

PRELIMINARY REVIEW

of the

FY 2011-12 and

FY 2012-13

Executive Budget

Recommendation



Mitchell E. Bean, Director
February 22, 2011

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OVERVIEW OF FY 2011-12 AND FY 2012-13 EXECUTIVE BUDGET RECOMMENDATION

The FY 2011-12 Executive Budget Recommendation calls for \$45,876.8 million in adjusted gross appropriations. This includes \$8,110.6 million in General Fund/General Purpose (GF/GP) funds, \$18,226.2 million in restricted funds, \$497.6 million in local/private funds, and \$19,042.5 million in federal funds.

Of the \$26,336.8 million in state resources recommended for appropriation in FY 2011-12, \$14,717.8 million (55.9% 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 government.

In addition to the January 14, 2011, Consensus Revenue Estimating Conference revenue estimates, **the Executive Recommendation incorporates the following proposed budget adjustments, which address the estimated \$1.4 billion FY 2011-12 budget shortfall:**

- GF/GP budget reductions totaling \$982.8 million. The reductions include:
 - \$51.2 million in reductions in the Department of Corrections budget
 - \$212.6 million in reductions in the Department of Community Health budget
 - \$109.5 million in reductions in the Department of Human Services budget
 - \$222.4 million in reductions in the Higher Education budget
 - \$143.9 million in reductions in statutory revenue sharing
 - \$180.0 million in state employee concessions
 - \$63.2 million in reductions in other budget areas
- School Aid reductions of \$538.1 million

A more detailed summary of proposed changes by department begins on page 10.

The Executive Budget Recommendation is contingent upon a comprehensive tax restructuring plan that would result in a net tax cut of \$254.1 million for FY 2011-12. The proposal would replace the Michigan Business Tax with a 6 percent business income tax and eliminate or reduce numerous tax expenditures.

A detailed summary of the tax proposal can be found on page 7.

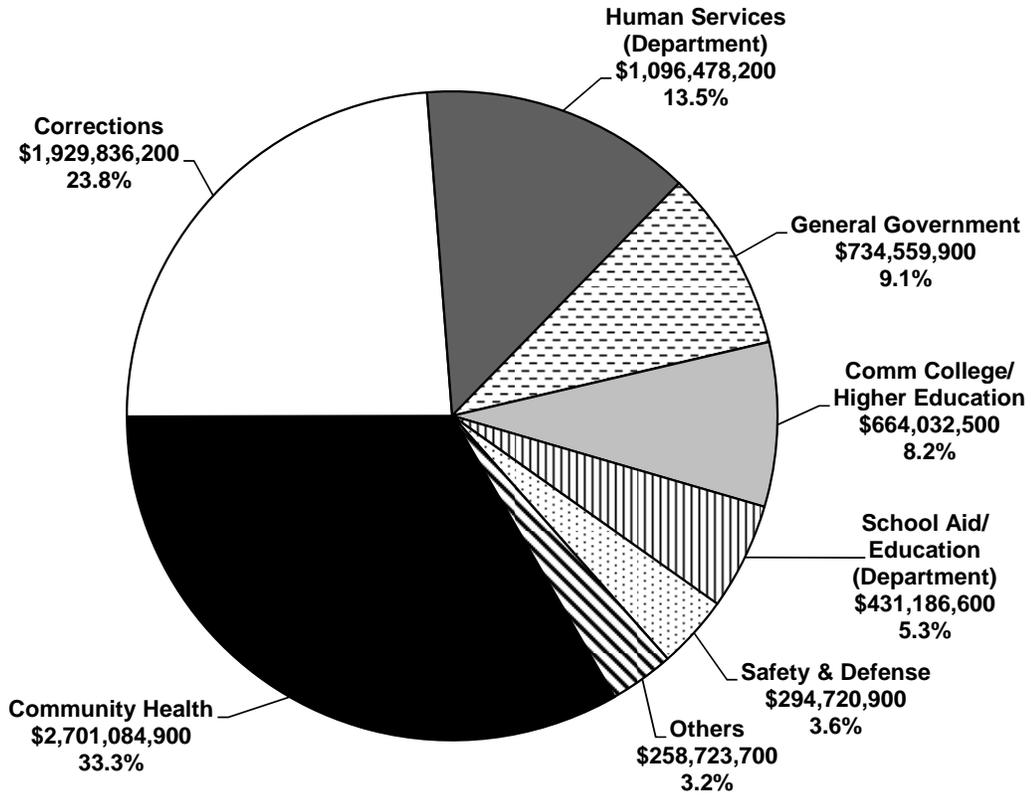
This preliminary review provides a quick look at the Executive Recommendation for FY 2011-12 and FY 2012-13. The House Fiscal Agency's full ***Review and Analysis of the FY 2011-12 and FY 2012-13 Executive Budget Recommendation*** will be available in approximately two weeks, and will contain a detailed analysis and discussion, by budget area, of major budget and boilerplate changes proposed in the Executive Budget Recommendation for FY 2011-12 and FY 2012-13.

A list of House Fiscal Agency staff by area of responsibility is included at the end of this document. Please do not hesitate to call me, or the Fiscal Analyst responsible for a specific budget area, if you have questions regarding this information.

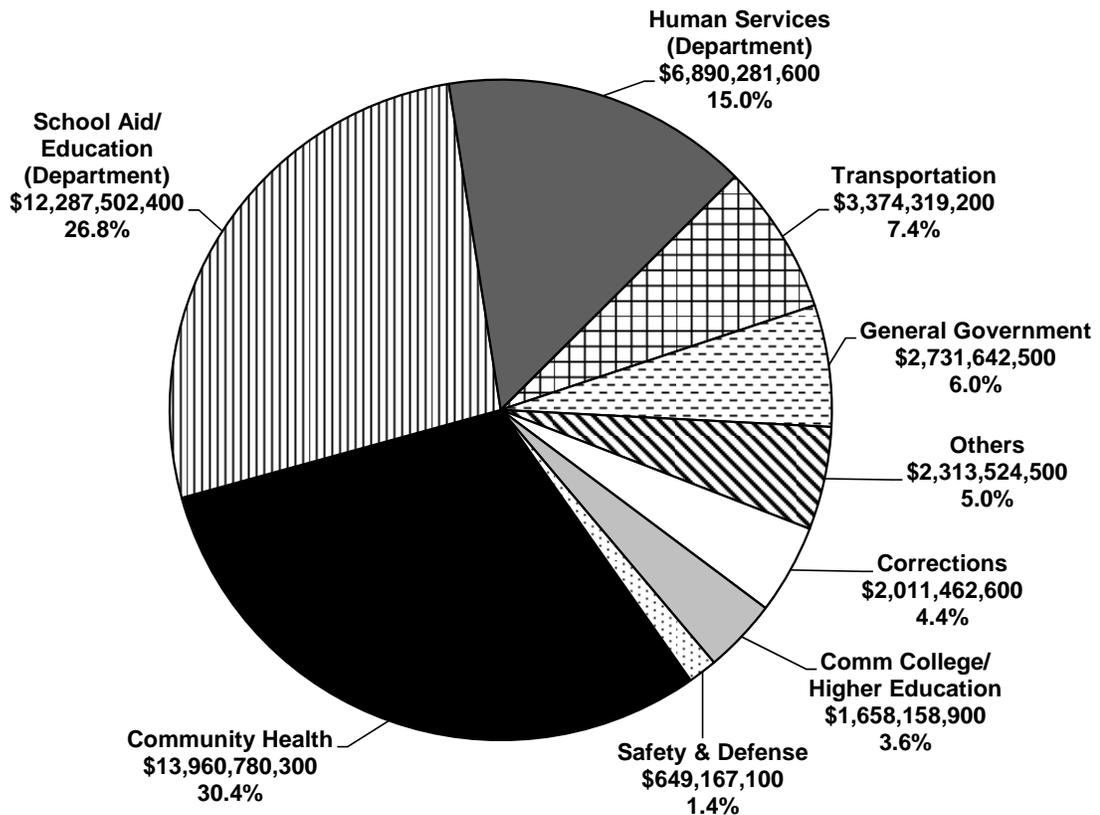


Mitchell E. Bean, Director

**FY 2011-12 Executive Recommendation
General Fund/General Purpose (GF/GP) = \$8,110,622,900**



**FY 2011-12 Executive Recommendation
Adjusted Gross = \$45,876,839,100**



CHANGE IN ADJUSTED GROSS APPROPRIATIONS FY 2011-12 and FY 2012-13 Executive Recommendation

The Executive Budget Recommendation for FY 2011-12 decreases adjusted gross appropriations by \$1,158.0 million (2.5%) from FY 2010-11 year-to-date amounts, as a result of these changes in appropriations from major fund sources:

- GF/GP appropriations are decreased by \$191.2 million (2.3%).
- State restricted appropriations are increased by \$473.7 million (2.7%).
- Federal appropriations are decreased by \$1,449.8 million (7.1%).
- Local and private appropriations are increased by \$9.3 million (1.9%).

Total state spending from state sources (GF/GP plus state restricted) in the FY 2011-12 Executive Budget Recommendation is increased by \$282.5 million (1.1%) from FY 2010-11 year-to-date amounts.

Projected appropriation amounts for FY 2012-13 under the Executive Budget (which will not be legally binding) reflect a 4.3% increase in GF/GP appropriations, a 1.8% in total state spending from state sources, and a 1.4% increase in adjusted gross appropriations.

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

- The appropriation figures do not reflect an assumed GF/GP appropriation increase of \$200.0 million for prefunding a portion of the state's long-term retiree health care liability or an assumed GF/GP appropriation reduction of \$180.0 million GF/GP for state employee concessions. These appropriation amounts, which result in a net increase of \$20.0 million GF/GP to the budget, are assumed in the Executive Budget for both FY 2011-12 and FY 2012-13 but have not yet been allocated to specific budget areas.
- The reduction in federal appropriations from FY 2010-11 to FY 2011-12 is driven by the removal of approximately \$1.4 billion in appropriations funded from sources related to the federal American Recovery and Reinvestment Act (ARRA) that are no longer available in FY 2011-12. In some cases, increased appropriations from state-level sources are recommended to maintain baseline funding for ongoing programs that were temporarily funded by ARRA-related funds.

Where relevant, federal ARRA amounts are shown separately from other federal funds in the budget-by-budget highlight tables found later in this document, so that the impact of changes in ARRA funding from FY 2010-11 to FY 2011-12 for specific budget areas can be easily identified.

**FY 2011-12 and FY 2012-13
Executive Budget Appropriation Changes
Millions of Dollars**

	Year-to-Date FY 2010-11	Executive Recommendation FY 2011-12	Change Amounts		Executive Recommendation FY 2012-13	Change Amounts	
General Fund/General Purpose	\$8,301.8	\$8,110.6	(\$191.2)	-2.3%	\$8,457.9	\$347.2	4.3%
State Restricted	<u>17,752.5</u>	<u>18,226.2</u>	<u>473.7</u>	2.7%	<u>18,363.1</u>	<u>137.0</u>	0.8%
Total State Spending from State Sources	\$26,054.2	\$26,336.8	\$282.5	1.1%	\$26,821.0	\$484.2	1.8%
Federal	\$20,492.3	\$19,042.5	(\$1,449.8)	-7.1%	\$19,220.7	\$178.2	0.9%
Local	365.8	370.0	4.2	1.2%	369.8	(0.2)	-0.1%
Private	122.5	127.6	5.1	4.2%	127.8	0.2	0.2%
Total Adjusted Gross	\$47,034.8	\$45,876.8	(\$1,158.0)	-2.5%	\$46,539.2	\$662.4	1.4%

Note: Numbers may not add due to rounding.

General Fund/General Purpose: The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenue

State Restricted: State revenue dedicated to a specific fund; revenue which results from state mandates or initiatives; includes state School Aid Fund

Adjusted Gross: Total of all line item appropriations; gross appropriations minus interdepartmental grants (IDGs) and intradepartmental transfers (IDTs)

RESOURCES USED IN THE EXECUTIVE BUDGET RECOMMENDATION

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

FY 2011-12 and FY 2012-13 Executive Recommendation General Fund/General Purpose (GF/GP) Millions of Dollars		
	FY 2011-12	FY 2012-13
<u>Resources</u>		
Beginning balance*	\$0.0	\$159.8
Initial revenue estimate	7,294.1	7,111.7
Revenue sharing savings	635.7	655.6
Charge SAF for short-term borrowing cost	20.0	30.0
Tax amnesty	(49.8)	0.0
Unclaimed property reform	35.0	(35.0)
Liquor reforms	9.1	9.1
Northville property balloon payment	6.5	0.0
Proposed tax restructuring	339.8	658.7
Reserve for future tax cuts	<u>0.0</u>	<u>(100.0)</u>
Total Resources	\$8,290.4	\$8,489.9
<u>Expenditures</u>		
Executive Recommendation	\$8,130.6	\$8,477.9
Estimated Ending Balance	\$159.8	\$12.0
*Projected FY 2010-11 ending balance reserved for potential expenditure risks.		

Initial revenue estimate: FY 2011-12 revenue estimates agreed to at the January 2011 consensus revenue estimating conference; FY 2012-13 revenue estimate from Department of Treasury.

Revenue sharing savings: Additional GF/GP sales tax revenue resulting from revenue sharing freeze and additional proposed reductions for FY 2011-12.

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

Tax amnesty: Projected FY 2011-12 revenue loss due to tax amnesty program enacted to increase FY 2010-11 revenue.

Unclaimed property reform: Projected FY 2011-12 gain and FY 2012-13 loss resulting from unclaimed property reforms enacted in 2010.

Liquor reforms: Additional revenue resulting from liquor reforms enacted in 2010.

Northville property balloon payment: One-time payment due to state for sale of property.

Proposed tax restructuring: Net increase in GF/GP revenue under Executive-proposed tax restructuring (fully or partially offset by projected School Aid Fund revenue reduction).

Reserve for future tax cuts: Unspecified future tax reductions.

FY 2011-12 and FY 2012-13 Executive Recommendation		
School Aid Fund (SAF)		
Millions of Dollars		
	FY 2011-12	FY 2012-13
<u>Resources</u>		
Beginning balance	\$507.0	\$95.5
Initial revenue estimate	11,193.7	11,468.4
Proposed tax restructuring plan	(593.9)	(526.6)
Other revenue adjustments	(8.0)	3.2
GF/GP contribution	412.5	345.2
Federal funds	<u>1,653.3</u>	<u>1,653.3</u>
Total Resources	\$13,164.7	\$13,039.1
<u>Expenditures</u>		
School Aid appropriations	\$12,173.6	\$12,143.5
Community College appropriations	195.9	195.9
Higher Education appropriations	<u>699.7</u>	<u>699.7</u>
Total Expenditures	\$13,069.2	\$13,039.1
Estimated Ending Balance	\$95.5	\$0.0

Initial revenue estimate: FY 2011-12 revenue estimates agreed to at the January 2011 consensus revenue estimating conference; FY 2012-13 revenue estimate from Department of Treasury.

Proposed tax restructuring: Net reduction in School Aid Fund revenue under Executive-proposed tax restructuring (partially or fully offset by projected GF/GP revenue increase).

Other revenue adjustments: Miscellaneous adjustments to School Aid Fund revenue.

GF/GP contribution: Proposed increase in GF/GP revenue appropriated to School Aid Fund.

Federal funds: Federal revenue available for School Aid programs.

School Aid appropriations: Executive Recommendation for School Aid budget.

Community College appropriations: Proposed use of School Aid Fund revenue to replace portion of GF/GP funding for Community Colleges budget.

Higher Education appropriations: Proposed use of School Aid Fund revenue to replace portion of GF/GP funding for Higher Education budget.

FY 2011-12 and FY 2012-13 Executive Recommendation		
Merit Award Trust Fund		
Millions of Dollars		
	FY 2011-12	FY 2012-13
<u>Resources</u>		
Beginning balance	\$0.0	\$0.0
Master Settlement Agreement payment	\$280.7	\$280.7
Assume withheld/disputed payments	(26.3)	(26.3)
Payment on 2006 securitization bonds (13.34%)	(33.9)	(33.9)
Payment on 2007 securitization bonds (10.77%)	(27.4)	(27.4)
Deposit to 21st Century Jobs Trust Fund	(75.0)	(75.0)
Interest	<u>0.9</u>	<u>0.9</u>
Available Resources	\$118.9	\$118.9
<u>Expenditures</u>		
DHS: Family Independence Program	30.1	30.1
Treasury: Tuition Incentive Program admin	1.0	1.0
State Police: Tobacco tax enforcement	0.7	0.7
DCH: Medicaid base funding	82.3	82.3
DCH: Aging-respite care	4.5	4.5
Attorney General: Administration	<u>0.4</u>	<u>0.4</u>
Total Expenditures	\$118.9	\$118.9
Estimated Ending Balance	\$0.0	\$0.0

FY 2011-12 and FY 2012-13 Executive Recommendation		
Medicaid Benefits Trust Fund		
Millions of Dollars		
	FY 2011-12	FY 2012-13
<u>Resources</u>		
Beginning balance	\$0.0	\$0.0
Interest	0.5	0.5
<u>Estimated deposits:</u>		
Revenue from cigarette tax	331.8	325.4
Revenue from other tobacco products	0.0	0.0
Medicaid settlement revenue	<u>3.4</u>	<u>3.4</u>
Available Resources	\$335.7	\$329.3
<u>Expenditures</u>		
Withdrawal	\$335.7	\$329.3
Estimated Ending Balance	\$0.0	\$0.0

Executive-Proposed Tax Changes

Tax Restructuring Plan

The Executive Recommendation for tax changes would reduce revenue by an estimated \$254.1 million in FY 2011-12 and increase revenue by an estimated \$32.1 million in FY 2012-13. These tax changes would increase General Fund/General Purpose (GF/GP) revenue by an estimated \$339.8 million in FY 2011-12 and \$558.7 million in FY 2012-13; it would also reduce School Aid Fund (SAF) revenue by an estimated \$593.9 million in FY 2011-12 and \$526.6 million in FY 2012-13. Table 1 includes the estimated fiscal impact of the Executive Recommendation for tax changes, which would be effective January 1, 2012. The details of the plan are described below.

Potential Tax Changes Under the Executive Recommendation (Millions of Dollars)

<u>Business Tax Related</u>	FY 2011-12	FY 2012-13
	<u>Estimates</u>	<u>Estimates</u>
Repeal MBT	(\$2,170.0)	(\$2,024.4)
Partial Year MBT	900.2	0.0
6% Corporate Income Tax (Only C Corps)	460.1	748.8
Financial Institutions Tax	27.7	43.9
Honor Existing Firm-Specific Credits	<u>(293.0)</u>	<u>(500.0)</u>
Net Business Tax Change	(1,075.0)	(1,731.7)
<u>Income Tax Related</u>		
Individual Income Tax Changes	820.9	1,863.8
Reserved for Future Tax Cuts	<u>0.0</u>	<u>(100.0)</u>
Net Income Tax Change	820.9	1,763.8
Total Tax Changes	(254.1)	32.1
GF/GP	339.8	558.7
SAF	(593.9)	(526.6)

Source: Michigan Department of Treasury

Michigan Business Tax (MBT) and Corporate Income Tax Changes

Combined, the MBT and corporate income tax changes under the Executive Recommendation would reduce business taxes by an estimated \$1.08 billion in FY 2011-12 and \$1.73 billion in FY 2012-13:

- Repeal the MBT, which is a tax based on business income or net profit and modified gross receipts (gross receipts less purchases from other firms). In addition, the MBT includes many credits and a surcharge.
- Impose a 6.0% corporate income or profits tax with no credits, except for the small business credit. Qualified small businesses are eligible to pay an alternate tax equal to 1.8% of adjusted business income. The business tax on insurance companies and financial institutions would not be fundamentally changed from current law. The corporate income tax would only apply to C corporations and not other business types as is the case with the MBT. Credits that have already been awarded, such as MEGA, brownfield redevelopment, renaissance zone, film production, battery/photovoltaic, and other credits would be retained for the duration of the agreements, but no additional credits would be awarded.

Income Tax Changes

The income tax changes proposed by the Governor would increase the income tax by an estimated \$820.9 million in FY 2011-12 and \$1.76 billion in FY 2012-13. The proposed changes are as follows:

- Freeze the income tax rate at 4.25%. Under current law, the income tax rate is 4.35%. Beginning October 1, 2011 the rate will be reduced by 0.1 percentage points each year until the rate reaches 3.95%; then the rate will be reduced to 3.9% effective October 1, 2015.

- Eliminate the pension exemption. Under current law, social security, military, federal, state, and local government pension/retirement income is fully exempt. Private pensions are exempt up to \$45,120 single/\$90,240 joint (Tax Year 2010) – these levels are indexed to inflation. In Michigan, defined benefit plans, IRAs, and annuities are fully exempt. Also, 401(k) distributions attributable to employer contributions or to employee contributions that are matched by the employer are exempt, but distributions attributable to employee contributions that are not matched by the employer are currently subject to the State income tax, subject to the private pension limits. In addition, 401(k)s with no employer match are not considered pensions and therefore are completely subject to the income tax. The Executive Recommendation would eliminate these exemptions (except for social security).
- Eliminate the dividends, interest, capital gains exemption received by seniors. Under current law, senior investment income up to \$10,058 single/\$20,115 joint (Tax Year 2010, indexed to inflation) is exempt.
- Eliminate the \$2,300 (Tax Year 2010, indexed to inflation) special exemptions for seniors and individuals with unemployment compensation equal to or greater than 50% of their AGI.
- Personal exemption phase-out. Under current law, \$3,700 (Tax Year 2011, indexed to inflation) is exempt from AGI (adjusted gross income) for each personal exemption claimed on the federal income tax return. The personal exemption increases in \$100 increments based on inflation. The Executive Recommendation would phase-out the personal exemption for single taxpayers between the income range of \$75,000 and \$100,000 and for married taxpayers between the income range of \$150,000 and \$200,000. Taxpayers with incomes above the upper bound would receive no personal exemption.
- Eliminate the child deduction. The child deduction provides a \$600 subtraction from AGI for each dependent child age 18 or younger.
- Eliminate miscellaneous subtractions. The Executive Recommendation would eliminate subtractions for political contributions; prizes won from bingo, raffle, or charity games; losses from the disposal of property; income from gas and oil royalty interest; certain distributions from IRAs used to pay higher education expenses; and qualifying distributions from a pension or retirement plan that is contributed to a charitable organization.
- Eliminate the Earned Income Tax Credit (EITC). The EITC is a refundable credit for working low income households equal to 20% of the federal EITC. This would increase revenue by an estimated \$340 million for FY 2012-13. In recent years, a portion of the state earned income tax credit has been used to meet maintenance of effort (MOE) requirements for federal Temporary Assistance for Needy Families (TANF) dollars. Elimination of the credit would also eliminate this TANF MOE claim generated by the state EITC. Thus, other eligible state spending would need to be identified to ensure that MOE requirements were met.
- Eliminate most refundable and non-refundable income tax credits. These credits include the city income tax credit, the public contributions credit, the community foundations credit, the homeless shelter/food bank credit, the historic preservation credit, the college tuition and fees credit, the vehicle donation credit, the individual or family development credit, the farmland preservation credit, the adoption credit, and the stillbirth credit.
- Homestead property tax credit (HPTC) changes. For Tax Year 2008, Michigan taxpayers with household income less than \$82,650 may claim a property tax credit, and the computed credit is reduced by 10% for every \$1,000 that household income exceeds \$73,650. Under current law, the credit is equal to 60% of the amount by which property taxes (or 20% of rent for renters) exceed 3.5% of household income, up to a maximum of \$1,200. For seniors and disabled filers, the credit is equal to 100% of the difference. The proposed changes would adjust the percentage by which property taxes exceed 3.5% of household income to 80% for all filers except disabled taxpayers, who remain at 100%. In addition, the credit will begin to phase-out at an income level of \$60,000.
- Eliminate all designated voluntary contributions.
- Assume a Tax Cut Reserve of \$100 million for FY 2012-13.

FY 2011-12 and FY 2012-13 EXECUTIVE BUDGET HIGHLIGHTS
Major Features and Changes Proposed

BUDGET AREA: EDUCATION

Community Colleges

Analyst: Mark Wolf

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	0	0	0	--	0	0	--
Federal	0	0	0	--	0	0	--
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	0	195,880,500	195,880,500	100.0	195,880,500	0	0.0
GF/GP	\$295,880,500	100,000,000	(195,880,500)	(66.2)	100,000,000	0	0.0
Gross	\$295,880,500	\$295,880,500	\$0	0.0	\$295,880,500	\$0	0.0
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Operations Funding

Funding for community college operations is unchanged. Each community college receives the same amount of funding for operations (\$292.6 million overall) as it has since FY 2008-09.

At Risk Student Success Program

Funding for the At Risk program (developmental education) remains unchanged. This funding (\$3.3 million) has remained unchanged since FY 2003-04. Following historical practice, the distribution of this funding is directed in boilerplate, and is based on student contact hours for developmental and remedial education. The amount appropriated to each community college is adjusted based on the most recent data.

Fund Shift

Funding for community colleges would now include GF/GP revenue (\$100.0 million) as well as the School Aid Fund (SAF) (\$195.9 million). The constitution specifically allows the SAF to be used to support community colleges.

Budget Act Structure

Along with the fund shift to the SAF, the community college budget will be incorporated into a larger single education budget - the renamed State Education Funding Act - that includes funding for K-12 schools and the universities as well.

Boilerplate Appropriations

Most of the boilerplate sections are eliminated (16 of 27). General sections that were included in all (or most) budgets previously now appear only one time in the Education budget, while legislative intent sections are eliminated altogether. The sections that remain include the payment schedule, At Risk distribution, data retention and reporting requirements.

Proposed FY 2012-13 Appropriation

The recommendation for FY 2012-13 again keeps funding for community colleges unchanged. There is no proposed boilerplate language for FY 2012-13.

Education (Department)

Analysts: Mary Ann Cleary and Bethany Wicksall

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	87,772,100	77,929,200	(9,842,900)	(11.2)	78,869,000	939,800	1.2
Local	7,199,400	7,159,200	(40,200)	(0.6)	7,269,600	110,400	1.5
Private	3,124,500	3,044,400	(80,100)	(2.6)	3,053,700	9,300	0.3
Restricted	6,949,800	7,166,300	216,500	3.1	7,313,600	147,300	2.1
GF/GP	21,914,100	18,644,200	(3,269,900)	(14.9)	18,883,500	239,300	1.3
Gross	\$126,959,900	\$113,943,300	(\$13,016,600)	(10.3)	\$115,389,400	\$1,446,100	1.3
FTEs	562.5	559.0	(3.5)	(0.6)	559.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Reduces Federal Funds

The proposed budget recognizes the elimination of \$6.0 million in excess federal funding authorization no longer available, as well as removes \$5.0 million in one-time federal funds provided to rewrite the Education Assessment secure site.

Library Funding

The proposed budget reduces state aid to libraries by \$2.3 million or 40% from \$5.75 million to \$3.4 million. (Additionally, the proposed School Aid budget eliminates \$1.5 million in School Aid Funds for state aid to libraries.) The budget does redirect \$950,000 of this funding to support the statewide Michigan eLibrary (MeL). The additional MeL funding is meant to offset potential reductions in Federal Library Services and Technology funds due to fewer federal match dollars associated with recent declining state support.

Eliminates 2009 State Education Reform Activities

The proposed budget would eliminate \$1.9 million for the State Reform/Redesign Office, the online academic testing platform, and the basic instructional supplies hotline and appeals process, which were added in the 2009 State Education Reform package. This would require change in statute to repeal these additional departmental responsibilities.

Early Retirement Savings

The proposed budget recognizes the early retirement of 60 FTEs due to the recent retirement incentives. While most of the positions were funded with other federal or restricted funding and may be filled, the budget eliminates 100% of GF/GP (\$370,900) related to these retirements.

Economic Adjustments

The proposed budget recognizes economic cost adjustments of \$1.5 million Gross (\$401,000 GF/GP) related to retirement, insurances, workers' compensation, and building occupancy charges.

Higher Education

Analyst: Kyle I. Jen

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	4,500,000	98,326,400	93,826,400	2,085.0	107,086,400	8,760,000	8.9
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	30,400,000	699,919,500	669,519,500	2,202.4	699,919,500	0	0.0
GF/GP	1,543,378,500	564,032,500	(979,346,000)	(63.5)	564,032,500	0	0.0
Gross	\$1,578,278,500	\$1,362,278,400	(\$216,000,100)	(13.7)	\$1,371,038,400	\$8,760,000	0.6
FTEs	1.0	1.0	0.0	0.0	1.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

University Operations

Makes the following adjustments to FY 2011-12 operations appropriations for the 15 public universities:

- Reduces each university's appropriation by 15.0%, for a total reduction of \$213.1 million GF/GP.
- From remaining appropriations, sets aside a total of \$83.0 million in tuition restraint incentive funding. Under proposed boilerplate language, these funds would be paid only if a university held its FY 2011-12 resident undergraduate tuition/fee rate increase below the prior-five-year state average of 7.1%. Individual incentive amounts for universities are based on each university's average annual tuition/fee rate increase over the last five years, ranging from 5.1% to 9.8% of proposed FY 2011-12 appropriation amounts.
- Replaces \$699.7 million in GF/GP funds with School Aid Fund revenue; School Aid Fund revenue makes up 58.0% of each university's proposed FY 2011-12 appropriation amount. Under Executive Budget, Higher Education budget is merged into the School Aid Act.

For FY 2012-13, the Executive Budget proposes to roll university operations funding into a single funding amount of \$1,207.2 million (no net change from FY 2011-12); proposed boilerplate language would provide for funding to be allocated to the universities using an incentive-based formula to be developed by the state budget director and enacted by the Legislature.

Agricultural Experiment Station and Cooperative Extension Service

Combines two existing appropriations into a single appropriation for Agricultural Experiment and Cooperative Extension Activities, with a 15.0% reduction in total funding (\$9.3 million GF/GP). Proposed FY 2011-12 funding of \$52.6 million; no further change proposed for FY 2012-13.

TANF Fund Shift

Replaces all state-level funding for financial aid programs, other than the Children of Veterans and Officer's Survivor Tuition Programs, with federal TANF funding in order to improve the state's ability to meet federal TANF maintenance-of-effort (MOE) requirements. A total of \$57.3 million GF/GP and \$30.1 million in Merit Award Trust Fund revenue is replaced with TANF funds, consistent with supplemental adjustments made in the FY 2007-08, FY 2008-09, and FY 2009-10 budgets. Offsetting adjustments are proposed in the Human Services budget. Use of TANF funds for financial aid programs also proposed for FY 2012-13.

Need-Based Financial Aid

Combines funding for existing State Competitive Scholarship (\$19.9 million) and Tuition Grant (\$31.7 million) programs into new appropriation of \$51.5 million (Federal) for a proposed Pathway to Higher Education Program. New program would provide need-based financial aid awards to students attending either public or private colleges and universities who have an Expected Family Contribution (EFC) of \$3,800 or less (roughly corresponding to an Adjusted Gross Income of \$50,000); projected maximum award amount would be \$875 per year, with awards made to roughly 55,000 students. No change in proposed funding from FY 2011-12 to FY 2012-13.

Tuition Incentive Program (TIP)

Increases funding for TIP by \$6.4 million (Federal) for FY 2011-12 (17.1%) to fund projected increase in program participation and costs. TIP pays associate's degree tuition/fee costs for Medicaid-eligible middle- and high-school students who go on to graduate from high school and enroll in college. Additional projected cost increase of \$8.8 million (Federal) for FY 2012-13 (20.0%).

Children of Veterans Tuition Program

Replaces \$100,000 in state restricted funding with GF/GP funding to reflect that collections from the state income tax form check-off box for the program have been below the currently-appropriated amount of \$300,000. No further change proposed for FY 2012-13.

School Aid

Analysts: Mary Ann Cleary and Bethany Wicksall

	FY 2010-11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
	Year-to-Date as of 2/17/11		Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal							
ARRA/EdJobs	500,526,900	0	(500,526,900)	(100.0)	0	0	--
Non-ARRA	1,677,806,400	1,653,331,800	(24,474,600)	(1.5)	1,653,331,800	0	0.0
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	10,937,260,500	10,107,684,900	(829,575,600)	(7.6)	10,144,888,300	37,203,400	0.4%
GF/GP	18,642,400	412,542,400	393,900,000	2,112.9	345,242,400	(67,300,000)	(16.3)
Gross	\$13,134,236,200	\$12,173,559,100	(960,677,100)	(7.3)	\$12,143,462,500	(30,096,600)	(0.2)
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources. (3) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Reduces Foundation Allowances by \$470 Per Pupil

The proposed budget would make permanent the FY 2010-11 \$170 per pupil reductions by rolling the cut into the foundation allowance. Additionally, it would further reduce all foundations by \$300.0 per pupil, for a total foundation allowance reduction of \$470 per pupil. The additional \$300 per pupil cut equals a total savings of \$452.5 million.

	FY 2010-11	Proposed FY 2011-12
Minimum Foundation Allowance	\$7,316	\$6,846
Basic (State Maximum Guaranteed) Foundation Allowance	\$8,489	\$8,019

Additionally, for FY 2012-13, the budget proposes carving \$300 million out of the foundation allowance funding to create a separate per pupil allocation for districts whose employees pay the same percentage of costs for health care benefits as state employees pay. More detail coming in the Governor's April, 2011 message on education reform.

Intermediate School District (ISD) General Operations

The budget reduces ISD general operations payments by 5% or \$3.3 million, from \$65.4 million to \$62.1 million.

Maintains Categorical Funding

The proposed budget maintains current services funding for the several large categorical programs including, special education, at-risk programs, school lunch and breakfast programs, early childhood education, career and vocational education, and adult education.

Eliminates Categorical Funding

The proposed budget recognizes the elimination of the following categorical programs for savings of \$82.8 million:

-- Declining Enrollment - \$20.0 million	-- State Aid to Libraries - \$1.5 million
-- Small Class Size Foundation Adjustments - \$19.7 million	-- Precollege Engineering Programs - \$905,100
-- Special Ed ISD Center Program FICA - \$15.3 million	-- Special Ed ISD Hold Harmless Payments - \$900,000
-- Declining Enrollment Small, Rural Districts - \$7.0 million	-- Rural/Island Districts - \$431,200
-- Bilingual Education - \$2.8 million	-- Pontiac Positive Behavioral Support Program - \$300,000
-- Middle College Program - \$2.0 million	-- At Risk Exemptions for Dearborn and Baldwin - \$0
-- Small, Rural Districts Funding - \$2.0 million	-- District Foundation Allowance Adjustments for Wayne
-- MBT Impact on Out of Formula Districts - \$1.8 million	Westland, Garden City, Huron and Gibraltar - \$8.2 million

School Aid Fund (SAF) Revenue Shifts Totaling \$1.1 Billion

- The proposed budget replaces \$593.9 million in lost SAF revenue from the proposed tax reforms with \$393.9 million GF/GP for a net reduction in total School Aid revenues of \$200.0 million due to proposed tax changes.

- Additionally SAF revenue is shifted into both the Community Colleges budget (\$195.9 million) and the Higher Education budget (\$699.7 million), for a total of \$895.6 million.

BUDGET AREA: GENERAL GOVERNMENT

All General Government

Analyst: Robin R. Risko and Ben Gielczyk

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$644,781,100	\$669,128,900	\$24,347,800	3.8	\$672,284,600	\$3,155,700	0.5
Federal	277,499,300	273,049,700	(4,449,600)	(1.6)	273,736,400	686,700	0.3
Local	3,434,400	3,555,800	121,400	3.5	3,604,000	48,200	1.4
Private	1,414,500	930,700	(483,800)	(34.2)	936,900	6,200	0.7
Restricted	1,804,038,200	1,719,546,400	(84,491,800)	(4.7)	1,765,381,400	45,835,000	2.7
GF/GP	590,492,600	734,559,900	144,067,300	24.4	739,252,200	4,692,300	0.6
Gross	\$3,321,660,100	\$3,400,771,400	\$79,111,300	2.4	\$3,455,195,500	\$54,424,100	1.6
FTEs	7,709.2	7,732.2	23.0	0.3	7,732.2	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Summary pages for individual department/agency budgets contained within the current FY 2010-11 General Government appropriations bill follow this page.

Attorney General

Analyst: Robin R. Risko

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$21,300,300	\$21,885,400	\$585,100	2.7	\$22,539,600	\$654,200	3.0
Federal	8,565,700	8,848,800	283,100	3.3	9,073,800	225,000	2.5
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	14,987,700	15,489,100	501,400	3.3	15,879,700	390,600	2.5
GF/GP	28,559,400	28,117,600	(441,800)	(1.5)	28,828,100	710,500	2.5
Gross	\$73,413,100	\$74,340,900	\$927,800	1.3	\$76,321,200	\$1,980,300	2.7
FTEs	520.0	520.0	0.0	0.0	520.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

GF/GP Budget Reductions

Reflects a savings of \$142,400 Gross and GF/GP to be achieved by not filling vacant positions and other administrative efficiencies.

Early Retirement Savings

Includes a reduction of \$1.3 million Gross and GF/GP to reflect the amount of full-year savings anticipated to occur as a result of the FY 2010-11 early retirement program.

State Officers Compensation Commission (SOCC) Reduction

Reflects a savings of \$3,300 Gross and GF/GP due to the 10% reduction in the Attorney General's salary implemented January 1, 2011. This figure is the amount of savings that will occur in the first three months of FY 2012.

Prosecuting Attorneys Coordinating Council (PACC) Grant Award Reduction

Includes a reduction of \$186,000 Gross and IDG from the Michigan Justice Training Fund as a result of reduced training services being provided by the PACC.

State Claims Unit Reduction

Includes a reduction of \$62,500 Gross and IDG funding as a result of reduced services related to Workers' Compensation cases being provided by the Department of Attorney General.

Economics

Includes an additional \$2.6 million Gross and \$989,500 GF/GP for economic adjustments to be made for insurance, retirement, and workers' compensation costs and for building occupancy charges in FY 2011-12. Also, includes an additional \$2.0 million Gross and \$710,500 GF/GP for economic adjustments to be made in FY 2012-13.

Civil Rights

Analyst: Robin R. Risko

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	1,750,000	2,213,200	463,200	26.5	2,269,700	56,500	2.6
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	53,000	58,500	5,500	10.4	58,500	0	--
GF/GP	10,975,700	9,827,200	(1,148,500)	(10.5)	10,096,100	268,900	2.7
Gross	\$12,778,700	\$12,098,900	(\$679,800)	(5.3)	\$12,424,300	\$325,400	2.7
FTEs	118.0	118.0	0.0	0.0	118.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

GF/GP Budget Reductions

Reflects a savings of \$1.0 million Gross and GF/GP to be achieved by reducing information technology user charges and downsizing technology equipment and building space as a result of the decrease in staff over the past few years.

Early Retirement Savings

Includes a reduction of \$608,000 Gross and GF/GP to reflect the amount of full-year savings anticipated to occur as a result of the FY 2011 early retirement program.

Increased Federal Grant Funding

Reflects an increase of \$463,200 in federal Department of Housing and Urban Development funding based on projections of anticipated revenue in FY 2011-12. Also, increases the same federal grant funding in FY 2012-13 by \$56,500, but decreases GF/GP funding by a like amount.

Fund Source Shift

Reflects an increase of \$5,500 in state restricted funding and a decrease of GF/GP funding by a like amount.

Economics

Includes an additional \$498,200 Gross and GF/GP for economic adjustments to be made for insurance, retirement, and workers' compensation costs and for building occupancy charges in FY 2011-12. Also, includes an additional \$325,400 Gross and GF/GP for economic adjustments to be made in FY 2012-13.

Executive Office

Analyst: Robin Risko

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	0	0	0	--	0	0	--
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	0	0	0	--	0	0	--
GF/GP	4,630,800	4,399,200	(231,600)	(5.0)	4,399,200	0	0.0
Gross	\$4,630,800	\$4,399,200	(\$231,600)	(5.0)	\$4,399,200	\$0	0.0
FTEs	84.2	84.2	0.0	0.0	84.2	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

GF/GP Budget Reductions

Reflects a savings of \$212,200 Gross and GF/GP to be achieved through administrative efficiencies.

State Officers Compensation Commission (SOCC) Reduction

Reflects a savings of \$19,400 Gross and GF/GP due to the 10% reduction in the Governor's and Lieutenant Governor's salaries implemented January 1, 2011. This figure is the amount of savings that will occur in the first three months of FY 2012.

Legislative Auditor General

Analyst: Robin R. Risko

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$2,301,500	\$3,501,500	\$1,200,000	52.1	\$3,501,500	\$0	0.0
Federal	0	0	0	--	0	0	--
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	1,539,900	1,539,900	0	--	1,539,900	0	0.0
GF/GP	11,155,000	10,597,000	(558,000)	(5.0)	10,597,000	0	0.0
Gross	\$14,996,400	\$15,638,400	\$642,000	4.3	\$15,638,400	\$0	0.0
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

GF/GP Budget Reductions

Reflects a savings of \$558,000 Gross and GF/GP to be achieved through administrative efficiencies.

Fund Source Adjustment

Includes an additional \$1.7 million Gross and IDG funding to reflect actual expenditures for conducting single audits.

Technical Adjustment

Reduces Gross and IDG funding from the Department of Corrections by \$500,000. This funding was included in the FY 2010-11 budget but was vetoed by the Governor.

*Please note: The Legislative Auditor General budget is rolled in with the Legislature budget in the FY 2011-12 and FY 2012-13 Executive budget recommendations.

Legislature

Analyst: Robin R. Risko

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$250,000	\$250,000	\$0	0.0	\$250,000	\$0	0.0
Federal	0	0	0	--	0	0	--
Local	0	0	0	--	0	0	--
Private	400,000	400,000	0	0.0	400,000	0	0.0
Restricted	1,109,800	1,109,800	0	0.0	1,109,800	0	0.0
GF/GP	100,574,300	98,573,400	(2,000,900)	(2.0)	98,573,400	0	0.0
Gross	\$102,334,100	\$100,333,200	(\$2,000,900)	(2.0)	\$100,333,200	\$0	0.0
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

GF/GP Budget Reductions

Reflects a savings of \$2.0 million Gross and GF/GP to be achieved through administrative efficiencies.

*Please note: The Legislative Auditor General budget is rolled in with the Legislature budget in the FY 2011-12 and FY 2012-13 Executive budget recommendations.

State

Analyst: Benjamin Gielczyk

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$0	0.0	\$20,000,000	\$0	0.0
Federal	1,810,000	1,810,000	0	0.0	1,810,000	0	0.0
Local	0	0	0	--	0	0	--
Private	100	100	0	0.0	100	0	0.0
Restricted	177,799,500	178,788,700	989,200	0.6	183,142,400	4,353,700	2.4
GF/GP	13,910,800	11,286,200	(2,624,600)	(18.9)	11,586,000	299,800	2.7
Gross	\$213,520,400	\$211,885,000	(\$1,635,400)	(0.8)	\$216,538,500	\$4,653,500	2.2
FTEs	1,815.0	1,815.0	0.0	0.0	1,815.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

State Officers Compensation Commission (SOCC) Adjustment

Reflects savings of \$3,300 Gross and GF/GP due to the 10.0% reduction in the Secretary of State's salary implemented on January 1, 2011. This amount reflects savings that will occur in first three months of FY 2011-12. No changes recommended in FY 2012-13.

Early Retirement Savings

Includes reduction of \$621,300 Gross and GF/GP to reflect full-year savings anticipated as a result of the FY 2010-11 early retirement program. No changes recommended in FY 2012-13.

General Fund Reduction

Reduction of \$2.1 million Gross and GF/GP to be achieved through cost savings within the department. No changes recommended in FY 2012-13.

Economic Adjustments

Reflects increased costs of \$1.1 million Gross and \$100,000 GF/GP associated with employee benefit costs and other economic adjustments. Additional increase of \$4.7 million Gross and \$299,800 GF/GP for FY 2012-13 economics adjustments.

Technology, Management and Budget

Analyst: Robin R. Risko

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$586,552,900	\$609,070,400	\$22,517,500	3.8	\$611,571,900	\$2,501,500	0.4
Federal	2,682,000	2,803,400	121,400	4.5	3,134,600	331,200	11.8
Local	1,380,400	1,456,600	76,200	5.5	1,504,800	48,200	3.3
Private	170,800	180,600	9,800	5.7	186,800	6,200	3.4
Restricted	83,827,300	85,272,900	1,445,600	1.7	88,454,900	3,182,000	3.7
GF/GP	299,748,800	313,357,800	13,609,000	4.5	325,708,200	12,350,400	3.9
Gross	\$974,362,200	\$1,012,141,700	\$37,779,500	3.9	\$1,030,561,200	\$18,419,500	1.8
FTEs	2,972.5	2,986.5	14.0	0.5	2,986.5	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

GF/GP Budget Reductions

Reflects a savings of \$6.8 million Gross and \$3.8 million GF/GP to be achieved by not filling vacant positions and reducing program costs.

Early Retirement Savings

Includes a reduction of \$5.8 million Gross and \$3.1 million GF/GP to reflect the amount of full-year savings anticipated to occur as a result of the FY 2010-11 early retirement program.

State Building Authority (SBA) Rent Increase

Includes an additional \$15.0 million Gross and GF/GP for State Building Authority rent payments in FY 2011-12 and an additional \$8.6 million Gross and GF/GP for payments in FY 2012-13. Adjustments are made based on a number of factors including project start and end dates, delays, refinancing, refunding, the number of current projects underway, and assumptions of upcoming finance needs for planned projects.

Gubernatorial Transition

Eliminates the one-time appropriation of \$1.5 million Gross and GF/GP used for costs associated with the gubernatorial transition.

Information Technology Base and Fund Source Adjustments

Adjusts the Information Technology budget up by \$6.6 million Gross and IDG in order to reflect actual appropriations and funding sources for information technology services and projects included in other state department budgets.

Information Technology Program Funding Adjustments

Makes adjustments totaling an increase of \$13.6 million Gross and IDG to reflect either additional appropriations and funding sources for information technology program enhancements included in other state department budgets or elimination of funding for information technology programs which no longer need funding in other state department budgets.

Information Technology State Agency Reforms

Includes an additional \$5.0 million Gross and GF/GP for a new program which will competitively select and invest in high-priority, low-cost state agency innovation projects which demonstrate significant return on investment.

Economics

Includes an additional \$9.9 million Gross and \$2.1 million GF/GP for economic adjustments to be made for insurance, retirement, and workers' compensation costs and for building occupancy charges for FY 2011-12. Also, includes an additional \$9.8 million Gross and \$3.8 million GF/GP for economic adjustments to be made in FY 2012-13.

Treasury

Analyst: Benjamin Gielczyk

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$14,376,400	\$14,421,600	\$45,200	0.3	\$14,421,600	\$0	0.0
Federal	262,691,600	257,374,300	(5,317,300)	(2.0)	257,448,300	74,000	0.0
Local	2,054,000	2,099,200	45,200	2.2	2,099,200	0	0.0
Private	843,600	350,000	(493,600)	(58.5)	350,000	0	0.0
Restricted	1,524,721,000	1,437,287,500	(87,433,500)	(5.7)	1,475,196,200	37,908,700	2.6
GF/GP	120,937,800	258,401,500	137,463,700	113.7	249,464,200	(8,937,300)	(3.5)
Gross	\$1,925,624,400	\$1,969,934,100	\$44,309,700	2.3	\$1,998,979,500	\$29,045,400	1.5
FTEs	2,199.5	2,208.5	9.0	0.4	2,208.5	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Debt Service Requirements

Reflects increased debt service costs of \$83.3 million Gross and GF/GP due to scheduled payment requirements and new issues based on FY 2010-11 debt restructuring. No changes recommended for FY 2012-13.

Revenue Sharing Adjustments

Reflects increase of \$25.5 million Gross in Constitutional revenue sharing from FY 2010-11 appropriation. The FY 2011-12 figure is based on January 2011 Consensus Revenue Estimating Conference (CREC) figures. Eliminates statutory revenue sharing in FY 2011-12, which reflects a savings of \$307.1 million Gross from FY 2010-11 appropriation. Recommends \$100.0 million Gross in county revenue sharing for FY 2011-12, which reflects a savings of \$14.7 million Gross from the FY 2010-11 appropriation. No changes recommended for FY 2012-13.

Local Government Incentives Program for Cities, Villages, and Townships

Includes \$200.0 million Gross for new program incentivizing cooperation and best practices among cities, villages, and townships. Includes an increase of \$32.1 million Gross in FY 2012-13 Executive Recommendation.

Presidential Primary Costs

Includes \$10.0 million Gross and GF/GP for anticipated costs associated with the next presidential primary. Funds are eliminated in FY 2012-13 Executive Recommendation.

Payment in Lieu of Taxes Reductions

Reflects 15.0% reduction in payment in lieu of taxes (PILT). Reduction totals \$2.4 million Gross and \$1.6 million GF/GP. Gross figure includes additional \$513,000 reduction to reduce restricted revenues to reflect current year reduction to general fund. No changes recommended in FY 2012-13.

Michigan Strategic Fund Changes

Includes \$75.0 million Gross in 21st Century Jobs Trust Fund distributed evenly among three program areas: Pure Michigan (eliminates \$5.4 million GF/GP appropriation to Michigan Promotion Program); Business Attraction and Economic Gardening (will receive additional \$25.0 million GF/GP); and Innovation and Entrepreneurship. Includes \$25.0 million Gross and GF/GP for film incentives. Program replaces film industry tax incentives. Includes \$5.0 million Gross and GF/GP for quality of place and talent enhancement. No changes recommended in FY 2012-13.

Early Retirement Savings

Includes a reduction of \$1.6 million Gross and GF/GP to reflect full-year savings anticipated as a result of the FY 2010-11 early retirement program. No changes recommended in FY 2012-13.

Economics

Reflects increased costs of \$10.4 million Gross and \$1.7 million GF/GP associated with employee benefits costs, rent, and other economic factors. Includes additional \$6.9 million Gross and \$1.1 million GF/GP for economic adjustments to be made in FY 2012-13.

BUDGET AREA: HUMAN SERVICES

Community Health

Analysts: Margaret Alston, Susan Frey, and Steve Stauff

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$54,020,800	\$4,528,700	(\$49,492,100)	(91.6)	\$4,528,700	\$0	0.0
Federal							
ARRA	650,327,000	0	(650,327,000)	(100.0)	0	0	--
Non-ARRA	8,823,718,200	8,758,307,700	(65,410,500)	(0.7)	8,976,727,400	218,419,700	2.5
Local	235,104,200	248,557,800	13,453,600	5.7	250,359,100	1,801,300	0.7
Private	88,103,600	96,494,700	8,391,100	9.5	96,494,700	0	0.0
Restricted	1,851,347,100	2,156,335,200	304,988,100	16.5	2,154,682,400	(1,652,800)	(0.1)
GF/GP	2,421,483,700	2,701,084,900	279,601,200	11.6	2,930,413,700	229,328,800	8.5
Gross	\$14,124,104,600	\$13,965,309,000	(\$158,795,600)	(1.1)	\$14,413,206,000	\$447,897,000	3.2
FTEs	4,398.8	4,031.0	(367.8)	(8.4)	4,031.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources. (3) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Roll-Up of Appropriation Line Items

Proposes to roll up expenditure authorization from 143 line item appropriations into 6 line items.

Retirement Adjustments

Projects FY 2011-12 early retirement savings of \$5.0 million Gross (\$3.5 million GF/GP) and includes FY 2012-13 active and retiree insurance and pension adjustment of \$13.0 million Gross (\$7.6 million GF/GP).

Community Mental Health (CMH) Non-Medicaid Services and Administrative Reduction

Reflects administrative savings for Community Mental Health Services Programs (CMHSPs) and reduces funding for non-Medicaid services provided to persons with mental illness and developmental disabilities by \$8.5 million GF/GP which represents a 3.0% reduction from FY 2010-11 funding.

Substance Abuse Services and Administrative Reductions

Anticipates administrative cost savings for coordinating agencies and reduces funding for substance abuse services programs by \$1.4 million GF/GP.

Forensic Mental Health Services Provided to the Department of Corrections (DOC) Transfer

Transfers almost 400 staff positions associated with the \$50.5 million interdepartmental grant from the DOC as the Department of Community Health (DCH) will no longer be responsible for providing mental health services to prisoners under the jurisdiction of DOC.

Essential Local Public Health Services Reduction

Reduces GF/GP funding to local public health departments by \$1.7 million, or 5.0%, affecting most state and local cost-shared services: immunizations, infectious disease control, sexually transmitted disease control and prevention, food protection, public water supply, private groundwater supply, and on-site sewage management. No change is proposed for FY 2012-13.

Healthy Michigan Prevention Funding Reduction

Shifts \$1.0 million of the \$34.2 million Healthy Michigan Fund allocations from public health projects to Medicaid, reducing public health project allocations from the Fund to \$9.9 million and increasing the Medicaid program allocation to \$24.3 million, for GF/GP savings of \$1.2 million. No change is proposed for FY 2012-13.

Crime Victim Program Increases

Recognizes increased funds of \$10.4 million Gross (\$0 GF/GP) available for crime victim services and programs, related to increased revenue to the state restricted Crime Victim's Rights Fund and increased federal grant funds, for local services to crime victims, victim compensation, and funding to local prosecutors and victim notification network system. No change is reflected for FY 2012-13.

Aging Program Reductions

Reduces GF/GP funding to programs for seniors by \$2.2 million including 8.3% of GF/GP funds for community services and 9.0% of GF/GP funds for home-delivered and congregate meals, and senior volunteer services and programs. No change is proposed for FY 2012-13.

Medicaid Cost Increases

Includes an increase for FY 2011-12 of \$437.5 million Gross (\$180.9 million GF/GP) to cover caseload/utilization/inflation changes within Medicaid, Mental Health/Substance Abuse, Children's Special Health Care Services and Federal Medicare Prescription programs. The increase for FY 2012-13 is projected to be \$334.5 million Gross (\$117.5 million GF/GP). No adjustments were included regarding actuarial soundness within the managed care programs for Medicaid and Mental Health/Substance Abuse Services.

Medicaid Federal Medical Assistance Percentage (FMAP) Federal Stimulus Adjustments

Includes an increase of \$564.7 million GF/GP is necessary to offset the final year of federal FMAP Medicaid funding from the American Recovery and Reinvestment Act (ARRA) and related extension.

Health Insurance Paid Claims Assessment

Creates a 1% assessment on all health insurance claims generates approximately \$396.9 million of state restricted revenue which will offset a like amount of GF/GP in the DCH budget. Of the \$396.9 million GF/GP savings, \$256.9 million reflects use tax revenue generated by a 6% tax on Medicaid HMOs that would be replaced with this broader assessment. This replacement of the 6% use tax with a 1% assessment is based on anticipated federal action that will result in the phase-out of the use tax. To realize these savings statutory changes will be necessary.

Graduate Medical Education Reduction

Applies a 40% reduction of the Graduate Medical Education (GME) payments resulting in savings of \$67.3 million Gross (\$22.8 million GF/GP). GME payments are made to Michigan hospitals which provide clinical training and education to individuals in approved residency programs. This funding is provided in recognition of the higher costs incurred by the teaching hospitals.

Dual Eligibles to Managed Care

Reflects a shifting of individuals who are eligible for both Medicare and Medicaid (dual eligibles) from fee-for-service to a managed care system, savings of \$29.6 million Gross (\$10.0 million GF/GP) are estimated given a start date of April 1, 2012. A federal waiver would be required to allow the State to receive the Medicare funds to manage the care of the dual eligibles.

Other Medicaid Fund Source Adjustments

Reflects an increase of federal Medicaid and State Children's Health Insurance Program (CHIP) funds would offset \$29.9 million of GF/GP due to regular changes in federal match rates. An additional \$160.0 million GF/GP is necessary to offset one-time Children's Health Insurance Program Reauthorization Act (CHIPRA) FMAP correction revenue included in the FY 2010-11 budget.

Primary Care Physician Rate Increase FY 2012-13

Anticipates an increase of \$100.0 million federal funds in FY 2012-13 and will be available to increase the reimbursement rates of primary care physicians up to 100% of Medicare rates. This reimbursement level is a requirement of the Affordable Care Act of 2010 and the rate increase is fully federally funded.

Corrections

Analyst: Bob Schneider

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$915,400	\$943,800	\$28,400	3.1	\$947,800	\$4,000	0.4
Federal	7,868,500	7,995,100	126,600	1.6	8,045,800	50,700	0.6
Local	443,100	447,300	4,200	0.9	447,300	0	0.0
Private	0	0	0	--	0	0	--
Restricted	80,327,100	73,184,000	(7,143,100)	(8.9)	72,507,900	(676,100)	(0.9)
GF/GP	\$1,917,879,500	\$1,929,836,200	\$11,956,700	0.6	\$2,012,313,800	\$82,477,600	4.3
Gross	\$2,007,433,600	\$2,012,406,400	\$4,972,800	0.2	\$2,094,262,600	\$81,856,200	4.1
FTEs	15,877.5	15,656.8	(220.7)	(1.4)	15,179.8	(477.0)	(3.0)

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Prison Closure

Anticipates the closure of one state prison during FY 2010-11, resulting in net savings of \$18.9 million GF/GP in FY 2011-12 after adjusting for offsetting increases for prisoner reintegration programs and supervision costs. Closure savings assume the elimination of 300.0 FTE positions and a reduction of 1,200 prison beds. Budget does not specify which prison facility would be subject to closure.

Operational Savings

Includes \$31.7 million in budget savings for FY 2011-12 targeting operational savings in various program areas, including savings related to supply chain transformation efforts (\$10.0 million GF/GP), competitive bidding for prison food service and prisoner store operations (\$13.3 million gross and \$9.5 million GF/GP), and a reduction of 81 lieutenant positions across prison facilities (\$8.5 million GF/GP). Additional food service and prisoner store savings of \$3.8 million gross and \$2.3 million GF/GP are budgeted for FY 2012-13.

Neal Settlement Agreement

Provides increase of \$5.0 million GF/GP for FY 2011-12 and another \$5.0 million GF/GP for FY 2012-13 to cover payments arising out of a settlement agreement related to a lawsuit brought by female inmates alleging sexual harassment within MDOC facilities. Annual settlement payment of \$15.0 million for FY 2011-12 will increase to \$20.0 million for FY 2012-13 and FY 2013-14, with a final payment of \$25.0 million in FY 2014-15.

Elimination of Public Works Programs

Removes funding for public works programs at all MDOC facilities except for the Special Alternative Incarceration Program; savings of \$4.4 million gross and \$2.2 million GF/GP.

Other Budget Increases

Provides increase of \$4.0 million GF/GP to cover an estimated prisoner health care cost increase associated with an inflationary adjustment contained in the Department's managed care contract; an increase of \$3.5 million GF/GP to cover the cost of new custody staff training to allow for the training of 400 new corrections officers during FY 2011-12; and an increase of \$3.0 million GF/GP to cover projected shortfalls in parole/probation oversight and tether program fee revenue.

Early Retirement Savings

Incorporates full-year savings of \$8.8 million GF/GP related to the early retirement incentive program enacted last year.

Economic Adjustments

Includes \$58.3 million gross (\$56.2 million GF/GP) for FY 2011-12 and another \$50.6 million (\$49.8 million GF/GP) for FY 2012-13 to cover economic increases related to employee insurance and retirement costs, building occupancy charges, worker's compensation, food and fuel.

Human Services

Analysts: Kevin Koorstra and Bob Schneider

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$1,230,300	\$1,243,100	\$12,800	1.0	\$1,256,200	\$13,100	1.1
Federal							
ARRA	774,767,800	549,632,400	(225,135,400)	(29.1)	549,632,400	0	0.0
Non-ARRA	5,140,056,800	5,100,154,100	(39,902,700)	(0.8)	5,054,145,000	(46,009,100)	(0.9)
Local	33,925,700	30,573,600	(3,352,100)	(9.9)	30,473,200	(100,400)	(0.3)
Private	14,483,500	16,336,100	1,852,600	12.8	16,485,600	149,500	0.9
Restricted	60,433,500	97,107,200	36,673,700	60.7	97,162,300	55,100	0.1
GF/GP	924,018,100	1,096,478,200	172,460,100	18.7	1,184,714,900	88,236,700	8.0
Gross	\$6,948,915,700	\$6,891,524,700	(\$57,391,000)	(0.8)	\$6,933,869,600	\$42,344,900	0.6
FTEs	11,869.5	11,554.5	(315.0)	(2.7)	11,554.5	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources. (3) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Temporary Assistance for Needy Families (TANF) Funding

Increases GF/GP (\$206.7 million) and Merit Award Trust Funds (30.1 million) to offset both one-time TANF revenue appropriated in FY 2010-11 (\$143.0 million) and TANF revenue transferred to Higher Education for scholarships (\$93.8 million). FY 2012-13 Executive projection includes an additional \$62.6 million in GF/GP to offset one-time TANF revenue appropriated in FY 2011-12 Executive Recommendation and \$8.8 million in GF/GP for projected Higher Education spending levels.

Child Welfare Improvement and Revisions

Annualize cost of shifting foster care cases to private agencies during FY 2010-11 (\$30.1 million gross), annualize cost of staff hired during FY 2010-11 (\$29.7 million), increase funding for second Needs Assessment (\$4.0 million), increase adoption contract rates (\$2.8 million), and increase funding for IT improvements (\$2.7 million). Executive also reduces funding for the guardianship assistance program (\$1.0 million), eliminates funding for the partial tuition reimbursement (\$1.0 million), and reduces specialized independent living administrative rates (\$877,600). FY 2012-13 Executive projection removes the funding for the Needs Assessment (\$4.0 million).

Public Assistance Benefit Reductions

- Executive recommends a retroactive 48 month lifetime limit for cash assistance recipients (FIP). Lifetime limit will close 12,600 FIP cases generating \$77.4 million gross, \$65.0 million GF/GP, in savings. Exceptions to the lifetime limit would include incapacity and victims of domestic violence.
- Executive reduces the child development and care (CDC) subsidy rate for enrolled providers from \$1.60 to \$1.35, saving \$13.9 million.

Other Program Reductions and Eliminations

- Reduces local office staff by 300 FTEs with the assumption that savings can be realized through attrition rather than layoffs (\$19.5 million gross). Savings for staff reduction are partially offset with increasing outstationed eligibility specialists by 50 FTEs (\$4.3 million), annualizing cost of 100 temporary eligibility staff hired during FY 2010-11 (\$1.7 million), and increasing funding for a call center (\$850,000) for a gross budget savings of \$12.8 million.
- Closes the Shawono Center in Grayling (\$4.7 million) and reduces the Maxey Training School in Whitmore Lake by 20 beds (\$900,000). Savings for the facility closures are partially offset with costs to place youth into private facilities (\$2.6 million) for a gross budget savings of \$3.0 million.

- Eliminates Jobs, Education and Training (JET) Plus funding (\$8.5 million)
- Reduces various family preservation programs (\$5.1 million)
- Reduces employment and training support services (\$4.8 million)
- Eliminates Zero to 3 funding (\$3.8 million)
- Eliminates Before- and After-School grants (\$3.0 million)

BUDGET AREA: RESOURCE PROTECTION

Agriculture and Rural Development

Analyst: William E. Hamilton

	FY 2010-11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
	Year-to-Date as of 2/17/11		Amount	%		Amount	%
IDG/IDT	\$289,100	\$297,600	\$8,500	2.9	\$297,600	\$0	0.0
Federal	14,922,600	14,184,700	(737,900)	(4.9)	14,386,700	202,000	1.4
Local	0	0	0	--	0	0	--
Private	260,100	171,300	(88,800)	(34.1)	171,300	0	0.0
Restricted	30,679,400	29,713,000	(966,400)	(3.2)	30,294,800	581,800	2.0
GF/GP	30,297,100	27,102,700	(3,194,400)	(10.5)	27,715,100	612,400	2.3
Gross	\$76,448,300	\$71,469,300	(\$4,979,000)	(6.5)	\$72,865,500	\$1,396,200	2.0
FTEs	458.5	438.0	(20.5)	(4.5)	438.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Line Item Roll-ups

The current year budget contains 42 appropriation line items; the Executive would roll up the FY 2011-12 budget into 6 broad single-line appropriation units.

Dairy Inspection Program

Recommends transfer of some elements of inspection program to dairy industry through use of industry-employed, department-certified field inspectors, resulting in GF/GP savings of \$600,000.

Nursery Stock Inspections

Department inspections would be limited to those needed for out-of-state export. Responsibility for inspection of nursery stock intended for in-state sale would be transferred to the industry resulting in GF/GP savings of \$500,000.

Animal Feed Inspections

Department would end sampling/testing related to content label (i.e. protein/fat/fiber content), resulting in a GF/GP savings of \$250,000. Department would continue health/safety related inspections.

Grain Dealer/Producer Security

Proposes increase in annual grain dealer fees to offset \$300,000 GF/GP reduction.

Animal Disease and Prevention

Anticipated advances in Bovine TB program allow the elimination of the Inspection Station at the Mackinac Bridge resulting in GF/GP savings of \$332,000; other program efficiencies result in additional GF/GP savings of \$204,700.

Intercounty Drain Program

Proposes new \$500 assessment on intercounty drainage districts; proposed fee would generate \$550,000 in restricted revenue to support program and offset \$432,300 GF/GP reduction.

Laboratory Services

Reduction in GF/GP support of \$427,000 to reflect reduced workload.

Horse Racing Purses and Awards

Decrease of \$714,000 reflects on-going reductions in Agriculture Equine Industry Development Fund revenue.

Federal Funds

Reduction in appropriated federal funds reflects end of \$500,000 Emergency Management Rapid Response grant, and further reductions in federal support for Emerald Ash Borer program.

Environmental Quality

Analyst: Viola Bay Wild

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$8,691,800	\$8,918,200	\$226,400	2.6	\$9,075,700	\$157,500	1.8
Federal	182,901,700	159,851,500	(23,050,200)	(12.6)	161,200,300	1,348,800	0.8
Local	0	0	0	--	0	0	--
Private	684,700	711,800	27,100	4.0	731,000	19,200	2.7
Restricted	178,065,000	214,866,200	36,801,200	20.7	217,494,100	2,627,900	1.2
GF/GP	25,322,500	21,491,600	(3,830,900)	(15.1)	22,075,300	583,700	2.7
Gross	\$395,665,700	\$405,839,300	\$10,173,600	2.6	\$410,576,400	\$4,737,100	1.2
FTEs	1,483.1	1,450.1	(33.0)	(2.2)	1,450.1	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. Year-to-Date numbers are estimates of DEQ's funding after separated from the DNRE by E.O. 2011-1. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Office of Pollution Prevention and Compliance and Assistance (OPPCA)

Decreases funding by \$1.2 million Gross and GF/GP and eliminates 9.0 FTEs for the OPPCA program which provides environmental regulation assistance and education to businesses and the public.

Great Lakes Restoration Initiative (GLRI)

Reduces federal funding authorization by \$25.0 million for the GLRI grant program to align with anticipated awards.

Accounting Consolidation Changes

Transfers 13.0 FTEs to the Department of Transportation (DOT) to consolidate accounting staff from various departments. The \$1.2 million Gross and \$162,800 GF/GP funding associated with the FTEs will remain in the Department of Environmental Quality (DEQ) budget and fund an Accounting Service Center.

Early Retirement Savings

Includes \$738,100 Gross and GF/GP savings realized from the FY 2010-11 early retirement incentive program.

GF/GP Reductions

Reduces funding by \$1.7 million GF/GP and eliminates 11.0 FTEs in various programs such as Air Quality, Environmental Investigations, and Critical Dunes; savings realized from program elimination, reductions, and administrative cost savings.

Air Quality Program - Renewable Operating Permits

Includes \$840,000 additional restricted funding authorization to be realized through an increase in fees in the Air Quality program to generate sufficient funding to adequately implement the program under the Clean Air Act.

Strategic Water Quality Initiative Funds - Nonpoint Source Contamination Cleanups

Includes \$30.0 million additional restricted funding to implement PA 232 of 2010 and appropriate funds for cleanups.

Coastal and Inland Waters Permit Program Information System Replacement

Includes \$3.2 million available land and water permit fee revenue to replace obsolete software needed for the program.

Solid Waste Surcharge Fee Proposal

Funding anticipates an increase in the solid waste surcharge fee from 7 cents per cubic yard to 12 cents in order to support the program. Revenues have been declining so no additional funding authorization is needed.

Economics

Increases funding in FY 2011-12 by \$6.7 million Gross and \$707,200 GF/GP for economic increases in retirement costs and Worker's Compensation costs. Total includes \$137,600 Gross and \$7,100 GF/GP for Department of Information and Technology (DIT) economics. For FY 2012-13, proposed funding for economics is increased by an additional \$4.7 million Gross and \$583,700 GF/GP.

Natural Resources

Analyst: Viola Bay Wild

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$1,830,100	\$1,935,000	\$104,900	5.7	\$1,935,000	\$0	0.0
Federal	78,713,500	69,319,800	(9,393,700)	(11.9)	68,668,800	(651,000)	(0.9)
Local	0	0	0	--	0	0	--
Private	5,824,400	2,842,400	(2,982,000)	(51.2)	2,842,400	0	0.0
Restricted	220,947,800	242,382,400	21,434,600	9.7	249,018,700	6,636,300	2.7
GF/GP	15,986,900	13,716,200	(2,270,700)	(14.2)	14,064,500	348,300	2.5
Gross	\$323,302,700	\$330,195,800	\$6,893,100	2.1	\$336,529,400	\$6,333,600	1.9
FTEs	2,192.4	2,176.4	(16.0)	(0.7)	2,176.4	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. Year-to-Date numbers are estimates of DNR's funding after separated from the DNRE by E.O. 2011-1. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Great Lakes Restoration Initiative (GLRI)

Reduces federal funding authorization by \$5.0 million for the GLRI grant program to align with anticipated grant awards.

Restricted and Private Fund Authorization Reductions

Reduces restricted funding by \$2.0 million and private funding by \$1.0 million to align with anticipated revenues.

Recreation Passport Revenue

Increases restricted funding by \$3.1 million to reflect additional revenue from the Recreation Passport program.

Mackinac Island State Park Commission

Includes a funding shift of \$1.6 million from GF/GP to Michigan State Park Endowment Fund; funding remains in State Parks line item and Commission will work cooperatively with State Parks to share funding, resources and services.

Accounting Consolidation Changes

Transfers 14.0 FTEs to the Department of Transportation (DOT) to consolidate accounting staff from various departments. The \$1.3 million Gross and \$155,000 GF/GP funding associated with the FTEs will remain in the Department of Natural Resources (DNR) budget and fund an Accounting Service Center.

GF/GP Reductions

Reduces funding by \$654,600 GF/GP Gross and GF/GP by decreasing funding for various programs. Savings will be gained by a funding reduction of \$92,400 in the General Law Enforcement program, the elimination of 2.0 FTEs and \$377,500 GF/GP funding for the Historical programs, and \$184,700 savings realized through administrative cost reductions.

Captive Cervid Fee Proposal

Includes \$115,000 additional restricted funding to be realized through an increase in fees on captive cervid facilities so that fee revenue will support the captive cervid program.

Early Retirement Savings

Includes \$283,900 Gross and GF/GP savings realized from the FY 2010-11 early retirement incentive program.

Capital Outlay Projects

Increases funding in FY 2011-12 for parks, forestry and waterways capital outlay projects by \$6.1 million Gross. Capital outlay funding totals \$25.1 million. For FY 2012-13, proposed Capital Outlay funding is increased by \$570,000 Gross.

Economics

Increases funding in FY 2011-12 by \$6.7 million Gross and \$413,200 GF/GP for economic increases in retirement costs and Worker's Compensation costs. Total includes \$216,900 Gross and \$26,000 GF/GP for Department of Information and Technology (DIT) economics. For FY 2012-13, proposed funding for economics is increased by an additional \$5.8 million Gross and \$348,300 GF/GP.

BUDGET AREA: SAFETY AND DEFENSE

Military and Veterans Affairs

Analyst: Jan Wisniewski

	FY 2010-11	FY 2011-12	Difference: FY 2011-12		FY 2012-13	Difference: FY 2012-13	
	Year-to-Date as of 2/17/11		Executive	Vs. FY 2010-11		Vs. FY 2011-12	Executive
			Amount	%		Amount	%
IDG/IDT	\$1,152,900	\$1,152,800	(\$100)	0.0	\$1,152,800	\$0	0.0
Federal	82,203,800	87,678,000	5,474,200	6.7	87,600,400	(77,600)	(0.1)
Local	645,400	644,800	(600)	(0.1)	644,800	0	0.0
Private	1,382,700	1,423,300	40,600	2.9	1,423,300	0	0.0
Restricted	28,233,400	28,439,700	206,300	0.7	28,960,500	520,800	1.8
GF/GP	36,424,700	33,044,900	(3,379,800)	(9.3)	33,692,200	647,300	2.0
Gross	\$150,042,900	\$152,383,500	\$2,340,600	1.6	\$153,474,000	\$1,090,500	0.7
FTEs	977.0	826.0	(151.0)	(15.5)	826.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Military Training Sites Firefighters

Increases \$2.5 million in federal funds for FY 2011-12 for 18 additional firefighters at the Alpena Air National Guard Base and 6 additional firefighters at Fort Custer in Battle Creek. No changes recommended for FY 2012-13.

Camp Grayling Light Demolition Range

Increases \$1.7 million in federal funds for FY 2011-12 for construction of a light demolition range at Camp Grayling. Also removes these funds for FY 2012-13 after the project is complete.

Military Retirement

Increases \$200,000 GF/GP for FY 2011-12 for increased retirement costs as mandated in the Michigan Military Act. No changes recommended for FY 2012-13.

Land Acquisitions and Appraisals

Decreases \$500,000 in restricted funds for FY 2011-12 for land acquisitions and appraisals at Camp Grayling that was included in FY 2010-11. No changes recommended for FY 2012-13.

Early Retirement Savings

Decreases \$204,000 GF/GP for FY 2011 retirement savings. No changes recommended for FY 2012-13.

Grand Rapids Veterans' Home Resident Care Aides

Decreases \$4.2 million GF/GP for FY 2011-12 as savings for moving to competitive bidding for Resident Care Aide positions at the Grand Rapids Veterans' Home. No changes recommended for FY 2012-13.

Economics

Increases \$842,400 GF/GP and \$2.8 million Gross for FY 2011-12 for department economics (adjustments for insurance, pension, retiree health care, building occupancy charges, worker's compensation, food, and fuel). Also increases \$647,300 GF/GP and \$2.8 million Gross for FY 2012-13.

State Police

Analyst: Jan Wisniewski

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$24,143,800	\$23,546,200	(\$597,600)	(2.5)	\$24,215,200	\$669,000	2.8
Federal							
ARRA	2,000,000	0	(2,000,000)	(100.0)	0	0	--
Non-ARRA	103,634,200	106,251,500	2,617,300	2.5	107,098,000	846,500	0.8
Local	6,257,500	6,456,700	199,200	3.2	6,509,100	52,400	0.8
Private	269,800	216,100	(53,700)	(19.9)	224,700	8,600	4.0
Restricted	135,942,900	123,336,100	(12,606,800)	(9.3)	126,190,800	2,854,700	2.3
GF/GP	260,383,200	261,676,000	1,292,800	0.5	266,966,700	5,290,700	2.0
Gross	\$532,631,400	\$521,482,600	(\$11,148,800)	(2.1)	\$531,204,500	\$9,721,900	1.9
FTEs	2,765.0	2,747.0	(18.0)	(0.7)	2,747.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources. (3) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Field Services Restructuring

Decreases \$3.2 million GF/GP for FY 2011-12 for modifying police services to accommodate various public safety needs which may result in the reduction of posts in the state but will also expand investigative services to these areas. The department is currently developing this restructuring plan. No additional changes for FY 2012-13.

Rockford Regional Dispatch Center Closure

Decreases \$1.0 million GF/GP and 12.0 FTEs for FY 2011-12 for the closure of the Rockford Regional Dispatch Center, will reduce the number of dispatch centers from five to four. This will not result in a reduction of dispatch services to this area of the state. No additional changes for FY 2012-13.

Eliminate Collins Road Facility Lease

Decreases \$750,000 GF/GP for FY 2011-12 for moving the remaining functions at the Collins Road Facility to the Lansing Township Annex building. No additional changes for FY 2012-13.

Early Retirement Savings

Decreases \$1.9 million GF/GP for FY 2011 retirement savings in FY 2011-12. No additional changes for FY 2012-13.

Deferred Retirement Option Plan (DROP) Savings

Decreases \$2.8 million GF/GP for FY 2011-12 as projected savings for an assumed 64 enlisted staff entering the DROP program. Also decreases \$1.4 million GF/GP for FY 2012-13 as projected savings for an assumed 67 enlisted staff entering the DROP program.

Economics

Increases \$18.5 million GF/GP and \$22.0 million Gross for FY 2011-12 for department economics (adjustments for insurance, pension, retiree health care, building occupancy charges, worker's compensation, food, and fuel). Also increases \$8.6 million GF/GP and \$13.0 million Gross for FY 2012-13 for department economics.

Various Administrative Savings

Decreases \$8.7 million GF/GP and Gross for various administrative savings including reducing trooper overtime costs and anticipated retirement attrition of 34.0 FTEs. Also decreases \$1.9 million GF/GP and Gross for anticipated savings in FY 2012-13.

Fingerprint Fee Increase

Decreases \$3.0 million GF/GP and replaces with restricted funds from a \$10 increase for fingerprint fees. The state cost of fingerprints is \$30 and would increase to \$40. This fund shift would pay for latent print scientist costs. The current fingerprint fee structure sunsets on October 1, 2012 and requires a statutory change to be extended. No additional changes for FY 2012-13.

School Bus Inspections

Increases \$1.0 million in Local - School Bus Revenue (from School Aid funds) and 11.0 FTEs for FY 2011-12 to fully reinstate school bus inspections for all school buses in the state. For FY 2010-11, the school bus inspection program was reduced by \$1.0 million and 11.0 FTEs resulting in random and intermittent inspections and audits of school buses. No additional changes for FY 2012-13.

Capitol Security

Maintains funding and FTEs for security at the Capitol Building, but removes boilerplate language specifying that these funds are to be used for security services at the Capitol Building and for emergency response to the House Office Building, Farnum Building, Capitol Parking Lot, and Roosevelt Parking Ramp.

BUDGET AREA: ALL OTHER

Energy, Labor & Economic Growth

Analyst: Mark Wolf

	FY 2010-11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
	Year-to-Date as of 2/17/11		Amount	%		Amount	%
IDG/IDT	\$13,246,300	\$12,673,500	(\$572,800)	(4.3)	13,037,900	\$364,400	2.9
Federal	845,292,500	839,727,100	(5,565,400)	(0.7)	846,545,000	6,817,900	0.8
Local	16,020,400	12,293,400	(3,727,000)	(23.3)	12,293,400	0	0.0
Private	6,085,000	4,576,500	(1,508,500)	(24.8)	4,576,500	0	0.0
Restricted	349,926,100	359,335,700	9,409,600	2.7	364,585,300	5,249,600	1.5
GF/GP	47,607,900	43,536,300	(4,071,600)	(8.6)	44,110,700	574,400	1.3
Gross	\$1,278,178,200	\$1,272,142,500	(\$6,035,700)	(0.5)	\$1,285,148,800	\$13,006,300	1.0
FTEs	4,418.0	4,416.0	(2.0)	0.0	4,416.0	0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Workers Compensation Appellate Commission

Eliminates the 5-member Workers Compensation Appellate Commission, saving \$1.2 million. The commission is the final administrative step in resolving contested workers compensation claims. The commission hears appeals from the Board of Magistrates, with appeals of the commission's decisions heard by the Court of Appeals. With the commission's elimination, appeals from the Board of Magistrates would be heard by the Court of Appeals.

Fire Protection Grants

Reduces fire protection grant payments made to local units with state property by \$1.6 million (15%). The reduction is taken from the Liquor Purchase Revolving Fund support for the line item. That funding is then provided to the Bureau of Fire Services, to offset a like amount of GF/GP support for the bureau.

Michigan Business Services Web Portal

Adds \$1.8 million (Corporations Fees and Licensing and Regulation Fees) to support Department of Energy, Labor and Economic Growth's (DELEG) portion of the costs for the Michigan Business Services One-Stop Web Portal, www.michigan.gov/business. The web portal, first established in 2009, was established to improve the state-business interface as it relates to starting and operating a business in the state.

Office of Financial and Insurance Regulation (OFIR) – Investment Advisor Regulation

Adds 5.0 FTE positions and \$381,000 Restricted to support increased state regulation of investment advisors, as provided for under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Under the Dodd-Frank Act, investment advisors with \$25 million to \$100 million in assets under management are now subject to state regulation, rather than regulation by the Securities and Exchange Commission (SEC).

OFIR – Credit Union Regulation

Adds 2.0 FTE positions and \$175,000 to support OFIR's regulation of credit unions. As the number of state-chartered credit unions increase, OFIR needs additional resources to maintain the 18-month examination cycle required under the Credit Union Act.

Regulation of Proprietary Schools

Adds \$145,700 (Restricted) to support increased licensure and complaint investigations concerning private occupational (career) schools.

GF/GP Administrative Reductions and Other Spending Reductions

Reduces funding for a number of agencies by \$1.1 million through program shifts, the elimination of vacant positions, and the reduction in lapsed spending authority. Agencies affected include the Workers Compensation Agency, Bureau of Workforce Transformation, Hispanic/Latino Commission, Disability Concerns Commission, and the Wage and Hour Division. Recognizes savings stemming from employee retirements (\$1.8 million Gross; \$0.6 million GF/GP). Also reduces funding by \$19.9 million Gross (\$250,000 GF/GP) to align spending authorization with actual resources available for a number of line items (State Office Administrative Hearings and Rules (SOAHR), Jobs, Education, and Training (JET), Unemployment Insurance Agency (UIA)).

Judiciary

Analyst: Ben Gielczyk

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$3,573,500	\$2,573,500	(\$1,000,000)	(28.0)	\$2,573,500	\$0	0.0
Federal	5,539,500	5,539,500	0	0.0	5,539,500	0	0.0
Local	6,252,200	6,342,700	90,500	1.4	6,446,600	103,900	1.6
Private	842,500	842,500	0	0.0	842,500	0	0.0
Restricted	92,078,000	92,100,300	22,300	0.0	92,126,300	26,000	0.0
GF/GP	152,073,100	152,876,900	803,800	0.5	154,387,400	1,510,500	1.0
Gross	\$260,358,800	\$260,275,400	(\$83,400)	(0.0)	\$261,915,800	\$1,640,400	0.6
FTEs	491.0	491.0	0.0	0.0	491.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Elimination of Judgeships

Reflects one-quarter of savings associated with temporary elimination of two circuit judgeships on January 1, 2011 and savings associated with the further elimination of six trial court judgeships in FY 2011-12. Total reduction totals \$1.0 million Gross and GF/GP. No changes recommended for FY 2012-13.

Early Retirement Savings

Removes \$1.0 million Gross and GF/GP for full-year savings associated with the FY 2010-11 incentive retirements. No changes recommended for FY 2012-13.

Fund Source Shift

Includes \$1.0 million Gross and GF/GP for the Drug Treatment Court program. The GF/GP increase replaces the \$1.0 million IDG from the Department of Corrections in the FY 2010-11 Judiciary budget. No changes recommended for FY 2012-13.

Economic Adjustments

Reflects increased costs of \$1.9 million Gross and \$1.8 million GF/GP associated with employee benefit costs, rent, and other economic factors. Additional increase of \$1.6 million Gross \$1.5 million GF/GP for FY 2012-13 economics adjustments.

Transportation

Analyst: William E. Hamilton

	FY 2010-11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
	Year-to-Date as of 2/17/11		Amount	%		Amount	%
IDG/IDT	\$878,300	\$3,451,500	\$2,573,200	293.0	\$3,451,500	0	0.0
Federal	1,227,470,600	1,241,195,200	13,724,600	1.1	1,228,065,700	(13,129,500)	(1.1)
Local	56,496,000	53,968,500	(2,527,500)	(4.5)	51,711,900	(2,256,600)	(4.2)
Private	0	0	0	--	0	0	--
Restricted	1,950,974,400	2,079,155,500	128,181,100	6.6	2,116,714,400	37,558,900	1.8
GF/GP	0	0	0	--	0	0	--
Gross	\$3,235,819,300	\$3,377,770,700	\$141,951,400	4.4	\$3,399,943,500	\$22,172,800	0.7
FTEs	3,022.3	3,049.3	27.0	0.1	3,049.3	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Line Item Roll-ups

The current year budget contains 84 appropriation line items; the Executive would roll up the FY 2011-12 budget into 5 broad single-line appropriation units.

Matching Federal Funds

The department had estimated that it would be \$147.0 million short of state funds needed to match an estimated \$884.0 million in available federal funds for FY 2011-12. As a result, the department identified several actions to provide the necessary matching funds. Components of the department's proposed plan include: Carryforward of \$49.0 million in FY 2010-11 estimated State Trunkline Fund (STF) fund balance; \$16.0 million in administrative reductions; \$5.0 million reduction in state trunkline maintenance program; charging to federal funds \$15.0 million in right-of-way costs previously charged to the STF; permanent redirection of \$12.0 million in driver's license fee revenue from the Transportation Economic Development Fund Category "A" to the STF; use of \$50.0 million in Canadian funds offered to offset department costs associated with the proposed construction of a new bridge between Detroit and Windsor, Ontario. Details of the Canadian government funding offer, and how the Canadian funds would be used to match federal aid, are not yet available.

The department's proposed actions to match federal aid relate only to federal highway funds available for the state trunkline construction program only and are not related to local federal aid program. Program detail submitted with the budget suggest that \$240.4 million in federal aid would be made available to local road agencies, \$8.3 million less than the current year. The reduction is based on estimated available federal revenue and the provisions of Public Act 51 of 1951 which require that an average of 25% of most federal aid program funds be allocated to local road agency projects. It is not clear to what extent local road agencies will have difficulty in matching available federal funds.

**TABLE 1
FY 2011-12 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS**

<u>Department/Budget Area</u>	<u>Gross</u>	<u>IDG/IDT</u>	<u>Adjusted Gross</u>	<u>Federal</u>	<u>Local</u>	<u>Private</u>	<u>State Restricted</u>	<u>GF/GP</u>
Community Colleges	295,880,500	0	295,880,500	0	0	0	195,880,500	100,000,000
Education	113,943,300	0	113,943,300	77,929,200	7,159,200	3,044,400	7,166,300	18,644,200
Higher Education	1,362,278,400	0	1,362,278,400	98,326,400	0	0	699,919,500	564,032,500
School Aid	12,173,559,100	0	12,173,559,100	1,653,331,800	0	0	10,107,684,900	412,542,400
EDUCATION	\$13,945,661,300	\$0	\$13,945,661,300	\$1,829,587,400	\$7,159,200	\$3,044,400	\$11,010,651,200	\$1,095,219,100
Attorney General	74,340,900	21,885,400	52,455,500	8,848,800	0	0	15,489,100	28,117,600
Civil Rights	12,098,900	0	12,098,900	2,213,200	0	0	58,500	9,827,200
Executive Office	4,399,200	0	4,399,200	0	0	0	0	4,399,200
Legislative Auditor General	15,638,400	3,501,500	12,136,900	0	0	0	1,539,900	10,597,000
Legislature	100,333,200	250,000	100,083,200	0	0	400,000	1,109,800	98,573,400
State	211,885,000	20,000,000	191,885,000	1,810,000	0	100	178,788,700	11,286,200
Tech, Management & Budget	1,012,141,700	609,070,400	403,071,300	2,803,400	1,456,600	180,600	85,272,900	313,357,800
Treasury: MI Strategic Fund	199,325,700	37,600	199,288,100	50,652,800	0	350,000	75,568,600	72,716,700
Treasury: Operations	670,701,100	14,384,000	656,317,100	206,721,500	2,099,200	0	387,225,100	60,271,300
Treasury: Debt/Revenue Sharing	1,099,907,300	0	1,099,907,300	0	0	0	974,493,800	125,413,500
GENERAL GOVERNMENT	\$3,400,771,400	\$669,128,900	\$2,731,642,500	\$273,049,700	\$3,555,800	\$930,700	\$1,719,546,400	\$734,559,900
Community Health	13,965,309,000	4,528,700	13,960,780,300	8,758,307,700	248,557,800	96,494,700	2,156,335,200	2,701,084,900
Corrections	2,012,406,400	943,800	2,011,462,600	7,995,100	447,300	0	73,184,000	1,929,836,200
Human Services	6,891,524,700	1,243,100	6,890,281,600	5,649,786,500	30,573,600	16,336,100	97,107,200	1,096,478,200
HUMAN SERVICES	\$22,869,240,100	\$6,715,600	\$22,862,524,500	\$14,416,089,300	\$279,578,700	\$112,830,800	\$2,326,626,400	\$5,727,399,300
Agriculture/Rural Development	71,469,300	297,600	71,171,700	14,184,700	0	171,300	29,713,000	27,102,700
Environmental Quality	405,839,300	8,918,200	396,921,100	159,851,500	0	711,800	214,866,200	21,491,600
Natural Resources	330,195,800	1,935,000	328,260,800	69,319,800	0	2,842,400	242,382,400	13,716,200
RESOURCE PROTECTION	\$807,504,400	\$11,150,800	\$796,353,600	\$243,356,000	\$0	\$3,725,500	\$486,961,600	\$62,310,500
Military & Veterans Affairs	152,383,500	1,152,800	151,230,700	87,678,000	644,800	1,423,300	28,439,700	33,044,900
State Police	521,482,600	23,546,200	497,936,400	106,251,500	6,456,700	216,100	123,336,100	261,676,000
SAFETY AND DEFENSE	\$673,866,100	\$24,699,000	\$649,167,100	\$193,929,500	\$7,101,500	\$1,639,400	\$151,775,800	\$294,720,900
Capital Outlay	0	0	0	0	0	0	0	0
Energy/Labor/Economic Growth	1,272,142,500	12,673,500	1,259,469,000	839,727,100	12,293,400	4,576,500	359,335,700	43,536,300
Judiciary	260,275,400	2,573,500	257,701,900	5,539,500	6,342,700	842,500	92,100,300	152,876,900
Transportation	3,377,770,700	3,451,500	3,374,319,200	1,241,195,200	53,968,500	0	2,079,155,500	0
ALL OTHERS	\$4,910,188,600	\$18,698,500	\$4,891,490,100	\$2,086,461,800	\$72,604,600	\$5,419,000	\$2,530,591,500	\$196,413,200
TOTAL APPROPRIATIONS	\$46,607,231,900	\$730,392,800	\$45,876,839,100	\$19,042,473,700	\$369,999,800	\$127,589,800	\$18,226,152,900	\$8,110,622,900

TABLE 2
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2011-12 and FY 2012-13 Executive Recommendation Compared with FY 2010-11 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2010-11</u>	<u>Executive Recommendation FY 2011-12</u>	<u>Difference FY 2011-12 vs. FY 2010-11</u>		<u>Executive Recommendation FY 2012-13</u>	<u>Difference FY 2012-13 vs. FY 2011-12</u>	
Community Colleges	295,880,500	100,000,000	(195,880,500)	-66.2%	100,000,000	0	0.0%
Education	21,914,100	18,644,200	(3,269,900)	-14.9%	18,883,500	239,300	1.3%
Higher Education	1,543,378,500	564,032,500	(979,346,000)	-63.5%	564,032,500	0	0.0%
School Aid	18,642,400	412,542,400	393,900,000	2112.9%	345,242,400	(67,300,000)	-16.3%
EDUCATION	\$1,879,815,500	\$1,095,219,100	(\$784,596,400)	-41.7%	\$1,028,158,400	(\$67,060,700)	-6.1%
Attorney General	28,559,400	28,117,600	(441,800)	-1.5%	28,828,100	710,500	2.5%
Civil Rights	10,975,700	9,827,200	(1,148,500)	-10.5%	10,096,100	268,900	2.7%
Executive Office	4,630,800	4,399,200	(231,600)	-5.0%	4,399,200	0	0.0%
Legislative Auditor General	11,155,000	10,597,000	(558,000)	-5.0%	10,597,000	0	0.0%
Legislature	100,574,300	98,573,400	(2,000,900)	-2.0%	98,573,400	0	0.0%
State	13,910,800	11,286,200	(2,624,600)	-18.9%	11,586,000	299,800	2.7%
Tech, Management & Budget	299,748,800	313,357,800	13,609,000	4.5%	325,708,200	12,350,400	3.9%
Treasury: MI Strategic Fund	22,781,500	72,716,700	49,935,200	219.2%	73,093,300	376,600	0.5%
Treasury: Operations	56,038,000	60,271,300	4,233,300	7.6%	50,957,400	(9,313,900)	-15.5%
Treasury: Debt/Revenue Sharing	42,118,300	125,413,500	83,295,200	197.8%	125,413,500	0	0.0%
GENERAL GOVERNMENT	\$590,492,600	\$734,559,900	\$144,067,300	24.4%	\$739,252,200	\$4,692,300	0.6%
Community Health	2,421,483,700	2,701,084,900	279,601,200	11.5%	2,930,413,700	229,328,800	8.5%
Corrections	1,917,879,500	1,929,836,200	11,956,700	0.6%	2,012,313,800	82,477,600	4.3%
Human Services	924,018,100	1,096,478,200	172,460,100	18.7%	1,184,714,900	88,236,700	8.0%
HUMAN SERVICES	\$5,263,381,300	\$5,727,399,300	\$464,018,000	8.8%	\$6,127,442,400	\$400,043,100	7.0%
Agriculture/Rural Development	30,297,100	27,102,700	(3,194,400)	-10.5%	27,715,100	612,400	2.3%
Environmental Quality	25,322,500	21,491,600	(3,830,900)	-15.1%	22,075,300	583,700	2.7%
Natural Resources	15,986,900	13,716,200	(2,270,700)	-14.2%	14,064,500	348,300	2.5%
RESOURCE PROTECTION	\$71,606,500	\$62,310,500	(\$9,296,000)	-13.0%	\$63,854,900	1,544,400	2.5%
Military & Veterans Affairs	36,424,700	33,044,900	(3,379,800)	-9.3%	33,692,200	647,300	2.0%
State Police	260,383,200	261,676,000	1,292,800	0.5%	266,966,700	5,290,700	2.0%
SAFETY AND DEFENSE	\$296,807,900	\$294,720,900	(\$2,087,000)	-0.7%	\$300,658,900	\$5,938,000	2.0%
Capital Outlay	2,500	0	(2,500)	-100.0%	0	0	--
Energy, Labor, & Economic	47,607,900	43,536,300	(4,071,600)	-8.6%	44,110,700	574,400	1.3%
Judiciary	152,073,100	152,876,900	803,800	0.5%	154,387,400	1,510,500	1.0%
Transportation	0	0	0	--	0	0	--
ALL OTHERS	\$199,683,500	\$196,413,200	(\$3,270,300)	-1.6%	\$198,498,100	\$2,084,900	1.1%
TOTAL APPROPRIATIONS	\$8,301,787,300	\$8,110,622,900	(\$191,164,400)	-2.3%	\$8,457,864,900	\$347,242,000	4.3%

Notes: (1) FY 2010-11 amounts for Departments of Environmental Quality and Natural Resources reflected estimated split from original FY 2010-11 budget for combined department. (2) Figures do not reflect assumed appropriation of \$200.0 million GF/GP for prefunding retiree health care liability and assumed savings of \$180.0 million GF/GP from state employee concessions.

TABLE 3
ADJUSTED GROSS APPROPRIATIONS
FY 2011-12 and FY 2012-13 Executive Recommendation Compared with FY 2010-11 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2010-11</u>	<u>Executive Recommendation FY 2011-12</u>	<u>Difference FY 2011-12 vs. FY 2010-11</u>		<u>Executive Recommendation FY 2012-13</u>	<u>Difference FY 2012-13 vs. FY 2011-12</u>	
Community Colleges	295,880,500	295,880,500	0	0.0%	295,880,500	0	0.0%
Education	126,959,900	113,943,300	(13,016,600)	-10.3%	115,389,400	1,446,100	1.3%
Higher Education	1,578,278,500	1,362,278,400	(216,000,100)	-13.7%	1,371,038,400	8,760,000	0.6%
School Aid	13,134,236,200	12,173,559,100	(960,677,100)	-7.3%	12,143,462,500	(30,096,600)	-0.2%
EDUCATION	\$15,135,355,100	\$13,945,661,300	(\$1,189,693,800)	-7.9%	\$13,925,770,800	(\$19,890,500)	-0.1%
Attorney General	52,112,800	52,455,500	342,700	0.7%	53,781,600	1,326,100	2.5%
Civil Rights	12,778,700	12,098,900	(679,800)	-5.3%	12,424,300	325,400	2.7%
Executive Office	4,630,800	4,399,200	(231,600)	-5.0%	4,399,200	0	0.0%
Legislative Auditor General	12,694,900	12,136,900	(558,000)	-4.4%	12,136,900	0	0.0%
Legislature	102,084,100	100,083,200	(2,000,900)	-2.0%	100,083,200	0	0.0%
State	193,520,400	191,885,000	(1,635,400)	-0.8%	196,538,500	4,653,500	2.4%
Tech, Management & Budget	387,809,300	403,071,300	15,262,000	3.9%	418,989,300	15,918,000	3.9%
Treasury: MI Strategic Fund	155,765,000	199,288,100	43,523,100	27.9%	199,738,700	450,600	0.2%
Treasury: Operations	642,566,000	656,317,100	13,751,100	2.1%	652,810,900	(3,506,200)	-0.5%
Treasury: Debt/Revenue Sharing	1,112,917,000	1,099,907,300	(13,009,700)	-1.2%	1,132,008,300	32,101,000	2.9%
GENERAL GOVERNMENT	\$2,676,879,000	\$2,731,642,500	\$54,763,500	2.0%	\$2,782,910,900	\$51,268,400	1.9%
Community Health	14,070,083,800	13,960,780,300	(109,303,500)	-0.8%	14,408,677,300	447,897,000	3.2%
Corrections	2,006,518,200	2,011,462,600	4,944,400	0.2%	2,093,314,800	81,852,200	4.1%
Human Services	6,947,685,400	6,890,281,600	(57,403,800)	-0.8%	6,932,613,400	42,331,800	0.6%
HUMAN SERVICES	\$23,024,287,400	\$22,862,524,500	(\$161,762,900)	-0.7%	\$23,434,605,500	\$572,081,000	2.5%
Agriculture/Rural Development	76,159,200	71,171,700	(4,987,500)	-6.5%	72,567,900	1,396,200	2.0%
Environmental Quality	386,973,900	396,921,100	9,947,200	2.6%	401,500,700	4,579,600	1.2%
Natural Resources	321,472,600	328,260,800	6,788,200	2.1%	334,594,400	6,333,600	1.9%
RESOURCE PROTECTION	\$784,605,700	\$796,353,600	\$11,747,900	1.5%	\$808,663,000	\$12,309,400	1.5%
Military & Veterans Affairs	148,890,000	151,230,700	2,340,700	1.6%	152,321,200	1,090,500	0.7%
State Police	508,487,600	497,936,400	(10,551,200)	-2.1%	506,989,300	9,052,900	1.8%
SAFETY AND DEFENSE	\$657,377,600	\$649,167,100	(\$8,210,500)	-1.2%	\$659,310,500	\$10,143,400	1.6%
Capital Outlay	2,500	0	(2,500)	-100.0%	0	0	--
Energy, Labor & Economic Growth	1,264,576,900	1,259,469,000	(5,107,900)	-0.4%	1,272,110,900	12,641,900	1.0%
Judiciary	256,785,300	257,701,900	916,600	0.0%	259,342,300	1,640,400	0.6%
Transportation	3,234,941,000	3,374,319,200	139,378,200	4.3%	3,396,492,000	22,172,800	0.7%
ALL OTHERS	\$4,756,305,700	\$4,891,490,100	\$135,184,400	2.8%	\$4,927,945,200	\$36,455,100	0.7%
TOTAL APPROPRIATIONS	\$47,034,810,500	\$45,876,839,100	(\$1,157,971,400)	-2.5%	\$46,539,205,900	\$662,366,800	1.4%

Notes: (1) FY 2010-11 amounts for Departments of Environmental Quality and Natural Resources reflected estimated split from original FY 2010-11 budget for combined department. (2) Figures do not reflect assumed appropriation of \$200.0 million GF/GP for prefunding retiree health care liability and assumed savings of \$180.0 million GF/GP from state employee concessions.

TABLE 4
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2011-12 and FY 2012-13 Executive Recommendation Compared with FY 2010-11 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2010-11</u>	<u>Executive Recommendation FY 2011-12</u>	<u>Difference FY 2011-12 vs. FY 2010-11</u>		<u>Executive Recommendation FY 2012-13</u>	<u>Difference FY 2012-13 vs. FY 2011-12</u>	
Community Colleges	0.0	0.0	0.0	--	0.0	0.0	--
Education	562.5	559.0	(3.5)	-0.6%	559.0	0.0	0.0%
Higher Education	1.0	1.0	0.0	0.0%	1.0	0.0	0.0%
School Aid	0.0	0.0	0.0	--	0.0	0.0	--
EDUCATION	563.5	560.0	(3.5)	-0.6%	560.0	0.0	0.0%
Attorney General	520.0	520.0	0.0	0.0%	520.0	0.0	0.0%
Civil Rights	118.0	118.0	0.0	0.0%	118.0	0.0	0.0%
Executive Office	84.2	84.2	0.0	0.0%	84.2	0.0	0.0%
Legislative Auditor General	0.0	0.0	0.0	--	0.0	0.0	--
Legislature	0.0	0.0	0.0	--	0.0	0.0	--
State	1,815.0	1,815.0	0.0	0.0%	1,815.0	0.0	0.0%
Tech, Management & Budget	2,972.5	2,986.5	14.0	0.5%	2,986.5	0.0	0.0%
Treasury: MI Strategic Fund	155.0	158.0	3.0	1.9%	158.0	0.0	0.0%
Treasury: Operations	2,044.5	2,050.5	6.0	0.3%	2,050.5	0.0	0.0%
Treasury: Debt/Revenue Sharing	0.0	0.0	0.0	--	0.0	0.0	--
GENERAL GOVERNMENT	7,709.2	7,732.2	23.0	0.3%	7,732.2	0.0	0.0%
Community Health	4,398.8	4,031.0	(367.8)	-8.4%	4,031.0	0.0	0.0%
Corrections	15,877.5	15,656.8	(220.7)	-1.4%	15,179.8	(477.0)	-3.0%
Human Services	11,869.5	11,554.5	(315.0)	-2.7%	11,554.5	0.0	0.0%
HUMAN SERVICES	32,145.8	31,242.3	(903.5)	-2.8%	30,765.3	(477.0)	-1.5%
Agriculture/Rural Development	458.5	438.0	(20.5)	-4.5%	438.0	0.0	0.0%
Environmental Quality	1,483.1	1,450.1	(33.0)	-2.2%	1,450.1	0.0	0.0%
Natural Resources	2,192.4	2,176.4	(16.0)	-0.7%	2,176.4	0.0	0.0%
RESOURCE PROTECTION	4,134.0	4,064.5	(69.5)	-1.7%	4,064.5	0.0	0.0%
Military & Veterans Affairs	977.0	826.0	(151.0)	-15.5%	826.0	0.0	0.0%
State Police	2,765.0	2,747.0	(18.0)	-0.7%	2,747.0	0.0	0.0%
SAFETY AND DEFENSE	3,742.0	3,573.0	(169.0)	-4.5%	3,573.0	0.0	0.0%
Capital Outlay	0.0	0.0	0.0	--	0.0	0.0	--
Energy, Labor, & Economic Growth	4,418.0	4,416.0	(2.0)	0.0%	4,416.0	0.0	0.0%
Judiciary	491.0	491.0	0.0	0.0%	491.0	0.0	0.0%
Transportation	3,022.3	3,049.3	27.0	0.9%	3,049.3	0.0	0.0%
ALL OTHERS	7,931.3	7,956.3	25.0	0.3%	7,956.3	0.0	0.0%
TOTAL FTE APPROPRIATIONS	56,225.8	55,128.3	(1,097.5)	-2.0%	54,213.3	(915.0)	-1.7%

*Includes classified, unclassified, and nonlegislative exempt positions

Note: FY 2010-11 amounts for Departments of Environmental Quality and Natural Resources reflected estimated split from original FY 2010-11 budget for combined department.

TABLE 5
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2011-12 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>
Community Colleges	295,880,500	295,880,500	100.0%
Education	25,810,500	3,445,700	13.3%
Higher Education	1,263,952,000	0	0.0%
School Aid	10,520,227,300	10,364,473,300	98.5%
EDUCATION	\$12,105,870,300	\$10,663,799,500	88.1%
Attorney General	43,606,700	0	0.0%
Civil Rights	9,885,700	0	0.0%
Executive Office	4,399,200	0	0.0%
Legislative Auditor General	12,136,900	0	0.0%
Legislature	99,683,200	0	0.0%
State	190,074,900	1,360,800	0.7%
Tech, Management & Budget	398,630,700	0	0.0%
Treasury: MI Strategic Fund	148,285,300	0	0.0%
Treasury: Operations	447,496,400	153,993,500	34.4%
Treasury: Debt/Revenue Sharing	1,099,907,300	958,979,300	87.2%
GENERAL GOVERNMENT	\$2,454,106,300	\$1,114,333,600	45.4%
Community Health	4,857,420,100	1,376,601,500	28.3%
Corrections	2,003,020,200	90,193,500	4.5%
Human Services	1,193,585,400	100,760,900	8.4%
HUMAN SERVICES	\$8,054,025,700	\$1,567,555,900	19.5%
Agriculture/Rural Development	56,815,700	0	0.0%
Environmental Quality	236,357,800	2,175,000	0.9%
Natural Resources	256,098,600	6,550,000	2.6%
RESOURCE PROTECTION	\$549,272,100	\$8,725,000	1.6%
Military & Veterans Affairs	61,484,600	120,000	0.2%
State Police	385,012,100	19,056,000	4.9%
SAFETY AND DEFENSE	\$446,496,700	\$19,176,000	4.3%
Capital Outlay	0	0	--
Energy, Labor, & Economic Growth	402,872,000	37,090,500	9.2%
Judiciary	244,977,200	122,835,200	50.1%
Transportation	2,079,155,500	1,182,737,000	56.9%
ALL OTHER	\$2,727,004,700	\$1,342,662,700	49.2%
TOTALS APPROPRIATED	\$26,336,775,800	\$14,716,252,700	55.9%

Note: FY 2010-11 amounts for Departments of Environmental Quality and Natural Resources reflected estimated split from original FY 2010-11 budget for combined department.



Mitchell E. Bean, Director
Mary Ann Cleary, Deputy Director

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- Capital Outlay Robin R. Risko, Senior Fiscal Analyst
- Community Colleges Mark Wolf, Fiscal Analyst
- Community Health
 - Mental Health/Substance Abuse..... Margaret Alston, Senior Fiscal Analyst
 - Public Health/Aging/Medicaid Susan Frey, Senior Fiscal Analyst
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- Corrections..... Bob Schneider, Associate Director
- Education (Department) Mary Ann Cleary, Deputy Director; Bethany Wicksall, Senior Fiscal Analyst
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- General Government:
 - Attorney General/Civil Rights/Civil Service/Executive Office/ Robin R. Risko, Senior Fiscal Analyst
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