

REVIEW AND ANALYSIS
OF THE
FY 2016-17
EXECUTIVE BUDGET
RECOMMENDATION



prepared by the

HOUSE
FISCAL
AGENCY

Mary Ann Cleary, Director

March 2016

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March 2016

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2015-16 Executive Budget Recommendation.***

In this publication, the *Budget Overview* provides information on revenue sources and appropriations proposed in the Executive Budget Recommendation for FY 2016-17 and FY 2017-18. It also provides summary charts and tables of appropriations and fund sources in the proposed budget.

Budget summaries and analyses in this report were prepared for each department/agency by House Fiscal Agency analysts; the Consensus Revenue section was prepared by the Agency economist.

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 additional information.

A handwritten signature in black ink that reads "Mary Ann Cleary".

Mary Ann Cleary, Director

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GLOSSARY

STATE BUDGET TERMS

Line Item

Specific funding amount in an appropriation bill which establishes spending authorization for a particular program or function.

Boilerplate

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

Lapse

Appropriated amounts that are unspent or 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

Account authorized through statutory process which allows appropriated spending authorization from one fiscal year to be utilized for expenditures in a succeeding fiscal year or years for a specific project or purpose.

APPROPRIATION TERMS AND FUND SOURCES

Appropriations

Authority to expend funds for a particular purpose. An appropriation is not a mandate to spend.

Gross: Total of all applicable appropriations in an appropriation bill.

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

Interdepartmental Grant (IDG) Revenue

Funds received by one state department from another state department—usually for service(s) provided.

Intradepartmental Transfer (IDT) Revenue

Funds transferred from one appropriation unit to another within the same departmental budget.

Federal Revenue

Federal grant or match revenue; generally dedicated to specific programs or purposes.

Local Revenue

Revenue received from local units of government for state services.

Private Revenue

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

State Restricted Revenue

State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue; at year-end, unused restricted revenue generally remains in the restricted fund.

General Fund/General Purpose (GF/GP) Revenue

Unrestricted general fund revenue available to fund basic state programs and other purposes determined by the Legislature; unused GF/GP revenue lapses to the General Fund at the end of a fiscal year.

MAJOR STATE FUNDS

General Fund

The state's primary operating fund; receives state revenue not dedicated to another state fund.

School Aid Fund (SAF)

A restricted fund that serves as the primary state funding source for K-12 schools and Intermediate School Districts. Constitutionally, SAF revenue may also be used for postsecondary education.

Budget Stabilization Fund

The Countercyclical Economic and Budget Stabilization Fund (also known as the "rainy day fund"); the Management and Budget Act provides guidelines for making deposits into and withdrawals from the fund.

FY 2016-17

Executive Recommendation

OVERVIEW

Budget Overview

Consensus Revenue Estimates

Balance Sheets

Appropriation Summary Tables

Executive Fee Proposal

FY 2016-17 Executive Recommendation BUDGET OVERVIEW

Mary Ann Cleary, Director, and Kyle I. Jen, Deputy Director

The FY 2016-17 Executive Budget Recommendation incorporates the January 2016 Consensus Revenue Estimating Conference (CREC) revenue estimates for General Fund/General Purpose (GF/GP) and School Aid Fund (SAF). In addition to those estimates, the recommendation assumes the following:

- Collection of the use tax on Medicaid managed care providers for one quarter before discontinuation on January 1, 2017 (\$101.7 million GF/GP and \$50.9 million SAF).
- Increased revenue from a proposed amendment to clarify and reduce an Insurance Tax Credit claimed by auto insurers (\$60.0 million GF/GP for FY 2015-16 and \$80.0 million GF/GP for FY 2016-17).
- A decrease in revenue from Michigan Venture Fund tax vouchers (\$30.5 million GF/GP and \$9.5 million SAF).

The FY 2016-17 Executive Recommendation is for \$54,025.4 million in adjusted gross appropriations. This includes:

- \$22,503.9 million in federal funds.
- \$395.3 million in local and private funds.
- \$21,094.4 million in state restricted funds.
- \$10,031.9 million in GF/GP funds.

Of the \$31,126.2 million in state resources recommended for appropriation in FY 2016-17, \$17,235.2 million (55.4% of the total) is designated for payments to local units of government. Article IX, Section 30 of Michigan's Constitution requires that at least 48.97% of spending from state resources must be paid to local governments.

As of February 10, 2016, total year-to-date GF/GP appropriations for FY 2015-16 were \$9,909.1 million. Total GF/GP appropriations under the Executive Recommendation for FY 2016-17 are \$10,031.9 million. This total reflects an increase of \$122.7 million (1.2%) from the FY 2015-16 year-to-date total.

The Executive proposal includes five recommended supplementals totaling \$358.1 million Gross (\$381.7 million GF/GP) for FY 2015-16 they include:

- Michigan Natural Resources Trust Fund projects of \$28.0 million Gross. (Request 2016-3)
- Departmental appropriation adjustment requests of \$235.0 million Gross (\$250.8 GF/GP). (Request 2016-4; non-Flint-related)
- School Aid appropriation net reduction of \$61.6 million. (Request 2016-5; non-Flint-related)
- Departmental appropriations for Flint water emergency of \$147.5 million Gross (\$121.8 million GF/GP). (Request 2016-6)
- School Aid appropriation for Flint water emergency of \$9.2 million. (Request 2016-7)

Major GF/GP and SAF funding items in the non-Flint supplemental requests 2016-4 and 2016-5 include:

- \$50.0 million for transition funding for Detroit Public Schools (Treasury).
- \$13.4 million for unrealized savings from health care contract (Corrections).
- \$9.0 million for statewide school water testing for lead (School Aid).
- \$5.0 million for legal services (DTMB).
- \$5.0 million for Capitol maintenance and IT upgrades (Legislature).
- \$19.7 million for Medicaid and Human Services caseload and baseline cost adjustments (DHHS).
- \$73.6 million reduction for baseline cost adjustments. (School Aid).

Major funding items in the Flint water emergency supplemental requests 2016-6 and 2016-7 include:

- \$30.0 million GF/GP to the City of Flint to provide water bill relief for residential customers (DEQ).
- \$25.0 million GF/GP for replacement of lead service lines for high risk, high hazard homes in Flint (DEQ).
- \$9.2 million GF/GP for Early On services (School Aid).

Boilerplate appropriations included in the supplemental requests are as follows:

- \$165.0 million GF/GP into a new Michigan Infrastructure Fund (DTMB).
- \$50.0 million GF/GP into a Flint Emergency Reserve Fund (DTMB).
- \$8.0 million Federal into a Child Care Development Fund (CCDF) reserve for Flint child care needs (MDE).
- \$6.1 million Federal into a Temporary Assistance for Needy Families (TANF) reserve for Flint emergency needs for children.

Major GF/GP program reductions proposed in the Executive Recommendation compared to FY 2015-16 levels include:

- A reduction of \$389.6 million (ongoing and one-time) in the transportation budget, replaced by new restricted fund revenue under the Transportation package enacted in 2015.
- \$12.1 million savings in DHHS budget from increased hospital provider tax retainer savings.
- \$10.0 million reduction in Corrections budget related to managing prison populations.
- \$5.2 million reduction to county hold harmless provision for foster care administrative rates.
- \$2.0 million elimination of Corrections earmark for Goodwill program.

Major FY 2016-17 GF/GP program increases proposed include:

- \$61.2 million (\$30.0 million GF/GP and \$31.2 million SAF) for a 4.3% increase in public university operations.
- \$32.5 million GF/GP (\$132.8 million Gross) for 14 statewide IT projects representing seven departments includes a mix of ongoing and one-time costs.
- \$16.8 million (including \$13.0 million in one-time costs) for Business Attraction and Community Revitalization programs (replaces \$17.3 million in FY 2015-16 one-time funding).
- \$9.5 million (including \$4.5 million in one-time costs) for a State Police trooper school.
- \$8.9 million to expand the Healthy Kids Dental program to all children in final three counties.
- \$7.6 million for a new patient unit at the Center for Forensic Psychiatry.
- \$7.5 million for a 2.4% increase for community college operations.

Major one-time allocations of GF/GP funding for FY 2016-17 include:

- \$30.0 million reserve for Medicaid costs associated with new specialty pharmacy drugs which may reach the market during the year (in addition to \$135.2 million GF/GP increase above original FY 2015-16 budget for Hepatitis C and Cystic Fibrosis treatments).
- \$10.4 million for Transportation to maintain state road funding at the FY 2015-16 level.
- \$10.0 million for replacement of voting equipment in the Department of State budget.
- \$8.5 million for a Corrections officer academy.
- \$7.5 million for Capitol area (downtown Lansing) space consolidation.
- \$6.5 million net increase for special maintenance at state facilities.
- \$6.0 million to replenish the Disaster Contingency Fund in the State Police budget.
- \$5.0 million for the Grand Rapids Home for Veterans.
- \$4.0 million for a school safety initiative in the State Police budget.

The Flint water emergency funding recommendation for FY 2016-17 includes only a half year of appropriations:

- \$15.1 million Gross (\$9.1 million GF/GP) for assistance for Flint children and families (DHHS).
- \$10.1 million GF/GP in School Aid for Early On services, preschool for 4-year olds, school nurses, and school social workers.
- \$5.4 million for 3-month connection service costs and water assistance (DEQ).
- \$8.1 million federal for continued costs associated with expansion of child care needs (MDE).

Funds for the second half of the year and other potential needs could be transferred from the proposed \$50.0 million reserve.

FY 2016-17 changes recommended for local revenue sharing programs:

- An estimated increase of \$29.4 million in constitutional revenue sharing payments to cities, villages, and townships after adjusting the FY 2015-16 base downward 0.3% for lower sales tax collections. (Estimates from January 2016 CREC)
- \$5.8 million reduction to discretionary revenue sharing payments to cities, villages, and townships by eliminating payments to an expanded pool of local units that had been designated as one-time funding in FY 2014-15 and FY 2015-16.
- \$467,000 increase for revenue sharing payments to counties to provide full funding to two additional counties who will have exhausted their reserve funds in FY 2016-17.
- \$11.0 million (including \$5.2 million one-time) for Competitive Grant Assistance.

OVERVIEW

Major proposed FY 2016-17 School Aid funding changes include:

- \$150.0 million for increases to district foundation allowances ranging from \$60 to \$120 per pupil based on 2x formula (percentage increases range from 0.7% to 1.6%).
- \$72.0 million in tobacco settlement funds to replace funds from 18-mill levy for foundation allowance costs of the new Detroit Public Schools.
- \$89.3 million increase for state-level MPERS unfunded accrued liability costs (additional \$4.4 million increase for corresponding costs for community colleges and universities).
- \$23.5 million reduction in Technology Readiness Infrastructure Grants.
- \$10.0 million for ongoing training costs for educator evaluations.
- \$15.0 million (including \$10.0 million one-time) for Career and Technical Education early/middle college programs.

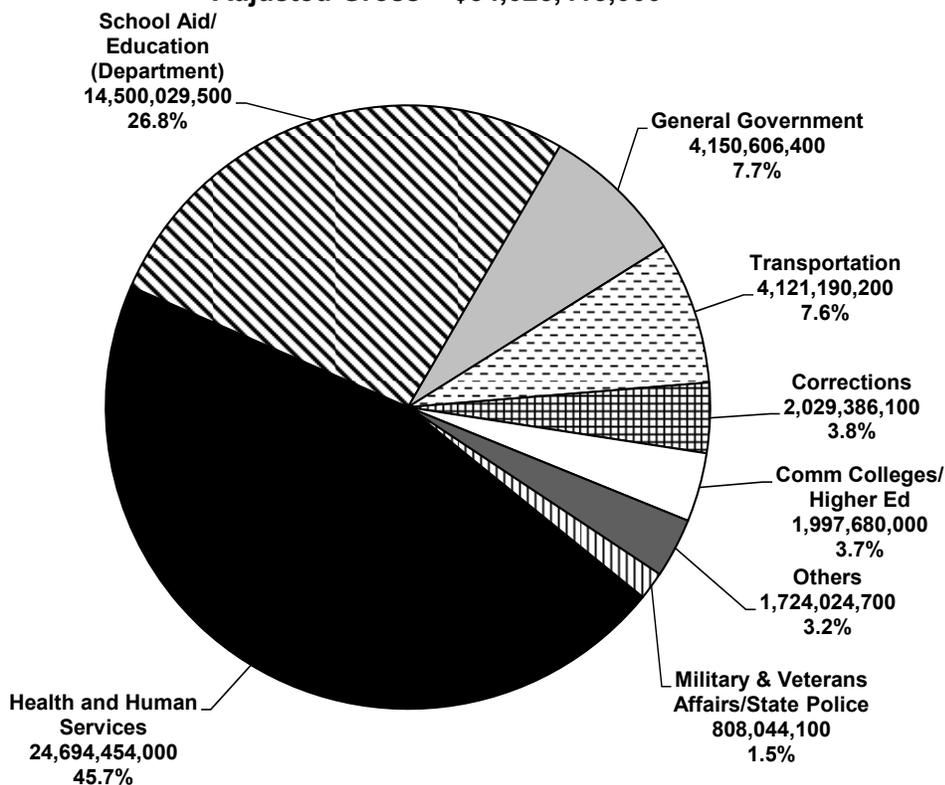
The FY 2016-17 Executive Recommendation does not propose a deposit to the Budget Stabilization Fund (BSF), instead proposing the \$165.0 million deposit to the Michigan Infrastructure Fund. The projected BSF balance at the close of FY 2015-16 is \$611.0 million. The recommended deposit for FY 2016-17 based on statutory guidelines, as estimated at the January 2016 Consensus Revenue Estimating Conference, is \$196.9 million.

As shown on page 22, the FY 2016-17 budget assumes fees increases in the Department of Education for teacher certification and professional development and in the Department of State for look-up fees.

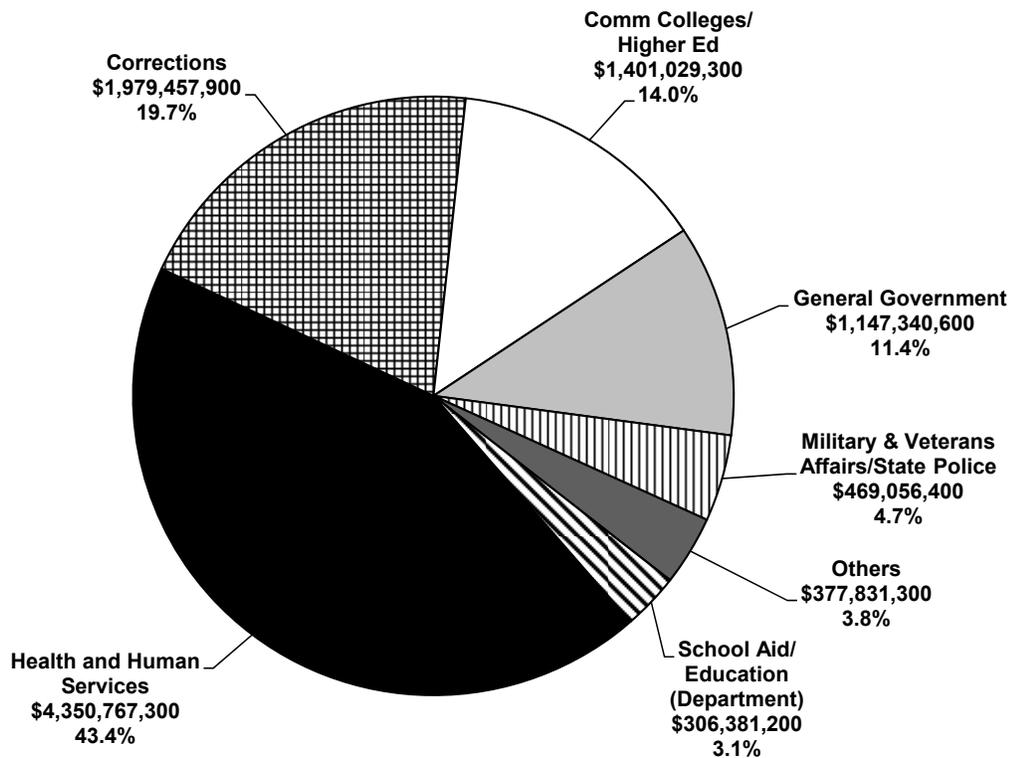
A more detailed summary of major budget changes by individual budget area, including FY 2015-16 supplemental appropriations, begins on page 24.

A list of House Fiscal Agency staff by area of responsibility is included at the end of this document. Please do not hesitate to contact us if you have questions regarding this information.

**FY 2016-17 Executive Recommendation
Adjusted Gross = \$54,025,415,000**



**FY 2016-17 Executive Recommendation
General Fund/General Purpose (GF/GP) = \$10,031,864,000**



CONSENSUS REVENUE ESTIMATES

Jim Stansell, Senior Economist

This section explains January 2016 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2015-16 through FY 2017-18 by major revenue sources.

For Michigan:

Wage and salary employment is expected to increase 1.2% in 2016, 1.3% in 2017, and 1.0% in 2018.

The unemployment rate is expected to be 5.1% in 2016, and then decrease to 4.9% by 2017 and 4.8% in 2018.

GF/GP REVENUE ESTIMATES (Millions of Dollars)

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2016-17 Over FY 2015-16		FY 2017-18 Over FY 2016-17	
				Change	Change	Change	Change
Personal Income Tax	\$6,595.9	\$6,821.5	\$7,025.4	\$225.6	3.4%	\$203.9	3.0%
Sales Tax	1,200.1	1,220.4	1,261.2	20.3	1.7%	40.8	3.3%
Use Tax	866.9	650.2	648.9	(216.7)	(25.0%)	(1.3)	(0.2%)
Business Taxes	385.0	715.4	858.8	330.4	85.8%	143.4	20.0%
Other Taxes	406.1	429.3	436.9	23.2	5.7%	7.6	1.8%
GF/GP Tax Revenue	\$9,454.0	\$9,836.8	\$10,231.2	\$382.8	4.0%	\$394.4	4.0%
Non-Tax Revenue	389.8	377.1	368.1	(12.7)	(3.3%)	(9.0)	(2.4%)
Net Total GF/GP Revenue	\$9,843.8	\$10,213.9	\$10,599.3	\$370.1	3.8%	\$385.4	3.8%

General Fund/General Purpose Revenue by Source

Personal Income Tax

Michigan personal income tax revenue is forecast to increase 2.1% in FY 2015-16, 3.4% in FY 2016-17, and 3.0% in FY 2017-18.

Sales Tax

After dropping in FY 2014-15 due to declining fuel prices, GF/GP sales tax revenue is estimated to increase 7.3% in FY 2015-16, 1.7% in FY 2016-17, and 3.3% in FY 2017-18.

Use Tax

Use tax revenue is forecast to decrease from \$866.9 million in FY 2015-16 to \$650.2 million in FY 2016-17, and to \$648.9 million in FY 2017-18. This reduction is due to a portion of the use tax being levied by the Metropolitan Areas Metropolitan Authority as a replacement for eliminating the personal property tax on eligible manufacturing personal property.

Business Taxes

Net business taxes are expected to decrease 49.6% to \$385.0 million in FY 2015-16 due to timing issues in MEGA credit claims. As the pattern of credit redemptions smooths, net business taxes are expected to increase 85.8% to \$715.4 million in FY 2016-17 and 20.0% to \$858.8 million in FY 2017-18.

GF/GP Tax Revenue

GF/GP tax revenue is expected to decrease to \$9,454.0 million (1.9% decrease) in FY 2015-16, before increasing to \$9,836.8 million (4.0% increase) in FY 2016-17, and to \$10,231.2 million (4.0% increase) in FY 2017-18.

Net Total GF/GP Revenue

Net total GF/GP revenue includes 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.

Net total GF/GP revenue is expected to decrease to \$9,843.8 million (1.9% decrease) in FY 2015-16, before increasing to \$10,213.9 million (an increase of \$370.1 million, or 3.8%) in FY 2016-17, and to \$10,599.3 million (an increase of \$385.4, or 3.8%) in FY 2017-18.

SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars)

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2016-17 Over FY 2015-16		FY 2017-18 Over FY 2016-17	
				Change		Change	
Sales and Use Taxes	\$5,958.3	\$6,168.2	\$6,365.1	\$209.9	3.5%	\$196.9	3.2%
Income Tax Earmark	2,606.5	2,693.9	2,772.8	87.4	3.4%	78.9	2.9%
Lottery and Casinos	932.0	936.1	939.2	4.1	0.4%	3.1	0.3%
Tobacco Taxes	355.3	348.7	342.0	(6.6)	(1.9%)	(6.7)	(1.9%)
State Education Tax	1,890.1	1,935.8	1,994.4	45.7	2.4%	58.6	3.0%
Real Estate Transfer Tax	273.0	284.7	296.4	11.7	4.3%	11.7	4.1%
Liquor Excise Tax	51.1	52.5	53.4	1.4	2.7%	0.9	1.7%
Other Specific Taxes	65.3	66.3	67.8	1.0	1.7%	1.5	2.3%
Total SAF Revenue	\$12,131.6	\$12,486.2	\$12,831.1	\$354.6	2.9%	\$344.9	2.8%

School Aid Fund Revenue by Source**Sales and Use Taxes**

Combined sales and use tax revenue dedicated to the SAF is forecast to increase to \$5,958.3 million in FY 2015-16, \$6,168.2 million (3.5% increase) in FY 2016-17, and \$6,365.1 million in FY 2017-18.

Income Tax Earmark

Approximately 23.8% of gross income tax collections are dedicated to the SAF.

Dedicated income tax revenue is forecast to increase to \$2,606.5 million (3.5% increase) in FY 2015-16, \$2,693.9 million (3.4% increase) in FY 2016-17, and \$2,772.8 million in FY 2017-18.

Lottery and Casinos

Lottery and Casino revenue is projected to increase to \$932.0 million in FY 2015-16, \$936.1 in FY 2016-17, and \$939.2 million in FY 2017-18.

Tobacco Taxes

Approximately 38% of gross tobacco tax revenue is dedicated to the SAF.

The demand for tobacco products is expected to decline over the duration of the forecast causing estimated SAF tobacco tax revenue to decrease to \$355.3 million in FY 2015-16, \$348.7 million in FY 2016-17, and \$342.0 million in FY 2017-18.

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 is expected to increase to \$1,890.1 million (1.7% increase) in FY 2015-16, \$1,935.8 million (2.4% increase) in FY 2016-17, and \$1,994.4 million in FY 2017-18.

RET revenue is forecast to increase to \$273.0 million in FY 2015-16, \$284.7 million in FY 2016-17, and \$296.4 million in FY 2017-18.

OVERVIEW

Total SAF Revenue

Total SAF revenue is expected to increase 3.3% to \$12,131.6 million in FY 2015-16, increase 2.9% to \$12,486.2 million in FY 2016-17, and increase 2.8% to \$12,831.1 million in FY 2017-18.

Budget Stabilization Fund Year-End Balances

The following table notes BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 2014-15, along with the Executive Recommendation for deposits, and HFA estimates of expected interest earnings and year-end balances for FY 2015-16 and FY 2016-17.

The final BSF fund balance for FY 2014-15 was \$498.1 million. The fund balance is forecast to be \$611.0 million for FY 2015-16 and \$628.9 million for FY 2016-17. These projections include the impact of PA 186 of 2014, which requires annual deposits of \$17.5 million of tobacco settlement revenue to the BSF from FY 2015-16 through FY 2035-36.

BUDGET STABILIZATION FUND HISTORY
(Millions of Dollars)

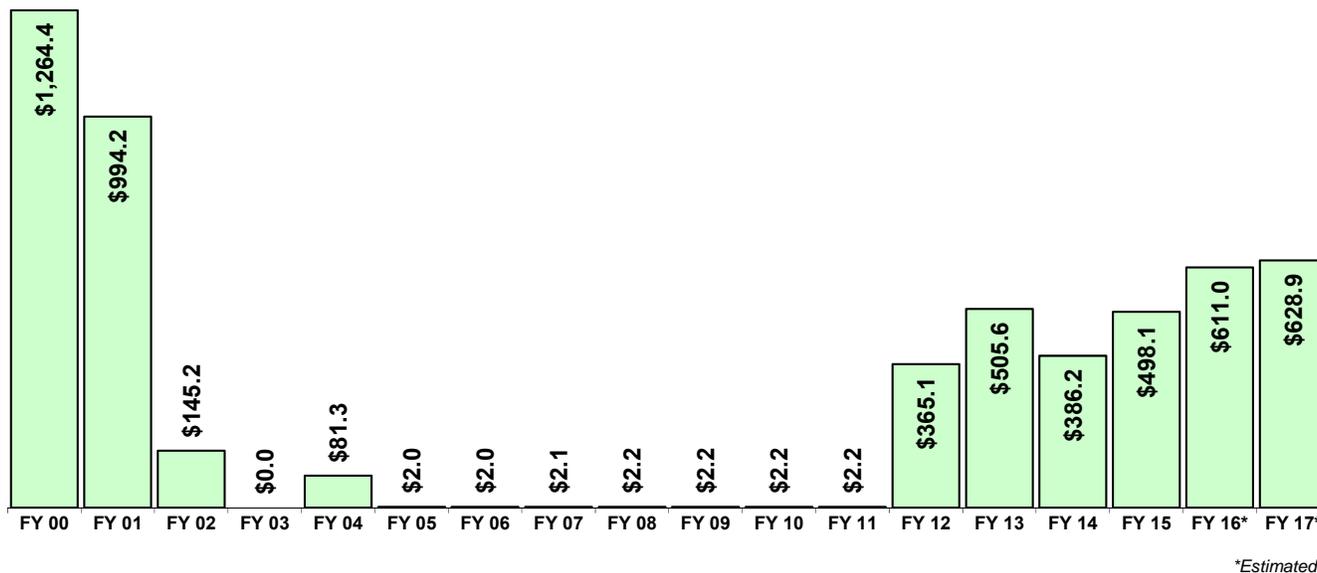
<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1990-91	0.0	230.0	27.1	182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.7	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.2	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	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
2008-09	0.0	0.0	0.0	2.2
2009-10	0.0	0.0	0.0	2.2
2010-11	0.0	0.0	0.0	2.2
2011-12	362.7	0.0	0.2	365.1
2012-13	140.0	0.0	0.5	505.6
2013-14	75.0	194.8	0.4	386.2
2014-15	111.5	0.0	0.4	498.1
2015-16	112.5**	0.0	0.4*	611.0
2016-17	17.5**	0.0	0.4*	628.9

* HFA Estimate

** FY 2016 actual appropriated deposit; FY 2017 Executive Recommendation

Note: Numbers may not add due to rounding.

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



Compliance With the State Revenue Limit

Consensus 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 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>
Personal Income	CY 2013	CY 2014	CY 2015
Amount	\$403,726	\$420,279	\$438,771
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	\$38,313.6	\$39,884.5	\$41,639.4
Total Revenue Subject to Revenue Limit	\$29,190.2	\$30,270.0	\$31,533.0
Amount Under (Over) State Revenue Limit	\$9,123.4	\$9,614.4	\$10,106.4

OVERVIEW

Implications of Exceeding the State Revenue Limit

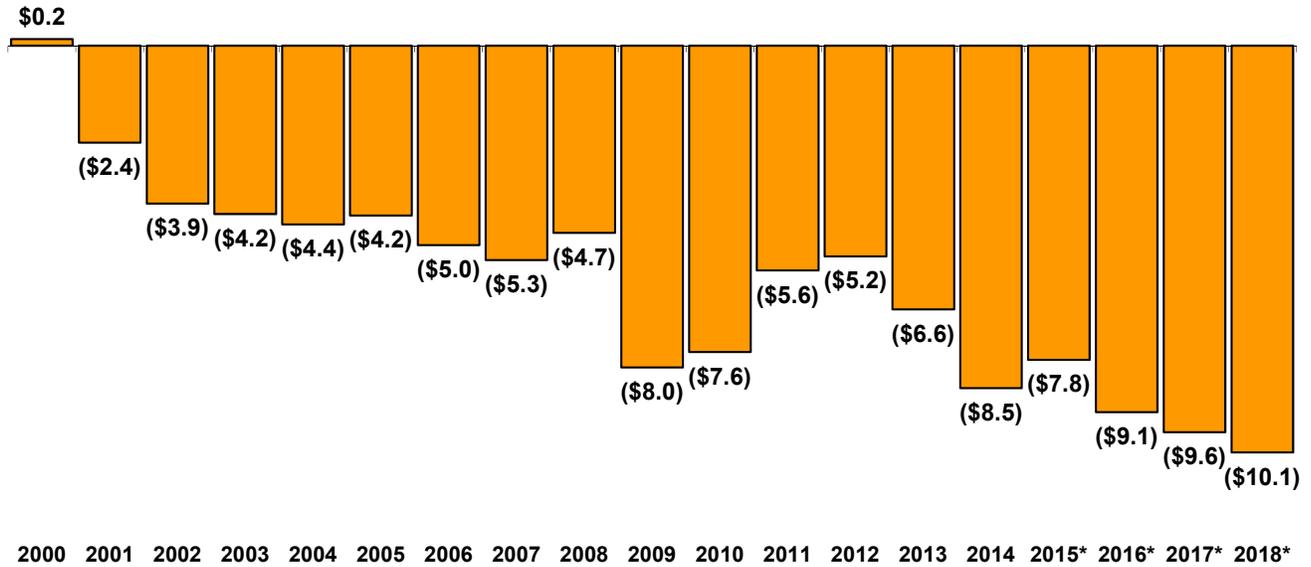
Article IX, Section 26, Constitution of the State of Michigan, provides that:

... 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 2013-14 revenue limit calculation indicates that the state revenue collections were under the revenue limit by \$8.5 billion. For FY 2015-16 through FY 2017-18, state revenue is estimated to be even further below the revenue limit—by \$9.1 billion, \$9.6 billion, and \$10.1 billion respectively.

**Constitutional Revenue Limit
(Billions of Dollars)**



*Consensus Estimates

BALANCE SHEETS

Resources used to fund General Fund/General Purpose, School Aid Fund, and Tobacco Settlement / Merit Award Trust Fund expenditures in the Executive Budget Recommendation are reported below.

FY 2015-16 Through FY 2017-18 Executive Recommendation General Fund/General Purpose (GF/GP) Millions of Dollars			
	FY 2015-16	FY 2016-17	FY 2017-18
<u>Resources</u>			
Beginning balance	\$694.7	\$153.0	\$15.0
Revenue estimate	9,843.8	10,213.9	10,599.3
Proposed Insurance Credit change	60.0	80.0	80.0
Venture Michigan Fund certificates	0.0	(30.5)	0.0
Use tax on Medicaid MCOs	406.7	101.7	0.0
Revenue Sharing	(468.5)	(474.2)	(469.0)
Charge SAF for short-term borrowing	<u>2.0</u>	<u>3.0</u>	<u>4.0</u>
Total Resources	\$10,538.7	\$10,046.9	\$10,229.3
<u>Expenditures</u>			
YTD / Recommended Expenditures	\$9,376.7	\$9,687.5	\$9,904.9
One-time recommendations	132.2	334.0	0.0
Pending Supplemental Requests	381.7	0.0	0.0
Transportation (combined one-time/ongoing)	400.0	10.4	0.0
BSF deposit	<u>95.0</u>	<u>0.0</u>	<u>0.0</u>
Total Expenditures	10,385.6	\$10,031.9	\$9,904.9
Estimated Ending Balance	\$153.0	\$15.0	\$324.4

Beginning balance: Estimated ending balance from prior year.

Revenue estimate: Revenue estimates agreed to at the January 2016 Consensus Revenue Estimating Conference.

Proposed Insurance Credit change: Proposed clarification and reduction in tax credit claimed by auto insurers.

Venture Michigan Fund certificates: Revenue loss from tax certificates anticipated to be redeemed under Venture Michigan program.

Use tax on Medicaid MCOs: Use tax imposed on Medicaid Managed Care Organizations (MCOs) under PA 161 of 2014.

Revenue Sharing: Expenditure of sales tax revenue resulting from revenue sharing proposal.

Charge SAF for short-term borrowing: Savings that accrue to GF/GP by shifting short-term borrowing costs to the SAF.

One-time recommendations: Executive recommendation for one-time GF/GP appropriations.

Transportation (combined one-time/ongoing): Allocation of GF/GP funds for Transportation needs.

BSF deposit: GF/GP deposit to the Budget Stabilization Fund (BSF).

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FY 2015-16 Through FY 2017-18 Executive Recommendation School Aid Fund (SAF) Millions of Dollars			
	FY 2015-16	FY 2016-17	FY 2017-18
<u>Resources</u>			
Beginning balance	\$190.2	\$47.8	\$15.3
Revenue estimate	12,131.6	12,486.2	12,831.1
Venture Michigan Fund certificates	0.0	(9.5)	0.0
Use tax on Medicaid MCOs	203.3	50.9	0.0
Detroit Public Schools Trust Fund	0.0	72.0	72.0
GF/GP contribution	55.1	230.0	57.4
Federal funds	<u>1,775.8</u>	<u>1,818.6</u>	<u>1,818.6</u>
Total Resources	\$14,356.0	\$14,696.0	\$14,794.4
<u>Expenditures</u>			
School Aid ongoing recommendations	\$13,846.6	\$14,147.6	\$14,093.3
School Aid one-time recommendations	54.1	35.6	1.5
Pending Supplemental requests	(54.4)	0.0	0.0
Community College recommendations	256.7	260.4	260.9
Higher Education recommendations	<u>205.2</u>	<u>237.1</u>	<u>237.3</u>
Total Expenditures	\$14,308.2	\$14,680.7	\$14,593.0
Estimated Ending Balance	\$47.8	\$15.3	\$201.4

Beginning balance: Estimated ending balance from prior year.

Revenue estimate: FY 2016-17 and FY 2017-18 revenue estimates agreed to at the January 2016 consensus revenue estimating conference.

Venture Michigan Fund certificates: Revenue loss from tax certificates anticipated to be redeemed under Venture Michigan program.

Use tax on Medicaid MCOs: Use tax imposed on Medicaid Managed Care Organizations (MCOs) under PA 161 of 2014.

Detroit Public Schools Trust Fund: Tobacco settlement revenue available from proposed restricted fund.

GF/GP contribution: GF/GP revenue appropriated to SAF.

Federal funds: Federal revenue available for School Aid programs.

School Aid ongoing recommendations: Executive recommendation for ongoing SAF appropriations.

School Aid one-time recommendations: Executive recommendation for one-time SAF appropriations.

Community College recommendations: Use of SAF revenue for Community Colleges budget.

Higher Education recommendations: Use of SAF revenue for Higher Education budget.

FY 2016-17 Through FY 2017-18 Executive Recommendation Merit Award Trust Fund Millions of Dollars		
	FY 2016-17	FY 2017-18
<u>Resources</u>		
Beginning balance	\$48.7	\$0.0
Tobacco Settlement MSA payment	283.9	295.3
Settlement adjustments / withheld payments	(29.6)	(8.5)
Debt service on 2006/2007 securitization bonds (24.11%)	(61.3)	(69.1)
Deposit to 21st Century Jobs Trust Fund	(75.0)	(75.0)
BSF repayment	(17.5)	(17.5)
Detroit Public Schools Trust Fund	(72.0)	(72.0)
Interest	<u>0.1</u>	<u>0.1</u>
Total Resources	\$77.3	\$53.3
<u>Expenditures</u>		
Attorney General: Administration	\$0.5	\$0.5
DHHS: Aging-respite care	4.1	4.1
DHHS: Family Independence Program	30.1	30.1
DHHS: Medicaid base funding	40.6	16.6
State Police: Tobacco tax enforcement	0.8	0.8
Treasury: Tuition Incentive Program administration	<u>1.2</u>	<u>1.2</u>
Total Expenditures	\$77.3	\$53.3
Estimated Ending Balance	\$0.0	\$0.0

APPROPRIATION SUMMARY TABLES

The Executive Budget Recommendation for FY 2016-17 increases adjusted gross appropriations by \$382.7 million (0.7%) from FY 2015-16 year-to-date amounts:

- GF/GP appropriations are increased by \$122.7 million (1.2%).
- State restricted appropriations are increased by \$834.0 million (4.1%).
- Federal appropriations are decreased by \$573.9 million (-2.5%).
- Local and private appropriations are decreased by \$139,700 (-0.04%).

Total state spending from state sources (GF/GP plus state restricted) in the FY 2016-17 Executive Budget Recommendation is increased by \$956.7 million (3.2%) from FY 2015-16 year-to-date amounts.

Projected appropriation amounts for FY 2017-18 under the Executive Budget (which are presented only for planning purposes) reflect a 3.4% decrease in GF/GP appropriations, a 0.7% decrease in total state spending from state sources, and a 1.0% decrease in adjusted gross appropriations.

The following pages include seven tables summarizing the Executive Budget Recommendation by budget area.

The following should be noted regarding the appropriation amounts in the following tables and throughout the report:

- FY 2015-16 year-to-date figures include adjustments through February 10, 2016.
- Some appropriation items in the FY 2015-16 budget are designated as one-time, indicating intent that those items will not be funded in the subsequent budget year in order to maintain a structurally-balanced budget. The FY 2016-17 Executive Budget continues this practice.
- The tables in this document show total appropriation amounts by budget area, including both ongoing items and the items designated as one-time, in order to provide an accurate representation of resources available for expenditure in each budget year by state departments, local units of government, and other entities receiving funds through the state budget.

**FY 2016-17 and FY 2017-18
Executive Budget Appropriation Changes
Millions of Dollars**

	<u>Year-to-Date FY 2015-16</u>	<u>Executive Recommendation FY 2016-17</u>	<u>Change Amounts</u>		<u>Executive Recommendation FY 2017-18</u>	<u>Change Amounts</u>	
General Fund/General Purpose	\$9,909.1	\$10,031.9	\$122.7	1.2%	\$9,689.9	(\$342.0)	(3.4%)
State Restricted	<u>20,260.4</u>	<u>21,094.4</u>	<u>834.0</u>	4.1%	<u>21,204.4</u>	<u>110.1</u>	0.5%
Total State-Source Appropriations	\$30,169.6	\$31,126.2	\$956.7	3.2%	\$30,894.3	(\$231.9)	(0.7%)
Federal	\$23,077.7	\$22,503.9	(\$573.9)	(2.5%)	\$22,216.1	(\$287.8)	(1.3%)
Local	219.7	220.6	0.9	0.4%	215.6	(5.0)	(2.3%)
Private	175.7	174.7	(1.0)	(0.6%)	174.7	0.0	0.0%
Total Adjusted Gross	\$53,642.7	\$54,025.4	\$382.7	0.7%	\$53,500.7	(\$524.7)	(1.0%)

General Fund/General Purpose (GF/GP): Unrestricted General Fund revenue available for basic state programs and other purposes determined by the Legislature.

State Restricted: State revenue restricted by State Constitution, state statute, or outside restriction that is available only for specific purposes. Includes most fee revenue. Largest such fund is the School Aid Fund.

State-Source Appropriations: Appropriations from state-level revenue sources: State Restricted plus GF/GP.

Federal Funds: Federal grant or match revenue; generally dedicated to specific programs or purposes.

Local/Private Funds: Revenue received from local units of government and private, non-governmental entities for specific services or purposes.

Adjusted Gross: Total state appropriations from all fund sources. Excludes funds appropriated twice in state budget through interdepartmental grants (IDGS) or intradepartmental transfers (IDTs).

Notes:

- (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016.
- (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.
- (3) Numbers may not add due to rounding.

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**TABLE 1
FY 2016-17 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS**

Department/Budget Area	Gross	IDG/IDT	Adjusted Gross	Federal	Local	Private	State Restricted	GF/GP
Agriculture & Rural Development	\$91,591,300	\$323,200	\$91,268,100	\$10,471,200	\$0	\$130,700	\$32,629,300	\$48,036,900
Attorney General	95,185,800	28,989,700	66,196,100	9,476,700	0	0	17,578,900	39,140,500
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	16,721,900	293,600	16,428,300	2,763,000	0	18,700	151,900	13,494,700
Community Colleges	399,025,600	0	399,025,600	0	0	0	260,414,800	138,610,800
Corrections	2,029,386,100	0	2,029,386,100	5,523,700	8,692,800	0	35,711,700	1,979,457,900
Education	316,917,400	0	316,917,400	225,164,100	5,557,200	2,034,200	7,780,700	76,381,200
Environmental Quality	513,499,400	9,225,700	504,273,700	138,687,200	0	555,300	317,344,800	47,686,400
Executive Office	5,636,300	0	5,636,300	0	0	0	0	5,636,300
Health and Human Services	24,707,967,700	13,513,700	24,694,454,000	17,734,683,600	123,892,300	156,279,300	2,328,831,500	4,350,767,300
Higher Education	1,598,654,400	0	1,598,654,400	99,026,400	0	0	237,209,500	1,262,418,500
Insurance & Financial Services	66,307,200	707,600	65,599,600	2,000,000	0	0	63,449,600	150,000
Judiciary	298,261,400	1,550,000	296,711,400	6,433,500	7,349,300	957,800	92,786,000	189,184,800
Legislative Auditor General	23,451,900	5,558,600	17,893,300	0	0	0	1,969,400	15,923,900
Legislature	141,253,600	0	141,253,600	0	0	400,000	4,275,800	136,577,800
Licensing & Regulatory Affairs	416,567,500	46,923,800	369,643,700	63,818,100	251,600	314,100	262,446,700	42,813,200
Military & Veterans Affairs	176,000,200	101,800	175,898,400	91,793,600	1,522,400	742,800	24,696,000	57,143,600
Natural Resources	397,904,100	1,375,900	396,528,200	72,365,400	0	7,446,400	277,156,400	39,560,000
School Aid	14,183,112,100	0	14,183,112,100	1,818,632,700	0	0	12,134,479,400	230,000,000
State	258,015,600	20,000,000	238,015,600	1,460,000	5,000,000	100	204,445,900	27,109,600
State Police	658,726,100	26,580,400	632,145,700	87,967,800	5,828,500	78,100	126,358,500	411,912,800
Talent and Economic Devel. (MSF)	1,142,494,300	0	1,142,494,300	773,944,800	500,000	5,619,000	192,341,600	170,088,900
Tech., Mgmt. & Budget: Operations	1,073,525,600	696,904,100	376,621,500	4,958,200	2,320,000	0	111,490,800	257,852,500
Tech., Mgmt. & Budget: SBA Rent	246,570,600	0	246,570,600	0	0	0	0	246,570,600
Transportation	4,125,203,600	4,013,400	4,121,190,200	1,314,744,000	50,418,500	100,000	2,745,527,700	10,400,000
Treasury: Operations	518,001,500	11,250,600	506,750,900	39,954,200	9,265,700	26,700	359,595,500	97,908,800
Treasury: Debt Service	137,037,000	0	137,037,000	0	0	0	0	137,037,000
Treasury: Revenue Sharing	1,255,708,900	0	1,255,708,900	0	0	0	1,255,708,900	0
TOTAL APPROPRIATIONS	\$54,892,727,100	\$867,312,100	\$54,025,415,000	\$22,503,868,200	\$220,598,300	\$174,703,200	\$21,094,381,300	\$10,031,864,000

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2016-17 and FY 2017-18 Executive Recommendation Compared with FY 2015-16 Year-to-Date

Department/Budget Area	Year-To-Date FY 2015-16	Exec. Rec. FY 2016-17	Difference FY 2016-17 vs. FY 2015-16		Exec. Rec. FY 2017-18	Difference FY 2017-18 vs. FY 2016-17	
Agriculture & Rural Development	\$86,276,700	\$91,268,100	\$4,991,400	5.8%	\$91,268,100	\$0	0.0%
Attorney General	63,573,700	66,196,100	2,622,400	4.1%	65,496,100	(700,000)	(1.1%)
Capital Outlay	400	0	(400)	(100.0%)	0	0	--
Civil Rights	15,842,000	16,428,300	586,300	3.7%	16,078,300	(350,000)	(2.1%)
Community Colleges	387,825,600	399,025,600	11,200,000	2.9%	399,525,600	500,000	0.1%
Corrections	1,962,001,000	2,029,386,100	67,385,100	3.4%	2,019,898,700	(9,487,400)	(0.5%)
Education	308,561,200	316,917,400	8,356,200	2.7%	308,367,300	(8,550,100)	(2.7%)
Environmental Quality	490,880,500	504,273,700	13,393,200	2.7%	477,523,600	(26,750,100)	(5.3%)
Executive Office	5,531,100	5,636,300	105,200	1.9%	5,636,300	0	0.0%
Health and Human Services	25,073,392,600	24,694,454,000	(378,938,600)	(1.5%)	24,420,846,600	(273,607,400)	(1.1%)
Higher Education	1,534,724,400	1,598,654,400	63,930,000	4.2%	1,598,854,400	200,000	0.0%
Insurance & Financial Services	64,350,100	65,599,600	1,249,500	1.9%	65,599,600	0	0.0%
Judiciary	282,488,500	296,711,400	14,222,900	5.0%	294,212,900	(2,498,500)	(0.8%)
Legislative Auditor General	17,447,700	17,893,300	445,600	2.6%	17,893,300	0	0.0%
Legislature	136,464,300	141,253,600	4,789,300	3.5%	141,253,600	0	0.0%
Licensing & Regulatory Affairs	363,780,300	369,643,700	5,863,400	1.6%	365,613,700	(4,030,000)	(1.1%)
Military & Veterans Affairs	168,854,400	175,898,400	7,044,000	4.2%	168,398,400	(7,500,000)	(4.3%)
Natural Resources	402,648,500	396,528,200	(6,120,300)	(1.5%)	387,328,200	(9,200,000)	(2.3%)
School Aid	13,900,654,300	14,183,112,100	282,457,800	2.0%	14,094,759,500	(88,352,600)	(0.6%)
State	210,256,700	238,015,600	27,758,900	13.2%	223,015,600	(15,000,000)	(6.3%)
State Police	601,584,200	632,145,700	30,561,500	5.1%	623,669,900	(8,475,800)	(1.3%)
Talent and Economic Devel. (MSF)	1,153,023,500	1,142,494,300	(10,529,200)	(0.9%)	1,112,915,800	(29,578,500)	(2.6%)
Tech., Mgmt. & Budget: Operations	330,174,600	376,621,500	46,446,900	14.1%	347,120,600	(29,500,900)	(7.8%)
Tech., Mgmt. & Budget: SBA Rent	254,570,600	246,570,600	(8,000,000)	(3.1%)	246,570,600	0	0.0%
Transportation	3,892,272,900	4,121,190,200	228,917,300	5.9%	4,110,790,200	(10,400,000)	(0.3%)
Treasury: Operations	526,696,400	506,750,900	(19,945,500)	(3.8%)	503,908,400	(2,842,500)	(0.6%)
Treasury: Debt Service	156,449,000	137,037,000	(19,412,000)	(12.4%)	118,495,000	(18,542,000)	(13.5%)
Treasury: Revenue Sharing	1,252,406,100	1,255,708,900	3,302,800	0.3%	1,275,687,400	19,978,500	1.6%
TOTAL	\$53,642,731,300	\$54,025,415,000	\$382,683,700	0.7%	\$53,500,727,700	(\$524,687,300)	(1.0%)

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**TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2016-17 and FY 2017-18 Executive Recommendation Compared with FY 2015-16 Year-to-Date**

Department/Budget Area	Year-To-Date FY 2015-16	Exec. Rec. FY 2016-17	Difference FY 2016-17 vs. FY 2015-16		Exec. Rec. FY 2017-18	Difference FY 2017-18 vs. FY 2016-17	
Agriculture & Rural Development	\$43,073,600	\$48,036,900	\$4,963,300	11.5%	\$49,236,900	\$1,200,000	2.5%
Attorney General	37,013,400	39,140,500	2,127,100	5.7%	38,440,500	(700,000)	(1.8%)
Capital Outlay	400	0	(400)	(100.0%)	0	0	--
Civil Rights	12,949,700	13,494,700	545,000	4.2%	13,144,700	(350,000)	(2.6%)
Community Colleges	131,110,800	138,610,800	7,500,000	5.7%	138,610,800	0	0.0%
Corrections	1,903,948,400	1,979,457,900	75,509,500	4.0%	1,969,970,500	(9,487,400)	(0.5%)
Education	77,583,700	76,381,200	(1,202,500)	(1.5%)	75,881,200	(500,000)	(0.7%)
Environmental Quality	46,914,200	47,686,400	772,200	1.6%	35,336,400	(12,350,000)	(25.9%)
Executive Office	5,531,100	5,636,300	105,200	1.9%	5,636,300	0	0.0%
Health and Human Services	4,153,708,200	4,350,767,300	197,059,100	4.7%	4,312,132,100	(38,635,200)	(0.9%)
Higher Education	1,232,418,500	1,262,418,500	30,000,000	2.4%	1,262,418,500	0	0.0%
Insurance & Financial Services	150,000	150,000	0	0.0%	150,000	0	0.0%
Judiciary	183,642,200	189,184,800	5,542,600	3.0%	186,686,300	(2,498,500)	(1.3%)
Legislative Auditor General	15,460,100	15,923,900	463,800	3.0%	15,923,900	0	0.0%
Legislature	131,872,300	136,577,800	4,705,500	3.6%	136,577,800	0	0.0%
Licensing & Regulatory Affairs	40,481,500	42,813,200	2,331,700	5.8%	40,343,200	(2,470,000)	(5.8%)
Military & Veterans Affairs	53,187,300	57,143,600	3,956,300	7.4%	49,643,600	(7,500,000)	(13.1%)
Natural Resources	39,597,800	39,560,000	(37,800)	(0.1%)	38,260,000	(1,300,000)	(3.3%)
School Aid	45,900,000	230,000,000	184,100,000	401.1%	57,400,000	(172,600,000)	(75.0%)
State	22,161,500	27,109,600	4,948,100	22.3%	17,109,600	(10,000,000)	(36.9%)
State Police	376,405,600	411,912,800	35,507,200	9.4%	403,437,000	(8,475,800)	(2.1%)
Talent and Economic Devel. (MSF)	198,457,000	170,088,900	(28,368,100)	(14.3%)	155,088,900	(15,000,000)	(8.8%)
Tech., Mgmt. & Budget: Operations	222,627,600	257,852,500	35,224,900	15.8%	228,351,600	(29,500,900)	(11.4%)
Tech., Mgmt. & Budget: SBA Rent	254,570,600	246,570,600	(8,000,000)	(3.1%)	246,570,600	0	0.0%
Transportation	400,000,000	10,400,000	(389,600,000)	(97.4%)	0	(10,400,000)	(100.0%)
Treasury: Operations	123,930,300	97,908,800	(26,021,500)	(21.0%)	95,066,300	(2,842,500)	(2.9%)
Treasury: Debt Service	156,449,000	137,037,000	(19,412,000)	(12.4%)	118,495,000	(18,542,000)	(13.5%)
Treasury: Revenue Sharing	0	0	0	--	0	0	--
TOTAL	\$9,909,144,800	\$10,031,864,000	\$122,719,200	1.2%	\$9,689,911,700	(\$341,952,300)	(3.4%)

**TABLE 4
GF/GP APPROPRIATIONS DESIGNATED AS ONE-TIME ONLY**

<u>Department/Budget Area</u>	<u>Exec. Rec. FY 2016-17 GF/GP</u>
Attorney General	\$700,000
Civil Rights	350,000
Corrections	9,487,400
Education	500,000
Environmental Quality	12,350,000
Health and Human Services	40,219,200
Judiciary	2,600,000
Licensing & Regulatory Affairs	2,470,000
Military & Veterans Affairs	7,500,000
Natural Resources	1,300,000
School Aid	173,000,000
State	10,000,000
State Police	15,750,000
Talent and Economic Devel. (MSF)	15,000,000
Tech., Mgmt. & Budget: Operations	29,500,900
Transportation	10,400,000
Treasury: Operations	2,842,500
TOTAL: ONE-TIME APPROPRIATIONS	\$333,970,000
Budget Stabilization Fund Deposit	0
TOTAL: ONE-TIME APPROPRIATION AND DEPOSITS	\$333,970,000

**TABLE 5
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2016-17 Executive Recommendation Compared with FY 2015-16 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2015-16</u>	<u>Executive Recommendation FY 2016-17</u>	<u>Difference FY 2016-17 vs. FY 2015-16</u>	
Agriculture & Rural Development	460.0	479.0	19.0	4.1%
Attorney General	524.5	533.0	8.5	1.6%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	135.0	135.0	0.0	0.0%
Community Colleges	0.0	0.0	0.0	--
Corrections	14,190.3	14,065.6	(124.7)	(0.9%)
Education	594.5	602.5	8.0	1.3%
Environmental Quality	1,226.0	1,238.0	12.0	1.0%
Executive Office	84.2	84.2	0.0	0.0%
Health and Human Services	15,443.0	15,560.5	117.5	0.8%
Higher Education	0.0	0.0	0.0	--
Insurance & Financial Services	343.0	343.0	0.0	0.0%
Judiciary	489.0	510.0	21.0	4.3%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing & Regulatory Affairs	2,221.8	2,234.8	13.0	0.6%
Military & Veterans Affairs	897.5	897.5	0.0	0.0%
Natural Resources	2,235.8	2,242.8	7.0	0.3%
School Aid	0.0	0.0	0.0	--
State	1,593.0	1,593.0	0.0	0.0%
State Police	3,134.0	3,253.0	119.0	3.8%
Talent and Economic Devel. (MSF)	1,619.0	1,615.0	(4.0)	(0.2%)
Tech., Mgmt. & Budget: Operations	2,850.0	2,873.0	23.0	0.8%
Tech., Mgmt. & Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	2,918.3	2,918.3	0.0	0.0%
Treasury: Operations	1,911.5	1,916.5	5.0	0.3%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
TOTAL FTE APPROPRIATIONS	52,870.4	53,094.7	224.3	0.4%

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

**TABLE 6
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS**

FY 2016-17 Executive Recommendation			
<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>
Agriculture & Rural Development	80,666,200	4,750,000	5.9%
Attorney General	56,719,400	0	0.0%
Capital Outlay	0	0	--
Civil Rights	13,646,600	0	0.0%
Community Colleges	399,025,600	399,025,600	100.0%
Corrections	2,015,169,600	110,420,700	5.5%
Education	84,161,900	15,176,000	18.0%
Environmental Quality	365,031,200	3,750,000	1.0%
Executive Office	5,636,300	0	0.0%
Health and Human Services	6,679,598,800	1,259,438,500	18.9%
Higher Education	1,499,628,000	0	0.0%
Insurance & Financial Services	62,350,100	0	0.0%
Judiciary	281,970,800	138,718,300	49.2%
Legislative Auditor General	17,893,300	0	0.0%
Legislature	140,853,600	0	0.0%
Licensing & Regulatory Affairs	305,259,900	28,225,700	9.2%
Military & Veterans Affairs	81,839,600	102,400	0.1%
Natural Resources	316,716,400	6,100,000	1.9%
School Aid	12,364,479,400	12,212,368,600	98.8%
State	231,555,500	1,211,300	0.5%
State Police	538,271,300	19,198,900	3.6%
Talent and Economic Devel. (MSF)	362,430,500	11,224,800	3.1%
Tech., Mgmt. & Budget: Operations	369,343,300	0	0.0%
Tech., Mgmt. & Budget: SBA Rent	246,570,600	0	0.0%
Transportation	2,755,927,700	1,583,461,200	57.5%
Treasury: Operations	457,504,300	186,270,700	40.7%
Treasury: Debt Service	137,037,000	0	0.0%
Treasury: Revenue Sharing	1,255,708,900	1,255,708,900	100.0%
TOTALS APPROPRIATED	\$31,126,245,300	\$17,235,151,600	55.4%

EXECUTIVE FEE PROPOSAL

Department/Budget Area	Current Fee	Proposed Fee	Current Revenue Collected	Additional Revenue Generated with Fee Increase	Estimated Total Revenue
Education (Department)					
• Teaching and Administrative Certification and Renewal	\$160	\$207	\$3,765,100	\$1,106,000	\$4,871,100
• Other Certification Renewal	\$100	\$130	\$346,200	\$103,900	\$450,100
• State Continuing Education Clock Hour Application Fee	\$0	\$35 + \$1 per participant	\$0	\$286,000	\$286,000
• State Continuing Education Clock Hour Participation Fee	\$0	\$4	\$0	\$91,000	\$91,000
• District Provided Professional Development Annual Fee	\$0	\$500	\$0	\$375,000	\$375,000
State (Department)					
• Look-up Fee	\$8	\$11	\$37,932,100	\$14,100,000	\$52,032,100
Totals			\$42,043,400	\$16,061,900	\$58,105,300

FY 2016-17

Budget Detail

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Analyst: William E. Hamilton

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$317,300	\$323,200	\$5,900	1.9
Federal	10,427,900	10,471,200	43,300	0.4
Local	0	0	0	--
Private	128,100	130,700	2,600	2.0
Restricted	32,647,100	32,629,300	(17,800)	(0.1)
GF/GP	43,073,600	48,036,900	4,963,300	11.5
Gross	\$86,594,000	\$91,591,300	\$4,997,300	5.8
FTEs	460.0	479.0	19.0	4.1

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Agriculture and Rural Development's key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, protecting consumers, and promoting the state's agricultural economy.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Information Technology	Gross \$1,372,500	\$378,000
Provides \$378,000 Gross, (\$257,000 GF/GP) increase to reflect ongoing costs of new licensing and inspection system.	IDG 3,200	0
	Restricted 64,600	121,000
	GF/GP \$1,304,700	\$257,000
	FTEs 91.0	2.0
2. Food Safety and Quality Assurance	Gross \$13,537,800	\$1,169,000
Includes \$1.2 million GF/GP and 2.0 additional FTE positions for program to assist producers implement on-farm food produce safety standards under the Food Safety Modernization Act (FSMA); training, education, and technical assistance would be delivered in part through Michigan State University extension agents and local conservation district technicians. See related boilerplate Section 403.	Federal 1,250,900	0
	Restricted 4,620,500	0
	GF/GP \$7,666,400	\$1,169,000
	FTEs 7.0	0.0
3. Farmland and Open Space Preservation	Gross \$905,200	\$500,000
Increases baseline GF/GP by \$500,000 to offset decline in restricted the Agriculture Preservation Fund revenue intended to support this program, commonly referred to as the PA 116 program.	Restricted 583,600	0
	GF/GP \$321,600	\$500,000
	FTE 9.0	0.0
4. Qualified Forest Program	Gross \$2,682,500	(\$130,000)
Reduces baseline GF/GP support by \$130,000.	Restricted 284,900	0
	GF/GP \$2,397,600	(\$130,000)
	Gross \$300,000	(\$300,000)
5. Commercial Forestry Audit Program	Gross \$300,000	(\$300,000)
Eliminates funding for this program; the current year budget includes sufficient funding to complete the final two years of the three-year commercial forestry audit.	GF/GP \$300,000	(\$300,000)

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
6. Laboratory Services	FTEs 37.0	5.0
Increases baseline support by \$1.0 million. A \$2.3 million GF/GP increase would be offset in part by anticipated reductions in restricted revenue, specifically, Agriculture Equine Industry Development Fund, \$600,200; Gasoline inspection and testing fees, \$424,700; and Refined Petroleum Fund, \$226,400. Increased baseline funding would support additional staffing and equipment upgrades at the Geagley Laboratory to enhance food safety and export market testing programs.	Gross \$5,322,000	\$1,045,100
	IDG 212,900	0
	Federal 781,100	0
	Restricted 2,123,500	(1,251,000)
	GF/GP \$2,204,500	\$2,296,100
7. Consumer Protection Program	FTEs 40.0	1.0
Increases funding for motor fuel quality and weights and measures programs by \$487,300. A \$2.1 million GF/GP increase would be offset in part by anticipated reductions in restricted revenue, specifically, Gasoline inspection and testing fees, \$300,000; Weights and measures fees, \$200,000; Renewable Fuel Fund, \$52,700; and Refined Petroleum Fund, \$1.1 million. The reduction in Refined Petroleum Fund support reflects the planned three-year phase-out of that fund source in the MDARD budget. The additional baseline funding would support consumer protection programs at the Heffron metrology laboratory.	Gross \$6,072,200	\$487,300
	Restricted 6,071,600	(1,606,300)
	GF/GP \$600	\$2,093,600
8. Rural Development Value-Added (Value-Added Grants)	Gross \$1,200,000	(\$700,000)
Current year total of \$1.2 million reflects both \$650,000 in ongoing funding and \$550,000 shown in the budget as one-time. Executive budget would reduce this grant program to \$500,000 GF/GP and would change the name of the program to "Value-added grants."	GF/GP \$1,200,000	(\$700,000)
9. Rural Development Fund Grant Program – NEW	Gross \$0	\$2,000,000
Includes \$2.0 million from Rural Development Fund for new grant/loan program for projects that address expansion and sustainability of agriculture, mining, forestry, oil and gas exploration, and tourism. Fund revenue is generated from a nonferrous metal mining severance tax established in Public Act 411 of 2012. See related boilerplate Section 802.	Restricted \$0	\$2,000,000
10. County Fairs Capital Improvement Grants	Gross \$300,000	(\$300,000)
Eliminates GF/GP program that provides matching grants for county fair improvement projects.	GF/GP \$300,000	(\$300,000)
11. Shows and Expositions	Gross \$20,000	(\$20,000)
Eliminates GF/GP program that provides grants for agricultural shows and expositions.	GF/GP \$20,000	(\$20,000)
12. Horse Racing Programs	FTEs 1.0	(1.0)
Eliminates 1.0 FTE position for fairs and racing administration functions. Retains current year funding for horse racing awards and purse supplements, but increases Thoroughbred sire stakes by \$80,000 and reduces Thoroughbred breeders awards by a like amount.	Gross \$3,667,200	\$0
	Restricted 3,667,200	0
13. Tree Fruit Research (One-Time)	Gross \$500,000	(\$500,000)
Executive eliminates one-time GF/GP authorization for grant program.	GF/GP \$500,000	(\$500,000)
14. One-Time Capital Equipment for Geagley Laboratory	Gross \$150,000	(\$150,000)
Executive eliminates one-time GF/GP authorization.	GF/GP \$150,000	(\$150,000)
15. Economic Adjustments	Gross NA	\$1,313,100
Reflects increased costs of \$1.3 million Gross (\$727,500 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG NA	5,900
	Federal NA	135,100
	Private NA	2,600
	Restricted NA	442,000
	GF/GP NA	\$727,500
16. End of Five-Year Early Retirement Sick Leave Payouts	Gross NA	(\$237,600)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	Restricted NA	(136,500)
	GF/GP NA	(\$101,100)

AGRICULTURE AND RURAL DEVELOPMENT

Major Boilerplate Changes From FY 2015-16

Sec. 403. Food Safety Modernization Act (FSMA) – NEW

Directs the department to establish an on-farm safety program to assist farmers in complying with new federal FSMA food safety standards.

Sec. 701. Laboratory Program Turnaround Times – NEW

Directs the department to increase turnaround times at Geagley laboratory and in consumer protection program.

Sec. 802. Rural Development Fund Program – NEW

Directs the department to work with rural development fund board to establish a process and criteria for funding projects.

Other Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. Intercounty Drain Program

Supports digital elevation mapping project to be conducted in 15 counties in south and mid-Michigan. The project would provide precise geographical information to local county drain commissioners to ensure that current drainage district boundaries are accurate. The project helps support the implementation of Public Act 261 of 2013, which amended the Drain Code to modify the procedures to changing drainage districts.

Gross	\$1,925,000
Federal	925,000
Local	1,000,000

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 COMMUNITY COLLEGES

Analyst: Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	256,714,800	260,414,800	3,700,000	1.4
GF/GP	131,110,800	138,610,800	7,500,000	5.7
Gross	\$387,825,600	\$399,025,600	\$11,200,000	2.9

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Community Colleges budget supports the 28 public community colleges located throughout the state. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associates' degrees, career and technical education, developmental and remedial education, continuing education, and, after 2012, baccalaureate programs in a limited number of areas. The colleges are supported primarily through a combination of state aid, local property tax revenue, and tuition and fees.

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>		<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
1. Community College Operations Grants	Gross	\$311,492,000	\$7,500,000
Increases funding for community college operations grants by \$7.5 million GF/GP, to be distributed according to a revised performance funding formula. Shift of \$50.7 million from School Aid Fund (SAF) to GF/GP. Projected increases for individual community colleges range from 1.7% to 3.8%. Total funding would be \$318.9 million (\$133.5 million GF/GP).	Restricted	236,181,200	(\$50,700,000)
	GF/GP	\$75,310,800	\$58,200,000
2. Michigan Public School Employee Retirement System (MPERS)	Gross	\$69,500,000	\$3,700,000
Provides additional \$3.7 million SAF for the state's share of colleges' unfunded liability to MPERS, bringing total funding to \$73.2 million SAF. There is a \$56 million increase of SAF, used to account for the \$3.7 million increase and an offset of a \$52.3 million GF/GP reduction. The state's share is the difference between the actuarial accrued liability to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement act (MCL 38.1341).	Restricted	17,200,000	56,000,000
	GF/GP	\$52,300,000	(\$52,300,000)
3. Renaissance Zone Reimbursements	Gross	\$5,100,000	\$0
Replaces \$1.6 million SAF reduction with \$1.6 million GF/GP increase, resulting in entire \$5.1 million reimbursement program funded by GF/GP.	Restricted	1,600,000	(1,600,000)
	GF/GP	\$3,500,000	\$1,600,000

Major Boilerplate Changes From FY 2015-16

Sec. 206. Community Colleges Activities Classification Structure (ACS) Data – REVISED

Requires Michigan community colleges to report ACS data to the Center for Educational Performance and Information (CEPI).

Sec. 208. Self-Liquidating Projects – DELETED

Prohibits colleges from using state funds for construction or maintenance of self-liquidating projects. Requires colleges to comply with Joint Capital Outlay Subcommittee (JCOS) use and finance policy for any capital outlay project. Subjects colleges that fail to comply with a penalty of 1% of the operations funding for each violation.

COMMUNITY COLLEGES

Major Boilerplate Changes From FY 2015-16

Sec. 209. Community College Transparency – REVISED

Deletes from college transparency reporting requirements a requirement to post the estimated cost resulting from the Affordable Care Act. Also deletes a provision authorizing state budget director to withhold payment from a college that failed to comply with the reporting requirements.

Sec. 210b. Colleges and Universities Transfer Agreement – REVISED

Deletes legislative intent language and revises to require the Michigan Community College Association and the Michigan Association of State Universities issue a report on the implementation of the transfer agreement between community colleges and state universities.

Sec. 210c. Block Transfer Study Committee – DELETED

Establishes study committee to develop a process to improve the transferability and applicability of associates' degrees as a block of credits between community colleges and public universities on a statewide basis.

Sec. 212. Cost Containment Initiatives – DELETED

Encourages colleges to evaluate and pursue efficiency and cost-containment measures, including joint ventures, consolidating services, program collaboration, increasing web-based instruction, improving energy efficiency, eliminating low-volume/high-cost instructional programs, self-insurance and group purchasing.

Sec. 217. Activities Classification Structure (ACS) Data – REVISED

Changes responsibility of drafting the ACS report from the Workforce Development Agency to the Center for Educational Performance and Information (CEPI).

Sec. 227. Community College Automobile Purchases – DELETED

Forbids lease or purchase of foreign-made vehicles if vehicles made in Michigan or elsewhere in the U.S. are competitively priced and of comparable quality.

Sec. 228. Communication with the Legislature – DELETED

Forbids a community college from taking disciplinary action against an employee for communicating with the legislature.

Sec. 230. Performance Funding Formula – REVISED

Modifies the formula for distributing performance-based funding: reduces the across-the-board adjustment from 50% to 30%, increases the contact hours component from its current 10% unweighted to 30% weighted for health and technology/industrial fields, increases the performance based component from its current 17.5% based on weighted degree and certificate completions to 20%, adds 10% for completion improvement, reduces the local strategic value component from 15% to 5% and lowers the administrative costs component from 7.5% to 5%.

Sec. 230a. Performance Indicators Task Force – DELETED

Requires creation by October 15, 2015 of a task force to make recommendations on community college performance metrics with a report due January 15, 2016.

FY 2016-17 Community College Performance Funding Increases
Executive Recommendation

College	FY 2015-16 Year-to-Date Appropriation	30%		30%		20%		10%		5%		5%		Total Performance Funding	Total Operations Funding	% Change from FY16
		Proportional to FY 2015-16 Operations Funding		Weighted Student Contact Hours		Weighted Degrees and Certificates		Completion Improvement		Adjusted Administrative Costs		Presumed Local Strategic Value Funds				
		Share of Total	Funding	Weighted Student Contact Hours	Funding	Weighted Degrees and Certificates	Funding	Completion Improvement	Funding	Difference from Average	Funding	Share of Total	Funding			
Alpena	\$5,464,400	1.8%	\$39,471	835,940	\$19,457	1,112	\$21,853	32.27%	\$63,741	8.2%	\$11,626	1.8%	\$6,578	\$162,700	\$5,627,100	3.0%
Bay de Noc	\$5,490,200	1.8%	\$39,657	1,018,644	\$23,709	1,129	\$22,187	-3.26%	\$0	6.2%	\$8,784	1.8%	\$6,610	\$100,900	\$5,591,100	1.8%
Delta	\$14,704,000	4.7%	\$106,211	4,258,709	\$99,123	3,893	\$76,506	0.11%	\$32,334	11.6%	\$16,516	4.7%	\$17,702	\$348,400	\$15,052,400	2.4%
Glen Oaks	\$2,551,100	0.8%	\$18,427	545,016	\$12,685	556	\$10,927	-12.60%	\$0	0.2%	\$345	0.8%	\$3,071	\$45,600	\$2,596,700	1.8%
Gogebic	\$4,509,900	1.4%	\$32,576	636,539	\$14,816	681	\$13,383	17.99%	\$41,337	6.7%	\$9,470	1.4%	\$5,429	\$117,000	\$4,626,900	2.6%
Grand Rapids	\$18,187,300	5.8%	\$131,372	6,949,500	\$161,752	3,761	\$73,912	8.63%	\$38,484	12.0%	\$17,026	5.8%	\$21,895	\$444,400	\$18,631,700	2.4%
Henry Ford	\$21,893,300	7.0%	\$158,142	6,324,830	\$147,213	3,602	\$70,788	3.03%	\$34,054	12.4%	\$17,644	7.0%	\$26,357	\$454,200	\$22,347,500	2.1%
Jackson	\$12,245,300	3.9%	\$88,451	2,551,706	\$59,392	2,504	\$49,209	1.64%	\$33,182	10.0%	\$14,137	3.9%	\$14,742	\$259,100	\$12,504,400	2.1%
Kalamazoo Valley	\$12,689,400	4.1%	\$91,659	4,267,480	\$99,327	3,522	\$69,215	0.00%	\$32,254	13.1%	\$18,557	4.1%	\$15,277	\$326,300	\$13,015,700	2.6%
Kellogg	\$9,950,100	3.2%	\$71,873	2,683,801	\$62,467	2,321	\$45,613	-9.40%	\$0	12.5%	\$17,724	3.2%	\$11,979	\$209,700	\$10,159,800	2.1%
Kirtland	\$3,221,500	1.0%	\$23,270	925,655	\$21,545	1,009	\$19,829	-3.17%	\$0	9.4%	\$13,319	1.0%	\$3,878	\$81,800	\$3,303,300	2.5%
Lake Michigan	\$5,417,700	1.7%	\$39,134	1,779,793	\$41,425	933	\$18,336	0.33%	\$32,458	7.1%	\$10,022	1.7%	\$6,522	\$147,900	\$5,565,600	2.7%
Lansing	\$31,288,200	10.0%	\$226,004	7,773,347	\$180,928	8,367	\$164,431	-2.15%	\$0	12.7%	\$18,089	10.0%	\$37,667	\$627,100	\$31,915,300	2.0%
Macomb	\$33,239,500	10.7%	\$240,099	10,471,280	\$243,723	6,029	\$118,484	-0.41%	\$0	13.0%	\$18,418	10.7%	\$40,016	\$660,700	\$33,900,200	2.0%
Mid Michigan	\$4,757,700	1.5%	\$34,366	1,817,998	\$42,315	1,666	\$32,741	2.50%	\$33,820	7.5%	\$10,603	1.5%	\$5,728	\$159,600	\$4,917,300	3.4%
Monroe County	\$4,565,600	1.5%	\$32,979	1,587,325	\$36,946	1,087	\$21,362	-1.42%	\$0	11.8%	\$16,682	1.5%	\$5,496	\$113,500	\$4,679,100	2.5%
Montcalm	\$3,280,600	1.1%	\$23,697	791,560	\$18,424	1,051	\$20,655	17.70%	\$43,751	9.1%	\$12,974	1.1%	\$3,949	\$123,400	\$3,404,000	3.8%
Mott	\$15,901,700	5.1%	\$114,863	4,743,368	\$110,404	4,078	\$80,142	6.31%	\$36,314	11.2%	\$15,867	5.1%	\$19,144	\$376,700	\$16,278,400	2.4%
Muskegon	\$9,020,700	2.9%	\$65,159	2,134,901	\$49,691	1,333	\$26,196	31.25%	\$77,734	12.9%	\$18,374	2.9%	\$10,860	\$248,000	\$9,268,700	2.7%
North Central	\$3,224,800	1.0%	\$23,294	1,001,885	\$23,319	648	\$12,735	15.16%	\$41,606	10.9%	\$15,461	1.0%	\$3,882	\$120,300	\$3,345,100	3.7%
Northwestern	\$9,200,500	3.0%	\$66,458	2,170,087	\$50,510	1,581	\$31,070	5.16%	\$35,686	10.3%	\$14,666	3.0%	\$11,076	\$209,500	\$9,410,000	2.3%
Oakland	\$21,429,400	6.9%	\$154,791	10,619,828	\$247,181	5,546	\$108,992	-21.28%	\$0	8.5%	\$12,009	6.9%	\$25,798	\$548,800	\$21,978,200	2.6%
Schoolcraft	\$12,706,400	4.1%	\$91,782	5,184,774	\$120,678	3,787	\$74,423	1.56%	\$33,120	11.4%	\$16,137	4.1%	\$15,297	\$351,400	\$13,057,800	2.8%
Southwestern	\$6,657,600	2.1%	\$48,090	1,315,393	\$30,616	1,167	\$22,934	-0.39%	\$0	4.5%	\$6,330	2.1%	\$8,015	\$116,000	\$6,773,600	1.7%
St Clair County	\$7,158,000	2.3%	\$51,704	2,004,628	\$46,658	1,410	\$27,710	0.68%	\$32,616	8.3%	\$11,838	2.3%	\$8,617	\$179,100	\$7,337,100	2.5%
Washtenaw	\$13,301,100	4.3%	\$96,078	5,630,364	\$131,049	6,477	\$127,288	7.27%	\$36,967	11.4%	\$16,211	4.3%	\$16,013	\$423,600	\$13,724,700	3.2%
Wayne County	\$16,989,800	5.5%	\$122,722	6,042,965	\$140,652	6,603	\$129,764	5.11%	\$36,274	9.2%	\$13,091	5.5%	\$20,454	\$463,000	\$17,452,800	2.7%
West Shore	\$2,446,200	0.8%	\$17,670	601,310	\$13,996	474	\$9,315	2.88%	\$34,271	2.2%	\$3,083	0.8%	\$2,945	\$81,300	\$2,527,500	3.3%
TOTAL:	\$311,492,000	100.0%	\$2,250,000	96,668,626	\$2,250,000	76,327	\$1,500,000		\$750,000		\$375,000	100.0%	\$375,000	\$7,500,000	\$318,992,000	2.4%

Notes:

1. Calculations for weighted contact hours are based on data provided by the Workforce Development Agency from FY 2014.
2. Calculations for completion improvement are based on data provided to the Governor's dashboard on completion rates from the Michigan Community College Association annually.
3. Calculations for weighted completions and adjusted administrative costs are based on a two-year average of data from FYs 2014 and 2015.
4. The completion improvement metric utilizes six-year completions for each college from 2007 and 2008 cohorts. Completions metric includes certificates, degrees and transfers.
5. Adjusted Administrative Cost data are preliminary data provided by the Workforce Development Agency. Completions data are from IPEDS.

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 DEPARTMENT OF CORRECTIONS

Analyst: Robin R. Risko

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$225,000	\$0	(\$225,000)	(100.0)
Federal	5,568,700	5,523,700	(45,000)	(0.8)
Local	8,533,200	8,692,800	159,600	1.9
Private	0	0	0	--
Restricted	43,950,700	35,711,700	(8,239,000)	(18.7)
GF/GP	1,903,948,400	1,979,457,900	75,509,500	4.0
Gross	\$1,962,226,000	\$2,029,386,100	\$67,160,100	3.4
FTEs	14,190.3	14,065.6	(124.7)	(0.9)

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of Corrections (MDOC) is responsible for the operation and maintenance of the state's 32 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education, food service, transportation, and reintegration programs. The department is also responsible for the supervision of all parolees and probationers under department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of February 1, 2016, the department was responsible for 104,121 Michigan offenders: 42,528 prisoners, 45,244 probationers, and 16,349 parolees.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

1. Drug Treatment for Prisoners with Hepatitis C

Includes additional funding to cover increased costs of the expanded drug treatment protocol for treatment of prisoners with Hepatitis C to align with the standard of care recently recommended by the Michigan Pharmacy and Therapeutics Committee for Medicaid recipients. This reflects an additional \$3.4 million above the FY 2015-16 increase of \$13.9 million approved via legislative transfer for this purpose. The treatment protocol is to treat prisoners that have Hepatitis C with metavir scores of F3 and F4. In general, the total number of prisoners treated is determined based on individual treatment plans and costs to provide treatments. The department utilizes the drug Harvoni, and, typically, treatment is 12 weeks in duration. If the department continues to receive the 32% pharmaceutical rebate on the drug, roughly 338 prisoners could be treated in FY 2016-17 with the appropriation. If the department does not continue to receive the rebate, about 230 prisoners could be treated.

	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
Gross	\$18,265,000	\$17,335,000
GF/GP	\$18,265,000	\$17,335,000

2. Restoration of Reduced Funding for Health Care

Restores \$11.2 million of a \$15.0 million reduction that was included in the current year budget and anticipated to be achieved as a result of implementing an integrated healthcare delivery system with one vendor managing physical health care, mental health care, and pharmaceutical services. The consolidated contract will not be effective until June 1, 2016 and will result in a full-year savings of \$3.8 million GF/GP in FY 2016-17.

Gross	(\$15,000,000)	\$11,200,000
GF/GP	(\$15,000,000)	\$11,200,000

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

	FY 2015-16 YTD (as of 2/10/16)		Executive Change from YTD
3. One-Time Funding for New Custody Staff Training	Gross	\$9,079,500	\$8,506,100
Includes one-time funding for training an additional 350 corrections officers to meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, travel, and lodging. (Travel and lodging is paid, during training, if participants live away from the facilities to which they are assigned.). With the additional funding added to the current year base of \$9.1 million, the department will be able to train roughly 730 new officers.	GF/GP	\$9,079,500	\$8,506,100
4. Rebidding of Various Service Contracts	Gross	NA	\$6,790,000
Includes additional funding to cover anticipated costs of rebidding reentry services contracts, substance abuse treatment services contracts, and outpatient and residential sex offender treatment services contracts. Reentry services contracts have been in place for the last seven years, substance abuse treatment services contracts for the last six years, and outpatient and residential sex offender treatment services contracts for the last five years. The additional funding will cover the estimated inflationary increases that are expected to be included in the new contract costs.	GF/GP	NA	\$6,790,000
5. Mental Health and Sex Offender Programming for Prisoners	FTE	NA	17.0
Includes additional FTE positions (8.0 psychologists, 8.0 social workers, and 1.0 technician) and the associated funding to address the increased caseload and waiting lists for mental health treatment services and sex offender programming. The number of prisoners diagnosed with mental illness has increased. Roughly 21% of prisoners currently receive some form of mental health treatment services. Additional staff will address the issue of mental health and sex offender treatment teams handling more cases than their recommended caseload levels. Also, the department will be replacing the current sex offender treatment program with a new treatment program that is longer in duration.	Gross	NA	\$1,954,500
	GF/GP	NA	\$1,954,500
6. Federal Regulations on Telephone Rates	Gross	\$11,782,900	(\$4,800,000)
Decreases total spending authorization and reduces state restricted funding to reflect recent rate changes made by the Federal Communications Commission (FCC) to telephone services for prisoners. The FCC has ruled that rates charged to prisoners for telephone calling services need to be capped. The new capped amounts are lower than amounts currently paid. Given that prisoners will be paying less for phone services, revenue going into the Program and Special Equipment Fund will be reduced. This revenue is used for equipment purchases, prisoner programming, and prisoner education. Additional GF/GP funding is included to partially offset the reduction in revenue in an effort to hold harmless the funding for prisoner education.	Restricted	11,782,900	(6,674,000)
	GF/GP	\$0	\$1,874,000
7. DTMB Rate Adjustments	Gross	NA	\$1,612,800
Includes additional funding (\$1,775,600) to cover costs of service rate changes that DTMB will make in FY 2016-17. DTMB will follow a new financial model for the provision of information technology services resulting in additional costs for all state departments. Increases in rates are partially offset by Vehicle Travel Service rate savings that are expected to occur (\$162,800).	GF/GP	NA	\$1,612,800
8. Trinity Food Service Contract Adjustment	Gross	\$52,558,900	\$1,535,000
Includes additional funding to cover the contract requirement that payment rates be adjusted annually by the greater of 1% or the change in the Consumer Price Index - All Urban Consumers, U.S. City Average for Food Away from Home. That CPI has averaged a 2.6% increase over the last 10 years. This amount of additional funding assumes that same increase in FY 2016-17.	GF/GP	\$52,558,900	\$1,535,000

CORRECTIONS

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>	<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
<p>9. Increased Information Technology Bandwidth Includes additional funding to cover costs of increasing information technology bandwidth in an effort to eliminate problems with system slowness and operational outages at 27 correctional facilities and 113 field operations offices. All correctional facilities and field operations locations rely on the internet for programs such as meal tracking used for food service billing; electronic law library; video conferencing for health care, parole hearings, and court appearances; GED preparation and testing; electronic medical records; and the Next Gen health care system.</p>	Gross GF/GP	NA NA \$1,021,800 \$1,021,800
<p>10. One-Time Funding for Ballistic Vests Includes additional funding for the department to purchase 1,400 ballistic vests for parole and probation staff that go into the field and have direct contact with parolees and probationers, and 170 ballistic vests for transportation officers that are required to wear vests when transporting prisoners. The estimated cost is roughly \$625 per vest.</p>	Gross GF/GP	NA NA \$981,300 \$981,300
<p>11. Life in Recovery Treatment Program Includes additional funding for a new treatment service targeted at repetitive relapse prevention for probation violators. The new 30-day program will aim to increase insight into offenders' relapse factors and triggers, identify issues offenders need to work on to prevent future relapses, revise offenders' relapse prevention plans, and offer sober living support. It is estimated that 250 offenders will be treated through this program as an alternative to 90-day residential treatment programming.</p>	Gross GF/GP	NA NA \$750,000 \$750,000
<p>12. Smart Device Access Fees Includes additional funding to cover fees charged by DTMB for smart device access to state e-mail, mobile device management, DTMB-IT staff support, and security services. As of October 2015, MDOC had 2,100 smart devices in service, compared to 400 in October 2013. The additional funding will cover access fee charges for the additional 1,700 devices at \$20 per device per month.</p>	Gross GF/GP	NA NA \$408,000 \$408,000
<p>13. Utility Fee Adjustments Includes additional funding to cover increased water and sewer charges at six correctional facilities. The City of Muskegon increased sewage rates by 11%, impacting Brooks (\$43,200) and Muskegon (\$29,000); the City of St. Louis increased water rates by 36%, impacting Central Michigan (\$73,700) and St. Louis (\$96,500); and Kinross Charter Township increased water rates by 25%, impacting Kinross (\$21,600) and Chippewa (\$23,800).</p>	Gross GF/GP	NA NA \$287,800 \$287,800
<p>14. Prison Industries Transportation Adjustment Includes authorization for Correctional Industries Revolving Fund revenue to be used to partially fund the Transportation line item. Transportation staff will be assuming more transport responsibilities for Prison Industries operations.</p>	Gross Restricted	NA NA \$255,000 255,000
<p>15. Savings from Managing Prison Populations Reflects an FTE reduction and a total savings of \$10.0 million as a result of the following:</p> <ul style="list-style-type: none"> \$5.0 million in savings from taking housing units off-line; due to reduced prisoner population pressures, select housing units at the Carson City, Marquette, Central Michigan, Egeler, and Cotton Correctional Facilities are not planned for use in FY 2016-17 Full-year savings of \$3.4 million and a reduction of 55.7 FTE positions from closure of the Kinross Correctional Facility and transfer of the prisoners to the former Hiawatha Correctional Facility; closure took place in the fall of 2015 and a partial-year savings of \$2.0 million was included in the FY 2015-16 budget \$1.6 million in net savings from in-sourcing leased beds; it has been determined, on a marginal cost basis, that it is more cost-effective for the department to house prisoners in state correctional facilities instead of leasing beds from county jails. 	FTE Gross GF/GP	NA NA NA (55.7) (\$10,000,000) (\$10,000,000)

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
16. Program Eliminations	Gross	\$2,500,000
Reflects a savings of \$2.5 million as a result of the following program eliminations:	GF/GP	(\$2,500,000)
<ul style="list-style-type: none"> • Goodwill Flip the Script program (\$2.0 million) - Funding was first included in the FY 2014-15 budget for Goodwill Industries of Greater Detroit in Wayne County to provide education, job training, and mentoring to roughly 800 troubled 16-29 year-olds, in an effort to keep them out of prison • Parole Sanction Certainty Pilot program (\$500,000) - Funding was included in the FY 2015-16 budget to be distributed to accredited rehabilitation organizations in Berrien, Calhoun, Kalamazoo, Macomb, Muskegon, Oakland, and Wayne Counties for operation and administration of a pilot program that was to be utilized as a condition of parole for technical parole violators. 		
17. Prison Store Operations Adjustment	FTE	63.0
Reflects a reduction in state restricted prisoner store revenue and a reduction of 28.0 FTE positions as a result of a change in the way the vendor handles distribution of prisoner store orders. Previously, store orders were distributed to regional warehouses and store employees retrieved and delivered the orders to the various facilities. Store orders will now be distributed by the vendor to each individual facility, resulting in the need for fewer storekeeper positions.	Gross	\$5,649,200
	Restricted	5,649,200
		(28.0)
		(\$2,400,000)
		(2,400,000)
18. Program and Fund Source Adjustments	Gross	NA
Makes the following program and fund source adjustments to align spending authorization with available revenues: (adjustments have no GF/GP impact on the budget)	IDG	NA
<ul style="list-style-type: none"> • Eliminates IDG funding received from DHHS for food service that was provided by MDOC to DHHS at the Maxey facility which is now closed (\$225,000) • Eliminates Federal School Lunch Program line item and fund source due to the department's non-participation in the program since 2014 (\$812,800) • Increases authorization to receive additional federal Residential Substance Abuse Treatment funding (\$64,600) • Increases authorization to receive additional federal Medicaid funding for reimbursement of off-site medical expenses which qualify under the Healthy Michigan Plan (\$117,100) • Increases authorization by \$500,000 to receive an additional \$749,000 in federal Second Chance Act grant funding to be used for computer service technician programs at Gus Harrison and Cotton Correctional Facilities; authorization currently exists in the budget for \$250,000. 	Federal	NA
		(225,000)
		(131,100)
19. Technical Adjustments	Gross	NA
Makes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall Gross or GF/GP impact. Adjustments are made in order to more accurately reflect employee counts and where expenditures occur as a result of reorganizations within the department.	GF/GP	NA
		\$0
		\$0
20. Eliminate FTE Positions	FTE	NA
Eliminates authorization for 58.0 FTE positions in the Prison Industries Operations line item to more accurately reflect the employee count. This is a technical adjustment which has no impact on current staffing levels.	Gross	NA
	GF/GP	NA
		(58.0)
		\$0
		\$0
21. Early Out Payouts	Gross	\$1,346,800
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over five years.	Restricted	1,300
	GF/GP	\$1,345,500
		(1,300)
		(\$1,346,800)
		(\$1,345,500)
22. Economic Adjustments	Gross	NA
Reflects a net increase in costs for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, private rent costs, building occupancy charges, and worker's compensation costs.	Federal	NA
	Local	NA
	Restricted	NA
	GF/GP	NA
		86,100
		159,600
		581,300
		\$35,925,700
		\$35,098,700

CORRECTIONS

Major Boilerplate Changes From FY 2015-16

Sec. 206. Disciplinary Action Against State Employees – DELETED

Prohibits MDOC from taking disciplinary action against employees for communicating with legislators or their staff.

Sec. 212. FTE Positions and Long-Term Vacancy Report – DELETED

Requires MDOC to report on the number of FTE positions in pay status, to include an accounting of long-term vacancies.

Sec. 214. Receipt and Retention of Required Reports – DELETED

Requires MDOC to receive and retain copies of all reports required; requires federal and state guidelines to be followed for short- and long-term retention of records; authorizes MDOC to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 239. Management-to-Staff Ratio – DELETED

Expresses legislative intent that MDOC maintain a management-to-staff ratio of 1 supervisor to 8 employees at the central office in Lansing and at the northern and southern region administration offices.

Sec. 247. Program Metrics – DELETED

Requires MDOC to report a list of program-specific metrics intended to measure performance based on a return on taxpayer investment for each new program or program enhancement for which funds in excess of \$500,000 are appropriated; requires a report on the progress made in tracking program-specific metrics and on the status of program success.

Sec. 402. Prisoner Reentry Expenditures – DELETED

Requires MDOC to report on actual prior-year and planned current-year prisoner reentry expenditures and allocations.

Sec. 403. Effective Process Improvement and Communications (EPIC) Program – DELETED

Requires MDOC to report on the scope and purpose of the EPIC program, the areas of MDOC receiving resources for EPIC, budgetary savings expected to result from EPIC, areas where MDOC policy has changed as a result of EPIC, and the number of employees assigned to EPIC.

Sec. 409. Workforce Development Program – DELETED

Requires MDOC to work with the Talent Investment Agency within the Department of Talent and Economic Development and local entities to design services and to coordinate reentry and vocational education programs for prisoners in an effort to encourage employment of prisoners upon release from prison; requires a report on the results of the workforce development program.

Sec. 412. Community Corrections Biannual Report – DELETED

Specifies details to be included in the biannual report required by the Community Corrections Act, 1988 PA 511 (e.g., levels of funding, program utilization levels, profile information of offenders, data on residential services, offender disposition data).

Sec. 413. Community Corrections and Jail Data – DELETED

Requires MDOC to coordinate information regarding the availability of and demand for community corrections programs, jail-based community corrections programs, jail-based probation violation sanctions, and all state-required jail data; requires counties to provide necessary jail data.

Sec. 417. Reports on Community Programs – DELETED

Requires MDOC to report on program expenditures, program details, program impacts, and program results for the County Jail Reimbursement Program, Felony Drunk Driver Jail Reduction and Community Treatment Program, and any new initiatives aimed at controlling prison population growth.

Sec. 421. Parole Sanction Certainty Pilot Program – DELETED

Requires MDOC to distribute funding to accredited rehabilitation organizations in Berrien, Calhoun, Kalamazoo, Macomb, Muskegon, Oakland, and Wayne Counties for the operation and administration of a pilot program to be utilized as a condition of parole for technical parole violators; requires reports from organizations on program performance measures, the number of individuals participating in programs, the number of individuals returning to prison after participating in programs, and the outcomes of participants completing programs.

Sec. 434. Programs to Employ Parolees in Agricultural Settings – DELETED

Requires MDOC to explore opportunities to collaborate with Michigan colleges and universities on establishing programs that will employ parolees in agricultural settings.

Sec. 437. Goodwill Flip the Script – DELETED

Requires MDOC to contract with a nonprofit entity in a county with greater than 1.5 million people to provide persons aged 16-29 with education, job training, and mentoring in an effort to keep them out of prison; requires the program to target individuals entering the criminal justice system for the first or second time; requires a report on program performance measures, the number of individuals diverted from incarceration, the number of individuals served, and the outcomes of participants completing the program.

Major Boilerplate Changes From FY 2015-16**Sec. 505. Mental Health Awareness Training – DELETED**

Requires MDOC to provide training for all custody staff who handle prisoners with mental illness; requires mental health awareness training to be incorporated into the training of new custody staff.

Sec. 508. Maintenance and Utility Costs at Facilities – DELETED

Requires MDOC to report on maintenance and utility costs and plans for capital improvement costs for each correctional facility.

Sec. 509. Study on Michigan State Industries Program – DELETED

Requires MDOC to conduct a study on the Michigan State Industries program that focuses on determining which industries within the 10 identified prosperity regions have the maximum benefit to prisoners in providing marketable skills and leading to employment; requires a report on current labor force trends in the prosperity regions and on how Michigan State Industries operations can work in coordination with local communities to determine the industries that would produce the greatest number of employable prisoners upon release.

Sec. 511. Strategic Plan Reporting – DELETED

Requires MDOC to report on strategies to decrease recidivism rates, strategies to increase rehabilitative function of correctional facilities, metrics to track and ensure prisoner readiness to reenter society, and constructive actions for providing prisoners with life skills development.

Sec. 601. Parole and Probation Agent Caseload Audits – DELETED

Requires caseload audits of field agents to evaluate public protection issues and assess agents' abilities to complete their professional duties.

Sec. 611. Annual Program Reports – DELETED

Specifies content to be included in reports by MDOC on community reentry, electronic monitoring, and special alternative incarceration programs (e.g., successful and unsuccessful terminations, end of month populations, length of placements, returns to prison, cost effectiveness of programs).

Sec. 612. Violators of Parole and Probation – DELETED

Requires MDOC to review and revise proposals for alternatives to prison for technical violators of parole and probation; requires a report on the number of probationers and parolees returned to or sent to prison for new crimes, the number of probationers and parolees returned to or sent to prison for technical violations, the educational history of offenders, the number of offenders who participated in reentry programs, and the number of offenders who participated in substance abuse treatment programs, mental health programs, or both.

Sec. 802. Health Care Timeliness and Expenditures – DELETED

Requires MDOC to report on expenditures, allocations, status of payments, and projected expenditures from accounts for prisoner health care, mental health care, pharmaceutical services, and durable medical equipment.

Sec. 803. Standard Medical Release Form – DELETED

Requires MDOC to give all prisoners the opportunity to sign a medical release of information form, effective for one year, designating a family member or other individual to whom MDOC is authorized to release information; requires MDOC to assure forms follow prisoners if and when they are transferred to other facilities or released from prison.

Sec. 805. Health Care Coverage for Dependents – DELETED

Requires MDOC to determine eligibility of prisoners aged 26 years and under for dependent health care coverage.

Sec. 812. Medicaid Utilization by Prisoners – DELETED

Requires MDOC and DHHS to exchange information regarding newly-committed prisoners who may be Medicaid-eligible; requires MDOC to assist outgoing prisoners with Medicaid enrollment; requires a report on utilization of Medicaid benefits for prisoners.

Sec. 814. Psychotropic Medications for Prisoners – DELETED

Requires MDOC to assure psychotropic medications are available, when deemed medically necessary by licensed medical service providers, to prisoners diagnosed with mental illness but not enrolled in mental health services.

Sec. 816. Pharmaceutical Expenditures – DELETED

Requires MDOC to report on pharmaceutical expenditures and prescribing practices, including expenditures on antipsychotic medications and any changes made to prescription drug formularies.

Sec. 904. Cost Per Prisoner Per Day – DELETED

Requires MDOC to report on per prisoner/per day costs for each prisoner security custody level, including the actual direct and indirect costs, and the allocation of statewide legacy costs.

Sec. 911. Critical Incidents in Prisons – DELETED

Requires MDOC to report on the number of critical incidents occurring each month by type, number, and severity of assaults, escape attempts, suicides, and attempted suicides at each prison facility.

CORRECTIONS

Major Boilerplate Changes From FY 2015-16

Sec. 912. Institutional Staffing – DELETED

Requires MDOC to report on the ratios of corrections officers to prisoners, shift command staff to line custody staff, and noncustody institutional staff to prisoners for each correctional institution.

Sec. 937. Competitive Bidding – DELETED

Prohibits MDOC from issuing a RFP for a contract in excess of \$5.0 million unless MDOC has first considered a request for information (RFI) or a request for qualification (RFQ) relative to the contract.

Sec. 940. Use of State-Owned Facilities – DELETED

Requires any for-profit entities using state-owned facilities to pay fair market value for use of the facilities and to make payments in lieu of taxes to local jurisdictions equivalent to what local units would receive if facilities were privately-owned.

Sec. 942. Auditor General and Corrections Ombudsman Access to Contracted Facilities – DELETED

Requires any contract with a third-party to operate a facility to house Michigan prisoners to include a provision which allows access to the facility and to appropriate records by the Auditor General and the Legislative Corrections Ombudsman.

Sec. 945. Overcrowding in Central Michigan Correctional Facility Visiting Room – DELETED

Requires MDOC to investigate options for increasing the visiting capacity at the Central Michigan Correctional Facility in order to ease visiting room overcrowding; requires MDOC to report on the progress being made to address visiting room overcrowding.

Sec. 1009. Information Packet for Prisoner Families – DELETED

Requires MDOC to make an information packet for families of incoming prisoners available on the MDOC website; specifies information to be included in the packet (e.g., prisoner accounts, phone calls, email accounts, visiting, filing complaints or grievances, accessing physical and mental health care, parole process); requires the information packet to be updated annually.

Sec. 1011. Religious Cable Programming – DELETED

Authorizes MDOC to accept in-kind services and equipment donations to facilitate the addition of a cable network that provides religious programming for prisoners; prohibits the addition of channels from costing the state.

Sec. 1012. Faith-Based Reentry Programs – DELETED

Allows priority to be given to funding reentry or rehabilitation programs that have been demonstrated to reduce prison violence and recidivism, such as faith-based initiatives.

Sec. 1201. Anticipated FY 2016-17 Appropriations – DELETED

Expresses legislative intent that FY 2016-17 appropriations will be funded at the same level as FY 2015-16 appropriations, adjusting for changes in caseloads, federal fund match rates, economic factors, and available revenues.

Sec. 805. Living in Recovery Program – NEW

Requires funding appropriated for the Living In Recovery Program to serve probation violators by targeting relapse prevention and helping develop sobriety systems to deter further criminal behavior and recidivism; requires MDOC to track the outcome of the program to determine the number of participants that succeeded, the number that failed and were returned to prison, and the number that failed, but were not returned to prison.

Sec. 806. Mental Health and Sex Offender Programming – NEW

Requires funding appropriated for the expanded mental health and sex offender programming to be used to address increased caseloads, reduce the number of prisoners on waiting lists who are past their earliest release dates, and reduce the percentage of prisoners readmitted to mental health programs at their previous level of care.

Sec. 1000. Increased Information Technology Bandwidth – NEW

Requires funding appropriated for increasing information technology bandwidth to be used to support critical information technology systems that provide platforms for several mandated programs and department cost savings efforts.

Sec. 1100. New Custody Staff Training – NEW

Requires funding appropriated for new custody staff training to be used to increase the training capacity for new custody staff by 350 officers for the purpose of addressing higher than normal attrition of corrections officers and decreasing overtime costs.

Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. Restoration of Reduced Funding for Health Care

Restores \$13.4 million GF/GP of a \$15.0 million reduction that was included in the current year budget and anticipated to be achieved as a result of implementing an integrated healthcare delivery system with one vendor managing physical health care, mental health care, and pharmaceutical services. The consolidated contract will not be effective until June 1, 2016 and will result in a partial-year savings of \$1.6 million GF/GP in FY 2015-16.

Gross \$13,400,000
GF/GP \$13,400,000

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
DEPARTMENT OF EDUCATION**

Analyst: Samuel Christensen

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	215,640,900	225,164,100	9,523,200	4.4
Local	5,633,700	5,557,200	(76,500)	(1.4)
Private	2,033,300	2,034,200	900	0.0
Restricted	7,669,600	7,780,700	111,100	1.4
GF/GP	77,583,700	76,381,200	(1,202,500)	(1.5)
Gross	\$308,561,200	\$316,917,400	\$8,356,200	2.7
FTEs	594.5	602.5	8.0	1.3

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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 libraries, providing technical assistance to school districts and libraries, and providing early education and child day care support for low-income and other qualifying families.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Multi-Tiered Systems of Supports (MTSS) Implementation Monitoring and Assistance	FTE	45.0	3.0
	Gross	\$9,174,400	\$500,000
Provides \$500,000 GF/GP and 3.0 FTEs to the Office of Field Services to establish a team of consultants to monitor and support implementation of a FY 2015-16 School Aid budget requirement that districts implement MTSS in grades K-3 in order to receive at-risk funding.	Federal	8,874,900	0
	Restricted	77,000	0
	GF/GP	\$222,500	\$500,000
2. Early/Middle Colleges (EMC) Expansion Supports	FTE	27.0	2.0
	Gross	\$4,748,800	\$395,000
Provides \$395,000 GF/GP and 2.0 FTEs to the Office Career and Technical Education to support technical assistance and monitoring of EMCs, which have increased from 9 in FY 2011-12 to approximately 119 projected for FY 2016-17.	Federal	3,818,600	0
	GF/GP	\$930,200	\$395,000
3. Special Education Taskforce Recommendations	Gross	\$8,920,000	\$300,000
Provides \$300,000 GF/GP to the Office of Special Education to implement findings from the Special Education Reform Task Force to design and distribute parent-friendly information for Individualized Education Plans (IEPs) and support mediator training.	Federal	8,440,900	0
	Private	110,100	0
	Restricted	44,000	0
	GF/GP	\$325,000	\$300,000
4. School Safety Consultant	FTE	82.6	1.0
	Gross	\$15,087,200	\$180,000
Provides \$180,000 GF/GP and 1.0 FTE to the Office of School Support Services to support school emergency planning for MDE and coordinate with the State Police and the Attorney General in providing consistent statewide leadership and guidance on school safety issues.	Federal	14,240,500	0
	Local	11,700	0
	Restricted	157,300	0
	GF/GP	\$677,700	\$180,000

EDUCATION (DEPARTMENT)

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>	<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
5. Home Visit Program Management and Coordination Provides \$175,000 GF/GP and 1.0 FTE to the Office of Great Start to manage the home visit program that was part of the FY 2015-16 School Aid budget early literacy initiative.	FTE 64.0 Gross \$22,808,600 Federal 15,681,700 Private 250,000 Restricted 64,100 GF/GP \$6,812,800	1.0 \$175,000 0 0 0 \$175,000
6. E-Rate Technical Assistance for Districts Provides \$162,500 GF/GP and 1.0 FTE to the Office of Educational Improvement and Innovation Services to support an E-Rate consultant to coordinate district applications and projects, which may allow for increased chances in receiving grants since the Federal Communications Commission (FCC) is considering greater intra-state coordination as a requirement to receive funds. Technology Readiness Infrastructure Grants (TRIG) have funded E-Rate coordination of district applications and projects through the School Aid budget; however, in the School Aid budget TRIG is scheduled to be removed in the FY 2016-17 budget, so this appropriation would continue these operations.	FTE 59.7 Gross \$9,362,500 Federal 6,500,600 Restricted 556,900 GF/GP \$2,305,000	1.0 \$162,500 0 0 \$162,500
7. One-Time: Flint Declaration of Emergency Child Development and Care (CDC) Includes one-time, half-year funding of \$8.1 million federal Child Care Development Fund (CCDF) to provide subsidized childcare to all 0-3 children in Flint for half-day services, regardless of household income, with additional funding available for transfer from a \$50.0 million Flint Emergency Reserve Fund proposed in the FY 2015-16 supplemental for DTMB.	Gross \$0 Federal 0 GF/GP \$0	\$8,050,100 8,050,100 \$0
8. One-Time: Certification Fees Subsidy Includes \$500,000 GF/GP to support declining teacher certification fee revenue in a number of line items, for which a fee increase is requested for FY 2017-18.	Gross NA GF/GP NA	\$500,000 \$500,000
9. Financial Independence Team (FIT) Operations Reduces FIT by \$250,000 GF/GP (\$252,800 remaining). The FIT, added in FY 2014-15, is tasked with implementing early warning systems for distressed schools in need of financial attention.	Gross \$499,500 GF/GP \$499,500	(\$250,000) (\$250,000)
10. Educator Evaluations Reduces Educator Evaluations by \$1.0 million (\$1.5 million remaining). Funding in FY 2015-16 was used for staffing, compliance monitoring, and information technology systems modifications.	Gross \$2,500,000 GF/GP \$2,500,000	(\$1,000,000) (\$1,000,000)
11. Early Out 5-Year Payouts Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	Gross \$201,400 Federal 179,500 GF/GP \$21,900	(\$201,400) (179,500) (\$21,900)
12. Educator Talent and Policy Coordination Reflects a new section within the MDE consisting of an appropriation of \$2.6 million gross (\$627,400 federal, \$239,600 state restricted, and \$1.7 million GF/GP) and 17.0 FTEs. The FTEs and funding do not indicate increases to the MDE, but instead are transfers from other units and line items.	FTE NA Gross NA Federal NA Restricted NA GF/GP NA	0.0 \$0 0 0 \$0
13. Economic Adjustments Reflects increased costs of \$1.9 million Gross (\$451,100 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	Gross NA Federal NA Private NA Restricted NA GF/GP NA	\$1,929,400 1,351,000 900 126,400 \$451,100

Major Boilerplate Changes From FY 2015-16

Sec. 203. Definitions – REVISED

Deletes the definitions for "IMLS" meaning Institute of Museum and Library Services and "Fund-raising activity" meaning an ongoing fund-raising activity that is scheduled to take place at more than 1 time during a school day or throughout the school day, both of which were terms removed from boilerplate.

Major Boilerplate Changes From FY 2015-16**Sec. 208. Personnel Records – DELETED**

Directs that MDE require districts to retain teacher personnel records regarding sexual misconduct.

Sec. 216. Communication with the Legislature – DELETED

Prohibits MDE from taking disciplinary action against an employee for communicating truthfully and factually with a legislator or his/her staff.

Sec. 218. Records Retention – DELETED

Requires MDE to retain all reports funded from appropriations according to federal and state guidelines for short-term and long-term retention of records.

Sec. 219. Contingency Funds – REVISED

Increases federal contingency funds from \$5.0 million to \$10.0 million.

Sec. 220. Timely Data – DELETED

Requires MDE to provide data requested by legislature, staff, and fiscal agencies in a timely manner; subjects the State Board/Superintendent Operations line item to a penalty of 1% of state funds if reasonably requested data is not received within 30 days of if reports required by boilerplate or statute are not submitted within 30 days after it is due.

Sec. 233. Requests for Proposals – DELETED

Prohibits department from issuing a request for proposal for a contract exceeding \$1.0 million unless it first considers issuing a request for information or request for qualification.

Sec. 234. Performance Measures – DELETED

Requires MDE to report a list of specific benchmarks intended to measure the performance or return on taxpayer investment of each new program or program expansion for which funds appropriated in part 1 are greater than \$500,000. Requires the department to provide an update on program progress and expenditures as it relates to those benchmarks by November 1, 2015.

Sec. 235. Contract Notification – REVISED

Currently requires MDE to notify the House and Senate before entering into a contract that exceeds \$1.0 million or seeking a federal waiver from, or amending the federal waiver from, the No Child Left Behind Act of 2001. The revision would remove notification for MDE to notify the House and Senate before entering into a contract that exceeds \$1.0 million. Adds the State Budget Director to the list of organizations that the MDE shall notify when it intends to seek a federal waiver from the No Child Left Behind Act of 2001 or an amendment to a federal waiver.

Sec. 236. Nonpublic School Mandates – DELETED

Requires MDE to compile a report that identifies mandates required by nonpublic schools by April 1, 2016.

Sec. 237. Fund-raising – DELETED

Provides that MDE shall establish an upper limit on the number and frequency of fund-raising activities that may take place in a public school during hours that allow the sale of food and beverage items that do not meet nutritional standards, and the upper limit is not less than 2 fund-raising activities a week.

Sec. 502. Student Teaching Credits – DELETED

Authorizes teacher preparation institutions to provide alternative programs in which one-half of all student teaching credits can be earned through substitute teaching.

Sec. 601. Financial Independence Team (FIT) – DELETED

Details the purpose of the Financial Independence Team which will work with Treasury to develop a financial early warning system and provide assistance to distressed districts and intermediate districts.

Sec. 701. MTSS K-3 At-Risk Funding Report – NEW

Requires the MDE to produce a report detailing the progress made by districts with grades K-3 receiving at-risk funding under section 31a of the State Aid Act in implementing multi-tiered systems of supports in the prior school fiscal year.

Sec. 803. Keep Library Functions Together – DELETED

Provides intent that the State maintain the Library of Michigan and its component programs, except for the genealogy collections, together in a state department.

Sec. 806. State Aid to Libraries – Early Literacy Focus – DELETED

Provides intent to the department to utilize the increased funding for state aid to libraries in support to local library operations and programming for early literacy and third grade reading proficiency.

Sec. 901. Federal and Private Grants – DELETED

Requires department to notify Legislature within 10 days of receiving a federal or private grant appropriated in part 1 under federal and private grants line.

EDUCATION (DEPARTMENT)

Major Boilerplate Changes From FY 2015-16

Sec. 901. Special Education Reform Task Force Guidelines – NEW

Provides increased funds for the Office of Special Education to address the Special Education Reform Task Force Guidelines to design and distribute parent-friendly information for Individualized Education Plans (IEPs), as well as train mediators knowledgeable about the dispute resolution system and state and federal mandates pertaining to the rights and protections of students with disabilities.

Sec. 1001. Number of Childcare Providers – DELETED

Requires a report by November 1, 2015 on the number of childcare providers (by type) receiving payment for childcare services on October 1, 2015.

Sec. 1003. Early Childhood Investment Corporation Annual Report – DELETED

Requires the department to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2014-15 by February 15. Report must detail the amounts of grants awarded, grant recipients, the activities funded by each grant, and an analysis of the work of each grantee. Also requires contracts for early childhood comprehensive systems planning to be bid through a statewide RFP process.

Sec. 1004. Child Development and Care (CDC) Program Expansion – DELETED

Requires the department to expend the increased funding for the Child Development and Care (CDC) program on increasing the number of low-income children in high quality learning programs, increasing the number of children ready for school at kindergarten entry, and increasing the number of children who are reading at grade level by the end of third grade.

Sec. 1101. Flint Declaration of Emergency – NEW

Requires that from the funds for the Flint declaration of emergency, the MDE must do the following activities: the pilot expansion of child development and care eligibility to children ages birth to three for half-day childcare services by removing household income as a determinate of eligibility; and provide information to childcare providers on identification and intervention services for children demonstrating potential developmental delays associated with exposure to lead.

Sec. 1201. FY 2016-17 Appropriations – DELETED

Expresses intent that FY 2016-17 appropriations are anticipated to be the same as FY 2015-16 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.

Flint-related Supplemental Recommendations for FY 2015-16 Appropriations

1. Flint Declaration of Emergency

Includes \$25.6 million gross (\$19.6 million federal and \$6.0 million GF/GP) for funding to subsidize childcare to all 0-3 children in Flint for half-day services, information to childcare providers on identification and intervention services for children demonstrating developmental delays, and expand provisions for reimbursement vouchers, and/or delivery of programs providing fruits and vegetables to children and families.

**FY 2015-16
Recommendation**

Gross	\$25,600,000
Federal	19,600,000
GF/GP	\$6,000,000

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 DEPARTMENT OF ENVIRONMENTAL QUALITY

Analyst: Austin Scott

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$9,115,300	\$9,225,700	\$110,400	1.2
Federal	138,079,100	138,687,200	608,100	0.4
Local	0	0	0	--
Private	546,000	555,300	9,300	1.7
Restricted	305,341,200	317,344,800	12,003,600	3.9
GF/GP	46,914,200	47,686,400	772,200	1.6
Gross	\$499,995,800	\$513,499,400	\$13,503,600	2.7
FTEs	1,226.0	1,238.0	12.0	1.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Environmental Quality (DEQ) is responsible for managing Michigan's air, land, and water resources. Departmental functions include improving resource quality, reducing waste, administering Great Lakes programs, and mitigating threats to Michigan's environment.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Flint Declaration of Emergency (one-time)	FTE	NA	10.0
Provides 10.0 FTEs and \$5.4 million GF/GP for corrosion control, water quality testing in high risk locations, and water connection service payments for October 2016 through December 2016. Additional funding would be available for transfer from a \$50.0 million Flint Emergency Reserve Fund proposed as an FY 2015-16 supplemental appropriation in the DTMB budget.	Gross	NA	\$5,400,100
	Restricted	NA	100
	GF/GP	NA	5,400,000
2. Flint Declaration of Emergency – Removal of FY 2015-16 supplemental funding	Gross	\$13,086,500	(\$13,086,500)
Removes \$13.1 million Gross (\$12.1 million GF/GP) from FY 2015-16 Flint supplemental funding (2015 PA 143 and 2016 PA 3). Flint emergency response efforts are continued in FY 2016-17 by the above appropriation.	Restricted	1,000,000	(1,000,000)
	GF/GP	\$12,086,500	(\$12,086,500)
3. Water Pollution Control and Drinking Water Revolving Fund (one-time)	Gross	\$84,993,000	\$2,950,000
Provides \$3.0 million in one-time GF/GP to meet the state match for a federal grant for drinking water revolving fund loans. These low-interest loans are provided to water suppliers to finance the construction, upgrades, or expansions of safe public drinking water systems.	Federal	71,543,000	0
	Restricted	11,400,000	0
	GF/GP	\$2,050,000	\$2,950,000
4. Contaminated Lake and River Sediment Cleanup Program (one-time)	Gross	\$1,565,000	\$700,000
Provides \$700,000 in one-time Clean Michigan Initiative (CMI) contaminated sediments funding for investigation and remediation projects within the Detroit and Rouge Rivers, which are among DEQ's Areas of Concern sites.	Restricted	1,565,000	700,000
	GF/GP	\$0	\$0
5. Environmental Cleanup and Redevelopment Program	Gross	\$15,000,000	\$14,900,000
Appropriates remaining \$14.9 million CMI response activities funding to begin cleanup efforts at 13 high priority sites in the following counties: Antrim (2), Cass, Charlevoix, Emmet, Gratiot, Houghton, Ingham, Lake, Lapeer, Livingston, Saint Joseph, and Washtenaw.	Restricted	15,000,000	14,900,000
	GF/GP	\$0	\$0

ENVIRONMENTAL QUALITY

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>		<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
6. Oil, Gas, and Mineral Services (one-time)	FTE	59.0	0.0
Provides \$4.0 million in one-time GF/GP for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding due to decreased gas prices.	Gross	\$12,012,800	\$4,000,000
	Restricted	12,012,800	0
	GF/GP	\$0	\$4,000,000
7. Refined Petroleum Product Cleanup Program	Gross	\$20,000,000	\$1,500,000
Shifts \$1.5 million in refined petroleum funding (RPF) from the Department of Agriculture and Rural Development (MDARD) to DEQ to better align RPF with the fund's remediation and redevelopment purpose. This shift is the first of a three year plan; funding in MDARD is replaced with GF/GP.	Restricted	20,000,000	1,500,000
	GF/GP	\$0	\$0
8. Water Withdrawal Assessment Program	FTE	4.0	0.0
Provides \$800,000 CMI clean water funding to implement program recommendations made by the Water Use Advisory Council. Recommendations include improvements to the Water Withdrawal Assessment Tool on the DEQ website.	Gross	\$611,900	\$800,000
	Restricted	240,500	800,000
	GF/GP	\$371,400	\$0
9. Five-Year Early Out Sick Leave Payments	Gross	NA	(\$243,300)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years; removes \$243,300 Gross (\$43,800 GF/GP).	IDG	NA	(8,200)
	Federal	NA	(53,300)
	Restricted	NA	(138,000)
	GF/GP	NA	(\$43,800)
10. Revenue Adjustments	FTE	NA	4.0
Reduces federal and restricted authorization by a combined \$7.0 million and adds 4.0 FTEs to the underground storage tank cleanup program to reflect available funding. Includes a \$150,000 reduction in federal funding for the Office of the Great Lakes (replaced by restricted funding), a \$1.5 million reduction in CMI authorization for Brownfield grants, and a \$5.4 million reduction in oil and gas regulatory fund authorization for oil, gas, and mineral services.	Gross	NA	(\$7,012,400)
	Federal	NA	(150,000)
	Restricted	NA	(6,862,400)
	GF/GP	NA	\$0
11. Economic Adjustments	Gross	NA	\$3,595,700
Reflects increased costs of \$3.6 million Gross (\$552,500 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	NA	118,600
	Federal	NA	811,400
	Private	NA	9,300
	Restricted	NA	2,103,900
	GF/GP	NA	\$552,500

Major Boilerplate Changes From FY 2015-16

Sec. 204. Performance Benchmarks – DELETED

Requires report of benchmarks to measure performance or return for each new program or program increase over \$500,000; includes intent language that any new program include a list of benchmarks in future.

Sec. 207. Retention of Reports – DELETED

Requires DEQ to retain copies of all reports funded from appropriations.

Sec. 212. Disciplinary Action Against State Employees – DELETED

Prohibits DEQ from disciplining state employees for communicating with members of the Legislature and their staffs.

Sec. 213. Rule Promulgation – DELETED

Requires a report on any policy changes made to implement a public act; DEQ is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact.

Sec. 223. FTE Report by Line Item – DELETED

Requires DEQ to report on the number of funded FTEs and number of FTEs funded by line item.

Sec. 305. Refined Petroleum Fund – DELETED

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

Sec. 306. Refined Petroleum Fund Cleanup Site List – DELETED

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program; requires report on amount spent at each site and work performed.

Major Boilerplate Changes From FY 2015-16**Sec. 309. Brownfield Grants Program Work Project Language – DELETED**

Provides that Brownfield Grants Program funds are work project appropriations and allows carry-forward of remaining funds; requires projects to be accomplished by contract; tentative completion date is September 30, 2020.

Sec. 311. Enbridge Settlement Report – DELETED

Requires DEQ to submit a report detailing the remediation & redevelopment actions funded by the May 2015 Enbridge settlement.

Sec. 402. Water Quality and Use Initiative – DELETED

Requires report on plan for use of Water Quality Use Initiative funding and the amount of expenditures made for the Water Quality and Use Initiative Program, the Real-Time Beach Monitoring Program, and the Wetlands Program.

Sec. 406. Groundwater Discharge Permit Fee Revision – DELETED

Requires DEQ to work with stakeholders to revise the ground water discharge permit fee prior to September 30, 2016.

Sec. 407. Contaminated Lake and River Sediment Cleanup Program – NEW

Allows unexpended funds appropriated for the contaminated lake and river sediment cleanup program to be considered work project appropriations and carry forward into the succeeding fiscal year. The program will perform contaminated lake and river sediment cleanups estimated to cost \$2.3 million with a tentative completion date of September 30, 2021.

Sec. 501. Air Quality Program – DELETED

Directs DEQ to use the increase in air quality funding to administer Michigan's air quality program and maintain compliance with the federal Clean Air Act, also includes 1.0 FTE authorization dedicated to oversight of air quality programs in the Upper Peninsula.

Sec. 502. Air Quality Penalties – DELETED

Prohibits DEQ from issuing additional penalties for violations committed by a facility's previous owner, unless compelled by a legal agreement.

Sec. 603. Stormwater, Asset Management, and Wastewater (SAW) Grants Report – DELETED

Requires report to be posted on DEQ website which contains a summary document of each completed asset management plan for each awarded SAW grant; requires that local governments retain copies of their plan for 15 years.

Sec. 801. Flint Declaration of Emergency – NEW

Allows the funds appropriated for the Flint declaration of emergency to be expended to keep Flint on the Detroit water system, to cover staff, lab and testing costs, and to cover contract costs.

Sec. 2001. FY 2016-17 Anticipated Appropriations – DELETED

States intent that FY 2016-17 line item appropriations will be the same as those for FY 2015-16 with certain economic adjustments.

Flint-related Supplemental Recommendations for FY 2015-16 Appropriations

		FY 2015-16 Recommendation
1. Residential Water Bill Relief	Gross	\$30,000,000
Provides \$30 million GF/GP to the City of Flint to cover the cost of water bills incurred by residential customers of the city water system.	GF/GP	\$30,000,000
2. Lead Service Lines Replacement	Gross	\$25,000,000
Provides \$25 million GF/GP for the replacement of lead service lines in high risk, high hazard homes in the City of Flint.	GF/GP	\$25,000,000
3. Water Service Costs: July 2016-September 2016	Gross	\$3,900,000
Provides \$3.9 million GF/GP to the Great Lakes Water Authority water system for water service costs incurred by the City of Flint for the period July 2016 through September 2016. This payment shall only be made after a legally executable agreement has been reached between the City of Flint and the Great Lakes Water Authority.	GF/GP	\$3,900,000
4. Flint Declaration of Emergency Miscellaneous Needs	FTE	4.0
Provides 4.0 FTEs and \$4.5 million GF/GP for miscellaneous needs related to the declaration of emergency which may include additional Flint water system needs or Flint water response team efforts.	Gross	\$4,450,000
	GF/GP	\$4,450,000

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
TOTAL GENERAL GOVERNMENT**

Analysts: Ben Gielczyk and Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$742,192,600	\$762,996,600	\$20,804,000	2.8
Federal	825,221,900	832,556,900	7,335,000	0.9
Local	17,050,900	17,085,700	34,800	0.2
Private	6,253,300	6,064,500	(188,800)	(3.0)
Restricted	2,092,887,000	2,147,558,700	54,671,700	2.6
GF/GP	1,176,022,600	1,147,340,600	(28,682,000)	(2.4)
Gross	\$4,859,628,300	\$4,913,603,000	\$53,974,700	1.1
FTEs	8,717.2	8,749.7	32.5	0.4

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

Currently, the following departmental and agency budgets are included in the General Government budget: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, State, Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs), Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, State Building Authority, Revenue Sharing, and Debt Service), and Talent and Economic Development (including Michigan Strategic Fund, Michigan State Housing Development Authority, Talent Investment Agency, Unemployment Insurance Agency, and Workforce Development Agency). **Budget issues are listed by department on the following pages.**

Summary pages for individual department/agency budgets contained within the current FY 2015-16 General Government appropriations bill follow this page.

Major Boilerplate Changes From FY 2015-16

Sec. 207. New Program Metrics – DELETED

Requires benchmarks to be developed by November 1 by the department or agency receiving funding for a new program for which funds in excess of \$500,000 are appropriated. Metrics developed are in addition to those metrics required under section 447 of the Management and Budget Act.

Sec. 211. Budget Stabilization Fund Pay-in – REVISED

Appropriates \$95.0 million of GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund (BSF). Revised to eliminate a Budget Stabilization Fund Pay-in. Stipulates that 25% of unassigned GF/GP fund balance for FY 2015-16 shall be deposited in Budget Stabilization Fund.

Sec. 212. Receipt and Retention of Required Reports – DELETED

Requires departments to receive and retain copies of all reports required in Article VIII; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes departments to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 215. Disciplinary Action Against State Employees – DELETED

Prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff.

Sec. 221. Reporting Requirement on Policy Changes – DELETED

Requires departments to report on policy changes made in order to implement enacted legislation.

Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports – DELETED

Requires departments to report on their efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports.

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 ATTORNEY GENERAL

Analyst: Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$28,533,900	\$28,989,700	\$455,800	1.6
Federal	9,278,600	9,476,700	198,100	2.1
Local	0	0	0	--
Private	0	0	0	--
Restricted	17,281,700	17,578,900	297,200	1.7
GF/GP	37,013,400	39,140,500	2,127,100	5.7
Gross	\$92,107,600	\$95,185,800	\$3,078,200	3.3
FTEs	524.5	533.0	8.5	1.6

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Attorney General serves as legal counsel for state departments, agencies, boards, and 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.

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>	<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
1. Prescription Drug Abuse Unit	FTE	NA
Provides \$700,000 GF/GP in one-time funding and 4.5 FTEs to strengthen the statewide drug enforcement strategy.	Gross	NA
	GF/GP	NA
		4.5
		\$700,000
		\$700,000
2. Home Protection Unit	FTE	475.5
Adds \$600,000 GF/GP and 4.0 FTEs for the Home Protection Unit, which assists home-owners defrauded from foreclosure-related crimes.	Gross	\$81,501,200
	IDG	28,371,500
	Federal	6,589,700
	Restricted	16,877,700
	GF/GP	\$29,662,300
		\$600,000
3. Five-year Early Out Deferred Sick Leave Payments	Gross	NA
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	Restricted	NA
	GF/GP	NA
		(\$472,200)
		(467,200)
		(\$5,000)
4. Human Trafficking Commission	Gross	\$81,501,200
Appropriates \$390,000 Gross for prosecutions and public awareness regarding human trafficking in Michigan.	IDG	28,371,500
	Federal	6,589,700
	Restricted	16,877,700
	GF/GP	\$29,662,300
		390,000
		\$0
5. Economic Adjustments	Gross	NA
Reflects increased costs of \$1.9 million Gross (\$750,000 GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	NA
	Federal	NA
	Restricted	NA
	GF/GP	NA
		\$1,940,700
		618,200
		198,100
		374,400
		\$750,000

Major Boilerplate Changes From FY 2015-16

Sec. 308. *Litigation Expense Reimbursements* – REVISED

Increases appropriation cap from \$500,000 to \$1.5 million from litigation expense reimbursements and allows for \$1.5 million of unexpended funds to be carried forward.

Sec. 313. *Mortgage Fraud Prosecutions* – NEW

Specifies that \$600,000 be allocated for the investigation and prosecution of mortgage fraud.

Sec. 316. *Sexual Assault Kit Testing* – DELETED

Specifies that the department test the backlog of sexual assault kits outside of Wayne County, assist local prosecutions and investigations and provide victim services.

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 DEPARTMENT OF CIVIL RIGHTS

Analyst: Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$286,700	\$293,600	\$6,900	2.4
Federal	2,721,700	2,763,000	41,300	1.5
Local	0	0	0	--
Private	18,700	18,700	0	0.0
Restricted	151,900	151,900	0	0.0
GF/GP	12,949,700	13,494,700	545,000	4.2
Gross	\$16,128,700	\$16,721,900	\$593,200	3.7
FTEs	135.0	138.0	3.0	2.2

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The Commission is directed to "secure the equal protection of such civil rights without such discrimination." The Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The department works to prevent discrimination through 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.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Advocates and Leaders for Police and Community Trust	FTE	NA
Provides \$250,000 GF/GP in one-time funding and 2.0 FTEs to strengthen outreach and education efforts between law enforcement and community leaders in three additional cities: Battle Creek, Traverse City, and Muskegon Heights.	Gross	NA
	GF/GP	NA
		2.0
		\$250,000
		\$250,000
2. Commission on Middle Eastern American Affairs	FTE	NA
Provides \$100,000 GF/GP in one-time funding and 1.0 FTE for the Commission on Middle Eastern American Affairs, which was created by Executive Order 2015-6.	Gross	NA
	GF/GP	NA
		1.0
		\$100,000
		\$100,000
3. Five-year Early Out Deferred Sick Leave Payments	Gross	NA
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	GF/GP	NA
		\$70,800
		\$70,800
		\$70,800
4. Economic Adjustments	Gross	NA
Reflects increased costs of \$293,900 Gross (\$245,700 GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	NA
	Federal	NA
	Restricted	NA
	GF/GP	NA
		6,900
		41,300
		0
		\$245,700
		\$245,700

Major Boilerplate Changes From FY 2015-16

Sec. 404. Operations Report – DELETED

Requires the department to report on various details of department operations.

GENERAL GOVERNMENT: CIVIL RIGHTS

Major Boilerplate Changes From FY 2015-16

Sec. 405. Federal Complaint Report – DELETED

Requires the department to notify the Legislature and State Budget Office prior to submitting a report or complaint to the U.S. Commission on Civil Rights or other federal departments.

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 EXECUTIVE OFFICE

Analyst: Ben Gielczyk

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	5,531,100	5,636,300	105,200	1.9
Gross	\$5,531,100	\$5,636,300	\$105,200	1.9
FTEs	84.2	84.2	0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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.

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Executive Office Operations	Gross \$4,002,900	\$105,200
Reflects increased costs of \$105,200 Gross and GF/GP related to Executive Office staff and other operations.	GF/GP \$4,002,900	\$105,200

Major Boilerplate Changes From FY 2015-16

There are no major boilerplate changes for FY 2016-17.

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 LEGISLATURE

Analyst: Ben Gielczyk

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	400,000	400,000	0	0.0
Restricted	4,192,000	4,275,800	83,800	2.0
GF/GP	131,872,300	136,577,800	4,705,500	3.6
Gross	\$136,464,300	\$141,253,600	\$4,789,300	3.5
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government. 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 House of Representatives Office Building, and Farnum Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Legislature Operations	Gross \$136,464,300	\$4,789,300
Reflects increased costs of \$4.8 million Gross (\$4.7 million GF/GP) related to legislative staff and other operations.	Private 400,000	0
	Restricted 4,192,000	83,800
	GF/GP \$131,872,300	\$4,705,500

Major Boilerplate Changes From FY 2015-16

Sec. 618. Legislative Retirement Administration – DELETED

States legislative intent that all administrative functions and associated funding for the Michigan legislative retirement system shall be transferred from the legislative council to the DTMB before the end of the FY 2015-16.

Other Supplemental Recommendations for FY 2015-16 Appropriations

	FY 2015-16 Recommendation
1. Legislative Redistricting	Gross \$450,000
Includes \$450,000 GF/GP to cover costs associated with House (\$225,000 GF/GP) and Senate (\$225,000 GF/GP) redistricting, including equipment, supplies, and services needed for tracking and reporting census and reapportionment information. Designates as work project with a tentative completion date of September 30, 2020. (SBO Letter 2/10/16)	GF/GP \$450,000

Other Supplemental Recommendations for FY 2015-16 Appropriations

		FY 2015-16 Recommendation
2. Legislative Information Technology Systems Design Project		
Includes \$3.0 million GF/GP to cover the design, development, and implementation of a legislative wide integrated computer system. Designates as work project with a tentative completion date of September 30, 2019. (SBO Letter 2/10/16)	Gross	\$3,000,000
	GF/GP	\$3,000,000
3. Criminal Justice Policy Commission		
Includes \$500,000 GF/GP to cover the administrative and operational costs associated with the Criminal Justice Policy Commission. Designates as work project with a tentative completion date of September 30, 2019. (SBO Letter 2/10/16)	Gross	\$500,000
	GF/GP	\$500,000
4. State Capitol Historic Site Restoration, Renewal, and Maintenance		
Includes \$2.0 million GF/GP for the State Capitol Historic Site restoration, renewal, and maintenance. Specifically, the funds would cover the costs of additional equipment and services for scheduled maintenance and restoration. Designates as work project with a tentative completion date of September 30, 2019. (SBO Letter 2/10/16)	Gross	\$2,000,000
	GF/GP	\$2,000,000

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
LEGISLATIVE AUDITOR GENERAL**

Analyst: Ben Gielczyk

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$5,392,800	\$5,558,600	\$165,800	3.1
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	1,987,600	1,969,400	(18,200)	(0.9)
GF/GP	15,460,100	15,923,900	463,800	3.0
Gross	\$22,840,500	\$23,451,900	\$611,400	2.7
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Legislative Auditor General 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. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The 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.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Auditor General Operations	Gross \$22,511,100	\$611,400
Reflects increased costs of \$611,400 Gross (\$463,800 GF/GP) related to Auditor General staff and other operations.	IDG 5,392,800	165,800
	Restricted 1,987,600	(18,200)
	GF/GP \$15,130,700	\$463,800

Major Boilerplate Changes From FY 2015-16

There are no major boilerplate changes in FY 2016-17.

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 DEPARTMENT OF STATE

Analyst: Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,460,000	1,460,000	0	0.0
Local	0	5,000,000	5,000,000	--
Private	100	100	0	0
Restricted	186,635,100	204,445,900	17,810,800	9.5
GF/GP	22,161,500	27,109,600	4,948,100	22.3
Gross	\$230,256,700	\$258,015,600	\$27,758,900	12.1
FTEs	1,593.0	1,593.0	0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of State (DOS) is the oldest department in Michigan state government. It is administered by the Secretary of State, an elected official who serves a four-year term of office and has constitutional and statutory duties. Services provided by the department include: registering and titling automobiles, watercraft, and recreational vehicles; regulating automobile dealers and repair facilities; registering voters and administering elections; and streamlining the collection of revenue. The department operates programs designed to enhance driver safety, protect automotive consumers, and ensure the integrity of both the motor vehicle administration system and the statewide elections process.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. State/Local Funding for Voting System Replacement	Gross	NA	\$15,000,000
Appropriates \$15.0 million Gross (\$10 million GF/GP) in one-time funding for the purchase of new voting systems statewide.	Local	NA	5,000,000
	GF/GP	NA	\$10,000,000
2. Increased Record Look-up Fee	Gross	\$21,945,300	\$14,100,000
Increases funding by \$14.1 million state restricted from raising the record look-up fee from \$8 to \$11 to replace department mainframe legacy systems.	Restricted	20,380,700	14,100,000
	GF/GP	\$1,564,600	\$0
3. Removal of FY 2015-16 One-Time Appropriation	Gross	\$5,000,000	(\$5,000,000)
Eliminates \$5.0 million GF/GP from appropriation made for voting machines in PA 268 of 2015.	GF/GP	\$5,000,000	(\$5,000,000)
4. Five-year Early Out Deferred Sick Leave Payments	Gross	NA	(\$598,800)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	Restricted	NA	(568,100)
	GF/GP	NA	(\$30,700)
5. MI-Time Line Maintenance	Gross	\$83,462,100	\$470,000
Appropriates \$470,000 state restricted for system support and maintenance of kiosks that allows customers to schedule an appointment time online.	IDG	20,000,000	0
	Restricted	60,468,400	470,000
	GF/GP	\$2,993,700	\$0
6. Customer Delivery Services Fund Shift	Gross	\$83,462,100	\$0
Increases use of Transportation Administration Collection fund revenues by \$500,000 to offset \$500,000 GF/GP reduction.	IDG	20,000,000	0
	Restricted	60,468,400	500,000
	GF/GP	\$2,993,700	(\$500,000)

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>	<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
7. Economic Adjustments	Gross	NA
Reflects increased costs of \$3.6 million Gross (\$465,400 GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	Restricted	\$3,599,400
	GF/GP	3,134,000
		\$465,400

Major Boilerplate Changes From FY 2015-16

Sec. 703. Record Look-up Fees – REVISED

Increases the fee charged for the record look-up of vehicles and various other crafts from \$8.00 to \$11.00.

Sec. 716b. Business Application Modernization (BAM) Project Report – DELETED

Requires the Department of State to report on funding expended for the BAM project since its inception.

Sec. 718. Buena Vista Township Branch Office – DELETED

Requires Department of State to maintain a full-service branch office in Buena Vista Township.

Sec. 722. Bridge Card Fraud Work Group – DELETED

Requires the department to participate in a work group with the Department of Health and Human Services and the Michigan State Police to investigate methods to deter Bridge Card fraud and to report the findings.

Sec. 722. Legacy System Modernization – NEW

Explains the purpose of modernizing legacy system mainframes.

Sec. 723. Voting Machines Replacement Program – NEW

Explains the purpose of the voting machines replacement program.

<u>Other Supplemental Recommendations for FY 2015-16 Appropriations</u>	<u>FY 2015-16 Recommendation</u>	
1. Information Technology Services and Projects	Gross	\$3,800,000
Appropriates \$3.8 million GF/GP for ExpressSOS technology upgrades needed as a result of changes made in PA 174 of 2015, which increased registration fees.	GF/GP	\$3,800,000

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT

Analyst: Ben Gielczyk

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	764,102,800	773,944,800	9,842,000	1.3
Local	4,433,500	500,000	(3,933,500)	(88.7)
Private	5,619,000	5,619,000	0	0.0
Restricted	180,411,200	192,341,600	11,930,400	6.6
GF/GP	198,457,000	170,088,900	(28,368,100)	(14.3)
Gross	\$1,153,023,500	\$1,142,494,300	(\$10,529,200)	(0.9)
FTEs	1,619.0	1,615.0	(4.0)	(0.2)

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Talent and Economic Development (DTED) includes the Michigan Strategic Fund, Talent investment Agency, Workforce Development Agency, Unemployment Insurance Agency, Land Bank Fast Track Authority, and Michigan State Housing Development Authority. Collectively, DTED includes programs and resources designed to increase job creation, job preparedness, job training, economic development, and create and preserve safe and affordable housing in the State of Michigan.

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>		<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
1. Business Attraction and Community Revitalization	Gross	\$114,000,000	\$1,500,000
Includes net increase of \$1.5 million Gross: \$2.0 million increase in 21 st Century Jobs Trust Fund funding and \$500,000 GF/GP decrease. Shifted \$2.0 million 21 st Century Jobs Trust Fund from Entrepreneurship Eco-System line item (See Item #2). Portion of overall funding considered one-time is reduced from \$17.3 million GF/GP to \$13.0 million GF/GP.	Restricted	20,600,000	2,000,000
	GF/GP	\$93,400,000	(\$500,000)
2. Entrepreneurship Eco-System	Gross	\$21,400,000	(\$2,000,000)
Removes \$2.0 million 21 st Century Jobs Trust Fund and shifts to Business Attraction and Community Revitalization (See Item #1).	Restricted	21,400,000	(2,000,000)
3. Skilled Trades Training Program	Gross	\$25,600,000	\$10,000,000
Increases by \$10.0 million Gross (\$0 GF/GP). Funds will support expansion of program and help meet continued demand of Skilled Trades Training Program. Funds assist employers with designing training programs for potential employees lacking the requisite skills.	Federal	1,500,000	0
	Restricted	14,100,000	10,000,000
	GF/GP	\$10,000,000	\$0
4. Community Ventures	FTE	7.0	0.0
Includes \$2.0 million GF/GP in one-time appropriations to supplement the ongoing Community Ventures program with a new Community Ventures - Challenge Match program. Private funds raised would be matched dollar for dollar up to \$2.0 million.	Gross	\$9,800,000	\$2,000,000
	GF/GP	\$9,800,000	\$2,000,000
5. Financial Literacy Pilot Program	Gross	\$0	\$5,800,000
Includes \$5.8 million Gross (\$0 GF/GP) in one-time TANF funds for a competitive grant to operate a financial literacy pilot for Family Independence Program clients in up to three prosperity regions. Counseling sessions would be on a voluntary basis and focus on personal budgeting, debt reduction, establishing and improving credit, accessing safe and affordable banking services, building savings, and connecting to other support services through referrals.	Federal	0	5,800,000

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
6. Statewide Data System Integration	Gross	\$0	\$8,778,500
Includes \$8.8 million Gross (\$0 GF/GP) in one-time appropriations for the replacement of the state's current workforce reporting system with the Michigan Integrated Data System which will allow state to meet new federal workforce data reporting requirements. Funds will also support the enhancement of the Workforce Longitudinal Data System to enhance data integration and sharing between state agencies to measure effectiveness and outcomes of state and federal workforce and education programs.	Federal	0	4,800,000
	Restricted	0	3,978,500
7. Human Resources Transfer	FTE	4.0	(4.0)
Removes \$710,000 Gross (\$0 GF/GP) and 4.0 FTEs associated with human services functions in DTED. Funds and FTEs are transferred to the Civil Service Commission with the establishment of DTED as an Executive department.	Gross	\$710,000	(\$710,000)
	Federal	535,400	(535,400)
	Restricted	174,600	(174,600)
8. Technical Adjustment to Revenue Sources	Gross	\$954,566,500	(\$8,587,700)
Reduces various line items by \$8.6 million Gross (\$0 GF/GP) federal, local, private, and restricted fund sources to align with actual funds received.	Federal	764,102,800	(1,881,400)
	Local	4,433,500	(3,933,500)
	Private	5,619,000	(8,000)
	Restricted	180,411,200	(2,764,800)
9. Five Year Early Out Deferred Sick Leave Payments	Gross	\$577,700	(\$577,700)
Removes \$577,700 Gross (\$59,200 GF/GP). Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentives, which were spread out over five years.	Federal	386,200	(386,200)
	Restricted	132,300	(132,300)
	GF/GP	\$59,200	(\$59,200)
10. Other One-Time Appropriations	Gross	\$30,150,000	(\$30,150,000)
Removes \$30.2 million GF/GP in one-time appropriations for Film Incentives (\$25.0 million GF/GP) and various special grants (\$5.2 million GF/GP).	GF/GP	\$30,150,000	(\$30,150,000)
11. Economics Adjustments	Gross	NA	\$3,417,700
Reflects increased costs of \$3.4 million Gross (\$341,100 GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	Federal	NA	2,045,000
	Private	NA	8,000
	Restricted	NA	1,023,600
	GF/GP	NA	\$341,100

Major Boilerplate Changes From FY 2015-16

Reporting Requirements – DELETED

Eliminates numerous boilerplate reporting requirements deemed one-time, duplicative due to requirements present in statute, or that covered outdated program requirements. The following sections and subsections were deleted or revised to eliminate reporting requirements:

- Sec. 990. Michigan State Housing Development Authority Housing Production Goals Annual Report
- Sec. 991. Michigan Broadband Development Authority Report
- Sec. 1005. Pure Michigan Slogan Revenue
- Sec. 1007. MSF/MEDC Program Reporting Requirements
- Sec. 1010. Jobs for Michigan Investment Fund Report
- Sec. 1031. Spending Plan Report for Entrepreneurship Eco-System and Business Attraction and Community Revitalization
- Sec. 1033. Film Incentives Status Report
- Sec. 1053. MSF Status of Projects by Award Recipient Report
- Sec. 1076. UIA Computer System Report
- Sec. 1077. UIA Internet Claims Report
- Sec. 1078. Internet Michigan Web Account Manager System Performance Metrics

Sec. 1014. Michigan Core Communities Fund – DELETED

Outlines purposes and authorized uses of the fund; establishes policies and procedures for disseminating grants from the fund; requires notification before grant distribution.

Sec. 1034. Business Incubator Program Dashboard – DELETED

Requires each business incubator that received an award from the fund to submit a dashboard of indicators to gauge performance.

Major Boilerplate Changes From FY 2015-16**Sec. 1035. Michigan Council for Arts and Cultural Affairs (MCACA) Arts and Cultural Grants – REVISED**

Requires MCACA to administer an arts and cultural grant program that maintains an equitable geographic distribution of funding and utilizes past arts and cultural grant programs as a guideline; requires MCACA to publish application criteria; authorizes MCACA to charge a non-refundable application fee to be used for expenses necessary to administer the programs; requires a report to the legislature. Revised to eliminate language prohibiting funds from being used for administration.

Sec. 1037. Facility for Rare Isotope Beams Debt Service – DELETED

Caps reimbursement to Michigan State University at \$91.0 million. Provides that the State Budget Director shall retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects.

Sec. 1040. MAIN System Reporting – DELETED

Requires MSF to use MAIN or a DTMB-administered successor program to report encumbrances and expenditures.

Sec. 1041. Business Attraction and Community Revitalization Transfer of Funds – DELETED

Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1.

Sec. 1042a. Business Attraction and Community Revitalization Performance Metrics – NEW

Requires department to identify specific outcomes and performance metrics for the increased funds in part 1 associated with the Business Attraction and Community Revitalization line item. Provides nonexclusive list of performance metrics to be used.

Sec. 1056. Film Incentive Funds Transfer – DELETED

Requires the DTED to make a total payment of \$19.1 million from the funds appropriation in part 1 to Film Incentives to the Michigan retirement systems for obligations purchased or guaranteed for the financing, construction, or operation of a film production studio.

Sec. 1061. Workforce Investment Act (WIA) Youth Grant Program – DELETED

Allows Talent Investment Agency (TIA) to provide grants to non-profit organizations that offer programs to WIA-eligible youth focusing on entrepreneurship, work-readiness skills, job shadowing, and financial literacy.

Sec. 1066. Skilled Trades Training Program Administration – REVISED

Requires the Skilled Trades Training Program to be administered according to specific guidelines outline in boilerplate. Allows up to \$5.0 million of funds appropriated for Skilled Trades Training Program to be used for matching funds when a Michigan company has utilized its favored status from the Investments in Manufacturing Communities Partnership to receive an award from the federal government. Revised to eliminate funding restrictions for program and process-centered training organization employers. Revised matching funds language to broaden federal match language to allow the department flexibility if new federal funding was available.

Sec. 1069. Michigan GED-to-School Program – DELETED

Stipulates that funds appropriated in part 1 for the program are to be used to cover the cost of the GED test free of charge to individuals meeting certain requirements. Requires Workforce Development Agency to develop procedures, provide program information, provide a full-year cost estimate, and provide a report.

Sec. 1069. Community Ventures – Challenge Match – NEW

Stipulates that funding in part 1 for the Community Ventures – Challenge Match shall only be expended upon the commitment of matching dollars from private sources. States that private funds raised would be matched dollar for dollar up to \$2.0 million.

Sec. 1070. Welfare-to-Work Workgroup – DELETED

Requires Workforce Development Agency to conduct a workgroup with DHHS and members of the Senate and House of Representatives, unless a workgroup and report were provided in FY 2014-15, to determine how the state can align the spending on Michigan Works! Job readiness programs with the declining family assistance program caseload. Requires report.

Sec. 1081. Statewide Data System Integration Performance Metrics – NEW

Requires department to identify specific outcomes and performance metrics for the increased funds in part 1 associated with the Statewide Data System Integration line item. Provides nonexclusive list of performance metrics to be used.

Sec. 1082. Financial Literacy Pilot Guidance – NEW

Provides guidance on purpose and of Financial Literacy Pilot Program for Family Independence Program (FIP) and Temporary Assistance for Needy Families (TANF) eligible individuals.

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17**

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET

Analyst: Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$678,478,500	\$696,904,100	\$18,425,600	2.7
Federal	7,997,300	4,958,200	(3,039,100)	(38.0)
Local	3,587,700	2,320,000	(1,267,700)	(35.3)
Private	190,100	0	(190,100)	(100.0)
Restricted	95,771,900	111,490,800	15,718,900	16.4
GF/GP	477,198,200	504,423,100	27,224,900	5.7
Gross	\$1,263,223,700	\$1,320,096,200	\$56,872,500	4.5
FTEs	2850.0	2873.0	23.0	0.8

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Technology, Management, and Budget (DTMB) has legal authority under the Management and Budget Act, 1984 PA 431, and is the central management element of the Executive branch of state government. DTMB is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; overseeing capital outlay projects; managing state facilities, property, and leases; implementing state procurement; operating the state's retirement systems; supervising the state motor vehicle fleet; administering travel policies; providing office support services to state agencies; executing information technology projects; centralizing information technology policy-making; and unifying strategic information technology planning. Autonomous units within DTMB include: the State Budget Office, Office of the State Employer, Civil Service Commission, Office of Retirement Services, State Building Authority, State Administrative Board, and the Office of Children's Ombudsman.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. DTMB Rate Authorization Authorizes \$10.6 million GF/GP to collect increases in agencies' budgets for IT baseline and rated service model, mailing warehouse, and vehicle and travel service rate changes.	Gross \$596,060,800 IDG 482,154,900 Local 2,209,900 GF/GP \$111,696,000	\$10,632,400 10,632,400 0 \$0
2. Enterprisewide Special Maintenance Adds \$10.0 million GF/GP of one-time funding for maintenance and upkeep projects at state-owned properties.	Gross NA GF/GP NA	\$10,000,000 \$10,000,000
3. State Building Authority Rent Reduces \$8.0 million GF/GP due to savings recognized through the cancellation of various leases in the July 2015 refunding deal.	Gross \$254,570,600 GF/GP \$254,570,600	(\$8,000,000) (\$8,000,000)
4. Capital Area Relocation Project Includes \$7.5 million GF/GP in one-time funding for completion of the Capital Area Relocation project, which includes moving several departments around the Greater Lansing area.	Gross NA GF/GP NA	\$7,500,000 \$7,500,000
5. Information Technology Investment Fund Includes \$7.0 million GF/GP in one-time funding for a Department of Treasury legacy system replacement project and Project SIGMA updates.	Gross NA GF/GP NA	\$7,000,000 \$7,000,000
6. Enterprise Identity Management System Includes \$6.7 million GF/GP and 6.0 FTEs to create MiLogin, an enterprisewide single sign-in and identity management tool which allows for the establishment, management and authentication of user identities for statewide IT systems.	FTE NA Gross NA GF/GP NA	6.0 \$6,700,000 \$6,700,000

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>	<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
7. Information Technology Technical Adjustments	Gross	\$596,060,800
Aligns funding of the Information Technology IDGs with agency investment requests.	IDG	482,154,900
	Local	2,209,900
	GF/GP	\$111,696,000
		\$0
8. Removal of FY 2015-16 One-Time Appropriations	Gross	\$5,205,000
Eliminates one-time funding of \$5.2 million Gross (\$4.6 million GF/GP) for various projects: Treasury –Technology Services (\$3.0 million GF/GP), Litigation Fund (\$1.0 million GF/GP), Technology Services Funding (\$600,000 IDG), Cost Study of 2014 PA 555 (\$500,000 GF/GP) and Special Projects (\$105,000 GF/GP).	IDG	600,000
	GF/GP	\$4,605,000
		(\$5,205,000)
		(\$4,605,000)
9. Cyber Security Improvements	Gross	\$9,063,500
Includes \$5.0 million GF/GP to support the Cyber Security Improvement Program, which will enhance network security, develop a comprehensive security framework and asset security program, and implement an enterprisewide data loss prevention process.	GF/GP	\$9,063,500
		\$5,000,000
10. Legal Services	Gross	NA
Includes \$5.0 million GF/GP in one-time funding for potential litigation involving the Governor and Attorney General in their official capacity and for securing outside legal advice on major statewide issues not unique to a single agency. \$1.0 million GF/GP in one-time funding appropriated in FY 2015-16 for the Litigation Fund was eliminated.	GF/GP	NA
		\$5,000,000
11. Office of Retirement Services Technology Upgrades	FTE	491.5
Includes \$3.6 million in state restricted funds and 7.0 FTEs for IT infrastructure expansion, code libraries, data storage and access. The funding will also address more frequent system upgrades and other costs supporting customer service transactions.	Gross	\$120,926,000
	IDG	93,717,000
	Restricted	21,964,200
	GF/GP	\$5,244,800
		\$0
12. Capital Outlay – Enterprisewide Special Maintenance for State Facilities	Gross	\$31,500,000
Reduces funding by \$3.5 million GF/GP for maintenance and upkeep projects at state-owned properties.	IDG	2,000,000
	GF/GP	\$29,500,000
		(\$3,500,000)
13. Office of Retirement Service IT Modernization and Enterprise Mandates	Gross	NA
Includes \$2.9 million Gross one-time funding for various IT projects, including Filenet upgrades and electronic banking capabilities.	IDG	NA
		2,850,000
14. Office of Good Government	FTE	132.5
Increases funding by \$2.7 million Gross (\$1.5 million GF/GP) and 6.0 FTEs for costs related to employee engagement and citizen surveys that support various transformational initiatives.	Gross	\$17,362,900
	IDG	10,538,700
	Restricted	4,131,500
	GF/GP	\$2,692,700
		\$1,500,000
15. Five-year Early Out Deferred Sick Leave Payments	Gross	NA
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	IDG	NA
	Federal	NA
	Local	NA
	Restricted	NA
	GF/GP	NA
		(\$1,595,500)
		(883,600)
		(19,600)
		(1,000)
		(426,000)
		(\$265,300)
16. Office of Urban Initiatives	Gross	\$2,500,000
Reduces funding by \$1.0 million GF/GP for urban and metropolitan initiatives respective to transportation, public services, land use/sustainability, housing, and workforce development.	GF/GP	\$2,500,000
		(\$1,000,000)
17. Civil Service Commission Provision of Human Resources to Department of Talent and Economic Development (TED)	FTE	316.0
Transfer of \$710,000 in state restricted funds and 4.0 FTEs from TED to administer the department's human resources function.	Gross	\$35,878,600
	IDG	1,153,500
	Local	661,100
	Restricted	16,455,500
	GF/GP	\$17,608,500
		710,000
		\$0

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
18. Professional Development Funds	Gross	\$1,102,600	(\$152,600)
Reduces funding by \$152,600 IDG for adjustments to employer contributions for Professional Development Funds based on negotiated contracts.	IDG	1,102,600	(152,600)
19. MSP Retirement Payment for Low-Income Retirees	Gross	\$27,209,000	\$132,000
Increases funding by \$132,000 GF/GP for anticipated costs associated with the State Police Retirement Act amendment to provide an additional payment to State Police retirees who retired before October 1, 1986 (and to their beneficiaries) whose annual pension is less than \$16,000.	Restricted	21,964,200	0
	GF/GP	\$5,244,800	\$132,000
20. Bureau of Labor Market Information and Strategic Initiatives (LMISI)	Gross	\$5,376,400	\$35,000
Provides authorization for LMISI to begin collecting revenue from local customers for customized data.	Federal	4,776,400	0
	Local	0	35,000
	GF/GP	\$600,000	\$0
21. Capital Outlay Planning Authorizations	Gross	NA	\$900
Includes \$900 GF/GP for four university, three community college and two state agency capital outlay planning authorizations: University of Michigan – Flint – Murchie Science Building addition, Saginaw Valley State University – College of Business and Management expansion, Wayne State University – STEM Innovation Learning Center, Eastern Michigan University – Strong Hall renovation, Kellogg Community College – Regional Manufacturing Technology Center renovation and addition, Wayne County Community College – Eastern Campus repurposing and upgrading, Northwestern Michigan College – West Hall Innovation Center renovation and expansion, Department of Natural Resources – Coolwater Rearing Hatchery improvements, and Department of Technology, Management, and Budget – Jackson State Office Building renovation.	GF/GP	NA	\$900
22. Technical Adjustments	Gross	\$268,036,700	\$0
Makes fund source adjustments for funding authorization alignment and Statewide Cost Allocation Plan adjustment.	IDG	187,990,500	270,400
	Federal	4,934,700	0
	Local	60,100	0
	Restricted	34,870,700	26,200
	GF/GP	\$40,180,700	(\$296,600)
23. Economic Adjustments	Gross	NA	\$8,904,000
Reflects increased costs of \$8.9 million Gross (\$2.1 million GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	NA	5,388,000
	Federal	NA	43,100
	Local	NA	16,000
	Private	NA	0
	Restricted	NA	1,398,000
	GF/GP	NA	\$2,058,900

Major Boilerplate Changes From FY 2015-16

Sec. 810. Notices of Invitations to Bid (ITBs) and Requests for Proposals (RFPs) – DELETED

Requires DTMB to maintain website with notice of all ITBs and RFPs over \$50,000; generally required ITBs and RFPs to be posted for at least 14 days prior to bid deadline.

Sec. 816. Privatization RFPs – DELETED

Requires RFP to be issued for purpose of privatization to include all factors to be used in evaluating and determining price.

Sec. 819. Ronald Reagan Memorial Monument Fund – DELETED

Allows DTMB to collect and expend funds from the Ronald Reagan memorial monument fund.

Sec. 822. Report on Unclassified Salaries – DELETED

Requires a report on individual appointee and unclassified salaries by January 1st.

Sec. 822d. Report on Fees and Rates Charged to State Agencies – DELETED

Requires a report on fees and rates charged to state agencies, along with justification for any increases from prior year.

Major Boilerplate Changes From FY 2015-16

Sec. 822f. Regional Prosperity Initiative – REVISED

Various technical changes and additions to definitions within section.

Sec. 822j. Office of Good Government – NEW

Explains the purpose of the Office of Good Government.

Sec. 828. Information Technology Related Appropriations and Expenditures – DELETED

Requires detailed report on funding and expenditures for IT services and projects.

Sec. 829. Life-Cycle of Hardware and Software – DELETED

Requires report that analyzes and makes recommendations on life-cycle of IT hardware and software.

Sec. 830. IT Contract Change Orders – DELETED

Requires report of IT change orders and contract extensions for contracts greater than \$50,000 entered to by DTMB.

Sec. 831. Information, Communications and Technology (ICT Innovation Fund) – DELETED

Provides for administration and expenditure of ICT Innovation Fund created under prior-year budget acts.

Sec. 832. Child Support Enforcement System – DELETED

Requires DTMB to notify legislature of potential or actual penalties for failure of Michigan Child Support Enforcement System to achieve federal certification; required additional reporting in the event of penalties being imposed.

Sec. 836. Information Technology Investment Fund – NEW

Explains the purpose of the Information Technology Investment Fund.

Sec. 837. Cyber Security Investment Projects – NEW

Explains the purpose of cyber security investment projects.

Sec. 838. Enterprise Identity Management Program – NEW

Explains the purpose of the Enterprise Identity Management Program.

Sec. 839. Office of Retirement Services (ORS) Information Technology Upgrade – NEW

Explains the purpose of the Office of Retirement Services' upgrades in information technology.

Sec. 862. Required Reports – DELETED

Requires DTMB to provide various detailed reports to Joint Capital Outlay Subcommittee (JCOS) and fiscal agencies with status of each planning or construction project financed by the SBA.

Flint-related Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. Flint Emergency Reserve Fund

Appropriates \$50.0 million GF/GP to the Flint Emergency Reserve Fund, which will fund expenditures addressing the needs of children in Flint in response to the Emergency Declaration made on January 5, 2016.

Gross **\$50,000,000**
GF/GP **\$50,000,000**

Other Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. State Building Authority Rent

Provides for a reduction of \$26.5 million GF/GP as a result of savings from the State Building Authority's July 2015 refunding deal.

Gross **(\$26,500,000)**
GF/GP **(\$26,500,000)**

2. Legal Services

Includes \$5.0 million GF/GP for potential litigation involving the Governor and Attorney General in their official capacity and for securing outside legal advice on major statewide issues not unique to a single agency.

Gross **\$5,000,000**
GF/GP **\$5,000,000**

3. Retirement Services

Includes \$2.8 million in state restricted funds to support modifications costs associated with transitioning the Office of Retirement Services from MAIN to SIGMA.

Gross **\$2,800,000**
Restricted **2,800,000**

<u>Other Supplemental Recommendations for FY 2015-16 Appropriations</u>		<u>FY 2015-16 Recommendation</u>	
4. Civil Service Commission Training		Gross	\$325,000
Includes \$325,000 GF/GP to enhance manager training for state employees to further support performance and transformation initiatives.		GF/GP	\$325,000
5. State Trooper Pension Supplemental Payment		Gross	\$145,000
Includes \$145,000 GF/GP to provide an additional payment to State Police retirees (and beneficiaries) who retired before October 1, 1986 and whose annual pension is less than \$16,000.		GF/GP	\$145,000

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 DEPARTMENT OF TREASURY

Analyst: Ben Gielczyk

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$9,500,700	\$11,250,600	\$1,749,900	18.4
Federal	39,661,500	39,954,200	292,700	0.7
Local	9,029,700	9,265,700	236,000	2.6
Private	25,400	26,700	1,300	5.1
Restricted	1,606,455,600	1,615,304,400	8,848,800	0.6
GF/GP	280,379,300	234,945,800	(45,433,500)	(16.2)
Gross	\$1,945,052,200	\$1,910,747,400	(\$34,304,800)	(1.8)
FTEs	1,911.5	1,916.5	5.0	0.3

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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 and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), and State Building Authority (SBA) are autonomous agencies housed within the Department of Treasury.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Constitutional Revenue Sharing	Gross	\$783,866,100	(\$2,364,700)
Decreases by \$2.4 million in restricted sales tax revenues to adjust constitutional revenue sharing payments downward 0.3% from the FY 2015-16 budget act appropriated amount (3.9% above the January 2016 CREC estimate for FY 2015-16). FY 2016-17 Executive Recommended amount is based on January 2016 Consensus Revenue Estimating Conference (CREC) estimates.	Restricted	783,866,100	(2,364,700)
2. City, Village, and Township Revenue Sharing	Gross	\$248,840,000	(\$5,800,000)
Removes \$5.8 million in one-time restricted sales tax revenues for City, Village, and Township Revenue Sharing and removes per capita distribution component. By removing the one-time funding per capita distribution component, 101 CVTs (100 townships and 1 city) that were included in FY 2015-16 would not receive a payment in FY 2016-17. CVTs eligible for a higher per capita payment would be reduced to previous appropriation level. Maintains FY 2015-16 CVT Revenue Sharing ongoing funding level of \$243.0 million.	Restricted	248,840,000	(5,800,000)
3. County Revenue Sharing/County Incentive Program	Gross	\$214,700,000	\$467,500
Increases county payments by \$467,500 in restricted sales tax revenue to accommodate two new counties (Alcona and Charlevoix) coming online for state payments in FY 2016-17. Maintains full-funding levels for county revenue sharing. Maintains allocation of 80% of funding distributed through county revenue sharing and 20% through County Incentive Program.	Restricted	214,700,000	467,500

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
4. Competitive Grant Assistance Program	Gross	\$0
Includes \$11.0 million in restricted sales tax revenue (\$5.2 million considered one-time) for the Competitive Grant Assistance Program. Funds would provide competitive grants to all local units of government that elect to combine government operations. Awards would be used to defray costs associated with consolidated services through mergers, interlocal agreements, and other cooperating efforts.	Restricted	0
		\$11,000,000
		11,000,000
5. Payments in Lieu of Taxes	Gross	\$26,094,100
Increases by \$1.3 million Gross (\$1.1 million GF/GP) to support scheduled and statutorily-required payments in lieu of taxes (PILT). To accommodate increased estimates, each PILT line item is increased by 5%.	Private	25,400
	Restricted	4,930,900
	GF/GP	\$21,137,800
		\$1,304,700
		1,300
		246,600
		\$1,056,800
6. General Obligation Bond Debt Service	Gross	\$156,449,000
Reduces by a net of \$19.4 million GF/GP due to scheduled and statutory-required debt service payment requirements. Reductions from payoffs and refundings were partially offset by debt service increase from \$10.3 million in new bond issuances associated with the Strategic Water Quality Initiative.	GF/GP	\$156,449,000
		(\$19,412,000)
		(\$19,412,000)
7. Subject Matter Experts for IT Systems	FTE	0.0
Provides \$750,000 GF/GP and 4.0 FTEs to provide testing and analytic review to assure IT systems are designed and tested properly during production and operation.	Gross	\$0
	GF/GP	\$0
		\$750,000
		\$750,000
8. Change to Rated Service Model for IT Services	Gross	\$28,959,700
Includes \$1.6 million Gross (\$551,100 GF/GP) for transitional support to cover costs changes for department as they transition to a rated service model with DTMB for the delivery of IT services.	IDG	400,000
	Federal	618,800
	Local	1,200,000
	Restricted	16,530,000
	GF/GP	\$10,210,900
		\$1,563,000
		0
		33,400
		64,700
		913,800
		\$551,100
9. Grants	Gross	\$550,000
Removes \$550,000 GF/GP for grants associated with the Chaldean Community Foundation (\$250,000 GF/GP) and Urban Search and Rescue Taskforce (\$300,000 GF/GP).	GF/GP	\$550,000
		(\$550,000)
		(\$550,000)
10. Fund Shifts to Replace General Fund	Gross	NA
Net change of \$0 Gross (\$1.8 million GF/GP) to reflect replacement of General Fund with available IDG and restricted fund revenue. The following line items were affected: Office of Accounting Services (\$105,600), Office of Collections (\$1.1 million), and Office of Financial Services (\$520,400).	IDG	NA
	Restricted	NA
	GF/GP	NA
		\$0
		1,644,400
		105,600
		(\$1,750,000)
11. Five Year Early Out Deferred Sick Leave Payments	Gross	\$701,300
Removes \$701,300 Gross (\$73,800 GF/GP). Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentives, which were spread out over five years.	IDG	25,700
	Federal	57,500
	Restricted	544,300
	GF/GP	\$73,800
		(\$701,300)
		(25,700)
		(57,500)
		(544,300)
		(\$73,800)
12. Casino Gaming Adjustments	FTE	141.0
Includes \$868,300 Gross (\$0 GF/GP) associated with the following casino gaming operations adjustments:	Gross	\$29,457,600
<ul style="list-style-type: none"> Transfer in Horse Sample Testing from MDARD - \$250,000 Gross (\$0 GF/GP) Ongoing support for IT services - \$500,000 Gross (\$0 GF/GP) Includes additional auditor for tribal gaming operations - \$118,300 Gross (\$0 GF/GP) and 1.0 FTEs 	Restricted	29,457,600
		\$868,300
		868,300
13. One-Time Appropriation Adjustments	Gross	\$29,900,000
Provides a net reduction of \$27.7 million GF/GP in one-time appropriations. Includes \$2.8 million GF/GP to support development and implementation costs associated with new Free Individual Income Tax E-File system. Funding for the following items is removed: Personal property tax payments to reimburse local units for lost debt service millages (\$19.3 million GF/GP); Online Business Portal (\$600,000 GF/GP); Presidential Primary (\$10.0 million GF/GP); and CVT Revenue Sharing (\$5.8 million GF/GP).	GF/GP	\$29,900,000
		(\$27,057,500)
		(\$27,057,500)

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>	<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>	
14. Economics Adjustments	Gross	NA	\$5,627,200
Reflects increased costs of \$5.6 million Gross (\$1.1 million GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	NA	131,200
	Federal	NA	316,800
	Local	NA	171,300
	Restricted	NA	3,956,000
	GF/GP	NA	\$1,051,900

Major Boilerplate Changes From FY 2015-16

Sec. 902a. Notification of Bond Refinancing and Restructuring – DELETED

Requires Department of Treasury to report, within 30 days after a new refinancing or restructuring bond sale, on the annual debt service changes, change in principal and interest over the duration of the debt, and the projected change in present value of the debt service due to the refinancing.

Sec. 904a. Financial Services Expenditure Appropriation – REVISED

Provides funds to pay expenditures for financial services provided by financial institutions through restricting revenue from common cash interest earnings and investment earnings. Revised to state that if the amounts of common cash interest earnings are insufficient to cover the costs, then miscellaneous revenues shall be used to fund the remaining balance of the expenditures.

Sec. 917. Write-Offs and Advances – REVISED

Appropriates funds for write-offs and advances for Treasury programs of not more than current-year authorizations that would otherwise lapse to General Fund; requires report on amounts appropriated. Revised to delete reporting requirement.

Sec. 918. Tax Orientation Workshops and Seminars – DELETED

Authorizes Treasury to receive and expend funds for tax orientation workshops and seminars, not to exceed actual costs.

Sec. 919. Contracted Audit and Collection Services – REVISED

Appropriates funds to contract with private auditing firms to audit for and collect unclaimed property due the state; requires report on firms employed, amounts collected, and costs of collection. Requires a review of current practices and a report, by March 31, to a joint subcommittee of the House and Senate subcommittees on General Government. Revised to eliminate review of current practices and report by March 31.

Sec. 927. Personal Property Tax Audits – DELETED

Requires the Department of Treasury to submit annual progress reports regarding personal property tax audits.

Sec. 934. Expending of Authority Revenues – REVISED

Authorizes Treasury to expend revenues under various authorities for operation expense and grants to Civil Service Commission and State Employee's Retirement Fund; requires maintaining records to facilitate reimbursement. Revised to delete reporting requirement.

Sec. 944. Pension Plan Consultant Report – DELETED

Requires Treasury to retain a copy of any report received from a pension plan consultant and make available upon request.

Sec. 949a. Personal Property Tax Reimbursements Performance Measures – DELETED

Specifies that the department shall identify specific outcomes and performance measures for the personal property tax reimbursements to local units of government. Provides example of performance metric/outcome stating that the department's role in reimbursing the local units will provide the department with the ability to establish the technical and administrative support needed to ensure the payment information provided is accurate and timely.

Sec. 949c. Operations Information Technology Services and Projects Performance Measures – DELETED

Specifies that the department shall identify specific outcomes and performance measures for the operations information technology services and projects. Provides example of performance metric/outcome stating that the funding will provide businesses with the opportunity for electronic business tax registration, authentication of taxpayers, and tax filing for more than 325,000 Michigan businesses.

Sec. 949d. Financial Review Commission Performance Measures – DELETED

Specifies that the department shall expand financial review commission efforts in FY 2015-16. The funds shall cover ongoing costs associated with the operation of the commission. Provides example of performance metric/outcome stating that the funding will allow the department to perform critical fiscal review to ensure the city of Detroit does not reenter distress following its exit from bankruptcy.

Sec. 949g. Urban Search and Rescue Task Force – DELETED

Allocates \$300,000 to the urban search and rescue task force. Requires the task force to provide reports on FY 2014-15 revenues and expenditures, proposed FY 2015-16 grant expenditures, and a final report on FY 2015-16 grant expenditures.

Major Boilerplate Changes From FY 2015-16

Sec. 951. Competitive Grant Assistance Program – NEW

Includes direction for distribution of \$11.0 million appropriated for assistance grants to cities, villages, townships, and counties that elect to merge government services, enter an interlocal agreement, or cooperate in the provision of services via a Competitive Grant Assistance Program; \$5.2 million of total available funding considered one-time appropriation. Includes authorities, school districts, ISDs, public community colleges, and public universities; includes work project language.

Sec. 952. City, Village, and Township (CVT) Revenue Sharing and County Incentive Program – REVISED

Specifies distribution of \$248.8 million to all CVTs with a population of 7,500 or more by providing an eligible payment equal to 100% of the FY 2014-15 payment to all CVTs that were eligible for a payment in FY 2014-15. In order to qualify for its eligible payment a CVT would be required to comply with the items listed under accountability and transparency. To qualify for county incentive payment counties would be required to comply with the items listed under accountability and transparency. Any unexpended funds would be deposited in the Financial Distressed CVTs program in Sec. 956. Revised to remove per capita payment option and 101 townships from eligibility for a CVT Revenue Sharing payment. Includes new language allowing entity that does not comply with accountability and transparency on December 1 to comply by April 1 and still receive full payments. Payments that were ultimately qualified for after December 1 would be deferred and paid in August payment.

Sec. 957. CVT Revenue Sharing Workgroup – DELETED

States legislative intent that a workgroup be formed, to include members of the Executive Branch, to explore a new nonconstitutional revenue sharing distribution formula.

Sec. 957. Competitive Grant Assistance Program Metrics – NEW

Specifies that the department shall identify specific outcomes and performance measures for the Competitive Grant Assistance Program. Provides nonexclusive list of performance metrics to be used.

Sec. 963. Department of Health and Human Services Bridge Cards – DELETED

Requires Lottery to notify lottery retailers that DHHS bridge cards are not to be used to purchase lottery tickets.

Sec. 978. Racing Commission Regulatory Changes – REVISED

Requires the Michigan Gaming Control Board to determine the actual regulatory costs of conducting race dates; it would limit reimbursement to actual expenses; and the language specifies that in the case of reduced revenues, race dates can be reduced, after consultation with certified horsemen's organizations. Revised by striking language specifying that in the case of reduced revenues, race dates can be reduced, after consultation with certified horsemen's organizations and if a certified horsemen's organization funds more than the regular costs, the funds shall remain in the agriculture equine development fund for future race dates.

<u>Other Supplemental Recommendations for FY 2015-16 Appropriations</u>	<u>FY 2015-16 Recommendation</u>
<p>1. Supervision of General Property Tax Law Includes \$2.0 million GF/GP to provide additional assistance to local units of government in areas experiencing financial distress through the Office of Fiscal Responsibility. Funds will support legal, financial, consulting, and accounting services. (SBO Letter 2/10/16)</p>	<p>Gross \$2,000,000 GF/GP \$2,000,000</p>
<p>2. Detroit Public Schools Financial Assistance Includes \$50.0 million GF/GP to fund an estimated operating deficit and cash flow deficiency for the Detroit Public Schools (DPS). Funds will provide resources for the daily operational costs of running the school district through an agreement with the state, emergency manager, and DPS. Designates funds as a work project appropriation with an estimated completion date of September 30, 2017. (SBO Letter 2/10/16)</p>	<p>Gross \$50,000,000 GF/GP \$50,000,000</p>
<p>3. Michigan Infrastructure Fund Deposit Includes \$165.0 million GF/GP boilerplate appropriation for deposit in the Michigan Infrastructure Fund to be created by amendatory legislation. The funds will be used to offset future infrastructure expenses in local units of government throughout the state of Michigan. (SBO Letter 2/10/16)</p>	<p>Gross \$165,000,000 GF/GP \$165,000,000</p>

Summary: Executive Budget Recommendation for Fiscal Year 2016-17

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Analysts: Sue Frey, Kevin Koorstra, Viola Wild, and Kyle I. Jen

	FY 2015-16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
	Year-to-Date as of 2/10/16		Amount	%
IDG/IDT	\$13,551,600	\$13,513,700	(\$37,900)	(0.3)
Federal	18,422,113,900	17,734,683,600	(687,430,300)	(3.7)
Local	123,339,800	123,892,300	552,500	0.4
Private	156,409,100	156,279,300	(129,800)	(0.1)
Restricted	2,217,821,600	2,328,831,500	111,009,900	5.0
GF/GP	4,153,708,200	4,350,767,300	197,059,100	4.7
Gross	\$25,086,944,200	\$24,707,967,700	(\$378,976,500)	(1.5)
FTEs	15,443.0	15,560.5	117.5	0.8

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Health and Human Services (DHHS) was created through the merger of the Department of Community Health (DCH) and the Department of Human Services (DHS) under Executive Order (EO) 2015-4. The Human Services portion of the DHHS budget includes a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs and protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws. The Health Services portion of the DHHS budget provides funding for a wide range of behavioral health (mental health and substance use disorder), public health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
MEDICAID AND BEHAVIORAL HEALTH - GENERAL		
1. Traditional Medicaid Cost Adjustments	Gross \$13,077,804,300	\$338,672,800
Provides increase of \$338.7 million Gross (\$170.2 million GF/GP) for traditional Medicaid, MIChild, and Federal Medicare Pharmaceutical Program caseload, utilization, inflation, and financing adjustments. Total includes \$47.5 million GF/GP to offset decline in Federal Medical Assistance Percentage (FMAP) from 65.60% to 65.15% due to relative growth in state's personal income and includes \$29.8 million GF/GP reduction based on available federal Title XXI matching funds. Total caseload for traditional Medicaid program is projected at 1.65 million individuals.	Federal 8,539,476,700	158,701,800
	Local 46,712,100	441,400
	Private 2,100,000	0
	Restricted 1,887,376,600	9,374,900
	GF/GP \$2,602,138,900	\$170,154,700
2. Healthy Michigan Plan Cost Adjustments	Gross \$4,120,201,500	(\$513,250,200)
Includes reduction of \$513.3 million Gross (increase of \$108.6 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments. Gross reduction is due to both caseload levelling off at roughly 600,000 individuals and adjustments to managed care capitated rates. Beginning January 1, 2017, the federal match rate reduces from 100% to 95%, requiring \$108.6 million GF/GP increase. Executive Recommendation utilizes \$95.0 million of Hospital QAAP Retainer savings described below to offset bulk of match costs.	Federal 4,120,201,500	(621,828,200)
	GF/GP \$0	\$108,578,000

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)		Executive Change from YTD
3. Actuarial Soundness Adjustments	Gross	\$11,516,242,900	(\$18,911,600)
Includes a net reduction of \$18.9 million Gross (\$4.6 million GF/GP) to provide \$54.8 million Gross (\$19.1 million GF/GP) for a 1.5% Medicaid health plans actuarial soundness adjustment, \$34.2 million Gross (\$11.9 million GF/GP) for a 1.5% Prepaid Inpatient Health Plans actuarial soundness adjustment, \$29.2 million Gross (\$1.1 million GF/GP) for a 2.0% Healthy Michigan Plan actuarial soundness adjustment, and a reduction of \$137.2 million Gross (\$36.7 million GF/GP) based on a one-year moratorium on the ACA health insurer fee beginning January 1, 2017.	Federal	9,031,879,700	(14,328,200)
	Local	39,846,400	0
	Restricted	1,189,849,500	0
	GF/GP	\$1,254,667,300	(\$4,583,400)
4. Medicaid Managed Care Use Tax and Health Insurance Claims Assessment Adjustments	Gross	NA	(\$612,903,600)
Reduces \$612.9 million Gross (\$198.6 million GF/GP) to reflect (1) discontinuation of Use Tax on Medicaid Managed Care Organizations (MCOs) and associated actuarial soundness payments of \$612.9 million Gross (\$140.4 million GF/GP) to MCOs on January 1, 2017 and (2) offset of \$58.2 million in GF/GP funds with restricted Health Insurance Claims Assessment (HICA) revenue from associated automatic increase in HICA from 0.75% to 1.0% on January 1, 2017.	Federal	NA	(472,458,800)
	Restricted	NA	58,187,300
	GF/GP	NA	(\$198,632,100)
DEPARTMENTWIDE ADMINISTRATION			
5. DHHS Merger	Gross	NA	\$0
Includes numerous appropriation line item adjustments related to the 2015 merger creating DHHS, including consolidation of line items and appropriation units reflecting reorganization of programs and agencies. No net impact on department appropriations.	GF/GP	NA	\$0
6. Information Technology – Child Welfare Information System (MiSACWIS)	FTE	0.0	50.0
Includes an increase of 50 FTEs and \$22.3 million Gross (\$7.7 million GF/GP), including \$10.8 million ongoing and \$11.5 million one-time funds, to continue implementation of improvements to the Michigan Statewide Automated Child Welfare Information System, to comply with new federal regulations and the Modified Settlement Agreement with Children's Rights, Inc., for improved monitoring of child protective services, and foster care and adoption cases. Year-to-date amount shown is for the Information Technology Projects and Services line item.	Gross	\$151,516,300	\$22,309,000
	IDG	1,067,000	0
	TANF	12,087,200	5,769,300
	Federal	82,664,900	8,792,800
	Restricted	1,985,800	0
	GF/GP	\$53,711,400	\$7,746,900
7. Information Technology –Software Support and IT Service Model Change	Gross	\$201,717,400	\$7,198,300
Increases funding by \$7.2 million Gross (\$2.5 million GF/GP) for costs to support information technology and Medicaid Management Information systems including encryption and security software, Medicaid fraud detection software, and transition to the new DTMB financial model for the provision of information technology services across all departments. Year-to-date amount shown includes the Information Technology Projects and Services line item and the Michigan Medicaid Information Services line item.	IDG	1,067,000	0
	TANF	12,087,200	0
	Federal	105,285,900	4,656,000
	Private	20,000,000	0
	Restricted	1,985,800	0
	GF/GP	\$61,291,500	\$2,542,300
8. Economic Adjustments	Gross	NA	\$42,842,000
Reflects increased costs of \$42.8 million Gross (\$17.1 million GF/GP) for the following economics adjustments for employees and other: negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially determined retirement rate increases, and increases for worker's compensation, building occupancy, and food for state hospitals, centers, and juvenile justice facilities. Economics adjustments are also included for administrative hearings system and information technology charges.	IDG	NA	231,000
	TANF	NA	64,500
	Federal	NA	23,600,000
	Local	NA	738,400
	Private	NA	252,100
	Restricted	NA	867,400
	GF/GP	NA	\$17,088,600
9. Discontinue 2010 Early Out Payouts	Gross	\$6,363,600	(\$6,363,600)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years; total reduction taken is \$6.4 million Gross (\$2.5 million GF/GP).	IDG	200	(200)
	TANF	995,400	(995,400)
	Federal	2,773,900	(2,773,900)
	Restricted	53,700	(53,700)
	GF/GP	\$2,540,400	(\$2,540,400)

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
HUMAN SERVICES		
10. Food Assistance Program (FAP) Caseload Adjustment	Gross \$2,419,025,900	(\$70,908,500)
Increases FAP caseload costs by \$13.8 million Gross (\$0 GF/GP) for FY 2016-17, in addition to a proposed supplemental caseload cost reduction for FY 2015-16 of \$84.7 million Gross (\$0 GF/GP), for a total reduction of \$70.9 million Gross (\$0 GF/GP) compared to the original enacted FY 2015-16 budget. Funding supports 795,400 cases at an average cost of \$246.01 per month; FAP caseload in December 2015 was 786,725.	Federal 2,419,025,900	(70,908,500)
	GF/GP \$0	\$0
11. Additional Public Assistance Caseload Adjustments	Gross \$190,205,100	(\$5,389,200)
Decreases funding for other public assistance programs by \$5.4 million Gross (\$2.5 million GF/GP) as follows:	TANF 42,731,900	(1,470,300)
<ul style="list-style-type: none"> Family Independence Program (FIP) is reduced \$3.9 million Gross (\$953,600 GF/GP) adjusting the monthly caseload estimate from 25,473 cases at \$362.93 per month to 25,800 cases at \$365.61 per month. State Disability Assistance (SDA) is reduced by \$1.7 million GF/GP adjusting the monthly caseload estimate from 5,566 cases at \$209.88 per month to 4,900 cases at \$210.10 per month. State Supplementation is increased by \$163,300 GF/GP adjusting the monthly caseload estimate from 276,585 cases at \$19.04 per month to 277,300 cases at the same monthly rate. 	Restricted 48,029,600	(1,464,200)
	GF/GP \$99,443,600	(\$2,454,700)
12. Child Welfare Caseload Adjustments	Gross \$621,109,300	\$3,389,200
Increases funding for child welfare programs by \$3.4 million Gross (\$1.8 million GF/GP) as follows:	TANF 163,523,100	(3,578,800)
<ul style="list-style-type: none"> Foster care payments are increased by \$1.0 million Gross (reduction of \$8.7 million GF/GP) from 6,175 cases at \$27,877 per year to 5,950 cases at \$29,400 per year. Adoption subsidies are reduced \$6.0 million Gross (increase of \$723,300 GF/GP) from 25,064 cases at \$745.00 per month to 24,740 cases at \$734.64 per month. The Child Care Fund is increased \$6.3 million GF/GP. Guardianship assistance payments are increased by \$2.7 million Gross (\$3.5 million GF/GP) from 900 cases at \$825.94 per month to 1,280 cases at \$779.07 per month. Family Support Subsidies are reduced by \$682,200 Gross (\$0 GF/GP) from 6,616 cases at \$222.11 per month to 6,369 cases at the same monthly rate. 	Federal 191,130,500	5,525,100
	Private 2,805,900	(381,900)
	Local 14,194,000	0
	GF/GP \$249,455,800	\$1,824,800
13. Family Preservation Programs	FTE 23.0	1.0
Includes 1.0 FTE position and an additional \$10.0 million federal Temporary Assistance for Needy Families (TANF) grant funds as one-time funding to expand the Parent Partner Program and the Family Reunification Program to additional counties.	Gross \$38,857,500	\$10,000,000
	TANF 38,274,300	10,000,000
	Federal 583,200	0
14. Family Independence Program (FIP) Clothing Allowance Increase	Gross \$2,880,000	\$6,100,000
Includes additional \$6.1 million federal TANF funding to expand the clothing allowance for FIP recipients to all school-age children receiving benefits instead of the current policy in which only children in "child-only" eligibility groups (adult caretakers not eligible for benefits) receive the clothing allowance. Program is currently appropriated \$2.9 million TANF funding. In addition, the annual benefit would be increased from \$140 per child to \$200. Adjusts boilerplate language to reflect changes (Sec. 669).	TANF 2,880,000	6,100,000
15. Foster Care Residential and Administrative Rates – Eliminate County Hold-Harmless Provision	Gross NA	(\$6,100,000)
Reduces funding by \$6.1 million Gross (\$5.2 million GF/GP) by rescinding the county hold-harmless provision that requires DHHS to pay 100% of the foster care administrative rates to private agencies for all new cases beginning October 1, 2013; also requires counties to pay 50% of the entire private residential rate and private agency administrative rate.	Federal NA	(900,000)
	GF/GP NA	(\$5,200,000)

HEALTH AND HUMAN SERVICES

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>		<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
16. Multicultural Integration Funding	Gross	\$11,858,300	\$1,445,500
Increases funding by \$1.5 million GF/GP to various multicultural organizations that provide social services programs to specific populations. Organizations receiving additional funding include: Arab Community Center for Economic and Social Services (ACCESS), Arab Chaldean Council (ACC), the Jewish Federation, and the Chaldean Community Foundation (CCF).	TANF	421,000	0
	Federal	694,500	0
	GF/GP	\$10,742,800	\$1,455,500
17. County Prosecuting Attorney Contracts	Gross	\$2,561,700	\$500,000
Provides additional \$500,000 federal funding to recognize the increase in contracts with county Prosecuting Attorneys for legal services concerning child welfare cases.	Federal	2,561,700	500,000
18. Child Care Fund – Federal TANF and GF/GP Fund Source Shift	Gross	NA	\$0
Includes fund source shift of TANF and GF/GP funding in the Child Care Fund line item by replacing \$43.0 million TANF funding with \$43.0 million GF/GP. The GF/GP funding is available by replacing GF/GP in two line items with TANF in the following amounts: the Child Welfare Field Staff line item (\$28.8 million) and the Family Independence Program line item (\$15.0 million). Federal policy mandates that in-home care expenditures for youth in juvenile justice programs may no longer be funded with TANF or TANF MOE funding. The funding shift is net neutral to DHHS.	TANF	NA	0
	GF/GP	NA	\$0
19. In-Home Community Care Grants for Rural Counties	Gross	\$400,000	(\$400,000)
Eliminates the \$400,000 GF/GP funding for In-Home Community Care Grants which provides new grants for the expansion of in-home community-based programs for juvenile justice services in rural counties; eliminates boilerplate language concerning program funding (Sec. 587).	GF/GP	\$400,000	(\$400,000)
20. Adoption Family Support Network Parent-to-Parent Program	Gross	\$350,000	(\$350,000)
Eliminates the \$350,000 GF/GP funding for the Parent-to-Parent program which provides parent mentoring to adoptive parents and children; eliminates boilerplate language concerning program funding (Sec. 559).	GF/GP	\$350,000	(\$350,000)
21. Capped Federal Revenues Fund Source	Gross	NA	\$0
Rolls the "Capped Federal Revenues" fund source into the general "Total Federal Revenues" fund source.	Federal	NA	0
BEHAVIORAL HEALTH			
22. Autism Navigator	Gross	\$0	\$1,125,000
Includes \$1.1 million GF/GP in one-time funding for an assessment of the statewide rollout of the Medicaid Autism benefit and assistance to families of autistic children in finding services. Previously funded with \$1.5 million in one-time restricted funding for FY 2014-15.	GF/GP	\$0	\$1,125,000
23. New Unit at Center for Forensic Psychiatry	FTE	556.3	51.0
Adds \$7.6 million GF/GP to fund additional unit to serve 30 patients. Center provides psychiatric treatment to criminal defendants ruled incompetent to stand trial and/or acquitted by reason of insanity. Adds new boilerplate Sec. 1059 that identifies outcomes and performance measures: average wait times for persons ruled incompetent to stand trial and number of persons waiting to receive services.	Gross	\$72,538,000	\$7,607,000
	Federal	11,900	0
	Local	5,085,700	0
	Restricted	877,600	0
	GF/GP	\$66,562,800	\$7,607,000
PUBLIC HEALTH			
24. Flint Declaration of Emergency	Gross	\$17,307,000	(\$2,158,900)
Provides \$15.1 million Gross (\$9.1 million GF/GP) in funding for evaluation and assistance to residents exposed to lead in the City of Flint, as one-time funding. This is a net reduction at this point in time from the current Year-to-Date which includes two supplemental appropriations for Flint. FY 2016-17 funds are anticipated to be for partial year only. Services supported include food inspection of restaurants and public venues, nutritional services through existing programs, health services at child and adolescent health centers and schools, community mental health evaluation and care for children with elevated blood levels, and lead investigations and abatement planning for homes. Additional funding may be available for transfer from a \$50.0 million Flint Emergency Reserve Fund in the DTMB budget, as well as a \$6.1 million set aside in the DHHS budget, both proposed in a FY 2015-16 supplemental.	TANF	0	3,520,000
	Federal	2,845,000	(795,000)
	Restricted	3,552,000	(3,078,100)
	GF/GP	\$10,910,000	(\$1,815,800)

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
25. Public Health - Immunization, Stroke Registry, Violence Prevention	Gross	\$20,991,600	\$1,198,100
Recognizes \$1.2 million of increased public health federal funds including a new adult immunization program grant of \$517,400, stroke registry grant increase of \$390,000, and use of violence prevention grant carryforward funding of \$290,700 for suicide prevention and violent death reporting.	Federal	15,582,300	1,198,100
	Private	2,000,000	0
	Restricted	850,000	0
	GF/GP	\$2,559,300	\$0
CRIME VICTIM SERVICES			
26. Crime Victim Assistance Services	Gross	\$33,999,800	\$44,279,300
Adds \$44.3 million to reflect increased federal grant award for crime victim justice assistance services including training and technical assistance for service providers, and direct services to crime victims. The funds are available due to the federal Victims of Crime Act (VOCA) Fund annual cap being increased by law, accessing a substantial balance in the Fund for all state formula grants. Year-to-date amount shown is all funding for Crime Victim Services Commission.	Federal	18,697,500	44,279,300
	Restricted	15,302,300	0
	GF/GP	\$0	\$0
AGING AND ADULT SERVICES AGENCY			
27. Implement Planned PACE Program Expansion	Gross	\$65,938,500	\$26,585,900
Increases the Program of All-Inclusive Care for the Elderly (PACE) line item by \$26.6 million Gross (\$9.3 million GF/GP) to fund additional slots at current PACE sites, and new slots to implement PACE expansion into Jackson County and Traverse City for qualified Medicaid recipients. Savings from the PACE expansion are assumed in the same amount from the Long Term Care Services line item for a net \$0 DHHS budget adjustment. Also transfers the PACE line item back to the Medical Services unit; PACE was transferred to Aging and Adult Services Agency in FY 2015-16 budget as part of the Department merger.	Federal	43,254,000	17,320,700
	GF/GP	\$22,684,500	\$9,265,200
MEDICAL SERVICES			
28. Integrated Service Delivery Application and Enrollment	Gross	NA	\$49,230,000
Adds \$49.2 million Gross (\$1.2 million GF/GP) for information technology costs to update and streamline the electronic application and enrollment process for services through DHHS. Ongoing funding is \$12.3 million Gross (\$1.2 million GF/GP) and one-time funding is \$36.9 million federal (including \$3.7 million in TANF funds).	Federal	NA	44,307,000
	TANF	NA	3,692,200
	GF/GP	NA	\$1,230,800
29. Hospital QAAP Retainer	Gross	\$92,856,100	(\$92,856,100)
Replaces one-time increase in GF/GP retainer savings from hospital Quality Assurance Assessment Program of \$92.9 million with ongoing retainer amount of \$105.0 million, for a net GF/GP savings of \$12.1 million. Also removes the \$92.9 million Healthy Michigan Plan Hospital Rate Adjustment increase provided to keep hospitals held harmless on the whole. These adjustments require statute change.	Federal	92,856,100	(92,856,100)
	Restricted	92,856,100	12,143,900
	GF/GP	(\$92,856,100)	(\$12,143,900)
30. Special Hospital Payments	Gross	\$208,799,300	\$0
Maintains payments at FY 2015-16 levels: \$162.9 million Gross (\$56.0 million GF/GP) for Graduate Medical Education, \$34.9 million Gross (\$12.0 million GF/GP) for Special Rural Hospitals, and \$11.0 million Gross (\$3.8 million GF/GP) for OB/GYN Hospital Lump Sum.	Federal	136,972,300	0
	GF/GP	\$71,827,000	\$0
31. Specialty Drugs – Hepatitis C and Cystic Fibrosis	Gross	\$199,449,700	\$194,631,600
Adds \$194.6 million Gross (\$69.7 million GF/GP) to annualize costs for specialty drugs added to the Medicaid formulary in 2016 to treat Hepatitis C and Cystic Fibrosis. Total FY 2016-17 costs, including half-year costs added through FY 2015-16 legislative transfer, are \$394.1 million Gross (\$135.2 million GF/GP). Of total, \$327.8 million Gross (\$91.5 million GF/GP) is for estimated Hepatitis C treatment costs and \$66.3 million Gross (\$43.7 million GF/GP) is for estimated Cystic Fibrosis treatment costs; majority of Cystic Fibrosis treatment will be through Children Special Health Care Services.	Federal	133,934,900	124,967,600
	GF/GP	\$65,514,800	\$69,664,000
32. Specialty Drugs – Reserve Fund	Gross	NA	\$86,083,200
Creates one-time reserve fund of \$86.1 million Gross (\$30.0 million GF/GP) for potential costs associated with release of other new specialty drugs in FY 2016-17.	Federal	NA	56,083,200
	GF/GP	NA	\$30,000,000

HEALTH AND HUMAN SERVICES

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>		<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
33. Healthy Kids Dental	Gross	\$219,139,400	\$25,601,000
Adds \$25.6 million Gross (\$8.9 million GF/GP) to complete expansion of program, covering children ages 13 to 20 in Kent, Oakland, and Wayne Counties. Revises boilerplate Sec. 1894 to reflect expansion to children of all ages in those counties. Year-to-date amount shown is for full Dental Services line item.	Federal	143,150,200	16,679,100
	GF/GP	\$75,989,200	\$8,921,900
34. Ambulance Quality Assurance Assessment Program (QAAP)	Gross	\$8,641,000	\$48,115,500
Expands QAAP-funded ambulance provider rate increase to managed care and Healthy Michigan Plan payments to ambulance providers. Executive also notes that the ambulance QAAP roll out has been delayed until April 1, 2016.	Federal	5,668,500	40,766,900
	Restricted	3,972,500	5,833,600
	GF/GP	(\$1,000,000)	\$1,515,000
35. Merit Award Trust Fund Adjustment	Gross	NA	\$0
Offsets \$23.7 million in Merit Award Trust Fund revenue appropriated in the long term care services line item with GF/GP in order to redirect Merit Award Trust Fund revenue to pay costs related to Detroit Public Schools restructuring.	Restricted	NA	(23,661,900)
	GF/GP	NA	\$23,661,900

Major Boilerplate Changes From FY 2015-16

Executive Boilerplate Deletions

The Executive Budget Recommendation deletes a significant amount of boilerplate language included in the FY 2015-16 budget. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted.

GENERAL SECTIONS

Sec. 204. Performance Metrics for New Programs or Program Increases – DELETED

Requires DHHS, in addition to metrics required under the Management and Budget Act, to identify program-specific metrics for new programs or enhancements in excess of \$1.0 million.

Sec. 218. Basic Health Services – DELETED

Lists eight health services to be included in annual list of proposed basic health services that are to be available and accessible throughout the state, as required by Part 23 of the Public Health Code, 1978 PA 368.

Sec. 222. Notification and Report of Policy Changes – DELETED

Requires notification of policy changes 30 days before implementation; requires policy manual to be available on the DHHS website; and requires a report by April 1, 2016 on policy changes made to implement new public acts.

Sec. 231. Travel Reimbursement to Local County Board Members and Directors – DELETED

Allocates up to \$100,000 to reimburse counties for out-of-pocket travel costs of local county department board members and directors to attend one meeting each year of the Michigan County Social Services Association.

Sec. 252. Appropriations for Healthy Michigan Plan – DELETED

Specifies that appropriations for the Healthy Michigan Plan (HMP) are contingent upon 2013 PA 107 not being amended, repealed, or otherwise altered to eliminate the HMP.

Sec. 288. Services and Administrative Limitations for New Contracts – DELETED

Requires that after the first year of a contract, no less than 90% of a new department contract supported solely from state restricted or GF/GP funds and designated for a specific entity for the purpose of providing services to individuals be expended for those services.

Sec. 291. E-Verify – DELETED

Requires DHHS to use the E-Verify system to confirm that new employees and new employees of contractors and subcontractors paid from the appropriations in Part 1 are legally present in the United States.

Sec. 298. Behavioral Health Integration – NEW

New language would require funding for Medicaid behavioral health services currently provided to Prepaid Inpatient Health Plans to be transferred to Medicaid health plans by the end of FY 2016-17. Provides for process for stakeholders to develop an integration plan and ensure continuity of care. Requires health plans to contract with existing CMHSPs for provision of specialty services and supports. Requires report describing the integration plan.

CHILDREN'S SERVICES – CHILD WELFARE

Sec. 501. Foster Care Time Limit Goals – REVISED

Establishes a goal that not more than 27% of foster children at any given time will have been in foster care for 24 months or more; Executive eliminates annual report.

Major Boilerplate Changes From FY 2015-16**Sec. 503. Child Welfare Performance-Based Funding – REVISED**

Requires DHHS to continue to develop actuarially sound case rates for out-of-home child welfare services by DHHS and private providers. Executive deletes language that requires report on full cost analysis and that prohibits DHHS from phasing in the implementation of a performance-based funding model into additional counties unless the county and associated entities agree to implementation.

Sec. 504. Child Welfare Performance-Based One-Time Funding – REVISED

Requires DHHS to allocate \$500,000 of part 1 appropriations to help support the first-year start-up costs to operate a consortium in Kent County for a performance-based child welfare pilot program. Executive deletes language that requires DHHS to allocate funding for first-year start-up costs.

Sec. 511. Physical and Mental Health Assessment Report – DELETED

Requires DHHS to track the number and percentage of foster children who received physical and mental health assessments.

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

Restricts placement of children in out-of-state facilities unless specified criteria are met. Executive deletes language that prohibits DHHS to fund child placement in an out-of-state facility without specified approval and language requiring annual report on per diem costs of each residential service provider in this state.

Sec. 514. Child Protective Services Report – DELETED

Requires report on Child Protective Services; lists specific information and statistics to be included in the report.

Sec. 515. Kent County Privatization Implementation – DELETED

Requires report that provides an update on the privatization of child welfare services in Kent County.

Sec. 519. Treatment Foster Care – DELETED

Requires DHHS to permit private agencies with existing contracts to provide treatment foster care services.

Sec. 523. Family Preservation Program Report and TANF Eligibility Reporting – REVISED

Requires report on family preservation program data; requires agencies receiving Youth in Transition or Domestic Violence Prevention funding to report program data to DHHS to meet TANF eligibility. Executive revises language concerning content of required report.

Sec. 525. On-Site Evaluations – DELETED

Requires DHHS to use the same on-site evaluation process and noncompliance penalties for private-operated and state-operated residential facilities.

Sec. 532. Licensing and Contract Compliance Review – DELETED

Requires collaboration between DHHS and representatives of private child and family agencies to revise and improve contract compliance and licensing review processes.

Sec. 533. Child Welfare Payment Promptness – DELETED

Directs DHHS to make payments to child placing agencies within 30 days after receiving documentation for out-of-home care and in-home care services.

Sec. 537. Residential Bed Space Standards and Preferences – DELETED

Directs DHHS to collaborate with child caring institutions to develop a strategy to implement MCL 400.115o, which restricts out-of-state placements of youth and restricts placements of youth in state administered facilities over comparable private provider facilities.

Sec. 540. Psychotropic Medication For Youth in Out-of-Home Placements – DELETED

Requires DHHS to determine within 7 days whether to change prescribed psychotropic medication for state wards if the placement administration determines that the medication should be changed, to seek parental consent within 7 business days for a temporary court ward, or to petition the court on the eighth business day if parental consent is not provided.

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHHS; establishes general independent living administrative rate of \$28; requires payments for independent living plus services at the statewide per diem; increases administrative rate for foster care services by \$3, provided that the county match rate is eliminated for this increase; requires DHHS to provide an increase to each private provider of residential services, provided that the county match rate is eliminated for this increase. Executive eliminates language requiring \$3.00 administrative rate increase to private foster care providers and language requiring an increase to private residential service providers; also strikes language that eliminates the county match requirements for these rate increases.

Sec. 558. Child Welfare Training Institute Report – REVISED

Requires DHHS to maximize use of training programs or courses provided through the Child Welfare Training Institute and requires courses be made available to employees of private service providers. Executive deletes language that requires report on the training programs and courses provided.

Major Boilerplate Changes From FY 2015-16

Sec. 562. Time and Travel Reimbursements for Foster Parents – DELETED

Requires time and travel reimbursements for foster parents who transport foster children to parent-child visitation.

Sec. 564. Parent-Child and Parent-Caseworker Visitations – DELETED

Requires DHHS to develop policy for parent-child visitations, requires local offices to meet a 50% success rate, after accounting for factors outside of the caseworker's control; requires caseworkers to achieve a success rate of 65% for parent-caseworker visitations, after accounting for factors outside of the caseworker's control.

Sec. 567. Medical Passports – DELETED

Requires foster care caseworkers to complete medical passports and requires medical passport to be transferred within 2 weeks from date of placement or return home.

Sec. 568. Adoption Subsidy Negotiations – DELETED

Requires DHHS to pay a minimum adoption subsidy rate that is not less than 95% of the family foster care rate, including the determination of care rate; states that state statute amended subsequent to this act shall control.

Sec. 585. Private Agency Staff Training – DELETED

Requires DHHS to make available at least 1 pre-service training class each month for caseworkers of private agencies.

Sec. 589. Payment of Foster Care Administrative Rate – DELETED

Requires DHHS to pay 100% of the administrative rate for all new cases referred to foster care services providers beginning October 1, 2013.

Sec. 593. Residential Service Providers Staff Ratio – DELETED

Allows residential service providers for abuse and neglect cases to implement staff ratios of 1 staff to 5 children during waking hours.

PUBLIC ASSISTANCE

Sec. 602. Multiple Disability Applications – DELETED

Requires DHHS to conduct a full evaluation of an individual's assistance needs if the individual has applied for disability more than 1 time within a 1-year period.

Sec. 614. SDA Recipients Eligible for SSI Benefits – DELETED

Requires report on number of SDA recipients determined eligible for federal SSI benefits in previous year.

Sec. 617. Law Enforcement Information Network (LEIN) Report – DELETED

Requires report on the number and percentage of persons no longer eligible for public assistance because of their status in LEIN.

Sec. 625. Legal Services Association of Michigan – DELETED

Permits DHHS to contract with Legal Services Association of Michigan to provide assistance to individuals who have applied or wish to apply for federal disability benefits.

Sec. 672. Electronic Benefit Transfer Card Abuse Report – DELETED

Requires DHHS to report on efforts to reduce inappropriate use of Bridge Cards by program recipients and retailers.

Sec. 673. MiBridges Fraud Workgroup – DELETED

Requires DHHS to conduct a work group with the Departments of State and State Police to investigate minimizing fraud in the MiBridges benefits programs.

CHILDREN'S SERVICES – JUVENILE JUSTICE

Sec. 701. Residential Facility Contracts – DELETED

Unless required from changes to federal or state law or at the request of a provider, prohibits signed contracts with private residential facilities to be altered without written consent from a representative of the private residential facility.

Sec. 708. County Spending Plan Required – REVISED

Specifies that in order for counties to receive allocations from the Child Care Fund, they must submit a service spending plan by October 1 of each year; approval must be obtained prior to December 15; Executive eliminates required report on number of plans not submitted by the deadline and number of plans not approved.

Sec. 719. Legislative Notification of Juvenile Justice Changes – DELETED

Requires DHHS to notify the Legislature at least 30 days before closing or making any change in the status of a state juvenile justice facility, including licensed bed capacity and operating bed capacity.

Sec. 721. Residential Facility of Last Resort – DELETED

If demand exceeds capacity at state-operated facilities, requires DHHS to post a request for proposals to contract with not less than 1 private provider to be a residential facility of last resort instead of increasing available occupancy at state-operated facilities.

Major Boilerplate Changes From FY 2015-16**FIELD OPERATIONS AND SUPPORT SERVICES****Sec. 805. Order of Selection – DELETED**

States legislative intent that MRS not implement an order of selection for vocational and rehabilitative services.

BEHAVIORAL HEALTH SERVICES**Sec. 912. Non-Medicaid Substance Use Disorder Services – DELETED**

Requires DHHS to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services.

Sec. 924. Timely Claims Process for PIHPs – DELETED

Requires that PIHPs contracting with DHHS to provide services to the Medicaid population adhere to the timely claims processing and payments procedure to claims submitted by health professionals and facilities as described in the Social Welfare Act.

Sec. 960. University Autism Programs – REVISED

Requires DHHS to allocate funds appropriated for university autism programs through a grant process. Executive adds outcomes and performance measurers: increase in behavioral analysts certified from a program, autism diagnosis services provided, and employment rate of employment program participants.

Sec. 994. National Accreditation Review Criteria for Behavioral Health Services – DELETED

Requires DHHS to consider a CMHSP, PIHP, or subcontracting provider agency that is reviewed and accredited by a national accrediting entity for behavioral health care services to be in compliance with state program review and audit requirements.

Sec. 997. Distribution of Substance Use Disorder Block Grant Funds – DELETED

Requires population data from the most recent federal census be used in determining the distribution of substance use disorder block grant funds.

Sec. 998. Distribution of General Funds to CMHSPs – DELETED

Requires that, if DHHS decides to use census data for distribution of state general funds to CMHSPs, it use the most recent federal decennial census data available.

Sec. 1010(2). Redistribution of Lapsed Funds – DELETED

States intent that any lapsed funds from appropriation for Medicaid Mental Health Services be redistributed to individual CMHSPs and requires report on lapse amounts.

Sec. 1010. Kevin's Law – NEW

Allocates \$2.0 million to address implementation of court ordered assisted outpatient treatment under PA 297 of 2004 (Kevin's Law).

PUBLIC HEALTH ADMINISTRATION**Sec. 1102. School Children's Healthy Exercise Program – DELETED**

Allocates \$1.0 million for the school children's healthy exercise program for children kindergarten through grade 8, which shall incorporate evidence-based best practices.

Sec. 1103. Health and Wellness Initiatives Criteria – DELETED

Requires DHHS to establish criteria for Health and Wellness Initiatives project allocations, which shall include that programs funded be evidence-based, supported by research, include interventions that lower cost and improve quality, and have statewide impact.

HEALTH POLICY**Sec. 1140. Free Health Clinic Funding – DELETED**

Allocates \$250,000 to free health clinics from the funds appropriated for primary care services. Requires DHHS to distribute funds equally to each free health clinic.

Sec. 1145. Payments to Indian or Tribal Facilities for Medical Services – DELETED

Directs DHHS to take steps necessary to assure that Indian Health Service, Tribal or Urban Indian Health Program facilities receive the maximum amount allowable under federal law for Medicaid services.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES**Sec. 1300. Report of Sexual and Maternal Health Demographics and Expenditures by Marital Status – DELETED**

Requires report of an estimate of public funds administered by DHHS for family planning, sexually transmitted infection prevention and treatment, pregnancies, and births.

Sec. 1307. Alternative Pregnancy and Parenting Support Services Program – DELETED

Allocates \$50,000 for the alternative pregnancy and parenting support services program to provide enhanced counseling and support for women during pregnancy through 12 months after birth, which promotes childbirth, alternatives to abortion, and grief counseling.

Major Boilerplate Changes From FY 2015-16

CRIME VICTIM SERVICES COMMISSION

Sec. 1380. Allocation of Funds for Forensic Nurse Examiner Programs – DELETED

Requires DHHS to use justice assistance grants line item appropriations to continue to support forensic nurse examiner programs to facilitate training for improved evidence collection for the prosecution of sexual assault.

MEDICAL SERVICES ADMINISTRATION

Sec. 1502. Transparency Database Website – DELETED

Requires DHHS to spend available work project revenue and any associated federal match to create a transparency database website and states the funding is contingent on enabling legislation.

Sec. 1506. Integrated Service Delivery – NEW

Provides for new information technology tools and enhancement of existing systems to improve the eligibility and enrollment process for citizens accessing department administered programs. Identifies outcomes and performance measures: successful consolidation of data warehouses, amount of time caseworkers devote to data entry, reduction in wait times, and reduction in caseworker workload.

MEDICAL SERVICES

Sec. 1620. Pharmacy Dispensing Fee and Prescription Drug Co-payments – REVISED

Establishes the pharmacy dispensing fees and requires prescription co-payments for certain Medicaid and Healthy Michigan Plan (HMP) recipients. Executive revises to state that administration of co-payments shall be consistent with the terms and conditions established by the Centers for Medicare and Medicaid Services linked to the HMP waiver.

Sec. 1631. Medical Services Co-payments – REVISED

Requires co-payments on dental, podiatric, and vision services requires co-payments for office visits for certain Medicaid and HMP recipients. Executive revises to state that administration of co-payments shall be consistent with the terms and conditions established by the Centers for Medicare and Medicaid Services linked to the HMP waiver.

Sec. 1670. MICHild Program Eligibility – REVISED

Establishes eligibility standards and other provisions for the MICHild Program. Executive revises to remove various specific program operation-related requirements.

Sec. 1757. Medicaid Applicants, Legal Residence, and Fugitive Felon Status – DELETED

Requires that Medicaid applicants prove that they are residing legally in the United States and are residents of Michigan.

Sec. 1805. Graduate Medical Education (GME) Quality Data – DELETED

Requires hospitals receiving GME payments to submit quality data to a specified national nonprofit organization utilizing consensus-based nationally endorsed standards.

Sec. 1809. Health Plan Performance Standards – DELETED

Requires DHHS to establish separate contract performance standards for Medicaid health plans that adhere to the requirements of the Social Welfare Act associated with the 0.25% and 0.75% capitation withhold amounts.

Sec. 1820. Recognition of Medicaid Health Plan Accreditation – DELETED

Requires DHHS to give consideration to Medicaid health plan accreditation when establishing compliance with state program review criteria or audit requirements.

Sec. 1850. Eligibility Redetermination by Medicaid Health Plans – DELETED

Permit DHHS to allow health plans to assist in redetermination of Medicaid recipient's eligibility.

Sec. 1861. Nonemergency Medical Transportation Pilot – DELETED

Requires DHHS to encourage cooperation between Medicaid health plans, other health providers, and nonprofit entities to help facilitate a pilot nonemergency transportation system.

Sec. 1870. MIDocs Consortium – DELETED

Requires DHHS to establish the MIDocs consortium, consisting of Michigan-based medical schools, with purpose of developing freestanding residency training programs in primary care and other ambulatory care-based specialties.

Flint-Related Supplemental Recommendations for FY 2015-16 Appropriations**FY 2015-16
Recommendation**

<p>1. Services for Flint Children and Families Exposed to Lead – Provides \$2.2 million GF/GP to address needs related to the City of Flint water and lead exposure crisis, including \$430,000 for mobile food bank and additional food bank resources for nutrition services to mitigate lead exposure, \$260,000 for evidence-based home visiting programs for pregnant women, infants, and young children to promote better parenting skills and ability to identify developmental delays in children, and \$1.5 million for intensive cognitive behavioral therapy services and outreach for children through community mental health agencies (CMHs) including case management services.</p>	<p>Gross \$2,190,000 GF/GP \$2,190,000</p>
<p>2. Child-Related Emergency Needs Provides boilerplate appropriation of \$6.1 million federal Temporary Assistance for Needy Families (TANF) funding for child-related Flint emergency needs; unexpended funds may be established as work project appropriations for expenditure by September 30, 2018.</p>	<p>Gross \$6,100,000 TANF 6,100,000 GF/GP \$0</p>

Other Supplemental Recommendations for FY 2015-16 Appropriations**FY 2015-16
Recommendation**

<p>1. Medicaid Cost Adjustments Includes net total increase of \$68.3 million Gross (\$21.2 million GF/GP) for various Medicaid-related adjustments: increases Autism Services for updated caseload and cost projections (\$4.7 million GF/GP), increases state's Medicare pharmaceutical clawback payment projection (\$18.4 million GF/GP), increases Medicare Part B premium payment cost projections (\$12.5 million GF/GP), and increases use of SCHIP match rate to offset GF/GP (\$14.3 million GF/GP savings).</p>	<p>Gross \$68,345,500 Federal 47,123,400 GF/GP \$21,222,100</p>
<p>2. Community Behavioral Clinics Includes \$980,000 federal for a new grant to support planning costs associated with the creation of community behavioral health clinics.</p>	<p>Gross \$980,000 Federal 980,000 GF/GP \$0</p>
<p>3. Crime Victim Assistance Services Adds \$5.0 million to reflect increased federal grant award for crime victim justice assistance services, including crisis counseling, training and technical assistance, personal and legal advocacy, therapy, shelter, and referral. The funds are available due to the federal Victims of Crime Act (VOCA) Fund annual cap being increased by law, accessing a substantial balance in the Fund for all state formula grants. See also FY 2016-17 proposed increase.</p>	<p>Gross \$5,000,000 Federal 5,000,000 GF/GP \$0</p>
<p>4. Food Assistance Program (FAP) Caseload Adjustments Reduces FAP by \$84.7 million Gross (\$0 GF/GP) adjusting the monthly caseload estimate from 842,537 cases at \$239.26 per month to 801,800 cases at \$242.61 per month.</p>	<p>Gross (\$84,728,400) Federal (84,728,400) GF/GP \$0</p>
<p>5. Other Public Assistance Caseload Adjustments Reduces other public assistance programs by \$4.4 million Gross (\$2.1 million GF/GP) for caseload adjustments as follows:</p> <ul style="list-style-type: none"> • Family Independence Program (FIP) is reduced \$3.0 million Gross (\$738,400 GF/GP) adjusting the monthly caseload estimate from 25,473 cases at \$362.93 per month to 25,000 cases at \$365.61 per month. • State Disability Assistance (SDA) is reduced by \$1.4 million GF/GP adjusting the monthly caseload estimate from 5,566 cases at \$209.88 per month to 5,000 cases at \$210.10 per month. • State Supplementation is increased by \$3,400 GF/GP adjusting the monthly caseload estimate from 276,585 cases at \$19.04 per month to 276,600 cases at the same monthly rate. 	<p>Gross (\$4,419,500) TANF (1,138,500) Restricted (1,133,700) GF/GP (\$2,147,300)</p>

Other Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

6. Child Welfare Caseload Adjustments

Increases child welfare programs by \$2.7 million Gross (\$713,100 GF/GP) for caseload adjustments as follows:

- Foster care payments are increased by \$2.5 million Gross (reduction of \$7.8 million GF/GP) from 6,175 cases at \$27,877 per year to 6,000 cases at \$29,400 per year.
- Adoption subsidies are reduced \$6.0 million Gross (increase of \$723,300 GF/GP) from 25,064 cases at \$745.00 per month to 24,740 cases at \$734.64 per month.
- The Child Care Fund is increased \$6.3 million GF/GP.
- Guardianship assistance payments are increased by \$486,700 Gross (\$1.5 million GF/GP) from 900 cases at \$825.94 per month to 1,040 cases at \$778.05 per month.
- Family Support Subsidies are reduced by \$602,200 Gross (\$0 GF/GP) from 6,616 cases at \$222.11 per month to 6,390 cases at the same monthly rate.

Gross	\$2,682,800
TANF	(3,498,800)
Federal	5,850,400
Private	(381,900)
GF/GP	\$713,100

7. Sexual Assault Evidence Kit Funding

Includes \$25,000 GF/GP funding to implement PA 318 of 2014, the Sexual Assault Evidence Kit Tracking and Reporting Act.

Gross	\$25,000
GF/GP	\$25,000

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 HIGHER EDUCATION

Analyst: Marilyn Peterson

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	97,026,400	99,026,400	2,000,000	2.1
Local	0	0	0	--
Private	0	0	0	--
Restricted	205,279,500	237,209,500	31,930,000	15.6
GF/GP	1,232,418,500	1,262,418,500	30,000,000	2.4
Gross	\$1,534,724,400	\$1,598,654,400	\$63,930,000	4.2
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Higher Education budget, contained in Article III of the compiled School Aid Act, provides funding for operational support of the state's 15 public universities, the AgBioResearch and Extension programs operated by Michigan State University, various financial aid programs for students attending public and independent colleges and universities in the state, and several other smaller higher education-related programs.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

1. University Operations

Increases university operations funding by \$59.8 million (\$31.2 million School Aid Fund, \$28.6 million GF/GP), a 4.4% increase that brings total support to FY 2010-11's level of \$1.4 billion. Increase to be distributed under performance funding formula revised to reinstate a component that distributes 50% of the increase based on each university's share of operational funding appropriated in the baseline year of FY 2010-11. Percentages applying to other formula components (weighted completions, research and development, and comparisons to Carnegie peers) thus would be halved. Receipt of performance funding would be conditioned on restraining resident undergraduate tuition/fee increases to 4.8% (set at 3.2% in the current year). Projected funding increases for individual universities range from 3.5% to 6.8%.

	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
Gross	\$1,360,557,600	\$59,787,400
Restricted	200,019,500	31,200,000
GF/GP	\$1,160,538,100	\$28,587,400

2. MSU AgBioResearch and MSU Extension

Provides increases for Michigan State's AgBioResearch and Extension programs, bringing funding for each to FY 2010-11 levels. AgBioResearch with 2.3% (\$734,000 GF/GP) increase, bringing funding to \$33.2 million; Extension with 2.4% (\$677,800 GF/GP) increase, bringing funding to \$28.7 million.

Gross	\$60,503,100	\$1,412,600
GF/GP	\$60,503,100	\$1,412,600

3. Michigan Public School Employees' Retirement System (MPSERS)

Assumes enactment of a cap of 25.73% of payroll on university payments for unfunded accrued liability under MPSERS. Executive provides \$5.8 million in School Aid Fund (SAF) revenues to pay the difference between the 25.73% cap and universities' unfunded accrued liability. This would affect the seven universities with MPSERS employees: Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western. Current-year funding is \$5.2 million, which also assumes enactment of the 25.73% cap.

Gross	\$5,160,000	\$730,000
Restricted	5,160,000	730,000

HIGHER EDUCATION

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)		Executive Change from YTD
4. Tuition Incentive Program	Gross	\$48,500,000	\$2,000,000
Adds \$2.0 million federal TANF funds for Tuition Incentive Program, which pays associate's degree tuition for Medicaid-eligible students completing high school, and provides tuition assistance of up to \$2,000 for participants continuing on with a baccalaureate. Total funding would be \$50.5 million (\$45.8 million TANF, \$4.7 million GF/GP). FY 2014-15 expenditures were \$49.4 million, and the Executive also is seeking a \$2.0 million FY 2015-16 supplemental appropriation for the program, which would bring current-year funding to \$50.5 million. Executive also establishes annual cap of \$8.5 million on awards at any one institution (affects Ferris State University).	Federal	43,800,000	2,000,000
	GF/GP	\$4,700,000	\$0

Major Boilerplate Changes From FY 2015-16

GENERAL SECTIONS

Sec. 236a. Intent Regarding Succeeding Fiscal Year – DELETED

Executive replaces Sec. 236a, which expresses legislative intent to maintain appropriations, with a new Article IV containing an itemized summary of appropriations for FY 2016-17 and anticipated appropriations for FY 2017-18, with the only FY 2017-18 change being an additional \$200,000 in funding for MPERS unfunded accrued liabilities in excess of the proposed 25.73% employer cap.

Sec. 236c. State Building Authority Rent Payments – REVISED

Itemizes estimated SBA rent payments to be made under the DTMB budget for university capital outlay projects. Current-year payments total an estimated \$136.0 million, updated to \$145.0 million for FY 2016-17.

Sec. 239a. Foreign Vehicles – DELETED

States intent that funds appropriated to universities not be used to purchase vehicles assembled outside the United States.

Sec. 242. Federal or Private Funds – REVISED

Appropriates federal or private funds received by the state for use by a college or university. Executive deletes language specifying that acceptance of funds does not place an ongoing obligation on the legislature.

Sec. 245. University Transparency – REVISED

Requires universities to post various budget, compensation, financial, and performance data, as well as transfer policies, on its website, using a standard format. Executive deletes requirement that state budget director determine compliance and language granting authority to withhold payments for a university not in compliance.

GRANTS AND FINANCIAL AID

Sec. 252. Tuition Grant Program – REVISED

Establishes conditions for the Tuition Grant Program, which provides need-based tuition assistance at Michigan independent (i.e., private, nonprofit) colleges and universities. Executive:

- Deletes requirement for unexpended funds to continue to be available in the next fiscal year; unexpended funds thus would lapse to the General Fund.
- Reduces annual cap on awards at any one institution from the current \$3.2 million to \$3.0 million.
- Moves application deadline from July 1 to March 1.

Sec. 254. Financial Aid Payment Schedule – REVISED

Specifies quarterly payment schedule for financial aid programs: 50%, 30%, 10%, 10%. Executive recommends a revised quarterly payment schedule for the Tuition Incentive Program in which payments are completed in the first three quarters: 55%, 40%, 5%.

Sec. 256. Tuition Incentive Program – REVISED

Provides for the tuition incentive program, which pays associate's degree tuition for Medicaid-eligible students completing high school, and provides tuition assistance of up to \$2,000 for participants continuing on with a baccalaureate. Executive establishes annual limit of \$8.5 million in awards at any one college or university, beginning in FY 2017-18, a change that currently would affect only Ferris State University.

UNIVERSITY OPERATIONS

Sec. 261. Douglas Lake Biological Station – DELETED

Designates University of Michigan Douglas lake Biological Station as a unique resource.

Major Boilerplate Changes From FY 2015-16

Sec. 265. Performance Funding Criteria: Tuition Restraint – REVISED

Conditions receipt of performance funding in part on compliance with tuition restraint requirements that limit allowable resident undergraduate tuition/fee increases to 3.2% over the prior year. Executive increases the limit to 4.8%, deletes language that in part defines "fee" to include the cost of a university-affiliated health insurance policy for a university that compels resident undergraduate students to have health insurance coverage as a condition of enrollment, and clarifies various terms consistent with usage.

Sec. 265a. Performance Funding Criteria and Formula – REVISED

Conditions receipt of performance funding on:

- Compliance with tuition restraint provisions.
- Certification that university participates in reverse transfer agreements with at least three Michigan community colleges, or has made a good faith effort to do so. Executive deletes language regarding good faith effort.
- Certification that dual enrollment policy does not consider use of credits toward high school graduation requirements.
- Participation in Michigan Transfer Network; Executive revises to specify active participation, including submission of timely updates.

Establishes process for universities to certify compliance with all requirements. Provides for performance funding forfeited due to noncompliance to be redistributed to other universities based on their performance funding appropriations.

Sets the formula used to distribute performance funding, currently distributed as follows:

- 22.2% based on weighted undergraduate completions in critical skills areas.
- 11.1% based on research and development expenditures (for high-research universities)
- 66.7% based on comparisons with Carnegie classification peers (or improvement) on four metrics: six-year graduation rate, total degree completions, institutional support as a percentage of core expenditures, and percentage of students receiving Pell grants.

Executive reinstates a component that distributes 50% of performance funding proportional to each university's share of total operations funding in the baseline year of FY 2010-11, thereby halving the percentages applying to the remaining three components. Executive also deletes statement of intent to lower score for three-year improvement from 2 points to 1 point.

Sec. 268. Indian Tuition Waivers – REVISED

Executive deletes language expressing legislative intent for universities to allocate Indian Tuition Waiver costs from the general fund, and states that a report required from the Department of Civil Rights is to include specified information from each "public university," rather than "postsecondary institution."

Sec. 271a. Instructional Activity Pertaining to Unionization – DELETED

States intent that public universities not use appropriations to offer instructional activity that targets companies or groups of companies for unionization or decertification of a union. Executive deletes.

Sec. 274. Embryonic Stem Cell Research – DELETED

States intent that organizations conducting research using human embryonic stem cells report to the Department of Health and Human Services regarding compliance with federal guidelines and stem cell lines derived by university. Executive deletes.

Sec. 275. Veterans' Policies and Reports – REVISED

States legislative intent for universities to provide various veterans-related services and requires certain reports. Executive replaces intent statement with statement that universities "are encouraged" to provide services, and deletes report requirement pertaining to participation in the yellow ribbon GI education enhancement program.

Sec. 275a. Capital Outlay Requirements – DELETED

Prohibits use of state funds for self-liquidating projects; requires compliance with Joint Capital Outlay Subcommittee reporting requirements, with specified penalty of 1.0% of appropriation for failure to comply. Executive deletes.

Sec. 293. Student Records – DELETED

Requires universities to provide information from the records of a student to persons authorized by the student. Executive deletes.

Supplemental Recommendations for FY 2015-16 Appropriations

1. Tuition Incentive Program

Provides additional \$2.0 million in federal TANF funds to meet anticipated costs of Tuition Incentive Program, increasing total appropriation to \$50.5 million (\$4.7 million GP).

	FY 2015-16 Recommendation
Gross	\$2,000,000
Federal	\$2,000,000

HIGHER EDUCATION

**FY 2016-17 University Performance Funding Increases
Executive Budget Recommendation**

University	Proportional to FY 2010-11		Performance Funding Proportional to Share of Total				Performance Funding Scored vs. National Carnegie Peers								*Total Performance Funding Increase	Proposed FY 2016-17 Appropriation	Percent Change	
	% of formula: 50.0%		11.1%		5.6%		33.3%											
	Funding per unit: \$0.0210 per dollar		\$410.24 per completion		\$0.0026 per dollar		\$13.25 per weighted point											
FY 2015-16 Year-to-Date Appropriation	FY 2010-11 Appropriation	Funding	Critical Skills Undergrad Completions	Funding	Research & Development Expenditures	Funding	6-year Grad Rate	Total Degrees	Instl. Support as % of Expend.	% Students Receiving Pell Grants	Total Undergrad Points	Total FY 2015 FYES	FYES-Weighted Points	Funding				
Michigan State	\$268,770,700	\$283,685,200	\$5,970,663	2,767	\$1,135,139	\$311,961,002	\$822,172	2	3	0	0	5	36,653	183,265	\$2,427,490	\$10,355,500	\$279,126,200	3.9%
UM-Ann Arbor	299,975,000	\$316,254,500	6,656,142	2,971	1,218,828	\$704,342,000	1,856,291	3	3	2	0	8	28,192	225,533	2,987,358	12,718,500	312,693,500	4.2%
Wayne State	191,451,300	\$214,171,400	4,507,620	885	363,064	\$150,737,120	397,267	2	2	0	3	7	14,706	102,943	1,363,567	6,631,500	198,082,800	3.5%
Michigan Tech	46,754,700	\$47,924,200	1,008,651	902	370,038	\$51,389,065	135,436	3	2	2	0	7	5,432	38,023	503,648	2,017,800	48,772,500	4.3%
Western	104,334,100	\$109,615,100	2,307,046	1,089	446,753	\$18,997,041	50,067	2	2	0	3	7	16,870	118,087	1,564,149	4,368,000	108,702,100	4.2%
Central	81,127,100	\$80,132,000	1,686,521	861	353,218	\$13,794,808	36,356	3	3	3	0	9	17,859	160,731	2,129,009	4,205,100	85,332,200	5.2%
Oakland	48,371,900	\$50,761,300	1,068,362	1,119	459,061	\$9,080,916	23,933	2	3	2	0	7	14,851	103,957	1,376,993	2,928,300	51,300,200	6.1%
Eastern	71,782,500	\$76,026,200	1,600,107	817	335,167			0	3	2	2	7	14,966	104,759	1,387,614	3,322,900	75,105,400	4.6%
Ferris	50,369,800	\$48,619,200	1,023,278	1,305	535,365			2	3	2	2	9	10,750	96,750	1,281,530	2,840,200	53,210,000	5.6%
Grand Valley	65,275,700	\$61,976,400	1,304,404	1,281	525,520			3	3	2	2	10	19,677	196,767	2,606,335	4,436,300	69,712,000	6.8%
Saginaw Valley	28,181,200	\$27,720,700	583,432	463	189,942			0	2	2	2	6	7,906	47,434	628,304	1,401,700	29,582,900	5.0%
UM-Dearborn	24,033,100	\$24,726,200	520,407	435	178,455			2	2	0	2	6	5,770	34,620	458,569	1,157,400	25,190,500	4.8%
UM-Flint	21,815,400	\$20,898,000	439,836	558	228,915			0	2	2	2	6	5,462	32,775	434,126	1,102,900	22,918,300	5.1%
Northern	45,107,700	\$45,140,300	950,058	550	225,633			2	2	2	0	6	7,356	44,136	584,616	1,760,300	46,868,000	3.9%
Lake Superior	13,207,400	\$12,694,200	267,172	190	77,946			2	3	0	2	7	2,112	14,784	195,826	541,000	13,748,400	4.1%
TOTAL:	\$1,360,557,600	\$1,420,344,900	\$29,893,700	16,193	\$6,643,044	\$1,260,301,952	\$3,321,522	28	38	21	20	107	208,561	1,504,563	\$19,929,133	\$59,787,400	\$1,420,345,000	4.4%

Funding Increase: \$59,787,400
Percent Increase: 4.4%

Component	Source	Years	Notes
Critical skills undergrad completions	State HEIDI	FYs 2014-2015	STEM/health/etc.
Research & develop expend	Federal IPEDS	FY 2014	Carnegie research universities only
Six-year graduation rate	Federal IPEDS^	FYs 2010-2013	First-time, full-time degree seeking students
Total degree completions	Federal IPEDS^	FYs 2010-2013	Includes graduate degrees
Inst support as % of core expend	Federal IPEDS^	FYs 2010-2013	Measure of administrative costs
Pell grant students	Federal IPEDS^	FYs 2011-2013	Federal need-based aid for undergrads
Undergrad FYES	State HEIDI	FY 2015	Includes nonresident students

^ via Business Leaders for Michigan and Anderson Economic Group

Scoring Based on Carnegie Peers	
Top 20% nationally	3
Above national median	2
Improving over 3 years	2

*Requirements to receive funding increase:

1. Restrain FY 2016-17 resident undergraduate tuition/fee rate increase to 4.8% or below
2. Participate in at least three reverse transfer agreements with community colleges
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation
4. Actively participate in and submit timely updates to the Michigan Transfer Network

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Analyst: Paul B.A. Holland

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$707,600	\$707,600	\$0	0.0
Federal	2,000,000	2,000,000	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	62,200,100	63,449,600	1,249,500	2.0
GF/GP	150,000	150,000	0	0.0
Gross	\$65,057,700	\$66,307,200	\$1,249,500	1.9
FTEs	343.0	343.0	0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating, licensing, examining, evaluating, and promoting the insurance and financial industries operating within the state and providing consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS implements, administers, and enforces state statutes pertaining to state-chartered banks and credits unions; mortgage brokers, lenders, and servicers; various consumer finance entities; insurance companies, agents, and products; and health maintenance organizations. DIFS was created by Executive Order 2013-1 through the transfer of the authority, powers, duties, functions, and responsibilities of the former Office of Financial and Insurance Regulation and functions of the Autism Coverage Reimbursement Program from the Department of Licensing and Regulatory Affairs.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Technical Authorization Adjustments and Fund Shifts		Gross	\$3,332,100
Reflects net impact of multiple adjustments to spending and staff authorizations for numerous funds affecting various line items to more accurately reflect available and appropriate revenues and align authorization with actual operations; technical adjustments may involve increasing or decreasing spending or staff authorization or shifting authorization between fund sources within a single line item or transferring spending or staff authorization between line items.		Restricted	3,332,100
2. Early Out Five-Year Payouts		Gross	\$138,500
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.		Restricted	138,500
3. Economic Adjustments		Gross	NA
Reflects increased costs for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.		Restricted	NA
			\$1,388,000

Major Boilerplate Changes From FY 2015-16

Sec. 205. Metrics for New Programs or Program Enhancements – DELETED

Requires DIFS to provide a list identifying program-specific metrics intended to measure performance based on a return on taxpayer investment and update the Legislature on its progress in tracking metrics and the status of program success.

Sec. 212. Record Retention – DELETED

Requires DIFS to retain all records in accordance with state and federal guidelines.

Major Boilerplate Changes From FY 2015-16

Sec. 215. Communications with the Legislature – DELETED

Prohibits DIFS from taking disciplinary action against an employee for communicating with a member of the Legislature or its staff.

Sec. 219. Office Space Consolidation Plan – DELETED

Requires DIFS to submit a report describing the amount of office space paid for and the amount actually utilized during the previous year and the amount estimated to be utilized during the current and subsequent years.

Sec. 229. Department Scorecard Website and Health Insurance Rate Filings Report – REVISED

Requires DIFS to maintain a department scorecard website that identifies, updates, and tracks key metrics to monitor the department's performance and submit a separate report on annual rate filings by health insurers. Revises by modifying the delineated reporting requirements for rate filings.

Sec. 232. Television and Radio Productions – DELETED

Prohibits DIFS from developing or producing television or radio productions.

Sec. 245. Healthy Michigan Plan Accounting Structure – REVISED

Requires DIFS in conjunction with the Department of Health and Human Services (DHHS) to maintain accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan and requires DIFS to annually provide the Legislature with relevant accounting scripts and reports. Revises by eliminating requirement to provide accounting scripts and reports to the Legislature.

Sec. 246. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – DELETED

Stipulates that appropriation from the General Fund shall only be expended on DIFS' reporting requirements pursuant to Subsection 105d(9) of The Social Welfare Act of 1939.

Sec. 310. Economic Development Report – DELETED

Requires DIFS to submit a report pertaining to the total amounts expended and number of FTEs utilized during the preceding fiscal year to support the economic development of the insurance or financial industries and to provide a detailed 2-year plan for DIFS activities to support the economic development of the insurance or financial industries.

Sec. 392. Fees for Customized Listings – NEW

Permits DIFS to provide customized lists of non-confidential information to interested parties and charge reasonable fees; states that funds lapse to appropriate restricted fund accounts.

Sec. 802. Autism Coverage Reimbursement Program Reporting Requirements – DELETED

Requires DIFS to submit a report pertaining to the number of claims approved for reimbursement within each county, the amount expended for reimbursement of each carrier, and detailed claims statistics associated with the Autism Coverage Reimbursement Program authorized by 2012 PA 101.

Other Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. Autism Coverage Reimbursement Program

Includes spending authorization to support the reimbursement of 18 eligible health insurance carriers for 30,060 approved, yet unpaid, claims associated with the diagnosis and treatment of autism spectrum disorder (ASD) submitted prior to 2016. Reimbursements are administered under the Autism Coverage Reimbursement Program (ACRP) and are financed with money from the Autism Coverage Fund (ACF), which was depleted during November 2015, subsequent to rapidly escalating submissions of reimbursement claims. A total of \$26.0 million GF/GP was appropriated to the ACF between FY 2012-13 and FY 2013-14, while \$8.5 million was appropriated from the ACF to DHHS during FY 2014-15, resulting in a net available appropriation of \$17.5 million, which has supported the reimbursement of 143,766 claims submitted by 27 carriers.

Gross	\$2,225,000
GF/GP	\$2,225,000

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
JUDICIARY**

Analyst: Robin R. Risko

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$2,362,900	\$1,550,000	(\$812,900)	(34.4)
Federal	6,428,600	6,433,500	4,900	0.1
Local	7,229,000	7,349,300	120,300	1.7
Private	942,900	957,800	14,900	1.6
Restricted	84,245,800	92,786,000	8,540,200	10.1
GF/GP	183,642,200	189,184,800	5,542,600	3.0
Gross	\$284,851,400	\$298,261,400	\$13,410,000	4.7
FTEs	489.0	510.0	21.0	4.3

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government. The Judiciary budget provides operational funding for the Michigan Supreme Court, the Court of Appeals, and related judicial agencies. The budget 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. Funding assistance for local trial court operations is provided through a variety of grant programs. The largest of these, the Court Equity Fund Reimbursement program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the numbers of judgeships.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Statewide Electronic Filing System	Gross \$100	\$8,499,900
Includes authorization for the judiciary to receive state restricted electronic filing fee revenue. Public Acts 230 through 235 of 2015 established the electronic filing fund to support implementation, operation, and maintenance of a statewide electronic filing system, effective March 1, 2016. Fees paid by parties filing civil actions will support the system, which will be used for such things as initiating original actions and appeals; filing motions, briefs, and other materials in existing cases; electronically serving all filings on opposing parties; and making fee payments and requesting fee waivers.	Restricted 100	8,499,900
2. Michigan Indigent Defense Commission	FTE 6.0	10.0
Includes additional FTE positions and the associated funding to bring the Michigan criminal defense system into compliance with the right to counsel requirements of the United States and Michigan constitutions. Staff will implement minimum standards, rules, and procedures to guarantee the right of indigent defendants to the assistance of proficient counsel, collect data from defense systems and attorneys providing indigent defense, and monitor and audit county compliance plans.	Gross \$996,700	\$1,300,000
	GF/GP \$996,700	\$1,300,000
3. One-Time Funding for Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers	FTE NA	11.0
Includes additional FTE positions and the associated one-time funding for the State Appellate Defender Office (SADO) to ensure compliance with the U.S. Supreme Court ruling on the <i>Montgomery v. Louisiana</i> case. SADO will provide post-conviction representation of juvenile lifers in resentencings. There are 360 juvenile lifers entitled to resentencing in the circuit court. SADO represents roughly 110 of the 360.	Gross NA	\$1,100,000
	GF/GP NA	\$1,100,000

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)		Executive Change from YTD
4. One-Time Funding for Expansion of Problem Solving Courts – Statewide Opioid Task Force Initiative	Gross	NA	\$1,000,000
	GF/GP	NA	\$1,000,000
Includes one-time funding for expanding the number of veterans courts from 22 to 26 and for increasing the number of drug treatment court participants by 50 to 75 participants. This is part of a statewide effort to decrease recidivism rates related to opioid drug abuse.			
5. One-Time Funding for Medication-Assisted Treatment Pilot Program – Statewide Opioid Task Force Initiative	Gross	NA	\$500,000
	GF/GP	NA	\$500,000
Includes one-time funding to establish a medication-assisted treatment pilot program, within existing drug treatment courts, to target new court admissions having heroin or other opiate drug disorders. The courts will partner with the Departments of Corrections and Health and Human Services, and with local law enforcement, probation officers, and medical professionals, to provide medication-assisted treatment to people coming through the court system as a result of drug dependency issues.			
6. Michigan Legal Self-Help Website and Centers	Gross	NA	\$300,000
	GF/GP	NA	\$300,000
Includes additional funding for the Michigan Legal Help program which provides free around-the-clock legal information and assistance to individuals who represent themselves in civil legal matters including complaints, personal protection orders, divorce, custody, parenting time, child support, annulment, paternity, domestic violence, and housing matters. This funding replaces work project funding that has been utilized to fund the program since 2013. The \$300,000 will cover expenses for nine months after work project funding expires in December 2016.			
7. Savings for Eliminated Judgeships	Gross	NA	(\$259,700)
	GF/GP	NA	(\$259,700)
Reflects a savings from a combination of 1.0 Court of Appeals judgeship elimination by attrition (2012 PA 240), 3.0 district court and 1.0 circuit court judgeship retirements (2012 PAs 27, 33, 35, and 38), restoration of 1.0 circuit court judgeship (2009 PA 228), and election of 1.0 new district court and 2.0 new circuit court judges (2014 PAs 56, 58, and 60). The amount of savings is a result of the effective dates of the elimination, retirements, restoration, and elections.			
8. Funding Adjustment for SADO	Gross	\$473,700	(\$306,700)
	IDG	473,700	(473,700)
	GF/GP	\$0	\$167,000
Decreases total spending authorization and eliminates IDG funding to reflect discontinued Michigan Justice Training grant funding that was previously received from the Department of State Police. Includes GF/GP funding for SADO to continue indigent defense trainings.			
9. Funding Adjustments for Michigan Judicial Institute	Gross	\$2,159,100	(\$395,700)
	IDG	339,200	(339,200)
	Federal	169,200	(56,500)
	Private	59,300	0
	GF/GP	\$1,591,400	\$0
Removes \$56,500 in federal Department of Justice grant funding that was budgeted for the Michigan Justice Institute but not received. Also, decreases spending authorization by \$339,200 to reflect discontinued Michigan Justice Training grant funding that was previously received from the Department of State Police.			
10. Early Out Payouts	Gross	\$58,800	(\$58,800)
	Federal	500	(500)
	Local	6,800	(6,800)
	GF/GP	\$51,500	(\$51,500)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over five years.			
11. Economic Adjustments	Gross	NA	\$1,731,000
	Federal	NA	61,900
	Local	NA	127,100
	Private	NA	14,900
	Restricted	NA	40,300
	GF/GP	NA	\$1,486,800
Reflects a net increase in costs for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, private rent costs, building occupancy charges, and worker's compensation costs.			

Major Boilerplate Changes From FY 2015-16**Sec. 204. Disciplinary Action Against State Employees – DELETED**

Prohibits the judicial branch from taking disciplinary action against employees for communicating with legislators or their staff.

Sec. 205. Input on Foster Care Cases – DELETED

Expresses legislative intent that judges presiding over hearings on foster care cases publicly acknowledge and request input from foster parent(s) during hearings.

Sec. 207. Changes to Foster Care Family Service Plans – DELETED

Expresses legislative intent that judges presiding over foster care cases provide explanations in court records for any changes made to foster care family service plans.

Sec. 209. Juvenile Justice Vision 20/20 – DELETED

Expresses legislative intent that the State Court Administrative Office (SCAO) implement a database, if funding becomes available, that tracks statistical and demographic data on adjudicated juveniles for use by the circuit and probate courts, private juvenile justice agencies, and SCAO; establishes the project as a work project account; requires SCAO to report on the status of the implementation of the project.

Sec. 211. Linking Swift and Sure Sanctions Program to DHHS and DTED Programs – DELETED

Requires SCAO to evaluate programs within the Departments of Health and Human Services and Talent and Economic Development to establish programmatic connections with Swift and Sure Sanctions program participants for the purpose of leveraging collaborations and determining avenues of success for offenders who are eligible for state-provided programs; requires SCAO to deliver guidance to courts participating in the Swift and Sure Sanctions program.

Sec. 212. Receipt and Retention of Required Reports – DELETED

Requires the judicial branch to receive and retain copies of all reports required; requires federal and state guidelines to be followed for short- and long-term retention of records; authorizes the judicial branch to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 225. Program Metrics – DELETED

Requires the judiciary to report a list of program-specific metrics intended to measure performance based on a return on taxpayer investment for each new program or program enhancement for which funds in excess of \$500,000 are appropriated; requires a report on the progress made in tracking program-specific metrics and on the status of program success.

Sec. 306. Collected and Uncollected Payments and Fees – DELETED

Requires SCAO to provide a statistical report, categorized by county, on collected and uncollected amounts of restitution payments, court fees, and other judgements placed on people within the counties for fiscal years 2009 through 2014.

Sec. 312. Parental Rights Restoration Act – DELETED

Requires SCAO to report on the total number of petitions filed by minors seeking court-issued waivers of parental consent under the Parental Rights Restoration Act and to report on the total number of petitions granted.

Sec. 323. Report on Juvenile Out-of-State Placements – DELETED

Requires SCAO to provide courts with a quarterly listing of out-of-state placements of juveniles made by each court, an annual listing of per diem costs of the public and private residential care facilities located or doing business in the state, and recidivism data for each facility.

Sec. 1201. Anticipated FY 2016-17 Appropriations – DELETED

Expresses legislative intent that FY 2016-17 appropriations will be funded at the same level as FY 2015-16 appropriations, adjusting for changes in caseloads, federal fund match rates, economic factors, and available revenues.

Sec. 324. Michigan Indigent Defense Commission – NEW

Requires additional funding appropriated for the Michigan Indigent Defense Commission to be used for bringing the Michigan criminal defense system into compliance with the right to counsel requirements of the United States and Michigan constitutions; requires specific outcomes and performance measures to be identified.

Sec. 401. Expansion of Problem Solving Courts – NEW

Requires additional funding appropriated for drug treatment courts to be used for increasing the number of participants and decreasing recidivism rates.

Sec. 402. Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers – NEW

Requires SADO to ensure compliance with the U.S. Supreme Court ruling on the *Montgomery v. Louisiana* case and to ensure competent, resourced, and supervised counsel in cases involving the resentencing of juvenile lifers.

Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. Statewide Electronic Filing System	Gross	\$5,000,000
Includes authorization for the judiciary to receive state restricted electronic filing fee revenue. Public Acts 230 through 235 of 2015 established the electronic filing fund to support implementation, operation, and maintenance of a statewide electronic filing system, effective March 1, 2016. Fees paid by parties filing civil actions will support the system, which will be used for such things as initiating original actions and appeals; filing motions, briefs, and other materials in existing cases; electronically serving all filings on opposing parties; and making fee payments and requesting fee waivers.	Restricted	5,000,000
2. Funding for Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers	FTE	6.0
Includes additional FTE positions and the associated funding for the State Appellate Defender Office (SADO) to ensure compliance with the U.S. Supreme Court ruling on the <i>Montgomery v. Louisiana</i> case. SADO will provide post-conviction representation of juvenile lifers in resentencings. There are 360 juvenile lifers entitled to resentencing in the circuit court. SADO represents roughly 110 of the 360.	Gross	\$300,000
	GF/GP	\$300,000
3. Funding Adjustment for SADO	Gross	\$0
Includes additional GF/GP and reduces IDG funding by a like amount to reflect discontinued Michigan Justice Training grant funding that was previously received from the Department of State Police. Funding is used by SADO for indigent defense trainings.	IDG	(167,000)
	GF/GP	\$167,000

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS**

Analyst: Paul B.A. Holland

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$46,068,700	\$46,923,800	\$855,100	1.9
Federal	63,674,900	63,818,100	143,200	0.2
Local	679,000	251,600	(427,400)	(62.9)
Private	341,300	314,100	(27,200)	(8.0)
Restricted	258,603,600	262,446,700	3,843,100	1.5
GF/GP	40,481,500	42,813,200	2,331,700	5.8
Gross	\$409,849,000	\$416,567,500	\$6,718,500	1.6
FTEs	2,221.8	2,234.8	13.0	0.6

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Licensing and Regulatory Affairs (LARA) is primarily responsible for overseeing various agencies and programs that implement, administer, and enforce numerous statutes and rules regulating commercial and occupational, construction and fire safety, health care and human service, energy and public utility, and alcoholic beverage activities, entities, and facilities. Agencies within LARA are also responsible for implementing, administering, and enforcing workers' compensation requirements, occupational safety and health standards, and labor and wage laws, as well as providing vocational rehabilitation services for the blind and coordinating employment services for immigrants. Lastly, agencies within LARA conduct and adjudicate administrative hearings, supervise administrative rulemaking, and evaluate regulatory requirements and administrative processes for departments and agencies throughout state government.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)		Executive Change from YTD
1. Michigan Automated Prescription System (Partial One-Time) Increases spending and staff authorization (\$2.5 million of which is one-time) to support the upgrade of IT components and enhance the staffing for the Michigan Automated Prescription System (MAPS), which is accessed to identify and prevent drug diversion by tracking controlled substances prescriptions, in accordance with the recommendations of the Michigan Prescription Drug and Opioid Abuse Task Force.	FTE	NA	9.0
	Gross	NA	\$4,490,000
	GF/GP	NA	\$4,490,000
2. Electric Reliability and Resiliency Programs Increases spending and staff authorization to support interagency cooperation and programs implemented by the Michigan Agency for Energy (MAE) and the Public Service Commission (PSC) related to energy mandates, emergency coordination, electric resiliency, demand response, waste reduction, and reliability expenditures and funded with annual assessments levied on investor-owned and cooperative electric, natural gas, and telecommunication utilities.	FTE	183.0	5.0
	Gross	\$33,802,700	\$984,300
	Federal	5,155,100	0
	Private	30,000	0
	Restricted	28,067,600	984,300
	GF/GP	\$550,000	\$0
3. Liquor Control Commission IT Systems (One-Time) Includes one-time spending authorization to support the upgrade of three IT systems utilized by the Liquor Control Commission (LCC) to improve business processes related to the state's liquor wholesale operations.	Gross	NA	\$1,560,000
	Restricted	NA	1,560,000
4. FY 2015-16 Flint Water Emergency Supplemental Appropriations Removes spending and staff authorization supporting the inspection and replacement (if lead levels exceed 15 ppb) of plumbing fixtures installed in educational, human service, and healthcare facilities located within the City of Flint and performed under the direction of the Bureau of Construction Codes (BCC).	FTE	1.0	(1.0)
	Gross	\$2,200,000	(\$2,200,000)
	Restricted	200,000	(200,000)
	GF/GP	\$2,000,000	(\$2,000,000)

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
5. Detroit Demolition Permit Assistance	Gross	\$800,000	(\$800,000)
Eliminates spending authorization which supported permitting activities administered by the Bureau of Construction Codes (BCC) and related to demolition and blight elimination projects undertaken within the City of Detroit; the City resumed these permitting duties during October 2015.	Restricted	800,000	(800,000)
6. Distance Education Reciprocal Agreements	Gross	\$0	\$300,000
Includes spending authorization to support administrative expenses incurred under the Higher Education Authorization and Distance Education Reciprocal Exchange Act and financed with revenue generated by statutory fees levied on accredited colleges and universities located within and without the state and authorized to participate in reciprocal agreements between the state and other states or higher education compacts entered into by LARA pursuant to the Act.	Restricted	0	300,000
7. Technical Authorization Adjustments and Fund Shifts	FTE	631.9	0.0
Reflects net impact of multiple adjustments to spending and staff authorizations for numerous funds affecting various line items to more accurately reflect available and appropriate revenues and align authorization with actual operations; technical adjustments may involve increasing or decreasing spending or staff authorization or shifting authorization between fund sources within a single line item or transferring spending or staff authorization between line items.	Gross	\$106,483,900	(\$3,230,800)
	IDG/IDT	16,726,500	(100,000)
	Federal	22,424,400	(595,200)
	Local	429,000	(429,000)
	Private	232,300	(30,000)
	Restricted	45,997,000	(1,367,600)
	GF/GP	\$20,674,700	(\$709,000)
8. Early Out Five-Year Payouts	Gross	\$934,700	(\$934,700)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	IDG/IDT	37,800	(37,800)
	Federal	263,300	(263,300)
	Restricted	616,100	(616,100)
	GF/GP	\$17,500	(\$17,500)
9. Economic Adjustments	Gross	NA	\$6,549,700
Reflects increased costs for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG/IDT	NA	992,900
	Federal	NA	1,001,700
	Local	NA	1,600
	Private	NA	2,800
	Restricted	NA	3,982,500
	GF/GP	NA	\$568,200

Major Boilerplate Changes From FY 2015-16

Sec. 205. Metrics for New Programs or Program Enhancements – DELETED

Requires LARA to provide a list identifying program-specific metrics intended to measure performance based on a return on taxpayer investment and update the Legislature on its progress in tracking metrics and the status of program success.

Sec. 212. Record Retention – DELETED

Requires LARA to retain all records in accordance with state and federal guidelines.

Sec. 215. Communications with the Legislature – DELETED

Prohibits LARA from taking disciplinary action against an employee for communicating with a member of the Legislature or its staff.

Sec. 219. Office Space Consolidation Plan – DELETED

Requires LARA to submit a report describing the amount of office space paid for and the amount actually utilized during the previous year and the amount estimated to be utilized during the current and subsequent years.

Sec. 232. Television and Radio Productions – DELETED

Prohibits LARA from developing or producing television or radio productions.

Sec. 241. Informational, Training, and Special Events Revenues and Expenditures – REVISED

Stipulates that LARA may charge registration fees for events sponsored by LARA, that fees shall reflect costs of sponsoring events, that revenue generated by fees is appropriated for sponsorship costs, that excess revenue shall carry-forward, requires annual report pertaining to revenues and expenditures related to events, and limits authorization to \$500,000. Revises to eliminate reporting requirement.

Major Boilerplate Changes From FY 2015-16

Sec. 243. Reinventing Performance in Michigan MOUs – DELETED

Requires LARA to work to establish memorandums of understanding (MOUs) with participating state departments to devise a mechanism to recover costs related to services performed for the Reinventing Performance in Michigan (RPM) initiative and submit an annual report on the RPM and associated MOUs.

Sec. 245. Healthy Michigan Plan Accounting Structure – REVISED

Requires LARA in conjunction with the Department of Health and Human Services (DHHS) to maintain accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan and requires LARA to annually provide the Legislature with relevant accounting scripts and reports. Revises by eliminating requirement to provide accounting scripts and reports to the Legislature.

Sec. 248. Regulatory Statistical Report – DELETED

Requires LARA to submit an annual report that specifies and summarizes statistical information pertaining to fees, revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for each regulatory product administered by regulatory agencies within LARA.

Sec. 252. Departmental Employee Performance Monitoring Process – DELETED

Stipulates legislative intent that LARA establish a consistent employee performance monitoring process and submit a report pertaining to planned or implemented changes to that process.

Sec. 507. Medical Marijuana Program Report and Fees – REVISED

Requires LARA to submit a report pertaining to the revenue, expenditures, application determinations, and timeliness of the Medical Marijuana Program and other specified information. Revises to eliminate delineated reporting requirements.

Sec. 512. Public Availability of BHCS Disciplinary Actions – DELETED

Requires the Bureau of Health Care Services (BHCS), to the extent allowed under applicable laws, to make disciplinary actions taken against health professionals publically available through a license verification website.

Sec. 514. Number of Child Care Licensing Consultants and Staff – DELETED

Requires the Bureau of Children and Adult Licensing (BCAL) to expend the interdepartmental grant from the Department of Education to increase the number of child care licensing consultants and staff who perform monitoring visits to licensees and applicants for licensure and submit a report to the Legislature detailing improvements achieved due to increased consultants and staff.

Sec. 515. Authorization to Assess Regulatory Fees on Child and Adult Care Facilities – NEW

Authorizes LARA to assess and collect fees associated with the licensing and regulation of child care organizations and adult foster care facilities as defined pursuant to statute.

Sec. 705. Vocational Rehabilitation Matching Funds – DELETED

Requires the Bureau of Services for Blind People (BSBP) to work collaboratively with service organizations and governments to identify match dollars and maximize federal vocational rehabilitation funds.

Sec. 706. Youth Low-Vision Program Report – DELETED

Requires LARA to submit an annual report to the Legislature pertaining to the operations and expenditures of the Youth Low-Vision Program administered by the Bureau of Services for Blind People (BSBP).

Sec. 902. Medical Marijuana Registry Cards Report and Grants to County Law Enforcement – REVISED

Requires LARA to submit a report pertaining to the number of medical marijuana registry identification cards issued or renewed in each county; stipulates that LARA award Medical Marijuana Operation and Oversight Grants to county sheriffs' offices; requires reports submitted by both county sheriffs' offices and LARA pertaining to the amounts, recipients, and uses of the grants; and permits county sheriffs' offices to distribute discretionary grants to municipal law enforcement agencies. Revises to modify reporting date and direct LARA to collaborate with law enforcement entities regarding the availability of grant funds.

Sec. 903. Firefighter Training Grants – REVISED

Requires that the appropriation be expended for payments to counties and purposes pursuant to 1966 PA 291, stipulates intent pertaining to how the appropriation is disbursed to counties and specifying a minimum disbursement to each county, requires an annual report identifying potential and actual disbursements and other expenditures, and stipulates intent that unexpended disbursements lapse back into the restricted fund are appropriated in the next fiscal year. Revises to remove the declaration that the stipulations pertaining to disbursement of grants are legislative intent and eliminates intent language directing the Legislature to appropriate grant funds unexpended during the preceding year.

Sec. 905. Performance Metrics for LCC IT Upgrades – NEW

Requires LARA to maintain customer service standards of the Liquor Control Commission (LCC) and identify specific outcomes and performance metrics for the upgrades of LCC information technology systems.

Major Boilerplate Changes From FY 2015-16

Sec. 906. Performance Metrics for MAPS IT Upgrades and Staffing Enhancement – NEW

Requires LARA to provide improved efficiencies, functionality, and reporting capabilities of the Michigan Automated Prescription System (MAPS) and identify specific outcomes and performance metrics for the upgrade and enhancement of the MAPS.

Other Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. Distance Education Reciprocal Agreements

Includes spending authorization to support administrative expenses incurred under the Higher Education Authorization and Distance Education Reciprocal Exchange Act and financed with revenue generated by statutory fees levied on accredited colleges and universities located within and without the state and authorized to participate in reciprocal agreements between the state and other states or higher education compacts entered into by LARA pursuant to the Act.

Gross	\$300,000
Restricted	300,000

Summary: Executive Budget Recommendation for Fiscal Year 2016-17

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Analyst: Kent Dell

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$99,300	\$101,800	\$2,500	2.5
Federal	90,208,600	91,793,600	1,585,000	1.8
Local	1,497,400	1,522,400	25,000	1.7
Private	739,600	742,800	3,200	0.4
Restricted	23,221,500	24,696,000	1,474,500	6.3
GF/GP	53,187,300	57,143,600	3,956,300	7.4
Gross	\$168,953,700	\$176,000,200	\$7,046,500	4.2
FTEs	897.5	897.5	0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Military and Veterans Affairs provides for the operations of the Michigan National Guard in support of the military and security needs of the state and the federal government. The department, through the Michigan Veterans Affairs Agency, also oversees state programs for veterans, including the state's veterans homes, grants to veterans service organizations, and the Michigan Veterans Trust Fund.

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Removal of FY 2015-16 One-Time Appropriations	Gross	\$5,000,000	(\$5,000,000)
Removes the one-time appropriation of \$3.0 million GF/GP for the purpose of Special Maintenance – National Guard as well as \$2.0 million GF/GP for the Flint Declaration of Emergency.	GF/GP	\$5,000,000	(\$5,000,000)
2. Grand Rapids Home for Veterans Medicaid Certification Pilot (One-Time)	Gross	NA	\$5,000,000
Includes one-time appropriation of \$5.0 million GF/GP to renovate the fourth floor of the Grand Rapids Home for Veterans in order to meet Medicaid specifications.	GF/GP	NA	\$5,000,000
3. Grand Rapids Home for Veterans Revenue Shortfall Offset (Ongoing)	Gross	\$45,854,000	\$0
Appropriates \$2.3 million GF/GP to offset a shortfall in income and assessments restricted revenue, due to declining veterans' home member census.	Federal	21,773,000	0
	Restricted	8,717,100	(2,300,000)
	GF/GP	\$15,363,900	\$2,300,000
4. D.J. Jacobetti Home for Veterans Medicaid Certification Pilot (Ongoing)	Gross	NA	\$1,120,000
Includes \$1.1 million GF/GP funding adjustment to improve nursing unit level and renovate the home to meet Medicaid specifications.	GF/GP	NA	\$1,120,000
5. Adjustments Based upon Anticipated Federal Revenue – Veterans Homes	Gross	\$65,385,600	(\$986,000)
Includes authorization increases to utilize available federal revenues of \$214,000 for the D.J. Jacobetti Home for Veterans. Federal Medicare authorization decreased to better align with anticipated federal revenue for the Grand Rapids (\$1.1 million) and D.J. Jacobetti (\$100,000) Homes for Veterans.	Federal	29,764,200	(986,000)
	Restricted	13,598,400	0
	GF/GP	\$22,023,000	\$0
6. National Guard Tuition Assistance Fund	Gross	\$0	\$1,100,000
Seeds the National Guard Tuition Assistance Fund with \$1.1 million GF/GP.	GF/GP	\$0	\$1,100,000
7. National Guard Tuition Assistance Program	Gross	\$3,741,600	(\$241,600)
Re-appropriates \$1.1 million deposited into the National Guard Tuition Assistance Fund into the National Guard Tuition Assistance Program along with an expected remainder of \$2.4 million from FY 2015-16 (\$3.5 million Gross).	Restricted	0	3,500,000
	GF/GP	\$3,741,600	(\$3,741,600)

MILITARY AND VETERANS AFFAIRS

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>	<u>FY 2015-16 YTD (as of 2/10/16)</u>		<u>Executive Change from YTD</u>
8. National Guard Armory Infrastructure Upgrades (One-Time) Includes one-time appropriation of \$2.5 million GF/GP to upgrade communication network connections at Army National Guard armories.	Gross	NA	\$2,500,000
	GF/GP	NA	\$2,500,000
9. Adjustments Based upon Anticipated Federal Revenue – Armory Operations Includes authorization increases to utilize available federal revenues of \$1.5 million for armory operations.	Gross	\$15,558,800	\$1,500,000
	Federal	7,823,200	1,500,000
	Restricted	346,400	0
	GF/GP	\$7,389,200	\$0
10. Early Out Deferred Sick Leave Payments Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over five years.	Gross	NA	(\$125,800)
	Federal	NA	(46,100)
	Restricted	NA	(34,100)
	GF/GP	NA	(\$45,600)
11. Economic Adjustments Reflects increased costs of \$2.2 million gross (\$723,500 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required contributions, and other economic adjustments.	Gross	NA	\$2,175,000
	IDG	NA	2,500
	Federal	NA	1,112,200
	Local	NA	25,000
	Private	NA	3,200
	Restricted	NA	308,600
	GF/GP	NA	\$723,500

Major Boilerplate Changes From FY 2015-16

Sec. 215. Disciplinary Action Against State Employees – DELETED

Protects department employees from disciplinary action due to communications with the Legislature.

Sec. 231. Retirement Costs – REVISED

Updated to reflect a decrease in legacy costs.

Sec. 233. Intention to Sell Department Property – DELETED

Requires the department to notify the legislature sixty days prior to publicly announcing the intent to sell department owned property.

Sec. 234. One-Time Special Maintenance Appropriations Carry Forward – DELETED

Authorizes the carry forward of one-time appropriations from the previous fiscal year.

Sec. 240. New Program Metrics – DELETED

Requires the department to report performance-based, program-specific metrics to the legislature for any new program or program enhancement with funds in excess of \$500,000.

Sec. 300. Unclassified Positions – REVISED

Lists the authorized unclassified positions within the department. Revised to remove the Director – Public Safety Group unclassified FTE and replaces it with the new Chief Executive Officer for the Veteran Health System position.

Sec. 309. Starbase Grant – REVISED

Establishes the Starbase program. Revised to remove fourth graders as a target group for the program, specifying students in the fifth grade as the intended program targets.

Sec. 310. National Guard Tuition Assistance Program – REVISED

Establishes the National Guard Tuition Assistance Program. Revised to include language to ensure that all funds remaining in the National Guard Tuition Assistance Program lapse into the National Guard Tuition Assistance Fund at the end of a fiscal year.

Sec. 311. Information Technology Services and Projects – DELETED

Requires the department to utilize an IDG to the Department of Technology, Management, and Budget for information technology services and projects.

Sec. 406. Grants to Veterans Service Organizations – REVISED

Requires the department to disburse grants to Veterans Service Organizations in order to achieve agency veterans service goals. Revised to remove language requiring a fixed number of service hours within each geographic region of state and adds language that bases the number of service hours on current appropriations for the Veteran Service Organization grant program and fixed hourly service rate.

Major Boilerplate Changes From FY 2015-16

Sec. 407. Veterans Trust Fund Administration – REVISED

Requires the department and the Michigan Veterans Trust Fund Board to provide emergency funds to veterans through the Michigan Veterans Trust Fund. Revised to remove legislative intent language regarding the expenditure of appropriated funds.

Sec. 501. Veterans' Homes Service and Care Requirements – REVISED

Requires the department to administer the state's two veterans homes and specifies service and care requirements. Revised to combine with Sec. 503. in order to create a set of boilerplate language concerning veterans homes services and care requirements; remove language specifying federal requirements and replaces with language that requires providing the results of federal U.S. Department of Veterans Affairs certification as proof of compliance; remove language regarding contractor provided competency evaluated nursing assistants; change compliance reporting requirements from quarterly to annual; include language requiring the department to report quarterly regarding the status of Medicaid certification efforts.

Sec. 501a. Medicaid Certification Pilot – NEW

Requires the department to pursue compliance with current Medicaid and Medicare services certification standards for the veterans' homes in order to increase federal revenue and provide better services.

Sec. 502. Board of Managers (Grand Rapids and D.J. Jacobetti) – REVISED

Specifies the regulatory authority as well as advisory and advocacy roles of the veterans homes boards of managers. Revised to combine with Sec. 504.

Sec. 503. D.J. Jacobetti Home for Veterans Service and Care Requirements – DELETED

Combined with Sec. 501.

Sec. 504. Board of Managers (D.J. Jacobetti) – DELETED

Combined with Sec. 502.

Sec. 604. Land and Acquisitions – REVISED

Authorizes the department to provide for the acquisition and disposition of National Guard armories as well as department-owned land. Revised to remove language requiring the department to provide a listing of property sales.

Sec. 701. One-Time Appropriations – REVISED

Specifies one-time appropriations and their purposes. Revised to remove FY 2015-16 language regarding one-time appropriations, which is replaced with language requiring the use of FY 2016-17 one-time appropriations for communications network upgrades on Army National Guard armories.

Sec. 1201. Anticipated Appropriations – DELETED

Specifies estimated expected revenue and revenue adjustments based upon the January 2016 Consensus Revenue Estimating Conference.

Sec. 1202. Michigan Veterans Affairs Agency Outreach – DELETED

Requires the Michigan Veterans Affairs Agency to report the percentage of Michigan veterans contacted in quarterly subcommittee hearings.

Sec. 1203. Michigan Veterans Affairs Agency Service Claims – DELETED

Requires the Michigan Veterans Affairs Agency to maintain a minimum of 50% fully developed claims, as determined by the USDVA.

		<u>FY 2015-16 Recommendation</u>
<u>Supplemental Recommendations for FY 2015-16 Appropriations</u>		
1. National Guard Tuition Assistance Fund	Gross	\$2,000,000
Appropriates \$2.0 million GF/GP to the National Guard Tuition Assistance Fund and ensures that all funds appropriated from the fund to the National Guard Tuition Assistance Program (including the remainder of the FY 2015-16 appropriation of \$3.7 million GF/GP) do not lapse into the General Fund at the end of a fiscal year.	GF/GP	\$2,000,000
2. Grand Rapids Home for Veterans	Gross	\$2,300,000
Provides \$2.3 million GF/GP to offset a projected shortfall in income and assessments restricted revenue supporting the Grand Rapids Home for Veterans, due to declining veteran homes member census and the inability of veterans to pay the maximum assessment.	GF/GP	\$2,300,000
3. Veterans Homes Medicaid Certification	Gross	\$1,400,000
Provides \$1.2 million GF/GP to support the state homes for veterans Medicaid consultant contract and \$200,000 GF/GP to support staffing adjustments for compliance with Medicaid certification at the D.J. Jacobetti Home for Veterans.	GF/GP	\$1,400,000

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
DEPARTMENT OF NATURAL RESOURCES**

Analyst: Austin Scott

	FY 2015-16	FY 2016-17	Difference: FY 2016-17	
	Year-to-Date as of 2/10/16		Executive	Vs. FY 2015-16
IDG/IDT	\$1,352,700	\$1,375,900	\$23,200	1.7
Federal	77,128,000	72,365,400	(4,762,600)	(6.2)
Local	0	0	0	--
Private	8,157,700	7,446,400	(711,300)	(8.7)
Restricted	277,765,000	277,156,400	(608,600)	(0.2)
GF/GP	39,597,800	39,560,000	(37,800)	(0.1)
Gross	\$404,001,200	\$397,904,100	(\$6,097,100)	(1.5)
FTEs	2,235.8	2,242.8	7.0	0.3

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Natural Resources (DNR) manages Michigan's natural and cultural resources through conservation and protection. State parks, wildlife, fisheries, forests, and minerals management are all administered by DNR.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Land Ownership Tracking System (one-time)	Gross	NA	\$4,000,000
Provides \$4.0 million Gross to convert outdated land management IT system to a web-based system that can interact with current databases.	Federal	NA	100,000
	Restricted	NA	3,900,000
	GF/GP	NA	\$0
2. Forestry Investment – Vegetative Management System (one-time)	Gross	NA	\$2,100,000
Provides \$2.1 million from the Forest Development Fund to continue the replacement of the old timber sale system with the new Vegetative Management System which tracks timber sales, catalogs inventory, and interfaces with the Land Ownership Tracking System.	Restricted	NA	2,100,000
	GF/GP	NA	\$0
3. Invasive Species (one-time)	Gross	NA	\$1,000,000
Provides \$1.0 million GF/GP to prevent invasive carp from migrating into state waterways from outside of Michigan.	GF/GP	NA	\$1,000,000
4. Fisheries Resource Management (one-time)	Gross	NA	\$600,000
Provides \$600,000 Gross (\$300,000 GF/GP) for two web-based systems to replace current paper-based system for real-time fish harvest reporting by state-licensed commercial anglers, tribal fishers, and wholesale dealers.	Restricted	NA	300,000
	GF/GP	NA	\$300,000
5. Forest Management and Timber Market Development	FTE	169.0	7.0
Increases by 7.0 FTEs and \$2.1 million from the Forest Development Fund to increase the state's sustainable timber supply. The additional FTEs include foresters, technicians, and forest economists. This funding will help DNR assess the impact of spruce budworm on 100,000 at-risk acres and develop the state's forest products economy.	Gross	\$29,108,100	\$2,125,000
	Federal	2,193,300	0
	Private	914,600	0
	Restricted	26,000,200	2,125,000
	GF/GP	\$0	\$0
6. Forest Fire Equipment Replacement	Gross	\$431,500	\$1,150,000
Increases restricted funding for forest fire equipment replacement by \$1.2 million (\$150,000 ongoing and \$1.0 million one-time). Departmental inventory includes 350 total pieces of forest fire equipment, over half of which are more than 20 years old.	Restricted	431,500	1,150,000
	GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>		<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
7. Recreation Passport Local Grants		Gross	\$1,000,000
Increases restricted authorization by \$500,000 on a one-time basis. Recreation passport local grants are awarded by DNR to local units of government for the development of public recreation facilities.		Restricted	500,000
		GF/GP	\$0
8. Capital Outlay Project Adjustments		Gross	NA
Makes current services baseline adjustments to capital outlay projects by reducing federal funding and increasing restricted and GF/GP funding for a net increase of \$2.7 million.		Federal	(1,970,500)
		Restricted	4,375,100
		GF/GP	\$250,000
9. Removal of FY 2015-16 One-Time Appropriations		Gross	NA
Removes \$20.0 million Gross (\$1.1 million GF/GP) for one-time projects included in the previous fiscal year's budget.		Federal	(3,000,000)
		Private	(750,000)
		Restricted	(15,712,000)
		GF/GP	(\$1,075,000)
10. Five-Year Early Out Sick Leave Payments		Gross	NA
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years; removes \$816,800 Gross (\$22,900 GF/GP).		IDG	(900)
		Restricted	(793,000)
		GF/GP	(\$22,900)
11. Revenue Adjustments		Gross	NA
Reduces federal and restricted authorization by a combined \$4.2 million to reflect available funds. Major adjustments include changes to state park improvement fund and game and fish protection fund authorization.		Federal	(619,200)
		Restricted	(3,621,600)
		GF/GP	\$0
12. Economic Adjustments		Gross	NA
Reflects increased costs of \$5.4 million Gross (\$710,100 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.		IDG	24,100
		Federal	727,100
		Private	38,700
		Restricted	3,867,900
		GF/GP	\$710,100

Major Boilerplate Changes From FY 2015-16

Sec. 204. Performance Benchmarks – DELETED

Requires report of benchmarks to measure performance or return for each new program or program increase of \$500,000 or more; includes intent language that any future new program include list of benchmarks.

Sec. 212. Disciplinary Action Against State Employees – DELETED

Prohibits DNR from disciplining state employees for communicating with the Legislature.

Sec. 217. Retention of Reports – DELETED

Requires DNR to retain copies of all reports funded from appropriations.

Sec. 223. Waterways Fund Projects – DELETED

Requires DNR to report on activities of Waterways Commission during the previous fiscal year and provide list of completed Waterways Fund projects to the Legislature and State Budget Director by January 31, 2015.

Sec. 251. Invasive Species Initiative – DELETED

Requires \$3.6 million of funding for the Invasive Species Initiative be allocated for grants for prevention, detection, eradication, and control of invasive species.

Sec. 408. Land Transactions – DELETED

Requires detailed report to Legislature on land purchases, sales, and exchanges.

Sec. 501. Wildlife Management – DELETED

Requires DNR to use increased federal funding available from increased firearm and ammunition sales for the purpose of wildlife management which includes habitat restoration, conservation, and enhancement.

Sec. 503. Invasive Species Order Enforcement – DELETED

Requires report on efforts taken to enforce the Natural Resources Commission's invasive species order concerning raising feral swine in Michigan.

NATURAL RESOURCES

Major Boilerplate Changes From FY 2015-16

Sec. 504. Cervid Operation Fees – DELETED

Requires report on the use of registration fees from privately owned cervid operations.

Sec. 602. Water Control Structure Certification – DELETED

Directs Fisheries Division to not interfere with the certification process for dams and other water control structures.

Sec. 603. Cormorant Management – REVISED

Requires quarterly report on the use of cormorant management funding; provides that the DNR must submit funding to the USDA to pay for increased taking of cormorants and their nests; any retained or additional funds for cormorant control must be used for program. Executive budget recommendation revises requirement from quarterly report to annual report.

Sec. 705. State Parks Capital Outlay and Maintenance Report – DELETED

Requires DNR to produce a report detailing its five-year plan for capital outlay and maintenance in state parks.

Sec. 801. Forest Management and Timber Market Development – REVISED

Requires DNR to use increased funding available from the increased timber harvest for the purpose of forest management and timber market development, including investments in technology and equipment aimed at growing the timber economy. Executive budget recommendation revises section to exclude technology and equipment enhancements and include a departmental requirement to develop corresponding metrics to assess performance.

Sec. 802. Timber Marking – DELETED

Directs DNR, subject to forest certification process, to mark and prescribe treatment on 79,000 acres, prepare 76,500 acres for harvest at an average rate of 12.5 to 15.0 cords per acre; requires that the impact of timber harvest on wildlife habitat and recreation uses be considered; requires quarterly report.

Sec. 805. Contract Foresters – DELETED

Allows DNR to hire sufficient contract foresters to mark timber.

Sec. 808. Gas and Oil Lease Development – DELETED

Requires DNR to develop a plan to motivate state-land oil and gas lessees to undertake warranted new operations.

Sec. 809. Forest Fire Equipment Replacement – NEW

Requires DNR to use increased funding available for forest fire equipment and forestry investment for the replacement of aging forest fire equipment. The department is also required to develop corresponding metrics to assess performance.

Sec. 1201. Forest Management and Timber Market Development Technology – NEW

Requires DNR to use increased funding available for the increased timber harvest for the purpose of forest management and timber market development which includes investments in technology aimed at growing the timber economy. The department is also required to develop corresponding metrics to assess performance.

Sec. 1202. Land Ownership Tracking System – NEW

Requires DNR to use increased funding available for the land ownership tracking system to implement a new electronic system to facilitate state land records management for the purpose of increasing access to public land records and updating systems. The department is also required to develop corresponding metrics to assess performance.

Sec. 1203. Invasive Species – NEW

Requires DNR to use increased funding available for invasive species and control to prevent, detect, eradicate, and control invasive species.

Flint-related Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. Summer Youth Employment Program

Adds \$250,000 for a program that provides seasonal employment for up to 100 local 16-to 19-year-olds. Participants would help provide residential services for those affected by the Flint water crisis. Services may include the provision of bottled water and filters. This program is similar to DNR's Michigan Conservation Corps.

Gross	\$250,000
GF/GP	\$250,000

**FY 2015-16
Recommendation**

Other Supplemental Recommendations for FY 2015-16 Appropriations

<p>1. Off-Road Vehicle Trail Projects Provides \$4.0 million restricted funding for off-road vehicle trail projects including bridge repair and other infrastructure improvements.</p>	<p>Gross Restricted GF/GP</p>	<p>\$4,000,000 4,000,000 \$0</p>
<p>2. Dam Management Grant Program Provides \$3.0 million GF/GP to expand the dam management grant program. These competitive grants are awarded for the removal or maintenance of failing dams from private and state-owned land.</p>	<p>Gross GF/GP</p>	<p>\$3,000,000 \$3,000,000</p>
<p>3. Milliken State Park Improvements (Capital Outlay) Provides \$800,000 in federal funding for shoreline and aquatic habitat improvements along the Detroit River in Milliken State Park. This grant was awarded to DNR by the United States Fish and Wildlife Service (USFWS).</p>	<p>Gross Federal GF/GP</p>	<p>\$800,000 800,000 \$0</p>
<p>4. East Tawas State Harbor Project (Capital Outlay) Provides \$100,000 in federal funding for the ongoing East Tawas state harbor project. This funding comes from an increase in Michigan's annual apportionment from USFWS's Boating Infrastructure Grant Program.</p>	<p>Gross Federal GF/GP</p>	<p>\$100,000 100,000 \$0</p>

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
SCHOOL AID**

**Analyst: Bethany Wicksall
Samuel Christensen**

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,775,769,200	1,818,632,700	42,863,500	2.4
Local	0	0	0	--
Private	0	0	0	--
Restricted	12,078,985,100	12,134,479,400	55,494,300	0.5
GF/GP	45,900,000	230,000,000	184,100,000	401.1
Gross	\$13,900,654,300	\$14,183,112,100	\$282,457,800	2.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The School Aid budget makes appropriations to the state's 541 local school districts, 300 public school academies, the Education Achievement System, and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Educational Performance and Information, the Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

1. Foundation Allowances (Secs. 22a and 22b)

Increases foundations using the 2x funding formula with increases ranging from \$60 to \$120 per pupil. Increases the State Maximum Guaranteed Foundation (the Basic) from \$8,169 to \$8,229 and the Minimum Foundation from \$7,391 to \$7,511. The increase costs \$150.0 million, but after a cost reduction of \$126.7 million due to increasing local share from increasing taxable values and declining pupils, the net increase totals \$23.3 million. (See FY 2015-16 supplemental items below.)

	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
Gross	\$9,009,700,000	\$96,300,000
Restricted	8,993,379,500	(78,241,300)
GF/GP	\$16,320,500	\$174,541,300

Also adds \$72.0 million in Detroit Public Schools Trust Funds (redirected from Tobacco Settlement Funds) to support the foundation allowance costs of the newly proposed Detroit Community district to offset the loss of local school operating millage revenue, which would be redirected to pay off the debts of the former district.

Also adds \$1.0 million to change the pupil membership blend from 90% of the fall count plus 10% of the previous February count to 50% of the fall count plus 50% of the previous February count.

2. MPERS Unfunded Liability – State Share (Sec. 147c)

Increases funding for the state share of Michigan Public School Employees' Retirement System (MPERS) unfunded liability costs for districts, ISDs, and public libraries pursuant to PA 300 of 2012 by \$89.3 million, bringing the total to \$982.8 million.

	Gross	\$893,500,000	\$89,300,000
Restricted	892,900,000		89,300,000
GF/GP	\$600,000		\$0

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
3. Flint Declaration of Emergency (Sec. 11s) – NEW		
Provides \$10.1 million for half-year funding to provide universal Early On testing to identify and provide services to children 0-3 (\$6.4 million), universal access to preschool for 4-year-olds (\$1.5 million), additional district school nurses and school social workers (\$1.3 million), and ISD staff and services including (\$1.0 million). Additional funding, if necessary, would be available for transfer from a \$50.0 million Flint Emergency Reserve Fund proposed in the FY 2015-16 supplemental for DTMB. Additionally, it would appropriate up to \$15.0 million in state restricted contingency funds, which would not be available for expenditure until approval of a transfer by the Legislature. (See FY 2015-16 supplemental items below.)	Gross Restricted GF/GP	\$0 0 \$0
		\$10,142,600 100 \$10,142,500
4. Statewide School Water Testing (Sec. 78) – NEW		
Adds \$9.0 million to provide 2 nd of 3 years of funding to test school building water systems for lead based on a strategic statewide plan developed by MDE in collaboration with DEQ and LARA. (See FY 2015-16 supplemental items below for 1 st year funding.)	Gross Restricted	\$0 0
		\$9,000,000 9,000,000
5. State School Reform/Redesign (Sec. 21) – NEW		
Adds \$5.0 million for CEOs and supplemental payments to districts with schools identified as being in the lowest achieving 5% of public schools in the state and under the control of the State School Reform/Redesign Office (SRRO). Districts would receive a 20% foundation allowance premium for each high school FTE to compensate for the loss in foundation allowance funds remaining with elementary FTEs, since elementary foundation allowance funds often subsidize higher cost secondary schools, but would no longer be available to do so under a takeover. (See FY 2015-16 supplemental items below.)	Gross Restricted	\$0 0
		\$5,000,000 5,000,000
6. Special Education Reforms (Sec. 55) – NEW		
Adds \$1.4 million for the implementation of recommendations of the Special Education Reform Task Force published in January 2016. \$750,000 would be used to pilot statewide implementation of the Michigan Integrated Behavior and Learning Support Initiative (MiBLSI), a program of positive behavioral intervention and supports, in at least 3 ISDs. \$620,000 would be used for training related to the safe implementation of emergency restraints and seclusion.	Gross Restricted	\$0 0
		\$1,370,000 1,370,000
7. CTE Early/Middle Colleges (Sec. 61b)		
Increases funding to \$15.0 million for career & technical education (CTE) early/middle colleges that allow a student to graduate in 5 years with both a high school diploma and postsecondary credentials. Revises to make districts that receive funding for CTE program added costs under Section 61a eligible for funding under this section, as long as combined payments under Sections 61a and 61b do not exceed the total allowable costs of the program.	Gross Restricted	\$10,000,000 10,000,000
		\$5,000,000 5,000,000
8. CTE Equipment Upgrades (Sec. 61c) – NEW		
Provides \$10.0 million in a competitive grant program to districts and ISDs to improve capital infrastructure for their CTE programs including the purchase of equipment, renovations related to installation of equipment, installation costs, and training for instructors providing instruction using the equipment. Caps individual grant awards at \$500,000.	Gross Restricted	\$0 0
		\$10,000,000 10,000,000
9. Educator Evaluations (Sec. 95a)		
Adds \$10.0 million into the Educator Evaluation reserve fund to provide training in educator evaluation systems.	Gross Restricted	\$0 0
		\$10,000,000 10,000,000
10. Intermediate School District (ISD) General Operations (Sec. 81)		
Increases ISD funding by 1.6%, or \$1.1 million, to a total of \$68.2 million.	Gross Restricted	\$67,108,000 67,108,000
		\$1,074,000 1,074,000
11. FIRST Robotics (Sec. 99h)		
Increases funding for district grants for FIRST Robotics programs to a total of \$2.5 million. Funds may be used for coach stipends and program expenses.	Gross Restricted	\$2,000,000 2,000,000
		\$500,000 500,000

SCHOOL AID

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
12. MiSTEM Grants (Sec. 99s)	Gross	\$9,274,300	\$1,250,000
Adds \$1.3 million bringing total funding to \$10.5 million to support science, technology, engineering and mathematics (STEM) education programs. Maintains existing funding for Math/Science Centers (\$8.0 million). Rolls up funding currently going to Science Olympiad, STEM professional development, MI STEM Partnership, and VanAndel Institute along with the increased \$1.3 million to implement grants based on the MiSTEM Council recommendations, which are due in March 2016.	Federal	5,249,300	0
	Restricted	3,250,000	(500,000)
	GF/GP	\$775,000	\$1,750,000
13. Early Literacy (3rd Grade Reading) Initiative (Sec. 35 and 35a)	Gross	\$26,400,000	(\$2,500,000)
Reduces total funding for by \$2.5 million by eliminating a Parent University Pilot (\$1.0), a grant to Michigan Education Corps (\$1.0 million), and one-time funding for an early literacy certification test (\$500,000). Maintains funding for administration (\$1.0 million), professional development (\$950,000), diagnostic tools (\$1.5 million), literacy teacher coaches (\$3.0 million), and added instructional time (\$17.0 million).	Restricted	23,900,000	(1,000,000)
	GF/GP	\$2,500,000	(\$1,500,000)
14. Technology Readiness Infrastructure Grants (Sec. 22i)	Gross	\$23,500,000	(\$23,500,000)
Eliminates funding and repeals this section.	Restricted	23,500,000	(23,500,000)
15. Other Program Eliminations	Gross	\$7,160,000	(\$7,160,000)
Eliminates funding and repeals the following sections:	Restricted	5,360,000	(5,360,000)
• Sec. 31c – Gang Prevention Grants - \$1.0 million	GF/GP	\$1,800,000	(\$1,800,000)
• Sec. 31h – Cooperative Education (Albion/Marshall) - \$300,000			
• Sec. 43 – Teacher Certification Test Rewrite - \$1.8 million			
• Sec. 99c – Civics Education - \$60,000			
• Sec. 104d – Computer Adaptive Tests - \$4.0 million			
16. Michigan College Access Network (MCAN) (Sec. 67)	Gross	\$3,600,000	(\$550,000)
Reduces funding by \$550,000 to eliminate funding for an online career planning tool, leaving \$3.1 million for the balance of MCAN efforts to expand access to college.	Restricted	3,600,000	(550,000)
17. Special Education (Sec. 51a, 51c, 51d, 53a, 54, and 56)	Gross	\$1,359,546,100	\$54,500,000
Increases funding for special education by \$54.5 million to a total of \$1.4 billion to reflect updated estimates. (See FY 2015-16 supplemental items below.)	Restricted	918,546,100	54,500,000
	Federal	441,000,000	0
18. Other Cost Adjustments	Gross	NA	(\$10,786,700)
Adjusts appropriation levels based on actual prior year costs for the following:	Restricted	NA	(10,786,700)
• Sec. 11m - Cash Flow Borrowing Costs - \$1.0 million increase to \$3.0 million.			
• Sec. 26a - Renaissance Zones - \$6.3 million decrease to \$20.0 million.			
• Sec. 31f - School Breakfast Program - \$3.1 million decrease to \$2.5 million.			
• Sec. 24a - Juvenile Detention Facilities - \$861,700 decrease to \$1.3 million.			
• Sec. 25f - Strict Discipline Academies - \$750,000 decrease to \$250,000.			
• Sec. 25g - Dropout Recovery Programs - \$750,000 decrease to \$250,000.			
19. M-STEP Assessments (Sec. 104)	Gross	\$50,244,400	(\$10,100,000)
Reduces by \$10.1 million bringing total funding for student assessments to \$40.1 million. Eliminates \$8.5 million in one-time funding to convert assessments to online tests, expand writing assessments to additional grades, and create additional constructed response test questions, all of which has been completed. Also eliminates funding that had supported the Kindergarten Entry Assessment, which has been replaced by a kindergarten summative assessment.	Restricted	43,994,400	(10,100,000)
	GF/GP	\$6,250,000	\$0
20. Federal NCLB/ESSA Funding (Sec. 39a(1))	Gross	\$779,076,400	\$42,863,400
Recognizes increase in funding under the new Every Student Succeeds Act (ESSA) of \$55.9 million for student support and academic enrichment. Reduces Drug-Free School and Community funds by \$3.0 million to a total of \$2.0 million, and eliminates all but \$250,000, a reduction of \$10.0 million, in charter school subgrant funds.	Federal	779,076,400	42,863,400

Major Boilerplate Changes From FY 2015-16

Sec. 6. Pupil Membership Definitions – REVISED

Revises pupil membership blend in (4) from 90% of the fall count plus 10% of the prior February count to 50% fall count plus 50% prior February count. Caps the number for which a district may claim a nonpublic school pupil membership, for the purposes of receiving state aid, at no more than 1/3 of an FTE for grades 1 to 12 to align it with Sec. 166b, which requires that a nonpublic student be part-time and limited to nonessential elective courses. (See also Sec. 166b below).

Sec. 20j. Foundation Calculations for Hold Harmless Districts – NEW

Due to an inflationary cap on Hold Harmless (HH) District Foundation Allowances, which was put in statute along with the school funding reforms tied to Proposal A in 1994, HH districts (currently foundation allowances greater than \$8,169) would be capped at increases ranging from \$8-\$15. The Executive budget reintroduces former Section 20j, which would allow the difference between each HH district's inflationary increase and the \$60 increase in the State Maximum Guaranteed foundation allowance to be allocated under a separate calculation than its foundation calculation in Sec. 20.

Sec. 21f. Virtual Classes – REVISED

Requires primary enrolling districts to provide a student enrolled in more than 2 virtual courses per term with hardware, software, and internet access without charge to the pupil, in addition to the expenses paid for the virtual course under (9), currently 6.67% of the minimum foundation. Requires MDE to establish standards for appropriate hardware, software, and internet access and to establish minimum requirements to count a pupil in a virtual course in a district's pupil membership, for the purpose of receiving of state aid.

Sec. 25e. Pupil Transfer Process – DELETED

Repeals this section and eliminates the pupil transfer process, which currently allows districts to transfer a portion of a pupil membership FTE, and thus the state aid funding tied to it, if a pupil transfers from one district to another between the Fall count date and the following February count date.

Sec. 39. Great Start Readiness Program Formula – REVISED

Revises application and formula to base it on number of half-day slots filled rather children served such that the hold harmless provision, guaranteeing an ISD at least its prior slot allocation, would include slots used to provide full-day programs.

Sec. 51a(15). Special Education Penalty – DELETED

Deletes legislative intent that, beginning in FY 2016-17, would penalize a district, PSA, or ISD by 10% of its total state aid if it does not comply with the process for special education services for PSA pupils under subsection (14) or federal regulations.

Sec. 101. Days and Hours of Instruction – REVISED

Deletes district reports of days and hours of instruction and replaces with district certification to MDE that it is in full compliance or district reports to MDE for each instance of noncompliance.

Sec. 104c. Assessments– REVISED

Revises to require fall and spring assessments in grades K to 2, and eliminates the kindergarten entry assessment.

Sec. 107. Adult Education – REVISED

Revises eligible programs to add adult secondary education programs, eliminate job- or employment-related programs, and revise GED to high school equivalency test prep programs. Deletes all current participant eligibility criteria, and replaces with either a) is at least 20 years of age or b) is an out-of-school youth as defined in federal Workforce Innovation and Opportunity Act. Deletes FTE funding formula based on 80% enrollment and 20% completion. Makes payments based on statewide allocation criteria including 3-year average enrollments, census data, and local needs as well as participant completion data, and allowable expenditures.

Sec. 166b. Nonpublic Students – REVISED

Revises to clarify that a district may count nonpublic students as FTEs, to receive state aid, for nonessential, elective courses "that are offered **AND BEING PROVIDED**" to full-time pupils in the same grade level or age group during regularly scheduled school hours.

		FY 2015-16 Recommendation
Flint-related Supplemental Recommendations for FY 2015-16 Appropriations		
1. Flint Declaration of Emergency (Sec. 11s) – NEW	Gross	\$9,200,000
Adds \$9.2 million to provide universal Early On testing to identify and provide services to children 0-4 with potential developmental delays due to lead exposure.	GF/GP	\$9,200,000

		FY 2015-16 Recommendation
Other Supplemental Recommendations for FY 2015-16 Appropriations		
1. State School Reform/Redesign (Sec. 21) – NEW	Gross	\$1,000,000
Adds \$1.0 million to pay CEOs appointed by the School Reform/Redesign Office (SRRO) to take control of school buildings that are identified in the lowest achieving 5% of schools in the state.	Restricted	1,000,000

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<u>Other Supplemental Recommendations for FY 2015-16 Appropriations</u>		<u>FY 2015-16 Recommendation</u>
2. Statewide School Water Testing (Sec. 78) – NEW	Gross	\$9,000,000
Adds \$9.0 million to provide the 1 st of 3 years of funding to test school building water systems for lead based on a statewide strategic plan developed by MDE In collaboration with DEQ and LARA.	Restricted	9,000,000
3. Special Education (Secs. 51a, 51c, 51d, 53a, 54, and 56)	Gross	\$28,700,000
Increases the state share of court-mandated special education costs to a total of \$947.2 million to reflect updated estimates based on actual FY 2014-15 costs.	Restricted	28,700,000
4. Foundation Allowances (Secs. 22a and 22b)	Gross	(\$64,700,000)
Reduces the state share of foundation allowance costs to a total of \$8.9 billion to reflect revised consensus estimates due to an increasing local share due to higher taxable values.	Federal	(64,700,000)
5. School Bond Loan Redemption Fund (Sec. 11j)	Gross	(\$27,000,000)
Reduces costs paid on behalf of districts in the school bond loan program to \$99.5 million to reflect lower costs from an increased number of districts refinancing bonds to access lower interest rates.	Restricted	(27,000,000)
6. Renaissance Zone Reimbursements (Sec. 26a)	Gross	(\$6,300,000)
Reduces renaissance zone reimbursements to \$20.0 million based on actual FY 2014-15 costs.	Restricted	(6,300,000)
7. School Breakfast (Sec. 31f)	Gross	(\$3,125,000)
Reduces school breakfast program costs to \$2.5 million based on actual FY 2014-15 program costs. Cost reductions due to increased federal funding for breakfast and lunch in FY 2014-15.	Restricted	(3,125,000)
8. Juvenile Detention Facilities (Sec. 24a)	Gross	(\$888,800)
Reduces the costs of education expenses in juvenile detention facilities operated by DHHS to reflect the closure of the Maxey facility.	Restricted	(888,800)
9. Promise Zone Payments (Sec. 26c)	Gross	(\$332,000)
Reduces payments to promise zone authorities based on updated cost estimates. Promise zones receive half the growth in the State Education Tax (SET) revenue from property within the zone compared to base year SET revenues.	Restricted	(332,000)

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 STATE POLICE

Analyst: Kent Dell

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$26,224,300	\$26,580,400	\$356,100	1.4
Federal	90,945,900	87,967,800	(2,978,100)	(3.3)
Local	5,456,700	5,828,500	371,800	6.8
Private	76,700	78,100	1,400	1.8
Restricted	128,699,300	126,358,500	(2,340,800)	(1.8)
GF/GP	376,405,600	411,912,800	35,507,200	9.4
Gross	\$627,808,500	\$658,726,100	\$30,917,600	4.9
FTEs	3,134	3,253	119	3.8

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of State Police (MSP) is the state's primary law enforcement and emergency response authority, responsible for criminal law enforcement and investigation, traffic and motor carrier safety, and homeland security; in addition to the administration and implementation of various state programs, technologies, and specialized services intended to enhance the capabilities and coordination of federal, state, and local law enforcement agencies, the criminal justice system, and the entire public safety community.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. FY 2015-16 One-Time Appropriations	Gross \$10,671,100	(\$10,671,100)
Removes FY 2015-16 one-time appropriations, including \$3.0 million federal grant for disaster assistance, \$3.8 million state restricted for emergency operations in Flint, \$100,000 GF/GP for the Flint emergency declaration, \$3.2 million GF/GP for the 129 th Trooper Recruit School, and \$500,000 GF/GP for the Sexual Assault Prevention and Education Initiative.	Federal 3,000,000 Restricted 3,871,100 GF/GP \$3,800,000	(3,000,000) (3,871,100) (\$3,800,000)
2. 129th Trooper Recruit School (Ongoing)	Gross \$287,931,700	\$8,750,300
Provides \$8.8 million GF/GP for the salary, benefit, and equipment costs of the 100 expected graduates of the 129 th Trooper Recruit School (YTD includes total appropriations and authorized for the General Law Enforcement and Criminal Investigations scheduled program).	IDG/IDT 757,100 Federal 6,512,300 Local 2,062,900 Restricted 38,543,500 GF/GP \$240,055,900	0 0 0 0 \$8,750,300
3. 130th Trooper Recruit School (One-Time)	FTE NA	85.0
Provides \$4.5 million GF/GP for the one-time costs of training and outfitting for the 130 th Trooper Recruit School, expected to graduate 85 troopers by September 2017. Projected trooper strength upon the completion of the 130 th Trooper Recruit School is 1,992 enlisted personnel.	Gross NA GF/GP NA	\$4,500,000 \$4,500,000
4. 130th Trooper Recruit School (Ongoing)	Gross NA	\$5,000,000
Provides \$5.0 million GF/GP for the salary, benefit, and equipment costs of the 85 expected graduates of the 130 th Trooper Recruit School.	GF/GP NA	\$5,000,000
5. Sexual Assault Prevention and Education Initiative (One-Time)	Gross NA	\$500,000
Provides \$500,000 GF/GP for the one-time funding of grants to higher education institutions to support sexual assault prevention and education initiatives on higher education campuses.	GF/GP NA	\$500,000

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
6. School Safety Initiative (One-Time)	Gross	NA	\$4,000,000
Provides \$4.0 million in GF/GP funding to support competitive grants for local safety initiatives to K-12 schools and county sheriffs' offices.	GF/GP	NA	\$4,000,000
7. Secure Cities Expansion	FTE	1,952.5	9.0
Provides an increase of \$1.5 million GF/GP and 9.0 FTEs to provide MSP law enforcement services to Muskegon Heights, Inkster, Hamtramck, Harper Woods, Highland Park, and Benton Harbor. Expands upon the Secure Cities Partnership, which currently includes the Cities of Detroit, Flint, Pontiac, and Saginaw (YTD includes total appropriations and authorized FTEs for the General Law Enforcement and Criminal Investigations scheduled program).	Gross	\$287,931,700	\$1,463,500
	IDG/IDT	757,100	0
	Federal	6,512,300	0
	Local	2,062,900	0
	Restricted	38,543,500	0
	GF/GP	\$240,055,900	\$1,463,500
8. Statewide Drug Enforcement Strategy	FTE	1,952.5	9.0
Provides \$1.3 million GF/GP and 9.0 FTEs to deploy a statewide drug enforcement strategy focusing on prescription drug and opioid diversion (YTD includes total appropriations and authorized FTEs for the General Law Enforcement and Criminal Investigations scheduled program).	Gross	\$287,931,700	\$1,256,300
	IDG/IDT	757,100	0
	Federal	6,512,300	0
	Local	2,062,900	0
	Restricted	38,543,500	0
	GF/GP	\$240,055,900	\$1,256,300
9. Cyber-Crimes Enforcement Expansion	FTE	158.0	9.0
Provides an Increase of \$2.2 million GF/GP and 9.0 FTEs to expand the capacity to prevent, detect, and investigate cyber-crimes (YTD includes total appropriations and authorized FTEs for the Special Operations scheduled program).	Gross	\$26,888,300	\$2,203,200
	IDG/IDT	712,400	0
	Local	11,400	0
	Private	76,700	0
	Restricted	1,256,500	0
	GF/GP	\$24,831,300	\$2,203,200
10. Disaster and Emergency Contingency Fund (One-Time)	Gross	\$0	\$6,000,000
Replenishes the Disaster and Emergency Contingency Fund, depleted in FY 2015-16 by the Flint water emergency and other state emergencies, with \$6.0 million GF/GP.	GF/GP	\$0	\$6,000,000
11. Homeland Security – Energy Disaster Strategy (One-Time)	Gross	NA	\$750,000
Provides \$750,000 GF/GP funding to support the development of a statewide strategy and implementation plan to help ensure energy disaster preparedness in the event of widespread, long-duration power outages.	GF/GP	NA	\$750,000
12. Michigan International Speedway Traffic Control	Gross	\$831,900	(\$831,900)
Eliminates funding of \$831,900 GF/GP to support MSP providing traffic control at the Michigan International Speedway.	GF/GP	\$831,900	(\$831,900)
13. State Capitol Complex Security	FTE	58.0	(1.0)
Removes funding for one FTE, to remove a vacant state property security officer position (YTD includes total appropriations and authorized FTEs for the Executive Direction scheduled program).	Gross	\$7,970,200	(\$89,300)
	IDG/IDT	36,900	0
	Restricted	496,300	0
	GF/GP	\$7,437,000	(\$89,300)
14. Forensic Scientist Positions	FTE	254.0	(4.0)
Removes funding for four FTEs, to remove four vacant forensic scientist positions (YTD includes total appropriations and authorized FTEs for the Forensic Science scheduled program).	Gross	\$42,077,200	(\$530,400)
	Federal	5,110,700	0
	Restricted	9,813,200	0
	GF/GP	\$27,153,300	(\$530,400)
15. Technical Adjustments	Gross	NA	(\$185,600)
Aligns federal and local authorization to reflect actual revenues.	Federal	NA	(485,600)
	Local	NA	300,000
	GF/GP	NA	\$0
16. Early Out Deferred Sick Leave Payments	Gross	NA	(\$347,000)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over five years.	IDG/IDT	NA	(17,300)
	Federal	NA	(47,400)
	Restricted	NA	(107,600)
	GF/GP	NA	(\$174,700)

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
17. Economic Adjustments	Gross	NA
Reflects increased costs of \$9.1 million gross (\$6.5 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required contributions, and other economic adjustments. Also includes adjustments for information technology and accounting service center staff.	IDG	NA
	Federal	NA
	Local	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		\$9,149,600
		385,300
		555,200
		71,800
		1,400
		1,625,700
		\$6,510,200

Major Boilerplate Changes From FY 2015-16

Sec. 204. IDG Funding Received by the Department – DELETED

Specifies grants received from other state departments.

Sec. 205. IDG Funding Made Available to Other State Departments – REVISED

Specifies grants given to other state departments. Revised to remove all grants except the \$1.5 million Byrne Justice Assistance Grant Program.

Sec. 215. Disciplinary Action Against State Employees – DELETED

Protects department employees from disciplinary action due to communications with the legislature.

Sec. 216. Schedules of Programs and Revenues – REVISED

Outlines the schedules of programs and revenues and associated appropriations. Revised to remove schedule of programs and revenues language from boilerplate and moves it to part 1; includes language specifying that the secondary road patrol funding is not subject to the spending flexibility associated with the schedule of programs budget structure.

Sec. 221. Department Core Services – REVISED

Specifies the department's core service requirements. Revised to replace language regarding specific types of forensic analysis with the broad term "forensic analysis and biometric identification;" replaces language discussing traffic safety with "criminal investigations," and removes language pertaining to specific types of criminal investigations.

Sec. 222. Post Closure or Consolidation – DELETED

Requires the department to notify the legislature 90 days prior to recommending the closure or consolidation of any State Police posts.

Sec. 223. Privatization Project Plans – DELETED

Requires the department to notify the legislature 90 days prior to attempting to privatize a project.

Sec. 233. Annual Legacy Costs – REVISED

Adjusted to reflect the departments increased legacy costs.

Sec. 235. Wayland Post – DELETED

Requires the department to discuss a possible joint public safety building with the City of Wayland.

Sec. 240. Benchmarks for New Programs or Program Enhancements – DELETED

Requires the department to report performance-based, program-specific metrics to the legislature for any new program or program enhancement with funds in excess of \$500,000.

Sec. 250. Participation in MIBridges Fraud Work Group – DELETED

Requires the department to participate in a work group, along with the Departments of Health and Human Services and State, with the intent of identifying ways in which MIBridges benefits program fraud can be minimized.

Sec. 301. Security Services for State Capitol Complex Facilities and State Secondary Complex – REVISED

Requires the department to provide security services to the State Capitol and its associated facilities. Revised to remove language requiring the department to pursue federal grants to improve Capitol Building security; replaces language concerning patrol hour requirements for the State Capitol Complex Facilities with language requiring an annual number of inspections of state owned and leased facilities.

Sec. 304. Department Services – REVISED

Specifies the service requirement for Department Services. Revised to remove language referencing department operations outlined in public act and replaces it with general language outlining a list of grant and community service programs; remove requirement for administrative support for asset forfeiture reporting and adds language requiring administrative support for other grant programs and the department's community policing efforts.

Major Boilerplate Changes From FY 2015-16

Sec. 401. Training – REVISED

Specifies training requirements. Revised to remove language requiring the department to maintain staffing and resources necessary to develop and deliver training and replaces it with language simply requiring the department to develop and deliver training.

Sec. 402. Criminal Justice Information Center – REVISED

Requires the department to maintain and ensure compliance with Criminal Justice Information Center databases and applications. Revised to remove language regarding reporting requirements for concealed pistol license application revenues and the Concealed Weapon Enforcement Fund.

Sec. 403. Forensic Science – REVISED

Specifies the department's forensic science service requirements. Revised to remove language requiring the department to explore and information technology interface between the department forensic science division and at least one judicial system; replace backlog reduction language requiring annual percentage reductions in cases throughout the text and replaces it with a standardized requirement that the department maintain a 30-day turnaround time for forensic laboratory cases across discipline; and remove all language regarding the sexual assault kit initiative and sexual assault kit analysis and move it to a new section (Sec. 405).

Sec. 405. Sexual Assault Kits – NEW

New section consisting of the language regarding the sexual assault kit initiative and sexual assault kit analysis formerly in Sec. 403.

Sec. 501. Commission on Law Enforcement Standards – REVISED

Specifies the service requirements of the Michigan Commission on Law Enforcement Standards. Revised to replace the requirement to update law enforcement standards within 30 days of the effective date of new legislation with a 120 day requirement.

Sec. 601. General Law Enforcement and Traffic Safety – REVISED

Specifies the general law enforcement and traffic safety service requirements of the department. Revised to increase the minimum patrol hour requirements for statewide patrolling and distressed cities and include language requiring the department to enhance data analysis capabilities to assist in efforts to improve public safety in distressed cities.

Sec. 602. Criminal Investigations – REVISED

Specifies the department's investigative service requirements. Revised to replace the minimum annual case clearance rate of 60% with a minimum of 62%; include language requiring the department to maintain staffing and resources necessary to increase opioid related investigations and partner with hometown security teams and multi-jurisdictional task forces to reduce opioid related crime; remove requirement to annually provide four training opportunities to law enforcement partners regarding gambling law.

Sec. 603. Tobacco Tax Fraud Investigations – REVISED

Specifies the department's requirement to enforce tobacco tax laws. Revised to include a requirement to report annually to the State Budget Office on expenditures and activities related to tobacco tax enforcement for the prior fiscal year.

Sec. 701. Special Operations – REVISED

Specifies the department's specialized service requirements. Revised to include language requiring the department to maintain the staffing and resources necessary to increase the number of cases completed by the computer crimes unit and improve initiatives to assist law enforcement and criminal justice agencies statewide in investigatory assistance and evidentiary analysis.

Sec. 702. Commercial Vehicle Regulation and Enforcement – REVISED

Specifies the department's commercial vehicle and school bus regulatory service requirements. Revised to include language requiring the department to maintain school bus inspections; remove language requiring the department to annually inspect a minimum of 50,000 commercial vehicles as well as maintain staffing and resources necessary to exercise the authority, powers, functions, and responsibilities concerning school bus inspection; and remove the requirement to report to the legislature the number school bus inspections by type and the requirement to maintain the capability to train a minimum of ten motor carrier officers.

Sec. 703. Emergency Management and Homeland Security – REVISED

Specifies the department's role in coordinating emergency preparation and response efforts. Revised to remove the requirement to annually report to the legislature regarding the use of the Disaster and Emergency Contingency Fund during the prior fiscal year.

Sec. 801. Secondary Road Patrol Program – REVISED

Requires the department of provide funding for the Secondary Road Patrol Program. Revised to replace quarterly reporting requirement with an annual reporting requirement and remove requirement that each county receiving a grant report its total budget for all patrol functions.

Sec. 901. One-Time Appropriations – REVISED

Specifies one-time appropriations and their purposes. Revised to remove FY 2015-16 language regarding one-time appropriations, which is replaced with language outlining FY 2016-17 one-time appropriations and their use restrictions.

Sec. 1201. Second-Year Appropriations – DELETED

States intent to provide appropriations for subsequent fiscal year.

Major Boilerplate Changes From FY 2015-16

Sec. 2201. FY 2014-15 Appropriations – DELETED

Specifies FY 2014-15 spending from state resources and spending to be paid to local units of government.

Sec. 2202. Appropriations Subject to the Management and Budget Act – DELETED

States that department appropriations are subject to the Management and Budget Act.

Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. 129th Trooper Recruit School – Trooper Training Costs

Provides \$428,800 GF/GP to support the one-time training costs for 12 additional recruits added to the trooper recruit school beginning in June of 2016.

FTE	12.0
Gross	\$428,000
GF/GP	\$428,000

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 DEPARTMENT OF TRANSPORTATION

Analyst: William E. Hamilton

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$3,928,500	\$4,013,400	\$84,900	2.2
Federal	1,257,488,000	1,314,744,000	57,256,000	4.6
Local	50,293,500	50,418,500	125,000	0.2
Private	100,000	100,000	0	0.0
Restricted	2,184,391,400	2,745,527,700	561,136,300	25.7
GF/GP	400,000,000	10,400,000	(389,600,000)	(97.4)
Gross	\$3,896,201,400	\$4,125,203,600	\$229,002,200	5.9%
FTEs	2,912.3	2,912.3	0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The state 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 revenue in this budget comes from state restricted revenue, with approximately one-third from federal sources. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF) and the Comprehensive Transportation Fund (CTF), and to local road agencies. Revenue related to taxes on aviation fuel and aircraft registrations is credited to the State Aeronautics Fund (SAF) for aeronautics programs

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Debt Service	Gross \$238,860,800	(\$935,500)
Decreases debit service to \$237.9 million to reflect anticipated debt service schedules. [Total outstanding transportation-related debt at September 30, 2015, was \$1.8 billion.]	Federal 45,766,900	1,000
	Restricted 193,093,900	(936,500)
2. Information Technology	Gross \$31,429,600	\$660,300
Increases baseline funding by \$660,300 to reflect a change in the way the DTMB charges state agencies for IT services, referred to as a Rated Service Model.	Federal 520,500	0
	Restricted 30,909,100	660,300
3a. State Trunkline Road and Bridge Construction	Gross \$839,663,400	\$218,113,500
Increases the capital state trunkline road and bridge construction/preservation program to \$1.1 billion, \$218.1 million more than the current year. This reflects an increase of \$184.3 million in STF revenue – in part due to increase in baseline MTF revenue and in part due to new revenue from the Road Funding Plan enacted in November, 2015 and effective January 1, 2017. Also reflects a \$15.4 million increase in anticipated federal aid as a result of the FAST Act, the reauthorization of the federal surface transportation program. Also reflects \$18.4 million increase in restricted Blue Water Bridge Fund revenue in anticipation of Blue Water Bridge Plaza project.	Federal 742,277,800	15,437,000
	Local 30,000,000	0
	Restricted 67,385,600	202,676,500
3b. State Trunkline Road and Bridge Construction - GF/GP	Gross \$214,847,250	(\$204,447,250)
Current year budget includes two line items that effectively distribute \$214.8 million GF/GP to the STF for the state trunkline road and bridge program. Executive budget retains \$10.4 million GF/GP as one-time appropriation during ramp-up of the Road Funding Plan.	GF/GP \$214,847,250	(\$204,447,250)

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
4. Local Federal Aid Road and Bridge Program	Gross	\$240,443,000	\$32,068,000
Recognizes the Act 51 mandated suballocation of federal aid highway funds in Michigan to local road agencies. Increase reflects anticipated federal aid revenue as a result of the <i>FAST Act</i> , the reauthorization of the federal surface transportation program.	Restricted	240,443,400	32,068,000
5. Local Bridge Program	Gross	\$26,828,600	\$640,000
Reflects Act 51 earmarks to this program, including the dedication of one-half cent of the motor fuel tax on gasoline.	Restricted	26,828,600	640,000
6a. MTF to Local Road Agencies	Gross	\$959,033,300	\$283,062,800
Increases MTF distribution to local road agencies to \$1.2 billion – \$797.5 million to county road commissions, and \$444.6 million to cities/villages – reflecting estimated MTF revenue and Act 51 statutory distribution. The increase in MTF revenue reflects estimates of baseline motor fuel and vehicle registration tax revenue, as well as additional revenue provided through the Road Funding Plan passed November, 2015 and effective January 1, 2017.	Restricted	959,033,300	283,062,800
6b. State and Local Road and Bridge Programs - GF/GP	Gross	\$158,631,650	(\$158,631,650)
Current year budget effectively distributes \$158.6 million GF/GP to local road agencies, \$101.8 million to county road commissions, and \$56.8 million to cities and villages. Executive budget eliminates this GF/GP distribution.	GF/GP	\$158,631,650	(\$158,631,650)
7. Rail Grade Surface Crossing – NEW	Gross	\$0	\$3,000,000
Includes \$3.0 million MTF for a new rail grade surface crossing program, established in 2015 PA 175, an amendatory act which was part of the Road Funding Package enacted November, 2015.	Restricted	0	3,000,000
8. Transportation Economic Development Fund (TEDF)	Gross	\$38,770,500	\$4,877,000
The current year budget assumes the redirection of \$4.0 million in TEDF revenue, \$2.0 million to the STF and \$2.0 million for Aeronautics programs. Executive budget reflects the end of the redirection of TEDF revenue and the full distribution to TEDF programs in accordance with 1987 PA 231.	Restricted	38,770,500	4,877,000
9. Aeronautics Services	FTEs	54.0	0.0
Increases of \$768,200 (SAF) reflects increase in dedicated aeronautics revenue from aviation funding package (Public Acts 258 through 262 of 2015). Of this increase, \$518,200 would enhance the department's current aviation support programs; \$250,000 would restore the Air Service Grant Program.	Gross	\$7,039,300	\$768,200
	Restricted	7,039,300	768,200
10. Bus Transit - Local Bus Operating Assistance	Gross	\$167,400,000	\$12,600,000
Increases support for state operating assistance to local public transit agencies to \$180.0 million CTF.	Restricted	167,400,000	12,600,000
11. Rail Operations and Infrastructure	Gross	\$103,090,400	\$15,804,400
Supports rail passenger service, including operating support for three Amtrak routes in Michigan, as well as capital assistance for the Detroit-Chicago high speed rail corridor. Executive budget increases CTF support to reflect increased CTF revenue. The department indicates that increased funding may be used for rail economic development projects. [See related Item #13, below.]	Federal	60,100,000	0
	Local	100,000	0
	Private	100,000	0
	Restricted	42,790,400	15,804,800
12. Transit Capital	Gross	\$31,160,800	\$28,996,300
Reflects anticipated increase in federal funds available through the <i>FAST Act</i> ; increases baseline CTF support to reflect anticipated CTF revenue and the amount needed to match available federal transit grants local transit agencies. [See related Item #13, below.]	Federal	5,300,000	10,000,000
	Local	1,250,000	0
	Restricted	24,610,800	18,996,300
13. Transit Capital and Rail Infrastructure - GF/GP	Gross	\$25,000,000	(\$25,000,000)
Current year budget includes \$25.0 million GF/GP for transit capital and/or rail infrastructure projects. Executive budget eliminates this GF/GP line.	GF/GP	\$25,000,000	(\$25,000,000)

TRANSPORTATION

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
14a. Airport Improvement Program	Gross	\$95,043,200	\$2,780,800
Reflects anticipated federal funding, related local matching funds, and available state restricted SAF revenue for the federal Airport Improvement Program. Net increase of \$2.8 million reflects \$4.8 million increase from aviation funding package (Public Acts 258 through 262 of 2015), less \$2.0 million from elimination of the use of TEDF revenue. [The redirection of TEDF revenue to the SAF in the current year would be made in House Bill 4440.]	Federal	79,000,000	0
	Local	12,508,500	0
	Restricted	3,534,700	2,780,800
14b. Airport Improvement Program - GF/GP	Gross	\$1,521,100	(\$1,521,100)
Current year budget includes \$1.5 million GF/GP to provide matching funds for Airport Improvement Program grants. Executive budget eliminates this GF/GP line.	GF/GP	\$1,521,100	(\$1,521,100)
15. Detroit Metropolitan Wayne County Airport – NEW	Gross	\$0	\$8,775,000
Reflects new earmark for Detroit Metro Airport and related fund source, the Qualified Airport Fund, established through amendment to the State Aeronautics Code in the aviation funding package (Public Acts 258 through 262 of 2015).	Restricted	0	8,775,000
16. Economic Adjustments	Gross	NA	\$6,979,000
Reflects increased costs of \$6.9 million Gross (\$0 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	NA	84,900
	Restricted	NA	6,894,100
17. End of Five-Year Early Retirement Sick Leave Payouts	Gross	NA	(\$1,441,100)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	Restricted	NA	(1,441,100)

Major Boilerplate Changes From FY 2015-16

Sec. 303. Contingent Use of Capital Trunkline Funds for Maintenance – NEW

New section would allow the use of up to \$10.0 million from the capital road and bridge construction line for highway maintenance activities to support safety-related, high-priority, and other deferred maintenance needs on the state trunkline system.

Sec. 505. Road Innovation Fund Report – NEW

Public Act 175 of 2015, part of the Road Funding Plan passed November, 2015, amended Act 51 to establish a Roads Innovation Task Force and a Roads Innovation Fund. Public Act 175 also established a process for "releasing" money from the Roads Innovation Fund, specifically, the Michigan Department of the Transportation could to expend money from the fund "only after each house of the legislature approves a 1-time concurrent resolution on a record roll call vote to release money in the Roads Innovation Fund." The Executive budget assumes that money in the Roads Innovation Fund will be released and distributed in accordance with the provisions of Section 10 of Act 51. However, the Executive budget also includes a boilerplate section requiring a report if the funds are not released. Section 505 would require the department to prepare a report on the amount of MTF revenue withheld if the Roads Innovation Fund is not released on or before October 1, 2016.



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