

**DATE:** February 10, 2005

**TO:** Members of the House Appropriations Committee

**FROM:** Mitchell E. Bean, Director

**RE:** Executive Order 2005-3 and Supplemental Recommendation

Executive Order 2005-03 and accompanying recommended supplemental appropriations address a fiscal year (FY) 2004-05 General Fund/General Purpose (GF/GP) shortfall of \$381.0 million. The shortfall is comprised of:

December Consensus Revenue Reductions	\$335.2 million
Current Year Medicaid Shortfalls	39.8 million
Special Election Reimbursement to Local Governments for Special Elections	<u>6.0 million</u>
	\$381.0 million

Special elections would be needed to approve the Executive recommendation to levy an additional \$2 billion of bonds to spur research and economic development.

#### **Executive Order 2005-3**

The Executive Order (EO) contains a combination of spending reductions and fund shifts totaling \$219.9 million. The biggest spending reduction would result from reversing the December 2004 \$99.5 million supplemental appropriation from GF/GP to the School Aid Fund (SAF). Various proposed departmental administrative efficiencies and spending cuts would total \$53.7 million, and savings of \$15.9 million is expected from various GF/GP lapses.

Additional savings (\$10.0 million) would be achieved by instituting a 30-day wait period before new FIA clients could qualify for day care. Fund shifts would include using \$9.8 million of federal and state restricted money to offset GF/GP and a \$1.0 million lapse of Liquor Purchase Revolving Fund to GF/GP.

Details by department are attached.

#### **Proposed Supplemental**

The proposed supplemental appropriation includes \$85.5 million of savings and restricted fund shifts to GF/GP, and positive appropriations to cover the estimated \$39.8 million Medicaid shortfall and to reimburse local governments (\$6.0 million) for special election costs. Special elections would be needed to approve the Governor's proposal to levy \$2.0 billion in bonds to spur economic development and job growth.

Savings in the supplemental would include \$18.5 million from a 4 percent Medicaid provider rate reduction (not to include HMOs and Mental Health providers) and a 6 percent provider tax on specialty prepaid health plans. The proposed 6 percent provider tax would affect Mental Health providers and requires federal approval. Additional proposed savings include \$5.9 million from canceling the Youth Correctional Facility contracts at Baldwin and \$0.5 million of savings from closing the Benton harbor and Saginaw Corrections Centers.

General Fund/General Purpose savings from fund shifts in the proposed supplemental include using \$25.9 million from the Medicaid Benefits Trust Fund to offset GF/GP and using increased DSH payments to offset \$10.1 million GF/GP to the University of Detroit dental clinic and the Wayne State University psychiatric research and training program. Transportation Administration Collection Fund revenue to the Secretary of State would be increased \$10 million to offset an equal reduction of GF/GP. Several smaller fund shifts are proposed, as well achieving an additional \$8.4 million of GF/GP savings.

Details by department are attached.

**EXECUTIVE ORDER 2005-3 AND RECOMMENDED SUPPLEMENTAL**

	<u>Millions of Dollars</u>
FY 2004-05 Shortfall	(\$381.0)
Executive Order Reductions	(219.9)
Negative Supplemental	(85.4)
Increased Revenue	
BSF Withdrawal	73.8
Enhance Escheats Enforcement Revenue	2.5
<b>Total Reductions and Savings From EO 2005-3 and Supplemental</b>	<b>(\$381.6)</b>
<b>Ending Balance</b>	<b>\$0.6</b>

## EXECUTIVE ORDER 2005-3

### Agriculture

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
<b>IDG/IDT</b>	\$10,831,700	\$0
<b>Federal</b>	33,476,200	
<b>Local</b>	0	
<b>Private</b>	138,700	
<b>Restricted</b>	51,593,300	
<b>GF/GP</b>	30,091,400	(971,000)
<b>Gross</b>	<b>\$126,131,300</b>	<b>(\$971,000)</b>

#### EO 2005-3 Changes from FY 2004-05 YTD Appropriations:

	<b>Gross</b>	<b>EO 2005-3 Amount</b>
<b>1. Animal Health and Welfare</b> Reductions in CSS&M and travel.	<b>(\$70,000)</b>	<b>(\$70,000)</b>
<b>2. Management Services (Executive)</b> Reductions in CSS&M and travel.	<b>(\$47,400)</b>	<b>(\$47,400)</b>
<b>3. Pesticide and Plant Pest Management</b> Salary and wage savings, reductions in CSS&M and travel for feed/drug inspection program. Of this reduction, \$150,000 would be achieved through substitution of GF/GP with licensing and inspection fees in the proposed supplemental (see below).	<b>(\$340,000)</b>	<b>(\$340,000)</b>
<b>4. Executive Direction</b> Salary and wage savings in food safety - public information and outreach program.	<b>(\$88,400)</b>	<b>(\$88,400)</b>
<b>5. Statistical Reporting Services (Executive)</b> Reductions in CSS&M and travel.	<b>(\$6,600)</b>	<b>(\$6,600)</b>
<b>6. Emergency Management (Executive)</b> Reductions in CSS&M and travel.	<b>(\$146,500)</b>	<b>(\$146,500)</b>
<b>7. Grants to Local Conservation Districts</b> Executive also recommends reducing the grant for each eligible district from \$20,000 to \$19,200.	<b>(\$63,200)</b>	<b>(\$63,200)</b>
<b>8. Laboratory Services</b> Recommends substitution of GF/GP with gasoline inspection and testing fund revenue. The fund shift would be reflected in the proposed supplemental (see below)	<b>(\$135,000)</b>	<b>(\$135,000)</b>
<b>9. Information Technology Services and Projects</b> Rate reductions for DIT contracts, enterprise administration, telecommunications, and data center operations.	<b>(\$73,900)</b>	<b>(\$73,900)</b>

### Attorney General

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
<b>IDG/IDT</b>	\$12,545,500	\$0
<b>Federal</b>	8,301,300	0
<b>Local</b>	0	0
<b>Private</b>	0	0
<b>Restricted</b>	10,485,000	0
<b>GF/GP</b>	31,503,900	(451,000)
<b>Gross</b>	<b>\$62,835,700</b>	<b>(\$451,000)</b>

#### EO 2005-3 Changes from FY 2004-05 YTD Appropriations:

	<b>Gross</b>	<b>EO 2005-3 Amount</b>
<b>1. Administrative Savings</b> Reduces funding available for administrative expenses. Savings are anticipated to be generated through administrative efficiencies.	<b>(\$379,500)</b>	<b>(\$379,500)</b>
<b>2. Information Technology</b> Rate reductions for contracts, enterprise administration, data center operations, and telecommunications.	<b>(\$71,500)</b>	<b>(\$71,500)</b>

## Civil Rights

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
IDG/IDT	\$0	\$0
Federal	934,000	0
Local	0	0
Private	0	0
Restricted	0	0
GF/GP	11,759,000	(191,500)
Gross	\$12,693,000	(\$191,500)

### EO 2005-3 Changes from FY 2004-05 YTD Appropriations:

#### **1. Administrative Savings**

Reduces funding available for administrative expenses. Savings are anticipated to be generated through not filling vacant positions.

**EO 2005-3  
Amount  
Gross (\$155,800)  
GF/GP (\$155,800)**

#### **2. Information Technology**

Rate reductions for contracts, enterprise administration, data center operations, and telecommunications.

**Gross (\$35,700)  
GF/GP (\$35,700)**

## Civil Service

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
IDG/IDT	\$5,370,900	\$0
Federal	4,779,100	0
Local	1,700,000	0
Private	150,000	0
Restricted	15,474,600	0
GF/GP	7,672,100	(\$229,300)
Gross	\$35,146,700	(\$229,300)

### EO 2005-3 Changes from FY 2004-05 YTD Appropriations:

#### **1. Administrative Savings**

Reduces funding available for administrative expenses. Savings are anticipated to be generated through not filling vacant positions and reducing CSS&M costs.

**EO 2005-3  
Amount  
Gross (\$204,100)  
GF/GP (\$204,100)**

#### **2. Information Technology**

Rate reductions for contracts, enterprise administration, data center operations, and telecommunications.

**Gross (\$25,200)  
GF/GP (\$25,200)**

## Community Colleges

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
IDG/IDT	\$0	\$0
Federal	0	0
Local	0	0
Private	0	0
Restricted	0	0
GF/GP	294,268,200	(4,919,600)
Gross	\$294,268,200	(\$4,919,600)

### EO 2005-3 Changes from FY 2004-05 YTD Appropriations:

#### **Operations Reductions**

Reductions equal to 1.76 percent of each college's operations funding (including FY 2004-05 tuition restraint funding). Supplemental appropriations to colleges totaling \$16.4 million recommended for campus repairs (see Capital Outlay section).

**EO 2005-3  
Amount  
Gross (\$4,919,600)  
GF/GP (\$4,919,600)**

## Community Health

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
<b>IDG/IDT</b>	\$70,037,000	\$0
<b>Federal</b>	5,502,478,700	
<b>Local</b>	523,452,400	
<b>Private</b>	55,476,400	
<b>Restricted</b>	1,463,844,700	
<b>GF/GP</b>	2,557,910,600	(5,941,500)
<b>Gross</b>	<b>\$10,173,199,800</b>	<b>(\$6,789,000)</b>

### EO 2005-3 Changes from FY 2004-05 YTD Appropriations:

#### **1. Administrative Savings**

Reduces funding for 15 line items. Administrative savings achieved from contract reductions and eliminations, CSS&M reductions, vacancy savings from not filling current vacant positions, and fund shifts that replace GF/GP with available restricted or federal revenue.

	<u>EO 2005-3 Amount</u>
<b>Gross</b>	<b>(\$5,382,000)</b>
<b>GF/GP</b>	<b>(4,534,500)</b>

#### **2. Local Public Health Operations Grants**

Reduces state grants to local public health departments by 4% for the period May 1 through September 30, 2005. These funds support the provision of nine statutorily required local public health services.

<b>Gross</b>	<b>(\$677,000)</b>
<b>GF/GP</b>	<b>(\$677,000)</b>

#### **3. Information Technology (IT) Services and Projects**

Decreases funds for IT services and projects due to rate reductions for contracts, enterprise administration, telecommunications, and data center operations. This reduction represents 7.3% of the GF/GP appropriated for this line item.

<b>Gross</b>	<b>(\$730,000)</b>
<b>GF/GP</b>	<b>(\$730,000)</b>

## Corrections

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
<b>IDG/IDT</b>	\$3,364,200	\$0
<b>Federal</b>	8,188,100	
<b>Local</b>	393,600	
<b>Private</b>	0	
<b>Restricted</b>	66,075,600	0
<b>GF/GP</b>	1,708,161,100	(\$18,685,700)
<b>Gross</b>	<b>\$1,786,182,600</b>	<b>(\$18,685,700)</b>

### EO 2005-3 Changes from FY 2004-05 YTD Appropriations:

#### **1. Adjust Security Levels at Five Facilities**

Savings to be generated by reducing security levels and thereby decreasing staffing needs at five facilities: Bellamy Creek in Ionia, Boyer Road in Carson City, Ojibway in Marenisco, and Mound and Ryan, both in Detroit.

	<u>EO 2005-3 Amount</u>
<b>Gross</b>	<b>(\$2,871,900)</b>
<b>GF/GP</b>	<b>(\$2,871,900)</b>

#### **2. Facility Closures**

Savings through closure of several low-security units: Mangum Farm Barracks (administratively attached to Marquette Branch Prison), Camp Tuscola in Caro (funded under Thumb Correctional Facility), and Camp Sauble in Freesoil (under Oaks Correctional Facility).

<b>Gross</b>	<b>(\$3,141,800)</b>
<b>GF/GP</b>	<b>(\$3,141,800)</b>

#### **3. Close DeMarse Academy**

Partial-year savings through closure of DeMarse training academy for new corrections officers, located on the grounds of the former Michigan School for the Blind in Lansing.

<b>Gross</b>	<b>(\$300,000)</b>
<b>GF/GP</b>	<b>(\$300,000)</b>

#### **4. Reduce Funding for Conditional Reintegration Program (CRP II)**

Reduces Field Operations and Electronic Monitoring Center line items by \$1.9 million and \$1.7 million, respectively, reflecting a reduction in conditional reintegration program, a program originally funded in FY 2003-04 and under which selected prisoners would be placed in the community immediately prior to parole.

<b>Gross</b>	<b>(\$3,655,700)</b>
<b>GF/GP</b>	<b>(\$3,655,700)</b>

#### **5. Worker's Compensation Savings**

Savings to be realized through reduced worker's compensation costs.

<b>Gross</b>	<b>(\$1,600,000)</b>
<b>GF/GP</b>	<b>(\$1,600,000)</b>

#### **6. Managed Care Contract Savings**

Savings through various efficiencies in hospital and specialty care, which is provided under a managed care contract with Correctional Medical Services, Inc.

<b>Gross</b>	<b>(\$1,698,200)</b>
<b>GF/GP</b>	<b>(\$1,698,200)</b>

#### **7. Central Office Staffing**

Savings gained through vacancies in central office staff positions in director's office, human resources, administrative services, field operations, health care administration, and correctional facilities administration.

<b>Gross</b>	<b>(\$1,118,700)</b>
<b>GF/GP</b>	<b>(\$1,118,700)</b>

**EO 2005-3 Changes from FY 2004-05 YTD Appropriations:**

	<b>Gross</b>	<b>Amount</b>
<b>8. Miscellaneous Administrative Reductions</b>	<b>(\$2,731,500)</b>	
Reduces appropriation for new officer training by \$368,100; takes partial-year savings of \$720,900 for elimination of Jackson complex's food production kitchen; taps unobligated community corrections grant and education funding totaling \$111,000; saves \$250,000 by eliminating coffee in prisoner food services; saves \$239,500 through centralization of field operations business office functions and \$445,600 through consolidation of business and personnel offices at facilities in Muskegon, St. Louis, Detroit, and Kincheloe; assumes savings of \$400,000 on computers for academic/vocational programs; and eliminates funding for high-security pay at Ionia's Riverside Correctional Facility.	GF/GP	(\$2,731,500)
<b>9. Increase Collections of Parole and Probation Oversight Fees</b>	<b>(\$1,000,000)</b>	
Reduces GF/GP funding of field operations in anticipation of increased collections of parole and probation oversight fees. Authority to spend the additional fee revenue would be provided under proposed supplemental appropriations bill.	GF/GP	(\$1,000,000)
<b>10. Other Statewide Information Technology Reductions</b>	<b>(\$567,900)</b>	
Assumes savings through various efforts such as contract rate reductions, enterprise administration, telecommunications, and data center operations.	GF/GP	(\$567,900)

**Education**

	<b>FY 2004-05 YTD at 2/09/05</b>	<b>EO 2005-3 Amount</b>
IDG/IDT	\$1,072,100	\$0
Federal	60,796,800	
Local	5,208,800	
Private	606,600	
Restricted	19,470,000	
GF/GP	26,394,700	(333,000)
<b>Gross</b>	<b>\$113,549,000</b>	<b>(\$333,000)</b>

**EO 2005-3 Changes from FY 2004-05 YTD Appropriations:**

	<b>Gross</b>	<b>Amount</b>
<b>1. Administrative Economies and Efficiencies</b>	<b>(\$301,000)</b>	
Reduces expenditures on CSSM in Central Support (\$50,000) and State Board Operations (\$15,000). Reduces Early Childhood Education Operations (\$215,000) by reducing CSSM and replacing GF with Certification fees per the Supplemental. Reduces GF (\$21,000) for the School Finance office (to be replaced with Federal funds per the Supplemental).	GF/GP	(\$301,000)
<b>2. Information Technology Reductions</b>	<b>(\$32,000)</b>	
Rate reductions for contracts, enterprise administration, telecommunications, and data center operations.	GF/GP	(\$32,000)

**Environmental Quality**

	<b>FY 2004-05 YTD at 2/09/05</b>	<b>EO 2005-3 Amount</b>
IDG/IDT	\$14,263,000	\$0
Federal	133,766,800	
Local	0	
Private	445,900	
Restricted	163,451,800	
GF/GP	28,671,800	(2,539,900)
<b>Gross</b>	<b>\$340,599,300</b>	<b>(\$2,539,900)</b>

**EO 2005-3 Changes from FY 2004-05 YTD Appropriations:**

	<b>Gross</b>	<b>Amount</b>
<b>1. Administrative Efficiencies</b>	<b>(\$773,000)</b>	
Program spending would be reduced in nearly all bureaus funded that receive General Fund support; programs include Environmental Investigations, Pollution Prevention, Air Quality, Information Services, Finance and Administrative Services, Water Management, and Radiological Protection. Spending would be reduced in salary and fringe benefits, supplies and travel. The Dam Safety field inspection and certification program in the Water Management Bureau would be eliminated.	GF/GP	(\$773,000)
<b>2. Radon Grants</b>	<b>(\$44,300)</b>	
General Fund match for grants to local public health departments would be reduced. Grantees would be required to provide needed matching funds.	GF/GP	(\$44,300)
<b>3. Laboratory Services: Funded Through Intradepartmental Transfers</b>	<b>(\$684,000)</b>	
Programs using in-house laboratory services would be assessed for the cost of sample collection and testing. This recommendation requires passage of a supplemental appropriation establishing this source of funding for the environmental laboratory.	IDG/IDT	0
	GF/GP	(\$684,000)

<b>EO 2005-3 Changes from FY 2004-05 YTD Appropriations:</b>		<b>EO 2005-3 Amount</b>
<b>4. Funding Shifts to Restricted Funds</b>		<b>Gross (\$1,038,600)</b>
A number of programs would shift support from General Fund to restricted funding sources. Reduced programs include office space leases, Field Permitting and Project Assistance, Air Quality, Environmental Investigations, and the Hazardous Waste Management. The EO requires passage of a supplemental appropriation increasing restricted fund support for programs affected by these reductions.		Restricted 0
		GF/GP (\$1,038,600)

**Family Independence Agency**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
<b>IDG/IDT</b>	\$1,084,400	\$0
<b>Federal</b>	3,033,969,000	(13,038,700)
<b>Local</b>	73,326,100	
<b>Private</b>	9,757,600	
<b>Restricted</b>	70,321,400	
<b>GF/GP</b>	1,109,682,800	(33,276,200)
<b>Gross</b>	<b>\$4,298,141,300</b>	<b>(\$46,314,900)</b>

<b>EO 2005-3 Changes from FY 2004-05 YTD Appropriations:</b>		<b>EO 2005-3 Amount</b>
<b>1. Day Care Services</b>		<b>Gross (\$13,300,000)</b>
Reflects \$10.0 million in savings to be achieved through a proposed 30-day waiting period for coverage under the program for all new cases that are eligible on the basis of income. In addition, \$3.3 million reduction is recommended to recognize an anticipated lapse of federal Temporary Assistance for Needy Families (TANF) dollars for Before and After School Programs. The Legislature had appropriated through boilerplate "up to \$5.0 million" for these programs. Day Care Services program provides day care subsidies to eligible family groups. Proposed reduction would decrease gross appropriations by 2.7%.		GF/GP (\$10,000,000)
<b>2. Legal Support Contracts</b>		<b>Gross (\$3,300,000)</b>
Reduces this appropriation by 2.4%. The line supports contracts with county Friend of the Courts to support child support enforcement activities.		GF/GP (\$1,300,000)
<b>3. Food Stamp Reinvestment</b>		<b>Gross (\$6,500,000)</b>
Represents a reduction of 38.1% for the program. Funding is used to finance efforts required in an agreement with the federal government aimed to reduce the State's Food Stamp payment error rate. The State Budget Office indicates the reduction reflects an anticipated lapse in the line item due to updated federal plan in this area.		GF/GP (\$6,500,000)
<b>4. Michigan Housing and Community Development Fund</b>		<b>Gross (\$2,000,000)</b>
Eliminates the appropriation for this line item, which was first included in the FY 2005 budget. This TANF appropriation would support grants and loans to low-income households to purchase or rehabilitate housing.		GF/GP \$0
<b>5. Adoption Support Services</b>		<b>Gross (\$211,000)</b>
Eliminates the Post-Adoption Subsidy Support Program beginning April 1, 2005. The program supports contracts with local child welfare organizations to provide support services to adoptive families such as counseling, information and referral services, and recreation and training programs.		GF/GP (\$91,700)
<b>6. Indigent Burial</b>		<b>Gross (\$102,600)</b>
Reduces appropriations for Indigent Burials by 1.7%. The savings would be achieved by reducing the maximum allowable charge for indigent burials (set in boilerplate) from the current \$947 to a new level of \$909. Allocations of this amount to funeral directors, cemeteries/crematoriums and vault providers would each be reduced by the same 4%.		GF/GP (102,600)
<b>7. Administrative Savings</b>		<b>Gross (\$4,043,000)</b>
Includes reductions in four different appropriation line items to be achieved through administrative efficiencies or by reducing appropriations expected to lapse. The following line items are affected:		GF/GP (2,899,200)
<ul style="list-style-type: none"> <li>• Worker's Compensation - \$1.3 million; reflects the latest risk management cost projection</li> <li>• AFC, Children's Welfare and Day Care Licensure - \$2.0 million; reflects an estimated GF/GP lapse</li> <li>• Juvenile Justice Field Staff, Administration, Maintenance - \$608,000; achieved by leaving vacancies unfilled</li> <li>• Child Care Fund Administration - \$100,000; reflects an estimated GF/GP lapse</li> </ul>		

**EO 2005-3 Changes from FY 2004-05 YTD Appropriations:**

<b>8. Information Technology</b>	<b>Gross</b>	<b>(EO 2005-3 Amount)</b>
Includes various reductions to IT-related line items to be achieved through reductions in personal services contracts, IT overhead, and contract savings. Line items and amounts are reviewed below:	GF/GP	(\$7,858,300)
<ul style="list-style-type: none"> <li>• Information Technology Services and Projects - \$436,600</li> <li>• Client Services System - \$566,200</li> <li>• Data System Enhancement - \$1.5 million</li> <li>• Child Support Automation - \$1.3 million</li> <li>• Child Support Distribution Computer System - \$4.1 million</li> </ul>		(3,382,700)

<b>9. Fund Shifts – Replace GF/GP with TANF</b>	<b>Gross</b>	<b>(EO 2005-3 Amount)</b>
Proposes a number of GF/GP appropriation reductions that are tied to an equivalent increase in appropriations of federal funds in the accompanying supplemental appropriation recommendation. See "Supplemental Changes" below for additional details:	GF/GP	(\$9,000,000)
<ul style="list-style-type: none"> <li>• Child Support Automation - \$2.0 million</li> <li>• Homeless Shelter Contracts - \$1.7 million</li> <li>• Child Care Fund - \$5.3 million</li> </ul>		(9,000,000)

**Higher Education**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
<b>IDG/IDT</b>	\$0	\$0
<b>Federal</b>	4,500,000	0
<b>Local</b>	0	0
<b>Private</b>	0	0
<b>Restricted</b>	85,150,000	0
<b>GF/GP</b>	1,643,508,700	(27,551,000)
<b>Gross</b>	<b>\$1,733,158,700</b>	<b>(\$27,551,000)</b>

**EO 2005-3 Changes from FY 2004-05 YTD Appropriations:**

<b>1. Operations Reductions</b>	<b>Gross</b>	<b>(EO 2005-3 Amount)</b>
Reductions equal to 1.76 percent of each university's operations funding (including FY 2004-05 tuition restraint funding). Supplemental appropriations to universities totaling \$83.6 million recommended for campus repairs (see Capital Outlay section).	GF/GP	(\$25,080,400)

<b>2. Agriculture Experiment Station</b>	<b>Gross</b>	<b>(EO 2005-3 Amount)</b>
Reduction equal to 2.5% of funding for Michigan State University's Agriculture Experiment Station.	GF/GP	(\$823,500)

<b>3. Cooperative Extension Service</b>	<b>Gross</b>	<b>(EO 2005-3 Amount)</b>
Reduction equal to 5.8% of funding for Michigan State University's Cooperative Extension Service.	GF/GP	(\$1,647,100)

**History, Arts, and Libraries**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
<b>IDG/IDT</b>	\$139,000	\$0
<b>Federal</b>	8,151,300	
<b>Local</b>	0	
<b>Private</b>	577,400	
<b>Restricted</b>	2,412,400	
<b>GF/GP</b>	45,803,500	(626,800)
<b>Gross</b>	<b>\$57,083,600</b>	<b>(\$626,800)</b>

**EO 2005-3 Changes from FY 2004-05 YTD Appropriations:**

<b>1. Administrative Efficiencies</b>	<b>Gross</b>	<b>(EO 2005-3 Amount)</b>
Program spending would be reduced in nearly all bureaus that receive funding support from the General Fund. Programs include Management Services, the Library of Michigan, the Michigan Council for Arts and Cultural Affairs, the Film Office, and Historical Programs. Funding shifts are recommended in the State Library Data Base program (Federal), and support from subscription revenue from the Michigan History Magazine.	GF/GP	(\$463,000)

The restricted fund increase necessary to implement this recommendation is not included in the draft supplemental budget recommendation.



<b>EO 2005-3 Changes from FY 2004-05 YTD Appropriations:</b>		<b>EO 2005-3 Amount</b>	
<b>2. Program Elimination: Michigan Lighthouse Assistance Program Grants</b>		<b>Gross</b>	<b>(\$91,500)</b>
General Fund support for the Lighthouse Preservation Grant program would be eliminated. Only those grants supported solely from Specialty License Plate revenue (the "Save our Lights" license plate) would be funded.		GF/GP	(\$91,500)
<b>3. DIT Services and Projects</b>		<b>Gross</b>	<b>(\$72,300)</b>
Rate reductions for contracts, enterprise administration, telecommunications, and data center operations.		GF/GP	(\$72,300)

### **Information Technology**

	<b>FY 2004-05 YTD at 2/09/05</b>	<b>EO 2005-3 Amount</b>
<b>IDG/IDT</b>	\$360,738,600	(\$10,244,300)
<b>Federal</b>	0	0
<b>Local</b>	0	0
<b>Private</b>	0	0
<b>Restricted</b>	0	0
<b>GF/GP</b>	0	0
<b>Gross</b>	<b>\$360,738,600</b>	<b>(\$10,244,300)</b>

<b>EO 2005-3 Changes from FY 2004-05 YTD Appropriations:</b>		<b>EO 2005-3 Amount</b>	
<b>1. Information Technology</b>		<b>Gross</b>	<b>(\$8,184,300)</b>
Rate reductions for contracts, enterprise administration, data center operations and telecommunications across state departments/agencies and a reduction in costs for the MAIN accounting system within DMB.		IDG	(8,184,300)
		GF/GP	\$0
<b>2. Contract Reduction</b>		<b>Gross</b>	<b>(\$2,060,000)</b>
Reduces funding for the Michigan Master Computing contract due to an anticipated reduction in expenditures.		IDG	(2,060,000)
		GF/GP	\$0

### **Labor and Economic Growth**

	<b>FY 2004-05 YTD at 2/09/05</b>	<b>EO 2005-3 Amount</b>
<b>IDG/IDT</b>	\$515,200	\$0
<b>Federal</b>	836,502,100	0
<b>Local</b>	15,669,600	0
<b>Private</b>	4,140,100	0
<b>Restricted</b>	290,500,600	(\$932,300)
<b>GF/GP</b>	94,538,000	(\$1,051,700)
<b>Gross</b>	<b>\$1,241,865,600</b>	<b>(\$1,984,000)</b>

<b>EO 2005-3 Changes from FY 2004-05 YTD Appropriations:</b>		<b>EO 2005-3 Amount</b>	
<b>1. Administrative Spending Cuts and Efficiencies</b>		<b>Gross</b>	<b>\$649,700</b>
Spending is reduced through a combination of not filling administrative vacancies, and other administrative efficiencies.		GF/GP	\$649,700
<b>2. Fund Shift- Tax Tribunal</b>		<b>Gross</b>	<b>\$0</b>
General Fund/General Purpose funding is replaced with Corporation Fees Restricted Fund dollars.		GF/GP	(\$306,900)
<b>3. Fund Shift- Code Enforcement and Fire Safety</b>		<b>Gross</b>	<b>\$0</b>
General Fund/General Purpose funding is replaced with Construction Code Fund Restricted Fund dollars.		GF/GP	(\$95,100)
<b>4. Liquor Licensing and Enforcement- Reduce Liquor Purchase Fund</b>		<b>Gross</b>	<b>(\$932,300)</b>
Spending by the Liquor Control Commission from Liquor Purchase Revolving Fund is reduced through a combination of not filling vacancies and less travel.		GF/GP	\$0

**Management and Budget**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
<b>IDG/IDT</b>	\$143,075,200	\$0
<b>Federal</b>	444,600	0
<b>Local</b>	0	0
<b>Private</b>	0	0
<b>Restricted</b>	33,206,100	0
<b>GF/GP</b>	36,684,200	(9,765,800)
<b>Gross</b>	<b>\$213,410,100</b>	<b>(\$9,765,800)</b>

**EO 2005-3 Changes from FY 2004-05 YTD Appropriations:**

	<b>Gross</b>	<b>EO 2005-3 Amount</b>
<b>1. Administrative Savings</b>		<b>(\$605,700)</b>
Reduces funding available for administrative expenses. Savings are anticipated to be generated through reducing support costs and staff reorganization.	GF/GP	(\$605,700)
<b>2. Information Technology</b>	<b>Gross</b>	<b>(\$1,072,900)</b>
Rate reductions for contracts, enterprise administration, data center operations, and telecommunications and a reduction in costs for the MAIN accounting system.	GF/GP	(\$1,072,900)
<b>3. Statewide GF/GP Reductions</b>	<b>Gross</b>	<b>(\$8,087,200)</b>
The following reductions represent statewide GF/GP lapses from various department budgets:	GF/GP	(\$8,087,200)
<ul style="list-style-type: none"> <li>Reducing statewide contract costs for a savings of \$5,000,000</li> <li>Child Care Information and Referral Services lapse of \$1,254,400</li> <li>UAW Severance Pay Fund lapse of \$1,102,800</li> <li>Procurement Card program revenue lapse of \$370,000 from constraints on contract and operating purchases</li> <li>Building Occupancy lapse of \$360,000 from deferring maintenance costs and reducing contract costs</li> </ul>		

**Military and Veterans Affairs**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
<b>IDG/IDT</b>	\$1,042,500	\$0
<b>Federal</b>	45,418,100	\$0
<b>Local</b>	0	\$0
<b>Private</b>	1,282,300	\$0
<b>Restricted</b>	25,599,800	\$0
<b>GF/GP</b>	37,370,700	(\$714,100)
<b>Gross</b>	<b>\$110,713,400</b>	<b>(\$714,400)</b>

**EO 2005-3 Changes from FY 2004-05 YTD Appropriations:**

	<b>Gross</b>	<b>EO 2005-3 Amount</b>
<b>1. Administrative Economies and Efficiencies</b>		<b>(\$501,500)</b>
Includes reductions for administrative related expenditures for Headquarters and Armories (\$185,000) and reductions for salary and wage related expenditures for Military Training Sites and Support Facilities (\$316,500).	GF/GP	(\$501,500)
<b>2. Information Technology – Administrative Economies and Efficiencies</b>	<b>Gross</b>	<b>(\$12,600)</b>
Rate reductions for contracts, enterprise administration, telecommunications, and data center operations.	GF/GP	(\$12,600)
<b>3. Grant Reductions</b>	<b>Gross</b>	<b>(\$200,000)</b>
Reflects a reduction to the National Guard Education Tuition Assistance Program due to a federal match change.	GF/GP	(\$200,000)

**Natural Resources**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
IDG/IDT	\$3,528,700	\$0
Federal	37,195,200	
Local	0	
Private	2,024,300	
Restricted	192,702,200	
GF/GP	28,885,000	(383,300)
Gross	<b>\$264,335,400</b>	<b>(\$383,300)</b>

**EO 2005-3 Changes from FY 2004-05 YTD Appropriations:**

		<u>EO 2005-3 Amount</u>
<b>1. Conservation Officer Positions</b>		<b>Gross (\$308,100)</b>
Savings would be in salaries and support costs related to Conservation Officer position vacancies.		GF/GP (\$308,100)
<b>2. DIT Services and Projects</b>		<b>Gross (\$46,100)</b>
Rate reductions for contracts, enterprise administration, telecommunications, and data center operations.		GF/GP (\$46,100)
<b>3. Commercial Forest Reserve Payments to Counties</b>		<b>Gross (\$29,100)</b>
The appropriation for payments in lieu of taxes to counties for properties enrolled in the Commercial Forest Reserve program would be reduced. Payment obligations are less than the amount appropriated.		GF/GP (\$29,100)

**School Aid**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
IDG/IDT	\$0	\$0
Federal	1,353,540,100	
Local	0	
Private	0	
Restricted	10,909,200,000	
GF/GP	264,700,000	(99,500,000)
Gross	<b>\$12,527,440,100</b>	<b>(\$99,500,000)</b>

**EO 2005-3 Changes from FY 2004-05 YTD Appropriations:**

<b>General Fund reduction to the School Aid Fund</b>		<b>Gross (\$99,500,000)</b>
Reduces the general fund contribution to the school aid fund by \$99.5 million. The revised total general fund contribution to the school aid fund would be \$165.2 million.		GF/GP (\$99,500,000)

**State**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
IDG/IDT	\$20,000,000	\$0
Federal	1,391,000	0
Local	0	0
Private	100	0
Restricted	141,878,500	0
GF/GP	23,909,900	(609,400)
Gross	<b>\$187,179,500</b>	<b>(\$609,400)</b>

**EO 2005-3 Changes from FY 2004-05 YTD Appropriations:**

<b>1. Administrative Savings</b>		<b>Gross (\$540,000)</b>
Reduces funding available for administrative expenses. Savings are anticipated to be generated through administrative efficiencies.		GF/GP (\$540,000)
<b>2. Information Technology</b>		<b>Gross (\$69,400)</b>
Rate reductions for contracts, enterprise administration, data center operations, and telecommunications.		GF/GP (\$69,400)

**State Police**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
<b>IDG/IDT</b>	\$19,916,800	\$0
<b>Federal</b>	106,255,100	\$0
<b>Local</b>	4,681,100	\$0
<b>Private</b>	10,700	\$0
<b>Restricted</b>	100,602,000	\$0
<b>GF/GP</b>	244,380,200	(\$3,455,000)
<b>Gross</b>	<b>\$475,845,900</b>	<b>(\$3,455,000)</b>

**EO 2005-3 Changes from FY 2004-05 YTD Appropriations:****1. Administrative Economies and Efficiencies**

Includes reductions for salary and wage related expenditures for Criminal Investigations (\$1,493,000), the Criminal Justice Information Center Division (\$63,200), Fire Investigation (\$125,800), Human Resources (\$64,800), and Uniform Services (\$555,000).

	<b>EO 2005-3</b>
	<b>Amount</b>
<b>Gross</b>	<b>(\$2,301,800)</b>
GF/GP	(\$2,301,800)

**2. Information Technology – Administrative Economies and Efficiencies**

Rate reductions for contracts, enterprise administration, telecommunications, and data center operations.

<b>Gross</b>	(\$541,200)
GF/GP	(\$541,200)

**3. Other Reductions**

General fund savings for the DNA Analysis Program (\$225,000) from shifting costs to the Forensic Science Reimbursement Fee line and for At-Post Troopers (\$387,000) from shifting costs to available Highway Safety Fund resources.

<b>Gross</b>	(\$612,000)
GF/GP	(\$612,000)

**Treasury**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>EO 2005-3 Amount</u>
<b>IDG/IDT</b>	\$0	\$0
<b>Federal</b>	34,681,800	
<b>Local</b>	18,832,800	
<b>Private</b>	0	
<b>Restricted</b>	1,431,295,600	
<b>GF/GP</b>	96,153,400	(5,604,200)
<b>Gross</b>	<b>\$1,594,136,400</b>	<b>(\$5,604,200)</b>

**EO 2005-3 Changes from FY 2004-05 YTD Appropriations:****1. Administrative Economies and Efficiencies**

Reduces funding for worker's compensation insurance premiums (\$166,900) and student financial assistance programs (\$200,000). Decreases General Fund support for local finance program (\$143,200) to be replaced by restricted funds per the Supplemental. Shifts funding of human resources optimization (\$44,300) from General Fund to restricted funds per the Supplemental.

	<b>EO 2005-3</b>
	<b>Amount</b>
<b>Gross</b>	<b>(\$554,400)</b>
GF/GP	(\$554,400)

**2. Personal Property Tax Auditors**

Eliminates funding for personal property tax auditors program.

<b>Gross</b>	<b>(\$3,500,000)</b>
GF/GP	(\$3,500,000)

**3. Information Technology Services and Projects**

Reduces funding for IT services due to rate reductions for contracts, enterprise administration, telecommunications, and data center operations.

<b>Gross</b>	<b>(\$549,800)</b>
GF/GP	(\$549,800)

**4. Reduced Contract Collection Costs**

Savings to be realized through the reduction of contract collection costs via contractor rebates.

<b>Gross</b>	<b>(\$1,000,000)</b>
GF/GP	(\$1,000,000)

## PROPOSED SUPPLEMENTAL

### Agriculture

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
<b>IDG/IDT</b>	\$10,831,700	\$0
<b>Federal</b>	33,476,200	
<b>Local</b>	0	
<b>Private</b>	138,700	
<b>Restricted</b>	51,593,300	977,500
<b>GF/GP</b>	30,091,400	(692,500)
<b>Gross</b>	<b>\$126,131,300</b>	<b>(\$285,000)</b>

### Supplemental Amount

#### Supplemental Changes from FY 2004-05 YTD Appropriations:

<b>1. Pesticide and Plant Pest Management</b>	<b>Gross</b>	<b>\$150,000</b>
Would appropriate licensing and inspection fees in order to effect the \$150,000 GF/GP reduction in Executive Order (noted above)	Restricted	150,000
	GF/GP	\$0
<b>2. Laboratory Services</b>	<b>Gross</b>	<b>\$135,000</b>
Would appropriate Gasoline Inspection and Testing Fund revenue in order to effect the \$135,000 GF/GP reduction in Executive Order (noted above).	Restricted	135,000
	GF/GP	\$0
<b>3. Information Technology Services and Projects</b>	<b>Gross</b>	<b>\$0</b>
Would substitute \$692,500 GF/GP with State Services Fee Fund.	Restricted	692,500
	GF/GP	(\$692,500)
<b>4. Building and Track Improvement – County and State Fairs</b>	<b>Gross</b>	<b>\$0</b>
Would substitute \$692,500 originally appropriated from the Agriculture Equine Industry Development Fund with \$692,500 from State Services Fee Fund. This would represent a fund shift between two state restricted funds.	Restricted	0
	GF/GP	0

### Capital Outlay

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
<b>IDG/IDT</b>	\$0	\$100
<b>Federal</b>	0	0
<b>Local</b>	0	0
<b>Private</b>	0	0
<b>Restricted</b>	7,795,000	0
<b>GF/GP</b>	243,194,800	0
<b>Gross</b>	<b>\$250,989,800</b>	<b>\$100</b>

### Supplemental Amount

#### Supplemental Changes from FY 2004-05 YTD Appropriations:

##### **University and Community College Major and Special Maintenance Projects**

The Governor is proposing changing existing policy and law to allow universities and community colleges to use State Building Authority bond proceeds to finance major and special maintenance projects. Under this, \$100 million will be made available to finance these projects under certain conditions. Projects must be started and completed between 10/1/04 and 12/31/07 and must be contracted for. Also, the SBA financing of each project's cost must be no less than \$100,000 for universities and \$10,000 for community colleges and must extend the useful life of the facility. Lastly, the SBA funding can't be used for self-liquidating or self-supporting facilities (e.g., dormitories, parking garages).

Of the \$100 million, roughly \$83.6 million is for universities and \$16.4 million for community colleges. It is distributed to each institution on a proportional basis from original FY 2004-05 enacted operational state appropriations.

The FY 2006-07 debt service impact will be about \$6.4 million to \$7.9 million, assuming nearly all long term bonds are issued in the last quarter of calendar 2007.

<b>Gross</b>	<b>\$100</b>
GF/GP	\$100

**Civil Rights**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
IDG/IDT	\$0	\$0
Federal	934,000	115,800
Local	0	0
Private	0	0
Restricted	0	0
GF/GP	11,759,000	0
<b>Gross</b>	<b>\$12,693,000</b>	<b>\$115,800</b>

**Supplemental Changes from FY 2004-05 YTD Appropriations:**

**Increased Federal Funds**

Authorizes the Department to receive additional federal grant funding made available from the United States Department of Housing and Urban Development (\$65,800) and the Equal Employment Opportunity Commission (\$50,000).

	<u>Supplemental Amount</u>
<b>Gross</b>	<b>\$115,800</b>
Federal	115,800
GF/GP	\$0

**Community Health**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
IDG/IDT	\$70,037,000	\$0
Federal	5,502,478,700	38,068,400
Local	523,452,400	3,665,000
Private	55,476,400	0
Restricted	1,463,844,700	44,424,200
GF/GP	2,557,910,600	(17,836,400)
<b>Gross</b>	<b>\$10,173,199,800</b>	<b>\$68,321,200</b>

**Supplemental Changes from FY 2004-05 YTD Appropriations:**

**1. Provider Tax on Specialty Prepaid Health Plans**

Increases funds for Medicaid Mental Health Services and Substance Abuse Services by \$19.5 million to reflect a capitation rate increase. Anticipating a 6% provider tax on specialty prepaid health plans, effective August 1, 2005, \$14.4 million would be realized in state restricted revenue. Provider tax revenue totaling \$8.4 million would be utilized to draw down \$11.1 million in federal Medicaid revenue. The remaining \$6.0 million in provider tax revenue would be used to replace GF/GP support for Community Mental Health/Substance Abuse Services Programs appropriation unit.

	<u>Supplemental Amount</u>
<b>Gross</b>	<b>\$19,490,000</b>
GF/GP	(\$6,000,000)

**2. CMH Non-Medicaid Services**

Redirects \$1.4 million GF/GP from CMH Non-Medicaid Services to CMHSP, Purchase of State Services Contracts since CMHSPs are not projected to spend mental health risk pool dollars set aside in FY 2004-05. The redirection of funds to CMHSP, Purchase of State Services Contracts will be used to partially offset the Executive Order 2005-3 reduction of \$2.3 million

<b>Gross</b>	<b>\$0</b>
GF/GP	\$0

**3. Replacement of GF/GP**

Replaces GF/GP reduction of \$137,000 for Departmental Administration and Management line item with available Health Professional Regulation Fund revenues. Replaces GF/GP reduction of \$500,000 for Immunization Local Agreements line item for vaccine costs with available state restricted interest income from the Pharmaceutical Products Fund, a fund related to the 1999 sale of the Michigan Biologic Products Institute, now known as Bioport.

<b>Gross</b>	<b>\$637,000</b>
GF/GP	\$0

**4. Children's Special Health Care Services & Medicaid Base Adjustments**

Provides an additional \$18.3 million Gross (\$10.6 million GF/GP) for the Children's Special Health Care Services Medical Care and Treatment line along with \$67.3 million (\$29.2 million GF/GP) for Medicaid appropriation lines within the Medical Services unit. These authorization increases reflect continued Medicaid caseload growth above the appropriated level. There are further adjustments between the top ten Medicaid appropriation lines to align funding with anticipated spending.

<b>Gross</b>	<b>\$85,631,400</b>
GF/GP	\$39,814,900

**5. 4% Provider Rate Reductions & Incentive Payments Elimination**

Reduces Medicaid provider rates by 4% effective May 1, 2005. Also included is a 4% reduction in graduate medical education (GME) payments to hospitals and the elimination of incentive payments to the Department of Community Health's pharmacy benefits manager for special projects.

<b>Gross</b>	<b>(\$43,194,900)</b>
GF/GP	(\$18,636,300)

**Supplemental  
Amount**

**Supplemental Changes from FY 2004-05 YTD Appropriations:**

<b>6. General Funds Offset by Additional State Restricted and Local Revenue</b>	<b>Gross</b>	<b>\$0</b>
Provides for additional local and state restricted authorization to offset like amounts of GF/GP reductions. The \$25.9 million within the Medicaid Benefits Trust Fund is requested to be withdrawn to replace a like amount of GF/GP. By increasing the monthly payment agreement amount for families receiving services within the Children's Special Health Care Services program, \$500,000 of restricted revenue would become available to offset GF/GP. This payment agreement change would affect eligible families with incomes over 250% of the federal poverty level. Local revenues have been identified to fund school and community-based adolescent health clinics (teen health centers) in the amount of \$3,665,000. Again, a like amount of GF/GP is reduced to offset the local revenue increase. Finally, \$3.0 million of restricted revenue authorization is requested from an antitrust case settlement with the Bristol-Myers Squibb Company, resulting in GF/GP savings of the same amount.	GF/GP	(\$33,015,000)
<hr/>		
<b>7. University Disproportionate Share Payments</b>	<b>Gross</b>	<b>\$5,757,700</b>
Increases federal funding authorization within the Special Adjustor Payments appropriation line to provide Medicaid disproportionate share (DSH) payments to the University of Detroit Dental Clinic and the Wayne State University Psychiatric Residency programs. These federal funds will offset GF/GP currently found in the higher education budget which historically has supported dental and mental health care services to low-income populations.	GF/GP	\$0

**Corrections**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
<b>IDG/IDT</b>	\$3,364,200	\$0
<b>Federal</b>	8,188,100	
<b>Local</b>	393,600	
<b>Private</b>	0	
<b>Restricted</b>	66,075,600	1,000,000
<b>GF/GP</b>	1,708,161,100	(\$6,482,200)
<b>Gross</b>	<b>\$1,786,182,600</b>	<b>(\$5,482,200)</b>

**Supplemental  
Amount**

**Supplemental Changes from FY 2004-05 YTD Appropriations:**

<b>1. Cancel Contracts for Youth Correctional Facility</b>	<b>Gross</b>	<b>(\$5,893,100)</b>
Assumes partial-year savings through cancellation of the contracts for management and lease of the Michigan Youth Correctional Facility, in Baldwin. Associated boilerplate language would forbid expenditure of funds on the contracts after May 31, 2005.	GF/GP	(\$5,893,100)
<hr/>		
<b>2. Close Benton Harbor and Saginaw Corrections Centers</b>	<b>Gross</b>	<b>(\$589,100)</b>
Assumes partial-year savings through closure of corrections centers on premises leased in Benton Harbor and Saginaw. Associated boilerplate language would forbid expenditure of funds on those centers after May 31, 2005.	GF/GP	(\$589,100)
<hr/>		
<b>3. Increase Collections of Parole and Probation Oversight Fees</b>	<b>Gross</b>	<b>\$1,000,000</b>
Provides authority to spend additional funds assumed through increased collections of parole and probation oversight fees. Offsets complementary GF/GP reduction in Executive Order 2005-3.	Restricted	1,000,000
	GF/GP	\$0
<hr/>		
<b>4. Add Bunks in Open-Bay Housing at Eight Facilities</b>	<b>Gross</b>	<b>\$0</b>
Adds 976 beds to capacity by adding one bunk to each six-bed open-bay cubicle. Beds and total of \$3,339,700 added to Cotton, Parnall, Harrison, Huron Valley women's facility, Lakeland, Pine River, Riverside, and St. Louis. Funding would come from savings achieved by not opening Jackson complex's A and B units as previously planned.	GF/GP	\$0

**Education**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
IDG/IDT	\$1,072,100	\$0
Federal	60,796,800	21,000
Local	5,208,800	
Private	606,600	
Restricted	19,470,000	165,000
GF/GP	26,394,700	
<b>Gross</b>	<b>\$113,549,000</b>	<b>\$186,000</b>

**Supplemental Changes from FY 2004-05 YTD Appropriations:****1. School Finance and School Law Fund Shift**

Replaces \$21,000 of GF currently used to support the Department's federal liaison with Federal funds.

	<b>Gross</b>	<b>Supplemental Amount</b>
Federal		\$21,000
GF/GP		\$0

**2. Early Childhood Education Office Fund Shift**

Replaces \$165,000 in GF with Certification Fees.

	<b>Gross</b>	<b>Supplemental Amount</b>
Restricted		\$165,000
GF/GP		\$0

**Environmental Quality**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
IDG/IDT	\$14,263,000	\$684,000
Federal	133,766,800	
Local	0	
Private	445,900	
Restricted	163,451,800	1,038,600
GF/GP	28,671,800	
<b>Gross</b>	<b>\$340,599,300</b>	<b>\$1,722,600</b>

**Supplemental Changes from FY 2004-05 YTD Appropriations:****1. Funding Shifts to Restricted Funds**

A number of programs would shift support from General Fund to restricted funding sources: Environmental Pollution Funds, Air Emission Fees, Land and Water Permit Fees, the Oil and Gas Regulatory Fund, the Scrap Tire Regulatory Fund, and Hazardous Materials Transportation Permit revenue. Affected programs include office space leases, Field Permitting and Project Assistance, Air Quality, Environmental Investigations, and the Hazardous Waste Management.

	<b>Gross</b>	<b>Supplemental Amount</b>
Restricted		\$1,038,600
GF/GP		\$0

**2. Laboratory Services – Funded Through Intradepartmental Transfers**

Programs using in-house laboratory services would be assessed for the cost of sample collection and testing. Program charges related to this supplemental are dependent on laboratory workloads and priorities.

	<b>Gross</b>	<b>Supplemental Amount</b>
IDG/IDT		\$684,000
GF/GP		\$0

**Family Independence Agency**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
IDG/IDT	\$1,084,400	\$0
Federal	3,033,969,000	9,000,000
Local	73,326,100	
Private	9,757,600	
Restricted	70,321,400	
GF/GP	1,109,682,800	0
<b>Gross</b>	<b>\$4,298,141,300</b>	<b>\$9,000,000</b>

**Supplemental Changes from FY 2004-05 YTD Appropriations:****1. Child Support Automation**

Appropriates additional Child Support incentive funds to replace \$2.0 million of the GF/GP reductions included in the Executive Order. The line supports Michigan's Child Support Enforcement System.

	<b>Gross</b>	<b>Supplemental Amount</b>
Federal		\$2,000,000
GF/GP		\$0

**2. Homeless Shelter Contracts**

Recommends providing additional federal TANF funds to replace the GF/GP reduction included in the Executive Order. The line supports contract payments to the Salvation Army to provide shelter to homeless individuals.

	<b>Gross</b>	<b>Supplemental Amount</b>
Federal		\$1,700,000
GF/GP		\$0



**Supplemental  
Amount**

**Supplemental Changes from FY 2004-05 YTD Appropriations:**

**3. Child Care Fund**

Provides additional federal TANF funding to replace GF/GP appropriation reductions in the Executive Order. The Child Care Fund program provides 50% state reimbursement to counties for eligible expenses related to the placement of abused/neglected youth and delinquent youth. TANF funds are used to support in-home care activities for these youth.

<b>Gross</b>	<b>\$5,300,000</b>
Federal	5,300,000
GF/GP	\$0

**Higher Education**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
IDG/IDT	\$0	\$0
Federal	4,500,000	0
Local	0	0
Private	0	0
Restricted	85,150,000	0
GF/GP	1,643,508,700	(10,152,900)
<b>Gross</b>	<b>\$1,733,158,700</b>	<b>(\$10,592,900)</b>

**Supplemental  
Amount**

**Supplemental Changes from FY 2004-05 YTD Appropriations:**

**1. Wayne State University**

Removal of funding earmarked from university's operations appropriation for Joseph F. Young, Sr. Psychiatric Research and Training Program. Positive supplemental for same purpose recommended from federal revenue in Community Health budget.

<b>Gross</b>	<b>(\$5,605,900)</b>
GF/GP	(\$5,605,900)

**2. Dental Clinics Grant**

Removal of grant funding to University of Detroit Mercy for provision of dental clinic services to low-income residents in southeast Michigan. Positive supplemental for same purpose recommended from federal revenue in Community Health budget.

<b>Gross</b>	<b>(\$4,547,000)</b>
GF/GP	(\$4,547,000)

**History, Arts, and Libraries**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
IDG/IDT	\$139,000	\$0
Federal	8,151,300	100,000
Local	0	
Private	577,400	
Restricted	2,412,400	
GF/GP	45,803,500	
<b>Gross</b>	<b>\$57,083,600</b>	<b>\$100,000</b>

**Supplemental  
Amount**

**Supplemental Changes from FY 2004-05 YTD Appropriations:**

**1. Library of Michigan Operations**

The Federal grant increase necessary to shift data base project funding from General Fund support would be provided. These funds are available through the U.S. Department of Education (Library Services and Technology Act program).

<b>Gross</b>	<b>\$100,000</b>
Federal	100,000
GF/GP	\$0

**Judiciary**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
IDG/IDT	\$4,633,500	\$0
Federal	4,015,600	
Local	3,298,100	
Private	842,500	
Restricted	82,333,700	
GF/GP	158,093,300	(\$546,000)
<b>Gross</b>	<b>\$253,216,700</b>	<b>\$0</b>

**Supplemental  
Amount**

**Supplemental Changes from FY 2004-05 YTD Appropriations:**

**1. Drug Court Funding**

Replaces \$46,000 in GF/GP funding for drug courts with revenue from the Drug Court Fund. The Drug Court Fund is funded by the Justice System Fund, which receives revenue from civil infraction assessments and statutory state costs in misdemeanor and felony cases.

<b>Gross</b>	<b>\$0</b>
Restricted	\$46,000
GF/GP	(\$46,000)

**Supplemental  
Amount**

**Supplemental Changes from FY 2004-05 YTD Appropriations:**

**2. Court Equity Funding**

Replaces \$500,000 in GF/GP funding for court equity reimbursements with revenue from the Court Equity Fund. The Court Equity Fund receives statutory allocations from the justice system fund, the civil filing fee fund, the court fee fund, and the state court fund.

<b>Gross</b>		<b>\$0</b>
Restricted		\$500,000
GF/GP		(\$500,000)

**Labor and Economic Growth**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
<b>IDG/IDT</b>	\$515,200	\$0
<b>Federal</b>	836,502,100	0
<b>Local</b>	15,669,600	0
<b>Private</b>	4,140,100	0
<b>Restricted</b>	290,500,600	\$402,000
<b>GF/GP</b>	94,538,000	0
<b>Gross</b>	<b>\$1,241,865,600</b>	<b>\$402,000</b>

**Supplemental  
Amount**

**Supplemental Changes from FY 2004-05 YTD Appropriations:**

**1. Fund Shift- Tax Tribunal**

Replace GF/GP funding with Corporation Fees

<b>Gross</b>		<b>\$306,900</b>
GF/GP		0

**2. Fund Shift- Code Enforcement and Fire Safety**

Replace GF/GP funding with Construction Code funds.

<b>Gross</b>		<b>\$95,100</b>
GF/GP		0

**State**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
<b>IDG/IDT</b>	\$20,000,000	\$0
<b>Federal</b>	1,391,000	0
<b>Local</b>	0	0
<b>Private</b>	100	0
<b>Restricted</b>	141,878,500	10,000,000
<b>GF/GP</b>	23,909,900	(4,000,000)
<b>Gross</b>	<b>\$187,179,500</b>	<b>\$6,000,000</b>

**Supplemental  
Amount**

**Supplemental Changes from FY 2004-05 YTD Appropriations:**

**1. Branch Operations**

Appropriates additional state restricted Transportation Administration Collection Fund (TACF) revenue and reduces GF/GP by a like amount. Legislation is necessary to redirect collection fee revenue from the Michigan Transportation Fund to the TACF.

<b>Gross</b>		<b>\$0</b>
Restricted		10,000,000
GF/GP		(\$10,000,000)

**2. Special Elections**

Appropriates additional funding to reimburse local units of government for the costs of a statewide special election seeking voter approval of the 21<sup>st</sup> Century Jobs Initiative.

<b>Gross</b>		<b>\$6,000,000</b>
GF/GP		\$6,000,000

**State Police**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
<b>IDG/IDT</b>	\$19,916,800	\$0
<b>Federal</b>	106,255,100	\$0
<b>Local</b>	4,681,100	\$0
<b>Private</b>	10,700	\$0
<b>Restricted</b>	100,602,000	\$612,000
<b>GF/GP</b>	244,380,200	\$0
<b>Gross</b>	<b>\$475,845,900</b>	<b>\$612,000</b>

**Supplemental  
Amount**

**Supplemental Changes from FY 2004-05 YTD Appropriations:**

**1. DNA Analysis Program**

General Fund expenditures offset by available Forensic Science Reimbursement Fees.

<b>Gross</b>		<b>\$225,000</b>
Restricted		\$225,000

**2. At-Post Troopers**

General Fund expenditures offset by available Highway Safety Funds.

<b>Gross</b>		<b>\$387,000</b>
Restricted		\$387,000

**Transportation**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
<b>IDG/IDT</b>	\$0	\$0
<b>Federal</b>	1,132,701,200	0
<b>Local</b>	5,800,000	0
<b>Private</b>	0	0
<b>Restricted</b>	2,140,556,900	(4,869,000)
<b>GF/GP</b>	0	0
<b>Gross</b>	<b>\$3,279,058,100</b>	<b>(\$4,869,000)</b>

**Supplemental Amount****Supplemental Changes from FY 2004-05 YTD Appropriations:****Administrative savings**

The Executive proposes reductions totaling \$4.9 million from several FY 2004-05 administrative line items. The reductions would be made from the following fund sources: State Trunkline Fund (STF), \$4.0 million; Michigan Transportation Fund (MTF), \$202,500; and State Aeronautics Fund, \$50,000. Although not shown supplemental request, the STF reductions would be redirected to the State trunkline road and bridge construction program. The detail of the proposed reductions is shown below.

<b>1. Executive Direction – Office of Commission Audits</b>	<b>Gross</b>	<b>(\$167,900)</b>
The Office of Commission Audits is the internal audit function of the State Transportation Commission. Reductions taken from STF.	Restricted	(167,900)
	GF/GP	\$0
<b>2. Finance, Contracts, and Support Services</b>	<b>Gross</b>	<b>(\$452,900)</b>
Reductions taken from Financial Operations, and Technical and Support Services lines, STF funding.	Restricted	(452,900)
	GF/GP	\$0
<b>3. Transportation Planning</b>	<b>Gross</b>	<b>(\$202,500)</b>
Reductions taken from Statewide Planning Services lines, MTF funding.	Restricted	(202,500)
	GF/GP	\$0
<b>4. Design and Engineering Services</b>	<b>Gross</b>	<b>(\$3,955,700)</b>
Reductions taken from Statewide Planning Services lines, STF funding.	Restricted	(3,955,700)
	GF/GP	\$0
<b>5. Aeronautics Services</b>	<b>Gross</b>	<b>(\$50,000)</b>
Reductions taken from Aviation Services lines, State Aeronautics Fund.	Restricted	(50,000)
	GF/GP	\$0

**Treasury**

	<u>FY 2004-05 YTD at 2/09/05</u>	<u>Supplemental Amount</u>
<b>IDG/IDT</b>	\$0	\$0
<b>Federal</b>	34,681,800	
<b>Local</b>	18,832,800	
<b>Private</b>	0	
<b>Restricted</b>	1,431,295,600	187,500
<b>GF/GP</b>	96,153,400	
<b>Gross</b>	<b>\$1,594,136,400</b>	<b>\$187,500</b>

**Supplemental Amount****Supplemental Changes from FY 2004-05 YTD Appropriations:****1. Local Finance Fund Shift**

Replaces \$143,200 of General Fund with state restricted funds.

<b>Gross</b>	<b>\$143,200</b>
Restricted	143,200
GF/GP	\$0

**2. Human Resources Optimization Fund Shift**

Shifts the funding of the program from General Fund to Delinquent Property Tax Collection Revenue funds.

<b>Gross</b>	<b>\$44,300</b>
Restricted	44,300
GF/GP	\$0