

**STATE OF MICHIGAN
FISCAL YEAR 2005-06**

Appropriations Summary and Analysis



Mitchell E. Bean, Director

October 2005

HOUSE FISCAL AGENCY GOVERNING COMMITTEE

Representatives:

Scott Hummel, Chair

Gretchen Whitmer, Vice Chair

Craig DeRoche

Dianne Byrum

Chris Ward

Mary Waters

MICHIGAN HOUSE OF REPRESENTATIVES APPROPRIATIONS COMMITTEE

Representatives:

Scott Hummel, Chair

John Stewart

John Pastor, Vice Chair

Shelley Taub

Daniel Acciavatti

Howard Walker

Fran Amos

Gretchen Whitmer, Minority Vice Chair

Darwin Booher

Rich Brown

Jack Brandenburg

Marsha Cheeks

Bruce Caswell

George Cushingberry, Jr.

Bill Caul

Lee Gonzales

David Farhat

Chris Kolb

Goeff Hansen

Clarence Phillips

Roger Kahn

Jim Plakas

Jerry Kooiman

Michael Sak

John Moolenaar

Alma Wheeler Smith

Rick Shaffer

Carl M. Williams

Glenn Steil, Jr.

STATE OF MICHIGAN
HOUSE OF REPRESENTATIVES



HOUSE FISCAL AGENCY

MITCHELL E. BEAN, DIRECTOR

P.O. BOX 30014 ■ LANSING, MICHIGAN 48909-7514
PHONE: (517) 373-8080 ■ FAX: (517) 373-5874
www.house.mi.gov/hfa

GOVERNING COMMITTEE

| | |
|---------------------|----------------------|
| SCOTT HUMMEL, CHAIR | GRETCHEN WHITMER, VC |
| CRAIG DEROCHE | DIANNE BYRUM |
| CHRIS WARD | MARY WATERS |

October 2005

TO: Members of the Michigan House of Representatives

This **FY 2005-06 Appropriations Summary and Analysis** summarizes the enacted FY 2005-06 appropriations. A *Glossary*, following the table of contents, explains terms used throughout this report to describe the budget for the State of Michigan. The *Director's Overview* provides information on resources used in the enacted FY 2005-06 budget, including tobacco settlement funds; summary tables of appropriated funds and sources are also included. *Budget Detail* pages note major budget and boilerplate changes for each department/agency. The last section provides an overview of *Consensus Revenue*.

When analyzing the budget, it is important to note the following:

Adjusted Gross is the amount to use when measuring the effect of state spending on the state's economy.

General Fund/General Purpose (GF/GP) is the amount to use when measuring state resources available for legislative allocation to various state programs.

State Spending from State Sources is the amount to use when measuring the amount of state resources collected from taxpayers to finance state spending.

Information in the *Budget Detail* section was provided by HFA Analysts; report production was coordinated by Jeanne Dee, Administrative Assistant. House Fiscal Agency staff and their areas of responsibility are listed on the inside back cover of this publication. Please feel free to contact them, or me, if you have questions or need further information.

A handwritten signature in black ink that reads "Mitchell E. Bean".

Mitchell E. Bean, Director

TABLE OF CONTENTS

OVERVIEW

| | |
|---|---------|
| Director's Overview | 3 |
| Resources Used in FY 2005-06 Year-to-Date Budget..... | 6 |
| FY 2005-06 Appropriations Summary Tables..... | 10 – 14 |

BUDGET DETAIL

EDUCATION

| | |
|-------------------------|----|
| Community Colleges..... | 17 |
| Education..... | 19 |
| Higher Education | 21 |
| School Aid..... | 24 |

GENERAL GOVERNMENT

| | |
|------------------------------|----|
| Attorney General..... | 29 |
| Civil Rights..... | 31 |
| Civil Service | 33 |
| Executive | 35 |
| Information Technology | 36 |
| Legislature | 38 |
| Management and Budget..... | 39 |
| State..... | 42 |
| Treasury..... | 44 |

HUMAN SERVICES

| | |
|--|----|
| Community Health (includes Medicaid, Public Health, Mental Health, and Aging) | 51 |
| Corrections..... | 57 |
| Human Services..... | 63 |

LABOR AND ECONOMIC GROWTH

| | |
|---------------------------------|----|
| Labor and Economic Growth | 71 |
|---------------------------------|----|

RESOURCE PROTECTION

| | |
|----------------------------|----|
| Agriculture..... | 75 |
| Environmental Quality..... | 78 |
| Natural Resources | 80 |

SAFETY AND DEFENSE

| | |
|-------------------------------------|----|
| Military and Veterans Affairs | 85 |
| State Police..... | 87 |

ALL OTHERS

| | |
|-----------------------------------|----|
| Capital Outlay | 93 |
| History, Arts, and Libraries..... | 94 |
| Judiciary..... | 97 |
| Transportation..... | 99 |

| | |
|--|------------|
| <u>CONSENSUS REVENUES</u> | 103 |
|--|------------|

GLOSSARY

STATE BUDGET TERMS

Gross Appropriations (Gross): The total of all applicable appropriations (statutory spending authorizations) in a budget bill.

Adjusted Gross Appropriations (Adjusted Gross): The net amount of all gross appropriations after subtracting interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

Lapses: Appropriation amounts that are unspent/unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless otherwise provided by law.

Work Project: A statutorily-authorized account which allows a spending authorization to be carried over from one fiscal year to a succeeding fiscal year or years— i.e., allows funds to be spent over a period of years.

APPROPRIATION BILL TERMS

Line/Line Item: Specific funding amount in an appropriation bill which establishes spending authorization for a particular program or function (may be for a single purpose or for multiple purposes).

Boilerplate: Specific language sections in an appropriation bill which direct, limit, or restrict line item expenditures, express legislative intent, and/or require reports.

REVENUE SOURCES

General Fund/General Purpose (GF/GP): Unrestricted General Fund revenue available to fund any activity accounted for in the General Fund; unused GF/GP revenue lapses to the General Fund at the end of a fiscal year.

State Restricted (Restricted): State revenue restricted by state law or outside restriction that is available only for specified purposes; at year-end, unused restricted revenue remains in the restricted fund.

Federal Revenue: Federal grant or matchable revenue dedicated to specific programs.

Local Revenue Revenue from local units of government.

Private Revenue: Revenue from non-government entities, such as rents, royalties or interest payments, payments from hospitals or individuals, and gifts and bequests.

Interdepartmental Grant (IDG): Revenue or funds received by one state department from another state department (usually for a service provided by the receiving department).

Intradepartmental Transfer (IDT): Transfers or funds being provided from one appropriation unit to another in the same department.

MAJOR STATE FUNDS

Budget Stabilization Fund (BSF): The countercyclical economic and budget stabilization fund; also known as the “rainy day” fund.

School Aid Fund (SAF): A restricted fund; the primary funding source for K-12 schools and Intermediate School Districts (ISDs).

General Fund: The General Fund (funded from taxes and other general revenues) is used to account for the ordinary operations of a governmental unit that are not accounted for in another fund.

FY 2005-06 Budget Detail

DIRECTOR'S OVERVIEW

Overview
Resources Used in Enacted Budget
Tobacco Settlement Funds
Other Budget Information
Summary Tables

FY 2005-06 DIRECTOR'S OVERVIEW Summary and Analysis

The enacted budget for Fiscal Year (FY) 2005-06 year-to-date (YTD) includes \$40.2 billion in adjusted gross appropriations with the following funding sources: \$18.1 billion in state restricted funds, \$12.8 billion in federal funds, \$8.98 billion in General Fund/General Purpose (GF/GP) revenues, and \$401.9 million in local and private sources. This represents an increase of 0.8% in adjusted gross and 3.4% in GF/GP from FY 2004-05 levels.

Consensus Revenue Estimates

The FY 2005-06 GF/GP budget is based on consensus revenue estimates agreed to at the August 17, 2005, Consensus Revenue Estimating Conference. These estimates include a GF/GP revenue increase of \$218.9 million (2.7%) from FY 2004-05. School Aid Fund (SAF) revenue, including federal funds and beginning balance, increases \$358.9 million (2.9%) from FY 2004-05.

Additional Funding

In addition to consensus revenue forecasts, funding for the FY 2005-06 GF/GP expenditure includes the following:

- \$560.1 million from a freeze in local revenue sharing,
- \$60.0 million from land sales,
- \$49.1 million in restricted funds and fund balances transferred to GF/GP,
- \$31.0 million in interest earnings from expected securitization of tobacco settlement revenues, and
- \$24.6 million from enhanced tax enforcement.

In addition to consensus revenue forecasts, funding for School Aid Fund expenditure includes the following:

- \$1,392.6 million in federal revenue,
- \$62.7 million GF/GP grant to the School Aid Fund,
- \$44.5 million from School Bond Loan Fund reform,
- \$13.0 million from expanded Keno, and
- \$9.5 million from enhanced tax enforcement.

The FY 2005-06 budget includes \$288.0 million in FY 2004-05 appropriations to be made from tobacco settlement funds.

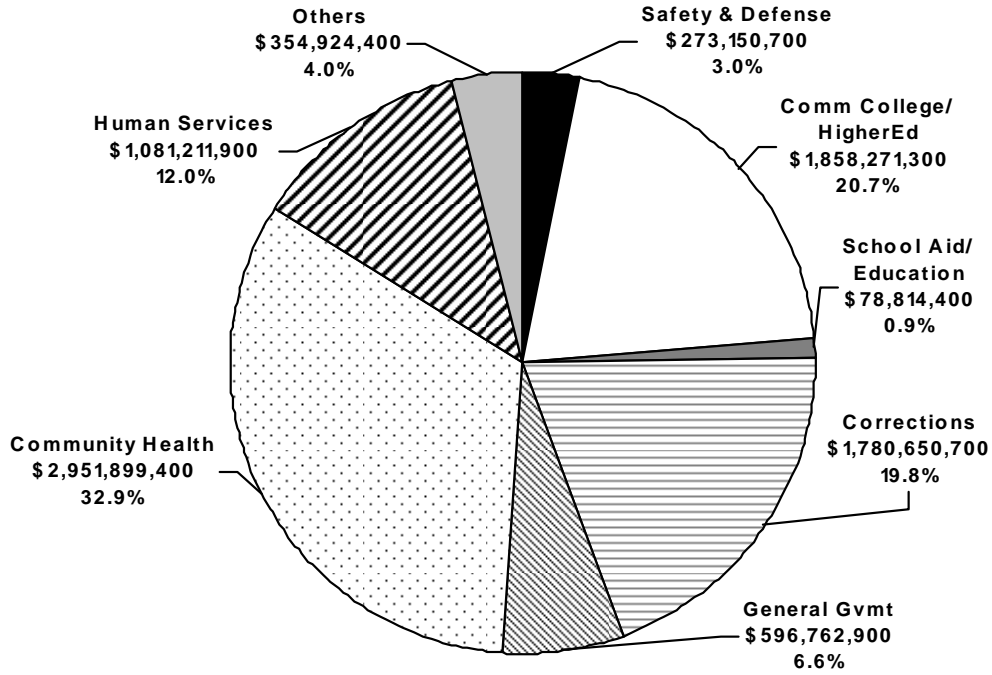
This ***Overview*** includes the following:

- A review of resources used in the enacted FY 2005-06 YTD budget and appropriations to be made from tobacco settlement funds,
- Graphs of FY 2005-06 GF/GP and adjusted gross budget distributions, and
- A summary of the overall content of the budget and Tables 1 through 5, which provide budget data.

Individual sections follow the overview and explain appropriations by department or major budget area. Each section includes a comparison of FY 2004-05 appropriations with the FY 2005-06 budget, a budget overview, and an analysis and discussion of major budget and boilerplate issues.

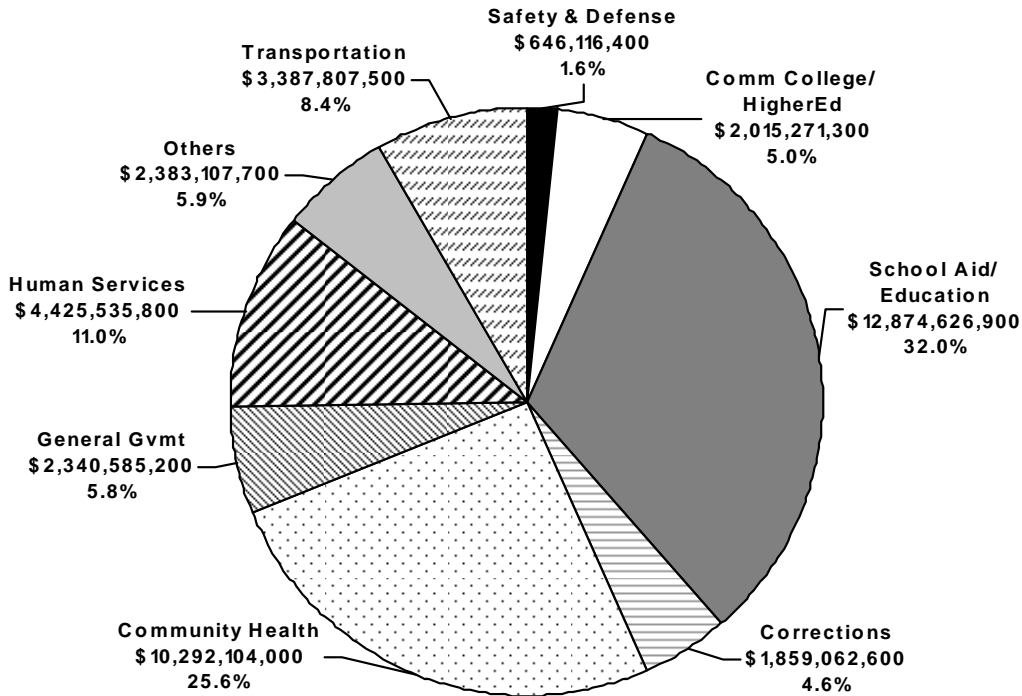
General Fund/ General Purpose Appropriations: FY 2005-06

Total: \$8,975,685,700



Adjusted Gross Appropriations: FY 2005-06

Total: \$40,224,217,400



**CHANGE IN ADJUSTED GROSS APPROPRIATIONS
FY 2004-05 YEAR-TO-DATE AND FY 2005-06 YEAR-TO-DATE**

Fiscal Year 2005-06 year-to-date appropriations show the following changes from year-to-date FY 2004-05 levels:

- An increase in adjusted gross appropriations of \$322.7 million or 0.8%.
- An increase in GF/GP appropriations of \$295.2 million or 3.4%.
- An increase in state restricted funding of \$474.9 million or 2.7%.
- An increase in total state spending from state sources of \$770.1 million or 2.9%.

| | <i>Appropriations in Millions of Dollars</i> | | | |
|--|--|------------------------------------|--------------------------|---------------------|
| | <u>Year-to-Date FY 2004-05</u> | <u>Year-to-Date FY 2005-06</u> | <u>Amount Change</u> | <u>% Change</u> |
| General Fund/General Purpose | \$8,680.5 | \$8,975.7 | \$295.2 | 3.4% |
| State Restricted | <u>17,593.7</u> | <u>18,068.6</u> | <u>474.9</u> | 2.7% |
| Total State Spending from State Sources | \$26,274.2 | \$27,044.3 | \$770.1 | 2.9% |
| | | | | |
| Federal | 12,860.2 | 12,778.0 | (82.2) | -0.6% |
| Local | 681.3 | 322.0 | (359.3) | -52.7% |
| Private | <u>85.8</u> | <u>79.9</u> | <u>(5.9)</u> | -6.9% |
| | | | | |
| Total Adjusted Gross | \$39,901.5 | \$40,224.2 | \$322.7 | 0.8% |

General Fund/General Purpose (GF/GP): Unrestricted General Fund revenue available to fund any activity accounted for in the General Fund; unused GF/GP revenue lapses to the General Fund at the end of a fiscal year.

State Restricted: State revenue restricted by state law or outside restriction that is available only for specified purposes; at year-end, unused restricted revenue remains in the restricted fund.

Federal Revenue: Federal grant or matchable revenues dedicated to specific programs.

Local Revenue: Revenue from local units of government.

Private Funds: Revenue from non-government entities such as rents, royalties or interest payments, payments from hospitals, payments from individuals, and gifts and bequests.

Adjusted Gross: Net of all gross appropriations after subtracting interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

OVERVIEW

RESOURCES USED IN FY 2005-06 YEAR-TO-DATE BUDGET

Resources used to fund General Fund/General Purpose, School Aid Fund, Medicaid Benefits Trust Fund, and Merit Award Trust Fund and Tobacco Settlement Trust Fund expenditures in the FY 2005-06 YTD budget are reported below.

FY 2005-06 GENERAL FUND/GENERAL PURPOSE
(Millions of Dollars)

| | |
|--|------------------|
| FY 2005-06 Consensus revenue estimate | \$8,212.9 |
| Revenue sharing freeze | 560.1 |
| Non-use of Single Business Tax (SBT) pharmaceutical credit | 10.0 |
| Cap interfund borrowing rates | 20.0 |
| Increased tax audits | 24.6 |
| Escheats revenue | 10.0 |
| Interest earnings from tobacco securitization | 31.0 |
| Sale of surplus property | 60.0 |
| Agriculture Equine Fund transfer to GF/GP | 2.0 |
| Remonumentation Fund transfer to GF/GP | 15.0 |
| Financial Institutions Fund transfer to GF/GP | 15.0 |
| State Services Fee Fund transfer to GF/GP | 6.0 |
| Reduced Comprehensive Transportation Fund (CTF) transfer | 11.1 |
| Total Resources | \$8,977.7 |

FY 2005-06 Consensus Revenue Estimate: Revenue estimates agreed to by the Consensus Conference in August 2005.

Agriculture Equine Fund Transfer to GF/GP: Fund created to provide funding for agriculture and equine industry development programs. Funded through taxes, fees, unclaimed tickets, and fines associated with horse racing. In addition, approximately \$6.0 million casino tax revenue is earmarked for the fund in order to augment horse racing programs in the Agriculture budget.

Remonumentation Fund Transfer to GF/GP: Fund receives a transaction fee from the County Register of Deeds for recording most official documents, such as property sales. Expenditures from the fund consist of grants to counties to establish or correct property boundaries in their jurisdictions.

Financial Institutions Fund Transfer to GF/GP: Fund consists of annual insurance agent license fees received from individuals licensed to sell insurance in Michigan. The fee revenue is used to support overall operation of the Michigan Office of Financial and Insurance Services, which regulates banks and other financial institutions as well as the insurance industry.

State Services Fee Fund Transfer to GF/GP: Annual assessment fees, application fees, and license fees paid by casinos. Annual transfers are made from the Fund to the Compulsive Gaming Prevention Fund in Department of Community Health for Michigan Gaming Board administrative costs, the cost of background checks, and services provided by various state departments.

Comprehensive Transportation Fund Transfer to GF/GP: Reduced Sales Tax transfer to the Comprehensive Transportation Fund (CTF) which raises GF revenues by the same amount.

FY 2005-06 SCHOOL AID FUND
(Millions of Dollars)

| | |
|---------------------------------------|-------------------|
| Beginning fund balance | \$1.0 |
| FY 2005-06 Consensus revenue estimate | 11,233.1 |
| Increased tax collection enforcement | 9.5 |
| School Bond Loan Fund reform revenue | 44.5 |
| Payment in lieu of taxes | (2.0) |
| Federal aid | 1,392.6 |
| Keno expansion | 13.0 |
| FY 2004-05 accounts receivable | 3.0 |
| General Fund transfer | <u>62.7</u> |
| Total Resources | \$12,757.4 |

FY 2005-06 Consensus Revenue Estimate: Revenue estimates agreed to by the Consensus Conference in August 2005.

Federal Aid: Primarily federal grants and federal money appropriated by the (federal) Elementary and Secondary Education Act.

Keno Expansion: The FY 2005-06 budget adds eight FTEs and \$637,100 to facilitate the expansion of Keno.

School Bond Loan Fund Reform Revenue: Savings associated with revisions to the Fund.

FY 2005-06 MEDICAID BENEFITS TRUST FUND
(Millions of Dollars)

| | |
|--|--------------|
| Beginning balance | \$0.0 |
| Estimated interest | 0.0 |
| Estimated deposit: | |
| Revenue from Cigarette Tax | 354.7 |
| Revenue from Other Tobacco Products | <u>24.5</u> |
| Subtotal: Available funds | \$379.2 |
| Withdrawal in FY 2005-06 enacted appropriation | (379.2) |
| FY 2005-06 Total Ending Balance | \$0.0 |

OVERVIEW

MERIT AWARD TRUST FUND

| | |
|--|------------------------|
| <u>Tobacco Settlement Revenue</u> | \$215.6 million |
| <u>Tobacco Settlement Expense</u> | |
| Community Health – Medicaid Base Funding Replaces state GF/GP match required for ongoing Medicaid program funding needs. | \$50.3 million |
| Education – Michigan Educational Assessment Program (MEAP) Test Administration Administration of the MEAP test given to 4th, 5th, 7th, 8th, and 11th grades as required by the revised school code. | \$16.3 million |
| Higher Education – University Operations Fund added to establish per-student funding floor in FY 2003-04. | \$9.5 million |
| Higher Education – Michigan Merit Award Program Provides merit scholarships to high school graduates with a qualifying score on the MEAP test. | \$126.4 million |
| Higher Education – Tuition Incentive Program Two-phase program to encourage low-income students to graduate from high school; phase I provides qualifying students with up to two years of free tuition at a community college; phase II provides qualifying students with up to \$2,000 toward tuition at a four-year university. | \$6.6 million |
| Higher Education – Nursing Scholarships Provides awards to nursing students who agree to work in Michigan after licensure. | \$4.0 million |
| Treasury – Michigan Merit Award/Tuition Incentive Program Administration Administration of the Michigan Merit Award Scholarship and Tuition Incentive programs. | \$2.4 million |
| Treasury – Michigan Education Savings Plan Provides state match to accounts of qualified beneficiaries, giving Michigan families an incentive to save for higher education through a combination of tax deductions and state matching grants. | \$1.0 million |
| Expense Total | \$216.5 million |

TOBACCO SETTLEMENT TRUST FUND

| | |
|---|-----------------------|
| <u>Tobacco Settlement Revenue</u> | \$72.4 million |
| <u>Tobacco Settlement Expense</u> | |
| Attorney General – Administration Funds 3.0 FTE positions to perform ongoing legal work and activities related to the Tobacco Master Settlement Agreement. | \$0.4 million |
| Community Health – EPIC Program Provides coverage for prescription medications to senior citizens with incomes up to 200% of the poverty level. | \$3.9 million |
| Community Health – Long-Term Care Services Supports the personal needs allowance at \$60 per month for Medicaid patients in nursing homes. | \$5.0 million |
| Community Health – Medicaid Base Funding Replaces state GF/GP match required for ongoing Medicaid program funding needs. | \$58.1 million |
| Community Health – Office of Services to the Aging, Respite Care Provides temporary companionship, care, or assistance to an elderly person who needs constant attention, thereby providing respite to the regular at-home caregiver. | \$5.0 million |
| Expense Total | \$72.4 million |

FY 2005-06 APPROPRIATIONS SUMMARY TABLES

Table 1 details the FY 2005-06 year-to-date budget by **Source of Funds**. When interdepartmental grants and intradepartmental transfers are deducted, gross appropriations of \$40.9 billion reduce to \$40.2 billion in adjusted gross appropriations.

| | |
|-----------------------|-------------------------|
| State Restricted | \$18,068,593,900 |
| GF/GP | 8,975,685,700 |
| Federal | 12,778,003,500 |
| Local and Private | <u>401,934,300</u> |
| Adjusted Gross | \$40,224,217,400 |

Tables 2 and 3 compare FY 2004-05 YTD appropriations to FY 2005-06 YTD appropriations.

Adjusted Gross Appropriations increase from \$39.9 billion in FY 2004-05 to \$40.2 billion in FY 2005-06, an increase of \$322.7 million or 0.8%.

GF/GP Appropriations increase from \$8.7 billion in FY 2004-05 to \$8.98 billion in FY 2005-06, an increase of \$295.2 million or 3.4%.

Table 4 compares the number of **Full-Time Equated (FTE) Positions** (classified and unclassified) for FY 2004-05 YTD to FY 2005-06 YTD. A decrease of 706.1 FTEs or 1.2% in total FTEs is shown in Table 4—from 57,183.8 in FY 2004-05 to 56,477.7 in FY 2005-06. Each FTE is equivalent to 2,088 hours of employee compensated time (including overtime, annual leave, and used sick leave) during the year.

Table 5 shows FY 2005-06 YTD **State Spending From State Sources Paid to Local Governments** and compares enacted payments to local units of government to the amount of spending from state sources provided in each budget. Pursuant to Article IX, Section 30 of the *Constitution of the State of Michigan of 1963*, at least 48.97% of state spending from state resources must be paid to all units of local government. The enacted FY 2005-06 YTD budget provides for \$15.7 billion in state spending to local units of government, 58.1% of the estimated \$27.0 billion in state spending from state resources—well within the constitutional requirement.

TABLE 1
FY 2005-06 YEAR-TO-DATE APPROPRIATIONS BY SOURCE OF FUNDS

| <u>Department/Major Budget Area</u> | <u>Gross</u> | <u>IDGs/IDTs</u> | <u>Adjusted Gross</u> | <u>Federal</u> | <u>Local</u> | <u>Private</u> | <u>State Restricted</u> | <u>GF/GP</u> |
|-------------------------------------|-------------------------|----------------------|-------------------------|-------------------------|----------------------|---------------------|-------------------------|------------------------|
| Community Colleges | 281,327,400 | 0 | 281,327,400 | 0 | 0 | 0 | 0 | 281,327,400 |
| Education | 117,475,600 | 0 | 117,475,600 | 70,519,400 | 5,444,000 | 1,898,600 | 23,513,200 | 16,100,400 |
| Higher Education | 1,733,943,900 | 0 | 1,733,943,900 | 3,500,000 | 0 | 0 | 153,500,000 | 1,576,943,900 |
| School Aid | 12,757,151,300 | 0 | 12,757,151,300 | 1,392,587,300 | 0 | 0 | 11,301,850,000 | 62,714,000 |
| EDUCATION | \$14,889,898,200 | \$0 | \$14,889,898,200 | \$1,466,606,700 | \$5,444,000 | \$1,898,600 | \$11,478,863,200 | \$1,937,085,700 |
| Attorney General | 64,720,400 | 13,408,400 | 51,312,000 | 8,799,400 | 0 | 0 | 11,011,400 | 31,501,200 |
| Civil Rights | 13,158,500 | 0 | 13,158,500 | 1,049,800 | 0 | 0 | 0 | 12,108,700 |
| Civil Service | 35,941,600 | 5,670,900 | 30,270,700 | 4,779,100 | 1,700,000 | 150,000 | 16,539,200 | 7,102,400 |
| Executive Office | 5,375,500 | 0 | 5,375,500 | 0 | 0 | 0 | 0 | 5,375,500 |
| Information Technology | 365,194,400 | 365,194,400 | 0 | 0 | 0 | 0 | 0 | 0 |
| Legislature | 129,731,900 | 2,301,500 | 127,430,400 | 0 | 0 | 400,000 | 2,356,500 | 124,673,900 |
| Management and Budget | 231,914,100 | 153,786,800 | 78,127,300 | 0 | 0 | 0 | 42,909,400 | 35,217,900 |
| State | 197,378,400 | 20,000,000 | 177,378,400 | 2,943,300 | 0 | 100 | 160,937,200 | 13,497,800 |
| Treasury: Operations | 665,375,400 | 13,456,400 | 651,919,000 | 35,405,400 | 1,025,400 | 0 | 301,801,600 | 313,686,600 |
| Treasury: Debt/Revenue Sharing | 1,205,613,400 | 0 | 1,205,613,400 | 0 | 0 | 0 | 1,152,014,500 | 53,598,900 |
| GENERAL GOVERNMENT | \$2,914,403,600 | \$573,818,400 | \$2,340,585,200 | \$52,977,000 | \$2,725,400 | \$550,100 | \$1,687,569,800 | \$596,762,900 |
| Community Health | 10,326,194,000 | 34,090,000 | 10,292,104,000 | 5,533,597,400 | 231,524,400 | 59,073,800 | 1,516,009,000 | 2,951,899,400 |
| Corrections | 1,860,106,400 | 1,043,800 | 1,859,062,600 | 11,410,200 | 411,700 | 0 | 66,590,000 | 1,780,650,700 |
| Human Services | 4,427,975,000 | 2,439,200 | 4,425,535,800 | 3,213,153,000 | 51,076,200 | 8,918,600 | 71,176,100 | 1,081,211,900 |
| HUMAN SERVICES | \$16,614,275,400 | \$37,573,000 | \$16,576,702,400 | \$8,758,160,600 | \$283,012,300 | \$67,992,400 | \$1,653,775,100 | \$5,813,762,000 |
| Labor and Economic Growth | 1,273,315,300 | 10,822,400 | 1,262,492,900 | 842,527,600 | 15,738,200 | 3,990,600 | 329,882,200 | 70,354,300 |
| LABOR AND ECONOMIC GROWTH | \$1,273,315,300 | \$10,822,400 | \$1,262,492,900 | \$842,527,600 | \$15,738,200 | \$3,990,600 | \$329,882,200 | \$70,354,300 |
| Agriculture | 119,178,400 | 10,368,200 | 108,810,200 | 32,581,700 | 0 | 138,700 | 47,727,100 | 28,362,700 |
| Environmental Quality | 455,196,000 | 18,031,100 | 437,164,900 | 144,062,700 | 0 | 450,000 | 260,842,600 | 31,809,600 |
| Natural Resources | 272,943,100 | 3,691,200 | 269,251,900 | 38,990,200 | 0 | 2,090,100 | 202,578,400 | 25,593,200 |
| RESOURCE PROTECTION | \$847,317,500 | \$32,090,500 | \$815,227,000 | \$215,634,600 | \$0 | \$2,678,800 | \$511,148,100 | \$85,765,500 |
| Military and Veterans Affairs | 117,699,400 | 1,656,800 | 116,042,600 | 49,537,200 | 0 | 1,355,800 | 27,360,500 | 37,789,100 |
| State Police | 550,810,100 | 20,736,300 | 530,073,800 | 182,821,000 | 5,597,900 | 11,200 | 106,282,100 | 235,361,600 |
| SAFETY AND DEFENSE | \$668,509,500 | \$22,393,100 | \$646,116,400 | \$232,358,200 | \$5,597,900 | \$1,367,000 | \$133,642,600 | \$273,150,700 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| History, Arts, and Libraries | 53,219,100 | 649,700 | 52,569,400 | 8,218,300 | 0 | 577,400 | 2,583,600 | 41,190,100 |
| Judiciary | 255,381,900 | 2,563,500 | 252,818,400 | 3,926,400 | 3,419,100 | 842,500 | 87,015,900 | 157,614,500 |
| Transportation | 3,387,807,500 | 0 | 3,387,807,500 | 1,197,594,100 | 6,100,000 | 0 | 2,184,113,400 | 0 |
| ALL OTHERS | \$3,696,408,500 | \$3,213,200 | \$3,693,195,300 | \$1,209,738,800 | \$9,519,100 | \$1,419,900 | \$2,273,712,900 | \$198,804,600 |
| TOTAL APPROPRIATIONS | \$40,904,128,000 | \$679,910,600 | \$40,224,217,400 | \$12,778,003,500 | \$322,036,900 | \$79,897,400 | \$18,068,593,900 | \$8,975,685,700 |

TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2005-06 Year-To-Date Compared with FY 2004-05 Year-to-Date

| <u>Department/Major Budget Area</u> | <u>Year-To-Date FY 2004-05</u> | <u>Year-To-Date FY 2005-06</u> | <u>FY 2005-06 vs. FY 2004-05</u> | |
|-------------------------------------|------------------------------------|------------------------------------|----------------------------------|--------------------|
| | | | <u>Amount Different</u> | <u>% Different</u> |
| Community Colleges | 292,054,400 | 281,327,400 | (10,727,000) | -3.7% |
| Education | 115,925,100 | 117,475,600 | 1,550,500 | 1.3% |
| Higher Education | 1,711,719,600 | 1,733,943,900 | 22,224,300 | 1.3% |
| School Aid | 12,467,062,300 | 12,757,151,300 | 290,089,000 | 2.3% |
| EDUCATION | \$14,586,761,400 | \$14,889,898,200 | \$303,136,800 | 2.1% |
| Attorney General | 49,932,200 | 51,312,000 | 1,379,800 | 2.8% |
| Civil Rights | 12,815,200 | 13,158,500 | 343,300 | 2.7% |
| Civil Service | 29,546,500 | 30,270,700 | 724,200 | 2.5% |
| Executive Office | 5,205,500 | 5,375,500 | 170,000 | 3.3% |
| Information Technology | 0 | 0 | 0 | 0.0% |
| Legislature | 124,930,400 | 127,430,400 | 2,500,000 | 2.0% |
| Management and Budget | 69,978,700 | 78,127,300 | 8,148,600 | 11.6% |
| State | 203,272,100 | 177,378,400 | (25,893,700) | -12.7% |
| Treasury: Operations | 352,428,000 | 651,919,000 | 299,491,000 | 85.0% |
| Treasury: Debt/RevenueShare | 1,226,071,900 | 1,205,613,400 | (20,458,500) | -1.7% |
| GENERAL GOVERNMENT | \$2,074,180,500 | \$2,340,585,200 | \$266,404,700 | 12.8% |
| Community Health | 10,413,737,700 | 10,292,104,000 | (121,633,700) | -1.2% |
| Corrections | 1,765,543,600 | 1,859,062,600 | 93,519,000 | 5.3% |
| Human Services | 4,297,849,300 | 4,425,535,800 | 127,686,500 | 3.0% |
| HUMAN SERVICES | \$16,477,130,600 | \$16,576,702,400 | \$99,571,800 | 0.6% |
| Labor and Economic Growth | 1,252,423,500 | 1,262,492,900 | 10,069,400 | 0.8% |
| LABOR AND ECONOMIC GROWTH | \$1,252,423,500 | \$1,262,492,900 | \$10,069,400 | 0.8% |
| Agriculture | 115,739,600 | 108,810,200 | (6,929,400) | -6.0% |
| Environmental Quality | 384,894,100 | 437,164,900 | 52,270,800 | 13.6% |
| Natural Resources | 265,117,400 | 269,251,900 | 4,134,500 | 1.6% |
| RESOURCE PROTECTION | \$765,751,100 | \$815,227,000 | \$49,475,900 | 6.5% |
| Military and Veterans Affairs | 114,905,100 | 116,042,600 | 1,137,500 | 1.0% |
| State Police | 463,156,900 | 530,073,800 | 66,916,900 | 14.4% |
| SAFETY AND DEFENSE | \$578,062,000 | \$646,116,400 | \$68,054,400 | 11.8% |
| Capital Outlay | 583,194,200 | 0 | (583,194,200) | -100.0% |
| History, Arts, and Libraries | 58,982,400 | 52,569,400 | (6,413,000) | -10.9% |
| Judiciary | 250,803,200 | 252,818,400 | 2,015,200 | 0.8% |
| Transportation | 3,274,189,100 | 3,387,807,500 | 113,618,400 | 3.5% |
| ALL OTHERS | \$4,167,168,900 | \$3,693,195,300 | (\$473,973,600) | -11.4% |
| TOTAL APPROPRIATIONS | \$39,901,478,000 | \$40,224,217,400 | \$322,739,400 | 0.8% |

TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2005-06 Year-To-Date Compared with FY 2004-05 Year-to-Date

| <u>Department/Major Budget Area</u> | Year-To-Date | Year-To-Date | <u>FY 2005-06 vs. FY 2004-05</u> | |
|-------------------------------------|------------------------|------------------------|----------------------------------|--------------------|
| | <u>FY 2004-05</u> | <u>FY 2005-06</u> | <u>Amount Different</u> | <u>% Different</u> |
| Community Colleges | 292,054,400 | 281,327,400 | (10,727,000) | -3.7% |
| Education | 26,061,700 | 16,100,400 | (9,961,300) | -38.2% |
| Higher Education | 1,622,069,600 | 1,576,943,900 | (45,125,700) | -2.8% |
| School Aid | 165,200,000 | 62,714,000 | (102,486,000) | -62.0% |
| EDUCATION | \$2,105,385,700 | \$1,937,085,700 | (\$168,300,000) | -8.0% |
| Attorney General | 31,052,900 | 31,501,200 | 448,300 | 1.4% |
| Civil Rights | 11,567,500 | 12,108,700 | 541,200 | 4.7% |
| Civil Service | 7,442,800 | 7,102,400 | (340,400) | -4.6% |
| Executive Office | 5,205,500 | 5,375,500 | 170,000 | 3.3% |
| Information Technology | 0 | 0 | 0 | 0.0% |
| Legislature | 122,173,900 | 124,673,900 | 2,500,000 | 2.0% |
| Management and Budget | 35,740,600 | 35,217,900 | (522,700) | -1.5% |
| State | 15,191,500 | 13,497,800 | (1,693,700) | -11.1% |
| Treasury: Operations | 49,100,600 | 313,686,600 | 264,586,000 | 538.9% |
| Treasury: Debt/Revenue | 42,901,600 | 53,598,900 | 10,697,300 | 24.9% |
| GENERAL GOVERNMENT | \$320,376,900 | \$596,762,900 | \$276,386,000 | 86.3% |
| Community Health | 2,588,837,100 | 2,951,899,400 | 363,062,300 | 14.0% |
| Corrections | 1,688,886,300 | 1,780,650,700 | 91,764,400 | 5.4% |
| Human Services | 1,076,406,600 | 1,081,211,900 | 4,805,300 | 0.4% |
| HUMAN SERVICES | \$5,354,130,000 | \$5,813,762,000 | \$459,632,000 | 8.6% |
| Labor and Economic Growth | 93,736,300 | 70,354,300 | (23,382,000) | -24.9% |
| LABOR AND ECONOMIC GROWTH | \$93,736,300 | \$70,354,300 | (\$23,382,000) | -24.9% |
| Agriculture | 28,427,900 | 28,362,700 | (65,200) | -0.2% |
| Environmental Quality | 26,127,100 | 31,809,600 | 5,682,500 | 21.7% |
| Natural Resources | 28,501,700 | 25,593,200 | (2,908,500) | -10.2% |
| RESOURCE PROTECTION | \$83,056,700 | \$85,765,500 | \$2,708,800 | 3.3% |
| Military and Veterans Affairs | 36,656,600 | 37,789,100 | 1,132,500 | 3.1% |
| State Police | 241,224,600 | 235,361,600 | (5,863,000) | -2.4% |
| SAFETY AND DEFENSE | \$277,881,200 | \$273,150,700 | (\$4,730,500) | -1.7% |
| Capital Outlay | 243,197,500 | 0 | (243,197,500) | -100.0% |
| History, Arts, and Libraries | 45,176,700 | 41,190,100 | (3,986,600) | -8.8% |
| Judiciary | 157,547,300 | 157,614,500 | 67,200 | 0.0% |
| Transportation | 0 | 0 | 0 | 0.0% |
| ALL OTHERS | \$445,921,500 | \$198,804,600 | (\$247,116,900) | -55.4% |
| TOTAL APPROPRIATIONS | \$8,680,488,300 | \$8,975,685,700 | \$295,197,400 | 3.4% |

TABLE 4
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2005-06 Year-To-Date Compared with FY 2004-05 Year-to-Date

| <u>Department/Major Budget Area</u> | Year-To-Date | Year-To-Date | FY 2005-06 vs. FY 2004-05 | |
|-------------------------------------|-------------------|-------------------|---------------------------|--------------------|
| | <u>FY 2004-05</u> | <u>FY 2005-06</u> | <u>Amount Different</u> | <u>% Different</u> |
| Community Colleges | 0.0 | 0.0 | 0.0 | 0.0% |
| Education | 414.5 | 423.5 | 9.0 | 2.2% |
| Higher Education | 1.0 | 1.0 | 0.0 | 0.0% |
| School Aid | 0.0 | 0.0 | 0.0 | 0.0% |
| EDUCATION | 415.5 | 424.5 | 9.0 | 2.2% |
| Attorney General | 564.0 | 566.0 | 2.0 | 0.4% |
| Civil Rights | 141.0 | 141.0 | 0.0 | 0.0% |
| Civil Service | 240.5 | 240.5 | 0.0 | 0.0% |
| Executive Office | 84.2 | 84.2 | 0.0 | 0.0% |
| Information Technology | 1,762.4 | 1,766.4 | 4.0 | 0.2% |
| Legislature | 0.0 | 0.0 | 0.0 | 0.0% |
| Management and Budget | 731.0 | 751.0 | 20.0 | 2.7% |
| State | 1,857.8 | 1,859.8 | 2.0 | 0.1% |
| Treasury: Operations | 1,662.5 | 1,700.5 | 38.0 | 2.3% |
| Treasury: Debt/Revenue Sharing | 0.0 | 0.0 | 0.0 | 0.0% |
| GENERAL GOVERNMENT | 7,043.4 | 7,109.4 | 66.0 | 0.9% |
| Community Health | 5,118.6 | 4,674.6 | (444.0) | -8.7% |
| Corrections | 17,769.8 | 17,525.2 | (244.6) | -1.4% |
| Human Services | 10,302.0 | 10,286.0 | (16.0) | -0.2% |
| HUMAN SERVICES | 33,190.4 | 32,485.8 | (704.6) | -2.1% |
| Labor and Economic Growth | 4,307.0 | 4,410.0 | 103.0 | 2.4% |
| LABOR AND ECONOMIC GROWTH | 4,307.0 | 4,410.0 | 103.0 | 2.4% |
| Agriculture | 749.0 | 697.0 | (52.0) | -6.9% |
| Environmental Quality | 1,570.2 | 1,573.2 | 3.0 | 0.2% |
| Natural Resources | 2,076.5 | 2,079.5 | 3.0 | 0.1% |
| RESOURCE PROTECTION | 4,395.7 | 4,349.7 | (46.0) | -1.0% |
| Military and Veterans Affairs | 1,023.0 | 1,023.0 | 0.0 | 0.0% |
| State Police | 2,951.0 | 2,900.0 | (51.0) | -1.7% |
| SAFETY AND DEFENSE | 3,974.0 | 3,923.0 | (51.0) | -1.3% |
| Capital Outlay | 0.0 | 0.0 | 0.0 | 0.0% |
| History, Arts, and Libraries | 238.0 | 238.0 | 0.0 | 0.0% |
| Judiciary | 582.5 | 509.0 | (73.5) | -12.6% |
| Transportation | 3,037.3 | 3,028.3 | (9.0) | -0.3% |
| ALL OTHERS | 3,857.8 | 3,775.3 | (82.5) | -2.1% |
| TOTAL FTE POSITIONS | 57,183.8 | 56,477.7 | (706.1) | -1.2% |

**Includes classified, unclassified, and nonlegislative exempt positions*

TABLE 5
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2005-06 Year-To-Date

| <u>Department/Major Budget Area</u> | <u>Spending From State Sources</u> | <u>State Spending to Local Government Units</u> | <u>% of State Spending From State Sources as Payment to Locals</u> |
|-------------------------------------|--|---|--|
| Community Colleges | 281,327,400 | 281,327,400 | 100.0% |
| Education | 39,613,600 | 9,625,000 | 24.3% |
| Higher Education | 1,730,443,900 | 3,759,100 | 0.2% |
| School Aid | 11,364,564,000 | 11,341,913,100 | 99.8% |
| EDUCATION | \$13,415,948,900 | \$11,636,624,600 | 86.7% |
| Attorney General | 42,512,600 | 0 | 0.0% |
| Civil Rights | 12,108,700 | 0 | 0.0% |
| Civil Service | 23,641,600 | 0 | 0.0% |
| Executive Office | 5,375,500 | 0 | 0.0% |
| Information Technology | 0 | 0 | 0.0% |
| Legislature | 127,030,400 | 0 | 0.0% |
| Management and Budget | 78,127,300 | 0 | 0.0% |
| State | 174,435,000 | 993,800 | 0.6% |
| Treasury: Operations | 615,488,200 | 119,249,500 | 19.4% |
| Treasury: Debt/Revenue Sharing | 1,205,613,400 | 1,116,612,000 | 92.6% |
| GENERAL GOVERNMENT | \$2,284,332,700 | \$1,236,855,300 | 54.1% |
| Community Health | 4,467,908,400 | 1,136,195,800 | 25.4% |
| Corrections | 1,847,240,700 | 87,830,400 | 4.8% |
| Human Services | 1,152,388,000 | 90,607,800 | 7.9% |
| HUMAN SERVICES | \$7,467,537,100 | \$1,314,634,000 | 17.6% |
| Labor and Economic Growth | 400,236,500 | 56,012,400 | 14.0% |
| LABOR AND ECONOMIC GROWTH | \$400,236,500 | \$56,012,400 | 14.0% |
| Agriculture | 76,089,800 | 3,316,800 | 4.4% |
| Environmental Quality | 292,652,200 | 6,288,700 | 2.1% |
| Natural Resources | 228,171,600 | 28,662,500 | 12.6% |
| RESOURCE PROTECTION | \$596,913,600 | \$38,268,000 | 6.4% |
| Military and Veterans Affairs | 65,149,600 | 120,000 | 0.2% |
| State Police | 341,643,700 | 20,518,700 | 6.0% |
| SAFETY AND DEFENSE | \$406,793,300 | \$20,638,700 | 5.1% |
| Capital Outlay | 0 | 0 | 0.0% |
| History, Arts, and Libraries | 43,773,700 | 15,280,600 | 34.9% |
| Judiciary | 244,630,400 | 123,762,500 | 50.6% |
| Transportation | 2,184,113,400 | 1,278,189,700 | 58.5% |
| ALL OTHER | \$2,472,517,500 | \$1,417,232,800 | 57.3% |
| TOTALS | \$27,044,279,600 | \$15,720,265,800 | 58.1% |

**FY 2005-06
Budget Detail
for
EDUCATION**

**Community Colleges
Education
Higher Education
School Aid**

**Summary: Enacted Appropriations
COMMUNITY COLLEGES
FY 2005-06 House Bill 4831, Article 2
Public Act 154 of 2005**

Analyst: Kyle I. Jen

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|--------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|--------------|
| | | | | | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0 |
| Federal | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Restricted | 0 | 0 | 0 | 18,282,200 | 0 | 0 | 0.0 |
| GF/GP | 283,533,200 | 281,327,400 | 281,327,400 | 260,490,400 | 281,327,400 | (2,205,800) | (0.8) |
| Gross | \$283,533,200 | \$281,327,400 | \$281,327,400 | \$278,772,600 | \$281,327,400 | (\$2,205,800) | (0.8) |
| FTEs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005; figures exclude 3.0% tuition restraint funds totaling \$8.5 million originally appropriated in FY 2003-04 but actually paid in FY 2004-05.

Overview

The Community Colleges budget includes funds for the operations of the state's 28 community colleges, the At-Risk Student Success Program, and renaissance zone tax reimbursement to the colleges. Community colleges also receive operating revenue from local property tax revenue and student tuition and fees.

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|---|--------------|-----------------------|------------------------------------|
| 1. Operations Funding | Gross | \$277,810,500 | (\$2,705,800) |
| Reflects across-the-board reductions to appropriations for college operations of \$2.7 million compared to FY 2004-05 year-to-date; amount corresponds to partial restoration of EO 2005-7 reductions in FY 2004-05 following May revenue conference. | GF/GP | \$277,810,500 | (\$2,705,800) |
| 2. Renaissance Zone Tax Reimbursement | Gross | \$2,400,000 | \$500,000 |
| Increases funds for statutorily-required reimbursement to colleges with renaissance zones in their districts by 20.8% to reflect expected increases in taxable value in those zones. | GF/GP | \$2,400,000 | \$500,000 |

Major Boilerplate Changes From FY 2004-05

Sec. 207. Tuition Restraint – DELETED

Sets conditions for receipt of funds appropriated to colleges contingent on tuition restraint in FY 2004-05.

Sec. 208. Entrepreneurship Curriculum – REVISED

Requires annual report regarding Department of Labor and Economic Growth's work with colleges to develop an entrepreneurship curriculum.

Sec. 216(3). Reports to MPSERS – DELETED

Limits number of reports colleges can be required to submit to Michigan Public School Employees Retirement System (MPSERS).

COMMUNITY COLLEGES

Major Boilerplate Changes From FY 2004-05

Sec. 235. State University Admission Policies – REVISED

Adds reporting requirement for workgroup to evaluate state university admission and enrollment policies.

Sec. 237. Payments in Lieu of Taxes – REVISED

Expands scope of workgroup to evaluate the possibility of making payments in lieu of taxes to community colleges to include all nontaxable land; adds reporting requirement.

Sec. 238. Optional Retirement Plan – REVISED

Adds reporting requirement for workgroup to evaluate impact of expanding eligibility for Optional Retirement Plan to include part-time faculty.

Sec. 241. Nursing Education Programs – NEW

States intent that colleges expand their nursing education programs.

Sec. 242. Performance Indicator Task Force – NEW

Establishes eight-member task force (four legislators and four college representatives) to review, evaluate, discuss, and make recommendations regarding performance indicators to be utilized in future budget years to guide decisions regarding state funding to community colleges; requires report on findings and recommendations by February 1, 2006.

Sec. 243. Future Appropriations Increase – NEW

States intent for review of possible \$3.2 million increase for community college operations if GF/GP revenue estimate increases at January 2006 revenue conference.

Sec. 305. FY 2004-05 Book Closing Funds – NEW

Provides that funds appropriated in FY 2005-06 budget bill for college operations are in addition to funds anticipated for payment at FY 2004-05 book closing, which the colleges will recognize as FY 2005-06 revenue.

**Summary: Enacted Appropriations
DEPARTMENT OF EDUCATION
FY 2005-06 House Bill 4831, Article 5
Public Act 154 of 2005**

Analysts: Mary Ann Cleary, Bethany Wicksall

| IDG/IDT | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|------------|
| | | | | | | Amount | % |
| | \$1,072,100 | \$0 | \$0 | \$0 | \$0 | (\$1,072,100) | 0.0 |
| Federal | 63,305,000 | 67,519,400 | 67,519,400 | 70,519,400 | 70,519,400 | 7,214,400 | 0.0 |
| Local | 5,208,800 | 5,444,000 | 5,444,000 | 5,444,000 | 5,444,000 | 235,200 | 0.0 |
| Private | 1,714,600 | 898,600 | 898,600 | 1,898,600 | 1,898,600 | 184,000 | 0.0 |
| Restricted | 19,635,000 | 23,188,200 | 23,363,200 | 23,338,200 | 23,513,200 | 3,878,200 | 0.0 |
| GF/GP | 26,061,700 | 28,091,600 | 16,541,600 | 15,825,740 | 16,100,400 | (9,961,300) | 0.2 |
| Gross | \$116,997,200 | \$125,141,800 | \$113,766,800 | \$117,025,940 | \$117,475,600 | \$478,400 | 0.0 |
| FTEs | 414.5 | 425.0 | 425.0 | 423.5 | 423.5 | 9.0 | 2.2 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Department of Education (DOE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the DOE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations, and providing technical assistance to school districts.

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|--|--------------|-----------------------|------------------------------------|
| 1. School Readiness Program – Competitive Grants | Gross | \$12,250,000 | (\$12,250,000) |
| Transfers school readiness program and related boilerplate to the School Aid Act. | GF/GP | \$12,250,000 | (\$12,250,000) |
| 2. MEAP Enhancement Costs | Gross | \$25,130,000 | \$5,600,000 |
| Adds \$2.6 million Merit Award Trust funds for contractual services to revise High School Michigan Education Assessment Program (MEAP) test to also be a college entrance exam, as required in 2004 PA 596, and \$3.0 million for anticipated federal grant for longitudinal data tracking system. | Federal | 11,445,400 | 3,000,000 |
| | Restricted | 13,685,200 | 2,600,000 |
| 3. School Breakfast Program | Gross | \$8,025,000 | \$1,600,000 |
| Adds \$1.6 million GF/GP to reflect anticipated increase in meal costs and the number of breakfasts served. | GF/GP | \$8,025,000 | \$1,600,000 |
| 4. School Improvement Contract – VETOED | Gross | \$0 | \$0 |
| Provides \$350,000 GF/GP to contract with a third party for additional benchmarking training services and district-level written reports. | GF/GP | \$0 | \$0 |
| 5. Best Practice Study | Gross | \$0 | \$350,000 |
| Provides \$350,000 GF/GP to State Board to advise Legislature and Governor on best practices in education. | GF/GP | \$0 | \$350,000 |

EDUCATION

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|--|--------------|------------------------------|---|
| 6. Special Education Assessment | Gross | \$0 | \$3,380,000 |
| Adds \$3.4 million from federal Individuals with Disabilities in Education Act (IDEA) funds for alternative assessments for students with disabilities. | Federal | 0 | 3,380,000 |
| 7. Limited License/Alternative Route to Certification Programs | Gross | \$150,000 | (\$75,000) |
| Maintains \$75,000 funding for Alternative Route to Certification Program, which helps teachers in rural areas become certified in math and science. | Restricted | 150,000 | (75,000) |
| 8. National Board Certification Grants | Gross | \$100,000 | (\$100,000) |
| Eliminates funding for grants that pay 50% of the fee to become certified by National Board for Professional Teaching Standards. | Restricted | 100,000 | (100,000) |
| 9. Middle School Math Project | Gross | \$0 | \$100,000 |
| Adds \$100,000 in Certification Fees to provide two grants of \$50,000 each for Wayne State University and Michigan Virtual High School for providing professional development or enhanced curricula in middle school mathematics. | GF/GP | \$0 | \$100,000 |

Major Boilerplate Changes From FY 2004-05

Sec. 214. Personal Services Contracts – DELETED

Requires monthly report on certain personal service contracts awards.

Sec. 215. Departmental Employee Contact with Legislature – NEW

Prohibits Department from taking disciplinary action against any employee for communicating with a Legislator or his or her staff.

Sec. 301. State Board Travel – REVISED

Allows out-of-state travel for members of the Board of Education if travel is directly related to Board duties.

Sec. 303. Best Practices Study – NEW

Earmarks \$350,000 to State Board of Education to study and advise the Legislature and Governor on local, state, and national education best practices.

Sec. 503. Teacher Preparation Programs – REVISED

Retains \$75,000 funding for Central Michigan University's Alternative Route to Certification Program and eliminates \$75,000 for Wayne State University's Limited License to Instruct Program.

Sec. 703. Michigan School Readiness Program (MSRP) – DELETED

Provides for the competitive grant portion of the MSRP and to transfer boilerplate and funding into K-12 budget.

Sec. 703. Middle School Math Project – NEW

Adds funds for two grants of \$50,000 each for Wayne State University and Michigan Virtual High School to provide professional development or enhanced curricula in middle school mathematics.

Sec. 1001. School Improvement Contract – VETOED

Earmarks \$350,000 for Department to contract with Standard & Poor's for benchmarking training services and district-level written reports.

**Summary: Enacted Appropriations
HIGHER EDUCATION
FY 2005-06 House Bill 4831, Article 8
Public Act 154 of 2005**

Analyst: Kyle I. Jen

| IDG/IDT | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--|------------|
| | | | | | | Amount | % |
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0 |
| Federal | 4,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | (1,000,000) | (22.2) |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Restricted | 85,150,000 | 146,500,000 | 166,500,000 | 146,500,000 | 153,500,000 | 68,350,000 | 80.3 |
| GF/GP | 1,579,061,400 | 1,492,834,100 | 1,545,388,900 | 1,556,938,100 | 1,576,943,900 | (2,117,500) | (0.1) |
| Gross | \$1,668,711,400 | \$1,642,834,100 | \$1,715,388,900 | \$1,706,938,100 | \$1,733,943,900 | \$65,232,500 | 3.9 |
| FTEs | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0.0 | 0.0 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005; figures exclude 3.0% tuition restraint funds totaling \$43.0 million originally appropriated in FY 2003-04 but actually paid in FY 2004-05.

Overview

The Higher Education budget provides funding for the operations of the 15 state universities; need-based and merit-based financial aid programs for students attending state universities, community colleges, and independent colleges and universities; and support for several statewide programs—including Michigan State University's Agriculture Experiment Station and Extension Service.

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|---|--------------|------------------------|------------------------------------|
| 1. University Operations: Reductions from Current YTD | Gross | \$1,417,274,400 | (\$13,794,200) |
| Reflects across-the-board reductions to university operations appropriations of \$13.8 million compared to FY 2004-05 year-to-date; amount corresponds to partial restoration of EO 2005-7 reductions in FY 2004-05 following May revenue conference. | Restricted | 9,500,000 | 0 |
| | GF/GP | \$1,407,774,400 | (\$13,794,200) |
| 2. University Operations: Positive Adjustments | Gross | \$1,417,274,400 | \$16,351,700 |
| Provides the following increases: across-the-board for all 15 universities totaling \$2.5 million; total of \$6.9 million for Grand Valley, Oakland, and Saginaw Valley to establish funding floor of \$3,650 per fiscal year equated student (Grand Valley amount capped at \$3.1 million); total of \$7.0 million for 13 universities to reflect use of funding model to determine July and August monthly payment amounts. | Restricted | 9,500,000 | 0 |
| | GF/GP | \$1,407,774,400 | \$16,351,700 |
| 3. Midwestern Higher Education Compact Dues | Gross | \$165,000 | (\$75,000) |
| Includes \$90,000 for FY 2005-06 dues. | GF/GP | \$165,000 | (\$75,000) |
| 4. State Competitive Scholarships | Gross | \$35,630,500 | (\$1,000,000) |
| Removes federal funds no longer available for program; replaces \$3.0 million GF/GP with funds from Michigan Higher Education Assistance Authority (MEHAA) operating fund. | Federal | 3,000,000 | (1,000,000) |
| | Restricted | 0 | 3,000,000 |
| | GF/GP | \$32,630,500 | (\$3,000,000) |

HIGHER EDUCATION

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|--|--------------|------------------------------|---------------------------------------|
| 5. Tuition Grants | Gross | \$61,768,100 | (\$3,000,000) |
| Reduces funding by 4.9%; offsets \$4.0 million GF/GP with carry-forward of unexpended funds from FY 2004-05 program appropriation. | Restricted | 0 | 4,000,000 |
| | GF/GP | \$61,768,100 | (\$7,000,000) |
| 6. Michigan Merit Award Program | Gross | \$61,400,000 | \$65,000,000 |
| Includes \$126.4 million for estimated cost of program; estimate includes funds for middle school awards but not for out-of-state awards; large adjustment necessary due to statutory change in program's appropriation schedule that allowed for savings of approximately \$60.0 million in both FY 2003-04 and FY 2004-05. | Restricted | 61,400,000 | 65,000,000 |
| 7. Tuition Incentive Program (TIP) | Gross | \$10,250,000 | \$1,750,000 |
| Provides increase to reflect projected increase in costs; offsets \$5.4 million in Merit funds with GF/GP. | Restricted | 10,250,000 | (3,650,000) |
| | GF/GP | \$0 | \$5,400,000 |

Major Boilerplate Changes From FY 2004-05

Sec. 212(1). Monthly Payment Schedule – REVISED

Reflects July/August payments to state universities based on funding model (Sec. 418 below) and nine equal payments of remaining funds appropriated.

Sec. 301. State Competitive Scholarship Program – REVISED

Adds provision that Veterans Administration benefits not be considered in determining State Competitive Scholarship eligibility.

Sec. 302. Tuition Grant Program – REVISED

Sets application deadlines of July 1, 2006, for FY 2006-07 Tuition Grant awards and June 15, 2007, for FY 2007-08 awards; requires at least \$2,000 for maximum award amount with associated reporting language.

Sec. 310(11). Tuition Incentive Program Carry-Forward – DELETED

Requires carry-forward of unexpended funds for Tuition Incentive Program.

Sec. 312. Nursing Scholarship Program – REVISED

Allows expenditure of funds for other nursing-related grant purposes if statute is amended.

Sec. 315. Dental Clinics Grant – DELETED

Funds University of Detroit Mercy dental clinics grant; funds shifted to Community Health budget via EO 2005-7.

Sec. 401. Joseph F. Young, Sr. Psychiatric Research and Training Program – DELETED

Allocates funds to Wayne State for program; funds shifted to Community Health budget via EO 2005-7.

Sec. 418. State University Funding Model – NEW

Describes funding model calculations used to determine July/August monthly payment amounts for state university operations; model includes enrollment-, degree-, and research-based components.

Sec. 421. National Charter Schools Institute – DELETED

Requires report from Central Michigan University regarding Charter Schools Institute.

Sec. 436. Tuition Restraint – REVISED

Replaces FY 2004-05 tuition restraint provisions with language stating intent that universities increase institutional financial aid expenditures by at least the same percentage as resident undergraduate tuition and fees are increased and requiring universities to report on amounts of those increases.

Sec. 437. Retirement System Stabilization Subaccount – REVISED

States legislative intent for subsidy from Public School Employee Retirement System stabilization subaccount to reduce university contribution rates: subsidy amount adjusted from \$4.9 million to \$3.96 million.

Major Boilerplate Changes From FY 2004-05

Sec. 450. Per-Student Funding Floor – REVISED

Indicates that \$3,650-per-FYES floor is reflected in line item appropriations for universities, except Grand Valley, due to limited state resources.

Sec. 460. Student and Presidential Housing – DELETED

Requires report from each university regarding student and presidential housing facilities.

Sec. 462. FY 2004-05 Book Closing Funds – NEW

Provides that funds in FY 2005-06 budget bill for state university operations are in addition to funds anticipated for payment at FY 2004-05 book closing, which the universities will recognize as FY 2005-06 revenue.

SCHOOL AID

**Summary: Enacted Appropriations
SCHOOL AID
FY 2005-06 House Bill 4887
Public Act 155 of 2005**

Analysts: Mary Ann Cleary, Bethany Wicksall

| IDG/IDT | FY 2004-05 YTD | Executive | House | Senate | Enacted | Difference: Enacted FY 2005-06 From FY 2004-05 YTD | |
|--------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0 |
| Federal | 1,353,540,100 | 1,389,587,300 | 1,392,587,300 | 1,389,587,300 | 1,392,587,300 | 39,047,200 | 2.9 |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Restricted | 10,948,322,200 | 11,398,994,600 | 11,294,171,200 | 11,276,595,200 | 11,301,850,000 | 353,527,800 | 3.2 |
| GF/GP | 165,200,000 | 20,200,000 | 96,420,100 | 70,396,200 | 62,714,000 | (102,486,000) | (62.0) |
| Gross | \$12,467,062,300 | \$12,808,781,900 | \$12,783,178,600 | \$12,736,578,700 | \$12,757,151,300 | \$290,089,000 | 2.3 |
| FTEs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005; FY 2005-06 House figures include funding from HB 4831 of \$289.8 million.

Overview

The School Aid budget makes appropriations to the state's 552 local school districts, 216 public school academies, and 57 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Education Performance and Information, Department of Labor and Economic Growth, and other entities to implement certain grants and other programs related to K-12 education.

| Major Budget Changes From FY 2004-05 YTD Appropriations | FY 2004-05 YTD | Enacted Change From YTD |
|--|---|---|
| 1. Proposal A Obligation Payment Provides reduction from revised FY 2004-05 to reflect changes in taxable values, pupil membership blends, and anticipated savings from additional personal property tax audits. | Gross \$6,615,000,000 Restricted 6,615,000,000 | (\$156,000,000) (156,000,000) |
| 2. Discretionary Payment Adds \$274.5 million to reflect a \$175 increase in foundation allowance and elimination of Detroit Public Schools' \$15.0 million foundation allowance adjustment. | Gross \$2,923,200,000 Restricted 2,923,200,000 | \$274,536,800 274,536,800 |
| 3. School Readiness Program – Competitive Grants Transfers program into School Aid and appropriates current-year funding of \$12.3 million for 4-year-old's preschool program. | Gross \$0 Restricted 0 | \$12,250,000 12,250,000 |
| 4. Detroit Transition Grant Provides \$7.0 million to Detroit Public Schools to assist with transition from a Reform Board to an Elected School Board. | Gross \$0 Restricted 0 | \$7,000,000 7,000,000 |
| 5. Special Education Funding Adds \$59.5 million in school aid funds for anticipated costs associated with special education; increases federal special education funding by \$16.0 million. | Gross \$1,291,233,000 Federal 394,850,000 Restricted 896,383,000 | \$75,500,000 16,000,000 59,500,000 |

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|--|--------------|-----------------------|------------------------------------|
| 6. Center for Education Performance and Information | Gross | \$3,546,300 | \$1,996,900 |
| Adds \$500,000 (new total of \$2.0 million) for operations; increases federal funds by \$1.5 million to develop and implement a K-12 tracking system. | Federal | 2,046,300 | 1,496,900 |
| | GF/GP | \$1,500,000 | \$500,000 |
| 7. Michigan Virtual High School | Gross | \$3,000,000 | \$2,000,000 |
| Adds \$1.0 million for operations and increases federal Title II funds by \$1.0 million to support e-learning and virtual school initiatives in the U.S. National Educational Technology Plan. | Federal | 2,250,000 | 1,000,000 |
| | GF/GP | \$750,000 | \$1,000,000 |
| 8. Freedom to Learn Grants | Gross | \$21,043,200 | (\$15,543,200) |
| Reduces funding for 6th grade laptop program to \$250,000 in state funds (vetoed by Governor) and \$5.5 million in federal funds, of which \$3.0 million is from carry-forward funding. | Federal | 17,343,200 | (11,843,200) |
| | Restricted | 3,700,000 | (3,700,000) |
| 9. Engineering Michigan's Future | Gross | \$0 | \$3,850,000 |
| Provides \$3.9 million to ISDs on equal per-constituent pupil basis (estimated at \$10 per pupil for each student grades 6 through 8) to help districts meet AYP requirements for mathematics and improve pupil performance on MEAP mathematics assessments. | Restricted | 0 | 3,850,000 |
| 10. School Bond Redemption Fund | Gross | \$41,100,000 | \$3,400,000 |
| Allows use of funds from new school bond loan revolving fund to make payments for debt service on school bond loans; all future borrowing for bonds and new debt service from those bonds are incorporated within the revolving fund. Payment of \$41.1 million in FY 2004-05 and \$44.5 million in FY 2005-06 from revolving fund would be realized; payments from the old debt would resume in FY 2006-07. | Restricted | 0 | 44,500,000 |
| | GF/GP | \$41,100,000 | (\$41,100,000) |
| 11. Renaissance Zone Reimbursement | Gross | \$36,200,000 | \$8,800,000 |
| Adds \$8.8 million for anticipated costs associated with renaissance zones to reimburse school districts, ISDs, and state education tax for property tax losses associated with the zones. | Restricted | 36,200,000 | 8,800,000 |
| 12. Payment In Lieu of Taxes (PILT) Reimbursement | Gross | \$0 | \$2,400,000 |
| Reimburses districts, ISDs, and community colleges for PILT obligations per 2004 PA 513. | Restricted | 0 | 2,400,000 |
| 13. Adult Education Funding | Gross | \$20,000,000 | \$1,000,000 |
| Increases funding for adult education programs by \$1.0 million to a total of \$21.0 million. | Restricted | 20,000,000 | 1,000,000 |
| 14. Special Education Evaluation Lending Library | Gross | \$0 | \$250,000 |
| Provides \$250,000 to establish a lending library to provide special needs assessment tools to districts and ISDs. | Restricted | 0 | 250,000 |
| 15. At-Risk Program | Gross | \$314,200,000 | \$0 |
| Maintains current-law funding. | Restricted | 314,200,000 | 0 |
| 16. Intermediate School Districts General Operations | Gross | \$77,702,100 | \$0 |
| Maintains \$77.7 million current-law general operations funding. | Restricted | 77,702,100 | 0 |

Major Boilerplate Changes From FY 2004-05

Sec. 6(4)(r). Developmental Kindergarten – NEW

Provides that, beginning in FY 2006-07, pupils eligible for kindergarten but enrolled in pre-kindergarten or developmental kindergarten class or similar program, shall not be counted as pupils in membership; actual costs associated with educating such pupils to be reported and paid in a separate, non-foundation allowance section.

Sec. 11(1). Revenue Sources – NEW

Assumes no revenue from elimination of tax expenditures; \$44.5 million from revisions of the school bond loan fund; reduces general fund contribution to \$62.7 million.

Sec. 11(4). Proration Language – DELETED

Removes districts under an emergency financial manager as being protected from any proration under this act.

Sec. 20(1). Basic Foundation Allowance – REVISED

Increases basic per-pupil foundation allowances by \$175, to \$6,875 for FY 2005-06.

Sec. 20(20) and Sec. 33. Reform Board Allocation – REVISED

Eliminates \$15.0 million for a school district with a former reform board in place; adds new section to assist Detroit Public Schools in transition from reform board to elected school board.

Sec. 24. Court Placed Students – REVISED

Incorporates special task force funding recommendation to pay juvenile facilities based on a per-pupil allocation; new language phases out current method of paying facilities for added education costs over the next four years.

Sec. 39. Full-Day School Readiness Program – NEW

Allows any school district to use its original funding level to provide either a half-day or full-day program, or some combination of the two programs, but will not receive additional dollars for running the full-day program.

Sec. 51a. Special Education Itinerant Staff – REVISED

Maintains current language (2005 PA 98) to restrict districts and PSAs from shifting itinerant employees (speech therapists, physical therapists, school psychologists, etc.) to the ISD to claim the special education reimbursement when there was no actual change in delivery of service being provided within the district or PSA. Allows funding that would otherwise lapse from this section to pay affected districts or ISDs on FY 2003-04 basis for FY 2004-05 only; if sufficient excess funds are not available to pay on FY 2003-04 basis, then proration of the excess funds will occur on an equal percentage basis.

Sec. 57. Advance and Accelerated Grants – REVISED

Changes the current program from per pupil allocation to grant program allowing ISDs to apply for \$5,000 grants for summer institutes.

Sec. 98. Michigan Virtual High School (MVHS) – REVISED

Assigns new tasks to MVHS which include the following: examine math and science curriculum needs for middle and high school students, increase catalog of online courses, conduct pilot project to promote new online courses and activities, and begin developing online practice assessments for grades 3-8 to meet No Child Left Behind requirements; MVHS is allowed to contract with a third party on grades 3-8 online assessments.

Sec. 101. Days and Hours – REVISED

Allows Department-approved alternative education program to maintain at least 50% daily attendance and not be financially penalized under a three-year pilot study.

Sec. 105 and 105c. Schools of Choice – REVISED

Adds provision to both sections which allows a district enrolling pupils under schools of choice guidelines to refuse to enroll a pupil convicted of a felony.

Sec. 107b. Adult Learning Pilot Programs – DELETED

Sets funding criteria for programs.

Sec. 147. MPERS Contribution Subsidy – REVISED

Estimates percentage of payroll districts must allocate for public school employee retirement at 16.34%.

**FY 2005-06
Budget Detail
for
GENERAL GOVERNMENT**

**Attorney General
Civil Rights
Civil Service
Executive
Information Technology
Legislature
Management and Budget
State
Treasury–Operations
Treasury–Revenue Sharing/Debt Service**

**Summary: Enacted Appropriations
ATTORNEY GENERAL
FY 2005-06 Senate Bill 272
Public Act 146 of 2005**

Analyst: Robin Risko

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$12,545,500 | \$13,359,300 | \$12,619,700 | \$13,193,500 | \$13,408,400 | \$862,900 | 6.9 |
| Federal | 8,394,300 | 8,799,400 | 8,394,300 | 8,799,400 | 8,799,400 | 405,100 | 4.8 |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Restricted | 10,485,000 | 11,011,400 | 10,485,000 | 11,011,400 | 11,011,400 | 526,400 | 5.0 |
| GF/GP | 31,052,900 | 32,710,200 | 31,000,300 | 31,872,800 | 31,501,200 | 448,300 | 1.4 |
| Gross | \$62,477,700 | \$65,880,300 | \$62,499,300 | \$64,877,100 | \$64,720,400 | \$2,242,700 | 3.6 |
| FTEs | 564.0 | 566.0 | 566.0 | 566.0 | 566.0 | 2.0 | 0.4 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Attorney General serves as legal counsel for state departments, agencies, boards, commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys. The Department's mission is to protect the common legal rights of citizens, defend the Constitution and the laws of the state, and represent the legal interests of government. The Department's goals are to make the state a safe place for its citizens, offer justice to the victims of crime, defend common natural resources and monetary assets of the state, and deliver excellent legal services at a minimum cost to taxpayers.

Major Budget Changes From FY 2004-05 YTD Appropriations

1. Restoration of Employee Concessions

Adds funding to restore employee-related savings taken in FY 2004-05 budget.

| | FY 2004-05 YTD | Enacted Change From YTD |
|--------------|----------------|----------------------------|
| Gross | N/A | \$1,776,300 |
| IDG | N/A | 384,600 |
| Federal | N/A | 271,900 |
| Restricted | N/A | 355,600 |
| GF/GP | N/A | \$764,200 |

2. Insurance and Retirement Economics

Provides funding for increased insurance and retirement costs in FY 2005-06 budget.

| | FY 2004-05 YTD | Enacted Change From YTD |
|--------------|----------------|----------------------------|
| Gross | N/A | \$1,047,400 |
| IDG | N/A | 189,200 |
| Federal | N/A | 133,200 |
| Restricted | N/A | 170,800 |
| GF/GP | N/A | \$554,200 |

3. Other Economic Adjustments

Adds building occupancy charges (\$522,700); reduces private rent charges (\$124,200) and workers' compensation premium costs (\$57,000).

| | FY 2004-05 YTD | Enacted Change From YTD |
|--------------|----------------|----------------------------|
| Gross | N/A | \$341,500 |
| GF/GP | N/A | \$341,500 |

4. Contract and Group Insurance Savings

Reflects reduced computing contract costs and lower-than-anticipated group insurance costs.

| | FY 2004-05 YTD | Enacted Change From YTD |
|--------------|----------------|----------------------------|
| Gross | N/A | (\$371,600) |
| GF/GP | N/A | (\$371,600) |

ATTORNEY GENERAL

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|---|------------------------------|---|
| 5. <i>Legal Representation for Tax Reverted Land</i> | FTEs 0.0 | 2.0 |
| Adds FTEs and IDG for legal representation provided for cases involving tax reverted land; Department of Treasury will pay for services from Land Reutilization Fund. | Gross \$0 | \$240,000 |
| | IDG 0 | 240,000 |
| 6. <i>GF/GP Funding Reductions</i> | Gross N/A | (\$840,000) |
| Reduces GF/GP for various line items in the budget, including funds for information technology services and projects. | GF/GP N/A | (\$840,000) |

Major Boilerplate Changes From FY 2004-05

None

**Summary: Enacted Appropriations
CIVIL RIGHTS
FY 2005-06 Senate Bill 272
Public Act 146 of 2005**

Analyst: Robin Risko

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0 |
| Federal | 1,247,700 | 1,049,800 | 1,049,800 | 1,049,800 | 1,049,800 | (197,900) | (15.9) |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Restricted | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| GF/GP | 11,567,500 | 12,285,300 | 11,431,200 | 11,768,700 | 12,108,700 | 541,200 | 4.7 |
| Gross | \$12,815,200 | \$13,335,100 | \$12,481,000 | \$12,818,500 | \$13,158,500 | \$343,300 | 2.7 |
| FTEs | 141.0 | 141.0 | 141.0 | 141.0 | 141.0 | 0.0 | 0.0 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, or national origin and is directed to “secure the equal protection of such civil rights without such discrimination.” The Michigan Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The Department provides educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, and provides information and services to businesses on equal employment laws and other civil rights areas.

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|--|--------------|-----------------------|------------------------------------|
| 1. Restoration of Employee Concessions | Gross | N/A | \$346,900 |
| Adds funding to restore employee-related savings taken in FY 2004-05 budget. | GF/GP | N/A | \$346,900 |
| 2. Insurance and Retirement Economics | Gross | N/A | \$413,400 |
| Provides funding for increased insurance and retirement costs in FY 2005-06 budget. | GF/GP | N/A | \$413,400 |
| 3. Other Economic Adjustments | Gross | N/A | \$136,300 |
| Adds \$150,300 for building occupancy charges; reduces funding for workers’ compensation premium costs by \$14,000. | GF/GP | N/A | \$136,300 |
| 4. Contract and Group Insurance Savings | Gross | N/A | (\$176,600) |
| Reflects savings from reduced computing contract costs and lower-than-anticipated group insurance costs. | GF/GP | N/A | (\$176,600) |
| 5. Administrative Efficiency Reductions | Gross | N/A | (\$200,900) |
| Reduces funds available for administrative expenses; savings to result from not filling vacant position in Contact Management System and eliminating one position in Quality Control System. | GF/GP | N/A | (\$200,900) |

CIVIL RIGHTS

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> | |
|--|------------------------------|---|--------------------|
| 6. Federal Funding Adjustment | Gross | \$1,247,700 | (\$197,900) |
| Reduces federal Equal Employment Opportunity Commission grant by \$73,700 and United States Department of Housing and Urban Development funding by \$124,200 based on revenue projections. | Federal | 1,247,700 | (197,900) |

Major Boilerplate Changes From FY 2004-05

None

**Summary: Enacted Appropriations
CIVIL SERVICE
FY 2005-06 Senate Bill 272
Public Act 146 of 2005**

Analyst: Robin Risko

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$5,370,900 | \$5,670,900 | \$5,670,900 | \$5,670,900 | \$5,670,900 | \$300,000 | 5.6 |
| Federal | 4,779,100 | 4,779,100 | 4,779,100 | 4,779,100 | 4,779,100 | 0 | 0.0 |
| Local | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 | 0 | 0.0 |
| Private | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 0 | 0.0 |
| Restricted | 15,474,600 | 16,539,200 | 15,474,600 | 16,539,200 | 16,539,200 | 1,064,600 | 6.9 |
| GF/GP | 7,442,800 | 7,449,300 | 7,349,300 | 7,248,100 | 7,102,400 | (340,400) | (4.6) |
| Gross | \$34,917,400 | \$36,288,500 | \$35,123,900 | \$36,087,300 | \$35,941,600 | \$1,024,200 | 2.9 |
| FTEs | 240.5 | 240.5 | 240.5 | 240.5 | 240.5 | 0.0 | 0.0 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Department of Civil Service is responsible for implementing policies established by the Civil Service Commission. The Department administers a statewide merit system that provides classified job opportunities within state government, including administering competitive examinations for classified positions, setting pay scales, administering employee benefits, and administering the Civil Service Commission's Employment Relations Policy. The Department also maintains ongoing statewide recruitment.

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|---|--------------|-----------------------|------------------------------------|
| 1. Restoration of Employee Concessions | Gross | N/A | \$588,600 |
| Adds funds to restore employee-related savings taken in FY 2004-05 budget. | Restricted | N/A | 384,800 |
| | GF/GP | N/A | \$203,800 |
| 2. Insurance and Retirement Economics | Gross | N/A | \$880,700 |
| Provides funding for increased insurance and retirement costs in FY 2005-06 budget. | Restricted | N/A | 611,300 |
| | GF/GP | N/A | \$269,400 |
| 3. Other Economic Adjustments | Gross | N/A | \$81,500 |
| Adds \$40,500 for building occupancy charges and \$41,000 for workers' compensation premium costs. | Restricted | N/A | 53,800 |
| | GF/GP | N/A | \$27,700 |
| 4. Contract and Group Insurance Savings | Gross | N/A | (\$145,700) |
| Reflects savings from reduced computing contract costs and lower-than-anticipated group insurance costs. | GF/GP | N/A | (\$145,700) |
| 5. Administrative Efficiency Reductions | Gross | N/A | (\$454,200) |
| Reduces funding available for administrative expenses; savings to result from program reductions, not filling vacant positions, and reducing CSS&M costs. | GF/GP | N/A | (\$454,200) |

CIVIL SERVICE

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|--|--------------|------------------------------|---|
| 6. Increased Funding for Training | Gross | \$1,000,000 | \$300,000 |
| Adds IDG for state employee training programs provided by Department; number of training sessions and costs have increased with demand for training more certified project managers in Department of Transportation and overall training increase activity for communication and writing classes. State departments with employees in the training programs reimburse Civil Service. | IDG | 1,000,000 | 300,000 |
| 7. GF/GP Funding Reductions | Gross | N/A | (\$201,200) |
| Reduces GF/GP for various line items in the budget, including funds for information technology services and projects. | GF/GP | N/A | (\$201,200) |

Major Boilerplate Changes From FY 2004-05

Sec. 502. Funding for Civil Service Operations – REVISED

Requires all restricted funds be assessed a sum not less than 1% of the total aggregate payroll paid from those funds for financing Civil Service operations to authorize Department to adjust funding sources for civil service 1% charges based on actual payroll expenditures.

Sec. 505. Report on Feasibility of Child Care – DELETED

Requires Department, in cooperation with Office of the State Employer, to prepare report regarding feasibility of establishing quality child care centers for state employees; report to include possible locations, potential number of children to be served, possible federal funding available, benefits of work behavior and attitudes to employees and employers, and estimated cost of program.

Summary: Enacted Appropriations
EXECUTIVE
FY 2005-06 Senate Bill 272
Public Act 146 of 2005

Analyst: Robin Risko

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0 |
| Federal | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Restricted | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| GF/GP | 5,205,500 | 5,205,500 | 5,092,000 | 5,092,000 | 5,375,500 | 170,000 | 3.3 |
| Gross | \$5,205,500 | \$5,205,500 | \$5,205,500 | \$5,092,000 | \$5,375,500 | \$170,000 | 3.3 |
| FTEs | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 0.0 | 0.0 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Divisions within the Governor's Office include: Legal, Operations, Community-Based Initiatives, Appointments, Constituent Services, Policy, Communications, Legislative Affairs, Scheduling, Special Projects, and the Governor's Washington, D.C. Office, Southeastern Michigan Office, and Upper Peninsula Office.

Major Budget Changes From FY 2004-05 YTD Appropriations

Funding for Operations

Adds funding for Executive Office operations line item.

| | FY 2004-05 YTD | Enacted Change From YTD |
|--------------|--------------------|----------------------------|
| Gross | \$4,054,800 | \$170,000 |
| GF/GP | \$4,054,800 | \$170,000 |

Major Boilerplate Changes From FY 2004-05

There is no boilerplate for Executive Office.

**Summary: Enacted Appropriations
INFORMATION TECHNOLOGY
FY 2005-06 Senate Bill 272
Public Act 146 of 2005**

Analyst: Robin Risko

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$353,858,400 | \$373,405,100 | \$367,505,200 | \$389,104,000 | \$365,194,400 | \$11,336,000 | 3.2 |
| Federal | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Restricted | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| GF/GP | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Gross | \$353,858,400 | \$373,405,100 | \$367,505,200 | \$389,104,000 | \$365,194,400 | \$11,336,000 | 3.2 |
| FTEs | 1,762.4 | 1,766.4 | 1,766.4 | 1,766.4 | 1,766.4 | 4.0 | 0.2 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Department of Information Technology (DIT) acts as a general contractor between the state's information technology users and private sector providers of information technology (IT) products and services. The Department's services include application development and maintenance; desktop, mainframe, server, and local area network computer support and management; contract, project, and procurement planning; telecommunication services; security; and software and software licensing. The Department utilizes existing technology funding and state employees from within the other 19 executive branch departments and agencies; each state department and agency requests spending authority to fund information technology-related activities and pays for technology services rendered by the Department of Information Technology through an interdepartmental grant. Administration of fund sources remains with each agency.

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|---|--------------|-----------------------|------------------------------------|
| 1. Restoration of Employee Concessions | Gross | N/A | \$4,472,100 |
| Adds funds to restore employee-related savings taken in FY 2004-05 budget. | IDG | N/A | 4,472,100 |
| 2. Insurance and Retirement Economics | Gross | N/A | \$4,328,000 |
| Provides funding for increased insurance and retirement costs in FY 2005-06 budget. | IDG | N/A | 4,328,000 |
| 3. Contract and Group Insurance Savings | Gross | N/A | (\$8,210,700) |
| Reflects savings from reduced computing contract costs and lower-than-anticipated group insurance costs. | IDG | N/A | (8,210,700) |
| 4. Information Technology Reductions in Other State Departments | Gross | N/A | (\$1,962,400) |
| Reflects funding reduced from various state department budgets resulting from rate reductions for contracts, enterprise administration, data center operations, and telecommunications, and reductions in overhead costs. | IDG | N/A | (1,962,400) |

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> | |
|--|------------------------------|---|---|
| <p>5. Base Adjustments Reflects adjustments to appropriations for information technology in other state department budgets. Adds \$716,900 for Department of Corrections for software licenses and server maintenance; \$905,800 for Department of State Police for two developer/trainer positions, two security-related information technology positions, and to recognize additional LEIN fees available for LEIN system; \$735,900 for Department of Community Health to recognize available federal WIC revenue and additional Health Professions Regulatory Fee revenue; \$428,000 for Department of Human Services to properly reflect information technology service costs. Reduces \$1.0 million from Department of Labor and Economic Growth, \$164,400 from Department of Community Health, \$57,800 from Department of Military and Veterans Affairs, \$22,500 from Department of Transportation, and \$3,000 from Department of Treasury to reflect available revenues.</p> | <p>Gross IDG</p> | <p>N/A N/A</p> | <p>\$1,538,900 1,538,900</p> |
| <p>6. Program Enhancements Reflects appropriations for program enhancements made in other state department budgets. Adds \$5.5 million for Department of Human Services Integrated Service Delivery Project, \$3.0 million for Department of Human Services Caseworker Relief Project; \$1.5 million for Department of Civil Service Human Resources Optimization Project; \$1.2 million for Department of Management and Budget e-Procurement Project; \$100 placeholder for Department of Community Health Medicaid Information System.</p> | <p>Gross IDG</p> | <p>N/A N/A</p> | <p>\$11,170,100 11,170,100</p> |

Major Boilerplate Changes From FY 2004-05

Sec. 577. Michigan Public Safety Communications System – REVISED

Requires appropriation for Michigan Public Safety Communications System to be expended on approval of an expenditure plan; requires Department to assess reasonable access and maintenance fees to all system subscribers; requires revenue received to be expended for system support and maintenance; requires report on amount of revenue collected and expended for support and maintenance.

Sec. 584. Information and Referral Services Using 2-1-1 – NEW

Requires DIT to coordinate a study with Departments of Human Services, Community Health, Labor and Economic Growth, Education, and State Police which identifies all information and referral services for state government; study is to summarize purpose, scope, and cost of each service and identify potential cost savings to the state through shared use of 2-1-1.

Sec. 585. Child Support Enforcement System Report – NEW

Requires Department to report on total funding expended for Child Support Enforcement System; report to include information on original start and completion dates for project, original cost to complete project, list of all revisions to project completion dates and costs, and total amount paid to federal government for penalties.

LEGISLATURE

**Summary: Enacted Appropriations
LEGISLATURE
FY 2005-06 Senate Bill 272
Public Act 146 of 2005**

Analyst: Robin Risko

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$1,801,500 | \$1,801,500 | \$1,801,500 | \$2,301,500 | \$2,301,500 | \$500,000 | 27.8 |
| Federal | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 0 | 0.0 |
| Restricted | 2,356,500 | 2,356,500 | 2,356,500 | 2,356,500 | 2,356,500 | 0 | 0.0 |
| GF/GP | 122,173,900 | 122,173,900 | 121,351,900 | 120,006,100 | 124,673,900 | 2,500,000 | 2.0 |
| Gross | \$126,731,900 | \$126,731,900 | \$125,909,900 | \$125,064,100 | \$129,731,900 | \$3,000,000 | 2.4 |
| FTEs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Legislature budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, Office of the Auditor General, Legislative Retirement System, and Property Management. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature; the Office of the Auditor General is responsible for conducting financial and performance audits of state government operations; the Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries; and Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|---|--------------|-----------------------|------------------------------------|
| 1. Funding for the Legislature | Gross | \$126,731,900 | \$2,500,000 |
| Adjusts line item funding levels throughout the Legislature budget. | GF/GP | \$122,173,900 | \$2,500,000 |
| 2. Evaluation of Correctional Facilities | Gross | \$15,233,800 | \$500,000 |
| Includes IDG from Department of Corrections for Legislative Auditor General to contract with Standard and Poor's to evaluate and compare correctional facilities. | IDG | 1,801,500 | 500,000 |
| | GF/GP | \$12,185,600 | \$0 |

Major Boilerplate Changes From FY 2004-05

Sec. 615. Evaluation of Correctional Facilities – NEW

Expresses Legislative intent that Legislative Auditor General contract with Standard and Poor's to evaluate and compare each correctional facility, including, but not limited to, physical plants, staffing, programming, security levels, and costs.

**Summary: Enacted Appropriations
MANAGEMENT AND BUDGET
FY 2005-06 Senate Bill 272
Public Act 146 of 2005**

Analyst: Robin Risko

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$143,276,700 | \$153,786,800 | \$152,490,700 | \$153,785,400 | \$153,786,800 | \$10,510,100 | 7.3 |
| Federal | 444,600 | 0 | 444,600 | 0 | 0 | (444,600) | (100.0) |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Restricted | 33,793,500 | 42,909,400 | 40,484,900 | 42,909,400 | 42,909,400 | 9,115,900 | 27.0 |
| GF/GP | 35,740,600 | 36,450,600 | 34,279,600 | 35,247,100 | 35,217,900 | (522,700) | (1.5) |
| Gross | \$213,255,400 | \$233,146,800 | \$227,699,800 | \$231,941,900 | \$231,914,100 | \$18,658,700 | 8.7 |
| FTEs | 731.0 | 751.0 | 751.0 | 751.0 | 751.0 | 20.0 | 2.7 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Department of Management and Budget (DMB) is the interdepartmental service and management agency responsible for ensuring proper financial record keeping for state agencies; managing capital outlay projects, state property, state purchasing programs, and the state's retirement systems; supervising the state motor vehicle fleet, and providing office support services to state agencies. The Office of the State Budget, housed within DMB, prepares, presents, and executes the state budget on behalf of the Governor. The Department has several autonomous units, including Office of the State Employer, Office of the Children's Ombudsman, and Office of Regulatory Reform.

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|--|-----------------------|------------------------------------|
| 1. Restoration of Employee Concessions | Gross | N/A |
| Adds funding to restore employee-related savings taken in FY 2004-05 budget. | IDG | \$2,283,500 |
| | Restricted | 758,700 |
| | GF/GP | 672,600 |
| | | \$852,200 |
| 2. Insurance and Retirement Economics | Gross | N/A |
| Provides funds for increased insurance and retirement costs in FY 2005-06 budget. | IDG | \$2,490,000 |
| | Restricted | 898,200 |
| | GF/GP | 634,500 |
| | | \$957,300 |
| 3. Other Economic Adjustments | Gross | N/A |
| Adds funds for building occupancy charges for space DMB occupies in private and state-owned buildings and space occupied by Legislature and Executive Office but managed by DMB, for Office of Children's Ombudsman, and for increased private rent. | IDG | \$520,700 |
| | Restricted | 126,100 |
| | GF/GP | 173,800 |
| | | \$220,800 |
| 4. Contract and Group Insurance Savings | Gross | N/A |
| Reflects savings from reduced computing contract costs and lower-than-anticipated group insurance costs. | GF/GP | (\$1,092,000) |
| | | (\$1,092,000) |

MANAGEMENT AND BUDGET

| Major Budget Changes From FY 2004-05 YTD Appropriations | FY 2004-05 YTD | Enacted Change From YTD |
|--|-----------------------|--------------------------------|
| 5. Transfer of the State Fair | FTEs | N/A |
| Reflects transfer of Michigan State Fair (2004 PA 468) from Department of Agriculture to DMB; State Exposition and Fairgrounds Fund revenue supports State Fair appropriations. | Gross | N/A |
| | Restricted | N/A |
| | | 9.0 |
| | | \$5,486,100 |
| | | 5,486,100 |
| 6. Cadillac Place Lease | Gross | N/A |
| Restores \$10.1 million for lease payments on Cadillac Place building in Detroit; funding reduced from prior two fiscal years by restructuring lease payments; funding required to be restored in FY 2005-06 to meet lease obligations. | IDG | N/A |
| | | \$10,140,000 |
| | | 10,140,000 |
| 7. Property Tax Reduction for Constitution Hall | FTEs | 0.0 |
| Reflects savings from not paying property taxes on Constitution Hall due to state ownership; additional FTE included to reflect building management/operation by DMB, not by lessor. | Gross | \$1,500,000 |
| | IDG | 1,500,000 |
| | | 4.0 |
| | | (\$1,500,000) |
| | | (1,500,000) |
| 8. One Division Building (Grand Rapids) | Gross | N/A |
| Provides funds for additional lease costs to occur when federal Bankruptcy Court moves into One Division building, a private leased facility managed by DMB for use by multiple state agencies; two floors in building are being renovated for the court. | IDG | N/A |
| | | \$604,500 |
| | | 604,500 |
| 9. Private Rent Increases | Gross | N/A |
| Adds funds for annual rent adjustments for annual CPI increases in base rent and utility costs, property tax adjustments, and operation/maintenance costs specified in private leases for DMB-leased buildings occupied by other state departments. | IDG | N/A |
| | | \$349,300 |
| | | 349,300 |
| 10. e-Procurement System | FTEs | N/A |
| Adds FTEs and funds to develop/administer new e-Procurement System, which will provide online, statewide, "one-stop shop" marketplace for purchasers and enable the state to gather purchasing information for reporting purposes, collect and review government spending patterns to leverage better pricing, increase vendor competition in bidding process, and consolidate workloads. | Gross | N/A |
| | Restricted | N/A |
| | | 3.0 |
| | | \$1,450,000 |
| | | 1,450,000 |
| 11. Retirement Disaster Recovery Plan | Gross | N/A |
| Adds funds to develop and implement new Retirement Business Continuity/Disaster Recovery Plan to help Office of Retirement Services maintain core functional activities and ensure the call center functions within 48 hours of a disaster and pension payments are made to members within one week of a disaster. | Restricted | N/A |
| | | \$500,000 |
| | | 500,000 |
| 12. Reductions in Operating Costs | FTEs | N/A |
| Reflects savings from reducing number of daily mail deliveries where there are multiple deliveries or eliminating mail routes in outlying areas where costs of applying postage to mail is less than cost of the mail route (\$337,800 GF/GP), installing high-speed gates on parking ramps in Lansing, reducing need for security guard services (\$180,000 IDG); and in-sourcing part of contract with Honeywell to maintain building energy controls and central monitoring systems (\$65,000 IDG)—additional FTE authorized to accommodate staff performing maintenance. | Gross | N/A |
| | IDG | N/A |
| | GF/GP | N/A |
| | | 5.0 |
| | | (\$582,800) |
| | | (245,000) |
| | | (\$337,800) |

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|---|--------------|------------------------------|---------------------------------------|
| 13. Professional Development Funds | Gross | \$505,000 | (\$280,000) |
| Reduces Professional Development Funds for AFSCME (\$300,000) and increases Professional Development Funds for MPES (\$20,000) in accord with collective bargaining agreements. | IDG | 505,000 | (280,000) |
| 14. GF/GP Funding Reductions | Gross | N/A | (\$334,800) |
| Reduces GF/GP for various line items in the budget, including funds for information technology services and projects. | GF/GP | N/A | (\$334,800) |

Major Boilerplate Changes From FY 2004-05

DEPARTMENT OF MANAGEMENT AND BUDGET

Sec. 705. Statewide Appropriations From Employer Contributions – REVISED

Authorizes Department to receive and expend funds for child care information and referral services, professional development, severance pay, and staff support associated with administering such services to reflect collective bargaining agreements for FY 2005-06; eliminates language no longer relevant.

Sec. 714. Michigan Register and Administrative Code – DELETED

Authorizes Department to receive and expend funds for costs of publishing and distributing Michigan Register and Michigan Administrative Code; language deleted as a result of abolishing Office of Regulatory Reform from DMB, pursuant to Executive Order 2005-1.

Sec. 715. Motor Vehicle Fleet – REVISED

Specifies motor vehicle fleet appropriation uses; requires appropriation be funded by revenue from rates charged to state departments utilizing vehicle travel services; authorizes carry-forward of excess revenue to Motor Transport Fund. Expresses legislative intent that DMB have authority to appropriately assign motor vehicles, permanently or temporarily, to state agencies and institutions of higher education and that DMB determine feasibility of using driver record information when issuing state cars to state employees. Requires DMB to develop motor vehicle fleet plan which includes the number of vehicles assigned to, or authorized for use by, state departments/agencies; efforts to reduce vehicle expenditures; number of cars in motor vehicle fleet; miles driven and gallons of fuel consumed by fleet vehicles; calculation of state motor fuel taxes that fleet vehicles would have been incurred if they were required to pay motor fuel taxes; description of fleet vehicle operations, goods sold and services provided, cost to operate, number of locations, and number of employees assigned to each garage. Allows plan adjustments during fiscal year to achieve state motor fleet maximum value and efficiency; requires report, within 60 days after fiscal year close, which details plan and changes to plan during fiscal year.

Sec. 720. Building Occupancy Expenditures – DELETED

Requires Department to reduce building occupancy general fund expenditures by \$700,000.

Sec. 722. Ronald Wilson Reagan Memorial Monument Fund – NEW

Authorizes Department to receive and expend funds from Ronald Wilson Reagan Memorial Monument Fund for design and construction of a memorial monument.

Sec. 723. State Property – NEW

Requires Department to make available to the public on the Internet a list of all parcels of real estate available for purchase from the state.

GENERAL SECTIONS

Sec. 220. Political Action Committees – NEW

Prohibits use of appropriations for administering, soliciting, or obtaining contributions for a committee as defined in the Michigan Campaign Finance Act.

STATE

**Summary: Enacted Appropriations
STATE
FY 2005-06 Senate Bill 272
Public Act 146 of 2005**

Analyst: Robin Risko

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|---------------|
| | | | | | | Amount | % |
| IDG/IDT | \$20,000,000 | \$20,000,000 | \$20,000,000 | \$20,000,000 | \$20,000,000 | \$0 | 0.0 |
| Federal | 36,202,000 | 2,943,300 | 2,241,000 | 2,333,300 | 2,943,300 | (33,258,700) | (91.9) |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 100 | 100 | 100 | 100 | 100 | 0 | 0.0 |
| Restricted | 151,878,500 | 160,937,200 | 151,877,500 | 160,287,200 | 160,937,200 | 9,058,700 | 6.0 |
| GF/GP | 15,191,500 | 14,265,100 | 13,169,700 | 13,870,100 | 13,497,800 | (1,693,700) | (11.1) |
| Gross | \$223,272,100 | \$198,145,700 | \$187,288,300 | \$196,490,700 | \$197,378,400 | (\$25,893,700) | (11.6) |
| FTEs | 1,857.8 | 1,859.8 | 1,857.8 | 1,857.8 | 1,859.8 | 2.0 | 0.1 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Department of State administers programs in four major areas: motor vehicle transactions (includes titling and registering vehicles), traffic safety (includes driver testing); consumer protection (includes inspecting and licensing automotive repair facilities); and regulation and administration of the state's electoral process (includes training local election officials and monitoring campaign finance).

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|---|--------------|-----------------------|------------------------------------|
| 1. Restoration of Employee Concessions | Gross | N/A | \$3,979,100 |
| Adds funding to restore employee-related savings taken in FY 2004-05 budget. | Federal | N/A | 37,900 |
| | Restricted | N/A | 3,698,900 |
| | GF/GP | N/A | \$242,300 |
| 2. Insurance and Retirement Economics | Gross | N/A | \$5,569,700 |
| Provides funds for increased insurance and retirement costs in FY 2005-06 budget. | Federal | N/A | 54,400 |
| | Restricted | N/A | 4,847,900 |
| | GF/GP | N/A | \$667,400 |
| 3. Other Economic Adjustments | Gross | N/A | (\$76,600) |
| Adds \$139,400 for building occupancy charge economics; removes \$216,000 for workers' compensation premium costs. | Restricted | N/A | (137,300) |
| | GF/GP | N/A | \$60,700 |
| 4. Contract and Group Insurance Savings | Gross | N/A | (\$372,300) |
| Reflects savings from reduced computing contract costs and lower-than-anticipated group insurance costs. | GF/GP | N/A | (\$372,300) |
| 5. Abandoned Vehicles | FTEs | N/A | 2.0 |
| Adds FTEs and restricted Abandoned Vehicle Fee funds to administer abandoned vehicles program; responsibilities in Department of State Police transferred to Department of State. | Gross | N/A | \$650,000 |
| | Restricted | N/A | 650,000 |

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|--|--------------|-----------------------|------------------------------------|
| 6. Commercial Driver License Information | Gross | N/A | \$610,000 |
| Adds federal funds from U.S. Department of Transportation to meet requirements of U.S. Patriot Act; state must be able to verify, maintain, and exchange ten-year commercial driver license information with other states. | Federal | N/A | 610,000 |
| 7. Motorcycle Safety Education Grants | Gross | \$1,000,800 | \$199,200 |
| Reflects increase in funds available for Motorcycle Safety Education grants; funding from Motorcycle Safety Fund. | Restricted | 1,000,800 | 199,200 |
| 8. GF/GP Funding Reductions | Gross | N/A | (\$400,800) |
| Reduces GF/GP for various line items in the budget, including funds for information technology services and projects. | GF/GP | N/A | (\$400,800) |

Major Boilerplate Changes From FY 2004-05

Sec. 803. Sale of Records – REVISED

Requires Department to sell copies of records (of motor vehicles, off-road vehicles, snowmobiles, watercraft, mobile homes, personal identification cards, drivers, and boat operators) for \$7 per record; authorizes use of revenue received for necessary expenses; requires balance of revenue to revert to Transportation Administration Collection Fund.

Sec. 812(6). Organ and Tissue Donation Education Fund – REVISED

Authorizes Department to receive and expend funds from Organ and Tissue Donation Education Fund for administrative expenses.

Sec. 815a. Strategies for Increasing Online Transactions – NEW

Requires Department to develop project plan that includes new strategies for increasing number of transactions completed online.

Sec. 820. Feasibility of Branch Office Relocation – NEW

Requires Department to explore feasibility of locating Keweenaw County Secretary of State branch office with the Keweenaw County Department of Human Services office.

TREASURY

**Summary: Enacted Appropriations
TREASURY
FY 2005-06 Senate Bill 272
Public Act 146 of 2005**

Analysts: Robin Risko, Viola Bay Wild

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--|-------------|
| | | | | | | Amount | % |
| IDG/IDT | \$13,172,800 | \$13,456,400 | \$12,082,600 | \$12,828,200 | \$13,456,400 | \$283,600 | 2.2 |
| Federal | 34,681,800 | 35,405,400 | 34,681,800 | 35,405,400 | 35,405,400 | 723,600 | 2.1 |
| Local | 18,832,800 | 1,025,400 | 964,300 | 1,025,400 | 1,025,400 | (17,807,400) | (94.6) |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Restricted | 1,432,983,100 | 1,441,584,000 | 1,426,688,000 | 1,435,229,200 | 1,453,816,100 | 20,833,000 | 1.5 |
| GF/GP | 92,002,200 | 105,725,700 | 103,284,500 | 108,990,800 | 367,285,500 | 275,283,300 | 299.2 |
| Gross | \$1,591,672,700 | \$1,597,196,900 | \$1,577,701,200 | \$1,593,479,000 | \$1,870,988,800 | \$279,316,100 | 17.5 |
| FTEs | 1,662.5 | 1,647.5 | 1,632.5 | 1,692.5 | 1,700.5 | 38.0 | 2.3 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005, but do not include May or August Consensus Revenue Estimating Conference agreements for revenue sharing payments. Enacted FY 2005-06 Treasury budget includes State Building Authority rent payments usually in the Capital Outlay budget.

Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes, to invest, control, and disburse state monies, and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues, advises issuers of municipal obligations, and lends funds to local units of government in fiscal distress through the Emergency Loan Board.

| Major Budget Changes From FY 2004-05 YTD Appropriations | FY 2004-05 YTD | Enacted Change From YTD |
|--|-----------------------|------------------------------------|
| TREASURY OPERATIONS | | |
| 1. Restoration of Employee Concessions | Gross | N/A |
| Adds funding to restore employee-related savings taken in FY 2004-05 budget. | IDG | \$4,649,700 |
| | Federal | 287,800 |
| | Local | 268,600 |
| | Restricted | 27,300 |
| | GF/GP | 3,381,800 |
| | | \$684,200 |
| 2. Insurance and Retirement Economics | Gross | N/A |
| Provides funds for increased insurance and retirement costs in FY 2005-06 budget. | IDG | \$6,636,200 |
| | Federal | 450,100 |
| | Local | 455,000 |
| | Restricted | 33,800 |
| | GF/GP | 4,807,200 |
| | | \$890,100 |
| 3. Other Economic Adjustments | Gross | N/A |
| Adds \$663,700 for rent and building occupancy charges; reduces funds for workers' compensation premium costs by \$68,400. | IDG | \$595,300 |
| | Restricted | (19,400) |
| | GF/GP | 347,100 |
| | | \$267,600 |

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|---|--------------|-----------------------|--------------------------------|
| 4. Contract and Group Insurance Savings | Gross | N/A | (\$542,300) |
| Reflects savings from reduced computing contract costs and lower-than-anticipated group insurance costs. | GF/GP | N/A | (\$542,300) |
| 5. Additional Audit Funding | FTE | N/A | 60.0 |
| Adds funding for 60.0 FTEs and auditing enhancements: \$3.0 million for auditing functions to be performed by state employees only; \$2.6 million for principal residence audits. | Gross | N/A | \$6,590,000 |
| | GF/GP | N/A | \$6,590,000 |
| 6. Personal Property Tax Auditors | FTE | 38.0 | (38.0) |
| Eliminates 38.0 FTEs performing personal property tax audits; FY 2004-05 appropriation was \$3.5 million prior to EO 2005-7. | Gross | \$0 | \$0 |
| | GF/GP | \$0 | \$0 |
| 7. Program Reductions | Gross | N/A | (\$500,000) |
| Eliminates collection of SET for some local units (\$50,000), consolidates program oversight (\$200,000), reduces funding for certain tax exemption reviews (\$250,000). | GF/GP | N/A | (\$500,000) |
| 8. Other Changes | FTE | N/A | 8.0 |
| Adds \$500,000 and 3.0 FTEs for state fund investment program; adds 2.0 FTEs to unclaimed property program for additional in-state enforcement audits (funds in FY 2004-05 supplemental); makes 3.0 FTE adjustment for collections program for seasonal hiring. | Gross | N/A | \$500,000 |
| | Restricted | N/A | 500,000 |
| REVENUE SHARING | | | |
| 9. Constitutional Revenue Sharing | Gross | \$681,000,000 | \$11,550,000 |
| Increases funds for constitutional revenue sharing payments to cities, villages, and townships; does not include May or August Consensus Revenue Estimating Conference agreements; enacted change would be \$23.8 million increase if August estimates were incorporated. | Restricted | 681,000,000 | 11,550,000 |
| 10. Statutory Revenue Sharing | Gross | \$445,300,000 | (\$21,950,000) |
| Reduces funding for statutory revenue sharing payments to cities, villages, and townships; does not include May or August Consensus Revenue Estimating Conference agreements; enacted change would be \$20.0 million decrease if August estimates were incorporated. | Restricted | 445,300,000 | (21,950,000) |
| 11. County Revenue Sharing | Gross | \$17,868,500 | (\$17,868,500) |
| Eliminates one-time county revenue sharing payments for those counties whose fiscal year ended September 30. | Local | 17,868,500 | (17,868,500) |
| 12. Special Census Revenue Sharing Payments | Gross | \$453,000 | \$47,000 |
| Provides funds for special census revenue sharing payments to be prorated among qualifying local units of government. | GF/GP | \$453,000 | \$47,000 |
| DEBT SERVICE | | | |
| 13. Debt Service | Gross | \$81,450,400 | \$7,551,000 |
| Adds \$6.7 million GF/GP for required Quality of Life bond debt service payments; reflects \$2.9 million fund source shift from restricted Cleanup and Redevelopment Funds to GF/GP; adds \$3.8 million gross and GF/GP for required Clean Michigan Initiative bond debt service payments; makes \$58,000 gross and GF/GP reduction for Water Pollution Control bond. | Restricted | 39,001,800 | (2,887,300) |
| | GF/GP | \$42,448,600 | \$10,438,300 |

TREASURY

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> | |
|--|------------------------------|---------------------------------------|---------------------|
| GRANTS | | | |
| 14. Grants | Gross | \$126,678,000 | \$10,880,000 |
| Includes \$10,000 to reimburse counties for lost tax revenue for lands transferred to federal government, \$5.4 million gross for Convention Facility Development Distribution, \$1.5 million gross for Health and Safety Fund Grants, and \$300,000 GF/GP for Renaissance Zone Reimbursement payments to libraries for lost property tax revenue associated with renaissance zones; adds Commercial Mobile Radio Service payments for local wireless 911 emergency response services of \$2.3 million gross; adds GF/GP for Qualified Agricultural Loan payment program (\$210,000) and Senior Citizen Cooperative Housing Tax Exemption Program (\$1.2 million). | Restricted | 106,000,000 | 9,170,000 |
| | GF/GP | \$20,678,000 | \$1,710,000 |
| 15. Lottery | FTE | N/A | 8.0 |
| Adds 8.0 FTEs and funds for Leadership Agreement and expansion of Club Keno games projected to increase School Aid Fund revenue. | Gross | N/A | \$637,100 |
| | Restricted | N/A | 637,100 |
| 16. State Building Authority Rent Payments | Gross | \$250,797,100 | \$22,000,000 |
| Provides funds for state building authority rent payments made for state agencies, universities, and community colleges; funds transferred from Capital Outlay budget. | Restricted | 7,795,000 | 9,000,000 |
| | GF/GP | \$243,002,100 | \$13,000,000 |

Major Boilerplate Changes From FY 2004-05

Sec. 923. Handbook for Taxpayers – DELETED

Prohibits Department from expending funds on new taxpayer audits until required taxpayer and tax preparers handbook on audit and collection procedures is published and available to taxpayers and tax preparers.

Sec. 940. Personal Property Tax Auditors – DELETED

Requires state classified civil service employees or contractors under Department's supervision be hired to perform personal property tax audits.

Sec. 941. Standardized Audit Schedules – NEW

Appropriates up to \$570,000 from standardized audit schedules recovered revenues to support project expenses and requires that funding be used exclusively for business tax audits related to sales tax, use tax, withholding, single business tax, and motor fuel tax obligations.

Sec. 943. Social Security Numbers on Mailings – NEW

Prohibits Department from printing complete social security numbers on 1099 mailings.

Sec. 944. Homestead Property and Home Heating Credit e-filing – NEW

Requires Department to develop pilot application for online credit only filing system for homestead property exemption and home heating credit filers.

Sec. 945. Assessment and Certification Division Reviews – NEW

Allows Department's assessment and certification division to conduct 14-point reviews in at least one assessment jurisdiction per county.

Sec. 947. Audit Enhancements – NEW

Requires that of \$6.6 million in part 1 for Revenue Enhancement Program, \$5.8 million be used for revenue enhancement collection (including auditing functions) and \$750,000 for principal residence audits. Excepting current contracts, the \$5.8 million shall fund activities performed by state employees only. Requires quarterly progress reports for personal property tax audit and principal residence audit programs and a joint General Government Subcommittee hearing regarding personal property tax audits and a performance audit of principal residence audit program by legislative Auditor General.

Major Boilerplate Changes From FY 2004-05

Sec. 948. Electronic Income Tax Filing – NEW

Requires Department to develop strategic plan to provide for free electronic filing of all tax returns, including, but not limited to, state income tax and single business tax returns.

Sec. 951. County Treasurer Compliance with State School Aid Act – DELETED

Requires county treasurers to comply with provisions of state School Aid Act to receive statutory general revenue sharing grant payments.

Sec. 980. State Building Authority Advances – NEW

Authorizes advances from general fund prior to sale of bonds; transferred from Capital Outlay budget.

Sec. 981. State Building Authority Excess Revenue – NEW

Requires facility revenue in excess of operation costs be credited to retirement of bonds; transferred from Capital Outlay budget.

Sec. 982. State Building Authority Insurance – NEW

Allows appropriations to be used to pay insurance premiums and deductibles; appropriates any shortage from the general fund; transferred from Capital Outlay budget.

Sec. 983. State Building Authority Report – NEW

Requires DMB to provide annual report on status of construction projects; transferred from Capital Outlay budget.

**FY 2005-06
Budget Detail
for
HUMAN SERVICES**

**Community Health
Corrections
Human Services**

**Summary: Enacted Appropriations
COMMUNITY HEALTH
FY 2005-06 House Bill 4831, Article 3
Public Act 154 of 2005**

Analysts: Margaret Alston, Sue Frey, Steve Stauff

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|--|--------------|
| | | | | | | Enacted | Amount % |
| IDG/IDT | \$70,179,100 | \$34,485,400 | \$32,794,800 | \$34,485,400 | \$34,090,000 | (\$36,089,100) | (51.4) |
| Federal | 5,690,518,800 | 5,467,496,800 | 5,283,772,000 | 5,310,618,600 | 5,533,597,400 | (156,921,400) | (2.8) |
| Local | 529,066,700 | 235,430,800 | 231,352,700 | 235,280,800 | 231,524,400 | (297,542,300) | (56.2) |
| Private | 64,270,100 | 59,470,100 | 59,467,500 | 59,073,800 | 59,073,800 | (5,196,300) | (8.1) |
| Restricted | 1,541,045,000 | 1,523,360,600 | 1,429,078,000 | 1,505,827,200 | 1,516,009,000 | (25,036,000) | (1.6) |
| GF/GP | 2,588,837,100 | 2,920,639,500 | 2,842,599,600 | 2,866,348,700 | 2,951,899,400 | 363,062,300 | 14.0 |
| Gross | \$10,483,916,800 | \$10,240,883,200 | \$9,879,064,600 | \$10,011,634,500 | \$10,326,194,000 | (\$157,722,800) | (1.5) |
| FTEs | 5,118.6 | 4,686.1 | 4,686.6 | 4701.1 | 4,674.6 | (444.0) | (8.7) |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Department of Community Health (DCH) budget provides funding for a wide range of mental health, substance abuse, public health, and medical services programs including Medicaid. Established in 1996, the Department also includes the Office of Drug Control Policy, the Office of Services to the Aging, the Crime Victim Services Commission, and health policy/regulatory functions.

Major Budget Changes From FY 2004-05 YTD Appropriations

1. Economic Adjustments

Provides \$30.3 million gross (\$12.6 million GF/GP) to restore employee-related savings included in FY 2004-05 and fund economic increases for defined benefit and contribution retirement and insurance costs. Does not include negotiated employees' salary and wage increases for FY 2005-06.

| | FY 2004-05 YTD (as of 2/10/05) | Enacted Change From YTD |
|--------------|-----------------------------------|----------------------------|
| Gross | N/A | \$30,313,800 |
| IDG | N/A | 3,381,700 |
| Federal | N/A | 6,217,700 |
| Restricted | N/A | 1,202,800 |
| Local | N/A | 6,923,900 |
| Private | N/A | 5,200 |
| GF/GP | N/A | \$12,582,500 |

2. Group Insurance and Contract IT Savings

Includes savings of \$3.3 million gross (\$1.9 million GF/GP) for group insurance and \$9.1 million gross (\$6.9 million GF/GP) for contract information technology.

| | | |
|--------------|------------|-----------------------|
| Gross | N/A | (\$12,375,800) |
| IDG | N/A | (395,400) |
| Local | N/A | (3,140,300) |
| GF/GP | N/A | (\$8,840,100) |

3. Mental Health Provider Tax

Increases Medicaid Mental Health and Substance Abuse Services by \$131.8 million to reflect capitation rate increase just over 2.4% based on 6% provider tax on specialty prepaid health plans. Of \$96.7 million in state restricted revenue from provider tax, \$53.7 million would be used to draw down \$74.6 million additional federal Medicaid revenue; remaining tax revenue would replace net GF/GP of \$39.5 million for Community Mental Health/Substance Abuse Services Programs appropriation unit.

| | | |
|--------------|------------------------|----------------------|
| Gross | \$1,443,717,500 | \$131,770,600 |
| Federal | 818,732,300 | 74,569,000 |
| Restricted | 3,500,000 | 96,701,600 |
| Local | 26,000,000 | 0 |
| GF/GP | \$595,485,200 | (\$39,500,000) |

COMMUNITY HEALTH

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | FY 2004-05 YTD (as of 2/10/05) | Enacted Change From YTD |
|---|--|---|------------------------------------|
| 4. Multicultural Services | | Gross | \$4,963,800 |
| Maintains FY 2004-05 increase of \$1.3 million for multicultural services. Funds to be distributed to multicultural populations in the same manner as in the current fiscal year. | | GF/GP | \$4,963,800 |
| 5. Forensic Mental Health Services | | Gross | \$68,687,700 |
| Reduces IDG from Department of Corrections by \$38.7 million due to change in responsibility for mentally ill prisoners at Huron Valley Center. Community Health responsible for mental health clinical services; Corrections assumed responsibility for non-clinical services during FY 2004-05. | | IDG | 68,687,700 |
| | | GF/GP | \$0 |
| 6. Community Mental Health Non-Medicaid Services | | Gross | \$313,352,400 |
| Maintains \$20.0 million for CMH Non-Medicaid Services for a CMHSP established by a single charter county that contains a city with a population of at least 500,000. | | Restricted | 1,582,400 |
| | | GF/GP | \$311,770,000 |
| 7. Substance Abuse Services | | Gross | \$85,280,400 |
| Maintains \$250,000 GF/GP for State Disability Assistance Program Substance Abuse Services and \$500,000 for Community Substance Abuse Prevention, Education, and Treatment Programs. | | Federal | 64,180,100 |
| | | Restricted | 1,460,000 |
| | | GF/GP | \$19,640,300 |
| 8. Local Public Health Hearing and Vision Screening | | Gross | \$40,618,400 |
| Reduces Local Public Health Operations funds for hearing screening and vision services by 50%; directs local health departments to offer hearing screening and vision services at reduced level from prior year, targeting preschool and early elementary aged schoolchildren. Services provided by local public health departments pursuant to Part 93 of Public Health Code, as a shared cost of local and state government. | | GF/GP | \$40,618,400 |
| 9. Healthy Michigan Fund Project Revisions | | Gross | \$43,400,000 |
| Modifies allocations of Healthy Michigan Fund to increase Medicaid services from \$12.9 million to \$17.1 million of fund total; offsetting reductions to 13 of 29 remaining funded projects; most reductions apply to prior fiscal year funding increases. | | Restricted | 43,400,000 |
| | | GF/GP | \$0 |
| 10. Elimination of Senior Center Funding Support | | Gross | \$1,068,700 |
| Eliminates \$1.1 million GF/GP for area agencies on aging to support staffing at senior citizen centers. | | GF/GP | \$1,068,700 |
| 11. Medicaid Caseload, Utilization, and Inflation | | Gross | N/A |
| Adds \$682.2 million gross (\$263.1 million GF/GP) of Medicaid base adjustments for projected expenditure trends related to inflation, caseload, and utilization growth. Adjustments occur in Medical Services, Substance Abuse, Mental Health, Children's Special Health Care Services (CSHCS) and MICHild programs. | | Federal | N/A |
| | | GF/GP | N/A |
| 12. Medicaid Provider Rate Reductions | | Gross | N/A |
| Removes \$126.9 million gross (\$55.2 million GF/GP) due to 4% reduction in provider payment rates affecting hospitals, physicians, home health care, long term care, hearing, vision, speech, HMOs, and children's special health care services; reduction is lowered to 3% for all providers except HMOs, contingent on federal approval of hospital case rate for optional Medicaid covered parents and caretaker relatives. | | Federal | N/A |
| | | GF/GP | N/A |

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | <u>FY 2004-05 YTD (as of 2/10/05)</u> | <u>Enacted Change From YTD</u> |
|--|--|---|
| 13. Medicare Drug Coverage for Dual Eligibles | Gross | N/A (\$227,944,500) |
| Reduces Medicaid funding in Pharmaceutical Services line by \$227.9 million for all dual Medicaid-Medicare eligibles whose prescription drug coverage will be provided through Medicare Part D drug benefit taking effect January 1, 2006. State will continue GF/GP for prescription coverage to dual eligibles at FY 2004-05 level due to federal "clawback" provision. | Federal | N/A (227,944,500) |
| | GF/GP | N/A \$0 |
| 14. Third Share Plan | Gross | \$0 \$10,000,000 |
| Adds \$10.0 million gross (\$4.3 million local) for health care coverage through Third Share Plan for low-income working families not eligible for Medicaid. Employers, employees, and counties cover an equal portion of health care premiums for individuals enrolled in qualified health plans; state contributes federal disproportionate share (DSH) funding to match counties' local funds. | Federal | 0 5,659,000 |
| | Local | 0 4,341,000 |
| | GF/GP | \$0 \$0 |
| 15. Medicaid Estate Recovery and Eligibility Loophole | Gross | \$0 (\$28,428,900) |
| Removes \$10.0 million gross (\$4.3 million GF/GP) from Long Term Care line due to anticipated savings from Medicaid estate recovery program. Removes \$18.4 million gross (\$8.0 million GF/GP) to reflect anticipated savings from closure of loopholes allowing individuals to shield assets through annuities and other trust assets to qualify for Medicaid long term care services. Legislation will be required to implement these changes. | Federal | 0 (16,087,900) |
| | GF/GP | \$0 (\$12,341,000) |
| 16. Elimination of Retroactive Medicaid Eligibility | Gross | N/A (\$28,300,000) |
| Reduces Hospital Services and Therapy line by \$11.3 million and Long Term Care Services line by \$17.0 million by eliminating Medicaid retroactive eligibility for three months prior to date of application; federal waiver required for this change. | Federal | N/A (16,015,000) |
| | GF/GP | N/A (\$12,285,000) |
| 17. Obstetrical Services Payment Rates | Gross | N/A \$6,910,800 |
| Adds \$6.9 million gross (\$3.0 million GF/GP) to increase rates for obstetrical service approximately 20%; boilerplate Sec. 1635. | Federal | N/A 3,910,800 |
| | GF/GP | N/A \$3,000,000 |
| 18. Physician Services Tax | Gross | N/A \$0 |
| Excludes proposed 1% tax on physician practice revenue to generate \$94.0 million restricted revenue; proposal had included \$40.0 million GF/GP savings with \$124.4 million (\$30.4 million net to physician community) for physician rate increase. | Federal | N/A 0 |
| | Restricted | N/A 0 |
| | GF/GP | N/A \$0 |
| 19. Medicaid Hospital and Physician Visit Copayments | Gross | N/A (\$5,421,200) |
| Establishes \$3.00 Medicaid copayments for hospital emergency room visit, \$50.00 for first day of in-patient hospital stay, \$1.00 for out-patient hospital visit, and \$2.00 for physician office visit. Recognizes \$5.4 million gross (\$2.4 million GF/GP) savings; boilerplate Sec. 1631(2). | Federal | N/A (3,067,900) |
| | GF/GP | N/A (\$2,353,300) |
| 20. Medicaid Recoveries, Eligibility Error Rate, and Mispayment Savings | Gross | N/A (\$34,892,000) |
| Anticipates savings of \$8.8 million gross (\$3.8 million GF/GP) from audit recoveries (boilerplate Sec. 1616 authorizes spending recovered funds); \$21.1 million gross (\$9.1 million GF/GP) by reducing Medicaid eligibility error rate specified in Sec. 1725; and \$5.1 million gross (\$2.2 million GF/GP) by hiring consulting firm to decrease Medicaid provider mispayments. | Federal | N/A (19,745,400) |
| | GF/GP | N/A (\$15,146,600) |

COMMUNITY HEALTH

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | FY 2004-05 YTD (as of 2/10/05) | Enacted Change From YTD |
|--|--------------|---|------------------------------------|
| 21. Nursing Home Quality Assurance Assessment Program (QAAP) Savings | Gross | N/A | \$133,609,800 |
| Adds \$133.6 million gross (\$76.0 million restricted QAAP revenue) generated by increasing nursing home provider tax from 5.1% to 6.0%. State retains \$18.0 million which offsets identical amount of GF/GP; remaining \$58.0 million is match for federal funds for Medicaid payment increase to nursing homes. | Federal | N/A | 75,609,800 |
| | Restricted | N/A | 76,000,000 |
| | GF/GP | N/A | (\$18,000,000) |
| 22. Pharmaceutical Savings | Gross | N/A | (\$19,120,100) |
| Reduces funding by \$9.2 million gross (\$4.0 million GF/GP) from lower psychotropic drug utilization due to new program that evaluates doctor's prescribing practices. Additional \$9.9 million gross (\$4.3 million GF/GP) savings included for anticipated fraud recoveries from drug manufacturers. | Federal | N/A | (10,820,100) |
| | GF/GP | N/A | (\$8,300,000) |
| 23. Home and Community-Based Services (HCBS) Program | Gross | N/A | (\$2,994,700) |
| Reduces nursing home costs by transitioning an estimated 200 patients to HCBS waiver program. Increases funds to support the additional slots in Sec. 1684, which requires that administrative expenses for HCBS waiver program be reduced by \$2.00 per person per day. | Federal | N/A | (1,694,700) |
| | GF/GP | N/A | (\$1,300,000) |

Major Boilerplate Changes From FY 2004-05

Sec. 261. Medicaid Management Information System Upgrade – NEW

Provides that Part 1 appropriated funds for Medicaid management information system upgrade are contingent on approval of an advanced planning document from Centers for Medicare and Medicaid Services; allows appropriation to be designated as a work project and carried forward to support completion of the project.

Sec. 267. Disciplinary Action Against State Employee – NEW

Prohibits Department from taking disciplinary action against an employee for communicating with a member of the Legislature or his/her staff.

Sec. 425. Report on Prisoners Receiving Mental Health and Substance Abuse Services – REVISED

Requires report on number of prisoners receiving substance abuse and mental health services. Requires Department, with Department of Corrections, to report on number of prisoners with primary diagnosis of mental illness and receiving substance abuse services including inpatient, residential, and outpatient care.

Sec. 450. Audit and Reporting Requirements for CMHSPs – REVISED

Continues Work Group on recommending strategies to streamline audit and report requirements for CMHSPs or specialty prepaid health plans. Charge to Work Group requires developing a set of standards and criteria to satisfy all of Department's audit requirements that are to be used by any contractor performing services for CMHSPs or specialty prepaid health plans. Proposed standards and criteria to be provided by March 31, 2006.

Sec. 456. Consumer Choices for Mental Health Services – NEW

Requires prepaid inpatient health plans providing Medicaid mental health services to honor consumer choice for skill building assistance and work preparatory services provided in accredited community based rehabilitation organizations as well as supported and integrated employment services.

Sec. 457. Quality Assurance Assessment Program for CMH Prepaid Inpatient Health Plans – NEW

Requires Department to assure implementation of Quality Assurance Assessment Program (QAAP) for CMH health plans does not result in any net reduction in revenue for CMH services. If QAAP is not implemented, or implemented and does not generate anticipated revenue, or reduced or eliminated at a later date, Department must submit plan on how projected GF/GP savings will be achieved.

Major Boilerplate Changes From FY 2004-05

Sec. 458. Report on Recommendations of Michigan Mental Health Commission and Cost-Benefit Analysis for Residential Facilities and Specialized Mental Health Court Program – NEW

Requires Department to report by April 15, 2006, on an updated plan for implementing recommendations of Michigan Mental Health Commission report on October 15, 2004; a cost-benefit analysis of establishing secure residential facilities of fewer than 17 beds for adults with serious mental illness; and a cost-benefit analysis of establishing specialized mental health court program that diverts adults with serious mental illness alleged to have committed an offense deemed nonserious into treatment prior to the filing of any charges.

Sec. 460. Uniform Standards for Reporting of Administrative Costs by CMHSPs – NEW

Requires Department to establish uniform definitions, standards, and reporting of administrative costs by prepaid inpatient health plans (PIHPs), CMHSPs, and contracted organized provider systems that receive payment or reimbursement from funds appropriated for PIHPs and CMHSPs; requires Department to provide written draft of proposed definitions, standards, and instructions by April 15, 2006.

Sec. 462. Funding Equity Plan for CMH Non-Medicaid Services – NEW

Requires Department to establish Work Group to develop a plan to achieve funding equity for all CMHSPs that receive funds appropriated under CMH Non-Medicaid Services. At a minimum, funding equity plan shall establish a payment or scale to ensure each CMHSP is paid and/or reimbursed equally based on recipient's diagnosis or individual plan of service to meet recipient's needs.

Sec. 463. Program Evaluation Measures for Substance Abuse Services – NEW

Directs Department to establish standard program evaluation measures to assess effectiveness of programs provided through coordinating agencies and service providers in reducing and preventing the incidence of substance abuse.

Sec. 464. Liquor License Fees – NEW

Expresses Legislature's intent that revenue received by Department from liquor license fees is to be expended only to fund programs for prevention, rehabilitation, care, and treatment of alcoholics pursuant to provisions within the Liquor Control Code.

Sec. 651. Activities of the Surgeon General – NEW

Requires Department to report activities and efforts of Surgeon General to improve health status of state citizens pursuant to goals and objectives in "Healthy Michigan 2010" report, and to indicate measurable progress made.

Sec. 1006(2). Quit Kit Allocation for Smoking Prevention – NEW

Establishes allocation of \$900,000 of smoking prevention funds for Quit Kit program that includes nicotine patch or nicotine gum, to comply with 2004 PA 164.

Sec. 1628. Medicare Part D Psychotropic Pharmacy Administration Committee and Study – NEW

Requires Department to convene a committee to study implementation of psychotropic pharmacy administration under Medicare Part D for individuals dually enrolled in Medicare and Medicaid programs by April 2006; details committee representation and a final report is due by September 30, 2006.

Sec. 1634. Ambulance Service Payment Rates – REVISED

Requires an increase in the ambulance mileage reimbursement rate to \$4.25 per mile; modifies current language.

Sec. 1637. Personal Health Responsibility Agreement – NEW

Requires all Medicaid recipients be offered the opportunity to sign a Medicaid personal responsibility agreement which contains various provisions regarding healthy behaviors.

Sec. 1666. System Changes Providing Timelier Inclusion of Newborns in Medicaid Eligibility File – NEW

Directs Department to implement system changes to assure that within 30 days of birth newborns of health plan covered Medicaid mothers are included in Medicaid eligibility file and enrolled in same health plan as the mother.

Sec. 1684. Home and Community-Based Services (HCBS) Administrative Expenses – NEW

Requires that payment rate allocated for administrative expenses for HCBS waiver program be reduced by \$2.00 per person per day, and that savings realized by this action be reallocated to increase enrollment in waiver program. Requires report on the number of nursing home patients discharged who are subsequently enrolled in HCBS waiver program, and associated cost savings.

COMMUNITY HEALTH

Major Boilerplate Changes From FY 2004-05

Sec. 1686. Long Term Care Single Point of Entry Pilot Project Report – NEW

Requires Department to report by April 30, 2006, on progress of three Medicaid long-term care single point of entry services pilot projects.

Sec. 1690. Establishment of an Estate Preservation Program – NEW

Authorizes Department to work with the federal government to establish an estate preservation program as per recommendations by Michigan Medicaid Long-Term Care Task Force.

Sec. 1700. Actuarially Sound Capitation Rates – NEW

Requires Department to consult with Michigan Association of Health Plans and develop a plan to assure that Medicaid payment rates to HMOs in FY 2005-06 meet federal requirements for actuarially sound rates; plan shall be submitted by May 30, 2006.

Sec. 1729. Bi-Partisan Joint Committee Identifying Medicaid Cost Reductions – NEW

Establishes bi-partisan joint committee that shall seek to identify at least \$40.0 million in Medicaid savings through cost reduction measures, such as fraud reduction, estate recovery, and enhanced information technology.

Sec. 1731. Medicaid Asset Test – NEW

Requires Department to establish a Medicaid eligibility asset test for optional parents/caretaker relatives and 19 and 20 year olds; excludes coverage for 19 and 20 year olds whose parent or legal guardian has health care coverage or access to health coverage.

Sec. 1732. Nursing Home QAAP Modification Assurance – NEW

Assures that nursing home reimbursement rates will not be reduced to achieve GF/GP savings if proposed modifications to Quality Assurance Assessment Program (QAAP) for nursing homes are not implemented.

**Summary: Enacted Appropriations
CORRECTIONS
FY 2005-06 House Bill 4831, Article 4
Public Act 154 of 2005**

Analyst: Marilyn B. Peterson

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$3,364,200 | \$1,043,800 | \$1,043,800 | \$1,043,800 | \$1,043,800 | (\$2,320,400) | (69.0) |
| Federal | 9,188,100 | 10,316,800 | 10,316,800 | 10,316,800 | 11,410,200 | 2,222,100 | 24.2 |
| Local | 393,600 | 411,700 | 411,700 | 411,700 | 411,700 | 18,100 | 4.6 |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Restricted | 67,075,600 | 66,590,000 | 66,442,400 | 66,442,400 | 66,590,000 | (485,600) | (0.7) |
| GF/GP | 1,688,886,300 | 1,805,280,300 | 1,748,507,700 | 1,776,144,200 | 1,780,650,700 | 91,764,400 | 5.4 |
| Gross | \$1,768,907,800 | \$1,883,642,600 | \$1,826,722,400 | \$1,854,358,900 | \$1,860,106,400 | \$91,198,600 | 5.2 |
| FTEs | 17,769.8 | 17,517.2 | 17,201.8 | 17,524.2 | 17,525.2 | (244.6) | (1.4) |
| Avg. Pop. | 51,503 | 50,949 | 50,285 | 51,425 | 50,945 | (558) | (1.1) |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005; Executive is as revised 6/2/05 to transfer SOAHR FTEs to Department of Labor and Economic Growth.

Overview

The mission of the Department of Corrections (MDOC) is "to enhance public safety by recommending sanctions to the courts and to carry out the sentences given to convicted felons as directed by the courts in a humane, cost-efficient manner which is consistent with sound correctional principles and constitutional standards." The MDOC budget funds operation of the state prison system, supervision of parolees and felony probationers, community placement of selected prisoners, and a variety of offender programs—most notably treatment and education. It also funds training of corrections officers and centralized functions of administration, research, and financial operations. Prison construction is funded through the Capital Outlay budget.

| Major Budget Changes From FY 2004-05 YTD Appropriations | FY 2004-05 YTD (as of 2/10/05) | Enacted Change From YTD |
|---|---|------------------------------------|
| PRISON AND CAMP CAPACITY CHANGES | | |
| 1. Youth Correctional Facility – VETOED | Beds | 480 (480) |
| Funds privately-owned/operated Michigan Youth Correctional Facility in Baldwin; assumes at least \$1.0 million in annual savings by renegotiating management and lease contracts. | FTEs | 1.0 (1.0) |
| | Gross | \$18,840,700 (\$18,840,700) |
| | GF/GP | \$18,840,700 (\$18,840,700) |
| 2. Add Beds in Six-Bunk Open Bays | Beds | N/A 976 |
| Funds additional 976 Level I (minimum security) beds by adding one bunk to six-bunk open bays in eight lower-peninsula facilities. | FTEs | N/A 102.6 |
| | Gross | N/A \$10,321,300 |
| | GF/GP | N/A \$10,321,300 |
| 3. Add Beds at Kinross and Ojibway | Beds | N/A 376 |
| Funds additional 376 beds at Kinross Correctional Facility in Kincheloe (296 Level II beds and 22.6 FTEs) and Ojibway Correctional Facility in Marenisco (80 Level I beds and 10.8 FTEs). | FTEs | N/A 35.4 |
| | Gross | N/A \$4,127,000 |
| | GF/GP | N/A \$4,127,000 |

CORRECTIONS

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | <u>FY 2004-05 YTD</u> | <u>Enacted Change</u> |
|---|-------------------------------|------------------------------|
| | <u>(as of 2/10/05)</u> | <u>From YTD</u> |
| 4. Jackson Complex A and B Units | Beds 480 | (480) |
| Reduces FY 2004-05 partial-year funding for Egeler's A and B units; beds, constructed as Level V, funded and used briefly as minimum-to-medium security for prisoners processed at Egeler reception center in FY 2004-05 and awaiting transfer. Retains health care funds for new beds added elsewhere in the system. | FTEs 58.2 | (58.2) |
| | Gross \$5,060,100 | (\$3,517,900) |
| | GF/GP \$5,060,100 | (\$3,517,900) |
| 5. Full-Year Costs of Beds Added in FY 2004-05 | Beds 612 | 0 |
| Provides full-year funding for beds opened and receiving partial-year funding in FY 2004-05. Adds \$1.3 million for Camp Lehman (200 beds added), \$2.1 million and 31.1 FTEs for 316 beds added by converting Oaks Correctional Facility from Level V to Level IV, and \$506,800 for 96 beds added by converting Oaks segregation unit to general population. | FTEs 23.7 | 31.1 |
| | Gross \$3,398,000 | \$3,877,800 |
| | GF/GP \$3,398,000 | \$3,877,800 |
| 6. Close Mangum Farm and Camps Tuscola and Sauble | Beds N/A | (475) |
| Includes reductions (475 beds, 108.8 FTEs, \$3.4 million gross, and \$3.1 million GF/GP) from closing Camps Tuscola and Sauble and the barracks at Marquette's Mangum Farm. | FTEs N/A | (108.8) |
| | Gross N/A | (\$3,370,700) |
| | Restricted N/A | (228,900) |
| | GF/GP N/A | (\$3,141,800) |
| PRISON AND CAMP OPERATIONS | | |
| 7. Reduce Security Levels at Five Facilities | Beds N/A | 0 |
| Reflects reduced staffing needs due to changes in security levels at five facilities during the first half of FY 2004-05: Bellamy Creek, two units (240 beds) from Level III to Level II, and three units (480 beds) from Level IV to Level II; Boyer Road, entire 960-bed facility from Level II to Level I; Ojibway, three units (360 beds) from Level II to Level I; Mound and Ryan, from multilevel facilities to Level II facilities, with a total of 574 beds affected. | FTEs N/A | (95.3) |
| | Gross N/A | (\$2,871,900) |
| | GF/GP N/A | (\$2,871,900) |
| 8. Seniority Step Increases at Correctional Facilities | Gross N/A | \$8,085,200 |
| Increases appropriations at all correctional facilities to meet need for additional funding due to increasing seniority of staff. | GF/GP N/A | \$8,085,200 |
| 9. Consolidate Administrative Functions at Eight Facilities | FTEs N/A | (10.0) |
| Reflects savings from consolidating business offices and other administrative functions at: Mound and Ryan, Kinross and Chippewa, Brooks and Muskegon, and Pine River and St. Louis. | Gross N/A | (\$445,600) |
| | GF/GP N/A | (\$445,600) |
| 10. Food Service | FTEs N/A | (8.4) |
| Includes various adjustments pertaining to food service: change from whole to skim milk and eliminate coffee from prisoner food service to save \$1.0 million; close Jackson complex production kitchen to save \$3.5 million, \$2.7 million of which funded by user fees (IDTs from various facilities); add \$520,000 to provide food to Department of Community Health's (MDCH) new forensic center; fully funded by IDG from MDCH. | Gross N/A | (\$3,940,300) |
| | IDG/IDT N/A | (2,219,400) |
| | GF/GP N/A | (\$1,720,900) |
| 11. Standard and Poor's Evaluation – VETOED | Gross \$0 | \$0 |
| Adds \$500,000 GF/GP IDG to legislative council; enacted General Government budget (2005 PA 146) directed auditor general to contract with Standard and Poor's to evaluate and compare each correctional facility, including, but not limited to, physical plant, staffing, programming, security levels, and costs. | GF/GP \$0 | \$0 |

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | <u>FY 2004-05 YTD (as of 2/10/05)</u> | <u>Enacted Change From YTD</u> |
|--|--------------|---|------------------------------------|
| OFFENDER HEALTH CARE AND TREATMENT | | | |
| 12. Substance Abuse Testing and Treatment | | | |
| Adds \$586,700 GF/GP exclusive of contract savings; uses new federal grant for residential substance abuse treatment of state prisoners (RSAT) to offset GF/GP. | Gross | \$17,646,000 | \$586,700 |
| | Federal | 729,400 | 1,093,400 |
| | GF/GP | \$16,916,600 | (\$506,700) |
| 13. Managed Care Contract Savings | | | |
| Includes unspecified efficiencies in prisoner health care provided under managed care contract for hospital and specialty care. | Gross | \$59,875,200 | (\$1,698,200) |
| | GF/GP | \$59,875,200 | (\$1,698,200) |
| 14. Hepatitis C Testing and Treatment | | | |
| Eliminates separate line added in FY 2004-05 for hepatitis C testing and treatment; reduces funding by \$1.0 million; \$150,000 remaining divided between three lines funding on-site prison health clinics. | Gross | \$1,150,000 | (\$1,000,000) |
| | GF/GP | \$1,150,000 | (\$1,000,000) |
| PRISONER REINTEGRATION AND ALTERNATIVES TO PRISON INCARCERATION | | | |
| 15. Prisoner Reintegration Programs | | | |
| Creates new line to consolidate and expand programming aimed at improving success on parole and reducing need for additional prison beds; includes FY 2004-05 funds for female programs plus \$1.0 million from new federal grant, \$3.0 million for reintegration programs for mentally ill offenders, and \$5.0 million for various re-entry pilot programs at sites across the state. | FTEs | 4.0 | 0.0 |
| | Gross | \$3,843,700 | \$9,035,000 |
| | Federal | 0 | 1,035,000 |
| | GF/GP | \$3,843,700 | \$8,000,000 |
| 16. Community Corrections Probation Residential Centers | | | |
| Reduces base by \$500,000 in response to historical spending, adds \$1.6 million for increase in per diem payments (from \$43 to \$47.50) to service providers, and renames the line "Residential Services" to reflect expanded purpose. | Gross | \$15,828,400 | \$1,097,000 |
| | Restricted | 2,323,500 | 0 |
| | GF/GP | \$13,504,900 | \$1,097,000 |
| 17. Parole and Probation Supervision | | | |
| Offsets \$1.0 million GF/GP with increased parole and probation oversight fee collections; assumes savings of \$239,500 and 3.0 FTEs by consolidating field offices; provides \$454,900 for increased costs of field office rent. | FTEs | N/A | (3.0) |
| | Gross | N/A | (\$188,100) |
| | Restricted | N/A | 1,000,000 |
| | GF/GP | N/A | (\$1,188,100) |
| 18. Parole and Probation Special Operations | | | |
| Funds law enforcement escorts for parole and probation agents making after-hours checks of supervised offenders in Detroit. | Gross | \$0 | \$500,000 |
| | GF/GP | \$0 | \$500,000 |
| 19. Close Two Corrections Centers | | | |
| Reflects closing two corrections centers formerly leased in Benton Harbor and Saginaw which, historically, housed low-level offenders placed in the community prior to parole. Population eligible for community placement is declining due to impact of truth-in-sentencing, which requires offenders to serve their minimum sentences in secure confinement. | Beds | 481 | (271) |
| | FTEs | 70.0 | (22.0) |
| | Gross | \$9,283,000 | (\$3,532,200) |
| | Restricted | 1,486,300 | (1,176,100) |
| | GF/GP | \$7,796,700 | (\$2,356,100) |
| 20. Eliminate Funding for CRP II | | | |
| Eliminates funds for Conditional Reintegration Program (called CRP II) first funded in FY 2003-04. Under CRP II, selected offenders past their earliest release date were to be moved to tether; difficulties identifying a sufficient number of offenders suitable for tether led to reduction in FY 2004-05. | FTEs | 68.5 | (68.5) |
| | Gross | \$5,514,800 | (\$5,514,800) |
| | Restricted | 1,859,100 | (1,859,100) |
| | GF/GP | \$3,655,700 | (\$3,655,700) |

CORRECTIONS

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | <u>FY 2004-05 YTD</u> | <u>Enacted Change</u> | |
|--|-------------------------------|------------------------------|-----------------------|
| | <u>(as of 2/10/05)</u> | <u>From YTD</u> | |
| MISCELLANEOUS ADJUSTMENTS | | | |
| 21. <i>Supplementary Operational Expenditures</i> | Gross | N/A | \$4,000,000 |
| Aggregates various costs into single line. Funding to be for wage and salary increases, contractual obligations to pay dry cleaning allowances, and jail capacity grants. Change reflects incorporating \$4.0 million recommended by Executive for various grant programs to ease jail crowding problems. | GF/GP | N/A | \$4,000,000 |
| 22. <i>Vaccination Program</i> | Gross | \$991,200 | (\$300,000) |
| Reduces funding for vaccination program, which largely funds hepatitis-B vaccinations for new corrections officers. | GF/GP | \$991,200 | (\$300,000) |
| 23. <i>Close DeMarse Academy</i> | Gross | N/A | (\$696,800) |
| Closes DeMarse training academy on grounds of former Michigan School for the Blind in Lansing; new corrections officer classes to utilize state police training facility; \$1.0 million savings offset by increased food costs of \$303,800. | GF/GP | N/A | (\$696,800) |
| 24. <i>Reduce Central Office Staffing</i> | FTEs | N/A | (14.5) |
| Eliminates 14.5 FTEs from central office staff in Lansing; savings of \$1.1 million. | Gross | N/A | (\$1,118,700) |
| | GF/GP | N/A | (\$1,118,700) |
| 25. <i>Eliminate Jail Services Unit</i> | FTEs | 5.0 | (4.0) |
| Eliminates jail services unit, which reviews jail plans and inspects jails for compliance with statutory and promulgated jail standards; responsibilities shifted to Department of Labor and Economic Growth (DLEG); associated position administering county jail reimbursement program transferred to Office of Community Corrections. | Gross | \$654,500 | (\$581,200) |
| | IDG/IDT | 165,000 | (165,000) |
| | GF/GP | \$489,500 | (\$416,200) |
| 26. <i>Statewide Consolidation of Human Resources</i> | FTEs | N/A | (7.0) |
| Assumes additional savings through human resources optimization project initiated in FY 2004-05. | Gross | N/A | (\$558,200) |
| | GF/GP | N/A | (\$558,200) |
| 27. <i>Department of Information Technology (DIT)</i> | Gross | \$14,789,900 | (\$367,900) |
| Adds \$644,400 for computer costs associated with human resources optimization project; includes \$400,000 reduction reflecting that computers used for prisoner education are not supported by DIT; incorporates \$612,300 reduction in connection with statewide DIT reductions; figures do not reflect about \$1.7 million in newly-identified contractual savings. | Restricted | 509,500 | 0 |
| | GF/GP | \$14,280,400 | (\$367,900) |
| 28. <i>Restoration of FY 2004-05 Concessions</i> | Gross | N/A | \$46,342,500 |
| Funds restoration of wages deferred under FY 2004-05 wage and salary concessions. | IDG/IDT | N/A | 56,200 |
| | Federal | N/A | 42,300 |
| | Local | N/A | 7,400 |
| | Restricted | N/A | 1,180,600 |
| | GF/GP | N/A | \$45,056,000 |
| 29. <i>Insurances, Retirement, and Contract Savings</i> | Gross | N/A | (\$19,129,600) |
| Reflects \$19.1 million in newly-identified savings to be achieved in employee health care and retirement benefits and under various contracts; saves \$1.3 million in insurances, \$12.1 million in retirement costs, and \$5.7 million in contractual costs. | GF/GP | N/A | (\$19,129,600) |

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | <u>FY 2004-05 YTD</u> | <u>Enacted Change</u> | |
|---|-------------------------------|------------------------------|---------------------|
| | <u>(as of 2/10/05)</u> | <u>From YTD</u> | |
| 30. Economic Adjustments | Gross | N/A | \$53,414,200 |
| Includes economic increases for insurances (\$24.2 million gross, \$23.5 million GF/GP), retirement (\$30.5 million gross, \$29.6 million GF/GP), and building occupancy (\$152,700 gross and GF/GP). Includes \$1.4 million gross and GF/GP economic decrease for worker's compensation; provides no additional revenue for 1.5% wage and salary increase in FY 2005-06 (\$13.8 million estimated MDOC employee total); does not fund economic increases in food or fuel/utilities or increase in dry cleaning allowance paid to corrections officers under new guards' contract; does not reflect newly-identified savings in costs of employee benefits and retirement, described above. | IDG/IDT | N/A | 5,900 |
| | Federal | N/A | 51,400 |
| | Local | N/A | 10,700 |
| | Restricted | N/A | 1,499,800 |
| | GF/GP | N/A | \$51,846,400 |

Major Boilerplate Changes From FY 2004-05

Sec. 401. Prison Population Projections – REVISED

Requires that report on prison population projections include explanations of methodology and assumptions used in developing projection updates.

Sec. 407. Prisoner Reintegration Programs – NEW

Requires reports on implementing and results of prisoner reintegration programs, and maintaining programs based at Cooper Street Correctional Facility, Macomb Correctional Facility, and Huron Valley complex.

Sec. 411. Recidivism Report – NEW

Conditions certain expenditures on providing a report detailing departmental plan to reduce recidivism rates among prisoners released from correctional facilities. Report to include information on how success of the plan will be measured, along with detailed information on historical recidivism rates and comparisons to other states.

Sec. 503. Substance Abuse Testing and Treatment – NEW

Requires report on substance abuse testing and treatment program objectives, outcome measures, and results.

Sec. 504. Mental Health and Substance Abuse Services – NEW

Requires Department to cooperate with Department of Community Health in providing information and developing a report on prisoners receiving substance abuse and mental health services.

Sec. 608. Parole and Probation Special Operations – NEW

Specifies that funds appropriated for parole/probation special operations be used to fund law enforcement officer escorts for parole/probation agents making unscheduled after-hours checks to verify offenders' whereabouts and activities in selected precincts of Detroit; expresses legislative intent that Department cooperate with attorney general and local law enforcement agencies in assigning field agents for parole/probation special operations.

Sec. 709. Community Corrections Program Reports – NEW

Requires reports on programs for county jail reimbursement, felony drunk driver jail reduction and community treatment, alternatives to prison jail and treatment, jail capacity expansion, and new initiatives to control prison population growth funded under residential services and comprehensive plans and services line items. Reports to include information on program objectives and outcome measures, expenditures by location, impact on jail utilization, impact on prison admissions, and other information relevant to program evaluation.

Sec. 1010. GED and Recidivism Report – REVISED

Includes new requirements for reporting on prisoner educational backgrounds, prison education programs, and program impact.

Sec. 1011. GED Certification Report – NEW

Conditions academic/vocational program expenditures on provision of departmental plan to increase certification rates among prisoners enrolled in general educational development (GED) programs at correctional facilities. Report to include details on Department plans to improve certification rates, along with information on recent certification rates and comparisons to other states.

CORRECTIONS

Major Boilerplate Changes From FY 2004-05

Sec. 1014. Women's Facilities, Sexual Harassment, and State Police Investigations – NEW

Requires implementing a plan to remove male corrections staff from housing units in female prisons, mandates that a single staffer at each facility be designated to assist prisoners in filing sexual harassment claims, and requires Department to refer all complaints of criminal conduct to the state police.

Sec. 1015. Supplementary Operational Expenditures – NEW

Expresses legislative intent to appropriate supplemental operational expenses to be used to offset employee wage and salary increases, contractual obligations to pay dry cleaning allowances, and jail capacity grants.

**Summary: Enacted Appropriations
HUMAN SERVICES
FY 2005-06 Senate Bill 271
Public Act 147 of 2005**

Analyst: Bob Schneider, Bill Fairgrieve

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$1,084,400 | \$1,400,900 | \$1,094,800 | \$1,109,800 | \$2,439,200 | \$1,354,800 | 124.9 |
| Federal | 3,068,037,600 | 3,190,468,600 | 3,093,050,500 | 3,173,213,200 | 3,213,153,000 | 145,115,400 | 4.7 |
| Local | 73,326,100 | 51,189,300 | 48,184,800 | 44,522,600 | 51,076,200 | (22,249,900) | (30.3) |
| Private | 9,757,600 | 8,938,900 | 8,822,900 | 8,904,200 | 8,918,600 | (839,000) | (8.6) |
| Restricted | 70,321,400 | 70,373,900 | 70,357,700 | 70,394,200 | 71,176,100 | 854,700 | 1.2 |
| GF/GP | 1,076,406,600 | 1,106,603,600 | 1,028,358,500 | 1,076,308,700 | 1,081,211,900 | 4,805,300 | 0.4 |
| Gross | \$4,298,933,700 | \$4,428,975,200 | \$4,249,869,200 | \$4,373,452,700 | \$4,427,975,000 | \$129,041,300 | 3.0 |
| FTEs | 10,302.0 | 10,260.0 | 10,158.5 | 10,206.3 | 10,286.0 | (16.0) | (0.2) |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food, day care, and other emergency needs. The Department is also charged with protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws. Finally, the DHS is responsible for delivering juvenile justice services and for licensing day care, adult foster care, and child welfare agencies in the state.

Major Budget Changes From FY 2004-05 YTD Appropriations

1. Day Care Services

Anticipates \$11.0 million savings in changes in day care eligibility policies (Executive-recommended) and additional \$1.8 million GF/GP reduction; savings in addition to \$10.0 million cut from FY 2004-05 budget (EO 2005-3); about two-thirds of savings tied to eliminating 30-day retroactive eligibility policy; remainder to be achieved through other unspecified policy changes. Includes \$9.5 million reduction to account for reduced caseloads and increased error/fraud detection efforts, \$6.1 million increase in federal funds for quality incentive programs, and restoration of \$3.3 million for Before and After School Programs.

| | FY 2004-05 YTD | Enacted Change From YTD |
|--------------|----------------------|----------------------------|
| Gross | \$478,372,000 | (\$12,933,400) |
| Federal | 302,982,100 | (11,119,200) |
| GF/GP | \$175,389,900 | (\$1,814,200) |

2. Foster Care Payments

Reflects \$12.8 million in planned savings in foster care payments achieved through expansion of Family to Family pilot program, which emphasizes community-wide collaboration in placing foster youth in their own communities with a stable family rather than in institutional settings; includes caseload-related decrease of \$6.8 million and \$1.2 million increase for specialized foster care rate increases.

| | FY 2004-05 YTD | Enacted Change From YTD |
|--------------|----------------------|----------------------------|
| Gross | \$225,364,100 | (\$18,409,100) |
| Federal | 86,865,900 | 7,821,800 |
| Local | 45,385,900 | (20,847,900) |
| Private | 5,033,900 | (1,193,300) |
| GF/GP | \$88,078,400 | (\$4,189,700) |

HUMAN SERVICES

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|--|------------------------------|---------------------------------------|
| 3. Family Independence Program (FIP) | Gross \$394,277,600 | (\$2,155,800) |
| Reflects reductions from implementing two pilot programs: expansion of Front End Eligibility Project anticipates \$3.7 million savings through increased investigative efforts for FIP cases where application information is questionable; new pilot projects targeting long-term FIP recipients expected to save \$1.7 million. Increase of \$2.9 million accounts for anticipated caseload increase; \$317,500 allows higher clothing allowance for children in the program. The FIP program provides direct cash assistance to very low income families with dependent children. | Federal 175,575,400 | 2,017,500 |
| | Restricted 50,210,700 | 0 |
| | GF/GP \$168,491,500 | (\$4,173,300) |
| 4. Food Assistance Program | Gross \$1,113,444,000 | \$105,296,900 |
| Adds funds for projected caseload increase in Food Assistance Program (100% federally financed); projected FY 2005-06 caseload is 526,800, up 13,700 from FY 2004-05 budgeted caseload; funds 2.88% federal cost of living adjustment. | Federal 1,113,444,000 | 105,296,900 |
| 5. Local Office and Regional Zone Office Staffing | Gross \$341,254,800 | (\$832,100) |
| Reduces funds by \$2.6 million to reflect consolidating seven regional zone offices located throughout the state which oversee county offices in their respective region and house specialized staff serving on a regional basis; four offices located out-state and three in Wayne County. Savings of \$1.8 million redirected to front-line staff in county DHS offices; net reduction of \$832,100. | Federal 221,811,700 | (370,200) |
| | GF/GP \$119,443,100 | (\$461,900) |
| 6. Juvenile Justice Facilities and Field Staff | Gross \$65,139,200 | (\$9,251,300) |
| Reduces funds for state's six juvenile justice facilities, community juvenile justice facilities, and juvenile justice field staff by about 10%. Individual state facilities appropriations rolled into three lines for High Security, Medium Security, and Low Security services; related boilerplate (Sec. 720-723) provides that funds be allocated to public and private providers of juvenile justice services in each category based on specified results. | Federal 3,514,300 | (317,000) |
| | Local 26,596,100 | (4,569,700) |
| | Private 600,000 | 0 |
| | GF/GP \$34,428,800 | (\$4,364,600) |
| 7. Legal Support Contracts – State Supplemental Payments to Counties | Gross \$136,519,500 | (\$765,800) |
| Adjusts funds for state supplemental payments to County Friend of the Court and Prosecuting Attorney offices. Prior to FY 2004-05, supplemental payments to assist locals with child support enforcement efforts were about \$5.6 million per year; EO 2005-7 implemented \$3.3 million partial-year reduction for FY 2004-05 payments; Executive recommended eliminating payments in FY 2005-06. Actual FY 2005-06 funds for payments further reduced by \$765,800; \$1.0 million GF/GP retained for this purpose with prospective revenue from child support amnesty program of \$530,800. Federal Child Support Incentive funds previously used for supplemental payments redirected to medical support enforcement payments to counties and information technology costs to replace current GF/GP. | Federal 134,897,100 | (674,200) |
| | Restricted 0 | 530,800 |
| | GF/GP \$1,622,400 | (\$622,400) |

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|--|--------------|-----------------------|------------------------------------|
| 8. State Disability Assistance – SSI Advocacy Program | | | |
| Funds 10.0 new FTEs for advocacy program aimed at assisting recipients of state-funded State Disability Assistance (SDA) with their efforts to qualify for federally-funded Supplemental Security Income (SSI). Many SDA recipients are eligible for SSI, but SSI eligibility determination can be lengthy; advocacy positions financed (\$833,300) with carry-forward revenue from SSI recoveries received by state as SDA payment reimbursement once SSI eligibility is verified. Carry-forward revenue and additional recoveries through program conversions anticipate needed GF/GP reduction of about \$4.0 million in SDA program. | Gross | \$34,748,700 | \$833,300 |
| | Restricted | 5,104,800 | 4,833,300 |
| | GF/GP | \$29,643,900 | (\$4,000,000) |
| 9. Information Technology | | | |
| Adjusts IT-related appropriations, including new funding for IT enhancements to increase Department efficiency; major changes include \$8.5 million for Caseworker Relief and Integrated Service Delivery projects which will replace obsolete equipment and re-engineer and integrate eligibility and case management systems, \$3.9 million savings from contract and overhead cost reductions, and eliminating \$12.3 million appropriated for Child Support Distribution Computer System that exceeds current costs. | Gross | \$154,731,200 | (\$7,421,100) |
| | Federal | 100,646,000 | (5,779,700) |
| | Local | 340,000 | 0 |
| | Restricted | 11,032,200 | 0 |
| | GF/GP | \$42,713,000 | (\$1,641,400) |
| 10. Information Technology and Contract Savings | | | |
| Reflects reduction for DHS share of statewide information technology and contract savings negotiated as part of overall budget agreement between Executive and Legislature. | Gross | N/A | (\$4,994,700) |
| | GF/GP | N/A | (\$4,994,700) |
| 11. Changes to TANF-Funded Initiatives | | | |
| Reflects adjustments for TANF-funded initiatives; adds \$300,000 for Fatherhood Initiative, \$250,000 for Marriage Initiative, and \$250,000 for Earned Income Tax Credit outreach efforts; eliminates TANF for Michigan Housing and Community Development Fund (\$2.0 million) and earmark to Barry County for domestic violence programs (\$75,000). | Gross | \$2,525,000 | (\$1,325,000) |
| | Federal | 2,525,000 | (1,325,000) |
| 12. Indigent Burial Rate Reduction | | | |
| Reduces maximum state payment rate to funeral directors, cemeteries/crematoriums, and vault providers that provide burial of indigent individuals where no relatives or estate proceeds are available for costs; 4% reduction in maximum rate to each provider reduces maximum payment per case from \$947 to \$909. Reduction of \$143,600 in FY 2005-06 is in addition to partial-year \$102,600 reduction in EO 2005-7. | Gross | \$6,052,900 | (\$143,600) |
| | Federal | 430,900 | 0 |
| | GF/GP | \$5,622,000 | (\$143,600) |
| 13. Departmentwide Economic Adjustments | | | |
| Adds \$56.4 million for incurred Department economic increases; includes restoring FY 2004-05 employee salary and wage concessions and increases for increased retirement, insurance, and rent/building occupancy costs; does not include funding for negotiated 1.5% FY 2005-06 salary and wage increase for state employees (would have to be absorbed within recommended appropriations). | Gross | N/A | \$56,456,400 |
| | Federal | N/A | 34,693,400 |
| | Other | N/A | 2,061,800 |
| | GF/GP | N/A | \$19,701,200 |

HUMAN SERVICES

Major Boilerplate Changes From FY 2004-05

GENERAL SECTIONS

Sec. 207. Privatization Efforts and Treatment of Private Service Providers – REVISED

Adds requirement for equitable treatment of public and private service providers in terms of sanctions, suspensions, penalties, and other provisions; prohibits preferential treatment or automatic compliance for private service providers or licensees based on having a collective bargaining agreement with direct care workers; prohibits subjecting private service providers without collective bargaining agreements to additional requirements or conditions based on their lack of an agreement.

Sec. 262. Zone Office Consolidation Plan – NEW

Requires Department to develop plan to assist local services delivery effectiveness and efficiency; provides that savings resulting from plan may be reallocated to local DHS county offices to fund additional frontline workers; requires that plan is submitted to Legislature by January 1, 2006. Boilerplate is related to \$2.6 million budget reduction aimed at consolidating DHS zone offices; reduction was offset by \$1.8 million addition which restored savings for local county offices.

Sec. 270. Department Results Plan – REVISED

Requires Department to develop plan to provide client-centered, results-oriented programs and services, including detailed information on average cost per recipient, performance indicators, desired outcomes and monitored results, and innovations that may include savings and administrative cost reductions; plan to be presented to appropriations subcommittees annually.

Sec. 273. Annual Regulatory Plans – REVISED

Includes new language prohibiting appropriated funds from being used to prepare annual regulatory plans or promulgate rules that exceed statutory authority granted to Department, that fail to reduce disproportionate economic impact on small businesses, or that would grant preferences to private providers of services based on whether they had collective bargaining agreements with workers. *Note: Governor noted in signing letter that new provisions included in Sec. 273 may be unenforceable to the extent that they alter or restrict current rulemaking authority authorized in statute.*

Sec. 279. Performance Based Contracting – NEW

Requires all human services contracts entered into or renewed by Department after October 1, 2005, to be performance-based contracts that employ a results-oriented process based on measurable performance indicators and desired outcomes.

Sec. 280. Information Technology Enhancements Reporting – NEW

Requires report on DHS information technology enhancement initiatives, including information on spending, appropriations, and carry-forwards, and narrative on projects/activities; report is related to Department's Bridges and Caseworker Relief projects to integrate Department's computer systems and improve worker efficiency.

ADULT AND FAMILY SERVICES

Sec. 421. Allow Private Foster Care and Adoption Agencies to Conduct Staff Training – REVISED

Directs Department to allow nationally-accredited private foster care and adoption agencies to conduct their own staff training, using current DHS policies and procedures. New language requires agencies to use Department-accredited trainer and training materials and to document that training was delivered.

Sec. 423(3). Food Stamp Error Rate Reduction Projects – VETOED

Allocates \$50,000 for food stamp error rate reduction pilot projects in Kent County and Muskegon County.

CHILD AND FAMILY SERVICES

Sec. 513. Child Placements in Out-of-State Facilities – REVISED

Revises restrictions on out-of-state child placements; allows out-of-state placement where there is no appropriate in-state placement for a child within 100 miles of child's home, but out-of-state placement is within 100 miles.

Sec. 533. Timeliness of Payments to Child Placing Agencies – REVISED

Requires Department to make payments to private child placing agencies within 30 days of receiving all necessary billing information, but revises payment standard to 90 days when the agency fails to submit billing information within 12 months of the time services were provided.

Major Boilerplate Changes From FY 2004-05

Sec. 550 and 551. Smoking Cessation Initiative for Foster Care Parents – NEW

Requires Department, in cooperation with Department of Community Health, to develop and distribute materials outlining health risks of smoking and secondhand smoke to foster parents and establish pilot program to offer smoking cessation products to foster parents to reduce health risks to foster children. Requires report on the program and the impact of smoking on foster children.

PUBLIC ASSISTANCE

Sec. 669. Children's Clothing Allowance – REVISED

Increases appropriation for clothing allowance in Family Independence Program to \$7.2 million—an estimated \$2.50 per child.

Sec. 679. Long-Term FIP Recipients Pilot Program – NEW

Requires Department to implement pilot program by January 1, 2006, serving four to six of Department's regional shelter areas and aimed at long-term recipients in Family Independence Program (FIP). Specifies pilot program is not to weaken either work participation requirements or sanctions for noncompliance; pilot shall include recommendations to reduce number of recipients having received cash assistance for more than 48 months; pilot to include any legislative changes enacted to Social Welfare Act regarding deferrals from work requirements and sanctions for noncompliance; report on policies established through pilot program is required by June 1, 2006.

JUVENILE JUSTICE SERVICES

Sec. 720 through 723. Juvenile Justice Programs – NEW

Provides that appropriated funds be distributed to public and private providers of juvenile justice services based on their ability to demonstrate results in specific areas listed in boilerplate, including recidivism rates, high school/GED completion rates, and average stays and costs within the program; requires private provider participation in developing methodology for measuring goals and performance standards.

CHILD SUPPORT ENFORCEMENT

Sec. 901. Child Support Incentive Payments – REVISED

Allows state to retain up to \$15.4 million federal child support incentive payment revenue and to reduce payments to counties if federal child support incentive payment to state is less than payment received in FY 2000-01. Provides that if incentive payment revenue exceeds amount retained by state, then local match supplement eliminated in the budget will be restored on a prorated basis; additional revenue beyond that needed to restore the full supplement would be subject to legislative appropriation.

Sec. 902. MiCSES Improvement Funding – NEW

Provides \$17.8 million for Michigan child support enforcement system (MiCSES) improvements/fixes; assumes \$6.1 million state restricted revenue for this purpose from new child support arrearage settlement and amnesty program; provides that excess settlement/amnesty program revenue above \$610,000 be allocated to counties to restore funding for legal support contracts.

Sec. 903. Health Insurance Information for Child Support Database – NEW

Requires Department to work with Department of Community Health to facilitate contracts with local Friends of the Court to update and maintain child support statewide database with health insurance information in cases where courts have ordered one party to maintain health insurance coverage for a minor child; program to be funded from costs avoided by changing insurance coverage from state programs to private insurance.

Sec. 904. Prohibition Against Charge-Back to Counties for Services – NEW

Prohibits Department from charging back to counties any fees paid to Internal Revenue Service or Department of Treasury related to tax intercept and offset programs for child support enforcement; provides that funding for these fees come from appropriations to state Office of Child Support.

Sec. 905. Appropriation for Legal Support Contracts – NEW

Provides \$1.0 million to restore legal support contract payments to county friends of the court and county prosecutors.

**FY 2005-06
Budget Detail
for
LABOR AND
ECONOMIC GROWTH**

Labor and Economic Growth

**Summary: Enacted Appropriations
LABOR AND ECONOMIC GROWTH
FY 2005-06 Senate Bill 276
Public Act 156 of 2005**

Analyst: Richard Child

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$515,200 | \$10,022,400 | \$489,700 | \$10,022,400 | \$10,822,400 | \$10,307,200 | 2,000.6 |
| Federal | 836,607,200 | 842,527,600 | 852,527,600 | 842,527,600 | 842,527,600 | 5,920,400 | 0.7 |
| Local | 15,669,600 | 15,738,200 | 15,738,200 | 15,738,200 | 15,738,200 | 68,600 | 0.4 |
| Private | 4,140,100 | 3,990,600 | 3,990,600 | 3,990,600 | 3,990,600 | (149,500) | (3.6) |
| Restricted | 302,270,300 | 539,793,800 | 327,989,500 | 429,712,200 | 329,882,200 | 27,611,900 | 9.1 |
| GF/GP | 93,736,300 | 73,848,500 | 70,979,100 | 87,775,800 | 70,354,300 | (23,382,000) | (24.9) |
| Gross | \$1,252,938,700 | \$1,485,921,100 | \$1,271,714,700 | \$1,389,766,800 | \$1,273,315,300 | \$20,376,600 | 1.6 |
| FTEs | 4,307.0 | 4,410.0 | 4,325.0 | 4,413.0 | 4,410.0 | 103.0 | 2.4 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Department of Labor and Economic Growth (DLEG) has primary responsibility for the regulatory functions that relate specifically to commercial, business, and workers' issues. It also includes activities within the former Department of Career Development such as various employment training-related programs for displaced workers, adults, and youth, and employment services for the disabled as well as welfare recipients. The Department houses the Michigan Strategic Fund, an autonomous agency which reports to the Director of DLEG. The fund's programs are administered by the Michigan Economic Development Corporation, with the primary task of promoting economic development in Michigan.

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD (as of 2/10/05) | Enacted Change From YTD |
|---|--------------|---|------------------------------------|
| 1. Fire Protection Grants | Gross | \$7,210,500 | \$0 |
| Maintains fire protection grants at current-year funding level. | Restricted | 7,210,500 | 0 |
| | GF/GP | \$0 | \$0 |
| 2. Office of Fire Safety Programs | Gross | \$5,965,500 | \$0 |
| Maintains Office of Fire Safety (includes Fire Fighters Training Council, Fire Marshall Program, and Fire Safety Program) at current-year funding level. | IDG | 111,100 | 0 |
| | Federal | 1,107,300 | 0 |
| | Restricted | 4,747,100 | 0 |
| | GF/GP | \$0 | \$0 |
| 3. State Office of Administrative Hearings and Rules (SOAHR) and Michigan Child Protection Registry (MCPR) | Gross | \$0 | \$9,782,700 |
| Recognizes EO 2005-1 for SOAHR and 2004 PA 241 creating the Michigan Child Protection Registry transferring a total of \$9.8 million gross and 85.0 FTEs to DLEG, \$250,000 and 2.0 FTEs for MCPR, and the remainder for SOAHR. | IDG | 0 | 9,532,700 |
| | Restricted | 0 | 250,000 |
| | GF/GP | \$0 | \$0 |
| 4. Contract and Employee Benefit Savings | Gross | \$0 | (\$494,200) |
| Reduces contract, retirement, and group life insurance appropriations in various lines by a total of \$494,200. | GF/GP | \$0 | (\$494,200) |

LABOR AND ECONOMIC GROWTH

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | FY 2004-05 YTD (as of 2/10/05) | Enacted Change From YTD |
|--|---|------------------------------------|
| 5. IDG from State Police for Homeland Security | Gross \$0 | \$800,000 |
| Adds \$0.8 million gross for Homeland Security, 40% of which is allocated to the Fire Fighters Training Council. | IDG 0 | 800,000 |
| 6. MEDC Spending Reductions | Gross \$118,128,100 | (\$3,000,000) |
| Provides \$3.0 million reduction—\$500,000 from Administration line and \$2.5 million from Job Creation Services line. | IDG 104,100 | 0 |
| | Federal 53,014,300 | 0 |
| | Private 853,100 | 0 |
| | Restricted 10,050,000 | 0 |
| | GF/GP \$54,106,600 | (\$3,000,000) |

Major Boilerplate Changes From FY 2004-05

Sec. 355. Ergonomics Rules – NEW

Prohibits Department from developing mandatory ergonomic rules, but allows federal voluntary ergonomic guidelines.

Sec. 365. Grant for Aggregate Industry – NEW

Directs Department to allot no less than \$40,000 of MIOSHA funds to nonprofit organizations representing the aggregate industry in Michigan.

Sec. 368. Transfer of Office of Regulatory Reform Publication and Distribution Costs – NEW

Recognizes transfer of Office of Regulatory Reform to DLEG under EO 2005-1; provides that fees collected be used for cost of publishing and distributing regulations.

Sec. 405. Work First Program – NEW

Names Michigan Works! Agencies as Work First providers.

Secs. 527 through 530. Legislative Oversight of MEDC – NEW

Requires MEDC to work with Office of Auditor General to audit grantee claims of job creation; requires annual report of all MEDC staff paid more than \$80,000 annually; requires review of best practices of economic development agencies in 49 other states and report to Legislature; requires report to Legislature on plan to implement reductions and the impact of reductions on staffing and operations.

**FY 2005-06
Budget Detail
for
RESOURCE PROTECTION**

**Agriculture
Environmental Quality
Natural Resources**

**Summary: Enacted Appropriations
AGRICULTURE
FY 2005-06 Senate Bill 264
Public Act 148 of 2005**

Analyst: William E. Hamilton

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|--------------|
| | | | | | | Amount | % |
| IDG/IDT | \$10,868,700 | \$10,318,200 | \$10,368,200 | \$10,318,200 | \$10,368,200 | (\$500,500) | (4.6) |
| Federal | 34,102,200 | 32,581,700 | 32,581,700 | 32,581,700 | 32,581,700 | (1,520,500) | (4.5) |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 138,700 | 138,700 | 138,700 | 138,700 | 138,700 | 0 | 0.0 |
| Restricted | 53,070,800 | 41,442,700 | 48,663,900 | 48,663,900 | 47,727,100 | (5,343,700) | (10.1) |
| GF/GP | 28,427,900 | 28,572,600 | 28,631,700 | 28,659,700 | 28,362,700 | (65,200) | (0.2) |
| Gross | \$126,608,300 | \$113,053,900 | \$120,384,200 | \$120,362,200 | \$119,178,400 | (\$7,429,900) | (5.9) |
| FTEs | 749.0 | 700.0 | 700.0 | 700.0 | 700.0 | (49.0) | (6.5) |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Department of Agriculture promotes Michigan agricultural products and protects the public from disease and unsanitary conditions in food production and handling; regulates product labeling and producer practices for dairy products, animals, and plants; and enforces consumer protection laws in food, standard weights/measures, animal health, plant pests, and diseases.

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|---|--------------|-----------------------|------------------------------------|
| 1. Management Services (Executive) | FTEs | 35.5 | 0.0 |
| Replaces \$110,100 GF/GP with State Services Fee Fund revenue; | Gross | \$2,760,600 | (\$42,500) |
| replaces \$221,500 GF/GP with Refined Petroleum Fund revenue. | Restricted | 52,500 | 334,100 |
| | GF/GP | \$2,708,100 | (\$376,600) |
| 2. Rent and Building Occupancy (Departmentwide) | Gross | \$1,386,400 | \$2,000 |
| Replaces \$114,000 GF/GP with Refined Petroleum Fund revenue. | IDG | 5,800 | (5,800) |
| | Federal | 174,800 | 0 |
| | Restricted | 386,200 | 133,400 |
| | GF/GP | \$819,600 | (\$125,600) |
| 3. Food Safety and Quality Assurance (Food and Dairy) | FTEs | 107.0 | 0.0 |
| Provides \$10.8 million for food safety program; reflects economic increases. | Gross | \$10,320,400 | \$509,900 |
| | Federal | 283,500 | (55,000) |
| | Restricted | 3,074,300 | 159,300 |
| | GF/GP | \$6,962,600 | \$405,600 |
| 4. Animal Health and Welfare (Animal Industry) | FTEs | 22.5 | 0.0 |
| Provides \$140,000 GF/GP for cervid program; rejects proposed increase in fees for privately owned cervid inspection program. | Gross | \$2,229,500 | \$86,600 |
| | Federal | 386,200 | 0 |
| | Restricted | 161,300 | 12,700 |
| | GF/GP | \$1,682,000 | \$73,900 |

AGRICULTURE

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|--|--------------|-----------------------|------------------------------------|
| 5. Bovine Tuberculosis (Animal Industry) | FTEs | 26.5 | 0.0 |
| Replaces \$2.0 million GF/GP with Agriculture Equine Industry Development Fund revenue and reflects restored employee concessions and economic increases. | Gross | \$5,488,800 | \$219,000 |
| | Federal | 933,600 | 0 |
| | Restricted | 250,000 | 2,047,600 |
| | GF/GP | \$4,305,200 | (\$1,828,600) |
| 6. Emerald Ash Borer Program | FTEs | 155.0 | (43.0) |
| Eliminates 43.0 limited-term FTEs due to change in program methodology; supports eradication efforts in affected areas of southeast Michigan and threatened areas in lower peninsula. | Gross | \$25,197,300 | (\$1,536,700) |
| | Federal | 25,197,300 | (1,536,700) |
| 7. Migrant Housing | Gross | \$255,000 | (\$254,900) |
| Includes \$100 placeholder for matching grant program. | GF/GP | \$255,000 | (\$254,900) |
| 8. Aquifer Protection Program | Gross | \$50,000 | \$50,000 |
| Funds new program with Department of Environmental Quality IDG. | IDG | 50,000 | 50,000 |
| 9. Consumer Protection Program | FTEs | 69.5 | 0.0 |
| Provides \$2.9 million from Refined Petroleum Fund (includes \$1.0 million enhanced gas inspection program added FY 2004-05). | Gross | \$4,709,100 | \$174,700 |
| | Restricted | 4,709,100 | 174,000 |
| 10. Food Bank Program | Gross | \$630,500 | \$0 |
| Retains program as Michigan Agriculture Surplus Program. | GF/GP | \$630,500 | \$0 |
| 11. Michigan State Fair | FTEs | 9.0 | (9.0) |
| Reflects 2004 PA 468 transfer of Michigan State Fair to Department of Management and Budget. | Gross | \$5,486,100 | (\$5,486,100) |
| | Restricted | 5,486,100 | (5,486,100) |
| 12. Building and Track Improvements – County/State Fairs | Gross | \$963,200 | \$0 |
| Retains funds from Agriculture Equine Industry Development Fund. | Restricted | 963,200 | 0 |
| 13. Building and Track Improvements – Licensed Tracks | Gross | \$2,980,000 | (\$2,980,000) |
| Eliminates this one-time item from FY 2004-05. | Restricted | 2,980,000 | (2,980,000) |
| 14. Horse Industry Purses and Supplementals | Gross | \$11,011,600 | \$1,170,000 |
| Appropriates \$12.2 million from Agriculture Equine Industry Development Fund for various lines: \$3.0 million Purses and supplements-fairs/licensed tracks; \$2.3 million Standardbred purses and supplements-licensed tracks; \$44,900 Standardbred training and stabling; \$1.3 million Standardbred breeders' awards; \$1.0 million Standardbred sire stakes; \$159,900 Thoroughbred owners' awards; \$1.1 million Thoroughbred sire stakes; \$3.1 million Thoroughbred program; \$130,000 Licensed tracks-light horse racing; \$40,900 Quarterhorse programs. | Restricted | 11,011,600 | 1,170,000 |
| Includes \$700,000 Distribution of outstanding winning tickets line (no change from FY 2004-05); does not adopt \$6.1 million proposed redirection of Agriculture Equine Industry Development Fund revenue (from Casino Tax) to state General Fund; reflects target agreement redirecting \$2.0 million to General Fund; anticipates lapses from FY 2004-05 Building and track improvements–licensed tracks line. | | | |
| 15. Restoration of Employee Concessions | Gross | N/A | \$1,769,200 |
| Provides approximately \$1.8 million salary/wage costs deferred from FY 2004-05; appears in various department operating lines. | Restricted | N/A | 861,900 |
| | GF/GP | N/A | \$907,300 |

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> | |
|--|------------------------------|---|--------------------|
| 16. Economics | Gross | N/A | \$1,899,500 |
| Provides \$1.9 million net economic increases (employee retirement and other employee insurances); increases, reflected in various department operating lines, partially offset by anticipated reduced workers' compensation and proposed agency contractual services savings. Does not fund negotiated salary/wage increases (1.5% of base salary/wages, including FY 2003-04 employee concessions); Department to identify additional operating cost reductions of approximately \$540,000 to offset additional salary/wage costs. | Restricted | N/A | 1,435,300 |
| | GF/GP | N/A | \$464,200 |

Major Boilerplate Changes From FY 2004-05

Sec. 304. Consumer Protection Program – NEW

Directs Department to use not less than \$3.8 million from Consumer Protection Program for motor fuel quality/quantity inspections; directs Department to hire additional field and laboratory staff for the program.

Sec. 816. CANTER Program – VETOED

Provides \$20,000 for CANTER, a private program to support rehabilitation of superannuated racehorses.

Sec. 817. Agriculture Equine Industry Development Fund – NEW

Directs that unexpended and unencumbered funds from FY 2004-05 Building and track improvements–licensed tracks lapse to Agriculture Equine Industry Development Fund for appropriation in FY 2005-06.

ENVIRONMENTAL QUALITY

**Summary: Enacted Appropriations
ENVIRONMENTAL QUALITY
FY 2005-06 House Bill 4831, Article 6
Public Act 154 of 2005**

Analyst: Kirk Lindquist

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|-------------|
| | | | | | | Amount | % |
| IDG/IDT | \$14,947,000 | \$18,058,300 | \$17,096,900 | \$18,031,100 | \$18,031,100 | \$3,084,100 | 20.6 |
| Federal | 136,232,000 | 143,969,700 | 143,088,700 | 144,062,700 | 144,062,700 | 7,830,700 | 5.7 |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 445,900 | 450,000 | 450,000 | 450,000 | 450,000 | 4,100 | .9 |
| Restricted | 222,089,100 | 182,528,000 | 183,551,300 | 180,578,600 | 260,842,600 | 38,753,500 | 17.4 |
| GF/GP | 26,127,100 | 30,510,300 | 29,442,400 | 30,841,400 | 31,809,600 | 5,682,500 | 21.7 |
| Gross | \$399,841,100 | \$375,516,300 | \$373,629,300 | \$373,963,800 | \$455,196,000 | \$55,354,900 | 13.8 |
| FTEs | 1,570.2 | 1,575.2 | 1,500.7 | 1,573.2 | 1,573.2 | 3.0 | .2 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Department of Environmental Quality supports environmental protection, conservation, and cleanup and redevelopment programs and regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources. More than half of Department's annual revenue is collected from permits and licenses.

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|--|--------------|------------------------------|---|
| 1. Underground Storage Tank Cleanup | Gross | N/A | \$102,000,000 |
| Adds Refined Petroleum Fund revenue for storage tank cleanup. | Restricted | N/A | 102,000,000 |
| 2. Water Pollution Control/Drinking Water Revolving Fund | Gross | \$112,153,500 | \$900,000 |
| Restores GF/GP match for federal grant (reduced \$4.9 million in FY 2004-05); funds increased \$900,000 to earn federal grant. | Federal | 85,000,000 | 0 |
| | Restricted | 26,100,000 | (4,900,000) |
| | GF/GP | \$1,053,500 | \$5,800,000 |
| 3. Scrap Tire Grants | Gross | \$3,500,000 | \$1,000,000 |
| Increases funds to clean up scrap tire piles created before 1991. | Restricted | 3,500,000 | 1,000,000 |
| 4. Aquifer Protection | Gross | \$650,000 | (\$250,000) |
| Deletes GF/GP for groundwater conflict resolution program; retains \$50,000 grant to Department of Agriculture. | Restricted | 450,000 | 0 |
| | GF/GP | \$200,000 | (\$250,000) |
| 5. Environmental Laboratory | Gross | \$6,120,800 | \$502,000 |
| Increases program support through intradepartmental charges, reflects anticipated workloads. | IDG | 106,200 | 1,186,000 |
| | Federal | 591,900 | 0 |
| | Restricted | 4,738,700 | 0 |
| | GF/GP | \$684,000 | (\$684,000) |
| 6. Dam Safety Program | FTEs | 2.0 | 0.0 |
| Provides full-year funding for program; deletes funding for DNR-owned dams. | Gross | \$275,400 | \$315,900 |
| | IDG | 1,200 | 0 |
| | Federal | 93,000 | 0 |
| | Restricted | 14,600 | 108,800 |
| | GF/GP | \$166,600 | \$207,100 |

ENVIRONMENTAL QUALITY

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|--|--------------|------------------------------|---|
| 7. Real Time Water Quality Monitoring | Gross | \$0 | \$250,000 |
| Funds continuation of water quality monitoring program for Lake St. Clair and the St. Clair River. | Restricted | 0 | 250,000 |
| 8. Household Hazardous Waste Grants | Gross | \$0 | \$100,000 |
| Funds local hazardous waste collection programs. | Restricted | 0 | 100,000 |
| 9. Economic Adjustments | Gross | N/A | \$8,363,100 |
| Increases contribution rates for defined benefit and defined contribution retirement plans and employer share of health insurance premiums (\$4.3 million). Reduced funds in FY 2004-05 as employee concessions were added back (\$4.1 million). | IDG | N/A | 99,700 |
| | Federal | N/A | 1,187,600 |
| | Private | N/A | 4,100 |
| | Restricted | N/A | 6,203,400 |
| | GF/GP | N/A | \$868,300 |

Major Boilerplate Changes From FY 2004-05

Sec. 702. Underground Storage Tank Cleanup Site List – NEW

Lists cleanup sites and prohibits Department from spending \$42.0 million for cleanup efforts until the program is authorized in statute.

Sec. 703. Underground Storage Tank: Initial Cleanup – NEW

Requires \$45.0 million appropriation to be used to support Advisory Council recommendations for owner/operator reimbursements.

Sec. 704. Human Exposure Risk Assessment – NEW

Requires adoption of area-wide risk assessment criteria, established through peer review studies of bioavailability and levels of human exposure.

Sec. 801. Petroleum Related "Red Tag" Notices – NEW

Requires Department to notify Legislature 48 hours before suspending the sale of petroleum products, unless imminent public safety concerns exist.

Sec. 903. Groundwater Use Rule Promulgation – NEW

Directs Department to not promulgate rules regarding groundwater use or withdrawal unless it implements provisions of 2003 Parts 148 and 177.

Sec. 1003. Grant for Fish Weir in Romeoville, Illinois – DELETED

Provides \$100,000 from Environmental Protection Fund for Michigan's share of construction costs of electrical dispersal barrier in the Chicago River.

NATURAL RESOURCES

**Summary: Enacted Appropriations
NATURAL RESOURCES
FY 2005-06 House Bill 4831, Article 14
Public Act 154 of 2005**

Analyst: Kirk Lindquist

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$3,528,700 | \$3,691,200 | \$3,691,200 | \$3,691,200 | \$3,691,200 | \$162,500 | 4.6 |
| Federal | 40,009,200 | 38,990,200 | 38,990,200 | 38,990,200 | 38,990,200 | (1,019,000) | (2.5) |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 2,024,300 | 2,090,100 | 2,090,100 | 2,090,100 | 2,090,100 | 65,800 | 3.3 |
| Restricted | 194,582,200 | 201,194,300 | 205,023,000 | 201,828,400 | 202,578,400 | 7,996,200 | 4.1 |
| GF/GP | 28,501,700 | 26,533,300 | 25,604,600 | 25,940,900 | 25,593,200 | (2,908,500) | (10.2) |
| Gross | \$268,646,100 | \$272,499,100 | \$275,399,100 | \$272,540,800 | \$272,943,100 | \$4,297,000 | 1.6 |
| FTEs | 2,076.5 | 2,084.2 | 2,080.2 | 2,075.5 | 2,079.5 | 3.0 | .1 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Department of Natural Resources manages, conserves, and protects Michigan's resources. Programs include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, and state parks and forest campgrounds.

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|--|--------------|-----------------------|------------------------------------|
| 1. Conservation Law Enforcement | Gross | \$28,160,500 | (\$1,000,000) |
| Reduces GF/GP for general law enforcement activity by \$1.0 million; support for snowmobile and off-road vehicle enforcement to be funded by restricted funds. Off-road vehicle funding authorization requires a statutory change. | Federal | 3,676,200 | 0 |
| | Restricted | 20,817,100 | 600,000 |
| | GF/GP | \$3,667,200 | (\$1,600,000) |
| 2. Payments In Lieu of Taxes | Gross | \$7,800,000 | (\$2,750,000) |
| Transfers payments for State Education Taxes to School Aid (2004 PA 513). Reduces payments 4.5%; shortage to be made up in future appropriations for Purchased Lands PILT. | Restricted | 3,900,000 | 0 |
| | GF/GP | \$3,900,000 | (\$2,750,000) |
| 3. ORV Grant Funding | Gross | \$1,374,500 | \$982,900 |
| Increases appropriation for trail improvement grants. | Restricted | 1,374,500 | 982,900 |
| 4. Captive Cervidae Game Farm Inspections | Gross | \$226,500 | \$118,000 |
| Provides GF/GP for program expansion recommended by Governor; does not include fee increase. | Restricted | 93,500 | 2,200 |
| | GF/GP | \$133,000 | \$115,800 |
| 5. Forest Development Fund Deduct Adjustments | Gross | N/A | \$0 |
| Increases support provided from Forest Development Fund revenue for Forest Fire Protection. | Restricted | N/A | 350,000 |
| | GF/GP | N/A | (\$350,000) |
| 6. Forest Fire Outreach and Assistance | Gross | \$9,491,300 | (\$102,300) |
| Reduces fire loss program; eliminates outreach and public assistance programs. | Federal | 760,300 | 0 |
| | Restricted | 4,003,100 | 0 |
| | GF/GP | \$4,727,900 | (\$102,300) |

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|---|------------------------------|---------------------------------------|
| 7. Economic Adjustments | Gross | N/A |
| Increases contribution rates for defined benefit and defined contribution retirement plans and employer share of health insurance premiums (\$5.1 million). Reduced funds in FY 2004-05, as employee concessions, were added back: \$5.0 million. | IDG | \$10,130,500 |
| | Federal | 129,300 |
| | Private | 1,182,100 |
| | Restricted | 65,800 |
| | GF/GP | 8,146,200 |
| | | \$607,100 |

Major Boilerplate Changes From FY 2004-05

Sec. 210. Report Retention – DELETED

Provides that copies of all reports funded through this act be received and provided for public use, following state and federal guidelines.

Sec. 220. Prohibition of Disciplinary Actions for Legislative Contacts – NEW

Prohibits disciplining state employees who communicate with the Michigan Legislature.

Sec. 301. Habitat Improvement Projects – DELETED

Requires wildlife and fisheries habitat improvement projects be reported to Legislature on June 15, 2004.

Sec. 406. Travel Report – DELETED

Requires a quarterly report on employee in-state and out-of-state travel.

Sec. 406. Turkey License Sales – NEW

Provides for sale of turkey licenses not allotted before the beginning of the season.

Sec. 501. Bovine Tuberculosis (TB) Expenditures – DELETED

Directs Department to report the amount spent on Bovine TB mitigation activities and at the animal diagnostic laboratory at Michigan State University.

Sec. 502. Bobcat Population Report – NEW

Requires estimate of Lower Peninsula bobcat population; urges suspension of trapping until report is submitted.

Sec. 503. Cormorant Control Study – NEW

Requires action plan to reduce cormorant population impacts on Michigan fisheries.

Sec. 704. Statewide Water Trails System – DELETED

Requires at least two pilot programs for development of a statewide water trails system.

Sec. 706. Privatization of Boating Access Sites – DELETED

Requires a pilot project to demonstrate the feasibility of privatization of access site maintenance.

Sec. 706. State Park Sponsorship – NEW

Requires recommendations for corporate sponsorships in selected areas of state parks.

Sec. 801. Forest Stewardship Council Certification – DELETED

Requires a report on the status of its forest management plan, following certification criteria established by the Forest Stewardship Council.

Sec. 804. Timber Marking – REVISED

Directs Department, subject to forest certification process, to mark and prepare for harvest 63,000 acres at an average rate of 12.5 to 13.0 cords per acre; consideration to be given to impact of timber harvesting on wildlife habitat and recreation uses; requires quarterly report.

Sec. 806. Gaylord-Cheboygan Snowmobile Trail – NEW

Requires designation of a snowmobile trail connecting these two municipalities.

Sec. 807. ORV Trail Development – NEW

Requires a plan to increase the number of miles of ORV trails by 25% over four years.

NATURAL RESOURCES

Sec. 1102. Federal Mineral Royalty Payments to Local Governmental Units – DELETED

Appropriates federal funds for pass-through grants from federal mineral royalties for local transportation and education programs.

Sec. 1104. Watercraft Noise Study – DELETED

Provides \$35,000 grant to Michigan State University to develop equipment and procedures to accurately measure and record distance and sound levels of watercraft engines.

**FY 2005-06
Budget Detail
for**

SAFETY AND DEFENSE

**Military and Veterans Affairs
State Police**

**Summary: Enacted Appropriations
MILITARY AND VETERANS AFFAIRS
FY 2005-06 Senate Bill 277
Public Act 145 of 2005**

Analyst: Jan Wisniewski

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|--------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$1,642,500 | \$1,256,800 | \$1,656,800 | \$1,656,800 | \$1,656,800 | \$14,300 | 0.9 |
| Federal | 50,851,400 | 49,537,200 | 49,537,200 | 49,537,200 | 49,537,200 | (1,314,200) | (2.6) |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 1,282,300 | 1,355,800 | 1,355,800 | 1,355,800 | 1,355,800 | 73,500 | 5.7 |
| Restricted | 26,114,800 | 26,610,500 | 27,360,500 | 27,360,500 | 27,360,500 | 1,245,700 | 4.8 |
| GF/GP | 36,656,600 | 38,348,200 | 38,248,200 | 37,980,500 | 37,789,100 | 1,132,500 | 3.1 |
| Gross | \$116,547,000 | \$117,108,500 | \$118,258,500 | \$117,890,800 | \$117,699,400 | \$1,151,800 | 1.0 |
| FTEs | 1,023.0 | 1,023.0 | 1,023.0 | 1,023.0 | 1,023.0 | 0.0 | 0.0 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Department of Military and Veterans Affairs is charged with the training and administration of Army and Air National Guard forces, providing combat-ready military forces during times of national emergency, and performing civil relief operations under the command of the governor during state emergencies. The Department's budget includes administrative and maintenance costs associated with these responsibilities as well as several National Guard-related programs such as the Challenge Program and the National Guard Education Assistance Program. The Department has oversight over the following veterans-related programs: state-licensed nursing care at veterans homes in Grand Rapids and Marquette, grant funding to veterans service organizations, and the Michigan Veterans Trust Fund.

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|--|--------------|-----------------------|------------------------------------|
| 1. D.J. Jacobetti Veterans' Home – Medicare and Medicaid | Gross | \$13,600,000 | \$128,000 |
| Allows increased federal revenue at D.J. Jacobetti Veterans' Home due to tightening criteria for providing free prescription drugs to some veterans at the home. | Federal | 4,370,000 | 128,000 |
| 2. D.J. Jacobetti Veterans' Home – Board of Managers | Gross | \$125,000 | \$75,000 |
| Adds funds from the Military Family Relief Fund (see #7). | Restricted | 0 | 75,000 |
| 3. Grand Rapids Veterans' Home – Board of Managers | Gross | \$300,000 | \$115,000 |
| Allows increased private donations from the public, veterans' organizations, and corporations; adds funds from Military Family Relief Fund. | Private | 300,000 | 40,000 |
| | Restricted | 0 | 75,000 |
| 4. Headquarters and Armories – Various Adjustments | Gross | \$10,177,300 | (\$145,000) |
| Adds federal funds for security contracts, engineering and environmental services, and personnel and telecommunication costs; decreases GF/GP due to closing armories in Menominee, Manistique, Charlotte, Saginaw, Three Rivers, and Lansing Maintenance Facility; adds funds from Military Family Relief Fund. | Federal | 3,111,200 | (600,000) |
| | Restricted | 350,000 | 500,000 |
| | GF/GP | \$6,716,100 | (\$45,000) |

MILITARY AND VETERANS AFFAIRS

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|--|--------------|------------------------------|---|
| 5. Military Training Sites – Various Adjustments | Gross | \$17,478,200 | \$371,500 |
| Adds federal funds for security contracts, personnel costs, and maintenance costs; decreases GF/GP to National Guard Tuition Assistance Program due to federal match change; decreases GF/GP due to closing armories in Menominee, Manistique, Charlotte, Saginaw, Three Rivers, and Lansing Maintenance Facility. | Federal | 16,693,600 | 0 |
| | GF/GP | \$2,143,100 | \$371,500 |
| 6. Economic Adjustments | Gross | \$0 | \$4,198,100 |
| Restores FY 2005-06 employee concessions (\$2.2 million), retirement (\$1.4 million), and insurance (\$1.1 million) costs, DIT Economics (\$30,800) and FY 2005-06 concessions (\$31,900), and workers' compensation (negative \$565,000). | IDG | 0 | 14,300 |
| | Federal | 0 | 1,803,400 |
| | Private | 0 | 33,500 |
| | Restricted | 0 | 991,700 |
| | GF/GP | \$0 | \$1,355,200 |
| 7. Military Family Relief Fund | Gross | \$500,000 | \$100,000 |
| Adds funding to assist military families with emergency grants. | Restricted | 500,000 | 100,000 |

Major Boilerplate Changes From FY 2004-05

Sec. 501. Veterans Service Organizations – REVISED

Requires greater coordination and oversight from Department regarding veterans benefits counseling; requires Department to provide a report with program and service recommendations by March 15, 2006.

**Summary: Enacted Appropriations
STATE POLICE
FY 2005-06 Senate Bill 280
Public Act 159 of 2005**

Analyst: Jan Wisniewski

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|-------------|
| | | | | | | Amount | % |
| IDG/IDT | \$19,916,800 | \$20,736,300 | \$20,736,300 | \$20,295,700 | \$20,736,300 | \$819,500 | 4.1 |
| Federal | 112,110,400 | 170,821,000 | 170,821,000 | 170,821,000 | 182,821,000 | 70,710,600 | 63.1 |
| Local | 5,243,700 | 5,597,900 | 5,597,900 | 5,597,900 | 5,597,900 | 354,200 | 6.8 |
| Private | 87,700 | 11,200 | 11,200 | 11,200 | 11,200 | (76,500) | (87.2) |
| Restricted | 104,490,500 | 107,946,900 | 107,712,100 | 112,782,100 | 106,282,100 | 1,791,600 | 1.7 |
| GF/GP | 241,224,600 | 238,968,200 | 243,752,200 | 234,067,200 | 235,361,600 | (5,863,000) | (2.4) |
| Gross | \$483,073,700 | \$544,081,500 | \$548,630,700 | \$543,575,100 | \$550,810,100 | \$67,736,400 | 14.0 |
| FTEs | 2,951.0 | 2,900.0 | 2,916.0 | 2,909.0 | 2,900.0 | (51.0) | (1.7) |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Department of State Police provides a wide range of law enforcement services—including highway patrol, criminal investigations, forensic sciences, motor carrier enforcement, emergency management, highway safety planning, fire investigation, criminal justice data processing, and various specialized law enforcement services. The Department's responsibilities also include oversight of law enforcement standards in the state through the Michigan Commission on Law Enforcement Standards and administration of several law enforcement-related grant programs.

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|---|--------------|-----------------------|------------------------------------|
| 1. Executive Direction | Gross | \$3,467,800 | (\$94,600) |
| Replaces GF/GP for Deferred Retirement Option Plan (DROP) with restricted from Michigan Justice Training Fund for Michigan Commission on Law Enforcement Standards; reduces GF/GP (administrative efficiency) to maintain school bus inspections. | Restricted | 0 | 126,300 |
| | GF/GP | \$3,467,800 | (\$220,900) |
| 2. Fleet Leasing | Gross | \$14,119,200 | (\$200,000) |
| Reflects reduced fleet costs through greater efficiency with lower lease rates and fewer vehicles used and driven. | GF/GP | \$14,119,200 | (\$200,000) |
| 3. Human Resources | FTEs | 29.0 | (3.0) |
| Reduces 2.0 FTEs (operational reductions savings), 1.0 FTE (Human Resources Optimization savings), and GF/GP to maintain school bus inspections. | Gross | \$2,106,100 | (\$199,600) |
| | IDG | 63,300 | 0 |
| | Restricted | 410,700 | 0 |
| | GF/GP | \$1,632,100 | (\$199,600) |
| 4. Management Services | FTEs | 50.0 | (15.0) |
| Adds 2.0 FTEs via IDT (reflects current department practices); transfers 16.0 FTEs to new Budget and Financial Services line (Fiscal Manager consolidation); reduces 1.0 FTE (operational reductions savings); replaces GF/GP with restricted from new Reimbursed Services line (charging department offices for print shop costs), reduces GF/GP to maintain school bus inspections. | Gross | \$3,883,900 | (\$1,465,800) |
| | IDT | 23,000 | 0 |
| | Federal | 200,000 | (200,000) |
| | Local | 34,900 | 0 |
| | Restricted | 67,900 | 113,800 |
| | GF/GP | \$3,558,100 | (\$1,379,600) |

STATE POLICE

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|---|--------------|-----------------------|--------------------------------|
| 5. Training Administration | FTEs | 41.0 | (4.0) |
| Reduces 2.0 FTEs (operational reductions savings), 2.0 FTEs (administrative reductions); GF/GP for DROP; and GF/GP to maintain school bus inspections. | Gross | \$4,746,900 | (\$474,600) |
| | IDG | 2,899,000 | 0 |
| | Restricted | 280,800 | 0 |
| | GF/GP | \$1,567,100 | (\$474,600) |
| 6. Communications | FTEs | 12.0 | (4.0) |
| Transfers 4.0 FTEs among Budget and Financial Services, Information Technology Services and Projects, and Criminal Justice Information Center Division; reduces GF/GP for DROP. | Gross | \$5,641,000 | (\$1,361,100) |
| | GF/GP | \$5,641,000 | (\$1,361,800) |
| 7. Criminal Justice Information Center Division | FTEs | 83.0 | (5.0) |
| Provides new Criminal Justice Information Center Service fees for training, maintenance, and automation of convicted sex offenders database; transfers 2.0 FTEs to Management Services and Communications lines and 1.0 FTE to Budget and Financial Services line; reduces 2.0 FTEs (position reduction plan) and GF/GP (administrative efficiency) to maintain school bus inspections. | Gross | \$8,719,900 | (\$1,405,200) |
| | Local | 0 | 200,000 |
| | Restricted | 7,451,300 | (641,600) |
| | GF/GP | \$1,268,600 | (\$963,600) |
| 8. Traffic Safety – Crash Data Repository | Gross | \$1,537,200 | \$978,500 |
| Reflects increased federal funds for Traffic Safety grant to develop the CRASH module (Michigan’s central repository of crash data); reduces IDG from Michigan Department of State to coincide with FY 2005-06 MDOS Executive Recommendation. | IDG | 673,400 | (21,500) |
| | Federal | 400,400 | 1,000,000 |
| | GF/GP | \$463,400 | \$0 |
| 9. Laboratory Operations – Drunk Driving Limit Reduction | FTEs | 177.0 | 3.0 |
| Reflects new federal grant to add 3.0 FTEs and purchase equipment to address increased casework for drunk driving limit reduction; reduces GF/GP (administrative efficiency) to maintain school bus inspections. | Gross | \$17,741,700 | \$447,800 |
| | Federal | 63,600 | 717,800 |
| | Restricted | 1,497,100 | 0 |
| | GF/GP | \$16,181,000 | (\$270,000) |
| 10. DNA Analysis Program | FTEs | 32.0 | 8.0 |
| Adds 8.0 FTEs; replaces GF/GP with funds from Forensic Science Reimbursement Fees. | Gross | \$8,304,200 | \$225,000 |
| | Federal | 3,451,000 | 0 |
| | Restricted | 1,779,700 | 450,000 |
| | GF/GP | \$3,073,500 | (\$225,000) |
| 11. Standards and Training | Gross | \$2,231,100 | \$0 |
| Replaces GF/GP with restricted from Michigan Justice Training Grants line; replaces GF/GP for FY 2005-06 economics with restricted funds (see Economic Adjustments below). | Federal | 375,200 | 0 |
| | Restricted | 51,900 | 1,848,000 |
| | GF/GP | \$1,804,000 | (\$1,848,000) |
| 12. Fire Investigations | FTEs | 29.0 | (27.0) |
| Removes Fire Investigations unit (24.0 enlisted, 2.0 civilian FTEs); transfers Fire Investigation line and Fire Investigation Training to Locals line in Criminal Investigations unit; transfers 1.0 FTE to Budget and Financial Services (Fiscal Manager Consolidation). | Gross | \$3,429,400 | (\$3,342,000) |
| | GF/GP | \$3,429,400 | (\$3,342,000) |
| 13. Hazardous Materials – Homeland Security Initiatives | Gross | \$61,646,050 | \$62,002,650 |
| Increases federal authorization for Homeland Security initiatives for Hazardous Materials Programs and Urban Area Security Initiative. | Federal | 59,968,500 | 60,031,500 |
| | Restricted | 1,347,500 | (31,500) |
| | GF/GP | \$330,050 | \$2,650 |

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|---|--------------|-----------------------|------------------------------------|
| 14. Uniform Services | FTEs | 525.0 | (19.0) |
| Transfers 1.0 FTE to Management Services line and 1.0 FTE to the Budget and Financial Services line; reduces 17.0 FTEs (operational reductions savings); reduces GF/GP (\$1,050,000) for closing three State Police posts in Groveland (Oakland County), Grand Haven (Ottawa County), and Iron River (Iron County) to save lease costs, and transfers troopers and staff to other State Police posts; reduces GF/GP for DROP. | Gross | \$47,146,300 | (\$1,808,900) |
| | Federal | 1,622,900 | 0 |
| | Restricted | 44,000 | 0 |
| | GF/GP | \$45,479,400 | (\$1,808,900) |
| 15. At-Post Troopers | FTEs | 1,144.0 | (3.0) |
| Transfers 3.0 FTEs to Emergency Management Planning and Administration line; replaces GF/GP with restricted from Highway Safety Fund; reduces GF/GP for DROP. | Gross | \$117,432,600 | (\$652,500) |
| | Restricted | 45,926,400 | 0 |
| | GF/GP | \$72,136,200 | (\$652,500) |
| 16. Aviation Program | Gross | \$1,498,400 | (\$424,600) |
| Reduces GF/GP due to sale of Department's two fixed wing aircraft; reduces GF/GP for DROP. | Restricted | 165,400 | 0 |
| | GF/GP | \$1,333,000 | (\$424,600) |
| 17. Criminal Investigations | FTEs | 280.0 | (22.0) |
| Transfers 2.0 FTEs to Budget and Financial Services line; reduces 47.0 FTEs (operational reductions savings), GF/GP for DROP, and GF/GP (administrative efficiency) to maintain school bus inspections. | Gross | \$31,065,100 | (\$1,381,500) |
| | IDG | 610,000 | 0 |
| | Federal | 265,900 | 0 |
| | Restricted | 352,000 | 0 |
| | GF/GP | \$29,837,200 | (\$1,381,500) |
| 18. School Bus Inspections | Gross | \$1,200,700 | \$84,100 |
| Moves GF/GP from various line items (administrative efficiency) to maintain school bus inspections. | GF/GP | \$1,200,700 | \$84,100 |
| 19. Safety Projects – Border Grants for Motor Carriers | FTEs | 4.0 | 14.0 |
| Adds 14.0 FTEs and increases federal authorization for Safety Projects from U.S. Department of Transportation Border Grant and New Entrant Program Grant to help meet federal mandate to perform safety audits on new motor carriers. | Gross | \$527,700 | \$1,208,200 |
| | Federal | 527,700 | 1,208,200 |
| 20. Information Technology Services and Projects | Gross | \$21,999,000 | (\$656,100) |
| Increases local Law Enforcement Information Network (LEIN) fee authorization (new fee schedule effective April 2004); transfers 2.0 FTEs from communications line to DIT Michigan Public Safety Communications System; increases Human Resources Optimization to DIT for capitalizing hardware and software costs; reduces DIT rates to department and GF/GP (administrative efficiency) to maintain school bus inspections. | IDG | 108,200 | 0 |
| | Federal | 1,057,900 | 2,200 |
| | Local | 3,368,900 | 6,200 |
| | Restricted | 756,500 | (726,500) |
| | GF/GP | \$16,707,500 | \$62,000 |
| 21. Economic Adjustments | Gross | \$0 | \$14,486,000 |
| Restores FY 2005-06 employee concessions (\$8.6 million), retirement (\$279,300) and insurance (\$4.0 million) costs, workers' compensation (\$95,000), building occupancy and rent charges (\$669,100), DIT economics (\$449,500), and FY 2005-06 concessions for DIT employees (\$387,300). | IDG | 0 | 841,000 |
| | Federal | 0 | 1,078,500 |
| | Local | 0 | 148,000 |
| | Private | 0 | 500 |
| | Restricted | 0 | 2,542,700 |
| | GF/GP | \$0 | \$9,875,300 |
| 22. Disaster Assistance Grant | Gross | \$0 | \$12,000,000 |
| Provides \$12.0 million in new federal funds for disaster assistance related to Hurricane Katrina. | Federal | 0 | 12,000,000 |

STATE POLICE

Major Boilerplate Changes From FY 2004-05

Sec. 225. Michigan Commission on Law Enforcement Standards (MCOLES) – NEW

Requires Department to ensure that Justice Training Funds be used only for Justice Training Grants.

Sec. 226. Post Closings – NEW

Requires that no funds be spent for operations or rent/building occupancy costs for State Police posts in Grand Haven, Iron River, and Groveland Township.

Sec. 1101. Aircraft Sale Revenue – REVISED

Allows revenue from sale of Department's fixed wing aircraft to be used for enhancing or maintaining existing aircraft and for pilot training and reimbursement for use of other state aircraft.

Sec. 1102. Fire Investigations – NEW

Requires Department to make efforts to restore the Fire Investigation Unit with a sufficient amount of fire investigation specialists to ensure the highest quality service statewide.

**FY 2005-06
Budget Detail
for
ALL OTHERS**

**Capital Outlay
History, Arts, and Libraries
Judiciary
Transportation**

**Summary: Enacted Appropriations
CAPITAL OUTLAY
FY 2005-06**

Analyst: Al Valenzio

| | FY 2004-05 YTD | Revised Executive | Senate | House | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|----------------------|----------------------|--------|-------|--------------------|---|---------------|
| | | | | | | Amount | % |
| IDG/IDT | \$2,000,000 | \$2,000,000 | | | | \$0 | 0.0 |
| Federal | 227,880,200 | 155,382,600 | | | | (72,497,600) | (31.8) |
| Local | 22,790,000 | 20,000,000 | | | | (2,790,000) | (12.2) |
| Private | 0 | 0 | | | | 0 | 0.0 |
| Restricted | 89,326,5000 | 56,031,000 | | | | (33,295,500) | (37.3) |
| GF/GP | 243,197,5000 | 276,002,200 | | | | 32,804,700 | 13.5 |
| Gross | \$585,194,200 | \$509,415,800 | | | | (\$75,778,400) | (12.9) |
| FTEs | 0.0 | 0.0 | | | | 0.0 | 0.0 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005; revised Executive figures do not reflect leadership target agreements.

Overview

The Michigan Capital Outlay process encompasses the budgetary and administrative functions devoted to financing and planning for the acquisition, construction/renovation, and maintenance of facilities used by a state agency, public university, or community college. General operational practices and procedures are contained in the Management and Budget Act (1984 PA 431), the State Building Authority Act (1964 PA 183), the annual Capital Outlay Appropriations Act, and the formal policies of the Legislative Joint Capital Outlay Subcommittee. Act 431 contains numerous oversight and approval action steps that define the respective roles of the Executive and Legislative Branches.

The State Building Authority (SBA) finances most major state-owned facility renovations and new construction projects through issuance of revenue bonds. Debt service on these bonds is provided annually in the Capital Outlay budget bill SBA rent line items. Rent is often referred to as "true" rent because it is based on the facility's economic or market value. The SBA has a statutory bonded indebtedness ceiling, currently set at \$2.7 billion.

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|---|------------------------------|---|
| <i>State Building Authority Rent – State Agencies, Universities, and Community Colleges</i> | | |
| Increases GF/GP by 5.3%; target agreement calls for gross increase of nearly 9% to fully fund projects coming on line last year and partially fund projects coming on line this year; restricted fund financing from CMRS Emergency Telephone Fund is increased by \$9.0 million. The state pays rent to the SBA so it can pay off bonds used to finance building construction projects for state agencies, universities, and community colleges. | Gross \$250,989,800 | \$22,000,000 |
| | Restricted 7,795,000 | 9,000,000 |
| | GF/GP \$243,194,800 | \$13,000,000 |
| | | Amounts shown here are part of FY 2005-06 budget for Department of Treasury—not the Capital Outlay budget. |

**Summary: Enacted Appropriations
HISTORY, ARTS, AND LIBRARIES
FY 2005-06 Senate Bill 274
Public Act 157 of 2005**

Analyst: Kirk Lindquist

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|--|---------------|
| | | | | | | Amount | % |
| IDG/IDT | \$139,000 | \$149,700 | \$399,700 | \$139,000 | \$649,700 | \$510,700 | 367.4 |
| Federal | 10,815,900 | 8,218,300 | 8,218,300 | 8,218,300 | 8,218,300 | (2,597,600) | (24.0) |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Private | 577,400 | 577,400 | 577,400 | 577,400 | 577,400 | 0 | 0.0 |
| Restricted | 2,412,400 | 4,082,700 | 4,082,700 | 2,583,600 | 2,583,600 | 171,200 | 7.1 |
| GF/GP | 45,176,700 | 43,150,800 | 42,287,700 | 41,465,000 | 41,190,100 | (3,986,600) | (8.8) |
| Gross | \$59,121,400 | \$56,178,900 | \$55,565,800 | \$52,983,300 | \$53,219,100 | (\$5,902,300) | (10.0) |
| FTEs | 238.0 | 238.0 | 238.0 | 238.0 | 238.0 | 0 | 0.0 |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The Department of History, Arts, and Libraries administers programs in four major areas: arts and cultural affairs, which includes administration of Michigan’s Arts and Cultural Grants program; Mackinac Island State Park Commission, which oversees operational activities at the Mackinac Island State Park, the Michilimackinac State Park, and the Mill Creek State Park; historical program, which includes historical museum system, historical publications, archaeological, and lighthouse preservation activities; and library services, providing reference services to the public and Legislative, Executive, and Judicial branches of state government, as well as assisting public libraries statewide.

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|---|--------------|-----------------------|------------------------------------|
| 1. Preservation and Access for Michigan – VETOED | Gross | \$965,000 | (\$483,200) |
| Reduces funding to digitize materials currently possessed by libraries in the state and preserve, store, and make these digitized images available via Michigan Electronic Library (MEL). | GF/GP | \$965,000 | (\$483,200) |
| 2. Mackinac Island State Park – VETOED IN 2005 PA 157 | FTEs | 39.0 | 0.0 |
| Adds IDG (from Department of Transportation) for M-185 maintenance. Proposed GF/GP with visitor admission fee revenue is not included; a fee increase will not be necessary. | Gross | \$2,978,300 | \$500,000 |
| | IDG | 0 | 500,000 |
| | Federal | 133,600 | 0 |
| | Restricted | 1,479,200 | 0 |
| | GF/GP | \$1,499,100 | \$0 |
| 3. Arts and Cultural Grants | Gross | \$11,871,300 | (\$1,942,900) |
| Reduces grant funding by 17.5%; makes boilerplate revisions. | Federal | 800,000 | 0 |
| | GF/GP | \$11,071,300 | (\$1,942,900) |
| 4. Book Distribution Centers | Gross | \$327,500 | \$22,500 |
| Increases funds used to distribute donated surplus publications to libraries and non-profit organizations. | GF/GP | \$327,500 | \$22,500 |

HISTORY, ARTS, AND LIBRARIES

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | <u>FY 2004-05 YTD</u> | <u>Enacted Change From YTD</u> |
|--|--------------|------------------------------|---------------------------------------|
| 5. Historical/Library Support to Curriculum Framework | Gross | \$600,000 | (\$300,000) |
| Reduces funds for educators, classroom materials/publications, and website storage of K-12 history lesson plans; support from Mackinac Island State Historical Park Commission not affected. | Restricted | 200,000 | 0 |
| | GF/GP | \$400,000 | (\$300,000) |
| 6. Michigan Lighthouse Assistance Grants | Gross | \$91,500 | (\$91,500) |
| Eliminates GF/GP for grants for lighthouse protection and preservation; funding to be offset from "Save Our Lights" specialty license plate revenue. | GF/GP | \$91,500 | (\$91,500) |
| 7. State Aid to Libraries | Gross | \$13,327,100 | (\$1,500,000) |
| Reduces grants to libraries. State Aid to Cooperative Libraries is held harmless at current-year level (\$4.6 million) and made a separate line item. | GF/GP | \$13,327,100 | (\$1500,000) |
| 8. Administrative Efficiency Savings | Gross | \$57,083,600 | (\$1,050,600) |
| Reflects \$128,100 in administrative efficiencies (various units); continues reductions made through EO 2005-3 (\$456,700); reduces group insurance and contracts. | IDG | 139,000 | 0 |
| | Federal | 8,151,300 | 0 |
| | Private | 577,400 | 0 |
| | Restricted | 2,412,400 | 0 |
| | GF/GP | \$45,803,500 | (\$1,050,600) |
| 9. Wayne County Library for the Blind and Physically Handicapped | Gross | \$44,800 | (\$44,800) |
| Removes duplicate funds available in Subregional State Aid line. | GF/GP | \$44,800 | (\$44,800) |
| 10. Economic Adjustments | Gross | N/A | \$1,093,200 |
| Reinstates \$572,100 removed in FY 2004-05 as employee concessions; reflects increased contribution rates for defined benefit and defined contribution retirement plans and for employer share of health insurance premiums. | IDG | N/A | 10,500 |
| | Federal | N/A | 67,000 |
| | Private | N/A | 300 |
| | Restricted | N/A | 168,100 |
| | GF/GP | N/A | \$847,300 |

Major Boilerplate Changes From FY 2004-05

Sec. 220. Michigan Film Advisory Commission – NEW

Requires minutes of Michigan Film Advisory Commission to be posted within eight days of a meeting.

Sec. 401. Arts and Cultural Grants – REVISED

Provides grant eligibility criteria, award categories, and re-granting and reporting requirements; renumbers sections (401, 403, 404, 405, and 406).

Sec. 407. Arts and Cultural Grants Donation Income Tax Checkoff – NEW

States legislative intent to establish a designation on Michigan Income Tax form for contributions to arts and cultural grants.

Sec. 504. Michigan Lighthouses – VETOED

Establishes guidelines for grants to transfer from federal ownership and/or preserve Michigan lighthouses. Reduces funding to \$25,000.

Sec. 508. Grants to State and Local Historical Societies – VETOED

Provides \$100,000 competitive grant program for capital improvements, restorations, research, educational programs, and publications.

Sec. 509. Michigan History Day – VETOED

Provides \$25,000 for Michigan History Day.

HISTORY, ARTS, AND LIBRARIES

Major Boilerplate Changes From FY 2004-05

Sec. 609. Preservation Access for Michigan – VETOED

Details implementation of Preservation Access for Michigan project; outlines materials to be digitized and accessed through the electronic library, and requests equitable distribution of funds with no grant recipient (public library) to receive more than 45% of total appropriation.

Sec. 610. State Aid to Library Cooperatives – NEW

Provides per capita distribution rate to local library cooperatives; continues funding cooperatives at current-year level.

Sec. 700. Appropriation Increase for Libraries and Arts and Cultural Grants – NEW

Transfers equal amounts to State Aid to Libraries and Arts and Cultural Grant line items if an increased appropriation is made to Mackinac Island State Park operations line in FY 2005-06.

**Summary: Enacted Appropriations
JUDICIARY
FY 2005-06 Senate Bill 275
Public Act 149 of 2005**

Analyst: Marilyn B. Peterson

| | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|--------------|
| | | | | | | Amount | % |
| IDG/IDT | \$4,633,500 | \$2,563,500 | \$2,563,500 | \$2,563,500 | \$2,563,500 | (\$2,070,000) | (44.7) |
| Federal | 4,015,600 | 3,933,900 | 3,933,900 | 3,909,000 | 3,926,400 | (89,200) | (2.2) |
| Local | 3,298,100 | 3,466,000 | 3,466,000 | 3,334,000 | 3,419,100 | 121,000 | 3.7 |
| Private | 842,500 | 842,500 | 842,500 | 842,500 | 842,500 | 0 | 0.0 |
| Restricted | 85,099,700 | 86,935,000 | 87,022,500 | 87,004,400 | 87,015,900 | 1,916,200 | 2.3 |
| GF/GP | 157,547,300 | 159,987,900 | 156,987,900 | 155,810,300 | 157,614,500 | 67,200 | 0.0 |
| Gross | \$255,436,700 | \$257,728,800 | \$254,816,300 | \$253,464,500 | \$255,381,900 | (\$54,800) | (0.0) |
| FTEs | 582.5 | 582.5 | 509.0 | 509.0 | 509.0 | (73.5) | (12.6) |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

Article VI of the State Constitution of 1963 is the basis for Michigan's judicial branch of government. The Judiciary budget includes operational funding for the Michigan Supreme Court, Court of Appeals, and related judicial agencies. The budget also funds the salaries of justices of the Supreme Court and judges at the appeals, circuit, probate, and district levels according to constitutional and statutory requirements. Assistance for local court operations is provided through a variety of grant programs. The largest of these, the Court Equity grant program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the numbers of judgeships.

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD (as of 2/10/05) | Enacted Change From YTD |
|--|--------------|---|------------------------------------|
| 1. Judgeship Changes | Gross | \$92,163,000 | \$417,600 |
| Funds recently-enacted changes in judgeships: \$184,600 for full-year costs of judgeships added January 1, 2005 (funded in FY 2004-05), and \$233,000 for FY 2005-06 for converting part-time probate judges to full-time. | Restricted | 7,090,200 | 0 |
| | GF/GP | \$85,072,800 | \$417,600 |
| 2. Drug Court Grant Program | Gross | \$4,635,000 | \$100,000 |
| Reflects increased revenue for drug court fund, part of which offsets GF/GP for program; affected revenue from civil infraction assessments and statutory state costs in criminal cases. | IDG | 1,800,000 | 0 |
| | Federal | 300,000 | 0 |
| | Restricted | 1,688,300 | 232,200 |
| | GF/GP | \$846,700 | (\$132,200) |
| 3. Court Equity Grant Program | Gross | \$68,906,000 | \$300,000 |
| Reflects increased revenue for court equity fund, most of which offsets GF/GP for program. Court equity fund grants reimburse counties for trial court operations based on statutory formula that recognizes circuit/probate caseloads and number of judgeships. | Restricted | 46,788,800 | 3,651,200 |
| | GF/GP | \$22,117,200 | (\$3,351,200) |

JUDICIARY

| <u>Major Budget Changes From FY 2004-05 YTD Appropriations</u> | | FY 2004-05 YTD (as of 2/10/05) | Enacted Change From YTD |
|---|--------------|---|------------------------------------|
| 4. Judicial Information Systems | Gross | \$4,608,500 | (\$2,130,300) |
| Eliminates \$2.0 million IDG from state police (to develop statewide database for criminal dispositions) and \$115,300 grant from National Highway Traffic Safety Administration used for various projects. | IDG/IDT | 2,015,000 | (2,015,000) |
| | Federal | 115,300 | (115,300) |
| | GF/GP | \$2,478,200 | \$0 |
| 5. Other Increases in Restricted Revenue | Gross | N/A | \$720,000 |
| Reflects Justice System Fund and Court Fund revenue increase from civil infraction assessments and statutory state costs in criminal cases (statutory allocation to various programs); revenue increases anticipated for indigent civil legal assistance (\$600,000) and state court administrative office (receives some revenue to offset cost of overseeing fee collections). | Restricted | N/A | 720,000 |
| | GF/GP | N/A | \$0 |
| 6. Court of Appeals Filing and Motion Fees | Gross | \$1,7911,800 | \$62,500 |
| Anticipates \$62,500 increase in revenue due to increased filing fee volume; assumes October 1, 2005, motion fee increase sunset will be postponed (\$87,500 revenue retained). | Restricted | 1,823,800 | 62,500 |
| | GF/GP | \$16,088,000 | \$0 |
| 7. FY 2004-05 Employee Concessions | Gross | N/A | \$696,900 |
| Provides partial restoration of funds lost from FY 2004-05 employee concessions; Executive recommended full restoration (\$1.5 million gross, \$1.4 million GF/GP); conference report reduces this by \$800,000. | GF/GP | N/A | \$590,700 |
| 8. Contract and Insurance Savings | Gross | N/A | (\$373,400) |
| Reflects newly-identified savings from employee health care and retirement benefits (\$34,600 insurances, \$338,800 retirement). | GF/GP | N/A | (\$373,400) |
| 9. Economics | Gross | N/A | \$2,498,700 |
| Provides \$2.5 million gross, \$2.3 million GF/GP for economic adjustments: insurances (\$645,200 gross, \$593,900 GF/GP), retirement (\$842,100 gross, \$775,200 GF/GP), and building occupancy charges (\$1.2 million gross and GF/GP); includes workers' compensation decrease (\$153,000 gross and GF/GP); does not adjust for anticipated 1.5% wage and salary increase in FY 2005-06 (about \$600,000 for judicial employees). Economic adjustment figures do not reflect newly-identified savings in employee benefits and retirement costs described above. | GF/GP | N/A | \$2,380,500 |

Major Boilerplate Changes From FY 2004-05

Sec. 204. Contact With Legislature – NEW

Forbids disciplinary action against any judicial branch employee for communicating with legislator or legislative staff.

Sec. 304. Cooperation With Auditor General – DELETED

Requires judicial branch to cooperate with auditor general regarding judicial branch audits.

Sec. 305. Quarterly Reports on Judicial Accounts – DELETED

Requires judiciary to report quarterly on the status of judicial accounts.

Sec. 310. Drug Court Evaluation – REVISED

Moves up deadline for report on drug court evaluation from June 1 to April 1.

Sec. 313. Judicial Technology Improvement Fund/Cyber Court – DELETED

Sets criteria for use of Judicial Technology Improvement Fund (JTIF); allows funds to be used for cyber court.

**Summary: Enacted Appropriations
TRANSPORTATION
FY 2005-06 Senate Bill 281
Public Act 158 of 2005**

Analyst: William E. Hamilton

| IDG/IDT | FY 2004-05 YTD | Executive | House | Senate | FY 2005-06 Enacted | Difference: Enacted From FY 2004-05 YTD | |
|-------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--|------------|
| | | | | | | Amount | % |
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0 |
| Federal | 1,132,701,200 | 1,207,642,100 | 1,207,642,100 | 1,207,642,100 | 1,197,594,100 | 64,892,900 | 5.7 |
| Local | 5,800,000 | 6,100,000 | 6,100,000 | 6,100,000 | 6,100,000 | 300,000 | 5.2 |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restricted | 2,135,687,900 | 2,198,932,200 | 2,202,566,900 | 2,193,155,200 | 2,184,113,400 | 48,425,500 | 2.3 |
| GF/GP | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Gross | \$3,274,189,100 | \$3,412,674,300 | \$3,416,309,000 | \$3,406,897,300 | \$3,387,807,500 | \$113,618,400 | 3.5 |
| FTEs | 3,037.3 | 3,036.3 | 3,036.3 | 3,036.3 | 3,028.3 | (9.0) | (.3) |

Note: FY 2004-05 figures include the results of supplementals and Executive Order (EO) actions through September 30, 2005.

Overview

The transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation. Approximately 2/3 of the budget is from constitutionally-restricted state revenue sources—primarily from motor fuel taxes and vehicle registrations credited to the Michigan Transportation Fund (MTF) for distribution to other state transportation funds and programs, and to local road agencies, in accordance with 1951 PA 51. Approximately 1/3 of the budget is federal revenue. There is no state GF/GP revenue in this budget.

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|--|--------------|-----------------------|------------------------------------|
| 1. Debt Service | Gross | \$167,750,100 | \$72,993,400 |
| Increases total to \$240.7 million to reflect anticipated debt service schedules; does not reflect debt service related to Executive-proposed \$400.0 million Jobs Today bond initiative. | Federal | 44,000,000 | 59,200,000 |
| | Restricted | 123,750,100 | 13,793,400 |
| 2. Interdepartmental Grants to Other State Departments | Gross | \$43,395,400 | \$1,240,300 |
| Includes \$29.4 million grants from MTF (\$20.0 million to Department of State, \$8.2 million to Department of Treasury) for costs of collecting MTF revenue; increase reflects economics. | Restricted | 43,395,400 | 1,240,300 |
| 3. Economic Development and Enhancement Programs – Business Support | FTEs | 9.0 | 0.0 |
| | Gross | \$867,500 | \$118,400 |
| Funds economic increases; does not include \$181,800 state restricted to offset federal funds. (Previously, staff charged costs to federal funds in other appropriation lines.) | Restricted | 867,500 | 118,400 |
| 4. Design and Engineering Services | FTEs | 1,531.4 | 2.0 |
| | Gross | \$79,804,200 | \$18,208,500 |
| Includes \$50.8 million for Engineering services; \$37.5 million for Program services; new \$9.7 million line for Michigan Intelligent Transportation Systems (MITS) Center moved to this unit from the Road and Bridge program. | Federal | 7,000,000 | (32,000) |
| | Restricted | 72,804,200 | 18,240,500 |

TRANSPORTATION

| Major Budget Changes From FY 2004-05 YTD Appropriations | | FY 2004-05 YTD | Enacted Change From YTD |
|--|--------------|------------------------|--------------------------------|
| 5. State Trunkline Maintenance | FTEs | 817.6 | (2.0) |
| Reflects state trunkline lane miles added by new construction and jurisdictional transfers, economic increases, and increased road maintenance material costs; does not include \$1.0 million for trunkline-related emerald ash borer survey. | Gross | \$253,726,100 | \$6,341,800 |
| | Restricted | 253,726,100 | 6,341,800 |
| 6. State Trunkline Road and Bridge Construction | Gross | \$1,007,573,800 | (\$33,874,200) |
| Provides \$973.7 million, after vetoes. Decrease from current year reflects, in part, reduced State Trunkline Fund (STF) revenue from redirecting an additional 1/4 cent of gasoline tax (\$12.7 million) to local bridge programs (see below), and \$22.9 million reduction in spending authority due to vetoes. | Federal | 746,943,100 | (1,364,100) |
| | Local | 5,000,000 | 0 |
| | Restricted | 255,630,700 | (32,510,100) |
| 7. Local/Critical Bridge Program | Gross | \$18,539,500 | \$12,576,300 |
| Provides \$31.1 million; reflects additional 1/4 cent of gasoline tax made in 2004 PA 384 (HB 5319). | Restricted | 18,539,500 | 12,576,300 |
| 8. MTF Distribution to Local Road Agencies | Gross | \$987,580,600 | \$16,872,500 |
| Provides \$1.0 billion—\$645.0 million to county road commissions and \$359.6 million to cities and villages; actual distribution based on actual MTF revenue as distributed by 1951 PA 51 formula. | Restricted | 987,580,600 | 16,872,500 |
| 9. Transportation Economic Development | Gross | \$39,972,400 | \$1,037,400 |
| Authorizes \$41.0 million; withholds \$1.0 million from statutory formula distribution to target industries (Category A); includes \$40,000 for log truck turnout earmark. | Restricted | 39,972,400 | 1,037,400 |
| 10. Public Transportation and Freight Services | FTEs | 74.0 | (8.0) |
| Provides \$6.8 million, which is \$895,000 less than Executive recommendation; reduces FTE authorization. | Gross | \$7,214,700 | (\$396,000) |
| | Restricted | 7,214,700 | (396,000) |
| 11. Bus Transit – Local Bus Operating Assistance | Gross | \$161,680,000 | \$1,596,100 |
| Includes \$163.3 million for state operating assistance to local public transit agencies. | Restricted | 161,680,000 | 1,596,100 |
| 12. Rail Passenger Service | Gross | \$8,200,000 | \$0 |
| Maintains FY 2004-05 funding level; restricted by boilerplate Sec. 711. | Federal | 1,000,000 | 0 |
| | Restricted | 7,200,000 | 0 |
| 13. Bus Capital | Gross | \$38,500,000 | \$8,352,200 |
| Provides matching funds for Federal Transit Administration grants to local transit agencies. | Federal | 30,000,000 | 0 |
| | Local | 500,000 | 0 |
| | Restricted | 8,000,000 | 8,352,200 |
| 14. Restoration of Employee Concessions | Gross | N/A | \$8,979,300 |
| Includes approximately \$9.0 million salary/wage costs deferred from FY 2004-05; reflected in various operating lines. | Restricted | N/A | 8,979,300 |
| 15. Economics | Gross | N/A | \$9,368,800 |
| Provides \$9.4 million net (\$6.3 million retirement contributions; \$3.4 million other employee insurances) for economic increases partially offset by reduced workers' compensation (\$382,000) and reflected in various operating lines. Does not fund negotiated salary and wage increases (1.5% of base salary/wages including FY 2003-04 employee concessions); Department to identify approximately \$2.6 million in additional operating cost reductions to offset additional salary/wage costs. | Restricted | N/A | 9,368,800 |

Major Boilerplate Changes From FY 2004-05

Secs. 363, 617, 621, 622, 624, 625, 633, 636, 637, 638, 641, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 728, and 738. Project earmarks – VETOED

Authorizes spending for specific highway projects, rail freight projects, or transportation studies; veto of 25 boilerplate appropriations removes \$23.7 million in spending authority from amounts authorized in enrolled bill.

Sec. 365. US-131 Project Study

Indicates that no funds may be expended on Practical Alternative 5, or Practical Alternative 5 modified as identified in US-131 Improvement Study in St. Joseph County; Governor indicates this section is unenforceable if federal funds are to be used for the project.

Sec. 401. Federal Aid – Distribution Report – REVISED

Requires Department to report on proposed distribution of federal funds between department and local road agencies; Governor indicates that provision requiring legislative approval is unconstitutional and unenforceable.

Sec. 628. Mackinac Bridge Authority

Prohibits use of funds to transfer treasury functions from Mackinac Bridge Authority to State Treasurer; Governor indicates that this section is in conflict with statute and unenforceable.

Sec. 707. Local Bus Operating – REVISED

Provides guidelines for local bus operating appropriation; new language limits grants for Detroit Transportation Corporation (People Mover) to FY 1996-97 levels; Governor indicates this provision conflicts with statute and is unenforceable.

Secs. 370, 710, and 732. Legislative Requirements for Transit Agencies – REVISED

Includes sections regarding transit agency charter service, service conflicts with intercity carriers, and wheelchair lifts; Governor indicates these provisions are in conflict with statute and unenforceable.

Sec. 711. Rail Passenger (AMTRAK) – REVISED

Directs Department to negotiate with rail carrier to provide seven-day Port Huron/Chicago and Grand Rapids/Chicago service; limits state subsidy to \$6.1 million (\$1.0 million less than FY 2004-05); provides additional \$1.0 million contingent on agreement to relocate AMTRAK maintenance facilities to Michigan.

FY 2005-06

CONSENSUS REVENUES

Consensus Revenue FY 2005-06

Senior Economist: Rebecca Ross

This section explains August 2005 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FYs 2004-05 and 2005-06 by major revenue sources.

General Fund/General Purpose Revenue by Source

Personal Income Tax

- Wage and salary employment is expected to decrease 0.3% in 2005, then grow 0.5% in 2006.
- Michigan's unemployment rate is expected to be 7.2% in 2005, then increase to 7.4% in 2006.
- Michigan personal income tax revenue is forecast to increase 4.8% in FY 2004-05 and 2.9% in FY 2005-06.
- Baseline GF/GP income tax revenue is expected to increase 4.5% to \$4,175.8 million in FY 2004-05, and by 2.7% to \$4,289.6 million in FY 2005-06.

Sales and Use Taxes

- Improved growth in wage and salary income will increase baseline GF/GP sales and use tax revenue from \$1,023.5 million in FY 2004-05 to \$1,076.0 million in FY 2005-06.

Single Business and Insurance Taxes

- Business taxes (SBT plus insurance taxes) accrue to the General Fund.
- Net baseline business taxes were \$2,071.7 million in FY 2003-04 and will increase 3.5% to \$2,143.5 million in FY 2004-05, and 1.9% to \$2,185.0 million in FY 2005-06.
- Baseline Single Business Tax revenue alone was \$1,841.4 million in FY 2003-04; it is expected to increase 3.6% to \$1,907.2 million in FY 2004-05 and increase 2.0% to 1,945.0 million in FY 2005-06.

GF/GP Baseline Tax Revenue

- Final GF/GP baseline tax revenue totaled \$7,667.1 million in FY 2003-04.
- General Fund/General Purpose baseline tax revenue is expected to increase in FY 2004-05 by 4.1% to \$7,981.9 million and in FY 2005-06 by 2.6% to \$8,189.8 million.

Total GF/GP Baseline Revenue

- Total baseline GF/GP revenue includes baseline tax revenue and non-tax revenue. Non-tax revenue includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs.
- Total GF/GP baseline revenue was \$7,992.6 million in FY 2003-04.
- General Fund/General Purpose baseline revenue is expected to increase by 3.4% to \$8,260.2 million in FY 2004-05 and by 2.3% to \$8,449.1 million in FY 2005-06.

Actual GF/GP Revenue

- Actual GF/GP revenue represents revenue available for expenditure each year and includes adjustments to the baseline, such as tax changes and one-time federal revenue.
- Final total actual GF/GP revenue was \$8,041.8 million in FY 2003-04.
- Actual GF/GP revenue is expected to decline by 0.6% to \$7,994.0 million in FY 2004-05, then increase by \$218.9 million or 2.7% to \$8,212.9 million in FY 2005-06.

School Aid Fund Revenue by Source

Sales and Use Taxes

- Combined sales and use tax revenue dedicated to the SAF equaled \$5,155.8 million in FY 2003-04 and is forecast to increase 2.6% to \$5,287.3 million in FY 2004-05 and 4.0% to \$5,497.1 million in FY 2005-06.
- Baseline sales tax revenue is forecast to increase 2.3% in FY 2004-05 and 3.9% in FY 2005-06.
- Baseline use tax revenue to the SAF is estimated to increase 5.5% in FY 2004-05 and 4.3% in FY 2005-06.

Income Tax

- Approximately 23.0% of gross income tax collections are dedicated to the SAF.
- Baseline dedicated income tax revenue is forecast to increase 5.5% to \$1,999.6 million in FY 2004-05 and 3.2% to \$2,064.0 million in FY 2005-06.

Lottery/Casinos

- Lottery revenue contributed \$644.9 million to the SAF in FY 2003-04.
- Baseline lottery revenue to the SAF is projected to decrease 1.1% to \$638.0 million in FY 2004-05 and increase 1.5% in FY 2005-06.
- Casino revenue contributed \$95.8 million to the SAF in FY 2003-04, and is estimated to be \$98.4 million in FY 2004-05 and \$99.7 million in FY 2005-06.

Tobacco Taxes

- In FY 2004-05, approximately 40% of gross tobacco tax revenue will be dedicated to the SAF.
- The SAF received \$481.3 million from tobacco taxes in FY 2003-04.
- The demand for tobacco products is expected to decline over the duration of the forecast.
- Total SAF tobacco tax revenue is expected to decrease to \$474.4 million in FY 2004-05 and \$467.6 million in FY 2005-06.

State Education Tax/Real Estate Transfer Tax

- All of the 6-mill state education tax (SET) and the real estate transfer tax (RET) is dedicated to the SAF.
- Revenue from the SET was \$1,750.7 million in FY 2003-04.
- SET revenue is expected to increase 6.2% to \$1,860.0 million in FY 2004-05 and 5.3% to \$1,958.0 million in FY 2005-06.
- RET contributed \$317.5 million to the SAF in FY 2003-04 and is forecast to contribute \$316.0 million in FY 2004-05 and \$316.0 million in FY 2005-06.

Total SAF Baseline Revenue

- Final total SAF baseline revenue was \$10,533.5 million in FY 2003-04.
- Baseline revenue is expected to increase 3.1% to \$10,855.4 million in FY 2004-05 and 3.5% to \$11,231.7 million in FY 2005-06.

Actual SAF Revenue

- Actual SAF revenue represents revenue available for expenditure each year; it includes tax changes, beginning balances, federal funds, and BSF transfers, but does not include any GF/GP transfers to SAF.
- Actual SAF revenue was \$11,985.9 million in FY 2003-04 and is expected to increase 2.4% to \$12,267.8 million in FY 2004-05, then increase 2.9% to \$12,626.7 million in FY 2005-06.

CONSENSUS REVENUES**GF/GP REVENUE ESTIMATES**
(Millions of Dollars and Fiscal Years)

| | <u>Final 2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2005-06 Over 2004-05</u> | |
|-------------------------------------|----------------------|------------------|------------------|-----------------------------|------------------|
| | | | | <u>% Change</u> | <u>\$ Change</u> |
| Personal Income Taxes | \$3,997.1 | \$4,175.8 | \$4,289.6 | 2.7% | \$113.8 |
| Sales and Use Taxes | 968.7 | 1,023.5 | 1,076.0 | 5.1% | 52.5 |
| SBT and Insurance Taxes | 2,071.7 | 2,143.5 | 2,185.0 | 1.9% | 41.5 |
| Other Taxes | 629.6 | 639.1 | 639.2 | 0.0% | 0.1 |
| GF/GP Baseline Tax Revenue | \$7,667.1 | \$7,981.9 | \$8,189.8 | 2.6% | \$207.9 |
| Non-Tax Revenue | 325.5 | 278.3 | 259.3 | -6.8% | (19.0) |
| Total GF/GP Baseline Revenue | \$7,992.6 | \$8,260.2 | \$8,449.1 | 2.3% | \$188.9 |
| Adjustments to Baseline | 49.3 | (266.2) | (236.3) | | 29.9 |
| Actual GF/GP Revenue | \$8,041.8 | \$7,994.0 | \$8,212.9 | 2.7% | \$218.9 |

SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars and Fiscal Years)

| <u>Revenues</u> | <u>Final 2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2005-06 Over 2004-05</u> | |
|---|----------------------|-------------------|-------------------|-----------------------------|------------------|
| | | | | <u>% Change</u> | <u>\$ Change</u> |
| Sales and Use Tax | \$5,155.8 | \$5,287.3 | \$5,497.1 | 4.0% | 209.8 |
| Income Tax Earmark | 1,895.7 | 1,999.6 | 2,064.0 | 3.2% | 64.4 |
| Lottery and Casinos | 740.7 | 736.4 | 747.2 | 1.5% | 10.8 |
| Tobacco Taxes | 481.3 | 474.4 | 467.6 | -1.4% | (6.8) |
| State Education Tax | 1,750.7 | 1,860.0 | 1,958.0 | 5.3% | 98.0 |
| Real Estate Transfer Tax | 317.5 | 316.0 | 316.0 | 0.0% | 0.0 |
| Liquor Excise and Specific Taxes | 191.8 | 181.8 | 181.8 | 0.0% | 0.0 |
| Baseline SAF Revenue | \$10,533.5 | \$10,855.4 | \$11,231.7 | 3.5% | \$376.3 |
| Adjustments to Baseline | 1,452.4 | 1,412.4 | 1,395.0 | | (17.4) |
| Actual SAF Revenue (Less GF/GP Transfer) | \$11,985.9 | \$12,267.8 | \$12,626.7 | 2.9% | \$358.9 |

HFA Estimates of Year-End Balances

The following table reports House Fiscal Agency estimates of year-end balances for GF/GP, the SAF, and the BSF.

YEAR-END BALANCE ESTIMATES
(Millions of Dollars)

| | <u>FY 2003-04</u> | <u>FY 2004-05</u> |
|------------------------------|-------------------|-------------------|
| General Fund/General Purpose | \$0.0 | \$0.0 |
| School Aid Fund | 74.1 | 1.0 |
| Budget Stabilization Fund | 81.3 | 2.4 |

Year-end estimates notes:

- Fiscal year 2004-05 estimates for GF/GP and the SAF are based on year-to-date appropriations, projected year-end adjustments, and consensus revenue estimates.
- SAF revenues are restricted; hence, any year-end balance is carried forward to the subsequent year.
- Budget Stabilization Fund (BSF) estimates are based on current balance estimates provided by the Michigan Department of Treasury and HFA estimates of future deposits and interest earned.

Budget Stabilization Fund Year-End Balances

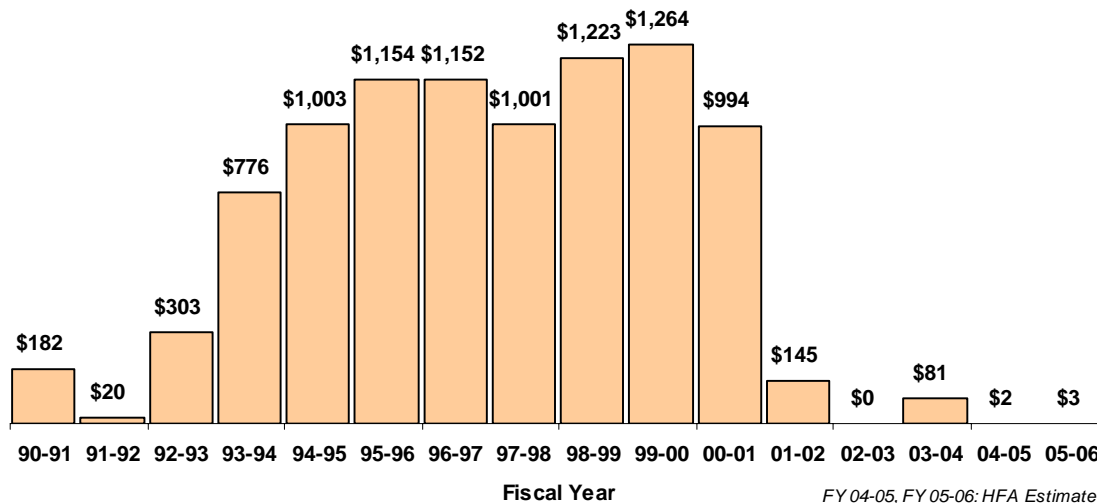
The following table reports a history of BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 2003-04 and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 2004-05 and FY 2005-06. A complete list of BSF historical data is available from the HFA upon request.

The final BSF fund balance was zero for FY 2002-03 and \$81.3 million for FY 2003-04. As passed by the Senate and the House, SB 438 would transfer \$81.3 million to GF/GP at the end of FY 2004-05. The fund balance is forecast to be \$2.4 million for FY 2004-05 and \$2.5 million for FY 2005-06.

**BUDGET STABILIZATION FUND
(Millions of Dollars)**

| <u>Fiscal Year</u> | <u>Deposits</u> | <u>Withdrawals</u> | <u>Interest Earned</u> | <u>Balance</u> |
|-------------------------|-----------------|--------------------|------------------------|----------------|
| 1990-91 | \$0.0 | \$230.0 | \$27.1 | \$182.2 |
| 1991-92 | 0.0 | 170.1 | 8.1 | 20.1 |
| 1992-93 | 282.6 | 0.0 | 0.8 | 303.4 |
| 1993-94 | 460.2 | 0.0 | 11.9 | 775.5 |
| 1994-95 | 260.1 | 90.4 | 57.7 | 1,003.0 |
| 1995-96 | 91.3 | 0.0 | 59.3 | 1,153.6 |
| 1996-97 | 0.0 | 69.0 | 67.8 | 1,152.4 |
| 1997-98 | 0.0 | 212.0 | 60.1 | 1,000.5 |
| 1998-99 | 244.4 | 73.7 | 51.2 | 1,222.5 |
| 1999-2000 | 100.0 | 132.0 | 73.9 | 1,264.4 |
| 2000-01 | 0.0 | 337.0 | 66.7 | 994.2 |
| 2001-02 | 0.0 | 869.8 | 20.8 | 145.2 |
| 2002-03 | 0.0 | 156.1 | 10.9 | 0.0 |
| 2003-04 | 81.3 | 0.0 | 0.0 | 81.3 |
| 2004-05 <i>Estimate</i> | 0.0 | 81.3 | 2.4 | 2.4 |
| 2005-06 <i>Estimate</i> | 0.0 | 0.0 | 0.1 | 2.5 |

**Budget Stabilization Fund (BSF) Balance
(Millions of Dollars)**



Compliance With the State Revenue Limit

HFA estimates of the state revenue limit provided for in Article IX, Section 26, *Constitution of the State of Michigan*, and estimates of total state revenue collections subject to the state revenue limit are shown in the following table. As provided for in the *Constitution*, the revenue limit is calculated as 9.49% of total state personal income in the previous full calendar year (CY) prior to the fiscal year in which the revenues are measured, as estimated by the Bureau of Economic Analysis, United States Department of Commerce.

COMPLIANCE WITH THE STATE REVENUE LIMIT
(Millions of Dollars)

| <u>Revenue Limit Calculations</u> | <u>FY 2003-04</u> | <u>FY 2004-05</u> | <u>FY 2005-06</u> |
|--|-------------------|-------------------|-------------------|
| Personal Income | | | |
| | CY 2002 | CY 2003 | CY 2004 |
| Amount | \$303,745 | \$314,460 | \$322,636 |
| X Limit Ratio | 9.49% | 9.49% | 9.49% |
| State Revenue Limit | \$28,825.4 | \$29,842.3 | \$30,618.2 |
| Total Revenues Subject to Revenue Limit | 24,384.7 | 24,652.6 | 25,512.0 |
| Amount Under (Over) State Revenue Limit | \$4,440.7 | \$5,189.6 | \$5,106.2 |

Implications of Exceeding the State Revenue Limit

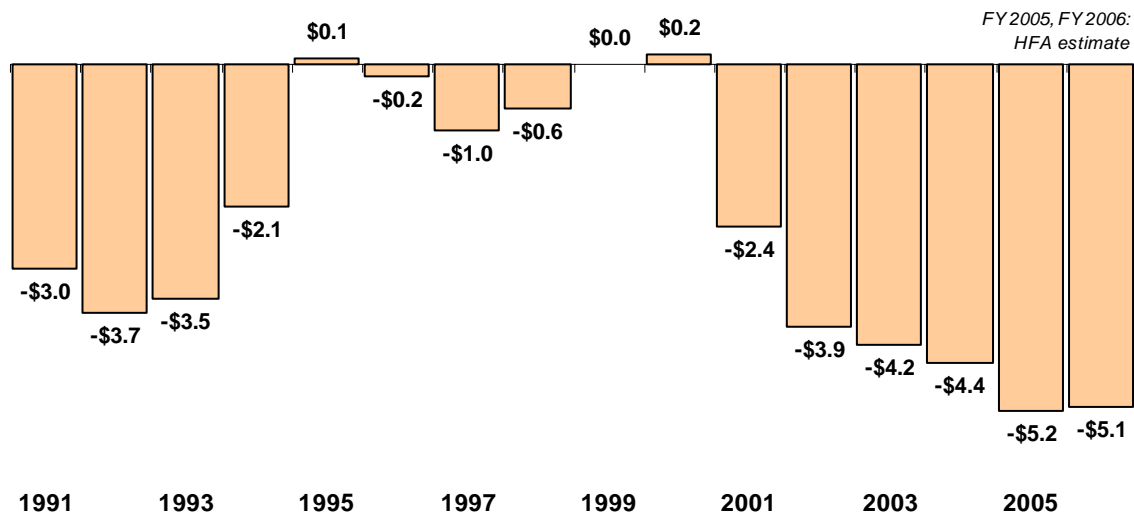
Article IX, Section 26, *Constitution of the State of Michigan*, provides that:

... For any fiscal year in the event that Total State Revenues exceed the limit established in this section by 1% or more, the excess revenues shall be refunded pro rata based on the liability reported on the Michigan income tax and single business tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than 1%, this excess may be transferred to the State Budget Stabilization Fund . . .

Furthermore, the state is prohibited from spending any current-year revenue in excess of the limit established in Section 26 by Article IX, Section 28.

The final FY 2004-05 revenue limit calculation indicates that the state revenue collections were well under the revenue limit. In addition, for both FY 2004-05 and FY 2005-06, state revenues are estimated to be substantially below the revenue limit, by \$5.2 billion and \$5.1 billion respectively.

Constitutional Revenue Limit





Mitchell E. Bean, Director
Bill Fairgrieve, Deputy Director

ECONOMIC AND REVENUE FORECAST ▪ TAX ANALYSIS ▪ REVENUE SHARING

Rebecca Ross, Senior Economist; Jim Stansell, Economist

EDUCATION AND REGULATORY Mary Ann Cleary, Associate Director

Community Colleges..... Viola Bay Wild, Fiscal Analyst; Kyle I. Jen, Senior Analyst
Higher Education Kyle I. Jen, Senior Analyst
Education ▪ School Aid Mary Ann Cleary, Associate Director; Bethany Wicksall, Senior Analyst
Labor and Economic Growth Richard Child, Senior Analyst
Transportation..... William E. Hamilton, Senior Analyst

FISCAL OVERSIGHT, AUDIT AND LITIGATION William E. Hamilton, Senior Analyst

GENERAL GOVERNMENT Al Valenzio, Associate Director

Agriculture..... William E. Hamilton, Senior Analyst
Capital Outlay ▪ Retirement ▪ Supplementals..... Al Valenzio, Associate Director
Corrections ▪ Judiciary..... Marilyn Peterson, Senior Analyst
Environmental Quality ▪ Natural Resources ▪ Federal Funds ▪
Clean Michigan Initiative ▪ Natural Resources Trust Fund..... Kirk Lindquist, Senior Analyst
Attorney General ▪ Civil Rights ▪ Civil Service ▪ Executive Office ▪
Information Technology ▪ Legislature ▪ Lottery ▪ Management & Budget ▪ State..... Robin Risko, Senior Analyst
Treasury Viola Bay Wild, Fiscal Analyst; Robin Risko, Senior Analyst
History, Arts, and Libraries..... Al Valenzio, Associate Director
Military and Veterans Affairs ▪ State Police Jan Wisniewski, Senior Analyst
Legislative Transfers..... Margaret Alston, Senior Analyst

HUMAN SERVICES Bill Fairgrieve, Deputy Director

Community Health: Medicaid..... Steve Stauff, Senior Analyst
Mental Health ▪ Substance Abuse Margaret Alston, Senior Analyst
Public Health ▪ Aging Susan Frey, Senior Analyst
Human Services..... Robert Schneider, Senior Analyst; Bill Fairgrieve, Deputy Director

LEGISLATIVE ANALYSIS Chris Couch, Associate Director

Edith Best, Joan Hunault, Sue Stutzky, Mark Wolf, Legislative Analysts

SUPPORT STAFF

Office Manager Sharon Risko, Administrative Assistant
Publications and Data Jeanne Dee, Administrative Assistant
Community Health ▪ Corrections ▪ Human Services ▪ Judiciary ▪ HFA Library Tumai Burris, Budget Assistant
Agriculture ▪ Community Colleges ▪ Education ▪ Higher Education ▪ School Aid ▪
Transportation ▪ Transfers ▪ HFA Internet ▪ Bill Analysis..... Barbara Graves, Budget Assistant
Capital Outlay ▪ Environmental Quality ▪ General Government ▪ History, Arts, & Libraries ▪
Labor and Economic Growth ▪ Military and Veterans Affairs ▪ Natural Resources ▪
Retirement ▪ State Police ▪ Supplementals..... Kim O'Berry, Budget Assistant
Facilities Coordinator Ericah Caughey, Receptionist



Additional copies of this report can be obtained from:

House Fiscal Agency
P.O. Box 30014
Lansing, MI 48909-7514
(517) 373-8080
FAX (517) 373-5874
www.house.mi.gov/hfa