



FY 2009-10
APPROPRIATIONS REPORT
Part II - Initial Appropriations

November 2009



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4. To provide economic and revenue analysis and forecasting.
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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 2009-10 INITIAL APPROPRIATIONS OVERVIEW

On February 12, 2009, Governor Jennifer Granholm presented her fiscal year (FY) 2009-10 State budget recommendation to the Legislature. On October 29, 2009, Governor Granholm signed into law the final series of initial appropriation bills for FY 2009-10. The final State budget, signed into law eight and one-half months after the original budget recommendations were presented to the Legislature, was vastly different from the original budget recommendations. For the second time in the past three State fiscal years, the State of Michigan was forced to rely on a 30-day continuation appropriation bill (Public Act 104 of 2009) to provide for the authorization to spend State funds during the first month of FY 2009-10, October 2009. This 30-day continuation appropriation bill then was replaced with the FY 2009-10 annual appropriation bills that were signed into law during October 2009.

The changes from the original Governor's FY 2009-10 budget recommendation to the final enacted budget centered around three major issues. The first was the severe impact the rapidly deteriorating State economic condition had on the level of State revenue available to support expenditures. The second was the receipt by the State government of almost \$3.7 billion of Federal funds available to the State to be used to help balance the State budget as a result of the enactment of the American Recovery and Reinvestment Act of 2009 (ARRA). The third major issue was the debate in Lansing concerning the trade-off between appropriation reductions and proposed increases in State taxes. All three of these issues had an impact on the final level of the enacted budget.

In terms of the decline in State estimated revenue, the Governor's February 2009 budget recommendation to the Legislature was based on a consensus revenue estimate agreed to in January 2009. The final budget approved by the Legislature and signed into law by the Governor was based on a May 2009 consensus revenue estimate. The change in the level of estimated FY 2009-10 General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue from the January 2009 to the May 2009 consensus revenue estimates was significant. From January 2009 to May 2009, the estimates of FY 2009-10 GF/GP revenue fell by \$984.8 million and the estimates of FY 2009-10 SAF revenue fell by \$732.9 million. This revenue decline had to be reflected in the final decisions made by the Legislature in regard to the level of enacted appropriations.

The decline in estimated FY 2009-10 GF/GP and SAF revenue and the associated impact on appropriations, was significantly offset by the Federal funds that Michigan received under provisions of ARRA. Michigan received almost \$3.7 billion of Federal ARRA funds that could be used to directly help balance both the GF/GP and SAF budgets. In total almost \$1.1 billion of ARRA funds were used in the FY 2009-10 GF/GP budget and \$450.0 million were used in the FY 2009-10 SAF budget. The remaining ARRA funding was used to balance the FY 2008-09 GF/GP and SAF budgets and some of the ARRA funding balance was saved for use in FY 2010-11.

The debate between reductions in State appropriations and proposed increases in State revenue ended up being almost exclusively decided on the side of appropriation reductions. Major appropriation reductions were enacted and the only revenue increase assumed in the final budget was \$100.0 million of new revenue in the FY 2009-10 SAF budget from unspecified tax increases. Some of the more significant appropriation reductions enacted included the elimination of the Michigan Promise Grant program in the Higher Education budget, significant reductions in the level of revenue sharing payments appropriated to cities, villages, townships, and counties, reductions to Medicaid providers, significant reductions in a variety of programs in the Department of Human Services, and the continuing downsizing of the State's prison system.

This Senate Fiscal Agency (SFA) report, FY 2009-10 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 2009-10.

FISCAL YEAR 2009-10 INITIAL APPROPRIATIONS

On an overall basis, the initial FY 2009-10 level of Adjusted Gross¹ appropriations totals \$44.4 billion. This level of Adjusted Gross appropriations includes \$18.8 billion of Federal funds, \$463.5 million of local and private funds, \$17.0 billion of State Restricted funds, and \$8.1 billion of GF/GP appropriations. Table 1 and Figure A summarize these appropriations by department and by fund source. Initial FY 2009-10 Adjusted Gross appropriations represent a \$3.4 billion or 7.2% decrease from the year-to-date level of FY 2008-09 appropriations. Initial State Spending from State Resources² appropriations total \$25.1 billion, a decrease of \$1.4 billion or 5.4% from the year-to-date level of FY 2008-09 appropriations. Initial GF/GP³ appropriations total \$8.1 billion, a decrease of \$718.4 million or 8.1% from the year-to-date level of FY 2008-09 appropriations. Tables 2, 3, and 4 and Figures B, C, and D provide a department-by-department comparison of the FY 2009-10 initial appropriations to FY 2008-09 year-to-date appropriations in terms of Adjusted Gross, State Spending from State Resources, and State GF/GP appropriations.

In general, the FY 2009-10 initial appropriations can be best characterized by some of the most significant reductions in funding of State programs in recent fiscal years. The level of year-to-year appropriation reductions contained in the initial FY 2009-10 appropriations represents the largest reductions since FY 1990-91. The initial level of FY 1990-91 Adjusted Gross appropriations was 8.5% below the prior fiscal year level and the initial level of FY 1990-91 GF/GP appropriations was 7.2% below the prior fiscal year level.

HIGHLIGHTS OF CHANGES IN STATE APPROPRIATIONS

Community Colleges: The appropriations for the funding of community colleges are one of the few areas of the budget that did not see a reduction from the prior fiscal year. The FY 2009-10 appropriations for community colleges are equal to the prior fiscal year level.

Community Health: The overall level of FY 2009-10 GF/GP appropriations for the Department represents a \$169.2 million or 6.8% decline from FY 2008-09. The major areas of GF/GP appropriation increases involve the base funding for the Medicaid program of approximately \$215.4 million. The major areas of GF/GP appropriation reductions include a \$40.0 million reduction in non-Medicaid payments to local community mental health agencies, a \$96.4 million savings from an 8.0% reduction in the reimbursement rates for certain Medicaid providers, and savings from the increase in both the base Federal Medicaid match rate, \$246.5 million, and an increase in the annual savings from the temporary increase in the Federal Medicaid match rate, \$122.6 million, resulting from the enhanced Medicaid match rate provisions of ARRA.

Corrections: The overall level of FY 2009-10 GF/GP appropriations for the Department represents a \$54.0 million or 2.8% decline from FY 2008-09. The major areas of GF/GP appropriation increases involve increased funding for all types of prisoner health care services, funding for the prison re-entry program, funding for increases in parole and probation services, and the economic cost increases of running and staffing the Department. The major areas of GF/GP appropriation reductions involve the full-year savings from prison and prison camp closures implemented during the prior fiscal year and the additional closure of three prisons and the remaining prison camps during FY 2009-10.

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

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

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

Energy, Labor, and Economic Growth: The overall level of FY 2009-10 GF/GP appropriations for the Department represents a \$4.9 million or 8.1% decline from FY 2008-09. The major funding increases in the Department include the authorization to fill an additional 300 full-time equated (FTE) positions in the Unemployment Insurance Agency to deal with large increases in the number of displaced workers filing for unemployment benefits. These new positions are funded with Federal funds. The largest GF/GP appropriation reduction is a \$4.2 million reduction in the funding of the Michigan Nursing Corps program.

Environmental Quality: The overall level of FY 2009-10 GF/GP appropriations for the Department represents an \$11.6 million or 30.1% decline from FY 2008-09. The major areas of GF/GP appropriation reductions include reductions in most of the Department's programs and administrative line items. These include the Wetlands Protection Program and the Air Quality Programs.

Higher Education: The overall level of FY 2009-10 GF/GP appropriations represents a \$137.9 million or 8.4% decline from FY 2008-09. In addition to the GF/GP appropriation reductions, reductions were made to appropriations funded from State Restricted revenue sources. The funding of university operations was reduced by 0.4% from the prior fiscal year. Program eliminations include the Michigan Work Study Program, the Adult Part-Time Independent Student Program, the Michigan Educational Opportunity Grant Program, the Nursing Scholarship Program, and the Michigan Promise Grant Program. The elimination of the Michigan Promise Grant Program represents a \$140.0 million reduction from the level of funding included in the Governor's budget recommendation. Funding for the State Competitive Scholarship Program was reduced by 50.4% and funding for the Michigan Tuition Grant Program was reduced by 44.1%.

Human Services: The overall level of FY 2009-10 GF/GP appropriations represents a \$246.8 million or 22.5% decline from FY 2008-09. The overall level of Gross appropriations for the Department is up by \$52.6 million or 0.9% from FY 2008-09 due to a \$314.7 million increase in the level of Federal funds appropriated. The major programs affected by GF/GP reductions include juvenile justice programs, the elimination of many specific grant programs that were included during the prior fiscal year, clothing allowances for welfare recipients, and information technology spending. Funding increases include the authorization to fill an additional 524 full-time equated positions in child welfare programs and the hiring of 200 full-time equated employees to help determine eligibility of clients.

K-12 School Aid: The overall level of State funding for the K-12 School Aid budget represents a \$326.0 million or 2.9% decline from FY 2008-09. Program eliminations in the budget include the 21st Century Small Schools Program, several district specific grants, school bus inspections, and other categorical grant programs. The major funding reductions include a \$165-per-pupil funding reduction for all local school districts, the elimination of Section 20j grants to certain school districts, and a 20.0% reduction for the State operations funding for intermediate school districts. The overall funding of the K-12 School Aid budget was also supported by \$450.0 million of Federal funding as a result of provisions of the ARRA.

Treasury-Revenue Sharing: The overall level of State Restricted funding for revenue sharing payments to cities, villages, townships, and counties represents a \$48.5 million or 4.7% decline from FY 2008-09. Funding increases include increased payments to counties that have exhausted their property tax reserves and have become eligible for revenue sharing payments. The major funding reduction involves a \$100.8 million or 9.7% reduction in statutory revenue sharing payments to cities, villages, and townships.

Treasury-Strategic Fund Agency: The overall level of State Restricted funding for the Strategic Fund Agency represents a \$24.7 million or 45.2% decline from FY 2008-09. The major funding reduction is a \$37.5 million reduction in the level of tobacco settlement revenue to be transferred to the 21st Century Jobs Fund program. The enacted budget assumes this tobacco settlement funding will be used to help balance the overall GF/GP budget.

DEBT SERVICE APPROPRIATIONS

The FY 2009-10 initial budget includes the appropriation of debt service in four separate budget areas. These areas are: State Building Authority appropriated in the Department of Management and Budget, *Durant* bonds and School Bond Loan Fund bonds in K-12 School Aid, various transportation-related bonds in the Department of Transportation, and General Obligation bonds in the Department of Treasury. Gross appropriations for debt service on these bonds total \$646.2 million during FY 2009-10. This represents a \$57.2 million or 9.7% increase from the debt service appropriations during FY 2008-09.

| DEBT SERVICE APPROPRIATIONS FY 2009-10 COMPARED WITH FY 2008-09 | | | | |
|--|---|---|----------------------|-----------------------|
| Department/Program | FY 2008-09 Gross Appropriation | FY 2009-10 Gross Appropriation | Dollar Change | Percent Change |
| Management and Budget | | | | |
| State Building Authority Rent | \$231,822,100 | \$235,370,600 | \$3,548,500 | 1.5% |
| School Aid | | | | |
| <i>Durant</i> Bonds..... | 42,000,000 | 39,000,000 | (3,000,000) | (7.1) |
| School Bond Loan Fund Bonds..... | 40,000,000 | 40,000,000 | 0 | 0.0 |
| Transportation | | | | |
| State Trunkline | 139,253,700 | 203,625,200 | 64,371,500 | 46.2 |
| Comprehensive Transportation | 29,891,600 | 29,843,200 | (48,400) | (0.2) |
| Economic Development..... | 14,450,000 | 9,228,200 | (5,221,800) | (36.1) |
| Airport Safety..... | 3,430,900 | 3,472,400 | 41,500 | 1.2 |
| Local Bridge Fund | 3,000,000 | 3,318,700 | 318,700 | 10.6 |
| Blue Water Bridge Fund | 1,977,400 | 2,149,600 | 172,200 | 8.7 |
| Treasury | | | | |
| Quality of Life Bond | 43,100,000 | 38,355,100 | (4,744,900) | (11.0) |
| Clean Michigan Initiative..... | 21,300,000 | 24,418,000 | 3,118,000 | 14.6 |
| Great Lakes Water Quality Bond..... | 16,400,000 | 15,146,900 | (1,253,100) | (7.6) |
| Water Pollution Control Bond | 2,323,000 | 2,257,500 | (65,500) | (2.8) |
| Totals | \$588,948,700 | \$646,185,400 | \$57,236,700 | 9.7% |

PROGRAM TRANSFERS

The initial FY 2009-10 appropriation bills reflected the transfer of a number of programs from one State department to another. [Table 5](#) provides a summary of the program transfers that were built into the budget. The largest program transfer involves the elimination of the Department of History, Arts, and Libraries. The programs that were funded during FY 2008-09 in the Department of History, Arts, and Libraries are reduced by 27.0% overall and are distributed to six other State departments during FY 2009-10.

GUBERNATORIAL VETOES

The Governor vetoed \$85.8 million of Gross appropriations, but the net impact of the vetoes on GF/GP appropriations was a \$17.5 million increase in the amount of appropriations approved by the Legislature. [Table 6](#) provides a summary of the line-item vetoes by department. This increase in GF/GP appropriations as a result of vetoes is based on the fact that the Governor vetoed negative appropriations approved by the Legislature in both the Department of Corrections and the Department of Natural Resources. A veto of a negative appropriation results in an increase in the level of appropriations approved by the Legislature. The negative appropriations vetoed in the Department of Corrections increased GF/GP appropriations by \$42.5 million and the negative appropriations vetoed in the Department of Natural Resources increased GF/GP appropriations by \$350,000. The largest single line-item veto by the Governor was a \$51.5 million veto in the K-12 School Aid budget of Section 20j payments to certain high-spending school districts across the State.

FEE INCREASES ASSUMED IN THE BUDGET

The initial FY 2009-10 appropriation bills assume revenue from increases in fees in two departmental budgets. The Agriculture budget includes \$100,000 of revenue from increases in dairy inspection fees and \$110,000 of revenue from migrant labor housing inspection fees. The Community Health budget assumes \$720,000 of additional revenue from an increase in nurse license fees from \$24 to \$30. The increased revenue will be used to support nurse scholarships, research and development, and continuing education.

AMERICAN RECOVERY AND REINVESTMENT ACT FUNDING

As previously stated, the State of Michigan has been authorized to spend approximately \$3.7 billion of Federal American Recovery and Reinvestment Act of 2009 (ARRA) funding to help balance the GF/GP and SAF budgets for FY 2008-09, FY 2009-10, and FY 2010-11. [Table 7](#) provides a summary of the ARRA funding appropriated in the FY 2009-10 State budget. Federal ARRA funding of \$1.5 billion was appropriated in the Department of Community Health, Department of Human Services, Higher Education, and K-12 School Aid. The largest of these appropriations is \$988.6 million of ARRA funding in the Department of Community Health and the Department of Human Services resulting from a temporary increase in the Federal Medicaid match rate. This increased Federal Medicaid match rate funding has allowed for a dollar-by-dollar reduction in the level of State GF/GP appropriations needed to support the Medicaid program. Other ARRA funding includes \$450.0 million of State Fiscal Stabilization funds in the K-12 School Aid budget, \$68.2 million of State Fiscal Stabilization funds in the Higher Education budget, and \$19.6 million of Child Care funds in the Department of Human Services.

TOBACCO SETTLEMENT APPROPRIATIONS

The State of Michigan is expected to receive an estimated \$324.0 million during FY 2009-10 as a result of the master settlement agreement between the United States tobacco industry and 46 states. Table 8 provides a summary of the appropriations that are supported by tobacco settlement revenue and details regarding the revenue to be received. The initial budget includes the appropriation of \$233.8 million of tobacco settlement funds. The largest appropriation is the appropriation and transfer of \$177.5 million of tobacco settlement revenue to the GF/GP budget. This transfer was part of the overall legislatively enacted plan to balance the FY 2009-10 GF/GP budget. The FY 2009-10 budget also includes the use of \$78.1 million of tobacco settlement revenue that will be used for debt service payments on tobacco securitization bonds issued to provide startup funding for the 21st Century Jobs Fund and to help balance the FY 2006-07 GF/GP and SAF budgets.

PROJECTED YEAR-END BALANCES

The level of FY 2009-10 appropriations is based on the May 2009 consensus estimate of GF/GP and SAF revenue. The initial GF/GP and SAF appropriations have met the constitutional requirement of being balanced between estimated revenue and enacted appropriations. Table 9 provides a summary of the SFA estimate of a \$187.9 million year-end GF/GP budget balance. The FY 2009-10 GF/GP year-end balance estimate assumes that \$211.9 million of surplus GF/GP revenue will be carried forward from FY 2008-09. Table 10 provides a summary of the SFA estimate of a \$123.0 million year-end SAF budget balance. The FY 2009-10 SAF year-end balance estimate assumes that \$201.5 million of surplus SAF revenue will be carried forward from FY 2008-09.

STATE EMPLOYMENT LEVELS

Table 11 and Figure E provide a summary of State classified full-time equated (FTE) positions appropriated in FY 2009-10 versus the year-to-date level of FTEs appropriated in FY 2008-09. Total appropriated FTEs in FY 2009-10 equal 55,330.7, a decrease of 1,160.4 or 2.0% from the prior fiscal year level. The largest drop in appropriated FTEs has occurred in the Department of Corrections. The recent downsizing of the number of prison inmates and the closure of a variety of prison facilities has resulted in a 1,538.9 FTE or 8.9% decline in FTE employment. The Department of Human Services has been authorized a 507.7 FTE increase due primarily to the hiring of new Departmental staff resulting from increased staffing in children's programs. This increased staffing is the direct result of a recent lawsuit settlement regarding funding of children's programs in the Department.

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Article IX, Section 30 of the State Constitution of 1963 prohibits the State from reducing the portion of State appropriations paid to units of local government below the FY 1978-79 level of 48.97%. The initial FY 2009-10 appropriation bills exceed this minimum constitutional requirement by \$2.6 billion. Table 12 provides a summary of the calculations used to determine the State's compliance with this constitutional requirement for FY 2008-09 and FY 2009-10. Table 13 provides a summary of State appropriations by department counted as payments to local units of government.

Table 1

| FY 2009-10 INITIAL APPROPRIATIONS BY SOURCE OF FUNDS | | | | | |
|--|-------------------------|-------------------------|-----------------------|-------------------------|------------------------|
| Department/Budget Area | Adjusted Gross | Federal Funds | Local & Private Funds | Other State Restricted | General Fund |
| Agriculture..... | \$72,546,400 | \$15,531,100 | \$243,200 | \$26,721,600 | \$30,050,500 |
| Attorney General..... | 52,583,800 | 8,277,800 | 0 | 15,521,000 | 28,785,000 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 |
| Civil Rights..... | 13,763,700 | 2,057,300 | 0 | 0 | 11,706,400 |
| Community Colleges..... | 299,360,500 | 0 | 0 | 0 | 299,360,500 |
| Community Health | 13,033,865,300 | 8,943,918,300 | 298,281,100 | 1,487,063,400 | 2,304,602,500 |
| Corrections | 1,955,230,900 | 7,746,100 | 432,700 | 43,410,200 | 1,903,641,900 |
| Education..... | 112,871,600 | 76,297,900 | 10,105,200 | 7,038,900 | 19,429,600 |
| Energy, Labor, and Economic Growth..... | 1,394,152,100 | 917,911,200 | 21,235,300 | 400,221,500 | 54,784,100 |
| Environmental Quality (Operations) | 380,343,900 | 180,146,200 | 658,900 | 172,588,300 | 26,950,500 |
| Executive | 4,823,700 | 0 | 0 | 0 | 4,823,700 |
| Higher Education | 1,612,243,300 | 74,138,000 | 0 | 30,400,100 | 1,507,705,200 |
| Human Services | 5,912,219,500 | 4,955,223,000 | 47,683,500 | 57,015,400 | 852,297,600 |
| Information Technology | 0 | 0 | 0 | 0 | 0 |
| Judiciary..... | 255,208,800 | 5,126,500 | 6,991,800 | 89,957,700 | 153,132,800 |
| Legislative Auditor General | 13,159,700 | 0 | 0 | 1,539,900 | 11,619,800 |
| Legislature | 106,274,700 | 0 | 400,000 | 1,109,800 | 104,764,900 |
| Management and Budget | 379,174,100 | 11,219,800 | 2,179,500 | 72,200,500 | 293,574,300 |
| Military and Veterans Affairs..... | 144,463,300 | 77,347,300 | 2,766,300 | 27,924,200 | 36,425,500 |
| Natural Resources | 311,761,300 | 72,852,500 | 5,381,100 | 216,528,800 | 16,998,900 |
| Natural Resources Trust Fund | 0 | 0 | 0 | 0 | 0 |
| School Aid..... | 12,823,571,000 | 2,051,759,400 | 0 | 10,741,605,400 | 30,206,200 |
| State..... | 189,130,200 | 1,810,000 | 100 | 169,364,700 | 17,955,400 |
| State Police..... | 501,204,300 | 93,839,000 | 8,818,800 | 131,287,300 | 267,259,200 |
| Transportation..... | 3,257,048,000 | 1,227,204,500 | 56,073,400 | 1,973,770,100 | 0 |
| Treasury (Debt Service)..... | 80,177,500 | 0 | 0 | 15,514,500 | 64,663,000 |
| Treasury (Operations)..... | 413,956,900 | 37,263,100 | 1,526,400 | 315,001,400 | 60,166,000 |
| Treasury (Revenue Sharing) | 991,599,500 | 0 | 0 | 991,599,500 | 0 |
| Treasury (Strategic Fund)..... | 114,181,200 | 56,316,500 | 723,700 | 30,005,300 | 27,135,700 |
| TOTAL APPROPRIATIONS | \$44,424,915,200 | \$18,815,985,500 | \$463,501,000 | \$17,017,389,500 | \$8,128,039,200 |

Figure A

Appropriations by Source of Funds

FY 2009-10 Initial Appropriations

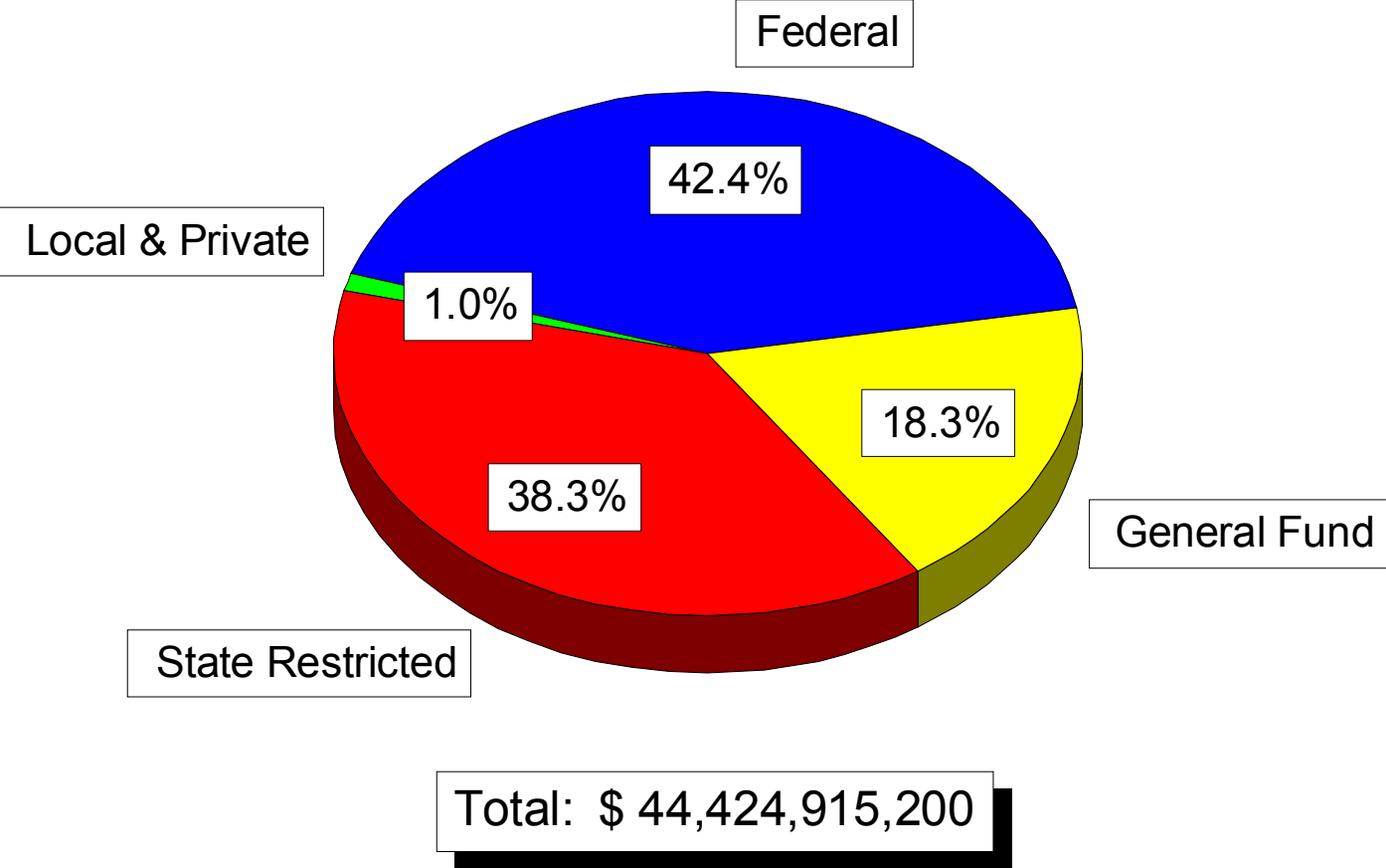


Table 2
ADJUSTED GROSS APPROPRIATIONS
FY 2008-09 VERSUS FY 2009-10

| Department/Budget Area | FY 2008-09 Year-to-Date Appropriations | FY 2009-10 Initial Appropriations | Dollar Difference | Percent Change |
|--|---|--|------------------------------|---------------------------|
| Agriculture | \$89,598,552 | \$72,546,400 | (\$17,052,152) | (19.0)% |
| Attorney General | 50,144,100 | 52,583,800 | 2,439,700 | 4.9 |
| Capital Outlay | 700 | 0 | (700) | (100.0) |
| Civil Rights | 14,077,400 | 13,763,700 | (313,700) | (2.2) |
| Community Colleges | 299,360,500 | 299,360,500 | 0 | 0.0 |
| Community Health | 12,851,249,900 | 13,033,865,300 | 182,615,400 | 1.4 |
| Corrections | 2,027,400,900 | 1,955,230,900 | (72,170,000) | (3.6) |
| Education | 1,024,635,800 | 112,871,600 | (911,764,200) | (89.0) |
| Energy, Labor, and Economic Growth | 1,808,391,700 | 1,394,152,100 | (414,239,600) | (22.9) |
| Environmental Quality (Operations) | 586,512,300 | 380,343,900 | (206,168,400) | (35.2) |
| Executive | 5,038,100 | 4,823,700 | (214,400) | (4.3) |
| Higher Education | 1,754,105,200 | 1,612,243,300 | (141,861,900) | (8.1) |
| History, Arts, and Libraries | 51,043,600 | 0 | (51,043,600) | (100.0) |
| Human Services | 5,859,676,200 | 5,912,219,500 | 52,543,300 | 0.9 |
| Information Technology | 0 | 0 | 0 | 0.0 |
| Judiciary | 256,481,900 | 255,208,800 | (1,273,100) | (0.5) |
| Legislative Auditor General | 13,587,700 | 13,159,700 | (428,000) | (3.1) |
| Legislature | 110,981,200 | 106,274,700 | (4,706,500) | (4.2) |
| Management and Budget | 379,576,500 | 379,174,100 | (402,400) | (0.1) |
| Military and Veterans Affairs | 202,059,700 | 144,463,300 | (57,596,400) | (28.5) |
| Natural Resources | 292,065,700 | 311,761,300 | 19,695,600 | 6.7 |
| Natural Resources Trust Fund | 48,865,900 | 0 | (48,865,900) | (100.0) |
| School Aid | 13,259,806,800 | 12,823,571,000 | (436,235,800) | (3.3) |
| State | 193,578,700 | 189,130,200 | (4,448,500) | (2.3) |
| State Police | 497,003,200 | 501,204,300 | 4,201,100 | 0.8 |
| Transportation | 4,508,896,100 | 3,257,048,000 | (1,251,848,100) | (27.8) |
| Treasury (Debt Service) | 83,123,000 | 80,177,500 | (2,945,500) | (3.5) |
| Treasury (Operations) | 398,759,400 | 413,956,900 | 15,197,500 | 3.8 |
| Treasury (Revenue Sharing) | 1,040,137,200 | 991,599,500 | (48,537,700) | (4.7) |
| Treasury (Strategic Fund)..... | 147,950,700 | 114,181,200 | (33,769,500) | (22.8) |
| TOTAL APPROPRIATIONS | \$47,854,108,652 | \$44,424,915,200 | (\$3,429,193,452) | (7.2)% |

Figure B

Adjusted Gross FY 2009-10 Initial Appropriations

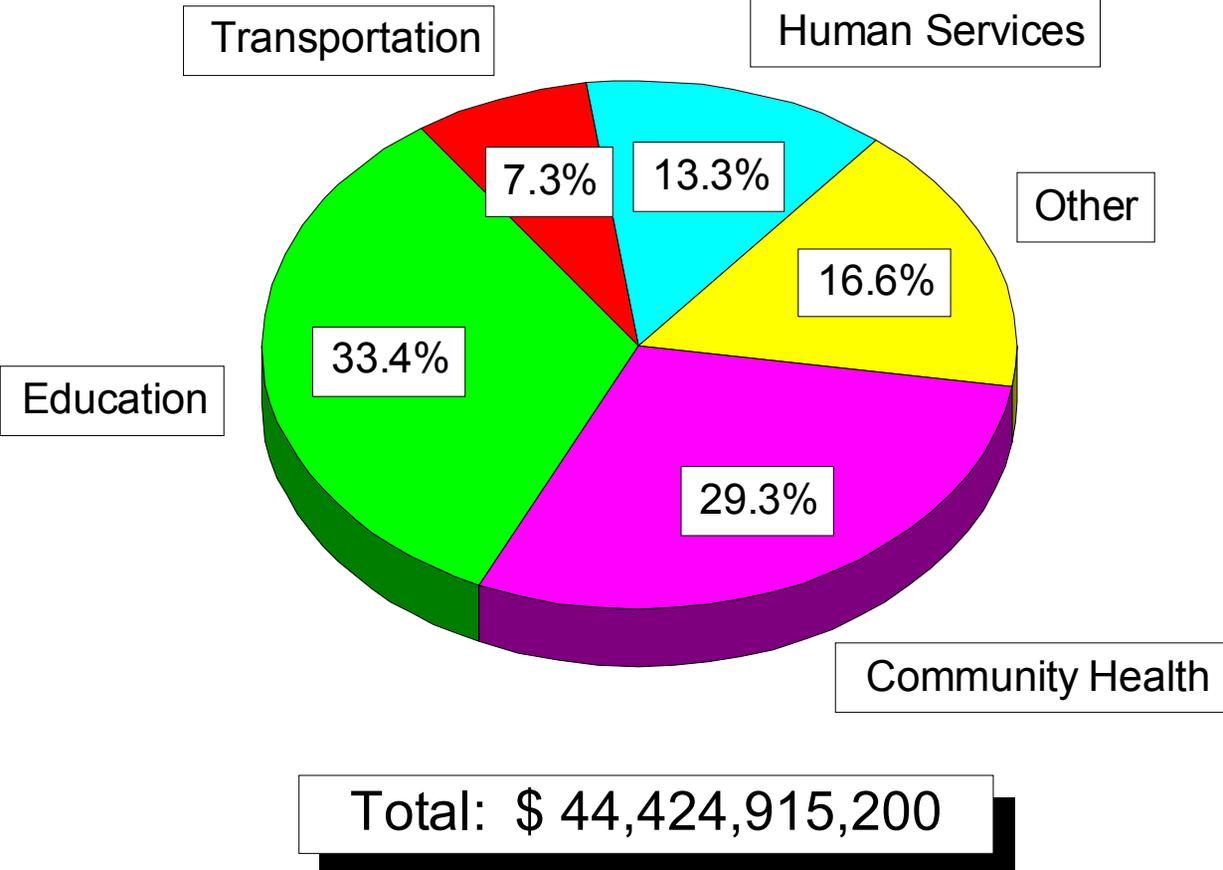


Table 3
STATE SPENDING FROM STATE RESOURCES
FY 2008-09 VERSUS FY 2009-10

| Department/Budget Area | FY 2008-09 Year-to-Date Appropriations | FY 2009-10 Initial Appropriations | Dollar Difference | Percent Change |
|--|---|--|------------------------------|---------------------------|
| Agriculture | \$72,015,192 | \$56,772,100 | (\$15,243,092) | (21.2)% |
| Attorney General | 41,708,400 | 44,306,000 | 2,597,600 | 6.2 |
| Capital Outlay | 700 | 0 | (700) | (100.0) |
| Civil Rights | 11,860,900 | 11,706,400 | (154,500) | (1.3) |
| Community Colleges | 299,360,500 | 299,360,500 | 0 | 0.0 |
| Community Health | 4,110,486,600 | 3,791,665,900 | (318,820,700) | (7.8) |
| Corrections | 2,012,304,900 | 1,947,052,100 | (65,252,800) | (3.2) |
| Education | 14,025,800 | 26,468,500 | 12,442,700 | 88.7 |
| Energy, Labor, and Economic Growth | 459,866,000 | 455,005,600 | (4,860,400) | (1.1) |
| Environmental Quality (Operations) | 207,245,600 | 199,538,800 | (7,706,800) | (3.7) |
| Executive | 5,038,100 | 4,823,700 | (214,400) | (4.3) |
| Higher Education | 1,746,705,200 | 1,538,105,300 | (208,599,900) | (11.9) |
| History, Arts, and Libraries | 42,396,400 | 0 | (42,396,400) | (100.0) |
| Human Services | 1,162,136,000 | 909,313,000 | (252,823,000) | (21.8) |
| Information Technology | 0 | 0 | 0 | 0.0 |
| Judiciary | 244,419,900 | 243,090,500 | (1,329,400) | (0.5) |
| Legislative Auditor General | 13,587,700 | 13,159,700 | (428,000) | (3.1) |
| Legislature | 110,581,200 | 105,874,700 | (4,706,500) | (4.3) |
| Management and Budget | 367,406,600 | 365,774,800 | (1,631,800) | (0.4) |
| Military and Veterans Affairs | 67,552,800 | 64,349,700 | (3,203,100) | (4.7) |
| Natural Resources | 230,828,300 | 233,527,700 | 2,699,400 | 1.2 |
| Natural Resources Trust Fund | 48,534,700 | 0 | (48,534,700) | (100.0) |
| School Aid | 11,097,798,200 | 10,771,811,600 | (325,986,600) | (2.9) |
| State | 185,904,900 | 187,320,100 | 1,415,200 | 0.8 |
| State Police | 391,279,700 | 398,546,500 | 7,266,800 | 1.9 |
| Transportation | 2,065,248,700 | 1,973,770,100 | (91,478,600) | (4.4) |
| Treasury (Debt Service) | 83,123,000 | 80,177,500 | (2,945,500) | (3.5) |
| Treasury (Operations) | 360,400,100 | 375,167,400 | 14,767,300 | 4.1 |
| Treasury (Revenue Sharing) | 1,040,137,200 | 991,599,500 | (48,537,700) | (4.7) |
| Treasury (Strategic Fund)..... | 82,496,300 | 57,141,000 | (25,355,300) | (30.7) |
| TOTAL APPROPRIATIONS | \$26,574,449,592 | \$25,145,428,700 | (\$1,429,020,892) | (5.4)% |

Figure C

State Spending From State Resources FY 2009-10 Initial Appropriations

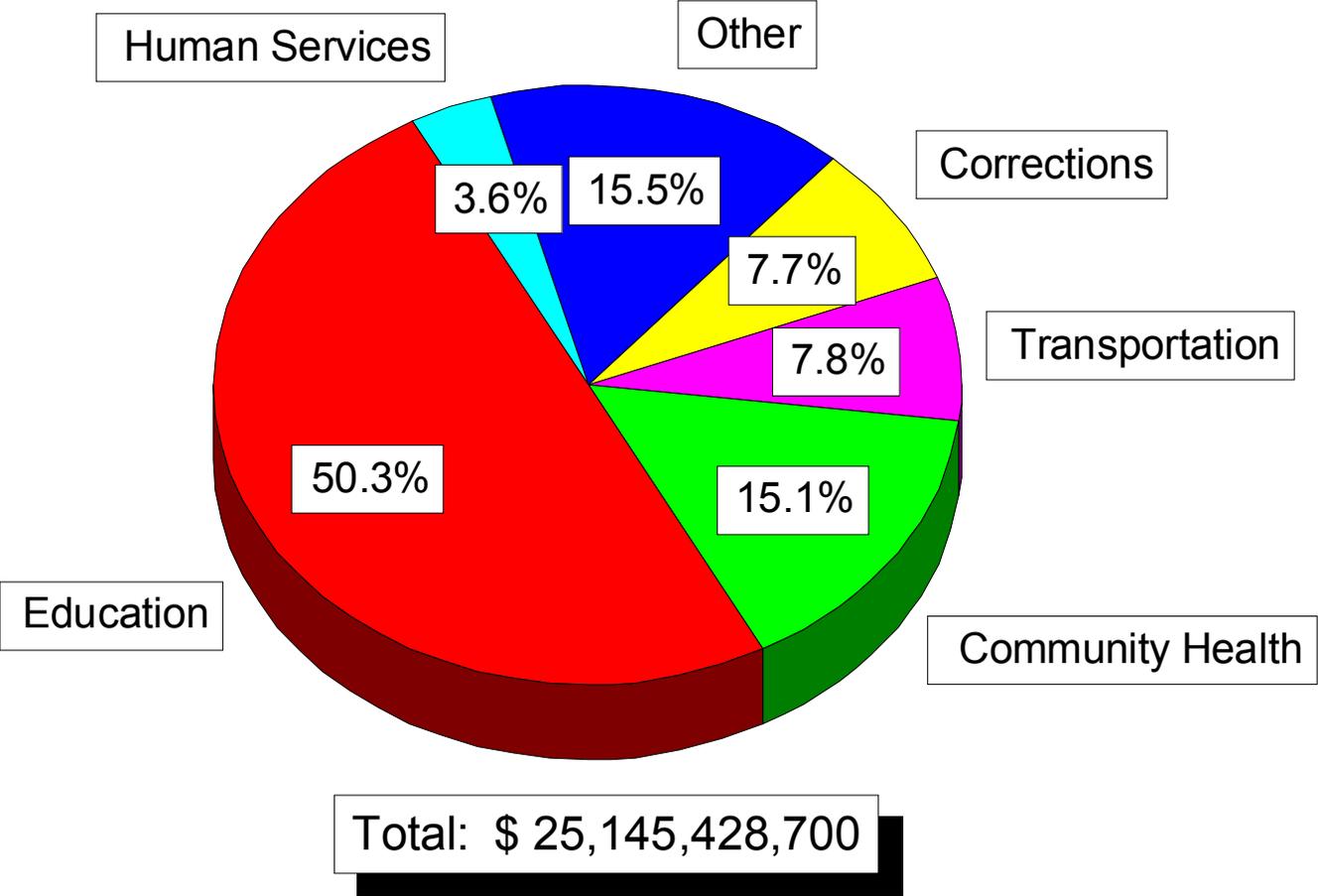


Table 4

| GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS FY 2008-09 VERSUS FY 2009-10 | | | | |
|---|---|--|------------------------------|---------------------------|
| Department/Budget Area | FY 2008-09 Year-to-Date Appropriations | FY 2009-10 Initial Appropriations | Dollar Difference | Percent Change |
| Agriculture | \$28,546,100 | \$30,050,500 | \$1,504,400 | 5.3% |
| Attorney General | 29,918,200 | 28,785,000 | (1,133,200) | (3.8) |
| Capital Outlay | 700 | 0 | (700) | (100.0) |
| Civil Rights | 11,860,900 | 11,706,400 | (154,500) | (1.3) |
| Community Colleges | 299,360,500 | 299,360,500 | 0 | 0.0 |
| Community Health | 2,473,752,600 | 2,304,602,500 | (169,150,100) | (6.8) |
| Corrections | 1,957,641,400 | 1,903,641,900 | (53,999,500) | (2.8) |
| Education | 7,074,600 | 19,429,600 | 12,355,000 | 174.6 |
| Energy, Labor, and Economic Growth | 59,635,300 | 54,784,100 | (4,851,200) | (8.1) |
| Environmental Quality (Operations) | 38,579,700 | 26,950,500 | (11,629,200) | (30.1) |
| Executive | 5,038,100 | 4,823,700 | (214,400) | (4.3) |
| Higher Education | 1,645,605,200 | 1,507,705,200 | (137,900,000) | (8.4) |
| History, Arts, and Libraries | 38,246,000 | 0 | (38,246,000) | (100.0) |
| Human Services | 1,099,066,500 | 852,297,600 | (246,768,900) | (22.5) |
| Information Technology | 0 | 0 | 0 | 0.0 |
| Judiciary | 156,472,000 | 153,132,800 | (3,339,200) | (2.1) |
| Legislative Auditor General | 12,047,800 | 11,619,800 | (428,000) | (3.6) |
| Legislature | 109,471,400 | 104,764,900 | (4,706,500) | (4.3) |
| Management and Budget | 288,901,900 | 293,574,300 | 4,672,400 | 1.6 |
| Military and Veterans Affairs | 37,472,700 | 36,425,500 | (1,047,200) | (2.8) |
| Natural Resources | 9,891,900 | 16,998,900 | 7,107,000 | 71.8 |
| Natural Resources Trust Fund | 0 | 0 | 0 | 0.0 |
| School Aid | 78,000,000 | 30,206,200 | (47,793,800) | (61.3) |
| State | 24,795,800 | 17,955,400 | (6,840,400) | (27.6) |
| State Police | 269,752,200 | 267,259,200 | (2,493,000) | (0.9) |
| Transportation | 0 | 0 | 0 | 0.0 |
| Treasury (Debt Service) | 67,608,500 | 64,663,000 | (2,945,500) | (4.4) |
| Treasury (Operations) | 69,810,700 | 60,166,000 | (9,644,700) | (13.8) |
| Treasury (Revenue Sharing) | 106,000 | 0 | (106,000) | (100.0) |
| Treasury (Strategic Fund) | 27,741,100 | 27,135,700 | (605,400) | (2.2) |
| TOTAL APPROPRIATIONS | \$8,846,397,800 | \$8,128,039,200 | (\$718,358,600) | (8.1)% |

Figure D

General Fund/General Purpose FY 2009-10 Initial Appropriations

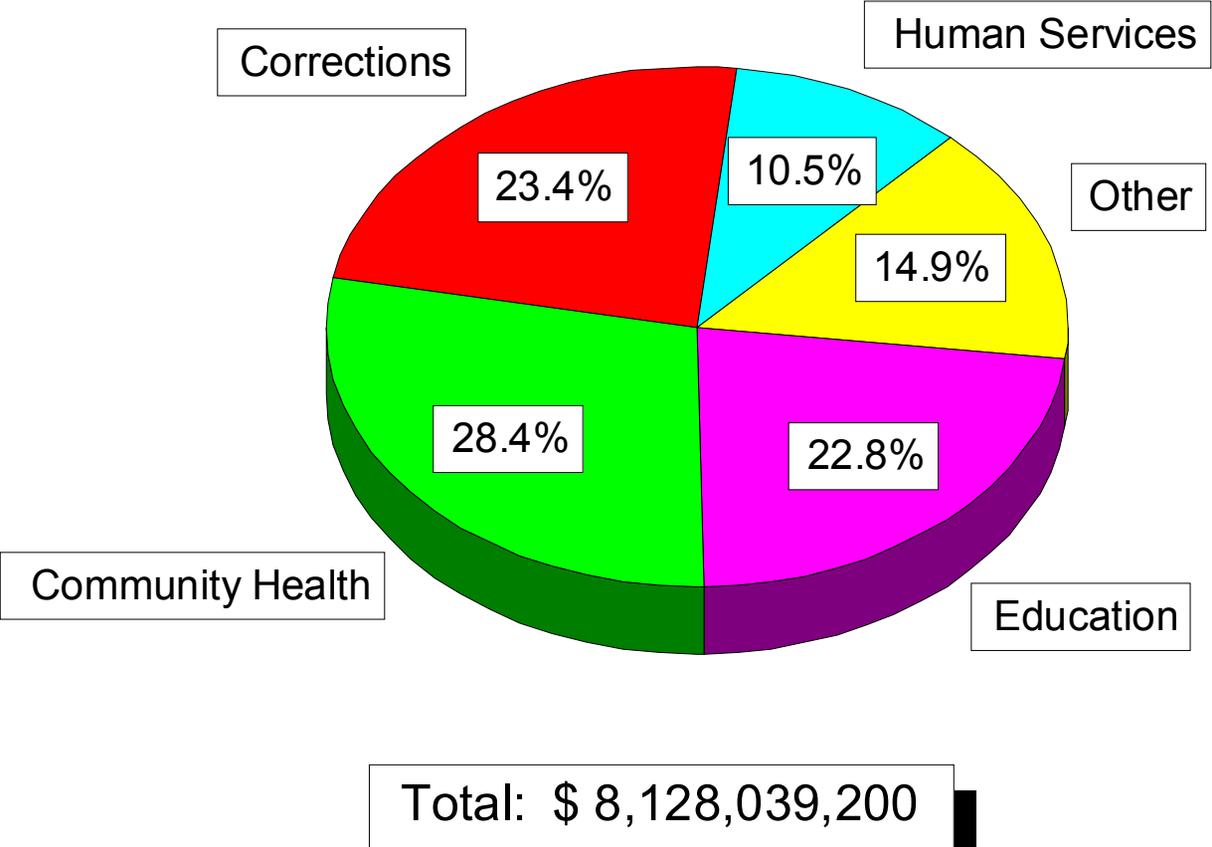


Table 5

| FY 2009-10 INITIAL APPROPRIATIONS - SUMMARY OF PROGRAM TRANSFERS (Actual Dollars) | | | | |
|--|-------------|----------------------------|---|--------------------|
| | Fund Source | FY 2008-09 Transferred Out | Fund Source | FY 2009-10 Enacted |
| FROM: Environmental Quality | | | TO: Energy, Labor, & Economic Growth | |
| Retired Engineers Technical Assistance | FTE | 8.0 | FTE | 10.0 |
| | Gross | 1,474,300 | Gross | 1,971,200 |
| | GF/GP | 0 | GF/GP | 0 |
| FROM: History, Arts, & Libraries (HAL)¹⁾ | | | TO: Treasury - Strategic Fund Agency | |
| | | | FTE | 2.0 |
| | | | Gross | 2,267,400 |
| | | | GF/GP | 1,417,400 |
| | | | TO: Information Technology | |
| | | | FTE | 2.0 |
| | | | Gross | 224,000 |
| | | | GF/GP | 0 |
| | | | TO: Education | |
| | | | FTE | 61.0 |
| | | | Gross | 16,977,000 |
| | | | GF/GP | 11,419,600 |
| | | | TO: Natural Resources | |
| | | | FTE | 101.0 |
| | | | Gross | 10,480,500 |
| | | | GF/GP | 7,337,100 |
| | | | TO: Energy, Labor, & Economic Growth - MSHDA | |
| | | | FTE | 23.0 |
| | | | Gross | 2,559,400 |
| | | | GF/GP | 0 |
| | | | TO: Energy, Labor, & Economic Growth - Michigan Commission for the Blind | |
| | | | FTE | 11.0 |
| | | | Gross | 1,602,100 |
| | | | GF/GP | 1,602,100 |
| | | | TO: Management and Budget | |
| | | | FTE | 13.0 |
| | | | Gross | 1,674,000 |
| Total HAL | FTE | 226.0 | FTE | 223.0 |
| | Gross | 51,712,200 | Gross | 37,755,600 |
| | GF/GP | 38,246,000 | GF/GP | 23,076,600 |

| FY 2009-10 INITIAL APPROPRIATIONS - SUMMARY OF PROGRAM TRANSFERS (Actual Dollars) | | | | | |
|--|-------------|----------------------------|---|-------------|--------------------|
| | Fund Source | FY 2008-09 Transferred Out | | Fund Source | FY 2009-10 Enacted |
| FROM: Military & Veterans Affairs | | | | | |
| National Guard Regional Training Institute | Gross | 1,504,000 | Transferred to Federal responsibility ²⁾ | Gross | |
| | Restricted | 1,504,000 | | Restricted | |
| | GF/GP | 0 | | GF/GP | |
| FROM: State Police | | | TO: Management & Budget | | |
| State Police Carpenters | FTE | 3.0 | | FTE | 3.0 |
| | Gross | 282,700 | | Gross | 282,700 |
| | GF/GP | 282,700 | | GF/GP | 0 |
| ¹⁾ Executive Order 2009-36 eliminated the Department of History, Arts, and Libraries and transferred the various programs into six existing departments. Some functions of the Department were split between two or more departments and some central administration costs were transferred into the related program function, which prevents showing the appropriation in the same format for FY 2008-09. ²⁾ This item is no longer included in State appropriation bills. | | | | | |

Notes: The above items do not include funding adjustments related to the transfer of the internal audit function to the Department of Management and Budget (DMB). The program was actually transferred to the DMB in FY 2008-09.

Table 6
FY 2009-10
LINE-ITEM VETOES
(Actual Dollars)

| Budget Area/Item | Adjusted Gross | General Fund/ General Purpose |
|--|-----------------------|--|
| Agriculture | | |
| Local Conservation Districts | (\$236,900) | (\$236,900) |
| Agriculture Development | (300,000) | 0 |
| Michigan Agriculture Surplus System..... | (540,100) | 0 |
| Fairs, Racing, and Producer Security..... | (1,168,900) | (301,000) |
| County and State Fairs Premiums | (347,800) | 0 |
| County and State Fairs Building and Track Improvements..... | (129,000) | 0 |
| Purses and Supplements for Race Tracks..... | (1,434,300) | 0 |
| Light Horse Racing Awards | (79,900) | 0 |
| Standardbred Breeder Awards..... | (586,400) | 0 |
| Standardbred Purses and Supplements | (1,083,000) | 0 |
| Standardbred Sire Stakes | (490,100) | 0 |
| Standardbred Training and Stabling..... | (21,800) | 0 |
| Thoroughbred Owners Awards | (75,100) | 0 |
| Thoroughbred Program | (1,452,500) | 0 |
| Thoroughbred Sire Stakes | (502,300) | 0 |
| Distribution of Outstanding Winning Horse Race Tickets | (423,600) | 0 |
| Office of Racing Commissioner..... | (2,500,000) | |
| Subtotal Agriculture | (11,371,700) | (537,900) |
| Community Health | | |
| Early Childhood Collaborative | (524,000) | (524,000) |
| Prenatal Outreach Service | (3,249,300) | (1,028,900) |
| Medications for Alcoholism..... | (100) | (100) |
| Methadone/Buprenorphine Clinic | (300,000) | (300,000) |
| Helen M. Nickless Volunteer Clinic | (75,000) | (75,000) |
| Traumatic Brain Injury Pilots | (200,000) | (100,000) |
| Prescription Drug Website..... | (150,000) | (75,000) |
| Michigan Agriculture Surplus System..... | (120,100) | (120,100) |
| Disproportionate Share Hospital Payments | (5,000,000) | (1,840,500) |
| Subtotal Community Health | (9,618,500) | (4,063,600) |

**FY 2009-10
LINE-ITEM VETOES
(Actual Dollars)**

| Budget Area/Item | Adjusted Gross | General Fund/ General Purpose |
|--|-----------------------|--|
| Corrections | | |
| County Jail Reimbursement Program | (16,572,100) | (9,057,700) |
| County Jail Reimbursement Program Savings | 4,300,000 | 4,300,000 |
| Corrections Cost Savings | 38,209,200 | 38,209,200 |
| Subtotal Corrections | 25,937,100 | 33,451,500 |
| Energy, Labor, and Economic Growth | | |
| Michigan Housing and Community Development Fund | (59,000) | (59,000) |
| Agriculture Economic Development | (300,000) | (300,000) |
| Occupational Health and Safety Grant | (40,000) | 0 |
| Workforce Training Programs Grants | (375,000) | 0 |
| Subtotal Energy, Labor, and Economic Growth | (774,000) | (359,000) |
| Environmental Quality | | |
| Air Quality Programs | (120,000) | 0 |
| Executive Direction | (5,000) | 0 |
| Subtotal Environmental Quality | (125,000) | 0 |
| Human Services | | |
| Private Adoption Agencies Rate Increase | (6,735,900) | (4,765,500) |
| Child Care Fund In Home Care Incentive Program | (3,750,000) | 0 |
| Before- and After-School Programs | (3,000,000) | 0 |
| Teenage Parent Counseling | (3,000,000) | (25,500) |
| Family Group Decision-Making | (2,300,000) | 0 |
| Marriage Initiative | (2,103,700) | 0 |
| Fatherhood Initiative | (1,466,200) | 0 |
| Adoption Contracts Long-Term Permanent Wards | (1,049,400) | (856,000) |
| Local Call Centers | (850,000) | (850,000) |
| Indigent Burial Pilot Project | (500,000) | (500,000) |
| Earned Income Tax Credit Outreach | (500,000) | 0 |
| Child Support Arrearage Contract | (500,000) | (170,000) |
| Bridges Integration into LIEN System | (250,000) | (250,000) |
| Boys and Girls Club Grants | (250,000) | (250,000) |
| Communities in School Grant | (200,000) | (200,000) |
| Sanilac County Human Services Grant | (120,000) | 0 |

**FY 2009-10
LINE-ITEM VETOES
(Actual Dollars)**

| Budget Area/Item | Adjusted Gross | General Fund/ General Purpose |
|---|-----------------------|--|
| Human Services (continued) | | |
| Branded Bridge Card Contract | (58,000) | (29,000) |
| Muskegon/Kent County Food Outreach | (50,000) | (50,000) |
| Boilerplate Requirement Contract Payments | (25,000) | (25,000) |
| Michigan After-School Partnership | (25,000) | 0 |
| Procurement Contract | (25,000) | 0 |
| Eligibility Specialists | (100) | 0 |
| Day Care Services..... | (100) | 0 |
| Food Assistance Outreach Elder Law | (100) | 0 |
| Food Assistance Outreach Food Bank..... | (100) | 0 |
| Subtotal Human Services | (26,758,600) | (7,971,000) |
| Management and Budget | | |
| Census Tracking..... | (1,200,000) | (1,200,000) |
| State Fair | (7,105,300) | (500,000) |
| Subtotal Management and Budget | (8,305,300) | (1,700,000) |
| Natural Resources | | |
| Consolidation Savings | 350,000 | 350,000 |
| Snowmobile Local Grants | (10,000) | 0 |
| Cormorant Mitigation Program | (75,000) | (75,000) |
| Subtotal Natural Resources | 265,000 | 275,000 |
| School Aid | | |
| Section 20j Payments..... | (51,500,000) | 0 |
| Vocational Education Earmark to Oakland ISD | (388,700) | 0 |
| Interagency Early Childhood Grants | (1,593,800) | (1,593,800) |
| Gifted and Talented Programs | (285,000) | 0 |
| Cultural Access Grants..... | (100,000) | 0 |
| Kalamazoo Precollege Engineering | (75,000) | 0 |
| Federal After-School Partnership | (50,000) | 0 |
| Subtotal School Aid | (53,992,500) | (1,593,800) |

| FY 2009-10 LINE-ITEM VETOES (Actual Dollars) | | |
|---|-----------------------|--|
| Budget Area/Item | Adjusted Gross | General Fund/ General Purpose |
| Transportation | | |
| Treasury Cost Allocation Study | (100,000) | 0 |
| "Give 'Em A Brake" Program Earmark | (500,000) | 0 |
| Intercity Bus Marketing Earmark | (100,000) | 0 |
| Subtotal Transportation | (700,000) | 0 |
| Treasury-Strategic Fund | | |
| Business Incubators | (350,000) | 0 |
| Subtotal Treasury-Strategic Fund | (350,000) | 0 |
| Total Vetoes | \$(85,793,500) | \$17,501,200 |

**Table 7
FY 2009-10 INITIAL APPROPRIATIONS
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 APPROPRIATIONS
(Actual Dollars)**

| <u>Budget Area/Program</u> | |
|--|------------------------|
| Community Health | |
| Enhanced Federal Medicaid Match Rate | \$971,305,600 |
| Higher Education | |
| State Fiscal Stabilization Fund Revenue | 68,238,000 |
| Human Services | |
| Enhanced Federal Medicaid Match Rate | 17,314,900 |
| Child Care Fund | 19,572,500 |
| K-12 School Aid | |
| State Fiscal Stabilization Fund Revenue | 450,000,000 |
| Total ARRA Funding in FY 2009-10 Initial Budget | \$1,526,431,000 |

Table 8

| FY 2009-10 TOBACCO SETTLEMENT APPROPRIATIONS AND REVENUE | |
|--|---|
| (Actual Dollars) | |
| Budget Area/Program | FY 2009-10 Initial Appropriation |
| Attorney General | |
| Administration | \$408,600 |
| Community Health | |
| Medicaid Base | 18,431,200 |
| Aging: Respite Care | 4,468,700 |
| Higher Education | |
| Merit Award Scholarships..... | 100 |
| Tuition Incentive Program | 30,100,000 |
| State Police | |
| Tobacco Tax Enforcement | 610,000 |
| Treasury | |
| Merit Award Administration | 2,330,800 |
| Transfer to General Fund | 177,500,000 |
| Total Merit Award Trust Fund Appropriations | \$233,849,400 |
| <u>Tobacco Settlement Revenue Estimates</u> | |
| Balance From Prior Fiscal Year | 24,631,163 |
| Annual Payments | 324,000,000 |
| Release of Disputed Payments | 0 |
| Interest Earnings | 900,000 |
| Total Tobacco Settlement Revenue | 349,531,163 |
| Transfer to 21 st Century Jobs Fund..... | (37,500,000) |
| Payment on Bond Securitization (10.77% of Revenue)..... | (43,221,600) |
| Payment on Bond Securitization (13.34% of Disputed Payment)..... | (34,894,800) |
| Net Revenue Merit Award Trust Fund | \$233,914,763 |
| Projected Year-End Balance | \$65,363 |

Table 9
FY 2009-10
GENERAL FUND/GENERAL PURPOSE
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(Millions of Dollars)

| | SFA Estimate |
|--|---------------------|
| Revenue: | |
| Beginning Balance..... | \$211.9 |
| Consensus Revenue Estimate | \$6,949.7 |
| <u>Statutory Revenue Adjustments:</u> | |
| Revenue Sharing Savings..... | 513.9 |
| Shift of Short-Term Borrowing Costs to School Aid Fund..... | 45.0 |
| Use Tax on HMOs (PA 440 of 2008) | 339.5 |
| Transportation Economic Development Fund Transfer to General Fund..... | 12.0 |
| Railroad Improvement Fund Transfer to General Fund | 5.8 |
| Liquor Purchase/Corporate Fees Transfer to General Fund | 1.5 |
| State Services Fee Fund Transfer to General Fund | 1.6 |
| Promise Grant Elimination Fund Transfer to General Fund..... | 140.0 |
| 21 st Century Jobs Fund Transfer to General Fund | <u>37.5</u> |
| Subtotal Statutory Revenue Adjustments | 1,096.8 |
| Total Estimated Revenue..... | \$8,258.4 |
| Expenditures: | |
| Initial Appropriations | 8,128.0 |
| <u>Other Expenditure Adjustments:</u> | |
| Employee Concessions..... | (27.5) |
| DMB Contract Savings | (20.0) |
| Projected Year-End Appropriation Lapses..... | <u>(10.0)</u> |
| Subtotal Other Expenditure Adjustments | (57.5) |
| Total Projected Expenditures..... | \$8,070.5 |
| Projected Year-End Balance | \$187.9 |

Table 10
FY 2009-10
SCHOOL AID FUND
INITIAL APPROPRIATIONS
(Millions of Dollars)

| | SFA Estimate |
|---|---------------------|
| Revenue: | |
| Beginning Balance..... | \$201.5 |
| Consensus Revenue Estimate | 10,563.0 |
| Assumed SAF Revenue Increase | 100.0 |
| GF/GP Grant | 30.2 |
| Federal Aid | 1,601.8 |
| ARRA-State Fiscal Stabilization Fund..... | 450.0 |
| Total Estimated Revenue..... | \$12,946.5 |
| Expenditures: | |
| Initial Appropriation | \$12,823.5 |
| Total Appropriation | \$12,823.5 |
| Projected Year-End Balance | \$123.0 |

Table 11
FULL-TIME EQUATED POSITIONS
FY 2008-09 VERSUS FY 2009-10

| Department/Budget Area | FY 2008-09 Year-to-Date Positions | FY 2009-10 Initial Positions | Position Change | Percent Change |
|--|--|---|----------------------------|---------------------------|
| Agriculture | 594.5 | 591.5 | (3.0) | (0.5)% |
| Attorney General | 537.0 | 537.0 | 0.0 | 0.0 |
| Civil Rights | 127.0 | 125.0 | (2.0) | (1.6) |
| Community Health | 4,602.7 | 4,374.6 | (228.1) | (5.0) |
| Corrections | 17,285.0 | 15,746.1 | (1,538.9) | (8.9) |
| Education..... | 482.5 | 544.5 | 62.0 | 12.8 |
| Energy, Labor, and Economic Growth | 4,331.0 | 4,680.5 | 349.5 | 8.1 |
| Environmental Quality | 1,520.7 | 1,491.1 | (29.6) | (1.9) |
| Executive | 74.2 | 74.2 | 0.0 | 0.0 |
| Higher Education | 1.0 | 1.0 | 0.0 | 0.0 |
| History, Arts, and Libraries | 226.0 | 0.0 | (226.0) | (100.0) |
| Human Services | 10,401.8 | 10,909.5 | 507.7 | 4.9 |
| Information Technology..... | 1,657.0 | 1,632.0 | (25.0) | (1.5) |
| Judiciary | 491.0 | 491.0 | 0.0 | 0.0 |
| Management and Budget | 1,428.0 | 1,397.0 | (31.0) | (2.2) |
| Military and Veterans Affairs | 985.0 | 985.0 | 0.0 | 0.0 |
| Natural Resources..... | 2,167.9 | 2,209.9 | 42.0 | 1.9 |
| State | 1,809.0 | 1,809.0 | 0.0 | 0.0 |
| State Police | 2,924.0 | 2,866.0 | (58.0) | (2.0) |
| Transportation | 3,008.3 | 3,008.3 | 0.0 | 0.0 |
| Treasury (Operations) | 1,684.5 | 1,702.5 | 18.0 | 1.1 |
| Treasury (Strategic Fund)..... | 153.0 | 155.0 | 2.0 | 1.3 |
| TOTAL POSITIONS..... | 56,491.1 | 55,330.7 | (1,160.4) | (2.0)% |

Figure E

Full-Time Equated Positions FY 2009-10 Initial Appropriations

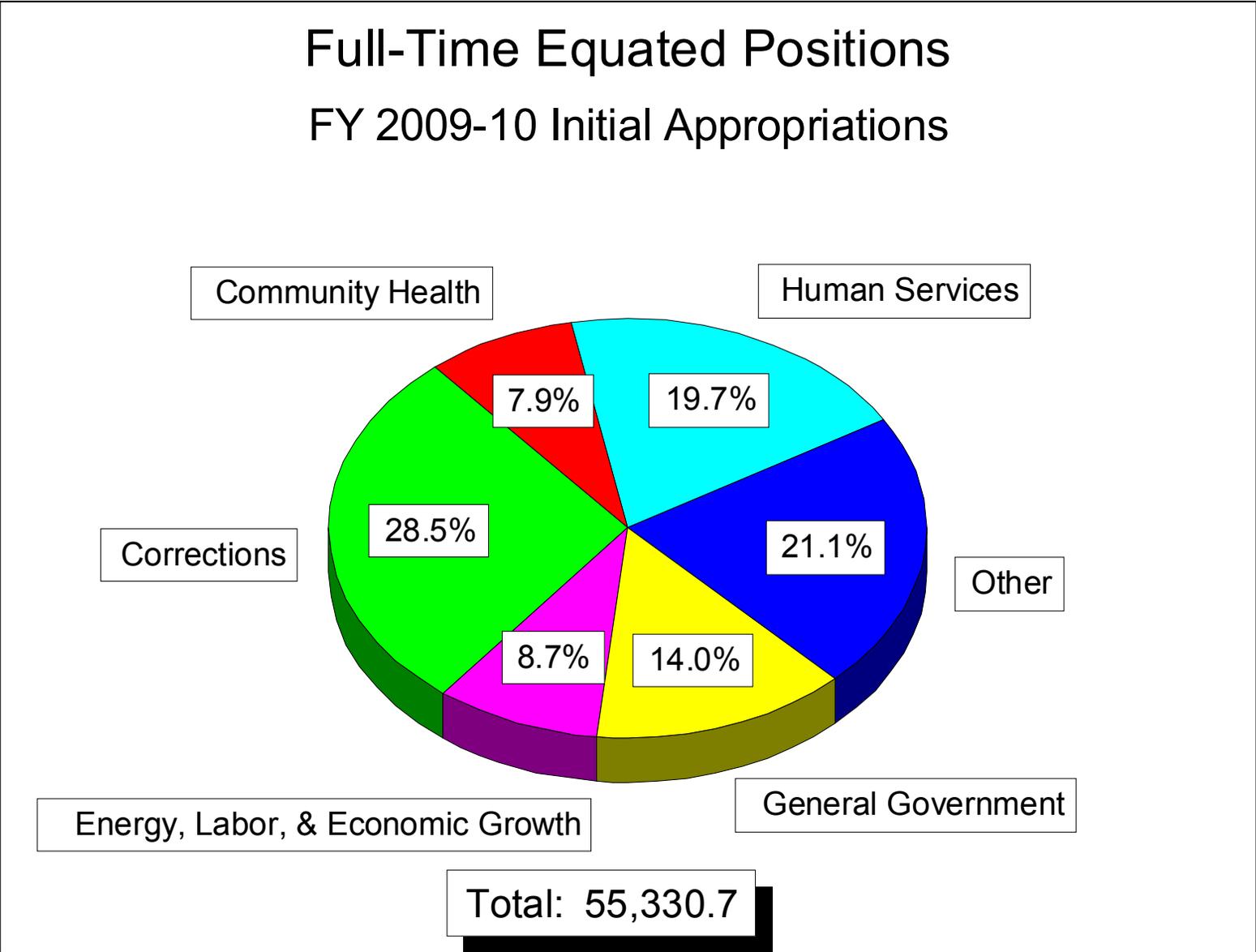


Table 12

| STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT FY 2008-09 AND FY 2009-10 ESTIMATES (Millions of Dollars) | | |
|---|-----------------------------------|-----------------------------------|
| | 2008-09 Estimate | 2009-10 Estimate |
| State Spending from State Resources ¹⁾ | \$26,557.4 | \$25,128.4 |
| Required Payments to Local Units of Government (48.97%) | \$13,005.1 | \$12,305.4 |
| Estimated Payments to Local Units of Government..... | \$15,161.2 | \$14,902.1 |
| Estimated Payments as a Percentage of Total State Spending | 57.09% | 59.30% |
| Surplus of Section 30 Payments | \$2,156.1 | \$2,596.7 |
| ¹⁾ Excludes \$17.0 million of unrestricted Federal aid. | | |

Table 13

**STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT
FY 2008-09 VERSUS FY 2009-10**

| Department/Budget Area | FY 2008-09 Year-to-Date Appropriations | FY 2009-10 Initial Appropriations | Dollar Difference | Percent Change |
|---|---|--|------------------------------|---------------------------|
| Agriculture..... | \$2,416,800 | \$1,500,000 | (\$916,800) | (37.9)% |
| Attorney General..... | 0 | 0 | 0 | 0.0 |
| Capital Outlay | 0 | 0 | 0 | 0.0 |
| Civil Rights..... | 0 | 0 | 0 | 0.0 |
| Community Colleges | 299,360,500 | 299,360,500 | 0 | 0.0 |
| Community Health | 1,088,301,300 | 1,216,283,600 | 127,982,300 | 11.8 |
| Corrections | 89,162,800 | 88,287,000 | (875,800) | (1.0) |
| Education..... | 0 | 6,000,000 | 6,000,000 | 100.0 |
| Energy, Labor, and Economic Growth..... | 48,655,800 | 43,575,600 | (5,080,200) | (10.4) |
| Environmental Quality | 5,200,000 | 3,650,000 | (1,550,000) | (29.8) |
| Executive | 0 | 0 | 0 | 0.0 |
| Higher Education | 3,759,100 | 0 | (3,759,100) | (100.0) |
| History, Arts, and Libraries | 10,779,600 | 0 | (10,779,600) | (100.0) |
| Human Services | 142,353,400 | 98,688,000 | (43,665,400) | (30.7) |
| Information Technology..... | 0 | 0 | 0 | 0.0 |
| Judiciary..... | 123,515,100 | 122,213,500 | (1,301,600) | (1.1) |
| Legislative Auditor General | 0 | 0 | 0 | 0.0 |
| Legislature | 0 | 0 | 0 | 0.0 |
| Management and Budget..... | 0 | 0 | 0 | 0.0 |
| Military and Veterans Affairs..... | 120,000 | 120,000 | 0 | 0.0 |
| Natural Resources..... | 8,357,000 | 7,072,000 | (1,285,000) | (15.4) |
| Natural Resources Trust Fund | 26,859,700 | 0 | (26,859,700) | (100.0) |
| School Aid..... | 10,890,765,900 | 10,666,453,000 | (224,312,900) | (2.1) |
| State | 1,253,800 | 1,253,800 | 0 | 0.0 |
| State Police..... | 20,741,400 | 20,366,500 | (374,900) | (1.8) |
| Transportation..... | 1,211,011,600 | 1,165,761,700 | (45,249,900) | (3.7) |
| Treasury (Debt Service) | 0 | 0 | 0 | 0.0 |
| Treasury (Operations) | 146,686,100 | 169,909,100 | 23,223,000 | 15.8 |
| Treasury (Revenue Sharing) | 1,040,137,200 | 991,599,500 | (48,537,700) | (4.7) |
| Treasury (Strategic Fund)..... | 1,800,000 | 0 | (1,800,000) | (100.0) |
| TOTAL APPROPRIATIONS | \$15,161,237,100 | \$14,902,093,800 | (\$259,143,300) | (1.7)% |

BUDGET AREA DETAIL

**DEPARTMENT OF AGRICULTURE
P.A. 119 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 594.5 | 591.5 | 592.5 | 591.5 | 591.5 | (3.0) | (0.5) |
| GROSS | 99,137,752 | 83,499,900 | 86,427,800 | 86,909,900 | 73,558,700 | (25,579,052) | (25.8) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 9,539,200 | 435,700 | 1,362,300 | 685,700 | 1,012,300 | (8,526,900) | (89.4) |
| ADJUSTED GROSS | 89,598,552 | 83,064,200 | 85,065,500 | 86,224,200 | 72,546,400 | (17,052,152) | (19.0) |
| Less: | | | | | | | |
| Federal Funds | 17,346,160 | 14,231,100 | 14,231,100 | 15,531,100 | 15,531,100 | (1,815,060) | (10.5) |
| Local and Private | 237,200 | 243,200 | 243,200 | 243,200 | 243,200 | 6,000 | 2.5 |
| TOTAL STATE SPENDING | 72,015,192 | 68,589,900 | 70,591,200 | 70,449,900 | 56,772,100 | (15,243,092) | (21.2) |
| Less: | | | | | | | |
| Other State Restricted Funds | 43,469,092 | 34,602,800 | 40,002,800 | 39,972,900 | 26,721,600 | (16,747,492) | (38.5) |
| GENERAL FUND/GENERAL PURPOSE .. | 28,546,100 | 33,987,100 | 30,588,400 | 30,477,000 | 30,050,500 | 1,504,400 | 5.3 |
| PAYMENTS TO LOCALS | 2,416,800 | 1,958,400 | 1,500,000 | 1,800,000 | 1,500,000 | (916,800) | (37.9) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Agriculture Development

The budget eliminates \$350,700 in State Services Fee Fund support, adds \$1.3 million in Federal specialty crop grants, and includes a new \$300,000 interdepartmental grant (IDG) from the Department of Energy, Labor, and Economic Growth (DELEG) for export development.

| | |
|------------|-----------|
| Gross | 1,405,000 |
| IDG | 300,000 |
| Federal | 1,304,100 |
| Private | 100 |
| Restricted | (346,900) |
| GF/GP | 147,700 |

2. Premiums - County and State Fairs

The budget increases support for fair awards and premiums, funded by State Services Fee Fund revenue.

| | |
|------------|---------|
| Gross | 200,600 |
| Restricted | 200,600 |
| GF/GP | 0 |

3. Building and Track Improvements

The budget provides additional support for building and track improvements, funded by State Services Fee Fund revenue.

| | |
|------------|---------|
| Gross | 129,600 |
| Restricted | 129,600 |
| GF/GP | 0 |

C. PROGRAM ELIMINATIONS

1. Water Withdrawal Assessment Program

The budget eliminates the program, which was new for FY 2008-09.

| | |
|-------|-----------|
| FTE | (1.0) |
| Gross | (130,000) |
| GF/GP | (130,000) |

2. Upper Peninsula State Fair

The budget for FY 2009-10 reflects Executive Order 2009-4, which abolished the Upper Peninsula State Fair and eliminated funding for the appropriation.

| | |
|------------|-------------|
| FTE | (6.0) |
| Gross | (1,372,600) |
| Restricted | (1,372,600) |
| GF/GP | 0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

3. Technical Assistance Match

| | |
|-------|-----------|
| Gross | (252,600) |
| GF/GP | (252,600) |

This appropriation, in support of technicians working out of local conservation districts who help farmers and landowners in completing Federally funded Natural Resources Conservation Service contracts, is eliminated for FY 2009-10 but, in lieu of separate funding, boilerplate Section 604 of the budget act states the intent that appropriations for Local Conservation Districts assume some of the responsibilities of this program.

4. Aquifer Protection Program

| | |
|-------|----------|
| Gross | (50,000) |
| IDG | (50,000) |
| GF/GP | 0 |

The budget eliminates a program that had been funded in FY 2008-09 by an IDG from the Department of Environmental Quality.

D. PROGRAM REDUCTIONS

1. Animal Health and Welfare

| | |
|------------|-----------|
| Gross | (491,400) |
| Federal | (395,000) |
| Restricted | 80,900 |
| GF/GP | (177,300) |

The budget eliminates funding from the Agriculture Equine Industry Development Fund, includes a significant reduction in GF/GP support, and adds \$75,000 in additional Cervid Fee revenue and \$138,000 in Animal Welfare Fund revenue.

2. Emerald Ash Borer Program

| | |
|---------|-------------|
| Gross | (2,157,200) |
| Federal | (2,157,200) |
| GF/GP | 0 |

The budget reflects a continued reduction in Federal support for the program, which at one time during the last five years had an appropriation of over \$25.0 million. The appropriation for FY 2009-10 includes 24.0 FTEs and \$3,034,200 Federal.

3. Local Conservation Districts

| | |
|-------|-----------|
| Gross | (519,900) |
| GF/GP | (519,900) |

The budget reduces State support for the program for FY 2009-10 to \$236,900 GF/GP.

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

4. Horse Industry Programs

The budget includes \$6.1 million in Agriculture Equine Industry Development Fund support for Horse Industry Programs. The amount is \$1.4 million less than FY 2008-09, but nearly double the \$3.1 million that had been recommended by the Governor for FY 2009-10.

Gross (1,417,700)
Restricted (1,417,700)
GF/GP 0

| | <u>FY 2008-09</u> | <u>FY 2009-10</u> |
|---|-------------------|-------------------|
| Purses and Supplements | \$1,370,000 | \$1,434,300 |
| Licensed Tracks - Light Horse Racing | 117,000 | 79,900 |
| Standardbred Breeders' Awards | 969,000 | 586,400 |
| Standardbred Purses/Supplements | 1,789,300 | 1,083,000 |
| Standardbred Sire Stakes | 810,000 | 490,100 |
| Thoroughbred Sire Stakes | 830,000 | 502,300 |
| Standardbred Training and Stabling | 36,000 | 21,800 |
| Thoroughbred Program | 821,400 | 1,452,500 |
| Thoroughbred Owners' Awards | 124,000 | 75,100 |
| Distribution of Outstanding Winning Tickets | <u>700,000</u> | <u>423,600</u> |
| Total | \$7,566,700 | \$6,149,000 |

5. Food Bank

The budget makes a reduction to the Michigan Agricultural Surplus System (Food Bank), eliminates GF/GP funding, partially replacing it with State Services Fee Fund revenue, and adds \$120,100 IDG from the Department of Community Health.

Gross (90,400)
IDG 120,100
Restricted 270,000
GF/GP (480,500)

6. Laboratory Services

The budget appropriates \$5,893,100 for FY 2009-10, and replaces \$519,700 in State Services Fee Fund support with Agriculture Equine Industry Development Fund dollars.

Gross (325,700)
IDG 0
Federal 0
Restricted 54,200
GF/GP (379,900)

7. Departmentwide - Rent and Building Occupancy

The budget eliminates Agriculture Equine Industry Development Fund revenue and \$53,400 from State Services Fee Fund revenue.

Gross (297,200)
Federal (32,000)
Restricted (265,200)
GF/GP 0

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

8. Groundwater/Freshwater Protection Program

The budget reduces Federal funding to reflect actual revenue to be received.

| | |
|------------|-----------|
| Gross | (217,400) |
| Federal | (252,300) |
| Restricted | 34,900 |
| GF/GP | 0 |

E. FUNDING SHIFTS

1. Bovine Tuberculosis

The budget provides an increase in GF/GP funding to offset reductions in support from the Agriculture Equine Industry Development Fund and the State Services Fee Fund.

| | |
|------------|-------------|
| Gross | (41,900) |
| Federal | (118,900) |
| Restricted | (2,120,600) |
| GF/GP | 2,197,600 |

2. Management Services

The budget appropriates \$1,840,900 Gross, replacing FY 2008-09 State Services Fee Fund revenue with GF/GP funding for FY 2009-10.

| | |
|------------|----------|
| Gross | 265,100 |
| Restricted | (15,500) |
| GF/GP | 280,600 |

3. Horse Racing and Producer Security

The budget appropriates \$1,168,900, replacing State Services Fee Fund support with \$683,300 from the Agriculture Equine Industry Development Fund and \$301,000 in GF/GP revenue.

| | |
|------------|-----------|
| Gross | 14,300 |
| Restricted | (286,700) |
| GF/GP | 301,000 |

4. Office of Racing Commissioner

The budget provides \$2.5 million, including \$2.4 million in State Services Fee Fund revenue and \$100,000 in Agriculture Equine Industry Development Fund revenue, compared with \$2,593,600 in Agriculture Equine Industry Development Fund revenue and \$75,200 in Industry Support Funds for FY 2008-09.

| | |
|------------|-----------|
| Gross | (168,800) |
| Restricted | (168,800) |
| GF/GP | 0 |

5. Information Technology

The budget eliminates Upper Peninsula State Fair revenue as a fund source (\$900), adds costs of Microsoft upgrades (\$86,200) and One-Stop permit portal (\$74,900), and replaces \$1,063,500 in State Services Fee Fund revenue, in part, with GF/GP funding.

| | |
|------------|-----------|
| Gross | 104,600 |
| IDG | 0 |
| Restricted | (887,200) |
| GF/GP | 991,800 |

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE

H. OTHER ISSUES

1. Food and Dairy - Local Public Health Program Technical Adjustment

The budget eliminates the line item and related IDG funding from the Department of Community Health to reflect the reality that no money had been forthcoming from this IDG. The Department of Agriculture's oversight role and cooperative efforts to ensure food service inspections in conjunction with the Department of Community Health remain unaffected by this technical adjustment.

| | |
|-------|-------------|
| Gross | (8,878,700) |
| IDG | (8,878,700) |
| GF/GP | 0 |

2. Pesticide and Plant Pest Management

The budget appropriates \$11,929,300, including an increase in Federal grant revenue, an IDG from DELEG, and a reduction of \$146,900 GF/GP.

| | |
|------------|-----------|
| Gross | 6,300 |
| Federal | 101,900 |
| Private | 4,600 |
| Restricted | 46,700 |
| GF/GP | (146,900) |

3. Executive Direction

The budget provides \$973,800, including the replacement of State Services Fee Fund revenue with GF/GP support.

| | |
|------------|----------|
| Gross | 51,200 |
| Restricted | (71,500) |
| GF/GP | 122,700 |

4. Emergency Management

The budget appropriates \$747,100, provides for a new \$500,000 Federal grant to support responses to food safety threats, replaces State Services Fee Fund revenue with GF/GP support, and adds 4.0 FTEs.

| | |
|------------|-----------|
| FTE | 4.0 |
| Gross | 500,000 |
| Federal | 500,000 |
| Restricted | (243,300) |
| GF/GP | 243,300 |

5. Commissions and Boards

The budget appropriates \$23,800 and eliminates the use of Upper Peninsula State Fair revenue as a fund source.

| | |
|------------|---------|
| Gross | (9,000) |
| Restricted | (9,000) |
| GF/GP | 0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | | | |
|--|--|------------|------------|
| 6. Other Changes | | Gross | (831,552) |
| | | IDG | 373,700 |
| | | Federal | (108,460) |
| | | Private | 4,700 |
| | | Restricted | (849,292) |
| | | GF/GP | (252,200) |
| <p>The budget makes adjustments for changes in State Restricted and Federal revenue, cost allocation, and one-time appropriations and transfers in FY 2008-09.</p> | | | |
| 7. Adjustment for FY 2009-10 Vetoes | | Gross | 11,371,700 |
| | | IDG | 570,100 |
| | | Restricted | 10,263,700 |
| | | GF/GP | 537,900 |
| <p>Refer to Section L of this report for detailed information.</p> | | | |
| 8. Internal Audit Services | | Gross | (216,200) |
| | | GF/GP | (216,200) |
| <p>The budget includes a transfer of funding for internal audit services to the Department of Management and Budget for FY 2009-10.</p> | | | |
| I. UNCLASSIFIED SALARIES | | FTE | (4.0) |
| | | Gross | (105,700) |
| | | GF/GP | (105,700) |
| <p>The budget reflects a reduction of unclassified positions including that of Racing Commissioner, Legislative Liaison, and two unfilled vacancies, leaving two unclassified positions for FY 2009-10, the Department Director and a special projects coordinator.</p> | | | |
| J. FEE INCREASES | | | |
| 1. Food and Dairy | | Gross | (208,300) |
| | | Federal | (86,900) |
| | | Restricted | 150,300 |
| | | GF/GP | (271,700) |
| <p>The budget for Food Safety and Quality Assurance includes an additional \$100,000 in milk inspection fee revenue generated from a proposed alternative inspection fee. Legislation amending Public Acts 266 and 267 of 2001 is necessary to effect this increase.</p> | | | |
| 2. Environmental Stewardship | | Gross | (24,000) |
| | | IDG | 176,800 |
| | | Federal | (237,000) |
| | | Restricted | 110,600 |
| | | GF/GP | (74,400) |
| <p>The Environmental Stewardship program for FY 2009-10 includes \$110,000 from a new migrant labor housing inspection fee. Legislation is required to establish this fee, which has been proposed to be collected from a \$5 charge per laborer who is an occupant of a migrant labor camp.</p> | | | |

K. ECONOMIC ADJUSTMENTS

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

| | |
|------------|-----------|
| Gross | 1,418,400 |
| IDG | 1,300 |
| Federal | 166,700 |
| Private | 6,000 |
| Restricted | 492,700 |
| GF/GP | 751,700 |

L. VETOES

The Governor vetoed a number of items from the enrolled bill, including funding for Local Conservation Districts, partial funding for Agriculture Development, the Michigan Agricultural Surplus System (Food Bank), the Office of Racing Commissioner, and horse racing programs.

| Line Item | GF/GP | Gross | IDG | State Services | |
|---|------------------|---------------------|------------------|--------------------|--------------------|
| | | | | Fee Fund | AEIDF |
| Local conservation districts | \$236,900 | \$236,900 | \$0 | \$0 | \$0 |
| Agriculture development - boilerplate | \$0 | \$300,000 | \$300,000 | \$0 | \$0 |
| Michigan agricultural surplus system | \$0 | \$540,100 | \$270,100 | \$270,000 | \$0 |
| Fairs, racing and producer security | \$301,000 | \$1,168,900 | \$0 | \$500 | \$867,400 |
| Premiums - county and state fairs | \$0 | \$347,800 | \$0 | \$347,800 | \$0 |
| Building and track improvement - county and state fairs | \$0 | \$129,000 | \$0 | \$129,000 | \$0 |
| Purses and supplements - fairs/licensed tracks | \$0 | \$1,434,300 | \$0 | \$0 | \$1,434,300 |
| Licensed tracks - light horse racing | \$0 | \$79,900 | \$0 | \$0 | \$79,900 |
| Standardbred breeders' awards | \$0 | \$586,400 | \$0 | \$0 | \$586,400 |
| Standardbred purses and supplements - licensed tracks | \$0 | \$1,083,000 | \$0 | \$0 | \$1,083,000 |
| Standardbred sire stakes | \$0 | \$490,100 | \$0 | \$0 | \$490,100 |
| Standardbred training and stabling | \$0 | \$21,800 | \$0 | \$0 | \$21,800 |
| Thoroughbred owners' awards | \$0 | \$75,100 | \$0 | \$0 | \$75,100 |
| Thoroughbred program | \$0 | \$1,452,500 | \$0 | \$0 | \$1,452,500 |
| Thoroughbred sire stakes | \$0 | \$502,300 | \$0 | \$0 | \$502,300 |
| Distribution of outstanding winning tickets | \$0 | \$423,600 | \$0 | \$0 | \$423,600 |
| Office of racing commissioner | \$0 | \$2,500,000 | \$0 | \$2,400,000 | \$100,000 |
| Total | \$537,900 | \$11,371,700 | \$570,100 | \$3,147,300 | \$7,116,400 |

**DEPARTMENT OF ATTORNEY GENERAL
P.A. 128 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 537.0 | 537.0 | 537.0 | 537.0 | 537.0 | 0.0 | 0.0 |
| GROSS | 74,169,000 | 76,821,900 | 73,873,600 | 73,656,900 | 73,873,600 | (295,400) | (0.4) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 24,024,900 | 24,744,100 | 21,289,800 | 21,289,800 | 21,289,800 | (2,735,100) | (11.4) |
| ADJUSTED GROSS | 50,144,100 | 52,077,800 | 52,583,800 | 52,367,100 | 52,583,800 | 2,439,700 | 4.9 |
| Less: | | | | | | | |
| Federal Funds | 8,435,700 | 8,177,800 | 8,277,800 | 8,177,800 | 8,277,800 | (157,900) | (1.9) |
| Local and Private..... | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING | 41,708,400 | 43,900,000 | 44,306,000 | 44,189,300 | 44,306,000 | 2,597,600 | 6.2 |
| Less: | | | | | | | |
| Other State Restricted Funds | 11,790,200 | 11,916,700 | 15,521,000 | 15,371,000 | 15,521,000 | 3,730,800 | 31.6 |
| GENERAL FUND/GENERAL PURPOSE .. | 29,918,200 | 31,983,300 | 28,785,000 | 28,818,300 | 28,785,000 | (1,133,200) | (3.8) |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Attorney General Operations

| | |
|-------|-------------|
| Gross | (1,648,600) |
| GF/GP | (1,648,600) |

The budget reduces funds available for operations by \$1,379,900 GF/GP to a total of \$67,442,900.

2. Child Support Enforcement

| | |
|---------|----------|
| Gross | (20,600) |
| Federal | 28,400 |
| GF/GP | (49,000) |

When economic increases are excluded, the budget for this program reflects a reduction of \$20,600 to a total appropriation of \$2,932,900.

3. Prosecuting Attorneys Coordinating Council

| | |
|------------|-----------|
| Gross | (99,000) |
| IDG | (134,500) |
| Federal | (38,300) |
| Restricted | 4,300 |
| GF/GP | 69,500 |

This budget reduces operating funds by \$99,000. The line item is funded at \$2,038,700 in FY 2009-10.

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE

H. OTHER ISSUES

1. DIT and Fund Source Adjustments

| | |
|------------|-------------|
| Gross | 375,300 |
| IDG | (3,043,700) |
| Federal | (275,000) |
| Restricted | 3,387,400 |
| GF/GP | 106,600 |

The budget includes increased funding for information technology, consisting of a Microsoft software upgrade of \$80,800, economics charges for the Department of Information Technology of \$17,200, and an administrative reduction of \$5,700. Restricted funds, Federal funds, and interdepartmental grants are adjusted to reflect current revenue and cost estimates and revised billing procedures to conform to governmental accounting principles.

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

2. Internal Audit Function

| | |
|-------|----------|
| Gross | (47,900) |
| GF/GP | (47,900) |

The budget transfers internal audit services to the Department of Management and Budget pursuant to Executive Order 2007-31.

I. UNCLASSIFIED SALARIES

| | |
|-------|--------|
| Gross | 10,200 |
| GF/GP | 10,200 |

The budget restores savings from furlough days, bringing the line to \$476,300 in FY 2009-10, the level originally enacted for FY 2008-09.

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS

| | |
|------------|-----------|
| Gross | 1,135,200 |
| IDG | 443,100 |
| Federal | 127,000 |
| Restricted | 139,100 |
| GF/GP | 426,000 |

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

L. VETOES - NONE

**DEPARTMENT OF CIVIL RIGHTS
P.A. 128 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 127.0 | 125.0 | 125.0 | 125.0 | 125.0 | (2.0) | (1.6) |
| GROSS | 14,077,400 | 14,377,400 | 13,145,400 | 13,154,400 | 13,763,700 | (313,700) | (2.2) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS | 14,077,400 | 14,377,400 | 13,145,400 | 13,154,400 | 13,763,700 | (313,700) | (2.2) |
| Less: | | | | | | | |
| Federal Funds | 2,216,500 | 2,057,300 | 2,057,300 | 2,057,300 | 2,057,300 | (159,200) | (7.2) |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING | 11,860,900 | 12,320,100 | 11,088,100 | 11,097,100 | 11,706,400 | (154,500) | (1.3) |
| Less: | | | | | | | |
| Other State Restricted Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| GENERAL FUND/GENERAL PURPOSE . | 11,860,900 | 12,320,100 | 11,088,100 | 11,097,100 | 11,706,400 | (154,500) | (1.3) |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Operations

The budget reflects a reduction to the Civil Rights operations line of \$402,000 GF/GP and 2.0 FTEs, establishing the line item at \$12,728,600 in FY 2009-10.

| | |
|---------|-----------|
| FTE | (2.0) |
| Gross | (402,000) |
| Federal | (159,200) |
| GF/GP | (242,800) |

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

Internal audit services are transferred to the Department of Management and Budget pursuant to Executive Order 2007-31.

| | |
|-------|----------|
| Gross | (68,700) |
| GF/GP | (68,700) |

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE

H. OTHER ISSUES

The budget reduces funding for the Department of Information Technology charges by \$31,100 to \$768,000.

| | |
|-------|----------|
| Gross | (31,100) |
| GF/GP | (31,100) |

I. UNCLASSIFIED SALARIES

The budget increases funding by \$2,400 due to a technical adjustment proposed by the Governor to fully fund the positions.

| | |
|-------|-------|
| Gross | 2,400 |
| GF/GP | 2,400 |

J. FEE INCREASES - NONE

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

K. ECONOMIC ADJUSTMENTS

| | |
|-------|---------|
| Gross | 185,700 |
| GF/GP | 185,700 |

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

L. VETOES - NONE

**COMMUNITY COLLEGES
P.A. 111 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| GROSS | 299,360,500 | 299,360,500 | 295,880,500 | 396,360,500 | 299,360,500 | 0 | 0.0 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS | 299,360,500 | 299,360,500 | 295,880,500 | 396,360,500 | 299,360,500 | 0 | 0.0 |
| Less: | | | | | | | |
| Federal Funds | 0 | 0 | 0 | 97,000,000 | 0 | 0 | 0.0 |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING | 299,360,500 | 299,360,500 | 295,880,500 | 299,360,500 | 299,360,500 | 0 | 0.0 |
| Less: | | | | | | | |
| Other State Restricted Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| GENERAL FUND/GENERAL PURPOSE .. | 299,360,500 | 299,360,500 | 295,880,500 | 299,360,500 | 299,360,500 | 0 | 0.0 |
| PAYMENTS TO LOCALS | 299,360,500 | 299,360,500 | 295,880,500 | 299,360,500 | 299,360,500 | 0 | 0.0 |

- A. NEW PROGRAMS - NONE**
- B. PROGRAM INCREASES - NONE**
- C. PROGRAM ELIMINATIONS - NONE**
- D. PROGRAM REDUCTIONS - NONE**
- E. FUNDING SHIFTS - NONE**
- F. PROGRAM TRANSFERS - NONE**
- G. AMERICAN RECOVERY AND REINVESTMENT (ARRA) FUNDING - NONE**
- H. OTHER ISSUES - NONE**
- I. UNCLASSIFIED SALARIES - NONE**
- J. FEE INCREASES - NONE**
- K. ECONOMIC ADJUSTMENTS - NONE**
- L. VETOES - NONE**

House Bill 4435: FY 2009-10 Community College Appropriation Bill

| College | FY 2008-09 Year-To-Date | FY 2009-10 House | | | FY 2009-10 Senate | | | FY 2009-10 Enacted | | | | |
|-------------------------------------|----------------------------|----------------------|-------------------|---------------------|----------------------|-------------------|----------------------|----------------------|-------------------|----------------------|-------------------|------------------------|
| | | Governor's Rec. | Percent Change | NAITW*/ Stimulus | House Passed | Percent Change | Adjustments | Senate Passed | Percent Change | Total Adjustments | Percent Change | Total Appropriation |
| Alpena | 5,126,100 | 5,126,100 | 0.0% | (7,900) | 5,118,200 | -0.2% | 0 | 5,126,100 | 0.0% | 0 | 0.0% | 5,126,100 |
| Bay de Noc | 5,178,400 | 5,178,400 | 0.0% | 500 | 5,178,900 | 0.0% | 0 | 5,178,400 | 0.0% | 0 | 0.0% | 5,178,400 |
| Delta | 13,751,600 | 13,751,600 | 0.0% | (49,400) | 13,702,200 | -0.4% | 0 | 13,751,600 | 0.0% | 0 | 0.0% | 13,751,600 |
| Glen Oaks | 2,304,800 | 2,304,800 | 0.0% | (8,700) | 2,296,100 | -0.4% | 0 | 2,304,800 | 0.0% | 0 | 0.0% | 2,304,800 |
| Gogebic | 4,275,200 | 4,275,200 | 0.0% | 5,300 | 4,280,500 | 0.1% | 0 | 4,275,200 | 0.0% | 0 | 0.0% | 4,275,200 |
| Grand Rapids | 17,219,800 | 17,219,800 | 0.0% | 52,300 | 17,272,100 | 0.3% | 0 | 17,219,800 | 0.0% | 0 | 0.0% | 17,219,800 |
| Henry Ford | 20,898,900 | 20,898,900 | 0.0% | (64,800) | 20,834,100 | -0.3% | 0 | 20,898,900 | 0.0% | 0 | 0.0% | 20,898,900 |
| Jackson | 11,542,300 | 11,542,300 | 0.0% | (16,300) | 11,526,000 | -0.1% | 0 | 11,542,300 | 0.0% | 0 | 0.0% | 11,542,300 |
| Kalamazoo Valley | 11,888,600 | 11,888,600 | 0.0% | (22,500) | 11,866,100 | -0.2% | 0 | 11,888,600 | 0.0% | 0 | 0.0% | 11,888,600 |
| Kellogg | 9,311,800 | 9,311,800 | 0.0% | (10,900) | 9,300,900 | -0.1% | 0 | 9,311,800 | 0.0% | 0 | 0.0% | 9,311,800 |
| Kirtland | 2,842,800 | 2,842,800 | 0.0% | 1,000 | 2,843,800 | 0.0% | 0 | 2,842,800 | 0.0% | 0 | 0.0% | 2,842,800 |
| Lake Michigan | 5,012,100 | 5,012,100 | 0.0% | (7,400) | 5,004,700 | -0.1% | 0 | 5,012,100 | 0.0% | 0 | 0.0% | 5,012,100 |
| Lansing | 29,762,500 | 29,762,500 | 0.0% | (7,000) | 29,755,500 | -0.0% | 0 | 29,762,500 | 0.0% | 0 | 0.0% | 29,762,500 |
| Macomb | 31,773,900 | 31,773,900 | 0.0% | (106,800) | 31,667,100 | -0.3% | 0 | 31,773,900 | 0.0% | 0 | 0.0% | 31,773,900 |
| Mid Michigan | 4,289,200 | 4,289,200 | 0.0% | 127,600 | 4,416,800 | 3.0% | 0 | 4,289,200 | 0.0% | 0 | 0.0% | 4,289,200 |
| Monroe | 4,142,800 | 4,142,800 | 0.0% | 800 | 4,143,600 | 0.0% | 0 | 4,142,800 | 0.0% | 0 | 0.0% | 4,142,800 |
| Montcalm | 2,981,600 | 2,981,600 | 0.0% | 700 | 2,982,300 | 0.0% | 0 | 2,981,600 | 0.0% | 0 | 0.0% | 2,981,600 |
| Mott | 15,016,400 | 15,016,400 | 0.0% | (21,200) | 14,995,200 | -0.1% | 0 | 15,016,400 | 0.0% | 0 | 0.0% | 15,016,400 |
| Muskegon | 8,518,600 | 8,518,600 | 0.0% | 15,200 | 8,533,800 | 0.2% | 0 | 8,518,600 | 0.0% | 0 | 0.0% | 8,518,600 |
| North Central | 2,893,600 | 2,893,600 | 0.0% | 104,900 | 2,998,500 | 3.6% | 0 | 2,893,600 | 0.0% | 0 | 0.0% | 2,893,600 |
| Northwestern | 8,682,000 | 8,682,000 | 0.0% | 104,600 | 8,786,600 | 1.2% | 0 | 8,682,000 | 0.0% | 0 | 0.0% | 8,682,000 |
| Oakland | 20,133,700 | 20,133,700 | 0.0% | (50,200) | 20,083,500 | -0.2% | 0 | 20,133,700 | 0.0% | 0 | 0.0% | 20,133,700 |
| St. Clair | 6,729,800 | 6,729,800 | 0.0% | (2,600) | 6,727,200 | -0.0% | 0 | 6,729,800 | 0.0% | 0 | 0.0% | 6,729,800 |
| Schoolcraft | 11,767,000 | 11,767,000 | 0.0% | 600 | 11,767,600 | 0.0% | 0 | 11,767,000 | 0.0% | 0 | 0.0% | 11,767,000 |
| Southwestern | 6,276,900 | 6,276,900 | 0.0% | (15,600) | 6,261,300 | -0.2% | 0 | 6,276,900 | 0.0% | 0 | 0.0% | 6,276,900 |
| Washtenaw | 12,149,000 | 12,149,000 | 0.0% | (3,000) | 12,146,000 | -0.0% | 0 | 12,149,000 | 0.0% | 0 | 0.0% | 12,149,000 |
| Wayne County | 15,889,900 | 15,889,900 | 0.0% | (41,200) | 15,848,700 | -0.3% | 0 | 15,889,900 | 0.0% | 0 | 0.0% | 15,889,900 |
| West Shore | 2,198,500 | 2,198,500 | 0.0% | 22,000 | 2,220,500 | 1.0% | 0 | 2,198,500 | 0.0% | 0 | 0.0% | 2,198,500 |
| SUBTOTAL OPERATIONS: | \$292,557,800 | \$292,557,800 | 0.0% | \$0 | \$292,557,800 | 0.0% | \$0 | \$292,557,800 | 0.0% | \$0 | 0.0% | \$292,557,800 |
| At Risk | 3,322,700 | 3,322,700 | 0.0% | 0 | 3,322,700 | 0.0% | 0 | 3,322,700 | 0.0% | 0 | 0.0% | 3,322,700 |
| Renaissance Zone | 3,480,000 | 3,480,000 | 0.0% | | 3,480,000 | 0.0% | (3,480,000) | 0 | -100.0% | 0 | 0.0% | 3,480,000 |
| Workforce Development Grants (ARRA) | 0 | 0 | 0.0% | 97,000,000 | 97,000,000 | -- | 0 | 0 | -- | 0 | 0.0% | 0 |
| TOTAL APPROPRIATION: | \$299,360,500 | \$299,360,500 | 0.0% | \$97,000,000 | \$396,360,500 | 32.4% | (\$3,480,000) | \$295,880,500 | -1.2% | \$0 | 0.0% | \$299,360,500 |
| Federal Stimulus Funds (ARRA) | 0 | 0 | 0.0% | 97,000,000 | 97,000,000 | -- | 0 | 0 | 0.0% | 0 | 0.0% | 0 |
| GF/GP | \$299,360,500 | \$299,360,500 | 0.0% | 0 | \$299,360,500 | 0.0% | (\$3,480,000) | \$295,880,500 | -1.2% | \$0 | 0.0% | \$299,360,500 |

*NAITW: North American Indian Tuition Waiver

**DEPARTMENT OF COMMUNITY HEALTH
P.A. 131 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|-----------------------|-----------------------|-----------------------------------|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 4,602.7 | 4,380.1 | 4,369.6 | 4,378.6 | 4,374.6 | (228.1) | (5.0) |
| GROSS | 12,914,953,200 | 12,972,974,900 | 12,859,470,400 | 13,481,158,500 | 13,082,811,300 | 167,858,100 | 1.3 |
| Less: | | | | | | | |
| Interdepartmental Grants Received..... | 40,883,900 | 50,446,000 | 47,177,000 | 47,177,000 | 48,946,000 | 8,062,100 | 19.7 |
| ADJUSTED GROSS | 12,874,069,300 | 12,922,528,900 | 12,812,293,400 | 13,433,981,500 | 13,033,865,300 | 159,796,000 | 1.2 |
| Less: | | | | | | | |
| Federal Funds | 8,444,020,300 | 8,328,253,700 | 8,692,546,500 | 8,961,254,700 | 8,943,918,300 | 499,898,000 | 5.9 |
| Local and Private..... | 317,562,400 | 299,885,700 | 300,295,200 | 290,448,000 | 298,281,100 | (19,281,300) | (6.1) |
| TOTAL STATE SPENDING | 4,112,486,600 | 4,294,389,500 | 3,819,451,700 | 4,182,278,800 | 3,791,665,900 | (320,820,700) | (7.8) |
| Less: | | | | | | | |
| Other State Restricted Funds | 1,638,734,000 | 1,493,425,200 | 1,551,463,300 | 1,512,437,600 | 1,487,063,400 | (151,670,600) | (9.3) |
| GENERAL FUND/GENERAL PURPOSE .. | 2,473,752,600 | 2,800,964,300 | 2,267,988,400 | 2,669,841,200 | 2,304,602,500 | (169,150,100) | (6.8) |
| PAYMENTS TO LOCALS..... | 1,088,301,300 | 1,330,708,300 | 1,277,167,100 | 1,322,526,800 | 1,216,283,600 | 127,982,300 | 11.8 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS

1. New Substance Abuse Programs

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

The budget included \$300,000 for methadone/buprenorphine clinics in 25 counties and a \$100 placeholder for medications for the treatment of alcoholism. The Governor vetoed both of these items.

2. New Public Health Administration Programs

| | |
|------------|---------|
| FTE | 3.0 |
| Gross | 904,500 |
| Federal | 500,000 |
| Restricted | 404,500 |
| GF/GP | 0 |

The budget includes \$230,500 in Federal funding for a twin registry contract and a vital records data services infrastructure contract. It also includes funding for a vital records interface between driver and birth records as well as a vital records fraud unit.

3. Medical Marijuana Registration Program

| | |
|------------|---------|
| FTE | 3.0 |
| Gross | 259,000 |
| Restricted | 259,000 |
| GF/GP | 0 |

The budget includes staff to oversee the medical marijuana registration program.

4. Funding for Beaver Island, Drummond Island, and Mackinac Island Clinics

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

The budget includes funding for primary care clinics on these islands.

5. Contract for Treatment of Colon Disorders

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

The budget includes funding for a multicultural services contract to provide services to those suffering from colon disorders.

6. Prescription Drug Website

| | |
|---------|-----|
| FTE | 0.0 |
| Gross | 0 |
| Federal | 0 |
| GF/GP | 0 |

Funding of \$150,000 Gross and \$75,000 GF/GP and 1.0 FTE were added to establish and operate a prescription drug website, effective April 1, 2010. The Governor vetoed this item.

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

B. PROGRAM INCREASES

1. Redirection of Administrative Savings

The budget omits one-time administrative savings related to Executive Order 2008-21, leading to an increase in funding.

| | |
|------------|-----------|
| Gross | 1,583,800 |
| Federal | 192,300 |
| Restricted | 299,200 |
| GF/GP | 1,092,300 |

2. Medicaid Base Expenditures

The budget reflects the Medicaid expenditure base agreed to by the Office of the State Budget, the House Fiscal Agency, and the Senate Fiscal Agency. The consensus funding level represents a 5% increase over final FY 2008-09 funding.

| | |
|------------|-------------|
| Gross | 487,743,300 |
| Federal | 338,945,700 |
| Restricted | 6,165,000 |
| GF/GP | 142,632,600 |

3. Annualization of Direct Care Worker Increase

The budget includes the full-year cost of the 1% April 1, 2009, increase for mental health direct care workers.

| | |
|---------|-----------|
| Gross | 3,009,000 |
| Federal | 1,718,800 |
| GF/GP | 1,290,200 |

4. Actuarially Sound Rates for Prepaid Inpatient Health Plans (PIHPs) and Medicaid Health Maintenance Organizations (HMOs)

Under Federal law, the State must pay actuarially sound rates for Medicaid managed care services. The FY 2009-10 increase is 4.0% for Medicaid PIHPs and 4.5% for Medicaid HMOs.

| | |
|---------|-------------|
| Gross | 197,711,000 |
| Federal | 124,933,500 |
| GF/GP | 72,777,500 |

5. Creation of New Hospital Rate Adjustment Payment through PIHPs

The budget includes an increase in Medicaid payments to hospitals, using hospital Quality Assurance Assessment Program (QAAP) revenue. The funding will flow through the PIHPs to the hospitals.

| | |
|------------|-------------|
| Gross | 31,914,900 |
| Federal | 20,167,000 |
| Restricted | 14,278,500 |
| GF/GP | (2,530,600) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | | |
|---|------------|-----------|
| 6. Children with Serious Emotional Disorders Waiver | Gross | 6,618,000 |
| | IDG | 1,769,000 |
| The budget includes an increase in funding for this program, through an interdepartmental grant (IDG) from the Department of Human Services and Medicaid match. | Federal | 4,849,000 |
| | GF/GP | 0 |
| | | |
| 7. New Forensic Mental Health Services Staffing | FTE | 80.0 |
| | Gross | 5,318,300 |
| The budget adds new staff assigned to provide forensic mental health services under a contract with the Department of Corrections. | IDG | 5,318,300 |
| | GF/GP | 0 |
| | | |
| 8. Increase in Paternity Registry Funding | Gross | 131,600 |
| | IDG | 131,600 |
| The budget reflects increased IDG funding from the Department of Human Services for the paternity registry. | GF/GP | 0 |
| | | |
| 9. New Background Check Staff | FTE | 2.0 |
| | Gross | 200,000 |
| The budget supports the new staff to implement the background check program for health professionals. | Restricted | 200,000 |
| | GF/GP | 0 |
| | | |
| 10. Increased AIDS Pharmaceutical Rebate Revenue | Gross | 2,875,700 |
| | Private | 2,875,700 |
| The budget recognizes increased rebate revenue from AIDS drugs. | GF/GP | 0 |
| | | |
| 11. Increased Restricted Revenue in Epidemiology Unit | FTE | 1.3 |
| | Gross | 271,100 |
| The budget includes adjustments to reflect additional newborn screening revenue, revenue from preparation of data files, and staff and revenue to cover the costs of administering the body art facility legislation. | Restricted | 271,100 |
| | GF/GP | 0 |
| | | |
| 12. Recognition of Federal Match for Nurse Family Partnership | Gross | 0 |
| | Federal | 0 |
| The budget included \$200,000 in Federal match to expand the Nurse Family Partnership. The Governor vetoed all funding for the program (item C. below). | GF/GP | 0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | | |
|---|---|--|
| 13. Restoration of Healthy Michigan Fund Reductions with GF/GP | Gross Federal GF/GP | 1,247,300 822,300 425,000 |
| <p>The budget includes restoration of funding for the Donated Dental Program and the poison control program with GF/GP funding and Federal match. These programs were among the Healthy Michigan Fund reductions.</p> | | |
| 14. Increase in Women, Infants, and Children (WIC) Food and Nutrition Program Funding | Gross Federal GF/GP | 35,161,200 35,161,200 0 |
| <p>The budget includes an increase in WIC Federal funding to cover expanding demand for services.</p> | | |
| 15. Expansion of Children's Special Health Care Services (CSHCS) to 300% of Poverty | Gross Federal GF/GP | 11,373,200 11,373,200 0 |
| <p>The budget includes an expansion of Medicaid CSHCS eligibility to 300% of poverty. This expansion will have no net GF/GP cost because many of the newly eligible are presently covered by the non-Medicaid portion of the CSHCS program.</p> | | |
| 16. SAFE Forensic Examinations Legislation | FTE Gross Restricted GF/GP | 1.0 1,580,000 1,580,000 0 |
| <p>The budget includes funding for implementation of this legislation, passed in 2008, which will reimburse health providers for victim forensic services.</p> | | |
| 17. Increase in Project FRESH Funding | Gross Private GF/GP | 25,000 25,000 0 |
| <p>The budget reflects an increase in private funding used to support the Project FRESH elder nutrition program.</p> | | |
| 18. Expansion of Hospital QAAP to Upper Payment Limit | Gross Federal Restricted GF/GP | 36,351,000 19,841,700 16,509,300 0 |
| <p>The budget increases hospital QAAP funding to the Medicare upper payment limit.</p> | | |
| 19. Expansion of Hospital and Nursing Home QAAPs to Help Offset Rate Reductions | Gross Federal Restricted GF/GP | 101,498,500 74,367,900 31,081,800 (3,951,200) |
| <p>The budget includes an expansion of the hospital and nursing home QAAPs, with the revenue being used to help offset the 8% hospital and nursing home rate reductions included in the budget.</p> | | |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | | |
|--|------------|-------------|
| 20. Increase in Psychiatric Residency Graduate Medical Education (GME) Payments | Gross | 588,400 |
| | Federal | 294,200 |
| The budget includes an expansion of payments made to support medical student psychiatric residencies. | Restricted | 294,200 |
| | GF/GP | 0 |
| | | |
| 21. Restoration of the Medicaid Pharmacy Dispensing Fee Increase | Gross | 629,200 |
| | Federal | 397,600 |
| The Medicaid pharmacy dispensing fee was increased from \$2.50 to \$2.75 for most prescriptions effective April 1, 2009. The increase was rescinded in Executive Order 2009-22, effective July 1, 2009. The budget includes funding to restore the increase effective October 1, 2009. | GF/GP | 231,600 |
| | | |
| 22. Expansion of the Home and Community Based Waiver (HCBW) and All-Inclusive Care for the Elderly (PACE) Programs | Gross | 17,427,400 |
| | Federal | 9,513,400 |
| | Private | 2,100,000 |
| The budget includes funding for the continued expansion of the HCBW and PACE programs as well as \$2.1 million in private funding to contract for services for those seeking discharge from nursing homes. | GF/GP | 5,814,000 |
| | | |
| 23. Adult Home Help Wage Increase | Gross | 16,584,000 |
| | Federal | 12,151,100 |
| The budget includes funding for a 50-cent-per-hour wage increase for Adult Home Help workers. | GF/GP | 4,432,900 |
| | | |
| 24. Information Technology Adjustments | Gross | 638,400 |
| | Federal | 485,100 |
| The budget includes increases, reflected in all budgets, for a one-stop portal for businesses, and upgrades to Microsoft Office. | Restricted | 9,300 |
| | GF/GP | 144,000 |
| | | |
| C. PROGRAM ELIMINATIONS | | |
| 1. Mental Health Initiatives for Older Persons | Gross | (1,049,200) |
| The budget eliminates this line item. | GF/GP | (1,049,200) |

| | | FY 2009-10 Change From FY 2008-09 Year-to-Date | |
|--|--|---|--------------|
| 2. Consumer Involvement Program | | Gross | (189,100) |
| | | GF/GP | (189,100) |
| The budget eliminates funding for this program. | | | |
| 3. Mental Health Court Pilot Project | | Gross | (1,126,900) |
| | | GF/GP | (1,126,900) |
| Due to the availability of carry-forward Federal Byrne grant funds, the budget does not fund this program. | | | |
| 4. Mental Health Respite Services | | Gross | (1,000,000) |
| | | GF/GP | (1,000,000) |
| The budget eliminates funding for this line item. | | | |
| 5. Closure of the Mount Pleasant Facility for the Developmentally Disabled | | FTE | (274.3) |
| | | Gross | (24,147,000) |
| | | Federal | (4,498,600) |
| | | Local | (14,360,500) |
| | | Restricted | (1,011,600) |
| | | GF/GP | (4,276,300) |
| The budget reflects the October 2009 closure of the Mount Pleasant Center. | | | |
| 6. Elimination of Severance Pay Line Item | | Gross | (105,700) |
| | | GF/GP | (105,700) |
| The budget eliminates the Severance Pay line item. | | | |
| 7. Elimination of the Public Health Physician Practice Project | | Gross | (600,000) |
| | | Private | (300,000) |
| | | GF/GP | (300,000) |
| The budget removes funding added in FY 2008-09 that was used to recruit new local public health medical directors. | | | |
| 8. Elimination of Bovine Tuberculosis Program | | Gross | (200,400) |
| | | GF/GP | (200,400) |
| The budget removes the Bovine Tuberculosis line item. | | | |
| 9. Elimination of Methamphetamine Cleanup Line | | Gross | (100,000) |
| | | GF/GP | (100,000) |
| The budget reflects elimination of this line. | | | |

| | | FY 2009-10 Change From FY 2008-09 Year-to-Date | |
|---|--|---|---------------|
| 10. Elimination of Asthma Prevention Program | | Gross | (225,300) |
| | | GF/GP | (225,300) |
| The budget removes funding for this program. | | | |
| 11. Elimination of AIDS and Risk Reduction Clearinghouse and Media Campaign | | Gross | (1,351,000) |
| | | GF/GP | (1,351,000) |
| The budget eliminates this line item. | | | |
| 12. Other Chronic Disease Program Eliminations | | Gross | (316,200) |
| | | GF/GP | (316,200) |
| The budget eliminates the African-American Male Health Initiative (\$106,700), the Injury Control Intervention Project (\$109,500), and the arthritis program (\$100,000). | | | |
| 13. Elimination of Migrant Health Program | | Gross | (272,200) |
| | | Federal | (136,100) |
| | | GF/GP | (136,100) |
| The budget eliminates this program. | | | |
| 14. Children's Special Health Care Services Program Eliminations | | Gross | (2,466,400) |
| | | GF/GP | (2,466,400) |
| The budget eliminates the non-Medicaid CSHCS nonemergency transportation services, the diaper contract, and the amputee contract. | | | |
| 15. Elimination of the Office of Drug Control Policy | | FTE | (4.5) |
| | | Gross | (413,800) |
| | | GF/GP | (413,800) |
| The budget reflects implementation of Executive Order 2009-2, which eliminated the Office of Drug Control Policy. Some services and funding are transferred to the Mental Health/Substance Abuse Services Administration. | | | |
| 16. Elimination of Senior Olympics Program | | Gross | (100,000) |
| | | GF/GP | (100,000) |
| The budget eliminates this program. | | | |
| 17. Removal of Michigan First Healthcare Program Placeholder | | Gross | (100,000,000) |
| | | Federal | (100,000,000) |
| | | GF/GP | 0 |
| The budget removes this line item and unit. The funding was simply authorization; it was never spent. | | | |

| | | FY 2009-10 Change From FY 2008-09 Year-to-Date | |
|--|--|---|-------------|
| 18. Elimination of Health Information Technology Initiatives Line | | Gross | (5,000,000) |
| | | GF/GP | (5,000,000) |
| <p>The budget eliminates this line, which was initially intended to be one-time funding.</p> | | | |
| 19. Elimination of Hurley Hospital Payment | | Gross | (1,000,000) |
| | | GF/GP | (1,000,000) |
| <p>The \$1.0 million special financing retention for Hurley Hospital in Flint is eliminated.</p> | | | |
| 20. Elimination of Social Services to the Physically Disabled Line | | Gross | (1,344,900) |
| | | GF/GP | (1,344,900) |
| <p>The budget eliminates this line item.</p> | | | |
| 21. Elimination of Bronson Hospital Disproportionate Share Hospital (DSH) Pool | | Gross | (2,025,000) |
| | | Federal | (1,279,600) |
| | | GF/GP | (745,400) |
| <p>The budget removes funding for the Bronson Hospital DSH pool, which was distributed to several primary care clinics across the State.</p> | | | |
| 22. Elimination of \$5.0 Million DSH Pool | | Gross | (5,000,000) |
| | | Federal | (3,159,500) |
| | | GF/GP | (1,840,500) |
| <p>The Governor vetoed the so-called "small" hospital DSH pool, which allocated DSH funding to hospitals meeting certain criteria.</p> | | | |
| 23. Elimination of Nurse Family Partnership and Prenatal Care Outreach and Service Delivery Support Line | | Gross | (3,049,300) |
| | | Federal | (2,020,400) |
| | | GF/GP | (1,028,900) |
| <p>The Governor vetoed the Prenatal Care Outreach and Service Delivery Support line as well as language providing for this funding to be used to support the Nurse Family Partnership Program.</p> | | | |
| 24. Elimination of Early Childhood Secondary Collaborative Prevention Program | | Gross | (524,000) |
| | | GF/GP | (524,000) |
| <p>The Governor vetoed this line item, which funded prevention efforts in local settings.</p> | | | |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

25. Michigan Agricultural Surplus System Boilerplate

| | |
|-------|-----------|
| Gross | (120,100) |
| GF/GP | (120,100) |

The Governor vetoed Section 1419, which would have allocated funding from the Senior Nutrition Services line to the Department of Agriculture to help support the Michigan Agricultural Surplus System.

26. Helen M. Nickless Clinic Funding

| | |
|-------|----------|
| Gross | (75,000) |
| GF/GP | (75,000) |

The Governor vetoed funding for the Helen M. Nickless Clinic in Bay City.

D. PROGRAM REDUCTIONS

1. Healthy Michigan Fund Reductions

| | |
|------------|--------------|
| Gross | (14,728,600) |
| Federal | (640,700) |
| Restricted | (3,541,400) |
| GF/GP | (10,546,500) |

The budget reduces Healthy Michigan Fund programming from \$25.1 million to just under \$11.0 million. The only programs not reduced are the Maternity Outpatient Medical Services (MOMS) program, the immunization registry, and immunization field support.

2. Consolidation of the Office of Long Term Care and Supports and Services

| | |
|---------|-------------|
| FTE | (17.0) |
| Gross | (1,644,500) |
| Federal | (794,500) |
| Private | (40,100) |
| GF/GP | (809,900) |

The budget reflects implementation of Executive Order 2009-3, which eliminated the Office of Long Term Care and Supports and Services and consolidated those functions within the Mental Health Substance Abuse Services Administration and the Medical Services Administration.

3. Worker's Compensation Base Adjustment

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

The budget reduces the Worker's Compensation line to reflect projected expenditures.

4. Departmentwide Administrative Savings

| | |
|-------|-----------|
| Gross | (440,900) |
| GF/GP | (440,900) |

The budget reflects administrative savings across the Department of Community Health.

5. Reduction to Protection and Advocacy Services

| | |
|-------|-----------|
| Gross | (583,000) |
| GF/GP | (583,000) |

The budget reflects a 75% reduction in the protection and advocacy services contract.

| | | FY 2009-10 Change From FY 2008-09 Year-to-Date | |
|--|--|---|--------------|
| 6. Reduction to Community Mental Health (CMH) non-Medicaid Funding | | Gross | (40,000,000) |
| | | GF/GP | (40,000,000) |
| <p>The budget reflects a 12.4% reduction in CMH non-Medicaid funding.</p> | | | |
| 7. Reductions to Substance Abuse Programs | | Gross | (2,442,500) |
| | | GF/GP | (2,442,500) |
| <p>The budget reduces the community substance abuse line by \$2,175,800 and the State Disability Assistance substance abuse line by \$266,700.</p> | | | |
| 8. Reduction to Michigan Essential Health Provider Program | | Gross | (627,000) |
| | | Federal | (313,500) |
| | | GF/GP | (313,500) |
| <p>The budget reduces funding to the program, which repays student loans for medical providers who agree to work in underserved areas, but retains enough funding to continue support of existing contracts.</p> | | | |
| 9. Reduction in Funding to Combat Sexually Transmitted Diseases | | Gross | (750,000) |
| | | GF/GP | (750,000) |
| <p>The budget removes a funding increase that was provided in FY 2008-09.</p> | | | |
| 10. Reduction in Laboratory Services Funding | | Gross | (380,700) |
| | | GF/GP | (380,700) |
| <p>The budget includes savings from reducing laboratory services funding, with the apparent intent of closing the Houghton lab.</p> | | | |
| 11. Reduction to Local Public Health Operations | | Gross | (535,600) |
| | | GF/GP | (535,600) |
| <p>Funding for Local Public Health departments is reduced.</p> | | | |
| 12. Base Adjustment to Abortion Informed Consent Program | | Gross | (30,000) |
| | | GF/GP | (30,000) |
| <p>Funding is adjusted to reflect actual expenditures on the program.</p> | | | |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | | |
|--|---------|--------------|
| 13. Reduction in Funding for Traumatic Brain Injury Pilot Projects | Gross | (300,000) |
| | Federal | 0 |
| | GF/GP | (300,000) |
| The budget reduced funding for these pilots from \$300,000 Gross and GF/GP to \$200,000 and changed the fund source to supplant GF/GP funding with \$100,000 in Federal revenue. The Governor vetoed the remaining \$200,000 in funding. | | |
| 14. Reduction to Family Planning Local Agreements | Gross | (300,000) |
| | GF/GP | (300,000) |
| The budget reduces funding to the Family Planning Local Agreements line. | | |
| 15. Annualization of Rebate Savings on CSHCS Title V Medications | Gross | (2,083,300) |
| | GF/GP | (2,083,300) |
| Additional savings are reflected. | | |
| 16. Reductions to Aging Programs | Gross | (5,060,600) |
| | GF/GP | (5,060,600) |
| The budget reflects reductions to Aging Community Services (\$2,147,600), Aging Nutrition Services (\$1,610,000), Senior Volunteer Services (\$771,700), and Senior Respite Services (\$531,300). | | |
| 17. Medical Services Administration Contract Reductions | Gross | (3,201,700) |
| | Federal | (2,316,300) |
| | GF/GP | (885,400) |
| The budget reduces contracts with the Michigan Public Health Institute and annualizes savings from the termination of expiring eligibility verification contracts. | | |
| 18. Inclusion of Behavioral Health Medications on the Preferred Drug List | Gross | (18,663,500) |
| | Federal | (13,674,700) |
| | GF/GP | (4,988,800) |
| The budget includes savings from the assumed passage of legislation that would allow the State to add behavioral health medications, such as antipsychotic drugs, to the Medicaid preferred drug list. The State would see savings from changes in use and increased pharmaceutical rebates. | | |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | | |
|---|---------|---------------|
| 19. Assumed Passage of Federal Pharmaceutical Rebate Legislation | Gross | (120,000,000) |
| | Federal | (87,924,000) |
| | GF/GP | (32,076,000) |
| <p>The budget includes savings related to the assumed passage of Federal legislation that would allow state Medicaid programs to collect pharmaceutical rebates on drugs prescribed by Medicaid HMOs.</p> | | |
| 20. Recognition of Additional Estate Recovery Savings | Gross | (29,600,100) |
| | Federal | (21,688,000) |
| | GF/GP | (7,912,100) |
| <p>The budget includes savings from the implementation of a Medicaid estate recovery program. Legislation was enacted in 2007 and Federal approval of the program is pending.</p> | | |
| 21. Removal of FY 2005-06 Medicaid Ambulance Services Rate Increase | Gross | (1,519,000) |
| | Federal | (1,113,000) |
| | GF/GP | (406,000) |
| <p>Funding for an ambulance services rate increase provided in FY 2005-06 is removed.</p> | | |
| 22. Expansion of Data Collection for Third Party Liability | Gross | (18,705,600) |
| | Federal | (13,705,600) |
| | GF/GP | (5,000,000) |
| <p>Savings are included from the assumed passage of legislation that would expand data collection from auto insurers to increase third party liability recoveries.</p> | | |
| 23. Medicaid Provider Rate Reduction | Gross | (358,810,600) |
| | Federal | (262,420,800) |
| | GF/GP | (96,389,800) |
| <p>The budget includes savings from the reduction of Medicaid provider rates by 8% below the rates in effect on May 1, 2009, the rates that were in effect before Executive Order 2009-22.</p> | | |
| 24. Reduction in Medicaid HMO Administrative Rate | Gross | (6,586,600) |
| | Federal | (5,221,200) |
| | GF/GP | (1,365,400) |
| <p>The budget caps Medicaid HMO administrative costs.</p> | | |
| 25. Savings from Reduced Use of Nursing Homes | Gross | (33,544,900) |
| | Federal | (22,776,800) |
| | GF/GP | (10,768,100) |
| <p>The budget assumes savings from the projected transfer of 900 individuals in nursing homes to community-based settings.</p> | | |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

26. Information Technology Savings

The budget includes savings from a 2% reduction in information technology overhead and from the relocation of data from servers to a virtual storage environment.

| | |
|------------|-----------|
| Gross | (389,200) |
| Federal | (233,500) |
| Restricted | (66,600) |
| GF/GP | (89,100) |

E. FUNDING SHIFTS

1. Increase in Base Medicaid Match Rate

The budget reflects the increase in the base Medicaid match rate from 60.27% in FY 2008-09 to 63.19% in FY 2009-10. This adjustment does not reflect the match rate increase tied to the American Recovery and Reinvestment Act (ARRA).

| | |
|------------|---------------|
| Gross | 0 |
| Federal | 295,001,900 |
| Restricted | (48,475,900) |
| GF/GP | (246,526,000) |

2. Increase in Title XXI Match Rate

The Federal Title XXI match rate, used to support the MI-Child and Adult Benefits Waiver programs, will increase from 72.19% to 74.23% in FY 2009-10.

| | |
|---------|-------------|
| Gross | 0 |
| Federal | 4,337,500 |
| GF/GP | (4,337,500) |

3. Fund Source Adjustment in Departmentwide Administration Unit

The budget corrects fund sourcing and the FTE count in the Departmentwide Administration unit.

| | |
|------------|-----------|
| FTE | 1.0 |
| Gross | 0 |
| Federal | 867,000 |
| Restricted | (867,000) |
| GF/GP | 0 |

4. Substance Abuse Fine Revenue

An increase in substance abuse fine revenue is reflected.

| | |
|------------|-----------|
| Gross | 0 |
| Restricted | 950,000 |
| GF/GP | (950,000) |

5. Pharmaceutical Products Revenue

The budget assumes increased pharmaceutical products revenue.

| | |
|------------|-----------|
| Gross | 0 |
| Restricted | 350,000 |
| GF/GP | (350,000) |

6. Revenue Correction

The budget corrects the way blood lead revenue is recognized in the Laboratory Services line.

| | |
|------------|-----------|
| Gross | 0 |
| Federal | (506,100) |
| Restricted | 506,100 |
| GF/GP | 0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | | |
|---|------------|--------------|
| 7. Increase in Children's Special Health Care Services Parent Participation Fees | Gross | 0 |
| The budget assumes GF/GP savings from an increase in CSHCS parent participation fees. | Restricted | 1,540,100 |
| | GF/GP | (1,540,100) |
| 8. Use of Civil Monetary Penalty Revenue to Support Long-Term Care Ombudsman | FTE | 1.0 |
| The budget replaces unavailable Federal revenue with nursing home civil monetary penalty dollars to support the long-term care ombudsman program. | Gross | 0 |
| | Federal | (360,000) |
| | Private | 360,000 |
| | GF/GP | 0 |
| 9. Medicaid Benefits Trust Fund Adjustment | Gross | 0 |
| The budget adjusts for the actual available amount of Medicaid Benefits Trust Fund revenue. | Restricted | 4,600,000 |
| | GF/GP | (4,600,000) |
| 10. Merit Award Trust Fund Adjustment | Gross | 0 |
| The budget adjusts for the available Merit Award Trust Fund revenue. | Tobacco | (53,764,400) |
| | GF/GP | 53,764,400 |
| 11. Increased Revenue from Hospital and Nursing Home QAAPs | Gross | 0 |
| The State retains 13.2% of the Federal gain from the hospital and nursing home QAAPs. The budget adjusts restricted and GF/GP fund sources to reflect the additional revenue. | Restricted | 16,947,200 |
| | GF/GP | (16,947,200) |
| 12. Fraudulent Billing Reform Legislation | Gross | 0 |
| The budget assumes an increase in restricted revenue savings from the assumed passage of fraudulent billing reform legislation. This funding would offset GF/GP support. | Restricted | 3,694,100 |
| | GF/GP | (3,694,100) |
| 13. Additional Title IV-D Revenue | Gross | 0 |
| The budget reflects an increase in available Federal Title IV-D revenue. | Federal | 400,000 |
| | GF/GP | (400,000) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

1. ARRA Increase in Federal Medicaid Match Rate

Due to the provisions in ARRA, the final Medicaid match rate for FY 2009-10 will be 73.27%. As there already was an ARRA-related match rate increase reflected in the final FY 2008-09 appropriations, the net GF/GP saving is much smaller than the change to the pre-ARRA match rate. The savings compared to the pre-ARRA match rate is \$971,305,600 GF/GP.

| | |
|------------|---------------|
| Gross | 0 |
| Federal | 97,132,500 |
| Restricted | 25,505,700 |
| GF/GP | (122,638,200) |

2. Removal of One-Time FY 2008-09 Stimulus Funding

The budget reflects the removal of one-time FY 2008-09 ARRA stimulus funding included in Public Act 7 of 2009. This funding was for crime victims, drug control, and aging programs.

| | |
|---------|--------------|
| Gross | (46,709,000) |
| Federal | (46,709,000) |
| GF/GP | 0 |

H. OTHER ISSUES

1. Changes in Federal Authorization

The budget includes a number of adjustments to reflect Federal funding expected to be received in FY 2009-10. An increase in oil/gas revenue is used to supplant GF/GP funding.

| | |
|---------|-----------|
| FTE | 4.3 |
| Gross | 960,400 |
| Federal | 1,060,400 |
| GF/GP | (100,000) |

2. Insourcing of Services Previously Provided Through Contracts

The budget reflects the insourcing of the Health Professional Recovery Program, newborn screening epidemiology services, and Michigan Model staffing.

| | |
|-------|-----|
| FTE | 9.0 |
| Gross | 0 |
| GF/GP | 0 |

3. Reversal of One-Time FY 2008-09 Adjustments

The budget removes several FY 2008-09 items, which were made subsequent to the release of the Governor's FY 2009-10 budget. These include contingency fund transfers and Executive Order 2009-22. Fiscal Year 2009-10 adjustments related to annualization of the Executive Order are addressed separately in this document.

| | |
|------------|--------------|
| Gross | (16,895,800) |
| Federal | 7,508,200 |
| Local | (2,329,300) |
| Private | (8,981,800) |
| Restricted | (41,668,000) |
| GF/GP | 28,575,100 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

4. Conversion of Prepaid Inpatient Health Plans and Health Maintenance Organization QAAPs to Use Tax

The budget includes adjustments from the April 1, 2009, conversion of these QAAPs to the use tax. The rate increases from 5.5% to the 6.0% use tax rate and the restricted dollars are supplanted by GF/GP funding.

| | |
|------------|---------------|
| Gross | 14,425,600 |
| Federal | 9,528,700 |
| Restricted | (146,845,100) |
| GF/GP | 151,742,000 |

5. Technical Adjustments to State Facility Lines

The budget includes a number of technical adjustments to staffing and funding at State facilities for the mentally ill and developmentally disabled, reflecting actual staff and expenditures.

| | |
|------------|-------------|
| FTE | (34.9) |
| Gross | (2,299,800) |
| Federal | 4,331,100 |
| Local | (5,478,600) |
| Restricted | (1,540,800) |
| GF/GP | 388,500 |

6. Vital Records and Other FTE Adjustments

The budget reflects technical adjustments that do not affect the number of staff on-board.

| | |
|-------|-------|
| FTE | (8.0) |
| Gross | 0 |
| GF/GP | 0 |

7. Restricted Funds Adjustments in the Health Policy, Regulation, and Professions Unit

The budget removes excess authorization and includes \$149,100 in additional safety fee revenue, the replacement of expiring background check funding with \$2,143,000 GF/GP, and \$150,000 to support Attorney General costs related to the Certificate of Need program.

| | |
|------------|-------------|
| FTE | 5.0 |
| Gross | (3,216,400) |
| Federal | (1,646,700) |
| Restricted | (3,712,700) |
| GF/GP | 2,143,000 |

8. Adjustment to Bioterrorism Funding

The budget corrects an error in the FY 2008-09 bill and removes unavailable local funding.

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

9. Transportation Rate Adjustment

The budget includes increases in mileage reimbursement for Children's Special Health Care Services and Medicaid, costing \$6,560,100 Gross. The budget also assumes savings to offset precisely the GF/GP portion of this cost increase, leading to a reduction in Federal dollars.

| | |
|---------|-------------|
| Gross | (2,163,600) |
| Federal | (2,163,600) |
| GF/GP | 0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

10. Technical Corrections to Medicaid Funding

The budget includes several technical adjustments to correct fund sourcing, excess authorization, and special financing revenue errors.

| | |
|------------|-------------|
| Gross | 6,382,300 |
| Federal | 11,374,200 |
| Restricted | (4,744,500) |
| GF/GP | (247,400) |

11. Medicaid Special Financing Adjustments

The budget includes a number of adjustments to so-called Medicaid "special financing" mechanisms. Due to new Federal limitations on the school-based services program, there is a net GF/GP cost increase.

| | |
|------------|------------|
| Gross | 56,105,700 |
| Federal | 5,314,100 |
| Local | 3,586,800 |
| Private | 600,000 |
| Restricted | 27,648,100 |
| GF/GP | 18,956,700 |

12. Transfer of Internal Audit Function to the Department of Management and Budget

Funding for internal audit function for all departments will be consolidated within the Department of Management and Budget.

| | |
|---------|-----------|
| Gross | (646,600) |
| Federal | (129,300) |
| GF/GP | (517,300) |

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES

Nurse Licensure Fee Increase

The budget reflects the proposed increase in nurse licensure fees from \$24 per year to \$30. The funding would be used to support nurse scholarships, research and development, and continuing education.

| | |
|------------|---------|
| Gross | 720,000 |
| Restricted | 720,000 |
| GF/GP | 0 |

K. ECONOMIC ADJUSTMENTS

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

| | |
|------------|------------|
| Gross | 13,455,900 |
| IDG | 843,200 |
| Federal | 2,759,900 |
| Local | 3,160,400 |
| Private | 1,100 |
| Restricted | 776,700 |
| GF/GP | 5,914,600 |

L. VETOES

1. Hospital Disproportionate Share (DSH) Pool

The Governor vetoed part of boilerplate language Section 1717, which allocated \$5.0 million Gross and \$1,840,500 GF/GP in DSH payments to hospitals meeting certain criteria. The criteria included receiving less than \$900,000 in DSH payments and exceeding certain Medicaid volume requirements.

2. Nurse Family Partnership Program

The Governor vetoed the Prenatal Care Outreach and Service Delivery Support line, which funded the Nurse Family Partnership Program. The Governor also vetoed boilerplate language Sections 1107, 1112, and 1139, which allocated funding for the Nurse Family Partnership Program. The funding reduction was \$3,249,300 Gross and \$1,028,900 GF/GP.

3. Early Childhood Collaborative Secondary Prevention Program

The Governor vetoed the Early Childhood Collaborative Secondary Prevention Program line item, for a reduction of \$524,000 Gross and GF/GP.

4. Methadone/Buprenorphine Clinic Funding

The Governor vetoed boilerplate language Section 407(6), which allocated \$300,000 Gross and GF/GP for methadone/buprenorphine clinics in northern Michigan.

5. Funding for Alcoholism Treatment Medications

The Governor vetoed boilerplate language Section 407(5), which allocated \$100 Gross and GF/GP for the purchase of medications to treat alcoholism.

6. Michigan Agricultural Surplus System

The Governor vetoed boilerplate language Section 1419, which allocated \$120,100 Gross and GF/GP from the senior Nutrition Services line to an interdepartmental grant to the Department of Agriculture. The money would have been used in the Department of Agriculture budget to support the Michigan Agricultural Surplus System.

7. Traumatic Brain Injury Pilots

The Governor vetoed the Injury Control Intervention Project line item and boilerplate language Section 1031. The line item and language section allocated \$200,000 Gross and \$100,000 GF/GP to support two traumatic brain injury pilot projects.

8. Prescription Drug Website

The Governor vetoed boilerplate language Section 285, which allocated \$150,000 Gross, \$75,000 GF/GP, and 1.0 FTE to support a prescription drug information website.

9. Helen M. Nickless Clinic Funding

The Governor vetoed boilerplate language Section 720, which allocated \$75,000 Gross and GF/GP to the Helen M. Nickless Clinic in Bay City.

DEPARTMENT OF CORRECTIONS
P.A. 114 of 2009

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|----------------------|-----------------------------------|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 17,285.0 | 15,746.1 | 15,734.1 | 15,746.1 | 15,746.1 | (1,538.9) | (8.9) |
| GROSS..... | 2,028,678,100 | 1,968,394,900 | 1,930,394,900 | 1,958,394,900 | 1,956,122,800 | (72,555,300) | (3.6) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 1,277,200 | 891,900 | 891,900 | 891,900 | 891,900 | (385,300) | (30.2) |
| ADJUSTED GROSS | 2,027,400,900 | 1,967,503,000 | 1,929,503,000 | 1,957,503,000 | 1,955,230,900 | (72,170,000) | (3.6) |
| Less: | | | | | | | |
| Federal Funds | 14,665,700 | 7,746,100 | 7,746,100 | 7,746,100 | 7,746,100 | (6,919,600) | (47.2) |
| Local and Private | 430,300 | 432,700 | 432,700 | 432,700 | 432,700 | 2,400 | 0.6 |
| TOTAL STATE SPENDING | 2,012,304,900 | 1,959,324,200 | 1,921,324,200 | 1,949,324,200 | 1,947,052,100 | (65,252,800) | (3.2) |
| Less: | | | | | | | |
| Other State Restricted Funds | 54,663,500 | 50,924,600 | 50,924,600 | 50,924,600 | 43,410,200 | (11,253,300) | (20.6) |
| GENERAL FUND/GENERAL PURPOSE .. | 1,957,641,400 | 1,908,399,600 | 1,870,399,600 | 1,898,399,600 | 1,903,641,900 | (53,999,500) | (2.8) |
| PAYMENTS TO LOCALS | 89,162,800 | 88,287,000 | 93,287,000 | 87,512,000 | 88,287,000 | (875,800) | (1.0) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS

1. High-Risk Probationer Demonstration Project

| | |
|-------|-----------|
| Gross | 1,000,000 |
| GF/GP | 1,000,000 |

The budget provides \$1.0 million for a community corrections residential program targeted to high-risk, high-need probationers. The program is aimed at limiting recidivism and reducing probation violations among the target population.

2. Use of Beds at W.J. Maxey Training School

| | |
|-------|------------|
| FTE | 186.3 |
| Gross | 16,659,000 |
| GF/GP | 16,659,000 |

The budget provides \$16.7 million for the use of a unit at the Maxey school in Whitmore Lake, a Department of Human Services facility. More than 200 seriously mentally ill prisoners who have previously been housed at the Huron Valley Complex will be transferred to Maxey's Woodland Unit.

B. PROGRAM INCREASES

1. Mental Health Services

| | |
|-------|-----------|
| FTE | 14.0 |
| Gross | 8,000,000 |
| GF/GP | 8,000,000 |

The budget includes \$2.7 million for 50% phased funding of six additional outpatient treatment teams (bringing the total number to 22); \$1.6 million for 80% phased funding to expand the number of beds from 120 to 160 in the rehabilitation treatment services (RTS) program (which provides sub-acute residential care for seriously mentally ill prisoners who require psychiatric hospitalization); \$1.5 million for 80% phased funding to expand the crisis stabilization program from 14 to 40 beds; \$1.2 million for 50% phased funding for two additional security level IV and V residential treatment program (RTP) units (which house seriously mentally ill prisoners who cannot function in the general population but no longer require psychiatric hospitalization); and \$969,300 for 80% phased funding to establish a 180-bed developmental disabilities unit.

2. Hepatitis C Testing and Treatment

| | |
|-------|-----------|
| Gross | 4,185,500 |
| GF/GP | 4,185,500 |

The budget includes an additional \$4.2 million to match estimated costs in the third year of implementation of Hepatitis C testing protocols. As expanded testing has identified additional prisoners in need of treatment, the need for additional appropriations has become evident.

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

3. Pharmaceutical Adjustments

Gross 3,482,200
GF/GP 3,482,200

The budget increases funding for pharmaceuticals to match previous expenditure levels. This increase includes \$2.4 million for psychotropic medications and \$27,000 for the pharmaceutical delivery equipment at two facilities.

4. New Managed Care Contract

Gross 1,896,400
GF/GP 1,896,400

The budget adds \$1.9 million for increased costs under the Michigan Department of Corrections' (MDOC's) new managed care contract with Prison Health Services, Inc. (PHS) for hospital and specialty care and certain provider services. The PHS contract became effective on April 1, 2009.

5. Health Care Automation

FTE 1.0
Gross 3,660,300
GF/GP 3,660,300

The budget includes \$1.9 million for an electronic medication administration record system and scanners; \$1.1 million for development and maintenance of a prisoner health care data warehouse and automated claims processing; and \$680,300 for additional implementation and support of a new prisoner medical records system.

6. Nursing Staff

FTE 26.0
Gross 2,149,400
GF/GP 2,149,400

The budget includes funding sufficient to expand access to "24/7" nursing coverage at facilities where it has not previously been available.

7. Duane Waters Step-Down Beds

FTE 16.0
Gross 1,118,700
GF/GP 1,118,700

The budget includes funding for 60 additional "step-down" beds at Egeler's Duane Waters Hospital, which provides subacute care for prisoners who otherwise would require off-site hospitalization.

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

8. Michigan Prisoner Re-Entry Initiative (MPRI)

| | |
|-------|-----------|
| Gross | 9,653,300 |
| GF/GP | 9,653,300 |

The budget includes increases for MPRI programming as follows: \$5.3 million for residential services; \$3.5 million for the mentally ill offender re-entry program; \$4.2 million for substance abuse services; \$5.0 million for employment services; \$4.7 million for support services; and \$750,000 for sex offender polygraph tests. Public Act 79 of 2009, approved by the Legislature in August, increased FY 2008-09 MPRI appropriations by \$12.1 million. Adjusting for that supplemental, the net change in authorization for MPRI from FY 2008-09 to FY 2009-10 is \$9.7 million.

9. Global Positioning System (GPS) Tether and Parole/Probation Staff

| | |
|-------|------------|
| FTE | 7.0 |
| Gross | 24,188,500 |
| GF/GP | 24,188,500 |

The budget funds additional GPS tether units and related staff, including 92 additional parole agent positions. The funding is distributed as follows: \$1.5 million for 500 units for paroled sex offenders; \$5.2 million to support full-year costs of 800 units added by Executive Order 2008-21; and \$10.2 million for 1,500 additional units to cover expected parole increases. The budget also includes \$3.5 million and 40 additional parole/probation agents to meet workload increases that occurred during FY 2007-08 and FY 2008-09. An additional \$3.8 million and 38 agents are authorized to support an anticipated increase in paroles in FY 2009-10. Public Act 79 of 2009 added 198.0 FTEs; adjusting for that supplemental results in a net increase of 7.0 FTEs for FY 2009-10.

10. Additional Double-Bunking

| | |
|-------|-----------|
| FTE | 26.3 |
| Gross | 4,432,100 |
| GF/GP | 4,432,100 |

The budget includes funding for the addition of approximately 500 beds to existing facilities to offset the closure of units and facilities elsewhere. Some portion of the \$4.4 million will be supported by savings achieved through the consolidation of all female prisoners at Huron Valley.

11. Fuel and Utilities Costs

| | |
|-------|-----------|
| Gross | 1,011,200 |
| GF/GP | 1,011,200 |

The budget includes additional funding for fuel and utilities increases above the requested economic increases. In addition to the 3% economic increases, the MDOC requested funding to cover previously underfunded expenses.

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

12. Statewide Microsoft Upgrade

The budget includes funding to allow the MDOC to upgrade the Microsoft platform on its computers. (A similar adjustment is included in every budget.)

| | |
|------------|-----------|
| Gross | 1,457,600 |
| Restricted | 53,500 |
| GF/GP | 1,404,100 |

C. PROGRAM ELIMINATIONS

1. Recent and Pending Facility Closures

The budget reflects savings generated by the closure of three State prisons and the remaining corrections camps. In total, the closure of the Hiawatha, Standish, and Muskegon facilities, along with the closure of Camps Cusino, Kitwen, Lehman, Ottawa, and White Lake, is expected to produce \$118.0 million in full-year savings.

| | |
|------------|---------------|
| FTE | (1,077.2) |
| Gross | (117,992,800) |
| Restricted | (1,093,900) |
| GF/GP | (116,898,900) |

2. Remaining Savings Due to FY 2008-09 Closures

The budget reflects additional closure-related savings that are expected to be realized as a result of closures completed during FY 2008-09. The total reduction reflects the recent closures of Scott correctional facility (\$19.5 million), Deerfield correctional facility (\$14.1 million), and Camp Branch (\$7.2 million).

| | |
|------------|--------------|
| FTE | (733.5) |
| Gross | (40,796,700) |
| Restricted | (252,900) |
| GF/GP | (40,543,800) |

3. County Jail Reimbursement Program

The Governor vetoed the line supporting the County Jail Reimbursement Program (CJRP). Since 1989, the program has provided per diem reimbursement to county jails that house select individuals who would otherwise be subject to a prison term. In fiscal year 2008-09, the program was funded at \$12.3 million.

| | |
|------------|--------------|
| Gross | (12,272,100) |
| Restricted | (7,514,400) |
| GF/GP | (4,757,700) |

D. PROGRAM REDUCTIONS

1. Central Office Reductions

The budget reduces central office staffing levels in an effort to reduce overall spending. This reduction is achieved by removing 4.0 FTEs from Planning and Community Development, 5.0 FTEs from Operations Support, 2.0 FTEs from Field Operations, and 1.0 FTE from Correctional Facilities Administration.

| | |
|-------|-------------|
| FTE | (12.0) |
| Gross | (1,723,100) |
| GF/GP | (1,723,100) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

2. Reduction to New Officer Training

Gross (9,643,300)
GF/GP (9,643,300)

Due to recent and pending facility closures, the Department has a reduced need to train new corrections officers. Costs of training new recruits are approximately \$17,000 per graduate, a figure that includes a recruit's wages and benefits during the 16-week training course, plus manuals, travel, and uniform costs.

3. Consolidation of Contiguous Facilities

FTE (39.0)
Gross (3,517,100)
GF/GP (3,517,100)

The budget reflects efforts under way to consolidate adjacent facilities at four prison complexes: Kincheloe, Carson City, St. Louis, and Adrian. In addition, a reduction in supervisory and support staff positions at Chippewa, Carson City, St. Louis, and Gus Harrison correctional facilities is anticipated.

4. Food Service Contracting

FTE (9.0)
Gross (3,000,000)
GF/GP (3,000,000)

The budget incorporates partial-year savings achieved through contracting for prisoner food service purchasing, portion control, and nutrition services. Full-year savings are estimated at \$4.0 million.

5. Prisoner Education Program

FTE (18.0)
Gross (2,000,000)
GF/GP (2,000,000)

The budget reflects savings that are anticipated to emerge from a redesign of prisoner education programming that will emphasize employment preparedness and coordination with re-entry efforts.

6. Wayne County Apprehension Program Savings

FTE 12.0
Gross (1,200,000)
GF/GP (1,200,000)

The MDOC previously contracted with Wayne County to apprehend Wayne County parole violators for \$2.2 million per year. The MDOC will now be performing this function in-house at a cost of \$1.0 million per year, resulting in net savings. In order to run this program with MDOC employees, the MDOC also requested FTE authorization for 12 corrections security representatives.

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

7. Huron Valley Consolidation Savings

| | |
|-------|-----------|
| Gross | (936,000) |
| GF/GP | (936,000) |

The budget recognizes additional efficiencies that will be created by housing all female prisoners at the Huron Valley complex. Any savings generated beyond this \$0.9 million will be used to support the costs of additional double-bunked beds at other facilities.

8. Reduction to Overappropriated Revenues

| | |
|------------|-------------|
| Gross | (8,556,900) |
| IDG | (400,000) |
| Federal | (3,038,000) |
| Restricted | (5,118,900) |
| GF/GP | 0 |

The budget reflects a reduction to numerous restricted and Federal fund sources in order to more accurately reflect anticipated revenue. In particular, the budget reflects reductions in the availability of the following fund sources: Tether program participant fees (\$3.0 million); Parole and Probation Oversight fees (\$2.1 million); Federal Adult Literacy and Education Grants (\$1.3 million); Federal Serious and Violent Offender Reintegration Initiative (\$1.0 million); Federal Byrne Grants (\$729,000); and an interdepartmental grant to the Michigan Justice Training Fund (\$400,000).

E. FUNDING SHIFTS

| | |
|------------|-------------|
| Gross | 0 |
| Restricted | (1,800,000) |
| GF/GP | 1,800,000 |

Prison Store Surcharge Shift

The budget replaces one-time revenue that resulted from a temporary 10% surcharge on prisoner store purchases with General Purpose funding.

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE

H. OTHER ISSUES

1. Neal, et. al. Settlement Payment

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

In accordance with the *Neal, et. al.* class action lawsuit settlement agreement, the Department submitted the first of six scheduled payments on October 15, 2009. The budget includes \$10.0 million to fund this expense. The five additional payments are due on October 15 of the following five fiscal years, and range from \$10.0 million to \$25.0 million.

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

2. Restoration of Prison Store FTEs

The budget includes \$4.8 million for prison store operations and the associated store keeper positions. Public Act 140 of 2009 restored equivalent funding for FY 2008-09, but did not include the associated FTEs.

| | |
|-------|------|
| FTE | 75.0 |
| Gross | 0 |
| GF/GP | 0 |

3. Miscellaneous Adjustments

The budget includes several other small adjustments that result in a net increase of \$389,400 and a reduction of 16.8 FTEs.

| | |
|------------|-------------|
| FTE | (16.8) |
| Gross | 503,600 |
| Federal | (3,915,000) |
| Restricted | 4,029,200 |
| GF/GP | 389,400 |

I. UNCLASSIFIED SALARIES

The budget funds an expansion of the State parole board from 10 to 15 members. These five classified positions are supported by an additional 3.0 classified staff positions. The total cost of this expansion is expected to approach \$1.0 million, but \$400,500 of that amount will be funded via an internal transfer.

| | |
|-------|---------|
| FTE | 3.0 |
| Gross | 600,000 |
| GF/GP | 600,000 |

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS

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

| | |
|------------|------------|
| Gross | 35,084,900 |
| IDG | 14,700 |
| Federal | 33,400 |
| Local | 2,400 |
| Restricted | 444,100 |
| GF/GP | 34,590,300 |

L. VETOES

The Governor used veto authority to remove three distinct budget items. The Governor vetoed the \$16.6 million County Jail Reimbursement Program (CJRP) line. The CJRP program reimburses local facilities that choose to house certain offenders who would otherwise be incarcerated in a State facility; the program was funded at \$12.3 million in FY 2008-09. The Governor also vetoed two negative appropriations included in the enrolled budget: the \$4.3 million County Jail Reimbursement Program savings line and the \$38.2 million Corrections cost savings. The CJRP savings line was expected to be satisfied by savings associated with housing prisoners at the local level. The Corrections cost savings negative appropriation was to be achieved by requiring the MDOC to lower the average yearly cost per prisoner, as defined in boilerplate language, by \$841 from its FY 2008-09 level. The net impact of these vetoes is a reduction of \$12.3 million Gross/\$4.8 GF/GP, compared with FY 2008-09.

**DEPARTMENT OF EDUCATION
P.A. 115 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 482.5 | 552.5 | 476.5 | 552.5 | 544.5 | 62.0 | 12.8 |
| GROSS | 1,024,635,800 | 118,180,000 | 95,119,400 | 120,624,000 | 112,871,600 | (911,764,200) | (89.0) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS | 1,024,635,800 | 118,180,000 | 95,119,400 | 120,624,000 | 112,871,600 | (911,764,200) | (89.0) |
| Less: | | | | | | | |
| Federal Funds | 1,000,641,500 | 76,430,200 | 70,872,800 | 76,430,200 | 76,297,900 | (924,343,600) | (92.4) |
| Local and Private | 9,968,500 | 10,105,200 | 10,105,200 | 10,105,200 | 10,105,200 | 136,700 | 1.4 |
| TOTAL STATE SPENDING | 14,025,800 | 31,644,600 | 14,141,400 | 34,088,600 | 26,468,500 | 12,442,700 | 88.7 |
| Less: | | | | | | | |
| Other State Restricted Funds | 6,951,200 | 7,038,900 | 7,338,900 | 7,338,900 | 7,038,900 | 87,700 | 1.3 |
| GENERAL FUND/GENERAL PURPOSE .. | 7,074,600 | 24,605,700 | 6,802,500 | 26,749,700 | 19,429,600 | 12,355,000 | 174.6 |
| PAYMENTS TO LOCALS | 0 | 10,000,000 | 0 | 10,505,000 | 6,000,000 | 6,000,000 | 100.0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Restoration of Furlough and Vacancy Savings from Executive Order 2009-22

The budget restores furlough and vacant position savings realized for FY 2008-09 in Executive Order 2009-22.

| | |
|------------|---------|
| Gross | 936,600 |
| Federal | 499,600 |
| Local | 43,900 |
| Restricted | 29,600 |
| GF/GP | 363,500 |

2. Building Occupancy Charges

Due to the transfer of the Library of Michigan appropriations into the Department of Education budget and other adjustments to the line, the appropriation for Building Occupancy Charges increases by \$1.1 million.

| | |
|---------|-----------|
| Gross | 1,116,500 |
| Federal | (200,000) |
| GF/GP | 1,316,500 |

C. PROGRAM ELIMINATIONS

1. One-Time Federal Grant for Data Initiatives

The budget eliminates \$5.5 million in one-time Federal funding for the Center for Educational Performance and Information for the development and implementation of a statewide longitudinal data system.

| | |
|---------|-------------|
| Gross | (5,517,300) |
| Federal | (5,517,300) |
| GF/GP | 0 |

2. Alternative Teacher Certification Programs

The budget eliminates two \$100,000 programs aimed at providing teachers with alternative routes to certification. One program was operated by Central Michigan University, the other by Wayne State University. Both were funded from teacher certification fees.

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

3. National Board Certification Grants

The budget eliminates \$100,000 for assistance to teachers seeking National Board certification.

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

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

D. PROGRAM REDUCTIONS

10% Reduction in Operational Funding

| | |
|-------|-----------|
| Gross | (850,500) |
| GF/GP | (850,500) |

Throughout the Department's budget there are reductions to operational lines. Some of the larger reductions include: the elimination of oversight of the 21st Century Schools grant program (\$250,000); a reduction in State Board/Superintendent Operations (\$130,100); and a reduction in Grants Administration (\$112,900). Other reductions are made, mostly by eliminating vacant positions or partial positions.

E. FUNDING SHIFTS

Numerous fund shifts throughout the budget are included, the net impact adding \$47,700 GF/GP in place of Federal funds.

| | |
|---------|----------|
| FTE | 1.0 |
| Gross | 0 |
| Federal | (47,700) |
| GF/GP | 47,700 |

F. PROGRAM TRANSFERS

1. Library of Michigan Operations

The budget includes funding for the operations of the Library of Michigan, which was transferred into the Department of Education budget. The amount shown here reflects the enacted budget; however, the Library's operational funding was reduced \$0.5 million from the Governor's revised recommendation.

| | |
|-------|-----------|
| FTE | 59.0 |
| Gross | 4,601,400 |
| GF/GP | 4,601,400 |

2. Library Services and Technology Program

The budget includes funding for the Library Services and Technology Program, which was transferred into the Department of Education budget from the History, Arts, and Libraries budget. The enacted amount for this line equals the Governor's recommended appropriation.

| | |
|---------|-----------|
| FTE | 2.0 |
| Gross | 5,557,400 |
| Federal | 5,557,400 |
| GF/GP | 0 |

3. State Aid to Libraries

The budget includes funding for State Aid to Libraries, which was transferred into the Department of Education budget from the History, Arts, and Libraries budget. The enacted amount shown here reflects a 40% reduction from the Governor's revised recommendation.

| | |
|-------|-----------|
| Gross | 6,000,000 |
| GF/GP | 6,000,000 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | | |
|---|--|--|
| 4. Book Distribution Centers | Gross GF/GP | 200,000 200,000 |
| <p>The budget includes funding for two book distribution centers, which was transferred into the Department of Education budget from the History, Arts, and Libraries budget. The Governor had recommended elimination of funding for the centers.</p> | | |
| 5. Information Technology for Library of Michigan | Gross GF/GP | 618,200 618,200 |
| <p>Information technology expenses for the Library of Michigan are transferred from the History, Arts, and Libraries budget into the Department of Education budget. The total is \$618,200.</p> | | |
| G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING | Gross Federal GF/GP | (925,008,000) (925,008,000) 0 |
| <p>This budget eliminates \$925.0 million in one-time ARRA funding, which included substantial one-time grants for Title I and Special Education.</p> | | |
| H. OTHER ISSUES | | |
| 1. Other Budget Adjustments | Gross Federal Local Restricted GF/GP | 115,500 (282,600) 2,400 304,100 91,600 |
| <p>Numerous small adjustments occur throughout the budget, including some items standard across all budgets, such as Microsoft upgrades, reductions in Department of Information Technology virtual storage and administrative costs, and other changes. The total of these changes is \$115,500.</p> | | |
| 2. Internal Audit Services | Gross GF/GP | (100,000) (100,000) |
| <p>Internal audit service operations are transferred to the Department of Management and Budget.</p> | | |
| I. UNCLASSIFIED SALARIES | | |
| <p>The only adjustment made for unclassified salaries is the restoration of \$6,300 in furlough savings realized under Executive Order 2009-22, discussed in item B. above.</p> | | |
| J. FEE INCREASES - NONE | | |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

K. ECONOMIC ADJUSTMENTS

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

| | |
|------------|---------|
| Gross | 866,000 |
| Federal | 655,000 |
| Local | 81,700 |
| Private | 8,700 |
| Restricted | 54,000 |
| GF/GP | 66,600 |

L. VETOES - NONE

**DEPARTMENT OF ENERGY, LABOR, AND ECONOMIC GROWTH
P.A. 130 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|----------------------|-----------------------------------|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 4,325.0 | 4,678.5 | 4,646.5 | 4,645.5 | 4,680.5 | 355.5 | 8.2 |
| GROSS | 1,838,967,400 | 1,444,737,500 | 1,432,922,800 | 1,412,674,600 | 1,423,617,200 | (415,350,200) | (22.6) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 30,575,700 | 29,117,100 | 29,117,100 | 29,117,100 | 29,465,100 | (1,110,600) | (3.6) |
| ADJUSTED GROSS | 1,808,391,700 | 1,415,620,400 | 1,403,805,700 | 1,383,557,500 | 1,394,152,100 | (414,239,600) | (22.9) |
| Less: | | | | | | | |
| Federal Funds | 1,327,322,200 | 918,286,200 | 917,336,200 | 916,466,300 | 917,911,200 | (409,411,000) | (30.8) |
| Local and Private..... | 21,203,500 | 21,235,300 | 21,235,300 | 21,135,400 | 21,235,300 | 31,800 | 0.1 |
| TOTAL STATE SPENDING | 459,866,000 | 476,098,900 | 465,234,200 | 445,955,800 | 455,005,600 | (4,860,400) | (1.1) |
| Less: | | | | | | | |
| Other State Restricted Funds | 400,230,700 | 400,154,500 | 399,803,500 | 400,199,000 | 400,221,500 | (9,200) | (0.0) |
| GENERAL FUND/GENERAL PURPOSE .. | 59,635,300 | 75,944,400 | 65,430,700 | 45,756,800 | 54,784,100 | (4,851,200) | (8.1) |
| PAYMENTS TO LOCALS | 48,655,800 | 43,628,800 | 43,123,800 | 41,495,200 | 43,575,600 | (5,080,200) | (10.4) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|---|---|--|
| <p>1. Centers for Independent Living. The budget increases funding by \$250,000 GF/GP from FY 2008-09. The original FY 2008-09 included \$3.5 million for this line but \$500,000 was reduced pursuant to Executive Order (E.O.) 2009-22, bringing the line to \$3.0 million. The budget includes a gross appropriation of \$3.25 million.</p> | <p>Gross Restricted GF/GP</p> | <p>250,000 (500,000) 750,000</p> |
| <p>2. State Office of Administrative Hearings and Rules. The budget realigns interdepartmental grant funding and staffing to reflect caseload and program adjustments in the Department of Human Services, Department of Corrections, and Bureau of Commercial Services.</p> | <p>FTE Gross IDG Federal Restricted GF/GP</p> | <p>7.5 1,166,100 1,429,700 0 (263,600) 0</p> |
| <p>3. Unemployment Insurance Agency. The budget includes increases in Federal funding to cover additional staff and postage costs associated with the elevated claims level in the State. The postage costs equal \$4,587,800 and additional funding for staffing costs is \$18.0 million.</p> | <p>FTE Gross Federal GF/GP</p> | <p>300.0 22,587,800 22,587,800 0</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

- | | | |
|---|------------------------|------------------------------------|
| <p>1. No Worker Left Behind. The budget reflects a \$2,663,400 reduction to this program included in the Workforce Training Programs Subgrantees line. The program was originally funded in FY 2008-09 at \$15.0 million but was reduced to \$7.2 million under E.O. 2009-22. The Governor recommended continuing the \$15.0 million level of funding; however, the budget includes only \$4.5 million for this program.</p> | <p>Gross GF/GP</p> | <p>(2,663,400) (2,663,400)</p> |
| <p>2. Michigan Nursing Corps. The budget reflects a \$4.2 million reduction to this line, reducing it from \$4,550,000 to \$300,000.</p> | <p>Gross GF/GP</p> | <p>(4,245,600) (4,245,600)</p> |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | |
|--|---|
| <p>3. Welfare-to-Work. The budget reflects a \$400,000 GF/GP reduction to this line, reducing the General Fund support from \$18.4 million to \$18.0 million. The GF/GP funding in this line is used to supplement the \$80.0 million of Temporary Assistance to Needy Families funds that are used to provide job training and search services for Family Independence Program recipients.</p> | <p>Gross (400,000) GF/GP (400,000)</p> |
| <p>4. Workers' Compensation Agency. The budget reflects the reduction of nine unclassified magistrates appointed to the Board of Magistrates, bringing the number from 26 to 17. This reduction will result in reduced rent and administrative costs as well as the reduced salaries and wages. The changes also will result in the closing of the Kalamazoo and Flint offices and the transfer of cases to the Saginaw and Grand Rapids locations. An Executive Order or legislation amending the current statutory requirements for this program is necessary to carry out the staffing reductions.</p> | <p>Gross (1,580,800) Restricted (990,900) GF/GP (589,900)</p> |
| <p>5. Fire Bureau. The budget reduces GF/GP funding to meet the target agreement. General Fund/General Purpose funding for the Bureau is reduced from the Governor's recommended levels of \$3,085,200 to \$2.6 million.</p> | <p>Gross (485,200) GF/GP (485,200)</p> |

E. FUNDING SHIFTS

| | |
|--|---|
| <p>1. METRO Extension Telecommunications Rights-of-Way Oversight Authority. The budget includes a \$325,000 fund shift from Liquor Purchase Revolving Fund revenue to Public Utility Assessments. The line item also is reduced from FY 2008-09 appropriation of \$550,000 for this Authority. The program was moved under the Public Service Commission as the program focuses on access to rights-of-way for utility and phone companies. The Liquor Purchase Revolving Fund revenue, if unspent, lapses to the General Fund at the close of the fiscal year.</p> | <p>Gross (235,500) Restricted (235,500) GF/GP 0</p> |
| <p>2. Tax Tribunal Operations. The budget includes a \$631,800 fund shift from Corporations and Securities fees to Tax Tribunal fees. The Tribunal is currently working on a rule revision that will allow it to increase fees for reviewing tax appeal cases before the Tribunal. Corporations and Securities fees lapse to the General Fund if unspent at the close of the fiscal year.</p> | <p>Gross 0 Restricted 0 GF/GP 0</p> |
| <p>3. Worker's Compensation Revolving Fund. The budget includes a \$300,000 fund shift from GF/GP support to the Worker's Compensation Revolving Fund.</p> | <p>Gross 0 Restricted 300,000 GF/GP (300,000)</p> |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

4. Focus: HOPE. The budget includes a \$774,200 fund shift from GF/GP support to Federal Workforce Investment Act funding. The budget also increases this appropriation by \$86,000 to restore reductions made under E.O. 2009-22.

| | |
|---------|-----------|
| Gross | 86,000 |
| Federal | 860,200 |
| GF/GP | (774,200) |

F. PROGRAM TRANSFERS

1. State Historic Preservation Office and Lighthouse Preservation Program. Executive Order 2009-36 transferred these programs to the Michigan State Housing Development Authority (MSHDA). The Governor recommended that these programs be funded with GF/GP funding. The Conference Committee changed the fund source to the restricted MSHDA Fees and Charges source.

| | |
|------------|-----------|
| FTE | 23.0 |
| Gross | 2,559,400 |
| Federal | 950,000 |
| Restricted | 1,609,400 |
| GF/GP | 0 |

2. Subregional State Aid. Executive Order 2009-36 transferred this program from the Library of Michigan to the Michigan Commission for the Blind. The program provides library grants to subregional libraries that serve the blind and physically disabled. The Governor recommended funding this program at \$1,655,300, of which \$505,000 was for direct grants. The enacted budget reduces the direct grant amount to \$451,800.

| | |
|-------|-----------|
| FTE | 11.0 |
| Gross | 1,602,100 |
| GF/GP | 1,602,100 |

3. Retired Engineers Technical Assistance Program. Executive Order 2008-20 transferred this program from the Department of Environmental Quality. The program is included in the Energy Office under the Michigan Public Service Commission.

| | |
|------------|-----------|
| FTE | 10.0 |
| Gross | 1,971,200 |
| Restricted | 1,971,200 |
| GF/GP | 0 |

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

The budget does not include the \$441.0 million of ARRA funding that was appropriated in FY 2008-09. The funds are allowed to carry forward into the next fiscal year and are available for job training, energy programs, Michigan Occupational Safety and Health Administration (MIOSHA) inspections, and appliance rebates.

| | |
|---------|---------------|
| Gross | (440,992,700) |
| Federal | (440,992,700) |
| GF/GP | 0 |

H. OTHER ISSUES

Program Adjustments. Various fund source and FTE adjustments are included in the budget to reflect anticipated revenue from restricted and Federal fund sources. Some adjustments implementing statutory changes were made during FY 2008-09.

| | |
|------------|-------------|
| FTE | 4.0 |
| Gross | (3,718,000) |
| IDG | (2,801,500) |
| Federal | 3,288,000 |
| Restricted | (5,947,500) |
| GF/GP | 1,743,000 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS

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

| | |
|------------|-----------|
| Gross | 8,748,400 |
| IDG | 261,200 |
| Federal | 3,895,700 |
| Restricted | 4,047,700 |
| Private | 0 |
| Local | 31,800 |
| GF/GP | 512,000 |

L. VETOES

1. **Housing and Community Development Fund.** The Legislature included \$59,000 for this Fund. In FY 2008-09 the initial appropriation was \$2,163,400 but it was eliminated by E.O. 2009-22. The Governor had recommended the line at the original FY 2008-09 amount; however, the budget reflected a \$2.1 million reduction from that level.

2. **Agriculture Economic Development.** This was a new \$300,000 GF/GP line item created to support economic development opportunities in the Department of Agriculture. Accompanying boilerplate language required the funds to be used to foster and promote growth in the food and agriculture sector. A report was required by September 10, 2010.

3. **MIOSHA Aggregate Industry Grant.** Boilerplate language in the budget allocated \$40,000 of restricted funds from the Consultation Education and Training program to a nonprofit group representing the aggregate industry in Michigan.

4. **Michigan After School Partnership.** The budget included boilerplate language that allowed \$25,000 of appropriated funds to be used to support this program in collaboration with the Departments of Education, Human Services, and Community Health. The Department of Energy, Labor, and Economic Growth budget used Federal funds to support this allocation.

5. **Job Training Programs Subgrantees.** The budget included two set-aside allocations from this line item for specific organizations: a \$200,000 allocation for Cascade Engineering, and a \$150,000 allocation to the West Michigan Center for Arts and Technology. This line item included primarily Federal Workforce Investment Act (WIA) funding that is allocated by formula to the local workforce development boards around the State for job readiness and training services for youths, the underemployed, and displaced workers.

**DEPARTMENT OF ENVIRONMENTAL QUALITY
P.A. 118 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 1,520.7 | 1,477.7 | N/A | 1,458.5 | 1,491.1 | (29.6) | (1.9) |
| GROSS | 605,402,500 | 341,552,000 | 0 | 338,614,700 | 388,864,600 | (216,537,900) | (35.8) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 18,890,200 | 7,433,600 | 0 | 7,433,600 | 8,520,700 | (10,369,500) | (54.9) |
| ADJUSTED GROSS | 586,512,300 | 334,118,400 | 0 | 331,181,100 | 380,343,900 | (206,168,400) | (35.2) |
| Less: | | | | | | | |
| Federal Funds | 378,711,000 | 129,599,300 | 0 | 130,231,300 | 180,146,200 | (198,564,800) | (52.4) |
| Local and Private | 555,700 | 658,900 | 0 | 658,900 | 658,900 | 103,200 | 18.6 |
| TOTAL STATE SPENDING | 207,245,600 | 203,860,200 | 0 | 200,290,900 | 199,538,800 | (7,706,800) | (3.7) |
| Less: | | | | | | | |
| Other State Restricted Funds | 168,665,900 | 170,732,300 | 0 | 171,537,500 | 172,588,300 | 3,922,400 | 2.3 |
| GENERAL FUND/GENERAL PURPOSE .. | 38,579,700 | 33,127,900 | 0 | 28,753,400 | 26,950,500 | (11,629,200) | (30.1) |
| PAYMENTS TO LOCALS | 5,200,000 | 3,650,000 | 0 | 3,650,000 | 3,650,000 | (1,550,000) | (29.8) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS

1. Great Lakes Restoration Initiative

The Great Lakes Restoration Initiative is a Federal grant program designed to help states in the Great Lakes watershed restore the Lakes' viability. This could include initiatives to clean up the shorelines, restore healthy fish populations, and take other restorative actions.

| | |
|---------|------------|
| Gross | 50,000,000 |
| Federal | 50,000,000 |
| GF/GP | 0 |

2. Electronic Waste Recycling Fund

The Electronic Waste Recycling Fund funded in this budget will help recover useful materials that would otherwise be disposed of in a landfill when electronic equipment is discarded.

| | |
|------------|---------|
| Gross | 245,000 |
| Restricted | 245,000 |
| GF/GP | 0 |

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS

1. Compliance Assistance Conference and Workshop

Due to budget cuts, the budget does not contain funding for the compliance assistance program that was intended to help the regulated community comply with environmental laws and regulations.

| | |
|-------|-----------|
| FTE | (5.0) |
| Gross | (897,100) |
| GF/GP | (897,100) |

2. On-Site Wastewater Treatment Program

The On-Site Wastewater Treatment Program was designed to provide oversight for subdivisions and companies that operate their own wastewater treatment plants. The oversight was in conjunction with local health departments for the purpose of helping those operators comply with relevant treatment plant regulation.

| | |
|-------|-----------|
| Gross | (600,000) |
| GF/GP | (600,000) |

3. Aquifer Protection Program

The Aquifer Protection Program was a dispute mediation program designed to give small well owners a means to resolve disputes with large well owners who drain aquifers used by both. The program is being eliminated because most municipalities already provide a service similar to this.

| | |
|------------|-----------|
| Gross | (350,000) |
| Restricted | (350,000) |
| GF/GP | 0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

4. Real-Time Water Quality Monitoring Grant Program

This program was originally established to be locally controlled and funded. Initially, the Department of Environmental Quality (DEQ) agreed to provide some funding to municipalities wishing to participate, agreeing that once the programs were running, State support would cease. Pursuant to this agreement, no additional funding is provided in this budget.

| | |
|------------|-----------|
| Gross | (250,000) |
| Restricted | (250,000) |
| GF/GP | 0 |

D. PROGRAM REDUCTIONS

1. Wetland Protection Program

All General Fund support for the Wetland Protection Program is cut. Restricted, interdepartmental grant, and Federal sources remain, however, and a new boilerplate section states the intent of the Legislature to fully fund the program with a supplemental appropriation later in the year.

| | |
|-------|-------------|
| Gross | (2,111,800) |
| GF/GP | (2,111,800) |

2. Radiological Protection Program

Funding for the Radiological Protection Program is reduced as part of the Governor's recommendation. This reduction will delay the State's progress toward becoming an "agreement state" under the authority of the U.S. Nuclear Regulatory Commission. Becoming an agreement state will allow Michigan to assume regulatory authority over certain radioactive materials.

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

3. Ambient Water Quality Monitoring Program

In order to meet the GF/GP target, the Governor recommended a reduction of General Fund support for this program. This reduction will end the support of inland lakes and streams as well as reducing maintenance of the Water Bureau's library.

| | |
|-------|-----------|
| Gross | (192,400) |
| GF/GP | (192,400) |

4. Air Programs

This budget contains reduced funding for the New Source Review and Michigan Air Emissions Reporting System programs within the Air Quality Division. The New Source Review program will have reduced staffing levels, which will cause a delay in new air pollution source reviews. The Michigan Air Emissions Reporting System will continue its normal operations, but will not receive a software upgrade that was slated for this year. Additionally, some General Fund cuts are made to the Air Quality Division's review of air pollution control tax exemption applications, which will result in slower reviews.

| | |
|---------|-------------|
| Gross | (1,790,900) |
| Federal | (100,000) |
| GF/GP | (1,690,900) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

E. FUNDING SHIFTS

In order to meet GF/GP targets, several funding shifts are made. The funds affected by these shifts include: Environmental Protection Fund, Environmental Pollution Prevention Fund, Solid Waste Management Fund Staff Account, Refined Petroleum Fund, Groundwater Discharge fee revenue, Land and Water fee revenue, and Water Use Reporting fee revenue. All of these funds have available balances, but these fund shifts will deplete those balances more rapidly than would occur otherwise. Additionally, some fund shifts are made using Federal sources.

| | |
|------------|-------------|
| Gross | 0 |
| Federal | 632,000 |
| Restricted | 921,300 |
| GF/GP | (1,553,300) |

F. PROGRAM TRANSFERS

Retired Engineers Technical Assistance

The Retired Engineers Technical Assistance program is transferred to the Department of Energy, Labor, and Economic Growth (DELEG), as part of the Governor's plan to consolidate the Energy Office. This program helps small businesses hire retired engineers to help them comply with environmental regulations.

| | |
|------------|-------------|
| FTE | (8.0) |
| Gross | (1,474,300) |
| Restricted | (1,474,300) |
| GF/GP | 0 |

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

The FY 2008-09 budget contained \$248.6 million in ARRA funding that is not continued in this budget.

| | |
|---------|---------------|
| Gross | (248,600,000) |
| Federal | (248,600,000) |
| GF/GP | 0 |

H. OTHER ISSUES

1. GF/GP Reductions

In order to meet lower revenue estimates, all State department budgets contain reductions in General Fund appropriations. The DEQ reductions come from line items both programmatic and administrative.

| | |
|-------|-------------|
| FTE | (17.0) |
| Gross | (3,702,700) |
| GF/GP | (3,702,700) |

2. Restricted Fund Reductions

Due to reduced revenue projections, appropriations from the following restricted funds are reduced in order to help either maintain a fund balance or prevent deficit spending in those funds: Environmental Response Fund, Sand Extraction Fee revenue, Metallic Mining Surveillance Fee revenue, and Nonferrous Mining Surveillance Fee revenue.

| | |
|------------|-----------|
| Gross | (475,000) |
| Restricted | (475,000) |
| GF/GP | 0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | | |
|--|--|---|
| 3. Technical Adjustments | Other adjustments contained in this budget include a restoration of the funding reduced by Executive Orders 2008-21 and 2009-22, reduced property management costs, Federal revenue adjustments, adjustments to State and Federal grants, and FTE adjustments to reflect funded positions. | FTE 0.4 Gross 671,700 IDG 58,700 Federal (1,182,900) Private 100,000 Restricted 3,597,900 GF/GP (1,902,000) |
| 4. Internal Audit Services | As part of a statewide effort to consolidate departmental auditing functions, the Department of Environmental Quality's auditing budget is transferred to the Department of Management and Budget. | Gross (228,500) Restricted (188,600) GF/GP (39,900) |
| 5. Local Health Department Operations | Grants to local health departments for operations are transferred to the Department of Community Health. | Gross (10,472,500) IDG (10,472,500) GF/GP 0 |
| I. UNCLASSIFIED SALARIES | The budget contains 5.0 FTEs rather than the standard 6.0 FTEs. It is not yet known which position will be eliminated. | Gross (50,000) GF/GP (50,000) |
| J. FEE INCREASES - NONE | | |
| K. ECONOMIC ADJUSTMENTS | The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. | Gross 3,940,600 IDG 44,300 Federal 686,100 Private 3,200 Restricted 1,896,100 GF/GP 1,310,900 |

L. VETOES

The Governor vetoed two line items that were new to the FY 2009-10 budget. The first was \$120,000 for the reimbursement of permit holders for feasibility studies conducted at the request of the Department. The reimbursement requirement also was vetoed. The second item was \$5,000 for the Michigan State University Extension Programs-4-H Youth Programs to fund the Youth Conservation Council.

**EXECUTIVE
P.A. 128 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 74.2 | 74.2 | 74.2 | 74.2 | 74.2 | 0.0 | 0.0 |
| GROSS | 5,038,100 | 5,317,300 | 4,823,700 | 4,824,300 | 4,823,700 | (214,400) | (4.3) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS | 5,038,100 | 5,317,300 | 4,823,700 | 4,824,300 | 4,823,700 | (214,400) | (4.3) |
| Less: | | | | | | | |
| Federal Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING | 5,038,100 | 5,317,300 | 4,823,700 | 4,824,300 | 4,823,700 | (214,400) | (4.3) |
| Less: | | | | | | | |
| Other State Restricted Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| GENERAL FUND/GENERAL PURPOSE .. | 5,038,100 | 5,317,300 | 4,823,700 | 4,824,300 | 4,823,700 | (214,400) | (4.3) |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

10% Funding Reduction

| | |
|-------|-----------|
| Gross | (493,600) |
| GF/GP | (493,600) |

The Executive Office is reduced by 10.0% due to budgetary constraints.

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE

H. OTHER ISSUES

| | |
|-------|---------|
| Gross | 279,200 |
| GF/GP | 279,200 |

A positive adjustment is made to account for Executive Order 2009-22.

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS - NONE

L. VETOES - NONE

**HIGHER EDUCATION
P.A. 132 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|----------------------|-----------------------------------|---|----------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 0.0 | 0.0 |
| GROSS | 1,754,105,200 | 1,719,405,300 | 1,609,743,500 | 1,826,084,700 | 1,612,243,300 | (141,861,900) | (8.1) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS | 1,754,105,200 | 1,719,405,300 | 1,609,743,500 | 1,826,084,700 | 1,612,243,300 | (141,861,900) | (8.1) |
| Less: | | | | | | | |
| Federal Funds | 7,400,000 | 7,400,000 | 75,638,000 | 59,607,400 | 74,138,000 | 66,738,000 | 901.9 |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING | 1,746,705,200 | 1,712,005,300 | 1,534,105,500 | 1,766,477,300 | 1,538,105,300 | (208,599,900) | (11.9) |
| Less: | | | | | | | |
| Other State Restricted Funds | 101,100,000 | 166,400,100 | 26,400,200 | 166,400,100 | 30,400,100 | (70,699,900) | (69.9) |
| GENERAL FUND/GENERAL PURPOSE .. | 1,645,605,200 | 1,545,605,200 | 1,507,705,300 | 1,600,077,200 | 1,507,705,200 | (137,900,000) | (8.4) |
| PAYMENTS TO LOCALS | 3,759,100 | 0 | 0 | 3,646,300 | 0 | (3,759,100) | (100.0) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Saginaw Chippewa Tribal College

| | |
|-------|--------|
| Gross | 29,700 |
| GF/GP | 29,700 |

Funding of \$29,700 is added to Central Michigan University's Operations line item to allow the pass through of that amount to pay for Indian Tuition Waivers at the Saginaw Chippewa Tribal College, which was recently authorized as a tribal college by the Federal government.

2. Tuition Incentive Program

| | |
|------------|-------------|
| Gross | 6,000,000 |
| Restricted | 14,250,000 |
| GF/GP | (8,250,000) |

Due to an increase in Tuition Incentive Program (TIP) students attending college, the appropriation for TIP is increased by \$6.0 million over the FY 2008-09 \$25.2 million appropriation for the program. The program provides an incentive to Medicaid-eligible middle school and high school students by promising to pay for their college tuition if they graduate from high school. It pays for two years of associate-level tuition costs and up to an additional \$2,000 for study at a four-year institution. There were 12,041 TIP students enrolled in FY 2007-08 and 13,055 in FY 2008-09. The FY 2009-10 TIP appropriation is \$31.2 million, financed from \$30.1 million in Michigan Merit Award Trust Fund revenue and \$1.1 million GF/GP revenue.

C. PROGRAM ELIMINATIONS

1. Michigan Work Study Program

| | |
|-------|-------------|
| Gross | (7,326,300) |
| GF/GP | (7,326,300) |

Due to revenue constraints, funding for the Michigan Work Study Program is eliminated. The program was created in 1986 (Public Acts 288 and 303) to provide work study grants to financially needy undergraduate and graduate students. It is a "campus-based" program in which funds are allocated to individual colleges on a formula basis and the schools select award recipients.

2. Adult Part-Time Independent Student Program

| | |
|-------|-------------|
| Gross | (2,653,300) |
| GF/GP | (2,653,300) |

Due to revenue constraints, funding for the Adult Part-time Independent Student Program is eliminated. The program was created by Public Act 102 of 1986 to provide biennial awards of up to \$600 for financially needy adult, part-time undergraduate students. It is a "campus-based" program in which funds are allocated to individual colleges on a formula basis and the schools select award recipients.

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

3. Michigan Educational Opportunity Grant Program

| | |
|-------|-------------|
| Gross | (2,084,200) |
| GF/GP | (2,084,200) |

Due to revenue constraints, funding for the Michigan Educational Opportunity Grant Program is eliminated. The program was created by Public Act 273 of 1986 to provide annual awards of up to \$1,000, for not more than 10 semesters, for financially needy undergraduate students enrolled at least part time. It is a "campus-based" program in which funds are allocated to individual colleges on a formula basis and the schools select award recipients.

4. Nursing Scholarship Program

| | |
|------------|-------------|
| Gross | (4,250,000) |
| Restricted | (4,250,000) |
| GF/GP | 0 |

Due to revenue constraints, funding for the Michigan Nursing Scholarship Program is eliminated. The program was created by Public Act 591 of 2002 to provide annual awards of up to \$4,000 for not more than four years, to undergraduate and masters-degree students enrolled in a qualifying nursing program who agree to work in Michigan as a nurse after licensure. It is a "campus-based" program in which funds are allocated to individual colleges on a formula basis and the schools select award recipients.

5. Michigan Promise Grant Program

| | |
|------------|--------------|
| Gross | (75,500,000) |
| Restricted | (75,500,000) |
| GF/GP | 0 |

Due to revenue constraints, funding for the Michigan Promise Grant Program is eliminated. The program was created by Public Act 479 of 2006 to provide merit-based grants of up to \$4,000 to students who score well on the high school Merit Exam and/or complete two years of postsecondary education with at least a 2.5 grade point average. Although the FY 2008-09 appropriation for the program was \$75.5 million, costs were expected to increase in FY 2009-10 to a total of about \$100.0 million, with funding for subsequent years to continue to increase until fully funded at approximately \$180.0 million to \$190.0 million annually.

D. PROGRAM REDUCTIONS

1. University Operations

| | |
|-------|-------------|
| Gross | (6,101,700) |
| GF/GP | (6,101,700) |

Each university's operations line item is reduced by 0.4%. Although the Governor had reduced each line item by an average of 3.0%, there were sufficient Federal American Recovery and Reinvestment Act (ARRA) dollars to restore all but 0.4% of the reduction. Table 1, column 6, lists the FY 2009-10 appropriation for each university.

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

2. Agricultural Experiment Station and Cooperative Extension Service

Gross (255,800)
GF/GP (255,800)

The Agricultural Experiment Station (AES) and the Cooperative Extension Service (CES) are agricultural economic programs operated by Michigan State University that provide services throughout the State. The funding for both the AES and the CES is reduced by 0.4%. The Governor had reduced funding for AES and CES by 50.0%. A combination of Federal ARRA dollars and State GF/GP allow the restoration of all but 0.4% of the reduction.

3. Higher Education Database Administration

Gross (95,000)
GF/GP (95,000)

The FY 2008-09 funding of \$200,000 for database administration is reduced to \$105,000 for FY 2009-10, to more accurately reflect the anticipated expenditure level.

4. State Competitive Scholarships

Gross (17,922,000)
GF/GP (17,922,000)

Due to revenue constraints, funding for State Competitive Scholarships is reduced by 50.4%, from \$35.5 million in FY 2008-09 to \$17.9 million in FY 2009-10. The scholarship program was created by Public Act 208 of 1964 to provide annual grants to students who score well on the American College Test (ACT) and have financial need. The FY 2008-09 maximum annual grant amount was \$1,300.

5. Tuition Grants

Gross (25,003,400)
GF/GP (25,003,400)

Due to revenue constraints, funding for Tuition Grants is reduced by 44.1%, from \$56.7 million in FY 2008-09 to \$31.7 million in FY 2009-10. The program was created by Public Act 313 of 1966 to provide annual grants for financially needy undergraduate and graduate students. For FY 2009-10, there are two policy changes for the program: a) Graduate students are no longer eligible for the grants; and b) there is a \$3.0 million cap on the amount that any institution may receive for the grants. The FY 2008-09 maximum annual grant amount was \$2,100.

6. Michigan Merit Award Program

Gross (5,199,900)
Restricted (5,199,900)
GF/GP 0

Public Act 94 of 1999 created the Michigan Merit Award Program to provide merit-based grants of up to \$3,000 to students who scored well on the middle school and high school MEAP test or Merit Exam. The high school graduating class of 2000 was the first eligible class and the class of 2006 was the last. In order to fulfill Merit Award commitments for previous graduating classes, \$1.9 million is estimated to be needed for FY 2009-10. The reduction of \$5,199,900 leaves a \$100 placeholder to allow for the transfer of funds into the line item.

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

E. FUNDING SHIFTS - SEE ITEM G

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

The FY 2009-10 Higher Education budget appropriates \$68.2 million in ARRA State Fiscal Stabilization Fund revenue to offset a GF/GP reduction for the 15 public universities, AES, and CES. This level of funding equates to about 4.4% of the total appropriation for universities, AES, and CES.

| | |
|---------|--------------|
| Gross | 0 |
| Federal | 68,238,000 |
| GF/GP | (68,238,000) |

H. OTHER ISSUES

1. Appropriation Act Format

The FY 2009-10 act changes from a format that featured four separate articles to a format that presents Part 1 with all of the line items and Part 2 with all of the boilerplate language. Part 1 includes Subparts A, B, and C, which are appropriations for research universities; State universities; and State and regional programs, grants, and financial aid; respectively.

2. Gear-Up

The funding for the Federal Gear-Up Program is reduced from \$3.0 million to \$1.5 million to more accurately align the appropriation with the available funding.

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

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS - NONE

L. VETOES - NONE

Table 1: FY 2009-10 HIGHER EDUCATION INITIAL APPROPRIATION - PUBLIC ACT 132 OF 2009

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|-----------------------------------|---|--------------------------------------|---|---|--|--|-------------------------------------|--------------------------------------|--------------------------------------|
| | FY 2008-09 Year-To-Date Appropriation | 2008-09 Approp Per Student* | Governor's Operations Reductions 0.4% - 6.6% | Fund Shift GF to ARRA; Equalize Net Reductions @ 0.4% | Saginaw Chip.Tribal; Financial Aid and Other Adjustments | FY 2009-10 Initial Appropriation | Dollar Change From 2008-09 | Percent Change From 2008-09 | 2009-10 Approp Per Student* |
| Universities | | | | | | | | | |
| Central | \$82,760,500 | \$3,915 | (\$354,200) | | \$29,700 | \$82,436,000 | (\$324,500) | -0.4% | \$3,899 |
| Eastern | 78,551,800 | 4,365 | (339,700) | | | 78,212,100 | (339,700) | -0.4% | 4,346 |
| Ferris | 50,228,100 | 4,409 | (211,000) | | | 50,017,100 | (211,000) | -0.4% | 4,390 |
| Grand Valley | 64,021,400 | 3,056 | (263,100) | | | 63,758,300 | (263,100) | -0.4% | 3,043 |
| Lake Superior | 13,111,700 | 5,594 | (72,200) | 19,700 | | 13,059,200 | (52,500) | -0.4% | 5,571 |
| Michigan State | 293,041,200 | 6,769 | (1,199,500) | | | 291,841,700 | (1,199,500) | -0.4% | 6,742 |
| Michigan Tech | 49,518,500 | 7,916 | (216,400) | | | 49,302,100 | (216,400) | -0.4% | 7,882 |
| Northern | 46,633,200 | 5,533 | (195,000) | | | 46,438,200 | (195,000) | -0.4% | 5,510 |
| Oakland | 52,452,200 | 3,527 | (231,400) | | | 52,220,800 | (231,400) | -0.4% | 3,512 |
| Saginaw Valley | 28,639,800 | 3,578 | (122,100) | | | 28,517,700 | (122,100) | -0.4% | 3,563 |
| UM-Ann Arbor | 326,674,300 | 7,950 | (1,326,900) | | | 325,347,400 | (1,326,900) | -0.4% | 7,918 |
| UM-Dearborn | 25,548,000 | 4,201 | (110,900) | | | 25,437,100 | (110,900) | -0.4% | 4,182 |
| UM-Flint | 21,593,700 | 3,924 | (94,800) | | | 21,498,900 | (94,800) | -0.4% | 3,906 |
| Wayne State | 221,237,000 | 8,963 | (907,800) | | | 220,329,200 | (907,800) | -0.4% | 8,927 |
| Western | 113,243,200 | 5,149 | (476,400) | | | 112,766,800 | (476,400) | -0.4% | 5,127 |
| Ag Experiment Station(AES) | 34,336,200 | | (2,253,300) | 2,116,000 | | 34,198,900 | (137,300) | -0.4% | |
| Cooperative Extension(CES) | 29,615,500 | | (1,943,500) | 1,825,000 | | 29,497,000 | (118,500) | -0.4% | |
| Higher Education Database | 200,000 | | | | (95,000) | 105,000 | (95,000) | -47.5% | |
| Midwest Higher Ed Compact | 95,000 | | | | 0 | 95,000 | 0 | 0.0% | |
| King-Chavez-Parks | 2,691,500 | | | | | 2,691,500 | 0 | 0.0% | |
| Total Universities | \$1,534,192,800 | \$5,776 | (\$10,318,200) | \$3,960,700 | (\$65,300) | \$1,527,770,000 | (\$6,422,800) | -0.4% | \$5,752 |
| Federal Stimulus | 0 | | 0 | 68,238,000 | 0 | 68,238,000 | na | | |
| State GF/GP | \$1,534,192,800 | | (\$10,318,200) | (\$64,277,300) | (\$65,300) | \$1,459,532,000 | (\$74,660,800) | -4.9% | |
| GRANTS & FINANCIAL AID | | | | | | | | | |
| Competitive Scholarships | \$35,530,500 | | | | (\$17,922,000) | \$17,608,500 | (\$17,922,000) | -50.4% | |
| Tuition Grants | 56,668,100 | | | | (25,003,400) | 31,664,700 | (25,003,400) | -44.1% | |
| Work Study | 7,326,300 | | | | (7,326,300) | 0 | (7,326,300) | -100.0% | |
| Part-time Independent | 2,653,300 | | | | (2,653,300) | 0 | (2,653,300) | -100.0% | |
| Ed.Opportunity Grants(MEOG) | 2,084,200 | | | | (2,084,200) | 0 | (2,084,200) | -100.0% | |
| Byrd Scholarship Program | 1,500,000 | | | | | 1,500,000 | 0 | 0.0% | |
| Nursing Scholarship Program | 4,250,000 | | | | (4,250,000) | 0 | (4,250,000) | -100.0% | |
| Michigan Merit Award Program | 5,200,000 | | | | (5,199,900) | 100 | (5,199,900) | -100.0% | |
| Michigan Promise Grant Program | 75,500,000 | | | | (75,500,000) | 0 | (75,500,000) | -100.0% | |
| Tuition Incentive Program(TIP) | 25,200,000 | | | | 6,000,000 | 31,200,000 | 6,000,000 | 23.8% | |
| Children of Veterans Tuition | 1,000,000 | | | | | 1,000,000 | 0 | 0.0% | |
| Project Gear-Up | 3,000,000 | | | | (1,500,000) | 1,500,000 | (1,500,000) | -50.0% | |
| TOTAL FINANCIAL AID | \$219,912,400 | | \$0 | \$0 | (\$135,439,100) | \$84,473,300 | (\$135,439,100) | -61.6% | |
| Federal | 7,400,000 | | 0 | 0 | (1,500,000) | 5,900,000 | (1,500,000) | -20.3% | |
| Merit Award Trust Fund | 100,800,000 | | 0 | 0 | (75,699,900) | 25,100,100 | (75,699,900) | -75.1% | |
| Veterans Tax Checkoff | 300,000 | | 0 | 0 | 0 | 300,000 | 0 | 0.0% | |
| State GF/GP | \$111,412,400 | | \$0 | \$0 | (\$58,239,200) | \$53,173,200 | (\$58,239,200) | -52.3% | |
| TOTAL HIGHER ED | \$1,754,105,200 | | (\$10,318,200) | \$3,960,700 | (\$135,504,400) | \$1,612,243,300 | (\$141,861,900) | -8.1% | |
| TOTAL FEDERAL | 7,400,000 | | 0 | 68,238,000 | (1,500,000) | 74,138,000 | 66,738,000 | 901.9% | |
| TOTAL STATE RESTRICTED | 101,100,000 | | 0 | 0 | (75,699,900) | 25,400,100 | (75,699,900) | -74.9% | |
| TOTAL STATE GF/GP | \$1,645,605,200 | | (\$10,318,200) | (\$64,277,300) | (\$58,304,500) | \$1,512,705,200 | (\$132,900,000) | -8.1% | |

* FY 2007-08 Fiscal-Year-Equated Students (FYES)

**DEPARTMENT OF HUMAN SERVICES
P.A. 129 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 10,401.8 | 11,218.5 | 10,711.8 | N/A | 10,909.5 | 507.7 | 4.9 |
| GROSS | 5,862,092,900 | 6,059,399,400 | 5,837,258,100 | 0 | 5,914,646,100 | 52,553,200 | 0.9 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 2,416,700 | 2,426,600 | 2,426,600 | 0 | 2,426,600 | 9,900 | 0.4 |
| ADJUSTED GROSS | 5,859,676,200 | 6,056,972,800 | 5,834,831,500 | 0 | 5,912,219,500 | 52,543,300 | 0.9 |
| Less: | | | | | | | |
| Federal Funds | 4,640,528,300 | 4,922,281,100 | 4,937,312,400 | 0 | 4,955,223,000 | 314,694,700 | 6.8 |
| Local and Private | 57,011,900 | 51,345,600 | 47,641,600 | 0 | 47,683,500 | (9,328,400) | (16.4) |
| TOTAL STATE SPENDING | 1,162,136,000 | 1,083,346,100 | 849,877,500 | 0 | 909,313,000 | (252,823,000) | (21.8) |
| Less: | | | | | | | |
| Other State Restricted Funds | 63,069,500 | 56,845,400 | 56,845,400 | 0 | 57,015,400 | (6,054,100) | (9.6) |
| GENERAL FUND/GENERAL PURPOSE .. | 1,099,066,500 | 1,026,500,700 | 793,032,100 | 0 | 852,297,600 | (246,768,900) | (22.5) |
| PAYMENTS TO LOCALS | 142,353,400 | 157,028,900 | 136,370,300 | 0 | 98,688,000 | (43,665,400) | (30.7) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS

1. Family Independence Program (FIP) Payment

The budget provides funding for a new supplemental payment to FIP clothing allowance recipients. The supplement uses Temporary Assistance for Needy Families (TANF) emergency funding provided through the Federal American Recovery and Reinvestment Act (ARRA) of 2009. These funds will be available only through FY 2009-10.

| | |
|---------|-----------|
| Gross | 5,583,500 |
| Federal | 4,466,800 |
| GF/GP | 1,116,700 |

2. Children with Serious Emotional Disorders

The budget provides \$1.8 million GF/GP to serve as match funds for a Federal Medicaid program that provides in-home services to children with serious mental health difficulties.

| | |
|-------|-----------|
| Gross | 1,769,000 |
| GF/GP | 1,769,000 |

B. PROGRAM INCREASES

1. Child Welfare Improvement

In October 2008, the State of Michigan reached a lawsuit settlement with the advocacy organization Children's Rights. The agreement mandated a number of changes in structure and policy associated with the foster care program. The budget provides funding for additional staff (524.0 FTEs), an increase in the administrative per-diem provided for foster care, settlement monitor costs, a needs assessment, and foster care data collection improvements.

| | |
|---------|------------|
| FTE | 524.0 |
| Gross | 85,583,300 |
| Federal | 71,756,100 |
| Local | 3,654,300 |
| GF/GP | 10,172,900 |

2. Limited Term Eligibility Staff

The budget provides funding for an additional 200.0 FTEs to work as eligibility specialists. These workers will be available through fiscal year 2009-10. Public Act 64 of 2009, an FY 2008-09 supplemental appropriation, provided funding for these workers. These workers were deemed necessary because of significant increases in the Food Assistance Program (FAP) and Medicaid programs.

| | |
|---------|------------|
| FTE | 200.0 |
| Gross | 11,516,200 |
| Federal | 8,887,800 |
| GF/GP | 2,628,400 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

3. Federal Authorization Adjustments

The budget assumes additional Federal funding in a number of lines. The budget assumes additional \$9.0 million in TANF funding, \$7.8 million in Low Income Home Energy Assistance Program (LIHEAP) funding, \$5.0 million in Refugee Assistance revenue, \$2.8 million in Federal authorization in the AFC, Children's Welfare and Day Care Licensure line, \$1.5 million in the Prosecuting Attorney Contracts line, \$2.0 million in the Nutrition Education line, and \$400,000 in the Juvenile Justice Facility Services line.

| | |
|---------|------------|
| Gross | 28,500,000 |
| Federal | 28,500,000 |
| GF/GP | 0 |

4. Information Technology Savings

The budget recognizes additional expenditure for Microsoft upgrades (\$1.6 million Gross/\$561,500 GF/GP) for Department information technology and the creation of a Business-to-Business portal (\$17,000 Gross/\$0 GF/GP).

| | |
|---------|-----------|
| Gross | 1,612,800 |
| Federal | 1,051,300 |
| GF/GP | 561,500 |

5. Outstation Eligibility Workers

The budget recognizes funding for 25.0 additional outstation Medicaid eligibility workers. The local funds are provided by nursing homes and hospitals for these workers; the local funding is matched with Federal Medicaid funds.

| | |
|---------|-----------|
| FTE | 25.0 |
| Gross | 1,375,000 |
| Federal | 687,500 |
| Local | 687,500 |
| GF/GP | 0 |

6. IDG Adjustment to DELEG

The budget provides additional funding for interdepartmental grants (IDGs) to the Department of Energy, Labor, and Economic Growth (DELEG). The budget provides additional funding (\$1.4 million/\$677,000 GF/GP) for the State Office of Administrative Rules and Hearings (SOARH). The budget also makes a small adjustment (\$34,800 Gross/\$10,000 GF/GP) in the IDG to DELEG for the Jobs, Education and Training (JET) program for employee economics.

| | |
|---------|-----------|
| Gross | 1,389,400 |
| Federal | 702,400 |
| GF/GP | 687,000 |

7. Michigan Agricultural Surplus System

The budget provides funding for the Michigan Agricultural Surplus System program, which assists local farmers in providing excess food to local food banks operated through the Michigan Department of Agriculture.

| | |
|-------|---------|
| Gross | 670,000 |
| GF/GP | 670,000 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

8. Michigan 2-1-1

The budget increases the grant provided to the Michigan 2-1-1 program operated by the United Way of Michigan.

| | |
|-------|---------|
| Gross | 300,000 |
| GF/GP | 300,000 |

9. Foster Care Independent Living Rate Increase

The budget provides funding for an increase in administrative per diem payments to private agencies for independent living foster care services from \$21.18 to \$28.00 per day.

| | |
|---------|---------|
| Gross | 201,000 |
| Federal | 120,000 |
| GF/GP | 81,000 |

10. Child Day Care Quality Assurance Staff

The budget provides funding for 2.0 additional FTEs for quality assurance activities linked to the child day care program.

| | |
|---------|---------|
| FTE | 2.0 |
| Gross | 192,000 |
| Federal | 38,400 |
| GF/GP | 153,600 |

11. Multicultural Services

The budget provides \$100,000 GF/GP for an increase in the Multicultural Assimilation Funding line.

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

12. Families First Caseload Increase

The budget provides \$1.5 million in Federal TANF funding for an increase in the caseload of the Families First program of 320 cases. The budget assumes savings in the Foster Care program of (-\$2.0 million Gross/-\$1.0 million GF/GP) associated with the higher caseload in the Families First program.

| | |
|---------|-------------|
| Gross | (496,000) |
| Federal | 1,004,000 |
| Local | (500,000) |
| GF/GP | (1,000,000) |

C. PROGRAM ELIMINATIONS

1. Nokomis Challenge Center Closure

The budget assumes savings associated with the closure of the Nokomis Challenge Center in Prudenville, MI, a secure juvenile justice facility operated through the Department of Human Services (DHS). The appropriation assumes closure of the facility by January 1, 2010.

| | |
|-------|-------------|
| FTE | (48.0) |
| Gross | (3,611,600) |
| Local | (2,052,300) |
| GF/GP | (1,559,300) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

2. Elimination of Family Independence Program Incentive Payment

The FY 2008-09 DHS appropriation provided \$1.8 million in TANF funding for a payment to eligible FIP recipients who met Federal work requirements for three consecutive months. The payment is eliminated for FY 2009-10.

| | |
|---------|-------------|
| Gross | (1,778,300) |
| Federal | (1,778,300) |
| GF/GP | 0 |

3. Elimination of Community Juvenile Justice Centers

The budget assumes savings from the elimination of three juvenile justice facilities in Lansing, Bay City, and Kalamazoo. Youths currently housed in these facilities will be transferred to a private facility.

| | |
|-------|-------------|
| FTE | (27.0) |
| Gross | (1,589,900) |
| Local | (1,146,500) |
| GF/GP | (443,400) |

4. Elimination of Friend of the Court State Supplement

The budget eliminates two GF/GP payments provided to local Friend of the Court offices. Elimination of the payments for legal services and an incentive program creates GF/GP savings of \$1.0 million.

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

5. Elimination of Bridges to Responsible Adulthood

The budget eliminates funding for a program targeted to older foster children. Funding for this program was first included in the FY 2008-09 DHS appropriation.

| | |
|---------|-------------|
| Gross | (1,000,000) |
| Federal | (800,000) |
| GF/GP | (200,000) |

6. Elimination of Smaller Grant Programs

The budget eliminates program funding to the Kent County Demonstration project (\$300,000), Family Formation Program (\$200,000), Grand Rapids Youth Commonwealth (\$126,500), Grants to Youthville, Detroit (\$100,000), the Black Child and Family Institute (\$100,000), and a program through Cascade Engineering (\$40,000).

| | |
|---------|-----------|
| Gross | (866,500) |
| Federal | (240,000) |
| GF/GP | (626,500) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

7. Gubernatorial Eliminations

The Governor eliminates support for a 36.5% increase in reimbursement for adoption services (\$6.7 million Gross/\$4.8 million GF/GP), the Before and After School program (\$3.0 million Gross/\$0.0 GF/GP), Teenage Parent Counseling (\$3.0 million Gross/\$25,500 GF/GP), Marriage and Fatherhood (\$3,569,900 Gross/\$0.0 GF/GP), Family Group Decision Making (\$2.3 million Gross/\$0.0 GF/GP), and resources for a new call center (\$850,000 Gross/\$850,000 GF/GP).

| | |
|------------|--------------|
| FTE | (2.3) |
| Gross | (17,439,900) |
| Federal | (11,239,400) |
| Restricted | 170,000 |
| GF/GP | (6,370,500) |

D. PROGRAM REDUCTIONS

1. Employment and Training

The budget reduces funding provided through the Employment and Training line by \$20.7 million Gross/\$12.5 million GF/GP. Funding in this line is allocated for employment assistance services such as purchase of work clothing, tools, and family services, and the IDG to DELEG for the Jobs, Education and Training program.

| | |
|---------|--------------|
| Gross | (20,714,900) |
| Federal | (8,218,600) |
| GF/GP | (12,496,300) |

2. Removal of Bridges Development Cost

The appropriation is adjusted to account for the completion of the Bridges eligibility computer system. The system was fully implemented during FY 2008-09.

| | |
|---------|--------------|
| Gross | (17,293,400) |
| Federal | (5,158,300) |
| GF/GP | (12,135,100) |

3. Child Day Care Shelter Area Consolidation

The budget assumes savings linked to elimination of the use of shelter areas for the purpose of establishing day care rates. Rates for infants and toddlers at day care centers are \$3.75 per hour; family and group homes are \$2.90. Rates for older children at day care centers are \$2.50 per hour and family and group homes are \$2.40. Rates paid for unlicensed providers who have completed training are \$1.85 per hour, and for unlicensed providers who have not completed training rates are \$1.60 per hour.

| | |
|---------|--------------|
| Gross | (15,268,700) |
| Federal | (15,268,700) |
| GF/GP | 0 |

4. Staff Reductions

The budget assumes savings linked to the elimination of 113.0 FTEs. The budget specifies 65.0 FTEs in administrative capacities for elimination, 35.0 FTEs in unspecified local office staff and 13.0 field staff administrative support FTEs. The Governor vetoed language specifying the actual staff to be eliminated.

| | |
|---------|-------------|
| FTE | (113.0) |
| Gross | (9,805,500) |
| Federal | (4,505,400) |
| GF/GP | (5,300,100) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

5. General Reductions and Assumed Lapse Funds

The appropriation assumes a number of savings items in administrative line items. The budget recognizes GF/GP savings in the Food Stamp Reinvestment line (\$5.6 million GF/GP), the Rent line (\$5.6 million Gross/\$2.9 million GF/GP), the State Disbursement Unit (\$1.0 million GF/GP), Worker's Compensation (\$441,200 GF/GP), Community Support Services (\$100,000 GF/GP), Occupancy Charge (\$100,000 GF/GP), and the Equipment line (\$50,000 GF/GP).

| | |
|---------|--------------|
| Gross | (13,504,500) |
| Federal | (2,781,500) |
| GF/GP | (10,723,000) |

6. FIP Clothing Allowance Reduction

The budget reduces the clothing allowance from \$88 per child per year to \$75 per child per year.

| | |
|-------|-------------|
| Gross | (5,583,500) |
| GF/GP | (5,583,500) |

7. Maxey Training School Savings

The appropriation assumes savings associated with the movement of secure juvenile justice youths currently housed at the Maxey Training School from the Woodland East facility to the Green Oaks facility on the Maxey campus. The cost of updating the Green Oaks facility will be paid through the Department of Corrections appropriation. Department of Corrections inmates will now be housed at the Woodland East campus.

| | |
|-------|-------------|
| FTE | (30.0) |
| Gross | (5,000,000) |
| Local | (2,500,000) |
| GF/GP | (2,500,000) |

8. Annualization of Executive Order 2008-21

The budget assumes a number of savings items associated with the continuation of reductions included in Executive Order 2008-21. The major savings come from the closure of the secure juvenile justice facility Adrian Training School (\$5.0 million Gross/\$2.5 million GF/GP).

| | |
|---------|-------------|
| FTE | (79.0) |
| Gross | (6,098,800) |
| Federal | (294,600) |
| Local | (2,500,000) |
| GF/GP | (3,304,200) |

9. Information Technology Savings

The budget assumes a number of savings items in the Information Technology (IT) budget unit for FY 2009-10. Savings are assumed from insourcing Michigan Child Support Enforcement System (MiCSES) administration, renegotiating MiCSES contracts, IT storage and contract savings (\$989,400 Gross/\$336,400 GF/GP), and virtual storage savings (\$327,100 Gross/\$101,300 GF/GP).

| | |
|---------|-------------|
| Gross | (4,316,500) |
| Federal | (2,858,800) |
| GF/GP | (1,457,700) |

| | | FY 2009-10 Change From FY 2008-09 Year-to-Date |
|---|--|---|
| 10. Community Protection and Permanency | | Gross (3,000,000) |
| | | Federal (3,000,000) |
| | | GF/GP 0 |
| <p>The budget reduces available TANF funding provided to the Community Protection and Permanency line by \$3.0 million.</p> | | |
| 11. Strong Families/Safe Children | | Gross (2,250,000) |
| | | GF/GP (2,250,000) |
| <p>The budget shifts \$2.25 million in Title IV-B part 2 funding provided to the Strong Families Safe Children line to the Adoption Subsidies line. This funding was shifted with an equivalent amount of GF/GP.</p> | | |
| 12. Community Services Block Grant | | Gross (2,100,000) |
| | | Federal (2,100,000) |
| | | GF/GP 0 |
| <p>The budget reduces TANF funding allocated to the Community Services Block Grant line by \$2.1 million.</p> | | |
| 13. Reduced IDG to Michigan Works! and Michigan Rehabilitation Services | | Gross (2,000,000) |
| | | GF/GP (2,000,000) |
| <p>The appropriation reduces the interdepartmental grant provided to DELEG for distribution to Michigan Works! agencies and Michigan Rehabilitation Services for the Jobs, Education and Training Program by \$2.0 million GF/GP.</p> | | |
| 14. Before- and After-School Funding | | Gross (2,000,000) |
| | | Federal (2,000,000) |
| | | GF/GP 0 |
| <p>The budget reduces TANF allocated for grants to before- and after-school programs by \$2.0 million. The Governor vetoed the remaining \$3.0 million available for the program (described below).</p> | | |
| 15. Child Day Care Administrative Savings | | Gross (1,690,200) |
| | | GF/GP (1,690,200) |
| <p>The budget recognizes reduced administrative costs associated with the operation of the child day care program.</p> | | |

| | | FY 2009-10 Change From FY 2008-09 Year-to-Date | |
|---|--|---|-------------|
| 16. Indigent Burial Rate Reduction | | Gross | (1,200,000) |
| | | GF/GP | (1,200,000) |
| <p>The budget recognizes savings associated with a rate reduction for funeral homes and crematoriums for services provided through the Indigent Burial program.</p> | | | |
| 17. Teenage Parent Counseling | | Gross | (816,800) |
| | | Federal | (816,800) |
| | | GF/GP | 0 |
| <p>The budget reduces TANF funding allocated to support the Teenage Parent Counseling program by \$816,800. The Governor vetoed the remaining \$3.0 million Gross available for the program (described below).</p> | | | |
| 18. Michigan Community Services Commission | | Gross | (662,200) |
| | | GF/GP | (662,200) |
| <p>The appropriation makes a 50% reduction in the GF/GP funding allocated to the Michigan Community Services Commission, an office that administers volunteer programs, driving GF/GP savings of \$662,200.</p> | | | |
| 19. Reduced Marriage/Fatherhood Initiative | | FTE | (1.0) |
| | | Gross | (630,100) |
| | | Federal | (630,100) |
| | | GF/GP | 0 |
| <p>The enacted appropriation reduced TANF funding allocated to the Marriage Initiative and the Fatherhood Initiative by 15.0%. This change reduced support for the Marriage Initiative by \$371,300 and the Fatherhood Initiative by \$258,800. The Governor vetoed each of these programs completely, as described below.</p> | | | |
| 20. Grant Reductions | | Gross | (1,165,600) |
| | | Federal | (308,800) |
| | | GF/GP | (865,800) |
| <p>The budget assumes savings through reductions in runaway youth services (\$250,000 GF/GP), emergency services local office allocations (\$250,000 GF/GP), Early Childhood Investment Corporation (\$200,000 GF/GP), and the Demonstration Projects line (\$156,800 GF/GP). Reductions in TANF support are included in the Family Group Decision Making line (\$154,700 Gross) and administrative costs associated with reductions in family preservation programs.</p> | | | |
| 21. Michigan Youth Opportunity Initiative | | Gross | (75,000) |
| | | Private | (75,000) |
| | | GF/GP | 0 |
| <p>The budget is adjusted to reflect reduced private revenue available for the Michigan Youth Opportunity Initiative.</p> | | | |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

22. Gubernatorial Reductions

The budget reduces funding for specialized rates for private foster care agencies (\$1.0 million Gross/\$858,000 GF/GP) and indigent burial (\$500,000 Gross/\$500,000 GF/GP), and makes a small number of minor reductions to recognize boilerplate vetoes.

| | |
|---------|-------------|
| Gross | (1,657,400) |
| Federal | (247,400) |
| GF/GP | (1,410,000) |

E. FUNDING SHIFTS

1. TANF Contingency Fund Shift

The appropriation recognizes carry forward TANF funding associated with TANF contingency funds earned by the State in FY 2008-09. The TANF funding is used to reduce GF/GP expenditure in the Family Independence Program line.

| | |
|---------|---------------|
| Gross | 0 |
| Federal | 100,000,000 |
| GF/GP | (100,000,000) |

2. TANF to GF/GP Savings

The budget recognizes GF/GP savings associated with a number of reductions in funding provided to TANF-supported programs. These funds were shifted in the Child Care Fund (\$30.0 million), the Family Independence Program (\$37.4 million), the Field Staff Salaries and Wages line (\$14.0 million), and the Payroll Taxes and Fringe Benefits line (\$11.0 million).

| | |
|---------|--------------|
| Gross | 0 |
| Federal | 92,355,100 |
| GF/GP | (92,355,100) |

3. FIP Fund Source Adjustment

The budget shifts GF/GP support previously allocated to the Family Independence Program line with \$14.5 million in TANF funding.

| | |
|---------|--------------|
| Gross | 0 |
| Federal | 14,477,000 |
| GF/GP | (14,477,000) |

4. Child Support Incentive ARRA

The American Recovery and Reinvestment Act of 2009 was modified to temporarily permit states to use Federal child support incentive grants as matching funds for Federal Title IV-D reimbursement for child support services. The matching child support incentive funds are used to replace GF/GP expenditure.

| | |
|---------|--------------|
| Gross | 0 |
| Federal | 16,713,400 |
| GF/GP | (16,713,400) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

5. Federal Medical Assistance Percentage (FMAP) Adjustments

The budget recognizes reduced GF/GP need for several programs matched with Federal funds at the Federal Medical Assistance Percentage. The GF/GP savings are recognized through an increase in the FMAP for FY 2009-10 from 60.12% to 63.19%.

| | |
|------------|-------------|
| Gross | 0 |
| Federal | 10,749,200 |
| Restricted | (2,535,400) |
| GF/GP | (8,213,800) |

6. Bureau of Children and Adult Licensing Fund Shift

The appropriation reduces GF/GP funding allocated to the AFC, Children's Welfare and Day Care Licensure line to better reflect historic Federal claiming through the line.

| | |
|---------|-------------|
| Gross | 0 |
| Federal | 3,500,000 |
| GF/GP | (3,500,000) |

7. Subsidized Guardianship Fund Shift

Federal legislative changes now permit Federal Title IV-E reimbursement for children in guardianship arrangements. The budget recognizes GF/GP savings associated with this increased Federal revenue.

| | |
|---------|-------------|
| Gross | 0 |
| Federal | 1,774,400 |
| GF/GP | (1,774,400) |

8. Child Support Enforcement Fund Shift

The FY 2008-09 DHS appropriation recognizes the creation of a new \$25 fee mandated in the Federal Deficit Reduction Act. Restricted authorization is adjusted to account for higher-than-anticipated revenue collected through the fee.

| | |
|------------|-----------|
| Gross | 0 |
| Federal | (396,000) |
| Restricted | 600,000 |
| GF/GP | (204,000) |

9. Child Support Revenue Adjustment

The budget is adjusted to account for reduced retained child support revenue through the Family Independence Program.

| | |
|------------|-------------|
| Gross | 0 |
| Restricted | (2,600,000) |
| GF/GP | 2,600,000 |

10. Bureau of Children and Adult Licensing Authorization Adjustment

The appropriation is adjusted to account for anticipated increases in Federal revenue in the AFC, Children's Welfare and Day Care Licensure line.

| | |
|------------|-----------|
| Gross | 0 |
| Federal | 259,600 |
| Restricted | (259,600) |
| GF/GP | 0 |

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

1. ARRA Child Care Development Block Grant Fund Shift

The budget uses \$19.6 million in Child Care Development Block Grant funds made available through ARRA to reduce GF/GP spending in FY 2009-10. These funds were swapped with TANF funds allocated to the Day Care Services line item and the TANF funds were to replace GF/GP spending. The budget further uses \$1.5 million in Child Care Development Block Grant funding to support a caseload increase in the Families First line item. These funds were swapped with TANF funds in the Day Care Services line item and the excess TANF funds were used to increase funding to the Families First line item.

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

2. ARRA Federal Medical Assistance Percentage

General Fund/General Purpose and Federal spending is adjusted across several line items to account for an increase in the ARRA FMAP rate provided to the State of Michigan for FY 2009-10 from 63.19% to 73.27%.

| | |
|---------|--------------|
| Gross | 0 |
| Federal | 17,314,900 |
| GF/GP | (17,314,900) |

H. OTHER ISSUES

1. Caseload Adjustments

The budget adjusts a number of lines to account for anticipated changes in program caseload. Adjustments are made to Child Day Care (-\$94.2 million Gross/\$-51.3 million GF/GP), Family Independence Program (\$49.6 million Gross/\$2.6 million GF/GP), Foster Care (-\$14.0 million Gross/- \$6.0 million GF/GP), Adoption Subsidies (\$4.5 million Gross/\$1.4 million GF/GP), Child Care Fund (-\$955,500 GF/GP), State Disability Assistance (\$718,400 GF/GP), and State Supplementation (\$362,700 GF/GP). Caseload adjustments in the Food Assistance Program (FAP) (\$1.5 billion Gross/\$0.0 GF/GP) do not reflect just-anticipated changes in program caseload but recognize an increased FAP benefit through the ARRA legislation (\$343.4 million Gross) and a base adjustment to better reflect program spending over the past few years.

| | |
|---------|---------------|
| Gross | 1,393,155,200 |
| Federal | 1,466,395,100 |
| Local | (4,661,600) |
| GF/GP | (68,578,300) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | | |
|---|---|--|
| 2. Staff Adjustments | <p>The budget recognizes additional FTEs for Bridges Maintenance (26.0 FTEs), Day Care Oversight (20.0 FTEs), Field Staff (5.0 FTEs), and Information Technology (6.0 FTEs).</p> | <p>FTE 57.0 Gross 0 GF/GP 0</p> |
| 3. Prior-Year Adjustment: Supplemental and Base Adjustments | <p>The budget is adjusted to recognize prior-year supplemental payments.</p> | <p>Gross (478,152,100) Federal (502,807,000) GF/GP 24,654,900</p> |
| 4. Prior-Year Adjustment: Contingency Fund Transfers and Boilerplate Adjustments | <p>The budget is adjusted to recognize prior-year contingency fund transfers (\$194.5 million Gross/\$0.0 GF/GP) and boilerplate appropriations (\$815.0 million Gross/\$0.0 GF/GP).</p> | <p>Gross (1,009,464,900) Federal (1,007,164,900) Local (800,000) Restricted (1,500,000) GF/GP 0</p> |
| 5. Prior-Year Base Adjustment: Executive Order 2009-22 Savings | <p>The base is adjusted to account for Gross and GF/GP savings assumed through implementation of Executive Order 2009-22.</p> | <p>Gross 130,118,200 Federal 32,489,800 Local 86,600 Private 37,300 Restricted 19,700 GF/GP 97,484,800</p> |
| 6. Internal Audit Services to Department of Management and Budget | <p>The budget reflects a change in how internal audit services, consolidated into the Department of Management and Budget in the FY 2008-09 appropriation process, are reflected in budget bills.</p> | <p>Gross (810,500) Federal (474,100) GF/GP (336,400)</p> |
| I. UNCLASSIFIED SALARIES - NONE | | |
| J. FEE INCREASES - NONE | | |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | |
|------------|------------|
| Gross | 23,530,400 |
| IDG | 9,900 |
| Federal | 14,540,600 |
| Local | 356,300 |
| Private | 85,000 |
| Restricted | 51,200 |
| GF/GP | 8,487,400 |

K. ECONOMIC ADJUSTMENTS

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

L. VETOES

1. Adoption Rate Reduction

The Governor vetoed boilerplate language Section 581, which provided funding for a 36.5% reduction in reimbursement rates to private agencies for adoption services. The budget is adjusted downward (\$6.7 million Gross/\$4.8 million GF/GP) to reflect this reduction. The Governor also vetoed boilerplate Section 573, which provided specialized rates for private agencies securing adoptions for long-term foster care children.

2. Marriage/Fatherhood Initiative

The Governor vetoed boilerplate Sections 415 and 416. This language described the Marriage Initiative and the Fatherhood Initiative. The budget is adjusted to reduce TANF support for the Marriage Initiative (\$2.1 million Gross/\$0.0 GF/GP) and the Fatherhood Initiative (\$1.5 million Gross/\$0.0 GF/GP).

3. Teenage Parent Counseling

The Governor vetoed TANF and GF/GP support for the Teenage Parent Counseling line (\$3.0 million Gross/\$25,500 GF/GP).

4. Family Group Decision Making

The Governor vetoed TANF support for the Family Group Decision Making line (\$2.3 million Gross/\$0.0 GF/GP).

5. In-Home Incentive Program Child Care Fund

The Governor vetoed TANF support for the Child Care Fund In-Home Incentive Program (boilerplate Section 587), a reduction of \$3.75 million Gross/\$0.0 GF/GP.

6. Before- and After-School Programs

The Governor vetoed boilerplate Section 657. The language provided \$3.0 million in TANF support for before- and after-school programs.

7. Indigent Burial Pilot Project

The Governor vetoed Section 613(2). The language described a pilot project that would provide reimbursement to funeral directors for the direct cremation of unclaimed indigent persons.

8. Customer Service Call Center

The Governor vetoed boilerplate Section 754, which provided new funding for a customer service call center (\$850,000 GF/GP).

9. Earned Income Tax Credit (EITC) Outreach

The Governor vetoed boilerplate Section 1104, which describes an EITC outreach program. The budget is adjusted downward \$500,000 in TANF funding to reflect this veto.

10. Child Support Arrearage Project

The Governor vetoed boilerplate Section 908, which described a program to identify individuals owing child support arrearages. The budget was adjusted \$500,000 Gross/\$170,000 GF/GP.

11. Smaller Vetoes

The Governor vetoed a number of smaller appropriations included in the Conference report. Vetoes include elimination of a grant for the integration of the Bridges eligibility system into the Law Enforcement Information Network (Section 295, reduction of \$250,000 GF/GP), a grant to the Boys and Girls Club (\$250,000 GF/GP), funding to a Sanilac County human services agency (\$120,000 GF/GP), funding for Communities in Schools (\$200,000 GF/GP), savings linked to a branded electronic benefit transfer (EBT) card (\$58,000 Gross/\$29,000 GF/GP), and funding for food aid outreach efforts in Kent and Muskegon Counties (\$50,000 GF/GP). Savings are also linked to boilerplate Section 286 for a procurement study (\$25,000 Gross/\$0.0 GF/GP) and Section 288, which required the Department to pay private providers of services when time limits for payment have expired (\$25,000 GF/GP).

**DEPARTMENT OF INFORMATION TECHNOLOGY
P.A. 128 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 1,657.0 | 1,632.0 | 1,630.0 | 1,641.0 | 1,632.0 | (25.0) | (1.5) |
| GROSS | 419,753,500 | 423,323,100 | 404,134,800 | 421,778,700 | 423,323,100 | 3,569,600 | 0.9 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 419,753,500 | 423,323,100 | 404,134,800 | 421,778,700 | 423,323,100 | 3,569,600 | 0.9 |
| ADJUSTED GROSS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Less: | | | | | | | |
| Federal Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Less: | | | | | | | |
| Other State Restricted Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| GENERAL FUND/GENERAL PURPOSE .. | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS

Department of Corrections Medical Records System

New funding was added to implement a new medical records system for prisoner health records.

| | |
|-------|---------|
| Gross | 599,600 |
| IDG | 599,600 |
| GF/GP | 0 |

B. PROGRAM INCREASES

1. Department of Corrections

Several items were increased, including: \$1,100,000 for the Department of Corrections (DOC) to meet the required needs of the new managed health care contract that will require vendors to submit electronic claims data; \$910,000 to complete the migration of business functionality from the Criminal Management Information System (CMIS) mainframe to the Offender Management Network Information (OMNI) system; \$115,800 to support the charges for office automation related to the larger number of desktops that the Department has in relation to other departments; and \$150,400 to cover information technology-related costs for new staff when the Maxey facility opens as a DOC facility.

| | |
|-------|-----------|
| Gross | 2,276,200 |
| IDG | 2,276,200 |
| GF/GP | 0 |

2. Department of Energy, Labor, and Economic Growth

An adjustment is included for the pollution/energy functions transferred into this Department.

| | |
|-------|--------|
| Gross | 23,200 |
| IDG | 23,200 |
| GF/GP | 0 |

3. State Police

Increased funding includes one-time funding for information technology expenditures.

| | |
|-------|-----------|
| Gross | 1,731,100 |
| IDG | 1,731,100 |
| GF/GP | 0 |

4. Other Program Increases

The budget includes \$6.9 million for a statewide Microsoft Office upgrade, as well as \$1.0 million and 5.0 FTE positions for the Michigan Business One Stop Portal. An additional \$900 also is included for a technical adjustment for the Department of Civil Service.

| | |
|-------|-----------|
| FTE | 5.0 |
| Gross | 7,864,100 |
| IDG | 7,864,100 |
| GF/GP | 0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

C. PROGRAM ELIMINATIONS

1. State Fair Information Technology (IT) Costs

Authorizations related to IT costs for the Upper Peninsula State Fair (\$900) and the Michigan State Fair (\$88,800) are removed from the Departments of Agriculture and Management and Budget, respectively.

Gross (89,700)
IDG (89,700)
GF/GP 0

2. Department of Corrections Facility Closures

Savings result from the elimination of IT costs associated with correctional facilities that have closed.

Gross (546,400)
IDG (546,400)
GF/GP

D. PROGRAM REDUCTIONS

1. Administrative Savings

Savings realized from the annualization of reductions made in Executive Order (E.O.) 2008-21 totaled a negative \$396,200. Additional savings of \$1,171,900 are achieved due to efficiencies developed by moving the content of archived electronic files to a virtual environment.

Gross (1,568,100)
IDG (1,568,100)
GF/GP

2. Department of Environmental Quality

The budget reflects the transfer of the Wetlands Program to the U.S. Environmental Protection Agency (although the program was funded by subsequent legislation).

Gross (54,600)
IDG (54,600)
GF/GP 0

3. Department of Human Services

Reductions in funding include: \$17.3 million for the Bridges project in anticipation of its completion; \$2.5 million for the transfer of related staff; \$1.0 million for the transfer of the Juvenile Justice System to a non-IT line item; and \$3.0 million in contract savings. An additional \$3.2 million was included for costs associated with the implementation of the Child Rights settlement. All of these changes resulted in the reduction of 32.0 FTE positions.

FTE (32.0)
Gross (20,610,700)
IDG (20,610,700)
GF/GP 0

4. History, Arts, and Libraries

The budget removes one-time FY 2008-09 equipment purchase costs.

Gross (60,700)
IDG (60,700)
GF/GP 0

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

5. Other Program Reductions

Program reductions include a \$150,000 reduction in the Department of Management and Budget for one-time funding for upgrades to the Interactive Voice Response (IVR) software that supports the retirement call center and a \$500,000 reduction in the Department of Treasury related to secondary collection activities.

| | |
|-------|-----------|
| Gross | (650,000) |
| IDG | (650,000) |
| GF/GP | 0 |

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

History, Arts, and Libraries (HAL)

The Demographics and Census Data program and 2.0 FTEs are transferred from the Department of HAL to the Department of Information Technology.

| | |
|-------|---------|
| FTE | 2.0 |
| Gross | 224,000 |
| IDG | 224,000 |
| GF/GP | 0 |

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE

H. OTHER ISSUES

The budget includes miscellaneous adjustments totaling \$10.7 million. Of that amount, a positive \$12.8 million is accounted for by E.O. 2008-21 (\$1.1 million) and E.O. 2009-22 (\$11.7 million). Additionally, there are miscellaneous negative adjustments totaling \$2.1 million.

| | |
|-------|------------|
| Gross | 10,709,500 |
| IDG | 10,709,500 |
| GF/GP | 0 |

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS

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

| | |
|-------|-----------|
| Gross | 3,722,100 |
| IDG | 3,722,100 |
| GF/GP | 0 |

L. VETOES - NONE

JUDICIARY
P.A. 113 of 2009

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 491.0 | 491.0 | 491.0 | 491.0 | 491.0 | 0.0 | 0.0 |
| GROSS | 259,055,400 | 262,083,200 | 258,529,300 | 257,461,900 | 258,762,300 | (293,100) | (0.1) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 2,573,500 | 2,573,500 | 3,553,500 | 2,573,500 | 3,553,500 | 980,000 | 38.1 |
| ADJUSTED GROSS | 256,481,900 | 259,509,700 | 254,975,800 | 254,888,400 | 255,208,800 | (1,273,100) | (0.5) |
| Less: | | | | | | | |
| Federal Funds | 5,126,400 | 5,126,400 | 5,126,500 | 5,126,600 | 5,126,500 | 100 | 0.0 |
| Local and Private..... | 6,935,600 | 6,991,800 | 6,991,800 | 6,991,800 | 6,991,800 | 56,200 | 0.8 |
| TOTAL STATE SPENDING | 244,419,900 | 247,391,500 | 242,857,500 | 242,770,000 | 243,090,500 | (1,329,400) | (0.5) |
| Less: | | | | | | | |
| Other State Restricted Funds | 87,947,900 | 88,605,600 | 88,605,600 | 88,605,600 | 89,957,700 | 2,009,800 | 2.3 |
| GENERAL FUND/GENERAL PURPOSE .. | 156,472,000 | 158,785,900 | 154,251,900 | 154,164,400 | 153,132,800 | (3,339,200) | (2.1) |
| PAYMENTS TO LOCALS | 123,515,100 | 124,510,500 | 121,980,500 | 121,282,100 | 122,213,500 | (1,301,600) | (1.1) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS

1. Intensive Probation Pilot Program

The Senate included this new program funded from a \$980,000 interdepartmental grant from the Department of Corrections. The pilot program would target high-risk offenders through assessment, treatment, and accountability, with the goal of reducing future criminal behavior. Treatment, monitoring, and testing of offenders in the pilot program would be administered by the State Court Administrative Office. The Department of Corrections appropriation bill includes language providing for a similar pilot project; however, no specific dollar amount is attached to the program. Therefore, it is not clear that any funding will be allocated to this pilot program in FY 2009-10.

| | |
|-------|---------|
| Gross | 980,000 |
| IDG | 980,000 |
| GF/GP | 0 |

2. Juvenile Training Pilot Project

The Senate, House, and Conference Committee established a pilot project to train criminal defense attorneys who accept court-appointed cases concerning juvenile delinquency, abuse, neglect, and protective services. The only funding included in the budget is a \$100 Federal placeholder. No substantive funding source exists to commence this program.

| | |
|---------|-----|
| Gross | 100 |
| Federal | 100 |
| GF/GP | 0 |

B. PROGRAM INCREASES

1. Drunk Driving Case-flow Program

Funding for this program is increased from \$3.0 million to \$3.3 million based on available revenue. Public Act 98 of 1991 created the Drunk Driving Fund. The Fund receives \$30 of the \$125 driver license reinstatement fee for suspensions related to drunk-driving offenses. The Fund, after allocation of State Court Administrative Office administrative costs, is annually distributed to district and municipal courts based on their percentage share of cases under MCL 257.625 and 257.625m. The purpose of the Fund is to promote the timely disposition of cases involving drunk driving.

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

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

2. Judicial Technology Improvement Fund

The budget increases funding from \$4,465,000 to \$4,815,000. The Judicial Technology Improvement Fund was created by Public Act 78 of 2003. The State Court Administrative Office administers the Fund, which is used for the development and ongoing support of a statewide judicial information system. The Judicial Technology Improvement Fund also is used to pursue technology innovations that will result in enhanced public service and access to local trial courts. These innovations include, but are not limited to, electronic filing, on-line payment of fines and fees, data warehousing, and web-based instructions for completion of court documents. The Fund receives a percentage of amounts collected in the Civil Filing Fee Fund.

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

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Mental Health Courts

General Fund support for Mental Health Courts was first included in the FY 2008-09 appropriation bill. The Conference Committee eliminated General Fund support due to Federal Byrne Grant funding becoming available for this program (\$1.6 million in FY 2008-09 for nine pilot Projects, over a three-year period).

| | |
|-------|-----------|
| Gross | (523,600) |
| GF/GP | (523,600) |

2. Satellite Offices

Due to a decision by the Supreme Court justices, the Governor eliminated building occupancy charges and rent related to satellite offices for justices. Subsequently, the justices reversed their position and decided to maintain the offices. While funding was not restored, boilerplate language (Sec. 220) states legislative intent that the Supreme Court retain its satellite offices.

| | |
|-------|-----------|
| Gross | (384,400) |
| GF/GP | (384,400) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

3. Leadership Target Reductions

| | |
|-------|-------------|
| Gross | (2,903,100) |
| GF/GP | (2,903,100) |

The Governor included a 2% General Fund reduction, before accounting for the FY 2008-09 negative supplemental. The Senate and House reduced various line items to meet their respective Leadership General Fund targets. The Conference Committee concurred with the Senate on the reductions, with the exception of the Court Equity Fund Reimbursements (the Conference Committee added \$233,000 back to that line item). The Conference Committee also transferred \$1,352,100 from the Juror Compensation Reimbursement Fund to the State General Fund (item E below).

E. FUNDING SHIFTS

Juror Compensation Reimbursement Fund

| | |
|------------|-------------|
| Gross | 0 |
| Restricted | 1,352,100 |
| GF/GP | (1,352,100) |

The Leadership General Fund reduction for the Judiciary was partially offset by a transfer from the Juror Compensation Reimbursement Fund to the State General Fund. The Juror Compensation Reimbursement Fund was created to reimburse local court funding units for costs resulting from the increase in the statutory minimum compensation rates for jurors that took effect October 1, 2003. Annual expenses from the Fund have been less than amounts deposited in the Fund from its share of jury demand fees and driver license clearance fees. In FY 2007-08 expenditures totaled \$3.5 million and revenue totaled \$4.7 million. Transfers to the General Fund have been made in previous fiscal years to offset General Fund revenue issues.

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE

H. OTHER ISSUES

| | |
|-------|---------|
| Gross | 338,800 |
| GF/GP | 338,800 |

The budget includes \$114,500 based on the employer's share of FICA tax, and \$224,300 for defined contribution costs for newly elected judges.

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

K. ECONOMIC ADJUSTMENTS

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

| | |
|------------|-----------|
| Gross | 1,549,100 |
| Local | 56,200 |
| Restricted | 7,700 |
| GF/GP | 1,485,200 |

L. VETOES - NONE

**LEGISLATIVE AUDITOR GENERAL
P.A. 128 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| GROSS | 15,389,200 | 15,828,200 | 14,579,500 | 14,901,400 | 14,961,200 | (428,000) | (2.8) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 1,801,500 | 1,801,500 | 1,801,500 | 1,801,500 | 1,801,500 | 0 | 0.0 |
| ADJUSTED GROSS | 13,587,700 | 14,026,700 | 12,778,000 | 13,099,900 | 13,159,700 | (428,000) | (3.1) |
| Less: | | | | | | | |
| Federal Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Local and Private..... | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING | 13,587,700 | 14,026,700 | 12,778,000 | 13,099,900 | 13,159,700 | (428,000) | (3.1) |
| Less: | | | | | | | |
| Other State Restricted Funds | 1,539,900 | 1,539,900 | 1,539,900 | 1,528,300 | 1,539,900 | 0 | 0.0 |
| GENERAL FUND/GENERAL PURPOSE . | 12,047,800 | 12,486,800 | 11,238,100 | 11,571,600 | 11,619,800 | (428,000) | (3.6) |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS

Information Technology

| | |
|-------|----------|
| Gross | (63,000) |
| GF/GP | (63,000) |

One-time funding for costs associated with the transition from the executive information technology (IT) network to the legislative IT network is eliminated as the work has been completed.

D. PROGRAM REDUCTIONS

10% Funding Reduction

| | |
|-------|-------------|
| Gross | (1,248,700) |
| GF/GP | (1,248,700) |

The Field Operations line item was reduced by 10.0% due to budget constraints.

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE

H. OTHER ISSUES

| | |
|-------|---------|
| Gross | 502,000 |
| GF/GP | 502,000 |

A positive adjustment was made to account for Public Act 24 of 2009 (House Bill 4309).

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS

| | |
|-------|---------|
| Gross | 381,700 |
| GF/GP | 381,700 |

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

L. VETOES - NONE

**LEGISLATURE
P.A. 128 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| GROSS | 110,981,200 | 114,504,000 | 105,297,300 | 106,209,500 | 106,274,700 | (4,706,500) | (4.2) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS | 110,981,200 | 114,504,000 | 105,297,300 | 106,209,500 | 106,274,700 | (4,706,500) | (4.2) |
| 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 | 110,581,200 | 114,104,000 | 104,897,300 | 105,809,500 | 105,874,700 | (4,706,500) | (4.3) |
| Less: | | | | | | | |
| Other State Restricted Funds | 1,109,800 | 1,109,800 | 1,109,800 | 1,109,800 | 1,109,800 | 0 | 0.0 |
| GENERAL FUND/GENERAL PURPOSE .. | 109,471,400 | 112,994,200 | 103,787,500 | 104,699,700 | 104,764,900 | (4,706,500) | (4.3) |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

- A. NEW PROGRAMS - NONE
- B. PROGRAM INCREASES - NONE
- C. PROGRAM ELIMINATIONS - NONE
- D. PROGRAM REDUCTIONS

10% Funding Reduction

| | |
|-------|-------------|
| Gross | (8,229,300) |
| GF/GP | (8,229,300) |

The Legislature's appropriation was reduced by 10.0% due to budgetary constraints. The reductions were made to the following line items: Senate (\$2,428,300); Senate Automated Data Processing (\$255,000); Senate Fiscal Agency (\$321,900); House of Representatives (\$3,206,100); House Automated Data Processing (\$202,500); House Fiscal Agency (\$321,900); Legislative Council (\$971,000); Legislative Service Bureau (LSB) Automated Data Processing (\$137,500); and property management reductions for the Farnum Building and the Cora Anderson House Office Building (\$75,700 and \$309,400, respectively).

- E. FUNDING SHIFTS - NONE
- F. PROGRAM TRANSFERS - NONE
- G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE

H. OTHER ISSUES

| | |
|-------|-----------|
| Gross | 3,522,800 |
| GF/GP | 3,522,800 |

A positive adjustment was made to account for Public Act 24 of 2009 (House Bill 4309). The adjustments were made to the following line items: \$971,300 for the Senate; \$1,282,400 for the House of Representatives; \$183,000 for Automated Data Processing systems; \$128,800 from the Senate Fiscal Agency; \$128,800 from the House Fiscal Agency; \$388,400 for the Legislative Council; \$55,000 for the LSB automated data system; and property management adjustments of \$385,100.

- I. UNCLASSIFIED SALARIES - NONE
- J. FEE INCREASES - NONE
- K. ECONOMIC ADJUSTMENTS - NONE
- L. VETOES - NONE

**DEPARTMENT OF MANAGEMENT AND BUDGET
P.A. 128 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 1,428.0 | 1,402.0 | 1,393.0 | 1,398.0 | 1,397.0 | (31.0) | (2.2) |
| GROSS | 547,495,800 | 565,474,500 | 556,734,400 | 564,097,900 | 540,360,400 | (7,135,400) | (1.3) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 167,919,300 | 162,436,800 | 162,349,100 | 162,349,100 | 161,186,300 | (6,733,000) | (4.0) |
| ADJUSTED GROSS | 379,576,500 | 403,037,700 | 394,385,300 | 401,748,800 | 379,174,100 | (402,400) | (0.1) |
| Less: | | | | | | | |
| Federal Funds | 10,044,500 | 11,219,800 | 11,219,800 | 11,219,800 | 11,219,800 | 1,175,300 | 11.7 |
| Local and Private | 2,125,400 | 2,179,500 | 2,179,500 | 2,179,500 | 2,179,500 | 54,100 | 2.5 |
| TOTAL STATE SPENDING | 367,406,600 | 389,638,400 | 380,986,000 | 388,349,500 | 365,774,800 | (1,631,800) | (0.4) |
| Less: | | | | | | | |
| Other State Restricted Funds | 78,504,700 | 74,373,900 | 73,738,000 | 80,693,200 | 72,200,500 | (6,304,200) | (8.0) |
| GENERAL FUND/GENERAL PURPOSE . | 288,901,900 | 315,264,500 | 307,248,000 | 307,656,300 | 293,574,300 | 4,672,400 | 1.6 |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Statewide Microsoft Upgrade

The budget includes one-time funding to upgrade Microsoft Office software.

| | |
|------------|---------|
| Gross | 279,400 |
| IDG | 43,500 |
| Federal | 36,800 |
| Restricted | 83,200 |
| GF/GP | 115,900 |

2. State Building Authority (SBA) Rent Adjustments

The amount of "rent" paid by the State for State-financed building projects was adjusted based on changes to projected payments. The Governor initially increased appropriations by \$20.0 million. The State then cancelled four leases, reducing the increase for SBA rent payments by \$16,451,500.

| | |
|-------|-----------|
| Gross | 3,548,500 |
| GF/GP | 3,548,500 |

C. PROGRAM ELIMINATIONS

1. Office of Great Workplace Development

The Legislature eliminated funding for this office located within the Civil Service Commission, resulting in the elimination of 5.0 FTE positions.

| | |
|------------|-----------|
| FTE | (5.0) |
| Gross | (700,000) |
| Restricted | (350,000) |
| GF/GP | (350,000) |

2. Michigan State Fair

All State funding for the Michigan State Fair is eliminated via the Governor's veto as explained in item L.

| | |
|------------|-------------|
| FTE | (9.0) |
| Gross | (6,605,300) |
| Restricted | (6,605,300) |
| GF/GP | 0 |

D. PROGRAM REDUCTIONS

1. Administrative Savings

Savings realized from the annualization of reductions made in Executive Order (E.O.) 2008-21, resulting in the elimination of 8.0 FTEs, totaled a negative \$482,300. In addition, savings from E.O. 2009-22, which were made to reduce FY 2009 appropriations by 4% due to revenue shortfalls, totaled a positive \$2,365,200.

| | |
|------------|-----------|
| FTE | (8.0) |
| Gross | 1,882,900 |
| IDG | (100,000) |
| Restricted | (17,200) |
| GF/GP | 2,000,100 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

2. Department of Information Technology (DIT) Reduction

In addition to the Department of Management and Budget's (DMB) share of a statewide reduction in DIT appropriations, there were additional reductions to annualize the reductions made in E.O. 2008-21.

| | |
|------------|-----------|
| Gross | (160,000) |
| Federal | (2,200) |
| Restricted | (77,400) |
| GF/GP | (80,400) |

3. Human Resource Staff Reductions

Savings are realized due to closure of the Deerfield and Branch correctional facilities, resulting in the elimination of 16.0 FTEs. Additionally, the Mt. Pleasant Community Health facility is scheduled for closure, resulting in the elimination of 4.0 FTE positions. The closure of these facilities results in human resource savings due to the elimination of positions that were budgeted in the DMB appropriation.

| | |
|------------|-------------|
| FTE | (20.0) |
| Gross | (1,608,800) |
| IDG | (2,300) |
| Federal | (68,100) |
| Local | (12,000) |
| Private | (1,500) |
| Restricted | (96,800) |
| GF/GP | (1,428,100) |

4. 10% Funding Reductions

Several line items were reduced by an average of 10% due to budgetary constraints. The line items and their corresponding reductions are as follows: Executive Operations - \$114,500; Administrative Services - \$185,300; Budget & Financial Management - \$652,700; Building Operations - \$1,985,000; Business Support Services - \$235,000; Office of Children's Ombudsman - \$110,000; Information Technology - \$1,855,600; Civil Service Agency Services - \$1,300,000; Civil Service Executive Direction - \$724,500; Civil Service Human Resource Operations - \$750,000; and Civil Service Information Technology - \$400,000.

| | |
|-------|-------------|
| Gross | (8,312,600) |
| GF/GP | (8,312,600) |

E. FUNDING SHIFTS

1. Office of State Employer

The Office of State Employer replaces GF/GP funding with restricted funds due to the availability of excess revenue.

| | |
|------------|----------|
| Gross | 0 |
| Restricted | 22,600 |
| GF/GP | (22,600) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

2. Statewide Cost Allocation Plan Adjustments

Interdepartmental grant, Federal, Restricted, and GF/GP funding was adjusted to reflect actual appropriations.

| | |
|------------|-----------|
| Gross | 0 |
| IDG | (277,900) |
| Federal | (440,000) |
| Restricted | 733,100 |
| GF/GP | (15,200) |

F. PROGRAM TRANSFERS

1. HAL Records Center

Pursuant to E.O. 2009-36, functions for the records center formerly located in the former Department of History, Arts, and Libraries were transferred to the DMB. This transfer included the addition of 13.0 FTEs.

| | |
|------------|-----------|
| FTE | 13.0 |
| Gross | 1,674,000 |
| IDG | 87,700 |
| Restricted | 285,900 |
| GF/GP | 1,300,400 |

2. State Police Carpenters

Carpenters formerly funded in the Department of State Police are transferred to the DMB to fill vacant positions, adding 3.0 FTE positions.

| | |
|-------|---------|
| FTE | 3.0 |
| Gross | 282,700 |
| IDG | 282,700 |
| GF/GP | 0 |

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

Public Act 7 of 2009 (House Bill 4258) appropriated \$2.0 million in Federal ARRA funding to fund the Michigan Economic Recovery Office and 4.0 FTEs. The office monitors and tracks the ARRA funds received by the State. (The figure is negative because it is already included in the FY 2008-09 year-to-date total.)

| | |
|---------|-------------|
| FTE | 4.0 |
| Gross | (2,000,000) |
| Federal | (2,000,000) |
| GF/GP | 0 |

H. OTHER ISSUES

1. Miscellaneous Adjustments

Positive adjustments are included for private rent at \$266,700, while a negative adjustment is included for the elimination of the collection of Freedom of Information Act funds in the Civil Service Commission at \$1,100. In addition, negative technical adjustments totaling \$275,000 and positive miscellaneous adjustments totaling \$2,484,800 are included.

| | |
|------------|-------------|
| FTE | (8.0) |
| Gross | 2,475,400 |
| IDG | (1,472,200) |
| Federal | 2,699,200 |
| Local | 17,500 |
| Restricted | (2,836,700) |
| GF/GP | 4,067,600 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

2. Internal Audit Functions

This completes the final transfer of internal audit functions to the DMB pursuant to E.O. 2007-31, which required all State departments to transfer internal audit functions to the DMB in order to centralize and consolidate this function. This transfer resulted in the elimination of 1.0 FTE position.

| | |
|------------|-------------|
| FTE | (1.0) |
| Gross | (1,223,800) |
| IDG | (5,983,200) |
| Federal | 706,700 |
| Restricted | 1,686,300 |
| GF/GP | 2,366,400 |

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS

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

| | |
|------------|-----------|
| Gross | 3,332,200 |
| IDG | 688,700 |
| Federal | 242,900 |
| Local | 46,700 |
| Private | 3,400 |
| Restricted | 868,100 |
| GF/GP | 1,482,400 |

L. VETOES

1. Michigan State Fair

The Legislature continued funding for the Michigan State Fair in FY 2009-10 at the FY 2008-09 level and included an additional \$500,000 in GF/GP funding to cover any potential shortfall at the end of the fiscal year. The Governor vetoed all funding for the Michigan State Fair for FY 2009-10. The veto resulted in the elimination of 9.0 FTE positions.

2. Census Tracking/Reapportionment

The Legislature included GF/GP funding of \$1.2 million for redistricting or reapportionment based on the results of the 2010 census. The funding was to be split equally between the Senate and the House.

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
P.A. 112 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 985.0 | 985.0 | 985.0 | 985.0 | 985.0 | 0.0 | 0.0 |
| GROSS | 203,740,900 | 149,211,500 | 148,811,500 | 145,634,400 | 146,149,800 | (57,591,100) | (28.3) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 1,681,200 | 1,686,500 | 1,686,500 | 1,686,500 | 1,686,500 | 5,300 | 0.3 |
| ADJUSTED GROSS | 202,059,700 | 147,525,000 | 147,125,000 | 143,947,900 | 144,463,300 | (57,596,400) | (28.5) |
| Less: | | | | | | | |
| Federal Funds | 131,766,600 | 77,347,300 | 77,347,300 | 77,347,300 | 77,347,300 | (54,419,300) | (41.3) |
| Local and Private..... | 2,740,300 | 2,766,300 | 2,766,300 | 2,766,300 | 2,766,300 | 26,000 | 0.9 |
| TOTAL STATE SPENDING | 67,552,800 | 67,411,400 | 67,011,400 | 63,834,300 | 64,349,700 | (3,203,100) | (4.7) |
| Less: | | | | | | | |
| Other State Restricted Funds | 30,080,100 | 27,924,200 | 27,924,200 | 27,924,200 | 27,924,200 | (2,155,900) | (7.2) |
| GENERAL FUND/GENERAL PURPOSE .. | 37,472,700 | 39,487,200 | 39,087,200 | 35,910,100 | 36,425,500 | (1,047,200) | (2.8) |
| PAYMENTS TO LOCALS | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 | 0 | 0.0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Starbase Educational Program

The budget includes additional funds from the National Guard Bureau for the Starbase program, an educational program that provides elementary school students with math and science experiences in the Mt. Clemens and Detroit areas. The funds will support technology upgrades (computers and related equipment) for classroom instruction.

| | |
|---------|---------|
| Gross | 550,000 |
| Federal | 550,000 |
| GF/GP | 0 |

2. Headquarters and Armories

The budget includes additional Federal funding available for upgraded communications equipment and personnel costs.

| | |
|---------|---------|
| Gross | 500,000 |
| Federal | 500,000 |
| GF/GP | 0 |

3. Medicare Authorization at State Veterans Homes

The budget includes additional Federal funds eligible for use by the State's Grand Rapids and D.J. Jacobetti Veterans Homes for pharmacy-related costs of member care.

| | |
|---------|---------|
| Gross | 900,000 |
| Federal | 900,000 |
| GF/GP | 0 |

4. Military Training Sites and Support Facilities

The budget includes additional Federal funds made available by the National Guard Bureau for increased maintenance costs.

| | |
|---------|---------|
| Gross | 496,000 |
| Federal | 496,000 |
| GF/GP | 0 |

5. Military Retirement

The budget includes additional GF/GP funding to cover anticipated increased retirement payout costs related to Michigan National Guard and Michigan Air Guard retirement payments, pursuant to Public Act 150 of 1967.

| | |
|-------|---------|
| Gross | 190,300 |
| GF/GP | 190,300 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

6. Microsoft Office Upgrade

The budget includes an upgrade to Microsoft Office 2007 for the Department.

| | |
|---------|--------|
| Gross | 47,800 |
| Federal | 31,400 |
| GF/GP | 16,400 |

7. State Active Duty

The budget includes an increase in restricted funds from the Mackinac Bridge Authority to pay for requested additional supervisory duties at the annual Labor Day bridge walk.

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

C. PROGRAM ELIMINATIONS

1. Guard Tuition Assistance Program

The budget eliminates a State GF/GP-supported tuition reimbursement program that had been used to attract and retain Guard members. A new Federal tuition assistance program, according to the Department, will supplant the need for this appropriation.

| | |
|-------|-----------|
| Gross | (682,500) |
| GF/GP | (682,500) |

2. War Memorial

The budget removes a one-time grant for the rehabilitation of a war memorial located at the Michigan State Fairgrounds.

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

D. PROGRAM REDUCTIONS

1. Capital Outlay

The budget reflects the completion of several capital outlay projects at the State's various military training sites, including the construction of a military operation on urban terrain (MOUT) training course at Camp Grayling.

| | |
|------------|--------------|
| Gross | (47,274,400) |
| Federal | (46,450,400) |
| Restricted | (500,000) |
| GF/GP | (324,000) |

2. Budget Reductions

The budget reflects reductions taken by the Conference Committee across various programs to achieve legislative GF/GP budget target levels. The budget reduces funding for Headquarters and Armories (\$29,200), the Department of Information Technology (\$100,000), and the State veterans homes (\$1,250,000).

| | |
|-------|-------------|
| Gross | (1,379,200) |
| GF/GP | (1,379,200) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

3. Other Reductions

| | |
|-------|----------|
| Gross | (84,500) |
| GF/GP | (84,500) |

The budget reflects other reductions, including an annualization of reductions from Executive Order 2008-21 (\$84,100) and from Information Technology (\$400).

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

Regional Training Institute

| | |
|------------|-------------|
| Gross | (1,504,000) |
| Restricted | (1,504,000) |
| GF/GP | 0 |

The budget reflects the transfer of operations of the National Guard Regional Training Institute in Battle Creek from a State to Federal responsibility.

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

1. Utility Upgrades

| | |
|---------|-------------|
| Gross | (7,850,000) |
| Federal | (7,850,000) |
| GF/GP | 0 |

The budget reflects the completion of one-time Federal ARRA funding for major utility upgrades at Fort Custer and Camp Grayling.

2. Veterans Home Maintenance

| | |
|---------|-----------|
| Gross | |
| Federal | (297,100) |
| GF/GP | (297,100) |
| | 0 |

The budget reflects the completion of one-time Federal ARRA funding for maintenance projects at the D.J. Jacobetti Veterans Home.

H. OTHER ISSUES

1. Veterans Service Organization Grants

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

The budget includes \$3,029,600 GF/GP for grants to organizations that assist veterans to obtain benefits from the Veterans Administration, an amount that matches the FY 2008-09 year-to-date level following the \$1.0 million reduction from Executive Order 2009-22. The FY 2009-10 budget features a new name for the unit, "Veterans Advice, Advocacy and Assistance" and provides \$1.5 million for first half-year grant funding for 11 veterans service organizations and \$1,529,600 for grants for the second half of the fiscal year, the distribution of which is to be made on a competitive basis. The new guideline for the grant program can be found in boilerplate Sec. 501.

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | | |
|--|------------|-------------|
| 2. Internal Audit Functions | Gross | (111,700) |
| The budget includes the shift of internal audit functions to the Department of Management and Budget. | Federal | (39,200) |
| | GF/GP | (72,500) |
| | | |
| 3. Other Changes | Gross | (2,990,100) |
| The budget makes adjustments for changes in State Restricted and Federal revenue, cost allocation, and one-time appropriations and transfers in FY 2008-09. | Federal | (3,136,700) |
| | Local | 7,000 |
| | Restricted | (600,000) |
| | GF/GP | 739,200 |
| | | |
| I. UNCLASSIFIED SALARIES | Gross | 20,000 |
| Unclassified Military Personnel | GF/GP | 20,000 |
| The budget increases funds for Unclassified Military Personnel in accordance with Federal guidelines for pay and benefits. | | |
| | | |
| J. FEE INCREASES - NONE | | |
| | | |
| K. ECONOMIC ADJUSTMENTS | Gross | 1,873,300 |
| The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. | IDG | 5,300 |
| | Federal | 876,700 |
| | Private | 7,500 |
| | Local | 10,500 |
| | Restricted | 438,700 |
| | GF/GP | 534,600 |
| | | |
| L. VETOES - NONE | | |

**DEPARTMENT OF NATURAL RESOURCES
P.A. 118 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 2,167.9 | 2,209.9 | 2108.9 | 2,108.9 | 2,209.9 | 42.0 | 1.9 |
| GROSS | 295,737,400 | 301,173,000 | 288,244,000 | 287,963,700 | 315,573,500 | 19,836,100 | 6.7 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 3,671,700 | 3,802,200 | 3,802,200 | 3,802,200 | 3,802,200 | 130,500 | 3.6 |
| ADJUSTED GROSS | 292,065,700 | 297,370,800 | 284,441,800 | 284,161,500 | 311,771,300 | 19,705,600 | 6.7 |
| Less: | | | | | | | |
| Federal Funds | 56,911,600 | 57,270,300 | 54,763,700 | 54,763,700 | 72,852,500 | 15,940,900 | 28.0 |
| Local and Private | 4,325,800 | 5,381,100 | 5,268,500 | 5,268,500 | 5,381,100 | 1,055,300 | 24.4 |
| TOTAL STATE SPENDING | 230,828,300 | 234,719,400 | 224,409,600 | 224,129,300 | 233,537,700 | 2,709,400 | 1.2 |
| Less: | | | | | | | |
| Other State Restricted Funds | 220,936,400 | 216,273,700 | 214,649,000 | 214,578,000 | 216,538,800 | (4,397,600) | (2.0) |
| GENERAL FUND/GENERAL PURPOSE . | 9,891,900 | 18,445,700 | 9,760,600 | 9,551,300 | 16,998,900 | 7,107,000 | 71.8 |
| PAYMENTS TO LOCALS | 8,357,000 | 7,072,000 | 7,072,000 | 7,072,000 | 7,072,000 | (1,285,000) | (15.4) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS

Great Lakes Restoration Initiative

The Great Lakes Restoration Initiative is a Federal grant program designed to help states in the Great Lakes watershed restore the Lakes' viability. This could include initiatives to clean up the shorelines, restore healthy fish populations, and other restorative actions.

| | |
|---------|------------|
| Gross | 15,000,000 |
| Federal | 15,000,000 |
| GF/GP | 0 |

B. PROGRAM INCREASES

1. Waterways Projects

The budget includes appropriations for several new and expanded waterways projects supported with Federal funds and the Michigan State Waterways Fund. The projects include a marina, four docks, two piers, and a dredging project.

| | |
|------------|-----------|
| Gross | 1,635,700 |
| Federal | 207,000 |
| Restricted | 1,428,700 |
| GF/GP | 0 |

2. Parks and Recreation Projects

The \$500,000 increase in funding for Parks and Recreation Projects will be used primarily for emergency repairs and updates to the aging infrastructure in Michigan's State Parks. These additional funds come from an increase in private funds dedicated to these projects.

| | |
|---------|---------|
| Gross | 500,000 |
| Private | 500,000 |
| GF/GP | 0 |

3. Forest Roads and Bridges

An additional \$100,000 from the Forest Recreation Account is appropriated in this budget to help address some of the multiyear maintenance projects in the State's forest campgrounds, including fire rings, picnic tables, and vault toilets.

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

C. PROGRAM ELIMINATIONS - NONE

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

D. PROGRAM REDUCTIONS

1. Wildlife Management

The budget eliminates 8.0 FTEs as part of a departmentwide effort to balance a shortfall in Game and Fish Fund revenue. Despite the funding reduction, Michigan's split-state status regarding bovine tuberculosis will not be jeopardized.

| | |
|------------|-------------|
| FTE | (8.0) |
| Gross | (1,700,000) |
| Restricted | (1,700,000) |
| GF/GP | 0 |

2. Fisheries Division

The budget eliminates 16.0 FTEs as part of a departmentwide effort to balance a shortfall in Game and Fish Fund revenue. This reduction in staffing and program funding will result in reduced research and support for Michigan's fisheries, leaner program administration, and a reprioritization of program functions.

| | |
|------------|-------------|
| FTE | (16.0) |
| Gross | (2,900,000) |
| Restricted | (2,900,000) |
| GF/GP | 0 |

3. Law Enforcement

The budget eliminates 21.0 FTEs, reducing the number of active conservation officers who will patrol State land during FY 2009-10. These positions are eliminated to help balance a shortfall in expected Game and Fish Fund revenue.

| | |
|------------|-------------|
| FTE | (21.0) |
| Gross | (2,550,000) |
| Restricted | (2,550,000) |
| GF/GP | 0 |

4. Game and Fish Fund Authorization Reductions

In addition to the FTE eliminations above, other Game and Fish appropriations are reduced due to declining revenue. This reduction affects both administrative and programmatic items.

| | |
|------------|-------------|
| Gross | (1,604,200) |
| Restricted | (1,604,200) |
| GF/GP | 0 |

5. General Fund Reductions

In order to meet lower revenue estimates, all State department budgets reflect reductions in General Fund revenue. Reductions for the Department of Natural Resources (DNR) are taken from a variety of line items, including administrative and programmatic functions, including the elimination of 1.0 unclassified position.

| | |
|-------|-------------|
| Gross | (1,422,300) |
| GF/GP | (1,422,300) |

E. FUNDING SHIFTS - NONE

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

F. PROGRAM TRANSFERS

Michigan Historical Programs

Several programs, including the State Museum, the State Archives, Mackinac Island State Park, and Heritage Publications, were transferred to the DNR from the Department of History, Arts, and Libraries (HAL) upon the abolition of HAL at the beginning of FY 2009-10.

| | |
|------------|------------|
| FTE | 101.0 |
| Gross | 10,480,500 |
| Federal | 100 |
| Private | 112,600 |
| Restricted | 3,030,700 |
| GF/GP | 7,337,100 |

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE

H. OTHER ISSUES

1. Other Adjustments

The budget contains a number of other funding adjustments, including a restoration of the funding cut by Executive Orders 2008-21 and 2009-22, revenue adjustments, reductions in building operation costs, and adjustments to State- and Federal-funded grants. Additionally, some FTE authorizations are reduced to reflect the actual number of employees in various programs due to the funding available to those programs.

| | |
|------------|-------------|
| FTEs | (14.0) |
| Gross | (1,321,300) |
| IDG | 130,500 |
| Federal | 208,100 |
| Private | 419,200 |
| Restricted | (3,190,300) |
| GF/GP | 1,111,200 |

2. Internal Audit Services

This program was transferred to the Department of Management and Budget as part of a statewide effort to consolidate the auditing functions of State departments.

| | |
|------------|-----------|
| Gross | (490,100) |
| Restricted | (448,400) |
| GF/GP | (41,700) |

I. UNCLASSIFIED SALARIES

The budget contains 5.0 unclassified positions, a 1.0 FTE decrease from the FY 2008-09 budget. It is still unknown which position will be eliminated.

| | |
|-------|----------|
| Gross | (85,000) |
| GF/GP | (85,000) |

J. FEE INCREASES - NONE

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | |
|------------|-----------|
| Gross | 4,192,800 |
| Federal | 525,700 |
| Private | 23,500 |
| Restricted | 3,435,900 |
| GF/GP | 207,700 |

K. ECONOMIC ADJUSTMENTS

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

L. VETOES

The Governor vetoed three line items in this budget, all of which were new to the budget. The first veto was \$10,000 for the construction of a snowmobile trail from Bellaire to the Jordan River Trail. The vetoed funding came from the Snowmobile Local Trail Grants line item. The second was a \$75,000 line item for funding the Cormorant Mitigation program. The Governor's veto letter explained that sufficient Federal control already existed for the birds. The final veto in the budget was a \$350,000 negative appropriation for assumed savings from the anticipated consolidation of the DNR with the Department of Environmental Quality. The Governor explained that the savings from such a consolidation likely would be higher than this figure, and that consolidations could not take place within an appropriation bill.

**SCHOOL AID
P.A. 121 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|-----------------------|-----------------------|-----------------------------------|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| GROSS | 13,259,806,800 | 12,963,600,000 | 12,743,964,400 | 13,132,308,775 | 12,823,571,000 | (436,235,800) | (3.3) |
| Less: | | | | | | | |
| Interdepartmental Grants Received..... | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS | 13,259,806,800 | 12,963,600,000 | 12,743,964,400 | 13,132,308,775 | 12,823,571,000 | (436,235,800) | (3.3) |
| Less: | | | | | | | |
| Federal Funds | 2,162,008,600 | 1,561,809,400 | 2,195,909,400 | 1,781,883,675 | 2,051,759,400 | (110,249,200) | (5.1) |
| Local and Private..... | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING | 11,097,798,200 | 11,401,790,600 | 10,548,055,000 | 11,350,425,100 | 10,771,811,600 | (325,986,600) | (2.9) |
| Less: | | | | | | | |
| Other State Restricted Funds | 11,019,798,200 | 11,360,990,600 | 10,516,254,900 | 11,310,800,100 | 10,741,605,400 | (278,192,800) | (2.5) |
| GENERAL FUND/GENERAL PURPOSE.. | 78,000,000 | 40,800,000 | 31,800,100 | 39,625,000 | 30,206,200 | (47,793,800) | (61.3) |
| PAYMENTS TO LOCALS..... | 10,890,765,900 | 11,267,973,800 | 10,439,173,200 | 11,116,249,800 | 10,666,453,000 | (224,312,900) | (2.1) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Federal School Lunch

Federal school lunch funding is increased in the budget by \$40.0 million, to a total of more than \$372.5 million for FY 2009-10.

| | |
|---------|------------|
| Gross | 40,000,000 |
| Federal | 40,000,000 |
| GF/GP | 0 |

2. Special Education

Special education funding is increased \$44.3 million, or 4.4%, to a total of \$1,061,283,000. These increases are required to be funded under the *Durant* court cases.

| | |
|------------|------------|
| Gross | 44,350,000 |
| Restricted | 44,350,000 |
| GF/GP | 0 |

3. Great Start Readiness Program (GSRP) Longitudinal Study

A slight increase is included to fully fund the GSRP longitudinal study for FY 2009-10.

| | |
|-------|--------|
| Gross | 20,900 |
| GF/GP | 20,900 |

C. PROGRAM ELIMINATIONS

1. 21st Century Small Schools

The budget eliminates a program that was new in FY 2008-09 and that provided grants to districts with less than a 70% graduation rate, for the planning and start-up of newly constructed or newly configured small schools designed to reduce the drop-out rate.

| | |
|------------|-------------|
| Gross | (8,000,000) |
| Restricted | (8,000,000) |
| GF/GP | 0 |

2. Great Start Interagency Early Childhood Grants

The budget reflects the Governor's elimination of the remaining funding for the Great Start interagency grants designed to combine funds from School Aid, the Department of Human Services (DHS), and the Department of Community Health to reduce child abuse and neglect. The Legislature had reduced the program; the Governor vetoed the remaining funding to eliminate the program in its entirety.

| | |
|-------|-------------|
| Gross | (2,125,000) |
| GF/GP | (2,125,000) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

3. District-Specific Grants

a. Pilot Project Grants

Pilot project grants to Grosse Pointe and Harper Woods are eliminated for FY 2009-10.

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

b. Deficit Mill Grants

Deficit mill grants to Redford Union, Chippewa Valley, and Clintondale are eliminated for FY 2009-10.

| | |
|------------|-----------|
| Gross | (850,000) |
| Restricted | (850,000) |
| GF/GP | 0 |

c. Kalamazoo RESA Pre-College Engineering

Existing funding for Kalamazoo RESA's pre-college engineering program was vetoed by the Governor and funding was eliminated.

| | |
|------------|----------|
| Gross | (75,000) |
| Restricted | (75,000) |
| GF/GP | 0 |

4. School Bus Inspections

School aid support for the Michigan State Police (MSP) to conduct school bus inspections is eliminated in this budget; the MSP will continue the inspections by funding the program within its budget.

| | |
|------------|-------------|
| Gross | (1,403,500) |
| Restricted | (1,403,500) |
| GF/GP | 0 |

5. After-School Math/Michigan Virtual University (MVU) Pilot Projects

The budget eliminates funding for pilot projects in 8th grade math operated by the Math and Science Centers in partnership with the MVU, designed to improve the likelihood of students successfully completing the math requirements for high school graduation.

| | |
|------------|-----------|
| Gross | (725,000) |
| Restricted | (725,000) |
| GF/GP | 0 |

6. Other Eliminations

a. Advanced and Accelerated

The Governor vetoed this existing program, which provided grants to intermediate school districts (ISDs) to operate programs focused on students who are academically gifted and talented.

| | |
|------------|-----------|
| Gross | (285,000) |
| Restricted | (285,000) |
| GF/GP | 0 |

b. Inkster's Financial Emergency Funding

The budget eliminates expired funding for the Inkster Schools, which received \$125,000 per year for three years in order to help return the district to financial stability.

| | |
|------------|-----------|
| Gross | (125,000) |
| Restricted | (125,000) |
| GF/GP | 0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | |
|--|--|
| c. Cultural Access Grants | Gross (100,000) Restricted (100,000) GF/GP 0 |
| <p>The Governor vetoed this existing program, which provided grants to schools to enable their students to have access to cultural, art, or music resources in the community.</p> | |
| d. Special Education Lending Library at Central Michigan University | Gross (100,000) Restricted (100,000) GF/GP 0 |
| <p>The budget eliminates funding for the Lending Library at CMU, which loaned special education materials and tests to schools and ISDs.</p> | |
| e. Newslines Service for the Blind | Gross (80,000) GF/GP (80,000) |
| <p>The budget eliminates funding for Newslines, which provides news information statewide to people who are visually impaired.</p> | |
| f. Federal After-School Partnership Earmark | Gross (50,000) Federal (50,000) GF/GP 0 |
| <p>The Governor vetoed this earmark out of Federal 21st Century Community funds, which provided funding for the Michigan After-School Partnership, in collaboration with the DHS.</p> | |

D. PROGRAM REDUCTIONS

| | |
|--|--|
| 1. \$165 Per-Pupil Funding Reduction | Gross (263,000,000) Restricted (263,000,000) GF/GP 0 |
| <p>The FY 2009-10 budget implements a \$165-per-pupil reduction in total State aid paid to local school districts and public school academies. If districts and academies agree to develop a services consolidation plan, they may implement the reduction in any program or manner they choose. The estimated reduction totals \$263.0 million statewide.</p> | |
| 2. Foundation Allowance Technical Cost Adjustments | Gross (150,200,000) Restricted (150,200,000) GF/GP 0 |
| <p>Technical cost adjustments are made to account for a declining pupil population and declining taxable values.</p> | |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | | |
|---|---|---|
| 3. Section 20j | The Governor vetoed a portion of operational funding for "hold-harmless" districts, found in Section 20j. This funding ensured that each affected district received the same per-pupil funding increase as all non-hold-harmless districts, rather than capped to inflation as prescribed in the Revised School Code. | Gross (51,500,000) Restricted (51,500,000) GF/GP 0 |
| 4. Intermediate School District General Operations Funding Reduction | Unrestricted ISD general operations funding is reduced 20%, or more than \$16.3 million. | Gross (16,344,300) Restricted (16,344,300) GF/GP 0 |
| 5. School Readiness Grants to Entities other than Schools | Grants to entities other than school districts or ISDs in support of the Great Start Readiness Program are reduced 50%. Grants to schools and ISDs are not reduced. | Gross (7,575,000) GF/GP (7,575,000) |
| 6. Vocational Education | Vocational Education is reduced 10%, or \$3.0 million. In addition, the Governor vetoed the Vocational Education earmark to Oakland ISD in the amount of \$388,700. | Gross (3,388,700) Restricted (3,388,700) GF/GP 0 |
| 7. Durant Bonds for Non-Plaintiff Debt Service | Due to restructuring of bond costs, debt service is reduced by \$3.0 million. | Gross (3,000,000) Restricted (3,000,000) GF/GP 0 |
| 8. Michigan Educational Assessment Program (MEAP) | Funding for the MEAP is reduced more than \$2.4 million. Of this, roughly \$2.2 million is a reduction in State support of the program. Technical cost adjustments account for \$742,100, with an additional \$1.5 million in programmatic reductions sought. | Gross (2,441,300) Federal (199,200) Restricted (2,242,100) GF/GP 0 |
| 9. Adult Education | Adult Education is reduced 10%, or \$2.0 million. However, per-pupil reimbursement is not reduced, meaning the reduction will be implemented by serving fewer adult learners. | Gross (2,000,000) Restricted (2,000,000) GF/GP 0 |

| | | FY 2009-10 Change From FY 2008-09 Year-to-Date | |
|--|--|---|-------------|
| 10. Dearborn's At-Risk Payment | | Gross | (1,468,800) |
| | | Restricted | (1,468,800) |
| | | GF/GP | 0 |
| | At-risk funding for Dearborn Public Schools is reduced 25%, or nearly \$1.5 million. | | |
| 11. Child and Adolescent Health Centers | | Gross | (1,185,700) |
| | | Restricted | (1,185,700) |
| | | GF/GP | 0 |
| | Funding for these school-based health centers is reduced 25%, or nearly \$1.2 million. | | |
| 12. Other Reductions | | | |
| a. Math and Science Centers | | Gross | (875,000) |
| | | Restricted | (875,000) |
| | | GF/GP | 0 |
| | Funding for the 33 Math and Science Centers around the State is reduced 25%. | | |
| b. Early Childhood Investment Corporation (ECIC) Collaboratives | | Gross | (750,000) |
| | | Restricted | (750,000) |
| | | GF/GP | 0 |
| | Funding for ECIC collaborative grants (i.e., planning grants to ISDs to map out early childhood services in the region) are reduced 11.1%, or \$750,000. | | |
| c. Michigan Youth ChalleNGe Program | | Gross | (642,300) |
| | | Restricted | (642,300) |
| | | GF/GP | 0 |
| | Funding for the Michigan Youth ChalleNGe Program in Battle Creek is reduced 50%. | | |
| d. Michigan Virtual High School (MVHS) | | Gross | (562,500) |
| | | Restricted | (500,000) |
| | | GF/GP | (62,500) |
| | State funding for the MVHS is reduced 25%, or \$562,500. Federal funding is unchanged. | | |
| e. Educational Costs at DHS Juvenile Detention Facilities | | Gross | (305,300) |
| | | Restricted | (305,300) |
| | | GF/GP | 0 |
| | Funding for educational expenses at DHS juvenile detention facilities is reduced due to lower estimates of costs. | | |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

E. FUNDING SHIFTS

| | |
|------------|---------------|
| Gross | 0 |
| Federal | (150,000,000) |
| Restricted | 188,022,900 |
| GF/GP | (38,022,900) |

Foundation Allowance

The FY 2009-10 budget uses \$150.0 million less Federal ARRA funding in support of the foundation allowance than was appropriated in FY 2008-09, which is replaced with School Aid Fund revenue. In addition, GF/GP support to the School Aid budget is reduced, and is made up by increased School Aid Fund revenue.

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

The FY 2009-10 School Aid budget appropriates \$450.0 million in ARRA State Fiscal Stabilization Fund revenue to support the foundation allowance. This level of funding equates to about \$283 per pupil.

H. OTHER ISSUES - NONE

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS

| | |
|-------|--------|
| Gross | 50,700 |
| GF/GP | 50,700 |

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

L. VETOES

The Governor vetoed numerous items totaling \$53,992,500. The vetoes are reflected in lines above, but are itemized here:

- Operational funding payments to hold-harmless districts - Section 20j - \$51,500,000
- Interagency Early Childhood Grants - Section 32c - \$1,593,800
- Oakland ISD Vocational Education Earmark - Section 61a - \$388,700
- Advanced and Accelerated Grants to ISDs - Section 57 - \$285,000
- Cultural Access Grants - Section 99p - \$100,000
- Kalamazoo RESA Pre-College Engineering Program - Section 65 - \$75,000
- Federal After-School Partnership Grant - Section 39a - \$50,000

**DEPARTMENT OF STATE
P.A. 128 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 1,809.0 | 1,809.0 | 1,809.0 | 1,809.0 | 1,809.0 | 0.0 | 0.0 |
| GROSS | 213,578,700 | 213,639,000 | 209,067,600 | 211,025,200 | 209,130,200 | (4,448,500) | (2.1) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 0 | 0.0 |
| ADJUSTED GROSS | 193,578,700 | 193,639,000 | 189,067,600 | 191,025,200 | 189,130,200 | (4,448,500) | (2.3) |
| Less: | | | | | | | |
| Federal Funds | 7,673,700 | 1,810,000 | 1,810,000 | 1,810,000 | 1,810,000 | (5,863,700) | (76.4) |
| Local and Private | 100 | 100 | 100 | 100 | 100 | 0 | 0.0 |
| TOTAL STATE SPENDING | 185,904,900 | 191,828,900 | 187,257,500 | 189,215,100 | 187,320,100 | 1,415,200 | 0.8 |
| Less: | | | | | | | |
| Other State Restricted Funds | 161,109,100 | 163,614,700 | 169,364,700 | 163,614,700 | 169,364,700 | 8,255,600 | 5.1 |
| GENERAL FUND/GENERAL PURPOSE . | 24,795,800 | 28,214,200 | 17,892,800 | 25,600,400 | 17,955,400 | (6,840,400) | (27.6) |
| PAYMENTS TO LOCALS | 1,253,800 | 1,253,800 | 1,253,800 | 1,254,000 | 1,253,800 | 0 | 0.0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Statewide Microsoft Upgrade

The budget includes one-time funding to upgrade Microsoft Office software.

| | |
|------------|---------|
| Gross | 266,700 |
| Restricted | 219,500 |
| GF/GP | 47,200 |

2. Michigan Business One-Stop Portal

Funding was added so the Department can become part of a new statewide initiative to create a single place for business to interact with government.

| | |
|------------|--------|
| Gross | 54,000 |
| Restricted | 54,000 |
| GF/GP | 0 |

C. PROGRAM ELIMINATIONS

Help America Vote Act

All Federal funding is exhausted and eliminated for FY 2009-10.

| | |
|---------|-------------|
| Gross | (3,863,700) |
| Federal | (3,863,700) |
| GF/GP | 0 |

D. PROGRAM REDUCTIONS

1. Administrative Savings

Savings realized from the annualization of reductions made in Executive Order (E.O.) 2008-21 totaled a negative \$132,600. In addition, savings from E.O. 2009-22, which were made to reduce FY 2008-09 appropriations by 4% due to revenue shortfalls, totaled a positive \$2,999,700. Reductions were made to the following line items: Department Services Operations (\$155,800); Regulatory Services Operations (\$255,000); Branch Operations (\$534,400); Central Operations (\$100,000); and Information Technology (\$300). Additional savings of \$1,954,200 are included for furlough day savings.

| | |
|------------|-----------|
| Gross | 2,867,100 |
| Restricted | 1,664,700 |
| GF/GP | 1,202,400 |

2. Department of Information Technology (DIT) Reduction

This reduction represents the Department of State's share of a statewide DIT administrative reduction equivalent to approximately 2%.

| | |
|------------|----------|
| Gross | (35,400) |
| Restricted | (32,200) |
| GF/GP | (3,200) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

3. 10% Funding Reductions

| | |
|-------|--------------|
| Gross | (10,258,800) |
| GF/GP | (10,258,800) |

Several line items were reduced by an average of 10% due to budget constraints. The line items and their corresponding reductions are as follows: Executive Direction Operations (\$5,000); Department Services Operations (\$910,000); Regulatory Services Operations (\$435,000); Customer Delivery Branch Operations (\$5,862,300); Customer Delivery Central Operations (\$2,909,300); and Information Technology (\$137,200). Portions of the savings (\$6,750,000) are due to implementation of permanent license plates.

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE

H. OTHER ISSUES

1. Legislative Transfers

| | |
|------------|-------------|
| Gross | (2,200,000) |
| Federal | (2,000,000) |
| Restricted | (200,000) |
| GF/GP | 0 |

A DMB letter dated 2/24/2009 approved the following increases from Federal Contingency Funds: \$200,000 for Motorcycle Education Grants; \$760,000 for Customer Delivery Central Operations; and \$15,000 for Help America Vote Act. An additional \$200,000 was approved for Motorcycle Safety Education from State Restricted Contingency Funds. A DMB letter dated 6/9/2009 approved Federal Contingency Funds of \$1,025,000 for Customer Delivery Central Operations.

2. Restricted Revenue

| | |
|------------|-----------|
| Gross | 5,750,000 |
| Restricted | 5,750,000 |
| GF/GP | 0 |

The Legislature increased funding for restricted revenue due to new revenue expected to be received during FY 2009-10.

3. Internal Audit Functions

| | |
|------------|-----------|
| Gross | (148,600) |
| Restricted | (148,600) |
| GF/GP | 0 |

This completes the final transfer of internal audit functions to the DMB pursuant to E.O. 2007-31, which required all State departments to transfer internal audit functions to the DMB in order to centralize and consolidate this function.

I. UNCLASSIFIED SALARIES - NONE

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS

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

| | |
|------------|-----------|
| Gross | 3,120,200 |
| Restricted | 948,200 |
| GF/GP | 2,172,000 |

L. VETOES - NONE

**DEPARTMENT OF STATE POLICE
P.A. 133 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 2,924.0 | 2,859.0 | 2,873.0 | 2,829.5 | 2,866.0 | (58.0) | (2.0) |
| GROSS | 523,595,100 | 538,528,000 | 540,461,200 | 528,012,800 | 527,312,700 | 3,717,600 | 0.7 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 26,591,900 | 26,108,400 | 31,866,800 | 26,108,400 | 26,108,400 | (483,500) | (1.8) |
| ADJUSTED GROSS | 497,003,200 | 512,419,600 | 508,594,400 | 501,904,400 | 501,204,300 | 4,201,100 | 0.8 |
| Less: | | | | | | | |
| Federal Funds | 96,937,700 | 93,839,000 | 101,839,000 | 96,539,000 | 93,839,000 | (3,098,700) | (3.2) |
| Local and Private | 8,785,800 | 8,818,800 | 8,818,900 | 8,819,000 | 8,818,800 | 33,000 | 0.4 |
| TOTAL STATE SPENDING | 391,279,700 | 409,761,800 | 397,936,500 | 396,546,400 | 398,546,500 | 7,266,800 | 1.9 |
| Less: | | | | | | | |
| Other State Restricted Funds | 121,527,500 | 131,287,300 | 130,677,300 | 129,287,200 | 131,287,300 | 9,759,800 | 8.0 |
| GENERAL FUND/GENERAL PURPOSE .. | 269,752,200 | 278,474,500 | 267,259,200 | 267,259,200 | 267,259,200 | (2,493,000) | (0.9) |
| PAYMENTS TO LOCALS | 20,741,400 | 20,366,500 | 20,366,500 | 18,366,500 | 20,366,500 | (374,900) | (1.8) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Laboratory Operations

In response to increased caseload experienced due to the takeover of cases from the Detroit Police Department Lab which closed in November 2009, the budget provides additional funds for hiring, training, and acquiring equipment and supplies for 28.0 FTEs who will work in various forensic laboratories in the State.

| | |
|------------|-----------|
| FTE | 28.0 |
| Gross | 6,317,200 |
| Restricted | 2,084,500 |
| GF/GP | 4,232,700 |

C. PROGRAM ELIMINATIONS

Marquette Laboratory

The budget reflects the elimination of the Marquette Forensic Laboratory, for total cost savings of \$360,000 GF/GP. The budget does include a placeholder appropriation for the laboratory of \$100.

| | |
|-------|-----------|
| Gross | (360,000) |
| GF/GP | (360,000) |

D. PROGRAM REDUCTIONS

1. Capitol Security Guard Program

The budget makes a reduction to the program, eliminating security guard duties related to the monitoring of other State buildings in downtown Lansing, leaving a staff (7.0 FTEs and a budget of \$518,000 GF/GP) that will be dedicated to providing security only to the Capitol building itself.

| | |
|-------|-----------|
| FTE | (7.0) |
| Gross | (581,400) |
| IDG | (648,400) |
| GF/GP | 67,000 |

2. Elimination of Vacant Positions

The budget reflects the decision not to fill 11.0 FTE vacancies in various units across several programs.

| | |
|-------|-------------|
| FTE | (11.0) |
| Gross | (1,028,000) |
| GF/GP | (1,028,000) |

3. Uniform Services Efficiencies

The budget makes several reductions, including \$3.4 million GF/GP in attrition savings from 66.0 FTE troopers expected to retire in FY 2009-10, a reduction in trooper and specialty teams overtime of \$2,327,400 GF/GP, reductions in post leases of \$600,000 GF/GP, reductions of \$600,000 in Contractual Services, Supplies, and Materials, and savings in Fleet Leasing of \$1.0 million.

| | |
|-------|-------------|
| Gross | (7,927,400) |
| GF/GP | (7,927,400) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

4. At-Post Troopers

| | |
|-------|-------------|
| Gross | (2,700,000) |
| GF/GP | (2,700,000) |

The budget reflects a reduction in the appropriations line for trooper salaries, which does not reflect the total savings that would be realized if none of the 100 troopers laid off in July 2009, were to be hired back. Instead, the budget reflects a lesser reduction, allowing for the recall of 55 of those who were laid off.

5. Reductions to Meet Appropriation GF/GP Targets

| | |
|-------|-------------|
| Gross | (5,651,200) |
| GF/GP | (5,651,200) |

The Conference Committee included GF/GP reductions to several Department programs to meet GF/GP appropriation targets. Reductions include Executive Direction (\$54,600), Management Services (\$1,800,000), Budget and Financial Services (\$150,000), Fleet Leasing (\$1,146,600), Emergency Management (\$300,000), Operational Support (\$600,000), Criminal Investigations (\$1.0 million), and Standards and Training (\$600,000).

E. FUNDING SHIFTS

1. Michigan Public Safety Communications System

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

The budget includes a shift of funding from GF/GP support to restricted revenue (Commercial Mobile Radio Service carry-forward funds) for the program.

2. Forensic Sciences

| | |
|------------|-------------|
| Gross | 0 |
| Restricted | 9,283,100 |
| GF/GP | (9,283,100) |

The budget includes a fund shift from GF/GP support to restricted revenue (State Services Fee Fund).

3. Other Fund Shifts

| | |
|------------|-------------|
| Gross | 0 |
| Restricted | 1,244,000 |
| GF/GP | (1,244,000) |

The budget provides for additional fund shifts across various budget lines, including a shift of \$3,144,000 GF/GP to restricted revenue and \$1.9 million in State Services Fee Fund revenue to GF/GP.

F. PROGRAM TRANSFERS

Carpentry Unit

| | |
|-------|-----------|
| FTE | (3.0) |
| Gross | (282,700) |
| GF/GP | (282,700) |

The budget reflects the shift of the carpentry unit to the Department of Management and Budget.

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

Multijurisdictional Drug Enforcement Teams

The budget reflects the completion of a one-time FY 2008-09 appropriation from Federal ARRA funding for costs associated with the Department's role in multijurisdictional drug enforcement teams.

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

H. OTHER ISSUES

1. Automated Fingerprint Identification System (AFIS) Upgrade Completion

The budget reflects the completion of a one-time project to upgrade AFIS operations.

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

2. Adjustment for Federal/Restricted Funds Received

The budget includes reductions that reflect the actual expected amounts received from Restricted and Federal sources.

| | |
|------------|-------------|
| Gross | (4,927,100) |
| Federal | (2,056,700) |
| Restricted | (2,870,400) |
| GF/GP | 0 |

3. Various Adjustments

The budget includes adjustments to reflect actual overall FTEs, an increase in training grants (\$400,000 Restricted), a Microsoft upgrade (\$439,400 Gross, \$291,600 GF/GP), a reduction to the Department of Information Technology (\$34,200 Gross, \$22,800 GF/GP), and the completion of a one-time expenditure for a police allocation study.

| | |
|------------|---------|
| FTE | (61.0) |
| Gross | 605,200 |
| Restricted | 536,400 |
| GF/GP | 68,800 |

4. Other Changes

The budget makes adjustments for changes in State Restricted and Federal revenue, cost allocation, and one-time appropriations and transfers in FY 2008-09.

| | |
|------------|-------------|
| Gross | 7,661,500 |
| IDG | (480,000) |
| Federal | (728,400) |
| Local | (57,400) |
| Private | 23,300 |
| Restricted | (6,243,000) |
| GF/GP | 14,208,200 |

5. Internal Audit

The budget includes the shift of internal audit functions to the Department of Management and Budget.

| | |
|------------|----------|
| Gross | (68,900) |
| Restricted | (21,000) |
| GF/GP | (47,900) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

I. UNCLASSIFIED SALARIES

Director of Michigan Commission on Law Enforcement Standards Unclassified Position

The budget reflects the elimination of funding for the FY 2008-09 unclassified salary position of Director of the Michigan Commission on Law Enforcement Standards.

| | |
|-------|-----------|
| FTE | (1.0) |
| Gross | (105,700) |
| GF/GP | (105,700) |

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. The budget represents a decrease of \$3,265,900 GF/GP from the Governor's recommended economic adjustments, reflecting the legislative intent that only one month's rent be provided for the new State Police Headquarters building in Lansing, due for occupancy in January 2010. In regard to the new headquarters building, the budget also includes boilerplate Section 256, which authorizes the State to seek the purchase of the building, which may have the impact of negating any building rental costs for FY 2009-10.

| | |
|------------|------------|
| Gross | 14,766,100 |
| IDG | 644,900 |
| Federal | 686,400 |
| Local | 67,100 |
| Private | 9,700 |
| Restricted | 722,900 |
| GF/GP | 12,635,100 |

L. VETOES - NONE

**DEPARTMENT OF TRANSPORTATION
P.A. 116 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|----------------------|-----------------------------------|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 3008.3 | 3008.3 | 3008.3 | 3008.3 | 3008.3 | 0 | 0 |
| GROSS | 4,508,896,100 | 3,268,120,900 | 3,244,620,900 | 3,256,660,900 | 3,257,048,000 | (1,251,848,100) | -27.8 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS | 4,508,896,100 | 3,268,120,900 | 3,244,620,900 | 3,256,660,900 | 3,257,048,000 | (1,251,848,100) | -27.8 |
| Less: | | | | | | | |
| Federal Funds | 2,372,023,200 | 1,226,704,500 | 1,226,704,500 | 1,227,204,500 | 1,227,204,500 | (1,144,818,700) | -48.3 |
| Local and Private | 71,624,200 | 56,073,400 | 56,073,400 | 56,073,400 | 56,073,400 | (15,550,800) | -21.7 |
| TOTAL STATE SPENDING | 2,065,248,700 | 1,985,343,000 | 1,961,843,000 | 1,973,383,000 | 1,973,770,100 | (91,478,600) | -4.4 |
| Less: | | | | | | | |
| Other State Restricted Funds | 2,065,248,700 | 1,985,343,000 | 1,961,843,000 | 1,973,383,000 | 1,973,770,100 | (91,479,500) | -4.4 |
| GENERAL FUND/GENERAL PURPOSE . | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| PAYMENTS TO LOCALS | 1,211,011,600 | 1,180,335,900 | 1,148,974,900 | 1,159,512,500 | 1,165,761,700 | (45,249,900) | -3.7 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

| | |
|--|---|
| <p>1. Safe Routes to Schools. The budget increases expenditures to reflect additional Federal revenue.</p> | <p>Gross 2,500,000 Federal 2,500,000 GF/GP 0</p> |
| <p>2. Intelligent Transportation System. The budget increases expenditures to address higher costs and expansion of the Grand Region Center to 24-hour operations.</p> | <p>Gross 612,600 Federal 612,600 GF/GP 0</p> |
| <p>3. Information Technology Services and Projects. The budget increases expenditures to address certain information technology needs, including software upgrades and the Michigan Business One-Stop Portal, as well as negative adjustments for administration and virtual storage.</p> | <p>Gross 594,100 Federal 10,500 Restricted 583,600 GF/GP 0</p> |
| <p>4. Furlough Days for Classified Employees. Funding for various sections was reduced by \$3,972,200 in FY 2008-09 under Executive Order 2009-22. This budget restores the funding.</p> | <p>Gross 3,972,200 Federal 1,223,600 Restricted 2,748,600 GF/GP 0</p> |

C. PROGRAM ELIMINATIONS

| | |
|---|---|
| <p>1. Road and Bridge Construction. As discussed under item L., funding for the "Give 'Em a Brake" program was vetoed.</p> | <p>Gross (500,000) Restricted (500,000) GF/GP 0</p> |
| <p>2. Intercity Bus Services. As discussed under item L., an earmark for marketing intercity bus services was vetoed.</p> | <p>Gross (100,000) Restricted (100,000) GF/GP 0</p> |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

D. PROGRAM REDUCTIONS

- 1. **Federal Aid Road Construction.** The budget decreases expenditures to reflect anticipated revenue.
- 2. **State Restricted Revenue.** The budget decreases expenditures to reflect anticipated revenue: State Trunkline Roads - \$63,039,700; County Road Commissions - \$29,164,700; Cities and Villages - \$16,260,700; and Local Bridge Program - \$1,431,800.
- 3. **Capital Outlay.** The budget reduces expenditures for the Airport Safety and Protection Plan and Buildings and Facilities to reflect anticipated revenue.
- 4. **Comprehensive Transportation Fund (CTF).** The budget reduces expenditures from the CTF to reflect anticipated revenue.
- 5. **Cost Allocation Adjustments and Efficiencies.** Adjustments are made in how costs are allocated internally in several line items.

| | |
|------------|---------------|
| Gross | (246,049,300) |
| Federal | (246,049,300) |
| GF/GP | 0 |
| | |
| Gross | (110,288,200) |
| Restricted | (110,288,200) |
| GF/GP | 0 |
| | |
| Gross | (50,910,000) |
| Federal | (28,149,900) |
| Local | (14,650,800) |
| Restricted | (8,109,300) |
| GF/GP | 0 |
| | |
| Gross | (10,271,800) |
| Restricted | (10,271,800) |
| GF/GP | 0 |
| | |
| Gross | (274,200) |
| Restricted | (274,200) |
| GF/GP | 0 |

E. FUNDING SHIFTS

Intelligent Transportation System. The budget shifts a portion of the funding from the State Trunkline Fund to Federal funding.

| | |
|------------|-------------|
| Gross | 0 |
| Federal | 1,504,600 |
| Restricted | (1,504,600) |
| GF/GP | 0 |

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

One-time ARRA funds appropriated in FY 2008-09 are removed.

| | |
|---------|---------------|
| Gross | (912,251,000) |
| Federal | (912,251,000) |
| GF/GP | 0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

H. OTHER ISSUES

1. Debt Service. The budget increases funding to meet scheduled debt service payments, including increased costs from 2009 bond issuances.

| | |
|------------|------------|
| Gross | 59,633,700 |
| Federal | 35,380,200 |
| Restricted | 24,253,500 |
| GF/GP | 0 |

2. Grants to Other Departments. Adjustments are made in the amounts for grants to other departments for support services. Reflected in the total is a \$100,000 veto, described under Item L.

| | |
|------------|---------|
| Gross | 752,500 |
| Restricted | 752,500 |
| GF/GP | 0 |

3. Transportation Economic Development Fund (TEDF). The budget transfers \$12.0 million to the General Fund. Because this transfer also occurred in FY 2008-09, no line-item reductions from the previous year resulted from the transfer.

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

4. Detroit River International Crossing (DRIC). The budget includes language (Sec. 384) detailing allowable and required activities as well as expenditure limits.

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

5. Other Revenue-Based Adjustments. The budget adjusts expenditures from various funds to reflect anticipated revenue.

| | |
|------------|-----------|
| Gross | 3,624,500 |
| Federal | 400,000 |
| Local | (900,000) |
| Restricted | 4,124,500 |
| GF/GP | 0 |

I. UNCLASSIFIED SALARIES

Furlough Days from FY 2008-09. Funding for unclassified salaries was reduced by \$11,900 in FY 2008-09 under Executive Order 2009-22. This budget restores the funding.

| | |
|------------|--------|
| Gross | 11,900 |
| Restricted | 11,900 |
| GF/GP | 0 |

J. FEE INCREASES - NONE

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | |
|------------|-----------|
| Gross | 7,094,900 |
| Restricted | 7,094,900 |
| GF/GP | 0 |

K. ECONOMIC ADJUSTMENTS

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

L. VETOES

1. **Cost Allocation Plan.** The Governor vetoed Section 306(3), which directed the Department of Treasury to conduct a cost allocation study to identify the costs of collecting constitutionally restricted motor fuel taxes. Funding of \$100,000 from the Michigan Transportation Fund was removed from the grant to the Department of Treasury. Because this item was also vetoed in FY 2008-09, no line-item reductions from the previous year resulted from the veto.

2. **Road and Bridge Construction.** The Governor vetoed Section 324, which earmarked \$500,000 for the "Give 'Em a Brake" program.

3. **Intercity Bus Services.** The Governor vetoed Section 729, which earmarked \$100,000 for marketing intercity bus services.

DEPARTMENT OF TREASURY - DEBT SERVICE
P.A. 128 of 2009

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|--------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| GROSS | 83,123,000 | 82,177,500 | 82,177,500 | 82,177,500 | 80,177,500 | (2,945,500) | (3.5) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS | 83,123,000 | 82,177,500 | 82,177,500 | 82,177,500 | 80,177,500 | (2,945,500) | (3.5) |
| Less: | | | | | | | |
| Federal Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Local and Private..... | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING | 83,123,000 | 82,177,500 | 82,177,500 | 82,177,500 | 80,177,500 | (2,945,500) | (3.5) |
| Less: | | | | | | | |
| Other State Restricted Funds | 15,514,500 | 15,514,500 | 15,514,500 | 15,514,500 | 15,514,500 | 0 | 0.0 |
| GENERAL FUND/GENERAL PURPOSE . | 67,608,500 | 66,663,000 | 66,663,000 | 66,663,000 | 64,663,000 | (2,945,500) | (4.4) |
| PAYMENTS TO LOCALS | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Clean Michigan Initiative

| | |
|-------|-----------|
| Gross | 3,118,000 |
| GF/GP | 3,118,000 |

The budget includes an increase in the estimated debt service payments for these bonds. The increase brings the payments from \$21.3 million to \$24.4 million.

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Water Pollution Control Bond and Interest Redemption

| | |
|-------|----------|
| Gross | (65,500) |
| GF/GP | (65,500) |

The budget decreases the estimated debt service payment. This reduction brings the line item from \$2.32 million to \$2.26 million.

2. Quality of Life Bond

| | |
|-------|-------------|
| Gross | (4,744,900) |
| GF/GP | (4,744,900) |

The budget decreases the estimated debt service payment. This reduction brings the line item from \$43.1 million to \$38.4 million.

3. Great Lakes Water Quality Initiative

| | |
|-------|-------------|
| Gross | (1,253,100) |
| GF/GP | (1,253,100) |

The budget decreases the estimated debt service payment. This reduction brings the line item from \$16.4 million to \$15.1 million.

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE

H. OTHER ISSUES - NONE

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS - NONE

L. VETOES - NONE

DEPARTMENT OF TREASURY - OPERATIONS
P.A. 128 of 2009

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|---------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 1,684.5 | 1,702.5 | 1,702.5 | 1,702.5 | 1,702.5 | 18.0 | 1.1 |
| GROSS | 409,475,200 | 378,931,200 | 407,328,400 | 373,432,700 | 424,996,400 | 15,521,200 | 3.8 |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 10,715,800 | 11,039,600 | 11,039,600 | 11,039,600 | 11,039,500 | 323,700 | 3.0 |
| ADJUSTED GROSS | 398,759,400 | 367,891,600 | 396,288,800 | 362,393,100 | 413,956,900 | 15,197,500 | 3.8 |
| Less: | | | | | | | |
| Federal Funds | 37,263,000 | 37,263,100 | 37,263,100 | 37,263,100 | 37,263,100 | 100 | 0.0 |
| Local and Private | 1,096,300 | 1,526,400 | 1,526,400 | 1,526,400 | 1,526,400 | 430,100 | 39.2 |
| TOTAL STATE SPENDING | 360,400,100 | 329,102,100 | 357,499,300 | 323,603,600 | 375,167,400 | 14,767,300 | 4.1 |
| Less: | | | | | | | |
| Other State Restricted Funds | 290,589,400 | 260,379,400 | 297,699,200 | 260,379,500 | 315,001,400 | 24,412,000 | 8.4 |
| GENERAL FUND/GENERAL PURPOSE . | 69,810,700 | 68,722,700 | 59,800,100 | 63,224,100 | 60,166,000 | (9,644,700) | (13.8) |
| PAYMENTS TO LOCALS | 146,686,100 | 158,434,900 | 151,402,100 | 156,279,900 | 169,909,100 | 23,223,000 | 15.8 |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Convention Facility Development Fund

The budget includes an increase of \$25.0 million in spending authority to comply with the enactment of the Cobo Convention Facility expansion package. The package included a \$9.0 million appropriation to the Convention Facility Development Fund from the 21st Century Jobs Trust Fund and a \$16.0 million transfer from the Health and Safety Fund.

| | |
|------------|------------|
| Gross | 25,000,000 |
| Restricted | 25,000,000 |
| GF/GP | 0 |

2. Commercial Mobile Radio Service Payments

The budget includes an increase in spending authority to reflect anticipated revenue from this fee.

| | |
|------------|------------|
| Gross | 15,900,000 |
| Restricted | 15,900,000 |
| GF/GP | 0 |

3. Lottery Operations

The budget includes an increase in 10.0 FTEs to expand the sales representative staff.

| | |
|------------|---------|
| FTE | 10.0 |
| Gross | 835,000 |
| Restricted | 835,000 |
| GF/GP | 0 |

4. Casino Gaming Control Administration

The budget includes an increase to support the increased audit responsibilities associated with the newly opened Native American Casino in Battle Creek.

| | |
|------------|--------|
| FTE | 1.0 |
| Gross | 88,500 |
| Restricted | 88,500 |
| GF/GP | 0 |

C. PROGRAM ELIMINATIONS

1. Michigan Education Savings Program

The budget does not include funding for this program, which provided a \$200 match to eligible low income participants.

| | |
|-------|-----------|
| Gross | (800,000) |
| GF/GP | (800,000) |

2. Grant to Counties in Lieu of Taxes

The budget eliminates this line item.

| | |
|-------|---------|
| Gross | (3,700) |
| GF/GP | (3,700) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

3. Blackstone Settlement

Public Act 79 of 2009, a supplemental appropriation act, included total funding for this settlement agreement, eliminating the need for this line item in FY 2009-10.

| | |
|------------|-------------|
| Gross | (5,500,000) |
| Restricted | (5,500,000) |
| GF/GP | 0 |

D. PROGRAM REDUCTIONS

1. Senior Cooperative Housing Tax Exemption

The budget makes a 12% reduction to all line items that include payment in lieu of taxes to local governments. The line is established at \$14,520,000 in FY 2009-10. A statutory change is needed to implement this reduction.

| | |
|-------|-------------|
| Gross | (2,010,000) |
| GF/GP | (2,010,000) |

2. Renaissance Zone Reimbursement

The budget makes a 12% reduction to all line items that include payment in lieu of taxes to local governments. This program is funded at \$2,992,000 in FY 2009-10. A statutory change is needed to implement this reduction.

| | |
|-------|-----------|
| Gross | (419,500) |
| GF/GP | (419,500) |

3. Payments in Lieu of Taxes

The budget makes a 12% reduction to all line items that include payments in lieu of taxes to local governments. This reduction includes a reduction of \$302,600 to Commercial Forest Reserve; a \$100,000 restricted fund increase and a \$64,000 Gross reduction to Purchased Lands, which is funded at \$4,386,000; and an \$843,900 reduction to Swamp and Tax Reverted Lands to \$6,227,300. A statutory change is required to implement these reductions. The budget also eliminates the \$100 GF line for administration.

| | |
|------------|-------------|
| Gross | (1,210,600) |
| Restricted | 100,000 |
| GF/GP | (1,310,600) |

4. Supervision of General Property Tax Law

The Governor recommended an internal transfer of the Revenue Enhancement Program into this line. The budget reflects reductions to this program of \$2.0 million and also additional reductions in telephone and telegraph appraisals as well as additional administrative reductions. The budget funds the program at \$11,629,200.

| | |
|-------|-------------|
| FTE | 6.0 |
| Gross | (2,850,000) |
| GF/GP | (2,850,000) |

5. Michigan Business Tax Implementation

The budget does not include the one-time funding for the implementation of this new business tax for FY 2008-09. The line is funded at \$5,366,600 in FY 2009-10.

| | |
|-------|-------------|
| Gross | (6,500,000) |
| GF/GP | (6,500,000) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

| | | |
|---|--|---|
| 6. Health and Safety Fund Grants | <p>This line is reduced to \$9.0 million to support the Convention Facility Development Fund Distribution increase pursuant to the Cobo Hall renovation package.</p> | <p>Gross (16,000,000) Restricted (16,000,000) GF/GP 0</p> |
| | | |
| E. FUNDING SHIFTS - NONE | | |
| F. PROGRAM TRANSFERS - NONE | | |
| G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE | | |
| H. OTHER ISSUES | | FTE 1.0 |
| <p>Various fund source adjustments are included in the budget to reflect anticipated revenue from Federal and restricted sources. Other adjustments include expanded compliance enforcement on complex business accounts and automation of the business tax processing to eliminate manual reviews.</p> | | <p>Gross 4,915,900 IDG 225,900 Federal (384,700) Local 408,800 Restricted 1,096,500 GF/GP 3,569,400</p> |
| I. UNCLASSIFIED SALARIES | | Gross 5,000 |
| <p>The budget includes a funding shift of \$60,000 GF/GP to Federal sources and a \$5,000 increase for the Deputy Director.</p> | | <p>Federal 65,000 GF/GP (60,000)</p> |
| J. FEE INCREASES - NONE | | |
| K. ECONOMIC ADJUSTMENTS | | Gross 4,070,600 |
| <p>The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.</p> | | <p>IDG 97,800 Federal 319,800 Local 21,300 Restricted 2,892,000 GF/GP 739,700</p> |
| L. VETOES - NONE | | |

**DEPARTMENT OF TREASURY - REVENUE SHARING
P.A. 128 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|----------------------|-----------------------------------|---|----------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| GROSS | 1,040,137,200 | 1,126,921,200 | 986,384,300 | 1,069,665,800 | 991,599,500 | (48,537,700) | (4.7) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ADJUSTED GROSS | 1,040,137,200 | 1,126,921,200 | 986,384,300 | 1,069,665,800 | 991,599,500 | (48,537,700) | (4.7) |
| Less: | | | | | | | |
| Federal Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local and Private | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL STATE SPENDING | 1,040,137,200 | 1,126,921,200 | 986,384,300 | 1,069,665,800 | 991,599,500 | (48,537,700) | (4.7) |
| Less: | | | | | | | |
| Other State Restricted Funds | 1,040,031,200 | 1,126,709,200 | 986,384,300 | 1,069,665,800 | 991,599,500 | (48,431,700) | (4.7) |
| GENERAL FUND/GENERAL PURPOSE . | 106,000 | 212,000 | 0 | 0 | 0 | (106,000) | (100.0) |
| PAYMENTS TO LOCALS | 1,040,137,200 | 1,126,921,200 | 986,384,300 | 1,069,665,800 | 991,599,500 | (48,537,700) | (4.7) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Revenue Sharing Payments to Counties

| | |
|------------|------------|
| Gross | 52,329,900 |
| Restricted | 52,329,900 |
| GF/GP | 0 |

In FY 2004-05, the State required counties to accelerate their collection of operating taxes over a period of three years. Each county was required to place the one-time increase in revenue generated by the shift into a reserve fund that would replace restricted revenue historically distributed to counties under the Glenn Steil State Revenue Sharing Act. If appropriated, the Act provides for a distribution to counties that have depleted the reserve fund. In FY 2008-09, seven counties had depleted their reserve fund and more are expected to deplete their fund during FY 2009-10. Public Act 128 of 2009 appropriates \$55,291,700 to counties during FY 2009-10 so that counties that receive a distribution, when combined with any reserve fund withdrawals for FY 2009-10, will receive 89.94% of their combined FY 2008-09 reserve fund withdrawals and State revenue sharing payments.

C. PROGRAM ELIMINATIONS

Payments to Local Units under the Control of an Emergency Financial Manager

| | |
|-------|-----------|
| Gross | (106,000) |
| GF/GP | (106,000) |

Since FY 2003-04, the State has made payments to local units under the control of an emergency financial manager to hold them harmless for revenue sharing reductions imposed by Executive Order 2003-23. In FY 2008-09, Highland Park was the only local unit to receive a payment under these provisions. Public Act 128 of 2009 eliminates the payment.

D. PROGRAM REDUCTIONS

Revenue Sharing Payments to Cities, Villages, and Townships

| | |
|------------|---------------|
| Gross | (100,761,600) |
| Restricted | (100,761,600) |
| GF/GP | 0 |

Public Act 128 of 2009 appropriates revenue sharing payments for FY 2009-10. Gross revenue sharing payments to all local units are estimated and appropriated at \$991,599,500, a decline of \$48,537,700, or 4.7%. Payments to counties are appropriated at \$55,291,700 and are described in more detail in item B. above.

Payments to cities, villages, and townships (CVTs) are estimated and appropriated at \$936,307,800, a decline of \$100,761,600, or 9.7%, from FY 2008-09. The payments to CVTs include \$622,137,900 in constitutionally designated revenue sharing payments and \$314,169,900 in payments to be

distributed according to statute. Public Act 128 of 2009 specifies that statutory payments will be distributed so the combined total of constitutional and statutory revenue sharing payments to each local unit for FY 2009-10 is 89.94% of the combined total of constitutional and statutory revenue payments for FY 2008-09. Public Act 128 of 2009 also specifies an adjustment formula that will further reduce statutory payments in the event that actual revenue is less than forecasted.

Estimated revenue sharing payments by distribution type and unit type are summarized in Table 1. The figures in Table 1 are based on the May 2009 consensus estimates of State revenue.

- E. FUNDING SHIFTS - NONE**
- F. PROGRAM TRANSFERS - NONE**
- G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE**
- H. OTHER ISSUES - NONE**
- I. UNCLASSIFIED SALARIES - NONE**
- J. FEE INCREASES - NONE**
- K. ECONOMIC ADJUSTMENTS - NONE**
- L. VETOES - NONE**

Table 1

REVENUE SHARING PAYMENTS FOR FY 2007-08 THROUGH ESTIMATED FY 2009-10
(dollars in millions)

| | FY 2008-09 | | | | FY 2009-10, As Enacted | | |
|---|----------------------|----------------------|----------------------|---------------|--------------------------------------|----------------------|---------------|
| | FY 2007-08 Actual | FY 2008-09 Actual | Change from FY 07-08 | | FY 2009-10 Estimate ¹⁾ | Change from FY 08-09 | |
| | | | Dollar | Percent | | Dollar | Percent |
| Sales Tax Constitutional | | | | | | | |
| Counties..... | \$0.0 | \$0.0 | \$0.0 | --- | \$0.0 | \$0.0 | --- |
| <u>Cities, Villages, & Townships</u> | | | | | | | |
| Cities..... | 357.3 | 337.0 | (20.3) | (5.7)% | 323.0 | (14.0) | (4.1)% |
| Detroit..... | 66.0 | 62.2 | (3.8) | (5.7) | 59.6 | (2.6) | (4.1) |
| Townships..... | 311.3 | 293.6 | (17.7) | (5.7) | 281.4 | (12.2) | (4.1) |
| Villages..... | 19.7 | 18.5 | (1.1) | (5.7) | 17.8 | (0.8) | (4.1) |
| Cities, Villages, & Townships Subtotal..... | 688.2 | 649.1 | (39.1) | (5.7) | 622.1 | (26.9) | (4.1) |
| Subtotal Constitutional..... | \$688.2 | \$649.1 | (\$39.1) | (5.7)% | \$622.1 | (\$26.9) | (4.1)% |
| Sales Tax Statutory | | | | | | | |
| Counties..... | \$0.0 | \$3.0 | \$3.0 | --- | \$55.3 | \$52.3 | 1,732.7% |
| <u>Cities, Villages, & Townships</u> | | | | | | | |
| Cities..... | 365.4 | 365.4 | 0.0 | 0.0% | 301.7 | (63.7) | (17.4)% |
| Detroit..... | 206.8 | 206.8 | 0.0 | 0.0 | 179.6 | (27.2) | (13.1) |
| Townships..... | 15.6 | 15.6 | 0.0 | 0.0 | 7.4 | (8.2) | (52.6) |
| Villages..... | 7.0 | 7.0 | 0.0 | 0.0 | 5.1 | (2.0) | (28.2) |
| Cities, Villages, & Townships Subtotal..... | 388.0 | 388.0 | 0.0 | 0.0 | 314.2 | (73.8) | (19.0) |
| Subtotal Statutory..... | \$388.0 | \$391.0 | \$3.0 | 0.8% | \$369.5 | (\$21.6) | (5.5)% |
| Total Restricted Revenue Sharing²⁾..... | \$1,076.2 | \$1,040.1 | (\$36.1) | (3.4)% | \$991.6 | (\$48.5) | (4.7)% |
| Counties..... | 0.0 | 3.0 | 3.0 | --- | 55.3 | 52.3 | 1,732.7 |
| <u>Cities, Villages, & Townships</u> | | | | | | | |
| Cities..... | 722.7 | 702.4 | (20.3) | (2.8) | 624.7 | (77.6) | (11.1) |
| Detroit..... | 272.7 | 269.0 | (3.8) | (1.4) | 239.2 | (29.7) | (11.1) |
| Townships..... | 326.8 | 309.1 | (17.7) | (5.4) | 288.8 | (20.4) | (6.6) |
| Villages..... | 26.7 | 25.6 | (1.1) | (4.2) | 22.8 | (2.8) | (10.8) |
| Cities, Villages, & Townships Subtotal..... | \$1,076.2 | \$1,037.1 | (\$39.1) | (3.6)% | \$936.3 | (\$100.8) | (9.7)% |
| Special Census Payments (General Fund) | \$0.0 | \$0.0 | 0.0 | --- | \$0.0 | 0.0 | --- |
| Total Revenue Sharing Under Appropriation . | \$1,076.2 | \$1,040.1 | (\$36.1) | (3.4)% | \$991.6 | (\$48.5) | (4.7)% |

1) Estimates for FY 2009-10 are based on consensus sales tax estimates adopted at the May 2009 Consensus Revenue Estimating Conference.

2) County payments reflect payments made to hold counties harmless for the depletion of revenue sharing reserve funds created as part of the FY 2004-05 budget. In FY 2007-08 these payments (\$18,854) were made from General Fund revenue.

**DEPARTMENT OF TREASURY - STRATEGIC FUND AGENCY
P.A. 128 of 2009**

| FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE | FY 2008-09 YEAR-TO-DATE | FY 2009-10 GOV.'S REC. | FY 2009-10 SENATE | FY 2009-10 HOUSE | FY 2009-10 INITIAL APPROPS. | CHANGES FROM FY 2008-09 YEAR-TO-DATE | |
|---|----------------------------|---------------------------|----------------------|---------------------|-----------------------------------|---|----------------|
| | | | | | | AMOUNT | PERCENT |
| FTE Positions | 153.0 | 158.0 | 153.0 | 153.0 | 155.0 | 2.0 | 1.3 |
| GROSS | 148,031,000 | 163,362,200 | 118,530,300 | 146,670,000 | 114,262,400 | (33,768,600) | (22.8) |
| Less: | | | | | | | |
| Interdepartmental Grants Received | 80,300 | 81,200 | 81,200 | 81,200 | 81,200 | 900 | 1.1 |
| ADJUSTED GROSS | 147,950,700 | 163,281,000 | 118,449,100 | 146,588,800 | 114,181,200 | (33,769,500) | (22.8) |
| Less: | | | | | | | |
| Federal Funds | 64,738,800 | 56,316,500 | 55,466,500 | 55,466,600 | 56,316,500 | (8,422,300) | (13.0) |
| Local and Private..... | 715,600 | 723,700 | 723,700 | 723,700 | 723,700 | 8,100 | 1.1 |
| TOTAL STATE SPENDING | 82,496,300 | 106,240,800 | 62,258,900 | 90,398,500 | 57,141,000 | (25,355,300) | (30.7) |
| Less: | | | | | | | |
| Other State Restricted Funds | 54,755,200 | 75,555,300 | 35,975,600 | 64,155,300 | 30,005,300 | (24,749,900) | (45.2) |
| GENERAL FUND/GENERAL PURPOSE . | 27,741,100 | 30,685,500 | 26,283,300 | 26,243,200 | 27,135,700 | (605,400) | (2.2) |
| PAYMENTS TO LOCALS | 1,800,000 | 2,800,000 | 0 | 0 | 0 | (1,800,000) | (100.0) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Jobs for Michigan Investment Program: 21st Century Jobs Fund

The budget reduces funding for the Jobs for Michigan Investment Program by \$24,450,000 from FY 2008-09. Funds appropriated in the budget total \$28.5 million from the 21st Century Jobs Trust Fund. The reduction includes a \$9.0 million appropriation for the Cobo Hall expansion. A statutory change is also necessary to implement a transfer of \$37.5 million of the required \$75.0 million allocation from the 21st Century Jobs Trust Fund to the General Fund in FY 2009-10.

| | |
|------------|--------------|
| Gross | (24,450,000) |
| Restricted | (24,450,000) |
| GF/GP | 0 |

2. Administrative Reductions

Administrative funding for the three staffing lines in the budget is reduced by 6.8%. This includes a \$141,600 reduction to Administration, a \$755,200 reduction to Job Creation Services, and an \$8,300 reduction to the Film Office.

| | |
|-------|-----------|
| Gross | (905,100) |
| GF/GP | (905,100) |

3. Michigan Promotion Program

This line, which funds the State's tourism advertising program, is reduced by \$571,800, or 10%, from the FY 2008-09 level to an appropriation of \$5,145,700 in FY 2009-10.

| | |
|-------|-----------|
| Gross | (314,700) |
| GF/GP | (314,700) |

4. Economic Development Job Training Grants

The budget reflects a 17.5% reduction to this grant program, which provides job training to companies partnered with a training provider for new or existing employees.

| | |
|-------|-----------|
| Gross | (998,800) |
| GF/GP | (998,800) |

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

5. Business Incubator Program

The budget includes \$950,000 in restricted funds for business incubators. This consists of a grant of \$250,000 to a business incubator in the City of Detroit, and \$100,000 grants to a business incubator located and operating by October 1, 2009, in each of the following counties: Houghton, Ingham, Kalamazoo, Kent, Macomb, Muskegon, and Washtenaw. The funding for this line comes from Investment Fund - Returns to Fund, the fund that receives the State's earnings on investments and loans under the 21st Century Jobs Trust Fund programs and prior life science and technology tri-corridor programs. Total funding for this program is reduced by \$300,000 from the \$1,250,000 appropriated in FY 2008-09 for business incubators in Berrien, Genesee, Macomb, Washtenaw, and Wayne Counties.

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

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

Arts and Cultural Grants

The Arts and Cultural Grants program was transferred to the Michigan Strategic Fund by Executive Order 2009-36, effective October 1, 2009. Funding for the program totals \$2,267,400 in FY 2009-10 for both the grants program and the administrative funding. This is a \$5.8 million reduction in funding from the FY 2008-09 level in the History, Arts, and Libraries (HAL) budget. The budget contains boilerplate language directing the Michigan Council for Arts and Cultural Affairs to develop a grant program based on the prior program that also takes into account the reduced level of funding and maintains equitable geographical distribution. The language permits up to \$100,000 to be used for administration of the program.

| | |
|---------|-----------|
| FTE | 2.0 |
| Gross | 2,267,400 |
| Federal | 850,000 |
| GF/GP | 1,417,400 |

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

The budget does not include the one-time Federal expenditure authority of \$9.3 million for the Community Development Block Grant program provided under ARRA.

| | |
|---------|-------------|
| Gross | (9,300,000) |
| Federal | (9,300,000) |
| GF/GP | |

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

**FY 2009-10 Change From
FY 2008-09 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

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

| | |
|------------|---------|
| Gross | 232,600 |
| IDG | 900 |
| Federal | 27,700 |
| Private | 8,100 |
| Restricted | 100 |
| GF/GP | 195,800 |

K. VETOES

The Governor vetoed earmarks from the line for Business Incubator Programs. This reduction totals \$350,000, eliminating a \$250,000 grant to an incubator in Oakland County and a \$100,000 grant to an incubator in Isabella County.

APPENDICES

**FY 2009-10
APPROPRIATION BILLS INDEX**

| <u>DEPARTMENTS/BUDGET AREAS</u> | <u>BILL NUMBER</u> | <u>PUBLIC ACT NUMBER</u> | <u>LINE-ITEM VETOES</u> |
|---|------------------------|------------------------------|-----------------------------|
| Agriculture..... | S.B. 237 | P.A. 119 of 2009 | YES |
| Attorney General..... | S.B. 245 | P.A. 128 of 2009 | NO |
| Civil Rights..... | S.B. 245 | P.A. 128 of 2009 | NO |
| Community Colleges..... | H.B. 4435 | P.A. 111 of 2009 | NO |
| Community Health | H.B. 4436 | P.A. 131 of 2009 | YES |
| Corrections | H.B. 4437 | P.A. 114 of 2009 | YES |
| Education..... | H.B. 4438 | P.A. 115 of 2009 | NO |
| Energy, Labor, and Economic Growth..... | S.B. 243 | P.A. 130 of 2009 | YES |
| Environmental Quality..... | H.B. 4446 | P.A. 118 of 2009 | YES |
| Executive | S.B. 245 | P.A. 128 of 2009 | NO |
| Higher Education | H.B. 4441 | P.A. 132 of 2009 | NO |
| Human Services | S.B. 248 | P.A. 129 of 2009 | YES |
| Information Technology | S.B. 245 | P.A. 128 of 2009 | NO |
| Judiciary..... | S.B. 249 | P.A. 113 of 2009 | NO |
| Legislative Auditor General | S.B. 245 | P.A. 128 of 2009 | NO |
| Legislature | S.B. 245 | P.A. 128 of 2009 | NO |
| Management and Budget | S.B. 245 | P.A. 128 of 2009 | YES |
| Military and Veterans Affairs..... | S.B. 250 | P.A. 112 of 2009 | NO |
| Natural Resources | H.B. 4446 | P.A. 118 of 2009 | YES |
| School Aid..... | H.B. 4447 | P.A. 121 of 2009 | YES |
| State | S.B. 245 | P.A. 128 of 2009 | NO |
| State Police..... | S.B. 253 | P.A. 133 of 2009 | NO |
| Transportation..... | S.B. 254 | P.A. 116 of 2009 | YES |
| Treasury..... | S.B. 245 | P.A. 128 of 2009 | NO |
| Treasury - Strategic Fund Agency..... | S.B. 245 | P.A. 128 of 2009 | YES |

ECONOMIC FORECAST AND REVENUE ESTIMATES

A. ECONOMIC FORECAST

The economic forecast on which the enacted FY 2009-10 State budget was based is the consensus economic forecast adopted at the May 2009 Consensus Revenue Estimating Conference. Under this consensus economic forecast, the U.S. economy will decline 3.7% in 2009, the first annual decline since 1991 and the steepest decline since 1946, and then will improve only modestly in 2010. Michigan's economy has been struggling for eight consecutive years and it is not expected to turn around in either 2009 or 2010. Ongoing structural changes in the motor vehicle industry, combined with the relatively weak level of economic activity forecast nationally, will cause both Michigan employment and Michigan personal income, adjusted for inflation, to decline in both 2009 and 2010. The highlights for 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 0.8% in 2010, compared with 2.7%, 2.1%, and 0.4% growth experienced in 2006, 2007, and 2008, respectively. Continued weakness in the housing market combined with the near-collapse of credit markets will cause the U.S. economy to contract 3.7% in 2009 and will create negative repercussions on consumer spending and business investment through much of 2010.
- Employment is expected to decline in 2009, but then begin to grow again in 2010; however, the rate of growth will not be strong enough to keep pace with the increase in the number of people actively looking for work. As a result, the U.S. unemployment rate is expected to rise from 5.8% in 2008 to 9.2% in 2009 and 10.4% in 2010.
- Light vehicle sales are expected to decline from 13.1 million units in 2008, which was down from the 16.1 million units sold in 2007, to 9.6 million units in 2009. In 2010, light vehicle sales are expected to improve slightly, to 11.1 million units.
- Inflation, as measured by the U.S. Consumer Price Index, is expected to decrease 0.4% in 2009, largely due to falling energy and housing prices, but then rise 2.4% in 2010. The 2009 decline in the index would be the first annual decline since 1955.

2. Michigan Economy

- Employment in Michigan has steadily declined since the summer of 2000 and is expected to continue falling in 2009 and 2010. In 2008, wage and salary employment declined 2.6% to 4,159,000 workers. In 2009, wage and salary employment will fall an estimated 8.3%, to approximately 3,814,000 workers. Employment is expected to decline another 4.6% during 2010, to an estimated 3,639,000 workers.
- Michigan's unemployment rate is projected to rise from 8.4% in 2008 to 14.0% in 2009 and 15.3% in 2010.
- Declining employment will help lower total wage and salary payments to workers in Michigan during 2009 and 2010. Total payments to wage and salary workers are expected to decline 7.0% during 2009 and 3.2% in 2010. Adjusted for inflation, wage and salary payments are projected to fall 6.5% in 2009 and 5.0% in 2010.
- Personal income, the total income received by individuals, will fall at an estimated rate of 3.9% in 2009, compared with a 2.1% increase in 2008. In 2010, personal income is expected to decline again, by 2.8%.
- Inflation in Michigan, as measured by the Detroit Consumer Price Index, will fall 0.6% in 2009, before rising an estimated 1.9% during 2010.

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

General Fund/General Purpose and School Aid Fund revenue will total an estimated \$22.0 billion in fiscal year (FY) 2008-09 and decline 3.9% in FY 2009-10, to \$21.2 billion. The revenue that will be collected in both fiscal years includes two major types of revenue: 1) revenue from ongoing revenue sources, and 2) revenue from various revenue adjustments 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 2009 Consensus Revenue Estimating Conference. The estimates of total revenue, as well as a breakdown between these two types of revenue, are presented in [Table 1](#) for both the General Fund/General Purpose budget and the School Aid Fund for FY 2008-09 and FY 2009-10.

Table 1

| GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2008-09 AND FY 2009-10 (Millions of Dollars) | | | | |
|---|-------------------|-------------------|------------------|-----------------|
| | FY 2008-09 | FY 2009-10 | \$ Change | % Change |
| GENERAL FUND/GENERAL PURPOSE | | | | |
| Beginning Balance..... | \$457.9 | \$211.9 | (\$246.0) | --- |
| <u>Consensus Estimate From Ongoing Sources:</u> ¹⁾ | | | | |
| Net Income Tax..... | 4,156.7 | 3,568.5 | (588.2) | (14.1)% |
| Single Business Tax..... | (158.2) | (20.0) | 138.2 | (87.4) |
| Michigan Business Tax..... | 1,589.0 | 1,506.4 | (82.6) | (5.2) |
| Sales Tax..... | 32.3 | 73.0 | 40.7 | 125.9 |
| Use Tax..... | 768.3 | 796.0 | 27.7 | 3.6 |
| Cigarette Tax..... | 203.2 | 193.1 | (10.1) | (5.0) |
| Insurance Company Premiums Tax..... | 243.8 | 243.8 | 0.0 | 0.0 |
| Telephone & Telegraph Tax..... | 74.0 | 73.0 | (1.0) | (1.4) |
| Casino Wagering Tax..... | 3.4 | 0.0 | (3.4) | (100.0) |
| All Other Taxes..... | 181.0 | 181.2 | 0.2 | 0.1 |
| Subtotal Taxes..... | \$7,093.5 | \$6,615.0 | (\$478.6) | (6.7)% |
| Nontax Revenue..... | 341.7 | 334.7 | (7.0) | (2.0) |
| Subtotal Consensus Estimates Ongoing Revenue ¹⁾ | \$7,435.3 | \$6,949.7 | (\$485.7) | (6.5)% |
| <u>Revenue Adjustments:</u> | | | | |
| Revenue Sharing Reductions..... | 496.9 | 513.9 | 17.0 | 3.4 |
| Use Tax on HMOs (PA 440 of 2008)..... | 156.1 | 339.5 | 183.4 | 117.5 |
| Shift of Short-Term Borrowing Costs to SAF..... | 45.0 | 45.0 | 0.0 | 0.0 |
| Railroad Improvement Fund Transfer..... | 0.0 | 5.8 | 5.8 | --- |
| Liquor Purchase/Corporate Fees Transfer..... | 0.0 | 1.5 | 1.5 | --- |
| State Services Fee Fund Transfer..... | 0.0 | 1.6 | 1.6 | --- |
| Promise Grant Elimination Fund Transfer..... | 0.0 | 140.0 | 140.0 | --- |
| Treasury Insurance Escheats Revenue..... | 25.0 | 0.0 | (25.0) | (100.0) |
| Treasury Secondary Collections..... | 6.0 | 0.0 | (6.0) | (100.0) |
| 21st Century Fund Transfer..... | 10.0 | 37.5 | 27.5 | 275.0 |

| GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2008-09 AND FY 2009-10 (Millions of Dollars) | | | | |
|---|-------------------|-------------------|------------------|-----------------|
| | FY 2008-09 | FY 2009-10 | \$ Change | % Change |
| Revenue Adjustments (continued) | | | | |
| Convention Fund Transfer to General Fund (HB 5120)... | 6.6 | 0.0 | (6.6) | (100.0) |
| Transportation Economic Development Fund Transfer... | 6.0 | 12.0 | 6.0 | 100.0 |
| Tourism Borrowing Transfer | 10.0 | 0.0 | (10.0) | (100.0) |
| Subtotal Revenue Adjustments | 761.6 | 1,096.8 | 335.2 | 44.0 |
| TOTAL GF/GP REVENUE | \$8,654.8 | \$8,258.4 | (\$396.5) | (4.6)% |
| SCHOOL AID FUND | | | | |
| Beginning Balance..... | \$247.1 | \$201.5 | (\$45.6) | --- |
| Consensus Estimate From Ongoing Sources:¹⁾ | | | | |
| Sales & Use Taxes | 4,898.7 | 4,806.7 | (92.1) | (1.9) |
| Income Tax..... | 1,899.4 | 1,784.1 | (115.3) | (6.1) |
| State Education Property Tax..... | 2,006.0 | 1,866.8 | (139.2) | (6.9) |
| Michigan Business Tax..... | 729.0 | 727.6 | (1.4) | (0.2) |
| Real Estate Transfer Tax..... | 100.0 | 108.0 | 8.0 | 8.0 |
| Tobacco Tax..... | 403.0 | 381.2 | (21.8) | (5.4) |
| Casino Wagering Tax..... | 109.6 | 106.9 | (2.7) | (2.5) |
| Other Tax Revenue | 109.6 | 104.8 | (4.8) | (4.4) |
| Subtotal Taxes..... | \$10,255.4 | \$9,886.1 | (\$369.3) | (3.6)% |
| Lottery..... | 688.1 | 677.0 | (11.1) | (1.6) |
| Subtotal Consensus Estimates Ongoing Revenue ¹⁾ | \$10,943.7 | \$10,563.0 | (\$380.7) | (3.5)% |
| Other Revenue: | | | | |
| General Fund Grant..... | 78.0 | 30.2 | (47.8) | (61.3) |
| Lottery Bond Refinancing | 30.5 | 0.0 | (30.5) | (100.0) |
| Assumed SAF Revenue Increase | 0.0 | 100.0 | 100.0 | --- |
| ARRA-State Fiscal Stabilization Fund to K-12 | 600.0 | 450.0 | (150.0) | (25.0) |
| Federal Aid | 1,562.0 | 1,601.8 | 39.8 | 2.5 |
| Subtotal Other Revenue | 2,270.5 | 2,182.0 | (88.5) | (3.9) |
| TOTAL SAF REVENUE | \$13,461.3 | \$12,946.5 | (\$514.8) | (3.8)% |
| TOTAL GF/GP AND SAF: | | | | |
| Beginning Balances..... | \$705.0 | \$413.4 | (\$291.6) | (41.4) |
| Consensus Estimate Ongoing Revenue | 18,379.0 | 17,512.7 | (866.3) | (4.7) |
| Other Revenue ²⁾ | 2,954.1 | 3,248.6 | 294.5 | 10.0 |
| Total Revenue ²⁾ | 22,038.1 | 21,174.7 | (863.4) | (3.9) |
| ¹⁾ Revenue estimates adopted at the May 2009 Consensus Revenue Estimating Conference. | | | | |
| ²⁾ Total and other revenue excludes GF/GP grant to SAF. | | | | |

1. General Fund/General Purpose Revenue

- In FY 2009-10, GF/GP revenue will total an estimated \$8.3 billion, representing a decline of 4.6% or \$396.5 million from the revenue estimated for FY 2008-09, as shown in [Table 1](#). The decline in GF/GP revenue reflects less revenue from ongoing sources, which have largely declined due to current economic conditions but have also fallen due to tax policy changes. While FY 2009-10 revenue generated from revenue adjustments is up 44.0%, or \$335.2 million, from FY 2008-09, the increase is insufficient to completely offset the declines in the beginning balance and ongoing revenue.
- The balance that will be carried over from FY 2008-09 is expected to total \$211.9 million, which is down from the \$457.9 million that was carried from FY 2007-08.
- Revenue from ongoing sources during FY 2009-10 will total an estimated \$6.9 billion, which is down 6.5% or \$485.7 million from the FY 2008-09 estimated level.
- The decline in GF/GP revenue from ongoing sources primarily reflects the following factors:
 - Weaker economic conditions will substantially lower collections from the major taxes; with baseline revenue (revenue excluding any changes in tax policy) expected to decline \$329.7 million in FY 2009-10 from the estimated FY 2008-09 level.
 - The new earned income tax credit is scheduled to increase in FY 2009-10. Combined with Federal changes to the credit, the earned income tax credit is expected to reduce GF/GP income tax revenue by an additional \$193.0 million in FY 2009-10.
- Various revenue adjustments also will generate an estimated \$1.1 billion in GF/GP revenue in FY 2009-10. Approximately half of this revenue reflects a reduction in revenue sharing payments totaling \$513.9 million. Expansion of the use tax to health maintenance organizations (HMOs) is expected to increase General Fund revenue by \$183.4 million in FY 2009-10, while elimination of the Michigan Promise Grant as an expenditure item is forecasted to increase available GF/GP revenue by \$140.0 million. In addition, short-term borrowing costs (negative interest revenue) totaling \$45.0 million will be shifted to the School Aid Fund and \$58.4 million will be transferred from other funds.

2. School Aid Fund

- Revenue going to the School Aid Fund (SAF) will total an estimated \$12.9 billion in FY 2009-10, a decrease of 3.8% or \$514.8 million from the SAF revenue estimate for FY 2008-09. The SAF revenue estimate is presented in [Table 1](#).
- Revenue from ongoing taxes and net lottery revenue earmarked to the SAF will total an estimated \$10.6 billion, down 3.5% from FY 2008-09, reflecting the effects of the weak economy on income tax and State Education Property Tax revenue. Baseline revenue (revenue excluding any changes in tax policy) generated by earmarked taxes is projected to decline 3.4% or \$354.8 million.
- In addition to the revenue from the ongoing earmarked taxes, the SAF will receive an estimated \$2.2 billion during FY 2009-10. The majority of this additional revenue reflects Federal aid totaling an estimated \$1.6 billion, and another \$450.0 million in Federal funds from the American Recovery and Reinvestment Act (ARRA) stimulus funds to the State Fiscal Stabilization Fund. Additional SAF revenue includes a \$30.2 million grant from the General Fund and an assumption that additional tax policy changes will be adopted that will generate \$100.0 million in revenue for the School Aid Fund.

C. BUDGET AND ECONOMIC STABILIZATION FUND

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

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

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

As shown in Table 2, the BSF ended FY 2007-08 with a balance of only \$2.2 million and at the end of FY 2008-09 the ending balance is expected to remain at \$2.2 million due to minimal interest earnings. The enacted budget for FY 2009-10 does not appropriate any funds from or to the BSF. As a result, given forecasted interest rates, the BSF is expected to end FY 2009-10 with a balance of \$2.2 million.

Table 2

| ECONOMIC AND BUDGET STABILIZATION FUND TRANSFERS, EARNINGS, AND FUND BALANCE | | | | |
|---|---------------|------------------------|----------------|---------------------|
| FY 1995-96 TO FY 2009-10 | | | | |
| (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 (estimate) | 0.0 | 0.0 | 0.0 | 2.2 |
| 2009-10 (estimate) | 0.0 | 0.0 | 0.0 | 2.2 |

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 3, revenue subject to the limit has been well below the limit in recent years and revenue is expected to remain considerably below the constitutional limit in FY 2009-10.
- In FY 2008-09, revenue subject to the limit will fall below the limit by an estimated \$7.5 billion or 22.9%.
- In FY 2009-10, the gap between revenue and the limit is estimated to increase to \$9.0 billion or 26.9%.

Table 3
COMPLIANCE WITH CONSTITUTIONAL REVENUE LIMIT
(Millions of Dollars)

| Fiscal Year | Rev. Subject to Limit | Revenue Limit | Under (Over) Limit |
|----------------------------------|------------------------------|----------------------|---------------------------|
| 1994-95 | \$18,585.4 | \$18,475.8 | (\$109.6) |
| 1995-96 | 19,798.8 | 19,982.0 | 183.2 |
| 1996-97 | 20,694.3 | 21,672.2 | 977.9 |
| 1997-98 | 22,072.3 | 22,712.4 | 640.1 |
| 1998-99 | 23,208.5 | 23,186.8 | (21.7) |
| 1999-2000 | 24,362.9 | 24,203.2 | (159.7) |
| 2000-01 | 23,907.6 | 26,315.4 | 2,407.8 |
| 2001-02 | 23,546.0 | 27,463.1 | 3,917.1 |
| 2002-03 | 24,061.6 | 28,243.1 | 4,181.5 |
| 2003-04 | 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 (estimate) ¹⁾ | 25,295.2 | 32,824.5 | 7,529.3 |
| 2009-10 (estimate) ¹⁾ | 24,497.7 | 33,510.4 | 9,012.7 |

¹⁾ May 2009 Consensus revenue estimate

