



FY 2010-11
APPROPRIATIONS REPORT
Part II - Initial Appropriations

November 2010



Gary S. Olson, Director - Lansing, Michigan - (517) 373-2768 - TDD (517) 373-0543
Internet Address: <http://www.senate.michigan.gov/sfa>

THE SENATE FISCAL AGENCY

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

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

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

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



Gary S. Olson, Director
Senate Fiscal Agency
P.O. Box 30036

Lansing, Michigan 48909-7536
Telephone (517) 373-2768
TDD (517) 373-0543

Internet Home Page <http://www.senate.michigan.gov/sfa>

SENATE APPROPRIATIONS COMMITTEE

Senator Ron Jelinek, Chair*

Senator John Pappageorge, Vice Chair*

Senator Bill Hardiman

Senator Roger Kahn, M.D.

Senator Alan L. Cropsey

Senator Valde Garcia

Senator Tom George

Senator Mark C. Jansen

Senator Cameron S. Brown

Senator Michelle A. McManus

Senator Tony Stamas

Senator Michael Switalski, Minority Vice Chair*

Senator Glenn S. Anderson

Senator Jim Barcia

Senator Liz Brater

Senator Deborah Cherry

Senator Irma Clark-Coleman

Senator Martha G. Scott

**Senate Fiscal Agency Governing Board Member*

TABLE OF CONTENTS

	<i>Page</i>
OVERVIEW	
FY 2010-11 Initial Appropriations Overview	1
Table 1: FY 2010-11 Initial Appropriations by Source of Funds	2
Figure A: Appropriations by Source of Funds FY 2010-11 Initial Appropriations.....	3
Table 2: Adjusted Gross Appropriations FY 2009-10 Versus FY 2010-11	4
Figure B: Adjusted Gross FY 2010-11 Initial Appropriations.....	5
Table 3: State Spending From State Resources FY 2009-10 Versus FY 2010-11	6
Figure C: State Spending From State Resources FY 2010-11 Initial Appropriations	7
Table 4: General Fund/General Purpose Appropriations FY 2009-10 Versus FY 2010-11	8
Figure D: General Fund/General Purpose FY 2010-11 Initial Appropriations.....	9
Table 5: Debt Service Appropriations FY 2009-10 Compared with FY 2010-11	13
Table 6: FY 2010-11 Initial Appropriations - Summary of Program Transfers.....	14
Table 7: FY 2010-11 Line-Item Vetoes.....	15
Table 8: FY 2010-11 Initial Appropriations - American Recovery and Reinvestment Act of 2009 and Education Jobs Fund Initial Appropriations	17
Table 9: FY 2010-11 Tobacco Settlement Appropriations and Revenue	18
Table 10: FY 2010-11 General Fund/General Purpose Revenue, Expenditures, and Year-End Balance.....	19
Table 11: FY 2010-11 School Aid Fund Revenue, Expenditures, and Year-End Balance.....	20
Table 12: Full-Time Equated Positions FY 2009-10 Versus FY 2010-11	21
Figure E: Full-Time Equated Positions FY 2010-11 Initial Appropriations	22
Table 13: State Payments to Local Units of Government Article IX, Section 30 Requirement FY 2009-10 and FY 2010-11 Estimates	23
Table 14: State Payments to Local Units of Government FY 2009-10 Versus FY 2010-11.....	24
BUDGET AREA DETAIL	
Agriculture.....	27
Attorney General	32
Civil Rights.....	35
Community Colleges	38
Community Health	42

BUDGET AREA DETAIL (Continued)

Page

Corrections	54
Education.....	60
Energy, Labor, and Economic Growth	63
Executive	69
Higher Education	71
Human Services	76
Judiciary.....	86
Legislative Auditor General	90
Legislature	92
Military and Veterans Affairs.....	94
Natural Resources and Environment	97
School Aid.....	102
State	106
State Police	109
Technology, Management, and Budget	114
Transportation	119
Treasury - Debt Service.....	125
Treasury - Operations.....	127
Treasury - Revenue Sharing	132
Treasury - Strategic Fund Agency.....	136

APPENDICES

Appropriation Bills Index.....	143
Economic Forecast and Revenue Estimates	144

OVERVIEW

FY 2010-11 INITIAL APPROPRIATIONS OVERVIEW

On February 11, 2010, Governor Jennifer Granholm presented her fiscal year (FY) 2010-11 State budget recommendation to the Legislature. This budget recommendation included key assumptions regarding Federal funds, a major restructuring of the Michigan tax system, appropriation reductions, and fee increases.

On September 29, 2010, the Legislature passed the final FY 2010-11 appropriation bills. The budget approved by the Legislature was balanced with key assumptions regarding Federal funds, appropriation reductions, and additional revenue from several statutory revenue changes. The budget does not contain the major tax restructuring proposal recommended by the Governor.

The FY 2010-11 State budget was balanced with a significant level of temporary Federal funds. These temporary Federal funds involved the third year of funding resulting from provisions of the American Recovery and Reinvestment Act of 2009 (ARRA) and an extension of the enhanced Medicaid match rates for an additional six months as approved by the United States Congress in August 2010. The initial FY 2010-11 General Fund/General Purpose (GF/GP) budget reflects approximately \$919.0 million of GF/GP appropriation reductions related to these temporary Federal funds. The initial FY 2010-11 School Aid Fund (SAF) budget includes \$184.3 million of temporary funding from ARRA.

A key factor used to help balance the FY 2010-11 State budget involved statutory changes that led to non-ongoing increases in GF/GP and SAF revenue. A tax amnesty program is expected to result in \$87.9 million of increased FY 2010-11 GF/GP and SAF revenue. Changes in the treatment of unclaimed property will result in \$168.0 million of increased FY 2010-11 GF/GP revenue.

The initial FY 2010-11 State budget reflects appropriation reductions and reduced operations funding for State departments, the Judiciary, and the Legislature. The initial budget included a 2.8% reduction in operations funding for universities and numerous other specific reductions. In many respects, the overall level of appropriations contained in the FY 2010-11 budget can be best characterized as modest reductions to most programs.

This Senate Fiscal Agency (SFA) report, FY 2010-11 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 2010-11.

FISCAL YEAR 2010-11 INITIAL APPROPRIATIONS

On an overall basis, the initial level of FY 2010-11 Adjusted Gross¹ appropriations totals \$46.8 billion. This level of Adjusted Gross appropriations includes \$20.2 billion of Federal funds, \$488.3 million of local and private funds, \$17.8 billion of State Restricted funds, and \$8.3 billion of GF/GP appropriations. [Table 1](#) and [Figure A](#) summarize these appropriations by department and by fund source. Initial FY 2010-11 Adjusted Gross appropriations represent a \$1.1 billion or 2.5% increase from the year-to-date level of FY 2009-10 appropriations. Initial State Spending from State Resources² appropriations total \$26.1 billion, an increase of \$895.1 million or 3.6% from the year-to-date level of FY 2009-10 appropriations. Initial GF/GP³ appropriations total \$8.3 billion, an increase of \$523.6 million or 6.7% from the year-to-date level of FY 2009-10 appropriations. [Tables 2, 3, and 4](#) and [Figures B, C, and D](#) provide a department-by-department comparison of FY 2010-11 initial appropriations to FY 2009-10 year-to-date appropriations in terms of Adjusted Gross, State Spending from State Resources, and GF/GP appropriations.

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.

Table 1

FY 2010-11 INITIAL APPROPRIATIONS BY SOURCE OF FUNDS

Department/Budget Area	Adjusted Gross	Federal Funds	Local & Private Funds	Other State Restricted	General Fund
Agriculture.....	\$76,159,200	\$14,922,600	\$260,100	\$30,679,400	\$30,297,100
Attorney General.....	52,112,800	8,565,700	0	14,987,700	28,559,400
Capital Outlay.....	0	0	0	0	0
Civil Rights.....	12,778,700	1,750,000	0	53,000	10,975,700
Community Colleges.....	295,880,500	0	0	0	295,880,500
Community Health.....	14,070,083,800	9,474,045,200	323,207,800	1,851,347,100	2,421,483,700
Corrections.....	2,006,518,200	7,868,500	443,100	80,327,100	1,917,879,500
Education.....	126,959,900	87,772,100	10,323,900	6,949,800	21,914,100
Energy, Labor, and Economic Growth.....	1,264,576,900	845,017,500	22,105,400	349,846,100	47,607,900
Executive.....	4,630,800	0	0	0	4,630,800
Higher Education.....	1,578,278,500	4,500,000	0	30,400,000	1,543,378,500
Human Services.....	6,947,685,400	5,914,824,600	48,409,200	60,433,500	924,018,100
Judiciary.....	256,785,300	5,539,500	7,094,700	92,078,000	152,073,100
Legislative Auditor General.....	12,694,900	0	0	1,539,900	11,155,000
Legislature.....	102,084,100	0	400,000	1,109,800	100,574,300
Military and Veterans Affairs.....	148,890,000	82,203,800	2,028,100	28,233,400	36,424,700
Natural Resources and Environment.....	708,446,500	261,615,200	6,509,100	399,012,800	41,309,400
Natural Resources Trust Fund.....	0	0	0	0	0
School Aid.....	12,864,732,100	1,862,063,000	0	10,974,826,700	27,842,400
State.....	193,520,400	1,810,000	100	177,799,500	13,910,800
State Police.....	505,087,600	103,934,200	6,527,300	134,242,900	260,383,200
Technology, Management, and Budget.....	387,809,300	2,682,000	1,551,200	83,827,300	299,748,800
Transportation.....	3,234,941,000	1,227,480,600	56,496,000	1,950,964,400	0
Treasury (Debt Service).....	57,632,800	0	0	15,514,500	42,118,300
Treasury (Operations).....	642,566,000	206,124,700	2,054,000	378,349,300	56,038,000
Treasury (Revenue Sharing).....	1,055,284,200	0	0	1,055,284,200	0
Treasury (Strategic Fund).....	155,765,000	56,566,900	843,600	75,573,000	22,781,500
TOTAL APPROPRIATIONS.....	\$46,761,903,900	\$20,169,286,100	\$488,253,600	\$17,793,379,400	\$8,310,984,800

Figure A

Appropriations by Source of Funds

FY 2010-11 Initial Appropriations

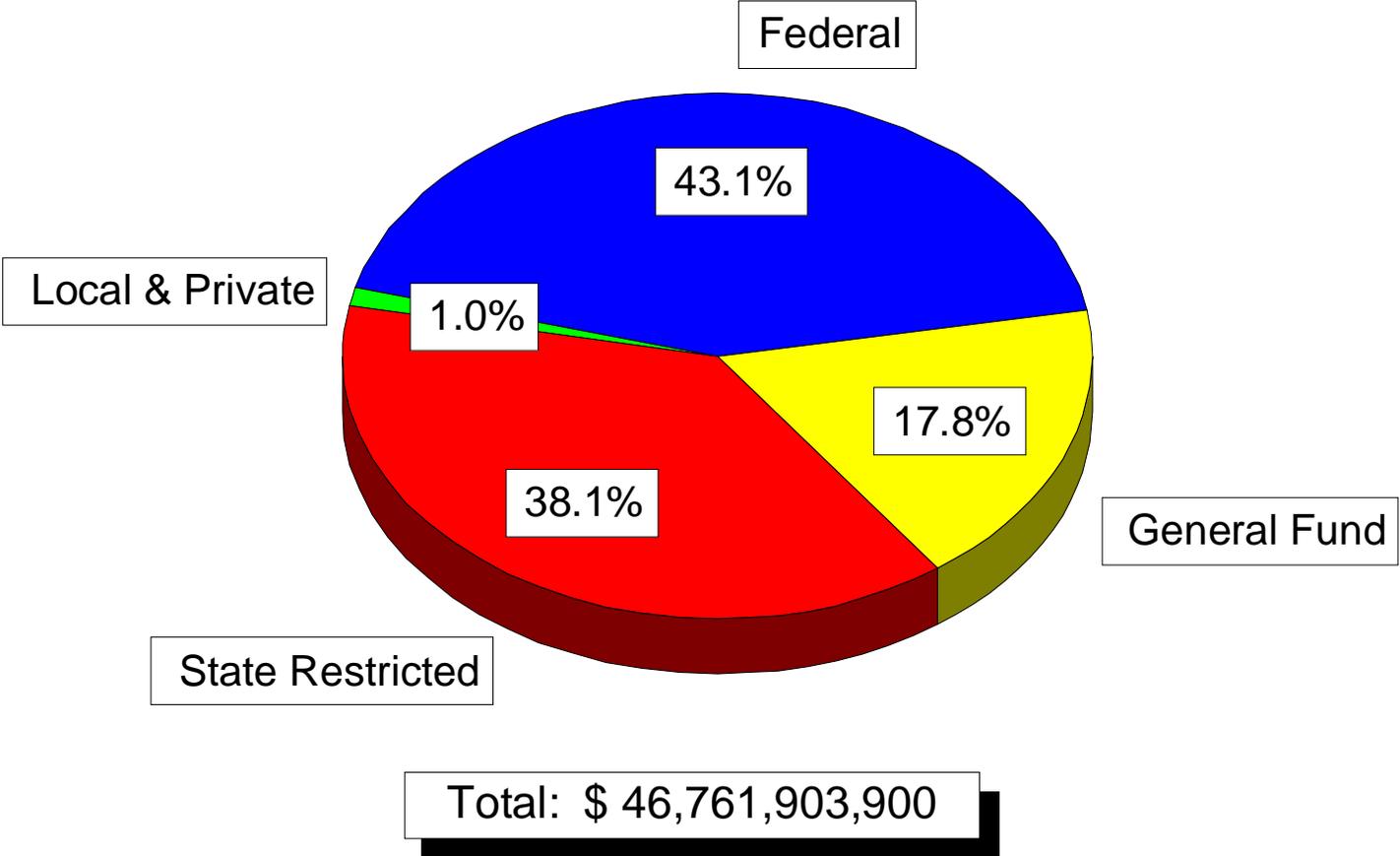
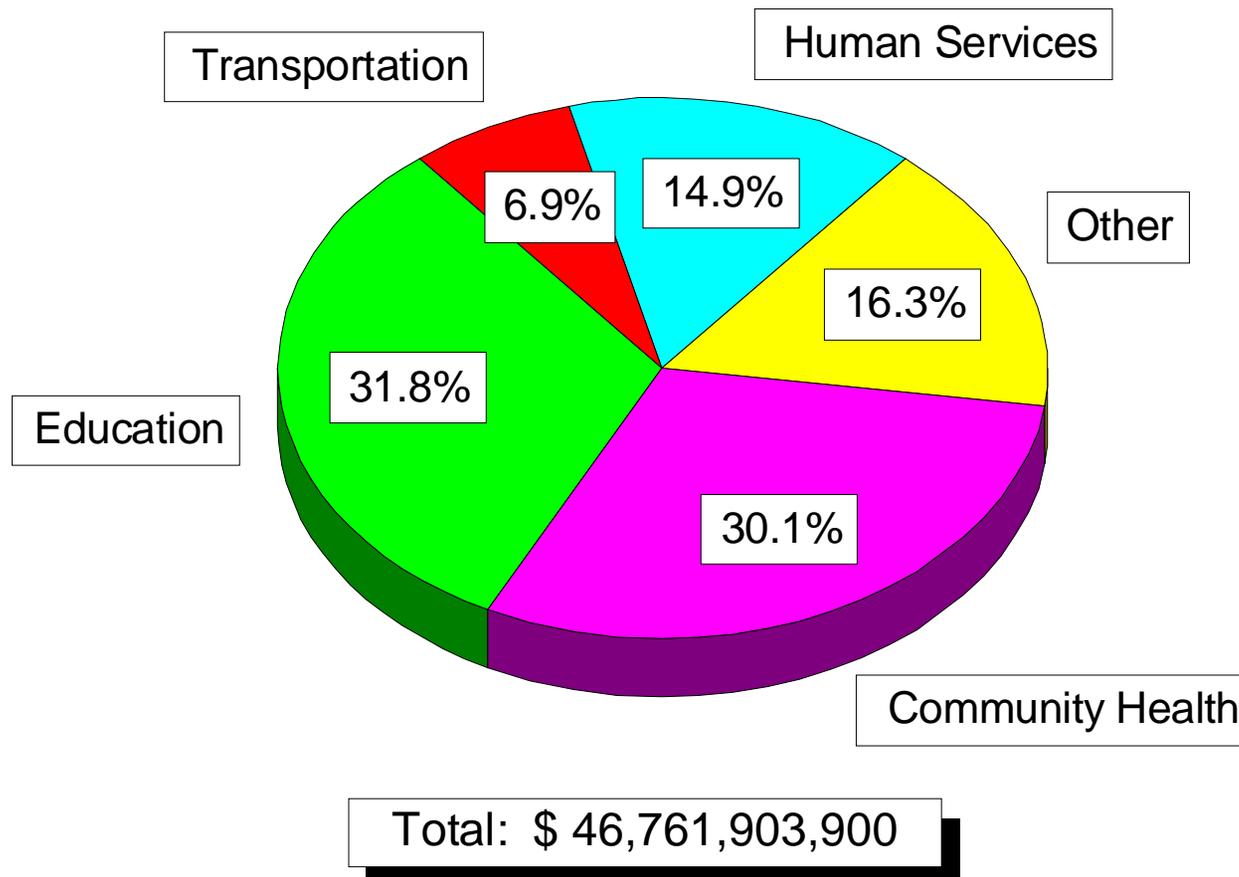


Table 2
ADJUSTED GROSS APPROPRIATIONS
FY 2009-10 VERSUS FY 2010-11

Department/Budget Area	FY 2009-10 Year-to-Date Appropriations	FY 2010-11 Initial Appropriations	Dollar Difference	Percent Change
Agriculture.....	\$79,152,306	\$76,159,200	(\$2,993,106)	(3.8)%
Attorney General	52,529,700	52,112,800	(416,900)	(0.8)
Capital Outlay	400	0	(400)	(100.0)
Civil Rights.....	14,006,600	12,778,700	(1,227,900)	(8.8)
Community Colleges	299,360,500	295,880,500	(3,480,000)	(1.2)
Community Health	13,620,709,400	14,070,083,800	449,374,400	3.3
Corrections	1,998,714,700	2,006,518,200	7,803,500	0.4
Education.....	112,926,200	126,959,900	14,033,700	12.4
Energy, Labor, and Economic Growth	1,511,506,600	1,264,576,900	(246,929,700)	(16.3)
Executive	4,784,700	4,630,800	(153,900)	(3.2)
Higher Education	1,612,243,300	1,578,278,500	(33,964,800)	(2.1)
Human Services	6,295,687,900	6,947,685,400	651,997,500	10.4
Judiciary.....	255,458,800	256,785,300	1,326,500	0.5
Legislative Auditor General	13,016,900	12,694,900	(322,000)	(2.5)
Legislature	107,152,700	102,084,100	(5,068,600)	(4.7)
Military and Veterans Affairs.....	153,230,800	148,890,000	(4,340,800)	(2.8)
Natural Resources and Environment	702,952,800	708,446,500	5,493,700	0.8
Natural Resources Trust Fund	35,658,200	0	(35,658,200)	(100.0)
School Aid.....	12,707,480,500	12,864,732,100	157,251,600	1.2
State	195,599,400	193,520,400	(2,079,000)	(1.1)
State Police.....	514,497,900	505,087,600	(9,410,300)	(1.8)
Technology, Management, and Budget	377,307,400	387,809,300	10,501,900	2.8
Transportation.....	3,361,611,100	3,234,941,000	(126,670,100)	(3.8)
Treasury (Debt Service)	67,696,000	57,632,800	(10,063,200)	(14.9)
Treasury (Operations)	413,890,344	642,566,000	228,675,656	55.3
Treasury (Revenue Sharing)	994,196,100	1,055,284,200	61,088,100	6.1
Treasury (Strategic Fund).....	123,536,800	155,765,000	32,228,200	26.1
TOTAL APPROPRIATIONS	\$45,624,908,050	\$46,761,903,900	\$1,136,995,850	2.5%

Figure B

Adjusted Gross FY 2010-11 Initial Appropriations



**Table 3
STATE SPENDING FROM STATE RESOURCES
FY 2009-10 VERSUS FY 2010-11**

Department/Budget Area	FY 2009-10 Year-to-Date Appropriations	FY 2010-11 Initial Appropriations	Dollar Difference	Percent Change
Agriculture.....	\$61,840,706	\$60,976,500	(\$864,206)	(1.4)%
Attorney General	43,999,300	43,547,100	(452,200)	(1.0)
Capital Outlay	400	0	(400)	(100.0)
Civil Rights.....	11,631,100	11,028,700	(602,400)	(5.2)
Community Colleges	299,360,500	295,880,500	(3,480,000)	(1.2)
Community Health	3,875,787,600	4,272,830,800	397,043,200	10.2
Corrections	1,988,076,500	1,998,206,600	10,130,100	0.5
Education.....	26,864,200	28,863,900	1,999,700	7.4
Energy, Labor, and Economic Growth	461,762,000	397,454,000	(64,308,000)	(13.9)
Executive	4,784,700	4,630,800	(153,900)	(3.2)
Higher Education	1,460,532,100	1,573,778,500	113,246,400	7.8
Human Services	988,039,700	984,451,600	(3,588,100)	(0.4)
Judiciary.....	243,090,500	244,151,100	1,060,600	0.4
Legislative Auditor General	13,016,900	12,694,900	(322,000)	(2.5)
Legislature	106,752,700	101,684,100	(5,068,600)	(4.7)
Military and Veterans Affairs.....	64,225,700	64,658,100	432,400	0.7
Natural Resources and Environment	444,106,200	440,322,200	(3,784,000)	(0.9)
Natural Resources Trust Fund	35,658,200	0	(35,658,200)	(100.0)
School Aid.....	10,645,097,700	11,002,669,100	357,571,400	3.4
State	186,567,700	191,710,300	5,142,600	2.8
State Police.....	402,114,600	394,626,100	(7,488,500)	(1.9)
Technology, Management, and Budget	366,467,700	383,576,100	17,108,400	4.7
Transportation.....	1,978,578,800	1,950,974,400	(27,604,400)	(1.4)
Treasury (Debt Service)	67,696,000	57,632,800	(10,063,200)	(14.9)
Treasury (Operations)	372,546,744	434,387,300	61,840,556	16.6
Treasury (Revenue Sharing)	994,196,100	1,055,284,200	61,088,100	6.1
Treasury (Strategic Fund).....	66,513,700	98,354,500	31,840,800	47.9
TOTAL APPROPRIATIONS	\$25,209,308,050	\$26,104,374,200	\$895,066,150	3.6%

Figure C

State Spending From State Resources FY 2010-11 Initial Appropriations

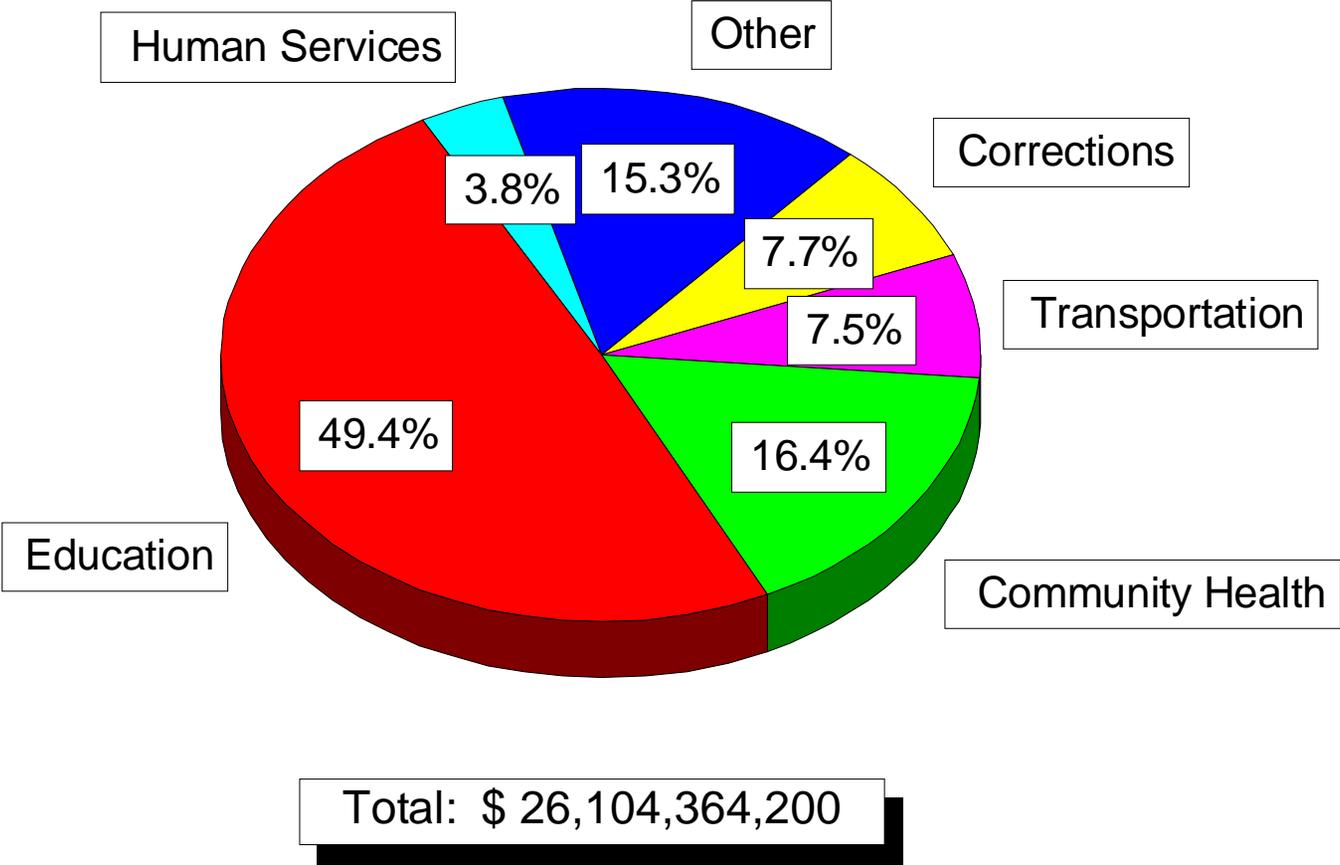
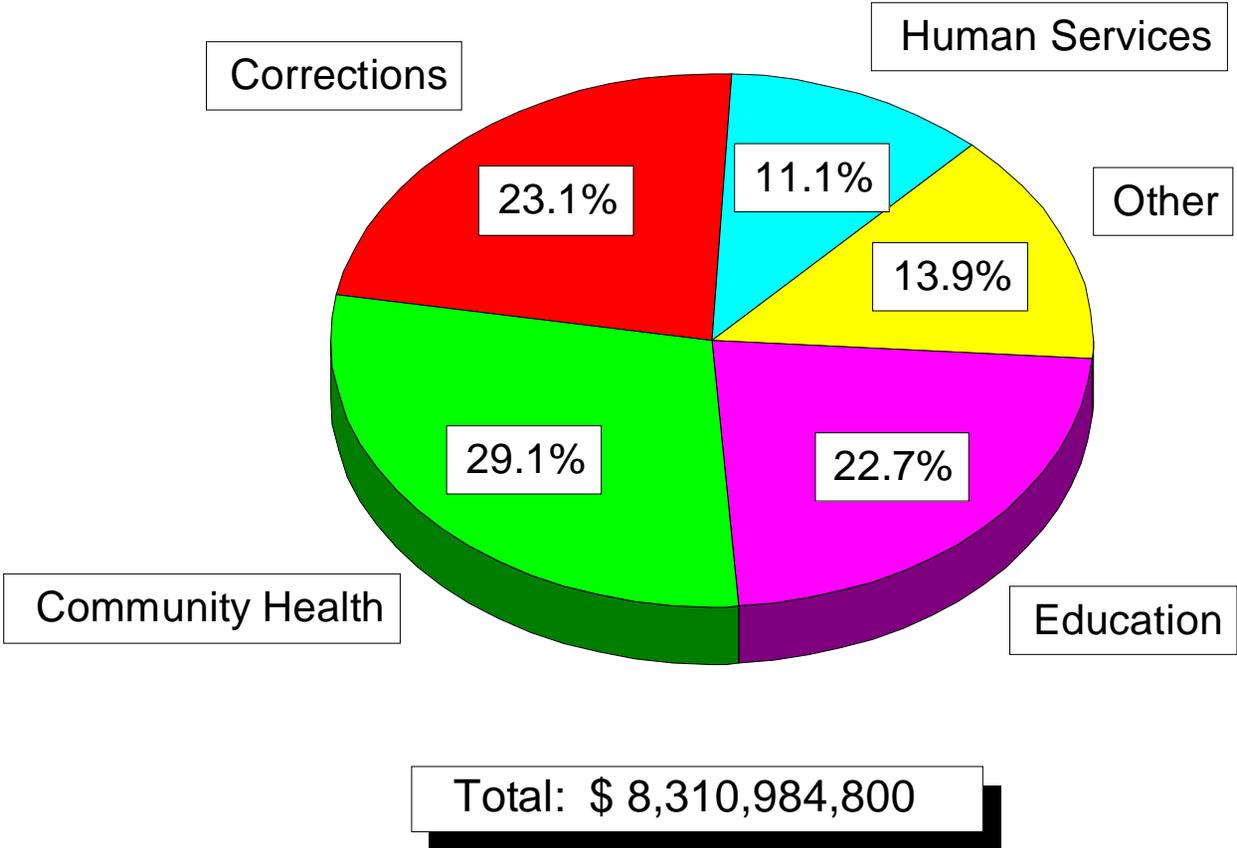


Table 4

GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS FY 2009-10 VERSUS FY 2010-11				
Department/Budget Area	FY 2009-10 Year-to-Date Appropriations	FY 2010-11 Initial Appropriations	Dollar Difference	Percent Change
Agriculture.....	\$29,828,300	\$30,297,100	\$468,800	1.6%
Attorney General	28,577,800	28,559,400	(18,400)	(0.1)
Capital Outlay	400	0	(400)	(100.0)
Civil Rights.....	11,631,100	10,975,700	(655,400)	(5.6)
Community Colleges	90,960,500	295,880,500	204,920,000	225.3
Community Health	2,179,007,500	2,421,483,700	242,476,200	11.1
Corrections	1,919,711,100	1,917,879,500	(1,831,600)	(0.1)
Education.....	19,855,200	21,914,100	2,058,900	10.4
Energy, Labor, and Economic Growth	54,590,400	47,607,900	(6,982,500)	(12.8)
Executive	4,784,700	4,630,800	(153,900)	(3.2)
Higher Education	1,460,232,000	1,543,378,500	83,146,500	5.7
Human Services	896,924,300	924,018,100	27,093,800	3.0
Judiciary.....	153,132,800	152,073,100	(1,059,700)	(0.7)
Legislative Auditor General	11,477,000	11,155,000	(322,000)	(2.8)
Legislature	105,642,900	100,574,300	(5,068,600)	(4.8)
Military and Veterans Affairs.....	36,245,000	36,424,700	179,700	0.5
Natural Resources and Environment	44,051,600	41,309,400	(2,742,200)	(6.2)
Natural Resources Trust Fund	0	0	0	0.0
School Aid.....	30,206,200	27,842,400	(2,363,800)	(7.8)
State	18,074,300	13,910,800	(4,163,500)	(23.0)
State Police.....	268,141,000	260,383,200	(7,757,800)	(2.9)
Technology, Management, and Budget	293,118,300	299,748,800	6,630,500	2.3
Transportation.....	0	0	0	0.0
Treasury (Debt Service)	52,181,500	42,118,300	(10,063,200)	(19.3)
Treasury (Operations)	52,000,500	56,038,000	4,037,500	7.8
Treasury (Revenue Sharing)	0	0	0	0.0
Treasury (Strategic Fund).....	27,008,400	22,781,500	(4,226,900)	(15.7)
TOTAL APPROPRIATIONS	\$7,787,382,800	\$8,310,984,800	\$523,602,000	6.7%

Figure D

General Fund/General Purpose FY 2010-11 Initial Appropriations



HIGHLIGHTS OF CHANGES IN STATE APPROPRIATIONS

Agriculture: The overall level of State Spending from State Resources appropriations represents a 1.4% decline from FY 2009-10. Significant program reductions include funding for the Michigan Agriculture Environmental Assurance Program, Plant and Pesticide Management, and the Agriculture Preservation Fund.

Attorney General: The overall level of State Spending from State Resources appropriations represents a 1.0% decline from FY 2009-10. The major reduction in the budget was a \$1.2 million and 15.0 FTE reduction in operations funding.

Civil Rights: The overall level of State Spending from State Resources appropriations represents a 5.2% decline from FY 2009-10. The major reduction in the budget was a \$1.0 million and 10.0 FTE reduction in operations funding.

Community Colleges: The overall level of State Spending from State Resources appropriations represents a 1.2% decline from FY 2009-10. The budget provided for a freeze in operations funding for community colleges and eliminated the \$3.5 million of funding to reimburse community colleges from the local property tax revenue lost due to Renaissance Zone property tax exemptions. The General Fund appropriation was increased by \$208.4 million to adjust for the one-time appropriation of School Aid Fund revenue in FY 2009-10.

Community Health: The overall level of State Spending from State Resources appropriations represents a \$397.0 million or 10.2% increase from FY 2009-10. The level of appropriation increases in the Community Health budget primarily reflects changes in the Medicaid program. These changes include funding increases due to a lower level of enhanced Medicaid match rate funding related to the American Recovery and Reinvestment Act of 2009 (ARRA), increases in the base funding levels of the Medicaid program, other fund source adjustments in the Medicaid program, and savings from an increase in the base Medicaid match rate. The major program expansions in the budget include the reinstatement of adult dental services, a limited reinstatement of adult optical services, and the reinstatement of adult podiatric services in the Medicaid program. The major program eliminations in the budget include final adjustments related to the closure of the Mount Pleasant Center for the developmentally disabled and the funding for the Transitional Medical Assistance Plus program. The budget also reflects numerous program reductions including the funding levels for Community Mental Health non-Medicaid clients, public health programs, and programs for the aging.

Corrections: The overall level of State Spending from State Resources appropriations represents a 0.5% increase from FY 2009-10. The major funding increase in the budget involves the costs of employee compensation, including health insurance and retirement costs. The budget also includes a funding increase for the County Jail Reimbursement program. The major funding reductions include a reduction in the level of funding for prisoner health care and a 3.8% across-the-board reduction in the funding of each prison facility.

Education: The overall level of State Spending from State Resources appropriations represents a 7.4% increase from FY 2009-10. The major funding increases in the budget relate to the administrative costs of education reforms related to the Race to the Top program and the administrative costs of the Education Jobs Fund. Program reductions include funding of the Library of Michigan and State aid to libraries. The budget eliminated funding for the book distribution centers.

Energy, Labor, and Economic Growth: The overall level of State Spending from State Resources appropriation represents a 13.9% reduction from FY 2009-10. The majority of this reduction can be attributed to the transfer of the Michigan State Housing Development Authority to the Department of Treasury. The major funding reductions also include the welfare-to-work program and the No Worker Left Behind program.

Executive: The overall level of State Spending from State Resources appropriations represents a 3.2% decline from FY 2009-10.

Higher Education: The overall level of State Spending from State Resources appropriations represents a 7.8% increase from FY 2009-10. This appropriation increase can be attributed to the elimination of \$68.2 million of prior year funding from ARRA and the elimination of the Federal funding from the Temporary Assistance for Needy Families program. The budget does reflect a 2.8% reduction in the funding levels for university operations and a 2.8% funding reduction for the Michigan State University Agricultural Experiment Station and the Cooperative Extension Service. The funding increases include the State Competitive Scholarship program and the Tuition Incentive program.

Human Services: The overall level of State Spending from State Resources appropriations represents a 0.3% decline from FY 2009-10. The major funding increases in the budget include increases for an additional 684.0 full-time staff and 100.0 limited-term staff, and funding increases related to caseload increases in the Food Assistance program, the State Disability Assistance program, and the Family Independence Program. The major program reductions in the budget include the Child Development and Care program, foster care and adoption subsidy caseloads, and juvenile justice facilities.

Judiciary: The overall level of State Spending from State Resources appropriations represents a 0.4% increase from FY 2009-10. The initial budget provides a continuation level of funding. The budget was balanced with a temporary \$2.6 million transfer of surplus funds in the Juror Compensation Reimbursement Fund.

Legislative Auditor General: The overall level of State Spending from State Resources appropriations represents a 2.5% reduction from FY 2009-10. The budget reflects a 4.0% reduction in the operations funding for field operations.

Legislature: The overall level of State Spending from State Resources appropriations represents a 4.8% reduction from FY 2009-10. The budget reflects a 4.0% reduction for the Senate, the House of Representatives, and legislative support agencies.

Military and Veterans Affairs: The overall level of State Spending from State Resources appropriations represents a 0.7% increase from FY 2009-10. The budget freezes the level of grant funding for Veterans Service Organizations and reflects administrative reductions in most departmental programs.

Natural Resources and Environment: The overall level of State Spending from State Resources appropriations represents a 0.9% reduction from FY 2009-10. Most of the programs contained in the Department had modest funding reductions. The major funding increase involves employee compensation costs, including health insurance and retirement.

School Aid: The initial appropriation for K-12 schools represents a 3.4% increase in State Spending from State Resources appropriations. The budget includes \$26.2 million of new funding to implement requirements of the Race to the Top school reform legislation. The initial level of per-pupil funding is maintained at the FY 2009-10 funding levels, along with the major categorical aid funding programs. Currently, the Legislature is deliberating the distribution of an additional \$316.3 million of Federal funds contained in the Education Jobs Fund. The final distribution of these temporary Federal funds will be contained in supplemental appropriation bills.

State: The overall level of State Spending from State Resources appropriations represents a 2.8% increase from FY 2009-10. The major funding reductions in the budget include administrative reductions and the elimination of funding for the modernization of the Department's information technology systems. Funding increases include the cost of employee compensation and new revenue from a recreation passport fee and a basic driver improvement fee.

State Police: The overall level of State Spending from State Resources appropriations represents a 1.9% decline from FY 2009-10. The major appropriation increase in the budget is the funding for employee compensation, including health care and retirement costs. The major appropriations reductions in the budget include administrative costs, fleet leasing costs, and the school bus inspection program. The initial budget includes a decrease of 102.0 in the number of full-time employees from FY 2009-10.

Transportation: The overall level of State Spending from State Resources appropriations represents a 1.4% decline from FY 2009-10. The budget is based on the projected amount of Federal and State Restricted funds available for all transportation programs. The major issue in the budget involved the State matching funding needed to secure \$475.0 million of Federal transportation funding. The majority of these State matching funds resulted from \$40.0 million of short-term borrowing along with a \$12.0 million redirection of Transportation Economic Development Fund revenue.

Technology, Management, and Budget: The overall level of State Spending from State Resources appropriations represents a 4.7% increase from FY 2009-10. The major funding increases include employee compensation costs, debt service cost of bonds issued by the State Building Authority, and funding for the gubernatorial transition. The major funding reductions include administrative costs and information technology savings related to the consolidation of the previous Department of Management and Budget and the former Department of Information Technology.

Treasury-Debt Service: The overall level of State Spending from State Resources appropriations represents a 14.9% decline from FY 2009-10. The funding reduction in debt service payments on general obligation bonds involves the refinancing and the restructuring of the payment schedules on existing Quality of Life and Clean Michigan Initiative bonds.

Treasury-Operations: The overall level of State Spending from State Resources appropriations represents a 16.6% increase from FY 2009-10. A majority of this funding increase can be attributed to the transfer of the Michigan State Housing Development Authority to the Department. The other major funding increase is an increase in the level of reimbursements to local governments for senior citizens cooperative housing property tax exemptions. The other major funding issues in the budget involve employee compensation costs and the elimination of various one-time funding items included in the FY 2009-10 budget.

Treasury-Revenue Sharing: The overall level of State Spending from State Resources appropriations represents a 6.1% increase from FY 2009-10. Revenue sharing payments to cities, villages, and townships were frozen at the FY 2009-10 funding levels. Revenue sharing payments to counties were increased by \$59.4 million. This funding increase relates to the depletion of counties' property tax funding reserves and the statutory requirement of State revenue sharing payments to these counties.

Treasury-Strategic Fund Agency: The overall level of State Spending from State Resources appropriations represents a 47.9% increase from FY 2009-10. The major funding increase involves the level of funding for the economic development activities of the 21st Century Jobs Fund. The initial appropriation for these activities is up \$46.5 million from FY 2009-10. The major funding reductions include the elimination of funding for economic development job training grants and a \$9.5 million reduction in tourism promotion funding.

DEBT SERVICE APPROPRIATIONS

The FY 2010-11 initial budget includes the appropriation of debt service in four separate budget areas. Table 5 provides a summary of these debt service appropriations. These areas are *Durant* bonds and School Bond Loan Fund bonds in K-12 School Aid; State Building Authority bonds appropriated in the Department of Technology, Management, and Budget; various transportation related bonds in the Department of Transportation; and general obligation bonds in the Department of Treasury. Gross appropriations for debt service on these bonds total \$577.1 million during FY 2010-11. This represents a \$1.1 million or 0.2% increase from the debt service appropriations in FY 2009-10. The \$10.4 million decline in the appropriation of debt service on Quality of Life bonds is related to refinancing and restructuring of existing bonds.

Table 5
DEBT SERVICE APPROPRIATIONS
FY 2009-10 COMPARED WITH FY 2010-11

Department/Program	FY 2009-10 Gross Appropriation	FY 2010-11 Gross Appropriation	Dollar Change	Percent Change
School Aid				
<i>Durant</i> Bonds.....	\$39,000,000	\$39,000,000	\$0	0.0%
School Bond Loan Fund.....	40,000,000	45,134,000	5,134,000	12.8
Technology, Management, and Budget				
State Building Authority Rent.....	235,370,600	241,870,600	6,500,000	2.8
Transportation				
State Trunkline	145,461,700	145,497,500	35,800	0.0
Comprehensive Transportation	29,843,200	29,852,700	9,500	0.0
Economic Development.....	9,228,200	9,173,400	(54,800)	(0.6)
Aeronautics Fund	3,472,400	3,456,000	(16,400)	(0.5)
Local Bridge Fund	3,318,700	3,261,500	(57,200)	(1.7)
Blue Water Bridge Fund	2,149,600	2,216,400	66,800	3.1
Treasury				
Quality of Life Bond	38,355,100	27,938,100	(10,417,000)	(27.2)
Clean Michigan Initiative.....	24,418,000	24,625,100	207,100	0.8
Great Lakes Water Initiative	2,665,700	2,874,500	208,800	7.8
Water Pollution Control Bond	2,757,500	2,195,100	(562,400)	(20.4)
TOTAL.....	\$576,040,700	\$577,094,900	\$1,054,200	0.2%

PROGRAM TRANSFERS

The initial FY 2010-11 appropriation bills reflect the transfer of a number of programs from one department to another. Table 6 provides a summary of the program transfers that were built into the budget. The largest program transfer involves the movement from the Department of Energy, Labor, and Economic Growth to the Department of Treasury of the Michigan State Housing Development Authority. This program transfer involved 289.0 full-time equated State employees and \$223.7 million of Gross appropriations.

Table 6

FY 2010-11 INITIAL APPROPRIATIONS - SUMMARY OF PROGRAM TRANSFERS			
(Actual Dollars)			
FY 2009-10 Department	FY 2010-11 Department	Fund Source	FY 2010-11 Enacted
Agriculture Office of Racing Commissioner	Treasury	FTEs	10.0
		Gross	2,291,500
		Restricted	2,291,500
Community Health Office of Drug Control Policy	Education	FTEs	4.0
		Gross	483,100
		Federal	483,100
Education Population Statistics and Census Reporting	Technology, Management, and Budget	Gross	224,000
		GF/GP	224,000
Energy, Labor, and Economic Growth Michigan State Housing Development Authority	Treasury	FTEs	289.0
		Gross	223,663,600
		Federal	168,044,200
Energy, Labor, and Economic Growth Land Bank Fast Track Authority	Treasury	FTEs	6.0
		Gross	2,053,000
		Restricted	2,053,000
State Police Police and Fire Survivor Tuition Grant Program	Higher Education	Gross	48,500
		GF/GP	48,500
Treasury College Access Challenge Grant Program	Education	FTEs	6.0
		Gross	4,268,600
		Federal	4,268,600

GUBERNATORIAL VETOES

Governor Granholm, through her constitutional line-item veto authority granted under Article V, Section 19 of the State Constitution of 1963, vetoed \$15.5 million of Gross appropriations and \$6.6 million of GF/GP appropriations. Table 7 provides a summary of the line-item vetoes by department. The vast majority of the gubernatorial vetoes occurred in the Department of Human Services. The largest veto in this department involved the funding for a rate increase for private adoption service providers. Further details on these vetoes are included in Budget Area Detail sections of this report.

Table 7
FY 2010-11
LINE-ITEM VETOES
(Actual Dollars)

Budget Area/Item	Adjusted Gross	General Fund/ General Purpose
Attorney General		
Appropriation of Medicaid False Claim Revenue	\$0	\$0
Community Health		
Early Childhood Collaborative	(100)	(100)
Nurse Family Partnership	(100)	(100)
Prescription Drug Website.....	(75,000)	(37,500)
Infant Mortality Language	0	0
Corrections		
Interdepartmental Grant to the Legislative Auditor General.....	(500,000)	(500,000)
Learning Management Pilots.....	(50,000)	(50,000)
Energy, Labor, and Economic Growth		
After School Partnership.....	(25,000)	0
Michigan Talent Bank	(100,000)	0
Consultation, Education, and Training	(80,000)	0
Workforce Training Program Subgrantees.....	(150,000)	0
Human Services		
Child Care Fund In Home Care	(5,000,000)	0
Chaldean Program	(100)	0
Foster Care Payments.....	(25,000)	0
Barry County Crisis Prevention	(75,000)	(75,000)
Muskegon Food Aid.....	(25,000)	(25,000)
Kent Food Aid.....	(25,000)	(25,000)
Adoption Contracts-Long Term Wards.....	(1,049,400)	(856,000)
Adoption Rate Increase	(6,735,900)	(4,765,500)

FY 2010-11 LINE-ITEM VETOES (Actual Dollars)		
Budget Area/Item	Adjusted Gross	General Fund/ General Purpose
Human Services (continued)		
Michigan After School Partnership	(25,000)	0
Legal Services Association of Michigan	(300,000)	(300,000)
Earned Income Tax Credit Outreach.....	(250,000)	0
School Aid		
Pontiac Schools Michigan Business Tax Hold Harmless Payment.....	(500,000)	0
Saginaw Valley State University Agriculture Education Program	(300,000)	0
Cultural Access Grants	(100,000)	0
Transportation		
Michigan Transportation Fund Grant to Treasury	(100,000)	0
Specialized Planning Services and Local Studies.....	(10,000)	0
Transit-Oriented Development	(100)	0
Forest Roads	(40,000)	0
TOTAL VETOES	(\$15,540,700)	(\$6,634,200)

FEE INCREASES

The initial FY 2010-11 appropriation bills assume additional revenue from statutory fee increases in only the Department of State. The new recreation passport fee is estimated to generate \$1.0 million of new revenue and the basic driver improvement course fee is estimated to generate \$1.5 million of new revenue.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FUNDING

The FY 2010-11 budget marks the third State fiscal year budget affected by temporary Federal funding provided to Michigan under provisions of the American Recovery and Reinvestment Act of 2009 (ARRA). Table 8 provides a summary of the \$1.5 billion of Federal funds from ARRA appropriated in the FY 2010-11 State budget. There are three major types of ARRA funding included in the budget. The first type is Federal ARRA funds that are used by the State to offset GF/GP appropriations, which effectively helps balance the overall GF/GP budget. These funds include the enhanced Medicaid match rate funding in the Departments of Community Health and Human Services, \$529.3 million, and the emergency Temporary Assistance for Needy Families funding in the Department of Human Services, \$189.7 million. The second type is the \$184.3 million of ARRA funding that is being used to help balance the FY 2010-11 School Aid Fund budget. The final type of ARRA funding included in the budget is Federal funds for a restricted purpose that cannot be used to help balance the overall GF/GP budget. The largest example of this type of funding is the \$566.8 million of funding for the Food Assistance Program in the Department of Human Services.

Table 8
FY 2010-11 INITIAL APPROPRIATIONS
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 AND
EDUCATION JOBS FUND INITIAL APPROPRIATIONS
(Actual Dollars)

Community Health	
Enhanced Medicaid Match Rate	\$522,814,500
Education	
Education Jobs Fund Administration.....	1,862,700
Human Services	
Enhanced Medicaid Match Rate	6,499,700
Emergency TANF Funding	189,737,300
Food Assistance Administration	9,495,200
Food Assistance	566,785,600
Transitional Housing.....	2,000,000
Faith-Based Grants	250,000
School Aid	
State Fiscal Stabilization Fund	184,256,600
TOTAL TEMPORARY FEDERAL FUNDING	\$1,483,701,600

TOBACCO SETTLEMENT APPROPRIATIONS

The State of Michigan is estimated to receive \$253.9 million during FY 2010-11 as a result of the master settlement agreement between the United States tobacco industry and 46 states. [Table 9](#) 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 \$193.6 million of tobacco settlement funds. The largest appropriations are for the Medicaid program in the Department of Community Health, economic development programs in the Michigan Strategic Fund Agency, and the Tuition Incentive Program in the Higher Education budget. The remainder of the tobacco settlement funding received by Michigan is used for current debt service requirements on tobacco securitization bonds issued several years ago that provided start-up funding for the 21st Century Jobs Fund and helped balance the FY 2006-07 GF/GP and SAF budgets.

Table 9

FY 2010-11 TOBACCO SETTLEMENT APPROPRIATIONS AND REVENUE	
(Actual Dollars)	
Budget Area/Program	FY 2010-11 Initial Appropriation
<u>Tobacco Settlement Appropriations:</u>	
Attorney General	
Administration	\$408,600
Community Health	
Medicaid Base	81,988,900
Aging: Respite Care	4,468,700
Higher Education	
Tuition Incentive Program.....	30,100,000
State Police	
Tobacco Tax Enforcement	630,900
Department of Treasury	
Tuition Incentive Program Administration.....	959,600
Department of Treasury-Strategic Fund Agency	
21 st Century Jobs Fund Economic Development.....	75,000,000
Total Tobacco Settlement Appropriations.....	\$193,556,700
<u>Tobacco Settlement Revenue:</u>	
Balance From Prior Fiscal Year	\$0
Total Annual Payments	253,900,000
Interest Earnings	900,000
Total Tobacco Settlement Revenue.....	\$254,800,000
Payment on Bond Securitization (13.34% of Revenue).....	(33,870,260)
Payment on Bond Securitization (10.77% of Revenue).....	(27,345,030)
Net Revenue Merit Award Trust Fund.....	193,584,710
PROJECTED YEAR-END BALANCE	\$28,010

PROJECTED YEAR-END BALANCES

The level of FY 2010-11 appropriations is based on the May 2010 consensus estimate of GF/GP and SAF revenue and revenue adjustments included in the overall budget. The initial GF/GP and SAF appropriations have met the constitutional requirement of being balanced between estimated revenue and enacted appropriations. Table 10 provides a summary of the SFA estimate of a \$33.9 million FY 2010-11 GF/GP year-end balance. Table 11 provides a summary of the SFA estimate of a \$46.4 million FY 2010-11 SAF year-end balance after enactment of initial appropriations. Both of these estimates are based on assumptions concerning the level of FY 2009-10 year-end balances carried forward into FY 2010-11.

Table 10
FY 2010-11
GENERAL FUND/GENERAL PURPOSE
REVENUE, EXPENDITURES, AND YEAR-END BALANCE
(Millions of Dollars)

	SFA Estimate
Beginning Balance	\$2.2
Ongoing Revenue:	
Consensus Revenue Estimate.....	\$7,096.7
Shift of Short-Term Borrowing Costs to School Aid Fund	45.0
Revenue Sharing Freeze	537.2
County Revenue Sharing-Restore Payments.....	(59.4)
Use Tax on Health Maintenance Organizations	377.3
Enhanced Tax Enforcement Revenue	15.0
Subtotal Ongoing Revenue	\$8,011.8
One-Time Budget Target Revenue:	
Tax Amnesty	\$61.8
Unclaimed Property Reforms.....	168.0
Liquor Reforms	9.1
Convention Facilities Transfer to General Fund	5.0
Lapse of Secretary of State Work Project to General Fund	6.0
Subtotal One-Time Revenue	\$249.9
Total Estimated Revenue.....	\$8,263.9
Expenditures:	
Enrolled Appropriations	\$8,317.6
Governor's Vetoes	(6.6)
Initial Appropriations	8,311.0
State Employees Retirement Savings.....	(81.0)
Total Proposed Expenditures	\$8,230.0
PROJECTED YEAR-END BALANCE	\$33.9

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

	SFA Estimate
Beginning Balance	\$163.3
Consensus Revenue Estimate	\$10,832.9
Revenue Adjustments:	
GF/GP Grant to School Aid Fund	18.6
Federal Aid	1,677.8
American Recovery and Reinvestment Act Funding	184.3
Enhanced Tax Enforcement Revenue	2.3
Lottery Reform	5.0
Tax Amnesty	26.1
Liquor Reforms	0.9
Subtotal Revenue Adjustments	\$1,915.0
Total Estimated Revenue	\$12,911.2
Expenditures:	
Enacted Initial Appropriations - PA 110 of 2010	\$12,838.6
Race to the Top State Funding - PA 110 of 2010	26.2
Total Projected Expenditures	\$12,864.8
PROJECTED YEAR-END BALANCE	\$46.4
Note: A subsequent negative supplemental (P.A. 204 of 2010) increases the projected year-end balance to \$93.2 million.	

STATE EMPLOYMENT LEVELS

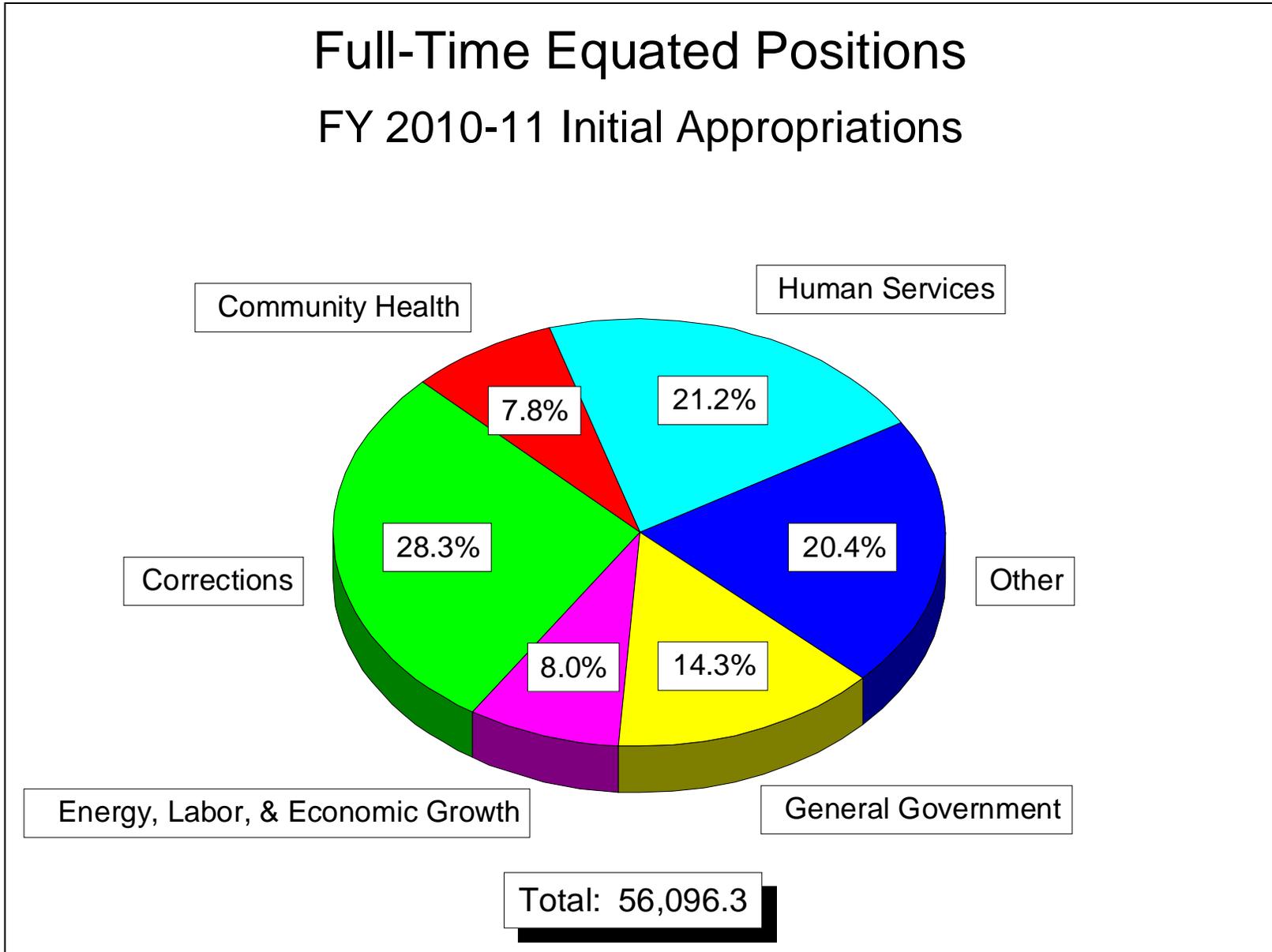
Table 12 and Figure E provide a summary of State classified full-time equated (FTE) positions appropriated in FY 2010-11 versus the year-to-date level of FTEs appropriated in FY 2009-10. Total appropriated FTEs in FY 2010-11 equal 56,096.3, an increase of 453.6 or 0.8% from FY 2009-10. The largest increase in the number of FTEs appropriated is in the Department of Human Services. Total FTEs appropriated in the Department of Human Services increased by 958.0. This employee increase is mostly the result of the hiring of additional employees in the children's protective services area resulting from the lawsuit settlement in this program. The FTE increase in the Department of Treasury and the FTE reduction in the Department of Energy, Labor, and Economic Growth are a result of transferring the Michigan State Housing Development Authority from one department to the other.

Table 12
FULL-TIME EQUATED POSITIONS
FY 2009-10 VERSUS FY 2010-11

Department/Budget Area	FY 2009-10 Year-to-Date Positions	FY 2010-11 Initial Positions	Position Change	Percent Change
Agriculture.....	571.0	456.5	(114.5)	(20.1)%
Attorney General	537.0	514.0	(23.0)	(4.3)
Civil Rights.....	125.0	113.0	(12.0)	(9.6)
Community Health	4,374.6	4,392.8	18.2	0.4
Corrections	16,005.1	15,877.5	(127.6)	(0.8)
Education.....	557.5	562.5	5.0	0.9
Energy, Labor, and Economic Growth	4,685.5	4,359.5	(326.0)	(7.0)
Executive	74.2	74.2	0.0	0.0
Higher Education	1.0	1.0	0.0	0.0
Human Services	10,911.5	11,869.5	958.0	8.8
Judiciary.....	491.0	491.0	0.0	0.0
Military and Veterans Affairs.....	985.0	970.0	(15.0)	(1.5)
Natural Resources and Environment	3,701.0	3,669.5	(31.5)	(0.9)
State	1,809.0	1,809.0	0.0	0.0
State Police.....	2,866.0	2,764.0	(102.0)	(3.6)
Technology, Management, and Budget	3,029.0	2,966.5	(62.5)	(2.1)
Transportation.....	3,008.3	3,016.3	8.0	0.3
Treasury (Operations)	1,716.5	2,034.5	318.0	18.5
Treasury (Strategic Fund).....	155.0	155.0	0.0	0.0
TOTAL POSITIONS	55,603.2	56,096.3	493.1	0.9%

Figure E

Full-Time Equated Positions FY 2010-11 Initial Appropriations



STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Article IX, Section 30 of the State Constitution of 1963 prohibits the State from reducing the portion of State appropriations paid to local units of government below the FY 1978-79 level of 48.97%. The initial FY 2010-11 appropriation bills exceed this minimum constitutional requirement by \$2.4 billion. Table 13 provides a summary of the calculations used to determine the State's compliance with this constitutional requirement for FY 2009-10 and FY 2010-11. Table 14 provides a summary of State appropriations by department counted as payments to local units of government.

Table 13

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT FY 2009-10 AND FY 2010-11 ESTIMATES (Millions of Dollars)		
	2009-10 Estimate	2010-11 Estimate
State Spending from State Resources ¹⁾	\$25,180.3	\$26,075.4
Required Payments to Local Units of Government (48.97%)	\$12,330.8	\$12,769.1
Estimated Payments to Local Units of Government.....	\$14,826.6	\$15,160.9
Estimated Payments as a Percentage of Total State Spending	58.89%	58.14%
Surplus of Section 30 Payments	\$2,495.8	\$2,391.8
¹⁾ Excludes \$29.0 million of unrestricted Federal aid.		

Table 14

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 2009-10 VERSUS FY 2010-11				
Department/Budget Area	FY 2009-10 Year-to-Date Appropriations	FY 2010-11 Initial Appropriations	Dollar Difference	Percent Change
Agriculture	\$1,500,000	\$1,500,000	\$0	0.0%
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	295,880,500	(3,480,000)	(1.2)
Community Health	1,216,283,600	1,259,130,700	42,847,100	3.5
Corrections	88,287,000	92,562,700	4,275,700	4.8
Education	6,000,000	5,750,000	(250,000)	(4.2)
Energy, Labor, and Economic Growth	43,575,600	39,850,100	(3,725,500)	(8.5)
Executive	0	0	0	0.0
Higher Education	0	0	0	0.0
Human Services	98,688,000	102,301,900	3,613,900	3.7
Judiciary	122,213,500	120,832,300	(1,381,200)	(1.1)
Legislative Auditor General	0	0	0	0.0
Legislature	0	0	0	0.0
Military and Veterans Affairs	120,000	120,000	0	0.0
Natural Resources and Environment	10,722,000	9,491,600	(1,230,400)	(11.5)
Natural Resources Trust Fund	22,853,800	0	(22,853,800)	(100.0)
School Aid	10,565,511,000	10,861,908,100	296,397,100	2.8
State	1,253,800	1,360,800	107,000	8.5
State Police	20,366,500	19,466,900	(899,600)	(4.4)
Technology, Management, and Budget	0	0	0	0.0
Transportation	1,165,761,700	1,143,995,100	(21,766,600)	(1.9)
Treasury (Debt Service)	0	0	0	0.0
Treasury (Operations)	169,909,100	151,426,400	(18,482,700)	(10.9)
Treasury (Revenue Sharing)	994,196,100	1,055,284,200	61,088,100	6.1
Treasury (Strategic Fund)	0	0	0	0.0
TOTAL APPROPRIATIONS	\$14,826,602,200	\$15,160,861,300	\$334,259,100	2.3%

BUDGET AREA DETAIL

**DEPARTMENT OF AGRICULTURE
P.A. 166 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	571.0	457.9	456.5	458.4	456.5	(114.5)	(20.1)
GROSS	79,864,606	77,278,700	76,183,300	77,192,800	76,448,300	(3,416,306)	(4.3)
Less:							
Interdepartmental Grants Received	712,300	289,000	289,100	289,100	289,100	(423,200)	(59.4)
ADJUSTED GROSS	79,152,306	76,989,700	75,894,200	76,903,700	76,159,200	(2,993,106)	(3.8)
Less:							
Federal Funds.....	17,068,400	14,766,400	14,757,600	14,769,900	14,922,600	(2,145,800)	(12.6)
Local and Private	243,200	260,100	260,100	260,100	260,100	16,900	6.9
TOTAL STATE SPENDING	61,840,706	61,963,200	60,876,500	61,873,700	60,976,500	(864,206)	(1.4)
Less:							
Other State Restricted Funds	32,012,406	33,343,600	30,579,400	32,492,100	30,679,400	(1,333,006)	(4.2)
GENERAL FUND/GENERAL PURPOSE ..	29,828,300	28,619,600	30,297,100	29,381,600	30,297,100	468,800	1.6
PAYMENTS TO LOCALS	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	0	0.0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|--|---|--|
| <p>1. Grain Inspection Program. The budget includes an additional \$300,000 GF/GP to increase Department resources for the grain inspection and licensing program added by the Legislature.</p> | <p>Gross
GF/GP</p> | <p>300,000
300,000</p> |
| <p>2. Migrant Labor Housing Program. The budget combined separate Migrant Labor Housing Programs and increased program support by \$40,000 from the U.S. Department of Labor and \$3,000 from the Migrant Labor Housing Fund.</p> | <p>Gross
Federal
Restricted
GF/GP</p> | <p>43,000
40,000
3,000
0</p> |

C. PROGRAM ELIMINATIONS

- | | | |
|--|--------------------------------|--|
| <p>Animal Control Officers and Shelter Program. The budget eliminated the program, whose functions are to be assumed by local animal control officers, clerks, prosecutors, and law enforcement officers.</p> | <p>FTE
Gross
GF/GP</p> | <p>(1.5)
(150,000)
(150,000)</p> |
|--|--------------------------------|--|

D. PROGRAM REDUCTIONS

- | | | |
|---|---------------------------------------|---|
| <p>1. Michigan Agriculture Environmental Assurance Program (MAEAP). The budget reduced funding for the farmers' program by \$324,500 GF/GP for FY 2010-11 for a total appropriation of 3.0 FTEs and \$262,000 GF/GP. The Governor had recommended the transfer of the program—without funding—to the Michigan State University Agriculture Experiment Station.</p> | <p>FTE
Gross
GF/GP</p> | <p>(2.0)
(324,500)
(324,500)</p> |
| <p>2. Emerald Ash Borer Program. 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 2010-11 is 10.0 FTEs and \$2,138,500 Federal.</p> | <p>Gross
Federal
GF/GP</p> | <p>(1,034,200)
(1,034,200)
0</p> |
| <p>3. Pesticide and Plant Pest Management. The budget reduced GF/GP support for the commodity inspection program for FY 2010-11. The Governor had recommended a reduction of \$379,400 GF/GP.</p> | <p>Gross
GF/GP</p> | <p>(129,400)
(129,400)</p> |
| <p>4. Agricultural Preservation Fund. The budget made a reduction to the Michigan Agricultural Preservation Fund program to reflect actual revenue available for grants to property owners for the purchase of development rights.</p> | <p>Gross
Restricted
GF/GP</p> | <p>(450,000)
(450,000)
0</p> |

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

5. Animal Industry. The budget made GF/GP reduction adjustments to various programs, including the Animal Shelter Program (\$78,400), Aquaculture Licensing (\$20,000), Animal Welfare-Livestock (\$8,000), Livestock Marketing/Dealer Oversight (\$2,200), and the Bodies of Dead Animals Program (\$800).

Gross (109,400)
GF/GP (109,400)

6. Other Savings. The budget includes savings in Agriculture Development—Domestic Marketing (\$27,300) and Information Technology (\$2,700).

Gross (30,000)
IDG (200)
Restricted (300)
GF/GP (29,500)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

1. Accounting Consolidation. In accordance with Executive Order 2007-32, consolidating accounting functions between the Michigan Department of Transportation (MDOT) and the Michigan Department of Agriculture (MDA), personnel (8.0 FTEs) were sent to MDOT, while those functions are supported in FY 2010-11 via an interdepartmental grant (IDG) from the MDA to MDOT of \$878,300.

FTE (8.0)
Gross 0
GF/GP 0

2. Office of Racing Commissioner. In accordance with Executive Order 2009-45, the Office of Racing Commissioner and related information and technology costs have been shifted to the Gaming Control Board within the Department of Treasury.

FTE (10.0)
Gross (1,905,000)
Restricted (1,905,000)
GF/GP 0

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

1. Emerald Ash Borer Program. The budget made an adjustment to reflect FY 2009-10 one-time support for the program from Federal ARRA funds from the U.S. Department of Agriculture. The appropriation for FY 2010-11 is 10.0 FTEs and \$2,138,500 Federal.

Gross (1,150,000)
Federal (1,150,000)
GF/GP 0

2. Aquaculture. The budget made an adjustment to reflect FY 2009-10 one-time support for the program from Federal ARRA funds from the U.S. Department of Agriculture.

Gross (22,300)
Federal (22,300)
GF/GP 0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

H. OTHER ISSUES

- | | | |
|---|-------------------|------------------|
| <p>1. Adjustments for Revenue Received. The budget features adjustments for actual revenue received, including lower revenue expectations for the Farmland and Open Space Preservation Program (\$131,000 restricted), and Animal Health and Welfare (\$75,000 IDG). The budget also made technical adjustments to reflect the actual number of FTEs funded, including a reduction for Executive (7.5 FTEs), Food and Dairy (8.0 FTEs), Pesticide and Plant Pest Management (26.5 FTEs), Environmental Stewardship (5.0 FTEs), Laboratory Program (34.0 FTEs), and Agriculture Development (2.0 FTEs).</p> | <p>FTE</p> | <p>(83.0)</p> |
| | <p>Gross</p> | <p>(557,600)</p> |
| | <p>IDG</p> | <p>(426,600)</p> |
| | <p>Restricted</p> | <p>(131,000)</p> |
| | <p>GF/GP</p> | <p>0</p> |
| | | |
| <p>2. Horse Industry Programs. The budget includes \$3.8 million in Agriculture Equine Industry Development Fund support for Horse Industry Programs. The amount is \$402,774 more than the FY 2009-10 level, and reflects the expected level of restricted revenue received.</p> | <p>Gross</p> | <p>402,774</p> |
| | <p>Restricted</p> | <p>402,774</p> |
| | <p>GF/GP</p> | <p>0</p> |

FY 2010-11

Fairs and Racing 3.0 FTEs	\$ 394,400
Purses and Supplements-fairs/licensed tracks	764,300
Licensed Tracks - Light Horse Racing	42,600
Standardbred Breeders' Awards	312,500
Standardbred Purses and Supplements	577,000
Standardbred Sire Stakes	261,200
Thoroughbred Sire Stakes	267,600
Standardbred Training and Stabling	11,600
Thoroughbred Breeders' Awards	387,000
Thoroughbred Owners' Awards	39,900
Thoroughbred Supplements - Licensed Tracks	387,000
Distribution of Outstanding Winning Tickets	375,000
Total	\$3,820,100

- | | | |
|--|-------------------|----------------|
| <p>3. Adjustment for Additional Funds Received. The budget provided an additional \$165,000 to the Food Safety and Quality Assurance Program to reflect newly available Federal funds to be used to support the Country of Origin Inspection Program and \$100,000 to the Milk Safety and Quality Assurance Program to reflect projected revenue from existing Dairy Inspection fees.</p> | <p>Gross</p> | <p>265,000</p> |
| | <p>Federal</p> | <p>165,000</p> |
| | <p>Restricted</p> | <p>100,000</p> |
| | <p>GF/GP</p> | <p>0</p> |

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

4. Prior-Year Base Adjustment. The base was adjusted to account for prior-year actions, including supplemental appropriations and contingency fund transfers in FY 2009-10.

FTE	(10.0)
Gross	(706,080)
Federal	(1,009,000)
Restricted	120,620
GF/GP	222,300

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES

1. Dairy Inspection Fee Increase Proposal Rejection. The budget does not include a rejected item from the Governor's FY 2010-11 budget recommendations that proposed an increase in Dairy Inspection fees, totaling \$500,000, to supplant an equal amount of GF/GP funding.

Gross	0
Restricted	0
GF/GP	0

2. Migrant Labor Housing Inspection Fee Increase Proposal Rejection. The budget does not include a rejected item from the Governor's FY 2010-11 budget recommendations that proposed an increase in Migrant Labor Housing Inspection fees (from \$5 to \$30 per occupant), totaling \$537,900, to supplant an equal amount of GF/GP funding.

Gross	0
Restricted	0
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. The budget represents a decrease of \$1,182,700 from the Governor's original recommended economic adjustments, reflecting the exclusion of economic increases associated with salary and wages.

Gross	2,141,400
IDG	3,600
Federal	904,700
Private	16,900
Restricted	526,900
GF/GP	689,300

L. VETOES - NONE

**DEPARTMENT OF ATTORNEY GENERAL
P.A. 191 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	537.0	514.0	514.0	514.0	514.0	(23.0)	(4.3)
GROSS	73,671,500	73,486,000	73,318,100	73,905,100	73,413,100	(258,400)	(0.4)
Less:							
Interdepartmental Grants Received	21,141,800	21,300,300	21,261,300	21,762,300	21,300,300	158,500	0.7
ADJUSTED GROSS	52,529,700	52,185,700	52,056,800	52,142,800	52,112,800	(416,900)	(0.8)
Less:							
Federal Funds.....	8,530,400	8,565,700	8,508,800	8,656,000	8,565,700	35,300	0.4
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	43,999,300	43,620,000	43,548,000	43,486,800	43,547,100	(452,200)	(1.0)
Less:							
Other State Restricted Funds	15,421,500	14,987,700	14,967,900	15,290,800	14,987,700	(433,800)	(2.8)
GENERAL FUND/GENERAL PURPOSE ..	28,577,800	28,632,300	28,580,100	28,196,000	28,559,400	(18,400)	(0.1)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS

1. **Homeowner Construction Lien Recovery Fund.** The budget removed \$566,100 and 4.0 FTEs due to the elimination of the insolvent Homeowner Construction Lien Recovery Fund pursuant to Public Act 147 of 2010.

FTE	(4.0)
Gross	(566,100)
Restricted	(566,100)
GF/GP	0

2. **Auto Theft Prevention Grant.** The budget eliminated expenditure authority of \$420,000 and 4.0 FTEs for an expired grant from the Michigan State Police for auto theft prevention.

FTE	(4.0)
Gross	(420,000)
IDG	(420,000)
GF/GP	0

D. PROGRAM REDUCTIONS

Attorney General Operations. The Governor proposed, and the House and Senate concurred in, reductions of \$1,137,800 GF/GP and 15.0 FTEs. The enacted budget reflects an additional reduction of \$72,900 GF/GP.

FTE	(15.0)
Gross	(1,210,700)
GF/GP	(1,210,700)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

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

H. OTHER ISSUES

The budget recognized administrative savings of \$2,300 GF/GP from the consolidation of the Departments of Management and Budget and Information Technology, eliminated expenditure authority of \$300,000 Federal for a prior-year contingency fund transfer, eliminated funding for a resolved court case, and reduced information technology by \$4,500 GF/GP.

Gross	45,300
IDG	148,000
Federal	(252,600)
Restricted	(50,500)
GF/GP	200,400

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

I. UNCLASSIFIED SALARIES

Gross	(9,100)
GF/GP	(9,100)

Attorney General Salary. The salary for the Attorney General was reduced by \$9,100 consistent with the State Officers Compensation Commission action.

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS

Gross	1,902,200
IDG	430,500
Federal	287,900
Restricted	182,800
GF/GP	1,001,000

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. The Governor originally recommended economic increases of \$3,293,300. The House reduced funding through a budgetary savings negative line item of \$972,000. The Senate reduced line items with FTEs by \$1,559,000, representing an estimated 3% of wages and related FICA and retirement expenses. As enacted, the budget includes the Governor's revised recommendation to reduce funding by \$1,391,100, the amount of the rejected 3% increase for nonexclusively represented employees (NEREs).

L. VETOES

Collections under Medicaid False Claim Act. The Governor vetoed language that would have appropriated prospectively funds collected by the Attorney General under the Medicaid False Claim Act and permitted those funds to carry forward. No line item was reduced because this veto affected prospective collections.

**DEPARTMENT OF CIVIL RIGHTS
P.A. 191 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	125.0	113.0	113.0	113.0	113.0	(12.0)	(9.6)
GROSS	14,006,600	12,951,600	12,791,100	12,559,500	12,778,700	(1,227,900)	(8.8)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	14,006,600	12,951,600	12,791,100	12,559,500	12,778,700	(1,227,900)	(8.8)
Less:							
Federal Funds.....	2,375,500	1,750,000	1,750,000	1,750,000	1,750,000	(625,500)	(26.3)
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	11,631,100	11,201,600	11,041,100	10,809,500	11,028,700	(602,400)	(5.2)
Less:							
Other State Restricted Funds	0	53,000	53,000	53,000	53,000	53,000	100.0
GENERAL FUND/GENERAL PURPOSE ..	11,631,100	11,148,600	10,988,100	10,756,500	10,975,700	(655,400)	(5.6)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

FTE	(10.0)
Gross	(1,049,200)
GF/GP	(1,049,200)

Civil Rights Operations. The Governor, House, and Senate proposed a funding reduction of \$876,300 and elimination of 10.0 FTE unfunded positions. The Conference made a further reduction of \$172,900 which was included in the budget as enacted.

E. FUNDING SHIFTS

Gross	0
Restricted	53,000
GF/GP	(53,000)

Federal Indirect Revenue. The budget reflects a reclassification of Federal indirect revenue attributable to the State-wide cost allocation plan from GF/GP to State Restricted, saving \$53,000 GF/GP.

F. PROGRAM TRANSFERS

FTE	(2.0)
Gross	(88,600)
GF/GP	(88,600)

Accounting Consolidation. The budget includes the transfer of 2.0 FTEs and \$88,600 to Department of Technology, Management, and Budget due to the consolidation of accounting functions.

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

H. OTHER ISSUES

Gross	(583,600)
Federal	(625,500)
GF/GP	41,900

The budget reduced spending authority by \$307,300 Federal to reflect current estimates, removed a prior-year contingency fund appropriation of \$331,900 Federal, recognized savings of \$60,200 from the consolidation of Department of Information Technology (DIT) and Department of Management and Budget, and made adjustments for workers' compensation, DIT economics, and the end of FY 2009-10 employee concessions.

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

Gross	493,500
GF/GP	493,500

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 Governor recommended economic increases of \$624,000. The House included a budgetary savings unit to reduce spending by \$522,600. The Senate replaced the budget savings unit with a 3% reduction in salaries and wages and related costs which totaled \$291,000. The budget, as enacted, includes the Governor's revised recommendation to realize \$130,500 savings from the rejection of the nonexclusively represented employees (NERE) 3% salary increase, resulting in a net economic increase for the Department of \$493,500.

L. VETOES - NONE

**COMMUNITY COLLEGES
P.A. 165 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 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	299,100,500	289,940,500	299,100,500	295,880,500	(3,480,000)	(1.2)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	299,360,500	299,100,500	289,940,500	299,100,500	295,880,500	(3,480,000)	(1.2)
Less:							
Federal Funds.....	0	0	0	0	0	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	299,360,500	299,100,500	289,940,500	299,100,500	295,880,500	(3,480,000)	(1.2)
Less:							
Other State Restricted Funds	208,400,000	0	0	0	0	(208,400,000)	(100.0)
GENERAL FUND/GENERAL PURPOSE ..	90,960,500	299,100,500	289,940,500	299,100,500	295,880,500	204,920,000	225.3
PAYMENTS TO LOCALS	299,360,500	299,100,500	289,940,500	299,100,500	295,880,500	(3,480,000)	(1.2)

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

Renaissance Zone Tax Reimbursement Funding. The Governor, Senate, and House reduced Renaissance Zone reimbursements by \$260,000 based on estimated FY 2010-11 payments. Table 1 shows current Department of Treasury estimates for FY 2010-11 community college Renaissance Zone reimbursements. The Leadership Target Agreement eliminated Renaissance Zone reimbursements.

Gross (3,480,000)
GF/GP (3,480,000)

Table 1

FY 2010-11 Estimated Renaissance Zone Reimbursements			
College	Reimbursement	College	Reimbursement
Alpena	\$7,782	Mid-Michigan	5,981
Bay de Noc	2,187	Monroe	1,068
Delta	190,607	Montcalm	341,039
Glen Oaks	4,777	Mott	53,355
Gogebic	5,047	Muskegon	68,459
Grand Rapids	418,018	Northwestern	26,924
Jackson	134,446	Oakland	53,923
Kalamazoo Valley	125,842	St. Clair	19,524
Kellogg	260,993	Southwestern	348
Lake Michigan	178,792	Wayne County	679,624
Lansing	52,195	West Shore	57,997
Macomb	180,031		
Statewide Estimated Reimbursement			\$2,868,959

Source: Dept. of Treasury

- D. PROGRAM REDUCTIONS - NONE
- E. FUNDING SHIFTS

Public Act 158 of 2010. This FY 2009-10 supplemental appropriation shifted \$208,400,000 in funding for community college operations from the State General Fund to the State School Aid Fund. The FY 2010-11 budget restored General Fund support.

Gross 0
Restricted (208,400,000)
GF/GP 208,400,000

- 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**



FY 2010-11 Community College Appropriation Bill

College	FY 2009-10 Year-To-Date	FY 2010-11 Governor			FY 2010-11 Senate			FY 2010-11 House			FY 2010-11 Enacted		
		Adjustments	Governor's Rec.	Percent Change	Adjustments	Senate Passed	Percent Change	Adjustments	House Passed	Percent Change	Adjustments	Total Appropriation	Percent Change
Alpena	5,126,100	0	5,126,100	0.0	(160,500)	4,965,600	(3.1)	0	5,126,100	0.0%	0	5,126,100	0.0
Bay de Noc	5,178,400	0	5,178,400	0.0	(162,100)	5,016,300	(3.1)	0	5,178,400	0.0%	0	5,178,400	0.0
Delta	13,751,600	0	13,751,600	0.0	(430,600)	13,321,000	(3.1)	0	13,751,600	0.0%	0	13,751,600	0.0
Glen Oaks	2,304,800	0	2,304,800	0.0	(72,200)	2,232,600	(3.1)	0	2,304,800	0.0%	0	2,304,800	0.0
Gogebic	4,275,200	0	4,275,200	0.0	(133,900)	4,141,300	(3.1)	0	4,275,200	0.0%	0	4,275,200	0.0
Grand Rapids	17,219,800	0	17,219,800	0.0	(539,200)	16,680,600	(3.1)	0	17,219,800	0.0	0	17,219,800	0.0
Henry Ford	20,898,900	0	20,898,900	0.0	(654,300)	20,244,600	(3.1)	0	20,898,900	0.0	0	20,898,900	0.0
Jackson	11,542,300	0	11,542,300	0.0	(361,400)	11,180,900	(3.1)	0	11,542,300	0.0	0	11,542,300	0.0
Kalamazoo Valley	11,888,600	0	11,888,600	0.0	(372,200)	11,516,400	(3.1)	0	11,888,600	0.0	0	11,888,600	0.0
Kellogg	9,311,800	0	9,311,800	0.0	(291,600)	9,020,200	(3.1)	0	9,311,800	0.0	0	9,311,800	0.0
Kirtland	2,842,800	0	2,842,800	0.0	(89,000)	2,753,800	(3.1)	0	2,842,800	0.0	0	2,842,800	0.0
Lake Michigan	5,012,100	0	5,012,100	0.0	(156,900)	4,855,200	(3.1)	0	5,012,100	0.0	0	5,012,100	0.0
Lansing	29,762,500	0	29,762,500	0.0	(931,900)	28,830,600	(3.1)	0	29,762,500	0.0	0	29,762,500	0.0
Macomb	31,773,900	0	31,773,900	0.0	(994,800)	30,779,100	(3.1)	0	31,773,900	0.0	0	31,773,900	0.0
Mid Michigan	4,289,200	0	4,289,200	0.0	(134,300)	4,154,900	(3.1)	0	4,289,200	0.0	0	4,289,200	0.0
Monroe	4,142,800	0	4,142,800	0.0	(129,700)	4,013,100	(3.1)	0	4,142,800	0.0	0	4,142,800	0.0
Montcalm	2,981,600	0	2,981,600	0.0	(93,400)	2,888,200	(3.1)	0	2,981,600	0.0	0	2,981,600	0.0
Mott	15,016,400	0	15,016,400	0.0	(470,200)	14,546,200	(3.1)	0	15,016,400	0.0	0	15,016,400	0.0
Muskegon	8,518,600	0	8,518,600	0.0	(266,700)	8,251,900	(3.1)	0	8,518,600	0.0	0	8,518,600	0.0
North Central	2,893,600	0	2,893,600	0.0	(90,600)	2,803,000	(3.1)	0	2,893,600	0.0	0	2,893,600	0.0
Northwestern	8,682,000	0	8,682,000	0.0	(271,800)	8,410,200	(3.1)	0	8,682,000	0.0	0	8,682,000	0.0
Oakland	20,133,700	0	20,133,700	0.0	(630,400)	19,503,300	(3.1)	0	20,133,700	0.0	0	20,133,700	0.0
St. Clair	6,729,800	0	6,729,800	0.0	(210,700)	6,519,100	(3.1)	0	6,729,800	0.0	0	6,729,800	0.0
Schoolcraft	11,767,000	0	11,767,000	0.0	(368,400)	11,398,600	(3.1)	0	11,767,000	0.0	0	11,767,000	0.0
Southwestern	6,276,900	0	6,276,900	0.0	(196,500)	6,080,400	(3.1)	0	6,276,900	0.0	0	6,276,900	0.0
Washtenaw	12,149,000	0	12,149,000	0.0	(380,400)	11,768,600	(3.1)	0	12,149,000	0.0	0	12,149,000	0.0
Wayne County	15,889,900	0	15,889,900	0.0	(497,500)	15,392,400	(3.1)	0	15,889,900	0.0	0	15,889,900	0.0
West Shore	2,198,500	0	2,198,500	0.0	(68,800)	2,129,700	(3.1)	0	2,198,500	0.0	0	2,198,500	0.0
SUBTOTAL OPERATIONS:	\$292,557,800	\$0	\$292,557,800	0.0	(\$9,160,000)	\$283,397,800	(3.1)	\$0	\$292,557,800	0.0	\$0	\$292,557,800	0.0
At Risk	3,322,700	0	3,322,700	0.0	0	3,322,700	0.0	0	3,322,700	0.0	0	3,322,700	0.0%
Renaissance Zone	3,480,000	(260,000)	3,220,000	(7.5)	(260,000)	3,220,000	(7.5)	(260,000)	3,220,000	(7.5)	(3,480,000)	0	(100.0)
TOTAL APPROPRIATION:	\$299,360,500	(\$260,000)	\$299,100,500	(0.1)	(\$9,420,000)	\$289,940,500	(3.1)	(\$260,000)	\$299,100,500	(0.1)	(\$3,480,000)	\$295,880,500	(1.2)
State School Aid Fund	208,400,000	(208,400,000)	0	(100.0)	(208,400,000)	0	(100.0)	(208,400,000)	0	(100.0)	(208,400,000)	0	(100.0)
GF/GP	\$90,960,500	\$208,140,000	\$299,100,500	228.8	\$198,980,000	\$289,940,500	218.8	\$208,140,000	\$299,100,500	228.8	\$204,920,000	\$295,880,500	225.3

**DEPARTMENT OF COMMUNITY HEALTH
P.A. 187 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	4,374.6	4,371.8	4,354.3	4,384.1	4,392.8	18.2	0.4
GROSS	13,669,315,600	14,454,313,400	13,565,966,400	13,712,528,800	14,124,104,600	454,789,000	3.3
Less:							
Interdepartmental Grants Received	48,606,200	54,020,800	54,224,300	54,224,300	54,020,800	5,414,600	11.1
ADJUSTED GROSS	13,620,709,400	14,400,292,600	13,511,742,100	13,658,304,500	14,070,083,800	449,374,400	3.3
Less:							
Federal Funds.....	9,435,170,300	9,878,450,400	9,393,621,000	9,438,954,800	9,474,045,200	38,874,900	0.4
Local and Private	309,751,500	311,909,900	312,647,200	321,947,100	323,207,800	13,456,300	4.3
TOTAL STATE SPENDING	3,875,787,600	4,209,932,300	3,805,473,900	3,897,402,600	4,272,830,800	397,043,200	10.2
Less:							
Other State Restricted Funds	1,696,780,100	2,195,455,000	1,885,052,500	1,873,881,400	1,851,347,100	154,567,000	9.1
GENERAL FUND/GENERAL PURPOSE ..	2,179,007,500	2,014,477,300	1,920,421,400	2,023,521,200	2,421,483,700	242,476,200	11.1
PAYMENTS TO LOCALS	1,216,283,600	1,214,931,400	1,164,353,600	1,230,192,600	1,259,130,700	42,847,100	3.5

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS

1. Substance Abuse in Detroit. The budget includes \$1.0 million for a substance abuse clinic in Detroit.	Gross GF/GP	1,000,000 1,000,000
2. Helen M. Nickless Clinic Funding. The budget includes funding for this program in Bay City. The funding had been vetoed by the Governor in the FY 2009-10 budget.	Gross GF/GP	75,000 75,000
3. Traumatic Brain Injury Pilot Projects. The budget includes funding for two traumatic brain injury pilot projects. The funding had been vetoed by the Governor in the FY 2009-10 budget.	Gross Federal GF/GP	200,000 100,000 100,000
4. Stillbirth Awareness Program. The budget includes funding for efforts to reduce the incidence of stillbirths.	Gross GF/GP	50,000 50,000
5. Reinstatement of Second Disproportionate Share Hospital (DSH) Pool. The budget reinstated the so-called "second" DSH pool, which is targeted to hospitals and hospital systems that did not receive significant funding from the main \$45.0 million DSH pool. Funding for this pool was vetoed in FY 2009-10.	Gross Federal Restricted GF/GP	7,500,000 4,739,200 2,760,800 0
6. Reinstatement of Medicaid Adult Dental Services. Coverage for Medicaid adult dental services was restored effective October 1, 2010. Coverage for Medicaid adult dental services had been eliminated on July 1, 2009, by Executive Order 2009-22.	Gross Federal GF/GP	19,558,000 13,933,100 5,624,900
7. Reinstatement of Limited Medicaid Adult Optical Coverage. The budget includes funding for a limited restoration of Medicaid adult optical services to cover optical devices and treatment services when conventional treatments do not provide functional vision correction. Coverage for Medicaid adult optical services had been eliminated on July 1, 2009, by Executive Order 2009-22.	Gross Federal GF/GP	2,000,000 1,424,800 575,200
8. Reinstatement of Medicaid Adult Podiatric Services. Coverage for Medicaid adult podiatric services was restored effective October 1, 2010. Coverage for Medicaid adult podiatric services had been eliminated on July 1, 2009, by Executive Order 2009-22.	Gross Federal GF/GP	1,229,000 875,500 353,500

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

9. Transportation Pilot Project. The budget includes staff and funding for a Medicaid transportation pilot project. The pilot will provide nonemergency transportation services in metropolitan Detroit through a transportation broker.	FTE 2.0 Gross 2,688,000 Federal 3,010,800 GF/GP (322,800)
10. Creation of New Outpatient DSH Pool. The budget includes funding for a new one-time outpatient DSH pool.	Gross 27,000,000 Federal 17,061,300 Restricted 9,938,700 GF/GP 0
 B. PROGRAM INCREASES	
1. 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 1.5% increase over the final FY 2009-10 funding.	Gross 170,862,100 Federal 122,062,500 Local (59,500) Restricted (40,369,600) GF/GP 89,228,700
2. Family Support Subsidy Caseload. The budget increased funding for the Family Support Subsidy program to reflect a growing caseload. The Family Support Subsidy program provides funding to families with developmentally disabled children who are living at home.	Gross 871,300 Federal 871,300 GF/GP 0
3. 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 2010-11 increase is 1.4% for Medicaid PIHPs, which provide mental health services, and 0.4% for Medicaid HMOs.	Gross 34,980,300 Federal 17,662,200 GF/GP 17,318,100
4. Expansion of Hospital Rate Adjustment (HRA) Payments. The budget reflects an expansion of HRA funding, which flows through PIHPs to hospitals.	Gross 15,957,400 Federal 11,368,100 Restricted 6,409,800 GF/GP (1,820,500)
5. Adult Benefits Waiver (ABW) Substance Abuse Funding. The budget reflects funding for an expansion of substance abuse services for ABW clients.	Gross 5,094,000 Federal 3,629,000 Restricted 1,266,900 GF/GP 198,100

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

6. Additional Health Professions Licensing Staff. The budget recognized staffing costs for implementation of new health profession licenses for physical therapist assistants.	FTE Gross Restricted GF/GP	5.0 415,200 415,200 0
7. Health Policy Surveyor and Medical Marijuana Staff. The budget includes additional FTEs, funded with Federal and Restricted dollars, to increase surveyor services and reduce the backlog in processing applications for the medical marijuana program.	FTE Gross Federal Restricted GF/GP	11.0 1,748,700 1,298,700 450,000 0
8. Increased AIDS Pharmaceutical Rebate Revenue. The budget recognized increased pharmaceutical rebate revenue from AIDS drugs.	Gross Private GF/GP	1,834,100 1,834,100 0
9. Lead Enforcement Fee Revenue. The budget reflects additional lead enforcement fee revenue.	Gross Restricted GF/GP	212,400 212,400 0
10. Increase in Women, Infants, and Children (WIC) Food and Nutrition Program Funding. The budget adjusted Federal and Private funding for the WIC program to reflect anticipated revenue and staffing needs.	FTE Gross Federal Private GF/GP	2.0 21,318,800 15,958,900 5,359,900 0
11. Restoration of Children's Special Health Care Services (CSHCS) Title V Transportation Services. The budget restored funding for nonemergency transportation services for CSHCS Title V clients. The funding had been cut in FY 2009-10.	Gross GF/GP	1,151,700 1,151,700
12. Increase in Project FRESH Funding. The budget reflects increased revenue for the Project FRESH senior nutrition program.	Gross Private GF/GP	73,000 73,000 0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

13. Medical Services Administration (MSA) Revenue. The budget reflects Local match funding used to support administrative costs in the School-Based Services program and private dollars used to support efforts to reduce health disparities.	Gross Local Private GF/GP	202,000 102,000 100,000 0
14. Prompt Pay Staff. The budget added staff to help the Department comply with Federal prompt pay requirements. Failure to comply could put hundreds of millions in Federal Medicaid dollars at risk.	FTE Gross Federal GF/GP	13.0 891,000 568,200 322,800
15. MICHild Dental Rate Increase. The budget includes funding to cover the cost of an increase in the reimbursement rate for dental services provided to MICHild clients. This adjustment was required under the Federal legislation that reauthorized the funding used to support MICHild.	Gross Federal GF/GP	1,648,000 1,253,300 394,700
16. Nursing Home Quality Assurance Assessment Program (QAAP) Adjustments. The budget reflects the final anticipated revenue and expenditures for the nursing home QAAP.	Gross Federal Restricted GF/GP	58,652,600 42,892,600 15,760,000 0
 C. PROGRAM ELIMINATIONS		
1. Child Day Care Expulsion Program. Due to the expiration of a Federal grant, the budget removed funding for the child day care expulsion program, a program that helped keep children with behavior issues enrolled in day care.	Gross Federal GF/GP	(1,000,000) (1,000,000) 0
2. Closure of the Mount Pleasant Facility for the Developmentally Disabled. The budget reflects the final adjustments related to the October 2009 closure of the Mount Pleasant Center and the elimination of the associated Closed Site line.	Gross Federal Local Restricted GF/GP	(4,515,100) (2,041,300) (272,500) (151,200) (2,050,100)
3. Elimination of Certain State Laboratory Testing Services. The budget reflects savings from eliminating testing of parasitology specimens for immigrants and refugees and fungal inspections submitted by hospitals.	FTE Gross GF/GP	(7.0) (711,800) (711,800)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

<p>4. Termination of American Legacy Foundation Grant. The budget reflects the termination of the American Legacy Foundation grant, which had been used to support antismoking efforts.</p>	<p>Gross (85,000) Private (85,000) GF/GP 0</p>
<p>5. Elimination of Genetic Counseling for Children's Special Health Care Services (CSHCS) Title V Clients. The budget eliminated coverage for genetic counseling for Title V CSHCS clients.</p>	<p>Gross (40,000) GF/GP (40,000)</p>
<p>6. Elimination of Crime Victims Services Interdepartmental Grants. The budget eliminated interdepartmental grants from the Crime Victims Services Commission to the Department of State Police and the Department of Human Services.</p>	<p>Gross (2,353,300) Restricted (2,353,300) GF/GP 0</p>
<p>7. Elimination of Transitional Medical Assistance (TMA) Plus Program. The budget reflects the termination of the TMA Plus program, which served about 950 people for whom regular TMA benefits had expired. Boilerplate language was added to allow a 100% buy-in for former recipients.</p>	<p>Gross (3,735,200) GF/GP (3,735,200)</p>

D. PROGRAM REDUCTIONS

<p>1. Healthy Michigan Fund Reduction. The budget eliminated the "Talk Early, Talk Often" program in the Pregnancy Prevention line, which was funded with Healthy Michigan Fund revenue.</p>	<p>Gross (39,900) Restricted (39,900) GF/GP 0</p>
<p>2. Departmentwide Administrative Reductions. The budget reflects savings from not filling vacancies and eliminating some positions, particularly 3.3 FTE positions in the Epidemiology unit.</p>	<p>FTE (10.1) Gross (1,471,500) GF/GP (1,471,500)</p>
<p>3. Freeze on Habitation Supports (HAB C) Waiver Enrollment. The budget reflects savings from a freeze on enrollment in the HAB C waiver. The program serves almost 8,000 individuals, targeting high-need developmentally disabled individuals and allowing them to live in community settings. The freeze will reduce enrollment by 300 cases.</p>	<p>Gross (8,634,600) Federal (6,151,300) GF/GP (2,483,300)</p>

		FY 2010-11 Change From FY 2009-10 Year-to-Date	
4. Reduction to Community Mental Health (CMH) Non-Medicaid Funding.	The budget assumed \$3,797,900 in Gross and GF/GP savings from administrative efficiency measures applied to the CMH non-Medicaid line. The budget also cut services funding by \$1,637,500 in Gross and GF/GP. Boilerplate language directs that this services funding reduction be implemented under the provisions of the funding formula implemented during FY 2009-10.	Gross	(5,435,400)
		GF/GP	(5,435,400)
5. Reductions to Community Substance Abuse.	The budget reflects a 20% reduction in GF/GP administrative funding in the Community Substance Abuse line and a 10% reduction in GF/GP programming funding.	Gross	(1,636,100)
		GF/GP	(1,636,100)
6. Reduction to Earmarked Funding to Multicultural Groups.	Due to a supplemental passed late in FY 2009-10, funding for the newly named "Mental Health Services for Special Populations" line was decreased in FY 2010-11. The funding for the Chaldean Chamber increased by \$50,000 over the original FY 2009-10 appropriation, but saw a net decrease once the \$400,000 FY 2009-10 supplemental was enacted.	Gross	(350,000)
		GF/GP	(350,000)
7. Reduction in Kellogg Foundation Grant.	The budget reflects a reduction in the Kellogg Foundation Grant from \$1.7 million to \$300,000. The grant, used to support the Office of State Surgeon General, will expire March 31, 2011.	Gross	(1,400,000)
		Private	(1,400,000)
		GF/GP	0
8. Reduction in Available Health Professions and Newborn Screening Revenue.	The budget reduced the Michigan Essential Health Provider and Health Systems line items as well as various line items with newborn screening funding to reflect decreases in available revenue.	Gross	(3,552,400)
		Federal	(174,200)
		Local	(127,700)
		Restricted	(3,100,000)
		GF/GP	(150,500)
9. Closure of the Houghton Laboratory.	The budget reflects closure of the Houghton laboratory, but \$250,000 was retained to provide lab services for Upper Peninsula residents.	FTE	(6.0)
		Gross	(350,000)
		GF/GP	(350,000)
10. Reduction to Local Public Health Operations.	Funding for Local Public Health departments was reduced. The line was renamed "Essential Local Public Health Services".	Gross	(1,000,000)
		GF/GP	(1,000,000)

	FY 2010-11 Change From FY 2009-10 Year-to-Date
11. Reductions to Aging Programs. The budget reduced Senior Respite Services (\$400,000), Aging Community Services (\$1,073,200), Aging Nutrition Services (\$763,200), and Senior Volunteer Services (\$387,900).	Gross (2,624,300) Restricted (400,000) GF/GP (2,224,300)
12. Savings Due to New Medicaid Recovery and Revenue Maximization Staff. The budget added FTEs and assumed savings from greater Medicaid revenue recovery and maximization efforts.	FTE 15.0 Gross (27,255,600) Federal (19,737,300) GF/GP (7,518,300)
13. Savings Due to Medicaid Inspector General Staff. The budget added FTEs and assumed savings from the establishment of an Office of Medicaid Inspector General.	FTE 5.0 Gross 574,600 Federal 287,300 Restricted 3,400,300 GF/GP (3,113,000)
14. Shift of Foster Children to Managed Care. The budget assumed savings from a November 1, 2010, shift of Medicaid-eligible foster children from fee-for-service Medicaid into managed care.	Gross (3,080,800) Federal (2,194,700) GF/GP (886,100)
15. Medicaid Savings from Expansion of Front-End Eligibility. The budget reflects savings from a Department of Human Services (DHS) policy change on eligibility for programs for which DHS determines eligibility, including Medicaid.	Gross (6,545,200) Federal (4,662,800) GF/GP (1,882,400)
16. Savings from Reduced Use of Nursing Homes. The budget assumed savings from the continued ongoing transfer of individuals from nursing homes into community settings.	Gross (29,565,000) Federal (21,062,100) GF/GP (8,502,900)
17. Transfer of Mental Health Drug Funding to Fee-for-Service. The budget reflects a Federal requirement that mental health pharmaceutical spending be paid from one line item, in this case the Pharmaceutical Services line, in order for the State to collect rebates from pharmaceutical manufacturers.	Gross (5,297,900) Federal (3,774,200) GF/GP (1,523,700)
18. Savings from Changes in Medicaid HMO Case Mix. The budget assumed savings from a shift in Medicaid cases from the more expensive disabled categories to the less expensive Temporary Assistance to Needy Families category.	Gross (48,510,600) Federal (34,559,000) GF/GP (13,951,600)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

- 19. Savings from Consolidation of the Department of Information Technology (DIT) with the Department of Management and Budget (DMB).** The budget assumed savings from the consolidation of DIT with the DMB.

Gross	(131,500)
Federal	(92,100)
Restricted	(9,200)
GF/GP	(30,200)

E. FUNDING SHIFTS

- 1. Increase in Base Medicaid Match Rate.** The budget reflects the increase in the base Medicaid match rate from 63.19% in FY 2009-10 to 65.79% in FY 2010-11. This adjustment does not reflect the match rate increase tied to the American Recovery and Reinvestment Act (ARRA). The adjustment does include the significant impact of the match rate changes on special payments made through the various provider taxes.

Gross	0
Federal	415,811,900
Local	(6,849,600)
Restricted	(176,587,400)
GF/GP	(232,374,900)

- 2. Increase in Title XXI Match Rate.** The Federal Title XXI match rate, used to support the MICHild and Adult Benefits Waiver programs, increased from 74.23% in FY 2009-10 to 76.05% in FY 2010-11.

Gross	0
Federal	1,005,500
GF/GP	(1,005,500)

- 3. Healthy Michigan Fund Shortfall.** A reduction in available Healthy Michigan Fund revenue was reflected.

Gross	0
Restricted	(1,462,100)
GF/GP	1,462,100

- 4. Substance Abuse Fine Revenue.** The removal of a one-time increase in substance abuse fine revenue was reflected.

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

- 5. Vital Records Fee Revenue Adjustment.** The budget adjusted funding to reflect available vital records fee revenue.

Gross	0
Federal	1,127,000
Restricted	(1,127,000)
GF/GP	0

- 6. Crime Victims Services Fund Source Adjustment.** The budget made a fund source adjustment in the Crime Victims Services unit to reflect anticipated Federal and Restricted funding.

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

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

7. Medicaid Benefits Trust Fund Adjustment. The budget adjusted for the actual available amount of Medicaid Benefits Trust Fund revenue.	Gross 0 Restricted (42,200,000) GF/GP 42,200,000
8. Merit Award Trust Fund Adjustment. The budget adjusted for the available Merit Award Trust Fund tobacco settlement revenue.	Gross 0 Tobacco (38,255,600) GF/GP 38,255,600
9. One-Time General Motors Pension Match Rate Fix. The budget reflects a retroactive adjustment to the Medicaid match rate affected by a one-time payment by General Motors to its pension fund. These payments, which did not affect individual personal income, were, under Federal law, counted as part of State personal income. As State personal income growth determines changes in the Medicaid match rate, for three years Michigan's match rate was lower than it would have been otherwise, greatly increasing State GF/GP costs. This retroactive adjustment provided the State a one-time benefit in FY 2010-11.	Gross 0 Restricted 160,000,000 GF/GP (160,000,000)
 F. PROGRAM TRANSFERS	
Transfer of Former Office of Drug Control Policy Funding. Executive Order 2009-42 transferred the remaining staff and Federal funding from the former Office of Drug Control Policy to the Departments of Education and State Police.	FTE (10.0) Gross (11,747,000) Federal (11,747,000) GF/GP 0
 G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING	
1. ARRA Increase in Federal Medicaid Match Rate. Due to Federal legislation adopted in the summer of 2010, the final average Medicaid match rate for FY 2010-11 was 71.24%, down from 73.27% in FY 2009-10. This resulted in a significant increase in GF/GP costs and had an impact on the various provider tax programs as well.	Gross 553,100 Federal (637,610,200) Local 3,137,800 Private 377,100 Restricted 196,379,400 GF/GP 438,269,000
2. Adjustments to ARRA Grants. The budget reflects a small net increase in ARRA grants.	Gross 2,669,300 Federal 2,669,300 GF/GP 0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

H. OTHER ISSUES

1. Changes in Federal Authorization. The budget reflects adjustments to Federal grants, including several increases and new grants as well as decreases related to the expiration of grants.	Gross (9,817,700) Federal (9,717,700) GF/GP (100,000)
2. Reversal of One-Time FY 2009-10 Adjustments. The budget removed several FY 2009-10 items, which were made subsequent to the release of the Governor's FY 2010-11 budget. These included contingency fund transfers and FY 2009-10 savings from employee concessions. The largest of these FY 2009-10 items was \$33.7 million in one-time Federal bioterrorism money. Reversal of these adjustments resulted in a net decrease in Gross funding.	Gross (63,971,200) IDG 339,800 Federal (54,998,400) Local 1,104,700 Private (2,515,600) Restricted (9,718,600) GF/GP 1,816,900
3. Medicare Part D Revenue. The U.S. Department of Health and Human Services made a ruling related to ARRA that reduced State costs for the Federal Medicare Pharmaceutical Program, retroactive to October 1, 2008. Of these savings, \$94,300,000 was recognized in FY 2009-10 and the remaining savings of \$28,826,600 are recognized in FY 2010-11, resulting in a net increase in costs for FY 2010-11.	Gross 65,473,400 GF/GP 65,473,400
4. Technical Adjustments to State Facility Lines. The budget reflects a number of technical adjustments to staffing and funding at State facilities for the mentally ill and developmentally disabled and forensic mental health services, reflecting actual expenditures and revenue.	Gross 4,760,800 IDG 2,735,000 Federal (1,778,400) Local 254,800 Restricted 3,213,500 GF/GP 335,900
5. Special Projects FTE Adjustment. The budget reflects an adjustment to the FTE count in the Special Projects line that did not affect the number of staff on-board.	FTE (1.7) Gross 0 GF/GP
6. Intradepartmental Transfers, Line Item Changes and Consolidations, and Other Adjustments. The budget reflects the transfer of the regulatory appeals staff to the Health Policy unit, the transfer of community residential services leases to CMH, the consolidation of the Chronic Disease and Health Education lines, and the renaming of the Multicultural Services, Health Policy, Regulations, and Professions, and Local Public Health lines.	FTE 0.0 Gross 0 GF/GP 0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

7. Medicaid Special Financing and Disproportionate Share Hospital (DSH) Adjustments.
The budget made a number of adjustments to so-called Medicaid "special financing" mechanisms and DSH funding. Most significant of these are a \$94.3 million increase in Physician Adjustor payments and a \$105.7 million Gross increase in Special Network Access Fee payments. In both cases, money flows to physicians at public clinics. Due to an increase in Federal claims in the school-based services program, there was a net GF/GP cost decrease.

Gross	234,064,700
Federal	177,716,000
Local	6,629,400
Private	(463,200)
Restricted	70,964,400
GF/GP	(20,781,900)

8. Conversion of Adult Benefits Waiver Program to Title XIX Funding. Due to Federal approval of a request by the State, the Adult Benefits Waiver program was converted from a waiver program to a Medicaid program, with changes in financing. Due to changes in the match rate, there was a slight GF/GP cost increase.

Gross	(12,288,300)
Federal	(13,506,200)
GF/GP	1,217,900

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	26,625,900
IDG	2,339,800
Federal	4,855,300
Local	6,257,400
Private	(800)
Restricted	1,619,500
GF/GP	11,554,700

L. VETOES

- 1. Nurse Family Partnership Program.** The Governor vetoed \$100 in placeholder funding for this program.
- 2. Early Childhood Collaborative Secondary Prevention Program.** The Governor vetoed \$100 in placeholder funding for this program.
- 3. Prescription Drug Website.** The Governor vetoed boilerplate language Section 285, which allocated \$75,000 Gross, \$37,500 GF/GP, and 1.0 FTE to support a prescription drug information website.

**DEPARTMENT OF CORRECTIONS
P.A. 188 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	16,005.1	14,605.3	15,937.5	15,966.0	15,877.5	(127.6)	(0.8)
GROSS	1,999,606,600	1,966,742,000	1,999,870,000	2,082,884,800	2,007,433,600	7,827,000	0.4
Less:							
Interdepartmental Grants Received	891,900	915,400	915,400	915,400	915,400	23,500	2.6
ADJUSTED GROSS	1,998,714,700	1,965,826,600	1,998,954,600	2,081,969,400	2,006,518,200	7,803,500	0.4
Less:							
Federal Funds.....	10,205,500	7,868,500	7,868,500	7,868,500	7,868,500	(2,337,000)	(22.9)
Local and Private	432,700	443,100	443,100	443,100	443,100	10,400	2.4
TOTAL STATE SPENDING	1,988,076,500	1,957,515,000	1,990,643,000	2,073,657,800	1,998,206,600	10,130,100	0.5
Less:							
Other State Restricted Funds	68,365,400	82,066,300	82,066,300	80,451,900	80,327,100	11,961,700	17.5
GENERAL FUND/GENERAL PURPOSE ..	1,919,711,100	1,875,448,700	1,908,576,700	1,993,205,900	1,917,879,500	(1,831,600)	(0.1)
PAYMENTS TO LOCALS	88,287,000	92,562,700	97,562,700	92,562,700	92,562,700	4,275,700	4.8

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|--|------------------------|--------------------------------|
| <p>1. IDG to Judiciary. The budget includes a new interdepartmental grant (IDG) to the Judiciary to support the operations of specialized drug treatment courts.</p> | <p>Gross
GF/GP</p> | <p>1,000,000
1,000,000</p> |
| <p>2. IDG to Corrections Ombudsman. The budget includes a new interdepartmental grant to support the oversight activities of the Legislative Corrections Ombudsman.</p> | <p>Gross
GF/GP</p> | <p>250,000
250,000</p> |

B. PROGRAM INCREASES

- | | | |
|--|---------------------------------------|--|
| <p>1. Community Corrections Grants. The budget increased the community corrections comprehensive plans and services line by \$1.2 million. This funding will be spent through grants to local agencies that coordinate community-based programming for parolees and probationers.</p> | <p>Gross
GF/GP</p> | <p>1,200,000
1,200,000</p> |
| <p>2. County Jail Reimbursement Program. The budget increased funding to the County Jail Reimbursement Program by \$6.9 million. These funds are used to reimburse county jails for housing certain individuals who would otherwise be housed in State correctional facilities. The restricted funding for this program was adjusted to reflect an expected shortfall in civil infraction fees.</p> | <p>Gross
Restricted
GF/GP</p> | <p>6,852,100
(1,614,400)
8,466,500</p> |
| <p>3. New Custody Staff Training. The budget appropriated additional funds to allow the Michigan Department of Corrections (MDOC) to train approximately 200 new corrections officers. Retirements are expected to create the need for these additional staff.</p> | <p>Gross
GF/GP</p> | <p>3,373,300
3,373,300</p> |
| <p>4. Fiscal Management FTE Adjustment. The budget recognized the addition of 1.0 FTE in the Department's Bureau of Fiscal Management that was previously funded through the Department of Information Technology.</p> | <p>FTE
Gross
GF/GP</p> | <p>1.0
0
0</p> |
| <p>5. MPRI Recycling Programs. The budget includes an additional \$500,000 in funding for the Michigan Prisoner ReEntry Initiative (MPRI) program that was earmarked for Michigan-chartered nonprofit recycling programs that employ former prisoners.</p> | <p>Gross
GF/GP</p> | <p>500,000
500,000</p> |
| <p>6. MPRI Contract Management. The budget includes authorization for two additional contract compliance specialists for the MPRI program. These positions will be funded through existing appropriations.</p> | <p>FTE
Gross
GF/GP</p> | <p>2.0
0
0</p> |

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

7. Residential Substance Abuse Treatment. The budget appropriated an additional \$5.0 million for residential substance abuse services.	Gross GF/GP	5,000,000 5,000,000
8. Parole/Probation Agents. The budget appropriated funding sufficient to allow the Department to add 41 parole/probation officers to reduce the impact of high-risk offender caseloads on the current workforce.	FTE Gross GF/GP	41.0 3,305,400 3,305,400
9. Supply Chain Contracts. The budget includes an additional \$2.8 million to allow the Department to extend and expand upon its various supply chain transformation partnerships with private firms. Since 2009, the MDOC has contracted with outside consultants to identify efficiencies in prisoner food service, prisoner transportation, and other areas.	Gross GF/GP	2,800,000 2,800,000
10. Child and Adolescent Psychiatrist. The budget appropriated an additional \$100,000 to allow the Department to enter into a service contract with a psychiatrist who specializes in providing mental health care services to youthful offenders.	Gross GF/GP	100,000 100,000
11. Outpatient Mental Health Teams. The budget includes funding necessary for full-year operation of outpatient mental health teams established during FY 2009-10.	Gross GF/GP	4,487,200 4,487,200
12. Residential Mental Health Program. The budget includes funding necessary for full-year operation of residential mental health programming established during FY 2009-10.	Gross GF/GP	913,900 913,900
13. Muskegon Correctional Facility. The budget includes full-year funding for the operation of the Muskegon Correctional Facility. The Facility is funded via a contract with the State of Pennsylvania and does not require any Michigan revenue for operation.	Gross Restricted GF/GP	11,211,600 11,211,600 0
14. Parnall Correctional Facility. The budget funds staffing costs related to the double-bunking of the A and B housing units at Parnall Correctional Facility.	FTE Gross GF/GP	8.4 500,000 500,000

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Central Office Reductions. The budget anticipated reductions in the Department's central staff due to attrition and vacancies.	FTE Gross GF/GP	(12.0) (1,000,000) (1,000,000)
--	-----------------------	--------------------------------------

		FY 2010-11 Change From FY 2009-10 Year-to-Date	
2. MPRI Contract Savings.	The budget reduced funding to the Michigan Prisoner ReEntry Initiative by \$1.5 million. With the statewide implementation of MPRI complete, several capacity building and data development contracts will not be extended into FY 2010-11.	Gross GF/GP	(1,500,000) (1,500,000)
3. Administrative Law Examiners.	The budget anticipated reductions in the number of administrative law examiners in the State Office of Administrative Hearings and Rules (SOAHR) that are funded via the Department of Corrections.	FTE Gross GF/GP	(10.0) (1,054,100) (1,054,100)
4. GPS Reforms.	The budget anticipated changes to the Department's procedures and protocols related to electronic monitoring. The MDOC contended that changes to existing practices will lessen the demand for parole/probation agents and generate related efficiencies.	FTE Gross GF/GP	(20.0) (2,805,500) (2,805,500)
5. Prison Food Service Efficiencies.	The budget anticipated \$7.6 million in savings in prison food service operations due to the Department's ongoing supply chain transformation strategies.	Gross GF/GP	(7,590,900) (7,590,900)
6. Prisoner Transportation Efficiencies.	The budget anticipated \$4.0 million in savings in prisoner transportation services due to the Department's ongoing supply chain transformation strategies.	Gross GF/GP	(4,000,000) (4,000,000)
7. Consolidation of Mental Health Services.	The budget anticipated the consolidation of mental health services administered by the MDOC. The Department intends to eliminate duplicitous functions and overlapping services provided by both the MDOC and the Michigan Department of Community Health. Additionally, savings are expected to emerge from a transition to a single prescription drug formulary. This reduction was \$10.0 million relative to the FY 2010-11 Executive recommendation, which included increases for the mental health lines in anticipation of rising health care costs.	Gross GF/GP	(4,622,100) (4,622,100)
8. Prisoner Health Care Services.	The budget anticipated a renegotiation of health care contracts between the MDOC and Prison Health Services, Inc. (PHS). The Department expects to achieve a more favorable rate schedule and a further reduction in use of health care services. The enacted budget reduced the appropriation to the prisoner health care services line by \$11.0 million, relative to the FY 2010-11 Executive recommendation.	Gross GF/GP	(21,185,900) (21,185,900)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

9. Prisoner Education Programs. The budget adjusted funding for prisoner education programs to reflect historical lapses in the line. Additionally, the budget anticipated savings that are expected to accrue through improved partnerships between the MDOC and other State agencies in this area. The enacted budget reduced appropriations to this line by \$4.0 million and 62.5 FTEs, relative to the FY 2010-11 Executive recommendation. The Executive recommendation did not account for this historic lapse in the Education Programs line.	FTE Gross GF/GP	(61.5) (534,300) (534,300)
10. Southwestern Region Consolidation. The budget reflects a transition in the organizational structure of the Department's regional prison administration. The MDOC will now operate two administrative regional offices, rather than three. This consolidation resulted in both reduced appropriations and FTE reductions.	FTE Gross GF/GP	(54.0) (5,300,600) (5,300,600)
11. Jackson Steam Contract. The budget reflects the cancellation of the contract between the MDOC and Jackson County for the purchase of energy generated by the Jackson County trash incinerator.	Gross GF/GP	(1,500,000) (1,500,000)
12. Closure of Mound and Ryan Guard Towers. The budget reflects savings that are expected to accrue due to the closure of the guard towers at the Mound and Ryan correctional facilities in Detroit.	FTE Gross GF/GP	(22.5) (1,798,300) (1,798,300)
13. IT Conversion. The budget reflects savings that are expected to result from a transition from Novell software to M-1. The Department indicated that savings will be generated as a result of not purchasing annual Novell licenses.	Gross GF/GP	(600,000) (600,000)
14. Facility Reductions. The appropriation for each facility was reduced by 3.8% relative to the revised Executive recommendation.	Gross GF/GP	(42,125,400) (42,125,400)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

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

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

H. OTHER ISSUES

Reversal of FY 2009-10 Adjustments. Several one-time funding adjustments to the FY 2009-10 budget are not reflected in the FY 2010-11 budget. These include several contingency fund transfers and two supplemental appropriations approved during FY 2009-10: Public Act 142 of 2010 and Public Act 158 of 2010. Reversal of these adjustments resulted in a net reduction in Gross funding.

Gross	(17,565,000)
Federal	(2,456,400)
Restricted	1,219,100
GF/GP	(16,327,700)

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	79,515,600
IDG	23,500
Federal	119,400
Local	10,400
Restricted	1,145,400
GF/GP	78,216,900

L. VETOES

- 1. IDG to Auditor General.** The Governor vetoed \$500,000 that the Legislature had earmarked in the form of an interdepartmental grant to the Office of the Auditor General.
- 2. Learning Management Pilots.** The Governor vetoed \$50,000 that the Legislature included for the establishment of two secure learning management pilots. One pilot was to be located in a State corrections facility, with the other to be located in a county jail.

**DEPARTMENT OF EDUCATION
P.A. 164 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	557.5	552.5	537.0	558.5	562.5	5.0	0.9
GROSS	112,926,200	131,062,000	112,922,700	132,886,200	126,959,900	14,033,700	12.4
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	112,926,200	131,062,000	112,922,700	132,886,200	126,959,900	14,033,700	12.4
Less:							
Federal Funds.....	75,993,900	93,936,700	76,004,800	93,936,700	87,772,100	11,778,200	15.5
Local and Private	10,068,100	10,344,500	10,211,000	10,344,500	10,323,900	255,800	2.5
TOTAL STATE SPENDING	26,864,200	26,780,800	26,706,900	28,605,000	28,863,900	1,999,700	7.4
Less:							
Other State Restricted Funds	7,009,000	6,992,900	6,911,200	6,992,900	6,949,800	(59,200)	(0.8)
GENERAL FUND/GENERAL PURPOSE ..	19,855,200	19,787,900	19,795,700	21,612,100	21,914,100	2,058,900	10.4
PAYMENTS TO LOCALS	6,000,000	5,850,000	6,000,000	7,000,000	5,750,000	(250,000)	(4.2)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|--|----------------|------------------|
| <p>1. Race to the Top Reforms. In December 2009, Michigan enacted several changes to education statutes, partly in pursuit of achieving a Federal Race to the Top (RTTT) grant. The statutory changes resulted in increased costs pertaining to new data requirements, staffing requirements for the reforms, and other costs. Michigan did not receive an RTTT grant, and therefore these costs were funded with new State and existing Federal money.</p> | <p>FTE</p> | <p>24.0</p> |
| | <p>Gross</p> | <p>8,766,400</p> |
| | <p>Federal</p> | <p>5,063,700</p> |
| | <p>GF/GP</p> | <p>3,702,700</p> |
| | | |
| <p>2. Administration of Education Jobs Fund Grant. The budget includes roughly \$1.9 million to administer the Federal Education Jobs Fund grant.</p> | <p>Gross</p> | <p>1,862,700</p> |
| | <p>Federal</p> | <p>1,862,700</p> |
| | <p>GF/GP</p> | <p>0</p> |

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS

- | | | |
|---|--------------|------------------|
| <p>Book Distribution Centers. Funding for Book Distribution Centers was eliminated. This program paid for the costs of distributing excess supplies of books primarily to senior citizens' centers and homes and early childhood area providers.</p> | <p>Gross</p> | <p>(200,000)</p> |
| | <p>GF/GP</p> | <p>(200,000)</p> |

D. PROGRAM REDUCTIONS

- | | | |
|--|--------------|------------------|
| <p>1. Library of Michigan. Reductions totaling nearly \$800,000 GF/GP were included for the Library of Michigan. Specifically, the Library no longer will provide interlibrary loan services, act as the regional Federal depository, or make its materials available on MelCat. MelCat at local libraries will continue.</p> | <p>FTE</p> | <p>(27.0)</p> |
| | <p>Gross</p> | <p>(770,200)</p> |
| | <p>GF/GP</p> | <p>(770,200)</p> |
| | | |
| <p>2. State Aid to Public Libraries. State Aid to Public Libraries was reduced 4.17% or \$250,000 from previously-enacted funding. However, an additional payment of \$1.5 million was made to libraries under a School Aid supplemental budget bill (Public Act 204 of 2010). Therefore, total funding between the two budget areas for this program was increased from \$6.0 million in fiscal year 2009-10 to \$7.25 million in fiscal year 2010-11.</p> | <p>Gross</p> | <p>(250,000)</p> |
| | <p>GF/GP</p> | <p>(250,000)</p> |

E. FUNDING SHIFTS - NONE

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

F. PROGRAM TRANSFERS

- | | | |
|--|----------------|------------------|
| <p>1. College Access Challenge Grant Program. The budget includes \$4.3 million in Federal funds for the College Access Challenge Grant program, previously funded in the Department of Treasury budget. The purpose of this program is to train families, counselors, teachers, and community leaders in applying for college funds for low-income students.</p> | <p>FTE</p> | <p>6.0</p> |
| | <p>Gross</p> | <p>4,268,600</p> |
| | <p>Federal</p> | <p>4,268,600</p> |
| | <p>GF/GP</p> | <p>0</p> |
| | | |
| <p>2. Office of Drug Control Policy. The budget includes nearly \$500,000 in Federal funds for the Office of Drug Control Policy, previously funded in the Department of Community Health budget.</p> | <p>FTE</p> | <p>4.0</p> |
| | <p>Gross</p> | <p>483,100</p> |
| | <p>Federal</p> | <p>483,100</p> |
| | <p>GF/GP</p> | <p>0</p> |
| | | |
| <p>3. Population Statistics and Census Reporting. The budget transferred out \$224,000 in State GF/GP for the Population Statistics and Census Reporting program to the Department of Technology, Management, and Budget (DTMB).</p> | <p>Gross</p> | <p>(224,000)</p> |
| | <p>GF/GP</p> | <p>(224,000)</p> |

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

H. OTHER ISSUES

Negative adjustments were made in the budget to remove excess Federal spending authorization (\$1.5 million) and excess State restricted funding authorization (\$0.2 million). The budget also eliminated funding to reduce a backlog in teacher tenure appeals since the backlog was gone (\$21,500 GF), reduced the Superintendent's office by \$105,500 GF, and reduced DTMB costs by \$69,700 Gross, \$17,800 GF/GP. Other GF reductions were spread throughout the budget.

FTE	(2.0)
Gross	(1,870,500)
Federal	(1,247,900)
Private	37,100
Restricted	(170,100)
GF/GP	(489,600)

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. However, economic adjustments for nonexclusively represented employees (NEREs) were not included.

Gross	1,967,600
Federal	1,348,000
Local	190,700
Private	28,000
Restricted	110,900
GF/GP	290,000

L. VETOES - NONE

**DEPARTMENT OF ENERGY, LABOR, AND ECONOMIC GROWTH
P.A. 186 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	4,685.5	4,347.5	4,346.5	4,642.5	4,359.5	(326.0)	(7.0)
GROSS	1,540,801,400	1,265,512,000	1,260,288,700	1,495,462,300	1,277,823,200	(262,978,200)	(17.1)
Less:							
Interdepartmental Grants Received	29,294,800	13,246,300	13,210,600	13,503,500	13,246,300	(16,048,500)	(54.8)
ADJUSTED GROSS	1,511,506,600	1,252,265,700	1,247,078,100	1,481,958,800	1,264,576,900	(246,929,700)	(16.3)
Less:							
Federal Funds.....	1,028,509,300	838,292,500	834,569,300	1,008,535,800	845,017,500	(183,491,800)	(17.8)
Local and Private	21,235,300	22,105,400	22,061,200	22,105,400	22,105,400	870,100	4.1
TOTAL STATE SPENDING	461,762,000	391,867,800	390,447,600	451,317,600	397,454,000	(64,308,000)	(13.9)
Less:							
Other State Restricted Funds	407,171,600	346,588,400	342,839,700	407,372,400	349,846,100	(57,325,500)	(14.1)
GENERAL FUND/GENERAL PURPOSE ..	54,590,400	45,279,400	47,607,900	43,945,200	47,607,900	(6,982,500)	(12.8)
PAYMENTS TO LOCALS	43,575,600	40,050,100	40,050,100	39,840,100	39,850,100	(3,725,500)	(8.5)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS

Capital Outlay. The budget includes private funding to make updates to the Commission for the Blind Training Center in Kalamazoo.

Gross	770,000
Private	770,000
GF/GP	0

B. PROGRAM INCREASES

1. Michigan Nursing Corps. The Governor included \$5.0 million in Federal Workforce Investment Act (WIA) dollars for this program. The House eliminated the program, and the Senate included \$1.0 million in WIA funds. The budget includes \$500,000 WIA funds and eliminated GF/GP funding for this program.

Gross	200,000
Federal	500,000
GF/GP	(300,000)

2. Liquor Control Commission - Enforcement. The budget includes an additional \$1.0 million and 6.0 FTEs for increased bootlegging enforcement activities as part of the liquor reforms in the FY 2010-11 target agreement.

FTE	6.0
Gross	1,000,000
Restricted	1,000,000
GF/GP	0

3. Low Income Energy Efficiency Fund. The budget includes an additional \$5.0 million for the participation of Michigan Consolidate Gas in this program.

Gross	5,000,000
Restricted	5,000,000
GF/GP	0

4. Federal Grant Projects. The budget includes \$5.0 million for Federal grants to the Bureau of Energy Systems, as well as 6.0 FTEs and \$2.0 million to the Office of Financial and Insurance Regulation for anticipated grants related to Federal health care reform.

FTE	6.0
Gross	7,000,000
Federal	7,000,000
GF/GP	0

5. Michigan Rehabilitation Services. The budget includes an additional \$250,000 GF/GP for this program.

Gross	250,000
GF/GP	250,000

6. Regulatory Compliance and Consumer Assistance. The budget includes an additional 5.0 FTEs for insurance rate reviews, increasing the number of FTEs in the Regulatory Compliance and Consumer Assistance line to 104.0.

FTE	5.0
Gross	0
GF/GP	0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

7. Securities Regulation. The budget includes additional funding and FTEs to perform routine examinations of broker-dealers and investment advisors every two to three years, pursuant to Federal guidelines.	FTE Gross Restricted GF/GP	10.0 646,500 646,500 0
8. Security Investors Education and Training Fund. The budget includes this new Fund which receives revenue from fines and penalties on the regulated industry. This money will be used for education and training for regulated occupations.	Gross Restricted GF/GP	1,000,000 1,000,000 0
9. Public Service Commission. The budget includes \$440,000 for additional responsibilities that have fallen on the Department due to new telecommunications regulations contained in Public Act 182 of 2009.	Gross Restricted GF/GP	440,000 440,000 0
10. Workforce Training Program Subgrantees - Trade Adjustment Assistance (TAA). The budget includes an additional \$57.0 million in Federal funds for TAA. These funds will be distributed to local Michigan Works! agencies.	Gross Federal GF/GP	57,000,000 57,000,000 0

C. PROGRAM ELIMINATIONS

1. Jobs, Education, and Training (JET). The budget eliminated all JET funding for the Michigan Rehabilitation Services portion of the JET program. Referrals to this program from the Department of Human Services had already ceased.	FTE Gross IDG GF/GP	(57.0) (15,553,900) (15,553,900) 0
2. Regulatory Efficiency Improvements/Backlog. The budget eliminated this item. This item was new for FY 2009-10, and allowed the Department to hire contract workers to work through regulatory backlogs. It was originally intended as a one-time appropriation.	Gross Restricted GF/GP	(475,600) (475,600) 0
3. Homeowner Construction Lien Fund. The budget eliminated this Fund as it became insolvent during FY 2009-10. The Fund was originally used to provide partial payment to member subcontractors, suppliers, and laborers in cases where a general contractor was paid by a homeowner, but failed to properly compensate other subcontractors and workers. The Fund also supported litigation to recover from the general contractors, if possible. Fees and assessments on contractor licenses funded this program.	Gross Restricted GF/GP	(1,846,500) (1,846,500) 0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

D. PROGRAM REDUCTIONS

<p>1. Workers' Compensation Agency. The House reduced this program by \$1.2 million. The Senate reduced it by \$200,000. The enacted budget contains a GF/GP cut of \$321,500. Gross appropriations to this program for FY 2010-11 are \$9,417,400</p>	<p>Gross (321,500) GF/GP (321,500)</p>
<p>2. Welfare-to-Work. The Governor and Senate reduced this program by \$10.2 million. The House and enacted budget reduced it by \$10.4 million, freeing up Federal TANF dollars for use in the Department of Human Services budget. Gross appropriations of \$96,923,800 were made for FY 2010-11 for this program.</p>	<p>Gross (10,409,800) Federal (7,600,000) GF/GP (2,809,800)</p>
<p>3. Insurance Advocate. The Senate eliminated this position. The budget provided funding for six months of the Insurance Advocate's salary, approximately \$62,200 for this position.</p>	<p>Gross (62,300) Restricted (62,300) GF/GP 0</p>
<p>4. Workforce Training Programs Subgrantees. In all versions of this budget, this reduction was directly proportional to the amount of WIA funding shifted to the Michigan Nursing Corps.</p>	<p>Gross (500,000) Federal (500,000) GF/GP 0</p>
<p>5. No Worker Left Behind. The budget eliminated GF/GP funding for this program. Funding for this program has primarily been Federal WIA dollars, which, not including one-time ARRA funds, have averaged about \$120.0 million annually.</p>	<p>Gross (4,500,000) GF/GP (4,500,000)</p>

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

<p>1. Michigan State Housing Development Authority (MSHDA). Pursuant to Executive Order 2010-2, the budget transferred MSHDA to the Department of Treasury.</p>	<p>FTE (289.0) Gross (211,552,100) Federal (165,050,000) Restricted (46,502,100) GF/GP 0</p>
<p>2. Land Bank Fast Track Authority. Pursuant to Executive Order 2010-2, the budget transferred this Authority to the Department of Treasury.</p>	<p>FTE (6.0) Gross (1,991,900) Restricted (1,991,900) GF/GP 0</p>

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

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

Gross	(7,325,400)
Federal	(7,325,400)
GF/GP	0

H. OTHER ISSUES

1. Unemployment Insurance Administration. The budget includes an additional \$13.4 million in new Federal funds that have become available for unemployment administration. Appropriations from the Contingent Fund, Penalty and Interest Account for administration were reduced in an effort to save this money for interest payments that will be due to the Federal government on loans used to pay for unemployment insurance benefits.

Gross	342,300
Federal	13,400,000
Restricted	(13,057,700)
GF/GP	0

2. Technical Adjustments. Technical adjustments include: adjustments for one-time supplemental appropriations, adjustments to fund sources, and changes to appropriations following expected changes in revenue.

FTE	(1.0)
Gross	(102,734,200)
IDG	(909,000)
Federal	(91,871,900)
Restricted	(10,147,000)
GF/GP	193,700

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	21,001,200
IDG	414,400
Federal	11,230,500
Local	99,400
Private	700
Restricted	8,751,100
GF/GP	505,100

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

L. VETOES

<p>1. Workforce Training Program Subgrantees - Earmarks. The Governor vetoed earmarks for an after-school partnership program and a job training and preparation program.</p>	<p>Gross (175,000) Federal (175,000) GF/GP 0</p>
<p>2. Employment Services. The budget included a permissive allocation of \$100,000 for a customized career center computer application for the Talent Bank in Sec. 719. The Governor vetoed this section.</p>	<p>Gross (100,000) Federal (100,000) GF/GP 0</p>
<p>3. Aggregate Industry Training. The budget included an \$80,000 earmark from Safety, Education, and Training funds for the aggregate industry in Sec. 342. The Governor vetoed this section. A similar section was vetoed last year for \$40,000, making the net change this year (\$40,000).</p>	<p>Gross (80,000) Restricted (80,000) GF/GP 0</p>

**EXECUTIVE
P.A. 191 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	74.2	74.2	74.2	74.2	74.2	0.0	0.0
GROSS	4,784,700	4,630,800	4,630,800	4,498,300	4,630,800	(153,900)	(3.2)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	4,784,700	4,630,800	4,630,800	4,498,300	4,630,800	(153,900)	(3.2)
Less:							
Federal Funds.....	0	0	0	0	0	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	4,784,700	4,630,800	4,630,800	4,498,300	4,630,800	(153,900)	(3.2)
Less:							
Other State Restricted Funds	0	0	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE ..	4,784,700	4,630,800	4,630,800	4,498,300	4,630,800	(153,900)	(3.2)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

<p>1. State Officers Compensation Commission Adjustment (SOCC). The salaries and expense allowances for the Governor and Lt. Governor were reduced 10% based on March 2009 SOCC determinations.</p>	<p>Gross (18,600) GF/GP (18,600)</p>
<p>2. Non-SOCC Reduction. An additional reduction was made to the Executive Office line item to save additional GF/GP dollars. The combination of the SOCC and non-SOCC reductions equates to a 4% overall reduction.</p>	<p>Gross (174,300) GF/GP (174,300)</p>

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

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

H. OTHER ISSUES	Gross 39,000
	GF/GP 39,000

Year-To-Date Adjustment. A positive adjustment was made to account for FY 2009-10 negative supplemental adjustments in Public Act 142 of 2010 related to employee concessions.

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS - NONE

L. VETOES - NONE

**HIGHER EDUCATION
P.A. 203 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1.0	1.0	1.0	1.0	1.0	0.0	0.0
GROSS	1,612,243,300	1,578,278,500	1,569,438,500	1,625,634,800	1,578,278,500	(33,964,800)	(2.1)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,612,243,300	1,578,278,500	1,569,438,500	1,625,634,800	1,578,278,500	(33,964,800)	(2.1)
Less:							
Federal Funds.....	151,711,200	4,500,000	11,800,000	4,500,000	4,500,000	(147,211,200)	(97.0)
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	1,460,532,100	1,573,778,500	1,557,638,500	1,621,134,800	1,573,778,500	113,246,400	7.8
Less:							
Other State Restricted Funds	300,100	30,400,000	30,400,000	30,400,000	30,400,000	30,099,900	10,030.0
GENERAL FUND/GENERAL PURPOSE ..	1,460,232,000	1,543,378,500	1,527,238,500	1,590,734,800	1,543,378,500	83,146,500	5.7
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|--|---------------------------|---------------------------------------|
| <p>1. State Competitive Scholarships. Public Act 208 of 1964 created the State Competitive Scholarship Program, which provides grants to students who score well on the American College Test (ACT) and have financial need. The appropriation for the program was increased by 12.8%, from \$17.6 million to \$19.9 million, which includes \$3.6 million in new GF/GP funding: \$2.3 million in new program funding and the replacement of \$1.4 million in Federal revenue with State GF/GP dollars.</p> | Gross
Federal
GF/GP | 2,253,200
(1,400,000)
3,653,200 |
| <p>2. Tuition Incentive Program. Under current law, the Tuition Incentive Program (TIP) promises to pay two years of associate's degree tuition (Phase I) and up to \$2,000 at a four-year institution (Phase II), for Medicaid-eligible middle school and high school students who graduate from high school. The Governor's budget proposed to eliminate Phase II of TIP and to cap reimbursement rates at the community college tuition rate level. The House and Senate did not accept the Governor's proposal, and retained existing TIP policies. Due to a continued increase in the number of TIP students attending college, \$6.2 million was added for FY 2010-11, resulting in a total TIP funding level of \$37.4 million: \$30.1 million financed from the Merit Award Trust Fund and \$7.3 million from State GF/GP revenue.</p> | Gross
GF/GP | 6,200,000
6,200,000 |
| <p>3. Children of Veterans Tuition Grant Program. Public Act 248 of 2005 established a new Children of Veterans Tuition Grant Program to replace a program that had been created by Public Act 245 of 1935, which was repealed. The primary fund source for the "new" program was expected to be revenue from a Michigan income tax check-off originally estimated to generate about \$1.0 million annually, beginning in FY 2006-07. The check-off has produced revenue of less than \$300,000 annually, resulting in the need for a State GF/GP supplement for the program for the past several years. The FY 2009-10 budget included a \$1.0 million appropriation for the program, financed with \$300,000 from the income tax check-off and \$700,000 from State GF/GP. Due to estimated caseload and cost increases, \$151,500 GF/GP was added for FY 2010-11, resulting in a total appropriation of \$1,151,500. This total appropriation consists of \$851,500 State GF/GP funding and \$300,000 from the income tax check-off.</p> | Gross
GF/GP | 151,500
151,500 |

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

C. PROGRAM ELIMINATIONS

Michigan Merit Awards. Public Act 94 of 1999 created the Michigan Merit Award Program, which provided 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 class of 2000 was the first eligible graduating class and the class of 2006 was the last. For FY 2009-10, only a \$100 placeholder appropriation was included in the budget to allow a legislative transfer of funds, if costs for students from prior years were identified. The phase out of the program is now complete and the placeholder appropriation was eliminated for FY 2010-11.

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

D. PROGRAM REDUCTIONS

1. University Operations. Each university's operations line-item was reduced by 2.8% from its FY 2009-10 level, and all of the American Recovery and Reinvestment Act (ARRA) funds were replaced by State GF/GP dollars (item E). Table 1, column 4, lists the FY 2010-11 appropriation for each university.

Gross	(40,837,700)
GF/GP	(40,837,700)

2. Agricultural Experiment Station and Cooperative Extension Service. 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. Consistent with the reduction for university operations, the funding for both the AES and CES was reduced by 2.8%, which results in FY 2010-11 appropriation amounts of \$33,243,100 and \$28,672,600, respectively.

Gross	(1,780,200)
GF/GP	(1,780,200)

E. FUNDING SHIFTS

1. American Recovery and Reinvestment Act (ARRA) Funds. The FY 2009-10 appropriations for the 15 public universities, as well as the AES and CES, included \$68,238,000 in Federal ARRA funds. This one-time Federal revenue was removed for FY 2010-11 and replaced with State GF/GP dollars.

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

2. Temporary Assistance for Needy Families (TANF) Funds. During FY 2009-10, \$78.9 million of Federal (\$1.3 million), State Restricted (\$30.1 million), and GF/GP (\$47.5 million) funding in the Higher Education budget was replaced with Federal TANF revenue. The State Restricted and GF/GP dollars were used in the Department of Human Services budget to help the State achieve necessary maintenance of effort and matching requirements in order to receive additional Federal TANF funds. The FY 2010-11 appropriation reversed this fund shift.

Gross	0
Federal	(77,573,200)
Restricted	30,100,000
GF/GP	47,473,200

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

Gross	48,500
GF/GP	48,500

F. PROGRAM TRANSFERS

Police Officer's and Fire Fighter's Survivor Tuition Grant Program. Public Act 195 of 1996 established this program, which requires public universities and community colleges to waive tuition for children and spouses of Michigan police officers or fire fighters who have been killed in the line of duty. This program had been funded in the Department of State Police budget but was transferred to the Higher Education budget for FY 2010-11.

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

H. OTHER ISSUES

1. **Boilerplate Issues.** During the budget process, there was extensive discussion regarding various sections of boilerplate language. Among the language sections retained were intent for universities to increase student financial aid by at least the same percentage as any increase for resident undergraduate tuition (Sec. 436), and intent to achieve per-student floor funding of \$3,775 (Sec. 450). Among the language sections that were not included were intent for universities to report on human embryonic stem cell research (Sec. 484), and intent for universities to report on efforts to accommodate the religious beliefs of students enrolled in counseling programs (Sec. 486).

2. **Tuition Grants.** Public Act 313 of 1966 created the Tuition Grant Program, which provides grants to students with financial need enrolled at Michigan independent colleges and universities. The Governor originally proposed to eliminate these need-based grants but they were retained in the enacted FY 2010-11 budget.

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS - NONE

L. VETOES - NONE

Table 1: FY 2010-11 HIGHER EDUCATION INITIAL APPROPRIATIONS - PUBLIC ACT 203 OF 2010

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	FY 2009-10 Year-To-Date Appropriation	Replace ARRA With GF; Reduce Univs by 2.8%	Adjust Fed Funds; Increase SCS,TIP, Children of Vets, Survivor's Tuition	FY 2010-11 Initial Appropriation	Dollar Change From 2009-10	Percent Change From 2009-10	2010-11 Approp Per Student*
Universities							
Central	\$82,436,000	(\$2,304,000)		\$80,132,000	(\$2,304,000)	-2.8%	\$3,722
Eastern	78,212,100	(2,185,900)		76,026,200	(2,185,900)	-2.8%	4,323
Ferris	50,017,100	(1,397,900)		48,619,200	(1,397,900)	-2.8%	4,168
Grand Valley	63,758,300	(1,781,900)		61,976,400	(1,781,900)	-2.8%	2,867
Lake Superior	13,059,200	(365,000)		12,694,200	(365,000)	-2.8%	5,316
Michigan State	291,841,700	(8,156,500)		283,685,200	(8,156,500)	-2.8%	6,424
Michigan Tech	49,302,100	(1,377,900)		47,924,200	(1,377,900)	-2.8%	7,278
Northern	46,438,200	(1,297,900)		45,140,300	(1,297,900)	-2.8%	5,363
Oakland	52,220,800	(1,459,500)		50,761,300	(1,459,500)	-2.8%	3,368
Saginaw Valley	28,517,700	(797,000)		27,720,700	(797,000)	-2.8%	3,366
UM-Ann Arbor	325,347,400	(9,092,900)		316,254,500	(9,092,900)	-2.8%	7,654
UM-Dearborn	25,437,100	(710,900)		24,726,200	(710,900)	-2.8%	3,924
UM-Flint	21,498,900	(600,900)		20,898,000	(600,900)	-2.8%	3,542
Wayne State	220,329,200	(6,157,800)		214,171,400	(6,157,800)	-2.8%	8,850
Western	112,766,800	(3,151,700)		109,615,100	(3,151,700)	-2.8%	4,927
Ag Experiment Station (AES)	34,198,900	(955,800)		33,243,100	(955,800)	-2.8%	
Cooperative Extension (CES)	29,497,000	(824,400)		28,672,600	(824,400)	-2.8%	
Higher Education Database	105,000			105,000	0	0.0%	
Midwest Higher Ed Compact	95,000			95,000	0	0.0%	
King-Chavez-Parks	2,691,500			2,691,500	0	0.0%	
Total Universities	\$1,527,770,000	(\$42,617,900)	\$0	\$1,485,152,100	(\$42,617,900)	-2.8%	\$5,522
Federal Stimulus	\$68,238,000	(\$68,238,000)	\$0	\$0	(\$68,238,000)	-100.0%	
State GF/GP	\$1,459,532,000	\$25,620,100	\$0	\$1,485,152,100	\$25,620,100	1.8%	
Grants and Financial Aid							
Competitive Scholarships	\$17,608,500		\$2,253,200	\$19,861,700	\$2,253,200	12.8%	
Tuition Grants	31,664,700			31,664,700	0	0.0%	
Byrd Scholarship Program	1,500,000			1,500,000	0	0.0%	
Michigan Merit Award Program	100		(100)	0	(100)	-100.0%	
Tuition Incentive Program(TIP)	31,200,000		6,200,000	37,400,000	6,200,000	19.9%	
Children of Vets/Survivors Tuition	1,000,000		200,000	1,200,000	200,000	20.0%	
Project Gear-Up	1,500,000			1,500,000	0	0.0%	
Total Grants/Financial Aid	\$84,473,300	\$0	\$8,653,100	\$93,126,400	\$8,653,100	10.2%	
Federal	5,900,000	0	(1,400,000)	4,500,000	(1,400,000)	-23.7%	
Merit Award Trust Fund	30,100,100	0	(100)	30,100,000	(100)	-0.0%	
Veterans Tax Checkoff	300,000	0	0	300,000	0	0.0%	
State GF/GP	\$48,173,200	\$0	\$10,053,200	\$58,226,400	\$10,053,200	20.9%	
TOTAL HIGHER ED	\$1,612,243,300	(\$42,617,900)	\$8,653,100	\$1,578,278,500	(\$33,964,800)	-2.1%	
TOTAL FEDERAL	74,138,000	(68,238,000)	(1,400,000)	4,500,000	(69,638,000)	-93.9%	
TOTAL STATE RESTRICTED	30,400,100	0	(100)	30,400,000	(100)	-0.0%	
TOTAL STATE GF/GP	\$1,507,705,200	\$25,620,100	\$10,053,200	\$1,543,378,500	\$35,673,300	2.4%	

* FY 2008-09 Fiscal-Year-Equated Students (FYES)

**DEPARTMENT OF HUMAN SERVICES
P.A. 190 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	10,911.5	11,956.5	10,976.5	11,990.5	11,869.5	958.0	8.8
GROSS	6,298,114,500	7,052,588,200	6,953,980,600	7,012,516,000	6,948,915,700	650,801,200	10.3
Less:							
Interdepartmental Grants Received	2,426,600	1,130,300	1,130,300	1,130,300	1,230,300	(1,196,300)	(49.3)
ADJUSTED GROSS	6,295,687,900	7,051,457,900	6,952,850,300	7,011,385,700	6,947,685,400	651,997,500	10.4
Less:							
Federal Funds.....	5,257,811,600	5,944,423,400	5,933,688,500	5,968,282,100	5,914,824,600	657,013,000	12.5
Local and Private	49,836,600	44,743,300	44,656,100	50,355,700	48,409,200	(1,427,400)	(2.9)
TOTAL STATE SPENDING	988,039,700	1,062,291,200	974,505,700	992,747,900	984,451,600	(3,588,100)	(0.4)
Less:							
Other State Restricted Funds	91,115,400	65,778,800	58,049,600	58,219,700	60,433,500	(30,681,900)	(33.7)
GENERAL FUND/GENERAL PURPOSE ..	896,924,300	996,512,400	916,456,100	934,528,200	924,018,100	27,093,800	3.0
PAYMENTS TO LOCALS	98,688,000	111,792,500	110,571,500	108,211,900	102,301,900	3,613,900	3.7

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS

1. Emergency Federal Temporary Assistance to Needy Families (TANF) Funding

- | | | |
|--|------------------------------------|--|
| <p>a. Jobs, Education and Training (JET)-Plus Program. The budget provided \$8.5 million for the JET-Plus Program for support services, basic education, specialized training programs, and subsidized employment opportunities with the goal of moving public assistance recipients to self-sufficiency.</p> | <p>Gross
Federal
GF/GP</p> | <p>8,500,000
8,500,000
0</p> |
| <p>b. Redirected Funding from JET-Plus. The budget provided \$16.5 million to offset General Fund/General Purpose (GF/GP) support, \$5.0 million to fund the In-Home Care Incentive Program (requiring the Department of Human Services (DHS) to fund 75% of costs related to in-home care for TANF-eligible children in the foster care and juvenile justice systems), \$3.0 million to fund the Before- and After-School Program grants, and \$25,000 to fund the Michigan After School Partnership (MASP). The Governor vetoed the In-Home Care Incentive Program (\$5.0 million) and the MASP (\$25,000).</p> | <p>Gross
Federal
GF/GP</p> | <p>(2,000,000)
19,475,000
(21,475,000)</p> |

- | | | |
|--|--|--|
| <p>2. Child Advocacy Centers. The budget recognized restricted funding from a fund established in Public Act 544 of 2008 to create child advocacy centers throughout the State. The Domestic Violence and Treatment Board administers funding to victims of child sexual abuse.</p> | <p>FTEs
Gross
Restricted
GF/GP</p> | <p>0.5
1,000,000
1,000,000
0</p> |
|--|--|--|

B. PROGRAM INCREASES

1. Child Welfare Improvements

- | | | |
|---|---|---|
| <p>a. Staffing Increases. The budget added 684 full-time equated (FTE) staff positions in order to reach a ratio of 15:1 for child welfare cases to direct care staff by the beginning of FY 2011-12, as required in the Children's Rights settlement agreement. The budget annualized the costs of 189 staff proposed in FY 2009-10 through a supplemental appropriation request. Funding supports 160 child welfare staff for FY 2010-11 and 335 additional staff for the last quarter of FY 2010-11, as the budget assumed that the new staff will not have been hired and on board the entire fiscal year.</p> | <p>FTEs
Gross
Federal
GF/GP</p> | <p>684.0
47,838,600
10,727,600
37,111,000</p> |
|---|---|---|

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

<p>b. Private Agencies. This adjustment increased funding for private agencies to administer foster care and adoption casework in order to reach a 15:1 direct care staff ratio. For adoption services, all cases were transferred to private supervision with the DHS. Within foster care, the adjustment provided for a 15% increase in cases handled by private agencies during the last quarter of FY 2010-11.</p>	<p>Gross 7,668,500 Federal 1,787,300 GF/GP 5,881,200</p>
<p>c. Other Services. The budget increased information technology (IT) costs by \$10.5 million to upgrade the child welfare information systems; extended foster care, adoption and guardian benefits to the age of 20 for \$7.2 million; increased strong families/safe children by \$5.9 million with one-time Federal funds; and increased GF/GP support by \$300,000 to fund Children's Rights legal expenses. Adjustments also assumed savings of \$4.0 million by removing Needs Assessment funding and \$3.6 million by the use of residential placements to reflect savings from the mental health in-home waiver.</p>	<p>Gross 16,242,100 Federal 12,935,200 Local (142,900) GF/GP 3,449,800</p>
<p>2. Redirected Emergency TANF Funding: Other Budget Items. The budget provided \$4.1 million in Emergency TANF Contingency Fund (ETCF) revenue for additional rent costs and facility maintenance needs, eliminating the need for GF/GP funding for these purposes. These savings of \$2.8 million in GF/GP funding were used for increased printing and postage costs related to the Bridges eligibility system and higher public assistance caseload levels.</p>	<p>Gross 10,106,700 Federal 9,335,800 GF/GP 770,900</p>
<p>3. Limited-Term Field Staff. The budget provided funding for an additional 100 limited-term field staff positions - 50 to be hired in the last three quarters of FY 2010-11 and 50 in the second half of the fiscal year. Additional GF/GP funding was needed to maintain the 200 eligibility specialists hired in FY 2009-10 with one-time ARRA funding.</p>	<p>FTEs 100.00 Gross 4,874,100 Federal (792,000) GF/GP 5,666,100</p>
<p>4. Public Assistance Caseloads. The budget increased funding for public assistance. The largest increase was \$630.0 million in Federal funding for the Food Assistance Program (FAP) for an average caseload of 1,029,000. The Family Independence Program (FIP) increased by \$46.9 million to fund an average caseload of 82,000, State Disability Assistance (SDA) increased by \$813,000 to fund an average of 10,750 cases, and Supplemental Security Income (SSI) decreased by \$1.8 million to fund 245,640 cases. Child Development and Care decreased by \$42.7 million to fund 28,710 cases.</p>	<p>Gross 633,284,100 Federal 600,357,500 GF/GP 32,926,600</p>

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

<p>5. FAP Benefit Increase. The budget increased FAP benefits for groups not eligible to claim the standard utility allowance by adding \$1 in Federal Low Income Home Energy Assistance (LIHEAP) funds to their electronic benefit transfer cards. On average, this group of FAP cases received a monthly benefit increase of \$88.</p>	<p>Gross 266,331,900 Federal 266,331,900 GF/GP 0</p>
<p>6. Electronic Benefit Transfer (EBT). The budget increased contractual payments to administer EBT payments for cash and food assistance. The FAP transaction activity increased, resulting in higher costs related to administering EBT payments. The increase used one-time food assistance administration ARRA funds to offset GF/GP costs.</p>	<p>Gross 6,575,500 Federal 6,425,900 GF/GP 149,600</p>
<p>7. Federal Funding Increases. The budget increased Federal weatherization funds by \$9.0 million, increased the Community Services Block Grant by \$1.15 million, and added 2.0 FTEs for administration of those two programs (\$191,300). It also increased refugee services by \$6.5 million, and added Federal funding for 1.0 FTE within the Office of Inspector General (\$95,700).</p>	<p>FTEs 3.0 Gross 16,932,800 Federal 16,932,800 GF/GP 0</p>
<p>8. Rape Prevention and Services. The budget recognized \$1.0 million in restricted funding from Public Act 546 of 2008 used to support victims of sexual assault and also removed interdepartmental grants (IDGs) from the Department of Community Health (DCH) in the Crime Victim's Rights Fund. The budget added \$1.0 million GF/GP to the FIP line item to free up TANF funds redirected to rape and prevention services.</p>	<p>FTEs 0.5 Gross 725,000 IDG (1,200,000) Restricted 1,000,000 GF/GP 925,000</p>
<p>9. Disability Determination, SSI Advocacy, and SSI Recoveries. The budget increased Federal funding by \$21.8 million to support 175 new FTEs for disability determinations and address the backlog. These FTEs were projected to generate \$2.0 million in GF/GP savings from SDA caseload reductions, and \$2.5 million in GF/GP savings from additional SSI recoveries in the SDA line item. The budget also reduced the private contract for SSI legal advocacy with the Legal Services Association of Michigan from \$1,275,000 to \$300,000.</p>	<p>FTEs 175.0 Gross 18,629,600 Federal 21,813,300 Restricted 2,450,000 GF/GP (5,633,700)</p>
<p>10. Child Care Fund. The budget increased GF/GP spending by \$1.2 million from a policy change allowing Wayne County to retain all, rather than 50%, of Title IV-E earnings related to its eligible costs.</p>	<p>Gross 1,164,100 GF/GP 1,164,100</p>

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

11. Information Technology. The budget increased IT funding to extend the contracted "Bridges" support system (\$9.0 million) and to integrate the Law Enforcement Information Network (LEIN) into Bridges (\$300,000). Costs were offset by Child Support IT contract savings (\$1.0 million), offsetting GF/GP dollars with child support fee revenue carry-forward (\$1.0 million), administrative savings (\$263,800), and the Department of Technology, Management and Budget (DTMB) consolidation savings (\$136,800).	Gross 7,899,400 Federal 4,589,800 Restricted 1,000,000 GF/GP 2,309,600
12. Other Program Increases. The budget increased funding for Mi Bridges (\$5.0 million), to create a customer service resource center (\$850,000), medical/psychiatric evaluations (\$531,900), Conductive Learning Center (\$300,000), and YouthVille Detroit (\$100,000).	Gross 6,831,900 Federal 56,200 Private 5,000,000 GF/GP 1,775,700

C. PROGRAM ELIMINATIONS

Michigan State University (MSU) Kinship Care Earmarks. Appropriations eliminated a \$200,000 earmark for the MSU Kinship Care Resource Center. (See item D.7. for associated program reductions and financial summary.)

D. PROGRAM REDUCTIONS

1. Enrolled Child Development and Care. The budget reduced Federal funding in this line item by \$12.1 million based on the assumption that not all current enrolled providers will complete a basic training requirement, and those who do not will be disenrolled. Federal funding offset GF/GP support in the FIP line item.	Gross (12,088,300) GF/GP (12,088,300)
2. Inspector General-Front End Eligibility. The budget funded the hiring of 36 additional inspector general staff on January 1, 2011, to expand the Front End Eligibility (FEE) program statewide (\$2.9 million). This program was projected to create \$16.4 million in cost avoidance over both the DHS and DCH budgets by not approving applications of people found to be ineligible through FEE. Program savings in the DHS included FIP, Child Development and Care, and FAP.	FTEs 36.0 Gross (7,753,400) Federal (3,788,600) GF/GP (3,964,800)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

<p>3. Child Welfare Caseloads. The budget reduced overall appropriations for the child welfare program caseloads by \$23.4 million. Foster care payments decreased by \$21.3 million to fund an average caseload of 7,312. Adoption subsidy payments decreased by \$5.7 million to fund an average caseload of 28,105. The child care fund increased by \$3.6 million (or 1.7%) to reflect the projected caseload.</p>	<p>Gross (23,435,400) Federal (42,575,900) Local 4,705,500 Private (850,000) GF/GP 15,285,000</p>
<p>4. Employment and Training. The appropriation assumed GF/GP savings of \$11.4 million due to a TANF cut from the Department of Energy, Labor, and Economic Growth (DELEG) Welfare-to-Work line item. The budget also reduced GF/GP spending by \$3.5 million by not funding Michigan Rehabilitation Services out of the employment and training support services line item.</p>	<p>Gross (3,504,900) Federal 11,400,000 GF/GP (14,904,900)</p>
<p>5. Food Stamp Reinvestment. Appropriations reduced GF/GP spending by \$2.5 million and FTEs by 31.8 from the food stamp reinvestment line. Funding was not needed in FY 2010-11 due to DHS compliance with Federal FAP error rate thresholds. The budget also transferred \$150,000 GF/GP and 2.8 FTEs from the food stamp reinvestment line to local office field staff.</p>	<p>FTEs (29.0) Gross (2,200,000) Federal 150,000 GF/GP (2,350,000)</p>
<p>6. Juvenile Justice Facility Adjustments. The budget annualized savings from the January 2010 closures of Nokomis Challenge Center (\$1.2 million) and the community juvenile justice centers (\$687,000). It also reduced funding for the Maxey Training School by \$2.0 million and 24 FTEs. Due to a decline in the number of youths at the facilities, the level of local school aid was also reduced (\$771,900). General Fund/General Purpose funding was used to meet other facility operation needs.</p>	<p>FTEs (24.0) Gross (3,933,200) Federal (222,000) Local (2,678,100) GF/GP (1,033,100)</p>
<p>7. Other Program Reductions. The appropriation reduced State Disbursement Unit contract savings (\$2.9 million), guardianship assistance through reduced caseload projection (\$1.6 million), projected child care training and oversight lapse (\$500,000), and volunteer services (\$258,800). (See item C.1. for associated program eliminations.)</p>	<p>Gross (5,503,000) Federal (2,401,500) GF/GP (3,101,500)</p>

E. FUNDING SHIFTS

<p>1. Public Per Diem Fund Shift. The budget replaced \$6.1 million in local funding with GF/GP support, as the Governor deemed the proposal for \$40 public per diem for DHS child welfare administrative costs to be unenforceable and reversed the fund shift. (See boilerplate Sections 546 and 547.)</p>	<p>Gross 0 Local (6,112,400) GF/GP 6,112,400</p>
--	--

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

2. Emergency TANF Funding

<p>a. Family Independence Program. The budget assumed \$280.4 million in one-time TANF revenue in FY 2010-11 from a prior-year carry-forward and from the projected receipt of \$232.6 million in Emergency TANF Contingency Fund revenue from the Federal government through ARRA. This revenue enhanced programs and offset GF/GP funding in FY 2010-11. The ETCF revenue provided \$196.3 million for FIP, replacing regular TANF carry-forward and eliminating the need for GF/GP funding to maintain the program. This cost avoidance resulted in \$189.8 million in direct GF/GP savings, while another \$5.7 million GF/GP was redirected to fund limited-term field staff, and \$770,900 GF/GP was redirected to fund increased printing and postage costs related to the Bridges program.</p>	<p>Gross 0 Federal (801,100) GF/GP 801,100</p>
<p>b. Employment and Training. The budget used \$4.8 million in additional ETCF funding to offset GF/GP funding in the Employment and Training Support Services line item.</p>	<p>Gross 0 Federal 4,823,000 GF/GP (4,823,000)</p>
<p>3. Zero to Three and IV-B Carry-Forward. The budget used \$2.0 million in one-time Federal Title IV-B carry-forward to offset GF/GP support elsewhere in the budget. The program was restructured to focus on high-need families in urban areas.</p>	<p>Gross 0 Federal 5,843,800 GF/GP (5,843,800)</p>
<p>4. Child Care and Development (CCDF) ARRA Funds. The budget increased GF/GP funding by \$16.7 million to offset one-time CCDF Federal ARRA funds used in FY 2008-09 and FY 2009-10.</p>	<p>Gross 0 Federal (16,656,700) GF/GP 16,656,700</p>
<p>5. Medicaid Match Rate Adjustments. The budget increased GF/GP appropriations by \$1.2 million as a result of projected adjustments to the Federal Medical Assistance Percentage (FMAP) rate, which is used to determine Federal cost sharing within several DHS programs (e.g., foster care, adoption subsidies, and day care). The 2009-10 FMAP rate increased from 63.19% to 65.79%, resulting in \$7.3 million GF/GP savings. These savings were offset by \$8.5 million in new GF/GP costs that resulted from the ARRA-related FMAP rate increase of 6.2%, which was available for only the first fiscal quarter. The ARRA FMAP increase phased down to 3.2% in the second quarter and 1.2% in the third quarter, and was phased out in the fourth quarter.</p>	<p>Gross 0 Federal 881,800 Restricted (2,085,900) GF/GP 1,204,100</p>

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

1. **Redirected Emergency TANF Funding.** The budget provided \$6,047,500 in ARRA funds, including \$2.0 million in food assistance administration ARRA funds for additional rent costs and facility maintenance needs. (See item B.2. for information about additional Emergency TANF Funding.)
2. **Other ARRA Funding.** In addition to the item above, ARRA funding was spread throughout the budget (\$772,767,800). Total funding (including item G.1.) was received for FMAP stimulus (\$6,499,700), food assistance administration (\$9,495,200), supplemental nutrition assistance revenue (\$566,785,600), emergency TANF contingency revenue (\$189,737,300), transitional supportive housing revenue (\$2.0 million), and faith-based grant revenue (\$250,000).

H. OTHER ISSUES

- | | | | | | | | | | | | | | |
|--|--|-------|---------------|------------|---------------|------------|-----------|---------|-------------|------------|--------------|-------|--------------|
| <ol style="list-style-type: none"> 1. Fee Revenue Reduction. The budget reduced fee revenue related to boilerplate Sections 309 and 911 allowing licensing fees for child care organizations and charging an annual \$25 child support fee to the custodial parent. The reduction in fee revenue was offset by \$2.7 million GF/GP. | <table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">(657,200)</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">(3,382,200)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">2,725,000</td> </tr> </table> | Gross | (657,200) | Restricted | (3,382,200) | GF/GP | 2,725,000 | | | | | | |
| Gross | (657,200) | | | | | | | | | | | | |
| Restricted | (3,382,200) | | | | | | | | | | | | |
| GF/GP | 2,725,000 | | | | | | | | | | | | |
| <ol style="list-style-type: none"> 2. Backing Out Fiscal Year 2009-10 Supplementals and Contingency Fund Transfers. This report of DHS 2010-11 initial appropriations compares spending to FY 2009-10 initial levels, and does not compare to spending levels enacted in supplementals throughout FY 2009-10 or year-end contingency fund transfers. | <table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">(381,193,500)</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">(300,338,700)</td> </tr> <tr> <td>Local</td> <td style="text-align: right;">(528,100)</td> </tr> <tr> <td>Private</td> <td style="text-align: right;">(1,600,000)</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">(34,100,000)</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">(44,626,700)</td> </tr> </table> | Gross | (381,193,500) | Federal | (300,338,700) | Local | (528,100) | Private | (1,600,000) | Restricted | (34,100,000) | GF/GP | (44,626,700) |
| Gross | (381,193,500) | | | | | | | | | | | | |
| Federal | (300,338,700) | | | | | | | | | | | | |
| Local | (528,100) | | | | | | | | | | | | |
| Private | (1,600,000) | | | | | | | | | | | | |
| Restricted | (34,100,000) | | | | | | | | | | | | |
| GF/GP | (44,626,700) | | | | | | | | | | | | |
| <ol style="list-style-type: none"> 3. Other Changes. Other changes throughout the budget reduced funding by a little more than \$400,000. | <table border="0"> <tr> <td>Gross</td> <td style="text-align: right;">(409,000)</td> </tr> <tr> <td>Local</td> <td style="text-align: right;">(126,200)</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">382,200</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">(665,000)</td> </tr> </table> | Gross | (409,000) | Local | (126,200) | Restricted | 382,200 | GF/GP | (665,000) | | | | |
| Gross | (409,000) | | | | | | | | | | | | |
| Local | (126,200) | | | | | | | | | | | | |
| Restricted | 382,200 | | | | | | | | | | | | |
| GF/GP | (665,000) | | | | | | | | | | | | |

I. UNCLASSIFIED SALARIES - NONE

**FY 2010-11 Change From
FY 2009-10 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.

The budget increased funding by \$38.9 million to cover the cost of a 3% salary and wage increase for State employees, as well as adjustments for insurance, retirement, and workers' compensation costs. The increase included economic adjustments for staff within DTMB for IT support and within DELEG for the State Office of Administrative Rules and Hearings. The adjustments do not include funding to cover a 3% salary and wage increase for nonexclusively represented employees, which was rejected by the State Civil Service Commission.

Gross	38,874,800
IDG	3,700
Federal	25,266,600
Local	754,800
Private	150,000
Restricted	10,000
GF/GP	12,689,700

L. VETOES

1. **Foster Care Payments.** The Governor vetoed boilerplate Section 288, which required the DHS to pay private agencies with GF money when time limits had passed for Federal reimbursement. The budget was adjusted downward (\$25,000 Federal) to reflect this reduction.

2. **Crisis Prevention and Food for the Elderly.** The Governor vetoed boilerplate Section 432(1), which provided earmarks for a domestic violence shelter in Barry County. The budget reflects a corresponding \$75,000 GF/GP reduction. The Governor also vetoed Section 423(3), which provided earmarks for food assistance outreach in Muskegon and Kent Counties. The budget was adjusted downward (\$50,000 GF) to reflect the change.

3. **Private Adoption Agencies.** The Governor vetoed Section 573, which set specialized rates for private agencies securing adoptions for long-term foster care children, a reduction of \$1,049,400 Gross/\$856,000 GF/GP. The Governor also vetoed Section 581, which would have increased administrative rates for private adoption agencies and defined a new rate structure, a reduction of \$6,735,900 Gross/\$4,765,500 GF/GP.

4. **Child Care Fund In-Home Care Incentive Program.** The Governor vetoed boilerplate Section 587, which required the DHS to fund 75% of costs related to in-home care for children in the juvenile justice and foster care systems who are TANF-eligible. The budget reflects a \$5.0 million reduction in Federal funds.
5. **Day Care Services Grants and Contracts.** The Governor vetoed boilerplate Section 676, which established funding in the DHS for coordination of after-school services (\$25,000 Federal).
6. **SSI Advocates.** The Governor vetoed boilerplate Section 683, which funded a contract with the Legal Services Association of Michigan for advocacy for individuals seeking Federal disability benefits (\$300,000 GF/GP).
7. **Chaldean Community Foundation.** The Governor vetoed boilerplate Section 696, a placeholder for outreach funding and services through the Foundation. The budget reflects a \$100 reduction in Federal funds.
8. **Community Services Block Grants.** The Governor vetoed boilerplate Section 1104, which provided earmarks for EITC (earned income tax credit) outreach and education. The budget was adjusted downward (\$250,000 Federal) to reflect this change.

**JUDICIARY
P.A. 167 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	491.0	491.0	491.0	491.0	491.0	0.0	0.0
GROSS	259,212,300	257,568,300	260,338,800	260,273,300	260,358,800	1,146,500	0.4
Less:							
Interdepartmental Grants Received	3,753,500	3,553,500	3,573,500	3,553,500	3,573,500	(180,000)	(4.8)
ADJUSTED GROSS	255,458,800	254,014,800	256,765,300	256,719,800	256,785,300	1,326,500	0.5
Less:							
Federal Funds.....	5,376,500	5,376,500	5,539,500	5,376,500	5,539,500	163,000	3.0
Local and Private	6,991,800	7,094,700	7,094,700	7,182,900	7,094,700	102,900	1.5
TOTAL STATE SPENDING	243,090,500	241,543,600	244,131,100	244,160,400	244,151,100	1,060,600	0.4
Less:							
Other State Restricted Funds	89,957,700	89,970,500	92,558,000	89,979,800	92,078,000	2,120,300	2.4
GENERAL FUND/GENERAL PURPOSE ..	153,132,800	151,573,100	151,573,100	154,180,600	152,073,100	(1,059,700)	(0.7)
PAYMENTS TO LOCALS	122,213,500	121,582,400	120,832,300	122,132,400	120,832,300	(1,381,200)	(1.1)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|---|--------------------------------|--------------------------------------|
| <p>1. Community Court Pilot Project. The House included \$20,000 for a new Community Court Pilot Project for neighborhood community courts. The Senate removed this item. The enacted budget includes this grant. Boilerplate (Sec. 318) requires the project to fund a program of neighborhood-focused community courts through collaboration with the State Court Administrative Office.</p> | <p>Gross
GF/GP</p> | <p>20,000
20,000</p> |
| <p>2. Drug Treatment Court Mental Health Services. The Senate included a new \$1.0 million interdepartmental grant (IDG) from the Department of Corrections to support mental health services for Drug Court participants. The budget includes the funding.</p> | <p>Gross
IDG
GF/GP</p> | <p>1,000,000
1,000,000
0</p> |

B. PROGRAM INCREASES

- | | | |
|---|------------------------------------|----------------------------------|
| <p>1. Access and Visitation Grant. The budget includes increased Federal funds for this program, from \$387,000 to \$550,000, to reflect available revenue. These grants fund State programs that support and facilitate noncustodial parents' relationships with their children. Michigan uses its current Access and Visitation grant funds to provide mediation and parenting time enforcement services, including supervised visitation and monitored, neutral-site child exchanges.</p> | <p>Gross
Federal
GF/GP</p> | <p>163,000
163,000
0</p> |
| <p>2. Other Changes. Other adjustments include \$250,000 for continuation of Federal grant funds awarded to the Appellate Public Defender Program (which also is included in Public Act 193 of 2010, an FY 2009-10 supplemental appropriation) and an adjustment of \$374,500 GF/GP based on the cost of satellite offices for Supreme Court Justices.</p> | <p>Gross
Federal
GF/GP</p> | <p>374,500
0
374,500</p> |

C. PROGRAM ELIMINATIONS

- | | | |
|---|--------------------------------|--------------------------------------|
| <p>IDG from Corrections. The budget eliminated the FY 2009-10 \$980,000 IDG from the Department of Corrections (DOC) related to a pilot program targeting the assessment and treatment of high-risk offenders. Funding for that pilot program was not included in the FY 2009-10 DOC budget.</p> | <p>Gross
IDG
GF/GP</p> | <p>(980,000)
(980,000)
0</p> |
|---|--------------------------------|--------------------------------------|

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

D. PROGRAM REDUCTIONS

- | | | |
|--|--------------------------------------|--|
| <p>1. Circuit Court Judgeships. Public Act 228 of 2009 temporarily eliminated two circuit court judgeships (one in Oakland County, from January 1, 2011, to January 1, 2015, and one in Macomb County, from January 1, 2011, to January 1, 2017). The budget reflects savings based on this adjustment (nine months in FY 2010-11).</p> | <p>Gross</p> <p>GF/GP</p> | <p>(240,700)</p> <p>(240,700)</p> |
| <p>2. Public Act 193 of 2010. This FY 2009-10 supplemental appropriation included a one-time adjustment for Drug Treatment Court funding supported by an IDG from the Department of State Police.</p> | <p>Gross</p> <p>IDG</p> <p>GF/GP</p> | <p>(200,000)</p> <p>(200,000)</p> <p>0</p> |

E. FUNDING SHIFTS

- | | | |
|---|---|--|
| <p>1. Juror Compensation Reimbursement Fund (JCRF). The Governor recommended a 4.0% General Fund reduction to all line items, excluding justices' and judges' compensation. The House eliminated reductions recommended by the Governor. The House proposed to offset the cost of restoring funds, and the new Community Court Pilot Project (item A.1.), through a transfer of \$2,607,500 from the JCRF to the State General Fund. The Senate concurred with restoring the funds, but proposed transferring \$2,687,500 from the JCRF to the Court Equity Fund (CEF). Under the Senate version, \$100,000 would have been used to offset a shortage of filing fee revenue for the Court of Appeals. The enacted budget includes the House amount, but as a transfer to the CEF. The Court of Appeals received a \$500,000 funding shift from the State General Fund pursuant to the Leadership Target Agreement (item E.2.).</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>0</p> <p>2,607,500</p> <p>(2,607,500)</p> |
| <p>2. Court of Appeals Funding Shift. Revenue to the Court of Appeals from filing fees has been decreasing over recent years due to decreased filings. From calendar year 2003 to 2009, filings decreased from 7,455 to 6,257 (16.1%). The Leadership Target Agreement included a \$500,000 funding shift based on the declining revenue. The filing fee revenue source was reduced to \$1,458,500 and General Fund support was increased by \$500,000.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>0</p> <p>(500,000)</p> <p>500,000</p> |

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

Gross	1,009,700
Local	102,900
Restricted	12,800
GF/GP	894,000

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. The Governor recommended \$2,265,200 for economic adjustments, including \$1,255,500 (\$1,158,000 GF/GP) for a cost-of-living adjustment for Judiciary employees. The House reduced funding through a budgetary savings negative line item. The Senate removed the cost-of-living adjustment funding in specific line items. The Governor subsequently issued a revised recommendation (6-22-10) removing the cost-of-living adjustment. The enacted budget reflects the Senate adjustment for economics.

L. VETOES - NONE

**LEGISLATIVE AUDITOR GENERAL
P.A. 191 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	14,818,400	14,496,400	14,496,400	14,150,200	14,996,400	178,000	1.2
Less:							
Interdepartmental Grants Received	1,801,500	1,801,500	1,801,500	1,801,500	2,301,500	500,000	27.8
ADJUSTED GROSS	13,016,900	12,694,900	12,694,900	12,348,700	12,694,900	(322,000)	(2.5)
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	13,016,900	12,694,900	12,694,900	12,348,700	12,694,900	(322,000)	(2.5)
Less:							
Other State Restricted Funds	1,539,900	1,539,900	1,539,900	1,539,900	1,539,900	0	0.0
GENERAL FUND/GENERAL PURPOSE ..	11,477,000	11,155,000	11,155,000	10,808,800	11,155,000	(322,000)	(2.8)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Legislative Corrections Ombudsman. Funding for the line item was increased in order to support more oversight. Although funding was provided from an interdepartmental grant (IDG) from the Department of Corrections, that funding was vetoed by the Governor in the Corrections budget. The IDG in the Legislative Auditor General's budget was not vetoed and thus remains as an unfunded source in this budget.

Gross	500,000
IDG	500,000
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

Field Operations. A reduction of \$464,800 was made to achieve an overall 4% reduction, consistent with the 4% overall reductions in the Executive and Legislature budgets.

Gross	(464,800)
GF/GP	(464,800)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

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

H. OTHER ISSUES

Year-To-Date Adjustment. A positive adjustment was made to account for FY 2009-10 negative supplemental adjustments in Public Act 142 of 2010 related to employee concessions.

Gross	142,800
GF/GP	142,800

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS - NONE

L. VETOES - NONE

**LEGISLATURE
P.A. 191 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	107,152,700	102,084,100	102,084,100	99,833,100	102,334,100	(4,818,600)	(4.5)
Less:							
Interdepartmental Grants Received	0	0	0	0	250,000	250,000	100.0
ADJUSTED GROSS	107,152,700	102,084,100	102,084,100	99,833,100	102,084,100	(5,068,600)	(4.7)
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	106,752,700	101,684,100	101,684,100	99,433,100	101,684,100	(5,068,600)	(4.7)
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 ..	105,642,900	100,574,300	100,574,300	98,323,300	100,574,300	(5,068,600)	(4.8)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Legislative Corrections Ombudsman. Funding for the line item was increased in order to support more oversight. Funding is provided from an interdepartmental grant from the Department of Corrections.

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

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. State Officers Compensation Commission Adjustment (SOCC). The salaries and expense allowances for Legislators were reduced 10% based on March 2009 SOCC determinations.

Gross	(1,249,500)
GF/GP	(1,249,500)

2. Non-SOCC Reduction. An additional reduction was made to most line items to save additional GF/GP dollars. The combination of the SOCC and non-SOCC reductions equates to a 4% overall reduction.

Gross	(2,941,100)
GF/GP	(2,941,100)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

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

H. OTHER ISSUES

Census Tracking/Reapportionment. Public Act 193 of 2010 provided one-time supplemental funding for FY 2009-10 of \$439,000 each for the House and Senate. The additional funding was provided to cover costs associated with census tracking and reapportionment that will be necessary due to the results of the 2010 Census.

Gross	(878,000)
GF/GP	(878,000)

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES - NONE

K. ECONOMIC ADJUSTMENTS - NONE

L. VETOES - NONE

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
P.A. 162 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	985.0	970.0	970.0	970.0	970.0	(15.0)	(1.5)
GROSS	154,917,300	150,545,500	150,051,100	150,149,500	150,042,900	(4,874,400)	(3.1)
Less:							
Interdepartmental Grants Received	1,686,500	1,154,700	1,152,900	1,154,700	1,152,900	(533,600)	(31.6)
ADJUSTED GROSS	153,230,800	149,390,800	148,898,200	148,994,800	148,890,000	(4,340,800)	(2.8)
Less:							
Federal Funds.....	86,244,400	81,958,900	82,203,800	82,203,800	82,203,800	(4,040,600)	(4.7)
Local and Private	2,760,700	2,072,400	2,028,100	2,717,300	2,028,100	(732,600)	(26.5)
TOTAL STATE SPENDING	64,225,700	65,359,500	64,666,300	64,073,700	64,658,100	432,400	0.7
Less:							
Other State Restricted Funds	27,980,700	28,540,000	28,233,400	28,660,400	28,233,400	252,700	0.9
GENERAL FUND/GENERAL PURPOSE ..	36,245,000	36,819,500	36,432,900	35,413,300	36,424,700	179,700	0.5
PAYMENTS TO LOCALS	120,000	120,000	120,000	120,000	120,000	0	0.0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. Grand Rapids Veterans Home. The budget includes additional Federal funds from the U.S. Department of Veterans Affairs for standard operational costs.</p>	<p>Gross 1,000,000 Federal 1,000,000 GF/GP 0</p>
<p>2. Military Retirement. The budget includes additional GF/GP funding to cover anticipated increased costs related to Michigan National Guard and Michigan Air Guard retirement payments, pursuant to Public Act 150 of 1967.</p>	<p>Gross 176,300 GF/GP 176,300</p>
<p>3. D.J. Jacobetti Veterans Home. The budget includes additional Federal funds from the U.S. Department of Veterans Affairs for standard operational costs.</p>	<p>Gross 1,050,000 Federal 1,050,000 GF/GP 0</p>
<p>4. Capital Outlay. The budget includes an increase in restricted funds for land acquisition at the Michigan National Guard training site at Camp Grayling.</p>	<p>Gross 500,000 Restricted 500,000 GF/GP 0</p>

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

<p>1. Youth Challenge Program. The budget reflects the reduction of local School Aid revenue (\$652,800) made available for the Youth Challenge Program within the FY 2009-10 K-12 School Aid budget, allowing for continuation of the program through FY 2010-11 at a level established in January 2010. A reduction of \$534,400 was made for actual funds received from interdepartmental grants and private pay revenue (\$104,400). An increase in Federal matching guidelines added \$625,800.</p>	<p>FTE (15.0) Gross (665,800) IDG (534,400) Federal 625,800 Local (652,800) Private (104,400) GF/GP 0</p>
<p>2. Administrative Reductions. The budget reflects reductions and savings taken across various programs to achieve legislative GF/GP budget target levels. The budget reduced funding for the Departmentwide line (\$84,000), Information Technology (\$182,400), Veterans Affairs Directorate (\$83,000), Headquarters and Armories (\$8,200), and the Grand Rapids Veterans Home (\$500,000).</p>	<p>Gross (857,600) Federal (400) Restricted (400) GF/GP (856,800)</p>

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

3. D.J. Jacobetti Veterans Home. An adjustment was made to reflect actual expected revenue from Income and Assessments for FY 2010-11.

Gross	(750,000)
Restricted	(750,000)
GF/GP	0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

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

H. OTHER ISSUES

1. Veterans Service Organization Grants. 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 matched the FY 2009-10 year-to-date level.

Gross	0
GF/GP	0

2. Prior-Year Base Adjustment. The base was adjusted to account for prior-year actions, including supplemental appropriations (a positive supplemental of \$626,300 and a negative of \$829,100) and contingency fund transfers (\$3,915,300).

Gross	(8,767,500)
Federal	(8,897,100)
Local	5,600
Restricted	(56,500)
GF/GP	979,700

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. The enacted budget removed the cost-of-living adjustments in specific line items, except for those adjustments supported by Federal funding.

Gross	3,440,200
IDG	800
Federal	2,181,100
Private	15,900
Local	3,100
Restricted	559,600
GF/GP	679,700

L. VETOES - NONE

**DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT
P.A. 189 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	3,701.0	3,668.5	3,668.5	3,672.5	3,669.5	(31.5)	(0.9)
GROSS	715,248,700	718,124,400	712,055,200	719,347,000	718,968,400	3,719,700	0.5
Less:							
Interdepartmental Grants Received	12,295,900	11,217,300	12,401,300	12,517,700	10,521,900	(1,774,000)	(14.4)
ADJUSTED GROSS	702,952,800	706,907,100	699,653,900	706,829,300	708,446,500	5,493,700	0.8
Less:							
Federal Funds.....	253,102,500	261,097,200	260,191,100	261,331,500	261,615,200	8,512,700	3.4
Local and Private	5,744,100	6,509,100	6,486,300	6,509,100	6,509,100	765,000	13.3
TOTAL STATE SPENDING	444,106,200	439,300,800	432,976,500	438,988,700	440,322,200	(3,784,000)	(0.9)
Less:							
Other State Restricted Funds	400,054,600	397,500,800	391,635,000	398,191,300	399,012,800	(1,041,800)	(0.3)
GENERAL FUND/GENERAL PURPOSE .	44,051,600	41,800,000	41,341,500	40,797,400	41,309,400	(2,742,200)	(6.2)
PAYMENTS TO LOCALS	10,722,000	9,491,600	9,491,600	9,491,600	9,491,600	(1,230,400)	(11.5)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS

Gross	50,000
Restricted	50,000

Cormorant Population Mitigation Program. The House included \$50,000 in Game and Fish Fund support for this program. The Senate did not include this funding, but the budget retained it. The program is intended to help disperse cormorants when the Department releases fish from hatcheries, as the birds eat large numbers of these fish.

B. PROGRAM INCREASES

1. Retail Point-of-Sale Hardware Upgrade. The budget includes an additional \$2.0 million for upgrades to the Department's retail point-of-sale system. This system is used in stores around the State to sell hunting and fishing licenses. A contingency fund transfer of \$1.1 million was made at the end of FY 2009-10 to begin work on this projected five-year project.

Gross	881,200
Restricted	881,200

2. Aquatic Nuisance Control (ANC) Program. The budget includes an additional 1.0 FTE and \$100,000 to fund a new position in the ANC program. This program regulates and issues permits for individuals wishing to perform chemical treatments that control nuisance aquatic plants and animals in lakes and ponds.

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

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

1. Forest Recreation. The Governor and Senate reduced this program; the House restored \$240,000. The budget retained the Governor and Senate's reduction, which will keep 12 campgrounds closed, reduce trail maintenance, and potentially lead to additional campground closings. The budget also includes a section of boilerplate that requires the Department to create a pilot program that will integrate six of the closed State forest campgrounds into the State Parks system and reopen them. For FY 2010-11, the Forest Recreation program received a gross appropriation of \$4,828,300.

FTE	(3.0)
Gross	(323,900)
GF/GP	(323,900)

2. Water Withdrawal Program. The budget reflects a reduction to this program, which regulates large-quantity water users with the goal of minimizing adverse impacts on groundwater resources. This reduction could lead to delays in assessing the impact of large water withdrawals. The Drinking Water and Environmental Health line item that contains this program received a gross appropriation of \$14,777,300 for FY 2010-11.

FTE	(3.5)
Gross	(269,000)
GF/GP	(269,000)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

<p>3. Wastewater Program. The budget reflects a reduction to this program, which assures the proper construction or expansion of wastewater collection and treatment facilities. This reduction could result in delays in construction of these projects.</p>	<p>FTE (2.0) Gross (214,400) GF/GP (214,400)</p>
<p>4. Soil Erosion and Sedimentation Control Program. The budget reflects a reduction to this program, which regulates water pollution caused by improper construction site management practices. Appropriations for the Surface Water line item, which contains this program as well as the Wastewater Program, above, are \$14,811,900 for FY 2010-11.</p>	<p>FTE (2.0) Gross (210,000) GF/GP (210,000)</p>
<p>5. Performance Partnership Grant (PPG) Match. The budget reflects a reduction in matching funds for the PPG. Of the Water Bureau's programs, 75.0% are approved under the PPG and reducing these matching dollars may affect the Department's ability to earn Federal matching funds. The budget reduced GF/GP matching funds in this program to \$2,248,500.</p>	<p>FTE (3.5) Gross (400,000) GF/GP (400,000)</p>
<p>6. Groundwater Discharge Program. The budget reflects a reduction to this program, which regulates the discharge of wastewater and other waste into the ground. This reduction could cause delays in processing groundwater permits. Gross appropriations for this line-item for FY 2010-11 are \$2,874,800.</p>	<p>FTE (2.0) Gross (206,000) GF/GP (206,000)</p>
<p>7. Wildlife Division. The budget reduced this program. The savings will be realized by further reducing the number of deer check stations the Department operates during deer season. These stations were reduced in 2009 from 91 to 48. Gross appropriations for this line item are \$28,593,400.</p>	<p>FTE (2.0) Gross (140,700) GF/GP (140,700)</p>
<p>8. Michigan Historical Program. The budget reflects a reduction to GF/GP funding for this program. A portion of this reduction will be made up with implementation of admission fees for the Michigan Historical Museum. Gross appropriations for this program are \$4,149,500.</p>	<p>FTE (3.0) Gross (380,400) GF/GP (380,400)</p>
<p>9. Mackinac Island State Park Operations. The budget reduced this program. Savings will be realized through reduced maintenance of State-owned facilities on the island. Gross appropriations for this line item are \$1,532,200.</p>	<p>FTE (2.0) Gross (118,400) GF/GP (118,400)</p>
<p>10. Fisheries Resource Management. The budget reduced Game and Fish Fund appropriations to this program by \$50,000 to pay for the Cormorant Population Mitigation Program. Gross appropriations for this program are \$19,327,200.</p>	<p>Gross (50,000) Restricted (50,000)</p>

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

<p>11. Administrative Efficiencies. Numerous administrative efficiencies are reflected in the budget, including: savings on contractual services, supplies, and materials, consolidation of office space, information technology savings, and savings resulting from the Department of Technology, Management, and Budget consolidation.</p>	<p>FTE (2.5) Gross (1,249,200) Restricted (52,000) GF/GP (1,197,200)</p>
<p>12. Other GF/GP Reductions. The budget reduced overall GF/GP appropriations by \$590,600. Reductions were made to most line items where a reduction in GF/GP would not jeopardize Federal matching funds.</p>	<p>Gross (590,600) GF/GP (590,600)</p>
<p>E. FUNDING SHIFTS</p>	
<p>GF/GP to Hazardous Materials Transportation Permit Fund. The budget shifted funding for the Hazardous Waste Management Program from GF/GP to this Fund.</p>	<p>Gross 0 Restricted 400,000 GF/GP (400,000)</p>
<p>F. PROGRAM TRANSFERS - NONE</p>	
<p>G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING - NONE</p>	
<p>H. OTHER ISSUES</p>	
<p>1. Aquifer Protection and Dispute Resolution. The Senate included a placeholder for this program. The enacted budget does not include this placeholder, but does include boilerplate language requiring the Department to create an aquifer dispute resolution process and report to the Legislature on the need for additional funding.</p>	<p>Gross 0 GF/GP 0</p>
<p>2. Engineering Services Interdepartmental Grant (IDG). The budget eliminated this IDG since divisions within the Department will begin billing directly for their engineering services rather than using this IDG.</p>	<p>Gross (695,400) IDG (695,400) GF/GP 0</p>
<p>3. Other Adjustments. Other adjustments include: adjustments for several supplemental appropriations made during FY 2009-10 that were not continued into FY 2010-11, new capital outlay projects, the alignment of fund sources with available revenue, and the removal of boilerplate appropriations.</p>	<p>FTE (7.0) Gross (6,984,900) IDG (49,400) Private 720,000 Federal 6,454,700 Restricted (14,546,900)</p>

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

GF/GP 436,700

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

Gross 15,058,400
IDG (1,029,200)
Federal 2,395,000
Private 45,000
Restricted 12,275,900
GF/GP 1,371,700

I. UNCLASSIFIED SALARIES

The budget removed \$200,000 as part of the consolidation of the former Department of Natural Resources and Department of Environmental Quality.

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.

L. VETOES - NONE

**SCHOOL AID
P.A. 110 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	12,707,480,500	12,863,312,000	12,707,812,000	12,948,673,800	12,864,732,100	157,251,600	1.2
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	12,707,480,500	12,863,312,000	12,707,812,000	12,948,673,800	12,864,732,100	157,251,600	1.2
Less:							
Federal Funds.....	2,062,382,800	1,864,328,900	1,864,328,900	1,864,329,000	1,862,063,000	(200,319,800)	(9.7)
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	10,645,097,700	10,998,983,100	10,843,483,100	11,084,344,800	11,002,669,100	357,571,400	3.4
Less:							
Other State Restricted Funds	10,614,891,500	10,968,776,900	10,617,876,900	11,052,638,600	10,974,826,700	359,935,200	3.4
GENERAL FUND/GENERAL PURPOSE ..	30,206,200	30,206,200	225,606,200	31,706,200	27,842,400	(2,363,800)	(7.8)
PAYMENTS TO LOCALS	10,565,511,000	10,869,499,800	10,713,999,800	10,948,401,200	10,861,908,100	296,397,100	2.8

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS

Race to the Top and ARRA SFSF Data Requirements. The budget includes funding to support the costs of data systems required by the acceptance of ARRA State Fiscal Stabilization Fund revenue and reforms enacted in the pursuit of a Race to the Top Federal grant. Because Michigan was unsuccessful in achieving the grant, State funding was appropriated to pay for the costs associated with the statutory reforms. The budget transferred Federal and GF/GP funding to the Department of Education in support of Race to the Top costs, and replaced those funds with restricted School Aid Fund money supporting the Center for Educational Performance and Information and MEAP testing.

Gross	18,740,000
Federal	(5,063,700)
Restricted	26,167,500
GF/GP	(2,363,800)

B. PROGRAM INCREASES

1. **Federal Grant Increases.** Federal special education grants increased \$35.0 million and Federal school lunch funding increased \$30.0 million. Other Federal grants increased \$8.3 million.
2. **School Readiness Program.** Funding for school readiness programs increased \$1.3 million to both the district-operated programs, and to programs operated by entities other than school districts.
3. **State Special Education Funding.** State funding for special education increased \$38.3 million.
4. **Cash Flow Borrowing Costs.** The cost to the School Aid Fund for borrowing from the General Fund in order to have funds available to make monthly payments increased from \$20.0 million to \$45.0 million.
5. **School Bond Loan Fund Debt Service.** Debt service for the School Bond Loan Fund program increased roughly 13%.

Gross	73,836,100
Federal	73,836,100
GF/GP	0
Gross	2,600,000
Restricted	1,300,000
GF/GP	1,300,000
Gross	38,300,000
Restricted	38,300,000
GF/GP	0
Gross	25,000,000
Restricted	25,000,000
GF/GP	0
Gross	5,134,000
Restricted	5,134,000
GF/GP	0

C. PROGRAM ELIMINATIONS - NONE

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

D. PROGRAM REDUCTIONS

1. ISD Operations. Intermediate school district (ISD) operational funding was reduced \$2.4 million from prior-year funding. This occurred because a supplemental enacted late in FY 2009-10 temporarily increased ISD funding by \$2.4 million; then, FY 2010-11 funding subsequently declined to presupplemental funding levels.

Gross (2,400,000)
Restricted (2,400,000)
GF/GP 0

2. School Bus Inspections. The School Bus Inspection program was dramatically changed for FY 2010-11. Prior to this budget, the Michigan State Police (MSP) operated the school bus inspection program and was funded directly from the School Aid budget. However, the FY 2010-11 budget reduced the staff at the MSP devoted to inspections, and required the districts to conduct inspections of their buses. The MSP staff will be responsible for randomly auditing locally conducted inspections.

Gross (969,700)
Restricted (969,700)
GF/GP 0

3. Juvenile Detention Facilities. Funding for education programs at juvenile detention facilities (Maxey) declined more than \$300,000 due to a shrinking population.

Gross (311,300)
Restricted (311,300)
GF/GP 0

4. CEPI Federal Funding. Federal funding appropriated to the Center for Educational Performance and Information was reduced to reflect anticipated available funds.

Gross (3,348,800)
Federal (3,348,800)
GF/GP 0

E. FUNDING SHIFTS

ARRA State Fiscal Stabilization Fund. The FY 2010-11 budget used \$265.7 million less of Federal ARRA funding in support of the foundation allowance than was appropriated in FY 2009-10; the ARRA funding was replaced with School Aid Fund revenue.

Gross 0
Federal (265,743,400)
Restricted 265,743,400
GF/GP 0

F. PROGRAM TRANSFERS - NONE

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

The FY 2010-11 budget appropriated \$184.3 million in ARRA State Fiscal Stabilization Fund revenue to support the foundation allowance. This level of funding equates to about \$117 per pupil.

H. OTHER ISSUES

1. Two School Aid Supplementals. Though not discussed in detail here, two FY 2010-11 School Aid supplemental budgets have been enacted into law since July 2010: Public Acts 204 and 205 of 2010. The first Act made refinancing adjustments to the School Bond Loan Fund program, eliminated Renaissance Zone reimbursement to the School Aid Fund, provided additional funding for local libraries, and made other small changes. The second appropriated funding from the new Federal Education Jobs Fund. Both supplementals will be discussed in a later SFA report entitled, "FY 2009-10 Appropriations Report Part III - Year-End Appropriations".

2. Foundation Allowance Funding. While FY 2010-11 per-pupil funding remained \$154 below FY 2008-09 levels, technical adjustments to the funding of foundation allowances occurred due to changes in pupil estimates and taxable values.

Gross	536,300
Restricted	1,971,300
GF/GP	(1,435,000)

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. Economic adjustments only were included for the Center for Educational Performance and Information.

Gross	135,000
GF/GP	135,000

L. VETOES

The Governor vetoed \$500,000 for Pontiac Schools related to holding the district harmless from changes in the Michigan Business Tax; \$300,000 for an Agriculture Education program at Saginaw Valley State University; and \$100,000 for Cultural Access Grants.

**DEPARTMENT OF STATE
P.A. 191 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 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	215,599,400	211,171,800	209,466,300	211,981,900	213,520,400	(2,079,000)	(1.0)
Less:							
Interdepartmental Grants Received	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS	195,599,400	191,171,800	189,466,300	191,981,900	193,520,400	(2,079,000)	(1.1)
Less:							
Federal Funds.....	9,031,600	1,810,000	1,810,000	1,810,000	1,810,000	(7,221,600)	(80.0)
Local and Private	100	100	100	100	100	0	0.0
TOTAL STATE SPENDING	186,567,700	189,361,700	187,656,200	190,171,800	191,710,300	5,142,600	2.8
Less:							
Other State Restricted Funds	168,493,400	175,299,500	173,705,300	176,578,000	177,799,500	9,306,100	5.5
GENERAL FUND/GENERAL PURPOSE ..	18,074,300	14,062,200	13,950,900	13,593,800	13,910,800	(4,163,500)	(23.0)
PAYMENTS TO LOCALS	1,253,800	1,360,800	1,360,800	1,360,800	1,360,800	107,000	8.5

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS

Credit Card Service Assessment. This line item was formerly off-budget with boilerplate language providing spending authorization for the revenue generated by the assessment of a fee for customers who use credit cards at branch offices. The expenditure was made into a line item in the budget.

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

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS

Business Application Modernization (BAM) Project. Due to the end of the funding cycle for the BAM Project, all funding was eliminated from the budget.

Gross	(4,550,000)
Restricted	(1,800,000)
GF/GP	(2,750,000)

D. PROGRAM REDUCTIONS

1. State Officers Compensation Commission Adjustment (SOCC). The salary and expense allowance for the Secretary of State was reduced 10% based on March 2009 SOCC determinations.

Gross	(9,100)
GF/GP	(9,100)

2. Administrative Savings. The budget reflects savings from efficiencies in operations in several line items, including: Regulatory Services (\$287,600); Branch Operations (\$277,900); Central Operations (\$277,500); Department Services (\$272,300); Executive Direction (\$7,000); and Organ Donor Program (\$25,000).

Gross	(1,147,300)
GF/GP	(1,147,300)

3. Information Technology (IT) Savings Due to Consolidation of DIT and DMB. The budget reflects savings resulting from the merger of the former Department of Information Technology and the former Department of Management and Budget into the new Department of Technology, Management, and Budget.

Gross	(22,500)
Restricted	(20,700)
GF/GP	(1,800)

4. Information Technology (IT) Reduction. The Department of State's IT appropriation was reduced for its share of a statewide administrative reduction.

Gross	(60,000)
GF/GP	(60,000)

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

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

H. OTHER ISSUES

1. Revised Governor's Recommendations. The Governor submitted revisions to her initial budget recommendation for FY 2010-11, resulting in adjustments to final appropriation figures.	Gross Restricted GF/GP	(1,395,500) (1,278,500) (117,000)
2. Target Reductions. Several line items were reduced to achieve the target agreement. The line items include: Department Services Operations (\$20,400); Regulatory Services Operations (\$20,000); Branch Operations (\$72,900); and Central Operations (\$38,100).	Gross GF/GP	(151,400) (151,400)
3. Year-To-Date Adjustment. Several adjustments were made to account for supplemental adjustments. A positive adjustment of \$1,046,100 was made for Public Act 142 of 2010 to account for employee concessions. A negative adjustment of \$5,872,700 was made for Public Act 193 of 2010 to account for new funding for implementation of the Help America Vote Act (HAVA). Two negative adjustments also were made to account for receipt of Federal Contingency funding for HAVA (\$1,510,000 for a transfer letter dated 6-10-10 and \$132,600 for a letter dated 9-15-10).	Gross Federal Restricted GF/GP	(6,469,200) (7,221,600) 871,300 (118,900)

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES

New Restricted Funds. The budget includes two new restricted funding revenue sources resulting from two new fees. The Recreation Passport fee is estimated to generate \$1.0 million in new revenue while the Basic Driver Improvement Course fee is estimated to generate \$1.5 million in new revenue.

Gross	2,500,000
Restricted	2,500,000
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	8,226,000
Restricted	8,034,000
GF/GP	192,000

L. VETOES - NONE

**DEPARTMENT OF STATE POLICE
P.A. 163 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,866.0	2,757.0	2,764.0	2,757.0	2,764.0	(102.0)	(3.6)
GROSS	541,325,400	531,904,600	530,431,400	533,432,800	529,231,400	(12,094,000)	(2.2)
Less:							
Interdepartmental Grants Received	26,827,500	24,338,800	26,343,800	24,443,500	24,143,800	(2,683,700)	(10.0)
ADJUSTED GROSS	514,497,900	507,565,800	504,087,600	508,989,300	505,087,600	(9,410,300)	(1.8)
Less:							
Federal Funds.....	103,607,300	104,325,100	103,934,200	104,487,200	103,934,200	326,900	0.3
Local and Private	8,776,000	7,901,900	7,917,100	6,561,100	6,527,300	(2,248,700)	(25.6)
TOTAL STATE SPENDING	402,114,600	395,338,800	392,236,300	397,941,000	394,626,100	(7,488,500)	(1.9)
Less:							
Other State Restricted Funds	133,973,600	137,607,700	134,042,900	145,580,900	134,242,900	269,300	0.2
GENERAL FUND/GENERAL PURPOSE ..	268,141,000	257,731,100	258,193,400	252,360,100	260,383,200	(7,757,800)	(2.9)
PAYMENTS TO LOCALS	20,366,500	17,266,900	19,466,900	19,466,900	19,466,900	(899,600)	(4.4)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. Highway Traffic Safety Coordination. The budget includes additional available U.S. Department of Transportation funds for the distribution of highway safety grants.</p>	<p>Gross 2,000,000 Federal 2,000,000 GF/GP 0</p>
<p>2. Capitol Security Guard Program. The budget includes additional GF/GP funding for the Capitol Security Guard program, despite being recommended for elimination by the Governor. The total FY 2010-11 appropriation is for 7.0 FTEs and \$642,900 GF/GP.</p>	<p>Gross 124,800 GF/GP 124,800</p>
<p>3. Forensic Sciences. The budget includes increases of \$244,200 GF/GP and \$200,000 in restricted revenue for laboratory operations.</p>	<p>Gross 444,200 Restricted 200,000 GF/GP 244,200</p>

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

<p>1. Fleet Leasing. The budget makes a reduction to appropriations for Fleet Leasing of \$1,056,800 GF/GP, for a total FY 2010-11 appropriation of \$12,980,700 GF/GP.</p>	<p>Gross (1,056,800) GF/GP (1,056,800)</p>
<p>2. School Bus Inspection Program. The budget reflects a reduction to the School Bus Inspection program, which eliminates the practice of inspecting each school bus in the State annually, and instead provides a program in which schools will self-certify through local mechanics and the Department will provide random and intermittent audits of local inspection programs. The total appropriation for this program for FY 2010-11 is 4.0 FTEs and \$421,000 (local school bus revenue).</p>	<p>FTE (11.0) Gross (1,047,400) Local (1,047,400) GF/GP 0</p>
<p>3. Administrative Reductions. The budget makes several administrative GF/GP reductions, including \$6.0 million and 20.0 FTEs for employee attrition, \$1,474,200 in trooper and forensic staff overtime costs, \$279,300 in vacancy savings, \$333,000 and 5.0 FTEs in reductions of support staff, and \$208,600 in reductions to the Michigan Commission on Law Enforcement Standards staff.</p>	<p>FTE (5.0) Gross (8,295,100) GF/GP (8,295,100)</p>

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

4. Information Technology. The budget reflects savings in Information Technology rate reductions and operational efficiencies (\$303,200 Gross, \$383.200 GF/GP) and consolidation savings (\$28,200 Gross, \$13,000 GF/GP).

Gross	(331,400)
Federal	80,000
Local	(15,200)
GF/GP	(396,200)

E. FUNDING SHIFTS

1. Crime Victim's Rights Fund. The budget includes a shift of funding from restricted revenue from the Crime Victim's Rights Fund to GF/GP support.

Gross	0
IDG	(1,053,300)
GF/GP	1,053,300

2. Cost Allocation Shift. The budget includes a fund shift of \$250,000 for administrative cost allocation from GF/GP support to restricted revenue (\$235,800 and interdepartmental grants of (\$14,200).

Gross	0
IDG	14,200
Restricted	235,800
GF/GP	(250,000)

3. Michigan Public Safety Communications System. The budget provides for a shift of \$2.0 million from GF/GP to restricted revenue (Commercial Mobile Radio Service carry-forward funds) in support of the program.

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

4. Local LEIN Fees. The budget includes a shift of \$1,389,800 from local Law Enforcement Information Network (LEIN) fees to GF/GP support, to cover the cost of fees normally charged to local users of the system.

Gross	0
Local	(1,389,800)
GF/GP	1,389,800

F. PROGRAM TRANSFERS

1. Office of Drug Control Policy. The budget reflects the shift of the Office of Drug Control Policy from the Department of Community Health to the Department of State Police, pursuant to Executive Order 2009-04.

FTE	4.0
Gross	8,488,900
Federal	8,488,900
GF/GP	0

2. Officer's Survivor Tuition Program. The budget reflects the transfer of the Officer's Survivor Tuition program from the Department of State Police to the Higher Education budget.

Gross	(48,500)
GF/GP	(48,500)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

<p>1. Multijurisdictional Drug Enforcement Teams. The budget reflects the inclusion of a one-time shift of \$2.0 million GF/GP to Federal ARRA Byrne funds for the Department's multijurisdictional drug enforcement team operations.</p>	<p>Gross 0 Federal 2,000,000 GF/GP (2,000,000)</p>
<p>2. Rural Law Enforcement. The budget reflects the completion of a one-time Federal ARRA grant for rural law enforcement operations by troopers. The grant, received in FY 2009-10, is considered a work project.</p>	<p>Gross (6,553,700) Federal (6,553,700) GF/GP 0</p>

H. OTHER ISSUES

<p>1. Adjustment to Reflect Anticipated Reduced Revenue. The budget includes adjustments to reflect anticipated reductions in available Federal and restricted authorization.</p>	<p>Gross (4,667,000) IDG (1,468,100) Federal (2,858,900) Restricted (340,000) GF/GP 0</p>
<p>2. Adjustment to Reflect Anticipated Increased Revenue. The budget includes increases that reflect the actual expected amounts received from Nuclear Plant Emergency Planning Reimbursement funds (\$260,000) and local Automated Fingerprint Identification System (AFIS) fee revenue (\$36,200).</p>	<p>Gross 296,200 Local 36,200 Restricted 260,000 GF/GP 0</p>
<p>3. FTE Adjustments. The budget includes a technical adjustment to reflect actual employees on the payroll.</p>	<p>FTE (70.0)</p>
<p>4. Prior-Year Base Adjustment. The base was adjusted to account for prior-year actions, including supplemental appropriations and contingency fund transfers in FY 2009-10.</p>	<p>Gross (7,484,000) IDG (688,100) Federal (3,214,600) Local 42,800 Private 0 Restricted (2,737,300) GF/GP (906,800)</p>

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

I. UNCLASSIFIED SALARIES - NONE

J. FEE INCREASES

- | | | |
|---|-------------------|----------|
| <p>1. Name-Based Criminal Background Check Fee Increase Proposal. The budget does not include an item from the Governor's FY 2010-11 budget recommendations that proposed an increase from \$10 to \$15 for the internet criminal history, totaling \$1,763,000, to be used to supplant an equal amount of GF/GP funding.</p> | <p>Gross</p> | <p>0</p> |
| | <p>Restricted</p> | <p>0</p> |
| | <p>GF/GP</p> | <p>0</p> |
| | | |
| <p>2. Fingerprint Background Check Fee Increase Proposal. The budget does not include an item from the Governor's FY 2010-11 budget recommendations that proposed an increase from \$30 to \$40 for fingerprint criminal history background checks, totaling \$3,150,000, to be used to supplant an equal amount of GF/GP funding.</p> | <p>Gross</p> | <p>0</p> |
| | <p>Restricted</p> | <p>0</p> |
| | <p>GF/GP</p> | <p>0</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. The budget represents a decrease of \$7,546,100 from the Governor's recommended economic adjustments, reflecting the exclusion of economic increases associated with salary and wages.

Gross	6,035,800
IDG	491,600
Federal	410,300
Local	128,200
Private	0
Restricted	622,200
GF/GP	4,383,500

L. VETOES - NONE

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
P.A. 191 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	3,029.0	2,966.5	2,965.5	2,965.5	2,966.5	(62.5)	(2.1)
GROSS	952,704,900	977,965,400	975,552,100	980,989,400	974,362,200	21,657,300	2.3
Less:							
Interdepartmental Grants Received	575,397,500	586,552,900	585,897,800	589,368,200	586,552,900	11,155,400	1.9
ADJUSTED GROSS	377,307,400	391,412,500	389,654,300	391,621,200	387,809,300	10,501,900	2.8
Less:							
Federal Funds.....	9,110,200	2,682,000	2,917,800	2,917,800	2,682,000	(6,428,200)	(70.6)
Local and Private	1,729,500	1,551,200	1,551,200	1,551,200	1,551,200	(178,300)	(10.3)
TOTAL STATE SPENDING	366,467,700	387,179,300	385,185,300	387,152,200	383,576,100	17,108,400	4.7
Less:							
Other State Restricted Funds	73,349,400	83,853,900	83,804,000	84,881,000	83,827,300	10,477,900	14.3
GENERAL FUND/GENERAL PURPOSE ..	293,118,300	303,325,400	301,381,300	302,271,200	299,748,800	6,630,500	2.3
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS

<p>1. Public School Audits. Two FTEs were added and new funding provided to perform external audits of public school employer units.</p>	<p>FTE 2.0 Gross 180,500 Restricted 180,500 GF/GP 0</p>
<p>2. Gubernatorial Transition. Funding was provided for transition costs associated with election of a new Governor.</p>	<p>Gross 1,500,000 GF/GP 1,500,000</p>
<p>3. Federal Funds Placeholder. A placeholder was added to allow for the receipt of anticipated Federal funds for the Records Center.</p>	<p>Gross 100 Federal 100 GF/GP 0</p>

B. PROGRAM INCREASES

<p>1. State Building Authority Rent Adjustments. Funding was increased to the "rent" the State pays for State-financed building projects based on projected payments and negotiated contracts. The Governor initially increased funding by \$10.0 million but the enacted budget reduced funding by \$3.5 million to reach the target agreement.</p>	<p>Gross 6,500,000 GF/GP 6,500,000</p>
<p>2. Accounting Consolidation. Funding was increased to finalize consolidation of accounting services related to Executive Order 2007-32, which transferred functions of the former Department of Civil Service into the Department of Management and Budget.</p>	<p>Gross 859,600 IDG 859,600 GF/GP 0</p>
<p>3. Building Operations. Funding was increased due to increased utility and maintenance costs.</p>	<p>Gross 785,200 IDG 785,200 GF/GP 0</p>

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

<p>1. Administrative Savings. The enacted budget realized savings due to attrition, retirements, and layoffs resulting in the elimination of 22.0 FTEs.</p>	<p>FTE (22.0) Gross (8,257,700) IDG (6,403,900) GF/GP (1,853,800)</p>
<p>2. Information Technology Savings Due to Consolidation of Department of Information Technology and Department of Management and Budget. The budget recognized savings resulting from the merger of the former Department of Information Technology and the former Department of Management and Budget into the new Department of Technology, Management, and Budget. The consolidation resulted in the reduction of 0.5 FTE.</p>	<p>FTE (0.5) Gross (997,100) IDG (811,000) GF/GP (186,100)</p>
<p>3. Information Technology Auto-Alignment. Information technology appropriations for FY 2009-10 were adjusted to match actual appropriations. Boilerplate language allows for the estimated funding in the initial appropriations to be adjusted automatically later in the fiscal year to align with actual appropriations.</p>	<p>Gross (566,000) IDG (566,000) GF/GP 0</p>

E. FUNDING SHIFTS

<p>1. Statewide Cost Allocation Project Adjustments. Interdepartmental grants (IDGs), restricted funding, and GF/GP funding were adjusted to reflect actual appropriations.</p>	<p>Gross 0 IDG (48,300) Restricted 110,700 GF/GP (62,400)</p>
<p>2. Federal Indirect Funds. The Department replaced \$2.3 million in GF/GP funding with Restricted funds due to the change in accounting of Federal indirect funds. Formerly, Federal indirect funds were converted to GF/GP dollars but a change in accounting rules now disallows this practice and thus the funds were replaced with Restricted revenue.</p>	<p>Gross 0 Federal (266,700) Restricted 2,595,300 GF/GP (2,328,600)</p>

F. PROGRAM TRANSFERS

<p>Information Technology (IT) Program Transfers. The Departments of Corrections, Community Health, and Treasury transferred IT functions to non-IT lines, resulting in the reduction of a net 2.0 FTEs.</p>	<p>FTE (2.0) Gross (771,200) IDG (771,200) GF/GP 0</p>
---	--

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

H. OTHER ISSUES

<p>1. Revised Governor's Recommendations. The Governor submitted several revisions to her initial budget recommendation for FY 2010-11, resulting in adjustments to final appropriation figures.</p>	<p>Gross (5,098,800) IDG (2,815,300) Federal (235,800) Restricted (1,027,100) GF/GP (1,020,600)</p>
<p>2. Target Reductions. Two line items were reduced to achieve the target agreement. The Administrative Services line item was reduced by \$53,200 while the Business Support Services line item was reduced by \$50,000.</p>	<p>Gross (103,200) Restricted (26,600) GF/GP (76,600)</p>
<p>3. Year-To-Date Adjustment. A positive adjustment was made to account for negative supplemental adjustments in Public Act 142 of 2010 related to employee concessions.</p>	<p>Gross 2,734,100 IDG 1,767,400 Federal 159,600 Restricted 351,100 GF/GP 456,000</p>
<p>4. Year-To-Date (Y-T-D) Transfer. A transfer for FY 2009-10 from a letter dated 9-15-10 was included to accurately reflect the Y-T-D appropriations. The transfer had a net effect of zero on Gross funding but made changes to the IDG, Federal, Local, Restricted, and GF/GP funding sources to accurately align actual 1% expenditures with appropriations for the Civil Service Commission.</p>	<p>Gross 0 IDG 900,000 Federal (1,950,000) Local (450,000) Restricted 1,500,000 GF/GP 0</p>
<p>5. Information Technology Miscellaneous Adjustments. Several items related to IT for several departments were adjusted. Positive adjustments total \$14.5 million (the largest being \$14.2 million for the Department of Human Services Children's Rights settlement). Negative adjustments total \$4.95 million (the largest being \$4.55 million in the Department of State for the elimination of the Business Application Modernization project due to the end of the funding cycle). Funding resulted in the increase of 1.0 FTE.</p>	<p>FTE 1.0 Gross 9,584,800 IDG 9,584,800 GF/GP 0</p>
<p>6. Miscellaneous Changes. Adjustments to several line items included positive adjustments totaling \$76,400 and negative adjustments totaling \$2,205,100.</p>	<p>Gross (2,128,700) IDG (1,808,900) Federal (4,554,000) Local 180,500 Restricted 4,653,400 GF/GP (599,700)</p>

7. FTE Realignment. The FTEs in several line items were aligned with the actual number of funded positions, resulting in a net decrease of 41.0 FTEs.

FTE	(41.0)
Gross	0
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	17,435,700
IDG	10,483,000
Federal	418,600
Local	80,400
Private	10,800
Restricted	2,140,600
GF/GP	4,302,300

L. VETOES - NONE

**DEPARTMENT OF TRANSPORTATION
P.A. 192 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2090-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	3,008.3	3,016.3	3,016.3	3,016.3	3,016.3	8.0	0.3
GROSS	3,361,611,100	2,760,929,300	3,244,145,700	3,318,459,400	3,235,819,300	(125,791,800)	(3.7)
Less:							
Interdepartmental Grants Received	0	878,300	878,300	878,300	878,300	878,300	100.0
ADJUSTED GROSS	3,361,611,100	2,760,051,000	3,243,267,400	3,317,581,100	3,234,941,000	(126,670,100)	(3.8)
Less:							
Federal Funds.....	1,326,578,900	752,480,600	1,227,480,600	1,227,480,600	1,227,470,600	(99,108,300)	(7.5)
Local and Private	56,453,400	56,496,000	56,496,000	56,496,000	56,496,000	42,600	0.1
TOTAL STATE SPENDING	1,978,578,800	1,951,074,400	1,959,290,800	2,033,604,500	1,950,974,400	(27,604,400)	(1.4)
Less:							
Other State Restricted Funds	1,978,578,800	1,951,074,400	1,959,290,800	1,949,604,500	1,950,974,400	(27,604,400)	(1.4)
GENERAL FUND/GENERAL PURPOSE ..	0	0	0	84,000,000	0	0	0.0
PAYMENTS TO LOCALS	1,165,761,700	1,200,248,900	1,141,747,400	1,157,035,100	1,143,995,100	(21,766,600)	(1.9)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. Public Act 51 of 1951 Adjustments. Expenditures increased for Bus Capital to meet statutory funding floors in Public Act 51.</p>	<p>Gross 2,821,800 Restricted 2,821,800 GF/GP 0</p>
<p>2. Increased Federal Funding. Expenditures increased to reflect increased Federal revenue to various programs (\$100,000 in Public Transportation Services, \$987,900 in non-urban bus operating/capital, and \$1,135,000 in Public Transportation Development).</p>	<p>Gross 1,672,900 Federal 1,672,900 GF/GP 0</p>
<p>3. Restored Vetoes. In FY 2009-10, the Governor vetoed \$500,000 (\$400,000 in Federal funds and \$100,000 in State Trunkline Fund Revenue for the "Give 'Em a Brake" safety campaign and \$100,000 in Comprehensive Transportation Fund support for marketing intercity bus services. The boilerplate earmarking the expenditures was not restored, but the revenue was restored to the program lines for FY 2010-11.</p>	<p>Gross 600,000 Federal 400,000 Restricted 200,000 GF/GP 0</p>
<p>4. Capital Outlay. Expenditures were increased for special maintenance and salt/sand storage facility replacement, as well as some replacement facilities associated with the Blue Water Bridge and airport safety and improvement programs.</p>	<p>Gross 10,423,800 Federal 4,568,000 Local 422,600 Restricted 5,433,200 GF/GP 0</p>
<p>5. FY 2009-10 Employee Concessions. Classified employees made certain concessions in FY 2009-10; the amounts were restored in FY 2010-11. (Unclassified employees are addressed under item I. Unclassified Salaries.)</p>	<p>Gross 2,689,800 Restricted 2,689,800 GF/GP 0</p>

C. PROGRAM ELIMINATIONS - NONE

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

D. PROGRAM REDUCTIONS

1. Federal Aid Road Construction. Expenditures decreased to reflect anticipated revenue. (See additional discussion under item E. Funding Shifts.)	Gross (26,153,300) Federal 5,806,900 Restricted (31,960,200) GF/GP 0
2. State Restricted Revenue. Expenditures decreased to reflect anticipated revenue: County Road Commissions - \$17,584,700; Cities and Villages - \$9,804,200; and Local Bridge Program - \$105,200. The reduction to State Trunkline Roads of \$46,598,600 is not included. (See discussion under item E. Funding Shifts.)	Gross (27,494,100) Restricted (27,494,100) GF/GP 0
3. Comprehensive Transportation Fund (CTF) Revenue. Expenditures from the CTF were reduced to reflect anticipated revenue.	Gross (4,333,600) Restricted (4,333,600) GF/GP 0
4. Rail Passenger Service. Restricted funding increased \$467,000 to reflect full-year funding for Amtrak and required increases, and the FY 2010-11 budget decreased Federal and local matches used during FY 2009-10.	Gross (713,000) Federal (800,000) Local (380,000) Restricted 467,000 GF/GP 0
5. Truck Turnouts. The Governor vetoed Section 608, which earmarked \$40,000 of Transportation Economic Development Fund (TEDF) money under the Forest Roads line item for constructing two additional truck turnouts. (See item I. Vetoes.)	Gross (40,000) Restricted (40,000) GF/GP 0
6. Cost Allocation Adjustments and Efficiencies. Adjustments were made in how costs are allocated internally in several line items. The Governor also vetoed Section 394, affecting \$10,000 in Federal funds, which directed the Department of Transportation to conduct a study and address certain issues related to signs placed in road construction zones. (See item L. Vetoes.)	Gross (1,227,800) Federal (10,000) Restricted (1,217,800) GF/GP 0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

E. FUNDING SHIFTS

Federal Funding Match. State restricted revenue for this item was decreased \$46,588,900, and combined with a \$9,700 reduction adjusting for Federal revenue, resulted in a predicted loss of \$575.0 million in Federal matching funds. The budget kept the Governor's proposed redirection of \$20.0 million in State Trunkline Fund money from various line items to generate \$100.0 million in Federal matching revenue. In order to match the remaining \$475.0 million in Federal funds, the budget made an additional \$6.0 million in reductions to various line items, eliminated proposed capital outlay expenditures for \$2,628,700, redirected \$1,960,700 in savings from eliminating a 3% salary increase for nonrepresented employees, and redirected \$12.0 million in TEDF funds (that had been transferred to the General Fund in FY 2009-10). The budget also redirected \$10.3 million in prior years' capital outlay appropriations that the Department agreed to forgo so that the funds would lapse. Although not subject to appropriation, the remaining funds needed to fully match available Federal revenue included \$40.0 million in short-term borrowing and \$11.0 million in toll credits carried over from prior years.

Gross	0
Federal	0
Restricted	0
GF/GP	0

F. PROGRAM TRANSFERS

Accounting Service Center. In FY 2010-11, the Michigan Department of Transportation (MDOT) will operate as an accounting service center for the Department of Agriculture.

Gross	878,300
IDG	878,300
GF/GP	0

G. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDING

Reductions in ARRA funding reflect projects funded during FY 2009-10, including \$30.0 million for the I-94/I-69 Black River Bridge replacement project in Port Huron; \$25.0 million in start-up matching funds for nonprofit street railways (M-1 light rail project in Detroit); \$524,100 in funding to purchase transit equipment and renovate transit facilities in multiple Michigan cities; \$40,310,300 of high speed rail passenger funding used for station renovations in Troy and Jackson and the construction of a new passenger rail facility in Dearborn; and \$2,590,000 of bus capital for the Thunder Bay Transportation Authority in Alpena to purchase four diesel-electric hybrid buses.

Gross	(98,424,400)
Federal	(98,424,400)
GF/GP	0

H. OTHER ISSUES

1. Debt Service. Funding to meet scheduled debt service payments decreased \$4,824,300 Gross. This includes \$12,331,400 in Federal revenue that was no longer needed for debt service and therefore was redirected to road and bridge programs. (See item E. Funding Shifts.)

Gross	(4,824,300)
Federal	(12,331,400)
Restricted	7,507,100
GF/GP	0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

<p>2. Grants to Other Departments. Adjustments were made in the amounts for grants to other departments for support services, including an adjustment for the merger of the Department of Management and Budget and the Department of Information Technology, and the elimination of the Department of History, Arts, and Libraries. Included in the total is a \$100,000 veto (described under item L. Vetoes). However, \$878,300 for MDOT becoming an accounting service center for the Department of Agriculture is included above under item F. Program Transfers.</p>	<p>Gross 1,509,900 Restricted 1,509,900 GF/GP 0</p>
<p>3. Transportation Economic Development Fund. Revenue of \$12.0 million was transferred to the State Trunkline Fund (discussed under item E. Funding Shifts). This transfer occurred in FY 2008-09 but directed the revenue to the General Fund.</p>	<p>Gross 0 Restricted 0 GF/GP 0</p>
<p>4. Detroit River International Crossing (DRIC). The budget includes language (Sec. 384) detailing allowable and required activities as well as expenditure limits.</p>	<p>Gross 0 Restricted 0 GF/GP 0</p>
<p>5. Nonprofit Street Railways. A match requirement for the State was funded at \$1.0 million. However, the \$1.0 million was shifted from other TEDF funding, resulting in no change in total State TEDF funding.</p>	<p>Gross 0 Restricted 0 GF/GP 0</p>
<p>I. UNCLASSIFIED SALARIES</p> <p>Employee Concessions from FY 2009-10. Funding for unclassified salaries was reduced by \$5,800 in FY 2009-10 under negotiated employee concessions, and restored in FY 2010-11.</p>	<p>Gross 5,800 Restricted 5,800 GF/GP 0</p>
<p>J. FEE INCREASES - NONE</p>	
<p>K. ECONOMIC ADJUSTMENTS</p> <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>Gross 16,816,400 Federal 9,700 Restricted 16,806,700 GF/GP 0</p>

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 2009-10, no line item reductions from the previous year resulted from the veto.
2. **Traffic Safety Study.** The Governor vetoed Section 394, which directed MDOT to conduct a study and address certain issues related to signs placed in road construction zones. The veto removed \$10,000 in Federal funding from the Specialized Planning Services and Local Studies appropriation.
3. **Transit-Oriented Development.** The Governor vetoed Section 399 and a related line-item appropriation of \$100 in Transportation Economic Development Fund revenue, which served as a placeholder for matching funds that could be used for transit-oriented development projects. The line item and boilerplate were new for FY 2010-11.
4. **Truck Turnouts.** The Governor vetoed Section 608, which earmarked \$40,000 of Transportation Economic Development Fund money under the Forest Roads line item for constructing two additional truck inspection stations.

DEPARTMENT OF TREASURY - DEBT SERVICE
P.A. 191 of 2010

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	67,696,000	134,909,200	134,909,200	134,909,200	57,632,800	(10,063,200)	(14.9)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	67,696,000	134,909,200	134,909,200	134,909,200	57,632,800	(10,063,200)	(14.9)
Less:							
Federal Funds.....	0	0	0	0	0	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	67,696,000	134,909,200	134,909,200	134,909,200	57,632,800	(10,063,200)	(14.9)
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 ..	52,181,500	119,394,700	119,394,700	119,394,700	42,118,300	(10,063,200)	(19.3)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|--|------------------------|----------------------------|
| <p>1. Clean Michigan Initiative. The Governor originally recommended a debt service appropriation of \$57,603,500 GF/GP for this bond program. Refinancing of these bonds reduced the estimated payments to \$24,625,100 in FY 2010-11, a decline of \$32,978,400, although payments remain slightly higher than in the prior year.</p> | <p>Gross
GF/GP</p> | <p>207,100
207,100</p> |
| <p>2. Great Lakes Water Quality. Refinancing of these bonds resulted in reductions from original estimates of \$12,481,500 in FY 2009-10 and \$1,410,100 in FY 2010-11. After refinancing, the debt service for this program increased from the reduced year-to-date appropriation of \$2,665,400 in FY 2009-10 to \$2,874,500 in FY 2010-11.</p> | <p>Gross
GF/GP</p> | <p>209,100
209,100</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

- | | | |
|--|------------------------|--------------------------------------|
| <p>1. Quality of Life Bond. The Governor originally recommended an appropriation for this program of \$70,826,000, an increase of \$32,470,900 over the FY 2009-10 appropriation. As enacted, the budget includes debt service estimates revised after the bonds were refinanced and restructured. These actions reduced the estimated debt service costs of this program by \$42,887,900 from the earlier estimate to a total of \$27,938,100.</p> | <p>Gross
GF/GP</p> | <p>(10,417,000)
(10,417,000)</p> |
| <p>2. Water Pollution Control Bond and Interest Redemption. The budget includes debt service of \$2,195,100 for this program, a reduction of \$62,400 from FY 2009-10.</p> | <p>Gross
GF/GP</p> | <p>(62,400)
(62,400)</p> |

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. 191 of 2010

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,716.5	2,016.5	2,025.5	1,720.5	2,034.5	318.0	18.5
GROSS	424,875,544	637,746,100	659,464,500	412,791,900	656,861,200	231,985,656	54.6
Less:							
Interdepartmental Grants Received	10,985,200	14,295,200	14,077,400	13,978,700	14,295,200	3,310,000	30.1
ADJUSTED GROSS	413,890,344	623,450,900	645,387,100	398,813,200	642,566,000	228,675,656	55.3
Less:							
Federal Funds.....	39,821,700	205,842,600	207,929,800	38,061,700	206,124,700	166,303,000	417.6
Local and Private	1,521,900	2,054,000	2,037,200	2,066,500	2,054,000	532,100	35.0
TOTAL STATE SPENDING	372,546,744	415,554,300	435,420,100	358,685,000	434,387,300	61,840,556	16.6
Less:							
Other State Restricted Funds	320,546,244	356,328,800	377,198,600	301,071,200	378,349,300	57,803,056	18.0
GENERAL FUND/GENERAL PURPOSE ..	52,000,500	59,225,500	58,221,500	57,613,800	56,038,000	4,037,500	7.8
PAYMENTS TO LOCALS	169,909,100	153,218,400	154,418,400	152,218,400	151,426,400	(18,482,700)	(10.9)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS

Gross	900,000
GF/GP	900,000

Business Property Tax Appeal. The budget includes the Governor's recommendation to provide \$900,000 GF/GP and 7.0 FTEs for a program to assist local governments in defending property tax assessment appeals.

B. PROGRAM INCREASES

1. Tax Compliance. The line item for Tax Compliance reflects an increase in funding of \$500,000 to provide full-year funding of \$1.0 million for audits of Michigan Business Tax (MBT) unitary business group filers. This program began in FY 2009-10 with \$500,000 and 9.0 FTEs appropriated in Public Act (PA) 193 of 2010.

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

2. Senior Citizen Cooperative Housing Tax Exemption. The budget funds the program at \$14,520,000 in FY 2010-11, effectively restoring \$8.0 million in reductions made in FY 2009-10 by Public Act 148 of 2010 and a \$13,700 year-end transfer.

Gross	8,013,700
GF/GP	8,013,700

3. Emergency 911 Fund Administration. The budget includes additional funding of \$150,000 and 1.0 FTE position to administer this program, which has become more complex as more service providers are paying into the Fund. A statutory change is required to make the Emergency 911 Fund available for these administrative costs.

FTE	1.0
Gross	150,000
Restricted	150,000
GF/GP	0

C. PROGRAM ELIMINATIONS

1. Michigan Merit Award Administration. The line item was eliminated consistent with termination of the Michigan Merit Award.

FTE	(6.0)
Gross	(1,015,700)
Restricted	(1,015,700)
GF/GP	0

2. Renaissance Zone Reimbursement. Renaissance Zone reimbursement to public libraries was eliminated, a reduction of \$3,005,700 GF/GP. Formerly, this program provided payments to public libraries to replace property tax revenue forgone due to inclusion of a library district's property tax base in a Renaissance Zone, where property is exempt from certain millages.

Gross	(3,005,700)
GF/GP	(3,005,700)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

D. PROGRAM REDUCTIONS

1. Supervision of the General Property Tax Law

- a. Personal Property Tax Audits.** The budget includes \$1.0 million in the line item for Supervision of the General Property Tax Law to fund a contract for personal property tax audits. Supplemental funding of \$3.0 million in FY 2009-10 and carry-forward authority for this contract were included in PA 186 of 2010. As originally enacted, the budget for FY 2009-10 did not fund this contract. A total of \$4.0 million is now available for these audits.

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

- b. Program Cut.** The Governor proposed a reduction of \$60,000 and 1.0 FTE. As enacted, the line was reduced by an additional \$100,000 GF/GP to meet the target.

	FTE	(1.0)
	Gross	(160,000)
	GF/GP	(160,000)

- 2. Lottery Promotion.** The Governor proposed appropriating lottery promotion in boilerplate instead of a line item and setting the authorized amount at 1% of sales. The House concurred with the Governor. The Senate maintained a line item for lottery promotion and reduced the amount by 10%. As enacted, the budget retained the line item for lottery promotion with a 5% reduction, from \$18,622,000 in FY 2009-10 to \$17,690,900 in FY 2010-11.

	Gross	(931,100)
	Restricted	(931,100)
	GF/GP	0

- 3. Tax Processing.** The budget reduced funding by \$370,000 GF/GP. The budget also increased State restricted funds by \$200,000 to provide full-year funding of \$400,000 for an initiative to reduce the backlog of individual income tax paid error returns. Supplemental funding of \$200,000 and 4.0 FTEs were provided for this program in PA 193 of 2010.

	Gross	(170,000)
	Restricted	200,000
	GF/GP	(370,000)

- 4. Department and Budget Services.** The budget reduced funding by \$537,200 GF/GP and 7.0 FTEs.

	FTE	(7.0)
	Gross	(537,200)
	GF/GP	(537,200)

- 5. Information Technology.** The line item for Information Technology Services and Projects was subject to a program reduction of \$669,500, bringing the FY 2010-11 total to \$16,685,400.

	Gross	(669,500)
	GF/GP	(669,500)

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

E. FUNDING SHIFTS

Supervision of the General Property Tax Law. The budget achieved GF/GP savings by switching to local and restricted fund sources for a portion of the funding for this line. Savings of \$685,000 GF/GP were offset by increases of \$435,000 in assessor training fees, \$50,000 in revenue from local government, and \$200,000 from the Land Reutilization Fund.

Gross	0
Local	485,000
Restricted	200,000
GF/GP	(685,000)

F. PROGRAM TRANSFERS

1. Racing Commission. Executive Orders 2009-45 and 2009-54 abolished the position of Racing Commissioner and the Office of Racing Commissioner and transferred their functions and the Racing Commission from the Department of Agriculture to the Gaming Control Board within the Department of Treasury. The budget reflects this transfer and appropriated funding for additional race dates.

FTE	10.0
Gross	1,659,216
Restricted	1,659,216
GF/GP	0

2. Michigan Finance Authority. The budget includes a new line item for the Michigan Finance Authority which was created by Executive Order 2010-2. The line item consists primarily of existing Treasury functions and personnel previously appropriated in boilerplate.

FTE	18.0
Gross	2,971,500
Restricted	2,971,500
GF/GP	0

3. Land Bank Fast Track Authority. Executive Order 2010-2 transferred this program from the Department of Energy, Labor, and Economic Growth to the Department of Treasury.

FTE	6.0
Gross	1,879,700
Restricted	1,879,700
GF/GP	0

4. Michigan State Housing Development Authority. Executive Order 2010-2 transferred this program from the Department of Energy, Labor, and Economic Growth to the Department of Treasury.

FTE	289.0
Gross	223,663,600
Federal	168,044,200
Restricted	55,619,400
GF/GP	0

5. College Access Challenge Grant. The Federal College Access Challenge Grant was transferred from the Department of Treasury to the Michigan Department of Education.

Gross	(2,202,400)
Federal	(2,202,400)
GF/GP	0

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

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

H. OTHER ISSUES

Other changes in the budget include the elimination of \$1.5 million in one-time funding and 1.0 FTE for implementation of improved reverse vending equipment, the elimination of one-time funding of \$9.0 million for Cobo Hall renovation from the line item for Convention Facility Development Fund distribution, an increase in line items to appropriate program revenue previously included only in boilerplate, the addition of 1.0 FTE for lottery powerball implementation, the addition of 1.0 FTE to the Gaming Control Board for audits, and fund source and spending authority adjustments.

FTE	1.0
Gross	(3,243,660)
IDG	3,023,600
Federal	(67,500)
Local	4,500
Restricted	(6,029,260)
GF/GP	(175,000)

I. UNCLASSIFIED SALARIES

The budget includes \$3,400 to restore FY 2009-10 employee concessions.

Gross	3,400
GF/GP	3,400

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 enacted budget reflects the Governor's revised recommendation to recognize savings of \$3,810,200 from the 3% salary reduction for nonexclusively represented employees.

Gross	6,179,800
IDG	286,400
Federal	528,700
Local	42,600
Restricted	4,340,800
GF/GP	981,300

L. VETOES - NONE

**DEPARTMENT OF TREASURY - REVENUE SHARING
P.A. 191 of 2010**

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	994,196,100	1,032,106,000	990,840,300	1,041,278,700	1,055,284,200	61,088,100	6.1
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	994,196,100	1,032,106,000	990,840,300	1,041,278,700	1,055,284,200	61,088,100	6.1
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	994,196,100	1,032,106,000	990,840,300	1,041,278,700	1,055,284,200	61,088,100	6.1
Less:							
Other State Restricted Funds	994,196,100	1,032,106,000	990,840,300	1,041,278,700	1,055,284,200	61,088,100	6.1
GENERAL FUND/GENERAL PURPOSE ..	0	0	0	0	0	0	0.0
PAYMENTS TO LOCALS	994,196,100	1,032,106,000	990,840,300	1,041,278,700	1,055,284,200	61,088,100	6.1

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Gross	59,449,000
Restricted	59,449,000
GF/GP	0

Revenue Sharing Payments to Counties. 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 2009-10, 20 counties had depleted their reserve fund and another 18 are expected to deplete their fund during FY 2010-11. Public Act 191 of 2010 appropriates \$114,740,700 to counties during FY 2010-11.

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

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

H. OTHER ISSUES

Gross	1,639,100
Restricted	1,639,100
GF/GP	0

Revenue Sharing Payments to Cities, Villages, and Townships

Public Act 191 of 2010 appropriates revenue sharing payments for FY 2010-11. Gross revenue sharing payments to all local units are estimated and appropriated at \$1,055,284,200, an increase of \$61,088,100, or 6.1%. Payments to counties are appropriated at \$114,740,700 and are described in more detail above under "item B. PROGRAM INCREASES".

Payments to cities, villages, and townships (CVTs) are estimated and appropriated at \$940,543,500, an increase of \$1,639,100, or 0.2%, from FY 2009-10. The payments to CVTs include \$633,481,800 in constitutionally designated revenue sharing payments and \$307,061,700 in payments to be distributed according to statute.

Public Act 191 of 2010 specifies that statutory payments will be distributed so the combined total of constitutional and statutory revenue sharing payments to each local unit for FY 2010-11 is 100.0% of the combined total of constitutional and statutory revenue payments for FY 2009-10. Public Act 191 of 2010 also specifies an adjustment formula that will further reduce statutory payments in the event that actual revenue is less than forecasted. Due to previous changes in the revenue sharing distribution formula, approximately 1,219 local units, mostly townships, did not receive a payment under statutory revenue sharing provisions during FY 2009-10. The boilerplate distribution formula allows these local units to receive any increase in constitutional payments, but specifies that any unit receiving a payment under the statutory provisions may not receive more in combined constitutional and statutory revenue sharing payments than it received during FY 2009-10.

Because the appropriation may not reduce constitutional revenue sharing payments, which are expected to increase by 0.7% in FY 2010-11, certain local units that receive very little or no payment under the statutory provisions cannot be held at the same combined payment received in FY 2009-10 because the constitutional payment during FY 2010-11 will exceed the combined constitutional and statutory payments received during FY 2009-10. Under these circumstances, the statutory payment to the local unit will be eliminated and the unit will receive only constitutional revenue sharing payments. Under the current revenue forecast, 1,221 cities, villages, and townships will receive no statutory revenue sharing payments during FY 2010-11. The 0.2% increase in payments to CVTs represents the increase in constitutional payments to CVTs that no longer receive a statutory revenue sharing payment.

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 2010 consensus estimates of State revenue.

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

Table 1

REVENUE SHARING PAYMENTS FOR FY 2008-09 THROUGH ESTIMATED FY 2010-11
(Dollars in Millions)

			<u>FY 2009-10</u>		<u>FY 2010-11' As Enacted</u>		
	FY 2008-09 Actual	FY 2009-10 Actual	Change from FY 08-09		FY 2010-11 Estimate ¹⁾	Change from FY 09-10	
			Dollar	Percent		Dollar	Percent
Sales Tax Constitutional							
Counties.....	\$0.0	\$0.0	\$0.0	---	\$0.0	\$0.0	---
Cities, Villages, & Townships							
Cities.....	337.5	327.1	(10.3)	(3.1)%	329.4	2.2	0.7%
Detroit.....	62.2	60.3	(1.9)	(3.1)	60.7	0.4	0.7
Townships.....	293.6	284.6	(9.0)	(3.1)	286.5	1.9	0.7
Villages.....	18.0	17.5	(0.6)	(3.1)	17.6	0.1	0.7
Cities, Villages, & Townships Subtotal.....	649.1	629.2	(19.9)	(3.1)	633.5	4.3	0.7
Subtotal Constitutional.....	\$649.1	\$629.2	(\$19.9)	(3.1)%	\$633.5	\$4.3	0.7%
Sales Tax Statutory							
Counties.....	\$3.0	\$55.3	\$52.3	1,732.7%	\$114.7	\$59.4	107.5%
Cities, Villages, & Townships							
Cities.....	365.6	298.2	(67.3)	(18.4)	296.0	(2.2)	(0.7)
Detroit.....	206.8	178.9	(27.8)	(13.5)	178.5	(0.4)	(0.2)
Townships.....	15.6	6.7	(8.8)	(56.7)	6.4	(0.3)	(5.0)
Villages.....	6.9	4.7	(2.1)	(30.8)	4.6	(0.1)	(2.3)
Cities, Villages, & Townships Subtotal.....	388.0	309.7	(78.3)	(20.2)	307.1	(2.7)	(0.9)
Subtotal Statutory.....	\$391.0	\$365.0	(\$26.0)	(6.7)%	\$421.8	\$56.8	15.6%
Total Restricted Revenue Sharing²⁾.....	\$1,040.1	\$994.2	(\$45.9)	(4.4)%	\$1,055.3	\$61.1	6.1%
Counties.....	3.0	55.3	52.3	1,732.7	114.7	59.4	107.5
Cities, Villages, & Townships.....							
Cities.....	703.1	625.4	(77.7)	(11.0)	625.4	0.0	0.0
Detroit.....	269.0	239.2	(29.7)	(11.1)	239.2	0.0	0.0
Townships.....	309.1	291.3	(17.8)	(5.8)	292.9	1.6	0.6
Villages.....	24.9	22.2	(2.7)	(10.7)	22.2	0.0	0.1
Cities, Villages, & Townships Subtotal.....	\$1,037.1	\$938.9	(\$98.2)	(9.5)%	\$940.5	\$1.6	0.2%
Special Census Payments (General Fund)	\$0.0	\$0.0	\$0.0	---	\$0.0	\$0.0	---
Total Revenue Sharing Under Appropriation .	\$1,040.1	\$994.2	(\$45.9)	(4.4)%	\$1,055.3	\$61.1	6.1%

¹⁾ Estimates for FY 2009-10 and FY 2010-11 are based on consensus sales tax estimates adopted at the May 2010 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. 191 of 2010

FULL-TIME EQUATED (FTE) POSITIONS/FUNDING SOURCE	FY 2009-10 YEAR-TO-DATE	FY 2010-11 GOV.'S REC.	FY 2010-11 SENATE	FY 2010-11 HOUSE	FY 2010-11 INITIAL APPROPS.	CHANGES FROM FY 2009-10 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	155.0	155.0	155.0	155.0	155.0	0.0	0.0
GROSS	123,618,000	168,654,300	108,240,900	167,266,700	155,846,200	32,228,200	26.1
Less:							
Interdepartmental Grants Received	81,200	81,200	81,000	81,200	81,200	0	0.0
ADJUSTED GROSS	123,536,800	168,573,100	108,159,900	167,185,500	155,765,000	32,228,200	26.1
Less:							
Federal Funds.....	56,299,400	56,366,900	56,543,300	56,414,900	56,566,900	267,500	0.5
Local and Private	723,700	843,600	852,200	852,200	843,600	119,900	16.6
TOTAL STATE SPENDING	66,513,700	111,362,600	50,764,400	109,918,400	98,354,500	31,840,800	47.9
Less:							
Other State Restricted Funds	39,505,300	88,573,000	27,082,900	87,554,900	75,573,000	36,067,700	91.3
GENERAL FUND/GENERAL PURPOSE ..	27,008,400	22,789,600	23,681,500	22,363,500	22,781,500	(4,226,900)	(15.7)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. **21st Century Jobs Trust Fund Programs.** The Governor recommended funding the line item for Jobs for Michigan Investment Program-21st Century Jobs Fund at \$75.0 million in FY 2010-11, an increase of \$46.5 million over the FY 2009-10 appropriation of \$28.5 million. The House-passed budget provided \$72,672,000. As passed by the Senate, the appropriation was reduced by \$2.0 million to \$26.5 million. The Conference concurred with the Governor and funded the program at the full \$75.0 million provided for in statute. The budget earmarked portions of the appropriation as follows:

Gross	46,500,000
Restricted	46,500,000
GF/GP	0

- a. **Small Business Innovation Research/Small Business Technology Transfer Program (SBIR/STTR).** Section 1024 specifies that not less than \$1.4 million must be allocated to the Michigan Small Business and Technology Development Centers for the SBIR/STTR matching program. This permits the program to be funded by the Michigan Strategic Fund Board at an amount greater than the \$1.4 million appropriated in FY 2009-10.
- b. **Michigan Aeronautics Manufacturers Association (MAMA).** Section 1025 allocates \$250,000 to the MAMA to promote and advance aerospace manufacturing in Michigan and requires that MAMA and the Defense Contract Coordination Center work cooperatively to promote and advance aerospace-based manufacturing. In FY 2009-10, MAMA was funded as a \$250,000 allocation from the Economic Development Job Training grant program.
- c. **Business Incubators.** Section 1034 requires \$1.3 million to be used to fund business incubators. This program was a line item of \$950,000 in FY 2009-10. The FY 2010-11 appropriation funds grants of \$250,000 each to business incubators in Macomb and Oakland Counties, and grants of \$100,000 each to business incubators in the Cities of Lansing and Detroit, and Houghton, Kalamazoo, Kent, Muskegon, and Washtenaw Counties.
- d. **Lakeshore Advantage.** Section 1027 continues a permissive earmark of up to \$3.0 million for Lakeshore Advantage, an economic development organization, for continuing a joint project with Michigan State University to redevelop a former Pfizer facility in Holland, Michigan.

**FY 2010-11 Change From
FY 2009-10 Year-to-Date**

2. Arts and Cultural Grants. The budget reflects an increase of \$200,000 in Federal awards for arts programs and increased spending authority of \$100,000 for private revenue. The Arts and Cultural Programs line was funded at a total of \$2,560,100.

Gross	300,000
Federal	200,000
Private	100,000
GF/GP	0

C. PROGRAM ELIMINATIONS

Economic Development Job Training Grants. The budget eliminated funding for this job training program.

Gross	(4,705,800)
GF/GP	(4,705,800)

D. PROGRAM REDUCTIONS

Tourism Promotion. The budget discontinued \$9.5 million in one-time funding for tourism promotion from earmarked use tax revenue deposited into the Michigan Promotion Fund in FY 2009-10 pursuant to Public Act 36 of 2010. The Governor recommended the appropriation of \$13.0 million in FY 2010-11 in fee revenue from a proposed fee on rental cars; however, the proposal was not adopted. The GF/GP funding for the Michigan Promotion Program is continued at \$5,402,800 in FY 2010-11, the same amount as in the prior year.

Gross	(9,500,000)
Restricted	(9,500,000)
GF/GP	0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

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

H. OTHER ISSUES

1. Budget Adjustments. The budget provided for the cessation of employee concessions that applied in FY 2009-10, converted the business incubator program from a \$950,000 line item to a 21st Century allocation, and reduced the line item for Job Creation Services by \$8,100 GF/GP.

Gross	(813,700)
Federal	17,100
Restricted	(950,000)
GF/GP	119,200

2. Detroit Institute of Arts FY 2009-10 Conditional Appropriation. Section 1030 of Public Act 191 of 2010 provides for the appropriation of up to \$10.0 million from the unreserved GF/GP fund balance at the close of FY 2009-10 for a grant to the Detroit Institute of Arts. The amount of this grant depends on the actual FY 2009-10 closing balance in the General Fund but cannot exceed \$10.0 million.

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. The Governor originally recommended economics of \$812,800; however, after rejection of the 3% increase for nonexclusively represented employees, the Governor issued a revised recommendation that recognized savings of \$365,100.

Gross	447,700
Federal	50,400
Private	19,900
Restricted	17,700
GF/GP	359,700

L. VETOES - NONE

APPENDICES

**FY 2010-11
APPROPRIATION BILLS INDEX**

<u>DEPARTMENTS/BUDGET AREAS</u>	<u>BILL NUMBER</u>	<u>PUBLIC ACT NUMBER</u>	<u>LINE-ITEM VETOES</u>
Agriculture.....	H.B. 5875	P.A. 166 of 2010	NO
Attorney General	H.B. 5880	P.A. 191 of 2010	YES
Civil Rights.....	H.B. 5880	P.A. 191 of 2010	NO
Community Colleges	S.B. 1151	P.A. 165 of 2010	NO
Community Health	S.B. 1152	P.A. 187 of 2010	YES
Corrections	S.B. 1153	P.A. 188 of 2010	YES
Education.....	S.B. 1154	P.A. 164 of 2010	NO
Energy, Labor, and Economic Growth	H.B. 5884	P.A. 186 of 2010	YES
Executive	H.B. 5880	P.A. 191 of 2010	NO
Higher Education	S.B. 1157	P.A. 203 of 2010	NO
Human Services	H.B. 5882	P.A. 190 of 2010	YES
Judiciary.....	H.B. 5883	P.A. 167 of 2010	NO
Legislative Auditor General	H.B. 5880	P.A. 191 of 2010	NO
Legislature	H.B. 5880	P.A. 191 of 2010	NO
Military and Veterans Affairs.....	H.B. 5885	P.A. 162 of 2010	NO
Natural Resources and Environment	S.B. 1161	P.A. 189 of 2010	NO
School Aid.....	S.B. 1163	P.A. 110 of 2010	YES
State	H.B. 5880	P.A. 191 of 2010	NO
State Police	H.B. 5888	P.A. 163 of 2010	NO
Strategic Fund Agency	H.B. 5880	P.A. 191 of 2010	NO
Technology, Management, and Budget	H.B. 5880	P.A. 191 of 2010	NO
Transportation	H.B. 5889	P.A. 192 of 2010	YES
Treasury.....	H.B. 5880	P.A. 191 of 2010	NO

ECONOMIC FORECAST AND REVENUE ESTIMATES

A. ECONOMIC FORECAST

The economic forecast on which the enacted FY 2010-11 State budget was based is the consensus economic forecast adopted at the May 2010 Consensus Revenue Estimating Conference. Under this consensus economic forecast, the U.S. economy will grow 3.1% in 2010, and 2.9% in 2011. Michigan's economy has struggled for nine consecutive years and is not expected to exhibit employment growth in either 2010 or 2011. 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 2010. Low inflation and stable employment are expected to result in inflation-adjusted personal income rising 1.0% in 2011; the first increase since 2007 and the strongest growth since 2003. The highlights of the economic outlook for both the U.S. and Michigan economies are as follows:

1. U.S. Economy

- Real Gross Domestic Product (GDP) will rise an estimated 2.9% in 2011, compared with 3.1% growth in 2010 and a -2.4% decline in 2009. Continued weakness in the housing market combined with risk-averse credit markets will exert negative repercussions on consumer spending and business investment through much of 2011.
- Employment is expected to grow in 2011; however, the rate of growth will not be strong enough to do much more than 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 fall from 9.6% in 2010 to 9.3% in 2011.
- Light vehicle sales are expected to increase from 10.4 million units in 2009, to 11.7 million units in 2010. In 2011, light vehicle sales are expected to improve to 13.3 million units. By comparison, 16.1 million units were sold in 2007.
- Inflation, as measured by the U.S. Consumer Price Index, decreased 0.4% in 2009, largely due to falling energy and housing prices, but is expected to rise 2.1% in 2010 and 1.9% in 2011.

2. Michigan Economy

- Employment in Michigan has steadily declined since the summer of 2000 but is expected to stabilize in 2011. In 2009, wage and salary employment declined 6.9% to 3,876,000 workers. In 2010, wage and salary employment will fall an estimated 1.2%, to approximately 3,830,000 workers. Employment is expected to remain at an estimated 3,830,000 in 2011.
- Michigan's unemployment rate is projected to rise from 13.6% in 2009 to 14.1% in 2010 before falling to 13.7% in 2011.
- Stable employment will help increase total wage and salary payments to workers in Michigan during 2011. Total payments to wage and salary workers are expected to decline 0.3% during 2010 before increasing 1.8% in 2011. Adjusted for inflation, wage and salary payments are projected to fall 2.0% in 2010 and then increase 0.5% in 2011.
- Personal income, the total income received by individuals, will increase at an estimated rate of 1.2% in 2010, compared with a 3.0% decrease in 2009. In 2011, personal income is expected to rise 2.6%.
- Inflation in Michigan, as measured by the Detroit Consumer Price Index, is expected to increase 1.7% in 2010 and 1.6% in 2011, after falling 0.6% in 2009.

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

General Fund/General Purpose and School Aid Fund revenue from ongoing sources totaled an estimated \$17.4 billion in FY 2009-10 and will increase 3.0% in FY 2010-11, to \$17.9 billion. The total revenue 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 2010 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 (GF/GP) budget and the School Aid Fund (SAF) for FY 2009-10 and FY 2010-11.

Table 1

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2009-10 AND FY 2010-11 (Millions of Dollars)				
	FY 2009-10	FY 2010-11	\$ Change	% Change
GENERAL FUND/GENERAL PURPOSE				
Beginning Balance.....	\$177.2	\$2.2	(\$175.0)	---
<u>Consensus Estimate From Ongoing Sources¹⁾:</u>				
Net Income Tax.....	3,564.5	3,679.2	114.7	3.2%
Michigan Business Tax.....	1,134.7	1,449.4	314.8	27.7
Sales Tax.....	84.7	88.5	3.8	4.5
Use Tax.....	768.7	780.0	11.4	1.5
Cigarette Tax.....	199.0	192.2	(6.8)	(3.4)
Insurance Company Premiums Tax.....	273.0	286.6	13.6	5.0
Telephone & Telegraph Tax.....	60.0	63.0	3.0	5.0
All Other Taxes.....	167.2	175.5	8.3	5.0
Subtotal Taxes.....	\$6,251.7	\$6,714.4	\$462.8	7.4%
Nontax Revenue.....	403.3	382.3	(21.0)	(5.2)
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	\$6,655.0	\$7,096.7	\$441.7	6.6%
<u>Revenue Adjustments:</u>				
Revenue Sharing Reductions.....	520.8	477.8	(43.0)	(8.2)
Use Tax on HMOs (PA 440 of 2008).....	357.7	377.3	19.6	5.5
Shift of Short-Term Borrowing Costs to School Aid Fund.....	20.0	45.0	25.0	125.0
FY 2008-09 Book-Closing MBT Transfer to School Aid Fund.....	(7.9)	0.0	7.9	(100.0)
Transportation Economic Development Fund Transfer.....	12.0	0.0	(12.0)	(100.0)
Railroad Improvement Fund Transfer.....	5.8	0.0	(5.8)	(100.0)
Liquor Purchase/Corporate Fees Transfer.....	1.9	0.0	(1.9)	(100.0)
State Services Fee Fund Transfer.....	1.6	0.0	(1.6)	(100.0)
21 st Century Jobs Fund Transfer.....	37.5	0.0	(37.5)	(100.0)
Use Tax Revenue for Travel Promotion.....	(9.5)	0.0	9.5	(100.0)
Enhanced Tax Enforcement Revenue.....	0.0	15.0	15.0	----

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2009-10 AND FY 2010-11 (Millions of Dollars)				
	FY 2009-10	FY 2010-11	\$ Change	% Change
Convention Facilities Fund Transfer	0.0	5.0	5.0	----
Lapse of Secretary of State Work Projects	0.0	6.0	6.0	----
Unclaimed Property Changes	0.0	168.0	168.0	----
Tax Amnesty	0.0	61.8	61.8	----
Liquor Reforms.....	0.0	9.1	9.1	----
Subtotal Revenue Adjustments	\$939.8	\$1,165.0	\$225.2	24.0%
TOTAL GF/GP REVENUE	\$7,772.0	\$8,263.9	\$491.9	6.3%
SCHOOL AID FUND				
Beginning Balance.....	\$238.2	\$163.3	(\$74.9)	---
<u>Consensus Estimate From Ongoing Sources¹⁾:</u>				
Sales & Use Taxes.....	4,865.7	4,940.3	74.6	1.5
Income Tax.....	1,815.3	1,857.3	41.9	2.3
State Education Property Tax	1,893.0	1,833.0	(60.0)	(3.2)
Michigan Business Tax	726.7	742.0	15.3	2.1
Real Estate Transfer Tax	127.0	140.0	13.0	10.2
Tobacco Tax.....	387.3	370.8	(16.5)	(4.3)
Casino Wagering Tax.....	109.6	112.0	2.4	2.2
Other Tax Revenue.....	102.2	97.6	(4.6)	(4.5)
Subtotal Taxes.....	\$10,026.9	\$10,092.9	\$66.1	0.7%
Lottery	723.0	740.0	17.0	2.4
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	\$10,749.9	\$10,832.9	\$83.0	0.8%
<u>Other Revenue:</u>				
General Fund Grant	30.2	18.6	(11.6)	(38.4)
FY 2008-09 Book-Closing MBT Transfer from GF/GP	7.9	0.0	(7.9)	(100.0)
FY 2008-09 Book-Closing Greektown Casino Adjustment	(9.3)	0.0	9.3	(100.0)
Federal Education Jobs Fund	0.0	316.3	316.3	----
Enhanced Tax Enforcement Revenue	0.0	2.3	2.3	----
Lottery Changes	0.0	5.0	5.0	----
Tax Amnesty	0.0	26.1	26.1	----
Proposed Liquor Reforms	0.0	0.9	0.9	----
ARRA-State Fiscal Stabilization Fund to K-12.....	450.0	184.3	(265.7)	(59.0)
Federal Aid.....	1,612.3	1,677.8	65.5	4.1
Subtotal Other Revenue	\$2,091.1	\$2,231.3	\$140.2	6.7%
TOTAL SAF REVENUE	\$13,079.2	\$13,227.5	\$148.3	1.1%

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2009-10 AND FY 2010-11 (Millions of Dollars)				
	FY 2009-10	FY 2010-11	\$ Change	% Change
TOTAL GF/GP AND SAF:				
Beginning Balances.....	\$415.4	\$165.5	(\$249.9)	(60.2)
Consensus Estimate Ongoing Revenue	17,404.9	17,929.6	524.7	3.0
Other Revenue ²⁾	3,000.7	3,377.7	377.0	12.6
TOTAL REVENUE²⁾	\$20,821.0	\$21,472.8	\$651.8	3.1%
¹⁾ Revenue estimates adopted at the May 2010 Consensus Revenue Estimating Conference.				
²⁾ Total and other revenue excludes GF/GP grant to SAF.				

1. General Fund/General Purpose Revenue

- In FY 2010-11, GF/GP revenue is projected to total an estimated \$8.3 billion, representing an increase of 6.3% or \$491.9 million from the revenue estimated for FY 2009-10, as shown in [Table 1](#). The increase in GF/GP revenue reflects primarily an increase in ongoing revenue from the income tax and Michigan Business Tax. In FY 2010-11, revenue generated from revenue adjustments is also up 24.0%, or \$225.2 million, from FY 2009-10.
- The balance carried over from FY 2009-10 is expected to total \$2.2 million, which is down from the \$177.2 million that was carried from FY 2008-09.
- Revenue from ongoing sources during FY 2010-11 will total an estimated \$7.1 billion, which is up 6.6% or \$441.7 million from the FY 2009-10 level.
- The increase in GF/GP revenue from ongoing sources primarily reflects the following factors:
 - Somewhat stronger economic conditions that will result in higher income and business tax collections; with baseline revenue (revenue excluding any changes in tax policy) expected to increase \$423.4 million in FY 2010-11 from the estimated FY 2009-10 level.
 - Slightly higher sales and use tax collections.
- Various revenue adjustments also will generate an estimated \$1.2 billion in GF/GP revenue in FY 2010-11. Approximately half of this revenue reflects reducing revenue sharing payments from the statutorily set level by \$477.8 million. The use tax on health maintenance organizations (HMOs) is expected to increase General Fund revenue by \$377.3 million in FY 2010-11, while changes to the unclaimed property law will generate \$168.0 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 will total an estimated \$13.2 billion in FY 2010-11, an increase of 1.1% or \$148.3 million from the SAF revenue estimate for FY 2009-10. 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 \$10.8 billion, up 0.8% from FY 2009-10, reflecting the effects of the weak economy on State Education Property Tax revenue. Baseline revenue (revenue excluding any changes in tax policy) generated by earmarked taxes is projected to increase 0.6% or \$62.3 million.
- In addition to the revenue from the ongoing earmarked taxes, the SAF will receive an estimated \$2.2 billion during FY 2010-11. The majority of this additional revenue reflects Federal aid totaling an estimated \$1.7 billion, and another \$184.3 million in Federal funds from the American Recovery and Reinvestment Act (ARRA) stimulus funds. Additional SAF revenue includes an \$18.6 million grant from the General Fund.

C. BUDGET AND ECONOMIC STABILIZATION FUND

Michigan's cyclical economy can produce significant swings in the rate of growth, or decline, in tax revenue from one year to the next. To help smooth the flow of revenue over the economic cyclical swings, Michigan created the Counter-Cyclical Budget and Economic Stabilization Fund in 1977. This Fund, more commonly referred to as the Budget Stabilization Fund (BSF), is designed to be a cash reserve to which the State adds money during good economic times and from which it withdraws money during poor economic years. Having the money available during poor economic years helps the State avoid having to cut spending and/or increase taxes, and therefore helps stabilize the State budget and the tax structure.

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

As shown in [Table 2](#), the BSF ended FY 2008-09 with a balance of only \$2.2 million and it is estimated that the ending balance remained \$2.2 million at the end of FY 2009-10 due to minimal interest earnings. The enacted budget for FY 2010-11 does not appropriate any funds from or to the BSF. As a result, given forecasted interest rates, the BSF is expected to end FY 2010-11 with a balance of \$2.2 million.

Table 2
ECONOMIC AND BUDGET STABILIZATION FUND TRANSFERS, EARNINGS, AND FUND BALANCE
FY 1995-96 TO FY 2010-11
(Millions of Dollars)

Fiscal Year	Pay-In	Interest Earned	Pay-Out	Fund Balance
1995-96	\$91.3	\$59.2	\$0.0	\$1,153.6
1996-97	0.0	67.8	69.0	1,152.4
1997-98	0.0	60.1	212.0	1,000.5
1998-99	244.4	51.2	73.7	1,222.5
1999-2000	100.0	73.9	132.0	1,264.4
2000-01	0.0	66.7	337.0	994.1
2001-02	0.0	20.8	869.8	145.1
2002-03	0.0	1.8	147.0	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	2.0	81.3	2.0
2005-06	0.0	0.1	0.0	2.0
2006-07	0.0	0.1	0.0	2.1
2007-08	0.0	0.1	0.0	2.2
2008-09	0.0	0.0	0.0	2.2
2009-10 (estimate)	0.0	0.0	0.0	2.2
2010-11 (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 2010-11.
- In FY 2008-09, revenue subject to the limit fell below the limit by an estimated \$7.7 billion or 23.5%.
- In FY 2009-10, the gap between revenue and the limit is estimated to have increased to \$8.8 billion or 26.7%.
- It is estimated that the gap between revenue and the limit will increase to \$7.1 billion or 22.2% in FY 2010-11.

Table 3

COMPLIANCE WITH CONSTITUTIONAL REVENUE LIMIT			
(Millions of Dollars)			
Fiscal Year	Revenue Subject to Limit	Revenue Limit	Under (Over) Limit
1994-95	\$18,585.4	\$18,475.8	(\$109.6)
1995-96	19,798.8	19,982.0	183.2
1996-97	20,694.3	21,672.2	977.9
1997-98	22,072.3	22,712.4	640.1
1998-99	23,208.5	23,186.8	(21.7)
1999-2000	24,362.9	24,203.2	(159.7)
2000-01	23,907.6	26,315.4	2,407.8
2001-02	23,546.0	27,463.1	3,917.1
2002-03	24,061.6	28,243.1	4,181.5
2003-04	24,384.7	28,825.4	4,440.7
2004-05	25,626.8	29,842.3	4,215.5
2005-06	25,814.2	30,760.3	4,946.1
2006-07	26,118.4	31,440.7	5,322.3
2007-08	27,716.3	32,368.0	4,651.7
2008-09	25,105.8	32,824.5	7,718.7
2009-10 (estimate) ¹⁾	24,333.1	33,178.2	8,845.1
2010-11 (estimate) ¹⁾	25,052.3	32,191.9	7,139.6

¹⁾ May 2010 Consensus revenue estimate



RECENT SENATE FISCAL AGENCY REPORTS

<p>"MICHIGAN'S PRISON HEALTH CARE: COSTS IN CONTEXT" by Steve Angelotti & Sara Wycoff November 2010</p>	<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2009-10 AND FY 2010-11" by Eric Scorsone & David Zin May 2010</p>	<p>"FY 2009-10 APPROPRIATIONS REPORT – PART II - INITIAL APPROPRIATIONS" by Steve Angelotti November 2009</p>
<p>"MICHIGAN'S BUDGET HISTORY AND TOTAL STATE SPENDING: A 10-YEAR HISTORY (FY 1999-2000 – FY 2009-10)" by Gary Olson and Sara Wycoff October 2010</p>	<p>"THE MICHIGAN ECONOMY AND STATE REVENUE: A 10-YEAR HISTORY (1999-2009)" by Eric Scorsone & David Zin April 2010</p>	<p>"ISSUES RELATED TO A PHYSICIAN QAAP" by Steve Angelotti November 2009</p>
<p>"REVIEW OF THE FINANCIAL SITUATION OF THE CITY OF DETROIT, MICHIGAN" by Eric Scorsone October 2010</p>	<p>"STATUS OF LAWSUITS INVOLVING THE STATE OF MICHIGAN FY 2008-09 UPDATE" by Steve Angelotti & David Fosdick April 2010</p>	<p>"TRIBAL GAMING ISSUES IN MICHIGAN" Revised by Elizabeth Pratt & Maria Tyszkiewicz July 2009</p>
<p>"AN ASSESSMENT OF MICHIGAN LOCAL GOVERNMENT FISCAL INDICATOR SYSTEM" by Eric Scorsone & Tina Plerhoples September 2010</p>	<p>"FISCAL ANALYSIS OF THE FEDERAL HEALTH REFORM LEGISLATION" by Steve Angelotti & David Fosdick April 2010</p>	<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2008-09 AND FY 2009-10" by Steve Angelotti & David Fosdick May 2009</p>
<p>"FILM INCENTIVES IN MICHIGAN" by David Zin September 2010</p>	<p>"FY 2010-11 APPROPRIATIONS REPORT – PART I - GOVERNOR'S RECOMMENDATIONS" by Steve Angelotti & David Fosdick March 2010</p>	<p>"FY 2009-10 APPROPRIATIONS REPORT – PART I - GOVERNOR'S RECOMMENDATIONS" by Elizabeth Pratt & Maria Tyszkiewicz March 2009</p>
<p>"LOCAL GOVERNMENT FINANCIAL EMERGENCIES AND MUNICIPAL BANKRUPTCY" by Eric Scorsone May 2010</p>	<p>"FY 2008-09 APPROPRIATIONS REPORT – PART III - YEAR-END APPROPRIATIONS" by Eric Scorsone & David Fosdick January 2010</p>	<p>"TRIBAL GAMING ISSUES IN MICHIGAN" by Elizabeth Pratt & Maria Tyszkiewicz March 2009</p>
	<p>"MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2008-09, FY 2009-10, AND FY 2010-11" by Steve Angelotti & David Fosdick December 2009</p>	<p>"STATUS OF LAWSUITS INVOLVING THE STATE OF MICHIGAN FY 2007-08 UPDATE" by Steve Angelotti & David Fosdick February 2009</p>

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