,600	64,395,500	1,800,700	2.9
<b>TOTAL STATE SPENDING.....</b>	<b>1,199,480,100</b>	<b>1,257,401,800</b>	<b>1,254,550,200</b>	<b>1,217,189,200</b>	<b>1,265,149,900</b>	<b>65,669,800</b>	<b>5.5</b>
Less:							
Other State Restricted Funds.....	71,801,900	66,868,600	66,868,700	66,868,600	67,702,000	(4,099,900)	(5.7)
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>1,127,678,200</b>	<b>1,190,533,200</b>	<b>1,187,681,500</b>	<b>1,150,320,600</b>	<b>1,197,447,900</b>	<b>69,769,700</b>	<b>6.2</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>90,607,800</b>	<b>96,930,200</b>	<b>93,930,200</b>	<b>85,607,800</b>	<b>113,717,400</b>	<b>23,109,600</b>	<b>25.5</b>

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)**

The Federal welfare reform block grant, created by the Personal Responsibility and Work Opportunity Act of 1996 and reauthorized for an additional five years by the Deficit Reduction Act of 2005, provides for assistance to poor and low-income families through work incentive programs. The reduction of welfare caseloads over the past 10 years allowed a cost shift from General Fund/General Purpose (GF/GP) dollars to TANF funding until FY 2002-03, when an overestimate of TANF funds resulted in a number of fund source shifts and program reductions in budget assumptions from FY 2003-04 through FY 2005-06 to adjust TANF spending.

The State receives a basic grant allotment of \$775,353,000. The State is allowed to carry forward any unspent block grant funds from the previous year, but the funds carried forward must be spent for Family Independence Program assistance. It is estimated that Michigan will have only the basic block grant allotment to spend in FY 2006-07, approximately 24.7% of the appropriated Federal funding for the Department of Human Services (DHS). The funds are appropriated in the State budgets for the DHS, the Department of Labor and Economic Growth (DLEG), and the Department of Community Health (DCH). Each year, states are required to maintain spending for qualified state expenditures of at least 80% (or 75% if a state meets Federal work participation requirements) of the state's historic expenditure level. Although the Deficit Reduction Act increased Federal work participation requirements from 22% to 50% of the State's eligible caseload, it is anticipated that Michigan will continue to meet them. Therefore, the State is required to spend at least \$468,518,400 in State funds and may count State General Fund (GF) spending for FY 2006-07 in the following State departments toward meeting this requirement: Human Services, Community Health, Education, and Transportation. The DHS appropriation assumes use of TANF funds in FY 2006-07 to include continuation of FY 2005-06 spending and the adjustments described below.

**1. Family Independence Program (FIP)**

The appropriation includes funding increases for a projected FIP caseload increase of seven to an average of 79,007 cases and assumes an increase in the cost per case of \$1.30 to an average of \$419.16 per month. The Jobs, Education and Training (JET) pilot program is appropriated in order to meet the 50% Federal work participation requirement for all families. The total department-wide estimated JET savings of \$16,338,800 Gross, GF/GP include FIP savings of \$39.0 million Gross, \$31.8 million GF from changes to a flat payment rate, Earned Income Disregard policy, and diverting cases to short-term assistance support. These changes

Gross	(38,974,900)
Federal	2,372,500
GF/GP	(41,347,400)

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

finance the cost increases in staff and client services. The budget includes \$3.3 million Gross, GF for the continuation of savings from the front-end eligibility project.

**2. Employment and Training**

The appropriation includes an increase for employment and training support services for eligible adults required to work through the JET pilot program.

Gross	13,876,000
Federal	1,293,800
GF/GP	12,582,200

**3. Other Issues**

The appropriation of TANF funds is increased in the following areas: \$1,225,000 for the Marriage Initiative; \$1,225,000 for the Fatherhood Initiative; \$300,000 for the Earned Income Tax Credit education and outreach services; \$200,000 for the Michigan State University Kinship Care Resource Center; and \$126,500 for a before- and after-school services contract with the Grand Rapids Youth Commonwealth Program.

Gross	3,076,500
Federal	3,076,500
GF/GP	0

**C. CHILD AND FAMILY SERVICES**

**1. Day Care Services**

The budget reflects a reduction of 2,467 cases in the average caseload to 63,133 cases and a reduction in the cost per case of \$17.09 to \$587.91 per case per month; however, the budget reflects a \$748,000 Gross, GF/GP net increase in associated anticipated spending. A new appropriation line, Early Childhood Investment Corporation (ECIC), reflects a \$100 placeholder for the transfer of funds from within the budget to the public corporation for services to families with children 0 to 5 years of age. An increase of \$1,937,000 Gross, \$0 GF from the DCH finances two day care consultation and training projects through the ECIC. The appropriation includes estimated savings of \$5.0 million Gross, GF attributed to a new Preschool Initiative in FY 2006-07. The budget includes \$868,900 Gross, GF reflecting estimated savings related to the JET pilot.

Gross	(3,183,800)
Federal	1,937,100
GF/GP	(5,120,900)

**2. Adoption and Foster Care**

The appropriation includes an increase of 833 average cases in the Adoption Subsidies caseload for an average 27,133 cases and an average cost of \$684.33 per case for a \$6.5 million Gross increase, but \$2.2 million GF savings due to an assumption of increased Federal funding. The Foster Care average caseload is decreased by 1,000 to 9,600 cases and \$133 less to \$19,000 per case for a \$20.2 million Gross, \$8.1 million GF funding reduction. The appropriation includes \$1.6 million Gross, \$669,000 GF for a 5% general rate increase for private placing agencies.

Gross	(11,904,100)
Federal	(1,355,000)
Local	204,900
Private	(1,038,000)
GF/GP	(9,716,000)

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**3. Other Issues**

The appropriation includes \$21.3 million Gross, GF for an increase in Child Care Fund expenditures. The appropriation reflects an increase of \$122,000 Gross, GF, a 3% increase beginning on April 1, 2007, for Runaway and Homeless Youth contracts. The Children's Trust Fund Administration allocation is increased by \$208,400 Gross in restricted funds for 3.7 full-time equated (FTE) positions. The demonstration projects allocation reflects an increase of \$100,000 Gross, GF for the Michigan 2-1-1 telecommunications health and human services resource and referral system to assist with statewide implementation. The budget includes an increase of \$75,000 Gross, GF for domestic violence prevention services in Barry County. The appropriation makes a line item name change from Homeless Prevention and Elder Law of Michigan Food for the Elderly Project to Crisis Prevention and Elder Law of Michigan Food for the Elderly Project; the line includes an increase of \$20,000 Gross, GF for the MiCAFE food for the elderly program and \$50,000 Gross, GF each for Muskegon and Kent Counties' food assistance outreach projects. The budget reflects a reduction for the Federal juvenile accountability incentive block grant award.

FTEs	3.7
Gross	7,993,400
Federal	(46,100)
Local	(2,600,000)
Restricted	182,600
GF/GP	10,456,900

**D. CHILD SUPPORT ENFORCEMENT**

The State Distribution Unit (SDU) computer system allocation increase of \$4.8 million Gross, \$1.6 million GF reflects the correction of the estimated SDU contract savings. The increase in the appropriation for Legal Support Contracts of \$1.0 million Gross, GF reflects an incentive payments increase for use by local Friend of the Court offices.

Gross	5,190,700
Federal	3,161,900
Restricted	(600,000)
GF/GP	2,628,800

**E. INFORMATION TECHNOLOGY (IT)**

The appropriation includes an increase of \$5.5 million Gross, \$2.75 million GF for the Integrated Service Delivery System, also known as the Bridges Project, which is associated with eligibility determination and case management systems. The appropriation reflects a reduction of \$3.9 million Gross, \$0 GF in Federal authority related to the adjustments in the State-funded IT systems contract and related savings.

Gross	1,587,700
Federal	2,235,100
GF/GP	(647,400)

**F. OTHER STATE ASSISTANCE**

The appropriation includes a caseload reduction of 1,300 to 10,600 cases and a monthly cost per case increase of \$3.86 to \$257.86 for the State Disability Assistance (SDA) Program, resulting in a net decrease in cost of approximately \$1.8 million Gross, GF. An increase of \$10,000 is included, reflecting an accounting change in funding authority to treat the funds as restricted revenue rather than an expenditure credit. The budget reflects a projected caseload reduction of 433 to 224,367 cases

Gross	(2,513,200)
Restricted	10,000
GF/GP	(2,523,200)

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

for the State supplement to Supplemental Security Income (SSI) recipients and a reduction of 23 cents to \$21.84 per case for savings of \$733,900 Gross, GF.

Gross	(46,955,000)
Federal	(49,555,000)
Restricted	2,600,000
GF/GP	0

**G. FEDERALLY FUNDED PROGRAMS**

The budget includes an increase in the Food Assistance Program (FAP) reflecting an accounting change in funding authority to treat the funds as restricted revenue rather than an expenditure credit. The FAP monthly cost increase of 41 cents to \$193.20 per recipient is absorbed without increasing the budget. The appropriation includes a disability determinations operations' increase in Federal funds for the cost of medical examinations. An increase in FY 2005-06 Food Assistance Program and Low-Income Home Energy Assistance Program funds results in a FY 2006-07 Federal grants decrease of \$52.0 million Gross, \$0 GF.

**H. FTE ADJUSTMENTS**

The appropriation reflects an increase of \$1.8 million Gross, \$1.5 million GF and a transfer of funds from within the budget to finance 51.2 FTE positions for additional Child Protective Services (CPS) workers and \$358,800 Gross, \$161,400 GF for five additional Office of Child and Adult Licensing positions for high-risk investigations-related CPS cases. A reduction of \$1.4 million Gross, \$153,400 GF reflects cost savings from Wayne County therapists' contracts. The appropriation includes 20 additional State employee positions for therapy services in Wayne County that are not funded in the budget. The budget includes an increase of \$2.5 million Gross, \$215,000 GF and 38 positions for the Medicaid Mispayment Reduction Project; \$1.7 million Gross, \$825,400 GF and 25 positions for implementation of the Federally approved family planning waiver; and \$2.0 million Gross, \$0 GF and 31 positions for the Medicaid Assets Look-back Project. The appropriation also includes an increase of \$9.4 million Gross, \$3.8 million GF for 146 positions for Department staff related to the services necessary to implement the JET pilot. The appropriation reflects the reduction of 383.2 average classified positions to adjust the level of budgeted average positions to a level that is financially supportable by the budget.

FTEs	(50.5)
Gross	13,443,900
IDG	4,353,100
Federal	20,905,200
GF/GP	(11,814,400)

**I. PROGRAM REDUCTIONS/ELIMINATIONS**

The expiration of the Child Support Arrearage Settlement Program results in the elimination of one-time revenue of \$1,027,900 Gross, \$0 GF in the Child Support Enforcement Unit and \$17.8 million Gross, \$0 GF in the Information Technology Unit.

Gross	(18,827,900)
Federal	(11,847,100)
Restricted	(6,980,800)
GF/GP	0

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**J. PROGRAM TRANSFERS**

The budget includes the transfer of funding for the Michigan Community Service Commission from DLEG for volunteer services grants.

FTEs	6.0
Gross	9,391,900
Federal	7,427,100
Private	980,300
GF/GP	984,500

**K. UNCLASSIFIED SALARIES - NONE**

**L. FEE INCREASES - NONE**

**M. FUNDING SHIFTS**

**1. Federal Fund Sources**

The appropriation includes a shift of \$78.0 million in TANF funds to State funds, but the State funds will not be used as maintenance-of-effort spending. The budget includes \$3.0 million in School Aid Funds and \$1.8 million in TANF funds to offset Juvenile Justice education services costs and save State funds. The Federal Medicaid Adjustment Percentage rate change is a reduction from 56.59% to 56.38%, resulting in a needed increase in State funds. A \$15.3 million reduction in Federal Title XX funds is replaced with State funds. The Boys and Girls Club Services TANF funding is shifted to State funding. An increase in Federal Child Care and Development Fund grant funds of \$6.6 million saves State GF/GP dollars. State funds are increased to replace Interdepartmental grant funds from the DCH and reduced child support incentive payments.

Gross	0
IDG	(2,353,100)
Federal	(98,137,200)
Local	3,000,000
GF/GP	97,490,300

**2. Court Bench Warrant Fees**

The budget reflects the Friend of the Court fee collection and use of the fees from the enforcement of civil warrants related to child support services, as restricted revenue to offset State fund expenditures for Child Support Enforcement Operations.

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

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**N. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes a 3.5% increase applied to salaries and wages, 37.95% FICA and retirement for the defined benefit retirement plan and 25.15% for the defined contribution retirement plan, and 6.4% weighted average for insurance. Other standard economic factors are applied to rent, workers' compensation, motor transport, food, and building occupancy charges consistent with factors applied to all budgets. The appropriation reflects reductions in Federal, restricted, and other funds that replace State funds in the FY 2005-06 insurance and retirement economic rates.

Gross	37,802,000
IDG	(7,100)
Federal	18,321,200
Local	928,700
Private	15,200
Restricted	63,300
GF/GP	18,480,700

**O. OTHER ISSUES**

The appropriation includes budgetary savings of \$1.0 million in order to balance the budget. Other appropriation adjustments include increases of \$175,900 Gross, \$102,800 GF related to human services center costs and savings of \$1.4 million Gross, \$767,200 GF associated with reductions in State funds and their related Federal funds that can no longer be claimed for related human resources contracts.

Gross	(2,225,900)
Federal	(896,100)
Local	309,600
Restricted	25,000
GF/GP	(1,664,400)

**P. VETOES**

The Governor vetoed Section 550(1), which included \$20,000 for the stop smoking pilot project that provided service materials to foster care parents. The veto message also indicated that an amendment in Section 273(6), imposing limitations on the Department's rule-making authority, was in violation of the State Constitution, Article 4, Sections 24 and 25, and was unenforceable. The veto message further indicated that the Department has been instructed not to spend TANF funds of \$250,000 for Earned Income Tax Credit outreach and education services competitive grants and \$200,000 for a family formation program in Kent County, in Sections 303(3) and 424, respectively, unless authorized to do so by the State Budget Office.

Gross	(20,000)
GF/GP	(20,000)

**DEPARTMENT OF INFORMATION TECHNOLOGY  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,760.4	1,775.4	1,785.4	1,775.4	1,776.4	16.0	0.9
<b>GROSS.....</b>	<b>384,706,700</b>	<b>378,422,000</b>	<b>380,639,600</b>	<b>378,422,000</b>	<b>378,222,000</b>	<b>(6,484,700)</b>	<b>(1.7)</b>
Less:							
Interdepartmental Grants Received .....	384,706,700	378,422,000	380,639,600	378,422,000	378,222,000	(6,484,700)	(1.7)
<b>ADJUSTED GROSS.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
Less:							
Federal Funds.....	0	0	0	0	0	0	0.0
Local and Private .....	0	0	0	0	0	0	0.0
<b>TOTAL STATE SPENDING.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
Less:							
Other State Restricted Funds.....	0	0	0	0	0	0	0.0
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. PROGRAM INCREASES**

FTE	15.0
Gross	10,914,700
IDG	10,914,700

These include a \$399,900 Federal grant for the Electronic Death Registry System from the Department of Community Health (DCH), a \$5.5 million increase for the Integrated Service Delivery Project in the Department of Human Services (DHS), a total of \$1,764,300 and 2.0 FTEs for the Department of Corrections (DOC) for upgrading the CMIS system to OMNI, desktop maintenance and server replacement, \$1.2 million and 13.0 FTEs for maintenance of the Retirement System, \$370,000 to implement the Social Security Number Privacy Act, \$120,100 to restore funding for History, Arts, and Libraries and \$1.1 million for the Department of State's Business Application Modernization Project. An adjustment of \$460,400 to the Department of Transportation's base was also included to more accurately reflect spending.

**C. 2-1-1 PROGRAM**

No funding for the program was included in the budget for FY 2006-07. However, DHS included \$100,000 for the program, and discussion of how to fund the program is ongoing. Boilerplate language in the Department of Information Technology (DIT) section requires completion of a study to assess the impact of the program.

**D. PROGRAM REDUCTIONS/ELIMINATIONS**

Gross	(24,203,900)
IDG	(24,203,900)

These include a reduction of \$31,000 for the Department of Civil Service, the removal of one-time funding for the Child Support arrearage program from the DHS (\$17.8 million), elimination of \$1,000,000 in one-time funding for the e-Procurement system in the Department of Management and Budget, as well as a decrease of \$250,000 in Federal grants to the Department of Labor and Economic Growth. The DHS also had a reduction of \$3,912,300 for contract and IT savings and \$136,600 for a retirement rate adjustment. The Michigan State Police did not include \$1,074,000 for the Commercial Vehicle Information Systems Network grant, as the Federal funds are not available.

**E. PROGRAM TRANSFERS**

FTE	1.0
Gross	(372,100)
IDG	(372,100)

1. **Transfers out.** The Michigan Prosecuting Attorneys Association contract was transferred to the DCH (\$520,000), and the Michigan State Police transferred out a trainer position (\$78,400).
  
2. **Transfers in.** The Department of Corrections transferred in one IT analyst at \$126,300. The Casino Gaming Control Board transferred in a trainer position at \$100,000.

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**F. UNCLASSIFIED SALARIES - NONE**

**G. FEE INCREASES - NONE**

**H. FUNDING SHIFTS - NONE**

**I. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	7,176,600
IDG	7,176,600

**J. VETOES - NONE**

**JUDICIARY  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	509.0	509.0	509.0	509.0	509.0	0.0	0.0
<b>GROSS</b> .....	<b>255,531,900</b>	<b>258,248,700</b>	<b>257,343,400</b>	<b>259,348,600</b>	<b>259,428,100</b>	<b>3,896,200</b>	<b>1.5</b>
Less:							
Interdepartmental Grants Received .....	2,563,500	2,563,500	2,563,500	2,563,500	2,563,500	0	0.0
<b>ADJUSTED GROSS</b> .....	<b>252,968,400</b>	<b>255,685,200</b>	<b>254,779,900</b>	<b>256,785,100</b>	<b>256,864,600</b>	<b>3,896,200</b>	<b>1.5</b>
Less:							
Federal Funds.....	3,926,400	3,926,400	4,626,400	4,126,400	4,626,400	700,000	17.8
Local and Private .....	4,261,600	4,454,900	4,454,900	4,454,900	4,454,900	193,300	4.5
<b>TOTAL STATE SPENDING</b> .....	<b>244,780,400</b>	<b>247,303,900</b>	<b>245,698,600</b>	<b>248,203,800</b>	<b>247,783,300</b>	<b>3,002,900</b>	<b>1.2</b>
Less:							
Other State Restricted Funds.....	87,165,900	87,178,500	87,178,500	87,178,400	87,178,500	12,600	0.0
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>157,614,500</b>	<b>160,125,400</b>	<b>158,520,100</b>	<b>161,025,400</b>	<b>160,604,800</b>	<b>2,990,300</b>	<b>1.9</b>
<b>PAYMENTS TO LOCALS</b> .....	<b>123,762,500</b>	<b>124,281,800</b>	<b>123,376,500</b>	<b>124,281,700</b>	<b>124,419,000</b>	<b>656,500</b>	<b>0.5</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. RENT INCREASES**

Gross	53,300
GF/GP	53,300

These include adjustments to rent for various offices, including an office for a Supreme Court justice.

**C. JUDICIAL INFORMATION SYSTEMS (JIS)**

Gross	700,000
Federal	700,000
GF/GP	0

Increased Federal funding is expected to be available for JIS.

**D. CHANGES IN JUDGESHIPS**

Gross	1,439,600
GF/GP	1,439,600

Seven part-time probate judges converted to full time. Additionally, pursuant to statutory changes, four new circuit court judges were added effective January 2, 2007.

**E. COURT FEE FUND**

Boilerplate language states that judicial salaries not funded by the Court Fee Fund be paid with General Fund dollars. The judges' retirement system may not be contributing as much in FY 2006-07 to the Court Fee Fund as in the past, which may affect its ability to support justices' and judges' salaries in FY 2005-06 and FY 2006-07.

**F. PROGRAM REDUCTIONS/ELIMINATIONS**

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

Program reductions include: \$88,300 in Supreme Court administration; \$18,000 for the judicial institute; \$48,400 for the State Court Administrative Office (SCAO); \$21,200 for judicial information systems; \$5,900 for the foster care review board; \$6,000 for drug treatment courts; \$140,000 for Court of Appeals (COA) operations; \$7,300 for the Judicial Tenure Commission; \$29,600 for the appellate defender program; \$5,200 for appellate assigned counsel administration; and \$130,100 for Court Equity Fund reimbursements.

**G. PROGRAM TRANSFERS - NONE**

**H. UNCLASSIFIED SALARIES - NONE**

**I. FEE INCREASES - NONE**

**J. FUNDING SHIFTS - NONE**

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**K. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	2,203,300
Local	193,300
Restricted	12,600
GF/GP	1,997,400

**L. VETOES - NONE**

**DEPARTMENT OF LABOR AND ECONOMIC GROWTH  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	4,167.5	4,206.5	4,206.5	4,210.5	4,238.5	71.0	1.7
<b>GROSS.....</b>	<b>1,248,001,500</b>	<b>1,225,626,200</b>	<b>1,217,558,400</b>	<b>1,216,915,000</b>	<b>1,231,476,200</b>	<b>(16,525,300)</b>	<b>(1.3)</b>
Less:							
Interdepartmental Grants Received .....	10,743,800	20,485,800	12,271,100	11,207,000	23,485,800	12,742,000	118.6
<b>ADJUSTED GROSS.....</b>	<b>1,237,257,700</b>	<b>1,205,140,400</b>	<b>1,205,287,300</b>	<b>1,205,708,000</b>	<b>1,207,990,400</b>	<b>(29,267,300)</b>	<b>(2.4)</b>
Less:							
Federal Funds.....	827,105,800	795,345,800	795,345,800	795,345,800	795,345,800	(31,760,000)	(3.8)
Local and Private .....	19,038,800	18,138,600	18,138,600	18,138,600	18,138,600	(900,200)	(4.7)
<b>TOTAL STATE SPENDING.....</b>	<b>391,113,100</b>	<b>391,656,000</b>	<b>391,802,900</b>	<b>392,223,600</b>	<b>394,506,000</b>	<b>3,392,900</b>	<b>0.9</b>
Less:							
Other State Restricted Funds.....	352,049,700	344,219,300	343,000,700	344,006,800	347,069,300	(4,980,400)	(1.4)
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>39,063,400</b>	<b>47,436,700</b>	<b>48,802,200</b>	<b>48,216,800</b>	<b>47,436,700</b>	<b>8,373,300</b>	<b>21.4</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>50,012,400</b>	<b>51,370,500</b>	<b>51,370,500</b>	<b>51,370,500</b>	<b>51,370,500</b>	<b>1,358,100</b>	<b>2.7</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. JOBS, EDUCATION AND TRAINING (JET) PROGRAM**

The budget includes \$12,278,800 and 31.0 FTEs to implement the Governor's revised recommendation for the JET program. This initiative will revise Work First procedures by providing individualized self-sufficiency plans, assessment, and remediation of barriers to employment, postemployment support, and expanded educational opportunities for recipients, with the goal of increasing the State's work participation rate to the Federally required level and maintaining participants in jobs.

FTE	31.0
Gross	12,278,800
IDG	12,278,800
GF/GP	0

**C. FIRE PROTECTION GRANTS**

The budget includes an additional \$3.7 million for fire protection grants, increasing funding to \$10,910,500.

Gross	3,700,000
GF/GP	3,700,000

**D. BUREAU OF FIRE SERVICES**

The budget transfers fire service activities from their former location in the Bureau of Code Enforcement and Fire Safety to a separate bureau that consists of the Fire Fighters Training Council, Fire Marshal program, and other fire safety programs, and fund sources were adjusted to match anticipated revenue.

Gross	0
IDG	(88,300)
Federal	(332,300)
Restricted	420,600
GF/GP	0

**E. OFFICE OF FINANCIAL AND INSURANCE SERVICES (OFIS)**

The budget includes additional restricted fund support of \$193,000 and 3.0 FTEs for financial evaluation and charter review of banks, credit unions, and insurance companies; \$150,000 for regulation of payday lending operations; and 4.0 FTEs and \$265,500 for additional insurance exams. (Fiscal Year 2005-06 supplemental funding of \$550,000 and 4.0 FTEs was continued in FY 2006-07.)

FTE	7.0
Gross	608,500
Restricted	608,500
GF/GP	0

**F. PUBLIC SERVICE COMMISSION**

The budget includes additional resources for activities of the Public Service Commission, consisting of \$24,500 for regulation of private wastewater treatment facilities and \$423,800 and 6.0 FTEs due to increased rate case filings.

FTE	6.0
Gross	448,300
Restricted	448,300
GF/GP	0

**G. WAGE AND HOUR DIVISION**

The budget includes \$312,600 and 4.0 FTEs for the wage and hour division to assist in implementation of the new State minimum wage, which is expected to generate many inquiries from employers and employees.

FTE	4.0
Gross	312,600
Restricted	312,600
GF/GP	0

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**H. ADDITIONAL PROGRAM ENHANCEMENTS**

<p><b>1. Tax Tribunal.</b> The budget includes \$460,600 and 4.0 FTEs to implement mediation programs and reduce the backlog of cases.</p>	<p>FTE 4.0 Gross 460,600 Restricted 460,600 GF/GP 0</p>
<p><b>2. Expedited Document Filing.</b> The budget includes \$79,000 and 1.0 FTE for the Bureau of Commercial Services to implement expedited document filing procedures.</p>	<p>FTE 1.0 Gross 79,000 Restricted 79,000 GF/GP 0</p>
<p><b>3. Land Bank Fast Track Authority.</b> The budget includes \$133,100 and 2.0 FTEs to administer the sale of the Authority's inventory of tax-reverted properties.</p>	<p>FTE 2.0 Gross 133,100 Restricted 133,100 GF/GP 0</p>
<p><b>4. Commercial Services.</b> The budget includes \$3,092,300 of restricted funds for database improvements.</p>	<p>Gross 3,092,300 Restricted 3,092,300 GF/GP 0</p>
<p><b>5. Michigan State Housing Development Authority (MSHDA).</b> The budget includes an additional \$5.0 million of Federal funding for Payments on Behalf of Tenants.</p>	<p>Gross 5,000,000 Federal 5,000,000 GF/GP 0</p>
<p><b>6. Red Book.</b> The budget includes \$50,000 from the Real Estate Education Fund for printing copies of the Red Book of real estate law and administrative rules.</p>	<p>Gross 50,000 Restricted 50,000 GF/GP 0</p>

**I. FTE ADJUSTMENTS**

The MSHDA received additional position authority for 34.0 FTEs transferred from the Michigan Economic Development Corporation.

FTE 34.0

**J. PROGRAM REDUCTIONS/ELIMINATIONS**

<p><b>1. Michigan Broadband Development Authority.</b> The budget eliminates 11.0 FTEs and \$1,093,400 from the Broadband program, reflecting the anticipated closure of the program in mid-FY 2006-07.</p>	<p>FTE (11.0) Gross (1,093,400) Restricted (1,093,400) GF/GP 0</p>
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**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**2. Low Income Energy Efficiency Grants.** The budget removes \$21.5 million of one-time supplemental funding in FY 2005-06.

Gross	(21,500,000)
Restricted	(21,500,000)
GF/GP	0

**3. Bureau of Workers and Unemployment Compensation.** The budget does not include \$32.6 million of one-time supplemental funding for database improvement.

Gross	(32,600,000)
Federal	(32,600,000)
GF/GP	0

**K. PROGRAM TRANSFERS**

The budget transfers the Michigan Community Service Commission (6.0 FTEs and \$9,391,100) to the Department of Human Services, and the Pre-college Program in Engineering and the Sciences to the School Aid budget (\$680,100).

FTE	(6.0)
Gross	(10,072,000)
Federal	(7,427,100)
Private	(400,000)
Local	(580,300)
GF/GP	(1,664,600)

**L. UNCLASSIFIED SALARIES - NONE**

**M. FEE INCREASES - NONE**

**N. FUNDING SHIFTS**

**1.** The budget replaces \$5.0 million of expired Federal Reed Act funds with \$4,350,000 GF/GP for workforce training program subgrantees.

Gross	(650,000)
Federal	(5,000,000)
GF/GP	4,350,000

**2.** The budget replaces \$1.3 million of expired Federal Reed Act funds with \$1.3 million of GF/GP for Welfare-to-Work programs.

Gross	0
Federal	(1,300,000)
GF/GP	1,300,000

**O. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	17,650,600
IDG	551,500
Federal	8,404,800
Private	4,000
Local	86,100
Restricted	7,901,100
GF/GP	703,100

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**P. OTHER ISSUES**

The budget includes economics for the Department of Information Technology of \$952,300, \$400,000 for Utility Consumer Representation, various adjustments in Federal and restricted fund sources, an increase of \$105,200 human resources optimization charges, removal of \$10,000 energy office one-time supplemental funding, and a GF/GP reduction of \$15,200.

FTE	(1.0)
Gross	5,576,300
Federal	1,494,600
Private	(10,000)
Restricted	4,106,900
GF/GP	(15,200)

**Q. VETOES - NONE**

**LEGISLATURE  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>GROSS</b> .....	<b>129,939,900</b>	<b>129,731,900</b>	<b>131,642,000</b>	<b>131,231,900</b>	<b>132,923,900</b>	<b>2,984,000</b>	<b>2.3</b>
Less:							
Interdepartmental Grants Received .....	2,301,500	2,301,500	1,801,500	1,801,500	1,801,500	(500,000)	(21.7)
<b>ADJUSTED GROSS</b> .....	<b>127,638,400</b>	<b>127,430,400</b>	<b>129,840,500</b>	<b>129,430,400</b>	<b>131,122,400</b>	<b>3,484,000</b>	<b>2.7</b>
Less:							
Federal Funds.....	0	0	0	0	0	0	0.0
Local and Private .....	400,000	400,000	400,000	400,000	400,000	0	0.0
<b>TOTAL STATE SPENDING</b> .....	<b>127,238,400</b>	<b>127,030,400</b>	<b>129,440,500</b>	<b>129,030,400</b>	<b>130,722,400</b>	<b>3,484,000</b>	<b>2.7</b>
Less:							
Other State Restricted Funds.....	2,356,500	2,356,500	2,649,700	2,649,700	2,649,700	293,200	12.4
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>124,881,900</b>	<b>124,673,900</b>	<b>126,790,800</b>	<b>126,380,700</b>	<b>128,072,700</b>	<b>3,190,800</b>	<b>2.6</b>
<b>PAYMENTS TO LOCALS</b> .....	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. AUDITOR GENERAL**

Gross	870,000
Restricted	293,200
GF/GP	576,800

The House provided a \$2.0 million increase for the Auditor General (Economics at \$580,000, 15.0 FTE positions at \$915,000, and information technology at \$505,000). The House included a funding shift (\$293,200 from GF/GP to Restricted) based on projected audit charges. The House also transferred the Auditor General from the Legislative appropriation to its own separate section in the bill.

The Senate included the Restricted fund increase based on available revenue, but did not include the transfer of the Auditor General from the Legislative budget. The net Senate General Fund increase to the Auditor General was consistent with adjustments made to other line items in the Legislative budget.

The Conference Committee included the \$293,200 Restricted fund adjustment, a 2.5% General Fund adjustment (\$312,500), and an additional \$264,300 GF/GP for the Office of the Auditor General. The Conference Committee concurred with the House on the appropriation format for the Office of the Auditor General.

**C. PROGRAM REDUCTIONS/ELIMINATIONS - NONE**

**D. PROGRAM TRANSFERS - NONE**

**E. UNCLASSIFIED SALARIES - NONE**

**F. FEE INCREASES - NONE**

**G. FUNDING SHIFTS - NONE**

**H. ECONOMIC ADJUSTMENTS**

Gross	2,822,000
GF/GP	2,822,000

The Governor did not include any funding adjustments for the Legislature. The House included adjustments for the Auditor General only. The Senate included 3% for economic adjustments and a 1.3% General Fund reduction. The Conference Committee included an overall economic adjustment of 2.5%.

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**I. OTHER ISSUES**

The interdepartmental grant (IDG) from the Department of Corrections to the Auditor General was vetoed in the FY 2005-06 budget for the Department of Corrections. Therefore, the House and Senate eliminated the IDG for FY 2006-07 in the Legislative budget. The budget also reflects the elimination of one-time funding that was included in Public Act 153 of 2006.

Gross	(708,000)
IDG	(500,000)
GF/GP	(208,000)

**J. VETOES - NONE**

**DEPARTMENT OF MANAGEMENT AND BUDGET  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	745.0	752.0	752.0	752.0	752.0	7.0	0.9
<b>GROSS.....</b>	<b>234,880,800</b>	<b>496,142,000</b>	<b>496,877,100</b>	<b>496,642,000</b>	<b>476,142,000</b>	<b>241,261,200</b>	<b>102.7</b>
Less:							
Interdepartmental Grants Received .....	153,786,800	155,293,500	155,293,500	155,293,500	155,293,500	1,506,700	1.0
<b>ADJUSTED GROSS.....</b>	<b>81,094,000</b>	<b>340,848,500</b>	<b>341,583,600</b>	<b>341,348,500</b>	<b>320,848,500</b>	<b>239,754,500</b>	<b>295.7</b>
Less:							
Federal Funds.....	0	0	0	0	0	0	0.0
Local and Private .....	0	0	0	0	0	0	0.0
<b>TOTAL STATE SPENDING.....</b>	<b>81,094,000</b>	<b>340,848,500</b>	<b>341,583,600</b>	<b>341,348,500</b>	<b>320,848,500</b>	<b>239,754,500</b>	<b>295.7</b>
Less:							
Other State Restricted Funds.....	45,876,100	52,438,900	67,438,900	67,438,900	52,438,900	6,562,800	14.3
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>35,217,900</b>	<b>288,409,600</b>	<b>274,144,700</b>	<b>273,909,600</b>	<b>268,409,600</b>	<b>233,191,700</b>	<b>662.1</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. OFFICE OF RETIREMENT SERVICES (ORS)**

The Governor recommended \$3.2 million to support ongoing maintenance of the retirement system, 13.0 FTEs/\$350,000 for improvements to the Call Center, and \$370,000 to implement privacy requirements related to Social Security numbers. Subsequent to the Governor's recommendation, \$2.0 million of the \$3.2 million adjustment for ongoing maintenance costs was included in an FY 2005-06 supplemental appropriation (Public Act 153 of 2006), leaving a net increase of \$1,920,000 in the FY 2006-07 budget.

FTE	13.0
Gross	1,920,000
Restricted	1,920,000
GF/GP	0

**C. BUILDING OCCUPANCY CHARGES**

Adjustments include \$814,600 for utilities, \$121,700 for rent adjustments for leased buildings, and a \$577,500 reduction related to the closing of the Baker-Olin Building.

Gross	358,800
IDG	358,800
GF/GP	0

**D. PROGRAM REDUCTIONS/ELIMINATIONS**

**Administrative Reductions**

The Governor recommended reductions to mail services, real estate services, financial services, organizational services, and the State Employer based on funding limitations. Positions are reduced by 6.0 FTEs.

FTE	(6.0)
Gross	(492,000)
Restricted	(27,000)
GF/GP	(465,000)

**E. PROGRAM TRANSFERS**

**State Building Authority (SBA) Rent**

The appropriation for SBA Rent is transferred from the Department of Treasury to the Department of Management and Budget (DMB). The FY 2005-06 year-to-date appropriation totaled \$253,697,100. Adjustments for FY 2006-07, based on estimated payments and restructuring outstanding State Building Authority debt, result in a net reduction of \$15.9 million and an FY 2006-07 appropriation of \$237,797,100.

Gross	237,797,100
Restricted	5,095,000
GF/GP	232,702,100

**F. UNCLASSIFIED SALARIES - NONE**

**G. FEE INCREASES - NONE**

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**H. FUNDING SHIFTS**

Statewide Cost Allocation Plan adjustments reduce interdepartmental grants (IDGs) by \$99,000, and increase State Restricted funds by \$49,000 and State GF/GP by \$50,000. A funding shift of \$293,200 from GF/GP to an IDG allows for charges to Federal funds for services provided by the Office of the Budget.

Gross	0
IDG	194,200
Restricted	49,000
GF/GP	(243,200)

**I. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	3,193,100
IDG	990,200
Restricted	1,011,800
GF/GP	1,191,100

**J. OTHER ISSUES**

Other adjustments include reductions related to one-time funding associated with the e-Procurement Project, \$1.0 million, and the Retirement System Disaster Recovery Plan, \$500,000; a negative adjustment to the State Fair related to an FY 2005-06 supplemental, \$500; reductions to professional development funds based on collective bargaining, \$50,000; the recognition of 1.0 unclassified FTE position related to the autonomous appropriation for the Michigan State Fair in the DMB; and a \$34,700 adjustment to reflect the DMB's proportional share of costs related to the Human Resources Optimization Project.

FTE	1.0
Gross	(1,515,800)
IDG	(36,500)
Restricted	(1,486,000)
GF/GP	6,700

**K. VETOES - NONE**

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,016.0	1,015.0	1,015.0	1,015.0	1,015.0	(1.0)	(0.1)
<b>GROSS.....</b>	<b>121,935,600</b>	<b>122,317,600</b>	<b>123,019,900</b>	<b>122,317,600</b>	<b>122,902,600</b>	<b>967,000</b>	<b>0.8</b>
Less:							
Interdepartmental Grants Received .....	1,656,800	1,664,600	1,664,600	1,664,600	1,664,600	7,800	0.5
<b>ADJUSTED GROSS.....</b>	<b>120,278,800</b>	<b>120,653,000</b>	<b>121,355,300</b>	<b>120,653,000</b>	<b>121,238,000</b>	<b>959,200</b>	<b>0.8</b>
Less:							
Federal Funds.....	52,579,400	51,190,700	51,450,700	51,190,700	51,450,700	(1,128,700)	(2.1)
Local and Private .....	1,430,800	2,619,400	2,694,400	1,366,300	2,694,400	1,263,600	88.3
<b>TOTAL STATE SPENDING.....</b>	<b>66,268,600</b>	<b>66,842,900</b>	<b>67,210,200</b>	<b>68,096,000</b>	<b>67,092,900</b>	<b>824,300</b>	<b>1.2</b>
Less:							
Other State Restricted Funds.....	26,579,500	26,202,700	26,452,700	26,202,700	26,452,700	(126,800)	(0.5)
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>39,689,100</b>	<b>40,640,200</b>	<b>40,757,500</b>	<b>41,893,300</b>	<b>40,640,200</b>	<b>951,100</b>	<b>2.4</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>0</b>	<b>0.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2006-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 - NONE**

**B. PROGRAM INCREASES OR ADJUSTMENTS**

**1. Military Retirement**

Gross	166,800
GF/GP	166,800

The budget includes additional GF/GP funding to pay for FY 2006-07 estimated costs of Michigan National Guard and Michigan Air Guard retirement payments, pursuant to Public Act 150 of 1967.

**2. ChalleNGe Program**

Gross	500,000
Local	1,253,100
GF/GP	(753,100)

The budget includes an overall increase in funding by eliminating existing GF/GP support of \$753,100 and adding \$1,253,100 from a new fund source, local school aid revenue.

**3. Starbase Grant**

Gross	260,000
Federal	260,000
GF/GP	0

The budget includes additional funding for the federally funded Starbase Program, an educational program that provides elementary school students with math and science experiences in the Mt. Clemens and City of Detroit areas. The total FY 2006-07 appropriation is \$900,000.

**4. Grand Rapids Veterans Home**

Gross	250,000
Private	75,000
Restricted	175,000
GF/GP	0

The budget includes additional anticipated restricted revenue from post and posthumous funds (\$75,000) and Military Family Relief Funds (\$175,000).

**5. D.J. Jacobetti Veterans Home**

Gross	75,000
Restricted	75,000
GF/GP	0

The budget includes additional anticipated restricted revenue from Military Family Relief Funds.

**6. Human Resources Service Center Charges**

Gross	31,400
GF/GP	31,400

The budget includes an adjustment to reflect additional projected FY 2006-07 Department of Management and Budget Human Resources Service Center charges.

**7. Headquarters and Armories**

FTE	(1.0)
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The budget includes a reduction of 1.0 FTE position to reflect actual existing positions.

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**C. PROGRAM REDUCTIONS/ELIMINATIONS**

**Human Resources Optimization**

Gross	(72,400)
GF/GP	(72,400)

The budget includes a reduction to reflect anticipated departmental human resources efficiencies.

**D. PROGRAM TRANSFERS - NONE**

**E. UNCLASSIFIED SALARIES - NONE**

**F. FEE INCREASES - NONE**

**G. FUNDING SHIFTS**

**1. ChalleNGe Program**

The budget shifts \$753,100 in GF/GP support for the program to local school aid fund revenue (Item B. 2. above).

**2. Grand Rapids Veterans Home**

Gross	0
Restricted	(1,200,000)
GF/GP	1,200,000

The budget includes a shift from restricted revenue to GF/GP to cover a depletion of the Home's restricted reserve funds that had been previously used to support operations.

**H. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	3,992,400
IDG	7,800
Federal	1,653,500
Private	10,500
Restricted	42,200
GF/GP	2,278,400

**I. OTHER ISSUES**

**FY 2005-06 Supplemental Appropriations**

The budget reflects adjustments to account for one-time supplemental appropriations contained in P.A. 153 of 2006 and P.A. 345 of 2006.

Gross	(4,236,200)
Federal	(3,042,200)
Private	(294,000)
GF/GP	(9,000,000)

**J. VETOES - NONE**

**DEPARTMENT OF NATURAL RESOURCES  
P.A. 344 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	2,073.5	2,087.4	2,086.4	2,086.4	2,086.4	12.9	0.6
<b>GROSS.....</b>	<b>280,991,100</b>	<b>287,018,200</b>	<b>290,563,200</b>	<b>288,442,200</b>	<b>288,313,200</b>	<b>7,322,100</b>	<b>2.6</b>
Less:							
Interdepartmental Grants Received .....	3,691,200	3,765,900	3,765,900	3,765,900	3,765,900	74,700	2.0
<b>ADJUSTED GROSS.....</b>	<b>277,299,900</b>	<b>283,252,300</b>	<b>286,797,300</b>	<b>284,676,300</b>	<b>284,547,300</b>	<b>7,247,400</b>	<b>2.6</b>
Less:							
Federal Funds.....	41,930,200	42,964,300	42,964,300	42,964,300	42,964,300	1,034,100	2.5
Local and Private .....	2,090,100	2,125,100	3,125,100	2,125,100	3,125,100	1,035,000	49.5
<b>TOTAL STATE SPENDING.....</b>	<b>233,279,600</b>	<b>238,162,900</b>	<b>240,707,900</b>	<b>239,586,900</b>	<b>238,457,900</b>	<b>5,178,300</b>	<b>2.2</b>
Less:							
Other State Restricted Funds.....	207,336,400	213,043,300	215,915,400	213,317,300	213,188,300	5,851,900	2.8
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>25,943,200</b>	<b>25,119,600</b>	<b>24,792,500</b>	<b>26,269,600</b>	<b>25,269,600</b>	<b>(673,600)</b>	<b>(2.6)</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>29,012,500</b>	<b>29,182,500</b>	<b>29,182,500</b>	<b>29,682,500</b>	<b>29,182,500</b>	<b>170,000</b>	<b>0.6</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. CORMORANT CONTROL**

Gross	150,000
GF/GP	150,000

A recent surge in Michigan's population of cormorants, a large migratory bird, has resulted in a depletion of the fish population in the northern Great Lakes and the destruction of habitat in cormorant flight areas. The budget includes funding for the Department of Natural Resources to partner with the United States Department of Agriculture (USDA) to expand on the USDA current cormorant control activities. The funding must be spent on cormorant control efforts within Michigan.

**C. SPORTSMEN AGAINST HUNGER**

Gross	250,000
Restricted	250,000
GF/GP	0

Public Acts 16 and 17 of 2005 created this new program enabling people to donate to the Sportsmen Against Hunger Fund when purchasing a hunting license and requiring the Department of Natural Resources to coordinate a program to process and distribute donated game. Fiscal Year 2006-07 is the initial year of the program.

**D. CAMPING FEE INCREASE**

FTE	9.2
Gross	175,000
Restricted	175,000
GF/GP	0

On January 1, 2006, an increase in selected camping fees and online reservation transaction fees was implemented pursuant to a decision of the Natural Resources Commission. The increase is expected to raise an additional \$3.5 million annually for the Park Improvement Fund, which is used for operations and maintenance of the 97 State parks. In FY 2005-06, \$3,325,000 was appropriated for a partial year of the increased revenue. The FY 2006-07 budget includes an increase to reflect a full year of additional revenue.

**E. SPECIAL PAYMENTS TO COUNTIES**

Gross	170,000
GF/GP	170,000

Statutory changes made several years ago to the distribution of county revenue sharing payments included a three-year phase-in of the advancement of collection of county mill assessments. The Department of Natural Resources makes payment in lieu of taxes (PILT) for land it owns. The statutory changes in the collection of county mills created a short-term shortfall in PILT distribution for 20 counties whose fiscal years end on September 30. To compensate, \$510,000 was needed over three years, and each payment was to be \$170,000 annually until the phase-in was complete. The first payment was made in FY 2004-05 and the amount included in the FY 2006-07 budget is the final special payment.

		<b>FY 2006-07 Change From FY 2005-06 Year-to-Date</b>	
<b>F. PROJECT F.I.S.H.</b>		Gross	25,000
		Restricted	25,000
		GF/GP	0
<p>The budget includes funding from the Game and Fish Protection Fund as a grant to the nonprofit organization, Project F.I.S.H., to increase the number of anglers in the State through the continuation and expansion of the program.</p>			
<b>G. BAY AREA STATE PARK</b>		Gross	100,000
		Restricted	100,000
		GF/GP	0
<p>The budget includes funding from the Waterways Fund to install floating docks in the Bay Area State Park. The docks will expand handicap access to a recreation area and address an access issue complicated by sewage overflow upstream.</p>			
<b>H. NATIONAL RECREATION TRAIL GRANT INCREASE</b>		Gross	300,000
		Federal	300,000
		GF/GP	0
<p>The State received additional Federal grant funding for trails. The funds are used for State or local partnership projects for the development and maintenance of recreation trails and supporting facilities.</p>			
<b>I. ACCESSIBILITY GRANT</b>		Gross	1,000,000
		Private	1,000,000
		GF/GP	0
<p>The State received a grant from the Kellogg Foundation to support improvements in accessibility in State parks for disabled persons.</p>			
<b>J. CAPTIVE CERVIDAE REGULATION</b>		FTE	3.7
		Gross	0
		GF/GP	0
<p>The budget includes additional FTEs to support the regulatory activities related to the captive cervidae program. The FY 2005-06 budget for this program included an increase in funding, but no increase in staff. Staff positions are added in FY 2006-07.</p>			
<b>K. BOBCAT STUDY</b>		Gross	20,000
		Restricted	20,000
		GF/GP	0
<p>The budget earmarks funding from the Game and Fish Protection Fund for a study of the bobcat population in Michigan and the development of appropriate, science-based hunting quotas in both the Upper and Lower Peninsulas.</p>			

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**L. SPECIAL PROJECTS**

The budget included funding for four special projects: the removal of public and private dams at three locations on the Kalamazoo River (\$2.0 million Restricted), repairs to the Petoskey breakwall (\$400,000 Restricted), a project at Cascades Park in Jackson County (\$500,000 Federal), and maintenance to Chappel Dam in Gladwin County (\$300,000 Restricted). The appropriations for these projects were vetoed by the Governor (Item T below).

Gross	3,200,000
Federal	500,000
Restricted	2,700,000
GF/GP	0

**M. PROGRAM REDUCTIONS/ELIMINATIONS - NONE**

**N. PROGRAM TRANSFERS - NONE**

**O. UNCLASSIFIED SALARIES - NONE**

**P. FEE INCREASES - NONE**

**Q. FUNDING SHIFTS**

**Forest Development Fund**

The Department of Natural Resources budget appropriates revenue from the Forest Development Fund to replace a reduction of \$1.5 million in General Fund support for forest fire protection.

Gross	0
Restricted	1,500,000
GF/GP	(1,500,000)

**R. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	6,472,800
IDG	74,700
Federal	734,100
Private	35,000
Restricted	5,192,700
GF/GP	436,300

**S. OTHER ISSUES**

The budget makes adjustments for new office space in Bay City, the statewide Human Resources Optimization Project, annual State park revenue bond payments, and one-time appropriations enacted in FY 2005-06.

Gross	(1,340,700)
Restricted	(1,410,800)
GF/GP	70,100

**T. VETOES**

The Governor vetoed four special projects at specific locations in the State. The projects are described in Item L above.

Gross	(3,200,000)
Federal	(500,000)
Restricted	(2,700,000)
GF/GP	0

**SCHOOL AID  
P.A. 342 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>GROSS</b> .....	<b>12,700,614,500</b>	<b>13,119,014,700</b>	<b>13,116,590,700</b>	<b>13,103,854,300</b>	<b>13,093,745,100</b>	<b>393,130,600</b>	<b>3.1</b>
Less:							
Interdepartmental Grants Received .....	0	0	0	0	0	0	0.0
<b>ADJUSTED GROSS</b> .....	<b>12,700,614,500</b>	<b>13,119,014,700</b>	<b>13,116,590,700</b>	<b>13,103,854,300</b>	<b>13,093,745,100</b>	<b>393,130,600</b>	<b>3.1</b>
Less:							
Federal Funds.....	1,392,587,300	1,412,736,900	1,412,736,900	1,412,736,900	1,411,236,900	18,649,600	1.3
Local and Private .....	0	0	0	0	0	0	0.0
<b>TOTAL STATE SPENDING</b> .....	<b>11,308,027,200</b>	<b>11,706,277,800</b>	<b>11,703,853,800</b>	<b>11,691,117,400</b>	<b>11,682,508,200</b>	<b>374,481,000</b>	<b>3.3</b>
Less:							
Other State Restricted Funds.....	11,245,313,200	11,671,277,800	11,668,853,800	11,646,117,400	11,647,508,200	402,195,000	3.6
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>62,714,000</b>	<b>35,000,000</b>	<b>35,000,000</b>	<b>45,000,000</b>	<b>35,000,000</b>	<b>(27,714,000)</b>	<b>(44.2)</b>
<b>PAYMENTS TO LOCALS</b> .....	<b>11,285,376,300</b>	<b>11,582,641,800</b>	<b>11,558,417,800</b>	<b>11,545,680,500</b>	<b>11,536,597,200</b>	<b>251,220,900</b>	<b>2.2</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT**

**Cost Adjustments**

Due to the availability of final pupil counts, newer special education cost data, and revised taxable value data, the Proposal A obligation payment was reduced by \$52.0 million, the Discretionary payment was increased by \$19,263,200, and Special Education funding was decreased by \$23.8 million from year-to-date FY 2005-06 appropriations.

**B. EXISTING PROGRAM INCREASES**

**1. Proposal A Obligation Payment**

Gross	(200,000,000)
Restricted	(200,000,000)
GF/GP	0

Due to the increase in taxable values (and hence a decrease in the State's share of the FY 1994-95 constitutionally guaranteed foundation allowance), the Proposal A obligation payment for FY 2006-07 declines from \$6,407,000,000 to \$6,207,000,000.

**2. Discretionary Payment**

Gross	367,950,000
Restricted	365,303,000
GF/GP	2,647,000

Due to the \$210 per-pupil increase provided in the budget for the Basic Foundation Allowance, plus adjustments in the foundation allowances of two districts (Garden City and Huron Schools), the cost for this item increased from \$3,217,000,000 to \$3,584,950,000.

**3. Equity Payment**

Gross	20,000,000
Restricted	20,000,000
GF/GP	0

For districts whose FY 2006-07 foundation allowance after the \$210 increase is below \$7,360, an equity payment of \$23 per pupil is provided, with the intent to build that increase into a district's base the following year.

**4. Obligation Costs**

Gross	98,766,000
Federal	30,166,000
Restricted	67,350,000
GF/GP	1,250,000

The budget includes a number of increases in costs for "obligation" items, such as Special Education (\$59.9 million State, \$13,850,000 Federal), Renaissance Zones (\$5.2 million), School Lunch (\$16,316,000 Federal) and School Bond Loan Fund Debt Service (\$3.5 million).

**5. Increases in Existing Programs' Funding**

Gross	16,932,800
Restricted	14,582,800
GF/GP	2,350,000

The budget includes increases to several existing programs: 1) School Readiness District Program (increase of \$6.0 million); 2) Great Start Intermediate School District Ages 0-5 Grants (increase of \$1,674,000); 3) Great Start Interagency Early Childhood Grants (increase of

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

\$1.5 million); 4) Intermediate School District General Operations Funding (increase of \$2,408,800 to reflect the percentage increase in the basic foundation allowance); 5) Center for Educational Performance and Information (increase of \$350,000); 6) Michigan Virtual High School (increase of \$1.0 million); 7) Math and Science Centers (increase of \$1.0 million); and 8) Adult Education (increase of \$3.0 million).

**C. NEW PROGRAMS**

**1. Declining Enrollment**

The budget includes \$20.0 million to provide funding to eligible districts. A district is eligible to receive funding if it has had two consecutive years of declining pupil enrollment, if a three-year average yields a higher membership than the current year actual membership, and if the district is not eligible to receive other declining enrollment funds.

Gross	20,000,000
Restricted	20,000,000
GF/GP	0

**2. Middle School Math – Local School District Program**

In FY 2005-06, a new intermediate school district Middle School Math program was begun, with funding of \$3,850,000. For FY 2006-07, that program was eliminated, but a new program was funded for local districts. Each district will be given a per-pupil amount for each student enrolled in grades 6, 7, and 8, and the district is to use the funding to improve performance in math.

Gross	20,000,000
Restricted	20,000,000
GF/GP	0

**3. Health/Sciences Middle College**

The budget includes \$2.0 million for the creation of a partnership between intermediate districts or Detroit Public Schools and a community college or State public university to create and implement a middle college focused on the field of health sciences.

Gross	2,000,000
Restricted	2,000,000
GF/GP	0

**4. Children of Incarcerated Parents**

The budget includes a new item for funding programs to provide support to children who have at least one parent in prison. Districts eligible to receive grants must have at least 60% of their pupils eligible for free or reduced-price lunch.

Gross	1,875,000
Restricted	1,875,000
GF/GP	0

**5. Early Childhood Investment Corporation (ECIC) Collaborative Grants**

The budget includes a new item for competitive grants to intermediate school districts for the creation of Great Start communities or other purposes determined by the ECIC.

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

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**6. Web-Based Practice Assessments**

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

The budget includes \$1.0 million for a contract to provide web-based practice assessments and classroom remediation for up to 240,000 pupils in grades 6, 7, and 8.

**7. Miscellaneous New Programs**

Gross	2,525,000
Restricted	2,525,000
GF/GP	0

The budget includes a number of other new items: 1) Conductive Learning Center Study (\$250,000); 2) International Baccalaureate Program Grants (\$250,000); 3) Automated External Defibrillators (\$100,000); 4) Financial Emergency District Funding (\$125,000); 5) School Building Security Mapping (\$350,000); 6) Positive Behavioral Support Program (\$300,000); 7) FIRST Robotics Funding (\$150,000); 8) Mercy Education Project (\$100,000); 9) Book-a-Month Program (\$500,000); and 10) Early Intervening Grants (\$400,000).

**D. PROGRAM REDUCTIONS/ELIMINATIONS**

Gross	(30,791,600)
Federal	(19,941,600)
Restricted	(10,850,000)
GF/GP	0

The one-time Detroit Public Schools' Transition Grant (assisting the district with the transition from a State-appointed board to a publicly elected board) of \$7.0 million was eliminated. The intermediate school district version of the Middle School Math program (begun in FY 2005-06 with funding of \$3,850,000) was discontinued (replaced with the local district program referred to in Item C. 2. above). Also, Federal No Child Left Behind grants declined from \$652,919,600 to \$636,978,000. Finally, Federal carry-forward funding for the Wireless Technology program was reduced from \$5.5 million to \$1.5 million.

**E. PROGRAM TRANSFERS**

Gross	71,873,400
Federal	8,425,200
Restricted	63,448,200
GF/GP	0

Eight items funded with General Fund or Merit Award Trust Fund dollars in FY 2005-06 were transferred to the School Aid budget for FY 2006-07, funded with School Aid Fund revenues. These items are: 1) Cash Flow Borrowing Costs (\$22.8 million); 2) Educational Costs at Department of Human Services (DHS) Juvenile Detention Facilities (\$3.0 million from the DHS); 3) Youth Challenge Program (\$1,253,100 from the Department of Military and Veterans Affairs); 4) Vision and Hearing Screening (\$5,150,000 from the Department of Community Health); 5) School Breakfast (\$9,625,000 from the Department of Education (DOE)); 6) Pre-College Engineering Programs (\$780,100 from the Department of Labor and Economic Growth); 7) MEAP Testing (\$19.5 million State; \$8,425,200 Federal from DOE); and 8) School Bus Safety Inspections (\$1,340,000 from the Department of State Police).

**F. UNCLASSIFIED SALARIES - NONE**

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**G. FEE INCREASES - NONE**

**H. FUNDING SHIFTS**

One item funded in the K-12 budget via the General Fund in FY 2005-06 is funded with School Aid Fund dollars for FY 2006-07: *Durant* non-plaintiff Debt Service payments.

Gross	0
Restricted	34,961,000
GF/GP	(34,961,000)

**I. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

**J. VETOES - NONE**

**DEPARTMENT OF STATE  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,853.8	1,853.8	1,853.8	1,853.8	1,853.8	0.0	0.0
<b>GROSS.....</b>	<b>209,078,400</b>	<b>204,793,500</b>	<b>198,544,400</b>	<b>204,793,500</b>	<b>204,793,500</b>	<b>(4,284,900)</b>	<b>(2.0)</b>
Less:							
Interdepartmental Grants Received .....	31,000,000	20,000,000	20,000,000	20,000,000	20,000,000	(11,000,000)	(35.5)
<b>ADJUSTED GROSS.....</b>	<b>178,078,400</b>	<b>184,793,500</b>	<b>178,544,400</b>	<b>184,793,500</b>	<b>184,793,500</b>	<b>6,715,100</b>	<b>3.8</b>
Less:							
Federal Funds.....	3,443,300	3,052,100	3,052,100	3,052,100	3,052,100	(391,200)	(11.4)
Local and Private .....	100	100	100	100	100	0	0.0
<b>TOTAL STATE SPENDING.....</b>	<b>174,635,000</b>	<b>181,741,300</b>	<b>175,492,200</b>	<b>181,741,300</b>	<b>181,741,300</b>	<b>7,106,300</b>	<b>4.1</b>
Less:							
Other State Restricted Funds.....	154,637,200	162,608,600	156,608,600	162,608,600	162,608,600	7,971,400	5.2
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>19,997,800</b>	<b>19,132,700</b>	<b>18,883,600</b>	<b>19,132,700</b>	<b>19,132,700</b>	<b>(865,100)</b>	<b>(4.3)</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>993,800</b>	<b>1,161,800</b>	<b>1,161,800</b>	<b>1,161,800</b>	<b>1,469,800</b>	<b>476,000</b>	<b>47.9</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. BUSINESS APPLICATION MODERNIZATION PROJECT**

Gross	1,100,000
GF/GP	1,100,000

The Governor recommended increasing the appropriation for this project from \$3,450,000 to \$4,550,000. This restores the appropriation to the level it was prior to budget reductions in previous years. The project involves replacement of the Department's mainframe applications. Business requirements have been set and the Department is now in the construction phase.

**C. TRANSPORTATION ADMINISTRATION COLLECTION FUND (TACF)**

Gross	0
Restricted	0
GF/GP	0

Due to revenue shortfalls in the Transportation Administration Collection Fund (TACF), no economic adjustments are funded from this source. General Fund money is used to support costs that otherwise would be charged to the TACF. The budget also assumes that legislation will be adopted to continue the deposit of the Expedious Service Fee and Registration Transfer Fee in the TACF instead of the Michigan Transportation Fund. Without that adjustment, there will be an additional shortfall of approximately \$10.4 million in the TACF. Notwithstanding the above, there is a projected FY 2006-07 \$12.0 million shortfall in TACF revenue. The Senate included a \$6.0 million reduction to TACF appropriations/revenue, including boilerplate language requiring the Department to update revenue projections by October 5, 2006, and submit a plan to deal with any shortfalls by October 12, 2006. The Conference Committee removed the Senate adjustments.

**D. PROGRAM REDUCTIONS/ELIMINATIONS**

Gross	(365,900)
GF/GP	(365,900)

**Operation Reductions.** The Governor, House, and Senate included General Fund reductions to various line items based on administrative savings.

**E. PROGRAM TRANSFERS - NONE**

**F. UNCLASSIFIED SALARIES - NONE**

**G. FEE INCREASES - NONE**

**H. FUNDING SHIFTS - NONE**

**I. ECONOMIC ADJUSTMENTS**

Gross	6,481,000
Federal	108,800
Restricted	1,471,400
GF/GP	4,900,800

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

Gross	(11,500,000)
IDG	(11,000,000)
Federal	(500,000)
Restricted	6,500,000
GF/GP	(6,500,000)

**J. OTHER ISSUES**

The budget reflects elimination of FY 2005-06 one-time appropriations of \$11.0 million related to reissuing standard registration plates; \$500,000 in Federal funding for Help America Vote Act funding from the U.S. Department of Health and Human Services; and a \$6.5 million funding shift included in an FY 2005-06 supplemental that was not continued in FY 2006-07. Organizational transfers between various line items are included to reflect the current organizational structure of the Department of State.

**K. VETOES - NONE**

**DEPARTMENT OF STATE POLICE  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	2,897.0	2,900.0	2,900.0	2,900.0	2,900.0	3.0	0.1
<b>GROSS.....</b>	<b>558,875,200</b>	<b>578,496,800</b>	<b>566,788,500</b>	<b>570,496,800</b>	<b>569,288,500</b>	<b>10,413,300</b>	<b>1.9</b>
Less:							
Interdepartmental Grants Received .....	20,736,300	22,642,400	22,642,400	22,642,400	22,642,400	1,906,100	9.2
<b>ADJUSTED GROSS.....</b>	<b>538,138,900</b>	<b>555,854,400</b>	<b>544,146,100</b>	<b>547,854,400</b>	<b>546,646,100</b>	<b>8,507,200</b>	<b>1.6</b>
Less:							
Federal Funds.....	184,031,900	181,013,300	169,305,000	169,013,300	169,305,000	(14,726,900)	(8.0)
Local and Private .....	6,672,900	8,169,200	8,169,200	8,169,200	8,169,200	1,496,300	22.4
<b>TOTAL STATE SPENDING.....</b>	<b>347,434,100</b>	<b>366,671,900</b>	<b>366,671,900</b>	<b>370,671,900</b>	<b>369,171,900</b>	<b>21,737,800</b>	<b>6.3</b>
Less:							
Other State Restricted Funds.....	115,672,500	111,373,200	111,373,200	111,373,200	119,873,200	4,200,700	3.6
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>231,761,600</b>	<b>255,298,700</b>	<b>255,298,700</b>	<b>259,298,700</b>	<b>249,298,700</b>	<b>17,537,100</b>	<b>7.6</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>20,518,700</b>	<b>19,899,200</b>	<b>19,899,200</b>	<b>19,899,200</b>	<b>19,899,200</b>	<b>(619,500)</b>	<b>(3.0)</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. PROGRAM INCREASES OR ADJUSTMENTS**

**1. At-Post Troopers - New Trooper School**

The budget includes an additional \$2.5 million for the purpose of conducting a new Michigan State Police Trooper recruit school. Boilerplate language (Sec. 218) specifies that this Trooper School must commence by August 15, 2007, and must be designed to graduate at least 50 qualified Troopers.

Gross	2,500,000
Restricted	2,500,000
GF/GP	0

**2. Uniform Services - State Police Posts**

The budget includes additional GF/GP funding to continue operations of the Groveland Township, Grand Haven, and Iron River State Police posts, which are funded for FY 2005-06 via FY 2004-05 supplemental appropriations (P.A. 200 of 2005).

FTE	9.0
Gross	1,050,000
GF/GP	1,050,000

**3. Statewide Fire Investigation Unit**

The budget includes additional GF/GP funding to continue a statewide fire investigation unit, which is funded for FY 2005-06 via FY 2004-05 supplemental appropriations (P.A. 200 of 2005).

FTE	11.0
Gross	1,200,000
GF/GP	1,200,000

**4. Reimbursed Services**

The budget includes anticipated additional revenue during FY 2006-07 for reimbursed Department services, including those for Bomb Squad services (\$60,000), training for the Department of Corrections (\$1.0 million), and for general police services (\$600,000).

Gross	1,660,000
IDG	1,000,000
Restricted	660,000
GF/GP	0

**5. Restricted Revenue Increases**

The budget includes additional anticipated restricted revenue for Auto Theft Prevention Grants (\$3,565,300), local Michigan Public Safety Communication System subscriber fees (\$1.0 million), fees for vehicle crash reports (\$75,000), and the Criminal Justice Information Center (\$3.5 million), the last due to an increase in statutorily mandated fingerprint analysis of applicants for various occupations in the State.

Gross	8,140,300
Local	1,000,000
Restricted	7,140,300
GF/GP	0

**6. Human Resources Service Center Charges**

The budget includes an adjustment to reflect additional projected FY 2006-07 Human Resources Service Center charges.

Gross	85,000
Restricted	17,000
GF/GP	68,000

		<b>FY 2006-07 Change From FY 2005-06 Year-to-Date</b>
<b>7. Laboratory Operations</b>		Gross 291,700
		Federal 291,700
		GF/GP 0
	The budget includes additional Federal support for the Department's laboratory operations.	
<b>8. Human Resources</b>		Gross 101,500
		Restricted 101,500
		GF/GP 0
	The budget includes additional support for departmental human services.	
<b>9. Traffic Safety</b>		FTE 3.0
		Gross 200,000
		Federal 200,000
		GF/GP 0
	The budget includes additional Federal funds for traffic safety initiatives.	
<b>10. Operational Support - Donated Funds</b>		Gross 63,800
		Private 63,800
		GF/GP 0
	The budget reflects anticipated receipt of donated funds for the Amber Alert program and the Michigan Youth Leadership Academy.	
<b>C. PROGRAM REDUCTIONS/ELIMINATIONS</b>		
<b>1. Dispatch Consolidation</b>		FTE 4.0
		Gross (240,000)
		GF/GP (240,000)
	The budget includes a reduction to reflect anticipated departmental human resources efficiencies.	
<b>2. Adjustments to Federal Grant Funding</b>		Gross (15,018,700)
		Federal (15,018,700)
		GF/GP 0
	The budget includes reduction adjustments to several Federal grants, including \$728,500 for toxicology, \$216,200 for a Violence Against Women grant, \$1.0 million for COPS grants, \$1,074,000 for a Commercial Vehicle Information System grant, and \$12.0 million to reflect completion of Michigan emergency support for areas of the South hit by hurricane Katrina.	
<b>3. Adjustments to Reflect Anticipated Receipt of State Restricted Revenue</b>		Gross (49,300)
		Restricted (49,300)
		GF/GP 0
	The budget reflects an adjustment for a projected reduction in licensing revenue for FY 2006-07.	

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**4. Attrition Savings**

The budget includes projected savings from the anticipated attrition of 17.0 Department-wide employees for FY 2006-07.

FTE	17.0
Gross	(1,721,700)
Federal	(25,500)
Restricted	(35,200)
GF/GP	(1,661,000)

**5. Civilian Retirement Rate Adjustment**

The budget includes Department-wide savings based upon an anticipated reduction in civilian employee retirement rates.

Gross	(92,700)
IDG	(11,900)
Federal	(48,900)
Local	(1,500)
Restricted	(30,400)
GF/GP	0

**D. PROGRAM TRANSFERS - NONE**

**E. UNCLASSIFIED SALARIES - NONE**

**F. FEE INCREASES - NONE**

**G. FUNDING SHIFTS**

**1. Michigan Justice Training Fund (MJTF)**

The budget shifts to GF/GP \$1.9 million in MJTF revenue used to support administrative costs of the Michigan Commission on Law Enforcement Standards.

Gross	0
Restricted	(1,900,000)
GF/GP	1,900,000

**2. School Bus Inspections**

The budget includes a shift in program support from GF/GP revenue to local school aid revenue.

Gross	0
Local	1,284,800
GF/GP	(1,284,800)

**3. At-Post Troopers**

The budget for At-Post Troopers includes a fund shift of \$2.0 million from Restricted funding to GF/GP.

Gross	0
Restricted	(2,000,000)
GF/GP	2,000,000

**4. At-Post Trooper**

The budget for At-Post Troopers includes a shift from GF/GP to traffic law enforcement and safety funds.

Gross	0
Restricted	6,000,000
GF/GP	(6,000,000)

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**5. Support Services**

The budget includes a shift of Federal funding to Restricted as a technical change.

Gross	0
Federal	(40,400)
Restricted	40,400
GF/GP	0

**H. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	20,308,500
IDG	918,000
Federal	1,125,800
Local	207,700
Private	5,300
Restricted	1,146,800
GF/GP	16,904,900

**I. OTHER ISSUES**

**FY 2005-06 Supplemental Appropriations**

The budget reflects adjustments to account for supplemental appropriations contained in P.A. 153 of 2006 and in P.A. 345 of 2006. Public Act 345 reduced the At-post Trooper line by \$4.1 million GF/GP and replaced it with \$4.1 million in Traffic Law Enforcement and Safety Fund money (restricted revenue). In addition, within boilerplate Section 401, the budget transfers \$6.0 million in State Services Fee funds (State-earmarked revenue from casinos) to the Traffic Law Enforcement and Safety Fund, effectively increasing potential expenditures for Troopers by \$1.9 million by covering a shortfall in Traffic Law Enforcement and Safety Fund revenue for FY 2005-06.

Gross	(8,065,100)
Federal	(1,210,900)
Local	(1,000,000)
Private	(63,800)
Restricted	(9,390,400)
GF/GP	3,600,000

**J. VETOES - NONE**

**DEPARTMENT OF TRANSPORTATION  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	3,031.3	3,030.3	3,016.3	3,030.3	3,030.3	(1.0)	(0.0)
<b>GROSS.....</b>	<b>3,424,910,200</b>	<b>3,442,385,100</b>	<b>3,431,268,600</b>	<b>3,442,095,800</b>	<b>3,441,865,300</b>	<b>16,955,100</b>	<b>0.5</b>
Less:							
Interdepartmental Grants Received .....	0	0	0	0	0	0	0.0
<b>ADJUSTED GROSS.....</b>	<b>3,424,910,200</b>	<b>3,442,385,100</b>	<b>3,431,268,600</b>	<b>3,442,095,800</b>	<b>3,441,865,300</b>	<b>16,955,100</b>	<b>0.5</b>
Less:							
Federal Funds.....	1,210,650,300	1,169,386,000	1,169,386,000	1,169,336,300	1,169,336,300	(41,314,000)	(3.4)
Local and Private .....	6,100,000	47,500,000	47,500,000	47,500,000	47,500,000	41,400,000	678.7
<b>TOTAL STATE SPENDING.....</b>	<b>2,208,159,900</b>	<b>2,225,499,100</b>	<b>2,214,382,600</b>	<b>2,225,259,500</b>	<b>2,225,029,000</b>	<b>16,869,100</b>	<b>0.8</b>
Less:							
Other State Restricted Funds.....	2,208,159,900	2,225,499,100	2,214,382,600	2,225,259,500	2,225,029,000	16,869,100	0.8
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>1,278,368,900</b>	<b>1,319,045,600</b>	<b>1,296,393,400</b>	<b>1,301,284,400</b>	<b>1,304,085,600</b>	<b>25,716,700</b>	<b>2.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. SAFE ROUTES TO SCHOOLS**

Gross	1,009,800
Federal	1,009,800
GF/GP	0

Congress reauthorized Federal transportation funding for states in 2005 in SAFETEA-LU. Included in the new act was a program encouraging additional safety precautions in school zones and providing funding in the form of grants for states to complete these projects. A partial year of funding was enacted in FY 2005-06 and a full year of funding for the Safe Routes to Schools program was enacted for FY 2006-07 with a total of \$4,050,000 and 1.0 FTE.

**C. COMPREHENSIVE TRANSPORTATION FUND**

Gross	20,280,000
Restricted	20,280,000
GF/GP	0

An 8.8% increase in revenue to this Fund is anticipated for FY 2006-07 for two reasons: Sales tax revenue to the Comprehensive Transportation Fund (CTF) was not diverted to the General Fund (as \$10.0 million was in FY 2005-06) and an anticipated increase in revenue to the Michigan Transportation Fund means the 10% portion going to the CTF would be larger. The CTF revenue is distributed in the budget for public transportation activities including administration of public transit programs, bus operating, and capital grants, a State subsidy for Amtrak rail passenger service between Port Huron and Chicago and between Grand Rapids and Chicago, and other grant programs supporting bus, rail, and transit services.

**D. ECONOMIC DEVELOPMENT FUND**

Gross	757,000
Restricted	757,000
GF/GP	0

An anticipated reduction in revenue to the Transportation Economic Development Fund is allocated according to the statutory formula, which specifies 50% to Category A projects and 25% each to Category C and D projects. The budget includes decreases of \$70,100 each for Categories C and D. Category A grants receive a reduction of \$140,200, but the final number is an increase compared with a one-time reduction enacted for Category A grants in FY 2005-06.

**E. STATE ROAD AND BRIDGE FUNDING**

Gross	(4,380,100)
Federal	1,058,900
Local	25,000,000
Restricted	(30,439,000)
GF/GP	0

The budget includes adjustments to Federal and State restricted appropriations to reflect revenue availability. The increase includes \$25.0 million in local funds that were previously not appropriated in the operations budget, but will be in the future to reflect road work that a local unit of government will complete as part of a State contract that is paid to a contractor.

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**F. LOCAL ROAD AND BRIDGE FUNDING**

The budget includes adjustments to Federal and State restricted appropriations supporting grants to local units of government for road projects to reflect revenue availability.

Gross	6,890,400
Restricted	6,890,400
GF/GP	0

**G. DEBT SERVICE ADJUSTMENTS**

The budget reflects a decrease associated with scheduled debt service payments, primarily for the debt service on the State Trunkline bonds. The total amount appropriated for all debt service obligations is \$207,620,000.

Gross	(33,123,500)
Restricted	(33,123,500)
GF/GP	0

**H. GRANTS TO OTHER STATE DEPARTMENTS**

The budget includes a net increase in the amount of transportation funding provided to other State departments and agencies for transportation services. The total amount appropriated is \$46,212,200.

Gross	1,576,500
Restricted	1,576,500
GF/GP	0

**I. PROGRAM REDUCTIONS/ELIMINATIONS - NONE**

**J. PROGRAM TRANSFERS - NONE**

**K. UNCLASSIFIED SALARIES**

The budget includes a small increase in the amount provided for unclassified salaries.

Gross	400
Restricted	400
GF/GP	0

**L. FEE INCREASES - NONE**

**M. FUNDING SHIFTS - NONE**

**N. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	9,512,400
Federal	247,100
Restricted	9,265,300
GF/GP	0

**O. OTHER ISSUES**

The budget includes adjustments for one-time appropriations enacted in FY 2005-06, changes to reflect anticipated revenue, and the implementation of a statewide human resources program.

FTE	(1.0)
Gross	14,734,200
Federal	(43,629,800)
Local	16,400,000
Restricted	41,964,000
GF/GP	0

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**P. VETOES**

**1. Specific Road Projects**

The Governor vetoed sections of boilerplate language that contained appropriations for specific road projects. The vetoes removed appropriations from the State Trunkline Fund for three road projects. The specific projects and their costs are:

- Sec. 613 – Comprehensive signage for the Michigan International Speedway (\$50,000)
- Sec. 615 – Construct full interchange at M-48 and I-75 in Chippewa County (\$100,000)
- Sec. 616 – Reimburse the City of Petoskey for a traffic light at US-31 and Bay Harbor (\$52,000)

Gross	(202,000)
Restricted	(202,000)
GF/GP	0

**2. Cost Allocation Plan**

The Governor vetoed Section 504(4), which directed the Department of Treasury to conduct a cost allocation study to identify the costs of collecting constitutionally restricted motor fuel taxes. Funding from the Michigan Transportation Fund was removed from the grant to the Department of Treasury.

Gross	(100,000)
Restricted	(100,000)
GF/GP	0

**DEPARTMENT OF TREASURY - DEBT SERVICE**  
**P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>GROSS</b> .....	<b>89,001,400</b>	<b>100,158,200</b>	<b>100,158,200</b>	<b>100,158,200</b>	<b>100,158,200</b>	<b>11,156,800</b>	<b>12.5</b>
Less:							
Interdepartmental Grants Received .....	0	0	0	0	0	0	0.0
<b>ADJUSTED GROSS</b> .....	<b>89,001,400</b>	<b>100,158,200</b>	<b>100,158,200</b>	<b>100,158,200</b>	<b>100,158,200</b>	<b>11,156,800</b>	<b>12.5</b>
Less:							
Federal Funds.....	0	0	0	0	0	0	0.0
Local and Private .....	0	0	0	0	0	0	0.0
<b>TOTAL STATE SPENDING</b> .....	<b>89,001,400</b>	<b>100,158,200</b>	<b>100,158,200</b>	<b>100,158,200</b>	<b>100,158,200</b>	<b>11,156,800</b>	<b>12.5</b>
Less:							
Other State Restricted Funds.....	36,114,500	23,914,500	23,914,500	23,914,500	23,914,500	(12,200,000)	(33.8)
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>52,886,900</b>	<b>76,243,700</b>	<b>76,243,700</b>	<b>76,243,700</b>	<b>76,243,700</b>	<b>23,356,800</b>	<b>44.2</b>
<b>PAYMENTS TO LOCALS</b> .....	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. WATER POLLUTION CONTROL BOND AND INTEREST REDEMPTION**

Gross	(134,200)
GF/GP	(134,200)

This line item supports the debt service payments for the general obligation bonds that funded the Water Pollution Control Revolving Fund. The bonds for the revolving fund were issued in 1992 and 1993. The appropriation is reduced from \$2,592,400 to \$2,458,200 based on estimated debt service requirements.

**C. QUALITY OF LIFE BOND**

Gross	(4,200,000)
Restricted	(12,200,000)
GF/GP	8,000,000

This line item supports the debt service payments for two general obligation bonds approved by voters in 1988, one for Environmental Protection purposes and one for Recreation purposes. Adjustments include a reduction of \$4.2 million, an increase of \$400,000 to support a new issue, and a funding shift of \$8.0 million from the Cleanup and Redevelopment Fund to the General Fund.

**D. CLEAN MICHIGAN INITIATIVE**

Gross	13,991,000
GF/GP	13,991,000

This line item supports the debt service payments for a general obligation bond approved by voters in 1994. Voters authorized the issuance of \$675.0 million in bonds. The proceeds are used for environmental cleanup, pollution prevention, and redevelopment projects. Adjustments include an increase for estimated payments of \$10,791,000 and an increase of \$3.2 million to service a new issue of the bonds.

**E. GREAT LAKES WATER QUALITY BOND**

Gross	1,500,000
GF/GP	1,500,000

This new line item supports the debt service payments for a general obligation bond approved by voters in 2002.

**F. PROGRAM REDUCTIONS/ELIMINATIONS - NONE**

**G. PROGRAM TRANSFERS - NONE**

**H. UNCLASSIFIED SALARIES - NONE**

**I. FEE INCREASES - NONE**

**J. FUNDING SHIFTS**

As mentioned in Item C above, the Quality of Life Bond replaced \$8.0 million from the Cleanup and Redevelopment Fund with General Fund dollars.

**K. ECONOMIC ADJUSTMENTS - NONE**

**L. VETOES - NONE**

**DEPARTMENT OF TREASURY - OPERATIONS**  
**P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,706.5	1,697.5	1,697.5	1,697.5	1,697.5	(9.0)	(0.5)
<b>GROSS.....</b>	<b>650,725,300</b>	<b>378,876,700</b>	<b>388,145,400</b>	<b>376,075,200</b>	<b>388,913,700</b>	<b>(261,811,600)</b>	<b>(40.2)</b>
Less:							
Interdepartmental Grants Received .....	13,456,400	13,848,200	13,848,200	10,046,700	13,848,200	391,800	2.9
<b>ADJUSTED GROSS.....</b>	<b>637,268,900</b>	<b>365,028,500</b>	<b>374,297,200</b>	<b>366,028,500</b>	<b>375,065,500</b>	<b>(262,203,400)</b>	<b>(41.1)</b>
Less:							
Federal Funds.....	35,405,400	35,906,300	35,906,300	35,906,300	35,906,300	500,900	1.4
Local and Private .....	1,025,400	1,066,200	1,066,200	1,066,200	1,066,200	40,800	4.0
<b>TOTAL STATE SPENDING.....</b>	<b>600,838,100</b>	<b>328,056,000</b>	<b>337,324,700</b>	<b>329,056,000</b>	<b>338,093,000</b>	<b>(262,745,100)</b>	<b>(43.7)</b>
Less:							
Other State Restricted Funds.....	302,801,600	266,513,300	276,583,300	267,463,100	281,583,300	(21,218,300)	(7.0)
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>298,036,500</b>	<b>61,542,700</b>	<b>60,741,400</b>	<b>61,592,900</b>	<b>56,509,700</b>	<b>(241,526,800)</b>	<b>(81.0)</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>119,249,500</b>	<b>128,172,800</b>	<b>139,406,500</b>	<b>109,272,800</b>	<b>139,406,500</b>	<b>20,157,000</b>	<b>16.9</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. REVENUE ENHANCEMENT PROGRAM**

This line item supports a number of programs, including personal property tax audits and the principal residence exemption compliance program. The budget includes scheduled reductions of \$250,000 for the principal residence exemption compliance program and \$400,000 for the remainder, as well as a \$100,000 reduction to field audit relocation. An additional cut of \$33,000 was made to fully fund special census revenue sharing payments. The program also reduced FTEs from 60.0 to 50.0.

FTE	(10.0)
Gross	(783,000)
GF/GP	(783,000)

**C. CHANGES TO STATUTORY PAYMENTS**

These include an increase of \$900,000 for senior citizen cooperative housing tax exemptions, an increase of \$362,000 for renaissance zone payments, and a decrease in qualified agricultural loan payments of \$459,900.

Gross	802,100
GF/GP	802,100

**D. PROGRAM INCREASES**

These include an increase of \$100,000 for the School Bond Loan Revolving Fund, and \$375,000 for 3.0 additional FTEs for investment staff.

FTE	3.0
Gross	475,000
Restricted	475,000
GF/GP	0

**E. PROGRAM REDUCTIONS/ELIMINATIONS**

These include: The removal of \$1.0 million in one-time funding for the Sports Tourism Board for Super Bowl security, a reduction of \$700,000 for telephone and telegraph appraisals, a decrease of \$5,000 in estimated payments for Sleeping Bear Dunes National Lakeshore, a reduction of \$13,420,000 in anticipation of the partial sunset of the Commercial Mobile Radio Service Program, a \$173,000 reduction for income tax booklet distribution, \$50,000 for warrant processing, \$35,000 for cigarette stamp purchasing, \$100,000 for training staff, \$72,400 for Human Resources consolidation, a net decrease of \$17,600 for Human Resources user charges and \$80,000 for administrative costs for student financial assistance.

Gross	(15,653,000)
Restricted	(14,446,700)
GF/GP	(1,206,300)

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**F. PROGRAM TRANSFERS**

State Building Authority Rent is transferred to the Department of Management and Budget (\$253,697,100). The budget also transfers \$115,000 and 1.0 FTE to the Department of Education for the Michigan Merit Award Program, \$240,000 to the Department of Agriculture for Pari-Mutuel Audits, and 1.0 FTE from the Casino Gaming Control Board to the Department of Information Technology.

FTE	(2.0)
Gross	(254,052,100)
Restricted	(17,150,000)
GF/GP	(236,902,100)

**G. UNCLASSIFIED SALARIES - NONE**

**H. FEE INCREASES - NONE**

**I. FUNDING SHIFTS**

The budget replaces \$5.0 million in General Fund dollars with delinquent tax collection revenue as part of the cyber shame initiative.

Gross	0
Restricted	5,000,000
GF/GP	(5,000,000)

**J. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	7,399,400
IDG	391,800
Federal	500,900
Local	40,700
Restricted	4,903,600
GF/GP	1,562,500

**K. OTHER ISSUES**

The Michigan Strategic Fund was included in the Department of Treasury in the Governor's original recommendation. Public Act 345 of 2006 includes it as a separate article.

**L. VETOES**

The Governor vetoed boilerplate language requiring the State Treasurer to develop a cost allocation plan for the use of funds from state restricted transportation funds.

**DEPARTMENT OF TREASURY - REVENUE SHARING  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>GROSS.....</b>	<b>1,103,626,325</b>	<b>1,114,471,400</b>	<b>1,114,504,400</b>	<b>1,129,661,500</b>	<b>1,107,514,400</b>	<b>3,888,075</b>	<b>0.4</b>
Less:							
Interdepartmental Grants Received .....	0	0	0	0	0	0	0.0
<b>ADJUSTED GROSS.....</b>	<b>1,103,626,325</b>	<b>1,114,471,400</b>	<b>1,114,504,400</b>	<b>1,129,661,500</b>	<b>1,107,514,400</b>	<b>3,888,075</b>	<b>0.4</b>
Less:							
Federal Funds.....	0	0	0	0	0	0	0.0
Local and Private .....	0	0	0	0	0	0	0.0
<b>TOTAL STATE SPENDING.....</b>	<b>1,103,626,325</b>	<b>1,114,471,400</b>	<b>1,114,504,400</b>	<b>1,129,661,500</b>	<b>1,107,514,400</b>	<b>3,888,075</b>	<b>0.4</b>
Less:							
Other State Restricted Funds.....	1,102,521,225	1,113,400,000	1,113,400,000	1,113,400,000	1,106,410,000	3,888,775	0.4
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>1,105,100</b>	<b>1,071,400</b>	<b>1,104,400</b>	<b>16,261,500</b>	<b>1,104,400</b>	<b>(700)</b>	<b>(0.1)</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>1,103,626,325</b>	<b>1,114,471,400</b>	<b>1,114,504,400</b>	<b>1,129,661,500</b>	<b>1,107,514,400</b>	<b>3,888,075</b>	<b>0.4</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. REVENUE SHARING PAYMENTS IN FY 2006-07**

Gross	3,888,075
Restricted	3,888,775
GF/GP	(700)

Public Act 345 of 2006 appropriates revenue sharing payments for FY 2006-07. Gross revenue sharing payments are estimated and appropriated at \$1,107,514,400 in FY 2006-07, an increase of \$3,888,075, or 0.4%, from FY 2005-06 actual payments. The gross appropriation includes \$212,000 in General Fund appropriations to local units under the control of an emergency financial manager (Highland Park) in order to hold them harmless from the FY 2003-04 executive order reductions to revenue sharing. The appropriation also includes \$892,400 in special census revenue sharing payments.

The remaining \$1,106,410,000 appropriated for revenue sharing payments is restricted State revenue and includes payments required under the State Constitution as well as payments authorized under statute. The total restricted appropriated amount will be a limit on total revenue sharing distributions: If actual sales tax revenue exceeds the consensus figure and produces a higher constitutional revenue sharing total than the appropriated amount, then the amount above the constitutional appropriation that is distributed will be subtracted from the statutory payments. If actual sales tax revenue is less than the adopted estimate, then constitutional revenue sharing payments will be lower.

The appropriated amount of restricted funds is approximately \$585.0 million less than the amount suggested by the statutory formula to "fully fund" revenue sharing payments. Compared with FY 2005-06, the restricted fund appropriation for revenue sharing is \$3,888,775 higher, or an increase of approximately 0.4%. The Governor's recommendation was for FY 2006-07 total restricted revenue sharing payments to each city, village, and township to be at the same level as for FY 2005-06. To accomplish this goal, the Governor also recommended that supplementary legislation be adopted to alter the distribution of revenue sharing payments from what would otherwise occur under the revenue sharing formula.

The estimated revenue sharing payments by distribution type are summarized in Table 1. The figures in Table 1 are based on the May 2006 consensus estimates of State revenue.

**C. CHANGES TO THE REVENUE SHARING PAYMENT DISTRIBUTION FORMULA FOR CITIES, VILLAGES, AND TOWNSHIPS**

The Governor's FY 2006-07 budget recommended that changes be made to the Glenn Steil State Revenue Sharing Act (MCL 141.901) to alter the distribution of payments from what would otherwise occur under the proposed level of funding for statutory revenue sharing payments. Under the recommended legislation, which has yet to be introduced, each city, village, and township would receive the same total payment received during FY 2005-06. The recommended legislation also would provide

an adjustment mechanism to allocate payments when sales tax collections differ from the estimates. This adjustment mechanism would ensure that any needed reductions would be applied by a uniform percentage of total payments, regardless of the local unit. The reductions would be taken from statutory payments only, so constitutional payments would not be reduced, but the reductions would be computed against an amount that included both types of payments.

Because the appropriation may not reduce constitutional revenue sharing payments, which are expected to increase by 2.8% in FY 2006-07, certain local units that receive very little payment under the statutory provisions cannot be held at the same combined payment received in FY 2005-06. Under these circumstances, the statutory payment to the local unit is eliminated and the unit receives constitutional revenue sharing payments only. The FY 2005-06 revenue sharing provisions eliminated statutory payments to 798 local units. Under the current revenue forecast, the recommended legislation would eliminate statutory revenue sharing payments to 981 cities, villages, and townships in FY 2006-07.

**D. SPECIAL CENSUS REVENUE SHARING PAYMENTS**

Public Act 153 of 2006 provided a supplemental appropriation of \$393,100 in special census revenue sharing payments for FY 2005-06, bringing the total appropriation for special census payments for FY 2005-06 to \$893,100. Public Act 345 of 2006 provides an appropriation of \$892,400 for special census revenue sharing payments in FY 2006-07. Special census payments are made from appropriated General Fund revenue.

To receive special census payments, a city, village, or township must be certified to be eligible by June 30, 2007. To be eligible, the city, village, or township must have a population increase of 10.0% or more from the previous Federal decennial census, as determined by a special census.

**E. PROGRAM REDUCTIONS/ELIMINATIONS - NONE**

**F. PROGRAM TRANSFERS - NONE**

**G. UNCLASSIFIED SALARIES - NONE**

**H. FEE INCREASES - NONE**

**I. FUNDING SHIFTS - NONE**

**J. ECONOMIC ADJUSTMENTS - NONE**

**K. OTHER ISSUES - NONE**

**L. VETOES - NONE**

Table 1

**REVENUE SHARING PAYMENTS FOR FY 2004-05 THROUGH ESTIMATED FY 2006-07  
(Millions of Dollars)**

	FY 2005-06				FY 2006-07, As Enacted		
	FY 2004-05 Actual	FY 2005-06 Actual	Change from FY 2004-05		FY 2006-07 Estimate <sup>1)</sup>	Change from FY 2005-06	
			Dollar	Percent		Dollar	Percent
<b>Sales Tax Constitutional:</b>							
Counties	\$0.0	\$0.0	\$0.0	---	\$0.0	\$0.0	---
<u>Cities, Villages, &amp; Townships</u>							
Cities	\$347.0	\$353.0	\$6.0	1.7%	\$362.7	\$9.8	2.8%
Detroit	64.1	65.2	1.1	1.7	67.0	1.8	2.8
Townships	302.6	307.7	5.1	1.7	316.2	8.5	2.8
Villages	19.1	19.4	0.3	1.7	20.0	0.5	2.8
Cities, Villages, & Townships Subtotal	668.7	680.1	11.4	1.7	698.9	18.8	2.8
<b>Subtotal Constitutional</b>	<b>\$668.7</b>	<b>\$680.1</b>	<b>\$11.4</b>	<b>1.7%</b>	<b>\$698.9</b>	<b>\$18.8</b>	<b>2.8%</b>
<b>Sales Tax Statutory:</b>							
Counties	\$0.0	\$0.0	\$0.0	---	\$0.0	\$0.0	---
<u>Cities, Villages, &amp; Townships</u>							
Cities	\$406.3	\$391.9	\$(14.4)	(3.5)%	\$382.0	\$(9.9)	(2.5)%
Detroit	220.2	215.9	(4.3)	(1.9)	214.0	(1.9)	(0.9)
Townships	28.4	22.4	(5.9)	(20.9)	18.0	(4.5)	(19.9)
Villages	8.7	8.1	(0.6)	(7.2)	7.5	(0.5)	(6.6)
Cities, Villages, & Townships Subtotal	443.3	422.4	(20.9)	(4.7)	407.5	(14.9)	(3.5)
<b>Subtotal Statutory</b>	<b>\$443.3</b>	<b>\$422.4</b>	<b>\$(20.9)</b>	<b>(4.7)</b>	<b>\$407.5</b>	<b>\$(14.9)</b>	<b>(3.5)%</b>
<b>Total Restricted Revenue Sharing<sup>1)</sup></b>	<b>\$1,112.1</b>	<b>\$1,102.5</b>	<b>\$(9.5)</b>	<b>(0.9)%</b>	<b>\$1,106.4</b>	<b>\$3.9</b>	<b>0.4%</b>
Counties	\$0.0	\$0.0	\$0.0	---	\$0.0	\$0.0	---
<u>Cities, Villages, &amp; Townships</u>							
Cities	\$753.2	\$744.9	\$(8.4)	(1.1)%	\$744.7	\$(0.2)	0.0%
Detroit	284.2	281.1	(3.2)	(1.1)	281.0	(0.1)	0.0
Townships	331.0	330.2	(0.8)	(0.3)	334.2	4.1	1.2
Villages	27.8	27.5	(0.3)	(1.1)	27.5	0.0	0.0
Cities, Villages, & Townships Subtotal	\$1,112.1	\$1,102.5	\$(9.5)	(0.9)%	\$1,106.4	3.9%	0.4%
<b>Special Census Payments (General Fund)</b>	<b>\$0.5</b>	<b>\$0.9</b>	<b>\$0.4</b>	<b>97.2%</b>	<b>\$0.9</b>	<b>\$(0.0)</b>	<b>(0.1)%</b>
<b>Total Revenue Sharing Under Appropriation</b>	<b>\$1,112.5</b>	<b>\$1,103.4</b>	<b>\$(9.1)</b>	<b>(0.8)%</b>	<b>\$1,107.3</b>	<b>\$3.9</b>	<b>0.4%</b>

1) Revenue sharing payments are based on consensus sales tax estimates adopted at the May 2006 Consensus Revenue Estimating Conference, subject to any existing appropriations. The appropriated levels represent the maximum amount that will be distributed for restricted revenue sharing. If actual sales tax collections are lower, then the revenue sharing distributions will be reduced. If actual sales tax collections are higher than estimated, then constitutional payments will be increased and statutory payments will be reduced.

**DEPARTMENT OF TREASURY - STRATEGIC FUND AGENCY  
P.A. 345 of 2006**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2005-06 YEAR-TO-DATE	FY 2006-07 GOV.'S REC.	FY 2006-07 SENATE	FY 2006-07 HOUSE	FY 2006-07 YEAR-TO-DATE	CHANGES FROM FY 2005-06 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	190.0	152.0	152.0	152.0	152.0	(38.0)	(20.0)
<b>GROSS.....</b>	<b>483,796,300</b>	<b>80,479,800</b>	<b>79,079,800</b>	<b>80,479,800</b>	<b>80,479,800</b>	<b>(403,316,500)</b>	<b>(83.4)</b>
Less:							
Interdepartmental Grants Received .....	78,600	78,600	78,600	78,600	78,600	0	0.0
<b>ADJUSTED GROSS.....</b>	<b>483,717,700</b>	<b>80,401,200</b>	<b>79,001,200</b>	<b>80,401,200</b>	<b>80,401,200</b>	<b>(403,316,500)</b>	<b>(83.4)</b>
Less:							
Federal Funds.....	48,021,800	47,687,000	47,687,000	47,687,000	47,687,000	(334,800)	(0.7)
Local and Private .....	700,000	700,000	700,000	700,000	700,000	0	0.0
<b>TOTAL STATE SPENDING.....</b>	<b>434,995,900</b>	<b>32,014,200</b>	<b>30,614,200</b>	<b>32,014,200</b>	<b>32,014,200</b>	<b>(402,981,700)</b>	<b>(92.6)</b>
Less:							
Other State Restricted Funds.....	401,005,000	5,000	1,005,000	5,000	5,000	(401,000,000)	(100.0)
<b>GENERAL FUND/GENERAL PURPOSE...</b>	<b>33,990,900</b>	<b>32,009,200</b>	<b>29,609,200</b>	<b>32,009,200</b>	<b>32,009,200</b>	<b>(1,981,700)</b>	<b>(5.8)</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>9,798,000</b>	<b>6,300,000</b>	<b>5,263,700</b>	<b>9,798,000</b>	<b>9,798,000</b>	<b>0</b>	<b>0.0</b>

**FY 2006-07 Change From  
FY 2005-06 Year-to-Date**

**A. FY 2005-06 SUPPLEMENTAL APPROPRIATIONS INCLUDED IN FY 2006-07 ACT - NONE**

**B. 21<sup>st</sup> CENTURY JOBS TRUST FUND**

One-time funding for 21<sup>st</sup> Century Jobs Trust Fund projects was removed from the budget.

Gross	(402,000,000)
Restricted	(401,000,000)
GF/GP	(1,000,000)

**C. ECONOMIC DEVELOPMENT JOB TRAINING GRANTS**

Funding for this program is set at \$9,798,000, the same level as the initial appropriation in FY 2005-06. Supplemental funding of \$1.6 million in FY 2005-06 was not continued.

Gross	(1,600,000)
GF/GP	(1,600,000)

**D. FTE ADJUSTMENTS**

These reductions eliminate unfunded FTE positions in the Michigan Strategic Fund. The position authority for the administration line item is reduced by 9.0 and the position authority for job creation services is reduced by 29.0.

FTE	(38.0)
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**E. PROGRAM REDUCTIONS/ELIMINATIONS - NONE**

**F. PROGRAM TRANSFERS - NONE**

**G. UNCLASSIFIED SALARIES - NONE**

**H. FEE INCREASES - NONE**

**I. FUNDING SHIFTS - NONE**

**J. ECONOMIC ADJUSTMENTS**

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	819,700
Federal	89,200
GF/GP	730,500

**K. OTHER ISSUES**

These consist of a reduction in the human resources optimization user charges of \$12,200 and an adjustment of Federal funds of \$424,000. The \$100,000 supplemental for promotion of the Detroit Zoo was not continued.

Gross	(536,200)
Federal	(424,000)
GF/GP	(112,200)

**L. VETOES - NONE**



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# **APPENDICES**

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**FY 2006-07  
APPROPRIATION BILL INDEX**

<u>BUDGET AREA</u>	<u>BILL NUMBER</u>	<u>PUBLIC ACT NUMBER</u>	<u>LINE-ITEM VETOES</u>
Agriculture .....	H.B. 5796	P.A. 345 of 2006	NO
Attorney General .....	H.B. 5796	P.A. 345 of 2006	YES
Capital Outlay.....	S.B. 1081	PENDING	---
Civil Rights .....	H.B. 5796	P.A. 345 of 2006	NO
Civil Service .....	H.B. 5796	P.A. 345 of 2006	NO
Community Colleges .....	S.B. 1082	P.A. 341 of 2006	NO
Community Health.....	S.B. 1083	P.A. 330 of 2006	NO
Corrections .....	S.B. 1084	P.A. 331 of 2006	NO
Education .....	S.B. 1085	P.A. 332 of 2006	YES
Environmental Quality.....	S.B. 1086	P.A. 343 of 2006	YES
Executive .....	H.B. 5796	P.A. 345 of 2006	NO
Higher Education.....	S.B. 1088	P.A. 340 of 2006	NO
History, Arts, and Libraries.....	H.B. 5796	P.A. 345 of 2006	NO
Human Services.....	H.B. 5796	P.A. 345 of 2006	YES
Information Technology .....	H.B. 5796	P.A. 345 of 2006	NO
Judiciary .....	H.B. 5796	P.A. 345 of 2006	NO
Labor and Economic Growth .....	H.B. 5796	P.A. 345 of 2006	NO
Legislature.....	H.B. 5796	P.A. 345 of 2006	NO
Management and Budget.....	H.B. 5796	P.A. 345 of 2006	NO
Military and Veterans Affairs .....	H.B. 5796	P.A. 345 of 2006	NO
Natural Resources .....	S.B. 1094	P.A. 344 of 2006	YES
School Aid .....	S.B. 1095	P.A. 342 of 2006	NO
State .....	H.B. 5796	P.A. 345 of 2006	NO
State Police .....	H.B. 5796	P.A. 345 of 2006	NO
Transportation .....	H.B. 5796	P.A. 345 of 2006	YES
Treasury .....	H.B. 5796	P.A. 345 of 2006	NO

## ECONOMIC FORECAST AND REVENUE ESTIMATES

### A. ECONOMIC FORECAST

The economic forecast on which the enacted FY 2006-07 State budget was based was the consensus economic forecast adopted at the May 2006 Consensus Revenue Estimating Conference. Under this consensus forecast, the U.S. economy is expected to continue to expand in 2007 but at a slightly slower pace than in 2005 and 2006, and economic activity in Michigan is expected to experience modest improvement in 2007 from the sustained weak economic activity that has persisted since 2001.

#### 1. U.S. Economy

After experiencing fairly weak growth from 2001 to 2003, the U.S. economy finally rebounded in 2004 with an inflation-adjusted growth rate of 3.9%, as measured by real Gross Domestic Product (GDP), which is the value of all final goods and services produced by the economy adjusted for price changes. In 2005, economic activity continued to expand in excess of 3.0%. This rate of growth carried over into the first part of 2006, and for the year as a whole, real GDP is expected to expand 3.5%, despite rising energy prices and interest rates. The negative impacts from rising inflation and higher interest rates, however, will take their tolls on the economy in 2007 and, as a result, it is estimated that the pace of real economic growth will slow to 2.8% in 2007.

Most of the slower growth forecast for 2007 will be concentrated in consumer economic activity. Higher energy prices combined with the fixed budget constraints faced by most consumers have caused consumers to become more cautious and to cut back on nonenergy-related spending. Higher interest rates are slowing down the housing market, and this reduces consumer spending on household goods and appliances. In addition to a weaker consumer sector, the growth in business activity is expected to slow down in 2007. Higher interest rates and rising energy prices will cut into corporate profits, which will have negative repercussions on the amount businesses will be able to invest in new plants and equipment. This slower level of activity will slow the growth in new jobs and help push up the unemployment rate to 4.8% in 2007 from 4.7% in 2006. Light vehicle sales will edge down to an estimated 16.6 million units from 16.7 million units in 2006 and the Aaa bond rate will increase to an estimated 6.7% in 2007 from 6.0% in 2006.

#### 2. Michigan Economy

While the pace of economic growth is expected to moderate slightly nationally in 2007 compared with 2006, Michigan's pace of economic growth is expected to improve slightly in 2007 compared with 2006. This very modest pickup in Michigan's economic activity will be most evident in employment and personal income. Payroll employment fell 0.2% in 2005 and is expected to decline another 0.9% in 2006. These declines are due primarily to ongoing decreases in the number of employees working for manufacturing businesses. Since June 2000, Michigan has lost 27.1% or 245,000 manufacturing jobs. While manufacturing employment is expected to continue to edge down in 2007, some of these job losses will be offset by employment increases in other sectors of the economy; however, it is estimated that total payroll employment will fall in 2007 by another 0.2%, which will be an improvement from the 0.9% decline estimated for 2006. By the end of 2007, payroll employment in Michigan will be below its previous peak level reached in 2000 by over 6.0% or about 315,000 jobs. This estimated path for employment in Michigan translates into slight increases in the unemployment rate to 6.8% in 2006, from 6.7% in 2005, and to 7.0% in 2007.

Despite the slight decline in wage and salary employment forecast for 2007, increases in earnings per worker, along with some modest growth in nonwage income, will help boost Michigan's personal income 4.2% to \$363.2 billion. After adjusting for inflation, real personal income will edge

up an estimated 1.9% in 2007 compared with the estimated 0.8% real growth in 2006. Part of this expected improvement in real personal income growth will be due to a lower rate of inflation in 2007 compared with 2006. While energy prices are expected to remain very high, their rate of increase in 2007 will not match the sharp increases experienced in 2006. As a result, the rate of inflation is expected to slow in 2007. As measured by the Detroit Consumer Price Index, inflation is expected to fall back to 2.3% in 2007 compared with 3.2% in 2006.

**B. GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES**

General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue will total an estimated \$22.3 billion in FY 2006-07, which represents a 1.9% increase from the estimated total revenue for FY 2005-06, as shown in Table 1. This projected level of total revenue in FY 2006-07 includes the revenue from ongoing taxes and nontax revenue sources, Federal aid, transfers from other funds, one-time and ongoing revenue adjustments, and beginning balances carried over from FY 2005-06. The estimate of total GF/GP and SAF revenue from ongoing sources was unanimously adopted by the Senate Fiscal Agency, House Fiscal Agency, and the Treasury Department at the May 2006 Consensus Revenue Estimating Conference. Table 1 compares the total GF/GP and SAF revenue estimates for FY 2005-06 and FY 2006-07.

**Table 1**  
**GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND**  
**REVENUE ESTIMATES FOR FY 2005-06 AND FY 2006-07**  
**(Millions of Dollars)**

	FY 2005-06	FY 2006-07	\$ Change	% Change
<b>GENERAL FUND/GENERAL PURPOSE</b>				
Beginning Balance	\$220.5	\$109.6	\$(110.9)	---
Revenue From Ongoing Sources <sup>1)</sup> :				
Net Income	4,194.4	4,271.3	76.9	1.8%
Single Business	1,852.9	1,885.9	33.0	1.8
Sales	106.2	113.4	7.2	6.8
Use	941.1	978.4	37.3	4.0
Cigarette	235.3	231.4	(3.9)	(1.7)
Insurance Company Premiums	235.0	246.0	11.0	4.7
Telephone & Telegraph	83.0	80.0	(3.0)	(3.6)
Estate/Inheritance	1.0	0.0	(1.0)	(100.0)
Casino Wagering	44.1	45.0	0.9	2.0
All Other Taxes	<u>234.6</u>	<u>223.8</u>	<u>(10.8)</u>	<u>(4.6)</u>
Subtotal Taxes	7,927.6	8,075.2	147.6	1.9
Nontax Revenue	354.1	360.2	6.1	1.7
Subtotal Consensus Estimates Ongoing Revenue <sup>1)</sup>	<u>\$8,281.7</u>	<u>\$8,435.4</u>	<u>\$153.7</u>	<u>1.9%</u>
<u>Ongoing Revenue Adjustments</u>				
Revenue Sharing Reductions	543.0	585.0	42.0	7.7
Interest Earnings Tobacco Securitization	7.0	15.0	8.0	114.3
SBT Pharmaceutical Credit Adjustment	<u>10.0</u>	<u>10.0</u>	<u>0.0</u>	<u>---</u>
Subtotal Ongoing Revenue Adjustments	560.0	610.0	50.0	8.9

**GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND  
REVENUE ESTIMATES FOR FY 2005-06 AND FY 2006-07 (continued)**  
(Millions of Dollars)

	FY 2005-06	FY 2006-07	\$ Change	% Change
<u>One-Time Revenue Adjustments</u>				
Land Sales	\$47.0	\$28.0	\$(19.0)	(40.4)%
Shift of Short-Term Borrowing Costs to SAF	0.0	22.8	22.8	---
Liquor Licenses/Penalties	0.0	3.5	3.5	---
Transfers from Other Funds	<u>32.0</u>	<u>13.8</u>	<u>(18.2)</u>	<u>(56.9)</u>
Subtotal One-Time Revenue Adjustments	<u>79.0</u>	<u>68.1</u>	<u>(10.9)</u>	<u>(13.8)</u>
<b>TOTAL GF/GP REVENUE</b>	<b>\$9,141.2</b>	<b>\$9,223.1</b>	<b>\$81.9</b>	<b>0.9%</b>
<b>SCHOOL AID FUND</b>				
Beginning Balance	\$93.7	\$95.2	\$1.5	1.6%
Revenue From Ongoing Sources <sup>1)</sup>				
Sales & Use Taxes	5,354.2	5,555.7	201.5	3.8
Income Tax	2,058.8	2,113.2	54.4	2.6
State Education Property Tax	2,010.0	2,116.0	106.0	5.3
Real Estate Transfer Tax	320.0	311.0	(9.0)	(2.8)
Tobacco Tax	473.3	463.8	(9.5)	(2.0)
Casino Wagering Tax	102.0	104.1	2.1	2.1
Other Tax Revenue	<u>171.2</u>	<u>176.6</u>	<u>5.4</u>	<u>3.2</u>
Subtotal Taxes	10,489.5	10,840.4	350.9	3.3
Lottery	708.5	712.0	3.5	0.5
Subtotal Consensus Estimates Ongoing Revenue <sup>1)</sup>	<u>\$11,198.0</u>	<u>\$11,552.4</u>	<u>\$354.4</u>	<u>3.2%</u>
<u>Other Revenue</u>				
General Fund Grant	62.7	35.0	(27.7)	(44.2)
School Bond Loan Fund Reform	44.5	0.0	(44.5)	(100.0)
Federal Aid	1,392.6	1,411.2	18.6	1.3
Other Revenue	<u>3.0</u>	<u>0.0</u>	<u>(3.0)</u>	<u>(100.0)</u>
Subtotal Other Revenue	<u>1,502.8</u>	<u>1,446.2</u>	<u>(56.6)</u>	<u>(3.8)</u>
<b>TOTAL SAF REVENUE</b>	<b>\$12,794.5</b>	<b>\$13,093.8</b>	<b>\$299.3</b>	<b>2.3%</b>
<b>TOTAL GF/GP AND SAF:</b>				
Consensus Estimate Ongoing Revenue	\$19,479.7	\$19,987.8	\$508.1	2.6
Beginning Balances	314.2	204.8	(109.4)	(34.8)
Other Revenue <sup>2)</sup>	2,079.1	2,089.3	10.2	0.5
<b>TOTAL REVENUE<sup>2)</sup></b>	<b>\$21,873.0</b>	<b>\$22,281.9</b>	<b>\$408.9</b>	<b>1.9%</b>

<sup>1)</sup> Revenue estimates adopted at the May 2006 Consensus Revenue Estimating Conference

<sup>2)</sup> Total and other revenue excludes GF/GP grant to SAF

## 1. General Fund/General Purpose Revenue

General Fund/General Purpose revenue will total an estimated \$9.2 billion in FY 2006-07, which is up a modest 0.9% or \$81.9 million. General Fund/General Purpose revenue includes the revenue from ongoing revenue sources, one-time and ongoing revenue adjustments, and a beginning balance. Revenue from ongoing revenue sources is expected to total \$8.4 billion, which will be up an estimated \$153.7 million or 1.9% from the estimated FY 2005-06 level. The two largest sources of GF/GP revenue are the income and single business taxes and in FY 2006-07 the revenue from each of these taxes is expected to be up 1.8% from FY 2005-06. General Fund/General Purpose revenue from other taxes for FY 2006-07 includes \$978.4 million from the use tax, \$246.0 million from the insurance tax, and \$231.4 million from the cigarette tax. The enacted budget for FY 2006-07 does not include any changes in the major taxes.

In addition to the revenue generated from ongoing taxes and nontax revenue sources, GF/GP revenue in FY 2006-07 will include revenue from special revenue adjustments, as shown in [Table 1](#). These revenue adjustments include both ongoing and one-time adjustments. The revenue adjustments that will have revenue impacts for more than one year will generate an estimated \$610.0 million in FY 2006-07. Of this amount, an estimated \$585.0 million will be generated due to enacted reductions in the amount of sales tax revenue shared with local governments. (For a detailed description of the revenue sharing changes, see the Revenue Sharing section presented earlier in this report.) The other ongoing revenue adjustments include \$15.0 million in interest earnings from undistributed tobacco securitization proceeds, and \$10.0 million from a pharmaceutical single business tax credit that is expected once again to go unused in FY 2006-07. The one-time revenue adjustments included in the FY 2006-07 GF/GP budget total \$68.1 million and include an estimated \$28.0 million from the sale of State land, \$22.8 million from shifting a portion of the cost incurred for short-term cash-flow borrowing to the School Aid Fund, an increase in liquor licenses totaling \$3.5 million, and \$13.8 million transferred from restricted funds. In addition, the GF/GP budget will start FY 2006-07 with a beginning balance estimated at \$109.6 million.

## 2. School Aid Fund

School Aid Fund revenue will total an estimated \$13.1 billion in FY 2006-07. This represents an increase of \$299.3 million or 2.3%, compared with the estimated level for FY 2005-06, as shown in [Table 1](#). This estimate for SAF revenue includes an increase in the revenue generated from the earmarked taxes and lottery, an increase in Federal aid, and a decrease in the grant from the General Fund.

Ongoing revenue from the earmarked taxes and net lottery revenue will total an estimated \$11.6 billion in FY 2006-07, which represents an increase of \$354.4 million or 3.2%, compared with FY 2005-06. Sales and use tax revenue, which accounts for almost 50.0% of the tax, and lottery revenue earmarked to the SAF, will total an estimated \$5.6 billion in FY 2006-07, which is up 3.8% from FY 2005-06. Income tax revenue is expected to increase 2.6% to \$2.1 billion and State education tax revenue will total an estimated \$2.1 billion, representing a 5.3% increase. Lottery revenue will total an estimated \$712.0 million, which is up only 0.5% from FY 2005-06. In addition, Federal aid will increase an estimated 1.3% to \$1.4 billion and the grant from the General Fund will be reduced from \$62.7 million in FY 2005-06 to \$35.0 million in FY 2006-07.

## C. BUDGET AND ECONOMIC STABILIZATION FUND

Michigan's cyclical economy can produce significant swings in the rate of growth, or decline, in tax revenue from one year to the next. To help smooth the flow of revenue over the economic cyclical swings, Michigan created the Counter-Cyclical Budget and Economic Stabilization Fund in 1977. This Fund, more commonly referred to as the Budget Stabilization Fund (BSF), is designed to be a cash reserve to which the State adds

money during good economic times and from which it withdraws money during poor economic years. Having the money available during poor economic years helps the State avoid having to cut spending and/or increase taxes, and therefore helps stabilize the State budget and the tax structure.

All transfers into and out of the BSF must be appropriated by the Legislature. There are formulas that indicate when it is appropriate to put money into and take money from the BSF, but historically, most of the BSF transactions have not been directly tied to the formulas, but have simply been made at the will of the Legislature and Governor.

The BSF ended FY 2004-05 with a balance of only \$2.0 million. With interest earnings, the amount in the BSF is expected to total \$2.1 million by the end of FY 2005-06. No pay-out or pay-in to the BSF is included in the FY 2006-07 budget, so the balance in the Fund is expected to total \$2.2 million at the end of FY 2006-07.

Table 2 shows transfers into and out of the BSF, interest earnings, and the Fund balance between FY 1995-96 and FY 2006-07.

**Table 2**

<b>ECONOMIC AND BUDGET STABILIZATION FUND TRANSFERS, EARNINGS, AND FUND BALANCE</b>				
<b>FY 1995-96 TO FY 2006-07</b>				
<b>(Millions of Dollars)</b>				
<b>Fiscal Year</b>	<b>Pay-In</b>	<b>Interest Earned</b>	<b>Pay-Out</b>	<b>Fund Balance</b>
1995-96	\$91.3	\$59.2	\$0.0	\$1,153.6
1996-97	0.0	67.8	69.0	1,152.4
1997-98	0.0	60.1	212.0	1,000.5
1998-99	244.4	51.2	73.7	1,222.5
1999-2000	100.0	73.9	132.0	1,264.4
2000-01	0.0	66.7	337.0	994.1
2001-02	0.0	20.8	869.8	145.1
2002-03	9.1	1.8	156.0	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	2.0	81.3	2.0
2005-06 (estimate)	0.0	0.1	0.0	2.1
2006-07 (estimate)	0.0	0.1	0.0	2.2

#### **D. CONSTITUTIONAL REVENUE LIMIT**

The Michigan Constitution places a limit on the amount of revenue State government can collect in any fiscal year. The limit essentially requires that total revenue, excluding Federal aid, not exceed 9.49% of personal income. As shown in Table 3, revenue subject to the limit has been well below the limit in recent years and revenue is expected to remain considerably below the constitutional limit in FY 2006-07. In FY 2004-05, revenue subject to the limit fell below the limit by \$4.2 billion or 14.1%. In FY 2005-06, it is estimated that the gap between revenue and the limit increased to \$4.5 billion or 14.8% below the limit. In FY 2006-07, revenue subject to the limit will fall below the revenue limit by an estimated \$4.7 billion or 14.7%.

Table 3

COMPLIANCE WITH CONSTITUTIONAL REVENUE LIMIT (Millions of Dollars)			
Fiscal Year	Rev. Subject to Limit	Revenue Limit	Under (Over) Limit
1994-95	\$18,585.4	\$18,475.8	(\$109.6)
1995-96	19,798.8	19,982.0	183.2
1996-97	20,694.3	21,672.2	977.9
1997-98	22,072.3	22,712.4	640.1
1998-99	23,208.5	23,186.8	(21.7)
1999-2000	24,362.9	24,203.2	(159.7)
2000-01	23,907.6	26,315.4	2,407.8
2001-02	23,546.0	27,463.1	3,917.1
2002-03	24,061.6	28,243.1	4,181.5
2003-04	23,384.1	28,825.4	4,440.7
2004-05	25,626.7	29,842.2	4,215.5
2005-06 (estimate)	26,211.0	30,760.3	4,549.3
2006-07 (estimate)	27,121.0	31,807.1	4,686.0











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<p>"PROGRAMS AIMED AT REDUCING RECIDIVISM BY IMPROVING PAROLE OUTCOMES" by Lindsay Hollander September 2006</p>	<p>"FY 2006-07 APPROPRIATIONS REPORT PART I – GOVERNOR'S RECOMMENDATIONS" February 2006</p>	<p>"FY 2005-06 APPROPRIATIONS REPORT PART II – INITIAL APPROPRIATIONS" November 2005</p>
<p>"THE MICHIGAN SCHOOL READINESS PROGRAM AND FACTORS AFFECTING SCHOOL DISTRICTS' ALLOCATIONS" by Kathryn Summers-Coty August 2006</p>	<p>"STATUS OF LAWSUITS AGAINST THE STATE OF MICHIGAN FY 2004-05 UPDATE" February 2006</p>	<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2004-05 AND FY 2005-06 – REVISED" August 2005</p>
<p>"STOP OVERSPENDING MICHIGAN CONSTITUTIONAL INITIATIVE" by Gary Olson August 2006</p>	<p>"A REVIEW OF MEDICAID REFORM EFFORTS IN OTHER STATES" by David Fosdick &amp; Steve Angelotti February 2006</p>	<p>"THE MICHIGAN ECONOMY AND STATE BUDGET FY 1994-95 TO FY 2003-04 – TEN YEARS OF SIGNIFICANT CHANGES" by Gary S. Olson &amp; Talat Mangla July 2005</p>
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<p>"FY 2005-06 HIGHER EDUCATION APPROPRIATIONS REPORT" by Ellen Jeffries December 2005</p>		

<b>RECURRING SENATE FISCAL AGENCY REPORTS</b>
Appropriations Report – Part I – Governor's Recommendations
Appropriations Report – Part II – Initial Appropriations
Appropriations Report – Part III – Year-End Appropriations
Estimated State Spending by County
Status of Lawsuits Against the State
Higher Education Appropriations Report
Michigan Economic Outlook and Budget Review
Monthly Revenue Report
Monthly Michigan Economic Indicators
State Notes: Topics of Legislative Interest