



FY 2011-12

APPROPRIATIONS REPORT

Part II - Initial Appropriations

August 2011



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THE SENATE FISCAL AGENCY

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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

FY 2011-12 INITIAL APPROPRIATIONS OVERVIEW

On February 17, 2011, Governor Rick Snyder presented his fiscal year (FY) 2011-12 budget recommendation and his FY 2012-13 budget projections to the Legislature. The Governor's intent was to establish a biennial budget process, but an Attorney General's February 9, 2011, letter opinion stated that the Governor is allowed to propose a two-year budget and the Legislature can enact a two-year budget but the second year would be only an expression of an "intent to appropriate", not binding or legally enforceable. The appropriation bills that were ultimately passed by the Legislature included State appropriations for FY 2011-12 and language expressing legislative intent to provide FY 2012-13 appropriations that would be the same as those for FY 2011-12, with adjustments for caseload, costs, economic factors, and available revenue.

On May 26, 2011, the Legislature passed the final FY 2011-12 appropriation bills. The budget passed by the Legislature was balanced based on tax reform, revenue adjustments, spending reductions, and employee concessions. The FY 2011-12 budget included no flexible Federal American Recovery and Reinvestment Act (ARRA) funding, compared to over \$1.0 billion in FY 2010-11. There was, however, a significant change in the use of State Restricted School Aid Fund (SAF) revenue in FY 2011-12. An amount of \$395.9 million in SAF revenue was appropriated for the Community College and University budgets, and \$133.0 million in SAF revenue was appropriated to an account reserved for public school employees' retirement obligations.

There were some variations from prior fiscal years in the budget process for FY 2011-12. Both the House and the Senate initiated a complete FY 2011-12 budget in their respective chambers: the House with two omnibus appropriation bills and the Senate with 16 individual departmental appropriation bills. Although the 16 individual appropriation bills were reported out of conference committees and passed by the Senate, the bills were not considered by the House. The two omnibus bills (one for education appropriations and one for all other State appropriations) also were reported out of conference committees and were the bills that the House and the Senate ultimately adopted. The content of the two omnibus bills was the same as the content of the 16 individual bills.

On an overall basis, the initial level of FY 2011-12 Adjusted Gross¹ appropriations totals \$46.7 billion. This Adjusted Gross total includes \$46.0 billion in ongoing appropriations and \$687.9 million in one-time appropriations. [Table 1](#) outlines the totals by department for the initial ongoing Adjusted Gross appropriations of \$46.0 billion, the one-time Adjusted Gross appropriations of \$687.9 million, \$1.0 million of tax code implementation funding enacted after the initial budget was adopted, and an \$11.8 million restricted revenue adjustment for State Revenue Sharing, resulting in FY 2011-12 year-to-date total Adjusted Gross appropriations of \$46.7 billion. [Table 2](#) provides the detail by budget area and program for the FY 2011-12 one-time appropriations; the table includes total Adjusted Gross appropriations, as well as State Spending from State Resources² appropriations, for each program. If the \$255.8 million one-time payment to the Budget Stabilization Fund is included, total FY 2011-12 Adjusted Gross one-time appropriations are \$943.7 million and total State Spending one-time appropriations are \$912.9 million. The \$912.9 million State Spending appropriation essentially represents the combined projected FY 2010-11 ending balances of the State General Fund (\$254.5 million) and the School Aid Fund (\$658.5 million), at the time the FY 2011-12 budget was being finalized.

This Senate Fiscal Agency (SFA) report, *FY 2011-12 Appropriations Report Part II - Initial Appropriations*, is the middle SFA report in a series that includes *Part I - Governor's Recommendations* and *Part III - Year-End Appropriations*. This report provides a summary of the major issues that were part of the development of the initial ongoing appropriations for FY 2011-12.

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

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

Table 1

| FY 2011-12 YEAR-TO-DATE ADJUSTED GROSS APPROPRIATIONS | | | | |
|---|---|--|---|--|
| Department/Budget Area | FY 2011-12 Initial Ongoing Appropriations | FY 2011-12 One-Time Appropriations | Adjustments for Tax Code, Revenue Sharing | FY 2011-12 Year-to-Date Appropriations |
| Agriculture and Rural Development | \$71,921,700 | | | \$71,921,700 |
| Attorney General | 52,705,500 | | | 52,705,500 |
| Civil Rights..... | 13,730,200 | | | 13,730,200 |
| Community Colleges | 283,880,500 | | | 283,880,500 |
| Community Health | 14,234,747,000 | \$52,962,800 | | 14,287,709,800 |
| Corrections | 1,935,630,000 | | | 1,935,630,000 |
| Education..... | 117,313,000 | | | 117,313,000 |
| Environmental Quality | 405,476,800 | 6,000,000 | | 411,476,800 |
| Executive | 4,399,200 | | | 4,399,200 |
| Higher Education | 1,362,278,400 | 1,900,000 | | 1,364,178,400 |
| Human Services | 6,826,186,800 | | | 6,826,186,800 |
| Judiciary | 253,399,700 | | | 253,399,700 |
| Legislative Auditor General | 12,136,900 | | | 12,136,900 |
| Legislature | 100,083,200 | | | 100,083,200 |
| Licensing and Regulatory Affairs..... | 798,116,900 | | | 798,116,900 |
| Military and Veterans Affairs | 151,330,700 | | | 151,330,700 |
| Natural Resources..... | 328,260,800 | 4,000,000 | | 332,260,800 |
| School Aid | 12,203,572,900 | 455,500,000 | | 12,659,072,900 |
| State | 191,885,000 | | | 191,885,000 |
| State Police | 500,736,500 | 800,000 | | 501,536,500 |
| Technology, Management, and Budget | 408,215,400 | 61,250,000 | | 469,465,400 |
| Transportation | 3,324,319,200 | 500,000 | | 3,324,819,200 |
| Treasury - Debt Service | 140,928,000 | | | 140,928,000 |
| Treasury - Operations | 435,690,600 | | \$1,000,000 | 436,690,600 |
| Treasury - Revenue Sharing | 958,979,300 | 30,000,000 | 11,825,300 | 1,000,804,600 |
| Treasury - Strategic Fund Agency..... | 908,781,300 | 75,000,000 | | 983,781,300 |
| TOTAL APPROPRIATIONS | \$46,024,705,500 | \$687,912,800 | \$12,825,300 | \$46,725,443,600 |

Table 2

FY 2011-12 ONE-TIME ADJUSTED GROSS AND TOTAL STATE SPENDING APPROPRIATIONS

| Budget Area/Program | Adjusted Gross Appropriation | State Spending Appropriation |
|---|---------------------------------|---------------------------------|
| Community Health | | |
| Graduate Medical Education | \$17,129,400 | \$5,800,000 |
| Rural Hospitals | 29,533,400 | 10,000,000 |
| Healthy Michigan Fund | 3,000,000 | 3,000,000 |
| Community Mental Health Special Populations..... | 3,000,000 | 3,000,000 |
| Island Health Clinics | 300,000 | 300,000 |
| Environmental Quality | | |
| Muskegon Cleanup Site..... | 6,000,000 | 6,000,000 |
| Higher Education | | |
| Eastern Michigan University Autism Collaborative Center | 500,000 | 500,000 |
| Michigan State University Facility for Rare Isotope Beams (FRIB)..... | 1,200,000 | 1,200,000 |
| Western Michigan University Economic Development..... | 200,000 | 200,000 |
| Natural Resources | | |
| Capital Outlay: Grand Marais Harbor | 4,000,000 | 4,000,000 |
| School Aid | | |
| Public School Employees Retirement System (PSERS) Payments..... | 155,000,000 | 155,000,000 |
| Best Practices..... | 154,000,000 | 154,000,000 |
| PSERS Retirement Obligation Reform Reserve Fund | 133,000,000 | 133,000,000 |
| Partial Restoration of Small Class Size Grants | 13,500,000 | 13,500,000 |
| State Police | | |
| Michigan International Speedway Traffic Control..... | 800,000 | 800,000 |
| Technology, Management, and Budget | | |
| Asbestos Abatement at Former State Police Headquarters..... | 1,250,000 | 1,250,000 |
| Other Post-Employment Benefits Payment Adjustment..... | 60,000,000 | 60,000,000 |
| Transportation | | |
| Swing Bridge Maintenance | 500,000 | 500,000 |
| Treasury - Revenue Sharing | | |
| County Revenue Sharing..... | 15,000,000 | 15,000,000 |
| Cities, Villages, Townships Economic Vitality Incentive Program..... | 15,000,000 | 15,000,000 |
| Treasury - Strategic Fund Agency | | |
| Economic Development (Business Attraction and Economic Gardening) | 50,000,000 | 50,000,000 |
| Film Incentive Funding..... | 25,000,000 | 25,000,000 |
| Subtotal One-Time Appropriations..... | \$687,912,800 | \$657,050,000 |
| Appropriation to the Budget Stabilization Fund..... | 255,800,000 | 255,800,000 |
| TOTAL ONE-TIME APPROPRIATIONS | \$943,712,800 | \$912,850,000 |

GUBERNATORIAL VETOES

Governor Snyder, through his constitutional line-item veto authority granted under Article V, Section 19 of the State Constitution of 1963, vetoed \$5.0 million of Adjusted Gross appropriations and \$4.25 million of General Fund/General Purpose (GF/GP) appropriations. Table 3 provides a summary of the line-item vetoes by department. The largest veto was in the Department of Human Services where the Governor removed \$4.25 million for an expansion of special needs adoption subsidies. Further specific departmental information on these vetoes is included in the Budget Area Detail section of this report

Table 3
FY 2011-12
LINE-ITEM VETOES
(Actual Dollars)

| Budget Area/Item | Adjusted Gross | General Fund/ General Purpose |
|--|-----------------------|--|
| Human Services | | |
| Expansion of Special Needs Adoption Subsidies..... | (\$4,250,000) | (\$4,250,000) |
| Behavioral Health Study of Juvenile Justice Facilities..... | (25,000) | 0 |
| Licensing and Regulatory Affairs | | |
| Mining Industry Safety and Health Education/Training Grant | (80,000) | 0 |
| Treasury-Strategic Fund | | |
| Detroit and Grand Rapids Precollege Engineering Programs..... | (680,100) | 0 |
| TOTAL VETOES | (\$5,035,100) | (\$4,250,000) |

FY 2011-12 INITIAL ONGOING APPROPRIATIONS

The initial level of FY 2011-12 ongoing Adjusted Gross appropriations totals \$46.0 billion. This level of Adjusted Gross appropriations includes \$19.3 billion of Federal funds, \$496.9 million of local and private revenue, \$18.0 billion of State Restricted revenue, and \$8.3 billion of State General Fund/General Purpose³ revenue. Table 4 and Figure A summarize these appropriations by department and by fund source. Initial FY 2011-12 ongoing Adjusted Gross appropriations represent a \$1.5 billion or 3.1% reduction from the year-to-date level of FY 2010-11 appropriations. Initial ongoing State Spending from State Resources appropriations total \$26.3 billion, an increase of \$83.9 million or 0.3% from the year-to-date level of FY 2010-11 appropriations. Initial ongoing GF/GP appropriations total \$8.3 billion, a decrease of \$111.0 million or 1.3% from the year-to-date level of FY 2010-11 appropriations. Tables 5, 6, and 7 and Figures B, C, and D provide a department-by-department comparison of FY 2011-12 initial ongoing appropriations to FY 2010-11 year-to-date appropriations in terms of Adjusted Gross, State Spending from State Resources, and GF/GP appropriations, respectively.

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

Table 4

**APPROPRIATIONS BY SOURCE OF FUNDS
FY 2011-12 INITIAL ONGOING APPROPRIATIONS**

| Department/Budget Area | Adjusted Gross | Federal Funds | Local & Private Funds | Other State Restricted | General Fund |
|---|-------------------------|-------------------------|----------------------------------|-------------------------------|------------------------|
| Agriculture and Rural Development..... | \$71,921,700 | \$14,184,700 | \$171,300 | \$28,863,000 | \$28,702,700 |
| Attorney General..... | 52,705,500 | 8,848,800 | 0 | 15,489,100 | 28,367,600 |
| Capital Outlay..... | 0 | 0 | 0 | 0 | 0 |
| Civil Rights..... | 13,730,200 | 2,880,600 | 18,700 | 151,900 | 10,679,000 |
| Community Colleges..... | 283,880,500 | 0 | 0 | 195,880,500 | 88,000,000 |
| Community Health..... | 14,234,747,000 | 8,986,611,000 | 347,100,600 | 2,129,851,900 | 2,771,183,500 |
| Corrections..... | 1,935,630,000 | 7,995,100 | 447,300 | 52,351,400 | 1,874,836,200 |
| Education..... | 117,313,000 | 77,929,200 | 10,203,600 | 7,166,300 | 22,013,900 |
| Environmental Quality..... | 405,476,800 | 159,701,500 | 711,800 | 223,571,900 | 21,491,600 |
| Executive..... | 4,399,200 | 0 | 0 | 0 | 4,399,200 |
| Higher Education..... | 1,362,278,400 | 98,326,400 | 0 | 200,219,500 | 1,063,732,500 |
| Human Services..... | 6,826,186,800 | 5,627,051,200 | 43,834,600 | 88,616,500 | 1,066,684,500 |
| Judiciary..... | 253,399,700 | 5,539,500 | 7,185,200 | 88,140,700 | 152,534,300 |
| Legislative Auditor General..... | 12,136,900 | 0 | 0 | 1,539,900 | 10,597,000 |
| Legislature..... | 100,083,200 | 0 | 400,000 | 1,109,800 | 98,573,400 |
| Licensing and Regulatory Affairs..... | 798,116,900 | 365,728,300 | 12,587,700 | 388,728,100 | 31,072,800 |
| Military and Veterans Affairs..... | 151,330,700 | 87,678,000 | 2,168,100 | 28,439,700 | 33,044,900 |
| Natural Resources..... | 328,260,800 | 69,319,800 | 2,842,400 | 242,267,400 | 13,831,200 |
| Natural Resources Trust Fund..... | 0 | 0 | 0 | 0 | 0 |
| School Aid..... | 12,203,572,900 | 1,653,331,800 | 0 | 10,431,598,700 | 118,642,400 |
| State..... | 191,885,000 | 1,810,000 | 100 | 178,788,700 | 11,286,200 |
| State Police..... | 500,736,500 | 106,051,600 | 6,672,800 | 123,336,100 | 264,676,000 |
| Technology, Management, and Budget..... | 408,215,400 | 10,346,000 | 1,637,200 | 85,374,400 | 310,857,800 |
| Transportation..... | 3,324,319,200 | 1,241,195,200 | 53,968,500 | 2,029,155,500 | 0 |
| Treasury - Debt Service..... | 140,928,000 | 0 | 0 | 15,514,500 | 125,413,500 |
| Treasury - Operations..... | 435,690,600 | 38,861,500 | 2,099,200 | 329,131,000 | 65,598,900 |
| Treasury - Revenue Sharing..... | 958,979,300 | 0 | 0 | 958,979,300 | 0 |
| Treasury - Strategic Fund Agency..... | 908,781,300 | 704,672,400 | 4,813,500 | 140,331,700 | 58,963,700 |
| TOTAL APPROPRIATIONS..... | \$46,024,705,500 | \$19,268,062,600 | \$496,862,600 | \$17,984,597,500 | \$8,275,182,800 |

Figure A

Appropriations by Source of Funds FY 2011-12 Initial Ongoing Appropriations

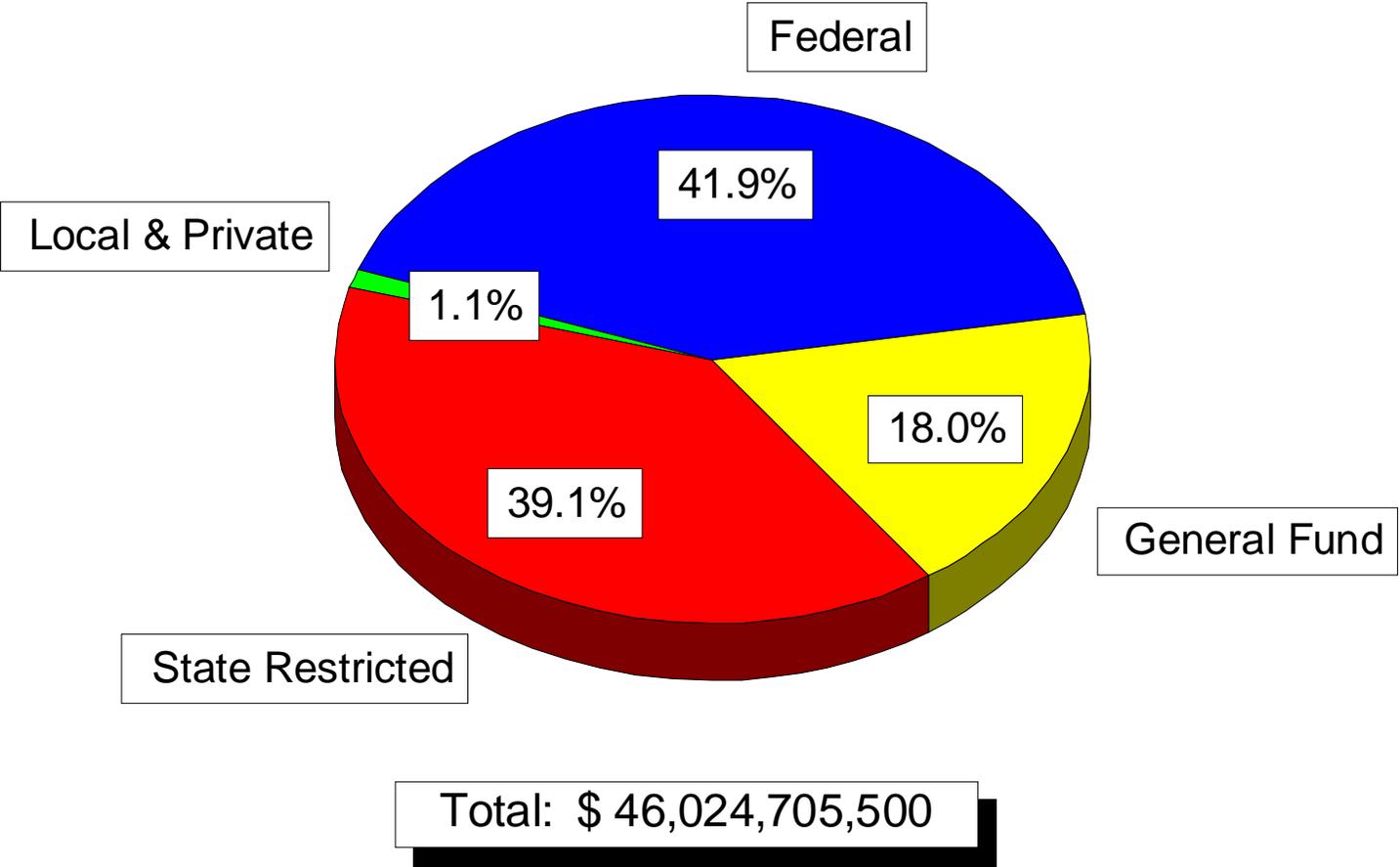


Table 5
ONGOING ADJUSTED GROSS APPROPRIATIONS
FY 2010-11 VERSUS FY 2011-12

| Department/Budget Area | FY 2010-11 Year-to-Date Appropriations | FY 2011-12 Initial Ongoing Appropriations | Dollar Difference | Percent Change |
|--|---|--|------------------------------|---------------------------|
| Agriculture and Rural Development | \$74,844,500 | \$71,921,700 | (\$2,922,800) | (3.9%) |
| Attorney General | 50,376,400 | 52,705,500 | 2,329,100 | 4.6 |
| Capital Outlay | 2,500 | 0 | (2,500) | (100.0) |
| Civil Rights..... | 11,981,200 | 13,730,200 | 1,749,000 | 14.6 |
| Community Colleges | 295,880,500 | 283,880,500 | (12,000,000) | (4.1) |
| Community Health..... | 14,387,242,000 | 14,234,747,000 | (152,495,000) | (1.1) |
| Corrections | 1,990,398,100 | 1,935,630,000 | (54,768,100) | (2.8) |
| Education..... | 126,415,700 | 117,313,000 | (9,102,700) | (7.2) |
| Environmental Quality | 455,997,900 | 405,476,800 | (50,521,100) | (11.1) |
| Executive | 4,630,800 | 4,399,200 | (231,600) | (5.0) |
| Higher Education | 1,578,278,500 | 1,362,278,400 | (216,000,100) | (13.7) |
| Human Services | 7,025,108,900 | 6,826,186,800 | (198,922,100) | (2.8) |
| Judiciary | 255,446,800 | 253,399,700 | (2,047,100) | (0.8) |
| Legislative Auditor General | 12,694,900 | 12,136,900 | (558,000) | (4.4) |
| Legislature | 102,084,100 | 100,083,200 | (2,000,900) | (2.0) |
| Licensing and Regulatory Affairs..... | 1,287,255,000 | 798,116,900 | (489,138,100) | (38.0) |
| Military and Veterans Affairs | 151,250,800 | 151,330,700 | 79,900 | 0.1 |
| Natural Resources..... | 322,096,800 | 328,260,800 | 6,164,000 | 1.9 |
| Natural Resources Trust Fund | 102,098,400 | 0 | (102,098,400) | (100.0) |
| School Aid | 12,954,236,200 | 12,203,572,900 | (750,663,300) | (5.8) |
| State | 192,906,200 | 191,885,000 | (1,021,200) | (0.5) |
| State Police | 510,848,600 | 500,736,500 | (10,112,100) | (2.0) |
| Technology, Management, and Budget | 383,602,000 | 408,215,400 | 24,613,400 | 6.4 |
| Transportation | 3,238,338,000 | 3,324,319,200 | 85,981,200 | 2.7 |
| Treasury - Debt Service | 57,632,800 | 140,928,000 | 83,295,200 | 144.5 |
| Treasury - Operations | 684,744,400 | 435,690,600 | (249,053,800) | (36.4) |
| Treasury - Revenue Sharing | 1,088,414,400 | 958,979,300 | (129,435,100) | (11.9) |
| Treasury - Strategic Fund Agency..... | 165,115,700 | 908,781,300 | 743,665,600 | 450.4 |
| TOTAL APPROPRIATIONS | \$47,509,922,100 | \$46,024,705,500 | (\$1,485,216,600) | (3.1%) |

Figure B

Adjusted Gross FY 2011-12 Initial Ongoing Appropriations

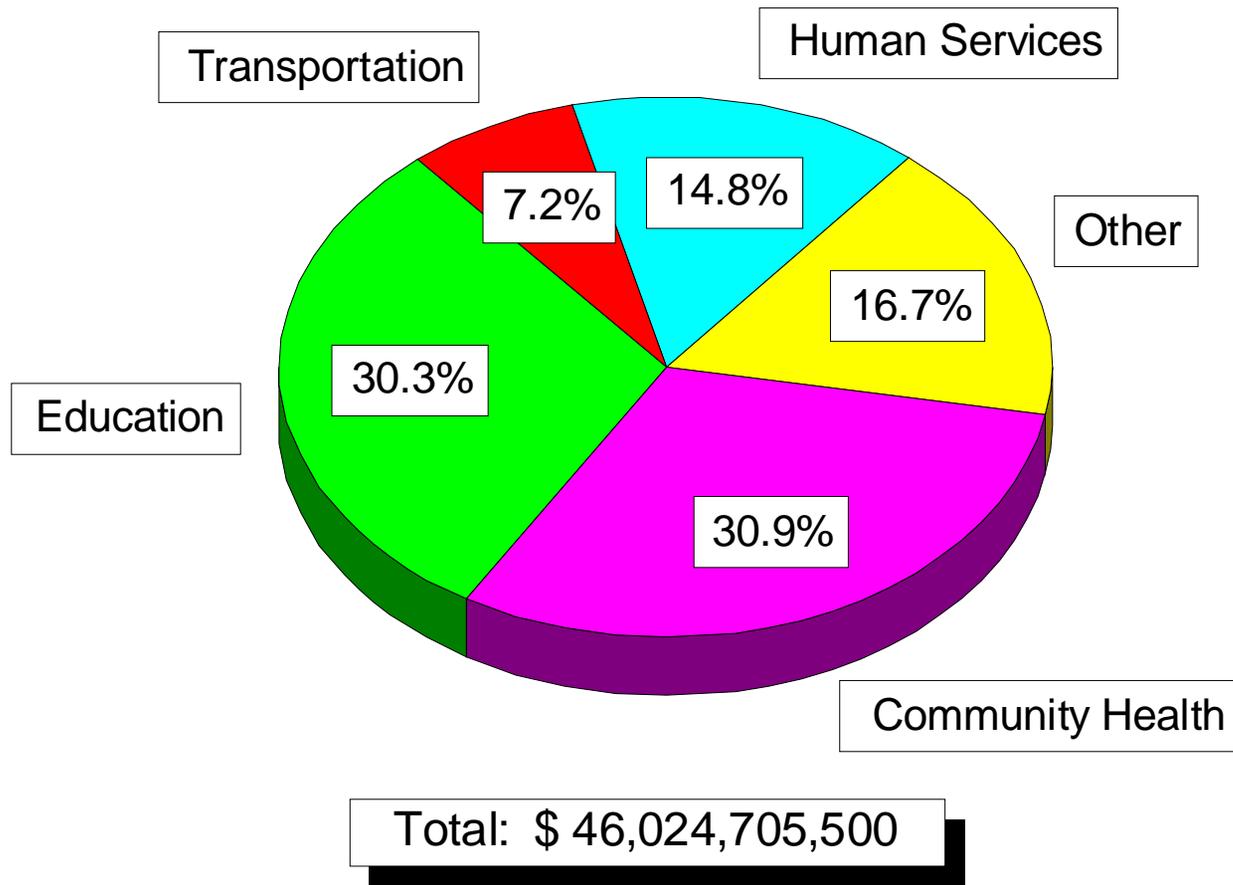


Table 6

| ONGOING STATE SPENDING FROM STATE RESOURCES FY 2010-11 VERSUS FY 2011-12 | | | | |
|---|---|--|------------------------------|---------------------------|
| Department/Budget Area | FY 2010-11 Year-to-Date Appropriations | FY 2011-12 Initial Ongoing Appropriations | Dollar Difference | Percent Change |
| Agriculture and Rural Development..... | \$59,661,800 | \$57,565,700 | (\$2,096,100) | (3.5%) |
| Attorney General..... | 41,810,700 | 43,856,700 | 2,046,000 | 4.9 |
| Capital Outlay | 2,500 | 0 | (2,500) | (100.0) |
| Civil Rights | 10,231,200 | 10,830,900 | 599,700 | 5.9 |
| Community Colleges..... | 295,880,500 | 283,880,500 | (12,000,000) | (4.1) |
| Community Health | 4,358,735,300 | 4,901,035,400 | 542,300,100 | 12.4 |
| Corrections..... | 1,980,405,500 | 1,927,187,600 | (53,217,900) | (2.7) |
| Education | 28,319,700 | 29,180,200 | 860,500 | 3.0 |
| Environmental Quality..... | 272,411,500 | 245,063,500 | (27,348,000) | (10.0) |
| Executive | 4,630,800 | 4,399,200 | (231,600) | (5.0) |
| Higher Education | 1,486,352,100 | 1,263,952,000 | (222,400,100) | (15.0) |
| Human Services..... | 1,057,448,000 | 1,155,301,000 | 97,853,000 | 9.3 |
| Judiciary..... | 242,812,600 | 240,675,000 | (2,137,600) | (0.9) |
| Legislative Auditor General..... | 12,694,900 | 12,136,900 | (558,000) | (4.4) |
| Legislature | 101,684,100 | 99,683,200 | (2,000,900) | (2.0) |
| Licensing and Regulatory Affairs..... | 396,832,100 | 419,800,900 | 22,968,800 | 5.8 |
| Military and Veterans Affairs..... | 64,118,900 | 61,484,600 | (2,634,300) | (4.1) |
| Natural Resources | 237,558,900 | 256,098,600 | 18,539,700 | 7.8 |
| Natural Resources Trust Fund..... | 102,098,400 | 0 | (102,098,400) | (100.0) |
| School Aid..... | 10,775,902,900 | 10,550,241,100 | (225,661,800) | (2.1) |
| State..... | 190,891,100 | 190,074,900 | (816,200) | (0.4) |
| State Police..... | 394,699,000 | 388,012,100 | (6,686,900) | (1.7) |
| Technology, Management, and Budget..... | 379,368,800 | 396,232,200 | 16,863,400 | 4.4 |
| Transportation..... | 1,950,974,400 | 2,029,155,500 | 78,181,100 | 4.0 |
| Treasury - Debt Service..... | 57,632,800 | 140,928,000 | 83,295,200 | 144.5 |
| Treasury - Operations | 476,637,700 | 394,729,900 | (81,907,800) | (17.2) |
| Treasury - Revenue Sharing..... | 1,088,414,400 | 958,979,300 | (129,435,100) | (11.9) |
| Treasury - Strategic Fund Agency..... | 107,705,200 | 199,295,400 | 91,590,200 | 85.0 |
| TOTAL APPROPRIATIONS | \$26,175,915,800 | \$26,259,780,300 | \$83,864,500 | 0.3% |

Figure C

State Spending From State Resources

FY 2011-12 Initial Ongoing Appropriations

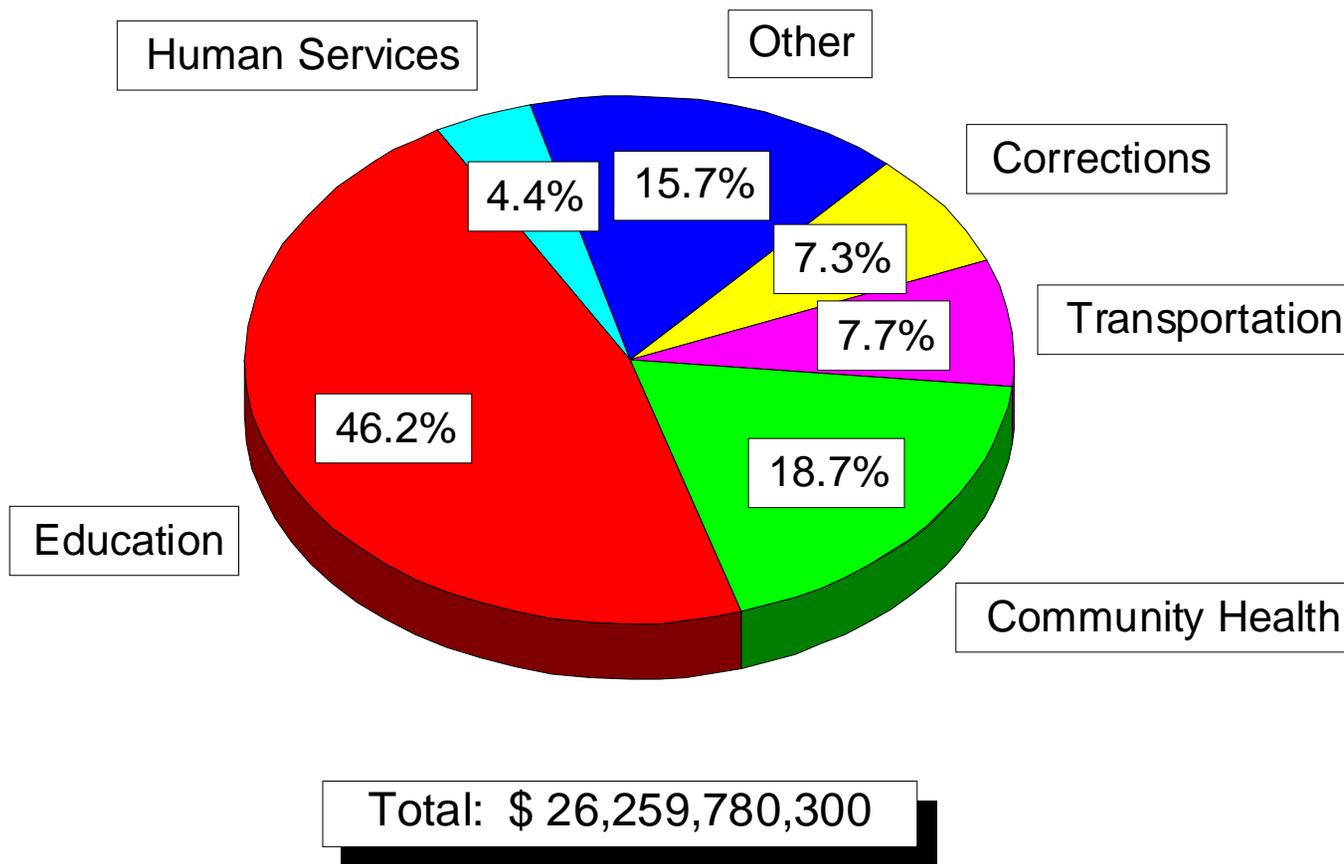
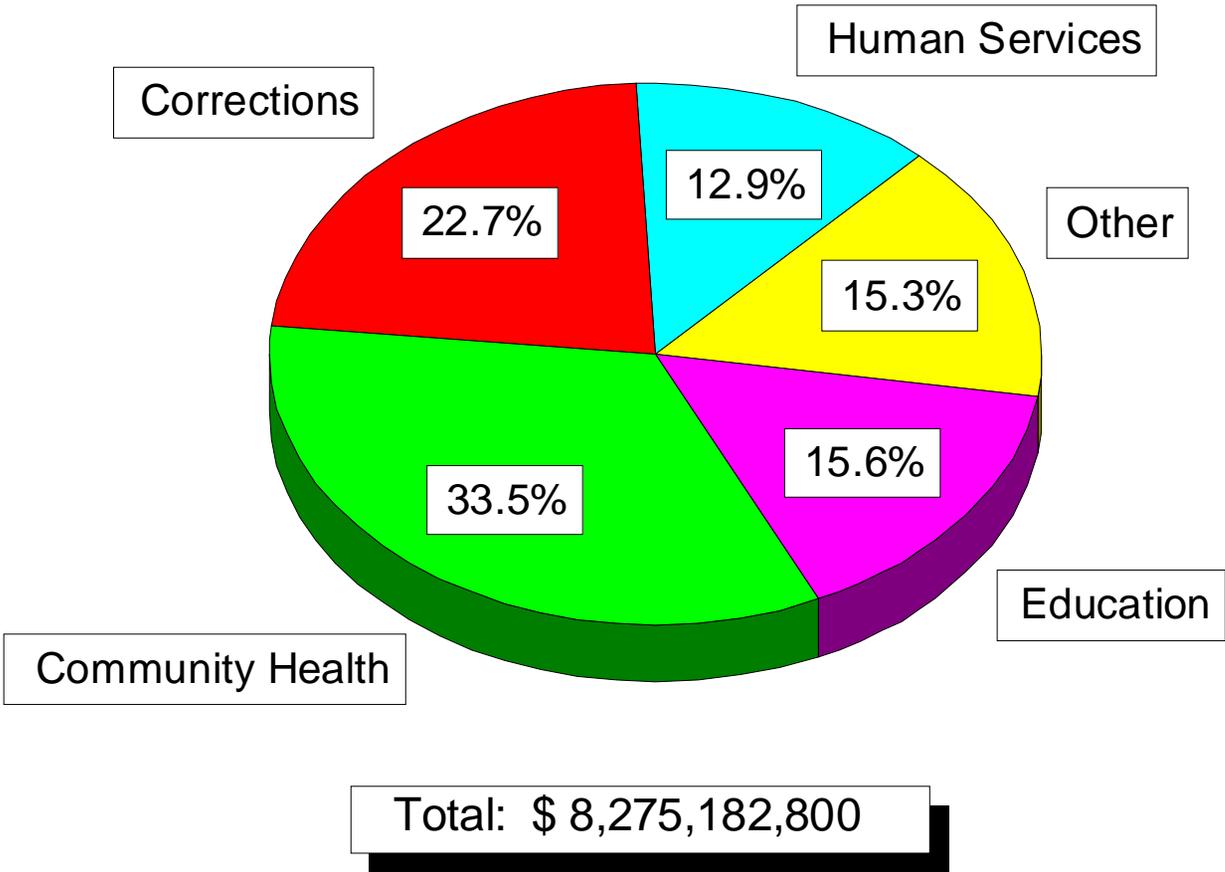


Table 7

| ONGOING GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS FY 2010-11 VERSUS FY 2011-12 | | | | |
|---|---|--|------------------------------|---------------------------|
| Department/Budget Area | FY 2010-11 Year-to-Date Appropriations | FY 2011-12 Initial Ongoing Appropriations | Dollar Difference | Percent Change |
| Agriculture and Rural Development..... | \$28,982,400 | \$28,702,700 | (\$279,700) | (1.0%) |
| Attorney General..... | 26,894,200 | 28,367,600 | 1,473,400 | 5.5 |
| Capital Outlay | 2,500 | 0 | (2,500) | (100.0) |
| Civil Rights | 10,178,200 | 10,679,000 | 500,800 | 4.9 |
| Community Colleges..... | 295,880,500 | 88,000,000 | (207,880,500) | (70.3) |
| Community Health | 2,513,573,000 | 2,771,183,500 | 257,610,500 | 10.2 |
| Corrections..... | 1,900,078,400 | 1,874,836,200 | (25,242,200) | (1.3) |
| Education | 21,369,900 | 22,013,900 | 644,000 | 3.0 |
| Environmental Quality..... | 24,346,500 | 21,491,600 | (2,854,900) | (11.7) |
| Executive | 4,630,800 | 4,399,200 | (231,600) | (5.0) |
| Higher Education | 1,486,052,100 | 1,063,732,500 | (422,319,600) | (28.4) |
| Human Services..... | 966,914,500 | 1,066,684,500 | 99,770,000 | 10.3 |
| Judiciary..... | 150,734,600 | 152,534,300 | 1,799,700 | 1.2 |
| Legislative Auditor General..... | 11,155,000 | 10,597,000 | (558,000) | (5.0) |
| Legislature | 100,574,300 | 98,573,400 | (2,000,900) | (2.0) |
| Licensing and Regulatory Affairs..... | 46,700,500 | 31,072,800 | (15,627,700) | (33.5) |
| Military and Veterans Affairs..... | 35,885,500 | 33,044,900 | (2,840,600) | (7.9) |
| Natural Resources | 15,611,100 | 13,831,200 | (1,779,900) | (11.4) |
| Natural Resources Trust Fund..... | 0 | 0 | 0 | 0.0 |
| School Aid..... | 18,642,400 | 118,642,400 | 100,000,000 | 536.4 |
| State..... | 13,091,600 | 11,286,200 | (1,805,400) | (13.8) |
| State Police..... | 258,496,100 | 264,676,000 | 6,179,900 | 2.4 |
| Technology, Management, and Budget..... | 295,541,500 | 310,857,800 | 15,316,300 | 5.2 |
| Transportation..... | 0 | 0 | 0 | 0.0 |
| Treasury - Debt Service..... | 42,118,300 | 125,413,500 | 83,295,200 | 197.8 |
| Treasury - Operations | 86,616,400 | 65,598,900 | (21,017,500) | (24.3) |
| Treasury - Revenue Sharing..... | 0 | 0 | 0 | 0.0 |
| Treasury - Strategic Fund Agency..... | 32,132,200 | 58,963,700 | 26,831,500 | 83.5 |
| TOTAL APPROPRIATIONS | \$8,386,202,500 | \$8,275,182,800 | (\$111,019,700) | (1.3%) |

Figure D

General Fund/General Purpose FY 2011-12 Initial Ongoing Appropriations



HIGHLIGHTS OF CHANGES IN ONGOING STATE APPROPRIATIONS

There are very few new programs for FY 2011-12, and other funding increases are primarily attributable to caseload and cost increases in the Departments of Community Health and Human Services. Table 8 summarizes FY 2011-12 Adjusted Gross and GF/GP funding for new programs and program increases, by department. New programs in various departments account for approximately \$370.0 million in Adjusted Gross and \$113.0 million in GF/GP appropriations. The largest piece of the new programs' total is \$200.0 million for the reconfigured statutory State Revenue Sharing Program, which is now called the Economic Vitality Incentive Program and distributes funds to cities, villages, and townships based on certain criteria, such as efforts to consolidate and collaborate. The next-largest new program appropriation is \$83.0 million (Adjusted Gross and GF/GP) for the tuition restraint initiative in the Higher Education budget.

In addition to new programs, there are Adjusted Gross funding increases of approximately \$1.17 billion and GF/GP increases of \$382.4 million. The largest increase is \$473.6 million Adjusted Gross (\$126.4 million GF/GP) in the Department of Community Health for Medicaid base and caseload adjustments. The next-largest Adjusted Gross increase is \$237.2 million for debt service payments in various departments, followed by an Adjusted Gross increase of \$62.4 million (\$44.8 million GF/GP) in the Department of Human Services for new child welfare staff. These three Adjusted Gross funding increases of \$773.2 million are 66.0% of the total FY 2011-12 initial ongoing appropriation funding increases.

Table 8
FY 2011-12 INITIAL ONGOING APPROPRIATIONS
NEW PROGRAMS AND PROGRAM INCREASES
(Millions of Dollars)

| Department/Program | Adjusted Gross | GF/GP |
|--|----------------|-------|
| Agriculture and Rural Development | | |
| Rural Development..... | \$0.1 | \$0.1 |
| Attorney General | | |
| Operations | 0.1 | 0.1 |
| Community Health | | |
| Statewide Trauma System (new program)..... | 3.5 | 0.0 |
| Nurse Family Partnership (new program) | 3.0 | 1.5 |
| Medicare Part D Expansion..... | 28.8 | 28.8 |
| Medicaid Base and Caseload Adjustment..... | 473.6 | 126.4 |
| Managed Care Actuarial Soundness..... | 75.1 | 25.4 |
| AIDS Pharmaceutical Rebates | 5.0 | 0.0 |
| Newborn Screening Fee Program Increase | 0.8 | 0.0 |
| Crime Victims Payouts | 4.1 | 0.0 |
| Increase in Specialty Network Access Fees (SNAF)/Physician Adjustor..... | 37.1 | 0.7 |
| Expansion of Healthy Kids Dental | 4.4 | 1.5 |
| Upgrade of Medicaid Computer System | 8.9 | 1.2 |
| Corrections | | |
| Crane Closure Savings Reinvestment..... | 5.6 | 5.6 |
| Managed Care Expansion | 4.0 | 4.0 |
| Custody Staff Training | 0.5 | 0.5 |
| Parole Eligible Program..... | 1.6 | 1.6 |

**FY 2011-12 INITIAL ONGOING APPROPRIATIONS
NEW PROGRAMS AND PROGRAM INCREASES
(Millions of Dollars)**

| Department/Program | Adjusted Gross | GF/GP |
|---|----------------|-------|
| Corrections (continued) | | |
| Swift and Sure Sanctions | 0.5 | 0.5 |
| Parole Office Rent | 0.4 | 0.4 |
| Utilities | 1.5 | 1.5 |
| Education | | |
| Michigan eLibrary (new program)..... | 1.0 | 1.0 |
| Blind Scholarship Program | 0.1 | 0.0 |
| Environmental Quality | | |
| State Sites Cleanup | 4.4 | 0.0 |
| Water Permit Information System..... | 3.2 | 0.0 |
| Brownfield Grants/Loans | 5.5 | 0.0 |
| Site Reclamation..... | 1.5 | 0.0 |
| Higher Education | | |
| Tuition Restraint (new program) | 83.0 | 83.0 |
| Tuition Incentive Program..... | 6.4 | 0.0 |
| Human Services | | |
| Background Check (new program)..... | 1.0 | 1.0 |
| Chaldean Community Foundation (new program) | 0.1 | 0.1 |
| Adoption Rate Increase | 7.8 | 5.6 |
| Child Welfare Staff..... | 62.4 | 44.8 |
| Foster Care Needs Assessment..... | 4.0 | 4.0 |
| Medical/Psychological Evaluations..... | 2.6 | 2.5 |
| Earned Income Disregard..... | 10.0 | 10.0 |
| Child Welfare Technology | 2.7 | 1.4 |
| Outstationed Eligibility Workers..... | 4.3 | 0.0 |
| Judiciary | | |
| IDG from Corrections for Swift and Sure Drug Court Sanctions (new program)..... | 1.0 | 0.0 |
| Licensing and Regulatory Affairs | | |
| Regulatory Reinvention (new program)..... | 0.4 | 0.0 |
| One-Stop Portal | 1.8 | 0.0 |
| Office of Financial and Insurance Regulation (OFIR) Securities Program..... | 0.4 | 0.0 |
| Credit Union Examinations | 0.2 | 0.0 |
| Tax Tribunal..... | 0.2 | 0.0 |
| Postsecondary Education | 0.1 | 0.0 |
| Unemployment Special Fraud Control | 1.0 | 0.0 |
| Military and Veterans Affairs | | |
| Firefighter Support..... | 2.5 | 0.0 |
| Demolition Range | 1.7 | 0.0 |

**FY 2011-12 INITIAL ONGOING APPROPRIATIONS
NEW PROGRAMS AND PROGRAM INCREASES
(Millions of Dollars)**

| Department/Program | Adjusted Gross | GF/GP |
|---|-----------------------|----------------|
| Natural Resources | | |
| Capital Outlay | 6.1 | 0.0 |
| Park Passport Revenue..... | 3.1 | 0.0 |
| School Aid | | |
| School Bond Loan Debt Service..... | 88.4 | 0.0 |
| Special Education | 22.8 | 0.0 |
| School Readiness..... | 6.0 | 0.0 |
| MEAP/Cash Flow Borrowing | 5.0 | 0.0 |
| School Bus Inspections | 1.0 | 0.0 |
| State Police | | |
| School Bus Inspection | 1.0 | 0.0 |
| Tobacco Tax Enforcement | 3.0 | 0.0 |
| Technology, Management, and Budget | | |
| Technology Innovation Fund (new program)..... | 2.5 | 2.5 |
| State Building Authority Rent..... | 15.0 | 15.0 |
| Transportation | | |
| Debt Service | 50.5 | 0.0 |
| Restricted Revenue | 76.5 | 0.0 |
| Treasury | | |
| Presidential Primary | 10.0 | 10.0 |
| Tax Plan Implementation..... | 5.3 | 5.3 |
| Tobacco Tax Enforcement | 3.0 | 0.0 |
| Unclaimed Property | 0.7 | 0.0 |
| Gaming Control Board..... | 0.1 | 0.0 |
| Revenue Sharing-Economic Vitality Incentive Program (new program) | 200.0 | 0.0 |
| Constitutional Revenue Sharing..... | 6.7 | 0.0 |
| Business Attraction and Economic Gardening (new program) | 50.0 | 25.0 |
| Innovation and Entrepreneurship (new program)..... | 25.0 | 0.0 |
| Quality of Life Bond | 47.3 | 47.3 |
| Clean Michigan Initiative..... | 34.7 | 34.7 |
| Great Lakes Water Quality | 1.3 | 1.3 |
| Other New Programs and Program Increases | 1.0 | 0.9 |
| TOTAL NEW PROGRAMS AND PROGRAM INCREASES | \$1,538.2 | \$495.0 |

Table 9 outlines the programs eliminated in the FY 2011-12 initial ongoing appropriations. Of the total \$986.2 million in Adjusted Gross program eliminations, \$321.4 million is due to the deletion of the current Statutory State Revenue Sharing Program and \$316.3 million is attributable to the loss of one-time Federal Education Jobs Fund revenue in the School Aid budget. Another \$56.9 million Adjusted Gross reduction (\$26.1 million GF/GP) reflects the closure of the Crane and Muskegon Correctional Facilities.

Table 9

| FY 2011-12 INITIAL ONGOING APPROPRIATIONS PROGRAM ELIMINATIONS (Millions of Dollars) | | |
|---|-----------------------|--------------|
| Department/Program | Adjusted Gross | GF/GP |
| Agriculture and Rural Development | | |
| Analysis of Animal Feed | (\$0.3) | (\$0.3) |
| Community Health | | |
| Expiring ARRA Grants | (23.0) | 0.0 |
| Detroit Substance Abuse Grant | (1.0) | (1.0) |
| Elimination of Earmarks | (0.8) | (0.7) |
| Houghton Lab Funding | (0.3) | (0.3) |
| Healthy Behaviors Waiver..... | (10.0) | 0.0 |
| Disproportionate Share Hospital Pools..... | (34.5) | 0.0 |
| Michigan Quality Care Council | (1.0) | (0.5) |
| FY 2010-11 Electronic Health Records Funding | (83.5) | (1.5) |
| Corrections | | |
| Closure of Crane Facility..... | (26.1) | (26.1) |
| Closure of Muskegon Facility..... | (30.8) | 0.0 |
| Education | | |
| Education Reform Funding | (0.7) | (0.7) |
| Database Rewrite | (5.0) | 0.0 |
| Environmental Quality | | |
| Mapping/Information Program | (0.4) | 0.0 |
| Human Services | | |
| JET-Plus..... | (8.5) | 0.0 |
| Zero to Three | (3.8) | 0.0 |
| Domestic Violence Transitional Housing | (2.0) | 0.0 |
| Customer Call Service Center | (0.9) | (0.9) |
| Grants to Nonprofits..... | (0.6) | (0.6) |
| Partial Tuition Reimbursement | (1.0) | (0.6) |
| Before/After School Programs | (3.0) | 0.0 |
| Michigan Home-Based Child Care Council | (0.2) | (0.2) |
| \$50 Family Independence Program Pass-Through..... | 0.0 | (1.7) |
| Judiciary | | |
| Elimination of Six Judgeships | (1.3) | (1.3) |

| FY 2011-12 INITIAL ONGOING APPROPRIATIONS PROGRAM ELIMINATIONS (Millions of Dollars) | | |
|---|-----------------------|-----------------|
| Department/Program | Adjusted Gross | GF/GP |
| Licensing and Regulatory Affairs | | |
| Workers' Compensation Appellate Commission..... | (0.5) | (0.5) |
| Enhanced Bootlegging Enforcement | (1.0) | 0.0 |
| Natural Resources | | |
| Endangered Species Funding | (0.1) | (0.1) |
| Thunder Bay Sanctuary | (0.1) | (0.1) |
| School Aid | | |
| Declining Enrollment Grants | (20.0) | 0.0 |
| Intermediate School Districts FICA Payments..... | (15.3) | 0.0 |
| Categorical Eliminations | (6.3) | 0.0 |
| Federal Education Jobs Fund..... | (316.3) | 0.0 |
| Technology, Management, and Budget | | |
| Gubernatorial Transition | (1.5) | (1.5) |
| Treasury | | |
| Statutory Revenue Sharing..... | (321.4) | 0.0 |
| 21st Century Jobs Fund Programs | (55.0) | 0.0 |
| One-Time Grant to Detroit Institute of Arts | (10.0) | (10.0) |
| TOTAL PROGRAM ELIMINATIONS | (\$986.2) | (\$48.6) |

Program reductions of \$1.48 billion Adjusted Gross and \$671.3 million GF/GP are listed by budget area in [Table 10](#). The most significant reductions are in the K-12 and Higher Education budgets with Adjusted Gross reductions of \$509.2 million and \$305.4 million, respectively.

In addition to the program increases and decreases outlined in [Tables 8, 9, and 10](#), there are numerous fund shifts in the FY 2011-12 budget that either increase or decrease GF/GP appropriations. These fund shifts produce a net increase of \$535.6 million in GF/GP appropriation levels, and are listed in [Table 11](#).

A summary of the Adjusted Gross and GF/GP appropriation changes from FY 2010-11 to FY 2011-12 is presented in [Table 12](#).

Table 10
FY 2011-12 INITIAL ONGOING APPROPRIATIONS
PROGRAM REDUCTIONS
(Millions of Dollars)

| Department/Program | Adjusted Gross | GF/GP |
|--|-----------------------|--------------|
| Agricultural and Rural Development | | |
| Bovine Tuberculosis..... | (\$0.3) | (\$0.3) |
| Nursery Stock Inspections | (0.2) | (0.2) |
| Administration Reductions | (0.5) | (0.5) |
| Animal Industry..... | (0.2) | (0.2) |
| Civil Rights | | |
| Operations..... | (0.2) | (0.2) |
| Community Colleges | | |
| Operations..... | (12.0) | (12.0) |
| Community Health | | |
| Healthy Michigan Fund | (5.9) | (6.1) |
| Community Substance Abuse..... | (0.5) | (0.5) |
| Community Mental Health (CMH) Special Populations | (1.0) | (1.0) |
| CMH non-Medicaid..... | (8.5) | (8.5) |
| State Disability Assistance (SDA) Substance Abuse..... | (0.2) | (0.2) |
| Children's Waiver | (2.1) | (0.7) |
| Earmarks | (0.4) | (0.1) |
| Local Public Health..... | (1.7) | (1.7) |
| Children's Special Health Care Services (CSHCS) Federal Impact | (4.0) | (4.0) |
| CSHCS Managed Care..... | (11.0) | (3.7) |
| Adult Benefits Waiver..... | (25.9) | 0.0 |
| Disproportionate Share Hospital Reductions | (18.1) | 0.0 |
| Behavioral Health Pharmaceuticals | (18.7) | (6.3) |
| Third Party Liability for Auto Insurance | (22.0) | (7.5) |
| Estate Recovery | (16.6) | (5.6) |
| Adult Home Help Limits..... | (17.7) | (6.0) |
| Graduate Medical Education Reduction | (31.8) | (10.8) |
| Managed Care for Dual Eligibles | (29.6) | (10.0) |
| Nursing Home Transition Savings..... | (35.3) | (7.5) |
| Corrections | | |
| Special Alternative Incarceration (SAI) Competitive Bid | (1.0) | (1.0) |
| Central Office | (6.0) | (6.0) |
| Prison Food Bid..... | (7.0) | (7.0) |
| Prison Store Bid | (6.3) | (2.5) |
| Supply Chain Efficiencies..... | (10.0) | (10.0) |
| Consolidation of Lieutenant Positions | (8.5) | (8.5) |
| Prisoner Education..... | (3.6) | (3.6) |

**FY 2011-12 INITIAL ONGOING APPROPRIATIONS
PROGRAM REDUCTIONS
(Millions of Dollars)**

| Department/Program | Adjusted Gross | GF/GP |
|--|-----------------------|--------------|
| Mental Health Contract Savings..... | (5.0) | (5.0) |
| Pharmaceutical Savings..... | (2.0) | (2.0) |
| Compassionate Release Savings | (1.0) | (1.0) |
| Global Positioning System (GPS) Tether Savings..... | (0.8) | (0.8) |
| Business Office Consolidation | (0.7) | (0.7) |
| Cost-Effective Housing..... | (31.3) | (31.3) |
| Leased Beds | (3.5) | (3.5) |
| Education | | |
| Removal of Excess Authorization | (6.0) | 0.0 |
| Libraries..... | (0.3) | (0.3) |
| Environmental Quality | | |
| Pollution Prevention | (1.2) | (1.2) |
| Administrative Reductions..... | (1.3) | (1.0) |
| High-Risk Erosion..... | (0.3) | (0.3) |
| Executive | | |
| 5% Reduction | (0.2) | (0.2) |
| Higher Education | | |
| Operations Reduction | (213.1) | (213.1) |
| Cooperative Extension/Ag Experiment | (9.3) | (9.3) |
| Tuition Restraint Operations Cut..... | (83.0) | (83.0) |
| Human Services | | |
| 48-Month Time Limit | (77.4) | (65.0) |
| Juvenile Justice Facilities..... | (2.8) | (0.8) |
| Early Childhood Investment Corporation | (1.9) | (1.9) |
| Adoption Subsidies | (1.2) | (1.2) |
| Child Care | (15.0) | (15.0) |
| Indigent Burial | (3.2) | (2.8) |
| Family Independence Program (FIP) Clothing Allowance | (9.9) | (9.9) |
| New FIP Sanctions..... | (7.5) | (7.5) |
| State Disability Assistance (SDA) Reduction | (4.7) | (3.1) |
| Employment/Training | (4.8) | 0.0 |
| Children's Services Lapses..... | (7.4) | (5.6) |
| Domestic Violence Administration..... | (0.3) | (0.3) |
| Field Staff | (11.6) | (4.8) |
| Child Support Enforcement..... | (0.4) | 0.0 |
| Guardianship..... | (1.0) | (0.5) |
| Independent Living..... | (0.9) | (0.2) |
| Multicultural | (0.3) | (0.1) |

| FY 2011-12 INITIAL ONGOING APPROPRIATIONS PROGRAM REDUCTIONS (Millions of Dollars) | | |
|---|-----------------------|--------------|
| Department/Program | Adjusted Gross | GF/GP |
| Judiciary | | |
| Temporary Judgeship Elimination..... | (0.1) | (0.1) |
| Court Equity Revenue | (4.0) | 0.0 |
| Legislative Auditor General | | |
| Target Reductions | (0.6) | (0.6) |
| Legislature | | |
| Senate Reductions | (1.0) | (1.0) |
| House Reductions | (1.3) | (1.3) |
| Licensing and Regulatory Affairs | | |
| Fire Protection Grants | (1.6) | 0.0 |
| Administrative Reductions..... | (1.1) | (1.1) |
| Communications..... | (0.1) | (0.1) |
| Adult Foster Care Background Checks..... | (1.2) | (1.2) |
| Natural Resources | | |
| Fire Protection | (0.1) | (0.1) |
| Historical Programs | (0.1) | (0.1) |
| Law Enforcement | (0.1) | (0.1) |
| Administrative Reductions..... | (0.2) | (0.2) |
| School Aid | | |
| Foundation Allowance | (467.3) | 0.1 |
| Foundation Allowance Adjustments | (24.3) | 0.0 |
| Membership Blend | (12.0) | 0.0 |
| Intermediate School District (ISD) Operations | (3.3) | 0.0 |
| Michigan Business Tax (MBT) Hold Harmless Grant | (1.1) | 0.0 |
| Categorical Reductions | (1.2) | (0.2) |
| State | | |
| Operational Reductions..... | (2.1) | (2.1) |
| State Police | | |
| Field Service Restructuring | (3.2) | (3.2) |
| Rockford Closure..... | (1.0) | (1.0) |
| Reduction in Overtime..... | (4.6) | (4.6) |
| State Capitol Security..... | (0.2) | 0.0 |
| Collins Road Lease | (0.8) | (0.8) |
| 9-1-1 System Upgrade Completion..... | (10.3) | (6.9) |
| Removal of Funded Vacancies | (0.9) | (0.9) |
| Technology, Management, and Budget | | |
| Target Reductions | (6.4) | (3.8) |

| FY 2011-12 INITIAL ONGOING APPROPRIATIONS PROGRAM REDUCTIONS (Millions of Dollars) | | |
|---|-----------------------|------------------|
| Department/Program | Adjusted Gross | GF/GP |
| Transportation | | |
| Capital Outlay..... | (23.4) | 0.0 |
| Federal Funding Match | (23.1) | 0.0 |
| Comprehensive Transportation Fund Debt Service..... | (9.9) | 0.0 |
| Treasury | | |
| Payments in Lieu of Taxes (PILT) Reduction | (1.9) | (1.6) |
| Senior Cooperative Housing | (2.5) | (2.5) |
| Administrative Reductions..... | (0.9) | (0.9) |
| Business Property Tax Appeal..... | (0.6) | (0.6) |
| Removal of FY 2010-11 Tax Code Implementation Funding..... | (31.9) | (31.9) |
| County Revenue Sharing | (14.7) | 0.0 |
| Other Program Reductions..... | (3.2) | (0.9) |
| TOTAL PROGRAM REDUCTIONS | (\$1,476.4) | (\$671.3) |

Table 11

| FY 2011-12 INITIAL ONGOING APPROPRIATIONS MAJOR FUND SHIFTS TO INCREASE/(REDUCE) GF/GP (Millions of Dollars) | |
|---|--------------|
| Department/Program | GF/GP |
| Civil Rights | |
| Replace GF/GP with Housing and Urban Development Revenue | (\$0.5) |
| Community Colleges | |
| Replace GF/GP with School Aid Fund Revenue | (195.9) |
| Community Health | |
| Medicaid Benefits Trust Fund Shortfall..... | (7.1) |
| Increase in Base Medicaid Match Rate | (29.9) |
| Remove One-Time Match Rate Adjustment..... | 160.0 |
| Increase Use of Merit Award Trust Fund..... | (2.3) |
| Recognize Expiration of Federal ARRA Match Rate Funding..... | 556.4 |
| Corrections | |
| Fix Parole/Probation Fee Shortfalls..... | 3.0 |
| Environmental Quality | |
| Shift Critical Dunes Fund Source..... | (0.4) |
| Make Hazardous Waste Management Program Fund Shift..... | (0.7) |
| Higher Education | |
| Replace GF/GP with School Aid Fund Revenue | (200.0) |

**FY 2011-12 INITIAL ONGOING APPROPRIATIONS
MAJOR FUND SHIFTS TO INCREASE/(REDUCE) GF/GP
(Millions of Dollars)**

| <u>Department/Program</u> | <u>GF/GP</u> |
|---|----------------|
| Human Services | |
| Higher Education and Temporary Assistance for Needy Families (TANF) Swap | 6.4 |
| Increase in Base Medicaid Match Rate | (0.9) |
| Recognize Expiration of One-Time Federal Funding | 199.2 |
| TANF Carryforward and Other Fund Shifts | (45.8) |
| Judiciary | |
| Eliminate IDG from Corrections for State Drug Court Operations | 1.0 |
| Licensing and Regulatory Affairs | |
| Replace Bureau of Fire Services GF/GP with Liquor-Purchase Revolving Fund | (2.6) |
| Shift Workers' Compensation Agency from GF/GP to Corporation Fees | (0.4) |
| Adult Foster Care Homes-Background Checks - Replace GF/GP with IDG, Federal, and Restricted | (1.2) |
| Natural Resources | |
| Replace GF/GP with Restricted Funds for Mackinac Island State Park Commission | (1.6) |
| School Aid | |
| Partially Replace Lost Tax Revenue | 100.0 |
| State Police | |
| Reverse One-Time Fund Shifts | 5.2 |
| Shift Funded Vacancies | (0.9) |
| Technology, Management, and Budget | |
| Statewide Cost Allocation Plan | (0.4) |
| Treasury - Strategic Fund Agency | |
| Shift Pure Michigan Fund Source to 21 st Century Jobs Trust Fund | (5.0) |
| TOTAL GF/GP FUND SHIFTS | \$535.6 |

Table 12

| SUMMARY OF FY 2011-12 APPROPRIATION CHANGES (Millions of Dollars) | | |
|---|-----------------------|------------------|
| | Adjusted Gross | GF/GP |
| FY 2010-11 Year-To-Date Appropriation | \$47,509.9 | \$8,386.2 |
| <u>Changes for FY 2011-12:</u> | | |
| New Programs..... | \$369.5 | \$112.6 |
| Program Increases | 1,168.7 | 382.4 |
| Program Eliminations | (986.2) | (48.6) |
| Program Reductions..... | (1,476.4) | (671.3) |
| Major Fund Shifts Affecting GF/GP..... | 0.0 | 535.6 |
| Economic Increases | 197.1 | 104.7 |
| Health Claims Assessment Impact | (388.4) | (528.4) |
| Adjustments for FY 2010-11 Transfers/Supplementals | (243.6) | 6.0 |
| Other Technical Adjustments | (125.9) | (4.0) |
| Total Changes..... | (\$1,485.2) | (\$111.0) |
| FY 2011-12 Initial Ongoing Appropriation | \$46,024.7 | \$8,275.2 |

PROGRAM TRANSFERS

The initial FY 2011-12 appropriation bills reflect the transfer of a number of programs from one department to another. [Table 13](#) provides a summary of the program transfers that were built into the budget. Major program transfers are related to the Executive Order 2011-4; the Executive Order eliminated the Department of Energy, Labor, and Economic Growth and created the Department of Licensing and Regulatory Affairs, which restructured the former department.

Table 13

| FY 2011-12 INITIAL APPROPRIATIONS SUMMARY OF PROGRAM TRANSFERS | | | |
|---|---|--------------------|---------------------------|
| (Actual Dollars) | | | |
| FY 2010-11 Department | FY 2011-12 Department | Fund Source | FY 2011-12 Enacted |
| Community Health | | | |
| Forensic Mental Health Services | Corrections | FTEs | 396.3 |
| Note: This program has been funded with a \$50,527,800 IDG from the Department of Corrections (DOC) to the Department of Community Health (DCH). Therefore, there is no transfer of funds from DCH to DOC associated with this transfer. The FY 2011-12 appropriation for this program in the DOC is \$55,069,200. | | Gross | 0 |
| | | IDG | 0 |
| | | GF/GP | 0 |
| | | | |
| Health Regulatory Functions..... | Licensing and Regulatory Affairs | FTE | 395.3 |
| | | Gross | 60,441,200 |
| | | IDG | (300,000) |
| | | Federal | 20,383,200 |
| | | Private | 200,000 |
| | | Restricted | 33,523,900 |
| | | GF/GP | 6,634,100 |
| Environmental Quality | | | |
| Accounting Service Center | Transportation | FTEs | 13.0 |
| | | Gross | 1,224,700 |
| | | IDG | 1,224,700 |
| | | GF/GP | 0 |
| Licensing and Regulatory Affairs | | | |
| Career and Technical Operations | Education | FTEs | 1.0 |
| | | Gross | 115,000 |
| | | GF/GP | 115,000 |
| Workforce Development Agency | Treasury - Strategic Fund Agency | FTEs | 358.0 |
| | | Gross | 505,765,800 |
| | | Federal | 482,102,400 |
| | | Local | 4,433,500 |
| | | Restricted | 2,982,900 |
| | | GF/GP | 16,247,000 |
| Bureau of Energy Systems | Treasury - Strategic Fund Agency | FTEs | 12.0 |
| | | Gross | 5,610,900 |
| | | Federal | 4,737,300 |
| | | Private | 30,000 |
| | | Restricted | 843,600 |
| | | GF/GP | 0 |

| FY 2011-12 INITIAL APPROPRIATIONS SUMMARY OF PROGRAM TRANSFERS (Actual Dollars) | | | |
|---|---|-------------|--------------------|
| FY 2010-11 Department | FY 2011-12 Department | Fund Source | FY 2011-12 Enacted |
| Bureau of Energy Systems (Retired Engineers Technical Assistance Program (RETAP)) | Environmental Quality | FTEs | 6.0 |
| | | Gross | 1,860,200 |
| | | Restricted | 1,860,200 |
| | | GF/GP | 0 |
| Hispanic/Latino Commission of Michigan | Civil Rights | FTEs | 1.0 |
| | | Gross | 206,700 |
| | | GF/GP | 206,700 |
| Commission on Disability Concerns | Civil Rights | FTEs | 7.0 |
| | | Gross | 1,186,100 |
| | | Federal | 667,400 |
| | | Private | 18,700 |
| | | Restricted | 93,400 |
| | | GF/GP | 406,600 |
| Natural Resources | | | |
| Accounting Service Center | Transportation | FTEs | 14.0 |
| | | Gross | 1,348,500 |
| | | IDG | 1,348,500 |
| | | GF/GP | 0 |
| Treasury - Operations | | | |
| Michigan State Housing Development Authority..... | Treasury - Strategic Fund Agency | FTEs | 289.0 |
| | | Gross | 225,973,100 |
| | | Federal | 166,860,000 |
| | | Restricted | 59,113,100 |
| | | GF/GP | 0 |
| Land Bank Fast Track Authority..... | Treasury - Strategic Fund Agency | FTEs | 6.0 |
| | | Gross | 2,823,500 |
| | | Federal | 1,000,000 |
| | | Restricted | 1,823,500 |
| | | GF/GP | 0 |

FEE AND REVENUE CHANGES

The FY 2011-12 initial appropriations assume the enactment of several fee increases and revenue changes. As [Table 14](#) indicates, the fee increases are all in the Department of Environmental Quality and are expected to generate approximately \$3.1 million in new revenue for FY 2011-12.

Table 14

| FY 2011-12 NEW FEE REVENUE | |
|--|---|
| Department/Type of Fee | Estimate of New FY 2011-12 Revenue |
| Environmental Quality | |
| Air Emissions Fee Increase | \$840,000 |
| Wastewater Operator Certification Exam Fee (New) | 356,000 |
| Solid Waste Management Per-Cubic-Yard Fee Increase | 1,900,000 |
| TOTAL NEW FEE REVENUE | \$3,096,000 |

The budget for the Department of Community Health assumed repeal of the existing 6.0% State use tax on Pre-paid Inpatient Health Plans (PIHPs) and Health Maintenance Organizations (HMOs), effective October 1, 2011. The use tax would be replaced by a 1.0% tax on paid health claims. The budget assumed \$396.9 million in State Restricted revenue from the new health claims assessment, which would offset an equivalent amount of GF/GP funding. The final version of the tax changes, adopted after enactment of the budget, would implement the claims tax on January 1, 2012, and eliminate the PIHP/HMO use tax on April 1, 2012.

Changes in the State's business and income taxes, adopted in conjunction with the FY 2011-12 budget, affected fund sources for both the State General Fund and the School Aid Fund. The impact of these tax changes on State revenue is presented in more detail in the "Economic Forecast and Revenue Estimates" section of this report.

DEBT SERVICE APPROPRIATIONS

The FY 2011-12 initial budget includes the appropriation of debt service in four separate budget areas. [Table 15](#) provides a summary of these debt service appropriations. These areas are *Durant* bonds and School Bond Loan Fund bonds in K-12 School Aid; State Building Authority bonds appropriated in the Department of Technology, Management, and Budget; various transportation-related bonds in the Department of Transportation; and general obligation bonds in the Department of Treasury. Gross appropriations for debt service on these bonds total \$817.8 million during FY 2011-12. This represents a \$227.4 million (38.5%) increase from the \$590.5 million debt service appropriations in FY 2010-11. Of that amount, \$88.4 million is related to the refinancing of the School Bond Loan Program in FY 2010-11. The \$15.0 million increase for State Building Authority rent is due to bond costs related to construction projects for State agencies, universities, and community colleges. Transportation is adjusted based on anticipated new bond sales related to the Blue Water Bridge, and current debt service schedules. Increases for the Quality of Life Bond (\$47.3 million), Clean Michigan Initiative (\$34.8 million), and Great Lakes Water Initiative (\$1.3 million) are due to FY 2010-11 debt restructuring.

Table 15
DEBT SERVICE APPROPRIATIONS
FY 2010-11 COMPARED WITH FY 2011-12

| Department/Program | FY 2010-11 Gross Appropriation | FY 2011-12 Gross Appropriation | Dollar Change | Percent Change |
|---|---|---|----------------------|-----------------------|
| School Aid | | | | |
| <i>Durant</i> Bonds | \$39,000,000 | \$39,000,000 | \$0 | 0.0% |
| School Bond Loan | 5,167,800 | 93,575,300 | 88,407,500 | 1,710.7 |
| Technology, Management, and Budget | | | | |
| State Building Authority Rent | 241,870,600 | 256,870,600 | 15,000,000 | 6.2 |
| Transportation | | | | |
| State Trunkline | 198,853,000 | 247,449,700 | 48,596,700 | 24.4 |
| Economic Development | 9,173,400 | 9,174,600 | 1,200 | 0.0 |
| Local Bridge Fund | 3,261,500 | 3,261,800 | 300 | 0.0 |
| Blue Water Bridge Fund | 2,216,400 | 4,115,000 | 1,898,600 | 85.7 |
| Aeronautics | 3,456,000 | 3,473,500 | 17,500 | 0.5 |
| Comprehensive Transportation | 29,852,700 | 19,998,800 | (9,853,900) | (33.0) |
| Treasury | | | | |
| Water Pollution Control Bond | 2,195,100 | 2,125,500 | (69,600) | (3.2) |
| Quality of Life Bond | 27,938,100 | 75,278,500 | 47,340,400 | 169.4 |
| Clean Michigan Initiative | 24,625,100 | 59,373,100 | 34,748,000 | 141.1 |
| Great Lakes Water Initiative | 2,874,500 | 4,150,900 | 1,276,400 | 44.4 |
| TOTAL | \$590,484,200 | \$817,847,300 | \$227,363,100 | 38.5% |

TOBACCO SETTLEMENT APPROPRIATIONS

It is estimated that the State of Michigan will receive \$254.4 million during FY 2011-12 as a result of the master settlement agreement between the United States tobacco industry and 46 states. Table 16 provides a summary of the appropriations that are supported by tobacco settlement revenue and details regarding the revenue to be received. The initial FY 2011-12 budget includes the appropriation of \$118.9 million of tobacco settlement funds through the Michigan Merit Award Trust Fund to five State departments. The largest appropriation is \$82.3 million for the Medicaid program in the Department of Community Health, followed by an appropriation of \$30.1 million for the Department of Human Services' Family Independence Program. In addition to the \$118.9 million appropriation to the Michigan Merit Award Trust Fund, \$75.0 million of the tobacco settlement revenue is allocated to the 21st Century Jobs Trust Fund; and \$61.3 million is used for current debt service requirements on tobacco securitization bonds issued in 2006 and 2007 that provided start-up funding for the 21st Century Jobs Trust Fund and helped balance the FY 2006-07 State budget.

Table 16

| FY 2011-12 TOBACCO SETTLEMENT APPROPRIATIONS AND REVENUE | |
|---|---|
| (Actual Dollars) | |
| Budget Area/Program | FY 2011-12 Initial Appropriation |
| <u>Merit Award Trust Fund Appropriations</u> | |
| Attorney General | |
| Administration | \$408,600 |
| Community Health | |
| Medicaid Base | 82,275,800 |
| Office of Services for the Aging: Respite Care | 4,468,700 |
| Human Services | |
| Family Independence Program..... | 30,100,000 |
| State Police | |
| Tobacco Tax Enforcement..... | 682,000 |
| Department of Treasury | |
| Tuition Incentive Program Administration..... | 996,400 |
| Total Merit Award Trust Fund Appropriations..... | \$118,931,500 |
| <u>Tobacco Settlement Revenue Estimates</u> | |
| Balance From Prior Fiscal Year..... | \$0 |
| Total Annual Payments..... | 254,356,900 |
| Interest Earnings..... | 900,000 |
| Total Tobacco Settlement Revenue | \$255,256,900 |
| Transfer to 21 st Century Jobs Trust Fund..... | (75,000,000) |
| 2006 Bond Securitization (13.34% of Revenue)..... | (33,931,200) |
| 2007 Bond Securitization (10.77% of Revenue)..... | (27,394,200) |
| Net Revenue Merit Award Trust Fund Revenue | \$118,931,500 |
| PROJECTED YEAR-END BALANCE | \$0 |

STATE EMPLOYMENT LEVELS

The FY 2011-12 initial budget does not include any salary and wage increase for State classified employees, other than State Troopers. There is an approved contract for State Troopers and \$2.1 million Gross (\$1.6 million GF/GP) is included in the budget for those employees. The FY 2011-12 budget also assumes GF/GP savings of \$145.0 million associated with anticipated employee concessions. Specific concessions have not yet been finalized. Table 17 outlines the economic increases included in the FY 2011-12 initial budget.

Table 17

| ECONOMIC INCREASES INCLUDED IN FY 2011-12 BUDGET | | |
|---|-----------------------|----------------|
| (Millions of Dollars) | | |
| | Adjusted Gross | GF/GP |
| Wages and Salaries..... | \$2.1 | \$1.6 |
| Employee Insurance Costs..... | (21.9) | (10.7) |
| Retirement Contributions..... | 224.1 | 111.4 |
| Workers' Compensation..... | (0.1) | 0.0 |
| All Other Economics..... | (7.1) | 2.4 |
| Total Economics..... | \$197.1 | \$104.7 |

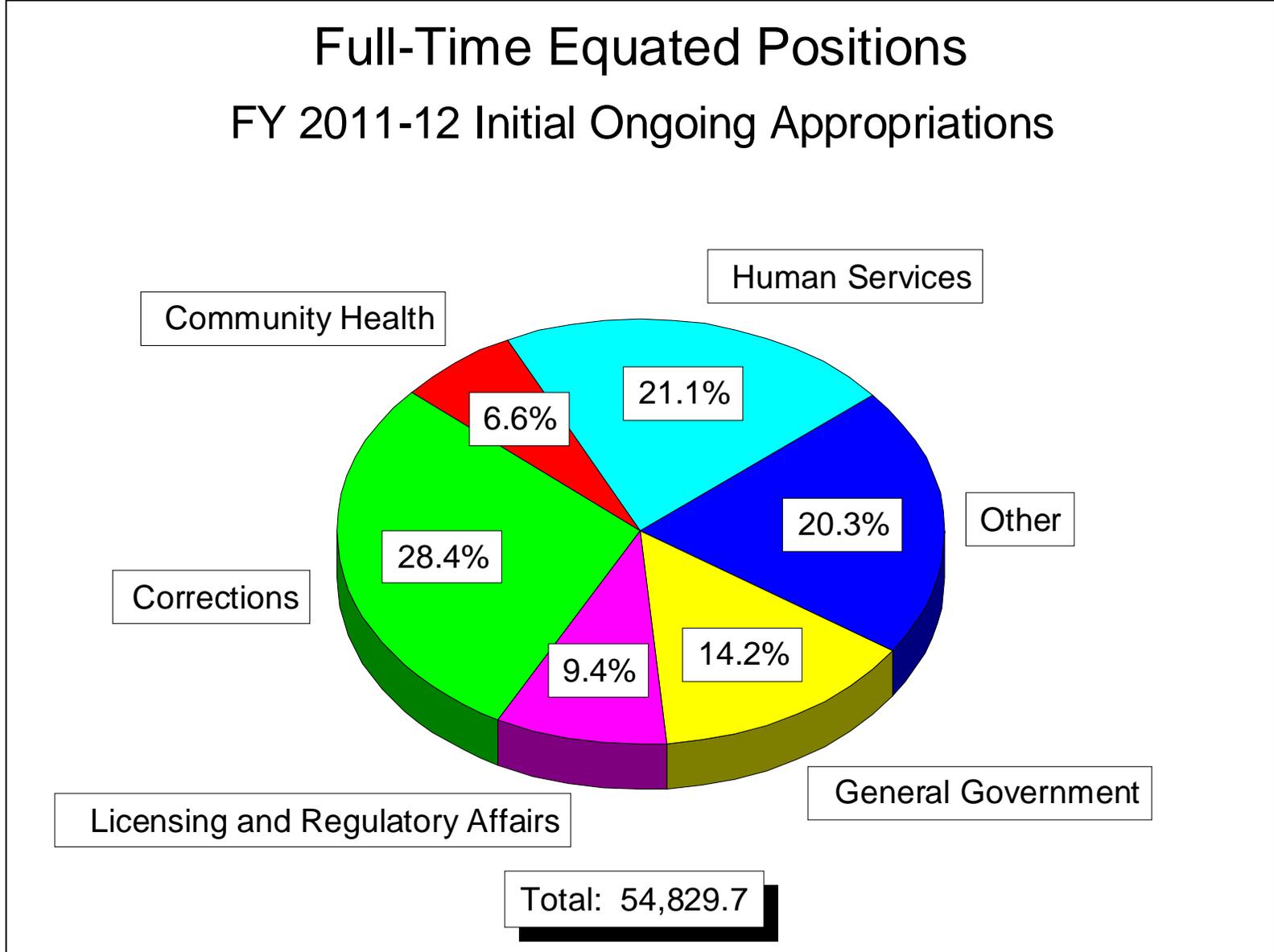
Table 18 and Figure E provide a summary of State classified full-time equated (FTE) positions appropriated in FY 2011-12 versus the year-to-date level of FTEs appropriated in FY 2010-11. Total appropriated FTEs in FY 2011-12 equal 54,829.7, a decrease of 1,260.6 or 2.2% from FY 2010-11. Although the Department of Community Health (DCH) shows a drop of 758.6 FTEs, this reflects the transfer of 785.6 FTEs out of DCH to the new Department of Licensing and Regulatory Affairs (LARA) and the addition of 27.0 new DCH FTE positions. The largest increase, 665.0 FTEs in the Department of Treasury Strategic Fund Agency, also reflects program transfers; in this case, 358.0 FTEs were transferred to the Strategic Fund from LARA and 295.0 FTEs were transferred to the Strategic Fund Agency from Department of Treasury Operations. The largest actual decreases in FTE positions are in the Department of Corrections, due to the closure of the Crane (229.0 FTEs) and Muskegon (238.0 FTEs) Correctional Facilities, and the Department of Human Services with a 300.0 FTE field office staff reduction.

Table 18
FULL-TIME EQUATED POSITIONS
FY 2010-11 VERSUS FY 2011-12

| Department/Budget Area | FY 2010-11 Year-to-Date Positions | FY 2011-12 Initial Positions | Position Change | Percent Change |
|------------------------------------|--|---|----------------------------|---------------------------|
| Agriculture and Rural Development | 456.5 | 441.0 | (15.5) | (3.4%) |
| Attorney General | 514.0 | 514.0 | 0.0 | 0.0 |
| Civil Rights | 113.0 | 121.0 | 8.0 | 7.1 |
| Community Health | 4,392.8 | 3,634.2 | (758.6) | (17.3) |
| Corrections | 15,877.5 | 15,568.8 | (308.7) | (1.9) |
| Education | 562.5 | 560.0 | (2.5) | (0.4) |
| Environmental Quality | 1,480.1 | 1,334.5 | (145.6) | (9.8) |
| Executive | 74.2 | 74.2 | 0.0 | 0.0 |
| Higher Education | 1.0 | 0.0 | (1.0) | (100.0) |
| Human Services | 11,863.5 | 11,576.5 | (287.0) | (2.4) |
| Judiciary | 491.0 | 491.0 | 0.0 | 0.0 |
| Licensing and Regulatory Affairs | 4,359.5 | 4,320.8 | (38.7) | (0.9) |
| Military and Veterans Affairs | 970.0 | 819.0 | (151.0) | (15.6) |
| Natural Resources | 2,189.4 | 2,173.4 | (16.0) | (0.7) |
| State | 1,809.0 | 1,809.0 | 0.0 | 0.0 |
| State Police | 2,764.0 | 2,751.0 | (13.0) | (0.5) |
| Technology, Management, and Budget | 2,966.5 | 3,032.5 | 66.0 | 2.2 |
| Transportation | 3,016.3 | 3,043.3 | 27.0 | 0.9 |
| Treasury - Operations | 2,034.5 | 1,745.5 | (289.0) | (14.2) |
| Treasury - Strategic Fund Agency | 155.0 | 820.0 | 665.0 | 429.0 |
| TOTAL POSITIONS | 56,090.3 | 54,829.7 | (1,260.6) | (2.2%) |

Figure E

Full-Time Equated Positions FY 2011-12 Initial Ongoing Appropriations



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 local units of government below the FY 1978-79 level of 48.97%. The initial FY 2011-12 ongoing appropriations exceed this minimum constitutional requirement by more than \$2.0 billion. Table 19 provides a summary of the calculations used to determine the State's compliance with this constitutional requirement for FY 2010-11 and FY 2011-12. Table 20 lists State payments to local units of government that are appropriated in each State department or budget area.

Table 19

| STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT FY 2010-11 AND FY 2011-12 ESTIMATES (Millions of Dollars) | | |
|--|-----------------------------|-----------------------------|
| | 2010-11 Estimate | 2011-12 Estimate |
| State Spending from State Resources ¹⁾ | \$26,146.9 | \$27,156.5 |
| Required Payments to Local Units of Government (48.97%)..... | \$12,804.1 | \$13,298.5 |
| Estimated Ongoing Payments to Local Units of Government | \$15,055.7 | \$14,950.6 |
| Estimated One-Time Payments to Local Units of Government..... | \$0.0 | \$359.5 |
| Estimated Payments as a Percentage of Total State Spending..... | 57.58% | 56.38% |
| Surplus of Section 30 Payments | \$2,251.5 | \$2,011.6 |
| ¹⁾ Does not include \$29.0 million of Federal aid counted as GF/GP revenue; includes one-time FY 2011-12 appropriations of \$913.85 million and a State Revenue Sharing adjustment of \$11.8 million. | | |

Table 20

| ONGOING STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 2010-11 VERSUS FY 2011-12 | | | | |
|---|--|---|------------------------|-------------------|
| Department/Budget Area | FY 2010-11 Year-to-Date Appropriations | FY 2011-12 Initial Ongoing Appropriations | Dollar Difference | Percent Change |
| Agriculture and Rural Development..... | \$1,500,000 | \$1,500,000 | \$0 | 0.0% |
| Attorney General..... | 0 | 0 | 0 | 0.0 |
| Capital Outlay..... | 1,200 | 0 | (1,200) | (100.0) |
| Civil Rights..... | 0 | 0 | 0 | 0.0 |
| Community Colleges..... | 295,880,500 | 283,880,500 | (12,000,000) | (4.1) |
| Community Health..... | 1,298,887,500 | 1,417,739,700 | 118,852,200 | 9.2 |
| Corrections..... | 92,562,700 | 89,893,500 | (2,669,200) | (2.9) |
| Education..... | 5,750,000 | 5,445,700 | (304,300) | (5.3) |
| Environmental Quality..... | 2,300,000 | 2,175,000 | (125,000) | (5.4) |
| Executive..... | 0 | 0 | 0 | 0.0 |
| Higher Education..... | 0 | 0 | 0 | 0.0 |
| Human Services..... | 102,301,900 | 107,003,300 | 4,701,400 | 4.6 |
| Judiciary..... | 120,832,300 | 119,875,600 | (956,700) | (0.8) |
| Legislative Auditor General..... | 0 | 0 | 0 | 0.0 |
| Legislature..... | 0 | 0 | 0 | 0.0 |
| Licensing and Regulatory Affairs..... | 39,850,100 | 22,988,700 | (16,861,400) | (42.3) |
| Military and Veterans Affairs..... | 120,000 | 120,000 | 0 | 0.0 |
| Natural Resources..... | 7,191,600 | 6,550,000 | (641,600) | (8.9) |
| Natural Resources Trust Fund..... | 39,793,400 | 0 | (39,793,400) | (100.0) |
| School Aid..... | 10,644,041,900 | 10,550,241,100 | (93,800,800) | (0.9) |
| State..... | 1,360,800 | 1,360,800 | 0 | 0.0 |
| State Police..... | 19,466,900 | 19,056,000 | (410,900) | (2.1) |
| Technology, Management, and Budget..... | 0 | 0 | 0 | 0.0 |
| Transportation..... | 1,143,995,100 | 1,182,737,000 | 38,741,900 | 3.4 |
| Treasury - Debt Service..... | 0 | 0 | 0 | 0.0 |
| Treasury - Operations..... | 151,426,400 | 153,993,500 | 2,567,100 | 1.7 |
| Treasury - Revenue Sharing..... | 1,088,414,400 | 958,979,300 | (129,435,100) | (11.9) |
| Treasury - Strategic Fund Agency..... | 0 | 15,224,800 | 15,224,800 | 100.0 |
| TOTAL APPROPRIATIONS..... | \$15,055,676,700 | \$14,938,764,500 | (\$116,912,200) | (0.8%) |

PROJECTED GF/GP YEAR-END BALANCES

The FY 2010-11 projected year-end GF/GP balance of \$289.0 million is based on the May 2011 consensus estimate of GF/GP revenue and other revenue adjustments agreed upon as part of the budget process. The FY 2010-11 estimated GF/GP expenditures are based on initial appropriations,

enacted supplemental appropriations, potential funding risks (primarily in Medicaid spending), and estimated year-end funding lapses of \$50.0 million. Table 21 presents the Senate Fiscal Agency's estimate of the FY 2010-11 GF/GP year-end balance.

| Table 21 FY 2010-11 GENERAL FUND/GENERAL PURPOSE REVENUE, EXPENDITURES, AND YEAR-END BALANCE (Millions of Dollars) | |
|---|---------------------|
| | SFA Estimate |
| Beginning Balance | \$187.2 |
| Ongoing Revenue: | |
| Consensus Revenue Estimate (May 2011) | \$7,524.1 |
| Revenue Sharing Freeze for Cities, Villages, Townships | 604.8 |
| Restoration of Payments for County Revenue Sharing..... | (114.7) |
| Shift of Short-Term Borrowing Costs to School Aid Fund | 15.0 |
| Use Tax on Health Maintenance Organizations | 380.6 |
| Non-Ongoing Revenue: | |
| Enhanced Tax Enforcement Revenue..... | 15.0 |
| Liquor Reforms | 5.1 |
| Tax Amnesty..... | 61.8 |
| Unclaimed Property Reforms..... | 166.0 |
| Lawsuit Settlements..... | 3.3 |
| Lapse of Secretary of State Work Project to General Fund | 6.0 |
| Total Estimated GF/GP Revenue..... | \$8,854.2 |
| Expenditures: | |
| Initial Appropriations | \$8,311.0 |
| Enacted Supplemental Appropriations: | |
| Public Act 191 of 2010-Grant to Detroit Institute of Arts..... | 10.0 |
| Public Act 204 of 2010-Eliminate GF Reimbursement to K-12 for Ren Zones | (9.2) |
| Public Act 49 of 2011-Early Retirement Savings..... | (57.4) |
| Public Act 50 of 2011-Federal/Restricted Revenue Only | 0.0 |
| Public Act 83 of 2011-Medicaid Database; Grants for Flint, Battle Creek..... | 3.3 |
| Other Enacted Expenditure Adjustments: | |
| Community Health Caseload/Costs (Public Act 83 of 2011) | 98.7 |
| Human Services Caseload/Costs (Public Act 83 of 2011) | (2.0) |
| Tax Plan Implementation (Public Act 83 of 2011) | 31.9 |
| Total Year-To-Date Appropriations..... | \$8,386.2 |
| Potential Funding Risks | \$229.0 |
| Projected Year-End Lapses..... | (50.0) |
| Total Estimated GF/GP Expenditures..... | \$8,565.2 |
| PROJECTED YEAR-END GF/GP BALANCE | \$289.0 |

The FY 2011-12 projections are also based on the May 2011 consensus estimate of GF/GP revenue and other agreed-upon revenue adjustments. The FY 2011-12 estimated GF/GP expenditures are based on initial ongoing appropriations of \$8.3 billion, one-time appropriations of \$171.6 million, a one-time \$255.8 million appropriation to the Budget Stabilization Fund, a \$1.0 million appropriation for tax plan implementation, savings of \$145.0 million from anticipated State employee concessions, and a \$140.0 million payment to recognize post-employment benefit liabilities. Table 22 outlines the Senate Fiscal Agency's estimate of a \$39.4 million FY 2011-12 year-end GF/GP balance.

Table 22

| FY 2011-12 GENERAL FUND/GENERAL PURPOSE REVENUE, EXPENDITURES, AND YEAR-END BALANCE (Millions of Dollars) | |
|--|---------------------|
| | SFA Estimate |
| Beginning Balance | \$289.0 |
| <u>Ongoing Revenue:</u> | |
| Consensus Revenue Estimate (May 2011) | \$7,651.0 |
| Revenue Sharing Savings | 652.5 |
| One-Time Appropriation for Revenue Sharing | (30.0) |
| Tax Code Reforms..... | 339.8 |
| Updated Estimate of Tax Code Reforms..... | (185.1) |
| Shift of Short-Term Borrowing Costs to School Aid Fund | 20.0 |
| <u>Non-Ongoing Revenue:</u> | |
| Tax Amnesty..... | (49.8) |
| Unclaimed Property Reforms..... | 35.0 |
| Liquor Reforms | 9.1 |
| Northville Sale (Balloon Payment, Oct. 14, 2011) | 6.5 |
| Total Estimated GF/GP Revenue..... | \$8,738.0 |
| Expenditures: | |
| Initial Ongoing Appropriations..... | \$8,275.2 |
| One-Time Appropriations..... | 171.6 |
| One-Time Appropriation to Budget Stabilization Fund | 255.8 |
| Public Act 38 of 2011: Tax Plan Implementation..... | 1.0 |
| Employee Concessions | (145.0) |
| Payment for Other Post-Employment Benefits..... | 140.0 |
| Total Estimated GF/GP Expenditures..... | \$8,698.6 |
| PROJECTED YEAR-END GF/GP BALANCE | \$39.4 |

SCHOOL AID BUDGET HIGHLIGHTS

The FY 2011-12 School Aid budget includes nearly \$396.0 million in spending from the School Aid Fund (SAF) to support community colleges and universities, and also sees a net tax revenue loss of \$590.0 million, for a total loss of revenue available for K-12 purposes of nearly \$986.0 million. In FY 2012-13, the revenue unavailable for K-12 purposes will grow to nearly \$1.1 billion, as shown in [Table 23](#). In order to pay for and sustain this loss of revenue for K-12 purposes, the budget includes a total of \$528.0 million in ongoing State reductions in School Aid/K-12 programs, along with spending down the projected SAF surplus remaining at the end of FY 2010-11. The budget also does not replace \$316.3 million in expiring Federal Education Jobs Fund support, for total ongoing operational reductions in the K-12 budget of \$844.3 million compared with FY 2010-11. The budget does include three one-time spending measures that may partially offset some of the ongoing reductions, for districts that qualify: \$13.5 million for partial restoration of class-size reduction grants; \$155.0 million for one-time MPERS payments; and \$154.0 million for one-time best practices funding. Another \$133.0 million is deposited into a reserve for MPERS retirement liabilities. These last four items total \$455.5 million and are designated for FY 2011-12 only.

The reductions for K-12 include not replacing the \$316.3 million in one-time Federal Education Jobs Fund revenue that was used in FY 2010-11 to backfill the \$170-per-pupil cut in State aid, and reducing the foundation allowance a further \$300 per pupil. The additional per-pupil State cut equates to \$452.5 million in State savings. Further, a net \$75.5 million in categorical spending is reduced or eliminated. The largest of these eliminations includes \$20.0 million for declining enrollment, \$15.3 million in Special Education intermediate school district (ISD) Center Program FICA payments, \$12.0 million in savings from changing the pupil blend from 75/25 to 90/10, and a \$3.3 million reduction to ISD operational funding.

A large increase in required debt service for the School Bond Loan Fund is included, reflecting the refinancing that occurred in FY 2010-11. Debt service will increase from \$5.2 million to \$93.6 million in FY 2011-12.

The Michigan Public School Employees' Retirement System (MPERS) retirement rate will increase from 20.66% of payroll to 24.46% of payroll, for employees hired before July 1, 2010. For employees hired on or after July 1, 2010, the retirement rate will be 23.23% of payroll. The increase in retirement rates equates to additional school district costs of an estimated \$245 per pupil.

FY 2012-13

The recommendation for FY 2012-13 includes minor technical cost adjustments, but all other spending remains the same as appropriated for FY 2011-12 (with the exception of the one-time appropriations listed above), as stated in Section 12 of the School Aid Act. However, district-specific foundation adjustments that were reduced by 50.0% in FY 2011-12 are recommended to be eliminated entirely in FY 2012-13.

The State School Aid Act now includes the budgets for Community Colleges and Higher Education in the statutory K-12 budget bill. Please see Public Act 62 of 2011 for details.

[Table 23](#) outlines the impact on the FY 2011-12 and FY 2012-13 K-12 budgets of the revenue and expenditure reductions. [Tables 24](#) and [25](#) present the SAF balance sheets for FY 2010-11 and FY 2011-12, respectively. Although there is a projected FY 2010-11 year-end SAF balance of \$645.9 million, the projected FY 2011-12 year-end balance is only \$0.2 million.

Table 23

| SUMMARY OF FY 2011-12 AND FY 2012-13 SCHOOL AID BUDGET | | |
|---|---|---|
| | Impact on K-12 Budget in FY 2011-12 (compared to FY 2010-11) | Impact on K-12 Budget in FY 2012-13 (compared to FY 2010-11) |
| <u>Revenue Reductions to K-12 Schools</u> | | |
| Elimination of MBT and other tax changes - Impact on School Aid Fund (SAF) | (\$689.9) million | (\$662.1) million |
| Additional GF/GP to partially offset tax changes..... | 100.0 million | 0.0 million |
| Subtotal: Net SAF loss from tax changes..... | (\$589.9) million | (\$662.1) million |
| Funding portion of Community Colleges from SAF | (195.9) million | (195.9) million |
| Funding portion of Higher Education from SAF..... | (200.0) million | (200.0) million |
| Subtotal: Net SAF loss from funding Community Colleges/Higher Education ... | (\$395.9) million | (\$395.9) million |
| TOTAL SAF REVENUE LOSS FROM TAX CHANGES AND FUNDING POSTSECONDARY | (\$985.8) million | (\$1.1) billion |
| <u>Expenditure Reductions to K-12 Schools</u> | | |
| Foundation Allowance: | (\$452.5) million | (\$452.5) million |
| Statutorily rolled back \$470 per pupil. This is a combination of the existing \$170-per-pupil cut in State aid plus a further \$300 reduction (\$452.5 million). In FY 2010-11, the \$170-per-pupil cut in State aid was backfilled with unrestricted Federal Education Jobs Fund; the FY 2011-12 budget does not replace this expiring money. | | |
| <u>Categoricals Eliminated or Reduced:</u> | | |
| Declining Enrollment (\$20.0 million) | (75.5) million | (80.5) million |
| Class Size Reduction (\$19.7 million) | | |
| Special Education FICA ISDs (\$15.3 million) | | |
| Membership Blend Change (\$12.0 million) | | |
| District Specials (\$4.6 million) | | |
| 5% Cut ISD Operations (\$3.3 million) | | |
| Bilingual Education (\$2.8 million) | | |
| MBT Impact (\$1.1 million) | | |
| Other Adjustments (\$3.3 million) | | |
| TOTAL ONGOING STATE EXPENDITURE REDUCTIONS..... | (\$528.0) million | (\$533.0) million |

Table 24
FY 2010-11
SCHOOL AID FUND
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(Millions of Dollars)

| | SFA Estimate |
|---|---------------------|
| Beginning Balance | \$255.9 |
| Consensus Revenue Estimate (May 2011) | \$11,111.5 |
| <u>Other Revenue Adjustments:</u> | |
| GF/GP Grant to School Aid Fund | \$18.6 |
| Ongoing Federal Aid | 1,677.8 |
| American Recovery and Reinvestment Act Funding | 184.3 |
| Federal Education Jobs Fund of 2010 | 316.2 |
| Enhanced Tax Enforcement Revenue | 2.3 |
| Tax Amnesty | 26.1 |
| Liquor Reforms | 0.9 |
| Subtotal Other Revenue Adjustments | \$2,226.2 |
| Total Estimated School Aid Fund Revenue | \$13,593.6 |
| Expenditures: | |
| Initial Appropriations (Public Act 110 of 2010) | \$12,864.7 |
| <u>Enacted Supplemental Appropriations:</u> | |
| Public Act 204 of 2010-Cost Adjustments and Eliminate Ren Zone General Fund | (46.8) |
| Public Act 205 of 2010-Federal Education Jobs Fund | 70.3 |
| Public Act 217 of 2010-Federal Education Jobs Fund 2x Distribution | 246.0 |
| Public Act 62 of 2011-Technical Cost Adjustments/Bus Inspections, \$500,000 | (180.0) |
| Other Formula Cost Adjustments | (6.5) |
| Total Estimated School Aid Fund Expenditures | \$12,947.7 |
| PROJECTED YEAR-END SCHOOL AID FUND BALANCE | \$645.9 |

Table 25
FY 2011-12
SCHOOL AID FUND
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(Millions of Dollars)

| | SFA Estimate |
|---|---------------------|
| Beginning Balance | \$645.9 |
| Consensus Revenue Estimate (May 2011) | \$11,335.3 |
| <u>Other Revenue Adjustments:</u> | |
| General Fund/General Purpose Grant | \$118.6 |
| Federal Ongoing Aid | 1,653.3 |
| Tax Code Reforms | (593.9) |
| Updated Estimate of Tax Code Reforms | (96.0) |
| Nontax Revenue Adjustments | (8.0) |
| Subtotal Other Revenue Adjustments | \$1,074.0 |
| Total Estimated School Aid Fund Revenue | \$13,055.2 |
| Expenditures: | |
| Initial Ongoing K-12 Appropriations | \$12,203.6 |
| Partially Fund Community Colleges with School Aid Fund | 195.9 |
| Partially Fund Higher Education with School Aid Fund | 200.0 |
| <u>One-Time Appropriations:</u> | |
| Public School Employees Retirement System (MPSERS) Payments | \$155.0 |
| K-12 Best Practices | 154.0 |
| MPSERS Retirement Obligation Reform Reserve Fund | 133.0 |
| Partially Restore K-12 Small Class Size Grants | 13.5 |
| Subtotal One-Time Appropriations | \$455.5 |
| Total Estimated School Aid Fund Expenditures | \$13,055.0 |
| PROJECTED YEAR-END SCHOOL AID FUND BALANCE | \$0.2 |

BUDGET AREA DETAIL

**DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
P.A. 63 of 2011 - ARTICLE I**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 456.5 | 436.0 | 433.0 | 436.0 | 441.0 | (15.5) | (3.4) |
| GROSS..... | 75,133,600 | 71,469,300 | 71,819,300 | 71,351,600 | 72,219,300 | (2,914,300) | (3.9) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 289,100 | 297,600 | 297,600 | 297,600 | 297,600 | 8,500 | 2.9 |
| ADJUSTED GROSS..... | 74,844,500 | 71,171,700 | 71,521,700 | 71,054,000 | 71,921,700 | (2,922,800) | (3.9) |
| Less: | | | | | | | |
| Federal Funds..... | 14,922,600 | 14,184,700 | 14,184,700 | 14,184,700 | 14,184,700 | (737,900) | (4.9) |
| Local and Private | 260,100 | 171,300 | 171,300 | 171,300 | 171,300 | (88,800) | (34.1) |
| TOTAL STATE SPENDING..... | 59,661,800 | 56,815,700 | 57,165,700 | 56,698,000 | 57,565,700 | (2,096,100) | (3.5) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 30,679,400 | 29,713,000 | 29,163,000 | 28,863,000 | 28,863,000 | (1,816,400) | (5.9) |
| GENERAL FUND/GENERAL PURPOSE... | 28,982,400 | 27,102,700 | 28,002,700 | 27,835,000 | 28,702,700 | (279,700) | (1.0) |
| PAYMENTS TO LOCALS | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 0 | 0.0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Rural Development. The budget increased the funding to the Agriculture Development program to provide additional focus on expanding rural development through the business advocacy role with existing and new business partners.

| | |
|-------|---------|
| FTE | 1.0 |
| Gross | 125,000 |
| GF/GP | 125,000 |

C. PROGRAM ELIMINATIONS

Nutritional Analysis of Animal Feed. The budget included a reduction to reflect the elimination of Department nutrient analysis of animal feed, but the continuation of other feed safety inspection efforts.

| | |
|-------|-----------|
| FTE | (1.0) |
| Gross | (250,000) |
| GF/GP | (250,000) |

D. PROGRAM REDUCTIONS

1. Bovine TB Inspection Program. Due to a determination by the Department of a lessening of the threat of TB spreading to cattle in Michigan, the budget cuts back the inspection program by eliminating inspection activities at the Mackinac Bridge, saving GF/GP funds for FY 2011-12.

| | |
|-------|-----------|
| FTE | (4.0) |
| Gross | (332,000) |
| GF/GP | (332,000) |

2. Animal Shelter Inspection Program. The budget made a reduction to reflect decreased routine inspection of animal shelters by the Department, and the decision to focus instead on education and outreach.

| | |
|-------|-----------|
| Gross | (100,000) |
| GF/GP | (100,000) |

3. Nursery Stock Inspections. The budget reflects GF/GP savings applied to the nursery stock intrastate inspection program.

| | |
|-------|-----------|
| FTE | (6.0) |
| Gross | (200,000) |
| GF/GP | (200,000) |

4. Intercounty Drain District Support. The budget includes a minor reduction to the departmental program that assists drainage planning between local drain districts.

| | |
|-------|---------|
| Gross | (7,300) |
| GF/GP | (7,300) |

5. Early Retirement Savings. The budget reflects early retirement savings from retirements taken under the statewide early retirement program in FY 2010-11.

| | |
|-------|-------------|
| Gross | (1,006,200) |
| GF/GP | (1,006,200) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | |
|---|--|
| <p>6. Administrative Reductions. The budget reflects GF/GP savings to the Laboratory Program (3.0 FTEs and \$427,000) and across various other units (\$104,700).</p> | <p>FTE (3.0) Gross (531,700) GF/GP (531,700)</p> |
| <p>7. Animal Industry. The budget reflects \$150,000 in efficiency savings taken from Animal Industry programs.</p> | <p>Gross (150,000) GF/GP (150,000)</p> |
| E. FUNDING SHIFTS | |
| <p>Departmentwide Appropriations. The budget includes a technical adjustment that shifts \$53,400 in restricted funding to GF/GP for FY 2011-12.</p> | <p>Gross 0 Restricted (53,400) GF/GP 53,400</p> |
| F. PROGRAM TRANSFERS - NONE | |
| G. OTHER ISSUES | |
| <p>1. Non-GF/GP Funding Adjustments to Reflect Actual Revenue Received. The budget reflects adjustments across several budget lines to show expected reductions to Federal, private, and restricted funding.</p> | <p>FTE (2.5) Gross (3,388,000) Federal (940,800) Private (97,500) Restricted (2,349,700) GF/GP 0</p> |
| <p>2. Year-To-Date Adjustment. A positive adjustment was made to account for a negative supplemental adjustment in Public Act 49 of 2011 related to departmental savings from the early retirement program for FY 2010-11.</p> | <p>Gross 1,314,700 GF/GP 1,314,700</p> |
| H. UNCLASSIFIED SALARIES - NONE | |
| I. FEE INCREASES - NONE | |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

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 | 1,611,200 |
| IDG | 8,500 |
| Federal | 202,900 |
| Private | 8,700 |
| Restricted | 586,700 |
| GF/GP | 804,400 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS - NONE

**DEPARTMENT OF ATTORNEY GENERAL
P.A. 63 of 2011 - ARTICLE VIII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 514.0 | 514.0 | 514.0 | 514.0 | 514.0 | 0.0 | 0.0 |
| GROSS..... | 71,747,900 | 74,340,900 | 74,340,900 | 74,340,900 | 74,590,900 | 2,843,000 | 4.0 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 21,371,500 | 21,885,400 | 21,885,400 | 21,885,400 | 21,885,400 | 513,900 | 2.4 |
| ADJUSTED GROSS..... | 50,376,400 | 52,455,500 | 52,455,500 | 52,455,500 | 52,705,500 | 2,329,100 | 4.6 |
| Less: | | | | | | | |
| Federal Funds..... | 8,565,700 | 8,848,800 | 8,848,800 | 8,848,800 | 8,848,800 | 283,100 | 3.3 |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING..... | 41,810,700 | 43,606,700 | 43,606,700 | 43,606,700 | 43,856,700 | 2,046,000 | 4.9 |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 14,916,500 | 15,489,100 | 15,489,100 | 15,489,100 | 15,489,100 | 572,600 | 3.8 |
| GENERAL FUND/GENERAL PURPOSE... | 26,894,200 | 28,117,600 | 28,117,600 | 28,117,600 | 28,367,600 | 1,473,400 | 5.5 |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

| | |
|-------|---------|
| Gross | 107,600 |
| GF/GP | 107,600 |

Operations. The Governor recommended a funding reduction of \$142,400 GF/GP. The House and Senate concurred. The Conference Committee added \$250,000 GF/GP, which resulted in an increase of \$107,600.

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

| | |
|-------|-----------|
| Gross | (186,000) |
| IDG | (186,000) |
| GF/GP | 0 |

Prosecuting Attorneys Coordinating Council (PACC). The budget reduced the interdepartmental grant from the Michigan State Police, Michigan Justice Training Fund, by \$186,000. This will reduce the funds available for providing training for prosecuting attorneys and their staff.

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

| | |
|------------|-----------|
| Gross | 321,400 |
| IDG | (133,700) |
| Restricted | 71,200 |
| GF/GP | 383,900 |

The budget includes the net cost of early retirements in the operations and PACC lines, which totaled \$361,900, the net cost of early retirements in the information technology line of \$17,700, fund source adjustments and an appropriation reduction to reflect projected billings, and information technology economics of \$4,300.

H. UNCLASSIFIED SALARIES

| | |
|-------|---------|
| Gross | (3,300) |
| GF/GP | (3,300) |

The salary for the Attorney General was reduced to \$112,500 pursuant to the recommendation of the State Officers Compensation Commission effective January 1, 2011, resulting in additional savings of \$3,300 in FY 2011-12. Other unclassified salaries remained unchanged.

I. FEE INCREASES - NONE

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

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 | 2,603,300 |
| IDG | 833,600 |
| Federal | 283,100 |
| Restricted | 501,400 |
| GF/GP | 985,200 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS - NONE

**DEPARTMENT OF CIVIL RIGHTS
P.A. 63 of 2011 - ARTICLE VIII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|-------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 113.0 | 121.0 | 113.0 | 113.0 | 121.0 | 8.0 | 7.1 |
| GROSS..... | 11,981,200 | 13,530,200 | 12,099,000 | 11,937,700 | 13,730,200 | 1,749,000 | 14.6 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS..... | 11,981,200 | 13,530,200 | 12,099,000 | 11,937,700 | 13,730,200 | 1,749,000 | 14.6 |
| Less: | | | | | | | |
| Federal Funds..... | 1,750,000 | 2,880,600 | 2,213,200 | 2,213,200 | 2,880,600 | 1,130,600 | 64.6 |
| Local and Private | 0 | 18,700 | 0 | 0 | 18,700 | 18,700 | 100.0 |
| TOTAL STATE SPENDING..... | 10,231,200 | 10,630,900 | 9,885,800 | 9,724,500 | 10,830,900 | 599,700 | 5.9 |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 53,000 | 151,900 | 58,500 | 58,500 | 151,900 | 98,900 | 186.6 |
| GENERAL FUND/GENERAL PURPOSE.. | 10,178,200 | 10,479,000 | 9,827,300 | 9,666,000 | 10,679,000 | 500,800 | 4.9 |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

- | | | |
|--|--------------|------------------|
| <p>1. Operations. The funding for departmental operations was reduced by \$220,000 GF/GP. The Department planned to achieve the savings by reductions in building occupation charges possible due to previous staff reductions.</p> | <p>Gross</p> | <p>(220,000)</p> |
| | <p>GF/GP</p> | <p>(220,000)</p> |
| <p>2. Information Technology. The budget reduced funding for Information Technology by \$150,000 GF/GP. The Department indicated that as a result of previous staff reductions, it could achieve that reduction by decreasing the number of personal computers.</p> | <p>Gross</p> | <p>(150,000)</p> |
| | <p>GF/GP</p> | <p>(150,000)</p> |

E. FUNDING SHIFTS

- | | | |
|--|-------------------|------------------|
| <p>1. Shift to Federal Funds. General Fund appropriations to the Operations line were reduced by \$463,200 GF/GP and replaced with additional Federal spending authority of \$463,200. The Department hopes to realize the additional revenue by focusing on jointly filed Federal-State cases investigated on contract with the United States Department of Housing and Urban Development.</p> | <p>Gross</p> | <p>0</p> |
| | <p>Federal</p> | <p>463,200</p> |
| | <p>GF/GP</p> | <p>(463,200)</p> |
| <p>2. Shift to Restricted Funds. General Fund appropriations to the Operations line were reduced by \$5,500 GF/GP and replaced with \$5,500 in State restricted indirect revenue from billing restricted funds where possible for Department expenses.</p> | <p>Gross</p> | <p>0</p> |
| | <p>Restricted</p> | <p>5,500</p> |
| | <p>GF/GP</p> | <p>(5,500)</p> |

F. PROGRAM TRANSFERS

- | | | |
|--|--------------|----------------|
| <p>1. Hispanic/Latino Commission of Michigan. The Commission was transferred by Executive Order (E.O.) 2011-4 from the Department of Licensing and Regulatory Affairs (LARA) to Civil Rights. Funding for FY 2011-12 consists of \$206,700 GF/GP and 1.0 full-time equivalent (FTE) employee. This is new funding for Civil Rights, but the Commission budget was reduced by \$60,600 and 1.0 FTE from the \$267,300 GF/GP and 2.0 FTEs in FY 2010-11 provided in the budget for the Department of Energy, Labor, and Economic Growth, the predecessor of LARA.</p> | <p>FTE</p> | <p>1.0</p> |
| | <p>Gross</p> | <p>206,700</p> |
| | <p>GF/GP</p> | <p>206,700</p> |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

2. Commission on Disability Concerns. The Commission on Disability Concerns, which includes the Division on Deaf and Hard of Hearing, was transferred from LARA to Civil Rights by E.O. 2011-4. Transferred appropriations consisted of \$1,186,100 and 7.0 FTE positions.

| | |
|------------|-----------|
| FTE | 7.0 |
| Gross | 1,186,100 |
| Federal | 667,400 |
| Private | 18,700 |
| Restricted | 93,400 |
| GF/GP | 406,600 |

G. OTHER ISSUES

The budget includes a change in the net cost change due to estimated early retirements of \$187,000 GF/GP, an increase in the Operations line of \$33,600 GF/GP for building occupancy charges, rent, and workers' compensation, an increase in information technology funding of \$38,500 GF/GP due to programs transferred by E.O. 2011-4, an information technology estimated early retirement cost change of \$2,500 GF/GP, information technology economics increases of \$10,600 GF/GP, and an increase in information technology building occupancy charges of \$2,100 GF/GP.

| | |
|-------|---------|
| Gross | 274,300 |
| GF/GP | 274,300 |

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - 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 | 451,900 |
| GF/GP | 451,900 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS - NONE

**COMMUNITY COLLEGES
P.A. 62 of 2011 - ARTICLE II**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| GROSS | 295,880,500 | 295,880,500 | 285,880,500 | 251,996,800 | 283,880,500 | (12,000,000) | (4.1) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS | 295,880,500 | 295,880,500 | 285,880,500 | 251,996,800 | 283,880,500 | (12,000,000) | (4.1) |
| Less: | | | | | | | |
| Federal Funds..... | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING | 295,880,500 | 295,880,500 | 285,880,500 | 251,996,800 | 283,880,500 | (12,000,000) | (4.1) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 0 | 195,880,500 | 195,880,500 | 195,880,500 | 195,880,500 | 195,880,500 | -- |
| GENERAL FUND/GENERAL PURPOSE.. | 295,880,500 | 100,000,000 | 90,000,000 | 56,116,300 | 88,000,000 | (207,880,500) | (70.3) |
| PAYMENTS TO LOCALS | 295,880,500 | 295,880,500 | 285,880,500 | 251,996,800 | 283,880,500 | (12,000,000) | (4.1) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS

At-Risk Student Success Program. The Governor maintained funding for the at-risk program at the FY 2010-11 level. The House, Senate, and enacted budget eliminated the \$3,322,700 separate appropriation line item for at-risk payments and rolled the FY 2011-12 distribution into the operation line items of each community college. The At-Risk Student Success Program originated in FY 1989-90 and was designed to address the needs of students who test at a level that would indicate that they will not be successful in college without additional preparatory assistance. Of the amount appropriated, \$1,120,000 was allocated for base grants of \$40,000 to each community college and the balance was distributed proportionately based on each college's most recent three years total developmental/preparatory contact hours. Table 26 lists the distribution to each college.

| | |
|-------|---|
| Gross | 0 |
| GF/GP | 0 |

D. PROGRAM REDUCTIONS

Operations. The Governor maintained funding for community college operations at the FY 2010-11 level. The Senate reduced funding for community college operations by \$10.0 million (3.4%). The reduction was allocated based on the Performance Indicators Task Force Formula that was developed pursuant to Section 242 of Public Act 154 of 2005, and Section 304 of Public Act 165 of 2010. The House reduced funding for community colleges by \$43,883,700 (15.0%), applying the reductions across the board instead of using the Performance Indicators Task Force Formula. The enacted budget reduced funding by \$12.0 million. Half of the reduction was across the board and half was based on the Performance Indicators Task Force Formula. Table 26 lists the impact on each college.

| | |
|-------|--------------|
| Gross | (12,000,000) |
| GF/GP | (12,000,000) |

E. FUNDING SHIFTS

Funding Shift to School Aid Fund. The budget shifted \$195,880,500 from the State General Fund to the School Aid Fund.

| | |
|------------|---------------|
| Gross | 0 |
| Restricted | 195,880,500 |
| GF/GP | (195,880,500) |

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

- H. UNCLASSIFIED SALARIES - NONE**
- I. FEE INCREASES - NONE**
- J. ECONOMIC ADJUSTMENTS - NONE**
- K. VETOES - NONE**
- L. ONE-TIME APPROPRIATIONS - NONE**

Table 26: FY 2011-12 COMMUNITY COLLEGE APPROPRIATIONS

| College | FY 2010-11 Enacted | FY 2011-12 Governor | | FY 2011-12 House Passed | | | | FY 2011-12 Senate Passed | | | | FY 2011-12 Enacted | | | |
|-----------------------------|----------------------|----------------------|----------------|-------------------------|----------------|------------------------|----------------------|--------------------------|----------------|------------------------|----------------------|-----------------------|----------------|------------------------|----------------------|
| | | Amount | Percent Change | Reduction & SAF Shift | Percent Change | Roll At-Risk Into Base | House | Reduction & SAF Shift | Percent Change | Roll At-Risk Into Base | Senate | Reduction & SAF Shift | Percent Change | Roll At-Risk Into Base | Total Appropriation |
| Alpena | 5,126,100 | 5,126,100 | 0.0 | (768,900) | (15.0) | \$79,000 | 4,436,200 | (192,900) | (3.8) | \$79,000 | 5,012,200 | (220,800) | (4.3) | \$79,000 | 4,984,300 |
| Bay de Noc | 5,178,400 | 5,178,400 | 0.0 | (776,800) | (15.0) | 88,200 | 4,489,800 | (200,200) | (3.9) | 88,200 | 5,066,400 | (226,400) | (4.4) | 88,200 | 5,040,200 |
| Delta | 13,751,600 | 13,751,600 | 0.0 | (2,062,700) | (15.0) | 109,500 | 11,798,400 | (404,900) | (2.9) | 109,500 | 13,456,200 | (524,900) | (3.8) | 109,500 | 13,336,200 |
| Glen Oaks | 2,304,800 | 2,304,800 | 0.0 | (345,700) | (15.0) | 102,000 | 2,061,100 | (64,300) | (2.8) | 102,000 | 2,342,500 | (85,900) | (3.7) | 102,000 | 2,320,900 |
| Gogebic | 4,275,200 | 4,275,200 | 0.0 | (641,300) | (15.0) | 54,700 | 3,688,600 | (169,200) | (4.0) | 54,700 | 4,160,700 | (189,400) | (4.4) | 54,700 | 4,140,500 |
| Grand Rapids | 17,219,800 | 17,219,800 | 0.0 | (2,583,000) | (15.0) | 139,700 | 14,776,500 | (594,300) | (3.5) | 139,700 | 16,765,200 | (709,800) | (4.1) | 139,700 | 16,649,700 |
| Henry Ford | 20,898,900 | 20,898,900 | 0.0 | (3,134,800) | (15.0) | 177,200 | 17,941,300 | (837,700) | (4.0) | 177,200 | 20,238,400 | (931,100) | (4.5) | 177,200 | 20,145,000 |
| Jackson | 11,542,300 | 11,542,300 | 0.0 | (1,731,300) | (15.0) | 159,800 | 9,970,800 | (409,700) | (3.5) | 159,800 | 11,292,400 | (482,400) | (4.2) | 159,800 | 11,219,700 |
| Kalamazoo Valley | 11,888,600 | 11,888,600 | 0.0 | (1,783,300) | (15.0) | 89,000 | 10,194,300 | (351,800) | (3.0) | 89,000 | 11,625,800 | (454,900) | (3.8) | 89,000 | 11,522,700 |
| Kellogg | 9,311,800 | 9,311,800 | 0.0 | (1,396,800) | (15.0) | 130,800 | 8,045,800 | (339,600) | (3.6) | 130,800 | 9,103,000 | (394,700) | (4.2) | 130,800 | 9,047,900 |
| Kirtland | 2,842,800 | 2,842,800 | 0.0 | (426,400) | (15.0) | 126,200 | 2,542,600 | (63,000) | (2.2) | 126,200 | 2,906,000 | (96,100) | (3.4) | 126,200 | 2,872,900 |
| Lake Michigan | 5,012,100 | 5,012,100 | 0.0 | (751,800) | (15.0) | 147,000 | 4,407,300 | (197,500) | (3.9) | 147,000 | 4,961,600 | (221,400) | (4.4) | 147,000 | 4,937,700 |
| Lansing | 29,762,500 | 29,762,500 | 0.0 | (4,464,400) | (15.0) | 141,900 | 25,440,000 | (1,070,100) | (3.6) | 141,900 | 28,834,300 | (1,252,500) | (4.2) | 141,900 | 28,651,900 |
| Macomb | 31,773,900 | 31,773,900 | 0.0 | (4,766,200) | (15.0) | 81,300 | 27,089,000 | (1,188,800) | (3.7) | 81,300 | 30,666,400 | (1,364,900) | (4.3) | 81,300 | 30,490,300 |
| Mid Michigan | 4,289,200 | 4,289,200 | 0.0 | (643,400) | (15.0) | 123,700 | 3,769,500 | (96,800) | (2.3) | 123,700 | 4,316,100 | (146,100) | (3.4) | 123,700 | 4,266,800 |
| Monroe | 4,142,800 | 4,142,800 | 0.0 | (621,400) | (15.0) | 100,900 | 3,622,300 | (107,700) | (2.6) | 100,900 | 4,136,000 | (149,700) | (3.6) | 100,900 | 4,094,000 |
| Montcalm | 2,981,600 | 2,981,600 | 0.0 | (447,200) | (15.0) | 66,700 | 2,601,100 | (67,700) | (2.3) | 66,700 | 2,980,600 | (101,500) | (3.4) | 66,700 | 2,946,800 |
| Mott | 15,016,400 | 15,016,400 | 0.0 | (2,252,500) | (15.0) | 142,800 | 12,906,700 | (541,300) | (3.6) | 142,800 | 14,617,900 | (632,800) | (4.2) | 142,800 | 14,526,400 |
| Muskegon | 8,518,600 | 8,518,600 | 0.0 | (1,277,800) | (15.0) | 96,600 | 7,337,400 | (306,500) | (3.6) | 96,600 | 8,308,700 | (358,500) | (4.2) | 96,600 | 8,256,700 |
| North Central | 2,893,600 | 2,893,600 | 0.0 | (434,000) | (15.0) | 100,500 | 2,560,100 | (80,500) | (2.8) | 100,500 | 2,913,600 | (107,600) | (3.7) | 100,500 | 2,886,500 |
| Northwestern | 8,682,000 | 8,682,000 | 0.0 | (1,302,300) | (15.0) | 130,200 | 7,509,900 | (339,400) | (3.9) | 130,200 | 8,472,800 | (381,900) | (4.4) | 130,200 | 8,430,300 |
| Oakland | 20,133,700 | 20,133,700 | 0.0 | (3,020,100) | (15.0) | 145,300 | 17,258,900 | (683,800) | (3.4) | 145,300 | 19,595,200 | (823,100) | (4.1) | 145,300 | 19,455,900 |
| St. Clair | 6,729,800 | 6,729,800 | 0.0 | (1,009,500) | (15.0) | 91,200 | 5,811,500 | (248,200) | (3.7) | 91,200 | 6,572,800 | (286,900) | (4.3) | 91,200 | 6,534,100 |
| Schoolcraft | 11,767,000 | 11,767,000 | 0.0 | (1,765,000) | (15.0) | 118,000 | 10,120,000 | (277,500) | (2.4) | 118,000 | 11,607,500 | (407,700) | (3.5) | 118,000 | 11,477,300 |
| Southwestern | 6,276,900 | 6,276,900 | 0.0 | (941,500) | (15.0) | 156,600 | 5,492,000 | (268,600) | (4.3) | 156,600 | 6,164,900 | (289,800) | (4.6) | 156,600 | 6,143,700 |
| Washtenaw | 12,149,000 | 12,149,000 | 0.0 | (1,822,300) | (15.0) | 109,400 | 10,436,100 | (303,100) | (2.5) | 109,400 | 11,955,300 | (431,100) | (3.5) | 109,400 | 11,827,300 |
| Wayne County | 15,889,900 | 15,889,900 | 0.0 | (2,383,500) | (15.0) | 178,200 | 13,684,600 | (527,100) | (3.3) | 178,200 | 15,541,000 | (642,200) | (4.0) | 178,200 | 15,425,900 |
| West Shore | 2,198,500 | 2,198,500 | 0.0 | (329,800) | (15.0) | 136,300 | 2,005,000 | (67,800) | (3.1) | 136,300 | 2,267,000 | (85,900) | (3.9) | 136,300 | 2,248,900 |
| SUBTOTAL OPERATIONS: | \$292,557,800 | \$292,557,800 | 0.0 | (\$43,883,700) | (15.0) | \$3,322,700 | \$251,996,800 | (\$10,000,000) | (3.4) | \$3,322,700 | \$285,880,500 | (\$12,000,000) | (4.1) | \$3,322,700 | \$283,880,500 |
| At Risk | 3,322,700 | 3,322,700 | 0.0 | 0 | 0.0 | (3,322,700) | 0 | 0 | 0.0 | (3,322,700) | 0 | 0 | 0.0 | (3,322,700) | 0 |
| TOTAL APPROPRIATION: | \$295,880,500 | \$295,880,500 | 0.0 | (\$43,883,700) | (14.8) | \$0 | \$251,996,800 | (\$10,000,000) | (3.4) | \$0 | \$285,880,500 | (\$12,000,000) | (4.1) | \$0 | 283,880,500 |
| State School Aid Fund | 0 | 195,880,500 | --- | 195,880,500 | --- | 0 | 195,880,500 | 195,880,500 | --- | 0 | 195,880,500 | 195,880,500 | --- | 0 | 195,880,500 |
| GF/GP | \$295,880,500 | \$100,000,000 | (66.2) | (\$239,764,200) | (81.0) | \$0 | \$56,116,300 | (\$205,880,500) | (69.6) | \$0 | \$90,000,000 | (\$207,880,500) | (70.3) | \$0 | 88,000,000 |

**DEPARTMENT OF COMMUNITY HEALTH
P.A. 63 of 2011 - ARTICLE IV**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|-----------------------|-----------------------|--|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 4,392.8 | 3,635.2 | 4,029.5 | 4,024.0 | 3,634.2 | (758.6) | (17.3) |
| GROSS..... | 14,441,262,800 | 13,908,574,900 | 13,833,859,600 | 13,922,657,100 | 14,241,316,400 | (199,946,400) | (1.4) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 54,020,800 | 6,569,400 | 4,528,700 | 4,528,700 | 6,569,400 | (47,451,400) | (87.8) |
| ADJUSTED GROSS..... | 14,387,242,000 | 13,902,005,500 | 13,829,330,900 | 13,918,128,400 | 14,234,747,000 | (152,495,000) | (1.1) |
| Less: | | | | | | | |
| Federal Funds..... | 9,707,173,300 | 8,738,467,400 | 8,686,999,400 | 8,746,547,600 | 8,986,611,000 | (720,562,300) | (7.4) |
| Local and Private | 321,333,400 | 344,852,500 | 344,920,900 | 344,923,600 | 347,100,600 | 25,767,200 | 8.0 |
| TOTAL STATE SPENDING..... | 4,358,735,300 | 4,818,685,600 | 4,797,410,600 | 4,826,657,200 | 4,901,035,400 | 542,300,100 | 12.4 |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 1,845,162,300 | 2,117,660,700 | 2,156,325,700 | 2,151,082,000 | 2,129,851,900 | 284,689,600 | 15.4 |
| GENERAL FUND/GENERAL PURPOSE... | 2,513,573,000 | 2,701,024,900 | 2,641,084,900 | 2,675,575,200 | 2,771,183,500 | 257,610,500 | 10.2 |
| PAYMENTS TO LOCALS | 1,298,887,500 | 1,376,601,500 | 1,333,598,700 | 1,368,231,700 | 1,417,739,700 | 118,852,200 | 9.2 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS

| | | |
|---|-------------------------------------|-------------------------------------|
| 1. Implementation of Statewide Trauma System. The budget includes \$3.5 million in Crime Victims Services fee revenue to establish a statewide trauma system, pursuant to legislation enacted during 2010. | FTE Gross Restricted GF/GP | 14.5 3,500,000 3,500,000 0 |
| 2. Restoration of Nurse Family Partnership Program. The budget reinstated funding for the Nurse Family Partnership, a program that provides intensive services to at-risk mothers of infants with the goal of reducing infant mortality. | Gross Federal GF/GP | 3,000,000 1,500,000 1,500,000 |

B. PROGRAM INCREASES

| | | |
|---|---------------------------|---|
| 1. Increased State Costs for Medicare Part D Pharmaceutical Program. The FY 2010-11 budget included one-time savings due to a recalculation of the State's cost for the Medicare Part D program. The savings expire in FY 2011-12, leading to an increase in GF/GP costs. | Gross GF/GP | 28,826,600 28,826,600 |
| 2. Medicaid Base, Caseload, Utilization, and Inflation Adjustments. The budget reflects the consensus agreement reached on May 12, 2011, by the State Budget Office, the House Fiscal Agency, and the Senate Fiscal Agency on base Medicaid program costs. The consensus funding level represents a 4% increase in funding over final FY 2010-11 appropriations. | Gross Federal GF/GP | 473,576,000 347,196,400 126,379,600 |
| 3. Economic Adjustment for Administrative Rules Funding. The budget includes funding to cover economic costs for administrative rules services now provided by the Department of Licensing and Regulatory Affairs (LARA) on behalf of the Department of Community Health (DCH). | Gross Federal GF/GP | 73,500 36,800 36,700 |
| 4. Increased Interdepartmental Grant (IDG) to Support Children with Serious Emotional Disturbance (SED) Waiver from the Department of Human Services (DHS). The budget recognizes increased IDG funding to support the SED waiver program. | Gross IDG GF/GP | 1,000,000 1,000,000 0 |
| 5. Actuarial Soundness Rate Adjustment for Pre-paid Inpatient Health Plans (PIHPs). The budget includes a 1.17% rate increase for Medicaid PIHPs to meet the Federal requirement that Medicaid managed care rates be actuarially sound. | Gross Federal GF/GP | 24,883,600 16,458,000 8,425,600 |
| 6. Actuarial Soundness Rate Adjustment for Medicaid Health Maintenance Organizations (HMOs). The budget includes a 1.78% rate increase for Medicaid HMOs to meet the Federal requirement that Medicaid managed care rates be actuarially sound. | Gross Federal GF/GP | 50,136,900 33,160,500 16,976,400 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | | |
|---|--|---|
| 7. State Facility Pharmaceutical Costs. The budget reflects a 3.0% funding increase to cover pharmaceutical cost inflation at State mental health facilities. | Gross Federal Local Restricted GF/GP | 476,000 23,700 197,300 14,200 240,800 |
| 8. Recognition of Increased AIDS Pharmaceutical Rebate Revenue. The budget reflects the anticipated amount of AIDS pharmaceutical rebates used to fund the AIDS drug program. | Gross Private GF/GP | 5,000,000 5,000,000 0 |
| 9. Increased Newborn Screening Fee Revenue. The budget reflects the estimated increase in newborn screening fee revenue. | FTE Gross Restricted GF/GP | 2.0 805,000 805,000 0 |
| 10. Increase in Lead Enforcement Revenue. The budget includes a small increase in estimated lead enforcement revenue. | Gross Restricted GF/GP | 44,400 44,400 0 |
| 11. Increase in Crime Victims Compensation Payouts. The budget reflects an increase in the Federal crime victims compensation grant. It also includes revenue from 2010 legislation that increased fees charged to convicted felons to support crime victims services. | Gross Federal Restricted GF/GP | 4,070,000 570,000 3,500,000 0 |
| 12. Increase in Project FRESH Funding. The budget reflects increased revenue for the Project FRESH senior nutrition program. | Gross Private GF/GP | 30,000 30,000 0 |
| 13. Increase in Physician Adjustor and Special Network Access Fee (SNAF) Payments. The Physician Adjustor and SNAF programs provide enhanced Medicaid payments to providers at publicly affiliated clinics. Due to an increase in the ceiling on such payments, this program is increased in the budget. | Gross Federal Local Restricted GF/GP | 37,067,500 23,855,600 3,182,600 9,317,800 711,500 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

- | | | |
|---|------------------------------------|--|
| <p>14. Expansion of Healthy Kids Dental Program to Four New Counties. The budget reflects the cost of expanding the Healthy Kids Dental program to Mason, Muskegon, Newaygo, and Oceana Counties. The Healthy Kids Dental program provides enhanced Medicaid reimbursement rates for services to children in covered counties. It is available in 65 of the State's 83 counties.</p> | <p>Gross Federal GF/GP</p> | <p>4,430,000 2,930,000 1,500,000</p> |
| <p>15. Upgrading of Medicaid Computer System to Meet Federal Requirements. Due to Federal requirements, the Michigan Medicaid Information System (MMIS) must be updated to accommodate new codes for diagnostic services. The budget includes the funding necessary to meet this mandate.</p> | <p>Gross Federal GF/GP</p> | <p>8,922,600 7,768,000 1,154,600</p> |

C. PROGRAM ELIMINATIONS

- | | | |
|--|------------------------------------|--|
| <p>1. Expiration of American Recovery and Reinvestment Act (ARRA) Grants. The FY 2010-11 budget included several ARRA grants, mostly for information technology and primary care efforts. These grants were one-time and are not included in the FY 2011-12 budget.</p> | <p>Gross Federal GF/GP</p> | <p>(23,000,000) (23,000,000) 0</p> |
| <p>2. Elimination of Funding for the Self-Help Addiction Recovery Program. The FY 2010-11 budget included one-time funding for a substance abuse program in Detroit. The funding is not included in the FY 2011-12 budget.</p> | <p>Gross GF/GP</p> | <p>(1,000,000) (1,000,000)</p> |
| <p>3. Elimination of Clinic Earmarks. Funding for clinics located on Beaver Island, Mackinac Island, and Drummond Island, as well as clinics in Bay City and Ashley, is eliminated.</p> | <p>Gross GF/GP</p> | <p>(235,000) (235,000)</p> |
| <p>4. Elimination of Houghton Laboratory Transitional Funding. The Houghton Laboratory was closed during FY 2010-11, but one-time transitional funding was included. This funding was removed in the FY 2011-12 budget.</p> | <p>Gross GF/GP</p> | <p>(250,000) (250,000)</p> |
| <p>5. Elimination of Traumatic Brain Injury Pilot Programs. Funding for these pilot projects was removed in the budget.</p> | <p>Gross Federal GF/GP</p> | <p>(200,000) (100,000) (100,000)</p> |
| <p>6. Elimination of Family, Maternal, and Children's Services Earmarks. Earmarks supporting a colon cancer project, special needs vision services, and a stillbirth awareness project were removed in the budget.</p> | <p>Gross GF/GP</p> | <p>(225,000) (225,000)</p> |

| | | FY 2011-12 Change From FY 2010-11 Year-to-Date | |
|---|---|---|--------------|
| 7. Elimination of Tribal Elders Program. | Funding for the Tribal Elders program was removed. | Gross | (120,000) |
| | | GF/GP | (120,000) |
| 8. Elimination of Healthy Behaviors Waiver Line Item. | Placeholder funding for a healthy behaviors Federal waiver, one that was never granted, was removed. | Gross | (10,000,000) |
| | | Federal | (10,000,000) |
| | | GF/GP | 0 |
| 9. Elimination of Disproportionate Share Hospital (DSH) Pools. | The one-time \$27.0 million DSH pool was eliminated. The so-called "small DSH" pool, funded at \$7.5 million, was also eliminated. | Gross | (34,500,000) |
| | | Federal | (22,818,300) |
| | | Restricted | (11,681,700) |
| | | GF/GP | 0 |
| 10. Elimination of Funding for the Michigan Quality Care Council. | Funding for the Michigan Quality Care Council, which matches Adult Home Help providers and recipients, was eliminated. | Gross | (1,000,000) |
| | | Federal | (500,000) |
| | | GF/GP | (500,000) |
| 11. Removal of FY 2010-11 Electronic Health Records (EHR) Funding. | An FY 2010-11 supplemental appropriation included partial funding for EHR incentive payments to Medicaid providers. The original FY 2011-12 budget does not reflect continuation of this funding, but it is anticipated that additional funding will be appropriated in an FY 2011-12 supplemental. | Gross | (83,542,000) |
| | | Federal | (82,075,300) |
| | | GF/GP | (1,466,700) |

D. PROGRAM REDUCTIONS

| | | | |
|--|---|------------|-------------|
| 1. Healthy Michigan Fund (HMF). | Ongoing HMF programming was reduced by over 50%, with the line rolled up, allowing the DCH discretion over which programs to fund. There is also one-time funding for HMF programs of \$3.0 million, noted below. | FTE | (1.0) |
| | | Gross | (5,918,900) |
| | | Restricted | 194,200 |
| | | GF/GP | (6,113,100) |
| 2. Reduction to Community Substance Abuse Line. | Funding for non-Medicaid substance abuse services was reduced. | Gross | (500,000) |
| | | GF/GP | (500,000) |
| 3. Reduction to Community Mental Health (CMH) Services for Special Populations. | The budget reflects a 15% cut to CMH special population services, formerly known as multicultural services. There is also \$3.0 million in one-time funding for these services, noted below. | Gross | (1,031,000) |
| | | GF/GP | (1,031,000) |

| | | FY 2011-12 Change From FY 2010-11 Year-to-Date | |
|---|---|---|--|
| 4. Reduction to CMH Non-Medicaid Services. | The budget includes a 3.0% reduction to CMH non-Medicaid services. | Gross GF/GP | (8,483,300) (8,483,300) |
| 5. Reduction to State Disability Assistance (SDA) Substance Abuse Line. | The budget includes a 10.0% reduction to the SDA substance abuse line. This program covers room and board costs for SDA clients served in residential substance abuse treatment programs. | Gross GF/GP | (224,300) (224,300) |
| 6. Reduction to Children's Waiver Home Care Program. | Funding for the Children's Waiver Home Care program was reduced by 10%. The intent is to reduce administrative costs and costs for in-home services, rather than reducing the number of children served. | Gross Federal GF/GP | (2,105,000) (1,392,200) (712,800) |
| 7. Reduction in Bronson DSH Payment. | The budget includes a 15% reduction in the DSH payment made through Bronson Hospital to a number of low-income health clinics. | Gross Federal GF/GP | (330,200) (218,400) (111,800) |
| 8. Reduction in Local Public Health Funding. | The budget reduced funding for local public health departments by 5.0%. | Gross GF/GP | (1,696,700) (1,696,700) |
| 9. Recognized Savings in the Children's Special Health Care Services (CSHCS) Program due to Federal Law Changes. | The Federal health reform legislation eliminated limits on expenditures in insurance policies and established high-risk health care pools. The budget assumes savings as some people who previously would have been eligible for CSHCS will now continue to be covered by other insurance policies. | Gross GF/GP | (4,000,000) (4,000,000) |
| 10. Reflection of Estimated Savings from Implementation of CSHCS Managed Care. | The budget assumes savings from the implementation of mandatory managed care for CSHCS Medicaid clients. | Gross Federal GF/GP | (11,000,000) (7,275,400) (3,724,600) |
| 11. Adjustment of Adult Benefit Waiver (ABW) Program to Reflect Available GF/GP Revenue. | Due to the reduction in ARRA-enhanced Medicaid match rate, FY 2010-11 Gross authorization for ABW could be maintained only with a significant increase in GF/GP funding. The budget instead reduced ABW Gross funding and lowered the caseload cap in order to freeze GF/GP costs. | Gross Federal GF/GP | (25,892,100) (25,892,100) 0 |
| 12. Termination of the University of Michigan's Contribution to Support Healthy Kids Dental Program. | The budget reflects the end of the University of Michigan's contribution to support this program. | Gross Federal Restricted | (1,600,000) (1,058,200) (541,800) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | | |
|--|---|--|
| | GF/GP | 0 |
| 13. Reduction of DSH Payments to Maximum Allowed Under Federal Law. The Federal cap on DSH payments declines in FY 2011-12. The budget reflects a reduction in the provider tax-funded DSH pool from \$60.0 million to \$50.0 million and the elimination of the psychiatric residency payment to Wayne State University. | Gross Federal Restricted GF/GP | (18,116,300) (11,982,100) (6,134,200) 0 |
| 14. Reduction in School Health Clinic Funding. The budget includes a 15% reduction in payments to support health clinics at Arthur Hill High School in Saginaw and Mumford High School in Detroit. | Gross Federal GF/GP | (90,000) (59,500) (30,500) |
| 15. Savings from Legislation to Add Behavioral Health Drugs to the Preferred Drug List (PDL). The budget assumes savings from the passage of legislation that would add behavioral health drugs to the PDL. | Gross Federal GF/GP | (18,700,000) (12,368,200) (6,331,800) |
| 16. Implementation of Third Party Liability (TPL) Legislation for Automobile Insurers. The budget assumes savings from the passage of legislation that would make it easier for the Department to collect TPL payments from automobile insurers. | Gross Federal GF/GP | (22,017,100) (14,562,100) (7,455,000) |
| 17. Enhancement of Estate Recovery Program. The budget assumes savings from proposed legislation that would enhance the Medicaid estate recovery program. | Gross Federal GF/GP | (16,573,800) (10,961,900) (5,611,900) |
| 18. Limitations on Access to Adult Home Help (AHH) Services. The budget reflects a policy change that will eliminate the lowest-acuity cases from the AHH program. The services reduced for this population will include shopping and cleaning services. | Gross Federal GF/GP | (17,720,000) (11,720,000) (6,000,000) |
| 19. Reduction in Graduate Medical Education (GME) Payments. The budget includes an 18.9% reduction in GME payments. One-time funding of \$5.8 million GF/GP, noted below, makes the net reduction about 8.7%. | Gross Federal GF/GP | (31,824,300) (21,048,600) (10,775,700) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | | | |
|--|---|------------|--------------|
| 20. Savings from Implementation of Managed Care for Dual Medicare/Medicaid Eligibles. | The budget adds staff and assumed savings from an April 1, 2012, implementation of a waiver permitting the shift of services to a managed care model for individuals who are dually eligible for Medicaid and Medicare. | FTE | 2.0 |
| | | Gross | (29,628,700) |
| | | Federal | (19,628,700) |
| | | GF/GP | (10,000,000) |
| 21. Traumatic Brain Injury (TBI) Waiver Savings. | The budget assumes small savings from a waiver that would allow for reimbursement of TBI services provided in home settings. | Gross | (98,000) |
| | | Federal | (48,500) |
| | | GF/GP | (49,500) |
| 22. Recognition of Nursing Home Transition Savings. | The budget reflects savings from the continued transition of nursing home residents to community-based settings. | Gross | (35,331,300) |
| | | Federal | (24,335,700) |
| | | Restricted | (3,479,600) |
| | | GF/GP | (7,516,000) |

E. FUNDING SHIFTS

| | | | |
|--|---|------------|---------------|
| 1. Change in Base Medicaid Match Rate. | The base Medicaid match rate will increase from 65.79% to 66.14% in FY 2011-12, leading to a decrease in GF/GP costs. | Gross | 0 |
| | | Federal | 39,889,300 |
| | | Local | (309,800) |
| | | Restricted | (9,677,000) |
| | | GF/GP | (29,902,500) |
| 2. Change in Title XXI Match Rate. | The Title XXI match rate, which reflects the Title XXI match revenue used to support the MIChild program, will increase from 76.05% to 76.30% in FY 2011-12, leading to a small reduction in GF/GP costs. | Gross | 0 |
| | | Federal | 144,600 |
| | | GF/GP | (144,600) |
| 3. Expiration of ARRA Enhanced Medicaid Match Rate. | The enhanced Medicaid match rate enacted under ARRA expired on June 30, 2011. The FY 2011-12 budget reflects a significant GF/GP cost increase due to the termination of the higher rate. | Gross | 0 |
| | | Federal | (638,235,800) |
| | | Local | 2,935,700 |
| | | Restricted | 78,885,100 |
| | | GF/GP | 556,415,000 |
| 4. Removal of Excess Substance Abuse Licensing Revenue. | The budget includes a technical adjustment to reflect the actual amount of substance abuse licensing revenue received. | Gross | 0 |
| | | Federal | 1,266,900 |
| | | Restricted | (1,266,900) |
| | | GF/GP | 0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

- 5. **Medicaid Benefits Trust Fund.** The budget adjusts for anticipated Medicaid Benefits Trust Fund revenue.
- 6. **Removal of One-Time General Motors (GM) Pension FMAP Adjustment.** The FY 2010-11 budget reflected a one-time adjustment to Federal Medical Assistance Percentage (FMAP) funding tied to a payment by GM to its pension fund. This retroactive funding is not available in the FY 2011-12 budget.
- 7. **Increase in Available Merit Award Trust Fund Revenue.** The budget adjusts for the available Merit Award Trust Fund revenue.

| | |
|------------|---------------|
| Gross | 0 |
| Restricted | 7,100,000 |
| GF/GP | (7,100,000) |
| | |
| Gross | 0 |
| Restricted | (160,000,000) |
| GF/GP | 160,000,000 |
| | |
| Gross | 0 |
| Tobacco | 2,274,400 |
| GF/GP | (2,274,400) |

F. PROGRAM TRANSFERS

- 1. **Transfer of Forensic Mental Health Services to the Department of Corrections (DOC).** The budget reflects the transfer of funding and responsibility for forensic mental health services to the DOC. These services had been previously provided under contract with the Department of Community Health.
- 2. **Transfer of Most Health Regulatory Functions to LARA.** The budget reflects implementation of Executive Order 2011-4, which created LARA and transferred most health regulatory functions from the DCH to LARA.

| | |
|------------|--------------|
| FTE | (396.3) |
| Gross | (50,527,800) |
| IDG | (50,527,800) |
| GF/GP | 0 |
| | |
| FTE | (389.3) |
| Gross | (58,221,100) |
| IDG | 2,040,700 |
| Federal | (20,386,300) |
| Private | (200,000) |
| Restricted | (32,950,700) |
| GF/GP | (6,724,800) |

G. OTHER ISSUES

- 1. **Changes in Federal Authorization.** The budget reflects adjustments to Federal grants, including several increases and new grants as well as decreases related to the expiration of grants.

| | |
|---------|-----------|
| FTE | 5.5 |
| Gross | (558,500) |
| Federal | (558,500) |
| GF/GP | 0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | | | | | | | | | | | | | |
|--|--|-------|--------------|---------|--------------|---------|-------------|------------|------------|------------|-------------|-------|---|
| <p>2. Adjustment of Early Retirement Savings from FY 2010-11 to FY 2011-12. The FY 2010-11 budget included savings due to early retirement legislation passed in 2010. The FY 2011-12 early retirement adjustments reflected a lower amount of Gross and GF/GP savings compared to the baseline, so the net change from FY 2010-11 to FY 2011-12 is an increase in Gross and GF/GP costs.</p> | <table border="0"> <tr><td>Gross</td><td style="text-align: right;">6,640,100</td></tr> <tr><td>Federal</td><td style="text-align: right;">(899,100)</td></tr> <tr><td>Local</td><td style="text-align: right;">2,983,100</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">4,556,100</td></tr> </table> | Gross | 6,640,100 | Federal | (899,100) | Local | 2,983,100 | GF/GP | 4,556,100 | | | | |
| Gross | 6,640,100 | | | | | | | | | | | | |
| Federal | (899,100) | | | | | | | | | | | | |
| Local | 2,983,100 | | | | | | | | | | | | |
| GF/GP | 4,556,100 | | | | | | | | | | | | |
| <p>3. Adjustments to Non-GF/GP Funding. The budget includes a number of small adjustments to non-GF/GP fund sources, generally reflecting technical adjustments to State facility funding and final information on grant availability.</p> | <table border="0"> <tr><td>Gross</td><td style="text-align: right;">3,851,300</td></tr> <tr><td>Federal</td><td style="text-align: right;">7,172,800</td></tr> <tr><td>Local</td><td style="text-align: right;">3,612,200</td></tr> <tr><td>Private</td><td style="text-align: right;">200,000</td></tr> <tr><td>Restricted</td><td style="text-align: right;">(7,133,700)</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">0</td></tr> </table> | Gross | 3,851,300 | Federal | 7,172,800 | Local | 3,612,200 | Private | 200,000 | Restricted | (7,133,700) | GF/GP | 0 |
| Gross | 3,851,300 | | | | | | | | | | | | |
| Federal | 7,172,800 | | | | | | | | | | | | |
| Local | 3,612,200 | | | | | | | | | | | | |
| Private | 200,000 | | | | | | | | | | | | |
| Restricted | (7,133,700) | | | | | | | | | | | | |
| GF/GP | 0 | | | | | | | | | | | | |
| <p>4. Reversal of Other FY 2010-11 Contingency Fund Adjustments. There were a number of FY 2010-11 contingency fund transfers adopted late in the FY 2011-12 budget process that were either one-time funding or were not reflected in the FY 2011-12 budget. These items do not appear in the budget.</p> | <table border="0"> <tr><td>Gross</td><td style="text-align: right;">(23,627,500)</td></tr> <tr><td>Federal</td><td style="text-align: right;">(22,123,600)</td></tr> <tr><td>Private</td><td style="text-align: right;">(1,303,900)</td></tr> <tr><td>Restricted</td><td style="text-align: right;">(200,000)</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">0</td></tr> </table> | Gross | (23,627,500) | Federal | (22,123,600) | Private | (1,303,900) | Restricted | (200,000) | GF/GP | 0 | | |
| Gross | (23,627,500) | | | | | | | | | | | | |
| Federal | (22,123,600) | | | | | | | | | | | | |
| Private | (1,303,900) | | | | | | | | | | | | |
| Restricted | (200,000) | | | | | | | | | | | | |
| GF/GP | 0 | | | | | | | | | | | | |
| <p>5. Redirection of Mental Health Resources to Support New Projects. The budget shifted funding from the CMH Medicaid line to support services for developmentally disabled children in adult foster care and to develop an assessment tool to optimize placement decisions.</p> | <table border="0"> <tr><td>FTE</td><td style="text-align: right;">4.0</td></tr> <tr><td>Gross</td><td style="text-align: right;">(1,251,300)</td></tr> <tr><td>Federal</td><td style="text-align: right;">(1,251,300)</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">0</td></tr> </table> | FTE | 4.0 | Gross | (1,251,300) | Federal | (1,251,300) | GF/GP | 0 | | | | |
| FTE | 4.0 | | | | | | | | | | | | |
| Gross | (1,251,300) | | | | | | | | | | | | |
| Federal | (1,251,300) | | | | | | | | | | | | |
| GF/GP | 0 | | | | | | | | | | | | |
| <p>6. Adjustments to Public Health FTE Counts. The budget made two technical adjustments to reflect on-board staff in public health services, an increase of 2.0 FTEs to support local health infrastructure and a decrease of 2.0 FTEs in the Bioterrorism line.</p> | <table border="0"> <tr><td>FTE</td><td style="text-align: right;">0.0</td></tr> <tr><td>Gross</td><td style="text-align: right;">0</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">0</td></tr> </table> | FTE | 0.0 | Gross | 0 | GF/GP | 0 | | | | | | |
| FTE | 0.0 | | | | | | | | | | | | |
| Gross | 0 | | | | | | | | | | | | |
| GF/GP | 0 | | | | | | | | | | | | |
| <p>7. Medicaid Special Financing Adjustments. The budget includes several adjustments to so-called Medicaid "special financing", including a \$50.0 million increase in Hospital Rate Adjustment payments that flow through the Medicaid HMOs.</p> | <table border="0"> <tr><td>Gross</td><td style="text-align: right;">50,748,000</td></tr> <tr><td>Federal</td><td style="text-align: right;">34,309,700</td></tr> <tr><td>Private</td><td style="text-align: right;">3,318,300</td></tr> <tr><td>Restricted</td><td style="text-align: right;">13,762,000</td></tr> <tr><td>GF/GP</td><td style="text-align: right;">(642,000)</td></tr> </table> | Gross | 50,748,000 | Federal | 34,309,700 | Private | 3,318,300 | Restricted | 13,762,000 | GF/GP | (642,000) | | |
| Gross | 50,748,000 | | | | | | | | | | | | |
| Federal | 34,309,700 | | | | | | | | | | | | |
| Private | 3,318,300 | | | | | | | | | | | | |
| Restricted | 13,762,000 | | | | | | | | | | | | |
| GF/GP | (642,000) | | | | | | | | | | | | |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

8. Replacement of PIHP and HMO Use Tax with Health Claims Tax. The budget assumes repeal of the PIHP and HMO 6% Use Tax effective October 1, 2011. Due to actuarial soundness requirements, the State makes payments to the PIHPs and HMOs to cover the cost of the tax. The repeal of the tax would reduce costs by \$388.4 million Gross and \$131.5 million GF/GP. The Use Tax would be replaced by a 1.0% tax on paid health claims. The budget assumes \$396.9 million in Restricted revenue from the paid health claims tax, which would offset an equivalent amount of GF/GP funding.

| | |
|------------|---------------|
| Gross | (388,352,900) |
| Federal | (256,856,600) |
| Restricted | 396,856,600 |
| GF/GP | (528,352,900) |

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - 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 | 22,464,200 |
| IDG | 35,700 |
| Federal | 4,511,800 |
| Local | 6,118,900 |
| Private | 2,800 |
| Restricted | 1,501,500 |
| GF/GP | 10,293,500 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS

On a one-time basis only, \$22,100,000 GF/GP and \$30,862,800 Federal was appropriated for the following purposes:

| | |
|--|-------------------|
| Mental health services for special populations | \$3,000,000 |
| Healthy Michigan fund programs | 3,000,000 |
| Primary care services..... | 300,000 |
| Hospital services and therapy - graduate medical education | 17,129,400 |
| Hospital services and therapy - rural and sole community hospitals | <u>29,533,400</u> |
| GROSS APPROPRIATION..... | \$ 52,962,800 |
| Appropriated from: | |
| Federal revenues: | |
| Federal revenues | 30,862,800 |
| State general fund/general purpose..... | \$ 22,100,000 |

**DEPARTMENT OF CORRECTIONS
P.A. 63 of 2011 - ARTICLE V**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|----------------------|--|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 15,877.5 | 15,656.8 | 15,453.3 | 15,529.3 | 15,568.8 | (308.7) | (1.9) |
| GROSS..... | 1,991,313,500 | 2,012,406,400 | 1,906,249,300 | 1,936,573,800 | 1,936,573,800 | (54,739,700) | (2.7) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 915,400 | 943,800 | 943,800 | 943,800 | 943,800 | 28,400 | 3.1 |
| ADJUSTED GROSS..... | 1,990,398,100 | 2,011,462,600 | 1,905,305,500 | 1,935,630,000 | 1,935,630,000 | (54,768,100) | (2.8) |
| Less: | | | | | | | |
| Federal Funds..... | 9,549,500 | 7,995,100 | 7,995,100 | 7,995,100 | 7,995,100 | (1,554,400) | (16.3) |
| Local and Private | 443,100 | 447,300 | 447,300 | 447,300 | 447,300 | 4,200 | 0.9 |
| TOTAL STATE SPENDING..... | 1,980,405,500 | 2,003,020,200 | 1,896,863,100 | 1,927,187,600 | 1,927,187,600 | (53,217,900) | (2.7) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 80,327,100 | 73,184,000 | 42,351,400 | 52,351,400 | 52,351,400 | (27,975,700) | (34.8) |
| GENERAL FUND/GENERAL PURPOSE... | 1,900,078,400 | 1,929,836,200 | 1,854,511,700 | 1,874,836,200 | 1,874,836,200 | (25,242,200) | (1.3) |
| PAYMENTS TO LOCALS | 92,562,700 | 90,193,500 | 90,193,500 | 92,262,700 | 89,893,500 | (2,669,200) | (2.9) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|--|--------------|------------------|
| <p>1. Reinvestment of Crane Closure Savings. The budget includes \$5.6 million in additional programmatic appropriations that are intended to allow the Department to effectively shift resources in the aftermath of the closure of the Florence Crane correctional facility. The budget includes \$2.9 million to finance 32 additional corrections program coordinators across the various correctional facilities. In addition, \$2.7 million was included to allow for the transfer of more senior staff from Crane to other facilities.</p> | <p>FTE</p> | <p>31.0</p> |
| | <p>Gross</p> | <p>5,600,700</p> |
| | <p>GF/GP</p> | <p>5,600,700</p> |
| <p>2. Managed Care Contract. The budget includes a \$4.0 million increase in the Department's managed care health contract to account for inflationary increases in the costs of medical services. This increase was negotiated between the MDOC and the Department's managed care provider, Prison Health Services, Inc. (PHS).</p> | <p>Gross</p> | <p>4,000,000</p> |
| | <p>GF/GP</p> | <p>4,000,000</p> |
| <p>3. New Custody Staff Training. The budget includes \$4.1 million for new custody staff training to train approximately 230 additional corrections officers during FY 2011-12. The Governor had originally proposed an increase of \$3.5 million for new custody staff training, but the budget assumes that the closure of the Crane and Muskegon facilities will reduce the Department's need for new custody staff.</p> | <p>Gross</p> | <p>470,300</p> |
| | <p>GF/GP</p> | <p>470,300</p> |
| <p>4. Programming for Parole-Eligible Prisoners. The budget includes an additional \$1.6 million that is distributed between the two health care clinical complex lines. In particular, this funding is intended to support assaultive offender and sex offender programming that is a prerequisite for parole for many prisoners.</p> | <p>Gross</p> | <p>1,581,300</p> |
| | <p>GF/GP</p> | <p>1,581,300</p> |
| <p>5. "Swift-and-Sure" Sanctions Program. The budget includes an additional \$500,000 for the Michigan Prisoner Re-Entry Initiative (MRPI) program that is earmarked in support of a "swift-and-sure" sanctions pilot program operated in partnership between the Department of Corrections and the Judiciary. This pilot is intended to allow for the use of short-term jail incarceration as a response to certain probation violations. The budget also includes a new \$1.0 million interdepartmental grant (IDG) to the Judiciary to support the expanded judicial administration; this IDG replaces an FY 2010-11 IDG that supported drug court operations.</p> | <p>Gross</p> | <p>500,000</p> |
| | <p>IDG</p> | <p>0</p> |
| | <p>GF/GP</p> | <p>500,000</p> |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

- | | | |
|--|-------|-----------|
| <p>6. Parole Offices' Rent Costs. The budget includes a funding increase to cover increased rent costs at various parole/probation offices under MDOC administration.</p> | Gross | 400,000 |
| | GF/GP | 400,000 |
| <p>7. Increased Utilities Costs. The budget includes a funding increase to cover increased utilities costs at the following correctional facilities: Chippewa correctional facility, Kinross correctional facility, Huron Valley correctional facility, and Macomb correctional facility, and the Southern regional administration offices.</p> | Gross | 1,500,000 |
| | GF/GP | 1,500,000 |

C. PROGRAM ELIMINATIONS

- | | | |
|---|------------|--------------|
| <p>1. Closure of Florence Crane Correctional Facility. The budget reflects full-year savings associated with the closure of the Florence Crane correctional facility in Coldwater. The facility was closed as of June 1, 2010.</p> | FTE | (229.0) |
| | Gross | (26,090,700) |
| | GF/GP | (26,090,700) |
| <p>2. Closure of Muskegon Correctional Facility. The budget reflects closure of the Muskegon Correctional Facility. Since February 2010, the facility has been operated via an interstate contract with the Commonwealth of Pennsylvania. In February 2001, Pennsylvania indicated that it would be cancelling the contract and housing these prisoners in correctional facilities in that state. Under the contract, the facility was operated with State restricted revenue paid by Pennsylvania. Accordingly, this closure has no GF/GP impact.</p> | FTE | (238.0) |
| | Gross | (30,832,600) |
| | Restricted | (30,832,600) |
| | GF/GP | 0 |

D. PROGRAM REDUCTIONS

- | | | |
|---|-------|-------------|
| <p>1. Competitive Bidding of Special Alternative Incarceration (SAI) Facility. The budget anticipated a competitive bidding process for the operation of the Special Alternative Incarceration facility near Chelsea. The budget also anticipated \$1.0 million in savings that are expected to be achieved through the private operation of the facility.</p> | Gross | (1,000,000) |
| | GF/GP | (1,000,000) |
| <p>2. Central Office Reductions. The budget reduced funding for MDOC central office operations by \$6.0 million. This reduction affects appropriations for Lansing-based central office staff, operations support administration, correctional facilities administration, and administration of the Northern and Southern regional offices.</p> | Gross | (6,000,000) |
| | GF/GP | (6,000,000) |
| <p>3. Competitive Bidding of Prison Food Service. The budget anticipated a competitive bidding process for the outsourcing of prison food services. The implementation of a private contract for prison food service is expected to save \$7.0 million in FY 2011-12.</p> | Gross | (7,000,000) |
| | GF/GP | (7,000,000) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | |
|---|--|
| <p>4. Competitive Bidding of Prison Store Operations. The budget anticipated a competitive bidding process for the outsourcing of prison store operations. The implementation of a private contract for prison stores is expected to save \$6.3 million in FY 2011-12. This action will result in the elimination of 35 accounting/procurement positions currently filled by MDOC employees.</p> | <p>FTE (35.0) Gross (6,252,500) Restricted (3,802,500) GF/GP (2,450,000)</p> |
| <p>5. Supply Chain Efficiencies. The budget anticipated the continuation of the Department's efforts to streamline the operation of correctional facilities, prison food service, and prisoner transportation. Since 2009, the MDOC has partnered with private consultants to identify supply chain efficiencies and determine appropriate actions to eliminate unnecessary expenditures. The continuation of these efforts is expected to generate savings of \$10.0 million in FY 2011-12.</p> | <p>Gross (10,000,000) GF/GP (10,000,000)</p> |
| <p>6. Consolidation of Lieutenant Positions. The budget anticipated the consolidation of lieutenant positions at each correctional facility, thus removing one lieutenant position from each shift at each facility. This change in staffing policy is expected to result in a net reduction of 81 positions.</p> | <p>FTE (81.0) Gross (8,491,800) GF/GP (8,491,800)</p> |
| <p>7. Reduction to Prisoner Education Programs. The budget reduced funding for prisoner education programming by \$3.6 million for FY 2011-12.</p> | <p>Gross (3,589,800) GF/GP (3,589,800)</p> |
| <p>8. Mental Health Services and Support. The budget reflects the ongoing consolidation of mental health staff under MDOC control. Previously, mental health services for prisoners were jointly provided by the MDOC and the Michigan Department of Community Health via an interdepartmental agreement. The budget further anticipated the competitive bidding of certain mental health services. In total, the budget anticipated that these efforts will generate \$5.0 million in savings during fiscal year 2011-12.</p> | <p>Gross (5,000,000) GF/GP (5,000,000)</p> |
| <p>9. Pharmaceutical Savings. The budget anticipated \$2.0 million in savings related to pharmaceutical costs; in particular, the budget anticipated cost reductions related to the psychotropic medications. A report of the Michigan Auditor General in March 2011 questioned MDOC prescribing and storage practices related to mental health medications and estimated that significant savings could be achieved.</p> | <p>Gross (2,000,000) GF/GP (2,000,000)</p> |
| <p>10. Compassionate Release. The budget anticipated the implementation of a broader compassionate release policy that will allow the parole board to release certain prisoners who suffer from terminal illnesses. The budget assumed \$1.0 million in health care savings as a result of such actions.</p> | <p>Gross (1,000,000) GF/GP (1,000,000)</p> |

| | FY 2011-12 Change From FY 2010-11 Year-to-Date | |
|--|---|-----------|
| 11. Reflection of Recurrent Lapses. The budget reduced authorizations for two lines that have consistently lapsed funding from year to year: the community corrections public education program (\$50,000) and the felony drunk driver jail reduction program (\$300,000). | Gross | (350,000) |
| | GF/GP | (350,000) |
| 12. Executive Order 2011-3. An Executive Order (EO) resulted in the downsizing of the State Parole Board from 15 members to 10. This EO also resulted in the elimination of two related administrative support positions in the Department. | FTE | (2.0) |
| | Gross | (116,400) |
| | GF/GP | (116,400) |
| 13. GPS Tether Savings. The Department was successful in negotiating reduced fees for leased GPS tether monitoring units. For FY 2011-12, the reduction in these fees is expected to generate \$750,000 in savings. | Gross | (750,000) |
| | GF/GP | (750,000) |
| 14. Business Office Consolidation. The budget anticipated the continued consolidation of the Department's regional business offices and associated staff. For FY 2011-12, these efforts are expected to generate \$700,000 in savings. | FTE | (10.0) |
| | Gross | (700,000) |
| | GF/GP | (700,000) |
| 15. Technical Adjustment to Operations Support. The budget reduced funding for operations support administration by \$277,000 to reflect functions that are now being performed by the Michigan Department of Technology, Management, and Budget. | Gross | (277,000) |
| | GF/GP | (277,000) |
| 16. Mental Health Awareness Training. In recent years, the MDOC budget included a \$100,000 IDG to the Michigan State Police (MSP) for mental health awareness training that the MSP provided to MDOC custody staff. For FY 2011-12, this IDG was eliminated and the training will be funded through the General Fund appropriation to the Michigan State Police. | Gross | (100,000) |
| | GF/GP | (100,000) |
| 17. Michigan State Industries FTE Adjustment. The budget reflects a prior reduction in staffing in the prison industries operation line item. | FTE | (25.0) |
| | Gross | 0 |
| | GF/GP | 0 |
| 18. Removal of FY 2010-11 Additional Federal Funds. During FY 2010-11, the MDOC received \$420,000 in one-time Federal funds for the following purposes: \$200,000 for housing Federal inmates in Michigan correctional facilities, \$100,000 under the Federal school lunch program for food costs related to youthful offenders, and \$120,000 in additional Supplemental Security Income (SSI) payments. These funds were not included in the FY 2011-12 budget. | Gross | (420,000) |
| | Federal | (420,000) |
| | GF/GP | 0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

19. Cost-Effective Housing Initiative. The budget anticipated the establishment of a public-private partnership for the housing of approximately 1,750 prisoners in the most cost-effective manner possible. This effort may include housing prisoners in privately owned facilities or the third-party operation of facilities currently operated by the Michigan Department of Corrections (MDOC). The budget appropriates \$47.9 million for this initiative and also includes a corresponding negative appropriation of \$79.2 million in the inmate housing fund line.

Gross (31,326,500)
GF/GP (31,326,500)

20. Leased Beds/County Contracts. The budget includes \$10.0 million in the leased beds and alternatives to leased beds line to support contracts with counties for the use of available space in county jails. Corresponding savings of \$13.5 million are expected to accrue to the correctional facility lines as the Department of Corrections begins to house more offenders locally through these county contracts.

Gross (3,500,000)
GF/GP (3,500,000)

E. FUNDING SHIFTS

Shortfalls in Restricted Revenue. The budget shifted \$3.0 million in financing for field operations programs from restricted revenue to GF/GP revenue to account for current restricted revenue shortfalls. Appropriations from parole/probation oversight fees and tether participant contributions were reduced by \$2.0 million and \$1.0 million, respectively, to better reflect revenue in these areas.

Gross 0
Restricted (3,000,000)
GF/GP 3,000,000

F. PROGRAM TRANSFERS

Mental Health Staffing. The budget reflects the ongoing consolidation of mental health staff under MDOC control. Previously, mental health services for prisoners were jointly provided by the MDOC and the Michigan Department of Community Health via an interdepartmental agreement. The budget reflects the transfer of mental health FTEs from the Department of Community Health to the Department of Corrections. There is no shift in funding, however, as these FTEs have always been funded through the MDOC budget.

FTE 396.3
Gross 0
GF/GP 0

G. OTHER ISSUES

1. 2010 Early Retirement Adjustments. The budget includes adjustments related to the early retirement incentive finalized during the first quarter of FY 2010-11. Because the FY 2010-11 early retirement savings are greater than what will be realized in FY 2011-12, these adjustments result in a net increase of \$10.0 million to FY 2010-11 appropriations. The budget does, however, reflect the reduction in FTEs that occurred as a result of the early retirement initiative.

FTE (100.0)
Gross 10,008,900
GF/GP 10,008,900

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

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 | 58,312,200 |
| IDG | 28,400 |
| Federal | 126,600 |
| Local | 4,200 |
| Restricted | 1,919,700 |
| GF/GP | 56,233,300 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS - NONE

**DEPARTMENT OF EDUCATION
P.A. 63 of 2011 - ARTICLE VI**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 562.5 | 560.0 | 568.0 | 559.0 | 560.0 | (2.5) | (0.4) |
| GROSS..... | 126,415,700 | 114,058,300 | 113,793,300 | 115,313,000 | 117,313,000 | (9,102,700) | (7.2) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS..... | 126,415,700 | 114,058,300 | 113,793,300 | 115,313,000 | 117,313,000 | (9,102,700) | (7.2) |
| Less: | | | | | | | |
| Federal Funds..... | 87,772,100 | 77,929,200 | 77,929,200 | 77,929,200 | 77,929,200 | (9,842,900) | (11.2) |
| Local and Private | 10,323,900 | 10,203,600 | 10,203,600 | 10,203,600 | 10,203,600 | (120,300) | (1.2) |
| TOTAL STATE SPENDING..... | 28,319,700 | 25,925,500 | 25,660,500 | 27,180,200 | 29,180,200 | 860,500 | 3.0 |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 6,949,800 | 7,166,300 | 7,166,300 | 7,166,300 | 7,166,300 | 216,500 | 3.1 |
| GENERAL FUND/GENERAL PURPOSE... | 21,369,900 | 18,759,200 | 18,494,200 | 20,013,900 | 22,013,900 | 644,000 | 3.0 |
| PAYMENTS TO LOCALS | 5,750,000 | 3,445,700 | 3,642,700 | 3,445,700 | 5,445,700 | (304,300) | (5.3) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS

Michigan eLibrary (MeL). The budget includes a new appropriation of \$950,000 GF/GP for MeL to hold libraries harmless from declines in anticipated Federal support of the Michigan eLibrary program.

| | |
|-------|---------|
| Gross | 950,000 |
| GF/GP | 950,000 |

B. PROGRAM INCREASES

1. Scholarships for the Blind. The budget increased Private scholarships for the blind donations, to spend the FY 2009-10 carry-forward.

| | |
|---------|---------|
| Gross | 110,000 |
| Private | 110,000 |
| GF/GP | 0 |

2. Early Retirement Adjustments. The budget recognized that the early retirement savings of \$544,200 in FY 2010-11 will taper off in FY 2011-12, to \$370,900, resulting in a change year to year of \$173,300 in lower savings (or, higher costs).

| | |
|-------|---------|
| Gross | 173,300 |
| GF/GP | 173,300 |

C. PROGRAM ELIMINATIONS

1. Certain State Education Reform Activities. The budget concurred with the Governor to eliminate certain State education reform activities that were first enacted as part of the Race to the Top grant process. Funding for the eliminated activities included \$500,000 for the development of an online testing platform and \$76,000 for the basic instructional supplies hotline and appeals process. Although the Governor had recommended the full elimination of the State Reform/Redesign Office (which would have saved \$1.4 million), the budget trimmed it by only \$115,000.

| | |
|-------|-----------|
| Gross | (691,000) |
| GF/GP | (691,000) |

2. One-Time Database Rewrite. The budget eliminated \$5.0 million Federal that was for a one-time cost of establishing a database to link teachers with student achievement data.

| | |
|---------|-------------|
| Gross | (5,000,000) |
| Federal | (5,000,000) |
| GF/GP | 0 |

D. PROGRAM REDUCTIONS

1. Removal of Excess Authorization. The budget eliminated excess funding authorization, the majority of which was Federal authorization, and removed 2.5 FTEs.

| | |
|---------|-------------|
| FTEs | (2.5) |
| Gross | (6,012,500) |
| Federal | (5,813,800) |
| Private | (198,700) |
| GF/GP | 0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

2. State Aid to Library Payments. The budget reduced State aid to library payments by \$304,300, to a total of \$5,445,700 GF/GP. The School Aid budget included \$1,304,300 in additional library payments, for total funding of \$6,750,000 GF/GP, which is a \$500,000 reduction in total funding when compared with FY 2010-11 State aid to library payments.

| | |
|-------|-----------|
| Gross | (304,300) |
| GF/GP | (304,300) |

E. FUNDING SHIFTS

A fund shift of \$68,400 local to Federal was included, along with a \$75,000 shift from local to restricted Certification Fees.

| | |
|------------|-----------|
| Gross | 0 |
| Federal | 68,400 |
| Local | (143,400) |
| Restricted | 75,000 |
| GF/GP | 0 |

F. PROGRAM TRANSFERS

The budget includes \$115,000 GF/GP transferred in from the Department of Licensing and Regulatory Affairs (LARA) for Career and Technical Operations, due to Executive Order 2011-4.

| | |
|-------|---------|
| Gross | 115,000 |
| GF/GP | 115,000 |

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - 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 | 1,556,800 |
| Federal | 902,500 |
| Local | 103,200 |
| Restricted | 141,500 |
| Private | 8,600 |
| GF/GP | 401,000 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS - NONE

**DEPARTMENT OF ENVIRONMENTAL QUALITY
P.A. 63 of 2011 - ARTICLE VII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 1,480.1 | 1,447.1 | 1343.5 | 1,447.1 | 1,334.5 | (145.6) | (9.8) |
| GROSS..... | 464,689,700 | 414,652,000 | 405,707,400 | 412,304,100 | 414,520,000 | (50,169,700) | (10.8) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 8,691,800 | 8,918,200 | 9,043,200 | 9,043,200 | 9,043,200 | 351,400 | 4.0 |
| ADJUSTED GROSS..... | 455,997,900 | 405,733,800 | 396,664,200 | 403,260,900 | 405,476,800 | (50,521,100) | (11.1) |
| Less: | | | | | | | |
| Federal Funds..... | 182,901,700 | 159,851,500 | 159,701,500 | 159,701,500 | 159,701,500 | (23,200,200) | (12.7) |
| Local and Private | 684,700 | 711,800 | 711,800 | 711,800 | 711,800 | 27,100 | 4.0 |
| TOTAL STATE SPENDING..... | 272,411,500 | 245,170,500 | 236,250,900 | 242,847,600 | 245,063,500 | (27,348,000) | (10.0) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 248,065,000 | 223,678,900 | 214,759,300 | 221,711,700 | 223,571,900 | (24,493,100) | (9.9) |
| GENERAL FUND/GENERAL PURPOSE.. | 24,346,500 | 21,491,600 | 21,491,600 | 21,135,900 | 21,491,600 | (2,854,900) | (11.7) |
| PAYMENTS TO LOCALS | 2,300,000 | 2,175,000 | 2,175,000 | 2,175,000 | 2,175,000 | (125,000) | (5.4) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

| | |
|---|---|
| <p>1. State Sites Cleanup. The budget included \$4.4 million for environmental cleanups on State-owned land. A larger funding need has been identified by the Department of Environmental Quality (DEQ), but this funding will go toward the highest-risk sites.</p> | <p>Gross 4,400,000 Restricted 4,400,000 GF/GP 0</p> |
| <p>2. Coastal and Inland Water Permit Information System (CIWPIS). The budget included funding for an upgrade to the computer systems that handle these permits. The existing hardware is over 20 years old and is no longer supported by the manufacturer.</p> | <p>Gross 3,200,000 Restricted 3,200,000 GF/GP 0</p> |
| <p>3. Brownfield Grants and Loans Program. The Governor issued Budget Revision FY 2012-1 which included \$5.5 million for the Brownfield Grants and Loans program. Work project language was included so the appropriations could be used in subsequent fiscal years. The Conference concurred and included this item.</p> | <p>Gross 5,500,000 Restricted 5,500,000 GF/GP 0</p> |
| <p>4. Environmental Bond Site Reclamation Program. The Budget Revision FY 2012-1 included approximately \$1.4 million for the Environmental Bond Site Reclamation program. Work project language was included so the appropriations could be used in subsequent fiscal years. The Conference concurred and included this item.</p> | <p>Gross 1,452,500 Restricted 1,452,500 GF/GP 0</p> |

C. PROGRAM ELIMINATIONS

| | |
|--|---|
| <p>1. Nonmetallic Mine Reclamation Program. The budget eliminated funding for this program. Few regulatory and inspection activities were being performed by the Department under this program as there was little demand for these services.</p> | <p>Gross (23,800) Restricted (23,800) GF/GP 0</p> |
| <p>2. Mapping and Information Program. The budget removed funding for this program. The program will be transferred to the Geology department at Western Michigan University and will be funded from university resources as well as potential Federal funding.</p> | <p>Gross (358,000) Federal (210,500) Restricted (147,500) GF/GP 0</p> |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

D. PROGRAM REDUCTIONS

| | |
|--|---|
| <p>1. Office of Pollution Prevention and Compliance Assistance. The budget reduced funding for the Office. Much of the savings will be realized by eliminating nine funded-yet-vacant positions. Since there is no GF/GP support for this program, a funding shift will be used to achieve GF/GP savings.</p> | <p>FTE (9.0) Gross (1,200,000) Restricted 0 GF/GP (1,200,000)</p> |
| <p>2. Administrative Reductions. The budget reduced several administrative and program lines to reflect anticipated administrative savings and vacancies.</p> | <p>FTE (11.0) Gross (1,268,500) Federal (76,700) Restricted (179,800) GF/GP (1,012,000)</p> |
| <p>3. High-Risk Erosion Program. The Governor, House, and Senate eliminated funding for this program. The Conference restored \$18,000 of this funding to avoid jeopardizing Federal funding elsewhere in the DEQ budget.</p> | <p>FTE (2.0) Gross (250,000) GF/GP (250,000)</p> |

E. FUNDING SHIFTS

| | |
|---|---|
| <p>1. Critical Dunes Program. The budget shifted \$400,000 in GF/GP expenditures for this program to the Environmental Protection Fund.</p> | <p>Gross 0 Restricted 400,000 GF/GP (400,000)</p> |
| <p>2. Hazardous Waste Program. The budget shifted \$738,000 in GF/GP expenditures for this program to the Environmental Pollution Prevention Fund.</p> | <p>Gross 0 Restricted 738,000 GF/GP (738,000)</p> |
| <p>3. Radiological Protection. The budget included a \$125,000 fund shift from Public Utility Assessments to an interdepartmental grant from the Department of State Police.</p> | <p>Gross 0 IDG 125,000 Restricted (125,000) GF/GP 0</p> |
| <p>4. Oil, Gas and Mineral Services. The budget included a \$150,000 funding shift from the Oil and Gas Regulatory Fund to available Federal funding sources.</p> | <p>Gross 0 Federal 150,000 Restricted (150,000) GF/GP 0</p> |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

F. PROGRAM TRANSFERS

- | | | |
|--|--|---|
| <p>1. Accounting Service Center. As part of a larger consolidation of accounting services, 13.0 FTEs and \$1,224,700 were transferred to the Michigan Department of Transportation (MDOT). The money is still appropriated in the DEQ budget, but also shows up in the MDOT budget as an IDG.</p> | <p>FTE</p> <p>Gross</p> <p>GF/GP</p> | <p>(13.0)</p> <p>0</p> <p>0</p> |
| <p>2. Bureau of Energy Systems. As part of the transition of the former Department of Energy, Labor and Economic Growth to the Department of Licensing and Regulatory Affairs, the Governor issued Budget Revision FY 2012-3, which among other things transferred the Bureau to the DEQ. The Conference concurred and included this transfer in the Conference Report.</p> | <p>FTE</p> <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>6.0</p> <p>1,860,200</p> <p>1,860,200</p> <p>0</p> |

G. OTHER ISSUES

- | | | |
|--|--|---|
| <p>1. Excess FTE Reduction. The Senate reduced the number of FTEs allocated to the DEQ by 100.6 Department-wide. The Conference made an additional reduction, bringing the total to 115.6. No funding was reduced by this action.</p> | <p>FTE</p> <p>Gross</p> <p>GF/GP</p> | <p>(115.6)</p> <p>0</p> <p>0</p> |
| <p>2. Early Retirement Savings. Savings from the FY 2009-10 early retirement incentive are reflected in this budget.</p> | <p>Gross</p> <p>GF/GP</p> | <p>(738,100)</p> <p>(738,100)</p> |
| <p>3. Excess Spending Authorization. The budget included reductions to various Federal and restricted fund sources to reflect anticipated revenue. Included is a \$25.0 million reduction to the amount of Federal Great Lakes Restoration Initiative funds that the State had previously been expected to receive.</p> | <p>Gross</p> <p>Federal</p> <p>Restricted</p> <p>GF/GP</p> | <p>(31,413,200)</p> <p>(25,000,000)</p> <p>(6,413,200)</p> <p>0</p> |
| <p>4. Adjustment for One-Time FY 2010-11 Supplemental Appropriations. This item is a technical adjustment for two supplemental appropriations that were not retained as part of the FY 2011-12 service baseline.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(39,024,000)</p> <p>(40,000,000)</p> <p>976,000</p> |

H. UNCLASSIFIED SALARIES

- | | | |
|---|--------------------------------------|--------------------------------|
| <p>Classified to Unclassified FTE Shift. The Conference shifted 3.0 FTEs from classified to unclassified status. To fund these unclassified positions, \$214,500 in restricted funding also was transferred from the Executive Direction line.</p> | <p>FTE</p> <p>Gross</p> <p>GF/GP</p> | <p>(3.0)</p> <p>0</p> <p>0</p> |
|---|--------------------------------------|--------------------------------|

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

I. FEE INCREASES

| | |
|--|---|
| <p>1. Air Emissions Fees. The Governor, House, Senate, and Conference included anticipated revenue from an unspecified increase in the emissions fees that the Air Quality Division charges to regulated entities.</p> | <p>Gross 840,000 Restricted 840,000 GF/GP 0</p> |
| <p>2. Solid Waste Management Fees. The Governor, House, Senate, and Conference budgets were passed assuming an increase in the per-cubic-yard fee from 7 cents to 12 cents. No additional appropriation was necessary as Solid Waste Management Fees have sufficient appropriation authorization.</p> | <p>Gross 0 Restricted 0 GF/GP 0</p> |
| <p>3. Operator Certification Program Exam Fees. The Governor, House, Senate, and Conference included anticipated revenue from new exam fees for the Wastewater Operator Certification program. Approximately \$356,000 in new revenue is expected from the program, and the \$200,000 GF/GP funding used in previous years was removed.</p> | <p>FTE 2.0 Gross 156,000 Restricted 356,000 GF/GP (200,000)</p> |

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 | 6,697,200 |
| IDG | 226,400 |
| Federal | 1,937,000 |
| Private | 27,100 |
| Restricted | 3,799,500 |
| GF/GP | 707,200 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS

On a one-time basis only, \$6.0 million was appropriated for the following:

| | |
|----------------------------|--------------------|
| Muskegon Cleanup Site..... | <u>\$6,000,000</u> |
| GROSS APPROPRIATION | <u>\$6,000,000</u> |
| Appropriated from: | |
| State GF/GP..... | \$6,000,000 |

**EXECUTIVE
P.A. 63 of 2011 - ARTICLE VIII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 74.2 | 74.2 | 74.2 | 74.2 | 74.2 | 0.0 | 0.0 |
| GROSS..... | 4,630,800 | 4,399,200 | 4,399,200 | 4,399,200 | 4,399,200 | (231,600) | (5.0) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS..... | 4,630,800 | 4,399,200 | 4,399,200 | 4,399,200 | 4,399,200 | (231,600) | (5.0) |
| Less: | | | | | | | |
| Federal Funds..... | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING..... | 4,630,800 | 4,399,200 | 4,399,200 | 4,399,200 | 4,399,200 | (231,600) | (5.0) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| GENERAL FUND/GENERAL PURPOSE... | 4,630,800 | 4,399,200 | 4,399,200 | 4,399,200 | 4,399,200 | (231,600) | (5.0) |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

| | |
|-------|-----------|
| Gross | (212,200) |
| GF/GP | (212,200) |

Reductions. The Governor, Senate, and House reduced the appropriation for the Executive Office by \$212,200, or 5.0%, to save additional GF/GP dollars.

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES

| | |
|-------|----------|
| Gross | (19,400) |
| GF/GP | (19,400) |

State Officers Compensation Commission (SOCC) Adjustment. The salaries and expense allowances for the Governor and Lt. Governor were further reduced to comply with the March 2009 SOCC decision.

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS - NONE

**HIGHER EDUCATION
P.A. 62 of 2011 - ARTICLE III**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|----------------------|--|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 1.0 | 1.0 | 1.0 | N/A | N/A | N/A | N/A |
| GROSS..... | 1,578,278,500 | 1,362,278,400 | 1,362,278,400 | 1,362,278,400 | 1,362,278,400 | (216,000,100) | (13.7) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS..... | 1,578,278,500 | 1,362,278,400 | 1,362,278,400 | 1,362,278,400 | 1,362,278,400 | (216,000,100) | (13.7) |
| Less: | | | | | | | |
| Federal Funds..... | 91,926,400 | 98,326,400 | 98,326,400 | 98,326,400 | 98,326,400 | 6,400,000 | 7.0 |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING..... | 1,486,352,100 | 1,263,952,000 | 1,263,952,000 | 1,263,952,000 | 1,263,952,000 | (222,400,100) | (15.0) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 300,000 | 699,919,500 | 200,200,000 | 699,919,500 | 200,219,500 | 199,919,500 | 66,639.8 |
| GENERAL FUND/GENERAL PURPOSE... | 1,486,052,100 | 564,032,500 | 1,063,752,000 | 564,032,500 | 1,063,732,500 | (422,319,600) | (28.4) |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS

Tuition Restraint Incentive - New line item. If a university keeps its resident undergraduate tuition and fee increases at or below the recent five-year average of annual statewide tuition and fee increases (7.1%), then the institution will receive its tuition restraint incentive grant. (See Item D.3.)

| | |
|-------|------------|
| Gross | 82,996,900 |
| GF/GP | 82,996,900 |

B. PROGRAM INCREASES

Tuition Incentive Program (TIP). The budget increased funding from \$37.4 million to \$43.8 million based on individuals eligible for funding and costs associated with the program. TIP provides an incentive to students to complete high school and go on to college by pledging to pay tuition and fees for an associate degree or certificate program, as well as up to \$2,000 at a four-year institution. Students in grades 6 through 12 who are Medicaid-eligible for 24 months can qualify for TIP.

| | |
|---------|-----------|
| Gross | 6,400,000 |
| Federal | 6,400,000 |
| GF/GP | 0 |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. University Operations Reductions. The Governor reduced university operations funding by \$213,110,200 (15.0%). The House included a 15.0% reduction, but applied 14.0% across the board and 1.0% based on a sliding scale formula with larger reductions for universities receiving a higher amount of State funding per student. The Senate and enacted budget concurred with the Governor. Table 27 lists reductions by institution.

| | |
|-------|---------------|
| Gross | (213,110,200) |
| GF/GP | (213,110,200) |

2. Cooperative Extension Service (CES) and Agriculture Experiment Station (AES). The budget reduced funding for the CES and the AES by 15.0% and rolled the programs into one line item entitled "Agricultural Experiment and Cooperative Extension Activities" with an appropriation of \$52,625,800.

| | |
|-------|-------------|
| Gross | (9,289,900) |
| GF/GP | (9,289,900) |

3. Tuition Restraint Incentive - Operations Reduction. The Governor reduced university operations funding by \$82,996,900 and appropriated that amount in a separate tuition restraint incentive line item for each university. The House concurred with the Governor. The Senate eliminated tuition restraint and rolled the funding back into the university operation line items. The enacted budget concurred with the Governor and the House. Table 28 provides a listing of restraint/incentive amounts by institution.

| | |
|-------|--------------|
| Gross | (82,996,900) |
| GF/GP | (82,996,900) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

E. FUNDING SHIFTS

| | |
|---|---|
| <p>1. School Aid Funding Shift. The Governor shifted \$699,719,500 from the State General Fund to the School Aid Fund (SAF) for support of university operation line items. The House concurred with the Governor. The Senate reduced SAF support to \$200.0 million. The enacted budget includes \$200,019,500 in SAF revenue.</p> | <p>Gross 0 Restricted 200,019,500 GF/GP (200,019,500)</p> |
| <p>2. Federal Funding Shifts. The budget shifted \$87,826,400 in funding for financial aid programs to Temporary Assistance for Needy Families (TANF), offsetting a like amount in State General Fund and State Restricted sources of funding. On May 26, 2011, Public Act 50 of 2011 implemented this adjustment in FY 2010-11. Use of TANF funding to support financial aid has been done annually in supplemental appropriation bills since FY 2007-08.</p> | <p>Gross 0 Federal 0 Restricted 0 GF/GP 0</p> |
| <p>3. Children of Veterans and Officer's Survivor Tuition Grant Programs. The adjustment reflects projected revenue from the income tax check-off for the grant program, maintaining the \$1.2 million appropriation funded from \$200,000 in restricted revenue and \$1.0 million from the State General Fund.</p> | <p>Gross 0 Restricted (100,000) GF/GP 100,000</p> |

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

| | |
|---|--|
| <p>Tuition Grants/State Competitive Scholarships. The Governor proposed the elimination of the Tuition Grant Program (\$31,664,700) and the State Competitive Scholarship Program (\$19,861,700) to fund a new Pathway to Higher Education Program. The new program would support need-based financial aid awards to students attending either public or private colleges and universities who have an Expected Family Contribution (EFC) of \$3,800 or less (which approximately equates to an adjusted gross income of \$50,000 or less). The maximum award would be based on the number of eligible students (FY 2011-12 estimate: \$875 based on 55,000 students qualifying). The House, Senate, and enacted budget did not include the proposed new program and maintained the existing programs.</p> | <p>Gross 0 Federal 0 GF/GP 0</p> |
|---|--|

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS

On a one-time basis only, \$1.9 million was appropriated for the following:

| | |
|--|----------------|
| Eastern Michigan University autism collaborative center..... | \$500,000 |
| Michigan State University facility for rare isotope beams | 1,200,000 |
| Western Michigan University economic development and commercialization | <u>200,000</u> |
| GROSS APPROPRIATION..... | \$1,900,000 |
| Appropriated from: | |
| State GF/GP | \$1,900,000 |

Table 27: FY 2011-12 HIGHER EDUCATION APPROPRIATIONS

| | FY 2010-11 Year-To-Date Appropriation* | FY 2011-12 Governor** | Gov % Chg to YTD | FY 2011-12 House | House % Chg to YTD | FY 2011-12 Senate | Senate % Chg to YTD | FY 2011-12 Enacted | Enacted % Chg to YTD | FY 2011-12 Approp. per Student*** | Enacted Change to House | Enacted Change to Senate |
|--|--|--------------------------|---------------------|------------------------|-----------------------|------------------------|------------------------|------------------------|-------------------------|---|-------------------------------|--------------------------------|
| Universities | | | | | | | | | | | | |
| Central | \$80,132,000 | \$68,108,900 | (15.0) | \$68,416,700 | (14.6) | \$68,108,900 | (15.0) | \$68,108,900 | (15.0) | 3,112 | (307,800) | 0 |
| Eastern | 76,026,200 | 64,619,100 | (15.0) | 64,850,900 | (14.7) | 64,619,100 | (15.0) | 64,619,100 | (15.0) | 3,521 | (231,800) | 0 |
| Ferris | 48,619,200 | 41,324,300 | (15.0) | 41,474,000 | (14.7) | 41,324,300 | (15.0) | 41,324,300 | (15.0) | 3,505 | (149,700) | 0 |
| Grand Valley | 61,976,400 | 52,677,400 | (15.0) | 53,005,200 | (14.5) | 52,677,400 | (15.0) | 52,677,400 | (15.0) | 2,365 | (327,800) | 0 |
| Lake Superior | 12,694,200 | 10,789,500 | (15.0) | 10,856,700 | (14.5) | 10,789,500 | (15.0) | 10,789,500 | (15.0) | 4,707 | (67,200) | 0 |
| Michigan State | 283,685,200 | 241,120,800 | (15.0) | 240,918,200 | (15.1) | 241,120,800 | (15.0) | 241,120,800 | (15.0) | 5,461 | 202,600 | 0 |
| Michigan Tech | 47,924,200 | 40,733,600 | (15.0) | 40,761,200 | (14.9) | 40,733,600 | (15.0) | 40,733,600 | (15.0) | 6,125 | (27,600) | 0 |
| Northern | 45,140,300 | 38,367,400 | (15.0) | 38,422,100 | (14.9) | 38,367,400 | (15.0) | 38,367,400 | (15.0) | 4,468 | (54,700) | 0 |
| Oakland | 50,761,300 | 43,145,000 | (15.0) | 43,378,600 | (14.5) | 43,145,000 | (15.0) | 43,145,000 | (15.0) | 2,719 | (233,600) | 0 |
| Saginaw Valley | 27,720,700 | 23,561,500 | (15.0) | 23,692,000 | (14.5) | 23,561,500 | (15.0) | 23,561,500 | (15.0) | 2,665 | (130,500) | 0 |
| UM-Ann Arbor | 316,254,500 | 268,803,300 | (15.0) | 268,002,300 | (15.3) | 268,803,300 | (15.0) | 268,803,300 | (15.0) | 6,399 | 801,000 | 0 |
| UM-Dearborn | 24,726,200 | 21,016,300 | (15.0) | 21,105,900 | (14.6) | 21,016,300 | (15.0) | 21,016,300 | (15.0) | 3,223 | (89,600) | 0 |
| UM-Flint | 20,898,000 | 17,762,400 | (15.0) | 17,855,800 | (14.6) | 17,762,400 | (15.0) | 17,762,400 | (15.0) | 2,788 | (93,400) | 0 |
| Wayne State | 214,171,400 | 182,036,900 | (15.0) | 181,151,700 | (15.4) | 182,036,900 | (15.0) | 182,036,900 | (15.0) | 7,225 | 885,200 | 0 |
| Western | 109,615,100 | 93,168,300 | (15.0) | 93,343,400 | (14.8) | 93,168,300 | (15.0) | 93,168,300 | (15.0) | 4,269 | (175,100) | 0 |
| Restraint (Operations Reduction)**** | 0 | (82,996,900) | --- | (83,021,200) | --- | 0 | 0.0 | (82,996,900) | --- | | 24,300 | (82,996,900) |
| Tuition Incentive | 0 | 82,996,900 | --- | 83,021,200 | --- | 0 | 0.0 | 82,996,900 | --- | | (24,300) | 82,996,900 |
| Subtotal: University Operations | 1,420,344,900 | 1,207,234,700 | (15.0) | 1,207,234,700 | (15.0) | 1,207,234,700 | (15.0) | 1,207,234,700 | (15.0) | | 0 | 0 |
| Ag Experiment Station (AES) | 33,243,100 | 0 | (100.0) | 0 | (100.0) | 0 | (100.0) | 0 | (100.0) | | 0 | 0 |
| Cooperative Extension (CES) | 28,672,600 | 0 | (100.0) | 0 | (100.0) | 0 | (100.0) | 0 | (100.0) | | 0 | 0 |
| AES CES Roll-up Line | | 52,625,800 | --- | 52,625,800 | --- | 52,625,800 | --- | 52,625,800 | --- | | 0 | 0 |
| Higher Education Database | 105,000 | 105,000 | 0.0 | 105,000 | 0.0 | 105,000 | 0.0 | 105,000 | 0.0 | | 0 | 0 |
| Midwest Higher Ed Compact | 95,000 | 95,000 | 0.0 | 95,000 | 0.0 | 95,000 | 0.0 | 95,000 | 0.0 | | 0 | 0 |
| King-Chavez-Parks | 2,691,500 | 2,691,500 | 0.0 | 2,691,500 | 0.0 | 2,691,500 | 0.0 | 2,691,500 | 0.0 | | 0 | 0 |
| Subtotal: Other | 64,807,200 | 55,517,300 | (14.3) | 55,517,300 | (14.3) | 55,517,300 | (14.3) | 55,517,300 | (14.3) | | 0 | 0 |
| Total Universities | \$1,485,152,100 | \$1,262,752,000 | (15.0) | \$1,262,752,000 | (15.0) | \$1,262,752,000 | (15.0) | \$1,262,752,000 | (15.0) | | 0 | 0 |
| School Aid Fund | \$0 | 699,719,500 | -- | 699,719,500 | --- | 200,000,000 | --- | 200,019,500 | --- | | (499,700,000) | 19,500 |
| State GF/GP | \$1,485,152,100 | \$563,032,500 | (62.1) | 563,032,500 | (62.1) | 1,062,752,000 | (28.4) | 1,062,732,500 | (28.4) | | 499,700,000 | (19,500) |
| Grants and Financial Aid | | | | | | | | | | | | |
| State Competitive Scholarships | \$19,861,700 | \$0 | (100.0) | 19,861,700 | 0.0 | 19,861,700 | 0.0 | 19,861,700 | 0.0 | | 0 | 0 |
| Tuition Grants | 31,664,700 | 0 | (100.0) | 31,664,700 | 0.0 | 31,664,700 | 0.0 | 31,664,700 | 0.0 | | 0 | 0 |
| Pathway to Higher Education | 0 | 51,526,400 | --- | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | | 0 | 0 |
| Byrd Scholarship Program | 1,500,000 | 1,500,000 | 0.0 | 1,500,000 | 0.0 | 1,500,000 | 0.0 | 1,500,000 | 0.0 | | 0 | 0 |
| Tuition Incentive Program (TIP) | 37,400,000 | 43,800,000 | 17.1 | 43,800,000 | 17.1 | 43,800,000 | 17.1 | 43,800,000 | 17.1 | | 0 | 0 |
| Children of Veterans Tuition | 1,200,000 | 1,200,000 | 0.0 | 1,200,000 | 0.0 | 1,200,000 | 0.0 | 1,200,000 | 0.0 | | 0 | 0 |
| Project Gear-Up | 1,500,000 | 1,500,000 | 0.0 | 1,500,000 | 0.0 | 1,500,000 | 0.0 | 1,500,000 | 0.0 | | 0 | 0 |
| Total Grants/Financial Aid | \$93,126,400 | \$99,526,400 | 6.9 | \$99,526,400 | 6.9 | \$99,526,400 | 6.9 | \$99,526,400 | 6.9 | | 0 | 0 |
| Federal Higher Ed Act | 4,500,000 | 4,500,000 | 0.0 | 4,500,000 | 0.0 | 4,500,000 | 0.0 | 4,500,000 | 0.0 | | 0 | 0 |
| Federal TANF | 87,426,400 | 93,826,400 | 7.3 | 93,826,400 | 7.3 | 93,826,400 | 7.3 | 93,826,400 | 7.3 | | 0 | 0 |
| Merit Award Trust Fund | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | | 0 | 0 |
| Veterans Tax Check-off | 300,000 | 200,000 | (33.3) | 200,000 | (33.3) | 200,000 | (33.3) | 200,000 | (33.3) | | 0 | 0 |
| State GF/GP | \$900,000 | \$1,000,000 | 11.1 | 1,000,000 | 11.1 | \$1,000,000 | 11.1 | \$1,000,000 | 11.1 | | 0 | 0 |
| TOTAL HIGHER EDUCATION | | | | | | | | | | | | |
| TOTAL ALL FUNDS | \$1,578,278,500 | \$1,362,278,400 | (13.7) | \$1,362,278,400 | (13.7) | \$1,362,278,400 | (13.7) | \$1,362,278,400 | (13.7) | | 0 | 0 |
| TOTAL FEDERAL | 91,926,400 | 98,326,400 | 7.0 | 98,326,400 | 7.0 | 98,326,400 | 7.0 | 98,326,400 | 7.0 | | 0 | 0 |
| TOTAL STATE RESTRICTED | 300,000 | 699,919,500 | 233,206.5 | 699,919,500 | 233,206.5 | 200,200,000 | 66,633.3 | 200,219,500 | 66,639.8 | | (499,700,000) | 19,500 |
| TOTAL STATE GF/GP | \$1,486,052,100 | \$564,032,500 | (62.0) | \$564,032,500 | (62.0) | \$1,063,752,000 | (28.4) | \$1,063,732,500 | (28.4) | | 499,700,000 | (19,500) |

* Includes Federal funds adjustment for Grants and Financial Aid contained in 2011 PA 50.

** Allocations for Governor's Recommendation are based on "Schedule of Programs" contained in proposed budget bills.

*** FY 2009-10 Fiscal-Year-Equated Students (FYES).

**** Tuition Restraint/Incentive for each institution based on five-year average of tuition/fee percentage increases.

**Table 28
TUITION RESTRAINT**

| | FY 2011-12 Enacted | | | | | | |
|---|--------------------------------------|----------------------------|------------------------|--|------------------------------|--|---|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| Universities | FY 20110-11 Appropriation | 15.0% Reduction | FY 2011-12 | Average Five Year Percent Increase Tuition & Fees | Tuition Restraint | Potential Total Reduction | Potential Percent Change to FY 2010-11 |
| Central | \$80,132,000 | (\$12,023,100) | 68,108,900 | 9.8% | (\$6,677,800) | (\$18,700,900) | (23.3%) |
| Eastern | 76,026,200 | (11,407,100) | 64,619,100 | 5.1 | (3,299,200) | (14,706,300) | (19.3) |
| Ferris | 48,619,200 | (7,294,900) | 41,324,300 | 8.1 | (3,352,700) | (10,647,600) | (21.9) |
| Grand Valley | 61,976,400 | (9,299,000) | 52,677,400 | 8.1 | (4,245,900) | (13,544,900) | (21.9) |
| Lake Superior | 12,694,200 | (1,904,700) | 10,789,500 | 6.8 | (734,400) | (2,639,100) | (20.8) |
| Michigan State | 283,685,200 | (42,564,400) | 241,120,800 | 7.6 | (18,324,600) | (60,889,000) | (21.5) |
| Michigan Tech | 47,924,200 | (7,190,600) | 40,733,600 | 8.2 | (3,323,900) | (10,514,500) | (21.9) |
| Northern | 45,140,300 | (6,772,900) | 38,367,400 | 5.6 | (2,142,200) | (8,915,100) | (19.7) |
| Oakland | 50,761,300 | (7,616,300) | 43,145,000 | 8.9 | (3,831,500) | (11,447,800) | (22.6) |
| Saginaw Valley | 27,720,700 | (4,159,200) | 23,561,500 | 6.8 | (1,592,200) | (5,751,400) | (20.7) |
| UM-Ann Arbor | 316,254,500 | (47,451,200) | 268,803,300 | 5.2 | (13,871,500) | (61,322,700) | (19.4) |
| UM-Dearborn | 24,726,200 | (3,709,900) | 21,016,300 | 6.6 | (1,388,900) | (5,098,800) | (20.6) |
| UM-Flint | 20,898,000 | (3,135,600) | 17,762,400 | 6.1 | (1,083,000) | (4,218,600) | (20.2) |
| Wayne State | 214,171,400 | (32,134,500) | 182,036,900 | 7.0 | (12,827,500) | (44,962,000) | (21.0) |
| Western | 109,615,100 | (16,446,800) | 93,168,300 | 6.8 | (6,301,600) | (22,748,400) | (20.8) |
| Total Universities | \$1,420,344,900 | (\$213,110,200) | \$1,207,234,700 | 7.1% | (\$82,996,900) | (\$296,107,100) | (20.8%) |
| Column Key | | | | | | | |
| (a) Current year (FY 2010-11 year-to-date appropriation) | | | | | | | |
| (b) 15% across-the-board reduction | | | | | | | |
| (c) Amount received if universities comply with tuition restraint (tuition and fee increase for resident undergraduate students at or below 7.1%) | | | | | | | |
| (d) Average percent increase in tuition and fees over five-year period by institution (FY 2006-07 through FY 2010-11) | | | | | | | |
| (e) Tuition restraint calculated by multiplying column (d) by column (c) | | | | | | | |
| (f) Total reduction if tuition/fees increased over 7.1% -- column (b) plus column (e) | | | | | | | |
| (g) Percent reduction to FY 2010-11 if tuition increased over 7.1% | | | | | | | |

**DEPARTMENT OF HUMAN SERVICES
P.A. 63 of 2011 - ARTICLE X**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|----------------------|--|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 11,863.5 | 11,548.5 | 11,549.5 | 11,548.5 | 11,576.5 | (287.0) | 2.42% |
| GROSS..... | 7,026,339,200 | 6,891,524,700 | 6,786,462,200 | 6,858,436,000 | 6,827,429,900 | (198,909,300) | 2.83% |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 1,230,300 | 1,243,100 | 1,243,100 | 1,243,100 | 1,243,100 | 12,800 | 1.04% |
| ADJUSTED GROSS..... | 7,025,108,900 | 6,890,281,600 | 6,785,219,100 | 6,857,192,900 | 6,826,186,800 | (198,922,100) | 2.83% |
| Less: | | | | | | | |
| Federal Funds..... | 5,924,670,200 | 5,649,786,500 | 5,634,612,000 | 5,653,146,200 | 5,627,051,200 | (297,619,000) | 5.02% |
| Local and Private | 42,990,700 | 46,909,700 | 45,368,500 | 46,909,700 | 43,834,600 | 843,900 | 1.96% |
| TOTAL STATE SPENDING..... | 1,057,448,000 | 1,193,585,400 | 1,105,238,600 | 1,157,137,000 | 1,155,301,000 | 97,853,000 | 9.25% |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 90,533,500 | 97,107,200 | 95,007,200 | 90,929,400 | 88,616,500 | (1,917,000) | 2.12% |
| GENERAL FUND/GENERAL PURPOSE.. | 966,914,500 | 1,096,478,200 | 1,010,231,400 | 1,066,207,600 | 1,066,684,500 | 99,770,000 | 10.11% |
| PAYMENTS TO LOCALS | 102,301,900 | 100,760,900 | 100,854,800 | 103,364,200 | 107,003,300 | 4,701,400 | 4.60% |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|---|------------------------|--------------------------------|
| <p>1. Adoption Subsidies for Special Needs Children. The Senate and House increased funds available in the Adoption Subsidies line item to account for a policy change that will allow adoptive parents to claim additional subsidies for children with special needs for up to a year after the adoption has been finalized.</p> | <p>Gross GF/GP</p> | <p>4,250,000 4,250,000</p> |
| <p>2. Background Check Program in Department of Licensing and Regulatory Affairs (LARA). The Senate included GF/GP funds for the Background Check Program, which had previously been funded in the Department of Community Health budget. The program was transferred to LARA in FY 2011-12 and funding was cut. The funding from the Department of Human Services (DHS) partially restores the previous level of funding.</p> | <p>Gross GF/GP</p> | <p>1,000,000 1,000,000</p> |
| <p>3. Chaldean Community Foundation. The Senate and House included \$100,000 GF/GP for the Chaldean Community Foundation. A placeholder for \$100 and boilerplate language for the Foundation in Public Act 190 of 2010, the FY 2010-11 budget, had been vetoed.</p> | <p>Gross GF/GP</p> | <p>100,000 100,000</p> |

B. PROGRAM INCREASES

- | | | |
|---|------------------------------------|---|
| <p>1. Adoption Rate Increase for Private Service Providers. The Governor provided a 15% rate increase for private adoption service providers. The Senate and House increased the rate by an additional 21% for a total increase of 36%.</p> | <p>Gross Federal GF/GP</p> | <p>7,785,300 2,163,800 5,621,500</p> |
| <p>2. Child Welfare Services. The budget includes the costs of annualizing 425 new child welfare staff, who began to be hired under the FY 2010-11 budget. The budget also reflects the costs of transferring an increased percentage of foster care cases to private agencies. Adjustments for an FY 2010-11 supplemental request are also included.</p> | <p>Gross Federal GF/GP</p> | <p>62,369,100 17,535,700 44,833,400</p> |
| <p>3. Needs Assessment for Foster Care Youth. The budget provides funding for a needs assessment of the State's child welfare system. The Children's Rights settlement requires this assessment to take place in FY 2011-12.</p> | <p>Gross GF/GP</p> | <p>4,000,000 4,000,000</p> |
| <p>4. Medical and Psychological Evaluations. The budget accounted for an increased demand for medical and psychological evaluations for foster children waiting for permanent placement. The evaluations are required prior to placement. The Department of Human Services has made the adoption process faster, in order to meet the demand for these services.</p> | <p>Gross Federal GF/GP</p> | <p>2,635,700 152,600 2,483,100</p> |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | |
|---|---|
| <p>5. Earned Income Disregard. The House increased the earned income disregard at case closure for Family Independence Assistance recipients. This change has the effect of allowing recipients to increase their earnings from work while retaining assistance for an extended period of time.</p> | <p>Gross 10,000,000 GF/GP 10,000,000</p> |
| <p>6. Technological Improvements for Child Welfare. The budget includes increased Federal and GF/GP funds to upgrade the Statewide Automated Child Welfare Information System (SACWIS), and make it compliant with Federal guidelines.</p> | <p>Gross 2,700,000 Federal 1,350,000 GF/GP 1,350,000</p> |
| <p>7. Outstationed Eligibility Workers. The budget recognized increased Private funds available for Medicaid eligibility workers (also known as donated funds positions) stationed at private facilities such as hospitals and nursing homes.</p> | <p>FTE 50.0 Gross 4,265,600 Federal 2,132,800 Private 1,753,900 Local 378,900 GF/GP 0</p> |
| <p>8. Federal Funding Increases for Programs. The budget recognized increased Federal funds available for the Michigan Community Service Commission, weatherization, Community Services Block Grant, and refugee services. An adjustment from an FY 2010-11 supplemental in the amount of \$6,962,100 has been removed from the total grant increases.</p> | <p>Gross 691,900 Federal 691,900 GF/GP 0</p> |

C. PROGRAM ELIMINATIONS

| | |
|--|--|
| <p>1. JET-Plus. The budget eliminated the JET-Plus program, which had been piloted but not implemented in FY 2010-11. The House appropriated \$4,250,000, half of the remaining GF/GP funds available in FY 2010-11, to the FY 2011-12 budget with a \$0 Gross fund shift.</p> | <p>Gross (8,500,000) Federal (8,500,000) GF/GP 0</p> |
| <p>2. Zero-To-Three. The budget eliminated the Zero-to-Three child abuse prevention program.</p> | <p>Gross (3,843,800) Federal (3,843,800) GF/GP 0</p> |
| <p>3. Transitional Housing for Domestic Violence Victims. The Governor's budget did not replace one-time ARRA funding to provide transitional housing resources for victims of domestic violence. The funding was new in FY 2010-11 with the availability of the Federal grant.</p> | <p>Gross (2,000,000) Federal (2,000,000) GF/GP 0</p> |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | |
|--|--|
| <p>4. Customer Service Call Center. The Senate eliminated the Customer Service Call Center, which was intended to handle phone calls from the public with general questions about the assistance programs. The House concurred with the decision to retain Michigan 2-1-1 instead of the Call Center.</p> | <p>Gross (850,000) GF/GP (850,000)</p> |
| <p>5. Grants to Private and Nonprofit Agencies. The budget eliminated GF/GP funds for Youthville of Detroit, the Conductive Learning Center, and University of Detroit Mercy legal outreach.</p> | <p>Gross (600,000) GF/GP (600,000)</p> |
| <p>6. Partial Tuition Reimbursement. The budget eliminated reimbursements to State child welfare workers who returned to school in order to increase their education levels, as part of the Children's Rights settlement agreement.</p> | <p>Gross (998,600) Federal (423,400) GF/GP (575,200)</p> |
| <p>7. Before and After School Funding. The budget eliminated GF/GP funds for before- and after-school programs throughout the State.</p> | <p>Gross (3,000,000) Federal (3,000,000) GF/GP 0</p> |
| <p>8. Michigan Home Based Child Care Council (MHBCCC). The budget eliminated GF/GP funds for the costs of processing union dues collected from child care workers on behalf of the MHBCCC.</p> | <p>Gross (200,000) GF/GP (200,000)</p> |
| <p>9. Pass-Through Allowance for Family Independence Program (FIP) Recipients. The budget eliminated the optional monthly \$50 pass-through for clients receiving both FIP and Child Support.</p> | <p>Gross 0 Restricted 1,700,000 GF/GP (1,700,000)</p> |

D. PROGRAM REDUCTIONS

| | |
|--|---|
| <p>1. FIP 48-Month Time Limit. The budget recognized savings from the new 48-month time limit on cash assistance.</p> | <p>Gross (77,400,000) Federal (12,400,000) GF/GP (65,000,000)</p> |
| <p>2. Juvenile Justice Facilities. The budget reduced Gross spending at each of the three State-run juvenile justice facilities and provided \$200,000 GF/GP to expand the re-entry pilot program for youths who are making the transition back into the community.</p> | <p>FTEs (20.0) Gross (2,822,000) Federal (36,000) Local (1,999,300) GF/GP (786,700)</p> |

| | | FY 2011-12 Change From FY 2010-11 Year-to-Date | |
|--|--|---|--|
| 3. Early Childhood Investment Corporation (ECIC). | The Senate and House reduced Federal funding for the ECIC, which provides quality control in the child development and care program. | Gross GF/GP | (1,900,000) (1,900,000) |
| 4. Adoption Subsidies as Income for FIP. | The budget recognized a policy change that counts adoption subsidies as part of household income when calculating FIP payments. | Gross GF/GP | (1,243,800) (1,243,800) |
| 5. Child Development and Care. | The Senate and House reduced Federal funding for day care subsidies by reducing the number of reimbursable hours and including a cut that is to be reached at the discretion of the Department. Reducing the Federal authorization and shifting these savings enable the Department to offset GF/GP support by the full amount of the cut. | Gross GF/GP | (15,000,000) (15,000,000) |
| 6. Indigent Burial. | The Senate reduced the Indigent Burial program by allowing reimbursements only when a deceased person's remains have not been claimed and there are no relatives to pay for a burial or cremation. | Gross Federal GF/GP | (3,209,200) (430,800) (2,778,400) |
| 7. FIP Clothing Allowance. | The Senate and House reduced the clothing allowance for children in households that receive FIP assistance. The House reduction was larger than the Senate version and offsets the increase for the earned income disregard at FIP closure. | Gross GF/GP | (9,871,000) (9,871,000) |
| 8. Savings from New FIP Sanctions. | The House included savings from implementing new sanctions for noncompliance with FIP work requirements. | Gross GF/GP | (7,500,000) (7,500,000) |
| 9. State Disability Assistance (SDA). | The Senate and House reduced the average monthly payment to SDA recipients from \$269 to \$200. | Gross Restricted GF/GP | (4,716,400) (1,650,700) (3,065,700) |
| 10. Employment and Training Program. | The budget reduced the Employment and Training Program, which provides additional resources for recipients of public assistance. | Gross Federal GF/GP | (4,823,000) (4,823,000) 0 |
| 11. Children's Services Lapsed Spending and Cuts. | The budget reduced funding for several programs based on actual spending in FY 2009-10, including Family Preservation Program, Child Protective Services, and Medical Subsidies. The Children's Trust Fund was reduced to reflect actual anticipated revenue from Private and Restricted sources in FY 2011-12. | Gross Federal Restricted GF/GP | (7,438,800) (830,900) (1,007,900) (5,600,000) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | | |
|--|----------------------------------|---|
| 12. Domestic Violence Services Administration. The budget reduced funding for the administration of domestic violence services based on actual spending in FY 2009-10, accounting for lapsed funds. | Gross GF/GP | (250,000) (250,000) |
| 13. Field Office Staff. The budget reduced the number of Field Office staff by 300.0 FTEs and annualized 100.0 limited-term FTEs. This figure also recognizes reduced spending for information technology needs as a result of the cuts. An adjustment for an FY 2010-11 supplemental is also included. | FTE Gross Federal GF/GP | (300.0) (11,581,700) (6,751,600) (4,830,100) |
| 14. Child Support Enforcement. The budget reduced the number of Child Support Enforcement staff by 6.0 FTEs. An adjustment for an FY 2010-11 supplemental is also included. | FTE Gross Federal GF/GP | (6.0) (388,300) (388,300) 0 |
| 15. Community Economic Action and Activity. The Senate and House reduced the number of staff by 3.0 FTEs and transferred the funding to weatherization and energy program services. | FTE Gross GF/GP | (3.0) 0 0 |
| 16. Guardianship Assistance. The budget reduced funding for the Guardianship Assistance program, which offers families an alternative to adoption. The reduction is based on actual spending in FY 2009-10. | Gross Federal GF/GP | (1,000,000) (500,000) (500,000) |
| 17. Rates for Specialized Independent Living Service Providers. The budget reduced reimbursement rates for private providers of Specialized Independent Living services. The cut reduced the specialized rate, which is above and beyond the rate for regular independent living services, by 50%. | Gross Federal GF/GP | (877,600) (702,100) (175,500) |
| 18. Multicultural Assimilation. The budget reduced funding for the Arab American and Chaldean Council and the Arab Community Center for Economic and Social Services by 15%. | Gross Federal GF/GP | (300,000) (239,000) (61,000) |

E. FUNDING SHIFTS

| | | |
|--|---------------------------|-------------------------------|
| 1. Higher Education and Temporary Assistance for Needy Families (TANF) Swap. This fund shift had previously been requested through the supplemental process. The budget made the swap permanent. The shift maximizes the amount of GF/GP funding available in | Gross Federal GF/GP | 0 (6,400,000) 6,400,000 |
|--|---------------------------|-------------------------------|

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

the DHS budget to meet the TANF Maintenance of Effort (MOE) by shifting TANF funding to the Higher Education budget and swapping this amount with GF/GP and Merit Trust Award Scholarship dollars. The FY 2010-11 supplemental adjustment is included.

| | | |
|--|---------------------------|-----------------------------------|
| 2. Elder Law of Michigan. The Senate and House included a fund shift of \$25,000 GF/GP to account for the loss of private funding, which was no longer available. | Gross Private GF/GP | 0 (25,000) 25,000 |
| 3. Change to Federal Medicaid Match Rate. The budget accounted for an increase in the State's base Federal Medical Assistance Percentage (FMAP) rate from 65.70% to 66.14%. | Gross Federal GF/GP | 0 855,200 (855,200) |
| 4. Replacement of One-Time Federal Revenue with GF/GP Funds. The budget accounted for the loss of one-time Federal revenue from the American Recovery and Reinvestment Act (ARRA) and TANF and replaced it with GF/GP support. Additionally, temporary Federal law changes enacted under ARRA allowed the State to use retained Federal child support incentive revenue dollars as a match for Federal Title IV-D funding. The Governor replaced the funding with GF/GP to avoid a revenue shortfall. | Gross Federal GF/GP | 0 (199,178,400) 199,178,400 |
| 5. Other Fund Shifts. This line includes several fund shifts unrelated to one-time ARRA funding, including \$38,767,600 in TANF funds carried forward from FY 2010-11. | Gross Federal GF/GP | 0 45,798,800 (45,798,800) |

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

| | | |
|--|---|--|
| 1. Removal of Federal Revenue. The budget accounted for the loss of one-time Federal revenue as well as the elimination of a Federal grant for caseworkers. | FTE Gross Federal GF/GP | (2.0) (3,272,300) (9,772,000) 6,499,700 |
| 2. Alignment of Funding Sources. The budget realigned and refinanced several line items to reflect Federal guidelines and funding requirements. | Gross Federal Local Restricted | (2,058,800) 3,851,600 958,900 (1,000,000) |

| | | FY 2011-12 Change From FY 2010-11 Year-to-Date | |
|---|--|---|---------------|
| | | GF/GP | (5,869,300) |
| 3. State Disbursement Unit Savings. | The FY 2010-11 budget Conference Report assumed excess GF/GP funding in the Child Support State Disbursement Unit line item. The savings are not recognized in the FY 2011-12 budget. | Gross | (1,843,100) |
| | | Federal | (1,216,400) |
| | | GF/GP | (626,700) |
| 4. Early Retirement Savings. | The budget recognized savings due to early retirements in the Department. | Gross | (5,664,000) |
| | | IDG | 5,000 |
| | | Federal | (3,365,200) |
| | | Private | 33,300 |
| | | Restricted | (800) |
| | | GF/GP | (2,336,300) |
| 5. Caseload Adjustments. | The Governor's budget recognized several initial caseload adjustments and projected average costs. The May caseload consensus further refined these adjustments for both the year-to-date total in FY 2010-11 and for the FY 2011-12 projections. | Gross | (26,286,400) |
| | | Federal | (8,495,300) |
| | | Local | (839,800) |
| | | GF/GP | (16,951,300) |
| 6. Other Cost Increases and Adjustments. | The budget recognized increased costs in the State Office of Administrative Hearings and Rules and the Attorney General contract, and gave the Department the authorization to use revenue from licensing fees that has been converted to Federal funds. | Gross | 1,066,700 |
| | | Federal | 946,700 |
| | | GF/GP | 120,000 |
| 7. Savings from Fraud and Improper Payments. | The House recognized additional savings from reduced fraud and improper payments as a result of revised policies. | Gross | (257,900) |
| | | GF/GP | (257,900) |
| 8. Contingency Fund Transfers. | The FY 2010-11 budget contained \$113,797,600 in Federal contingency fund transfers, which are not included in the FY 2011-12 budget. | Gross | (113,797,600) |
| | | Federal | (113,797,600) |
| | | GF/GP | 0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

9. Office of Inspector General. The House increased funding for the Office of Inspector General by \$200,000. The increase is projected to reduce fraud, waste, and abuse, and generate State savings as a result.

Gross (1,000,000)
Federal (988,600)
GF/GP (11,400)

10. Central Office Staff. The budget reduced the number of Central Office staff by 6.0 FTEs. An FY 2010-11 supplemental adjustment in the amount of \$4,578,400 is also included.

FTE (6.0)
Gross 3,866,400
Federal (485,700)
GF/GP 4,352,100

11. LEIN/Bridges Interface. The budget recognized the actual needed funding to complete the interface between the Bridges system and the Law Enforcement Information Network (LEIN). An FY 2010-11 supplemental adjustment in the amount of \$851,900 is also included.

Gross 596,900
GF/GP 596,900

H. FEE INCREASES - 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 24,532,400
IDG 7,800
Federal 15,470,000
Private 65,400
Local 542,600
Restricted 42,400
GF/GP 8,404,200

J. VETOES

1. Adoption Subsidies for Special Needs Children. The Senate and House increased funds available in the Adoption Subsidies line item to account for a policy change that would have allowed adoptive parents to claim additional subsidies for children with special needs for up to a year after the adoption had been finalized. The Governor vetoed this new program.

Gross (4,250,000)
GF/GP (4,250,000)

2. Juvenile Justice Study. The Governor vetoed boilerplate language (Section 717) that would have authorized the Michigan Public Health Institute to do a study of the State's juvenile justice system.

Gross (25,000)
Private (25,000)
GF/GP 0

K. ONE-TIME APPROPRIATIONS - NONE

JUDICIARY
P.A. 63 of 2011 - ARTICLE XI

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 491.0 | 491.0 | 491.0 | 491.0 | 491.0 | 0.0 | 0.0 |
| GROSS | 259,174,900 | 260,275,400 | 256,973,200 | 255,973,200 | 256,973,200 | (2,201,700) | (0.8) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 3,728,100 | 2,573,500 | 3,573,500 | 2,573,500 | 3,573,500 | (154,600) | (4.1) |
| ADJUSTED GROSS | 255,446,800 | 257,701,900 | 253,399,700 | 253,399,700 | 253,399,700 | (2,047,100) | (0.8) |
| Less: | | | | | | | |
| Federal Funds..... | 5,539,500 | 5,539,500 | 5,539,500 | 5,539,500 | 5,539,500 | 0 | 0.0 |
| Local and Private | 7,094,700 | 7,185,200 | 7,185,200 | 7,185,200 | 7,185,200 | 90,500 | 1.3 |
| TOTAL STATE SPENDING | 242,812,600 | 244,977,200 | 240,675,000 | 240,675,000 | 240,675,000 | (2,137,600) | (0.9) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 92,078,000 | 92,100,300 | 88,140,700 | 88,140,700 | 88,140,700 | (3,937,300) | (4.3) |
| GENERAL FUND/GENERAL PURPOSE... | 150,734,600 | 152,876,900 | 152,534,300 | 152,534,300 | 152,534,300 | 1,799,700 | 1.2 |
| PAYMENTS TO LOCALS | 120,832,300 | 122,835,200 | 119,875,600 | 118,875,600 | 119,875,600 | (956,700) | (0.8) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS

| | | |
|---|-------|-----------|
| 1. IDG from Corrections. The budget includes a new \$1.0 million interdepartmental grant (IDG) from the Department of Corrections for the administration of a "swift-and-sure" sanctions pilot program. This funding is intended for distribution in counties that have established drug court programs and unified trial court systems. | Gross | 1,000,000 |
| | IDG | 1,000,000 |
| | GF/GP | 0 |

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS

| | | |
|--|-------|-------------|
| Elimination of Judgeships. The budget anticipated the elimination of six trial court judgeships around the State. The State Court Administrative Office is still in the process of identifying the judgeships that will be eliminated. The elimination of these judgeships results in savings of \$942,100 GF/GP. In addition, the budget anticipated that two recent vacancies on the Court of Appeals will be left vacant during FY 2011-12. The elimination of these judgeships results in savings of \$342,600 GF/GP. | Gross | (1,284,700) |
| | GF/GP | (1,284,700) |

D. PROGRAM REDUCTIONS

| | | |
|---|------------|-------------|
| 1. Temporary Elimination of Judgeships. Pursuant to Public Act (PA) 228 of 2009, the budget reflects savings associated with the temporary elimination of two Circuit Court judgeships - one in Oakland County, the other in Macomb County. The Oakland County judgeship is scheduled to be reinstated on January 1, 2015; the Macomb County judgeship is scheduled to be reinstated on January 1, 2017. | Gross | (69,900) |
| | GF/GP | (69,900) |
| 2. Court Equity Fund Revenues. The budget includes a technical adjustment to Court Equity Fund revenue to more accurately reflect actual collection of this revenue. This adjustment results in a reduction of \$4.0 million to this restricted fund source. | Gross | (3,959,600) |
| | Restricted | (3,959,600) |
| | GF/GP | 0 |
| 3. Removal of PA 50 Funding. Public Act 50 of 2011 appropriated \$154,600 in Federal Byrne Grant revenue as an IDG from the Department of State Police to the Judiciary for technology improvements in the State Appellate Defender Office. The FY 2011-12 budget does not include this one-time grant revenue. | Gross | (154,600) |
| | IDG | (154,600) |
| | GF/GP | 0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

E. FUNDING SHIFTS

Elimination of IDG from Corrections. The budget eliminated a \$1.0 million FY 2010-11 grant from the Department of Corrections for expenses related to the operation of State drug courts. This funding was replaced with the introduction of an additional \$1.0 million GF/GP.

| | |
|-------|-------------|
| Gross | 0 |
| IDG | (1,000,000) |
| GF/GP | 1,000,000 |

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

2010 Early Retirement Adjustments. The budget includes adjustments related to the early retirement incentive finalized during the first quarter of FY 2010-11. Because the FY 2010-11 early retirement savings are greater than what will be realized in FY 2011-12, these adjustments result in a net increase of \$319,000 to current-year appropriations.

| | |
|-------|---------|
| Gross | 319,000 |
| GF/GP | 319,000 |

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - 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 | 1,948,100 |
| Local | 90,500 |
| Restricted | 22,300 |
| GF/GP | 1,835,300 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS - NONE

**LEGISLATIVE AUDITOR GENERAL
P.A. 63 of 2011 - ARTICLE VIII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| GROSS | 14,996,400 | 15,638,400 | 15,638,400 | 15,638,400 | 15,638,400 | 642,000 | 4.3 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 2,301,500 | 3,501,500 | 3,501,500 | 3,501,500 | 3,501,500 | 1,200,000 | 52.1 |
| ADJUSTED GROSS | 12,694,900 | 12,136,900 | 12,136,900 | 12,136,900 | 12,136,900 | (558,000) | (4.4) |
| Less: | | | | | | | |
| Federal Funds..... | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING | 12,694,900 | 12,136,900 | 12,136,900 | 12,136,900 | 12,136,900 | (558,000) | (4.4) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 1,539,900 | 1,539,900 | 1,539,900 | 1,539,900 | 1,539,900 | 0 | 0.0 |
| GENERAL FUND/GENERAL PURPOSE... | 11,155,000 | 10,597,000 | 10,597,000 | 10,597,000 | 10,597,000 | (558,000) | (5.0) |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Interdepartmental Grant (IDG) Credits. Boilerplate language was moved to a new line item that allows spending in excess of appropriations due to a higher-than-estimated number of audits completed.

| | |
|-------|-----------|
| Gross | 1,700,000 |
| IDG | 1,700,000 |
| GF/GP | 0 |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Governor's Target Reduction. The Senate and House agreed with the Governor's reduction to the Field Operations line item to achieve overall GF/GP savings. Savings were realized from efficiencies in operations.

| | |
|-------|-----------|
| Gross | (558,000) |
| GF/GP | (558,000) |

2. Unfunded IDG. Funding was removed for an unfunded IDG from the Michigan Department of Corrections due to a Governor's veto for the FY 2010-11 enacted budget.

| | |
|-------|-----------|
| Gross | (500,000) |
| IDG | (500,000) |
| GF/GP | 0 |

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS - NONE

**LEGISLATURE
P.A. 63 of 2011 - ARTICLE VIII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| GROSS | 102,334,100 | 100,333,200 | 100,333,200 | 100,333,200 | 100,333,200 | (2,000,900) | (2.0) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 0 | 0.0 |
| ADJUSTED GROSS | 102,084,100 | 100,083,200 | 100,083,200 | 100,083,200 | 100,083,200 | (2,000,900) | (2.0) |
| 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 |
| TOTAL STATE SPENDING | 101,684,100 | 99,683,200 | 99,683,200 | 99,683,200 | 99,683,200 | (2,000,900) | (2.0) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 1,109,800 | 1,109,800 | 1,109,800 | 1,109,800 | 1,109,800 | 0 | 0.0 |
| GENERAL FUND/GENERAL PURPOSE... | 100,574,300 | 98,573,400 | 98,573,400 | 98,573,400 | 98,573,400 | (2,000,900) | (2.0) |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

- | | | |
|--|-------|-------------|
| <p>1. Senate Reductions. The following Senate line items were reduced by the Governor, House, and Senate: Senate (\$905,500 or 3.5%); Senate information technology (IT) (\$46,400 or 2.0%); and Senate Fiscal Agency (\$94,100 or 3.5%).</p> | Gross | (1,046,000) |
| | GF/GP | (1,046,000) |
| <p>2. House Reductions. The following House line items were reduced by the Governor, House, and Senate: House (\$1,153,300 or 2.9%); House IT (\$37,500 or 2.1%); and House Fiscal Agency (\$94,100 or 3.5%).</p> | Gross | (1,284,900) |
| | GF/GP | (1,284,900) |

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

| | | |
|--|-------|---------|
| | Gross | 330,000 |
| | GF/GP | 330,000 |

Other Legislative Changes. The Governor, Senate, and House reduced two other legislative line items: Legislative Council (\$396,600 or 4.7%) and Legislative Retirement - Non-retirement expenses (\$164,400 or 3.7%). The Cora Anderson House Office Building line was increased by \$891,000 to recognize actual lease costs.

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS - NONE

**DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
P.A. 63 of 2011 - ARTICLE XII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|----------------------|--|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 4,359.5 | 4,317.3 | 4,361.5 | 4,356.5 | 4,320.8 | (38.7) | (0.9) |
| GROSS..... | 1,300,501,300 | 809,099,000 | 1,272,142,500 | 1,272,162,000 | 811,490,400 | (489,010,900) | (37.6) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 13,246,300 | 12,673,500 | 12,673,500 | 12,673,500 | 13,373,500 | 127,200 | 1.0 |
| ADJUSTED GROSS..... | 1,287,255,000 | 796,425,500 | 1,259,469,000 | 1,259,488,500 | 798,116,900 | (489,138,100) | (38.0) |
| Less: | | | | | | | |
| Federal Funds..... | 868,317,500 | 364,517,700 | 839,727,100 | 839,727,100 | 365,728,300 | (502,589,200) | (57.9) |
| Local and Private | 22,105,400 | 12,587,700 | 16,869,900 | 16,869,900 | 12,587,700 | (9,517,700) | (43.5) |
| TOTAL STATE SPENDING..... | 396,832,100 | 419,320,100 | 402,872,000 | 402,891,500 | 419,800,900 | 21,968,800 | 5.5 |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 350,131,600 | 392,737,600 | 359,335,700 | 360,335,700 | 388,728,100 | 38,596,500 | 11.0 |
| GENERAL FUND/GENERAL PURPOSE.. | 46,700,500 | 26,582,500 | 43,536,300 | 42,555,800 | 31,072,800 | (15,627,700) | (33.5) |
| PAYMENTS TO LOCALS | 39,850,100 | 37,090,500 | 37,090,600 | 37,439,600 | 22,988,700 | (16,861,400) | (42.3) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS

Office of Regulatory Reinvention. The Governor included this new program as a part of Executive Order 2011-5. The House and Senate did not include any provision for this office. The Conference included funding for it.

| | |
|------------|---------|
| FTE | 2.0 |
| Gross | 350,000 |
| Restricted | 350,000 |
| GF/GP | 0 |

B. PROGRAM INCREASES

1. Michigan Business One-Stop Portal. The budget includes additional funding for the continued development of the Portal. The Department of Licensing and Regulatory Affairs (LARA) formerly funded development of the Portal through its information technology projects line item using resources normally used for agency-wide projects.

| | |
|------------|-----------|
| Gross | 1,820,000 |
| Restricted | 1,820,000 |
| GF/GP | 0 |

2. Office of Financial and Insurance Regulation (OFIR) - Securities Program. The budget includes additional funding and FTE authorization to assist OFIR in meeting new regulatory responsibilities under the Federal Dodd-Frank Wall Street Reform and Consumer Protection Act.

| | |
|------------|---------|
| FTE | 5.0 |
| Gross | 381,000 |
| Restricted | 381,000 |
| GF/GP | 0 |

3. OFIR - Credit Union Examinations. The budget includes additional funding and FTE authorization to help support OFIR's 18-month examination cycle for State-chartered credit unions.

| | |
|------------|---------|
| FTE | 2.0 |
| Gross | 175,000 |
| Restricted | 175,000 |
| GF/GP | 0 |

4. Tax Tribunal. The budget includes funding for additional contract hearing officers to help address the volume of property tax appeal cases. The number of these cases has greatly increased in recent years due to declining real estate values.

| | |
|------------|---------|
| Gross | 150,000 |
| Restricted | 150,000 |
| GF/GP | 0 |

5. Postsecondary Education Program. The budget includes additional funding for the licensure and approval of private occupational schools seeking licensure in the State. Funding also will be used for the investigation of complaints filed against these schools.

| | |
|------------|---------|
| Gross | 145,700 |
| Restricted | 145,700 |
| GF/GP | 0 |

6. Real Estate Education Program. The budget includes additional funding for the enforcement of continuing education requirements for real estate professionals.

| | |
|------------|--------|
| Gross | 28,000 |
| Restricted | 28,000 |
| GF/GP | 0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

- 7. **Unemployment Insurance Special Fraud Control Fund.** The House and Conference included additional anticipated revenue from this Fund, pursuant to Public Act 14 of 2011 (which created the Fund under the Michigan Employment Security Act).
- 8. **Liquor Control Commission (LCC) IT Upgrade.** The House included \$1.0 million for IT upgrades for the LCC by eliminating funding for enhanced bootlegging enforcement. The Conference included a \$100 placeholder.

| | |
|------------|-----------|
| Gross | 1,000,000 |
| Restricted | 1,000,000 |
| GF/GP | 0 |
| | |
| Gross | 100 |
| Restricted | 100 |
| GF/GP | 0 |

C. PROGRAM ELIMINATIONS

- 1. **Workers' Compensation Appellate Commission (WCAC).** The Governor, Senate, and House eliminated funding for the WCAC in their versions of the FY 2011-12 LARA budget. While the budget was in conference, the Governor issued Executive Order 2011-6 which abolished the WCAC and established the Michigan Compensation Appellate Commission, which effectively replaced the WCAC and the Michigan Employment Security Board of Review at a reduced level of funding. The Conference included changes made by the Executive Order.
- 2. **LCC - Enhanced Bootlegging Enforcement.** The House and Conference eliminated funding added in FY 2010-11 for enhanced bootlegging enforcement. The House redirected all of the funding (\$1.0 million from the Liquor Purchase Revolving Fund) to a placeholder for LCC information technology (IT) upgrades for the LCC's purchasing system. The Conference included a \$100 placeholder in the Information Technology unit for the IT project and redirected the remaining \$999,900 to the Bureau of Fire Services to be used in a three-part fund source shift to free up GF/GP funding for Adult Home Health Care Facility background checks.

| | |
|------------|-------------|
| Gross | (508,500) |
| GF/GP | (508,500) |
| | |
| FTE | (6.0) |
| Gross | (1,000,000) |
| Restricted | (1,000,000) |
| GF/GP | 0 |

D. PROGRAM REDUCTIONS

- 1. **Fire Protection Grants.** The budget reduced funding for these grants to local units of government from \$10,910,500 in FY 2010-11 to \$9,273,900 in FY 2011-12, a reduction of \$1,636,600 or 15.0%. The House included an additional \$773,900 reduction, but it was not retained by the Conference. Fire Protection Grants are funded by money from the Liquor Purchase Revolving Fund and the Fire Protection Fund, which receives revenue earmarked by statute from Driver Responsibility Fees. Since no GF/GP funding is appropriated for the grants, a fund shift that replaced GF/GP revenue within the Bureau of Fire Services with Liquor Purchase Revolving fund was used to achieve General Fund savings.

| | |
|------------|-------------|
| Gross | (1,636,600) |
| Restricted | (1,636,600) |
| GF/GP | 0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | |
|--|--|
| <p>2. Various Administrative Reductions. The Governor, House, Senate, and Conference included administrative reductions to the following lines: Workforce Program Administration: \$529,200; Workers' Compensation Agency: \$400,000; Wage and Hour Division: \$110,000; Hispanic/Latino Commission: \$80,000; and Disability Concerns Commission: \$10,700.</p> | <p>Gross (1,129,900) GF/GP (1,129,900)</p> |
| <p>3. Office of Communications. The House and Conference included a GF/GP reduction to the Executive Director Programs line as well as a section of boilerplate prohibiting LARA from producing television shows. The Department formerly produced various cable TV shows; this reduction reflects costs LARA will no longer face by not producing the shows.</p> | <p>Gross (100,000) GF/GP (100,000)</p> |
| <p>4. Adult Foster Care Homes - Background Checks. The Governor and House removed GF/GP funding for these checks. The Senate retained FY 2010-11 funding. The Conference included an interdepartmental grant from the Department of Human Services, Liquor Purchase Revolving Fund, and GF/GP funding for this program.</p> | <p>Gross (174,600) IDG 1,000,000 Federal 3,100 Restricted 36,500 GF/GP (1,214,200)</p> |

E. FUNDING SHIFTS

| | |
|--|---|
| <p>1. Workers' Compensation Agency. The budget shifted \$447,300 for this agency from GF/GP to Corporation Fees.</p> | <p>Gross 0 Restricted 447,300 GF/GP (447,300)</p> |
| <p>2. Bureau of Fire Services. The budget included a shift of \$2.6 million of GF/GP funding to the Liquor Purchase Revolving Fund.</p> | <p>Gross 0 Restricted 2,600,000 GF/GP (2,600,000)</p> |

F. PROGRAM TRANSFERS

| | |
|--|--|
| <p>1. Programs Transferred to LARA. Executive Order 2011-4 transferred the Bureau of Health Professions and the Bureau of Health Systems from the Department of Community Health to LARA. The House and Senate did not include these transfers in their respective budgets as funding details of the transfers were not available at the time. The Conference included the transfers.</p> | <p>FTE 395.3 Gross 60,441,200 IDG (300,000) Federal 20,383,200 Private 200,000 Restricted 33,523,900 GF/GP 6,634,100</p> |
|--|--|

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | |
|---|---|
| <p>2. Programs Transferred from LARA. Executive Order 2011-4 transferred the following programs from LARA to the Michigan Strategic Fund: Bureau of Workforce Transformation, Bureau of Labor Market Information and Strategic Initiatives and part of the Wage and Hour Division. The Commission on Disability Concerns and the Hispanic/Latino Commission of Michigan were transferred from LARA to the Department of Civil Rights. The majority of Bureau of Energy Systems also was transferred to the Michigan Strategic Fund; however, the Retired Engineer Technical Assistance Program (RETAP) was transferred to the Department of Environmental Quality.</p> | <p>FTE (437.0) Gross (522,417,300) Federal (494,879,700) Local (4,433,500) Private (48,700) Restricted (6,018,800) GF/GP (17,037,300)</p> |
|---|---|

G. OTHER ISSUES

| | |
|---|--|
| <p>1. Early Retirement Savings. The budget reflects FY 2011-12 savings for the retirement incentive passed in FY 2009-10.</p> | <p>Gross (1,824,900) Federal (1,200,700) GF/GP (624,200)</p> |
| <p>2. Technical Adjustments. The budget made several technical adjustments to reflect revenue available to the Department. These changes include: reduced excess spending authorization, removal of one-time appropriations from FY 2009-10, reduced Federal Temporary Aid to Needy Families in the Welfare-to-Work program consistent with the FY 2010-11 DHS budget, and an adjustment to the interdepartmental grant that funds the Michigan Administrative Hearing System to match revenue available in the Department of Corrections and Department of Environmental Quality budgets.</p> | <p>Gross (19,899,800) IDG (1,057,100) Federal (13,319,900) Local (3,762,800) Private (1,510,000) GF/GP (250,000)</p> |
| <p>3. Removal of FY 2010-11 One-Time Appropriations. The budget removed two one-time supplemental appropriations that were made in FY 2010-11.</p> | <p>Gross (22,678,100) Federal (23,300,000) Restricted (285,500) GF/GP 907,400</p> |
| <p>4. Implementation of Executive Order 2011-6. The Conference included an additional \$664,600 in Federal funding for the implementation of Executive Order 2011-6, which created the Michigan Compensation Appellate Commission and the Michigan Administrative Hearing System.</p> | <p>Gross 664,600 Federal 664,600 GF/GP 0</p> |

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

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 | 17,283,900 |
| IDG | 484,300 |
| Federal | 9,060,200 |
| Local | 35,800 |
| Private | 1,500 |
| Restricted | 6,959,900 |
| GF/GP | 742,200 |

K. VETOES

Safety, Education and Training Grants - Mining Industry. The Governor vetoed an earmark directing the Department to allocate \$80,000 in Safety, Education and Training Grants to the mining industry in Michigan.

| | |
|------------|----------|
| Gross | (80,000) |
| Restricted | (80,000) |
| GF/GP | 0 |

L. ONE-TIME APPROPRIATIONS - NONE

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
P.A. 63 of 2011 - ARTICLE XIII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 970.0 | 819.0 | 819.0 | 819.0 | 819.0 | (151.0) | (15.6) |
| GROSS..... | 152,403,700 | 152,383,500 | 152,383,500 | 152,383,500 | 152,483,500 | 79,800 | 0.1 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 1,152,900 | 1,152,800 | 1,152,800 | 1,152,800 | 1,152,800 | (100) | (0.0) |
| ADJUSTED GROSS..... | 151,250,800 | 151,230,700 | 151,230,700 | 151,230,700 | 151,330,700 | 79,900 | 0.1 |
| Less: | | | | | | | |
| Federal Funds..... | 84,603,800 | 87,678,000 | 87,678,000 | 87,678,000 | 87,678,000 | 3,074,200 | 3.6 |
| Local and Private | 2,528,100 | 2,068,100 | 2,068,100 | 2,068,100 | 2,168,100 | (360,000) | (14.2) |
| TOTAL STATE SPENDING..... | 64,118,900 | 61,484,600 | 61,484,600 | 61,484,600 | 61,484,600 | (2,634,300) | (4.1) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 28,233,400 | 28,439,700 | 28,439,700 | 28,439,700 | 28,439,700 | 206,300 | 0.7 |
| GENERAL FUND/GENERAL PURPOSE... | 35,885,500 | 33,044,900 | 33,044,900 | 33,044,900 | 33,044,900 | (2,840,600) | (7.9) |
| PAYMENTS TO LOCALS | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 | 0 | 0.0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|---|--|---|
| <p>1. Youth Challenge Program. The budget increased the funding to the Michigan Youth Challenge Program by including an additional \$100,000 from Local School Aid Revenue, bringing the FY 2011-12 appropriation amount to \$4,186,900 gross (includes \$152,800 interdepartmental grant, \$2,506,000 Federal, \$644,800 local, and \$833,300 private).</p> | <p>Gross Local GF/GP</p> | <p>100,000 100,000 0</p> |
| <p>2. Firefighter Support. The budget includes additional Federal authority for the hiring of firefighters to bolster fire safety at the Alpena and Battle Creek training sites.</p> | <p>FTE Gross Federal GF/GP</p> | <p>24.0 2,500,000 2,500,000 0</p> |
| <p>3. Demolition Range. The Capital Outlay budget included an additional \$1.7 million in Federal defense funds to construct a new light demolition range at the Camp Graying National Guard training site.</p> | <p>Gross Federal GF/GP</p> | <p>1,700,000 1,700,000 0</p> |
| <p>4. Military Retirement. The budget includes additional GF/GP funding to cover anticipated increased costs related to Michigan National Guard and Michigan Air Guard retirement payments, pursuant to the Michigan Military Act.</p> | <p>Gross GF/GP</p> | <p>200,000 200,000</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

- | | | |
|--|--------------------------------|--|
| <p>1. Grand Rapids Home Contractual Employees. The budget reflects the proposal to privatize the current State employee group of resident care aides and contract those services to outside of State government, resulting in administration-estimated GF/GP savings of \$4.2 million for FY 2011-12.</p> | <p>FTE Gross GF/GP</p> | <p>(170.0) (4,200,000) (4,200,000)</p> |
|--|--------------------------------|--|

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

2. Year-To-Date Adjustment. A positive adjustment was made to account for negative supplemental adjustments in Public Act 49 of 2011 of \$539,200 GF/GP related to departmental savings from the early retirement program for FY 2010-11, a negative adjustment for \$500,000 in private revenue added in Public Act 50 of 2011 for Grand Rapids Veterans Home improvements, and a negative adjustment for \$2.4 million to balance for additional Federal funding authorized by FY 2010-11 contingency fund transfers.

| | |
|---------|-------------|
| Gross | (2,360,800) |
| Federal | (2,400,000) |
| Private | (500,000) |
| GF/GP | 539,200 |

3. FTE Adjustment for Accounting Consolidation. The budget reflects the technical adjustment for the shift of accounting position to be consolidated within the Department of Technology, Management, and Budget.

| | |
|-------|-------|
| FTE | (5.0) |
| Gross | 0 |
| GF/GP | 0 |

4. Land Acquisition Adjustment. The budget reflects an adjustment in the Capital Outlay budget for restricted revenue available for land acquisition.

| | |
|------------|-----------|
| Gross | (500,000) |
| Restricted | (500,000) |
| GF/GP | 0 |

5. Early Retirement Savings. The budget reflects early retirement savings for FY 2011-12 from the statewide early retirement program during FY 2010-11.

| | |
|-------|-----------|
| Gross | (204,000) |
| GF/GP | (204,000) |

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - 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 | 2,844,600 |
| IDG | (100) |
| Federal | 1,274,200 |
| Local | (600) |
| Private | 40,600 |
| Restricted | 706,300 |
| GF/GP | 824,200 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS - NONE

**DEPARTMENT OF NATURAL RESOURCES
P.A. 63 of 2011 - ARTICLE XIV**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 2,189.4 | 2,173.4 | 2,173.4 | 2,173.4 | 2,173.4 | (16.0) | (0.7) |
| GROSS..... | 323,926,900 | 330,195,800 | 330,080,800 | 329,969,200 | 330,195,800 | 6,268,900 | 1.9 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 1,830,100 | 1,935,000 | 1,935,000 | 1,935,000 | 1,935,000 | 104,900 | 5.7 |
| ADJUSTED GROSS..... | 322,096,800 | 328,260,800 | 328,145,800 | 328,034,200 | 328,260,800 | 6,164,000 | 1.9 |
| Less: | | | | | | | |
| Federal Funds..... | 78,713,500 | 69,319,800 | 69,319,800 | 69,319,900 | 69,319,800 | (9,393,700) | (11.9) |
| Local and Private | 5,824,400 | 2,842,400 | 2,842,400 | 2,842,400 | 2,842,400 | (2,982,000) | (51.2) |
| TOTAL STATE SPENDING..... | 237,558,900 | 256,098,600 | 255,983,600 | 255,871,900 | 256,098,600 | 18,539,700 | 7.8 |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 221,947,800 | 256,098,600 | 242,267,400 | 242,267,400 | 242,267,400 | 20,319,600 | 9.2 |
| GENERAL FUND/GENERAL PURPOSE.. | 15,611,100 | 13,716,200 | 13,716,200 | 13,604,500 | 13,831,200 | (1,779,900) | (11.4) |
| PAYMENTS TO LOCALS | 7,191,600 | 6,550,000 | 6,550,000 | 6,550,000 | 6,550,000 | (641,600) | (8.9) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- 1. **Capital Outlay.** The budget included additional funding for capital outlay projects at State parks, recreation areas, and waterways facilities.
- 2. **Park Passport Revenue Spending Authorization Increases.** The budget included additional spending authorization to reflect anticipated revenue from the Park Passport program. This increase is across several line items in accordance with how the revenue is allocated in statute.

| | |
|------------|-------------|
| Gross | 6,101,400 |
| Federal | (5,325,000) |
| Restricted | 11,426,400 |
| GF/GP | 0 |
| | |
| Gross | 3,114,000 |
| Restricted | 3,114,000 |
| GF/GP | 0 |

C. PROGRAM ELIMINATIONS

- 1. **Endangered Species Study - MSU Extension.** The budget removed GF/GP support for the endangered species study being conducted by the MSU Extension. The study will continue using MSU Extension resources.
- 2. **Thunder Bay National Marine Sanctuary and Underwater Preserve.** The budget eliminated GF/GP support for this program; it will no longer be funded using State resources.
- 3. **Freedom Trail Commission.** The Governor and Senate removed funding for this program. The House included a \$100 placeholder for it, but the Conference concurred with the Governor and Senate and removed funding for the program.

| | |
|-------|-----------|
| Gross | (124,400) |
| GF/GP | (124,400) |
| | |
| FTE | (1.0) |
| Gross | (138,200) |
| GF/GP | (138,200) |
| | |
| Gross | (22,500) |
| GF/GP | (22,500) |

D. PROGRAM REDUCTIONS

- 1. **Wildfire Protection/Forest Fire Equipment.** The Governor recommended reducing GF/GP support for the acquisition of new forest fire-fighting equipment. The Senate, House, and Conference retained this reduction. Savings will be achieved by a fund shift in the Wildfire Protection Line as no GF/GP funding is directly appropriated to this line. For these purposes, \$500,000 is appropriated in FY 2010-11.

| | |
|------------|----------|
| Gross | (68,500) |
| Restricted | 0 |
| GF/GP | (68,500) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

- | | | |
|--|--------------|------------------|
| <p>2. Historical Programs Administration. The Governor recommended reducing GF/GP support for the Historical Administration and Services line by \$92,400 as well as rolling it and several other historical program lines together. The House, Senate, and Conference retained the GF/GP reduction, but did not roll the lines together.</p> | <p>FTE</p> | <p>(1.0)</p> |
| | <p>Gross</p> | <p>(92,400)</p> |
| | <p>GF/GP</p> | <p>(92,400)</p> |
| | | |
| <p>3. General Law Enforcement. The Governor and Senate reduced GF/GP support for law enforcement by \$92,400. The House increased this reduction by an additional \$23,800. The Conference used the Governor's and Senate's reduction, providing total FY 2011-12 funding of \$29,118,700.</p> | <p>Gross</p> | <p>(92,400)</p> |
| | <p>GF/GP</p> | <p>(92,400)</p> |
| | | |
| <p>4. Various Administrative Reductions. The budget included GF/GP reductions in various line items, reflecting lower administrative costs.</p> | <p>Gross</p> | <p>(184,700)</p> |
| | <p>GF/GP</p> | <p>(184,700)</p> |

E. FUNDING SHIFTS

- | | | |
|---|-------------------|--------------------|
| <p>1. Mackinac Island State Park Commission. The budget included a funding shift for the Mackinac Island State Park Commission. A total of \$1,561,900 in GF/GP funding was removed and replaced with State Park Endowment Fund dollars.</p> | <p>Gross</p> | <p>0</p> |
| | <p>Restricted</p> | <p>1,561,900</p> |
| | <p>GF/GP</p> | <p>(1,561,900)</p> |
| | | |
| <p>2. Various Cost-Allocation Fund Shifts. The budget included technical fund shifts among restricted funds to allocate administrative costs to funds with available revenue.</p> | <p>Gross</p> | <p>0</p> |
| | <p>Restricted</p> | <p>0</p> |
| | <p>GF/GP</p> | <p>0</p> |

F. PROGRAM TRANSFERS

- | | | |
|--|--------------|---------------|
| <p>Accounting Service Center. The budget included a transfer of 14.0 FTEs and \$1,348,500 to the Department of Transportation as a part of the consolidation of accounting services among several departments. Funding will still be appropriated in the Department of Natural Resources (DNR) budget, but will appear as an interdepartmental grants in the Transportation budget.</p> | <p>FTE</p> | <p>(14.0)</p> |
| | <p>Gross</p> | <p>0</p> |
| | <p>GF/GP</p> | <p>0</p> |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

G. OTHER ISSUES

- 1. **Restricted Fund Appropriation Reductions.** The budget included reductions in Federal, private, and restricted fund authorizations due to the loss or anticipated loss of revenue in these funding sources.
- 2. **Early Retirement Savings.** Savings from an early retirement program conducted in FY 2009-10 are reflected in the FY 2011-12 budget.
- 3. **Technical Adjustment.** An adjustment was made for two one-time FY 2010-11 supplemental appropriations.

| | |
|------------|-------------|
| Gross | (8,039,200) |
| Federal | (5,001,000) |
| Private | (1,050,000) |
| Restricted | (1,988,200) |
| GF/GP | 0 |
| | |
| Gross | (283,900) |
| GF/GP | (283,900) |
| | |
| Gross | (624,200) |
| Restricted | (1,000,000) |
| GF/GP | 375,800 |

H. UNCLASSIFIED SALARIES

Unclassified FTE Increase. The Conference included an additional 3.0 unclassified FTEs to reflect the split of the Department of Natural Resources and Environment (DNRE) into the DNR and Department of Environmental Quality (DEQ). The DNRE had the 6.0 FTEs that most State departments have. Splitting these between the DNR and DEQ would have yielded 3.0 each, so an additional 3.0 were added. No additional funding was included.

| | |
|-------|---|
| FTE | 0 |
| Gross | 0 |
| GF/GP | 0 |

I. FEE INCREASES - 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 | 6,723,900 |
| IDG | 104,900 |
| Federal | 932,300 |
| Private | 68,000 |
| Restricted | 5,205,500 |
| GF/GP | 413,200 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS

On a one-time basis only, \$4.0 million was appropriated for the following:

| | |
|--|--------------------|
| Grand Marais Harbor Capital Outlay Project | <u>\$4,000,000</u> |
| GROSS APPROPRIATION..... | \$4,000,000 |
| Appropriated from: | |
| State GF/GP | \$4,000,000 |

**SCHOOL AID
P.A. 62 of 2011 - ARTICLE I**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|-----------------------|-----------------------|--|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| GROSS | 12,954,236,200 | 12,173,559,100 | 12,400,238,000 | 12,225,746,200 | 12,203,572,900 | (750,663,300) | (5.8) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS | 12,954,236,200 | 12,173,559,100 | 12,400,238,000 | 12,225,746,200 | 12,203,572,900 | (750,663,300) | (5.8) |
| Less: | | | | | | | |
| Federal Funds..... | 2,178,333,300 | 1,653,331,800 | 1,653,331,800 | 1,653,331,800 | 1,653,331,800 | (525,001,500) | (24.1) |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING | 10,775,902,900 | 10,520,227,300 | 10,746,906,200 | 10,572,414,400 | 10,550,241,100 | (225,661,800) | (2.1) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 10,757,260,500 | 10,107,684,900 | 10,528,263,800 | 10,111,241,700 | 10,431,598,700 | (325,661,800) | (3.0) |
| GENERAL FUND/GENERAL PURPOSE... | 18,642,400 | 412,542,400 | 218,642,400 | 461,172,700 | 118,642,400 | 100,000,000 | 536.4 |
| PAYMENTS TO LOCALS | 10,644,041,900 | 10,364,473,300 | 10,591,203,100 | 10,416,660,400 | 10,550,241,100 | (93,800,800) | (0.9) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

| | |
|---|--|
| <p>1. Debt Service on School Bond Loan Fund. The budget includes a substantial increase in debt service costs for the School Bond Loan Fund program, from \$5.2 million to \$93.6 million. The increase was necessary because payments had been refinanced and restructured in fiscal year (FY) 2010-11, and costs returned to normal for FY 2011-12.</p> | <p>Gross 88,407,500 Restricted 88,407,500 GF/GP 0</p> |
| <p>2. Special Education. The budget includes adjustments for Special Education costs, totaling \$22.8 million Gross. This is a combination of increases in expected State costs of \$45.1 million, and an anticipated reduction in Federal grants of \$22.3 million.</p> | <p>Gross 22,800,000 Federal (22,300,000) Restricted 45,100,000 GF/GP 0</p> |
| <p>3. School Readiness Grants. The Senate included \$6.0 million in additional funding for the Great Start Readiness Program, which provides grants for programs for at-risk four-year-olds. The House did not include the funding; the enacted budget includes the \$6.0 million increase.</p> | <p>Gross 6,000,000 Restricted 6,000,000 GF/GP 0</p> |
| <p>4. MEAP and Cash Flow Borrowing Costs. The budget included an increase of \$5.0 million in Federal funding for the Michigan Educational Assessment Program (MEAP), but an offsetting reduction in State funding. The budget also included \$5.0 million for increased School Aid Fund (SAF) cash flow borrowing costs, which reimburses the General Fund for interfund cash flow borrowing.</p> | <p>Gross 5,000,000 Federal 5,000,000 GF/GP 0</p> |
| <p>5. School Bus Inspections. The budget included \$1.0 million for the restoration of full funding for the Michigan State Police to continue conducting school bus inspections, as required under the Pupil Transportation Act.</p> | <p>Gross 1,047,400 Restricted 1,047,400 GF/GP 0</p> |

C. PROGRAM ELIMINATIONS

| | |
|--|---|
| <p>1. Declining Enrollment Grants. The Governor, Senate, and House agreed to eliminate funding for declining enrollment grants to districts, totaling \$20.0 million.</p> | <p>Gross (20,000,000) Restricted (20,000,000) GF/GP 0</p> |
|--|---|

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | |
|--|---|
| <p>2. ISD Special Education FICA Payments. The Governor and House eliminated funding for intermediate school districts (ISDs) for payments to reimburse their special education staff FICA payments. The Senate did not eliminate the funding. The budget reflects this elimination.</p> | <p>Gross (15,313,900) Restricted (15,313,900) GF/GP 0</p> |
| <p>3. Numerous Categoricals. The budget eliminated several categorical payments, including Bilingual Education (\$2.8 million), Health/Science Middle College grants (\$2.0 million), Pre-College Engineering grants (\$0.9 million), Postsecondary Agriculture Education at Saginaw Valley (\$0.3 million), and Pontiac's Anti-Bullying Crisis Intervention grant (\$0.3 million).</p> | <p>Gross (6,305,100) Restricted (6,305,100) GF/GP 0</p> |
| <p>4. Federal Education Jobs Fund. The budget recognized the expiration of the one-year Federal Education Jobs Fund dollars that were provided to districts and ISDs in FY 2010-11.</p> | <p>Gross (316,270,300) Federal (316,270,300) GF/GP 0</p> |

D. PROGRAM REDUCTIONS

| | |
|---|---|
| <p>1. Per-Pupil Foundation Allowance. The budget made an additional \$300 per-pupil reduction in the foundation allowances of all districts, and also rolled into the base funding the previous \$170 per-pupil cut in State aid. Therefore, foundation allowances are reduced \$470 from FY 2010-11 levels, but the \$470 reduction consists of the existing \$170 cut in total State aid plus a further \$300 foundation allowance cut. The additional \$300 per-pupil reduction totals \$452.5 million in real reductions, and the new minimum foundation allowance declines from \$7,316 to \$6,846. The remaining reductions (\$14.8 million) are a function of adjustments in taxable values and pupil counts.</p> | <p>Gross (467,266,300) Restricted (467,381,400) GF/GP 115,100</p> |
| <p>2. Foundation Allowance Adjustments. The budget included \$4.6 million in reductions totaling 50% of district-specific foundation allowance adjustments. These adjustments affect the districts of Huron, Wayne-Westland, Gibraltar, and Garden City. The remaining 50% of the adjustments are proposed to be eliminated beginning in FY 2012-13. The budget also permanently eliminated funding for class-size grants, saving \$19.7 million, but two-thirds of the funding for these grants was restored using FY 2010-11 lapsing funds; please see item L.</p> | <p>Gross (24,300,000) Restricted (24,300,000) GF/GP 0</p> |
| <p>3. Pupil Membership Blend. The budget included a change in the blending of pupil memberships, from a 75% weight on the current-year fall count plus 25% weight on the prior-year February count, to a 90%/10% formula. Since there is declining enrollment statewide, there are State savings because the 90%/10% blend results in fewer pupil memberships on which to pay the foundation allowance.</p> | <p>Gross (12,000,000) Restricted (12,000,000) GF/GP 0</p> |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | |
|--|--|
| <p>4. ISD Operations. The budget reduced intermediate school district general operational funding by 5%, or \$3.3 million.</p> | <p>Gross (3,268,800) Restricted (3,268,800) GF/GP 0</p> |
| <p>5. Michigan Business Tax (MBT) Hold Harmless Grant. The budget reduced the MBT hold harmless funding that was intended to ensure that out-of-formula districts were not adversely affected by the permanent reductions in local mills levied for commercial and industrial personal property. In FY 2011-12, the grant will be provided only to such districts with fewer than 500 pupils.</p> | <p>Gross (1,100,000) Restricted (1,100,000) GF/GP 0</p> |
| <p>6. Other Categorical Reductions. The budget reduced payment in lieu of taxes (PILT) reimbursements by 15% (\$0.5 million), made a technical cost adjustment for education costs at juvenile detention facilities (saving \$387,700), reduced State Aid to Library payments by \$195,700 GF/GP (although funding is restored in the Department of Education budget), and reduced Early Childhood Investment Corporation (ECIC) collaborative grants by \$100,000.</p> | <p>Gross (1,193,400) Restricted (997,700) GF/GP (195,700)</p> |
| <p>E. FUNDING SHIFTS</p> | |
| <p>The budget replaced the final \$184.3 million of Federal American Recovery and Reinvestment Act (ARRA) funds with School Aid funding in support of the foundation allowance. Also, \$100.0 million GF/GP replaced School Aid Fund revenue, partially offsetting lost SAF revenue due to tax changes, in support of the foundation allowance.</p> | <p>Gross 0 Federal (184,256,600) Restricted 84,256,600 GF/GP 100,000,000</p> |
| <p>F. PROGRAM TRANSFERS - NONE</p> | |
| <p>G. OTHER ISSUES</p> | |
| <p>The budget shifted \$8.4 million in State funds out of the line item for the Center for Educational Performance and Information (CEPI) and into the line item for <i>Adair v State of Michigan</i> reimbursements, which reimburses districts, ISDs, and others for data reporting costs. In addition, \$7.2 million in Federal funds was removed from the CEPI line and instead appropriated in the Department of Education budget for testing costs.</p> | <p>Gross (7,174,600) Federal (7,174,600) GF/GP 0</p> |
| <p>H. UNCLASSIFIED SALARIES - NONE</p> | |
| <p>I. FEE INCREASES - NONE</p> | |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

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 | 274,200 |
| Restricted | 193,600 |
| GF/GP | 80,600 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS

On a one-time basis only, \$455,500,000 was appropriated for the following:

| | |
|--|----------------------|
| MPSERS ¹⁾ one-time cost offset | \$155,000,000 |
| Best practices | 154,000,000 |
| MPSERS reserve for retirement obligation reform | 133,000,000 |
| Partial restoration of class-size reduction grants | <u>13,500,000</u> |
| GROSS APPROPRIATION..... | \$455,500,000 |
| Appropriated from: | |
| State GF/GP | \$0 |

1) Michigan Public School Employees' Retirement System

**DEPARTMENT OF STATE
P.A. 63 of 2011 - ARTICLE VIII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 1,809.0 | 1,809.0 | 1,809.0 | 1,809.0 | 1,809.0 | 0.0 | 0.0 |
| GROSS..... | 212,906,200 | 211,885,000 | 211,885,000 | 211,885,000 | 211,885,000 | (1,021,200) | (0.5) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 0 | 0.0 |
| ADJUSTED GROSS..... | 192,906,200 | 191,885,000 | 191,885,000 | 191,885,000 | 191,885,000 | (1,021,200) | (0.5) |
| Less: | | | | | | | |
| Federal Funds..... | 2,015,000 | 1,810,000 | 1,810,000 | 1,810,000 | 1,810,000 | (205,000) | (10.2) |
| Local and Private | 100 | 100 | 100 | 100 | 100 | 0 | 0.0 |
| TOTAL STATE SPENDING..... | 190,891,100 | 190,074,900 | 190,074,900 | 190,074,900 | 190,074,900 | (816,200) | (0.4) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 177,799,500 | 178,788,700 | 178,788,800 | 178,788,700 | 178,788,700 | 989,200 | 0.6 |
| GENERAL FUND/GENERAL PURPOSE... | 13,091,600 | 11,286,200 | 11,286,100 | 11,286,200 | 11,286,200 | (1,805,400) | (13.8) |
| PAYMENTS TO LOCALS | 1,360,800 | 1,360,800 | 1,360,800 | 1,360,800 | 1,360,800 | 0 | 0.0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

| | | |
|--|-------|-------------|
| | Gross | (2,100,000) |
| | GF/GP | (2,100,000) |

Governor's Target Reduction. The Senate and House agreed with the Governor's reductions to several line items to achieve overall GF/GP savings. Savings realized from efficiencies in operations in several line items include: Regulatory Services (\$494,000); Branch Operations (\$484,200); Central Operations (\$558,800); Department Services (\$460,000); and Election Administration (\$103,000).

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Early Retirement Savings. Administrative savings are achieved due to early retirements and recognized in the FY 2011-12 budget.

| | | |
|--|-------|-----------|
| | Gross | (621,300) |
| | GF/GP | (621,300) |

2. Year-to-Date (Y-T-D) Adjustment. An adjustment of \$819,200 was made to the Y-T-D appropriations due to the enactment of Public Act 49 of 2011. This supplemental reflected savings due to early retirements in FY 2010-11. Additionally, Federal funding was increased by \$205,000 for two Federal contingency fund transfers for a Department of Technology, Management, and Budget letter dated 3-21-11: \$200,000 in additional Federal funding for Motorcycle Safety Grants and an additional \$5,000 for continued enactment of the Help America Vote Act.

| | | |
|--|---------|-----------|
| | Gross | 614,200 |
| | Federal | (205,000) |
| | GF/GP | 819,200 |

H. UNCLASSIFIED SALARIES

| | | |
|--|-------|---------|
| | Gross | (3,300) |
| | GF/GP | (3,300) |

State Officers Compensation Commission (SOCC) Adjustment. The salary and expense allowance for the Secretary of State was reduced based on March 2009 SOCC determinations.

I. FEE INCREASES - NONE

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

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 | 1,089,200 |
| Restricted | 989,200 |
| GF/GP | 100,000 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS - NONE

**DEPARTMENT OF STATE POLICE
P.A. 63 of 2011 - ARTICLE XVI**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 2,764.0 | 2,745.0 | 2,745.0 | 2,745.0 | 2,751.0 | (13.0) | (0.5) |
| GROSS..... | 534,992,400 | 521,482,600 | 524,482,600 | 520,850,000 | 524,282,700 | (10,709,700) | (2.0) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 24,143,800 | 23,546,200 | 23,546,200 | 23,546,200 | 23,546,200 | (597,600) | (2.5) |
| ADJUSTED GROSS..... | 510,848,600 | 497,936,400 | 500,936,400 | 497,303,800 | 500,736,500 | (10,112,100) | (2.0) |
| Less: | | | | | | | |
| Federal Funds..... | 109,622,300 | 106,251,500 | 106,251,500 | 106,051,500 | 106,051,600 | (3,570,700) | (3.3) |
| Local and Private | 6,527,300 | 6,672,800 | 6,672,800 | 6,672,800 | 6,672,800 | 145,500 | 2.2 |
| TOTAL STATE SPENDING..... | 394,699,000 | 385,012,100 | 388,012,100 | 384,579,500 | 388,012,100 | (6,686,900) | (1.7) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 136,202,900 | 123,336,100 | 126,336,100 | 120,336,100 | 123,336,100 | (12,866,800) | (9.4) |
| GENERAL FUND/GENERAL PURPOSE... | 258,496,100 | 261,676,000 | 261,676,000 | 264,243,400 | 264,676,000 | 6,179,900 | 2.4 |
| PAYMENTS TO LOCALS | 19,466,900 | 19,056,000 | 19,056,000 | 19,056,000 | 19,056,000 | (410,900) | (2.1) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|---|-------------------|------------------|
| <p>1. School Bus Inspection Program. The FY 2011-12 budget includes an increase in appropriations to the Statewide School Bus Inspection Program, allowing for an increase in inspection personnel from 4.0 to 15.0 FTEs and providing for a total budget of \$1,529,600 (Local School Aid revenue).</p> | <p>FTE</p> | <p>11.0</p> |
| | <p>Gross</p> | <p>1,047,400</p> |
| | <p>Local</p> | <p>1,047,400</p> |
| | <p>GF/GP</p> | <p>0</p> |
| <p>2. Tobacco Tax Enforcement. The budget includes funding from Tobacco Tax revenue, should it become available, to hire 6.0 FTE investigators to bolster tobacco tax enforcement in the State.</p> | <p>FTE</p> | <p>6.0</p> |
| | <p>Gross</p> | <p>3,000,000</p> |
| | <p>Restricted</p> | <p>3,000,000</p> |
| | <p>GF/GP</p> | <p>0</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

- | | | |
|--|----------------|--------------------|
| <p>1. Field Service Restructuring. The budget reflects savings related to a proposed restructuring of service delivery by Michigan State troopers across the State. The plan would eliminate some current State Police posts and replace them with smaller and more numerous satellite operations and also is expected to redirect some existing supervisory personnel to other duties.</p> | <p>Gross</p> | <p>(3,208,500)</p> |
| | <p>GF/GP</p> | <p>(3,208,500)</p> |
| <p>2. Closure of Rockford Communications Center. The budget reflects the closure of the Rockford Communications Center.</p> | <p>Gross</p> | <p>(1,000,000)</p> |
| | <p>GF/GP</p> | <p>(1,000,000)</p> |
| <p>3. Trooper Overtime. The budget recognizes savings due to the exclusion of what had been annual funding for potential overtime costs for troopers.</p> | <p>Gross</p> | <p>(4,641,200)</p> |
| | <p>GF/GP</p> | <p>(4,641,200)</p> |
| <p>4. Homeland Security Grant to Legislature. The budget includes a reduction in appropriations for a homeland security grant for State Capitol security from \$200,000 to \$100.</p> | <p>Gross</p> | <p>(199,900)</p> |
| | <p>Federal</p> | <p>(199,900)</p> |
| | <p>GF/GP</p> | <p>0</p> |
| <p>5. Collins Road Building Lease Elimination. The budget reflects savings from the shift of personnel from a privately leased building on Collins Road in East Lansing to an existing State government building in Lansing.</p> | <p>Gross</p> | <p>(750,000)</p> |
| | <p>GF/GP</p> | <p>(750,000)</p> |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | |
|---|--|
| <p>6. Other Reductions/Savings. Other reductions in the budget include savings due to completion of a 9-1-1 system upgrade (\$3.4 million restricted), retirement attrition (\$4,098,100 GF/GP), and the trooper Deferred Retirement Option Plan (\$2,757,100 GF/GP).</p> | <p>Gross (10,255,200) Restricted (3,400,000) GF/GP (6,855,200)</p> |
| <p>7. Shift of Funded Vacancies to GF/GP. The budget includes a shift of restricted funds that supported funded vacancies to GF/GP for a net reduction.</p> | <p>Gross (922,500) Restricted 0 GF/GP 922,500</p> |
| | |
| <p>E. FUNDING SHIFTS</p> <p>Shift of Federal, Restricted and IDG to GF/GP. The budget includes a fund shift of \$2,510,200 Federal and \$2,738,600 restricted to GF/GP, a shift of \$100,000 interdepartmental grant (IDG) to GF/GP, and a shift of \$346,000 from GF/GP to restricted.</p> | <p>Gross 0 IDG (100,000) Federal (2,510,200) Restricted (2,392,600) GF/GP 5,002,800</p> |
| | |
| <p>F. PROGRAM TRANSFERS - NONE</p> | |
| | |
| <p>G. OTHER ISSUES</p> | |
| <p>1. Adjustment for Non-GF/GP Funds Received and FTEs. The budget includes an adjustment for non-GF/GP funds anticipated to be received.</p> | <p>Gross (12,499,300) IDG (1,573,400) Federal 1,733,500 Private (69,800) Local (979,900) Restricted (11,609,700) GF/GP 0</p> |
| <p>2. Early Retirement Savings. The budget includes reductions to reflect early retirement savings from FY 2010-11.</p> | <p>Gross (1,859,900) GF/GP (1,859,900)</p> |
| <p>3. Accounting Consolidation. The budget includes a technical adjustment to reflect the consolidation of accounting duties in the Department of Technology, Management, and Budget.</p> | <p>FTE (9.0) Gross 0 GF/GP 0</p> |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

4. Year-to-Date Adjustment. A positive adjustment was made to account for negative supplemental adjustments in Public Act 49 of 2011 of \$2,637,100 GF/GP related to departmental savings from the early retirement program for FY 2010-11; a negative adjustment for \$750,000 GF/GP added in Public Act 58 of 2011 for disaster assistance; and a negative adjustment for \$4,248,100 gross (\$3,988,100 Federal, \$260,000 restricted) to balance for additional funding authorized by FY 2010-11 contingency fund transfers.

| | |
|------------|-------------|
| FTE | (21.0) |
| Gross | (2,361,000) |
| Federal | (3,988,100) |
| Restricted | (260,000) |
| GF/GP | 1,887,100 |

H. UNCLASSIFIED SALARIES

Technical Adjustment. The budget includes a technical adjustment to reflect the inclusion of the Secretary of the Michigan Commission on Law Enforcement Standards as an unclassified employee.

| | |
|-------|-----|
| FTE | 1.0 |
| Gross | 0 |
| GF/GP | 0 |

I. FEE INCREASES - 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 | 22,940,400 |
| IDG | 1,075,800 |
| Federal | 1,394,000 |
| Local | 131,700 |
| Private | 16,100 |
| Restricted | 1,795,500 |
| GF/GP | 18,527,300 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS

On a one-time basis only, \$800,000 was appropriated for the following:

| | |
|---|-----------|
| Department traffic control for the Michigan international speedway..... | \$800,000 |
| GROSS APPROPRIATION..... | \$800,000 |
| Appropriated from: | |
| State GF/GP..... | \$800,000 |

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
P.A. 63 of 2011 - ARTICLE VIII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|----------------------|--|---|------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 2,966.5 | 3,032.5 | 2,980.5 | 2,980.5 | 3,032.5 | 66.0 | 2.2 |
| GROSS..... | 966,505,800 | 1,019,684,300 | 1,007,141,700 | 1,006,297,300 | 1,017,184,300 | 50,678,600 | 5.2 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 582,903,800 | 608,968,900 | 608,968,900 | 608,968,900 | 608,968,900 | 26,065,100 | 4.5 |
| ADJUSTED GROSS..... | 383,602,000 | 410,715,400 | 398,172,800 | 397,328,400 | 408,215,400 | 24,613,400 | 6.4 |
| Less: | | | | | | | |
| Federal Funds..... | 2,682,000 | 10,346,000 | 2,803,400 | 2,803,400 | 10,346,000 | 7,664,000 | 285.8 |
| Local and Private | 1,551,200 | 1,637,200 | 1,637,200 | 1,637,200 | 1,637,200 | 86,000 | 5.5 |
| TOTAL STATE SPENDING..... | 379,368,800 | 398,732,200 | 393,732,200 | 392,887,800 | 396,232,200 | 16,863,400 | 4.4 |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 83,827,300 | 85,374,400 | 85,374,400 | 85,374,400 | 85,374,400 | 1,547,100 | 1.8 |
| GENERAL FUND/GENERAL PURPOSE... | 295,541,500 | 313,357,800 | 308,357,800 | 307,513,400 | 310,857,800 | 15,316,400 | 5.2 |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS

| | |
|-------|-----------|
| Gross | 2,500,000 |
| GF/GP | 2,500,000 |

Technology Innovations Fund. New funding is provided to award competitive grants to State departments and agencies for innovations in technology. Grants will be awarded based on innovations that can provide the most cost savings to the State.

B. PROGRAM INCREASES

1. State Building Authority Rent Adjustments. Funding was increased to the "rent" the State pays for State-financed building projects based on projected payments and negotiated contracts.

| | |
|-------|------------|
| Gross | 15,000,000 |
| GF/GP | 15,000,000 |

2. Accounting Consolidation. Funding was increased to finalize consolidation of accounting services related to Executive Order 2007-32, which merged the former Department of Civil Service into the Department of Technology, Management, and Budget (DTMB). Funding also included the addition of 14.0 FTE positions.

| | |
|-------|-----------|
| FTE | 14.0 |
| Gross | 1,593,200 |
| IDG | 1,593,200 |
| GF/GP | 0 |

3. Information Technology (IT) Auto-Alignment. Information Technology appropriations for FY 2010-11 were adjusted to match actual appropriations. Boilerplate language allows for the estimated funding in the initial appropriations to be adjusted automatically later in the fiscal year to align with actual appropriations.

| | |
|-------|-----------|
| Gross | 7,907,900 |
| IDG | 7,907,900 |
| GF/GP | 0 |

4. Information Technology Miscellaneous Adjustments. Several items related to IT for several departments were adjusted. Positive adjustments total \$13.6 million (the largest being \$8.9 million for the Department of Community Health's Health Insurance Portability and Accountability Project). Negative adjustments total \$1.5 million.

| | |
|-------|------------|
| Gross | 12,079,400 |
| IDG | 12,079,400 |
| GF/GP | 0 |

5. Civil Service Commission Adjustment. Civil Service Commission accounting costs were saved as a result of a Department of Corrections facility closure in Standish, resulting in a slight increase in funding for the Commission for FY 2011-12.

| | |
|-------|---------|
| Gross | 277,800 |
| GF/GP | 277,800 |

C. PROGRAM ELIMINATIONS

1. Professional Development Funds. All remaining funding for professional development activities for State Classified Civil Service employees was eliminated because no contracts were in place for FY 2011-12.

| | |
|-------|-----------|
| Gross | (225,000) |
| IDG | (225,000) |
| GF/GP | 0 |

| | | FY 2011-12 Change From FY 2010-11 Year-to-Date | |
|---|--|---|--|
| 2. Gubernatorial Transition. | The budget removed one-time funding for transition costs associated with the election of a new Governor. | Gross GF/GP | (1,500,000) (1,500,000) |
| D. PROGRAM REDUCTIONS | | | |
| 1. Building Operations. | Consolidation of functions and a reduction in funded FTE positions resulted in savings of \$1.3 million. | Gross IDG GF/GP | (1,250,000) (1,250,000) 0 |
| 2. Governor's Target Reduction. | The Senate and House agreed with the Governor's reductions to several line items to achieve overall GF/GP savings. Management and Budget reduced costs by \$3.1 million (\$1.8 GF/GP), Civil Service reduced costs by \$2.0 million (\$2.0 million GF/GP), and Technology Services reduced costs by \$1.3 million (\$1.3 million interdepartmental grant). | Gross IDG Restricted GF/GP | (6,394,300) (1,869,200) (732,600) (3,792,500) |
| E. FUNDING SHIFTS | | | |
| Statewide Cost Allocation Project (SWCAP) Adjustments. | The budget adjusted interdepartmental grant (IDG), restricted, and GF/GP funding to reflect actual appropriations. | Gross IDG Restricted GF/GP | 0 101,100 293,600 (394,700) |
| F. PROGRAM TRANSFERS - NONE | | | |
| G. OTHER ISSUES | | | |
| 1. Early Retirement Savings. | Administrative savings are achieved due to early retirements and recognized in the FY 2011-12 budget. Management and Budget saved \$1.5 million GF/GP, Civil Service Commission saved \$1.6 million GF/GP, and Technology Services saved \$2.8 million IDG. | Gross IDG GF/GP | (5,941,200) (2,795,500) (3,145,700) |
| 2. Revised Governor's Recommendation. | The Governor submitted a revised FY 2011-12 recommendation that included additional funding and 52.0 FTE positions as a result of Executive Order 2011-4, the restructuring of the Department of Licensing and Regulatory Affairs which moved some additional functions to the DTMB. | Gross Federal GF/GP | 7,542,600 7,542,600 0 |
| 3. Year-to-Date Adjustment. | An adjustment was made to the Year-to-Date appropriations due to the enactment of Public Act 49 of 2011. This supplemental reflected savings due to early retirements in FY 2010-11. | Gross IDG GF/GP | 7,856,400 3,649,100 4,207,300 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - 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 | 11,231,800 |
| IDG | 6,874,100 |
| Federal | 121,400 |
| Local | 76,200 |
| Private | 9,800 |
| Restricted | 1,986,100 |
| GF/GP | 2,164,200 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS

On a one-time basis only, \$61.3 million was appropriated for the following:

| | |
|---|---------------------|
| Asbestos removal from former State Police Headquarters at MSU | \$1,250,000 |
| Post-employment benefits | <u>60,000,000</u> |
| GROSS APPROPRIATION..... | <u>\$61,250,000</u> |
| Appropriated from: | |
| State GF/GP..... | \$61,250,000 |

**DEPARTMENT OF TRANSPORTATION
P.A. 63 of 2011 - ARTICLE XVII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|----------------------|--|---|------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 3,016.3 | 3,043.3 | 3,043.3 | 3,043.3 | 3,043.3 | 27.0 | 0.9 |
| GROSS..... | 3,239,216,300 | 3,377,770,700 | 3,312,770,700 | 3,327,770,700 | 3,327,770,700 | 88,554,400 | 2.7 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 878,300 | 3,451,500 | 3,451,500 | 3,451,500 | 3,451,500 | 2,573,200 | 293.0 |
| ADJUSTED GROSS..... | 3,238,338,000 | 3,374,319,200 | 3,309,319,200 | 3,324,319,200 | 3,324,319,200 | 85,981,200 | 2.7 |
| Less: | | | | | | | |
| Federal Funds..... | 1,230,867,600 | 1,241,195,200 | 1,241,195,200 | 1,241,195,200 | 1,241,195,200 | 10,327,600 | 0.8 |
| Local and Private | 56,496,000 | 53,968,500 | 53,968,500 | 53,968,500 | 53,968,500 | (2,527,500) | (4.5) |
| TOTAL STATE SPENDING..... | 1,950,974,400 | 2,079,155,500 | 2,014,155,500 | 2,029,155,500 | 2,029,155,500 | 78,181,100 | 4.0 |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 1,950,974,400 | 2,079,155,500 | 2,014,155,500 | 2,029,155,500 | 2,029,155,500 | 78,181,100 | 4.0 |
| GENERAL FUND/GENERAL PURPOSE... | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| PAYMENTS TO LOCALS | 1,143,995,100 | 1,182,737,000 | 1,167,737,000 | 1,174,926,900 | 1,182,737,000 | 38,741,900 | 3.4 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

| | |
|---|---|
| <p>1. Debt Service. Total funding was increased due to changes in scheduled debt service payments. State Trunkline payments were increased by \$48.6 million, Economic Development by \$1,200, Blue Water Bridge by \$1.9 million, and Airport Safety by \$17,500.</p> | <p>Gross 50,514,300 Federal 7,602,200 Restricted 42,912,100 GF/GP 0</p> |
| <p>2. State Restricted Revenue. Funding for road and bridge programs was increased to align appropriations with anticipated revenue. The increases included \$46.1 million for State Trunkline Roads; \$19.2 million for County Road Commissions; \$10.7 million for Cities and Villages; and \$500,000 for Local Bridge Programs.</p> | <p>Gross 76,512,600 Restricted 76,512,600 GF/GP 0</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

| | |
|--|---|
| <p>1. Capital Outlay and Related. The budget reduced payments by \$13.5 million for Airport Safety, Protection, and Improvement programs, and removed \$9.9 million that was to be used for facilities associated with the Blue Water Bridge expansion project.</p> | <p>Gross (23,385,400) Federal (15,352,100) Local (3,312,500) Restricted (4,720,800) GF/GP 0</p> |
| <p>2. Federal Funding Match. The budget kept the Governor's proposed redirection of \$23.1 million in State Trunkline Fund money from various line items to generate \$115.0 million in Federal matching revenue.</p> | <p>Gross (23,117,600) Restricted (23,117,600) GF/GP 0</p> |
| <p>3. Comprehensive Transportation Fund (CTF). Funding for the CTF was reduced due to changes in debt service payments.</p> | <p>Gross (9,853,900) Restricted (9,853,900) GF/GP 0</p> |

E. FUNDING SHIFTS - NONE

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

F. PROGRAM TRANSFERS

Accounting Service Center. In FY 2011-12, the Michigan Department of Transportation (MDOT) will operate as an accounting service center for the Department of Natural Resources (\$1.4 million and 14.0 FTEs transferred to MDOT) and the Department of Environmental Quality (\$1.2 million and 13.0 FTEs transferred to MDOT). All related funding and 27.0 FTE positions were transferred to MDOT.

| | |
|-------|-----------|
| FTE | 27.0 |
| Gross | 2,573,200 |
| IDG | 2,573,200 |
| GF/GP | 0 |

G. OTHER ISSUES

1. Revenue-Based Adjustments. Expenditures from various funds were reduced to reflect anticipated revenue, including \$2.0 million in decreases in several line items due to lower-than-anticipated State Aeronautics Fund revenue and a decrease of \$1.2 million in restricted funds for intercity bus services.

| | |
|------------|-------------|
| Gross | (3,164,200) |
| Restricted | (3,164,200) |
| GF/GP | 0 |

2. Year-to-Date Adjustment. An adjustment was made to the Year-to-Date appropriations due to the enactment of Public Act 83 of 2011. A Federal Aviation Administration award of \$3.4 million in redistributed Federal American Recovery and Reinvestment Act (ARRA) funds from other states was appropriated in a supplemental appropriation. Funding was used for additional terminal construction activities at the Midland-Bay-Saginaw International Airport.

| | |
|---------|-------------|
| Gross | (3,397,000) |
| Federal | (3,397,000) |
| GF/GP | 0 |

3. Miscellaneous Adjustments. Miscellaneous adjustments in several line items were made to reflect changes in restricted and Federal revenue estimates. The largest item included the removal of \$1.0 million in one-time funding for the Light Rail project in Detroit.

| | |
|------------|--------------|
| Gross | 7,665,200 |
| Federal | 21,474,500 |
| Local | 785,000 |
| Restricted | (14,594,300) |
| GF/GP | 0 |

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - 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 | 14,207,200 |
| Restricted | 14,207,200 |
| GF/GP | 0 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS

On a one-time basis only, \$500,000 was appropriated for the following:

| | |
|--------------------------------------|------------------|
| Maintenance of 2 swing bridges | <u>\$500,000</u> |
| GROSS APPROPRIATION | \$500,000 |
| Appropriated from: | |
| State GF/GP | \$500,000 |

**DEPARTMENT OF TREASURY - DEBT SERVICE
P.A. 63 of 2011 - ARTICLE VIII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| GROSS..... | 57,632,800 | 140,928,000 | 140,928,000 | 140,928,000 | 140,928,000 | 83,295,200 | 144.5 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS..... | 57,632,800 | 140,928,000 | 140,928,000 | 140,928,000 | 140,928,000 | 83,295,200 | 144.5 |
| Less: | | | | | | | |
| Federal Funds..... | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING..... | 57,632,800 | 140,928,000 | 140,928,000 | 140,928,000 | 140,928,000 | 83,295,200 | 144.5 |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 15,514,500 | 15,514,500 | 15,514,500 | 15,514,500 | 15,514,500 | 0 | 0.0 |
| GENERAL FUND/GENERAL PURPOSE.. | 42,118,300 | 125,413,500 | 125,413,500 | 125,413,500 | 125,413,500 | 83,295,200 | 197.8 |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|---|-------|------------|
| <p>1. Quality of Life Bonds. The debt service payments for Quality of Life Bonds increased by \$47,340,400 to \$75,278,500 in FY 2011-12. The increase was due to bond restructuring completed in FY 2009-10 to save money in FY 2010-11. The line item pays the debt service on general obligation bonds approved by the voters in 1988 for environmental protection and recreation purposes.</p> | Gross | 47,340,400 |
| | GF/GP | 47,340,400 |
| <p>2. Clean Michigan Initiative. The budget increased the debt service payments for this program by \$34,748,000 to a total of \$59,373,100 in FY 2011-12. The increase was a result of prior bond restructuring that reduced payments in FY 2010-11. The Clean Michigan Initiative was approved by the voters in 1994. The proceeds of bonds issued under the program are used for environmental cleanup, pollution prevention, and redevelopment projects, including nonpoint source pollution control and waterfront redevelopment.</p> | Gross | 34,748,000 |
| | GF/GP | 34,748,000 |
| <p>3. Great Lakes Water Quality. The budget increased debt service payments for this program by \$1,276,400 to \$4,150,900 in FY 2011-12 due to previous bond restructuring that reduced debt service costs in FY 2010-11. This program, which uses general obligation bond proceeds for sewage treatment projects, storm water projects, and reducing nonpoint source water pollution, was approved by the voters in 2002.</p> | Gross | 1,276,400 |
| | GF/GP | 1,276,400 |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

| | | |
|--|-------|----------|
| | Gross | (69,600) |
| | GF/GP | (69,600) |

The budget reduced debt service payments on bonds issued in 1992 and 1993 for the Water Pollution Control Bond program by \$69,600 to reflect current costs. Debt service for the program is \$2,125,500 in FY 2011-12.

- H. UNCLASSIFIED SALARIES - NONE**
- I. FEE INCREASES - NONE**
- J. ECONOMIC ADJUSTMENTS - NONE**
- K. VETOES - NONE**
- L. ONE-TIME APPROPRIATIONS - NONE**

**DEPARTMENT OF TREASURY - OPERATIONS
P.A. 63 of 2011 – ARTICLE VIII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 2,034.5 | 1,745.5 | 2,040.5 | 2,040.5 | 1,745.5 | (289.0) | (14.2) |
| GROSS..... | 699,039,600 | 441,904,500 | 675,150,700 | 669,712,700 | 450,074,600 | (248,965,000) | (35.6) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 14,295,200 | 14,384,000 | 14,384,000 | 14,384,000 | 14,384,000 | 88,800 | 0.6 |
| ADJUSTED GROSS..... | 684,744,400 | 427,520,500 | 660,766,700 | 655,328,700 | 435,690,600 | (249,053,800) | (36.4) |
| Less: | | | | | | | |
| Federal Funds..... | 206,052,700 | 39,861,500 | 206,721,500 | 206,721,500 | 38,861,500 | (167,191,200) | (81.1) |
| Local and Private | 2,054,000 | 2,099,200 | 2,099,200 | 2,099,200 | 2,099,200 | 45,200 | 2.2 |
| TOTAL STATE SPENDING..... | 476,637,700 | 385,559,800 | 451,946,000 | 446,508,000 | 394,729,900 | (81,907,800) | (17.2) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 390,021,300 | 325,288,500 | 391,725,100 | 387,225,100 | 329,131,000 | (60,890,300) | (15.6) |
| GENERAL FUND/GENERAL PURPOSE... | 86,616,400 | 60,271,300 | 60,220,900 | 59,282,900 | 65,598,900 | (21,017,500) | (24.3) |
| PAYMENTS TO LOCALS | 151,426,400 | 153,993,500 | 146,393,500 | 153,754,500 | 153,993,500 | 2,567,100 | 1.7 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS

| | |
|-------|------------|
| Gross | 10,000,000 |
| GF/GP | 10,000,000 |

Presidential Primary. The budget includes \$10.0 million GF/GP for a presidential primary in FY 2011-12. The funds are to reimburse local governments pursuant to statute for costs of the election.

B. PROGRAM INCREASES

1. Tax Plan Implementation. Public Act 63 of 2011, the annual budget for FY 2011-12, renamed the former line item for administration of the Michigan Business Tax to Tax Plan Implementation and increased the line item by \$5,327,600 GF/GP to a total of \$10,537,000 in FY 2011-12. This funds the continuing costs of the Michigan Business Tax and administration of the new Corporate Income Tax. Public Act 38 of 2011, part of the tax revision package, provided an additional \$1.0 million GF/GP in FY 2011-12 for implementation costs of tax changes.

| | |
|-------|-----------|
| Gross | 5,327,600 |
| GF/GP | 5,327,600 |

2. Tobacco Tax Enforcement. The budget includes \$3.0 million in restricted tobacco tax revenue for additional enforcement of the tobacco tax. Section 943 lists the uses of the funds, directs the Department to work cooperatively with the Michigan State Police on tobacco tax enforcement, and requires the Department to report by November 1 on the planned use of the funds. The Governor, however, noted in his signing message his determination that Sec. 943 is an amendment by reference (to the Tobacco Products Act) and is therefore unenforceable. While the line was not vetoed, the Department indicated that the funds are not expected to be spent.

| | |
|------------|-----------|
| Gross | 3,000,000 |
| Restricted | 3,000,000 |
| GF/GP | 0 |

3. Unclaimed Property. The budget increased funding for administration of the unclaimed property program by \$700,000 in restricted funds and 5.0 FTEs. The additional funds will cover ongoing costs of the recent statutory changes that accelerated the recovery of unclaimed property by the State. Total ongoing funding for this program is \$4,356,600 in FY 2011-12.

| | |
|------------|---------|
| FTE | 5.0 |
| Gross | 700,000 |
| Restricted | 700,000 |
| GF/GP | 0 |

4. Michigan Gaming Control Board. The budget added \$90,200 and 1.0 FTE position to increase the number of Indian gaming auditors from 5.0 to 6.0 FTEs in FY 2011-12. The increase is due to the opening of additional Indian casinos.

| | |
|------------|--------|
| FTE | 1.0 |
| Gross | 90,200 |
| Restricted | 90,200 |
| GF/GP | 0 |

C. PROGRAM ELIMINATIONS - NONE

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

D. PROGRAM REDUCTIONS

| | |
|--|---|
| <p>1. Payments in Lieu of Taxes (PILT). The Governor proposed a 15.0% reduction in PILT for purchased land, commercial forest reserve, and swamp and tax reverted land. The Senate concurred and the House increased the reduction to 17.3%. The enacted budget includes the reductions at the Governor's recommendation, saving \$1,576,000 GF/GP and \$290,400 in State restricted funds. Total PILT funding is \$10,577,000 in FY 2011-12.</p> | <p>Gross (1,866,400) Restricted (290,400) GF/GP (1,576,000)</p> |
| <p>2. Senior Citizens Cooperative Housing. The budget reflects a reduction of \$2.5 million in FY 2011-12 to \$12,020,000 due to lower costs of the program.</p> | <p>Gross (2,500,000) GF/GP (2,500,000)</p> |
| <p>3. Administrative Reductions. The budget reflects a reduction in all GF/GP-funded line items with administrative charges. As proposed by the Governor, these reductions totaled \$905,500. The Senate concurred. The House included additional reductions of \$749,400. The enacted budget concurred with the Governor's original recommendation.</p> | <p>Gross (905,500) GF/GP (905,500)</p> |
| <p>4. Business Property Tax Appeal. Funding for this program to assist local governments in contesting property tax appeals was reduced by \$600,000 GF/GP, bringing the FY 2011-12 appropriation to \$300,000 GF/GP.</p> | <p>Gross (600,000) GF/GP (600,000)</p> |
| <p>5. Removal of Supplemental Funding for Tax Plan Implementation. The budget removed one-time funding for information technology (IT) contractual services and the Department of Technology, Management, and Budget. Public Act 83 of 2011 provided supplemental funding of \$31,917,300 GF/GP in FY 2010-11 for IT projects needed to implement changes in the personal income tax and creation of the Corporate Income Tax.</p> | <p>Gross (31,917,300) GF/GP (31,917,300)</p> |

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

| | |
|--|--|
| <p>1. Michigan State Housing Development Authority (MSHDA). Executive Order 2011-4 transferred MSHDA, a Type I agency, from the Department of Treasury to the Michigan Strategic Fund, which also is a Type I agency within the Department of Treasury. The transfer shifted \$225,973,100 and 289.0 FTE positions from Treasury-Operations to the Michigan Strategic Fund. MSHDA, however, retains its independent status and remains within the Department of Treasury, albeit now under the Michigan Strategic Fund.</p> | <p>FTE (289.0) Gross (225,973,100) Federal (168,044,200) Restricted (57,928,900) GF/GP 0</p> |
|--|--|

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

2. Land Bank Fast Track Authority. The budget reflects the transfer of the Land Bank Fast Track Authority by Executive Order 2011-4 from the Department of Treasury to the Michigan Strategic Fund.

| | |
|------------|-------------|
| FTE | (6.0) |
| Gross | (1,879,700) |
| Restricted | (1,879,700) |
| GF/GP | 0 |

G. OTHER ISSUES

The budget removed one-time funding of \$6.8 million for tax amnesty and \$4.8 million for unclaimed property, provided information technology economics of \$363,400, included a net change in early retirement savings of \$316,500, reduced excess restricted fund authority in PILT of \$513,000, adjusted building occupancy charges, rent, and workers' compensation by \$75,000, and made restricted fund adjustments.

| | |
|------------|--------------|
| Gross | (11,609,400) |
| IDG | 11,300 |
| Federal | 85,100 |
| Restricted | (12,029,700) |
| GF/GP | 323,900 |

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - 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 | 9,168,600 |
| IDG | 77,500 |
| Federal | 767,900 |
| Local | 45,200 |
| Restricted | 7,448,200 |
| GF/GP | 829,800 |

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS - NONE

**DEPARTMENT OF TREASURY - REVENUE SHARING
P.A. 63 of 2011 - ARTICLE VIII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| GROSS | 1,088,414,400 | 958,979,300 | 958,979,300 | 958,979,300 | 958,979,300 | (129,435,100) | (11.9) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS | 1,088,414,400 | 958,979,300 | 958,979,300 | 958,979,300 | 958,979,300 | (129,435,100) | (11.9) |
| Less: | | | | | | | |
| Federal Funds..... | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING | 1,088,414,400 | 958,979,300 | 958,979,300 | 958,979,300 | 958,979,300 | (129,435,100) | (11.9) |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 1,088,414,400 | 958,979,300 | 958,979,300 | 958,979,300 | 958,979,300 | (129,435,100) | (11.9) |
| GENERAL FUND/GENERAL PURPOSE... | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| PAYMENTS TO LOCALS | 1,088,414,400 | 958,979,300 | 958,979,300 | 958,979,300 | 958,979,300 | (129,435,100) | (11.9) |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

| | |
|------------|-------------|
| Gross | 200,000,000 |
| Restricted | 200,000,000 |
| GF/GP | 0 |

A. NEW PROGRAMS

Economic Vitality Incentive Program. The Economic Vitality Incentive Program (EVIP) replaced Statutory Revenue Sharing for eligible cities, villages, and townships (CVTs). The program consists of two parts: incentive payments to eligible CVTs and a consolidation incentive grant program for counties and CVTs.

1. **Incentive Program.** Eligible municipalities are CVTs that received at least \$4,500 in statutory revenue sharing in FY 2009-10. The maximum payment is 67.837363% of the FY 2009-10 statutory revenue sharing payment. Total funding available for this program is \$210.0 million, consisting of \$195.0 from the line item appropriation and \$15.0 million in one-time funding shown below. A CVT can qualify for one-third of the maximum payment by satisfying requirements in one of three categories (stated in Sec. 951 of Public Act 63 of 2011 - Article VIII). The three incentive areas are as follows:
 - a. **Accountability and Transparency.** This category requires a CVT to develop and make available to the public a citizen's guide and performance dashboard of its local finances by October 1, 2011.
 - b. **Consolidation of Services.** To qualify for a payment in this category, a CVT is required to certify by January 1, 2012, that it has completed and made available to the public a plan to increase cooperation, collaboration, and consolidation within the jurisdiction or with other jurisdictions.
 - c. **Employee Compensation.** The category requires each CVT to certify by May 1, 2012, that it has developed a compensation plan that meets specific requirements regarding the characteristics of retirement and health care plans. The CVT is required to indicate intent to implement the plan with any new, modified, or extended contract or employment agreement.
2. **Consolidation Incentive.** The budget allocates \$5.0 million from the EVIP appropriation for grants awarded by the Department of Treasury to counties and CVTs for costs associated with mergers, interlocal agreements, and cooperative efforts related to combining government operations. Any undistributed funds from the incentive program will be deposited into a work project to increase the funds available for consolidation incentives.

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

B. PROGRAM INCREASES

Constitutional Revenue Sharing. The budget set constitutional revenue sharing payments to cities, villages, and townships at \$658,979,300 in FY 2011-12, an increase of \$6,705,400 above the projected FY 2010-11 level including appropriation adjustments through Public Act 83 of 2011, which made FY 2010-11 supplemental appropriations. The projected payments, however, are estimated to total \$670,804,600 when revenue estimates from the May 2011 Consensus Revenue Estimating Conference are considered. The current estimate is for a payment increase of \$18,530,700 over FY 2010-11.

| | |
|------------|-----------|
| Gross | 6,705,400 |
| Restricted | 6,705,400 |
| GF/GP | 0 |

C. PROGRAM ELIMINATIONS

Statutory Revenue Sharing. The budget eliminated statutory revenue sharing for cities, villages, and townships, a reduction of \$321,399,800 in the use of State restricted sales tax revenue.

| | |
|------------|---------------|
| Gross | (321,399,800) |
| Restricted | (321,399,800) |
| GF/GP | 0 |

D. PROGRAM REDUCTIONS

County Revenue Sharing. The line item for revenue sharing payments to counties was funded at \$100.0 million. This is less than the \$114,740,700 appropriated in FY 2010-11 and the approximately \$151.8 million in FY 2011-12 required by the statutory formula. The FY 2011-12 appropriation was supplemented by \$15.0 million in one-time funding appropriated in boilerplate and listed below.

| | |
|------------|--------------|
| Gross | (14,740,700) |
| Restricted | (14,740,700) |
| GF/GP | 0 |

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. VETOES - NONE

L. ONE-TIME APPROPRIATIONS

On a one-time basis only, \$30.0 million was appropriated for the following:

| | |
|---|-------------------|
| Economic vitality incentive program | \$15,000,000 |
| County revenue sharing | <u>15,000,000</u> |
| GROSS APPROPRIATION..... | \$30,000,000 |
| Appropriated from: | |
| Sales tax revenue..... | 30,000,000 |
| State GF/GP | \$0 |

The budget distributed these supplemental funds in the same manner as the related line item appropriations.

**DEPARTMENT OF TREASURY - STRATEGIC FUND AGENCY
P.A. 63 of 2011 - ARTICLE VIII**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2010-11 YEAR-TO-DATE | FY 2011-12 GOV.'S REC. | FY 2011-12 SENATE | FY 2011-12 HOUSE | FY 2011-12 INITIAL ONGOING APPROPS. | CHANGES FROM FY 2010-11 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|--|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions..... | 155.0 | 823.0 | 155.0 | 158.0 | 820.0 | 665.0 | 429.0 |
| GROSS..... | 165,196,900 | 939,341,500 | 154,325,700 | 144,325,700 | 908,818,900 | 743,622,000 | 450.1 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 81,200 | 881,200 | 37,600 | 37,600 | 37,600 | (43,600) | (53.7) |
| ADJUSTED GROSS..... | 165,115,700 | 938,460,300 | 154,288,100 | 144,288,100 | 908,781,300 | 743,665,600 | 450.4 |
| Less: | | | | | | | |
| Federal Funds..... | 56,566,900 | 705,352,500 | 50,652,800 | 50,652,800 | 704,672,400 | 648,105,500 | 1,145.7 |
| Local and Private | 843,600 | 4,813,500 | 350,000 | 350,000 | 4,813,500 | 3,969,900 | 470.6 |
| TOTAL STATE SPENDING..... | 107,705,200 | 228,294,300 | 103,285,300 | 93,285,300 | 199,295,400 | 91,590,200 | 85.0 |
| Less: | | | | | | | |
| Other State Restricted Funds..... | 75,573,000 | 139,330,600 | 85,568,600 | 75,568,600 | 140,331,700 | 64,758,700 | 85.7 |
| GENERAL FUND/GENERAL PURPOSE... | 32,132,200 | 88,963,700 | 17,716,700 | 17,716,700 | 58,963,700 | 26,831,500 | 83.5 |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 15,224,800 | 15,224,800 | 100.0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|--|---|---|
| <p>1. Business Attraction and Economic Gardening. This program was proposed by the Governor and included by both the Senate and the House. The budget includes \$50.0 million for this purpose, consisting of \$25.0 million from the 21st Century Jobs Trust Fund and \$25.0 million GF/GP. Section 1024 requires that not less than \$20.0 million be granted by the Michigan Strategic Fund board for brownfield redevelopment incentives and historic preservation incentives. An additional \$50.0 million GF/GP was authorized for this program in one-time funding, which is described below.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>50,000,000</p> <p>25,000,000</p> <p>25,000,000</p> |
| <p>2. Innovation and Entrepreneurship. The budget includes \$25.0 million from the 21st Century Jobs Trust Fund for an Innovation and Entrepreneurship program that will be similar to 21st Century Jobs Trust Fund programs funded in prior years. A portion of these funds was allocated by boilerplate Sec. 1034 to business incubators in the following locations: Houghton County, Kent County, Macomb County, Oakland County, Washtenaw County, a Midland County satellite of an Isabella County incubator, and the City of Detroit.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>25,000,000</p> <p>25,000,000</p> <p>0</p> |
| <p>3. Film Incentive Program. The budget includes a new Film Incentive Program that replaced the Film Tax Credit. The program was funded with one-time GF/GP revenue of \$25.0 million, and is discussed below under "One-Time Appropriations".</p> | | |

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS

- | | | |
|--|---|--|
| <p>1. Jobs for Michigan Investment Program: 21st Century Jobs Trust Fund. The budget eliminated the line item for this program funded at \$75.0 million in FY 2010-11 from the 21st Century Jobs Trust Fund; however, the budget retains the funds, including the \$20.0 million in FY 2010-11 earmarked by statute for tourism promotion. In FY 2011-12, from the \$75.0 million appropriated from the 21st Century Jobs Trust Fund money, \$25.0 million is allocated in the budget to each of the following programs: Pure Michigan, Innovation and Entrepreneurship, and Business Attraction and Economic Gardening.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(55,000,000)</p> <p>(55,000,000)</p> <p>0</p> |
| <p>2. Detroit Institute for the Arts. The budget removed a one-time grant for the Detroit Institute for the Arts. The grant of \$10.0 million GF/GP in FY 2010-11 was made pursuant to Sec. 1030 of Public Act 191 of 2010.</p> | <p>Gross</p> <p>GF/GP</p> | <p>(10,000,000)</p> <p>(10,000,000)</p> |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS

| | |
|------------|-------------|
| Gross | (402,800) |
| Restricted | 5,000,000 |
| GF/GP | (5,402,800) |

Pure Michigan. The budget funded tourism promotion solely from the 21st Century Jobs Trust Fund, eliminated \$5,402,800 GF/GP in the former line item for the Michigan Promotion Program, and replaced most of the GF/GP funds with an increase from \$20.0 million to \$25.0 million in restricted funds for tourism promotion from the 21st Century Jobs Trust Fund in a new line item for Pure Michigan. Total funding for tourism promotion decreased from \$25,402,800 in FY 2010-11 to \$25.0 million in FY 2011-12.

F. PROGRAM TRANSFERS

1. Workforce Development Agency. Executive Order (E.O.) 2011-4 transferred many programs from the Department of Licensing and Regulatory Affairs to the Michigan Strategic Fund (MSF) within the Department of Treasury. These included Welfare-to-Work, workforce training programs including Federal Workforce Investment Act funds for Michigan Works! agencies, postsecondary education, adult education, and Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP), a Federal college readiness program.

| | |
|------------|-------------|
| FTE | 358.0 |
| Gross | 505,765,800 |
| Federal | 482,102,400 |
| Local | 4,433,500 |
| Restricted | 2,982,900 |
| GF/GP | 16,247,000 |

2. Michigan State Housing Development Authority (MSHDA). Executive Order 2011-4 transferred MSHDA from the Department of Treasury to the MSF within the Department of Treasury. This added \$225,973,100 and 289.0 FTE positions to the MSF budget. The Authority, however, remains an independent agency.

| | |
|------------|-------------|
| FTE | 289.0 |
| Gross | 225,973,100 |
| Federal | 166,860,000 |
| Restricted | 59,113,100 |
| GF/GP | 0 |

3. Land Bank Fast Track Authority. Executive Order 2011-4 transferred the Land Bank Fast Track Authority from Treasury to the MSF within the Department of Treasury. The budget implemented this E.O. and shifted \$2,823,500 and 6.0 FTE positions.

| | |
|------------|-----------|
| FTE | 6.0 |
| Gross | 2,823,500 |
| Federal | 1,000,000 |
| Restricted | 1,823,500 |
| GF/GP | 0 |

**FY 2011-12 Change From
FY 2010-11 Year-to-Date**

4. Bureau of Energy Systems. Executive Order 2011-4 transferred most of the Bureau of Energy Systems from the Department of Licensing and Regulatory Affairs to the MSF. This added 12.0 FTE positions to the line item for Job Creation Services and \$5,610,900 to the MSF budget. This funding was appropriated in two line items, \$1.0 million in the appropriation for Job Creation Services and \$4,610,900 in the new line item for Bureau of Energy Systems.

| | |
|------------|-----------|
| FTE | 12.0 |
| Gross | 5,610,900 |
| Federal | 4,737,300 |
| Private | 30,000 |
| Restricted | 843,600 |
| GF/GP | 0 |

G. OTHER ISSUES

The budget recognized a net change in early retirement savings of \$106,300 GF/GP, and reduced spending authority by \$6.0 million in Federal funds (for the Community Development Block Grant program), \$493,600 in private funds, and \$50,000 in an interdepartmental grant.

| | |
|---------|-------------|
| Gross | (6,437,300) |
| IDG | (50,000) |
| Federal | (6,000,000) |
| Private | (493,600) |
| GF/GP | 106,300 |

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - 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 | 968,900 |
| IDG | 6,400 |
| Federal | 85,900 |
| Restricted | (4,400) |
| GF/GP | 881,000 |

K. VETOES

Precollege Engineering Program. The Governor vetoed the Sec. 1053 allocation of up to \$680,100 to the Detroit Precollege Engineering Program and the Grand Rapids Area Precollege Engineering Program. The boilerplate allocation did not identify a specific line item or fund source for the program. The veto was implemented by reducing the line item for Workforce Training Programs by \$680,100 in Federal Workforce Investment Act funds.

| | |
|---------|-----------|
| Gross | (680,100) |
| Federal | (680,100) |
| GF/GP | 0 |

L. ONE-TIME APPROPRIATIONS

On a one-time basis only, the budget includes an additional \$50.0 million GF/GP for the Business Attraction and Economic Gardening program (bringing total funding for the program to \$100.0 million), and \$25.0 million GF/GP for the new Film Incentive Program.

APPENDICES

**FY 2011-12
APPROPRIATION BILLS INDEX**

| <u>DEPARTMENTS/BUDGET AREAS</u> | <u>BILL NUMBER</u> | <u>PUBLIC ACT NUMBER</u> | <u>LINE-ITEM VETOES</u> |
|---|------------------------|------------------------------|-----------------------------|
| Agriculture and Rural Development..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Attorney General..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Civil Rights..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Community Colleges..... | H.B. 4325 | P.A. 62 of 2011 | NO |
| Community Health..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Corrections..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Education..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Environmental Quality..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Executive..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Higher Education..... | H.B. 4325 | P.A. 62 of 2011 | NO |
| Human Services..... | H.B. 4526 | P.A. 63 of 2011 | YES |
| Judiciary..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Legislative Auditor General..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Legislature..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Licensing and Regulatory Affairs..... | H.B. 4526 | P.A. 63 of 2011 | YES |
| Military and Veterans Affairs..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Natural Resources and Environment..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| School Aid..... | H.B. 4325 | P.A. 62 of 2011 | NO |
| State..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| State Police..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Technology, Management, and Budget..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Transportation..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Treasury..... | H.B. 4526 | P.A. 63 of 2011 | NO |
| Treasury - Strategic Fund Agency..... | H.B. 4526 | P.A. 63 of 2011 | YES |

ECONOMIC FORECAST AND REVENUE ESTIMATES

A. ECONOMIC FORECAST

The economic forecast on which the enacted fiscal year (FY) 2011-12 State budget was based is the consensus economic forecast adopted at the May 2011 Consensus Revenue Estimating Conference. Under this consensus economic forecast, the U.S. economy will grow 2.5% in 2011, 2.9% in 2012, and 3.1% in 2013. Although Michigan's economy has struggled for 10 consecutive years, the forecast expects employment growth in 2011, as well as in 2012 and 2013. The restructuring in the motor vehicle industry, combined with an improving economy nationally, will cause both Michigan employment and Michigan personal income, adjusted for inflation, to rise in 2011, 2012, and 2013. Low inflation and stable employment are expected to result in inflation-adjusted personal income rising 2.0% in 2011, 1.0% in 2012, and 2.4% in 2013. The highlights of the economic outlook for both the U.S. and Michigan economies are as follows:

1. U.S. Economy

- Real Gross Domestic Product (GDP) will rise an estimated 2.9% in 2012 and 3.1% in 2013, compared with 2.5% growth in 2011 and 2.9% growth in 2010. Continued weakness in the housing market combined with risk-averse credit markets and high energy prices will exert negative repercussions on consumer spending and business investment through much of the forecast period.
- Employment is expected to grow through 2013; however, the rate of growth is expected to be only slightly stronger than the increase in the number of people actively looking for work. As a result, the U.S. unemployment rate is expected to fall from 9.6% in 2010 to 9.0% in 2011, 8.8% in 2012, and 8.3% in 2013.
- Light vehicle sales are expected to increase from 11.5 million units in 2010, to 13.0 million units in 2011, 14.6 million units in 2012, and 15.2 million units in 2013. By comparison, 16.1 million units were sold in 2007 and 10.4 million units in 2009.
- Inflation, as measured by the U.S. Consumer Price Index, increased 1.6% in 2010, reflecting weak consumer demand and falling housing prices. The forecast estimates that inflation will rise 3.1% in 2011, largely driven by slower declines in housing prices coupled with higher energy prices, before increasing 2.1% in 2012, and 2.0% in 2013.

2. Michigan Economy

- On an annual basis, employment in Michigan steadily declined between 2000 and 2010, but is forecasted to increase in the next three years. In 2010, wage and salary employment declined 0.3% to 3,861,000 workers. In 2011, wage and salary employment is expected to rise an estimated 1.7%, to approximately 3,927,000 workers. Employment is expected to increase another 1.0% in 2012 and 1.2% in 2013, averaging 4,014,000 workers in 2013.
- Michigan's unemployment rate is projected to decrease from 12.5% in 2010 to 10.2% in 2011, 9.8% in 2012, and 9.5% in 2013.
- Rising employment will help increase total wage and salary payments to workers in Michigan over the forecast period. Total payments to wage and salary workers are expected to increase 4.7% during 2011 before increasing 3.3% in 2012 and 3.7% in 2013. Adjusted for inflation, wage and salary payments are projected to increase 1.8% in 2011, 1.4% in 2012, and 1.8% in 2013.
- Personal income, the total income received by individuals, will increase at an estimated rate of 4.9% in 2011, compared with a 2.8% increase in 2010. In 2012, personal income growth is expected to slow, rising 2.9%, and then increase 4.4% in 2013.
- Inflation in Michigan, as measured by the Detroit Consumer Price Index, is expected to increase 2.9% in 2011, and 1.9% per year in both 2012 and 2013. In comparison, inflation rose 0.8% in 2010.

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

General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue from ongoing sources is expected to total \$18.99 billion in FY 2011-12, up 1.9% from the \$18.64 billion predicted to be received during FY 2010-11. The total revenue collected in a fiscal year includes two major types of revenue: 1) revenue from ongoing revenue sources, and 2) revenue from various revenue adjustments (such as tax changes and one-time sources). The projected levels of revenue from ongoing revenue sources for these two fiscal years are the estimates adopted at the May 2011 Consensus Revenue Estimating Conference. Slightly slower growth in the Michigan economy will combine with tax changes largely scheduled to take effect in January 2012, as well as one-time revenue adjustments, to lower combined GF/GP and SAF revenue by 3.4% in FY 2011-12. Combined GF/GP and SAF ongoing revenue is expected to increase 2.5% in FY 2012-13. The estimates of total revenue, as well as a breakdown between these two types of revenue, are presented in Table 29 for both the General Fund/General Purpose budget and the School Aid Fund for FY 2010-11 and FY 2011-12.

Table 29

| GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2010-11 AND FY 2011-12 (Millions of Dollars) | | | | |
|---|------------------|------------------|------------------|---------------|
| | FY 2010-11 | FY 2011-12 | \$ Change | % Change |
| GENERAL FUND/GENERAL PURPOSE | | | | |
| Beginning Balance..... | \$187.2 | \$289.0 | \$101.8 | --- |
| <u>Consensus Estimate From Ongoing Sources¹⁾:</u> | | | | |
| Net Income | 4,252.4 | 4,206.5 | (45.9) | (1.1%) |
| Michigan Business/Corporate Income Tax | 1,320.8 | 1,401.3 | 80.5 | 6.1 |
| Sales & Use Taxes | 868.8 | 943.6 | 74.8 | 8.6 |
| Cigarette | 193.4 | 189.2 | (4.2) | (2.2) |
| Insurance Company Premiums..... | 265.5 | 277.5 | 12.0 | 4.5 |
| Telephone & Telegraph | 61.0 | 61.0 | (0.0) | (0.0) |
| Oil & Gas Severance | 67.0 | 71.6 | 4.6 | 6.9 |
| All Other Taxes | <u>107.8</u> | <u>111.8</u> | <u>4.0</u> | <u>3.7</u> |
| Subtotal Taxes | 7,136.8 | 7,262.6 | 125.8 | 1.8 |
| Nontax Revenue | 387.4 | 388.4 | 1.0 | 0.3 |
| Subtotal Consensus Estimates Ongoing Revenue ¹⁾ | \$7,524.1 | \$7,651.0 | \$126.8 | 1.7% |
| <u>Revenue Adjustments:</u> | | | | |
| Revenue Sharing Reductions | 490.1 | 652.5 | 162.4 | 33.1 |
| One-Time Appropriation for Revenue Sharing..... | 0.0 | (30.0) | (30.0) | --- |
| Use Tax on HMOs (PA 440 of 2008) | 380.6 | 0.0 | (380.6) | (100.0) |
| Shift of Short-Term Borrowing Costs to SAF | 15.0 | 20.0 | 5.0 | 33.3 |
| Lawsuit Settlements..... | 3.3 | 0.0 | (3.3) | (100.0) |
| Lapse of Secretary of State Work Projects | 6.0 | 0.0 | (6.0) | (100.0) |
| Unclaimed Property Changes | 166.0 | 35.0 | (131.0) | (78.9) |
| Tax Amnesty..... | 61.8 | (49.8) | (111.6) | (180.6) |
| Enhanced Tax Enforcement Revenue | 15.0 | 0.0 | (15.0) | (100.0) |
| Tax Code Changes..... | 0.0 | 154.7 | 154.7 | --- |
| Northville Sale Balloon Payment..... | 0.0 | 6.5 | 6.5 | --- |
| Liquor Reforms | 5.1 | 9.1 | 4.0 | 78.4 |
| Subtotal Revenue Adjustments..... | \$1,142.9 | \$798.0 | (\$344.9) | (30.2%) |
| TOTAL GF/GP REVENUE | \$8,854.2 | \$8,738.0 | (\$116.3) | (1.3%) |

**GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND
REVENUE ESTIMATES FOR FY 2010-11 AND FY 2011-12
(Millions of Dollars)**

| | FY 2010-11 | FY 2011-12 | \$ Change | % Change |
|--|-------------------|-------------------|------------------|---------------|
| SCHOOL AID FUND | | | | |
| Beginning Balance | \$255.9 | \$645.9 | \$390.0 | --- |
| <u>Consensus Estimate From Ongoing Sources¹⁾:</u> | | | | |
| Sales & Use Taxes | 5,107.3 | 5,255.1 | 147.8 | 2.9% |
| Income Tax | 1,968.3 | 2,030.9 | 62.6 | 3.2 |
| State Education Property Tax | 1,852.0 | 1,829.0 | (23.0) | (1.2) |
| Michigan Business Tax | 739.2 | 757.6 | 18.4 | 2.5 |
| Real Estate Transfer Tax | 125.0 | 138.0 | 13.0 | 10.4 |
| Tobacco Tax | 373.2 | 365.1 | (8.1) | (2.2) |
| Casino Wagering Tax | 114.0 | 119.5 | 5.5 | 4.8 |
| Other Tax Revenue | 98.9 | 100.8 | 1.9 | 1.9 |
| Subtotal Taxes | 10,377.9 | 10,596.0 | 218.1 | 2.1 |
| Lottery | 733.6 | 739.4 | 5.8 | 0.8 |
| Subtotal Consensus Estimates Ongoing Revenue ¹⁾ | \$11,111.5 | \$11,335.3 | \$223.8 | 2.0% |
| <u>Other Revenue:</u> | | | | |
| General Fund Grant | 18.6 | 118.6 | 100.0 | 537.6 |
| Federal Education Jobs Fund | 316.2 | 0.0 | (316.2) | (100.0) |
| Enhanced Tax Enforcement Revenue | 2.3 | 0.0 | (2.3) | (100.0) |
| Tax Amnesty | 26.1 | 0.0 | (26.1) | (100.0) |
| Liquor Reforms | 0.9 | 0.0 | (0.9) | (100.0) |
| ARRA-State Fiscal Stabilization Fund to K-12 | 184.3 | 0.0 | (184.3) | (100.0) |
| Tax Code Changes | 0.0 | (689.9) | (689.9) | --- |
| Nontax Revenue Adjustments | 0.0 | (8.0) | (8.0) | --- |
| Federal Aid | 1,677.8 | 1,653.3 | (24.5) | (1.5) |
| Subtotal Other Revenue | \$2,226.2 | \$1,074.0 | (\$1,152.2) | (51.8%) |
| TOTAL SAF REVENUE | \$13,593.6 | \$13,055.2 | (\$538.4) | (4.0%) |
| TOTAL GF/GP AND SAF | | | | |
| Beginning Balances | \$443.1 | \$934.9 | \$491.8 | 111.0% |
| Consensus Estimate Ongoing Revenue | 18,635.6 | 18,986.3 | 350.6 | 1.9 |
| Other Revenue ²⁾ | 3,350.5 | 1,753.4 | (1,597.1) | (47.7) |
| TOTAL REVENUE²⁾ | \$22,429.2 | \$21,674.6 | (\$754.7) | (3.4%) |
| ¹⁾ Revenue estimates adopted at the May 2011 Consensus Revenue Estimating Conference. Adjustments to reflect tax reform legislation (Public Acts 38, 39, and 40 of 2011) are listed under "Tax Code Changes". | | | | |
| ²⁾ Total and other revenue excludes GF/GP grant to SAF. | | | | |

1. General Fund/General Purpose Revenue

- In FY 2011-12, GF/GP revenue is projected to total an estimated \$8.7 billion, representing a decrease of 1.3% or \$116.3 million from the revenue estimated for FY 2010-11, as shown in [Table 29](#). The decrease in GF/GP revenue reflects changes in one-time revenue adjustments more than offsetting an increase in ongoing revenue, particularly from the sales and use taxes and the Michigan Business Tax. In FY 2011-12, revenue generated from revenue adjustments is down 30.2%, or \$344.9 million, from FY 2010-11.
- The balance carried over from FY 2010-11 is expected to total \$289.0 million, which is up from the \$187.2 million that was carried over from FY 2009-10.
- Revenue from ongoing sources during FY 2011-12 will total an estimated \$7.7 billion, which is up 1.7% or \$126.8 million from the forecasted FY 2010-11 level.
- The decrease in GF/GP revenue primarily reflects the following factors:
 - Economic growth slowing somewhat in 2012, compared to 2011. Increases in income, sales, and business tax collections are expected, but at a slower rate than during FY 2010-11. Baseline revenue (revenue excluding any changes in tax policy) is expected to increase \$301.2 million (4.2%) in FY 2011-12 from the estimated FY 2010-11 level.
 - Reductions in revenue adjustments from the FY 2010-11 level. Most significant among these changes are the loss of revenue from the use tax on HMOs (discontinued due to anticipated Federal requirements), a reduction in the revenue from unclaimed property reforms, and the impact of the 2011 tax amnesty program. Combined, these three items account for a reduction in revenue adjustments of \$623.2 million, compared with the FY 2010-11 level.
 - The net impact of the tax reform legislation adopted in Public Acts 38, 39 and 40 of 2011; which will replace the Michigan Business Tax on January 1, 2012, with a corporate income tax and impose a variety of changes in the individual income tax. This legislation will reduce business taxes by approximately \$336.6 million, and increase individual income tax revenue by an estimated \$491.4 million, in FY 2011-12.

2. School Aid Fund

- Revenue going to the School Aid Fund will total an estimated \$13.1 billion in FY 2011-12, a decrease of 4.0% or \$538.4 million from the SAF revenue estimate for FY 2010-11. The SAF revenue estimate is presented in [Table 29](#).
- Revenue from ongoing taxes and net lottery revenue earmarked to the SAF will total an estimated \$11.4 billion, up 2.0% (\$223.8 million) from FY 2010-11, reflecting the continued, but slower, economic growth during 2012. However, the effects of the tax reform legislation, particularly the elimination of the Michigan Business Tax and its earmark of revenue to the SAF, will reduce SAF revenue by approximately \$689.9 million in FY 2011-12. Baseline revenue (revenue excluding any changes in tax policy) generated by earmarked taxes is projected to increase 1.7% or \$193.4 million.
- In addition to the revenue from the ongoing earmarked taxes, the SAF will receive an estimated \$1.1 billion during FY 2011-12, down from \$2.2 billion in FY 2010-11. The majority of this additional revenue reflects Federal aid totaling an estimated \$1.7 billion. Additional SAF revenue includes a \$118.6 million grant from the General Fund.

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.

Two formulas, based on personal income growth and the unemployment rate, are used to indicate when economic conditions justify transfers into and out of the BSF. However, all transfers into and out of the BSF must be appropriated by the Legislature and approved by the Governor. In addition, the Legislature and the Governor may appropriate funds into and from the BSF even if these formulas do not trigger a transfer. 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.

As shown in Table 30, the BSF ended FY 2009-10 with a balance of only \$2.2 million and it is estimated that the ending balance will remain at \$2.2 million at the end of FY 2010-11 due to minimal interest earnings. The enacted budget for FY 2011-12 appropriates \$255.8 million to the BSF. As a result, given forecasted interest rates, the BSF is expected to end FY 2011-12 with a balance of \$258.0 million.

Table 30

ECONOMIC AND BUDGET STABILIZATION FUND TRANSFERS, EARNINGS, AND FUND BALANCE
FY 1995-96 TO FY 2011-12
(Millions of Dollars)

| Fiscal Year | Pay-In | Interest Earned | Pay-Out | Fund Balance |
|--------------------|---------------|------------------------|----------------|---------------------|
| 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 | 0.0 | 1.8 | 147.0 | 0.0 |
| 2003-04 | 81.3 | 0.0 | 0.0 | 81.3 |
| 2004-05 | 0.0 | 2.0 | 81.3 | 2.0 |
| 2005-06 | 0.0 | 0.1 | 0.0 | 2.0 |
| 2006-07 | 0.0 | 0.1 | 0.0 | 2.1 |
| 2007-08 | 0.0 | 0.1 | 0.0 | 2.2 |
| 2008-09 | 0.0 | 0.0 | 0.0 | 2.2 |
| 2009-10 | 0.0 | 0.0 | 0.0 | 2.2 |
| 2010-11 (estimate) | 0.0 | 0.0 | 0.0 | 2.2 |
| 2011-12 (estimate) | 255.8 | 0.0 | 0.0 | 258.0 |

D. CONSTITUTIONAL REVENUE LIMIT

The Michigan Constitution places a limit on the amount of revenue State government may 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 31](#), 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 2011-12.
- In FY 2009-10, revenue subject to the limit fell below the limit by an estimated \$8.9 billion or 26.9%.
- In FY 2010-11, the gap between revenue and the limit is estimated to decrease to \$6.9 billion or 21.3%, reflecting income declines during 2009 -- the base year used to compute the FY 2010-11 revenue limit.
- It is estimated that the gap between revenue and the limit will increase to \$7.7 billion or 23.1% in FY 2011-12.

Table 31

| COMPLIANCE WITH CONSTITUTIONAL REVENUE LIMIT | | | |
|---|---------------------------------|----------------------|---------------------------|
| (Millions of Dollars) | | | |
| Fiscal Year | Revenue 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 | 24,384.7 | 28,825.4 | 4,440.7 |
| 2004-05 | 25,626.8 | 29,842.3 | 4,215.5 |
| 2005-06 | 25,814.2 | 30,760.3 | 4,946.1 |
| 2006-07 | 26,118.4 | 31,440.7 | 5,322.3 |
| 2007-08 | 27,716.3 | 32,368.0 | 4,651.7 |
| 2008-09 | 25,105.8 | 32,824.5 | 7,718.7 |
| 2009-10 | 24,265.6 | 33,178.2 | 8,912.6 |
| 2010-11 (estimate) ¹⁾ | 25,581.2 | 32,484.5 | 6,903.3 |
| 2011-12 (estimate) ¹⁾ | 25,683.7 | 33,388.7 | 7,705.0 |

¹⁾ May 2011 Consensus revenue estimate, adjusted to reflect tax reform legislation (Public Acts 38, 39, and 40 of 2011).



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