

FY 2016-17
APPROPRIATIONS REPORT
Part II - Initial Appropriations



July 2016



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

THE SENATE FISCAL AGENCY

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

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



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

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OVERVIEW

FY 2016-17 INITIAL APPROPRIATIONS OVERVIEW

On February 10, 2016, Governor Rick Snyder presented his fiscal year (FY) 2016-17 budget recommendation and his FY 2017-18 budget projections to the Legislature. As in his original 2012 budget message, the Governor's intent was to establish a biennial budget process, but an Attorney General's February 9, 2011, letter opinion stated that the Governor is allowed to propose a two-year budget and the Legislature can enact a two-year budget but the second year would be only an expression of an "intent to appropriate", not binding or legally enforceable. The FY 2016-17 appropriation bills that were ultimately passed by the Legislature included State appropriations for FY 2016-17 and language expressing legislative intent to provide FY 2017-18 appropriations that would be the same as those for FY 2016-17, with adjustments for caseload, costs, economic factors, and available revenue.

On June 8, 2016, the Legislature passed the FY 2016-17 appropriation bills. The budget passed by the Legislature was balanced based on the consensus revenue estimates agreed to on May 17, 2016. The FY 2016-17 budget continues to use State Restricted School Aid Fund (SAF) revenue as a fund source for all three education sectors: K-12, Community Colleges, and Universities. An amount of \$260.4 million in SAF revenue was appropriated for the Community Colleges budget and \$237.1 million was appropriated for the Higher Education budget. The SAF amount for Community Colleges is \$3.7 million more than the amount appropriated in FY 2015-16 to reflect higher Michigan Public School Employees' Retirement System (MPERS) payments to colleges, and the SAF amount for Universities is \$31.9 million more than the FY 2015-16 amount and was used to finance a portion of the FY 2016-17 operations increase for universities.

Similar to FY 2015-16, there were some variations from prior fiscal years in the budget process for FY 2016-17. Both the House and the Senate initiated a complete FY 2016-17 budget in their respective chambers: the House with 16 individual departmental appropriation bills and two omnibus appropriation bills (House Bills 5291 and 5294), and the Senate with 16 individual departmental appropriation bills and two omnibus appropriation bills (Senate Bills 800 and 801). Although 16 individual appropriation bills (8 Senate-originated and 8 House-originated) were reported out of conference committees, the bills were not considered by either the Senate or the House. Two omnibus bills (Senate Bill 801 for education appropriations and House Bill 5294 for general appropriations) also were reported out of conference committees and were the bills that the House and the Senate ultimately adopted. The content of the two omnibus bills was the same as the content of the conference reports for the 16 individual bills. The education omnibus bill and the general omnibus bill were enacted as Public Act 249 of 2016 and Public Act 268 of 2016, respectively. The Appendices to this report provide an index of the FY 2016-17 appropriations bills and outline all of the bills used in the budget development process.

On an overall basis, the initial level of FY 2016-17 Gross¹ appropriations for State budget areas totals \$54.9 billion, while State Spending from State Resources² appropriations total \$31.0 billion. The Gross total includes \$54.5 billion in ongoing appropriations and \$393.1 million in one-time appropriations. [Table 1](#) outlines the totals by department for the initial ongoing Gross appropriations of \$54.5 billion and the ongoing General Fund/General Purpose³ (GF/GP) appropriations of \$9.7 billion, as well as the one-time Gross appropriations of \$393.1 million and the one-time GF/GP appropriations of \$306.3 million. [Table 2](#) provides the detail by budget area, program, and fund source, for the FY 2016-17 one-time appropriations.

This Senate Fiscal Agency (SFA) report, *FY 2016-17 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 2016-17.

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

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

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

Table 1

FY 2016-17 INITIAL ONGOING AND ONE-TIME APPROPRIATIONS GROSS AND GENERAL FUND/GENERAL PURPOSE (GF/GP)						
Department/Budget Area	Initial Ongoing Gross Appropriations	Initial Ongoing GF/GP Appropriations	Initial One-Time Gross Appropriations	Initial One-Time GF/GP Appropriations	Total Gross Appropriations	Total GF/GP Appropriations
Agriculture & Rural Development	\$91,711,300	\$47,536,900	\$2,390,000	\$2,390,000	\$94,101,300	\$49,926,900
Attorney General	97,085,800	38,440,500	4,400,000	4,400,000	101,485,800	42,840,500
Civil Rights	15,998,500	12,771,300	250,000	250,000	16,248,500	13,021,300
Community Colleges	395,925,600	135,510,800	0	0	395,925,600	135,510,800
Corrections	1,993,260,300	1,942,970,500	9,468,700	8,987,400	2,002,729,000	1,951,957,900
Education	318,925,100	71,181,200	13,050,100	5,000,000	331,975,200	76,181,200
Environmental Quality	500,449,300	35,336,400	13,100,100	12,400,000	513,549,400	47,736,400
Executive	5,636,300	5,636,300	0	0	5,636,300	5,636,300
Health & Human Services	24,771,249,400	4,355,102,600	70,587,400	19,445,700	24,841,836,800	4,374,548,300
Higher Education	1,582,140,400	1,243,404,500	500,000	500,000	1,582,640,400	1,243,904,500
Insurance & Financial Services	66,257,200	150,000	0	0	66,257,200	150,000
Judiciary	296,534,000	187,457,400	1,700,000	1,700,000	298,234,000	189,157,400
Legislative Auditor General	23,651,900	16,123,900	0	0	23,651,900	16,123,900
Legislature	141,403,600	136,727,800	500,000	500,000	141,903,600	137,227,800
Licensing & Regulatory Affairs	413,102,400	40,321,100	4,960,000	3,400,000	418,062,400	43,721,100
Military & Veterans Affairs	170,300,200	51,443,600	3,800,000	3,800,000	174,100,200	55,243,600
Natural Resources	389,204,100	38,260,000	9,050,000	1,650,000	398,254,100	39,910,000
School Aid	13,985,842,100	42,900,000	176,000,000	176,000,000	14,161,842,100	218,900,000
State	243,015,600	17,109,600	5,000,000	5,000,000	248,015,600	22,109,600
State Police	640,776,100	393,962,800	8,700,000	8,700,000	649,476,100	402,662,800
Talent & Economic Development	1,108,215,800	150,388,900	37,778,500	29,000,000	1,145,994,300	179,388,900
Technology, Management & Budget	1,286,990,800	474,167,700	14,200,900	11,350,900	1,301,191,700	485,518,600
Transportation	4,106,003,600	0	8,500,000	8,500,000	4,114,503,600	8,500,000
Treasury (Debt Service)	137,037,000	137,037,000	0	0	137,037,000	137,037,000
Treasury (Operations)	515,780,600	95,066,300	3,342,600	3,342,500	519,123,200	98,408,800
Treasury (Revenue Sharing)	1,223,182,700	0	5,800,000	0	1,228,982,700	0
TOTAL INITIAL APPROPRIATIONS	\$54,519,679,700	\$9,669,007,100	\$393,078,300	\$306,316,500	\$54,912,758,000	\$9,975,323,600

Table 2

FY 2016-17 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE				
Department/Budget Area	Gross	Federal	State Restricted	GF/GP
Agriculture & Rural Development				
Rural Development Value-Added Grants	\$1,000,000	\$0	\$0	\$1,000,000
Tree Fruit Research Grants.....	500,000	0	0	500,000
Animal Agriculture Initiative	500,000	0	0	500,000
Vital Agriculture Infrastructure Grant Program	220,000	0	0	220,000
Grape and Wine Council	170,000	0	0	170,000
Total Agriculture & Rural Development.....	\$2,390,000	\$0	\$0	\$2,390,000
Attorney General				
State Defense Costs	\$3,000,000	\$0	\$0	\$3,000,000
Prescription Drug Abuse Enforcement.....	700,000	0	0	700,000
Prosecuting Attorneys-Juvenile Life Without Parole Cases.....	700,000	0	0	700,000
Total Attorney General	\$4,400,000	\$0	\$0	\$4,400,000
Civil Rights				
Division on Deaf and Hard of Hearing.....	\$250,000	\$0	\$0	\$250,000
Total Civil Rights.....	\$250,000	\$0	\$0	\$250,000
Corrections				
New Custody Staff Training.....	\$8,506,100	\$0	\$0	\$8,506,100
Ballistic Vests	481,300	0	481,300	0
Supervising Region Incentive Program	481,300	0	0	481,300
Total Corrections	\$9,468,700	\$0	\$481,300	\$8,987,400
Education				
Drinking Water Declaration of Emergency	\$8,050,100	\$8,050,000	\$100	\$0
Statewide School Drinking Water Quality Program	4,500,000	0	0	4,500,000
Certification Fees Subsidy.....	500,000	0	0	500,000
Total Education	\$13,050,100	\$8,050,000	\$100	\$5,000,000
Environmental Quality				
Drinking Water Declaration of Emergency	\$5,400,100	\$0	\$100	\$5,400,000
Oil, Gas, and Mineral Services.....	4,000,000	0	0	4,000,000
Water Pollution Control/Drinking Water Revolving Fund	2,950,000	0	0	2,950,000
Contaminated Lake and River Sediment Cleanup	700,000	0	700,000	0
Saginaw River Dredging Project	50,000	0	0	50,000
Total Environmental Quality	\$13,100,100	\$0	\$700,100	\$12,400,000
Health & Human Services				
Integrated Service Delivery	\$36,922,500	\$33,230,300	\$0	\$3,692,200
Drinking Water Declaration of Emergency	15,138,100	5,570,000	473,900	9,094,200
MiSACWIS Implementation.....	11,538,600	5,769,300	0	5,769,300
Family Preservation Programs.....	6,098,200	6,098,200	0	0
Autism Navigator	565,000	0	0	565,000
Demonstration Projects-Michigan 2-1-1.....	300,000	0	0	300,000

Table 2 - continued

FY 2016-17 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE				
Department/Budget Area	Gross	Federal	State Restricted	GF/GP
Mobile Electronic Service Verification Study.....	25,000	0	0	25,000
Total Health & Human Services.....	\$70,587,400	\$50,667,800	\$473,900	\$19,445,700
Higher Education				
MSU Diagnostic Center for Population/Animal Health.....	\$500,000	\$0	\$0	\$500,000
Total Higher Education.....	\$500,000	\$0	\$0	\$500,000
Judiciary				
Medication Assisted Treatment Pilot Program.....	\$750,000	\$0	\$0	\$750,000
Compliance with <i>Montgomery v Louisiana</i>	700,000	0	0	700,000
Expansion of Problem Solving Courts.....	250,000	0	0	250,000
Total Judiciary.....	\$1,700,000	\$0	\$0	\$1,700,000
Legislature				
Criminal Justice Policy Commission Study.....	\$500,000	\$0	\$0	\$500,000
Total Legislature.....	\$500,000	\$0	\$0	\$500,000
Licensing & Regulatory Affairs				
Fire Protection Grants Enhancement.....	\$3,400,000	\$0	\$0	\$3,400,000
Liquor Control Commission IT Upgrades.....	1,560,000	0	1,560,000	0
Total Licensing & Regulatory Affairs.....	\$4,960,000	\$0	\$1,560,000	\$3,400,000
Military & Veterans Affairs				
Armory Maintenance.....	\$2,500,000	\$0	\$0	\$2,500,000
Grand Rapids Home Medicaid Certification Pilot.....	1,000,000	0	0	1,000,000
Homeless Veterans.....	300,000	0	0	300,000
Total Military & Veterans Affairs.....	\$3,800,000	\$0	\$0	\$3,800,000
Natural Resources				
Land Ownership Tracking System.....	\$4,000,000	\$100,000	\$3,900,000	\$0
Forestry Investment.....	2,100,000	0	2,100,000	0
Invasive Species Prevention and Control.....	1,000,000	0	0	1,000,000
Forest Fire Equipment.....	1,000,000	0	1,000,000	0
Fisheries Resource Management.....	600,000	0	300,000	300,000
Swimmer's Itch Pilot Program.....	250,000	0	0	250,000
Water Trail Development.....	100,000	0	0	100,000
Total Natural Resources.....	\$9,050,000	\$100,000	\$7,300,000	\$1,650,000
School Aid				
Foundation Allowance GF Support.....	\$134,000,000	\$0	\$0	\$134,000,000
Various GF Grants.....	42,000,000	0	0	42,000,000
Total School Aid.....	\$176,000,000	\$0	\$0	\$176,000,000
State				
Election Administration and Services.....	\$5,000,000	\$0	\$0	\$5,000,000
Total Department of State.....	\$5,000,000	\$0	\$0	\$5,000,000

Table 2 - continued

FY 2016-17 INITIAL ONE-TIME APPROPRIATIONS BY FUND SOURCE				
Department/Budget Area	Gross	Federal	State Restricted	GF/GP
State Police				
Trooper Recruit School	\$3,200,000	\$0	\$0	\$3,200,000
Advanced 9-1-1	2,200,000	0	0	2,200,000
School Safety Initiative	2,000,000	0	0	2,000,000
Michigan International Speedway Traffic Control.....	800,000	0	0	800,000
Sexual Assault Prevention and Education Initiative	500,000	0	0	500,000
Total State Police	\$8,700,000	\$0	\$0	\$8,700,000
Talent & Economic Development				
Business Attraction and Community Revitalization.....	\$13,999,900	\$0	\$0	\$13,999,900
Special Grants.....	12,000,000	0	0	12,000,000
Statewide Data System Integration.....	8,778,500	4,800,000	3,978,500	0
Protect and Grow	3,000,000	0	0	3,000,000
Sustainable Employment Pilot Program.....	100	0	0	100
Total Talent & Economic Development	\$37,778,500	\$4,800,000	\$3,978,500	\$29,000,000
Technology, Management, & Budget				
Legal Services.....	\$5,000,000	\$0	\$0	\$5,000,000
Information Technology Investment Fund.....	4,500,000	0	0	4,500,000
Office of Retirement Services IT Modernization.....	2,850,000	0	2,850,000	0
Enterprisewide State Facilities Special Maintenance	1,600,900	0	0	1,600,900
Special Projects.....	250,000	0	0	250,000
Total Technology, Management, & Budget	\$14,200,900	\$0	\$2,850,000	\$11,350,900
Transportation				
Lenawee County Road Upgrade Project.....	\$5,000,000	\$0	\$0	\$5,000,000
Macomb County Road Access Project.....	2,000,000	0	0	2,000,000
Berrien County Property Acquisition Project.....	1,500,000	0	0	1,500,000
Total Transportation	\$8,500,000	\$0	\$0	\$8,500,000
Treasury-Operations				
Free Individual Tax E-File	\$2,842,500	\$0	\$0	\$2,842,500
Urban Search and Rescue	500,000	0	0	500,000
Drinking Water Declaration of Emergency	100	0	100	0
Total Treasury-Operations	\$3,342,600	\$0	\$100	\$3,342,500
Treasury-Revenue Sharing				
City, Village, and Township Revenue Sharing	\$5,800,000	\$0	\$5,800,000	\$0
Total Treasury-Revenue Sharing.....	\$5,800,000	\$0	\$5,800,000	\$0
TOTAL ONE-TIME APPROPRIATIONS	\$393,078,300	\$63,617,800	\$23,144,000	\$306,316,500

GUBERNATORIAL VETOES

Governor Snyder, through his constitutional line-item veto authority granted under Article V, Section 19 of the State Constitution of 1963, did not veto any specific line item appropriations but, in the general omnibus bill, the Governor considered various boilerplate language provisions to be unenforceable. In his veto message, he stated, "Among the various provisions that are considered unenforceable, I note the following: section 938(1) (Article VIII); section 938(2) (Article VIII); section 274(2) (Article X); and section 382 (Article XVII)." The unenforceable sections cited by the Governor are summarized in [Table 3](#). The Governor also referred to boilerplate sections in the general omnibus bill that include statements of legislative intent: "We will take these legislative preferences into consideration as departments and agencies implement the appropriations. However, these legislative intent statements do not impose conditions on appropriations and are non-binding upon departments and agencies." This veto message did not have an impact on the FY 2016-17 line item appropriations in Part 1 of the general omnibus budget bill.

Table 3

Boilerplate Sections Cited by the Governor as Unenforceable		
Article	Section Number	Provision
VIII	938(1)	Directs funds from the Department of Treasury's unclassified salaries line item to the State Capitol Historic Site Fund, if needed for Capitol restoration, renewal, and maintenance line item.
VIII	938(2)	Prohibits decrease in funding for the State Capitol Historic Site Fund if Detroit CPI change is negative.
X	274(2)	Prohibits use of capped Federal funding sources for economic adjustments in the Department of Health and Human Services FY 2017-18 proposed budget.
XVII	382	Requires the Department of Transportation to submit construction cost-sharing bills to local units within two years after final construction contract payment.

FY 2016-17 INITIAL APPROPRIATIONS

The initial level of FY 2016-17 Gross appropriations is \$54.9 billion, which is \$592.6 million or 1.1% more than the Gross appropriations for FY 2015-16, as outlined in [Table 4](#), [Table 5](#) and [Figure A](#) summarize these appropriations by department and by fund source. The initial level of FY 2016-17 Adjusted Gross⁴ appropriations (the more accurate measure of total appropriations because interdepartmental grants are netted out) totals \$54.0 billion. This level of Adjusted Gross appropriations includes \$22.7 billion of Federal funds, \$388.6 million of local and private revenue, \$21.0 billion of State Restricted revenue, and \$10.0 billion of State General Fund/General Purpose revenue. Initial FY 2016-17 Adjusted Gross appropriations represent a \$574.2 million or 1.1% increase from the year-to-date (as of July 1, 2016) level of FY 2015-16 appropriations. Initial State Spending from State Resources appropriations total \$31.0 billion, an increase of \$704.7 million or 2.3% from the year-to-date level of FY 2015-16 appropriations. Initial GF/GP appropriations total \$10.0 billion, a decrease of \$174.3 million or 1.7% from the year-to-date level of FY 2015-16 appropriations. [Tables 6, 7, and 8](#) and [Figures B, C, and D](#) provide a department-by-department comparison of FY 2016-17 initial appropriations to FY 2015-16 year-to-date appropriations in terms of Adjusted Gross, State Spending from State Resources, and GF/GP appropriations, respectively.

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

Table 4

GROSS APPROPRIATIONS FY 2015-16 VERSUS FY 2016-17				
Department/Budget Area	FY 2015-16 Year-to-Date Appropriations¹⁾	FY 2016-17 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	\$89,594,000	\$94,101,300	\$4,507,300	5.0%
Attorney General.....	93,407,600	101,485,800	8,078,200	8.6
Capital Outlay	502,000	0	(502,000)	(100.0)
Civil Rights	16,128,700	16,248,500	119,800	0.7
Community Colleges.....	387,825,600	395,925,600	8,100,000	2.1
Corrections.....	1,975,907,300	2,002,729,000	26,821,700	1.4
Education	330,661,200	331,975,200	1,314,000	0.4
Environmental Quality.....	533,845,800	513,549,400	(20,296,400)	(3.8)
Executive	5,531,100	5,636,300	105,200	1.9
Health & Human Services.....	24,855,528,500	24,841,836,800	(13,691,700)	(0.1)
Higher Education	1,539,224,400	1,582,640,400	43,416,000	2.8
Insurance & Financial Services	67,282,700	66,257,200	(1,025,500)	(1.5)
Judiciary.....	290,151,400	298,234,000	8,082,600	2.8
Legislative Auditor General.....	22,840,500	23,651,900	811,400	3.6
Legislature	143,664,300	141,903,600	(1,760,700)	(1.2)
Licensing & Regulatory Affairs.....	415,702,300	418,062,400	2,360,100	0.6
Military & Veterans Affairs	178,470,300	174,100,200	(4,370,100)	(2.4)
Natural Resources	413,251,200	398,254,100	(14,997,100)	(3.6)
Natural Resources Trust Fund.....	27,957,200	0	(27,957,200)	(100.0)
School Aid.....	13,736,308,500	14,161,842,100	425,533,600	3.1
State.....	234,341,700	248,015,600	13,673,900	5.8
State Police.....	638,116,200	649,476,100	11,359,900	1.8
Talent & Economic Development	1,153,023,500	1,145,994,300	(7,029,200)	(0.6)
Technology, Management, & Budget	1,271,293,700	1,301,191,700	29,898,000	2.4
Transportation.....	3,898,451,400	4,114,503,600	216,052,200	5.5
Treasury (Debt Service).....	156,449,000	137,037,000	(19,412,000)	(12.4)
Treasury (Operations).....	630,327,100	519,123,200	(111,203,900)	(17.6)
Treasury (Revenue Sharing)	1,214,331,000	1,228,982,700	14,651,700	1.2
TOTAL BUDGET AREA APPROPRIATIONS.....	\$54,320,118,200	\$54,912,758,000	\$592,639,800	1.1%

¹⁾ Appropriations as of July 1, 2016.

Table 5

APPROPRIATIONS BY SOURCE OF FUNDS FY 2016-17 INITIAL APPROPRIATIONS							
Department/Budget Area	Gross	IDGs	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund/ General Purpose
Agriculture & Rural Development	\$94,101,300	\$323,200	\$93,778,100	\$10,471,200	\$130,700	\$33,249,300	\$49,926,900
Attorney General	101,485,800	28,989,700	72,496,100	9,476,700	0	20,178,900	42,840,500
Capital Outlay	0	0	0	0	0	0	0
Civil Rights	16,248,500	293,600	15,954,900	2,763,000	18,700	151,900	13,021,300
Community Colleges	395,925,600	0	395,925,600	0	0	260,414,800	135,510,800
Corrections	2,002,729,000	0	2,002,729,000	5,523,700	8,692,800	36,554,600	1,951,957,900
Education	331,975,200	0	331,975,200	239,821,900	7,591,400	8,380,700	76,181,200
Environmental Quality	513,549,400	9,225,700	504,323,700	138,687,200	555,300	317,344,800	47,736,400
Executive	5,636,300	0	5,636,300	0	0	0	5,636,300
Health & Human Services	24,841,836,800	13,513,700	24,828,323,100	17,880,902,200	278,705,100	2,294,167,500	4,374,548,300
Higher Education	1,582,640,400	0	1,582,640,400	101,526,400	0	237,209,500	1,243,904,500
Insurance & Financial Services	66,257,200	707,600	65,549,600	2,000,000	0	63,399,600	150,000
Judiciary	298,234,000	1,550,000	296,684,000	6,433,500	8,307,100	92,786,000	189,157,400
Legislative Auditor General	23,651,900	5,558,600	18,093,300	0	0	1,969,400	16,123,900
Legislature	141,903,600	0	141,903,600	0	400,000	4,275,800	137,227,800
Licensing & Regulatory Affairs	418,062,400	46,923,800	371,138,600	63,818,100	363,400	263,236,000	43,721,100
Military & Veterans Affairs	174,100,200	101,800	173,998,400	91,793,600	2,265,200	24,696,000	55,243,600
Natural Resources	398,254,100	1,375,900	396,878,200	72,365,400	7,446,400	277,156,400	39,910,000
Natural Resources Trust Fund	0	0	0	0	0	0	0
School Aid	14,161,842,100	0	14,161,842,100	1,818,632,700	0	12,124,309,400	218,900,000
State	248,015,600	20,000,000	228,015,600	1,460,000	100	204,445,900	22,109,600
State Police	649,476,100	26,580,400	622,895,700	87,967,800	5,906,600	126,358,500	402,662,800
Talent & Economic Development	1,145,994,300	0	1,145,994,300	768,144,800	6,119,000	192,341,600	179,388,900
Tech., Management, & Budget	1,301,191,700	694,054,100	607,137,600	4,958,200	2,320,000	114,340,800	485,518,600
Transportation	4,114,503,600	4,013,400	4,110,490,200	1,314,744,000	50,518,500	2,736,727,700	8,500,000
Treasury (Debt Service)	137,037,000	0	137,037,000	0	0	0	137,037,000
Treasury (Operations)	519,123,200	11,262,300	507,860,900	39,920,800	9,227,700	360,303,600	98,408,800
Treasury (Revenue Sharing)	1,228,982,700	0	1,228,982,700	0	0	1,228,982,700	0
TOTAL BUDGET AREA APPROPS	\$54,912,758,000	\$864,473,800	\$54,048,284,200	\$22,661,411,200	\$388,568,000	\$21,022,981,400	\$9,975,323,600

Figure A

Appropriations by Source of Funds

FY 2016-17 Initial Adjusted Gross Appropriations

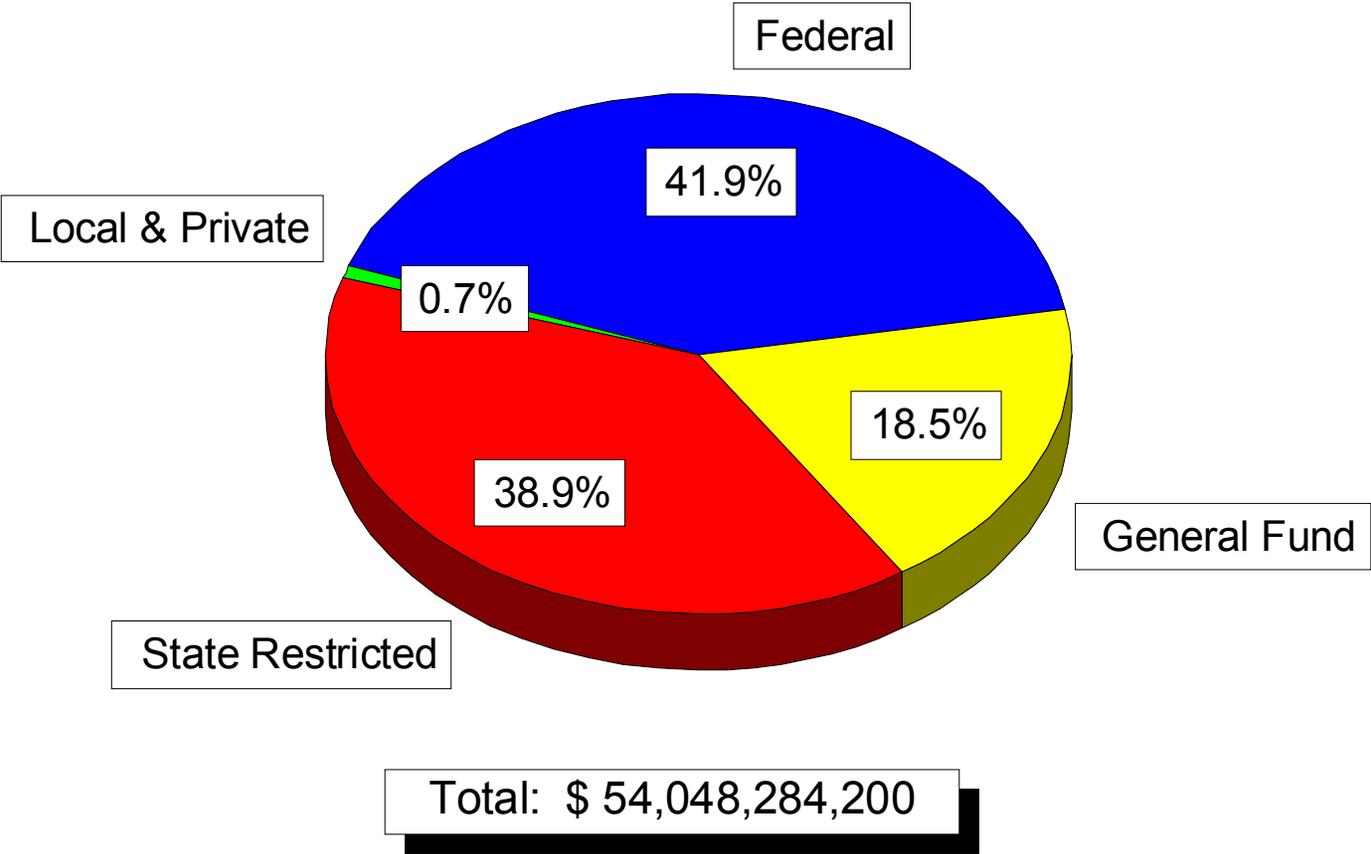


Table 6

ADJUSTED GROSS APPROPRIATIONS FY 2015-16 VERSUS FY 2016-17				
Department/Budget Area	FY 2015-16 Year-to-Date Appropriations¹⁾	FY 2016-17 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	\$89,276,700	\$93,778,100	\$4,501,400	5.0%
Attorney General.....	64,770,200	72,496,100	7,725,900	11.9
Capital Outlay	502,000	0	(502,000)	(100.0)
Civil Rights	15,842,000	15,954,900	112,900	0.7
Community Colleges.....	387,825,600	395,925,600	8,100,000	2.1
Corrections.....	1,975,682,300	2,002,729,000	27,046,700	1.4
Education	330,661,200	331,975,200	1,314,000	0.4
Environmental Quality.....	524,730,500	504,323,700	(20,406,800)	(3.9)
Executive	5,531,100	5,636,300	105,200	1.9
Health & Human Services.....	24,841,976,900	24,828,323,100	(13,653,800)	(0.1)
Higher Education	1,539,224,400	1,582,640,400	43,416,000	2.8
Insurance & Financial Services	66,575,100	65,549,600	(1,025,500)	(1.5)
Judiciary.....	287,955,500	296,684,000	8,728,500	3.0
Legislative Auditor General.....	17,447,700	18,093,300	645,600	3.7
Legislature	143,664,300	141,903,600	(1,760,700)	(1.2)
Licensing & Regulatory Affairs.....	369,633,600	371,138,600	1,505,000	0.4
Military & Veterans Affairs	178,371,000	173,998,400	(4,372,600)	(2.5)
Natural Resources	411,898,500	396,878,200	(15,020,300)	(3.6)
Natural Resources Trust Fund.....	27,957,200	0	(27,957,200)	(100.0)
School Aid.....	13,736,308,500	14,161,842,100	425,533,600	3.1
State.....	214,341,700	228,015,600	13,673,900	6.4
State Police.....	611,891,900	622,895,700	11,003,800	1.8
Talent & Economic Development	1,153,023,500	1,145,994,300	(7,029,200)	(0.6)
Technology, Management, & Budget	592,815,200	607,137,600	14,322,400	2.4
Transportation.....	3,894,522,900	4,110,490,200	215,967,300	5.5
Treasury (Debt Service).....	156,449,000	137,037,000	(19,412,000)	(12.4)
Treasury (Operations).....	620,826,400	507,860,900	(112,965,500)	(18.2)
Treasury (Revenue Sharing)	1,214,331,000	1,228,982,700	14,651,700	1.2
TOTAL BUDGET AREA APPROPRIATIONS	\$53,474,035,900	\$54,048,284,200	\$574,248,300	1.1%

¹⁾ Appropriations as of July 1, 2016.

Figure B

Adjusted Gross FY 2016-17 Initial Appropriations

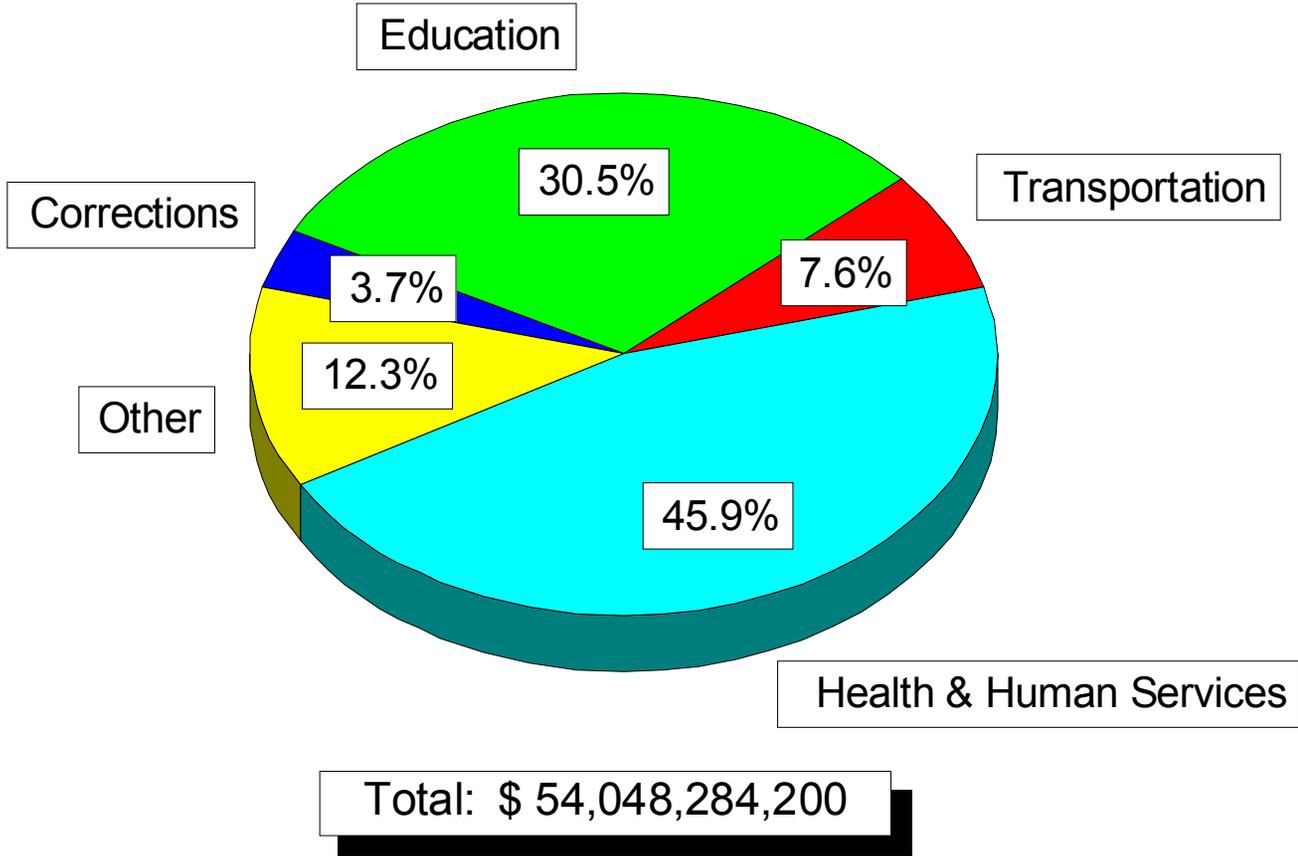


Table 7

STATE SPENDING FROM STATE RESOURCES FY 2015-16 VERSUS FY 2016-17				
Department/Budget Area	FY 2015-16 Year-to-Date Appropriations¹⁾	FY 2016-17 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	\$75,720,700	\$83,176,200	\$7,455,500	9.8%
Attorney General.....	55,491,600	63,019,400	7,527,800	13.6
Capital Outlay	502,000	0	(502,000)	(100.0)
Civil Rights	13,101,600	13,173,200	71,600	0.5
Community Colleges.....	387,825,600	395,925,600	8,100,000	2.1
Corrections.....	1,961,299,100	1,988,512,500	27,213,400	1.4
Education	86,553,300	84,561,900	(1,991,400)	(2.3)
Environmental Quality.....	386,105,400	365,081,200	(21,024,200)	(5.4)
Executive	5,531,100	5,636,300	105,200	1.9
Health & Human Services.....	6,463,630,400	6,668,715,800	205,085,400	3.2
Higher Education	1,437,698,000	1,481,114,000	43,416,000	3.0
Insurance & Financial Services	64,575,100	63,549,600	(1,025,500)	(1.6)
Judiciary.....	273,355,000	281,943,400	8,588,400	3.1
Legislative Auditor General.....	17,447,700	18,093,300	645,600	3.7
Legislature	143,264,300	141,503,600	(1,760,700)	(1.2)
Licensing & Regulatory Affairs.....	304,938,400	306,957,100	2,018,700	0.7
Military & Veterans Affairs	85,275,400	79,939,600	(5,335,800)	(6.3)
Natural Resources	324,612,800	317,066,400	(7,546,400)	(2.3)
Natural Resources Trust Fund.....	27,957,200	0	(27,957,200)	(100.0)
School Aid.....	11,960,539,300	12,343,209,400	382,670,100	3.2
State.....	212,596,600	226,555,500	13,958,900	6.6
State Police.....	518,412,600	529,021,300	10,608,700	2.0
Talent & Economic Development	378,868,200	371,730,500	(7,137,700)	(1.9)
Technology, Management, & Budget	581,040,100	599,859,400	18,819,300	3.2
Transportation.....	2,584,391,400	2,745,227,700	160,836,300	6.2
Treasury (Debt Service).....	156,449,000	137,037,000	(19,412,000)	(12.4)
Treasury (Operations).....	572,109,800	458,712,400	(113,397,400)	(19.8)
Treasury (Revenue Sharing)	1,214,331,000	1,228,982,700	14,651,700	1.2
TOTAL BUDGET AREA APPROPRIATIONS	\$30,293,622,700	\$30,998,305,000	\$704,682,300	2.3%

¹⁾ Appropriations as of July 1, 2016.

Figure C

State Spending From State Resources FY 2016-17 Initial Appropriations

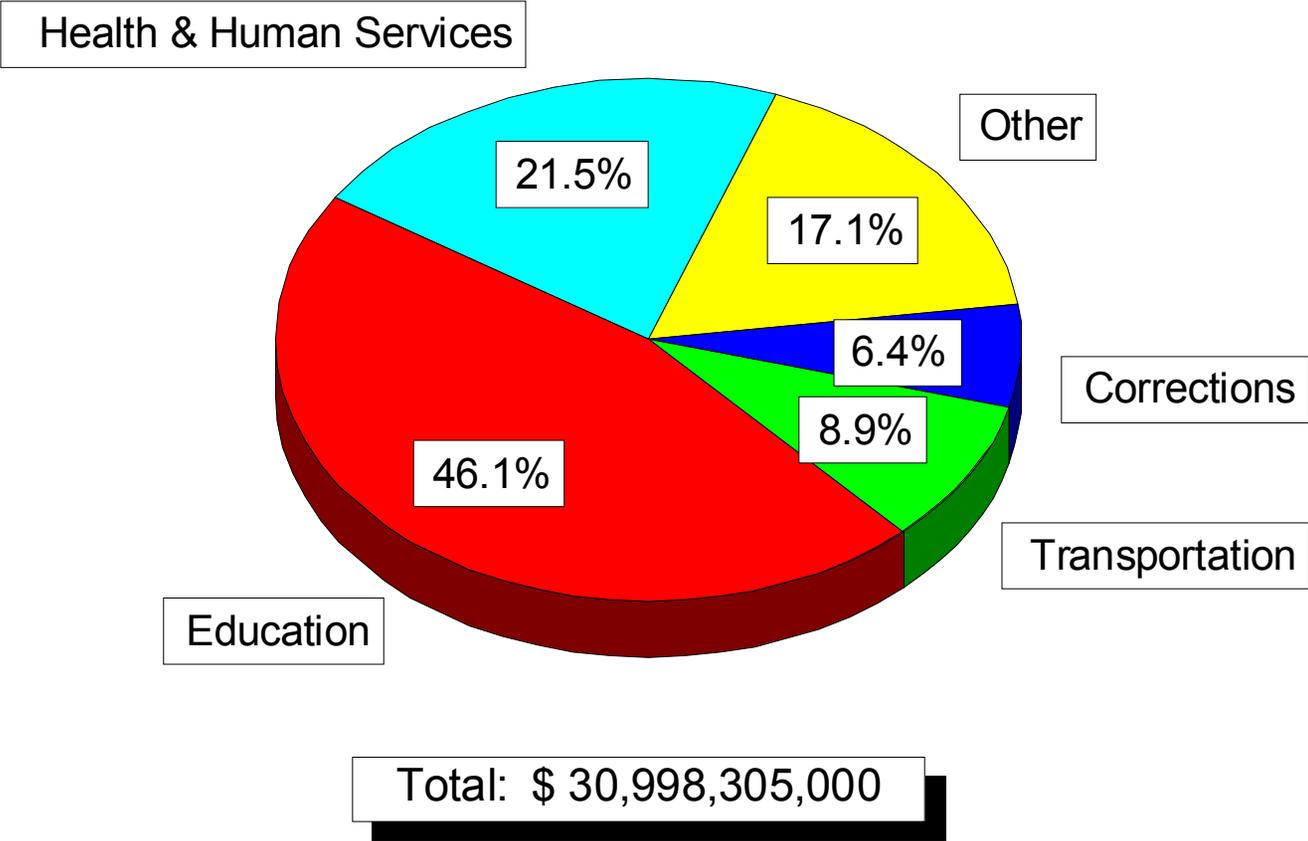


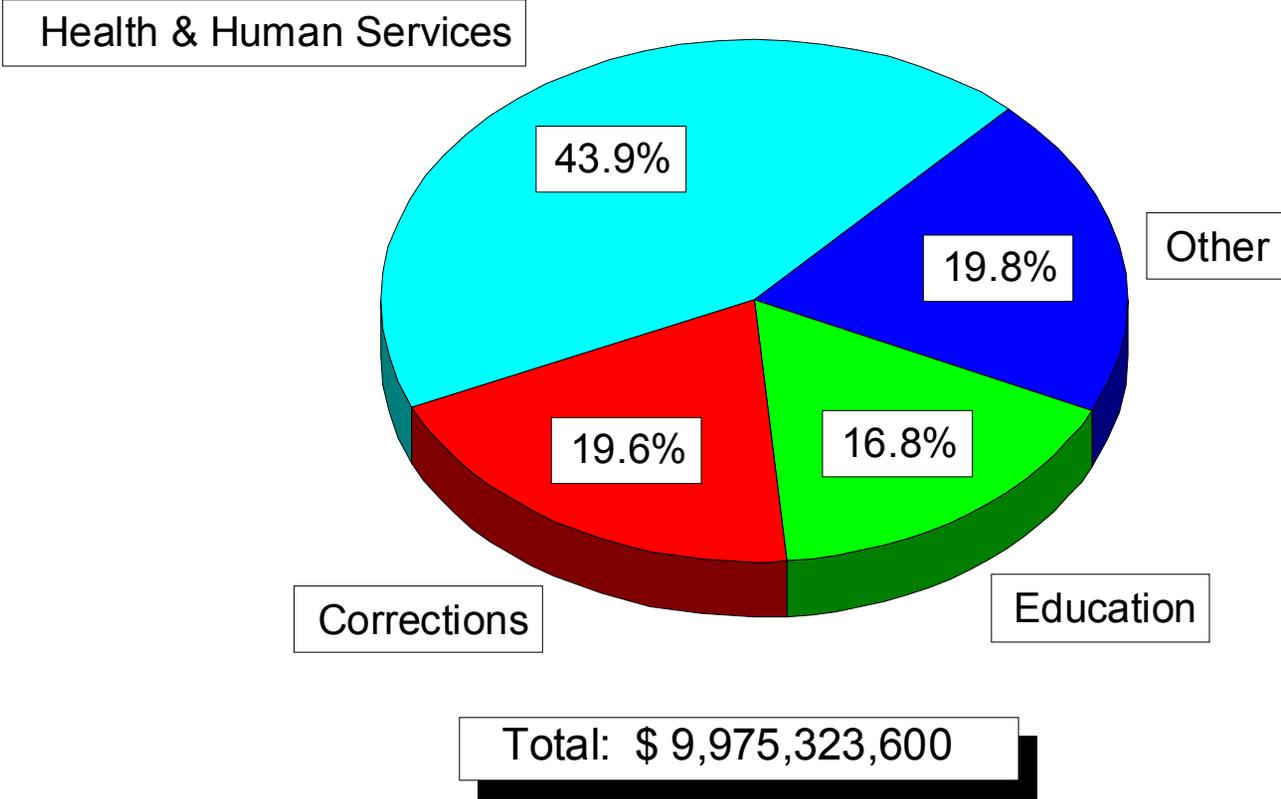
Table 8

GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS FY 2015-16 VERSUS FY 2016-17				
Department/Budget Area	FY 2015-16 Year-to-Date Appropriations¹⁾	FY 2016-17 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	\$43,073,600	\$49,926,900	\$6,853,300	15.9%
Attorney General.....	37,013,400	42,840,500	5,827,100	15.7
Capital Outlay	502,000	0	(502,000)	(100.0)
Civil Rights	12,949,700	13,021,300	71,600	0.6
Community Colleges.....	131,110,800	135,510,800	4,400,000	3.4
Corrections.....	1,917,348,400	1,951,957,900	34,609,500	1.8
Education	78,883,700	76,181,200	(2,702,500)	(3.4)
Environmental Quality.....	80,764,200	47,736,400	(33,027,800)	(40.9)
Executive	5,531,100	5,636,300	105,200	1.9
Health & Human Services.....	4,241,979,700	4,374,548,300	132,568,600	3.1
Higher Education	1,232,418,500	1,243,904,500	11,486,000	0.9
Insurance & Financial Services	1,925,100	150,000	(1,775,100)	(92.2)
Judiciary.....	184,109,200	189,157,400	5,048,200	2.7
Legislative Auditor General.....	15,460,100	16,123,900	663,800	4.3
Legislature	139,072,300	137,227,800	(1,844,500)	(1.3)
Licensing & Regulatory Affairs.....	42,951,500	43,721,100	769,600	1.8
Military & Veterans Affairs	60,612,300	55,243,600	(5,368,700)	(8.9)
Natural Resources	42,847,800	39,910,000	(2,937,800)	(6.9)
Natural Resources Trust Fund.....	0	0	0	0.0
School Aid.....	55,100,000	218,900,000	163,800,000	297.3
State.....	25,961,500	22,109,600	(3,851,900)	(14.8)
State Police.....	393,584,400	402,662,800	9,078,400	2.3
Talent & Economic Development	198,457,000	179,388,900	(19,068,100)	(9.6)
Technology, Management, & Budget	482,468,200	485,518,600	3,050,400	0.6
Transportation.....	400,000,000	8,500,000	(391,500,000)	(97.9)
Treasury (Debt Service).....	156,449,000	137,037,000	(19,412,000)	(12.4)
Treasury (Operations).....	169,060,300	98,408,800	(70,651,500)	(41.8)
Treasury (Revenue Sharing)	0	0	0	0.0
TOTAL BUDGET AREA APPROPRIATIONS	\$10,149,633,800	\$9,975,323,600	(\$174,310,200)	(1.7%)

¹⁾ Appropriations as of July 1, 2016.

Figure D

General Fund/General Purpose FY 2016-17 Initial Appropriations



HIGHLIGHTS OF CHANGES IN STATE APPROPRIATIONS

There are various elements that comprise the \$592.6 million of Gross appropriation changes and the \$174.3 million of GF/GP changes, including: new programs, program increases, program eliminations and reductions, fund shifts, and economic adjustments. The \$592.6 million of Gross appropriation changes consists of \$110.6 million for new programs, \$1.7 billion for program funding increases, \$1.1 billion of savings due to program eliminations and funding reductions, \$347.5 million of other technical program adjustments, \$143.0 million for standard economic adjustments, and \$0.5 million for unclassified salary increases. A summary of the Gross and GF/GP appropriation changes from FY 2015-16 to FY 2016-17 is presented in [Table 9](#). [Tables 10](#) through [15](#) provide details on the appropriation changes.

Table 9

SUMMARY OF FY 2016-17 APPROPRIATION CHANGES		
	Gross	GF/GP
FY 2015-16 Year-To-Date Appropriation¹⁾	\$54,320,118,200	\$10,149,633,800
Changes for FY 2016-17:		
New Programs	\$110,597,200	\$28,669,000
Program Increases.....	1,743,696,650	567,681,100
Program Eliminations/Reductions.....	(1,057,652,050)	(400,792,100)
Major Fund Shifts Affecting GF/GP	0	(253,269,100)
Other Technical Program Adjustments.....	(347,472,200)	(189,869,500)
Economic Increases.....	143,003,700	73,019,400
Unclassified Salaries Adjustments.....	466,500	251,000
Total Changes.....	\$592,639,800	(\$174,310,200)
FY 2016-17 INITIAL APPROPRIATION	\$54,912,758,000	\$9,975,323,600

¹⁾ Appropriation as of July 1, 2016.

There are a number of new programs for FY 2016-17, as well as other funding increases that are primarily attributable to caseload and cost issues in the Department of Health and Human Services and School Aid budgets. [Table 10](#) summarizes FY 2016-17 Gross and GF/GP funding for new programs by department. New programs in various departments account for \$110.6 million of Gross and \$28.7 million of GF/GP appropriations. The largest Gross piece of the new programs' total is \$43.2 million, primarily Federal funds, for one-time integrated service delivery technology for the Department of Health and Human Services (which merged the former Department of Community Health and Department of Human Services in April 2015). The largest GF/GP new program appropriation is \$4.5 million in the Department of Education budget for statewide school drinking water quality program-testing reimbursements.

In addition to new programs, there are Gross program increases of \$1.7 billion and GF/GP increases of \$567.7 million, which are outlined in [Table 11](#). The largest Gross increase is \$380.2 million in the Department of Health and Human Services to recognize caseload, cost, and actuarial soundness adjustments, for both traditional and expansion Medicaid. The second-largest Gross funding increase is a combined \$213.3 million for State and local road and bridge funding (\$157.1 million) and public transit funding (\$56.2 million) in the Department of Transportation. The Gross appropriation increases for the Community Colleges and Higher Education budgets are \$8.1 million and \$42.9 million, respectively. The single-largest GF/GP increase is \$159.1 million in the School Aid budget to pay for foundation allowance increases between \$60 and \$120 per pupil. Other GF/GP program increases in the budget include \$8.5 million for a Corrections officer academy and \$7.0 million for a new State Police trooper school. Included in [Table 11](#) are the \$74.7 million of Gross FY 2016-17 Flint drinking water emergency appropriations, which are also summarized below.

Summary of FY 2016-17 Flint Drinking Water Declaration of Emergency Appropriations

Department/Budget Area	Initial Gross Appropriation	Initial GF/GP Appropriation
Attorney General	\$5,600,000	\$3,000,000
Education	8,050,100	0
Environmental Quality	5,400,100	5,400,000
Health and Human Services (HHS)	45,490,600	15,192,300
School Aid	10,142,600	10,142,500
Treasury	100	0
Total	\$74,683,500	\$33,734,800

Notes: There are \$100 placeholders for the drinking water emergency reserve fund for all budget areas listed (except the Attorney General) to allow for contingency fund transfers during the fiscal year; HHS includes Medicaid waiver funding of \$30,352,500 Gross, \$6,098,100 GF/GP.

Table 12 outlines the programs eliminated, and those with reduced funding, in the FY 2016-17 initial appropriations. Of the total \$1.1 billion in Gross program eliminations and reductions, \$616.7 million, or 58.3%, is from the reduction of actuarial soundness payments in the Department of Health and Human Services due to the expiration of the Medicaid managed care use tax and the moratorium on the Federal Affordable Care Act health insurer fee. Throughout all of the budget areas, the removal of FY 2015-16 appropriations that were characterized as one-time accounted for approximately \$126.6 million Gross, and the expiration of the five-year early-out deferred sick leave payments that were incurred in 2010 produced Gross savings of \$16.3 million.

In addition to the new programs, program increases, and program eliminations and reductions outlined in Tables 10, 11, and 12, there are numerous fund shifts in the FY 2016-17 budget that either increase or decrease GF/GP appropriations. These fund shifts, the largest being the \$375.0 million replacement of GF/GP support in the Department of Transportation with Federal and State Restricted revenue, produce a net decrease of \$253.3 million in GF/GP appropriation levels, and are listed in Table 13.

Table 14 lists other program adjustments, primarily technical in nature, that reduce FY 2016-17 Gross appropriations by \$347.5 million and reduce GF/GP appropriations by \$189.9 million. Table 15 summarizes the FY 2016-17 initial appropriations economic adjustments, which reflect an overall increase of \$143.0 million Gross and \$73.0 million GF/GP. In addition to the economic adjustments, there was a Gross increase for unclassified salaries of \$466,500 and a GF/GP increase of \$251,000, resulting in total FY 2016-17 Gross appropriations for unclassified salaries of \$20.1 million. State employee compensation changes are discussed in the next section of this report.

All of the changes listed in Tables 10 through 15 result in appropriation increases from FY 2015-16 to FY 2016-17 of \$592.6 million Gross and appropriation decreases of \$174.3 million GF/GP.

Table 10

FY 2016-17 INITIAL APPROPRIATIONS NEW PROGRAMS		
Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Rural development fund grant/loan program.....	\$2,000,000	\$0
On-farm Federal safety requirements	300,000	300,000
Vital agriculture infrastructure grant program (one-time)	220,000	220,000

Table 10 - continued

FY 2016-17 INITIAL APPROPRIATIONS NEW PROGRAMS		
Budget Area/Program	Gross	GF/GP
Attorney General		
Prescription drug abuse unit (one-time).....	700,000	700,000
Corrections		
Medication-assisted treatment reentry pilot program.....	500,000	500,000
Education		
Statewide school drinking water quality program-testing reimbursement.....	4,500,000	4,500,000
Multitiered systems of on-site supports for ISDs, districts, and buildings.....	500,000	500,000
Early/middle college technical support team.....	395,000	395,000
Chief information officer to coordinate IT services.....	200,000	200,000
School safety consultant for statewide school emergency planning.....	180,000	180,000
Special education taskforce.....	100,000	100,000
Environmental Quality		
Phase I of Saginaw River dredging project (one-time).....	50,000	50,000
Health and Human Services		
Technology for integrated service delivery (one-time; \$42.6 million Federal).....	43,230,500	630,800
Michigan covenant academy building improvements.....	280,000	280,000
Ottawa County facility renovations.....	250,000	250,000
State match for Federal agrability grant.....	50,000	50,000
Higher Education		
MSU diagnostic center for population and animal health (one-time).....	500,000	500,000
Judiciary		
Medication-assisted treatment pilot program (one-time).....	750,000	750,000
Legislature		
Criminal justice policy commission-study on 17-year-olds (one-time).....	500,000	500,000
Create Michigan veterans facility ombudsman.....	150,000	150,000
Natural Resources		
Replace land ownership tracking system (one-time; forest dev. fund).....	4,000,000	0
Develop new vegetative management system (one-time; forest dev. fund).....	2,100,000	0
Develop asian carp barrier (one-time).....	1,000,000	1,000,000
Develop commercial/tribal fisher reporting system (one-time).....	600,000	300,000
Swimmer's itch pilot program (one-time).....	250,000	250,000
Develop river water trails in southwest Michigan (one-time).....	100,000	100,000
School Aid		
State school reform/redesign office.....	5,000,000	0
Career and technical education (CTE) equipment upgrades/mechatronics.....	3,200,000	0
Funding to nonpublic schools for mandates.....	2,500,000	2,500,000
Online algebra tool.....	1,500,000	1,500,000
Year-round schools grants.....	1,500,000	0
Integrated behavior and learning support.....	1,125,000	1,125,000
Competency-based transcript pilot project.....	500,000	500,000

Table 10 - continued

FY 2016-17 INITIAL APPROPRIATIONS NEW PROGRAMS		
Budget Area/Program	Gross	GF/GP
School Aid (continued)		
Local produce in schools pilot project	250,000	250,000
CTE partnership between VanBuren ISD and local health department.....	250,000	0
Early learning cooperative pilot project	175,000	0
State Police		
Advanced 9-1-1 (one-time).....	2,200,000	2,200,000
School safety initiative (one-time)	2,000,000	2,000,000
Roadside saliva testing pilot project (fund shift for \$100 placeholder).....	0	0
Talent and Economic Development		
Statewide data systems integration (one-time; Federal/restricted revenue).....	8,778,500	0
Protect and grow defense industry in Michigan (one-time).....	3,000,000	3,000,000
Sustainable employment pilot program (one-time; \$100 placeholder)	100	100
Transportation		
Detroit metro airport debt repayment and capital improvements	8,775,000	0
Surface improvements for privately-owned rail grade crossings	3,000,000	0
Reinstate air service program	250,000	0
Treasury (Operations)		
Develop free individual tax return e-file (one-time)	2,842,500	2,842,500
Student loan delinquency pilot program.....	345,600	345,600
TOTAL NEW PROGRAMS	\$110,597,200	\$28,669,000

Table 11

FY 2016-17 INITIAL APPROPRIATIONS PROGRAM INCREASES		
Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Staff and equipment upgrades for Geagley and Heffron labs.....	\$3,112,000	\$2,509,800
Animal agriculture initiative at MSU (\$500,000 one-time).....	899,000	899,000
Farmland preservation program (use tax revenue).....	500,000	0
Information technology maintenance for on-site inspection systems.....	378,000	257,000
Value-added grants	300,000	300,000
Grape and wine council.....	170,000	170,000
County fairs capital improvement grants	150,000	150,000
Attorney General		
Legal defense costs related to the Flint water emergency (one-time).....	3,000,000	3,000,000
Legal expenses related to the Flint water emergency (lawsuit settlement fund)	2,600,000	0
Prosecuting attorneys coordinating council-juvenile life without parole (one-time)	700,000	700,000
Home protection unit litigation costs related to mortgage crisis.....	600,000	600,000

Table 11 - continued

FY 2016-17 INITIAL APPROPRIATIONS PROGRAM INCREASES		
Budget Area/Program	Gross	GF/GP
Attorney General (continued)		
Human trafficking prosecutions and public awareness	390,000	0
Transition to DTMB standard rate plan for departmentwide services	82,100	82,100
Civil Rights		
Division on deaf and hard of hearing (one-time).....	250,000	250,000
Transition to DTMB standard rate plan for departmentwide services	20,100	20,100
Community Colleges		
College operations performance funding	4,400,000	4,400,000
State payment for MPSERS rate cap (School Aid Fund).....	3,700,000	0
Corrections		
Corrections officer academy with graduating class of 350 (one-time)	8,506,100	8,506,100
Prisoner health care	7,870,000	7,870,000
Expand programs to reduce parolee/probationer recidivism/incarceration.....	4,573,300	4,573,300
Information technology services.....	3,042,600	2,602,600
Supervising region incentive program to reduce revocations (\$481,300 one-time).....	2,999,900	2,999,900
Expand vocational village.....	2,000,000	2,000,000
Food service	1,535,000	1,535,000
County jail reimbursement program \$5 per prisoner, per day, rate increase.....	1,467,500	1,467,500
Expand number of participants in parole sanction certainty program	940,000	940,000
Ballistic vests (one-time; special equipment fund)	481,300	0
Utilities for Kinross, Muskegon, and St. Louis facilities	287,800	287,800
Education		
Federal child development and care expansion.....	13,266,100	0
Drinking water declaration of emergency-includes \$100 placeholder (one-time).....	8,050,100	0
Certification fees GF support due to declining fee revenue	500,000	500,000
Home visit program coordinator	175,000	175,000
E-rate technical assistance for districts	162,500	162,500
Education Commission of the State's annual membership dues	90,800	90,800
Environmental Quality		
Clean Michigan Initiative (CMI) high priority cleanups (bond proceeds).....	14,900,000	0
Drinking water declaration of emergency-includes \$100 placeholder (one-time).....	5,400,100	5,400,000
Add GF to replace oil, gas, and minerals office restricted revenue (one-time).....	4,000,000	4,000,000
Drinking water revolving loan fund program-State match for Federal funds (one-time).....	2,950,000	2,950,000
Leaking underground storage tank cleanups (refined petroleum fund revenue)	1,500,000	0
Water withdrawal assessment program (CMI bond proceeds)	800,000	0
Contaminated lake and river sediment cleanups (one-time; CMI bond proceeds).....	700,000	0
Executive		
Operations increase	105,200	105,200

Table 11 - continued

FY 2016-17 INITIAL APPROPRIATIONS PROGRAM INCREASES		
Budget Area/Program	Gross	GF/GP
Health and Human Services		
Traditional Medicaid base and caseload adjustments	199,488,800	101,024,600
Healthy Michigan Plan base and caseload adjustments.....	101,352,500	(17,271,000)
Full year cost of new Hepatitis C medications	74,320,900	22,686,100
Traditional Medicaid managed care actuarial soundness adjustment	54,812,800	19,102,300
Increase in Federal victims of crime grant	39,279,300	0
Behavioral health actuarial soundness adjustments	38,883,100	12,103,400
Full year cost of new cystic fibrosis medications.....	30,729,000	21,977,900
Increase in Michigan access to care initiative (MACI) payments	28,300,000	(4,552,600)
Complete statewide expansion of healthy kids dental	25,601,000	8,921,900
Healthy Michigan Plan actuarial soundness adjustment.....	24,567,900	921,300
Michigan statewide automated child welfare information system (one-time).....	19,528,400	5,746,900
Drinking water declaration of emergency-includes \$100 placeholder (one-time).....	15,138,100	9,094,200
Add new patient unit at center for forensic psychiatry.....	7,607,000	7,607,000
Increase foster care private agency administrative rate from \$40 to \$45	7,500,000	5,555,000
Transition to DTMB standard rate plan for departmentwide services	6,343,000	2,220,100
Expand family preservation services (one-time)	6,098,200	0
Increase Medicaid private duty nursing reimbursement rates	4,949,900	1,725,000
Public assistance base and caseload adjustments.....	4,558,200	(2,079,200)
Expand \$140 clothing allowance to all family independence program cases.....	3,390,000	0
Community mental health (CMH) non-Medicaid services funding increase	3,000,000	3,000,000
Changes in Federal authorization	2,950,600	0
Expand dental coverage for pregnant women on Medicaid	2,726,000	950,000
Increase in guardianship services rate from \$60 per month to \$83 per month.....	2,726,000	950,000
Increase for senior community services	2,500,000	2,500,000
Increase for non-profit dental clinics	1,550,000	1,550,000
Increase in multicultural funding.....	1,445,500	1,445,500
Convert vaccine promotion funding to payment to Medicaid health plans.....	1,000,000	0
Increase for University of Detroit-Mercy dental clinic	1,000,000	1,000,000
Increase for 2-1-1 services (\$300,000 one-time)	750,000	750,000
Increase adult foster care personal care services rate by \$15 per month	717,400	250,000
Increase for autism alliance navigator services (one-time).....	565,000	565,000
Replace carryforward funding for rural visitation programs	550,000	550,000
New disability determination services contract	500,000	500,000
Medicaid fraud detection software maintenance and support.....	433,300	216,700
Encryption software maintenance and support.....	422,000	105,500
Increase for child support enforcement operations	410,400	410,400
Replace carryforward funding for real alternatives program	350,000	(50,000)
Increase in food bank funding	250,000	250,000

Table 11 - continued

FY 2016-17 INITIAL APPROPRIATIONS PROGRAM INCREASES		
Budget Area/Program	Gross	GF/GP
Health and Human Services (continued)		
Increase in disability determination services medical costs	138,800	138,800
Reflect carryforward of revenue for emergency medical services	103,700	0
Increase in indigent burial reimbursement rates	75,000	75,000
Adult home help program fraud detection study (one-time)	25,000	25,000
Higher Education		
Performance-based 2.9% average increase for university operations	39,787,400	8,587,400
Tuition grants-2.9% increase from \$34.0 million to \$35.0 million	986,000	986,000
MSU agriculture/bio research-2.3% increase from \$32.5 million to \$33.2 million	734,800	734,800
State payment for MPSERS rate cap (School Aid Fund)	730,000	0
MSU extension-2.4% increase from \$28.0 million to \$28.7 million	677,800	677,800
Judiciary		
Statewide e-file system (electronic filing fund revenue)	3,499,900	0
Michigan indigent defense commission (10.0 FTEs)	1,300,000	1,300,000
Specialty treatment courts (\$250,000 one-time)	500,000	500,000
Legal self-help website and centers	300,000	300,000
State appellate defender office-Montgomery v. Louisiana (one-time)	93,300	400,000
Legislative Auditor General		
Operations increase	811,400	663,800
Legislature		
Operations increase	4,789,300	4,705,500
Licensing and Regulatory Affairs		
Increase fire protection grants from \$9.3 million to \$12.7 million (one-time)	3,400,000	3,400,000
Michigan automated prescription system updates	2,020,000	2,020,000
Liquor control commission IT upgrades (one-time; restricted revenue)	1,560,000	0
Increase firefighter training grants to \$2 million (fireworks safety fund revenue)	1,000,000	0
Michigan agency for energy (public utility assessments)	601,300	0
Transfer 2 unclassified deputy directors to classified (restricted revenue)	302,000	0
Higher education reciprocal exchange (distance education fund revenue)	300,000	0
Cost adjustments for rent charges and executive order transfers	47,400	8,400
Military and Veterans Affairs		
Armory infrastructure upgrades (one-time)	2,500,000	2,500,000
Grand Rapids veterans home nursing staff	1,800,000	1,800,000
Adjust D.J. Jacobetti veterans home nursing staff/renovate to Medicaid specs	1,120,000	1,120,000
Grand Rapids veterans home Medicaid certification pilot (one-time)	1,000,000	1,000,000
Youth ChalleNGe program	710,000	710,000
Camp Grayling housing	300,000	300,000
Homeless veterans outreach efforts (one-time)	300,000	300,000
Economic increase for veterans' service grants	30,000	30,000

Table 11 - continued

FY 2016-17 INITIAL APPROPRIATIONS PROGRAM INCREASES		
Budget Area/Program	Gross	GF/GP
Natural Resources		
Capital outlay-recreational lands and infrastructure	3,300,000	250,000
Capital outlay-waterways projects	3,258,500	0
Support for sustainable timber supply (forest dev. fund)	2,125,000	0
State parks (park improvement fund)	1,510,000	0
Forest fire equipment (forest dev. fund; \$1 million one-time)	1,150,000	0
Federal funds for shooting ranges and wildlife management	605,000	0
Grants to locals for recreation projects (recreation passport revenue)	500,000	0
Restricted fund revenue increases	350,000	0
School Aid		
Foundation allowance increases between \$60 to \$120 per pupil/fund shift to GF	153,000,000	159,082,300
School bond loan fund debt service	116,000,000	0
Michigan Public School Employees Retirement System rate cap	89,300,000	0
Federal grants	42,863,500	0
State special education funding	27,800,000	0
Drinking water declaration of emergency-includes \$100 placeholder (one-time)	10,142,600	10,142,500
CTE dual enrollment/early middle college funding	8,000,000	0
Early literacy additional instruction time	3,900,000	0
Cash flow borrowing costs	2,000,000	0
Increase gang prevention grants from \$1 million to \$3 million	2,000,000	0
Science, technology, engineering, and math grants	1,000,000	1,000,000
Cost adjustments for promise zones and payments in lieu of taxes	850,300	0
Buena Vista student transition grants	660,000	0
FIRST robotics	500,000	0
Youth ChalleNGe program	110,000	0
CTE education-restaurant association culinary grant	79,000	79,000
State		
Replace voting equipment (one-time)	5,000,000	5,000,000
MI-time self-service kiosk maintenance (restricted revenue)	470,000	0
Transition to DTMB standard rate plan for departmentwide services	188,300	13,400
State Police		
Second year cost for trooper school recruits	8,750,300	8,750,300
New trooper school (\$3.2 million one-time)	7,000,000	7,000,000
Cyber crimes enforcement	1,706,300	1,706,300
Expand secure cities program from 4 cities to 10	1,463,500	1,463,500
Drug enforcement initiative	753,200	753,200
Talent and Economic Development		
Special grants (one-time)	12,000,000	12,000,000
Increase skilled trades training program to \$30.9 million (restricted revenue)	5,300,000	(4,700,000)

Table 11 - continued

FY 2016-17 INITIAL APPROPRIATIONS PROGRAM INCREASES		
Budget Area/Program	Gross	GF/GP
Talent and Economic Development (continued)		
Increase business attraction/community revitalization to \$115.5 million (one-time)....	1,499,900	499,900
Increase Pure Michigan to \$34 million (21st century jobs trust fund)	1,000,000	0
Technology, Management, and Budget		
Develop and transition to standard rate plan for departmentwide services (IDG)	10,632,400	0
Enterprise identity management login (MiLogin).....	6,700,000	6,700,000
Legal services (one-time).....	5,000,000	5,000,000
IT investment funds (one-time).....	4,500,000	4,500,000
Enhance cyber security	4,000,000	4,000,000
Office of retirement services administrative costs (restricted revenue)	3,631,100	0
Office of retirement services IT/enterprise mandates (one-time; restricted rev.).....	2,850,000	0
Office of good government	2,678,700	1,500,000
Enterprisewide state facilities special maintenance (one-time)	1,600,900	1,600,900
Special projects (\$250,000 one-time)	500,000	500,000
Office of retirement services-State Police retirement payout adjustment	132,000	132,000
Bureau of labor market information-local customized data (local revenue).....	35,000	0
Transportation		
State and local roads and bridges.....	157,139,150	0
Public transit-local bus operations, rail operations, transit capital	56,195,400	0
Blue water bridge customs plaza project	18,416,300	0
Special grants-Berrien US-31; Lenawee M-52; Macomb M-53	8,500,000	8,500,000
Aeronautics program	1,774,300	0
Transition to DTMB standard rate plan for departmentwide services	660,300	0
Treasury (Debt Service)		
Clean Michigan Initiative debt service.....	25,516,000	25,516,000
Great Lakes Water Quality Bond debt service	2,344,000	2,344,000
Treasury (Operations)		
Transition to DTMB standard rate plan for departmentwide services	1,563,000	552,800
Payments in lieu of taxes	1,304,700	1,056,800
Expand testing and analytics for new systems and operations	750,000	750,000
Upgrades for casino gaming information technology (restricted revenue)	500,000	0
Special grants-urban rescue; beat-the-streets; Gianna House; plasma cutter	476,000	476,000
Indian casino auditor (restricted revenue).....	118,300	0
Drinking water declaration of emergency \$100 placeholder (one-time).....	100	0
Treasury (Revenue Sharing)		
Constitutional revenue sharing.....	12,084,200	0
County revenue sharing-1.0% increase for eligible counties	2,100,000	0
Return of Alcona/Charlevoix to county revenue sharing program	467,500	0
TOTAL PROGRAM INCREASES	\$1,743,696,650	\$567,681,100

Table 12

FY 2016-17 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS		
Budget Area/Program	Gross	GF/GP
Agriculture and Rural Development		
Eliminate funding for completed commercial forestry program audit.....	(\$300,000)	(\$300,000)
Expiration of 5-year early-out deferred sick leave payments.....	(237,600)	(101,100)
Eliminate funding for Geagley lab equipment (one-time)	(150,000)	(150,000)
Reduce qualified forest program.....	(130,000)	(130,000)
Administrative reductions	(99,100)	(99,100)
Attorney General		
Expiration of 5-year early-out deferred sick leave payments.....	(472,200)	(5,000)
Civil Rights		
Expiration of 5-year early-out deferred sick leave payments.....	(70,800)	(70,800)
Corrections		
Savings from the closure of Pugsley facility	(27,069,400)	(26,991,000)
Savings from relocation of Kinross to Hiawatha facility	(3,400,000)	(3,400,000)
Savings from moving prisoners from leased county beds to DOC facilities	(3,209,000)	(3,209,000)
Reduce storekeeper positions for prison store operations	(2,400,000)	0
Expiration of 5-year early-out deferred sick leave payments.....	(1,346,800)	(1,345,500)
Reduce funding for Goodwill Flip-the-Script program.....	(500,000)	(500,000)
Transportation savings from moving medical procedures in-house	(200,000)	(200,000)
Education		
Reduce funding for educator evaluations	(1,000,000)	(1,000,000)
Reduce financial independence team by 50%	(250,000)	(250,000)
Expiration of 5-year early-out deferred sick leave payments	(201,400)	(21,900)
Local cost sharing revenue reduction.....	(76,500)	0
Environmental Quality		
Reduce office of oil, gas, and minerals (restricted revenue)	(5,385,600)	0
Eliminate brownfield grants (CMI bond proceeds).....	(1,500,000)	0
Remove FY 2015-16 one-time WMU geological resources study.....	(500,000)	(500,000)
Expiration of 5-year early-out deferred sick leave payments.....	(243,300)	(43,800)
Eliminate environmental bond site reclamation program (CMI bond proceeds).....	(126,800)	0
Health and Human Services		
Reduce actuarial soundness payments due to managed care use tax expiration	(479,536,600)	(125,542,100)
Reduce actuarial soundness due to moratorium on ACA health insurer fee.....	(137,175,400)	(36,710,400)
Savings from assumed reduced rate of emergency department admissions.....	(37,857,100)	(10,249,800)
Adjust Healthy Michigan hospital rate adjustor payments	(28,495,100)	0
Physician adjustor and specialty network access fee adjustments	(20,000,000)	0
Reduce state innovation model grant from \$25.0 million to \$10.0 million	(15,000,000)	0
Reduce Healthy Michigan call center funding.....	(8,109,900)	(1,569,600)
Expiration of 5-year early-out deferred sick leave payments.....	(6,363,600)	(2,540,400)

Table 12 - continued

FY 2016-17 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS		
Budget Area/Program	Gross	GF/GP
Health and Human Services (continued)		
End of integrated care for dual eligibles demonstration grant	(5,656,000)	(1,414,000)
Reduce ongoing mental health and wellness commission funding	(5,512,500)	(1,864,000)
Children with serious emotional disturbance waiver base/caseload adjustment.....	(2,647,900)	(909,600)
Savings tied to recommendations from child care fund audit.....	(2,000,000)	(2,000,000)
Reduce university autism funding	(1,500,000)	(1,500,000)
Remove one-time mental health and wellness commission funding	(1,500,000)	(1,500,000)
Remove one-time drug policy initiatives funding	(1,500,000)	(1,500,000)
Remove one-time pay for success funding.....	(1,500,000)	(1,500,000)
Expiration of juvenile accountability block grants	(1,281,300)	(66,800)
Reduce Healthy Michigan marketing funding by 50%	(1,000,000)	(500,000)
Child welfare services base and caseload adjustments	(896,100)	(4,564,000)
Remove one-time employment and training funding	(800,000)	(400,000)
Family support subsidy base and caseload adjustments	(682,200)	0
Reduce funding for closed Maxey facility	(500,000)	(500,000)
Reduce health innovation grants from \$1.0 million to \$500,000.....	(500,000)	(500,000)
Eliminate in-home rural county community care grants.....	(400,000)	(400,000)
Remove one-time LARA interdepartmental grant for nursing transitions	(268,700)	0
Eliminate facility inspection contract with LARA	(132,800)	(132,800)
Reduce adoption family support network parent to parent contract	(100,000)	(100,000)
Reduce departmentwide administration and management	(100,000)	(100,000)
Insurance and Financial Services		
Expiration of 5-year early-out deferred sick leave payments.....	(138,500)	0
Eliminate funding for economic development programs (restricted revenue)	(50,000)	0
Judiciary		
Michigan judicial institute-loss of Federal and MCOLE grants	(395,700)	0
Swift-and-sure sanctions program	(250,000)	(250,000)
Expiration of 5-year early-out deferred sick leave payments.....	(58,800)	(51,500)
Licensing and Regulatory Affairs		
Expiration of 5-year early-out deferred sick leave payments.....	(934,700)	(17,500)
Eliminate Detroit demolition permit assistance (restricted revenue).....	(800,000)	0
Eliminate defunct oil overcharge revenue fund source.....	(30,000)	0
Military and Veterans Affairs		
Eliminate one-time National Guard special maintenance	(3,000,000)	(3,000,000)
Adjust National Guard tuition assistance funding	(181,600)	(3,681,600)
Expiration of 5-year early-out deferred sick leave payments.....	(125,800)	(45,600)
Natural Resources		
Remove one-time FY 2015-16 appropriations.....	(20,537,000)	(1,075,000)
Expiration of 5-year early-out deferred sick leave payments.....	(816,800)	(22,900)

Table 12 - continued

FY 2016-17 INITIAL APPROPRIATIONS PROGRAM ELIMINATIONS/PROGRAM REDUCTIONS		
Budget Area/Program	Gross	GF/GP
School Aid		
Eliminate technology readiness grants	(23,500,000)	0
Reduce funding for assessments from \$44 million to \$33.9 million.....	(10,100,000)	0
Remove one-time FY 2015-16 appropriations.....	(2,910,000)	(2,910,000)
Reduce consolidation innovation grants from \$5 million to \$3 million	(2,000,000)	0
Eliminate STEM partnership/professional development funding	(725,000)	(475,000)
Reduce dropout recovery/strict discipline academy funding to \$1.5 million	(500,000)	0
State		
Expiration of 5-year early-out deferred sick leave payments.....	(598,800)	(530,700)
State Police		
Remove one-time funding for FY 2015-16 trooper school.....	(3,200,000)	(3,200,000)
Eliminate 4.0 vacant forensic science positions	(530,400)	(530,400)
Expiration of 5-year early-out deferred sick leave payments.....	(347,000)	(174,700)
Eliminate 1.0 vacant State property security officer position	(89,300)	(89,300)
Reduce Michigan international speedway traffic control to \$800,000 (one-time).....	(31,900)	(31,900)
Talent and Economic Development		
Remove one-time FY 2015-16 appropriations for film office/special grants	(30,150,000)	(30,150,000)
Reduce entrepreneurship eco-system (21st century jobs trust fund).....	(2,000,000)	0
Expiration of 5-year early-out deferred sick leave payments.....	(577,700)	(59,200)
Technology, Management, and Budget		
State building authority rent adjustments.....	(8,000,000)	(8,000,000)
Remove one-time FY 2015-16 appropriations.....	(5,205,000)	(4,605,000)
Decrease enterprisewide special maintenance to \$26 million.....	(3,500,000)	(3,500,000)
Expiration of 5-year early-out deferred sick leave payments.....	(1,595,500)	(265,300)
Reduce office of urban initiatives to \$1 million.....	(1,500,000)	(1,500,000)
Transportation		
Eliminate one-time Federal match for transit and rail programs.....	(25,000,000)	(25,000,000)
Reduce/redirect transportation economic development funds (\$8.8 million to GF).....	(14,323,000)	0
State trunkline fund net reduction for road and bridge construction	(4,751,450)	0
Expiration of 5-year early-out deferred sick leave payments.....	(1,441,100)	0
Treasury (Debt Service)		
Quality of Life Bond debt service	(47,272,000)	(47,272,000)
Treasury (Operations)		
Remove one-time FY 2015-16 appropriations	(29,900,000)	(29,900,000)
Expiration of 5-year early-out deferred sick leave payments.....	(701,300)	(73,800)
TOTAL PROGRAM ELIMINATIONS/REDUCTIONS	(\$1,057,652,050)	(\$400,792,100)

Table 13

FY 2016-17 INITIAL APPROPRIATIONS FUND SHIFTS TO INCREASE/(REDUCE) GF/GP	
Budget Area/Program	GF/GP
Agriculture and Rural Development	
Replace Refined Petroleum Fund revenue with GF.....	\$1,500,000
Replace ag equine development revenue for Geagley with GF	600,200
Corrections	
Replace one-time restricted funds with General Fund.....	0
Use special equipment fund revenue to replace General Fund.....	0
Health and Human Services	
Reduce Medicaid expansion match rate from 100% to 95%(1-1-17).....	127,824,900
Replace Merit Award Trust Fund revenue with GF.....	70,952,300
Change in traditional Medicaid match rate from 65.6% to 65.15%.....	48,510,700
Reduction in allowable school-based services Federal reimbursements.....	1,443,700
Fund source correction for program of all-inclusive care for the elderly.....	295,100
Change in Federal Title XXI match rate from 98.92% to 98.61%.....	187,100
Change in Federal match rate from 100% to 50% for dual eligible staff	144,200
State psychiatric disproportionate share hospital (DSH) adjustment	9,100
HICA revenue and rate reversion from 0.75% to 1.0% (1-1-17).....	(39,441,300)
Recoupment of match for SCHIP children formerly on Medicaid	(30,000,000)
Replace GF with Medicaid Benefits Trust Fund revenue	(22,500,000)
Swap of Temporary Assistance for Needy Families funding with GF.....	(15,862,200)
Adjust hospital quality assurance assessment program (QAAP) retainer	(12,143,900)
Fund source shift for graduate medical education funding.....	(7,800,000)
Licensing and Regulatory Affairs	
Replace General Fund with corporation fees.....	(370,000)
Replace General Fund with health systems fees.....	(347,400)
Military and Veterans Affairs	
Replace veterans homes income and assessment revenue with GF	2,300,000
Natural Resources	
Replace General Fund with forest development fund for wildfire protection	(1,200,000)
School Aid	
Replace \$163.8 million SAF with GF (reflected as fund source in other tables).....	0
Transportation	
Replace General Fund with restricted transportation revenue.....	(375,000,000)
Treasury	
Replace General Fund with fee/restricted revenue.....	(2,371,600)
TOTAL FUND SHIFTS TO INCREASE/(REDUCE) GF/GP	(253,269,100)

Table 14

FY 2016-17 INITIAL APPROPRIATIONS OTHER PROGRAM ADJUSTMENTS		
	Gross	GF/GP
Agriculture and Rural Development		
Reverse FY 2015-16 Federal contingency fund transfer	(\$3,000,000)	\$0
Transfer equine racing lab services to Gaming Commission.....	(600,200)	0
Technical fund source changes.....	(317,900)	0
Attorney General		
Remove FY 2015-16 Flint water emergency supplemental	(1,300,000)	0
Align fund sources with expenditures.....	(162,400)	0
Civil Rights		
Transfer Asian-Pacific and Hispanic-Latino Commissions to LARA	(373,400)	(373,400)
Corrections		
Special equipment fund-FCC rate cap/GF education hold harmless	(4,800,000)	1,874,000
Reverse FY 2015-16 Federal contingency fund transfers.....	(281,300)	0
Technical fund source changes.....	(101,100)	0
Placeholder for possible future facility.....	100	100
Education		
Move boilerplate approps to Part 1 (low-incidence outreach/library).....	600,000	0
Consolidate existing FTEs and funding for office of educator talent.....	0	0
Remove FY 2015-16 Flint water emergency supplementals	(28,285,000)	(8,685,000)
Environmental Quality		
Remove FY 2015-16 Flint water emergency supplementals	(46,436,500)	(45,436,500)
Executive		
Transfer Office for New Americans to LARA.....	(385,000)	(385,000)
Health and Human Services		
Funding adjustments related to ambulance QAAP	35,507,000	(2,879,000)
Reverse FY 2015-16 boilerplate/contingency fund transfer appropriations	(52,950,000)	0
Remove FY 2015-16 Flint water emergency supplementals	(32,097,100)	(19,600,100)
Remove FY 2015-16 non-Flint supplemental funding.....	(3,000,000)	(3,000,000)
Technical adjustments to the budget	(1,765,500)	0
Adjust rehabilitation services restricted revenue to actual	(1,168,600)	0
Adjust parent participation revenue to actual	(479,100)	0
Completion of building occupancy transfer to LARA per E.O. 2015-3	(8,400)	(8,400)
Adjust poison control funding to reflect SCHIP match rate	(4,100)	0
Insurance and Financial Services		
Remove FY 2015-16 supplemental for autism coverage claims.....	(2,225,000)	(1,775,100)
Judiciary		
Judicial salary increases required by law.....	872,600	872,600
Savings due to judgeship attrition	(259,700)	(259,700)

Table 14 - continued

FY 2016-17 INITIAL APPROPRIATIONS OTHER PROGRAM ADJUSTMENTS		
	Gross	GF/GP
Legislature		
Remove FY 2015-16 supplementals	(7,200,000)	(7,200,000)
Licensing and Regulatory Affairs		
Transfer of ethnic commissions from Civil Rights	473,400	473,400
Remove FY 2015-16 non-Flint supplemental funding	(5,853,300)	(2,470,000)
Reduce overstated Federal, local, and restricted fund sources	(3,580,200)	0
Remove FY 2015-16 Flint water emergency supplementals	(2,200,000)	(2,000,000)
Transfer office of regulatory reinvention to DTMB	(495,500)	(495,500)
Military and Veterans Affairs		
Remove FY 2015-16 non-Flint supplemental funding	(8,866,600)	(7,425,000)
Remove FY 2015-16 Flint water emergency supplemental	(2,000,000)	(2,000,000)
Adjust Federal funds to reflect anticipated revenue	(131,100)	0
Natural Resources		
Remove FY 2015-16 non-Flint supplementals	(9,000,000)	(3,000,000)
Adjust Federal and restricted funds to reflect anticipated revenue	(6,705,800)	0
Remove FY 2015-16 capital outlay waterways projects	(3,903,900)	0
Remove FY 2015-16 Flint water emergency supplemental	(250,000)	(250,000)
School Aid		
Remove FY 2015-16 Flint water emergency supplementals	(9,200,000)	(9,200,000)
State		
Increase motor vehicle look-up fee from \$8 to \$11 per record	14,100,000	0
Remove FY 2015-16 supplementals	(8,800,000)	(8,800,000)
Reverse FY 2015-16 Federal contingency fund transfer	(285,000)	0
State Police		
Remove FY 2015-16 non-Flint supplemental funding	(11,178,800)	(11,178,800)
Remove FY 2015-16 Flint water emergency supplementals	(6,100,000)	(6,100,000)
Adjust fund sources to reflect anticipated revenue	(185,600)	0
Talent and Economic Development		
Adjust workforce development fund sources to anticipated revenue	(8,587,700)	0
Transfer human resources functions to civil service commission	(710,000)	0
Technology, Management, and Budget		
Adjust for FY 2015-16 non-Flint supplemental funding	10,830,000	13,630,000
Align IT IDG funding with departmental appropriations	5,551,500	0
Transfer of human resources functions from TED	710,000	0
Transfer of office of regulatory reinvention funding from LARA	495,500	495,500
Remove FY 2015-16 Flint water emergency supplemental	(18,900,000)	(18,900,000)
Adjust fund sources to reflect anticipated revenue	(152,600)	(296,600)

Table 14 - continued

FY 2016-17 INITIAL APPROPRIATIONS OTHER PROGRAM ADJUSTMENTS		
	Gross	GF/GP
Transportation		
Adjust fund sources to reflect anticipated revenue	813,800	0
Debt service adjustments	(935,500)	0
Treasury (Operations)		
Transfer horse sample testing from Department of Agriculture	250,000	0
Remove FY 2015-16 Detroit public schools supplemental	(48,700,000)	0
Remove FY 2015-16 Flint water emergency supplementals	(44,130,000)	(44,130,000)
Remove FY 2015-16 other supplementals.....	(1,300,000)	(1,000,000)
Transfer Chaldean community foundation grant to DHHS.....	(250,000)	(250,000)
Technical Base Funding Adjustments		
Remove Natural Resources Trust Fund.....	(27,957,200)	0
Remove Capital Outlay	(502,000)	(502,000)
TOTAL OTHER PROGRAM ADJUSTMENTS	(\$347,472,200)	(\$189,869,500)

Table 15

FY 2016-17 INITIAL APPROPRIATIONS ECONOMIC ADJUSTMENTS							
Department/Budget Area	Gross	IDGs	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund/ General Purpose
Agriculture & Rural Development	\$1,299,800	\$5,900	\$1,293,900	\$135,100	\$2,600	\$442,000	\$714,200
Attorney General	1,922,300	618,200	1,304,100	198,100	0	374,400	731,600
Civil Rights	277,800	6,900	270,900	41,300	0	0	229,600
Community Colleges	0	0	0	0	0	0	0
Corrections	35,881,900	0	35,881,900	86,100	159,600	581,300	35,054,900
Education	2,387,200	0	2,387,200	1,827,300	900	123,500	435,500
Environmental Quality	3,577,300	118,600	3,458,700	811,400	9,300	2,090,900	547,100
Executive	0	0	0	0	0	0	0
Health & Human Services	42,814,700	231,000	42,583,700	19,551,000	890,900	835,900	21,305,900
Higher Education	0	0	0	0	0	0	0
Insurance and Financial Services	1,369,800	0	1,369,800	0	0	1,369,800	0
Judiciary	1,731,000	0	1,731,000	61,900	142,000	40,300	1,486,800
Legislative Auditor General	0	0	0	0	0	0	0
Legislature	0	0	0	0	0	0	0
Licensing & Regulatory Affairs	6,431,100	992,900	5,438,200	987,000	4,400	3,884,600	562,200
Military & Veterans Affairs	2,140,200	2,500	2,137,700	1,112,200	28,200	308,600	688,700
Natural Resources	5,349,500	24,100	5,325,400	727,100	38,700	3,849,500	710,100
School Aid	263,200	0	263,200	0	0	57,000	206,200
State	3,584,100	0	3,584,100	0	0	3,134,000	450,100
State Police	9,134,900	385,200	8,749,700	555,200	73,200	1,616,300	6,505,000
Talent & Economic Development	3,395,800	0	3,395,800	2,045,000	0	1,027,900	322,900
Technology, Mgt., & Budget	8,879,600	5,388,000	3,491,600	43,100	16,000	1,398,000	2,034,500
Transportation	6,960,600	84,900	6,875,700	0	0	6,875,700	0
Treasury (Debt Service)	0	0	0	0	0	0	0
Treasury (Operations)	5,602,900	131,200	5,471,700	316,800	171,300	3,949,500	1,034,100
Treasury (Revenue Sharing)	0	0	0	0	0	0	0
TOTAL ECONOMIC ADJUSTMENTS	\$143,003,700	\$7,989,400	\$135,014,300	\$28,498,600	\$1,537,100	\$31,959,200	\$73,019,400
UNCLASSIFIED SALARIES ADJ.	\$466,500	\$100	\$466,400	\$25,300	\$0	\$190,100	\$251,000

STATE EMPLOYEE COMPENSATION CHANGES AND EMPLOYMENT LEVELS

The FY 2016-17 initial budget reflects the recommendations for State employee compensation adopted by the Civil Service Commission on December 16, 2015. For employees who are exclusively represented by employee unions (AFSCME, MCO, MSEA, SEIU, and UAW), the Civil Service Commission approved for FY 2016-17 a one-year agreement that includes a 1.0% base wage increase and a 1.5% lump-sum payment effective October 1, 2016. Contracts continue to require represented employees to pay 20.0% of their health care premiums.

The Civil Service Commission also adopted a Coordinated Compensation Plan for non-exclusively represented State classified employees (NERES) for FY 2016-17. Beginning on October 1, 2016, NEREs will receive a 1.0% general wage increase and a 1.5% lump-sum payment. They also will continue to be required to pay an employee share of health insurance premiums of 20.0%.

Table 16 provides a summary of the incremental State employee cost changes for FY 2016-17, including employee salary increases of \$75.1 million. The State's portion of the cost of employee health insurance is estimated at \$18.9 million for FY 2016-17. The amount that needs to be contributed to the State employee retirement systems in FY 2016-17 results in an increase in costs for the FY 2016-17 budget. Retirement contributions will increase by \$9.7 million Gross and \$4.9 million GF/GP. Other post-employment benefits (OPEB) costs for FY 2016-17 are more than the costs in FY 2015-16; OPEB costs will increase by \$30.6 million Gross and \$14.0 million GF/GP. The contribution rates for both pensions and OPEB are greater than estimated in the previous valuation. The total impact of economic adjustments for FY 2016-17 is an estimated increase of \$143.0 million Gross (\$73.0 million GF/GP) on a total wage and salary base of approximately \$3.8 billion.

Table 16
FY 2016-17 INITIAL APPROPRIATIONS
ESTIMATES OF ECONOMIC ADJUSTMENTS INCLUDED IN BUDGET
(Millions of Dollars)

	Gross	GF/GP
Wages and Salaries	\$75.1	\$37.8
Employee Insurance Costs	18.9	9.3
Retirement Contributions	9.7	4.9
OPEB	30.6	14.0
Workers' Compensation	0.4	0.5
All Other Economics	8.3	6.5
TOTAL ESTIMATED ECONOMIC INCREASES	\$143.0	\$73.0

Table 17 and Figure E provide a summary of State classified full-time equated (FTE) positions appropriated in FY 2016-17 versus the year-to-date level of FTEs appropriated in FY 2015-16. Total appropriated FTEs in FY 2016-17 equal 52,677.0, a decrease of 25.9 or 0.04% from FY 2015-16. The largest FTE reduction (370.4 FTEs) is in the Department of Corrections and is primarily due to the closure of the Pugsley Correctional Facility in Kingsley. The largest FTE increase (133.5 FTEs) is in the Department of Health and Human Services and generally relates to information technology issues as well as 51.0 FTEs for staffing at a new patient unit at the Center for Forensic Psychiatry.

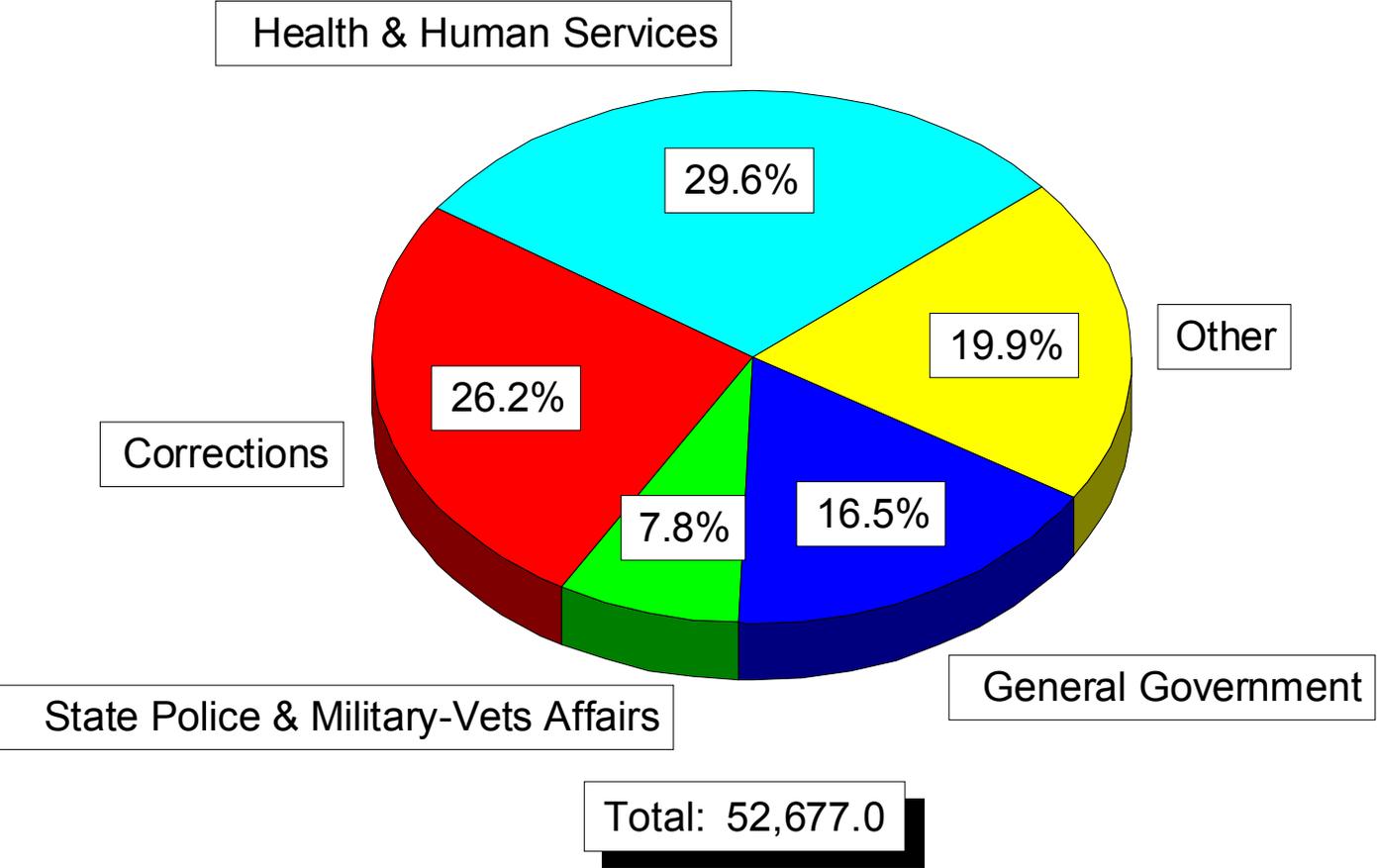
Table 17
FULL-TIME EQUATED POSITIONS
FY 2015-16 VERSUS FY 2016-17

Department/Budget Area	FY 2015-16 Year-to-Date Positions	FY 2016-17 Initial Positions	Position Change	Percent Change
Agriculture & Rural Development	454.0	473.0	19.0	4.2%
Attorney General.....	518.5	527.0	8.5	1.6
Civil Rights	129.0	129.0	0.0	0.0
Corrections.....	14,174.3	13,803.9	(370.4)	(2.6)
Education	588.5	597.5	9.0	1.5
Environmental Quality.....	1,224.0	1,232.0	8.0	0.7
Executive	74.2	74.2	0.0	0.0
Health & Human Services.....	15,437.0	15,570.5	133.5	0.9
Higher Education	0.0	0.0	0.0	0.0
Insurance & Financial Services	337.0	336.5	(0.5)	(0.1)
Judiciary.....	495.0	510.0	15.0	3.0
Licensing & Regulatory Affairs.....	2,164.3	2,170.3	6.0	0.3
Military & Veterans Affairs	888.5	898.5	10.0	1.1
Natural Resources	2,229.8	2,236.8	7.0	0.3
State	1,587.0	1,587.0	0.0	0.0
State Police.....	3,131.0	3,226.0	95.0	3.0
Talent & Economic Development	1,613.0	1,609.0	(4.0)	(0.2)
Technology, Management, & Budget	2,844.0	2,877.0	33.0	1.2
Transportation.....	2,912.3	2,912.3	0.0	0.0
Treasury (Operations)	1,901.5	1,906.5	5.0	0.3
TOTAL POSITIONS	52,702.9	52,677.0	(25.9)	(0.04%)

Note: Full-Time Equated classified positions include exempt positions in Judiciary.

Figure E

Full-Time Equated Classified Positions FY 2016-17 Initial Appropriations



PROGRAM TRANSFERS

The initial FY 2016-17 appropriations reflect the transfer of various programs from one budget to another in the Governor's initial budget recommendation and by Executive Orders. The four transfers reflected in this budget are listed in Table 18. The Equine Laboratory Affairs and Human Resource transfers were included in the Governor's initial budget recommendation. The Ethnic Commissions and Office of Regulatory Reinvention transfers were introduced by Executive Orders 2016-3 and 2016-4 and then adjusted by Executive Revision 2017-3.

Table 18

FY 2016-17 INITIAL APPROPRIATIONS SUMMARY OF PROGRAM TRANSFERS (Actual Dollars)					
Program/Sending Department	Fund Source	FY 2016-17	Receiving Department	Fund Source	FY 2016-17
Ethnic Commissions					
Department of Civil Rights	FTEs	(2.0)	Licensing & Regulatory Affairs	FTEs	3.0
	Gross	(\$373,400)		Gross	\$473,400
	GF/GP	(373,400)		GF/GP	473,400
Office of Regulatory Reinvention					
Licensing & Regulatory Affairs	FTEs	(7.0)	Tech., Management, & Budget	FTEs	10.0
	Gross	(495,500)		Gross	495,500
	GF/GP	(495,500)		GF/GP	495,500
Equine Laboratory Analysis					
Department of Agriculture	Gross	(600,200)	Treasury - Gaming Commission	Gross	250,000
	GF/GP	(600,200)		GF/GP	250,000
Human Resources					
Talent & Economic Development	FTEs	(4.0)	Tech., Management, & Budget	FTEs	4.0
	Gross	(710,500)		Gross	710,000
	Federal	(535,400)		Restricted	710,000
	Restricted	(174,600)		GF/GP	0
	GF/GP	0			

SCHOOL AID BUDGET HIGHLIGHTS

The K-12 portion of the FY 2016-17 School Aid budget totals nearly \$14.2 billion, an increase of \$425.5 million over FY 2015-16 year-to-date appropriations. The budget also continues to allocate ongoing spending from the School Aid Fund (SAF) to support community colleges and universities, totaling \$497.5 million for FY 2016-17, an increase of \$35.6 million over FY 2015-16. The K-12 portion of the budget includes spending \$153.0 million to provide a foundation allowance increase ranging from \$60 to \$120 per pupil, bringing the minimum operational funding level from \$7,391 to \$7,511.

New programs include \$5.0 million for the State School Reform/Redesign Office, \$1.5 million for year-round schools grants, \$0.5 million for a competency-based transcript pilot program, \$3.2 million for career and technical education (CTE) equipment upgrades, \$1.1 million for integrated behavior and learning support, \$2.5 million reimbursement for nonpublic school mandates, \$1.5 million for an online algebra tool, \$250,000 to support local produce in schools, \$175,000 for an early learning collaborative, and \$250,000 to support a partnership between an intermediate school district (ISD) and its local health department for CTE and health programs. (In addition, the budget included an FY 2015-16 supplemental that provided \$9.2 million for Flint water emergency funding, which was new for that fiscal year.)

Turning to existing programs, the FY 2016-17 budget includes a \$116.0 million increase to restore School Bond Loan Fund debt service payments to the level anticipated before the FY 2015-16 debt service payments were reduced, which occurred because more school districts refinanced their outstanding debt, causing repayments to the State and a lower, temporary State cost for the program. Other increases include \$89.3 million for retirement rate cap costs, \$42.9 million more in anticipated Federal grants, \$27.8 million in State special education funding, \$2.0 million for gang prevention grants, \$1.0 million in science and math grants, \$0.9 million for Flint water emergency funding, and other items.

In addition, some programs were reduced to anticipated spending levels for FY 2015-16, with the reductions restored for FY 2016-17. Those items include \$8.0 million in CTE early/middle college grants, \$3.9 million for early literacy grants, and \$2.0 million for cash flow borrowing costs.

The budget funds required cost increases, including a \$216.6 million increase for the school employer rate cap in the Michigan Public School Employees' Retirement System (to \$893.5 million), \$500,000 for School Bond Loan Fund debt service, and other obligation payments.

The budget eliminates technology readiness grants (\$23.5 million), various one-time programs (\$1.8 million for teacher certification test review and updates, \$550,000 for the purchase of college and career readiness tools, \$500,000 for an assessment of elementary teacher reading instruction, and \$60,000 for civics education), and eliminates some specific science and math funding in favor of unrestricted grants (\$725,000). The budget includes reductions for assessment costs (\$10.1 million), consolidation innovation grants (\$2.0 million), and dropout recovery and strict discipline academy funding (\$500,000).

General Fund/General Purpose support of the K-12 portion of the budget is increased from \$55.1 million to \$218.9 million, an increase of \$163.8 million between the year-to-date amount for FY 2015-16 and the initial appropriation for FY 2016-17.

The State School Aid Act includes the budgets for Community Colleges and Higher Education in the statutory K-12 budget bill. Please see Articles II and III of Public Act 249 of 2016 for details.

RETIREMENT COSTS AND BUDGETED APPROPRIATIONS

A significant aspect of the State budget, as well as the budgets of K-12 school districts and community colleges, is the amount employers are required to pay into the retirement accounts of their employees. The Governor's budget includes the required employer contribution rates to the State Employees' Retirement System (SERS) and the Michigan Public School Employees' Retirement System (MPERS). Public Act 300 of 2012 implemented a cap on the rate local employers in MPERS must pay toward the unfunded accrued liabilities (UAL) in the system, with any required payments above that cap to be made by an appropriation.

Table 19 provides a three-year summary of the contribution rates for defined benefit (DB) and defined contribution (DC) retirement for SERS. Contribution rates are a combination of the amount required to pay down liabilities accrued in the past (legacy costs) and the amount required to pay for benefits earned today (normal cost). Beginning in FY 2012-13, the unfunded accrued liability in SERS was spread across both DB and DC payroll, rather than just the declining DB payroll as had been the case previously. Also, beginning in FY 2011-12, the funding methodology for retiree health care was changed from a cash basis to a prefunding basis, requiring larger contributions up front in order to save money down the road. The State Employees' Retirement System pension component was closed to newly hired employees on March 31, 1997, and the retiree health care premium coverage component was closed to new employees on January 1, 2012.

Table 19

STATE RETIREMENT CONTRIBUTION RATES AS A PERCENTAGE OF PAYROLL				
	FY 2014-15	FY 2015-16	FY 2016-17	2016-17 Change
<u>State Employees' Retirement System</u> ¹⁾				
Defined Benefit Pension	27.46%	26.05%	25.50%	(0.55%)
Defined Benefit Health Care	22.76	20.63	21.05	0.42
Total Defined Benefit Costs	50.22%	46.68%	46.55%	(0.13%)
Defined Contribution Retirement	31.09%	29.74%	28.94%	(0.80%)
Defined Contribution Health Care	23.21	21.16	21.70	0.54
Total Defined Contribution Costs	54.30%	50.90%	50.64%	(0.26%)
¹⁾ Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2016-17 will be the sixth year of prefunding retiree health.				

Table 20 provides a look at the FY 2016-17 contribution rates for the seven different retirement plan combinations in MPERS. Before the enactment of significant MPERS reforms in 2010 and 2012, there were two principal types of retirement plans available to school employees, based on hire date: the basic system and the Member Investment Plan (MIP) system. Since the passage of the reforms that began in 2010, there are now seven combinations of retirement and retiree health care plans in MPERS, including the earlier basic and MIP plans (no longer available to new employees), the Pension Plus hybrid plan (available since July 2010), and a straight defined contribution plan (available since September 2012). Retiree health care for school employees first hired since September 4, 2012, is now strictly a personal health fund (401k or similar savings account) and does not contain any health care premium subsidy. All employees hired before September 4, 2012, also were given an opportunity to "cash out" the value of their health care premium subsidy and convert to a personal health fund. Similar to one of the SERS reforms, prefunding of retiree health care is now a component of MPERS.

Public Act 300 of 2012 capped the local employer contribution rate for unfunded liabilities at roughly 21% of payroll (the FY 2011-12 amount), and the State is required to make an appropriation for any liabilities above that amount. The "normal" cost for pension and retiree health care can fluctuate slightly from year to year. The maximum total employer (school) cost for FY 2016-17 under any of the seven plans is between roughly 25% and 27% of payroll, depending on the plan and employee DC contributions, slightly lower than for FY 2015-16. The State subsidy is roughly 11.7% of MPERS payroll for schools, community colleges, and participating libraries, or about \$1,056.0 million, up from 10.5% in FY 2015-16. For the second year, the Governor is proposing to implement a rate cap for the seven universities that remain part of MPERS for employees hired before 1996, at a cost of \$5.9 million.

Table 20

FY 2016-17 MPERS EMPLOYER CONTRIBUTION RATES							
	Basic/MIP with Premium Subsidy	Pension Plus with Premium Subsidy	Pension Plus PHF	Pension Plus to DC with PHF	Basic/MIP to DC with Premium Subsidy	Basic/MIP to DC with PHF	Basic/MIP with PHF
<u>Pension Contributions</u>							
Pension Normal Cost	3.76%	3.13%	3.13%	0.00%	0.00%	0.00%	3.76%
Pension UAL	13.91	13.91	13.91	13.91	13.91	13.91	13.91
Pension Early Retirement Incentive	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Pension Total Rate	19.03%	18.40%	18.40%	15.27%	15.27%	15.27%	19.03%
<u>Health Contributions</u>							
Health Normal Cost	0.22%	0.22%	0.00%	0.00%	0.22%	0.00%	0.00%
Health UAL	5.69	5.69	5.69	5.69	5.69	5.69	5.69
Health Total Rate	5.91%	5.91%	5.69%	5.69%	5.91%	5.69%	5.69%
DB CONTRIBUTION TOTAL	24.94%	24.31%	24.09%	20.96%	21.18%	20.96%	24.72%
<u>DC Contributions</u>							
DC Employer Contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Personal Health Care Fund	0.00	0.00	2.00	2.00	0.00	2.00	2.00
DC CONTRIBUTION TOTAL	0.00%	1.00%	3.00%	5.00%	4.00%	6.00%	2.00%
<u>Total Uncapped Rate</u>							
State Subsidy	11.70	11.70	11.70	11.70	11.70	11.70	11.70
DC = Defined Contribution; MIP = Member Investment Plan; PHF = Personal Health Fund							
Note: The Governor's budget includes \$982.8 million in the K-12 budget, \$73.2 million in the Community Colleges budget, and \$5.9 million in the Higher Education budget to pay the State subsidy for the UAL rate cap. For Higher Education, separate implementing legislation to enact the UAL rate cap is pending.							

Source: State Budget Office

In addition to the \$1,061.9 million appropriated for the rate caps, the K-12 budget for FY 2016-17 appropriates \$100.0 million to districts to help offset a portion of their retirement costs. Also, a total of \$1.7 million for community colleges is appropriated in FY 2016-17 to help pay for the cost of retiree health care. Table 21 illustrates the FY 2016-17 MPERS-related appropriations by budget area and by purpose.

Table 21

FY 2016-17 APPROPRIATIONS RELATED TO MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM					
(Dollars in Millions)					
Budget Area	Statutory Rate Cap	Non-Statutory Rate Cap	Cost Offset Grants	Retiree Health	Total
School Aid	\$982.2	\$0.0	\$100.0	\$0.0	\$1,082.2
Community Colleges	\$73.2	\$0.0	\$0.0	\$1.7	\$74.9
Higher Education	\$0.0	\$5.9	\$0.0	\$0.0	\$5.9
Libraries	\$0.6	\$0.0	\$0.0	\$0.0	\$0.6
TOTAL	\$1,056.0	\$5.9	\$100.0	\$1.7	\$1,163.6

Table 22 outlines the FY 2016-17 estimated contributions to SERS and MPERS by the State and local employers, as proposed in the Governor's budget and enacted. The total combined cost of the estimated employer (State and local) contributions is \$5.0 billion.

Table 22

FY 2016-17 ESTIMATED CONTRIBUTIONS TO TWO LARGEST RETIREMENT SYSTEMS	
	Millions of Dollars
State Employees' Retirement System (SERS)¹⁾	
Defined Benefit Pension.....	\$286.0
Defined Contribution	653.0
Retiree Health Care	726.0
Subtotal State Employees' Retirement System ²⁾	\$1,665.0
Michigan Public School Employees' Retirement System (MPERS)³⁾	
Local Share	
Defined Benefit Pension.....	\$1,688.0
Defined Benefit Health Care	525.0
"401k" for Health Care	25.0
Subtotal Public School Employees' Retirement System (Local).....	\$2,248.0
State Share	
Unfunded Accrued Liabilities (Pension and Health) ⁴⁾	\$1,056.0
Subtotal Michigan Public School Employees' Retirement System	\$3,304.0
TOTAL ESTIMATED RETIREMENT CONTRIBUTIONS	\$4,969.0
FY 2016-17 Estimated Subsidy Per K-12 Pupil on Average.....	\$600
¹⁾ Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2016-17 will be the sixth year of prefunding retiree health. ²⁾ Excludes FICA, which totals approximately \$260.0 million. ³⁾ Excludes DC contributions for pension; includes DC contributions for health. ⁴⁾ Excludes State payment of \$5.9 million proposed for participating universities.	

Fiscal year 2016-17 is the second year in which the enacted general omnibus budget includes a boilerplate section for each department identifying the amounts of the appropriations that are in support of the legacy costs associated with the State Employees' Retirement System. As noted earlier, the total contributions made to a retirement system are a combination of a payment toward the past unfunded accrued liabilities for benefits already earned (legacy costs), which must be paid regardless of the future of a retirement plan, and a payment toward the accrual of service credit in the future (normal costs).

As shown in Table 22, the contributions in the State Employees' Retirement System are estimated to total \$1.67 billion; of that amount, \$1.35 billion is estimated in the boilerplate sections of the omnibus bill for legacy costs (both pension and retiree health), with the remaining \$316.0 million for normal costs. Table 23 identifies the estimated \$1.35 billion in legacy costs for pension and for retiree health care, and the total of the two, for each department. The normal costs are in addition to the figures listed in Table 23.

Table 23
FY 2016-17
LEGACY COSTS BREAKOUT – PENSIONS AND HEALTH CARE

Department	Pension-Related Legacy Costs (Retirement) Gross	Health Care Legacy Costs (OPEB) Gross	Total Legacy Costs Gross
Agriculture & Rural Development	\$6,604,500	\$5,306,800	\$11,911,300
Attorney General	10,096,700	8,264,300	18,361,000
Civil Rights	1,697,800	1,364,200	3,062,000
Corrections	187,327,100	150,531,100	337,858,200
Education	9,410,700	7,560,800	16,971,500
Environmental Quality	18,429,800	14,808,400	33,238,200
Health & Human Services	202,368,400	162,604,400	364,972,800
Insurance & Financial Services	5,663,800	4,550,900	10,214,700
Judiciary	7,820,600	6,284,000	14,104,600
Legislature and Auditor General	11,998,700	9,280,900	21,279,600
Licensing & Regulatory Affairs	29,735,200	23,892,700	53,627,900
Military & Veterans Affairs	10,314,600	8,287,900	18,602,500
Natural Resources	26,375,000	21,192,500	47,567,500
State	17,673,400	14,200,700	31,874,100
State Police	71,007,700	62,299,400	133,307,100
Talent & Economic Development	19,452,700	15,630,400	35,083,100
Technology, Management, & Budget	43,795,600	35,166,400	78,962,000
Transportation	39,063,000	31,387,500	70,450,500
Treasury	27,530,500	22,121,300	49,651,800
TOTAL	\$746,365,800	\$604,734,600	\$1,351,100,400

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%. It is estimated that the initial FY 2016-17 appropriations exceed this minimum constitutional requirement by nearly \$2.1 billion. Table 24 provides a summary of the calculations used to determine the State's compliance with this constitutional requirement for FY 2015-16 and FY 2016-17. Table 25 lists State payments to local units of government that are appropriated in each State department or budget area.

Table 24

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT FY 2015-16 AND FY 2016-17 ESTIMATES (Millions of Dollars)		
	FY 2015-16 Estimate	FY 2016-17 Estimate
State Spending from State Resources	\$30,255.2 ^{a)}	\$30,959.9 ^{a)}
Required Payments to Local Units of Government (48.97%).....	\$14,816.0	\$15,161.0
Estimated Payments to Local Units of Government.....	\$16,877.3	\$17,250.6
Estimated Payments as a Percentage of Total State Spending.....	55.78%	55.72%
Surplus of Section 30 Payments	\$2,061.4	\$2,089.6
^{a)} Does not include \$38.453 million of Federal aid counted as GF/GP revenue.		

Table 25

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 2015-16 VERSUS FY 2016-17				
Department/Budget Area	FY 2015-16 Year-to-Date Appropriations	FY 2016-17 Initial Appropriations	Dollar Difference	Percent Change
Agriculture & Rural Development	\$4,750,000	\$4,750,000	\$0	0.0%
Attorney General.....	0	0	0	0.0
Capital Outlay	800	0	(800)	(100.0)
Civil Rights	0	0	0	0.0
Community Colleges.....	387,825,600	395,925,600	8,100,000	2.1
Corrections.....	114,323,600	111,888,200	(2,435,400)	(2.1)
Education	17,861,000	19,176,000	1,315,000	7.4
Environmental Quality.....	45,785,000	3,750,000	(42,035,000)	(91.8)
Executive	0	0	0	0.0
Health & Human Services.....	1,240,714,300	1,321,260,100	80,545,800	6.5
Higher Education	0	0	0	0.0
Insurance & Financial Services	0	0	0	0.0
Judiciary.....	137,073,400	137,775,900	702,500	0.5
Legislative Auditor General.....	0	0	0	0.0
Legislature	0	0	0	0.0
Licensing & Regulatory Affairs.....	28,225,700	32,625,700	4,400,000	15.6
Military & Veterans Affairs	102,400	102,400	0	0.0
Natural Resources	7,348,300	6,100,000	(1,248,300)	(17.0)
Natural Resources Trust Fund.....	21,782,200	0	(21,782,200)	(100.0)
School Aid.....	11,919,909,800	12,181,929,700	262,019,900	2.2
State.....	1,272,100	1,211,300	(60,800)	(4.8)
State Police.....	15,464,100	17,198,900	1,734,800	11.2
Talent & Economic Development	11,224,800	11,224,800	0	0.0
Technology, Management, & Budget	0	0	0	0.0
Transportation.....	1,438,206,000	1,590,461,200	152,255,200	10.6
Treasury (Debt Service).....	0	0	0	0.0
Treasury (Operations).....	271,107,300	186,270,700	(84,836,600)	(31.3)
Treasury (Revenue Sharing)	1,214,331,000	1,228,982,700	14,651,700	1.2
TOTAL BUDGET AREA APPROPRIATIONS	\$16,877,307,400	\$17,250,633,200	\$373,325,800	2.2%

FEE AND REVENUE ADJUSTMENTS

The FY 2016-17 budget includes \$16.5 million in total fee adjustments. Of the total fee changes, \$14.1 million comes from a fee increase of \$8 to \$11 for driver record lookup fees in the Department of State, and \$2.4 million comes from elimination of the sunset on the use of the Refined Petroleum Fund for the Weights and Measures and Motor Fuel Quality programs in the Department of Agriculture and Rural Development (MDARD). It is important to note that the sunset for use of the Refined Petroleum Fund was not a sunset on collection of the fee, but a sunset on the use of the Fund in MDARD programs. [Table 26](#) provides an overview of the fee adjustments included in the FY 2016-17 budget.

Table 26

FY 2016-17 FEE ADJUSTMENTS INCLUDED IN BUDGET		
(Actual Dollars)		
Department	Fee Type	Estimated Revenue
Fee Increases		
State	Increase Record Lookup Fee	\$14,100,000
Subtotal Increased Fees		\$14,100,000
Fee Sunsets		
Agriculture & Rural Development	Refined Petroleum Fund - Remove sunset for use in weights and measures and fuel programs.....	\$2,373,200
Subtotal Fee Sunsets		\$2,373,200
TOTAL ALL FEE ADJUSTMENTS		\$16,473,200

DEBT SERVICE APPROPRIATIONS

[Table 27](#) provides a summary of debt service appropriations for FY 2016-17. These include School Bond Loan Fund bonds in K-12 School Aid; State Building Authority rent payments appropriated in the Department of Technology, Management, and Budget (DTMB); various transportation-related bonds in the Department of Transportation; general obligation bonds in the Department of Treasury; and debt service costs related to the Facility for Rare Isotope Beams and debt service costs associated with the Community College Skilled Trades Equipment Program in the Department of Talent and Economic Development. Gross appropriations for debt service on these bonds total \$759.9 million for FY 2016-17. This represents a \$114.2 million (17.7%) increase from the \$645.8 million debt service appropriations in FY 2015-16. The largest change from FY 2015-16 to FY 2016-17 is related to school districts refinancing School Bond Loan debt. Public Act 249 of 2016 contained a reduction of \$116.0 million to the School Bond Loan appropriation in FY 2015-16, from \$126.5 million to \$10.5 million.

Table 27

**DEBT SERVICE APPROPRIATIONS
FY 2015-16 COMPARED WITH FY 2016-17**

Department/Program	FY 2015-16 Gross Appropriation	FY 2016-17 Gross Appropriation	Dollar Change	Percent Change
School Aid				
School Bond Loan	\$10,500,000	\$126,500,000	\$116,000,000	1,104.8%
Subtotal Education	\$10,500,000	\$126,500,000	\$116,000,000	1,104.8%
DTMB State Building Authority Rent				
State Agencies	\$46,965,800	\$49,665,800	\$2,700,000	5.7%
Department of Corrections	19,579,900	21,029,900	1,450,000	7.4
Universities	132,595,300	144,995,300	12,400,000	9.4
Community Colleges	28,929,600	30,879,600	1,950,000	6.7
Subtotal Technology, Management, & Budget.....	\$228,070,600	\$246,570,600	\$18,500,000	8.1%
Talent & Economic Development				
Facility for Rare Isotope Beams (MSF)	\$7,300,000	\$7,300,000	\$0	0.0%
Community College Skilled Trades Equipment Program (MSF)	4,600,000	4,600,000	0	0.0
Subtotal Talent & Economic Development.....	\$11,900,000	\$11,900,000	\$0	0.0%
Transportation				
State Trunkline	\$194,617,900	\$194,076,400	(\$541,500)	(0.3%)
Economic Development.....	11,672,600	11,612,200	(60,400)	(0.5)
Local Bridge Fund	2,406,800	2,406,800	0	0.0
Blue Water Bridge Fund	6,963,600	6,963,600	0	0.0
Aeronautics.....	4,997,700	4,616,400	(381,300)	(7.6)
Comprehensive Transportation	18,202,200	18,249,900	47,700	0.3
Subtotal Transportation	\$238,860,800	\$237,925,300	(\$935,500)	(0.4%)
Treasury				
Quality of Life Bond	\$75,959,000	\$28,687,000	(\$47,272,000)	(62.2%)
Clean Michigan Initiative.....	63,961,000	89,477,000	25,516,000	39.9
Great Lakes Water Initiative	16,529,000	18,873,000	2,344,000	14.2
Subtotal Treasury	\$156,449,000	\$137,037,000	(\$19,412,000)	(12.4%)
TOTAL.....	\$645,780,400	\$759,932,900	\$114,152,500	17.7%

TOBACCO SETTLEMENT APPROPRIATIONS

It is estimated that \$251.4 million will be available for the State of Michigan during FY 2016-17 as a result of the 1998 master settlement agreement between the United States tobacco industry and 46 states. [Table 28](#) provides a summary of the revenue to be received and details of the appropriations that are supported by tobacco settlement revenue. The \$251.4 million in available revenue does not include any unreserved balance carried forward from FY 2015-16. The reason for the large carry-forward of funds in the past was that the State of Michigan (along with 19 other states) negotiated a settlement with cigarette manufacturers that had been withholding payments from the states. During FY 2012-13, the settlement allowed the release of funds that had been held in escrow for several years, resulting in a one-time infusion of revenue for Michigan; those funds are no longer available. From the FY 2016-17 available revenue of \$251.4 million, \$75.0 million is transferred to the 21st Century Jobs Trust Fund, \$72.0 million is transferred to the Community District Education Trust Fund for Detroit Public Schools, and \$60.6 million is used for current debt service requirements on tobacco securitization bonds issued in 2006 and 2007 that provided start-up funding for the 21st Century Jobs Trust Fund and helped balance the FY 2006-07 State budget.

In June 2014, legislation was enacted to provide for a State financial contribution of \$194.8 million from the State's Budget Stabilization Fund to the Detroit retirement systems to assist in the resolution of the City of Detroit bankruptcy case and mitigate reductions to retirees' pensions. This legislation also requires that the dollars be repaid to the Budget Stabilization Fund from tobacco settlement revenue in annual installments of \$17.5 million, beginning in FY 2014-15 and ending in FY 2034-35. The \$17.5 million FY 2015-16 and FY 2016-17 payments are included in [Table 28](#) as deductions from tobacco settlement revenue.

Pursuant to the Michigan Trust Fund Act (Public Act 489 of 2000), tobacco settlement revenue available after the required transfers are netted out is retained in the Michigan Merit Award Trust Fund, from which appropriations may be made. For FY 2016-17, net revenue for the Michigan Merit Award Trust Fund is \$26.3 million. The initial FY 2016-17 budget includes the appropriation of \$26.3 million of tobacco settlement funds through the Michigan Merit Award Trust Fund to four State budget areas. The largest appropriation is \$19.7 million for the Medicaid program in the Department of Health and Human Services, followed by an appropriation of \$4.1 million for the Department's Office of Aging respite services. If the Merit Award Trust Fund appropriations are deducted from the Merit Award Trust Fund net revenue, there is an estimated FY 2016-17 Merit Award Trust Fund year-end balance of zero.

Table 28

ESTIMATES OF TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS		
FY 2015-16 COMPARED WITH FY 2016-17		
(Actual Dollars)		
	FY 2015-16	FY 2016-17
Revenue		
Unreserved Balance From Prior Fiscal Year	\$61,187,000	\$0
Total Annual Payments	290,027,100	290,329,200
Assumed Withheld Payments	(16,053,000)	(15,968,100)
Settlement Credit to Manufacturers	(24,888,200)	(23,000,000)
Interest Earnings	60,000	15,000
Total Tobacco Settlement Revenue	<u>\$310,332,900</u>	<u>\$251,376,100</u>
Less Transfers Out For:		
21st Century Jobs Trust Fund	(\$75,000,000)	(\$75,000,000)
Community District Education Trust Fund	0	(72,000,000)
Payment on 2006 Bond Securitization	(33,228,100)	(33,531,600)
Payment on 2007 Bond Securitization	(26,826,600)	(27,071,600)
Payment to the Budget Stabilization Fund	(17,500,000)	(17,500,000)
Total Transfers Out	<u>(\$152,554,700)</u>	<u>(\$225,103,200)</u>
Net Revenue to Merit Award Trust Fund	\$157,778,200	\$26,272,900
Appropriations		
Attorney General		
Administration	\$485,200	\$495,700
Community Health		
Medicaid Base	60,591,500	19,739,200
Aging: Respite Care	4,068,700	4,068,700
Human Services		
Family Independence Program	30,100,000	0
State Police		
Tobacco Tax Enforcement	793,000	805,500
Department of Technology, Management, and Budget		
Venture Michigan Fund Tax Vouchers	11,900,000	0
Department of Treasury		
Detroit Public Schools Cash Flow Payment	48,700,000	0
Student Financial Services Administration	1,139,800	1,163,800
Total Merit Award Trust Fund Appropriations	\$157,778,200	\$26,272,900
MERIT AWARD TRUST FUND YEAR-END BALANCE	\$0	\$0

PROJECTED GF/GP YEAR-END BALANCES

The FY 2015-16 projected year-end GF/GP balance of \$135.3 million is based on the May 2016 consensus estimate of GF/GP revenue and other revenue adjustments agreed upon as part of the budget process. The FY 2015-16 estimated GF/GP expenditures are based on initial appropriations, enacted supplemental appropriations, caseload and cost adjustments, and estimated year-end funding lapses of \$3.9 million.

The second column of Table 29 presents the Senate Fiscal Agency's (SFA's) estimate of the FY 2016-17 GF/GP year-end balance of \$1.0 million. The FY 2016-17 projections also are based on the May 2016 consensus estimate of GF/GP revenue and other agreed-upon revenue adjustments. Part of the leadership budget target agreement was the decision to recognize \$80.0 million of GF/GP revenue restored due to legislation that adjusted certain insurance tax credits, and to reflect \$40.0 million (\$30.5 million GF/GP and \$9.5 million SAF) for Venture Michigan Fund tax vouchers that are forecast to be claimed against FY 2016-17 revenue. The FY 2016-17 estimated GF/GP expenditures are based on initial ongoing appropriations of \$9.7 billion and initial one-time appropriations of \$306.3 million.

PROJECTED SCHOOL AID FUND (SAF) YEAR-END BALANCES

The FY 2015-16 projected year-end SAF balance of \$104.2 million is based on the May 2016 consensus estimate of SAF revenue and other revenue adjustments agreed upon as part of the budget process. The FY 2015-16 estimated SAF expenditures are based on initial ongoing and one-time appropriations, enacted supplemental appropriations, and consensus cost adjustments.

The second column of Table 30 presents the SFA's estimate of the FY 2016-17 SAF year-end balance of \$0.2 million. The FY 2016-17 projections also are based on the May 2016 consensus estimate of SAF revenue and other agreed-upon revenue adjustments. As mentioned in the preceding summary of GF/GP year-end balances, part of the leadership budget target agreement was the decision to reflect the Venture Michigan Fund tax vouchers that are forecast to be claimed in FY 2016-17; there is a cost of \$9.5 million for the SAF. The FY 2016-17 SAF balance sheet also includes \$72.0 million from the Community District Education Trust Fund to pay the additional foundation allowance costs for Detroit Public Schools when the district's existing 18-mill property tax levy is diverted from supporting its foundation allowance to pay off debt. The FY 2016-17 estimated SAF expenditures are based on initial ongoing K-12 appropriations of \$14.0 billion and initial one-time K-12 appropriations of \$176.0 million. The SAF balance sheet reflects the continued use of SAF revenue to partially support the Community Colleges and Higher Education budgets. In the Community Colleges budget, the SAF allocation for FY 2016-17 was increased by \$3.7 million over FY 2015-16 to pay for additional MPSERS costs, with \$260.4 million SAF allocated to support community colleges in FY 2016-17. The SAF allocation in the Higher Education budget for FY 2016-17 is \$31.9 million higher than for FY 2015-16, when the total SAF allocation was \$205.2 million. The SAF increase for Higher Education was directed to public university operations. Across the two budgets, SAF support of postsecondary purposes totals \$497.5 million for FY 2016-17.

Table 29

FY 2015-16 AND FY 2016-17 GENERAL FUND/GENERAL PURPOSE REVENUE, EXPENDITURES, AND YEAR-END BALANCE ESTIMATES		
(Millions of Dollars)		
	FY 2015-16	FY 2016-17
Beginning Balance	\$694.7	\$135.3
Ongoing Revenue:		
May 2016 Consensus Revenue Estimate	\$9,734.1	\$10,138.5
Revenue Sharing Payments	(462.7)	(465.3)
Shift of Short-Term Borrowing Costs to School Aid Fund	1.0	3.0
Medicaid Managed Care Use Tax	421.0	105.8
Farmland Preservation Legislation	0.0	(1.4)
Insurance Tax Credit Amendments	<u>0.0</u>	<u>80.0</u>
Subtotal Ongoing Revenue	\$9,693.4	\$9,860.6
Non-Ongoing Revenue:		
One-Time Appropriation for Revenue Sharing	(\$5.8)	(\$5.8)
Redirection of Restricted Revenue	(1.3)	16.8
Venture Michigan Fund Tax Vouchers	0.0	(30.5)
Total Estimated GF/GP Revenue	\$10,381.0	\$9,976.4
Expenditures:		
Initial Ongoing Appropriations	\$9,517.8	\$9,669.0
<u>One-Time and Other Appropriations:</u>		
Initial One-Time Appropriations	\$98.3	\$306.3
Initial One-Time Appropriation for Transportation	258.0	0.0
One-Time Appropriation to Budget Stabilization Fund	95.0	0.0
Enacted Supplementals	280.5	0.0
Estimated Year-End Lapses	<u>(3.9)</u>	<u>0.0</u>
Subtotal One-Time and Other Appropriations	\$727.9	\$306.3
Total Estimated GF/GP Expenditures	\$10,245.7	\$9,975.3
PROJECTED YEAR-END GF/GP BALANCE	\$135.3	\$1.0

Table 30
FY 2015-16 AND FY 2016-17 SCHOOL AID FUND
REVENUE, EXPENDITURES, AND YEAR-END BALANCE ESTIMATES
(Millions of Dollars)

	FY 2015-16	FY 2016-17
Beginning Balance.....	\$190.2	\$104.2
Ongoing Revenue:		
May 2016 Consensus Revenue Estimate	\$12,067.4	\$12,402.4
General Fund/General Purpose Grant.....	55.1	218.9
Federal Ongoing Aid	1,775.8	1,818.6
Community District Education Trust Fund	0.0	72.0
Managed Care Use Tax.....	<u>210.5</u>	<u>52.9</u>
Subtotal Ongoing Revenue.....	\$14,108.8	\$14,564.8
Non-Ongoing Revenue:		
Distressed/Dissolved Districts Work Project Lapses	\$3.5	\$0.0
Venture Michigan Fund Tax Vouchers	<u>0.0</u>	<u>(9.5)</u>
Subtotal Ongoing Revenue.....	\$3.5	(\$9.5)
Total Estimated School Aid Fund Revenue	\$14,302.5	\$14,659.5
Expenditures:		
Initial Ongoing Appropriations.....	\$13,846.6	\$13,985.8
Enacted Supplementals.....	(169.2)	0.0
Partially Fund Community Colleges with School Aid Fund.....	256.7	260.4
Partially Fund Higher Education with School Aid Fund	<u>205.2</u>	<u>237.1</u>
Subtotal Ongoing Appropriations	\$14,139.3	\$14,483.3
<u>One-Time and Other Appropriations:</u>		
Initial One-Time K-12 Appropriations.....	\$49.8	\$176.0
Enacted Supplemental-Flint Early On Services.....	<u>9.2</u>	<u>0.0</u>
Subtotal One-Time and Other Appropriations	\$59.0	\$176.0
Total Estimated School Aid Fund Expenditures	\$14,198.3	\$14,659.3
PROJECTED YEAR-END SCHOOL AID FUND BALANCE.....	\$104.2	\$0.2

ECONOMIC FORECAST AND REVENUE ESTIMATES

A. ECONOMIC FORECAST

The economic forecast on which the enacted fiscal year (FY) 2016-17 State budget was based is the consensus economic forecast adopted at the May 2016 Consensus Revenue Estimating Conference. Under this consensus economic forecast, the U.S. economy will grow 1.9% in 2016, 2.6% in 2017, and 2.4% in 2018. Restored profitability in the motor vehicle industry, combined with an improving economy nationally, will cause both Michigan employment and Michigan personal income, adjusted for inflation, to rise in 2016, 2017, and 2018, although the employment gains will generally be less than those experienced during 2011, 2012 and 2013 and will be stronger in magnitude during 2016 than in later years. Low inflation and stable employment are expected to result in inflation-adjusted personal income rising 2.8% in 2016, 1.7% in 2017, and 2.0% in 2018. 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 1.9% in 2016 and 2.6% in 2017, compared with 2.4% growth in 2015. While consumer spending and wage growth are expected to improve, the growth will remain weak by historical standards. In contrast, the growth in vehicle sales is expected to slow and business investment is expected to grow more slowly than in recent years. When combined with an improving housing market, the forecast predicts modest increases in the rate of economic growth.
- Employment is expected to grow slowly through 2018, allowing the U.S. unemployment rate to decline from 5.3% in 2015 to 4.9% in 2016, 4.8% in 2017, and 4.6% in 2018.
- Light vehicle sales are expected to increase from 17.4 million units in 2015, an all-time record high, to 17.6 million units in 2016 and 17.7 million units in both 2017 and 2018. By comparison, 16.1 million units were sold in 2007 and 10.4 million units in 2009.
- Housing starts are expected to rise from 1.1 million starts in 2015 to 1.2 million starts in 2016, 1.4 million starts in 2017, and 1.5 million starts in 2018. By comparison, starts totaled 2.1 million in 2006 and 554,000 in 2009.
- Inflation, as measured by the U.S. Consumer Price Index, fell 0.1% in 2015, reflecting a mix of weak consumer demand and falling energy prices. As energy prices increase modestly and economic activity increases, the forecast expects inflation to rise 1.1% in 2016 and 2.1% in 2017.

2. Michigan Economy

- On an annual basis, employment in Michigan steadily declined between 2000 and 2010, but has increased in every year since 2010. After rising 1.5% during 2015, employment is expected to increase 1.8% in 2016, 1.0% in 2017, and 1.2% in 2018.
- Michigan's unemployment rate is projected to decrease from 5.4% in 2015 to 5.0% in 2016, 4.9% in 2017, and 4.7% in 2018.
- Rising employment will help increase total wage and salary payments to workers in Michigan over the forecast period. Total payments to wage and salary workers are expected to increase 3.5% during 2016, 3.3% in 2017, and 3.9% in 2018. Adjusted for inflation, wage and salary payments are projected to increase 2.6% in 2016, 1.2% in 2017, and 1.5% in 2018.
- Personal income, the total income received by individuals, will increase at an estimated rate of 3.7% in 2016, compared with a 4.3% increase in 2015, before rising 3.9% in 2017 and 4.5% in 2018. However, adjusted for inflation, personal income is projected to increase 2.8% in 2016, 1.7% in 2017, and 2.0% in 2018.
- Inflation in Michigan, as measured by the Detroit Consumer Price Index, is expected to increase 0.9% in 2016, before rising 2.1% in 2017 and 2.4% in 2018. In comparison, inflation fell 1.4% in 2015.

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

General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue from ongoing sources is expected to total \$22.5 billion in FY 2016-17, up 3.4% from the \$21.8 billion predicted to be received during FY 2015-16. The total revenue collected in a fiscal year includes two major types of revenue: 1) revenue from ongoing revenue sources, and 2) revenue from various revenue adjustments (such as tax changes and one-time sources, including beginning balances carried over from the prior year). The projected levels of revenue from ongoing revenue sources for these two fiscal years are the estimates adopted at the May 2016 Consensus Revenue Estimating Conference. Total combined GF/GP and SAF revenue is expected to decline 0.9% in FY 2016-17, while combined GF/GP and SAF ongoing revenue is expected to increase 3.4%. The estimates of total revenue, as well as a breakdown between these two types of revenue, are presented in Table 31 for both the General Fund/General Purpose budget and the School Aid Fund for FY 2015-16 and FY 2016-17.

**Table 31
GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND
REVENUE ESTIMATES FOR FY 2015-16 AND FY 2016-17
(Millions of Dollars)**

	FY 2015-16	FY 2016-17	\$ Change	% Change
GENERAL FUND/GENERAL PURPOSE				
Beginning Balance	\$694.7	\$135.3	(\$559.4)	---
<u>Consensus Estimate From Ongoing Sources¹⁾:</u>				
Net Income	6,739.6	6,994.9	255.3	3.8%
Michigan Business/Corporate Income Tax	(99.0)	222.6	321.6	(324.8)
Sales & Use Taxes	2,017.5	1,824.9	(192.6)	(9.5)
Tobacco Taxes	188.8	187.1	(1.7)	(0.9)
Insurance Company Premiums	316.0	319.0	3.0	0.9
Telephone & Telegraph	42.0	42.0	0.0	0.0
Oil & Gas Severance	20.4	22.5	2.1	10.3
All Other Taxes	<u>118.0</u>	<u>148.4</u>	<u>30.4</u>	<u>25.8</u>
Subtotal Taxes	9,343.3	9,761.4	418.1	4.5
Nontax Revenue	<u>390.8</u>	<u>377.1</u>	<u>(13.7)</u>	<u>(3.5)</u>
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	9,734.1	10,138.5	404.4	4.2
<u>Revenue Adjustments:</u>				
Revenue Sharing Payments	(462.7)	(465.3)	(2.6)	0.6
One-time Appropriation for Revenue Sharing	(5.8)	(5.8)	0.0	0.0
Insurance Tax Credit Amendments	0.0	80.0	80.0	---
Managed Care Use Tax Revenue/HICA Relief	421.0	105.8	(315.2)	(74.9)
Net Redirection of Revenue from Other Funds	(1.3)	16.8	18.1	---
Farmland Preservation Legislation	0.0	(1.4)	(1.4)	---
Venture Michigan Fund Tax Vouchers	0.0	(30.5)	(30.5)	---
Shift of Short-Term Borrowing Costs to SAF	1.0	3.0	2.0	200.0
Subtotal Revenue Adjustments	<u>(47.8)</u>	<u>(297.4)</u>	<u>(249.6)</u>	<u>522.2</u>
TOTAL GF/GP REVENUE	\$10,381.0	\$9,976.4	(\$404.6)	(3.9%)

Table 31 - continued

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2015-16 AND FY 2016-17 (Millions of Dollars)				
	FY 2015-16	FY 2016-17	\$ Change	% Change
SCHOOL AID FUND				
Beginning Balance	\$190.2	\$104.2	(\$86.0)	---
Consensus Estimate From Ongoing Sources¹⁾:				
Sales & Use Taxes	5,796.7	5,988.3	191.6	3.3%
Income Tax	2,660.8	2,756.0	95.2	3.6
State Education Property Tax	1,894.1	1,938.9	44.8	2.4
Real Estate Transfer Tax	276.0	287.7	11.7	4.2
Tobacco Taxes	361.4	356.6	(4.8)	(1.3)
Casino Wagering Tax	112.0	113.0	1.0	0.9
Other Tax Revenue	116.4	118.8	2.4	2.1
Subtotal Taxes	11,217.4	11,559.3	341.9	3.0
Lottery	850.0	843.1	(6.9)	(0.8)
Subtotal Consensus Estimates Ongoing Revenue ¹⁾	12,067.4	12,402.4	335.0	2.8
Other Revenue:				
General Fund Grant	45.9	218.9	173.0	376.9
Community District Education Trust Fund	0.0	72.0	72.0	---
General Fund Supp. Req. 2016-7 (Flint Early On)	9.2	0.0	(9.2)	---
Distressed/Dissolved Districts Work Project Lapses	3.5	0.0	(3.5)	---
Venture Michigan Fund Tax Vouchers	0.0	(9.5)	(9.5)	---
Managed Care Use Tax Revenue/HICA Relief	210.5	52.9	(157.6)	(74.9)
Federal Aid	1,775.8	1,818.6	42.8	2.4
Subtotal Other Revenue	2,044.9	2,152.9	108.0	5.3
TOTAL SAF REVENUE	\$14,302.5	\$14,659.5	\$357.0	2.5%
TOTAL GF/GP AND SAF:				
Beginning Balances	\$884.9	\$239.5	(\$645.4)	(72.9)
Consensus Estimate Ongoing Revenue	21,801.5	22,540.9	739.4	3.4
Other Revenue ²⁾	1,951.2	1,636.6	(314.6)	(16.1)
TOTAL REVENUE²⁾	\$24,637.6	\$24,417.0	(\$220.6)	(0.9%)
¹⁾ Revenue estimates adopted at the May 2016 Consensus Revenue Estimating Conference.				
²⁾ Total and other revenue excludes GF/GP grant to SAF.				

1. General Fund/General Purpose Revenue

- In FY 2016-17, GF/GP revenue is projected to total an estimated \$10.0 billion, representing a decrease of 3.9% or \$404.6 million from the revenue estimated for FY 2015-16, as shown in [Table 31](#). The decrease in GF/GP revenue reflects a \$559.4 million decline in the beginning balance and a reduction of \$315.2 million from the termination of the managed care use tax at the end of 2016 that is not offset by growth in ongoing revenue.

- The balance carried over from FY 2015-16 is expected to total \$135.3 million, which is down \$559.4 million from the \$694.7 million that was carried over from FY 2014-15.
- Revenue from ongoing sources during FY 2016-17 will total an estimated \$10.1 billion, which is up 4.2% or \$404.4 million from the forecasted FY 2015-16 level.
- The increase in GF/GP ongoing revenue in FY 2016-17 primarily reflects several factors:
 - Policy changes. Legislation enacted as personal property tax reform is expected to increase General Fund revenue by \$55.0 million in FY 2015-16 and \$69.0 million in FY 2016-17 through an Essential Services Assessment, which levies a new assessment on property that was exempted as part of the tax reform, in order to support ambulance, police, and fire services. However, the increase is more than offset by a \$96.1 million decline in FY 2015-16 and a \$380.9 million decline in FY 2016-17 in State use tax revenue, which is being converted into a local use tax that generates revenue to reimburse local units for other losses associated with the personal property tax reform.
 - Certificated Credits. While the Michigan Business Tax (MBT) was effectively eliminated for most taxpayers beginning in 2012, some taxpayers continue to file an MBT return in order to claim certain tax credits that were awarded under the MBT and/or the Single Business Tax, which preceded the MBT. These credits are expected to total approximately \$1,006.2 million in FY 2015-16, but will total approximately \$717.2 million in FY 2016-17, reducing the subtraction from (thus increasing) GF/GP revenue by \$289.0 million in FY 2016-17.

2. School Aid Fund

- Revenue going to the School Aid Fund will total an estimated \$14.7 billion in FY 2016-17, an increase of 2.5% or \$357.0 million from the SAF revenue estimate for FY 2015-16. The SAF revenue estimate is presented in [Table 31](#).
- Revenue from ongoing taxes and net lottery revenue earmarked to the SAF will total an estimated \$12.4 billion in FY 2016-17, up 2.8% or \$335.0 million from FY 2015-16, reflecting continued economic growth during 2016 and 2017.
- In addition to the revenue from the ongoing earmarked taxes, the SAF will receive an estimated \$2.2 billion during FY 2016-17, up \$108.0 million from FY 2015-16. The majority of this additional revenue reflects Federal aid totaling an estimated \$1.8 billion. Additional SAF revenue also includes \$218.9 million in grants from the General Fund in FY 2016-17, up from \$45.9 million in FY 2015-16, and \$52.9 million from the managed care use tax, down from \$210.5 million in FY 2015-16 due to the termination of that tax at the end of 2016. The SAF will also receive \$72.0 million from the Community District Education Trust Fund in FY 2016-17.

C. BUDGET AND ECONOMIC STABILIZATION FUND

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

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

As shown in [Table 32](#), the BSF ended FY 2014-15 with a balance of \$498.1 million. The current budget for FY 2015-16 appropriates \$112.5 million to the BSF, although the formulas calculate a payment of \$270.9 million into the Fund. The only appropriation into the BSF in the enacted budget for FY 2016-17 appropriates \$17.5 million of tobacco settlement revenue to repay the BSF for money withdrawn from the BSF as part of the Detroit bankruptcy settlement agreement, although the formulas suggest a payment of \$155.7 million. The BSF is expected to end FY 2016-17 with a balance of \$630.6 million.

Table 32

BUDGET AND ECONOMIC STABILIZATION FUND TRANSFERS, EARNINGS, AND FUND BALANCE FY 1995-96 TO FY 2016-17 ESTIMATE (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	994.2
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	0.0	0.0	2.0
2006-07	0.0	0.1	0.0	2.1
2007-08	0.0	0.1	0.0	2.2
2008-09	0.0	0.0	0.0	2.2
2009-10	0.0	0.0	0.0	2.2
2010-11	0.0	0.0	0.0	2.2
2011-12	362.7	0.2	0.0	365.1
2012-13	140.0	0.5	0.0	505.6
2013-14	75.0	0.4	194.8	386.2
2014-15	111.5	0.4	0.0	498.1
Estimates:				
2015-16	112.5	0.7	0.0	611.3
2016-17	17.5	1.8	0.0	630.6

D. CONSTITUTIONAL REVENUE LIMIT

The Michigan Constitution places a limit on the amount of revenue State government may collect in any fiscal year. The limit essentially requires that total revenue, excluding Federal aid, not exceed 9.49% of personal income.

- As shown in [Table 33](#), 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 through FY 2016-17.

- In FY 2008-09, revenue subject to the limit fell below the limit by the greatest margin in the history of the limit: approximately \$8.0 billion or 24.3%; although the greatest absolute amount by which revenue was below the limit was in FY 2013-14, when revenue was \$8.5 billion or 23.6% below the limit.
- In FY 2014-15, the gap between revenue and the limit is estimated to have decreased from \$8.5 billion in FY 2013-14 to \$7.8 billion or 21.4%, reflecting revenue growing more rapidly than personal income during 2013—the base year used to compute the FY 2014-15 revenue limit.
- In FY 2015-16, the gap between revenue and the limit is estimated to increase to \$9.3 billion or 24.3%, reflecting slower revenue growth during FY 2015-16 combined with more rapid growth in personal income in 2014—the base year used to compute the FY 2015-16 revenue limit.
- It is estimated that the gap between revenue and the limit will increase to \$9.9 billion or 24.7% in FY 2016-17, reflecting limited revenue growth attributable to policy changes causing revenue subject to the limit to grow more slowly than personal income during 2015—the base year used to compute the FY 2016-17 revenue limit.

Table 33
COMPLIANCE WITH CONSTITUTIONAL REVENUE LIMIT
FY 1994-95 TO FY 2016-17
(Millions of Dollars)

Fiscal Year	Revenue Subject to Limit	Revenue Limit	Under (Over) Limit
1994-95	\$18,585.4	\$18,475.8	(\$109.6)
1995-96	19,798.8	19,982.0	183.2
1996-97	20,694.3	21,672.2	977.9
1997-98	22,072.3	22,712.4	640.1
1998-99	23,208.5	23,186.8	(21.7)
1999-2000	24,362.9	24,203.2	(159.7)
2000-01	23,907.6	26,315.4	2,407.8
2001-02	23,546.0	27,463.1	3,917.1
2002-03	24,061.6	28,243.1	4,181.5
2003-04	24,384.7	28,825.4	4,440.7
2004-05	25,626.8	29,842.3	4,215.5
2005-06	25,814.2	30,760.3	4,946.1
2006-07	26,118.4	31,440.7	5,322.3
2007-08	27,716.3	32,368.0	4,651.7
2008-09	24,838.6	32,824.5	7,985.9
2009-10	25,572.6	33,178.2	7,605.6
2010-11	27,248.2	32,829.0	5,580.8
2011-12	27,288.3	32,518.7	5,230.4
2012-13	28,102.0	33,988.6	5,886.6
2013-14	27,432.5	35,914.2	8,481.7
Estimates ¹⁾			
2014-15	28,844.3	36,676.1	7,831.8
2015-16	29,010.0	38,313.6	9,303.6
2016-17	30,087.3	39,957.1	9,869.7

¹⁾ May 2016 Consensus revenue estimates.

BUDGET AREA DETAIL

**DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
P.A. 268 of 2016 – ARTICLE I**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	454.0	473.0	473.0	471.0	473.0	19.0	4.2
GROSS	89,594,000	91,591,300	93,091,300	92,542,400	94,101,300	4,507,300	5.0
Less:							
Interdepartmental Grants Received	317,300	323,200	323,200	323,200	323,200	5,900	1.9
ADJUSTED GROSS	89,276,700	91,268,100	92,768,100	92,219,200	93,778,100	4,501,400	5.0
Less:							
Federal Funds	13,427,900	10,471,200	10,471,200	10,471,200	10,471,200	(2,956,700)	(22.0)
Local and Private	128,100	130,700	130,700	130,700	130,700	2,600	2.0
TOTAL STATE SPENDING	75,720,700	80,666,200	82,166,200	81,617,300	83,176,200	7,455,500	9.8
Less:							
Other State Restricted Funds	32,647,100	32,629,300	32,629,300	34,129,300	33,249,300	602,200	1.8
GENERAL FUND/GENERAL PURPOSE	43,073,600	48,036,900	49,536,900	47,488,000	49,926,900	6,853,300	15.9
	4,750,000	4,750,000	4,750,000	4,750,000	4,750,000	0	0.0

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|---|---------------------------------------|--------------------------------------|
| <p>1. Rural Development Fund Grant Program. The budget includes the establishment of a new grant program pursuant to Public Act 411 of 2012, funded by severance tax revenue from mining (\$2.0 million Restricted), which must be used for a grant and/or loan program governed by an appointed board that establishes criteria for grants and/or loans to address energy, transportation, communications, and water and wastewater infrastructure issues in rural communities.</p> | <p>Gross
Restricted
GF/GP</p> | <p>2,000,000
2,000,000
0</p> |
| <p>2. On-Farm Safety Requirements. The budget includes \$300,000 GF/GP and 2.0 FTEs to provide informational assistance to farmers to support the implementation of the on-farm requirements under the new Federal Food Safety Modernization Act.</p> | <p>FTE
Gross
GF/GP</p> | <p>2.0
300,000
300,000</p> |
| <p>3. Vital Agriculture Infrastructure Grant Program. The budget includes \$220,000 GF/GP in one-time appropriations to provide infrastructure support to improve farm-to-market transportation.</p> | <p>Gross
GF/GP</p> | <p>220,000
220,000</p> |

B. PROGRAM INCREASES

- | | | |
|---|---|--|
| <p>1. Laboratory Updates and Improvements. The budget includes funds to support staffing and equipment upgrades for the Geagley Laboratory (5.0 FTEs and \$1,469,800 GF/GP) and the Heffron Laboratory (1.0 FTE and \$1,040,000 GF/GP).</p> | <p>FTE
Gross
Restricted
GF/GP</p> | <p>6.0
3,112,000
602,200
2,509,800</p> |
| <p>2. Animal Agriculture Initiative. The budget includes appropriations for a new animal research initiative which include \$500,000 GF/GP in one-time appropriations and \$399,000 in ongoing funding.</p> | <p>Gross
GF/GP</p> | <p>899,000
899,000</p> |
| <p>3. Farmland Preservation Program. The budget includes \$500,000 in anticipated additional restricted revenue, bringing the total appropriation for the program to \$1,422,100 for FY 2016-17 (\$1,083,600 Restricted; \$321,600 GF/GP).</p> | <p>Gross
Restricted
GF/GP</p> | <p>500,000
500,000
0</p> |
| <p>4. Information Technology Maintenance. The budget includes funding (\$378,000 Gross, \$121,000 Restricted and \$257,000 GF/GP) to reflect costs of new inspection systems for work on site.</p> | <p>Gross
Restricted
GF/GP</p> | <p>378,000
121,000
257,000</p> |
| <p>5. Value-Added Grants. The budget includes an additional \$300,000 GF/GP for the grant program. Fiscal year 2015-16 GF/GP appropriations include \$650,000 in ongoing and \$550,000 in one-time</p> | <p>Gross
GF/GP</p> | <p>300,000
300,000</p> |

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

funding. Fiscal year 2016-17 appropriations include \$500,000 in ongoing and \$1.0 million in one-time funding.

- | | | |
|---|------------------------|----------------------------|
| <p>6. Grape and Wine Council. The budget provides an additional \$170,000 GF/GP in one-time funding to counter the Council's potential loss of restricted revenue. Total appropriations for FY 2016-17 are \$1,091,000 Restricted ongoing, and \$170,000 GF/GP in one-time funding.</p> | <p>Gross
GF/GP</p> | <p>170,000
170,000</p> |
| <p>7. County Fairs Capital Improvement Grants. The budget adds \$150,000 GF/GP to the program (for a total of \$450,000 GF/GP for FY 2016-17) and designates via boilerplate Sec. 805 \$60,000 to the dairy barn at the Lenawee County Fair, \$50,000 to the horse judging booth at the Tuscola County Fair, and \$40,000 to street repairs at the Monroe County Fair to improve access for the physically disabled.</p> | <p>Gross
GF/GP</p> | <p>150,000
150,000</p> |

C. PROGRAM ELIMINATIONS

- | | | |
|--|---------------------------------------|--|
| <p>1. Commercial Forestry Audit Program. The budget eliminates funding of \$300,000 GF/GP for the program due to the completion of the audit project.</p> | <p>Gross
GF/GP</p> | <p>(300,000)
(300,000)</p> |
| <p>2. Geagley Laboratory. The budget eliminates FY 2015-16 one-time GF/GP funding for Geagley Lab equipment (\$150,000).</p> | <p>Gross
GF/GP</p> | <p>(150,000)
(150,000)</p> |
| <p>3. Five-Year Early-Out Deferred Sick Leave Payments. The budget eliminates these payments, as obligations of the Michigan Department of Agriculture and Rural Development (MDARD) will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years for savings of \$237,600 Gross, \$101,100 GF/GP.</p> | <p>Gross
Restricted
GF/GP</p> | <p>(237,600)
(136,500)
(101,100)</p> |

D. PROGRAM REDUCTIONS

- | | | |
|--|------------------------|--------------------------------|
| <p>1. Qualified Forest Program. The budget includes a reduction of \$130,000 GF/GP in support for the program, which is funded at \$2,582,700 GF/GP for FY 2016-17.</p> | <p>Gross
GF/GP</p> | <p>(130,000)
(130,000)</p> |
| <p>2. Administrative Reductions. The budget includes savings of \$99,100 GF/GP though efficiencies across several budget lines.</p> | <p>Gross
GF/GP</p> | <p>(99,100)
(99,100)</p> |

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

E. FUNDING SHIFTS

- | | | |
|--|-------------------|--------------------|
| <p>1. Agriculture Equine Industry Development Fund (AEIDF). The budget includes a shift of \$600,200 from Restricted revenue from the AEIDF to GF/GP revenue to support Geagley Laboratory operations.</p> | <p>Gross</p> | <p>0</p> |
| | <p>Restricted</p> | <p>(600,200)</p> |
| | <p>GF/GP</p> | <p>600,200</p> |
| <p>2. Refined Petroleum Fund (RPF). The budget includes the replacement of \$1.5 million in RPF revenue support with GF/GP funds, leaving \$2,373,200 in RPF support for FY 2016-17. The House rejected the fund switch. The conference committee concurred with the Governor and the Senate.</p> | <p>Gross</p> | <p>0</p> |
| | <p>Restricted</p> | <p>(1,500,000)</p> |
| | <p>GF/GP</p> | <p>1,500,000</p> |

F. PROGRAM TRANSFERS

- | | | |
|--|-------------------|------------------|
| <p>Equine Laboratory Analysis. The budget includes a transfer of equine racing lab service responsibilities to the Department of Treasury's Gaming Commission, reducing equine fees received by MDARD's laboratory.</p> | <p>Gross</p> | <p>(600,200)</p> |
| | <p>Restricted</p> | <p>(600,200)</p> |
| | <p>GF/GP</p> | <p>0</p> |

G. OTHER ISSUES

- | | | |
|--|-------------------|--------------------|
| <p>1. Technical Adjustment. The budget includes an adjustment to align Federal and restricted funds to the amount that is expected to be received, including a negative \$91,800 in Federal funding and a negative \$226,100 in Restricted revenue, and an adjustment to reflect actual FTE totals throughout the budget.</p> | <p>FTE</p> | <p>11.0</p> |
| | <p>Gross</p> | <p>(317,900)</p> |
| | <p>Federal</p> | <p>(91,800)</p> |
| | <p>Restricted</p> | <p>(226,100)</p> |
| | <p>GF/GP</p> | <p>0</p> |
| <p>2. Adjustment for FY 2015-16 Appropriations. The budget includes an adjustment to reverse FY 2015-16 appropriations. Legislative Contingency Fund Transfer 2016-3 added \$3.0 million in Federal funding for support of ethanol usage.</p> | <p>Gross</p> | <p>(3,000,000)</p> |
| | <p>Federal</p> | <p>(3,000,000)</p> |
| | <p>GF/GP</p> | <p>0</p> |

H. UNCLASSIFIED SALARIES

- | | | |
|--|--------------|---------------|
| <p>The budget increases Gross funding for the unclassified salaries line item from \$532,600 to \$545,900.</p> | <p>Gross</p> | <p>13,300</p> |
| | <p>GF/GP</p> | <p>13,300</p> |

I. FEE INCREASES - NONE

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	1,299,800
IDG	5,900
Federal	135,100
Private	2,600
Restricted	442,000
GF/GP	714,200

K. ONE-TIME APPROPRIATIONS

The budget identifies \$2,390,000 of FY 2016-17 one-time appropriations and eliminates \$150,000 of FY 2015-16 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
Value-added Grants.....	\$1,000,000	\$1,000,000
Grape and Wine Council.....	170,000	170,000
Vital Agriculture Infrastructure Grant Program	220,000	220,000
Tree Fruit Research Grants	500,000	500,000
Animal Agriculture Initiative	500,000	500,000
Subtotal.....	\$2,290,000	\$2,390,000
 FY 2015-16		
Geagley Laboratory	(\$150,000)	(\$150,000)
Subtotal.....	(\$150,000)	(\$150,000)

L. VETOES - NONE

**DEPARTMENT OF ATTORNEY GENERAL
P.A. 268 of 2016 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	518.5	527.0	527.0	527.0	527.0	8.5	1.6
GROSS	93,407,600	95,185,800	97,085,800	97,785,900	101,485,800	8,078,200	8.6
Less:							
Interdepartmental Grants Received	28,637,400	28,989,700	28,989,700	28,989,700	28,989,700	352,300	1.2
ADJUSTED GROSS	64,770,200	66,196,100	68,096,100	68,796,200	72,496,100	7,725,900	11.9
Less:							
Federal Funds	9,278,600	9,476,700	9,476,700	9,476,700	9,476,700	198,100	2.1
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	55,491,600	56,719,400	58,619,400	59,319,500	63,019,400	7,527,800	13.6
Less:							
Other State Restricted Funds	18,478,200	17,578,900	17,578,900	20,178,900	20,178,900	1,700,700	9.2
GENERAL FUND/GENERAL PURPOSE	37,013,400	39,140,500	41,040,500	39,140,600	42,840,500	5,827,100	15.7
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

Prescription Drug Abuse Unit (One-Time). The budget includes one-time GF/GP funding of \$700,000 and 4.5 FTE positions to develop a statewide drug enforcement strategy to battle prescription drug abuse in Michigan.

FTE	4.5
Gross	700,000
GF/GP	700,000

B. PROGRAM INCREASES

1. Legal Defense Costs (One-Time). The budget adds \$3.0 million in GF/GP funding for legal defense costs for the Department of Health and Human Services and the Department of Environmental Quality related to the Flint water emergency.

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

2. Lawsuit Settlement Proceeds. The budget includes \$2.6 million in new restricted funding from lawsuit settlement proceeds for legal costs and associated expenses related to the declaration of emergency due to drinking water contamination. Funds also may be used for investigation costs and any resulting prosecutions. The total appropriation from lawsuit settlement funds for FY 2016-17 is \$2.6 million.

Gross	2,600,000
Restricted	2,600,000
GF/GP	0

3. Juvenile Life Without Parole (One-Time). The budget add \$700,000 in one-time GF/GP funding for the Prosecuting Attorneys Coordinating Council to provide assistance to local prosecutors for costs associated with investigations, crime victim rights, prosecutions, and appeals for retroactive juvenile life-without-parole cases.

Gross	700,000
GF/GP	700,000

4. Home Protection Unit. The budget includes new funding of \$600,000 and 4.0 FTE positons for continuing litigation costs related to the mortgage crisis settlement in 2012.

FTE	4.0
Gross	600,000
GF/GP	600,000

5. Human Trafficking Commission. New funding is included for costs related to prosecutions and public awareness efforts to combat human trafficking in Michigan.

Gross	390,000
Restricted	390,000
GF/GP	0

6. Rated Service Model. The budget includes new funding that allows the Department of Technology, Management, and Budget to bill the Department of Attorney General for services such as mailings, warehousing, and vehicle services using a standard rate plan instead of an hourly rate plan. The increased costs are due to staff training for the new system.

Gross	82,100
GF/GP	82,100

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

C. PROGRAM ELIMINATIONS

Five-Year Early-Out Deferred Sick Leave Payments. The budget removed funding for early-out sick leave payments as Department obligations will be satisfied as of the end of FY 2015-16 for employees who opted into the 2010 Early Retirement Program, which deferred sick-leave payments over five years.

Gross	(472,200)
Restricted	(467,200)
GF/GP	(5,000)

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Reversal of for FY 2015-16 Supplemental Funding. An FY 2015-16 adjustment provided in Article XXI of PA 268 of 2016 totals a positive \$1.3 million. Additional restricted funding was appropriated for FY 2015-16 from the proceeds of lawsuit settlements (the Lawsuit Settlement Proceeds Fund) and the Department of Attorney General was authorized to spend up to \$1.3 million for the costs of associated expenses related to the declaration of emergency due to drinking water contamination. This funding is shown as a net negative adjustment here to accurately reflect the full changes from FY 2015-16 to FY 2016-17.

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

2. Michigan Justice Training Funds (MJTF). The budget includes a reduction in interdepartmental grant (IDG) funds as a result of a decrease in the collection of MJTF funds in the Department of State Police. Due to the loss of MJTF funding, the FY 2016-17 budget reduces the line item and corresponding IDG funding by \$162,400. The net effect on the Department is zero as GF/GP funding was added in FY 2015-16 to make up for the loss of MJTF funding.

Gross	(162,400)
IDG	(162,400)
GF/GP	0

3. Adjustment for FY 2015-16 Transfer. Administrative transfer 2016-4 adjusted interdepartmental grant and State restricted revenue sources of financing to align that revenue with the actual work being performed by the Attorney General's office. The transfer was consistent with memoranda of understanding between the Attorney General and various State departments. Although the changes resulted in a net zero change in the Gross appropriation, the fund shift reduced the Adjusted Gross appropriation by \$103,500.

Gross	0
IDG	(103,500)
Restricted	103,500
GF/GP	0

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

H. UNCLASSIFIED SALARIES

Salary and Wage Increase. The budget increases Gross funding for the unclassified salaries line item from \$735,600 to \$754,000 for FY 2016-17.

Gross	18,400
GF/GP	18,400

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	1,922,300
IDG	618,200
Federal	198,100
Restricted	374,400
GF/GP	731,600

K. ONE-TIME APPROPRIATIONS

The budget identifies \$4.4 million of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
Prescription Drug Abuse Enforcement	\$700,000	\$700,000
PACC Juvenile Life Without Parole Cases	700,000	700,000
State Defense Costs	3,000,000	3,000,000
Total	\$4,400,000	\$4,400,000

L. VETOES - NONE

**DEPARTMENT OF CIVIL RIGHTS
P.A. 268 of 2016 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	129.0	129.0	132.0	131.0	129.0	0.0	0.0
GROSS	16,128,700	16,248,500	16,746,900	16,621,900	16,248,500	119,800	0.7
Less:							
Interdepartmental Grants Received	286,700	293,600	293,600	293,600	293,600	6,900	2.4
ADJUSTED GROSS	15,842,000	15,954,900	16,453,300	16,328,300	15,954,900	112,900	0.7
Less:							
Federal Funds.....	2,721,700	2,763,000	2,763,000	2,763,000	2,763,000	41,300	1.5
Local and Private	18,700	18,700	18,700	18,700	18,700	0	0.0
TOTAL STATE SPENDING	13,101,600	13,173,200	13,671,600	13,546,600	13,173,200	71,600	0.5
Less:							
Other State Restricted Funds	151,900	151,900	151,900	151,900	151,900	0	0.0
GENERAL FUND/GENERAL PURPOSE	12,949,700	13,021,300	13,519,700	13,394,700	13,021,300	71,600	0.6
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|---|--------------|----------------|
| <p>1. Division on Deaf and Hard of Hearing (One-Time). The budget includes one-time GF/GP funding of \$250,000 and 2.0 additional FTE positions for the Division of Deaf and Hard of Hearing to increase services to deaf and hard of hearing individuals across the State. Funding for this program in both ongoing and one-time funding totals \$1,048,000 for FY 2016-17.</p> | <p>FTE</p> | <p>2.0</p> |
| | <p>Gross</p> | <p>250,000</p> |
| | <p>GF/GP</p> | <p>250,000</p> |
| | | |
| <p>2. Rated Service Model. The budget includes new funding that allows the Department of Technology, Management, and Budget to bill the Department of Civil Rights for services such as mailings, warehousing, and vehicle services using a standard rate plan instead of an hourly rate plan. The increased costs are due to staff training costs for the new system.</p> | <p>Gross</p> | <p>20,100</p> |
| | <p>GF/GP</p> | <p>20,100</p> |

C. PROGRAM ELIMINATIONS

- | | | |
|--|--------------|-----------------|
| <p>Five-Year Early-Out Deferred Sick Leave Payments. The budget removed funding for early-out sick leave payments as Department obligations will be satisfied as of the end of FY 2015-16 for employees who opted into the 2010 Early Retirement Program, which deferred sick-leave payments over five years.</p> | <p>Gross</p> | <p>(70,800)</p> |
| | <p>GF/GP</p> | <p>(70,800)</p> |

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

- | | | |
|--|--------------|------------------|
| <p>Executive Budget Revision 2017-3. The Governor submitted revision 2017-3 that revised his original Executive Budget Recommendation to remove funding totaling \$373,400 and 2.0 FTE positions due to the issuance of Executive Order 2016-3, which transferred all funding, activities, and FTEs for the Asian-Pacific American Affairs Commission (\$112,400 and 1.0 FTE) and the Hispanic/Latino Commission of Michigan (\$261,000 and 1.0 FTE) to the Department of Licensing and Regulatory Affairs.</p> | <p>FTE</p> | <p>(2.0)</p> |
| | <p>Gross</p> | <p>(373,400)</p> |
| | <p>GF/GP</p> | <p>(373,400)</p> |

G. OTHER ISSUES - NONE

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$644,200 to \$660,300.

Gross	16,100
GF/GP	16,100

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	277,800
IDG	6,900
Federal	41,300
GF/GP	229,600

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

**COMMUNITY COLLEGES
P.A. 249 of 2016 – ARTICLE II**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	387,825,600	399,025,600	399,025,600	402,116,300	395,925,600	8,100,000	2.1
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	387,825,600	399,025,600	399,025,600	402,116,300	395,925,600	8,100,000	2.1
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	387,825,600	399,025,600	399,025,600	402,116,300	395,925,600	8,100,000	2.1
Less:							
Other State Restricted Funds	256,714,800	260,414,800	260,414,800	260,414,800	260,414,800	3,700,000	1.4
GENERAL FUND/GENERAL PURPOSE	131,110,800	138,610,800	138,610,800	141,701,500	135,510,800	4,400,000	3.4
PAYMENTS TO LOCALS	387,825,600	399,025,600	399,025,600	402,116,300	395,925,600	8,100,000	2.1

Includes Ongoing and One-time Appropriations as of July 1, 2016.

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|---|---|--|
| <p>1. College Operations. The Governor recommended a \$7.5 million GF/GP (2.4%) increase distributed through a modified version of the 2016 Performance Indicators Review Task Force recommendations. The Senate included the \$7.5 million increase but distributed funding based on the Task Force model without the Governor's modifications. The House included a \$10.6 million GF/GP (3.4%) increase distributed according to the Performance Indicators Review Task Force recommendations. The Conference committee included a \$4.4 million GF/GP (1.4%) increase distributed pursuant to the Performance Indicators Review Task Force recommendations. Funding distributions by college are included in <u>Tables 1</u> and <u>2</u>.</p> | <p>Gross</p> <p>GF/GP</p> | <p>4,400,000</p> <p>4,400,000</p> |
| <p>2. Michigan Public School Employees Retirement System (MPSERS) Rate Cap. The Governor, Senate, and House included \$3.7 million in School Aid Fund (SAF) revenue to continue funding the difference between the employer's capped contribution rate for unfunded accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contributions rate. Under MPSERS reform legislation, the State is required to pay the difference between these amounts. The FY 2016-17 MPSERS appropriation totals \$73.2 million.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>3,700,000</p> <p>3,700,000</p> <p>0</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

School Aid Fund. The Governor, Senate, and House shifted \$52.3 million in SAF revenue from college operations (\$50.7 million) and renaissance zone reimbursements (\$1.6 million) to the MPSERS appropriation to effectively fund the entire MPSERS appropriation from the SAF. The FY 2016-17 community college budget includes \$138.6 million from the State General Fund and \$260.4 million from the SAF.

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

Table 1: FY 2016-17 Community College Appropriation

College	FY 2015-16 Year-To-Date	FY 2016-17 Governor's Recommendation			FY 2016-17 Senate			FY 2016-17 House			FY 2016-17 Initial Enacted Appropriation		
		Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change
Alpena	\$5,464,400	\$162,700	\$5,627,100	3.0%	\$136,800	\$5,601,200	2.5%	\$193,200	\$5,657,600	3.5%	\$80,300	\$5,544,700	1.5%
Bay de Noc	5,490,200	100,900	5,591,100	1.8%	120,500	5,610,700	2.2%	170,100	5,660,300	3.1%	70,700	5,560,900	1.3%
Delta	14,704,000	348,400	15,052,400	2.4%	347,200	15,051,200	2.4%	490,300	15,194,300	3.3%	203,700	14,907,700	1.4%
Glen Oaks	2,551,100	45,600	2,596,700	1.8%	61,100	2,612,200	2.4%	86,300	2,637,400	3.4%	35,800	2,586,900	1.4%
Gogebic	4,509,900	117,000	4,626,900	2.6%	115,700	4,625,600	2.6%	163,400	4,673,300	3.6%	67,900	4,577,800	1.5%
Grand Rapids	18,187,300	444,400	18,631,700	2.4%	448,700	18,636,000	2.5%	633,600	18,820,900	3.5%	263,200	18,450,500	1.4%
Henry Ford	21,893,300	454,200	22,347,500	2.1%	481,900	22,375,200	2.2%	680,500	22,573,800	3.1%	282,700	22,176,000	1.3%
Jackson	12,245,300	259,100	12,504,400	2.1%	259,600	12,504,900	2.1%	366,500	12,611,800	3.0%	152,300	12,397,600	1.2%
Kalamazoo Valley	12,689,400	326,300	13,015,700	2.6%	314,500	13,003,900	2.5%	444,100	13,133,500	3.5%	184,500	12,873,900	1.5%
Kellogg	9,950,100	209,700	10,159,800	2.1%	234,200	10,184,300	2.4%	330,700	10,280,800	3.3%	137,400	10,087,500	1.4%
Kirtland	3,221,500	81,800	3,303,300	2.5%	82,600	3,304,100	2.6%	116,600	3,338,100	3.6%	48,500	3,270,000	1.5%
Lake Michigan	5,417,700	147,900	5,565,600	2.7%	127,900	5,545,600	2.4%	180,600	5,598,300	3.3%	75,100	5,492,800	1.4%
Lansing	31,288,200	627,100	31,915,300	2.0%	663,400	31,951,600	2.1%	936,800	32,225,000	3.0%	389,100	31,677,300	1.2%
Macomb	33,239,500	660,700	33,900,200	2.0%	754,100	33,993,600	2.3%	1,064,800	34,304,300	3.2%	442,300	33,681,800	1.3%
Mid Michigan	4,757,700	159,600	4,917,300	3.4%	130,100	4,887,800	2.7%	183,800	4,941,500	3.9%	76,400	4,834,100	1.6%
Monroe	4,565,600	113,500	4,679,100	2.5%	121,100	4,686,700	2.7%	171,100	4,736,700	3.7%	71,100	4,636,700	1.6%
Montcalm	3,280,600	123,400	3,404,000	3.8%	106,500	3,387,100	3.2%	150,400	3,431,000	4.6%	62,500	3,343,100	1.9%
Mott	15,901,700	376,700	16,278,400	2.4%	364,500	16,266,200	2.3%	514,700	16,416,400	3.2%	213,800	16,115,500	1.3%
Muskegon	9,020,700	248,000	9,268,700	2.7%	221,300	9,242,000	2.5%	312,600	9,333,300	3.5%	129,900	9,150,600	1.4%
North Central	3,224,800	120,300	3,345,100	3.7%	111,800	3,336,600	3.5%	157,800	3,382,600	4.9%	65,600	3,290,400	2.0%
Northwestern	9,200,500	209,500	9,410,000	2.3%	200,300	9,400,800	2.2%	282,800	9,483,300	3.1%	117,500	9,318,000	1.3%
Oakland	21,429,400	548,800	21,978,200	2.6%	582,200	22,011,600	2.7%	822,100	22,251,500	3.8%	341,500	21,770,900	1.6%
Schoolcraft	12,706,400	351,400	13,057,800	2.8%	345,900	13,052,300	2.7%	488,400	13,194,800	3.8%	202,900	12,909,300	1.6%
Southwestern	6,657,600	116,000	6,773,600	1.7%	127,600	6,785,200	1.9%	180,200	6,837,800	2.7%	74,900	6,732,500	1.1%
St. Clair	7,158,000	179,100	7,337,100	2.5%	172,600	7,330,600	2.4%	243,800	7,401,800	3.4%	101,300	7,259,300	1.4%
Washtenaw	13,301,100	423,600	13,724,700	3.2%	397,000	13,698,100	3.0%	560,600	13,861,700	4.2%	232,900	13,534,000	1.8%
Wayne County	16,989,800	463,000	17,452,800	2.7%	416,600	17,406,400	2.5%	588,300	17,578,100	3.5%	244,400	17,234,200	1.4%
West Shore	2,446,200	81,300	2,527,500	3.3%	54,300	2,500,500	2.2%	76,600	2,522,800	3.1%	31,800	2,478,000	1.3%
Subtotal Operations:	\$311,492,000	\$7,500,000	\$318,992,000	2.4%	\$7,500,000	\$318,992,000	2.4%	\$10,590,700	\$322,082,700	3.4%	\$4,400,000	\$315,892,000	1.4%
MPSERS Retiree Health Care	1,733,600	0	1,733,600	0.0%	0	1,733,600	0.0%	0	1,733,600	0.0%	0	1,733,600	0.0%
MPSERS Reform Costs	69,500,000	3,700,000	73,200,000	5.3%	3,700,000	73,200,000	5.3%	3,700,000	73,200,000	5.3%	3,700,000	73,200,000	5.3%
Renaissance Zone Reimbursements	5,100,000	0	5,100,000	0.0%	0	5,100,000	0.0%	0	5,100,000	0.0%	0	5,100,000	0.0%
Total Appropriations:	\$387,825,600	\$11,200,000	\$399,025,600	2.9%	\$11,200,000	\$399,025,600	2.9%	\$14,290,700	\$402,116,300	3.7%	\$8,100,000	\$395,925,600	2.1%
State School Aid Fund	256,714,800	3,700,000	260,414,800	1.4%	3,700,000	260,414,800	1.4%	3,700,000	260,414,800	1.4%	3,700,000	260,414,800	1.4%
GF/GP	\$131,110,800	\$7,500,000	\$138,610,800	5.7%	\$7,500,000	\$138,610,800	5.7%	\$10,590,700	\$141,701,500	8.1%	\$4,400,000	\$135,510,800	3.4%

Table 2: FY 2016-17 Community College Appropriations

College	FY 2015-16 Enacted	FY 2015-16 Year-To-Date	FY 2016-17 Adjustments											FY 2016-17 Initial Appropriation	Percent Change
			30.0% Sustainability*	10.0% Performance Improvement	10.0% Performance Completion #	10.0% Performance Completion Rate	30.0% Contact Hours	5.0% Administrative Costs	5.0% Local Strategic Value	Total Formula Distribution	Non-Formula Adjustments*	Total Adjustments			
Alpena	\$5,464,400	\$5,464,400	\$23,156	\$23,971	\$4,860	\$6,175	\$11,415	\$6,820	\$3,859	\$80,300	\$80,300	\$5,544,700	1.5%		
Bay de Noc	5,490,200	5,490,200	23,266	6,204	6,029	12,231	13,909	5,153	3,878	70,700	70,700	5,560,900	1.3%		
Delta	14,704,000	14,704,000	62,311	16,678	29,868	16,616	58,152	9,689	10,385	203,700	203,700	14,907,700	1.4%		
Glen Oaks	2,551,100	2,551,100	10,811	2,883	3,747	8,949	7,442	202	1,802	35,800	35,800	2,586,900	1.4%		
Gogebic	4,509,900	4,509,900	19,111	15,019	3,230	13,106	8,692	5,556	3,185	67,900	67,900	4,577,800	1.5%		
Grand Rapids	18,187,300	18,187,300	77,072	25,309	22,562	20,552	94,895	9,989	12,845	263,200	263,200	18,450,500	1.4%		
Henry Ford	21,893,300	21,893,300	92,777	26,411	20,516	30,819	86,365	10,351	15,463	282,700	282,700	22,176,000	1.3%		
Jackson	12,245,300	12,245,300	51,892	14,742	13,731	20,138	34,843	8,293	8,649	152,300	152,300	12,397,600	1.2%		
Kalamazoo Valley	12,689,400	12,689,400	53,773	14,340	17,815	20,454	58,272	10,887	8,962	184,500	184,500	12,873,900	1.5%		
Kellogg	9,950,100	9,950,100	42,165	11,244	12,837	17,090	36,647	10,398	7,028	137,400	137,400	10,087,500	1.4%		
Kirtland	3,221,500	3,221,500	13,652	3,640	4,798	3,640	12,640	7,814	2,275	48,500	48,500	3,270,000	1.5%		
Lake Michigan	5,417,700	5,417,700	22,958	6,304	5,660	6,122	24,303	5,879	3,826	75,100	75,100	5,492,800	1.4%		
Lansing	31,288,200	31,288,200	132,589	35,357	41,122	41,281	106,144	10,612	22,098	389,100	389,100	31,677,300	1.2%		
Macomb	33,239,500	33,239,500	140,858	37,562	43,227	43,449	142,984	10,805	23,476	442,300	442,300	33,681,800	1.3%		
Mid Michigan	4,757,700	4,757,700	20,162	6,757	9,650	5,376	24,825	6,220	3,360	76,400	76,400	4,834,100	1.6%		
Monroe	4,565,600	4,565,600	19,348	5,159	6,718	5,159	21,675	9,787	3,225	71,100	71,100	4,636,700	1.6%		
Montcalm	3,280,600	3,280,600	13,902	13,469	4,363	10,026	10,809	7,612	2,317	62,500	62,500	3,343,100	1.9%		
Mott	15,901,700	15,901,700	67,386	21,448	21,735	17,970	64,770	9,309	11,231	213,800	213,800	16,115,500	1.3%		
Muskegon	9,020,700	9,020,700	38,227	27,428	7,702	10,194	29,152	10,779	6,371	129,900	129,900	9,150,600	1.4%		
North Central	3,224,800	3,224,800	13,666	12,004	4,645	10,232	13,681	9,071	2,278	65,600	65,600	3,290,400	2.0%		
Northwestern	9,200,500	9,200,500	38,989	13,243	10,117	10,397	29,632	8,604	6,498	117,500	117,500	9,318,000	1.3%		
Oakland	21,429,400	21,429,400	90,811	24,216	35,093	24,216	145,013	7,045	15,135	341,500	341,500	21,770,900	1.6%		
Schoolcraft	12,706,400	12,706,400	53,846	15,218	23,832	20,777	70,798	9,467	8,974	202,900	202,900	12,909,300	1.6%		
Southwestern	6,657,600	6,657,600	28,213	7,523	5,249	7,523	17,962	3,714	4,702	74,900	74,900	6,732,500	1.1%		
St. Clair	7,158,000	7,158,000	30,333	8,462	8,427	14,678	27,373	6,945	5,056	101,300	101,300	7,259,300	1.4%		
Washtenaw	13,301,100	13,301,100	56,366	19,040	40,843	20,865	76,882	9,510	9,394	232,900	232,900	13,534,000	1.8%		
Wayne County	16,989,800	16,989,800	71,997	22,017	29,014	19,199	82,516	7,680	12,000	244,400	244,400	17,234,200	1.4%		
West Shore	2,446,200	2,446,200	10,366	4,350	2,611	2,764	8,211	1,808	1,728	31,800	31,800	2,478,000	1.3%		
Subtotal Operations:	\$311,492,000	\$311,492,000	\$1,320,003	\$439,998	\$440,001	\$439,998	\$1,320,002	\$219,999	\$220,000	\$4,400,000	\$0	\$4,400,000	\$315,892,000	1.4%	
MPERS Retiree Health Care	1,733,600	1,733,600									0	0	1,733,600	0.0%	
MPERS Reform Costs	69,500,000	69,500,000									3,700,000	3,700,000	73,200,000	5.3%	
Renaissance Zone Reimbursements	5,100,000	5,100,000									0	0	5,100,000	0.0%	
Total Appropriations:	\$387,825,600	\$387,825,600	\$1,320,003	\$439,998	\$440,001	\$439,998	\$1,320,002	\$219,999	\$220,000	\$4,400,000	\$3,700,000	\$8,100,000	\$395,925,600	2.1%	
State School Aid Fund	256,714,800	256,714,800									0	3,700,000	260,414,800	1.4%	
GF/GP	\$131,110,800	\$131,110,800	\$1,320,003	\$439,998	\$440,001	\$439,998	\$1,320,002	\$219,999	\$220,000	\$4,400,000	\$0	\$4,400,000	\$135,510,800	3.4%	

**DEPARTMENT OF CORRECTIONS
P.A. 268 of 2016 – ARTICLE V**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	14,174.3	14,049.6	13,792.9	14,049.6	13,803.9	(370.4)	(2.6)
GROSS	1,975,907,300	2,029,386,100	2,020,807,400	2,029,386,100	2,002,729,000	26,821,700	1.4
Less:							
Interdepartmental Grants Received	225,000	0	0	0	0	(225,000)	(100.0)
ADJUSTED GROSS	1,975,682,300	2,029,386,100	2,020,807,400	2,029,386,100	2,002,729,000	27,046,700	1.4
Less:							
Federal Funds.....	5,850,000	5,523,700	5,523,700	5,523,700	5,523,700	(326,300)	(5.6)
Local and Private	8,533,200	8,692,800	8,692,800	8,692,800	8,692,800	159,600	1.9
TOTAL STATE SPENDING	1,961,299,100	2,015,169,600	2,006,590,900	2,015,169,600	1,988,512,500	27,213,400	1.4
Less:							
Other State Restricted Funds	43,950,700	35,711,700	37,133,000	35,711,700	36,554,600	(7,396,100)	(16.8)
GENERAL FUND/GENERAL PURPOSE	1,917,348,400	1,979,457,900	1,969,457,900	1,979,457,900	1,951,957,900	34,609,500	1.8
PAYMENTS TO LOCALS	114,323,600	110,420,700	115,670,600	110,420,700	111,888,200	(2,435,400)	(2.1)

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

Medication-Assisted Treatment Reentry Pilot. The budget includes funding for a pilot program to provide targeted offenders with medication before they are paroled in order to help with opioid and alcohol addiction.

Gross 500,000
GF/GP 500,000

B. PROGRAM INCREASES

1. Corrections Officer Academy. The budget includes one-time funding for an officer academy with an expected graduating class of 350 to address officer shortages throughout the system.

Gross 8,506,100
GF/GP 8,506,100

2. Prisoner Health Care. The budget increases funding by \$10,535,000 to pay for Hepatitis C medication and includes a reduction of \$2.2 million to make an adjustment for unrealized FY 2015-16 savings from a new health care services contract. Funding for mental health programming is increased \$1,035,000 to address increased caseload and waiting lists, as well as the transition to a new sex offender treatment program. Funding for prisoner health care services is reduced by \$1.5 million to account for reduced prisoner populations.

FTE 9.0
Gross 7,870,000
GF/GP 7,870,000

3. Criminal Justice Reinvestment. Funding is included to expand evidence-based programs that can reduce recidivism and incarceration rates among probationers and parolees.

Gross 4,573,300
GF/GP 4,573,300

4. Information Technology Services. Funding is provided to support the transition to a new billing model for the provision of services by the Department of Technology, Management, and Budget (DTMB), expand broadband capabilities across 27 correctional facilities and 113 field offices, and recognize increased DTMB charges for mobile device access. Device access fees are to be paid from the Program and Special Equipment fund.

Gross 3,042,600
Restricted 440,000
GF/GP 2,602,600

5. Supervising Region Incentive Program. The budget includes funding (\$2,518,600 ongoing and \$481,300 one-time) to create an incentive to field operations administration regions that implement supervision practices, procedures, and sanctions directed at parole and probation revocation reduction within the region.

Gross 2,999,900
GF/GP 2,999,900

6. Vocational Village. Funding is included to expand the vocational village to a second correctional facility.

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

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

7. Food Service. The budget reflects increased costs that are due to higher per-meal rates, menu changes, and a contractual annual Consumer Price Index adjustment with the food service vendor.	Gross GF/GP	1,535,000 1,535,000
8. County Jail Reimbursement Program. Funding is included to increase the reimbursement rates for the program by \$5 per prisoner per day for every tier.	Gross GF/GP	1,467,500 1,467,500
9. Parole Sanction Certainty Program. Funding is increased to expand the number of participants in the program.	Gross GF/GP	940,000 940,000
10. Ballistic Vests. One-time funding is included from the Program and Special Equipment fund to purchase ballistic vests for drivers and field operations personnel.	Gross Restricted GF/GP	481,300 481,300 0
11. Utility Costs. The budget reflects increased water and sewage rates in Muskegon, St. Louis, and Kinross Charter Township.	Gross GF/GP	287,800 287,800

C. PROGRAM ELIMINATIONS

1. Facility Closure. The budget recognizes savings from the closure of the Pugsley Correctional Facility in Kingsley.	FTE Gross Restricted GF/GP	(232.7) (27,069,400) (78,400) (26,991,000)
2. Leased Beds and Alternatives to Leased Beds. The budget recognizes savings from moving prisoners into Michigan Department of Corrections (MDOC) facilities from beds currently leased from counties.	Gross GF/GP	(3,209,000) (3,209,000)

D. PROGRAM REDUCTIONS

1. Prison Store Operations. Savings are realized due to a reduced need for storekeeper positions. Changes in shipping practices reduced the need for storekeeper positions.	FTE Gross Restricted GF/GP	(28.0) (2,400,000) (2,400,000) 0
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**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

<p>2. Prison Relocation Savings. The budget recognizes additional savings from the relocation of the Kinross facility to the former Hiawatha facility.</p>	<p>Gross (3,400,000) GF/GP (3,400,000)</p>
<p>3. Transportation. Savings are realized for transportation and custody of prisoners due to moving certain medical procedures in-house. The following procedures are planned to be moved in-house in FY 2015-16: chemotherapy, ultrasound, liver biopsy, peripherally inserted central catheter line placement (PICC), midline catheter placement, nerve block, punch biopsy, central venous catheter, paracentesis, thoracentesis, and penile ring block.</p>	<p>Gross (200,000) GF/GP (200,000)</p>
<p>4. Goodwill Flip-the-Script. Funding for the program is reduced as the program is expected to lapse funds in FY 2015-16.</p>	<p>Gross (500,000) GF/GP (500,000)</p>
<p>5. Removal of Five-Year Early-Out Deferred Sick Leave Payments. Department obligations will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years.</p>	<p>Gross (1,346,800) Restricted (1,300) GF/GP (1,345,500)</p>

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

<p>1. Special Equipment Fund. Funding for prisoner reentry MDOC programs and equipment and special maintenance is reduced because of reduced funding as a result of prison rate caps for telephone calls, mandated by the Federal Communications Commission. Increased GF/GP funding is used to hold education programs harmless.</p>	<p>Gross (4,800,000) Restricted (6,674,000) GF/GP 1,874,000</p>
<p>2. Reversal of FY 2015-16 Contingency Fund Transfer. The budget reverses a Federal contingency fund transfer from Legislative Transfer 2016-6.</p>	<p>Gross (281,300) Federal (281,300) GF/GP 0</p>
<p>3. Future Facility. The budget includes a placeholder for a possible future correctional facility. The Department is required to complete a cost analysis to determine if it is in the taxpayers' best interest to either lease or buy a private facility, reopen a previously mothballed facility, or continue to operate the MDOC's existing facilities.</p>	<p>Gross 100 GF/GP 100</p>

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

4. Other Issues. The budget reflects changes in Federal, Restricted, and interdepartmental grant revenue amounts.

Gross	(101,100)
Federal	(131,100)
Restricted	255,000
IDG	(225,000)
GF/GP	0

5. Reduction of Prison Industries FTE Count. Changes in the scope of the Prison Industries program have reduced the need for FTEs.

FTE	(58.0)
Gross	0
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$1,750,000 to \$1,793,800.

Gross	43,800
GF/GP	43,800

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	35,881,900
Federal	86,100
Local	159,600
Restricted	581,300
GF/GP	35,054,900

K. ONE-TIME APPROPRIATIONS

The budget identifies \$9,468,700 of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
One-time Corrections Officer Academy	8,506,100	8,506,100
Supervising Region Incentive Program	481,300	481,300
Ballistic Vests	481,300	0
Subtotal	9,468,700	8,987,400

L. VETOES - NONE

**DEPARTMENT OF EDUCATION
P.A. 268 of 2016 – ARTICLE VI**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	588.5	596.5	597.5	596.5	597.5	9.0	1.5
GROSS.....	330,661,200	316,917,400	321,709,200	317,049,900	331,975,200	1,314,000	0.4
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS.....	330,661,200	316,917,400	321,709,200	317,049,900	331,975,200	1,314,000	0.4
Less:							
Federal Funds.....	236,440,900	225,164,100	225,355,800	225,356,000	239,821,900	3,381,000	1.4
Local and Private	7,667,000	7,591,400	7,591,400	7,591,400	7,591,400	(75,600)	(1.0)
TOTAL STATE SPENDING	86,553,300	84,161,900	88,762,000	84,102,500	84,561,900	(1,991,400)	(2.3)
Less:							
Other State Restricted Funds	7,669,600	7,780,700	8,380,700	7,780,700	8,380,700	711,100	9.3
GENERAL FUND/GENERAL PURPOSE	78,883,700	76,381,200	80,381,300	76,321,800	76,181,200	(2,702,500)	(3.4)
PAYMENTS TO LOCALS	17,861,000	15,176,000	18,676,000	15,176,000	19,176,000	1,315,000	7.4

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

<p>1. Statewide School Drinking Water Quality Program. The budget creates a new program that provides reimbursement to public and private schools that voluntarily test the water, with the amount capped at \$950 per building. The Department of Education (MDE) is allowed to use up to 5% of the funds for administration of the program.</p>	<p>Gross 4,500,000 GF/GP 4,500,000</p>
<p>2. Multi-Tiered Systems of Supports Implementation. The budget establishes a team of 3.0 FTEs to provide on-site monitoring and support of intermediate school districts, districts, and school buildings that implement multi-tiered systems (MTSS) of support. Districts receiving at-risk funding are required to implement MTSS.</p>	<p>Gross 500,000 GF/GP 500,000</p>
<p>3. Early/Middle College Support. The budget includes a new program with 2.0 FTEs to provide technical support and assistance to Early/Middle Colleges, which are expected to increase in number to 119 by FY 2016-17.</p>	<p>Gross 395,000 GF/GP 395,000</p>
<p>4. Chief Information Officer. The budget includes one FTE position for a Chief Information Officer who will coordinate improvements to information technology services in the Department.</p>	<p>Gross 200,000 GF/GP 200,000</p>
<p>5. School Safety Consultant. The budget includes a new program that will support 1.0 FTE position for a consultant who will be responsible for school emergency planning for the MDE and will work with the Attorney General and State Police in order to provide consistent statewide support and guidance on school safety issues.</p>	<p>Gross 180,000 GF/GP 180,000</p>
<p>6. Special Education Task Force. The budget provides funding for a new task force created by the Governor that will provide resources to the Office of Special Education in order to design and distribute "parent-friendly" information on rules, requirements, protections, and problem-solving options for students with disabilities. The funding also will support training for mediators to meet State and Federal mandates pertaining to individualized education programs (IEPs) and students with disabilities.</p>	<p>Gross 100,000 GF/GP 100,000</p>

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

B. PROGRAM INCREASES

<p>1. Child Development and Care Expansion. The budget increases this program by \$7.7 million in Gross and Federal funds in order to increase the entry threshold to 125% of the Federal Poverty Level. The budget also increases Gross and Federal funds by \$5.6 million due to caseload adjustments from the May 2016 Consensus Revenue Estimating Conference.</p>	<table border="0" style="margin-left: 20px;"> <tr> <td>Gross</td> <td style="text-align: right;">13,266,100</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">13,266,100</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">0</td> </tr> </table>	Gross	13,266,100	Federal	13,266,100	GF/GP	0		
Gross	13,266,100								
Federal	13,266,100								
GF/GP	0								
<p>2. Drinking Water Declaration of Emergency. The budget reduces this program to a total of \$8.1 million Gross remaining to allow continued expansion of the Child Development and Care program in the City of Flint. The budget also includes a \$100 placeholder in State Restricted revenue in order to allow transfers from the Drinking Water Declaration of Emergency Reserve fund.</p>	<table border="0" style="margin-left: 20px;"> <tr> <td>Gross</td> <td style="text-align: right;">8,050,100</td> </tr> <tr> <td>Federal</td> <td style="text-align: right;">8,050,000</td> </tr> <tr> <td>Restricted</td> <td style="text-align: right;">100</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">0</td> </tr> </table>	Gross	8,050,100	Federal	8,050,000	Restricted	100	GF/GP	0
Gross	8,050,100								
Federal	8,050,000								
Restricted	100								
GF/GP	0								
<p>3. Certification Fees Support. The budget includes one-time GF/GP appropriations to offset deficiencies due to declining certification fee revenue.</p>	<table border="0" style="margin-left: 20px;"> <tr> <td>Gross</td> <td style="text-align: right;">500,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">500,000</td> </tr> </table>	Gross	500,000	GF/GP	500,000				
Gross	500,000								
GF/GP	500,000								
<p>4. Home Visit Program Management and Coordinator. The budget establishes an FTE position to coordinate and manage the home visit program that is described in Section 32p(4) and (5) of the State School Aid Act and that will be aligned with the early literacy initiative. The position will distribute application materials, provide technical assistance to applicants, review applications, and perform financial and program-reporting responsibilities.</p>	<table border="0" style="margin-left: 20px;"> <tr> <td>Gross</td> <td style="text-align: right;">175,000</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">175,000</td> </tr> </table>	Gross	175,000	GF/GP	175,000				
Gross	175,000								
GF/GP	175,000								
<p>5. E-Rate Technical Assistance for Districts. The budget allows for one new FTE position to coordinate district applications, provide guidance, and align local projects with ongoing work for the State Education Network. The E-Rate program provides Federal funds to districts in order to upgrade telecommunication and has recently placed greater emphases on statewide coordination.</p>	<table border="0" style="margin-left: 20px;"> <tr> <td>Gross</td> <td style="text-align: right;">162,500</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">162,500</td> </tr> </table>	Gross	162,500	GF/GP	162,500				
Gross	162,500								
GF/GP	162,500								
<p>6. Education Commission of the States Membership Dues. The budget increases payments to allow the Department to fully pay for the Education Commission of the States membership dues.</p>	<table border="0" style="margin-left: 20px;"> <tr> <td>Gross</td> <td style="text-align: right;">90,800</td> </tr> <tr> <td>GF/GP</td> <td style="text-align: right;">90,800</td> </tr> </table>	Gross	90,800	GF/GP	90,800				
Gross	90,800								
GF/GP	90,800								

C. PROGRAM ELIMINATIONS - NONE

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

D. PROGRAM REDUCTIONS

1. Educator Evaluations. The budget reduces this program by \$1.0 million, leaving \$1.5 million for educator evaluations.	Gross GF/GP	(1,000,000) (1,000,000)
2. Financial Independence Team. The budget reduces the program by 50%. The funds support the Department of Education's participation in the Financial Early Warning System for school districts. After economic adjustments, there will be \$249,900 remaining to support the Financial Independence Team.	Gross GF/GP	(250,000) (250,000)
3. Five-Year Early-Out Deferred Sick Leave Payments. Department obligations will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years.	Gross Federal Restricted GF/GP	(201,400) (164,100) (15,400) (21,900)
4. Local Cost Sharing Revenue Reduction. The budget reduces local cost sharing revenue to reflect current estimates; this funding loss was not replaced by another funding source.	Gross Local GF/GP	(76,500) (76,500) 0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Boilerplate Appropriations. The budget moves \$600,000 in boilerplate appropriations into Part 1 line item funding. Of the total, \$300,000 is for the Low-Incidence Outreach Program and \$300,000 is for Library Fees.	Gross Restricted GF/GP	600,000 600,000 0
2. Office of Educator Talent and Policy Coordination. The budget uses existing FTEs and funds to consolidate the functions of this Office, with total FTEs of 17.0, Gross appropriations of \$2,574,200, and GF/GP funding of \$1,707,200.	Gross GF/GP	0 0
3. Remove FY 2015-16 Flint Water Emergency Supplementals. This funding is shown as a net negative adjustment here to accurately reflect the changes from FY 2015-16 to FY 2016-17.	Gross Federal GF/GP	(28,285,000) (19,600,000) (8,685,000)

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$807,000 to \$827,200.

Gross	20,200
Federal	1,700
Restricted	2,900
GF/GP	15,600

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	2,387,200
Federal	1,827,300
Private	900
Restricted	123,500
GF/GP	435,500

K. ONE-TIME APPROPRIATIONS

The budget identifies \$13,050,100 of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
Drinking Water Declaration of Emergency.	\$8,050,100	\$0
Statewide School Drinking Water Quality Program.	4,500,000	4,500,000
Certification Fee Support.	500,000	500,000
Subtotal	\$13,050,100	\$5,000,000

L. VETOES - NONE

**DEPARTMENT OF ENVIRONMENTAL QUALITY
P.A. 268 of 2016 – ARTICLE VII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,224.0	1,232.0	1,232.0	1,232.0	1,232.0	8.0	0.7
GROSS	533,845,800	513,499,400	513,499,400	520,499,400	513,549,400	(20,296,400)	(3.8)
Less:							
Interdepartmental Grants Received	9,115,300	9,225,700	9,225,700	9,225,700	9,225,700	110,400	1.2
ADJUSTED GROSS	524,730,500	504,273,700	504,273,700	511,273,700	504,323,700	(20,406,800)	(3.9)
Less:							
Federal Funds.....	138,079,100	138,687,200	138,687,200	138,687,200	138,687,200	608,100	0.4
Local and Private	546,000	555,300	555,300	555,300	555,300	9,300	1.7
TOTAL STATE SPENDING	386,105,400	365,031,200	365,031,200	372,031,200	365,081,200	(21,024,200)	(5.4)
Less:							
Other State Restricted Funds	305,341,200	317,344,800	317,344,800	315,844,800	317,344,800	12,003,600	3.9
GENERAL FUND/GENERAL PURPOSE	80,764,200	47,686,400	47,686,400	56,186,400	47,736,400	(33,027,800)	(40.9)
PAYMENTS TO LOCALS	45,785,000	3,750,000	3,750,000	12,750,000	3,750,000	(42,035,000)	(91.8)

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

Saginaw River Dredging. The budget includes one-time GF/GP funding for Phase I of a project to dredge parts of the Saginaw River in order to facilitate freighter traffic.

Gross	50,000
GF/GP	50,000

B. PROGRAM INCREASES

1. Water Withdrawal Assessment Program. The budget includes \$800,000 in Clean Michigan Initiative - Clean Water Fund appropriations to increase the scope of this program, bringing the total for the program to about \$1.4 million. The program models the effects of large-scale water withdrawals on local water tables and water availability for residential wells.

Gross	800,000
Restricted	800,000
GF/GP	0

2. Leaking Underground Storage Tank Cleanups. The budget includes additional Refined Petroleum Fund revenue in the Department of Environmental Quality (DEQ) budget to address leaking underground storage tanks, bringing the total for the program dedicated to cleanups to \$21.5 million. This item also appears in the budget for the Michigan Department of Agriculture and Rural Development (MDARD), where the money had been used to support the Weights and Measures program. The MDARD budget includes GF/GP funding to replace this revenue.

Gross	1,500,000
Restricted	1,500,000
GF/GP	0

3. Clean Michigan Initiative (CMI) - High Priority Cleanups. The budget includes additional CMI bond proceeds, which will use most of the remaining statutory allocation for response activities at sites deemed a high priority by the DEQ.

Gross	14,900,000
Restricted	14,900,000
GF/GP	0

4. Drinking Water Revolving Loan Fund - State Match. The budget includes additional one-time GF/GP appropriations to draw down all available Federal funds for the Drinking Water Revolving Fund program. The program provides low-interest loans to municipalities for improvements to drinking water infrastructure. In total, about \$89.0 million is available for municipal loans for drinking water and water pollution control systems.

Gross	2,950,000
GF/GP	2,950,000

5. Flint Declaration of Emergency. The budget includes a one-time appropriation including 10.0 FTEs for efforts related to Flint water issues. The funding consist of three parts: \$1.5 million and 10.0 FTEs for corrosion control specialists, sampling staff, lab staff, and service line verification staff; \$3.9 million for three months of water payments to the Great Lakes Water Authority for Flint's water; and a \$100 placeholder for the Flint Emergency Reserve Fund.

FTE	10.0
Gross	5,400,100
Restricted	100
GF/GP	5,400,000

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

- | | | |
|---|-------------------|------------------|
| <p>6. Oil and Gas Regulatory Fund Replacement. The budget includes additional one-time GF/GP appropriations to replace appropriations from this Fund for the Office of Oil, Gas, and Minerals. The Fund normally provides much of the revenue necessary to operate the Office, which oversees regulation of mineral extraction in the State. However, low oil prices have reduced Fund revenue, which is based directly on the market value of extracted minerals.</p> | <p>Gross</p> | <p>4,000,000</p> |
| | <p>GF/GP</p> | <p>4,000,000</p> |
| | | |
| <p>7. Contaminated Lake and River Sediment Cleanup. The budget includes additional CMI-Contaminated Sediments appropriations to fund cleanups of toxic sediment from rivers, lakes, and streams. Typically, about \$1.5 million is appropriated each year for these purposes. This one-time increase boosts that by about half for FY 2016-17.</p> | <p>Gross</p> | <p>700,000</p> |
| | <p>Restricted</p> | <p>700,000</p> |
| | <p>GF/GP</p> | <p>0</p> |

C. PROGRAM ELIMINATIONS

- | | | |
|---|-------------------|--------------------|
| <p>1. Environmental Bond Site Reclamation Program. The budget removes appropriations for this program, as the underlying fund source, part of the 1998 Clean Michigan Initiative bond program, has been depleted.</p> | <p>Gross</p> | <p>(126,800)</p> |
| | <p>Restricted</p> | <p>(126,800)</p> |
| | <p>GF/GP</p> | <p>0</p> |
| | | |
| <p>2. Brownfield Grants. The budget removes appropriations for this program. In the past, funding came from the CMI allocation for response activities; the budget repurposes the remainder of these funds for high-priority cleanups.</p> | <p>Gross</p> | <p>(1,500,000)</p> |
| | <p>Restricted</p> | <p>(1,500,000)</p> |
| | <p>GF/GP</p> | <p>0</p> |

D. PROGRAM REDUCTIONS

- | | | |
|--|-------------------|--------------------|
| <p>1. Removal of Five-Year Early-Out Deferred Sick Leave Payments. Department obligations will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years.</p> | <p>Gross</p> | <p>(243,300)</p> |
| | <p>IDG</p> | <p>(8,200)</p> |
| | <p>Federal</p> | <p>(53,300)</p> |
| | <p>Restricted</p> | <p>(138,000)</p> |
| | <p>GF/GP</p> | <p>(43,800)</p> |
| | | |
| <p>2. Office of Oil, Gas, and Minerals. The budget removes approximately \$5.4 million in Oil and Gas Regulatory Fund appropriation authority from the Office of Oil, Gas, and Minerals as low oil prices have reduced revenue to this Fund. The budget includes \$4.0 million GF/GP to supplant this revenue, as shown under the One-Time Appropriations section of this report.</p> | <p>Gross</p> | <p>(5,385,600)</p> |
| | <p>Restricted</p> | <p>(5,385,600)</p> |
| | <p>GF/GP</p> | <p>0</p> |

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

3. Removal of FY 2015-16 Supplemental Appropriations. The FY 2016-17 budget removes \$13.1 million in FY 2015-16 appropriations for Flint water issues. These appropriations were related to one-time expenditures for the following: reconnection of Flint's water to the Detroit Water and Sewerage Department (\$10.2 million); increased water testing of homes in Flint (\$1.0 million); aid to the City of Flint for unpaid water bills (\$3.0 million); Flint water system needs (\$2.0 million); Flint water infrastructure study (\$500,000); DEQ lab testing costs (\$250,000); Flint water corrosion control (\$36,500); replacement of lead service lines (\$25.0 million); and funds for water system needs as well as support for the State water response team (\$4.4 million). The budget also removes a FY 2015-16 supplemental appropriation of \$500,000 for the Western Michigan University geological resources study.

FTE	(6.0)
Gross	(46,936,500)
Restricted	(1,000,000)
GF/GP	(45,936,500)

E. FUNDING SHIFTS

Office of the Great Lakes. The budget includes a fund shift that replaces \$150,000 in Federal funds that are no longer available with Great Lakes Protection Fund revenue.

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

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Underground Storage Tank Authority FTEs. The budget includes four additional FTE positions and no additional funding for this program. The increase brings the total for the program up to five FTEs, and reflects actual staffing level needs for the program.

FTE	4.0
Gross	0
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$735,600 to \$754,000.

Gross	18,400
Restricted	13,000
GF/GP	5,400

I. FEE INCREASES - NONE

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	3,577,300
IDG	118,600
Federal	811,400
Private	9,300
Restricted	2,090,900
GF/GP	547,100

K. ONE-TIME APPROPRIATIONS

The budget identifies \$13,100,100 of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
Contaminated Lake and River Sediment Cleanup Program	\$700,000	\$0
Drinking Water Declaration of Emergency	5,400,100	5,400,000
Oil, Gas, and Mineral Services	4,000,000	4,000,000
Saginaw River Dredging Project - Phase I	50,000	50,000
Water Pollution Control and Drinking Water Revolving Fund.....	2,950,000	2,950,000
Subtotal.....	\$13,100,100	\$12,400,100

L. VETOES - NONE

**EXECUTIVE OFFICE
P.A. 268 of 2016 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	74.2	74.2	74.2	74.2	74.2	0.0	0.0
GROSS.....	5,531,100	5,636,300	5,636,300	5,636,300	5,636,300	105,200	1.9
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS.....	5,531,100	5,636,300	5,636,300	5,636,300	5,636,300	105,200	1.9
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	5,531,100	5,636,300	5,636,300	5,636,300	5,636,300	105,200	1.9
Less:							
Other State Restricted Funds	0	0	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	5,531,100	5,636,300	5,636,300	5,636,300	5,636,300	105,200	1.9
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

Executive Office Operations. The budget includes an overall increase of 1.9% to reflect actual costs of operations and expenditures for the Executive Office. Total funding for the Executive Office is \$5,636,300 for FY 2016-17.

Gross	105,200
GF/GP	105,200

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES

There is no increase for the unclassified salaries line item for FY 2016-17.

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

There are no economic adjustments for the Executive Office in FY 2016-17.

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
P.A. 268 of 2016 – ARTICLE X**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	15,437.0	15,554.5	15,499.5	15,554.5	15,570.5	133.5	0.9
GROSS	24,855,528,500	24,707,967,700	24,783,861,400	24,872,843,000	24,841,836,800	(13,691,700)	(0.1)
Less:							
Interdepartmental Grants Received	13,551,600	13,513,700	13,513,700	13,663,700	13,513,700	(37,900)	(0.3)
ADJUSTED GROSS	24,841,976,900	24,694,454,000	24,770,347,700	24,859,179,300	24,828,323,100	(13,653,800)	(0.1)
Less:							
Federal Funds	18,099,601,200	17,730,579,000	17,796,663,100	17,908,814,900	17,880,902,200	(218,699,000)	(1.2)
Local and Private	278,745,300	280,072,000	280,171,600	278,705,100	278,705,100	(40,200)	(0.0)
TOTAL STATE SPENDING	6,463,630,400	6,683,803,000	6,693,513,000	6,671,659,300	6,668,715,800	205,085,400	3.2
Less:							
Other State Restricted Funds	2,221,650,700	2,328,800,000	2,342,745,600	2,359,233,400	2,294,167,500	72,516,800	3.3
GENERAL FUND/GENERAL PURPOSE	4,241,979,700	4,355,003,000	4,350,767,400	4,312,425,900	4,374,548,300	132,568,600	3.1
PAYMENTS TO LOCALS	1,240,714,300	1,259,438,500	1,231,794,000	1,299,265,400	1,321,260,100	80,545,800	6.5

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

1. Ottawa County Facility Renovations. The budget includes funding for capital improvements for a worker retraining facility in Ottawa County.	Gross GF/GP	250,000 250,000
2. Michigan Covenant Academy Funding. The budget includes funding for building improvements at a charter school in Muskegon.	Gross GF/GP	280,000 280,000
3. Implementation of AgrAbility Grant. The budget includes funding to obtain Federal matching funds within Michigan Rehabilitation Services for agricultural workers with disabilities.	Gross GF/GP	50,000 50,000
4. Technology Supporting Integrated Service Delivery. The budget includes funding to enhance the delivery of Department of Health and Human Services (DHHS) services to Michigan residents. Of the total funding, \$36.9 million Gross is one-time Federal funding.	FTE Gross Federal GF/GP	15.0 43,230,500 42,599,700 630,800

B. PROGRAM INCREASES

1. Changes in Federal Authorization. The budget includes several changes to Federal authorization, including a new adult immunization grant and an increase in the violence prevention grant, which results in a net increase in funding.	FTE Gross Federal GF/GP	1.0 2,950,600 2,950,600 0
2. One-Time Flint Declaration of Emergency. The budget includes funding for ongoing efforts to address the water emergency in Flint. This funding may be used for activities such as nutrition assistance, epidemiological analysis and case management, support for children's health care access and programming, nursing services, field operations costs, and assessment of potential linkages to other diseases.	Gross Federal Restricted GF/GP	15,138,100 5,570,000 473,900 9,094,200
3. Public Assistance Base and Caseload Adjustments. The budget includes adjustments to reflect the caseload consensus for public assistance programs. These include adjustments to the Family Independence Program, projecting 21,600 cases at an average cost of \$352.62 per case per month, a reduction of \$9.0 million Gross and \$1.4 million GF/GP; adjustments for State Disability Assistance, projecting 4,500 cases at an average cost of \$213.96 per case per month, a reduction of \$354,900 Gross and \$824,700 million GF/GP; adjustments to the Food Assistance Program, projecting 795,400 cases at an average cost of \$246.01 per case per month, an	Gross Federal Restricted GF/GP	4,558,200 8,101,600 (1,464,200) (2,079,200)

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

increase of \$13.8 million Gross; and adjustments to Supplemental Security Income (SSI) State Supplementation, projecting 274,077 cases at an average cost of \$18.93 per case per month, an increase of \$103,900 Gross and GF/GP.

4. Traditional Medicaid Base and Caseload Adjustments. The budget reflects the consensus estimates of FY 2016-17 expenditures for Medicaid and related programs.	Gross Federal Restricted GF/GP	199,488,800 81,030,000 17,434,200 101,024,600
5. Healthy Michigan Plan Base and Caseload Adjustments. The budget reflects the consensus estimates of FY 2016-17 expenditures for the Healthy Michigan Plan. The adjustment reflects the removal of excess authorization, as expenditures are below appropriated levels.	Gross Federal GF/GP	101,352,500 118,623,500 (17,271,000)
6. Encryption Software Maintenance and Support. The budget reflects an increase in funding for the maintenance and support of the Department's databases.	Gross Federal GF/GP	422,000 316,500 105,500
7. Medicaid Fraud Detection Software Maintenance and Support. The budget includes an increase in funding for the maintenance and support of a Medicaid fraud detection system.	Gross Federal GF/GP	433,300 216,600 216,700
8. Department of Technology, Management, and Budget (DTMB) Services Transition. The budget includes an increase in funding to reflect the implementation of a new system for assigning DTMB information technology (IT) employees to departmental projects. Rather than employees being directly assigned to a department, the purchase of IT services from DTMB will occur on an as-needed basis.	Gross Federal GF/GP	6,343,000 4,122,900 2,220,100
9. MiSACWIS Implementation. The budget includes funding for costs associated with a modernization of the Michigan Statewide Automated Child Welfare Information System (MiSACWIS). The increased funding covers hardware/software purchases, consulting service fees, and DHHS IT employee costs for the MiSACWIS system.	FTE Gross Federal GF/GP	23.0 19,528,400 13,781,500 5,746,900
10. Increased Funding for 2-1-1 Services. The budget increases funding for Michigan 2-1-1, from \$500,000 to \$750,000. Michigan 2-1-1 is an information resource center that connects callers to services and resources in their region.	Gross GF/GP	750,000 750,000

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

11. Increase in Child Support Enforcement Operations. The budget increases funding due to an increased caseload requiring a 34% GF/GP match for Federal Title IV-D revenue.	Gross GF/GP	410,400 410,400
12. Expansion of Family Preservation Funding. The budget includes funding to expand family preservation and support services that prevent the need for foster care, shorten the length of time between foster care entry and reunification, and sustain parental progress following reunification. The Parent Partner Program will be expanded to additional counties and the Family Reunification Program will be expanded to several counties in northern Michigan.	FTE Gross Federal GF/GP	1.0 6,098,200 6,098,200 0
13. Increase in Foster Care Private Agency Administrative Rate. The budget includes funding for increased per diem rates for private residential facilities and for an increase in the administrative rate provided to private child placing agencies from \$40 to \$45.	Gross Federal GF/GP	7,500,000 1,945,000 5,555,000
14. Increase in Multicultural Funding. The budget increases funding for multicultural organizations that provide social services programs for special populations in southeastern Michigan.	Gross GF/GP	1,445,500 1,445,500
15. Increase in Family Independence Program (FIP) Clothing Allowance. The budget includes an expansion of the clothing allowance for FIP participants. The \$140 annual clothing allowance is expanded from child-only cases to all FIP cases that have children.	Gross Federal GF/GP	3,390,000 3,390,000 0
16. Increase in Food Bank Funding. The budget includes an increase of \$250,000 for the Food Bank Council of Michigan.	Gross GF/GP	250,000 250,000
17. Increase in Indigent Burial Reimbursement Rates. The budget includes increases in the rates paid for indigent burials. The maximum reimbursement is \$800; for an adult with services, \$725; for an adult without services, \$490; and for an infant, \$170. There also is an increase of \$5 per case for funeral directors.	Gross GF/GP	75,000 75,000
18. Increase in Disability Determination Services Medical Costs. The budget includes funding for increased medical costs for disability determination services. The Department has enough Federal authorization to cover the increase but needed an increase in GF/GP support to fund that portion.	Gross GF/GP	138,800 138,800
19. New Disability Determination Services Contract. The budget includes funding for a \$500,000 contract with the Legal Services Association of Michigan to help with SSI or other disability applications.	Gross GF/GP	500,000 500,000

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

20. One-Time Autism Alliance Navigator Services. The budget reflects increased funding for a navigator program designed to provide support for families seeking to be matched with State provided services.	Gross GF/GP	565,000 565,000
21. Behavioral Health Actuarial Soundness Adjustments. The budget includes a 1.5% rate increase for Prepaid Inpatient Health Plans (PIHPS) and a 2.0% rate increase for the behavioral health services provided under the Healthy Michigan Plan to meet the Federal requirement that the State pay actuarially sound capitation rates for Medicaid mental health and substance abuse services.	Gross Federal GF/GP	38,883,100 26,779,700 12,103,400
22. Community Mental Health (CMH) Non-Medicaid Services Funding Increase. The budget includes an increase in funding to support costs related to Medicaid spenddown beneficiaries having to satisfy monthly deductible requirements.	Gross GF/GP	3,000,000 3,000,000
23. New Patient Unit at the Center for Forensic Psychiatry. The budget reflects an increase in funding to staff an unopened patient unit, which will house an additional 30 patients, at the Center for Forensic Psychiatry.	FTE Gross GF/GP	51.0 7,607,000 7,607,000
24. Carry- Forward of Emergency Medical Services Revenue. The budget reflects receipt of carry-forward revenue used to support the Emergency Medical Services line.	Gross Restricted GF/GP	103,700 103,700 0
25. Conversion of Vaccine Promotion Funding to Payment to Medicaid Health Plans. The budget reflects a shift of funding for vaccine promotion from immunization programming to payments made through Medicaid health plans. The \$500,000 GF/GP in FY 2015-16 will be carried forward, combined with \$500,000 GF/GP and \$1.0 million in Federal match, to support promotion efforts.	Gross Federal GF/GP	1,000,000 1,000,000 0
26. Replacement of Carry- Forward Funding for Real Alternatives Program. In FY 2015-16, the Real Alternatives program was funded mainly with carry-forward revenue and \$50,000 GF/GP for a full funding level of \$400,000 Gross. The budget reflects a continuation of that funding level using \$400,000 in Temporary Assistance for Needy Families (TANF) funds to replace expiring carry-forward revenue.	Gross Federal GF/GP	350,000 400,000 (50,000)
27. Replacement of Carry-Forward Funding for Rural Visitation Programs. The budget increases funding for the rural visitation program to replace expiring carry-forward revenue.	Gross GF/GP	550,000 550,000

	FY 2016-17 Change From FY 2015-16 Year-to-Date	
28. Cost of New Cystic Fibrosis Medication. The budget reflects the annualization of costs stemming from the Cystic Fibrosis medication Orkambi. In FY 2015-16, partial-year funding of \$35.5 million Gross and \$21.7 million GF/GP for the medication was approved by the Legislature in Legislative Transfer 2016-1.	Gross	30,729,000
	Federal	8,751,100
	GF/GP	21,977,900
29. Increase in Federal Victims of Crime Grant. The budget increases funding for direct services to crime victims, as well as enhanced training to counselors and advocates.	Gross	39,279,300
	Federal	39,279,300
	GF/GP	0
30. Increased Funding for Senior Community Services. The budget increases funding for senior community services, including nutrition services.	Gross	2,500,000
	GF/GP	2,500,000
31. Increase in Guardianship Services Rate. The budget reflects increased funding to raise the guardianship rate from \$60 per month to \$83 per month.	Gross	2,726,000
	Federal	1,776,000
	GF/GP	950,000
32. Increase in Michigan Access to Care Initiative (MACI) Payments. The budget reflects the anticipated maximum allowed expenditures for MACI, which is funded through the hospital Quality Assurance Assessment Program (QAAP).	Gross	28,300,000
	Federal	14,403,500
	Restricted	18,449,100
	GF/GP	(4,552,600)
33. Traditional Medicaid Managed Care Actuarial Soundness Adjustment. The budget includes a 1.5% rate increase for Medicaid health maintenance organizations (HMOs) to meet the Federal requirement that traditional Medicaid managed care rates be actuarially sound.	Gross	54,812,800
	Federal	35,710,500
	GF/GP	19,102,300
34. Healthy Michigan Plan Actuarial Soundness Adjustment. The budget includes a 2.0% rate increase for Medicaid HMOs to meet the Federal requirement that expansion Medicaid managed care rates be actuarially sound.	Gross	24,567,900
	Federal	23,646,600
	GF/GP	921,300
35. Statewide Expansion of Healthy Kids Dental. The budget expands the Healthy Kids Dental program to all eligible children in Kent, Oakland, and Wayne Counties. This completes the statewide expansion of the program.	Gross	25,601,000
	Federal	16,679,100
	GF/GP	8,921,900
36. Full-Year Cost of New Hepatitis C Medications. The budget reflects the annualization of costs stemming from new treatments for Hepatitis C. In FY 2015-16, partial funding of \$163.9 million	Gross	74,320,900
	Federal	51,634,800
	GF/GP	22,686,100

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

Gross and \$43.8 million GF/GP for the medications was approved by the Legislature in Legislative Transfer 2016-1.

37. Increased Funding for University of Detroit-Mercy Dental Clinic. The budget increases funding for the University of Detroit dental clinic, which provides services to low-income individuals in the City of Detroit.	Gross GF/GP	1,000,000 1,000,000
38. Increased Funding for Other Dental Clinics. The budget reflects increased funding for nonprofit dental clinics that partner with local health departments for the purpose of providing dental homes (ongoing relationships between dentists and patients).	Gross GF/GP	1,550,000 1,550,000
39. One-Time Adult Home Help Fraud Detection. The budget includes funding to research the benefits of developing and piloting a mobile electronic service solution in order to reduce fraud in the Adult Home Help Program.	Gross GF/GP	25,000 25,000
40. Increase in Medicaid Private Duty Nursing Reimbursement Rates. The budget reflects a 15% rate increase for the provision of skilled in-home nursing care services to Medicaid beneficiaries under the age of 21 with complex medical needs.	Gross Federal GF/GP	4,949,900 3,224,900 1,725,000
41. Increase in Adult Foster Care Personal Care Services Rate. The budget increases the personal care services rate for adult foster care providers by \$15 per month.	Gross Federal GF/GP	717,400 467,400 250,000
42. Expansion of Dental Coverage for Pregnant Women on Medicaid. The budget includes funding to expand the provision of dental services to pregnant women enrolled in Medicaid.	Gross Federal GF/GP	2,726,000 1,776,000 950,000

C. PROGRAM ELIMINATIONS

1. Termination of Five-Year Early-Out Deferred Sick Leave Payments. In 2010, employees were allowed to opt into an early retirement program with deferred sick leave payments to be spread out over five years. The budget reflects the satisfaction of these obligations in FY 2015-16.	Gross IDG Federal Restricted GF/GP	(6,363,600) (200) (3,769,300) (53,700) (2,540,400)
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**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

<p>2. Removal of Pay for Success Funding. The budget eliminates one-time funding for this program, which allowed private investment in public programs designed to achieve policy goals, with payouts to investors if the programs generated savings to the State.</p>	<p>Gross (1,500,000) GF/GP (1,500,000)</p>
<p>3. Elimination of In-Home Rural County Community Care Grants. The budget eliminates funding for in-home community care programs for the juvenile justice system.</p>	<p>Gross (400,000) GF/GP (400,000)</p>
<p>4. Removal of One-Time Drug Policy Initiatives Funding. The budget removes one-time funding for a program to reduce prescription drug abuse and support recovery efforts.</p>	<p>Gross (1,500,000) GF/GP (1,500,000)</p>
<p>5. Elimination of Facility Inspection Contract. The budget reflects the end of the DHHS contract with the Department of Licensing and Regulatory Affairs to provide fire and safety facility inspections.</p>	<p>Gross (132,800) GF/GP (132,800)</p>

D. PROGRAM REDUCTIONS

<p>1. Child Welfare Services Base and Caseload Adjustments. The budget includes caseload consensus adjustments for the Child Care Fund with projected expenditures of \$183.4 million, an increase of \$6.7 million Gross and GF/GP. The budget includes adjustments for Adoption Subsidies, with a caseload of 24,637 and an average cost of \$735.83 per case per month, a reduction of \$927,000 Gross and an increase of \$2.2 million GF/GP. The budget includes an increase of \$1.4 million Gross and \$2.6 million GF/GP for the Guardianship Assistance Program, with a projected caseload of 1,162 at an average cost of \$778.15 per case per month. The budget includes a reduction of \$2.0 million Gross and \$9.5 million GF/GP for the Foster Care Payments line, with a projected caseload of 5,907 at an average cost of \$28,351 per case.</p>	<p>Gross (896,100) Federal 4,049,800 Private (381,900) GF/GP (4,564,000)</p>
<p>2. Reduction to Departmentwide Administration and Management. The budget assumes administrative savings tied to the merger of the former Departments of Community Health and Human Services.</p>	<p>Gross (100,000) GF/GP (100,000)</p>
<p>3. Family Support Subsidy Base and Caseload. The budget reduces the funding for the Family Support Subsidy by \$682,000 Gross to fund a caseload of 6,360 cases at a cost of \$222.11 per case per month.</p>	<p>Gross (682,200) Federal (682,200) GF/GP 0</p>
<p>4. Reduction of Adoption Family Support Network Parent to Parent Contract. The budget reduces the funding for this parent mentoring program by \$100,000.</p>	<p>Gross (100,000) GF/GP (100,000)</p>

		FY 2016-17 Change From FY 2015-16 Year-to-Date	
5. Savings Tied to Recommendations from Child Care Fund Audit.	The budget recognizes savings due to the results of Office of Auditor General Audit #431-1400-13, which detailed some excess payments made from the Child Care Fund in past fiscal years.	Gross GF/GP	(2,000,000) (2,000,000)
6. Reduced Funding for Closed Maxey Facility.	The budget reduces ongoing facility costs for the closed W.J. Maxey Training School from \$1.0 million to \$500,000.	Gross GF/GP	(500,000) (500,000)
7. Expiration of Juvenile Accountability Block Grants.	The budget removes funding for the Juvenile Accountability Block Grant (JABG), which expires at the end of FY 2015-16. The last Federal JABG grant was awarded in FY 2012-13. Each grant has three years to be spent and FY 2015-16 is the last year for the expenditure of grant money.	FTE Gross Federal GF/GP	(0.5) (1,281,300) (1,214,500) (66,800)
8. Removal of FY 2015-16 Employment and Training One-Time Funding.	The budget removes funding for an Executive proposal to support a new training program through Michigan Works!	Gross Federal GF/GP	(800,000) (400,000) (400,000)
9. Removal of One-Time Mental Health and Wellness Commission Funding.	The budget removes \$500,000 in one-time funding for a strategic plan tied to the Defending Childhood Policy Initiative and \$1.0 million in one-time funding for programs delayed due to Executive Order 2015-5 (which ordered expenditure reductions throughout the state budget).	Gross GF/GP	(1,500,000) (1,500,000)
10. Reduction of Ongoing Mental Health and Wellness Commission Funding.	The budget makes a 20% reduction in funding for the Mental Health and Wellness Commission recommendations. The budget does not specify the programmatic reductions.	Gross Federal GF/GP	(5,512,500) (3,648,500) (1,864,000)
11. Children with Serious Emotional Disturbance Waiver Base and Caseload Adjustment.	The budget includes a base adjustment to reflect updated estimates for the program.	Gross Federal GF/GP	(2,647,900) (1,738,300) (909,600)
12. Reduction to University Autism Funding.	The budget reduces funding for autism services provided by State universities. The funding is awarded through a grant process.	Gross GF/GP	(1,500,000) (1,500,000)
13. Removal of One-Time LARA Interdepartmental Grant for Nursing Transitions.	The budget removes one-time funding to implement a program, conducted by the Michigan Public Health Institute, to provide continuing education services to nurses.	Gross IDG GF/GP	(268,700) (268,700) 0

	FY 2016-17 Change From FY 2015-16 Year-to-Date	
14. Reduced State Innovation Model (SIM) Grant. The budget reduces funding from \$25.0 million to \$10.0 million to continue the implementation of the State's Blueprint for Health Innovation. This effort supports patient-centered medical homes, innovation regions, and sharing of information infrastructure.	Gross Federal GF/GP	(15,000,000) (15,000,000) 0
15. Reduced Health Innovation Grants. Funding for this program, which provides grants to entities with new health care delivery proposals, is reduced from \$1.0 million to \$500,000.	Gross GF/GP	(500,000) (500,000)
16. End of Integrated Care for Dual Eligibles Demonstration Grant. The budget reflects the end of the second year of the Dual Eligibles Implementation Grant as the demonstration moves from implementation to the operationalization phase.	Gross Federal GF/GP	(5,656,000) (4,242,000) (1,414,000)
17. Reduced Healthy Michigan Call Center Funding. The FY 2015-16 funding has not been spent, so the Gross appropriation for the Call Center is reduced from \$19.5 million to \$11.4 million.	Gross Federal GF/GP	(8,109,900) (6,540,300) (1,569,600)
18. Reduced Healthy Michigan Plan Marketing Funding. The budget reflects a 50% reduction in funding to advertise the Healthy Michigan Plan.	Gross Federal GF/GP	(1,000,000) (500,000) (500,000)
19. Physician Adjustor and Specialty Network Access Fee (SNAF) Adjustments. The budget decreases Physician Adjustor, and SNAF payments to publicly affiliated clinics, as a result of a decline in the growth of the program.	Gross Federal Local Restricted GF/GP	(20,000,000) (13,030,000) (627,300) (6,342,700) 0
20. Adjustment to Healthy Michigan Plan Hospital Rate Adjustor (HRA) Payments. The FY 2015-16 budget included a \$92.9 million increase to the Hospital Rate Adjustor payments to hospitals to offset a one-time increase in the hospital QAAP retainer. The budget adjusts funding for the HRA payments to reflect the estimated cost of the new retainer.	Gross Federal Restricted GF/GP	(28,495,100) (27,426,600) (1,068,500) 0
21. Moratorium on Affordable Care Act (ACA) Health Insurer Fee; Impact on Actuarial Soundness Payments. In 2014 the Medicaid HMOs began having to pay a Federal health insurer fee, resulting in the State's having to increase payments to the HMOs to cover the costs of those fees in order to be in compliance with actuarial soundness requirements. Beginning	Gross Federal GF/GP	(137,175,400) (100,465,000) (36,710,400)

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

January 1, 2017, Federal legislation has created a moratorium on these fees, reducing the actuarial soundness payments required from the State.

- | | | |
|---|---------|---------------|
| 22. Expiration of Managed Care Use Tax; Impact on Actuarial Soundness Payments. The budget assumes the expiration of the Use Tax imposed on Medicaid managed care organizations, due to indications by the Federal government that it will no longer support the tax after the end of calendar year 2016. This will result in savings to the State stemming from a reduction in required actuarial soundness payments. | Gross | (479,536,600) |
| | Federal | (353,994,500) |
| | GF/GP | (125,542,100) |
| | | |
| 23. Savings from Assumed Reduced Rate of Emergency Department Admissions. The budget assumes savings from efforts to reduce the rate of emergency department use by managed care clients. | Gross | (37,857,100) |
| | Federal | (27,607,300) |
| | GF/GP | (10,249,800) |

E. FUNDING SHIFTS

- | | | |
|---|------------|---------------|
| 1. Change in Base Medicaid Match Rate for FY 2016-17. The base Medicaid match rate decreases from 65.60% to 65.15% in FY 2016-17, leading to an increase in GF/GP costs. | Gross | 0 |
| | Federal | (58,486,200) |
| | Local | 441,400 |
| | Restricted | 9,534,100 |
| | GF/GP | 48,510,700 |
| | | |
| 2. Change in Title XXI Match Rate for FY 2016-17. The Federal Title XXI match rate, used to support the MIChild program, decreases from 98.92% to 98.61% in FY 2016-17, increasing GF/GP costs. | Gross | 0 |
| | Federal | (187,100) |
| | GF/GP | 187,100 |
| | | |
| 3. Reduction in Federal Medicaid Expansion Match Rate for FY 2016-17. The expansion Medicaid match rate decreases from 100% to 95.0% on January 1, 2017, leading to an increase in GF/GP costs. | Gross | 0 |
| | Federal | (127,824,900) |
| | GF/GP | 127,824,900 |
| | | |
| 4. Swap of Temporary Assistance for Needy Families (TANF) Funding with GF/GP. The budget includes a fund source shift of \$10.0 million in the Child Welfare Field Staff line item and \$5.8 million in the Family Independence Program line item, with TANF revenue being used to offset GF/GP revenue. | Gross | 0 |
| | Federal | 15,862,200 |
| | GF/GP | (15,862,200) |

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

5. Decreased Match Rate for Dual Eligible Staff. The budget reflects a decrease in the match rate from 100% to 50% for 5.0 FTEs as the MI Health Link program moves from the administration phase to the implementation phase.	Gross Federal GF/GP	0 (144,200) 144,200
6. Health Insurance Claims Assessment (HICA) Revenue and Rate Reversion. The budget assumes an increase in the HICA rate from 0.75% to 1.0% on January 1, 2017, triggered by the statutory requirement that the HICA rate revert to a higher level once the managed care Use Tax is deemed ineligible for Federal match.	Gross Restricted GF/GP	0 39,441,300 (39,441,300)
7. Adjustment to Hospital Quality Assurance Assessment Program (QAAP) Retainer. The budget assumes a statutory change replacing the one-time FY 2015-16 hospital QAAP retainer of \$92.9 million with a Healthy Michigan Plan retainer of \$105.0 million. This will increase net hospital QAAP revenue and offset an equal amount of GF/GP costs.	Gross Restricted GF/GP	0 12,143,900 (12,143,900)
8. Medicaid Benefits Trust Fund Revenue. The budget reflects an increase in the amount of available Medicaid Benefits Trust Fund revenue, resulting from an increase in tobacco tax revenue.	Gross Restricted GF/GP	0 22,500,000 (22,500,000)
9. Merit Award Trust Fund Revenue. The budget reflects a reduction in available Merit Award Trust Fund revenue, resulting from a decrease in available Tobacco Settlement Revenue and the use of Tobacco Settlement Revenue to create the Detroit Public Schools Trust Fund.	Gross Tobacco GF/GP	0 (70,952,300) 70,952,300
10. Recoupment Match for SCHIP Children Formerly on Medicaid. The budget recognizes authorization through the Federal Affordable Care Act for State Children's Health Insurance Program (SCHIP) funding for children previously matched at the traditional Medicaid match rate.	Gross Federal GF/GP	0 30,000,000 (30,000,000)
11. Reduced School-Based Services Savings. The budget reflects a reduction in allowable school-based services reimbursements, resulting in an increase in GF/GP costs.	Gross Federal GF/GP	0 (1,443,700) 1,443,700
12. State Psychiatric Disproportionate Share Hospital (DSH) Adjustment. The budget makes a minor technical adjustment to the sourcing of funds used to make special payments to State psychiatric facilities.	Gross Federal GF/GP	0 (9,100) 9,100

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

13. Adjustments to Healthy Michigan Plan Special Payment Fund Sourcing. The budget includes technical adjustments to reflect the actual Healthy Michigan Plan special payment fund sourcing.	Gross 0 Federal (26,301,400) Local 633,100 Restricted 25,668,300 GF/GP 0
14. Fund Source Correction for Program of All-Inclusive Care for the Elderly (PACE). The budget reflects a correction in the fund sourcing for the PACE program.	Gross 0 Federal (295,100) GF/GP 295,100
15. Fund Source Shift for Graduate Medical Education (GME) Funding. The budget reflects savings stemming from \$24.0 million of GME payments that are paid through the Healthy Michigan Plan and thus are reimbursed at a greater match rate.	Gross 0 Federal 7,800,000 GF/GP (7,800,000)

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Technical Adjustments to Budget. The budget includes technical adjustments requested by the DHHS that have no GF/GP impact. These adjustments include a correction to the Gross authorization for School-Based Services, correction of the placement of Restricted fund sources in Medicaid, and reflection of the actual Hawthorn Center FTE count.	FTE 43.0 Gross (1,765,500) Federal (1,765,500) GF/GP 0
2. Adjustment of Michigan Rehabilitation Services Funding to Actual. The budget reduces Restricted revenue for Second Injury Fund and Rehabilitation Service Fees as the authorization is greater than revenue collected.	Gross (1,168,600) Restricted (1,168,600) GF/GP 0
3. Adjustment of Children's Special Health Care Services Parent Participation Revenue to Actual. The budget reflects a projected growth in costs and a slight decrease in revenue collections for parent fees.	Gross (479,100) Restricted (479,100) GF/GP 0
4. Adjustment of Poison Control Funding to Reflect SCHIP Match Rate. The budget reflects the impact of the SCHIP match rate reduction from 98.92% to 98.61% on the poison control payment. The cap on funding eligible for match is \$1,347,800, which is paid at the SCHIP match rate. In the FY 2016-17 budget, the amount of funding needed to pull down the full amount of Federal	Gross (4,100) Federal (4,100) GF/GP 0

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

match increases from \$14,600 to \$18,700, reducing the separate payment by \$4,100 and resulting in a reduction in Gross funding.

- | | | |
|---|---|--|
| <p>5. Funding Adjustments Related to Ambulance QAAP. The budget annualizes the ambulance QAAP established by Public Act 104 of 2015 and corrects the oversight that provided authorization adjustments only in the fee-for-service traditional Medicaid program, to reflect estimated expenditures in the managed care traditional Medicaid program and the Healthy Michigan Plan.</p> | <p>Gross</p> <p>Federal</p> <p>Restricted</p> <p>GF/GP</p> | <p>35,507,000</p> <p>26,718,800</p> <p>11,667,200</p> <p>(2,879,000)</p> |
| <p>6. Reversal of Previously Enacted FY 2015-16 Flint Supplemental Funding. The budget reflects the reversal of the funding added in three FY 2015-16 Flint water emergency related supplementals. Fiscal year 2016-17 funding for services related to the water emergency is reflected in item B.2 above.</p> | <p>Gross</p> <p>Federal</p> <p>Restricted</p> <p>GF/GP</p> | <p>(32,097,100)</p> <p>(8,945,000)</p> <p>(3,552,000)</p> <p>(19,600,100)</p> |
| <p>7. Reversal of FY 2015-16 Boilerplate Appropriations. The budget does not reflect \$21,608,900 Gross in FY 2015-16 information technology adjustments that were made via boilerplate authorization, or \$31,341,100 Gross of FY 2015-16 contingency fund transfers.</p> | <p>Gross</p> <p>Federal</p> <p>Private</p> <p>Restricted</p> <p>GF/GP</p> | <p>(52,950,000)</p> <p>(51,299,900)</p> <p>(996,400)</p> <p>(653,700)</p> <p>0</p> |
| <p>8. Completion of Building Occupancy Transfer to Department of Licensing and Regulatory Affairs (LARA). Executive Order 2015-3 transferred the Bureau of Child and Adult Licensing to LARA. The FY 2016-17 budget makes an adjustment to fully fund the transfer to reflect State-owned building occupancy costs.</p> | <p>Gross</p> <p>GF/GP</p> | <p>(8,400)</p> <p>(8,400)</p> |
| <p>9. Reversal of FY 2015-16 Supplemental Funding. The budget reflects the removal of the non-Flint FY 2015-16 supplementals.</p> | <p>Gross</p> <p>GF/GP</p> | <p>(3,000,000)</p> <p>(3,000,000)</p> |

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$1,092,000 to \$1,119,300.

Gross	27,300
Federal	8,900
GF/GP	18,400

I. FEE INCREASES - NONE

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	42,814,700
IDG	231,000
Federal	19,551,000
Local	658,800
Private	232,100
Restricted	835,900
GF/GP	21,305,900

K. ONE-TIME APPROPRIATIONS

The budget identifies \$70,587,400 of FY 2016-17 one-time appropriations, eliminates \$5.3 million of FY 2015-16 one-time appropriations, and shifts \$2.5 million of appropriations from one-time to ongoing:

	<u>Gross</u>	<u>GF/GP</u>
FY 2016-17		
Family Preservation Programs	\$6,098,200	\$0
Integrated Service Delivery.....	36,922,500	3,692,200
Drinking Water Declaration of Emergency	15,138,100	9,094,200
MiSACWIS Implementation	11,538,600	5,769,300
Autism Navigator.....	565,000	565,000
Demonstration Projects - Michigan 2-1-1	300,000	300,000
Mobile Electronic Service Verification Study	25,000	25,000
Subtotal.....	\$70,587,400	\$19,445,700
FY 2016-17		
Hospice Services from One-Time to Ongoing	(\$2,500,000)	(\$2,500,000)
Subtotal.....	(\$2,500,000)	(\$2,500,000)

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

FY 2015-16

Pay for Success Contracts	(\$1,500,000)	(\$1,500,000)
Mental Health and Wellness Commission	(1,500,000)	(1,500,000)
Drug Policy Initiatives	(1,500,000)	(1,500,000)
Special Employment and Training Services Pilot Program	(800,000)	(400,000)
Subtotal.....	(\$5,300,000)	(\$4,900,000)

L. VETOES - NONE

**HIGHER EDUCATION
P.A. 249 of 2016 – ARTICLE III**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	0.0	N/A	N/A	N/A	N/A
GROSS	1,539,224,400	1,598,654,400	1,599,807,200	1,586,283,300	1,582,640,400	43,416,000	2.8
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,539,224,400	1,598,654,400	1,599,807,200	1,586,283,300	1,582,640,400	43,416,000	2.8
Less:							
Federal Funds	101,526,400	99,026,400	100,179,200	99,026,400	101,526,400	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	1,437,698,000	1,499,628,000	1,499,628,000	1,487,256,900	1,481,114,000	43,416,000	3.0
Less:							
Other State Restricted Funds	205,279,500	237,209,500	237,209,500	237,209,600	237,209,500	31,930,000	15.6
GENERAL FUND/GENERAL PURPOSE	1,232,418,500	1,262,418,500	1,262,418,500	1,250,047,300	1,243,904,500	11,486,000	0.9
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

MSU Diagnostic Center for Population and Animal Health (DCPAH). The Conference Committee included a one-time \$500,000 GF/GP appropriation for the DCPAH at Michigan State University (MSU). The funding will provide upgrades to the laboratory information management system and replace dated software that is no longer being supported.

Gross	500,000
GF/GP	500,000

B. PROGRAM INCREASES

1. University Operations. The Governor and the Senate included a \$59.8 million (4.4%) increase. The House included a \$46.3 million (3.4%) increase. The Senate eliminated the across-the-board allocation for Eastern Michigan University (EMU) and Oakland University (OU) and redistributed those funds to four universities that are below FY 2010-11 State funding levels. The House added a new metric for the Carnegie portion of the formula based on whether a university received a 2010 or 2015 Community Engagement classification. The Conference Committee included a \$39.8 million (2.9%) increase. The Conference Committee distribution was based on the Governor's proposed funding model and did not include the new metric proposed by the House. However, the Conference Committee did reduce EMU and OU funding by \$400,000 each, and redistributed the \$800,000 equally to MSU, University of Michigan-Ann Arbor, Wayne State University, and Western Michigan University. The Governor, Senate, and House all included funding \$31.2 million of the increase from the School Aid Fund. Tables 1 and 2 provide details on allocations by university.

Gross	39,787,400
Restricted	31,200,000
GF/GP	8,587,400

2. MSU AgBioResearch. AgBioResearch performs agricultural research to promote efficient production, marketing, distribution, and use of farm products. AgBioResearch receives funds from the Federal government, as well as State appropriations, and local and private revenue. Examples of research conducted include quality and yield-related properties of dry beans, production of leaner, low-fat meat products, and plant biotechnology. AgBioResearch and MSU Extension Services are partners with MSU in both Project GREEN (Generating Research and Extension to meet Economic and Environmental Needs) and the animal health diagnostic laboratory. The Governor, Senate, and House included a 2.3% GF/GP increase for MSU AgBioResearch, increasing funding from \$32,508,300 to \$33,243,100. This brings MSU AgBioResearch back to its funding level in FY 2010-11.

Gross	734,800
GF/GP	734,800

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

- | | | |
|---|---|--|
| <p>3. MSU Extension. MSU Extension Services identifies and solves farm, home, and community problems through the practical application of Federal and State research findings. MSU Extension Services receives funds from the Federal government, as well as State appropriations, and local and private revenue. MSU Extension Services operates Michigan's Expanded Food and Nutrition Education Program, serves as a resource for youth 4-H programs, and provides information on family financial planning. The Governor, Senate, and House included a 2.4% GF/GP increase for MSU Extension, increasing funding from \$27,994,800 to \$28,672,600. This brings MSU Extension back to its State funding level in FY 2010-11.</p> | <p>Gross</p> <p>GF/GP</p> | <p>677,800</p> <p>677,800</p> |
| <p>4. Michigan Public School Employees Retirement System (MPSERS) Rate Cap. The Governor, Senate, and House increased appropriations from \$5,160,000 to \$5,890,000 based on implementing an employer's cap on contributions for MPSERS unfunded accrued liability (UAL) payments (25.73% of payroll). The affected universities include Central Michigan, Eastern Michigan, Ferris State, Lake Superior State, Michigan Technological University, Northern Michigan, and Western Michigan. Payments by the State for the cap will increase from \$5.2 million in FY 2015-16 to \$10.3 million in FY 2035-36. Over that time period, the cost to the State is estimated at \$156.1 million.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>730,000</p> <p>730,000</p> <p>0</p> |
| <p>5. Tuition Grants. Public Act 313 of 1966 established Tuition Grants. Undergraduate students at Michigan two-year and four-year private institutions are eligible for up to 10 semesters, if they have financial need. The minimum annual grant stated in the Section 252 boilerplate is \$1,512. The Senate increased funding by \$748,800 (2.2%) in Temporary Assistance for Needy Families funds, from \$34,035,500 to \$34,784,300. The House included a \$1,157,200 (3.4%) GF/GP increase. The Conference Committee included a \$986,000 (2.9%) GF/GP increase.</p> | <p>Gross</p> <p>GF/GP</p> | <p>986,000</p> <p>986,000</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. **Tuition Incentive Program (TIP).** The Tuition Incentive Program is a financial aid program targeted toward low-income middle school and high school students. It was established in FY 1986-87 through language in the Department of Social Services appropriation bill and was eventually transferred to the Higher Education budget in FY 1992-93. The program provides an incentive to students to complete high school and go on to college by pledging to pay their tuition and fees for associate degree or certificate programs (Phase I), as well as up to \$2,000 at a four-year institution (Phase II). Students in grades 6 through 12 who are Medicaid-eligible for 24 months in a 36-consecutive-month period can qualify for TIP. The Governor recommended increasing the TIP appropriation from \$48.5 million to \$50.5 million based on program costs, funded by Federal Temporary Assistance for Needy Families (TANF) funds. The Senate and House concurred with the Governor. Subsequently, revised estimates projected TIP costs of \$53.0 million. The Conference Committee on the Higher Education budget adjusted TIP appropriations accordingly. The Conference Committee also included a FY 2015-16 supplemental appropriation of \$4.5 million for TIP, resulting in program funding of \$53.0 million in both the FY 2015-16 and FY 2016-17 budgets. Due to rising program costs, the Governor recommended new language prohibiting the Department of Treasury, beginning in FY 2017-18, from awarding more than \$8.5 million annually to eligible students enrolled in the same college or university. The House did not concur. The Senate did not concur with the Governor but added a provision limiting expenditures to appropriations and authorizing the Department to prorate Phase I grants. The Conference Committee included the Governor's FY 2017-18 \$8.5 million limit (Sec. 256).

2. **Tuition Restraint.** The Governor set the tuition restraint cap at 4.8%, clarified tuition and fee definitions, and eliminated a provision stating that "fee" includes the annual amount a student is charged for coverage by the university-affiliated group health insurance policy. The Senate and House did not concur with the elimination of mandated health insurance costs from the "fee" definition. The Senate set the tuition restraint cap at 4.8% and added a new penalty of no capital outlay authorizations from the State in FY 2017-18 or FY 2018-19 for universities that exceed the cap. The House set the tuition restraint cap at the greater of 4.8% or \$500. The Conference Committee set tuition restraint at 4.2%, maintained the Senate capital outlay penalty, and included new language stating that the Legislature may at any time adjust appropriations for universities that exceed the tuition restraint cap (Sec. 265).

Gross	0
Federal	0
GF/GP	0

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS

The budget identifies \$500,000 of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
MSU DCPAH	\$500,000	\$500,000
Subtotal.....	\$500,000	\$500,000

L. VETOES - NONE

Table 1: FY 2016-17 Higher Education Appropriation

University	FY 2015-16 Year-To-Date	Governor			Senate			House			Initial Appropriation		
		FY 2016-17 Gov. Rec.	Dollar Change	Percent Change	FY 2016-17 Senate	Dollar Change	Percent Change	FY 2016-17 House	Dollar Change	Percent Change	FY 2016-17 Enacted	Dollar Change	Percent Change
Central	\$81,127,100	\$85,332,200	\$4,205,100	5.2%	\$85,332,200	\$4,205,100	5.2%	\$84,085,100	\$2,958,000	3.6%	\$83,925,500	\$2,798,400	3.4%
Eastern	71,782,500	75,105,400	3,322,900	4.6%	73,505,300	1,722,800	2.4%	74,538,400	2,755,900	3.8%	73,593,800	1,811,300	2.5%
Ferris	50,369,800	53,210,000	2,840,200	5.6%	53,210,000	2,840,200	5.6%	52,389,400	2,019,600	4.0%	52,259,900	1,890,100	3.8%
Grand Valley	65,275,700	69,712,000	4,436,300	6.8%	69,712,000	4,436,300	6.8%	68,346,200	3,070,500	4.7%	68,227,900	2,952,200	4.5%
Lake Superior	13,207,400	13,748,400	541,000	4.1%	13,748,400	541,000	4.1%	13,598,800	391,400	3.0%	13,567,400	360,000	2.7%
Michigan State	268,770,700	279,126,200	10,355,500	3.9%	279,793,300	11,022,600	4.1%	277,370,600	8,599,900	3.2%	275,862,100	7,091,400	2.6%
Michigan Tech	46,754,700	48,772,500	2,017,800	4.3%	48,772,500	2,017,800	4.3%	48,246,000	1,491,300	3.2%	48,097,500	1,342,800	2.9%
Northern	45,107,700	46,868,000	1,760,300	3.9%	46,868,000	1,760,300	3.9%	46,574,100	1,466,400	3.3%	46,279,200	1,171,500	2.6%
Oakland	48,371,900	51,300,200	2,928,300	6.1%	50,231,900	1,860,000	3.8%	50,446,400	2,074,500	4.3%	49,920,700	1,548,800	3.2%
Saginaw Valley	28,181,200	29,582,900	1,401,700	5.0%	29,582,900	1,401,700	5.0%	29,377,900	1,196,700	4.2%	29,114,000	932,800	3.3%
UM-Ann Arbor	299,975,000	312,693,500	12,718,500	4.2%	313,360,600	13,385,600	4.5%	309,400,900	9,425,900	3.1%	308,639,000	8,664,000	2.9%
UM-Dearborn	24,033,100	25,190,500	1,157,400	4.8%	25,190,500	1,157,400	4.8%	25,010,500	977,400	4.1%	24,803,300	770,200	3.2%
UM-Flint	21,815,400	22,918,300	1,102,900	5.1%	22,918,300	1,102,900	5.1%	22,746,300	930,900	4.3%	22,549,300	733,900	3.4%
Wayne State	191,451,300	198,082,800	6,631,500	3.5%	198,749,900	7,298,600	3.8%	196,763,900	5,312,600	2.8%	196,064,500	4,613,200	2.4%
Western	104,334,100	108,702,100	4,368,000	4.2%	109,369,200	5,035,100	4.8%	107,922,100	3,588,000	3.4%	107,440,900	3,106,800	3.0%
Subtotal University Operations:	\$1,360,557,600	\$1,420,345,000	\$59,787,400	4.4%	\$1,420,345,000	\$59,787,400	4.4%	\$1,406,816,600	\$46,259,000	3.4%	\$1,400,345,000	\$39,787,400	2.9%
MPSERS Reimbursement	\$5,160,000	\$5,890,000	\$730,000	14.1%	\$5,890,000	\$730,000	14.1%	\$5,890,000	\$730,000	14.1%	\$5,890,000	\$730,000	14.1%
MSU AgBioResearch	32,508,300	33,243,100	734,800	2.3%	33,243,100	734,800	2.3%	33,243,100	734,800	2.3%	33,243,100	734,800	2.3%
MSU Extension	27,994,800	28,672,600	677,800	2.4%	28,672,600	677,800	2.4%	28,672,600	677,800	2.4%	28,672,600	677,800	2.4%
Higher Education Database	200,000	200,000	0	0.0%	200,000	0	0.0%	200,000	0	0.0%	200,000	0	0.0%
Midwest Higher Ed Compact	115,000	115,000	0	0.0%	115,000	0	0.0%	115,000	0	0.0%	115,000	0	0.0%
King-Chavez-Parks	2,691,500	2,691,500	0	0.0%	2,691,500	0	0.0%	2,691,500	0	0.0%	2,691,500	0	0.0%
MSU Veterinary Lab (one-time)	0	0	0	0.0%	0	0	0.0%	0	0	0.0%	500,000	500,000	---
Total Universities	\$1,429,227,200	\$1,491,157,200	\$61,930,000	4.3%	\$1,491,157,200	\$61,930,000	4.3%	\$1,477,628,800	\$48,401,600	3.4%	\$1,471,657,200	\$42,430,000	3.0%
School Aid Fund	205,179,500	237,109,500	31,930,000	15.6%	237,109,500	31,930,000	15.6%	237,109,500	31,930,000	15.6%	237,109,500	31,930,000	15.6%
State GF/GP	\$1,224,047,700	\$1,254,047,700	\$30,000,000	2.5%	\$1,254,047,700	\$30,000,000	2.5%	\$1,240,519,300	\$16,471,600	1.3%	\$1,234,547,700	\$10,500,000	0.9%
Grants and Financial Aid													
State Competitive Scholarships	\$18,361,700	\$18,361,700	\$0	0.0%	\$18,765,700	\$404,000	2.2%	\$18,361,700	\$0	0.0%	\$18,361,700	\$0	0.0%
Tuition Grants	34,035,500	34,035,500	0	0.0%	34,784,300	748,800	2.2%	35,192,700	1,157,200	3.4%	35,021,500	986,000	2.9%
Tuition Incentive Program (TIP)	53,000,000	50,500,000	(2,500,000)	-4.7%	50,500,000	(2,500,000)	-4.7%	50,500,000	(2,500,000)	-4.7%	53,000,000	0	0.0%
Children of Veterans & Officer's Tuition	1,400,000	1,400,000	0	0.0%	1,400,000	0	0.0%	1,400,000	0	0.0%	1,400,000	0	0.0%
Project Gear-Up	3,200,000	3,200,000	0	0.0%	3,200,000	0	0.0%	3,200,000	0	0.0%	3,200,000	0	0.0%
North American Indian Tuition Waivers	0	0	0	0.0%	0	0	0.0%	100	100	---	0	0	0.0%
Total Grants/Financial Aid	\$109,997,200	\$107,497,200	(\$2,500,000)	-2.3%	\$108,650,000	(\$1,347,200)	-1.2%	\$108,654,500	(\$1,342,700)	-1.2%	\$110,983,200	\$986,000	0.9%
Federal Higher Ed Act	3,200,000	3,200,000	0	0.0%	3,200,000	0	0.0%	3,200,000	0	0.0%	3,200,000	0	0.0%
Federal TANF	98,326,400	95,826,400	(2,500,000)	-2.5%	96,979,200	(1,347,200)	-1.4%	95,826,400	(2,500,000)	-2.5%	98,326,400	0	0.0%
School Aid Fund	0	0	0	0.0%	0	0	0.0%	100	100	---	0	0	0.0%
Veterans Tax Check-off	100,000	100,000	0	0.0%	100,000	0	0.0%	100,000	0	0.0%	100,000	0	0.0%
State GF/GP	\$8,370,800	\$8,370,800	\$0	0.0%	\$8,370,800	\$0	0.0%	\$9,528,000	\$1,157,200	13.8%	\$9,356,800	\$986,000	11.8%
TOTAL HIGHER EDUCATION													
TOTAL ALL FUNDS	\$1,539,224,400	\$1,598,654,400	\$59,430,000	3.9%	\$1,599,807,200	\$60,582,800	3.9%	\$1,586,283,300	\$47,058,900	3.1%	\$1,582,640,400	\$43,416,000	2.8%
TOTAL FEDERAL	101,526,400	99,026,400	(2,500,000)	-2.5%	100,179,200	(1,347,200)	-1.3%	99,026,400	(2,500,000)	-2.5%	101,526,400	0	0.0%
TOTAL STATE RESTRICTED	205,279,500	237,209,500	31,930,000	15.6%	237,209,500	31,930,000	15.6%	237,209,600	31,930,100	15.6%	237,209,500	31,930,000	15.6%
TOTAL STATE GF/GP	\$1,232,418,500	\$1,262,418,500	\$30,000,000	2.4%	\$1,262,418,500	\$30,000,000	2.4%	\$1,250,047,300	\$17,628,800	1.4%	\$1,243,904,500	\$11,486,000	0.9%

Table 2: Higher Education Initial Appropriation

University	FY 2015-16 Year-To-Date Appropriation	FY 2016-17 Adjustments							FY 2016-17 Initial Appropriation	Dollar Change From 2015-16	Percent Change
		Proportional to FY 2010-11	Redistribution Adjustment	Critical Skills	Research & Development	Metrics based on Carnegie Peers	Total Formula Distribution	Other Changes			
Central	\$81,127,100	\$1,122,349		\$235,060	\$24,194	\$1,416,816	\$2,798,400		\$83,925,500	\$2,798,400	3.4%
Eastern	71,782,500	1,064,842	(400,000)	223,048	0	923,431	1,811,300		73,593,800	1,811,300	2.5%
Ferris	50,369,800	680,972		356,276	0	852,835	1,890,100		52,259,900	1,890,100	3.8%
Grand Valley	65,275,700	868,057		349,724	0	1,734,467	2,952,200		68,227,900	2,952,200	4.5%
Lake Superior	13,207,400	177,798		51,872	0	130,318	360,000		13,567,400	360,000	2.7%
Michigan State	268,770,700	3,973,365	200,000	755,414	547,140	1,615,449	7,091,400		275,862,100	7,091,400	2.6%
Michigan Tech	46,754,700	671,238		246,253	90,130	335,168	1,342,800		48,097,500	1,342,800	2.9%
Northern	45,107,700	632,246		150,155	0	389,051	1,171,500		46,279,200	1,171,500	2.6%
Oakland	48,371,900	710,975	(400,000)	305,496	15,927	916,363	1,548,800		49,920,700	1,548,800	3.2%
Saginaw Valley	28,181,200	388,263		126,403	0	418,124	932,800		29,114,000	932,800	3.3%
UM-Ann Arbor	299,975,000	4,429,538	200,000	811,107	1,235,327	1,988,031	8,664,000		308,639,000	8,664,000	2.9%
UM-Dearborn	24,033,100	346,321		118,759	0	305,169	770,200		24,803,300	770,200	3.2%
UM-Flint	21,815,400	292,703		152,339	0	288,903	733,900		22,549,300	733,900	3.4%
Wayne State	191,451,300	2,999,737	200,000	241,612	264,374	907,428	4,613,200		196,064,500	4,613,200	2.4%
Western	104,334,100	1,535,296	200,000	297,306	33,318	1,040,912	3,106,800		107,440,900	3,106,800	3.0%
Subtotal University Operations:	\$1,360,557,600	\$19,893,700	\$0	\$4,420,824	\$2,210,410	\$13,262,465	\$39,787,400	\$0	\$1,400,345,000	\$39,787,400	2.9%
MPSERS Reimbursement	\$5,160,000							\$730,000	\$5,890,000	\$730,000	14.1%
MSU AgBioResearch	32,508,300							734,800	33,243,100	734,800	2.3%
MSU Extension	27,994,800							677,800	28,672,600	677,800	2.4%
Higher Education Database	200,000							0	200,000	0	0.0%
Midwest Higher Ed Compact	115,000							0	115,000	0	0.0%
King-Chavez-Parks	2,691,500							0	2,691,500	0	0.0%
MSU Veterinary Lab (one-time)	0							500,000	500,000	500,000	---
Total Universities	\$1,429,227,200	\$19,893,700	\$0	\$4,420,824	\$2,210,410	\$13,262,465	\$39,787,400	\$2,642,600	\$1,471,657,200	\$42,430,000	3.0%
School Aid Fund	205,179,500	15,600,000	0	3,463,200	1,747,200	10,389,600	31,200,000	730,000	237,109,500	31,930,000	15.6%
State GF/GP	\$1,224,047,700	\$4,293,700	\$0	\$957,624	\$463,210	\$2,872,865	\$8,587,400	\$1,912,600	\$1,234,547,700	\$10,500,000	0.9%
Grants and Financial Aid											
State Competitive Scholarships	\$18,361,700							\$0	\$18,361,700	\$0	0.0%
Tuition Grants	34,035,500							986,000	35,021,500	986,000	2.9%
Tuition Incentive Program (TIP)	53,000,000							0	53,000,000	0	0.0%
Children of Veterans & Officer's Tuition	1,400,000							0	1,400,000	0	0.0%
Project Gear-Up	3,200,000							0	3,200,000	0	0.0%
Total Grants/Financial Aid	\$109,997,200							\$986,000	\$110,983,200	\$986,000	0.9%
Federal Higher Ed Act	3,200,000							0	3,200,000	0	0.0%
Federal TANF	98,326,400							0	98,326,400	0	0.0%
Veterans Tax Check-off	100,000							0	100,000	0	0.0%
State GF/GP	\$8,370,800							\$986,000	\$9,356,800	\$986,000	11.8%
TOTAL HIGHER EDUCATION											
TOTAL ALL FUNDS	\$1,539,224,400	\$19,893,700	\$0	\$4,420,824	\$2,210,410	\$13,262,465	\$39,787,400	\$3,628,600	\$1,582,640,400	\$43,416,000	2.8%
TOTAL FEDERAL	101,526,400	0	0	0	0	0	0	0	101,526,400	0	0.0%
TOTAL STATE RESTRICTED	205,279,500	15,600,000	0	3,463,200	1,747,200	10,389,600	31,200,000	730,000	237,209,500	31,930,000	15.6%
TOTAL STATE GF/GP	\$1,232,418,500	\$4,293,700	\$0	\$957,624	\$463,210	\$2,872,865	\$8,587,400	\$2,898,600	\$1,243,904,500	\$11,486,000	0.9%

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
P.A. 268 of 2016 – ARTICLE XI**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	337.0	337.0	337.0	336.5	336.5	(0.5)	(0.1)
GROSS	67,282,700	66,307,200	66,307,200	66,307,200	66,257,200	(1,025,500)	(1.5)
Less:							
Interdepartmental Grants Received	707,600	707,600	707,600	707,600	707,600	0	0.0
ADJUSTED GROSS	66,575,100	65,599,600	65,599,600	65,599,600	65,549,600	(1,025,500)	(1.5)
Less:							
Federal Funds.....	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	64,575,100	63,599,600	63,599,600	63,599,600	63,549,600	(1,025,500)	(1.6)
Less:							
Other State Restricted Funds	62,650,000	63,449,600	63,449,600	63,399,600	63,399,600	749,600	1.2
GENERAL FUND/GENERAL PURPOSE	1,925,100	150,000	150,000	200,000	150,000	(1,775,100)	(92.2)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES - NONE

C. PROGRAM ELIMINATIONS

Economic Development Programs. The budget eliminates half of an FTE and \$50,000 in restricted funds that had been allocated for economic development purposes.

FTE	(0.5)
Gross	(50,000)
Restricted	(50,000)
GF/GP	0

D. PROGRAM REDUCTIONS

Removal of Five-Year Early-Out Deferred Sick Leave Payments. Department obligations will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years.

Gross	(138,500)
Restricted	(138,500)
GF/GP	0

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

Autism Coverage Reimbursement Program. The FY 2016-17 budget removes an FY 2015-16 supplemental that provided an additional \$2.2 million for this program to pay claims that had been initially submitted before January 1, 2016.

Gross	(2,225,000)
Restricted	(449,900)
GF/GP	(1,775,100)

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$728,300 to \$746,500.

Gross	18,200
Restricted	18,200
GF/GP	0

I. FEE INCREASES - NONE

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	1,369,800
Restricted	1,369,800
GF/GP	0

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

JUDICIARY
P.A. 268 of 2016 – ARTICLE XII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	495.0	510.0	510.0	510.0	510.0	15.0	3.0
GROSS	290,151,400	299,134,000	297,411,400	299,134,000	298,234,000	8,082,600	2.8
Less:							
Interdepartmental Grants Received	2,195,900	1,550,000	1,550,000	1,550,000	1,550,000	(645,900)	(29.4)
ADJUSTED GROSS	287,955,500	297,584,000	295,861,400	297,584,000	296,684,000	8,728,500	3.0
Less:							
Federal Funds	6,428,600	6,433,500	6,433,500	6,433,500	6,433,500	4,900	0.1
Local and Private	8,171,900	8,307,100	8,307,100	8,307,100	8,307,100	135,200	1.7
TOTAL STATE SPENDING	273,355,000	282,843,400	281,120,800	282,843,400	281,943,400	8,588,400	3.1
Less:							
Other State Restricted Funds	89,245,800	92,786,000	92,786,000	92,786,000	92,786,000	3,540,200	4.0
GENERAL FUND/GENERAL PURPOSE	184,109,200	190,057,400	188,334,800	190,057,400	189,157,400	5,048,200	2.7
PAYMENTS TO LOCALS	137,073,400	138,863,100	138,768,300	138,683,100	137,775,900	702,500	0.5

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|---|------------------------|----------------------------|
| <p>1. Medication-Assisted Treatment Pilot. This one-time funding establishes a medication-assisted treatment pilot program to provide treatment for opioid- and alcohol-addicted individuals who are referred to and voluntarily participate in the program.</p> | <p>Gross
GF/GP</p> | <p>750,000
750,000</p> |
|---|------------------------|----------------------------|

B. PROGRAM INCREASES

- | | | |
|--|--|---|
| <p>1. Statewide E-file System. The budget increases spending authority from the electronic filing fund to implement the statewide e-file system.</p> | <p>Gross
Restricted
GF/GP</p> | <p>3,499,900
3,499,900
0</p> |
| <p>2. State Appellate Defender Office. One-time funding of \$700,000 is included to ensure compliance with the U.S. Supreme Court's 2016 decision in <i>Montgomery v. Louisiana</i>, 577 US ___, by providing for competent and well-trained postconviction representation in resentencing of individuals sentenced to life imprisonment as juveniles. The budget also recognizes the loss of \$306,700 from an interdepartmental grant from the Michigan State Police, Michigan Commission on Law Enforcement Standards.</p> | <p>FTE
Gross
IDG
GF/GP</p> | <p>5.0
93,300
(306,700)
400,000</p> |
| <p>3. Michigan Indigent Defense Commission. Funding is increased to hire staff to implement minimum standards, rules, and procedures to guarantee the right of indigent defendants to the assistance of proficient counsel, collect data from indigent defense systems and attorneys, and monitor and audit county compliance plans.</p> | <p>FTE
Gross
GF/GP</p> | <p>10.0
1,300,000
1,300,000</p> |
| <p>4. Specialty Treatment Courts. Funding is increased (\$250,000 one-time and \$250,000 ongoing) to expand veterans' courts and increase the number of drug treatment court participants.</p> | <p>Gross
GF/GP</p> | <p>500,000
500,000</p> |
| <p>5. Michigan Legal Self-Help Website and Centers. Funding is increased to partially offset the end of work project funding as of December 2016.</p> | <p>Gross
GF/GP</p> | <p>300,000
300,000</p> |

C. PROGRAM ELIMINATIONS

- | | | |
|--|--|--|
| <p>Removal of Five-Year Early-Out Deferred Sick Leave Payments. Department obligations are satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years.</p> | <p>Gross
Federal
Local
GF/GP</p> | <p>(58,800)
(500)
(6,800)
(51,500)</p> |
|--|--|--|

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

D. PROGRAM REDUCTIONS

- | | | |
|--|---|--|
| <p>1. Michigan Judicial Institute. This reduction recognizes the loss of a \$56,500 U.S. Department of Justice victim's assistance grant, and the loss of a \$339,200 interdepartmental grant from the Michigan State Police, Michigan Commission on Law Enforcement Standards.</p> | <p>Gross (395,700)
IDG (339,200)
Federal (56,500)
GF/GP 0</p> | |
| <p>2. Swift-and-Sure Sanctions Program. Funding for the program is reduced as it is projected to lapse money at the end of FY 2015-16. The budget directs \$500,000 to support programs in counties in which at least 325 individuals were sentenced to prison in the previous calendar year.</p> | <p>Gross (250,000)
GF/GP (250,000)</p> | |

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

- | | | |
|---|--|--|
| <p>1. Judicial Salaries. Funding is included to cover judicial salary increases authorized by Public Act 31 of 2016.</p> | <p>Gross 872,600
GF/GP 872,600</p> | |
| <p>2. Savings Due to Judgeship Attrition. The budget reflects savings from the elimination of judgeships as a result of attrition.</p> | <p>Gross (259,700)
GF/GP (259,700)</p> | |

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	1,731,000
Federal	61,900
Local	127,100
Private	14,900
Restricted	40,300
GF/GP	1,486,800

K. ONE-TIME APPROPRIATIONS

The budget identifies \$1.7 million of FY 2016-17 one-time appropriations and shifts \$200,000 of appropriations from one-time to ongoing:

	Gross	GF/GP
FY 2016-17		
Compliance with <i>Montgomery v. Louisiana</i>	\$700,000	\$700,000
Medication-Assisted Treatment Pilot	750,000	750,000
Specialty Treatment Courts	250,000	250,000
Subtotal	\$1,700,000	\$1,700,000
 FY 2016-17		
Court of Claims from One-Time to Ongoing	(\$200,000)	(\$200,000)
Subtotal	(\$200,000)	(\$200,000)

L. VETOES - NONE

LEGISLATURE
P.A. 268 of 2016 – ARTICLE VIII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	0.0	0.0	0.0	0.0	0.0	N/A	N/A
GROSS	166,504,800	164,705,500	166,205,500	165,944,300	165,555,500	(949,300)	(0.6)
Less:							
Interdepartmental Grants Received	5,392,800	5,558,600	5,558,600	5,558,600	5,558,600	165,800	3.1
ADJUSTED GROSS	161,112,000	159,146,900	160,646,900	160,385,700	159,996,900	(1,115,100)	(0.7)
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	160,712,000	158,746,900	160,246,900	159,985,700	159,596,900	(1,115,100)	(0.7)
Less:							
Other State Restricted Funds	6,179,600	6,245,200	6,245,200	6,245,200	6,245,200	65,600	1.1
GENERAL FUND/GENERAL PURPOSE	154,532,400	152,501,700	154,001,700	153,740,500	153,351,700	(1,180,700)	(0.8)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|---|------------------------|----------------------------|
| <p>1. Michigan Veterans Facility Ombudsman. The budget adds \$150,000 to support the creation of a Michigan Veterans Facility Ombudsman to address complaints made at the veteran's homes in the State.</p> | <p>Gross
GF/GP</p> | <p>150,000
150,000</p> |
| <p>2. Criminal Justice Policy Commission (One-Time). The budget adds \$500,000 to support a study by the Commission on the cost savings of redirecting 17-year-olds from the adult court to family and juvenile justice systems.</p> | <p>Gross
GF/GP</p> | <p>500,000
500,000</p> |

B. PROGRAM INCREASES

- | | | |
|---|---|---|
| <p>1. Legislative Adjustment. The budget increases overall funding for the Legislature by a total of 4.0%. The Senate received an increase of \$1.2 million overall while the House received an overall increase of \$2.1 million. The House and Senate Fiscal Agencies received an increase of \$74,100 each. The Legislative Council received an increase of \$639,100 while the Retirement System received an increase of \$97,300. The Farnum Building and the Cora Anderson House Building received increases totaling \$482,800. Finally, the budget includes additional funding of \$205,600 for the State Capitol Historic Site line item (\$144,400 for general operations and \$61,200 for restoration, renewal, and maintenance).</p> | <p>Gross
Restricted
GF/GP</p> | <p>4,789,300
83,800
4,705,500</p> |
| <p>2. Auditor General Adjustment. The budget includes a 3.6% overall increase for Auditor General operations. Auditor General employees are State classified employees and thus are entitled to the economic increases included for classified employees pursuant to contract agreements. Funding for Auditor General operations for FY 2016-17 totals \$23.7 million and includes the economic increases required for FY 2016-17 (a 1.0% base wage increase and a 1.5% lump-sum payment).</p> | <p>Gross
IDG
Restricted
GF/GP</p> | <p>811,400
165,800
(18,200)
663,800</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

G. OTHER ISSUES

Adjustment for FY 2015-16 Supplemental Funding. An FY 2015-16 adjustment provided in Article XX of P.A. 268 of 2016 totals a positive \$7.2 million. Additional GF/GP revenue is appropriated for FY 2015-16 as follows: The House of Representatives and the Senate each receive \$225,000 for costs associated with redistricting; the Legislative Council receives \$3.0 million for the costs of redesigning its information technology system and \$500,000 for the Criminal Justice Policy Commission; and the State Capitol Historic Site receives \$3.25 million for restoration, renewal, and maintenance of the Capitol building, lawn, and parking lot. This funding is shown as a net negative adjustment to accurately reflect the full changes from FY 2015-16 to FY 2016-17.

Gross	(7,200,000)
GF/GP	(7,200,000)

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS

The budget identifies \$500,000 of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
Criminal Justice Policy Commission Study	\$500,000	\$500,000
Total	\$500,000	\$500,000

L. VETOES - NONE

**DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
P.A. 268 of 2016 – ARTICLE XIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,164.3	2,173.3	2,172.2	2,226.8	2,170.3	6.0	0.3
GROSS.....	415,702,300	416,545,400	419,583,200	421,651,200	418,062,400	2,360,100	0.6
Less:							
Interdepartmental Grants Received	46,068,700	46,923,800	46,923,800	46,923,800	46,923,800	855,100	1.9
ADJUSTED GROSS.....	369,633,600	369,621,600	372,659,400	374,727,400	371,138,600	1,505,000	0.4
Less:							
Federal Funds.....	63,674,900	63,818,100	63,818,100	63,818,100	63,818,100	143,200	0.2
Local and Private	1,020,300	565,700	565,700	363,400	363,400	(656,900)	(64.4)
TOTAL STATE SPENDING	304,938,400	305,237,800	308,275,600	310,545,900	306,957,100	2,018,700	0.7
Less:							
Other State Restricted Funds	261,986,900	262,446,700	262,462,400	268,232,700	263,236,000	1,249,100	0.5
GENERAL FUND/GENERAL PURPOSE	42,951,500	42,791,100	45,813,200	42,313,200	43,721,100	769,600	1.8
PAYMENTS TO LOCALS	28,225,700	28,225,700	29,225,700	32,125,700	32,625,700	4,400,000	15.6

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Michigan Liquor Control Commission (MLCC) IT Upgrades. The budget includes additional one-time Liquor Purchase Revolving Fund appropriations to complete the ongoing upgrades to the three main MLCC information technology systems. These systems cover product price quotations, online liquor ordering, and electronic file transfers.	Gross Restricted GF/GP	1,560,000 1,560,000 0
2. Michigan Agency for Energy. The budget includes Public Utility Assessment appropriations to support the Michigan Agency for Energy in addressing energy mandates, emergency coordination and electric resiliency, demand response and waste reduction, and other issues.	FTE Gross Restricted GF/GP	4.0 601,300 601,300 0
3. Michigan Automated Prescription System Upgrades. The budget includes GF/GP appropriations to implement recommendations from the Prescription Drug and Opioid Abuse Task Force, which include upgrades to this system and a requirement that more physicians participate in the program.	FTE Gross GF/GP	9.0 2,020,000 2,020,000
4. Cost Adjustments. The budget includes two cost adjustments; \$39,000 for rent charges for the Michigan Agency for Energy, and \$8,400 related to the transfer of the Bureau of Children and Adult Licensing to the Department of Licensing and Regulatory Affairs (LARA) from (DHHS) the Department of Health and Human Services.	Gross Federal Restricted GF/GP	47,400 25,000 14,000 8,400
5. Transfer of Deputy Director Positions from Unclassified to Classified. The budget includes additional restricted funds to transfer two deputy directors to classified positions rather than unclassified. A similar shift was made and reflected in the FY 2014-15 budget.	Gross Restricted GF/GP	302,000 302,000 0
6. Firefighter Training Grants. The budget includes additional Fireworks Safety Fund revenue that doubles the amount available for these grants. Grants for firefighter training are made to counties based on statutory formula.	Gross Restricted GF/GP	1,000,000 1,000,000 0
7. Fire Protection Grants. The budget increases funds available for fire protection grants on a one-time basis. In FY 2016-17, a total of \$12.7 million will be available.	Gross GF/GP	3,400,000 3,400,000

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

8. Higher Education Reciprocal Exchange. The budget includes Distance Education Fund revenue to support LARA's efforts related to the Higher Education Authorization and Distance Education Reciprocal Exchange Act (Public Act 45 of 2015).

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

C. PROGRAM ELIMINATIONS

Detroit Demolition Permit Assistance. The budget removes appropriations for this program as the City of Detroit has resumed permitting responsibilities related to blight elimination.

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

D. PROGRAM REDUCTIONS

1. Removal of Five-Year Early-Out Deferred Sick Leave Payments. Department obligations will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years.

Gross	(934,700)
IDG	(37,800)
Federal	(263,300)
Restricted	(616,100)
GF/GP	(17,500)

2. Oil Overcharge Elimination. The budget eliminates a long-defunct fund source for the Public Service Commission.

Gross	(30,000)
Local	(30,000)
GF/GP	0

E. FUNDING SHIFTS

1. Michigan Administrative Hearing System. The budget includes a fund shift that reduces GF/GP support to this program by \$370,000 and replaces it with Corporation Fees.

Gross	0
Restricted	370,000
GF/GP	(370,000)

2. Bureau of Community and Health Services. The budget includes a fund shift that reduces GF/GP support to this program by \$347,400 and replaces it with Health Systems Fees.

Gross	0
Restricted	347,400
GF/GP	(347,400)

3. Bureau of Community and Health Services. The budget includes a fund shift that replaces an interdepartmental grant from the DHHS with Federal funds. This shift reflects LARA's direct receipt of those Federal funds rather than the DHHS receiving the funds and transferring them to LARA.

Gross	0
IDG	(100,000)
Federal	100,000

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

- 4. Civil Monetary Penalty Fund Source.** The budget makes a technical change to reflect the receipt of monetary penalties from nursing facilities as a restricted fund source rather than private revenue.

Gross	0
Private	(202,300)
Restricted	202,300
GF/GP	0

F. PROGRAM TRANSFERS

- 1. Transfer of Ethnic Commissions to LARA from Department of Civil Rights.** Executive Order 2016-3 moved the Hispanic Latino Commission of Michigan, the Asian Pacific American Affairs Commission, and the Commission on Middle Eastern American Affairs from the Department of Civil Rights to LARA.

FTE	3.0
Gross	473,400
GF/GP	473,400

- 2. Transfer of Office of Regulatory Reinvention to DTMB.** Executive Order 2016-4 moved the functions of the Office of Regulatory Reinvention to a new Office of Performance and Transformation in the Department of Technology, Management, and Budget (DTMB).

FTE	(7.0)
Gross	(495,500)
GF/GP	(495,500)

G. OTHER ISSUES

- 1. Reduction of FTEs in Bureau of Fire Services.** The budget reduces the number of FTEs available to the Bureau of Fire Services from 80.0 to 78.0. There was no change in funding accompanying the FTE reduction.

FTE	(2.0)
Gross	0
GF/GP	0

- 2. Removal of FY 2015-16 Supplemental Appropriations.** The budget removes FY 2015-16 supplemental appropriations.

FTE	(1.0)
Gross	(8,053,300)
Restricted	(3,583,300)
GF/GP	(4,470,000)

- 3. Reduction of Overstated Federal, Restricted Fund and Local Appropriations.** The budget reduces a number of line items to reflect revenue levels that are lower than appropriated. The reductions include: \$455,300 from the Bureau of Fire Services; \$617,500 from the Corporations, Securities, and Commercial Licensing Bureau; \$591,000 from the Bureau of Services for Blind Persons; \$264,900 from the Radiation Safety Section; and \$1,651,500 from the Michigan Administrative Hearing System. It is not expected that these appropriation reductions will have an impact on the affected programs.

Gross	(3,580,200)
Federal	(720,200)
Local	(429,000)
Restricted	(2,431,000)
GF/GP	0

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$4,743,200 to \$4,861,800.

Gross	118,600
Federal	14,700
Restricted	97,900
GF/GP	6,000

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	6,431,100
IDG	992,900
Federal	987,000
Local	1,600
Private	2,800
Restricted	3,884,600
GF/GP	562,200

K. ONE-TIME APPROPRIATIONS

The budget identifies \$4,960,000 of FY 2016-17 one-time appropriations:

	<u>Gross</u>	<u>GF/GP</u>
FY 2016-17		
Michigan Liquor Control Commission IT Upgrades	\$1,560,000	\$0
Fire Protection Grants Enhancement - One-Time	3,400,000	3,400,000
Subtotal	\$4,960,000	\$3,400,000

L. VETOES - NONE

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
P.A. 268 of 2016 – ARTICLE XIV**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	888.5	888.5	898.5	893.5	898.5	10.0	1.1
GROSS	178,470,300	176,000,200	176,710,200	169,300,400	174,100,200	(4,370,100)	(2.4)
Less:							
Interdepartmental Grants Received	99,300	101,800	101,800	101,800	101,800	2,500	2.5
ADJUSTED GROSS	178,371,000	175,898,400	176,608,400	169,198,600	173,998,400	(4,372,600)	(2.5)
Less:							
Federal Funds	90,858,600	91,793,600	91,793,600	91,793,600	91,793,600	935,000	1.0
Local and Private	2,237,000	2,265,200	2,475,200	2,265,200	2,265,200	28,200	1.3
TOTAL STATE SPENDING	85,275,400	81,839,600	82,339,600	75,139,800	79,939,600	(5,335,800)	(6.3)
Less:							
Other State Restricted Funds	24,663,100	24,696,000	24,696,000	23,596,000	24,696,000	32,900	0.1
GENERAL FUND/GENERAL PURPOSE	60,612,300	57,143,600	57,643,600	51,543,800	55,243,600	(5,368,700)	(8.9)
PAYMENTS TO LOCALS	102,400	102,400	102,400	102,400	102,400	0	0.0

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

1. Armory Infrastructure Upgrades. The budget includes \$2.5 million in one-time GF/GP funding to support installation of upgraded Army National Guard network connections.	Gross GF/GP	2,500,000 2,500,000
2. D.J. Jacobetti Veterans Home. The budget includes \$1,120,000 GF/GP to adjust nurse staffing levels and renovate the home to meet Medicaid specifications.	Gross GF/GP	1,120,000 1,120,000
3. Grand Rapids Veterans Home. The budget includes one-time capital outlay funds of \$1.0 million GF/GP to begin the renovation of the fourth floor of the home to meet Medicaid specifications.	Gross GF/GP	1,000,000 1,000,000
4. Grand Rapids Home for Veterans Staffing Increase. The budget includes \$1.8 million GF/GP to add to a new vendor contract to increase number of nurse's aide staff.	Gross GF/GP	1,800,000 1,800,000
5. Youth Challenge Program. The budget includes an additional 10.0 FTEs and \$710,000 GF/GP to add staff in order to address recent audit findings; total FY 2016-17 funding is \$5,326,900.	FTE Gross GF/GP	10.0 710,000 710,000
6. Homeless Veterans. The budget includes \$300,000 GF/GP to assist outreach efforts for homeless veterans.	Gross GF/GP	300,000 300,000
7. Veterans Homes Planning. The budget includes a shift of \$100 GF/GP from home operations to create a placeholder for long-term planning efforts.	Gross GF/GP	0 0
8. Camp Grayling Housing. The budget includes \$300,000 GF/GP for Capital Outlay/National Guard to assist with commander housing construction at Camp Grayling.	Gross GF/GP	300,000 300,000
9. Veterans' Service Grants. The budget includes an economic increase of \$30,000 for Veterans' Service Grants, bringing the FY 2016-17 total appropriation to \$3,763,500 GF/GP.	Gross GF/GP	30,000 30,000

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

C. PROGRAM ELIMINATIONS

- | | | |
|---|--|--|
| <p>1. Five-Year Early-Out Deferred Sick Leave Payments. The budget eliminates these payments, as Department obligations will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years for savings of \$125,800 Gross, \$5,600 GF/GP.</p> | <p>Gross</p> <p>Federal</p> <p>Restricted</p> <p>GF/GP</p> | <p>(125,800)</p> <p>(46,100)</p> <p>(34,100)</p> <p>(45,600)</p> |
| <p>2. Elimination of FY 2015-16 One-Time Funding for Special Maintenance. The budget eliminates one-time funding of \$3.0 million GF/GP for Special Maintenance - National Guard.</p> | <p>Gross</p> <p>GF/GP</p> | <p>(3,000,000)</p> <p>(3,000,000)</p> |

D. PROGRAM REDUCTIONS

- | | | |
|--|---|--|
| <p>National Guard Tuition Assistance Fund Adjustment. The budget includes the adjustment of funding from a GF/GP appropriation of \$3,741,600 for FY 2015-16 to a restricted amount of \$3.5 million for FY 2016-17; this includes a GF/GP appropriation of \$3.5 million for the program's appropriation and \$60,000 for deposit into the Fund.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(181,600)</p> <p>3,500,000</p> <p>(3,681,600)</p> |
|--|---|--|

E. FUNDING SHIFTS

- | | | |
|---|---|--|
| <p>Veterans Homes' Restricted Fund Shortfall. The budget includes \$2.3 million GF/GP be used to supplant an equal amount of expected income and assessment restricted revenue due to a declining census at the homes.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>0</p> <p>(2,300,000)</p> <p>2,300,000</p> |
|---|---|--|

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

- | | | |
|---|--|--|
| <p>1. Adjustment of Federal Funds Based on Anticipated Revenue. The budget makes adjustments to reflect actual funds received, including increases of \$1.5 million for armory operations and \$214,000 for the D.J. Jacobetti Home, and decreases of \$1.1 million in Medicare funds for the Grand Rapids Veterans Home and \$100,000 for the D.J. Jacobetti Veterans Home.</p> | <p>Gross</p> <p>Federal</p> <p>GF/GP</p> | <p>(131,100)</p> <p>(131,100)</p> <p>0</p> |
|---|--|--|

2. Adjustment for FY 2015-16 Supplemental Appropriations. The budget makes adjustments to reflect Public Act 3 of 2016, which provided \$2.0 million in GF/GP support for National Guard efforts related to the Flint water emergency and to reflect Article XX of Public Act 268 of 2016, adjusting funding and appropriations amounts for veterans homes and the National Guard Tuition Assistance Program (\$8,866,600 Gross; \$1,441,600 Restricted; \$7,425,000 GF/GP).

Gross	(10,866,600)
Restricted	(1,441,600)
GF/GP	(9,425,000)

A. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$1,390,700 to \$1,425,500.

Gross	34,800
GF/GP	34,800

B. FEE INCREASES - NONE

C. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	2,140,200
IDG	2,500
Federal	1,112,200
Local	25,000
Private	3,200
Restricted	308,600
GF/GP	688,700

D. ONE-TIME APPROPRIATIONS

The budget identifies \$3.8 million of FY 2016-17 one-time appropriations and eliminates \$3.0 million of FY 2015-16 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
Armory Maintenance.....	\$2,500,000	\$2,500,000
Grand Rapids Home Medicaid Certification Pilot	1,000,000	1,000,000
Homeless Veterans.....	300,000	300,000
Subtotal.....	\$3,800,000	\$3,800,000
FY 2015-16		
Special Maintenance - National Guard	(\$3,000,000)	(\$3,000,000)
Subtotal.....	(\$3,000,000)	(\$3,000,000)

E. VETOES - NONE

**DEPARTMENT OF NATURAL RESOURCES
P.A. 268 of 2016 – ARTICLE XV**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,229.8	2,236.8	2,236.8	2,236.8	2,236.8	7.0	0.3
GROSS	413,251,200	397,904,100	398,154,100	396,904,200	398,254,100	(14,997,100)	(3.6)
Less:							
Interdepartmental Grants Received	1,352,700	1,375,900	1,375,900	1,375,900	1,375,900	23,200	1.7
ADJUSTED GROSS	411,898,500	396,528,200	396,778,200	395,528,300	396,878,200	(15,020,300)	(3.6)
Less:							
Federal Funds	79,128,000	72,365,400	72,365,400	72,365,400	72,365,400	(6,762,600)	(8.5)
Local and Private	8,157,700	7,446,400	7,446,400	7,446,400	7,446,400	(711,300)	(8.7)
TOTAL STATE SPENDING	324,612,800	316,716,400	316,966,400	315,716,500	317,066,400	(7,546,400)	(2.3)
Less:							
Other State Restricted Funds	281,765,000	277,156,400	277,156,400	277,156,500	277,156,400	(4,608,600)	(1.6)
GENERAL FUND/GENERAL PURPOSE	42,847,800	39,560,000	39,810,000	38,560,000	39,910,000	(2,937,800)	(6.9)
PAYMENTS TO LOCALS	7,348,300	6,100,000	6,100,000	6,100,000	6,100,000	(1,248,300)	(17.0)

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

<p>1. Asian Carp Barrier Development. The budget includes one-time GF/GP appropriations to support research and development of a mobile barrier to keep Asian Carp out of the Great Lakes, should the threat arise.</p>	<p>Gross 1,000,000 GF/GP 1,000,000</p>
<p>2. Land Ownership Tracking System Replacement. The budget includes one-time Forest Development Fund appropriations for the replacement of the information technology system that tracks the State's land holdings. The system is outdated and provides the base layer data for many geographically oriented applications such as MiHunt and the timber marking and sales platform in the Department of Natural Resources.</p>	<p>Gross 4,000,000 Federal 100,000 Restricted 3,900,000 GF/GP 0</p>
<p>3. Commercial and Tribal Fisher Reporting. The budget includes one-time Game and Fish Protection Fund and GF/GP dollars to support the development of a computer-based system for commercial and tribal fisher reporting. Currently, these fishers use a paper system; a new system will allow for web-based reporting.</p>	<p>Gross 600,000 Restricted 300,000 GF/GP 300,000</p>
<p>4. Vegetative Management System. The budget includes one-time Forest Development Fund appropriations for further work on the switch in the Forest Management Division from its current timber tracking system to the new Vegetative Management System.</p>	<p>Gross 2,100,000 Restricted 2,100,000 GF/GP 0</p>
<p>5. Water Trail Development. The budget includes one-time GF/GP funding for development of water trails on rivers in southwestern Michigan.</p>	<p>Gross 100,000 GF/GP 100,000</p>
<p>6. Swimmer's Itch Pilot Program. The budget includes one-time GF/GP funding to help fight swimmer's itch in inland lakes.</p>	<p>Gross 250,000 GF/GP 250,000</p>

B. PROGRAM INCREASES

<p>1. Forest Management Division. The budget includes Forest Development Fund revenue and 7.0 FTEs to support sustainable timber supply.</p>	<p>FTE 7.0 Gross 2,125,000 Restricted 2,125,000 GF/GP 0</p>
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		FY 2016-17 Change From FY 2015-16 Year-to-Date	
2. Forest Fire Equipment.	The budget includes additional Forest Development Fund revenue for the purchase of new forest fire equipment; \$150,000 is ongoing funding and \$1.0 million is one-time funding.	Gross Restricted GF/GP	1,150,000 1,150,000 0
3. FY 2016-17 Capital Outlay - Recreational Lands and Infrastructure.	The budget includes an additional \$3.3 million for capital outlay projects in State parks and other State recreational areas.	Gross Federal Restricted GF/GP	3,300,000 (900,000) 3,950,000 250,000
4. FY 2016-17 Capital Outlay - Waterways Projects.	The budget includes an additional \$3.3 million for projects at State and local harbors, docks, and boating access areas.	Gross Federal Restricted GF/GP	3,258,500 200,000 3,058,500 0
5. Additional Federal Funds.	The budget includes additional Federal funds that will be received: \$181,000 for shooting ranges, and \$424,000 for wildlife management.	Gross Federal GF/GP	605,000 605,000 0
6. State Parks.	The budget includes additional Park Improvement Fund appropriations to cover increased costs in State parks as follows: \$210,000 for increased vendor cost for the reservation system; \$420,000 to cover the cost of the minimum hourly wage increase from \$8.15 to \$8.90; \$870,000 for increased utility and garbage costs; and \$10,000 for State park revenue bond service.	Gross Restricted GF/GP	1,510,000 1,510,000 0
7. Restricted Fund Revenue Increases.	The budget includes additional restricted fund authorization to replace funding reduced in previous years, as revenue has increased. The budget includes \$200,000 in Marine Safety Fund revenue to support marine safety grants to county sheriffs, and \$150,000 in Forest Recreation Fund revenue to support State forest campgrounds and nonmotorized trails.	Gross Restricted GF/GP	350,000 350,000 0
8. Recreation Passport Local Grants.	The budget includes additional one-time appropriations for this program, which provides grants to local units of government for recreation-related projects.	Gross Restricted GF/GP	500,000 500,000 0

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

C. PROGRAM ELIMINATIONS

Removal of Five-Year Early-Out Deferred Sick Leave Payments. Department obligations will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years.

Gross	(816,800)
IDG	(900)
Restricted	(793,000)
GF/GP	(22,900)

D. PROGRAM REDUCTIONS

Remove FY 2015-16 One-Time Appropriations. The budget removed seven one-time appropriations contained in the FY 2015-16 budget.

Gross	(20,537,000)
Federal	(3,000,000)
Private	(750,000)
Restricted	(15,712,000)
GF/GP	(1,075,000)

E. FUNDING SHIFTS

Wildfire Protection. The budget reduces GF/GP appropriations by \$1.2 million in this line item and replaces them with Forest Development Fund support.

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

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Removal of FY 2015-16 Supplemental Appropriations. The budget removes a number of items included in the FY 2015-16 supplemental sections of Public Act 268 of 2016. These items include: \$3.0 million for the Dam Management Grant Program; \$4.0 million from increased off-road vehicle license and trail sticker sales; \$2.0 million for capital outlay; and \$250,000 related to the Flint drinking water emergency.

Gross	(9,250,000)
Federal	(2,000,000)
Restricted	(4,000,000)
GF/GP	(3,250,000)

2. Removal of FY 2015-16 Capital Outlay Waterways Projects. This is a technical item to reflect the removal of projects that were funded in FY 2015-16.

Gross	(3,903,900)
Federal	(1,270,500)
Restricted	(2,633,400)
GF/GP	0

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

3. Reduction of Restricted and Federal Fund Appropriations to Reflect Available Revenue.
The budget reduces appropriations from a number of funds and line items, including \$5.5 million from the Game and Fish Protection Fund, reflecting lower-than-anticipated hunting and fishing license sales.

Gross	(6,705,800)
Federal	(1,224,200)
Restricted	(5,481,600)
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$735,600 to \$754,000.

Gross	18,400
Restricted	18,400
GF/GP	0

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	5,349,500
IDG	24,100
Federal	727,100
Private	38,700
Restricted	3,849,500
GF/GP	710,100

K. ONE-TIME APPROPRIATIONS

The budget identifies \$9,050,000 of FY 2016-17 one-time appropriations, and eliminates \$20,537,000 of FY 2015-16 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
Forestry Investment (Vegetative Management System)	\$2,100,000	\$0
Forest Fire Equipment	1,000,000	0
Land Ownership Tracking System	4,000,000	0
Invasive Species	1,000,000	1,000,000

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

Fisheries Resource Management.....	600,000	300,000
Swimmer's Itch Pilot Program.....	250,000	250,000
Water Trail Development.....	100,000	100,000
Subtotal.....	\$9,050,000	\$1,650,000

FY 2015-16

Recreation Passport Local Grants.....	(\$500,000)	\$0
Shooting Range Enhancement Projects.....	(4,000,000)	(250,000)
Forestry Investment.....	(7,992,000)	0
Forest Development Infrastructure - Capital Outlay.....	(2,120,000)	0
Fish Production.....	(100,000)	0
Kalamazoo River Watershed Improvements.....	(5,000,000)	0
Special Grant Programs.....	(825,000)	(825,000)
Subtotal.....	(\$20,537,000)	(\$1,075,000)

L. VETOES - NONE

SCHOOL AID
P.A. 249 of 2016 – ARTICLE I

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	13,736,308,500	14,183,112,100	14,107,112,300	14,187,682,900	14,161,842,100	425,533,600	3.1
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	13,736,308,500	14,183,112,100	14,107,112,300	14,187,682,900	14,161,842,100	425,533,600	3.1
Less:							
Federal Funds	1,775,769,200	1,818,632,700	1,818,632,700	1,818,632,700	1,818,632,700	42,863,500	2.4
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	11,960,539,300	12,364,479,400	12,288,479,600	12,369,050,200	12,343,209,400	382,670,100	3.2
Less:							
Other State Restricted Funds	11,905,439,300	12,134,479,400	12,062,479,600	12,148,050,100	12,124,309,400	218,870,100	1.8
GENERAL FUND/GENERAL PURPOSE	55,100,000	230,000,000	226,000,000	221,000,100	218,900,000	163,800,000	297.3
PAYMENTS TO LOCALS	11,919,909,800	12,212,368,600	12,127,646,200	12,210,009,400	12,181,929,700	262,019,900	2.2

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

<p>1. State School Reform/Redesign Office (SRRO). The budget includes \$5.0 million for the SRRO; of this amount, \$2.75 million will provide three years of supplemental funding to districts that have schools under the oversight of the SRRO, and the other \$2.25 million will support chief executive officers placed in charge of schools under the oversight of the SRRO.</p>	<p>Gross 5,000,000 Restricted 5,000,000 GF/GP 0</p>
<p>2. Career and Technical Education (CTE) Equipment Upgrades. The budget includes \$3.0 million in new funding to improve the capital infrastructure needed to ensure that CTE programs can deliver programs in high demand, and \$200,000 for a mechatronics program.</p>	<p>Gross 3,200,000 Restricted 3,200,000 GF/GP 0</p>
<p>3. Funding to Nonpublic Schools for Mandates. The budget includes \$2.5 million GF/GP for reimbursement to nonpublic schools for mandates identified in a November 2014 report published by the Michigan Department of Education, or for subsequently identified mandates.</p>	<p>Gross 2,500,000 GF/GP 2,500,000</p>
<p>4. Online Algebra Tool. The budget includes \$1.5 million GF/GP for a new online tool that provides students with assistance in algebra, along with a professional development network for teachers.</p>	<p>Gross 1,500,000 GF/GP 1,500,000</p>
<p>5. Year-Round Schools Grants. The budget includes \$1.5 million in new funding for year-round schools grants, to provide funding to schools looking to implement a year-round calendar, and that need to upgrade infrastructure to provide programming during summer months.</p>	<p>Gross 1,500,000 Restricted 1,500,000 GF/GP 0</p>
<p>6. Integrated Behavior and Learning Support. The budget includes new funding of \$1.1 million GF/GP for the purpose of piloting a statewide implementation of MiBLISi, a program that includes positive behavioral intervention and supports, with \$620,000 earmarked for providing training to intermediate districts and districts related to the safe implementation of emergency restraints.</p>	<p>Gross 1,125,000 GF/GP 1,125,000</p>
<p>7. Competency-Based Transcript Pilot Project. The budget includes \$500,000 GF/GP to pilot a competency-based transcript, and to establish assessment criteria for measuring academic, technical, and global competencies.</p>	<p>Gross 500,000 GF/GP 500,000</p>
<p>8. Local Produce in Schools. The budget includes \$250,000 GF/GP for a pilot project to support districts in the purchase of locally grown fruits and vegetables to use in school lunches.</p>	<p>Gross 250,000 GF/GP 250,000</p>

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

9. CTE Partnership between an Intermediate School District (ISD) and a Health Department. The budget includes \$250,000 for Van Buren ISD to partner with the local health department in the support of CTE and health programs.	Gross Restricted GF/GP	250,000 250,000 0
10. Early Learning Collaborative. The budget includes \$175,000 for a pilot project between a district or ISD and an early learning collaborative, evaluating the relative impact on vulnerable children of increasing the number of years of preschool education offered.	Gross Restricted GF/GP	175,000 175,000 0
 B. PROGRAM INCREASES		
1. Foundation Allowance. The budget includes \$153.0 million to provide a foundation allowance increase ranging between \$60 and \$120 per pupil, depending on a district's 2015-16 foundation allowance. (Districts at the minimum will get the \$120 per-pupil increase.)	Gross Restricted GF/GP	153,000,000 (6,082,300) 159,082,300
2. School Bond Loan Fund Debt Service. The budget includes an increase of \$116.0 million to fund debt service on the School Bond Loan Fund program. This program's debt service levels were reduced significantly in FY 2015-16 due to refinancings; the \$116.0 million increase brings the level of the appropriation back to its earlier-projected amount (\$126.5 million) based on a lower number of refinancings.	Gross Restricted GF/GP	116,000,000 116,000,000 0
3. Michigan Public School Employees' Retirement System (MPSERS) Rate Cap. The budget includes an increase of \$89.3 million to pay the State share of the amount necessary to make the annual payment on the unfunded accrued liabilities in MPSERS above 20.96% of payroll.	Gross Restricted GF/GP	89,300,000 89,300,000 0
4. Federal Grants. The budget includes an increase of \$42.9 million in anticipated Federal grants.	Gross Federal GF/GP	42,863,500 42,863,500 0
5. State Special Education Funding. The budget includes an increase of \$27.8 million in State support of special education funding.	Gross Restricted GF/GP	27,800,000 27,800,000 0
6. Flint Declaration of Emergency. The budget includes FY 2015-16 supplemental funding of \$9.2 million GF/GP for Early On-type services, and then increases that level of funding by nearly \$1.0 million for FY 2016-17 for a range of different services.	Gross Restricted GF/GP	10,142,600 100 10,142,500

		FY 2016-17 Change From FY 2015-16 Year-to-Date	
7. CTE Dual Enrollment/Early Middle College Funding.	The budget increases CTE dual enrollment and early/middle college funding from \$1.0 million to \$9.0 million. In FY 2015-16, very little of the originally enacted \$10.0 million was spent; therefore, the supplemental reduced the FY 2015-16 appropriation to \$1.0 million, and the FY 2016-17 appropriation is increased back up to \$9.0 million.	Gross Restricted GF/GP	8,000,000 8,000,000 0
8. Additional Instructional Time for Early Literacy.	The budget restores an FY 2015-16 reduction in this line item (which was included in the supplemental since not all districts requested funding), bringing the total back up to \$17.5 million.	Gross Restricted GF/GP	3,900,000 3,900,000 0
9. Cash Flow Borrowing Costs.	The budget includes a \$2.0 million increase, bringing the total cost to \$3.0 million for the School Aid Fund to borrow from the General Fund in order to have sufficient cash flow to meet monthly State Aid payments.	Gross Restricted GF/GP	2,000,000 2,000,000 0
10. Gang Prevention Grants.	The budget increases funding for gang prevention grants from \$1.0 million to \$3.0 million.	Gross Restricted GF/GP	2,000,000 2,000,000 0
11. Science, Technology, Engineering, and Math (STEM) Grants.	The budget increases funding for STEM grants, to be awarded by the STEM Advisory Council, by \$1.0 million GF/GP.	Gross GF/GP	1,000,000 1,000,000
12. Other Cost Adjustments.	Other cost adjustments are included, with increases for Promise Zones (\$722,000) and payments in lieu of taxes (\$128,300).	Gross Restricted GF/GP	850,300 850,300 0
13. Student Transition Grants/Buena Vista.	The budget includes language directing the State Budget Office to lapse \$660,000 from a work project set up in FY 2013-14 related to Buena Vista, and the budget appropriates that funding for FY 2016-17 to pay off the district's remaining debt.	Gross Restricted GF/GP	660,000 660,000 0
14. FIRST Robotics.	The budget includes an increase from \$2.0 million to \$2.5 million for the FIRST Robotics program.	Gross Restricted GF/GP	500,000 500,000 0
15. Youth ChalleNge Program.	The budget includes an increase in the Department of Military and Veterans' Affairs Youth ChalleNge program of \$110,000, which flows through a local school district in which the program is located.	Gross Restricted GF/GP	110,000 110,000 0

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

16. CTE Education Culinary Program. The budget includes a \$79,000 GF/GP increase in CTE funding that is earmarked to support a culinary arts and education program.

Gross	79,000
GF/GP	79,000

C. PROGRAM ELIMINATIONS

1. Technology Grants. The budget eliminates funding for technology readiness grants, which were slated to be completed after FY 2015-16.

Gross	(23,500,000)
Restricted	(23,500,000)
GF/GP	0

2. Elimination of One-Time Funding. The budget eliminates various one-time GF/GP items as follows: teacher certification test review (\$1.8 million), college and career readiness tools (\$550,000), elementary teacher assessment of reading instruction (\$500,000), and civics education (\$60,000).

Gross	(2,910,000)
GF/GP	(2,910,000)

3. STEM-Related Funding. The budget eliminates \$475,000 GF/GP for the STEM partnership, and \$250,000 for STEM professional development.

Gross	(725,000)
Restricted	(250,000)
GF/GP	(475,000)

D. PROGRAM REDUCTIONS

1. Assessments (M-STEP). The budget reduces State funding of assessments by \$10.1 million, from \$44 million to \$33.9 million. The funding was used primarily to provide paper and pencil test options that are no longer necessary. (Technology grants mentioned under item C.1. were used to prepare districts for online assessments.)

Gross	(10,100,000)
Restricted	(10,100,000)
GF/GP	0

2. Consolidation Innovation Grants. The budget reduces consolidation innovation grants from \$5.0 million to \$3.0 million.

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

3. Dropout Recovery and Strict Discipline Academy Funding. The budget reduces dropout recovery funding and strict discipline academy funding by \$250,000 each, leaving \$750,000 for each program.

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

E. FUNDING SHIFTS

The budget includes a significant increase in GF/GP funding for FY 2016-17, which replaces School Aid Fund revenue in support of the overall budget, with the fund shift totaling \$163.8 million, reflected in the lines above.

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

FY 2015-16 Flint Water Emergency Supplemental. This funding is removed from the base. A total of \$10.1 million is appropriated for FY 2016-17. (See item B.6.)

Gross	(9,200,000)
GF/GP	(9,200,000)

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	263,200
Restricted	57,000
GF/GP	206,200

K. ONE-TIME APPROPRIATIONS

The budget identifies \$176.0 million of FY 2016-17 one-time appropriations, eliminates \$26.7 million of FY 2015-16 one-time appropriations, and shifts \$6.6 million of appropriations from one-time to ongoing:

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

	Gross	GF/GP
FY 2016-17		
Foundation allowance fund shift	\$133,983,400	\$154,213,500
Flint declaration of emergency.....	10,142,600	10,142,500
Computer adaptive tests	4,000,000	0
Career and technical education (CTE) equipment upgrades	3,200,000	3,000,000
Consolidation innovation grants.....	3,000,000	0
Gang prevention grants	3,000,000	0
Reimbursement for nonpublic school mandates	2,500,000	2,500,000
Dual enrollment incentive payments.....	1,750,000	0
Strict discipline academies and dropout recovery	1,500,000	0
Financial data analysis tools.....	1,500,000	0
Year-round schools grants.....	1,500,000	0
Online algebra tool.....	1,500,000	1,500,000
Dissolution grants	1,200,000	0
Special education task force recommendations (MiBLSi)	1,125,000	1,125,000
STEM Advisory Council grants and administration	1,050,000	1,050,000
Michigan Education Corps.....	1,000,000	1,000,000
Buena Vista debt payoff.....	660,000	0
FIRST Robotics.....	500,000	0
Competency-based transcript pilot project	500,000	500,000
Detroit Area Pre-college Engineering Program	340,000	340,000
Cooperative education grant (Marshall/Albion)	300,000	0
STEM Science Olympiad	250,000	0
STEM Van Andel Institute.....	250,000	250,000
CTE Van Buren ISD/Health Department	250,000	0
Local produce in schools	250,000	250,000

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

Kindergarten entry assessment.....	185,000	0
Early learning cooperative	175,000	0
Conductive learning center	150,000	0
Youth ChalleNGe program increase.....	110,000	0
CTE restaurant management/culinary training	79,000	79,000
CTE Awareness Campaign	50,000	50,000
Subtotal.....	\$176,000,000	\$176,000,000

FY 2016-17

Supplemental increase in great start readiness program (from One-Time to Ongoing)	(\$4,325,000)	(\$0)
Consolidation innovation grants (from One-Time to Ongoing)	(2,000,000)	(0)
Advanced Placement testing support (from One-Time to Ongoing)	(250,000)	(250,000)
Subtotal.....	(\$6,575,000)	(\$250,000)

FY 2015-16

Technology readiness grants (eliminated).....	(\$23,500,000)	(\$0)
Teacher certification test upgrades (eliminated).....	(1,800,000)	(1,800,000)
Career and technical education career planning tool (elim.)	(550,000)	(550,000)
Teacher reading instruction test (eliminated)	(500,000)	(500,000)
STEM professional development (eliminated).....	(250,000)	(250,000)
Civics education (eliminated).....	(60,000)	(60,000)
Subtotal.....	(\$26,660,000)	(\$3,160,000)

L. VETOES - NONE

**DEPARTMENT OF STATE
P.A. 268 of 2016 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,587.0	1,587.0	1,587.0	1,587.0	1,587.0	0.0	0.0
GROSS	234,341,700	258,015,600	238,915,600	253,015,600	248,015,600	13,673,900	5.8
Less:							
Interdepartmental Grants Received	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS	214,341,700	238,015,600	218,915,600	233,015,600	228,015,600	13,673,900	6.4
Less:							
Federal Funds.....	1,745,000	1,460,000	1,460,000	1,460,000	1,460,000	(285,000)	(16.3)
Local and Private	100	5,000,100	100	5,000,100	100	0	0.0
TOTAL STATE SPENDING	212,596,600	231,555,500	217,455,500	226,555,500	226,555,500	13,958,900	6.6
Less:							
Other State Restricted Funds	186,635,100	204,445,900	190,345,900	204,445,900	204,445,900	17,810,800	9.5
GENERAL FUND/GENERAL PURPOSE	25,961,500	27,109,600	27,109,600	22,109,600	22,109,600	(3,851,900)	(14.8)
PAYMENTS TO LOCALS	1,272,100	1,211,300	1,211,300	1,211,300	1,211,300	(60,800)	(4.8)

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

<p>1. Voting Equipment Replacement (One-Time). The budget includes one-time GF/GP funding of \$5.0 million for voting equipment replacement across all local jurisdictions.</p>	<p>Gross 5,000,000 GF/GP 5,000,000</p>
<p>2. MI-Time Line Maintenance. The budget increases restricted funding to allow the Department to service and maintain the 18 self-service kiosks located in certain branch offices. The kiosks allow customers to sign in to get into the queue for branch services.</p>	<p>Gross 470,000 Restricted 470,000 GF/GP 0</p>
<p>3. Rated Service Model. The budget includes new funding that allows the Department of Technology, Management, and Budget to bill the Department of State for services such as mailings, warehousing, and vehicle services using a standard rate plan instead of an hourly rate plan. The increased costs are due to staff training for the new system.</p>	<p>Gross 188,300 Restricted 174,900 GF/GP 13,400</p>

C. PROGRAM ELIMINATIONS

<p>Five-Year Early-Out Deferred Sick Leave Payments. The budget includes the removal of nearly \$600,000 for early-out sick leave payments as Department obligations will be satisfied as of the end of FY 2015-16 for employees who opted into the 2010 Early Retirement Program, which deferred sick leave payments over five years.</p>	<p>Gross (598,800) Restricted (68,100) GF/GP (530,700)</p>
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D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

<p>1. Removal of FY 2015-16 Supplemental Funding for Voting Equipment Replacement. The budget removes \$5.0 million of GF/GP funding provided for voting machine replacements via Public Act 268 of 2015.</p>	<p>Gross (5,000,000) GF/GP (5,000,000)</p>
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**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

2. Adjustment for FY 2015-16 Transfer. Legislative transfer 2016-3 transferred \$285,000 in authorization from Federal contingency funds to the Customer Delivery Services Central Operations line item to receive additional U.S. Department of Transportation grant funds. This pertains to the Performance and Registration Information Systems Management (PRISM) grant from the Federal Motor Carrier Safety Administration. Funding will be used to implement PRISM registration program requirements for each vehicle registered under the International Registration Plan (IRP). The IRP issues license plates to commercial trucks that travel in multiple states. PRISM allows states to share information with each other regarding these motor carriers to determine if they are suspended in other states. This funding is shown as a net negative adjustment here to accurately reflect the full changes from FY 2015-16 to FY 2016-17.

Gross	(285,000)
Federal	(285,000)
GF/GP	0

3. Adjustment for FY 2015-16 Supplemental Funding. An FY 2015-16 adjustment provided in Article XX of Public Act (PA) 268 of 2016 totals a positive \$3.8 million. Additional GF/GP funding is appropriated for FY 2015-16 as a work project for information technology services and projects; specifically to provide funding for mainframe and ExpressSOS technology upgrades necessitated by the enactment of PA 174 of 2015 (part of the road funding legislation). This funding is shown as a net negative adjustment here to accurately reflect the full changes from FY 2015-16 to FY 2016-17.

Gross	(3,800,000)
GF/GP	(3,800,000)

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$613,500 to \$628,800.

Gross	15,300
GF/GP	15,300

I. FEE INCREASES

Look-Up Fee Increase. The budget increases the fee for copies of motor vehicle records from \$8 per record requested to \$11 per record. The additional \$14.1 million in revenue is added to the Transportation Administration Collection Fund (TACF) for FY 2016-17, bringing total TACF funding to \$126.8 million.

Gross	14,100,000
Restricted	14,100,000
GF/GP	0

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	3,584,100
Restricted	3,134,000
GF/GP	450,100

K. ONE-TIME APPROPRIATIONS

The budget identifies \$5.0 million of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
Election Administration and Services	\$5,000,000	\$5,000,000
Total	\$5,000,000	\$5,000,000

L. VETOES - NONE

**DEPARTMENT OF STATE POLICE
P.A. 268 of 2016 – ARTICLE XVI**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	3,131.0	3,250.0	3,269.0	3,231.0	3,226.0	95.0	3.0
GROSS.....	638,116,200	658,726,100	662,556,500	653,971,300	649,476,100	11,359,900	1.8
Less:							
Interdepartmental Grants Received	26,224,300	26,580,400	26,580,400	26,580,400	26,580,400	356,100	1.4
ADJUSTED GROSS.....	611,891,900	632,145,700	635,976,100	627,390,900	622,895,700	11,003,800	1.8
Less:							
Federal Funds.....	87,945,900	87,967,800	87,967,800	87,967,800	87,967,800	21,900	0.0
Local and Private	5,533,400	5,906,600	5,906,600	5,906,600	5,906,600	373,200	6.7
TOTAL STATE SPENDING	518,412,600	538,271,300	542,101,700	533,516,500	529,021,300	10,608,700	2.0
Less:							
Other State Restricted Funds	124,828,200	126,358,500	126,358,500	126,358,500	126,358,500	1,530,300	1.2
GENERAL FUND/GENERAL PURPOSE	393,584,400	411,912,800	415,743,200	407,158,000	402,662,800	9,078,400	2.3
PAYMENTS TO LOCALS	15,464,100	19,198,900	19,198,900	18,348,900	17,198,900	1,734,800	11.2

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|--|----------------|------------------------|
| 1. School Safety Initiative. The budget includes \$2.0 million GF/GP for the return of a FY 2014-15 (Public Act 252 of 2014) one-time competitive grant program to provide grants to local K-12 schools for projects to enhance school safety. | Gross
GF/GP | 2,000,000
2,000,000 |
| 2. Advanced 9-1-1. The budget includes \$2.2 million in one-time GF/GP funds for the State to implement a statewide advanced system that allows public safety answering points to view voluntarily disclosed information relevant to the 9-1-1 caller, including information on properties and household members that will assist first responders in providing emergency services to the caller. | Gross
GF/GP | 2,200,000
2,200,000 |
| 3. Roadside Saliva Testing Pilot Project. The budget includes \$100 shifted from Criminal Investigations to create a \$100 placeholder for a multicounty project to test drug-detecting saliva kits used in the field. | Gross
GF/GP | 0
0 |

B. PROGRAM INCREASES

- | | | |
|---|-----------------------|--------------------------------|
| 1. Trooper School. The budget includes \$7.0 million GF/GP (\$3.2 million one-time and \$3.8 million ongoing) for a new trooper school to begin in April 2017 to graduate 65 candidates. | FTE
Gross
GF/GP | 65.0
7,000,000
7,000,000 |
| 2. Recruit School Second-Year Costs. The budget includes \$8,750,300 GF/GP in additional funds to reflect FY 2016-17 full second-year costs in salary, benefits, CSS&M (contracted services, supplies and materials), and fleet costs for the FY 2015-16 trooper school projected graduates. | Gross
GF/GP | 8,750,300
8,750,300 |
| 3. Cyber Crimes Enforcement. The budget includes \$1,706,300 GF/GP and 7.0 FTEs to provide additional support to increase capacity to prevent, detect, and investigate cybercrimes. | FTE
Gross
GF/GP | 7.0
1,706,300
1,706,300 |

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

- | | | |
|--|------------------------|--|
| <p>4. Secure Cities Expansion. The budget includes \$1,463,500 GF/GP and 9.0 FTEs for the expansion in coverage of the existing program that provides enhanced State Police support to cities in crisis. With this expansion, the program includes Muskegon Heights, Inkster, Hamtramck, Harper Woods, Highland Park, and Benton Harbor, in addition to the cities already being provided with enhanced support, which consist of Detroit, Flint, Pontiac, and Saginaw.</p> | <p>FTE 9.0</p> | |
| | <p>Gross 1,463,500</p> | |
| | <p>GF/GP 1,463,500</p> | |
| <p>5. Drug Enforcement Initiative. The budget includes \$753,200 GF/GP and 7.0 FTEs to deploy a statewide drug enforcement strategy focusing on prescription drug and opioid diversion and training of local police in detection and enforcement.</p> | <p>FTE 7.0</p> | |
| | <p>Gross 753,200</p> | |
| | <p>GF/GP 753,200</p> | |

C. PROGRAM ELIMINATIONS

- | | | |
|---|--|-----------------------------|
| <p>1. Five-Year Early-Out Deferred Sick Leave Payments. The budget eliminates payments, as Department obligations will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years for savings of \$347,000 Gross, \$174,700 GF/GP.</p> | | <p>Gross (347,000)</p> |
| | | <p>IDG (17,300)</p> |
| | | <p>Federal (47,400)</p> |
| | | <p>Restricted (107,600)</p> |
| | | <p>GF/GP (174,700)</p> |
| <p>2. FY 2015-16 One-Time Funding for Trooper School. The budget eliminates one-time funding for the one-time costs of the FY 2015-16 trooper school.</p> | | <p>Gross (3,200,000)</p> |
| | | <p>GF/GP (3,200,000)</p> |

D. PROGRAM REDUCTIONS

- | | | |
|--|--|------------------------|
| <p>1. Forensic Science Savings. The budget eliminates GF/GP funding (\$530,400) for four vacant forensic science positions.</p> | | <p>FTE (4.0)</p> |
| | | <p>Gross (530,400)</p> |
| | | <p>GF/GP (530,400)</p> |
| <p>2. State Capitol Complex Security Savings. The budget eliminates GF/GP funding (\$89,300) for one vacant State property security officer position.</p> | | <p>FTE (1.0)</p> |
| | | <p>Gross (89,300)</p> |
| | | <p>GF/GP (89,300)</p> |
| <p>3. Michigan International Speedway (MIS) Traffic Control. The budget includes a reduction from the FY 2015-16 GF/GP funding (\$831,900) dedicated to provide traffic control support for MIS to a level of \$800,000 for FY 2016-17. The appropriation also is shifted from ongoing to one-time status for FY 2016-17.</p> | | <p>Gross (31,900)</p> |
| | | <p>GF/GP (31,900)</p> |

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

1. Technical Adjustments Based Upon Actual Revenue Received. The budget makes technical adjustments, which include aligning interdepartmental grant, Federal, Local, and Restricted authorization to reflect actual revenue.

FTE	12.0
Gross	(185,600)
IDG	(11,900)
Federal	(485,900)
Local	300,000
Restricted	12,200
GF/GP	0

2. Adjustment for FY 2015-16 Supplemental Appropriations. The budget makes adjustments to reflect FY 2015-16 supplemental appropriations. Those include Public Act 3 of 2016, which provided \$100,000 GF/GP for the operations of the Flint Water Interagency Coordinating Committee; Article XX of Public Act 268 of 2016, which provided \$10.0 million GF/GP for the Disaster and Emergency Contingency Fund, \$750,000 GF/GP for energy disaster planning, and \$428,800 GF/GP for Field Services; and Article XXI of Public Act 268 of 2016, which provided \$6.0 million GF/GP for the Department costs related to the Flint drinking water declaration of emergency, which, in part, included the purchase of water and replacement home water filter cartridges.

Gross	(17,278,800)
GF/GP	(17,278,800)

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$585,500 to \$600,200.

Gross	14,700
IDG	100
Restricted	9,400
GF/GP	5,200

I. FEE INCREASES - NONE

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	9,134,900
IDG	385,200
Federal	555,200
Local	71,800
Private	1,400
Restricted	1,616,300
GF/GP	6,510,200

K. ONE-TIME APPROPRIATIONS

The budget identifies \$8.7 million of FY 2016-17 one-time appropriations (including the shift of MIS traffic control from ongoing to one-time) and eliminates \$13.9 million of FY 2015-16 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
Trooper Recruit School FY 2016-17	\$3,200,000	\$3,200,000
Sexual Assault Prevention and Education Initiative	500,000	500,000
Advanced 9-1-1.....	2,200,000	2,200,000
MIS Traffic Control (from ongoing to one-time)	800,000	800,200
School Safety Initiative	2,000,000	2,000,000
Subtotal.....	\$8,700,000	\$8,700,000
 FY 2015-16		
Trooper Recruit School - FY 2015-16.....	(\$3,200,000)	(\$3,200,000)
Disaster and Emergency Contingency Fund	(10,000,000)	(10,000,000)
Homeland Security - Energy Disaster.....	(750,000)	(750,000)
Subtotal.....	(\$13,950,000)	(\$13,950,000)

L. VETOES - NONE

**DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
P.A. 268 of 2016 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,613.0	1,609.0	1,609.0	1,609.0	1,609.0	(4.0)	(0.2)
GROSS	1,153,023,500	1,142,494,300	1,141,680,500	1,122,494,400	1,145,994,300	(7,029,200)	(0.6)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,153,023,500	1,142,494,300	1,141,680,500	1,122,494,400	1,145,994,300	(7,029,200)	(0.6)
Less:							
Federal Funds	764,102,800	773,944,800	773,944,800	773,944,800	768,144,800	4,042,000	0.5
Local and Private	10,052,500	6,119,000	6,119,000	6,119,000	6,119,000	(3,933,500)	(39.1)
TOTAL STATE SPENDING	378,868,200	362,430,500	361,616,700	342,430,600	371,730,500	(7,137,700)	(1.9)
Less:							
Other State Restricted Funds	180,411,200	192,341,600	192,341,600	192,341,600	192,341,600	11,930,400	6.6
GENERAL FUND/GENERAL PURPOSE	198,457,000	170,088,900	169,275,100	150,089,000	179,388,900	(19,068,100)	(9.6)
PAYMENTS TO LOCALS	11,224,800	11,224,800	11,224,800	11,224,800	11,224,800	0	0.0

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

<p>1. Statewide Data Systems Integration. The budget includes a new program using Federal funds to create and support the Workforce Longitudinal Data System to meet new workforce data reporting requirements and establish an integrated delivery system.</p>	<p>Gross 8,778,500 Federal 4,800,000 Restricted 3,978,500 GF/GP 0</p>
<p>2. Protect and Grow. The budget includes one-time funding to develop a program to attract and retain the defense industry.</p>	<p>Gross 3,000,000 GF/GP 3,000,000</p>
<p>3. Sustainable Employment Pilot Program. The budget includes a \$100 placeholder to be used to pilot a program to provide contracts to providers with a focus on moving individuals off of government assistance programs.</p>	<p>Gross 100 GF/GP 100</p>

B. PROGRAM INCREASES

<p>1. Skilled Trades Training Program. The budget includes a Restricted fund increase of \$10.0 million. Of the total, \$5.3 million is used to increase Gross appropriations, while \$4.7 million is used to replace GF/GP funding with Penalties and Interest revenue. Total appropriations for this program are \$30.9 million.</p>	<p>Gross 5,300,000 Restricted 10,000,000 GF/GP (4,700,000)</p>
<p>2. Business Attraction and Community Revitalization. The budget includes a Gross increase of \$1,499,900. Of the total, 21st Century Jobs Trust Fund revenue is increased by \$1.0 million, while GF/GP support is increased \$499,900. Total appropriations for this program are \$115.5 million.</p>	<p>Gross 1,499,900 Restricted 1,000,000 GF/GP 499,900</p>
<p>3. Pure Michigan. The budget includes a \$1.0 million increase in Gross and 21st Century Jobs Trust Fund revenue for total appropriations of \$34.0 million.</p>	<p>Gross 1,000,000 Restricted 1,000,000 GF/GP 0</p>
<p>4. Special Grants. The budget includes 21 individual special grants, which are outlined in boilerplate Sec. 1046. The table below summarizes the grants.</p>	<p>Gross 12,000,000 GF/GP 12,000,000</p>

<u>Municipality</u>	<u>Recipient/Purpose</u>	<u>Amount</u>
City of Detroit.....	Covenant Care Community Health	\$275,000
City of Detroit	Grandmount Rosedale Development Corporation	50,000
City of Taylor.....	Kennedy High Greenhouse	30,000
City of Taylor.....	Heritage Park	95,000
Redford Charter Township.....	Redford Union Schools, Chrome Books	100,000
City of Westland.....	Recreation Complex	100,000
City of Detroit.....	Community Justice Center	100,000
City of Detroit.....	Mon's Place Women's Shelter	75,000
City of Albion.....	Water System Capital Improvements	950,000
Grand Haven.....	Grand Haven State Park	800,000
Village of Athens.....	Water Tower Renovation	250,000
City of Detroit.....	Charles H. Wright African American History Museum	500,000
Kent County.....	Youth Fair	2,500,000
Lowell Township.....	Township Park	2,500,000
City of Wayne.....	Recreation Complex	100,000
City of Detroit.....	Maggie Lee's Community Center	25,000
City of Detroit.....	Detroit Collaborative Design Center	100,000
City of Grand Rapids.....	Van Andel Institute	1,000,000
City of Muskegon.....	Muskegon Farmer's Market	200,000
Alpena County.....	Unmanned Aerial Research	250,000
City of Kalamazoo.....	Kalamazoo Valley Community College, Healthy Campus Living	2,000,000
	Total (ALL Supported by GF/GP).....	\$12,000,000

C. PROGRAM ELIMINATIONS

FY 2015-16 One-Time Appropriations Removal. The budget removes funding for the Film Incentive program (\$25.0 million) and Special Grants (\$5.15 million). Gross (30,150,000)
GF/GP (30,150,000)

D. PROGRAM REDUCTIONS

1. Entrepreneurship Eco-System. The budget moves \$2.0 million from the 21st Century Jobs Trust Fund to Business Attraction and Community Revitalization and Pure Michigan. Total appropriations for this program are \$19.4 million. Gross (2,000,000)
Restricted (2,000,000)
GF/GP 0

<p>2. Five-Year Early-Out Deferred Sick Leave Payments. Department obligations will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years.</p>	<p>Gross (577,700) Federal (386,200) Restricted (132,300) GF/GP (59,200)</p>
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E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS

<p>Human Resources Transfer. The budget moves the human resource functions from the Talent Investment Agency and Michigan State Housing Development Authority, as well as 4.0 FTEs, to the Civil Service Commission.</p>	<p>Gross (710,000) Federal (535,400) Restricted (174,600) GF/GP 0</p>
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G. OTHER ISSUES

<p>1. Workforce Development Technical Adjustment. The budget makes adjustments to funding sources in the Talent Investment Agency to reflect projected changes in revenue; the various reductions are mainly due to declines in caseloads.</p>	<p>Gross (8,587,700) Federal (1,881,400) Local (3,933,500) Restricted (2,772,800) GF/GP 0</p>
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<p>2. Michigan Film Office. The budget moves 6.0 FTEs and funding in the Michigan Film Office to the Job Creation line item.</p>	<p>Gross 0 GF/GP 0</p>
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H. UNCLASSIFIED SALARIES

<p>The budget increases Gross funding for the unclassified salaries line item from \$875,500 to \$897,400.</p>	<p>Gross 21,900 Restricted 3,700 GF/GP 18,200</p>
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I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	3,395,800
Federal	2,045,000
Restricted	1,027,900
GF/GP	322,900

K. ONE-TIME APPROPRIATIONS

The budget identifies \$37.8 million of FY 2016-17 one-time appropriations, and eliminates \$30.2 million of FY 2015-16 one-time appropriations:

	<u>Gross</u>	<u>GF/GP</u>
FY 2016-17		
Business Attraction and Community Revitalization	\$13,999,900	\$13,999,900
Special Grants	12,000,000	12,000,000
Statewide Data Systems Integration.....	8778,500	0
Protect and Grow	3,000,000	3,000,000
Sustainable Employment Pilot Program	100	100
Subtotal.....	\$37,778,500	\$29,000,000
FY 2015-16		
Film Incentives	(\$25,000,000)	(\$25,000,000)
Special Grants	(5,150,000)	(5,150,000)
Subtotal.....	(\$30,150,000)	(\$30,150,000)

L. VETOES - NONE

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
P.A. 268 of 2016 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,844.0	2,877.0	2,862.0	2,856.0	2,877.0	33.0	1.2
GROSS	1,271,293,700	1,320,591,700	1,316,141,300	1,291,883,100	1,301,191,700	29,898,000	2.4
Less:							
Interdepartmental Grants Received	678,478,500	696,904,100	694,054,100	694,054,100	694,054,100	15,575,600	2.3
ADJUSTED GROSS	592,815,200	623,687,600	622,087,200	597,829,000	607,137,600	14,322,400	2.4
Less:							
Federal Funds	7,997,300	4,958,200	4,958,200	4,958,200	4,958,200	(3,039,100)	(38.0)
Local and Private	3,777,800	2,320,000	2,320,000	2,320,000	2,320,000	(1,457,800)	(38.6)
TOTAL STATE SPENDING	581,040,100	616,409,400	614,809,000	590,550,800	599,859,400	18,819,300	3.2
Less:							
Other State Restricted Funds	98,571,900	111,490,800	114,340,800	114,340,800	114,340,800	15,768,900	16.0
GENERAL FUND/GENERAL PURPOSE	482,468,200	504,918,600	500,468,200	476,210,000	485,518,600	3,050,400	0.6
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | |
|--|---|
| <p>1. Office of Retirement Services. The budget increases restricted funding by \$3.6 million for total funding of \$30.8 million in FY 2016-17 and adds 5.0 FTE positions to cover additional administrative costs to administer the various retirement system changes due to enacted legislation affecting both Defined Contribution and Deferred Compensation.</p> | <p>FTE 5.0
Gross 3,631,100
Restricted 3,631,100
GF/GP 0</p> |
| <p>2. Rated Service Model. The budget includes new funding that allows the Department of Technology, Management, and Budget (DTMB) to collect fees from other State departments and agencies for services provided, such as mailings, warehousing, and vehicle services.</p> | <p>Gross 10,632,400
IDG 10,632,400
GF/GP 0</p> |
| <p>3. Enterprise Identity Management (MiLogin). The budget adds new GF/GP funding and 6.0 FTE positions for the MiLogin program, which will allow a single sign-on and identity management tool to enable the State to establish, manage, and authenticate user identities for State information technology systems.</p> | <p>FTEs 6.0
Gross 6,700,000
GF/GP 6,700,000</p> |
| <p>4. Office of Good Government. The budget adds new funding of \$2.7 million (\$1.5 million GF/GP) and 6.0 FTE positions for costs related to employee engagement and citizen surveys that support various transformational initiatives.</p> | <p>FTE 6.0
Gross 2,678,700
Restricted 1,178,700
GF/GP 1,500,000</p> |
| <p>5. Office of Retirement Services Information Technology (IT) Modernization and Enterprise Mandates (One-Time). The budget includes \$2.9 million in new one-time funding for enterprise mandated changes to upgrade and modernize the Office's IT and for increased support costs.</p> | <p>Gross 2,850,000
Restricted 2,850,000
GF/GP 0</p> |
| <p>6. IT Investment Funds (One-Time). The budget includes \$4.5 million in new one-time GF/GP funding to provide \$2.5 million to the Department of Treasury for legacy system replacement costs and \$2.0 million for the SIGMA Project to leverage MiLogin capabilities.</p> | <p>Gross 4,500,000
GF/GP 4,500,000</p> |
| <p>7. Cyber Security. The budget increases GF/GP funding by \$4.0 million for the second year of a multiyear program to enhance cyber security protection across all State IT systems. Funding appropriated in the budget for the Homeland Security Initiative/Cyber Security line item for FY 2016-17 totals \$13.1 million.</p> | <p>Gross 4,000,000
GF/GP 4,000,000</p> |

		FY 2016-17 Change From FY 2015-16 Year-to-Date
8. Michigan State Police Retirement Payout Adjustment. The budget increases GF/GP funding by \$132,000 to meet the payment obligations required of Public Act 168 of 2015, which provided increased pension payment adjustments for certain retired State Police personnel.	Gross GF/GP	132,000 132,000
9. Bureau of Labor Market Information and Strategic Initiatives (LMISI). The budget increases local revenue funding by \$35,000 for a total of \$5.4 million to increase the authorization for LMISI to begin collecting revenue from local customers for customized data requests.	Gross Local GF/GP	35,000 35,000 0
10. Enterprisewide Special Maintenance for State Facilities (One-Time). The budget includes one-time GF/GP funding of \$1.6 million to provide maintenance services to State-owned buildings across the State. Total ongoing and one-time funding for this line item in FY 2016-17 is \$27.6 million.	Gross GF/GP	1,600,900 1,600,900
11. Business and Financial Management. The budget adds \$500,000 in GF/GP for special projects. The projects are not specified and will be determined by the State Budget Director later in the fiscal year. This is an increase of \$145,000 from the one-time funding provided in FY 2015-16. Of the \$500,000 appropriated for FY 2016-17 for special projects, \$250,000 is ongoing funding and \$250,000 is one-time funding.	Gross GF/GP	500,000 500,000
12. Legal Services (One-Time). The budget provides \$5.0 million in one-time funding for litigation costs anticipated by DTMB to be incurred in FY 2016-17. This is an increase of \$4.0 million from the one-time funding provided in FY 2015-16.	Gross GF/GP	5,000,000 5,000,000

C. PROGRAM ELIMINATIONS

1. Removal of FY 2015-16 One-Time Appropriations. The budget removes \$5.2 million in one-time funding provided in the FY 2015-16 budget as follows: Legal Services (\$1.0 million); Technology Services Funding - Treasury (\$3.0 million); Technology Services Funding - DTMB (\$600,000); Cost Study of Public Act 555 of 2014 (\$500,000); and Special Projects (\$105,000).	Gross IDG GF/GP	(5,205,000) (600,000) (4,605,000)
2. Five-Year Early-Out Deferred Sick Leave Payments. The budget removes of \$1.6 million for early-out sick leave payments as Department obligations will be satisfied as of the end of FY 2015-16 for employees who opted into the 2010 Early Retirement Program, which deferred sick leave payments over five years.	Gross IDG Federal Local Restricted GF/GP	(1,595,500) (883,600) (19,600) (1,000) (426,000) (265,300)

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

D. PROGRAM REDUCTIONS

- | | | |
|--|-------|-------------|
| <p>1. State Building Authority Rent Adjustments. The budget reduces GF/GP funding by \$8.0 million for total funding of \$246.6 million for FY 2016-17. Reductions result from the realization of lowered costs due to refinancing and the realization of cancellation of leases in July 2015 renegotiations.</p> | Gross | (8,000,000) |
| | GF/GP | (8,000,000) |
| | | |
| <p>2. Enterprisewide Special Maintenance. The budget decreases GF/GP funding for the ongoing appropriations for this line item by \$3.5 million to provide maintenance services to State-owned buildings across the State. Total ongoing funding in FY 2016-17 decreases from \$29.5 million to \$26.0 million.</p> | Gross | (3,500,000) |
| | GF/GP | (3,500,000) |
| | | |
| <p>3. Office of Urban Initiatives. The budget reduces GF/GP funding for this line item by 60% (or \$1.5 million) for total funding of \$1.0 million for FY 2016-17.</p> | Gross | (1,500,000) |
| | GF/GP | (1,500,000) |

E. FUNDING SHIFTS

<p>Civil Service Commission. The budget includes the zeroing out of interdepartmental grant (IDG), Federal, Local, and Private funding sources to reflect the funding source from which the Commission's expenditures are actually made, which is Restricted funds. The Commission receives IDG, Federal, Local, and Private funds from all State departments and agencies as pass-through funds but the Commission internally treats the funds as Restricted. This change more accurately reflects the correct source of funding for the Commission, which in turn will simplify its accounting of the funds. The Gross change as a result nets to zero.</p>	Gross	0
	IDG	(4,630,500)
	Federal	(3,062,600)
	Local	(1,317,700)
	Private	(190,100)
	Restricted	9,200,900
	GF/GP	0

F. PROGRAM TRANSFERS

- | | | |
|---|------------|---------|
| <p>1. Human Resources for Department of Talent and Economic Development (TED). The budget includes a shift in funding and 4.0 FTE positions from TED to the Civil Service Commission (CSC) for costs related to human resources, which will be provided by the CSC. All human resource functions for State departments and agencies are coordinated through the CSC.</p> | FTE | 4.0 |
| | Gross | 710,000 |
| | Restricted | 710,000 |
| | GF/GP | 0 |

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

- | | | | | | | | |
|---|--|-----|------|-------|---------|-------|---------|
| <p>2. Executive Budget Revision 2017-3. The Governor submitted revision 2017-3 to change his original Executive Budget Recommendation by transferring \$495,000 and 10.0 FTE positions from the Department of Licensing and Regulatory Affairs, due to the issuance of Executive Order 2016-4, which created the Office of Performance and Transformation within the DTMB.</p> | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">FTE</td> <td style="width: 20%;">10.0</td> </tr> <tr> <td>Gross</td> <td>495,500</td> </tr> <tr> <td>GF/GP</td> <td>495,500</td> </tr> </table> | FTE | 10.0 | Gross | 495,500 | GF/GP | 495,500 |
| FTE | 10.0 | | | | | | |
| Gross | 495,500 | | | | | | |
| GF/GP | 495,500 | | | | | | |

G. OTHER ISSUES

- | | | | | | | | | | |
|---|--|-------|------------|------------|-------------|------------|------------|-------|-----------|
| <p>1. Information Technology (IT) – Alignment of IDG funding. The budget includes a net increase of \$5.6 million and 2.0 FTE positions for the IT portion of the budget to align its IDG funding with enacted FY 2015-16 appropriations for all State departments. Funding appropriated in the budget for statewide IT costs for FY 2016-17 totals \$626.9 million.</p> | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">FTE</td> <td style="width: 20%;">2.0</td> </tr> <tr> <td>Gross</td> <td>5,551,500</td> </tr> <tr> <td>IDG</td> <td>5,551,500</td> </tr> <tr> <td>GF/GP</td> <td>0</td> </tr> </table> | FTE | 2.0 | Gross | 5,551,500 | IDG | 5,551,500 | GF/GP | 0 |
| FTE | 2.0 | | | | | | | | |
| Gross | 5,551,500 | | | | | | | | |
| IDG | 5,551,500 | | | | | | | | |
| GF/GP | 0 | | | | | | | | |
| <p>2. Miscellaneous Changes. The budget includes the following: a net zero Gross change for the Statewide Cost Allocation Plan that results in a negative adjustment to GF/GP funding of \$296,600; and a negative adjustment of \$152,600 for Professional Development to comply with contracts.</p> | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Gross</td> <td style="width: 20%;">(152,600)</td> </tr> <tr> <td>IDG</td> <td>117,800</td> </tr> <tr> <td>Restricted</td> <td>26,200</td> </tr> <tr> <td>GF/GP</td> <td>(296,600)</td> </tr> </table> | Gross | (152,600) | IDG | 117,800 | Restricted | 26,200 | GF/GP | (296,600) |
| Gross | (152,600) | | | | | | | | |
| IDG | 117,800 | | | | | | | | |
| Restricted | 26,200 | | | | | | | | |
| GF/GP | (296,600) | | | | | | | | |
| <p>3. Adjustment for FY 2015-16 Supplemental Funding (Article XX). An FY 2015-16 adjustment provided in Article XX of Public Act 268 of 2016 totals a negative \$10.8 million. This supplemental appropriation includes the following: 1) A reduction totaling \$26.5 million for the State Building Authority Rent line item as a result of savings from the State Building Authority's July 2015 refunding deal; 2) additional funding of \$325,000 for the Civil Service Commission to enhance manager trainings for Civil Service employees; 3) additional funding totaling \$11.0 million for legal services to provide support for major litigation involving the Governor or the Attorney General in his official capacity and for securing outside legal advice on major statewide issues not unique to a single agency; 4) new funding of \$145,000 for additional payments to State Police retirees as provided in PA 168 of 2015; 5) additional funding totaling \$2.8 million for the Office of Retirement Services to support modification costs associated with the Office's systems interface transition from MAIN to SIGMA; and 6) one-time only appropriations totaling \$1.4 million; \$400,000 for the Education Commission for administrative costs and \$1.0 million for Special Projects (which are not specified and will be determined by the State Budget Director later in the fiscal year). This funding is shown as a net positive adjustment here to accurately reflect the full changes from FY 2015-16 to FY 2016-17.</p> | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Gross</td> <td style="width: 20%;">10,830,000</td> </tr> <tr> <td>Restricted</td> <td>(2,800,000)</td> </tr> <tr> <td>GF/GP</td> <td>13,630,000</td> </tr> </table> | Gross | 10,830,000 | Restricted | (2,800,000) | GF/GP | 13,630,000 | | |
| Gross | 10,830,000 | | | | | | | | |
| Restricted | (2,800,000) | | | | | | | | |
| GF/GP | 13,630,000 | | | | | | | | |

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

4. Adjustment for FY 2015-16 Supplemental Funding (Article XXI). An FY 2015-16 adjustment provided in Article XXI of PA 268 of 2016 totals a positive \$18.9 million. One-time only appropriations totaling \$18.9 million are appropriated to the Drinking Water Declaration of Emergency Reserve Fund created via boilerplate Section 901 of this Article. The funds may be spent only upon appropriation or legislative transfer pursuant to Section 393 of the Management and Budget Act. This funding is shown as a net negative adjustment here to accurately reflect the full changes from FY 2015-16 to FY 2016-17.

Gross (18,900,000)
GF/GP (18,900,000)

H. UNCLASSIFIED SALARIES

Salary and Wage Increase. The budget increases funding for the unclassified salary line item from \$977,000 to \$1,001,400 in FY 2016-17.

Gross 24,400
GF/GP 24,400

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross 8,879,600
IDG 5,388,000
Federal 43,100
Local 16,000
Restricted 1,398,000
GF/GP 2,034,500

K. ONE-TIME APPROPRIATIONS

The budget identifies \$14,200,900 of FY 2016-17 one-time appropriations and eliminates \$25,505,000 of FY 2015-16 one-time appropriations:

	<u>Gross</u>	<u>GF/GP</u>
FY 2016-17		
ITIF One-Time Augmentation	\$4,500,000	\$4,500,000
Enterprisewide Special Maintenance for State Facilities	1,600,900	1,600,900

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

Office of Retirement Services IT Modernization and Enterprise Mandates.....	2,850,000	0
Legal Services	5,000,000	5,000,000
Special Projects	250,000	250,000
Subtotal.....	\$14,200,900	\$11,350,900

FY 2015-16

Legal Services	(\$1,000,000)	(\$0)
Technology Services - DTMB	(600,000)	0
Technology Services - Treasury	(3,000,000)	(3,000,000)
Cost Study of PA 555 of 2014	(500,000)	(500,000)
Special Projects	(105,000)	(105,000)
Article XX – Education Commission	(400,000)	(400,000)
Article XX – Special Projects	(1,000,000)	(1,000,000)
Article XXI – Drinking Water Declaration of Emergency Reserve Fund	(18,900,000)	(18,900,000)
Subtotal.....	(\$25,505,000)	(\$24,905,000)

L. VETOES - NONE

**DEPARTMENT OF TRANSPORTATION
P.A. 268 of 2016 – ARTICLE XVII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	2,912.3	2,912.3	2,912.3	2,912.3	2,912.3	0.0	0.0
GROSS	3,898,451,400	4,125,203,600	4,025,203,600	4,114,803,600	4,114,503,600	216,052,200	5.5
Less:							
Interdepartmental Grants Received	3,928,500	4,013,400	4,013,400	4,013,400	4,013,400	84,900	2.2
ADJUSTED GROSS	3,894,522,900	4,121,190,200	4,021,190,200	4,110,790,200	4,110,490,200	215,967,300	5.5
Less:							
Federal Funds	1,259,488,000	1,314,744,000	1,314,744,000	1,314,744,000	1,314,744,000	55,256,000	4.4
Local and Private	50,643,500	50,518,500	50,518,500	50,518,500	50,518,500	(125,000)	(0.2)
TOTAL STATE SPENDING	2,584,391,400	2,755,927,700	2,655,927,700	2,745,527,700	2,745,227,700	160,836,300	6.2
Less:							
Other State Restricted Funds	2,184,391,400	2,745,527,700	2,645,527,700	2,745,527,700	2,736,727,700	552,336,300	25.3
GENERAL FUND/GENERAL PURPOSE	400,000,000	10,400,000	10,400,000	0	8,500,000	(391,500,000)	(97.9)
PAYMENTS TO LOCALS	1,438,206,000	1,583,461,200	1,518,651,200	1,583,461,200	1,590,461,200	152,255,200	10.6

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

- | | |
|--|---|
| <p>1. Air Service Program. The Air Service Program, which was originally established in 1987 and funded airport-specific projects related to capital improvement and equipment, carrier recruitment and retention, and airport awareness, was not funded in FY 2015-16. The FY 2016-17 budget provides \$250,000 for the program.</p> | <p>Gross 250,000
Restricted 250,000
GF/GP 0</p> |
| <p>2. Rail Grade Crossing Surface Improvements. Pursuant to the road funding package enacted in 2015, the budget appropriates \$3.0 million to subsidize 60% of maintenance costs of selected privately owned rail grade crossings.</p> | <p>Gross 3,000,000
Restricted 3,000,000
GF/GP 0</p> |
| <p>3. Detroit Metropolitan/Wayne County Airport Debt Repayment/Capital Improvements. The budget directs funds from the recently established Qualified Airport Fund to debt repayment and capital improvements at the Detroit Metro airport.</p> | <p>Gross 8,775,000
Restricted 8,775,000
GF/GP 0</p> |

B. PROGRAM INCREASES

- | | |
|---|---|
| <p>1. Blue Water Bridge. The budget includes \$18.4 million in additional revenue for a customs plaza project and a negative revenue adjustment of \$1,400 for bridge operations.</p> | <p>Gross 18,416,300
Restricted 18,416,300
GF/GP 0</p> |
| <p>2. Aeronautics Program. Revenue adjustments and changes to the aviation fuel sales tax increased revenue available to the Aeronautics Program (more than offsetting \$1.5 million GF/GP used in FY 2015-16, as discussed below under Funding Shifts).</p> | <p>Gross 1,774,300
Restricted 1,774,300
GF/GP 0</p> |
| <p>3. Public Transit. The budget includes additional funding resulting from the road funding legislation enacted in 2015, providing additional revenue to most public transit programs, including local bus operations (\$18.9 million), rail operations and infrastructure (\$15.8 million), and transit capital (\$12.7 million). Federal revenue increases also provide an additional \$10.0 million to transit capital. The budget reduces local revenue by \$125,000, partially reflecting a one-time Bus Rapid Transit grant in FY 2015-16, which also reduced Federal revenue by \$1.5 million.</p> | <p>Gross 56,195,400
Federal 8,500,000
Local (125,000)
Restricted 47,820,400
GF/GP 0</p> |

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

- | | | |
|--|--|--|
| <p>4. Local Road Agencies and Local Bridge Program. The budget provides additional funding to county road commissions, cities and villages, and the local bridge program. The increases reflect additional revenue from the road funding package enacted in 2015 plus a \$32.1 million increase in Federal funds. As discussed below under Funding Shifts, a portion of the appropriation replaces \$158.6 million GF/GP used in the FY 2015-16 budget with Restricted revenue from the road funding legislation.</p> | <p>Gross</p> <p>Federal</p> <p>Restricted</p> <p>GF/GP</p> | <p>157,139,150</p> <p>32,068,000</p> <p>125,071,150</p> <p>0</p> |
| <p>5. Special Grants. The budget includes \$8.5 million GF/GP to fund three special road projects: 1) US-31 right-of-way acquisition in Berrien County, 2) completion of an all-season truck route between M-52 and US-223 in Lenawee County, and 3) access ramps at M-53 and 33 Mile Road in Macomb County.</p> | <p>Gross</p> <p>GF/GP</p> | <p>8,500,000</p> <p>8,500,000</p> |
| <p>6. Transition to DTMB Standard Rate Plan. The budget includes funding that allows the Department of Technology, Management, and Budget (DTMB) to bill the Department of Transportation for services such as mailings, warehousing, and vehicle services, using a standard rate plan instead of an hourly rate plan. The budget provides an additional \$660,300 for information technology services and projects to reflect the DTMB's shift to a rated service cost allocation model.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>660,300</p> <p>660,300</p> <p>0</p> |

C. PROGRAM ELIMINATIONS

- | | | |
|---|---|--|
| <p>1. One-Time Federal Match for Transit and Rail. The FY 2015-16 budget included an additional \$25.0 million in order to meet a one-time Federal match related to the M-1 rail line in Detroit.</p> | <p>Gross</p> <p>GF/GP</p> | <p>(25,000,000)</p> <p>(25,000,000)</p> |
| <p>2. Five-Year Early-Out Deferred Sick Leave Payments. An early retirement program from FY 2009-10 resulted in agency budgets being adjusted to cover a required five-year payout of sick leave. The last year of those payments was FY 2015-16. Removing the adjustment results in a reduction of \$1.4 million.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(1,441,100)</p> <p>(1,441,100)</p> <p>0</p> |

D. PROGRAM REDUCTIONS

- | | | |
|---|---|--|
| <p>1. Transportation Economic Development Fund Target Industries. The budget includes a redirection of \$10.4 million to the State Trunkline Fund for Road and Bridge Construction, as well as an \$8.8 million reduction in anticipation of revenue being redirected to the General Fund.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>(14,323,000)</p> <p>(14,323,000)</p> <p>0</p> |
|---|---|--|

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

- | | | | | | | | | | |
|--|--|-------|-------------|---------|------------|------------|--------------|-------|---|
| <p>2. State Trunkline Fund for Road and Bridge Construction. The budget includes a net decrease in State trunkline construction funded from the State Trunkline Fund. While the budget includes an additional \$15.4 million in Federal revenue, \$194.7 million in revenue adjustments, and new revenue attributable to the road funding package enacted in 2015 (including \$10.4 million of revenue transferred to the State Trunkline Fund from the Transportation Economic Development Fund), the increases do not fully offset the loss of \$214.8 million in GF/GP revenue appropriated in the FY 2015-16 budget (discussed under Funding Shifts).</p> | <table border="0"> <tr><td>Gross</td><td>(4,751,450)</td></tr> <tr><td>Federal</td><td>15,437,000</td></tr> <tr><td>Restricted</td><td>(20,188,450)</td></tr> <tr><td>GF/GP</td><td>0</td></tr> </table> | Gross | (4,751,450) | Federal | 15,437,000 | Restricted | (20,188,450) | GF/GP | 0 |
| Gross | (4,751,450) | | | | | | | | |
| Federal | 15,437,000 | | | | | | | | |
| Restricted | (20,188,450) | | | | | | | | |
| GF/GP | 0 | | | | | | | | |

E. FUNDING SHIFTS

- | | | | | | | | |
|--|--|-------|---|------------|-------------|-------|---------------|
| <p>1. State Trunkline Fund for Road and Bridge Construction. New revenue attributable to the road funding package enacted in 2015 replaces \$214.8 million GF/GP appropriated in the FY 2015-16 budget. However, as discussed above under Program Reductions, the new revenue does not fully offset the loss of GF/GP revenue appropriated in the FY 2015-16 budget.</p> | <table border="0"> <tr><td>Gross</td><td>0</td></tr> <tr><td>Restricted</td><td>214,847,250</td></tr> <tr><td>GF/GP</td><td>(214,847,250)</td></tr> </table> | Gross | 0 | Restricted | 214,847,250 | GF/GP | (214,847,250) |
| Gross | 0 | | | | | | |
| Restricted | 214,847,250 | | | | | | |
| GF/GP | (214,847,250) | | | | | | |
| <p>2. Local Road Agencies and Local Bridge Program. As discussed above under Program Increases, the budget provides additional funding to county road commissions, cities and villages, and the local bridge program. The increases reflect additional revenue from the road funding package enacted in 2015 plus a \$32.1 million increase in Federal funds. However, a portion of the appropriation replaces \$158.6 million GF/GP used in the FY 2015-16 budget with Restricted revenue from the road funding legislation.</p> | <table border="0"> <tr><td>Gross</td><td>0</td></tr> <tr><td>Restricted</td><td>158,631,650</td></tr> <tr><td>GF/GP</td><td>(158,631,650)</td></tr> </table> | Gross | 0 | Restricted | 158,631,650 | GF/GP | (158,631,650) |
| Gross | 0 | | | | | | |
| Restricted | 158,631,650 | | | | | | |
| GF/GP | (158,631,650) | | | | | | |
| <p>3. Aeronautics Program. The FY 2015-16 budget used \$1.5 million GF/GP to fund the airport safety, protection, and improvement program. As discussed under Program Increases, changes to the aviation fuel tax that were enacted in 2015 increased Restricted revenue to the Aeronautics Fund, allowing the restricted revenue to replace the GF/GP revenue.</p> | <table border="0"> <tr><td>Gross</td><td>0</td></tr> <tr><td>Restricted</td><td>1,521,100</td></tr> <tr><td>GF/GP</td><td>(1,521,100)</td></tr> </table> | Gross | 0 | Restricted | 1,521,100 | GF/GP | (1,521,100) |
| Gross | 0 | | | | | | |
| Restricted | 1,521,100 | | | | | | |
| GF/GP | (1,521,100) | | | | | | |

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

- | | | | | | | | |
|--|--|-------|---------|------------|---------|-------|---|
| <p>1. IDG Adjustments. Technical adjustments to interdepartmental grants (IDGs) to other departments totaled \$813,800.</p> | <table border="0"> <tr><td>Gross</td><td>813,800</td></tr> <tr><td>Restricted</td><td>813,800</td></tr> <tr><td>GF/GP</td><td>0</td></tr> </table> | Gross | 813,800 | Restricted | 813,800 | GF/GP | 0 |
| Gross | 813,800 | | | | | | |
| Restricted | 813,800 | | | | | | |
| GF/GP | 0 | | | | | | |

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

2. Debt Service Adjustments. Appropriations for debt service obligations are decreased. In FY 2015-16, \$238.9 million Gross, \$0 GF/GP was appropriated to debt service. The FY 2016-17 budget includes \$237.9 million Gross, \$0 GF/GP for debt service.

Gross	(935,500)
Federal	1,000
Restricted	(936,500)
GF/GP	0

3. Other Adjustments. The budget makes other adjustments to more accurately reflect cost allocations between Federal and Restricted revenue.

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

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$735,600 to \$754,000.

Gross	18,400
Restricted	18,400
GF/GP	0

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	6,960,600
IDG	84,900
Restricted	6,875,700
GF/GP	0

K. ONE-TIME APPROPRIATIONS

The budget identifies \$8.5 million of FY 2016-17 one-time appropriations and eliminates \$258.0 million of FY 2015-16 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
Special Grants	\$8,500,000	\$8,500,000
Subtotal	\$8,500,000	\$8,500,000
FY 2015-16		
State and Local Road and Bridge Programs	(\$258,000,000)	(\$258,000,000)
Subtotal	(\$258,000,000)	(\$258,000,000)

L. VETOES - NONE

**DEPARTMENT OF TREASURY - DEBT SERVICE
P.A. 268 of 2016 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	156,449,000	137,037,000	137,037,000	137,037,000	137,037,000	(19,412,000)	(12.4)
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	156,449,000	137,037,000	137,037,000	137,037,000	137,037,000	(19,412,000)	(12.4)
Less:							
Federal Funds.....	0	0	0	0	0	0	0.0
Local and Private	0	0	0	0	0	0	0.0
TOTAL STATE SPENDING	156,449,000	137,037,000	137,037,000	137,037,000	137,037,000	(19,412,000)	(12.4)
Less:							
Other State Restricted Funds	0	0	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	156,449,000	137,037,000	137,037,000	137,037,000	137,037,000	(19,412,000)	(12.4)
PAYMENTS TO LOCALS	0	0	0	0	0	0	0.0

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|---|-------|------------|
| <p>1. Clean Michigan Initiative. The budget increases debt service payments for this bond due to scheduled increases in bond payments without any projected issuances of new bonds in FY 2016-17. This increases total debt service payments to \$89,477,000.</p> | Gross | 25,516,000 |
| | GF/GP | 25,516,000 |
| <p>2. Great Lakes Water Quality Bonds. The budget increases debt service payments for this bond. Of the total, there is an \$8,005,000 reduction in scheduled payments and \$10,349,000 in projected new bond issues for FY 2016-17. This increases total debt service payments to \$18,873,000.</p> | Gross | 2,344,000 |
| | GF/GP | 2,344,000 |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS

- | | | |
|--|-------|--------------|
| <p>Quality of Life Bonds. The budget reduces debt service payments for this bond due to projected decreases in scheduled bond payments with no new projected bonds being issued for FY 2016-17. This reduces total debt service payments to \$28,687,000.</p> | Gross | (47,272,000) |
| | GF/GP | (47,272,000) |

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES - NONE

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS - NONE

L. VETOES - NONE

DEPARTMENT OF TREASURY - OPERATIONS
P.A. 268 of 2016 – ARTICLE VIII

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	1,901.5	1,906.5	1,906.5	1,902.5	1,906.5	5.0	0.3
GROSS	630,327,100	518,001,500	519,001,600	517,751,500	519,123,200	(111,203,900)	(17.6)
Less:							
Interdepartmental Grants Received	9,500,700	11,250,600	11,262,300	11,262,300	11,262,300	1,761,600	18.5
ADJUSTED GROSS	620,826,400	506,750,900	507,739,300	506,489,200	507,860,900	(112,965,500)	(18.2)
Less:							
Federal Funds.....	39,661,500	39,954,200	39,920,800	39,920,800	39,920,800	259,300	0.7
Local and Private	9,055,100	9,292,400	9,227,700	9,227,700	9,227,700	172,600	1.9
TOTAL STATE SPENDING	572,109,800	457,504,300	458,590,800	457,340,700	458,712,400	(113,397,400)	(19.8)
Less:							
Other State Restricted Funds	403,049,500	359,595,500	360,181,900	360,247,200	360,303,600	(42,745,900)	(10.6)
GENERAL FUND/GENERAL PURPOSE	169,060,300	97,908,800	98,408,900	97,093,500	98,408,800	(70,651,500)	(41.8)
PAYMENTS TO LOCALS	271,107,300	186,270,700	186,270,700	186,270,700	186,270,700	(84,836,600)	(31.3)

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS

- | | | |
|---|------------------------|--------------------------------|
| <p>1. Free Individual Tax Return e-File. The budget provides one-time funding to develop a free individual tax return e-file system.</p> | <p>Gross
GF/GP</p> | <p>2,842,500
2,842,500</p> |
| <p>2. Student Loan Delinquency Pilot Program. The budget provides funding for a one-year pilot program that provides one-on-one student loan counseling.</p> | <p>Gross
GF/GP</p> | <p>345,600
345,600</p> |

B. PROGRAM INCREASES

- | | | |
|--|---|--|
| <p>1. Payments in Lieu of Taxes. The budget increases this program due to scheduled and statutory increases.</p> | <p>Gross
Private
Restricted
GF/GP</p> | <p>1,304,700
1,300
246,600
1,056,800</p> |
| <p>2. Casino Gaming Information Technology. The budget provides ongoing support and upgrades for information technology costs.</p> | <p>Gross
Restricted
GF/GP</p> | <p>500,000
500,000
0</p> |
| <p>3. Indian Casino Auditor. The budget increases funding and 1.0 FTE position to support an additional auditor to allow each Indian casino to have an annual audit conducted.</p> | <p>Gross
Restricted
GF/GP</p> | <p>118,300
118,300
0</p> |
| <p>4. Agency Services Transition Rated Service Model. The budget creates a new methodology that will allow the Department of Technology, Management, and Budget to bill the Department of Treasury by a standard rate plan instead of hourly billing for services.</p> | <p>Gross
Restricted
GF/GP</p> | <p>1,563,000
1,010,200
552,800</p> |
| <p>5. Testing and Analytics Unit. The budget establishes an ongoing unit that will provide analytics and testing for new systems and operations. This increase in funds and an additional 4.0 FTEs are combined with \$2.0 million in existing funds and 14.0 FTEs.</p> | <p>Gross
GF/GP</p> | <p>750,000
750,000</p> |
| <p>6. Grants. The budget includes \$500,000 for the Urban Search and Rescue program (which is a \$200,000 increase from FY 2015-16), \$100,000 for the Beat the Streets program, \$100,000 for the Gianna House, and \$76,000 toward matching of a plasma cutter for a career and technical center.</p> | <p>Gross
GF/GP</p> | <p>476,000
476,000</p> |

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

7. **Drinking Water Declaration of Emergency Contingency Fund.** The budget includes a \$100 placeholder to allow for transfers from the drinking water declaration of emergency reserve fund in the event that funds are needed.

Gross	100
Restricted	100
GF/GP	0

C. PROGRAM ELIMINATIONS

1. **FY 2015-16 One-Time Appropriations Removal.** The budget removes one-time funding for personal property tax payments (\$19.3 million), the presidential primary (\$10.0 million), and the online business portal (\$600,000).

Gross	(29,900,000)
GF/GP	(29,900,000)

2. **Five-Year Early-Out Deferred Sick Leave Payments.** Department obligations will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years.

Gross	(701,300)
IDG	(25,700)
Federal	(57,500)
Restricted	(544,300)
GF/GP	(73,800)

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS

1. **Office of Collections.** The budget shifts \$1,124,000 from GF/GP revenue to State agency collection fees.

Gross	0
IDG	1,124,000
GF/GP	(1,124,000)

2. **Information Technology.** The budget shifts \$551,100 from GF/GP revenue to delinquent tax collection revenue.

Gross	0
Restricted	551,100
GF/GP	(551,100)

3. **Office of Financial Services.** The budget shifts \$532,100 from GF/GP revenue to levy/warranty cost assessment fees.

Gross	0
IDG	532,100
GF/GP	(532,100)

4. **Office of Accounting Services.** The budget shifts \$108,100 from GF/GP revenue to garnishment fees.

Gross	0
Restricted	108,100
GF/GP	(108,100)

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

5. Michigan Finance Authority. The budget shifts \$56,300 from GF/GP revenue to Michigan Financial Authority, bond loan program revenue.

Gross	0
Restricted	56,300
GF/GP	(56,300)

F. PROGRAM TRANSFERS

Horse Sample Testing. The budget transfers a portion of horse sample testing funding from the Department of Agriculture and Rural Development. The funds supporting this transfer are from the Equine Development Fund.

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

G. OTHER ISSUES

1. FY 2015-16 Supplemental Funding Removal. The budget removes FY 2015-16 funding appropriated by Public Act (P.A.) 24 of 2016, which was \$30.0 million for the City of Flint; P.A. 54, which was \$48.7 million for Detroit Public Schools; and P.A. 268, which was \$15,430,000 for the City of Flint, the Supervision of General Property Tax Law, and the Office of Collections.

Gross	(94,130,000)
Restricted	(49,000,000)
GF/GP	(45,130,000)

2. Chaldean Community Foundation. Funds for this grant are transferred to the Department of Health and Human Services.

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

H. UNCLASSIFIED SALARIES

The budget increases Gross funding for the unclassified salaries line item from \$971,200 to \$995,500.

Gross	24,300
Restricted	8,200
GF/GP	16,100

I. FEE INCREASES - NONE

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

J. ECONOMIC ADJUSTMENTS

The economic adjustment amount includes standard economic factors applied to salaries and wages, retirement, other post-employment benefits (OPEB), insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Classified employees will receive a 1.0% base wage increase and a 1.5% lump-sum payment in FY 2016-17 effective on October 1, 2016. Non-exclusively represented employees (NERES) also will receive a 1.0% base wage increase and a 1.5% lump-sum payment for FY 2016-17 effective on October 1, 2016.

Gross	5,602,900
IDG	131,200
Federal	316,800
Local	171,300
Restricted	3,949,500
GF/GP	1,034,100

K. ONE-TIME APPROPRIATIONS

The budget identifies \$3,342,600 of FY 2016-17 one-time appropriations, and eliminates \$29.9 million of FY 2015-16 one-time appropriations:

	<u>Gross</u>	<u>GF/GP</u>
FY 2016-17		
Individual e-File.....	\$2,842,500	\$2,842,500
Urban Search and Rescue	500,000	500,000
Drinking Water Declaration of Emergency	100	0
Subtotal.....	\$3,342,600	\$3,342,500
FY 2015-16		
Personal Property Tax payment.....	(\$19,300,000)	(\$19,300,000)
Presidential Primary.....	(10,000,000)	(10,000,000)
Online Business Portal	(600,000)	(600,000)
Subtotal.....	(\$29,900,000)	(\$29,900,000)

L. VETOES - NONE

**DEPARTMENT OF TREASURY - REVENUE SHARING
P.A. 268 of 2016 – ARTICLE VIII**

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/ FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	FY 2016-17 SENATE	FY 2016-17 HOUSE	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
						AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS	1,214,331,000	1,255,708,900	1,255,955,300	1,255,708,900	1,228,982,700	14,651,700	1.2
Less:							
Interdepartmental Grants Received	0	0	0	0	0	0	0.0
ADJUSTED GROSS	1,214,331,000	1,255,708,900	1,255,955,300	1,255,708,900	1,228,982,700	14,651,700	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	1,214,331,000	1,255,708,900	1,255,955,300	1,255,708,900	1,228,982,700	14,651,700	1.2
Less:							
Other State Restricted Funds	1,214,331,000	1,255,708,900	1,255,708,900	1,255,708,900	1,228,982,700	14,651,700	1.2
GENERAL FUND/GENERAL PURPOSE	0	0	246,400	0	0	0	0.0
PAYMENTS TO LOCALS	1,214,331,000	1,255,708,900	1,255,955,300	1,255,708,900	1,228,982,700	14,651,700	1.2

Includes Ongoing and One-time Appropriations as of July 1, 2016.

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

A. NEW PROGRAMS - NONE

B. PROGRAM INCREASES

- | | | |
|---|---|--|
| <p>1. Constitutional Revenue Sharing. The State Constitution requires the distribution of 15.0% of the sales tax revenue collected at a 4.0% tax rate to cities, villages, and townships on a per capita basis. Based on the May 2016 consensus revenue estimates, the budget includes an appropriation for constitutional revenue sharing of \$757,875,000 in FY 2016-17, an increase of \$12,084,200 or 1.6% over the revised estimate for FY 2015-16. Actual revenue sharing payments will be made based on actual sales tax collections.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>12,084,200</p> <p>12,084,200</p> <p>0</p> |
| <p>2. Revenue Sharing Payments to Counties. The budget includes a total of \$217,267,500 for revenue sharing payments to counties which is appropriated in two line items, County Incentive Program and County Revenue Sharing. The line item for County Revenue Sharing is increased by \$2,474,000 to \$174,234,000 in FY 2016-17. This increase provides \$374,000 for the cost of counties that return to county revenue sharing in FY 2016-17 (Alcona and Charlevoix) and \$2.1 million for a 1.0% increase in payments to all eligible counties. The line item for County Incentive Program is increased by \$93,500 to \$43,033,500 to cover the cost of the newly eligible counties.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>2,567,500</p> <p>2,567,500</p> <p>0</p> |

C. PROGRAM ELIMINATIONS - NONE

D. PROGRAM REDUCTIONS - NONE

E. FUNDING SHIFTS - NONE

F. PROGRAM TRANSFERS - NONE

G. OTHER ISSUES

- | | | |
|---|---|----------------------------|
| <p>1. City, Village, and Township Revenue Sharing. The budget continues nonconstitutional (statutory) revenue sharing for cities, villages, and townships at \$248,840,000 in FY 2016-17, the same level of funding as in FY 2014-15 and FY 2015-16. As in FY 2015-16, \$243,040,000 is appropriated as ongoing funds and \$5.8 million is appropriated as one-time funds.</p> | <p>Gross</p> <p>Restricted</p> <p>GF/GP</p> | <p>0</p> <p>0</p> <p>0</p> |
|---|---|----------------------------|

**FY 2016-17 Change From
FY 2015-16 Year-to-Date**

- 2. Financially Distressed Cities, Villages, and Townships.** The budget maintains funding for this grant program at \$5.0 million in FY 2016-17, the same level as in FY 2015-16. Grants of up to \$2.0 million will be awarded by the Department of Treasury to local units that show signs of financial distress. The funds can be used for projects that move the city, village, or township toward financial stability, including reduction of unfunded liabilities, debt reduction, replacement or repair of critical infrastructure, and the transition to shared services with another local unit of government.

Gross	0
Restricted	0
GF/GP	0

Revenue Sharing Appropriations in Public Act 268 of 2016 FY 2015-16 Year-to-Date and FY 2016-17 Initial				
	FY 2015-16 Year-to-Date	FY 2016-17 Initial Appropriations	Difference	Percent Change
Constitutional	\$745,791,000	\$757,875,200	\$12,084,200	1.6%
CVT Revenue Sharing	248,840,000	248,840,000	0	0.0
County Revenue Sharing	171,760,000	174,234,000	2,474,000	1.4%
County Incentive Program	42,940,000	43,033,500	93,500	0.2%
Financially Distressed CVTs	5,000,000	5,000,000	0	0.0
Total	\$1,214,331,000	\$1,228,982,700	\$14,651,700	1.2%

H. UNCLASSIFIED SALARIES - NONE

I. FEE INCREASES - NONE

J. ECONOMIC ADJUSTMENTS - NONE

K. ONE-TIME APPROPRIATIONS

The budget identifies \$5.8 million of FY 2016-17 one-time appropriations:

	Gross	GF/GP
FY 2016-17		
City, Village, and Township Revenue Sharing	\$5,800,000	\$0
Subtotal	\$5,800,000	\$0

L. VETOES - NONE

APPENDIX

Appendix A
FY 2016-17
APPROPRIATIONS BILL INDEX

DEPARTMENT/BUDGET AREA	BILL NUMBER	PUBLIC ACT NUMBER	LINE-ITEM VETOES
Agriculture and Rural Development.....	House Bill 5294	P.A. 268 of 2016	No
Attorney General.....	House Bill 5294	P.A. 268 of 2016	No
Civil Rights	House Bill 5294	P.A. 268 of 2016	No
Community Colleges.....	Senate Bill 801	P.A. 249 of 2016	No
Corrections.....	House Bill 5294	P.A. 268 of 2016	No
Education	House Bill 5294	P.A. 268 of 2016	No
Environmental Quality.....	House Bill 5294	P.A. 268 of 2016	No
Executive.....	House Bill 5294	P.A. 268 of 2016	No
Health and Human Services	House Bill 5294	P.A. 268 of 2016	No
Higher Education	Senate Bill 801	P.A. 249 of 2016	No
Insurance and Financial Services	House Bill 5294	P.A. 268 of 2016	No
Judiciary	House Bill 5294	P.A. 268 of 2016	No
Legislative Auditor General.....	House Bill 5294	P.A. 268 of 2016	No
Legislature.....	House Bill 5294	P.A. 268 of 2016	No
Licensing and Regulatory Affairs.....	House Bill 5294	P.A. 268 of 2016	No
Military and Veterans Affairs.....	House Bill 5294	P.A. 268 of 2016	No
Natural Resources	House Bill 5294	P.A. 268 of 2016	No
School Aid.....	Senate Bill 801	P.A. 249 of 2016	No
State.....	House Bill 5294	P.A. 268 of 2016	No
State Police	House Bill 5294	P.A. 268 of 2016	No
Talent and Economic Development.....	House Bill 5294	P.A. 268 of 2016	No
Technology, Management, and Budget.....	House Bill 5294	P.A. 268 of 2016	No
Transportation.....	House Bill 5294	P.A. 268 of 2016	No
Treasury (Debt Service).....	House Bill 5294	P.A. 268 of 2016	No
Treasury (Operations).....	House Bill 5294	P.A. 268 of 2016	No
Treasury (Revenue Sharing).....	House Bill 5294	P.A. 268 of 2016	No

Appendix B

FY 2016-17 VEHICLE BILLS USED IN BUDGET DEVELOPMENT

DEPARTMENT	GOVERNOR'S REC OMNIBUS	SENATE SUB. COM.	SENATE FULL COM.	SENATE PASSED OMNIBUS	HOUSE SUB. COM.	HOUSE FULL COM. OMNIBUS	HOUSE PASSED OMNIBUS	CONF. COM.	CONF./ENACTED OMNIBUS
Agriculture and Rural Development	S.B. 823	S.B. 782	S.B. 782	S.B. 800	H.B. 5268	H.B. 5294	H.B. 5294	H.B. 5268	H.B. 5294/P.A. 268
Attorney General	S.B. 823	S.B. 788	S.B. 788	S.B. 800	H.B. 5276	H.B. 5294	H.B. 5294	H.B. 5276	H.B. 5294/P.A. 268
Capital Outlay	S.B. 823	N/A	N/A	N/A	N/A	N/A	N/A	N/A	H.B. 5294/P.A. 268
Civil Rights	S.B. 823	S.B. 788	S.B. 788	S.B. 800	H.B. 5276	H.B. 5294	H.B. 5294	H.B. 5276	H.B. 5294/P.A. 268
Community Colleges	S.B. 824	S.B. 784	S.B. 784	S.B. 801	H.B. 5265	H.B. 5291	H.B. 5291	S.B. 784	S.B. 801/P.A. 249
Corrections	S.B. 823	S.B. 785	S.B. 785	S.B. 800	H.B. 5272	H.B. 5294	H.B. 5294	H.B. 5272	H.B. 5294/P.A. 268
Education	S.B. 823	S.B. 786	S.B. 786	S.B. 800	H.B. 5262	H.B. 5262	H.B. 5294	S.B. 786	H.B. 5294/P.A. 268
Environmental Quality	S.B. 823	S.B. 787	S.B. 787	S.B. 800	H.B. 5267	H.B. 5294	H.B. 5294	S.B. 787	H.B. 5294/P.A. 268
Executive	S.B. 823	S.B. 788	S.B. 788	S.B. 800	H.B. 5276	H.B. 5294	H.B. 5294	H.B. 5276	H.B. 5294/P.A. 268
Health and Human Services	S.B. 823	S.B. 789	S.B. 789	S.B. 800	H.B. 5274	H.B. 5294	H.B. 5294	H.B. 5274	H.B. 5294/P.A. 268
Higher Education	S.B. 824	S.B. 790	S.B. 790	S.B. 801	H.B. 5280	H.B. 5291	H.B. 5291	S.B. 790	S.B. 801/P.A. 249
Insurance and Financial Services	S.B. 823	S.B. 791	S.B. 791	S.B. 800	H.B. 5306	H.B. 5294	H.B. 5294	H.B. 5306	H.B. 5294/P.A. 268
Judiciary	S.B. 823	S.B. 792	S.B. 792	S.B. 800	H.B. 5264	H.B. 5294	H.B. 5294	S.B. 792	H.B. 5294/P.A. 268
Legislative Auditor General	S.B. 823	S.B. 788	S.B. 788	S.B. 800	H.B. 5276	H.B. 5294	H.B. 5294	H.B. 5276	H.B. 5294/P.A. 268
Legislature	S.B. 823	S.B. 788	S.B. 788	S.B. 800	H.B. 5276	H.B. 5294	H.B. 5294	H.B. 5276	H.B. 5294/P.A. 268
Licensing and Regulatory Affairs	S.B. 823	S.B. 793	S.B. 793	S.B. 800	H.B. 5305	H.B. 5294	H.B. 5294	S.B. 793	H.B. 5294/P.A. 268
Military and Veterans Affairs	S.B. 823	S.B. 794	S.B. 794	S.B. 800	H.B. 5256	H.B. 5294	H.B. 5294	H.B. 5256	H.B. 5294/P.A. 268
Natural Resources	S.B. 823	S.B. 795	S.B. 795	S.B. 800	H.B. 5269	H.B. 5294	H.B. 5294	S.B. 795	H.B. 5294/P.A. 268
School Aid	S.B. 824	S.B. 796	S.B. 796	S.B. 801	H.B. 5266	H.B. 5291	H.B. 5291	S.B. 796	S.B. 801/P.A. 249
State	S.B. 823	S.B. 788	S.B. 788	S.B. 800	H.B. 5276	H.B. 5294	H.B. 5294	H.B. 5276	H.B. 5294/P.A. 268
State Police	S.B. 823	S.B. 797	S.B. 797	S.B. 800	H.B. 5263	H.B. 5294	H.B. 5294	H.B. 5263	H.B. 5294/P.A. 268
Talent and Economic Development	S.B. 823	S.B. 788	S.B. 788	S.B. 800	H.B. 5276	H.B. 5294	H.B. 5294	H.B. 5276	H.B. 5294/P.A. 268
Technology, Management, and Budget	S.B. 823	S.B. 788	S.B. 788	S.B. 800	H.B. 5276	H.B. 5294	H.B. 5294	H.B. 5276	H.B. 5294/P.A. 268
Transportation	S.B. 823	S.B. 799	S.B. 799	S.B. 800	H.B. 5329	H.B. 5294	H.B. 5294	H.B. 5329	H.B. 5294/P.A. 268
Treasury (Debt Service)	S.B. 823	S.B. 788	S.B. 788	S.B. 800	H.B. 5276	H.B. 5294	H.B. 5294	H.B. 5276	H.B. 5294/P.A. 268
Treasury (Operations)	S.B. 823	S.B. 788	S.B. 788	S.B. 800	H.B. 5276	H.B. 5294	H.B. 5294	H.B. 5276	H.B. 5294/P.A. 268
Treasury (Revenue Sharing)	S.B. 823	S.B. 788	S.B. 788	S.B. 800	H.B. 5276	H.B. 5294	H.B. 5294	H.B. 5276	H.B. 5294/P.A. 268



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| Spring 2016
• <i>"Tuition Incentive Program"</i>
• <i>"The Increased Minimum Wage Impact on Michigan's Public Assistance Caseload"</i>
• <i>"Property Tax Millage Limitations in Michigan"</i>
• <i>"Proposed Integration of Michigan Medicaid Behavioral and Physical Health Services"</i>
• <i>"Michigan State Government Debt"</i>
• <i>"Overview of the Every Student Succeeds Act"</i> | State Notes | December 2015
• <i>"FY 2015-16 Higher Education Appropriations Report"</i> | Appropriations Report | | |

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*