



FY 2012-13
APPROPRIATIONS REPORT
Part II - Initial Appropriations

July 2012



Ellen Jeffries, Director - Lansing, Michigan - (517) 373-2768
Internet Address: <http://www.senate.michigan.gov/sfa>

THE SENATE FISCAL AGENCY

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

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

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

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



Ellen Jeffries, Director
Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536
Telephone (517) 373-2768
Internet Home Page <http://www.senate.michigan.gov/sfa>

SENATE APPROPRIATIONS COMMITTEE

Senator Roger Kahn, M.D., Chair

Senator John Moolenaar, Vice Chair

Senator John Proos

Senator Mark C. Jansen

Senator Mike Green

Senator Tonya Schuitmaker

Senator John Pappageorge

Senator Bruce Caswell

Senator Darwin L. Booher

Senator Patrick J. Colbeck

Senator Howard C. Walker

Senator Glenn S. Anderson, Minority Vice Chair

Senator Vincent Gregory

Senator Morris Hood

Senator Hoon-Yung Hopgood

Senator Bert Johnson

TABLE OF CONTENTS

	<i>Page</i>
OVERVIEW	
Table 1: FY 2012-13 Initial Ongoing and One-Time Appropriations Adjusted Gross and State General Fund/General Purpose ...	2
Table 2: FY 2012-13 Initial One-Time Appropriations by Fund Source	3
Table 3: FY 2012-13 One-Time State Employee Lump Sum Payments	5
Table 4: FY 2012-13 Line-Item Vetoes	6
Table 5: Appropriations by Source of Funds FY 2012-13 Initial Ongoing Appropriations	7
Figure A: Appropriations by Source of Funds FY 2012-13 Initial Appropriations	8
Table 6: Adjusted Gross Appropriations FY 2011-12 Versus FY 2012-13	9
Figure B: Adjusted Gross FY 2012-13 Initial Appropriations	10
Table 7: State Spending From State Resources FY 2011-12 Versus FY 2012-13	11
Figure C: State Spending From State Resources FY 2012-13 Initial Appropriations	12
Table 8: General Fund/General Purpose Appropriations FY 2011-12 Versus FY 2012-13	13
Figure D: General Fund/General Purpose FY 2012-13 Initial Appropriations	14
Table 9: FY 2012-13 Initial Appropriations New Programs	16
Table 10: FY 2012-13 Initial Appropriations Program Increases	18
Table 11: FY 2012-13 Initial Appropriations Program Eliminations	24
Table 12: FY 2012-13 Initial Appropriations Program Reductions	25
Table 13: FY 2012-13 Initial Appropriations Major Fund Shifts to Increase/(Reduce) GF/GP	28
Table 14: Summary of FY 2012-13 Appropriation Changes	30
Table 15: FY 2012-13 Fee Revenue Included in Budget	31
Table 16: Debt Service Appropriations FY 2011-12 Compared with FY 2012-13	32
Table 17: FY 2012-13 Tobacco Settlement Revenue and Appropriations	33
Table 18: Economic Increases Included in FY 2012-13 Budget	34
Table 19: Full-Time Equated Positions FY 2011-12 Versus FY 2012-13	35
Figure E: Full-Time Equated Positions FY 2012-13 Initial Appropriations	36
Table 20: State Payments to Local Units of Government Article IX, Section 30 Requirement FY 2011-12 and FY 2012-13 Estimates	37
Table 21: State Payments to Local Units of Government FY 2011-12 Versus FY 2012-13	38
Table 22: FY 2011-12 General Fund/General Purpose Revenue, Expenditures, and Year-End Balance	40
Table 23: FY 2012-13 General Fund/General Purpose Revenue, Expenditures, and Year-End Balance	41
Table 24: FY 2011-12 School Aid Fund Revenue, Expenditures, and Year-End Balance	43
Table 25: FY 2012-13 School Aid Fund Revenue, Expenditures, and Year-End Balance	44
Table 26: General Fund/General Purpose and School Aid Fund Revenue Estimates for FY 2011-12 and FY 2012-13	46
Table 27: Economic and Budget Stabilization Fund Transfers, Earnings, and Fund Balance FY 1995-96 to FY 2012-13	49
Table 28: Compliance with Constitutional Revenue Limit	50

	Page
BUDGET AREA DETAIL	
Agriculture and Rural Development.....	53
Attorney General.....	58
Civil Rights.....	62
Community Colleges.....	65
Community Health.....	71
Corrections.....	84
Education.....	91
Environmental Quality.....	95
Executive.....	100
Higher Education.....	102
Human Services.....	108
Judiciary.....	118
Legislative Auditor General.....	122
Legislature.....	125
Licensing and Regulatory Affairs.....	128
Military and Veterans Affairs.....	133
Natural Resources.....	138
School Aid.....	142
State.....	149
State Police.....	153
Technology, Management, and Budget.....	158
Transportation.....	162
Treasury - Debt Service.....	166
Treasury - Operations.....	168
Treasury - Revenue Sharing.....	173
Treasury - Strategic Fund Agency.....	177
APPENDIX	
FY 2012-13 Appropriation Bills Index.....	183

OVERVIEW

FY 2012-13 INITIAL APPROPRIATIONS OVERVIEW

On February 9, 2012, Governor Rick Snyder presented his fiscal year (FY) 2012-13 budget recommendation and his FY 2013-14 budget projections to the Legislature. As in 2011, 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 2012-13 and language expressing legislative intent to provide FY 2013-14 appropriations that would be the same as those for FY 2012-13, with adjustments for caseload, costs, economic factors, and available revenue.

On June 5, 2012, the Legislature passed the final FY 2012-13 appropriation bills. The budget passed by the Legislature was balanced based on the consensus revenue estimates agreed to on May 16, 2012. The FY 2012-13 budget included no flexible Federal American Recovery and Reinvestment Act (ARRA) funding, but did continue to use State Restricted School Aid Fund (SAF) revenue as a fund source for all three education sectors: K-12, Community Colleges, and Universities. An amount of \$197.6 million in SAF revenue was appropriated for the Community College budget and \$200.5 million was appropriated for the Higher Education budget. Subsequent to the May 2012 consensus estimates and the passage of the FY 2012-13 budget, the State enacted amendments to the Income Tax Act that reduced available FY 2012-13 General Fund/General Purpose (GF/GP) revenue by approximately \$91.0 million and SAF revenue by \$13.0 million. The State income tax revenue changes reduce the projected year-end GF/GP ending balance to \$21.3 million and result in a projected negative year-end SAF ending balance of \$8.1 million.

Similar to FY 2011-12, there were some variations from prior fiscal years in the budget process for FY 2012-13. Both the House and the Senate initiated a complete FY 2012-13 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 adopted 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 2012-13 Adjusted Gross¹ appropriations totals \$48.2 billion. This Adjusted Gross total includes \$47.7 billion in ongoing appropriations and \$489.7 million in one-time appropriations. [Table 1](#) outlines the totals by department for the initial ongoing Adjusted Gross appropriations of \$47.7 billion and the ongoing GF/GP appropriations of \$8.6 billion, as well as the one-time Adjusted Gross appropriations of \$489.7 million and the one-time GF/GP appropriations of \$365.7 million. [Table 2](#) provides the detail by budget area, program, and fund source, for the FY 2012-13 one-time appropriations; the table includes total Adjusted Gross appropriations, as well as State Spending from State Resources² appropriations, for each program. [Table 3](#) provides amounts by department for one-time employee lump sum payments: effective October 1, 2012, represented employees will receive a 1.0% lump sum payment and nonrepresented employees will receive a 2.0% lump sum payment. If the \$140.0 million one-time payment to the Budget Stabilization Fund is included, total FY 2012-13 Adjusted Gross one-time appropriations are \$629.7 million and total State Spending one-time appropriations are \$552.4 million.

This Senate Fiscal Agency (SFA) report, *FY 2012-13 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 appropriations for FY 2012-13.

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 2012-13 INITIAL ONGOING AND ONE-TIME APPROPRIATIONS ADJUSTED GROSS AND STATE GENERAL FUND/GENERAL PURPOSE (GF/GP)						
Department/Budget Area	Initial Ongoing Adjusted Gross Appropriations	Initial Ongoing GF/GP Appropriations	Initial One-Time Adjusted Gross Appropriations	Initial One-Time GF/GP Appropriations	Total Adjusted Gross Appropriations	Total GF/GP Appropriations
Agriculture and Rural Development	\$73,965,800	\$33,863,600	\$2,467,900	\$2,235,300	\$76,433,700	\$36,098,900
Attorney General	60,271,800	33,432,500	728,600	393,300	61,000,400	33,825,800
Civil Rights	14,636,600	11,849,300	128,900	104,300	14,765,500	11,953,600
Community Colleges	294,130,500	96,516,400	0	0	294,130,500	96,516,400
Community Health.....	14,969,197,000	2,802,091,300	46,904,800	15,346,500	15,016,101,800	2,817,437,800
Corrections.....	1,985,572,300	1,927,482,300	14,351,500	14,003,300	1,999,923,800	1,941,485,600
Education	328,235,600	67,929,100	674,300	164,100	328,909,900	68,093,200
Environmental Quality.....	417,208,300	25,652,300	5,500,400	4,160,100	422,708,700	29,812,400
Executive.....	4,829,200	4,829,200	58,700	58,700	4,887,900	4,887,900
Higher Education.....	1,399,220,400	1,101,628,300	0	0	1,399,220,400	1,101,628,300
Human Services.....	6,447,809,000	975,507,100	74,441,900	34,636,800	6,522,250,900	1,010,143,900
Judiciary	270,303,800	170,114,600	818,100	636,900	271,121,900	170,751,500
Legislative Auditor General.....	14,683,700	12,820,100	211,900	184,800	14,895,600	13,004,900
Legislature.....	110,922,500	109,412,700	0	0	110,922,500	109,412,700
Licensing and Regulatory Affairs	773,493,100	50,393,400	4,873,300	177,500	778,366,400	50,570,900
Military and Veterans Affairs	164,299,900	32,177,500	6,607,200	6,055,900	170,907,100	38,233,400
Natural Resources	331,974,300	17,641,700	3,881,300	2,096,200	335,855,600	19,737,900
School Aid.....	12,750,228,500	101,042,400	194,300,000	181,357,600	12,944,528,500	282,400,000
State.....	198,374,900	13,853,200	2,294,400	1,034,900	200,669,300	14,888,100
State Police.....	546,919,200	312,654,900	5,825,000	4,858,900	552,744,200	317,513,800
Technology, Management, and Budget	484,832,600	384,124,000	22,576,100	21,792,200	507,408,700	405,916,200
Transportation	3,436,409,600	0	26,246,000	23,000,000	3,462,655,600	23,000,000
Treasury - Debt Service	140,554,900	135,040,400	0	0	140,554,900	135,040,400
Treasury - Operations	475,797,400	85,035,600	5,629,900	3,311,500	481,427,300	88,347,100
Treasury - Revenue Sharing.....	1,076,096,300	0	20,000,000	0	1,096,096,300	0
Treasury - Strategic Fund Agency	933,061,100	123,360,700	51,135,700	50,140,900	984,196,800	173,501,600
TOTAL APPROPRIATIONS.....	\$47,703,028,300	\$8,628,452,600	\$489,655,900	\$365,749,700	\$48,192,684,200	\$8,994,202,300

Table 2

FY 2012-13 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE					
Department/Budget Area	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund
Agriculture and Rural Development					
Rural Development Grants.....	\$900,000	\$0	\$0	\$0	\$900,000
Private Forestry Program	600,000	0	0	0	600,000
Healthy Food Program	500,000	0	0	0	500,000
Community Health					
Health and Wellness Initiatives	5,000,000	0	0	0	5,000,000
CHAMPS Diagnostic Coding Project.....	30,000,000	27,000,000	0	0	3,000,000
Community Mental Health Special Populations	3,000,000	0	0	0	3,000,000
Graduate Medical Education	4,314,200	2,864,200	0	0	1,450,000
Island Clinics	325,000	0	0	0	325,000
Corrections					
Information Technology Projects.....	1,129,500	0	0	0	1,129,500
Education					
Central Michigan Univ. Central Assessment Lending Library ...	50,000	0	0	0	50,000
Environmental Quality					
Drinking Water Revolving Fund.....	2,500,000	0	0	0	2,500,000
Wetlands Program.....	1,500,000	0	0	0	1,500,000
Human Services					
State Emergency Relief Energy Services	59,900,000	32,200,000	0	0	27,700,000
Inspector General Information Technology Upgrades.....	2,500,000	1,000,000	0	0	1,500,000
Seita Scholars Program	750,000	0	0	0	750,000
Juvenile Justice Behavioral Health Study	500,000	0	0	0	500,000
Medicaid Eligibility Efficiency Pilot.....	250,000	0	0	0	250,000
Military and Veterans Affairs					
Armory Special Maintenance	2,400,000	0	0	0	2,400,000
Grand Rapids Veterans' Home Special Maintenance	1,600,000	0	0	0	1,600,000
Data Upgrades/Digitization of Records	750,000	0	0	0	750,000
Jacobetti Veterans' Home Special Maintenance	516,000	0	0	0	516,000
Veterans Service Enhancements	434,000	0	0	0	434,000
County Counselor Accreditation	200,000	0	0	0	200,000
Natural Resources					
Dam Management.....	2,000,000	0	0	0	2,000,000

Table 2 - continued

FY 2012-13 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE					
Department/Budget Area	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund
School Aid					
Class-Size Grants	13,300,000	0	0	12,942,400	357,600
Additional Support for K-12 Budget.....	181,000,000	0	0	0	181,000,000
State					
Commercial Driver License Fee Revenue Replacement	600,000	0	0	0	600,000
ExpressSOS Marketing	150,000	0	0	0	150,000
State Police					
Replacement of Outdated Equipment/Protective Gear	1,623,700	0	0	0	1,623,700
Michigan International Speedway Traffic Control.....	800,000	0	0	0	800,000
Collins Road Rent and Building Occupancy Charges.....	350,000	0	0	0	350,000
Technology, Management, and Budget					
Special Maintenance for State Buildings.....	10,000,000	0	0	0	10,000,000
Space Consolidation Fund	7,000,000	0	0	0	7,000,000
Teacher Evaluation Pilot	4,000,000	0	0	0	4,000,000
Transportation					
General Fund Grant	23,000,000	0	0	0	23,000,000
Treasury - Operations					
Legal Services.....	3,000,000	0	0	0	3,000,000
Treasury - Revenue Sharing					
Competitive Grant Assistance Program	10,000,000	0	0	10,000,000	0
Economic Vitality Incentive Program	7,500,000	0	0	7,500,000	0
County Incentive Program.....	2,500,000	0	0	2,500,000	0
Treasury - Strategic Fund Agency					
Film Incentive Program	50,000,000	0	0	0	50,000,000
Subtotal One-Time Appropriations	\$436,442,400	\$63,064,200	\$0	\$32,942,400	\$340,435,800
State Employee Lump Sum Payments.....	53,213,500	13,836,100	325,400	13,738,100	25,313,900
Subtotal One-Time and Lump Sum Appropriations.....	\$489,655,900	\$76,900,300	\$325,400	\$46,680,500	\$365,749,700
Appropriation to the Budget Stabilization Fund	140,000,000	0	0	0	140,000,000
TOTAL ONE-TIME INITIAL APPROPRIATIONS.....	\$629,655,900	\$76,900,300	\$325,400	\$46,680,500	\$505,749,700

Table 3

FY 2012-13 ONE-TIME STATE EMPLOYEE LUMP SUM PAYMENTS							
Department/Budget Area	Gross	IDG	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund
Agriculture and Rural Development.....	\$470,300	\$2,400	\$467,900	\$85,000	\$1,500	\$146,100	\$235,300
Attorney General.....	1,025,900	297,300	728,600	122,600	0	212,700	393,300
Capital Outlay	0	0	0	0	0	0	0
Civil Rights	128,900	0	128,900	24,600	0	0	104,300
Community Colleges.....	0	0	0	0	0	0	0
Community Health	4,285,300	19,700	4,265,600	1,279,400	151,200	263,500	2,571,500
Corrections.....	13,225,900	3,900	13,222,000	83,400	1,300	263,500	12,873,800
Education	624,300	0	624,300	429,100	16,500	64,600	114,100
Environmental Quality.....	1,549,200	48,800	1,500,400	415,700	4,200	920,400	160,100
Executive	58,700	0	58,700	0	0	0	58,700
Higher Education	0	0	0	0	0	0	0
Human Services.....	10,541,900	0	10,541,900	6,605,100	0	0	3,936,800
Judiciary.....	827,200	9,100	818,100	51,200	86,800	43,200	636,900
Legislative Auditor General.....	270,900	59,000	211,900	0	0	27,100	184,800
Legislature	0	0	0	0	0	0	0
Licensing and Regulatory Affairs.....	5,036,800	163,500	4,873,300	2,815,400	0	1,880,400	177,500
Military and Veterans Affairs.....	707,900	700	707,200	407,500	7,800	136,000	155,900
Natural Resources	1,892,600	11,300	1,881,300	260,500	15,500	1,509,100	96,200
School Aid.....	0	0	0	0	0	0	0
State.....	1,544,400	0	1,544,400	0	0	1,259,500	284,900
State Police.....	3,220,000	168,700	3,051,300	249,700	40,600	675,800	2,085,200
Technology, Management, and Budget....	4,680,200	3,104,100	1,576,100	426,700	0	357,200	792,200
Transportation.....	3,260,800	14,800	3,246,000	0	0	3,246,000	0
Treasury - Debt Service.....	0	0	0	0	0	0	0
Treasury - Operations.....	2,742,700	112,800	2,624,900	171,700	0	2,146,700	311,500
Treasury - Revenue Sharing.....	0	0	0	0	0	0	0
Treasury - Strategic Fund Agency.....	1,135,700	0	1,135,700	408,500	0	586,300	140,900
TOTAL APPROPRIATIONS	\$57,229,600	\$4,016,100	\$53,213,500	\$13,836,100	\$325,400	\$13,738,100	\$25,313,900

GUBERNATORIAL VETOES

Governor Snyder, through his constitutional line-item veto authority granted under Article V, Section 19 of the State Constitution of 1963, vetoed \$9.2 million of Adjusted Gross appropriations and \$1.2 million of General Fund/General Purpose³ (GF/GP) appropriations. [Table 4](#) provides a summary of the line-item vetoes by department. The largest veto was in the Department of Community Health, where the Governor removed \$4.9 million for the Healthy Homes Program because the Legislature had added \$2.9 million in State Restricted environmental response funding to the program to pay for lead abatement initiatives. Further specific departmental information on these vetoes is included in the Budget Area Detail section of this report.

Table 4
FY 2012-13
LINE-ITEM VETOES
(Actual Dollars)

Budget Area/Item	Adjusted Gross	General Fund/ General Purpose
Community Health		
Lead Abatement Program.....	(\$4,932,100)	\$0
Pregnancy and Parenting Home Support Program.....	(2,000,000)	0
Nurse Family Partnership Program	(1,000,000)	0
Human Services		
Before- and After-School Programs.....	(1,000,000)	(1,000,000)
Licensing and Regulatory Affairs		
Mining Industry Safety and Health Education/Training Grant	(80,000)	0
Treasury - Strategic Fund Agency		
Chaldean Community Foundation	(200,000)	(200,000)
TOTAL VETOES	(\$9,212,100)	(\$1,200,000)

FY 2012-13 INITIAL APPROPRIATIONS

The initial level of FY 2012-13 Adjusted Gross appropriations totals \$48.2 billion. This level of Adjusted Gross appropriations includes \$19.9 billion of Federal funds, \$503.0 million of local and private revenue, \$18.8 billion of State Restricted revenue, and \$9.0 billion of State General Fund/General Purpose revenue. [Table 5](#) and [Figure A](#) summarize these appropriations by department and by fund source. Initial FY 2012-13 Adjusted Gross appropriations represent a \$711.3 million or 1.5% increase from the year-to-date (as of July 1, 2012) level of FY 2011-12 appropriations. Initial State Spending from State Resources appropriations total \$27.8 billion, an increase of \$498.9 million or 1.8% from the year-to-date level of FY 2011-12 appropriations. Initial GF/GP appropriations total \$9.0 billion, an increase of \$502.4 million or 5.9% from the year-to-date level of FY 2011-12

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

appropriations. Tables 6, 7, and 8 and Figures B, C, and D provide a department-by-department comparison of FY 2012-13 initial appropriations to FY 2011-12 year-to-date appropriations in terms of Adjusted Gross, State Spending from State Resources, and GF/GP appropriations, respectively.

Table 5

APPROPRIATIONS BY SOURCE OF FUNDS FY 2012-13 INITIAL ONGOING APPROPRIATIONS					
Department/Budget Area	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund
Agriculture and Rural Development.....	\$76,433,700	\$11,199,600	\$175,800	\$28,959,400	\$36,098,900
Attorney General.....	61,000,400	9,932,600	0	17,242,000	33,825,800
Capital Outlay.....	0	0	0	0	0
Civil Rights.....	14,765,500	2,641,300	18,700	151,900	11,953,600
Community Colleges.....	294,130,500	0	0	197,614,100	96,516,400
Community Health.....	15,016,101,800	9,690,867,900	350,437,600	2,157,358,500	2,817,437,800
Corrections.....	1,999,923,800	8,784,400	264,300	49,389,500	1,941,485,600
Education.....	328,909,900	244,551,300	8,639,100	7,626,300	68,093,200
Environmental Quality.....	422,708,700	161,687,500	533,200	230,675,600	29,812,400
Executive.....	4,887,900	0	0	0	4,887,900
Higher Education.....	1,399,220,400	97,026,400	0	200,565,700	1,101,628,300
Human Services.....	6,522,250,900	5,384,799,500	40,406,000	86,901,500	1,010,143,900
Judiciary.....	271,121,900	6,017,100	7,971,100	86,382,200	170,751,500
Legislative Auditor General.....	14,895,600	0	0	1,890,700	13,004,900
Legislature.....	110,922,500	0	400,000	1,109,800	109,412,700
Licensing and Regulatory Affairs.....	778,366,400	391,076,000	11,087,700	325,631,800	50,570,900
Military and Veterans Affairs.....	170,907,100	99,239,400	3,007,300	30,427,000	38,233,400
Natural Resources.....	335,855,600	66,524,800	7,239,200	242,353,700	19,737,900
Natural Resources Trust Fund.....	0	0	0	0	0
School Aid.....	12,944,528,500	1,701,041,400	0	10,961,087,100	282,400,000
State.....	200,669,300	1,810,000	100	183,971,100	14,888,100
State Police.....	552,744,200	104,911,000	7,100,700	123,218,700	317,513,800
Technology, Management, and Budget.....	507,408,700	9,464,300	1,511,000	90,517,200	405,916,200
Transportation.....	3,462,655,600	1,221,830,100	52,180,200	2,165,645,300	23,000,000
Treasury - Debt Service.....	140,554,900	0	0	5,514,500	135,040,400
Treasury - Operations.....	481,427,300	40,365,300	2,252,700	350,462,200	88,347,100
Treasury - Revenue Sharing.....	1,096,096,300	0	0	1,096,096,300	0
Treasury - Strategic Fund Agency.....	984,196,800	658,020,600	9,813,500	142,861,100	173,501,600
TOTAL APPROPRIATIONS.....	\$48,192,684,200	\$19,911,790,500	\$503,038,200	\$18,783,653,200	\$8,994,202,300

Figure A

Appropriations by Source of Funds

FY 2012-13 Initial Appropriations

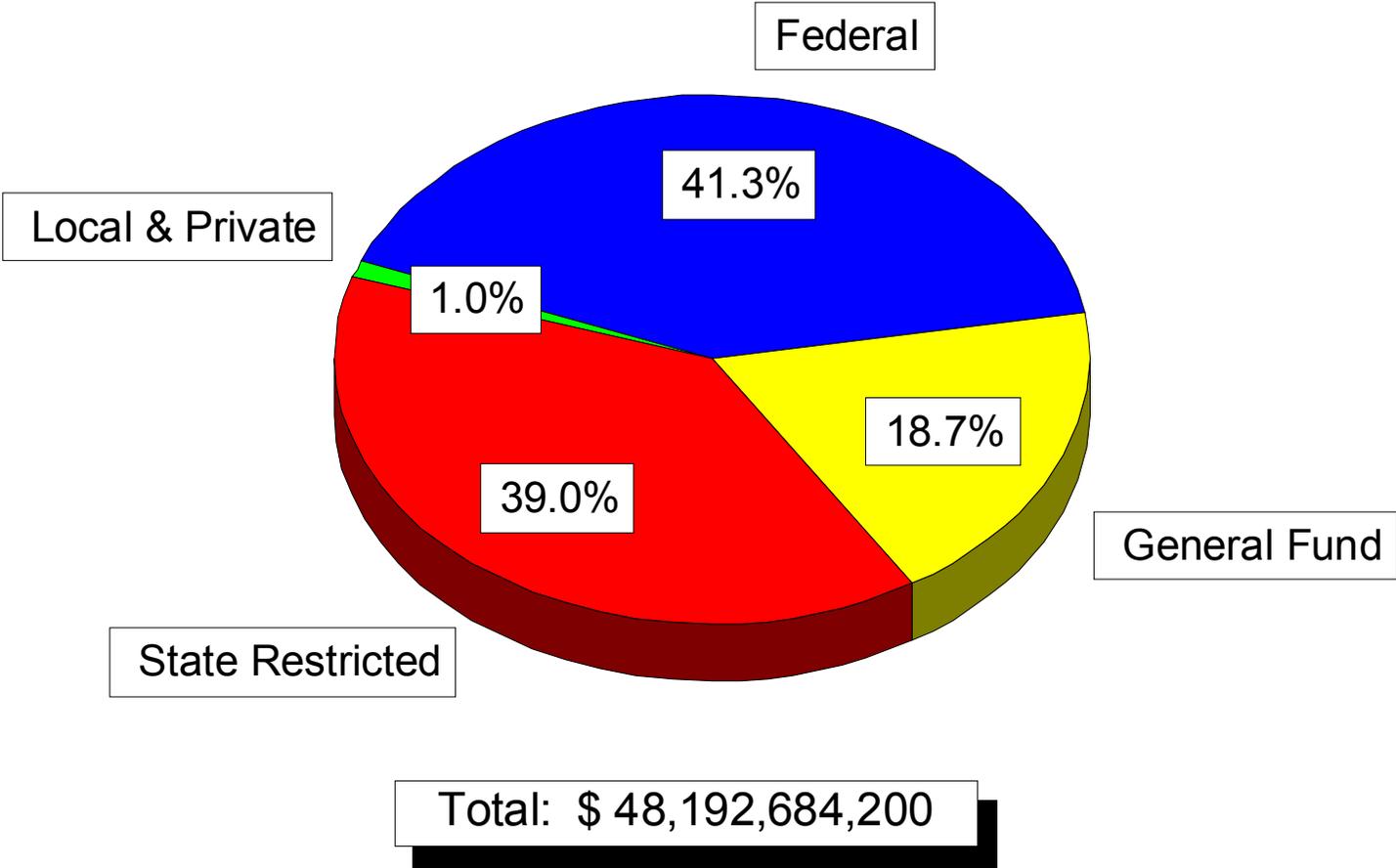


Table 6

ADJUSTED GROSS APPROPRIATIONS FY 2011-12 VERSUS FY 2012-13				
Department/Budget Area	FY 2011-12 Year-to-Date Appropriations¹⁾	FY 2012-13 Initial Appropriations	Dollar Difference	Percent Change
Agriculture and Rural Development	\$76,280,300	\$76,433,700	\$153,400	0.2%
Attorney General	56,612,700	61,000,400	4,387,700	7.8
Capital Outlay	1,800	0	(1,800)	(100.0)
Civil Rights	14,338,300	14,765,500	427,200	3.0
Community Colleges	283,880,500	294,130,500	10,250,000	3.6
Community Health	14,523,994,600	15,016,101,800	492,107,200	3.4
Corrections	2,021,804,500	1,999,923,800	(21,880,700)	(1.1)
Education	336,684,800	328,909,900	(7,774,900)	(2.3)
Environmental Quality	427,059,000	422,708,700	(4,350,300)	(1.0)
Executive	4,599,200	4,887,900	288,700	6.3
Higher Education	1,364,178,400	1,399,220,400	35,042,000	2.6
Human Services	6,734,127,000	6,522,250,900	(211,876,100)	(3.1)
Judiciary	256,355,800	271,121,900	14,766,100	5.8
Legislative Auditor General	13,198,900	14,895,600	1,696,700	12.9
Legislature	113,532,700	110,922,500	(2,610,200)	(2.3)
Licensing and Regulatory Affairs	847,667,900	778,366,400	(69,301,500)	(8.2)
Military and Veterans Affairs	157,081,600	170,907,100	13,825,500	8.8
Natural Resources	343,053,600	335,855,600	(7,198,000)	(2.1)
Natural Resources Trust Fund	0	0	0	0.0
School Aid	12,746,884,600	12,944,528,500	197,643,900	1.6
State	195,377,000	200,669,300	5,292,300	2.7
State Police	518,663,200	552,744,200	34,081,000	6.6
Technology, Management, and Budget	477,022,900	507,408,700	30,385,800	6.4
Transportation	3,326,469,400	3,462,655,600	136,186,200	4.1
Treasury - Debt Service	140,928,000	140,554,900	(373,100)	(0.3)
Treasury - Operations	465,028,300	481,427,300	16,399,000	3.5
Treasury - Revenue Sharing	1,044,845,600	1,096,096,300	51,250,700	4.9
Treasury - Strategic Fund Agency	991,669,900	984,196,800	(7,473,100)	(0.8)
TOTAL APPROPRIATIONS	\$47,481,340,500	\$48,192,684,200	\$711,343,700	1.5%

¹⁾ As of July 1, 2012.

Figure B

Adjusted Gross FY 2012-13 Initial Appropriations

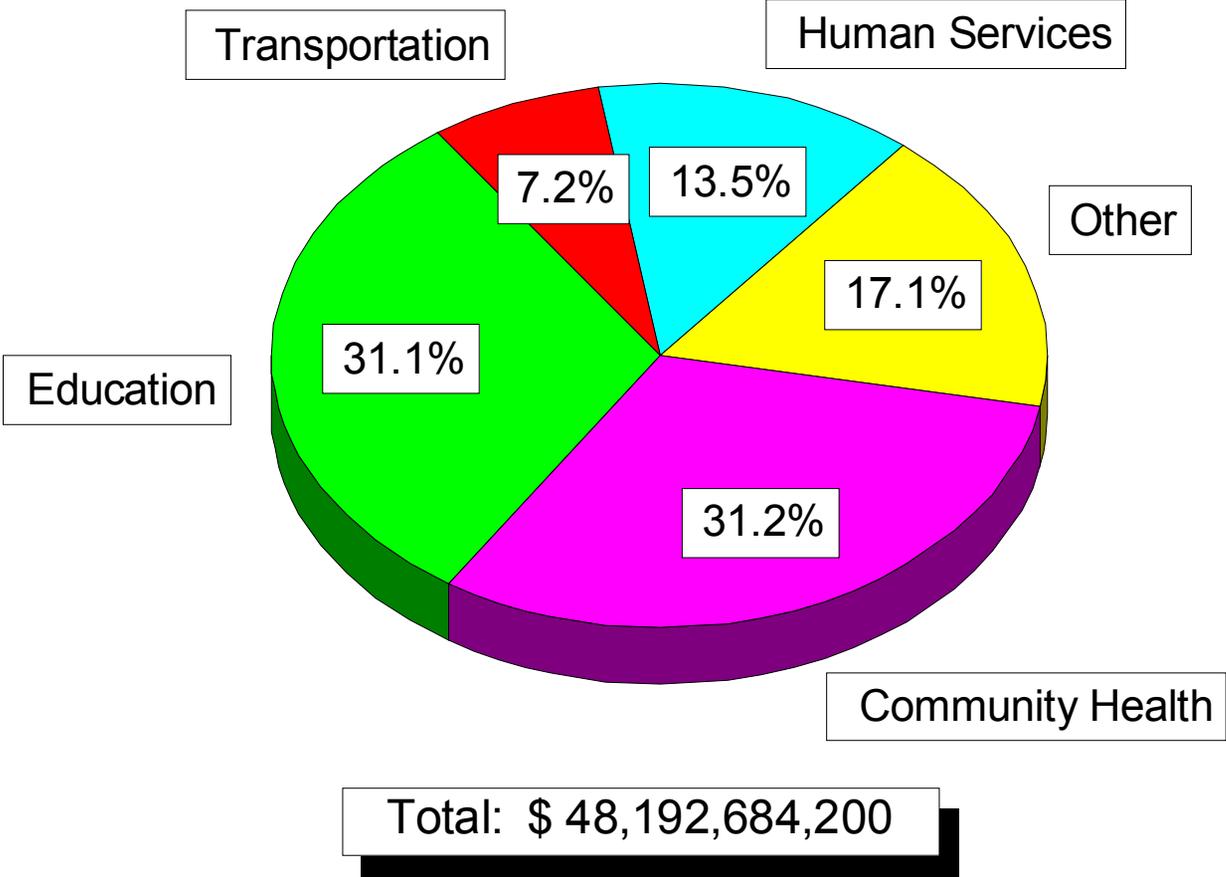


Table 7

STATE SPENDING FROM STATE RESOURCES FY 2011-12 VERSUS FY 2012-13				
Department/Budget Area	FY 2011-12 Year-to-Date Appropriations¹⁾	FY 2012-13 Initial Appropriations	Dollar Difference	Percent Change
Agriculture and Rural Development.....	\$59,819,200	\$65,058,300	\$5,239,100	8.8%
Attorney General.....	47,212,800	51,067,800	3,855,000	8.2
Capital Outlay	1,800	0	(1,800)	(100.0)
Civil Rights	11,339,000	12,105,500	766,500	6.8
Community Colleges.....	283,880,500	294,130,500	10,250,000	3.6
Community Health	4,913,900,200	4,974,796,300	60,896,100	1.2
Corrections.....	2,012,011,900	1,990,875,100	(21,136,800)	(1.1)
Education	82,207,800	75,719,500	(6,488,300)	(7.9)
Environmental Quality.....	264,955,800	260,488,000	(4,467,800)	(1.7)
Executive	4,599,200	4,887,900	288,700	6.3
Higher Education	1,265,852,000	1,302,194,000	36,342,000	2.9
Human Services.....	1,095,299,200	1,097,045,400	1,746,200	0.2
Judiciary.....	243,230,600	257,133,700	13,903,100	5.7
Legislative Auditor General.....	13,198,900	14,895,600	1,696,700	12.9
Legislature	113,132,700	110,522,500	(2,610,200)	(2.3)
Licensing and Regulatory Affairs.....	457,564,600	376,202,700	(81,361,900)	(17.8)
Military and Veterans Affairs.....	66,990,100	68,660,400	1,670,300	2.5
Natural Resources	270,765,800	262,091,600	(8,674,200)	(3.2)
Natural Resources Trust Fund.....	0	0	0	0.0
School Aid.....	11,088,852,800	11,243,487,100	154,634,300	1.4
State.....	192,635,300	198,859,200	6,223,900	3.2
State Police.....	405,575,300	440,732,500	35,157,200	8.7
Technology, Management, and Budget.....	464,661,600	496,433,400	31,771,800	6.8
Transportation.....	2,031,305,700	2,188,645,300	157,339,600	7.7
Treasury - Debt Service.....	140,928,000	140,554,900	(373,100)	(0.3)
Treasury - Operations	423,307,000	438,809,300	15,502,300	3.7
Treasury - Revenue Sharing.....	1,044,845,600	1,096,096,300	51,250,700	4.9
Treasury - Strategic Fund Agency.....	280,883,200	316,362,700	35,479,500	12.6
TOTAL APPROPRIATIONS	\$27,278,956,600	\$27,777,855,500	\$498,898,900	1.8%

¹⁾ As of July 1, 2012.

Figure C

State Spending From State Resources

FY 2012-13 Initial Appropriations

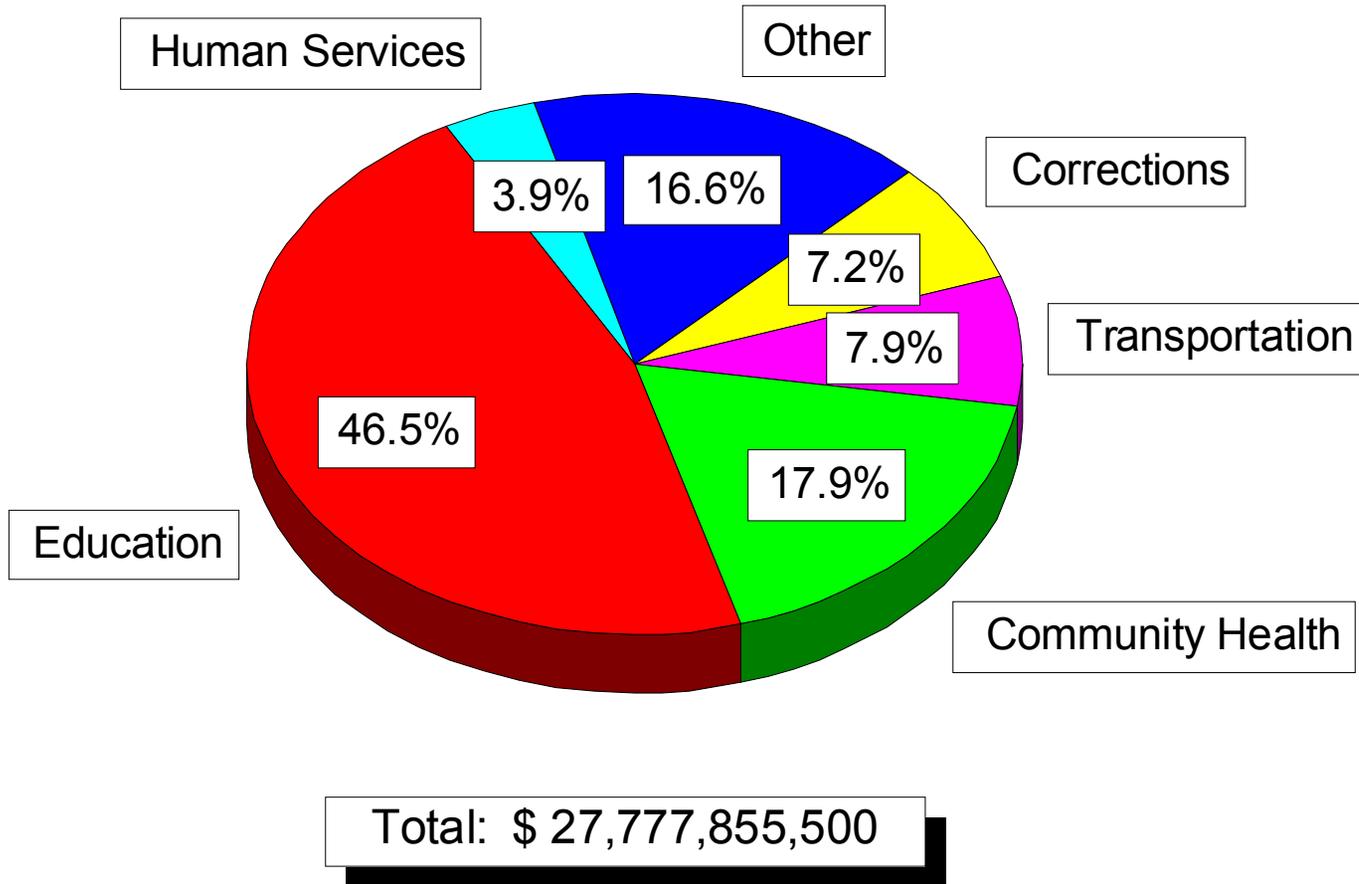
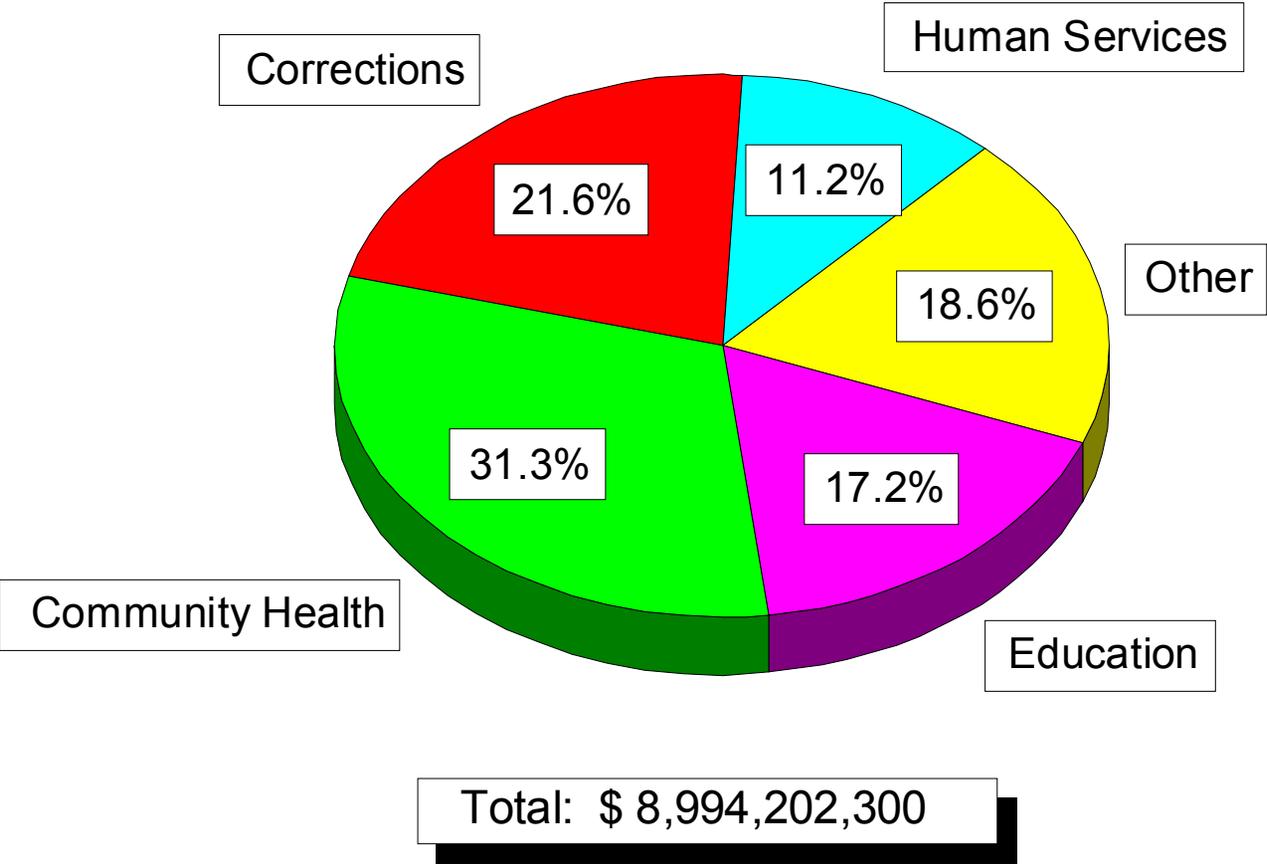


Table 8

GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS FY 2011-12 VERSUS FY 2012-13				
Department/Budget Area	FY 2011-12 Year-to-Date Appropriations ¹⁾	FY 2012-13 Initial Appropriations	Dollar Difference	Percent Change
Agriculture and Rural Development.....	\$30,018,700	\$36,098,900	\$6,080,200	20.3%
Attorney General.....	30,736,300	33,825,800	3,089,500	10.1
Capital Outlay	1,800	0	(1,800)	(100.0)
Civil Rights	11,187,100	11,953,600	766,500	6.9
Community Colleges.....	88,000,000	96,516,400	8,516,400	9.7
Community Health	2,756,391,100	2,817,437,800	61,046,700	2.2
Corrections.....	1,954,339,100	1,941,485,600	(12,853,500)	(0.7)
Education	74,768,900	68,093,200	(6,675,700)	(8.9)
Environmental Quality.....	28,378,300	29,812,400	1,434,100	5.1
Executive	4,599,200	4,887,900	288,700	6.3
Higher Education	1,065,632,500	1,101,628,300	35,995,800	3.4
Human Services.....	971,598,200	1,010,143,900	38,545,700	4.0
Judiciary.....	156,711,600	170,751,500	14,039,900	9.0
Legislative Auditor General.....	11,624,100	13,004,900	1,380,800	11.9
Legislature	112,022,900	109,412,700	(2,610,200)	(2.3)
Licensing and Regulatory Affairs.....	43,674,100	50,570,900	6,896,800	15.8
Military and Veterans Affairs.....	38,483,700	38,233,400	(250,300)	(0.7)
Natural Resources	23,826,700	19,737,900	(4,088,800)	(17.2)
Natural Resources Trust Fund.....	0	0	0	0.0
School Aid.....	78,642,400	282,400,000	203,757,600	259.1
State.....	12,750,600	14,888,100	2,137,500	16.8
State Police.....	281,105,000	317,513,800	36,408,800	13.0
Technology, Management, and Budget.....	374,833,100	405,916,200	31,083,100	8.3
Transportation.....	500,000	23,000,000	22,500,000	4,500.0
Treasury - Debt Service.....	125,413,500	135,040,400	9,626,900	7.7
Treasury - Operations	81,145,100	88,347,100	7,202,000	8.9
Treasury - Revenue Sharing.....	0	0	0	0.0
Treasury - Strategic Fund Agency.....	135,376,400	173,501,600	38,125,200	28.2
TOTAL APPROPRIATIONS	\$8,491,760,400	\$8,994,202,300	\$502,441,900	5.9%
¹⁾ As of July 1, 2012.				

Figure D

General Fund/General Purpose FY 2012-13 Initial Appropriations



HIGHLIGHTS OF CHANGES IN STATE APPROPRIATIONS

There are a number of new programs for FY 2012-13, as well as other funding increases that are primarily attributable to caseload and cost issues in the Department of Community Health. [Table 9](#) summarizes FY 2012-13 Adjusted Gross and GF/GP funding for new programs by department. New programs in various departments account for approximately \$371.8 million in Adjusted Gross and \$109.3 million in GF/GP appropriations. The largest GF/GP piece of the new programs' total is \$47.0 million for an information technology investment project in the Department of Technology, Management, and Budget. The next-largest new GF/GP program appropriation is \$15.0 million for autism coverage reimbursement in the Department of Licensing and Regulatory Affairs. Another new program appropriation is \$26.1 million from State Restricted revenue for a County Incentive Program that is part of the reconfigured statutory State Revenue Sharing Program, which is now called the Economic Vitality Incentive Program (EVIP). In FY 2011-12, EVIP was created to distribute funds to cities, villages, and townships based on certain criteria, such as efforts to consolidate and collaborate; for FY 2012-13, counties are added to EVIP through the County Incentive Program.

In addition to new programs, there are Adjusted Gross funding increases of approximately \$1.65 billion and GF/GP increases of \$461.7 million that are summarized in [Table 10](#). The largest increases are in the Department of Community Health: \$288.8 million Adjusted Gross (\$121.0 million GF/GP) for Medicaid base and caseload adjustments and \$281.8 million in Federal funding for an increase in primary care rates for Medicare. The next-largest GF/GP increase is \$36.2 million for performance funding in the Higher Education budget, followed by an increase of \$118.4 million Adjusted Gross (\$27.7 million GF/GP) in the Department of Human Services for low-income energy assistance, and an increase of \$25.0 million in the Department of Treasury - Strategic Fund for the Film Incentive Program. These five Adjusted Gross funding increases of \$750.2 million are 46.0% of the total FY 2012-13 initial appropriation funding increases.

[Table 11](#) outlines the programs eliminated in the FY 2012-13 initial appropriations. Of the total \$267.6 million in Adjusted Gross program eliminations, \$153.0 million, or 57.0%, is due to the deletion of appropriations for the Vulnerable Household Warmth Fund. Another \$98.0 million Adjusted Gross reduction (\$78.4 million GF/GP) reflects the removal of one-time FY 2011-12 appropriations.

Program reductions of \$629.4 million Adjusted Gross and \$185.2 million GF/GP are listed by budget area in [Table 12](#). Of the \$185.2 million in GF/GP reductions, \$87.3 million reflects the full-year savings of departmental contingency reduction plans implemented in FY 2011-12, \$37.3 million is from other cost savings measures in the Department of Corrections, and \$16.4 million represents the loss of one-time FY 2011-12 appropriations.

In addition to the new programs, program increases, program eliminations, and program reductions outlined in [Tables 9, 10, 11, and 12](#), there are numerous fund shifts in the FY 2012-13 budget that either increase or decrease GF/GP appropriations. These fund shifts produce a net increase of \$291.0 million in GF/GP appropriation levels, and are listed in [Table 13](#).

A summary of the Adjusted Gross and GF/GP appropriation changes from FY 2011-12 to FY 2012-13 is presented in [Table 14](#).

Table 9

FY 2012-13 INITIAL APPROPRIATIONS NEW PROGRAMS (Millions of Dollars)		
Department/Program	Adjusted Gross	GF/GP
Agriculture and Rural Development		
Rural Development Value-Added	\$1.1	\$1.1
County Fair Capital Improvement	0.3	0.3
Rural Development Value-Added Grants (one-time).....	0.9	0.9
Private Forest Development (one-time).....	0.6	0.6
Food Safety (one-time)	0.5	0.5
Civil Rights		
Asian Pacific Affairs Commission	0.1	0.1
Corrections		
Public Safety Initiative.....	1.4	1.4
Special Equipment Fund.....	5.3	0.0
Detroit Re-Entry Center	10.8	10.8
Education		
Performance Funding Administration	0.1	0.1
Technical Infrastructure Grants	0.1	0.1
Environmental Quality		
MIWaters Information Tech Project	2.0	0.0
Human Services		
Supported Visitation.....	2.0	0.0
Parent Partners.....	0.5	0.0
Mobile Workers Initiative (no new funds).....	0.0	0.0
Stratified Case Management	1.2	0.0
Psychotropic Drug Oversight Contract	0.6	0.0
Aftercare Reimbursements	3.9	3.9
Private Provider Training Reimbursements.....	2.0	1.0
Licensing and Regulatory Affairs		
Autism Coverage Reimbursement.....	15.0	15.0
Natural Resources		
Dam Management (\$2 million, one-time)	2.5	2.5

Table 9 - continued

FY 2012-13 INITIAL APPROPRIATIONS NEW PROGRAMS (Millions of Dollars)		
Department/Program	Adjusted Gross	GF/GP
School Aid		
MPSERS Employer Contribution Cap	130.0	0.0
District Performance Grants	30.0	0.0
Technology Infrastructure Grants	50.0	0.0
Consolidation Innovation Grants.....	10.0	0.0
ISD Best Practices.....	2.0	0.0
Principal Evaluator Training.....	1.8	0.0
Technology, Management, and Budget		
Information Technology Investment Project	47.0	47.0
Teacher Evaluation Pilot Project (one-time)	4.0	4.0
Treasury - Operations		
Dual Enrollment for Nonpublic Students.....	10.0	10.0
Treasury - Revenue Sharing		
County Incentive Program (\$2.5 million, one-time)	26.1	0.0
Treasury - Strategic Fund Agency		
Community Ventures	10.0	10.0
TOTAL NEW PROGRAMS	\$371.8	\$109.3

Table 10

FY 2012-13 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Department/Program	Adjusted Gross	GF/GP
Agriculture and Rural Development		
Milk Safety/Quality Assurance	\$0.3	\$0.3
Environmental Assurance	1.0	1.0
Migrant Labor Housing	0.4	0.4
Agricultural Development.....	0.6	0.6
Attorney General		
Tobacco Tax Enforcement.....	0.5	0.5
Illegal Gaming Enforcement Attorney Services	0.2	0.0
Information Technology	0.5	0.5
Civil Rights		
Investigations	0.3	0.1
Community Colleges		
Performance Funding	8.5	8.5
MPSERS Health Costs	1.7	0.0
Community Health		
Eastern Michigan University Autism Center	0.5	0.5
Healthy Michigan Fund/Health and Wellness Initiatives.....	4.0	4.8
Medicaid Base and Caseload Adjustment.....	213.7	95.7
Managed Care Actuarial Soundness	75.1	25.3
Finance/Audit Staff	0.5	0.3
Mental Health Services Funded by DHS	9.7	0.0
Michigan Essential Health Provider Program	0.6	0.4
Body Art and Newborn Screening Revenue.....	0.5	0.0
Cochlear Implant Coverage Expansion	1.1	0.4
Aging Community Services.....	1.1	1.1
Dual Eligible Waiver Staff	0.6	0.3
Electronic Health Records Funding	24.7	0.0
Reversal of Assumed Estate Recovery Savings	16.7	5.6
Reversal of Assumed Preferred Drug List Savings	18.7	6.3
Medicaid Wheelchair Reimbursement.....	0.7	0.2
Physician Adjustor Payment Increase	53.8	0.0
Inspector General Staff.....	1.2	0.6

Table 10 - continued

FY 2012-13 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Department/Program	Adjusted Gross	GF/GP
Community Health (continued)		
Expansion of Home/Community Services	11.8	4.0
Restoration of Adult Chiropractic	0.5	0.2
Mileage Reimbursement Increase	2.0	1.0
Expansion of Healthy Kids Dental	16.7	5.6
Medicaid/MiChild Autism Coverage	21.3	7.1
Increase in Primary Care Rates to Medicare	281.8	0.0
Medicaid Adult Vision Restoration	4.5	1.5
Medicaid Ob/Gyn Rate Increase	11.9	4.0
Medicaid Computerization Initiatives	14.4	6.9
Rural/Sole Community Hospital Increase	6.0	2.0
Diagnostic Coding Project (one-time)	30.0	3.0
Corrections		
Neal Lawsuit Settlement	5.0	5.0
New Officer Training School	3.5	3.5
Information Technology Maintenance/Development	2.4	2.4
Facility Operating Adjustment	5.4	5.4
Cost Effective Housing Unrealized Savings	10.9	10.4
X-Ray and File Digitization (one-time)	1.1	1.1
Education		
Early Childhood Programs	1.1	0.2
State Aid to Libraries	0.8	0.8
eLibrary Database	0.8	0.8
Support for Persistently Low Achieving Schools	0.9	0.9
Support for Public School Academies	0.1	0.1
State Aid and School Finance Operations	0.3	0.3
State Aid Management System	0.1	0.1
Central Michigan Univ. Central Assessment Lending Library (one-time)	0.1	0.1
Environmental Quality		
Leaking Underground Storage Tank Cleanup Funding	10.0	0.0
State Revolving Fund Staffing	3.2	2.5
Wickes Manufacturing Engineering Study	0.3	0.0
Wetlands Funding (one-time)	1.5	1.5

Table 10 - continued

FY 2012-13 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Department/Program	Adjusted Gross	GF/GP
Executive		
Operations	0.2	0.2
Higher Education		
Performance Funding	36.2	36.2
MPSERS Retiree Health Costs	0.5	0.0
MSU AgBioResearch and Extension Services	1.6	1.6
Human Services		
Specialized Independent Living Increase	0.9	0.2
Parent/Guardian Per Diem Increase	11.3	6.3
Residential Facility Per Diem Increase	5.5	2.3
Additional Child Welfare Staff	23.3	7.3
Medical Evidence Costs	1.8	0.0
Michigan Youth Opportunity Initiative	1.7	0.6
Elder Abuse Prosecutor Funding	0.3	0.3
Volunteer Mileage Reimbursement	0.2	0.1
Food Banks	0.5	0.5
Adult Services Staff	1.5	0.5
Chaldean Community Foundation	0.9	0.9
Michigan Administrative Hearings System	0.2	0.1
BRIDGES Maintenance and Support	2.2	0.9
Low-Income Home Energy Program and Other Federal Grants	61.7	0.0
Low-Income Energy Assistance Funding (one-time)	59.9	27.7
Inspector General Information Tech Projects (one-time)	2.5	1.5
Seita Scholarship Program (one-time)	0.8	0.8
Medicaid Eligibility Review (one-time)	0.5	0.5
Juvenile Justice Mental Health Study (one-time)	0.3	0.3
Judiciary		
Swift and Sure Sanctions	5.0	5.0
Court of Appeals Judges	0.2	0.2
Mental Health Courts	1.0	1.0
Appellate Defender/Court Consolidation	0.4	0.4
Public Safety Initiative	2.4	2.4
Legislative Auditor General		
Field Operations	0.3	0.2

Table 10 - continued

FY 2012-13 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Department/Program	Adjusted Gross	GF/GP
Legislature		
Senate Operations	3.6	3.6
House Operations	4.3	4.3
Legislative Council	1.1	1.1
Legislative Retirement	0.2	0.2
Building Operations	0.6	0.6
Licensing and Regulatory Affairs		
Health Systems Inspections	1.6	0.0
Fireworks Sales Regulation	0.1	0.0
Freestanding Surgical Outpatient Inspections	0.5	0.5
Liquor Control Information Technology Upgrades	2.0	0.0
Bureau of Fire Services	0.6	0.6
Military and Veterans Affairs		
Armory Maintenance (\$2.4 million, one-time)	4.8	4.8
Veterans Affairs Directorate Administration	0.3	0.3
Michigan Youth Challenge Program	0.7	0.0
Veterans Homes Special Maintenance (one-time)	2.1	2.1
Veterans Services Enhancements (one-time)	0.4	0.4
County Counselor Accreditation (one-time)	0.2	0.2
Data Upgrades/Digital Records (one-time)	0.8	0.8
Natural Resources		
Summer Youth Initiative	1.0	1.0
State Park Endowment Funding	0.3	0.0
School Aid		
Foundation Allowance/Equity Payment	80.0	0.0
Special Education	39.5	0.0
Federal Grants	53.1	0.0
School Bond Loan Fund Debt Service	26.8	0.0
Data Reporting Costs	3.9	0.0
School Readiness Grants	5.0	0.0
Renaissance Zone Reimbursement	2.7	1.5
Cash-Flow Borrowing Costs	1.1	0.0
Youth Challenge Academy	0.7	0.0

Table 10 - continued

FY 2012-13 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Department/Program	Adjusted Gross	GF/GP
School Aid (continued)		
Math and Science Centers	0.1	0.0
Payments in Lieu of Taxes (PILT) Reimbursement.....	0.2	0.0
Promise Zone Reimbursement	0.1	0.0
State		
Credit/Debit Card Assessment Fees Revenue	4.0	0.0
Express Services Marketing Costs (one-time)	0.2	0.2
Commercial Driver License Medical Certificates (one-time)	0.6	0.6
State Police		
Public Safety Initiative.....	1.3	1.3
Trooper School	8.2	8.2
Crime Lab Services	3.2	3.2
Regional Policing Plan.....	1.3	1.3
Tobacco Tax Enforcement.....	4.2	0.2
Fleet Leasing	0.8	0.8
Replacement of Outdated Electronics	1.1	1.1
Replacement of Equipment (one-time).....	1.6	1.6
Technology, Management, and Budget		
Remodeling of State Buildings.....	15.0	15.0
State Employee Professional Development Funds	0.2	0.0
Statewide Single Audit Implementation	0.1	0.0
Special Maintenance/Space Consolidation (one-time).....	17.0	17.0
Transportation		
Road and Bridge Funding	108.0	0.0
Comprehensive Transportation Fund Programs	25.8	0.0
State Aeronautics Fund Programs.....	0.8	0.0
Intercity Bus Services	1.7	0.0
Match to Draw Down Federal Aid (one-time)	23.0	23.0
Treasury - Debt Service		
Great Lakes Water Quality Bonds Debt Service	2.4	2.4
Quality of Life Bonds Debt Service	2.4	2.4

Table 10 - continued

FY 2012-13 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Department/Program	Adjusted Gross	GF/GP
Treasury - Operations		
Community College Renaissance Zone Grants	3.5	3.5
MSU Facility for Rare Isotope Beams (FRIB).....	2.3	2.3
Health Insurance Claims Assessment Administration	0.7	0.0
Tobacco Tax Enforcement.....	1.5	1.5
Lottery Promotion	0.9	0.0
Legal Services (one-time).....	3.0	3.0
Treasury - Revenue Sharing		
Constitutional Revenue Sharing	20.7	0.0
Economic Vitality Incentive Program (\$7.5 million, one-time)	15.0	0.0
Treasury - Strategic Fund Agency		
Arts and Cultural Grants	3.6	3.6
Film Incentives (one-time)	25.0	25.0
Other Program Increases	0.7	0.7
TOTAL PROGRAM INCREASES	\$1,647.6	\$461.7

Table 11

FY 2012-13 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS (Millions of Dollars)		
Department/Program	Adjusted Gross	GF/GP
Community Health		
HIPAA Computer Project (one-time)	(\$8.9)	(\$1.2)
Environmental Quality		
CIWPIS Rewrite (one-time)	(3.2)	0.0
Higher Education		
Federal Elimination of Robert Byrd Scholarships	(1.3)	0.0
Human Services		
Vulnerable Household Warmth Assistance	(35.0)	0.0
Licensing and Regulatory Affairs		
Low-Income Energy Efficiency Assistance	(95.0)	0.0
Vulnerable Household Warmth Assistance	(23.0)	(10.0)
Natural Resources		
Grand Marais Breakwater (one-time)	(4.0)	(4.0)
School Aid		
Specific District Foundation Allowances	(4.0)	0.0
Michigan Business Tax Hold Harmless	(0.7)	0.0
Early Learning Assessment	(12.5)	0.0
Federal Education Jobs Fund (one-time)	(4.7)	0.0
Highland Park Emergency Transition (one-time).....	(4.0)	0.0
Technology, Management, and Budget		
Other Post-Employment Benefits (one-time).....	(60.0)	(60.0)
State Police Headquarters Asbestos Removal (one-time).....	(1.3)	(1.3)
Treasury - Operations		
Presidential Primary Funding.....	(10.0)	(10.0)
TOTAL PROGRAM ELIMINATIONS	(\$267.6)	(\$86.5)

Table 12

FY 2012-13 INITIAL APPROPRIATIONS PROGRAM REDUCTIONS (Millions of Dollars)		
Department/Program	Adjusted Gross	GF/GP
Agriculture and Rural Development		
Contingency Plan Savings	(\$0.7)	(\$0.7)
Attorney General		
Operations Reduction	(0.1)	(0.1)
Civil Rights		
Contingency Plan Savings	(0.3)	(0.3)
Community Health		
Contingency Plan Savings	(12.2)	(6.1)
Consolidation of State Facility Accounting	(0.2)	0.0
Family Support Subsidy Caseload	(0.3)	0.0
CSHCS Dose Management Protocol	(3.0)	(2.1)
Medicaid Credit Balance Resolution	(3.0)	(1.0)
Medicaid Third Party Liability Data Match	(6.4)	(2.2)
Retrospective Overpayment Detection	(28.9)	(9.7)
Savings from Expanded Inspector General Staff	(6.0)	(2.0)
Encouragement of Generic Injectables Use	(2.7)	(0.9)
Evidence-Based Prescribing for Pharmaceuticals	(4.5)	(1.5)
Nursing Home Transition Savings	(23.6)	(1.2)
Increased Pharmaceutical Rebates	(11.9)	(4.0)
Graduate Medical Education	(0.2)	(0.1)
Corrections		
Contingency Plan Savings	(55.3)	(55.3)
Position Reclassification	(12.6)	(12.6)
Prisoner Re-Entry Spending Alignment	(1.4)	(1.4)
Public Works Restricted Revenue	(9.0)	0.0
County Jail Reimbursement	(2.0)	(2.0)
Clinical Complexes Health Care Costs	(2.9)	(2.9)
Facility Reclassification Savings	(13.5)	(13.5)
Operations Savings Initiatives	(2.6)	(2.6)
Facility Level Operating Efficiencies	(2.3)	(2.3)

Table 12 - continued

FY 2012-13 INITIAL APPROPRIATIONS PROGRAM REDUCTIONS (Millions of Dollars)		
Department/Program	Adjusted Gross	GF/GP
Education		
Educational Achievement Authority (one-time)	(10.0)	(10.0)
College Access Network Grant.....	(2.3)	2.0
Environmental Quality		
Contingency Plan Savings.....	(0.1)	(0.1)
Wetland Permit Program	(1.5)	0.0
Muskegon Environmental Cleanup (one-time)	(6.0)	(6.0)
Higher Education		
Michigan State Facility for Rare Isotope Beams (one-time).....	(1.2)	(1.2)
Eastern Michigan University Autism Center (one-time).....	(0.5)	(0.5)
Western Michigan University Econ. Dev. Project (one-time).....	(0.2)	(0.2)
Human Services		
Contingency Plan Savings.....	(34.2)	(18.8)
Juvenile Justice Facilities	(2.0)	(1.0)
Michigan 211.....	(0.2)	(0.2)
SSI State Supplement Reduction	(0.8)	(0.8)
Support for Adult Foster Care Inspections	(1.0)	(1.0)
Judiciary		
Judgeship Elimination.....	(0.2)	(0.2)
Licensing and Regulatory Affairs		
Contingency Plan Savings.....	(0.1)	(0.1)
Reduction in Private Grants.....	(1.5)	0.0
Military and Veterans Affairs		
Contingency Plan Savings.....	(0.9)	(0.9)
Veterans' Service Organization Grants	(0.1)	(0.1)
Veterans' Homes Funding	(0.7)	(0.7)
Headquarters and Armories.....	(0.2)	(0.2)
Natural Resources		
Contingency Plan Savings.....	(0.4)	(0.4)
Duck Lake Fire Funding (one-time).....	(3.5)	(3.5)

Table 12 - continued

FY 2012-13 INITIAL APPROPRIATIONS PROGRAM REDUCTIONS (Millions of Dollars)		
Department/Program	Adjusted Gross	GF/GP
School Aid		
MEAP Testing	(8.5)	0.0
Best Practices	(74.0)	0.0
MPSERS Reserve for Retirement Reform	(92.0)	0.0
Half-Day Kindergarten	(20.0)	0.0
Foundation Allowance Technical Adjustments	(19.7)	0.0
State		
Contingency Plan Savings	(1.0)	(0.1)
Transportation Administration Collection Fund Revenue	(8.0)	0.0
State Police		
Contingency Plan Savings	(1.2)	(1.2)
Expiration of Federal Internet Crime Grant	(0.1)	0.0
Collins Road Lease (one-time)	(0.4)	(0.4)
Technology, Management, and Budget		
Civil Service Commission Revenue	(1.7)	0.0
Market Information Strategies Revenue	(2.3)	0.0
Transportation		
Debt Service	(47.2)	0.0
Reduction in IDGs to Other Departments	(6.4)	0.0
Airport Safety, Protection, Improvement	(2.0)	0.0
Treasury - Debt Service		
Clean Michigan Initiative Debt Service	(5.1)	(5.1)
Water Pollution Control Bond Debt Service	(0.1)	(0.1)
Treasury - Operations		
Contingency Plan Savings	(3.1)	(3.1)
Removal of FY 2011-12 PILT Supplemental	(1.3)	(1.0)
Office of Fiscal Responsibility Reduction	(5.5)	(5.5)
Treasury - Revenue Sharing		
County Statutory Revenue Sharing	(10.5)	0.0

Table 12 - continued

FY 2012-13 INITIAL APPROPRIATIONS PROGRAM REDUCTIONS (Millions of Dollars)		
Department/Program	Adjusted Gross	GF/GP
Treasury - Strategic Fund Agency		
Contingency Plan Savings	(0.2)	(0.2)
Workforce Training Program Reduction	(45.0)	0.0
Other Program Reductions	(0.9)	(0.1)
Total Program Reductions	(\$629.4)	(\$185.2)

Table 13

FY 2012-13 INITIAL APPROPRIATIONS MAJOR FUND SHIFTS TO INCREASE/(REDUCE) GF/GP (Millions of Dollars)	
Department/Program	GF/GP
Community Health	
Medicaid/MiChild Match Rate	(\$26.8)
Medicaid Trust Fund	123.3
Health Claims Assessment	(1.2)
Tobacco Tax Shortfall	1.4
Merit Award Trust Fund	5.5
School-Based Services Federal Revenue	(26.8)
Corrections	
Parole/Probation Fees Shortfall	0.8
Corrections Ombudsman IDG Elimination	(0.3)
Swift and Sure Sanctions IDG Elimination	(1.0)
Higher Education	
Children of Veterans and Officers Tax Check-Off	0.1
Human Services	
Medicaid Match Rate	(0.6)
Youth Services Program Federal Funds	(0.9)
Juvenile Justice School Aid Fund	(10.9)
Multicultural Integration TANF Funding	(0.2)

Table 13 - continued

FY 2012-13 INITIAL APPROPRIATIONS MAJOR FUND SHIFTS TO INCREASE/(REDUCE) GF/GP (Millions of Dollars)	
Department/Program	GF/GP
Judiciary	
Swift and Sure Sanctions IDG Elimination	1.0
Court Fee Fund Revenue Shortfall	0.4
Legislative Auditor General	
Single Audit Act IDG Funding	0.3
Legislature	
Corrections Ombudsman IDG Elimination	0.3
Licensing and Regulatory Affairs	
Adult Foster Care Background Check	1.0
Use of Corporation Fees to Support Programs	(1.1)
Natural Resources	
Cormorant Population Mitigation Fund Source	0.1
School Aid	
Center for Educational Performance Federal Funds	2.7
Additional General Fund to Support School Aid Budget	198.8
State	
Loss of Michigan Transportation Fund Dollars	1.7
State Police	
Replacement of Lost Federal and Restricted Revenue	9.1
Treasury - Debt Service	
Replacement of Refined Petroleum Fund with General Fund	10.0
Treasury - Operations	
Loss of Michigan Transportation Fund Dollars	6.4
Use of Delinquent Tax Revenue to Offset General Fund	(2.1)
TOTAL GF/GP FUND SHIFTS	\$291.0

Table 14

SUMMARY OF FY 2012-13 APPROPRIATION CHANGES (Millions of Dollars)		
	Adjusted Gross	GF/GP
FY 2011-12 Year-To-Date Appropriation¹⁾	\$47,481.3	\$8,491.8
Changes for FY 2012-13:		
New Programs.....	\$371.8	\$109.3
Program Increases.....	1,647.6	461.7
Program Eliminations.....	(267.6)	(86.5)
Program Reductions.....	(629.4)	(185.2)
Major Fund Shifts Affecting GF/GP.....	18.4	291.0
Economic Increases.....	167.8	73.7
State Employee Lump Sum Payments.....	53.2	25.3
Unclassified Salaries.....	3.5	2.5
Expiration of HMO/PIHP Use Tax.....	(201.1)	(167.3)
Adjustments for FY 2011-12 Transfers/Supplementals....	(138.3)	(16.4)
Other Technical Adjustments.....	(314.6)	(5.7)
Total Changes.....	\$711.3	\$502.4
FY 2012-13 INITIAL APPROPRIATION.....	\$48,192.7	\$8,994.2
¹⁾ Appropriation as of July 1, 2012		

PROGRAM TRANSFERS

The initial FY 2012-13 appropriations reflect the transfer of only one program from one department to another, and that is the transfer of the \$4.0 million Military Retirement Program from the Department of Military and Veterans Affairs to the Office of Retirement Services in the Department of Technology, Management, and Budget.

FEE AND REVENUE CHANGES

The FY 2012-13 initial appropriations assume \$82.7 million in total fee adjustments. Of the total fee changes, \$300,000 will be derived from a new license fee for grain dealers, while \$82.4 million will come from the delay or elimination of 59 sunsets in fee legislation that will allow fees to be maintained at their current levels. The bulk of the fee adjustments are in the Departments of Agriculture and Rural Development, and Licensing and Regulatory Affairs. As Table 15 indicates, many of the fee sunset delays or deletions have not yet been enacted.

The FY 2011-12 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 April 1, 2012. The use tax was replaced by a 1.0% tax on paid health claims on January 1, 2012. In the first half of FY 2011-12, the State, under Federal actuarial soundness requirements, had to cover the cost of the use tax with increased Medicaid payments of \$201.1 million Adjusted Gross (\$167.3 million GF/GP), an adjustment that was reversed for FY 2012-13.

Changes in the State's income tax, adopted just after the FY 2012-13 budget was passed by the Legislature, 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.

Table 15

FY 2012-13 FEE REVENUE INCLUDED IN BUDGET (Actual Dollars)		
Department	Fee Type	Estimate of Revenue
<u>Fee Increases</u>		
Agriculture and Rural Development	Grain Dealer License Fees (PAs 148 and 149 of 2012)	\$300,000
Subtotal Increased Fees.....		\$300,000
<u>Maintenance of Current Fee Levels</u>		
<u>Fee Sunsets - Fee Reductions</u>		
Agriculture and Rural Development	Nursery/Plant Growers Fees – two fees (PA 106 of 2012)	250,000
Agriculture and Rural Development	Pesticide Applicator Fees – two fees (HB 5581)	100,000
Agriculture and Rural Development	Livestock Dealer Fees – four fees (HB 5784)	21,000
Licensing and Regulatory Affairs	Corporation Fees – three fees	5,166,100
Licensing and Regulatory Affairs	Securities Fees – five fees	5,803,300
Licensing and Regulatory Affairs	Construction Code Exam Fees – four fees	899,700
Licensing and Regulatory Affairs	Construction Code License Fees – 14 fees	1,843,600
Licensing and Regulatory Affairs	Occupational Licensing Fees – 22 fees	<u>2,517,700</u>
Subtotal Fee Sunsets		\$16,601,400
<u>Fee Sunsets - Fee Eliminations</u>		
Environmental Quality	Refined Petroleum Fund (PA 113 of 2012)	51,800,000
State Police	Fingerprint Fee (HB 5793)	9,000,000
State Police	Name-Based Criminal Record Check (HB 5793)	<u>5,000,000</u>
Subtotal Fee Sunsets		\$65,800,000
Subtotal Maintenance of Current Fee Levels		\$82,401,400
TOTAL ALL FEE ADJUSTMENTS		\$82,701,400

DEBT SERVICE APPROPRIATIONS

The FY 2012-13 initial budget includes the appropriation of debt service in four separate budget areas. [Table 16](#) 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 \$797.1 million during

FY 2012-13. This represents a \$20.8 million (2.5%) decrease from the \$817.8 million of debt service appropriations in FY 2011-12. Of that amount, an increase of \$26.8 million is related to the refinancing of the School Bond Loan Program in FY 2010-11. The \$48.0 million reduction for State Trunkline Fund debt service in the Department of Transportation reflects the use of long-term rather than short-term borrowing. Debt service payments for the Departments of Transportation and Treasury are also adjusted based on current debt service schedules.

Table 16

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

TOBACCO SETTLEMENT APPROPRIATIONS

It is estimated that the State of Michigan will receive \$248.6 million during FY 2012-13 as a result of the master settlement agreement between the United States tobacco industry and 46 states. Table 17 provides a summary of the revenue to be received and details of the appropriations that are supported by tobacco settlement revenue. The initial FY 2012-13 budget includes the appropriation of \$113.6 million of tobacco settlement funds through the Michigan Merit Award Trust Fund to five State departments. The largest appropriation is \$76.7 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 \$113.6 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 \$59.9 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 17

FY 2012-13 TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS (Actual Dollars)	
Budget Area/Program	FY 2012-13 Revenue/Appropriation
<u>Tobacco Settlement Revenue Estimates:</u>	
Balance From Prior Fiscal Year.....	\$75,100
Total Annual Payments.....	283,873,600
Assumed Withheld Payments.....	(35,416,600)
Interest Earnings.....	<u>20,000</u>
Total Tobacco Settlement Revenue	\$248,552,100
Transfer to 21 st Century Jobs Trust Fund.....	(75,000,000)
2006 Bond Securitization (13.34% of Revenue).....	(33,144,200)
2007 Bond Securitization (10.77% of Revenue).....	<u>(26,758,800)</u>
Net Revenue To Merit Award Trust Fund	\$113,649,100
<u>Merit Award Trust Fund Appropriations:</u>	
Attorney General	
Administration	\$463,100
Community Health	
Medicaid Base	76,733,500
Aging: Respite Care.....	4,468,700
Human Services	
Family Independence Program.....	30,100,000
State Police	
Tobacco Tax Enforcement.....	716,200
Treasury	
Tuition Incentive Program Administration.....	<u>1,092,500</u>
Total Merit Award Trust Fund Appropriations	\$113,574,000
PROJECTED YEAR-END BALANCE	\$75,100

STATE EMPLOYEE COMPENSATION CHANGES AND EMPLOYMENT LEVELS

The FY 2012-13 initial budget includes the Civil Service Commission-approved FY 2012-13 agreements for employees who are exclusively represented by employee unions (AFSCME, MCO, MSEA, SEIU, and UAW) and for those who are not represented. The Commission approved a 1.0% general wage increase and a 1.0% lump sum payment effective October 1, 2012, for represented employees. Additionally, the contracts required represented employees to pay 20.0% of their health care premiums, up from the FY 2011-12 10.0% requirement. The Civil Service Commission also adopted a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Beginning on October 1, 2012, NEREs will receive a 3.0% general wage increase and a 2.0% lump sum payment. They also will be required to pay an employee share of health insurance premiums of 20.0%.

Table 18 provides a summary of the incremental State employee cost increases included in the FY 2012-13 budget. The State's portion of the cost of employee health insurance is estimated to decrease by 5.0% due to the new requirement for all State employees to pay 20.0% of their premiums. This employee insurance cost decrease saves an estimated \$33.8 million total and \$16.8 million GF/GP. The amount that needs to be contributed to the State employee retirement systems in FY 2012-13 results in significant cost decreases in the FY 2012-13 budget. Retirement contribution decreases are estimated to total \$308.7 million, of which \$162.2 million is GF/GP funding. The total GF/GP impact for economic adjustments is projected to be an increase of \$99.0 million. Table 18 outlines the economic adjustments included in the FY 2012-13 initial budget.

Table 18

ECONOMIC INCREASES INCLUDED IN FY 2012-13 BUDGET		
(Millions of Dollars)		
	Adjusted Gross	GF/GP
Wages and Salaries.....	\$96.3	\$43.1
Employee Insurance Costs.....	(33.8)	(16.8)
Retirement Contributions.....	(308.7)	(162.2)
Other Post-Employment Benefits (OPEB).....	464.7	233.4
Workers' Compensation	0.04	0.6
All Other Economics	2.4	0.9
TOTAL ECONOMIC ADJUSTMENTS.....	\$221.0	\$99.0

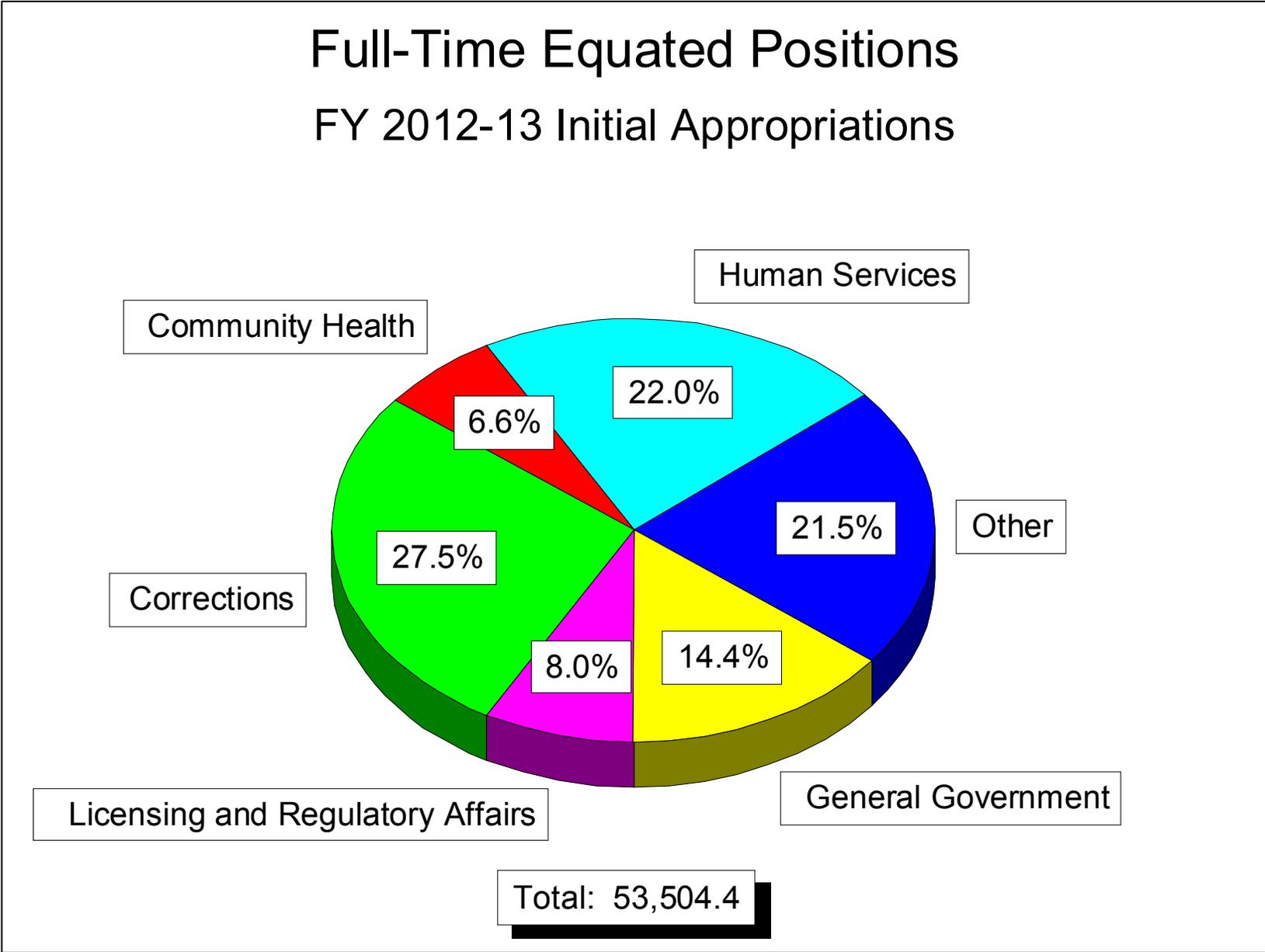
Table 19 and Figure E provide a summary of State classified full-time equated (FTE) positions appropriated in FY 2012-13 versus the year-to-date level of FTEs appropriated in FY 2011-12. Total appropriated FTEs in FY 2012-13 equal 53,504.4, a decrease of 1,640.3 or 3.0% from FY 2011-12. The largest increase, 217.5 FTEs in the Department of Human Services, reflects enhanced child welfare staffing. The largest decrease, 873.6 FTEs, is in the Department of Corrections, due to the full-year closure of the Mound Correctional Facility, reduced usage of perimeter security vehicles, elimination of vacant field operations positions, and the reclassification and reorganization of several other facilities.

Table 19

FULL-TIME EQUATED POSITIONS FY 2011-12 VERSUS FY 2012-13				
Department/Budget Area	FY 2011-12 Year-to-Date Positions	FY 2012-13 Initial Positions	Position Change	Percent Change
Agriculture and Rural Development	441.0	425.0	(16.0)	(3.6%)
Attorney General	514.0	508.0	(6.0)	(1.2)
Civil Rights	121.0	121.0	0.0	0.0
Community Health	3,634.2	3,538.6	(95.6)	(2.6)
Corrections	15,568.8	14,695.2	(873.6)	(5.6)
Education	598.0	590.5	(7.5)	(1.3)
Environmental Quality	1,334.5	1,321.5	(13.0)	(1.0)
Executive	74.2	74.2	0.0	0.0
Higher Education	0.0	0.0	0.0	0.0
Human Services	11,540.5	11,758.0	217.5	1.9
Judiciary	491.0	472.0	(19.0)	(3.9)
Licensing and Regulatory Affairs	4,328.8	4,259.8	(69.0)	(1.6)
Military and Veterans Affairs	989.0	834.0	(155.0)	(15.7)
Natural Resources	2,173.4	2,093.8	(79.6)	(3.7)
State	1,809.0	1,689.0	(120.0)	(6.6)
State Police	2,861.0	2,881.0	20.0	0.7
Technology, Management, and Budget	3,032.5	2,808.0	(224.5)	(7.4)
Transportation	3,043.3	2,912.3	(131.0)	(4.3)
Treasury - Operations	1,770.5	1,774.5	4.0	0.2
Treasury - Strategic Fund Agency	820.0	748.0	(72.0)	(8.8)
TOTAL POSITIONS	55,144.7	53,504.4	(1,640.3)	(3.0%)

Figure E

Full-Time Equated Positions FY 2012-13 Initial 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 2012-13 appropriations exceed this minimum constitutional requirement by \$1.7 billion. Table 20 provides a summary of the calculations used to determine the State's compliance with this constitutional requirement for FY 2011-12 and FY 2012-13. Table 21 lists State payments to local units of government that are appropriated in each State department or budget area.

Table 20

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT FY 2011-12 AND FY 2012-13 ESTIMATES (Millions of Dollars)		
	FY 2011-12 Estimate	FY 2012-13 Estimate
State Spending from State Resources ¹⁾	\$27,261.6	\$27,760.5
Required Payments to Local Units of Government (48.97%).....	\$13,350.0	\$13,594.3
Estimated Payments to Local Units of Government.....	\$15,317.9	\$15,336.2
Estimated Payments as a Percentage of Total State Spending.....	56.19%	55.24%
Surplus of Section 30 Payments	\$1,967.9	\$1,741.9
¹⁾ Does not include \$17.325 million of Federal aid counted as GF/GP revenue; includes both ongoing and one-time appropriations.		

Table 21

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 2011-12 VERSUS FY 2012-13				
Department/Budget Area	FY 2011-12 Year-to-Date Appropriations	FY 2012-13 Initial 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.....	900	0	(900)	(100.0)
Civil Rights.....	0	0	0	0.0
Community Colleges.....	283,880,500	294,130,500	10,250,000	3.6
Community Health.....	1,415,806,500	1,229,341,700	(186,464,800)	(13.2)
Corrections.....	89,893,500	91,166,400	1,272,900	1.4
Education.....	5,445,700	6,208,000	762,300	14.0
Environmental Quality.....	2,175,000	2,775,000	600,000	27.6
Executive.....	0	0	0	0.0
Higher Education.....	0	0	0	0.0
Human Services.....	107,003,300	100,595,000	(6,408,300)	(6.0)
Judiciary.....	119,875,600	127,604,200	7,728,600	6.4
Legislative Auditor General.....	0	0	0	0.0
Legislature.....	0	0	0	0.0
Licensing and Regulatory Affairs.....	22,988,700	21,625,700	(1,363,000)	(5.9)
Military and Veterans Affairs.....	120,000	120,000	0	0.0
Natural Resources.....	10,550,000	5,921,100	(4,628,900)	(43.9)
Natural Resources Trust Fund.....	0	0	0	0.0
School Aid.....	10,839,921,300	10,934,991,200	95,069,900	0.9
State.....	1,360,800	1,360,800	0	0.0
State Police.....	19,056,000	18,728,700	(327,300)	(1.7)
Technology, Management, and Budget.....	0	0	0	0.0
Transportation.....	1,182,987,000	1,233,655,900	50,668,900	4.3
Treasury - Debt Service.....	0	0	0	0.0
Treasury - Operations.....	155,292,900	155,166,700	(126,200)	(0.1)
Treasury - Revenue Sharing.....	1,044,845,600	1,096,096,300	51,250,700	4.9
Treasury - Strategic Fund Agency.....	15,224,800	15,224,800	0	0.0
TOTAL APPROPRIATIONS.....	\$15,317,928,100	\$15,336,212,000	\$18,283,900	0.1%

PROJECTED GF/GP YEAR-END BALANCES

The FY 2011-12 projected year-end GF/GP balance of \$744.1 million is based on the May 2012 consensus estimate of GF/GP revenue and other revenue adjustments agreed upon as part of the budget process. The FY 2011-12 estimated GF/GP expenditures are based on initial appropriations, enacted supplemental appropriations, other caseload and cost adjustments, and estimated year-end funding lapses of \$20.0 million. Table 22 presents the Senate Fiscal Agency's estimate of the FY 2011-12 GF/GP year-end balance.

The FY 2012-13 projections are also based on the May 2012 consensus estimate of GF/GP revenue and other agreed-upon revenue adjustments. The FY 2012-13 estimated GF/GP expenditures are based on initial ongoing appropriations of \$8.6 billion, one-time appropriations of \$365.7 million, estimated debt service savings of \$16.2 million from the refinancing of State Building Authority bonds, and a one-time \$140.0 million appropriation to the Budget Stabilization Fund. Table 23 outlines the Senate Fiscal Agency's estimate of a \$21.3 million FY 2012-13 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
Revenue:	
Beginning Balance.....	\$553.7
<u>Ongoing Revenue:</u>	
Consensus Revenue Estimate (May 2012).....	\$9,064.4
Revenue Sharing Payments.....	(300.0)
One-Time Appropriation for Revenue Sharing.....	(40.0)
Contingency Plan Restricted Revenue Transfer to GF.....	0.9
Shift of Short-Term Borrowing Costs to School Aid Fund.....	2.1
Subtotal Ongoing Revenue.....	\$8,727.4
<u>Non-Ongoing Revenue:</u>	
Use Tax on Health Maintenance Organizations.....	\$192.6
Total Estimated GF/GP Revenue.....	\$9,473.7
Expenditures:	
Initial Ongoing Appropriations.....	\$8,275.1
Auditor General Boilerplate Appropriation.....	0.4
Initial One-Time Appropriations.....	171.6
<u>Enacted Supplementals:</u>	
Public Act 38 of 2011: Tax Plan Implementation.....	1.0
Public Act 264 of 2011: SERS Reform Implementation.....	0.0
Public Act 267 of 2011: UI Bonding, Michigan Finance Authority.....	1.0
Public Act 275 of 2011: Heating Assistance.....	10.0
Public Act 278 of 2011: Multiple Departments.....	169.4
Public Act 53 of 2012: Michigan Employment Relations Commission.....	0.0
Public Act 64 of 2012: Other Post-Employment Benefits (OPEB).....	144.5
Public Act 89 of 2012: Multiple Departments/DCH Fund Shift.....	(73.4)
Public Act 192 of 2012: Capital Outlay Construction Authorizations.....	0.0
Public Act 236 of 2012: Multiple Departments.....	11.7
<u>Other Adjustments:</u>	
Savings from One-Time OPEB Appropriation.....	(17.1)
Employee Concessions/Alternative Contingency Plans.....	(87.8)
Caseload and Cost Adjustments for DCH (Consensus Estimate May 2012).....	(103.8)
Caseload and Cost Adjustments for DHS (Consensus Estimate May 2012).....	(75.7)
Reduced General Fund Grant to School Aid.....	(40.0)
Estimate of Year-End Lapses.....	(20.0)
Total Estimated GF/GP Expenditures.....	\$8,366.9
One-Time Appropriations to Budget Stabilization Fund (\$255.8 million + \$106.9 million).....	\$362.7
PROJECTED YEAR-END GF/GP BALANCE.....	\$744.1

Table 23

**FY 2012-13
GENERAL FUND/GENERAL PURPOSE
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(Millions of Dollars)**

	Initial Appropriations SFA Estimate
Revenue:	
Beginning Balance	\$744.1
<u>Ongoing Revenue:</u>	
Consensus Revenue Estimate (May 2012).....	\$8,969.9
Revenue Sharing Payments	(350.6)
One-Time Appropriation for Revenue Sharing.....	(20.0)
Income Tax Policy Changes	(91.0)
Shift of Short-Term Borrowing Costs to School Aid Fund.....	3.2
Regulation of Charitable Gaming	(4.0)
Public Act 188 of 2012: Tobacco Products Tax Enforcement	<u>(0.3)</u>
Subtotal Ongoing Revenue.....	\$8,507.2
<u>Non-Ongoing Revenue:</u>	
Capped One-Year Increase in Sales Tax Earmark to STF and Aeronautics.....	(\$110.0)
Reduced Liquor Purchase Revolving Fund Lapse to General Fund	<u>(2.0)</u>
Subtotal Non-Ongoing Revenue.....	(\$112.0)
Total Estimated GF/GP Revenue.....	\$9,139.3
Expenditures:	
Initial Ongoing Appropriations.....	\$8,628.5
Initial One-Time Appropriations	<u>365.7</u>
Subtotal Initial Ongoing and One-Time Appropriations	\$8,994.2
<u>Other Adjustments:</u>	
Estimated Debt Service Savings-Refinancing of SBA Bonds	(\$16.2)
One-Time Appropriation to Budget Stabilization Fund.....	<u>140.0</u>
Subtotal Other Adjustments.....	\$123.8
Total Estimated GF/GP Expenditures	\$9,118.0
PROJECTED YEAR-END GF/GP BALANCE	\$21.3

SCHOOL AID BUDGET HIGHLIGHTS

The FY 2012-13 School Aid budget continues to include \$398.1 million in spending from the School Aid Fund (SAF) to support community colleges and universities. The K-12 portion of the budget included no change in the basic foundation allowance, which remains at \$8,019 per pupil. However, \$80.0 million was appropriated to raise the minimum level of funding from \$6,846 per pupil to \$6,966, an increase of \$120 for the lowest-funded districts.

Other notable increases in the budget include: a \$130.0 million appropriation to pay for capping the rate of employer contributions to the retirement system at the equivalent of the FY 2011-12 rate of 24.46% applied to Michigan Public School Employees' Retirement System (MPERS) payroll; a \$50.0 million appropriation for technology infrastructure grants; an increase of \$39.5 million for special education costs; a \$30.0 million appropriation for district performance grants; a \$5.0 million increase in school readiness grants; and, a one-time appropriation of \$10.0 million for consolidation incentive grants.

Notable decreases in the budget for schools include: a \$74.0 million reduction in grants to districts meeting best practices (leaving a total of \$80.0 million appropriated for this purpose); a \$92.0 million reduction in a deposit to the reserve account for retirement reforms (leaving \$41.0 million appropriated for this purpose); and a \$20.0 million reduction in funding for anticipated savings due to the half-day kindergarten proposal (where districts operating half-day kindergarten will receive half-funding, instead of full funding).

The State School Aid Act includes the budgets for Community Colleges and Higher Education in the statutory K-12 budget bill. Please see Public Act 201 of 2012 for details.

Tables 24 and 25 present the SAF balance sheets for FY 2011-12 and FY 2012-13, respectively. Although there is a projected FY 2011-12 year-end SAF balance of \$194.6 million, the projected FY 2012-13 year-end balance is a projected deficit of \$8.1 million, due to revenue changes enacted after the State budget was adopted by the Legislature.

Table 24

FY 2011-12 SCHOOL AID FUND REVENUE, EXPENDITURES, AND YEAR-END BALANCE (Millions of Dollars)	
	SFA Estimate
Revenue:	
Beginning Balance	\$724.7
Consensus Revenue Estimate (May 2012)	\$10,876.1
General Fund/General Purpose Grant	78.6
Federal Ongoing Aid	<u>1,658.0</u>
Subtotal Ongoing Revenue	<u>\$12,612.7</u>
Total Estimated School Aid Fund Revenue	\$13,337.4
Expenditures:	
Initial Ongoing K-12 Appropriations	\$12,203.6
Public Act 29 of 2012 Adjustments	68.4
Cost Adjustments (Consensus Estimate May 2012)	2.9
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 (MPERS) Payments	\$155.0
K-12 Best Practices	154.0
MPERS Retirement Obligation Reform Reserve Fund	133.0
Partially Restore K-12 Small Class Size Grants	13.5
Public Act 29 of 2012 (Kindergarten assessments/grants)	<u>16.5</u>
Subtotal One-Time Appropriations	<u>\$472.0</u>
Total Estimated School Aid Fund Expenditures	\$13,142.8
PROJECTED YEAR-END SCHOOL AID FUND BALANCE	\$194.6

Table 25

**FY 2012-13
SCHOOL AID FUND
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(Millions of Dollars)**

	Initial Appropriations SFA Estimate
Revenue:	
Beginning Balance	\$194.6
Consensus Revenue Estimate (May 2012)	\$11,169.5
<u>Other Revenue Adjustments:</u>	
General Fund/General Purpose Grant	282.4
Federal Ongoing Aid	1,701.0
Income Tax Policy Changes	(13.0)
Subtotal Ongoing Revenue	\$13,139.9
Total Estimated School Aid Fund Revenue	\$13,334.5
Expenditures:	
<u>Ongoing Appropriations:</u>	
Executive Recommendation K-12 Appropriations	\$12,537.0
Cost Adjustments (Consensus Estimate May 2012)	37.9
Other Cost Adjustments	(4.7)
Additional Spending from Targets	180.0
Partially Fund Community Colleges with School Aid Fund	197.6
Partially Fund Higher Education with School Aid Fund	200.5
Subtotal Ongoing Appropriations	\$13,148.3
<u>One-Time Appropriations:</u>	
Pupil Performance Grants	\$80.0
Technology Grants	50.0
Consolidation Innovation Grants	10.0
MPERS Retirement Obligation Reform Reserve Fund	41.0
Class-Size Grants	13.3
Subtotal One-Time Appropriations	\$194.3
Total Estimated School Aid Fund Expenditures	\$13,342.6
Projected Year-End School Aid Fund Balance	(\$8.1)

ECONOMIC FORECAST AND REVENUE ESTIMATES

A. ECONOMIC FORECAST

The economic forecast on which the enacted fiscal year (FY) 2012-13 State budget was based is the consensus economic forecast adopted at the May 2012 Consensus Revenue Estimating Conference. Under this consensus economic forecast, the U.S. economy will grow 2.2% in 2012, 2.5% in 2013, and 2.9% in 2014. Although Michigan's economy has struggled for 10 consecutive years, the forecast expects that the employment growth that occurred in 2011 will continue into 2012, 2013, and 2014. 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 2012, 2013, and 2014, although the gains will be less than those experienced during 2011. Low inflation and stable employment are expected to result in inflation-adjusted personal income rising 0.4% in 2012, 0.7% in 2013, and 2.0% in 2014. 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 2.5% in 2013 and 2.9% in 2014, compared with 2.2% growth in 2012 and 1.7% growth in 2011. Continued weakness in the housing market combined with risk-averse credit markets and high energy prices will have negative repercussions on consumer spending and business investment through much of the forecast period.
- Employment is expected to grow through 2014; 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 8.9% in 2011 to 8.1% in 2012, 7.7% in 2013, and 7.4% in 2014.
- Light vehicle sales are expected to increase from 12.7 million units in 2011, to 14.4 million units in 2012, 15.1 million units in 2013, and 15.6 million units in 2014. 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 3.2% in 2011, reflecting a mix of weak consumer demand and rising energy prices. The forecast estimates that inflation will rise 2.3% in 2012, 2.0% in 2013, and 2.1% in 2014.

2. Michigan Economy

- On an annual basis, employment in Michigan steadily declined between 2000 and 2010, but increased 1.9% in 2011, the first annual increase in a decade. In 2011, wage and salary employment totaled approximately 3,936,000 workers. Employment is expected to increase another 1.6% in 2012, 1.1% in 2013, and 1.2% in 2014, averaging 4,091,000 workers in 2014.
- Michigan's unemployment rate is projected to decrease from 10.3% in 2011 to 8.5% in 2012, 8.0% in 2013, and 7.6% in 2014.
- 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 3.8% during 2012, 3.7% in 2013, and 3.5% in 2014. Adjusted for inflation, wage and salary payments are projected to increase 1.2% in 2012, 1.8% in 2013, and 1.4% in 2014.
- Personal income, the total income received by individuals, will increase at an estimated rate of 3.0% in 2012, compared with a 5.2% increase in 2011. In 2013, personal income growth is expected to slow, rising 2.6%, and then increase 4.2% in 2014.
- Inflation in Michigan, as measured by the Detroit Consumer Price Index, is expected to increase 2.6% in 2012, 1.9% in 2013, and 2.1% in 2014. In comparison, inflation rose 3.3% in 2011.

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 \$20.14 billion in FY 2012-13, up 1.0% from the \$19.94 billion predicted to be received during FY 2011-12. 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 2012 Consensus Revenue Estimating Conference. Slightly slower growth in the Michigan economy, combined with the tax changes enacted in 2011 and one-time revenue adjustments, results in a 2.4% decline in combined GF/GP and SAF revenue in FY 2012-13. Combined GF/GP and SAF ongoing revenue is expected to increase 1.0% in FY 2012-13. The estimates of total revenue, as well as a breakdown between these two types of revenue, are presented in Table 26 for both the General Fund/General Purpose budget and the School Aid Fund for FY 2011-12 and FY 2012-13.

Table 26

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2011-12 AND FY 2012-13 (Millions of Dollars)				
	FY 2011-12	FY 2012-13	\$ Change	% Change
GENERAL FUND/GENERAL PURPOSE				
Beginning Balance.....	\$553.7	\$744.1	\$190.4	---
<u>Consensus Estimate From Ongoing Sources¹⁾:</u>				
Net Income.....	4,861.5	5,667.4	805.9	16.6%
Michigan Business/Corporate Income Tax.....	1,199.2	286.5	(912.7)	(76.1)
Sales and Use Taxes.....	1,898.8	1,969.4	70.6	3.7
Cigarette.....	193.3	189.5	(3.8)	(2.0)
Insurance Company Premiums.....	300.0	311.4	11.4	3.8
Telephone and Telegraph.....	57.0	57.3	0.3	0.5
Oil and Gas Severance.....	60.7	61.0	0.3	0.5
All Other Taxes.....	66.7	92.5	25.8	38.6
Subtotal Taxes.....	8,637.2	8,634.9	(2.3)	(0.0)
Nontax Revenue.....	427.2	335.0	(92.2)	(21.6)
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	9,064.4	8,969.9	(94.5)	(1.0)
<u>Revenue Adjustments:</u>				
Revenue Sharing Payments.....	(300.0)	(350.6)	(50.6)	16.9
One-Time Appropriation for Revenue Sharing.....	(40.0)	(20.0)	20.0	(50.0)
Contingency Plan Restricted Revenue Transfer to General Fund.....	0.9	0.0	(0.9)	(100.0)
Shift of Short-Term Borrowing Costs to SAF.....	2.1	3.2	1.1	52.4
Use Tax on Health Maintenance Organizations.....	192.6	0.0	(192.6)	(100.0)
One-Year Sales Tax Earmark to STF/Aeronautics Fund.....	0.0	(110.0)	(110.0)	---
Reduced Liquor Purchase Revolving Fund Lapse to General Fund ...	0.0	(2.0)	(2.0)	---
Income Tax Changes.....	0.0	(91.0)	(91.0)	---
P.A. 188 of 2012: Tobacco Products Tax Enforcement.....	0.0	(0.3)	(0.3)	---
Regulation of Charitable Gaming.....	0.0	(4.0)	(4.0)	---
Subtotal Revenue Adjustments.....	(144.4)	(574.7)	(430.3)	298.0
TOTAL GF/GP REVENUE.....	\$9,473.7	\$9,139.3	(\$334.4)	(3.5)

Table 26 - continued

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2011-12 AND FY 2012-13 (Millions of Dollars)				
	FY 2011-12	FY 2012-13	\$ Change	% Change
SCHOOL AID FUND				
Beginning Balance.....	\$724.7	\$194.6	(\$530.1)	---
<u>Consensus Estimate From Ongoing Sources¹⁾:</u>				
Sales and Use Taxes	5,501.4	5,649.2	147.9	2.7%
Income Tax.....	2,103.4	2,239.1	135.7	6.5
State Education Property Tax.....	1,807.1	1,829.4	22.3	1.2
Real Estate Transfer Tax	124.9	133.6	8.7	7.0
Tobacco Tax.....	374.4	364.8	(9.6)	(2.6)
Casino Wagering Tax.....	114.7	106.3	(8.4)	(7.3)
Other Tax Revenue	100.3	102.2	1.9	1.9
Subtotal Taxes.....	10,126.2	10,424.8	298.6	2.9
Lottery.....	750.0	744.7	(5.3)	(0.7)
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	10,876.1	11,169.5	293.3	2.7
<u>Other Revenue:</u>				
General Fund Grant	78.6	282.4	203.8	259.3
Income Tax Changes	0.0	(13.0)	(13.0)	---
Federal Aid.....	1,658.0	1,701.0	43.0	2.6
Subtotal Other Revenue	1,736.6	1,970.4	233.8	13.5
TOTAL SAF REVENUE	\$13,337.4	\$13,334.5	(\$2.9)	(0.0%)
TOTAL GF/GP AND SAF:				
Beginning Balances	\$1,278.4	\$938.7	(\$339.7)	(26.6)
Consensus Estimate Ongoing Revenue	19,940.5	20,139.4	198.8	1.0
Other Revenue ²⁾	1,513.6	1,113.3	(400.3)	(26.4)
Total Revenue ²⁾	\$22,732.5	\$22,191.4	(\$541.2)	(2.4%)

¹⁾ Revenue estimates adopted at the May 2012 Consensus Revenue Estimating Conference.

²⁾ Total and other revenue excludes GF/GP grant to SAF.

1. General Fund/General Purpose Revenue

- In FY 2012-13, GF/GP revenue is projected to total an estimated \$9.1 billion, representing a decrease of 3.5% or \$334.4 million from the revenue estimated for FY 2011-12, as shown in Table 26. The decrease in GF/GP revenue reflects changes in one-time revenue adjustments combining with revenue losses during the transition from the Michigan Business Tax (MBT) to a Corporate Income Tax (CIT). In FY 2012-13, revenue losses from revenue adjustments are nearly three times the losses, or \$430.3 million, estimated for FY 2011-12.
- The balance carried over from FY 2011-12 is expected to total \$744.1 million, which is up from the \$553.7 million that was carried over from FY 2010-11.
- Revenue from ongoing sources during FY 2012-13 will total an estimated \$9.0 billion, which is down 1.0% or \$94.5 million from the forecasted FY 2011-12 level.

- The decrease in GF/GP revenue primarily reflects the following factors:
 - Economic growth slowing somewhat in 2013, compared with 2012. Increases in income, sales, and use tax collections are expected, but sales and use taxes are expected to grow at a slower rate than during FY 2011-12. Baseline revenue (revenue excluding any changes in tax policy) is expected to increase \$180.8 million (2.2%) in FY 2012-13 from the estimated FY 2011-12 level.
 - Greater losses attributable to revenue adjustments. Most significant among these changes are the loss of revenue from the use tax on HMOs (discontinued due to anticipated Federal requirements), increased earmarks of sales tax revenue on motor fuels and aviation fuels to funds other than the General Fund, and income tax changes that include increasing the personal exemption and accelerating the reduction in the income tax rate. Combined, these three items account for negative revenue adjustments of \$393.6 million, compared with the FY 2011-12 level.
 - The net impact of the tax reform legislation adopted in P.A.s 38, 39, and 40 of 2011; which replaced the MBT with a CIT on January 1, 2012, and imposed a variety of changes in the individual income tax. This legislation will reduce business taxes by approximately \$1.6 billion, and increase individual income tax revenue by an estimated \$1.4 billion, in FY 2012-13. The net impact of these changes is a revenue loss of \$284.3 million in FY 2012-13.

2. School Aid Fund

- Revenue going to the SAF will total an estimated \$13.3 billion in FY 2012-13, effectively unchanged from the SAF revenue estimate for FY 2011-12. The SAF revenue estimate is presented in [Table 26](#).
- Revenue from ongoing taxes and net lottery revenue earmarked to the SAF will total an estimated \$11.2 billion, up 2.7% (\$293.3 million) from FY 2011-12, reflecting the continued, but slower, economic growth during 2012. While the 2011 tax reform legislation, particularly the elimination of the MBT and its earmark of revenue to the SAF, reduced SAF revenue by approximately \$709.1 million in FY 2011-12, the transition impacts are complete and thus ongoing growth revenue more closely reflects the underlying economy. Baseline revenue (revenue excluding any changes in tax policy) generated by earmarked taxes is projected to increase 2.3% or \$264.1 million.
- In addition to the revenue from the ongoing earmarked taxes, the SAF will receive an estimated \$2.0 billion during FY 2012-13, up from \$1.7 billion in FY 2011-12. The majority of this additional revenue reflects Federal aid totaling an estimated \$1.7 billion. Additional SAF revenue includes a \$282.4 million grant from the General Fund in FY 2012-13, up from \$78.6 million in FY 2011-12. Total SAF revenue is also affected by the FY 2011-12 budget spending down SAF revenue carried over from FY 2010-11. The beginning balance in the SAF totaled \$724.7 million in FY 2011-12, but is expected to total only \$194.6 million in FY 2012-13.

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 27, the BSF ended FY 2010-11 with a balance of only \$2.2 million. The current budget for FY 2011-12 appropriates \$362.7 million to the BSF, although the formulas do not indicate that a payment into the Fund is required. Similarly, the enacted budget for FY 2012-13 appropriates an additional \$140.0 million to the BSF although the transfer is not required by the formulas. As a result, given forecasted interest rates, the BSF is expected to end FY 2012-13 with a balance of \$508.6 million.

Table 27

ECONOMIC AND BUDGET STABILIZATION FUND TRANSFERS, EARNINGS, AND FUND BALANCE FY 1995-96 TO FY 2012-13 (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	0.0	0.0	0.0	2.2
2011-12 (estimate)	362.7	0.0	0.0	364.9
2012-13 (estimate)	140.0	3.6	0.0	508.6

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 28, 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 2012-13.
- In FY 2008-09, revenue subject to the limit fell below the limit by the greatest margin in the history of the limit: approximately \$8.0 billion or 24.3%.
- In FY 2009-10, the gap between revenue and the limit decreased to \$7.6 billion or 22.9%, reflecting revenue losses from the recession and income gains during 2008 – the base year used to compute the FY 2009-10 revenue limit.
- In FY 2010-11, the gap between revenue and the limit decreased to \$6.2 billion or 18.9%, reflecting income declines during 2009 – the base year used to compute the FY 2010-11 revenue limit.
- In FY 2011-12, the gap between revenue and the limit is estimated to decrease to \$6.0 billion or 18.5%, reflecting the flat income level during 2010 – the base year used to compute the FY 2011-12 revenue limit.
- It is estimated that the gap between revenue and the limit will increase to \$7.3 billion or 21.3% in FY 2012-13, reflecting strong income growth during 2011 – the base year use to compute the FY 2012-13 revenue limit.

Table 28

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	24,838.6	32,824.5	7,985.9
2009-10	25,572.6	33,178.2	7,605.6
2010-11	26,333.5	32,484.5	6,151.0
2011-12 (estimate) ¹⁾	26,512.3	32,518.7	6,006.4
2012-13 (estimate) ¹⁾	26,908.5	34,209.7	7,301.2

¹⁾ May 2012 Consensus revenue estimate.

BUDGET AREA DETAIL

**DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
P.A. 200 of 2012 - ARTICLE I**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	441.0	422.0	425.0	422.0	425.0	(16.0)	(3.6)
GROSS	76,718,000	74,514,600	76,266,300	74,814,600	76,953,000	235,000	0.3
Less:							
Interdepartmental Grants Received	437,700	319,300	319,300	319,300	519,300	81,600	18.6
ADJUSTED GROSS	76,280,300	74,195,300	75,947,000	74,495,300	76,433,700	153,400	0.2
Less:							
Federal Funds.....	16,282,700	11,199,600	11,199,600	11,199,600	11,199,600	(5,083,100)	(31.2)
Local and Private	178,400	175,800	175,800	175,800	175,800	(2,600)	(1.5)
TOTAL STATE SPENDING	59,819,200	62,819,900	64,571,600	63,119,900	65,058,300	5,239,100	8.8
Less:							
Other State Restricted Funds.....	29,800,500	28,659,400	28,959,400	28,959,400	28,959,400	(841,100)	(2.8)
GENERAL FUND/GENERAL PURPOSE...	30,018,700	34,160,500	35,612,200	34,160,500	36,098,900	6,080,200	20.3
PAYMENTS TO LOCALS	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	0	0.0

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|---|------------------------|--------------------------------|
| <p>1. Rural Development Value-Added Grant Program. The budget includes a new ongoing appropriation of \$1,050,000 GF/GP to establish a grant program with the purpose of promoting the expansion of value-added agricultural production, processing, and access within the State. In addition, the budget includes a one-time appropriation of \$900,000 GF/GP to help fund the program (Item K.2.).</p> | <p>Gross
GF/GP</p> | <p>1,050,000
1,050,000</p> |
| <p>2. County Fairs Capital Improvement Grant Program. The budget includes a new ongoing appropriation of \$281,600 GF/GP to create a dollar-for-dollar matching grant program designed to assist in providing building improvement or other capital improvements at the county fairgrounds of the State.</p> | <p>Gross
GF/GP</p> | <p>281,600
281,600</p> |
| <p>3. Light Horse Breeders' Awards. The budget includes a new grant under the fairs and exposition division, a \$20,000 grant for light horse racing - breeders' awards, funded from the Agriculture Equine Industry Development Fund.</p> | <p>Gross
GF/GP</p> | <p>20,000
20,000</p> |

B. PROGRAM INCREASES

- | | | |
|---|--------------------------------|--|
| <p>1. Milk Safety and Quality Assurance. The budget includes an increase of \$300,000 in GF/GP support and 3.0 FTEs to enhance the Department's milk quality inspection program.</p> | <p>FTE
Gross
GF/GP</p> | <p>3.0
300,000
300,000</p> |
| <p>2. Pesticide and Plant Pest Management - Nursery Inspection Program. The budget includes an increase of \$70,000 in GF/GP support for the Department's nursery inspection program.</p> | <p>Gross
GF/GP</p> | <p>70,000
70,000</p> |
| <p>3. Michigan Agriculture Environmental Assurance Program (MAEAP). The budget includes a GF/GP increase of \$1.0 million to baseline funding – nearly double its FY 2011-12 amount – to assist the program to reach a goal of 5,000 MAEAP verifications of farming operations by 2015. The total appropriation for the program for FY 2012-13 is \$1,621,500.</p> | <p>FTE
Gross
GF/GP</p> | <p>4.0
1,000,000
1,000,000</p> |
| <p>4. Migrant Labor Housing. The budget includes an additional \$400,000 in GF/GP support and 3.0 FTEs for the migrant labor housing program to provide for in-season inspections and establish a uniform set of rules for the 850 licensed migrant labor camps in the State.</p> | <p>Gross
GF/GP</p> | <p>400,000
400,000</p> |

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

<p>5. Agricultural Development. The budget includes additional GF/GP funds of \$600,000 and 5.0 FTEs to promote local and regional economic development activities and agricultural exports.</p>	<p>FTE 5.0 Gross 600,000 GF/GP 600,000</p>
C. PROGRAM ELIMINATIONS - NONE	
D. PROGRAM REDUCTIONS	
<p>Full-Year Savings from Contingency Plan. The budget reflects reductions associated with the employee concessions contingency reduction plan issued in 2011.</p>	<p>FTE (6.0) Gross (720,300) GF/GP (720,300)</p>
E. FUNDING SHIFTS	
<p>FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment. Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with restricted sources from within the Department of Agriculture and Rural Development.</p>	<p>Gross 0 IDG (128,900) Restricted 128,900 GF/GP 0</p>
F. PROGRAM TRANSFERS - NONE	
G. OTHER ISSUES	
<p>1. Information Technology (IT). The budget reduced Agriculture Equine Industry Development fund support for IT by \$20,000, which was shifted over to the fairs and expositions division in order to fund a new grant for light horse racing - breeders' awards.</p>	<p>Gross (20,000) Restricted (20,000) GF/GP 0</p>
<p>2. Technical Adjustment - Overstated Revenue. The budget reflects a reduction adjustment for actual restricted revenue anticipated to be received in FY 2012-13.</p>	<p>FTE (11.0) Gross (1,060,800) Restricted (1,060,800) GF/GP 0</p>
<p>3. Animal Industry - Indemnity Payments. The budget includes an appropriation of \$50,000 GF/GP in anticipation of livestock indemnity payments under the Animal Industry Act.</p>	<p>Gross 50,000 GF/GP 50,000</p>

4. **Technical Adjustment - Actual Revenue.** The budget includes adjustments for actual revenue anticipated to be received in FY 2012-13, including a technical adjustment reduction for employee positions related to revenue adjustments.

FTE	(11.0)
Gross	(2,360,300)
Federal	(2,434,600)
Private	1,500
Restricted	102,300
GF/GP	(29,500)

5. **Private Forestry Program.** The budget made a technical adjustment that reflects the receipt of forest development fund money from the Department of Natural Resources in support of a private forestry advisory program.

Gross	200,000
IDG	200,000
GF/GP	0

6. **Capital Outlay Revenue Adjustments.** The budget reflects a reduction in expected revenue, resulting in an appropriation of \$500,000 to the Agricultural Preservation Fund, for FY 2012-13.

Gross	(1,800,000)
Federal	(1,250,000)
Restricted	(550,000)
GF/GP	0

7. **Reversal of FY 2011-12 Adjustments.** Funding from various one-time contingency fund transfers and supplemental adjustments is not included in the FY 2012-13 budget.

Gross	(2,035,000)
Federal	(1,695,000)
Restricted	(200,000)
GF/GP	(140,000)

H. UNCLASSIFIED SALARIES

Full Funding for Allotted Unclassified Positions. The budget includes four additional positions and sufficient funding to reflect full appropriations for the Department's allotted number of unclassified positions.

FTE	4.0
Gross	486,700
GF/GP	486,700

I. FEE INCREASES

Grain Dealer Licensing Fees. The bill reflects proposed increases to the schedule of fees assessed on grain storage transactions and grain dealer ownership totaling \$300,000. The funds were used to offset GF/GP appropriations for the grain inspection program.

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

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget included \$2,864,100 for OPEB.

Gross	1,302,800
IDG	8,100
Federal	211,500
Private	(4,100)
Restricted	312,400
GF/GP	774,900

K. ONE-TIME APPROPRIATIONS

1. Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

Gross	470,300
IDG	2,400
Federal	85,000
Restricted	146,100
GF/GP	235,300

2. Private Forest Development Program. The budget includes a one-time appropriation of \$600,000 GF/GP for a program to provide management and marketing assistance to private, nonindustrial owners of forestland in the State.

Gross	600,000
GF/GP	600,000

3. Rural Development Value-Added Grants. The budget includes a one-time appropriation of \$900,000 GF/GP to support a grant program with the purpose of assisting the expansion of value-added agricultural production, processing and access within the State. The budget also includes \$1,050,000 GF/GP in new ongoing appropriations for this purpose (Item A.1.).

Gross	900,000
GF/GP	900,000

4. New Food Safety Requirements. The budget includes a one-time appropriation of \$500,000 for implementation new food safety requirements through training, inspections, and testing.

Gross	500,000
GF/GP	500,000

L. VETOES - NONE

**DEPARTMENT OF ATTORNEY GENERAL
P.A. 200 of 2012 - ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	514.0	507.0	507.0	507.0	508.0	(6.0)	(1.2)
GROSS	80,759,400	84,947,200	84,947,200	84,614,200	85,082,500	4,323,100	5.4
Less:							
Interdepartmental Grants Received	24,146,700	24,082,100	24,082,100	24,082,100	24,082,100	(64,600)	(0.3)
ADJUSTED GROSS	56,612,700	60,865,100	60,865,100	60,532,100	61,000,400	4,387,700	7.8
Less:							
Federal Funds.....	9,299,900	9,932,600	9,932,600	9,932,600	9,932,600	632,700	6.8
Local and Private	100,000	0	0	0	0	(100,000)	(100.0)
TOTAL STATE SPENDING	47,212,800	50,932,500	50,932,500	50,599,500	51,067,800	3,855,000	8.2
Less:							
Other State Restricted Funds.....	16,476,500	17,242,000	17,242,000	17,242,000	17,242,000	765,500	4.6
GENERAL FUND/GENERAL PURPOSE...	30,736,300	33,690,500	33,690,500	33,357,500	33,825,800	3,089,500	10.1
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. Tobacco Tax Enforcement. The budget increased the line item for Attorney General operations by \$500,000 and 5.0 FTE positions to pay for prosecution of tobacco tax cases that result from the enhanced enforcement efforts by the Michigan State Police and the Department of Treasury.</p>	<p>FTE 5.0 Gross 500,000 GF/GP 500,000</p>
<p>2. Gaming Attorney. The budget includes \$164,800 for an additional attorney position to support illegal gambling enforcement for the Michigan Gaming Control Board.</p>	<p>Gross 164,800 Restricted 164,800 GF/GP 0</p>
<p>3. Information Technology. The budget increased funding for information technology by \$500,000 to \$1,371,300.</p>	<p>Gross 500,000 GF/GP 500,000</p>

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

<p>1. Implementation of Contingency Plan Savings. The budget continued FY 2011-12 reductions into FY 2012-13 with savings of \$40,000 and the elimination of 12.0 FTE positions.</p>	<p>FTE (12.0) Gross (40,000) GF/GP (40,000)</p>
<p>2. Operations Reduction. The Governor, Senate, House, and Conference reduced the operations line by \$88,400 to fund an increase in the line item for unclassified salaries.</p>	<p>Gross (88,400) GF/GP (88,400)</p>

E. FUNDING SHIFTS

<p>FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment. Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with restricted sources from within the Department of Attorney General.</p>	<p>Gross 0 IDG (162,100) Restricted 162,100 GF/GP 0</p>
--	---

F. PROGRAM TRANSFERS - NONE

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

G. OTHER ISSUES

1. **Public Safety Initiative.** This program was added by P.A. 89 of 2012, an FY 2011-12 supplemental bill, to fund contracts for assistant attorneys general to assist in reduction of the backlog of outstanding warrants in distressed cities. The budget continued funding at \$900,000, the same level as in FY 2011-12, and added 1.0 FTE position.

FTE 1.0

2. **Removal of Supplemental Funding.** The budget removed \$933,100 in supplemental funding provided in FY 2011-12 by P.A. 236 of 2012 to the operations line to appropriately bill costs to interdepartmental grants (IDGs), local funds, and restricted funds. The reductions consisted of \$100,000 in local revenue to pay one-time litigation costs of a lawsuit related to the emergency manager of the Detroit Public Schools, \$733,100 in IDGs to properly charge costs related to unlicensed builders and Medicaid third-party liability cases, and \$100,000 for implementation of the Health Insurance Claims Assessment.

Gross (933,100)
IDG (733,100)
Local (100,000)
Restricted (100,000)
GF/GP 0

3. **Redistricting Lawsuit.** The budget removed one-time funding of \$250,000 for a lawsuit related to redistricting.

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

4. **Removal of Spending Authority.** The budget removed excess spending authority from IDG, Federal, and State restricted fund sources in the operations line.

Gross (1,258,000)
IDG (729,000)
Federal (120,000)
Restricted (409,000)
GF/GP 0

5. **Removal of Funding for Outside Counsel.** The budget reduced the operations line by \$500,000 to remove one-time funding from the Merit Award Trust Fund for outside counsel related to the arbitration of disputed payment amounts under the master tobacco settlement with participating manufacturers.

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

H. UNCLASSIFIED SALARIES

Gross 223,700
GF/GP 223,700

The Governor, House, and Senate increased classified salaries by \$88,400, which was funded by a reduction in the operations line. The Conference added \$135,300 to bring the total line to \$700,000.

I. FEE INCREASES - NONE

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$10,073,100 for OPEB.

Gross	4,978,200
IDG	1,344,300
Federal	630,100
Restricted	1,152,900
GF/GP	1,850,900

K. ONE-TIME APPROPRIATIONS

Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

Gross	1,025,900
IDG	297,300
Federal	122,600
Restricted	212,700
GF/GP	393,300

L. VETOES - NONE

**DEPARTMENT OF CIVIL RIGHTS
P.A. 200 of 2012 - ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	121.0	116.0	116.0	121.0	121.0	0.0	0.0
GROSS	14,482,800	14,332,600	14,332,600	14,218,400	14,765,500	282,700	2.0
Less:							
Interdepartmental Grants Received	144,500	0	0	0	0	(144,500)	(100.0)
ADJUSTED GROSS	14,338,300	14,332,600	14,332,600	14,218,400	14,765,500	427,200	3.0
Less:							
Federal Funds.....	2,880,600	2,641,300	2,641,300	2,641,300	2,641,300	(239,300)	(8.3)
Local and Private	118,700	18,700	18,700	18,700	18,700	(100,000)	(84.2)
TOTAL STATE SPENDING	11,339,000	11,672,600	11,672,600	11,558,400	12,105,500	766,500	6.8
Less:							
Other State Restricted Funds.....	151,900	151,900	151,900	151,900	151,900	0	0.0
GENERAL FUND/GENERAL PURPOSE...	11,187,100	11,520,700	11,520,700	11,406,500	11,953,600	766,500	6.9
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

Asian Pacific American Affairs Commission. The budget includes \$100,000 and 1.0 FTE position for first-time funding for this commission, which was established by P.A. 536 of 2008.

FTE	1.0
Gross	100,000
GF/GP	100,000

B. PROGRAM INCREASES

Investigations. The budget increased funding for civil rights complaint investigations by \$287,800 and 5.0 FTEs from a combination of Federal revenue that the State will earn by completing an increased number of investigations and additional General Fund revenue.

FTE	5.0
Gross	287,800
Federal	172,800
GF/GP	115,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Contingency Plan Reductions. The budget continued the contingency plan reductions implemented by the Governor to reduce spending in FY 2011-12. This reduced the line item for operations by \$260,900 and 3.0 FTE positions.

FTE	(3.0)
Gross	(260,900)
GF/GP	(260,900)

E. FUNDING SHIFTS

1. Division on Deaf and Hard of Hearing. The budget removed \$667,400 in uncollectible Federal funds and eliminated 2.0 FTE positions. This reduction was replaced in part by the addition of \$120,000 GF/GP to bring the line item to \$654,700. The line item was renamed from Commission on Disability Concerns to Division on Deaf and Hard of Hearing to better reflect the work associated with the appropriation.

FTE	(2.0)
Gross	(547,400)
Federal	(667,400)
GF/GP	120,000

2. FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment. Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with Federal sources from within the Department of Civil Rights.

Gross	0
IDG	(144,500)
Federal	144,500
GF/GP	0

F. PROGRAM TRANSFERS - NONE

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

G. OTHER ISSUES

Position Adjustment. The budget eliminated a vacant position in the operations line.

FTE	(1.0)
Gross	0
GF/GP	0

H. UNCLASSIFIED SALARIES

The Conference added \$432,900 and 1.0 FTE unclassified position to the budget to increase total appropriations for unclassified positions from \$267,100 and 5.0 FTE unclassified positions in FY 2011-12 to \$700,000 and 6.0 FTE unclassified positions in FY 2012-13. This was consistent with the target agreement to increase all unclassified line items to at least \$700,000.

Gross	432,900
GF/GP	432,900

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$1,578,400 for OPEB.

Gross	241,400
Federal	86,200
GF/GP	155,200

K. ONE-TIME APPROPRIATIONS

Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

Gross	128,900
Federal	24,600
GF/GP	104,300

L. VETOES - NONE

**COMMUNITY COLLEGES
P.A. 201 of 2012 - ARTICLE II**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	283,880,500	294,130,500	294,130,600	294,130,500	294,130,500	10,250,000	3.6
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	283,880,500	294,130,500	294,130,600	294,130,500	294,130,500	10,250,000	3.6
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	283,880,500	294,130,500	294,130,600	294,130,500	294,130,500	10,250,000	3.6
Less:							
Other State Restricted Funds.....	195,880,500	197,614,100	294,130,600	197,614,100	197,614,100	1,733,600	0.9
GENERAL FUND/GENERAL PURPOSE...	88,000,000	96,516,400	0	96,516,400	96,516,400	8,516,400	9.7
PAYMENTS TO LOCALS	283,880,500	294,130,500	294,130,600	294,130,500	294,130,500	10,250,000	3.6

* Includes Ongoing and One-time Appropriations.

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Performance Funding. The Governor included an \$8,516,400 (3.0%) GF/GP increase to community colleges allocated through a new formula based on the average number of completions of associate degrees and certificates below baccalaureate in critical skills areas (three-year average for FY 2008-09, FY 2009-10, and FY 2010-11). Critical skills areas include: science, technology, engineering, mathematics, and health fields. The Senate did not concur with the Governor's proposed distribution. The Senate continued using the Performance Indicators Task Force recommendations to allocate additional funding. The local strategic value component was modified to allocate funds based on community colleges meeting certain best practice requirements. Senate allocations are based on the following: 50% proportionate to FY 2011-12 base; 10% contact hour equated students; 7.5% administrative costs; 17.5% weighted degrees; 15.0% local strategic value. The House did not include formula distributions and instead allocated additional funds across-the-board and earmarked funding for MPSERS costs. The Conference concurred with the Senate distribution, but earmarked an increase for MPSERS costs. Table 1 and Table 3 list details.

Gross	8,516,400
GF/GP	8,516,400

2. Michigan Public School Employees Retirement System (MPSERS) Health Costs. The Governor and Senate included \$1,733,600 from the School Aid Fund (SAF) for the purpose of offsetting the increase in MPSERS retirement contributions attributable to the 0.25% increase in retiree health care costs. Distributions were to be based on the FY 2011-12 MPSERS payroll. The House included the appropriation but allocated the funds across-the-board instead of basing distributions on MPSERS payroll. The Conference concurred with House distribution. Table 2 shows the estimated difference between the distribution methods.

Gross	1,733,600
Restricted	1,733,600
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

G. OTHER ISSUES

- | | | |
|---|--------------|----------|
| <p>1. Budget Format. The House included all additional funding in a separate appropriation unit, with a total of \$10,250,000 (\$8,516,400 GF/GP the Governor recommended for performance funding, and \$1,733,600 SAF that the Governor recommended to offset a portion of MPSERS costs). The Conference included the \$8,516,400 in college operations line items, and the \$1,733,600 in a separate section.</p> | <p>Gross</p> | <p>0</p> |
| | <p>GF/GP</p> | <p>0</p> |
| | | |
| <p>2. Renaissance Zone Reimbursements. Renaissance Zone Reimbursements were eliminated in the FY 2010-11 Community College budget. No payments have been made since FY 2009-10. The Senate included a placeholder for Renaissance Zone Reimbursements pursuant to P.A. 376 of 1996. The estimated cost of these reimbursements is \$3.5 million. The House and Leadership agreement included funding in the Department of Treasury budget.</p> | <p>Gross</p> | <p>0</p> |
| | <p>GF/GP</p> | <p>0</p> |

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

Table 1: FY 2012-13 Community College Appropriation Bill

College	FY 2011-12 Year-To-Date	FY 2012-13 Governor			FY 2012-13 Senate			FY 2012-13 House			FY 2012-13 Enacted		
		Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change
Alpena	\$4,984,300	\$168,400	\$5,152,700	3.4%	\$149,300	\$5,133,600	3.0%	\$149,600	\$5,133,900	3.0%	\$149,300	\$5,133,600	3.0%
Bay de Noc	5,040,200	139,900	5,180,100	2.8%	143,800	5,184,000	2.9%	151,200	5,191,400	3.0%	143,800	5,184,000	2.9%
Delta	13,336,200	583,100	13,919,300	4.4%	436,500	13,772,700	3.3%	400,100	13,736,300	3.0%	436,500	13,772,700	3.3%
Glen Oaks	2,320,900	72,800	2,393,700	3.1%	72,600	2,393,500	3.1%	69,600	2,390,500	3.0%	72,600	2,393,500	3.1%
Gogebic	4,140,500	103,400	4,243,900	2.5%	111,200	4,251,700	2.7%	124,200	4,264,700	3.0%	111,200	4,251,700	2.7%
Grand Rapids	16,649,700	333,400	16,983,100	2.0%	479,500	17,129,200	2.9%	499,500	17,149,200	3.0%	479,500	17,129,200	2.9%
Henry Ford	20,145,000	430,200	20,575,200	2.1%	542,400	20,687,400	2.7%	604,400	20,749,400	3.0%	542,400	20,687,400	2.7%
Jackson	11,219,700	331,600	11,551,300	3.0%	322,300	11,542,000	2.9%	336,600	11,556,300	3.0%	322,300	11,542,000	2.9%
Kalamazoo Valley	11,522,700	399,300	11,922,000	3.5%	357,500	11,880,200	3.1%	345,700	11,868,400	3.0%	357,500	11,880,200	3.1%
Kellogg	9,047,900	279,200	9,327,100	3.1%	282,100	9,330,000	3.1%	271,400	9,319,300	3.0%	282,100	9,330,000	3.1%
Kirtland	2,872,900	155,400	3,028,300	5.4%	108,300	2,981,200	3.8%	86,200	2,959,100	3.0%	108,300	2,981,200	3.8%
Lake Michigan	4,937,700	100,200	5,037,900	2.0%	143,800	5,081,500	2.9%	148,100	5,085,800	3.0%	143,800	5,081,500	2.9%
Lansing	28,651,900	919,800	29,571,700	3.2%	812,000	29,463,900	2.8%	859,500	29,511,400	3.0%	812,000	29,463,900	2.8%
Macomb	30,490,300	693,800	31,184,100	2.3%	853,400	31,343,700	2.8%	914,700	31,405,000	3.0%	853,400	31,343,700	2.8%
Mid Michigan	4,266,800	189,800	4,456,600	4.4%	145,800	4,412,600	3.4%	128,000	4,394,800	3.0%	145,800	4,412,600	3.4%
Monroe	4,094,000	118,500	4,212,500	2.9%	147,900	4,241,900	3.6%	122,800	4,216,800	3.0%	147,900	4,241,900	3.6%
Montcalm	2,946,800	103,200	3,050,000	3.5%	105,000	3,051,800	3.6%	88,400	3,035,200	3.0%	105,000	3,051,800	3.6%
Mott	14,526,400	416,300	14,942,700	2.9%	429,400	14,955,800	3.0%	435,800	14,962,200	3.0%	429,400	14,955,800	3.0%
Muskegon	8,256,700	155,200	8,411,900	1.9%	236,600	8,493,300	2.9%	247,700	8,504,400	3.0%	236,600	8,493,300	2.9%
North Central	2,886,500	76,600	2,963,100	2.7%	106,400	2,992,900	3.7%	86,600	2,973,100	3.0%	106,400	2,992,900	3.7%
Northwestern	8,430,300	112,100	8,542,400	1.3%	231,700	8,662,000	2.7%	252,900	8,683,200	3.0%	231,700	8,662,000	2.7%
Oakland	19,455,900	478,900	19,934,800	2.5%	609,200	20,065,100	3.1%	583,700	20,039,600	3.0%	609,200	20,065,100	3.1%
St. Clair	6,534,100	192,200	6,726,300	2.9%	192,600	6,726,700	2.9%	196,000	6,730,100	3.0%	192,600	6,726,700	2.9%
Schoolcraft	11,477,300	559,500	12,036,800	4.9%	374,800	11,852,100	3.3%	344,300	11,821,600	3.0%	374,800	11,852,100	3.3%
Southwestern	6,143,700	90,400	6,234,100	1.5%	152,900	6,296,600	2.5%	184,300	6,328,000	3.0%	152,900	6,296,600	2.5%
Washtenaw	11,827,300	990,900	12,818,200	8.4%	467,900	12,295,200	4.0%	354,800	12,182,100	3.0%	467,900	12,295,200	4.0%
Wayne County	15,425,900	277,400	15,703,300	1.8%	442,000	15,867,900	2.9%	462,800	15,888,700	3.0%	442,000	15,867,900	2.9%
West Shore	2,248,900	44,900	2,293,800	2.0%	59,500	2,308,400	2.6%	67,500	2,316,400	3.0%	59,500	2,308,400	2.6%
Subtotal Operations:	\$283,880,500	\$8,516,400	\$292,396,900	3.0%	\$8,516,400	\$292,396,900	3.0%	\$8,516,400	\$292,396,900	3.0%	\$8,516,400	\$292,396,900	3.0%
MPSERS Retiree Health Care	\$0	1,733,600	1,733,600	---	1,733,600	1,733,600	---	1,733,600	1,733,600	---	1,733,600	1,733,600	---
Renaissance Zone Reimbursements	\$0	0	0	0.0%	100	100	---	0	0	0.0%	0	0	0.0%
Total Appropriations:	\$283,880,500	\$10,250,000	\$294,130,500	3.6%	\$10,250,100.00	294,130,600	3.6%	10,250,000	294,130,500	3.6%	\$10,250,000	\$294,130,500	3.6%
State School Aid Fund	195,880,500	1,733,600	197,614,100	0.9%	98,250,100	294,130,600	50.2%	1,733,600	197,614,100	0.9%	1,733,600	197,614,100	0.9%
GF/GP	\$88,000,000	\$8,516,400	\$96,516,400	9.7%	(\$88,000,000)	\$0	-100.0%	\$8,516,400	96,516,400	9.7%	\$8,516,400	\$96,516,400	9.7%

**Table 2: Estimated Allocation for MPSERS
Enacted and House Distribution Compared to Senate**

<u>Community College</u>	<u>Senate</u>	<u>Enacted & House</u>	<u>Difference</u>
Alpena	\$20,400	\$30,400	\$10,000
Bay de Noc	17,200	30,800	13,600
Delta	88,400	81,400	(7,000)
Glen Oaks	8,400	14,200	5,800
Gogebic	11,400	25,300	13,900
Grand Rapids	156,500	101,700	(54,800)
Henry Ford	127,700	123,000	(4,700)
Jackson	44,100	68,500	24,400
Kalamazoo Valley	65,800	70,400	4,600
Kellogg	34,900	55,300	20,400
Kirtland	21,700	17,500	(4,200)
Lake Michigan	29,700	30,200	500
Lansing	143,900	175,000	31,100
Macomb	149,900	186,200	36,300
Mid Michigan	29,500	26,100	(3,400)
Monroe	34,100	25,000	(9,100)
Montcalm	17,600	18,000	400
Mott	81,800	88,700	6,900
Muskegon	31,800	50,400	18,600
North Central	16,800	17,600	800
Northwestern	40,900	51,500	10,600
Oakland	177,600	118,800	(58,800)
St. Clair	35,400	39,900	4,500
Schoolcraft	97,700	70,100	(27,600)
Southwestern	13,400	37,500	24,100
Washtenaw	106,700	72,200	(34,500)
Wayne County	117,300	94,200	(23,100)
West Shore	13,000	13,700	700
TOTAL:	\$1,733,600	\$1,733,600	\$0

Table 3: FY 2012-13 Community College Appropriation Bill Detail

College	FY 2011-12 Year-To-Date	FY 2012-13 Enacted									Percent Change
		50% Proportionate To Base	10.0% Student Contact Hours	7.5% Admin. Cost Component	17.5% Weighted Degrees	15% Strategic Value	Formula Distribution	MPSERS Funding	Total Adjustments	FY 2012-13 Appropriation	
Alpena	4,984,300	74,800	7,000	18,100	27,000	22,400	149,300	30,400	179,700	5,164,000	3.6
Bay de Noc	5,040,200	75,600	9,200	11,100	25,200	22,700	143,800	30,800	174,600	5,214,800	3.5
Delta	13,336,200	200,000	38,900	31,800	105,800	60,000	436,500	81,400	517,900	13,854,100	3.9
Glen Oaks	2,320,900	34,800	5,500	10,500	11,300	10,500	72,600	14,200	86,800	2,407,700	3.7
Gogebic	4,140,500	62,100	4,600	10,500	15,400	18,600	111,200	25,300	136,500	4,277,000	3.3
Grand Rapids	16,649,700	249,700	57,400	28,700	68,800	74,900	479,500	101,700	581,200	17,230,900	3.5
Henry Ford	20,145,000	302,200	57,200	20,500	71,800	90,700	542,400	123,000	665,400	20,810,400	3.3
Jackson	11,219,700	168,300	26,100	25,300	52,100	50,500	322,300	68,500	390,800	11,610,500	3.5
Kalamazoo Valley	11,522,700	172,800	38,100	32,200	62,500	51,900	357,500	70,400	427,900	11,950,600	3.7
Kellogg	9,047,900	135,700	20,900	32,400	52,400	40,700	282,100	55,300	337,400	9,385,300	3.7
Kirtland	2,872,900	43,100	7,100	20,700	24,500	12,900	108,300	17,500	125,800	2,998,700	4.4
Lake Michigan	4,937,700	74,100	16,200	13,100	18,200	22,200	143,800	30,200	174,000	5,111,700	3.5
Lansing	28,651,900	429,800	67,600	40,100	145,600	128,900	812,000	175,000	987,000	29,638,900	3.4
Macomb	30,490,300	457,300	85,100	33,400	140,400	137,200	853,400	186,200	1,039,600	31,529,900	3.4
Mid Michigan	4,266,800	64,000	17,500	11,900	33,200	19,200	145,800	26,100	171,900	4,438,700	4.0
Monroe	4,094,000	61,400	14,300	31,300	22,500	18,400	147,900	25,000	172,900	4,266,900	4.2
Montcalm	2,946,800	44,200	6,600	23,700	17,200	13,300	105,000	18,000	123,000	3,069,800	4.2
Mott	14,526,400	217,900	43,400	31,200	71,500	65,400	429,400	88,700	518,100	15,044,500	3.6
Muskegon	8,256,700	123,900	17,800	30,700	27,000	37,200	236,600	50,400	287,000	8,543,700	3.5
North Central	2,886,500	43,300	8,400	25,900	15,800	13,000	106,400	17,600	124,000	3,010,500	4.3
Northwestern	8,430,300	126,500	18,300	24,500	24,500	37,900	231,700	51,500	283,200	8,713,500	3.4
Oakland	19,455,900	291,800	94,600	36,700	98,500	87,600	609,200	118,800	728,000	20,183,900	3.7
St. Clair	6,534,100	98,000	17,300	14,700	33,200	29,400	192,600	39,900	232,500	6,766,600	3.6
Schoolcraft	11,477,300	172,200	45,000	21,100	84,900	51,600	374,800	70,100	444,900	11,922,200	3.9
Southwestern	6,143,700	92,200	10,900	5,800	16,400	27,600	152,900	37,500	190,400	6,334,100	3.1
Washtenaw	11,827,300	177,400	48,900	29,900	158,500	53,200	467,900	72,200	540,100	12,367,400	4.6
Wayne County	15,425,900	231,400	62,900	20,900	57,400	69,400	442,000	94,200	536,200	15,962,100	3.5
West Shore	2,248,900	33,700	4,800	2,000	8,800	10,200	59,500	13,700	73,200	2,322,100	3.3
Subtotal Operations:	\$283,880,500	\$4,258,200	\$851,600	\$638,700	\$1,490,400	\$1,277,500	\$8,516,400	\$1,733,600	\$10,250,000	\$294,130,500	3.6
Total Appropriations:	\$283,880,500	\$4,258,200	\$851,600	\$638,700	\$1,490,400	\$1,277,500	\$8,516,400	\$1,733,600	10,250,000	294,130,500	3.6
State School Aid Fund	195,880,500	0	0	0	0	0	0	1,733,600	1,733,600	197,614,100	0.9
GF/GP	\$88,000,000	\$4,258,200	\$851,600	\$638,700	\$1,490,400	\$1,277,500	\$8,516,400	\$0	\$8,516,400	\$96,516,400	9.7

**DEPARTMENT OF COMMUNITY HEALTH
P.A. 200 of 2012 - ARTICLE IV**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	3,634.2	3,544.6	3,533.6	3,529.6	3,538.6	(95.6)	(2.6)
GROSS	14,531,235,800	15,095,480,100	15,035,513,000	15,018,797,100	15,026,125,600	494,889,800	3.4
Less:							
Interdepartmental Grants Received	7,241,200	10,023,800	10,023,800	10,023,800	10,023,800	2,782,600	38.4
ADJUSTED GROSS	14,523,994,600	15,085,456,300	15,025,489,200	15,008,773,300	15,016,101,800	492,107,200	3.4
Less:							
Federal Funds.....	9,251,726,300	9,740,485,300	9,702,741,100	9,686,137,800	9,690,867,900	439,141,600	4.7
Local and Private	358,368,100	350,544,100	350,578,300	350,315,300	350,437,600	(7,930,500)	(2.2)
TOTAL STATE SPENDING	4,913,900,200	4,994,426,900	4,972,169,800	4,972,320,200	4,974,796,300	60,896,100	1.2
Less:							
Other State Restricted Funds.....	2,157,509,100	2,146,562,200	2,146,557,500	2,146,538,500	2,157,358,500	(150,600)	(0.0)
GENERAL FUND/GENERAL PURPOSE...	2,756,391,100	2,847,864,700	2,825,612,300	2,825,781,700	2,817,437,800	61,046,700	2.2
PAYMENTS TO LOCALS	1,415,806,500	1,151,081,700	1,424,679,200	1,245,711,100	1,229,341,700	(186,464,800)	(13.2)

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|---|----------------|------------------|
| <p>1. Pregnancy and Parenting Home Support Program. The budget included Federal Temporary Assistance for Needy Families (TANF) funding to support a pilot alternative pregnancy and parenting home support program. The Governor vetoed this item.</p> | <p>Gross</p> | <p>2,000,000</p> |
| | <p>Federal</p> | <p>2,000,000</p> |
| | <p>GF/GP</p> | <p>0</p> |
| | | |
| <p>2. Nurse Family Partnership. The budget included TANF dollars to support the Nurse Family Partnership. The Governor vetoed this item.</p> | <p>Gross</p> | <p>1,000,000</p> |
| | <p>Federal</p> | <p>1,000,000</p> |
| | <p>GF/GP</p> | <p>0</p> |

B. PROGRAM INCREASES

- | | | |
|--|-------------------|--------------------|
| <p>1. Healthy Michigan Fund (HMF)/Health and Wellness Initiatives. The budget includes several adjustments to ongoing HMF funding, including changing the name of the program to Health and Wellness Initiatives. A fund source adjustment was made and two new programs were given ongoing funding: \$1.0 million for the 4x4 Wellness Program and \$1.0 million for a children's physical health program.</p> | <p>Gross</p> | <p>2,000,000</p> |
| | <p>Restricted</p> | <p>(842,800)</p> |
| | <p>GF/GP</p> | <p>2,842,800</p> |
| | | |
| <p>2. Medicaid Base, Caseload, Utilization, and Inflation Adjustments. The budget reflects the consensus estimate of FY 2012-13 expenditures on Medicaid and related programs.</p> | <p>Gross</p> | <p>213,710,300</p> |
| | <p>Federal</p> | <p>105,634,100</p> |
| | <p>Restricted</p> | <p>12,372,800</p> |
| | <p>GF/GP</p> | <p>95,703,400</p> |
| | | |
| <p>3. Additional Finance and Audit Staff. The budget includes additional staff to help reduce material financial audit findings in the Medicaid program.</p> | <p>FTE</p> | <p>5.0</p> |
| | <p>Gross</p> | <p>500,000</p> |
| | <p>Federal</p> | <p>250,000</p> |
| | <p>GF/GP</p> | <p>250,000</p> |
| | | |
| <p>4. Increased Mental Health Funding from the Department of Human Services (DHS). The budget includes two adjustments related to interdepartmental grants (IDGs) from the DHS. The first is an increase of \$4,463,000 Gross to support the Children with Serious Emotional Disturbances waiver. The second is an increase of \$8,705,500 Gross to increase payment rates to Prepaid Inpatient Health Plans (PIHPs) to cover the cost of mental health services for abused and neglected children.</p> | <p>Gross</p> | <p>13,168,500</p> |
| | <p>IDG</p> | <p>3,425,900</p> |
| | <p>Federal</p> | <p>9,742,600</p> |
| | <p>GF/GP</p> | <p>0</p> |

		FY 2012-13 Change From FY 2011-12 Year-to-Date	
5. Actuarial Soundness Rate Adjustment for PIHPs. The budget includes a 1.25% rate increase for Medicaid PIHPs to meet the Federal requirement that Medicaid managed care rates be actuarially sound.	Gross	27,884,300	
	Federal	18,512,400	
	GF/GP	9,371,900	
6. Actuarial Soundness Rate Adjustment for Medicaid Health Maintenance Organizations (HMOs). The budget includes a 1.5% rate increase for Medicaid HMOs to meet the Federal requirement that Medicaid managed care rates be actuarially sound.	Gross	47,263,700	
	Federal	31,378,400	
	GF/GP	15,885,300	
7. State Facility Pharmaceutical Costs. The budget reflects a 3.0% funding increase to cover pharmaceutical cost inflation at State mental health facilities.	Gross	476,100	
	Federal	23,700	
	Local	197,300	
	Restricted	14,300	
	GF/GP	240,800	
8. Michigan Essential Health Provider Program. The budget reflects the phasing out of current loan repayments for providers in underserved areas, but includes \$1.0 million Gross, \$500,000 GF/GP in new funding for program expansion.	Gross	618,600	
	Federal	300,000	
	Local	(100,000)	
	GF/GP	418,600	
	9. Michigan Center for Rural Health. The budget includes increased funding for this program.	Gross	25,000
GF/GP		25,000	
10. Lead Abatement Funding. The budget included a grant from the Kellogg Foundation and the use of \$2.0 million in Environmental Response Fund revenue to support expansion of lead abatement efforts. The Governor vetoed the entire lead abatement line, which had been renamed "Healthy Homes", with a stated intent to restore all but the \$2.0 million in Environmental Response Fund revenue.	Gross	2,075,000	
	Private	75,000	
	Restricted	2,000,000	
	GF/GP	0	
	11. Body Art and Newborn Screening Fee Revenue. The budget includes adjustments to reflect actual available revenue for licensing body art facilities and for newborn screening.	Gross	469,600
Restricted		469,600	
GF/GP		0	

	FY 2012-13 Change From FY 2011-12 Year-to-Date	
12. Cochlear Implant Policy Change. The budget reflects the FY 2011-12 policy change, consistent with private insurance, of covering cochlear implants for both ears.	Gross	1,060,000
	Federal	671,100
	GF/GP	388,900
13. Increase in Aging Community Services. The budget includes new funding to be distributed to Area Agencies on Aging and spent on locally determined needs.	Gross	1,100,000
	GF/GP	1,100,000
14. Staffing for Integration of Dual Eligible Services. The budget added staff to handle development and implementation of the proposed dual eligible waiver (concerning the integration of care for those dually eligible for Medicaid and Medicare).	FTE	6.0
	Gross	600,000
	Federal	300,000
	GF/GP	300,000
15. Federal Electronic Health Records Funding. The budget reflects the estimated Federal funding and staffing needs for electronic health records incentive payments.	FTE	24.0
	Gross	24,692,600
	Federal	24,753,400
	GF/GP	(60,800)
16. Failure to Achieve Estate Recovery Savings. The budget reflects the assumption that savings from expansion of the estate recovery program, included in the FY 2011-12 budget, will not be achieved in FY 2012-13.	Gross	16,661,700
	Federal	11,061,700
	GF/GP	5,600,000
17. Assumption that Changes in the Preferred Drug List Law Will Not be Implemented. The budget reflects the assumption that proposed changes to the preferred drug list regarding behavioral health drugs will not be implemented, leading to a reversal of assumed savings.	Gross	18,700,000
	Federal	12,414,900
	GF/GP	6,285,100
18. Increased Medicaid Reimbursement for Wheelchairs. The budget includes funding to reflect actual costs of Medicaid wheelchair reimbursement.	Gross	669,400
	Federal	444,400
	GF/GP	225,000
19. MIChild Substance Abuse Rate. The budget includes funding to cover the actual cost of substance abuse services for MIChild clients.	Gross	12,500
	Federal	9,600
	GF/GP	2,900

		FY 2012-13 Change From FY 2011-12 Year-to-Date	
20. Increase in Physician Adjustor Payments.	The Physician Adjustor program provides enhanced Medicaid payments to providers at publicly affiliated clinics. Due to an increase in the Federal ceiling for such payments, the budget increased this program.	Gross	53,800,000
		Federal	35,717,800
		Local	1,084,900
		Restricted	16,997,300
		GF/GP	0
21. Medicaid Inspector General Staff.	The budget includes additional staff for this office.	FTE	9.0
		Gross	1,177,400
		Federal	588,700
		GF/GP	588,700
22. Staff to Enroll Urgent Care Centers as Providers.	The budget includes staff to enroll urgent care centers as Medicaid providers.	FTE	1.0
		Gross	100,000
		Federal	50,000
		GF/GP	50,000
23. Ongoing Graduate Medical Education (GME) Funding.	The budget increased ongoing GME funding. The net change, including the adjustment in one-time funding (Item K.5), is a decrease of \$231,600 Gross and \$100,000 GF/GP from the final FY 2011-12 appropriation for GME.	Gross	12,583,600
		Federal	8,333,600
		GF/GP	4,250,000
24. Expansion of the Home and Community Based Waiver (HCBW) Program.	The budget includes additional funding to help reduce the HCBW program waiting list.	Gross	11,812,100
		Federal	7,812,100
		GF/GP	4,000,000
25. Restoration of Medicaid Chiropractic Services.	The budget reflects the April 1, 2012, restoration of Medicaid chiropractic services.	Gross	450,000
		Federal	299,900
		GF/GP	150,100
26. Increased Mileage Reimbursement for Nonemergency Transportation.	The budget includes funding to raise Medicaid nonemergency transportation payments to \$0.55 per mile, the Federal IRS reimbursement standard.	Gross	1,976,000
		Federal	988,000
		GF/GP	988,000

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

27. Expansion of the Healthy Kids Dental Program. The budget includes funding to cover expansion of the Healthy Kids Dental program to Bay, Berrien, Calhoun, Cass, Grand Traverse, Jackson, Mecosta, Montcalm, Osceola, and Wexford Counties. The program provides enhanced reimbursement for Medicaid dental services for children. With the expansion, the program will cover 75 of the State's 83 counties, with Ingham, Kalamazoo, Kent, Macomb, Oakland, Ottawa, Washtenaw, and Wayne Counties not yet covered.	Gross Federal GF/GP	16,666,700 11,065,000 5,601,700
28. Coverage of Autism Therapies for Medicaid and MICHild Clients. The budget includes funding for certain autism therapy services for children through age 18 and includes \$400,000 to cover staff to oversee the implementation of these services.	FTE Gross Federal GF/GP	3.0 21,286,200 14,203,200 7,083,000
29. Increase in Medicaid Primary Care Payment Rates to Medicare Levels. Under the Federal health reform legislation, states are required to increase their Medicaid primary care payment rates to Medicare levels in calendar years 2013 and 2014. The cost increase is entirely federally funded. Presently, Michigan Medicaid pays about 55% of Medicare rates for primary care physician services.	Gross Federal GF/GP	281,800,000 281,800,000 0
30. Full Restoration of Medicaid Adult Vision Coverage. The budget includes full restoration of funding for Medicaid adult vision services.	Gross Federal GF/GP	4,463,000 2,963,000 1,500,000
31. 20% Increase in Medicaid Obstetrics and Gynecology (OB/GYN) Reimbursement Rates. The budget increased Medicaid OB/GYN rates by 20%.	Gross Federal GF/GP	11,901,200 7,901,200 4,000,000
32. Full Funding of Medicaid Data Warehouse. The budget includes funding to cover the operating costs of the Medicaid data warehouse.	Gross GF/GP	1,000,000 1,000,000
33. Full Funding of Michigan Medicaid Information System (MMIS). The budget includes full funding for the MMIS, the Medicaid computer system that is also known as the Community Health Automated Medicaid Processing System or CHAMPS.	Gross Federal GF/GP	13,400,000 7,500,000 5,900,000
34. Autism Center at Eastern Michigan University. The budget includes funding for the Eastern Michigan University Autism Center which was funded in the Higher Education budget in FY 2011-12.	Gross GF/GP	500,000 500,000

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

C. PROGRAM ELIMINATIONS

Health Insurance Portability and Accountability Act (HIPAA) Project. Funding for upgrading the MMIS to meet HIPAA reporting requirements was removed as the project was completed.

Gross	(8,922,600)
Federal	(7,768,000)
GF/GP	(1,154,600)

D. PROGRAM REDUCTIONS

1. Implementation of Contingency Plan Savings. The budget reflects the savings from implementation of the FY 2011-12 contingency plan to reduce administrative costs. These savings reflect unfilled vacancies and do not require any layoffs of staff.

FTE	(88.3)
Gross	(12,176,400)
Federal	(3,034,400)
Local	(2,776,500)
Restricted	(304,600)
GF/GP	(6,060,900)

2. Consolidation of State Facility Accounting Functions. The budget reflects the consolidation of State facility accounting functions in the central office.

Gross	(143,600)
Local	(143,600)
GF/GP	0

3. Family Support Subsidy. The budget includes a small downward adjustment in the estimated costs of the Family Support Subsidy program.

Gross	(309,500)
Federal	(309,500)
GF/GP	0

4. Children's Special Health Care Services (CSHCS) Dose Management Protocol Savings. The budget assumed savings from implementation of a voluntary dose management proposal for CSHCS clients.

Gross	(3,000,000)
Federal	(900,000)
GF/GP	(2,100,000)

5. Credit Balance Resolution. Savings from contracting with a vendor to identify Medicaid hospital credit balances were assumed.

Gross	(3,000,000)
Federal	(1,991,700)
GF/GP	(1,008,300)

6. Third Party Liability (TPL) Data Match. The budget includes savings from a vendor contract to do tape matches and increase TPL recoveries from Blue Cross.

Gross	(6,426,100)
Federal	(4,266,300)
GF/GP	(2,159,800)

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

7. Retrospective Overpayment Detection. Savings from contracting with a vendor to identify improper payments were assumed.	Gross Federal GF/GP	(28,925,900) (19,203,900) (9,722,000)
8. Savings from Expansion of Medicaid Inspector General Services. The budget assumed savings due to an expansion of staff for the Medicaid Inspector General's office (Item B.21).	Gross Federal GF/GP	(6,000,000) (3,983,400) (2,016,600)
9. Savings from Enrolling Urgent Care Centers as Medicaid Providers. The budget assumed savings from enrolling urgent care centers as Medicaid providers, with the expectation that individuals will make fewer visits to hospital emergency departments.	Gross Federal GF/GP	(1,000,000) (663,900) (336,100)
10. Savings from Encouraging Doctors to Use Generic Injectables. The budget assumed savings from encouraging physicians to administer generic injectables, generally oncology medications, in their offices.	Gross Federal GF/GP	(2,744,100) (1,821,800) (922,300)
11. Savings from Encouraging Evidence-Based Prescribing for Behavioral Health Drugs. Savings were assumed from educating physicians to adhere to evidence-based prescribing for behavioral health medications.	Gross Federal GF/GP	(4,476,000) (2,971,600) (1,504,400)
12. Recognition of Nursing Home Transition Savings. The budget reflects savings from the continued transition of nursing home residents to community-based settings. The number of new transitions assumed is 1,300.	Gross Federal Restricted GF/GP	(23,625,000) (17,324,600) (5,058,900) (1,241,500)
13. Recognition of Additional Pharmaceutical Rebates. The budget includes savings due to an increase in projected supplemental rebates for behavioral health drugs.	Gross Federal GF/GP	(11,901,200) (7,901,200) (4,000,000)

E. FUNDING SHIFTS

1. Change in Base Medicaid Match Rate. The base Medicaid match rate will increase from 66.14% to 66.39% in FY 2012-13, leading to a decrease in GF/GP costs.	Gross Federal Local Restricted GF/GP	0 29,667,800 (298,600) (3,635,400) (25,733,800)
---	--	---

		FY 2012-13 Change From FY 2011-12 Year-to-Date	
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 76.30% to 76.47% in FY 2012-13, leading to a small reduction in GF/GP costs.	Gross	0
		Federal	96,900
		GF/GP	(96,900)
3. Reversal of FY 2011-12 Transfer from Medicaid Benefits Trust Fund (MBTF).	The FY 2011-12 budget included the transfer of \$116.9 million in MBTF revenue to offset GF/GP funding. This one-time transfer is not continued in FY 2012-13.	Gross	0
		Restricted	(116,900,000)
		GF/GP	116,900,000
4. MBTF Shortfall.	The budget includes GF/GP revenue to supplant a shortfall in MBTF revenue.	Gross	0
		Restricted	(6,400,000)
		GF/GP	6,400,000
5. Health Insurance Claims Assessment (HICA) Revenue.	The budget was adjusted to reflect available HICA revenue, leading to GF/GP savings.	Gross	0
		Restricted	1,195,000
		GF/GP	(1,195,000)
6. Tobacco Tax Shortfall in Wayne County Adult Benefits Waiver (ABW) Program.	The budget reflects actual projected revenue used to support the Wayne County ABW program.	Gross	0
		Restricted	(1,400,000)
		GF/GP	1,400,000
7. Proposed Transfer of Airport Tax Revenue to MBTF.	The budget assumed passage of legislation that will transfer to the MBTF airport tax revenue used by Wayne County to support indigent care programs.	Gross	0
		Local	(6,653,800)
		Restricted	6,653,800
		GF/GP	0
8. Reduction in Merit Award Trust Fund Revenue.	The budget adjusted for the available Merit Award Trust Fund revenue.	Gross	0
		Tobacco	(5,542,300)
		GF/GP	5,542,300
9. School-Based Services Adjustments.	Additional School-Based Services special financing revenue was recognized, offsetting GF/GP costs.	Gross	0
		Federal	26,804,100
		GF/GP	(26,804,100)

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

10. FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment. Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with restricted sources from within the DCH.

Gross	0
IDG	(608,500)
Restricted	608,500
GF/GP	0

F. PROGRAM TRANSFERS - NONE

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	0.5
Gross	5,622,100
Federal	5,622,100
GF/GP	0

2. Expiration of HMO/PIHP Use Tax. The Health Insurance Claims Assessment took effect on January 1, 2012. The HMO/PIHP Use Tax expired on April 1, 2012. The State, under Federal actuarial soundness requirements, had to cover the cost of the Use Tax with increased Medicaid payments in the first half of FY 2011-12, of \$201.1 million Gross, \$68.1 million GF/GP, an adjustment that was reversed for FY 2012-13. Also included is \$99.2 million in annualized HICA revenue for FY 2012-13.

Gross	(201,057,300)
Federal	(132,979,300)
Restricted	99,214,200
GF/GP	(167,292,200)

3. Adjustment of FTE Count to Actual. The budget includes adjustments to the FTE count to reflect actual on-board staff.

FTE	(46.8)
Gross	0
GF/GP	0

4. Unit and Line Item Name Changes. The budget includes changes to mental health and substance abuse units and line items to reflect the consolidation of those services into behavioral health services.

Gross	0
GF/GP	0

5. Reversal of Various FY 2011-12 Non-GF/GP Adjustments and Other Non-GF/GP Adjustments. A number of FY 2011-12 contingency fund transfers and minor grants are not reflected in the FY 2012-13 budget.

Gross	(20,402,100)
Federal	(18,859,300)
Local	(92,600)
Private	(551,300)
Restricted	(898,900)
GF/GP	0

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

6. Adjustment to Reflect Actual Available Bioterrorism Funding. The budget includes an adjustment in the bioterrorism line item to reflect the actual amount of Federal revenue available for the program. The total Federal bioterrorism grant for FY 2012-13 will be about \$35.2 million.

Gross (14,519,100)
Federal (14,519,100)
GF/GP 0

7. Rollup of Asthma Line into Epidemiology Line. The Asthma Prevention and Control Line was rolled up into the Epidemiology Administration line, leading to an FTE adjustment.

FTE (1.0)
Gross 0
GF/GP 0

8. Medicaid Dental Services Technical Adjustments. The budget reflects the technical removal of Local funding that should not be reflected in the budget and includes annualization costs for risk-based contracts in the Healthy Kids Dental program.

Gross (871,700)
Federal 536,900
Local (1,680,500)
GF/GP 271,900

9. Medicaid Special Financing Adjustments. The budget includes several adjustments to so-called Medicaid "special financing", including adjustments to payments made to State psychiatric facilities.

Gross (9,060,300)
Federal (5,412,800)
Private (4,232,200)
Restricted 3,464,700
GF/GP (2,880,000)

10. Restoration of Various Non-GF Funded Disproportionate Share Hospital (DSH) Payments. The budget reflects the continuation of the FY 2011-12 restoration of various DSH payments, including the Wayne State Psychiatric DSH payment, indigent care agreements with counties and other non-GF hospital payments, with minor adjustments in fund sourcing. Total restoration in an FY 2011-12 supplemental was \$25.4 million Gross, so the net Gross change to FY 2011-12 year-to-date was \$0.

Gross 0
Federal 63,400
Local (18,000)
Restricted (45,400)
GF/GP 0

H. UNCLASSIFIED SALARIES

Gross 116,100
GF/GP 116,100

Funding for unclassified salaries was increased to \$700,000.

I. FEE INCREASES - NONE

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$4,328,800 for OPEB.

Gross	18,595,400
IDG	(54,500)
Federal	3,933,200
Local	7,183,800
Private	(600)
Restricted	325,500
GF/GP	7,208,000

K. ONE-TIME APPROPRIATIONS

1. Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

Gross	4,285,300
IDG	19,700
Federal	1,279,400
Local	150,400
Private	800
Restricted	263,500
GF/GP	2,571,500

2. HMF/Health and Wellness Initiatives One-Time Appropriations. The budget includes an increase from \$3.0 million to \$5.0 million in one-time funding for Health and Wellness Initiatives, with \$1.25 million for the 4x4 Wellness Program and \$750,000 for Maternal and Child Health.

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

3. Community Mental Health (CMH) Special Populations Funding. The budget retained the \$3.0 million in one-time CMH special populations funding that had been included in the FY 2011-12 budget.

Gross	0
GF/GP	0

4. Island Clinic Funding. The budget retained FY 2011-12 one-time funding of \$300,000 for clinics on Beaver, Drummond, and Mackinac Islands and added \$25,000 for health care services provided to residents of Bois Blanc Island.

Gross	25,000
GF/GP	25,000

5. One-Time GME Funding. The budget decreased one-time GME funding. The net change, including the adjustment in ongoing funding (Item B.23), is a decrease of \$231,600 Gross and \$100,000 GF/GP from the final FY 2011-12 appropriation for GME.

Gross	(12,815,200)
Federal	(8,465,200)
GF/GP	(4,350,000)

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

6. Rural and Sole Community Hospital Funding. The FY 2011-12 budget included \$10.0 million GF/GP and associated Federal match to support a one-time rural and sole community hospital funding pool. The FY 2012-13 budget includes \$12.0 million GF/GP and associated Federal match in one-time funding.

Gross	5,950,600
Federal	3,950,600
GF/GP	2,000,000

7. Diagnostic Coding Project. One-time funding is included to meet a Federal requirement to update diagnosis and inpatient medical codes.

Gross	30,000,000
Federal	27,000,000
GF/GP	3,000,000

L. VETOES

1. Healthy Homes Line Item. The Governor vetoed the entire Healthy Homes line item and will recommend a supplemental to restore the original Governor's recommendation of \$2,932,100 for the line. The net effect, if the restoration supplemental is approved, will be to remove the \$2.0 million in Environmental Response Fund revenue that was added to the line.

FTE	(8.0)
Gross	(4,932,100)
Federal	(2,155,600)
Private	(75,000)
Restricted	(2,701,500)
GF/GP	0

2. Pregnancy and Parenting Home Support Program. The Governor vetoed this program, which was funded with Federal TANF revenue.

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

3. Nurse Family Partnership. The Governor vetoed this program, which was funded with Federal TANF revenue.

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

**DEPARTMENT OF CORRECTIONS
P.A. 200 of 2012 - ARTICLE V**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	15,568.8	14,879.2	14,320.2	14,437.3	14,695.2	(873.6)	(5.6)
GROSS	2,022,779,200	2,064,497,900	1,991,921,200	2,025,246,200	2,000,915,900	(21,863,300)	(1.1)
Less:							
Interdepartmental Grants Received	974,700	992,100	992,100	992,100	992,100	17,400	1.8
ADJUSTED GROSS	2,021,804,500	2,063,505,800	1,990,929,100	2,024,254,100	1,999,923,800	(21,880,700)	(1.1)
Less:							
Federal Funds.....	9,336,800	8,784,400	8,784,400	8,784,400	8,784,400	(552,400)	(5.9)
Local and Private	455,800	264,300	264,300	264,300	264,300	(191,500)	(42.0)
TOTAL STATE SPENDING	2,012,011,900	2,054,457,100	1,981,880,400	2,015,205,400	1,990,875,100	(21,136,800)	(1.1)
Less:							
Other State Restricted Funds.....	57,672,800	72,271,500	72,271,500	69,751,500	49,389,500	(8,283,300)	(14.4)
GENERAL FUND/GENERAL PURPOSE...	1,954,339,100	1,982,185,600	1,909,608,900	1,945,453,900	1,941,485,600	(12,853,500)	(0.7)
PAYMENTS TO LOCALS	89,893,500	91,166,400	92,393,500	89,966,400	91,166,400	1,272,900	1.4

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|---|---------------------------------------|---|
| <p>1. Public Safety Initiative - Cities in Distress. The budget includes \$4.5 million in additional funding for public safety projects such as providing additional jail space in high crime areas of need, such as the City of Flint. An additional \$250,000 was added to fund a study of public safety issues. A supplemental in FY 2011-12 included \$3.4 million for this line item, so the remaining net increase is \$1.35 million.</p> | <p>Gross
GF/GP</p> | <p>1,350,000
1,350,000</p> |
| <p>2. Special Equipment Fund (SEF). Surcharges on prisoner telephone calls are generating a new restricted revenue source called the Special Equipment Fund (SEF). The budget appropriated \$5.3 million from this Fund to the Special Equipment and Maintenance line item to fund items such as TASERS and contraband detection devices. The Executive recommendation had called for money from the SEF to be used for capital outlay projects to begin replacing personal protection devices in various facilities and install additional security cameras at the Michigan Reformatory, but no funds were appropriated for these purposes. Unless there is a supplemental appropriation, the SEF is estimated to carryforward a balance between \$13.0 million and \$14.0 million.</p> | <p>Gross
Restricted
GF/GP</p> | <p>5,300,000
5,300,000
0</p> |
| <p>3. Detroit Re-Entry Center and Related Restructuring. The Ryan Correctional Facility will be repurposed into a facility for soon-to-be paroled inmates and parole violators; the facility will be renamed the Detroit Re-Entry Center. In order to compensate for the loss of bed space from repurposing Ryan, the Michigan Department of Corrections (MDOC) will reopen the Muskegon Correctional Facility. The Tuscola County Re-Entry Center will be closed, as many parole violator beds will now be available in Detroit. The net result of this restructuring is an increase in appropriations of \$10.8 million and a net increase of 84.0 FTEs.</p> | <p>FTE
Gross
GF/GP</p> | <p>84.0
10,800,000
10,800,000</p> |

B. PROGRAM INCREASES

- | | | |
|---|------------------------|--------------------------------|
| <p>1. Neal, et al. Settlement Agreement. The budget reflects an increase in payment from \$15.0 million to \$20.0 million, in accordance with the terms of the structured settlement.</p> | <p>Gross
GF/GF</p> | <p>5,000,000
5,000,000</p> |
| <p>2. New Officer Training School. Funding is included to allow for the training of approximately 150 additional corrections officers (which, combined with the base amount, will provide for the training of approximately 350 during the fiscal year); additional officers are anticipated to be needed to replace retirees.</p> | <p>Gross
GF/GP</p> | <p>3,531,500
3,531,500</p> |

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

- | | | |
|--|------------|------------|
| <p>3. Information Technology (IT) Maintenance and Development. Funding will support offender assessment and several positions within the Department of Technology, Management, and Budget (DTMB), which will help maintain current MDOC IT systems.</p> | Gross | 2,445,500 |
| | GF/GP | 2,445,500 |
| | | |
| <p>4. Facility Operating Adjustment. The budget includes additional funding for four facilities: Central Michigan (\$1.7 million); Brooks (\$1.3 million); Pugsley (\$1.3 million); and Macomb (\$1.1 million). These facilities have added bed space recently to facilitate the closure of other facilities, causing the four facilities to exceed their appropriations.</p> | Gross | 5,400,000 |
| | GF/GP | 5,400,000 |
| | | |
| <p>5. Unrealized Savings from Cost Effective Housing Initiative. The FY 2011-12 budget called for \$31.3 million in savings associated with the Inmate Housing Fund and the Cost Effective Housing Initiative; the FY 2012-13 budget eliminated this negative line item. However, the Department did implement a variety of savings initiatives to partially offset the add-back of this negative line item. The largest of these was the reduction in use of alert response vehicles, which saved \$13.2 million. Other savings initiatives include reducing prisoner clothing expenses; eliminating various correctional facility administrative positions; and using prisoner labor, instead of custody staff, for direct observation. The budget shifted \$500,000 GF/GP in special equipment and maintenance spending to the Special Equipment Fund.</p> | FTE | (147.2) |
| | Gross | 10,926,500 |
| | GF/GP | 10,426,500 |
| | Restricted | 500,000 |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

- | | | |
|--|-------|--------------|
| <p>1. Full-Year Savings on FY 2011-12 Contingency Plans. Various savings initiatives were implemented as part of the contingency plan in lieu of employee concessions. The FY 2012-13 budget reflects savings on a full year of these plans. The initiatives include: closure of Mound Correctional Facility (\$32.5 million); elimination of 115 vacant field operations positions (\$10.0 million); competitive bidding of health care, mental health, and the Woodland Correctional Facility (\$11.1 million); and several smaller reductions.</p> | FTE | (461.4) |
| | Gross | (55,280,400) |
| | GF/GP | (55,280,400) |

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

<p>2. Position Reclassification. Resident Unit Officers (RUOs) will be reclassified from a level-10 to a level-9 employee, which will reduce their pay to that of a typical corrections officer. The budget recognized \$11.9 million in savings in association with this reclassification. The MDOC will generate additional savings by converting Assistant Resident Unit Supervisors (ARUSs) to Prison Counselors on an attrition basis, and converting 300 Field Service Agent positions to Parole Supervision Assistants. In addition to generating savings, the reclassifications will align the chain-of-command to make it consistent with other recent reclassifications and reductions.</p>	<p>Gross (12,630,000) GF/GP (12,630,000)</p>
<p>3. Alignment Prisoner Re-Entry Spending. The budget reduced funding by \$1.4 million for Re-Entry programming, formerly known as the Michigan Prisoner Re-Entry Initiative or MPRI.</p>	<p>Gross (1,409,900) GF/GP (1,409,900)</p>
<p>4. Public Works Restricted Revenue Alignment. Restricted revenue for this item was reduced from \$10.0 million to \$1.0 million. Fiscal year 2011-12 boilerplate required any local government or nonprofit interested in using prisoner labor for public works projects to bear the full cost of the project (including the cost of the custody staff supervising the inmates once outside the facility). Since this requirement was put in place, there has been little interest in public works projects, so the authorization to spend up to \$10.0 million was not needed.</p>	<p>Gross (9,000,000) Restricted (9,000,000) GF/GP 0</p>
<p>5. County Jail Reimbursement Program (CJRP). The budget reduced program funding authorization by \$2.0 million, bringing it closer to recent spending levels. The program still contains more funding than the anticipated need and no changes have been made to the eligibility or reimbursement rate.</p>	<p>Gross (2,000,000) GF/GP (2,000,000)</p>
<p>6. Reduced Funding for Clinical Complexes Health Care. Clinical complex spending has been well below appropriations, which allowed this budget reduction to bring funding closer to expected spending levels. Clinical complexes in the Northern and Southern regions were combined into one line item, which eliminated the need to distribute the cut between the regions.</p>	<p>Gross (2,908,900) GF/GP (2,908,900)</p>
<p>7. Facility Reclassification and Other Staff Efficiencies. Reclassification and reorganization of Newberry, Alger, and Marquette Branch facilities will reduce custody staff needs, as lower-level wards have lower staff-level protocols. Also, the Southern regional office will achieve \$1.9 million in savings associated with leaving vacant 25.0 FTE positions by shifting some facility accounting responsibilities to the Northern regional office. Consolidation in an outer district parole office will reduce supervisory needs, saving \$650,000. The budget also recognized some additional savings associated with contract negotiations and additional perimeter vehicle usage reductions.</p>	<p>FTE (137.8) Gross (13,450,000) GF/GP (13,450,000)</p>

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

- | | | |
|--|-------|-------------|
| <p>8. Miscellaneous Operations Savings Initiatives. The MDOC will implement additional operations-related initiatives that will generate savings, including \$2.0 million from bidding out linens and doing more laundry in-house, and \$600,000 from converting to an electronic law library system.</p> | Gross | (2,600,000) |
| | GF/GP | (2,600,000) |
| | | |
| <p>9. Facility-Level Operating Efficiencies. The budget removed \$80,400 and 1.0 FTE from each of the standard facility line items (excluding Special Alternative Incarceration and Woodland). The MDOC is tasked with finding a staffing or operating efficiency to meet the reduction; if savings are found in some facilities but not others, line item transfers may be necessary to distribute the identified savings.</p> | FTE | (28.0) |
| | Gross | (2,251,200) |
| | GF/GP | (2,251,200) |

E. FUNDING SHIFTS

- | | | |
|---|------------|-------------|
| <p>1. Offset of Parole/Probation Fees Shortfall. Parolees and probationers are required to pay fees to support their supervision in the community. However, when these individuals cannot find employment, they are often unable to make these payments, which results in a shortfall in restricted revenue. The budget filled the shortfall with GF/GP funds.</p> | Gross | 0 |
| | Restricted | (800,000) |
| | GF/GP | 800,000 |
| | | |
| <p>2. Legislative Corrections Ombudsman. Funding for this office is included in the Legislature budget instead of via an interdepartmental grant from the MDOC. This transfer is consistent with the Governor's office's preference that the budget not include interdepartmental grants of GF/GP dollars.</p> | Gross | (250,000) |
| | GF/GP | (250,000) |
| | | |
| <p>3. "Swift-and-Sure" Sanctions Program. Funding for this program is included in the Judiciary budget, instead of via an interdepartmental grant from the MDOC.</p> | Gross | (1,000,000) |
| | GF/GP | (1,000,000) |

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

- | | | |
|---|-------|--------------|
| <p>1. Use of Retired Correctional Custody Staff. Savings of \$10.0 million are anticipated from implementation of an initiative to use retired corrections officers on a part-time basis to offset custody staff needs, particularly for special projects such as accompanying inmates to court or to the hospital. Availability of these staff will allow for reduced overtime for current custody staff. A statutory change may be needed to fully implement this concept.</p> | Gross | (10,000,000) |
| | GF/GP | (10,000,000) |

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

2. Alignment of Restricted Funds and Technical Adjustments. The budget reduced several State Restricted revenue funds to align them more closely with actual revenue, such as prisoner health copays and the Correctional Industries Revolving Fund. Local funding for community tether monitoring also was adjusted. Federal revenue was adjusted with the reduction of the U.S. Department of Justice prison rape act funding, but that reduction was offset by increases in various Federal funding areas such as school lunch reimbursement, social security incentive payments, and residential substance abuse. This category also takes into account contingency fund transfers, which added back \$3.8 million in restricted revenue and \$1.1 million in Federal funding. The budget provided \$500,000 GF/GP to increase funding available to pay local agencies for temporarily housing parole violators. Technical adjustments to reduce FTEs were made across a variety of line items to more closely align them with actual staffing (but no associated funding changes were made).

FTE	(183.2)
Gross	(5,780,600)
Federal	(672,700)
Local	(197,300)
Restricted	(5,410,600)
GF/GP	500,000

H. UNCLASSIFIED SALARIES

Gross	175,000
GF/GP	175,000

The budget added back \$175,000 to unclassified salaries, reversing the reduction included in the FY 2011-12 budget. This will allow the Department to fill all the unclassified positions.

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$121,618,700 for OPEB.

Gross	37,413,800
IDG	13,500
Federal	36,900
Local	4,500
Restricted	863,800
GF/GP	36,495,100

K. ONE-TIME APPROPRIATIONS

1. Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

Gross	13,225,900
IDG	3,900
Federal	83,400
Local	1,300
Restricted	263,500
GF/GP	12,873,800

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

2. Technology Investments. The budget includes funding for the purchase of five digital x-ray machines to increase efficiency in facility clinics, and for the purchase of file digitization software to help digitize aging records currently stored in hard copy.

Gross	1,129,500
GF/GP	1,129,500

L. VETOES - NONE

**DEPARTMENT OF EDUCATION
P.A. 200 of 2012 - ARTICLE VI**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	598.0	594.5	588.5	586.5	590.5	(7.5)	(1.3)
GROSS	336,684,800	330,952,900	324,865,200	327,930,600	328,909,900	(7,774,900)	(2.3)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	336,684,800	330,952,900	324,865,200	327,930,600	328,909,900	(7,774,900)	(2.3)
Less:							
Federal Funds.....	244,074,400	246,894,300	244,551,300	244,551,300	244,551,300	476,900	0.2
Local and Private	10,402,600	8,389,100	8,389,100	8,389,100	8,639,100	(1,763,500)	(17.0)
TOTAL STATE SPENDING	82,207,800	75,669,500	71,924,800	74,990,200	75,719,500	(6,488,300)	(7.9)
Less:							
Other State Restricted Funds.....	7,438,900	7,626,300	7,626,300	7,626,300	7,626,300	187,400	2.5
GENERAL FUND/GENERAL PURPOSE...	74,768,900	68,043,200	64,298,500	67,363,900	68,093,200	(6,675,700)	(8.9)
PAYMENTS TO LOCALS	5,445,700	5,445,700	5,445,700	5,445,700	6,208,000	762,300	14.0

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

<p>1. Performance Funding Administration. The budget includes \$125,000 and 1.0 FTE to help analyze district performance on the Michigan Educational Assessment Program and Michigan Merit Examination.</p>	<p>FTEs 1.0 Gross 125,000 GF/GP 125,000</p>
<p>2. Technology Infrastructure Improvement Grants. The budget includes \$125,000 and 1.0 FTE for staff support to the Office of Grants Coordination and School Support Services to help administer new technology improvement grants.</p>	<p>FTEs 1.0 Gross 125,000 GF/GP 125,000</p>

B. PROGRAM INCREASES

<p>1. Early Childhood Programs. The budget includes a \$655,300 increase in Federal funds and \$172,400 GF/GP for Office of Great Start (OGS) operations/Early Childhood Investment Corporation (ECIC). Also included is a \$310,000 increase (\$250,000 private funds and \$60,000 GF/GP) for an early childhood report outlined in Section 1002.</p>	<p>Gross 1,137,700 Federal 655,300 Private 250,000 GF/GP 232,400</p>
<p>2. State Aid to Libraries. The budget includes a \$762,300 increase in State aid to libraries.</p>	<p>Gross 762,300 GF/GP 762,300</p>
<p>3. Michigan eLibrary Database (MeL). The budget includes an \$800,000 increase for MeL for the purchase of business research databases for small business and entrepreneurs; this is an 84% increase in funding from FY 2011-12.</p>	<p>Gross 800,000 GF/GP 800,000</p>
<p>4. Persistently Low Achieving (PLA) Schools Support. The budget includes an \$885,000 and 2.0 FTE increase for assistance for new PLA schools, providing support similar to that received by federally supported School Improvement Grant schools.</p>	<p>FTEs 2.0 Gross 885,000 GF/GP 885,000</p>
<p>5. Support for Additional Public School Academies (PSAs). The budget includes a \$125,000 increase for the Office of Education Improvement and Innovation (OEII) for support for additional PSAs. This is in addition to the \$125,000 and 2.0 FTE increase for OEII included in the P.A. 89 of 2012 supplemental appropriation for FY 2011-12.</p>	<p>Gross 125,000 GF/GP 125,000</p>
<p>6. State Aid and School Finance Operations. The budget includes a \$250,000 and 2.0 FTE increase to the Office of State Aid and School Finance to assist with deficit districts.</p>	<p>FTEs 2.0 Gross 250,000 GF/GP 250,000</p>

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

7. State Aid Management System. The budget includes a \$125,000 and 1.0 FTE increase in the Department of Technology, Management, and Budget to support the new State Aid Management System.

FTEs	1.0
Gross	125,000
GF/GP	125,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Education Achievement Authority. The P.A. 236 of 2012 supplemental appropriation for FY 2011-12 included \$10.0 million in one-time funding for the Education Achievement Authority. The FY 2012-13 budget does not include this appropriation.

Gross	(10,000,000)
GF/GP	(10,000,000)

2. College Access Network Grant. The budget includes a \$2.0 million GF/GP increase for the Michigan College Access Network to replace a portion of \$4.3 million in expiring Federal funds.

FTEs	(6.0)
Gross	(2,293,200)
Federal	(4,293,200)
GF/GP	2,000,000

E. FUNDING SHIFTS

The budget includes a shift of \$1,849,000 and 2.5 FTEs in Center for Educational Performance Information Federal funding from the School Aid budget to the Department of Education to help with low-performing districts.

FTEs	2.5
Gross	1,849,000
Federal	1,849,000
GF/GP	0

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

The budget includes the following technical reductions: \$3.0 million GF/GP for projected child development care public assistance caseload decrease; \$2,349,000 and 27.0 FTEs for the Schools for the Deaf and Blind property sale (including \$261,000 reduction in Fay Hall tenant rent); and \$655,300 as a result of adjustments for an interdepartmental grant (IDG) with the Department of Human Services. The P.A. 64 of 2012 supplemental appropriation for FY 2011-12 included \$2,961,000 for other post-employment benefits (OPEB). The OPEB appropriation for the FY 2012-13 budget is reflected in the "Economic Adjustments" section.

FTEs	(27.0)
Gross	(8,965,300)
Federal	(2,693,800)
Local	(1,937,300)
Private	(215,700)
Restricted	(533,600)
GF/GP	(3,584,900)

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

H. UNCLASSIFIED SALARIES

The budget includes a \$142,500 increase for an Office of Great Start executive position. Included are a \$231,500 transfer from OGS Federal funds and \$89,000 reduction from the expiration of an Early Childhood Investment Corporation private foundation.

Gross	142,500
Federal	231,500
Private	(89,000)
GF/GP	0

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$7,159,200 for OPEB.

FTEs	16.0
Gross	6,482,800
Federal	4,299,000
Local	212,000
Private	0
Restricted	656,400
GF/GP	1,315,400

K. ONE-TIME APPROPRIATIONS

1. Employee Lump-Sum Payments. The budget includes a one-time appropriation of \$624,300 for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

Gross	624,300
Federal	429,100
Local	16,500
Restricted	64,600
GF/GP	114,100

2. Central Assessment Lending Library. The budget includes a one-time appropriation of \$50,000 for Central Michigan University's central assessment lending library.

Gross	50,000
GF/GP	50,000

L. VETOES - NONE

**DEPARTMENT OF ENVIRONMENTAL QUALITY
P.A. 200 of 2012 - ARTICLE VII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,334.5	1,341.8	1,322.8	1,321.5	1,321.5	(13.0)	(1.0)
GROSS	439,674,200	444,857,900	431,528,200	430,766,300	431,429,900	(8,244,300)	(1.9)
Less:							
Interdepartmental Grants Received	12,615,200	9,021,200	9,021,200	9,021,200	9,021,200	(3,594,000)	(28.5)
ADJUSTED GROSS	427,059,000	435,836,700	422,507,000	421,745,100	422,408,700	(4,650,300)	(1.1)
Less:							
Federal Funds.....	161,057,400	161,687,500	161,687,500	161,687,500	161,687,500	630,100	0.4
Local and Private	1,045,800	533,200	533,200	533,200	533,200	(512,600)	(49.0)
TOTAL STATE SPENDING	264,955,800	273,616,000	260,286,300	259,524,400	260,188,000	(4,767,800)	(1.8)
Less:							
Other State Restricted Funds.....	236,577,500	244,211,000	230,233,000	230,452,400	230,375,600	(6,201,900)	(2.6)
GENERAL FUND/GENERAL PURPOSE...	28,378,300	29,405,000	30,053,300	29,072,000	29,812,400	1,434,100	5.1
PAYMENTS TO LOCALS	2,175,000	2,775,000	2,775,000	2,775,000	2,775,000	600,000	27.6

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

MiWaters Information Technology Project. The budget includes \$2.0 million to include the National Pollutant Discharge Elimination System (NPDES) Maintenance System (NMS) in an ongoing permitting hardware and software rewrite. In FY 2011-12, the Coastal and Inland Water Permit Information System (CIWPIS) was appropriated \$3.2 million to be rewritten. This additional appropriation supports combining the NMS and CIWPIS into an integrated system called MiWaters. MiWaters will handle permits from both NMS and CIWPIS.

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

B. PROGRAM INCREASES

1. Leaking Underground Storage Tank (LUST) Cleanup Funding. The budget includes \$10.0 million in Refined Petroleum Fund revenue for LUST cleanups. This revenue was formerly used in the Department of Treasury for debt service.

Gross	10,000,000
Restricted	10,000,000
GF/GP	0

2. State Revolving Fund Staffing. The budget includes 5.0 FTEs and related funding for additional administrative costs anticipated from the 2010 statutory expansion of the State Revolving Fund. The State Revolving Fund Advisory Committee has recommended allowing the Strategic Water Quality Initiatives Fund to be used for grants to municipalities rather than just loans. Debt service for an additional \$250.0 million in anticipated bond issues over the next two fiscal years was built into the Department of Treasury budget. Any bond issues for this program would come from the bonding authority of Proposal 2 of 2002 (Great Lakes Water Quality Bond), and would require an appropriation by the Legislature.

FTE	5.0
Gross	725,000
Restricted	725,000
GF/GP	0

3. Wickes Manufacturing Trichloroethylene (TCE) Plume. The budget includes \$300,000 in Clean Michigan Initiatives – Response Activities revenue to fund an engineering study for the former Wickes Manufacturing site. This appropriation was made in Section 307 of the DEQ budget's boilerplate.

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

C. PROGRAM ELIMINATIONS

CIWPIS Rewrite. The budget removed an appropriation for the rewrite of the CIWPIS, as this appropriation will be included as a work project at the end of FY 2011-12. The CIWPIS work project will be combined with appropriations for the NMS rewrite as mentioned in the "New Programs" section.

Gross	(3,200,000)
Restricted	(3,200,000)
GF/GP	0

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

D. PROGRAM REDUCTIONS

1. Wetland Permit Program. The budget includes a net reduction to this program due to the unavailability of bottle escheats revenue from the Environmental Protection Fund in FY 2012-13. The loss of this revenue will be totally mitigated in FY 2012-13 by a one-time appropriation of GF/GP revenue. Additional Federal revenue that is anticipated to be ongoing is also included.	Gross Federal Restricted GF/GP	(1,500,000) 500,000 (2,000,000) 0
2. FY 2011-12 Contingency Plan. The budget includes an adjustment for a contingency plan that reduces GF/GP funding for the Department of Environmental Quality (DEQ) because employee concessions could not be reached.	Gross GF/GP	(81,600) (81,600)

E. FUNDING SHIFTS

1. FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment. Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with Federal and restricted sources from within the DEQ.	Gross IDG Federal Restricted GF/GP	0 (3,293,400) 1,393,800 1,899,600 0
2. Technical Adjustments. The budget includes various technical fund-source adjustments that net to zero.	Gross IDG Federal Restricted GF/GP	0 (52,000) (367,100) 419,100 0

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Reduction of Overstated Appropriations. The budget includes a reduction to various appropriations where the amount appropriated in FY 2011-12 was larger than expected revenue to support the appropriation in FY 2012-13. These reductions are not expected to result in any programmatic impact on the affected programs/line items.	Gross IDG Federal Private Restricted GF/GP	(9,688,800) (380,000) (1,561,600) (200,000) (7,547,200) 0
--	---	--

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

<p>2. Drinking Water Revolving Loan Program - State Match. The budget includes GF/GP funding for State match for the Drinking Water Revolving Loan program. This program gives low-interest loans to municipalities for upgrades to their drinking water systems. In previous fiscal years, the repayment of loans was used for State match for Federal funding that is drawn down at approximately a 4:1 ratio. However, the repayments are not coming in at a rate sufficient to draw down all available Federal funds as the amortization period for the loans is relatively long.</p>	Gross 2,500,000 GF/GP 2,500,000
<p>3. Great Lakes Compact Council. The budget includes Michigan's share of the operating expenses of the Great Lakes Compact Council. In previous years, interest income from the Council's funds was sufficient to pay for its operations. This interest income has declined and the member states were asked to subsidize the Council's operations.</p>	Gross 50,000 GF/GP 50,000
<p>4. Nonferrous Metallic Mining Program. The budget includes funding for this program. In the FY 2011-12 budget process, funding for the program was inadvertently eliminated from the bill. This appropriation reflects an increase from past years due to additional revenue from new mines that are anticipated to open in the Upper Peninsula during FY 2012-13.</p>	FTE 1.0 Gross 100,000 Restricted 100,000 GF/GP 0
<p>5. Large Quantity Water Withdrawal Program. The budget includes 1.3 FTEs and \$350,000 in GF/GP funding for this program. Additionally, appropriations for restricted funding that are no longer available were eliminated. The Governor originally had requested a fee increase for the program, but the budget does not include one.</p>	Gross (194,400) Restricted (544,400) GF/GP 350,000
<p>6. Excess FTE Reduction. The budget eliminated 19.0 FTE positions that are no longer being used in the Department. Funding and employment levels in the Department will not be changed with this elimination.</p>	FTE (19.0) Gross 0 GF/GP 0
<p>7. Adjustment for One-Time Contingency Fund Transfers and Supplemental Appropriations. The budget does not include two contingency fund transfers and two supplemental appropriations that were made in FY 2011-12.</p>	Gross (10,687,100) Federal (300,000) Private (320,000) Restricted (10,067,100) GF/GP 0
<p>8. Adjustment for One-Time Appropriations from FY 2011-12. The budget does not include a \$6.0 million one-time appropriation for the Muskegon environmental cleanup site that was included in FY 2011-12.</p>	Gross (6,000,000) GF/GP (6,000,000)

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

H. UNCLASSIFIED SALARIES

Unclassified Salaries Appropriation Increase. The budget includes additional funds to bring the total appropriated for unclassified salaries to \$700,000. This does not necessarily reflect an increase in the salaries paid to unclassified employees.

Gross	200,000
Restricted	142,600
GF/GP	57,400

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$22,074,100 for OPEB.

Gross	1,983,400
IDG	82,600
Federal	549,300
Private	3,200
Restricted	950,100
GF/GP	398,200

K. ONE-TIME APPROPRIATIONS

1. Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

Gross	1,549,200
IDG	48,800
Federal	415,700
Private	4,200
Restricted	920,400
GF/GP	160,100

2. Wetlands Funding. The budget includes GF/GP funding for the Wetlands Permit Program. In previous fiscal years, available restricted funding from bottle escheats was used to fund the program, but that funding will not be available in FY 2012-13.

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

3. Drinking Water Revolving Loan Program - State Match. This item is related to the item with the same name in the "Program Increases" section. It is anticipated that this half of the total \$5.0 million GF/GP used for match for this program will be one-time in nature.

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

L. VETOES - NONE

**EXECUTIVE
P.A. 200 of 2012 - ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	74.2	74.2	74.2	74.2	74.2	0.0	0.0
GROSS	4,599,200	4,887,900	4,887,900	4,887,900	4,887,900	288,700	6.3
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	4,599,200	4,887,900	4,887,900	4,887,900	4,887,900	288,700	6.3
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	4,599,200	4,887,900	4,887,900	4,887,900	4,887,900	288,700	6.3
Less:							
Other State Restricted Funds.....	0	0	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE...	4,599,200	4,887,900	4,887,900	4,887,900	4,887,900	288,700	6.3
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Gross	164,000
GF/GP	164,000

Executive Office. An adjustment in funding was included to reflect actual costs of operation due to a 5% reduction in FY 2011-12.

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

Gross	66,000
GF/GP	66,000

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$0 for OPEB.

K. ONE-TIME APPROPRIATIONS

Gross	58,700
GF/GP	58,700

Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

L. VETOES - NONE

**HIGHER EDUCATION
P.A. 201 of 2012 - ARTICLE III**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	0.0	N/A	N/A	N/A	N/A
GROSS	1,364,178,400	1,399,981,500	1,400,531,500	1,399,641,600	1,399,220,400	35,042,000	2.6
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,364,178,400	1,399,981,500	1,400,531,500	1,399,641,600	1,399,220,400	35,042,000	2.6
Less:							
Federal Funds.....	98,326,400	97,026,400	97,026,400	99,026,400	97,026,400	(1,300,000)	(1.3)
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	1,265,852,000	1,302,955,100	1,303,505,100	1,300,615,200	1,302,194,000	36,342,000	2.9
Less:							
Other State Restricted Funds.....	200,219,500	200,565,700	200,565,700	200,565,700	200,565,700	346,200	0.2
GENERAL FUND/GENERAL PURPOSE...	1,065,632,500	1,102,389,400	1,102,939,400	1,100,049,500	1,101,628,300	35,995,800	3.4
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

* Includes Ongoing and One-time Appropriations.

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. Performance Funding. The Governor recommended a 3.0% increase allocated by four new funding formulas based on the three-year average growth of undergraduate degree completions, three-year average degree completions in critical skills areas (science, technology, engineering, mathematics, and health fields), three-year average number of undergraduate students receiving Pell Grants, and tuition restraint. The House included the same overall increase but distributed funding based on a single-component formula that weights undergraduate degrees and certificates (two-year average) according to program length and provides a double weight for degrees/certificates in critical skills areas. The House also redistributed 1.0% of FY 2011-12 base appropriations (\$12,072,300) under the formula, along with the \$36,217,000 in new funds. The Senate maintained the \$9,054,300 tuition restraint recommendation, but changed the remaining distribution based on an \$18,108,400 allocation proportional to current appropriations and \$9,054,300 allocated pursuant to how universities perform relative to their Carnegie classifications for eight metrics. The Conference Committee maintained the Governor's proposal for tuition restraint and included a modified performance funding allocation for the remaining \$27,162,800, based on the Senate and House formulas. <u>Table 1</u> provides an overview of funding differences comparing the Governor, Senate, House, and enacted appropriations. <u>Table 2</u> provides details of performance funding allocations included by the Conference Committee for university operations.</p>	<p>Gross GF/GP</p>	<p>36,217,000 36,217,000</p>
<p>2. Michigan Public School Employees Retirement System Retiree Health Costs. The budget includes funding appropriated from the School Aid Fund to offset the increase in the Michigan Public School Employees Retirement System (MPERS) retirement contributions attributable to the 0.25% increase in costs related to retiree health care. <u>Table 3</u> provides an estimate of distributions based on January through December 2011 MPERS retiree health care premiums.</p>	<p>Gross Restricted GF/GP</p>	<p>446,200 446,200 0</p>
<p>3. Michigan State University (MSU) AgBioResearch and MSU Extension Activities. The Conference Committee included a 3.0% increase for MSU AgBioResearch and MSU Extension activities, increasing the appropriation from \$52,625,800 to \$54,204,600.</p>	<p>Gross GF/GP</p>	<p>1,578,800 1,578,800</p>

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

C. PROGRAM ELIMINATIONS

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

Federal Funds. The Robert C. Byrd scholarship was eliminated by Congress.

D. PROGRAM REDUCTIONS

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

FY 2011-12 One-Time Appropriations. Fiscal year 2011-12 one-time appropriations for the Eastern Michigan University Autism Collaborative Center (\$500,000), the Michigan State University Facility for Rare Isotope Beams (\$1.2 million), and the Western Michigan University Economic Development and Commercialization Project (\$200,000) were removed from the Higher Education budget. The Eastern Michigan Autism Collaborative Center received FY 2012-13 funding in the Department of Community Health budget, and the Michigan State University Facility for Rare Isotopes received FY 2012-13 funding in the Department of Treasury budget.

E. FUNDING SHIFTS

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

Children of Veterans and Officers Survivor Tuition Grant Programs. The budget includes a \$100,000 funding shift from income tax check-offs to the State General Fund based on actual revenue. This adjustment results in all but \$100,000 of the \$1.2 million appropriation for the programs being funded by the State General Fund.

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

Table 1: FY 2012-13 Higher Education Appropriation Bill

	Governor				Senate Passed			House Passed			Enacted		
	FY 2011-12 Year-To-Date Appropriation	FY 2012-13 Governor's Recommendation	Dollar Change From 2011-12	Percent Change From 2011-12	FY 2012-13 Senate Passed	Dollar Change From 2011-12	Percent Change From 2011-12	FY 2012-13 House Passed	Dollar Change From 2011-12	Percent Change From 2011-12	FY 2012-13 Conference Report	Dollar Change From 2011-12	Percent Change From 2011-12
Universities													
Central	\$68,108,900	\$70,680,700	\$2,571,800	3.8%	\$69,921,200	\$1,812,300	2.7%	\$71,133,500	\$3,024,600	4.4%	\$69,575,300	\$1,466,400	2.2%
Eastern	64,619,100	66,118,400	1,499,300	2.3%	66,178,000	1,558,900	2.4%	67,065,300	2,446,200	3.8%	66,297,500	1,678,400	2.6%
Ferris	41,324,300	43,906,600	2,582,300	6.2%	42,239,900	915,600	2.2%	44,003,300	2,679,000	6.5%	42,981,400	1,657,100	4.0%
Grand Valley	52,677,400	56,673,500	3,996,100	7.6%	54,478,200	1,800,800	3.4%	56,576,100	3,898,700	7.4%	55,097,500	2,420,100	4.6%
Lake Superior	10,789,500	11,036,700	247,200	2.3%	11,320,000	530,500	4.9%	11,241,200	451,700	4.2%	11,030,700	241,200	2.2%
Michigan State	241,120,800	244,418,600	3,297,800	1.4%	245,533,000	4,412,200	1.8%	247,912,200	6,791,400	2.8%	244,529,200	3,408,400	1.4%
Michigan Tech	40,733,600	41,536,100	802,500	2.0%	41,785,400	1,051,800	2.6%	42,009,900	1,276,300	3.1%	42,409,900	1,676,300	4.1%
Northern	38,367,400	39,659,700	1,292,300	3.4%	39,636,400	1,269,000	3.3%	39,514,100	1,146,700	3.0%	40,348,800	1,981,400	5.2%
Oakland	43,145,000	44,744,600	1,599,600	3.7%	44,103,500	958,500	2.2%	45,568,500	2,423,500	5.6%	44,033,300	888,300	2.1%
Saginaw Valley	23,561,500	24,682,500	1,121,000	4.8%	24,307,000	745,500	3.2%	24,663,300	1,101,800	4.7%	25,487,500	1,926,000	8.2%
UM-Ann Arbor	268,803,300	272,695,500	3,892,200	1.4%	273,652,500	4,849,200	1.8%	273,590,700	4,787,400	1.8%	273,056,700	4,253,400	1.6%
UM-Dearborn	21,016,300	21,587,800	571,500	2.7%	21,948,000	931,700	4.4%	22,098,400	1,082,100	5.1%	21,898,800	882,500	4.2%
UM-Flint	17,762,400	18,330,900	568,500	3.2%	18,488,300	725,900	4.1%	18,693,900	931,500	5.2%	19,103,500	1,341,100	7.6%
Wayne State	182,036,900	183,719,300	1,682,400	0.9%	185,530,600	3,493,700	1.9%	183,012,100	975,200	0.5%	183,229,100	1,192,200	0.7%
Western	93,168,300	94,606,500	1,438,200	1.5%	95,275,400	2,107,100	2.3%	96,369,200	3,200,900	3.4%	95,318,300	2,150,000	2.3%
Tuition Restraint Incentive*		9,054,300	9,054,300	---	9,054,300	9,054,300	---	0	0	0.0%	9,054,200	9,054,200	---
MPERSERS Retiree Health Care		446,200	446,200	---	446,200	446,200	---	446,200	446,200	---	446,200	446,200	---
MSU AgBioResearch & Extension	52,625,800	52,625,800	0	0.0%	52,625,800	0	0.0%	52,625,800	0	0.0%	54,204,600	1,578,800	3.0%
MSU Facility for Rare Isotope Beams	0	2,339,900	2,339,900	---	2,339,900	2,339,900	---	0	0	0.0%	0	0	0.0%
Higher Education Database	105,000	105,000	0	0.0%	105,000	0	0.0%	105,000	0	0.0%	105,000	0	0.0%
Midwest Higher Ed Compact	95,000	95,000	0	0.0%	95,000	0	0.0%	95,000	0	0.0%	95,000	0	0.0%
King-Chavez-Parks	2,691,500	2,691,500	0	0.0%	2,691,500	0	0.0%	2,691,500	0	0.0%	2,691,500	0	0.0%
CMU Assessment Lending Library	0	0	0	0.0%	50,000	50,000	---	0	0	0.0%	0	0	0.0%
FY 2011-12 One-time Appropriations	1,900,000	0	(1,900,000)	-100.0%	500,000	(1,400,000)	-73.7%	0	(1,900,000)	-100.0%	0	(1,900,000)	-100.0%
Total Universities	\$1,264,652,000	\$1,301,755,100	\$37,103,100	2.9%	\$1,302,305,100	\$37,653,100	3.0%	\$1,299,415,200	\$34,763,200	2.7%	\$1,300,994,000	\$36,342,000	2.9%
School Aid Fund	\$200,019,500	200,465,700	\$446,200	0.2%	200,465,700	446,200	0.2%	200,465,700	446,200	0.2%	200,465,700	446,200	0.2%
State GF/GP	\$1,064,632,500	\$1,101,289,400	\$36,656,900	3.4%	\$1,101,839,400	37,206,900	3.5%	1,098,949,500	34,317,000	3.2%	1,100,528,300	35,895,800	3.4%
Grants and Financial Aid													
State Competitive Scholarships	\$18,361,700	\$20,361,700	\$2,000,000	10.9%	20,361,700	2,000,000	10.9%	20,361,700	2,000,000	10.9%	18,361,700	0	0.0%
Tuition Grants	31,664,700	30,664,700	(1,000,000)	-3.2%	31,664,700	0	0.0%	32,664,700	1,000,000	3.2%	31,664,700	0	0.0%
Tuition Incentive Program (TIP)	43,800,000	42,800,000	(1,000,000)	-2.3%	41,800,000	(2,000,000)	-4.6%	42,800,000	(1,000,000)	-2.3%	43,800,000	0	0.0%
Byrd Scholarship Program	1,300,000	0	(1,300,000)	-100.0%	0	(1,300,000)	-100.0%	0	(1,300,000)	-100.0%	0	(1,300,000)	-100.0%
Children of Veterans & Officer's Tuition	1,200,000	1,200,000	0	0.0%	1,200,000	0	0.0%	1,200,000	0	0.0%	1,200,000	0	0.0%
Project Gear-Up	3,200,000	3,200,000	0	0.0%	3,200,000	0	0.0%	3,200,000	0	0.0%	3,200,000	0	0.0%
Total Grants/Financial Aid	\$99,526,400	\$98,226,400	(\$1,300,000)	-1.3%	98,226,400	(1,300,000)	-1.3%	100,226,400	700,000	0.7%	98,226,400	(1,300,000)	-1.3%
Federal Higher Ed Act	4,500,000	3,200,000	(1,300,000)	-28.9%	3,200,000	(1,300,000)	-28.9%	3,200,000	(1,300,000)	-28.9%	3,200,000	(1,300,000)	-28.9%
Federal TANF	93,826,400	93,826,400	0	---	93,826,400	0	0.0%	95,826,400	2,000,000	2.1%	93,826,400	0	0.0%
Veterans Tax Check-off	200,000	100,000	(100,000)	-50.0%	100,000	(100,000)	-50.0%	100,000	(100,000)	-50.0%	100,000	(100,000)	-50.0%
State GF/GP	\$1,000,000	\$1,100,000	\$100,000	10.0%	1,100,000	100,000	10.0%	1,100,000	100,000	10.0%	1,100,000	100,000	10.0%
TOTAL HIGHER EDUCATION													
TOTAL ALL FUNDS	\$1,364,178,400	\$1,399,981,500	\$35,803,100	2.6%	\$1,400,531,500	\$36,353,100	2.7%	\$1,399,641,600	\$35,463,200	2.6%	\$1,399,220,400	\$35,042,000	2.6%
TOTAL FEDERAL	98,326,400	97,026,400	(1,300,000)	-1.3%	97,026,400	(1,300,000)	-1.3%	99,026,400	700,000	0.7%	97,026,400	(1,300,000)	-1.3%
TOTAL STATE RESTRICTED	200,219,500	200,565,700	346,200	0.2%	200,565,700	346,200	0.2%	200,565,700	346,200	0.2%	200,565,700	346,200	0.2%
TOTAL STATE GF/GP	\$1,065,632,500	\$1,102,389,400	\$36,756,900	3.4%	\$1,102,939,400	\$37,306,900	3.5%	\$1,100,049,500	\$34,417,000	3.2%	\$1,101,628,300	\$35,995,800	3.4%

* Tuition restraint incentive appropriation is not allocated to university line items. Distributions will be made to universities after university boards set FY 2012-13 tuition and fee rates.

Table 2: FY 2012-13 Higher Education Appropriation for University Operations*

Universities/ Carnegie Classification	FY 2011-12 Appropriation	FY 2012-13 Adjustments						
		Critical Skills Undergrad Degrees/Certif.	Scored Compared to National Carnegie Peers			Research & Development	Formula Total*	Formula % Change To YTD
			% Graduating Within 6 Years	Total Degrees & Completions	Inst. Sup. as % of Core Exp.			
Very High Research								
Michigan State	\$241,120,800	\$1,166,943	\$696,481	\$489,419	\$355,069	\$700,532	\$3,408,400	1.41%
UM-Ann Arbor	268,803,300	1,021,736	696,481	489,419	355,069	1,690,665	4,253,400	1.58%
Wayne State	182,036,900	313,698	0	489,419	0	389,125	1,192,200	0.65%
High Research								
Michigan Tech	40,733,600	369,215	696,481	489,419	0	121,217	1,676,300	4.12%
Western	93,168,300	449,580	232,160	326,279	1,065,206	76,747	2,150,000	2.31%
Doctoral Research								
Central	68,108,900	301,803	464,321	326,279	355,069	18,953	1,466,400	2.15%
Oakland	43,145,000	378,010	0	489,419	0	20,845	888,300	2.06%
Master's: Larger Programs								
Eastern	64,619,100	286,885	0	326,279	1,065,206	0	1,678,400	2.60%
Ferris	41,324,300	471,152	696,481	489,419	0	0	1,657,100	4.01%
Grand Valley	52,677,400	524,073	696,481	489,419	710,137	0	2,420,100	4.59%
Saginaw Valley	23,561,500	164,308	696,481	0	1,065,206	0	1,926,000	8.17%
UM-Dearborn	21,016,300	160,881	232,160	489,419	0	0	882,500	4.20%
UM-Flint	17,762,400	155,236	696,481	489,419	0	0	1,341,100	7.55%
Master's: Medium Programs								
Northern	38,367,400	194,600	232,160	489,419	1,065,206	0	1,981,400	5.16%
Baccalaureate Colleges								
Lake Superior	10,789,500	78,046	0	163,140	0	0	241,200	2.24%
TOTAL:	\$1,207,234,700	\$6,036,167	\$6,036,167	\$6,036,167	\$6,036,167	\$3,018,083	\$27,162,800	2.25%
Funding Per Unit:/Point		\$403	\$232,160	\$163,140	\$355,069	\$0.0025		

* Does not include \$9,054,200 Tuition Restraint and \$446,000 MPSERS funding.

Table 3: MPSERS Retiree Health Care Premium Increases Estimated Distribution

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

**DEPARTMENT OF HUMAN SERVICES
P.A. 200 of 2012 - ARTICLE X**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	11,540.5	11,202.5	11,181.0	11,538.2	11,758.0	217.5	1.9
GROSS	6,769,948,900	6,592,886,800	6,544,939,600	6,700,860,600	6,552,832,200	(217,116,700)	(3.2)
Less:							
Interdepartmental Grants Received	35,821,900	31,241,700	31,241,700	30,581,300	30,581,300	(5,240,600)	(14.6)
ADJUSTED GROSS	6,734,127,000	6,561,645,100	6,513,697,900	6,670,279,300	6,522,250,900	(211,876,100)	(3.1)
Less:							
Federal Funds.....	5,594,965,700	5,394,076,700	5,386,656,100	5,530,111,200	5,384,799,500	(210,166,200)	(3.8)
Local and Private	43,862,100	49,925,000	47,863,000	41,802,100	40,406,000	(3,456,100)	(7.9)
TOTAL STATE SPENDING	1,095,299,200	1,117,643,400	1,079,178,800	1,098,366,000	1,097,045,400	1,746,200	0.2
Less:							
Other State Restricted Funds.....	123,701,000	88,847,000	87,772,300	82,476,400	86,901,500	(36,799,500)	(29.7)
GENERAL FUND/GENERAL PURPOSE...	971,598,200	1,028,796,400	991,406,500	1,015,889,600	1,010,143,900	38,545,700	4.0
PAYMENTS TO LOCALS	107,003,300	94,339,300	95,279,400	92,812,300	100,595,000	(6,408,300)	(6.0)

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

<p>1. Supported Visitation. The budget includes funding for supported visitation opportunities for approximately 7,000 families involving children who have been removed from the home. The program focuses on reunification goals.</p>	<p>Gross 2,000,000 Federal 2,000,000 GF/GP 0</p>
<p>2. Parent Partners. The budget includes funding for 360 families involving children who have been removed from the home. Other parents provide peer-to-peer mentoring as part of the steps toward reunification.</p>	<p>Gross 500,000 Federal 500,000 GF/GP 0</p>
<p>3. Mobile Workers Initiative. The budget includes the new program, which makes Child Protective Services, Office of Inspector General, and Bureau of Contracts and Licensing staff mobile. The \$2.4 million in GF/GP and Federal funding costs for information technology to support work in the field were offset by a reduction in building occupancy costs.</p>	<p>Gross 0 GF/GP 0</p>
<p>4. Stratified Case Management. The budget includes funding for Phase 1 of this new program, data collection on Family Independence Program (FIP) clients with the most barriers. The data collection will provide a map of the types of services available to clients and pave the way for improved coordination of these services.</p>	<p>Gross 1,195,000 Federal 1,145,000 Private 50,000 GF/GP 0</p>
<p>5. Psychotropic Drug Oversight Contract. In order to be compliant with the settlement agreement with Children's Rights, Inc., the State will use Federal Title IV-B funding to develop guidelines for a program to provide oversight of psychotropic medication prescriptions for child welfare cases. A portion of funding provided for Needs Assessment in FY 2011-12 was redirected to this line item, providing \$1.1 million total for the program.</p>	<p>Gross 559,100 Federal 559,100 GF/GP 0</p>
<p>6. Reimbursements for Aftercare Services. The budget includes funding to reimburse private agencies for child welfare aftercare services on a per diem basis for up to 180 days of care.</p>	<p>Gross 3,885,000 GF/GP 3,885,000</p>
<p>7. Training Reimbursements for Private Child Welfare Providers. The budget includes reimbursements to private child placing agencies for the costs of training child welfare staff.</p>	<p>Gross 2,030,100 Federal 1,041,000 GF/GP 989,100</p>

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

B. PROGRAM INCREASES

<p>1. Specialized Independent Living Services. The budget restored per diem rates for specialized independent living services to FY 2010-11 levels.</p>	<p>Gross 877,600 Federal 702,100 GF/GP 175,500</p>
<p>2. Parent and Guardian Per Diem Increase. A \$3 per diem increase for foster parents, adoptive parents, guardians, and independent living is included in the budget. The increase is made available for new, rather than existing, cases.</p>	<p>Gross 11,291,300 Federal 4,167,200 Local 809,700 GF/GP 6,314,400</p>
<p>3. Residential Facility Provider Per Diem. The budget includes a per diem rate increase for private residential facility providers that were below the median level of payment in their service category.</p>	<p>Gross 5,455,900 Federal 2,465,900 Local 735,000 GF/GP 2,255,000</p>
<p>4. Additional Child Welfare FTEs. Pursuant to target agreements, the budget includes funding for an additional 577.0 FTEs to fully staff Child Protective Services, Direct Care Workers, and First Line Supervisor staff. Funding for the new staff was consolidated in a new line item, "Child Welfare Staffing Enhancements".</p>	<p>FTE 577.0 Gross 23,320,300 Federal 16,027,300 GF/GP 7,293,000</p>
<p>5. Medical Evidence Costs. The budget includes increased funding for the rising costs of collecting medical evidence for disability determination.</p>	<p>Gross 1,800,000 Federal 1,800,000 GF/GP 0</p>
<p>6. Michigan Youth Opportunity Initiative. The budget increased funding for programs serving foster care youths who are aging out of the system. Most of the funding is in staff positions that were redirected to this program area.</p>	<p>FTE 18.0 Gross 1,671,800 Federal 1,022,900 GF/GP 648,900</p>
<p>7. Prosecuting Attorneys for Elder Abuse. The budget increased funding in the Prosecuting Attorneys line item for the hiring of two employees to focus on elder abuse cases.</p>	<p>Gross 300,000 GF/GP 300,000</p>
<p>8. Volunteer Mileage Reimbursements. The budget increased volunteer mileage reimbursements from \$0.39 per mile to \$0.55 per mile.</p>	<p>Gross 225,700 Federal 167,000 GF/GP 58,700</p>

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

9. Food Banks. The budget increased the ongoing funding appropriated for food banks.	Gross GF/GP	450,000 450,000
10. Adult Services Staff. The budget increased Adult Services staff by 20.5 FTEs. The services include Adult Protective Services and outreach and coordination of services for adult clients.	FTE Gross Federal GF/GP	20.5 1,467,800 1,005,500 462,300
11. Chaldean Community Foundation. Pursuant to target agreements, the budget includes a funding increase for the Chaldean Community Foundation, for a total appropriation of \$1.0 million.	Gross GF/GP	900,000 900,000
12. Michigan Administrative Hearings System (MAHS). The budget includes a funding increase for the MAHS (formerly the State Office of Administration Hearings and Rules) to manage the increased number of hearings challenging the new Family Independence Program time limits and case closures.	Gross Federal GF/GP	170,000 102,000 68,000
13. BRIDGES Maintenance and Support. The budget includes maintenance and support funding for the BRIDGES system.	Gross Federal GF/GP	2,218,600 1,353,300 865,300
14. Federal Funding Increases. The budget recognized a \$58.5 million increase in the Federal Low-Income Home Energy Assistance Program funding that was made available to the State. The budget also recognized additional Federal Title IV-B made available to the State: \$800,000 for family service programs and a new \$2.4 million grant.	Gross Federal GF/GP	61,674,000 61,674,000 0

C. PROGRAM ELIMINATIONS

1. Vulnerable Household Warmth Fund. The budget eliminated this temporary restricted fund, which was established in P.A. 275 of 2011. The fund provided temporary funding to replace the Low-Income Energy and Efficiency Fund.	Gross Restricted GF/GP	(35,000,000) (35,000,000) 0
2. Advisory Commission. The budget eliminated the Advisory Commission in the Central Support Accounts budget unit.	Gross Federal GF/GP	(17,900) (10,700) (7,200)

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

<p>3. Private Fund Sources. The budget eliminated three Private fund sources, which provided vehicles for the State to accept donations on behalf of given issues. The W.J. Maxey Fund provided donations to detained youths at the W.J. Maxey Training School. The Child Benefit Fund was established for child abuse prevention. The Wayne County Gifts and Bequests accepted donations to serve Wayne County and its residents.</p>	<p>Gross (166,000) Private (166,000) GF/GP 0</p>
<p>4. Placeholder for Urban Empowerment Zones. The budget eliminated an unused placeholder for Federal funding for Urban Empowerment Zones that was never made available.</p>	<p>Gross (100) Federal (100) GF/GP 0</p>

D. PROGRAM REDUCTIONS

<p>1. State-Operated Juvenile Justice Facilities. The budget reduced funding for each of the three State-operated juvenile justice residential facilities: Maxey Training School (\$1.0 million); Bay Pines (\$500,000); and Shawono Center (\$500,000).</p>	<p>Gross (2,000,000) Local (1,000,000) GF/GP (1,000,000)</p>
<p>2. Michigan 2-1-1. The budget reduced GF/GP funding for the Michigan 2-1-1 program.</p>	<p>Gross (150,000) GF/GP (150,000)</p>
<p>3. Supplemental Security Income (SSI) State Supplement. The budget reduced the State supplementary payments that are made to individuals and couples living in the household of another and couples living independently to the Federal minimum maintenance of effort requirement.</p>	<p>Gross (750,000) GF/GP (750,000)</p>
<p>4. Statewide Contingency Plan. The budget includes savings calculated for a statewide contingency plan. A total of 182.0 FTEs were eliminated as part of the plan.</p>	<p>FTE (182.0) Gross (34,241,100) Federal (15,470,100) GF/GP (18,771,000)</p>

E. FUNDING SHIFTS

<p>1. Change to Federal Medicaid Match Rate. The State's base Federal Medicaid Assistance Percentage (FMAP) rate will increase from 66.14% to 66.39%, and the budget reflects this change.</p>	<p>Gross (207,000) Federal 529,900 Local (103,500) GF/GP (633,400)</p>
---	--

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

<p>2. Fund Shift and Transfer to Youth Services Program. The budget replaced GF/GP funding with Temporary Assistance for Needy Families funding and then transferred the funds from Family Reunification to Youth Services Programs.</p>	<p>Gross 0 Federal 878,900 GF/GP (878,900)</p>
<p>3. Juvenile Justice School Aid Fund. The budget aligned the financing of the State-operated juvenile justice facilities to account for revenue from the School Aid Fund, which provides education services for the facilities through intermediate school districts.</p>	<p>Gross 0 Local 431,100 GF/GP (431,100)</p>
<p>4. Temporary Assistance for Needy Families (TANF) and GF/GP Swap. The budget increased the amount of Federal TANF funding in the FIP line item, which allowed for a dollar-to-dollar reduction in GF/GP spending.</p>	<p>Gross 0 Federal 10,892,800 GF/GP (10,892,800)</p>
<p>5. Financing for Youth in Transition and Foster Care Payments. The budget transferred the Federal Chafee funding from the Foster Care Payments line to the Youth in Transition line item. Due to a reduction in the availability of private funding, GF/GP and Federal funding was increased to fully fund the program.</p>	<p>Gross 0 Federal 184,000 Private (230,000) GF/GP 46,000</p>
<p>6. Medical and Psychological Evaluations Line Item. The budget created a new line item for Medical and Psychological Evaluations in the Child Welfare Services budget unit and transferred \$8.0 million from the existing line item in the Local Office Staff and Operations budget unit to the new line item.</p>	<p>Gross 0 GF/GP 0</p>
<p>7. Serious Emotional Disturbance Waiver and Non-Waiver Line Items. The budget redirected funding from the Needs Assessment and \$1.0 million for adoption medical subsidies to the Serious Emotional Disturbance line items.</p>	<p>Gross 0 GF/GP 0</p>
<p>8. Multicultural Integration. The budget reduced the amount of GF/GP funding in the Multicultural Integration line item, replacing it with Federal TANF funds.</p>	<p>Gross 0 Federal 187,400 GF/GP (187,400)</p>
<p>9. Homeless Programs. The budget shifted \$2.0 million that had been set aside in the Emergency Services Local Office Allocations line item for rent and other emergency housing solutions to the Homeless Programs line item. This shift consolidated program funding.</p>	<p>Gross 0 GF/GP 0</p>

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

10. Background Check Program. The budget removed funding for background checks and licensing for Adult Foster Care and Homes for the Aged in DHS; the Department of Licensing and Regulatory Affairs will continue to perform this function.	Gross GF/GP	(1,000,000) (1,000,000)
11. FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment. Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with Federal sources from within the Department of Human Services.	Gross IDG Federal GF/GP	0 (3,943,500) 3,943,500 0

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Reduced Authorization. The Senate, House, and Conference Committee reduced GF/GP authorization and rebased fund sourcing for multiple line items across several budget units. The reductions were, in part, based on prior-year GF/GP lapses and excess funding that was transferred to other line items.	Gross IDG Federal Private Local Restricted GF/GP	(78,813,400) (660,400) (40,584,500) (8,333,200) (754,800) (1,870,700) (26,609,800)
2. Removal of Excess Federal Authorization. As recommended by the Governor, the budget removed excess authorization for child support enforcement contracts and for the Payroll Taxes and Fringe Benefits line item due to vacant positions.	Gross Federal GF/GP	(43,000,000) (43,000,000) 0
3. Statewide Contract for Drug Testing. The budget recognized savings as a result of a new policy to use one statewide contract to administer drug tests to foster care and adoptive parents. Savings were recognized in the Medical and Psychological Evaluations line item in the Child Welfare Services budget unit.	Gross Federal GF/GP	(1,440,000) (840,000) (600,000)
4. Electronic Fund Transfer of SSI Benefits. The budget recognized savings that were the result of implementing an electronic fund transfer process in order to distribute SSI benefits.	Gross GF/GP	(300,000) (300,000)

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

<p>5. Disability Determination Operations Funding. The budget removed a placeholder for Federal funding (including 175.0 FTEs) that was never made available.</p>	<p>FTE (175.0) Gross (21,904,600) Federal (21,904,600) GF/GP 0</p>
<p>6. One-Time Federal Funding for Strong Families Safe Children. The budget removed one-time Federal Title IV-B funding that had been made available for a pilot project.</p>	<p>Gross (5,912,400) Federal (5,912,400) GF/GP 0</p>
<p>7. Federal Authorization for Child Support Automation. The budget correctly aligned Federal funding available for Child Support automation in the Information Technology budget unit.</p>	<p>Gross (4,423,900) Federal (4,423,900) GF/GP 0</p>
<p>8. FTE Adjustments. The budget was adjusted to reflect actual staffing levels and to eliminate vacancies. The budget removed 43.0 FTEs from the Child Welfare Services, Children's Services, and Juvenile Justice budget units. Additionally, 2.0 FTEs were recognized in the Nutrition Education line item. These were not new positions.</p>	<p>FTE (41.0) Gross 0 GF/GP 0</p>
<p>9. TANF Fund Source. The budget unrolled the Federal TANF funding from the Total Federal Revenue fund source by budget unit. Boilerplate language created a separate contingency fund up to \$40.0 million for any excess available TANF funding that was not budgeted in the budget units.</p>	<p>Gross 0 GF/GP 0</p>
<p>10. Caseload Adjustments. The Governor's budget recognized several initial caseload adjustments and projected average costs. The May caseload consensus further refined these adjustments both for the year-to-date total in FY 2011-12 and for the FY 2012-13 projections.</p>	<p>Gross (105,013,800) Federal (68,689,500) Private 200,000 Local 3,341,000 GF/GP (39,865,300)</p>
<p>11. Contingency Fund Transfers. The year-to-date FY 2011-12 budget included a \$70.3 million contingency fund transfer for additional Federal Low-Income Home Energy Assistance Program funding and \$7.0 million in Federal funding for competitive energy efficiency grants that were awarded to two Community Action Agencies.</p>	<p>Gross (77,307,600) Federal (77,307,600) GF/GP 0</p>

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

12. FIP Injunction and Caseload Supplemental. The year-to-date FY 2011-12 budget contained a supplemental appropriation that included caseload adjustments and \$30.0 million to cover the potential costs of a court injunction against the FIP time limits.

Gross	55,448,500
Federal	(21,237,600)
Private	106,000
Local	847,800
GF/GP	75,732,300

13. Food Assistance Program ARRA Funding. The budget decreased the food assistance funding claims that could be made in American Recovery and Reinvestment Act (ARRA) funding by \$276.5 million and refinanced the line item with \$208.1 million in regular Federal food assistance funding.

Gross	(68,408,300)
Federal	(68,408,300)
GF/GP	0

14. Elder Law of Michigan - MiCAFE. The budget shifted funding to the Elder Law of Michigan MiCAFE Contract line item, which had been previously rolled into the Food Assistance Program line item.

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

H. UNCLASSIFIED SALARIES

Pursuant to target agreements, the budget increased the Department's unclassified 6.0 FTEs so that the line item would be funded at \$700,000.

Gross	52,100
Federal	20,800
GF/GP	31,300

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$86,382,500 for OPEB.

Gross	10,929,700
IDG	(636,700)
Federal	5,373,400
Local	391,400
Private	219,400
Restricted	71,200
GF/GP	5,511,000

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

K. ONE-TIME APPROPRIATIONS

<p>1. Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.</p>	<p>Gross 10,541,900 Federal 6,605,100 GF/GP 3,936,800</p>
<p>2. Low-Income Energy Assistance. The budget includes one-time funding to replace funding that had been previously made available through both the Vulnerable Household Warmth Fund and the Low-Income Energy and Efficiency Fund. The Federal funding is 100% TANF.</p>	<p>Gross 59,900,000 Federal 32,200,000 GF/GP 27,700,000</p>
<p>3. Inspector General Information Technology Projects. The budget includes one-time funding to improve the information technology systems within the Office of Inspector General.</p>	<p>Gross 2,500,000 Federal 1,000,000 GF/GP 1,500,000</p>
<p>4. Before- and After-School Programs. The budget included one-time funding for before- and after-school programs for grades K-9 throughout the State. This funding was vetoed.</p>	<p>Gross 1,000,000 GF/GP 1,000,000</p>
<p>5. Seita Scholarship Program. The budget includes an appropriation for the Seita Scholarship, which is available to foster care children attending Western Michigan University.</p>	<p>Gross 750,000 GF/GP 750,000</p>
<p>6. Juvenile Justice Behavioral and Mental Health Study. The budget includes funding for a comprehensive behavioral and mental health study to be conducted on the juvenile justice population.</p>	<p>Gross 500,000 GF/GP 500,000</p>
<p>7. Medicaid Eligibility Review. The budget includes funding for a pilot program that will be carried out at two local department of human services offices to identify more efficient practices in determining Medicaid eligibility.</p>	<p>Gross 250,000 GF/GP 250,000</p>

L. VETOES

<p>Before- and After-School Programs. The Governor vetoed a one-time appropriation for before- and after-school programs.</p>	<p>Gross (1,000,000) GF/GP (1,000,000)</p>
--	--

JUDICIARY
P.A. 200 of 2012 - ARTICLE XI

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	491.0	472.0	472.0	472.0	472.0	(19.0)	(3.9)
GROSS	259,958,500	268,760,100	273,760,100	268,074,300	273,760,100	13,801,600	5.3
Less:							
Interdepartmental Grants Received	3,602,700	2,638,200	2,638,200	2,638,200	2,638,200	(964,500)	(26.8)
ADJUSTED GROSS	256,355,800	266,121,900	271,121,900	265,436,100	271,121,900	14,766,100	5.8
Less:							
Federal Funds.....	5,694,800	6,017,100	6,017,100	6,017,100	6,017,100	322,300	5.7
Local and Private	7,430,400	7,971,100	7,971,100	7,971,100	7,971,100	540,700	7.3
TOTAL STATE SPENDING	243,230,600	252,133,700	257,133,700	251,447,900	257,133,700	13,903,100	5.7
Less:							
Other State Restricted Funds.....	86,519,000	86,382,200	88,582,200	88,582,200	86,382,200	(136,800)	(0.2)
GENERAL FUND/GENERAL PURPOSE...	156,711,600	165,751,500	168,551,500	162,865,700	170,751,500	14,039,900	9.0
PAYMENTS TO LOCALS	119,875,600	119,811,500	127,604,200	121,977,200	127,604,200	7,728,600	6.4

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|--|--------------------------------|---|
| <p>1. Swift-and-Sure Sanctions Program. The budget includes GF/GP funds to expand and continue this program aimed at keeping high-risk probationers out of prison through intensive supervision, frequent random drug testing, and brief stints of jail time. Increased fund availability will allow the number of participating courts to increase to 20 or more, beyond the original four courts that were involved in the pilot year. Total FY 2012-13 funding is \$6,000,000.</p> | <p>Gross
GF/GP</p> | <p style="text-align: right;">5,000,000
5,000,000</p> |
| <p>2. Funding Court of Appeals Judges. Two additional judges were appointed to fill vacancies on the Court of Appeals; \$342,600 is needed to fund two judges' salaries and defined contribution retirement contributions for one full year. However, \$171,300 (half of this amount) was provided in a supplemental to pay for the two judges for six months. Therefore, the increase required over the FY 2011-12 year-to-date is only \$171,300, which brings the funding up to a full year.</p> | <p>Gross
GF/GP</p> | <p style="text-align: right;">171,300
171,300</p> |
| <p>3. Continuation and Expansion of Mental Health Courts. The budget includes \$550,000 to maintain services at eight sites previously funded by the American Recovery and Reinvestment Act (ARRA) and \$450,000 to expand operations and hire 1.0 FTE for evaluation purposes.</p> | <p>FTE
Gross
GF/GP</p> | <p style="text-align: right;">1.0
1,000,000
1,000,000</p> |
| <p>4. Staff Increase in Administrative and SADO. The budget includes \$160,000 for 2.0 FTEs to assist with court consolidation and \$225,000 for 3.0 FTEs at the State Appellate Defender Office (SADO) to assist it in meeting the statutory requirement of handling 25% of indigent appellate defense cases.</p> | <p>FTE
Gross
GF/GP</p> | <p style="text-align: right;">5.0
385,000
385,000</p> |
| <p>5. Public Safety Initiative. In association with the Governor's Public Safety address, the budget added \$1.1 million for mental health courts (in addition to the \$1.0 million described above, for a total of \$2.1 million) and \$1.25 million for drug courts.</p> | <p>Gross
GF/GP</p> | <p style="text-align: right;">2,350,000
2,350,000</p> |

C. PROGRAM ELIMINATIONS - NONE

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

D. PROGRAM REDUCTIONS

- | | | |
|--|--------------|------------------|
| <p>1. Funding Reduction for Eliminated Judgeships. Public Act 300 of 2011 eliminated by attrition nine trial court judgeships; however, the FY 2011-12 Judiciary budget had already assumed savings of \$942,100 based on eliminating six judgeships.</p> | <p>Gross</p> | <p>(199,600)</p> |
| | <p>GF/GP</p> | <p>(199,600)</p> |
| <p>2. Technical Adjustments. Restricted funds were aligned with estimated revenue and various FTE estimates were adjusted to bring the budget in line with current staffing.</p> | | |
| | <p>FTE</p> | <p>(25.0)</p> |
| | <p>Gross</p> | <p>(5,100)</p> |
| | <p>IDG</p> | <p>(5,100)</p> |
| | <p>GF/GP</p> | <p>0</p> |

E. FUNDING SHIFTS

- | | | |
|---|-------------------|--------------------|
| <p>1. Swift-and-Sure Sanctions. An interdepartmental grant from the Department of Corrections was eliminated and replaced with GF/GP funds.</p> | <p>Gross</p> | <p>0</p> |
| | <p>IDG</p> | <p>(1,000,000)</p> |
| | <p>GF/GP</p> | <p>1,000,000</p> |
| <p>2. Court Fee Fund Shortfall. The budget shifted \$2.2 million to GF/GP support to cover a shortfall in the Court Fee Fund for judicial compensation. The shortfall was the result of poor investment returns in the recent five-year rolling average combined with lower fee collections for the Court Fee Fund due to a drop in filings. However, \$1.8 million was shifted in a supplemental for the same purpose, so the increase in the fund shift relative to FY 2011-12 year-to-date is only \$400,000 instead of the full \$2.2 million.</p> | | |
| | <p>Gross</p> | <p>0</p> |
| | <p>Restricted</p> | <p>(400,000)</p> |
| | <p>GF/GP</p> | <p>400,000</p> |
| <p>3. Fund Shift for Court of Appeals. The budget moved \$1.7 million in Restricted fund revenue from the Court of Appeals to the Swift-and-Sure Sanctions program and shifted an equivalent amount of GF/GP funds from the Swift-and-Sure Sanctions program to the Court of Appeals. This Restricted revenue was being collected at a level significantly below the appropriated level; the shift ensures that any shortfall will be borne by the newer program rather than the core function of the Court of Appeals.</p> | | |
| | <p>Gross</p> | <p>0</p> |
| | <p>Restricted</p> | <p>0</p> |
| | <p>GF/GP</p> | <p>0</p> |

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$4,579,500 for OPEB.

Gross	4,272,800
IDG	31,500
Federal	271,100
Local	410,000
Private	43,900
Restricted	220,000
GF/GP	3,296,300

K. ONE-TIME APPROPRIATIONS

Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment. Judiciary employees are neither classified nor exclusively represented; however, their compensation plan typically mirrors the NEREs'. Therefore, Judiciary employees will receive a 2% lump-sum payment.

Gross	827,200
IDG	9,100
Federal	51,200
Local	78,600
Private	8,200
Restricted	43,200
GF/GP	636,900

L. VETOES - NONE

**LEGISLATIVE AUDITOR GENERAL
P.A. 200 of 2012 - ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	16,966,400	18,687,700	18,687,700	18,687,700	18,687,700	1,721,300	10.1
Less:							
Interdepartmental Grants Received	3,767,500	3,792,100	3,792,100	3,792,100	3,792,100	24,600	0.7
ADJUSTED GROSS	13,198,900	14,895,600	14,895,600	14,895,600	14,895,600	1,696,700	12.9
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	13,198,900	14,895,600	14,895,600	14,895,600	14,895,600	1,696,700	12.9
Less:							
Other State Restricted Funds.....	1,574,800	1,890,700	1,890,700	1,890,700	1,890,700	315,900	20.1
GENERAL FUND/GENERAL PURPOSE...	11,624,100	13,004,900	13,004,900	13,004,900	13,004,900	1,380,800	11.9
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Field Operations. Funding from lapsed funds fell short of projections, resulting in an increase in funding in FY 2012-13 to fully fund the economic increases budgeted in FY 2011-12.

Gross	511,000
IDG	202,400
Restricted	89,200
GF/GP	219,400

C. PROGRAM REDUCTIONS - NONE

D. FUNDING SHIFTS

1. Single Audit Act. The budget replaced \$500,000 in interdepartmental grant funding from a proposed statewide single audit fund with \$160,000 of restricted funds and \$340,000 of GF/GP funds. This fund shift was necessary in order to ensure the availability of sufficient funding to implement the changeover to a statewide single audit.

Gross	0
IDG	(500,000)
Restricted	160,000
GF/GP	340,000

2. FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment. Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with restricted sources from within the Legislative Auditor General.

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

E. PROGRAM TRANSFERS - NONE

F. OTHER ISSUES - NONE

G. UNCLASSIFIED SALARIES - NONE

H. FEE INCREASES - NONE

I. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$1.6 million for OPEB.

Gross	939,400
IDG	363,300
Restricted	(60,500)
GF/GP	636,600

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

Gross	270,900
IDG	59,000
Restricted	27,100
GF/GP	184,800

J. ONE-TIME APPROPRIATIONS

Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

K. VETOES - NONE

**LEGISLATURE
P.A. 200 of 2012 - ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	113,782,700	109,522,500	113,877,500	109,722,500	110,922,500	(2,860,200)	(2.5)
Less:							
Interdepartmental Grants Received	250,000	0	0	0	0	(250,000)	(100.0)
ADJUSTED GROSS	113,532,700	109,522,500	113,877,500	109,722,500	110,922,500	(2,610,200)	(2.3)
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	113,132,700	109,122,500	113,477,500	109,322,500	110,522,500	(2,610,200)	(2.3)
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...	112,022,900	108,012,700	112,367,700	108,212,700	109,412,700	(2,610,200)	(2.3)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. Senate Operations. Funding increases for the Senate include: \$3.0 million for Senate Operations; \$107,800 for Information Technology (IT); and \$417,400 for the Senate Fiscal Agency.</p>	<p>Gross 3,572,800 GF/GP 3,572,800</p>
<p>2. House Operations. Funding increases for the House include: \$3.8 million for House Operations; \$85,600 for IT; and \$417,400 for the House Fiscal Agency.</p>	<p>Gross 4,310,800 GF/GP 4,310,800</p>
<p>3. Legislative Council. Funding increases include \$1.1 million for Council Operations and \$58,200 for IT.</p>	<p>Gross 1,116,700 GF/GP 1,116,700</p>
<p>4. Legislative Retirement. Funding was increased by a total of \$176,700, which includes \$157,200 for nonretirement expenses and \$19,500 for other post-employment benefits (OPEB).</p>	<p>Gross 176,700 GF/GP 176,700</p>
<p>5. Building Operations. Funding increases include: \$127,600 for the Capitol building; \$415,800 for the Cora Anderson House building; and \$90,800 for the Farnum building.</p>	<p>Gross 634,200 GF/GP 634,200</p>

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS

Interdepartmental grant funding included in FY 2011-12 for the Legislative Corrections Ombudsman was replaced with General Fund dollars. The net effect is zero in gross expenditures but results in the expenditure of additional General Fund dollars.

Gross	0
IDG	(250,000)
GF/GP	250,000

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

<p>1. OPEB Adjustment for FY 2011-12. An FY 2011-12 baseline adjustment was made to include the supplemental funding added in P.A. 64 of 2012.</p>	<p>Gross (12,979,500) GF/GP (12,979,500)</p>
---	--

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

2. **Line Item Adjustments.** Various line items were adjusted based on the Governor's Recommendation for FY 2012-13. The increases include: \$6,300 for Worker's Compensation; \$283,500 for National Association Dues; and \$18,300 for the Legislative Corrections Ombudsman.

Gross	308,100
GF/GP	308,100

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

**DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
P.A. 200 of 2012 - ARTICLE XII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	4,328.8	4,362.3	4,309.3	3,580.8	4,259.8	(69.0)	(1.6)
GROSS.....	862,538,000	847,513,600	832,513,900	601,096,200	791,863,300	(70,674,700)	(8.2)
Less:							
Interdepartmental Grants Received	14,870,100	13,496,900	13,496,900	13,496,900	13,496,900	(1,373,200)	(9.2)
ADJUSTED GROSS.....	847,667,900	834,016,700	819,017,000	587,599,300	778,366,400	(69,301,500)	(8.2)
Less:							
Federal Funds.....	377,515,600	390,840,600	391,016,600	250,710,900	391,076,000	13,560,400	3.6
Local and Private	12,587,700	12,587,700	12,587,700	1,900,000	11,087,700	(1,500,000)	(11.9)
TOTAL STATE SPENDING.....	457,564,600	430,588,400	415,412,700	334,988,400	376,202,700	(81,361,900)	(17.8)
Less:							
Other State Restricted Funds.....	413,890,500	380,017,500	379,841,700	324,030,800	325,631,800	(88,258,700)	(21.3)
GENERAL FUND/GENERAL PURPOSE...	43,674,100	50,570,900	35,571,000	10,957,600	50,570,900	6,896,800	15.8
PAYMENTS TO LOCALS	22,988,700	21,625,700	21,625,700	20,400,000	21,625,700	(1,363,000)	(5.9)

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

Gross	15,000,000
GF/GP	15,000,000

Autism Coverage Reimbursement Program. The budget includes funding for this new program, which will provide reimbursement to insurance carriers for the diagnosis and treatment of autism spectrum disorder.

B. PROGRAM INCREASES

1. Bureau of Health Systems Inspections. The budget includes additional revenue for the Bureau of Health Systems to conduct inspections on regulated health care facilities.

Gross	1,580,000
Federal	740,000
Restricted	840,000
GF/GP	0

2. Fireworks Sales Regulation. The budget includes appropriations in addition to the \$470,000 and 6.0 FTEs that were added in an FY 2011-12 supplemental to support new regulations on the sales of fireworks.

Gross	130,000
Restricted	130,000
GF/GP	0

3. Freestanding Surgical Outpatient Facilities. The budget includes GF/GP funding for the Bureau of Health Systems to facilitate the inspection of freestanding surgical outpatient facilities.

FTE	3.9
Gross	530,000
GF/GP	530,000

4. Liquor Control Commission IT Upgrades. The budget includes additional Liquor Purchase Revolving Fund appropriations for upgrades to the Liquor Control Commission's COBOL-based information technology (IT) systems.

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

5. Bureau of Fire Services. The budget increased appropriations to the Bureau of Fire Services to \$7.6 million. The Governor had proposed to provide this additional funding with an increase in fees paid to the Bureau, but the budget ultimately included GF/GP revenue in lieu of a fee increase.

Gross	585,000
GF/GP	585,000

C. PROGRAM ELIMINATIONS

Home-Heating Assistance Programs. The budget does not include funding for the Low-Income Energy Efficiency Fund or the Vulnerable Household Warmth Assistance program as neither of the programs has statutory authority to operate in FY 2012-13.

Gross	(118,000,000)
Restricted	(108,000,000)
GF/GP	(10,000,000)

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

D. PROGRAM REDUCTIONS

- | | | |
|---|------------------------------------|--|
| <p>1. Private Grant Programs. The budget reduced appropriations to the Private Grant Programs line from \$3.0 million to \$1.5 million.</p> | <p>Gross
Private
GF/GP</p> | <p>(1,500,000)
(1,500,000)
0</p> |
| <p>2. FY 2011-12 Contingency Plan. The budget includes an adjustment for a contingency plan that reduces GF/GP funding for the Department because employee concessions could not be reached.</p> | <p>FTE
Gross
GF/GP</p> | <p>(1.0)
(71,100)
(71,100)</p> |

E. FUNDING SHIFTS

- | | | |
|---|---|---|
| <p>1. Adult Foster Care Home Background Check Program. The budget removed an interdepartmental grant (IDG) and Liquor Purchase Revolving Fund revenue that was used to fund \$2.6 million program in FY 2011-12. The budget includes GF/GP revenue instead.</p> | <p>Gross
IDG
Restricted
GF/GP</p> | <p>0
(1,000,000)
(28,100)
1,028,100</p> |
| <p>2. Replacement of GF/GP with Restricted Funds. The budget reduced GF/GP appropriations in Workers' Compensation Administration and the Wage and Hour Division and replaced that funding with Corporation Fees.</p> | <p>Gross
Restricted
GF/GP</p> | <p>0
1,115,000
(1,115,000)</p> |
| <p>3. Bureau of Health Professions. The budget removed \$3.1 million in Federal money that is no longer available and replaced it with revenue from the Health Professions Regulatory Fund.</p> | <p>Gross
Federal
Restricted
GF/GP</p> | <p>0
(3,100,000)
3,100,000
0</p> |
| <p>4. Michigan Administrative Hearing System. The budget reduced an IDG from the Department of Community Health (DCH) and replaced it with various restricted funds to reflect the 2011 transfer of the Bureau of Health Professions and Bureau of Health Systems to the Department of Licensing and Regulatory Affairs (LARA) from the DCH.</p> | <p>Gross
IDG
Restricted
GF/GP</p> | <p>0
(435,000)
435,000
0</p> |
| <p>5. Vocational Rehabilitation Customer Support. The budget reduced appropriations for local fund sources and increased those for private fund sources to reflect the actual patterns of revenue receipt.</p> | <p>Gross
Local
Private
GF/GP</p> | <p>0
(700,000)
700,000
0</p> |

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

6. FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment. Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with Federal and restricted sources from within LARA.

Gross	(36,000)
IDG	(884,000)
Federal	581,400
Restricted	106,600
GF/GP	0

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Restricted Fund Adjustment. The budget increased restricted funds by \$2,814,700 as a technical change related to implementation of Executive Order 2011-4, which transferred the Workforce Development Agency to the Michigan Strategic Fund.

Gross	2,814,700
Restricted	2,814,700
GF/GP	0

2. Excess FTE Reduction. The budget eliminated 108.4 FTE positions that are no longer being used in the Department. Funding and employment levels in the Department will not be changed with this elimination.

FTE	(108.4)
Gross	0
GF/GP	0

3. Removal of Excess Federal Authority for Centers for Independent Living. The budget reduced excess Federal authority in the appropriations for grants to Centers for Independent Living.

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

4. Technical Adjustments. The budget made three technical adjustments: reduced the IDG from the Department of Environmental Quality in Michigan Administrative Hearings by \$80,200 to reflect actual costs; increased appropriations from the Real Estate Enforcement Fund by \$300,000 to properly reflect charges from the Attorney General; and eliminated the \$100 placeholder for the Michigan Liquor Control Commission IT upgrade.

Gross	219,700
IDG	(80,200)
Restricted	299,900
GF/GP	0

5. Michigan Rehabilitation Services (MRS) FTE Positions. The budget includes additional FTEs for MRS to allow MRS to properly account for all full- and part-time staff.

FTE	36.5
Gross	0
GF/GP	0

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

6. Adjustment for One-Time FY 2011-12 Supplemental Appropriations. The budget does not include funding for several items included in FY 2011-12 supplemental appropriations. These items are: \$100,000 for the implementation of P.A. 53 of 2012; \$1.5 million for operations of the Tax Tribunal; and \$150,000 for the setup of a payment system for the Autism Coverage Reimbursement Program.

Gross	(1,750,000)
Restricted	(1,600,000)
GF/GP	(150,000)

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, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$61,178,800 for OPEB.

Gross	24,366,200
IDG	862,500
Federal	14,023,600
Restricted	8,567,800
GF/GP	912,300

K. ONE-TIME APPROPRIATIONS

Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

Gross	5,036,800
IDG	163,500
Federal	2,815,400
Restricted	1,880,400
GF/GP	177,500

L. VETOES

Consultation, Education and Training (CET) Grants. The Governor vetoed an \$80,000 CET grant earmark for the aggregate industry. This item also was vetoed in the FY 2011-12 budget.

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

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
P.A. 200 of 2012 - ARTICLE XIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	989.0	819.0	834.0	819.0	834.0	(155.0)	(15.7)
GROSS.....	161,044,900	167,839,200	168,573,600	177,517,400	172,073,600	11,028,700	6.8
Less:							
Interdepartmental Grants Received	3,963,300	1,166,500	1,166,500	11,166,500	1,166,500	(2,796,800)	(70.6)
ADJUSTED GROSS.....	157,081,600	166,672,700	167,407,100	166,350,900	170,907,100	13,825,500	8.8
Less:							
Federal Funds.....	87,877,900	99,239,400	99,239,400	99,239,400	99,239,400	11,361,500	12.9
Local and Private	2,213,600	2,272,900	3,007,300	2,272,900	3,007,300	793,700	35.9
TOTAL STATE SPENDING.....	66,990,100	65,160,400	65,160,400	64,838,600	68,660,400	1,670,300	2.5
Less:							
Other State Restricted Funds.....	28,506,400	30,427,000	30,427,000	30,427,000	30,427,000	1,920,600	6.7
GENERAL FUND/GENERAL PURPOSE...	38,483,700	34,733,400	34,733,400	34,411,600	38,233,400	(250,300)	(0.7)
PAYMENTS TO LOCALS	120,000	120,000	120,000	120,000	120,000	0	0.0

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|--|--|---|
| <p>1. Armory Maintenance. The budget includes an additional \$2.4 million GF/GP in ongoing appropriations to address a backlog of special maintenance projects at State armories. Included within the budget is another \$2.4 million GF/GP in one-time appropriations for maintenance (Item K.2.).</p> | <p>Gross
GF/GP</p> | <p>2,400,000
2,400,000</p> |
| <p>2. Veterans Affairs Directorate Administration. The budget includes an additional \$125,000 GF/GP for a new veterans affairs certification officer to assist with the accreditation of the Department with the Federal Veterans Administration and another \$125,000 to cover a funding shortfall.</p> | <p>FTE
Gross
GF/GP</p> | <p>1.0
250,000
250,000</p> |
| <p>3. Michigan Youth Challenge Program. The budget added 15.0 FTEs and \$734,400 in Local School Aid Fund revenue to increase the size of classes offered for the program to that which was offered three years ago, before budgetary reductions, bringing the FY 2012-13 total to \$5,276,700.</p> | <p>FTE
Gross
Local
GF/GP</p> | <p>15.0
734,400
734,400
0</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

- | | | |
|---|------------------------|------------------------------------|
| <p>1. Reductions to Fund Department Increases. The budget reduced GF/GP appropriations to Veterans Service Organization Grants (\$125,000), the Grand Rapids Veterans Home (\$225,000), the D.J. Jacobetti Veterans Home (\$200,000), and headquarters and armories (\$200,000), as well as FY 2011-12 funding for water repairs at the Grand Rapids home (\$300,000).</p> | <p>Gross
GF/GP</p> | <p>(1,050,000)
(1,050,000)</p> |
| <p>2. Full-Year Savings from Contingency Plan. The budget reflects reductions associated with the employee concessions contingency reduction plan issued in 2011.</p> | <p>Gross
GF/GP</p> | <p>(921,300)
(921,300)</p> |

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

E. FUNDING SHIFTS

- 1. **D.J. Jacobetti Veterans Home.** The budget reflects an increase in the amount of Veterans Health Administration funding to support a reduction in funding from income and assessments.

- 2. **FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment.** Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with Federal sources from within the Department of Military and Veterans Affairs.

Gross	0
Federal	250,000
Restricted	(250,000)
GF/GP	0
Gross	0
IDG	(2,806,200)
Federal	2,806,200
GF/GP	0

F. PROGRAM TRANSFERS

Military Retirement Program. The budget reflects an appropriations reduction due to the transfer of the responsibilities of the State military retirement program, as authorized by the Michigan Military Act, from the Department to the Office of Retirement Services within the Department of Technology, Management, and Budget.

FTE	(1.0)
Gross	(3,831,700)
GF/GP	(3,831,700)

G. OTHER ISSUES

- 1. **Veterans Homes Revenue Adjustments.** The budget includes adjustments to reflect actual funds to be received, including a reduction in income and assessment funding for the Grand Rapids Veterans Home of \$2.0 million and gains in Federal funding for the Grand Rapids Veterans Home of \$225,000 and for the D.J. Jacobetti Home of \$200,000.

- 2. **Grand Rapids Veterans Home Privatization Savings.** The budget includes savings based upon the anticipated privatization of approximately 170 resident care aide positions at the home. This plan was originally proposed to become effective in FY 2011-12, but a court injunction preventing its implementation began in the fall of 2011 was still in effect as of July 2012.

Gross	(1,575,000)
Federal	425,000
Restricted	(2,000,000)
GF/GP	0
FTE	(170.0)
Gross	(5,121,300)
GF/GP	(5,121,300)

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

<p>3. Capital Outlay - Flint Armory. The budget includes funding for a new armory to replace the current 87-year-old structure. The construction is to be funded with Federal funds and State Restricted funds from the guard construction fund.</p>	<p>Gross 12,000,000 Federal 9,000,000 Restricted 3,000,000 GF/GP 0</p>
<p>4. Capital Outlay - Land Acquisitions and Appraisals. The budget reflects authorization for the Department to spend up to \$250,000 for land acquisition and appraisals.</p>	<p>Gross 250,000 Restricted 250,000 GF/GP 0</p>
<p>5. Capital Outlay - Completion of a One-time Project. The budget includes a reduction of \$1.7 million Federal to reflect the completion of a one-time project to construct a light demolition range at Camp Grayling.</p>	<p>Gross (1,700,000) Federal (1,700,000) GF/GP 0</p>
<p>H. UNCLASSIFIED SALARIES</p> <p>Payroll Costs to Reflect Actual Unclassified Positions. The budget includes additional funding to reflect actual costs associated with filling each available unclassified position.</p>	<p>FTE 1.0 Gross 500,000 GF/GP 500,000</p>
<p>I. FEE INCREASES - NONE</p>	
<p>J. ECONOMIC ADJUSTMENTS</p> <p>The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget included \$6,460,400 for OPEB.</p>	<p>Gross 1,564,400 IDG 8,700 Federal 172,800 Private 51,500 Restricted 784,600 GF/GP 546,800</p>
<p>K. ONE-TIME APPROPRIATIONS</p> <p>1. Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.</p>	<p>Gross 707,900 IDG 700 Federal 407,500 Local 3,600 Private 4,200 Restricted 136,000 GF/GP 155,900</p>

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

<p>2. Armory Maintenance. The budget includes additional one-time funds of \$2.4 million GF/GP for the purpose of addressing the backlog of maintenance needs at several of the 43 State-owned armories. Combined with appropriations for armory maintenance and the ongoing appropriations increase (Item B.1.), this will provide a total of \$5,451,200 GF/GP for the program for FY 2012-13.</p>	<p>Gross GF/GP</p>	<p>2,400,000 2,400,000</p>
<p>3. Grand Rapids Veterans Home Special Maintenance. The budget includes a one-time appropriation of \$1.6 million GF/GP for maintenance projects at the home, primarily for the purpose of renovating member rooms from four-occupancy units to two-per-room occupancy.</p>	<p>Gross GF/GP</p>	<p>1,600,000 1,600,000</p>
<p>4. D.J. Jacobetti Veterans Home Special Maintenance. The budget includes a one-time appropriation of \$516,000 for various maintenance projects at the home.</p>	<p>Gross GF/GP</p>	<p>516,000 516,000</p>
<p>5. Veterans Service Enhancements. The budget includes a one-time appropriation of \$434,000 GF/GP to assist in the development of a college presence of veterans' counselors to assist student veterans and to help create an internet-based data system for counseling communications.</p>	<p>Gross GF/GP</p>	<p>434,000 434,000</p>
<p>6. County Counselor Accreditation. The budget includes a one-time appropriation of \$200,000 GF/GP to assist county counselors achieve Federal Veterans Administration accreditation and to increase the number of counselors in underserved communities.</p>	<p>Gross GF/GP</p>	<p>200,000 200,000</p>
<p>7. Department Data Upgrades and Record Digitization. The budget added \$750,000 GF/GP to digitize all medical records and military discharge documents of Michigan veterans that are currently on paper and microfilm.</p>	<p>Gross GF/GP</p>	<p>750,000 750,000</p>

L. VETOES - NONE

**DEPARTMENT OF NATURAL RESOURCES
P.A. 200 of 2012 - ARTICLE XIV**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	2,173.4	2,146.5	2,146.5	2,093.8	2,093.8	(79.6)	(3.7)
GROSS	349,641,100	340,562,100	334,331,400	334,140,700	337,882,800	(11,758,300)	(3.4)
Less:							
Interdepartmental Grants Received	6,587,500	2,027,200	2,027,200	2,027,200	2,027,200	(4,560,300)	(69.2)
ADJUSTED GROSS	343,053,600	338,534,900	332,304,200	332,113,500	335,855,600	(7,198,000)	(2.1)
Less:							
Federal Funds.....	69,356,200	66,603,000	66,603,000	66,524,800	66,524,800	(2,831,400)	(4.1)
Local and Private	2,931,600	7,239,200	7,239,200	7,239,200	7,239,200	4,307,600	146.9
TOTAL STATE SPENDING	270,765,800	264,692,700	258,462,000	258,349,500	262,091,600	(8,674,200)	(3.2)
Less:							
Other State Restricted Funds.....	246,939,100	245,054,800	241,724,100	241,907,000	242,353,700	(4,585,400)	(1.9)
GENERAL FUND/GENERAL PURPOSE...	23,826,700	19,637,900	16,737,900	16,442,500	19,737,900	(4,088,800)	(17.2)
PAYMENTS TO LOCALS	10,550,000	6,152,600	6,116,700	6,152,600	5,921,100	(4,628,900)	(43.9)

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

Dam Management Grant Program. The budget includes funding for a grant program for dams in need of demolition or repair that are owned by the State, local governments, and private entities. Funding of \$500,000 is projected to be ongoing in nature, while an additional \$2.0 million, as shown in the "One-Time Appropriations" section, is available for FY 2012-13.

FTE	1.0
Gross	500,000
GF/GP	500,000

B. PROGRAM INCREASES

1. Summer Youth Initiative. The budget includes funding for a program to provide forestry- and recreation-related employment opportunities for high-risk youths in Saginaw, Flint, Pontiac, and Detroit. The total for this item is \$3.0 million, which reflects a \$1.0 million increase from the FY 2011-12 funding level.

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

2. State Park Funding. The budget includes an additional \$275,000 from the State Park Endowment fund to support the operation of State parks.

Gross	275,000
Restricted	275,000
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

FY 2011-12 Contingency Plan. The budget includes an adjustment for a contingency plan that reduces GF/GP funding for the Department because employee concessions could not be reached. The reduction will eliminate 3.9 currently unfilled FTE positions.

FTE	(3.9)
Gross	(364,200)
GF/GP	(364,200)

E. FUNDING SHIFTS

1. FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment. Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with Federal and restricted sources from within the Department of Natural Resources.

Gross	0
IDG	(4,590,100)
Federal	1,300,800
Restricted	3,289,300
GF/GP	0

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

2. Cormorant Population Mitigation Program. The budget includes GF/GP funding to replace Game and Fish Protection Fund money that was used in FY 2011-12 for this program. The Governor had proposed to move all of this funding back to the Fisheries Resource Management line item, but the budget ultimately retained the Cormorant program and restored funding to the Fisheries line item.

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

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Technical Appropriation and Fund Source Adjustments. The budget includes technical adjustments to a number of line items. These adjustments are primarily due to restricted revenue being insufficient to support appropriation levels in prior years. The item also includes an increase of \$3,300 for State park bond servicing, and a \$4.5 million increase for private grant programs.

Gross	(8,725,600)
Federal	(2,851,200)
Private	4,239,900
Restricted	(10,114,300)
GF/GP	0

2. Capital Outlay Adjustment. The budget includes an adjustment for State park and Michigan State Waterways Fund capital outlay projects.

Gross	(6,703,500)
Federal	(2,450,000)
Restricted	(4,253,500)
GF/GP	0

3. Excess FTE Reduction. The budget eliminated 76.7 FTE positions that are no longer being used in the Department. Funding and employment levels in the Department will not be changed with this elimination.

FTE	(76.7)
Gross	0
GF/GP	0

4. Adjustment for One-Time Appropriations from FY 2011-12. The budget does not include a \$4.0 million one-time appropriation for the Grand Marais breakwall that was included in FY 2011-12.

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

5. Adjustment for One-Time Supplemental Appropriation. The budget does not include a supplemental appropriation that was made for the Duck Lake wildfire in FY 2011-12.

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

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

H. UNCLASSIFIED SALARIES

Unclassified Salaries Appropriation Increase. The budget includes additional funds to bring the total appropriated for unclassified salaries to \$700,000. This does not necessarily reflect an increase in the salaries paid to unclassified employees.

Gross	396,800
Restricted	396,800
GF/GP	0

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$25,778,200 for OPEB.

Gross	5,370,600
IDG	18,500
Federal	908,500
Private	52,200
Restricted	4,312,200
GF/GP	79,200

K. ONE-TIME APPROPRIATIONS

1. Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

Gross	1,892,600
IDG	11,300
Federal	260,500
Private	15,500
Restricted	1,509,100
GF/GP	96,200

2. Dam Management Grant Program. The budget includes \$2.0 million in one-time appropriations for this program. A description of the program can be found in the "New Programs" section.

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

L. VETOES - NONE

**SCHOOL AID
P.A. 201 of 2012 - ARTICLE I**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	12,746,884,600	12,687,014,800	12,712,649,200	12,816,749,200	12,944,528,500	197,643,900	1.6
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	12,746,884,600	12,687,014,800	12,712,649,200	12,816,749,200	12,944,528,500	197,643,900	1.6
Less:							
Federal Funds.....	1,658,031,800	1,701,041,400	1,701,041,400	1,701,041,400	1,701,041,400	43,009,600	2.6
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	11,088,852,800	10,985,973,400	11,011,607,800	11,115,707,800	11,243,487,100	154,634,300	1.4
Less:							
Other State Restricted Funds.....	11,010,210,400	10,785,973,400	10,715,091,400	10,782,707,800	10,961,087,100	(49,123,300)	(0.4)
GENERAL FUND/GENERAL PURPOSE...	78,642,400	200,000,000	296,516,400	333,000,000	282,400,000	203,757,600	259.1
PAYMENTS TO LOCALS	10,839,921,300	10,841,677,500	10,855,311,900	10,971,411,900	10,934,991,200	95,069,900	0.9

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

1. MPSERS Employer Contribution Cap

The budget includes a new appropriation of \$130.0 million to pay for the cost of capping the employer contributions into the Michigan Public School Employees' Retirement System (MPSERS) at the equivalent of 24.46% applied to MPSERS payroll (the FY 2011-12 amounts).

Gross	130,000,000
Restricted	130,000,000
GF/GP	0

2. District Performance Grants

The budget includes a new program of \$30.0 million for grants to districts that demonstrate achievement on standardized tests.

Gross	30,000,000
Restricted	30,000,000
GF/GP	0

3. Technology Infrastructure Grants

The budget includes a new program of \$50.0 million for grants to districts seeking to improve existing technology or install new technology, in part for preparation of a new internet-based exam to replace the standard MEAP test, expected in 2014-2015.

Gross	50,000,000
Restricted	50,000,000
GF/GP	0

4. Consolidation Innovation Grants

The budget includes a new grant program of \$10.0 million for grants to districts that use innovative methods to consolidate services.

Gross	10,000,000
Restricted	10,000,000
GF/GP	0

5. ISD Best Practices

The budget includes a new appropriation of \$2.0 million for grants to intermediate school districts (ISDs) that meet four out of five best practices.

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

6. Principal Evaluator Training

The budget includes new funding of \$1.75 million to provide grants for principals to be trained in the methods of evaluating teachers.

Gross	1,750,000
Restricted	1,750,000
GF/GP	0

B. PROGRAM INCREASES

1. Cost Adjustments

Cost adjustments throughout the budget were made, as listed below. The basic foundation allowance remains at the same level in FY 2012-13 as in FY 2011-12 (at \$8,019 per pupil), with the minimum funding increasing as described under "Foundation Allowance and Equity Payment" below.

a. Foundation Allowance and Equity Payment

While the basic foundation allowance remains the same in FY 2012-13 as in FY 2011-12, there is an equity payment in FY 2012-13 that will provide an increase in the minimum level of funding from \$6,846 per pupil to \$6,966 per pupil, costing \$80.0 million to bring all districts below \$6,966 to that level.

Gross	80,000,000
Restricted	80,000,000
GF/GP	0

b. Special Education

The budget increased the appropriation for Special Education to reflect an anticipated increase in costs, triggering an increase in reimbursement for those costs.

Gross	39,500,000
Restricted	39,500,000
GF/GP	0

c. Federal Grants

The budget increased Federal grants by \$53.1 million to reflect anticipated levels of Federal funding in FY 2012-13.

Gross	53,109,300
Federal	53,109,300
GF/GP	0

d. School Bond Loan Fund Debt Service

The budget increased the appropriation for School Bond Loan Fund (SBLF) debt service to accommodate the required debt service repayment anticipated for FY 2012-13, reflecting an increase in the loans made to school districts under the SBLF program.

Gross	26,814,700
Restricted	26,814,700
GF/GP	0

e. Data Reporting Costs

The budget includes a \$3.9 million increase in spending for data reporting costs, to reimburse districts for the estimated costs of reporting data to the Center for Educational Performance and Information.

Gross	3,936,000
Restricted	3,936,000
GF/GP	0

		FY 2012-13 Change From FY 2011-12 Year-to-Date	
2. School Readiness Grants		Gross	5,000,000
		Restricted	5,000,000
		GF/GP	0
<p>The budget increased funding for the Great Start Readiness Program, a program providing education for at-risk four-year-olds, from \$95.4 million to \$100.4 million, a \$5.0 million increase.</p>			
3. Renaissance Zone Reimbursement		Gross	2,662,500
		Restricted	1,162,500
		GF/GP	1,500,000
<p>The budget increased funding for Renaissance Zone reimbursement to include \$1.5 million for reimbursement to libraries, which had been eliminated in FY 2011-12. The remaining \$1.2 million increase represents the estimated increase in costs of reimbursement to districts and intermediate districts for revenue lost in Renaissance Zones.</p>			
4. Cash-Flow Borrowing Costs		Gross	1,100,000
		Restricted	1,100,000
		GF/GP	0
<p>The budget increased the appropriation for cash-flow borrowing costs, from \$2.1 million to \$3.2 million, to reflect an increased cost of borrowing to have cash on hand for monthly State Aid payments.</p>			
5. Youth Challenge Academy		Gross	734,400
		Restricted	734,400
		GF/GP	0
<p>The budget includes a nearly 100% increase in funding for the Youth Challenge Academy operated jointly by the Battle Creek Schools and the National Guard.</p>			
6. Math and Science Centers		Gross	100,000
		Restricted	100,000
		GF/GP	0
<p>The budget increased funding for Math and Science Centers by \$100,000 with the additional funding dedicated to linking the statewide centers together.</p>			
7. Other Cost Adjustments - PILT, Promise Zone		Gross	240,000
		Restricted	240,000
		GF/GP	0
<p>The budget includes an increase of \$169,000 for payments in lieu of taxes (PILT) reimbursement, and a \$71,000 increase for Promise Zone reimbursements, to reflect the estimated costs of those programs.</p>			

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

C. PROGRAM ELIMINATIONS

1. Specific District Foundation Allowance Adjustments

The budget eliminated adjustments to foundation allowances made in previous years for Wayne-Westland, Gibraltar, Huron, and Garden City.

Gross	(4,000,000)
Restricted	(4,000,000)
GF/GP	0

2. Hold-Harmless from Michigan Business Tax

The budget eliminated this funding source, which reimbursed out-of-formula districts for lost property tax revenue associated with the reduction in mills assessed on personal property under the Michigan Business Tax.

Gross	(700,000)
Restricted	(700,000)
GF/GP	0

3. Elimination of One-Time FY 2011-12 Items

The FY 2012-13 budget did not continue the funding of the following items, which were funded in FY 2011-12 as one-time appropriations, totaling \$21.2 million Gross.

a. Early Learning Assessment and Quality Rating System

The FY 2011-12 budget included \$3.25 million for kindergarten assessments, and \$9.25 million for a rating system of early childhood providers. The funding was not continued in FY 2012-13.

Gross	(12,500,000)
Restricted	(12,500,000)
GF/GP	0

b. Education Jobs Fund (Federal)

Education Jobs Fund dollars were only appropriated in FY 2011-12 as carry-over from previous years; therefore, the FY 2012-13 budget removed the appropriation.

Gross	(4,700,000)
Federal	(4,700,000)
GF/GP	0

c. Highland Park Emergency Transition Grants

The FY 2011-12 budget included one-time funding for transition grants associated with the Highland Park school system; these grants were not continued in FY 2012-13.

Gross	(4,000,000)
Restricted	(4,000,000)
GF/GP	0

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

D. PROGRAM REDUCTIONS

1. MEAP Testing

Costs for standardized testing (the Michigan Educational Assessment Program, or MEAP) are expected to decline by \$8.5 million for FY 2012-13.

Gross	(8,500,000)
Restricted	(8,500,000)
GF/GP	0

2. Best Practices

The FY 2011-12 budget included \$154.0 million for grants to districts meeting certain Best Practices, and originally intended this program as one-time funding. The FY 2012-13 budget continued the program, but reduced the appropriation to \$80.0 million, which would provide grants of \$52 per pupil to districts meeting six out of eight criteria.

Gross	(74,000,000)
Restricted	(74,000,000)
GF/GP	0

3. MPSERS Reserve for Retirement Obligation Reform

The FY 2011-12 budget included \$133.0 million for retirement reform, originally designated as a one-time appropriation. The FY 2012-13 budget continued the funding, but reduced the FY 2012-13 appropriation to \$41.0 million to be deposited into this reserve for retirement reform.

Gross	(92,000,000)
Restricted	(92,000,000)
GF/GP	0

4. Half-Day Kindergarten

The budget recognized \$20.0 million in estimated savings from the change in funding for half-day kindergarten programs to be one-half of a foundation allowance, rather than a full foundation allowance.

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

5. Technical Adjustments in Foundation Allowance Costs

The budget includes a negative adjustment of \$19.7 million for technical cost factors associated with funding the foundation allowance, primarily due to a decline in estimated pupils.

Gross	(19,700,000)
Restricted	(19,700,000)
GF/GP	0

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

E. FUNDING SHIFTS

1. Center for Educational Performance and Information

The budget includes a fund shift of \$2.7 million Federal to General Fund. The Federal dollars were transferred to the Department of Education budget.

Gross	0
Federal	(2,699,700)
GF/GP	2,699,700

2. Michigan Virtual High School (MVHS)

The budget includes a fund shift of \$2.7 million Federal to School Aid Fund, due to an anticipated loss of Federal funds that could be used in support of the MVHS.

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

3. Additional GF/GP to Support Budget

The budget increased GF/GP support of the K-12 budget by \$203.8 million, of which \$198.8 million is allocated to the foundation allowance and the remaining \$4.9 million is allocated to program increases or fund shifts as described in earlier sections.

Gross	0
Restricted	(198,807,900)
GF/GP	198,807,900

F. PROGRAM TRANSFERS - NONE

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, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	797,000
Restricted	47,000
GF/GP	750,000

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

**DEPARTMENT OF STATE
P.A. 200 of 2012 - ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,809.0	1,692.0	1,692.0	1,689.0	1,689.0	(120.0)	(6.6)
GROSS	221,689,700	220,822,500	220,822,500	220,286,400	220,669,300	(1,020,400)	(0.5)
Less:							
Interdepartmental Grants Received	26,312,700	20,000,000	20,000,000	20,000,000	20,000,000	(6,312,700)	(24.0)
ADJUSTED GROSS	195,377,000	200,822,500	200,822,500	200,286,400	200,669,300	5,292,300	2.7
Less:							
Federal Funds.....	2,741,600	1,810,000	1,810,000	1,810,000	1,810,000	(931,600)	(34.0)
Local and Private	100	100	100	100	100	0	0.0
TOTAL STATE SPENDING	192,635,300	199,012,400	199,012,400	198,476,300	198,859,200	6,223,900	3.2
Less:							
Other State Restricted Funds.....	179,884,700	184,971,100	184,971,100	183,971,100	183,971,100	4,086,400	2.3
GENERAL FUND/GENERAL PURPOSE...	12,750,600	14,041,300	14,041,300	14,505,200	14,888,100	2,137,500	16.8
PAYMENTS TO LOCALS	1,360,800	1,360,800	1,360,800	1,360,800	1,360,800	0	0.0

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Credit and Debit Card Assessment Fees. Due to the number of increased transactions via credit and debit cards, the funding from this source was increased in order to realize the increased revenue. The revenue is used to pay for the service fees charged by the credit and debit card companies.

Gross	4,000,000
Restricted	4,000,000
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Transportation Administration Collection Fund (TACF). The budget was adjusted to reflect the lower-than-anticipated collections into the TACF. Fees that are deposited into this Fund fell by \$8.0 million due to the collection of lower-than-anticipated fees, such as driver license and vehicle registration fees. Additionally, FTE positions were reduced by 114.0 due to the lower collection of fees.

FTE	(114.0)
Gross	(8,000,000)
Restricted	(8,000,000)
GF/GP	0

2. Contingency Plan Adjustment. The budget included a reduction of \$965,800 and 4.0 FTE positions in order to achieve savings in the Department for employee-related costs. This adjustment was part of the cost-savings measures taken by the Department in order to balance its budget.

FTE	(4.0)
Gross	(965,800)
Restricted	(861,900)
GF/GP	(103,900)

E. FUNDING SHIFTS

1. Michigan Transportation Fund (MTF). The budget replaced MTF funding with GF/GP funding to pay for economic increases for employees funded by the MTF; MTF funding is capped at \$20.0 million and the economic increases would have caused the funding to exceed the capped amount.

Gross	0
Restricted	(1,668,500)
GF/GP	1,668,500

2. FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment. Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with restricted sources from within the Department of State.

Gross	0
IDG	(6,312,700)
Restricted	6,312,700
GF/GP	0

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

- | | | |
|---|----------------|--------------------|
| <p>1. Commercial Driver License Medical Certificate Program. An FY 2011-12 baseline adjustment was made to reflect the supplemental funding in P.A. 89 of 2012. This supplemental funding covers the costs associated with the new Federal mandate requiring all commercial drivers to provide medical proof that they are healthy enough to operate a commercial vehicle. The final budget includes a reduction of 2.0 FTE positions due to the \$400,000 decrease in funding for FY 2012-13 (Item K.3. below).</p> | <p>FTE</p> | <p>(2.0)</p> |
| | <p>Gross</p> | <p>(1,000,000)</p> |
| | <p>GF/GP</p> | <p>(1,000,000)</p> |
| | | |
| <p>2. Transfer Adjustment for Letter Dated 3-16-12. An FY 2011-12 baseline adjustment was made to reflect a Federal contingency fund transfer to allow the Department to spend additional funds totaling \$500,000 in the Motorcycle Safety Grants program to provide advanced rider courses and to purchase additional training motorcycles.</p> | <p>Gross</p> | <p>(500,000)</p> |
| | <p>Federal</p> | <p>(500,000)</p> |
| | <p>GF/GP</p> | <p>0</p> |
| | | |
| <p>3. Transfer Adjustment for Letter Dated 5-4-12. An FY 2011-12 baseline adjustment was made to reflect a Federal contingency fund transfer to allow the Department to spend additional funds totaling \$431,600 in the election administration and services line item to help streamline the absentee voting process by enhancing delivery and tracking of absentee ballots for military and overseas voters in FY 2011-12.</p> | <p>Gross</p> | <p>(431,600)</p> |
| | <p>Federal</p> | <p>(431,600)</p> |
| | <p>GF/GP</p> | <p>0</p> |

H. UNCLASSIFIED SALARIES

	Gross	246,800
	GF/GP	246,800

The budget increased this line item pursuant to the target agreement to fully fund it at a total of \$700,000.

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

	Gross	3,335,800
	Restricted	3,044,600
	GF/GP	291,200

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$11.3 million for OPEB.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

K. ONE-TIME APPROPRIATIONS

- | | | |
|---|---|--|
| <p>1. Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>1,544,400</p> <p>1,259,500</p> <p>284,900</p> |
| <p>2. Express Services. The budget includes one-time GF/GP funding for marketing costs associated with the Department's newly implemented express services now offered at Secretary of State branch offices across the State.</p> | <p>Gross</p> <p>GF/GP</p> | <p>150,000</p> <p>150,000</p> |
| <p>3. Commercial Driver License Medical Certificate Program. The budget includes one-time GF/GP funding to cover the costs associated with the new Federal mandate requiring all commercial drivers to provide medical proof that they are healthy enough to operate a commercial vehicle.</p> | <p>Gross</p> <p>GF/GP</p> | <p>600,000</p> <p>600,000</p> |

L. VETOES - NONE

**DEPARTMENT OF STATE POLICE
P.A. 200 of 2012 - ARTICLE XVI**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	2,861.0	2,672.0	2,881.0	2,672.0	2,881.0	20.0	0.7
GROSS.....	544,774,300	573,143,800	572,943,800	570,019,500	577,982,700	33,208,400	6.1
Less:							
Interdepartmental Grants Received	26,111,100	25,235,000	25,235,000	25,235,000	25,238,500	(872,600)	(3.3)
ADJUSTED GROSS.....	518,663,200	547,908,800	547,708,800	544,784,500	552,744,200	34,081,000	6.6
Less:							
Federal Funds.....	106,167,200	104,911,000	104,911,000	104,911,000	104,911,000	(1,256,200)	(1.2)
Local and Private	6,920,700	7,100,700	7,100,700	7,100,700	7,100,700	180,000	2.6
TOTAL STATE SPENDING.....	405,575,300	435,897,100	435,697,100	432,772,800	440,732,500	35,157,200	8.7
Less:							
Other State Restricted Funds.....	124,470,300	119,005,700	123,005,700	119,005,700	123,218,700	(1,251,600)	(1.0)
GENERAL FUND/GENERAL PURPOSE...	281,105,000	316,891,400	312,691,400	313,767,100	317,513,800	36,408,800	13.0
PAYMENTS TO LOCALS	19,056,000	18,728,700	18,728,700	18,728,700	18,728,700	(327,300)	(1.7)

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. Public Safety Initiative - Cities in Distress. The budget includes additional GF/GP funding to provide more investigative and patrol assistance to high crime areas in the State, including Flint, Detroit, Pontiac, and Saginaw. Funding will be used to cover costs of overtime, training, aviation, and fleet expenses.</p>	<p>Gross GF/GP</p>	<p>1,269,900 1,269,900</p>
<p>2. Law Enforcement Enhancement. The budget includes additional GF/GP funding to support an increase in the number of State Police troopers. The funds will pay for the full-year FY 2012-13 costs of a trooper school of 110 set to graduate in October 2012 and a school of 70 expected to graduate in the spring of 2013. Costs covered under this initiative include salaries and associated training, supplies, and equipment. The Department of State Police predicts that with the increased resources provided to hire new troopers in FY 2011-12 and FY 2012-13, and other adjustments for attrition, trooper strength will increase from a total of 934 in April 2012, to 1,023 in October 2012, and 1,047 in October 2013.</p>	<p>FTE Gross GF/GP</p>	<p>70.0 8,211,000 8,211,000</p>
<p>3. Crime Laboratory - General Enhancement. The budget includes an additional \$1,895,600 GF/GP and 12.0 FTEs to hire and train additional lab scientists and acquire equipment in an effort to achieve a laboratory case turnaround time of 30 days.</p>	<p>FTE Gross GF/GP</p>	<p>12.0 1,895,600 1,895,600</p>
<p>4. Crime Laboratory - DNA Analysis Staff. The budget includes an additional \$1,281,600 GF/GP and 8.0 FTEs to hire and train additional scientists and purchase equipment to increase the capabilities of the DNA staff to achieve a reduced case turnaround time.</p>	<p>FTE Gross GF/GP</p>	<p>8.0 1,281,600 1,281,600</p>
<p>5. Regional Policing Plan. The budget includes \$1,324,000 GF/GP to assist with the communications costs of a plan to provide more of a regional policing concept for the Department. This appropriation includes \$674,000 to cover costs for cell phones and Blackberry devices for staff who are using mobile offices and \$650,000 to cover support, server hosting, and storage costs associated with mobile computers and offices.</p>	<p>Gross GF/GP</p>	<p>1,324,000 1,324,000</p>
<p>6. Casino Gaming Oversight Enhancement. The budget includes an additional \$249,000 in gaming revenue and 2.0 FTEs to provide for the investigation of illegal gambling operations.</p>	<p>FTE Gross IDG GF/GP</p>	<p>2.0 249,000 249,000 0</p>

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

7. Tobacco Tax Enforcement Enhancement. The budget includes an additional \$200,000 GF/GP and 1.0 FTE for one tobacco tax enforcement analyst position and \$4.0 million in tobacco tax revenue and 29.0 FTEs for increased enforcement activities.	FTE 30.0 Gross 4,200,000 Restricted 4,000,000 GF/GP 200,000
8. Fleet Leasing. The budget includes an increase to reflect higher costs for vehicle leasing rates and fuel anticipated for FY 2012-13.	Gross 750,000 GF/GP 750,000
9. Replacement of Outdated Equipment. The budget includes \$673,000 GF/GP to replace 180 outdated mobile radios and create a 10-year lifecycle replacement program, and \$433,600 GF/GP to replace 160 mobile data computers and create a five-year lifecycle replacement program.	Gross 1,106,600 GF/GP 1,106,600

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Expiration of Federal Grant. A one-time FY 2011-12 Federal grant to combat internet crimes against children expired.	Gross (95,000) Federal (95,000) GF/GP 0
2. Full-Year Contingency Plan Savings. The budget reflects full-year savings from the contingency plan issued in September 2011 designed to achieve savings in lieu of State employee concessions.	FTE (2.0) Gross (1,202,300) Restricted (47,300) GF/GP (1,155,000)

E. FUNDING SHIFTS

1. Replacement of Federal and State Restricted Revenue with GF/GP. The budget includes an additional \$9,076,000 GF/GP to replace Federal and State Restricted revenue that is no longer available. These GF/GP funds will replace \$7.0 million Restricted in the Michigan State Public Safety Communications System, \$1,403,400 in Federal telecommunications funds, maintenance costs for the Michigan Intelligence Operations Center and the Emergency Management and Homeland Security Division, \$354,400 in Federal grant funds for toxicology staffing and \$318,200 in American Recovery and Reinvestment Act funding used for lab technicians.	Gross 318,200 Federal (1,757,800) Restricted (7,000,000) GF/GP 9,076,000
--	---

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

2. FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment. Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with restricted sources from within the Department of State Police.

Gross	0
IDG	(2,318,000)
Restricted	2,318,000
GF/GP	0

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Alignment of FTE Positions and Revenue. The budget reduced FTE positions to reflect the actual number of funded FTE positions in the Department and made adjustments to various interdepartmental grant, Federal, local, and State Restricted revenue to reflect actual funds received.

FTE	(100.0)
Gross	(4,737,100)
IDG	386,000
Federal	(1,016,900)
Local	(2,800)
Restricted	(4,103,400)
GF/GP	0

H. UNCLASSIFIED SALARIES

Increased Authorization. The budget includes authorization for an additional unclassified position and additional funding to provide sufficient funding for a total of 6.0 unclassified positions as authorized in Article XI, Section 5 of the State Constitution.

FTE	1.0
Gross	438,900
IDG	3,500
Restricted	213,000
GF/GP	222,400

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$53,759,800 for OPEB.

Gross	13,754,300
IDG	638,200
Federal	1,363,800
Local	133,900
Private	8,700
Restricted	2,691,900
GF/GP	8,917,800

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

K. ONE-TIME APPROPRIATIONS

<p>1. Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.</p>	<p>Gross 3,220,000 IDG 168,700 Federal 249,700 Local 38,900 Private 1,700 Restricted 675,800 GF/GP 2,085,200</p>
<p>2. Replacement of Equipment. The budget includes a one-time appropriation of \$1,356,800 GF/GP to replace 256 outdated in-car cameras and \$266,900 GF/GP to replace protective gear that does not meet Federal standards.</p>	<p>Gross 1,623,700 GF/GP 1,623,700</p>
<p>3. Collins Road Lease. The budget includes \$350,000 GF/GP for the partial-year lease costs for the Department's Collins Road facility, which currently houses the Emergency Management Division. This represents a reduction from the \$750,000 funded in FY 2011-12. The Department plans to find a new location for this division sometime during FY 2012-13.</p>	<p>Gross (400,000) GF/GP (400,000)</p>
<p>4. Traffic Control Support for Michigan International Speedway. The budget retained a one-time continuation of \$800,000 GF/GP in support of the traffic control needs of the Michigan International Speedway.</p>	<p>Gross 0 GF/GP 0</p>

L. VETOES - NONE

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
P.A. 200 of 2012 - ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	3,032.5	2,808.0	2,808.0	2,808.0	2,808.0	(224.5)	(7.4)
GROSS.....	1,097,940,500	1,138,973,600	1,136,973,600	1,117,099,300	1,142,973,600	45,033,100	4.1
Less:							
Interdepartmental Grants Received	620,917,600	635,564,900	635,564,900	635,564,900	635,564,900	14,647,300	2.4
ADJUSTED GROSS.....	477,022,900	503,408,700	501,408,700	481,534,400	507,408,700	30,385,800	6.4
Less:							
Federal Funds.....	10,653,700	9,464,300	9,464,300	9,464,300	9,464,300	(1,189,400)	(11.2)
Local and Private	1,707,600	1,511,000	1,511,000	1,511,000	1,511,000	(196,600)	(11.5)
TOTAL STATE SPENDING.....	464,661,600	492,433,400	490,433,400	470,559,100	496,433,400	31,771,800	6.8
Less:							
Other State Restricted Funds.....	89,828,500	90,517,200	90,517,200	90,517,200	90,517,200	688,700	0.8
GENERAL FUND/GENERAL PURPOSE...	374,833,100	401,916,200	399,916,200	380,041,900	405,916,200	31,083,100	8.3
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

Gross	47,000,000
GF/GP	47,000,000

Enterprisewide Information Technology (IT) Investment Project. The Governor proposed new GF/GP funding for a new program to prioritize and manage IT projects across all State departments and agencies. The budget includes this funding.

B. PROGRAM INCREASES

1. Capital Outlay. The budget includes \$15.0 million in new funding to cover costs associated with maintenance and remodeling of various State-owned office buildings across the State.

Gross	15,000,000
GF/GP	15,000,000

2. Departmental IT Changes. Various adjustments were made to departmental IT appropriations to adjust for changes in IT needs and programs.

Gross	16,226,500
IDG	16,226,500
GF/GP	0

3. Professional Development Funds. The budget includes funding to provide professional development and training for State classified employees pursuant to contract requirements.

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

4. Statewide Single Audit. New funding is included for the Budget and Financial Management line item to establish and fill a new position related to the implementation of a Statewide Single Audit.

FTE	1.0
Gross	90,000
Restricted	90,000
GF/GP	0

C. PROGRAM ELIMINATIONS

Gross	(61,250,000)
GF/GP	(61,250,000)

FY 2011-12 One-Time Boilerplate Funding. The budget removed the one-time GF/GP funding provided in boilerplate for other post-employment benefits (\$60.0 million) and asbestos abatement at the former State Police Headquarters (\$1.25 million).

D. PROGRAM REDUCTIONS

1. Civil Service Commission. Restricted and local funding authorization was adjusted to reflect actual revenue.

Gross	(1,700,000)
Local	(200,000)
Restricted	(1,500,000)
GF/GP	0

		FY 2012-13 Change From FY 2011-12 Year-to-Date
2. Bureau of Labor Market Information Strategies.	Federal funds authorization was adjusted to reflect actual revenue. This is a new line item transferred to the Department of Technology, Management, and Budget (DTMB) from the Department of Licensing and Regulatory Affairs via Executive Order 2011-4, and this adjustment was necessary after the transfer was completed.	Gross (2,275,000) Federal (2,275,000) GF/GP 0
3. Information Technology - Alignment of IDG funding.	The IT portion of the budget aligned its interdepartmental grant (IDG) funding with enacted FY 2011-12 appropriations for all State departments.	Gross (274,500) IDG (274,500) GF/GP 0
E. FUNDING SHIFTS		
FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment.	Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with restricted sources from within the Department.	Gross 0 IDG (725,000) Restricted 725,000 GF/GP 0
F. PROGRAM TRANSFERS		
Military Retirement Program.	The budget includes the transfer of the military retirement program from the Department of Military and Veterans Affairs so that the program can be administered with all the other State retirement systems by the Office of Retirement Services within the DTMB.	Gross 3,981,700 GF/GP 3,981,700
G. OTHER ISSUES		
1. Planning Grant for State Emergency Operations Center.	An FY 2011-12 baseline adjustment was made to reflect the supplemental funding in P.A. 89 of 2012. This supplemental funding provided for a planning grant to allow the Department to contract for professional design services for a facility that ensures that Michigan has the necessary capabilities to prevent, respond to, and recover from any type of emergency or disaster.	Gross (80,000) GF/GP (80,000)
2. Institutional Roads Program.	An FY 2011-12 baseline adjustment was made to reflect the supplemental funding in P.A. 236 of 2012. This supplemental funding provided funding to Montcalm Community College so it can complete a road project on the campus.	Gross (200,000) GF/GP (200,000)
3. Enterprisewide Special Maintenance.	The budget includes \$3.0 million in funding for the Legislature for completion of renovation and maintenance projects on the Capitol building.	Gross 3,000,000 GF/GP 3,000,000

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

4. Miscellaneous Changes. The budget includes miscellaneous adjustments to various line items. Significant items include the following reductions: \$638,100 for the Statewide cost allocation plan; \$806,300 for contingency plan savings; and \$12.5 million for costs savings related to the removal of 225.5 FTE positions due to vacancies and attrition. Additionally, \$1,800 was added to the Administrative Services line item for increased administration costs.

FTE	(225.5)
Gross	(15,389,300)
IDG	(14,790,600)
Restricted	(23,800)
GF/GP	(574,900)

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, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$28.6 million for OPEB.

Gross	15,048,500
IDG	11,106,800
Federal	658,900
Private	3,400
Restricted	865,300
GF/GP	2,414,100

K. ONE-TIME APPROPRIATIONS

1. Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

Gross	4,680,200
IDG	3,104,100
Federal	426,700
Restricted	357,200
GF/GP	792,200

2. Special Maintenance and Space Consolidation for State-Owned Facilities. The budget includes funding of \$10.0 million to complete maintenance projects on State-owned facilities and \$7.0 million for costs associated with consolidating office space in State facilities across Michigan to reduce the State's costs of paying for empty office space.

Gross	17,000,000
GF/GP	17,000,000

3. Teacher Evaluation Pilot Project. The budget includes funding for a pilot program to evaluate teacher performance.

Gross	4,000,000
GF/GP	4,000,000

L. VETOES - NONE

**DEPARTMENT OF TRANSPORTATION
P.A. 200 of 2012 - ARTICLE XVII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	3,043.3	2,912.3	2,912.3	2,912.3	2,912.3	(131.0)	(4.3)
GROSS	3,346,387,200	3,452,090,300	3,462,090,300	3,466,090,300	3,466,187,500	119,800,300	3.6
Less:							
Interdepartmental Grants Received	19,917,800	3,531,900	3,531,900	3,531,900	3,531,900	(16,385,900)	(82.3)
ADJUSTED GROSS	3,326,469,400	3,448,558,400	3,458,558,400	3,462,558,400	3,462,655,600	136,186,200	4.1
Less:							
Federal Funds.....	1,241,195,200	1,221,830,100	1,221,830,100	1,221,830,100	1,221,830,100	(19,365,100)	(1.6)
Local and Private	53,968,500	52,180,200	52,180,200	52,180,200	52,180,200	(1,788,300)	(3.3)
TOTAL STATE SPENDING	2,031,305,700	2,174,548,100	2,184,548,100	2,188,548,100	2,188,645,300	157,339,600	7.7
Less:							
Other State Restricted Funds.....	2,030,805,700	2,055,548,100	2,161,548,100	2,165,548,100	2,165,645,300	134,839,600	6.6
GENERAL FUND/GENERAL PURPOSE...	500,000	119,000,000	23,000,000	23,000,000	23,000,000	22,500,000	4,500.0
PAYMENTS TO LOCALS	1,182,987,000	1,211,655,900	1,221,655,900	1,223,655,900	1,233,655,900	50,668,900	4.3

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|--|---|--|
| <p>1. Road and Bridge Funding. The budget includes additional funding from the State Trunkline Fund (STF) to pay for various road and bridge repair projects across the State. This funding includes \$6.3 million for counties and \$3.5 million for cities and villages. The overall STF increase includes negative adjustments of \$1.3 million for Federal aid match requirements and \$488,800 for local bridge programs. The Governor included \$96.0 million in one-time GF/GP funding for Road and Bridge programs but the final budget instead replaced the Governor's one-time GF/GP funding with \$100.0 million in STF funding.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>108,007,200</p> <p>108,007,200</p> <p>0</p> |
| <p>2. Comprehensive Transportation Fund (CTF). The budget includes adjustments to several line items in order to meet Federal aid match requirements. The amounts of additional funding and the line items for which CTF funding was added include: \$16.9 million for transit capital; \$612,000 for van pooling; \$450,000 for service initiatives; and \$7.8 million for rail passenger services.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>25,781,500</p> <p>25,781,500</p> <p>0</p> |
| <p>3. State Aeronautics Fund. The budget restored funding that was previously reduced for two programs: \$185,100 for aviation services and \$600,000 for air service programs.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>785,100</p> <p>785,100</p> <p>0</p> |
| <p>4. Intercity Bus Services. The budget includes additional funding for the purchase of approximately eight new buses to replace older buses that are no longer cost-effective.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>1,650,000</p> <p>1,650,000</p> <p>0</p> |

C. PROGRAM ELIMINATIONS

- | | | |
|--|---------------------------|-----------------------------------|
| <p>FY 2011-12 One-Time Boilerplate Funding. The budget removed the one-time GF/GP funding provided in boilerplate for FY 2011-12.</p> | <p>Gross</p> <p>GF/GP</p> | <p>(500,000)</p> <p>(500,000)</p> |
|--|---------------------------|-----------------------------------|

D. PROGRAM REDUCTIONS

- | | | |
|---|--|---|
| <p>1. Debt Service. The budget reduced funding for scheduled debt service payments. The primary reduction resulted from the Department's change from short-term borrowing to long-term borrowing for the \$40.0 million bond related to the FY 2010-11 target agreement. The bond revenue was used to meet Federal aid match requirements.</p> | <p>Gross</p> <p>Federal</p> <p>Restricted</p> <p>GF/GP</p> | <p>(47,198,900)</p> <p>(7,567,600)</p> <p>(39,631,300)</p> <p>0</p> |
|---|--|---|

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

2. Interdepartmental Grants. The budget includes adjustments in funding for grants to several other State departments and agencies. The largest adjustment was a reduction of \$6.1 million to the Department of Treasury to align funding with the estimated cost allocation study amount.

Gross	(6,396,600)
Restricted	(6,396,600)
GF/GP	0

3. Airport Safety, Protection, and Improvement Program. The Governor had originally reduced this line item by \$12.0 million to align funding with available revenue. The final budget increased the appropriation from the Michigan Aeronautics Fund by \$10.0 million to partially offset reductions from Federal revenue.

Gross	(2,017,400)
Federal	(11,907,500)
Local	(1,988,300)
Restricted	11,878,400
GF/GP	0

E. FUNDING SHIFTS

FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment. Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with restricted sources from within the Department of Transportation.

Gross	0
IDG	(16,330,700)
Restricted	16,330,700
GF/GP	0

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. State Trunkline and Comprehensive Transportation Fund Supplemental Funding. An FY 2011-12 baseline adjustment was made to reflect the supplemental funding in P.A. 89 of 2012. This supplemental funding contained \$200,000 in State Trunkline Fund support for Welcome Center operations in Mackinaw City, St. Ignace, and Sault Ste. Marie; \$1.0 million for freight preservation and development; and \$250,000 to establish the new Regional Transit Authority in southern Michigan.

Gross	(1,450,000)
Restricted	(1,450,000)
GF/GP	0

2. Miscellaneous Changes. The budget made miscellaneous adjustments to various line items, including: an increase of \$110,000 for public transportation; a reduction of \$122,800 for accounting services provided to the Department of Natural Resources and the Department of Environmental Quality; a reduction of \$168,000 for the Transportation Economic Development Fund; and a reduction of \$60,000 for bus equipment and facility fees. Additionally, 131.0 FTE positions were removed to align FTEs with currently filled positions, with a net zero effect on the budget.

FTE	(131.0)
Gross	(240,800)
IDG	(122,800)
Federal	110,000
Restricted	(228,000)
GF/GP	0

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

H. UNCLASSIFIED SALARIES

The budget increased unclassified salaries pursuant to the target agreement to fully fund the line item at a total of \$700,000.

Gross	97,200
Restricted	97,200
GF/GP	0

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	15,022,200
IDG	52,800
Local	200,000
Restricted	14,769,400
GF/GP	0

K. ONE-TIME APPROPRIATIONS

1. Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

Gross	3,260,800
IDG	14,800
Restricted	3,246,000
GF/GP	0

2. Federal Aid Match. The budget includes one-time GF/GP funding to meet Federal aid match requirements so the State can receive the maximum Federal aid for which it is eligible. The budget appropriated \$12.0 million for matching Transit Capital funding and \$11.0 million for matching Rail Operations and Infrastructure funding.

Gross	23,000,000
GF/GP	23,000,000

L. VETOES - NONE

**DEPARTMENT OF TREASURY - DEBT SERVICE
P.A. 200 of 2012 - ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	140,928,000	140,554,900	140,554,900	140,554,900	140,554,900	(373,100)	(0.3)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	140,928,000	140,554,900	140,554,900	140,554,900	140,554,900	(373,100)	(0.3)
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	140,928,000	140,554,900	140,554,900	140,554,900	140,554,900	(373,100)	(0.3)
Less:							
Other State Restricted Funds.....	15,514,500	5,514,500	5,514,500	5,514,500	5,514,500	(10,000,000)	(64.5)
GENERAL FUND/GENERAL PURPOSE...	125,413,500	135,040,400	135,040,400	135,040,400	135,040,400	9,626,900	7.7
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Gross	2,354,300
GF/GP	2,354,300

Great Lakes Water Quality. The budget increased debt service funding for these bonds by \$2,354,300 to \$6,505,200 based on scheduled debt service payments and projected new bond issues.

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Clean Michigan Initiative. Debt service decreased for this program from \$59,373,100 in FY 2011-12 to \$54,300,900 based on the schedule of payments and projected new bond issues.

Gross	(5,072,200)
GF/GP	(5,072,200)

2. Water Pollution Control Bond and Interest Redemption. The budget reduced the line item for debt service for this program from \$2,125,500 in FY 2011-12 to \$2,154,000 in FY 2012-13.

Gross	(71,500)
GF/GP	(71,500)

E. FUNDING SHIFTS

The budget replaced \$10.0 million of revenue from the Refined Petroleum Fund with General Fund/General Purpose revenue to fund the line item for Quality of Life bonds. The line item as a whole increased by \$2,416,300.

Gross	2,416,300
Restricted	(10,000,000)
GF/GP	12,416,300

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

DEPARTMENT OF TREASURY - OPERATIONS
P.A. 200 of 2012 - Article VIII

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,770.5	1,774.5	1,774.5	1,774.5	1,774.5	4.0	0.2
GROSS	479,809,400	469,575,000	471,449,200	475,238,700	490,289,100	10,479,700	2.2
Less:							
Interdepartmental Grants Received	14,781,100	8,861,800	8,861,800	8,861,800	8,861,800	(5,919,300)	(40.0)
ADJUSTED GROSS	465,028,300	460,713,200	462,587,400	466,376,900	481,427,300	16,399,000	3.5
Less:							
Federal Funds.....	39,566,100	40,365,300	40,365,300	40,365,300	40,365,300	799,200	2.0
Local and Private	2,155,200	2,252,700	2,252,700	2,252,700	2,252,700	97,500	4.5
TOTAL STATE SPENDING	423,307,000	418,095,200	419,969,400	423,758,900	438,809,300	15,502,300	3.7
Less:							
Other State Restricted Funds.....	342,161,900	350,163,400	350,462,200	350,163,400	350,462,200	8,300,300	2.4
GENERAL FUND/GENERAL PURPOSE...	81,145,100	67,931,800	69,507,200	73,595,500	88,347,100	7,202,000	8.9
PAYMENTS TO LOCALS	155,292,900	146,592,500	150,272,400	147,953,300	155,166,700	(126,200)	(0.1)

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

Gross	10,000,000
GF/GP	10,000,000

Dual Enrollment. The Conference Committee added \$10.0 million for the tuition costs of eligible nonpublic school students enrolled in postsecondary institutions pursuant to P.A.s 131 to 134 of 2012.

B. PROGRAM INCREASES

1. Community College Renaissance Zone Grants. The House added \$4.0 million for Renaissance Zone reimbursements for community colleges. The Conference Committee funded the program at \$3.5 million. This program is new in the Treasury budget; however, the program was funded previously in the Community College budget, most recently in FY 2009-10. No appropriations were made for this purpose in FY 2010-11 or FY 2011-12.

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

2. Facility for Rare Isotope Beams (FRIB). The Senate included funding for the debt service on the community share portion of the project in the budget for Higher Education. The House funded the program in the Department of Treasury. The Conference Committee concurred with the House and provided \$2,339,900 for this project.

Gross	2,339,900
GF/GP	2,339,900

3. Health Insurance Claims Assessment Administration. The budget added \$690,800 for administration of this new program created by P.A. 142 of 2011. This was in addition to the supplemental funding of \$1,257,600 provided by P.A. 89 in FY 2011-12. Total funding for this program is \$1,948,400 in FY 2012-13.

Gross	690,800
Restricted	690,800
GF/GP	0

4. Tobacco Tax Enforcement. The budget increased funding for tobacco tax enforcement by \$1.5 million and 13.0 FTEs to expand investigations and enforcement of tobacco taxes in conjunction with related efforts by the Attorney General and the Michigan State Police.

FTE	13.0
Gross	1,500,000
GF/GP	1,500,000

5. Lottery Promotion. The budget increased State restricted funds for lottery promotion by \$931,100 to \$18,622,000. The budget increased the number of authorized positions for operations of the Bureau of State Lottery by 4.0 FTEs, from 179.0 to 183.0.

FTE	4.0
Gross	931,100
Restricted	931,100
GF/GP	0

C. PROGRAM ELIMINATIONS

Gross	(10,000,000)
GF/GP	(10,000,000)

The budget removed funding for the 2012 presidential primary.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

D. PROGRAM REDUCTIONS

- | | | |
|---|---------------------------------------|--|
| <p>1. Payments in Lieu of Taxes (PILT). The budget provided a total of \$14,256,900 for the three PILT programs which were funded as follows: Commercial Forest at \$2,529,400, Purchased Lands at \$6,296,300, and Swamp and Tax Reverted Lands at \$6,730,600. At the time the FY 2012-13 budget was passed by this Legislature, this level of funding matched the year-to-date appropriation for FY 2011-12. Subsequently, P.A. 236 of 2012 increased funding for PILT by \$1,299,400 in FY 2011-12; thus, the FY 2012-13 appropriation is \$1,299,400 below the FY 2011-12 year-to-date appropriation.</p> | <p>Gross
Restricted
GF/GP</p> | <p>(1,299,400)
(299,400)
(1,000,000)</p> |
| <p>2. Office of Fiscal Responsibility. Public Act 89 of 2012 provided \$10.0 million and 10.0 FTEs to evaluate and assist financially distressed local governments. The budget reduced funding to \$4.5 million in FY 2012-13.</p> | <p>Gross
GF/GP</p> | <p>(5,500,000)
(5,500,000)</p> |
| <p>3. Continuation of Contingency Plan Savings. The budget eliminated 43.0 FTE positions and continued savings of \$3,088,300 from contingency plan spending reductions implemented by the Governor in FY 2011-12. These savings were realized from the appropriation units for tax programs, local government programs, and banking and management services.</p> | <p>FTE
Gross
GF/GP</p> | <p>(43.0)
(3,088,300)
(3,088,300)</p> |

E. FUNDING SHIFTS

- | | | |
|--|---|---|
| <p>1. Michigan Transportation Fund IDG Reduction. The budget reduced charges to the Michigan Transportation Fund for collection of the gas tax by \$6,421,600. This was replaced with General Fund/General Purpose revenue.</p> | <p>Gross
IDG
GF/GP</p> | <p>0
(6,421,600)
6,421,600</p> |
| <p>2. Tax Plan Implementation. The budget reduced General Fund/General Purpose (GF/GP) support by \$2,094,600 and replaced it with Delinquent Tax Revenue, a GF/GP equivalent fund source that lapses to the General Fund. The budget also increased the position authority for this program by 30.0 new FTE positions. No additional funds were provided with these positions.</p> | <p>FTE
Gross
Restricted
GF/GP</p> | <p>30.0
0
2,094,600
(2,094,600)</p> |
| <p>3. Michigan Finance Authority. The budget adjusted the funding in this line to bill employee costs to the proper Federal fund sources.</p> | <p>Gross
Federal
Restricted
GF/GP</p> | <p>0
430,100
(430,100)
0</p> |

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

4. FY 2011-12 Other Post-Employment Benefits (OPEB) Supplemental Adjustment. Public Act 64 of 2012 included additional revenue for the Department's FY 2011-12 OPEB costs. These costs were built into the baseline budget for FY 2012-13, but an interdepartmental grant from the Department of Technology, Management, and Budget was not included; those funds were replaced with restricted sources from within the Department of Treasury - Operations.

Gross	0
IDG	(302,800)
Restricted	302,800
GF/GP	0

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Revenue Sharing Administration. The budget added \$200,000 to the line item for Tax and Economic Policy to provide additional administrative support for the Economic Vitality Incentive Program and other revenue sharing programs.

Gross	200,000
GF/GP	200,000

2. Gaming Enforcement. The budget includes an increase of \$431,800 to the line item for Casino Gaming Control Administration for the Michigan Gaming Control Board to enforce prohibitions on illegal gaming. The line item is \$24,437,100 in FY 2012-13.

Gross	431,800
Restricted	431,800
GF/GP	0

3. Removal of FY 2011-12 Funding. The budget removed supplemental funding adjustments of \$1.0 million in FY 2011-12 for costs associated with issuance of bonds to repay the deficit in the Unemployment Compensation Fund and \$1.0 million for a portion of the costs of tax plan implementation. The budget also removed \$3.0 million in unused spending authority for tobacco tax enforcement.

Gross	(5,000,000)
Restricted	(3,000,000)
GF/GP	(2,000,000)

4. Fund Source Adjustments. The budget adjusted State Restricted and Local fund sources for proper assignment of projected spending in FY 2012-13 and removed a contingency fund transfer that increased Gross funding FY 2011-12.

Gross	(430,100)
Federal	(430,100)
Local	44,300
Restricted	(44,300)
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget provided a \$1,000 technical correction to increase the line item for Unclassified Positions to \$924,000. This line item supports the salaries for 10.0 FTE unclassified positions.

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

I. FEE INCREASES - NONE

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$28,720,100 for OPEB.

Gross	10,460,200
IDG	86,700
Federal	627,500
Local	53,200
Restricted	8,175,500
GF/GP	1,517,300

K. ONE-TIME APPROPRIATIONS

1. Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

Gross	2,742,700
IDG	112,800
Federal	171,700
Restricted	2,146,700
GF/GP	311,500

2. Legal Services. The budget includes one-time funding of \$3.0 million for legal costs of the Department. These include costs related to the Health Insurance Claims Assessment and emergency financial managers.

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

L. VETOES - NONE

**DEPARTMENT OF TREASURY - REVENUE SHARING
P.A. 200 of 2012 - ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	1,044,845,600	1,061,719,700	1,073,193,000	1,086,719,700	1,096,096,300	51,250,700	4.9
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,044,845,600	1,061,719,700	1,073,193,000	1,086,719,700	1,096,096,300	51,250,700	4.9
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	1,044,845,600	1,061,719,700	1,073,193,000	1,086,719,700	1,096,096,300	51,250,700	4.9
Less:							
Other State Restricted Funds.....	1,044,845,600	1,061,719,700	1,071,719,700	1,086,719,700	1,096,096,300	51,250,700	4.9
GENERAL FUND/GENERAL PURPOSE...	0	0	1,473,300	0	0	0	0.0
PAYMENTS TO LOCALS	1,044,845,600	1,061,719,700	1,073,193,000	1,086,719,700	1,096,096,300	51,250,700	4.9

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

County Incentive Program. The budget includes an incentive program for counties similar to the Economic Vitality Incentive Program (EVIP) instituted in FY 2011-12 for eligible cities, villages, and townships. Funding for the new program totals \$26,120,000, consisting of \$23,620,000 in ongoing appropriations and \$2.5 million in one-time appropriations. The program is funded from restricted sales tax revenue. Of the \$130.6 million total revenue sharing funding provided to counties in FY 2012-13, 20% is for the county incentive program. Counties that have exhausted their revenue sharing reserve funds and are eligible for revenue sharing payments from the State are eligible for the County Incentive Program. To receive a payment, they are required to satisfy incentive requirements in the categories of accountability and transparency, consolidation of services, and employee compensation. These requirements are described in boilerplate Section 952.

Gross	26,120,000
Restricted	26,120,000
GF/GP	0

B. PROGRAM INCREASES

1. Constitutional Revenue Sharing. The budget includes funding for constitutional revenue sharing based on the May 2012 consensus revenue estimate of sales tax revenue. This required program distributes 15.0% of the State sales tax revenue collected at a rate of 4.0% on a per capita basis to cities, villages, and townships. Funding for constitutional revenue sharing is estimated to increase from \$704,845,600 in FY 2011-12 to \$725,496,300 in FY 2012-13, an increase of 2.9%.

Gross	20,650,700
Restricted	20,650,700
GF/GP	0

2. Economic Vitality Incentive Program. The budget increased funding for EVIP from \$210.0 million in FY 2011-12 to \$225.0 million in FY 2012-13, an increase of 7.1%. The program is funded from a combination of ongoing and one-time appropriations of restricted sales tax revenue as shown in the table below:

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

Economic Vitality Incentive Program (Millions of Dollars)			
	FY 2011-12	FY 2012-13	Difference
Ongoing Funding	\$195.0	\$217.5	\$22.5
One-time Funding	15.0	7.5	(7.5)
Total	\$210.0	\$225.0	\$15.0

C. PROGRAM ELIMINATIONS - NONE

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

Gross	(10,520,000)
Restricted	(10,520,000)
GF/GP	0

D. PROGRAM REDUCTIONS

County Statutory Revenue Sharing. The budget includes \$104,480,000 for county statutory revenue sharing. This is a reduction from the FY 2011-12 year-to-date appropriation for county statutory revenue sharing; however, between the county revenue sharing and the County Incentive Program, total revenue sharing for counties increases in FY 2012-13 by \$15.6 million or 13.6% in order to fund all eligible counties, including those returning to the revenue sharing formula in FY 2012-13, without any change in the amount of proration. The appropriation for county statutory revenue sharing is 80.0% of the \$130.6 million total revenue sharing funding provided to counties in FY 2012-13. All of the funding for county statutory revenue sharing is ongoing in FY 2012-13. In contrast, of the \$115.0 appropriated for county statutory revenue sharing in FY 2011-12, \$15.0 million was one-time funding.

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Competitive Grant Assistance Program. The budget continued funding for this program at \$15.0 million in FY 2012-13, the same level as the year-to-date FY 2011-12 program. The funding for the program was changed from \$15.0 million in ongoing revenue in FY 2011-12 (after enactment of \$10.0 million in supplemental funding in P.A. 236 of 2012), to a total of \$15.0 million in FY 2012-13 consisting of \$5.0 million in ongoing revenue and \$10.0 million in one-time revenue.

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS

The budget includes ongoing and one-time appropriations as summarized in the table below. One-time appropriations for revenue sharing total \$20.0 million.

FY 2012-13			
Summary of Revenue Sharing Appropriations			
	Ongoing	One-Time	Total
Constitutional	\$725,496,300	\$0	\$725,496,300
EVIP	217,500,000	7,500,000	225,000,000
County Incentive Program	23,620,000	2,500,000	26,120,000
County Revenue Sharing	104,480,000	0	104,480,000
Competitive Grant Assistance Prog.	5,000,000	10,000,000	15,000,000
Total	\$1,076,096,300	\$20,000,000	\$1,096,096,300

L. VETOES - NONE

**DEPARTMENT OF TREASURY - STRATEGIC FUND AGENCY
P.A. 200 of 2012 - ARTICLE VIII**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV.'S REC.	FY 2012-13 SENATE	FY 2012-13 HOUSE	FY 2012-13 INITIAL APPROPS.*	CHANGES FROM FY 2011-12 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	820.0	769.0	769.0	769.0	748.0	(72.0)	(8.8)
GROSS	991,707,500	962,249,100	956,775,800	928,249,100	984,234,400	(7,473,100)	(0.8)
Less:							
Interdepartmental Grants Received	37,600	37,600	37,600	37,600	37,600	0	0.0
ADJUSTED GROSS	991,669,900	962,211,500	956,738,200	928,211,500	984,196,800	(7,473,100)	(0.8)
Less:							
Federal Funds.....	705,973,200	658,020,600	658,020,600	658,020,600	658,020,600	(47,952,600)	(6.8)
Local and Private	4,813,500	9,813,500	9,813,500	9,813,500	9,813,500	5,000,000	103.9
TOTAL STATE SPENDING	280,883,200	294,377,400	288,904,100	260,377,400	316,362,700	35,479,500	12.6
Less:							
Other State Restricted Funds.....	145,506,800	145,675,800	145,675,800	145,675,800	142,861,100	(2,645,700)	(1.8)
GENERAL FUND/GENERAL PURPOSE...	135,376,400	148,701,600	143,228,300	114,701,600	173,501,600	38,125,200	28.2
PAYMENTS TO LOCALS	15,224,800	15,224,800	15,224,800	15,224,800	15,224,800	0	0.0

* Includes Ongoing and One-time Appropriations.

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

A. NEW PROGRAMS

Gross	10,000,000
GF/GP	10,000,000

Community Ventures. As part of his public safety proposal, the Governor originally recommended \$15.0 million in funding for this new program for job training targeted to residents of distressed cities. The Senate included \$13,186,700 for the program. Subsequently, the Governor revised his recommendation to \$5.0 million in FY 2011-12 and \$10.0 million in FY 2012-13. The House did not include the program. The Conference Committee provided \$10.0 million in FY 2012-13, with a boilerplate allocation of \$200,000 for a workforce training program for refugees from the Iraq war (Sec. 1052) and a boilerplate allocation of \$340,000 for Precollege Programs in Engineering and Science (Sec. 1053). The Section 1052 boilerplate allocation for workforce training for refugees was vetoed by the Governor (described below), resulting in an appropriation of \$9.8 million in FY 2012-13 Community Ventures.

B. PROGRAM INCREASES

Gross	3,582,600
GF/GP	3,582,600

Arts and Cultural Grants. The budget increased funding for this program from \$2,567,400 in FY 2011-12 to \$6,160,000 in FY 2012-13.

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Workforce Training Program. The budget reduced funding for Workforce Training Programs from \$295,798,500 in FY 2011-12 to \$250,798,500 due a projected Federal funding reduction of \$50.0 million. The line item also includes \$5.0 million in new spending authority for private funds to allow expenditure of potential private grants.

Gross	(45,000,000)
Federal	(50,000,000)
Private	5,000,000
GF/GP	0

2. Contingency Plan Savings. The budget assumed savings from implementation of the contingency plan.

FTE	(2.0)
Gross	(250,100)
GF/GP	(250,100)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

1. Business Attraction and Economic Gardening. The budget maintained funding for this program at \$100.0 million as in the prior year. One-time funding of \$50.0 million GF/GP in FY 2011-12 was changed to an ongoing appropriation in FY 2012-13. The ongoing funding for this program in FY 2012-13 consists of \$25.0 million from the 21st Century Jobs Trust Fund and \$75.0 million GF/GP.

2. Supplemental and Restricted Fund Adjustments. The budget reduced restricted funds by \$2,814,700 in technical changes related to implementation of Executive Order 2011-4, which transferred the Workforce Development Agency to the Michigan Strategic Fund; removed P.A. 89 of 2012 supplemental funding for Precollege Programs in Engineering and Sciences of \$680,100 in FY 2011-12; and removed supplemental funding of \$3.0 million in FY 2011-12 for the Land Bank Fast Track Authority, which was provided in P.A. 236 of 2012.

FTE	(2.0)
Gross	(6,494,800)
Restricted	(5,814,700)
GF/GP	(680,100)

3. Adjustment of Position Authorization. The budget includes a true-up of authorized employee positions. In the Michigan State Housing Development Authority within the Michigan Strategic Fund (MSF) Agency, authority for 56.0 FTE positions was added to the line item for Housing and Rental Assistance, which is funded by State Restricted funds. The State Historic Preservation Program received 2.0 FTE positions to increase staffing for the program to 25.0 FTEs. In the MSF, the budget eliminated 121.0 FTE excess positions in the Employment Services line, 3.0 FTEs in the line item for Workforce Development Agency Administrative Services, and 4.0 FTEs in the Workforce Programs Administration line.

FTE	(70.0)
Gross	0
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, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget includes \$11,036,800 for OPEB.

Gross	4,753,500
Federal	1,638,900
Restricted	2,582,700
GF/GP	531,900

**FY 2012-13 Change From
FY 2011-12 Year-to-Date**

K. ONE-TIME APPROPRIATIONS

1. Employee Lump-Sum Payments. The budget includes a one-time appropriation for State employee lump-sum payments in accordance with the December 15, 2011, Civil Service Commission's approval of two-year (FY 2012-13 and FY 2013-14) contract agreements for employees who are exclusively represented by employee unions, as well as the Commission's adoption of a coordinated compensation plan for non-exclusively represented State classified employees (NEREs) for FY 2012-13. Effective October 1, 2012, represented employees will receive a 1% lump-sum payment and NEREs will receive a 2% lump-sum payment.

Gross	1,135,700
Federal	408,500
Restricted	586,300
GF/GP	140,900

2. Film Incentive. The budget doubled one-time funding for this program from \$25.0 million in FY 2011-12 to \$50.0 million in FY 2012-13.

Gross	25,000,000
GF/GP	25,000,000

L. VETOES

The Governor vetoed boilerplate Section 1052 which allocated \$200,000 from the line item for Community Ventures to a job training program for refugees from the Iraq war (the Refugee Acculturation and Sustainability Training Program). The appropriation for Community Ventures was reduced from \$10.0 million to \$9.8 million by the veto, as described above under "New Programs".

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

APPENDIX

**FY 2012-13
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. 5365	P.A. 200 of 2012	NO
Attorney General.....	H.B. 5365	P.A. 200 of 2012	NO
Civil Rights.....	H.B. 5365	P.A. 200 of 2012	NO
Community Colleges.....	H.B. 5372	P.A. 201 of 2012	NO
Community Health.....	H.B. 5365	P.A. 200 of 2012	YES
Corrections.....	H.B. 5365	P.A. 200 of 2012	NO
Education.....	H.B. 5365	P.A. 200 of 2012	NO
Environmental Quality.....	H.B. 5365	P.A. 200 of 2012	NO
Executive.....	H.B. 5365	P.A. 200 of 2012	NO
Higher Education.....	H.B. 5372	P.A. 201 of 2012	NO
Human Services.....	H.B. 5365	P.A. 200 of 2012	YES
Judiciary.....	H.B. 5365	P.A. 200 of 2012	NO
Legislative Auditor General.....	H.B. 5365	P.A. 200 of 2012	NO
Legislature.....	H.B. 5365	P.A. 200 of 2012	NO
Licensing and Regulatory Affairs.....	H.B. 5365	P.A. 200 of 2012	YES
Military and Veterans Affairs.....	H.B. 5365	P.A. 200 of 2012	NO
Natural Resources and Environment.....	H.B. 5365	P.A. 200 of 2012	NO
School Aid.....	H.B. 5372	P.A. 201 of 2012	NO
State.....	H.B. 5365	P.A. 200 of 2012	NO
State Police.....	H.B. 5365	P.A. 200 of 2012	NO
Strategic Fund Agency.....	H.B. 5365	P.A. 200 of 2012	YES
Technology, Management, and Budget.....	H.B. 5365	P.A. 200 of 2012	NO
Transportation.....	H.B. 5365	P.A. 200 of 2012	NO
Treasury.....	H.B. 5365	P.A. 200 of 2012	NO



RECENT SENATE FISCAL AGENCY REPORTS

<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2011-12, FY 2012-13, AND FY 2013-14" May 2012</p>	<p>"FISCAL YEAR 2011-12 HIGHER EDUCATION APPROPRIATIONS REPORT" September 2011</p>	<p>"MICHIGAN'S PRISON HEALTH CARE: COSTS IN CONTEXT" by Steve Angelotti and Sara Wycoff November 2010</p>
<p>"A COMPARISON OF MICHIGAN'S RESIDENTIAL PLACEMENT OPTIONS FOR JUVENILE DELINQUENCY CASES" by Frances Carley May 2012</p>	<p>"FY 2011-12 APPROPRIATIONS REPORT – PART II - INITIAL APPROPRIATIONS" August 2011</p>	<p>"MICHIGAN'S BUDGET HISTORY AND TOTAL STATE SPENDING: A 10-YEAR HISTORY (FY 1999-2000 – FY 2009-10)" by Gary Olson and Sara Wycoff October 2010</p>
<p>"FY 2012-13 APPROPRIATIONS REPORT – PART I - GOVERNOR'S RECOMMENDATIONS" March 2012</p>	<p>"FY 2011-12 APPROPRIATIONS REPORT – PART I - GOVERNOR'S RECOMMENDATIONS" March 2011</p>	<p>"REVIEW OF THE FINANCIAL SITUATION OF THE CITY OF DETROIT, MICHIGAN" by Eric Scorsone October 2010</p>
<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2010-11, FY 2011-12, FY 2012-13, AND FY 2013-14" December 2011</p>	<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2009-10, FY 2010-11, AND FY 2011-12" December 2010</p>	<p>"AN ASSESSMENT OF MICHIGAN LOCAL GOVERNMENT FISCAL INDICATOR SYSTEM" by Eric Scorsone and Tina Plerhoples September 2010</p>
<p>"FY 2009-10 APPROPRIATIONS REPORT – PART III - YEAR-END APPROPRIATIONS" November 2011</p>	<p>"FY 2010-11 APPROPRIATIONS REPORT – PART II - INITIAL APPROPRIATIONS" November 2010</p>	<p>"FILM INCENTIVES IN MICHIGAN" by David Zin September 2010</p>
<p>"THE STATE AND LOCAL IMPACT OF PROPERTY TAXES LEVIED ON MICHIGAN PERSONAL PROPERTY" (REVISED) by David Zin September 2011</p>	<p>"FISCAL YEAR 2010-11 HIGHER EDUCATION APPROPRIATIONS REPORT" November 2010</p>	<p>"LOCAL GOVERNMENT FINANCIAL EMERGENCIES AND MUNICIPAL BANKRUPTCY" by Eric Scorsone May 2010</p>

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