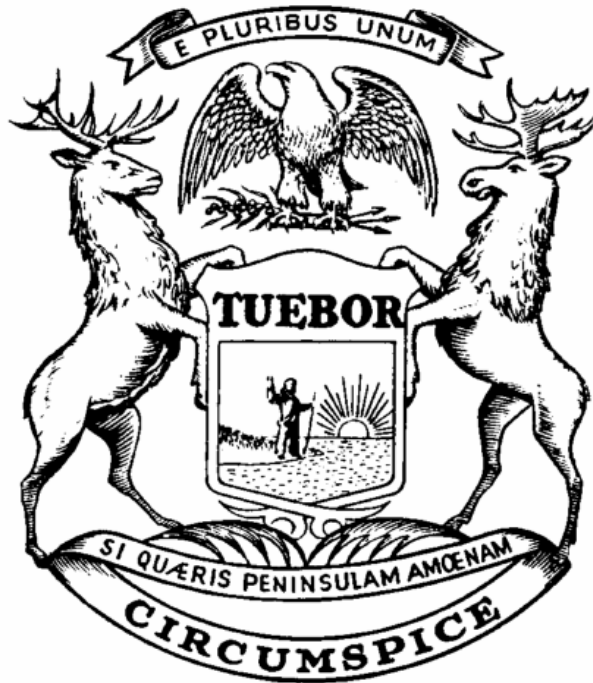


**STATE OF MICHIGAN
FISCAL YEAR 2008-09**

Appropriations Summary and Analysis



Mitchell E. Bean, Director

October 2008

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October 2008

TO: Members of the Michigan House of Representatives

This ***FY 2008-09 Appropriations Summary and Analysis*** summarizes the enacted FY 2008-09 appropriations. A *Glossary*, following the table of contents, explains terms used throughout this report to describe Michigan's budget. The *Director's Overview* provides information on resources used in the enacted FY 2008-09 budget; summary tables of appropriated funds and fund 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.

Please note that there is no enacted Capital Outlay budget for FY 2008-09 as of this date; capital outlay items for FY 2008-09 appear in the department budgets for Agriculture, Management and Budget, Natural Resources, Military and Veterans Affairs, and Transportation.

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

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GLOSSARY

Frequently-Used State Budget Terms

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 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: 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.

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

FY 2008-09 Budget Detail

DIRECTOR'S OVERVIEW

**Overview
Resources Used in Enacted Budget
Tobacco Settlement Funds
Summary Tables**

OVERVIEW

FY 2008-09 DIRECTOR'S OVERVIEW Summary and Analysis

The enacted budget for Fiscal Year (FY) 2008-09 year-to-date (YTD) at October 10, 2008, includes \$43.8 billion in adjusted gross appropriations from the following sources:

- \$18.7 billion from state restricted funds.
- \$14.9 billion from federal funds.
- \$9.7 billion from General Fund/General Purpose (GF/GP) revenue.
- \$0.5 billion from local and private sources.

Compared to FY 2007-08 YTD (at October 10, 2008) appropriations, the enacted budget provides an adjusted gross increase of 1.9%, and a GF/GP decrease of 2.8%.

Please note that the FY 2008-09 Capital Outlay budget has not been enacted as of the date of this report; FY 2008-09 Capital Outlay items appear in the department budgets for Agriculture, Management and Budget, Natural Resources, Military and Veterans Affairs, and Transportation.

Consensus Revenue Estimates

The FY 2008-09 GF/GP budget is based on consensus revenue estimates agreed to at the May 16, 2008, Consensus Revenue Estimating Conference.

The FY 2008-09 estimates show a \$279.5 million (3.0%) decline in GF/GP revenue from FY 2007-08, and a \$332.4 million (2.9%) increase in School Aid Fund (SAF) revenue. The increase in SAF revenue is due, in part, to additional Michigan Business Tax (MBT) revenue dedicated to the SAF to offset local personal property tax cuts enacted as part of the new MBT.

Additional Funding

In addition to consensus revenue forecasts, funding for FY 2008-09 GF/GP expenditures includes the following:

- \$139.9 million in beginning balances.
- \$558.7 million revenue sharing freeze.
- \$45.0 million shift of short-term borrowing costs to the SAF.
- \$25 million of one-time insurance escheats.
- \$6.0 million from secondary collections.
- \$10.0 million transfer from the 21st Century Jobs Fund.
- \$10.0 million savings from bond refinancing.
- \$6.0 million transfer from Transportation Economic Development Fund.
- \$6.5 million from the sale of surplus state property.
- \$20.0 million from state contract savings.

In addition to consensus revenue forecasts, funding for FY 2008-09 School Aid Fund expenditures includes the following:

- \$67.8 million in beginning fund balances.
- \$1,562.0 million in federal funds.
- \$40.8 million transfer from GF/GP.

RESOURCES USED IN FY 2008-09 YEAR-TO-DATE BUDGET

Resources used to fund General Fund/General Purpose, School Aid Fund, Medicaid Benefits Trust Fund, and Merit Award Trust Fund expenditures in the FY 2008-09 YTD budget are reported below.

Please note that FY 2008-09 totals do not include Capital Outlay budget figures, which are unavailable at this time.

**FY 2008-09 GENERAL FUND/GENERAL PURPOSE
(Millions of Dollars)**

Beginning fund balance	\$139.9
Revenue estimate	8,884.6
Adjustments:	
Revenue sharing freeze	550.6
Shift short-term borrowing costs to SAF	45.0
Insurance escheats	25.0
Secondary collections	6.0
21st Century Jobs Fund transfer	10.0
Bond refinancing savings	10.0
Transportation Economic Development Fund transfer to GF/GP	6.0
Sale of surplus property	6.5
Savings from state contract efficiencies	20.0
Total Resources	\$9,703.6

Beginning Fund Balance: Carryforward from prior fiscal year.

Revenue Estimates: Revenue estimates agreed to at the May 2008 consensus revenue estimating conference.

Revenue Sharing Freeze: Increased GF/GP revenue as result of freezing revenue sharing at prior-year amount.

Short-Term Borrowing Costs: Cost of short-term notes for cash-flow shifted to SAF.

Insurance Escheats: One-time change allowing quicker escheats of unclaimed property from insurance companies.

Secondary Collections: Delinquent taxes collected by a private firm under contract with the state.

21st Century Jobs Fund Transfer: One-time transfer to GF/GP.

Bond Refinancing Savings: Savings from refinancing bonds at lower rates and for longer terms.

Transportation Economic Development Fund Transfer: One-time transfer to GF/GP.

Sale of Surplus Property: One-time proceeds from sale of surplus property.

Savings From State Contract Efficiencies: Expected savings from renegotiating and consolidating certain state contracts.

OVERVIEW

**FY 2008-09 SCHOOL AID FUND
(Millions of Dollars)**

Beginning balance	\$68.7
Revenue estimate	11,707.4
Adjustments:	
GF/GP transfer	40.8
Federal revenue	1,562.0
Total Resources	\$13,378.9

Beginning Balance: Carryforward from prior fiscal year.

Revenue Estimate: Revenue estimates agreed to at the May 2008 consensus revenue estimating conference.

GF/GP Transfer: Annual transfer; amount varies from year to year.

Federal Revenue: Includes grants for the (federal) No Child Left Behind Act, special education, school lunch, and other smaller grant programs.

**FY 2008-09 MEDICAID BENEFITS TRUST FUND
(Millions of Dollars)**

Estimated beginning balance	\$0.0
Estimated interest	4.1
Estimated deposit:	
Omnicare settlement	2.0
Revenue from cigarette tax	322.8
Revenue from other tobacco products tax	34.5
Subtotal: Available funds	\$363.4
Withdrawal in FY 2008-09	(363.4)
FY 2008-09 Medicaid Benefits Trust Fund Balance	\$0.0

**FY 2008-09 ESTIMATES
TOBACCO SETTLEMENT REVENUE/EXPENDITURES
(Millions of Dollars)**

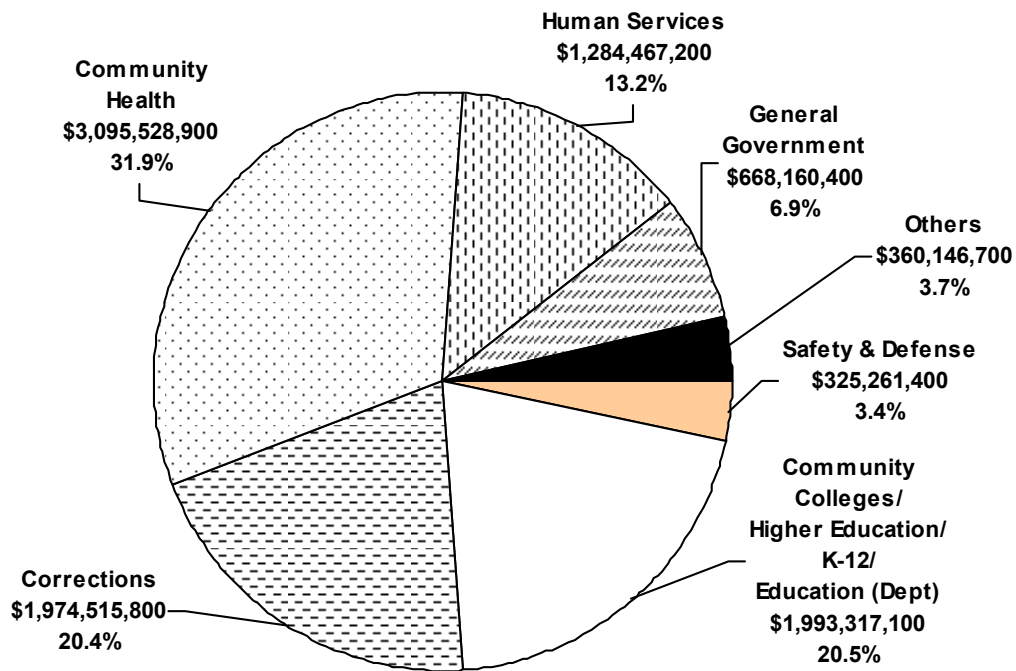
Merit Award Trust Fund Revenue

Tobacco settlement revenue	\$318.4
Estimated withheld payment	(25.0)
Payment on securitization bonds	(39.1)
Deposit to 21st Century Jobs Fund	(75.0)
Interest	0.9
Revenue Subtotal	\$180.2
Community Health: Medicaid base, long-term care services	(\$55.9)
Community Health: Aging – respite care	(5.0)
Higher Education: Merit award	(5.2)
Higher Education: Tuition incentive program	(15.9)
Higher Education: Promise Grant Program	(90.5)
Higher Education: Nursing scholarships	(4.2)
Attorney general administration	(0.4)
Treasury: Merit award/TIP administration	(2.3)
Treasury: Michigan education savings plan	(0.8)
Expense Subtotal	(\$180.2)
FY 2008-09 Merit Award Trust Fund Balance	\$0.0

OVERVIEW

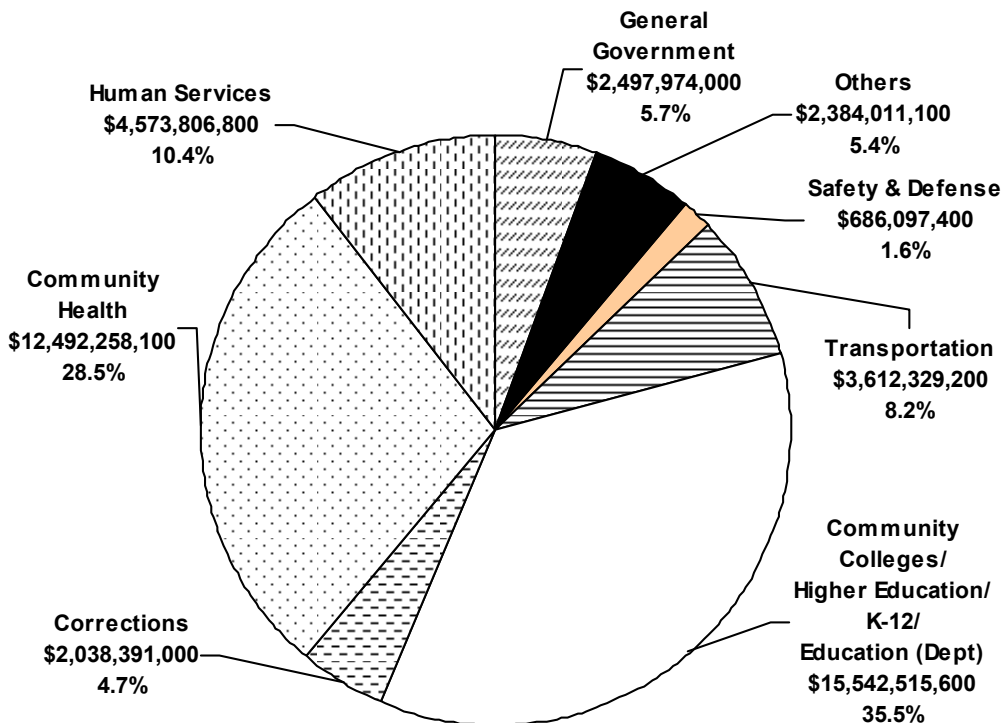
FY 2008-09 YTD General Fund/General Purpose (GF/GP) Appropriations

Total: \$9,701,397,500*



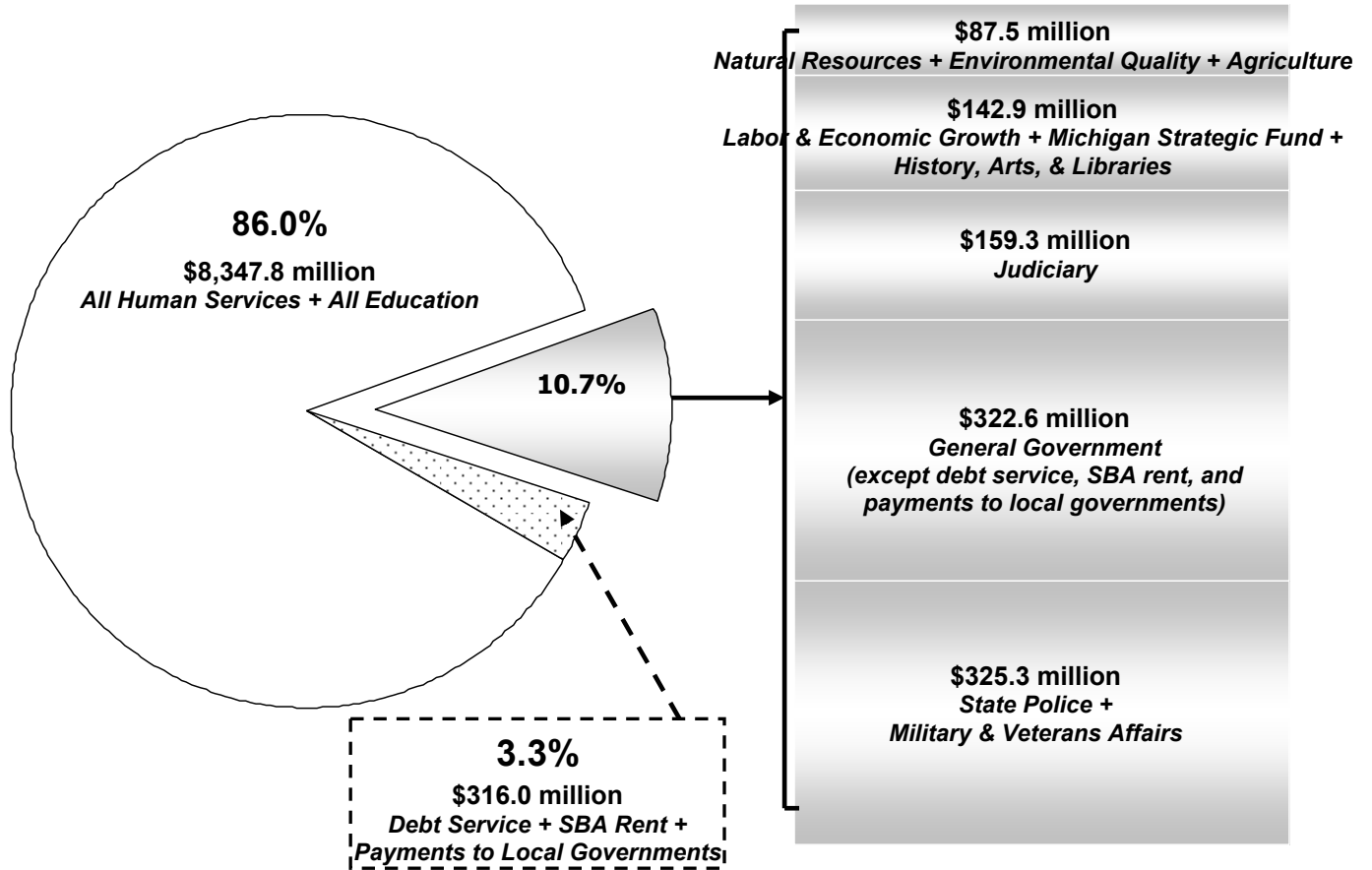
FY 2008-09 YTD Adjusted Gross Appropriations

Total: \$43,827,383,200*

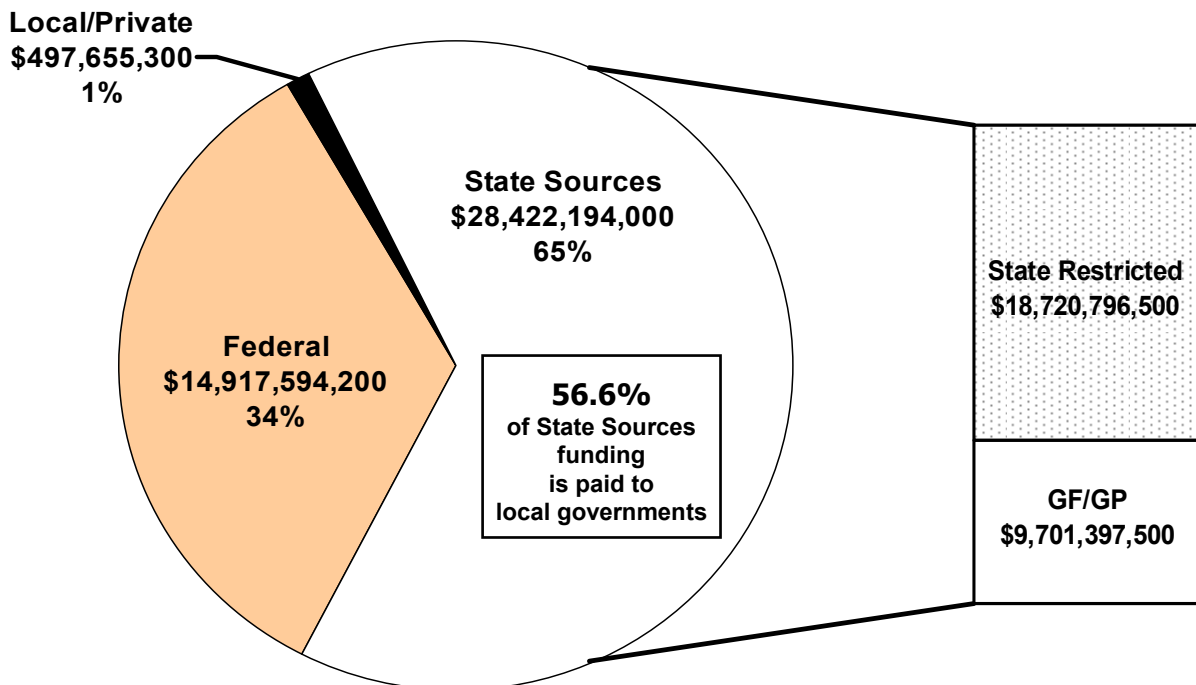


*FY 2008-09 totals do not include Capital Outlay budget figures, which are unavailable at this time.

FY 2008-09 GF/GP Distribution = \$9,701,397,500



FY 2008-09 Adjusted Gross Sources = \$43,837,443,500



OVERVIEW

SUMMARY TABLES

In the following tables:

FY 2008-09 Capital Outlay items appear in the department budgets for Agriculture, Management & Budget, Natural Resources, Military & Veterans Affairs, and Transportation

Appropriations in this table are year-to-date through October 10, 2008.

Table 1 (page 9) details the FY 2008-09 year-to-date budget by Source of Funds. When interdepartmental grants and intradepartmental transfers are deducted, gross appropriations of \$44.6 billion reduce to \$43.8 billion in adjusted gross appropriations. Please note that FY 2008-09 totals do not include Capital Outlay budget figures, which are unavailable at this time.

Tables 2 (page 10) and **3** (page 11) compare FY 2007-08 YTD appropriations to FY 2008-09 YTD appropriations.

Adjusted Gross Appropriations increase from \$43.02 billion in FY 2007-08 to \$43.83 billion in FY 2008-09, an increase of \$808.7 million or 1.9%.

GF/GP Appropriations decrease from \$9.98 billion in FY 2007-08 to \$9.70 billion in FY 2008-09, a decrease of \$279.0 million or 2.8%.

Table 4 (page 12) compares the number of Full-Time Equated (FTE) Positions (classified and unclassified) for FY 2007-08 YTD to FY 2008-09 YTD. A decrease of 1,685.6 FTEs or 2.95% in total FTEs is shown in Table 4—from 57,216.2 in FY 2007-08 to 55,530.3 in FY 2008-09. 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 (page 13) shows FY 2008-09 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 2008-09 YTD budget provides for \$16.1 billion in state spending to local units of government, 56.6% of the estimated \$28.4 billion in state spending from state resources—well within the constitutional requirement.

TABLE 1
FY 2008-09 YEAR-TO-DATE APPROPRIATIONS BY SOURCE OF FUNDS

Department/Budget Area	Gross	IDG/IDI	Adjusted Gross	Federal	Local	Private	State Restricted	GF/GP
Community Colleges	299,360,500	0	299,360,500	0	0	0	0	299,360,500
Education	95,143,100	0	95,143,100	70,598,500	6,924,600	3,087,800	6,980,800	7,551,400
Higher Education	1,769,105,200	0	1,769,105,200	7,400,000	0	0	116,100,000	1,645,605,200
School Aid	13,378,906,800	0	13,378,906,800	1,562,008,600	0	0	11,776,098,200	40,800,000
EDUCATION	\$15,542,515,600	\$0	\$15,542,515,600	\$1,640,007,100	\$6,924,600	\$3,087,800	\$11,899,179,000	\$1,993,317,100
Attorney General	76,409,700	24,301,000	52,108,700	8,050,800	0	0	11,927,600	32,130,300
Civil Rights	14,475,300	0	14,475,300	2,057,300	0	0	0	12,418,000
Executive Office	5,317,300	0	5,317,300	0	0	0	0	5,317,300
Information Technology	432,534,600	432,534,600	0	0	0	0	0	0
Legislative Auditor General	15,891,200	1,801,500	14,089,700	0	0	0	1,539,900	12,549,800
Legislature	114,504,000	0	114,504,000	0	0	400,000	1,109,800	112,994,200
Management and Budget	551,059,700	167,603,800	383,455,900	10,743,700	1,992,900	150,000	77,694,100	292,875,200
Michigan Strategic Fund	149,643,700	80,300	149,563,400	55,438,800	0	715,600	63,805,200	29,603,800
State	214,776,400	20,000,000	194,776,400	5,673,700	0	100	162,573,800	26,528,800
Treasury: Operations	411,843,200	10,814,400	401,028,800	36,868,900	1,105,100	0	287,132,300	75,922,500
Treasury: Debt/Revenue Sharing	1,168,654,500	0	1,168,654,500	0	0	0	1,100,834,000	67,820,500
GENERAL GOVERNMENT	\$3,155,109,600	\$657,135,600	\$2,497,974,000	\$118,833,200	\$3,098,000	\$1,265,700	\$1,706,616,700	\$668,160,400
Community Health	12,533,142,000	40,883,900	12,492,258,100	7,225,985,400	241,578,600	66,686,800	1,862,478,400	3,095,528,900
Corrections	2,039,668,200	1,277,200	2,038,391,000	10,350,200	430,300	0	53,094,700	1,974,515,800
Human Services	4,576,223,500	2,416,700	4,573,806,800	3,170,414,600	47,161,100	10,174,700	61,589,200	1,284,467,200
HUMAN SERVICES	\$19,149,033,700	\$44,577,800	\$19,104,455,900	\$10,406,750,200	\$289,170,000	\$76,861,500	\$1,977,162,300	\$6,354,511,900
Agriculture	105,342,700	9,539,200	95,803,500	16,121,900	0	237,200	46,955,800	32,488,600
Environmental Quality	363,703,700	18,890,200	344,813,500	130,636,100	0	455,700	169,309,900	44,411,800
Natural Resources	289,227,100	3,802,200	285,424,900	51,702,100	0	4,745,000	218,353,600	10,624,200
RESOURCE PROTECTION	\$758,273,500	\$32,231,600	\$726,041,900	\$198,460,100	\$0	\$5,437,900	\$434,619,300	\$87,524,600
Military and Veterans Affairs	183,807,900	1,681,200	182,126,700	109,988,200	1,284,600	1,463,700	29,050,400	40,339,800
State Police	530,292,600	26,321,900	503,970,700	94,733,400	8,522,200	263,600	115,529,900	284,921,600
SAFETY AND DEFENSE	\$714,100,500	\$28,003,100	\$686,097,400	\$204,721,600	\$9,806,800	\$1,727,300	\$144,580,300	\$325,261,400
Capital Outlay	0	0	0	0	0	0	0	0
History, Arts, and Libraries	52,847,000	668,600	52,178,400	7,757,400	200,000	312,400	4,167,800	39,740,800
Judiciary	261,904,000	2,573,500	259,330,500	5,126,400	6,093,100	842,500	87,947,900	159,320,600
Labor and Economic Growth	1,387,394,800	30,774,200	1,356,620,600	874,942,400	15,889,200	5,314,300	386,914,000	73,560,700
Transportation	3,612,229,200	0	3,612,229,200	1,460,995,800	71,624,200	0	2,079,609,200	0
ALL OTHERS	\$5,314,375,000	\$34,016,300	\$5,280,358,700	\$2,348,822,000	\$93,806,500	\$6,469,200	\$2,558,638,900	\$272,622,100
TOTAL APPROPRIATIONS	\$44,633,407,900	\$795,964,400	\$43,837,443,500	\$14,917,594,200	\$402,805,900	\$94,849,400	\$18,720,796,500	\$9,701,397,500

Notes: FY 2008-09 Capital Outlay items appear in the department budgets for Agriculture, Management & Budget, Natural Resources, Military & Veterans Affairs, and Transportation; appropriations in this table are year-to-date through October 10, 2008.

OVERVIEW

TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2008-09 Year-To-Date Compared with FY 2007-08 Year-to-Date

<u>Department/Budget Area</u>	<u>FY 2007-08 YTD</u>	<u>FY 2008-09 YTD</u>	<u>FY 2008-09 vs. FY 2007-08</u>	
			<u>Difference</u>	
Community Colleges	318,938,800	299,360,500	(19,578,300)	-6.1%
Education	99,904,800	95,143,100	(4,761,700)	-4.8%
Higher Education	1,886,675,700	1,769,105,200	(117,570,500)	-6.2%
School Aid	12,897,780,100	13,378,906,800	481,126,700	3.7%
EDUCATION	\$15,203,299,400	\$15,542,515,600	\$339,216,200	2.2%
Attorney General	51,343,900	52,108,700	764,800	1.5%
Civil Rights	14,815,800	14,475,300	(340,500)	-2.3%
Executive Office	5,317,300	5,317,300	0	0.0%
Information Technology	0	0	0	
Legislative Auditor General	14,026,700	14,089,700	63,000	0.4%
Legislature	114,504,000	114,504,000	0	0.0%
Management and Budget	368,252,600	383,455,900	15,203,300	4.1%
Michigan Strategic Fund	219,971,700	149,563,400	(70,408,300)	-32.0%
State	191,076,400	194,776,400	3,700,000	1.9%
Treasury: Operations	407,353,100	401,028,800	(6,324,300)	-1.6%
Treasury: Debt/RevenueShare	1,162,977,000	1,168,654,500	5,677,500	0.5%
GENERAL GOVERNMENT	\$2,549,638,500	\$2,497,974,000	(\$51,664,500)	-2.0%
Community Health	12,121,887,900	12,492,258,100	370,370,200	3.1%
Corrections	2,078,416,500	2,038,391,000	(40,025,500)	-1.9%
Human Services	4,619,495,900	4,573,806,800	(45,689,100)	-1.0%
HUMAN SERVICES	\$18,819,800,300	\$19,104,455,900	\$284,655,600	1.5%
Agriculture	99,196,000	95,803,500	(3,392,500)	-3.4%
Environmental Quality	352,831,500	344,813,500	(8,018,000)	-2.3%
Natural Resources	285,437,100	285,424,900	(12,200)	0.0%
RESOURCE PROTECTION	\$737,464,600	\$726,041,900	(\$11,422,700)	-1.5%
Military and Veterans Affairs	134,009,800	182,126,700	48,116,900	35.9%
State Police	544,831,000	503,970,700	(40,860,300)	-7.5%
SAFETY AND DEFENSE	\$678,840,800	\$686,097,400	\$7,256,600	1.1%
Capital Outlay	95,880,400	N/A	(95,880,400)	-100.0%
History, Arts, and Libraries	49,332,828	52,178,400	2,845,572	5.8%
Judiciary	257,257,500	259,330,500	2,073,000	0.8%
Labor and Economic Growth	1,277,034,900	1,356,620,600	79,585,700	6.2%
Transportation	3,360,195,600	3,612,229,200	252,033,600	7.5%
ALL OTHERS	\$5,039,701,228	\$5,280,358,700	\$240,657,472	4.8%
TOTAL APPROPRIATIONS	\$43,028,744,828	\$43,837,443,500	\$808,698,672	1.9%

Notes: FY 2008-09 Capital Outlay items appear in the department budgets for Agriculture, Management & Budget, Natural Resources, Military & Veterans Affairs, and Transportation; appropriations in this table are year-to-date through October 10, 2008.

TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2008-09 Year-To-Date Compared with FY 2007-08 Year-to-Date

<u>Department/Budget Area</u>	<u>FY 2007-08 YTD</u>	<u>FY 2008-09 YTD</u>	<u>FY 2008-09 vs. FY 2007-08</u> <u>Difference</u>	
Community Colleges	318,938,800	299,360,500	(19,578,300)	-6.1%
Education	7,075,400	7,551,400	476,000	6.7%
Higher Education	1,669,827,100	1,645,605,200	(24,221,900)	-1.5%
School Aid	34,909,600	40,800,000	5,890,400	16.9%
EDUCATION	\$2,030,750,900	\$1,993,317,100	(\$37,433,800)	-1.8%
Attorney General	32,036,600	32,130,300	93,700	0.3%
Civil Rights	12,437,200	12,418,000	(19,200)	-0.2%
Executive Office	5,317,300	5,317,300	0	0.0%
Information Technology	0	0	0	
Legislative Auditor General	12,486,800	12,549,800	63,000	0.5%
Legislature	112,994,200	112,994,200	0	0.0%
Management and Budget	293,522,000	292,875,200	(646,800)	-0.2%
Michigan Strategic Fund	33,073,000	29,603,800	(3,469,200)	-10.5%
State	28,797,200	26,528,800	(2,268,400)	-7.9%
Treasury: Operations	73,419,300	75,922,500	2,503,200	3.4%
Treasury: Debt/Revenue	66,397,500	67,820,500	1,423,000	2.1%
GENERAL GOVERNMENT	\$670,481,100	\$668,160,400	(\$2,320,700)	-0.3%
Community Health	3,217,758,000	3,095,528,900	(122,229,100)	-3.8%
Corrections	1,996,084,500	1,974,515,800	(21,568,700)	-1.1%
Human Services	1,406,908,800	1,284,467,200	(122,441,600)	-8.7%
HUMAN SERVICES	\$6,620,751,300	\$6,354,511,900	(\$266,239,400)	-4.0%
Agriculture	31,573,200	32,488,600	915,400	2.9%
Environmental Quality	42,763,200	44,411,800	1,648,600	3.9%
Natural Resources	23,743,200	10,624,200	(13,119,000)	-55.3%
RESOURCE PROTECTION	\$98,079,600	\$87,524,600	(\$10,555,000)	-10.8%
Military and Veterans Affairs	40,503,800	40,339,800	(164,000)	-0.4%
State Police	276,579,300	284,921,600	8,342,300	3.0%
SAFETY AND DEFENSE	\$317,083,100	\$325,261,400	\$8,178,300	2.6%
Capital Outlay	2,100	N/A	(2,100)	-100.0%
History, Arts, and Libraries	39,219,128	39,740,800	521,672	1.3%
Judiciary	157,996,700	159,320,600	1,323,900	0.8%
Labor and Economic Growth	46,002,700	73,560,700	27,558,000	59.9%
Transportation	0	0	0	
ALL OTHERS	\$243,220,628	\$272,622,100	\$29,401,472	12.1%
TOTAL APPROPRIATIONS	\$9,980,366,628	\$9,701,397,500	(\$278,969,128)	-2.8%

Notes: FY 2008-09 Capital Outlay items appear in the department budgets for Agriculture, Management & Budget, Natural Resources, Military & Veterans Affairs, and Transportation; appropriations in this table are year-to-date through October 10, 2008.

OVERVIEW

TABLE 4
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2008-09 Year-To-Date Compared with FY 2007-08 Year-to-Date

<u>Department/Budget Area</u>	<u>FY 2007-08 YTD</u>	<u>FY 2008-09 YTD</u>	<u>FY 2008-09 vs. FY 2007-08 Difference</u>	
Community Colleges	0.0	0.0	0.0	
Education	472.5	488.5	16.0	3.4%
Higher Education	1.0	1.0	0.0	0.0%
School Aid	0.0	0.0	0.0	
EDUCATION	473.5	489.5	16.0	3.4%
Attorney General	562.0	543.0	(19.0)	-3.4%
Civil Rights	141.0	132.0	(9.0)	-6.4%
Executive Office	84.2	84.2	0.0	0.0%
Information Technology	1,780.4	1,660.0	(120.4)	-6.8%
Legislative Auditor General	0.0	0.0	0.0	
Legislature	0.0	0.0	0.0	
Management and Budget	995.0	1,431.0	436.0	43.8%
Michigan Strategic Fund	152.0	153.0	1.0	0.7%
State	1,859.8	1,815.0	(44.8)	-2.4%
Treasury: Operations	1,753.5	1,693.5	(60.0)	-3.4%
Treasury: Debt/Revenue Sharing	0.0	0.0	0.0	
GENERAL GOVERNMENT	7,327.9	7,511.7	183.8	2.5%
Community Health	4,767.6	4,608.7	(158.9)	-3.3%
Corrections	17,653.4	17,103.0	(550.4)	-3.1%
Human Services	10,580.4	10,401.8	(178.6)	-1.7%
HUMAN SERVICES	33,001.4	32,113.5	(887.9)	-2.7%
Agriculture	692.5	600.5	(92.0)	-13.3%
Environmental Quality	1,567.7	1,526.7	(41.0)	-2.6%
Natural Resources	2,088.9	1,273.9	(815.0)	-39.0%
RESOURCE PROTECTION	4,349.1	3,401.1	(948.0)	-21.8%
Military and Veterans Affairs	1,022.0	992.0	(30.0)	-2.9%
State Police	2,902.0	2,927.0	25.0	0.9%
SAFETY AND DEFENSE	3,924.0	3,919.0	(5.0)	-0.1%
Capital Outlay	0.0	0.0	0.0	
History, Arts, and Libraries	235.0	232.0	(3.0)	-1.3%
Judiciary	519.0	491.0	(28.0)	-5.4%
Labor and Economic Growth	4,351.0	4,358.5	7.5	0.2%
Transportation	3,035.3	3,014.3	(21.0)	-0.7%
ALL OTHERS	8,140.3	8,095.8	(44.5)	-0.5%
TOTAL FTE POSITIONS	57,216.2	55,530.6	(1,685.6)	-2.95%

*Includes classified, unclassified, and nonlegislative exempt positions

Notes: FY 2008-09 Capital Outlay items appear in the department budgets for Agriculture, Management & Budget, Natural Resources, Military & Veterans Affairs, and Transportation; appropriations in this table are year-to-date through October 10, 2008.

TABLE 5
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2008-09 Year-To-Date

<u>Department/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	299,360,500	299,360,500	100.0%
Education	14,532,200	0	0.0%
Higher Education	1,761,705,200	3,759,100	0.2%
School Aid	11,816,898,200	11,602,465,900	98.2%
EDUCATION	\$13,892,496,100	\$11,905,585,500	85.7%
Attorney General	44,057,900	0	0.0%
Civil Rights	12,418,000	0	0.0%
Executive Office	5,317,300	0	0.0%
Information Technology	0	0	
Auditor General	14,089,700	0	0.0%
Legislature	114,104,000	0	0.0%
Management and Budget	370,569,300	0	0.0%
Michigan Strategic Fund	93,409,000	1,800,000	1.9%
State	189,102,600	1,253,800	0.7%
Treasury: Operations	363,054,800	147,914,600	40.7%
Treasury: Debt/Revenue Sharing	1,168,654,500	1,085,531,500	92.9%
GENERAL GOVERNMENT	\$2,374,777,100	\$1,236,499,900	52.1%
Community Health	4,958,007,300	1,275,247,400	25.7%
Corrections	2,027,610,500	89,162,800	4.4%
Human Services	1,346,056,400	143,572,200	10.7%
HUMAN SERVICES	\$8,331,674,200	\$1,507,982,400	18.1%
Agriculture	79,444,400	2,416,800	3.0%
Environmental Quality	213,721,700	0	0.0%
Natural Resources	228,977,800	8,357,000	3.6%
RESOURCE PROTECTION	\$522,143,900	\$10,773,800	2.1%
Military and Veterans Affairs	69,390,200	120,000	0.2%
State Police	400,451,500	20,741,100	5.2%
SAFETY AND DEFENSE	\$469,841,700	\$20,861,100	4.4%
Capital Outlay	N/A	N/A	
History, Arts, and Libraries	43,908,600	11,228,400	25.6%
Judiciary	247,268,500	124,193,800	50.2%
Labor and Economic Growth	460,474,700	48,655,800	10.6%
Transportation	2,079,609,200	1,211,011,600	58.2%
ALL OTHER	\$2,831,261,000	\$1,395,089,600	49.3%
TOTALS	\$28,422,194,000	\$16,076,792,300	56.6%

Notes: FY 2008-09 Capital Outlay items appear in the department budgets for Agriculture, Management & Budget, Natural Resources, Military & Veterans Affairs, and Transportation; appropriations in this table are year-to-date through October 10, 2008.

**FY 2008-09
Budget Detail
for
EDUCATION**

**Community Colleges
Department of Education
Higher Education
School Aid**

COMMUNITY COLLEGES
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 255 (Senate Bill 1093)

Analysts: Ben Gielczyk and Kyle I. Jen

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 Senate	FY 2008-09 House	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 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	318,928,800	302,228,800	302,228,800	310,617,000	299,360,500	(19,568,300)	(6.1)
Gross	\$318,928,800	\$302,228,800	\$302,228,800	\$310,617,000	\$299,360,500	(\$19,568,300)	(6.1)
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

The Community Colleges budget includes funds for operation 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.

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD	Enacted Change From YTD
1. Removal of One-Time Payment	Gross	\$25,759,800	(\$25,759,800)
Removes one-time payment made to the colleges in FY 2007-08 to repay August 2007 monthly payment; a reduction of \$25.8 million.	GF/GP	\$25,759,800	(\$25,759,800)
2. Community College Operations	Gross	\$286,821,300	\$5,736,500
Provides 2% overall increase of 2% (\$5.7 million GF/GP) for community college operations. Funds are distributed based on a formula developed by the 2006 performance indicator task force.	GF/GP	\$286,821,300	\$5,736,500
3. Renaissance Zone Tax Reimbursement	Gross	\$3,025,000	\$455,000
Provides increase for projected 15.0% growth in statutorily-required renaissance zone reimbursements to colleges—an increase of \$455,000.	GF/GP	\$3,025,000	\$455,000

Major Boilerplate Changes From FY 2007-08

Sec. 208. Entrepreneurship Curriculum – DELETED

Requires Department of Labor and Economic Growth to work with colleges to implement an accelerated entrepreneurship curriculum.

Sec. 220. ITEM Funding – DELETED

States legislative intent to restore infrastructure, technology, equipment, and maintenance (ITEM) funding for colleges.

Sec. 224. Collaboration With Four-Year Universities – REVISED

Encourages community colleges to explore ways of increasing collaboration and cooperation with universities. Revision adds subsections on responding to local employment needs through developing strategies in collaboration with employers and other community colleges, and encouraging statewide summit on a strategy to meet employment needs of the state.

Sec. 235. Postsecondary Enrollment – DELETED

States legislative intent for workgroup to make recommendations regarding postsecondary enrollment credits.

Major Boilerplate Changes From FY 2007-08

Sec. 241. Nursing Education Programs and Grants – REVISED

States legislative intent that community colleges expand nursing program offerings and enrollments. States that students are eligible for financial assistance through Michigan Nursing Scholarship program and Michigan nursing corps grants.

Sec. 243. Michigan New Jobs Training Program – NEW

States legislative intent to develop and pass legislation that would authorize community colleges to issue debt to fund customized workforce development training.

Sec. 246. Nursing Shortage Workgroup – NEW

States legislative intent that a workgroup be formed including representatives from community colleges, state universities, and the health care community to address and resolve the nursing shortage in the state.

Sec. 247. Community College Automobile Purchases – NEW

Directs community colleges to purchase automobiles made in Michigan or elsewhere in the United States.

Sec. 304. Performance Indicator Formula – REVISED

Provides for 2% increase distributed pursuant to a formula developed by the performance indicator task force. Revision states legislative intent that performance indicators task force review and implement one or more measurable data items for the local strategic value indicator and an administrative cost formula component.

Sec. 405. Nursing Grants – REVISED

States legislative intent regarding community college nursing education programs. Revision moves language specific to Michigan nursing scholarship program to Sec. 241 (2).

**DEPARTMENT OF EDUCATION
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 212 (Senate Bill 1096)**

Analysts: Mary Ann Cleary and Bethany Wicksall

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 Senate	FY 2008-09 House	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	76,072,200	70,598,500	69,675,500	70,598,500	70,598,500	(5,473,700)	(7.2)
Local	6,448,900	6,924,600	6,924,600	6,924,600	6,924,600	475,700	7.4
Private	3,171,800	3,087,800	3,087,800	3,087,800	3,087,800	(84,000)	(2.6)
Restricted	7,136,500	6,980,800	6,980,800	6,980,800	6,980,800	(155,700)	(2.2)
GF/GP	7,075,400	8,074,500	7,874,500	8,124,600	7,551,400	476,000	6.7
Gross	\$99,904,800	\$95,666,200	\$94,543,200	\$95,716,300	\$95,143,100	(\$4,761,700)	(4.8)
FTEs	472.5	491.0	483.0	491.5	488.5	16.0	3.4

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

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 Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE 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 2007-08 YTD Appropriations

1. Educational Assessment and Accountability

Adds \$1.1 million and 7.0 FTEs as MDE assumes responsibility for certain educational assessment functions which are currently done under contract to avoid future contract cost increases. Provides \$117,200 and 1.0 FTE for additional English Language Proficiency Assessment staff and \$300,000 to support a best practices study for assessing students with disabilities. Includes reductions of \$4.0 million for the data articulation system, \$3.0 million in one-time funds for creation of the testing item bank, \$455,000 for the longitudinal data system, and \$292,100 in administrative funding.

	FY 2007-08 YTD	Enacted Change From YTD
FTEs	34.3	8.0
Gross	\$15,608,100	(\$6,222,000)
Federal	15,608,100	(6,222,000)
GF/GP	\$0	\$0

2. Audit and Oversight of School Aid Programs

Reflects increase for audit and oversight of school aid programs including \$267,000 and 3.0 FTEs for high priority schools, \$89,000 and 1.0 FTE for at-risk programs, \$89,000 and 1.0 FTE for the school readiness program, and \$89,000 and 1.0 FTE for special education programs in order to comply with recent audit recommendations.

FTEs	N/A	6.0
Gross	N/A	\$534,000
GF/GP	N/A	\$534,000

3. Michigan Schools for the Deaf and Blind (MSDB)

Adds 6.0 FTEs at the MSDB at a cost of \$480,000 in anticipation of 10% growth in student membership. Reduces budget by \$90,000 to eliminate the Summer Institute program whose services are now offered at MDE's Low Incidence Outreach Center.

FTEs	103.0	6.0
Gross	\$13,184,100	\$390,000
Federal	5,997,300	0
Local	6,227,600	480,000
Private	740,600	(90,000)
Restricted	218,600	0

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>	<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
4. Consolidated Administrative and IT Services	FTEs	N/A (5.0)
Recognizes the transfer of human resources operations to the Civil Service Commission for a reduction of \$603,500 and 5.0 FTEs and IT administrative savings of \$10,300. Also includes an increase of \$100,000 to support consolidated internal audit operations.	Gross	N/A (\$513,800)
	Federal	N/A (342,400)
	Local	N/A (500)
	Restricted	N/A (54,400)
	GF/GP	N/A (\$116,500)
5. Federal School Improvement Grant	FTEs	0.0 5.0
Provides 5.0 FTEs and \$923,000 in federal funds to administer a new \$17.5 million federal school improvement grant in the School Aid budget.	Gross	\$0 \$923,000
	Federal	0 923,000
6. Teacher Tenure Support Staff	FTE	0.0 0.5
Adds \$48,300 and 0.5 FTE to help eliminate the backlog in teacher tenure cases.	Gross	\$0 \$48,300
	GF/GP	\$0 \$48,300
7. Economics	Gross	N/A \$137,000
Provides \$137,000 gross (\$15,600 GF/GP) increase for economic changes in salaries and wages, retirement, insurance, workers compensation, and building occupancy charges.	Federal	N/A 120,500
	Local	N/A (3,800)
	Private	N/A 6,000
	Restricted	N/A (1,300)
	GF/GP	N/A \$15,600

Major Boilerplate Changes From FY 2007-08

Sec. 215. Professional Development Travel – NEW

Prohibits more than one employee from traveling out of state for a professional development conference or training seminar unless the conference or seminar is funded with federal or private dollars and requires more than one person from the Department to attend.

Sec. 217. Auditor General Bills – DELETED

Requires that MDE pay Auditor General bills within 60 days for costs incurred doing audits of federally-funded programs.

Sec. 503. Teacher Preparation Programs – REVISED

Provides \$100,000 each for Central Michigan University alternative route to certification program and Wayne State University pathways to teaching program. Requires a report for the programs including number of teachers certified, time served in the classroom, and teacher evaluations. Adds language directing MDE to work with the universities to review the report results to determine subsequent funding strategies.

Sec. 604. Cyberschools – NEW

Requires MDE to report on barriers to the operation of cyberschools for special student populations including dropouts and expelled students.

HIGHER EDUCATION

**HIGHER EDUCATION
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 213 (Senate Bill 1099)**

Analyst: Kyle I. Jen

	FY 2007-08 YTD as of 2/7/08	FY 2008-09 Executive	FY 2008-09 Senate	FY 2008-09 House	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	7,400,000	7,400,000	7,400,000	7,400,000	7,400,000	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	127,200,000	116,100,000	116,100,000	116,100,000	116,100,000	(11,100,000)	(8.7)
GF/GP	1,761,775,700	1,675,926,000	1,675,926,000	1,675,926,000	1,645,605,200	(116,170,500)	(6.6)
Gross	\$1,896,375,700	\$1,799,426,000	\$1,799,426,000	\$1,799,426,000	\$1,769,105,200	(\$127,270,500)	(6.7)
FTEs	1.0	1.0	1.0	1.0	1.0	0.0	0.0

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through February 7, 2008.

Overview

The FY 2008-09 Higher Education budget act contains four articles: Article 1 contains a total summary unit for the bill, Article 2 covers Research Universities (Michigan State, University of Michigan-Ann Arbor, Wayne State), Article 3 covers State Universities (the remaining 12 public universities), and Article 4 covers State and Regional Programs, the King-Chavez-Parks Program, and Financial Aid.

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD (as of 2/7/08)	Enacted Change From YTD
1. Removal of One-Time Payment	Gross	\$138,736,000	(\$138,736,000)
Removes one-time payment made to the 15 public universities in FY 2007-08 to repay August 2007 monthly payment.	GF/GP	\$138,736,000	(\$138,736,000)
2. University Operations	Gross	\$1,452,727,300	\$14,527,300
Provides an across-the-board increase of 1.0% to the 15 public universities.	GF/GP	\$1,452,727,300	\$14,527,300
3. Agricultural Experiment Station	Gross	\$33,996,200	\$340,000
Increases Agricultural Experiment Station line item by 1.0%.	GF/GP	\$33,996,200	\$340,000
4. Cooperative Extension Service	Gross	\$29,322,000	\$293,200
Increases Cooperative Extension Service line item by 1.0%.	GF/GP	\$29,322,300	\$293,200
5. State Competitive Scholarships	Gross	\$35,530,500	\$0
Maintains line item for need-based awards to students qualifying on ACT at current-year level; uses GF/GP to offset \$1.2 million in one-time restricted funds from Michigan Higher Education Assistance Authority Operating Fund.	Federal	2,900,000	0
	Restricted	1,200,000	(1,200,000)
	GF/GP	\$31,430,500	\$1,200,000
6. Tuition Grants	Gross	\$56,668,100	\$0
Maintains line item for need-based awards to students attending independent institutions at current-year level, and offsets \$1.4 million in one-time carryforward funds with GF/GP.	Restricted	1,400,000	(1,400,000)
	GF/GP	\$55,268,100	\$1,400,000
7. Merit Award and Promise Grant Programs	Gross	\$103,500,000	(\$7,800,000)
Reflects \$7.8 million net reduction for transition from Merit Award Program to new Michigan Promise Grant Program. Appropriates \$90.5 million for Program Grant awards to 2007 and 2008 high school graduates, and \$5.2 million for ongoing Merit Awards to high school graduates from prior classes. Estimated cost increase of \$60 million for Promise Grant awards paid after completion of two years of college will occur in FY 2009-10.	Restricted	103,500,000	(7,800,000)

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		FY 2007-08 YTD (as of 2/7/08)	Enacted Change From YTD
8. Tuition Incentive Program (TIP)	Gross	\$21,100,000	\$4,100,000
Funds projected 19.4% growth in program costs due to continued growth in program participation. Program provides financial aid to Medicaid-eligible students subsequently graduating from high school and enrolling in college.	Restricted	15,850,000	0
	GF/GP	\$5,250,000	\$4,100,000
9. Children of Veterans Tuition Grant Program	Gross	\$1,000,000	\$0
Maintains line at current-year level and offsets \$700,000 in restricted funds with GF/GP to reflect available level of income tax check-off revenue.	Restricted	1,000,000	(700,000)
	GF/GP	\$0	\$700,000

Major Boilerplate Changes From FY 2007-08

Sec. 216. Postsecondary Student Data System – NEW

Requires report from state universities on steps being taken toward and challenges associated with development of student-level data that could be submitted to state data system.

Sec. 217. Conflicts of Interest – NEW

States legislative intent that state university governing boards examine university operations for potential conflicts of interest.

Sec. 301(6). State Competitive Scholarships – NEW

States legislative intent to secure a 1.0% increase for the State Competitive Scholarship Program.

Sec. 302(7). Tuition Grants – NEW

States legislative intent to secure a 1.0% increase for the Tuition Grant Program.

Sec. 315. Financial Aid Report – NEW

Requires annual report from Department of Treasury on state financial aid programs.

Sec. 433. Project GREEN – REVISED

Earmarks funds from Agricultural Experiment and Extension line items for Project GREEN (Generating Research and Extension to meet Environmental and Economic Needs). Earmarks are increased to reflect 1.0% line item increases.

Sec. 434. Future Farmers of America – REVISED

States legislative intent that Michigan State University allocate \$80,000 to the Future Farmers of America Association. Statement of intent is changed to requirement.

Sec. 451. Indian Tuition Waiver Costs – NEW

States legislative intent to allocate funds for unfunded Indian Tuition Waiver costs from GF/GP balance at fiscal year-end.

Sec. 464. Research Commercialization – REVISED

Requires universities to submit plan regarding research commercialization. Revision prohibits universities from receiving allocation from Technology Commercialization Incentive Fund if plan is not submitted.

Sec. 469. Graduates Receiving Pell Grants – NEW

Requires universities to report the number of graduates who received Pell Grants during their enrollment.

Sec. 471. Timely Graduation – NEW

States legislative intent that universities limit changes to general graduation requirements during a student's enrollment and provide counseling to facilitate timely graduation.

Sec. 472. Payment Delay/Tuition Rates – NEW

States legislative intent that any university that increased its tuition rate based on the assumption it would not receive the delayed August 2007 payment rebate the tuition increase to its students.

Sec. 701. Enrollment Reporting – REVISED

Provides for exclusion of certain categories of credit hours from enrollment data reported to state. Language is added clarifying the types of distance learning credit hours that can be reported.

Sec. 701a. New Degree Programs – REVISED

Lists new degree programs for which state universities may report enrollment data to state. Includes new list of programs approved by Presidents Council's Academic Affairs Officers Committee.

Sec. 715. Nursing Education – NEW

Requires report from Department of Labor and Economic Growth on the status of nursing education in Michigan.

SCHOOL AID

**SCHOOL AID
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 268 (Senate Bill 1107)**

Analysts: Mary Ann Cleary and Bethany Wicksall

IDG/IDT	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 Senate	FY 2008-09 House	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	1,476,003,900	1,562,008,600	1,562,008,600	1,562,008,600	1,562,008,600	86,004,700	5.8
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	11,386,866,600	11,910,219,100	11,776,812,400	11,810,371,000	11,776,098,200	389,231,600	3.4
GF/GP	34,909,600	43,000,000	43,000,000	43,000,300	40,800,000	5,890,400	16.9
Gross FTEs	\$12,897,780,100	\$13,515,227,700	\$13,381,821,000	\$13,415,379,900	\$13,378,906,800	\$481,126,700	3.7

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

The School Aid budget makes appropriations to the state's 552 local school districts, 230 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 2007-08 YTD Appropriations	FY 2007-08 YTD	Enacted Change From YTD
1. Proposal A Obligation Payment (Sec. 22a) Increases total funding to almost \$6.1 billion to incorporate estimates in taxable values, changes from the Michigan Business Tax related to the personal property tax exemptions and pupil membership blends.	Gross \$5,951,000,000 Restricted 5,951,000,000	\$141,000,000 141,000,000
2. Discretionary Payment (Sec. 22b) Increases funding for foundation allowances based on a formula that gives increases between \$56 per pupil and \$112 per pupil.	Gross \$3,681,250,000 Restricted 3,681,250,000	\$115,500,000 115,500,000
3. Durant – Cash Payments (Sec. 11f) Eliminates funding due to the end of the Durant cash payment.	Gross \$32,000,000 Restricted 32,000,000	(\$32,000,000) (32,000,000)
4. Durant – Debt Service Payment (Sec. 11g) Increases to a total of \$42.0 million to reflect the estimated required payment after the impact of FY 2006-07 refinancing.	Gross \$141,000 Restricted 141,000	\$41,859,000 41,859,000
5. School Bond Redemption Fund (Sec. 11j) Increases to a total of \$39.0 million to reflect the estimated required payment after the impact of FY 2006-07 refinancing.	Gross \$3,900,000 Restricted 3,900,000	\$35,100,000 35,100,000
6. Cash Flow Borrowing (Sec. 11m) Adds \$22.2 million to a total of \$45.0 million to cover part of state borrowing costs associated with making State Aid payments to school districts.	Gross \$22,800,000 Restricted 22,800,000	\$22,200,000 22,200,000
7. Small High School Infrastructure Program (Sec. 11n) Provides \$15.0 million for start-up/implementation grants of up to \$3.0 million over four years for each newly-configured school. Districts with graduation rates of less than 70% (or PSAs with majority of students residing in such a district) would be eligible. School must achieve graduation rate of at least 80% and have 80% of graduates enroll in postsecondary studies within six months of graduating or must return 50% of its total grant award.	Gross N/A Restricted N/A	\$15,000,000 15,000,000

SCHOOL AID

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
8. MBT Impact on Out-of-Formula Districts (Sec. 22e)	Gross	N/A	\$1,300,000
Provides \$1.3 million for districts that do not receive state foundation allowance payments but will see reduced local revenue from school operating taxes due to MBT property tax exemptions.	Restricted	N/A	1,300,000
9. Renaissance Zone Reimbursement (Sec. 26a)	Gross	\$50,000,000	\$7,500,000
Increases funding by \$7.5 million to \$57.5 million to reimburse districts for lost local revenue from renaissance zones.	Restricted	36,000,000	5,400,000
	GF/GP	\$14,000,000	\$2,100,000
10. Adolescent Health Centers (Sec. 31a(6))	Gross	\$3,743,000	\$1,000,000
Adds \$1.0 million for additional health centers.	Restricted	3,743,000	1,000,000
11. Great Start Communities Grants–ECIC (Sec. 32b)	Gross	\$1,750,000	\$5,000,000
Adds \$5.0 million for grants awarded to eligible ISDs as determined by the Early Childhood Investment Corporation (ECIC).	Restricted	1,750,000	5,000,000
12. Great Start Readiness Program – District Grants (Sec. 32d)	Gross	\$81,179,100	\$2,500,000
Adds \$2.5 million to increase the number of 4-year-olds served by 735 slots.	Restricted	80,900,000	2,500,000
	GF/GP	\$279,100	\$0
13. Great Start Readiness Program – Competitive Grants (Sec. 32L)	Gross	\$12,650,000	\$2,500,000
Adds \$2.5 million to a total of \$15.2 million for 735 additional slots.	GF/GP	\$12,650,000	2,500,000
14. Special Education Payment (Sec. 51a)	Gross	\$1,415,183,000	\$33,300,000
Increases funding by \$33.3 million to \$1.0 billion to reflect changes in number of special education students and estimated additional costs associated with educating these students.	Federal	424,700,000	0
	Restricted	990,483,000	33,300,000
15. Precollege Engineering and Science Grants (Sec. 65)	Gross	\$680,100	\$300,000
Maintains current funding for Detroit and Grand Rapids and provides \$75,000 each for new programs in Kalamazoo, Huron, Tuscola, and Bay-Arenac ISDs.	Restricted	680,100	300,000
16. ISDs General Operations (Sec. 81)	Gross	\$80,912,000	\$809,100
Increases funding by \$809,100 or 1% for ISD general operations.	Restricted	80,912,000	809,100
17. Center for Educational Performance (CEPI) (Sec. 94a)	Gross	\$5,978,600	\$1,750,000
Adds \$2.5 million GF/GP for the continued development of the longitudinal data collection, management and reporting system. CEPI would coordinate the electronic exchange of student records among K12s and postsecondary institutions to the extent funding is available.	Federal	3,543,200	(750,000)
	GF/GP	\$2,435,400	\$2,500,000
18. Math and Science Centers (Sec. 99)	Gross	\$7,956,000	\$793,300
Increases federal funds by \$793,300.	Federal	4,456,000	793,300
	GF/GP	\$3,500,000	\$0
19. Math Remediation Grants (Sec. 99a)	Gross	\$0	\$725,000
Provides \$725,000 for pilot grants to math and science centers that are selected by the mathematics and science centers network and the Michigan virtual university to develop and implement pilot programs for after-school and summer mathematics for eighth grade students.	Restricted	0	725,000
20. Assessment Testing Costs (Sec. 104)	Gross	\$34,200,000	\$2,585,700
Adds \$3.0 million in federal funds for rising costs for the testing contract.	Federal	8,800,000	3,035,300
Reduces restricted funds by \$449,600 due to implementation of 2008 PA 112 (HB 5531) and changes boilerplate to require all non-free lunch eligible students to pay for Merit Exam retakes, restrict any Merit Exam writing exams to only the ACT writing test, and require all three WorkKeys components to be administered. New language requires that MDE identify specific grade level content expectations to be taught before and after the middle of 11th grade, so that teachers will know what content will be covered in the Merit Exam.	Restricted	25,400,000	(449,600)

SCHOOL AID

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>	<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
21. Federal Aid – Non-Special Ed (Various Sections)	Gross \$1,476,003,900	\$86,004,700
Increases funds by \$86.0 million to \$1.6 billion total as estimated by MDE for all federal programs: \$753 million is for No Child Left Behind programs.	Federal 1,476,003,900	86,004,700
22. District Grants (Sections 99j and 99k)	Gross \$2,750,000	(\$100,000)
Adds \$1.0 million (Sec. 99j) for total of \$1.1 million for Grosse Pointe and \$450,000 for Harper Woods. Sec. 99k reduces funds for Redford Union to \$450,000; reduces funds for Chippewa Valley to \$150,000; maintains \$250,000 for Clintondale; and eliminates \$400,000 for Pontiac.	Restricted 2,750,000	(100,000)

Major Boilerplate Changes From FY 2007-08

Sec. 6(4)(r). Kindergarten Membership – REVISED

Provides that beginning FY 2009-10, to receive a full foundation allowance for pupils in a developmental or prekindergarten program, the number of class hours will need to match that of grades 1-12. Also provides that by FY 2010-11 to receive a full foundation allowance for kindergarten pupils, class hours will have to equal at least 60% of hours required for grades 1-12 and by FY 2011-12 will have to equal 70% of required hours for grades 1-12.

Sec. 6(11). District of the First Class – REVISED

Defines District of the First Class as a district with a membership greater than 60,000 in the immediately-preceding fiscal year for the purposes of the School Aid Act except in section 6(6) which still refers to the definition in the Revised School Code. [Section 6(6) prohibits another school district from enrolling pupils from a first class district at an instructional site inside the boundaries of a first class school district without the approval of the first class district.]

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

Increases the foundation allowance based on a formula that will give every district an increase of between \$56 and \$112 per pupil. New minimum foundation allowance will be \$7,316, and new basic allowance will be \$8,489.

Sec. 25c. Pupils Transferring to Detroit Public Schools (DPS) After the Count Day – REVISED

Requires DPS to bill not later than December 31 of the fiscal year following the year in which the pupil transferred, and allows for payment not later than October 31 of the second fiscal year after the pupil transferred. Allows the original district to bill DPS if it is determined that DPS owes funds to the district after accounting for transfer of students between the two schools.

Sec. 39. School Readiness Formula – District Grants – REVISED

Specifies formula for distribution of School Readiness district grants. Revision includes a hold harmless provision prior to awarding increases in funding.

Sec. 51a(15). Special Education PSA Students – NEW

Requires a written cost agreement between the resident and enrolling district or ISD for a special education pupil who is enrolled in a charter school in an ISD contiguous to the resident ISD. Absent an agreement, both the responsibility to provide and pay for the added costs of special education services would be that of the resident district and ISD.

Sec. 98. Michigan Virtual University (MVU) – REVISED

Requires that MVU work with postsecondary groups to develop an outreach plan with access to online resources designed to increase postsecondary enrollments, and that the MVU provide a report on schools served.

Sec. 107. Adult Education – REVISED

Earmarks up to \$500,000 of appropriation for competitive grants to districts who go into prisons to provide GED or high school completion programs. Adds language allowing Inkster to have a program based on an average of the three most recent fiscal years for which it received funding under this section.

Sec. 147. MP SER Retirement Rate – REVISED

Estimates percentage of payroll districts must allocate for public school employee retirement at 16.54%.

Enacting Section 2 – DELETED

Repeals Sec. 32 (intent language on early childhood funding from future revenues), Sec. 32e (FY 2007-08 hold-harmless funding for Michigan School Readiness Program (MSRP), and Sec. 99c (middle school math).

FY 2008-09

Budget Detail

for

GENERAL GOVERNMENT

Attorney General

Civil Rights

Executive Office

Information Technology

Legislature

Legislative Auditor General

Management and Budget

State

Treasury

ALL GENERAL GOVERNMENT

**ALL GENERAL GOVERNMENT
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 261 (House Bill 5816)**

Analyst: Viola Bay Wild

IDG/IDT	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$646,762,900	\$659,446,900	\$656,958,000	\$655,308,100	\$657,135,600	\$10,372,700	1.6
Federal	109,190,400	118,833,200	114,545,700	114,545,700	118,833,200	9,642,800	8.8
Local	2,800,700	3,098,000	3,098,000	3,098,000	3,098,000	297,300	10.6
Private	1,262,900	1,265,700	1,265,700	1,265,700	1,265,700	2,800	0.2
Restricted	1,759,277,500	1,717,834,300	1,715,834,300	1,704,894,500	1,706,616,700	(52,660,800)	(3.0)
GF/GP	644,438,300	657,443,500	659,615,100	668,654,100	668,160,400	23,722,100	3.7
Gross	\$3,163,732,700	\$3,157,921,600	\$3,151,316,800	\$3,147,766,100	\$3,155,109,600	(\$8,623,100)	(0.3)
FTEs	7,327.9	7,507.7	7,505.7	7503.7	7511.7	183.8	2.5

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview of All General Government Departments

The following are included in this budget bill: Executive Office, Legislature, and the Departments of Attorney General, Civil Rights, Information Technology (DIT), Management and Budget (DMB)—including Civil Service, State, and Treasury (including Lottery, Gaming Control Board, and Michigan Strategic Fund). The Department of Treasury budget also includes revenue sharing payments to local units of government and general obligation debt service.

Major Boilerplate Changes From FY 2007-08

Sec. 224. Travel Restrictions – NEW

Prohibits department approval of out-of-state travel for a conference or seminar for more than one employee unless the travel is funded by a federal or private source.

Sec. 225. Implementation of Continuous Improvement Plan – DELETED

Requires departments and agencies to implement continuous improvement efficiency mechanisms in programs to increase efficiency and reduce expenditures.

**ATTORNEY GENERAL
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 261 (House Bill 5816)**

Analyst: Viola Bay Wild

IDG/IDT	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$21,780,300	\$24,301,000	\$24,301,000	\$24,301,000	\$24,301,000	\$2,520,700	11.6
Federal	7,816,000	8,050,800	8,050,800	8,050,800	8,050,800	234,800	3.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	11,491,300	11,927,600	11,927,600	11,927,600	11,927,600	436,300	3.8
GF/GP	32,036,600	32,265,200	32,265,200	32,265,100	32,130,300	93,700	0.3
Gross	\$73,124,200	\$76,544,600	\$76,544,600	\$76,544,500	\$76,409,700	\$3,285,500	4.5
FTEs	562.0	543.0	543.0	543.0	543.0	(19.0)	(3.4)

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

The Attorney General (AG) 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; its goals include offering justice to victims of crime and delivering excellent legal services at a minimum cost to taxpayers.

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>	<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
1. FTE Adjustment Adjusts FTE allocation to reflect number of funded FTE positions.	FTEs 562.0 Gross \$0	(19.0) \$0
2. Operations Funding Adjustments Increases operations funding by \$3.0 million gross to reflect compensation for legal services provided by the Department through memos of understanding; includes \$200,000 increase in federal funding based on an award increase.	Gross \$66,825,900 IDG 21,455,300 Federal 5,660,200 Restricted 11,116,300 GF/GP \$28,594,100	\$3,005,000 2,424,000 200,000 381,000 \$0
3. GF/GP Reduction Reflects GF/GP reduction (\$79,800) and HMO contract savings (\$55,100).	Gross N/A GF/GP N/A	(\$134,900) (\$134,900)
4. Economic Adjustments Adds \$416,800 gross funding for salaries and wages, insurances, retirement, worker's compensation, and building occupancy charges; includes \$5,500 gross and GF/GP for DIT economics.	Gross N/A IDG N/A Federal N/A Restricted N/A GF/GP N/A	\$416,800 96,700 34,800 55,300 \$230,000

Major Boilerplate Changes From FY 2007-08

Sec. 307. Antitrust Revenue – PARTIAL VETO

Appropriates additional antitrust, securities fraud, consumer protection or class action enforcement revenue, or attorney fees recovered by the AG, up to \$250,000 to Department; carryforward of unexpended funds up to \$250,000, was vetoed.

Sec. 308. Appropriation of Litigation Expense Reimbursements – REVISED

Appropriates \$500,000 from litigation expense reimbursements; revision prohibits using funds for salaries/support costs.

Sec. 311. Medicaid Fraud Awards – VETOED

Appropriates funds collected for violations against Medicaid False Claims Act; allows carryforward of unexpended funds.

CIVIL RIGHTS

**CIVIL RIGHTS
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 261 (House Bill 5816)**

Analyst: Viola Bay Wild

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	2,307,700	2,057,300	2,057,300	2,057,300	2,057,300	(250,400)	(10.9)
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	12,437,200	12,471,100	12,471,100	12,471,100	12,418,000	(19,200)	(0.2)
Gross	\$14,744,900	\$14,528,400	\$14,528,400	\$14,528,400	\$14,475,300	(\$269,600)	(1.8)
FTEs	141.0	132.0	132.0	132.0	132.0	(9.0)	(6.4)

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

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, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
1. Information Technology Funding	Gross	N/A	\$75,000
Adds \$75,000 gross for new computer hardware and software equipment; funding will be used to replace current out-of-date computer systems.	Federal	N/A	15,000
	GF/GP	N/A	\$60,000
2. Human Resource Optimization Transfer	Gross	N/A	(\$8,700)
Reflects \$8,700 gross and GF/GP final reduction for Human Resources Optimization (reductions were taken annually during the five-year program).	GF/GP	N/A	(\$8,700)
3. Human Resources Consolidation	FTEs	N/A	(2.0)
Reflects reduction of \$201,200 gross and 2.0 FTEs due to transfer of all Human Resources responsibilities to Civil Service pursuant to EO 2007-30.	Gross	N/A	(\$201,200)
	Federal	N/A	(11,800)
	GF/GP	N/A	(\$189,400)
4. FTE Adjustment	FTEs	141.0	(7.0)
Eliminates 6.0 FTEs per Department's recommendation, and 1.0 FTE transferred to DMB for Internal Audit consolidation (EO 2007-31).	Gross	N/A	\$0
5. GF/GP Reduction	Gross	N/A	(\$53,100)
Reflects \$31,100 GF/GP reduction and \$22,000 HMO contract savings.	GF/GP	N/A	(\$53,100)
6. Economic Adjustments	Gross	N/A	\$172,600
Adds funds for salaries, wages, retirement, and building occupancy; reduces funds for insurances and workers' compensation.	GF/GP	N/A	\$172,600

Major Boilerplate Changes From FY 2007-08

None

EXECUTIVE OFFICE
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 261 (House Bill 5816)

Analyst: Viola Bay Wild

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 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	5,317,300	5,317,300	5,317,300	5,317,300	5,317,300	0	0.0
Gross	\$5,317,300	\$5,317,300	\$5,317,300	\$5,317,300	\$5,317,300	\$0	0.0
FTEs	84.2	84.2	84.2	84.2	84.2	0.0	0.0

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget. 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., Southeastern Michigan, and Upper Peninsula Offices.

Major Budget Changes From FY 2007-08 YTD Appropriations

	FY 2007-08 YTD	Enacted Change From YTD
None		
Gross	\$5,317,300	\$0
GF/GP	\$5,317,300	\$0

Major Boilerplate Changes From FY 2007-08

There is no boilerplate for the Executive office.

**INFORMATION TECHNOLOGY
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 261 (House Bill 5816)**

Analyst: Viola Bay Wild

IDG/IDT	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
	\$428,868,100	\$434,846,000	\$433,992,900	\$432,992,900	\$432,534,600	\$3,666,500	0.9
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	\$428,868,100	\$434,846,000	\$433,992,900	\$432,992,900	\$432,534,600	\$3,666,500	0.9
FTEs	1,780.4	1,660.0	1,660.0	1,660.0	1,660.0	(120.4)	(6.8)

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

The Department of Information Technology (DIT) acts as a general contractor between the state's information technology (IT) users and private sector providers of IT products and services: 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 DIT uses existing technology funds and state employees from within the other 19 executive branch departments and agencies. Each state department and agency requests spending authority to fund IT-related activities and pays for technology services rendered by DIT through an interdepartmental grant; administration of fund sources remains with each state department/agency.

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD	Enacted Change From YTD
1. FTE Adjustment	FTEs	1,780.4	(122.4)
Adjusts FTE allocation by 119.4 (classified) and 3.0 (unclassified) to reflect number of funded positions.	Gross	N/A	\$0
2. Management and Budget Program Enhancement	Gross	N/A	\$369,700
Increases funds for program enhancements in DMB budget: \$357,700 to upgrade telephone switch equipment for Retirement Call Center and \$12,000 for IT costs for new retirement customer service employees.	IDG	N/A	369,700
3. Human Resources Consolidation	Gross	N/A	\$0
Transfers \$433,300 in costs associated with Human Resources consolidation from various agency IT lines to Civil Service IT line item in DIT.			
4. Administrative Reduction	Gross	N/A	(\$233,400)
Reflects \$233,400 gross reduction to be realized through administrative efficiencies and reduced personnel.	IDG	N/A	(233,400)
5. Economic Adjustments	Gross	N/A	\$932,800
Provides \$932,800 gross for salaries and wages, insurances, retirement, worker's compensation, and building occupancy charges.	IDG	N/A	932,800

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>	<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
6. Base Adjustments and Administrative Reductions	FTEs	N/A
Adjusts funding to more accurately reflect IT services/projects appropriations in other state department budgets.	Gross	N/A
Adds the following:	IDG	2.0
		\$3,055,700
		3,055,700

- \$75,000 (Civil Rights) to replace some of Department's computers.
- \$14,900 (Civil Service Commission) to reflect actual IT appropriation.
- \$497,700 (Community Health) for certificate of need application processing system maintenance, expenditures for vital records application systems, and disaster recovery for public health systems.
- \$2.1 million (Corrections) for FY 2006-07 office automation rate adjustment, desktop maintenance and one-time computer costs, computer replacements, and file and print servers upgrade.
- \$179,500 (History, Arts and Libraries) to replace some computers and four servers, purchase software licenses, and upgrade network systems.
- \$3.3 million (Human Services) to reflect actual IT appropriation, transfer IT costs from Jobs, Education and Training program to DHS, and fund IT costs for new non-IT staff.
- \$90,000 (State) for server replacements.
- \$3.4 million (State Police) for Automated Fingerprint Identification System and traffic crash reporting system, 2.0 additional FTEs for Criminal Justice Information Center systems, addressing the Michigan Public Safety communication system structural deficit, and transfer of Northrop Grumman contract for MCOLES information/tracking network to Department's IT line.
- \$790,000 (Treasury) to replace servers, fund annual maintenance of taxpayer contact center, and reflect cost increase for motor fuel and tobacco tax system annual operation/maintenance.

Removes the following:

- \$498,000 one-time funding (DMB) for program for receiving electronic retirement payments from schools and purchase of customer contact and quality management software.
- \$5.3 million (Human Services) as part of agency's reduction plan.
- \$510,000 one-time funding (Corrections) for centralized tracking system and various program equipment.
- \$25,000 (Natural Resources) to reflect anticipated Michigan Civilian Conservation Corp revenue.
- \$1.0 million (Treasury) for secondary collections.

Major Boilerplate Changes From FY 2007-08

Sec. 582. Report on Website Improvements – NEW

Requires DIT to submit report on improvements made to Michigan.gov website.

Sec. 583. Change Orders and Follow-Up On Contracts – NEW

Requires report on change orders and contract extensions for contracts greater than \$25,000 entered into by DIT.

Sec. 586. Adjustment of Appropriation Line Items – REVISED

Allows state budget director to adjust spending authorization and user fees in DIT budget to properly align with IT appropriations in agency budgets, after notifying legislative appropriations committees.

Sec. 587. Antenna Site Management Project – NEW

Requires revenue collected from antenna site management project be deposited into project's revolving fund in DIT.

LEGISLATURE

LEGISLATURE

**Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 261 (House Bill 5816)**

Analyst: Viola Bay Wild

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$500,000	\$0	\$0	\$0	0.0
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	1,109,800	1,109,800	1,109,800	1,109,800	1,109,800	0	0.0
GF/GP	112,994,200	112,994,200	113,315,100	112,234,300	112,994,200	0	0.0
Gross	\$114,504,000	\$114,504,000	\$115,324,900	\$113,744,100	\$114,504,000	\$0	0.0
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

The Legislature budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, Legislative Retirement System, and Property Management. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. 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. Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>	<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
1. Legislative Corrections Ombudsman	Gross	N/A
Provides \$369,700 gross and GF/GP for Legislative Corrections Ombudsman in Legislative Council.	GF/GP	\$369,700
2. National Association Dues	Gross	N/A
Includes \$51,000 gross and GF/GP from budget savings to pay for annual dues of National Conference of Commissioners on Uniform State Laws.	GF/GP	\$51,000
3. Economic Adjustments	Gross	N/A
Reflects \$420,700 gross and GF/GP reduction for legislative economic adjustments and property management expenses.	GF/GP	(\$420,700)

Major Boilerplate Changes From FY 2007-08

Sec. 603. National Association Dues – REVISED

Requires \$51,000 be paid for annual dues to the National Conference of Commissioners on Uniform State Laws.

LEGISLATIVE AUDITOR GENERAL
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 261 (House Bill 5816)

Analyst: Viola Bay Wild

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$1,801,500	\$1,801,500	\$1,801,500	\$1,801,500	\$1,801,500	\$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	1,539,900	1,539,900	1,539,900	1,539,900	1,539,900	0	0.0
GF/GP	12,486,800	12,486,800	12,511,800	12,549,900	12,549,800	63,000	0.5
Gross	\$15,828,200	\$15,828,200	\$15,853,200	\$15,891,300	\$15,891,200	\$63,000	0.4
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

The Legislative Auditor General (LAG) is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds and an annual budget of over \$27.0 billion. Audit reports provide citizens with a measure of accountability and assist state departments/agencies in improving financial management of their operations. The LAG's goal is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government; its mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
<i>Information Technology Adjustment</i>	Gross	N/A	\$63,000
Provides \$63,000 gross and GF/GP for transition of Auditor General's IT functions from executive branch network to legislative branch network.	GF/GP	N/A	\$63,000

Major Boilerplate Changes From FY 2007-08

Sec. 624. Information Technology – NEW

Appropriates \$63,000 to fund transition of IT functions from executive branch network to legislative branch network.

MANAGEMENT AND BUDGET
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 261 (House Bill 5816)

Analyst: Viola Bay Wild

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$162,681,600	\$167,603,800	\$165,468,000	\$165,318,000	\$167,603,800	\$4,922,200	3.0
Federal	4,779,100	10,743,700	10,669,900	10,669,900	10,743,700	5,964,600	124.8
Local	1,700,000	1,992,900	1,992,900	1,992,900	1,992,900	292,900	17.2
Private	150,000	150,000	150,000	150,000	150,000	0	0.0
Restricted	68,101,500	77,694,100	77,694,100	77,694,100	77,694,100	9,592,600	14.1
GF/GP	267,479,200	292,649,700	293,616,000	292,616,000	292,875,200	25,396,000	9.5
Gross	\$504,891,400	\$550,834,200	\$549,590,900	\$548,440,900	\$551,059,700	\$46,168,300	9.1
FTEs	995.0	1,427.0	1,433.0	1,425.0	1,431.0	436.0	43.8

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

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, prepares, presents, and executes the state budget on behalf of the Governor. The DMB has several autonomous units: Office of the State Employer, Office of the Children's Ombudsman, Office of Regulatory Reform, Michigan State Fair, State Building Authority, and Civil Service.

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
1. Internal Audit Consolidation	FTEs	17.0	34.0
Provides \$5.9 million gross and 34.0 FTEs for transfer of internal audit to DMB (EO 2007-31).	Gross	N/A	\$5,870,400
	IDG	N/A	5,870,400
2. Human Resources Consolidation and Optimization	FTEs	N/A	(14.0)
Reduces funding by \$897,700 gross and eliminates 14.0 FTEs to reflect the transfer of all human resources responsibilities to Civil Service pursuant to EO 2007-30.	Gross	N/A	(\$897,700)
	IDG	N/A	(280,200)
	Restricted	N/A	(317,900)
	GF/GP	N/A	(\$299,600)
3. State Building Authority Rent	Gross	\$226,822,100	\$5,000,000
Provides \$5.0 million gross and GF/GP to adjust for projected rent payments of previously-constructed projects.	Restricted	1,520,000	0
	GF/GP	\$225,302,100	\$5,000,000
4. Building Occupancy Adjustments	Gross	\$88,291,300	\$446,100
Adds \$270,100 for leases and \$415,000 for HAL records center; removes \$239,000 for terminal road lease transfer to DEQ.	IDG	88,291,300	446,100
5. Office of Retirement Services (ORS)	FTEs	N/A	6.0
Adds \$357,700 for Interactive voice response system and \$440,000 and 6.0 FTEs for customer service; eliminates \$300,000 (spouse beneficiary program), \$150,000 (electronic deposit), and \$348,000 (customer contact).	Gross	N/A	(\$300)
	Restricted	N/A	(300)
6. Space Utilization Study	Gross	N/A	\$550,000
Adds \$550,000 gross for one-time space utilization study and moving costs.	IDG	N/A	550,000
7. Supplier Diversity Program	FTEs	N/A	4.0
Provides \$500,000 gross and GF/GP and 4.0 FTEs to implement program intending to increase vendors competing for state contracts.	Gross	N/A	\$500,000
	GF/GP	N/A	\$500,000

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
8. FTE Adjustment	FTEs	754.5	72.0
Adjusts FTEs to reflect funded positions: adds 88.0 FTEs and transfers 16.0 FTEs for internal audit consolidation (EO 2007-31).	Gross	N/A	\$0
9. Administrative Reductions	FTEs	N/A	(8.0)
Eliminates 8.0 FTEs and reduces funds for administrative expenses by \$608,200 gross; savings anticipated through staffing reductions from automation of billing programs for financial services (3.0 FTEs) and parking enforcement restructuring (5.0 FTEs); includes IT administrative reduction.	Gross	N/A	(\$608,200)
	IDG	N/A	(300,000)
	Restricted	N/A	(141,900)
	GF/GP	N/A	(\$166,300)
10. Economic Adjustments	Gross	N/A	\$393,500
Includes \$393,500 gross for salaries and wages, retirement, and worker's compensation; reduces funding for insurances.	IDG	N/A	97,900
	Restricted	N/A	96,000
	GF/GP	N/A	\$199,600
11. Capital Outlay Funding	Gross	N/A	\$2,000,000
Adds \$2.0 million gross for Capital Outlay funding.	IDG	N/A	2,000,000
12. GF/GP Reduction	Gross	N/A	(\$225,600)
Reduces GF/GP by \$88,800; includes HMO savings of \$136,800.	GF/GP	N/A	(\$225,600)
CIVIL SERVICE			
13. Human Resources Consolidation	FTES	N/A	344.0
Adds \$33.4 million gross and 344.0 FTEs for human resources consolidation due to EO 2007-30, which transferred human resources responsibilities to Civil Service from individual departments.	Gross	N/A	\$33,433,200
	IDG	N/A	34,900
	Federal	N/A	5,353,100
	Local	N/A	292,900
	Restricted	N/A	8,372,500
	GF/GP	N/A	\$19,379,800
14. Human Resources Optimization	Gross	N/A	\$0
Reduces IDG by \$3.3 million reflecting adjustments for final optimization funding for Human Resources Optimization Program (reductions have been taken each year during the five-year program).	IDG	N/A	(3,278,200)
	Federal	N/A	537,700
	Restricted	N/A	413,200
	GF/GP	N/A	\$2,327,300
15. FTE Adjustment	FTEs	240.5	(21.0)
Adjusts FTEs to reflect funded positions: reduction of 20.0 FTEs and transfer of 1.0 FTE to DMB for internal audit consolidation (EO 2007-31).	Gross	N/A	\$0
16. Administrative Reductions	Gross	N/A	(\$306,600)
Reduces funding by \$306,600 gross; savings anticipated from administrative efficiencies.	Restricted	N/A	(4,900)
	GF/GP	N/A	(\$301,700)
17. Economic Adjustments	Gross	N/A	\$150,300
Adds funding for salaries and wages and retirement; reduces funding for insurances and workers' compensation.	IDG	N/A	2,300
	Restricted	N/A	109,800
	GF/GP	N/A	\$38,200
18. GF/GP Reduction	Gross	N/A	(\$48,900)
Reduces GF/GP by \$16,600; includes HMO contract savings of \$32,300.	GF/GP	N/A	(\$48,900)

Major Boilerplate Changes From FY 2007-08

Sec. 716a. Supplier Diversity Program – NEW

Authorizes funding and FTEs in DMB or to contract with one or more private companies to implement a supplier diversity program to increase number and types of vendors competing for state contracts.

Sec. 720. Internal Audit Charges – NEW

Requires internal audit charges to fund internal audit services provided by Office of State Budget within DMB; charges to be funded through assessments against state agencies.

MANAGEMENT AND BUDGET

Major Boilerplate Changes From FY 2007-08

Sec. 724. Appropriations for Retirement System Changes – DELETED

Authorizes appropriations for implementing changes made to Public School Employees Retirement Act that allows retirees to add new spouse as pension beneficiary in certain instances.

STATE BUILDING AUTHORITY (SBA)

Sec. 730. Joint Capital Outlay Subcommittee (JCOS) Authorization – NEW

Requires certain public entities to receive JCOS authorization through a use and finance statement before contracting for projects costing over specific amounts: state universities self-funded projects (over \$3.0 million), communities colleges self-funded projects (over \$2.0 million), state agencies (over \$1.0 million), local public corporations and MSF (over \$1.0 million); requires report.

CAPITAL OUTLAY

Sec. 760. Acronym Definition – NEW

Describes acronym definitions contained in this appropriation act.

Sec. 761. Capital Outlay Processes, Procedures, and Reports – NEW

References capital outlay project requirements under 1984 PA 431 (Management and Budget Act).

Sec. 762. Statement of Proposed Operating Cost – NEW

Requires operating costs be included with submitted planning documents.

Sec. 763. Final Planning and Construction – NEW

Outlines certain administrative procedures required for a community college or university project to move to planning stage.

Sec. 764. Required Reports – NEW

Requires that DMB provide various detailed reports to JCOS and fiscal agencies with status of each planning or construction project financed with SBA funds.

Sec. 765. Match Requirements – NEW

Provides that the purpose, scope, and cost of a project may not to be altered to meet match requirements.

Sec. 766. Lump-Sum Appropriations – NEW

Directs that lump-sum allocations be allocated consistently with statutory provisions and purposes for which they were appropriated. State budget director may authorize lump-sum funds be available for up to three fiscal years.

Sec. 767. Capital Outlay Funding Carryforward – NEW

Authorizes carryforward of capital outlay appropriations consistent with section 248 of Management and Budget Act.

Sec. 768. Site Preparation Economic Development Fund – NEW

Establishes Site Preparation Economic Development Fund (SPEDF) in DMB; proceeds from sale of designated sites to be deposited into fund. Authorizes \$25.0 million cash advance from general fund to SPEDF; requires annual report.

STATE

Summary of FY 2008-09 Enacted Appropriations 2008 Public Act 261 (House Bill 5816)

Analyst: Viola Bay Wild

IDG/IDT	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$0	0.0
Federal	2,151,200	5,673,700	1,460,000	1,460,000	5,673,700	3,522,500	163.7
Local	0	0	0	0	0	0	0.0
Private	100	100	100	100	100	0	0.0
Restricted	156,972,900	158,523,800	158,523,800	162,673,800	162,573,800	5,600,900	3.6
GF/GP	28,797,200	26,888,000	26,888,000	26,887,900	26,528,800	(2,268,400)	(7.9)
Gross	\$207,921,400	\$211,085,600	\$206,871,900	\$211,021,800	\$214,776,400	\$6,855,000	3.3
FTEs	1,859.8	1,815.0	1,815.0	1,815.0	1,815.0	(44.8)	(2.4)

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

The Department of State administers programs in eight areas: Driver Licensing and Vehicle Registration, which includes titling and registering vehicles; Elections and Campaign Finance Administration, which includes training local election officials and monitoring campaign finance; Regulatory and Consumer Protection, which includes inspecting and licensing automotive repair facilities; Traffic Safety which includes driver testing; Office of the Great Seal; Assigned Claims Facility; Uniform Commercial Code; and Executive Direction and Central Support.

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		FY 2007-08 YTD	Enacted Change From YTD
1. FTE Rebasng Adjustment	FTEs	1,859.8	(43.8)
Adjusts FTEs to reflect funded FTE positions: reduction of 43.8 classified FTEs per Department's recommendation.	Gross	\$0	\$0
2. Technology Replacement	Gross	N/A	\$90,000
Adds \$90,000 gross and GF/GP to fund replacement of DIT server for Department's contact center.	GF/GP	N/A	\$90,000
3. Assigned Claims Assessment Adjustment	Gross	N/A	\$120,000
Adds \$120,000 gross for increased services provided by Attorney General for assigned claims program.	Restricted	N/A	120,000
4. Administrative Reductions	Gross	N/A	(\$621,500)
Reduces funding for four operations lines and IT line; savings generated through administrative efficiencies.	Restricted	N/A	(14,200)
	GF/GP	N/A	(\$607,300)
5. Help America Vote Act (HAVA)	Gross	\$350,000	(\$350,000)
Removes \$350,000 federal one-time grant awarded for HAVA program.	Federal	350,000	(350,000)
6. Internal Audit Adjustment	FTE	1.0	(1.0)
Transfers 1.0 FTE to DMB to reflect transfer of statewide internal audit services to DMB (EO 2007-31).	Gross	\$0	\$0
7. Enhanced Driver Licenses and Personal Identification Cards	Gross	N/A	\$4,150,000
Adds \$4.2 million gross to authorize use of revenue from new enhanced driver's license fees and enhanced personal identification card fees.	Restricted	N/A	4,150,000
8. GF/GP Reduction	Gross	N/A	(\$359,200)
Reduces GF/GP by \$71,700; includes HMO contract savings of \$287,500.	GF/GP	N/A	(\$359,200)

STATE

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
9. Economic Adjustments	Gross	N/A	\$53,200
Increases funding by \$53,200 gross and reduces GF/GP by \$1.4 million:	Federal	N/A	0
salaries and wages funds increase; insurances, retirement, building	Restricted	N/A	1,445,100
occupancy charges, and worker's compensation funds decrease.	GF/GP	N/A	(\$1,391,900)

Major Boilerplate Changes From FY 2007-08

Sec. 801. Contingency Funding – REVISED

Appropriates contingency funds; federal contingency funds increase to \$2.0 million.

Sec. 803a. Transportation Funds Cost Study – VETOED

Requires Secretary of State to have an independent firm perform a cost study to identify actual costs for administration and collection of fuel, sales, and use taxes if the Alternative Transportation Funding Task Force does not address these costs.

Sec. 825. Milan Branch Office – DELETED

Requires Department to maintain a full service branch office in the City of Milan.

Sec. 826. Branch Office Locations – DELETED

Requires Department to maintain same number of branch offices in each municipality that existed on August 1, 2007.

TREASURY

Summary of FY 2008-09 Enacted Appropriations 2008 Public Act 261 (House Bill 5816)

Analyst: Viola Bay Wild

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$11,631,400	\$10,894,600	\$10,894,600	\$10,894,700	\$10,894,700	(\$736,700)	(6.3)
Federal	92,136,400	92,307,700	92,307,700	92,307,700	92,307,700	171,300	0.2
Local	1,100,700	1,105,100	1,105,100	1,105,100	1,105,100	4,400	0.4
Private	712,800	715,600	715,600	715,600	715,600	2,800	0.4
Restricted	1,520,062,100	1,467,039,100	1,465,039,100	1,449,949,300	1,451,771,500	(68,290,600)	(4.5)
GF/GP	172,889,800	162,371,200	163,230,600	174,312,500	173,346,800	457,000	0.3
Gross	\$1,798,533,200	\$1,734,433,300	\$1,733,292,700	\$1,729,284,900	\$1,730,141,400	(\$68,391,800)	(3.8)
FTEs	1,905.5	1,846.5	1,838.5	1,844.5	1,846.5	(59.0)	(3.1)

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

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. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), and the Michigan Strategic Fund (MSF) are autonomous agencies housed within the Department of Treasury. Funds and programs of the MSF are administered by the Michigan Economic Development Corporation (MEDC), which also administers the 21st Century Jobs Fund.

Major Budget Changes From FY 2007-08 YTD Appropriations	FY 2007-08 YTD	Enacted Change From YTD
TREASURY OPERATIONS		
1. Treasury Operations	Gross \$415,504,500	(\$3,661,300)
Funds Department operations at \$411.8 million gross: \$10.8 million IDG; \$36.9 million federal; \$1.1 million local; \$287.1 million restricted; and \$75.9 million GF/GP.	IDG 11,551,400	(737,000)
	Federal 36,705,700	163,200
	Local 1,100,700	4,400
	Restricted 292,727,400	(5,595,100)
	GF/GP \$73,419,300	\$2,503,200
2. Administrative Reductions	Gross N/A	(\$498,500)
Includes administrative reductions of \$498,500 gross: reduces revenue enhancement program (\$336,400), student financial services (\$75,200), State Tax Commission (\$50,000), and DIT administration (\$36,900).	IDG N/A	(600)
	Federal N/A	(600)
	Restricted N/A	(31,100)
	GF/GP N/A	(\$466,200)
3. FTE Rebasing Adjustment	Gross N/A	\$0
Reduces FTE allocation by 46.0 FTEs to reflect number of funded positions.	FTEs 1,905.5	(46.0)
4. Human Resources (HR) Consolidation and Optimization	Gross N/A	(\$2,075,300)
Reflects \$2.1 million gross and \$1.6 million GF/GP reduction due to transfer of funds for HR optimization costs and 20.0 HR FTEs to Civil Service for HR consolidation in Civil Service as required by EO 2007-30; includes 3.0 FTEs from Lottery.	IDG N/A	(43,100)
	Restricted N/A	(481,100)
	GF/GP N/A	(\$1,551,100)
5. Adjustment for Neighborhood Enterprise Act/Internal Auditor	Gross \$150,000	(\$150,000)
Reflects \$150,000 gross and GF/GP reduction for Neighborhood Enterprise Act program; transfers 1.0 FTE from Lottery for internal auditor to DMB (EO 2007-31).	FTEs 2.0	(2.0)
	GF/GP \$150,000	(\$150,000)

TREASURY

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD	Enacted Change From YTD
6. Senior Citizen Co-op Housing Tax Exemption	Gross	\$17,498,400	(\$681,900)
Reflects \$681,900 reduction from FY 2007-08 appropriation.	GF/GP	\$17,498,400	(\$681,900)
7. Renaissance Zone Reimbursement	Gross	\$3,095,000	\$705,100
Adds funds to reimburse public libraries for lost property tax revenue from renaissance zones.	GF/GP	\$3,095,000	\$705,100
8. Commercial Mobile Radio Service (CMRS) Payments	Gross	\$17,900,000	(\$6,800,000)
Reduces CMRS funding by \$6.8 million gross based on pending sunset of authorizing act; amount is based on fees to be collected before sunset.	Restricted	17,900,000	(6,800,000)
9. Implement Tax Law Changes	FTEs	N/A	(2.0)
Adds \$3.4 million gross and GF/GP for scheduled increase to MBT program; reduces \$120,000 GF/GP for one-time costs for individual income tax; removes \$400,000 GF/GP and 2.0 FTEs for now-rescinded tax on services.	Gross	N/A	\$2,880,000
	GF/GP	N/A	\$2,880,000
10. Michigan Transportation Fund (MTF) Administration Adjustment	Gross	N/A	(\$750,000)
Reduces MTF funding by \$750,000 gross for administration costs.	Restricted	N/A	(750,000)
11. Pension Plan Consultant	Gross	N/A	\$1,000,000
Adds \$1.0 million gross for consultant to oversee pension program costs.	Restricted	N/A	1,000,000
12. Property Tax Appeal Program	Gross	N/A	\$500,000
Adds \$500,000 gross and GF/GP to help local governments and school districts defend appeals of property, utility, and personal tax assessments.	GF/GP	N/A	\$500,000
13. Public Private Partnership Investment	Gross	N/A	\$1,450,000
Includes \$1.5 million gross for new program.	Restricted	N/A	1,450,000
14. Information Technology Reduction	Gross	N/A	(\$1,000,000)
Reduces IT funding by \$1.0 million gross and GF/GP for secondary collection activities; includes fund source shift from restricted to GF/GP.	GF/GP	N/A	(\$1,000,000)
REVENUE SHARING			
15. Constitutional Revenue Sharing	Gross	\$673,952,000	\$2,040,000
Reflects \$2.0 million increase from FY 2007-08 budget in funding to cities, villages, and townships to reflect updated revenue data.	Restricted	673,952,000	2,040,000
16. Statutory Revenue Sharing	Gross	\$398,713,000	\$8,220,000
Reflects \$8.2 million increase from FY 2007-08 budget in funding to cities, villages, and townships. Funds allocated so that local units receive combined total FY 2008-09 constitutional and statutory distribution equal to amount local unit received in FY 2007-08; includes additional increase equal to 2% of a local unit's FY 2006-07 statutory payment.	Restricted	398,713,000	8,220,000
17. County Revenue Sharing Payments	Gross	\$113,600	\$2,280,900
Adds \$2.3 million gross for revenue sharing payments to additional counties that have depleted their Revenue Sharing Reserve Funds.	Restricted	113,600	2,280,900
18. Payments in Lieu of Taxes	Gross	\$0	\$14,189,300
Transfers funding for this program from Department of Natural Resources; includes \$100 IDG for program administration.	IDG	0	100
	Restricted	0	2,350,000
	GF/GP	\$0	\$11,839,200
DEBT SERVICE			
19. Debt Service Payments	Gross	\$89,986,400	(\$6,863,400)
Adds \$2.1 million for Quality of Life bonds and \$9.7 million for Great Lakes Water Quality bonds; reduces debt service for CMI by \$8.6 million and water pollution control bond by \$63,400; replaces \$8.4 million from Refined Petroleum Fund with GF/GP; reflects \$10.0 million GF/GP debt service reduction due to savings from three-year refinancing program.	Restricted	23,914,500	(8,400,000)
	GF/GP	\$66,071,900	\$1,536,600

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
20. Economic Adjustments	Gross	N/A	\$650,200
Adds \$650,200 gross and \$37,200 GF/GP for economic adjustments; increases funding for salaries and wages, retirement, building occupancy charges and workman's compensation; reduces funding for insurances (includes economics for Lottery, MGCB, and MSF).	IDG	N/A	58,600
	Federal	N/A	71,900
	Local	N/A	4,400
	Restricted	N/A	478,100
	GF/GP	N/A	\$37,200
MICHIGAN GAMING CONTROL BOARD			
21. Casino Gaming Staff Increase	FTEs	106.0	8.0
Adds \$684,000 gross and 8.0 FTEs for additional staff related to Detroit casinos' move to permanent facilities.	Gross	N/A	\$684,000
	Restricted	N/A	684,000
MICHIGAN STRATEGIC FUND			
22. Michigan Strategic Fund	FTEs	152.0	1.0
Provides \$149.6 million gross: \$80,300 IDG; \$55.4 million federal; \$715,600 private; \$63.8 million restricted; and \$29.6 million GF/GP. Includes net increase of 1.0 FTE.	Gross	\$220,051,700	(\$70,408,000)
	IDG	80,000	300
	Federal	55,430,700	8,100
	Private	712,800	2,800
	Restricted	130,755,200	(66,950,000)
	GF/GP	\$33,073,000	(\$3,469,200)
23. 21st Century Jobs Fund	Gross	\$75,000,000	(\$13,000,000)
Reduces funds by \$13.0 million gross; \$3.0 million of reduction is from veto.	Restricted	75,000,000	(13,000,000)
24. Michigan Promotion Program	Gross	\$61,417,500	(\$55,700,000)
Eliminates one-time funding: \$5.7 million from Jobs for Michigan Investment Fund and \$50.0 million for tourism and business promotion (2008 PA 98).	Restricted	61,417,500	(55,700,000)
25. Michigan Film Office	Gross	N/A	\$731,600
Reflects transfer of film office to MSF.	Restricted	N/A	550,000
	GF/GP	N/A	\$181,600
26. Business Incubators	Gross	\$0	\$1,250,000
Provides \$1.3 million gross for up to five incubators.	Restricted	0	1,250,000

Major Boilerplate Changes From FY 2007-08

DEPARTMENT OF TREASURY

Sec. 902. Debt Service Appropriation – REVISED

Appropriates funds for debt service. Revision appropriates repayments on loans made from school bond loan fund that are not required to be deposited into school loan revolving fund to be used for payment of debt service.

Sec. 925. Public-Private Partnership Investment – NEW

Creates Public-Private Partnership Investment Fund to fund investments such as capital asset improvements, energy resource exploration, infrastructure construction, and public-private sector joint ventures; requires annual report.

Sec. 927. Telephone/Telegraph Reappraisals – NEW

States legislative intent that reappraisals be funded at \$1.5 million through supplemental appropriations in FY 2008-09.

Sec. 938. Payment in Lieu of Taxes (PILT) – NEW

Requires Department to pay local units PILT payments by February 14th for bills received by January 15th.

Sec. 940. Michigan Tobacco Settlement Finance Authority (MTSFA) Revenue – NEW

Authorizes Department to expend revenue for salaries/wages, supplies, contractual services, and other expenses.

Sec. 941. Standardized Audit Schedules – DELETED

Appropriates up to \$570,000 from audit schedules recovered revenue for project expenses for business tax audits.

Sec. 941. Medical Pension Liability – NEW

Requires Department to analyze new insurance products to address medical pension liability for state employee retirees.

TREASURY

Major Boilerplate Changes From FY 2007-08

Sec. 942. Property Tax Appeal Program – NEW

Requires that program funds be used for local units to defend utility personal property appeals on properties with value over \$50.0 million.

Sec. 944. Pension Plan Consultant Report – NEW

Requires Department to forward any report from a pension plan consultant to the Legislature and state budget director.

Sec. 949. Transportation Funds Cost Study – NEW

Requires Secretary of State to have independent firm perform cost study to identify actual cost for administration and collection of fuel, sales, and use taxes if the Alternative Transportation Funding Task Force does not address these costs.

Sec. 950. Revenue Sharing – REVISED

Directs distribution of statutory revenue sharing payments to cities, villages, and townships so that local units receive a combined total FY 2008-09 constitutional and statutory distribution equal to total distribution local unit received in FY 2007-08; includes 2% additional statutory payments to local units that received statutory payments in FY 2006-07.

MICHIGAN STRATEGIC FUND (MSF)

Sec. 1002(4). Economic Development Job Training (EDJT) Program Grants – REVISED

Describes institutions that may apply for EDJT grant funds; revision eliminates \$4.5 million earmark to community colleges.

Sec. 1002(10). EDJT Grants – REVISED

Specifies that employers must pay from 30% to 50% of training costs for incumbent workers.

Sec. 1002(16). EDJT Grants – NEW

Allocates \$50,000 to Mack Alive for employment readiness, job training, and other eligible activities.

Sec. 1007. MEDC Report – REVISED

Requires report on tourism promotion and business marketing expenditures and revenue by source.

Sec. 1015. Community Development Block Grants (CDBG) Technical Assistance Grants – NEW

Requires contract awards for CDBG technical assistance to regional planning commissions to be at FY 2007-08 level.

Sec. 1016. Audit of Jobs Created – REVISED

Directs MEDC to use recently-developed audit procedures to audit number of jobs created by its grant recipients.

Sec. 1017. Report on MEDC Employees With Salaries of \$80,000 or More – DELETED

Requires report to Legislature on names, job titles, and duties of MEDC employees with annual salary of at least \$80,000.

Sec. 1019. Agricultural Products Promotion – NEW

States legislative intent that MSF and contract employees promote business development of Michigan agricultural products.

Sec. 1021. Michigan Promotion Program – REVISED

States that \$50.0 million in additional funding is available for promotion from refinancing of MTSFA bonding program.

Sec. 1023. Tourism Promotion – NEW

Specifies that tourism promotion shall include the Mackinac Island State Park and Michigan state historic parks.

Sec. 1025. Jobs Report – DELETED

Directs MEDC to report number of actual direct jobs and projected indirect jobs to be created as a result of a financial or tax incentive package offered to a business; salary and employer-sponsored benefit information to be included.

Sec. 1027. Lakeshore Advantage Project – VETOED

Allocates \$3.0 million from the Jobs for Michigan Investment Fund to the Lakeshore Advantage Project.

Sec. 1032. Film Tax Credit Program Report – NEW

Requires film office to report on new film tax credit program, including number of contracts signed, number of films completed, amount of tax credits, and number of jobs created.

Sec. 1033. Michigan Film Office Minutes – NEW

Requires film office to make minutes of the Michigan Film Office Advisory Council available to the public.

Sec. 1034. Business Incubator Program – NEW

Stipulates funding be awarded competitively to business incubators that are operational on October 1, 2008, in each of the following counties: Berrien, Genesee, Macomb, Washtenaw, and Wayne.

**FY 2008-09
Budget Detail
for
HUMAN SERVICES**

**Community Health
Corrections
Human Services**

COMMUNITY HEALTH

**COMMUNITY HEALTH
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 246 (Senate Bill 1094)**

Analysts: Margaret Alston, Susan Frey, and Steve Stauff

IDG/IDT	FY 2007-08 YTD	FY 2008-09	FY 2008-09	FY 2008-09	FY 2008-09	Difference: Enacted	
	as of 2/07/08	Executive	Senate	House	Enacted	From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$39,410,200	\$40,883,900	\$40,883,900	\$40,883,900	\$40,883,900	\$1,473,700	3.7
Federal	6,708,510,700	7,159,785,100	7,159,893,600	7,146,514,600	7,225,985,400	517,474,700	7.7
Local	247,237,400	241,980,600	241,980,600	241,578,600	241,578,600	(5,658,800)	(2.3)
Private	65,519,800	66,686,800	66,686,800	66,686,800	66,686,800	1,167,000	1.8
Restricted	1,862,336,400	1,860,109,700	1,891,186,200	1,841,291,200	1,862,478,400	142,000	0.0
GF/GP	3,125,311,600	3,086,105,800	3,082,241,600	3,101,757,200	3,095,528,900	(29,782,700)	(1.0)
Gross	\$12,048,326,100	\$12,455,551,900	\$12,482,872,700	\$12,438,712,300	\$12,533,142,000	\$484,815,900	4.0
FTEs	4,767.6	4,602.7	4,600.7	4,602.7	4,608.7	(158.9)	(3.3)

Note: FY 2007-08 figures are year-to-date at February 7, 2008.

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 regulatory functions.

Major Budget Changes From FY 2007-08 YTD Appropriations

**FY 2007-08 YTD Enacted Change
(as of 2/07/08) From YTD**

1. Economic Adjustments	Gross	N/A	\$3,790,500
Includes \$4.2 million gross (\$1.6 million GF/GP) to annualize the cost of the 2.0% salary/wage increase for non-bargaining and unionized employees effective April 2008, and finance economic adjustments for defined benefit/contribution retirement, insurance, building occupancy, food, worker's compensation, and gas, fuel, and utility costs for FY 2008-09. Includes \$398,300 gross (all GF/GP) reduction to reflect employee-related savings from actual HMO rates.	IDG	N/A	(44,900)
	Federal	N/A	1,091,300
	Restricted	N/A	177,800
	Local	N/A	1,317,500
	Private	N/A	400
	GF/GP	N/A	\$1,248,400
2. Consolidation of Human Resources	Gross	N/A	(\$4,492,000)
Recognizes savings of \$4.2 million gross (\$2.5 million GF/GP) by consolidating DCH's Human Resources Operations with DMB pursuant to implementation of EO 2007-30. Recognizes Human Resources Optimization savings of \$285,500 gross (all GF/GP).	Federal	N/A	(316,500)
	Restricted	N/A	(265,900)
	Local	N/A	(1,127,200)
	GF/GP	N/A	(\$2,782,400)
3. Actuarially Sound Capitation Payment Rates	Gross	\$4,516,377,400	\$143,508,100
Increases capitation payment rates for Health Plan Services by 4.0%, for Medicaid Mental Health Services by 2.9%, and for Medicaid Substance Abuse Services by 1.0% (\$143.5 million gross, \$55.5 million GF/GP) to ensure rates are actuarially sound in FY 2008-09 based on updated information.	Federal	2,652,514,400	86,492,500
	Local	29,737,100	0
	Restricted	898,986,100	1,474,900
	GF/GP	\$935,139,800	\$55,540,700
4. Mental Health Court Pilot Programs	Gross	\$0	\$1,126,900
Includes \$1.1 million GF/GP, in conjunction with \$550,000 GF/GP from Judiciary, for the implementation of mental health court pilot programs. Services that may be included in the programs are psychiatric counseling, case management, vocational training, housing assistance, program adherence monitoring, and training court and law enforcement personnel. (Sec. 459)	GF/GP	\$0	\$1,126,900

Major Budget Changes From FY 2007-08 YTD Appropriations	FY 2007-08 YTD (as of 2/07/08)	Enacted Change From YTD
5. Wage Increase for Direct Care Workers	Gross \$2,037,495,400	\$6,018,000
Adds \$6.0 million gross (\$2.7 million GF/GP) to finance a 1.0% wage increase, effective February 1, 2009, for direct care workers in mental health settings. (Sec. 405)	Federal 998,117,000	3,278,700
	Restricted 102,980,500	0
	Local 26,072,100	0
	GF/GP \$910,325,800	\$2,739,300
6. Multicultural Services	Gross \$5,763,800	\$1,060,000
Allocates an additional \$1.1 million GF/GP for multicultural services in which the funds are to be distributed as follows: \$350,000 for the Chaldean Culture Center, \$380,000 for the Jewish Federation, \$300,000 for ACCESS, and \$30,000 for Arab/Chaldean Council.	GF/GP \$5,763,800	\$1,060,000
7. Criminal Background Check Program	Gross \$10,475,900	(\$3,119,600)
Eliminates federal pilot grant revenue of \$2.6 million for the Criminal Background Check Program for employees of health facilities as this grant has expired. Reduces funding for this program by \$519,600 anticipating less in federal Medicaid revenue and health systems fees/collections.	Federal 7,074,400	(2,890,700)
	Restricted 3,401,500	(228,900)
8. Bureau of Health Professions Phone System	Gross \$0	\$1,400,000
Appropriates \$1.4 million from the Health Professions Regulatory Fund to upgrade the Bureau of Health Professions customer service phone system as the Bureau receives between 400-500 calls daily. Shifts \$600,000 from the Health Professions Regulatory Fund to GF/GP to finance other initiatives.	Restricted 0	2,000,000
	GF/GP \$0	(\$600,000)
9. Healthy Michigan Funded Projects	Gross \$41,827,600	\$0
Maintains Healthy Michigan Fund appropriations for 27 projects and Medicaid. A projected Fund revenue shortfall is offset with GF/GP as part of the Target Agreement. This fund shift of \$858,000 is made in the Cancer Prevention and Control Program line item, with no change in total funding for the line.	Restricted 41,827,600	(858,000)
	GF/GP \$0	\$858,000
10. Birth Certificate Standards	Gross \$0	\$1,000,000
Includes \$1.0 million anticipated federal grant funds to assist the DCH in conforming to new standards for birth certificates and in matching birth and death records, pursuant to the federal Intelligence Reform and Terrorism Prevention Act of 2004, and related regulations.	Federal 0	1,000,000
11. Public Health and Family Health Grants	Gross N/A	\$512,900
Provides \$2.9 million for nine new federal and other grants ranging from \$61,600 to \$1.0 million for HIV, viral hepatitis, asthma, health promotion, stroke, heart disease, oral health, childhood obesity, and child/teen health centers. Completed public health grants removed from the budget total \$2.4 million and include urban air toxins, closing the gap on infant mortality, and abstinence partnership.	Federal N/A	376,300
	Local N/A	75,000
	Private N/A	61,600
12. Michigan Health Initiative (MHI) Fund Adjustments	Gross \$10,525,600	(\$525,000)
Reduces Michigan Health Initiative (MHI) funds for public health programs by \$1.4 million to reflect available Fund revenue. MHI funds are replaced with GF/GP for the sexually transmitted disease control program, and with federal funds in departmental administration. MHI funding for AIDS and risk reduction clearinghouse and media campaign is reduced by \$225,000 from \$1.6 million to \$1.4 million. MHI funding for the bovine tuberculosis laboratory program is reduced from \$500,000 to \$200,000.	Federal 0	50,000
	Restricted 10,525,600	(1,441,700)
	GF/GP \$0	\$866,700
13. Infectious Disease Targeted Initiatives	Gross N/A	\$1,050,000
Includes \$750,000 GF/GP for expanded testing and treatment of gonorrhea and chlamydia diseases in high-prevalence areas, and \$300,000 GF/GP to address highly contagious, antibiotic-resistant staphylococcus aureus (staph) infections in health care facilities and in communities.	GF/GP N/A	\$1,050,000

COMMUNITY HEALTH

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD (as of 2/07/08)	Enacted Change From YTD
14. Bioterrorism Funding Revisions and New Match Requirement	Gross	\$50,953,300	(\$1,677,300)
Recognizes a \$2.2 million decrease in federal grant funds for hospital and public health system bioterrorism preparedness, and includes new local funding authorization of \$500,000. Federal delay of a new state and local 5% match requirement postpones the need for new state match funding.	Federal	50,953,300	(2,177,300)
	Local	0	500,000
15. Local Public Health Department Physician Recruitment Project	Gross	\$0	\$600,000
Provides \$600,000 for a new initiative with Michigan State University and the University of Michigan to recruit and train physicians for work in local public health, to address a shortage of qualified medical directors at local public health departments. The universities will provide half of the funding.	Private	0	300,000
	GF/GP	\$0	\$300,000
16. Local Public Health Medicaid Outreach Reimbursement	Gross	\$4,000,000	\$5,000,000
Recognizes a \$5.0 million increase in federal revenue for local public health departments, reflecting local and state efforts to maximize federal Medicaid matching funds for qualified local Medicaid outreach expenditures.	Federal	4,000,000	5,000,000
17. Senior Services	Gross	\$6,885,500	\$760,000
Provides an additional \$600,000 for care management of community services for frail low-income elderly at home, a funding increase of 8.8% for the program. Also included are \$100,000 for new Senior Olympics funding, and a \$60,000 increase for Tribal Elders' programs, now at a total funding level of \$120,000.	GF/GP	\$6,885,500	\$760,000
18. Medicaid Fund Source Adjustments	Gross	\$9,462,685,400	(\$1,356,900)
Offsets \$176.9 million GF/GP and \$11.6 million state restricted revenue with an increase of federal Medicaid and SCHIP funds due to changes in federal match rates. Lost Medicaid Benefits Trust Fund revenue is made up by \$18.6 million GF/GP. A shortfall of Merit Award Trust Fund revenue would be made up by \$83.1 million GF/GP.	Federal	5,588,042,500	188,493,100
	Local	43,009,700	0
	Merit Awd	139,000,000	(83,143,800)
	Restricted	1,500,111,200	(31,551,200)
	GF/GP	\$2,192,522,000	(\$75,155,000)
19. Hospital and Nursing Home State Retained QAAP	Gross	\$0	\$0
Increases the state-retained share of the hospital quality assurance assessment program (QAAP) revenue by \$18.7 million and the nursing home QAAP revenue by \$14.0 million. (Sec. 1809)	Restricted	138,750,000	32,643,700
	GF/GP	(\$138,750,000)	(\$32,643,700)
20. Physician Primary Care Funding Increase	Gross	N/A	\$5,285,700
Provides increase of \$1.8 million gross (\$715,100 GF/GP) in the Physician Services line and \$3.5 million gross (\$1.4 million GF/GP) in the Health Plan Services line providing for a Medicaid payment rate increase for certain physician primary care and well child visit procedure codes. (Sec. 1791)	Federal	N/A	3,185,700
	GF/GP	N/A	\$2,100,000
21. Pharmacy Dispensing Fee Increase	Gross	\$285,210,900	\$629,200
Increases the Pharmaceutical Services line by \$629,200 gross (\$250,000 GF/GP) to provide a \$0.25 per prescription increase in the Medicaid pharmacy dispensing fee effective April 1, 2009. (Sec. 1620)	Federal	165,721,800	379,200
	Restricted	2,000,000	0
	GF/GP	\$117,489,100	\$250,000
22. Community-Based Long-Term Care Services Savings/Expansion	Gross	\$1,980,350,200	(\$16,736,600)
Reduces Long-Term Care Services line by \$32.4 million gross (\$12.9 million GF/GP) to fund the phase-in of a \$15.7 million gross (\$9.1 million GF/GP) expansion of community-based long-term care services, with a net savings of \$16.7 million gross (\$3.8 million GF/GP). Savings are anticipated from reduced nursing home admissions. Funds are reallocated for: 1) expanding the PACE program, 2) expanding the MSHDA affordable assisted living program, 3) reducing the waiting list for the home and community-based waiver program, 4) adding specialized residential care to the current waiver, 5) activities of the single-point of entry program, 6) transitioning out nursing homes occupants who will not need medical services, and 7) transfer of \$363,200 gross (\$176,500 GF/GP) to the Office of Long Term Care and Supports and Services for additional staffing.	Federal	1,149,384,300	(12,889,800)
	Local	6,618,800	0
	Merit Awd	139,000,000	0
	Restricted	222,683,200	0
	GF/GP	\$462,663,900	(\$3,846,800)

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD (as of 2/07/08)	Enacted Change From YTD
23. Increase Monthly Personal Care Supplement by \$8	Gross	\$30,716,100	\$1,344,000
Increases the Personal Care Services line by \$1.3 million gross (\$534,000 GF/GP) to provide for an \$8.00 increase to the monthly personal care supplement payment provided for Medicaid eligible residents in adult foster care homes and homes for the aged. (Sec. 1805)	Federal	17,846,100	810,000
	GF/GP	\$12,870,000	\$534,000
 24. Medicaid Consensus Adjustments	Gross	N/A	(\$35,078,800)
Adjusts Medicaid funding levels for multiple appropriation lines to reflect the consensus FY 2008-09 expenditures agreed to by the House and Senate Fiscal Agencies and the State Budget Office in May 2008.	Federal	N/A	(22,961,600)
	Restricted	N/A	2,806,700
	GF/GP	N/A	(\$14,923,900)

Major Boilerplate Changes From FY 2007-08

GENERAL

Sec. 272. Administrative Efficiencies, Shared Services, and Consolidations – REVISED

Requires that DCH make efforts to implement results of a study that encourages administrative efficiencies for local public health departments, CMHSPs, coordinating agencies on substance abuse, and area agencies on aging.

Sec. 285. Prescription Drug Website – NEW

Directs DCH to determine the cost of expanding its prescription drug website that provides the 150 most commonly prescribed brand name drug products under the Medicaid program, links to other websites that would be of assistance to consumers, and toll-free number that residents may call to determine eligibility for prescription drug programs including free and discounted prescription drug programs.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 483. Medicaid Status – NEW

Requires a Medicaid recipient to remain eligible for medical assistance during a period of incarceration or detention and limits the Medicaid coverage to off-site inpatient hospitalization.

STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES

Sec. 609. Tobacco Use in State Psychiatric Facilities – NEW

Prohibits the use of all tobacco products in and on the grounds of state psychiatric facilities.

PUBLIC HEALTH

Sec. 905. Hearing and Vision Screening Services Allocation – DELETED

Requires that \$5.15 million of local public health operations line items funds are to continue to be used to fund hearing and vision screening, language that was initiated when funding was reduced for one year in FY 2005-06. Deletes Sec. 905, but makes no changes to the funding for hearing and vision screening.

Sec. 1116. Coordinated Regional Perinatal System – NEW

Directs DCH to convene a discussion regarding a statewide coordinated regional perinatal system. Requires a report by April 1, 2009, including policy and funding recommendations.

OFFICE OF DRUG CONTROL POLICY

Sec. 1250. Interdepartmental Grant to Judiciary for Drug Treatment Courts – REVISED

Directs DCH to provide federal Byrne grant funds to the Judicial Branch for local drug treatment courts. Revision provides "up to" \$1.8 million in federal Byrne grant funds, in anticipation of reduced federal funding available for FY 2008-09.

CRIME VICTIM SERVICES COMMISSION

Sec. 1302. Allocation of Funds for Forensic Nurse Examiner Programs – REVISED

Allocates federal funds for expansion of forensic nurse examiner programs; revision increases the allocation to "up to \$200,000."

MEDICAL SERVICES

Sec. 1607. Medicaid Presumptive Eligibility for Pregnant Women – REVISED

Mandates coverage for Medicaid eligible pregnant women. Revision adds subsections mandating enrollment of Medicaid eligible pregnant women into Medicaid HMOs and requiring that DCH encourage physicians to provide these women a referral to a Medicaid participating dentist at the first pregnancy-related appointment.

COMMUNITY HEALTH

Major Boilerplate Changes From FY 2007-08

Sec. 1670. MICHild Program Eligibility – REVISED

Sets conditions for MICHild program. Revision adds language that requires DCH to assure that an external quality review of each MICHild services contractor is performed, which analyzes quality, timeliness, and access to health care services provided by the contractor to MICHild beneficiaries.

Sec. 1690. MIChoice and Adult Home Help Quality Indicators, Improvement Plans, and Incident Reports – NEW

Requires that DCH submit a report on the adult home help and MIChoice program quality assurance indicators, quality improvement plans, critical incidents and their resolutions.

Sec. 1806. Expansion of County Health Plans – NEW

Allows up to \$100 in the County Indigent Care and Third Share Plans appropriation line for the expansion of county health plans.

Sec. 1807. Medicaid Reimbursement of Primary Care Physicians Providing Mental Health Services – NEW

Allows DCH to convene a workgroup and provide a report evaluating the feasibility of establishing a Medicaid payment mechanism for the reimbursement of mental health services by primary care physicians.

Sec. 1808. Medicaid Ambulance Quality Assurance Assessment Program – NEW

Requires that DCH implement an ambulance quality assurance assessment program (QAAP) with the state to retain a portion of the assessment, if legislation is enacted allowing the ambulance QAAP.

Sec. 1809. State Retained Hospital and Long-Term Care QAAP Revenue – NEW

Authorizes the expenditure of quality assurance assessment program (QAAP) funds and specifies the state retained amounts of \$117.5 million hospital QAAP and \$53,893,700 of long-term care QAAP.

CORRECTIONS

Summary of FY 2008-09 Enacted Appropriations

2008 Public Act 245 (Senate Bill 1095)

Analyst: Marilyn B. Peterson

	FY 2007-08 YTD (as of 2/07/08)	FY 2008-09 Executive	FY 2008-09 Senate	FY 2008-09 House	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$1,264,600	\$1,277,200	\$1,277,200	\$1,277,400	\$1,277,200	\$12,600	1.0
Federal	10,340,700	10,350,200	10,350,200	10,351,300	10,350,200	9,500	0.1
Local	429,700	430,300	430,300	430,400	430,300	600	0.1
Private	0	0	0	0	0	0	0.0
Restricted	70,149,600	71,731,700	63,894,700	54,382,200	53,094,700	(17,054,900)	(24.3)
GF/GP	1,996,084,500	1,978,262,800	1,978,262,800	1,978,258,600	1,974,515,800	(21,568,700)	(1.1)
Gross	\$2,078,269,100	\$2,062,052,200	2,054,215,200	2,044,699,900	2,039,668,200	(\$38,600,900)	(1.9)
FTEs	17,653.4	17,515.5	17,079.3	17,099.1	17,103.0	(550.4)	(3.1)
Avg. Pop.	51,841	52,641	51,841	51,841	51,841	0	0.0

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through February 7, 2008.

Overview

The Michigan Department of Corrections (MDOC) operates under the codification of correctional statutes established under Public Act 232 of 1953. The MDOC budget funds operation of the state prison system, supervision of parolees and felony probationers, and a variety of offender programs both in prison and in the community. 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.

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>	<u>FY 2007-08 YTD (as of 2/07/08)</u>	<u>Enacted Change From YTD</u>
PRISON OPERATIONS		
1. Close Scott Correctional Facility	FTEs	N/A (10.0)
Assumes closure of Scott Correctional Facility in May 2009, in conjunction with conversion of Huron Valley men's facility into a women's facility. Scott closure to be made possible in part through a pilot program to reduce the numbers of female parole violators returning to prison and other measures (such as expanded eligibility for the boot camp program) intended to reduce the need for men's prison beds. Includes associated MDOC-recommended boilerplate for the women's pilot program.	Gross	N/A (\$13,166,000)
	GF/GP	N/A (\$13,166,000)
2. Remaining Jackson Closure Savings	Gross	\$3,597,500 (\$3,072,000)
Reflects the remaining savings to be realized from November 2007 of Southern Michigan Correctional Facility; funding for Southern Michigan was reduced by \$36.7 million in FY 2007-08. Transfers \$525,500 of Southern Michigan's funding to Ryan Correctional Facility to support MDOC's dialysis unit (relocated from Southern Michigan), and eliminates the remaining \$3.1 million from the budget.	Restricted	7,500 (7,500)
	GF/GP	\$3,590,000 (\$3,064,500)
3. New Officer Training	Gross	\$11,533,000 \$1,875,400
Adds \$1.9 million for training about 750 new corrections officers. Funds recruits' wages and benefits for the 16-week course, plus manuals, travel, certifications, and uniforms, for a total cost of about \$18,250 per graduate.	GF/GP	\$11,533,000 \$1,875,400
4. Business Office Efficiencies, Other Support Functions	Gross	N/A (\$6,066,300)
Incorporates MDOC-identified savings of \$5.0 million realized through business office efficiencies. Recognizes additional \$1.1 million savings under current year's consolidation of various support functions, including maintenance shops, food service operations, and certain business offices.	GF/GP	N/A (\$6,066,300)

CORRECTIONS

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>	<u>FY 2007-08 YTD</u>	<u>Enacted Change</u>
	<u>(as of 2/07/08)</u>	<u>From YTD</u>
5. Prison Stores and Warehouses	FTEs	N/A (90.0)
Reflects MDOC estimate of savings to be achieved through personnel reductions as a result of centralizing prison store and warehouse operations.	Gross	N/A (\$5,871,200)
	Restricted	N/A (4,665,800)
	GF/GP	N/A (\$1,205,400)
6. Warehouse Operational Savings	Gross	N/A (\$3,231,900)
Reflects MDOC estimates of additional operational savings from bulk commodity purchases and other efficiencies under regionalization of warehousing and food service operations.	GF/GP	N/A (\$3,231,900)
7. Change Calculations for Staffing Assignments	FTEs	N/A (221.7)
Reflects anticipated overtime and hiring savings from changes to relief factors used in correctional officer assignments. Decreasing the relief factor for a 7-day assignment from 1.80 to 1.75 would mean that facilities would be funded and staffed for 1.75 FTEs per assignment, rather than 1.80.	Gross	N/A (\$15,701,400)
	GF/GP	N/A (\$15,701,400)
8. Facility Staff Reductions	FTEs	N/A (73.6)
Includes MDOC-recommended reductions of 3.6 FTEs (the equivalent of two seven-day assignments) per facility.	Gross	N/A (\$6,400,000)
	GF/GP	N/A (\$6,400,000)
PRISONER HEALTH AND MENTAL HEALTH CARE		
9. Hepatitis C Testing and Treatment	Gross	N/A \$14,856,600
Adds \$14.9 million to meet estimated second-year costs of implementing new Hepatitis C testing protocols, which are expected to identify more prisoners needing and subsequently receiving treatment for Hepatitis C. \$1.7 million was added in FY 2007-08 for first-year costs. Equilibrium is expected in FY 2009-2010, when, according to current estimates, another \$4 million to \$5 million will be needed.	GF/GP	N/A \$14,856,600
10. Mental Health Services and Programs	FTEs	N/A 12.2
Increases funding for DCH-provided mental health services, including two additional mental health outpatient treatment teams (\$2.1 million), a new residential treatment program unit at Gus Harrison (\$1.5 million), full-year funding for a mental health outpatient team receiving partial-year funding in FY 2007-08 (\$247,500), and a Level IV social skills development unit (SSDU) for developmentally disabled prisoners at Gus Harrison (\$975,600); MDOC's other SSDU is a Level II unit at Handlon.	Gross	N/A \$4,802,000
	GF/GP	N/A \$4,802,000
11. Hospital and Specialty Care Savings	Gross	N/A (\$4,000,000)
Assumes savings of \$4.0 million in prisoner hospital and specialty care currently provided under a contract with Correctional Medical Services, Inc. Savings anticipated under changes effective under the latest extension to the current contract (expiring March 31, 2009) and under the new contract.	GF/GP	N/A (\$4,000,000)
12. Nursing Staff	FTEs	N/A 20.5
Funds 13.5 additional licensed practical nurses (\$1.0 million) and seven additional registered nurses (\$631,000). Provides \$801,000 for cost of negotiated retention and signing bonuses for nurses.	Gross	N/A \$2,446,100
	GF/GP	N/A \$2,446,100
COMMUNITY PROGRAMS AND FIELD OPERATIONS		
13. County Jail Reimbursement Program	Gross	\$13,249,000 (\$976,900)
Provides \$12.3 million for county jail reimbursement program; retains current reimbursement criteria and rates, which provide counties with per-diem payments for housing in jail presumptive-prison felons and certain "straddle cell" offenders for whom sentencing guidelines permit either prison sentences or local sanctions. Replaces eliminated revenue from the contract for prisoner telephone service (see #17) with \$4.8 million GF/GP.	Restricted	13,249,000 (5,734,600)
	GF/GP	\$0 \$4,757,700

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>	<u>FY 2007-08 YTD</u>	<u>Enacted Change</u>	<u>From YTD</u>
	<u>(as of 2/07/08)</u>		
14. IDG to Judiciary for Intensive Probation Pilot – VETOED	Gross	N/A	\$980,000
Funds an IDG to Judiciary for a pilot program targeting nondangerous offenders at significant risk of committing additional crimes. Program would include offender "assessment, treatment, and accountability, with the goal of reducing expenditures for long-term incarceration." Probation officers in the pilot would report directly to the circuit judge; the Michigan judicial institute would train all personnel involved in the pilot.	GF/GP	N/A	\$980,000
15. Global Positioning System (GPS) Tether	FTEs	N/A	20.0
Provides \$3.3 million to add 500 active GPS tether units in FY 2008-09, and \$301,800 for full-year cost of 500 units added in FY 2007-08.	Gross	N/A	\$3,605,800
	GF/GP	N/A	\$3,605,800
MISCELLANEOUS ADJUSTMENTS AND FUNDING CHANGES			
16. Central Office Reductions	FTEs	N/A	(5.0)
Incorporates central office reductions of 5.0 FTEs and \$800,000.	Gross	N/A	(\$800,000)
	GF/GP	N/A	(\$800,000)
17. Telephone Fees and Commissions	Gross	\$11,077,700	(\$2,879,500)
Eliminates revenue from the contract for prisoner telephone service, using a combination of gross reductions and GF/GP replacement. Figures shown do not include related adjustments for jail reimbursement program (see #13 above). Total restricted revenue authorization eliminated across the affected lines is \$11.1 million; total GF/GP replacement is \$7.2 million.	Restricted	\$11,077,700	(5,343,100)
	GF/GP	\$0	\$2,463,600
18. Public Works Program	Gross	N/A	(\$2,516,900)
Halves public works user fees, eliminating a \$1.3 million increase (with accompanying GF/GP decrease) built into current-year budget. Assumes \$2.5 million reduction in the public works program.	Restricted	N/A	(1,286,900)
	GF/GP	N/A	(\$1,230,000)
19. Human Resources Consolidation	FTEs	N/A	(136.0)
Transfers human resources FTEs (\$12.3 million gross) to civil service (now in DMB), and eliminates \$1.1 million gross and GF/GP in human resources optimization user fees. Training and labor relations remain in MDOC.	Gross	N/A	(\$13,392,600)
	Restricted	N/A	(175,100)
	GF/GP	N/A	(\$13,217,500)
20. IT Equipment Upgrades and Fee Increases	Gross	N/A	\$2,026,400
Funds various increases associated with IT equipment/services: increased DIT fees for desktop support and office automation (\$976,400), partial replacement (with leased machines) of obsolete desktops and laptops (\$750,000), and upgraded file and print servers (\$300,000).	GF/GP	N/A	\$2,026,400
21. Economic Adjustments	Gross	N/A	\$7,831,900
Includes \$7.8 million in economic increases (\$7.7 million GF/GP), of which \$74,400 (\$72,000 GF/GP) is for DIT. Gross and restricted economic increases are \$6,600 below Executive, due to elimination of Executive's economic increase for telephone fee revenue.	IDG/IDT	N/A	12,600
	Federal	N/A	9,500
	Restricted	N/A	158,800
	GF/GP	N/A	\$7,650,900

Major Boilerplate Changes From FY 2007-08

Sec. 207. Privatization Project Plans

Requires privatization project plan to be submitted to Legislature at least 120 days before beginning any effort to privatize.

Sec. 207a. Privatization Cost-Benefit Analyses and Criteria

Requires cost-benefit analyses and legislative approval prior to privatizing activities provided by state employees; requires savings of at least 5% to be identified.

Sec. 219. Prisoner Telephone Calls

Specifies that any contract for prisoner telephone services include a condition that fee schedules for prisoner telephone calls be the same as fee schedules for calls placed from outside of correctional facilities.

Sec. 224. Litigation Report – NEW

Requires a report to alert the Legislature to lawsuits adjudicated through the trial court phase in which proceedings resulted in a decision of \$1.0 million or more against MDOC.

CORRECTIONS

Major Boilerplate Changes From FY 2007-08

Sec. 225. *Displaced Employees – NEW*

Requires MDOC to make every effort to place in other positions employees displaced by any reductions in force. Employees not placed in other positions in MDOC are to be given priority in state programs for job retraining or education.

Sec. 228. *Prison Storekeeper Workgroup – NEW*

Suspends reductions in storekeeper positions and bidding out of prison store operations until a workgroup is convened to identify operation changes other than personnel changes to achieve \$1.2 million GF/GP savings assumed by the bill.

Sec. 229. *Business Office Workgroup – NEW*

Requires MDOC to convene a workgroup to identify operation changes other than business office personnel changes to achieve \$5.0 million GF/GP savings assumed by the bill.

Sec. 301. *Offender Tracking Information System (OTIS) – REVISED*

Requires MDOC to provide, for a fee, information purged from OTIS; appropriates revenue for OTIS and other IT costs.

Sec. 304. *Staff Suggestions – NEW*

Requires MDOC to invite employees to suggest cost savings; requires report on responses to suggestions.

Sec. 414. *County Jail Reimbursement Program (CJRP) – REVISED*

Sets reimbursement criteria and rate of \$43.50 per diem for housing in jail presumptive prison felons and certain straddle-cell offenders; revision deletes requirement for study and report on sentencing guidelines impact.

Sec. 423. *Pilot Project for Female Parole Violators – NEW*

Requires pilot program to reduce returns to prison of female technical violators of parole.

Sec. 605. *Intensive Probation Pilot Program – VETOED*

Designates \$980,000 for a pilot program targeting nondangerous offenders at significant risk of committing additional crimes. Program is to include offender "assessment, treatment, and accountability, with the goal of reducing expenditures for long-term incarceration." Specifies that probation officers involved in the project report directly to the circuit judge. Michigan judicial institute would train all personnel involved in the pilot.

Sec. 812. *Medicaid Utilization – NEW*

Requires interagency agreement between MDOC and the DHS to identify newly-committed prisoners who are Medicaid-eligible. Requires MDOC to assist prisoners with Medicaid enrollment process prior to release from prison, and to provide the Legislature with regular updates on utilization of Medicaid benefits for prisoners.

Sec. 906. *Public Works Program – REVISED*

Expresses legislative intent to halve the user fees charged for prisoner public works crew; revision eliminates current-year provision for doubling them. Eliminates language for prisoner wages to be increased in conjunction with user fee increases.

Sec. 923. *Local School Districts – NEW*

Directs MDOC to cooperate with Department of Education to evaluate feasibility of local school districts providing educational programming to targeted prisoners under age 20.

Sec. 924. *Evaluation and Placement of Prisoners with Mental Illness – NEW*

Requires prisoners to be evaluated at intake for certain disorders and serious mental illness, and generally bars administrative segregation for prisoners with serious mental illness.

Sec. 925. *Administrative Segregation Report – NEW*

Requires MDOC to report on the numbers of prisoners with serious mental illness or developmental disorders who were placed in administrative segregation and on the duration of their placements.

Sec. 926. *Prison Store Surcharges – NEW*

Requires 10% surcharge on the cost of certain goods sold at prison stores and directs the revenues to the state trooper recruit school fund. Expresses legislative intent to apply surcharge for one year only.

Sec. 927. *Youthful Offenders – NEW*

Expresses legislative intent for MDOC and DHS to examine the potential of entering into an intergovernmental agreement for up to 140 youth committed to MDOC to instead be placed in the W. J. Maxey Training School.

HUMAN SERVICES

Summary of FY 2008-09 Enacted Appropriations

2008 Public Act 248 (House Bill 5814)

Analysts: Bob Schneider and Kevin Koorstra

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$2,416,000	\$2,416,700	\$2,416,700	\$2,416,700	\$2,416,700	\$700	0.0
Federal	3,174,843,600	3,146,833,100	3,168,228,800	3,166,860,900	3,170,414,600	(4,429,000)	(0.1)
Local	50,954,300	61,293,500	47,161,300	47,161,000	47,161,100	(3,793,200)	(7.4)
Private	9,039,200	10,174,700	10,174,700	10,174,700	10,174,700	1,135,500	12.6
Restricted	59,698,600	61,419,200	61,589,200	61,589,200	61,589,200	1,890,600	3.2
GF/GP	1,314,960,200	1,376,552,200	1,330,182,100	1,354,038,700	1,284,467,200	(30,493,000)	(2.3)
Gross	\$4,611,911,900	\$4,658,689,400	\$4,619,752,800	\$4,642,241,200	4,576,223,500	(35,688,400)	(0.8)
FTEs	10,580.4	10,442.8	10,466.8	10,397.8	10,401.8	(178.6)	(1.7)

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

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. The DHS is also 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 2007-08 YTD Appropriations

	FY 2007-08 YTD	Enacted Change From YTD
1. State Juvenile Justice Facilities and Staff	FTEs 331.0	(60.0)
Reduces juvenile justice staffing by 60.0 FTEs: 30.0 FTEs from the state's medium security juvenile justice facilities, 20.0 central staff FTEs in the Bureau of Juvenile Justice, and 10.0 FTEs linked to closure of the Flint House community juvenile justice center.	Gross \$32,847,900	(\$6,201,200)
	Federal 624,500	(264,400)
	Local 15,066,100	(1,813,700)
	GF/GP \$17,157,300	(\$4,123,100)
2. Family Independence Program (FIP) Benefit Increase	Gross \$373,936,400	\$2,494,800
Increases maximum FIP cash benefit for low-income families by \$1.00 per person per month, boosting monthly payment for a family of three with no other income to \$492. May 2006 FIP policy changes led to benefit increases for most families; last general increase for all families was in 1990. Increase funded with anticipated TANF carryforward revenue that should result from new TANF contingency fund revenue in FY 2007-08. Includes boilerplate to provide an additional \$2.00 per person per month increase if sufficient TANF carryforward is available (Sec. 296).	Federal 90,026,800	2,494,800
	Restricted 39,311,200	0
	GF/GP \$244,598,400	\$0
3. FIP Children's Clothing Allowance	Gross \$7,167,500	\$5,583,500
Increases the annual clothing allowance for FIP families to an estimated \$88 per child; clothing allowance payments are made prior to the oncoming school year. Increase funded by anticipated TANF carryforward revenue that should result from new TANF contingency fund revenue in FY 2007-08.	TANF 0	5,583,500
	GF/GP \$7,167,500	\$0
4. Family Independence Program Work Incentive	Gross \$373,936,400	\$1,778,300
Adds funds for a new \$50 incentive payment to FIP families able to meet federal work participation requirements for three consecutive months; families would be eligible for up to four incentive payments per year, and eligible to receive a \$25 contribution to an Individual Development Account.	Federal 90,026,800	0
	Restricted 39,311,200	0
	GF/GP \$244,598,400	\$1,778,300

HUMAN SERVICES

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>	<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
5. State Disability Assistance Benefit Increase	Gross	\$33,798,200
Raises maximum benefit level for disabled adults receiving State Disability Assistance by \$5.00 per person per month. About 99% of recipients are single disabled adults; their monthly benefit would rise approximately 2% (from \$264 per month to \$269 per month). Last maximum benefit level raise was from \$246 per month to \$264 per month in 2000.	Federal	9,328,300
	GF/GP	\$24,469,900
		\$696,900
		0
		\$696,900
6. DHS Field and Program Staff	FTEs	N/A
Provides 7.0 new FTEs in Bureau of Children and Adult Licensing, 5.0 FTEs for Foster Care/Adoption Contract Monitoring Division, 5.0 Child Protective Services FTEs, and 3.0 FTEs in the Interstate Compact unit overseeing inter-state child placements.	Gross	N/A
	Federal	N/A
	GF/GP	N/A
		20.0
		\$1,497,900
		507,100
		\$990,800
7. Caseload Adjustments	Gross	N/A
Reduces public assistance, foster care, and adoption subsidy support by a cumulative \$66.3 million from Executive recommendation and \$38.8 million from FY 2007-08, to reflect projected declines in caseload costs. Largest reductions are \$17.9 million for FIP, and \$26.8 million for Day Care Services.	Federal	N/A
	Local	N/A
	GF/GP	N/A
		(\$38,790,000)
		(4,142,300)
		(1,502,800)
		(\$33,144,900)
8. Bridges Toward Responsible Adulthood	Gross	\$0
Adds a new line item for this program aimed at assisting older youth transitioning out the child welfare system.	Federal	0
	GF/GP	\$0
		\$1,000,000
		800,000
		\$200,000
9. Adrian Training School Property Development – VETOED	Gross	\$0
Provides \$500,000 for property development at the Adrian Training School.	GF/GP	\$0
		\$500,000
		\$500,000
10. Indigent Burial Program	Gross	\$4,550,000
Increases indigent burial provider rates to FY 2006-07 levels; rates had been reduced significantly by EO reductions and a FY 2007-08 veto.	Federal	430,900
	GF/GP	\$4,119,100
		\$1,359,300
		0
		\$1,359,300
11. Strong Families/Safe Children	Gross	\$0
Reflects \$2.0 million (federal) reduction for Strong Families/Safe Children program, with federal savings reallocated to Adoption Subsidies program to save GF/GP. Boilerplate Section 296 restores the \$2.0 million with revenue generated through use of TANF contingency funding.	Federal	0
		(\$2,000,000)
		(2,000,000)
12. Adoption Subsidies - Residential Rate Increase	Gross	\$235,637,200
Provides 4% increase in per diem rates paid on behalf of adopted children under an adoption medical subsidy when those children are receiving treatment or other services in residential care settings.	Federal	141,597,300
	GF/GP	\$94,039,900
		\$410,000
		0
		\$410,000
13. Rate Increase - Independent Living Services	Gross	N/A
Provides a 4% increase in administrative rates paid to child placing agencies that provide independent living services to older foster youth.	Federal	N/A
	GF/GP	N/A
		\$168,300
		63,100
		\$105,200
14. Redirection of Jobs Education and Training (JET) Funding	FTEs	30.0
Redirects \$7.3 million originally allocated for services to FIP clients through Michigan Rehabilitation Services (MRS) in order to provide 63.0 new FTEs for FIP caseworkers and 20.0 related supervisory and administrative support FTEs. Underutilization of MRS funding allowed for the redirection.	Gross	\$17,980,800
	Federal	1,836,000
	GF/GP	\$16,144,800
		\$0
		83.0
		1,362,800
		(\$1,362,800)
15. Smaller Program Increases	Gross	\$170,000
Adds \$100,000 GF/GP for Michigan 2-1-1, restores \$200,000 in vetoed TANF funding for Michigan State University Kinship Care Resource Center, adds \$30,000 for Michigan Coordinated Access to Food for the Elderly Program, and provides new funding for Communities in Schools (\$200,000) and Youthville Detroit (\$100,000).	Federal	0
	GF/GP	\$170,000
		\$630,000
		200,000
		\$430,000
16. Child Support Arrearage Collections – VETOED	Gross	N/A
Provides \$500,000 to support a contract with a private collection agency to collect child support arrearages owed to custodial parents and owed to the state as reimbursement for past public assistance support.	Federal	N/A
	GF/GP	N/A
		\$500,000
		330,000
		\$170,000

Major Boilerplate Changes From FY 2007-08

GENERAL SECTIONS

Sec. 262. Consolidation Plan for Local Service Delivery – REVISED

Requires DHS to implement a plan to improve local service delivery; savings to be used for additional local office staffing. Revision prohibits closing county offices in Iron, Presque Isle, Ontonagon, and Baraga. Requires consolidation plan report.

Sec. 295. Incorporating LEIN Into BRIDGES – NEW

States legislative intent to have LEIN incorporated into the BRIDGES system by FY 2009-10.

Sec. 296. TANF Contingency Fund Allocation – NEW

Authorizes use of \$21.9 million in carryforward TANF revenue that is contingent upon receipt of TANF contingency fund revenue during FY 2007-08. Authorizes up to \$4.9 million for Children Rights lawsuit legal expenses, \$10.0 million for day care rate increases, \$5.0 million for an FIP grant increase, and \$2.0 million for Strong Families/Safe Children program.

EXECUTIVE OPERATIONS

Sec. 306. Michigan State University (MSU) Kinship Care Resource Center – RESTORED

Appropriates \$200,000 (TANF) for the MSU Kinship Care Resource Center administered by the School of Social Work. The center provides services to kinship care families where children are cared for by a relative.

Sec. 309. YouthVille Detroit Demonstration Project – NEW

Appropriates \$100,000 for the YouthVille Detroit demonstration project.

Sec. 310. Sanilac County Pilot Project – VETOED

Appropriates \$120,000 for a pilot program in Sanilac County to coordinate a comprehensive system of care and referral for area families with children ages 0-18.

ADULT AND FAMILY SERVICES

Sec. 423. Crisis Prevention and Food Assistance Outreach Programs – REVISED

Allocates funds for crisis prevention and senior food aid projects. Revision increases allocation for Michigan Coordinated Access to Food for the Elderly (MiCAFE) program from \$70,000 to \$100,000.

CHILD AND FAMILY SERVICES

Sec. 510. Child Welfare Contract Bidding – REVISED

Allows DHS to exempt from competitive bidding contracts with service providers who are the only provider in a service area. Revision adds nationally-accredited service providers to this exemption.

Sec. 516. Kent County Welfare Service Pilot Project – NEW

Implements a pilot project in Kent County to provide for the purchase of all child welfare services, excluding child protection and evaluation services, with a child placing agency already under contract in Kent County no later than July 1, 2009.

Sec. 531. Title IV-E Funding to Counties – VETOED

Requires that DHS make claims for and pay to local units of government the full benefit of any Title IV-E claims submitted on their behalf on the first \$5,000,000 in eligible costs. Beyond the first \$5,000,000, state and local units would split the Title IV-E revenue. Similar language was vetoed in FY 2007-08.

Sec. 546. Foster Care Rates – REVISED

Establishes a blended administrative rate of \$27.00 per day for private child placing agencies under contract with DHS. Requires reporting on the per diem costs of foster care services delivered by DHS.

Sec. 547. Rate Increase for Independent Living Services – NEW

Provides a 4% rate increase for private providers of independent living services over the daily rate received in FY 2007-08.

Sec. 566. Direct Foster Care Services – REVISED

Stipulates preferences for direct foster care services. Revision states legislative intent that DHS explore modifying current restrictions on contracts with for-profit child placing agencies or agencies using a for-profit management group unless the agency was licensed on or before August 1, 2007 or the management group relationship existed before August 1, 2007.

Sec. 574. Private Agency Relative Licensure Contracts – REVISED

Stipulates use of funds for adoption support services. Revision allows private agencies that successfully convert relative caregivers to licensed foster parents to retain supervision over at least 50% of the cases they convert.

Sec. 583. In-Home Child Care Incentive Program – VETOED

Creates an incentive program to encourage counties to increase the number of children in the child welfare and juvenile justice systems receiving in-home care rather than in out-of-home placements. Counties would receive reimbursement from DHS equal to 75% of the documented increase in in-home care expenditures over FY 2007-08.

FY 2008-09 APPROPRIATIONS SUMMARY AND ANALYSIS

HUMAN SERVICES

Major Boilerplate Changes From FY 2007-08

Sec. 584. Adoption Subsidy 4% Rate Increase for Specialized Services – NEW

Appropriates \$410,000 for a 4% increase in per diem rates paid to residential facilities that serve adopted youth under the medical subsidy program.

PUBLIC ASSISTANCE

Sec. 606. Recoupment of Retroactive Supplemental Security Income (SSI) Payments – REVISED

Allows recoupment of retroactive SSI payments. Revision requires FIP recipients who apply for federal SSI to sign agreements to repay DHS on receipt of retroactive SSI payments. Currently, only SDA recipients have this requirement.

Sec. 613. Indigent Burial Rates and Pilot Project – RESTORED

Stipulates use of funds for indigent burial. Restores maximum payments to funeral providers for indigent burials to FY 2006-07 levels: \$909 per burial (\$579 for funeral directors, \$192 for cemeteries and crematoriums, and \$138 for vault providers).

Sec. 669. FIP Annual School Clothing Allowance – REVISED

States requirements for cash and food assistance disbursements. Revision increases annual clothing allowance allocation for FIP recipients from \$7.2 million to \$12.8 million; action meant to increase the per-child allowance to \$88 for FY 2008-09.

Sec. 679. Day Care Training, Technology and Oversight – NEW

Appropriates \$2.5 million to either contract with a private entity or develop internal processes to increase payment accuracy in the child care program. Costs are offset by equivalent savings in day care payments.

Sec. 691. Parent-Student-Teacher Compacts – NEW

Allows DHS to choose not to distribute public assistance or subsidies to the parent or parents of school-aged children if those parents have not signed a parent-student-teacher compact regarding educational roles.

Sec. 693. Family Independence Program Work Incentive – NEW

Appropriates \$1.8 million to Michigan Works! agencies to provide \$50 to each FIP recipient who meet federal employment requirements for three successive months. Each FIP recipient is eligible for this benefit up to four times a year; recipient could also elect to receive an additional \$25 to be placed in an Individual Development Account on his or her behalf

JUVENILE JUSTICE SERVICES

Sec. 721. Report on Shift of Beds from Maxey Training School – REVISED

Requires a report by October 1, 2008, from the DHS on the transfer of medium security beds from the Maxey Training School and the placement of affected youth in private or community-based facilities.

Sec. 726. Residential Provider Contracts and Rates – REVISED

Provides direction on contracts with for-profit residential facilities. Revision clarifies that DHS shall not maintain contracts with for-profit providers or providers using for-profit management organizations unless the provider was licensed by DHS on or before August 1, 2007, and any relationship with a for-profit management organization existed before August 1, 2007.

Sec. 730. Juvenile Justice Per Diem Rates – NEW

Requires DHS to review and adjust per diem rates to private providers of juvenile justice services in recognition of added complex services.

Sec. 731. Juvenile Justice Security Level Structure – NEW

Requires DHS to conduct a review of the security level structure used to classify juvenile justice youth and to make recommendations for changes to the current structure to ensure youth are served in appropriate settings. Includes a report to the subcommittees on the recommendations and a comparison of capacity versus need at each security level.

CHILD SUPPORT ENFORCEMENT

Sec. 909. Incentive Funds to Counties – NEW

Allows each county to retain 75% of the amount by which its collections of state retained child support exceeds its FY 2004-05 collections. Revenue to be used for local child support enforcement efforts. Allocation would be contingent upon statewide retained child support collections exceeding FY 2004-05 levels.

Sec. 911. Title IV-D Annual Child Support Fee – NEW

Authorizes DHS to collect an annual fee of \$25 from non-public assistance clients that receive at least \$500 in state-collected child support. Federal law requires the payment of this fee by either the state or the client.

COMMUNITY ACTION AND ECONOMIC OPPORTUNITY

Sec. 1104(3). Earned Income Tax Credit (EITC) Education/Marriage & Fatherhood Programs – VETOED

Provides \$250,000 for contracts with organizations that combine EITC education with marriage and fatherhood programming.

**FY 2008-09
Budget Detail
for**

RESOURCE PROTECTION

**Agriculture
Environmental Quality
Natural Resources**

AGRICULTURE

**AGRICULTURE
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 253 (House Bill 5807)**

Analyst: William E. Hamilton

IDG/IDT	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
	\$9,615,400	\$9,539,200	\$9,539,200	\$11,339,200	\$9,539,200	(\$76,200)	(0.8)
Federal	21,267,600	14,861,000	14,861,000	14,861,000	16,121,900	(5,145,700)	(24.2)
Local	0	0	0	0	0	0	0.0
Private	233,500	237,200	237,200	237,200	237,200	3,700	1.6
Restricted	46,121,700	45,852,400	45,852,400	45,927,400	36,795,500	(9,326,200)	(20.2)
GF/GP	31,158,100	32,490,200	34,453,400	32,490,200	32,488,600	1,330,500	4.3
Gross	\$108,396,300	\$102,980,000	\$104,943,200	\$104,855,000	\$95,182,400	(\$13,213,900)	(12.2)
FTEs	692.5	599.5	599.5	599.5	600.5	(92.0)	(13.3)

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

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 2007-08 YTD Appropriations	FY 2007-08 YTD	Enacted Change From YTD
1. Commissions and Boards	Gross \$17,800	\$15,000
Appropriates \$32,800; restores GF/GP support which was eliminated in the current-year budget.	Restricted 17,800	0
	GF/GP \$0	\$15,000
2. Executive Direction	FTEs 10.0	0.0
Reflects economic increases of \$29,700, a \$1,300 GF/GP reduction for employee health insurance (HMO) savings, and a \$263,700 reduction related to transfer of internal audit function to a new line.	Gross \$1,157,900	(\$235,300)
	Restricted 105,400	2,600
	GF/GP \$1,052,500	(\$237,900)
3. Management Services	FTEs 31.5	(7.5)
Reflects economic increases of \$55,700, a \$3,000 GF/GP reduction to due to employee health insurance (HMO) savings, and a \$594,300 reduction related to transfer of human resource functions out of the Department. Also reflects a \$163,400 GF/GP baseline reduction from current year.	Gross \$2,430,800	(\$705,000)
	Restricted 418,600	(282,100)
	GF/GP \$2,012,200	(\$422,900)
4. Agricultural Statistics	FTEs 2.0	(1.0)
Recognizes that funding only supports 1.0 FTE position. Appropriation reflects economic increases as well as \$100 GF/GP reduction for employee health insurance (HMO) savings.	Gross \$137,600	\$6,100
	Restricted 75,000	3,400
	GF/GP \$62,600	\$2,700
5. Food Safety and Quality Assurance – Food and Dairy	FTEs 107.0	8.0
Reflects economic increases, a \$14,500 GF/GP reduction for employee health insurance (HMO) savings, and a \$30,000 GF/GP baseline reduction to hit the GF/GP target. Allocates the largest share of GF/GP funding in this budget.	Gross \$12,654,600	(\$56,600)
	Federal 434,300	(26,900)
	Restricted 3,013,200	(24,400)
	GF/GP \$9,207,100	(\$5,300)

Major Budget Changes From FY 2007-08 YTD Appropriations	FY 2007-08 YTD	Enacted Change From YTD
6. Animal Health and Welfare – Animal Industry	FTEs 21.5	0.0
Reflects economic decrease adjustment of \$21,300 as well as a \$2,700 GF/GP reduction for employee health insurance (HMO) savings. Also replaces \$75,000 IDG from the DNR (cervid fees) with cervid fee restricted revenue as a direct fund source.	Gross \$2,407,400	(\$25,200)
	IDG 75,000	(75,000)
	Federal 469,300	(4,200)
	Restricted 166,100	74,000
	GF/GP \$1,697,000	(\$20,000)
7. Bovine Tuberculosis (TB) – Animal Industry	FTEs 36.5	12.0
Reflects \$99,800 economic increase, reduces GF/GP by \$6,100 for employee health insurance (HMO) savings, adds \$10,900 in federal revenue, and increases baseline GF/GP by \$1.7 million. Redirects \$1.5 million Agriculture Equine Industry Development Fund (AEIDF) support to Building and track improvements, county and state fairs, and various Horse race program lines. Building and track improvement and Horse race program lines were vetoed; Governor indicated support for restoring Bovine TB program funds to original executive-recommended level. Allocates the second largest share of GF/GP in this budget.	Gross \$7,092,200	\$333,000
	Federal 730,800	19,200
	Restricted 2,125,400	(1,471,600)
	GF/GP \$4,236,000	\$1,785,400
8. Pesticide and Plant Pest Management – PPPM	FTEs 116.8	(6.8)
Reflects economic increase of \$13,700 as well as \$13,900 GF/GP reduction for employee health insurance (HMO) savings. Reduces federal revenue by \$1.4 million to better align budget with actual anticipated revenue. Retains \$200,000 in pesticide license fee revenue which had replaced GF/GP in FY 2007-08 in anticipation of passage of SB 682.	Gross \$13,573,200	(\$1,400,200)
	Federal 3,842,200	(1,394,500)
	Private 147,700	300
	Restricted 5,162,000	3,100
	GF/GP \$4,421,300	(\$9,100)
9. Emerald Ash Borer Program	FTEs 112.0	(87.5)
Provides \$5.2 million to reflect continuing reduction in federal support for this program; appropriation had been as much as \$25.0 million in FYs 2003-04 and 2004-05. Also reflects economic increases of \$15,100.	Gross \$10,176,300	(\$4,984,900)
	Federal 10,176,300	(4,984,900)
10. Environmental Stewardship	FTEs 30.2	(3.2)
Reflects economic adjustments; a \$3,400 GF/GP reduction for employee health insurance (HMO) savings; and a \$30,000 GF/GP baseline reduction to meet targets.	Gross \$2,857,300	(\$45,800)
	IDG 269,800	(1,200)
	Federal 232,500	48,800
	Restricted 50,000	(50,000)
	GF/GP \$2,305,000	(\$43,400)
11. Technical Assistance Match	Gross \$300,000	\$0
Retains funds for technicians working out of local conservation districts who assist farmers and landowners in completing federally-funded Natural Resources Conservation Service contracts. Line was new in FY 2007-08.	GF/GP \$300,000	\$0
12. Local Conservation Districts	Gross \$916,800	\$0
Maintains funding at current-year level.	GF/GP \$916,800	\$0
13. Migrant Labor Housing	Gross \$425,100	\$0
Maintains funding at current year level. Restricted funds represent Migrant labor housing fund established under 2005 PA 43.	Federal 400,000	0
	Restricted 25,000	0
	GF/GP \$100	\$0
14. Cooperative Resources Management Initiative – VETOED	Gross \$0	\$0
Funds forestry services from local conservation districts; item was vetoed.		
15. Water Withdrawal Assessment Program – NEW	Gross \$0	\$130,000
Adds new line per target agreement.	GF/GP \$0	\$130,000
16. Laboratory Services	FTEs 60.5	2.5
Reflects economic adjustments, a \$7,900 GF/GP reduction for employee health insurance (HMO) savings, and a \$17,900 GF/GP baseline reduction to meet targets.	Gross \$6,336,400	(\$17,600)
	IDG 189,100	0
	Federal 916,200	0
	Restricted 2,272,000	4,400
	GF/GP \$2,959,100	(\$22,000)

AGRICULTURE

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>	<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
17. Consumer Protection Program	FTEs 67.5	(16.5)
Supports motor fuel quality, weights and measures, and metrology laboratory. Reflects economic adjustments.	Gross \$5,128,700	\$6,500
	Restricted 5,128,500	6,300
	GF/GP \$200	\$200
18. Agriculture Development	FTEs 5.0	1.0
Reflects economic adjustments as well as an \$800 GF/GP reduction to reflect employee health insurance (HMO) savings.	Gross \$1,070,200	\$1,800
	Private 10,800	0
	Federal 274,400	800
	Restricted 605,700	700
	GF/GP \$179,300	\$300
19. Michigan Agricultural Surplus System (Food Bank)	Gross \$630,500	\$0
Retains current-year funding and fund sources.	IDG 150,000	0
	GF/GP \$480,500	\$0
20. Building and track improvement—county/state fairs – VETOED	Gross \$0	\$0
Provides \$480,000 in AEIDF. This item was vetoed.		
21. Horse Industry Programs – VETOED	Gross \$10,160,300	(\$10,160,300)
Provides \$991,600 (AEIDF) increase from current year by redirecting Bovine TB program funds. All Horse industry program lines were vetoed due to this increase; Governor indicated support for restoring funds for Horse industry program lines to original executive-recommended level.	Restricted 10,160,300	(10,160,300)
	<u>FY 08</u> <u>FY 09</u> <u>Enrolled</u>	
Purses & supplements-fairs/licensed tracks	2,370,000	2,601,300
Licensed tracks - light horse racing	132,000	144,900
Standardbred (SB) breeders' awards	969,000	1,063,600
SB purses/supplements-licensed tracks	1,789,300	1,963,900
SB sire stakes	810,000	889,100
Thoroughbred sire stakes	830,000	911,000
SB training and stabling	36,000	39,500
Thoroughbred program	2,400,000	2,634,200
Thoroughbred owners' awards	124,000	136,100
Distribution of outstanding winning tickets	700,000	768,300
22. Capital Outlay—Farmland/Open Space Development Acquisition	Gross N/A	\$3,750,000
Adds Capital Outlay item to Agriculture budget (\$1.3 million federal, \$2.5 million from Agriculture Preservation Fund).	Federal N/A	1,250,000
	Restricted N/A	2,500,000
23. Economics	Gross N/A	\$184,200
Provides \$280,000 net for employee-related economic increases, including salaries and wages, insurance, and retirement contributions. Offset in part by \$98,600 reduction in estimated building occupancy costs.	IDG N/A	(1,200)
	Federal N/A	20,400
	Private N/A	3,700
	Restricted N/A	27,800
	GF/GP N/A	\$133,500

Major Boilerplate Changes From FY 2007-08

Sec. 234. Travel to Out-of-State Training – NEW

Sets guidelines for out-of-state travel to conferences or training seminars.

Sec. 235. C. S. Mott Group – NEW

Allows Department to provide funds to C. S. Mott group from sustainable food systems at Michigan State University (MSU) to plan coordinate and leverage federal funds to enhance local markets.

Sec. 457. Bovine TB Report – REVISED

Requires quarterly report on Bovine TB program; modified from current year which had required a monthly report.

Sec. 460. Agriculture Equine Fund Prorated Reductions – NEW

Requires that Department make proportionate reductions in all appropriations from the AEIDF if revenue falls.

Major Boilerplate Changes From FY 2007-08

Sec. 551. Fruit and Vegetables Industry Inspections – NEW

States legislative intent that Department work with fruit and vegetable industry to ensure development of a sustainable system of third-party inspections of fruits and vegetables.

Sec. 711. Michigan Strategic Fund (MSF) – NEW

Indicates legislative intent that MSF work with Department to promote Michigan agriculture.

Sec. 801. State Simulcasting Tax Revenue Report – REVISED

Requires Department to submit a report on state simulcasting tax revenue and license fees within 60 days of the close of each fiscal quarter.

Sec. 802. Purses and Supplements - Licensed Tracks – VETOED

Reduces boilerplate earmark for Michigan-bred 4-year olds from \$280,000 to \$220,000 (AEIDF).

Sec. 803. Thoroughbred Program Tracks – VETOED

Provides funds from Thoroughbred program line to Michigan United Thoroughbred Breeders and Owners Association to conduct a thoroughbred yearling show. Reduces earmark from \$30,500 to \$23,500 (AEIDF).

Sec. 804. Thoroughbred Owners Awards – VETOED

Provides funding for thoroughbred owners' awards; references Horse Racing Law of 1995.

Sec. 805. Agriculture Equine Industry Development Fund (AEIDF) Reduction Report – REVISED

Requires Department to notify Legislature on November 1, 2008, and April 1, 2009, of allocations or expenditures from the AEIDF.

Sec. 807. Purse Supplements – VETOED

Provides for overnight purse supplements.

Sec. 811. Outstanding Unclaimed Tickets – VETOED

Prohibits using funds for distribution of outstanding winning tickets until funds are deposited in the AEIDF. Department is to provide ten-day notice before funds are spent.

Sec. 903. Audit of Licensed Tracks – NEW

Requires Office of Racing Commissioner to perform audits.

Sec. 1001. Farmland and Open Space Development Rights – NEW

Requires that appropriation for farmland and open space development acquisition be used to purchase development rights and award grants by the agriculture preservation fund board under the natural resources and environmental protection act.

Sec. 1002. Provisions Regarding Lump Sum Payments – NEW

Requires Department director to allocate lump-sum appropriations made in this act consistent with statutory provisions and the purposes for which funds were appropriated. Limits lump sum appropriation carryforward to no more than three fiscal years following appropriation, and provides for lapse of funds to original fund source per Management & Budget Act.

Sec. 1003. Provisions Regarding Carryforward Authority – NEW

Provides for appropriation carryforward authority per Management & Budget Act.

**ENVIRONMENTAL QUALITY
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 247 (Senate Bill 1097)**

Analyst: Kirk Lindquist

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 Senate	FY 2008-09 House	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$18,662,900	\$19,071,200	\$18,890,200	\$19,071,200	\$18,890,200	\$227,300	1.2
Federal	132,150,500	130,636,100	130,636,100	130,636,100	130,636,100	(1,514,400)	(1.1)
Local	0	0	0	0	0	0	0.0
Private	455,100	455,700	455,700	455,700	455,700	600	0.1
Restricted	177,212,700	173,317,100	173,918,100	173,317,100	169,309,900	(7,902,800)	(4.5)
GF/GP	42,763,200	44,998,600	44,851,600	45,003,600	44,411,800	1,648,600	3.9
Gross	\$371,244,400	\$368,478,700	\$368,751,700	\$368,483,700	\$363,703,700	(\$7,540,700)	(2.0)
FTEs	1,567.7	1,519.7	1,519.7	1,519.7	1,526.7	(41.0)	(2.6)

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

The Department of Environmental Quality (DEQ) 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.

Major Budget Changes From FY 2007-08 YTD Appropriations	FY 2007-08 YTD	Enacted Change From YTD
1. Restricted Fee Revenue	Gross \$36,863,900	\$0
Replaces fee-based revenue with GF/GP; a similar \$11.0 million adjustment was enacted in FY 2007-08.	Restricted 36,863,900	(13,473,300)
	GF/GP \$0	\$13,473,300
Above Ground Storage Tank Fees..... \$0.4 million		
Air Emissions Fees..... \$4.4 million		
Environmental Pollution Prevention..... \$1.1 million		
Groundwater Discharge Permits..... \$1.7 million		
Land and Water..... \$3.2 million		
Mineral Wells Regulation..... \$0.1 million		
On-site Waste Water Treatment..... \$0.6 million		
Solid Waste Fees..... \$0.5 million		
Underground Storage Tank Fees..... \$1.0 million		
Waste Reduction Fees..... \$0.5 million		
2. Human Resources Consolidation and Internal Audit	FTEs 13.0	(13.0)
Reflects consolidation of human resource functions to the Civil Service Commission (EO 2007-30) and transfer of internal audit functions and services (EO 2007-31). Transfers human resources appropriation to DMB; \$228,500 for internal audit is set aside for DMB audit expenses.	Gross \$1,602,500	(\$1,476,000)
	Restricted 1,248,300	(1,160,500)
	GF/GP \$354,200	(\$315,500)
3. Federal Revenue Adjustments	Gross \$131,750,500	(\$1,227,600)
Reflects anticipated FY 2007-08 grant adjustments: revitalization revolving loan program (\$1.0 million); bio-watch, indoor air quality monitoring (\$327,600); and coastal grants program (\$100,000).	Federal 131,750,500	(1,227,600)
4. State Restricted Fund Revenue	Gross \$888,000	(\$324,500)
Reflects revised revenue estimates: air quality fees (\$108,400); Clean Michigan Initiative grant program administration (\$216,100).	Restricted 888,000	(324,500)
5. Laboratory Workload Adjustment	Gross \$4,199,600	\$200,000
Reflects increased laboratory service levels to DEQ programs.	IDG/IDT 4,199,600	200,000

ENVIRONMENTAL QUALITY

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
6. Water Assessment Program	Gross	\$0	\$895,000
Adds new Great Lakes water protection program.	Restricted	0	570,000
	GF/GP	\$0	\$325,000
7. Village of Chesaning – Water Pollution Control Grant	Gross	\$0	\$900,000
Adds new grant to the Village of Chesaning.	Restricted	0	900,000
8. CMI Response Fund	Gross	\$5,663,200	(\$5,663,200)
Reflects end of Clean Michigan Initiative response program.	Restricted	5,663,200	(5,663,200)
9. General Fund Reductions – Various	Gross	N/A	(\$1,156,800)
Reduces funding for Drinking Water Revolving Fund (\$1.1 million) and fringe benefit savings for HMO (\$49,900).	GF/GP	N/A	(\$1,156,800)
10. Economic Adjustments	Gross	N/A	\$639,800
Provides an adjustment to cover the annualized cost of the 2% salary increase provided in FY 2007-08.	IDG	N/A	21,800
	Federal	N/A	185,800
	Private	N/A	600
	Restricted	N/A	353,400
	GF/GP	N/A	\$78,200

Major Boilerplate Changes From FY 2007-08

Sec. 227. Restricted Fund Shortfall Plan – DELETED

States legislative intent to address restricted fund shortfalls on January 15, 2008.

Sec. 228. Internet Report on FY 2008-09 Expenditures – NEW

Requires report on FY 2008-09 spending, if DIT costs are funded.

Sec. 229. Freedom of Information (FOIA) Request Report – NEW

Requires semiannual report on FOIA requests.

Sec. 230. Muskrat Lake Dam Replacement – NEW

Requires action to restore lake level of Muskrat Lake in Clinton County.

Sec. 231. Environmental Ombudsman – VETOED

Provides \$250,000 for an environmental ombudsman in the Legislative Council, with priority to be given to the wetlands regulatory program.

Sec. 403. Reverse Vending Machines – VETOED

Provides \$2.0 million for bottle deposit redemption machines.

Sec. 903. Michigan Agricultural Environmental Assessment Program – NEW

States legislative intent that DEQ continue federal support of Michigan Agricultural Environmental Assessment Program. Stipulates that DEQ and Department of Agriculture reduce spending proportionally if federal Section 903 grant is reduced.

Sec. 904. Sewerage Discharge Elimination Plan – DELETED

Requires preparation of a plan to eliminate sewerage discharges into water resources by 2015.

Sec. 906. Contaminated Sediments Carryforward – NEW

Appropriates funds remaining in the Contaminated Sediments Cleanup program for FY 2008-09.

Sec. 1104. Village of Chesaning, Water Pollution Control Grant – NEW

Provides grant to Chesaning for pollution control activities; requires a work plan.

NATURAL RESOURCES

NATURAL RESOURCES

**Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 252 (Senate Bill 1106)**

Analyst: Kirk Lindquist

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 Senate	FY 2008-09 House	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$3,808,300	\$3,802,200	\$3,802,200	\$3,802,200	\$3,802,200	(\$6,100)	(0.2)
Federal	47,968,900	49,909,100	49,909,100	50,409,100	51,702,100	3,733,200	7.8
Local	0	0	0	0	0	0	0.0
Private	3,166,500	3,245,000	3,245,000	3,245,000	4,745,000	1,578,500	49.8
Restricted	210,558,500	206,553,500	204,203,600	209,053,600	218,353,600	7,795,100	3.7
GF/GP	23,743,200	23,458,900	13,419,800	24,648,900	10,624,200	(13,119,000)	(55.3)
Gross	\$289,245,400	\$286,968,700	\$274,579,700	\$291,158,800	\$289,227,100	(\$18,300)	0.0
FTEs	2,088.9	2,170.9	2,170.9	2,173.9	2,173.9	85.0	4.1

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

The Department of Natural Resources (DNR) 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.

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>	<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
1. Payments in Lieu of Taxes – Program Transfer	Gross \$14,184,100	(\$14,184,100)
Transfers funding for this local grant program to Department of Treasury.	Restricted 2,350,000	(2,350,000)
	GF/GP \$11,834,100	(\$11,834,100)
2. Forest Development Fund Revenue Adjustment	Gross \$27,316,800	\$1,250,000
Adds \$1.3 million for forest management programs (partial restoration of \$7.7 million reduction in FY 2007-08).	Restricted 27,316,800	1,250,000
3. Conservation District Grants – VETOED	Gross \$0	\$0
Adds \$750,000 for grants (by Department of Agriculture) to conservation districts.		
4. Kamehameha Conservation Easement Purchase Grant	Gross \$4,125,000	(\$1,000,000)
Reduces appropriation to reflect expected spending for purchase of Upper Peninsula conservation easements.	Federal 4,125,000	(1,000,000)
5. State Park Revenue Adjustment	Gross \$46,981,200	(\$2,500,000)
Reduces appropriation to reflect anticipated Park Improvement Fund revenue.	Federal 119,800	0
	Private 362,500	0
	Restricted 46,498,900	(2,500,000)
6. Coastal Endangered Species Habitat Grant	Gross \$27,630,000	\$2,400,000
Adds federal funds to the Wildlife management line item to preserve and protect critical Great Lakes wetland habitat.	Federal 10,179,300	2,400,000
	Private 114,400	0
	Restricted 15,510,900	0
	GF/GP \$1,825,400	\$0
7. Fish Hatchery Production Facilities	Gross \$28,758,400	\$500,000
Increases federal support for fish hatchery and fisheries management for hatchery improvements and public outreach and awareness programs.	Federal 9,745,100	500,000
	Private 116,300	0
	Restricted 18,897,000	0

NATURAL RESOURCES

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
8. General Fund Reductions – Various	Gross	N/A	(\$1,070,600)
Reflects fund shift (\$1.0 million from GF/GP to Forest Development Fund) for wildfire suppression, absorbed economics increases, and fringe benefit savings.	GF/GP	N/A	(\$1,070,600)
9. Economic Adjustments	Gross	N/A	\$376,900
Reflects adjustment to cover the annualized cost of the FY 2007-08 2% salary increase.	Federal	N/A	40,200
	Private	N/A	3,500
	Restricted	N/A	317,300
	GF/GP	N/A	\$15,900

Major Boilerplate Changes From FY 2007-08

Sec. 230. Muskrat Lake – NEW

Requires DNR to assist in re-establishing the lake level at Muskrat Lake in Clinton County.

Sec. 406. Payments in Lieu of Taxes Payments Deadline – NEW

Requires payment to local governmental units by February 14, if billings are submitted by December 1, 2008, and are accurate and complete.

Sec. 706. Plan to Generate Corporate Park Sponsorship Revenue – DELETED

Directs Natural Resource Commission to develop a plan to encourage corporate sponsorship of state parks.

Sec. 802. Conservation Districts – VETOED

Provides \$750,000 for grants to soil conservation districts through an IDT to the Department of Agriculture.

Sec. 807. Horseback Trails – NEW

Requires DNR to work with horse riding associations to increase the number of miles of horse trails in Michigan.

Sec. 902. Island Lake Shooting Range – NEW

Requires public notice as the operator's concession contract is posted for renewal.

FY 2008-09

Budget Detail

for

SAFETY AND DEFENSE

Military and Veterans Affairs

State Police

**MILITARY AND VETERANS AFFAIRS
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 214 (House Bill 5812)**

Analyst: Jan Wisniewski

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$1,680,900	\$1,681,200	\$1,681,200	\$1,681,200	\$1,681,200	\$300	0.0
Federal	59,605,900	57,538,200	57,538,200	57,538,200	109,988,200	50,382,300	84.5
Local	1,283,900	1,284,600	1,284,600	1,284,600	1,284,600	700	0.1
Private	1,463,300	1,463,700	1,463,700	1,463,700	1,463,700	400	0.0
Restricted	29,072,200	28,300,400	28,300,400	28,300,400	29,050,400	(21,800)	(0.1)
GF/GP	40,503,800	40,120,600	40,337,900	40,237,900	40,339,800	(164,000)	(0.4)
Gross	\$133,610,000	\$130,388,700	\$130,606,000	\$130,506,000	\$183,807,900	\$50,197,900	37.6
FTEs	1,022.0	992.0	992.0	992.0	992.0	(30.0)	(2.9)

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

The Department of Military and Veterans Affairs is responsible for 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.

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD	Enacted Change From YTD
1. HMO Insurance Savings	Gross	N/A	(\$129,500)
Recognizes HMO insurance savings taken from various lines.	GF/GP	N/A	(\$129,500)
2. GF/GP Reduction	Gross	N/A	(\$202,500)
Reflects .25% across-the-board reduction from various lines.	GF/GP	N/A	(\$202,500)
3. War Veteran's Memorial Rehabilitation	Gross	N/A	\$5,000
Adds new line in Headquarters and Armories unit to fund rehabilitation of War Veteran's Memorial on the state fairgrounds in Detroit. Corresponds with new boilerplate language in Sec. 305.	GF/GP	N/A	\$5,000
4. Headquarters and Armories	Gross	\$10,742,500	\$67,200
Reflects \$200,000 increase for utilities and grounds maintenance at Joint Forces Headquarters and Baker-Olin Building; transfers \$111,700 to new Internal Audit services line; removes \$16,100 to maintain 3% VSO increase; reduces War veteran's memorial rehabilitation line by \$5,000.	Federal	3,161,100	0
	Restricted	346,400	0
	GF/GP	\$7,235,000	\$67,200
5. D.J. Jacobetti Home Fund Shift	Gross	\$15,599,000	\$13,400
Shifts \$250,000 GF/GP from D.J. Jacobetti Home to Military training sites and support facilities line with simultaneous \$250,000 increase in state restricted income and assessments for the home. Reduces funds for human resources consolidation; increases funds for economic adjustments.	Federal	4,987,500	27,400
	Restricted	5,300,100	215,600
	GF/GP	\$5,311,400	(\$229,600)
6. Departmentwide Accounts – Vehicles and Equipment	Gross	\$1,660,100	\$400,000
Adds \$400,000 in federal funds for large vehicles and equipment purchases (such as dump trucks and graders) for Camp Grayling and Fort Custer.	Federal	1,266,100	400,000
	GF/GP	\$394,000	\$0

MILITARY AND VETERANS AFFAIRS

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
7. Federal Starbase Program Increase	Gross	\$957,000	\$815,000
Increases authorization for technology training for 35 other Starbase program directors across the U. S. and Puerto Rico.	Federal	957,000	815,000
8. Human Resources Optimization and Consolidation	Gross	NA	(\$984,900)
Reduces funds for human resources consolidation per EO 2007-30.	Federal	NA	(18,700)
	Restricted	NA	(136,900)
	GF/GP	NA	(\$829,300)
9. Economic Adjustments	Gross	NA	\$360,100
Provides funds for employee economic adjustments; includes economic adjustments for information technology.	IDG	NA	300
	Federal	NA	155,000
	Private	NA	400
	Local	NA	700
	Restricted	NA	9,200
	GF/GP	NA	\$194,500
10. Military Retirement Cost of Living Increase	Gross	\$3,048,000	\$169,500
Provides GF/GP for federally-mandated cost of living increase.	GF/GP	\$3,048,000	\$169,500
11. Capital Outlay Projects	Gross	N/A	\$53,400,000
Adds \$53,400,000 gross for for land acquisitions and appraisals and various capital outlay projects at Camp Grayling and armories.	Federal	N/A	52,450,000
	Restricted	N/A	500,000
	GF/GP	N/A	\$450,000

Major Boilerplate Changes From FY 2007-08

Sec. 233. County Veteran's Counselor Incentives – NEW

States legislative intent to create incentives for all counties to fund at least one full-time veteran's counselor.

Sec. 234. Veterans Federal Benefits Claims Status – NEW

States legislative intent to assist veterans with checking on their claims status either online or by telephone.

Sec. 237. Department Employee Travel Restrictions – NEW

Limits out of state employee travel to one departmental employee for each specific professional development conference or training seminar, with an exception if federal or private funds are used for travel and if more than one employee is required to attend.

Sec. 302(3). Challenge Program Low Income Participants – NEW

Directs Department to partner with Department of Human Services to recruit candidates to the Challenge program from economically disadvantaged areas.

Sec. 305. War Veteran's Memorial Rehabilitation – NEW

Provides \$5,000 for rehabilitation of the War Veteran's Memorial located on the state fairgrounds in Detroit, contingent on receipt of \$50,000 from Wayne County; allows the use of private donations.

Secs. 801, 802, and 803. Capital Outlay – NEW

Provides capital outlay boilerplate language for use of funds for various capital outlay projects.

STATE POLICE

Summary of FY 2008-09 Enacted Appropriations

2008 Public Act 249 (House Bill 5811)

Analyst: Jan Wisniewski

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$26,143,700	\$26,221,900	\$26,221,900	\$26,321,900	\$26,321,900	\$178,200	0.7
Federal	146,656,300	94,733,400	94,733,400	94,733,400	94,733,400	(51,922,900)	(35.4)
Local	8,739,100	8,522,200	8,522,200	7,822,200	8,522,200	(216,900)	(2.5)
Private	262,500	263,600	263,600	263,600	263,600	1,100	0.4
Restricted	111,818,800	113,629,900	114,629,900	113,629,900	115,529,900	3,711,100	3.3
GF/GP	276,579,300	286,041,200	287,041,300	286,041,200	284,921,600	8,342,300	3.0
Gross	\$570,199,700	\$529,412,200	\$531,412,300	\$528,812,200	\$530,292,600	(\$39,907,100)	(7.0)
FTEs	2,902.0	2,927.0	2,927.0	2,927.0	2,927.0	25.0	0.9

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

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 (MCOLES) and administration of several law enforcement-related grant programs.

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
1. HMO Insurance Savings	Gross	N/A	(\$219,600)
Recognizes HMO insurance savings taken from various lines.	GF/GP	N/A	(\$219,600)
2. Mental Health Awareness Training	Gross	\$100,000	\$0
Maintains funding for mental health awareness training for police officers with funding shift from GF/GP to IDG from Department of Corrections.	IDG	0	100,000
	GF/GP	\$100,000	(\$100,000)
3. Parole Absconder Sweeps	Gross	N/A	\$10,000
Creates new line for parole absconder sweeps operations.	GF/GP	N/A	\$10,000
4. City of Detroit Laboratory	Gross	\$0	\$200,000
Adds new line to Forensic Sciences unit to hire a biologist and a quality assurance manager for the Detroit lab.	GF/GP	\$0	\$200,000
5. Laboratory Operations – Marquette and Sterling Heights Labs	Gross	\$20,934,400	\$1,000,000
Reflects transfer of \$1.9 million from State Services Fee Fund to State Forensic Laboratory Fund, with a \$900,000 reduction for GF/GP savings, to add lab staff to decrease DNA processing backlogs. Supplemental appropriations (2008 PA 113) restored \$2.0 million to avoid closing the Marquette and Sterling Heights State Police labs.	IDG	430,000	0
	Federal	379,800	0
	Restricted	1,438,600	1,900,000
	GF/GP	\$18,686,000	(\$900,000)
6. Criminal Justice Information Center	Gross	\$9,200,100	\$2,500,000
Provides \$1.0 million GF/GP and \$1.5 million in restricted funds for one-time costs to add palm prints to the Automated Fingerprint Identification System (AFIS) per new federal requirements.	IDG	475,800	0
	Restricted	8,724,300	1,500,000
	GF/GP	\$0	\$1,000,000
7. Michigan Public Safety Communications System (MPSCS)	Gross	\$10,005,800	\$2,600,000
Provides \$2.6 million GF/GP to cover a funding shortfall for the MPSCS.	Local	1,544,000	0
	GF/GP	\$8,461,800	\$2,600,000

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
8. Calumet Post Acquisition	Gross	\$450,000	(\$450,000)
Reduces line by \$450,000 GF/GP for one-time FY 2007-08 funds for Calumet Post acquisition.	GF/GP	\$450,000	(\$450,000)
9. Federal and State Restricted Funds Increases – Various	Gross	\$0	\$2,324,900
Recognizes \$865,000 in federal funds for drunk driving toxicology grants and field sobriety test training; adds \$1.3 million restricted for Criminal Justice Information Center reorganization and systems support, carrying concealed weapons distance learning training, AFIS upgrades, traffic crash reporting system upgrades, and emergency 9-1-1 support.	IDG	0	127,100
	Federal	0	865,000
	Restricted	0	1,332,800
10. Federal and Local Funding Decreases – Various	Gross	\$52,668,500	(\$52,668,500)
Reflects \$52.4 million decrease in federal funds to reflect anticipated revenue and expenditures for hazardous materials programs, traffic safety program, and federal anti-drug initiatives; reflects \$213,800 decrease in local funds for Law Enforcement Information Network (LEIN).	Local	213,800	(213,800)
	Federal	52,454,700	(52,454,700)
11. At-Post Troopers – Trooper Recruit School	Gross	\$139,355,100	\$6,335,900
Funds balance of \$7.3 million cost for 100-student trooper recruit school in August 2008. (\$1.0 million supplemental appropriation in 2008 PA 113 provided FY 2007-08 portion of operations costs.)	Restricted	44,754,400	0
	GF/GP	\$94,600,700	\$6,335,900
12. Human Resources Optimization and Consolidation	Gross	N/A	(\$1,775,700)
Reduces funds for human resources consolidation per EO 2007-30.	IDG	N/A	(34,900)
	Local	N/A	(26,300)
	Restricted	N/A	(564,200)
	GF/GP	N/A	(\$1,150,300)
13. Economic Adjustments	Gross	N/A	\$973,100
Provides funds for employee economic adjustments; includes economic adjustments for information technology.	IDG	N/A	61,800
	Federal	N/A	82,900
	Local	N/A	9,900
	Private	N/A	1,100
	Restricted	N/A	84,000
	GF/GP	N/A	\$733,400

Major Boilerplate Changes From FY 2007-08

Sec. 228. Department Employee Travel Restrictions – NEW

Limits out of state employee travel to one departmental employee for each specific professional development conference or training seminar, with an exception if federal or private funds are used for travel and if more than one employee is required to attend.

Sec. 233. Law Enforcement Resource Study – REVISED

Requires that \$200,000 from At-post troopers line be used for a statewide law enforcement resource study.

Sec. 241. Trooper Recruit Schools For Certified Police Officers – NEW

Directs Department to continue creating a plan for operating smaller trooper recruit schools on an annual or biannual basis consisting of recruits that are certified law enforcement officers.

Sec. 503. City of Detroit Laboratory – NEW

Appropriates \$200,000 to the Detroit laboratory for hiring a biologist and a quality control officer.

Sec. 504. State Forensic Laboratory Fund/State Services Fee Fund Transfer – NEW

Appropriates \$1.9 million from State Services Fee Fund to the State Forensic Laboratory Fund for State Police laboratory operations.

**FY 2008-09
Budget Detail
for
ALL OTHERS**

**Capital Outlay
History, Arts, and Libraries
Judiciary
Labor and Economic Growth
Transportation**

CAPITAL OUTLAY

**CAPITAL OUTLAY
FY 2008-09**

Analyst: Al Valenzio

	<u>FY 2007-08 YTD at 10/3/08</u>
IDG/IDT	\$2,000,000
Federal	31,504,100
Local	0
Private	723,900
Restricted	63,650,300
GF/GP	2,100
Gross	\$97,880,400
FTEs	0.0

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.

Note:

FY 2008-09 appropriations for Capital Outlay items appear in department budgets for Agriculture, Management & Budget, Natural Resources, Military & Veterans Affairs, and Transportation.

HISTORY, ARTS, AND LIBRARIES
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 254 (House Bill 5804)

Analyst: Mark Wolf

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$139,200	\$668,600	\$668,600	\$668,600	\$668,600	\$529,400	380.3
Federal	7,355,700	7,507,400	7,507,400	7,757,400	7,757,400	401,700	5.5
Local	0	200,000	200,000	200,000	200,000	200,000	0.0
Private	112,400	312,400	312,400	312,400	312,400	200,000	177.9
Restricted	2,645,600	3,967,800	3,979,800	4,117,800	4,167,800	1,522,200	57.5
GF/GP	39,219,128	39,930,100	44,390,700	39,930,100	39,740,800	521,672	1.3
Gross	\$49,472,028	\$52,586,300	\$57,058,900	\$52,986,300	\$52,847,000	\$3,374,972	6.8
FTEs	235.0	232.0	233.0	232.0	232.0	(3.0)	(1.3)

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

The Department of History, Arts, and Libraries (HAL) 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. Effective May 4, 2008, the Film Office was transferred from HAL to the Michigan Strategic Fund (2008 PA 75); FY 2007-08 YTD figures above reflect this transfer.

Major Budget Changes From FY 2007-08 YTD Appropriations

		FY 2007-08 YTD	Enacted Change From YTD
1. Arts and Cultural Affairs Grants	Gross	\$7,754,000	\$283,900
Adds GF/GP for arts and cultural grants and adjusts fund sources.	Federal	700,000	122,000
	Restricted	0	70,000
	GF/GP	\$7,054,000	\$91,900
2. State Aid to Libraries	Gross	\$10,000,000	\$0
Maintains current-year funding.	GF/GP	\$10,000,000	\$0
3. Lighthouse Preservation Program	Gross	N/A	\$250,000
Adds \$250,000 from lighthouse specialty license plate revenue.	Restricted	N/A	250,000
4. Local Historical Society Grants – VETOED	Gross	N/A	\$0
Adds new line for grants to local historical societies; item was vetoed.			
5. Historic Preservation	Gross	\$898,300	\$51,700
Adds federal funds from the Department of Interior for historic preservation.	Federal	898,300	51,700
6. Book Distribution Centers	Gross	\$350,000	\$10,000
Adds \$10,000 GF/GP.	GF/GP	\$350,000	\$10,000
7. Film Office	Gross	\$180,300	(\$180,300)
Transfers program and funds to Michigan Strategic Fund (2008 PA 75).	GF/GP	\$180,300	(\$180,300)
8. Health Insurance Target Savings	Gross	N/A	(\$41,200)
Reflects health insurance savings in various administration lines.	GF/GP	N/A	(\$41,200)

HISTORY, ARTS, AND LIBRARIES

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
9. Arts and Cultural Affairs Administration	FTEs	5.0	0.0
Increases federal funds for MCACA administration (as permitted by National Endowment for the Arts), and arts grants application fee revenue from the History, Arts, and Libraries Fund; provides for \$900 reduction.	Gross	\$434,400	\$95,800
	Federal	0	28,000
	Restricted	0	80,000
	GF/GP	\$434,400	(\$12,200)
10. Michigan History Day – VETOED	Gross	\$25,000	(\$25,000)
Funds the Michigan History Day program. This item was vetoed.	GF/GP	\$25,000	(\$25,000)
11. History, Arts, and Libraries Fund	Gross	N/A	\$776,000
Appropriates funds for various lines (previously appropriated in boilerplate).	GF/GP	N/A	\$776,000
12. Museum Store Operations	FTEs	N/A	4.0
Adds line item and deduct for the museum stores.	Gross	N/A	\$501,500
	Restricted	N/A	501,500
13. Cultural Economic Development	FTEs	N/A	2.0
Adds a new line for the HAL Office of Cultural Economic Development; funds were previously included the management services line.	Gross	N/A	\$350,000
	Restricted	N/A	50,000
	GF/GP	N/A	\$300,000
14. Records Center Relocation	Gross	N/A	\$1,473,400
Adds IDG and utilizes savings on current leases for one-time cost of relocating state records center; adjusts building occupancy charges.	IDG	N/A	551,300
	GF/GP	N/A	\$922,100
15. Federal, Local, and Private Grants	Gross	N/A	\$600,000
Adds \$600,000 authorization to receive federal, local, and private grants.	Federal	N/A	200,000
	Local	N/A	200,000
	Private	N/A	200,000
16. Human Resources Consolidation	Gross	\$226,200	(\$226,200)
Eliminates funding for human resources due to consolidation.	GF/GP	\$226,200	(\$226,200)
17. Economic Adjustments	Gross	N/A	\$61,000
Recognizes adjustments for salaries/wages, insurances, workers compensation, and retirement and FICA.	IDG	N/A	(200)
	Federal	N/A	(400)
	Private	N/A	100
	Restricted	N/A	6,900
	GF/GP	N/A	\$54,600

Major Boilerplate Changes From FY 2007-08

Sec. 216. History, Arts, and Libraries Fund – REVISED

Creates History, Arts, and Libraries Fund; specifies purpose of fund and use of fund revenue. Requires report of fund expenditures and estimated year-end balance.

Sec. 217a. Out of State Travel Restriction – NEW

Prohibits out-of-state travel of more than one HAL employee to a specific professional development conference or training seminar, except for travel funded by federal or private sources and meeting other criteria.

Sec. 220. Film Advisory Commission Minutes – DELETED

Stipulates requirements for posting proposed and final minutes of the Michigan Film Advisory Commission.

Sec. 228. Receipt of Grants – NEW

Requires a report when HAL receives a grant authorized under the Federal, local, and private grants line.

Sec. 508. Local Historical Society Grants – VETOED

Requires appropriation for local historical society grants to be used for a competitive grant program for state and local historical societies. Awards to be used for projects leveraging additional public and private investment.

Sec. 701. Mackinac Island State Park Commission Infrastructure Improvements – DELETED

Appropriates \$200,000 from the Mackinac Island Park Operations Fees Fund for maintenance projects.

JUDICIARY

Summary of FY 2008-09 Enacted Appropriations

2008 Public Act 250 (House Bill 5810)

Analysts: Ben Gielczyk and Bethany Wicksall

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$2,523,500	\$2,523,500	\$2,523,500	\$3,553,500	\$2,573,500	\$50,000	2.0
Federal	4,626,400	4,626,400	4,626,400	5,126,400	5,126,400	500,000	10.8
Local	5,899,200	6,093,100	6,093,100	6,093,100	6,093,100	193,900	3.3
Private	842,500	842,500	842,500	842,500	842,500	0	0.0
Restricted	87,892,700	87,893,800	87,893,800	87,947,900	87,947,900	55,200	0.0
GF/GP	157,996,700	159,933,400	159,933,400	159,183,500	159,320,600	1,323,900	0.8
Gross	\$259,781,000	\$261,912,700	\$261,912,700	\$262,746,900	\$261,904,000	\$2,123,000	0.8
FTEs	519.0	490.0	499.0	496.0	491.0	(28.0)	(5.4)

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government, which receives funds appropriated through the budget act for the Judiciary. The Judiciary budget provides 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 of the appeals, circuit, probate, and district courts 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.

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
1. Mental Health Court Pilots	Gross	N/A	\$550,000
Provides \$550,000 for mental health court funding for grants to mental health court pilots to facilitate cooperation between mental health service providers and the judicial system and provide offenders who need mental health services with treatment and other services; funds to be distributed in conjunction with \$1.1 million in Department of Community Health budget.	GF/GP	N/A	\$550,000
2. Next Generation Justice Information System	Gross	N/A	\$163,200
Adds \$163,200 in local user fees from Berrien and Washtenaw County Courts to support new trial court case management system in exchange for allowing a significant role in designing the new system and the opportunity to serve as pilot sites. County investment in first four years of development to be reimbursed in waived user fees following full system implementation.	Local	N/A	163,200
3. Supreme Court	Gross	\$10,941,500	\$35,000
Reflects \$54,100 increase in bar exam fees and reduction of \$6,100 for Michigan Appellate Assigned Counsel System (MAACS); \$13,000 reduction reflects HMO savings.	Restricted	513,100	54,100
	GF/GP	\$10,428,400	(\$19,100)
4. Drug Court Program	Gross	\$4,678,800	\$500,000
Reflects \$500,000 increase in federal funding.	IDG	1,800,000	0
	Federal	300,000	500,000
	Restricted	1,920,500	0
	GF/GP	\$658,300	\$0
5. Judicial Data Warehouse User Fees	Gross	N/A	\$50,000
Reflects IDG from Department of Corrections for user fees for the Judicial Data Warehouse.	IDG	N/A	50,000

JUDICIARY

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
6. Court of Appeals Operations	Gross	\$19,183,300	(\$40,800)
Reflects reduction of \$10,000 for MAACS; reflects \$30,800 in HMO savings.	Restricted	2,036,300	0
	GF/GP	\$17,147,000	(\$40,800)
7. State Appellate Defender Office	Gross	\$5,042,700	(\$6,100)
Reflects reduction of \$2,700 for MAACS; reflects \$3,400 in HMO savings.	IDG	318,400	0
	Private	70,000	0
	Restricted	101,700	0
	GF/GP	\$4,552,600	(\$6,100)
8. Appellate Assigned Counsel Administration	Gross	\$878,100	\$51,300
Adds \$53,000 and 1.0 FTE for MAACS to assist with increased caseloads; \$1,700 reduction reflects HMO savings.	IDG	105,100	0
	Restricted	11,400	0
	GF/GP	\$761,600	\$51,300
9. Defined Contribution and FICA Costs	Gross	\$8,464,900	\$445,700
Adds \$445,700 gross and GF/GP for judges' FICA and defined contribution retirement costs.	GF/GP	\$8,464,900	\$445,700
10. Economics	Gross	N/A	\$422,800
Funds economic adjustments: increases for retirement (\$275,300 gross, \$259,900 GF/GP), salaries/wages (\$325,200 gross, \$305,300 GF/GP), rent (\$107,300 gross and GF/GP), and building occupancy (\$55,400 gross, \$36,400 GF/GP); reflects insurance savings (\$339,400 gross, \$316,900 GF/GP) and workers' compensation reduction (\$1,000 gross and GF/GP).	Local	N/A	\$30,700
	Restricted	N/A	\$1,100
	GF/GP	N/A	\$391,000

Major Boilerplate Changes From FY 2007-08

Sec. 217. Efficiency Mechanisms – DELETED

Requires Chief Justice to implement continuous improvement efficiency mechanisms to increase efficiency and reduce expenditures in judicial branch programs; requires semi-annual report.

Sec. 218. Travel Restrictions – NEW

Prohibits sending more than one employee to the same out-of-state conference or seminar unless certain conditions apply.

Sec. 306a. Third-Party Collection Pilot Project Report – DELETED

Requires report on feasibility of pilot project for third-party collection of court-ordered fines, fees, and costs.

Sec. 307. Court of Appeals Fee Revenue – DELETED

Requires that the portion of fee revenue raised from increases in filing fees be used for delay reduction.

Sec. 309. Pilot Mental Health Courts – NEW

Requests that State Court Administrative Office (SCAO) consider U.S. Bureau of Justice Assistance's ten essential elements when developing guidelines for pilot mental health courts. Requires SCAO to work with Department of Community Health to develop guidelines for operation and evaluation of pilot mental health courts. Local courts may apply for funding based on community need and local commitment.

Sec. 311. Drug Courts – REVISED

Provides direction for administration of drug treatment courts; revision deletes requirement for locals to refer to federal guidelines to prepare for drug treatment court proposals.

Sec. 314. Halbert v. Michigan Impact – DELETED

Directs SCAO to provide an update on the impact of Halbert v. Michigan and related cases on the court system during the prior calendar year to appropriations subcommittees, the fiscal agencies, and the state budget director.

Sec. 316. Mental Health Treatment Courts – DELETED

Directs SCAO to evaluate strategies to better respond to defendants with mental illnesses.

Sec. 318. Intensive Probation Pilot Program – VETOED

Establishes an intensive probation pilot program with IDG from Department of Corrections.

**LABOR AND ECONOMIC GROWTH
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 251 (House Bill 5809)**

Analyst: Mark Wolf

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$34,472,800	\$30,724,200	\$30,724,200	\$30,724,300	\$30,774,200	(\$3,698,600)	(10.7)
Federal	820,712,500	875,637,300	831,637,300	875,637,200	874,942,400	54,229,900	6.6
Local	15,884,700	15,889,200	15,889,200	15,889,200	15,889,200	4,500	0.0
Private	5,314,300	5,314,300	5,314,300	5,314,300	5,314,300	0	0.0
Restricted	389,120,700	385,719,100	385,937,600	386,308,000	386,914,000	(2,206,700)	(0.6)
GF/GP	46,002,700	103,707,800	94,850,100	45,850,100	73,560,700	27,558,000	59.9
Gross	\$1,311,507,700	\$1,416,991,900	\$1,364,352,700	\$1,359,723,100	\$1,387,394,800	\$75,887,100	5.8
FTEs	4,351.0	4,358.5	4,351.0	4,353.5	4,358.5	7.5	0.2

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

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 various employment training-related programs for displaced workers, adults, and youth, and employment services for the disabled and for welfare recipients.

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD	Enacted Change From YTD
1. Workforce Training Program Subgrantees	Gross	\$184,587,800	\$65,440,800
Adds \$44.0 million in federal Workforce Investment Act funds, \$6.4 million for Trade Adjustment Assistance, and \$15.0 million GF/GP for No Worker Left Behind.	Federal	184,587,800	50,440,800
	GF/GP	\$0	\$15,000,000
2. Michigan Nursing Corps Program	Gross	\$1,500,000	\$3,500,000
Provides \$3.5 million increase to train nursing faculty.	GF/GP	\$1,500,000	\$3,500,000
3. Office of Financial and Insurance Regulation (OFIR)	FTEs	298.0	50.0
Adds 50.0 FTEs and \$6.8 million to improve/maintain statutorily-required regulation related to lending, securities, banking, credit unions, and insurance; and enforce legislation on mortgage loan officers and captive insurance companies. Adds \$1.4 million restricted for year one of a two-year project integrating OFIR systems regulatory activities.	Gross	\$45,903,300	\$6,766,900
	Federal	50,400	0
	Restricted	45,852,900	6,766,900
4. Unemployment Fund Shift	Gross	\$133,380,400	\$1,357,700
Replaces \$9.4 million in unemployment penalty and interest funds in several lines with GF/GP to free up funds for costs on loans made by Department of Labor. (An \$8.0 million transfer in FY 2007-08 did the same.)	Federal	98,512,400	0
	Restricted	34,868,000	(8,000,000)
	GF/GP	\$0	\$9,357,700
5. Centers for Independent Living	Gross	\$3,079,700	\$500,000
Adds \$500,000 (corporations fees) for centers for independent living, which provide supportive services to persons with disabilities.	Federal	870,200	0
	Private	100,000	0
	Restricted	0	500,000
	GF/GP	\$2,109,500	\$0
6. State Office of Administrative Hearings and Rules	FTEs	163.0	7.5
Adds 7.0 FTEs and \$640,700 IDG to support increased volume of administrative hearings on Department of Human Services (DHS) benefits, 0.5 FTE and \$50,000 IDG for teacher tenure hearings, and \$382,500 federal for IT costs for an integrated case management system.	Gross	\$21,788,000	\$1,073,200
	IDG	10,472,200	690,700
	Federal	6,539,400	382,500
	Restricted	4,776,400	0

LABOR AND ECONOMIC GROWTH

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD</u>	<u>Enacted Change From YTD</u>
7. Jobs, Education, and Training (JET) Program	FTEs	93.0	(36.0)
Removes 36.0 FTEs and \$4.5 million IDG to reflect changes in program personnel needs and fewer referrals to Michigan Rehabilitation Service.	Gross	\$22,877,800	(\$4,467,600)
	IDG	22,877,800	(4,467,600)
8. MSHDA Payments on Behalf of Tenants	Gross	\$140,000,000	\$5,000,000
Adds \$5.0 million federal for Michigan State Housing Development Authority (MSHDA) payments on behalf of tenants in the low-income housing choice voucher program.	Federal	140,000,000	5,000,000
9. Remonumentation Grants	Gross	\$14,000,000	(\$3,000,000)
Decreases authorization for grants based on estimated revenue.	Restricted	14,000,000	(3,000,000)
10. Occupational Regulation (Commercial Services)	FTEs	156.0	11.0
Adds 11.0 FTEs and \$1.0 million to crack down on unlicensed activity in the accounting, real estate, and building construction industries.	Gross	\$17,651,200	\$1,050,000
	Restricted	17,651,200	1,050,000
11. Liquor Control Commission Direct Shipper Enforcement Fund	Gross	N/A	\$120,000
Adds \$120,000 from the Direct Shipper Enforcement Fund for enforcement of regulations concerning direct shipment of wine.	Restricted	N/A	120,000
12. Internal Audit Consolidation	FTEs	5.0	(5.0)
Deletes 5.0 FTEs related to consolidation of internal audit activities in Department of Management and Budget (DMB); funds remain in DLEG budget as an IDG in the DMB budget.	Gross	\$560,100	\$0
	Federal	68,700	0
	Restricted	491,400	0
13. Human Resources Consolidation	FTEs	22.0	(22.0)
Removes 22.0 FTEs and \$2.4 million related to consolidation of human resources activities in DMB. Eliminates \$259,700 of human resources optimization charge.	Gross	\$2,619,800	(\$2,619,800)
	Federal	1,800,400	(1,800,400)
	Restricted	819,400	(819,400)
14. Focus: HOPE	Gross	\$140,000	(\$140,000)
Eliminates \$140,000 for pilot study on improving job placement and retention of welfare recipients.	Restricted	140,000	(140,000)
15. Liquor Enforcement Grants	Gross	\$6,507,000	\$93,000
Adds funds for liquor law enforcement grants from revenue increase generated by sale of development district and redevelopment project licenses.	Restricted	6,507,000	93,000
16. Deaf and Hard of Hearing Interpreters	Gross	N/A	\$75,000
Adds \$75,000 to expand availability of interpreters for the deaf and hard of hearing due to increased revenue from interpreter testing fees.	Restricted	N/A	75,000
17. FY 2008-09 Economic Increases	Gross	N/A	\$1,994,900
Includes contractual 1.0% wage increases and adjustments for insurance and retirement (includes \$119,000 gross for IT economics).	IDG	N/A	91,300
	Federal	N/A	935,000
	Local	N/A	4,500
	Restricted	N/A	976,700
	GF/GP	N/A	(\$12,600)

Major Boilerplate Changes From FY 2007-08

Sec. 222. Governmental Efficiency Commission – NEW

Requires DLEG to review determinations of the Legislative Commission on Governmental Efficiency to determine their applicability to DLEG. and the costs and benefits of implementing recommendations.

Sec. 224. Out-of-State Travel for Training – NEW

Prohibits out-of-state travel by more than one DLEG employee for professional development or training, except where more than one person is required to attend and travel is funded by non-state resources.

Sec. 311. Construction Code Fund – NEW

Appropriates \$3.0 in surplus corporation fees (copy and certification fees) to the Construction Code Fund.

Major Boilerplate Changes From FY 2007-08

Sec. 370(2). *Cities of Promise Allocation* – DELETED

States legislative intent to allocate at least \$750,000 from blight elimination program to Saginaw and Flint.

Sec. 378. *State Office of Administrative Hearings and Rules (SOAHR) Public Assistance Decisions* – NEW

States intent that SOAHR work with the Center for Civil Justice to develop by March 31, 2009, a system to post SOAHR decisions concerning Medicaid and cash, emergency, and food assistance on-line.

Sec. 404. *Vocational Rehabilitation Independent Living* – REVISED

Specifies that GF/GP not used to match federal funds for vocational rehabilitation independent living be used by existing sites to serve underserved areas.

Sec. 407. *Workforce Development Boards* – REVISED

Directs local workforce development boards to appoint, to an education advisory group, representatives of organizations that provide school-based curriculum and youth programs on entrepreneurship, work-readiness skills, and financial literacy.

Sec. 432. *No Worker Left Behind (NWLB) Report* – REVISED

Requires report on NWLB program. Revision changes report due dates, adds a report for 2007-2008, and requires that reports include information about amount expended (by fund source) for the program.

Sec. 432a. *No Worker Left Behind* – NEW

Allocates \$15.0 million GF/GP appropriated for NWLB for use in adult basic education, remedial education, and other training for individuals not ready for post-secondary training; capacity building at community colleges and other public, associate's degree-granting institutions; and worker training for in-demand fields. Directs DLEG to convene a workgroup to explore improving collaboration in adult education, and to develop a data collection system on available training for in-demand occupations. Requires GF/GP be used to maximize participation of food assistance recipients; requires report.

Sec. 437. *Welfare to Work* – REVISED

Requires \$200,000 allocation from welfare to work funding for one grant to expand an existing program that meets the following criteria: focuses on retaining low-wage workers receiving public assistance, has a retention rate of at least 80%, includes more than one employer, has DHS caseworker on employer's worksite, uses federal TANF funds for 50% of on-site caseworker cost, provides life and work-related skills training, impacts at least three counties, and includes partnerships with local government, nonprofits, and community colleges.

Sec. 439. *Land Bank Fast Track Authority (LBFTA)* – DELETED

Allocates \$400,000 from LBFTA funds for additional maintenance or demolition of tax reverted property.

Sec. 439. *Focus: HOPE Career Prep Pilot Program* – NEW

States legislative intent that DLEG work with Career Alliance (Genesee-Shiawassee Michigan Works! Agency) and other interested agencies to implement Career Prep pilot program developed by Focus: HOPE with FY 2007-08 funds.

Sec. 440. *Gang Diversion* – NEW

States legislative intent that a portion of Workforce Investment Act Statewide Activities funds be used for coordinated efforts between local Michigan Works! agencies and law enforcement agencies for gang diversion activities and support services to at-risk youth Wyoming, Detroit, and Benton Harbor.

Sec. 442. *Temporary Assistance for Needy Families (TANF) Contingency Funds* – NEW

Appropriates up to \$30.0 million TANF monies on receipt of FY 2007-08 TANF contingency funds and subsequent carryforward of TANF block grant funds in FY 2008-09. Requires funds be allocated to Jobs, Education, and Training (JET) Program for enhanced employment and training services; requires report on use of funds. The \$2.0 million allocated to Michigan Housing and Community Development Fund was vetoed.

TRANSPORTATION

**TRANSPORTATION
Summary of FY 2008-09 Enacted Appropriations
2008 Public Act 275 (House Bill 5808)**

Analyst: William E. Hamilton

IDG/IDT	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	1,200,740,600	1,316,771,200	1,316,771,200	1,449,795,800	1,460,995,800	260,255,200	21.7
Local	42,850,000	40,950,000	40,950,000	71,624,200	71,624,200	28,774,200	67.2
Private	0	0	0	0	0	0	0.0
Restricted	2,116,605,000	2,066,744,300	2,066,784,300	2,072,577,200	2,079,609,200	(36,995,800)	(1.7)
GF/GP	0	0	0	0	0	0	0.0
Gross	\$3,360,195,600	\$3,424,465,500	\$3,424,505,500	\$3,593,997,200	\$3,612,229,200	\$252,033,600	7.5
FTEs	3,035.3	3,014.3	3,014.3	3,014.3	3,014.3	(21.0)	(0.7)

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through June 30, 2008.

Overview

The transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately two-thirds of the budget is from constitutionally-restricted state revenue sources—primarily motor fuel taxes and vehicle registrations—which is 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 one-third of the budget is federal revenue. There is no state GF/GP revenue in this budget.

Major Budget Changes From FY 2007-08 YTD Appropriations	FY 2007-08 YTD	Enacted Change From YTD
1. Debt Service	Gross \$223,612,200	(\$31,608,600)
Reflects anticipated debt service schedules. Federal fund source reduction reflects the fact that the final payment of \$32.1 million on short-term federal grant anticipation (GARVEE) notes was made in 2008.	Federal 55,080,000	(32,296,700)
	Restricted 168,532,200	688,100
2. Grants to Other State Departments – PARTIAL VETO	Gross \$47,239,800	\$1,710,000
Includes MTF IDGs to Departments of State (\$20.0 million) and Treasury (\$7.1 million – \$753,800 less than FY 2007-08) for cost of collecting MTF revenue. Amounts reflect veto of boilerplate Sec. 306(3)—reducing spending authority by \$100,000—which required Treasury to develop a cost allocation plan for motor fuel collection based on time and effort. The STF grant to Civil Service Commission increased by \$2.3 million to reflect transfer of all human service functions; there is a related STF reduction in the Business Support appropriations unit.	Restricted 47,239,800	1,710,000
3. Unclassified Salaries	FTEs 6.0	0.0
Includes \$70,600 (STF) increase to baseline for an unclassified position that is currently authorized, but unfunded and unfilled.	Gross \$531,800	\$70,600
	Restricted 531,800	70,600
4. Business Support	FTEs 78.0	(21.0)
Transfers human service functions from MDOT to the Civil Service Commission, and reflects a \$1.3 million reduction in property management costs due to completion of work on the Van Wagoner Transportation building.	Gross \$21,028,600	(\$3,863,200)
	Restricted 21,028,600	(3,863,200)
5. State Trunkline Maintenance	FTEs 828.7	4.0
Reflects state trunkline lane miles added by new construction and jurisdictional transfers, and increased costs of equipment, material, and fuel. Also reflects increase in programmed roadside cleanup cycles.	Gross \$278,607,700	\$6,120,500
	Restricted 278,607,700	6,120,500

TRANSPORTATION

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD	Enacted Change From YTD
6. State Trunkline Road and Bridge Construction	Gross	\$951,515,600	\$91,542,500
Appropriates \$1.04 billion for capital construction/reconstruction program.	Federal	774,371,800	118,049,100
Decrease in available state restricted revenue offsets increase in estimated federal aid revenue.	Local	30,000,000	0
	Restricted	147,143,800	(26,506,600)
7. Local Federal Aid Road and Bridge Construction	Gross	\$268,570,000	\$41,022,000
Appropriates \$309.6 million federal based on estimated federal revenue and Act 51 directive that 25% of most federal aid program funds be made available to local road agencies.	Federal	268,570,000	41,022,000
8. MTF Distribution to Local Road Agencies	Gross	\$970,967,800	(\$39,397,000)
Appropriates \$931.6 million MTF (\$598.1 million to county road commissions, \$333.5 million to cities/villages) based on MTF revenue estimates and Act 51 formula; final distribution will be based on actual MTF revenue, which may be more or less than appropriations.	Restricted	970,967,800	(39,397,000)
9. Transportation Economic Development (TEDF) Fund	Gross	\$29,174,300	\$13,157,900
Provides \$42.3 million for statutory distribution per 1987 PA 231; increase reflects the end of the current year agreement to redirect \$13.0 million drivers' license fee revenue from TEDF to General Fund.	Restricted	29,174,300	13,157,900
10. Bus Transit – Local Bus Operating Assistance	Gross	\$166,624,000	\$0
Includes \$166.6 million from Comprehensive Transportation Fund (CTF) for state operating assistance to local public transit agencies; unchanged from FY 2007-08 and FY 2006-07.	Restricted	166,624,000	0
11. Rail Passenger Service	Gross	\$7,900,000	\$4,800,000
Appropriates \$12.7 million (adding \$4.8 million federal) to recognize potential Federal Railroad Administration grant. Provides operating assistance for Port Huron/Chicago and Grand Rapids/Chicago rail service with restricted funds; federal revenue provides capital assistance.	Federal	1,000,000	4,800,000
	Restricted	6,900,000	0
12. Bus Capital	Gross	\$46,163,600	(\$5,360,600)
Provides matching funds for Federal Transit Administration (FTA) grants to local transit agencies; reflects reduction in anticipated FTA grants distributed through this budget and related CTF matching revenue. More FTA grants are now distributed directly to transit agencies and not shown in state budget.	Federal	30,000,000	(3,600,000)
	Local	5,000,000	0
	Restricted	11,163,600	(1,760,600)
13. AERO Capital Projects – NEW	Gross	\$0	\$167,491,700
Provides funding for FY 2008-09 Aeronautics Capital program.	Federal	0	133,024,600
	Local	0	30,674,200
	Restricted	0	3,792,900
14. State/Local Capital Facilities Projects – NEW	Gross	\$0	\$9,132,000
Provides funds for other capital outlay projects (salt storage facilities, Transportation Service Center, Institutional and Agency road program, other facility projects).	Restricted	0	9,132,000
15. Employee Economics	Gross	N/A	\$1,461,100
Provides \$1.8 million increase for salaries/wages, \$2.0 million reduction related to health insurance, and \$1.7 million increase for retirement contributions. Projected workers compensation would decrease \$82,000.	Federal	N/A	2,800
	Restricted	N/A	1,458,300

Major Boilerplate Changes From FY 2007-08**Sec. 206. Contingency Appropriations**

Provides for contingency appropriations in accordance with Section 393(2) of the Management and Budget Act, \$200.0 million federal; \$40.0 million state restricted, \$1.0 million in local, and \$1.0 million private funds.

Sec. 207. Privatization – REVISED

Provides for reports on privatization activities and defines privatize and privatization.

TRANSPORTATION

Major Boilerplate Changes From FY 2007-08

Sec. 306. Use of Transportation Funds/Biennial Audit of Transportation Funds – PARTIAL VETO

Sets guidelines for use of transportation funds (grants) by other state agencies; requires report. Provides for biennial audit of use of transportation funds by other state departments, due nine months after state CAFR is issued. Subsection 3 (required identifying the actual cost of work performed by Treasury for restricted transportation funds) was vetoed.

Sec. 384. Detroit River International Crossing (DRIC) – REVISED

Lists permitted activities with regard to development of a new crossing of the Detroit River between Detroit, Michigan, and Windsor, Ontario. Permissible activities include completion of the DRIC study, certain preliminary activities necessary to preparation of a proposal for a decision by the Legislature including applications for permits and approvals, preliminary design engineering work, preliminary utility planning and relocation, preliminary financial and funding arrangements; also allows advanced hardship or opportunity property acquisitions. Permitted actions allowed only "as long as they do not bind the state." Also states: "The department can not enter into any binding commitment to construct the crossing until authorizing legislation is enacted into law." Requires quarterly report of DRIC expenditures to appropriations committees.

Sec. 740. Review of CTF Fund Balances

Requires report on unencumbered CTF balance by March 1 of each year.

Sec. 901. Aeronautics Capital Program – NEW

Allows MDOT to contract for airport improvement projects on behalf of local airport owners; local match requirements.

Sec. 902. Aeronautics Capital Program – Status Report – NEW

Requires a status report.

FY 2008-09

CONSENSUS REVENUE

Consensus Revenue FY 2008-09

Senior Economist: Rebecca Ross

This section explains May 2008 Consensus Revenue Estimating Conference estimates and tax changes enacted for GF/GP and School Aid Fund (SAF) revenue for FY 2007-08 and FY 2008-09 by major revenue sources.

For Michigan:

- ▶▶ Wage and salary employment is expected to decrease 1.8% in 2008 and decrease 1.5% in 2009.
- ▶▶ The unemployment rate is expected to be 7.6% in 2007, then increase to 8.3% in 2008.

General Fund/General Purpose Revenue by Source

Personal Income Tax

- ▶▶ Michigan personal income tax revenue is forecast to increase 0.3% in FY 2007-08, and then decline 1.2% in FY 2008-09.
- ▶▶ Baseline GF/GP income tax revenue is expected to remain flat in FY 2007-08, and then decline to \$4,254.1 million (1.8% decline) in FY 2008-09.

Sales and Use Taxes

Flat or weak growth in wage and salary income will hold baseline GF/GP sales and use tax revenue down from \$933.4 million in FY 2007-08 to \$955.0 million in FY 2008-09.

Single Business and Insurance Taxes

- ▶▶ Business taxes (SBT plus insurance taxes) accrue to the General Fund.
- ▶▶ Net baseline business taxes were \$2,039.9 million in FY 2006-07, and will decrease 4.1% to \$1,957.0 million in FY 2007-08, and increase 2.3% to \$2,002.2 million in FY 2008-09.

GF/GP Baseline Tax Revenue

- ▶▶ Final GF/GP baseline tax revenue totaled \$7,933.3 million in FY 2006-07.
- ▶▶ GF/GP baseline tax revenue is expected to increase in FY 2007-08 to \$7,777.6 million (2.0% increase) and in FY 2008-09 to \$7,762.8 million (2.0% increase).

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 \$8,280.5 million in FY 2006-07.
- ▶▶ GF/GP baseline revenue is expected to decrease to \$8,120.9 million (1.9% decrease) in FY 2007-08 and to \$8,102.1 million (0.2% decrease) in FY 2008-09.

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 \$8,318.5 million in FY 2006-07.

- ▶▶ Actual GF/GP revenue is expected to increase to \$9,164.1 million (10.2% increase) in FY 2007-08, then decrease to \$8,884.6 million (decrease of \$279.5 million, or 3.1%) in FY 2008-09.

**GF/GP REVENUE ESTIMATES
(Millions of Dollars)**

	<u>Final FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2008-09 Over FY 2007-08</u>	
				<u>Change</u>	
Personal Income Tax	\$4,330.7	\$4,331.8	\$4,254.1	(\$77.7)	(1.8%)
Sales and Use Taxes	1,006.3	933.4	955.0	21.6	2.3%
SBT and Insurance Taxes	2,039.9	1,957.0	2,002.2	45.2	2.3%
Other Taxes	556.4	555.4	551.5	(3.9)	(0.7%)
GF/GP Baseline Tax Revenue	\$7,933.3	\$7,777.6	\$7,762.8	(\$14.8)	(0.2%)
Non-Tax Revenue	347.2	343.3	339.3	(4.0)	(1.2%)
Total GF/GP Baseline Revenue	\$8,280.5	\$8,120.9	\$8,102.1	(\$18.8)	(0.2%)
Adjustments to Baseline	38.0	1,043.2	782.5	(260.7)	(25.0%)
Actual GF/GP Revenue	\$8,318.5	\$9,164.1	\$8,884.6	(\$279.5)	(3.1%)

**SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars)**

<u>Revenue</u>	<u>Final FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2008-09 Over FY 2007-08</u>	
				<u>Change</u>	
Sales and Use Tax	\$5,230.6	\$5,232.8	\$5,235.6	\$2.8	0.1%
Income Tax Earmark	2,110.2	2,124.7	2,124.4	(0.3)	0.0%
Lottery and Casinos	855.6	853.2	854.1	0.9	0.1%
Tobacco Taxes	451.4	431.2	421.5	(9.7)	(2.3%)
State Education Tax	2,091.2	2,111.9	2,090.0	(21.9)	(1.0%)
Real Estate Transfer Tax	237.5	189.0	177.0	(12.0)	(6.4%)
Liquor Excise and Specific Taxes	173.2	176.7	177.1	0.4	0.2%
Baseline SAF Revenue	\$11,149.7	\$11,119.5	\$11,079.8	(\$39.7)	(0.4%)
Adjustments to Baseline	1,414.6	1,814.0	2,258.3	444.3	24.5%
Actual SAF Revenue	\$12,564.3	\$12,933.5	\$13,338.1	\$404.6	3.1%

School Aid Fund Revenue by Source

Sales and Use Taxes

Combined sales and use tax revenue dedicated to the SAF equaled \$5,230.6 million in FY 2006-07; it is forecast to increase slightly to \$5,232.8 million in FY 2007-08 and to \$5,235.6 million (0.1% increase) in FY 2008-09.

Income Tax

- ▶▶ Approximately 26% of gross income tax collections are dedicated to the SAF.
- ▶▶ Baseline dedicated income tax revenue is forecast to increase to \$2,124.7 million (0.7% increase) in FY 2007-08 and fall to \$2,124.4 million in FY 2008-09.

CONSENSUS REVENUE

Lottery/Casinos

- ▶▶ Lottery and Casino revenue contributed \$855.6 million to the SAF in FY 2006-07.
- ▶▶ Baseline lottery and casino revenue to the SAF is projected to decrease \$853.2 million (0.3% decrease) in FY 2007-08, and be essentially flat in FY 2008-09.

Tobacco Taxes

- ▶▶ Approximately 40% of gross tobacco tax revenue is dedicated to the SAF.
- ▶▶ The SAF received \$451.4 million from tobacco taxes in FY 2006-07.
- ▶▶ 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 \$431.2 million in FY 2007-08 and \$421.5 million in FY 2008-09.

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 \$2,091.2 million in FY 2006-07.
- ▶▶ SET revenue is expected to increase to \$2,111.9 million (1.0% increase) in FY 2007-08 and decline to \$2,090.0 million (1.0% decrease) in FY 2008-09.
- ▶▶ RET contributed \$237.5 million to the SAF in FY 2006-07, and is forecast to contribute \$189.0 million in FY 2007-08 and \$177.0 million in FY 2008-09.

Total SAF Baseline Revenue

- ▶▶ Final total SAF baseline revenue was \$11,149.7 million in FY 2006-07.
- ▶▶ Baseline revenue is expected to decrease to \$11,119.5 million in FY 2007-08 and decrease 0.4% to \$11,079.8 million in FY 2008-09.

Actual SAF Revenue

- ▶▶ Actual SAF revenue represents revenue available for expenditure each year; it includes tax changes, beginning balances, and federal funds, but does not include any GF/GP transfers to SAF.
- ▶▶ Actual SAF revenue was \$12,564.3 million in FY 2006-07; it is expected to increase 2.9% to \$12,933.5 million in FY 2007-08, then increase 3.1% to \$13,338.1 million in FY 2008-09.

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 Budget Stabilization Fund (BSF).

**YEAR-END BALANCE ESTIMATES
(Millions of Dollars)**

	<u>FY 2006-07</u>	<u>FY 2007-08</u>
General Fund/General Purpose	\$0	\$0
School Aid Fund	\$0	\$0
Budget Stabilization Fund	\$2.0	\$2.1

Year-end estimates notes:

- ▶▶ FY 2007-08 estimates for GF/GP and the SAF are based on year-to-date appropriations, projected year-end adjustments, and consensus revenue estimates.
- ▶▶ SAF revenue is restricted; hence, any year-end balance is carried forward to the subsequent year.
- ▶▶ 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 notes BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 2006-07, and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 2007-08 and FY 2008-09. A complete list of BSF historical data is available from the HFA upon request.

The final BSF fund balance was \$2.1 million for FY 2006-07. The fund balance is forecast to be \$2.2 million for FY 2007-08 and \$2.3 million for FY 2008-09.

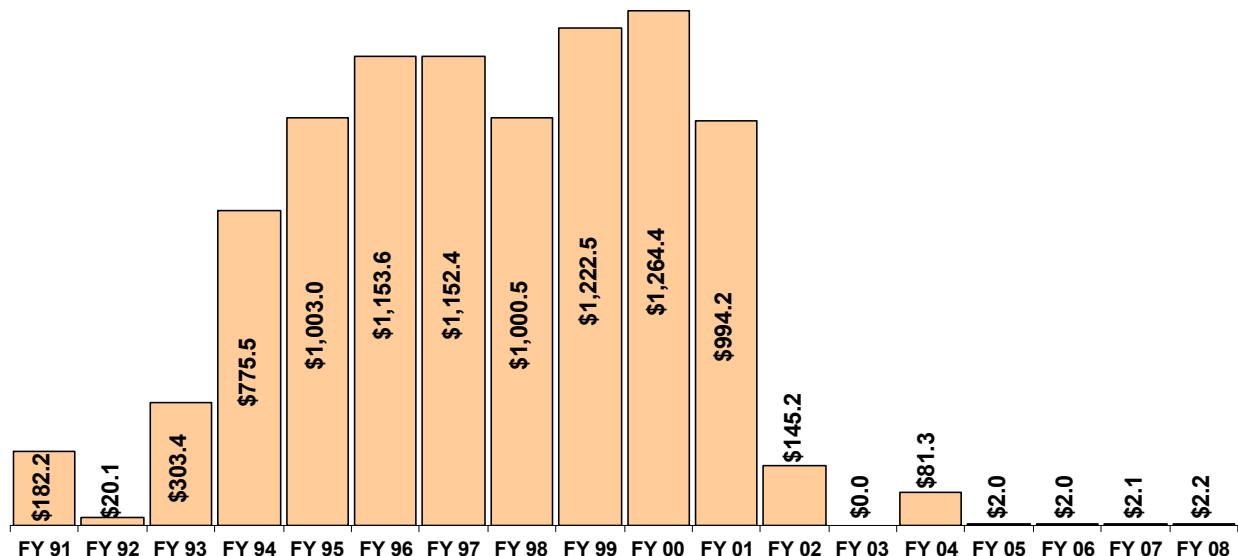
**BUDGET STABILIZATION FUND HISTORY
(Millions of Dollars)**

<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	0.7	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	59.2	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	0.0	81.3	2.0	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07	0.0	0.0	0.1	2.1
2007-08*	0.0	0.0	0.1	2.2

* HFA Estimate

NOTE: Numbers may not add due to rounding.

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



*Consensus estimates for FY 08 and FY 09

CONSENSUS REVENUE

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 revenue is 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 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Personal Income	CY 2005	CY 2006	CY 2007
Amount	\$331,304	\$341,075	\$353,376
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	31,440.7	32,368.0	33,535.4
Total Revenue Subject to Revenue Limit	\$26,118.4	\$27,390.5	\$27,606.3
Amount Under (Over) State Revenue Limit	\$5,322.4	\$4,977.5	\$5,929.1

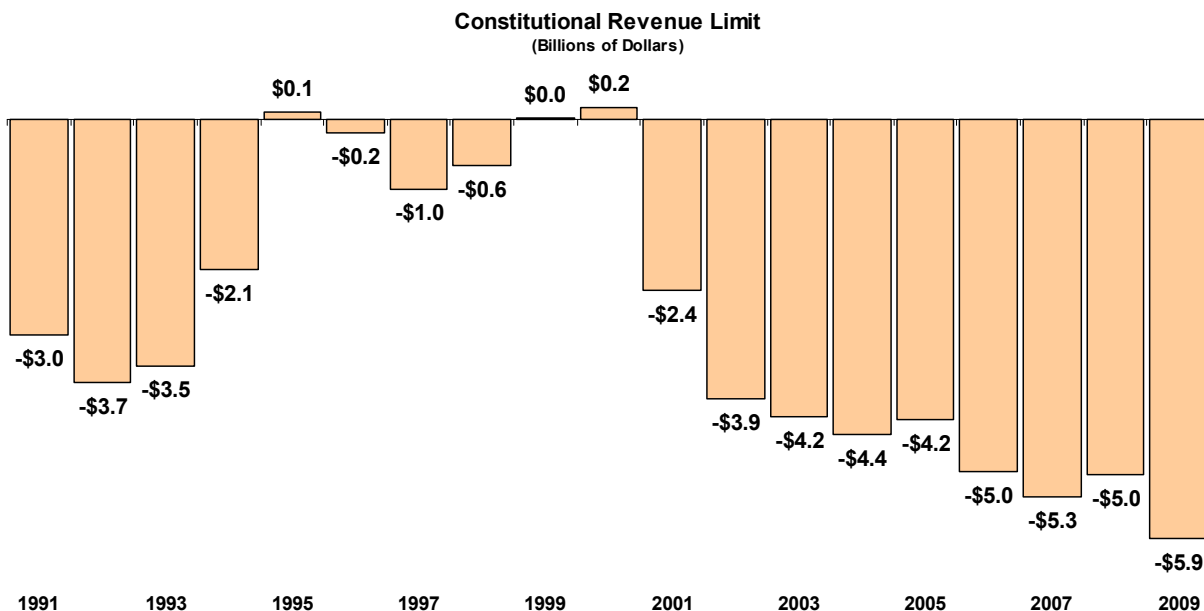
Implications of Exceeding the State Revenue Limit

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

... For any fiscal year in the event that Total State Revenue 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 2006-07 revenue limit calculation indicates that the state revenue collections were well under the revenue limit. For both FY 2007-08 and FY 2008-09, state revenue is estimated to be substantially below the revenue limit—by \$5.0 billion and \$5.9 billion, respectively.



*2008 and 2009 are consensus estimates



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