

SENATE FISCAL AGENCY  
 MEMORANDUM

**DATE:** April 27, 2012  
**TO:** Members of the Senate  
**FROM:** Ellen Jeffries, Director  
**RE:** Senate Passage of FY 2012-13 Appropriation Bills

The Senate versions of the Fiscal Year (FY) 2012-13 appropriation bills were passed by the Senate on April 24, 25, and 26, 2012. The 16 appropriation bills passed by the Senate encompass all State departments and budget areas, and Capital Outlay funding is included in the Department of Technology, Management, and Budget. The 16 bills include Adjusted Gross appropriations of \$47.9 billion and State General Fund/General Purpose (GF/GP) appropriations of \$8.8 billion. The Senate-passed Adjusted Gross appropriations are \$359.0 million or 0.8% more than FY 2011-12 year-to-date Adjusted Gross appropriations. The GF/GP appropriations passed by the Senate are \$86.3 million or 1.0% more than FY 2011-12 year-to-date GF/GP appropriations, which include the recent \$106.9 million fund shift in the Department of Community Health budget from GF/GP to the Medicaid Benefits Trust Fund. Table 1 outlines the FY 2011-12 year-to-date GF/GP appropriations as well as the FY 2012-13 GF/GP recommendations of the Governor, Senate, and House. As Table 1 indicates, the Senate recommendation is \$231.5 million below the Governor's revised recommendation while the House proposal is \$120.0 million below the Governor. The House budget bills spend \$111.5 million more in GF/GP revenue than the Senate's bills.

The appropriations in Table 1 include both ongoing and one-time GF/GP and selected State Restricted revenue appropriations. The lower part of Table 1 compares the recommendations for State Revenue Sharing, Education spending, and the State Trunkline Fund. The Senate and House did not concur with the Governor's recommendation to move \$10.0 million in FY 2012-13 State Revenue Sharing spending up to FY 2011-12. Both the Senate and the House replace \$96.0 million of GF/GP funding in the Department of Transportation budget with State Trunkline Fund revenue; the House appropriates an additional \$4.0 million from the State Trunkline Fund for a total of \$100.0 million. These shifts from GF/GP to State Trunkline Fund revenue are based on provisions in Senate Bill 351 which earmark additional Sales Tax revenue to the State Trunkline Fund, with an offsetting reduction in GF/GP revenue. The FY 2012-13 appropriations may need to be adjusted depending on the outcome of Senate Bill 351.

The Senate recommendation includes another fund shift: \$96.5 million of GF/GP revenue in the Community Colleges budget is replaced with \$96.5 million of School Aid Fund revenue, and \$96.5 million of School Aid Fund revenue is replaced with \$96.5 million of GF/GP revenue in the K-12 Schools budget. Table 2 provides a summary of the FY 2012-13 proposed Education appropriations.

Tables 3 and 4 provide preliminary three-year balance sheets for the GF/GP and School Aid Fund budgets, respectively, based on the Senate-passed appropriation recommendations. For FY 2012-13, based on the Senate-passed budget bills, the estimated year-end GF/GP balance is \$174.8 million, and the estimated year-end School Aid Fund balance is a negative \$6.7 million. The Senate Fiscal Agency will update all of this information as the appropriations bills continue through the budget cycle. In the meantime, if you have any questions, please contact me.

Attachments *201 N. Washington Square • Suite 800 - The Victor Center • Lansing, Michigan*  
*Telephone: (517) 373-2768 • Fax: (517) 373-1986*



**Table 1**  
**FY 2011-12 Year-To-Date and FY 2012-13 Governor, Senate and House Recommendations**  
**GF/GP and Selected State Restricted Revenue Appropriations**  
(Includes both ongoing and one-time appropriations)

<b>Department/Budget Area</b>	<b>FY 2011-12 Year-To-Date</b>	<b>FY 2012-13 Governor's Revised Rec.</b>	<b>FY 2012-13 Senate Passed</b>	<b>Senate Change To Governor</b>	<b>FY 2012-13 House Passed</b>	<b>House Change To Governor</b>	<b>House Change To Senate</b>
Agriculture & Rural Development	\$29,878,700	\$34,160,500	\$35,612,200	\$1,451,700	\$34,160,500	\$0	(\$1,451,700)
Attorney General	30,736,300	33,690,500	33,690,500	0	33,357,500	(333,000)	(333,000)
Capital Outlay	0	0	0	0	0	0	0
Civil Rights	11,187,100	11,520,700	11,520,700	0	11,406,500	(114,200)	(114,200)
Community Colleges	88,000,000	96,516,400	0	(96,516,400)	96,516,400	0	96,516,400
Community Health	2,871,716,600	2,847,864,700	2,825,612,300	(22,252,400)	2,825,781,700	(22,083,000)	169,400
Corrections	1,954,339,100	1,982,185,600	1,909,608,900	(72,576,700)	1,945,453,900	(36,731,700)	35,845,000
Education	64,768,900	68,043,200	64,298,500	(3,744,700)	67,363,900	(679,300)	3,065,400
Environmental Quality	28,378,300	29,405,000	30,053,300	648,300	29,072,000	(333,000)	(981,300)
Executive	4,599,200	4,887,900	4,887,900	0	4,887,900	0	0
Higher Education	1,065,632,500	1,102,389,400	1,102,939,400	550,000	1,100,049,500	(2,339,900)	(2,889,900)
Human Services	1,047,330,500	1,028,796,400	991,406,500	(37,389,900)	1,015,889,600	(12,906,800)	24,483,100
Judiciary	154,740,300	163,551,500	168,551,500	5,000,000	162,856,200	(695,300)	(5,695,300)
Legislative Auditor General	11,624,100	13,004,900	13,004,900	0	13,004,900	0	0
Legislature	112,022,900	108,012,700	112,367,700	4,355,000	108,212,700	200,000	(4,155,000)
Licensing & Regulatory Affairs	43,624,100	35,570,900	35,571,000	100	10,957,600	(24,613,300)	(24,613,400)
Military & Veterans Affairs	34,283,700	34,733,400	34,733,400	0	34,411,600	(321,800)	(321,800)
Natural Resources	18,326,700	19,637,900	16,737,900	(2,900,000)	16,442,500	(3,195,400)	(295,400)
School Aid	118,642,400	200,000,000	296,516,400	96,516,400	333,000,000	133,000,000	36,483,600
State	12,750,600	14,041,300	14,041,300	0	14,505,200	463,900	463,900
State Police	281,105,000	316,891,400	312,691,400	(4,200,000)	313,767,100	(3,124,300)	1,075,700
Technology, Management & Budget	374,633,100	401,916,200	399,916,200	(2,000,000)	380,041,900	(21,874,300)	(19,874,300)
Transportation	500,000	119,000,000	23,000,000	(96,000,000)	23,000,000	(96,000,000)	0
Treasury-Debt Service	125,413,500	135,040,400	135,040,400	0	135,040,400	0	0
Treasury-Operations	80,145,100	67,931,800	69,507,200	1,575,400	69,595,500	1,663,700	88,300
Treasury-Revenue Sharing	0	0	1,473,300	1,473,300	0	0	(1,473,300)
Treasury-Strategic Fund Agency	135,376,400	148,701,600	143,228,300	(5,473,300)	118,701,600	(30,000,000)	(24,526,700)
<b>Total GF/GP Appropriations</b>	<b>\$8,699,755,100</b>	<b>\$9,017,494,300</b>	<b>\$8,786,011,100</b>	<b>(\$231,483,200)</b>	<b>\$8,897,476,600</b>	<b>(\$120,017,700)</b>	<b>\$111,465,500</b>
<b>Restricted Revenue</b>							
Revenue Sharing	\$1,027,500,500	\$1,061,719,700	\$1,071,719,700	\$10,000,000	\$1,071,719,700	\$10,000,000	\$0
School Aid Fund-Community Colleges	195,880,500	197,614,100	294,130,600	96,516,500	197,614,100	0	(96,516,500)
School Aid Fund-Higher Education	200,019,500	200,465,700	200,465,700	0	200,465,700	0	0
School Aid Fund-K-12	10,967,333,600	10,785,973,400	10,715,091,400	(70,882,000)	10,782,707,800	(3,265,600)	67,616,400
DOT-State Trunkline Fund	701,982,900	689,603,900	785,603,900	96,000,000	789,603,900	100,000,000	4,000,000

**Table 2**  
**Summary of FY 2012-13 Proposed Education Appropriations**

COMMUNITY COLLEGES			
Fund Source	Gov's Revised Rec.	Senate	House
Federal	\$0	\$0	\$0
School Aid Fund	197,614,100	294,130,600	197,614,100
GF/GP	96,516,400	0	96,516,400
<b>Total</b>	<b>\$294,130,500</b>	<b>\$294,130,600</b>	<b>\$294,130,500</b>

Each proposal totals \$294.1 million but the Senate uses School Aid Fund as sole fund source.

**Governor:** proposed a new formula and MPSERS funding of \$1.7 million;

**Senate:** includes Performance Indicators Taskforce recommendations and MPSERS funding;

**House:** allocates all funding across-the-board.

HIGHER EDUCATION			
Fund Source	Gov's Revised Rec.	Senate	House
Federal	\$97,026,400	\$97,026,400	\$99,026,400
School Aid Fund	200,465,700	200,465,700	200,465,700
Tax Checkoff	100,000	100,000	100,000
GF/GP	1,102,389,400	1,102,939,400	1,100,049,500
<b>Total</b>	<b>\$1,399,981,500</b>	<b>\$1,400,531,500</b>	<b>\$1,399,641,600</b>

Each proposal totals approximately \$1.4 billion but allocates funds to schools differently.

**Governor:** proposed a new formula with increases ranging from 0.9% to 7.6% and an additional \$9.1 million for tuition restraint;

**Senate:** keeps tuition restraint but proposes formula increases ranging from 1.8% to 4.9% using Carnegie classifications;

**House:** formula increases range from 0.5% to 7.4% contingent on tuition restraint and various other conditions; adds \$2.0 million in Federal TANF revenue and transfers MSU's \$2.3 million in FRIB funding to the Department of Treasury's budget.

K-12 SCHOOLS			
Fund Source	Gov's Revised Rec.	Senate	House
Federal	\$1,701,041,400	\$1,701,041,400	\$1,701,041,400
School Aid Fund	10,785,973,400	10,715,091,400	10,782,707,800
GF/GP	200,000,000	296,516,400	333,000,000
<b>Total</b>	<b>\$12,687,014,800</b>	<b>\$12,712,649,200</b>	<b>\$12,816,749,200</b>

Senate proposal spends \$96.5 million more in General Fund than the Governor but shifts funds from the School Aid Fund to do that; the House cut other General Fund budgets in order to spend approximately \$130.0 million more than the Governor and the Senate on K-12.

**Senate:** redirects the Governor's proposed categorical funding for MPSERS reimbursement and best practices into the foundation allowance, and funds MEAP and a Computer Adaptive Test;

**House:** redirects \$75.0 million of the Governor's proposed pupil performance funding into new technology infrastructure improvement grants, increases MPSERS reimbursement by \$69.5 million, and does not recognize \$50.0 million in assumed savings from the change in kindergarten funding; although the one-half foundation for one-half day of instruction is maintained, savings are not assumed to materialize.

**Table 3**  
**Senate-Passed General Fund/General Purpose (GF/GP)**  
**Revenue, Expenditures, and Year-End Balance**  
(millions of dollars)

	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
<b>Revenue:</b>			
Beginning Balance	\$553.7	\$502.8	\$174.8
<u>Ongoing Revenue:</u>			
Consensus Revenue Estimate (January 13, 2012)	\$9,030.5	\$9,034.6	\$9,236.0
Revenue Sharing Payments	(300.0)	(335.6)	(350.1)
One-Time Appropriation for Revenue Sharing	(30.0)	(25.0)	0.0
Shift \$10M Rev. Sharing Grant from FY13 to FY12(Gov.Rec.)	0.0	0.0	0.0
Senate Bill 351: Increase Sales Tax Earmark to St.Trunkline	0.0	(96.0)	(96.0)
Shift Short Term Borrowing Costs to School Aid Fund	<u>8.5</u>	<u>10.0</u>	<u>20.0</u>
Subtotal Ongoing Revenue	\$8,709.0	\$8,588.0	\$8,809.9
<u>Non-ongoing Revenue:</u>			
Use Tax on Health Maintenance Organizations	\$201.1	\$0.0	\$0.0
<b>Total Estimated GF/GP Revenue</b>	<b>\$9,463.8</b>	<b>\$9,090.8</b>	<b>\$8,984.7</b>
<b>Expenditures:</b>			
<u>Ongoing Appropriations:</u>			
Initial Ongoing Appropriations	\$8,175.5	\$8,626.8	\$8,881.9
Enacted Supplementals	181.4	0.0	0.0
PA 64 of 2012: OPEB Supplemental	144.5	0.0	0.0
Executive Budget Revisions (March 12, 2012)	14.1	(4.5)	0.0
PA 89 of 2012: Adjustments to March 12 Exec. Revisions	(4.3)	0.0	0.0
PA 89 of 2012: DCH Fund Shift from GF to Medicaid Trust	(106.9)	0.0	0.0
Pending Senate Supplemental Bill (SB 871)	7.0	0.0	0.0
Employee Concessions/Contingency Plans	<u>(91.3)</u>	<u>0.0</u>	<u>0.0</u>
Subtotal Ongoing Appropriations	\$8,320.0	\$8,622.3	\$8,881.9
<u>One-Time Appropriations:</u>			
Initial One-Time Appropriations	\$171.6	\$213.8	\$13.6
One-Time Appropriation to School Aid Fund	100.0	181.4	0.0
Savings from One-Time OPEB Appropriation	(17.1)	0.0	0.0
Executive Proposed Supplementals (Feb. 9, 2012)	23.8	0.0	0.0
Senate Adjustments to February 9 Supplemental Revisions	(0.3)	0.0	0.0
Executive/Senate Budget Revisions (February 16, 2012)	<u>0.3</u>	<u>0.0</u>	<u>0.0</u>
Subtotal One-Time Appropriations	\$278.3	\$395.2	\$13.6
Senate Adjustments (includes \$96.0 million STF fund shift)	\$0.0	(\$231.5)	\$0.0
<b>Total Estimated GF/GP Expenditures</b>	<b>\$8,598.3</b>	<b>\$8,786.0</b>	<b>\$8,895.5</b>
One-Time Appropriations to Budget Stabilization Fund	\$362.7	\$130.0	\$0.0
<b>Projected Year-End GF/GP Balance</b>	<b>\$502.8</b>	<b>\$174.8</b>	<b>\$89.2</b>

Note: FY 2013-14 initial and ongoing appropriation totals are the Governor's Feb. 9, 2012 recommendations.

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

	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
<b>Revenue:</b>			
Beginning Balance	\$724.7	\$148.0	(\$6.7)
Consensus Revenue Estimate (January 13, 2012)	\$10,763.6	\$11,055.0	\$11,359.5
Other Revenue Adjustments:			
General Fund/General Purpose Grant	118.6	296.5	115.1
Federal Ongoing Aid	<u>1,658.0</u>	<u>1,701.0</u>	<u>1,701.0</u>
Subtotal Ongoing Revenue	\$12,540.2	\$13,052.5	\$13,175.6
<b>Total Estimated School Aid Fund Revenue</b>	<b>\$13,264.9</b>	<b>\$13,200.5</b>	<b>\$13,168.9</b>
<b>Expenditures:</b>			
<u>Ongoing Appropriations:</u>			
Initial Ongoing K-12 Appropriations	\$12,203.6	\$12,662.6	\$12,684.5
Public Act 29 of 2012 Adjustments	68.4	0.0	0.0
Completely Fund Community Colleges with School Aid Fund	195.9	294.1	294.1
Partially Fund Higher Education with School Aid Fund	<u>200.0</u>	<u>200.5</u>	<u>200.5</u>
Subtotal Ongoing Appropriations	\$12,667.9	\$13,157.2	\$13,179.1
<u>One-Time Appropriations:</u>			
Public School Employees Retirement System (MPSERS)	\$155.0	\$0.0	\$0.0
K-12 Best Practices	154.0	0.0	0.0
Pupil Performance Grants	0.0	40.0	0.0
MPSERS Retirement Obligation Reform Reserve Fund	110.0	0.0	0.0
Partially Restore K-12 Small Class Size Grants	13.5	0.0	0.0
Consolidation Innovation Grants	0.0	10.0	0.0
Public Act 29 of 2012 (Kindergarten assessment/grants)	<u>16.5</u>	<u>0.0</u>	<u>0.0</u>
Subtotal One-Time Appropriations	\$449.0	\$50.0	\$0.0
<b>Total Estimated School Aid Fund Expenditures</b>	<b>\$13,116.9</b>	<b>\$13,207.2</b>	<b>\$13,179.1</b>
<b>Projected Year-End School Aid Fund Balance</b>	<b>\$148.0</b>	<b>(\$6.7)</b>	<b>(\$10.1)</b>

Note: FY 2013-14 appropriation total assumes pupil performance grants are funded at \$20.0 million, and Wayne-Westland and class size grants are eliminated.