



FY 2014-15

APPROPRIATIONS REPORT

Part II - Initial Appropriations

August 2014



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THE SENATE FISCAL AGENCY

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

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



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OVERVIEW

FY 2014-15 INITIAL APPROPRIATIONS OVERVIEW

On February 5, 2014, Governor Rick Snyder presented his fiscal year (FY) 2014-15 budget recommendation and his FY 2015-16 budget projections to the Legislature. As in his original 2012 budget message, 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 FY 2014-15 appropriation bills that were ultimately passed by the Legislature included State appropriations for FY 2014-15 and language expressing legislative intent to provide FY 2015-16 appropriations that would be the same as those for FY 2014-15, with adjustments for caseload, costs, economic factors, and available revenue.

On June 11 and 12, 2014, the Legislature passed the final FY 2014-15 appropriation bills. The budget passed by the Legislature was balanced based on the consensus revenue estimates agreed to on May 15, 2014. The FY 2014-15 budget continues 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 \$204.5 million was appropriated for the Higher Education budget; the SAF amount for Community Colleges remains unchanged from FY 2013-14, while the SAF amount for Universities is \$4.0 million higher than the FY 2013-14 amount to reflect additional Michigan Public School Employees' Retirement System (MPERS) payments to seven eligible universities.

Similar to FY 2013-14, there were some variations from prior fiscal years in the budget process for FY 2014-15. Both the House and the Senate initiated a complete FY 2014-15 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 Senate appropriation bills were reported out of conference committees, the bills were not considered by either the Senate or the House. The two House 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 conference reports for the 16 individual bills. The education omnibus bill and the general omnibus bill were enacted as Public Act 196 of 2014 and Public Act 252 of 2014, respectively.

On an overall basis, the initial level of FY 2014-15 Gross¹ appropriations for State budget areas totals \$53.1 billion, while State Spending from State Resources² appropriations total \$30.0 billion. The Gross total includes \$52.2 billion in ongoing appropriations and \$914.2 million in one-time appropriations. Table 1 outlines the totals by department for the initial ongoing Gross appropriations of \$52.2 billion and the ongoing General Fund/General Purpose³ (GF/GP) appropriations of \$9.6 billion, as well as the one-time Gross appropriations of \$914.2 million and the one-time GF/GP appropriations of \$491.6 million. Table 2 provides the detail by budget area, program, and fund source, for the FY 2014-15 one-time appropriations. If the \$94.0 million one-time payment to the Budget Stabilization Fund is included, total FY 2014-15 Gross one-time appropriations are \$1.0 billion, and all but \$14.4 million of that amount are State Spending from State Resources one-time appropriations, which include \$408.1 million of State Restricted revenue and \$585.6 million of GF/GP revenue.

This Senate Fiscal Agency (SFA) report, *FY 2014-15 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 2014-15.

¹ Gross appropriations are defined as total appropriations from all fund sources.

² State Spending from State Resources appropriations are appropriations from State Restricted and General Fund/General Purpose revenue.

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

Table 1

FY 2014-15 INITIAL ONGOING AND ONE-TIME APPROPRIATIONS GROSS AND STATE GENERAL FUND/GENERAL PURPOSE (GF/GP)						
Department/Budget Area	Initial Ongoing Gross Appropriations	Initial Ongoing GF/GP Appropriations	Initial One-Time Gross Appropriations	Initial One-Time GF/GP Appropriations	Total Gross Appropriations	Total GF/GP Appropriations
Agriculture and Rural Development.....	\$81,762,200	\$43,216,200	\$2,700,000	\$2,700,000	\$84,462,200	\$45,916,200
Attorney General	90,822,300	35,267,100	3,000,000	3,000,000	93,822,300	38,267,100
Civil Rights.....	16,644,200	13,448,200	0	0	16,644,200	13,448,200
Community Colleges	364,724,900	167,110,800	0	0	364,724,900	167,110,800
Community Health	18,185,671,100	3,222,159,100	29,704,800	17,542,300	18,215,375,900	3,239,701,400
Corrections	2,013,435,800	1,953,712,500	27,085,900	27,085,900	2,040,521,700	1,980,798,400
Education.....	287,096,100	82,083,000	0	0	287,096,100	82,083,000
Environmental Quality	500,091,800	38,375,900	2,500,000	2,500,000	502,591,800	40,875,900
Executive	5,916,100	5,916,100	0	0	5,916,100	5,916,100
Higher Education	1,512,494,100	1,214,902,000	4,002,200	0	1,516,496,300	1,214,902,000
Human Services	5,750,024,700	990,302,600	5,150,000	5,150,000	5,755,174,700	995,452,600
Insurance and Financial Services.....	65,189,700	55,000	0	0	65,189,700	55,000
Judiciary	287,392,600	186,152,400	375,000	375,000	287,767,600	186,527,400
Legislative Auditor General	22,158,800	14,937,300	0	0	22,158,800	14,937,300
Legislature	131,930,500	127,420,700	0	0	131,930,500	127,420,700
Licensing and Regulatory Affairs.....	508,888,200	25,033,800	33,600,000	15,000,000	542,488,200	40,033,800
Military and Veterans Affairs.....	163,543,700	45,754,500	3,400,000	3,400,000	166,943,700	49,154,500
Natural Resources	379,935,400	43,841,500	4,750,000	4,750,000	384,685,400	48,591,500
School Aid	13,494,145,600	108,700,000	376,180,000	6,200,000	13,870,325,600	114,900,000
State	223,984,900	17,539,000	0	0	223,984,900	17,539,000
State Police	620,343,700	366,191,700	19,229,300	17,979,300	639,573,000	384,171,000
Technology, Management, and Budget..	1,236,788,400	460,848,200	26,022,000	18,250,300	1,262,810,400	479,098,500
Transportation	3,414,870,700	0	284,647,900	284,647,900	3,699,518,600	284,647,900
Treasury (Debt Service)	152,395,000	152,395,000	0	0	152,395,000	152,395,000
Treasury (Operations)	522,136,400	94,618,300	22,400,000	22,400,000	544,536,400	117,018,300
Treasury (Revenue Sharing)	1,217,512,400	0	8,800,000	0	1,226,312,400	0
Treasury (Strategic Fund Agency).....	964,129,900	183,992,500	60,650,000	60,650,000	1,024,779,900	244,642,500
Total Budget Area Appropriations	\$52,214,029,200	\$9,593,973,400	\$914,197,100	\$491,630,700	\$53,128,226,300	\$10,085,604,100
Budget Stabilization Fund Approps	0	0	94,000,000	94,000,000	94,000,000	94,000,000
TOTAL INITIAL APPROPRIATIONS.....	\$52,214,029,200	\$9,593,973,400	\$1,008,197,100	\$585,630,700	\$53,222,226,300	\$10,179,604,100

Table 2

FY 2014-15 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE

Department/Budget Area	Gross	Interdept. Grants	Federal Funds	State Restricted	General Fund
Agriculture and Rural Development					
Food & Agriculture Industry Growth Initiative	\$2,000,000	\$0	\$0	\$0	\$2,000,000
Ottawa County Agriculture Incubator	500,000	0	0	0	500,000
Muskegon Farmers Market	200,000	0	0	0	200,000
Attorney General					
Sexual Assault Prosecutions	3,000,000	0	0	0	3,000,000
Community Health					
Mental Health Commission Recommendations	8,962,500	0	3,962,500	0	5,000,000
University Autism Programs	7,000,000	0	0	4,000,000	3,000,000
Dental Clinic Program	4,092,300	0	0	0	4,092,300
Healthy Kids Dental Computer Project	3,000,000	0	2,700,000	0	300,000
Child & Adolescent Health Services	2,000,000	0	0	0	2,000,000
Autism Family Assistance Services	1,500,000	0	0	1,500,000	0
Pay for Success Contracts	1,500,000	0	0	0	1,500,000
Statewide Trauma System	1,300,000	0	0	0	1,300,000
Bone Marrow Transplant Registry	250,000	0	0	0	250,000
Senior Olympics	100,000	0	0	0	100,000
Corrections					
<i>Neal, et al.</i> Settlement Agreement	25,000,000	0	0	0	25,000,000
Education Program - One-time Enhancement Costs	1,045,300	0	0	0	1,045,300
70 x 7 Life Recovery - Muskegon Pilot	600,000	0	0	0	600,000
Field Operations - One-time Mobilization Costs	440,600	0	0	0	440,600
Environmental Quality					
Electronic Document Management	2,500,000	0	0	0	2,500,000
Higher Education					
MPSERS Reimbursement	4,002,200	0	0	4,002,200	0
Human Services					
Michigan Rehabilitation Services	2,600,000	0	0	0	2,600,000
Fostering Futures Endowment Fund	500,000	0	0	0	500,000
Child Support Enforcement Operations	394,500	0	0	0	394,500
Michigan Reading Corps	350,000	0	0	0	350,000
Private Child Welfare Information Technology Services	300,000	0	0	0	300,000
Flint Catholic Charities: Center for Hope	250,000	0	0	0	250,000
Juvenile Justice In-Home Community Care Grants	250,000	0	0	0	250,000
Parent-to-Parent Adoption Support Services	200,000	0	0	0	200,000
Legal Support Contracts	105,500	0	0	0	105,500
Performance-Based Funding Implementation	100,000	0	0	0	100,000
Food Bank Funding	100,000	0	0	0	100,000

Table 2 - continued

FY 2014-15 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE						
Department/Budget Area	Gross	Interdept. Grants	Federal Funds	State Restricted	General Fund	
Judiciary						
Trial Court Innovation Fund	375,000	0	0	0	375,000	
Licensing and Regulatory Affairs						
Unemployment Insurance Agency - Customer Service	18,000,000	0	0	18,000,000	0	
Delphi Corporation Workers' Comp. Payment Fund.....	15,000,000	0	0	0	15,000,000	
Liquor Control Commission IT Upgrades.....	500,000	0	0	500,000	0	
Disability Accessibility Project.....	100,000	0	0	100,000	0	
Military and Veterans Affairs						
Special Maintenance - Veterans' Home.....	3,000,000	0	0	0	3,000,000	
National Guard Tuition Assistance Program Reserve	400,000				400,000	
Natural Resources						
River Raisin National Battlefield Park Foundation	2,000,000	0	0	0	2,000,000	
Flint River Dike Repair	1,000,000	0	0	0	1,000,000	
City of Alma/Alma College Public Safety Land Improve	1,000,000	0	0	0	1,000,000	
Hart-Montague Trail	470,000	0	0	0	470,000	
Saginaw River Feasibility Study	280,000	0	0	0	280,000	
School Aid						
Final <i>Durant</i> Payment	39,500,000	0	0	39,500,000	0	
Updating Teacher Certification Tests	1,800,000	0	0	0	1,800,000	
Nutrition Education.....	1,200,000	0	0	0	1,200,000	
Career Readiness Study.....	250,000	0	0	0	250,000	
MPERS Additional Liability Payment.....	108,000,000	0	0	108,000,000	0	
Best Practices	75,000,000	0	0	75,000,000	0	
Pupil Performance Grants.....	51,100,000	0	0	51,100,000	0	
Technology Grants.....	41,500,000	0	0	41,500,000	0	
Educator Evaluations	14,800,000	0	0	14,800,000	0	
Class Size Grants	13,000,000	0	0	13,000,000	0	
Increase in Student Assessments	8,500,000	0	0	5,800,000	2,700,000	
Fiscal Emergency Fund	4,000,000	0	0	4,000,000	0	
Bus Conversion.....	3,000,000	0	0	3,000,000	0	
Increase in ISD Operations.....	3,000,000	0	0	3,000,000	0	
School Dissolution Transition Costs	2,200,000	0	0	2,200,000	0	
Strict Discipline Academy Funding	2,000,000	0	0	2,000,000	0	
Consolidation Innovation Grants.....	2,000,000	0	0	2,000,000	0	
FIRST Robotics.....	2,000,000	0	0	2,000,000	0	
Dual Enrollment Incentives	1,750,000	0	0	1,750,000	0	
Merit Curriculum Integration.....	1,000,000	0	0	1,000,000	0	
STEM Professional Development.....	330,000	0	0	330,000	0	
Advanced Placement Grants	250,000	0	0	0	250,000	

Table 2 - continued

FY 2014-15 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE						
Department/Budget Area	Gross	Interdept. Grants	Federal Funds	State Restricted	General Fund	
State Police						
Aviation Support - Helicopter Purchase	4,932,000	0	0	0	4,932,000	
Local Public Safety Initiative	4,550,000	0	0	0	4,550,000	
Trooper School	4,408,500	0	0	900,000	3,508,500	
Rent & Building Occupancy Charges - Marshall Post	2,000,000	0	0	0	2,000,000	
Motor Carrier School	1,181,900	0	0	0	1,181,900	
Michigan International Speedway Traffic Control	831,900	0	0	0	831,900	
Electronic Warrant Report System	750,000	0	0	0	750,000	
LEIN Conversion Language	350,000	0	0	350,000	0	
Emergency Support Team Vehicles	225,000	0	0	0	225,000	
Technology, Management, and Budget						
Capital Outlay - Enterprisewide Spec. Main. State Facilities	7,000,000	0	0	0	7,000,000	
Technology Services Funding	6,900,300	6,900,000	0	0	300	
Office of Urban Initiatives	5,000,000	0	0	0	5,000,000	
Litigation Fund	4,000,000	0	0	0	4,000,000	
Special Projects	1,250,000	0	0	0	1,250,000	
Regional Prosperity Grants	1,000,000	0	0	0	1,000,000	
Michigan Business One Stop - Depreciation	871,700	871,700	0	0	0	
Transportation						
State and Local Road & Bridge Programs	144,500,000	0	0	0	144,500,000	
State Trunkline Fed. Aid and Road & Bridge Construction ...	127,000,000	0	0	0	127,000,000	
Transit Capital & Rail Infrastructure	10,000,000	0	0	0	10,000,000	
Airport Safety, Protection, & Improvement Program	2,047,900	0	0	0	2,047,900	
Regional Transit Authority	1,100,000	0	0	0	1,100,000	
Treasury (Operations)						
Personal Property Tax Reform	20,800,000	0	0	0	20,800,000	
City of Flint Police & Fire Safety Grant	1,100,000	0	0	0	1,100,000	
Credit Card Payment Service	500,000	0	0	0	500,000	
Treasury (Revenue Sharing)						
City, Village, & Township Revenue Sharing	5,800,000	0	0	5,800,000	0	
Financially Distressed Cities, Villages, or Townships	3,000,000	0	0	3,000,000	0	
Treasury (Strategic Fund)						
Film Incentives	25,000,000	0	0	0	25,000,000	
Business Attraction & Community Revitalization	17,900,000	0	0	0	17,900,000	
Special Grants	15,750,000	0	0	0	15,750,000	
Auto., Engineering & Manufacturing Technology Fund	2,000,000	0	0	0	2,000,000	
Subtotal One-Time Appropriations	\$914,197,100	\$7,771,700	\$6,662,500	\$408,132,200	\$491,630,700	
Appropriation to the Budget Stabilization Fund	94,000,000	0	0	0	94,000,000	
TOTAL ONE-TIME APPROPRIATIONS	\$1,008,197,100	\$7,771,700	\$6,662,500	\$408,132,200	\$585,630,700	

GUBERNATORIAL VETOES

Governor Snyder, through his constitutional line-item veto authority granted under Article V, Section 19 of the State Constitution of 1963, vetoed \$1.6 million of Gross appropriations and \$1.5 million of GF/GP appropriations. [Table 3](#) provides a summary of the line-item vetoes. For FY 2014-15, there were only two vetoes and they were both in the Department of Transportation budget, where the Governor removed \$1.5 million of GF/GP revenue for a high-speed rail traffic control project, and \$80,000 of Federal and State Restricted revenue for a study of a pedestrian crossing for a bridge in Petoskey. Further specific departmental information on these vetoes is included in the Budget Area Detail section of this report.

Table 3
FY 2014-15
LINE-ITEM VETOES
(Actual Dollars)

Budget Area/Item	Gross	Federal	State Restricted	GF/GP
Transportation				
High-Speed Rail Traffic Control Project.....	(\$1,500,000)	\$0	\$0	(\$1,500,000)
Petoskey Bridge Pedestrian Crossing Study.....	(80,000)	(64,000)	(16,000)	0
Total Vetoes.....	(\$1,580,000)	(\$64,000)	(\$16,000)	(\$1,500,000)

FY 2014-15 INITIAL APPROPRIATIONS

The initial level of FY 2014-15 Adjusted Gross⁴ appropriations totals \$52.3 billion. This level of Adjusted Gross appropriations includes \$21.7 billion of Federal funds, \$517.7 million of local and private revenue, \$20.0 billion of State Restricted revenue, and \$10.1 billion of State General Fund/General Purpose revenue. [Table 4](#) and [Figure A](#) summarize these appropriations by department and by fund source. Initial FY 2014-15 Adjusted Gross appropriations represent a \$1.9 billion or 3.8% increase from the year-to-date (as of June 30, 2014) level of FY 2013-14 appropriations. Initial State Spending from State Resources appropriations total \$30.0 billion, an increase of \$906.1 million or 3.1% from the year-to-date level of FY 2013-14 appropriations. Initial GF/GP appropriations total \$10.1 billion, an increase of \$646.5 million or 6.8% from the year-to-date level of FY 2013-14 appropriations. [Tables 5, 6, and 7](#) and [Figures B, C, and D](#) provide a department-by-department comparison of FY 2014-15 initial appropriations to FY 2013-14 year-to-date appropriations in terms of Adjusted Gross, State Spending from State Resources, and GF/GP appropriations, respectively.

⁴ Adjusted Gross appropriations are defined as Gross appropriations less interdepartmental grants received.

Table 4

**APPROPRIATIONS BY SOURCE OF FUNDS
FY 2014-15 INITIAL APPROPRIATIONS**

Department/Budget Area	Gross	IDGs	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund/ General Purpose
Agriculture and Rural Development	\$84,462,200	\$318,100	\$84,144,100	\$10,126,200	\$98,300	\$28,003,400	\$45,916,200
Attorney General.....	93,822,300	27,783,800	66,038,500	9,857,200	0	17,914,200	38,267,100
Capital Outlay.....	0	0	0	0	0	0	0
Civil Rights	16,644,200	288,900	16,355,300	2,736,500	18,700	151,900	13,448,200
Community Colleges	364,724,900	0	364,724,900	0	0	197,614,100	167,110,800
Community Health.....	18,215,375,900	9,425,900	18,205,950,000	12,557,686,100	347,159,000	2,061,403,500	3,239,701,400
Corrections.....	2,040,521,700	225,000	2,040,296,700	5,081,000	8,547,700	45,869,600	1,980,798,400
Education	287,096,100	0	287,096,100	189,473,500	7,567,000	7,972,600	82,083,000
Environmental Quality	502,591,800	9,530,500	493,061,300	149,867,600	546,900	301,770,900	40,875,900
Executive	5,916,100	0	5,916,100	0	0	0	5,916,100
Higher Education.....	1,516,496,300	0	1,516,496,300	97,026,400	0	204,567,900	1,214,902,000
Human Services.....	5,755,174,700	21,545,900	5,733,628,800	4,551,275,200	60,663,600	126,237,400	995,452,600
Insurance and Financial Services	65,189,700	707,600	64,482,100	2,000,000	0	62,427,100	55,000
Judiciary.....	287,767,600	2,364,400	285,403,200	6,437,400	8,185,900	84,252,500	186,527,400
Legislative Auditor General	22,158,800	5,220,700	16,938,100	0	0	2,000,800	14,937,300
Legislature	131,930,500	0	131,930,500	0	400,000	4,109,800	127,420,700
Licensing and Regulatory Affairs.....	542,488,200	14,509,800	527,978,400	200,624,800	968,300	286,351,500	40,033,800
Military and Veterans Affairs	166,943,700	100,000	166,843,700	90,362,800	2,240,000	25,086,400	49,154,500
Natural Resources	384,685,400	1,355,100	383,330,300	67,954,500	10,286,300	256,498,000	48,591,500
Natural Resources Trust Fund	0	0	0	0	0	0	0
School Aid.....	13,870,325,600	0	13,870,325,600	1,808,162,700	0	11,947,262,900	114,900,000
State.....	223,984,900	20,000,000	203,984,900	1,460,000	100	184,985,800	17,539,000
State Police	639,573,000	26,233,200	613,339,800	99,429,900	4,938,900	124,800,000	384,171,000
Tech., Management, and Budget.....	1,262,810,400	677,671,700	585,138,700	7,974,100	3,744,100	94,322,000	479,098,500
Transportation	3,699,518,600	3,786,900	3,695,731,700	1,205,821,500	50,277,100	2,154,985,200	284,647,900
Treasury (Debt Service)	152,395,000	0	152,395,000	0	0	0	152,395,000
Treasury (Operations).....	544,536,400	9,409,100	535,127,300	39,705,400	2,005,600	376,398,000	117,018,300
Treasury (Revenue Sharing).....	1,226,312,400	0	1,226,312,400	0	0	1,226,312,400	0
Treasury (Strategic Fund)	1,024,779,900	0	1,024,779,900	627,370,300	10,088,400	142,678,700	244,642,500
TOTAL BUDGET AREA APPROPS	\$53,128,226,300	\$830,476,600	\$52,297,749,700	\$21,730,433,100	\$517,735,900	\$19,963,976,600	\$10,085,604,100

Figure A

Appropriations by Source of Funds

FY 2014-15 Initial Appropriations

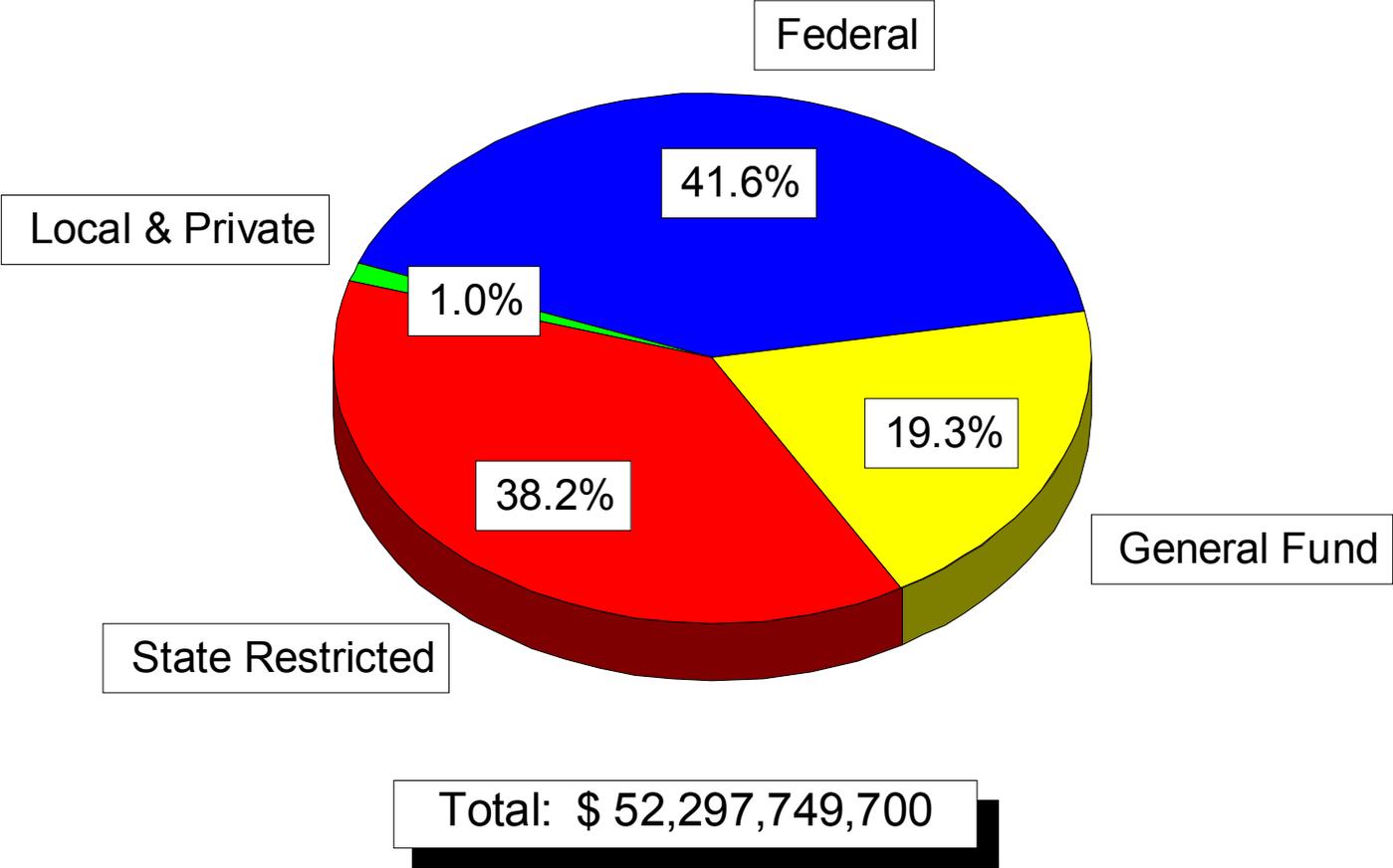


Table 5

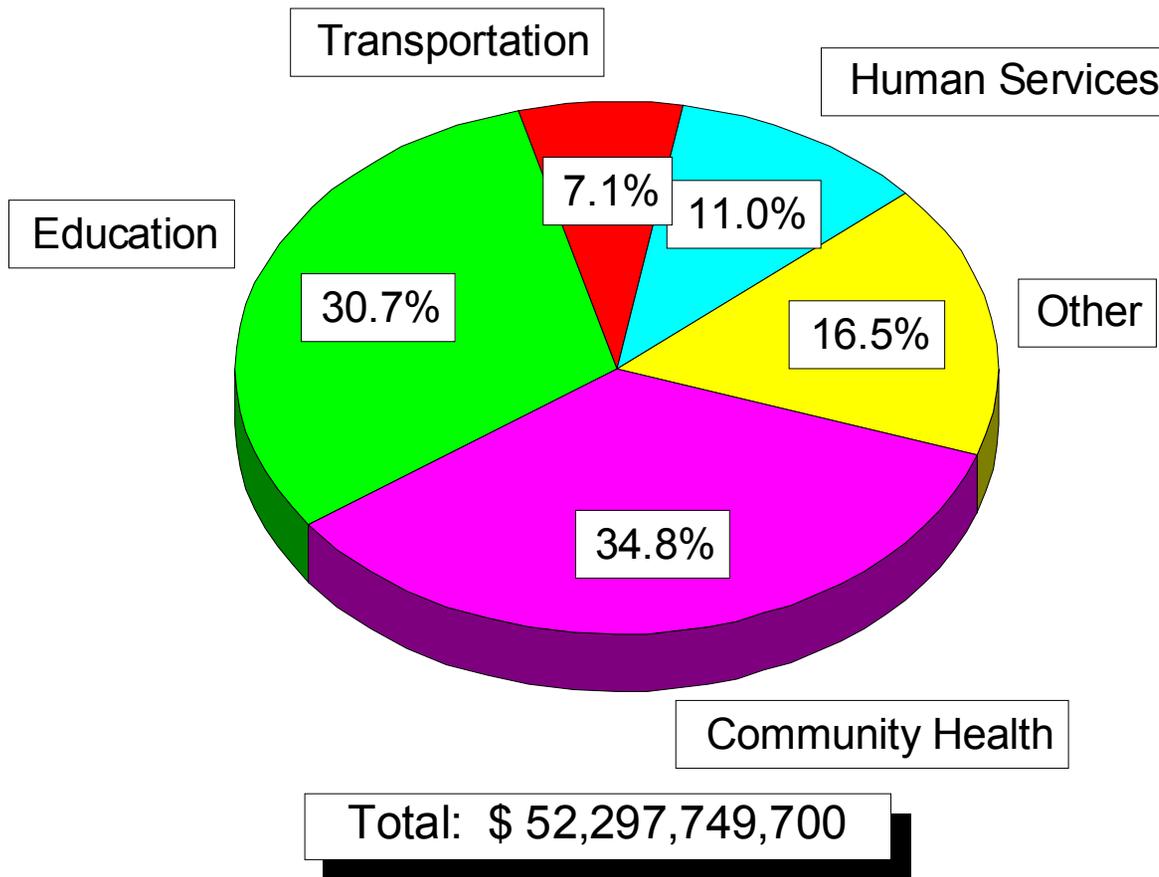
**ADJUSTED GROSS APPROPRIATIONS
FY 2013-14 VERSUS FY 2014-15**

Department/Budget Area	FY 2013-14 Year-to-Date Appropriations¹⁾	FY 2014-15 Initial Appropriations	Dollar Difference	Percent Change
Agriculture and Rural Development.....	\$80,909,000	\$84,144,100	\$3,235,100	4.0%
Attorney General.....	61,375,000	66,038,500	4,663,500	7.6
Capital Outlay	500	0	(500)	(100.0)
Civil Rights	15,198,300	16,355,300	1,157,000	7.6
Community Colleges.....	335,977,600	364,724,900	28,747,300	8.6
Community Health	16,579,037,300	18,205,950,000	1,626,912,700	9.8
Corrections.....	2,045,996,800	2,040,296,700	(5,700,100)	(0.3)
Education	303,652,000	287,096,100	(16,555,900)	(5.5)
Environmental Quality.....	507,816,900	493,061,300	(14,755,600)	(2.9)
Executive	5,540,000	5,916,100	376,100	6.8
Higher Education	1,430,573,500	1,516,496,300	85,922,800	6.0
Human Services.....	6,030,618,600	5,733,628,800	(296,989,800)	(4.9)
Insurance and Financial Services.....	74,627,900	64,482,100	(10,145,800)	(13.6)
Judiciary.....	282,463,600	285,403,200	2,939,600	1.0
Legislative Auditor General.....	15,862,300	16,938,100	1,075,800	6.8
Legislature	123,819,300	131,930,500	8,111,200	6.6
Licensing and Regulatory Affairs.....	491,590,500	527,978,400	36,387,900	7.4
Military and Veterans Affairs.....	179,895,000	166,843,700	(13,051,300)	(7.3)
Natural Resources	347,386,600	383,330,300	35,943,700	10.3
Natural Resources Trust Fund.....	27,677,800	0	(27,677,800)	(100.0)
School Aid.....	13,322,291,100	13,870,325,600	548,034,500	4.1
State.....	199,865,900	203,984,900	4,119,000	2.1
State Police.....	590,034,400	613,339,800	23,305,400	3.9
Technology, Management, and Budget.....	489,518,400	585,138,700	95,620,300	19.5
Transportation.....	3,822,520,500	3,695,731,700	(126,788,800)	(3.3)
Treasury (Debt Service).....	154,202,500	152,395,000	(1,807,500)	(1.2)
Treasury (Operations).....	698,792,600	535,127,300	(163,665,300)	(23.4)
Treasury (Revenue Sharing)	1,136,903,600	1,226,312,400	89,408,800	7.9
Treasury (Strategic Fund).....	1,015,165,000	1,024,779,900	9,614,900	0.9
TOTAL BUDGET AREA APPROPRIATIONS	\$50,369,312,500	\$52,297,749,700	\$1,928,437,200	3.8%

¹⁾ Appropriations as of June 30, 2014.

Figure B

Adjusted Gross FY 2014-15 Initial Appropriations



**Table 6
STATE SPENDING FROM STATE RESOURCES
FY 2013-14 VERSUS FY 2014-15**

Department/Budget Area	FY 2013-14 Year-to-Date Appropriations¹⁾	FY 2014-15 Initial Appropriations	Dollar Difference	Percent Change
Agriculture and Rural Development.....	\$69,601,200	\$73,919,600	\$4,318,400	6.2%
Attorney General.....	51,536,800	56,181,300	4,644,500	9.0
Capital Outlay	500	0	(500)	(100.0)
Civil Rights	12,489,400	13,600,100	1,110,700	8.9
Community Colleges.....	335,977,600	364,724,900	28,747,300	8.6
Community Health	5,026,046,400	5,301,104,900	275,058,500	5.5
Corrections.....	2,028,751,500	2,026,668,000	(2,083,500)	(0.1)
Education	78,926,000	90,055,600	11,129,600	14.1
Environmental Quality.....	356,495,400	342,646,800	(13,848,600)	(3.9)
Executive	5,540,000	5,916,100	376,100	6.8
Higher Education	1,333,547,100	1,419,469,900	85,922,800	6.4
Human Services.....	1,145,420,000	1,121,690,000	(23,730,000)	(2.1)
Insurance and Financial Services.....	72,627,900	62,482,100	(10,145,800)	(14.0)
Judiciary.....	268,405,100	270,779,900	2,374,800	0.9
Legislative Auditor General.....	15,862,300	16,938,100	1,075,800	6.8
Legislature	123,419,300	131,530,500	8,111,200	6.6
Licensing and Regulatory Affairs.....	291,862,300	326,385,300	34,523,000	11.8
Military and Veterans Affairs.....	84,457,300	74,240,900	(10,216,400)	(12.1)
Natural Resources	271,442,100	305,089,500	33,647,400	12.4
Natural Resources Trust Fund.....	27,677,800	0	(27,677,800)	(100.0)
School Aid.....	11,506,132,300	12,062,162,900	556,030,600	4.8
State.....	198,055,800	202,524,800	4,469,000	2.3
State Police.....	480,631,100	508,971,000	28,339,900	5.9
Technology, Management, and Budget.....	479,216,300	573,420,500	94,204,200	19.7
Transportation.....	2,563,974,800	2,439,633,100	(124,341,700)	(4.8)
Treasury (Debt Service).....	154,202,500	152,395,000	(1,807,500)	(1.2)
Treasury (Operations).....	657,400,700	493,416,300	(163,984,400)	(24.9)
Treasury (Revenue Sharing)	1,136,903,600	1,226,312,400	89,408,800	7.9
Treasury (Strategic Fund).....	366,906,300	387,321,200	20,414,900	5.6
TOTAL BUDGET AREA APPROPRIATIONS.....	\$29,143,509,400	\$30,049,580,700	\$906,071,300	3.1%

¹⁾ Appropriations as of June 30, 2014.

Figure C

State Spending From State Resources

FY 2014-15 Initial Appropriations

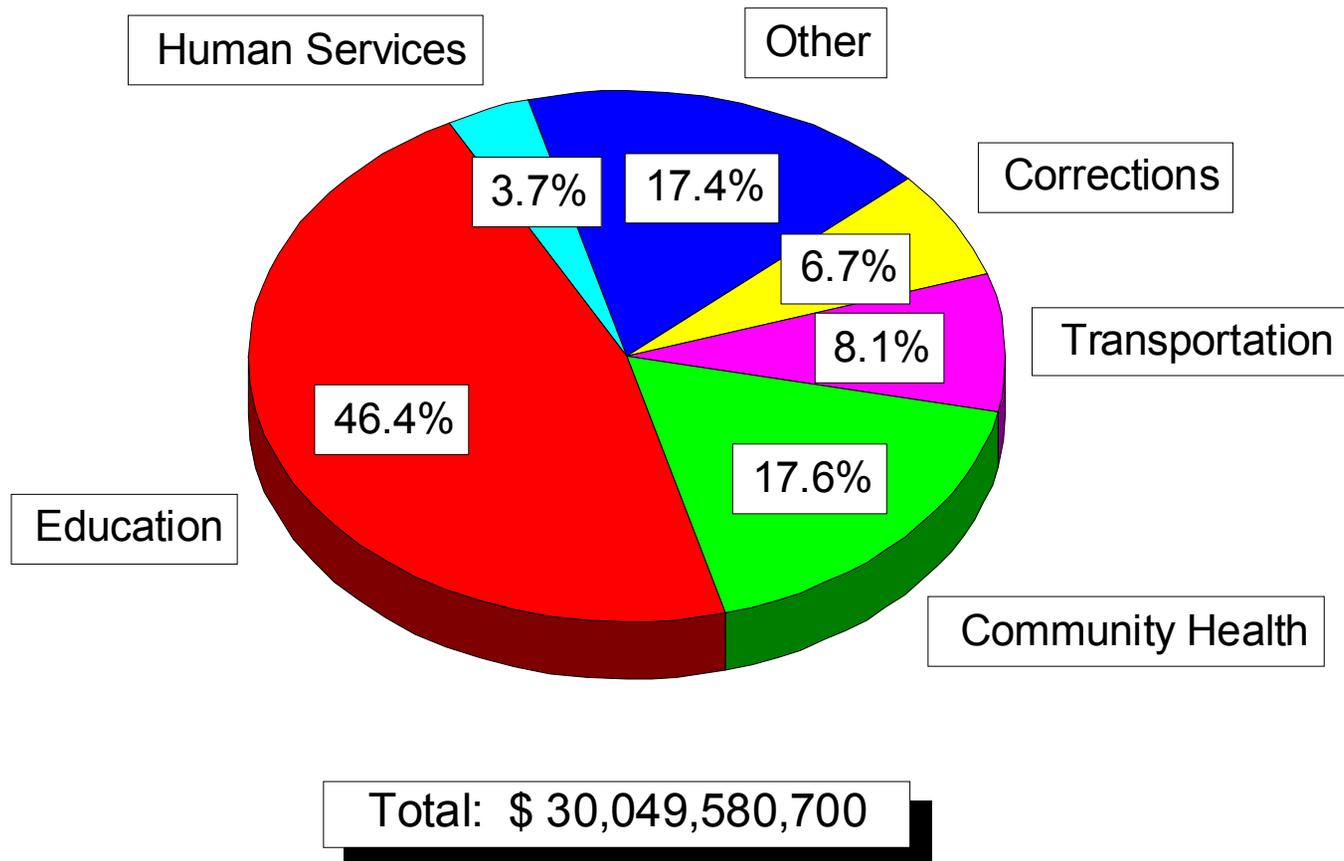


Table 7

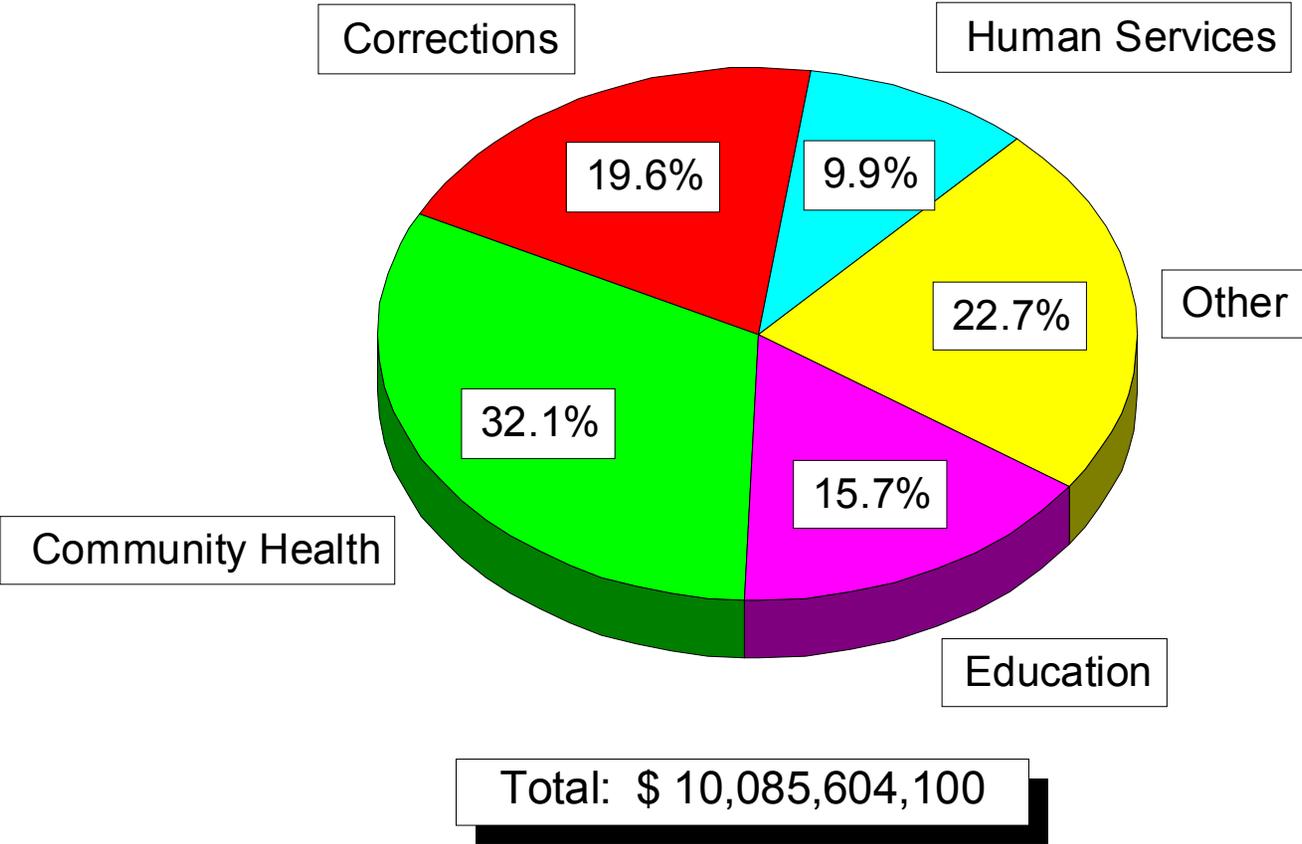
**GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2013-14 VERSUS FY 2014-15**

Department/Budget Area	FY 2013-14 Year-to-Date Appropriations ¹⁾	FY 2014-15 Initial Appropriations	Dollar Difference	Percent Change
Agriculture and Rural Development.....	\$40,580,300	\$45,916,200	\$5,335,900	13.1%
Attorney General.....	34,481,300	38,267,100	3,785,800	11.0
Capital Outlay	500	0	(500)	(100.0)
Civil Rights	12,337,500	13,448,200	1,110,700	9.0
Community Colleges.....	138,363,500	167,110,800	28,747,300	20.8
Community Health	2,843,410,200	3,239,701,400	396,291,200	13.9
Corrections.....	1,972,725,400	1,980,798,400	8,073,000	0.4
Education	70,893,900	82,083,000	11,189,100	15.8
Environmental Quality.....	29,154,500	40,875,900	11,721,400	40.2
Executive	5,540,000	5,916,100	376,100	6.8
Higher Education	1,132,981,400	1,214,902,000	81,920,600	7.2
Human Services.....	1,009,950,000	995,452,600	(14,497,400)	(1.4)
Insurance and Financial Services.....	11,000,000	55,000	(10,945,000)	(99.5)
Judiciary.....	184,191,300	186,527,400	2,336,100	1.3
Legislative Auditor General.....	13,911,300	14,937,300	1,026,000	7.4
Legislature	122,309,500	127,420,700	5,111,200	4.2
Licensing and Regulatory Affairs.....	25,004,900	40,033,800	15,028,900	60.1
Military and Veterans Affairs.....	56,903,300	49,154,500	(7,748,800)	(13.6)
Natural Resources	26,786,600	48,591,500	21,804,900	81.4
Natural Resources Trust Fund.....	0	0	0	0.0
School Aid.....	149,900,000	114,900,000	(35,000,000)	(23.3)
State.....	15,570,400	17,539,000	1,968,600	12.6
State Police.....	356,784,300	384,171,000	27,386,700	7.7
Technology, Management, and Budget.....	385,789,500	479,098,500	93,309,000	24.2
Transportation.....	336,600,000	284,647,900	(51,952,100)	(15.4)
Treasury (Debt Service).....	151,188,000	152,395,000	1,207,000	0.8
Treasury (Operations).....	92,203,300	117,018,300	24,815,000	26.9
Treasury (Revenue Sharing)	0	0	0	0.0
Treasury (Strategic Fund).....	220,554,000	244,642,500	24,088,500	10.9
TOTAL BUDGET AREA APPROPRIATIONS.....	\$9,439,114,900	\$10,085,604,100	\$646,489,200	6.8%

¹⁾ Appropriations as of June 30, 2014.

Figure D

General Fund/General Purpose FY 2014-15 Initial Appropriations



HIGHLIGHTS OF CHANGES IN STATE APPROPRIATIONS

There are various elements that comprise the \$1.9 billion of Adjusted Gross appropriation changes and the \$646.5 million of GF/GP changes, including: new programs, program increases, program eliminations and reductions, fund shifts, and economic adjustments. The \$1.9 billion of Adjusted Gross appropriation changes consists of \$315.3 million for new programs, \$2.9 billion for program funding increases, \$1.4 billion of savings due to program eliminations and funding reductions, \$108.9 million for standard economic adjustments, \$0.4 million for unclassified salary increases, \$580.1 million to pay for actuarial soundness requirements due to changes in the use tax, a \$273.4 million reduction to account for the expiration of the Medicaid primary care rate increase, and a negative \$319.1 million of other technical program adjustments. A summary of the Adjusted Gross and GF/GP appropriation changes from FY 2013-14 to FY 2014-15 is presented in [Table 8](#). [Tables 9](#) through [13](#) provide details on the appropriation changes.

Table 8

SUMMARY OF FY 2014-15 APPROPRIATION CHANGES		
(Millions of Dollars)		
	Adjusted Gross	GF/GP
FY 2013-14 Year-to-Date Appropriation¹⁾	\$50,369.3	\$9,439.1
Changes for FY 2014-15:		
New Programs	\$315.3	\$129.7
Program Increases	2,930.4	612.8
Program Eliminations/Reductions	(1,414.2)	(542.7)
Major Fund Shifts Affecting GF/GP	0.0	14.3
Economic Adjustments	108.9	54.7
Unclassified Salaries	0.4	0.2
Actuarial Soundness for Use Tax Changes	580.1	338.1
Expiration of Medicaid Primary Care Rate Increase	(273.4)	25.0
Other Technical Program Adjustments	(319.1)	14.3
TOTAL CHANGES	\$1,928.4	\$646.5
FY 2014-15 Initial Appropriation	\$52,297.7	\$10,085.6

¹⁾ Appropriation as of June 30, 2014.

There are a number of new programs for FY 2014-15, as well as other funding increases that are primarily attributable to caseload and cost issues in the Department of Community Health and School Aid budgets. [Table 9](#) summarizes FY 2014-15 Adjusted Gross and GF/GP funding for new programs by department. New programs in various departments account for \$315.3 million of Adjusted Gross and \$129.7 million of GF/GP appropriations. The largest GF/GP piece of the new programs' total is \$15.8 million for special grants that will be administered by the Michigan Strategic Fund Agency within the Department of Treasury. The largest Adjusted Gross new program appropriation is \$108.0 million of School Aid Fund revenue for an extra one-time payment toward unfunded accrued liabilities in the Michigan Public School Employees' Retirement System (MPSERS).

In addition to new programs, there are Adjusted Gross program increases of \$2.9 billion and GF/GP increases of \$612.8 million, which are outlined in Table 10. The largest Adjusted Gross increase is \$1.1 billion (with \$144.9 million of GF/GP savings) in the Department of Community Health to recognize full-year funding for the expansion of Medicaid. The second-largest Adjusted Gross funding increase is a combined \$291.0 million for Community Colleges (\$20.9 million), State libraries (\$0.9 million), and School Aid (\$269.2 million) due to the MPSERS rate cap for local units, which requires the State to fund the difference between the actual rate and the cap. The next-largest Adjusted Gross increase, which is also the largest GF/GP increase, is \$286.1 million in the Department of Transportation for State, local, transit, and airport programs; this \$286.1 million increase reflects the removal of \$336.3 million of one-time FY 2013-14 GF/GP appropriations from the base. Absent this base adjustment, the GF/GP funding for the Department of Transportation actually decreases by over \$50.0 million. Other program increases in the budget include operations increases for both State Universities and Community Colleges, \$74.6 million and \$8.9 million, respectively.

Table 11 outlines the programs eliminated, and those with reduced funding, in the FY 2014-15 initial appropriations. Of the total \$1.4 billion in Adjusted Gross program eliminations and reductions, \$286.6 million, or 20.3%, is due to the downward revision in the consensus caseload estimate for the Department of Human Services' Food Assistance Program. Another \$451.3 million Adjusted Gross reduction (\$336.3 million GF/GP) reflects the removal of one-time FY 2013-14 appropriations in the Department of Transportation.

In addition to the new programs, program increases, and program eliminations and reductions outlined in Tables 9, 10, and 11, there are numerous fund shifts in the FY 2014-15 budget that either increase or decrease GF/GP appropriations. These fund shifts produce a net increase of \$14.3 million in GF/GP appropriation levels, and are listed in Table 12.

Table 13 outlines other program adjustments, primarily technical in nature, that reduce FY 2014-15 Adjusted Gross appropriations by \$319.1 million and increase GF/GP appropriations by \$14.3 million.

Table 9

FY 2014-15 INITIAL APPROPRIATIONS NEW PROGRAMS (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Agriculture and Rural Development		
Ottawa County Agriculture Incubator (one-time)	\$0.5	\$0.5
Muskegon Farmers Market (one-time)	0.2	0.2
Commercial Forestry Audit Program	0.2	0.2
Shows and Expositions Grant Program	0.1	0.1
Attorney General		
Sexual Assault Prosecutions (one-time)	3.0	3.0
Human Trafficking Initiative	0.2	0.2
Civil Rights		
Community Trust/Hate Crimes/Anti-Bullying Targeted Initiatives	0.4	0.4
Community Health		
Mental Health/Wellness Commission Recommendations (part one-time)	36.5	14.3
Healthy Kids Dental Program IT Zip Code Update (one-time)	3.0	0.3
Pay for Success Contracts (one-time).....	1.5	1.5
MiDocs Graduate Medical Education Consortium.....	0.5	0.5
Alzheimer's Disease Pilot	0.2	0.2
Corrections		
Goodwill "Flip the Script" Program	2.5	2.5
Post-Release Mental Health Pilot Project	1.0	1.0
Muskegon 70 x 7 Life Recovery Pilot Project (one-time)	0.6	0.6
Re-Entry Legal Assistance Pilot Projects	0.1	0.1
Education		
Educator Evaluations and Assessments (\$900,000 one-time)	3.4	3.4
Financial Independence Team	0.8	0.8
Environmental Quality		
Water Quality and Use Initiative	4.0	4.0
Electronic Document Management (one-time).....	2.5	2.5
Recycling Initiative	1.0	1.0
Executive		
Office for New Americans	0.4	0.4
Human Services		
Healthy Michigan Plan Call Center	19.5	5.6
Asset Test Automation	5.0	2.8
Performance-Based Funding Model for Child Welfare (\$100,000 one-time)	1.4	1.0
Juvenile Justice Vision 20/20 Data System.....	1.0	1.0
Establish Fostering Futures Trust Fund (one-time).....	0.5	0.5
Secondary Trauma Counseling for Child Protective Services Workers	0.1	0.1

Table 9 - continued

FY 2014-15 INITIAL APPROPRIATIONS NEW PROGRAMS (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Judiciary		
Court Access for Individuals with Limited English Proficiency	0.1	0.1
Legislature		
State Capitol Historic Site	3.5	0.5
Licensing and Regulatory Affairs		
Delphi Corporation Workers' Compensation Payment Fund (one-time)	15.0	15.0
Reinventing Performance in Michigan	0.7	0.5
Disability Accessibility Project (one-time)	0.1	0.0
Military and Veterans Affairs		
National Guard Tuition Assistance Program (\$400,000 one-time)	4.7	4.7
Natural Resources		
Invasive Species Initiative	5.0	5.0
Nonmotorized Trail Initiative	2.5	2.5
River Raisin National Battlefield Park Foundation Grant (one-time)	2.0	2.0
Great Lakes Research Vessel	2.0	1.0
Hart-Montague Trail Improvements (\$470,000 one-time)	1.0	1.0
Flint River Dike Repair (one-time)	1.0	1.0
City of Alma/Alma College Public Safety Improvements (one-time)	1.0	1.0
Saginaw River Feasibility Study (one-time)	0.3	0.3
School Aid		
Extra MPERS Liability Payment (one-time)	108.0	0.0
Educator Evaluations (one-time)	14.8	0.0
District Fiscal Emergency Contingency Fund (one-time)	4.0	0.0
Bus Conversion Grants (one-time)	3.0	0.0
Teacher Certification Test Updates (one-time)	1.8	1.8
Dual Enrollment Incentive Payments (one-time)	1.8	0.0
Nutrition Education Pilot Program (one-time)	1.2	1.2
STEM Professional Development (one-time)	0.3	0.0
Career Readiness Study (one-time)	0.3	0.3
State		
Fraud Prevention for Insurance Verification and Paper Certificates	0.9	0.9
Development of Data Analytics for Fraud Prevention	0.5	0.5
State Police		
Local Public School Safety Initiative (one-time)	4.6	4.6
Technology, Management, and Budget		
Office of Urban Initiatives (one-time)	5.0	5.0
Special Projects (one-time)	1.3	1.3

Table 9 - continued

FY 2014-15 INITIAL APPROPRIATIONS NEW PROGRAMS (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Transportation		
Regional Transit Authority Startup Funding (one-time)	1.1	1.1
Treasury (Operations)		
Financial Independence Team	4.5	4.5
Office of Tax Implementation.....	1.6	1.6
City of Flint Police and Fire Safety Grant (one-time).....	1.1	1.1
Data Governance Program.....	0.4	0.4
Treasury (Revenue Sharing)		
Financially Distressed Cities, Villages, Townships (\$3 million one-time).....	8.0	0.0
Treasury (Strategic Fund)		
Special Grants (one-time).....	15.8	15.8
Community Colleges Skilled Trades Technology Bond Debt Service.....	4.6	4.6
Automotive, Engineering, and Manufacturing Technology Fund (one-time).....	2.0	2.0
TOTAL NEW PROGRAMS	\$315.3	\$129.7

Table 10

FY 2014-15 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Agriculture and Rural Development		
Strategic Growth Initiative (one-time)	\$2.0	\$2.0
Food Safety Inspections	1.2	1.2
Pesticide and Plant Pest Management	0.8	0.8
Dairy Inspections	0.6	0.6
Farmland and Open Space Preservation/County Fairs Grants.....	0.1	0.1
Attorney General		
Michigan Gaming Enforcement	0.1	0.0
Civil Rights		
Expansion of Intake Unit.....	0.2	0.2
Community Colleges		
MPSERS Rate Cap	20.9	20.9
Performance Funding	8.9	8.9

Table 10 - continued

FY 2014-15 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Community Health		
Medicaid Expansion Funding	1,080.7	(144.9)
Actuarially Sound Rates for Medicaid HMOs	89.4	30.8
Health Plan Services Reserve.....	87.1	30.0
Medicaid Base and Expenditure Adjustment.....	82.9	23.4
Community Mental Health (CMH) Adjustment	41.8	3.0
Actuarially Sound Rates for PIHPs.....	32.5	11.2
Home- and Community-Based Waiver Program	26.2	9.0
Healthy Kids Dental	15.7	5.4
Medicaid Obstetrical Rates Increase.....	13.8	4.8
Hospital Payments for Obstetrical Services	11.0	3.8
University Autism Centers and Services (one-time).....	6.5	1.0
Adult Home Help Minimum Wage Impact	5.0	1.7
Jail/Prison Diversion Initiative.....	3.4	3.4
Senior In-Home Services.....	3.2	3.2
Rural Prenatal Health Visitations.....	2.3	2.3
Medicaid Coverage for Breast Pumps.....	2.0	0.7
Child and Adolescent Health Services (one-time).....	2.0	2.0
Senior Nutrition Services	1.8	1.8
Essential Public Health Services	1.5	1.5
Statewide Trauma System (one-time).....	1.3	1.3
Michigan Essential Health Provider Program.....	1.1	0.5
Adult Foster Care Personal Care Services Rate.....	1.1	0.4
Crime Victims' Rights Grants to Prosecutors	1.0	0.0
Elder Abuse Prevention.....	1.0	1.0
Newborn Screening Fee Revenue Increase	0.9	0.0
Health and Wellness Program.....	0.7	0.7
Lead Abatement Funding	0.5	0.5
Data Analytics Staff for Behavioral Health	0.4	0.3
Medicaid Kidney Dialysis Reimbursement	0.3	0.1
Bone Marrow Registry (one-time).....	0.3	0.3
Efforts to Combat Human Trafficking	0.2	0.2
Staff for Program of All-Inclusive Care for the Elderly.....	0.1	0.1
Pregnancy Risk Assessment Monitoring Grant.....	0.1	0.0
Pregnancy and Parenting Support Services Pilot	0.1	0.1
Senior Olympics (one-time).....	0.1	0.1
Various Other Smaller Grants	0.1	0.1

Table 10 - continued

FY 2014-15 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Corrections		
Fund Final <i>Neal, et. al</i> Settlement Payment (one-time)	5.0	5.0
Hepatitis C Protocol Funding	4.4	4.4
Prisoner Education Enhancement (one-time)	4.3	4.3
Leased Bed Space	4.0	4.0
Healthy Michigan Plan Administration	1.1	0.8
Parole/Probation Technology Upgrades	1.0	1.0
Swift-and-Sure Interdepartmental Grant to Judiciary	1.0	1.0
Health Care Professional Development	0.4	0.4
Local Prosecution and Detainer Expenses	0.3	0.3
Education		
Child Development and Care Tiered Reimbursement.....	5.3	0.0
School Reform Effort	0.9	0.9
MPSERS Rate Cap	0.9	0.9
Office of Great Start.....	0.4	0.4
Environmental Quality		
Drinking Water Revolving Fund State Match	2.5	2.5
Contaminated Site Investigation and Cleanup	1.3	0.0
Office of Environmental Assistance	1.0	2.9
Hazardous Waste Management Program	0.4	0.0
Leaking Underground Storage Tank Cleanups	0.4	0.0
Executive		
Operations Increase	0.2	0.2
Higher Education		
University Operations Increase	74.6	74.6
MPSERS Reimbursement (one-time).....	4.0	0.0
Tuition Grants	1.9	1.9
MSU AgBioResearch.....	1.8	1.8
MSU Extension	1.5	1.5
Tuition Incentive Program (TIP).....	1.5	1.5
North American Indian Tuition Waiver.....	0.5	0.5
Higher Education Database (HEIDI) Maintenance	0.1	0.1

Table 10 - continued

FY 2014-15 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Human Services		
Donated Funds for Outstationed Eligibility Workers	25.7	0.0
Disability Determination Staff	20.1	0.0
Swift-and-Sure Program	11.1	0.0
Adoption Determination of Care Payments	7.9	7.5
Foster Care Case Assignment	5.0	5.0
Increase in Private Residential Rates.....	3.7	3.3
Michigan Rehabilitation Services (\$2.6 million one-time).....	3.4	3.4
Foster Care Caseload	3.1	1.0
Private Agencies' Adoption Services	2.2	1.4
Medical/Psychiatric Evaluations	2.1	2.1
Guardianship Assistance Caseload.....	2.0	0.8
Child Care Fund Caseload	1.5	(1.9)
Statewide Single Audit Costs	1.2	0.6
Travel Costs.....	1.0	0.3
Replace Revenue Lost Due to IRS Offset (\$500,000 one-time)	1.0	1.0
Juvenile Justice Re-Entry Program	0.8	0.2
Income Verification Contract	0.6	0.2
Parent-to-Parent Adoption Support Services (\$200,000 one-time).....	0.5	0.5
Domestic Violence Prevention Services.....	0.5	0.5
Centers for Independent Living	0.5	0.5
Michigan Reading Corps (one-time).....	0.4	0.4
Attorney General Contracts	0.3	0.1
Expansion of School Success Partnership.....	0.3	0.3
Child Welfare IT for Private Agencies (one-time).....	0.3	0.3
Catholic Charities Center for Hope Grant (one-time)	0.3	0.3
Juvenile Justice In-Home Care Grant (one-time)	0.3	0.3
Public Assistance Cost Allocation Plan	0.2	0.2
Michigan Community Services Commission	0.2	0.2
Children's Trust Fund Administration	0.2	0.2
Food Bank (one-time).....	0.1	0.1
Elder Law of Michigan	0.1	0.1
Insurance and Financial Services		
Healthy Michigan Plan Administration	0.1	0.1

Table 10 - continued

FY 2014-15 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Judiciary		
Mental Health Courts Program	1.7	1.7
Extension of Drug and DWI/Sobriety Courts	0.7	0.0
Michigan Court System Operation.....	0.6	0.6
Indigent Defense Commission.....	0.3	0.3
Legislative Auditor General		
Additional Audits of State's IT Systems/Projects.....	0.4	0.4
Operations Increase	0.3	0.3
Legislature		
House and Senate Operations	3.3	3.3
Legislative Council.....	0.6	0.6
Building Operations	0.6	0.6
Legislative Retirement.....	0.2	0.2
Licensing and Regulatory Affairs		
Unemployment Insurance Agency Customer Service (one-time)	18.0	0.0
Unemployment Insurance Agency Property Management.....	1.3	0.0
Bureau of Construction Codes Database/Demolitions	1.1	0.0
Workers' Compensation Self-Insurers Tax Credit Replacement.....	1.0	1.0
Healthy Michigan Plan Administrative Hearings.....	0.9	0.5
Elevator Inspections	0.7	0.0
Health Systems Surveys	0.7	0.0
Health Professions Disciplinary Actions IT Upgrades	0.2	0.2
Military and Veterans Affairs		
Veterans Homes Special Maintenance (one-time).....	3.0	3.0
National Guard Armories Operations	2.0	0.0
Annualized Michigan Veterans Affairs Agency Costs	1.0	1.0
Veterans Service Grants	0.9	0.9
Veterans Service Regional Coordinators	0.8	0.8
County Veterans Counselors.....	0.3	0.3
Natural Resources		
Annualized Hunting/Fishing Fee License Increases	8.1	0.0
Forest Management and Timber Market Development.....	3.9	0.0
Law Enforcement/Conservation Officers	3.5	3.5
Capital Outlay Funding Adjustments	3.1	0.0
Capital Outlay State Parks Repair and Maintenance	2.8	3.8
Forest Fire Equipment	0.4	0.0
Cormorant Population Mitigation	0.1	0.1

Table 10 - continued

FY 2014-15 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
School Aid		
Retirement Rate Cap Costs.....	269.2	0.0
Foundation Allowance Across-the-Board \$50 Increase	74.0	0.0
Equity Payment.....	67.0	0.0
Great Start Readiness Program	65.0	0.0
Special Education	19.1	0.0
Student Assessments (\$8.5 million one-time)	14.7	0.0
Pupil Performance Grants (one-time).....	4.7	0.0
Intermediate School District Operations Funding (one-time)	3.0	0.0
Center for Educational Performance and Information (CEPI).....	2.4	2.4
Cost Adjustments for Cash Flow/PILT/Promise Zones	1.7	0.0
State		
Election Compliance Vendor Increase	0.5	0.5
State Police		
New Trooper School (\$3.5 million GF one-time)	12.7	11.8
New Helicopter for Aviation Unit (\$4.9 million one-time).....	5.2	5.2
Motor Carrier Recruit School (\$1.2 million one-time)	4.4	4.4
Annualized FY 2013-14 Trooper Recruit School.....	2.7	2.7
Automated Fingerprint Identification System Upgrade.....	2.2	0.0
Marshall Post Building Costs (one-time)	2.0	2.0
Statewide Records Management System	1.5	1.5
Detroit Forensic Laboratory Building Costs	1.1	1.1
Electronic Warrant Reporting System (one-time).....	0.8	0.8
Programming Language Upgrade for LEIN System (one-time)	0.4	0.0
Criminal Justice Information Center Disaster Recovery.....	0.3	0.0
Emergency Support Vehicles (one-time).....	0.2	0.2
Technology, Management, and Budget		
Michigan Public Safety Communication System Radio Replacement	25.3	25.3
Information Technology Investment Fund	16.0	16.0
Cyber Security	7.1	7.1
Enterprisewide Special Maintenance for State Facilities (\$7 million one-time).....	2.0	2.0
Regional Prosperity Grants (one-time).....	1.0	1.0
Litigation Costs (\$4 million one-time)	2.0	2.0
Professional Development for UAW Employees	0.7	0.0
Staff for Office of Children's Ombudsman	0.5	0.5
Military Retirement Program.....	0.4	0.4

Table 10 - continued

FY 2014-15 INITIAL APPROPRIATIONS PROGRAM INCREASES (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Transportation		
State and Local Road and Bridge Programs (one-time)	144.5	144.5
State Trunkline Construction Federal Match (one-time).....	127.0	127.0
Revenue Adjustments	30.4	0.0
Intercity Passenger and Freight.....	10.4	0.0
Transit Capital and Rail Infrastructure Federal Match (one-time)	10.0	10.0
Transportation Economic Development Fund Redirection.....	9.5	0.0
Local Agency Federal Aid Program Oversight	3.5	0.0
Airport Safety/Protection/Improvement Program Federal Match (one-time).....	2.0	2.0
Collection/Enforcement Support Services	0.4	0.0
Treasury (Debt Service)		
Clean Michigan/Quality of Life/Great Lakes Water Quality Bonds	7.9	7.9
Treasury (Operations)		
Personal Property Tax Reform (one-time)	20.8	20.8
Convention Facility Development Distribution.....	4.6	0.0
Payments in Lieu of Taxes (PILT)	3.5	3.3
Tax Compliance Reviews	0.6	0.6
P-20 Longitudinal Initiative	0.4	0.4
Casino Gaming Unit and IT	0.4	0.0
Fuel Tax Processing.....	0.2	0.0
Treasury (Revenue Sharing)		
County Revenue Sharing	52.4	0.0
Constitutional Revenue Sharing.....	18.0	0.0
County Incentive Program	13.1	0.0
City, Village, and Township Revenue Sharing (\$5.8 million one-time)	13.0	0.0
Treasury (Strategic Fund)		
Business Attraction and Community Revitalization (\$17.9 million one-time)	10.0	6.5
Land Bank Fast Track Authority	4.0	4.0
Arts and Cultural Grants	2.0	2.0
TOTAL PROGRAM INCREASES	\$2,930.4	\$612.8

Table 11

**FY 2014-15 INITIAL APPROPRIATIONS
PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS
(Millions of Dollars)**

Budget Area/Program	Adjusted Gross	GF/GP
Agriculture and Rural Development		
Acquisition of Farm/Open Space Development Rights	(\$0.3)	\$0.0
Ottawa County Water Resources Study (eliminate; one-time).....	(0.3)	(0.3)
Attorney General		
Assigned Claims Assessments (eliminate)	(0.2)	0.0
Community Colleges		
Virtual Learning Collaborative (eliminate; one-time)	(1.1)	(1.1)
Community Health		
Specialty Network Access Fee (SNAF) Funding Adjustments.....	(49.4)	0.0
FY 2013-14 Information Technology Federal Match	(45.3)	0.0
Reduction in School-Based Services Reimbursements	(19.4)	12.9
Reduction of Outpatient DSH Payment (one-time)	(19.0)	0.0
Completion of Diagnostic Coding Project (eliminate; one-time).....	(18.3)	(2.3)
Increased Savings from Third Party Liability/Estate Recovery	(12.4)	(4.3)
FY 2013-14 Community Mental Health Contingent Reserve	(12.0)	(12.0)
Restricted Revenue for Adult Benefits Waiver	(11.6)	0.0
FY 2013-14 Harper/Hutzel Supplemental	(10.0)	(3.4)
Reversal of FY 2013-14 Contingency Fund Transfers	(8.4)	0.0
Changes in Federal Authorization	(7.3)	0.0
Mental Health Innovations Fund (eliminate; one-time).....	(5.0)	(5.0)
FY 2013-14 Hospice Services Supplemental.....	(2.2)	(2.2)
Family Support Subsidy Caseload	(1.2)	0.0
Creation of FY 2013-14 Transparency Database Work Project.....	(0.3)	(0.3)
Corrections		
Departmental Efficiencies Savings	(11.9)	(11.9)
Funding for New Custody Staff Training (eliminate; one-time)	(9.0)	(9.0)
Healthy Michigan Program Savings	(8.3)	(8.3)
Food Service Legacy Cost Transfer	(8.2)	(8.2)
Goodwill Oil Filter Recycling Project (eliminate).....	(1.0)	(1.0)
HIRE Job Training Initiative (eliminate)	(0.3)	(0.3)
Education		
Child Development and Care Caseload Adjustment.....	(36.6)	0.0
Environmental Quality		
Environmental Cleanup and Redevelopment Program	(15.0)	0.0
Strategic Water Quality Initiatives Loans.....	(9.6)	0.0
Hazardous Waste/Wetlands Permit Funding (one-time).....	(1.0)	(1.0)
FY 2013-14 Beach Monitoring Supplemental.....	(0.1)	(0.1)

Table 11 - continued

FY 2014-15 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Executive		
FY 2013-14 Office for New Americans Supplemental.....	(0.2)	(0.2)
Human Services		
Food Assistance Program Caseload/Cost Adjustments	(286.6)	0.0
Family Independence Program Caseload/Cost Adjustments.....	(67.7)	(37.6)
Rebasing of Fund Sources	(24.0)	(4.4)
FY 2013-14 Low-Income Energy Assistance Supplemental	(22.9)	0.0
Michigan Energy Assistance Fund Source Adjustment	(10.0)	0.0
Staff Reductions	(7.5)	(7.5)
Adoption Subsidy Caseload/Cost Adjustments	(4.3)	(0.5)
Annualization of FY 2013-14 Budgetary Savings	(4.2)	0.0
State Disability Assistance Caseload/Cost Adjustments.....	(4.2)	(4.2)
FY 2013-14 Deliverable Fuel Crisis Assistance Supplemental	(4.0)	(4.0)
Fraud Detection Equipment/BRIDGES Upgrade (one-time).....	(3.5)	(2.0)
State Disability Assistance Change: 12 to 9 Months.....	(2.2)	(2.2)
Rent Offset for Mobile Workers' Travel Increase.....	(1.0)	(0.3)
One-Time Medical Review Team Staff	(0.8)	(0.5)
Reduction in Number of Computers	(0.5)	(0.2)
One-Time Juvenile Justice Behavioral Study (eliminate).....	(0.3)	(0.3)
FY 2013-14 Youth-in-Transition Supplemental	(0.3)	(0.3)
Gentle Teaching Methods Pilot Program (eliminate).....	(0.1)	(0.1)
Insurance and Financial Services		
Autism Coverage Reimbursement Program.....	(11.0)	(11.0)
Judiciary		
Savings from Eliminated Judgeships	(1.5)	(1.5)
Trial Court Performance Innovations Fund	(0.6)	(0.6)
Licensing and Regulatory Affairs		
Nursing Home Survey IT Project (eliminate; one-time).....	(2.1)	(2.1)
Liquor Control Commission IT Upgrades (\$500,000 one-time).....	(1.5)	0.0
Reversal of FY 2013-14 Contingency Fund Transfers	(1.4)	0.0
Military and Veterans Affairs		
FY 2013-14 Armories/Vets Initiative/GR Home Supplementals.....	(10.4)	(10.4)
Veterans Service Delivery Initiative Start-Up Costs (one-time).....	(4.0)	(4.0)
Reversal of FY 2013-14 Contingency Fund Transfers.....	(3.4)	0.0
National Guard Facilities Special Maintenance.....	(3.1)	(3.1)
Computer Upgrade/County Counselor Training (one-time)	(1.5)	(1.5)

Table 11 - continued

FY 2014-15 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Natural Resources		
Summer Youth Initiative/Michigan Conservation Corps	(1.5)	(1.5)
FY 2013-14 Capital Outlay/Kawkawlin/Ft. Holmes Supplementals	(3.3)	(1.4)
Conservation Officer Training (one-time)	(0.6)	(0.6)
Reversal of FY 2013-14 Fisheries Settlement Contingency Transfer	(0.4)	0.0
School Aid		
Technology Infrastructure Grants	(8.5)	0.0
Student Centric Grants (eliminate)	(8.0)	0.0
School Bond Loan Fund Debt Service	(5.7)	0.0
One-Time Transition Costs for Dissolved Districts	(5.0)	0.0
Best Practices	(5.0)	0.0
Information Technology Opportunities Grant (eliminate)	(3.9)	(3.9)
Consolidation Innovation Grants	(3.0)	0.0
Year-Round Schools Pilot (eliminate).....	(2.0)	0.0
Michigan Virtual University	(2.0)	(2.0)
District and Postsecondary Articulation/Transfer Mapping (eliminate).....	(1.0)	0.0
FIRST Robotics	(1.0)	0.0
Principal Educator Evaluation Training (eliminate).....	(0.5)	0.0
State		
Help America Vote Act Funding (eliminate)	(0.4)	0.0
FY 2013-14 Interlock Devices/Filing Reimbursement Supplementals	(0.3)	(0.3)
State Police		
FY 2013-14 FirstNET/Disaster Relief Supplementals	(6.7)	(3.3)
Trooper School Funding (one-time).....	(3.7)	(3.7)
Disaster and Emergency Contingency Fund (one-time)	(2.0)	(2.0)
Reversal of FY 2013-14 Contingency Fund Transfers	(1.8)	0.0
Security at Events	(1.2)	(1.2)
GR Lab/Emergency Vehicle/Secondary Road Patrol (one-time)	(0.9)	(0.9)
Technology, Management, and Budget		
State Building Authority Rent Adjustments.....	(4.0)	(4.0)
IT Innovation Fund (eliminate).....	(2.5)	(2.5)
Delta County Bridge Removal (eliminate; one-time)	(1.5)	(1.5)
MSU's Combined Sewer Overflow Project (eliminate; one-time).....	(0.4)	(0.4)

Table 11 - continued

FY 2014-15 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS (Millions of Dollars)		
Budget Area/Program	Adjusted Gross	GF/GP
Transportation		
FY 2013-14 Federal Match Requirement (one-time).....	(121.3)	(121.3)
Priority Roads Investment Program (Roads/Risks Reserve, one-time)	(115.0)	0.0
FY 2013-14 Special Winter Road Maintenance Supplemental	(115.0)	(115.0)
FY 2013-14 Priority Road Projects Supplemental.....	(100.0)	(100.0)
FY 2013-14 Municipal Credit/Beaver Island Supplementals	(14.0)	(0.3)
Bus Transit Division	(4.6)	0.0
State Aeronautics Fund Adjustments	(1.2)	0.0
Public Transportation Development	(0.3)	0.0
Treasury (Debt Service)		
Water Pollution Control Bond (eliminate)	(1.1)	(1.1)
Treasury (Operations)		
FY 2013-14 Financially Distressed Local Units Supplemental.....	(5.0)	(5.0)
FY 2013-14 Business Tax/Gaming IT Systems Supplementals	(4.8)	(1.8)
Credit Card Payment Implementation	(1.0)	(1.0)
FY 2013-14 Michigan Financial Review Commission Supplemental	(0.9)	(0.9)
Treasury (Revenue Sharing)		
Competitive Grant Assistance Program (eliminate; \$10 million one-time).....	(15.0)	0.0
Treasury (Strategic Fund)		
Welfare-to-Work.....	(14.0)	(4.0)
FY 2013-14 MSHDA/Pre-College/Rouge Park Supplementals.....	(6.9)	(2.4)
Entrepreneurship Eco-System.....	(3.5)	0.0
Job Creation Services Special Projects	(4.6)	(4.6)
TOTAL PROGRAM ELIMINATIONS/REDUCTIONS	(\$1,414.2)	(\$542.7)

Table 12

FY 2014-15 INITIAL APPROPRIATIONS MAJOR FUND SHIFTS TO INCREASE/(REDUCE) GF/GP (Millions of Dollars)	
Budget Area/Program	GF/GP
Agriculture and Rural Development	
Building Occupancy Charges Fund Shift.....	\$0.4
Community Health	
Change in Base Medicaid Match Rate	79.3
Replacement of Merit Award Trust Fund Revenue	17.5
Replacement of Emergency Medical Services Fee Revenue	1.0
Change in Title XXI Match Rate	0.4
Replacement of Senior Respite Fund Revenue	0.4
Replacement of Medicaid Benefits Trust Fund Revenue.....	0.4
Use of Roads and Risks Reserve Fund to Offset GF	(60.9)
Change in Medicaid Home/Community-Based Match Rate.....	(7.6)
Environmental Quality	
Replacement of Environmental Pollution Prevention Fund Revenue	0.2
Human Services	
Replacement of TANF with GF for Administrative Costs	6.9
Change in Base Medicaid Match Rate	2.4
Replacement of GF with Non-TANF Federal Funds	(6.9)
Replacement of GF with Child Support Collections Revenue.....	(0.7)
Judiciary	
Replacement of Federal Funds for State Appellate Defender Office.....	0.4
Licensing and Regulatory Affairs	
Replacement of Liquor Purchase Revolving Fund.....	2.0
Replacement of GF with Corporation Fee Revenue	(2.0)
Military and Veterans Affairs	
Replacement of Restricted Revenue for Vets Homes.....	0.2
Natural Resources	
Replacement of Forest Development Fund Revenue	3.9
School Aid	
Replacement of GF with School Aid Fund Revenue.....	(30.3)
State	
Replacement of Michigan Transportation Fund Revenue.....	0.3
State Police	
Replacement of State Services Fee Fund and Federal Revenue.....	4.1
Treasury (Debt Service)	
Replacement of Refined Petroleum Fund Revenue.....	3.0
TOTAL GF/GP FUND SHIFTS.....	\$14.3

Table 13

FY 2014-15 INITIAL APPROPRIATIONS OTHER PROGRAM ADJUSTMENTS (Millions of Dollars)		
	Adjusted Gross	GF/GP
Agriculture and Rural Development		
Adjustment for Actual Funds Received	(\$2.1)	(\$0.6)
Attorney General		
Align IDG with Restricted Revenue	0.6	0.0
Civil Rights		
Transfer of ADA Compliance from DTMB	0.3	0.3
Community Health		
Technical Fund Source Changes	(26.4)	(0.3)
Corrections		
Technical Fund Source Changes	(14.7)	0.0
Education		
Transfer of Libraries' Ren. Zones/MPERS, Assessments from School Aid.....	6.5	4.5
Environmental Quality		
Technical Fund Source Changes	(2.5)	(0.2)
Human Services		
Federal Match Rate Adjustment.....	0.1	0.0
Federal Funds for Psychotropic Drug Oversight	(0.5)	0.0
Fund Shift for Disability Determination Ops	(0.1)	0.0
Licensing and Regulatory Affairs		
Elimination of Line-Item for Spending of Private Funds	(1.7)	0.0
Transfer of Children's Protection Registry Fund to Dept. of State	(0.3)	0.0
Military and Veterans Affairs		
Technical Fund Source Changes	(4.5)	0.1
Natural Resources		
Technical Fund Source Changes	(0.4)	0.0
School Aid		
Technical Cost Adjustments	(56.0)	0.0
Transfer of Libraries' Ren. Zones/MPERS, Assessments to DOE	(6.5)	(4.5)
State		
Loss of MTF IDG	0.3	0.0
Transfer of Children's Protection Registry Fund from LARA.....	0.3	0.0
State Police		
Transfer of Public Safety Communications System to DTMB.....	(16.3)	(14.2)
Technical Fund Source Changes	(0.4)	0.4

Table 1' - continued

FY 2014-15 INITIAL APPROPRIATIONS OTHER PROGRAM ADJUSTMENTS (Millions of Dollars)		
	Adjusted Gross	GF/GP
Technology, Management, and Budget		
Adjustments for FY 2013-14 Supplementals.....	24.1	23.4
Transfer of Public Safety Communications System from MSP	16.3	14.2
Technical Fund Source Changes	(1.6)	0.1
Transfer of State Building Authority Administration to Treasury	(0.7)	0.0
Transfer of Americans with Disabilities Act Admin. to Civil Rights	(0.3)	(0.3)
Statewide Cost Allocation Project Adjustments.....	(0.1)	(0.0)
Transportation		
Technical Fund Source Changes/Veto.....	(0.1)	0.0
Treasury (Debt Service)		
Great Lakes Water Quality Bond Financing Adjustment.....	(8.6)	(8.6)
Treasury (Operations)		
Transfer of State Building Authority Administration from DTMB	0.7	0.0
Adjustment for FY 2013-14 State Building Authority Supplemental	(0.7)	0.0
FY 2013-14 BSF Supplemental for Detroit Retirement Systems	(194.8)	0.0
Technical Fund Source Changes	(0.1)	0.0
Treasury (Strategic Fund)		
Technical Fund Source Changes	(1.3)	0.0
Technical Base Funding Adjustments		
Removal of Natural Resources Trust Fund/Capital Outlay	(27.7)	(0.0)
TOTAL OTHER PROGRAM ADJUSTMENTS	(\$319.1)	\$14.3

PROGRAM TRANSFERS

The initial FY 2014-15 appropriations reflect the transfer of seven programs from one budget area to another; these transfers are listed in [Table 14](#). The two largest program transfers are a transfer from the Department of State Police to the Department of Technology, Management, and Budget of \$16.3 million Adjusted Gross (\$14.2 million GF/GP) for the Michigan Public Safety Communication System, and a transfer of \$3.2 million (all GF/GP) from School Aid to the Department of Education for Renaissance Zone reimbursements.

Table 14

FY 2014-15 INITIAL APPROPRIATIONS
SUMMARY OF PROGRAM TRANSFERS
(Actual Dollars)

Program/Sending Department	Fund Source	FY 2014-15	Receiving Department	Fund Source	FY 2014-15
MPSERS Reform					
School Aid	Gross	(1,300,000)	Education	Gross	2,200,000
	GF/GP	(1,300,000)		GF/GP	2,200,000
Renaissance Zone Reimbursement					
School Aid	Gross	(3,200,000)	Education	Gross	3,200,000
	GF/GP	(3,200,000)		GF/GP	3,200,000
Accountability Services					
School Aid	Gross	(2,000,000)	Education	Gross	2,000,000
	Federal	(2,000,000)		Federal	2,000,000
	GF/GP	0		GF/GP	0
Americans with Disabilities Act					
Technology, Management, & Budget	FTEs	(4.0)	Civil Rights	FTEs	4.0
	Gross	(300,000)		Gross	583,500
	IDG			IDG	283,500
	GF/GP	(300,000)		GF/GP	300,000
Michigan Public Safety Communication System					
State Police			Technology, Management, & Budget	FTEs	100.0
	Gross	(16,340,900)		Gross	41,640,900
	Local	(2,183,000)		Local	2,183,000
	GF/GP	(14,157,900)		GF/GP	39,457,900
State Building Authority Administrative					
Technology, Management, & Budget	FTEs	(4.0)	Treasury (Operations)	FTEs	4.0
	Gross	(699,100)		Gross	699,100
	Restricted	(699,100)		Restricted	699,100
	GF/GP	0		GF/GP	0
Children's Protection Registry					
Licensing and Regulatory Affairs	Gross	(272,600)	State	Gross	272,600
	Restricted	(272,600)		Restricted	272,600
	GF/GP	0		GF/GP	0

FEE AND REVENUE CHANGES

The FY 2014-15 initial appropriations assume no new or increased fees but do include sunset delays for four fees with annual revenue totaling \$2.9 million. Of the delayed fee sunsets, three occur in the Department of Environmental Quality budget and are for permits related to the generation, transportation, treatment, storage, processing, and disposal of hazardous waste. The annual revenue generated from these fees is estimated to total \$1.1 million. The Department of Community Health budget includes the delay of a sunset on the use of the Crime Victim's Rights Fund for the Statewide EMS Trauma System. In FY 2013-14, \$1.8 million in revenue from the Crime Victim's Rights Fund was used for this purpose. [Table 15](#) summarizes the fee adjustments.

Table 15
FY 2014-15 FEE REVENUE INCLUDED IN BUDGET
(Actual Dollars)

Department	Fee Type	Estimated Revenue
Maintenance of Current Fee Levels		
Community Health	Crime Victim's Rights Fund for Statewide EMS Trauma System	\$1,750,000
Environmental Quality	Hazardous Waste Management Fees.....	\$1,100,000
TOTAL FEE SUNSETS		\$2,850,000

STATE EMPLOYEE COMPENSATION CHANGES AND EMPLOYMENT LEVELS

The FY 2014-15 initial budget includes the impasse panel recommendations for State employee compensation adopted by the Civil Service Commission on January 15, 2014. The Civil Service Commission-approved FY 2014-15 agreement for employees who are exclusively represented by employee unions (AFSCME, MCO, MSEA, SEIU, and UAW) includes a 2.0% base wage increase and a 0.5% lump-sum payment effective October 1, 2014. Contracts continue to require represented employees to pay 20.0% of their health care premiums.

On January 15, 2014, the Civil Service Commission also adopted a Coordinated Compensation Plan for non-exclusively represented State classified employees (NEREs) for FY 2014-15. Beginning on October 1, 2014, NEREs will receive a 2.0% general wage increase and a 0.5% lump-sum payment. They also will continue to be required to pay an employee share of health insurance premiums of 20.0%.

[Table 16](#) provides a summary of the incremental State employee cost changes for FY 2014-15, including employee salary increases of \$58.0 million. The State's portion of the cost of employee health insurance is estimated to remain at the current FY 2013-14 level; thus, no increase in economics for insurance is anticipated. The amount that needs to be contributed to the State employee retirement systems in FY 2014-15 results in an increase in costs for the FY 2014-15 budget. Retirement contributions will increase \$82.8 million Gross and \$42.9 million GF/GP. Other Post Employment Benefits (OPEB) costs for FY 2014-15 are less than the costs in FY 2013-14; OPEB costs will decrease by \$26.1 million Gross and \$12.8 million GF/GP. These figures are negative due to the decline in retirement rates associated with retirement health care. The total Adjusted Gross impact of economic adjustments for FY 2014-15 is an estimated increase of \$108.9 million on a total wage and salary base of approximately \$3.1 billion. [Table 17](#) presents the FY 2014-15 economic adjustments by budget area and fund source.

Table 16

FY 2014-15 INITIAL APPROPRIATIONS ESTIMATES OF ECONOMIC ADJUSTMENTS INCLUDED IN BUDGET (Millions of Dollars)		
	Adjusted Gross	GF/GP
Wages and Salaries	\$58.0	\$28.1
Employee Insurance Costs	0	0
Retirement Contributions	82.8	42.9
OPEB	(26.1)	(12.8)
Workers' Compensation	(3.2)	(3.8)
All Other Economics.....	(2.6)	0.3
TOTAL ESTIMATED ECONOMIC INCREASES	\$108.9	\$54.7

Table 17

FY 2014-15 INITIAL APPROPRIATIONS ECONOMIC ADJUSTMENTS							
Department/Budget Area	Gross	IDGs	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund/ General Purpose
Agriculture & Rural Development.....	\$330,200	\$4,000	\$326,200	\$85,400	\$1,400	\$40,600	\$198,800
Attorney General.....	1,509,700	595,300	914,400	19,000	0	327,300	568,100
Civil Rights.....	294,700	5,400	289,300	46,300	0	0	243,000
Community Colleges.....	0	0	0	0	0	0	0
Community Health.....	8,804,200	27,900	8,776,300	2,042,100	3,022,600	485,100	3,226,500
Corrections.....	21,805,000	0	21,805,000	37,900	221,100	375,800	21,170,200
Education.....	1,867,400	0	1,867,400	1,652,500	0	(59,500)	274,400
Environmental Quality.....	402,200	87,500	314,700	600,600	5,100	(173,000)	(118,000)
Executive.....	0	0	0	0	0	0	0
Higher Education.....	0	0	0	0	0	0	0
Human Services.....	23,862,700	282,200	23,580,500	15,177,400	296,100	29,200	8,077,800
Insurance and Financial Services.....	781,700	0	781,700	0	0	781,700	0
Judiciary.....	1,647,700	13,900	1,633,800	64,800	125,000	38,700	1,405,300
Legislative Auditor General.....	527,900	128,600	399,300	0	0	49,800	349,500
Legislature.....	0	0	0	0	0	0	0
Licensing & Regulatory Affairs.....	4,011,100	367,900	3,643,200	1,316,600	0	2,307,400	19,200
Military & Veterans Affairs.....	1,256,500	0	1,256,500	730,100	0	182,400	344,000
Natural Resources.....	5,576,200	27,800	5,548,400	823,900	49,100	4,420,500	254,900
School Aid.....	133,200	0	133,200	0	0	45,500	87,700
State.....	2,564,900	300,700	2,264,200	0	0	2,227,800	36,400
State Police.....	18,751,100	569,400	18,181,700	744,200	79,400	3,585,000	13,773,100
Technology, Management, Budget....	7,498,900	2,565,800	4,933,100	183,200	49,900	969,000	3,731,000
Transportation.....	5,924,300	77,300	5,847,000	0	0	5,847,000	0
Treasury (Debt Service).....	0	0	0	0	0	0	0
Treasury (Operations).....	4,942,200	121,000	4,821,200	294,900	23,000	3,739,800	763,500
Treasury (Revenue Sharing).....	0	0	0	0	0	0	0
Treasury (Strategic Fund).....	1,622,900	0	1,622,900	448,800	43,100	827,400	303,600
TOTAL APPROPRIATION.....	\$114,114,700	\$5,174,700	\$108,940,000	\$24,267,700	\$3,915,800	\$26,047,500	\$54,709,000

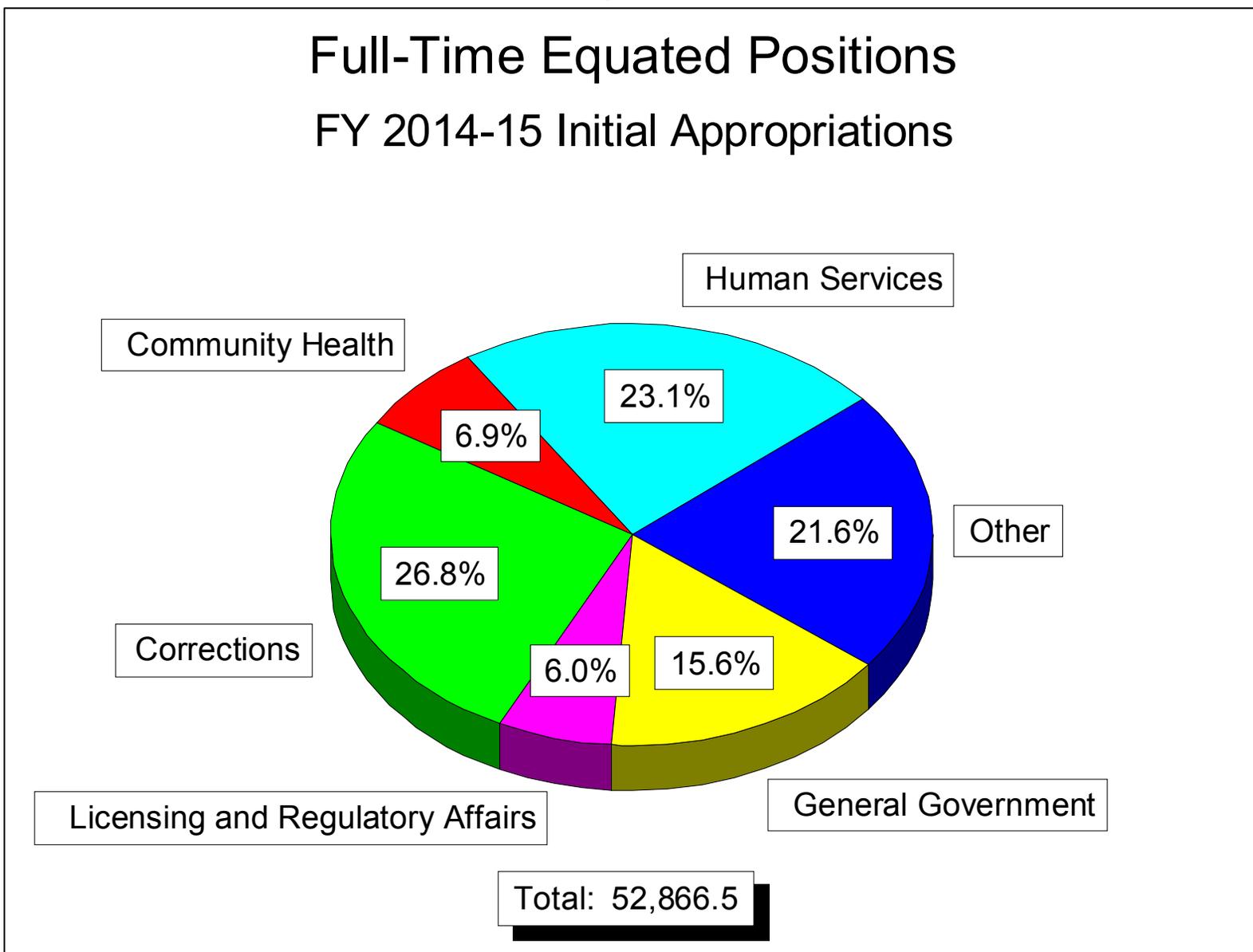
Table 18 and Figure E provide a summary of State classified full-time equated (FTE) positions appropriated in FY 2014-15 versus the year-to-date level of FTEs appropriated in FY 2013-14. Total appropriated FTEs in FY 2014-15 equal 52,866.5, an increase of 67.0 or 0.1% from FY 2013-14. The FTE reduction in the Department of Corrections is due primarily to an adjustment to remove vacant unfunded positions, while the FTE increase in the Department of State Police corresponds to the new schools for State troopers and motor carrier officers.

Table 18
FULL-TIME EQUATED POSITIONS
FY 2013-14 VERSUS FY 2014-15

Department/Budget Area	FY 2013-14 Year-to-Date Positions	FY 2014-15 Initial Positions	Position Change	Percent Change
Agriculture and Rural Development.....	434.0	446.0	12.0	2.8%
Attorney General.....	511.0	513.5	2.5	0.5
Civil Rights	122.0	132.0	10.0	8.2
Community Health	3,585.6	3,648.1	62.5	1.7
Corrections.....	14,543.6	14,179.3	(364.3)	(2.5)
Education	587.5	600.5	13.0	2.2
Environmental Quality.....	1,281.5	1,284.5	3.0	0.2
Executive	74.2	78.2	4.0	5.4
Higher Education	0.0	0.0	0.0	0.0
Human Services.....	12,144.5	12,221.5	77.0	0.6
Insurance and Financial Services.....	337.0	337.0	0.0	0.0
Judiciary.....	489.0	488.0	(1.0)	(0.2)
Licensing and Regulatory Affairs.....	2,913.0	2,820.3	(92.7)	(3.2)
Military and Veterans Affairs.....	889.5	889.5	0.0	0.0
Natural Resources	2,135.3	2,222.3	87.0	4.1
State.....	1,562.0	1,587.0	25.0	1.6
State Police.....	2,931.0	3,070.0	139.0	4.7
Technology, Management, and Budget.....	2,812.0	2,817.0	5.0	0.2
Transportation.....	2,912.3	2,912.3	0.0	0.0
Treasury (Operations).....	1,778.5	1,863.5	85.0	4.8
Treasury (Strategic Fund).....	756.0	756.0	0.0	0.0
TOTAL POSITIONS	52,799.5	52,866.5	67.0	0.1%
Note: Full-Time Equated classified positions include exempt positions in Judiciary.				

Figure E

Full-Time Equated Positions FY 2014-15 Initial Appropriations



RETIREMENT COSTS AND BUDGETED APPROPRIATIONS

A significant aspect of the State budget, as well as the budgets of K-12 school districts and community colleges, is the amount employers are required to pay toward retirement costs for their employees. The enacted budget includes the required employer contributions for the State Employees' Retirement System (SERS) and the Michigan Public School Employees' Retirement System (MPERS), as well as for the much smaller Judges, State Police, and Legislative retirement systems. Public Act 300 of 2012 established a cap on the rate local employers in MPERS will pay toward the unfunded accrued liabilities (UAL) in the system, with any required payments above that cap to be made by an appropriation.

Table 19 provides a two-year summary of the contribution rates for defined benefit (DB) and defined contribution (DC) retirement for SERS. Contribution rates are a combination of the amount required to pay down liabilities accrued in the past (legacy costs) and the amount required to pay for benefits earned today (normal cost), for both pensions and retiree health care benefits, and rates are expressed as a percentage of State payroll.

Table 19

STATE RETIREMENT CONTRIBUTION RATES AS A PERCENTAGE OF PAYROLL			
	FY 2013-14	FY 2014-15	FY 2014-15 Chg.
State Employees' Retirement System¹⁾			
Defined Benefit Pension.....	26.04%	27.46%	1.42%
Defined Benefit Health Care	24.19%	22.76%	(1.43)%
Total Defined Benefit Costs	50.23%	50.22%	(0.01)%
Defined Contribution Retirement.....	29.78%	31.09%	1.31%
Defined Contribution Health Care	24.19%	22.76%	(1.43)%
Total Defined Contribution Costs	53.97%	53.85%	(0.12)%
¹⁾ Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2014-15 will be the fourth year of prefunding retiree health.			

Table 20 provides a look at the FY 2014-15 contribution rates for the seven different retirement plan combinations in MPERS. Public Act 300 of 2012 capped the local employer contribution rate for unfunded liabilities at roughly 21.0% of payroll (the FY 2011-12 amount), and the State is required to make an appropriation for any liabilities above that amount. The "normal" cost (paid entirely by local employers) for pension and retiree health care can fluctuate slightly from year to year. The maximum total local employer (school district, ISD, and community college) cost for FY 2014-15 under any of the seven plans is between roughly 25.0% and 27.0% of payroll, depending on the plan and employee DC contributions. The State subsidy for the statutory rate cap is roughly 7.6% of MPERS payroll, or about \$729.2 million. Because their participation in MPERS was closed to new hires in 1996, universities were excluded from the rate cap in Public Act 300 of 2012; instead, they have a separate contribution rate calculation and amortization schedule.

In addition to the \$729.2 million appropriated for the statutory rate cap, the K-12 budget for FY 2014-15 appropriated another \$100.0 million to districts to help offset a portion of their retirement costs, and further appropriated a one-time payment of \$108.0 million directly to MPERS to pay down UAL (like an extra mortgage payment). In the FY 2014-15 Higher Education budget, similar to the appropriation for liability above the rate cap for K-12 districts and community colleges, \$4.0 million was appropriated to universities to keep their UAL payment at the FY 2013-14 level, although this cap is not required by statute. Finally, a total of \$4.1 million (\$2.4 million for universities, \$1.7 million for community colleges) was appropriated in FY 2014-15 to help pay for the cost of retiree health care. Table 21 illustrates the FY 2014-15 MPERS-related appropriations by budget area and by purpose.

Table 20

FY 2014-15 MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM EMPLOYER CONTRIBUTION RATES							
	Basic/MIP with Premium Subsidy	Pension Plus with Premium Subsidy	Pension Plus PHF	Pension Plus to DC with PHF	Basic/MIP to DC with Premium Subsidy	Basic/MIP to DC with PHF	Basic/MIP with PHF
<u>Pension Contributions</u>							
Pension Normal Cost	4.31%	3.23%	3.23%	0.00%	0.00%	0.00%	4.31%
Pension UAL	17.40	17.40	17.40	17.40	17.40	17.40	17.40
Pension Early Retirement Incentive	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Pension Total Rate	23.07%	21.99%	21.99%	18.76%	18.76%	18.76%	23.07%
<u>Health Contributions</u>							
Health Normal Cost	0.51%	0.51%	0.00%	0.00%	0.51%	0.00%	0.00%
Health UAL	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Health Total Rate	2.71%	2.71%	2.20%	2.20%	2.71%	2.20%	2.20%
DB CONTRIBUTION TOTAL	25.78%	24.70%	24.19%	20.96%	21.47%	20.96%	25.27%
<u>Maximum DC Contributions</u>							
DC Employer Contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Personal Health Care Fund	0.00	0.00	2.00	2.00	0.00	2.00	2.00
DC CONTRIBUTION TOTAL	0.00%	1.00%	3.00%	5.00%	4.00%	6.00%	2.00%
<u>Total Uncapped Rate</u>	33.41%	32.33%	31.82%	28.59%	29.10%	28.59%	32.90%
State Subsidy	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%
DC = Defined Contribution; MIP = Member Investment Plan; PHF = Personal Health Fund							

Table 21

FY 2014-15 APPROPRIATIONS RELATED TO MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (Dollars in Millions)						
Budget Area	Statutory Rate Cap	Non-Statutory Rate Cap	Cost Offset Grants	Retiree Health	Additional Liability Payment	Total
K-12/School Aid	\$674.7	\$0.0	\$100.0	\$0.0	\$108.0	\$882.7
Community Colleges	\$52.3	\$0.0	\$0.0	\$1.7	\$0.0	\$54.0
Higher Education	\$0.0	\$4.0	\$0.0	\$2.4	\$0.0	\$6.4
Libraries	\$2.2	\$0.0	\$0.0	\$0.0	\$0.0	\$2.2
TOTAL	\$729.2	\$4.0	\$100.0	\$4.1	\$108.0	\$945.3

Table 22 outlines the FY 2014-15 estimated contributions to SERS and MPSERS by the State and by local employers, as funded in the enacted budget. The total combined cost of the estimated employer (State and local) contributions for the two largest retirement systems is \$4.9 billion.

New for FY 2014-15 in the enacted general omnibus budget is a boilerplate section for each department identifying how much of the appropriations are in support of the legacy costs associated with the State Employees' Retirement System. As noted earlier, the total contributions made to a retirement system are a combination of a payment toward the past unfunded accrued liabilities for benefits already earned (legacy costs), which must be paid regardless of the future of a retirement plan, and a payment toward the accrual of service credit in the future (normal costs).

As shown on Table 22, the contributions in the State Employees' Retirement System are estimated to total \$1.66 billion; of that amount, \$1.37 billion is estimated in the boilerplate sections of the omnibus bill for legacy costs (both pension and retiree health), with the remaining \$290.0 million for normal costs. Table 23 identifies the estimated legacy costs for pension and for retiree health care, and the total of the two, for each department. The normal costs are in addition to the figures listed in Table 23.

Table 22

FY 2014-15 ESTIMATED CONTRIBUTIONS TO TWO LARGEST RETIREMENT SYSTEMS	
	Millions of Dollars
State Employees' Retirement System (SERS)¹⁾	
Defined Benefit Pension	\$346.0
Defined Contribution	587.6
Retiree Health Care	<u>725.4</u>
Subtotal State Employees' Retirement System (includes Normal and Legacy) ²⁾	\$1,659.0
Michigan Public School Employees' Retirement System (MPSERS)³⁾	
<u>Local Share</u>	
Defined Benefit Pension	\$2,145.5
Health Care	<u>259.2</u>
Subtotal Public School Employees' Retirement System (Local)	\$2,404.7
<u>State Share</u>	
Unfunded Accrued Liabilities (Pension and Health)	\$729.2
Universities UAL Appropriation	4.0
Additional Payment toward UAL	<u>108.0</u>
Subtotal Michigan Public School Employees' Retirement System	\$3,245.9
TOTAL ESTIMATED RETIREMENT CONTRIBUTIONS	<u>\$4,904.9</u>
FY 2014-15 Estimated Rate Cap Subsidy Per Pupil on Average	\$410
¹⁾ Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2014-15 will be the fourth year of prefunding retiree health. ²⁾ Excludes FICA, which totals approximately \$237.0 million. ³⁾ Excludes DC contributions.	

Table 23

FY 2014-15

LEGACY COSTS BREAKDOWN - PENSIONS AND HEALTH CARE

Department	Pension-Related Legacy Costs (Retirement) Gross	Health Care Legacy Costs (OPEB) Gross	Total Legacy Costs Gross
Agriculture & Rural Development	\$6,512,000	\$5,139,400	\$11,651,400
Attorney General.....	9,790,800	7,903,300	17,694,100
Civil Rights	1,745,300	1,394,200	3,139,500
Community Health	49,676,000	39,448,600	89,124,600
Corrections.....	196,513,200	155,082,200	351,595,400
Education	8,739,900	6,897,600	15,637,500
Environmental Quality.....	19,029,300	15,017,300	34,046,600
Executive Office.....	0	0	0
Human Services	159,146,200	124,248,100	283,394,300
Insurance & Financial Services	5,627,200	4,521,000	10,148,200
Judiciary.....	7,996,600	6,310,900	14,307,500
Legislature & Auditor General	12,198,100	10,626,800	22,824,900
Licensing & Regulatory Affairs.....	40,484,400	31,954,100	72,438,500
Military & Veterans Affairs	11,180,100	8,833,000	20,013,100
Natural Resources	26,090,800	20,589,900	46,680,700
State.....	18,188,200	14,353,600	32,541,800
State Police.....	66,300,300	55,352,600	121,652,900
Technology, Management, & Budget	45,810,900	36,132,300	81,943,200
Transportation.....	42,130,400	33,194,100	75,324,500
Treasury.....	26,860,700	21,775,800	48,636,500
Michigan Strategic Fund.....	10,508,300	8,293,000	18,801,300
TOTAL	\$764,528,700	\$607,067,800	\$1,371,596,500

DEBT SERVICE APPROPRIATIONS

Table 24 provides a summary of debt service appropriations for FY 2014-15. These include *Durant* bonds and School Bond Loan Fund bonds in K-12 School Aid; State Building Authority rent payments appropriated in the Department of Technology, Management, and Budget (DTMB); various transportation-related bonds in the Department of Transportation; general obligation bonds in the Department of Treasury; debt service costs related to the Facility for Rare Isotope Beams; and debt service costs associated with the new Community College Skilled Trades Equipment Program (\$50.0 million of bonding). Gross appropriations for debt service on these bonds total \$826.7 million for FY 2014-15. This represents a \$6.9 million (0.8%) decrease from the \$833.6 million debt service appropriations in FY 2013-14.

Table 24

DEBT SERVICE APPROPRIATIONS FY 2013-14 COMPARED WITH FY 2014-15				
Department/Program	FY 2013-14 Gross Appropriation	FY 2014-15 Est. Gross Appropriation	Dollar Change	Percent Change
School Aid				
Durant Bonds	\$39,500,000	\$39,500,000	\$0	0.0%
School Bond Loan	131,660,000	126,000,000	(5,660,000)	(4.3)
Subtotal Education	171,160,000	165,500,000	(5,660,000)	(3.3)
DTMB State Building Authority Rent				
State Agencies	70,005,800	58,405,800	(11,600,000)	(16.6)
Department of Corrections	47,379,900	44,879,900	(2,500,000)	(5.3)
Universities	117,225,300	124,825,300	7,600,000	6.5
Community Colleges	23,959,600	26,459,600	2,500,000	10.4
Subtotal DTMB	258,570,600	254,570,600	(4,000,000)	(1.5)
Transportation				
State Trunkline	199,738,200	198,076,600	(1,661,600)	(0.8)
Economic Development	10,003,400	11,665,300	1,661,900	16.6
Local Bridge Fund	2,406,300	2,406,700	400	0.0
Blue Water Bridge Fund	6,962,500	6,962,000	(500)	(0.0)
Aeronautics	3,892,200	4,992,200	1,100,000	28.3
Comprehensive Transportation	19,318,500	18,215,500	(1,103,000)	(5.7)
Subtotal Transportation	242,321,100	242,318,300	(2,800)	(0.0)
Treasury				
Water Pollution Control Bond	1,132,700	0	(1,132,700)	(100.0)
Quality of Life Bond	79,965,800	81,360,000	1,394,200	1.7
Clean Michigan Initiative	57,187,400	57,224,000	36,600	0.1
Great Lakes Water Initiative	15,916,600	13,811,000	(2,105,600)	(13.2)
Facility for Rare Isotope Beams (MSF)	7,300,000	7,300,000	0	0.0
Community College Skilled Trades Equipment Program (MSF)	0	4,600,000	4,600,000	---
Subtotal Treasury	161,502,500	164,295,000	2,792,500	1.7
TOTAL	\$833,554,200	\$826,683,900	(\$6,870,300)	(0.8%)

TOBACCO SETTLEMENT APPROPRIATIONS

It is estimated that \$331.7 million will be available for the State of Michigan during FY 2014-15 as a result of the 1998 master settlement agreement between the United States tobacco industry and 46 states. Table 25 provides a summary of the revenue to be received and details of the appropriations that are supported by tobacco settlement revenue. Of the \$331.7 million in available revenue, \$75.6 million is the unreserved balance carried forward from the prior fiscal year. The reason for the large carry-forward of funds is that the State of Michigan (along with 19 other states) negotiated a settlement with cigarette manufacturers that had been withholding payments from the states. During FY 2012-13, the settlement allowed the release of funds that had been held in escrow for several years, resulting in a one-time infusion of revenue for Michigan; a portion of those funds is still available. From the FY 2014-15 available revenue of \$331.7 million, \$75.0 million is transferred to the 21st Century Jobs Trust Fund and \$61.7 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.

In June 2014, legislation was enacted to provide for a State financial contribution of \$194.8 million from the State's Budget Stabilization Fund to the Detroit retirement systems to assist in the resolution of the City of Detroit bankruptcy case and mitigate reductions to retirees' pensions. This legislation also requires that the dollars be repaid to the Budget Stabilization Fund from tobacco settlement revenue in annual installments of \$17.5 million, beginning in FY 2014-15 and ending in FY 2034-35. The \$17.5 million FY 2014-15 payment is included in Table 25 as a deduction from FY 2014-15 tobacco settlement revenue.

Pursuant to the Michigan Trust Fund Act (Public Act 489 of 2000), tobacco settlement revenue available after the required transfers are netted out is retained in the Michigan Merit Award Trust Fund, from which appropriations may be made. For FY 2014-15, net revenue for the Michigan Merit Award Trust Fund is \$177.5 million. The initial FY 2014-15 budget includes the appropriation of \$100.9 million of tobacco settlement funds through the Michigan Merit Award Trust Fund to five State departments. The largest appropriation is \$64.3 million for the Medicaid program in the Department of Community Health, followed by an appropriation of \$30.1 million for the Department of Human Services' Family Independence Program. If the Merit Award Trust Fund appropriations are deducted from the Merit Award Trust Fund net revenue, there is an estimated FY 2014-15 Merit Award Trust Fund year-end balance of \$76.6 million.

Table 25

TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS		
FY 2013-14 COMPARED WITH FY 2014-15		
(Actual Dollars)		
	FY 2013-14	FY 2014-15
Revenue		
Unreserved Balance from Prior Fiscal Year	\$76,663,500	\$75,593,200
Total Annual Payments.....	283,455,500	286,307,100
Assumed Withheld Payments	0	0
Settlement Credit to Manufacturers	(22,778,500)	(22,778,500)
Other Settlement Adjustments	(7,461,300)	(7,461,300)
Interest Earnings.....	60,000	60,000
Total Tobacco Settlement Revenue	<u>\$329,939,200</u>	<u>\$331,720,500</u>
Less Transfers Out For:		
21st Century Jobs Trust Fund	(\$75,000,000)	(\$75,000,000)
Payment on 2006 Bond Securitization.....	(33,779,000)	(34,159,400)
Payment on 2007 Bond Securitization.....	(27,271,300)	(27,578,400)
Payment to the Budget Stabilization Fund.....	0	(17,500,000)
Total Transfers Out	<u>(\$136,050,300)</u>	<u>(\$154,237,800)</u>
Net Revenue to Merit Award Trust Fund	<u>\$193,888,900</u>	<u>\$177,482,700</u>
Appropriations		
<u>Attorney General</u>		
Administration	\$487,300	\$487,300
<u>Community Health</u>		
Medicaid Base	81,766,000	64,266,000
Aging: Respite Care.....	4,068,700	4,068,700
<u>Human Services</u>		
Family Independence Program.....	30,100,000	30,100,000
<u>State Police</u>		
Tobacco Tax Enforcement.....	750,000	793,900
<u>Department of Treasury</u>		
Student Financial Services Administration	1,123,700	1,143,200
Total Merit Award Trust Fund Appropriations	<u>\$118,295,700</u>	<u>\$100,859,100</u>
MERIT AWARD TRUST FUND YEAR-END BALANCE	<u>\$75,593,200</u>	<u>\$76,623,600</u>

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 2014-15 appropriations exceed this minimum constitutional requirement by more than \$1.8 billion. Table 26 provides a summary of the calculations used to determine the State's compliance with this constitutional requirement for FY 2013-14 and FY 2014-15. Table 27 lists State payments to local units of government that are appropriated in each State department or budget area.

Table 26

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT FY 2013-14 AND FY 2014-15 ESTIMATES (Millions of Dollars)		
	FY 2013-14 Estimate	FY 2014-15 Estimate
State Spending from State Resources	\$29,121.0	\$30,027.1 ^{a)}
Required Payments to Local Units of Government (48.97%).....	\$14,260.6	\$14,704.3
Estimated Payments to Local Units of Government.....	\$15,755.7	\$16,560.3
Estimated Payments as a Percentage of Total State Spending.....	54.10%	55.15%
Surplus of Section 30 Payments	\$1,495.1	\$1,856.0
^{a)} Does not include \$22.503 million of Federal aid counted as GF/GP revenue.		

Table 27

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 2013-14 VERSUS FY 2014-15				
Department/Budget Area	FY 2013-14 Year-to-Date Appropriations	FY 2014-15 Initial Appropriations	Dollar Difference	Percent Change
Agriculture and Rural Development.....	\$3,500,000	\$4,750,000	\$1,250,000	35.7%
Attorney General.....	0	0	0	0.0
Capital Outlay	0	0	0	0.0
Civil Rights	0	0	0	0.0
Community Colleges.....	335,977,600	364,724,900	28,747,300	8.6
Community Health	1,153,632,400	1,108,135,300	(45,497,100)	(3.9)
Corrections.....	90,609,700	115,714,000	25,104,300	27.7
Education	10,376,000	15,776,000	5,400,000	52.0
Environmental Quality.....	2,775,000	2,775,000	0	0.0
Executive	0	0	0	0.0
Higher Education	0	0	0	0.0
Human Services.....	92,153,400	97,343,300	5,189,900	5.6
Insurance and Financial Services.....	0	0	0	0.0
Judiciary.....	136,975,300	139,407,400	2,432,100	1.8
Legislative Auditor General.....	0	0	0	0.0
Legislature	0	0	0	0.0
Licensing and Regulatory Affairs.....	29,417,500	28,225,700	(1,191,800)	(4.1)
Military and Veterans Affairs.....	165,000	100,000	(65,000)	(39.4)
Natural Resources	5,439,400	5,123,500	(315,900)	(5.8)
Natural Resources Trust Fund.....	16,350,800	0	(16,350,800)	(100.0)
School Aid.....	11,343,224,700	11,905,777,600	562,552,900	5.0
State.....	1,360,800	1,360,800	0	0.0
State Police.....	16,187,600	19,775,600	3,588,000	22.2
Technology, Management, and Budget.....	0	0	0	0.0
Transportation.....	1,210,687,600	1,316,686,400	105,998,800	8.8
Treasury (Debt Service).....	0	0	0	0.0
Treasury (Operations).....	154,744,100	197,086,000	42,341,900	27.4
Treasury (Revenue Sharing)	1,136,903,600	1,226,312,400	89,408,800	7.9
Treasury (Strategic Fund).....	15,224,800	11,224,800	(4,000,000)	(26.3)
TOTAL APPROPRIATIONS	\$15,755,705,300	\$16,560,298,700	\$804,593,400	5.1%

PROJECTED GF/GP YEAR-END BALANCES

The FY 2013-14 projected year-end GF/GP balance of \$438.2 million is based on the May 2014 consensus estimate of GF/GP revenue and other revenue adjustments agreed upon as part of the budget process. The FY 2013-14 estimated GF/GP expenditures are based on initial appropriations, enacted supplemental appropriations, caseload and cost adjustments, and estimated year-end funding lapses of \$30.0 million. Part of the leadership budget target agreement for FY 2014-15 was the decision to direct one-third of any FY 2013-14 final net GF/GP lapse amount to the School Aid Fund and another one-third to the State's Budget Stabilization Fund. The second column of Table 28 presents the SFA's estimate of the FY 2013-14 GF/GP year-end balance of \$438.2 million.

Table 28

FY 2013-14 AND FY 2014-15 GENERAL FUND/GENERAL PURPOSE REVENUE, EXPENDITURES, AND YEAR-END BALANCE ESTIMATES (Millions of Dollars)		
	FY 2013-14	FY 2014-15
Revenue		
Beginning Balance	\$1,186.6	\$438.2
Ongoing Revenue:		
May 2014 Consensus Revenue Estimate	\$9,319.3	\$9,826.0
Revenue Sharing Payments	(370.6)	(459.2)
Shift of Short-Term Borrowing Costs to School Aid Fund	2.5	4.0
Redirection of Tobacco Tax GF Revenue for Capitol Maintenance	0.0	(3.0)
Managed Care Use Tax Revenue/HICA Relief (PAs 161/162 of 2014)	173.5	386.7
Subtotal Ongoing Revenue	\$9,124.7	\$9,754.5
Non-Ongoing Revenue:		
One-Time Appropriation for Revenue Sharing	(26.0)	(8.8)
Total Estimated GF/GP Revenue	\$10,285.3	\$10,183.9
Expenditures		
Initial Ongoing Appropriations	\$8,952.0	\$9,262.1
Initial One-Time Appropriations	429.2	485.4
Medicaid Expansion Savings	(87.8)	0.0
Reduction of GF/GP Grant to School Aid	(85.0)	0.0
One-Time Appropriation to Budget Stabilization Fund	75.0	94.0
One-Time Appropriation to Roads and Risks Reserve Fund	230.0	0.0
Enacted Supplementals	229.8	0.0
DCH/DHS Consensus Caseload/Cost Adjustments	(59.6)	0.0
Actuarial Soundness Adjustment for Managed Care Use Tax	72.3	150.5
Health Insurance Claims Assessment Revenue Shortfall	101.2	187.6
Estimated Year-End Lapses	(30.0)	0.0
1/3 of Estimated Lapses to SAF	10.0	0.0
1/3 of Estimated Lapses to BSF	10.0	0.0
Total Estimated GF/GP Expenditures	\$9,847.1	\$10,179.6
PROJECTED YEAR-END GF/GP BALANCE	\$438.2	\$4.3

The FY 2014-15 projections are also based on the May 2014 consensus estimate of GF/GP revenue and other agreed-upon revenue adjustments. The FY 2014-15 estimated GF/GP expenditures are based on initial ongoing appropriations of \$9.3 billion, initial one-time appropriations of \$485.4 million, \$150.5 million for an actuarial soundness adjustment due to the reinstatement of the managed care use tax, \$187.6 million to address the estimated Health Insurance Claims Assessment (HICA) revenue shortfall, and a one-time appropriation of \$94.0 million to the Budget Stabilization Fund. An appropriation of \$60.9 million from the Roads and Risks Reserve Fund is included as an FY 2014-15 fund source in the Department of Community Health budget. Of the \$230.0 million appropriated for the Roads and Risks Reserve Fund in FY 2013-14, \$115.0 million was appropriated for roads effective October 1, 2013, the appropriation of \$32.1 million is proposed as an FY 2013-14 supplemental to partially offset the FY 2013-14 HICA revenue shortfall, and \$60.9 million is appropriated as an FY 2014-15 fund source in the Department of Community Health, resulting in a balance remaining in the Roads and Risks Reserve Fund of \$22.0 million. The third column of [Table 28](#) outlines the SFA's estimate of a \$4.3 million FY 2014-15 year-end GF/GP balance.

SCHOOL AID BUDGET HIGHLIGHTS

The K-12 portion of the FY 2014-15 School Aid budget totals nearly \$13.9 billion. The budget also continues to allocate \$398.1 million in ongoing spending from the School Aid Fund (SAF) to support community colleges and universities, and further includes one-time spending of \$4.0 million from the SAF to freeze university retirement contributions to the Michigan Public School Employees' Retirement System (MPERS). The K-12 portion of the budget includes spending \$74.0 million to provide a \$50 foundation allowance increase for all districts, and spending another \$103.0 million to provide an equity payment up to \$125 per pupil to bring the minimum operational funding level from \$7,076 to \$7,251.

Other notable increases in the budget include: an increase of \$269.2 million to pay for capping the K-12 employer contributions to the retirement system for unfunded accrued liabilities at 20.96% applied to MPERS payroll; a \$65.0 million increase for Great Start Readiness Program (preschool) grants; a \$14.7 million increase for student assessments; and, a \$19.1 million increase for special education funding.

In addition to the dollars dedicated for the MPERS rate cap, the budget includes a new one-time \$108.0 million additional payment toward the unfunded accrued liabilities in the retirement system. Further, the budget includes \$14.8 million for a new system of teacher and administrator evaluations, if House Bills 5223 and 5224 are enacted, and \$1.8 million to update teacher certification exams. As part of the movement to more thoroughly examine and support financially distressed schools (evidenced by additional State spending for financial review teams in the budgets for the Departments of Education and Treasury), the School Aid budget includes a new \$4.0 million allocation for a district fiscal emergency contingency fund to provide dollars to districts that choose to dissolve, in order to ensure that instruction continues until the end of the school year.

Notable decreases in the budget for schools include: the elimination of student-centric grants, for a reduction of \$8.0 million; an \$8.5 million reduction for technology infrastructure grants; a \$5.0 million reduction in best practices grants (and a corresponding reduction in the per-pupil grant from \$52 to \$50, along with changes in the grant criteria); and, a reduction in funding for the Michigan Virtual University from \$9.4 million to \$7.4 million.

General Fund/General Purpose support of the K-12 portion of the budget declined from \$149.9 million to \$114.9 million, a reduction of \$30.0 million between the year-to-date amount for FY 2013-14 and the initial appropriation for FY 2014-15. The remaining \$18.0 million of State funding in the MPERS reserve account is appropriated to support the budget.

The State School Aid Act includes the budgets for Community Colleges and Higher Education in the statutory K-12 budget bill. Please see Articles II and III of Public Act 196 of 2014 for details.

Table 29 presents the School Aid Fund balance sheets for FY 2013-14 and FY 2014-15. There is a projected FY 2013-14 year-end SAF balance of \$294.8 million and the projected FY 2014-15 SAF year-end balance is \$0.2 million.

Table 29
FY 2013-14 AND FY 2014-15 SCHOOL AID FUND
REVENUE, EXPENDITURES, AND YEAR-END BALANCE ESTIMATES
(Millions of Dollars)

	FY 2013-14	FY 2014-15
Revenue		
Beginning Balance	\$292.0	\$294.8
Ongoing Revenue:		
May 2014 Consensus Revenue Estimate	\$11,496.3	\$11,853.3
General Fund/General Purpose Grant.....	95.0	95.0
Federal Ongoing Aid	1,764.5	1,808.2
MPERS/Education Reserve Fund	156.0	18.0
Personal Property Tax (PPT) Reform.....	0.0	(10.0)
Reimbursement from GF for PPT Reform	0.0	19.9
Managed Care Use Tax Revenue/HICA Relief (PAs 161/162 of 2014)	86.8	193.4
Subtotal Ongoing Revenue.....	\$13,598.6	\$13,977.8
Non-Ongoing Revenue:		
General Fund/General Purpose Grant.....	54.9	0.0
Federal Race to the Top Challenge Grant.....	51.7	0.0
Total Estimated School Aid Fund Revenue	\$13,997.2	\$14,272.6
Expenditures		
Initial Ongoing Appropriations.....	\$13,168.8	\$13,530.7
January 2014 Consensus Cost Adjustments.....	(109.3)	0.0
May 2014 Consensus Cost Adjustments.....	(18.0)	(36.6)
Partially Fund Community Colleges with School Aid Fund	197.6	197.6
Partially Fund Higher Education with School Aid Fund	200.5	200.5
Subtotal Ongoing Appropriations.....	\$13,439.6	\$13,892.2
Initial One-Time Appropriations	193.0	376.2
Enacted Supplementals/Executive Revision	69.8	0.0
MPERS Funding for Universities.....	0.0	4.0
Subtotal One-Time Appropriations	\$262.8	\$380.2
Total Estimated School Aid Fund Expenditures	\$13,702.4	\$14,272.4
PROJECTED YEAR-END SCHOOL AID FUND BALANCE.....	\$294.8	\$0.2

ECONOMIC FORECAST AND REVENUE ESTIMATES

A. ECONOMIC FORECAST

The economic forecast on which the enacted fiscal year (FY) 2014-15 State budget was based is the consensus economic forecast adopted at the May 2014 Consensus Revenue Estimating Conference. Under this consensus economic forecast, the U.S. economy will grow 2.4% in 2014, 3.0% in 2015, and 3.2% in 2016. 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 2014, 2015, and 2016, although the employment gains will be less than those experienced during 2011, 2012 and 2013. Low inflation and stable employment are expected to result in inflation-adjusted personal income rising 2.0% in 2014, 2.6% in 2015, and 2.8% in 2016. 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 2.4% in 2014 and 3.0% in 2015, compared with 1.9% growth in 2013 and 2.8% growth in 2012. While consumer spending and wage growth are expected to remain weak, and the growth in vehicle sales is expected to slow, an improving housing market and greater business investment through much of the forecast period will result in modest increases in the rate of economic growth.
- Employment is expected to grow slowly through 2016, allowing the U.S. unemployment rate to decline from 7.4% in 2013 to 6.5% in 2014, 6.0% in 2015, and 5.5% in 2016.
- Light vehicle sales are expected to increase from 15.5 million units in 2013, to 16.0 million units in 2014, 16.3 million units in 2015, and 16.6 million units in 2016. By comparison, 16.1 million units were sold in 2007 and 10.4 million units in 2009.
- Housing starts are expected to rise from 925,000 starts in 2013 to 1.1 million starts in 2014, 1.3 million starts in 2015, and 1.5 million starts in 2016. By comparison, starts totaled 2.1 million in 2006 and 554,000 in 2009.
- Inflation, as measured by the U.S. Consumer Price Index, increased 1.5% in 2013, reflecting a mix of weak consumer demand, depressed housing prices, and rising energy prices. The forecast estimates that inflation will rise 1.6% in 2014, 1.7% in 2015, and 1.9% in 2016.

2. Michigan Economy

- On an annual basis, employment in Michigan steadily declined between 2000 and 2010, but increased in 2011, 2012, and 2013. After rising 1.4% during 2013, employment is expected to increase 0.7% in 2014, 1.2% in 2015, and 1.3% in 2016.
- Michigan's unemployment rate is projected to decrease from 8.8% in 2013 to 7.6% in 2014, 7.1% in 2015, and 6.6% in 2016.
- 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 3.2% during 2014, 3.7% in 2015, and 3.9% in 2016. Adjusted for inflation, wage and salary payments are projected to increase 2.0% in 2014, 2.1% in 2015, and 2.2% in 2016.
- Personal income, the total income received by individuals, will increase at an estimated rate of 3.3% in 2014, compared with a 2.5% increase in 2013. Personal income then is expected to grow more rapidly, rising 4.3% in 2015 and 4.6% in 2016. Adjusted for inflation, personal income is projected to increase 2.0% in 2014, 2.6% in 2015, and 2.8% in 2016.
- Inflation in Michigan, as measured by the Detroit Consumer Price Index, is expected to increase 1.2% in 2014, 1.6% in 2015, and 1.7% in 2016. In comparison, inflation rose 1.6% in 2013.

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 \$21.7 billion in FY 2014-15, up 4.1% from the \$20.8 billion predicted to be received during FY 2013-14. 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 2014 Consensus Revenue Estimating Conference. Total combined GF/GP and SAF revenue is expected to increase 0.9% in FY 2014-15, while combined GF/GP and SAF ongoing revenue is expected to increase 4.1%. The estimates of total revenue, as well as a breakdown between these two types of revenue, are presented in Table 30 for both the General Fund/General Purpose budget and the School Aid Fund for FY 2013-14 and FY 2014-15.

Table 30

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2013-14 AND FY 2014-15 (Millions of Dollars)				
	FY 2013-14	FY 2014-15	\$ Change	% Change
GENERAL FUND/GENERAL PURPOSE				
Beginning Balance.....	\$1,186.6	\$438.2	(\$748.4)	---
Consensus Estimate From Ongoing Sources¹⁾:				
Net Income.....	5,835.8	6,051.7	215.9	3.7%
Michigan Business/Corporate Income Tax.....	327.9	478.0	150.1	45.8
Sales & Use Taxes.....	2,053.1	4	86.3	4.2
Tobacco Taxes.....	187.0	182.9	(4.1)	(2.2)
Insurance Company Premiums.....	346.5	396.0	49.5	14.3
Telephone & Telegraph.....	45.0	45.0	0.0	0.0
Oil & Gas Severance.....	67.0	68.5	1.5	2.2
All Other Taxes.....	94.5	107.0	12.5	13.2
Subtotal Taxes.....	8,956.8	9,468.4	511.6	5.7
Nontax Revenue.....	362.5	357.5	(5.0)	(1.4)
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	\$9,319.3	\$9,826.0	\$506.7	5.4%
Revenue Adjustments:				
Revenue Sharing Payments.....	(370.6)	(459.2)	(88.6)	23.9
One-time Appropriation for Revenue Sharing.....	(26.0)	(8.8)	17.2	(66.2)
Managed Care Use Tax Revenue/HICA Relief.....	173.5	386.7	213.2	122.9
Tobacco Tax Redirection for Capitol Maintenance.....	0.0	(3.0)	(3.0)	---
Shift of Short-Term Borrowing Costs to SAF.....	2.5	4.0	1.5	60.0
Subtotal Revenue Adjustments.....	(220.6)	(80.3)	140.3	(63.6)
TOTAL GF/GP REVENUE.....	\$10,285.3	\$10,183.9	(\$101.4)	(1.0%)

Table ' \$ - continued

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2013-14 AND FY 2014-15 (Millions of Dollars)				
	FY 2013-14	FY 2014-15	\$ Change	% Change
SCHOOL AID FUND				
Beginning Balance	\$292.0	\$294.8	\$2.8	---
Consensus Estimate from Ongoing Sources¹⁾:				
Sales & Use Taxes	5,760.0	5,969.5	209.5	3.6%
Income Tax	2,368.8	2,453.1	84.3	3.6
State Education Property Tax	1,788.0	1,841.3	53.3	3.0
Real Estate Transfer Tax	233.4	245.3	11.9	5.1
Tobacco Taxes	359.5	350.3	(9.2)	(2.6)
Casino Wagering Tax	108.0	112.0	4.0	3.7
Other Tax Revenue	<u>103.6</u>	<u>105.7</u>	<u>2.1</u>	<u>2.1</u>
Subtotal Taxes	10,721.3	11,077.3	356.0	3.3
Lottery	775.0	776.0	1.0	0.1
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	<u>\$11,496.3</u>	<u>\$11,853.3</u>	<u>\$357.0</u>	<u>3.1%</u>
Other Revenue:				
General Fund Grant	149.9	95.0	(54.9)	(36.6)
MPERS Retirement Obligation Reform Reserve Fund	156.0	18.0	(138.0)	(88.5)
Personal Property Tax Reform (if Ballot Approved)	0.0	9.9	9.9	---
Managed Care Use Tax Revenue/HICA Relief	86.8	193.4	106.6	122.8
Federal Race to the Top Challenge Grant	51.7	0.0	(51.7)	(100.0)
Federal Aid	<u>1,764.5</u>	<u>1,808.2</u>	<u>43.7</u>	<u>2.5</u>
Subtotal Other Revenue	<u>2,208.9</u>	<u>2,124.5</u>	<u>(84.4)</u>	<u>(3.8)</u>
TOTAL SAF REVENUE	\$13,997.2	\$14,272.6	\$275.4	2.0%
TOTAL GF/GP AND SAF:				
Beginning Balances	\$1,478.6	\$733.0	(\$745.6)	(50.4%)
Consensus Estimate Ongoing Revenue	20,815.6	21,679.2	863.6	4.1
Other Revenue ²⁾	1,838.4	1,949.2	110.8	6.0
Total Revenue ²⁾	<u>24,132.6</u>	<u>24,361.4</u>	<u>228.8</u>	<u>0.9</u>
¹⁾ Revenue estimates adopted at the May 2014 Consensus Revenue Estimating Conference.				
²⁾ Total and other revenue excludes GF/GP grant to SAF.				

1. General Fund/General Purpose Revenue

- In FY 2014-15, GF/GP revenue is projected to total an estimated \$10.2 billion, representing a decrease of 1.0% or \$101.4 million from the revenue estimated for FY 2013-14, as shown in [Table 30](#). The decrease in GF/GP revenue reflects a \$748.4 million decline in the beginning balance and one-time revenue adjustments that are partially offset by growth in ongoing revenue.
- The balance carried over from FY 2013-14 is expected to total \$438.2 million, which is down \$748.4 million from the \$1,186.6 million that was carried over from FY 2012-13.
- Revenue from ongoing sources during FY 2014-15 will total an estimated \$9.8 billion, which is up 5.4% or \$506.7 million from the forecasted FY 2013-14 level.

- The increase in GF/GP ongoing revenue primarily reflects several factors:
 - Policy changes. Legislation was enacted during 2012 to change the tax status of Blue Cross Blue Shield of Michigan. As a result, revenue from insurance company taxes is expected to be \$40.0 million higher in FY 2013-14 and \$75.0 million higher in FY 2014-15. Some policy changes are also expected to reduce the growth in ongoing revenue. For example, changes adopted in 2013 regarding how corporate officers are held liable for tax deficiencies are expected to lower total revenue by approximately \$111.7 million in FY 2014-15, with \$61.3 million of the impact reducing GF/GP revenue.
 - Certificated Credits. While the Michigan Business Tax (MBT) was effectively eliminated for most taxpayers beginning in 2012, some taxpayers continue to file an MBT return in order to claim certain tax credits that were awarded under the MBT and/or the Single Business Tax, which preceded the MBT. These credits are expected to total approximately \$602.0 million in FY 2013-14, but will only total approximately \$464.0 million in FY 2014-15, adding \$138.0 million to GF/GP revenue in FY 2014-15.

2. School Aid Fund

- Revenue going to the School Aid Fund will total an estimated \$14.3 billion in FY 2014-15, an increase of 2.0% or \$275.4 million from the SAF revenue estimate for FY 2013-14. The SAF revenue estimate is presented in [Table 30](#).
- Revenue from ongoing taxes and net lottery revenue earmarked to the SAF will total an estimated \$11.9 billion, up 3.1% (\$357.0 million) from FY 2013-14, reflecting the continued economic growth during 2014 and 2015.
- In addition to the revenue from the ongoing earmarked taxes, the SAF will receive an estimated \$2.1 billion during FY 2014-15, down from \$2.2 billion in FY 2013-14. The majority of this additional revenue reflects Federal aid totaling an estimated \$1.8 billion. Additional SAF revenue also includes \$95.0 million in grants from the General Fund in FY 2014-15, down from \$149.9 million in FY 2013-14, and \$18.0 million from the MPSERS Retirement Obligation Reform Reserve Fund, down from \$156.0 million in FY 2013-14.

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 been made at the will of the Legislature and Governor.

As shown in [Table 31](#), the BSF ended FY 2012-13 with a balance of \$505.6 million. The current budget for FY 2013-14 appropriates \$75.0 million to the BSF, although the formulas do not indicate a payment into the Fund is required. The enacted budget for FY 2014-15 appropriates an additional \$94.0 million to the BSF although the transfer is not required by the formulas. Partially offsetting these transfers into the BSF, Public Act 188 of 2014 withdraws \$194.8 million from the BSF as part of circumstances related to the City of Detroit emerging from bankruptcy. If legislative stipulations regarding the withdrawal are not met, the money will revert to the BSF on May 1, 2015. Pursuant to PA 186 of 2014, use of

tobacco settlement revenue to repay the BSF begins with a deposit of \$17.5 million in FY 2014-15. Assuming the funds do not revert to the BSF, and given forecasted interest rates, the BSF is expected to end FY 2014-15 with a balance of \$506.3 million.

Table 31

ECONOMIC AND BUDGET STABILIZATION FUND TRANSFERS, EARNINGS, AND FUND BALANCE				
FY 1995-96 TO FY 2014-15				
(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	362.7	0.2	0.0	365.1
2012-13	140.0	0.5	0.0	505.6
2013-14 (estimate)	75.0	5.1	194.8	390.8
2014-15 (estimate)	111.5	3.9	0.0	506.3

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 32](#), 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 2013-14.
- 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 2012-13, the gap between revenue and the limit is estimated to have increased from \$5.2 billion in FY 2011-12 to \$5.9 billion or 17.3%, reflecting revenue growing more slowly than personal income during 2011—the base year used to compute the FY 2012-13 revenue limit.
- In FY 2013-14, the gap between revenue and the limit is estimated to increase to \$7.7 billion or 21.6%, reflecting increased income growth during 2012—the base year used to compute the FY 2013-14 revenue limit, and very little growth in revenue subject to the limit.
- It is estimated that the gap between revenue and the limit will decrease slightly to \$7.6 billion or 20.7% in FY 2014-15, largely reflecting revenue growth attributable to policy changes causing revenue subject to the limit to increase more rapidly than personal income during 2013—the base year use to compute the FY 2014-15 revenue limit.

Table 32
COMPLIANCE WITH CONSTITUTIONAL REVENUE LIMIT
FY 1994-95 TO FY 2014-15
(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	27,248.2	32,829.0	5,580.8
2011-12	27,288.3	32,518.7	5,230.4
2012-13 (estimate) ¹⁾	28,102.0	33,988.6	5,886.6
2013-14 (estimate) ¹⁾	28,171.5	35,914.2	7,742.8
2014-15 (estimate) ¹⁾	29,195.7	36,826.2	7,630.5

¹⁾ May 2014 Consensus revenue estimate.

BUDGET AREA DETAIL

**DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
P.A. 252 of 2014 – ARTICLE I**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	434.0	446.0	447.0	440.0	446.0	12.0	2.8
GROSS	81,433,300	82,494,300	82,596,900	82,398,600	84,462,200	3,028,900	3.7
Less:							
Interdepartmental Grants Received	524,300	318,100	318,100	318,100	318,100	(206,200)	(39.3)
ADJUSTED GROSS	80,909,000	82,176,200	82,278,800	82,080,500	84,144,100	3,235,100	4.0
Less:							
Federal Funds.....	11,210,900	9,198,300	9,212,900	9,212,900	10,126,200	(1,084,700)	(9.7)
Local and Private	96,900	98,300	98,300	98,300	98,300	1,400	1.4
TOTAL STATE SPENDING	69,601,200	72,879,600	72,967,600	72,769,300	73,919,600	4,318,400	6.2
Less:							
Other State Restricted Funds.....	29,020,900	28,003,400	24,091,400	29,893,200	28,003,400	(1,017,500)	(3.5)
GENERAL FUND/GENERAL PURPOSE	40,580,300	44,876,200	48,876,200	42,876,100	45,916,200	5,335,900	13.1
PAYMENTS TO LOCALS	3,500,000	5,000,000	4,750,000	4,750,000	4,750,000	1,250,000	35.7

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

1. Shows and Expositions Grant Program. The budget includes funds for a new competitive matching grant program to assist equine, livestock, and other agricultural commodity shows and expositions.	Gross GF/GP	50,000 50,000
2. Commercial Forestry Audit Program. The budget includes funding for a new audit program that is to contract with a nonprofit organization to audit forestland owners and prepare an analysis of statewide best management practices.	Gross GF/GP	150,000 150,000
3. Muskegon Farmers Market. The budget includes a one-time appropriation for an economic development grant to the Muskegon Farmers Market.	Gross GF/GP	200,000 200,000
4. Ottawa County Agriculture Incubator. The budget includes a one-time appropriation for an economic development grant to the Ottawa County Agriculture Incubator.	Gross GF/GP	500,000 500,000

B. PROGRAM INCREASES

1. Food Safety Inspections. The budget includes additional authorization to enhance inspections and food safety programs, allowing the Department to complete routine and follow-up inspections.	FTE Gross GF/GP	8.0 1,160,000 1,160,000
2. Dairy Inspections. The budget includes additional authorization to enhance inspections and dairy producer safety programs, allowing the Department to meet inspection schedules and to reduce delays for licensing assistance and compliance requirement monitoring.	FTE Gross GF/GP	4.0 600,000 600,000
3. Strategic Growth Initiative. The budget includes a one-time increase for the Department's Strategic Growth Initiative grant program, which is to provide support to the industry to remove barriers and provide leveraging opportunities to spur the economic impact of agriculture.	Gross GF/GP	2,000,000 2,000,000
4. Pesticide and Plant Pest Management. The budget provides appropriations to increase support for the processes of inspecting and certifying horticultural and agricultural products for export.	Gross GF/GP	800,000 800,000
5. Farmland and Open Space Preservation. The budget provides added support for the Farmland and Open Space Preservation Program to partially offset the decline in Restricted revenue that supports the program.	Gross GF/GP	121,700 121,700

		FY 2014-15 Change From FY 2013-14 Year-to-Date	
6. County Fairs Capital Improvement Grant Program.	The budget includes an additional \$18,400 GF/GP for the program that provides competitive grants to county fairs for capital improvements, bringing the FY 2014-15 appropriation to \$320,000 GF/GP.	Gross GF/GP	18,400 18,400
C. PROGRAM ELIMINATIONS			
Ottawa County Water Resources Study.	The budget reflects the elimination of funds for this one-time grant.	Gross GF/GP	(300,000) (300,000)
D. PROGRAM REDUCTIONS			
Capital Outlay.	The budget reflects the reduction of funds for the acquisition of development rights for farmland and open space pursuant to the Natural Resources and Environmental Protection Act, due to lower available revenue from the Agriculture Preservation Fund.	Gross Restricted GF/GP	(300,000) (300,000) 0
E. FUNDING SHIFTS			
Building Occupancy Charges.	The budget includes a shift of \$419,400 in expiring Federal funds to GF/GP for Building Occupancy expenses.	Gross Federal GF/GP	0 (419,400) 419,400
F. PROGRAM TRANSFERS - NONE			
G. OTHER ISSUES			
Adjustment for Actual Funds Received.	The budget includes adjustments to reflect actual amounts of revenue received and to align spending authority with that total and with FY 2013-14 legislative contingency transfers.	Gross IDG Federal Restricted GF/GP	(2,319,100) (210,200) (750,700) (758,100) (600,100)
H. UNCLASSIFIED SALARIES			
Unclassified Salary Increase.	The budget increases funding for unclassified salaries by \$17,700 GF/GP.	Gross GF/GP	17,700 17,700

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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a Gross reduction of \$278,200 (\$155,900 GF/GP) for OPEB.

Gross	330,200
IDG/IDT	4,000
Federal	85,400
Private	1,400
Restricted	40,600
GF/GP	198,800

K. ONE-TIME APPROPRIATIONS

The budget identifies three FY 2014-15 one-time appropriations, eliminates one FY 2013-14 one-time appropriation, and shifts two appropriations from one-time to ongoing:

	Gross	GF/GP
Food and Agriculture Industry Growth Initiative.....	\$2,000,000	\$2,000,000
Muskegon Farmers Market.....	200,000	200,000
Ottawa County Agriculture Incubator.....	500,000	500,000
Subtotal	\$2,700,000	\$2,700,000
Ottawa County Water Resources Study.....	(\$300,000)	(\$300,000)
Shift of Qualified Forest Affidavit Program from One-Time to Ongoing.....	(\$2,300,000)	(\$2,300,000)
Shift of Pesticide and Plant Pest Management from One-Time to Ongoing.....	(800,000)	(800,000)
Subtotal	(\$3,100,000)	(\$3,100,000)

L. VETOES - NONE

**DEPARTMENT OF ATTORNEY GENERAL
P.A. 252 of 2014 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	511.0	513.5	513.5	513.5	513.5	2.5	0.5
GROSS	89,139,900	91,022,300	91,022,400	90,822,300	93,822,300	4,682,400	5.3
Less:							
Interdepartmental Grants Received	27,764,900	27,783,800	27,783,800	27,783,800	27,783,800	18,900	0.1
ADJUSTED GROSS	61,375,000	63,238,500	63,238,600	63,038,500	66,038,500	4,663,500	7.6
Less:							
Federal Funds.....	9,838,200	9,857,200	9,857,200	9,857,200	9,857,200	19,000	0.2
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	51,536,800	53,381,300	53,381,400	53,181,300	56,181,300	4,644,500	9.0
Less:							
Other State Restricted Funds.....	17,055,500	17,914,200	17,914,200	17,914,200	17,914,200	858,700	5.0
GENERAL FUND/GENERAL PURPOSE	34,481,300	35,467,100	35,467,200	35,267,100	38,267,100	3,785,800	11.0
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

<p>1. Human Trafficking Initiative. The budget provides \$200,000 for the Department to hire 2.5 additional employees to combat human trafficking in Michigan.</p>	<p>FTE 2.5 Gross 200,000 GF/GP 200,000</p>
<p>2. Sexual Assault Prosecutions (One-Time). One-time funding totaling \$3.0 million is provided for sexual assault prosecutions stemming from the results of testing rape kits found at the now-closed Detroit Crime Lab.</p>	<p>Gross 3,000,000 GF/GP 3,000,000</p>

B. PROGRAM INCREASES

<p>Michigan Gaming Control Board. The budget includes \$113,600 in additional funding for the Department to hire an investigator to monitor illegal gaming activity across the State.</p>	<p>FTE 1.0 Gross 113,600 Restricted 113,600 GF/GP 0</p>
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C. PROGRAM ELIMINATIONS

<p>Assigned Claims Assessments. The budget eliminates all funding and FTEs for this line item since those services have been privatized and are no longer supported with State funds.</p>	<p>FTE (1.0) Gross (158,600) Restricted (158,600) GF/GP 0</p>
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D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

G. OTHER ISSUES

Adjustment for FY 2013-14 Administrative Transfer. The budget does not include an adjustment to interdepartmental grant (IDG) and restricted funding sources resulting from the changes adopted in Administrative Transfer 2014-4. This transfer made adjustments to State restricted sources and IDGs that net to zero to align revenue sources with the actual work being performed by the Attorney General's Office.

Gross	0
IDG	(576,400)
Restricted	576,400
GF/GP	0

H. UNCLASSIFIED SALARIES

Salary and Wage Increase. The budget increases funding for the unclassified salary line item from \$707,000 in FY 2013-14 to \$724,700 in FY 2014-15.

Gross	17,700
GF/GP	17,700

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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$308,100 (\$119,400 GF/GP) for OPEB.

Gross	1,509,700
IDG	595,300
Federal	19,000
Restricted	327,300
GF/GP	568,100

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

**DEPARTMENT OF CIVIL RIGHTS
P.A. 252 of 2014 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	122.0	132.0	132.0	127.0	132.0	10.0	8.2
GROSS	15,198,300	16,769,200	16,769,200	16,181,700	16,644,200	1,445,900	9.5
Less:							
Interdepartmental Grants Received	0	288,900	288,900	288,900	288,900	288,900	100.0
ADJUSTED GROSS	15,198,300	16,480,300	16,480,300	15,892,800	16,355,300	1,157,000	7.6
Less:							
Federal Funds.....	2,690,200	2,736,500	2,736,500	2,736,500	2,736,500	46,300	1.7
Local and Private	18,700	18,700	18,700	18,700	18,700	0	0.0
TOTAL STATE SPENDING	12,489,400	13,725,100	13,725,100	13,137,600	13,600,100	1,110,700	8.9
Less:							
Other State Restricted Funds.....	151,900	151,900	151,900	151,900	151,900	0	0.0
GENERAL FUND/GENERAL PURPOSE	12,337,500	13,573,200	13,573,200	12,985,700	13,448,200	1,110,700	9.0
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

Expansion of Targeted Initiatives. The Governor originally recommended new GF/GP funding totaling \$500,000 for three new initiatives: \$250,000 and 2.0 FTEs for Advocates and Leaders for Police and Community Trust; \$125,000 and 1.0 FTE for the Michigan Alliance Against Hate Crimes; and \$125,000 and 1.0 FTE for Anti-Bullying initiatives. The enacted budget retained the full 4.0 FTEs recommended by the Governor but reduced funding by \$125,000 for total funding for the programs of \$375,000 for FY 2014-15. Implementing the reduction of \$125,000 will be determined by the Department.

FTE	4.0
Gross	375,000
GF/GP	375,000

B. PROGRAM INCREASES

Expansion of Intake Unit. The budget provides new funding and 2.0 FTEs for the Department to hire additional staff to process initial customer contact information in order to prevent a backlog in the processing of complaints.

FTE	2.0
Gross	175,000
GF/GP	175,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

Americans with Disabilities Act. The funding and FTEs to oversee and monitor the State's compliance with the Americans with Disabilities Act are transferred from the Department of Technology, Management, and Budget to the Department of Civil Rights.

FTE	4.0
Gross	583,500
IDG	283,500
GF/GP	300,000

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES

Salary and Wage Increase. The budget increases funding for the unclassified salary line item from \$707,000 in FY 2013-14 to \$724,700 in FY 2014-15.

Gross	17,700
GF/GP	17,700

I. FEE INCREASES - NONE

**FY 2014-15 Change From
FY 2013-14 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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$16,600 (\$14,300 GF/GP) for OPEB.

Gross	294,700
IDG	5,400
Federal	46,300
GF/GP	243,000

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

**COMMUNITY COLLEGES
P.A. 196 of 2014 – ARTICLE II**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	335,977,600	371,524,900	371,524,900	371,524,900	364,724,900	28,747,300	8.6
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	335,977,600	371,524,900	371,524,900	371,524,900	364,724,900	28,747,300	8.6
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	335,977,600	371,524,900	371,524,900	371,524,900	364,724,900	28,747,300	8.6
Less:							
Other State Restricted Funds.....	197,614,100	197,614,100	47,614,100	197,614,100	197,614,100	0	0.0
GENERAL FUND/GENERAL PURPOSE	138,363,500	173,910,800	323,910,800	173,910,800	167,110,800	28,747,300	20.8
PAYMENTS TO LOCALS	335,977,600	371,524,900	371,524,900	371,524,900	364,724,900	28,747,300	8.6

Includes Ongoing and One-time Appropriations as of June 30, 2014.

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Performance Funding. The budget includes an \$8.9 million GF/GP (3.0%) increase for community college operations distributed through the same Performance Indicators Task Force Formula that has been used in recent budgets. The Governor included a new tuition and fee restraint prerequisite (3.2%) in order for a community college to qualify for any funding increase. The Senate, House, and Conference did not include the tuition restraint prerequisite but concurred with the Governor's distribution of performance funding. The Governor and House maintained the separate roll-up line item for Local Strategic Value (LSV) portion of the performance funding appropriation. The Senate included LSV as a part of each college's performance funding allocation. The Conference concurred with Senate. Tables 1 and 2 list details on performance funding allocations by college.

Gross	8,947,300
GF/GP	8,947,300

2. Michigan Public School Employees Retirement System (MPSERS) Rate Cap. The budget increased funding from \$31.4 million to \$52.3 million to fund the increase related to the difference between the employer's (community college's) capped contribution rate for unfunded actuarial accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contributions rate pursuant to the Public School Employees Retirement Act.

Gross	20,900,000
GF/GP	20,900,000

The Governor and House included \$8,533,600 to fund reducing the capped rate by 1.2%, from 20.96% to 19.76%. The Governor and House partially offset the cost increase by eliminating \$1,733,600 in funding for MPSERS reimbursements that was originally appropriated to partially offset retiree health care cost increases. The Senate did not include funding for the capped rate reduction, and instead maintained the \$1,733,600 and increased funding by \$6.8 million (the new funding associated with the Governor's proposal to lower the capped rate to 19.76%) for a total appropriation of \$8,533,600. The Conference did not include the proposed capped rate reduction. It also removed the \$6.8 million in new funds, but maintained the current-year appropriation level of \$1,733,600 for MPSERS reimbursements.

C. PROGRAM ELIMINATIONS

Virtual Learning Collaborative. The Virtual Learning Collaborative provides access to courses offered by all Michigan public community colleges. The FY 2013-14 budget included \$1.1 million GF/GP in one-time funding for the development of course aggregator software, development of a "pathway to credential" tool to help students identify courses toward a career path, development of

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

analytics software that informs colleges of course demand for decision-making on future offerings, and development of a repository of online courses and resources for use by faculty at member institutions.

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 - NONE

K. ONE-TIME APPROPRIATIONS

The budget eliminated one FY 2013-14 one-time appropriation:

	Gross	GF/GP
Virtual Learning Collaborative.....	(\$1,100,000)	(\$1,100,000)

L. VETOES - NONE

Table 1: FY 2014-15 Community College Appropriation

College	FY 2013-14 Enacted	FY 2014-15 Gov. Rec.			FY 2014-15 Senate			FY 2014-15 House			FY 2014-15 Initial Appropriation		
		Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change
Alpena	\$5,236,500	\$154,200	\$5,390,700	2.9%	\$154,200	\$5,390,700	2.9%	\$154,200	\$5,390,700	2.9%	\$154,200	\$5,390,700	2.9%
Bay de Noc	5,279,300	140,200	5,419,500	2.7%	140,200	5,419,500	2.7%	140,200	5,419,500	2.7%	140,200	5,419,500	2.7%
Delta	14,063,500	435,400	14,498,900	3.1%	435,400	14,498,900	3.1%	435,400	14,498,900	3.1%	435,400	14,498,900	3.1%
Glen Oaks	2,441,500	74,600	2,516,100	3.1%	74,600	2,516,100	3.1%	74,600	2,516,100	3.1%	74,600	2,516,100	3.1%
Gogebic	4,330,300	121,100	4,451,400	2.8%	121,100	4,451,400	2.8%	121,100	4,451,400	2.8%	121,100	4,451,400	2.8%
Grand Rapids	17,454,900	492,600	17,947,500	2.8%	492,600	17,947,500	2.8%	492,600	17,947,500	2.8%	492,600	17,947,500	2.8%
Henry Ford	21,060,000	563,800	21,623,800	2.7%	563,800	21,623,800	2.7%	563,800	21,623,800	2.7%	563,800	21,623,800	2.7%
Jackson	11,758,200	329,100	12,087,300	2.8%	329,100	12,087,300	2.8%	329,100	12,087,300	2.8%	329,100	12,087,300	2.8%
Kalamazoo Valley	12,122,500	380,600	12,503,100	3.1%	380,600	12,503,100	3.1%	380,600	12,503,100	3.1%	380,600	12,503,100	3.1%
Kellogg	9,522,000	291,500	9,813,500	3.1%	291,500	9,813,500	3.1%	291,500	9,813,500	3.1%	291,500	9,813,500	3.1%
Kirtland	3,055,700	112,000	3,167,700	3.7%	112,000	3,167,700	3.7%	112,000	3,167,700	3.7%	112,000	3,167,700	3.7%
Lake Michigan	5,178,100	164,800	5,342,900	3.2%	164,800	5,342,900	3.2%	164,800	5,342,900	3.2%	164,800	5,342,900	3.2%
Lansing	30,023,700	853,900	30,877,600	2.8%	853,900	30,877,600	2.8%	853,900	30,877,600	2.8%	853,900	30,877,600	2.8%
Macomb	31,931,200	885,400	32,816,600	2.8%	885,400	32,816,600	2.8%	885,400	32,816,600	2.8%	885,400	32,816,600	2.8%
Mid Michigan	4,517,900	164,100	4,682,000	3.6%	164,100	4,682,000	3.6%	164,100	4,682,000	3.6%	164,100	4,682,000	3.6%
Monroe	4,342,600	150,300	4,492,900	3.5%	150,300	4,492,900	3.5%	150,300	4,492,900	3.5%	150,300	4,492,900	3.5%
Montcalm	3,121,200	105,500	3,226,700	3.4%	105,500	3,226,700	3.4%	105,500	3,226,700	3.4%	105,500	3,226,700	3.4%
Mott	15,247,100	439,000	15,686,100	2.9%	439,000	15,686,100	2.9%	439,000	15,686,100	2.9%	439,000	15,686,100	2.9%
Muskegon	8,653,500	247,500	8,901,000	2.9%	247,500	8,901,000	2.9%	247,500	8,901,000	2.9%	247,500	8,901,000	2.9%
North Central	3,064,400	108,000	3,172,400	3.5%	108,000	3,172,400	3.5%	108,000	3,172,400	3.5%	108,000	3,172,400	3.5%
Northwestern	8,825,300	253,500	9,078,800	2.9%	253,500	9,078,800	2.9%	253,500	9,078,800	2.9%	253,500	9,078,800	2.9%
Oakland	20,483,100	640,200	21,123,300	3.1%	640,200	21,123,300	3.1%	640,200	21,123,300	3.1%	640,200	21,123,300	3.1%
St. Clair	8,860,100	201,500	7,061,600	2.9%	201,500	7,061,600	2.9%	201,500	7,061,600	2.9%	201,500	7,061,600	2.9%
Schoolcraft	12,112,200	401,500	12,513,700	3.3%	401,500	12,513,700	3.3%	401,500	12,513,700	3.3%	401,500	12,513,700	3.3%
Southwestern	6,404,300	172,100	6,576,400	2.7%	172,100	6,576,400	2.7%	172,100	6,576,400	2.7%	172,100	6,576,400	2.7%
Washtenaw	12,610,800	466,500	13,077,300	3.7%	466,500	13,077,300	3.7%	466,500	13,077,300	3.7%	466,500	13,077,300	3.7%
Wayne County	16,194,300	533,300	16,727,600	3.3%	533,300	16,727,600	3.3%	533,300	16,727,600	3.3%	533,300	16,727,600	3.3%
West Shore	2,349,800	65,100	2,414,900	2.8%	65,100	2,414,900	2.8%	65,100	2,414,900	2.8%	65,100	2,414,900	2.8%
Subtotal Operations:	\$298,244,000	\$8,947,300	\$307,191,300	3.0%	\$8,947,300	\$307,191,300	3.0%	\$8,947,300	\$307,191,300	3.0%	\$8,947,300	\$307,191,300	3.0%
Virtual Learning Collaborative	1,100,000	(1,100,000)	0	-100.0%	(1,100,000)	0	-100.0%	(1,100,000)	0	-100.0%	(1,100,000)	0	-100.0%
MPSERS Retiree Health Care	1,733,600	(1,733,600)	0	-100.0%	6,800,000	8,533,600	392.2%	(1,733,600)	0	-100.0%	0	1,733,600	0.0%
MPSERS Reform Costs	31,400,000	29,433,600	60,833,600	93.7%	20,900,000	52,300,000	66.6%	29,433,600	60,833,600	93.7%	20,900,000	52,300,000	66.6%
Renaissance Zone Reimbursements	3,500,000	0	3,500,000	0.0%	0	3,500,000	0.0%	0	3,500,000	0.0%	0	3,500,000	0.0%
Total Appropriations:	\$335,977,600	\$35,547,300	\$371,524,900	10.6%	\$35,547,300	\$371,524,900	10.6%	\$35,547,300	\$371,524,900	10.6%	\$28,747,300	\$364,724,900	8.6%
State School Aid Fund	197,614,100	0	\$197,614,100	0.0%	(150,000,000)	47,614,100	-75.9%	0	197,614,100	0.0%	0	197,614,100	0.0%
GF/GP	\$138,363,500	\$35,547,300	\$173,910,800	25.7%	\$185,547,300	\$323,910,800	134.1%	\$35,547,300	\$173,910,800	25.7%	\$28,747,300	\$167,110,800	20.8%

Table 2: FY 2014-15 Community College Appropriation

College	FY 2013-14 Enacted	FY 2014-15 Changes to FY 2013-14							FY 2014-15 Initial Appropriation	Percent Change
		Non-Formula Adjustments	50% Proportionate To Base	17.5% Weighted Degree Formula	10.0% Student Contact Hours	7.5% Administrative Costs	15.0% Local Strategic Value*	Total Changes		
Alpena	\$5,236,500		78,547	20,374	7,346	24,344	23,600	\$154,200	\$5,390,700	2.9%
Bay de Noc	5,279,300		79,189	24,053	9,488	3,660	23,800	140,200	5,419,500	2.7%
Delta	14,063,500		210,952	86,758	42,521	31,892	63,300	435,400	14,498,900	3.1%
Glen Oaks	2,441,500		36,622	19,578	5,397	1,963	11,000	74,600	2,516,100	3.1%
Gogebic	4,330,300		64,954	13,861	4,853	17,882	19,500	121,100	4,451,400	2.8%
Grand Rapids	17,454,900		261,823	62,200	60,876	29,226	78,500	492,600	17,947,500	2.8%
Henry Ford	21,060,000		315,899	72,402	63,497	17,230	94,800	563,800	21,623,800	2.7%
Jackson	11,758,200		176,373	58,725	23,594	17,546	52,900	329,100	12,087,300	2.8%
Kalamazoo Valley	12,122,500		181,837	68,519	40,857	34,744	54,600	380,600	12,503,100	3.1%
Kellogg	9,522,000		142,830	49,135	22,883	33,849	42,800	291,500	9,813,500	3.1%
Kirtland	3,055,700		45,835	22,898	7,037	22,397	13,800	112,000	3,167,700	3.7%
Lake Michigan	5,178,100		77,671	20,753	16,859	26,254	23,300	164,800	5,342,900	3.2%
Lansing	30,023,700		450,354	164,993	69,533	33,950	135,100	853,900	30,877,600	2.8%
Macomb	31,931,200		478,967	134,078	93,596	35,040	143,700	885,400	32,816,600	2.8%
Mid Michigan	4,517,900		67,768	36,235	16,919	22,875	20,300	164,100	4,682,000	3.6%
Monroe	4,342,600		65,139	20,491	14,506	30,682	19,500	150,300	4,492,900	3.5%
Montcalm	3,121,200		46,818	15,938	6,646	22,065	14,000	105,500	3,226,700	3.4%
Mott	15,247,100		228,706	68,034	44,351	29,299	68,600	439,000	15,686,100	2.9%
Muskegon	8,653,500		129,802	30,595	18,565	29,685	38,900	247,500	8,901,000	2.9%
North Central	3,064,400		45,966	13,580	9,057	25,633	13,800	108,000	3,172,400	3.5%
Northwestern	8,825,300		132,379	33,333	20,046	28,065	39,700	253,500	9,078,800	2.9%
Oakland	20,483,100		307,246	106,831	104,290	29,666	92,200	640,200	21,123,300	3.1%
St. Clair	6,860,100		102,901	27,819	16,907	22,982	30,900	201,500	7,061,600	2.9%
Schoolcraft	12,112,200		181,683	91,660	49,560	24,108	54,500	401,500	12,513,700	3.3%
Southwestern	6,404,300		96,064	21,471	11,173	14,578	28,800	172,100	6,576,400	2.7%
Washtenaw	12,610,800		189,162	141,232	49,381	29,984	56,700	466,500	13,077,300	3.7%
Wayne County	16,194,300		242,914	131,399	59,710	26,386	72,900	533,300	16,727,600	3.3%
West Shore	2,349,800		35,247	8,833	5,281	5,059	10,600	65,100	2,414,900	2.8%
Subtotal Operations:	\$298,244,000	\$0	\$4,473,648	\$1,565,778	\$894,729	\$671,044	\$1,342,100	\$8,947,300	\$307,191,300	3.0%
Virtual Learning Collaborative	1,100,000	(1,100,000)						(1,100,000)	0	-100.0%
MPERS Retiree Health Care	1,733,600	0						0	1,733,600	0.0%
MPERS Reform Costs	31,400,000	20,900,000						20,900,000	52,300,000	66.6%
Renaissance Zone Reimbursements	3,500,000	0						0	3,500,000	0.0%
Total Appropriations:	\$335,977,600	\$19,800,000	\$4,473,648	\$1,565,778	\$894,729	\$671,044	\$1,342,100	\$28,747,300	\$364,724,900	8.6%
State School Aid Fund	197,614,100	1,733,600	0	0	0	0	0	0	\$197,614,100	0.0%
GF/GP	\$138,363,500	\$18,066,400	\$4,473,648	\$1,565,778	\$894,729	\$671,044	\$1,342,100	\$28,747,300	\$167,110,800	20.8%

**DEPARTMENT OF COMMUNITY HEALTH
P.A. 252 of 2014 – ARTICLE IV**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	3,585.6	3,648.1	3,645.1	3,648.1	3,648.1	62.5	1.7
GROSS	16,589,093,400	17,374,567,800	17,492,902,100	17,465,200,800	18,215,375,900	1,626,282,500	9.8
Less:							
Interdepartmental Grants Received	10,056,100	9,425,900	9,425,900	9,425,900	9,425,900	(630,200)	(6.3)
ADJUSTED GROSS	16,579,037,300	17,365,141,900	17,483,476,200	17,455,774,900	18,205,950,000	1,626,912,700	9.8
Less:							
Federal Funds.....	11,173,970,000	11,941,802,500	12,046,130,700	12,026,645,400	12,557,686,100	1,383,716,100	12.4
Local and Private	379,020,900	343,713,000	343,713,000	343,713,000	347,159,000	(31,861,900)	(8.4)
TOTAL STATE SPENDING	5,026,046,400	5,079,626,400	5,093,632,500	5,085,416,500	5,301,104,900	275,058,500	5.5
Less:							
Other State Restricted Funds.....	2,182,636,200	2,140,657,600	2,034,663,400	2,048,623,700	2,061,403,500	(121,232,700)	(5.6)
GENERAL FUND/GENERAL PURPOSE	2,843,410,200	2,938,968,800	3,058,969,100	3,036,792,800	3,239,701,400	396,291,200	13.9
PAYMENTS TO LOCALS	1,153,632,400	1,190,485,800	1,070,202,700	1,066,893,100	1,108,135,300	(45,497,100)	(3.9)

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

<p>1. Ongoing and One-Time: Mental Health and Wellness Commission Report Services. The budget includes ongoing funding to implement the recommendations made by the Mental Health and Wellness Commission. This funding includes \$27.6 million Gross and \$9.3 million GF/GP in ongoing funding and \$8.9 million Gross and \$5.0 million GF/GP in one-time funding.</p>	<p>Gross 36,525,000 Federal 22,205,000 GF/GP 14,320,000</p>
<p>2. Alzheimer's Disease Pilot. The budget includes funding for an in-home care and support pilot program.</p>	<p>Gross 150,000 GF/GP 150,000</p>
<p>3. MiDocs Graduate Medical Education (GME) Consortium. The budget includes funding for the creation of a GME consortium to develop freestanding residency training programs.</p>	<p>Gross 500,000 GF/GP 500,000</p>
<p>4. One-Time: Pay for Success Contracts. The budget includes one-time funding for this program, which will allow for private investment in public programs designed to achieve policy goals, with payouts to investors if these programs generate savings to the State.</p>	<p>Gross 1,500,000 GF/GP 1,500,000</p>
<p>5. One-Time: Medicaid Information Technology Project for the Healthy Kids Dental Program. One-time funding is included to cover the cost of updating the Medicaid computer system to allow expansion of the Healthy Kids Dental program by ZIP code as well as by county.</p>	<p>Gross 3,000,000 Federal 2,700,000 GF/GP 300,000</p>

B. PROGRAM INCREASES

<p>1. Health and Wellness Program Ongoing Appropriations. The budget includes an increase in ongoing health and wellness program appropriations, targeted at diabetes prevention and breast cancer screenings.</p>	<p>Gross 650,000 GF/GP 650,000</p>
<p>2. Medicaid Base and Expenditure Adjustment. The budget reflects the consensus estimate of FY 2014-15 expenditures for Medicaid and related programs.</p>	<p>Gross 82,908,900 Federal 59,528,700 GF/GP 23,380,200</p>
<p>3. Efforts to Combat Human Trafficking. The budget includes an increase to support efforts to combat human trafficking in Michigan.</p>	<p>Gross 200,000 GF/GP 200,000</p>
<p>4. Data Analytics Staff for Behavioral Health. The budget includes increased funding for three additional Data Analytics employees to analyze behavioral health data in order to measure Prepaid Inpatient Health Plan (PIHP) performance and help improve PIHP results.</p>	<p>FTE 3.0 Gross 425,000 Federal 106,200 GF/GP 318,800</p>

		FY 2014-15 Change From FY 2013-14 Year-to-Date	
5. Jail/Prison Diversion Initiative.	The budget increases funding to expand this program statewide.	Gross GF/GP	3,350,000 3,350,000
6. Actuarially Sound Rates for PIHPs.	The budget includes a 1.5% rate increase for PIHPs to meet the Federal requirement that the State pay actuarially sound capitation rates for Medicaid mental health and substance abuse services.	Gross Federal GF/GP	32,462,900 21,276,200 11,186,700
7. University of Wisconsin Primary Care Grant.	The budget reflects the receipt of this grant to help local health departments with low county health rankings and fund a legislative conference.	Gross Private GF/GP	10,000 10,000 0
8. Michigan Essential Health Provider Program.	The budget includes an increase in funding for this program, which supports loan repayment costs for certain providers who agree to work in medically underserved areas.	Gross Private GF/GP	1,100,000 600,000 500,000
9. Rural Health Services.	The budget includes an increase for rural health services, which provides funding to MSU's Michigan Center for Rural Health to improve the health of the State's rural communities.	Gross GF/GP	24,000 24,000
10. Adjustment to IDG from the Department of Environmental Quality (DEQ).	The budget reflects increased revenue from the DEQ interdepartmental grant (IDG).	Gross IDG GF/GP	481,800 481,800 0
11. Newborn Screening Fee Revenue Increase.	The budget reflects an inflationary increase in the newborn screening fee and an advisory committee's recommendation that the fee be increased by \$4.50, for a total fee of \$106.77.	Gross Restricted GF/GP	903,200 903,200 0
12. Pregnancy Risk Assessment Monitoring System (PRAMS) Grant.	The budget reflects receipt of a private PRAMS grant to evaluate the impact of Kellogg Foundation interventions on newborn health.	Gross Private GF/GP	100,000 100,000 0
13. Lead Abatement Funding.	The budget includes an increase in funding for lead abatement.	Gross GF/GP	500,000 500,000
14. Essential Public Health Services.	The budget includes an increase to local public health departments.	Gross GF/GP	1,500,000 1,500,000

		FY 2014-15 Change From FY 2013-14 Year-to-Date	
15. Rural Prenatal Health Visitations. The budget expands the rural prenatal health visitations program, in order to increase services provided to pregnant women and families with young children in northern lower Michigan and the Upper Peninsula.	FTE		2.0
	Gross		2,250,000
	GF/GP		2,250,000
16. Pregnancy and Parenting Support Services Pilot Project. The budget increases funding for a pilot alternative pregnancy and parenting home support program.	Gross		100,000
	GF/GP		100,000
17. Crime Victims' Rights Grants to Prosecutors. The budget increases crime victims' rights grants to prosecutors for victim advocate services.	Gross		1,000,000
	Restricted		1,000,000
	GF/GP		0
18. Senior Nutrition Services. The budget increases funding for senior nutrition services in order to eliminate the wait list for such services.	Gross		1,800,000
	GF/GP		1,800,000
19. Senior In-Home Services. The budget increases funding for senior in-home services in order to eliminate the wait list.	Gross		3,200,000
	GF/GP		3,200,000
20. Elder Abuse Prevention. The budget includes funding for elder abuse prevention.	Gross		1,000,000
	GF/GP		1,000,000
21. Additional Staff to Oversee Program of All-Inclusive Care for the Elderly (PACE). The budget includes funding for one additional staff person to oversee PACE.	FTE		1.0
	Gross		125,000
	Federal		62,500
	GF/GP		62,500
22. Report on Gestational Diabetes. The budget includes funding for a report on gestational diabetes, contingent upon receipt of matching private funds.	Gross		35,000
	GF/GP		35,000
23. Actuarially Sound Rates for Medicaid Health Maintenance Organizations (HMOs). The budget includes a 2.5% rate increase for Medicaid HMOs to meet the Federal requirement that Medicaid managed care rates be actuarially sound.	Gross		89,438,300
	Federal		58,617,900
	GF/GP		30,820,400
24. Home- and Community-Based Waiver (HCBW) Program. The budget includes increased funding for the HCBW Program in order to eliminate the wait list.	Gross		26,177,900
	Federal		17,157,000
	GF/GP		9,020,900

		FY 2014-15 Change From FY 2013-14 Year-to-Date	
25. Healthy Kids Dental. The budget expands the Healthy Kids Dental Program to Kalamazoo and Macomb Counties. Three counties remain uncovered: Kent, Oakland, and Wayne.	Gross	15,670,300	
	Federal	10,270,300	
	GF/GP	5,400,000	
26. Medicaid Kidney Dialysis Reimbursement. The budget includes funding for a 2.0% increase in the reimbursement rate for Medicaid kidney dialysis services.	Gross	320,700	
	Federal	210,200	
	GF/GP	110,500	
27. Adult Foster Care Personal Care Services Rate. The budget includes a 6.0% increase in the Adult Foster Care Personal Care Services rate.	Gross	1,088,200	
	Federal	713,200	
	GF/GP	375,000	
28. Medicaid Obstetrical Rates Increase to 95% of Medicare Levels. The budget increases Medicaid obstetrical payment rates to 95% of Medicare levels.	Gross	13,784,100	
	Federal	9,034,100	
	GF/GP	4,750,000	
29. Medicaid Coverage for Breast Pumps. The budget includes funding for Medicaid coverage of breast pumps.	Gross	2,000,000	
	Federal	1,310,800	
	GF/GP	689,200	
30. Expansion of Hospital Payments for Obstetrical Services. The budget includes increased funding for hospital payments for obstetrical services to fully fund the requirement of an \$830 lump sum payment for each obstetrical care and newborn care case payment billed by qualifying hospitals in FY 2012-13.	Gross	11,027,300	
	Federal	7,227,300	
	GF/GP	3,800,000	
31. Community Mental Health (CMH) Adjustment. The budget includes funding for CMH non-Medicaid services, which reflects the effect of Medicaid expansion on the program. This adjustment reflects changes to FY 2013-14 CMH non-Medicaid funding as adjusted by a March 2014 supplemental appropriation.	Gross	41,849,700	
	Federal	38,813,700	
	GF/GP	3,036,000	
32. Medicaid Expansion Funding. The budget includes increased funding to reflect full-year costs and savings for Medicaid expansion. This adjustment reflects changes to FY 2013-14 Medicaid expansion funding as adjusted by the March 2014 supplemental.	FTE	36.0	
	Gross	1,080,725,500	
	Federal	1,213,296,900	
	Restricted	12,283,100	
	GF/GP	(144,854,500)	

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

33. Adult Home Help Minimum Wage Impact. The budget reflects the estimated cost of the increase in the minimum wage on the Adult Home Help program.	Gross Federal GF/GP	5,044,700 3,306,300 1,738,400
34. Health Plan Services Reserve. The budget includes funding to cover the GF/GP portion of costs incurred by the 2015 insurance providers' fee under the Affordable Care Act.	Gross Federal GF/GP	87,057,500 57,057,500 30,000,000
35. One-Time: Statewide Trauma System. One-time funding is included to support a statewide trauma system.	Gross GF/GP	1,300,000 1,300,000
36. One-Time: Adjustments to Autism Centers and Services. The budget includes \$1.0 million apiece for autism programs at Eastern Michigan University, Western Michigan University (WMU), and Michigan State University, reflecting an increase of \$1.0 million in GF/GP funding over FY 2013-14. The budget also includes \$500,000 apiece for autism programs at Central Michigan and Oakland University, funded with Autism Coverage Fund revenue. The budget includes an additional \$3.0 million for WMU programming funded with Autism Coverage Fund revenue. Finally, the budget includes \$1.5 million for efforts to guide families to the best available services, funded with Autism Coverage Fund revenue. This funding is one-time.	Gross Restricted GF/GP	6,500,000 5,500,000 1,000,000
37. One-Time: Child and Adolescent Health Services. The budget includes one-time funding for child and adolescent health services, to be used to increase access to nurses and behavioral health services in schools.	Gross GF/GP	2,000,000 2,000,000
38. One-Time: Bone Marrow Registry. One-time funding for the "Be the Match" bone marrow registry program is included.	Gross GF/GP	250,000 250,000
39. One-Time: Senior Olympics. One-time funding is included for the Senior Olympics.	Gross GF/GP	100,000 100,000

C. PROGRAM ELIMINATIONS

1. One-Time: Mental Health Innovations Fund. One-time funding for mental health innovations in the FY 2013-14 budget is removed.	Gross GF/GP	(5,000,000) (5,000,000)
2. One-Time: Completion of Federally Required Diagnostic Coding Project. Funding for this now-completed coding project is removed.	Gross Federal GF/GP	(18,300,000) (16,000,000) (2,300,000)

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

D. PROGRAM REDUCTIONS

<p>1. Changes in Federal Authorization. The budget includes a number of adjustments to Federal grants, including new staff for home visiting and parenting grants, leading to a net reduction in funding.</p>	<p>FTE 5.0 Gross (7,346,600) Federal (7,346,600) GF/GP 0</p>
<p>2. Reversal of FY 2013-14 Contingency Fund Transfers. The FY 2014-15 budget does not reflect contingency fund transfers adopted midway through FY 2013-14, leading to a reduction in funding.</p>	<p>Gross (8,422,400) Federal (4,717,700) Local (60,700) Private (797,600) Restricted (2,846,400) GF/GP 0</p>
<p>3. Family Support Subsidy Caseload. The family support subsidy caseload is projected to decrease to just over 6,800 in FY 2014-15.</p>	<p>Gross (1,215,000) Federal (1,215,000) GF/GP 0</p>
<p>4. Reduction in Interdepartmental Grant from the Department of Licensing and Regulatory Affairs (LARA). The IDG from LARA is decreased to reflect less use of Michigan Public Health Institute services by LARA.</p>	<p>Gross (1,296,500) IDG (1,296,500) GF/GP 0</p>
<p>5. Transparency Database Funding. Funding appropriated in FY 2013-14 for a transparency database will be carried forward as an FY 2014-15 work project, so the appropriation is removed for FY 2014-15.</p>	<p>Gross (300,000) GF/GP (300,000)</p>
<p>6. Specialty Network Access Fee (SNAF) Funding Adjustments. The budget reflects adjustments to SNAF payments to publicly affiliated clinics due to Federal changes reducing the maximum allowable payment to such clinics.</p>	<p>Gross (49,400,000) Federal (32,376,800) Local (4,940,000) Restricted (12,083,200) GF/GP 0</p>
<p>7. Removal of Tobacco and Airport Parking Tax Revenue Used to Support Adult Benefits Waiver (ABW). Due to the termination of the Adult Benefits Waiver in April 2014, the Tobacco and Airport Parking tax revenue used to support the program is removed.</p>	<p>Gross (11,553,800) Restricted (11,553,800) GF/GP 0</p>

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

8. Reduction in School-Based Services Reimbursements. The FY 2014-15 budget reflects a lower amount of claims for the School-Based Services program, which reimburses school districts for counseling and other services provided to Medicaid-eligible individuals.	Gross Federal GF/GP	(19,400,000) (32,333,300) 12,933,300
9. Removal of FY 2013-14 Outpatient Disproportionate Share Hospital (DSH) Payment. A one-time increase in the outpatient DSH payment is removed from the FY 2014-15 budget.	Gross Federal Restricted GF/GP	(19,000,000) (12,566,600) (6,433,400) 0
10. Increased Savings from Third Party Liability and Estate Recovery. The budget reflects an assumed increase in savings from enhanced third party liability activities and the estate recovery program.	Gross Federal GF/GP	(12,426,600) (8,144,400) (4,282,200)
11. Removal of FY 2013-14 Hospice Services Supplemental Funding. The FY 2014-15 budget does not retain funding for hospice services that had been restored in an FY 2013-14 supplemental.	Gross GF/GP	(2,200,000) (2,200,000)
12. Removal of FY 2013-14 Harper/Hutzel Hospital Funding. The budget does not continue a payment to Harper/Hutzel Hospital that had been included in an FY 2013-14 supplemental.	Gross Federal GF/GP	(9,994,800) (6,628,500) (3,366,300)
13. Removal of FY 2013-14 CMH Contingent Reserve. The budget does not retain a contingent reserve for Community Mental Health non-Medicaid services that had been included in an FY 2013-14 supplemental.	Gross GF/GP	(12,000,000) (12,000,000)
14. Removal of FY 2013-14 Information Technology Federal Match. The budget does not include matching funds for computerization projects that were appropriated on a one-time basis in FY 2013-14 pursuant to Sec. 822b of Article VIII of Public Act 59 of 2013.	Gross Federal GF/GP	(45,300,000) (45,300,000) 0

E. FUNDING SHIFTS

1. Change in the Base Medicaid Match Rate for FY 2014-15. The base Medicaid match rate decreases from 66.32% to 65.54% in FY 2014-15, leading to an increase in GF/GP costs.	Gross IDG Federal Local Restricted GF/GP	0 143,700 (83,138,200) 252,100 3,484,800 79,257,600
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**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

2. Change in the Title XXI Match Rate for FY 2014-15. The Federal Title XXI match rate, used to support the MI-Child program, decreases from 76.42% to 75.88% in FY 2014-15, increasing GF/GP costs.	Gross 0 Federal (404,800) GF/GP 404,800
3. Replacement of Unrealized Emergency Medical Services (EMS) Fee Revenue. The budget removes assumed EMS fee revenue as the bill to increase the fees was not enacted.	Gross 0 Restricted (1,006,100) GF/GP 1,006,100
4. Offset of One-Time Senior Respite Fund Revenue. The budget removes one-time respite fund revenue as it was not available for FY 2014-15.	Gross 0 Restricted (400,000) GF/GP 400,000
5. Medicaid Benefits Trust Fund. The budget includes a small adjustment reflecting the most updated estimate of Tobacco Tax revenue available to support the Medicaid program.	Gross 0 Restricted (400,000) GF/GP 400,000
6. Merit Award Trust Fund Revenue. The budget reflects the removal of \$17.5 million in Merit Award Trust Fund revenue. That money will be used to replenish the State's Budget Stabilization Fund.	Gross 0 Restricted (17,500,000) GF/GP 17,500,000
7. Increased Match for Medicaid Home- and Community-Based Waiver Services. The budget reflects an increased match rate for HCBW services.	Gross 0 Federal 7,910,800 Local (265,000) GF/GP (7,645,800)
8. Use of Roads and Risks Reserve to Offset GF/GP. The budget includes \$60.9 million in Roads and Risks Reserve revenue to offset GF/GP costs in the Medicaid budget.	Gross 0 Restricted 60,900,000 GF/GP (60,900,000)

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Internal Program and Line Item Transfers. Several programs were shifted among units and line items within the Department of Community Health, with the insourcing of some staff resulting in an increase in FTEs.	FTE 12.5 Gross 0 GF/GP 0
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		FY 2014-15 Change From FY 2013-14 Year-to-Date	
2. Technical Adjustment to Interdepartmental Grant from the Department of Human Services.	The budget reflects the technical removal of all GF/GP revenue from the Children with Severe Emotional Disturbance waiver program.	Gross IDG GF/GP	3,000 12,900 (9,900)
3. Technical Adjustment to Substance Abuse Funding.	The budget removes excess Federal authorization for the Community Substance Abuse line, as this money was tied to the Adult Benefits Waiver, which ended on April 1, 2014.	Gross Federal GF/GP	(6,281,200) (6,281,200) 0
4. Medicaid Match Adjustments for State Facilities.	The budget includes the annual adjustment to State facilities due to the change in the Medicaid match rate. This adjustment avoids double-counting of available revenue and does not reflect any change in programming.	Gross Local GF/GP	249,500 249,500 0
5. State Facility Earned Days Adjustments.	The budget reflects the shift of money from the facilities back to the Community Mental Health Savings Programs to reflect earned days in State facilities.	Gross Local GF/GP	(1,233,900) (1,233,900) 0
6. Adjustments to Facility First/Third Party Liability Revenue.	The budget includes adjustments to State facility funding to reflect first and third party liability revenue.	Gross Restricted GF/GP	2,011,300 2,011,300 0
7. FTE Adjustment in Cancer Prevention and Control Line.	The budget reflects an additional on-board staff person in the cancer line item.	FTE Gross GF/GP	1.0 0 0
8. Perinatal Oral Health Staff.	The budget includes an additional staff person who will integrate oral health for expectant mothers into the medical home model.	FTE Gross GF/GP	1.0 0 0
9. Insourcing of Early Hearing and Detection Staff.	The budget reflects the insourcing of early hearing and detection staff.	FTE Gross GF/GP	1.0 0 0
10. Medicaid and MICHild Administrative Realignment.	Funding for contracts and other administrative services is shifted from the Medicaid unit to the Medical Services Administration.	Gross Federal Restricted GF/GP	(827,800) (3,427,800) 2,600,000 0

	FY 2014-15 Change From FY 2013-14 Year-to-Date
11. Michigan Access to Care Initiative (MACI) Adjustments. The budget reflects changes to payments made to hospitals through the MACI program, which is funded through the hospital provider tax.	Gross (13,739,700) Federal (9,005,000) Restricted (4,734,700) GF/GP 0
12. Technical Adjustments to Medicaid Special Payments. Minor technical adjustments are made to special financing payments.	Gross (77,100) Federal (50,500) Restricted (26,600) GF/GP 0
13. Annualization of Primary Care Rate Increase. Under the Federal health reform legislation, states were required to increase their Medicaid primary care rates to Medicare levels in calendar years 2013 and 2014. The budget removes the final three quarters of funding starting January 1, 2015. As the match rate is 100% Federal, this results in a large decrease in Federal funding. The budget also includes new funding, at the regular Medicaid match rate, to maintain 50% of the 2013 and 2014 increase, at a cost of \$25.0 million GF/GP.	Gross (273,368,800) Federal (298,368,800) GF/GP 25,000,000
14. Health Insurance Claims Assessment (HICA) and Use Tax Legislation. Legislation enacted in June 2014 reduced the HICA rate from 1.0% to 0.75% effective July 1, 2014, and reinstated a 6.0% Use Tax on Medicaid managed care organizations. The adjustments included in the budget reflect shifting \$187,550,900 GF/GP to offset the HICA shortfall and increased funding to Medicaid managed care organizations to cover their Use Tax costs of \$580,095,700 Gross and \$150,537,200 GF/GP.	Gross 580,095,700 Federal 429,558,500 Restricted (187,550,900) GF/GP 338,088,100
15. Wayne State Psychiatric DSH Payment. The budget removed DSH funding for the Wayne State Psychiatric program and replaced the money with GF/GP support.	Gross (2,846,900) Federal (5,605,900) Restricted (2,846,900) GF/GP 5,605,900
16. FY 2014-15 County Care and Outpatient DSH Funding. The \$95.7 million in funding for county DSH programs is removed due to the expansion of Medicaid. In its stead, the budget includes \$10.0 million for county DSH and \$85.0 million for an expansion of the outpatient DSH pool, which will be funded with hospital provider tax revenue.	Gross (738,900) Federal (1,231,000) Local (28,798,900) Restricted 39,291,000 GF/GP (10,000,000)
17. Shift of Island Clinic Funding from One-Time to Ongoing. Funding of \$325,000 for clinics on Bois Blanc, Mackinac, Drummond, and Beaver Islands is shifted from one-time to ongoing.	Gross 0 GF/GP 0

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

18. Shift of Graduate Medical Education (GME) Funding from One-Time to Ongoing. Funding of \$4.3 million Gross, \$1.45 million GF/GP for GME is shifted from one-time to ongoing.

Gross	0
GF/GP	0

19. One-Time: U-D Mercy Dental Clinic. The budget removes ongoing DSH funding for the U-D dental clinic but replaces 90% of that funding with one-time GF/GP support.

Gross	(2,763,900)
Federal	(4,547,000)
Restricted	(2,309,200)
GF/GP	4,092,300

H. UNCLASSIFIED SALARIES

The budget includes a 2.5% increase to the Director and Other Unclassifieds line item.

Gross	17,700
GF/GP	17,700

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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a Gross reduction of \$2,427,900 (\$991,200 GF/GP) for OPEB.

Gross	8,804,200
IDG	27,900
Federal	2,042,100
Local	3,018,400
Private	4,200
Restricted	485,100
GF/GP	3,226,500

K. ONE-TIME APPROPRIATIONS

The budget identifies ten FY 2014-15 one-time appropriations, eliminates two FY 2013-14 one-time appropriations, and shifts two appropriations from one-time to ongoing:

	Gross	GF/GP
University Autism Programs.....	\$7,000,000	\$3,000,000
Autism Family Assistance Services	1,500,000	0
Pay for Success Contracts.....	1,500,000	1,500,000
Bone Marrow Transplant Registry	250,000	250,000
Child and Adolescent Health Services.....	2,000,000	2,000,000
Mental Health and Wellness Commission	8,962,500	5,000,000
U-D Dental Clinic	4,092,300	4,092,300
Healthy Kids Dental Computer Project	3,000,000	300,000
Statewide Trauma System.....	1,300,000	1,300,000
Senior Olympics.....	100,000	100,000
Subtotal	\$29,704,800	\$17,542,300
Completion of Diagnostic Coding Project	(\$18,300,000)	(\$2,300,000)
Mental Health Innovations Fund	(5,000,000)	(5,000,000)
Subtotal	(\$23,300,000)	(\$7,300,000)
Shift GME Funding from One-Time to Ongoing	(\$4,314,200)	(\$1,450,000)
Shift Island Clinic Funding from One-Time to Ongoing	(325,000)	(325,000)
Subtotal	(\$4,639,200)	(\$1,775,000)

L. VETOES - NONE

**DEPARTMENT OF CORRECTIONS
P.A. 252 of 2014 – ARTICLE V**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	14,543.6	14,179.3	14,070.8	14,179.3	14,179.3	(364.3)	(2.5)
GROSS	2,047,106,400	2,049,921,700	2,025,901,600	2,034,921,700	2,040,521,700	(6,584,700)	(0.3)
Less:							
Interdepartmental Grants Received	1,109,600	225,000	225,000	225,000	225,000	(884,600)	(79.7)
ADJUSTED GROSS	2,045,996,800	2,049,696,700	2,025,676,600	2,034,696,700	2,040,296,700	(5,700,100)	(0.3)
Less:							
Federal Funds.....	8,852,500	5,081,000	4,832,200	5,081,000	5,081,000	(3,771,500)	(42.6)
Local and Private	8,392,800	8,547,700	8,547,700	8,547,700	8,547,700	154,900	1.8
TOTAL STATE SPENDING	2,028,751,500	2,036,068,000	2,012,296,700	2,021,068,000	2,026,668,000	(2,083,500)	(0.1)
Less:							
Other State Restricted Funds.....	56,026,100	45,869,600	39,720,900	45,869,600	45,869,600	(10,156,500)	(18.1)
GENERAL FUND/GENERAL PURPOSE	1,972,725,400	1,990,198,400	1,972,575,800	1,975,198,400	1,980,798,400	8,073,000	0.4
PAYMENTS TO LOCALS	90,609,700	115,714,000	107,334,900	111,714,000	115,714,000	25,104,300	27.7

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

<p>1. Re-Entry Legal Assistance. Funding for this program will create two pilot projects to deliver outreach, education, and legal representation to former offenders in a comprehensive manner to reduce recidivism.</p>	<p>Gross 149,000 GF/GP 149,000</p>
<p>2. Mental Health - Jail Pilot Program. The Michigan Department of Corrections (MDOC) will use funding for participation in a multiagency statewide mental health diversion program to contract with a local jail for a post-release transition project that will facilitate complete post-release mental health services to inmates who are in the process of returning to their community.</p>	<p>Gross 1,000,000 GF/GP 1,000,000</p>
<p>3. Goodwill "Flip-the-Script" Program. The funding for the Goodwill Flip-the-Script program provides troubled 16- to 29-year-olds with education and employment skills in an effort to keep them out of prison.</p>	<p>Gross 2,500,000 GF/GP 2,500,000</p>
<p>4. 70x7 Life Recovery - Muskegon Pilot. This one-time funding will be used for 70x7 Life Recovery, which provides mentorship, employment, job skills/life skills training, and recovery support for men and woman who have previously been incarcerated. In addition, 70x7 offers recovery support groups for those who struggle with addictive behaviors.</p>	<p>Gross 600,000 GF/GP 600,000</p>

B. PROGRAM INCREASES

<p>1. Parole/Probation Technology Upgrades. The MDOC has additional funding in order to deploy technology for the mobilization of parole and probation staff in areas with a high concentration of these individuals. The agents and supervisors will have more time to spend in the field. The corresponding one-time funding is for devices such as smart phones, tablets, and laptops to mobilize parole and probation staff in Detroit, Pontiac, Saginaw, and Flint.</p>	<p>Gross 1,023,000 GF/GP 1,023,000</p>
<p>2. Hepatitis C Protocol Funding. The budget includes \$4.4 million GF/GP to enable the new treatment protocol for Hepatitis C to commence in MDOC facilities. The recommended treatment action has been transmitted by the Centers for Disease Control and Prevention. The new treatment procedure has fewer side effects, shorter duration, and a potentially higher successful treatment rate, compared with other treatments.</p>	<p>Gross 4,400,000 GF/GP 4,400,000</p>
<p>3. Leased Bed Space. The existing program, which pays counties for bed space at county jail facilities, is expanded in order to house convicted felons with funding of \$4.0 million GF/GP. Level I prisoners, not serving time for sex offenses, and serving flat sentences, are eligible to be housed in county jail facilities.</p>	<p>Gross 4,000,000 GF/GP 4,000,000</p>

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

<p>4. Local Prosecution and Detainer Expansion. The \$0.3 million increase will cover prosecutorial and detainer expenses. Local prosecutors and sheriffs have covered the costs of prosecuting offenses and detaining parole offenders who have outstanding warrants.</p>	<table border="0"> <tr> <td style="padding-right: 20px;">Gross</td> <td style="text-align: right;">300,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">300,000</td> </tr> </table>	Gross	300,000	GF/GP	300,000				
Gross	300,000								
GF/GP	300,000								
<p>5. Prisoner Education Enhancement. Funding will be used to hire 5.0 trade instructors and 15.0 employment counselors. The trade instructors will work to provide critical job skills for prisoners who are re-entering the community. Funding is aimed at reducing the backlog for vocational programming. The education is dedicated to the improvement of opportunities for employment. Of the amount appropriated, \$3.25 million is intended to be ongoing funding. There is a one-time part of the education funding that will be used for the purchase of materials and supplies for the employment counselors to determine specific employment training desired for employees. This \$1.05 million in funding will allow specific curricula and training for requirements of local job markets to be instituted.</p>	<table border="0"> <tr> <td style="padding-right: 20px;">FTE</td> <td style="text-align: right;">20.0</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">4,295,300</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">4,295,300</td> </tr> </table>	FTE	20.0	Gross	4,295,300	GF/GP	4,295,300		
FTE	20.0								
Gross	4,295,300								
GF/GP	4,295,300								
<p>6. Health Care Professional Development. The budget includes additional FTE authorization and funding to augment professional growth and teaching for Bureau of Health Care Services staff. Funding will advance training curriculums and computer-based training sessions as well as classroom staff training.</p>	<table border="0"> <tr> <td style="padding-right: 20px;">FTE</td> <td style="text-align: right;">2.0</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">402,600</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">402,600</td> </tr> </table>	FTE	2.0	Gross	402,600	GF/GP	402,600		
FTE	2.0								
Gross	402,600								
GF/GP	402,600								
<p>7. Healthy Michigan Plan Administration. There is an authorization for additional FTEs as well and funding to cover the administrative costs of implementing the Healthy Michigan Plan. The MDOC will pay the Department of Human Services (DHS) via interdepartmental grants (IDGs) for staff who handle eligibility determination and enrollment, and will pay for MDOC staff who handle discharge planning as well as oversight functions.</p>	<table border="0"> <tr> <td style="padding-right: 20px;">FTE</td> <td style="text-align: right;">6.0</td> </tr> <tr> <td>Gross</td> <td style="text-align: right;">1,079,700</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">248,800</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">830,900</td> </tr> </table>	FTE	6.0	Gross	1,079,700	Federal	248,800	GF/GP	830,900
FTE	6.0								
Gross	1,079,700								
Federal	248,800								
GF/GP	830,900								
<p>8. Swift-and-Sure Interdepartmental Grant. This funding expands the Swift-and-Sure Sanctions Probation program in order for the MDOC to assist with this intensive probation supervision program that targets high-risk felony offenders with a history of probation violations or failures. The \$1.0 million IDG to the DHS is intended for Michigan Rehabilitation Services to obtain Federal grant funding.</p>	<table border="0"> <tr> <td style="padding-right: 20px;">Gross</td> <td style="text-align: right;">1,000,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">1,000,000</td> </tr> </table>	Gross	1,000,000	GF/GP	1,000,000				
Gross	1,000,000								
GF/GP	1,000,000								
<p>9. Final Neal, et al. Settlement Payment. The \$5.0 million added to the \$20.0 million appropriated in the base is for the final year of the settlement.</p>	<table border="0"> <tr> <td style="padding-right: 20px;">Gross</td> <td style="text-align: right;">5,000,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">5,000,000</td> </tr> </table>	Gross	5,000,000	GF/GP	5,000,000				
Gross	5,000,000								
GF/GP	5,000,000								

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

C. PROGRAM ELIMINATIONS

- | | | |
|---|------------------------|------------------------------------|
| <p>1. H.I.R.E. Job Training Initiative. The budget removes \$1.0 million for the H.I.R.E. (Helping Individuals Return to Employment) job training. The program, administered by Goodwill Industries, assists parolees with disabilities in learning job skills and in finding suitable employment opportunities.</p> | <p>Gross
GF/GP</p> | <p>(250,000)
(250,000)</p> |
| <p>2. Second Chance - Goodwill Oil Filter Recycling Project. The budget removes \$250,000 for Goodwill's Oil Recycling program, which provides skills development opportunities for parolees.</p> | <p>Gross
GF/GP</p> | <p>(1,000,000)
(1,000,000)</p> |

D. PROGRAM REDUCTIONS

- | | | |
|--|------------------------|--------------------------------------|
| <p>1. Food Service Legacy Costs. This entry reflects the amount of legacy costs associated with privatized food service employees that were previously paid for by the MDOC. The legacy costs are redistributed in the rest of the State budget. Since legacy costs must be paid regardless of whether employees remain public or are privatized, the savings to the MDOC for the privatized food service employees are borne by the rest of the State budget via higher contribution rates on the smaller overall payroll.</p> | <p>Gross
GF/GP</p> | <p>(8,167,100)
(8,167,100)</p> |
| <p>2. Departmental Efficiencies Savings. This entry reflects savings identified for the Department from achieving efficiencies at the Northern, Southern, and Central administrative facilities as well as other facilities with an expected savings of \$11.9 million Gross and GF/GP (Field Operations \$1.7 million, Parnall Correctional Facility \$1.2 million, Harrison Correctional Facility \$1.0 million, Huron Valley Correctional Facility \$1.0 million, Marquette Correctional Facility \$940,000, Bellamy Creek Correctional Facility \$800,000, Special Alternative Incarceration \$700,000, Transportation \$600,000, Alger Correctional Facility \$600,000, Brooks Correctional Facility \$600,000, Egeler Correctional Facility \$600,000, Correctional Facilities Administration \$500,000, Ionia Correctional Facility \$500,000, Central Michigan Correctional Facility \$300,000, Handlon Correctional Facility \$300,000, Oaks Correctional Facility \$200,000, Southern Regional Administrative Office \$200,000, Thumb Correctional Facility \$200,000, and Northern Regional Administrative Office \$60,000).</p> | <p>Gross
GF/GP</p> | <p>(11,900,000)
(11,900,000)</p> |
| <p>3. Healthy Michigan Program Administration and Savings. With the implementation of the Healthy Michigan Plan, there were projected savings built into the FY 2013-14 budget for three-fourths of the year. Certain costs relative to treatment of sex offender and substance abuse disorders are not eligible for reimbursement under Medicaid, which requires a portion of the savings originally taken to be restored.</p> | <p>Gross
GF/GP</p> | <p>(8,290,400)
(8,290,400)</p> |

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

4. One-Time Funding for New Custody Staff Training. There is an elimination of the one-time funding that was included in the FY 2013-14 budget for a new employee school. The base appropriation retains \$9.0 million for new custody staff training.

Gross (9,032,500)
GF/GP (9,032,500)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Internal Adjustments. These internal funding adjustments and transfers throughout the budget, which have no overall Gross or GF/GP impact, are made in order to more accurately reflect where expenditures occur and to reflect reorganization within the Department. Line items are adjusted by \$1,164,938,100 Gross, \$1,162,654,400 GF/GP, and 10,018 FTEs are added to various new line items to reflect the needs of the Department.

Gross 0
GF/GP 0

2. Reduction in Unfunded FTE Authorization. The budget eliminates authorization for unfunded FTE positions to more accurately reflect Department resources (329.0 Prison food service, 60.4 clinical complexes, 2.5 Muskegon Correctional Facility, 0.3 Central Michigan Correctional Facility, and 0.1 Chippewa Correctional Facility).

FTE (392.3)
Gross 0
GF/GP 0

3. Various Fund Adjustments. The IDG, Federal, Local, and State Restricted fund sources contained in the budget are adjusted in order to reflect actual amounts of revenue collected or awarded. There is no GF/GP impact resulting from these adjustments.

Gross (15,541,300)
IDG (884,600)
Federal (4,058,200)
Local (66,200)
Restricted (10,532,300)
GF/GP 0

H. UNCLASSIFIED SALARIES

The budget reflects the addition of \$42,100 for the unclassified salaries line item and a \$15,000 internal adjustment. The line pays the salaries of the following six unclassified positions: Director, Deputy Director - Operations Support, Deputy Director - Facility Administration, Deputy Director - Field Operations, Health Services Administration, and Legislative Liaison.

Gross 42,000
GF/GP 42,000

I. FEE INCREASES - NONE

**FY 2014-15 Change From
FY 2013-14 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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a Gross reduction of \$8.2 million (\$8.0 million GF/GP) for OPEB.

Gross	21,805,000
Federal	37,900
Local	221,100
Restricted	375,800
GF/GP	21,170,200

K. ONE-TIME APPROPRIATIONS

The budget identifies four FY 2014-15 one-time appropriations:

	Gross	GF/GP
Final <i>Neal, et al.</i> Settlement Payment	\$25,000,000	\$25,000,000
Education Program Enhancement.....	1,045,300	1,045,300
Field Operations Mobilization	440,600	440,600
70x7 Life Recovery - Muskegon Pilot	600,000	600,000
Subtotal.....	\$27,085,900	\$27,085,900

L. VETOES - NONE

**DEPARTMENT OF EDUCATION
P.A. 252 of 2014 – ARTICLE VI**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	587.5	621.5	600.5	592.5	600.5	13.0	2.2
GROSS.....	303,652,000	326,576,100	326,662,100	321,484,300	287,096,100	(16,555,900)	(5.5)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS.....	303,652,000	326,576,100	326,662,100	321,484,300	287,096,100	(16,555,900)	(5.5)
Less:							
Federal Funds.....	217,159,000	226,097,500	226,097,500	224,097,500	189,473,500	(27,685,500)	(12.7)
Local and Private	7,567,000	7,567,000	7,567,000	7,567,000	7,567,000	0	0.0
TOTAL STATE SPENDING.....	78,926,000	92,911,600	92,997,600	89,819,800	90,055,600	11,129,600	14.1
Less:							
Other State Restricted Funds.....	8,032,100	7,972,600	7,972,600	7,972,600	7,972,600	(59,500)	(0.7)
GENERAL FUND/GENERAL PURPOSE....	70,893,900	84,939,000	85,025,000	81,847,200	82,083,000	11,189,100	15.8
PAYMENTS TO LOCALS	10,376,000	16,132,000	16,132,000	16,744,400	15,776,000	5,400,000	52.0

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|---|------------------------|--------------------------------|
| <p>1. Educator Evaluations and Assessment Phase-In. The budget includes a reserve fund that can be used toward implementing educator evaluations if House Bills 5223 and 5224 are enacted. The reserve fund has \$2,514,000 for ongoing and \$900,000 for one-time use.</p> | <p>Gross
GF/GP</p> | <p>3,414,000
3,414,000</p> |
| <p>2. Financial Independence Team. The budget includes \$800,000 for the creation of a team that will work with the Department of Treasury to implement an early warning system to identify financially distressed districts and provide those districts with resources, technical support, and expertise.</p> | <p>Gross
GF/GP</p> | <p>778,100
778,100</p> |

B. PROGRAM INCREASES

- | | | |
|---|------------------------------------|--------------------------------------|
| <p>1. Child Development and Care - Public Assistance. Due to an increase in Federal funds, the budget increased bi-weekly allowable hours from 80 to 90 (\$3.5 million) and will support the implementation of a Tiered Reimbursement system (\$1.8 million).</p> | <p>Gross
Federal
GF/GP</p> | <p>5,286,000
5,286,000
0</p> |
| <p>2. Office of Great Start. The budget added 3.0 FTEs and \$400,000 to the Office of Great Start in order to provide greater analysis, oversight, and assistance regarding early childhood.</p> | <p>Gross
GF/GP</p> | <p>404,000
404,000</p> |
| <p>3. School Reform Effort. The budget added 6.0 FTEs and \$900,000 to the school reform effort in order to better monitor and assist the increased number of low-performing schools.</p> | <p>Gross
GF/GP</p> | <p>918,600
918,600</p> |
| <p>4. Michigan State Public Employees Retirement System (MSPERS) Reforms - State Share. The budget increased MSPERS payments to libraries by \$900,000 in order to maintain the State portion payable to MSPERS for the amount above the 20.96% retirement contribution rate attributable to unfunded accrued liabilities.</p> | <p>Gross
GF/GP</p> | <p>900,000
900,000</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

- | | | |
|---|------------------------------------|--|
| <p>Child Development and Care (CDC) Adjustment. The budget includes a \$36.6 million reduction in the CDC public assistance line item for FY 2014-15 to reflect CDC caseload projections agreed upon at the May 2014 Consensus Revenue Estimating Conference. This brings this line item total to \$110.3 million.</p> | <p>Gross
Federal
GF/GP</p> | <p>(36,624,000)
(36,624,000)
0</p> |
|---|------------------------------------|--|

E. FUNDING SHIFTS - NONE

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

F. PROGRAM TRANSFERS

<p>1. MPSERS Reforms for Libraries. The budget transferred \$1.3 million for MPSERS payments to libraries from the budget for School Aid to the Department of Education.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">1,300,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">1,300,000</td> </tr> </table>	Gross	1,300,000	GF/GP	1,300,000		
Gross	1,300,000						
GF/GP	1,300,000						
<p>2. Renaissance Zone Reimbursement to Libraries. The budget transferred Renaissance Zone Reimbursements to Libraries from the budget for School Aid to the Department of Education.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">3,200,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">3,200,000</td> </tr> </table>	Gross	3,200,000	GF/GP	3,200,000		
Gross	3,200,000						
GF/GP	3,200,000						
<p>3. Federal Assessment Funding Authority. The budget transferred \$2.0 million in Federal funds for assessments from the budget for School Aid to the Department of Education.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">2,000,000</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">2,000,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">0</td> </tr> </table>	Gross	2,000,000	Federal	2,000,000	GF/GP	0
Gross	2,000,000						
Federal	2,000,000						
GF/GP	0						

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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$1.9 million (\$0.3 million GF/GP) for OPEB.

Gross	1,867,400
Federal	1,652,500
Restricted	(59,500)
GF/GP	274,400

K. ONE-TIME APPROPRIATIONS

The budget identifies one FY 2014-15 one-time appropriation:

	Gross	GF/GP
Educator Evaluations and Assessment Phase-In.....	\$900,000	\$900,000

L. VETOES - NONE

**DEPARTMENT OF ENVIRONMENTAL QUALITY
P.A. 252 of 2014 – ARTICLE VII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,281.5	1,284.5	1,284.5	1,284.5	1,284.5	3.0	0.2
GROSS	517,218,800	504,091,800	502,591,900	500,591,800	502,591,800	(14,627,000)	(2.8)
Less:							
Interdepartmental Grants Received	9,401,900	9,530,500	9,530,500	9,530,500	9,530,500	128,600	1.4
ADJUSTED GROSS	507,816,900	494,561,300	493,061,400	491,061,300	493,061,300	(14,755,600)	(2.9)
Less:							
Federal Funds.....	150,779,700	150,367,600	150,367,600	150,367,600	149,867,600	(912,100)	(0.6)
Local and Private	541,800	546,900	546,900	546,900	546,900	5,100	0.9
TOTAL STATE SPENDING	356,495,400	343,646,800	342,146,900	340,146,800	342,646,800	(13,848,600)	(3.9)
Less:							
Other State Restricted Funds.....	327,340,900	302,770,900	301,271,000	301,270,900	301,770,900	(25,570,000)	(7.8)
GENERAL FUND/GENERAL PURPOSE	29,154,500	40,875,900	40,875,900	38,875,900	40,875,900	11,721,400	40.2
PAYMENTS TO LOCALS	2,775,000	2,775,000	2,775,000	2,775,000	2,775,000	0	0.0

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|--|--------------|------------------|
| <p>1. Water Quality and Use Initiative. The budget includes three line items that comprise this new program: \$500,000 for Real-Time Beach Monitoring, \$1.0 million for the Wetlands Program, and \$2,477,200 for a general Water Quality and Use Initiative line that will support statewide strategy and other water quality-related activities.</p> | <p>FTE</p> | <p>5.0</p> |
| | <p>Gross</p> | <p>3,977,200</p> |
| | <p>GF/GP</p> | <p>3,977,200</p> |
| | | |
| <p>2. Recycling Initiative. The budget includes funding for a new initiative intended to increase availability of and participation in residential recycling. The initiative also will focus on the development of markets for recycled materials in Michigan.</p> | <p>FTE</p> | <p>3.0</p> |
| | <p>Gross</p> | <p>1,000,000</p> |
| | <p>GF/GP</p> | <p>1,000,000</p> |
| | | |
| <p>3. Electronic Document Management. The budget includes funding to digitize many of the Department's records that are currently stored in paper form. Additionally, many often-requested documents will be made available on the internet rather than through requests to the Department.</p> | <p>Gross</p> | <p>2,500,000</p> |
| | <p>GF/GP</p> | <p>2,500,000</p> |

B. PROGRAM INCREASES

- | | | |
|---|-------------------|--------------------|
| <p>1. Drinking Water Revolving Fund State Match. The budget includes GF/GP funding that will allow the Department to draw-down \$12.5 million in Federal matching funds for improvements to municipal drinking water systems.</p> | <p>Gross</p> | <p>2,500,000</p> |
| | <p>GF/GP</p> | <p>2,500,000</p> |
| | | |
| <p>2. Hazardous Waste Management Program. The budget includes additional funding for the Hazardous Waste Management program. This item is related to Item 3 directly below, as the restricted funding source in both items is the Environmental Pollution Prevention Fund (EPPF). The \$1.9 million reduction in EPPF appropriations in Item 3 will allow the Hazardous Waste Management Program to be fully funded using existing EPPF appropriations. The additional \$400,000 in this item replaces \$400,000 in GF/GP revenue that was provided in FY 2013-14 as a one-time short-term funding solution.</p> | <p>Gross</p> | <p>400,000</p> |
| | <p>Restricted</p> | <p>400,000</p> |
| | <p>GF/GP</p> | <p>0</p> |
| | | |
| <p>3. Office of Environmental Assistance. The budget includes additional funding for this program for increased assistance to the regulated community. The reduction in restricted authority is related to Item 2, above. The budget reduces EPPF authority and replaces it with GF/GP dollars to allow for the Hazardous Waste Management Program to be fully funded using the EPPF rather than GF/GP revenue or other fund sources.</p> | <p>Gross</p> | <p>1,000,000</p> |
| | <p>Restricted</p> | <p>(1,900,000)</p> |
| | <p>GF/GP</p> | <p>2,900,000</p> |

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

- | | | |
|---|---|--|
| <p>4. Leaking Underground Storage Tank (LUST) Cleanups. The budget includes additional Refined Petroleum Fund (RPF) revenue to support the cleanup of orphaned LUSTs. The revenue was made available by replacing RPF appropriations in Treasury for debt service with GF/GP revenue.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>400,000</p> <p>400,000</p> <p>0</p> |
| <p>5. Contaminated Site Investigation, Cleanup, and Revitalization. The budget includes additional RPF revenue for staffing costs related to contaminated site cleanups. Like Item 4, above, the RPF was made available through the elimination of RPF revenue in the Treasury budget.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>1,314,500</p> <p>1,314,500</p> <p>0</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

- | | | |
|---|---|--|
| <p>1. Environmental Cleanup and Redevelopment Program. The budget reduces appropriations for this program from \$30.0 million to \$15.0 million. The program provides response activities for nonpoint source water pollution. The actual expenditures have been significantly less than the \$30.0 million that has been included in the budget for the last few years so the amount was reduced.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(15,000,000)</p> <p>(15,000,000)</p> <p>0</p> |
| <p>2. Strategic Water Quality Initiatives Loans. The budget reduces the loans line item for the Strategic Water Quality Initiatives Fund (SWQIF). A \$97.0 million line item that may be spent on both grants and loans remains unchanged for FY 2014-15.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(9,600,000)</p> <p>(9,600,000)</p> <p>0</p> |
| <p>3. Removal of FY 2013-14 One-Time Appropriations. The budget removes \$400,000 in one-time GF/GP funding for the Hazardous Waste Management Program and \$600,000 GF/GP for the Wetlands Permit Program. Ongoing support for these programs was included in Items B.2. and A.1. above, respectively.</p> | <p>Gross</p> <p>GF/GP</p> | <p>(1,000,000)</p> <p>(1,000,000)</p> |
| <p>4. Removal of FY 2013-14 Supplemental Appropriation. The budget removed \$50,000 for beach monitoring that was included as a supplemental appropriation in FY 2013-14. This funding is no longer needed due to the removal of a section of boilerplate that earmarked the majority of this funding for one particular beach in FY 2013-14.</p> | <p>Gross</p> <p>GF/GP</p> | <p>(50,000)</p> <p>(50,000)</p> |

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

E. FUNDING SHIFTS

1. Land and Water Interface Permit Program. The budget includes a fund shift that reduces excess Federal appropriation authority and replaces it with Land and Water Permit Fees. The permit fees have a sufficient balance to make this shift.

Gross	0
Federal	(500,000)
Restricted	500,000

2. Office of Environmental Assistance. The budget includes a fund shift that replaces EPPF revenue with GF/GP support in the Office of Environmental Assistance.

Gross	0
Restricted	(236,300)
GF/GP	236,300

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Technical Revenue Adjustments. The budget makes a number of changes, mostly reductions, to fund sources throughout the Department to reflect changes in levels of expected revenue and fund balances. These changes are technical in that they do not materially change the levels at which Department programs are funded; they merely "true-up" the appropriations with the amount of revenue that exists to support those appropriations.

FTE	(5.0)
Gross	(2,488,600)
IDG	41,100
Federal	(1,012,700)
Restricted	(1,287,800)
GF/GP	(229,200)

H. UNCLASSIFIED SALARIES

The budget includes a 2.5% increase for unclassified salaries.

Gross	17,700
Restricted	12,600
GF/GP	5,100

I. FEE INCREASES

The budget is predicated on the delay or elimination of fee sunsets for permits related to the generation, transportation, treatment, storage, processing, and disposal of hazardous waste. These fees generate approximately \$1.1 million each year and support the Hazardous Waste Management Program. It should be noted that no increase in the fees are assumed in the budget, just that the sunset be delayed or eliminated so that the current fees may continue to be collected.

Gross	0
Restricted	0
GF/GP	0

**FY 2014-15 Change From
FY 2013-14 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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$800,000 (\$100,000 GF/GP) for OPEB.

Gross	402,200
IDG	87,500
Federal	600,600
Private	5,100
Restricted	(173,000)
GF/GP	(118,000)

K. ONE-TIME APPROPRIATIONS

The budget identifies one FY 2014-15 one-time appropriation and eliminates one FY 2013-14 one-time appropriation:

	Gross	GF/GP
Electronic Document Management.....	\$2,500,000	\$2,500,000
Hazardous Waste Management	(\$1,000,000)	(\$1,000,000)

L. VETOES - NONE

**EXECUTIVE
P.A. 252 of 2014 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	74.2	78.2	78.2	78.2	78.2	4.0	5.4
GROSS.....	5,540,000	5,916,100	5,916,100	5,916,100	5,916,100	376,100	6.8
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS.....	5,540,000	5,916,100	5,916,100	5,916,100	5,916,100	376,100	6.8
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.....	5,540,000	5,916,100	5,916,100	5,916,100	5,916,100	376,100	6.8
Less:							
Other State Restricted Funds.....	0	0	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE....	5,540,000	5,916,100	5,916,100	5,916,100	5,916,100	376,100	6.8
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

Office for New Americans. The budget includes funding for a new office that was created within the Executive Office, called the Office for New Americans, whose goal is to attract talented immigrants to the Michigan workforce. The Office had received start-up funding in an FY 2013-14 supplemental.

FTE	4.0
Gross	385,000
GF/GP	385,000

B. PROGRAM INCREASES

Executive Office Adjustment. The budget includes an overall increase of 3.0% to reflect actual costs of operations and expenditures.

Gross	161,100
GF/GP	161,100

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Adjustment for FY 2013-14 Supplemental Funding. The budget does not include one item of funding that was added via supplemental appropriation. Public Act 34 of 2014 provided funding of \$170,000 for start-up costs for the new Office for New Americans. This funding is included as a negative adjustment here to accurately reflect the full changes from FY 2013-14 to FY 2014-15.

Gross	(170,000)
GF/GP	(170,000)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

**HIGHER EDUCATION
P.A. 196 of 2014 – ARTICLE III**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	0.0	N/A	N/A	N/A	N/A
GROSS	1,430,573,500	1,512,494,100	1,527,494,100	1,507,494,100	1,516,496,300	85,922,800	6.0
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,430,573,500	1,512,494,100	1,527,494,100	1,507,494,100	1,516,496,300	85,922,800	6.0
Less:							
Federal Funds.....	97,026,400	97,026,400	97,026,400	97,026,400	97,026,400	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	1,333,547,100	1,415,467,700	1,430,467,700	1,410,467,700	1,419,469,900	85,922,800	6.4
Less:							
Other State Restricted Funds.....	200,565,700	200,565,700	215,565,700	200,565,700	204,567,900	4,002,200	2.0
GENERAL FUND/GENERAL PURPOSE	1,132,981,400	1,214,902,000	1,214,902,000	1,209,902,000	1,214,902,000	81,920,600	7.2
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of June 30, 2014.

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | |
|--|--|
| <p>1. University Operations Increase. The Governor recommended a \$76.9 million (6.1%) increase, distributed through the same performance metrics as in FY 2013-14 with certain modifications. The changes include distributing half of the increase proportionally to universities based on FY 2010-11 appropriations, and adding Pell grants to the metrics that are based on Carnegie classifications. The Senate concurred with the Governor. The House maintained the Governor's recommended formula, but reduced funding by \$6,462,000. The Conference included an overall 5.9% increase. <u>Tables 1 and 2</u> list allocations by university.</p> | <p>Gross 74,637,500
GF/GP 74,637,500</p> |
| <p>2. MSU AgBioResearch. Michigan State University AgBioResearch performs agricultural research to promote efficient production, marketing, distribution, and use of farm products. AgBioResearch receives funds from the Federal government, as well as State appropriations and local and private revenue. The Governor and Senate increased funding by \$1,844,900 (6.1%), from \$30,243,900 to \$32,088,800. The House reduced the increase by \$161,500 (a 5.6% increase). The Conference included a 5.9% increase.</p> | <p>Gross 1,784,000
GF/GP 1,784,000</p> |
| <p>3. MSU Extension. Michigan State University Extension identifies and solves farm, home, and community problems through the practical application of Federal and State research findings. Among other things, it operates Michigan's Expanded Food and Nutrition Education Program, serves as a resource for youth 4-H programs, and provides information on family financial planning. MSU Extension receives funds from the Federal government, as well as State appropriations and local and private revenue. The Governor and Senate increased funding by \$1,588,700 (6.1%), from \$26,044,800 to \$27,633,500. The House reduced the increase by \$139,000 (a 5.6% increase). The Conference included a 5.9% increase.</p> | <p>Gross 1,536,300
GF/GP 1,536,300</p> |
| <p>4. North American Indian Tuition Waiver. Public Act 174 of 1976 provides for free tuition for Michigan resident North American Indians who attend Michigan public community colleges, universities, and certain Federal tribally controlled community colleges. In FY 1996-97, the separate line-item appropriation for waiver costs was eliminated and amounts were rolled into the base appropriations of individual universities and community colleges. Since that time, there has been no specific earmarking of funds for Indian tuition waiver reimbursements, with the exception of pass-through appropriations in the higher education appropriation for the Saginaw Chippewa Tribal College and Bay Mills Community College. While Public Act 174 of 1976, as amended, still requires the State to "reimburse each institution for the total amount of tuition</p> | <p>Gross 500,000
GF/GP 500,000</p> |

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

waived during the prior fiscal year", that process has not been in effect since FY 1996-97 when the separate line-item appropriation for reimbursement was eliminated. State appropriations that were rolled into operations funding for universities have not kept pace with actual costs. In FY 2013-14, universities absorbed \$4.7 million of waiver costs. The Senate added \$500,000 to partially offset funding shortfalls. The Conference concurred with the Senate.

- | | |
|--|--|
| <p>5. Michigan Public School Employees Retirement System (MPERS) Reimbursement. The Senate included \$15.0 million appropriated from the State School Aid Fund to provide funding assistance to universities that have employees who are members of MPERS (Central, Eastern, Ferris, Lake Superior, Michigan Tech, Northern, and Western). The Conference reduced funding to \$4.0 million (School Aid Fund), and designated the funding as one-time. The funding is intended to offset unfunded actuarial accrued liability contribution increases from FY 2013-14 to FY 2014-15. This funding is in addition to the \$2.4 million appropriation in ongoing appropriations for MPERS reimbursements. Both appropriations will be allocated to MPERS universities based on each university's percentage of total combined payroll. Previously, the \$2.4 million was allocated based on health care premiums paid for MPERS retirees.</p> | <p>Gross 4,002,200
Restricted 4,002,200
GF/GP 0</p> |
| <p>6. Tuition Grants. Public Act 313 of 1966 established these grants for students at Michigan two-year and four-year private institutions that have financial need. The annual grant maximum is \$1,512. The House increased funding by \$1,762,500 (5.6%), from \$31,664,700 to \$33,427,200. The House also increased the maximum amount granted to students in the same independent nonprofit college or university from \$3.0 million to \$3.5 million. The Conference provided a 5.9% increase and increased the maximum amount of tuition grants to eligible students enrolled in the same independent nonprofit college or university to \$3.2 million.</p> | <p>Gross 1,867,800
GF/GP 1,867,800</p> |
| <p>7. Tuition Incentive Program (TIP). The budget increased this program by \$1.5 million GF/GP (3.2%), from \$47.0 million to \$48.5 million. The program provides an incentive to students to complete high school and go on to college by pledging to pay tuition and fees for associate degree or certificate programs, as well as up to a maximum amount of \$2,000 for junior and senior years combined at a four-year institution. Students in grades 6 through 12 who are Medicaid-eligible for 24 months within a 36-consecutive month period can qualify for TIP.</p> | <p>Gross 1,500,000
GF/GP 1,500,000</p> |
| <p>8. Higher Education Database Modernization and Conversion. This funding provides support for the maintenance of the Higher Education Institutional Data Inventory (HEIDI). HEIDI is the State's database for enrollment, expenditure, and degree information for Michigan's 15 public universities. The budget increased funding from \$105,000 to \$200,000 to cover current information technology support staff needs.</p> | <p>Gross 95,000
GF/GP 95,000</p> |

- 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 - NONE
- K. ONE-TIME APPROPRIATIONS

The budget identifies one FY 2014-15 one-time appropriation:

	Gross	GF/GP
MPSERS Reimbursement	\$4,002,200	\$0

- L. VETOES - NONE

Table 1: FY 2014-15 Higher Education Appropriation

University	Governor				Senate			House			Initial Appropriation		
	FY 2013-14 Year-To-Date	FY 2014-15 Gov. Rec.	Dollar Change	Percent Change	FY 2014-15 Senate	Dollar Change	Percent Change	FY 2014-15 House	Dollar Change	Percent Change	FY 2014-15 Initial	Dollar Change	Percent Change
Central	\$73,540,100	\$79,283,400	\$5,743,300	7.8%	\$79,283,400	\$5,743,300	7.8%	\$78,800,700	\$5,260,600	7.2%	\$79,115,000	\$5,574,900	7.6%
Eastern	67,275,400	71,906,800	4,631,400	6.9%	71,906,800	4,631,400	6.9%	71,517,600	4,242,200	6.3%	71,771,100	4,495,700	6.7%
Ferris	45,636,500	49,191,200	3,554,700	7.8%	49,191,200	3,554,700	7.8%	48,892,500	3,256,000	7.1%	49,087,000	3,450,500	7.6%
Grand Valley	57,823,500	63,296,500	5,473,000	9.5%	63,296,500	5,473,000	9.5%	62,836,500	5,013,000	8.7%	63,136,000	5,312,500	9.2%
Lake Superior	12,231,000	12,799,100	568,100	4.6%	12,799,100	568,100	4.6%	12,751,500	520,500	4.3%	12,782,500	551,500	4.5%
Michigan State	249,597,800	264,877,200	15,279,400	6.1%	264,377,200	14,779,400	5.9%	263,593,100	13,995,300	5.6%	264,429,100	14,831,300	5.9%
Michigan Tech	43,473,800	45,997,100	2,523,300	5.8%	45,997,100	2,523,300	5.8%	45,785,000	2,311,200	5.3%	45,923,100	2,449,300	5.6%
Northern	41,741,400	44,353,800	2,612,400	6.3%	44,353,800	2,612,400	6.3%	44,134,200	2,392,800	5.7%	44,277,200	2,535,800	6.1%
Oakland	45,651,600	48,446,100	2,794,500	6.1%	48,446,100	2,794,500	6.1%	48,211,200	2,559,600	5.6%	48,364,100	2,712,500	5.9%
Saginaw Valley	25,991,000	27,659,100	1,668,100	6.4%	27,659,100	1,668,100	6.4%	27,518,900	1,527,900	5.9%	27,610,200	1,619,200	6.2%
UM-Ann Arbor	279,232,700	295,655,600	16,422,900	5.9%	295,655,600	16,422,900	5.9%	294,275,400	15,042,700	5.4%	295,174,100	15,941,400	5.7%
UM-Dearborn	22,510,400	23,724,900	1,214,500	5.4%	23,724,900	1,214,500	5.4%	23,622,900	1,112,500	4.9%	23,689,300	1,178,900	5.2%
UM-Flint	19,938,200	21,380,000	1,441,800	7.2%	21,380,000	1,441,800	7.2%	21,258,800	1,320,600	6.6%	21,337,700	1,399,500	7.0%
Wayne State	183,398,300	190,734,900	7,336,600	4.0%	190,734,900	7,336,600	4.0%	190,118,400	6,720,100	3.7%	190,519,800	7,121,500	3.9%
Western	97,279,000	102,907,000	5,628,000	5.8%	102,907,000	5,628,000	5.8%	102,434,000	5,155,000	5.3%	102,742,000	5,463,000	5.6%
Subtotal University Operations:	\$1,265,320,700	\$1,342,212,700	\$76,892,000	6.1%	\$1,341,712,700	\$76,392,000	6.0%	\$1,335,750,700	\$70,430,000	5.6%	\$1,339,958,200	\$74,637,500	5.9%
MPSERS Reimbursement	2,446,200	2,446,200	0	0.0%	2,446,200	0	0.0%	2,446,200	0	0.0%	2,446,200	0	0.0%
MPSERS Reform	0	0	0	0.0%	15,000,000	15,000,000	--	0	0	0.0%	4,002,200	4,002,200	--
MSU AgBioResearch	30,243,900	32,088,800	1,844,900	6.1%	32,088,800	1,844,900	6.1%	31,927,300	1,683,400	5.6%	32,027,900	1,784,000	5.9%
MSU Extension	26,044,800	27,633,500	1,588,700	6.1%	27,633,500	1,588,700	6.1%	27,494,500	1,449,700	5.6%	27,581,100	1,536,300	5.9%
Higher Education Database	105,000	200,000	95,000	90.5%	200,000	95,000	90.5%	200,000	95,000	90.5%	200,000	95,000	90.5%
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%
College Access Program	2,000,000	2,000,000	0	0.0%	2,000,000	0	0.0%	2,000,000	0	0.0%	2,000,000	0	--
Total Universities	\$1,328,947,100	\$1,409,367,700	\$80,420,600	6.1%	\$1,423,867,700	\$94,920,600	7.1%	\$1,402,605,200	\$73,658,100	5.5%	\$1,411,002,100	\$82,055,000	6.2%
School Aid Fund	\$200,465,700	\$200,465,700	\$0	0.0%	\$215,465,700	\$15,000,000	7.5%	\$200,465,700	\$0	0.0%	\$204,467,900	\$4,002,200	2.0%
State GF/GP	\$1,128,481,400	\$1,208,902,000	\$80,420,600	7.1%	\$1,208,402,000	\$79,920,600	7.1%	\$1,202,139,500	\$73,658,100	6.5%	\$1,206,534,200	\$78,052,800	6.9%
Grants and Financial Aid													
State Competitive Scholarships	\$18,361,700	\$18,361,700	\$0	0.0%	\$18,361,700	0	0.0%	18,361,700	0	0.0%	18,361,700	0	0.0%
Tuition Grants	31,664,700	31,664,700	0	0.0%	31,664,700	0	0.0%	33,427,200	1,762,500	5.6%	33,532,500	1,867,800	5.9%
Tuition Incentive Program (TIP)	47,000,000	48,500,000	1,500,000	3.2%	48,500,000	1,500,000	3.2%	48,500,000	1,500,000	3.2%	48,500,000	1,500,000	3.2%
Children of Veterans & Officer's Tuition	1,400,000	1,400,000	0	0.0%	1,400,000	0	0.0%	1,400,000	0	0.0%	1,400,000	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%
North American Indian Tuition Waiver	0	0	0	0.0%	500,000	500,000	---	0	0	0.0%	500,000	500,000	0.0%
Total Grants/Financial Aid	\$101,626,400	\$103,126,400	\$1,500,000	1.5%	\$103,626,400	2,000,000	2.0%	\$104,888,900	3,262,500	3.2%	105,494,200	3,867,800	3.8%
Federal Higher Ed Act	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%
Federal TANF	93,826,400	93,826,400	0	0.0%	93,826,400	0	0.0%	93,826,400	0	0.0%	93,826,400	0	0.0%
Veterans Tax Check-off	100,000	100,000	0	0.0%	100,000	0	0.0%	100,000	0	0.0%	100,000	0	0.0%
State GF/GP	\$4,500,000	\$6,000,000	\$1,500,000	33.3%	\$6,500,000	2,000,000	44.4%	\$7,762,500	3,262,500	72.5%	\$8,367,800	3,867,800	86.0%
TOTAL HIGHER EDUCATION													
TOTAL ALL FUNDS	\$1,430,573,500	\$1,512,494,100	\$81,920,600	5.7%	\$1,527,494,100	\$96,920,600	6.8%	\$1,507,494,100	\$76,920,600	5.4%	\$1,516,496,300	\$85,922,800	6.0%
TOTAL FEDERAL	97,026,400	97,026,400	0	0.0%	97,026,400	0	0.0%	97,026,400	0	0.0%	97,026,400	0	0.0%
TOTAL STATE RESTRICTED	200,565,700	200,565,700	0	0.0%	215,565,700	15,000,000	7.5%	200,565,700	0	0.0%	204,567,900	4,002,200	2.0%
TOTAL STATE GF/GP	\$1,132,981,400	\$1,214,902,000	\$81,920,600	7.2%	\$1,214,902,000	\$81,920,600	7.2%	\$1,209,902,000	\$76,920,600	6.8%	\$1,214,902,000	\$81,920,600	7.2%

Table 2: FY 2014-15 Higher Education Appropriation

University	FY 2014-15 Adjustments									
	FY 2013-14 Year-To-Date Appropriation	Formula Allocations				Total Formula Distribution	Other Changes	FY 2014-15 Initial Appropriation	Dollar Change From 2013-14	Percent Change
		Proportional to FY 11 Base	Critical Skills	Research & Development	Metrics based on Carnegie Peers					
Central	\$73,540,100	2,105,422	385,414	31,857	3,052,167	5,574,900		\$79,115,000	\$5,574,900	7.6%
Eastern	67,275,400	1,997,545	369,553		2,128,556	4,495,700		71,771,100	4,495,700	6.7%
Ferris	45,636,500	1,277,442	690,720		1,482,329	3,450,500		49,087,000	3,450,500	7.6%
Grand Valley	57,823,500	1,628,394	722,722		2,961,401	5,312,500		63,136,000	5,312,500	9.2%
Lake Superior	12,231,000	333,533	96,319		121,640	551,500		12,782,500	551,500	4.5%
Michigan State	249,597,800	7,453,666	1,512,787	1,026,915	4,838,050	14,831,300		264,429,100	14,831,300	5.9%
Michigan Tech	43,473,800	1,259,181	515,753	181,524	492,815	2,449,300		45,923,100	2,449,300	5.6%
Northern	41,741,400	1,186,036	271,425		1,078,318	2,535,800		44,277,200	2,535,800	6.1%
Oakland	45,651,600	1,333,724	569,356	36,229	773,237	2,712,500		48,364,100	2,712,500	5.9%
Saginaw Valley	25,991,000	728,346	219,004		671,853	1,619,200		27,610,200	1,619,200	6.2%
UM-Ann Arbor	279,232,700	8,309,406	1,526,631	2,301,744	3,803,622	15,941,400		295,174,100	15,941,400	5.7%
UM-Dearborn	22,510,400	649,667	207,873		321,355	1,178,900		23,689,300	1,178,900	5.2%
UM-Flint	19,938,200	549,083	242,936		607,489	1,399,500		21,337,700	1,399,500	7.0%
Wayne State	183,398,300	5,627,231	367,605	494,067	632,597	7,121,500		190,519,800	7,121,500	3.9%
Western	97,279,000	2,880,074	594,958	74,190	1,913,738	5,463,000		102,742,000	5,463,000	5.6%
Subtotal University Operations:	\$1,265,320,700	\$37,318,750	\$8,293,056	\$4,146,526	\$24,879,167	\$74,637,500	\$0	\$1,339,958,200	\$74,637,500	5.9%
MPSERS Reimbursement	2,446,200						0	2,446,200	0	0.0%
MPSERS Reimbursement (1-time)	0						4,002,200	4,002,200	4,002,200	---
MSU AgBioResearch	30,243,900						1,784,000	32,027,900	1,784,000	5.9%
MSU Extension	26,044,800						1,536,300	27,581,100	1,536,300	5.9%
Higher Education Database	105,000						95,000	200,000	95,000	90.5%
Midwest Higher Ed Compact	95,000						0	95,000	0	0.0%
King-Chavez-Parks	2,691,500						0	2,691,500	0	0.0%
College Access Program	2,000,000						0	2,000,000	0	0.0%
Total Universities:	\$1,328,947,100	\$37,318,750	\$8,293,056	\$4,146,526	\$24,879,167	\$74,637,500	\$7,417,500	\$1,411,002,100	\$82,055,000	6.2%
School Aid Fund	\$200,465,700	0	0	0	0	0	\$4,002,200	204,467,900	\$4,002,200	2.0%
State GF/GP	\$1,128,481,400	\$37,318,750	\$8,293,056	\$4,146,526	\$24,879,167	\$74,637,500	\$3,415,300	\$1,206,534,200	\$78,052,800	6.9%
Grants and Financial Aid										
State Competitive Scholarships	\$18,361,700						\$0	\$18,361,700	\$0	0.0%
Tuition Grants	31,664,700						1,867,800	33,532,500	1,867,800	5.9%
Tuition Incentive Program (TIP)	47,000,000						1,500,000	48,500,000	1,500,000	3.2%
Children of Veterans & Officer's Tuition	1,400,000						0	1,400,000	0	0.0%
Project Gear-Up	3,200,000						0	3,200,000	0	0.0%
North American Indian Tuition Waiver	0						500,000	500,000	500,000	---
Total Grants/Financial Aid:	\$101,626,400						3,867,800	\$105,494,200	\$3,867,800	3.8%
Federal Higher Ed Act	3,200,000						0	3,200,000	0	0.0%
Federal TANF	93,826,400						0	93,826,400	0	0.0%
Veterans Tax Check-off	100,000						0	100,000	0	0.0%
State GF/GP	\$4,500,000						\$3,867,800	\$8,367,800	\$3,867,800	86.0%
TOTAL HIGHER EDUCATION										
TOTAL ALL FUNDS	\$1,430,573,500	\$37,318,750	\$8,293,056	\$4,146,526	\$24,879,167	\$74,637,500	\$11,285,300	\$1,516,496,300	\$85,922,800	6.0%
TOTAL FEDERAL	97,026,400	0	0	0	0	0	0	97,026,400	0	0.0%
TOTAL STATE RESTRICTED	200,565,700	0	0	0	0	0	4,002,200	204,567,900	4,002,200	2.0%
TOTAL STATE GF/GP	\$1,132,981,400	\$37,318,750	\$8,293,056	\$4,146,526	\$24,879,167	\$74,637,500	\$7,283,100	\$1,214,902,000	\$81,920,600	7.2%

**DEPARTMENT OF HUMAN SERVICES
P.A. 252 of 2014 – ARTICLE X**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	12,144.5	12,191.5	12,004.0	11,942.5	12,221.5	77.0	0.6
GROSS.....	6,048,745,700	5,780,124,100	5,600,879,000	5,582,815,900	5,755,174,700	(293,571,000)	(4.9)
Less:							
Interdepartmental Grants Received	18,127,100	18,545,900	21,545,900	18,545,900	21,545,900	3,418,800	18.9
ADJUSTED GROSS.....	6,030,618,600	5,761,578,200	5,579,333,100	5,564,270,000	5,733,628,800	(296,989,800)	(4.9)
Less:							
Federal Funds.....	4,834,993,100	4,556,776,900	4,384,205,400	4,384,596,300	4,551,275,200	(283,717,900)	(5.9)
Local and Private	50,205,500	56,927,500	56,890,300	51,812,900	60,663,600	10,458,100	20.8
TOTAL STATE SPENDING.....	1,145,420,000	1,147,873,800	1,138,237,400	1,127,860,800	1,121,690,000	(23,730,000)	(2.1)
Less:							
Other State Restricted Funds.....	135,470,000	136,237,400	136,237,400	126,237,400	126,237,400	(9,232,600)	(6.8)
GENERAL FUND/GENERAL PURPOSE....	1,009,950,000	1,011,636,400	1,002,000,000	1,001,623,400	995,452,600	(14,497,400)	(1.4)
PAYMENTS TO LOCALS	92,153,400	93,129,600	97,739,200	100,336,000	97,343,300	5,189,900	5.6

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

<p>1. Performance-Based Funding Model. The budget includes initial start-up costs for the new Performance-Based Funding Model for child welfare services. The comprehensive model is to be implemented in phases. As part of the Phase I implementation, the budget includes funding for FTEs. The new model is based on task force recommendations, as required in the FY 2013-14 budget, boilerplate Sec. 503.</p>	<p>FTEs 3.0 Gross 1,272,100 Federal 372,100 GF/GP 900,000</p>
<p>2. One-Time Funding: Performance-Based Contracting Model. The budget reflects the transfer of \$100,000 in funding for the Performance-Based Funding Model to one-time funding for Kent County and the implementation of the county's child welfare services.</p>	<p>Gross 100,000 GF/GP 100,000</p>
<p>3. Treatment for CPS Workers for Secondary Trauma. The budget replaces the FY 2013-14 pilot program for Gentle Teaching Methods with a new program to provide counseling to Child Protective Services (CPS) workers who experience secondary trauma.</p>	<p>Gross 100,000 GF/GP 100,000</p>
<p>4. Juvenile Justice Vision 20/20 Data System. The budget includes funding to establish a data system for use by the DHS, the courts, the State Court Administrative Office, and private agencies to track information on youths who are in the juvenile justice system.</p>	<p>Gross 1,000,000 GF/GP 1,000,000</p>
<p>5. Healthy Michigan Plan Call Center. As part of Medicaid reform and the implementation of the Healthy Michigan Plan, the budget includes funding for a new call center.</p>	<p>Gross 19,536,300 Federal 13,888,800 GF/GP 5,647,500</p>
<p>6. Asset Test Automation. Funding is included for a new contract to verify assets and financial information for public assistance applicants.</p>	<p>Gross 5,000,000 Federal 2,250,000 GF/GP 2,750,000</p>
<p>7. One-Time Funding: Fostering Futures Trust Fund. The budget provides new funding to establish the Fostering Futures Trust Fund to provide scholarships for children in foster care.</p>	<p>Gross 500,000 GF/GP 500,000</p>

B. PROGRAM INCREASES

<p>1. Michigan Community Services Commission (MCSC). Increased funding for the MCSC maintains the current level of services in outreach and volunteer programs, including AmeriCorps.</p>	<p>Gross 200,000 GF/GP 200,000</p>
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**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

2. Single Audit Expenditures. Additional funding is included to meet the costs of the required statewide single audit for the Department.	Gross Federal GF/GP	1,200,000 600,000 600,000
3. IRS Negative Offset for Fraudulent Tax Claims. Funding is included in order to replace lost revenue due to an IRS offset. The funding adjustments take place in the Child Support Enforcement Operations and Legal Support lines. The IRS intercepts Federal tax refunds for the child support program and passes that money through to custodial parents of children in the program or reimburses the Family Independence Program when a custodial parent has been receiving Temporary Assistance for Needy Families (TANF) benefits. When the IRS makes an error in processing a refund, the State must return the money to the IRS even if it had been sent to a custodial parent (in which case the Title IV-D funding is replaced with General Fund revenue). This is called a "negative offset". In 2011, the IRS began experiencing an increase in fraudulent tax returns. The negative offsets are occurring now for refunds that were intercepted in 2011. In FY 2013-14, the State absorbed almost \$1.0 million.	Gross GF/GP	500,000 500,000
4. One-Time Funding: IRS Negative Offset for Fraudulent Tax Claims. Additional funding is provided on a one-time basis to replace lost revenue due to an IRS offset (as described above).	Gross GF/GP	500,000 500,000
5. Michigan Rehabilitation Services (MRS). Funding for ongoing operations for MRS allows the Department to draw down additional Federal matching funds.	Gross GF/GP	800,000 800,000
6. One-Time Funding: Michigan Rehabilitation Services. The budget reduces the Governor's original request for one-time funding by \$1.0 million and transfers \$1.2 million of the ongoing funding request to one-time funding.	Gross GF/GP	2,600,000 2,600,000
7. Centers for Independent Living. The budget provides increased funding for the Centers for Independent Living. The increase is not exclusive to the pilot program that launched in FY 2013-14.	Gross GF/GP	500,000 500,000
8. MiCAFE and Elder Law of Michigan. The budget increases GF/GP funding for MiCAFE and transfers an additional \$100,000 from the Food Assistance line for additional Federal authorization. The Gross appropriation for the line is \$350,000.	Gross GF/GP	75,000 75,000
9. Domestic Violence Prevention and Treatment. The budget increases funding for domestic violence prevention services.	Gross GF/GP	514,200 514,200

		FY 2014-15 Change From FY 2013-14 Year-to-Date	
10. Children's Trust Fund.	The budget includes increased funding for the Children's Trust Fund Administrative line item. The program administers grants that are privately and State-funded for child abuse prevention programs.	Gross	180,000
		GF/GP	180,000
11. Attorney General Contracts.	The budget includes an increase for Attorney General contracts in order to cover additional expenditures for all child welfare cases, particularly Child Protective Services cases.	Gross	330,000
		Federal	189,400
		GF/GP	140,600
12. Medical/Psychiatric Evaluations.	The budget recognizes an increase in medical and psychiatric evaluations for children who are either CPS or foster care cases. The evaluations are required for permanent placement and adoption.	Gross	2,128,000
		GF/GP	2,128,000
13. Adoption Support Purchase of Service Adoptions.	Increased funding for adoption finalizations carried out by private agencies is included in the budget. The incentive-based payments are encouraging more timely adoptions, leading to increased costs. The budget assumes an increase of 5%. A transfer was required in the FY 2012-13 budget to accommodate the increased costs.	Gross	2,185,800
		Federal	754,100
		GF/GP	1,431,700
14. Foster Care Case Assignment.	The increase will allow the Department to cover the administrative costs for private foster care case management expenditures that are split 50-50 between the State and the counties. The increase covers new cases and helps to ensure compliance with boilerplate Sec. 589 in the FY 2013-14 budget.	Gross	5,000,000
		GF/GP	5,000,000
15. Parent-to-Parent Adoption Services.	The budget includes funding for peer mentoring services for adoptive parents. An additional \$200,000 is included as one-time funding.	Gross	300,000
		GF/GP	300,000
16. Increase in Private Residential Rates.	The budget includes a cost-of-living adjustment for private residential facilities serving foster care and juvenile justice youths. Funding is split between two line items: Foster Care Payments and the Child Care Fund.	Gross	3,655,300
		Federal	355,300
		GF/GP	3,300,000
17. Child Care Fund.	The budget includes caseload consensus adjustments that were determined in May 2014 for a projected total annual cost to the State of \$175.0 million.	Gross	1,463,400
		Federal	3,371,500
		GF/GP	(1,908,100)

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

18. Foster Care Caseload. The May caseload consensus provides funding for 6,500 cases at an average annual cost per case of \$27,085.	Gross Federal Local Private GF/GP	3,087,800 1,872,100 195,700 43,200 976,800
19. Guardianship Assistance Caseload. The May caseload consensus provides funding for 800 cases per month. The revised monthly cost per case is \$780 per month.	Gross Federal GF/GP	1,983,100 1,196,000 787,100
20. Donated Funds Positions. As part of the Pathways to Potential business model, the budget includes increased Federal funding and matched Local and Private funding for additional outstationed eligibility workers who will work at hospitals and other community agencies in order to enroll qualifying individuals in Medicaid and other assistance programs. The budget increases the number of Donated Funds Positions by an additional 50.0 FTEs in order to offset the staffing cuts that are required in the Budgetary Savings budget unit, which reflects GF/GP savings of \$7.5 million.	FTEs Gross Federal Local Private GF/GP	200.0 25,720,000 12,860,000 4,243,300 8,616,700 0
21. Income Verification Contract. The budget includes increased funding for the contract with TALX income verification system. The contract adjustment increases the cost of each inquiry from \$2.15 to \$4.25, resulting in a \$574,600 gross need.	Gross Federal GF/GP	574,600 344,100 230,500
22. Disability Determination Staff. The budget recognizes additional Federal authorization that was made available for the State for disability determination services. The funding will make it possible for the State to hire 80.0 FTEs, including 71.0 Disability Examiners and 9.0 Clerical Support Staff.	Gross Federal GF/GP	20,139,700 20,139,700 0
23. Retirement Disability Determination. The budget recognizes a financing adjustment, which secured additional IDG funds from Department of Technology, Management, and Budget (DTMB) authorization to fund the indirect (cost pooled) charges associated with the Retirement Disability Determination program currently billed to the DDS Operations line for shared administrative costs such as Rent, Occupancy, and utilities charges, and shared administrative staff, management, and physician costs.	Gross IDG GF/GP	76,600 76,600 0
24. Travel. The budget provides additional funding for the travel costs associated with the Mobile Workers Initiative.	Gross Federal GF/GP	993,600 660,200 333,400

	FY 2014-15 Change From FY 2013-14 Year-to-Date	
25. One-Time Funding: Juvenile Justice In-Home Care Grant. The budget provides funding for grants for local governments to develop in-home community-based programming for adjudicated youths.	Gross	250,000
	GF/GP	250,000
26. One-Time Funding: Food Bank. The budget increases funding for the Food Bank.	Gross	100,000
	GF/GP	100,000
27. Public Assistance Cost Allocation Plan. The budget includes funding for the new business operations model for allocating costs among various Federal fund sources.	Gross	200,000
	GF/GP	200,000
28. School Success Partnership. Funding is provided to the School Success Partnership program to expand it to four new counties through the Northeast Michigan Community Services Agency.	Gross	300,000
	GF/GP	300,000
29. Swift-and-Sure Program. The budget includes a funding match of \$3.0 million in an interdepartmental grant (IDG) from the Department of Corrections to assist individuals who have a history of probation or parole violations and exceptional mental health needs to obtain vocational and other services. Services will be provided in conjunction with the Swift-and-Sure program funded in the Judiciary budget.	Gross	14,084,500
	IDG	3,000,000
	Federal	11,084,500
	GF/GP	0
30. Adoption Determination of Care Payments. The budget includes language in boilerplate Sec. 556 that allows adoptive parents to claim supplemental determination of care payments for children who have special needs that existed but were not identified at the time of the adoption.	Gross	7,900,000
	Federal	352,600
	GF/GP	7,547,400
31. Adoption Subsidy Negotiations. Based on new language in boilerplate Sec. 568, the Department of Human Services (DHS) is prohibited from negotiating the adoption subsidy and determination of care rates below the standard payment for foster care.	Gross	0
	GF/GP	0
32. Juvenile Justice Re-Entry. As part of the Pathways to Potential business model, the budget includes 1.0 FTE for juvenile justice re-entry programming. The position is responsible for tracking youths upon release and coordinating after-care services.	FTEs	1.0
	Gross	800,000
	Federal	630,000
	GF/GP	170,000
33. One-Time Funding: Catholic Charities Center for Hope. Funding is provided for a Flint/Genesee-based organization, Center for Hope, which provides physical and mental health services to individuals and families that move them from poverty to self-sufficiency. The funding is for building renovations and upgrades.	Gross	250,000
	GF/GP	250,000

		FY 2014-15 Change From FY 2013-14 Year-to-Date
34. One-Time Funding: SACWIS Implementation for Private Agencies.	The budget provides new funding for private agencies to assist them with the implementation of the Statewide Automated Child Welfare Information System (SACWIS).	Gross 300,000 GF/GP 300,000
35. Parent-to-Parent Adoption Support Services.	New funding is included for the parent-to-parent program, which provides mentoring and support for adoptive parents.	Gross 200,000 GF/GP 200,000
36. Michigan Reading Corps.	New State funding is included for the Michigan Reading Corps to provide literacy and tutoring to at-risk children in kindergarten through third grade.	Gross 350,000 GF/GP 350,000
C. PROGRAM ELIMINATIONS		
1. One-Time Juvenile Justice Behavioral Study.	One-time funding provided in FY 2013-14 for a study on juvenile justice youths in the State is removed.	Gross (250,000) GF/GP (250,000)
2. Gentle Teaching Methods Pilot Program.	The budget does not continue the FY 2013-14 pilot program for Gentle Teaching Methods.	Gross (100,000) GF/GP (100,000)
D. PROGRAM REDUCTIONS		
1. Reduced Authorization.	The budget reduces GF/GP authorization and rebases fund sourcing for multiple line items across several budget units. The reductions are, in part, based on prior year GF/GP lapses and excess funding that was transferred to other line items.	Gross (23,950,000) Federal (19,526,400) GF/GP (4,423,600)
2. Adoption Subsidy Adjustment.	The May caseload consensus recognizes a reduction in the adoption caseload, adjusting the projection to 26,725 cases and the monthly cost per case to \$730.25.	Gross (4,251,300) Federal (3,731,500) GF/GP (519,800)
3. Removal of One-Time Medical Review Team Staff.	The budget removes one-time funding for 4.0 FTEs for the Medical Review Team in order to eliminate the backlog of cases.	FTEs (4.0) Gross (807,300) Federal (274,500) GF/GP (532,800)
4. Rent Offset for Travel Increase.	The budget reduces the appropriation for Rent due to an increase in the Mobile Workers Initiative and travel costs.	Gross (993,600) Federal (660,200) GF/GP (333,400)

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

<p>5. Reduced State Disability Assistance for Federal Increase. Due to an increase in the number of Federal disability workers recognized in the budget, the budget reduces the average number of months that an individual may receive State assistance before moving to Federal assistance from 12 to nine months.</p>	<p>Gross (2,241,000) GF/GP (2,241,000)</p>
<p>6. Revised MEAP Funding to Statutory Appropriation. The budget reduces the funding available to the Michigan Energy Assistance Program (MEAP) through the restricted fund source, Low-Income Energy Assistance Fund, which is authorized to collect \$50.0 million rather than \$60.0 million.</p>	<p>Gross (10,000,000) Restricted (10,000,000) GF/GP 0</p>
<p>7. Food Assistance Program (FAP). The budget recognizes the loss of American Recovery and Reinvestment Act food assistance funding and projects a monthly caseload average of 860,000 cases at a cost per case projection of \$246.83. These figures include caseload adjustments that were requested in an Executive Revision.</p>	<p>Gross (286,641,800) Federal (286,641,800) GF/GP 0</p>
<p>8. Family Independence Program (FIP). The budget includes caseload consensus adjustments that were determined in May 2014. The FIP caseload is adjusted to 32,800 cases per month with a projected monthly payment of \$363 per case. The Extended Family Independence Program (EFIP) caseload is adjusted to 1,000 cases per month. The average cost per case remains constant at \$10 per month. The Short-Term Family Support caseload is 40 at an average monthly cost per case of \$1,513.</p>	<p>Gross (67,713,000) Federal (30,187,500) GF/GP (37,525,500)</p>
<p>9. State Disability Assistance Caseload Adjustment. The budget assumes a total caseload of 6,500 in FY 2014-15 at an average monthly cost of \$213.</p>	<p>Gross (4,217,800) GF/GP (4,217,800)</p>
<p>10. State Supplementation Base Adjustment. The budget assumes a total caseload of 277,500 in FY 2014-15 at an average monthly cost of \$18.77.</p>	<p>Gross (30,900) GF/GP (30,900)</p>
<p>11. Reduction in Number of Computers by 1,000. The budget reduces the number of computers that are used by the DHS and Friend of the Court by 500 each.</p>	<p>Gross (467,500) Federal (299,200) GF/GP (168,300)</p>
<p>12. One-Time Funding: Fraud Detection Equipment and BRIDGES. The budget removes one-time funding that was provided in FY 2013-14 for fraud detection equipment and an upgrade for the BRIDGES information technology system.</p>	<p>Gross (3,500,000) Federal (1,460,400) GF/GP (2,039,600)</p>

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

13. Annualization of FY 2013-14 Savings. The FY 2013-14 budget included \$3.5 million in GF/GP budgetary savings. The Governor annualized these savings and also reduced multiple non-GF/GP line items throughout the budget.	FTEs Gross Federal GF/GP	(51.0) (4,218,500) (4,218,500) 0
14. Staff Reductions. The budget requires the DHS to find budgetary savings in the amount of \$7.5 million due to staffing reductions. The DHS may use TANF funding to offset GF/GP revenue in these reductions.	Gross GF/GP	(7,500,000) (7,500,000)
15. Reversal of FY 2013-14 LIHEAP Funding. Public Act 34 of 2014 included supplemental funding for the Low-Income Home Energy Assistance Program (LIHEAP). This funding is not reflected in the FY 2014-15 budget.	Gross Federal Private GF/GP	(22,912,300) (19,975,200) (2,937,100) 0
16. Removal of FY 2013-14 Youth in Transition Funding. Public Act 34 of 2014 included supplemental funding for a program for the transition of foster care youths. This funding is not reflected in the FY 2014-15 budget.	Gross GF/GP	(250,000) (250,000)
17. Removal of FY 2013-14 Deliverable Fuel Crisis Assistance. Public Act 34 of 2014 included supplemental funding for deliverable fuels such as propane. This funding is not reflected in the FY 2014-15 budget.	Gross GF/GP	(4,000,000) (4,000,000)

E. FUNDING SHIFTS

1. Federal Medical Assistance Percentage (FMAP). The FMAP rate decreases from 66.32% in FY 2013-14 to 65.54% in FY 2014-15. The change in the Federal match rate results in an increase in GF/GP expenditures.	Gross Federal Private GF/GP	143,700 (2,287,500) 200 2,431,000
2. Legislative Transfer Technical Adjustment. The budget includes a fund shift of \$4.1 million Gross in Federal funding to the AFC, Children's Welfare and Day Care Licensure line item in order to fix the funding adjustment that resulted from a legislative transfer. The funding comes from Field Staff S&W (\$1.7 million) and Payroll Taxes and Fringe Benefits (\$2.5 million).	Gross GF/GP	0 0

		FY 2014-15 Change From FY 2013-14 Year-to-Date	
3. Homeless and Runaway Youth Contracts.	In order to restore funding to contracts for homeless youths, the budget transfers \$608,000 in TANF funding to the Youth in Transition line item (\$300,000 from Families First and \$308,000 from Child Protection and Permanency).	Gross	0
		GF/GP	0
4. Foster Care Youth Scholarship Program.	The budget includes a fund shift of \$600,000 in Federal TANF funding to replace Federal Chafee funding, which could not be used for direct scholarships. This funding shift allows the program to remain funded at \$750,000.	Gross	0
		GF/GP	0
5. Child Welfare TANF Fund Shift.	The fund shift provides increased authorization for other Federal funding sources. The GF/GP reduction is used to offset administrative spending in Central Support Accounts and Local Office Staff so that the Department does not exceed the 15% cap on administrative claims for TANF funding.	Gross	0
		Federal	6,915,100
		GF/GP	(6,915,100)
6. TANF Fund Shift for Economics.	The fund shift reduces authorization for TANF funding. The GF/GP increase is used to offset administrative spending in Central Support Accounts and Local Office Staff so that the Department does not exceed the 15% cap on administrative claims for TANF funding. The GF/GP funding comes from Children's Welfare Services.	Gross	0
		Federal	(2,412,600)
		GF/GP	2,412,600
7. Fund Shift for Disability Determination Operations.	The budget recognizes a financing adjustment, which secures additional IDG funding from DTMB authorization to fund the indirect (cost pooled) charges associated with the Retirement Disability Determination program currently billed to the DDS Operations line for shared administrative costs such as Rent, Occupancy, and utilities charges, and shared administrative staff, management, and physician costs.	Gross	0
		IDG	60,000
		Federal	(60,000)
		GF/GP	0
8. TANF Fund Shift for Economics.	The fund shift reduces authorization for TANF funding. The GF/GP increase is used to offset administrative spending in Central Support Accounts and Local Office Staff so that the Department does not exceed the 15% cap on administrative claims for TANF funding. The GF/GP funding comes from Children's Welfare Services.	Gross	0
		Federal	(4,502,500)
		GF/GP	4,502,500
9. Energy Self-Sufficiency Fund Shift.	The budget transfers funding in the Energy Self-Sufficiency Program line to the MEAP line item. From LIHEAP funding, the line had received \$25.0 million in FY 2013-14. A Gross dollar change does not result, as the funding is available through a fund shift.	Gross	0
		GF/GP	0
10. Child Support Collections.	The State projects additional Child Support Collections revenue, which is used to offset GF/GP revenue in the FIP line.	Gross	0
		Restricted	738,200
		GF/GP	(738,200)

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

F. PROGRAM TRANSFERS – NONE

G. OTHER ISSUES

<p>1. Program Transfers. The budget includes a number of program transfers within the Department. Funding and staff are moved across line items and budget units in order to more accurately reflect the staffing and expenditures.</p>	<p>Gross 0 GF/GP 0</p>
<p>2. Unrolled IT Line Item and Capped Federal Funding Sources. The budget unrolls the Information Technology line item into several new lines. The budget also unrolls other Capped Federal Revenue into a unique fund source that totals \$615,132,800.</p>	<p>Gross 0 GF/GP 0</p>
<p>3. Transfer of Funding Between Lines. The budget transfers \$200,000 in funding from the Child Abuse and Neglect - Children's Justice Act line item to the Child Protection and Permanency line to adjust for a financing error in the previous year's budget.</p>	<p>Gross 0 GF/GP 0</p>
<p>4. Psychotropic Drug Oversight Program. The budget changes the name of the line item from Psychotropic Drug Oversight Contracts to Psychotropic Drug Oversight Program in order to better reflect the nature of the operations. The Federal authorization is reduced to reflect the eligible claims.</p>	<p>Gross (500,000) Federal (500,000) GF/GP 0</p>
<p>5. Change in Permanency Planning Coordinator Line. The budget renames the Permanency Planning Coordinators line the Peer Coaches line.</p>	<p>Gross 0 GF/GP 0</p>
<p>6. Adjustment for Supportable FTEs. The budget adjusts appropriated FTEs to supportable levels in Donated Funds Positions and SSI Advocates.</p>	<p>FTEs (72.0) Gross 0 GF/GP 0</p>
<p>7. Multicultural Integration Funding. The budget rolls the Chaldean Community Foundation line item into the Multicultural Integration Funding line. Boilerplate Sec. 695 defines new performance measures and standards for the funding in the line item.</p>	<p>Gross 0 GF/GP 0</p>
<p>8. Transfer of Smartphone Charges. The budget transfers all smartphone charges in the various budget units to the Information Technology budget unit.</p>	<p>Gross 0 GF/GP 0</p>

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

H. UNCLASSIFIED SALARIES

Economic Adjustments. The standard economic factors for salaries and wages are applied to unclassified salaries.

Gross	17,600
Federal	7,000
GF/GP	10,600

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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a Gross reduction of \$6.1 million (\$2.2 million GF/GP) for OPEB.

Gross	23,862,700
IDG	282,200
Federal	15,177,400
Local	239,700
Private	56,400
Restricted	29,200
GF/GP	8,077,800

K. ONE-TIME APPROPRIATIONS

The budget identifies 10 FY 2014-15 one-time appropriations and eliminates one FY 2013-14 one-time appropriation:

	Gross	GF/GP
Catholic Charities Center for Hope	\$250,000	\$250,000
SACWIS	300,000	300,000
Performance-Based Funding	100,000	100,000
MI Reading Corps	350,000	350,000
Parent-to-Parent	200,000	200,000
Fostering Futures Trust Fund	500,000	500,000
IRS Negative Offset	500,000	500,000
Michigan Rehabilitation Services	2,600,000	2,600,000
Juvenile Justice In-Home Care Grants	250,000	250,000
Food Bank	100,000	100,000
Subtotal	\$5,150,000	\$5,150,000
Fraud Detection and Bridges	(\$3,500,000)	(\$2,039,600)

L. VETOES - NONE

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
P.A. 252 of 2014 – ARTICLE XI**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	337.0	337.0	337.0	337.0	337.0	0.0	0.0
GROSS	75,335,500	65,284,700	65,134,800	65,134,700	65,189,700	(10,145,800)	(13.5)
Less:							
Interdepartmental Grants Received	707,600	707,600	707,600	707,600	707,600	0	0.0
ADJUSTED GROSS	74,627,900	64,577,100	64,427,200	64,427,100	64,482,100	(10,145,800)	(13.6)
Less:							
Federal Funds.....	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	72,627,900	62,577,100	62,427,200	62,427,100	62,482,100	(10,145,800)	(14.0)
Less:							
Other State Restricted Funds.....	61,627,900	62,427,100	62,427,100	62,427,100	62,427,100	799,200	1.3
GENERAL FUND/GENERAL PURPOSE	11,000,000	150,000	100	0	55,000	(10,945,000)	(99.5)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Executive Director Program: Healthy Michigan Plan Administration. The Department identified initial anticipated expenses of \$55,000 in selecting a vendor to administer this program. The Department must acquire at least two bids before spending the funds.

Gross	55,000
GF/GP	55,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Autism Coverage Reimbursement Program Funding. The \$11.0 million reduction results in an FY 2014-15 appropriation of \$0. The Autism Coverage Fund currently has approximately \$24.9 million remaining out of \$26.0 million that has been appropriated to it in past budgets. It is uncertain how long it will take for reimbursements under the program to deplete the Fund, but it appears that the remaining \$24.9 million will satisfy demand in FY 2014-15.

Gross	(11,000,000)
GF/GP	(11,000,000)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES

The budget increases funding for unclassified salaries from \$700,000 to \$717,500.

Gross	17,500
Restricted	17,500
GF/GP	0

I. FEE INCREASES - NONE

**FY 2014-15 Change From
FY 2013-14 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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$32.5 million (\$0 million GF/GP) for OPEB.

Gross	781,700
Restricted	781,700
GF/GP	0

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

JUDICIARY
P.A. 252 of 2014 – ARTICLE XII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	489.0	489.0	486.0	489.0	488.0	(1.0)	(0.2)
GROSS	284,814,100	288,517,600	286,983,100	289,483,100	287,767,600	2,953,500	1.0
Less:							
Interdepartmental Grants Received	2,350,500	2,364,400	2,364,400	2,364,400	2,364,400	13,900	0.6
ADJUSTED GROSS	282,463,600	286,153,200	284,618,700	287,118,700	285,403,200	2,939,600	1.0
Less:							
Federal Funds.....	5,993,900	6,437,400	6,437,400	6,437,400	6,437,400	443,500	7.4
Local and Private	8,064,600	8,185,900	8,185,900	8,185,900	8,185,900	121,300	1.5
TOTAL STATE SPENDING	268,405,100	271,529,900	269,995,400	272,495,400	270,779,900	2,374,800	0.9
Less:							
Other State Restricted Funds.....	84,213,800	84,252,500	84,252,500	84,252,500	84,252,500	38,700	0.0
GENERAL FUND/GENERAL PURPOSE	184,191,300	187,277,400	185,742,900	188,242,900	186,527,400	2,336,100	1.3
PAYMENTS TO LOCALS	136,975,300	136,461,900	138,461,000	140,231,200	139,407,400	2,432,100	1.8

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

Funding for Limited English Proficiency. In response to Administrative Order No. 2013-8 in which the Michigan Supreme Court required courts in this State to begin providing meaningful access to the courts for limited English-proficient individuals, the budget includes \$120,000 for this purpose.

Gross	120,000
GF/GP	120,000

B. PROGRAM INCREASES

1. Extension of Drug and DWI Courts. The budget includes \$730,000 in additional funding for the Drug Court line item. The Governor proposed this amount for the expansion of Drug and DWI/Sobriety Courts from Federal funds, which the Legislature agreed to provide. The funding is to be distributed via a grant process, and one of the goals will be to support regionalization by which one program can provide services across multiple jurisdictions.

Gross	725,000
Federal	725,000
GF/GP	0

2. Increase in Mental Health Courts Program. The budget includes an additional \$1.7 million to support a mental health program that will use a multiagency approach to improve outcomes for individuals with serious mental illness. The added resources are designed to prevent repeated hospitalization or incarceration of these individuals.

Gross	1,730,000
GF/GP	1,730,000

3. Michigan Court System (MiCS) Operation. The budget moved the funding for the implementation of a unified case management information system as an ongoing line item and added \$634,300 to assist with the participating trial courts throughout the State.

Gross	634,300
GF/GP	634,300

4. Indigent Defense Commission. The Governor provided \$250,000 GF/GP for administrative staffing, with which the Senate and House concurred.

Gross	250,000
GF/GP	250,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Savings from Eliminated Judgeships. The budget reflects savings from the elimination of 12 judgeships; these eliminations are the result of attrition. The reduction reflects full-year savings from one Court of Appeals judgeship, five court judgeships, and six district court judgeships, as well as a reduction in trial court automation revenue.

FTEs	(1.0)
Gross	(1,528,500)
GF/GP	(1,528,500)

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

2. Trial Court Performance Innovations (TCPI) Fund. The Governor proposed \$1.0 million in one-time funding for TCPI. The \$1.0 million would provide incentives for early adoption of best practices to improve efficiency and customer service as well as to provide specific grants to help launch innovative ideas. The Senate did not include any of the funding. The House did include the funding. In Conference, the Senate and House decided to include \$375,500 and 1.0 FTE and did not provide specific guidance on whether the funding should be used for incentives or innovation. The FY 2013-14 funding level for TCPI was \$1.0 million. The reduction of \$625,000 results in an FY 2014-15 funding level of \$375,000, all of which is designated as one-time.

Gross	(625,000)
GF/GP	(625,000)

E. FUNDING SHIFTS

1. State Appellate Defender Office (SADO) Backfill. The FY 2013-14 budget relied on Federal grant funding to fill the positions in this program. These funds were no longer available for FY 2014-15 and therefore SADO received \$350,000 GF/GP

Gross	0
Federal	(350,000)
GF/GP	350,000

2. Federal/Local Fund Source Shift. A technical adjustment is made to reflect the replacement of user fee revenue with Federal highway safety funding.

Gross	0
Federal	3,700
Local	(3,700)
GF/GP	0

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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a Gross reduction of \$280,000 (\$230,000 GF/GP) for OPEB.

Gross	1,647,700
IDG	13,900
Federal	64,800
Local	111,700
Private	13,300
Restricted	38,700
GF/GP	1,405,300

K. ONE-TIME APPROPRIATIONS

The budget identifies one FY 2014-15 one-time appropriation:

	Gross	GF/GP
Trial Court Performance Innovations (TCPI) Fund	\$375,000	\$375,000

L. VETOES - NONE

**LEGISLATIVE AUDITOR GENERAL
P.A. 252 of 2014 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	20,954,400	21,758,800	22,558,800	21,758,800	22,158,800	1,204,400	5.7
Less:							
Interdepartmental Grants Received	5,092,100	5,220,700	5,220,700	5,220,700	5,220,700	128,600	2.5
ADJUSTED GROSS	15,862,300	16,538,100	17,338,100	16,538,100	16,938,100	1,075,800	6.8
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	15,862,300	16,538,100	17,338,100	16,538,100	16,938,100	1,075,800	6.8
Less:							
Other State Restricted Funds.....	1,951,000	2,000,800	2,000,800	2,000,800	2,000,800	49,800	2.6
GENERAL FUND/GENERAL PURPOSE	13,911,300	14,537,300	15,337,300	14,537,300	14,937,300	1,026,000	7.4
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|---|--------------|----------------|
| <p>1. Auditor General Adjustment. The budget includes an overall 2.0% increase for the Auditor General Operations line item for increased expenses.</p> | <p>Gross</p> | <p>276,500</p> |
| | <p>GF/GP</p> | <p>276,500</p> |
| <p>2. Additional Auditors for Information Technology (IT). The budget adds \$400,000 for the Auditor General to hire up to 10.0 additional employees to audit the State's IT systems and projects.</p> | <p>Gross</p> | <p>400,000</p> |
| | <p>GF/GP</p> | <p>400,000</p> |

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

<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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$29,900 (\$20,200 GF/GP) for OPEB.</p>	<p>Gross</p>	<p>527,900</p>
	<p>IDG</p>	<p>128,600</p>
	<p>Restricted</p>	<p>49,800</p>
	<p>GF/GP</p>	<p>349,500</p>

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

LEGISLATURE
P.A. 252 of 2014 – ARTICLE VIII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS.....	123,819,300	131,570,500	131,930,500	131,930,500	131,930,500	8,111,200	6.6
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS.....	123,819,300	131,570,500	131,930,500	131,930,500	131,930,500	8,111,200	6.6
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.....	123,419,300	131,170,500	131,530,500	131,530,500	131,530,500	8,111,200	6.6
Less:							
Other State Restricted Funds.....	1,109,800	4,109,800	4,109,800	1,109,800	4,109,800	3,000,000	270.3
GENERAL FUND/GENERAL PURPOSE....	122,309,500	127,060,700	127,420,700	130,420,700	127,420,700	5,111,200	4.2
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

State Capitol Historic Site. The budget includes new funding of \$3.5 million for the newly created State Capitol Historic Site line item. The General Fund portion of the funding will be used for general operations of the Capitol while the restricted funding of \$3.0 million will be used for restoration, renewal, and maintenance of the Capitol. The restricted funds will come from cigarette tax revenue that will be specifically dedicated to the State Capitol Historic Site Fund created in Public Act 240 of 2013. The restricted funds will be increased each year based on the increase in the Consumer Price Index. The purpose of the Fund is to maintain and refurbish the State Capitol.

Gross	3,498,600
Restricted	3,000,000
GF/GP	498,600

B. PROGRAM INCREASES

1. Senate Operations. Funding increases for the Senate include: \$1.2 million for Senate Operations; \$109,400 for information technology (IT); and \$154,200 for the Senate Fiscal Agency. The funding increases are part of the total overall increase of 4.5% for the Legislature.

Gross	1,458,900
GF/GP	1,458,900

2. House Operations. Funding increases for the House include: \$1.6 million for House Operations; \$86,900 for IT; and \$154,200 for the House Fiscal Agency. The funding increases are part of the total overall increase of 4.5% for the Legislature.

Gross	1,846,100
GF/GP	1,846,100

3. Legislative Council. Funding increases include \$470,900 for Council Operations, \$59,000 for IT; \$6,300 for Worker's Compensation, \$12,100 for National Association Dues, and \$30,200 for the Legislative Corrections Ombudsman. The funding increases are part of the total overall increase of 4.5% for the Legislature.

Gross	578,500
GF/GP	578,500

4. Legislative Retirement. Funding is increased by a total of \$155,300 for nonretirement expenses and is part of the total overall increase of 4.5% for the Legislature.

Gross	155,300
GF/GP	155,300

5. Building Operations. Funding increases include: \$459,200 for the Cora Anderson House building and \$114,600 for the Farnum building. The funding increases are part of the total overall increase of 4.5% for the Legislature.

Gross	573,800
GF/GP	573,800

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 - NONE**
- K. ONE-TIME APPROPRIATIONS - NONE**
- L. VETOES - NONE**

**DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
P.A. 252 of 2014 – ARTICLE XIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	2,913.0	2,921.0	2,820.3	2,921.0	2,820.3	(92.7)	(3.2)
GROSS.....	505,818,700	531,588,200	530,761,000	527,988,300	542,488,200	36,669,500	7.2
Less:							
Interdepartmental Grants Received	14,228,200	14,509,800	14,509,800	14,509,800	14,509,800	281,600	2.0
ADJUSTED GROSS.....	491,590,500	517,078,400	516,251,200	513,478,500	527,978,400	36,387,900	7.4
Less:							
Federal Funds.....	197,059,900	199,124,800	199,124,800	200,624,800	200,624,800	3,564,900	1.8
Local and Private	2,668,300	2,968,300	2,968,300	2,468,300	968,300	(1,700,000)	(63.7)
TOTAL STATE SPENDING.....	291,862,300	314,985,300	314,158,100	310,385,400	326,385,300	34,523,000	11.8
Less:							
Other State Restricted Funds.....	266,857,400	289,951,500	289,124,300	288,168,200	286,351,500	19,494,100	7.3
GENERAL FUND/GENERAL PURPOSE....	25,004,900	25,033,800	25,033,800	22,217,200	40,033,800	15,028,900	60.1
PAYMENTS TO LOCALS	29,417,500	30,917,500	29,417,500	28,390,900	28,225,700	(1,191,800)	(4.1)

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|---|---|--|
| <p>1. Reinventing Performance in Michigan. The budget includes GF/GP revenue and Corporation Fees for a program to increase administrative efficiencies, reduce forms, and improve customer service. This program will provide services to the Department internally as well as other State departments.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>700,000</p> <p>175,000</p> <p>525,000</p> |
| <p>2. Delphi Corporation Workers' Compensation Payment Fund. The budget includes an appropriation and related boilerplate language for the payment of workers' compensation claims for former Delphi Corporation employees. Delphi filed for bankruptcy in 2005 and while the case is still in litigation, this appropriation will provide a sufficient amount for any workers' compensation liability from the case in excess of what the Self-Insurer's Security Fund (SISF) provides. The SISF provides a fund source for workers' compensation claims in situations such as this; however, due to the size of the Delphi Corporation case, the current SISF balance and future revenue will not be sufficient.</p> | <p>Gross</p> <p>GF/GP</p> | <p>15,000,000</p> <p>15,000,000</p> |
| <p>3. Disability Accessibility Project. The budget includes Elevator Fee revenue for a project by a nonprofit organization to assist municipalities and businesses with accessibility issues for disabled individuals. Additionally, the funding will be used to develop universal blueprints for various building areas such as bathroom stalls, doorways, or wheelchair ramps, which will be made available on the Bureau of Construction Codes website.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>100,000</p> <p>100,000</p> <p>0</p> |

B. PROGRAM INCREASES

- | | | |
|--|--|---|
| <p>1. Bureau of Construction Codes. The budget includes additional Construction Code Fund revenue for online database development as well as to cover additional permitting activity related to residential demolitions in the City of Detroit. The budget creates a new \$800,000 line item to reflect anticipated expenditures for those demolitions. The remaining \$266,300 was added to the existing Bureau line item.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>1,066,300</p> <p>1,066,300</p> <p>0</p> |
| <p>2. Elevator Inspections. The budget includes additional Elevator Fee revenue sufficient to hire two new inspectors to perform additional elevator inspections. Additionally, this funding will cover database development costs.</p> | <p>FTE</p> <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>2.0</p> <p>700,000</p> <p>700,000</p> <p>0</p> |
| <p>3. Health Systems Surveys. The budget includes additional Federal funding for the survey of long-term care and nursing facilities. This funding is annually earned by the Department based on the number of surveys completed.</p> | <p>Gross</p> <p>Federal</p> <p>GF/GP</p> | <p>700,000</p> <p>700,000</p> <p>0</p> |

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

<p>4. Health Professions Disciplinary Actions Information Technology (IT) Upgrades. The budget includes funding and boilerplate for an upgrade to the Bureau of Healthcare Services professional licensing search website. This upgrade will allow users to search disciplinary actions taken against health professionals.</p>	<p>Gross 200,000 GF/GP 200,000</p>
<p>5. Unemployment Insurance Agency (UIA) Property Management. The budget includes funding to cover costs related to the UIA's occupation of the One Division building in Grand Rapids. This funding was removed in FY 2013-14 budget development as it was anticipated that the UIA would be moving out of the building. That move did not happen since there is not another State tenant for the space.</p>	<p>Gross 1,275,000 Federal 1,275,000 GF/GP 0</p>
<p>6. Administrative Hearings - Medicaid Expansion. The budget includes Federal and GF/GP funding for an anticipated increase in administrative hearings due to Medicaid expansion in Michigan.</p>	<p>FTE 6.0 Gross 900,000 Federal 450,000 GF/GP 450,000</p>
<p>7. Unemployment Insurance Agency Customer Service. The budget includes Contingent Fund - Penalty and Interest Account revenue to support UIA operations. Most of the UIA's funding comes from an administrative block grant received from the U.S. Department of Labor, and is based on the number of Michigan residents who receive unemployment benefits. Due to the expiration of extended Federal benefits and other factors, the block grant was reduced drastically in late 2012. This appropriation will allow the UIA to continue to operate and will minimize the impact of that reduction on the service provided to current unemployment insurance benefit recipients.</p>	<p>Gross 18,000,000 Restricted 18,000,000 GF/GP 0</p>
<p>8. Workers' Compensation Self-Insurers Tax Credit Replacement. The budget includes additional GF/GP support for the Compensation Supplement Fund. The money will be used to cover claims against the Fund from self-insurers that were eligible for tax credits under the former Single Business Tax and Michigan Business Tax. The replacement for those taxes, the Corporate Income Tax, does not have the same credit structure, so eligible self-insurers will now file claims directly against the Compensation Supplement Fund. This funding will prevent those claims from depleting the Fund.</p>	<p>Gross 1,000,000 GF/GP 1,000,000</p>

C. PROGRAM ELIMINATIONS

<p>Nursing Home Survey IT Project. The budget removes a one-time appropriation for a nursing home IT system upgrade that was included in the FY 2013-14 budget. While the project will not necessarily be completed in FY 2013-14, it is not anticipated that further appropriations will be needed.</p>	<p>Gross (2,140,300) GF/GP (2,140,300)</p>
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**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

D. PROGRAM REDUCTIONS

- | | | |
|--|---|--|
| <p>1. Liquor Control Commission IT Upgrades. The budget moves funding for this IT project to the one-time section of the budget. The project had been funded at \$2.0 million per year for the last two years, with a total project budget of approximately \$4.5 million. The FY 2014-15 budget provides \$500,000 in one-time funding for this purpose.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(1,500,000)</p> <p>(1,500,000)</p> <p>0</p> |
| <p>2. Removal of FY 2013-14 Contingency Fund Transfers. The budget does not include transfers made during FY 2013-14. These include a \$1.2 million contingency fund transfer for the Bureau of Construction Codes, and a \$200,000 transfer for the Indiana-Michigan Border Commission.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(1,400,000)</p> <p>(1,400,000)</p> <p>0</p> |

E. FUNDING SHIFTS

- | | | |
|--|---|--|
| <p>1. Corporation Fees Veteran Exemptions GF/GP Offset Reversal. The budget reduces GF/GP support for the Michigan Occupational Safety and Health Administration and replaces it with Corporation Fees. This is a reversal of a fund shift made in FY 2013-14 that was done due to exemptions from Corporation Fees for veterans that were enacted in 2013, as the loss in revenue for the fees was not as significant as had been anticipated.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>0</p> <p>1,996,700</p> <p>(1,996,700)</p> |
| <p>2. Bureau of Fire Services Liquor Purchase Revolving Fund (LPRF) to GF/GP Fund Shift. The budget reduces LPRF support for the Bureau of Fire Services and replaces it with GF/GP revenue.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>0</p> <p>(1,971,700)</p> <p>1,971,700</p> |

F. PROGRAM TRANSFERS

- | | | |
|--|---|--|
| <p>Children's Protection Registry Fund. The budget removes appropriations from the Children's Protection Registry Fund to reflect the transfer of the Fund to the Department of State via Executive Order 2014-5.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(272,600)</p> <p>(272,600)</p> <p>0</p> |
|--|---|--|

G. OTHER ISSUES

- | | | |
|--|--|--|
| <p>1. Private Program Line Item Elimination. The budget removes line items that allowed the Department to spend private funds for training seminars, conferences, and other purposes. Boilerplate language was included to allow for up to \$2.0 million of these sources of private revenue to be spent.</p> | <p>Gross</p> <p>Private</p> <p>GF/GP</p> | <p>(1,700,000)</p> <p>(1,700,000)</p> <p>0</p> |
| <p>2. Removal of Unfunded FTE Positions. The budget removes unfunded FTE positions throughout the Department. This reduction will not result in the termination of any employees.</p> | <p>FTE</p> <p>Gross</p> <p>GF/GP</p> | <p>(100.7)</p> <p>0</p> <p>0</p> |

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

3. Technical Adjustments. The budget includes a number of technical adjustments to restricted and Federal fund sources to match anticipated revenue. Additionally, this item contains adjustments to interdepartmental grants to reflect the amount that is anticipated to be received by the Department.

Gross	(86,300)
IDG	(86,300)
Federal	(293,000)
Restricted	293,000
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget includes a 2.5% increase for unclassified salaries.

Gross	116,300
Federal	116,300
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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$1.9 million (\$100,000 GF/GP) for OPEB.

Gross	4,011,100
IDG	367,900
Federal	1,316,600
Restricted	2,307,400
GF/GP	19,200

K. ONE-TIME APPROPRIATIONS

The budget identifies four FY 2014-15 one-time appropriations and eliminates one FY 2013-14 one-time appropriation:

	Gross	GF/GP
Delphi Corporation Workers' Compensation Payment Fund..	\$15,000,000	\$15,000,000
Disability Accessibility Project.....	100,000	0
Unemployment Insurance Agency Customer Service	18,000,000	0
Liquor Control Commission IT Upgrades.....	500,000	0
Subtotal	\$33,600,000	\$15,000,000
Nursing Home Survey IT System	(\$2,140,300)	(\$2,140,300)

L. VETOES - NONE

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
P.A. 252 of 2014 – ARTICLE XIV**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	889.5	889.5	889.5	898.5	889.5	0.0	0.0
GROSS.....	180,545,000	166,543,700	167,201,600	166,594,900	166,943,700	(13,601,300)	(7.5)
Less:							
Interdepartmental Grants Received	650,000	100,000	100,000	100,000	100,000	(550,000)	(84.6)
ADJUSTED GROSS.....	179,895,000	166,443,700	167,101,600	166,494,900	166,843,700	(13,051,300)	(7.3)
Less:							
Federal Funds.....	93,097,700	90,362,800	90,362,800	90,362,800	90,362,800	(2,734,900)	(2.9)
Local and Private	2,340,000	2,240,000	2,240,000	2,240,000	2,240,000	(100,000)	(4.3)
TOTAL STATE SPENDING.....	84,457,300	73,840,900	74,498,800	73,892,100	74,240,900	(10,216,400)	(12.1)
Less:							
Other State Restricted Funds.....	27,554,000	25,086,400	25,086,400	25,086,400	25,086,400	(2,467,600)	(9.0)
GENERAL FUND/GENERAL PURPOSE....	56,903,300	48,754,500	49,412,400	48,805,700	49,154,500	(7,748,800)	(13.6)
PAYMENTS TO LOCALS	165,000	100,000	100,000	100,000	100,000	(65,000)	(39.4)

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

National Guard Tuition Assistance Program. The budget provides \$4.7 million GF/GP to establish a State tuition assistance program for National Guard members in active drilling status, pursuant to Public Act 259 of 2014, to enhance the recruiting and retention of members of the Michigan Guard, both Army and Air divisions. The program, dependent upon available funds in any given year, will offer tuition reimbursements to eligible guard members of up to \$4,500 per year for programs leading to a certificate, associate's degree, baccalaureate degree, or master's degree. Of the appropriation, \$4,342,100 is designated as ongoing funding and \$400,000 is identified as one-time expenses.

Gross	4,742,100
GF/GP	4,742,100

B. PROGRAM INCREASES

1. Veterans Service Grants. The budget includes an increase to the basic grant contract to Veterans Service Organizations for FY 2014-15, with parameters established by the Michigan Veterans Affairs Agency.

Gross	857,900
GF/GP	857,900

2. Veterans Service Regional Coordinators. The budget adds \$750,000 GF/GP for Veterans Service Organizations to hire 10 regional coordinators who will coordinate regional veterans service counseling, ensure compliance with program objectives, and serve as a liaison with other organizations serving veterans.

Gross	750,000
GF/GP	750,000

3. County Veterans Counselors. The budget adds \$250,000 to increase veterans' benefit claims processing by county veterans counselors. The funds may be used for technology, hiring additional counselors, or contracting with a neighboring county.

Gross	250,000
GF/GP	250,000

4. Annualized Michigan Veterans Affairs Agency Costs. The budget includes \$950,000 to reflect full-year staff costs; of this amount, \$50,000 is designated for legal services so the State will be capable of providing Federal claims representation.

Gross	950,000
GF/GP	950,000

5. Veterans Homes - Special Maintenance. The budget adds \$3.0 million GF/GP in one-time funding for various maintenance projects at the Grand Rapids and D.J. Jacobetti Homes for Veterans. This is in addition to the continuing ongoing appropriation of \$500,000 GF/GP for the same purpose.

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

6. National Guard Armories - Operations. The budget adds \$2.0 million in available Federal funds for utilities and other operational costs of the State's armories.

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

C. PROGRAM ELIMINATIONS - NONE

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

D. PROGRAM REDUCTIONS

- | | |
|---|--|
| <p>1. National Guard Facilities - Special Maintenance. The budget reflects a reduction in the ongoing appropriation for armory maintenance, in part due to FY 2013-14 supplemental appropriations from Public Act 34 of 2014 for the same purpose.</p> | <p>Gross (3,051,200)
GF/GP (3,051,200)</p> |
| <p>2. Removal of FY 2013-14 One-Time Funding. The budget removes one-time funding for FY 2013-14, including appropriations for the Veterans Service Delivery Initiative (\$3,955,000 GF/GP), County Counselor Education and Training Expenses (\$45,000 GF/GP), and Veterans Affairs Agency Computer Upgrade (\$1.5 million GF/GP).</p> | <p>Gross (5,500,000)
GF/GP (5,500,000)</p> |
| <p>3. Reversal of FY 2013-14 Supplemental Funding. The budget does not reflect one-time funding contained in Public Act 34 of 2014, removing \$7.2 million for armory maintenance, \$2.0 million for the Veterans Service Delivery Initiative, and \$1.2 million to update the cooling system in the Grand Rapids Home for Veterans.</p> | <p>Gross (10,400,000)
GF/GP (10,400,000)</p> |
| <p>4. Reversal of FY 2013-14 Contingency Fund Transfer. The budget does not reflect these FY 2013-14 adjustments.</p> | <p>Gross (3,415,000)
Federal (3,315,000)
Local (100,000)
GF/GP 0</p> |

E. FUNDING SHIFTS

<p>Veterans' Homes. The budget includes a shift of fund support of \$225,000 for the Grand Rapids Home for Veterans from restricted to GF/GP and a shift of \$150,000 for the D.J. Jacobetti Home for Veterans from restricted to Federal.</p>	<p>Gross 0 Federal 150,000 Restricted (375,000) GF/GP 225,000</p>
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F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

<p>Adjustments for Actual Revenue Received. The budget includes adjustments to reflect actual amounts of funds to be received across various budget line items and to align spending authority with that total.</p>	<p>Gross (5,075,000) IDG (550,000) Federal (2,300,000) Restricted (2,275,000) GF/GP 50,000</p>
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**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

H. UNCLASSIFIED SALARIES

Unclassified Salary Increase. The budget increases funding for unclassified salaries by \$33,400 GF/GP.

Gross	33,400
GF/GP	33,400

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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a Gross reduction of \$463,400 (\$132,100 GF/GP) for OPEB.

Gross	1,256,500
Federal	730,100
Restricted	182,400
GF/GP	344,000

K. ONE-TIME APPROPRIATIONS

The budget identifies two FY 2014-15 one-time appropriations and eliminates three FY 2013-14 one-time appropriations:

	Gross	GF/GP
Special Maintenance - Veterans' Home.....	\$3,000,000	\$3,000,000
National Guard Tuition Assistance Program Reserve	400,000	400,000
Subtotal	\$3,400,000	\$3,400,000
Veterans Service Delivery Initiative	(\$3,955,000)	(\$3,955,000)
County Counselor Education and Training Expenses	(45,000)	(45,000)
Veterans Affairs Agency Computer Upgrade.....	(1,500,000)	(1,500,000)
Subtotal	(\$5,500,000)	(\$5,500,000)

L. VETOES - NONE

**DEPARTMENT OF NATURAL RESOURCES
P.A. 252 of 2014 – ARTICLE XV**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	2,135.3	2,223.3	2,222.3	2,190.3	2,222.3	87.0	4.1
GROSS.....	348,798,900	382,935,400	382,935,400	372,185,400	384,685,400	35,886,500	10.3
Less:							
Interdepartmental Grants Received	1,412,300	1,355,100	1,355,100	1,355,100	1,355,100	(57,200)	(4.1)
ADJUSTED GROSS.....	347,386,600	381,580,300	381,580,300	370,830,300	383,330,300	35,943,700	10.3
Less:							
Federal Funds.....	68,627,300	67,954,500	67,954,500	67,954,500	67,954,500	(672,800)	(1.0)
Local and Private	7,317,200	10,286,300	10,286,300	10,286,300	10,286,300	2,969,100	40.6
TOTAL STATE SPENDING.....	271,442,100	303,339,500	303,339,500	292,589,500	305,089,500	33,647,400	12.4
Less:							
Other State Restricted Funds.....	244,655,500	256,498,000	256,498,000	256,498,000	256,498,000	11,842,500	4.8
GENERAL FUND/GENERAL PURPOSE....	26,786,600	46,841,500	46,841,500	36,091,500	48,591,500	21,804,900	81.4
PAYMENTS TO LOCALS	5,439,400	5,123,300	5,123,300	5,123,500	5,123,500	(315,900)	(5.8)

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

<p>1. Invasive Species Initiative. The budget includes funding and FTEs for a new initiative intended to provide for statewide coordination of efforts to fight invasive species. Boilerplate language specifies that not less than \$3.6 million of this funding must be used to provide grants for the prevention, detection, eradication, and control of invasive species.</p>	<p>FTE 16.0 Gross 5,000,000 GF/GP 5,000,000</p>
<p>2. Nonmotorized Trail Initiative. The budget includes \$1.25 million in grant funding for creation and maintenance of nonmotorized trails. The other half of the funding for the initiative is split between three line items: \$550,000 for Forest Recreation and Trails, \$250,000 for Mackinac Island Park Operations, and \$450,000 for the Michigan Historical Center.</p>	<p>FTE 10.0 Gross 2,500,000 GF/GP 2,500,000</p>
<p>3. Great Lakes Research Vessel. The budget includes \$1.0 million GF/GP as well as \$500,000 in Game and Fish Protection Fund and authority to spend \$500,000 from an anticipated grant from the Great Lakes Fisheries Trust. These fund sources will be used to replace the <i>Chinook</i>, a boat used by the Department for research of fish populations in the Great Lakes. The <i>Chinook</i> is 65 years old; a newer vessel will be faster and therefore enable the crew to perform research more efficiently.</p>	<p>Gross 2,000,000 Private 500,000 Restricted 500,000 GF/GP 1,000,000</p>
<p>4. Hart-Montague Trail. The budget includes GF/GP funding for improvements to the Hart-Montague Rail Trail. Funding for this project is split 53/47 between ongoing and one-time funding.</p>	<p>Gross 1,000,000 GF/GP 1,000,000</p>
<p>5. River Raisin National Battlefield Park Foundation. The budget includes funding for improvements to the River Raisin National Battlefield Park Foundation. Funds will be used for a number of things at the Park, including restoration of the grounds, preservation of artifacts, and building of a museum.</p>	<p>Gross 2,000,000 GF/GP 2,000,000</p>
<p>6. Saginaw River Feasibility Study. The budget includes funding for a study of the feasibility of deepening the Saginaw River between 6th Avenue in Saginaw and the mouth of the Saginaw Bay.</p>	<p>Gross 280,000 GF/GP 280,000</p>
<p>7. Flint River Dike Repair. The budget includes funding for the repair of a system of dikes that control flooding in Bridgeport, Taymouth, Spaulding, and Albee Townships.</p>	<p>Gross 1,000,000 GF/GP 1,000,000</p>
<p>8. City of Alma/Alma College Public Safety Land Improvements. The budget includes funding for improvements to public safety in the City of Alma.</p>	<p>Gross 1,000,000 GF/GP 1,000,000</p>

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

B. PROGRAM INCREASES

<p>1. Law Enforcement/Conservation Officers. The budget includes funding to hire and train 25 additional conservation officers.</p>	<p>FTE 25.0 Gross 3,500,000 GF/GP 3,500,000</p>
<p>2. Annualized Hunting and Fishing License Fee Increases. The budget includes approximately \$8.1 million from the Game and Fish Protection Fund and its subfunds to reflect additional revenue anticipated to be collected in FY 2014-15 from the hunting and fishing license fee increases enacted in 2013. An additional \$11.8 million was included in the FY 2013-14 budget from these increases; this increase a year later is due to the fact that the hunting and fishing license year runs April 1 through March 31, which is not in line with the fiscal year. This funding will be used in a number of places throughout the Department.</p>	<p>FTE 26.0 Gross 8,057,500 Restricted 8,057,500 GF/GP 0</p>
<p>3. Forest Management and Timber Market Development. The budget includes \$3.9 million in additional Forest Development Fund revenue to support the Department's forestry efforts, including the marking of timber. This revenue was made available from a GF/GP transfer in the Wildfire Protection line item as detailed in Item E. below.</p>	<p>FTE 10.0 Gross 3,920,000 Restricted 3,920,000 GF/GP 0</p>
<p>4. Cormorant Population Mitigation. The budget includes additional funding for the Department's work with the U.S. Department of Agriculture to harass and otherwise control cormorants in areas where the Department of Natural Resources is stocking fish. This increase brings the total for this program to \$150,000.</p>	<p>Gross 50,000 GF/GP 50,000</p>
<p>5. State Parks Repair and Maintenance - Capital Outlay. The budget includes additional funding for repair and maintenance to State parks. The reduction in restricted fund authorization consists of a \$500,000 reduction in State Parks Endowment Fund revenue to reflect the availability of the Fund for capital outlay purposes, and a \$3.0 million reduction in Recreation Passport revenue to reflect overappropriation of those funds in FY 2013-14.</p>	<p>Gross 2,750,000 Private 2,500,000 Restricted (3,500,000) GF/GP 3,750,000</p>
<p>6. Forest Fire Equipment. The budget includes additional funding for the purchase of forest fire protection equipment.</p>	<p>Gross 350,000 Restricted 350,000 GF/GP 0</p>
<p>7. Capital Outlay Adjustments. The budget adjusted funding for State and local infrastructure improvement projects to reflect available funding, and also included \$3.0 million in Game and Fish Protection Fund - Waterfowl Hunt Stamp revenue for wetland restoration, enhancement, and acquisition.</p>	<p>Gross 3,084,400 Federal 787,000 Restricted 2,297,400 GF/GP 0</p>

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

- | | | |
|--|---|---|
| <p>1. Summer Youth Initiative/Michigan Conservation Corps. The budget reduces funding available for this program from \$2.5 million in FY 2013-14 to \$1.0 million in FY 2014-15. The name of the program was changed to Michigan Conservation Corps; previously it was the Summer Youth Initiative.</p> | <p>Gross
GF/GP</p> | <p>(1,500,000)
(1,500,000)</p> |
| <p>2. Conservation Officer Training. The budget removed one-time funding for conservation officer training. The funding included in Item B.1. above, combined with existing funding, will be used to train conservation officers hired in FY 2014-15.</p> | <p>Gross
GF/GP</p> | <p>(600,000)
(600,000)</p> |
| <p>3. Removal of FY 2013-14 Contingency Fund Transfer. The budget removed one contingency fund transfer of \$400,000 in Fisheries Settlement revenue from Consumers Energy. These funds are used for projects to improve fisheries.</p> | <p>Gross
Restricted
GF/GP</p> | <p>(400,000)
(400,000)
0</p> |
| <p>4. Removal of FY 2013-14 Capital Outlay Supplemental Appropriations. The budget removed three FY 2013-14 supplemental appropriations for capital outlay projects related to the State Waterways program. The first was a \$330,000 appropriation from the Michigan State Waterways Fund which was used for a variety of projects to improve locally-controlled boating infrastructure. The second project was \$1.5 million in Federal funds for improvements to the breakwater in Munising. The third project was \$80,000 in private funds for various improvements to the boating facilities at South Higgins State Park.</p> | <p>Gross
Federal
Private
Restricted
GF/GP</p> | <p>(1,910,000)
(1,500,000)
(80,000)
(330,000)
0</p> |
| <p>5. Removal of FY 2013-14 Other Supplemental Appropriations. The budget removed two legislatively-initiated FY 2013-14 supplemental appropriations. The first was \$1.1 million for dredging of the Kawkawlin River, and the other was \$250,000 for the restoration of Fort Holmes on Mackinac Island.</p> | <p>Gross
GF/GP</p> | <p>(1,350,000)
(1,350,000)</p> |

E. FUNDING SHIFTS

- | | | |
|---|---------------------------------------|--|
| <p>Wildfire Protection. The budget includes a fund shift in this line item that replaces Forest Development Fund revenue with GF/GP support.</p> | <p>Gross
Restricted
GF/GP</p> | <p>0
(3,920,000)
3,920,000</p> |
|---|---------------------------------------|--|

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Technical Revenue Adjustments. The budget includes a number of adjustments to restricted and Federal fund sources across a number of line items to reflect available revenue. The increases total approximately \$3.0 million and reductions total approximately \$3.4 million.

Gross	(439,300)
IDG	(85,000)
Restricted	429,400
Federal	(783,700)
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget includes a 2.5% increase for unclassified salaries.

Gross	17,700
Restricted	17,700
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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$1.1 million (\$100,000 GF/GP) for OPEB.

Gross	5,576,200
IDG	27,800
Federal	823,900
Private	49,100
Restricted	4,420,500
GF/GP	254,900

K. ONE-TIME APPROPRIATIONS

The budget identifies five FY 2014-15 one-time appropriations and eliminates one FY 2013-14 one-time appropriation:

	Gross	GF/GP
River Raisin National Battlefield Park Foundation	\$2,000,000	\$2,000,000
Saginaw River Feasibility Study	280,000	280,000
Flint River Dike Repair	1,000,000	1,000,000
Hart-Montague Trail	470,000	470,000
City of Alma/Alma College Public Safety Land Improvements	1,000,000	1,000,000
Subtotal	\$4,750,000	\$4,750,000
Training of conservation officers	(\$600,000)	(\$600,000)

L. VETOES - NONE

SCHOOL AID
P.A. 196 of 2014 – ARTICLE I

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS.....	13,322,291,100	13,797,139,600	13,777,434,300	13,781,230,300	13,870,325,600	548,034,500	4.1
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS.....	13,322,291,100	13,797,139,600	13,777,434,300	13,781,230,300	13,870,325,600	548,034,500	4.1
Less:							
Federal Funds.....	1,816,158,800	1,808,162,700	1,808,162,700	1,808,162,700	1,808,162,700	(7,996,100)	(0.4)
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING.....	11,506,132,300	11,988,976,900	11,969,271,600	11,973,067,600	12,062,162,900	556,030,600	4.8
Less:							
Other State Restricted Funds.....	11,356,232,300	11,808,976,900	11,939,271,600	11,793,067,600	11,947,262,900	591,030,600	5.2
GENERAL FUND/GENERAL PURPOSE....	149,900,000	180,000,000	30,000,000	180,000,000	114,900,000	(35,000,000)	(23.3)
PAYMENTS TO LOCALS	11,343,224,700	11,833,379,100	11,823,311,300	11,805,532,200	11,905,777,600	562,552,900	5.0

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

<p>1. One-Time Extra MPERS Liability Payment. The budget includes a new, one-time additional payment toward the unfunded accrued liabilities in the Michigan Public School Employees' Retirement System (MPERS).</p>	<p>Gross 108,000,000 Restricted 108,000,000 GF/GP 0</p>
<p>2. Educator Evaluations. The budget includes new funding for teacher and administrator evaluations, but the funding may be spent only upon enactment of House Bills 5223 and 5224.</p>	<p>Gross 14,800,000 Restricted 14,800,000 GF/GP 0</p>
<p>3. District Fiscal Emergency Contingency Fund. The budget includes new funding of \$4.0 million for a contingency fund in the event districts with financial distress choose to dissolve and need emergency funding to provide education throughout the balance of the school year.</p>	<p>Gross 4,000,000 Restricted 4,000,000 GF/GP 0</p>
<p>4. Bus Conversion Grants. The budget includes a new pilot program for grants to districts that apply to convert their diesel buses to natural gas. Grants will be capped at \$30,000, with \$8,000 maximum per bus, and grants are to be prioritized to districts with more miles driven.</p>	<p>Gross 3,000,000 Restricted 3,000,000 GF/GP 0</p>
<p>5. Teacher Certification Test Updates. The budget includes new GF/GP funding to update teacher certification tests administered by the Department of Education, to reflect current education standards.</p>	<p>Gross 1,800,000 GF/GP 1,800,000</p>
<p>6. Dual Enrollment Incentive Payments. The budget includes new dual enrollment payments to give districts an incentive to offer more dual and concurrent enrollment opportunities for their students.</p>	<p>Gross 1,750,000 Restricted 1,750,000 GF/GP 0</p>
<p>7. Nutrition Education Pilot Program. The budget includes new GF/GP funding for a grant to a single provider to provide an online, research-based, secure, personal user health and nutrition education software platform in a representative sample of pilot schools for two years.</p>	<p>Gross 1,200,000 GF/GP 1,200,000</p>
<p>8. STEM Professional Development. The budget includes new funding for professional development for teachers in a Department of Education-approved training program for science, technology, engineering, and math (STEM).</p>	<p>Gross 330,000 Restricted 330,000 GF/GP 0</p>
<p>9. Career Readiness Study. The budget includes new funding for a study from an independent third party to analyze the State's current career readiness education system.</p>	<p>Gross 250,000 GF/GP 250,000</p>

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

B. PROGRAM INCREASES

<p>1. Retirement Rate Cap Costs. The budget includes the necessary cost increases to pay for the statutory rate cap on unfunded accrued liabilities in the Michigan Public School Employees' Retirement System.</p>	<p>Gross 269,200,000 Restricted 269,200,000 GF/GP 0</p>
<p>2. Foundation Allowance - Across-the-Board Increase. The budget provides a \$50 increase in the foundation allowance to all districts.</p>	<p>Gross 74,000,000 Restricted 74,000,000 GF/GP 0</p>
<p>3. Equity Payment. In addition to the \$50 across-the-board increase, the budget provides an equity payment for districts with foundation allowances below \$7,251, such that the equity payment will provide operational funding equal to \$7,251 per pupil.</p>	<p>Gross 67,000,000 Restricted 67,000,000 GF/GP 0</p>
<p>4. Great Start Readiness Program (GSRP). The budget increased GSRP funding (preschool for at-risk four-year-olds) by \$65.0 million, with \$40.0 million available immediately, and the other \$25.0 million deposited into a reserve that will be spent upon legislative transfer into the program, if there is sufficient need.</p>	<p>Gross 65,000,000 Restricted 65,000,000 GF/GP 0</p>
<p>5. Special Education. The budget increased special education funding to reflect estimated reimbursement levels.</p>	<p>Gross 19,100,000 Restricted 19,100,000 GF/GP 0</p>
<p>6. Student Assessments. The budget increased funding for student assessments by \$14.7 million, of which \$8.5 million will be for converting existing tests to online while still providing paper and pencil versions, expanding writing assessments to more grade levels, and providing more constructed response questions. Another \$3.2 million is for the development of an online reporting tool, and the remaining \$3.0 million of the increase is for implementing a summative assessment system.</p>	<p>Gross 14,700,000 Restricted 14,700,000 GF/GP 0</p>
<p>7. Pupil Performance Grants. The budget includes an increase in pupil performance grants to fully fund the program based on known test results from the 2012-2013 school year.</p>	<p>Gross 4,700,000 Restricted 4,700,000 GF/GP 0</p>
<p>8. Intermediate School District (ISD) Operational Funding. The budget includes a \$3.0 million (4.8%) increase in operational funding to ISDs.</p>	<p>Gross 3,000,000 Restricted 3,000,000 GF/GP 0</p>

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

- | | | |
|--|---|--|
| <p>9. Center for Educational Performance and Information (CEPI). The budget increased funding for CEPI by \$2.4 million, to a total of \$12.0 million. The increase is to replace depleted Federal funds supporting the longitudinal data system.</p> | <p>Gross</p> <p>GF/GP</p> | <p>2,400,000</p> <p>2,400,000</p> |
| <p>10. Necessary Cost Adjustments - Cash Flow Borrowing, PILT, Promise Zone. The budget includes necessary cost adjustments for cash flow borrowing (\$1.5 million), payments in lieu of taxes (PILT) (\$200,500), and Promise Zone reimbursement (\$26,900).</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>1,727,400</p> <p>1,727,400</p> <p>0</p> |

C. PROGRAM ELIMINATIONS

- | | | |
|--|---|--|
| <p>1. Student-Centric Grants. The budget eliminated student-centric grants, which were intended as one-time funds.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(8,000,000)</p> <p>(8,000,000)</p> <p>0</p> |
| <p>2. Information Technology Opportunities. The budget eliminated a \$3.9 million GF/GP grant for a contract with a single provider to provide information technology (IT) education opportunities to high school, career academy, and community college students, resulting in broad-based IT certifications and college credit.</p> | <p>Gross</p> <p>GF/GP</p> | <p>(3,900,000)</p> <p>(3,900,000)</p> |
| <p>3. Year-Round Schools Pilot. The budget does not continue funding that was included in an FY 2013-14 supplemental for pilot grants to support year-round schools.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(2,000,000)</p> <p>(2,000,000)</p> <p>0</p> |
| <p>4. District and Postsecondary Articulation/Transfer Mapping. The budget eliminated a \$1.0 million appropriation that was designed to establish partnerships between high schools, early or middle colleges, and colleges and universities that develop statewide transfer or articulation agreements for dual enrollment credits.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(1,000,000)</p> <p>(1,000,000)</p> <p>0</p> |
| <p>5. Principal Educator Evaluation Training. The budget eliminated funding for principal educator evaluation training because of the new, comprehensive educator evaluation system recommended by the Michigan Council on Educator Effectiveness, and the appropriations mentioned in item A.2. above.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(500,000)</p> <p>(500,000)</p> <p>0</p> |

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

D. PROGRAM REDUCTIONS

<p>1. School Bond Loan Fund Debt Service. The budget reflects a reduction of nearly \$5.7 million in savings on debt service related to the school bond loan fund program.</p>	<p>Gross (5,660,000) Restricted (5,660,000) GF/GP 0</p>
<p>2. Technology Infrastructure Grants. The budget reduced funding available for grants to ensure that districts are ready to administer assessments online, but that funding is used to convert paper tests to online versions.</p>	<p>Gross (8,500,000) Restricted (8,500,000) GF/GP 0</p>
<p>3. Transition Costs for Dissolved Districts. One-time funding in a previous supplemental budget for transition costs related to dissolved school districts is removed under this budget.</p>	<p>Gross (5,000,000) Restricted (5,000,000) GF/GP 0</p>
<p>4. Best Practices. The budget reduced best practices funding from \$80.0 million to \$75.0 million, and reduced the per-pupil grant for qualifying districts from \$52 to \$50. In addition, the criteria were changed.</p>	<p>Gross (5,000,000) Restricted (5,000,000) GF/GP 0</p>
<p>5. Consolidation Innovation Grants. The budget reduced consolidation innovation grants, designed to provide an incentive for the consolidation of districts and intermediate districts, or their services, from \$5.0 million to \$2.0 million.</p>	<p>Gross (3,000,000) Restricted (3,000,000) GF/GP 0</p>
<p>6. Michigan Virtual University. The budget reduced funding for the Michigan Virtual University from \$9.4 million to \$7.4 million.</p>	<p>Gross (2,000,000) GF/GP (2,000,000)</p>
<p>7. FIRST Robotics. The budget reduced funding for FIRST Robotics from \$3.0 million to \$2.0 million.</p>	<p>Gross (1,000,000) Restricted (1,000,000) GF/GP 0</p>

E. FUNDING SHIFTS

The budget reduced GF/GP support from \$149.9 million in FY 2013-14 to \$114.9 million in FY 2014-15, a reduction of \$35.0 million. After netting out identified GF/GP items, a fund shift (whereby School Aid Fund revenue replaces GF/GP support) totaling \$30.3 million is included in the budget.

Gross	0
Restricted	30,337,700
GF/GP	(30,337,700)

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

F. PROGRAM TRANSFERS

<p>1. Renaissance Zone Reimbursement for Libraries. The budget transferred the reimbursement of Renaissance Zone costs for libraries to the Department of Education budget.</p>	<p>Gross (3,200,000) GF/GP (3,200,000)</p>
<p>2. MPSERS Rate Cap for Libraries. The budget transferred the portion of the MPSERS rate cap costs attributable to libraries to the Department of Education budget.</p>	<p>Gross (1,300,000) GF/GP (1,300,000)</p>
<p>3. Federal Assessments Funding. The budget transferred \$2.0 million in Federal funds used for student assessments to the Department of Education budget.</p>	<p>Gross (2,000,000) Federal (2,000,000) GF/GP 0</p>

G. OTHER ISSUES

Technical cost adjustments of a negative \$50.0 million in State funds are included to reflect the continued decline in pupils and to reflect changes in taxable values and assumed local support of the foundation allowance. Also, Federal grants are reduced by \$7,996,100.

Gross	(55,996,100)
Federal	(5,996,100)
Restricted	(50,000,000)
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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$85,400 (\$69,700 GF/GP) for OPEB.

Gross	133,200
Restricted	45,500
GF/GP	87,700

K. ONE-TIME APPROPRIATIONS

While the budget itself identifies only five items as one-time in nature (the final *Durant* payment, the additional MPERS liability payment, the Career Readiness Study, the updating of Teacher Certification tests, and Nutrition Education), the balance sheets identify 22 one-time appropriations in total, as follows:

	Gross	GF/GP
Final <i>Durant</i> Payment	\$39,500,000	\$0
Career Readiness Study.....	250,000	250,000
MPERS Additional Liability Payment.....	108,000,000	0
Best Practices	75,000,000	0
Pupil Performance Grants.....	51,100,000	0
Technology Grants.....	41,500,000	0
Educator Evaluations	14,800,000	0
Class Size Grants	13,000,000	0
Increase in Student Assessments	8,500,000	2,700,000
Fiscal Emergency Fund	4,000,000	0
Bus Conversion.....	3,000,000	0
Increase in ISD Operations.....	3,000,000	0
School Dissolution Transition Costs	2,200,000	0
Strict Discipline Academy Funding	2,000,000	0
Consolidation Innovation Grants.....	2,000,000	0
FIRST Robotics.....	2,000,000	0
Dual Enrollment Incentives	1,750,000	0
Updating Teacher Certification Tests	1,800,000	1,800,000
Nutrition Education.....	1,200,000	1,200,000
Merit Curriculum Integration.....	1,000,000	0
STEM Professional Development.....	330,000	0
Advanced Placement Grants	250,000	250,000
Subtotal	\$376,180,000	\$6,200,000

L. VETOES - NONE

**DEPARTMENT OF STATE
P.A. 252 of 2014 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,562.0	1,593.0	1,593.0	1,579.0	1,587.0	25.0	1.6
GROSS.....	219,865,900	224,384,900	224,112,300	223,281,500	223,984,900	4,119,000	1.9
Less:							
Interdepartmental Grants Received	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS.....	199,865,900	204,384,900	204,112,300	203,281,500	203,984,900	4,119,000	2.1
Less:							
Federal Funds.....	1,810,000	1,460,000	1,460,000	1,460,000	1,460,000	(350,000)	(19.3)
Local and Private	100	100	100	100	100	0	0.0
TOTAL STATE SPENDING.....	198,055,800	202,924,800	202,652,200	201,821,400	202,524,800	4,469,000	2.3
Less:							
Other State Restricted Funds.....	182,485,400	184,985,800	184,713,200	184,713,200	184,985,800	2,500,400	1.4
GENERAL FUND/GENERAL PURPOSE....	15,570,400	17,939,000	17,939,000	17,108,200	17,539,000	1,968,600	12.6
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 as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

<p>1. Fraud Prevention - Data Analytics and Prosecution. New funding totaling \$490,300 to fund 4.0 FTEs is included to allow the Department to develop a system of tools to detect and deter fraud.</p>	<p>FTE 4.0 Gross 490,300 GF/GP 490,300</p>
<p>2. Fraud Prevention - Insurance Verification and Paper Certificates. The budget includes new funding totaling \$940,500 to fund 21.0 FTEs to allow the Department to develop a process to verify paper certificates for auto insurance before renewal of vehicle registrations. The funding also will be used to develop a system to detect and deter fraud.</p>	<p>FTE 21.0 Gross 940,500 GF/GP 940,500</p>

B. PROGRAM INCREASES

<p>Vendor Increase for Elections Compliance. The budget includes new funding of \$500,000 for payments to vendors who maintain campaign finance systems and lobbyist registration systems.</p>	<p>Gross 500,000 GF/GP 500,000</p>
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C. PROGRAM ELIMINATIONS

<p>Help America Vote Act. All Federal funding is eliminated due to the end of the Federal funding cycle for this program. The Federal government will no longer be issuing any new grants for the program beginning in FY 2014-15.</p>	<p>Gross (350,000) Federal (350,000) GF/GP 0</p>
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D. PROGRAM REDUCTIONS

<p>Adjustment for FY 2013-14 Supplemental Funding. The budget does not include two items that were added via supplemental appropriations. Public Act 34 of 2014 added \$200,000 for the electronic processing of information for individuals who are required to install interlock devices due to impaired driving violations. Additional funding totaling \$117,000 was appropriated to reimburse local units of government for late filing fee charges that were reversed via Public Act 277 of 2012. This funding is included as a negative adjustment here to accurately reflect the full changes from FY 2013-14 to FY 2014-15.</p>	<p>Gross (317,000) GF/GP (317,000)</p>
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E. FUNDING SHIFTS

<p>Michigan Transportation Fund (MTF) Revenue. The budget replaces MTF funding with GF/GP support due to the capped amount (\$20.0 million) of MTF funds that may be transferred to the Department according to statute. This additional GF/GP funding of \$300,700 will be used to pay for applied economics.</p>	<p>Gross 0 IDG (300,700) GF/GP 300,700</p>
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**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

F. PROGRAM TRANSFERS

Children's Protection Registry Administration. Pursuant to Revised Executive Recommendation 2015-1, a total of \$272,600 in restricted funding is transferred to the Department of State from the Department of Licensing and Regulatory Affairs. The program was created by Public Act 241 of 2004 and requires the Department to create a registry that allows for the free registration of internet contact points to which a minor child might have access. Registrants can include parents, guardians, schools and other institutions or entities that serve minors. Anyone sending a message to these contact points is required to pay a communications fee for access to them. The Department is required to verify compliance with the Registry of all senders. Funds collected by these fees are deposited into the Children's Protection Registry Fund.

Gross	272,600
Restricted	272,600
GF/GP	0

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES

Salary and Wage Increase. The budget increases funding for the unclassified salary line item from \$707,000 in FY 2013-14 to \$724,700 in FY 2014-15.

Gross	17,700
GF/GP	17,700

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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$700,700 (\$32,200 GF/GP) for OPEB.

Gross	2,564,900
IDG	300,700
Restricted	2,227,800
GF/GP	36,400

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

**DEPARTMENT OF STATE POLICE
P.A. 252 of 2014 – ARTICLE XVI**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	2,931.0	3,070.0	3,070.0	3,073.0	3,070.0	139.0	4.7
GROSS.....	615,254,100	639,323,000	638,563,400	634,323,000	639,573,000	24,318,900	4.0
Less:							
Interdepartmental Grants Received	25,219,700	26,233,200	26,233,200	26,233,200	26,233,200	1,013,500	4.0
ADJUSTED GROSS.....	590,034,400	613,089,800	612,330,200	608,089,800	613,339,800	23,305,400	3.9
Less:							
Federal Funds.....	102,196,100	99,429,900	99,429,900	99,429,900	99,429,900	(2,766,200)	(2.7)
Local and Private	7,207,200	4,938,900	4,938,900	4,938,900	4,938,900	(2,268,300)	(31.5)
TOTAL STATE SPENDING.....	480,631,100	508,721,000	507,961,400	503,721,000	508,971,000	28,339,900	5.9
Less:							
Other State Restricted Funds.....	123,846,800	124,800,000	124,800,000	124,800,000	124,800,000	953,200	0.8
GENERAL FUND/GENERAL PURPOSE....	356,784,300	383,921,000	383,161,400	378,921,000	384,171,000	27,386,700	7.7
PAYMENTS TO LOCALS	16,187,600	20,205,600	20,205,700	20,205,700	19,775,600	3,588,000	22.2

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

Local Public (School) Safety Initiative. The budget includes one-time appropriations for a Local Public Safety Initiative, which is designed to offer grants to local schools, both public and private, and sheriff departments, for projects related to enhancing school safety. The Governor's Council on Law Enforcement and Reinvention will review grant applications. Boilerplate language allocates 80% of the grants to K-12 schools for various improvements and 20% of the grants to county sheriff offices for equipment, technology, or officer training that will improve their school safety efforts.

Gross	4,550,000
GF/GP	4,550,000

B. PROGRAM INCREASES

1. New Trooper School. The budget includes an appropriation for a new trooper school projected to graduate 100 Michigan State Police troopers. The school is to begin on February 1, 2015. Costs for the school include \$8,291,500 GF/GP for ongoing costs for trooper salaries, wages and benefits during the 22 weeks recruits spend in the trooper school and following graduation as full-fledged troopers, fleet leasing, and other costs. One-time costs for the school total \$4,408,500 (\$3,508,500 GF; \$900,000 Restricted) for trooper recruiting, training, equipping, and outfitting.

FTE	100.0
Gross	12,700,000
Restricted	900,000
GF/GP	11,800,000

2. Detroit Forensic Laboratory Building Costs. The budget includes occupancy costs for the new State Police Forensic Science laboratory, to open in the City of Detroit in the summer of 2014. The lab is located at the Detroit Public Safety Headquarters building, the former site of the old MGM Grand Casino, and the building is shared with the Detroit Police Department, with the State Police using 18.5% of the facility.

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

3. Motor Carrier Recruit School. The budget includes appropriations for a new motor carrier officer recruit school scheduled to begin in the spring of 2015 and graduate 31 officers. Costs for the school total \$3,210,000 GF/GP in ongoing costs and \$1,181,900 GF/GP in one-time costs.

FTE	31.0
Gross	4,391,900
GF/GP	4,391,900

4. Marshall Post Building Costs. The budget includes funds to support the State's share of rental cost associated with the construction and operation of a joint Marshall Regional Law Enforcement Center in Calhoun County. The facility will house a new State Police post, the Marshall Police Department, and the Calhoun County Sheriff's office. The facility is to be completed by June 2015.

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

5. Aviation Section - New Helicopter. The budget includes an appropriation for the purchase of a new helicopter for the State Police's Aviation Unit, which will increase the Department's helicopter fleet to three, adding additional capabilities to engage in emergency response situations and to increase patrols over stressed cities. This appropriation totals \$4,932,000 GF/GP in one-time funding and \$246,000 GF/GP in ongoing costs.

Gross	5,178,000
GF/GP	5,178,000

		FY 2014-15 Change From FY 2013-14 Year-to-Date	
6. Automated Fingerprint Identification System (AFIS) Upgrade.	The budget includes available Criminal Justice Information Center (CJIC) fee support to provide upgrades to hardware and software, which support AFIS, the State's electronic fingerprint database.	Gross Restricted GF/GP	2,187,200 2,187,200 0
7. Electronic Warrant Reporting System.	The budget provides funding to develop a statewide information exchange system to eliminate the redundant entry of information required to request, approve, and issue warrants for arrest and other processes. The budget includes \$350,000 GF/GP for one-time costs and \$50,000 GF/GP for ongoing costs.	Gross GF/GP	800,000 800,000
8. Criminal Justice Information Center Disaster Recovery.	The budget includes available CJIC fee revenue for the development and maintenance of a disaster recovery system for the Law Enforcement Information Network (LEIN) system in the event that a backup system is needed.	Gross Restricted GF/GP	312,800 312,800 0
9. Programming Language Upgrade for LEIN System.	The budget uses CJIC fees for the one-time purpose of updating and rewriting the programming that operates the LEIN system to XML language.	Gross Restricted GF/GP	350,000 350,000 0
10. Statewide Records Management System (SRMS).	The budget includes \$1,528,000 GF/GP to expand the use of SRMS, a records system run by the Saginaw County Sheriff's Department, now taken over by the State Police. The State Police, working with initial support from a Federal grant awarded to Saginaw County, is now operating the record management system for Saginaw and 50 other local law enforcement agencies.	FTE Gross GF/GP	8.0 1,528,000 1,528,000
11. Emergency Support Vehicle.	The budget includes \$225,000 GF/GP to replace an aging emergency response vehicle with a new armored vehicle, a Lenco Bearcat for use by the Special Operations Division, Emergency Support team.	Gross GF/GP	225,000 225,000
12. FY 2013-14 Trooper Recruit School Second-Year Costs.	The budget adds funds to annualize employee expenses related to the FY 2013-14 trooper school.	Gross GF/GP	2,694,400 2,694,400
C. PROGRAM ELIMINATIONS - NONE			
D. PROGRAM REDUCTIONS			
1. Removal of FY 2013-14 One-Time Funding.	The budget removes one-time funding for FY 2013-14, including appropriations for a 126 th trooper school (\$3.6 million), an emergency vehicle (\$350,000), the Grand Rapids Crime Lab (\$400,000), the Disaster and Emergency Contingency Fund (\$2.0 million), and the Secondary Road Patrol Grant Program (\$150,000).	Gross GF/GP	(6,561,900) (6,561,900)

		FY 2014-15 Change From FY 2013-14 Year-to-Date	
2. Security at Events.	The appropriation reduces the funding for Security at Events from \$1.2 million for FY 2013-14 to a \$100 placeholder for FY 2014-15.	Gross	(1,199,900)
		GF/GP	(1,199,900)
3. Removal of FY 2013-14 Supplemental Funding.	The budget does not reflect one-time FY 2013-14 funding contained in Public Act 34 of 2014, including the FirstNET Federal grant and disaster relief funding.	Gross	(6,660,000)
		Federal	(3,350,000)
		GF/GP	(3,310,000)
4. Reversal of FY 2013-14 Contingency Fund Transfers.	The FY 2014-15 budget does not reflect contingency fund transfers adopted midway through FY 2013-14, leading to a reduction in funding.	Gross	(1,775,100)
		Restricted	(1,775,100)
		GF/GP	0
E. FUNDING SHIFTS			
Forensic Science.	The budget replaces \$4.0 million in State Services Fee Funds (from casino revenue) and \$118,000 in expired Federal grant funds with GF/GP revenue.	Gross	0
		Federal	(118,000)
		Restricted	(4,000,000)
		GF/GP	4,118,000
F. PROGRAM TRANSFERS			
Michigan Public Safety Communications System (MPSCS).	The budget transfers funding for the MPSCS to the Department of Technology, Management, and Budget (DTMB). Operational authority for the system has been located within the DTMB since 2005.	Gross	(16,340,900)
		Local	(2,183,000)
		GF/GP	(14,157,900)
G. OTHER ISSUES			
Adjustments for Actual Funds Received.	The budget includes adjustments to reflect actual amounts of funds to be received and to align spending authority with that total.	Gross	70,600
		IDG	444,100
		Federal	(42,400)
		Private	(164,700)
		Restricted	(606,700)
		GF/GP	440,300
H. UNCLASSIFIED SALARIES			
Unclassified Salary Increase.	The budget increases funding for unclassified salary positions by \$17,700.	Gross	17,700
		GF/GP	17,700
I. FEE INCREASES - NONE			

**FY 2014-15 Change From
FY 2013-14 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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a Gross reduction of \$295,000 (\$47,200 GF/GP) for OPEB.

Gross	18,751,100
IDG	569,400
Federal	744,200
Local	77,200
Private	2,200
Restricted	3,585,000
GF/GP	13,773,100

K. ONE-TIME APPROPRIATIONS

The budget identifies nine FY 2014-15 one-time appropriations, eliminates five FY 2013-14 one-time appropriations, and shifts one appropriation from ongoing to one-time:

	Gross	GF/GP
Trooper School	\$4,408,500	\$3,508,500
Emergency Support Team Vehicles	225,000	225,000
Motor Carrier School.....	1,181,900	1,181,900
Aviation Support - Helicopter Purchase.....	4,932,000	4,932,000
LEIN Conversion Language.....	350,000	0
Electronic Warrant Report System	750,000	750,000
Michigan International Speedway Traffic Control	831,900	831,900
Local Public Safety Initiative	4,550,000	4,550,000
Rent and Building Occupancy Charges - Marshall.....	2,000,000	2,000,000
Subtotal	\$19,229,300	\$17,979,300
At-Post Troopers - Trooper School.....	(\$3,661,900)	(\$3,661,900)
Grand Rapids Forensics Laboratory.....	(400,000)	(400,000)
Emergency Response Team Vehicle Replacement.....	(350,000)	(350,000)
Secondary Road Patrol Program.....	(150,000)	(150,000)
Disaster and Emergency Contingency Fund	(2,000,000)	(2,000,000)
Subtotal	(\$6,561,900)	(\$6,561,900)

Note: Michigan International Speedway Traffic support of \$831,900 is shifted from ongoing to one-time.

L. VETOES - NONE

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
P.A. 252 of 2014 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	2,812.0	2,817.0	2,817.0	2,817.0	2,817.0	5.0	0.2
GROSS.....	1,167,398,200	1,282,204,200	1,264,704,000	1,260,060,100	1,262,810,400	95,412,200	8.2
Less:							
Interdepartmental Grants Received	677,879,800	680,315,500	680,315,500	677,671,700	677,671,700	(208,100)	(0.0)
ADJUSTED GROSS.....	489,518,400	601,888,700	584,388,500	582,388,400	585,138,700	95,620,300	19.5
Less:							
Federal Funds.....	8,790,900	7,974,100	7,974,100	7,974,100	7,974,100	(816,800)	(9.3)
Local and Private	1,511,200	3,744,100	3,744,100	3,744,100	3,744,100	2,232,900	147.8
TOTAL STATE SPENDING.....	479,216,300	590,170,500	572,670,300	570,670,200	573,420,500	94,204,200	19.7
Less:							
Other State Restricted Funds.....	93,426,800	94,322,000	94,322,000	94,322,000	94,322,000	895,200	1.0
GENERAL FUND/GENERAL PURPOSE....	385,789,500	495,848,500	478,348,300	476,348,200	479,098,500	93,309,000	24.2
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|--|------------------------|--------------------------------|
| <p>1. Office of Urban Initiatives (One-Time). The budget includes one-time funding of \$5.0 million to distribute funds to support urban and metropolitan initiatives related to transportation, public services, land use, housing, and workforce development.</p> | <p>Gross
GF/GP</p> | <p>5,000,000
5,000,000</p> |
| <p>2. Special Projects (One-Time). New one-time funding of \$1.25 million is provided for three projects: \$250,000 for Catholic Charities in Genesee County; \$500,000 for National Guard pensions due to statutory changes; and \$500,000 for administration priorities to be determined during the fiscal year pursuant to the target agreement.</p> | <p>Gross
GF/GP</p> | <p>1,250,000
1,250,000</p> |

B. PROGRAM INCREASES

- | | | |
|---|--------------------------------|--------------------------------------|
| <p>1. Motor Vehicle Fleet. The authorization for expenditures for the State's motor vehicle fleet is increased to adjust the expenditures due to increased costs for fuel, maintenance, insurance, and leases.</p> | <p>Gross
IDG
GF/GP</p> | <p>8,300,000
8,300,000
0</p> |
| <p>2. Office of Children's Ombudsman. Funding is increased for the Department to hire 4.0 additional employees to fully staff the Office in order to carry out its required duties.</p> | <p>FTE
Gross
GF/GP</p> | <p>4.0
510,200
510,200</p> |
| <p>3. Annualization of Cyber Security Costs. Funding is increased to annualize the full-year cost of expanding the coverage of the Michigan Cyber Security Operations Center to 24 hours/7 days per week.</p> | <p>Gross
GF/GP</p> | <p>240,000
240,000</p> |
| <p>4. Enterprisewide Special Maintenance. The budget includes an increase of \$5.0 million for ongoing costs and a reduction of \$3.0 million for one-time costs, to support special maintenance needs across all State departments and agencies. Total funding in FY 2013-14 was \$28.0 million compared to \$30.0 million in FY 2014-15.</p> | <p>Gross
GF/GP</p> | <p>2,000,000
2,000,000</p> |
| <p>5. Information Technology (IT) Investment Fund. Funding for FY 2014-15 is increased by \$16.0 million to provide funding for various IT-related projects, which include upgrading or replacing legacy systems.</p> | <p>Gross
GF/GP</p> | <p>16,000,000
16,000,000</p> |
| <p>6. Military Retirement Program. The budget includes additional funding for unfunded costs associated with the prefunding of pensions for the Department of Military and Veterans Affairs.</p> | <p>Gross
GF/GP</p> | <p>437,000
437,000</p> |

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

<p>7. Regional Prosperity Grants. The Governor converted former one-time funding of \$2.5 million in grants into ongoing funding for FY 2014-15. The budget also includes one-time funding in FY 2014-15 of \$1.0 million, resulting in a total FY 2014-15 funding level of \$3.5 million compared to \$2.5 million in total funding in FY 2013-14. These grants are used to form regional prosperity councils with representation from the regions' adult education, workforce development, economic development, transportation, and higher education organizations to develop Regional Prosperity Plans, including status reports of approved five-year plans and 10-year economic development blueprints, performance dashboards, measurable annual goals, and a prioritized list of regional projects.</p>	<p>Gross 1,000,000 GF/GP 1,000,000</p>
<p>8. Michigan Business One-Stop Portal (One-Time). The budget provides \$871,700 in one-time funding in FY 2014-15 to pay for the remaining capitalized development cost of the Michigan Business One-Stop Portal as it begins to be phased out and the State works on a replacement system.</p>	<p>Gross 871,700 IDG 871,700 GF/GP 0</p>
<p>9. Litigation Costs (One-Time). The budget includes \$4.0 million in one-time funding for litigation costs anticipated by the Department to be incurred in FY 2014-15. This is an increase of \$2.0 million from the one-time funding provided in FY 2013-14.</p>	<p>Gross 2,000,000 GF/GP 2,000,000</p>
<p>10. Cyber Security. The budget includes new funding to enhance Michigan's cyber security posture in order to better secure the State's data and information.</p>	<p>Gross 6,875,000 GF/GP 6,875,000</p>
<p>11. Professional Development. New funding of \$720,000 is added to provide professional development for UAW-represented State employees pursuant to an impasse panel agreement. These employees did not have negotiated professional development provided in their previous contract for FY 2013-14.</p>	<p>Gross 720,000 Restricted 720,000 GF/GP 0</p>
<p>12. Michigan Public Safety Communication System Lifecycle and Radio Replacement. Additional funding is provided for lifecycle replacement of the system and equipment as the current system and equipment are outdated. The administration of this program is transferred to the DTMB from the Michigan State Police.</p>	<p>Gross 25,300,000 GF/GP 25,300,000</p>

C. PROGRAM ELIMINATIONS

<p>1. IT Innovation Fund. The budget eliminates all funding for this program in FY 2014-15. The program was funded over the last two fiscal years to provide a revolving fund for loans to State departments and agencies that produced innovative ways to provide IT services. Due to lack of participation in the program, the Governor eliminated it in his FY 2014-15 Executive Recommendation and the elimination was concurred in by the Legislature.</p>	<p>Gross (2,500,000) GF/GP (2,500,000)</p>
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**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

<p>2. Michigan Business One-Stop (MBOS) Portal. The budget eliminates all funding for this program in FY 2014-15. The MBOS was created in 2008 in an effort to streamline government-business transactional processes, including: licensing and permitting processes, the establishment of a one-stop shop for businesses, the improvement of communication between the State and businesses, and the enabling of cross-agency collaborative thinking/sharing. The Department intends to replace this program with a more innovative program to be determined later.</p>	<p>Gross (3,515,500) IDG (3,515,500) GF/GP 0</p>
<p>3. Community Health IT Upgrade. One-time funding for technology upgrades in the FY 2013-14 budget is eliminated.</p>	<p>Gross (18,300,000) IDG (18,300,000) GF/GP 0</p>
<p>4. Michigan Gaming Control IT Upgrade. One-time funding for technology upgrades in the FY 2013-14 budget is eliminated.</p>	<p>Gross (3,000,000) IDG (3,000,000) GF/GP 0</p>
<p>5. Delta County Bridge Removal. One-time funding in the FY 2013-14 budget is eliminated.</p>	<p>Gross (1,500,000) GF/GP (1,500,000)</p>
<p>6. Michigan State University. One-time funding for MSU's combined sewer overflow project in the FY 2013-14 budget is eliminated.</p>	<p>Gross (430,500) GF/GP (430,500)</p>

D. PROGRAM REDUCTIONS

<p>State Building Authority (SBA) Rent Adjustments. Overall funding is decreased by \$4.0 million in FY 2014-15 for the SBA line item to reflect changes in debt service costs. Funding changes are as follows: A reduction of \$11.6 million for State agencies; a reduction of \$2.5 million for Corrections; an increase of \$7.6 million for Universities; and an increase of \$2.5 million for Community Colleges.</p>	<p>Gross (4,000,000) GF/GP (4,000,000)</p>
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E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

<p>1. Michigan Public Safety Communication System. This program is transferred to the Department of Technology, Management, and Budget (DTMB) from the Michigan State Police budget.</p>	<p>FTE 100.0 Gross 16,340,900 Local 2,183,000 GF/GP 14,157,900</p>
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**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

2. **State Building Authority Administration.** The funding and FTEs for the administrative functions of the State Building Authority are transferred from the DTMB to the Department of Treasury.

FTE	(4.0)
Gross	(699,100)
Restricted	(699,100)
GF/GP	0

3. **Americans with Disabilities Act.** The funding and FTEs to oversee and monitor the State's compliance with the Americans with Disabilities Act are transferred to the Department of Civil Rights.

FTE	(4.0)
Gross	(300,000)
GF/GP	(300,000)

G. OTHER ISSUES

1. **Adjustment for FY 2013-14 Supplemental Funding.** The budget does not include four items that were added via supplemental appropriations and netted to a gross negative appropriation of \$23.4 million. Public Act 34 of 2014 provided a negative adjustment of \$699,100 for the transfer of the administrative functions of the State Building Authority (SBA) to the Department of Treasury; a positive adjustment of \$507,000 for the Military Retirement Program; a positive adjustment of \$720,000 for professional development costs for employees represented by the UAW; and a negative adjustment of \$23.9 million for rent adjustments for the SBA rent line items. This funding is included as a net positive adjustment here to accurately reflect the full changes from FY 2013-14 to FY 2014-15.

FTE	4.0
Gross	23,407,400
IDG	(720,000)
Restricted	699,100
GF/GP	23,428,300

2. **Miscellaneous Adjustments.** The budget includes miscellaneous adjustments netting to a negative Gross adjustment of \$565,200. The majority of these changes are for adjustments to funding sources within the Civil Service Commission to adjust the FY 2014-15 baseline appropriations based on actual revenue received in FY 2013-14.

Gross	(565,200)
IDG	1,019,800
Federal	(1,000,000)
Restricted	(720,000)
GF/GP	135,000

3. **Information Technology (IT) - Alignment of IDG funding.** The budget includes \$5.6 million and a net reduction of 95.0 FTEs in funding for the ongoing IT portion of the budget to align its interdepartmental grant (IDG) funding with enacted FY 2013-14 appropriations for all State departments. In addition, \$6.9 million in one-time funding is provided to align IDG funding of the IT line items across all State departments and agencies for FY 2014-15.

FTE	(95.0)
Gross	12,451,300
IDG	12,451,000
GF/GP	300

4. **Statewide Cost Allocation Project Adjustments.** The budget adjusts IDG, Restricted, and GF/GP funding to reflect actual appropriations.

Gross	0
IDG	110,000
Restricted	(75,700)
GF/GP	(34,300)

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

H. UNCLASSIFIED SALARIES

Salary and Wage Increase. The budget increases funding for the unclassified salary line item from \$804,500 in FY 2013-14 to \$824,600 in FY 2014-15.

Gross	20,100
IDG	9,100
Restricted	1,900
GF/GP	9,100

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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$1.7 million (\$370,500 GF/GP) for OPEB.

Gross	7,498,900
IDG	2,565,800
Federal	183,200
Local	49,900
Restricted	969,000
GF/GP	3,731,000

K. ONE-TIME APPROPRIATIONS

The budget identifies seven FY 2014-15 one-time appropriations and eliminates five FY 2013-14 one-time appropriations:

	Gross	GF/GP
Regional Prosperity Grants.....	\$1,000,000	\$1,000,000
Enterprisewide Special Maintenance for State Facilities	7,000,000	7,000,000
Technology Services Funding	6,900,300	300
Litigation Fund	4,000,000	4,000,000
Office of Urban Initiatives.....	5,000,000	5,000,000
Michigan Business One-Stop - Depreciation	871,700	0
Special Projects	1,250,000	1,250,000
Subtotal.....	\$26,022,000	\$18,250,300
Delta County Bridge Removal	(\$1,500,000)	(\$1,500,000)
Regional Prosperity Grants.....	(2,500,000)	(2,500,000)
Enterprisewide Special Maintenance for State Facilities.....	(10,000,000)	(10,000,000)
Technology Services Funding	(21,300,000)	0
Litigation Fund	(2,000,000)	(2,000,000)
Subtotal.....	(\$37,300,000)	(\$16,000,000)

L. VETOES - NONE

**DEPARTMENT OF TRANSPORTATION
P.A. 252 of 2014 – ARTICLE XVII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	2,912.3	2,912.3	2,912.3	2,912.3	2,912.3	0.0	0.0
GROSS.....	3,826,145,600	3,670,098,600	3,682,498,600	3,805,998,600	3,699,518,600	(126,627,000)	(3.3)
Less:							
Interdepartmental Grants Received	3,625,100	3,786,900	3,786,900	3,786,900	3,786,900	161,800	4.5
ADJUSTED GROSS.....	3,822,520,500	3,666,311,700	3,678,711,700	3,802,211,700	3,695,731,700	(126,788,800)	(3.3)
Less:							
Federal Funds.....	1,208,268,600	1,205,885,500	1,205,885,500	1,205,885,500	1,205,821,500	(2,447,100)	(0.2)
Local and Private	50,277,100	50,277,100	50,277,100	50,277,100	50,277,100	0	0.0
TOTAL STATE SPENDING.....	2,563,974,800	2,410,149,100	2,422,549,100	2,546,049,100	2,439,633,100	(124,341,700)	(4.8)
Less:							
Other State Restricted Funds.....	2,227,374,800	2,155,001,200	2,155,001,200	2,155,001,200	2,154,985,200	(72,389,600)	(3.2)
GENERAL FUND/GENERAL PURPOSE....	336,600,000	255,147,900	267,547,900	391,047,900	284,647,900	(51,952,100)	(15.4)
PAYMENTS TO LOCALS	1,210,687,600	1,251,343,700	1,323,378,700	1,458,396,900	1,316,686,400	105,998,800	8.8

Includes Ongoing and One-time Appropriations as of June 30, 2014.

A. NEW PROGRAMS

- 1. **Regional Transit Authority (RTA) Startup Funding.** The budget includes funding for the startup and administration of the RTA. The funds may not be used for operational purposes.

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

The RTA currently is staffed by interim personnel on loan from the Michigan Department of Transportation (MDOT) and the Southeast Michigan Council of Governments (SEMCOG), does not have a chief executive officer, and has roughly \$250,000 on hand from past appropriations. The RTA sought \$2.0 million to hire professional staff and become substantively functional. For these purposes, \$900,000 has been identified within MDOT's budget and will be directed to the RTA along with the new \$1.1 million appropriation.

The budget designates this funding as a "one-time" appropriation.

- 2. **High-Speed Rail Crossing (Vetoed).** There are approximately 80 miles of high-speed rail track on which trains operate at 110 miles per hour, and this figure is increasing with the expansion of high-speed rail in Michigan. Road crossings over high-speed tracks are required to have heightened safety standards under Federal requirements. Proponents of this appropriation believe that safety standards should be increased beyond Federal requirements in order to protect those in and around high-speed trains, and that additional one-time funding is needed to develop technology to make it virtually impossible for a vehicle to enter a rail crossing.

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

In FY 2013-14, the Governor vetoed funding for high-speed rail crossings. For the FY 2014-15 budget, the Conference agreed on an appropriation of \$1.5 million for high-speed rail crossings. The Governor again vetoed this appropriation (item L.2. below).

- 3. **Petoskey Bridge Study (Vetoed).** The Conference report included boilerplate language authorizing a study for a pedestrian crossing in Petoskey. The language did not specify an amount for the study, or what line item would fund the study. The Governor vetoed this boilerplate and identified the "Planning Services" line item within the Transportation Planning unit as the source of funding for the study, and estimates that the study would cost \$80,000.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

B. PROGRAM INCREASES

<p>1. Intercity Passenger and Freight. Adjustments were made to compensate for 1) a lower number of vehicles eligible for replacement; 2) increased estimates in Federal rail and rail freight fund revenue; and 3) a decrease in terminal development.</p>	<p>Gross 10,439,000 Federal 7,000,000 Restricted 3,439,000 GF/GP 0</p>
<p>2. TEDF Redirection. Transportation Economic Development Fund (TEDF) funds were redirected for other purposes in FY 2013-14; this adjustment restores these funds by redirecting them through the TEDF statutory distribution formula.</p>	<p>Gross 9,457,600 Restricted 9,457,600 GF/GP 0</p>
<p>3. Local Agency Federal Aid Program Oversight. In order to provide proper oversight of the Local Agency Federal Aid program, MDOT has reallocated staff or used consultant services to conform to Federal and State requirements. This resulted in a \$3.5 million increase in funding to Engineering Services.</p>	<p>Gross 3,469,000 Restricted 3,469,000 GF/GP 0</p>
<p>4. Collection, Enforcement, Agency Support Services. The budget includes \$200,000 to accommodate a new information technology system, since New York will no longer act as a vendor for the International Fuel Tax Agreement. The budget also includes \$227,700 for an increase in interdepartmental grants (IDGs) due to other agency program decisions that necessitated a funding increase.</p>	<p>Gross 427,700 Restricted 427,700 GF/GP 0</p>
<p>5. Road and Bridges Programs Revenue Adjustment. This balances out a reduction of \$185,800 in Federal funds under Debt service. As Federal funds become ineligible to be used for certain debt service, those funds are shifted into other items and replaced with State revenue.</p>	<p>Gross 185,800 Federal 185,800 GF/GP 0</p>
<p>6. IDG Adjustment for Accounting Service Center. The budget reflects an IDG adjustment within the accounting service center due to technical aspects of plans with the Departments of Agriculture and Rural Development, Natural Resources, and Environmental Quality.</p>	<p>Gross 84,500 IDG 84,500 GF/GP 0</p>
<p>7. Revenue Adjustments. These adjustments balance revenue estimates with statutory requirements, service changes, and demand.</p>	<p>Gross 30,260,500 Restricted 30,260,500 GF/GP 0</p>

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

8. Transit Capital and Rail Infrastructure Federal Match. The budget includes General Fund dollars to meet Federal match requirements for rail and transit. As dedicated transportation revenue continues to decrease, there are not enough funds to meet the Federal match ceiling for rail funding. The total amount of Federal funds gained from this appropriation is estimated at \$90.0 million.

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

The budget designates this funding as a "one-time" appropriation.

9. Airport Safety, Protection and Improvement Program Federal Match. The budget includes General Fund dollars to meet Federal match requirements for aeronautics. As dedicated transportation revenue continues to decrease, there are not enough funds to meet the Federal match ceiling for aeronautics funding. The total amount of Federal funds gained from this appropriation is estimated at approximately \$18.4 million.

Gross	2,047,900
GF/GP	2,047,900

The budget designates this funding as a "one-time" appropriation.

10. State and Local Road and Bridge Programs. The budget includes \$144.5 million GF/GP to be distributed for roads and bridges according to Public Act 51 of 1951, which directs 39.1% to MDOT for State trunkline (\$56.5 million), 39.1% to county road commissions (\$56.5 million), and 21.8% to cities and villages (\$31.5 million).

Gross	144,500,000
GF/GP	144,500,000

The budget designates this funding as a "one-time" appropriation.

11. State Trunkline Construction Federal Match. As dedicated transportation revenue continues to decrease, there are not enough funds in the State Trunkline Fund to meet the Federal match ceiling for road funding. In FY 2013-14, an additional \$121.3 million GF/GP was necessary for the State to receive the maximum amount of Federal match. In FY 2014-15, it is estimated that an additional \$127.0 million will be needed, representing a total increase from FY 2013-14 of \$5.7 million GF/GP in order to receive the maximum amount of Federal funds under Federal match requirements. The total amount of Federal funds gained from this appropriation is estimated at approximately \$508.0 million.

Gross	127,000,000
GF/GP	127,000,000

The budget designates this funding as a "one-time" appropriation.

C. PROGRAM ELIMINATIONS - NONE

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

D. PROGRAM REDUCTIONS

<p>1. Removal of FY 2013-14 One-Time Appropriations. Fiscal year 2013-14 appropriations for the priority roads investment program and General Fund dollars to meet the Federal match ceiling for trunkline and bridge construction are removed.</p>	<p>Gross (236,300,000) Restricted (115,000,000) GF/GP (121,300,000)</p>
<p>2. Removal of FY 2013-14 Supplemental Funding. The FY 2014-15 budget does not retain funding for the municipal credit program, priority road projects, special winter road maintenance, a Federal grant, and a GF/GP grant for the Beaver Island Boat Company.</p>	<p>Gross (229,028,900) Federal (9,383,100) Restricted (4,345,800) GF/GP (215,300,000)</p>
<p>3. State Aeronautics Fund (SAF) Revenue Adjustments. Expected decreases in SAF revenue are reflected in Aeronautics and Freight Services and Airport Improvement Programs.</p>	<p>Gross (1,161,000) Restricted (1,161,000) GF/GP 0</p>
<p>4. Bus Transit Division Reductions. The budget reflects adjustments for the projected expenses of transit agencies, and reduction of discretionary State operating assistance.</p>	<p>Gross (4,624,000) Restricted (4,624,000) GF/GP 0</p>
<p>5. Public Transportation Development. Adjustments reflect current service baseline costs. This is the net result of changes in specialized services, van pooling, and service initiatives.</p>	<p>Gross (284,800) Restricted (284,800) GF/GP 0</p>

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

<p>1. Public Transportation Services. This reduction accounts for residual Michigan Transportation Fund revenue that was a result of position transfers.</p>	<p>Gross (38,900) Restricted (38,900) GF/GP 0</p>
<p>2. Debt Service Adjustments. Adjustments reflect changes from \$242,321,100 to \$242,318,300 in the debt service schedule.</p>	<p>Gross (2,800) Federal (185,800) Restricted 183,000 GF/GP 0</p>

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

3. Collection, Enforcement, and Agency Support Services. These reductions were due to technical adjustments.

Gross	(20,600)
Restricted	(20,600)
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget increased appropriations for unclassified salaries from \$707,000 to \$724,700.

Gross	17,700
Restricted	17,700
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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$1.7 million (\$0.0 million GF/GP) for OPEB.

Gross	5,924,300
IDG	77,300
Restricted	5,847,000
GF/GP	0

K. ONE-TIME APPROPRIATIONS

The budget identifies six FY 2014-15 one-time appropriations and eliminates two FY 2013-14 one-time appropriations:

	Gross	GF/GP
State Trunkline Construction Federal Match	\$127,000,000	\$127,000,000
State and Local Road and Bridge Programs	144,500,000	144,500,000
Transit Capital and Rail Infrastructure Federal Match	10,000,000	10,000,000
Airport Safety, Protection and Improvement Program Federal Match.....	2,047,900	2,047,900
Regional Transit Authority Startup Funding	1,100,000	1,100,000
High-Speed Rail Crossing Pilot Program (vetoed)	1,500,000	1,500,000
Subtotal	\$286,147,900	\$286,147,900
State Trunkline and Bridge Construction	(\$121,300,000)	(\$121,300,000)
Priority Roads Investment Program	(115,000,000)	(115,000,000)
Subtotal	(\$236,300,000)	(\$236,300,000)

L. VETOES

1. **Petoskey Bridge Study.** See item A.7. above.

Gross	(80,000)
Federal	(64,000)
Restricted	(16,000)
GF/GP	0

2. **High-Speed Rail Crossing.** See item A.4. above.

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

**DEPARTMENT OF TREASURY - DEBT SERVICE
P.A. 252 of 2014 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS.....	154,202,500	152,395,000	152,395,000	152,395,000	152,395,000	(1,807,500)	(1.2)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS.....	154,202,500	152,395,000	152,395,000	152,395,000	152,395,000	(1,807,500)	(1.2)
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.....	154,202,500	152,395,000	152,395,000	152,395,000	152,395,000	(1,807,500)	(1.2)
Less:							
Other State Restricted Funds.....	3,014,500	0	0	0	0	(3,014,500)	(100.0)
GENERAL FUND/GENERAL PURPOSE....	151,188,000	152,395,000	152,395,000	152,395,000	152,395,000	1,207,000	0.8
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|--|-------|-----------|
| <p>1. Clean Michigan Initiative. The budget includes an increase in debt service of \$36,600 to \$57,224,000 GF/GP in FY 2014-15 to cover the increased cost of scheduled payments.</p> | Gross | 36,600 |
| | GF/GP | 36,600 |
| <p>2. Quality of Life Bond. The budget increases the debt service line for this program to \$81,360,000 in FY 2014-15. This consists of an increase in scheduled payments of \$1.4 million GF/GP. This line item also is funded with \$3.0 million of new General Fund revenue resulting from a fund shift that replaces \$3.0 million from the Refined Petroleum Fund. This fund shift is explained below in item E.</p> | Gross | 1,394,200 |
| | GF/GP | 1,394,200 |
| <p>3. Great Lakes Water Quality Bond. The budget includes new debt service payments totaling \$6.5 million GF/GP, and a negative adjustment of \$8.6 million for existing debt service payments, bringing the total debt service payment for this bond to \$13,811,000 (all GF/GP) in FY 2014-15. The proposed debt service payments for this bond will cover debt service on existing bonds and the additional costs of a proposed \$97.0 million bond issue. There is \$97.0 million in spending authority in the FY 2014-15 Department of Environmental Quality (DEQ) enacted budget for these bonds under the Strategic Water Quality Initiative Fund (SWQIF) within the DEQ. The bonds are issued under Proposal 2 of 2002 and may be spent on grants and loans to municipalities for groundwater and storm water management. The increases are due to changes in the statute that establishes the SWQIF that make the grants and loans more attractive to municipalities.</p> | Gross | 6,488,200 |
| | GF/GP | 6,488,200 |

C. PROGRAM ELIMINATIONS

- | | | |
|---|-------|-------------|
| <p>Water Pollution Control Bond and Interest Redemption. The enacted budget eliminates all funding for this debt service in FY 2014-15 as all the obligations have been met.</p> | Gross | (1,132,700) |
| | GF/GP | (1,132,700) |

D. PROGRAM REDUCTIONS - NONE

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

E. FUNDING SHIFTS

Quality of Life Bond and the Refined Petroleum Fund. The budget eliminates the use of the Refined Petroleum Fund to pay debt service on the Quality of Life bond by increasing the GF/GP revenue by \$3.0 million. The total funding for this program is \$81,360,000 in FY 2014-15 and is completely funded with GF/GP revenue. This is the final fund shift in a three-year phase-out of the use of the Refined Petroleum Fund and all future funding for this line item is anticipated to come from the General Fund.

Gross	0
Restricted	(3,014,500)
GF/GP	3,014,500

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Great Lakes Water Quality Bond. The enacted budget includes a negative adjustment of \$8.6 million in debt service payments for the Great Lakes Water Quality Bond. This adjustment represents changes to existing debt service payments for the bond.

Gross	(8,593,800)
GF/GP	(8,593,800)

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. 252 of 2014 – ARTICLE VIII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	1,778.5	1,822.5	1,822.5	1,813.5	1,863.5	85.0	4.8
GROSS.....	707,922,600	545,436,400	543,436,400	535,976,300	544,536,400	(163,386,200)	(23.1)
Less:							
Interdepartmental Grants Received	9,130,000	9,409,100	9,409,100	9,409,100	9,409,100	279,100	3.1
ADJUSTED GROSS.....	698,792,600	536,027,300	534,027,300	526,567,200	535,127,300	(163,665,300)	(23.4)
Less:							
Federal Funds.....	39,410,400	39,705,400	39,705,400	39,705,400	39,705,400	295,000	0.7
Local and Private	1,981,500	2,005,600	2,005,600	2,005,600	2,005,600	24,100	1.2
TOTAL STATE SPENDING.....	657,400,700	494,316,300	492,316,300	484,856,200	493,416,300	(163,984,400)	(24.9)
Less:							
Other State Restricted Funds.....	565,197,400	376,398,000	376,398,000	376,075,800	376,398,000	(188,799,400)	(33.4)
GENERAL FUND/GENERAL PURPOSE....	92,203,300	117,918,300	115,918,300	108,780,400	117,018,300	24,815,000	26.9
PAYMENTS TO LOCALS	154,744,100	190,464,800	189,725,200	186,764,800	197,086,000	42,341,900	27.4

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

<p>1. Financial Independence Team. Funding is provided for Treasury's portion of a joint project with the Michigan Department of Education to create a financial independence team to provide support to financially troubled school districts.</p>	<p>FTE 9.0 Gross 4,500,000 GF/GP 4,500,000</p>
<p>2. Office of Tax Implementation. This newly created office is dedicated to testing the performance of all tax systems to ensure they work properly and efficiently.</p>	<p>FTE 9.0 Gross 1,550,000 GF/GP 1,550,000</p>
<p>3. Data Governance Program. Funding is added for the creation of a secure and accurate data storage system to improve the availability and quality of data stored at the State's data storage warehouse.</p>	<p>FTE 2.0 Gross 401,000 GF/GP 401,000</p>
<p>4. City of Flint Police and Fire Safety Grant. One-time funding of \$1.1 million is added to provide a grant to the City of Flint to enhance the city's ability to provide public safety in the areas of police and fire protection.</p>	<p>Gross 1,100,000 GF/GP 1,100,000</p>

B. PROGRAM INCREASES

<p>1. Convention Facility Development Distribution. The budget includes additional funding of \$16.1 million based on actual collections. Funds will be distributed according to requirements in statute. Additionally, Public Act 34 of 2014 added supplemental funding of \$11.5 million in FY 2013-14 to fully fund payments to local units of government to help fund convention facilities. If this supplemental funding is included in the base, then the change from FY 2013-14 to FY 2014-15 is a \$4.6 million increase.</p>	<p>Gross 4,600,000 Restricted 4,600,000 GF/GP 0</p>
<p>2. Payments in Lieu of Taxes (PILT). The Governor initially proposed a 5.0% increase of \$867,400. The Conference Committee, based on a revised Executive Recommendation, further increased funding by nearly \$3.0 million to fully fund the payments according to the prohibition in statute against proration. Additionally, \$290,000 was added in FY 2013-14 via a contingency fund transfer to increase the spending authority in the Michigan Natural Resources Trust Fund, Game and Fish Protection Fund, and Michigan State Waterways Fund for the Purchased Lands line item to ensure it was fully funded. This funding is included as a positive adjustment to accurately reflect the full changes from FY 2013-14 to FY 2014-15. Based on current estimates, the PILT for FY 2013-14 and FY 2014-15 are fully funded.</p>	<p>Gross 3,537,800 Private 1,100 Restricted 230,300 GF/GP 3,306,400</p>
<p>3. Gaming Programmer. Funding is added for the hiring of an additional employee to provide support and assistance for new information technology (IT) replacement systems.</p>	<p>Gross 129,500 Restricted 129,500 GF/GP 0</p>

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

<p>4. Tax Compliance Reviews. The budget provides additional funding for 6.0 FTE positions to expand the compliance review process necessitated by changes to tax statutes.</p>	<p>FTE 6.0 Gross 600,000 GF/GP 600,000</p>
<p>5. Metropolitan Areas Component Tax Revenue. One-time funding of \$19.3 million is added to repay local units for that portion of the personal property tax (PPT) revenue lost due to the PPT elimination that was specifically dedicated to debt service.</p>	<p>Gross 19,300,000 GF/GP 19,300,000</p>
<p>6. Personal Property Tax Reform. One-time funding of \$1.5 million and 9.0 FTEs are added to complete the implementation of the personal property tax reform and will be used for the administration of reimbursement payments to local units of government.</p>	<p>FTE 9.0 Gross 1,500,000 GF/GP 1,500,000</p>
<p>7. Gaming - Additional FTE Positions. The budget adds 3.0 FTE positions for the Casino Gaming unit in the Department. Additional funding includes: \$113,600 and 1.0 FTE to hire an investigator to review illegal gaming activity; \$76,600 and 1.0 FTE to fill a secretarial position to assist the Criminal Investigations Subunit with investigating illegal gaming activities that require secretarial support; and \$76,600 and 1.0 FTE to fill a secretarial position in the Lansing office to assist in the administrative areas due to the increased activities of millionaire parties, Office of Racing Commissioner, and the Indian Gaming section.</p>	<p>FTE 3.0 Gross 266,800 Restricted 266,800 GF/GP 0</p>
<p>8. Fuel Tax Processing. The budget provides additional funding for costs associated with the partnership with eight other states to identify the correct reporting of the use of fuel by motor carriers that operate in multiple jurisdictions.</p>	<p>Gross 200,000 Restricted 200,000 GF/GP 0</p>
<p>9. P-20 Longitudinal Initiative. The budget provides additional funding for maintenance costs related to the purchase of software that will be used to track students and their records from pre-school through college.</p>	<p>Gross 400,000 GF/GP 400,000</p>

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

<p>1. Credit Card Payments. The FY 2014-15 budget includes one-time funding of \$500,000 for implementation costs associated with the Department's accepting credit card payments for individual income taxes owed. Public Act 34 of 2014 added supplemental funding of \$1.5 million in FY 2013-14 for the same purpose. This funding is included as a negative amount to accurately reflect the full changes from FY 2013-14 to FY 2014-15.</p>	<p>FTE 6.0 Gross (1,000,000) GF/GP (1,000,000)</p>
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**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

2. Michigan Financial Review Commission. Public Act 181 of 2014 added supplemental funding of \$900,000 in General Fund money in FY 2013-14 to pay for administrative costs associated with the creation of the Michigan Financial Review Commission to provide oversight of the City of Detroit and ensure its compliance with the Act. This funding is included as a negative amount to accurately reflect the full changes from FY 2013-14 to FY 2014-15.

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

3. Removal of FY 2013-14 One-Time Funding. The budget removes a total of \$9.8 million of previous-year one-time funding that is not carried forward into FY 2014-15. These funding eliminations include: \$1.8 million for the development of system requirements for replacing the business tax registration system and the sales, use, and withholding tax system; \$3.0 million for replacing the IT systems at the Casino Gaming Control Board; and \$5.0 million to pay emergency manager salaries and for financial consulting services for financially distressed local units of government.

Gross (9,763,300)
Restricted (3,000,000)
GF/GP (6,763,300)

E. FUNDING SHIFTS

Michigan Transportation Fund (MTF). General Fund revenue is added to replace MTF funds to pay for applied economics as the maximum MTF that may be appropriated to the Department remains at \$2.5 million annually. The result is a net zero Gross change but a positive GF/GP adjustment of \$41,900.

Gross 0
IDG (41,900)
GF/GP 41,900

F. PROGRAM TRANSFERS

State Building Authority (SBA) Administration. The FY 2014-15 budget adds \$699,100 and 4.0 FTE positions for the administrative functions of the SBA that were transferred to the Department of Treasury from the Department of Technology, Management, and Budget pursuant to Executive Order 2013-8.

FTE 4.0
Gross 699,100
Restricted 699,100
GF/GP 0

G. OTHER ISSUES

1. Miscellaneous Adjustments. The budget makes two miscellaneous adjustments to line items totaling \$23,000. These adjustments include a \$7,000 technical adjustment to cover the full costs of a Michigan State Housing Development Authority position transfer in FY 2013-14 and \$16,000 for Indian Gaming. Additionally, a total of 41.0 FTEs were requested by the Department during the conference process (26.0 FTEs for Tax Processing, 11.0 FTEs for Local Government Supervision of the General Property Tax, and 4.0 FTEs for additional staff to administer the enacted changes that further eliminate the Driver Responsibility Fees).

FTE 41.0
Gross 23,000
Restricted 23,000
GF/GP 0

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

2. Adjustment for FY 2013-14 Supplemental Funding. Public Act 34 of 2014 added supplemental funding of \$699,100 and 4.0 FTEs in FY 2013-14 to fund the transfer of the administration of the SBA in that fiscal year pursuant to Executive Order 2013-8. This funding is included as a negative reduction here to accurately reflect the full changes from FY 2013-14 to FY 2014-15.

FTE	(4.0)
Gross	(699,100)
Restricted	(699,100)
GF/GP	0

3. Settlement Administration Fund. Public Act 187 of 2014 transferred \$194.8 million in FY 2013-14 from the Countercyclical Budget and Economic Stabilization Fund, known as the rainy day fund or Budget Stabilization Fund (BSF), to the Settlement Administration Fund governed by the Settlement Administration Authority. According to the Act, the Authority board will determine if the criteria in the Act are satisfied to allow the \$194.8 million to be disbursed to the City of Detroit's police and fire retirement system and general retirement system. If the conditions are not satisfied by May 1, 2015, the funds will be returned to the BSF. This funding is included as a negative amount to accurately reflect the full changes from FY 2013-14 to FY 2014-15.

Gross	(194,800,000)
Restricted	(194,800,000)
GF/GP	0

4. Miscellaneous Funding Source Shift. The budget includes a negative adjustment to restricted revenue due to increased funding in interdepartmental grant and Federal funding due to increases in these two revenue sources. These changes net to a Gross zero for FY 2014-15.

Gross	0
IDG	200,000
Federal	100
Restricted	(200,100)
GF/GP	0

H. UNCLASSIFIED SALARIES

Salary and Wage Increase. The budget increases funding for the unclassified salary line item from \$1,025,200 in FY 2013-14 to \$1,052,000 in FY 2014-15.

Gross	26,800
Restricted	11,300
GF/GP	15,500

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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$595,800 (\$109,800 GF/GP) for OPEB.

Gross	4,942,200
IDG	121,000
Federal	294,900
Local	23,000
Restricted	3,739,800
GF/GP	763,500

K. ONE-TIME APPROPRIATIONS

The budget identifies three FY 2014-15 one-time appropriations and eliminates three FY 2013-14 one-time appropriations:

	Gross	GF/GP
Credit Card Payment Services	\$500,000	\$500,000
Personal Property Tax Reform	20,800,000	20,800,000
City of Flint Police and Fire Safety Grant.....	1,100,000	1,100,000
Subtotal	\$22,400,000	\$22,400,000
Sales, Use, and Withholding Tax System Replacement	(\$1,763,300)	(\$1,763,300)
Casino Gaming Control Board System Replacement	(3,000,000)	0
Financially Distressed Communities	(5,000,000)	(5,000,000)
Subtotal	(\$9,763,300)	(\$6,763,300)

L. VETOES - NONE

**DEPARTMENT OF TREASURY - REVENUE SHARING
P.A. 252 of 2014 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS.....	1,136,903,600	1,252,967,600	1,252,967,600	1,252,967,600	1,226,312,400	89,408,800	7.9
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS.....	1,136,903,600	1,252,967,600	1,252,967,600	1,252,967,600	1,226,312,400	89,408,800	7.9
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.....	1,136,903,600	1,252,967,600	1,252,967,600	1,252,967,600	1,226,312,400	89,408,800	7.9
Less:							
Other State Restricted Funds.....	1,136,903,600	1,252,967,600	1,252,967,600	1,252,967,600	1,226,312,400	89,408,800	7.9
GENERAL FUND/GENERAL PURPOSE....	0	0	0	0	0	0	0.0
PAYMENTS TO LOCALS	1,136,903,600	1,252,667,600	1,252,967,600	1,252,667,600	1,226,312,400	89,408,800	7.9

Includes Ongoing and One-time Appropriations as of June 30, 2014.

A. NEW PROGRAMS

Financially Distressed Cities, Villages, or Townships (CVTs). The budget adds a total of \$8.0 million for a new program to provide grants to CVTs that show signs of probable financial stress as determined by the Department of Treasury. Uses of the grants include payments to reduce unfunded accrued liability, repair critical infrastructure owned and maintained by the city, village, or township, or reduce general fund debt, or for costs association with a transition to shared services and other projects developed by the eligible local government in conjunction with the Department of Treasury. Not more than \$2.0 million may be awarded to a single local government. Of the total funding for the program, \$5.0 million is considered ongoing and \$3.0 million is considered one-time.

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

B. PROGRAM INCREASES

1. Constitutional Revenue Sharing. The Constitution requires that 15.0% of the sales tax levied at a rate of 4.0% be distributed to cities, villages, and townships on a per capita basis. Based on the results of the May 2014 Consensus Revenue Estimating Conference, Constitutional Revenue Sharing payments are estimated at \$758,272,400 in FY 2014-15, an increase of 2.4% or \$17,968,800 from FY 2013-14. Actual payments will be made based on the actual revenue received during FY 2014-15.

Gross	17,968,800
Restricted	17,968,800
GF/GP	0

2. Revenue Sharing Payments to Counties. The budget includes a total of \$211,200,000 in FY 2014-15 for revenue sharing payments to counties, an increase of 44.9% or \$65,440,000 from FY 2013-14. This amount fully funds the statutory revenue sharing formula for the 74 counties that are projected to be eligible for full- or part-year payments in FY 2014-15. Of the total increase in the program, approximately \$35.9 million provides a 25.1% increase to counties that received payments in FY 2013-14. The other portion of the increase, \$28.6 million, funds full- or part-year payments for the 11 counties that are projected to re-enter State-paid county revenue sharing in FY 2014-15 after making final withdrawals from their revenue sharing reserve funds. The total funding is disbursed to counties through two line items: County Revenue Sharing and the County Incentive Program. Payments under the County Incentive Program require compliance with accountability and transparency requirements described in Section 952. The appropriations in FY 2014-15 for revenue sharing payments to counties are considered ongoing.

Gross	65,440,000
Restricted	65,440,000
GF/GP	0

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

3. City, Village, and Township Revenue Sharing. The budget includes \$248,840,000 for city, village, and township revenue sharing in FY 2014-15 for distribution through the renamed program (formerly the Economic Vitality Incentive Program). This consists of \$243,040,000 in ongoing funding and \$5.8 million in one-time funding. In total, funding for the program increases by \$13.0 million from FY 2013-14 to FY 2014-15. Eligibility for the program includes all cities, villages, and townships with a population of more than 7,500. This adds 101 local units (100 townships and one city) to eligibility, which increases the number of potential recipients from 486 in FY 2013-14 to 587 in FY 2014-15. A local unit that received a payment of at least \$4,500 in FY 2009-10 will receive an increase of 3.1% from the FY 2013-14 level. A city, village, or township with a population of more than 7,500 is eligible for a payment of \$2.64659 per capita. A city, village, or township that meets both criteria (a payment of at least \$4,500 in FY 2009-10 and a population of more than 7,500) is eligible for the larger of the two payments (the 3.1% increase or the per capita payment). To qualify for a payment, an eligible city, village, or township must comply with the accountability and transparency requirements in Section 952.

Gross	13,000,000
Restricted	13,000,000
GF/GP	0

Estimated Revenue Sharing Appropriations in Public Act 252 of 2014 FY 2013-14 Year-to-Date and FY 2014-15 Enacted				
	FY 2013-14 Year-to-Date	FY 2014-15 Initial Appropriations	Difference	Percent Change
Constitutional	\$740,303,600	\$758,272,400	\$17,968,800	2.4%
CVT Revenue Sharing	235,840,000	248,840,000	13,000,000	5.5
County Revenue Sharing	116,608,000	168,960,000	52,352,000	44.9
County Incentive Program	29,152,000	42,240,000	13,088,000	44.9
Financially Distressed CVTs	0	8,000,000	8,000,000	---
CGAP	15,000,000	0	(15,000,000)	(100.0)
Total	\$1,136,903,600	\$1,226,312,400	\$89,408,800	7.9%

C. PROGRAM ELIMINATIONS

Competitive Grant Assistance Program (CGAP). The budget eliminated funding for CGAP, which provided grants to local units of government for projects to offset the costs of mergers, interlocal agreements, and cooperative efforts. The program received a total of \$45.0 million in appropriations consisting of \$15.0 million each year in FY 2011-12, FY 2012-13, and FY 2013-14. A balance is expected to carry forward into FY 2014-15 in a work project.

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

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 - NONE
- K. ONE-TIME APPROPRIATIONS

The budget identifies two FY 2014-15 one-time appropriations and eliminates three FY 2013-14 one-time appropriations:

	Gross	GF/GP
City, Village, and Township Revenue Sharing.....	\$5,800,000	\$0
Financially Distressed Cities, Villages, or Townships.....	3,000,000	0
Subtotal	\$8,800,000	\$0
Competitive Grant Assistance Program.....	(\$10,000,000)	\$0
County Incentive Program	(6,500,000)	0
Economic Vitality Incentive Program	(9,500,000)	0
Subtotal	(\$26,000,000)	\$0

- L. VETOES - NONE

**DEPARTMENT OF TREASURY - STRATEGIC FUND AGENCY
P.A. 252 of 2014 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2013-14 YEAR-TO-DATE	FY 2014-15 GOV.'S REC.	FY 2014-15 SENATE	FY 2014-15 HOUSE	FY 2014-15 INITIAL APPROPS.	CHANGES FROM FY 2013-14 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions.....	756.0	756.0	756.0	756.0	756.0	0.0	0.0
GROSS.....	1,015,165,000	1,019,429,900	1,012,029,900	973,129,900	1,024,779,900	9,614,900	0.9
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS.....	1,015,165,000	1,019,429,900	1,012,029,900	973,129,900	1,024,779,900	9,614,900	0.9
Less:							
Federal Funds.....	638,370,300	637,370,300	627,370,300	627,370,300	627,370,300	(11,000,000)	(1.7)
Local and Private	9,888,400	10,088,400	10,088,400	10,088,400	10,088,400	200,000	2.0
TOTAL STATE SPENDING.....	366,906,300	371,971,200	374,571,200	335,671,200	387,321,200	20,414,900	5.6
Less:							
Other State Restricted Funds.....	146,352,300	142,678,700	142,678,700	142,678,700	142,678,700	(3,673,600)	(2.5)
GENERAL FUND/GENERAL PURPOSE....	220,554,000	229,292,500	231,892,500	192,992,500	244,642,500	24,088,500	10.9
PAYMENTS TO LOCALS	15,224,800	15,224,800	0	15,224,800	11,224,800	(4,000,000)	(26.3)

Includes Ongoing and One-time Appropriations as of June 30, 2014.

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|---|------------------------|----------------------------------|
| <p>1. Community College Skilled Trades Equipment Program - Debt Service. The budget includes \$4.6 million for the first year of debt service on a proposed \$50.0 million Michigan Strategic Fund (MSF) bond issue to update technology at community colleges for training students for high-demand occupations. The MSF board will award the funds through a Request for Proposal process.</p> | <p>Gross
GF/GP</p> | <p>4,600,000
4,600,000</p> |
| <p>2. Automotive, Engineering, and Manufacturing Technology Fund (One-Time). The budget includes \$2.0 million in new one-time funding to increase global markets for the Michigan auto sector and to encourage public-private partnerships and collaborations with the auto industry.</p> | <p>Gross
GF/GP</p> | <p>2,000,000
2,000,000</p> |
| <p>3. MSF Special Programs (One-Time). The budget includes multiple new programs totaling \$15.8 million that are funded with one-time GF/GP appropriations. The items include: \$4.5 million for Van Andel Advanced Medical Research Matching Grants; \$2.0 million for the Fallen Officers Memorial; \$1.5 million for the Downtown Grand Rapids Market; \$1.5 million for the expansion of the Year-Round Schools Pilot Project; \$1.5 million for the Yankee Air Museum at the former Willow Run Bomber Plant; \$1.3 million for a grant to the West Michigan Airport; \$1.0 million for the Saginaw Art Museum; \$700,000 for the First Merit Bank Park; \$600,000 for Heritage Restoration and Preservation projects; \$500,000 for G.E.D. Testing and Certification; \$300,000 for Detroit Pre-College Engineering grants; \$200,000 for the Capac Senior Center; and \$150,000 for the Waterford Regional Fire Department.</p> | <p>Gross
GF/GP</p> | <p>15,750,000
15,750,000</p> |

B. PROGRAM INCREASES

- | | | |
|--|------------------------|----------------------------------|
| <p>1. Film Incentives (Ongoing). The budget converts \$25.0 million of FY 2013-14 one-time funding for film incentives into ongoing funding for FY 2014-15. The combination of this ongoing funding increase and the reduction in one-time funding described below in item D.5. makes the net total change for film incentives for FY 2014-15 zero. The FY 2014-15 total funding level for Film Incentives is \$50.0 million.</p> | <p>Gross
GF/GP</p> | <p>25,000,000
25,000,000</p> |
| <p>2. Land Bank Fast Track Authority. There is an increase of \$3,950,000 that brings the total appropriation for this program to \$5,250,000 for FY 2014-15. Of this additional funding, 50% will be used for operations costs and 50% for the Good Neighbor property management program to help maintain properties owned by the Land Bank.</p> | <p>Gross
GF/GP</p> | <p>3,950,000
3,950,000</p> |

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

<p>3. Business Attraction and Community Revitalization (Ongoing). The budget includes total funding for this program of \$112.1 million in ongoing funding, an increase of \$16.9 million or 17.8% from FY 2013-14. The combination of this ongoing funding and the \$6.9 million reduction in one-time funding described below in item D.4. brings the total funding increase for this program to a net \$10.0 million for FY 2014-15. The FY 2014-15 total funding level is \$112.1 million.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">16,900,000</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">3,500,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">13,400,000</td> </tr> </table>	Gross	16,900,000	Restricted	3,500,000	GF/GP	13,400,000
Gross	16,900,000						
Restricted	3,500,000						
GF/GP	13,400,000						
<p>4. Arts and Cultural Grants. The budget includes a 24.5% increase of \$2.0 million for total funding of \$10.2 million in Arts grants in FY 2014-15.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">2,000,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">2,000,000</td> </tr> </table>	Gross	2,000,000	GF/GP	2,000,000		
Gross	2,000,000						
GF/GP	2,000,000						

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

<p>1. Job Creation Services. Reductions for this line item total \$4.6 million for FY 2014-15 and result from the removal of several special projects added by Leadership targets for FY 2013-14. These reductions include: \$2.0 million for Kalamazoo Valley Community College Health Living Project; \$2.0 million for the Grand Rapids Public Museum; \$375,000 for the Holland windmill; \$200,000 for job training by the Chaldean Community Foundation; and an additional miscellaneous reduction.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">(4,625,000)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">(4,625,000)</td> </tr> </table>	Gross	(4,625,000)	GF/GP	(4,625,000)		
Gross	(4,625,000)						
GF/GP	(4,625,000)						
<p>2. Entrepreneurship Eco-System. The former Innovation and Entrepreneurship line item is renamed the Entrepreneurship Eco-System line item and is decreased by \$3.5 million from FY 2013-14 to \$25.0 million for FY 2014-15.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">(3,500,000)</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">(3,500,000)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">0</td> </tr> </table>	Gross	(3,500,000)	Restricted	(3,500,000)	GF/GP	0
Gross	(3,500,000)						
Restricted	(3,500,000)						
GF/GP	0						
<p>3. Welfare-to-Work. The budget reduced total funding by \$14.0 million. Federal funding is reduced by \$10.0 million to adjust for a decrease in available Federal funding while \$4.0 million GF/GP is reduced to reflect a decrease in caseloads.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">(14,000,000)</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">(10,000,000)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">(4,000,000)</td> </tr> </table>	Gross	(14,000,000)	Federal	(10,000,000)	GF/GP	(4,000,000)
Gross	(14,000,000)						
Federal	(10,000,000)						
GF/GP	(4,000,000)						
<p>4. Business Attraction and Community Revitalization (One-Time). The budget reduces one-time funding for this program by \$6.9 million from FY 2013-14 to a total of \$17.9 million for FY 2014-15. As noted above in item B.2., the net change for this program is an increase of \$10.0 million.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">(6,900,000)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">(6,900,000)</td> </tr> </table>	Gross	(6,900,000)	GF/GP	(6,900,000)		
Gross	(6,900,000)						
GF/GP	(6,900,000)						
<p>5. Film Incentives (One-Time). The budget reduces the one-time funding amount for FY 2014-15 by 50% to \$25.0 million. As noted above in item B.1., this reduced amount was converted to ongoing funding for FY 2014-15 bringing the net change for film incentives to zero for FY 2014-15.</p>	<table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">(25,000,000)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">(25,000,000)</td> </tr> </table>	Gross	(25,000,000)	GF/GP	(25,000,000)		
Gross	(25,000,000)						
GF/GP	(25,000,000)						

**FY 2014-15 Change From
FY 2013-14 Year-to-Date**

6. Adjustment for FY 2013-14 Supplemental Funding. The budget does not include six items that were added via supplemental appropriations that net to a gross negative appropriation of \$6.9 million. Public Act 34 of 2014 appropriated \$1.8 million for operating funds for the Land Bank Fast Track Authority; \$3.7 million for Blight Elimination; \$801,000 for the Home Affordable Refinance Program; \$340,000 for Pre-College Engineering; \$300,000 for Detroit Rouge Park improvements; and \$100 for the Pyramid P20 Education Hub. This funding is included as a negative adjustment here to accurately reflect the full changes from FY 2013-14 to FY 2014-15.

Gross	(6,891,100)
Restricted	(4,501,000)
GF/GP	(2,390,100)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Miscellaneous Adjustments. The budget includes miscellaneous adjustments netting to a negative Gross adjustment of \$1.3 million. The majority of these changes adjust funding sources within the Michigan Strategic Fund to adjust the FY 2014-15 baseline appropriations based on actual revenue received in FY 2013-14.

Gross	(1,291,900)
Federal	(1,448,800)
Private	156,900
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. Classified employees will receive a 2.0% base wage increase in FY 2014-15 along with a 0.5% lump-sum payment on October 1, 2014. Non-exclusively represented employees (NERES) will receive a 2.0% base wage increase for FY 2014-15 and also will receive a 0.5% lump-sum payment on October 1, 2014. The budget includes a gross reduction of \$387,200 (\$77,100 GF/GP) for OPEB.

Gross	1,622,900
Federal	448,800
Private	43,100
Restricted	827,400
GF/GP	303,600

K. ONE-TIME APPROPRIATIONS

The budget identifies four FY 2014-15 one-time appropriations and eliminates three FY 2013-14 one-time appropriations:

	Gross	GF/GP
Film Incentives	\$25,000,000	\$25,000,000
Business Attraction and Community Revitalization	17,900,000	17,900,000
Automotive, Engineering, and Manufacturing Technology Fund	2,000,000	2,000,000
Special Grants	15,750,000	15,750,000
Subtotal	\$60,650,000	\$60,650,000
Film Incentives	(\$50,000,000)	(\$50,000,000)
Skilled Trades Training Program	(10,000,000)	(10,000,000)
Business Attraction and Community Revitalization	(24,800,000)	(24,800,000)
Subtotal	(\$84,800,000)	(\$84,800,000)

L. VETOES - NONE

APPENDIX

**FY 2014-15
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. 5313	P.A. 252 of 2014	NO
Attorney General.....	H.B. 5313	P.A. 252 of 2014	NO
Civil Rights.....	H.B. 5313	P.A. 252 of 2014	NO
Community Colleges.....	H.B. 5314	P.A. 196 of 2014	NO
Community Health.....	H.B. 5313	P.A. 252 of 2014	NO
Corrections.....	H.B. 5313	P.A. 252 of 2014	NO
Education.....	H.B. 5313	P.A. 252 of 2014	NO
Environmental Quality.....	H.B. 5313	P.A. 252 of 2014	NO
Executive.....	H.B. 5313	P.A. 252 of 2014	NO
Higher Education.....	H.B. 5314	P.A. 196 of 2014	NO
Human Services.....	H.B. 5313	P.A. 252 of 2014	NO
Insurance and Financial Services.....	H.B. 5313	P.A. 252 of 2014	NO
Judiciary.....	H.B. 5313	P.A. 252 of 2014	NO
Legislative Auditor General.....	H.B. 5313	P.A. 252 of 2014	NO
Legislature.....	H.B. 5313	P.A. 252 of 2014	NO
Licensing and Regulatory Affairs.....	H.B. 5313	P.A. 252 of 2014	NO
Military and Veterans Affairs.....	H.B. 5313	P.A. 252 of 2014	NO
Natural Resources and Environment.....	H.B. 5313	P.A. 252 of 2014	NO
School Aid.....	H.B. 5314	P.A. 196 of 2014	NO
State.....	H.B. 5313	P.A. 252 of 2014	NO
State Police.....	H.B. 5313	P.A. 252 of 2014	NO
Technology, Management, and Budget.....	H.B. 5313	P.A. 252 of 2014	NO
Transportation.....	H.B. 5313	P.A. 252 of 2014	YES
Treasury (Debt Service).....	H.B. 5313	P.A. 252 of 2014	NO
Treasury (Operations).....	H.B. 5313	P.A. 252 of 2014	NO
Treasury (Revenue Sharing).....	H.B. 5313	P.A. 252 of 2014	NO
Treasury (Strategic Fund Agency).....	H.B. 5313	P.A. 252 of 2014	NO



RECENT SENATE FISCAL AGENCY REPORTS

<p>"FY 2012-13 STATUS OF LAWSUITS INVOLVING THE STATE OF MICHIGAN" June 2014</p> <p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2013-14, FY 2014-15, AND FY 2015-16" May 2014</p> <p>"FY 2012-13 APPROPRIATIONS REPORT – PART III - YEAR-END APPROPRIATIONS" April 2014</p> <p>"FY 2014-15 APPROPRIATIONS REPORT – PART I - GOVERNOR'S RECOMMENDATIONS" March 2014</p> <p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2012-13, FY 2013-14, FY 2014-15 AND FY 2015-16" December 2013</p> <p>"FY 2011-12 APPROPRIATIONS REPORT – PART III - YEAR-END APPROPRIATIONS" November 2013</p> <p>"FISCAL YEAR 2013-14 HIGHER EDUCATION APPROPRIATIONS REPORT" September 2013</p>	<p>"STUDY OF MICHIGAN PUBLIC UNIVERSITY ENROLLMENT PATTERNS BY COUNTY AND INSTITUTION" September 2013</p> <p>"FY 2013-14 APPROPRIATIONS REPORT – PART II - INITIAL APPROPRIATIONS" August 2013</p> <p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2012-13, FY 2013-14, AND FY 2014-15" May 2013</p> <p>"FY 2013-14 APPROPRIATIONS REPORT – PART I - GOVERNOR'S RECOMMENDATIONS" March 2013</p> <p>"FISCAL ANALYSIS OF GOVERNOR SNYDER'S MEDICAID EXPANSION PROPOSAL" by Steve Angelotti March 2013</p> <p>"FY 2011-12 STATUS OF LAWSUITS INVOLVING THE STATE OF MICHIGAN" February 2013</p> <p>"FY 2010-11 APPROPRIATIONS REPORT – PART III - YEAR-END APPROPRIATIONS" December 2012</p>	<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2011-12, FY 2012-13, FY 2013-14 AND FY 2014-15" December 2012</p> <p>"SCHOOL CAPITAL EXPENDITURE FINANCE IN MICHIGAN ISSUES AND ALTERNATIVES" by Elizabeth Pratt, Cameron S. Mock, David Zin and Christene Diehr November 2012</p> <p>"FISCAL YEAR 2012-13 HIGHER EDUCATION APPROPRIATIONS REPORT" October 2012</p> <p>"FY 2012-13 APPROPRIATIONS REPORT – PART II - INITIAL APPROPRIATIONS" July 2012</p> <p>"STUDY OF MICHIGAN PUBLIC UNIVERSITY ENROLLMENT PATTERNS BY COUNTY AND INSTITUTION" July 2012</p> <p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2011-12, FY 2012-13, AND FY 2013-14" May 2012</p>
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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