

REVIEW AND ANALYSIS

OF THE

FY 2019-20

EXECUTIVE BUDGET

RECOMMENDATION



prepared by the



Mary Ann Cleary, Director

March 2019

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March 19, 2019

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2019-20 Executive Budget Recommendation.***

In this publication, the *Budget Overview* provides information on revenue sources and appropriations proposed in the Executive Budget Recommendation for FY 2019-20 and FY 2020-21. It also provides summary charts and tables of appropriations and fund sources in the proposed budget.

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

House Fiscal Agency staff and their areas of responsibility are listed on the inside back cover of this publication. Please feel free to contact them, or me, if you have questions or need additional information.

A handwritten signature in black ink that reads "Mary Ann Cleary". The signature is written in a cursive, flowing style.

Mary Ann Cleary, Director

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GLOSSARY

STATE BUDGET TERMS

Line Item

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

Boilerplate

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

Lapse

Appropriated amounts that are unspent or unobligated at the end of a fiscal year; appropriations are automatically terminated at the end of a fiscal year unless otherwise provided by law.

Work Project

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

APPROPRIATION TERMS AND FUND SOURCES

Appropriations

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

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

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

Interdepartmental Grant (IDG) Revenue

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

Intradepartmental Transfer (IDT) Revenue

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

Federal Revenue

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

Local Revenue

Revenue received from local units of government for state services.

Private Revenue

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

State Restricted Revenue

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

General Fund/General Purpose (GF/GP) Revenue

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

MAJOR STATE FUNDS

General Fund

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

School Aid Fund (SAF)

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

Budget Stabilization Fund

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

FY 2019-20

Executive Recommendation

OVERVIEW

Budget Overview
Consensus Revenue Estimates
Balance Sheets
Revenue Changes
Appropriation Summary Tables

FY 2019-20 Executive Recommendation BUDGET OVERVIEW

Mary Ann Cleary, Director, and Kevin Koorstra, Deputy Director

The FY 2019-20 Executive budget recommendation incorporates the January 2019 Consensus Revenue Estimating Conference (CREC) revenue estimates for General Fund/General Purpose (GF/GP) of \$10,717.8 million and School Aid Fund (SAF) of \$13,926.7 million. In addition to the CREC estimates, the recommendation assumes beginning balances of \$237.5 million GF/GP and \$40.3 million SAF. The budget proposal assumes additional income tax revenue from the elimination of the earmark for roads totaling \$468.0 million and a new 6% tax on pass-through income on non-C corporations (S corporations, LLCs, partnerships, etc.) totaling \$202.5 million. The additional income tax revenue is partially offset with reductions of \$258.8 million from changes to pension and retirement income and \$76.0 million for an increase in the earned income tax credit.

The Executive budget recommendation includes a 45-cent increase in motor fuels, from 26.3 cents per gallon to 71.3 cents, to be phased in over 12 months in three 15-cent increments. The increase is estimated to generate \$2.5 billion funding for roads.

The FY 2019-20 budget recommendation includes \$59,081.5 million in adjusted gross appropriations, an increase of \$1,851.5 million, or 3.2%. The table below compares current year appropriations to the Executive proposal.

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
Adjusted Gross	\$57,230.0	\$59,081.5	\$1,851.5	3.2%
Federal	22,871.6	23,125.4	253.8	1.1%
Local/Private	393.5	415.1	21.7	5.5%
Restricted	23,538.0	24,876.3	1,338.3	5.7%
GF/GP	10,426.9	10,664.7	237.8	2.3%

Of the \$35,541.0 million in state resources recommended for appropriation in FY 2019-20, \$19,746.8 million (55.6% of the total) is designated for payments to local units of government. Article IX, Section 30 of the Michigan Constitution requires that at least 48.97% of spending from state resources must be paid to local governments.

The Executive proposal includes two recommended supplementals totaling \$474.7 million Gross (\$175.2 million GF/GP) for FY 2018-19:

- School Aid appropriation increase of \$120.7 million Gross (\$50.0 million GF/GP), which includes a baseline cost reduction of \$50.8 million, one-time funding of \$61.5 million SAF for hydration stations, and \$110.0 million for the Michigan Reconnect grant program. (Request 2019-3)
- Departmental appropriation adjustment requests of \$354.0 million Gross (\$125.2 million GF/GP). (Request 2019-4)

Major GF/GP program reductions proposed in the Executive recommendation compared to FY 2018-19 levels include:

- \$27.3 million Gross (\$10.0 million GF/GP) medical services reductions. (DHHS)
- \$21.6 million Gross (\$4.9 million GF/GP) savings from enhanced auditing capacity in the Office of the Inspector General. (DHHS)
- \$19.9 million Gross (\$5.0 million GF/GP) reduction to the Medicaid HMO administrative rate tied to the pharmacy benefit. (DHHS)
- \$15.3 million Gross (\$5.5 million GF/GP) reduction to nursing facility variable cost reimbursements. (DHHS).

The Executive proposal includes a Budget Stabilization Fund deposit totaling \$150.0 million and 25% of unassigned GF/GP fund balance (lapses) for FY 2018-19.

Major FY 2019-20 GF/GP program increases and new appropriation proposals include:

- \$14.9 million increase (including \$5.9 million in one-time funding) for upgrades and maintenance for the Michigan Public Safety communications system. (DTMB)
- \$13.9 million increase for environmental and public health hazards response. (DHHS)
- \$10.0 million increase for Healthy Michigan Plan work requirement supports. (DHHS)
- \$8.6 million (including \$4.7 million in one-time costs) for a State Police trooper school. (MSP)
- \$5.9 million for a foster care supportive visitation program. (DHHS)
- \$5.0 million to support a licensing agreement with the Microsoft Corporation for its 365 Government G5 product. (DTMB)
- \$4.6 million to implement the redistricting commission as approved by voters in Ballot Proposal 2. (State)

Major one-time funding allocations of GF/GP for FY 2019-20 include:

- \$50.0 million for the federal Affordable Care Act (ACA) health insurer fee set-aside. (DHHS)
- \$47.0 million Gross (\$11.0 million GF/GP) for continuation of FY 2018-19 information technology supplemental funding. (DHHS)
- \$10.5 million to train additional corrections officers to meet projected attrition needs. (MDOC)
- \$7.0 million to continue support of the state health innovation model. (DHHS)
- \$5.0 million for special maintenance projects at state-owned facilities. (DTMB)

The Executive budget recommendation includes additional GF/SAF fund shifts for FY 2019-20:

- \$500.1 million SAF reduction in the Higher Education budget backfilled with GF/GP.

Major proposed changes for FY 2019-20 for School Aid and Higher Education funding include:

- \$235.0 million SAF for increases to district foundation allowances ranging from \$120 to \$180 per pupil based on 1.5x formula (percentages range from 1.4% to 2.3%).
- \$120.0 million SAF to increase reimbursement for districts' special education costs by 4.0%.
- \$102.0 million SAF increase for academically at-risk and economically disadvantaged students.
- \$85.0 million SAF increase for the Great Start Readiness Program (GSRP) for school readiness preschool programs.
- \$55.0 million SAF increase for districts to provide added support for students participating in career and technical education (CTE) programs.
- \$24.5 million SAF increase (for a total of \$31.5 million) to increase the number of literacy coaches.
- \$22.0 million SAF reduction to reduce cyber school foundation allowances to 80% of the minimum foundation allowance.
- \$43.7 million GF/GP for a 3.0% increase in public university operations.
- \$9.7 million GF/GP for a 3.0% increase in community college operations.

MPSERS retirement changes in the Executive recommendation for FY 2019-20 include:

- \$90.3 million increase for the state share of MPSERS UAAL payments to pay for increases in normal costs associated with dedicated gains policy.
- \$40.0 million deposit into the MPSERS Retirement Obligation Reform Reserve Fund in anticipation of future cost increases related to the retirement experience study.

The Executive recommendations for local revenue sharing programs include:

- \$27.2 million (3.2%) increase for constitutional revenue sharing payments based on January 2019 CREC estimates for FY 2019-20.
- \$7.7 million for a 3.0% increase for city, village, and township revenue sharing.
- \$6.6 million for a 3.0% increase for county revenue sharing.
- \$2.5 million increase (for a total of \$5.0 million) for the community opportunities for renewal program.

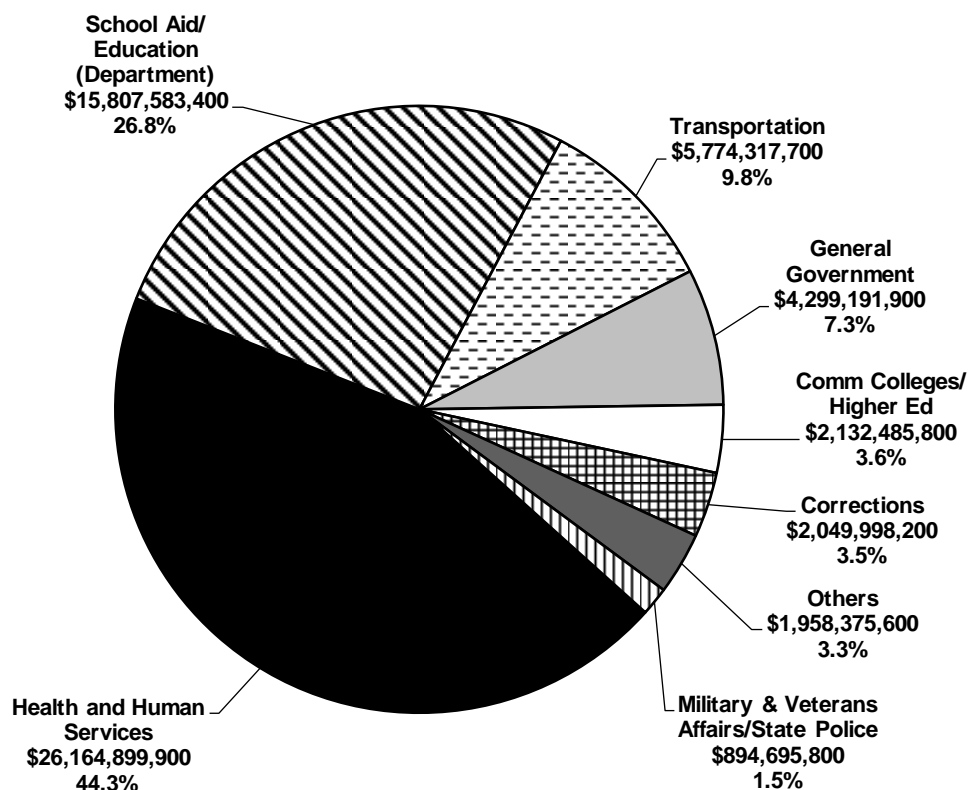
The FY 2019-20 budget assumes the elimination of sunsets on various fees in the following budget areas: Department of Agriculture and Rural Development, Department of Environmental Quality, Department of Health and Human Services, Department of Licensing and Regulatory Affairs, Department of State, and Michigan State Police.

A more detailed summary of major budget changes by individual budget area, including FY 2018-19 supplemental appropriations, begins on page 24.

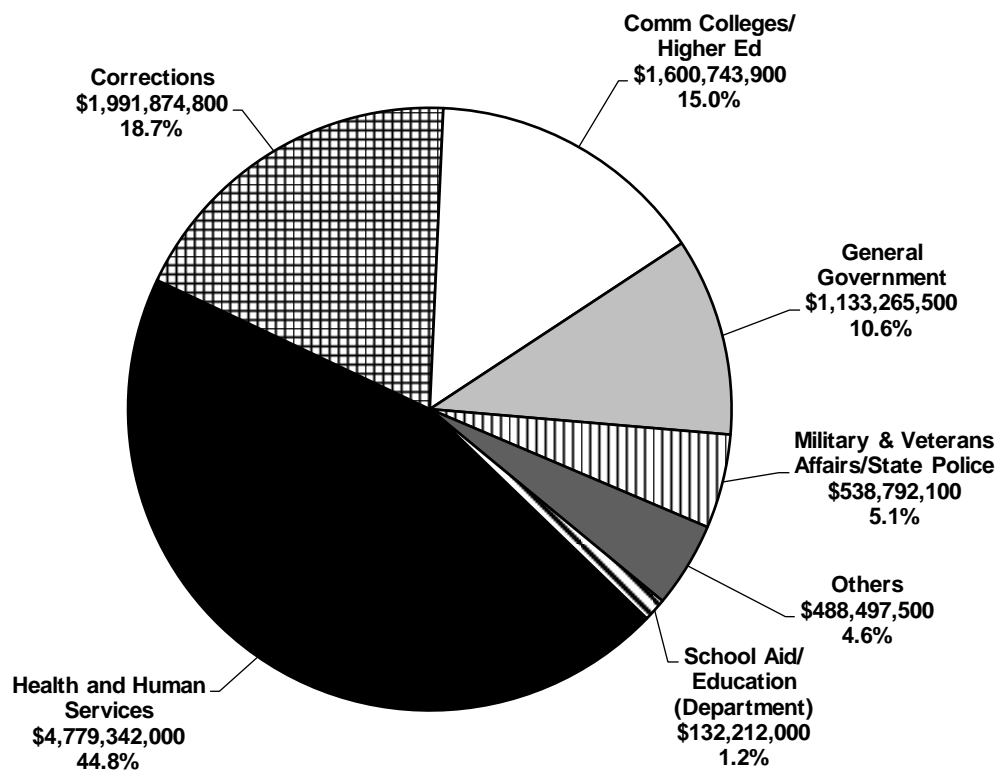
OVERVIEW

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

**FY 2019-20 Executive Recommendation
Adjusted Gross = \$59,081,548,300**



**FY 2019-20 Executive Recommendation
General Fund/General Purpose (GF/GP) = \$10,664,727,800**



CONSENSUS REVENUE ESTIMATES

Jim Stansell, Associate Director and Senior Economist

This section explains January 2019 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2018-19 through FY 2020-21 by major revenue sources.

For Michigan:

Wage and salary employment is expected to increase 0.8% in 2019, 0.5% in 2020, and 0.4% in 2021.

The unemployment rate is expected to be 3.9% in 2019, 2020, and 2021.

GF/GP REVENUE ESTIMATES (Millions of Dollars)

				FY 2019-20 Over FY 2018-19		FY 2020-21 Over FY 2019-20	
	FY 2018-19	FY 2019-20	FY 2020-21	Change		Change	
Personal Income Tax	\$7,039.6	\$7,042.1	\$7,101.9	\$2.5	0.0%	\$59.8	0.8%
Sales Tax	1,342.7	1,398.7	1,435.6	56.0	4.2%	36.9	2.6%
Use Tax	689.4	683.1	674.9	(6.3)	(0.9%)	(8.2)	(1.2%)
Business Taxes	865.7	811.5	838.9	(54.2)	(6.3%)	27.4	3.4%
Other Taxes	438.4	447.5	459.8	9.1	2.1%	12.3	2.7%
GF/GP Tax Revenue	\$10,375.8	\$10,382.9	\$10,511.1	\$7.1	0.1%	\$128.2	1.2%
Non-Tax Revenue	324.4	334.9	341.5	10.5	3.2%	6.6	2.0%
Net Total GF/GP Revenue	\$10,700.2	\$10,717.8	\$10,852.6	\$17.6	0.2%	\$134.8	1.3%

General Fund/General Purpose Revenue by Source

Personal Income Tax

Michigan personal income tax revenue is forecast to decrease 3.3% in FY 2018-19 and remain flat in FY 2019-20, in part due to the earmarks to the Michigan Transportation Fund (\$264 million in FY 2018-19 and \$468 million in FY 2019-20) and the expansion of the homestead property tax credit beginning in FY 2018-19. Michigan personal income tax revenue is projected to increase by just 0.8% in FY 2020-21 as the transportation earmark increases to \$600 million.

Sales Tax

GF/GP sales tax revenue is estimated to increase 5.8% in FY 2018-19, 4.2% in FY 2019-20, and 2.6% in FY 2020-21.

Use Tax

Use tax revenue is forecast to decrease from \$689.4 million in FY 2018-19 to \$683.1 million in FY 2019-20, and continue decreasing to \$674.9 million in FY 2020-21. The declines in GF/GP use tax collections are due to the Local Community Stabilization Authority levying a portion of the tax as a replacement for phasing out the personal property tax on eligible manufacturing personal property.

Business Taxes

Net business taxes are expected to increase from \$790.9 million in FY 2017-18 to \$865.7 million in FY 2018-19 before decreasing to \$811.5 million in FY 2019-20. However, net business taxes are projected to increase to \$838.9 million in FY 2020-21.

GF/GP Tax Revenue

GF/GP tax revenue is expected to decrease 1.9% to \$10,375.8 million in FY 2018-19 before increasing 0.1% to \$10,382.9 million in FY 2019-20, and 1.2% to \$10,511.1 million in FY 2020-21.

Net Total GF/GP Revenue

Net total GF/GP revenue includes both tax revenue and non-tax revenue, which includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs.

Net total GF/GP revenue is expected to decrease 2.2% to \$10,700.2 million in FY 2018-19, and then increase 0.2% to \$10,717.8 million in FY 2019-20 and 1.3% to \$10,852.6 million in FY 2020-21.

SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars)

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2019-20 Over FY 2018-19 Change		FY 2020-21 Over FY 2019-20 Change	
Sales and Use Taxes	\$6,774.2	\$7,011.9	\$7,201.9	\$237.7	3.5%	\$190.0	2.7%
Income Tax Earmark	2,813.0	2,860.2	2,920.2	47.2	1.7%	60.0	2.1%
Lottery and Casinos	1,057.0	1,064.3	1,071.5	7.3	0.7%	7.2	0.7%
Tobacco Taxes	346.1	340.9	336.8	(5.2)	(1.5%)	(4.1)	(1.2%)
State Education Tax	2,085.4	2,148.1	2,208.4	62.7	3.0%	60.3	2.8%
Real Estate Transfer Tax	352.9	356.4	362.8	3.5	1.0%	6.4	1.8%
Liquor Excise Tax	58.1	59.2	60.2	1.1	1.9%	1.0	1.7%
Other Specific Taxes	63.8	85.7	102.6	21.9	34.3%	16.9	19.7%
Total SAF Revenue	\$13,550.5	\$13,926.7	\$14,264.4	\$376.2	2.8%	\$337.7	2.4%

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

Combined sales and use tax revenue dedicated to the SAF is forecast to increase 3.4% to \$6,774.2 million in FY 2018-19, 3.5% to \$7,011.9 million in FY 2019-20, and 2.7% to \$7,201.9 million in FY 2020-21.

Income Tax Earmark

Approximately 22.4% of gross income tax collections are dedicated to the SAF.

Dedicated income tax revenue is forecast to decrease 2.7% to \$2,813.0 million in FY 2018-19 before increasing 1.7% to \$2,860.2 million in FY 2019-20 and 2.1% to \$2,920.2 million in FY 2020-21.

Lottery and Casinos

Lottery and casino revenue is projected to total \$1,057.0 million in FY 2018-19, \$1,064.3 in FY 2019-20, and \$1,071.5 million in FY 2020-21.

Tobacco Taxes

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

The demand for tobacco products is expected to decline over the duration of the forecast causing estimated SAF tobacco tax revenue to decrease to \$346.1 million in FY 2018-19, \$340.9 million in FY 2019-20, and \$336.8 million in FY 2020-21.

State Education Tax/Real Estate Transfer Tax

All of the 6-mill state education tax (SET) and the real estate transfer tax (RET) is dedicated to the SAF.

Revenue from the SET is expected to increase 4.9% to \$2,085.4 million in FY 2018-19, 3.0% to \$2,148.1 million in FY 2019-20, and 2.8% to \$2,208.4 million in FY 2020-21.

RET revenue is forecast to increase to \$352.9 million in FY 2018-19, \$356.4 million in FY 2019-20, and \$362.8 million in FY 2020-21.

Total SAF Revenue

Total SAF revenue is expected to increase 1.6% to \$13,550.5 million in FY 2018-19, 2.8% to \$13,926.7 million in FY 2019-20, and 2.4% to \$14,264.4 million in FY 2020-21.

OVERVIEW

Budget Stabilization Fund Year-End Balances

The following table notes BSF deposits, withdrawals, interest earnings, and year-end balances from FY 1990-91 to FY 2017-18. The table also shows the appropriated amount, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2018-19, and the Executive recommendation for deposits, HFA estimates of expected interest earnings, and the estimated year-end balance for FY 2019-20.

The final BSF fund balance for FY 2017-18 was \$1,006.0 million. The fund balance is estimated to be \$1,149.8 million for FY 2018-19 and \$1,349.9 million for FY 2019-20. These projections include the impact of 2014 PA 186, which requires annual deposits of \$17.5 million of tobacco settlement revenue to the BSF from FY 2016-17 through FY 2035-36.

BUDGET STABILIZATION FUND HISTORY (Millions of Dollars)

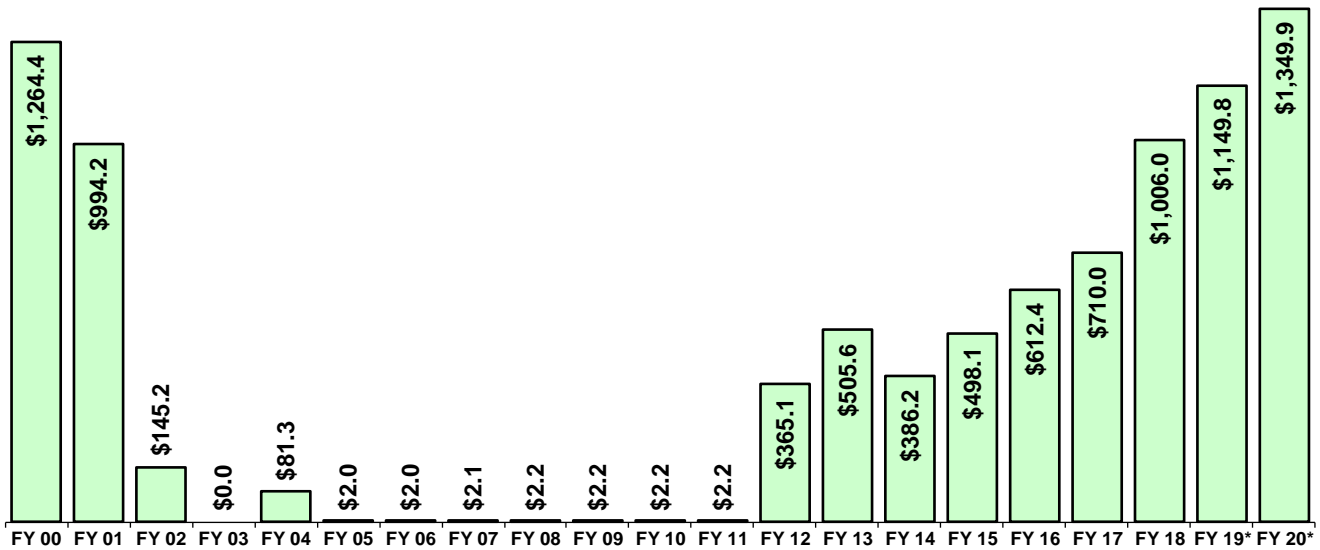
<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1990-91	\$0.0	\$230.0	\$27.1	\$182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.7	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.2	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.2
2001-02	0.0	869.8	20.8	145.2
2002-03	0.0	156.1	10.9	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	81.3	2.0	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07	0.0	0.0	0.1	2.1
2007-08	0.0	0.0	0.1	2.2
2008-09	0.0	0.0	0.0	2.2
2009-10	0.0	0.0	0.0	2.2
2010-11	0.0	0.0	0.0	2.2
2011-12	362.7	0.0	0.2	365.1
2012-13	140.0	0.0	0.5	505.6
2013-14	75.0	194.8	0.4	386.2
2014-15	111.6	0.0	0.3	498.1
2015-16	112.5	0.0	1.7	612.4
2016-17	92.5	0.0	5.1	710.0
2017-18	282.5	0.0	13.5	1,006.0
2018-19	117.5**	0.0	26.3*	1,149.8
2019-20	167.5**	0.0	32.6*	1,349.9

* HFA Estimate

** FY 2019 actual appropriated deposit; FY 2020 Executive recommendation

Note: Numbers may not add due to rounding.

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



Note: FY 2019-20 - 25% of unassigned GF/GP fund balance for FY 2018-19 shall be deposited in the BSF.

*Estimated

Compliance With the State Revenue Limit

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

COMPLIANCE WITH THE STATE REVENUE LIMIT (Millions of Dollars)

<u>Revenue Limit Calculations</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>
Personal Income	CY 2017	CY 2018	CY 2019
Amount	\$460,270	\$477,760	\$495,915
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	\$43,679.6	\$45,339.4	\$47,062.3
Total Revenue Subject to Revenue Limit	\$33,274.1	\$34,151.9	\$35,092.2
Amount Under (Over) State Revenue Limit	\$10,405.5	\$11,187.5	\$11,970.1

OVERVIEW

Implications of Exceeding the State Revenue Limit

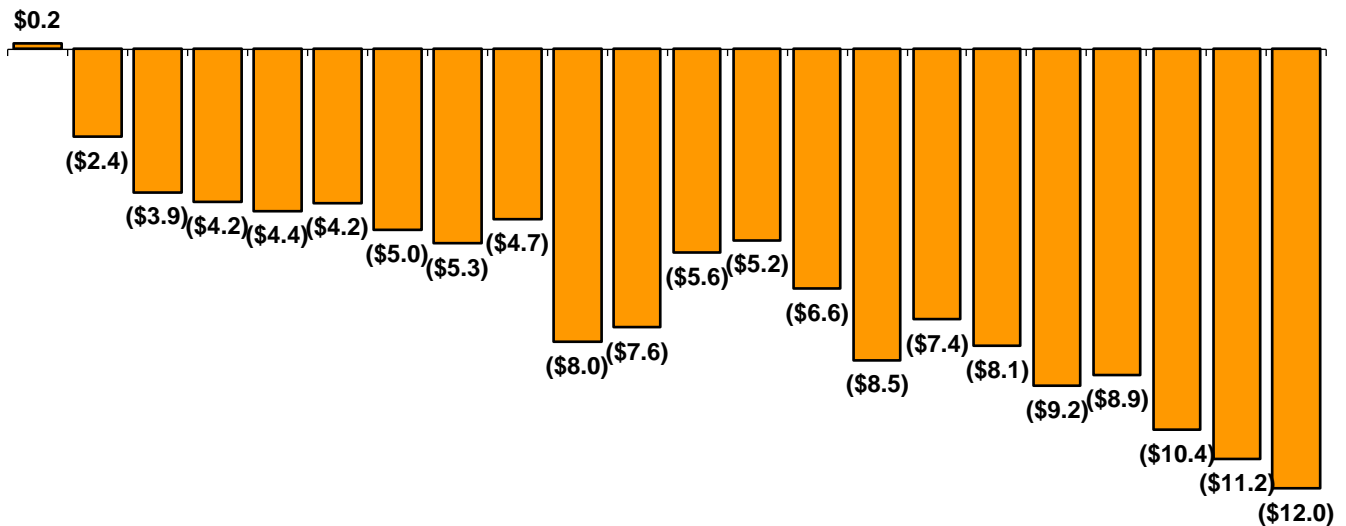
Article IX, Section 26, Constitution of the State of Michigan, provides that:

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

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

The final FY 2016-17 revenue limit calculation indicates that the state revenue collections were under the revenue limit by \$9.2 billion. For FY 2017-18 through FY 2020-21, state revenue is estimated to be even further below the revenue limit—by \$8.9 billion, \$10.4 billion, \$11.2 billion, and \$12.0 billion respectively.

Constitutional Revenue Limit (Billions of Dollars)



2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018* 2019* 2020* 2021*

*Consensus Estimates

BALANCE SHEETS

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

FY 2018-19 Through FY 2020-21 Executive Recommendation General Fund/General Purpose (GF/GP) Millions of Dollars			
	FY 2018-19	FY 2019-20	FY 2020-21
<u>Resources</u>			
Beginning Balance	\$715.2	\$237.5	\$8.3
Consensus Revenue Estimates: January 2019	10,700.2	10,717.8	10,852.6
Eliminate Income Tax Earmark for Roads	--	468.0	600.0
Repeal Retirement/Pension Tax	--	(200.7)	(275.6)
Pass-Through Entity Tax	--	157.0	217.2
Earned Income Tax Credit Expansion	--	(76.0)	(114.0)
Miscellaneous Other Revenue	(6.3)	15.2	0.0
Revenue Sharing: Ongoing	(466.0)	(495.9)	(495.9)
Revenue Sharing: One-time	<u>(13.1)</u>	<u>0.0</u>	<u>0.0</u>
Total Resources	\$10,214.8	\$10,585.4	\$10,784.3
<u>Expenditures</u>			
Enacted Appropriations: Ongoing	\$9,569.7	\$10,493.7	\$10,729.8
Enacted Appropriations: One-time	391.8	125.9	0.0
GF to School Aid	87.9	45.0	45.0
Deposit to Budget Stabilization Fund	100.0	150.0 *	0.0
Enacted Supplementals	377.6	0.0	0.0
Supplemental Request 2019-4	175.2	0.0	0.0
Estimated Book Closing Lapses and Adjustments	<u>(9.6)</u>	<u>0.0</u>	<u>0.0</u>
Total Expenditures	\$10,692.5	\$10,814.6	\$10,774.8
Estimated Ending Balance	\$237.5	\$8.3	\$17.8

* FY 2019-20 - 25% of unassigned GF/GP fund balance for FY 2018-19 shall be deposited in the BSF.

OVERVIEW

FY 2018-19 Through FY 2020-21 Executive Recommendation School Aid Fund (SAF) Millions of Dollars			
	FY 2018-19	FY 2019-20	FY 2020-21
<u>Resources</u>			
Beginning Balance	\$317.6	\$40.3	\$3.3
Consensus Revenue Estimates: January 2019	13,550.5	13,926.7	14,264.4
Repeal Retirement/Pension Tax	--	(58.1)	(79.8)
Pass-Through Entity Tax	--	45.5	62.9
Marihuana Sales Tax Adjustments from CREC	--	1.7	5.3
GF/GP Grant	87.9	45.0	45.0
Detroit Public Schools Trust Fund	72.0	72.0	72.0
School Mental Health and Support Services Fund	30.0	0.0	0.0
Federal Aid	<u>1,745.9</u>	<u>1,749.6</u>	<u>1,749.6</u>
Total Resources	\$15,486.3	\$15,782.4	\$16,119.4
<u>Expenditures</u>			
School Aid	\$14,855.3	\$15,371.2	\$15,495.5
SAF Deposit into MPSERS Reserve	0.0	40.0	0.0
Community College	408.2	408.2	419.7
Higher Education	<u>500.1</u>	<u>0.0</u>	<u>0.0</u>
Total Expenditures	\$15,763.6	\$15,819.4	\$15,915.2
Estimated Ending Balance	\$40.3	\$3.3	\$207.5

FY 2019-20 Through FY 2020-21 Executive Recommendation Tobacco Settlement / Merit Award Trust Fund Millions of Dollars		
	FY 2019-20	FY 2020-21
<u>Resources</u>		
Beginning Balance	\$7.1	\$0.2
Tobacco Settlement MSA payment	276.8	276.3
Debt Service on 2006 / 2007 Securitization Bonds (13.34% / 10.77%)	(66.7)	(66.6)
Deposit to 21st Century Jobs Trust Fund	(75.0)	(75.0)
BSF Repayment	(17.5)	(17.5)
Detroit Public Schools Trust Fund	(72.0)	(72.0)
Interest	<u>(0.2)</u>	<u>0.0</u>
Total Resources	\$45.4	\$45.2
<u>Expenditures</u>		
Attorney General: Operations	\$0.5	\$0.5
DHHS: Aging Respite Care	4.1	4.1
DHHS: Medicaid Long Term Care	45.7	45.7
State Police: Criminal Investigations / IT	0.9	0.8
Treasury: Student Financial Services Programs	<u>1.2</u>	<u>1.2</u>
Total Expenditures	\$52.3	\$52.3
Estimated Ending Balance	\$0.2	(\$7.0)

REVENUE CHANGES IN THE EXECUTIVE BUDGET RECOMMENDATION

Income Tax Changes

- Return to the tax treatment for years prior to 2012 for pensions and other forms of retirement income. Restoring the broader exemptions for retirement income is expected to reduce income tax revenue by about \$350.0 million on a full fiscal year basis. The current treatment of retirement income would remain as a hold-harmless provision for taxpayers who would see an income tax increase by virtue of reverting back to the 2011 rules.
- Implement a new 6% tax on non-C corporations (S corporations, LLCs, partnerships, etc.), and provide a 4.25% income tax credit to the recipients of flow-through income from those entities. All entities would receive a \$50,000 exemption. Any remaining income would be subject to the 6% tax. By providing a 4.25% credit to the recipients, the income of the entity is not taxed twice at the state level. In addition, state income taxes are fully deductible on an entity's federal corporate income tax return. The 6% tax net of the 4.25% credit is expected to generate about \$280.0 million on a full fiscal year basis, although much of the 6% state tax is offset by federal deductibility. After factoring in the federal deductibility, the net impact on businesses is expected to be about \$100.0 million.
- The Earned Income Tax Credit (EITC) would be doubled from 6% of the federal EITC to 12% of the federal EITC. The credit would increase to 10% of the federal EITC in 2019 and 12% of the federal EITC in 2020. Expanding the EITC would reduce income tax revenue by about \$115.0 million when fully phased in.
- The existing income tax transfers to the Michigan Transportation Fund (MTF) would be eliminated, thus increasing General Fund revenue. The statutory earmarks are \$468.0 million in FY 2019-20 and \$600.0 million in subsequent years.

Motor Fuel Tax Changes

- Taxes on motor fuels (gasoline, diesel, and alternative fuels) would increase by 45 cents per gallon in three 15-cent steps. Motor fuel taxes would increase from the current level of 26.3 cents per gallon to 41.3 cents per gallon on October 1, 2019, to 56.3 cents per gallon on April 1, 2020, and 71.3 cents per gallon on October 1, 2020. When fully implemented, the increases are expected to generate about \$2.5 billion for roads, \$325.0 million of which would replace part of the existing income tax earmarks to the Michigan Transportation Fund. The remaining \$2.18 billion would accrue to a new Fix Michigan Roads Fund.

APPROPRIATION SUMMARY TABLES

The Executive budget recommendation for FY 2019-20 increases adjusted gross appropriations by \$1,851.5 million (3.2%) from FY 2018-19 year-to-date amounts:

- GF/GP appropriations are increased by \$237.8 million (2.3%).
- State restricted appropriations are increased by \$1,338.3 million (5.7%).
- Federal appropriations are increased by \$253.8 million (1.1%).
- Local and private appropriations are increased by \$21.7 million (5.5%).

Total state spending from state sources (GF/GP plus state restricted) in the FY 2019-20 Executive budget recommendation is increased by \$1,576.1 million (4.6%) from FY 2018-19 year-to-date amounts.

Projected appropriation amounts for FY 2020-21 under the Executive budget (which are presented for planning purposes only) reflect a 0.6% decrease in GF/GP appropriations, a 5.8% increase in total state spending from state sources, and a 1.9% increase in adjusted gross appropriations.

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

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

- FY 2018-19 year-to-date figures include adjustments through March 5, 2019.
- Some appropriation items in the FY 2018-19 budget are designated as one-time, indicating intent that those items will not be funded in the subsequent budget year in order to maintain a structurally balanced budget. The FY 2019-20 Executive budget recommendation continues this practice.
- The tables in this document show total appropriation amounts by budget area, including both ongoing items and the items designated as one-time, in order to provide an accurate representation of resources available for expenditure in each budget year by state departments, local units of government, and other entities receiving funds through the state budget.

OVERVIEW

**FY 2019-20 and FY 2020-21
Executive Budget Appropriation Changes
Millions of Dollars**

	Year-to-Date FY 2018-19	Executive Recommendation FY 2019-20	Change Amounts		Executive Recommendation FY 2020-21	Change Amounts	
General Fund/General Purpose	\$10,426.9	\$10,664.7	\$237.8	2.3%	\$10,597.0	(\$67.8)	(0.6%)
State Restricted	<u>23,538.0</u>	<u>24,876.3</u>	<u>1,338.3</u>	5.7%	<u>26,322.1</u>	<u>1,445.8</u>	5.8%
Total State-Source Appropriations	\$33,964.9	\$35,541.0	\$1,576.1	4.6%	\$36,919.0	\$1,378.0	3.9%
Federal	\$22,871.6	\$23,125.4	\$253.8	1.1%	\$22,899.6	(\$225.8)	(1.0%)
Local	216.4	251.9	35.5	16.4%	249.1	(2.8)	(1.1%)
Private	177.0	163.2	(13.8)	(7.8%)	163.1	(0.1)	(0.1%)
Total Adjusted Gross	\$57,230.0	\$59,081.5	\$1,851.5	3.2%	\$60,230.9	\$1,149.3	1.9%

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

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

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

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

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

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

Notes:

- (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019.
- (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.
- (3) Numbers may not add due to rounding.

TABLE 1
FY 2019-20 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>
Agriculture and Rural Development	\$109,830,500	\$318,400	\$109,512,100	\$11,836,400	\$0	\$101,800	\$39,653,700	\$57,920,200
Attorney General	106,517,800	34,908,000	71,609,800	9,713,700	0	0	20,159,800	41,736,300
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	16,388,300	298,500	16,089,800	2,816,900	0	18,700	58,500	13,195,700
Community Colleges	421,164,000	0	421,164,000	0	0	0	408,215,500	12,948,500
Corrections	2,049,998,200	0	2,049,998,200	5,323,700	11,687,200	0	41,112,500	1,991,874,800
Education	436,344,500	0	436,344,500	332,152,900	5,893,400	2,036,200	9,050,000	87,212,000
Environmental Quality	478,273,300	3,176,600	475,096,700	160,895,300	0	1,061,800	259,346,600	53,793,000
Executive Office	7,114,300	0	7,114,300	0	0	0	0	7,114,300
Health and Human Services	26,178,757,500	13,857,600	26,164,899,900	18,221,270,400	155,806,100	143,535,100	2,864,946,300	4,779,342,000
Higher Education	1,711,321,800	0	1,711,321,800	123,526,400	0	0	0	1,587,795,400
Insurance and Financial Services	68,889,800	723,100	68,166,700	1,017,600	0	0	66,999,100	150,000
Judiciary	309,341,000	1,551,700	307,789,300	6,028,400	6,579,500	994,300	93,044,900	201,142,200
Legislative Auditor General	24,938,000	5,823,400	19,114,600	0	0	0	2,008,800	17,105,800
Legislature	167,762,500	0	167,762,500	0	0	400,000	4,394,300	162,968,200
Licensing and Regulatory Affairs	572,612,500	49,014,200	523,598,300	95,852,500	100,000	251,800	303,125,900	124,268,100
Military and Veterans Affairs	201,102,500	101,800	201,000,700	106,177,200	0	630,000	23,908,600	70,284,900
Natural Resources	474,444,700	232,200	474,212,500	86,011,600	0	7,431,600	329,545,300	51,224,000
School Aid	15,371,238,900	0	15,371,238,900	1,749,578,500	0	0	13,576,660,400	45,000,000
State	255,209,600	20,000,000	235,209,600	1,460,000	0	50,100	210,732,000	22,967,500
State Police	718,629,000	24,933,900	693,695,100	75,728,500	4,766,200	35,000	144,658,200	468,507,200
Talent and Economic Devel. (MSF)	1,088,257,000	0	1,088,257,000	762,145,800	500,000	5,628,300	175,074,600	144,908,300
Tech., Mgmt. & Budget: Operations	1,333,698,300	950,488,800	383,209,500	4,968,400	2,321,200	131,100	117,916,800	257,872,000
Tech., Mgmt. & Budget: SBA Rent	246,570,600	0	246,570,600	0	0	0	0	246,570,600
Transportation	5,778,292,000	3,974,300	5,774,317,700	1,341,650,100	51,032,000	900,000	4,380,735,600	0
Treasury: Operations	590,416,900	12,905,600	577,511,300	27,242,500	13,215,800	27,500	422,533,700	114,491,800
Treasury: Debt Service	104,335,000	0	104,335,000	0	0	0	0	104,335,000
Treasury: Revenue Sharing	1,382,407,900	0	1,382,407,900	0	0	0	1,382,407,900	0
TOTAL APPROPRIATIONS	\$60,203,856,400	\$1,122,308,100	\$59,081,548,300	\$23,125,396,800	\$251,901,400	\$163,233,300	\$24,876,289,000	\$10,664,727,800

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

OVERVIEW

TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2019-20 and FY 2020-21 Executive Recommendation Compared with FY 2018-19 Year-to-Date

Department/Budget Area	Year-To-Date FY 2018-19	Exec. Rec. FY 2019-20	Difference FY 2019-20 vs. FY 2018-19		Exec. Rec. FY 2020-21	Difference FY 2020-21 vs. FY 2019-20	
Agriculture and Rural Development	\$109,884,200	\$109,512,100	(\$372,100)	(0.3%)	\$106,870,300	(\$2,641,800)	(2.4%)
Attorney General	73,641,300	71,609,800	(2,031,500)	(2.8%)	71,019,700	(590,100)	(0.8%)
Capital Outlay	15,000,900	0	(15,000,900)	(100.0%)	0	0	--
Civil Rights	15,902,000	16,089,800	187,800	1.2%	15,950,200	(139,600)	(0.9%)
Community Colleges	408,215,500	421,164,000	12,948,500	3.2%	432,625,000	11,461,000	2.7%
Corrections	2,019,056,200	2,049,998,200	30,942,000	1.5%	2,018,009,500	(31,988,700)	(1.6%)
Education	406,134,900	436,344,500	30,209,600	7.4%	436,344,500	0	0.0%
Environmental Quality	498,158,900	475,096,700	(23,062,200)	(4.6%)	469,472,900	(5,623,800)	(1.2%)
Executive Office	6,980,100	7,114,300	134,200	1.9%	7,114,300	0	0.0%
Health and Human Services	25,488,432,700	26,164,899,900	676,467,200	2.7%	25,915,031,000	(249,868,900)	(1.0%)
Higher Education	1,669,732,600	1,711,321,800	41,589,200	2.5%	1,712,334,800	1,013,000	0.1%
Insurance and Financial Services	67,258,100	68,166,700	908,600	1.4%	67,689,200	(477,500)	(0.7%)
Judiciary	302,527,800	307,789,300	5,261,500	1.7%	305,502,600	(2,286,700)	(0.7%)
Legislative Auditor General	19,114,600	19,114,600	0	0.0%	19,114,600	0	0.0%
Legislature	186,512,500	167,762,500	(18,750,000)	(10.1%)	167,762,500	0	0.0%
Licensing and Regulatory Affairs	503,942,400	523,598,300	19,655,900	3.9%	520,537,300	(3,061,000)	(0.6%)
Military and Veterans Affairs	199,537,500	201,000,700	1,463,200	0.7%	200,120,100	(880,600)	(0.4%)
Natural Resources	484,198,700	474,212,500	(9,986,200)	(2.1%)	489,540,900	15,328,400	3.2%
School Aid	14,844,588,800	15,371,238,900	526,650,100	3.5%	15,495,456,900	124,218,000	0.8%
State	227,062,800	235,209,600	8,146,800	3.6%	233,822,400	(1,387,200)	(0.6%)
State Police	753,188,100	693,695,100	(59,493,000)	(7.9%)	688,407,800	(5,287,300)	(0.8%)
Talent and Economic Devel. (MSF)	1,260,746,100	1,088,257,000	(172,489,100)	(13.7%)	1,086,655,900	(1,601,100)	(0.1%)
Tech., Mgmt. & Budget: Operations	435,096,000	383,209,500	(51,886,500)	(11.9%)	385,004,500	1,795,000	0.5%
Tech., Mgmt. & Budget: SBA Rent	246,570,600	246,570,600	0	0.0%	260,787,000	14,216,400	5.8%
Transportation	5,009,788,300	5,774,317,700	764,529,400	15.3%	7,029,442,000	1,255,124,300	21.7%
Treasury: Operations	557,261,200	577,511,300	20,250,100	3.6%	582,016,300	4,505,000	0.8%
Treasury: Debt Service	107,080,000	104,335,000	(2,745,000)	(2.6%)	104,335,000	0	0.0%
Treasury: Revenue Sharing	1,314,405,300	1,382,407,900	68,002,600	5.2%	1,409,921,100	27,513,200	2.0%
TOTAL	\$57,230,018,100	\$59,081,548,300	\$1,851,530,200	3.2%	\$60,230,888,300	\$1,149,340,000	1.9%

TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2019-20 and FY 2020-21 Executive Recommendation Compared with FY 2018-19 Year-to-Date

Department/Budget Area	Year-To-Date FY 2018-19	Exec. Rec. FY 2019-20	Difference		Exec. Rec. FY 2020-21	Difference	
			FY 2019-20 vs. FY 2018-19			FY 2020-21 vs. FY 2019-20	
Agriculture and Rural Development	\$60,835,200	\$57,920,200	(\$2,915,000)	(4.8%)	\$55,477,000	(\$2,443,200)	(4.2%)
Attorney General	41,206,800	41,736,300	529,500	1.3%	41,361,100	(375,200)	(0.9%)
Capital Outlay	15,000,900	0	(15,000,900)	(100.0%)	0	0	--
Civil Rights	13,022,100	13,195,700	173,600	1.3%	13,068,300	(127,400)	(1.0%)
Community Colleges	0	12,948,500	12,948,500	--	12,948,500	0	0.0%
Corrections	1,963,841,300	1,991,874,800	28,033,500	1.4%	1,962,629,900	(29,244,900)	(1.5%)
Education	91,503,600	87,212,000	(4,291,600)	(4.7%)	87,212,000	0	0.0%
Environmental Quality	58,546,500	53,793,000	(4,753,500)	(8.1%)	49,430,800	(4,362,200)	(8.1%)
Executive Office	6,980,100	7,114,300	134,200	1.9%	7,114,300	0	0.0%
Health and Human Services	4,439,614,400	4,779,342,000	339,727,600	7.7%	4,751,933,800	(27,408,200)	(0.6%)
Higher Education	1,046,017,900	1,587,795,400	541,777,500	51.8%	1,588,808,400	1,013,000	0.1%
Insurance and Financial Services	550,000	150,000	(400,000)	(72.7%)	150,000	0	0.0%
Judiciary	196,079,500	201,142,200	5,062,700	2.6%	198,980,200	(2,162,000)	(1.1%)
Legislative Auditor General	17,105,800	17,105,800	0	0.0%	17,105,800	0	0.0%
Legislature	181,718,200	162,968,200	(18,750,000)	(10.3%)	162,968,200	0	0.0%
Licensing and Regulatory Affairs	135,845,300	124,268,100	(11,577,200)	(8.5%)	123,942,400	(325,700)	(0.3%)
Military and Veterans Affairs	75,912,400	70,284,900	(5,627,500)	(7.4%)	70,009,400	(275,500)	(0.4%)
Natural Resources	77,241,800	51,224,000	(26,017,800)	(33.7%)	47,605,400	(3,618,600)	(7.1%)
School Aid	87,920,000	45,000,000	(42,920,000)	(48.8%)	45,000,000	0	0.0%
State	18,466,300	22,967,500	4,501,200	24.4%	22,840,500	(127,000)	(0.6%)
State Police	493,173,800	468,507,200	(24,666,600)	(5.0%)	463,999,300	(4,507,900)	(1.0%)
Talent and Economic Devel. (MSF)	286,546,300	144,908,300	(141,638,000)	(49.4%)	144,745,900	(162,400)	(0.1%)
Tech., Mgmt. & Budget: Operations	305,473,900	257,872,000	(47,601,900)	(15.6%)	260,479,700	2,607,700	1.0%
Tech., Mgmt. & Budget: SBA Rent	246,570,600	246,570,600	0	0.0%	260,787,000	14,216,400	5.8%
Transportation	356,790,900	0	(356,790,900)	(100.0%)	0	0	--
Treasury: Operations	103,881,300	114,491,800	10,610,500	10.2%	104,027,000	(10,464,800)	(9.1%)
Treasury: Debt Service	107,080,000	104,335,000	(2,745,000)	(2.6%)	104,335,000	0	0.0%
Treasury: Revenue Sharing	0	0	0	--	0	0	--
TOTAL	\$10,426,924,900	\$10,664,727,800	\$237,802,900	2.3%	\$10,596,959,900	(\$67,767,900)	(0.6%)

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

<u>Department/Budget Area</u>	<u>Exec. Rec.</u> <u>FY 2019-20</u>
	<u>GF/GP</u>
Agriculture & Rural Development	\$2,000,000
Corrections	15,383,900
Environmental Quality	4,000,000
Health and Human Services	71,628,500
Judiciary	1,575,000
Natural Resources	3,350,000
State Police	7,037,600
Tech., Mgmt. & Budget: Operations	10,878,900
Treasury: Operations	10,000,000
TOTAL: ONE-TIME APPROPRIATIONS	\$125,853,900
Budget Stabilization Fund Deposit	150,000,000
TOTAL: ONE-TIME APPROPRIATION AND DEPOSITS	\$275,853,900

TABLE 5
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2019-20 Executive Recommendation Compared with FY 2018-19 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2018-19</u>	<u>Executive Recommendation FY 2019-20</u>	<u>Difference FY 2019-20 vs. FY 2018-19</u>	
Agriculture and Rural Development	508.5	509.5	1.0	0.2%
Attorney General	537.0	545.0	8.0	1.5%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	116.0	116.0	0.0	0.0%
Community Colleges	0.0	0.0	0.0	--
Corrections	13,979.2	13,809.8	(169.4)	(1.2%)
Education	620.5	620.5	0.0	0.0%
Environmental Quality	1,263.0	1,287.0	24.0	1.9%
Executive Office	89.2	89.2	0.0	0.0%
Health and Human Services	15,942.7	16,007.0	64.3	0.4%
Higher Education	0.0	0.0	0.0	--
Insurance and Financial Services	342.5	352.5	10.0	2.9%
Judiciary	502.0	503.0	1.0	0.2%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing and Regulatory Affairs	2,384.8	2,404.8	20.0	0.8%
Military and Veterans Affairs	921.5	933.5	12.0	1.3%
Natural Resources	2,340.3	2,366.1	25.8	1.1%
School Aid	0.0	0.0	0.0	--
State	1,592.0	1,592.0	0.0	0.0%
State Police	3,521.0	3,544.0	23.0	0.7%
Talent and Economic Devel. (MSF)	1,456.0	1,456.0	0.0	0.0%
Tech., Mgmt. and Budget: Operations	3,122.0	3,141.0	19.0	0.6%
Tech., Mgmt. and Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	2,824.3	2,824.3	0.0	0.0%
Treasury: Operations	1,872.5	1,880.5	8.0	0.4%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
TOTAL FTE APPROPRIATIONS	53,935.0	53,981.7	46.7	0.1%

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

TABLE 6
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS

<u>Department/Budget Area</u>	<u>FY 2019-20 Executive Recommendation</u>		
	<u>Spending from State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending from State Sources as Payment to Locals</u>
Agriculture and Rural Development	\$97,573,900	\$8,450,000	8.7%
Attorney General	61,896,100	0	0.0%
Capital Outlay	0	0	--
Civil Rights	13,254,200	0	0.0%
Community Colleges	421,164,000	421,164,000	100.0%
Corrections	2,032,987,300	123,385,700	6.1%
Education	96,262,000	14,267,700	14.8%
Environmental Quality	313,139,600	23,346,000	7.5%
Executive Office	7,114,300	0	0.0%
Health and Human Services	7,644,288,300	1,554,203,600	20.3%
Higher Education	1,587,795,400	0	0.0%
Insurance and Financial Services	67,149,100	0	0.0%
Judiciary	294,187,100	144,425,200	49.1%
Legislative Auditor General	19,114,600	0	0.0%
Legislature	167,362,500	0	0.0%
Licensing and Regulatory Affairs	427,394,000	101,999,600	23.9%
Military and Veterans Affairs	94,193,500	2,415,000	2.6%
Natural Resources	380,769,300	17,921,400	4.7%
School Aid	13,621,660,400	13,406,340,600	98.4%
State	233,699,500	1,127,500	0.5%
State Police	613,165,400	14,078,600	2.3%
Talent and Economic Devel. (MSF)	319,982,900	37,598,800	11.8%
Tech., Mgmt. and Budget: Operations	375,788,800	0	0.0%
Tech., Mgmt. and Budget: SBA Rent	246,570,600	0	0.0%
Transportation	4,380,735,600	2,302,463,700	52.6%
Treasury: Operations	537,025,500	191,229,200	35.6%
Treasury: Debt Service	104,335,000	0	0.0%
Treasury: Revenue Sharing	1,382,407,900	1,382,407,900	100.0%
TOTALS APPROPRIATED	\$35,541,016,800	\$19,746,824,500	55.6%

FY 2019-20

Budget Detail

Summary: Executive Budget Recommendation for Fiscal Year 2019-20

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Analyst: William E. Hamilton

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$313,900	\$318,400	\$4,500	1.4
Federal	11,775,200	11,836,400	61,200	0.5
Local	0	0	0	--
Private	101,800	101,800	0	0.0
Restricted	37,172,000	39,653,700	2,481,700	6.7
GF/GP	60,835,200	57,920,200	(2,915,000)	(4.8)
Gross	\$110,198,100	\$109,830,500	(\$367,600)	(0.3)
FTEs	508.5	509.5	1.0	0.2

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations	FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Double Up Food Bucks	Gross	\$0
Includes \$4.0 million GF/GP for expansion of the Double Up Food Bucks program to all 83 Michigan counties, as well as increase the number of participating retailers in the counties where the program is currently established. Double Up Food Bucks increases purchasing power of Michigan residents who receive Supplemental Nutritional Assistance Program (SNAP) benefits by providing a dollar-for-dollar match of up to \$20 per day to buy fresh fruits and vegetables at participating grocery stores and farmer's markets.	GF/GP	\$0
		\$4,000,000
2. Agriculture Preservation Easement Grants	Gross	\$0
Includes \$2.0 million from the state restricted Agriculture Preservation Fund to provide grants to local units of government for the purchase of agricultural conservation easements, as authorized under Part 362 of the Natural Resources and Environmental Protection Act. Agricultural conservation easements are legal agreements under which a property owner relinquishes property development rights. These agreements are used to preserve critical farmland from development. There is a sufficient balance in the Agriculture Preservation Fund to provide these grants. Available fund revenue began to increase after the enactment of a farmland preservation bill package in 2016, including 2016 PA 265.	Restricted	0
	GF/GP	\$0
		\$2,000,000

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
3. Environmental Contamination Response Activities	FTE	2.0	0.0
Includes FY 2018-19 supplemental appropriation act, 2018 PA 618, \$400,000 GF/GP and authorized 2.0 FTE positions related to MDARD environmental contamination response activities. One FTE position and \$200,000 of the additional funding was to help the department evaluate the impact of environmental contaminants on the agriculture sector as well for the enhancement of the department's Geographic Information Systems capabilities. One FTE position and \$200,000 GF/GP was to assist the MDARD Emergency Management coordinator in tracking agriculture-related PFAS activities. The governor's proposed budget would carry the increase in support into FY 2019-20.	Gross	\$400,000	\$0
	GF/GP	\$400,000	\$0
4. Agriculture Development	FTE	0.0	1.0
Includes FY 2018-19 supplemental appropriation act, 2018 PA 618, \$150,000 GF/GP to be used for activities under the Industrial Hemp Research Act, 2014 PA 547. The governor's proposed budget would carry the added funding into FY 2019-20. The governor's budget also authorizes 1.0 FTE position associated with this activity.	Gross	\$150,000	\$0
	GF/GP	\$150,000	\$0
5. County Fairs, Shows, and Expositions Grants	Gross	\$1,325,000	(\$1,125,000)
Includes \$200,000 GF/GP for grants to county fairs, shows, and expositions, a reduction of \$1.1 million from current year.	GF/GP	\$1,325,000	(\$1,125,000)
6. Food and Agriculture Investment Grant Program	Gross	\$5,125,000	(\$2,600,000)
Reduces funding by \$2.6 million GF/GP for a program that provides grants in support of projects that help expand food and agriculture processing. Program funding would be \$2.5 million GF/GP under the proposed FY 2019-20 budget.	GF/GP	\$5,125,000	(\$2,600,000)
7. Elimination of One-Time Funding	Gross	\$3,930,000	(\$3,930,000)
Eliminates \$3.9 million GF/GP for the following projects or programs identified in the current year budget as one-time: Michigan State University/Animal agriculture initiative, (\$2.0 million); dairy industry assistance, (\$1.0 million); Michigan State University/Agriculture Industry Research and Development, (\$550,000); ACRE Ag Incubator, (\$260,000); ODC network - project clarity, (\$120,000).	GF/GP	\$3,930,000	(\$3,930,000)
8. Technical and Revenue Adjustments	Gross	NA	\$211,800
Includes various technical and revenue adjustments.	Federal	NA	0
	Restricted	NA	211,800
	GF/GP	NA	\$0
9. Economic Adjustments	Gross	NA	\$1,075,600
Reflects increased costs of \$1.0 million Gross (\$740,000 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	4,500
	Private	NA	0
	Federal	NA	61,200
	Restricted	NA	269,900
	GF/GP	NA	\$740,000

Major Boilerplate Changes From FY 2018-19

Sec. 215. Communication with the Legislature – DELETED

Prohibits department from taking disciplinary action against an employee for communicating with the legislature.

Sec. 234. Record Retention – DELETED

Requires department to retain reports funded from part 1 appropriations; specifies record retention guidelines.

Major Boilerplate Changes From FY 2018-19

Sec. 451. Bovine TB Whole-Herd Testing – DELETED

Requires department to pay for the costs of whole-herd testing and individual animal testing in the Modified Accredited Zone, including indemnity and compensation for animal injury.

Sec. 457. Bovine TB Quarterly Report – DELETED

Establishes specific reporting requirements related to Bovine TB program.

Sec. 459. Bovine TB Testing, Legislative Intent – DELETED

Expresses legislative intent that department not conduct whole-herd testing of any one herd in a TB-free zone more often than once every four years, except under specific conditions.

Sec. 462. Apiary Protection – DELETED

Establishes a \$20,000 earmark for an apiary protection program.

Sec. 802. Agriculture Equine Industry Development Fund (AEIDF) – REVISED

Includes new language prescribing priority order of AEIDF expenditures.

Sec. 805. County Fair Capital Grant Program – REVISED

Current language governs matching program for county fair capital grants program. Revised to reflect new matching requirements; deletes current year earmarks.

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 COMMUNITY COLLEGES

Analyst: Perry Zielak

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	408,215,500	408,215,500	0	0.0
GF/GP	0	12,948,500	12,948,500	--
Gross	\$408,215,500	\$421,164,000	\$12,948,500	3.2

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Community Colleges Operations Increase	Gross	\$322,250,900	\$9,667,500
Increases funding by \$9.7 million GF/GP to increase operations grants to community colleges by 3%, which would be distributed through the performance formula. Attainment of performance funding would be conditioned on restraining in-district tuition and fee increases to 3.2% or \$128, whichever is greater. Projected increases for individual community colleges range from 2.5% to 3.9%. Total funding for operations would be \$331.9 million Gross (\$9.7 million GF/GP).	Restricted	322,250,900	0
	GF/GP	\$0	\$9,667,500
2. Michigan Public School Employee Retirement System (MPERS) Normal Cost Offset	Gross	\$6,431,000	\$5,781,000
Increases funding by \$5.8 million Gross (\$3.3 million GF/GP) for the community colleges' normal cost portion, which would cover the cost to lower the assumed rate of return for MPERS from 7.5% to 7.05% as a result of the dedicated gains policy. Incorporates \$6.4 million SAF into the base from previous one-time funding that lowered the assumed rate of return from 8% to 7.5%. Total funding for the MPERS Normal Cost Offset would be \$12.2 million Gross (\$3.3 million GF/GP).	Restricted	6,431,000	2,500,000
	GF/GP	\$0	\$3,281,000
3. MPERS State Share of UAL Stabilization Payment	Gross	\$75,300,000	(\$2,200,000)
Reduces funding by \$2.2 million SAF for the state's share of community colleges' unfunded liability to MPERS. The state's share is the difference between the calculated unfunded accrued liability (UAL) contribution to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement Act (MCL 38.1341). Total funding for the state share of MPERS UAL contribution would be \$73.1 million SAF.	Restricted	75,300,000	(2,200,000)
	GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</u>		<u>FY 2018-19 YTD (as of 3/5/19)</u>	<u>Executive Change from YTD</u>
4. Renaissance Zone Reimbursement Costs	Gross	\$2,500,000	(\$300,000)
Reduces funding for Renaissance Zone reimbursements to community colleges by \$300,000 SAF. Estimated reimbursement payments required by statute have decreased due to personal property tax reforms. Total funding for reimbursements would be \$2.2 million SAF.	Restricted	2,500,000	(300,000)
	GF/GP	\$0	\$0

Major Boilerplate Changes From FY 2018-19

Sec. 206. Michigan Community Colleges Data Inventory (MCCDI) Data – REVISED

Provides for payment of appropriations in 11 installments per year to community colleges; directs Department of Treasury to withhold appropriations if colleges fail to submit Michigan Community College Data Inventory data, longitudinal data system data, annual independent audits, tuition and fee information, and degree and certificate award data as required. Deletes requirement that the state budget director notify the legislature before withholding funds from community colleges that fail to comply with reporting requirements.

Sec. 208. Self-Liquidating Projects – DELETED

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

Sec. 209. Community College Transparency – REVISED

Requires colleges to post specified information on their websites, including: annual operating budgets, general fund revenue and expenditure projections, a listing of debt service obligations, collective bargaining agreements, health care benefits plans, audits and financial reports, and information on dual enrollment programs and other opportunities for earning college credit while in high school. Deletes a provision authorizing the state budget director to withhold a community college's monthly installment payment for failure to comply with posting specified fiscal information on a transparency website.

Sec. 210f. Articulation Agreements and Academic Partnerships Reporting – DELETED

Deletes language where the Michigan Community College Association (MCCA), the Michigan Association of State Universities (MASU), and the Michigan Independent Colleges and Universities (MICU) report on the names and number of baccalaureate degree programs offered on community college campuses, the names of articulation agreements between universities and community colleges, and the number of students enrolled and degrees awarded through articulation agreements and on-campus baccalaureate programs.

Sec. 212. Cost Containment Initiatives – DELETED

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

Sec. 217. MCCDI Advisory Committee – REVISED

Requires the Center for Educational Performance and Information (CEPI) to establish, maintain, and coordinate the MCCDI database of community college data. Deletes language that specifies the grouping of community college representatives to be appointed to the advisory committee.

Sec. 225. Tuition Rate Reports – REVISED

Requires colleges to report tuition and fee rates, the annual cost of tuition and fees for a 30 credit course load, and tuition and fee increases from the prior year to CEPI by August 31. Deletes language that requires community colleges to include the annual cost of attendance based on 30 credits.

Sec. 227. Community College Automobile Purchases – DELETED

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

Sec. 228. Communication with the Legislature – DELETED

Deletes language that forbids a community college from taking disciplinary action against an employee for communicating with the legislature.

Major Boilerplate Changes From FY 2018-19

Sec. 231. Community Colleges Tuition Restraint – NEW

Adds language that provides tuition restraint requirements in order to receive performance funding increase for FY 2019-20; limits in-district tuition and fee increase to 3.2% or \$128, whichever is greater. Defines the term “fee” to include the cost of any charges paid by more than half of all resident students. Defines the term “tuition and fee rate” to be the average cost charged to the majority of students for the 2 semesters with the highest amount of full-time equated students during an academic year. Specifies that the state budget director determines if a community college has satisfied the requirements to receive performance funding and provides reports to the appropriations subcommittee and the fiscal agencies.

COMMUNITY COLLEGES

FY 2019-20 Community Colleges Operations Appropriations
Executive Recommendation

% of Formula:		30%	10%	10%	10%	30%	5%	5%	100%		
	FY 2018-19 Base	Sustainability	Performance-Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Administrative	Local Strategic Value	*Total Formula Distribution	% Change	FY 2019-20 Appropriation
Alpena	5,707,600	51,368	15,063	11,001	30,070	24,511	17,960	8,561	158,500	2.8%	\$5,866,100
Bay de Noc	5,624,800	50,623	16,638	12,659	13,499	27,333	15,927	8,437	145,100	2.6%	\$5,769,900
Delta	15,104,300	135,938	36,250	49,314	36,250	123,502	20,958	22,656	424,900	2.8%	\$15,529,200
Glen Oaks	2,620,000	23,580	13,529	4,981	21,784	18,929	2,548	3,930	89,400	3.4%	\$2,709,400
Gogebic	4,844,300	43,599	11,626	6,067	28,929	19,759	11,192	7,266	128,400	2.7%	\$4,972,700
Grand Rapids	18,709,300	168,383	44,902	57,965	44,902	249,391	20,792	28,064	614,400	3.3%	\$19,323,700
Henry Ford	22,463,600	202,172	53,912	45,709	71,394	208,588	18,771	33,695	634,200	2.8%	\$23,097,800
Jackson	12,698,200	114,283	35,284	23,969	30,476	72,100	19,874	19,047	315,000	2.5%	\$13,013,200
Kalamazoo Valley	13,046,600	117,419	31,312	33,603	31,312	125,223	21,053	19,570	379,500	2.9%	\$13,426,100
Kellogg	10,214,400	91,929	24,514	28,997	24,514	73,125	21,717	15,322	280,100	2.7%	\$10,494,500
Kirtland	3,321,600	29,894	28,247	9,971	7,972	27,832	17,929	4,982	126,800	3.8%	\$3,448,400
Lake Michigan	5,672,100	51,049	13,613	13,024	13,613	54,320	11,209	8,508	165,300	2.9%	\$5,837,400
Lansing	32,725,800	294,531	84,781	87,009	78,542	214,895	19,324	49,089	828,200	2.5%	\$33,554,000
Macomb	34,124,000	307,115	81,897	85,408	97,880	335,239	21,462	51,186	980,200	2.9%	\$35,104,200
Mid-Michigan	5,112,400	46,011	12,270	21,853	12,270	57,365	14,581	7,669	172,000	3.4%	\$5,284,400
Monroe County	4,708,600	42,377	23,514	13,417	11,301	47,658	20,194	7,063	165,500	3.5%	\$4,874,100
Montcalm	3,542,900	31,886	20,133	11,001	8,503	25,932	17,366	5,314	120,200	3.4%	\$3,663,100
Mott	16,381,600	147,434	39,316	56,907	54,715	133,007	19,112	24,572	475,100	2.9%	\$16,856,700
Muskegon	9,264,700	83,382	22,235	16,329	22,235	63,203	21,695	13,897	243,000	2.6%	\$9,507,700
North Central	3,402,600	30,623	8,166	10,252	23,705	32,779	18,706	5,104	129,300	3.8%	\$3,531,900
Northwestern	9,625,400	86,628	36,113	23,763	23,101	62,484	16,672	14,438	263,200	2.7%	\$9,888,600
Oakland	22,093,000	198,836	99,123	91,803	53,023	255,201	20,101	33,139	751,200	3.4%	\$22,844,200
Schoolcraft	13,112,900	118,016	62,691	49,857	48,387	166,525	21,324	19,669	486,500	3.7%	\$13,599,400
Southwestern	6,946,900	62,522	21,390	18,351	31,925	36,145	10,426	10,420	191,200	2.8%	\$7,138,100
St. Clair	7,358,700	66,228	19,993	20,317	33,600	61,279	17,784	11,038	230,200	3.1%	\$7,588,900
Washtenaw	13,764,000	123,876	33,034	89,630	49,095	194,027	20,298	20,646	530,600	3.9%	\$14,294,600
Wayne County	17,487,200	157,384	71,025	67,459	57,578	160,287	17,174	26,231	557,100	3.2%	\$18,044,300
West Shore	2,573,400	23,161	6,176	6,133	6,176	29,612	7,227	3,860	82,400	3.2%	\$2,655,800
	322,250,900	2,900,250	966,750	966,750	966,750	2,900,250	483,375	483,375	9,667,500	3.0%	\$331,918,400

Data Notes		
Component	Source	Years
Performance improvement	Gov Dashbord^	FYs 2015-2017
Performance completion number	Federal IPEDS	FYs 2015-2017
Performance completion rate	Gov Dashbord^	FYs 2015-2017
Contact hours	State MCCDI	FY 2018
Administrative	State MCCDI	FYs 2017-2018
^Governor's Dashbord stopped collecting data in Jan 2018		

*Requirement to receive performance funding increase:

Restrain FY 2019-20 in-district tuition and fee rate increase to 3.2% or \$128 (whichever is greater)

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 DEPARTMENT OF CORRECTIONS

Analyst: Robin R. Risko

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	5,315,200	5,323,700	8,500	0.2
Local	8,960,100	11,687,200	2,727,100	30.4
Private	0	0	0	--
Restricted	40,939,600	41,112,500	172,900	0.4
GF/GP	1,963,841,300	1,991,874,800	28,033,500	1.4
Gross	\$2,019,056,200	\$2,049,998,200	\$30,942,000	1.5
FTEs	13,979.2	13,809.8	(169.4)	(1.2)

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of Corrections (MDOC) is responsible for operation and maintenance of the state's 29 correctional facilities that house felony offenders sentenced to prison. This includes provision of physical and mental health care, education, food service, transportation, and reintegration programming. Also, the department is responsible for supervision of all parolees and probationers under department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of March 1, 2019, the department was responsible for 95,476 Michigan offenders: 38,549 prisoners, 43,158 probationers, and 13,769 parolees.

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. One-Time Funding for Training New Custody Staff	Gross	NA	\$10,466,800
Includes a one-time appropriation of \$10.5 million GF/GP to train an additional 408 corrections officers to meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, travel, and lodging. (Travel and lodging is paid during training if participants live away from the facilities to which they are assigned.) Between 50 and 55 custody staff are projected to retire each month in the next year. With the additional funding added to the FY 2018-19 base of \$9.5 million, the department would be able to train roughly 779 new officers in FY 2019-20.	GF/GP	NA	\$10,466,800
2. Hepatitis C Treatment	Gross	\$6,735,500	\$6,965,200
Includes \$7.0 million GF/GP for the department to continue treatment of roughly 780 prisoners per year. Settlement of a recent lawsuit requires Medicaid to cover Hepatitis C treatment for patients with metavir scores of F1, beginning October 1, 2018, and to cover treatment for patients with metavir scores of F0 beginning October 1, 2019. Medicaid is seen as the standard of care for the department. Funding would be used to begin treating prisoners identified with metavir scores of F1 and F0.	GF/GP	\$6,735,500	\$6,965,200

CORRECTIONS

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
3. Savings from Closure of Ojibway Correctional Facility	FTE	NA	(217.9)
Reflects a savings of \$6.8 million GF/GP and a reduction of 217.9 FTE positions resulting from closure of the Ojibway Correctional Facility. Partial year savings of \$19.2 million GF/GP was taken in the FY 2018-19 budget. The \$6.8 million represents the remaining balance of full year savings.	Gross	NA	(\$6,805,700)
	GF/GP	NA	(\$6,805,700)
4. Corizon Health Care Contract Adjustment	Gross	\$86,717,900	\$5,446,500
Includes \$5.4 million GF/GP to cover costs of required inflationary adjustments. The contract requires an annual increase in the base per prisoner per month cost for physical and mental health care services, including pharmaceuticals.	GF/GP	\$86,717,900	\$5,446,500
5. Program Eliminations	Gross	\$4,740,000	(\$4,740,000)
Reflects a savings of \$4.7 million GF/GP due to the following program eliminations:	GF/GP	\$4,740,000	(\$4,740,000)
<ul style="list-style-type: none"> • Goodwill Flip the Script Program (\$1.5 million) – funding was first included in the FY 2014-15 budget for Goodwill Industries of Greater Detroit in Wayne County to provide education, job training, and mentoring to troubled 16-39 year-olds, who have entered into the criminal justice system for the first or second time, in an effort to keep them out of prison. • Substance Abuse Parole Certain Sanction Program (\$1.4 million) – funding was first included in the FY 2015-16 budget for distribution to accredited rehabilitation organizations offering services to parole violators. • Supervising Region Incentive Program (\$1.0 million) – funding was first included in the FY 2016-17 budget to provide incentives to field operations administration regions that implement supervision practices, procedures, and sanctions directed at parole and probation revocation reduction. • Online High School Equivalency Pilot Program (\$500,000) – funding was first included in the FY 2017-18 budget to serve up to 400 prisoners through a regionally accredited public or private school district that offers career-based online high school diplomas. • Federally Qualified Health Center Pilot Program (\$250,000) – funding was first included in the FY 2017-18 budget for the department to work with the organization that represents federally qualified health centers to implement a pilot project to ensure that behavioral and physical health needs of parolees and probationers are met. • Kitchen Inspections (\$50,000) – funding was first included in the FY 2018-19 budget for the department to pay for annual kitchen inspections at all correctional facilities. 			
6. One-Time Funding for Replacing Electronic Tether Equipment	Gross	NA	\$4,567,100
Includes a one-time appropriation of \$4.6 million GF/GP for the department to purchase 6,619 GPS devices. The department's current contract utilizes Verizon's 3G network, which will be deactivated by December 31, 2019. Deactivation will force the department to switch to LTE or 4G devices in order to maintain coverage for electronic tether units.	GF/GP	NA	\$4,567,100

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
7. Managing the Older Prison Population			
Includes \$2.1 million GF/GP (\$350,000 one-time, \$1.8 million ongoing) and authorization for 15.5 FTE positions for the department to convert a 240-bed housing unit at the Thumb Correctional Facility to specifically house elderly prisoners that have intense treatment needs. The \$350,000 in one-time funding would be used to cover costs of physical plant changes and medical equipment. The ongoing \$1.8 million would be used to cover ongoing staffing costs.		FTE NA	15.5
		Gross NA	\$2,100,000
		GF/GP NA	\$2,100,000
8. Removal of Current Year One-Time Funding			
Reduces the budget by \$13.6 million GF/GP to reflect removal of one-time funding included in the FY 2018-19 budget. Funding removed includes: \$9.2 million for new custody staff training, \$2.4 million for higher custody level programming, and \$2.0 million included in 2018 PA 618 (SB 601) for expansion of the Vocational Village program.		Gross \$13,627,700	(\$13,627,700)
		GF/GP \$13,627,700	(\$13,627,700)
9. Detroit Detention Center Contract Adjustment			
Includes authorization to receive an additional \$2.6 million of local revenue from the City of Detroit and an additional 3.0 FTE positions for continued operation of the Detroit Detention Center. The current contract between the department and the city expires on July 31, 2019. A new agreement will be negotiated and \$2.6 million is an estimate of what increased costs would be, including one-time costs for physical plant upgrades.		FTE 66.1	3.0
		Gross \$8,685,100	\$2,623,600
		Local 8,685,100	2,623,600
		GF/GP \$0	\$0
10. In-Sourcing Substance Abuse Services			
Includes authorization for 30.0 FTE positions to provide consistent clinical support of both mental health and substance abuse treatment services throughout a prisoner's sentence, rather than just prior to parole. Currently, prison- and non-prison-based substance abuse services are performed by contractors and \$21.4 million is appropriated in a single line item titled Substance Abuse Treatment and Services. The department proposes in-sourcing prison-based substance abuse services and transferring \$4.5 million of the \$21.4 million to the Mental Health Services line item. The current Substance Abuse Treatment and Services line item would be eliminated, and the balance of \$16.9 million would be transferred to the Offender Success Services line item, through which non-prison-based substance abuse services would continue to be provided contractually. The net fiscal impact is \$0.		FTE 6.0	30.0
		Gross \$21,398,100	\$0
		GF/GP \$21,398,100	\$0
11. Mileage Rate Increases			
Includes \$324,100 GF/GP to cover costs of per mile rate increases, issued by DTMB Vehicle Transportation Services, for use of state-owned vehicles.		Gross NA	\$324,100
		GF/GP NA	\$324,100
12. Vehicle Lease Cost Increase			
Includes \$102,300 GF/GP to cover increased lease costs for prisoner transportation vans.		Gross NA	\$102,300
		GF/GP NA	\$102,300
13. Water and Sewer Rate Increase			
Includes \$97,000 GF/GP to cover costs of a sewage rate increase at the St. Louis Correctional Facility. The City of St. Louis increased the combined water and sewer rates charged to the facility by 12%.		Gross NA	\$97,000
		GF/GP NA	\$97,000
14. Grandview Plaza Security Upgrade			
Includes \$42,000 GF/GP to cover costs associated with converting existing unarmed security guard contractual services at Grandview Plaza to armed security guard contractual services. The increase in contract costs is \$6.22 per hour for services that are utilized 130 hours per week.		Gross NA	\$42,000
		GF/GP NA	\$42,000

CORRECTIONS

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
15. Transportation Costs for Prison Industries	Gross	NA	\$10,000
Includes an additional \$10,000 in state restricted funding authorization for Prison Industries Operations to cover increased transportation costs resulting from moving more of their goods sold to correctional facilities.	Restricted	NA	10,000
	GF/GP	NA	\$0
16. Technical Adjustments	Gross	NA	\$0
Makes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall Gross or GF/GP impact. Adjustments are made to more accurately reflect employee counts and where expenditures occur, primarily as a result of reorganizations within the department.	GF/GP	NA	\$0
17. Economic Adjustments	Gross	NA	\$23,370,800
Reflects increased costs of \$23.4 million Gross (\$23.1 million GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), insurance rate increases, actuarially required retirement contributions, worker's compensation premium costs, building occupancy charges, food, and fuel and utility costs.	Federal	NA	8,500
	Local	NA	103,500
	Restricted	NA	162,900
	GF/GP	NA	\$23,095,900

Major Boilerplate Changes From FY 2018-19**Sec. 206. Disciplinary Action Against State Employees and Prisoners – DELETED**

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

Sec. 206. Businesses in Deprived and Depressed Communities – NEW

Requires the director to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both; requires the director to encourage firms the department contracts with to subcontract with certified businesses in deprived and depressed communities.

Sec. 216. FTE Positions and Long-Term Vacancies – DELETED

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

Sec. 217. Receipt and Retention of Required Reports – DELETED

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

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

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

Sec. 248. Consensus Revenue Estimating Conference (CREC) – DELETED

Requires Senate and House Fiscal Agencies and the State Budget Director, or the State Treasurer, to establish a projected prisoner population, and a projected number of available beds based on prisoner population, at the May CREC.

Sec. 304. Staff Suggestions – DELETED

Requires MDOC to maintain a staff savings initiative program for employees to submit suggestions for efficiencies; requires MDOC to consider suggestions in a timely manner; requires a report on process improvements made based on suggestions.

Sec. 308. Mental Health Awareness Training – DELETED

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

Sec. 309. Maintenance and Utility Costs at Facilities – DELETED

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

Major Boilerplate Changes From FY 2018-19***Sec. 310. Strategic Plan Reporting – DELETED***

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

Sec. 312. PTSD Study – DELETED

Requires MDOC to conduct a study of the prevalence of post-traumatic stress disorder and other psychological issues among correctional officers that are exacerbated by the corrections environment and exposure to highly stressful situations; requires a report on results of the study.

Sec. 402. Offender Success Expenditures – DELETED

Requires MDOC to report on actual prior-year and planned current-year offender success expenditures and allocations.

Sec. 405. Substance Abuse Testing and Treatment – DELETED

Requires MDOC to report on substance abuse testing and treatment program objectives, outcome measures, and results, including impact on offender success and programmatic success.

Sec. 406. Federally Qualified Health Centers (FQHCs) – DELETED

Requires MDOC to work with the organization representing federally qualified health centers to implement a pilot project to ensure behavioral and physical health needs of parolees and probationers are met; requires pilot project to position FQHCs to ensure parolees and probationers are enrolled in and maintain access to benefits they qualify for, are linked to health care services they need, follow up with providers, stay on medications, are engaged in services, and have barriers to care addressed; requires MDOC to make necessary accommodations to perform transition planning to allow for direct referral to FQHC organization to patients in relevant areas; requires pilot program to operate in at least Berrien, Kent, and Macomb Counties; requires FQHC organization to submit annual reports on the number of offenders served, number of contacts with offenders, federally reimbursable expenditures, and state expenditures.

Sec. 411. Community Corrections Comprehensive Plans – DELETED

Establishes further requirements for community corrections comprehensive plans, such as information on sanctions and services available and utilized, local communities' plans to respond to sentencing guidelines, and strategies to collaborate with state and local alcohol and drug treatment agencies.

Sec. 412. Community Corrections Biannual Report – DELETED

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

Sec. 417. Reports on Community Programs – DELETED

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

Sec. 419.(1) Offender Data Reports – DELETED

Requires MDOC to provide weekly electronic mail reports on prisoner populations by security levels, by facility, prison facility capacities, and parolee and probationer populations.

Sec. 421. Substance Abuse Parole Certain Sanction Program – DELETED

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

Sec. 422. Prisoners Reviewed for Parole – DELETED

Requires MDOC to report on outcomes of prisoners reviewed for parole, to include: number of prisoners reviewed; number granted or denied parole; number of decisions deferred; number of times prisoners were reviewed before being granted or denied parole; number of paroles granted, denied, or deferred for each of the parole guideline scores of low, average, and high; and reasons for parole denial or deferment.

Major Boilerplate Changes From FY 2018-19

Sec. 437. Goodwill Flip the Script – DELETED

Requires MDOC to contract with a nonprofit entity in a county with greater than 1.5 million people to provide persons aged 16-39 with education, job training, and mentoring in an effort to keep them out of prison; requires the program to target individuals entering the criminal justice system for the first or second time; requires a report on program performance measures, number of individuals diverted from incarceration, number of individuals served, and outcomes of participants completing the program.

Sec. 602. Supervising Region Incentive Program – DELETED

Requires funding for supervising region incentive program to be used to provide incentives to field operations administration regions that implement supervision practices, procedures, and sanctions directed at parole and probation revocation reduction.

Sec. 611. Annual Program Reports – DELETED

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

Sec. 612. Violators of Parole and Probation – DELETED

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

Sec. 802. Health Care Expenditures – DELETED

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

Sec. 803. Standard Medical Release Form – DELETED

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

Sec. 812. Medicaid Utilization by Prisoners – DELETED

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

Sec. 816. Pharmaceutical Expenditures – DELETED

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

Sec. 901. Enhanced Food Technology Program – DELETED

Requires MDOC to expand the food technology education program to at least 700 inmates annually; requires inmates participating in the program to complete 408 hours of on-the-job training in a prison kitchen.

Sec. 902. ServSafe Food Handler Certification – DELETED

Requires inmates working in prison kitchens to complete minimum requirements for ServSafe Food Handler certification before being allowed to work in prison kitchens; authorizes certification requirements to be met by using online materials unless the department determines the program would be best served by using other materials; requires current prison kitchen workers to complete certification requirements by April 1 to maintain eligibility to work in prison kitchens.

Sec. 903. Prison Kitchen Inspections – DELETED

Requires MDOC-operated kitchens to be inspected annually to ensure they meet food safety standards established for food service establishments under the Food Law, or for food service establishments under the 2001 Food Code published by the FDA.

Sec. 905. Leased Beds and Alternatives to Leased Beds – DELETED

Authorizes MDOC to implement a county jail bed program to house eligible prisoners in county jails rather than in state correctional facilities; authorizes counties to volunteer to participate in the program; specifies criteria that prisoners must meet in order to be eligible to participate in the program.

Major Boilerplate Changes From FY 2018-19**Sec. 908. High School Diploma in Lieu of High School Equivalency – DELETED**

Requires MDOC to establish an online career high school education pilot program to serve up to 400 prisoners through a regionally accredited public or private school district that offers career-based online high school diplomas; authorizes MDOC to use federal funds to expand the program beyond 400 prisoners; authorizes funding to be used for certification programs related to the enhanced food technology program; requires MDOC to report on progress of prisoners in the program.

Sec. 913.(2) Prisoner Completion of Various Programming – DELETED

Expresses legislative intent that prisoners who are required to complete sex offender, assaultive offender, violent offender, and Thinking for Change programming as a condition of parole be transferred to facilities where programming is available.

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

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

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

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

Sec. 943. Savings from Prison Closures – DELETED

Requires MDOC to report on the actual and projected savings achieved by closing correctional facilities, starting with closure of the Pugsley Correctional Facility.

Sec. 944. Economic Impact of Prison Closures – DELETED

Requires MDOC to consider the potential economic impact of a prison closure on the community where the facility is located.

Sec. 1009. Information Packet for Prisoner Families – DELETED

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

Sec. 1011. Religious Cable Programming – DELETED

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

Sec. 1013. Faith-Based Reentry Programs – DELETED

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

Sec. 1201. Anticipated FY 2019-20 Appropriations – DELETED

Expresses legislative intent that FY 2019-20 appropriations will be funded at the same level as FY 2018-19 appropriations, adjusting for changes in caseloads, federal fund match rates, economic factors, and available revenues.

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 DEPARTMENT OF EDUCATION

Analyst: Samuel Christensen

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	298,074,500	332,152,900	34,078,400	11.4
Local	5,852,800	5,893,400	40,600	0.7
Private	2,035,800	2,036,200	400	0.0
Restricted	8,668,200	9,050,000	381,800	4.4
GF/GP	91,503,600	87,212,000	(4,291,600)	(4.7)
Gross	\$406,134,900	\$436,344,500	\$30,209,600	7.4
FTEs	620.5	620.5	0.0	0.0

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Child Development and Care (CDC) – Provider Reimbursement Rate Increase	Gross	\$202,000,000	\$16,400,000
Includes \$16.4 million in federal funding to increase reimbursement rates for childcare providers delivering services through the CDC program beginning January 1, 2020. This represents three quarters of the estimated annual cost of \$21.9 million. The stated purpose of the increase is to better retain and incentivize providers to join the program, and to increase the quality of care that Michigan's children receive in the program. The provider reimbursement rate increase would increase rates between \$0.20 and \$0.50 per hour depending on age of child and the Great Start to Quality star rating of the provider. (See Major Boilerplate Changes Sec. 1002 for additional information on the rate increase.)	Federal	162,570,300	16,400,000
	GF/GP	\$39,429,700	\$0
2. CDC – Entrance Eligibility Threshold Increase	Gross	\$202,000,000	\$13,600,000
Includes \$13.6 million in federal funding to increase the entrance eligibility threshold from 130% of the federal poverty level (FPL) to 140% of the FPL beginning January 1, 2020. This represents three quarters of the estimated annual cost of \$18.1 million. Currently, Michigan has set the entrance threshold at 130% of FPL and serves families with an annual income below \$26,556 for a family size of three. The Executive recommendation would increase the entrance threshold to 140% of FPL, which would serve families with an annual income up to \$29,092 for a family size of three.	Federal	162,570,300	13,600,000
	GF/GP	\$39,429,700	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
3. CDC – Infant/Toddler and Quality		Gross \$12,350,000	\$3,600,000
Includes \$3.6 million in federal funding to ensure continued compliance with federal requirements on infant/toddler and program quality spending for the CDC program beginning January 1, 2020. This represents three quarters of the estimated annual cost of \$4.8 million.	Federal	10,195,500	3,600,000
	Private	250,000	0
	Restricted	64,600	0
	GF/GP	\$1,839,900	\$0
4. CDC – State Matching Fund Increase		Gross \$202,000,000	\$0
Replaces \$599,400 of federal funds with a corresponding amount of GF/GP for the CDC program's matching funds to increase the state share as a result of the reduction of the Federal Medicare Assistance Percentage (FMAP) rate from 64.45% in FY 2018-19 to 64.06% in FY 2019-20. This rate reduction necessitates an increase in the state match portion to \$27.9 million GF/GP to draw down the estimated full federal match amount of \$48.1 million. This represents an estimate because the federal allocation for Michigan has not been appropriated at the federal level.	Federal	162,570,300	(599,400)
	GF/GP	\$39,429,700	\$599,400
5. Renaissance Zone Adjustment		Gross \$2,500,000	(\$300,000)
Reduces funding for Renaissance Zone reimbursements to libraries by \$300,000 GF/GP. Estimated reimbursement payments required by statute have decreased due to recent personal property tax reform.		GF/GP \$2,500,000	(\$300,000)
6. Office of Great Start Line Item Roll Up: CDC Contracted Services and TEACH Scholarship		Gross \$12,350,000	\$0
Transfers \$16.5 million of federal funding from two line items, Child Development and Care Contracted Services (\$11.5 million) and TEACH Scholarship Program (\$5.0 million), to the Office of Great Start Operations. Both of these programs were included as individual line items in the FY 2018-19 budget to separate their functions and appropriation levels from the Office of Great Start Operations.	Federal	10,195,500	0
	Private	250,000	0
	Restricted	64,600	0
	GF/GP	\$1,839,900	\$0
7. Teacher Certification Fee Authorization Increase		Gross \$4,287,500	\$300,000
Increases teacher certification fee authorization by \$300,000 in the information technology services and projects line item to fund approximately two contractors at the Department of Technology, Management, and Budget (DTMB) for ongoing support and enhancements of MDE's Michigan Online Educator Certification System (MOECS), which allows teachers to access their certification data, apply for certificates and endorsements, and renew their certificates.	Federal	2,496,500	300,000
	Restricted	406,500	\$0
	GF/GP	\$1,384,500	\$0
8. MDE Reorganization		FTE NA	0.0
Reallocates funding and FTE positions to continue implementing a departmental reorganization that began in 2016 to reduce the duplication of service and oversight of the K-12 system and to create coordination between offices by specific function. The changes net to zero for both funding and FTE positions. The major departmental changes are as follows:	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0
<ul style="list-style-type: none"> Transfers the Office of Audit Services and the Office of State Aid and School Finance Services into the Office of Financial Management, which brings MDE's budgeting and accounting, as well as school district state aid payments and audits, together under one office. Combines the Office of Preparation Services and the Office of Educator Talent and Policy into a new Office of Educator Excellence, with a focus on supporting teachers through certification, professional development, and teacher evaluation. 			

[continued on next page]

<u>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</u>	<u>FY 2018-19 YTD (as of 3/5/19)</u>	<u>Executive Change from YTD</u>
8. MDE Reorganization (continued)		
<ul style="list-style-type: none"> Combines the Office of Educational Improvement and Innovation and the Office of Field Services into a new Office of Educational Supports, which focuses on school- and district-level supports. Creates a new Office of Systems, Evaluation, and Technology to coordinate reporting systems and reduce reporting burdens on districts. Creates a new Office of Strategic Planning for implementation of MDE's departmentwide strategic initiatives, such as Top Ten in Ten years that focuses on literacy, whole child, and prenatal through age 8. 		
9. Economic Adjustments	Gross	NA
Reflects increased costs of \$1.6 million Gross (\$409,000 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA
	Local	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		\$1,609,700
		1,077,800
		40,600
		400
		81,900
		\$409,000

Major Boilerplate Changes From FY 2018-19

DELETED Sections

- Personnel Records (Sec. 221)
- Communication with the Legislature (Sec. 222)
- Records Retention (Sec. 223)
- Grant Application Penalty (Sec. 225)
- Timely Data (Sec. 227)
- Contract Notification (Sec. 229)
- Nonpublic School Mandates (Sec. 230)
- Administrative Rules (Sec. 234)
- Travel Expenditures (Sec. 302)
- Federal and Private Grants (Sec. 325)
- Due Process Hearings (Sec. 409)
- Student Teaching Credits (Sec. 502)
- Adolescent and Social Health HIV/STI Prevention (Sec. 602)
- Keep Library Functions Together (Sec. 803)
- Early Childhood Investment Corporation Annual Report (Sec. 1003)
- CDC Childcare Monitoring (Sec. 1005)
- CDC Funding Changes (Sec. 1010)
- CDC Biweekly Block Reimbursement Rate Schedule (Sec. 1011)
- Drinking Water Declaration of Emergency – CDC Pilot (Sec. 1101)

Sec. 231. Child Protection Law Reporting – REVISED

Removes the requirement that MDE submit information to districts from the final task force recommendations for reducing child sexual abuse in this state as required by section 12b of the child protection law, 1975 PA 238, MCL 722.632b.

Sec. 408. Carry Forward of Programmatic Service Funds – REVISED

Revises to allow the Michigan Schools for the Deaf and Blind and the Low Incidence Outreach program to receive and expend funds in addition to the \$750,000 appropriated in the Low Incidence Outreach program in Sec. 106.

Major Boilerplate Changes From FY 2018-19***Sec. 1002. CDC Provider Reimbursement Rate – REVISED***

Revises to include increases to the hourly provider reimbursement rate and to transfer the CDC biweekly block reimbursement rate schedule of payments from Sec. 1011 to this section. The proposed provider reimbursement rate increases for licensed providers are as follows: \$0.20 increases for providers with no star rating to a 2 star rating; \$0.30 increases for providers with a 3 to 5 star rating; and \$0.20 increases for children between the ages of 0-5, regardless of star rating. License-Exempt providers would receive \$0.20 increases for all tier 1 and tier 2 providers, regardless of the age of the child. Deletes the spending report for the biweekly block reimbursement rate schedule.

Sec. 1004. CDC TEACH Scholarship – REVISED

Transfers the designation of \$5.0 million from this section to the Office of Great Start Operations.

Sec. 1009. CDC Eligibility Entrance Threshold Increase – REVISED

Revises to increase the entrance income threshold for the CDC program from 130% of the federal poverty guidelines to 140%.

Supplemental Recommendations for FY 2018-19 Appropriations**FY 2018-19
Recommendation*****1. CDC – State Matching Fund Increase***

Replaces \$254,200 of federal funds with a corresponding amount of GF/GP for the CDC program's matching funds to increase the state share as a result of the reduction of the FMAP rate from 64.78% in FY 2017-18 to 64.45% in FY 2018-19. This rate reduction necessitates an increase in the state match portion to \$27.1 million GF/GP to draw down the full federal match amount of \$48.5 million.

Gross	\$0
Federal	(254,200)
GF/GP	\$254,200

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 DEPARTMENT OF ENVIRONMENTAL QUALITY

Analyst: Austin Scott

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$3,143,700	\$3,176,600	\$32,900	1.0
Federal	160,225,400	160,895,300	669,900	0.4
Local	0	0	0	--
Private	1,061,700	1,061,800	100	0.0
Restricted	278,325,300	259,346,600	(18,978,700)	(6.8)
GF/GP	58,546,500	53,793,000	(4,753,500)	(8.1)
Gross	\$501,302,600	\$478,273,300	(\$23,029,300)	(4.6)
FTEs	1,263.0	1,287.0	24.0	1.9

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations	FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
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1. Elimination of Fee Sunsets

Proposes to eliminate the 14 fee sunsets that are scheduled to sunset prior to January 1, 2020. Collectively these fees provide \$27.8 million in annual revenue for DEQ.

Gross	NA	NA
GF/GP	NA	NA

Fee	Annual Revenue
Air emissions fee	\$9,600,000
Solid waste surcharge	6,000,000
Electronic device manufacturer's registration	230,000
Electronic device recycler registration	50,000
Groundwater discharge permit	1,190,000
Surface water discharge permit	2,816,800
Stormwater discharge fee	1,625,100
Land and water permit fees (5 fees)	2,100,000
Sewer expedited permit	31,800
Tire disposal charge	4,200,000
Total	\$27,843,700

2. Drinking Water Compliance Assistance

Includes an increase of \$1.9 million GF/GP and authorizes 10.0 FTE positions for the Drinking Water and Environmental Health Program to establish a new Drinking Water Compliance Assistance Unit intended to provide technical expertise related to the lead and copper rule requirements.

FTE	115.0	10.0
Gross	\$16,554,400	\$1,900,000
Federal	9,434,100	0
Restricted	4,465,400	0
GF/GP	\$2,654,900	\$1,900,000

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
3. Refined Petroleum Product Cleanup Program Staffing			
Authorizes 14.0 FTE positions for the Refined Petroleum Product Cleanup program. This program provides for the remediation of petroleum contaminated sites, including leaking underground storage tanks.	FTE	85.0	14.0
	Gross	\$34,680,000	\$0
	Federal	2,060,300	0
	Restricted	32,619,700	0
	GF/GP	\$0	\$0
4. Coal Ash Care Fund – Solid Waste Management Program			
Increases \$260,000 from the Coal Ash Care Fund to the Solid Waste Management program in accordance with 2018 PA 640 which provides for the regulation of coal ash landfills with revenue collected from landfill owners and operators.	FTE	37.0	0.0
	Gross	\$5,159,600	\$260,000
	Restricted	5,159,600	260,000
	GF/GP	\$0	\$0
5. Vapor Intrusion – Contaminated Site Investigations Program			
Eliminates \$1.7 million GF/GP for vapor intrusion remediation from the Contaminated Site Investigations, Cleanup, and Revitalization Program. The Renewing Michigan's Environment Program provides for the remediation of emerging contaminants including vapor intrusion.	FTE	130.0	0.0
	Gross	\$15,674,100	(\$1,655,300)
	Private	191,100	0
	Restricted	13,857,600	0
	GF/GP	\$1,625,400	(\$1,655,300)
6. Water Quality and Use Initiative			
Eliminates \$1.5 million GF/GP for the Water Quality and Use Initiative and shifts 5.0 FTE positions to the Renewing Michigan's Environment Program which provides for the continuation of this program's efforts.	Gross	\$1,522,900	(\$1,522,900)
	GF/GP	\$1,522,900	(\$1,522,900)
7. Recycling Initiative			
Reduces the Recycling Initiative by \$1.0 million GF/GP. The Renewing Michigan's Environment Program provides for the continuation of recycling grants to local communities.	FTE	3.0	0.0
	Gross	\$2,020,300	(\$1,032,000)
	Restricted	1,000,000	0
	GF/GP	\$1,020,300	(\$1,032,000)
8. Lead Remediation Grants			
Eliminates funding for lead remediation grants (\$2.0 million Gross, \$1.0 million GF/GP). Restricted funding is transferred to the Emergency Cleanup Actions program.	Gross	\$2,000,000	(\$2,000,000)
	Restricted	1,000,000	(1,000,000)
	GF/GP	\$1,000,000	(\$1,000,000)
9. Removal of FY 2018-19 One-Time funding			
Removes \$2.1 million GF/GP for one-time projects included in the previous fiscal year's budget:	Gross	\$2,120,000	(\$2,120,000)
	GF/GP	\$2,120,000	(\$2,120,000)
Inland Lake Aquatic Invasive Plant Species Control and Eradication Program		\$1,000,000	
Landfill Research, Design, and Demonstration Project		120,000	
Mapping and Other Support		400,000	
Michigan Geological Survey		500,000	
Water Withdrawal Implementation		100,000	
10. Technical Adjustments			
Decreases DEQ budget by \$19.9 million in restricted authorization to align appropriations with available funds and to remove authorization for concluded programs. Adjustments include eliminating authorization for exhausted bond funding and the aquifer protection revolving fund.	Gross	NA	(\$19,927,400)
	Restricted	NA	(19,927,400)
	GF/GP	NA	\$0
11. Economic Adjustments			
Reflects increased costs of \$3.1 million Gross (\$676,700 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Gross	NA	\$3,068,300
	IDG	NA	32,900
	Federal	NA	669,900
	Private	NA	100
	Restricted	NA	1,688,700
	GF/GP	NA	\$676,700

Major Boilerplate Changes From FY 2018-19

Sec. 216. Consolidated Report on Environmental Cleanup Projects – REVISED

Requires DEQ to provide status report with detailed information on approved cleanup projects funded through environmental cleanup and redevelopment program, state cleanup, emergency actions, superfund cleanup, revitalization revolving loan program, brownfield grants and loans, leaking underground storage tank cleanup program, contaminated lake and river cleanup program, refined petroleum product cleanup program, and environmental protection bond projects. Due date revised from March 31 to April 30.

Sec. 220. Disciplinary Action Against State Employees – DELETED

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

Sec. 221. Rule Promulgation – DELETED

Prohibits DEQ from adopting a rule that has a disproportionate economic impact on small business.

Sec. 235. Clean Michigan Initiative Report – REVISED

Requires DEQ to prepare an annual report on projects funded by Clean Michigan Initiative (CMI) funds, remaining CMI fund balances, and total debt obligation on all CMI bonds, as well as a March 31 report deadline. Due date revised from March 31 to April 30.

Sec. 238. Fee and Fund Source Report – DELETED

Requires DEQ to report on its public website information detailing activities related to departmental fees and fund sources.

Sec. 302. Work Projects - Environmental Cleanup Actions – REVISED

Authorizes unexpended funds appropriated for the emergency cleanup actions program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$3.0 million with a tentative completion date of September 30, 2023. Revises to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$2.0 million; changes completion date to 2024.

Sec. 305. Refined Petroleum Fund – DELETED

Expresses intent of the legislature to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

Sec. 307. Work Projects - Environmental Cleanup and Redevelopment Program – DELETED

Authorizes unexpended funds appropriated for the environmental cleanup and redevelopment program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$15.0 million with a tentative completion date of September 30, 2023.

Sec. 308. Work Projects – Refined Petroleum Product Cleanup Program – REVISED

Authorizes unexpended funds appropriated for the refined petroleum product cleanup program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$34.7 million with a tentative completion date of September 30, 2023. Revises to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$34.8 million; changes completion date to 2024.

Sec. 313. Vapor Intrusion – DELETED

Requires DEQ to use funds appropriated for vapor intrusion to investigate potential vapor intrusion sites.

Sec. 315. Lead Remediation Grants – DELETED

Requires DEQ to distribute grant awards for remediation and redevelopment of sites contaminated by lead paint, prioritizing sites affecting families with children.

Sec. 316. Environmental Cleanup and Redevelopment Program (One-Time) – DELETED

Requires DEQ to expend funds appropriated for the Environmental Cleanup and Redevelopment Program (one-time) for remediation and redevelopment of nonpetroleum contaminated sites.

Sec. 402. Drinking Water Infrastructure and Mapping – REVISED

Authorizes unexpended funds appropriated for Drinking Water Infrastructure and for Mapping and other support to be considered work project appropriations, and unencumbered or unallotted funds to be available until the projects have been completed. The projects will be accomplished by contract and have a tentative completion date of September 30, 2023. Renumbers Sec. 801 and removes “mapping and other support.” Also revises to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$4.0 million; changes completion date to 2024.

Major Boilerplate Changes From FY 2018-19**Sec. 403. Grants for Drinking Water Systems – REVISED**

Authorizes grants of no more than \$2.0 million each to be awarded to drinking water systems for contamination remediation or alternate system connections from the funds appropriated for drinking water infrastructure. Grants would be determined by the size of the population served and would require a 20% local match unless waived by the Water Asset Management Council. Renumbers to Sec. 802.

Sec. 404. Inland Lake Aquatic Invasive Plant Species Control and Eradication Program – DELETED

Requires \$1.0 million appropriation to be used in accordance with 2018 PA 671 for the Inland Lake Aquatic Invasive Plant Species Control and Eradication program.

Sec. 412. Work Projects – Aquifer Protection Program – DELETED

Authorizes unexpended funds appropriated for the aquifer protection program to be considered work project appropriations and carried forward. The program will help resolve aquifer disputes between well owners and is estimated to cost \$524,000 with a tentative completion date of September 30, 2023.

Sec. 413. Cooperative Lakes Monitoring Program – DELETED

Earmarks \$150,000 from the Surface Water program (\$16.3 million Gross) to support the Cooperative Lakes Monitoring Program in FY 2018-19.

Sec. 501. Work Projects – Renewing Michigan's Environment Program – NEW

Authorizes unexpended funds appropriated for the Renewing Michigan's Environment Program to be considered work project appropriations and carried forward. The program supports nonpetroleum cleanups and is estimated to cost \$69.0 million with a tentative completion date of September 30, 2024.

Sec. 604. Lead and Copper Rule – DELETED

Requires DEQ to use funds appropriated for the lead and copper rule program to host training sessions for public water supply owners and operators to provide technical assistance on the federal lead and copper rule.

Sec. 701. Underground Storage Tank Authority – REVISED

Authorizes unexpended funds appropriated for the underground storage tank cleanup program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$20.0 million with a tentative completion date of September 30, 2023. Revises to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost; changes completion date to 2024.

Sec. 801. Landfill Research, Design, and Development Project – DELETED

Directs expenditure of one-time funding for the landfill development project in St. Clair County.

Supplemental Recommendations for FY 2018-19 Appropriations**FY 2018-19
Recommendation****1. Drinking Water Protection and Innovation Initiatives**

Includes \$120.0 million GF/GP and authorizes 3.0 FTE positions for the following:

- Not less than \$40.0 million for grants to Drinking Water Revolving Loan Fund applicants.
- Not less than \$37.5 million for implementation of the current lead and copper rule, including water service line replacement and local education initiatives by Water Supply Advisory Councils.
- Not less than \$30.0 million for remediation of emerging contaminants and for investment in remediation technology in public water systems.
- Not more than \$7.5 million for local grants for enhanced asset management plans, sustainable water rate plans, and watershed plans.
- Not more than \$5.0 million for optimized corrosion control treatments, improved distribution systems, and enhanced data building capacities of water systems.

FTE	3.0
Gross	\$120,000,000
GF/GP	\$120,000,000

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 TOTAL GENERAL GOVERNMENT

Analysts: Ben Gielczyk and Michael Cnossen

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$821,066,200	\$1,024,424,300	\$203,358,100	24.8
Federal	809,077,500	808,347,300	(730,200)	(0.1)
Local	15,977,300	16,037,000	59,700	0.4
Private	6,247,400	6,255,700	8,300	0.1
Restricted	2,291,018,900	2,335,286,400	44,267,500	1.9
GF/GP	1,328,051,400	1,133,265,500	(194,785,900)	(14.7)
Gross	\$5,271,438,700	\$5,323,616,200	\$52,177,500	1.0
FTEs	8,784.7	8,819.7	35.0	0.4

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Summary pages for individual department/agency budgets contained within the current FY 2018-19 General Government appropriations bill follow this page.

Major Boilerplate Changes From FY 2018-19

Sec. 211. Countercyclical Budget and Economic Stabilization Fund – REVISED

Includes a countercyclical budget and economic stabilization fund deposit totaling \$150.0 million and 25% of total GF/GP lapses for FY 2018-19.

Sec. 216. Receipt and Retention of Required Reports – DELETED

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

Sec. 217. Fund Sourcing Priorities – DELETED

Requires federal or private grant funding to be used prior to General Fund appropriations when available for the same expenditure.

Sec. 218. Disciplinary Action Against State Employees – DELETED

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

Sec. 221. Reporting Requirement on Policy Changes – DELETED

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

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

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

Major Boilerplate Changes From FY 2018-19

Sec. 235. Federal Funding Contingency Plan – DELETED

Requires the state budget director, in consultation with the appropriate department, to recommend a contingency plan for the federal funding reduction; requires a report.

Sec. 240. New Program Metrics – REVISED

Requires the State Budget Office to provide a list of new programs and program enhancements that exceed \$500,000; requires identified programs to use program-specific measuring metrics in addition to the metrics required under Section 447 of the Management and Budget Act; requires the State Budget Office to provide a report on the metrics and performance progress of identified programs; expresses intent that future program funding increases one to be based on prior performance. Revises due date of the required report and does not include the stated intent of the legislature that the governor consider performances of new programs as the basis for any increase in funds appropriated from the prior year.

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 ATTORNEY GENERAL

Analyst: Michael Cnossen

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$30,386,400	\$34,908,000	\$4,521,600	14.9
Federal	10,007,300	9,713,700	(293,600)	(2.9)
Local	0	0	0	--
Private	0	0	0	--
Restricted	22,427,200	20,159,800	(2,267,400)	(10.1)
GF/GP	41,206,800	41,736,300	529,500	1.3
Gross	\$104,027,700	\$106,517,800	\$2,490,100	2.4
FTEs	537.0	545.0	8.0	1.5

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Attorney General serves as legal counsel for state departments, agencies, boards, and commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys.

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Child Abuse and Neglect Cases in Wayne County	FTE	NA	2.0
Authorizes \$340,000 in IDG funding from the Department of Health and Human Services and 2.0 FTE positions to support two additional Assistant Attorneys General to represent child abuse and neglect cases in Wayne County for two new judicial dockets added in the Third Circuit Family Court.	Gross	\$6,069,800	\$340,000
	IDG	6,069,800	340,000
	GF/GP	\$0	\$0
2. Legal Services for Marihuana Regulation	Gross	\$507,200	\$935,400
Authorizes \$1.4 million in IDG funding from the Department of Licensing and Regulatory Affairs and a fund source transfer of state restricted to IDG funding for a net increase of \$935,400 Gross to provide legal services to the new Bureau of Marihuana Regulation. Services would be provided for enforcement of regulations of medical marihuana facilities licensing, sales, and recreational marihuana use.	IDG	0	1,442,600
	Restricted	507,200	(507,200)
	GF/GP	\$0	\$0
3. Legal Services	FTE	NA	4.0
Authorizes \$670,000 in IDG funding from the Department of Technology, Management, and Budget and 4.0 FTE positions for three additional attorneys and one support member to provide legal services to the department, primarily for review of IT-related contracts.	Gross	\$474,300	\$670,000
	IDG	474,300	670,000
	GF/GP	\$0	\$0
4. MSHDA Legal Services	FTE	NA	2.0
Authorizes \$335,500 in IDG funding from the Michigan State Housing Development Authority (MSHDA) and 2.0 FTE positions to support additional attorneys providing legal services for MSHDA.	Gross	\$695,000	\$335,500
	IDG	695,000	335,500
	GF/GP	\$0	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
5. Removal of Current Year One-Time Funding	Gross	\$1,178,800	(\$1,178,800)
Eliminates \$1.2 million Gross (\$100,000 GF/GP) of one-time funding:	Federal	378,800	(378,800)
\$378,800 in federal funding for PACC's NextGen case management IT system upgrade, \$700,000 in state restricted funding for juvenile life without parole resentencing cases, and \$100,000 GF/GP for forensic interviewing training.	Restricted	700,000	(700,000)
	GF/GP	\$100,000	(\$100,000)
6. Alignment of Fund Sources with Operations	Gross	NA	\$0
Replaces \$1.3 million in state restricted funding with corresponding amount of IDG funding as part of the department's effort to adjust fund sources to better reflect the department's service levels to other state departments and agencies.	IDG	NA	1,284,300
	Restricted	NA	(1,284,300)
	GF/GP	NA	\$0
7. Economic Adjustments	Gross	NA	\$1,388,000
Reflects increased costs of \$1.4 million Gross (\$629,500 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	449,200
	Federal	NA	85,200
	Restricted	NA	224,100
	GF/GP	NA	\$629,500

Major Boilerplate Changes From FY 2018-19**Sec. 314a. PACC Juvenile Life Without Parole Cases – DELETED**

Authorizes \$700,000 to be set aside for investigations, crime victim rights, prosecutions, and appeals for retroactive juvenile life without parole cases. This section was introduced in FY 2017-18 and corresponded with the one-time appropriation of \$700,000 GF/GP and was included again in FY 2018-19 with another \$700,000 state restricted one-time appropriation from the Lawsuit Settlement Proceeds Fund.

Sec. 316a. Address Confidentiality Program – DELETED

Requires the department to develop the Address Confidentiality Program for victims of domestic or sexual assault upon passage of Senate Bill No. 655 of the 99th Legislature. Legislation for the Address Confidentiality Program has been reintroduced as Senate Bill 70 of the 100th Legislature.

Sec. 318. PACC Forensic Interviewing Training – DELETED

Requires \$100,000 of funding appropriated for PACC to be expended for additional training in forensic interviewing technique.

Supplemental Recommendations for FY 2018-19 Appropriations		FY 2018-19 Recommendation
1. Catholic Church Investigation	Gross	6.0
Authorizes \$2.0 million in state restricted funding from the Lawsuit Settlement Proceeds Fund and 6.0 FTE positions to support investigation of alleged sexual assault and abuse of children within the Michigan Catholic Dioceses.	Restricted	\$2,000,000
	GF/GP	2,000,000
		\$0
2. DEQ PFAS related Legal Services	FTE	3.0
Authorizes \$700,000 in IDG funding from the Department of Environmental Quality for investigation and enforcement related to the state's initiative regarding environmental contaminants including perfluoroalkyl and polyfluoroalkyl substances (PFAS). Funding would support, 2.0 attorneys, 1.0 paralegal, and contractual services to provide investigative skill, and technical knowledge of environmental regulations.	Gross	\$700,000
	IDG	700,000
	GF/GP	\$0
3. Legal Services Increase	FTE	8.0
Authorizes \$672,500 in IDG funding and 8.0 FTE positions for increased legal services provided to departments. DHHS would be authorized \$170,000 and 2.0 FTE positions to represent child abuse cases in Wayne County; DTMB would be authorized \$335,000 and 4.0 FTE positions for various legal support services, but largely for the review of IT-related contracts; and MSHDA would be authorized \$167,500 and 2.0 FTE positions for additional legal staffing.	Gross	\$672,500
	IDG	672,500
	GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 DEPARTMENT OF CIVIL RIGHTS

Analyst: Michael Cnossen

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$299,100	\$298,500	(\$600)	(0.2)
Federal	2,802,700	2,816,900	14,200	0.5
Local	0	0	0	--
Private	18,700	18,700	0	0.0
Restricted	58,500	58,500	0	0.0
GF/GP	13,022,100	13,195,700	173,600	1.3
Gross	\$16,201,100	\$16,388,300	\$187,200	1.2
FTEs	116.0	116.0	0.0	0.0

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The Commission is directed to "secure the equal protection of such civil rights without such discrimination." The Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations	FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Economic Adjustments	Gross	NA
Reflects increased costs of \$187,200 Gross (\$173,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA
	Federal	NA
	GF/GP	NA
		\$187,200
		(600)
		14,200
		\$173,600

Major Boilerplate Changes From FY 2018-19

There are no major boilerplate changes recommended in FY 2019-20.

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 EXECUTIVE OFFICE

Analyst: Ben Gielczyk

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	6,980,100	7,114,300	134,200	1.9
Gross	\$6,980,100	\$7,114,300	\$134,200	1.9
FTEs	89.2	89.2	0.0	0.0

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

<u>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</u>		<u>FY 2018-19 YTD (as of 3/5/19)</u>	<u>Executive Change from YTD</u>
1. Operational Adjustments		Gross	\$6,980,100
Reflects increased costs of \$134,200 GF/GP related to Executive Office staff and other operations.		GF/GP	\$6,980,100
			\$134,200

Major Boilerplate Changes From FY 2018-19

There are no major boilerplate changes for FY 2019-20.

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 LEGISLATURE

Analyst: Ben Gielczyk

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	400,000	400,000	0	0.0
Restricted	4,394,300	4,394,300	0	0.0
GF/GP	181,718,200	162,968,200	(18,750,000)	(10.3)
Gross	\$186,512,500	\$167,762,500	(\$18,750,000)	(10.1)

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. Property Management employees maintain, operate, and repair the Cora Anderson House of Representatives Office Building and Binsfeld Senate Office Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

<u>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</u>		<u>FY 2018-19 YTD (as of 3/5/19)</u>	<u>Executive Change from YTD</u>
1. Senate Parking Facility	Gross	\$18,000,000	(\$18,000,000)
Removes \$18.0 million GF/GP considered one-time appropriations in FY 2018-19 for costs associated with purchasing the parking ramp adjacent to the Binsfeld Senate Office Building from the City of Lansing.	GF/GP	\$18,000,000	(\$18,000,000)
2. Legislative Information Technology Systems Design Project	Gross	\$750,000	(\$750,000)
Removes \$750,000 GF/GP considered one-time appropriations in FY 2018-19 for implementation and operational costs associated with the Legislative IT System Design Project.	GF/GP	\$750,000	(\$750,000)

Major Boilerplate Changes From FY 2018-19

There are no major boilerplate changes for FY 2019-20.

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 LEGISLATIVE AUDITOR GENERAL

Analyst: Ben Gielczyk

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$5,823,400	\$5,823,400	\$0	0.0
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	2,008,800	2,008,800	0	0.0
GF/GP	17,105,800	17,105,800	0	0.0
Gross	\$24,938,000	\$24,938,000	\$0	0.0

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Legislative Auditor General is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations

FY 2018-19 YTD
(as of 3/5/19)Executive
Change
from YTD

There were no adjustments to the Legislative Auditor General appropriations for FY 2019-20.

Major Boilerplate Changes From FY 2018-19

There are no major boilerplate changes in FY 2019-20.

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 DEPARTMENT OF STATE

Analyst: Michael Cnossen

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,460,000	1,460,000	0	0.0
Local	0	0	0	--
Private	50,100	50,100	0	0.0
Restricted	207,086,400	210,732,000	3,645,600	1.8
GF/GP	18,466,300	22,967,500	4,501,200	24.4
Gross	\$247,062,800	\$255,209,600	\$8,146,800	3.3
FTEs	1,592.0	1,592.0	0.0	0.0

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Proposal 2 Redistricting Commission	Gross	\$0	\$4,616,600
Includes \$4.6 million GF/GP to implement the redistricting commission as approved by voters in Ballot Proposal 2 of 2018. Funding amount is set by the Constitution at 25% of the department's total GF/GP appropriation. Funding would support the Independent Redistricting Commission, including compensation for members and its operations and activities	GF/GP	\$0	\$4,616,600
2. Elections Compliance Core Systems Contract Increase	Gross	\$7,506,900	\$200,000
Includes \$200,000 GF/GP to cover increased contract costs of providing maintenance and support of the election system that covers the compliance core applications of the Bureau of Elections.	Restricted	443,500	0
	GF/GP	\$7,063,400	\$200,000
3. Look Twice – Save a Life Motorcycle Safety Program	Gross	\$400,000	(\$100,000)
Authorizes \$300,000 of state restricted funding from the Motorcycle Safety and Education Awareness Fund to be used to develop and maintain the "Look Twice - Save a Life" program that promotes motorcycle awareness, safety, and education.	Restricted	400,000	(100,000)
	GF/GP	\$0	\$0
4. Branch Office Services Rate Increases	Gross	\$89,279,000	\$830,000
Authorizes \$830,000 of state restricted funding to support contract rate increases for services at Secretary of State branch offices, of which \$500,000 would be used for janitorial, security guard, and telecommunications services and \$330,000 for maintenance.	IDG	20,000,000	0
	Restricted	66,534,000	830,000
	GF/GP	\$2,745,000	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
5. Fund Shift GF Reduction	Gross	NA	\$0
Replaces \$738,700 GF/GP with a corresponding amount of state restricted funding from the Transportation Administration Collection Fund (TACF) for a net change of \$0 Gross.	Restricted GF/GP	NA NA	738,700 (\$738,700)
6. FTE Transfer and Fund Source Alignment with Operations	FTE	NA	0.0
Transfers 11.0 FTE positions from Central Operations to Legal Services based on organizational changes, and shifts state restricted funding from decreasing driver fee revenue to the Enhanced Driver License and Enhanced Official State Personal ID Card Fund and TACF for a net change of \$0 Gross.	Gross	NA	\$0
	Restricted GF/GP	NA NA	0 \$0
7. Economic Adjustments	Gross	NA	\$2,600,200
Reflects increased costs of \$2.6 million Gross (\$423,300 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Restricted GF/GP	NA NA	2,176,900 \$423,300

Major Boilerplate Changes From FY 2018-19**Sec. 718. Buena Vista Township Branch Office – DELETED**

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

Sec. 720. Post-Election Audits – DELETED

Requires the department to develop a plan to enhance post-election audit procedures to ensure machine-tabulated vote accounts are counted and reported accurately.

Supplemental Recommendations for FY 2018-19 Appropriations	FY 2018-19 Recommendation
1. Implementation of 2018 Ballot Proposals 2 and 3 Election Initiatives	Gross \$5,000,000
Includes \$5.0 million GF/GP to establish the Independent Citizens Redistricting Commission, as required by Ballot Proposal 2, and to support education, training, and absentee voter equipment to implement the voting rights provisions as required by Ballot Proposal 3. Funds would be available from a corresponding work project lapse directive from the state budget director that would lapse the \$5.0 million appropriated in 2015 PA 268 for the elimination of straight-ticket voting.	GF/GP \$5,000,000

Summary: Executive Budget Recommendation for Fiscal Year 2019-20

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET

Analyst: Michael Cnossen

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$751,777,000	\$950,488,800	\$198,711,800	26.4
Federal	5,033,700	4,968,400	(65,300)	(1.3)
Local	2,341,600	2,321,200	(20,400)	(0.9)
Private	129,400	131,100	1,700	1.3
Restricted	122,117,400	117,916,800	(4,200,600)	(3.4)
GF/GP	552,044,500	504,442,600	(47,601,900)	(8.6)
Gross	\$1,433,443,600	\$1,580,268,900	\$146,825,300	10.2
FTEs	3,122.0	3,141.0	19.0	0.6

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Michigan Public Safety Communications System (MPSCS) Upgrades and Maintenance	FTE	127.0	10.0
Includes \$14.1 million GF/GP (\$8.2 million ongoing, \$5.9 million one-time) and authorization for 10.0 FTE positions for software upgrades, additional technical staff, increased coverage, and radio tower site maintenance for the MPSCS interoperable communications network used by state, federal, local, private, and tribal security officers and first responders across the state.	Gross	\$40,464,100	\$14,093,700
	Local	2,248,000	0
	GF/GP	\$38,216,100	\$14,093,700
2. Enterprisewide Maintenance of State Facilities	Gross	\$31,000,000	\$5,000,000
Includes \$5.0 million GF/GP in one-time funding for various general maintenance and demolition projects of state-owned facilities across the state. The executive recommended budget also maintains a \$5.0 million GF/GP increase in FY 2018-19 from 2018 PA 618	GF/GP	\$31,000,000	\$5,000,000
3. Legal Services Increase	Gross	NA	\$670,000
Authorizes \$670,000 in state restricted funding for three additional attorneys and one support member from the Department of Attorney General to provide various legal support services to the department, primarily for reviewing IT-related contracts.	Restricted	NA	670,000
	GF/GP	NA	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
4. Microsoft License Agreement	Gross	\$27,777,200	\$5,000,000
Includes \$5.0 million GF/GP to support a licensing agreement with the Microsoft Corporation for its 365 Government G5 product bundle, which includes basic software applications for state agencies as well as additional enterprise security and compliance functionality.	IDG	932,900	0
	Restricted	16,076,400	0
	GF/GP	\$10,767,900	\$5,000,000
5. MiLogin Single Sign-On Integration of State Applications	FTE	17.0	5.0
Includes \$3.3 million GF/GP and authorization for 5.0 FTE positions to support the integration of additional state software applications into the MiLogin enterprisewide IT initiative, which provides single sign-on capabilities for accessing State of Michigan internet and mobile sites. Approximately half, or 220, state applications have been integrated and a 40% increase in MiLogin users is expected in FY 2019-20. Funding would support an increase in infrastructure hosting capacity, IBM software licensing, staffing, and operational hosting costs.	Gross	\$9,775,000	\$3,299,000
	GF/GP	\$9,775,000	\$3,299,000
6. FY 2019-20 IT IDG Baseline Adjustment	Gross	\$555,159,600	\$191,899,900
Authorizes \$191.9 million in IDG funding to reflect projects and service adjustments in other executive department and agency budgets, administrative cost allocation changes, and IT budgetary requests made by departments and agencies. The increase includes \$179.8 million from DHHS, which primarily reflects transfers of IT costs from DHHS's program line items to its Technology Services line items.	IDG	555,159,600	191,899,900
	GF/GP	\$0	\$0
7. Vehicle Fleet Cost Increase and FTE Increase	FTE	35.0	4.0
Includes \$1.5 million in IDG funding for higher estimated miles driven by state fleet vehicles in FY 2019-20 and a projected increase in fuel costs. Authorizes 4.0 FTE positions to replace temporary contracted personnel for vehicle maintenance services.	Gross	\$74,377,800	\$1,500,000
	IDG	74,377,800	1,500,000
	GF/GP	\$0	\$0
8. Accounting Service Center Increase for State Police	Gross	\$3,969,800	\$374,900
Authorizes \$374,900 in IDG funding to align with Accounting Service Centers costs for MSP to cover MiCARS maintenance and changes in how credit card fees are being charged in SIGMA.	IDG	3,969,800	374,900
	GF/GP	\$0	\$0
9. Professional Development Funds	Gross	\$0	\$200,000
Authorizes \$200,000 in IDG funding collected from state agencies to support professional development for American Federation of State, County, and Municipal Employees (\$50,000) and the Scientific and Engineering Unit of the Service Employees International Union (\$150,000) per bargaining agreements with the Office of State Employer.	IDG	0	200,000
	GF/GP	\$0	\$0
10. State Police Retirement System Supplemental Payments	Gross	\$30,714,300	\$10,000
Authorizes \$10,000 GF/GP for supplemental payments as required by 2015 PA 168 to produce an annual retirement allowance of \$16,000 to each retiree or beneficiary. The estimated payout in FY 2019-20 is \$82,000 for 43 beneficiaries.	Restricted	24,212,500	0
	GF/GP	\$6,501,800	\$10,000
11. Military Retirement Transfer to DMVA	Gross	\$30,714,300	(\$5,244,800)
Transfers \$5.2 million GF/GP to DMVA for military retirement payment obligations.	Restricted	24,212,500	0
	GF/GP	\$6,501,800	(\$5,244,800)
12. Elimination of Regional Prosperity Grants	Gross	\$4,000,000	(\$4,000,000)
Eliminates \$4.0 million GF/GP for grants to designated economic regions defined by the Regional Prosperity Initiative to encourage private, public, and non-profit partners to collaborate on developing economic visions and efforts to achieve them.	GF/GP	\$4,000,000	(\$4,000,000)

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
13. Business Support Services GF Reduction Fund Shift	Gross	\$12,759,800	\$0
Replaces \$138,400 GF/GP with a corresponding amount of state	IDG	464,900	0
restricted funding from contract revenue from the Special Revenue,	Federal	100	0
Internal Service, and Pension Trust Funds fund source.	Restricted	6,546,100	138,400
	GF/GP	\$5,748,700	(\$138,400)
14. Services Baseline Technical Adjustments	Gross	NA	(\$115,400)
Reduces budget by \$115,400 Gross (\$167,100 GF/GP) by making	IDG	NA	223,700
various technical adjustments to align funding and operations through	Federal	NA	(115,400)
the statewide cost allocation plan, making annual adjustments in the	Restricted	NA	(56,600)
department's indirect service charges, and aligning funding with	GF/GP	NA	(\$167,100)
operations within the Civil Service Commission.			
15. Removal of Current Year One-Time Funding	Gross	\$73,145,100	(\$73,145,100)
Eliminates \$73.1 million Gross (\$66.8 million GF/GP) of one-time	Restricted	6,380,000	(6,380,000)
funding appropriated in FY 2018-19: \$43.1 million for a lump-sum	GF/GP	\$66,765,100	(\$66,765,100)
payment for military and judges retirement, \$20.0 million for the			
statewide broadband internet initiative, \$8.2 million to pay off			
outstanding debt of the dissolved Inkster school district, \$10,000 for an			
Office of Retirement Services actuarial analysis, \$100 for a census-			
related services placeholder, \$1.2 million for state police and school			
employees retirement, \$450,000 for local governments cyber security			
program, \$170,000 for a job vacancy study, and \$30,000 for an MPSCS			
tower top amplifier.			
16. Economic Adjustments	Gross	NA	\$7,283,100
Reflects increased costs of \$7.3 million Gross (\$1.3 million GF/GP) for	IDG	NA	4,513,300
negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum),	Federal	NA	50,100
actuarially required retirement contributions, worker's compensation,	Local	NA	(20,400)
building occupancy charges, and other economic adjustments.	Private	NA	1,700
	Restricted	NA	1,427,600
	GF/GP	NA	\$1,310,800

Major Boilerplate Changes From FY 2018-19**Sec. 822. Report on Unclassified Salaries – DELETED**

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

Sec. 822d. Report on Fee Rate Schedules – DELETED

Requires a report on fee and rate schedules used by state departments and agencies for services to include changes in fees and rates and an explanation of the factors used to justify increased changes.

Sec. 822f. Regional Prosperity Initiative – DELETED

Authorizes the regional prosperity grant program, which offers economic and workforce development planning grants to eligible regional planning organizations working in collaboration with local governmental, non-profit, business, and educational community partners.

Sec. 822n. Request for Proposals Website – DELETED

Requires DTMB to establish a request for proposals (RFP) website that is searchable by department and agency.

Sec. 822o. Northern Satellite Psychiatric Facility – DELETED

Requires DTMB to work with the Department of Health and Human Services to identify a location for the new Northern Satellite Psychiatric Facility capital outlay project approved for planning authorization under Article II of 2017 PA 107.

Sec. 827a. MPSCS Unpaid Invoices – DELETED

Requires \$2.0 million to be used to pay outstanding invoices for local agencies billed by MPSCS that are dated more than three years prior to the current fiscal year.

Major Boilerplate Changes From FY 2018-19**Sec. 828. IT Appropriations and Expenditures Report – DELETED**

Requires a report on the total appropriations and expenditures for IT-related services and projects for all executive departments and agencies.

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

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

Sec. 830. Enterprisewide IT Project Reporting – DELETED

Requires a quarterly report on active and closed IT projects throughout all executive branch departments on the schedule, budget, cost, project changes, and project success scores for each project; requires report.

Sec. 831. ORS Actuarial Analyses – DELETED

Requires funds for the retirement services actuarial analysis to be used to conduct an actuarial analysis to determine the costs incurred by the state employees retirement system as a result of implementing provisions of 2018 PA 556.

Sec. 832. Child Support Enforcement System – DELETED

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

Sec. 835a. Nonprofit Census-Related Activity – DELETED

Requires one-time funding for census-related activities to be awarded to the Michigan Nonprofit Association to achieve a fair and accurate count in the 2020 census; designates unexpended funds as a work project.

Sec. 836. Information Technology Investment Fund Purpose – DELETED

Explains the purpose of a one-time funding increase for the Information Technology Investment Fund.

Sec. 837. Information Technology Investment Fund Appropriation of Federal and Restricted Revenues – NEW

Automatically appropriates related federal and state restricted funds earned based on initiatives undertaken with funds appropriated in part 1; requires notification within 10 days of effectuating appropriations authorized under this section.

Sec. 840. EPMO Performance Measures – DELETED

Requires the development and use of metrics for activities related to funds appropriated to the Enterprise Portfolio Management Office.

Supplemental Recommendations for FY 2018-19 Appropriations		FY 2018-19 Recommendation
1. Drinking Water Declaration of Emergency Reserve Fund	Gross	\$15,000,000
Deposits \$15.0 million GF/GP into the Drinking Water Declaration of Emergency Reserve Fund for potential needs related to the drinking water declaration of emergency in Flint.	GF/GP	\$15,000,000
2. Economic Incentives Evaluations	Gross	\$2,000,000
Includes \$2.0 million GF/GP for compliance with 2018 PA 540, which requires DTMB to contract with a vendor to periodically evaluate certain economic development incentives.	GF/GP	\$2,000,000

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 DEPARTMENT OF TREASURY

Analyst: Ben Gielczyk

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$12,780,300	\$12,905,600	\$125,300	1.0
Federal	27,128,000	27,242,500	114,500	0.4
Local	13,135,700	13,215,800	80,100	0.6
Private	27,500	27,500	0	0.0
Restricted	1,727,494,000	1,804,941,600	77,447,600	4.5
GF/GP	210,961,300	218,826,800	7,865,500	3.7
Gross	\$1,991,526,800	\$2,077,159,800	\$85,633,000	4.3
FTEs	1,872.5	1,880.5	8.0	0.4

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the governor on tax and fiscal policy issues. The department's mission is to collect state taxes; to invest, control, and disburse state monies; and to protect the state's credit rating and that of its cities. The department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), and State Building Authority (SBA) are autonomous agencies housed within the department.

<u>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</u>		<u>FY 2018-19 YTD (as of 3/5/19)</u>	<u>Executive Change from YTD</u>	
1. Constitutional Revenue Sharing		Gross	\$835,333,800	\$51,205,400
Increases constitutional revenue sharing by \$51.2 million of sales tax revenue relative to the FY 2018-19 budget act appropriated amount (\$27.5 million (3.2%) increase over FY 2018-19 January Consensus Revenue Estimating Conference estimates).	Restricted	835,333,800	51,205,400	
	GF/GP	\$0	\$0	
2. City, Village, and Township (CVT) Revenue Sharing and Supplemental CVT Revenue Sharing		Gross	\$255,156,000	\$7,654,700
Increases total CVT revenue sharing by \$7.7 million (3.0%) of sales tax revenue. FY 2018-19 one-time funds (CVT Revenue Sharing and Supplemental CVT Revenue Sharing) totaling \$12.1 million in sales tax revenue would be maintained and included in the ongoing CVT revenue sharing line item. A CVT would be eligible to receive a payment equal to 103% of its FY 2018-19 combined eligible payment under CVT and Supplemental CVT revenue sharing.	Restricted	255,156,000	7,654,700	
	GF/GP	\$0	\$0	
3. County Revenue Sharing/County Incentive Program		Gross	\$221,415,500	\$6,642,500
Includes \$6.6 million of sales tax revenue to increase county revenue sharing/county incentive program funding by 3.0%. Eligible counties would qualify for 105.277% of statutory full funding. County Incentive Program funding equals 20% of the estimated FY 2019-20 full funding amount.	Restricted	221,415,500	6,642,500	
	GF/GP	\$0	\$0	

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
4. Financially Distressed CVTs/Community Opportunities for Renewal Program		Gross \$2,500,000	\$2,500,000
Includes \$5.0 million for newly named Community Opportunities for Renewal program to replace the Financially Distressed CVTs program. Represents a \$2.5 million increase over the FY 2018-19 appropriation for the Financially Distressed CVTs program. The newly named program would retain the basic framework of the Financially Distressed CVTs program but replaces the current authorized expenditures with infrastructure repair, public safety, blight removal, and other community revitalization projects as specified functions of the program.		Restricted 2,500,000	2,500,000
		GF/GP \$0	\$0
5. General Obligation Bond Debt Service		Gross \$107,080,000	(\$2,745,000)
Includes a net reduction of \$2.7 million GF/GP for general obligation bond debt service. The estimated baseline reduction in debt service would be partially offset with projected debt service increases associated with planned new issuances for Clean Michigan Initiative and Great Lakes Water Quality bonds.		GF/GP \$107,080,000	(\$2,745,000)
6. Medical Marihuana Excise Fund Grants		Gross \$10,890,000	(\$10,890,000)
Eliminates Medical Marihuana Excise Grants totaling \$10.9 million from the restricted Medical Marihuana Excise Fund. The 3% excise tax on provisioning center sales was eliminated under 2018 Initiated Law 1.		Restricted 10,890,000	(10,890,000)
		GF/GP \$0	\$0
7. Recreational Marihuana Grants for Locals		Gross \$0	\$20,250,000
Includes \$20.3 million from the Marihuana Regulation Fund for statutorily required grants to local units of government.		Restricted 0	20,250,000
		GF/GP \$0	\$0
8. Legalized Marihuana Administration		FTE 4.0	(3.0)
Includes a net increase of \$3.0 million state restricted Marihuana Regulation Fund. Reduces existing medical marihuana FTE position authorization by 3.0 FTE positions and repurposes remaining FTE position and an additional 15.0 FTE positions for a total FTE position authorization of 16.0 for recreational marihuana administration under 2018 Initiated Law 1.		Gross \$911,400	\$3,030,800
		Restricted 911,400	3,030,800
		GF/GP \$0	\$0
9. Senior Citizen Cooperative Housing Tax Exemption Reimbursement		Gross \$10,521,100	\$250,000
Increases by \$250,000 GF/GP to provide full funding for two new facilities (Ingham and Saginaw Counties) that became eligible for reimbursements in FY 2018-19.		GF/GP \$10,521,100	\$250,000
10. Proposed Pass-Through Entity Business Tax Administration		FTE 0.0	11.0
Includes \$2.0 million GF/GP and authorizes 11.0 FTE positions for administration and staffing needed to administer and implement the proposed business tax changes for pass-through business entities.		Gross \$0	\$2,000,000
		GF/GP \$0	\$2,000,000
11. Information Technology Cost Increases		Gross \$36,207,600	\$1,450,000
Includes \$1.5 million GF/GP to support increased costs related to the Unisys mainframe and servers utilized by the Department of Treasury for critical information technology systems. Other departments have ceased to use the Unisys mainframe and servers, thereby increasing the department's share of the overall costs.		IDG/IDT 400,000	0
		Federal 627,800	0
		Restricted 19,734,500	0
		GF/GP \$15,445,300	\$1,450,000
12. Michigan Finance Authority		Gross \$26,097,700	\$300,000
Includes \$300,000 of restricted MFA, bond and loan program revenue for increased expenditures related to information technology (IT) and IT legacy replacement, staffing costs, and attorney general services.		Federal 23,049,900	0
		Restricted 3,047,800	300,000
		GF/GP \$0	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
13. Targeted General Fund Reductions	Gross	NA	(\$650,100)
Reduces various line items by a total of \$650,100 GF/GP: Executive Direction (\$100,000), Supervision of General Property Tax Law (\$100,000), Tax Administration (\$100,000), Tax Compliance (\$250,000), Department Services (\$100,000), and Forensic Science Commission placeholder (\$100).	GF/GP	NA	(\$650,100)
14. Wrongful Imprisonment Compensation Fund	Gross	\$1,500,000	\$8,500,000
Includes \$10.0 million GF/GP deposit (considered one-time) into the Wrongful Imprisonment Compensation Fund. This represents an \$8.5 million GF/GP increase from the FY 2018-19 appropriation included in 2018 PA 618. <i>NOTE: The FY 2018-19 supplemental request 2019-4 includes a \$10.0 million GF/GP deposit in the Wrongful Imprisonment Compensation Fund for payments anticipated in FY 2018-19.</i>	GF/GP	\$1,500,000	\$8,500,000
15. Removal of Other One-Time Appropriations	Gross	\$7,163,000	(\$7,163,000)
Eliminates \$7.2 million GF/GP of FY 2018-19 appropriations considered one-time: Beat the Streets (\$100,000), Courageous Cadets (\$50,000), Drinking Water Declaration of Emergency Contingency Fund Transfer (\$5.6 million), Financial Data Analytic Tool Reimbursement (\$500,000), and Urban Search and Rescue (\$900,000).	Restricted	5,613,000	(5,613,000)
	GF/GP	\$1,550,000	(\$1,550,000)
16. Economic Adjustments	Gross	NA	\$3,297,700
Reflects increased costs of \$3.3 million Gross (\$610,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT	NA	125,300
	Federal	NA	114,500
	Local	NA	80,100
	Restricted	NA	2,367,200
	GF/GP	NA	\$610,600

Major Boilerplate Changes From FY 2018-19**Sec. 902a. Notification of Bond Refinancing and Restructuring – DELETED**

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

Sec. 903. Tax Collection Contracts – REVISED

Authorizes the department to contract with private collection agencies and law firms to collect taxes, accounts due the state, defaulted student loans, and accounts due to Michigan guaranty agencies; provides funds for collection costs and fees; requires report of agencies used, amounts collected, cost of collection, and other information. Requires amounts appropriated for defaulted student loan collections from exceeding 24.34% of the collection or a lesser amount prescribed in the contract. Requires department to issue an RFP for a secondary placement collections program. Allows for a multiple contract approach for a bidder to bid on a part or the entirety of the contract for primary and secondary collections. Revises to eliminate requirement that department issue an RFP for a secondary placement collections program.

Sec. 920. Personal Property Tax Reimbursement Reporting – REVISED

Requires the department to produce a listing of all personal property tax reimbursement payments to be distributed by the Local Community Stabilization Authority related to property taxes levied in the current calendar year. Requires listing to be posted on the department website by September 30. Requires notice describing adjustments in personal property tax reimbursements that will affect the subsequent payment. Provides that the notice shall be distributed to all municipalities. Revises by removing the requirement that the department provide a notice describing adjustments to all municipalities.

Sec. 927. Personal Property Tax Audits – DELETED

Requires the department to submit annual progress reports regarding personal property tax and essential service assessment audits.

Major Boilerplate Changes From FY 2018-19***Sec. 934. Expending of Authority Revenues – REVISED***

Authorizes the department to expend revenues under various authorities for operation expense and grants to Civil Service Commission and State Employee's Retirement Fund; requires maintaining records to facilitate reimbursement. Revises by removing reporting requirement.

Sec. 936. Financial Data Analytical Tool Guidance – DELETED

Requires appropriation to be used for reimbursing counties, cities, villages, townships, and regional councils of governments for the cost of a data analytical tool that provides financial data analysis and early warning analysis from a vendor approved by DTMB in FY 2017-18. Allows for proration of available funds. Provides work project authorization for any unexpended funds.

Sec. 940. Principal Residence Exemption Administration Feasibility Study – DELETED

Requires the department to study the feasibility of requiring homeowners to file principal residence exemption documents directly with the department.

Sec. 943. Medical Marijuana Closed-Loop Payment System – DELETED

Authorizes the department to establish a closed-loop payment processing and digital patient identification delivery and authentication system under which the department creates accounts to be used only registered participants.

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

Allocates \$900,000 to the urban search and rescue task force. Requires the task force to provide reports on FY 2017-18 revenues and expenditures, proposed FY 2018-19 grant expenditures, and a final report on FY 2018-19 grant expenditures.

Sec. 949l. Request for Proposals for OPEB Oversight and Transformational Brownfield Program – DELETED

Requires the department to issue an RFP by December 15 for data analytics for the entire department, which would include both the local other post-employment benefits oversight legislation (2017 PA 202) and the recodified tax increment financing act (2018 PA 57). Vendor would be required to specialize in data analytics. Processing of program information would remain with the department.

TREASURY - REVENUE SHARING***Sec. 952. City, Village, and Township (CVT) Revenue Sharing and County Incentive Program – REVISED***

Specifies distribution of \$248.8 million to all CVTs that received a payment under Section 950(2) of 2009 PA 128 greater than \$1,000.00. Eligible payment is equal to 78.51044% of its total payment received under Section 950(2) of 2009 PA 128, or for a CVT with a population in excess of 7,500, notwithstanding whether it received a payment greater than \$1,000 under Section 950(2) of 2009 PA 128, a payment equal to the population of the CVT multiplied by \$2.64659, whichever is greater. In order to qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency. To qualify for county incentive payment, counties are required to comply with the items listed under accountability and transparency. Any unexpended funds are directed to be deposited in the Financial Distressed CVTs program in Sec. 956, subject to approval of transfers. Revises to specify that an eligible CVT is eligible to qualify for 103% of its FY 2018-19 payment.

Sec. 955. County Revenue Sharing Payments – REVISED

Requires the county revenue sharing appropriation to be distributed so that each eligible county receives a payment (when coupled with the County Incentive Program payment) equal to 102% of the amount determined pursuant to the Glen Steil State Revenue Sharing Act of 1971. Revises to specify that each county receives a payment equal to 105.277% of statutory full funding.

Sec. 956. Financially Distressed Cities, Villages, and Townships – REVISED

Specifies distribution of \$2.5 million as grants to CVTs that have one or more conditions of probable financial distress. CVTs must work with Treasury to develop plan for grant funding and grants must be used for specific projects or services that move the CVT toward financial stability (reduce unfunded liability, repair or replace critical infrastructure/equipment, reduce debt obligations, pay costs associated with moving to shared services, or other projects that move the local unit towards financial stability). Grants are capped at \$2.0 million. Funds are designated as work project. Requires report. Revises by renaming program the Community Opportunities for Renewal and restructuring the purpose of the program to require that grants be used for critical infrastructure and equipment, public safety enhancements, blight removal, or other community revitalization projects.

Major Boilerplate Changes From FY 2018-19

Sec. 957. Supplemental City, Village, and Township Revenue Sharing – DELETED

Specifies distribution of \$6.2 million to support supplemental revenue sharing payments. Payments would be provided to CVTs on a per capita basis equal to \$0.807929 per person. Funds must be used to pay down debt, pension, or other postemployment benefit obligations, unless the local unit has no such debt obligations.

Sec. 958. Supplemental County Revenue Sharing - DELETED

Requires \$1.0 million appropriated for Supplemental County Revenue Sharing to be distributed to each eligible county in an amount equal to 0.4627% of full funding for each county under the Glenn Steil State Revenue Sharing Act. Requires funds to be used to pay debt, pension, and OPEB obligations, unless the local unit has no such debt obligations.

TREASURY – MICHIGAN GAMING CONTROL BOARD

Sec. 978. Racing Commission Regulatory Changes – REVISED

Requires the Michigan Gaming Control Board to determine the actual regulatory costs of conducting race dates; it would limit reimbursement to actual expenses; and the language specifies that in the case of reduced revenues, race dates can be reduced, after consultation with certified horsemen's organizations. Revises by removing language stating that if a certified horsemen's organization funds more than the actual regulatory cost, the balance shall remain in the agriculture equine industry development fund to fund subsequent race dates. Also strikes language stating that if a horsemen's organization funds less than the actual regulatory costs of the additional horse racing dates, the MGCB shall reduce the number of future race dates conducted by race meeting licensees with which the certified horsemen's organization has contracts.

<u>Supplemental Recommendations for FY 2018-19 Appropriations</u>		<u>FY 2018-19 Recommendation</u>
<i>1. Wrongful Imprisonment Compensation Fund</i>	Gross	\$10,000,000
Includes \$10.0 million GF/GP to satisfy required payments for FY 2018-19 under provisions of the Wrongful Imprisonment Compensation Act, 2016 PA 343.	GF/GP	\$10,000,000
<i>2. Business Pass-Through Tax Administration and Information Technology Upgrades</i>	FTE	2.0
	Gross	\$10,000,000
Includes \$10.0 million GF/GP and authorizes 2.0 FTE positions (\$9.0 million GF/GP one-time) for information technology system upgrades and staffing needed to implement the proposed business pass-through tax changes.	GF/GP	\$10,000,000
<i>3. Senior Citizen Cooperative Housing Tax Exemption Reimbursement</i>	Gross	\$250,000
Increases by \$250,000 GF/GP to provide full funding for two new facilities (Ingham and Saginaw Counties) that became eligible for reimbursements in FY 2018-19.	GF/GP	\$250,000

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT

Analyst: Ben Gielczyk

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	762,645,800	762,145,800	(500,000)	(0.1)
Local	500,000	500,000	0	0.0
Private	5,621,700	5,628,300	6,600	0.1
Restricted	205,432,300	175,074,600	(30,357,700)	(14.8)
GF/GP	286,546,300	144,908,300	(141,638,000)	(49.4)
Gross	\$1,260,746,100	\$1,088,257,000	(\$172,489,100)	(13.7)
FTEs	1,456.0	1,456.0	0.0	0.0

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

<u>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</u>		<u>FY 2018-19 YTD (as of 3/5/19)</u>	<u>Executive Change from YTD</u>
1. Pure Michigan	Gross	\$36,000,000	(\$5,000,000)
Reduces by \$5.0 million Gross (\$1.0 million GF/GP). This includes a shift of \$4.0 million in state restricted 21 st Century Jobs Trust Fund to Business Attraction and Community Revitalization to realize GF/GP savings.	Restricted	35,000,000	(4,000,000)
	GF/GP	\$1,000,000	(\$1,000,000)
2. Business Attraction and Community Revitalization	Gross	\$105,379,900	\$0
Replaces \$4.0 million GF/GP with a corresponding amount of 21 st Century Jobs Trust Fund transferred from the Pure Michigan line item for a net change of \$0 Gross.	Restricted	23,600,000	4,000,000
	GF/GP	\$81,779,900	(\$4,000,000)
3. Going Pro	Gross	\$37,918,800	(\$10,000,000)
Reduces program funding by \$10.0 million Gross. Replaces \$25.9 million state restricted Contingent Fund, Penalty and Interest Account funding with a corresponding amount of GF/GP for a total Going Pro appropriation of \$27.9 million GF/GP.	Restricted	25,918,800	(25,918,800)
	GF/GP	\$12,000,000	\$15,918,800
4. Community Ventures	Gross	\$4,000,000	(\$4,000,000)
Eliminates Community Ventures program totaling \$4.0 million from the state restricted Contingent Fund, Penalty and Interest Account.	Restricted	4,000,000	(4,000,000)
	GF/GP	\$0	\$0
5. At-Risk Youth Grants	Gross	\$3,000,000	(\$3,000,000)
Eliminates program grant for Jobs for Michigan Graduates totaling \$3.0 million from the state restricted Contingent Fund, Penalty and Interest Account.	Restricted	3,000,000	(3,000,000)
	GF/GP	\$0	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
6. Land Bank Fast Track Authority	FTE	9.0	0.0
Replaces \$1.5 million GF/GP with a corresponding amount of state restricted Land Bank Fast Track Fund revenues for a net change of \$0	Gross	\$4,125,700	\$0
Gross. Improved revenue generation from land bank operations has resulted in improved Land Bank Fast Track Fund revenues.	Federal	1,000,000	0
	Restricted	148,400	1,500,000
	GF/GP	\$2,977,300	(\$1,500,000)
7. Other One-Time Appropriations	Gross	\$151,300,600	(\$151,300,600)
Removes FY 2018-19 one-time appropriations totaling \$151.3 million Gross (\$151.3 million GF/GP). One-time appropriations supported the following items: Michigan Enhancement Grants (\$113.5 million); Business Attraction and Community Revitalization (\$20.0 million); Northern MI Tourism and Sports Fund (\$10.0 million); Entrepreneurship Eco-System (\$2.5 million); Workforce Development GEAR UP grants replacement (\$2.0 million); Arts and Cultural Grants (\$1.0 million); Project Rising Tide (\$1.0 million); Van Andel Institute (\$1.0 million); Rural Blight Elimination Program (\$350,000); and Drinking Water Declaration of Emergency (\$100).	Restricted	100	(100)
	GF/GP	\$151,300,500	(\$151,300,500)
8. MSHDA Fee Authorization Increase for Attorney General Costs	Gross	\$45,043,500	\$335,500
Includes \$335,500 of restricted MSHDA fees and charges for additional attorney general legal services.	Restricted	45,043,500	335,500
	GF/GP	\$0	\$0
9. DTED Reorganization	FTE	17.0	0.0
Includes a net zero reorganization of \$3.4 million and 17.0 FTE positions to reflect movement of organizational responsibilities.	Gross	\$3,365,400	\$0
	Federal	3,112,800	0
	Restricted	252,600	0
	GF/GP	\$0	\$0
10. Fund Source Realignment	Gross	NA	(\$2,233,000)
Includes a \$2.2 million reduction of federal fund authorization to align revenue sources with anticipated revenues and remove defined calculations/economics adjustments from federal funds that cannot absorb the economic increase.	Federal	NA	(2,185,100)
	Restricted	NA	(47,900)
	GF/GP	NA	\$0
11. Economics Adjustments	Gross	NA	\$2,709,000
Reflects increased costs of \$2.7 million Gross (\$243,700 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	1,685,100
	Private	NA	6,600
	Restricted	NA	773,600
	GF/GP	NA	\$243,700

Major Boilerplate Changes From FY 2018-19**Sec. 983. Broadband Bonding Prohibition – DELETED**

Prohibits the MSF and MSHDA from issuing or refinancing bonds for broadband construction, expansion, repairs, or upgrades. *NOTE: Governor indicated Section 983 is considered unenforceable in his signing letter for enacted FY 2018-19 budget.*

Sec. 984. SIGMA System Reporting – DELETED

Requires MSF to use SIGMA to report encumbrances and expenditures.

DTED – MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**Sec. 990. Michigan State Housing Development Authority Annual Report – DELETED**

Requires MSHDA to annually present a report on the status of the authority's housing production goals under all financing programs.

Major Boilerplate Changes From FY 2018-19**MICHIGAN STRATEGIC FUND*****Sec. 1004. Statutory Reporting Requirements Update – DELETED***

Requires MSF to provide information included in the MSF Act annual activities report to legislature by March 15.

Sec. 1006. Business Incentive and Community Revitalization Grant Amendment Reporting – DELETED

Requires MSF to provide a report of prior year amendments to Michigan Business Development Program and Michigan Community Revitalization Program incentives by March 15.

Sec. 1033. Film and Digital Media Office Status Report – DELETED

Requires annual activities report from the Michigan Film and Digital Media Office. The report shall include a listing of all projects that received assistance from the office, a listing of the services provided for each project, and an estimate of the investment leveraged.

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

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

Sec. 1047. Michigan Strategic Fund – Grants – DELETED

Specifies individual grants included in the MSF - Grant line item totaling \$1.4 million GF/GP: Van Andel Institute (\$1.0 million GF/GP) and Rural Blight Removal (\$350,000 GF/GP).

Sec. 1052. Project Rising Tide Performance Measures – DELETED

Requires DTED to identify specific performance measures for the Project Rising appropriations; provides two performance measures.

TALENT INVESTMENT AGENCY***Sec. 1070. Dropout Support and Career Training Grant – DELETED***

Requires \$1.5 million of the funds appropriated for Going Pro to support a pilot program to assist adults over the age of 23 in obtaining high school diplomas and placement in career training programs. Provides requirements to qualify as an eligible program provider. Provides detailed reimbursement rates for certain performance measures.

Sec. 1071. Dropout Prevention and Recovery Program for Michigan Youth – DELETED

Requires \$3.0 million from the funds appropriated for At-Risk Youth Grants to be awarded to the Michigan franchise holder of the national Jobs for America's Graduates program.

Sec. 1079. Interagency Agreement for TANF Funds – DELETED

Requires TIA to extend into an interagency agreement with Department of Health and Human Services for the use of TANF funds. Requires report on use of TANF funds by TIA.

Sec. 1080. Community Ventures Matching Funds – DELETED

Stipulates that up to \$2.0 million of funding for Community Ventures may be used for a matching program (\$1 for \$1) if private funds are raised.

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

Requires DTED to identify specific outcomes and performance metrics for increased funds associated with the Statewide Data System Integration line item. Provides nonexclusive list of performance metrics to be used. Status report required by March 15.

Sec. 1082. Sustainable Employment Pilot Program – DELETED

Requires a status update on the usage of funds appropriated for the Sustainable Employment Pilot Program. Provides requested reporting metrics.

Sec. 1084. Going Pro Performance Measures – DELETED

Requires DTED to identify specific performance measures for Going Pro appropriations; provides three performance measures.

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 DEPARTMENT OF HEALTH AND HUMAN SERVICES

Analysts: Kent Dell, Susan Frey, Kevin Koorstra, and Viola Wild

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$13,813,700	\$13,857,600	\$43,900	0.3
Federal	18,016,041,200	18,221,270,400	205,229,200	1.1
Local	121,612,600	155,806,100	34,193,500	28.1
Private	152,409,900	143,535,100	(8,874,800)	(5.8)
Restricted	2,758,754,600	2,864,946,300	106,191,700	3.8
GF/GP	4,439,614,400	4,779,342,000	339,727,600	7.7
Gross	\$25,502,246,400	\$26,178,757,500	\$676,511,100	2.7
FTEs	15,942.7	16,007.0	64.3	0.4

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Health and Human Services (DHHS) includes programs and services to assist Michigan's most vulnerable families, including public assistance programs, protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws, funding for behavioral health (mental health and substance use disorder), population health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

<u>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</u>	<u>FY 2018-19 YTD (as of 3/5/19)</u>	<u>Executive Change from YTD</u>
MEDICAID AND BEHAVIORAL HEALTH – GENERAL		
1. Traditional Medicaid Cost Adjustment	Gross \$13,697,562,500	\$224,444,500
Increases \$224.4 million Gross (\$150.6 million GF/GP) for traditional Medicaid program caseload, utilization, inflation, and financing adjustments. Amount includes \$70.5 million GF/GP to offset the decline in federal FMAP and SCHIP match rates from 64.45% to 64.06% and 98.12% to 86.34%, respectively. Compared to FY 2017-18 expenditures, State Budget Office forecasts an average annual increase of 3.8%.	Federal 8,782,364,700	67,504,000
	Local 47,462,400	1,033,000
	Private 2,100,000	0
	Restricted 2,304,205,100	5,272,100
	GF/GP \$2,561,430,300	\$150,635,400
2. Healthy Michigan Plan Cost Adjustment	Gross \$4,082,666,000	(\$75,222,900)
Reduces \$75.2 million Gross (increases \$68.1 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments, of which a reduction of \$50 million Gross (\$4.6 million GF/GP) is attributable to work requirement disenrollments. Amount includes \$75.1 million GF/GP to offset the decline in federal match rate from 93.25% to 90.75%. Compared to FY 2017-18 expenditures, State Budget Office forecasts an average annual increase of 3.8%.	Federal 3,805,273,200	(159,266,000)
	Local 873,700	361,100
	Restricted 181,916,500	15,565,900
	GF/GP \$94,602,600	\$68,116,100
3. Actuarial Soundness	Gross NA	\$211,452,000
Includes \$211.5 million Gross (\$61.9 million GF/GP) to support an estimated 2.75% actuarial soundness adjustment for prepaid inpatient health plans (PIHPs), an estimated 5.75% increase for PIHP autism services, and an estimated 2.0% actuarial soundness adjustment for Medicaid health plans and Healthy Kids Dental.	Federal NA	149,565,300
	GF/GP NA	\$61,886,700

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations	FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
DEPARTMENTAL ADMINISTRATION AND SUPPORT		
4. Property Management – Building Projects	Gross	\$65,966,100
Includes \$2.8 million Gross (\$1.7 million GF/GP) to fund improvement projects at department priority sites. The department intends to make \$9.0 million in improvements to the following sites: Barry County (\$230,000), Chippewa County (\$250,000), Gogebic County (\$175,000), Kalamazoo County (\$2.2 million), Mackinac County (\$80,000), Macomb County-Warren (\$1.0 million), St. Clair MRS and County Office (\$100,000), Washtenaw County (\$1.0 million), Wayne County-Adult Svcs. (\$1.0 million), Wayne County-Grand River/Warren (\$1.5 million), and Wayne County-Grandmont (\$1.5 million). Total shortfall after fixed costs and projects would be \$2.8 million.	IDG/IDT	593,500
	TANF	10,620,800
	Federal	25,152,800
	Private	36,400
	Restricted	168,900
	GF/GP	\$29,393,700
		\$2,760,600
5. Property Management – Lease Costs	Gross	\$65,966,100
Includes \$1.4 million Gross (\$855,300 GF/GP) to fund lease increases on non-state owned buildings resulting from mid-term contract increases within a lease, increased rates at renewal, or increased rates from new buildings and current market.	IDG/IDT	593,500
	TANF	10,620,800
	Federal	25,152,800
	Private	36,400
	Restricted	168,900
	GF/GP	\$29,393,700
		\$1,388,900
6. Information Technology – One-Time Funding	Gross	NA
Includes a net-zero adjustment, reallocating \$47.0 million Gross (\$11.8 million GF/GP) ongoing appropriations to one-time appropriations. Pursuant to 2018 PA 618 (SB 601), these additional appropriations were included in the FY 2018-19 budget to attenuate the IT funding shortfall.	Federal	NA
	GF/GP	NA
		\$0
7. Economic Adjustments	Gross	NA
Reflects increased costs of \$28.8 million Gross (\$19.1 million GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT	NA
	TANF	NA
	Federal	NA
	Local	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		\$28,809,400
CHILD SUPPORT ENFORCEMENT		
8. Federal Child Support Collection Fee Increase	Gross	NA
Includes an increase of \$956,300 GF/GP and a corresponding federal reduction to fund an increase in the annual federal child support collection fee. The fee was raised from \$25 to \$35 per case once \$550 is collected on behalf of the custodial parent. Currently, the state pays this fee instead of assessing it on custodial parents.	Federal	NA
	GF/GP	NA
		\$0
COMMUNITY SERVICES AND OUTREACH		
9. Crime Victim Justice Assistance Grant Increase	FTE	0.0
Includes an increase of \$40.0 million federal funding and authorizes 4.0 FTE positions to recognize additional Victims of Crime Act – Victim Assistance grant funding.	Gross	\$59,279,300
	Federal	59,279,300
	GF/GP	\$0
		\$40,000,000

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
CHILDREN'S SERVICES AGENCY – CHILD WELFARE			
10. Child Welfare Caseload Adjustments	Gross	\$659,258,800	\$21,014,400
Increases funding for child welfare programs by \$21.0 million Gross (\$13.4 million GF/GP) as follows:	Federal	198,260,300	6,065,800
<ul style="list-style-type: none"> Foster care payments are increased by \$15.6 million Gross (\$5.5 million GF/GP) from 6,400 cases at \$34,100 per year to 6,189 cases at \$37,700 per year. Adoption subsidies are reduced by \$6.3 million Gross (\$1.8 million GF/GP) from 22,920 cases at \$728.95 per month to 22,132 cases at \$731.29 per month. The Child Care Fund is increased by \$12.3 million GF/GP. Guardianship assistance payments are decreased by \$583,100 Gross (\$418,600 GF/GP) from 1,271 cases at \$709.26 per month to 1,236 cases at \$690.00 per month. 	TANF	94,804,700	666,100
	Local	17,183,500	919,200
	Private	1,770,700	0
	GF/GP	\$347,239,600	\$13,363,300
11. Foster Care Supportive Visitation Program	FTE	13.0	1.0
Includes an increase of \$5.9 million GF/GP and authorizes 1.0 FTE position to expand the Foster Care Supportive Visitation program to all 83 counties. Program is designed to help reunify children who are in foster care due to abuse and neglect with their parents. Funding would also support local contracts for the new Parent-Child Visit Assistance program.	Gross	\$38,900,900	\$5,913,700
	Federal	607,600	0
	TANF	38,043,300	0
	GF/GP	\$250,000	\$5,913,700
12. Family Reunification Program	FTE	13.0	1.0
Includes an increase of \$2.4 million TANF and authorizes 1.0 FTE position to continue funding for five family reunification program contracts whose work project funding will end in FY 2018-19.	Gross	\$38,900,900	\$2,371,500
	Federal	607,600	0
	TANF	38,043,300	2,371,500
	GF/GP	\$250,000	\$0
13. Parent Partner Family Preservation Program	FTE	13.0	0.0
Includes an increase of \$975,000 GF/GP to fund continuation of the Parent Partner Program, which provides in-home mentoring and other support services to help families succeed in reunification with their children who were placed in foster care.	Gross	\$38,900,900	\$975,000
	Federal	607,600	0
	TANF	38,043,300	0
	GF/GP	\$250,000	\$975,000
14. Relative Foster Care Provider Licensing Incentive Payments	Gross	\$243,507,000	\$1,764,600
Includes an increase of \$1.8 million GF/GP to support new \$1,000 one-time incentive payments for relative foster care providers who become licensed foster parents within 180 days of initial placement.	Federal	101,625,600	0
	TANF	9,166,600	0
	Local	17,183,500	0
	Private	1,770,700	0
	GF/GP	\$113,760,600	\$1,764,600
15. Implementation of State Pays First	Gross	NA	\$18,979,000
Increases funding by \$19.0 million Gross (reduces GF/GP by \$4.1 million) to implement 2018 PA 22, which requires the state to be the first payer of costs for children placed in child welfare under DHHS's care and requires counties be the first payer for those that are not. The increased appropriation authorizes DHHS to receive an estimated \$22.8 million in local funding to reimburse the state for services for which the state will now be the first payer.	Federal	NA	285,400
	Local	NA	22,811,800
	GF/GP	NA	(\$4,118,200)
16. Title IV-E Foster Care Reduction	Gross	\$243,507,000	(\$2,169,800)
Reduces funding by \$2.2 million Gross (\$1.1 million GF/GP) to recognize the decrease in foster care residential placements based on the requirements of the federal Family First Prevention Services Act (FFPSA) and the increase of in-home foster care. The FFPSA requires that if a foster child is placed in residential care, federal IV-E funding cannot be used after the first two weeks of placement.	Federal	101,625,600	(1,116,100)
	TANF	9,166,600	0
	Local	17,183,500	0
	Private	1,770,700	0
	GF/GP	\$113,760,600	(\$1,053,700)

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
17. Child Welfare Program Eliminations	Gross	\$775,000	(\$775,000)
Eliminates \$525,000 Gross (\$75,000 GF/GP) for state grant to Northeast Michigan Community Service Agency for School Success Partnership Program; eliminates \$250,000 GF/GP funding to Adoptive Family Support Network for the Parent-to-Parent mentoring program.	TANF	450,000	(450,000)
	GF/GP	\$325,000	(\$325,000)
PUBLIC ASSISTANCE			
18. Food Assistance Program Caseload Adjustment	Gross	\$1,931,717,000	(\$170,911,300)
Recognizes a \$170.9 million reduction in federal Supplemental Nutrition Assistance Program revenues during FY 2018-19 and FY 2019-20 due to declining caseloads.	Federal	1,927,007,000	(170,911,300)
	Restricted	4,710,000	0
	GF/GP	\$0	\$0
19. Public Assistance Caseload Adjustments	Gross	\$143,367,800	(\$12,122,100)
Recognizes a \$12.1 million Gross (\$2.8 million GF/GP) reduction in expected public assistance program expenditures (excluding food assistance) during FY 2018-19 and FY 2019-20 due to declining caseloads. Amount includes savings of \$168,300 GF/GP from FMAP declining from 64.45% to 64.06%. Reductions include:	TANF	58,840,000	(9,442,000)
• Family Independence Program: \$9.4 million Gross (\$168,300 GF/GP)	Restricted	15,514,600	168,300
• State Disability Assistance: \$1.5 million GF/GP	GF/GP	\$69,013,200	(\$2,848,400)
• State Supplementation: \$1.2 million GF/GP			
20. Family Independence Program – Child Support Pass Through	Gross	\$75,216,800	\$0
Includes a net-zero exchange of \$946,000 restricted and \$946,000 TANF to implement a child support pass through up to \$200 per eligible FIP-recipient family. Child support payments are otherwise split 36/64 with the federal government to support the cost of TANF-funded programs. TANF would be used to offset the revenues the state would not receive by adopting the pass through payments.	TANF	58,840,000	946,000
	Restricted	11,361,900	(946,000)
	GF/GP	\$5,014,900	\$0
FIELD OPERATIONS AND SUPPORT SERVICES			
21. SSI Legal Services Grant Elimination	Gross	\$250,000	(\$250,000)
Eliminates \$250,000 GF/GP allocated for Supplemental Security Income (SSI) legal services with the Legal Services Association of Michigan (LSAM).	GF/GP	\$250,000	(\$250,000)
BEHAVIORAL HEALTH SERVICES			
22. Direct Care Wage Increase Annualization	Gross	\$16,000,000	\$16,000,000
Includes \$16.0 million Gross (\$5.3 million GF/GP) to annualize the \$0.25 direct care behavioral health worker hourly wage increase included in 2018 PA 618.	Federal	10,899,500	10,688,700
	GF/GP	\$5,100,500	\$5,311,300
23. Caro Staffing Increase Annualization	FTE	68.0	0.0
Includes \$3.0 million GF/GP to annualize the 68.0 FTE position authorization increase at the Caro Regional Mental Health Center added in 2018 PA 618 to address clinical and direct care staff shortages. Staff would come from a combination of direct civil service hires and contractual staff through a Michigan-based behavioral health services provider.	Gross	\$5,910,000	\$3,023,300
	GF/GP	\$5,910,000	\$3,023,300
24. Center for Forensic Psychiatry	FTE	601.1	12.0
Includes \$2.2 million GF/GP and authorizes 12.0 FTE positions to increase the number of forensic evaluations performed for persons who may be incompetent to stand trial. From August 2016 to December 2018, the forensic evaluation wait list grew from 79 to 138.	Gross	\$94,729,400	\$2,178,600
	Federal	3,000,000	0
	Local	10,115,800	0
	Restricted	3,002,100	0
	GF/GP	\$78,611,500	\$2,178,600

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
25. Federal State Response to the Opioid Crisis Grant		Gross	\$0
Includes \$31.9 million federal from the new state opioid response grant. The federal grant for FY 2018-19 is \$28.2 million and DHHS has indicated it will be requesting those funds through a federal contingency fund transfer.		Federal	0
		GF/GP	\$0
			\$31,914,700
26. Behavioral Health Program Reductions or Eliminations		Gross	NA
Reflects a savings of \$6.8 million GF/GP by reducing or eliminating the following behavioral health programs:		GF/GP	NA
<ul style="list-style-type: none"> Eliminates Michigan CARES hotline (\$3.0 million GF/GP). Reduces Mental Health and Wellness Commission (\$1.8 million GF/GP). Eliminates court-appointed guardian reimbursement (\$1.5 million GF/GP). Eliminates Conference of Western Wayne opioid pilot (\$500,000 GF/GP). 			(\$6,800,000)
			(\$6,800,000)
27. Community Mental Health Non-Medicaid Funding		Gross	\$125,578,200
Does not include the second year hold harmless funding that is a part of the current FY 2018-19 CMHSP rebasing formula. Six CMHSPs would be reduced by a combined \$5.5 million GF/GP, as the new formula is scheduled to be phased in over a 5-year period.		GF/GP	\$125,578,200
			\$0
POPULATION HEALTH			
28. Flint Drinking Water and Lead Exposure Emergency		Gross	\$4,621,100
Increases funding for assistance to residents exposed to lead in the city of Flint by \$3.4 million Gross (\$3.8 million GF/GP); funding for health care, food and nutrition, lead abatement, and other services is moved to the ongoing budget totaling \$5.2 million GF/GP, and one-time funding is reduced by \$1.8 million Gross (\$1.4 million GF/GP) for lead abatement workforce development, transportation, and senior assistance; total funding proposed is \$8.1 million. In addition, work project funding available from prior fiscal years would also be used for services.		Restricted	376,700
		GF/GP	\$4,244,400
			\$3,811,200
29. Environmental Contamination Response		FTEs	75.1
Increases funding by \$8.3 million GF/GP and authorizes 19.0 FTE positions to expand monitoring and response to public health hazards and threats from environmental contamination, and to expand laboratory capacity for testing and analysis for dioxins, mercury, polychlorinated biphenyls (PCBs), arsenic, and lead; also funds nurse case management for children with elevated blood lead levels in Detroit, and local health department sampling for state laboratory testing. YTD shown is Epidemiology Administration line item.		Gross	\$21,179,800
		Federal	13,141,000
		Private	264,900
		Restricted	683,200
		GF/GP	\$7,090,700
			\$8,314,200
30. PFAS Contamination Response		FTEs	46.0
Increases funding by \$5.5 million GF/GP and authorizes 4.0 FTE positions for public health response to perfluoroalkyl and polyfluoroalkyl (PFAS) drinking water contamination; funds support toxicology and chemical analysis, outreach, and local health department services including provision of alternative water sources/water filters and environmental and well sampling for state laboratory testing. Work project funding available from prior fiscal years would also be used for services.		Gross	\$18,925,300
		GF/GP	\$18,925,300
			\$5,542,800

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
31. State Innovation Model Regions – One-Time Funding	Gross	\$10,000,000	\$7,000,000
Includes one-time funding of \$7.0 million GF/GP to sustain infrastructure of five community health innovation regions (CHIRs) initiated under the four-year \$70 million federal state innovation model (SIM) grant nearing completion, while SIM evaluation and recommendations are completed and the regions work to identify ongoing non-state financial support. Work project funding available from prior fiscal years would also be used.	Federal	10,000,000	0
	GF/GP	\$0	\$7,000,000
32. Population Health Program Reductions and Eliminations	Gross	\$5,000,000	(\$4,450,000)
Eliminates GF/GP funding for bone marrow registry (\$250,000), early primary care incentive program (\$500,000), pediatric traumatic brain injury treatment (\$1.0 million), laboratory opioid enhanced testing (\$1.0 million), and reduces funding for outstate dental clinics (\$1.0 million). Also eliminates funding for alternative pregnancy and parenting program (\$700,000 Gross, \$50,000 GF/GP).	TANF	650,000	(650,000)
	GF/GP	\$4,350,000	(\$3,800,000)
33. Lead Abatement Grant SCHIP Adjustment	Gross	\$27,754,200	\$0
Replaces \$2.9 million federal with a corresponding amount of GF/GP to recognize reduction of the federal share for lead abatement grant from 98.12% to 86.34%. YTD funding shown is for Healthy Homes Program line item of which \$23.5 million is federal Children's Health Insurance Program (SCHIP) funds approved for use for lead abatement in Flint and other high-risk communities for up to five years, since FY 2016-17.	Federal	25,194,100	(2,857,400)
	Private	77,800	0
	Restricted	723,700	0
	GF/GP	\$1,758,600	\$2,857,400
34. Preventive Health Services Block Grant Reallocation	Gross	\$495,000	\$0
Reallocates \$495,000 of ongoing federal Preventive Health and Health Services block grant funding to 4 new prevention projects for asthma, safe sleep, diabetes, and emerging health needs; moves funds from Primary Care Services line item to Local Health Services line item. Previous use of the funds for primary care clinics is no longer allowed under the grant and was replaced with GF/GP funding in FY 2018-19.	Federal	495,000	0
	GF/GP	\$0	\$0
35. Health and Wellness Initiatives – Healthy Michigan Fund	Gross	\$9,047,600	\$0
Includes net \$0 adjustments which eliminate the Health and Wellness Initiatives line item and move GF/GP and Healthy Michigan Fund (HMF) project funding to related appropriation line items. Line item was created in FY 2011-12 when HMF funding for public health prevention projects was reduced and consolidated.	Restricted	5,299,100	0
	GF/GP	\$3,748,500	\$0
36. Waive Vital Records Fee for Homeless	Gross	\$10,167,700	\$226,000
Includes \$226,000 GF/GP to waive state or local vital records fee for a copy of a birth certificate to a homeless individual who has lost their copy; \$136,000 supports state cost (Vital Records), and \$90,000 reimburses homeless service agencies that pay county or out-of-state fee (Homeless Programs). YTD shown is Vital Records line item appropriation. Sec. 456 is related boilerplate. Statutory change is required.	Federal	4,553,600	0
	Restricted	5,172,100	0
	GF/GP	\$442,000	\$226,000
37. Population Health Federal and Private Funds Adjustments	Gross	NA	(\$31,769,700)
Recognizes net reduction of \$31.8 million for federal and private funding, including: 1) completion of \$269,700 federal nursing collaborative grant; 2) \$25.0 million reduction to women, infants, and children (WIC) food program federal authorization to recognize declining caseload; 3) \$7.0 million reduction to AIDS program federal and private authorization to align to actual spending; and 4) \$500,000 increase to epidemiology and laboratory capacity grant.	Private	NA	(5,000,000)
	Federal	NA	(26,769,700)
	GF/GP	NA	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
MEDICAL SERVICES			
38. Healthy Michigan Plan Work Requirement	FTE	84.0	(48.0)
Includes \$36.2 million Gross (\$23.1 million GF/GP) for administrative costs and employment and training-related services and supports related to the Healthy Michigan Plan work requirements set to begin January 1, 2020. .	Gross	\$49,078,800	\$36,215,400
	Federal	37,035,500	13,107,700
	GF/GP	\$12,043,300	\$23,107,700
39. Medicaid Adult Home Help Minimum Wage Increase	Gross	\$328,368,100	\$28,173,100
Includes \$28.2 million Gross (\$10.1 million GF/GP) for Medicaid adult home help minimum wage cost increases. FY 2018-19 YTD funding supports a minimum wage of \$9.25 that will increase to \$9.65 on January 1, 2020. Amount includes \$16.6 million Gross (\$6.0 million GF/GP) to increase home health agency providers, which have been decoupled from minimum wage increases since November 2017.	Federal	212,068,900	18,047,600
	GF/GP	\$116,299,200	\$10,125,500
40. Office of Inspector General Medicaid Managed Care Audit	FTE	NA	30.0
Includes a net reduction of \$21.6 million Gross (\$4.9 million GF/GP) in state recoupment of inappropriate and fraudulent payments from Medicaid managed care organizations to providers. Amount includes an increase of \$3.4 million Gross (\$1.7 million GF/GP) and authorizes 30.0 FTE positions for the Office of Inspector General and a reduction of \$25.0 million Gross (\$6.6 million GF/GP) from Medicaid recoupments. Current Inspector General activity is limited to Medicaid fee-for-service payments.	Gross	NA	(\$21,582,600)
	Federal	NA	(16,721,100)
	GF/GP	NA	(\$4,861,500)
41. Medicaid Managed Care Pharmaceutical Administration	Gross	NA	(\$19,853,000)
Reduces the Medicaid managed care pharmaceutical administration component by \$19.9 million Gross (\$5.0 million GF/GP). Pharmaceutical administrative costs are calculated as a percentage of pharmaceutical costs, so any pharmaceutical cost increases have led to a proportionate increase in payments for Medicaid managed care pharmaceutical administration.	Federal	NA	(14,853,000)
	GF/GP	NA	(\$5,000,000)
42. Medicaid Managed Care Health Insurer Fee – One-Time Funding	Gross	\$0	\$180,500,000
Includes \$180.5 million Gross (\$50.0 million GF/GP) on a one-time basis under the assumption that the federal Affordable Care Act (ACA) health insurer fee moratorium will expire, as is anticipated under current federal law.	Federal	0	130,480,200
	GF/GP	\$0	\$50,019,800
43. Special Hospital Payments	Gross	NA	\$101,481,400
Includes a net increase of \$101.5 million Gross (net reduction of \$9.1 million GF/GP) based on changes to special hospital payments. Changes include: Hospital Rate Adjustment (HRA) increase of \$67.5 million Gross (\$1.6 million GF/GP reduction), Medicaid Access to Care Initiative (MACI) reduction of \$3.7 million Gross (\$0 GF/GP), outpatient Disproportionate Share Hospital (DSH) increase of \$40.7 million Gross (\$4.5 million GF/GP reduction), and Rural Hospital Obstetrical Stabilization Pool reduction of \$3.0 million GF/GP.	Federal	NA	79,861,600
	Restricted	NA	30,685,200
	GF/GP	NA	(\$9,065,400)
44. MiDocs	Gross	\$28,129,400	(\$15,529,400)
Reduces \$15.5 million Gross (\$3.7 million GF/GP) based on anticipated spending in FY 2018-19, as unspent FY 2018-19 funding will be available as work project authorization for FY 2019-20. Also reduces federal authorization based on a 50% federal match rather than FMAP.	Federal	18,129,400	(11,829,400)
	Restricted	5,000,000	0
	GF/GP	\$5,000,000	(\$3,700,000)
45. Psychiatric Residency Program	Gross	\$8,438,800	(\$8,438,800)
Eliminates \$8.4 million Gross (\$3.0 million GF/GP) added in 2018 PA 618 to support a new psychiatric residency training program through Beaumont Health.	Federal	5,438,800	(5,438,800)
	GF/GP	\$3,000,000	(\$3,000,000)

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
46. Hospice Room and Board	Gross	\$3,318,000	(\$3,318,000)
Eliminates \$3.3 million GF/GP for hospice room and board payments that are not eligible for federal Medicaid reimbursement.	GF/GP	\$3,318,000	(\$3,318,000)
47. Medicaid Long-Term Care – Capital Asset Value Limit	Gross	\$1,866,486,100	\$4,862,600
Includes \$4.9 million Gross (\$1.7 million GF/GP) for changing the capital asset value limit for Class I nursing facilities from a total average to a rolling 15-year average of new construction.	Federal	1,199,095,600	3,115,000
	Local	6,618,800	0
	Private	2,100,000	0
	Restricted	361,309,300	0
	GF/GP	\$297,362,400	\$1,747,600
48. Medicaid Long-Term Care – Variable Cost Limit	Gross	\$1,866,486,100	(\$15,303,300)
Reduces \$15.3 million Gross (\$5.5 million GF/GP) by changing the Class I and Class III variable cost limit from the 80 th percentile to the 70 th percentile.	Federal	1,199,095,600	(9,803,300)
	Local	6,618,800	0
	Private	2,100,000	0
	Restricted	361,309,300	0
	GF/GP	\$297,362,400	(\$5,500,000)
49. Medicaid Long-Term Care – Quality Assurance Assessment Program (QAAP)	Gross	\$1,866,486,100	\$59,347,000
Includes \$59.3 million Gross (reduces \$6.6 million GF/GP) in QAAP-funding supplemental nursing facility payments. Total payment would be \$620.0 million Gross.	Federal	1,199,095,600	38,017,700
	Local	6,618,800	0
	Private	2,100,000	0
	Restricted	361,309,300	27,891,600
	GF/GP	\$297,362,400	(\$6,562,300)
50. Opioid Prescribing	Gross	NA	(\$2,000,000)
Reduces \$2.0 million Gross (\$500,000 GF/GP) due to FY 2018-19 policy changes limiting certain opioid prescriptions to seven days and reducing Morphine Equivalent Daily Dose limits in accordance with federal CDC guidelines.	Federal	NA	(1,500,000)
	GF/GP	NA	(\$500,000)
51. Non-Emergency Medical Transportation Pilot	Gross	\$1,419,600	(\$1,419,600)
Eliminates \$1.4 million Gross (\$510,200 GF/GP) allocated for a non-emergency medical transportation pilot aimed at increasing public transportation utilization.	Federal	909,400	(909,400)
	GF/GP	\$510,200	(\$510,200)
52. State Restricted Revenue Adjustments	Gross	NA	\$0
Revises restricted revenues based on projected available revenue for a net increase of \$15.0 million, which is offset with a corresponding amount of GF/GP savings. Revisions include:	Federal	NA	25,000,000
• Increasing State Psychiatric DSH savings \$25.0 million.	Restricted	NA	(10,000,000)
• Reducing Medicaid Benefits Trust Fund \$10.0 million.	GF/GP	NA	(\$15,000,000)
• Reducing Merit Award Trust Fund \$2.5 million.			
• Increasing Healthy Michigan Fund \$2.5 million.			
ONE-TIME APPROPRIATIONS			
53. Remove FY 2018-19 One-Time Appropriations	Gross	\$56,024,000	(\$56,024,000)
Removes \$56.0 million Gross (\$37.8 million GF/GP) of one-time appropriations included in FY 2018-19.	Federal	14,206,300	(14,206,300)
	Private	4,000,000	(4,000,000)
	GF/GP	\$37,817,700	(\$37,817,700)

Major Boilerplate Changes From FY 2018-19

GENERAL SECTIONS

Sec. 210. Contingency Fund Appropriations – REVISED

Appropriates federal, state restricted, local, and private contingency funds of up to \$545 million total, available for expenditure when transferred to a line item through the legislative transfer process. Revises by increasing state restricted contingency funds from \$45 million to \$90 million.

Sec. 250. Information Technology Cost Estimates – REVISED

Requires DHHS to report monthly regarding expenditures on information technology services and projects by service, project and line item, including year-to-date spending and planned spending for the remainder of the fiscal year; defines “projects”; requires DHHS to coordinate with DTMB to provide a 5-year strategic plan for information technology services and projects including changes in federal and state shares. Retains with minor revisions.

Sec. 275. Year-End Federal Funds Adjustments – REVISED

Provides limited authority for the Executive to realign capped and other federal fund sources to maximize federal revenues as part of the year-end closing process, and requires a report by November 30 on the realignments made for the previous fiscal year. Revises to strike year-end closing language, allowing DHHS to realign federal fund sources at any time during the fiscal year.

Sec. 298. Behavioral Health Integration Pilot Projects – REVISED

Requires DHHS to continue to pilot the integration of behavioral health and physical health services, including: project facilitator, demonstration model project in Kent County with a willing CMHSP, up to 3 additional pilot projects with CMHSPs and Medicaid health plans, reinvest savings into behavioral health services in the pilot area, and evaluate pilots and replicability. Requires report by DHHS, and report by managing entities of pilots, and states legislative intent for projects. Revises to remove DHHS report requirement and make one technical change.

Sec. 299. Request for Proposal for Contract – DELETED

Prohibits DHHS from issuing a request for proposal (RFP) for a contract in excess of \$5 million, without first considering issuing a request for information (RFI) or a request for qualification (RFQ) relative to that contract; DTMB must be notified of evaluation process used to determine if an RFI or RFQ was not necessary prior to issuing the RFP; requires that all vendors receive detailed notices of RFP results; requires report.

CHILDREN’S SERVICES – CHILD WELFARE

Sec. 532. Licensing and Contract Compliance Review – DELETED

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

FIELD OPERATIONS AND SUPPORT SERVICES

Sec. 809. Pathways to Potential – REVISED

Details the purpose, goals, and reporting requirements of the Pathway to Potential program, as well as requirements for measuring outcomes and remedial course of action for schools that do not have sufficient outcomes as measured by the department. Revises to remove the requirement to reduce the number of dropouts and increase graduation rates, as well as the requirement to report on funding allocation for each participant school.

BEHAVIORAL HEALTH SERVICES

Sec. 912. Salvation Army Harbor Light Program – DELETED

Requires DHHS to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services, if program meets standard of care.

Sec. 924. Autism Services Fee Schedule – REVISED

Requires DHHS to establish a fee schedule for autism services by not allowing expenditures used for actuarially sound rate certification to exceed the identified fee schedule; reduces behavioral technician fee schedule by 10%, but not less than \$50.00 per hour. Revises to maintain the established fee schedule.

Major Boilerplate Changes From FY 2018-19**Sec. 940. Transferring and Withdrawing CMHSP Allocations – REVISED**

Requires DHHS to review CMHSP expenditures to identify projected lapses and surpluses, to encourage the board of the CMHSP with a projected lapse to concur with the recommendation to reallocate the lapse to other CMHSPs, and to withdraw funds from a CMHSP if those funds were not expended in a manner approved by DHHS, including for services and programs provided to individuals residing outside of the CMHSP's geographic region; prohibits a CMHSP from receiving additional funding if the CMHSP transferred out or withdrew funds during current fiscal year; requires CMHSPs to report any proposed reallocations prior to going into effect; requires legislative notification and report. Revises by removing the requirement to withdraw unspent funds if funds were not expended in a manner approved by DHHS.

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

Requires DHHS to seek, if necessary, a federal waiver to allow a CMHSP, PIHP, or subcontracting provider agency that is reviewed and accredited by a national accrediting entity for behavioral health care services to be in compliance with state program review and audit requirements; requires a report that lists each CMHSP, PIHP, and subcontracting provider agency that is considered in compliance with state requirements; requires DHHS to continue to comply with state and federal law not initiate an action by negatively impacts beneficiary safety; defines "national accrediting entity."

POPULATION HEALTH**Sec. 1234. Essential Local Public Health Services Funding Formula Revision – DELETED**

Requires DHHS to develop and report to the legislature a revised distribution formula for the allocation of essential local public health services line item appropriations to local health departments, and states legislative intent that the new formula be implemented beginning October 1, 2019.

Sec. 1235. Prison Food Service Kitchen Inspections by Local Health Departments – DELETED

States that if funds become available from the Department of Corrections, funds shall be allocated to local health departments to evaluate and inspect food service kitchens of state prisons.

Sec. 1303. Contract Restrictions for Family Planning Local Agreements with State Funds – DELETED

Prohibits DHHS from contracting with an organization that provides elective abortions, or abortion counseling or referrals, for services funded with state restricted or GF/GP funds appropriated for family planning local agreements. Prohibits an organization under contract with DHHS from subcontracting with an organization that provides elective abortions or abortion counseling or referrals, for services that are to be funded with state restricted or GF/GP funds appropriated for family planning local agreements.

Sec. 1305. Contract Restrictions and Priorities for Family Planning and Pregnancy Prevention – DELETED

(1) Prohibits DHHS from contracting for family planning and pregnancy prevention services with an entity that engages in abortion activities under 2002 PA 360, if another entity applies to provide those services that is not already engaged in abortion activities. (2) Requires DHHS to give a higher priority to a) contracting for services in counties where there are currently no contracts for services, before b) contracting for additional services by an entity that engages in abortion activities in a county where there are already services provided by an entity that does not engage in abortion activities. (Governor's FY 2018-19 signing letter states section is considered unenforceable.)

MEDICAL SERVICES**Sec. 1763. Actuarial Services Request for Proposal – DELETED**

Requires DHHS to issue a request for proposal for a 3-year contract for actuarial services related to rate setting for traditional Medicaid and Healthy Michigan Plan during the next contract renewal period and to notify the legislature.

Sec. 1802. and Sec. 1866. Rural Hospital Payments – REVISED

Sec. 1802 directs \$8.0 million in lump sum payments to hospitals that qualified for rural hospital access payments in FY 2013-14 at a rate proportional to each hospital's obstetrical care and newborn care volume. Sec. 1866 allocates \$18.0 million GF/GP and any associated federal match to hospitals providing services to low-income rural residents; provides that no hospital or hospital system may receive more than 10% of the total distribution; requires DHHS to provide each hospital the distribution methodology and data used to determine payment amounts. Revises by combining both sections into Sec. 1802 and reducing the \$8.0 million lump sum payment to \$5.0 million.

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

Requires hospitals receiving GME payments to submit quality data utilizing consensus-based nationally endorsed standards to be posted on a public website, lists specific quality reporting information, requires hospitals to also post quality data on the hospital's website, and requires DHHS to withhold 25% of a hospital's GME payment if data is not submitted by January 1. Revises by requiring data submission for acute care hospitals only and by removing the 25% withhold.

Major Boilerplate Changes From FY 2018-19**Sec. 1855. Unused PACE Slots – DELETED**

Requires DHHS, if funds are available, to allow PACE programs to increase then number of program slots if the local PACE program provides documentation of its ability to expand capacity, and to allow PACE programs to enroll more than 10 new members per month to address unmet demand.

Supplemental Recommendations for FY 2018-19 Appropriations	FY 2018-19 Recommendation
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MEDICAID AND BEHAVIORAL HEALTH – GENERAL

1. Traditional Medicaid Cost Adjustments	Gross	(\$16,552,800)
Reduces \$16.6 million Gross (\$11.9 million GF/GP) for traditional Medicaid program caseload, utilization, and inflation adjustments.	Federal	(4,649,800)
	GF/GP	(\$11,903,000)
2. Healthy Michigan Plan Cost Adjustments	Gross	(\$37,860,700)
Reduces \$37.9 million Gross (\$2.6 million GF/GP) for Healthy Michigan Plan caseload, utilization, and inflation adjustments.	Restricted	(35,305,100)
	GF/GP	(\$2,555,600)

DEPARTMENTAL ADMINISTRATION AND SUPPORT

3. Attorney General Health, Education, and Family Services Div.	Gross	\$190,000
Includes \$190,000 Gross (\$136,000 GF/GP) to fund additional hours of legal work required to provide for increased central registry appeals and administrative hearings in the capital.	Federal	54,000
	GF/GP	\$136,000
4. Restricted Revenue – Fund Source Adjustment	Gross	\$417,400
Includes \$417,400 in restricted funding to align authorization with available revenues, resulting from re-basing from first year SIGMA cost allocations. Line items affected include, Property Management (\$324,700), Worker's Compensation (\$40,000), and Terminal Leave Payments (\$52,700).	Restricted	417,400
	GF/GP	\$0

CHILD SUPPORT ENFORCEMENT

5. Federal Child Support Collection Fee Increase	Gross	\$0
Includes an increase of \$956,300 GF/GP and a federal reduction of a corresponding amount to fund an increase in the annual federal child support collection fee. The fee was raised from \$25 to \$35 per case once \$550 is collected on behalf of the custodial parent. Currently, the state pays this fee instead of assessing it on custodial parents.	Federal	(956,300)
	GF/GP	\$956,300

COMMUNITY SERVICES AND OUTREACH

6. Bureau of Community Services and Outreach Federal Funding Transfer	Gross	\$0
Transfers \$835,000 federal funding authorization from the Weatherization Assistance line item to the Bureau of Community Services line item. DHHS states transfer would align funding with current operational structure.	Federal	0
	GF/GP	\$0
7. Community Services and Outreach Administration Funding Adjustments	Gross	\$167,000
Transfers \$400,000 GF/GP from the Behavioral Health Program Administration line item to the Community Services and Outreach Administration line item. Adjusts financing of line item by reducing federal authorization by \$293,000 and increasing GF/GP by \$60,000. DHHS states that line item has been financed incorrectly since its creation after the merger.	Federal	(293,000)
	GF/GP	\$460,000
8. Domestic Violence Prevention and Treatment Staffing Increase	Gross	\$315,000
Includes a restricted fund increase of \$315,000 from the Crime Victim's Rights Fund to pay for two staff: a new director over crime victim services programs and a new executive secretary.	Restricted	315,000
	GF/GP	\$0
9. STOP Violence Federal Grant	Gross	\$1,568,500
Includes an increase of \$1.6 million in federal revenue for anticipated additional federal funding from the STOP violence grant. Grant will be rebid in FY 2018-19.	Federal	1,568,500
	GF/GP	\$0

Supplemental Recommendations for FY 2018-19 Appropriations**FY 2018-19
Recommendation****10. Michigan Community Service Commission**

Transfers authorization for 1.0 FTE position from the Michigan Community Service Commission line item to the Community Services and Outreach Administration line item.

FTE	0.0
Gross	\$0
Federal	0
GF/GP	\$0

CHILDREN'S SERVICES – CHILD WELFARE**11. Child Welfare Caseload Adjustments**

Includes an increase of \$18.2 million Gross (\$10.3 million GF/GP) for caseload adjustments. Of this increase, \$12.3 million is for the foster care program for which average costs per case are increasing.

Gross	\$18,185,100
Federal	6,845,700
TANF	433,100
Local	627,000
GF/GP	\$10,279,300

12. Adoption Support Services Fund Shift

Includes an increase of \$100,200 GF/GP to offset decreased Title IV-B funding authorization (award letter dated 5/11/2018).

Gross	\$0
Federal	(100,200)
GF/GP	\$100,200

13. Adoption Incentive Payment Grant

Includes an increase of \$4.1 million federal funding to reflect the award of two grants for the Adoption and Legal Guardianship Incentive Payments Program.

Gross	\$4,145,500
Federal	4,145,500
GF/GP	\$0

14. Attorney General Contract Increase

Includes an increase of \$340,000 Gross (\$247,800 GF/GP) for increased attorney general costs for child abuse and neglect court cases in Wayne County.

Gross	\$340,000
Federal	92,200
GF/GP	\$247,800

15. Child Welfare Institute Staffing Increase

Includes an increase of \$130,000 Gross (\$98,600 GF/GP) and authorizes 1.0 FTE position for a supervisor to oversee the six new child welfare trainers added in FY 2018-19.

FTE	1.0
Gross	\$130,000
Federal	31,400
GF/GP	\$98,600

16. Foster Care Program Increases

Includes increases of \$462,100 Gross (\$335,000 GF/GP) to fund fingerprinting checks that are required by the federal Family First Prevention Services Act (FFPSA) and \$427,700 federal for a grant award received in September 2018 for a Kinship Navigator program.

Gross	\$889,800
Federal	427,700
TANF	127,100
GF/GP	\$335,000

17. Settlement Monitor

Includes an increase of \$148,300 Gross (\$78,400 GF/GP) to fund an increase in the Settlement Monitor contract.

Gross	\$148,300
Federal	69,900
GF/GP	\$78,400

18. Strong Families/ Safe Children

Includes a decrease of \$2.6 million in federal funding to recognize a reduction of federal grants for FY 2017-18.

Gross	(\$2,550,100)
Federal	(2,550,100)
GF/GP	\$0

CHILDREN'S SERVICES – JUVENILE JUSTICE**19. Shawono Center and Bay Pines Center**

Replaces \$489,600 of the local county chargeback revenue appropriation with GF/GP in order to make use of the full appropriated amounts of the two facilities' budgets. The County Chargeback revenue authorization in these line items is greater than the amount that the counties might be required pay.

Gross	\$0
Local	(489,600)
GF/GP	\$489,600

PUBLIC ASSISTANCE**20. Food Assistance Program Caseload Adjustment**

Recognizes a \$113.8 million reduction in federal Supplemental Nutrition Assistance Program revenues due to declining caseloads.

Gross	(\$113,757,300)
Federal	(113,757,300)
GF/GP	\$0

Supplemental Recommendations for FY 2018-19 Appropriations		FY 2018-19 Recommendation	
21. Public Assistance Caseload Adjustments	Gross		(\$4,637,200)
Recognizes a \$4.6 million Gross (\$1.8 million GF/GP) reduction in expected public assistance program expenditures (excluding food assistance) due to declining caseloads. Reductions include:	TANF		(2,815,800)
	GF/GP		(\$1,821,400)
<ul style="list-style-type: none"> Family Independence Program: \$2.8 million Gross (\$0 GF/GP) State Disability Assistance: \$883,500 GF/GP State Supplementation: \$937,900 GF/GP 			
22. State Supplementation Administration	Gross		\$125,000
Includes \$125,000 GF/GP to support increased administrative costs, based on a 3-year spending average, and a 2.8% administrative rate increase for federal SSI.	GF/GP		\$125,000
FIELD OPERATIONS AND SUPPORT SERVICES			
23. MI Rehabilitation Services – FTE Allocation	FTE		29.0
Includes authorization for 29.0 FTE positions to meet federal Workforce Innovation and Opportunity Act mandates to serve all persons with disabilities.	Gross		\$0
	GF/GP		\$0
BEHAVIORAL HEALTH SERVICES			
24. Federal Mental Health Block Grant	FTE		1.5
Includes \$3.1 million federal and authorizes 1.5 FTE positions for the federal mental health block grant. There is approximately \$4.5 million in federal carryforward that is available for appropriation.	Gross		\$3,100,000
	Federal		3,100,000
	GF/GP		\$0
25. Revenue Recapture	Gross		\$100
Includes \$100 in local funding for the revenue recapture program of the state psychiatric hospitals.	Local		100
	GF/GP		\$0
MEDICAL SERVICES			
26. Adult Home Help Minimum Wage Increase	Gross		\$5,702,000
Includes \$5.7 million Gross (\$2.0 million GF/GP) for Medicaid adult home help minimum wage cost increases. FY 2018-19 YTD funding supports a minimum wage of \$9.25 that increased to \$9.45 on January 1, 2019.	Federal		3,675,000
	GF/GP		\$2,027,000
27. Electronic Home Visiting Verification	Gross		\$1,500,000
Includes \$1.5 million Gross (\$150,000 GF/GP) to develop an IT system to electronically verify delivery of Medicaid home help services.	Federal		1,350,000
	GF/GP		\$150,000
28. Special Hospital Payments	Gross		\$140,022,000
Includes a net increase of \$140.0 million Gross (net reduction of \$10.7 million GF/GP) based on changes to special hospital payments.	Federal		108,980,300
	Restricted		41,729,000
	GF/GP		(\$10,687,300)
29. Medicaid Long-Term Care – Quality Assurance Assessment Program (QAAP)	Gross		\$44,000,000
Increases \$44.0 million Gross (reduces \$4.9 million GF/GP) in QAAP-funding for supplemental nursing facility payments.	Federal		28,358,000
	Restricted		20,562,900
	GF/GP		(\$4,920,900)
30. Opioid Prescribing	Gross		(\$2,000,000)
Reduces \$2.0 million Gross (\$474,900 GF/GP) from a FY 2018-19 policy change that limits certain opioid prescriptions to seven days and reduces Morphine Equivalent Daily Dose limits in accordance with federal CDC guidelines.	Federal		(1,525,100)
	GF/GP		(\$474,900)
31. Special Medicaid Reimbursements	Gross		\$118,602,800
Increases special Medicaid reimbursements by \$118.6 million Gross (reduces \$25.0 million GF/GP) for Specialty Network Access Fee, physician adjustor payments, dental adjuster payments, graduate medical education innovations pool, and state psychiatric DSH payments. GF/GP reductions are from state psychiatric DSH payments.	Federal		100,623,000
	Local		9,272,500
	Restricted		33,707,300
	GF/GP		(\$25,000,000)

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 HIGHER EDUCATION

Analyst: Perry Zielak

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	123,526,400	123,526,400	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	500,188,300	0	(500,188,300)	(100.0)
GF/GP	1,046,017,900	1,587,795,400	541,777,500	51.8
Gross	\$1,669,732,600	\$1,711,321,800	\$41,589,200	2.5

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. University Operations Funding	Gross	\$1,456,911,800	\$43,707,400
Increases university operations funding by \$43.7 million GF/GP, a 3.0% increase. The increase is distributed across-the-board, so that each university receives a 3.0% increase. Attainment of the additional student affordability funding would be conditioned on restraining resident undergraduate tuition and fee increases to 3.2% or \$427, whichever is greater (set at 3.8% or \$490 in the current year). Replaces \$494.3 million School Aid Fund (SAF) with a corresponding amount of GF/GP. Total funding for operations would be \$1.5 billion GF/GP.	Restricted	494,286,300	(494,286,300)
	GF/GP	\$962,625,500	\$537,993,700
2. Michigan State Extension and AgBioResearch Programs	Gross	\$64,429,100	\$1,932,800
Increases funding for Michigan State's AgBioResearch program by \$1.0 million GF/GP and Extension program by \$895,100 GF/GP, a 3.0% increase for both programs.	GF/GP	\$64,429,100	\$1,932,800
3. Tuition Incentive Program	Gross	\$64,300,000	(\$4,500,000)
Reduces funding for Tuition Incentive Program by \$4.5 million in federal Temporary Assistance for Needy Families (TANF) funds, a 7.0% decrease, which pays for Medicaid-eligible students' tuition costs for associate's degrees. Implements program reimbursement rate cap of 3x the average community college in-district tuition rate. Total funding for TIP would be \$59.8 million.	Federal	64,300,000	(4,500,000)
	GF/GP	\$0	\$0
4. Michigan Competitive Scholarships Fund Swap	Gross	\$32,361,700	\$0
Maintains current funding levels for Michigan Competitive Scholarships, but replaces \$2.1 million GF/GP with a corresponding amount of TANF funding.	Federal	24,361,700	2,069,100
	GF/GP	\$8,000,000	(\$2,069,100)

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
5. Tuition Grant Program Fund Swap		Gross	\$38,021,500
Maintains current funding levels for the Tuition Grant Program, but replaces \$2.4 million GF/GP with a corresponding amount of TANF funding.		Federal	31,664,700
		GF/GP	\$6,356,800
			2,430,900
			(\$2,430,900)
6. Children of Veterans and Officer's Survivor Tuition Grant Program		Gross	\$1,400,000
Maintains current funding levels for the Children of Veterans and Officer's Survivor Tuition Grant Program, but replaces \$100,000 in restricted funding with a corresponding amount of GF/GP.		Restricted	100,000
		GF/GP	\$1,300,000
			(100,000)
			\$100,000
7. Michigan Public School Employee Retirement System (MPERS) Normal Cost Offset		Gross	\$669,000
Increases funding by \$565,000 GF/GP to reimburse universities for the normal cost increase required to reduce the assumed rate of return for MPERS from 7.5% to 7.05% and incorporates \$669,000 into the base from previous one-time funding that lowered the assumed rate of return from 8% to 7.5%. Total funding for the MPERS normal cost offset would be \$1.2 million GF/GP.		Restricted	669,000
		GF/GP	\$0
			(669,000)
			\$1,234,000
8. MPERS State Share of UAL Stabilization Payment		Gross	\$5,133,000
Reduces funding by \$116,000 GF/GP for the state's share of the universities' unfunded liability contribution to MPERS. The state's share is the difference between the calculated unfunded accrued liability contribution to the system and the employer contribution cap of 25.73% of payroll for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Replaces \$5.0 million SAF with a corresponding amount of GF/GP. Total funding for the state share of MPERS would be \$5.0 million GF/GP.		Restricted	5,133,000
		GF/GP	\$0
			(5,133,000)
			\$5,017,000

Major Boilerplate Changes From FY 2018-19**Sec. 242. Federal or Private Funds – REVISED**

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

Sec. 245. University Transparency – REVISED

Requires each university to post on its website specified data on budget, revenue, expenditures, and employee compensation, as well as university performance data, information on transfer policies and opportunities for high school students to earn college credit, collective bargaining agreements, benefit plans, and audits. Deletes requirement that state budget director determine compliance and language granting authority to withhold payments for a university not in compliance.

Sec. 252. Tuition Grant Program – REVISED

Provides for distribution of funds appropriated for Tuition Grants; specifies maximum grant amount of at least \$2,400, unless insufficient funds are available, in which case a report is required. Deletes language that specifies that the \$4.2 million institutional cap does not apply to any other student financial aid program or in combination with any other financial aid program.

Sec. 256. Tuition Incentive Program – REVISED

Includes new language that states the program will cover tuition and fees that do not exceed 3x the in-district community college tuition per-credit rate of the previous academic year. Deletes language directing universities to report TIP Phase I student enrollment and students receiving Pell grants by December 1 because language is currently present that states beginning in FY 2019-20, the reporting deadline is October 15.

Major Boilerplate Changes From FY 2018-19**Sec. 261. Douglas Lake Biological Station – DELETED**

Deletes legislative intent section that designates the University of Michigan's Douglas Lake Biological Station as a unique research resource and aims to protect the lake area.

Sec. 265. Student Affordability Criteria: Tuition Restraint – REVISED

Provides tuition restraint requirements in order to receive performance funding increase. Revises tuition restraint cap for universities to 3.2% or \$427, whichever is greater. Deletes legislative intent language that indicates universities that violate the tuition restraint cap shall not receive a capital outlay project authorization in FY 2019-20, FY 2020-21, and FY 2021-22 and will have its appropriation adjusted.

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

Revises language specifying funding applies only to the appropriation year of FY 2019-20. Replaces "performance funding" with "student affordability." Deletes language detailing the performance formula and revises to state that universities receive a 3% funding increase from the prior fiscal year. Deletes legislative intent language about allocating more funding based on performance metrics in future years.

Sec. 265c. Articulation Agreements and Academic Partnerships Reporting – DELETED

Deletes requirement where the Michigan Community College Association (MCCA), the Michigan Association of State Universities (MASU), and the Michigan Independent Colleges and Universities (MICU) report on the names and number of baccalaureate degree programs offered on community college campuses, the names of articulation agreements between universities and community colleges, and the number of students enrolled and degrees awarded through articulation agreements and on-campus baccalaureate programs.

Sec. 265e. Distribution of Sexual Assault Prevention, Safety, and Mental Health Funds – DELETED

Deletes legislative intent language that specifies universities use a portion of operations funding on campus safety programs, sexual assault prevention programs and student mental health programs.

Sec. 268. Indian Tuition Waivers – REVISED

Specifies that \$300,000 appropriation be proportional to each institution's shortfall. Requires Department of Civil Rights to report certain information related to the waivers, and requires universities to provide data under guidelines and procedures developed by the Department of Civil Rights. Deletes legislative intent language that states unfunded Indian Tuition Waiver costs be allocated from the general fund.

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

Deletes legislative intent language that instructs public universities not to use appropriations to offer instructional activity that targets companies or groups of companies for unionization or decertification of a union.

Sec. 274. Embryonic Stem Cell Research – DELETED

Deletes legislative intent language that instructs organizations conducting research using human embryonic stem cells report to the Department of Health and Human Services regarding compliance with federal guidelines and detailing usage of stem cell lines.

Sec. 275a. Capital Outlay Requirements – DELETED

Deletes section that prohibits use of state funds for self-liquidating projects and requires compliance with Joint Capital Outlay Subcommittee reporting requirements, with specified penalty of 1.0% of appropriation for failure to comply.

Sec. 289. Audit of Higher Education Institutional Data Inventory (HEIDI) Data – REVISED

Requires auditor general to review HEIDI data; excludes certain credit hours from those reported to HEIDI; states that legislature retains authority to exclude specific academic programs for enrollment reporting purposes. Deletes language defining certain restrictions on what can be reported as student credit hours, including distance learning and hours generated through inmate prison programs. Deletes definition of distance learning instruction.

Supplemental Recommendations for FY 2018-19 Appropriations**FY 2018-19
Recommendation****1. Talent Investment Fund Deposit**

Deposits \$50.0 million GF/GP in the Talent Investment Fund. The Talent Investment Fund currently supports various projects and scholarships connected to the Marshall Plan for Talent (2018 PA 227) and would be repurposed for the Michigan Reconnect Grant Program. Total funding would be \$110.0 million, made up of the Marshall Plan for Talent work project lapse of \$60.0 million and the \$50.0 million GF/GP deposit.

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

Supplemental Recommendations for FY 2018-19 Appropriations

**FY 2018-19
Recommendation**

2. Michigan Reconnect Grant Program

Creates the Michigan Reconnect Grant Program. The program would provide tuition assistance for eligible recipients to obtain an associate degree or an industrial certificate at eligible community colleges, technical programs and community-based organizations. Total funding for the Michigan Reconnect Grant Program would be \$110.0 million, made up of the Marshall Plan for Talent work project lapse of \$60.0 million and a \$50.0 million GF/GP deposit. The program would be available through FY 2019-20 as a work project.

Gross	\$110,000,000
Restricted	110,000,000
GF/GP	\$0

FY 2019-20 University Performance Funding Increases
Executive Recommendation

		Proportional to FY 2010-11		Performance Funding Proportional to Share of Total				Performance Funding Scored vs. National Carnegie Peers												
% of formula:		0.0%		0.0%		0.0%		0.0%												
Funding per unit:		\$0.00 per dollar		\$0.00 per completion		\$0.00 per dollar		\$0.00 per weighted point												
University	FY 2018-19 Year-to-Date Appropriation	FY 2010-11 Appropriation	Funding	Critical Skills Undergrad Completions	Funding	Research & Development Expenditures	Funding	6-year Grad Rate	Total Degrees	Instl. Support as % of Expend.	% Students Receiving Pell Grants	Total Points	Total FY 2018 Undergrad FYES	FYES- Weighted Points	Funding	*Total Student Affordability Funding Increase	Proposed FY 2019-20 Appropriation	Percent Change		
Michigan State	\$286,274,200	\$283,685,200	\$0	3,423	\$0	\$380,486,534	\$0	2	3	2	0	7	36,995	258,965	\$0	\$8,588,200	\$294,862,400	3.0%		
UM-Ann Arbor	320,782,400	\$316,254,500	0	3,290	0	\$914,018,000	0	3	3	2	0	8	29,411	235,287	0	9,623,400	330,405,800	3.0%		
Wayne State	202,363,200	\$214,171,400	0	1,057	0	\$191,999,000	0	2	2	0	3	7	14,614	102,295	0	6,070,900	208,434,100	3.0%		
Central	87,415,000	\$80,132,000	0	836	0	\$15,736,994	0	2	3	2	2	9	16,211	145,899	0	2,622,500	90,037,500	3.0%		
Michigan Tech	49,949,600	\$47,924,200	0	965	0	\$59,970,863	0	3	2	2	0	7	5,570	38,993	0	1,498,500	51,448,100	3.0%		
Western	111,151,000	\$109,615,100	0	1,235	0	\$24,093,220	0	0	2	2	2	6	16,160	96,960	0	3,334,500	114,485,500	3.0%		
Eastern	76,979,300	\$76,026,200	0	991	0	\$5,085,290	0	2	3	2	0	7	13,918	97,424	0	2,309,400	79,288,700	3.0%		
Oakland	52,819,200	\$50,761,300	0	1,427	0	\$12,772,918	0	2	3	3	0	8	14,760	118,080	0	1,584,600	54,403,800	3.0%		
Grand Valley	72,056,600	\$61,976,400	0	1,487	0			3	3	2	0	8	19,899	159,190	0	2,161,700	74,218,300	3.0%		
Saginaw Valley	30,528,000	\$27,720,700	0	537	0			0	0	2	0	2	6,857	13,714	0	915,800	31,443,800	3.0%		
UM-Dearborn	26,071,800	\$24,726,200	0	534	0			2	2	2	2	8	5,937	47,499	0	782,200	26,854,000	3.0%		
UM-Flint	23,585,400	\$20,898,000	0	600	0			0	2	0	2	4	4,938	19,750	0	707,600	24,293,000	3.0%		
Ferris	54,950,700	\$48,619,200	0	1,443	0			0	3	2	0	5	9,866	49,330	0	1,648,500	56,599,200	3.0%		
Northern	47,998,400	\$45,140,300	0	553	0			2	3	2	0	7	6,373	44,611	0	1,440,000	49,438,400	3.0%		
Lake Superior	13,987,000	\$12,694,200	0	194	0			2	2	0	0	4	1,824	7,296	0	419,600	14,406,600	3.0%		
TOTAL:	\$1,456,911,800	\$1,420,344,900	\$0	18,570	\$0	\$1,604,162,819	\$0	25	36	25	11	97	203,332	1,435,293	\$0	\$43,707,400	\$1,500,619,200	3.0%		

Data Notes			
Component	Source	Years	Notes
Critical skills undergrad completions	State HEIDI	FYs 2017-2018	STEM/health/etc.
Research & develop expend	Federal IPEDS	FY 2017	Carnegie research universities only
Six-year graduation rate	Federal IPEDS^	FYs 2013-2016	First-time, full-time degree seeking students
Total degree completions	Federal IPEDS^	FYs 2013-2016	Includes graduate degrees
Inst support as % of core expend	Federal IPEDS^	FYs 2013-2016	Measure of administrative costs
Pell grant students	Federal IPEDS^	FYs 2014-2016	Federal need-based aid for undergrads
Undergrad FYES	State HEIDI	FY 2018	Includes nonresident students

^ via Business Leaders for Michigan and Anderson Economic Group

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

*Requirements to receive student affordability funding increase:

1. Restrain FY 2019-20 resident undergraduate tuition/fee rate increase to 3.2% or \$427 (whichever is greater)
2. Participate in at least three reverse transfer agreements with community colleges
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation
4. Actively participate in and submit timely updates to the Michigan Transfer Network

Requirements to avoid a 10% reduction in operations funding:

1. Submit Sec. 274c & 274d Title IX reports
2. Comply with various Title IX requirements listed in Sec. 265b

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Analyst: Marcus Coffin

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$713,800	\$723,100	\$9,300	1.3
Federal	2,017,300	1,017,600	(999,700)	(49.6)
Local	0	0	0	--
Private	0	0	0	--
Restricted	64,690,800	66,999,100	2,308,300	3.6
GF/GP	550,000	150,000	(400,000)	(72.7)
Gross	\$67,971,900	\$68,889,800	\$917,900	1.4
FTEs	342.5	352.5	10.0	2.9

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating, licensing, examining, evaluating, and promoting the insurance and financial services industries operating within the state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Anti-Fraud Unit	FTE	NA	6.0
Includes \$499,300 Gross (\$0 GF/GP) and authorization for 6.0 FTE positions for the Anti-Fraud Unit, created under Executive Order 2018-9. The unit will provide the department greater ability to conduct background checks and to investigate instances of fraudulent activity in the financial services and insurance industries.	Gross	NA	\$499,300
	IDG	NA	1,400
	Restricted	NA	497,900
	GF/GP	NA	\$0
2. Removal of FY 2018-19 One-Time Funding	Gross	\$400,000	(\$400,000)
Eliminates \$400,000 GF/GP that was included in the FY 2018-19 budget to fund an actuarial and economic study to support the pursuit of a state innovation waiver, available under section 1332 of the Patient Protection and Affordable Care Act.	GF/GP	\$400,000	(\$400,000)
3. Net-to-Zero Fund Shift	Gross	NA	\$0
Reflects the replacement of federal funding with restricted funding (due to reductions in federal funding); includes fund source adjustments to align with the department's cost allocation plan.	Federal	NA	(1,000,000)
	Restricted	NA	1,000,000
	GF/GP	NA	\$0
4. FTE Position Authorization Increase	FTE	NA	4.0
Authorizes 4.0 additional FTE positions to address workload increases in the Insurance Evaluation and Financial Institutions Evaluation line items. Due to recent statutory changes to the Insurance Code of 1956, departmental responsibilities have increased with respect to licensing insurance agents, maintaining continuing education programs, and approving qualifying insurance companies.	Gross	NA	\$0
	GF/GP	NA	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations	FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
5. Economic Adjustments	Gross	NA
Reflects increased costs of \$818,600 (\$0 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA
	Federal	NA
	Restricted	NA
	GF/GP	NA
		\$818,600
		7,900
		300
		810,400
		\$0

Major Boilerplate Changes From FY 2018-19**Sec. 207. Out-of-State Travel Requirements and Report – REVISED**

Stipulates limitations regarding the conditions when DIFS may send employees on out-of-state travel, further limits the expenditure of state funds on out-of-state professional development conferences, and requires a detailed report on out-of-state travel. Revises to strike sections delineating conditions under which out-of-state travel is permissible and to modify the requirements for information contained within the report.

Sec. 218. Communication with the Legislature – DELETED

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

Sec. 219. Television and Radio Productions – DELETED

Prohibits DIFS from developing or producing television or radio productions.

Sec. 220. Healthy Michigan Plan Accounting Structure – DELETED

Requires DIFS, in conjunction with the Department of Health and Human Services, to maintain an accounting structure within the state's accounting system that facilitates the identification of expenditures associated with the Healthy Michigan Plan.

Sec. 221. Appropriation for Healthy Michigan Plan Statutory Reporting Requirements – DELETED

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

Sec. 222. Insurance Bureau Fund Use – DELETED

Stipulates that appropriations from the Insurance Bureau Fund may be used to support legislative participation in insurance activities coordinated by insurance and legislative associations, in accordance with the Insurance Code of 1956.

Sec. 301. Health Insurance Rate Filings Report – DELETED

Requires DIFS to submit a report based on the annual rate filings from health insurers and delineates the information to be included.

Sec. 401. Section 1332 State Innovation Waiver Study – DELETED

Requires DIFS to use one-time GF/GP funding to have an actuarial firm complete a study capable of supporting the state's pursuit of a state innovation waiver, available under section 1332 of the Patient Protection and Affordable Care Act; outlines material to be contained in the study.

Summary: Executive Budget Recommendation for Fiscal Year 2019-20

JUDICIARY

Analyst: Robin R. Risko

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$1,551,300	\$1,551,700	\$400	0.0
Federal	5,987,400	6,028,400	41,000	0.7
Local	6,499,800	6,579,500	79,700	1.2
Private	981,600	994,300	12,700	1.3
Restricted	92,979,500	93,044,900	65,400	0.1
GF/GP	196,079,500	201,142,200	5,062,700	2.6
Gross	\$304,079,100	\$309,341,000	\$5,261,900	1.7
FTEs	502.0	503.0	1.0	0.2

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Cybersecurity for Supreme Court Website	Gross	NA	\$1,929,100
Includes \$1.9 million GF/GP (\$1.5 million one-time, \$454,100 ongoing) for redesigning and updating the Supreme Court website and extranet. Funding would be used to support staff, purchase web content management software, replace and secure customer relationship management software, and provide for cloud-hosting and software licenses.	GF/GP	NA	\$1,929,100
2. Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers	FTE	0.0	7.0
	Gross	\$0	\$841,900
Includes \$841,900 GF/GP and authorization for 7.0 FTE positions for the State Appellate Defender Office (SADO) to ensure compliance with the U.S. Supreme Court ruling on the <i>Montgomery v Louisiana</i> case. SADO provides post-conviction representation of juvenile lifers. There are 96 clients awaiting new sentencing hearings.	GF/GP	\$0	\$841,900
3. SADO Caseload Increase	FTE	51.0	4.0
	Gross	\$8,143,400	\$457,200
Includes \$457,200 GF/GP and authorization for 4.0 FTE positions for SADO's public defense division to provide representation for an increased number of clients appealing convictions they received after trial.	Federal	343,500	0
	Private	85,900	0
	Restricted	92,300	0
	GF/GP	\$7,621,700	\$457,200

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD	
4. Online Dispute Resolution Services		Gross	\$2,815,800	\$450,000
Includes \$450,000 GF/GP for expanding availability of online dispute resolution for small claims and landlord/tenant cases. Also, funding would be used to pilot the use of online dispute resolution services to resolve certain domestic relations and youth-related issues and to prevent rental eviction.	Restricted	2,390,800	0	
	GF/GP	\$425,000	\$450,000	
5. Pretrial Risk Assessment		FTE	0.0	1.0
Includes \$325,700 GF/GP and authorization for 1.0 FTE position for continued improvement and development of the pretrial risk assessment tool. Funding would be used to collect, analyze, and interpret pretrial court data, provide technical assistance, conduct trainings on pretrial best practices, establish pretrial metrics and performance measures, and improve technological resources and data integration reports.	Gross	\$0	\$325,700	
	GF/GP	\$0	\$325,700	
6. Judicial Tenure Commission (JTC)		Gross	\$1,162,900	\$200,000
Includes \$200,000 GF/GP (\$100,000 one-time, \$100,000 ongoing) for additional staff resources to handle a backlog of cases, which is due to an increase in the number of formal complaints and increasingly complex cases.	GF/GP	\$1,162,900	\$200,000	
7. Judgeship Changes		Gross	NA	(\$436,300)
Reflects a net savings from the following changes in judgeships: elimination of 2.0 Court of Appeals judges (2012 PA 40); elimination of 2.0 district court judges (2018 PA 6); and establishment of 3.0 circuit court judges (2014 PA 56, 2014 PA 57, and 2018 PA 6). The net savings amount is a result of the effective dates of the judgeship changes.	Restricted	NA	15,600	
	GF/GP	NA	(\$451,900)	
8. Removal of Current Year One-Time Funding		FTE	11.0	(11.0)
Reduces the budget by \$1.8 million GF/GP and 11.0 FTE positions to reflect removal of one-time funding and FTE positions included in the FY 2018-19 budget. Items removed include: \$700,000 and 11.0 FTE positions for SADO to ensure compliance with the U.S. Supreme Court ruling on the <i>Montgomery v Louisiana</i> case, \$750,000 for expansion of problem solving courts, \$305,700 for pretrial risk assessment, and \$75,000 for the Youthful Sex Offender Treatment pilot program.	Gross	\$1,830,700	(\$1,830,700)	
	GF/GP	\$1,830,700	(\$1,830,700)	
9. Economic Adjustments		Gross	NA	\$3,325,000
Reflects increased costs of \$3.3 million Gross (\$3.1 million GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), insurance rate increases, actuarially required retirement contributions, worker's compensation premium costs, building occupancy charges, and rent.	IDG	NA	400	
	Federal	NA	41,000	
	Local	NA	79,700	
	Private	NA	12,700	
	Restricted	NA	49,800	
	GF/GP	NA	\$3,141,400	

Major Boilerplate Changes From FY 2018-19

Sec. 206. Businesses in Deprived and Depressed Communities – NEW

Requires the judicial branch to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both; requires the judicial branch to encourage firms the judicial branch contracts with to subcontract with certified businesses in deprived and depressed communities.

Sec. 215. Disciplinary Action Against State Employees – DELETED

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

Major Boilerplate Changes From FY 2018-19

Sec. 216. Input on Foster Care Cases – DELETED

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

Sec. 217. Changes to Foster Care Family Service Plans – DELETED

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

Sec. 218. Linking Swift and Sure Sanctions Program to DHHS, DTED, and MDOC Programming – DELETED

Requires Supreme Court Administrative Office (SCAO) to identify programs within Departments of Health and Human Services, Talent and Economic Development, and Corrections that have programmatic connections with Swift and Sure Sanctions program participants for the purpose of leveraging collaborations and determining avenues of success for offenders who are eligible for state-provided programs; requires SCAO to provide guidance to courts participating in Swift and Sure Sanctions program of available DHHS, DTED, and MDOC programming.

Sec. 219. Receipt and Retention of Required Reports – DELETED

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

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

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

Sec. 312. Parental Rights Restoration Act – DELETED

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

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

Requires SADO to ensure compliance with the U.S. Supreme Court ruling on *Montgomery v Louisiana* case and to ensure competent, resourced, and supervised counsel in cases involving resentencing of juvenile lifers; requires SADO to submit a report on the number of juvenile lifer cases investigated and prepared, to include a calculation of hours spent, and a focus on incremental costs associated with investigating and conducting each case.

Sec. 403. Youthful Sex Offender Treatment Pilot Program – DELETED

Requires funding allocated to Kent County to be used for assessing sex offenders, between the ages of 17 and 24, for risk, and for providing treatment to eligible offenders; specifies that the duration of treatment will be determined by and will depend on assessment-based level of identified risk; requires victim approval of offenders' enrollment in the program.

Sec. 1201. Anticipated FY 2019-20 Appropriations – DELETED

Expresses legislative intent that FY 2019-20 appropriations will be funded at the same level as FY 2018-19 appropriations, adjusting for changes in caseloads, federal fund match rates, economic factors, and available revenues.

Summary: Executive Budget Recommendation for Fiscal Year 2019-20

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

Analyst: Marcus Coffin

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$48,414,300	\$49,014,200	\$599,900	1.2
Federal	91,213,900	95,852,500	4,638,600	5.1
Local	300,000	100,000	(200,000)	(66.7)
Private	111,800	251,800	140,000	125.2
Restricted	276,471,400	303,125,900	26,654,500	9.6
GF/GP	135,845,300	124,268,100	(11,577,200)	(8.5)
Gross	\$552,356,700	\$572,612,500	\$20,255,800	3.7
FTEs	2,384.8	2,404.8	20.0	0.8

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Licensing and Regulatory Affairs (LARA) is the state's primary regulatory agency. LARA oversees regulation across a variety of areas, including: commercial and occupational activities, construction and fire safety, health care and human services, energy and public utilities, liquor control, and marihuana. Agencies within LARA are responsible for implementing and enforcing workers' compensation requirements, occupational safety and health standards, and labor and wage laws, in addition to providing vocational rehabilitation services for the blind and coordinating employment services for immigrants. Entities within LARA also conduct and adjudicate administrative hearings, provide support for several commissions, and administer multiple grant programs (including Michigan Indigent Defense Commission Grants).

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. 2018 Initiated Law 1 – Veterans Treatment Research		Gross	NA
Includes \$20.0 million in restricted funding to support clinical trials (approved by the FDA and sponsored by a non-profit organization or researcher within an academic institution) researching the efficacy of marihuana for treating medical conditions afflicting veterans and preventing veteran suicide, in accordance with 2018 Initiated Law 1.		Restricted	NA
		GF/GP	NA
			\$20,000,000
			\$0
2. Recreational Marihuana Licensing and Regulation		FTE	NA
Includes \$6.0 million in restricted funding from the Marihuana Regulation Fund and authorization for 30.0 FTE positions for the department's activity related to licensing entities and otherwise regulating the recreational marihuana market, in accordance with 2018 Initiated Law 1. Approximately \$4.5 million Gross would be allocated for salaries, wages, and fringe benefits, while the remainder would be allocated for other costs, including information technology and contractual services.		Gross	NA
		Restricted	NA
		GF/GP	NA
			30.0
			\$6,000,000
			6,000,000
			\$0
3. Michigan Indigent Defense Commission Grants Reduction (MIDC)		Gross	\$86,850,100
Reduces funding by \$5.9 million GF/GP to reflect removal of one-time funding that was included in FY 2018-19 for grant awards to local units for compliance with MIDC standards 1-4.		Local	200,000
		Restricted	100
		GF/GP	\$86,650,000
			0
			0
			(\$5,850,400)
			(\$5,850,400)

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
4. First Responder Presumed Coverage Fund Removal		Gross	\$5,445,000
Removes \$5.4 million in First Responder Presumed Coverage Fund restricted funding from the First Responder Presumed Coverage Fund Claims and Workers' Compensation Agency line items. The removal reflects the elimination of the 3% excise tax on medical marihuana provisioning center sales via 2018 Initiated Law 1, since that excise tax served as the primary funding source for the First Responder Presumed Coverage Fund.		Restricted	(\$5,445,000)
		GF/GP	(5,445,000)
			\$0
5. Office for New Americans – Unaccompanied Refugee Minors		Gross	NA
Includes \$3.8 million in federal funding for the Michigan Office for New Americans to increase service capabilities of providers assisting unaccompanied refugee minors.		Federal	\$3,790,900
		GF/GP	3,790,900
			\$0
6. Medical Marihuana Right-Sizing		FTE	(13.0)
Includes \$900,000 in restricted funding and a reduction of 13.0 FTE positions to align departmental resources with anticipated ongoing administrative, licensing, and enforcement activities related to medical marihuana facilities licensing and regulation.		Gross	\$900,000
		Restricted	900,000
		GF/GP	\$0
			\$0
7. Refugee Services Database		Gross	NA
Includes \$520,000 in federal funding for the Michigan Office for New Americans to develop a refugee services database that will be used for data monitoring purposes to streamline federal reporting requirements.		Federal	520,000
		GF/GP	\$0
			\$0
8. Bureau of Fire Services Awards		Gross	NA
Increases federal funding for the Bureau of Fire Services by \$500,000 to recognize federal awards related to firefighter training and fire prevention.		Federal	500,000
		GF/GP	\$0
			\$0
9. Child Care Restricted Funding		Gross	NA
Includes \$500,000 in restricted funding to recognize revenues that are anticipated to be collected from child day care centers and child day care homes for licensing and regulation pursuant to 2017 PA 258.		Restricted	500,000
		GF/GP	\$0
			\$0
10. Adult Foster Care Restricted Funding		Gross	NA
Includes \$410,000 in restricted funding to recognize revenues that are anticipated to be collected from adult foster care facilities for licensing and regulation pursuant to 2018 PA 557.		Restricted	410,000
		GF/GP	\$0
			\$0
11. Firefighter Training Grants Enhancement		Gross	\$2,000,000
Includes \$300,000 in restricted funding for enhancements to Firefighter Training Grants that would be disbursed on a county basis for reimbursements for Michigan Fire Fighter's Training Council-approved courses related to mental health and community risk reduction.		Restricted	300,000
		GF/GP	\$0
			\$0
12. Bureau of Fire Services Testing Support		FTE	1.0
Includes \$289,900 in restricted funding and authorization for 1.0 FTE position to implement new fire service testing requirements and to conduct quality assurance audits on training coordinators, in accordance with 2017 PA 144.		Gross	\$289,900
		Restricted	289,900
		GF/GP	\$0
			\$0
13. Michigan Indigent Defense Commission Statewide Training		FTE	1.0
Includes \$205,200 GF/GP and authorization for 1.0 FTE position for the development and implementation of a system for the evaluation of proposals for indigent defense training, regular assessment of training quality, and monitoring of attorney training compliance.		Gross	\$205,200
		GF/GP	\$205,200
			\$205,200

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
14. Light-Duty Zero Emission Vehicle Supply Equipment Program	FTE	NA	1.0
Includes \$140,000 in private funding and authorization for 1.0 FTE position to support the Light-Duty Zero Emission Vehicle Supply Equipment Program pursuant to the Volkswagen Settlement Beneficiary Mitigation Plan. The funding would be used to analyze investments in public charging stations for electric vehicles.	Gross	NA	\$140,000
	Private	NA	140,000
	GF/GP	NA	\$0
15. Elimination of Fee Sunsets	Gross	NA	NA
Proposes the elimination of sunsets on 38 fees and fee schedules that are set to sunset on September 30, 2019 and October 1, 2019. The fees are deposited into four restricted funds and the sunseting of the fees would entail a revenue loss of approximately \$16.7 million.	GF/GP	NA	NA
16. Technical Adjustments	Gross	NA	(\$7,088,200)
Reduces funding by \$7.1 million Gross (\$6.4 million GF/GP) to reflect the removal of FY 2018-19 supplemental appropriations and legislative transfers, incorporate funding alignments and net-to-zero funding shifts, and to reflect line item consolidations which have no Gross impact.	Federal	NA	(952,400)
	Local	NA	(200,000)
	Restricted	NA	439,200
	GF/GP	NA	(\$6,375,000)
17. Economic Adjustments	Gross	NA	\$5,083,400
Reflects increased costs of \$5.1 million Gross (\$443,000 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum) actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	599,900
	Federal	NA	780,100
	Restricted	NA	3,260,400
	GF/GP	NA	\$443,000

Major Boilerplate Changes From FY 2018-19

Sec. 207. Out-of-State Travel Requirements and Report – REVISED

Stipulates limitations regarding the conditions when LARA may send employees on out-of-state travel, further limits the expenditure of state funds on out-of-state professional development conferences, and requires a detailed report on out-of-state travel. Revises to strike sections delineating conditions under which out-of-state travel is permissible and to modify requirements for information to be contained within the report.

Sec. 218. Communication with the Legislature – DELETED

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

Sec. 219. Television and Radio Productions – DELETED

Prohibits LARA from developing or producing television or radio productions.

Sec. 220. Healthy Michigan Plan Accounting Structure – DELETED

Requires LARA, in conjunction with the Department of Health and Human Services, to maintain an accounting structure within the state's accounting system which facilitates the identification of expenditures associated with the Healthy Michigan Plan.

Sec. 226. Regulatory and Statistical Report – DELETED

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

Sec. 227. Departmental Employee Performance Monitoring Process – DELETED

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

Sec. 302. Fast Charging Siting Study – DELETED

Requires the Michigan Agency for Energy, in cooperation with the Public Service Commission and Department of Transportation, to prepare a study assessing statewide optimal siting locations for fast charging stations; includes study content requirements.

Major Boilerplate Changes From FY 2018-19

Sec. 505. Medical Marihuana Program Report – REVISED

Requires LARA to submit a report on revenue, expenditures, application determinations, and timeliness of the Medical Marihuana Program and other specified information. Revises to delete application data and revenue and cost information required to be contained in the report.

Sec. 509. Regulatory Fees on Child and Adult Care Facilities – DELETED

Requires LARA to assess and collect fees on child care and adult foster care organizations in accordance with existing legislation; requires the department to report these collections to the fiscal agencies.

Sec. 511. Notice of AFC, HFA, and LTC Facility Closing – DELETED

Requires that LARA properly serve a facility and notify the offices of the representing legislators when an order of suspension is received for a licensed adult foster care home, home for the aged, or nursing home.

Sec. 702. Vocational Rehabilitation Matching Funds – DELETED

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

Sec. 704. First Responder Presumed Coverage Claims Excess Funds – DELETED

Allows excess funds received from the First Responder Presumed Coverage Fund to be appropriated in an amount sufficient to pay approved claims due in the current fiscal year.

Sec. 803. Michigan Indigent Defense Commission Performance Metrics and Report – DELETED

Requires MIDC to implement a performance metrics system assessing provision of indigent defense services; requires a report on metrics.

Sec. 904. Michigan Indigent Defense Commission Standards Compliance – DELETED

Stipulates an indigent defense system's duty of compliance with standards is contingent upon receipt of a grant in an amount sufficient to comply with provisions in 2013 PA 93.

Supplemental Recommendations for FY 2018-19 Appropriations

**FY 2018-19
Recommendation**

1. Child Care Restricted Funding

Includes \$500,000 in restricted funding to recognize revenues that are anticipated to be collected from child day care centers and child day care homes for licensing and regulation pursuant to 2017 PA 258.

Gross	\$500,000
Restricted	500,000
GF/GP	\$0

2. Implementation of 2018 Initiated Law 1

Includes \$5.0 million GF/GP for LARA activities regarding the implementation of the voter initiated law allowing for the legalized use of marihuana by individuals 21 years of age and older.

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

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Analyst: Michael Cnossen

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$101,800	\$101,800	\$0	0.0
Federal	98,170,200	106,177,200	8,007,000	8.2
Local	1,545,400	0	(1,545,400)	(100.0)
Private	630,000	630,000	0	0.0
Restricted	23,279,500	23,908,600	629,100	2.7
GF/GP	75,912,400	70,284,900	(5,627,500)	(7.4)
Gross	\$199,639,300	\$201,102,500	\$1,463,200	0.7
FTEs	921.5	933.5	12.0	1.3

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. CMS Certification Revenue Adjustment	Gross	\$23,687,200	\$900,000
Authorizes an increase of \$1.8 million in federal funds and a reduction of \$900,000 GF/GP to reflect a net increase of \$900,000 Gross in anticipated federal revenue following Centers for Medicare/Medicaid Services certification of facilities at the D.J. Jacobetti Home for Veterans.	Federal	8,516,300	1,800,000
	Restricted	5,157,300	0
	GF/GP	\$10,013,600	(\$900,000)
2. Information Technology User Service Rate Change	Gross	\$1,407,000	\$105,000
Includes \$105,000 GF/GP to reflect adjusted DTMB IT service charges, which now include user fees in addition to desktop fees, which has raised service costs to DMVA due to an exceptionally high number of users.	Federal	579,000	0
	Restricted	419,400	0
	GF/GP	\$408,600	\$105,000
3. Selfridge Air Base	FTE	203.0	12.0
Includes \$400,000 GF/GP and authorizes 12.0 FTE positions required to receive federal match funding of 75%, or \$1.2 million, for personnel and maintenance at Selfridge Air National Guard Base. Authorization of federal funds is already available for this line.	Gross	\$36,411,300	\$400,000
	Federal	31,002,800	0
	Restricted	1,567,800	0
	GF/GP	\$3,840,700	\$400,000
4. Military Retirement Transfer from DTMB to DMVA	Gross	NA	\$5,244,800
Transfers \$5.2 million GF/GP from DTMB to DMVA for military retirement payment obligations.	GF/GP	NA	\$5,244,800
5. Military Retirement Payment Reduction	Gross	NA	(\$4,244,800)
Decreases retirement payment obligations by \$4.2 million GF/GP based on updated actuarial assumptions following a lump-sum payment of \$35.8 million appropriated in 2018 PA 618 to reduce the unfunded actuarial accrued liability for the retirement system.	GF/GP	NA	(\$4,244,800)

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
6. Land and Acquisitions Increase	Gross	\$2,900,000	\$400,000
Increases authorization for land acquisitions and appraisals by \$400,000 should land become available.	Restricted	2,900,000	400,000
	GF/GP	\$0	\$0
7. Youth ChalleNge Academy SAF Shift	FTE	50.0	0.0
Replaces \$1.6 million of School Aid Funding (SAF) for the at-risk youth education and job placement program with \$1.6 million GF/GP to align use of SAF funding with more traditional K-12 education spending.	Gross	\$6,023,000	\$0
	Federal	2,970,300	0
	Local	1,545,400	(1,557,800)
	Private	90,000	0
	GF/GP	\$1,417,300	\$1,557,800
8. County Veterans Services Targeted Grants	Gross	\$200,000	(\$200,000)
Eliminates \$200,000 GF/GP for grants to counties for targeted outreach to veterans that may not be connected to Veteran Service Organizations.	GF/GP	\$200,000	(\$200,000)
9. Federal and State Restricted Alignment with Available Revenues	Gross	NA	\$5,527,800
Authorizes \$5.5 million Gross to align restricted and federal funding authorizations with available revenues. Authorizations include \$3.0 million federal for the Headquarters and Armories line, \$1.5 million federal for the Michigan Youth ChalleNge Academy line, \$1.0 million federal for the Military Training Sites and Support Facilities line, and \$27,800 state restricted for the Grand Rapids Home for Veterans. The increase recognizes available funds previously appropriated through contingency fund transfers.	Federal	NA	5,500,000
	Restricted	NA	27,800
	GF/GP	NA	\$0
10. Removal of One-Time Appropriations	Gross	\$7,975,000	(\$7,975,000)
Eliminates \$8.0 million GF/GP of one-time funding appropriated in FY 2018-19. These items include \$1.0 million for armory sustainment, restoration, and modernization; \$600,000 for an outreach program to connect Vietnam Era veterans with U.S. Department of Veterans Affairs benefits; \$275,000 for an in-room video monitoring pilot program at the Grand Rapids Home for Veterans; \$1.5 million for maintenance costs at Camp Grayling; \$2.5 million for the National Guard Tuition Assistance Fund; and \$2.1 million for the County Veteran Service Fund grants to counties.	GF/GP	\$7,975,000	(\$7,975,000)
11. FTE Transfers from Grand Rapids Home for Veterans	FTE	NA	0.0
Transfers 22.5 FTE positions to the D.J. Jacobetti Home for Veterans and 3.0 FTE positions to the Veterans Facility Authority from the Grand Rapids Home for Veterans to align FTE position authorizations with department operations for a net change of 0.0 FTE positions. The Grand Rapids Home for Veterans has excess FTE position authorization as a result of decreasing residents and staffing needs at the home.	Gross	NA	\$0
	GF/GP	NA	\$0
12. Economic Adjustments	Gross	NA	\$1,305,400
Reflects increased costs of \$1.3 million Gross (\$384,700 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	707,000
	Local	NA	12,400
	Restricted	NA	201,300
	GF/GP	NA	\$384,700

Major Boilerplate Changes From FY 2018-19

Sec. 215. Disciplinary Action Against State Employees – DELETED

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

Major Boilerplate Changes From FY 2018-19**Sec. 216. Quarterly Reporting on Achieving Requirements – REVISED**

Requires the department to provide quarterly reports on the status of work projects, its financial status, evidence of efficiencies, corrective action plans for requirements not achieved, the department's performance against metrics stated in the act, and employment levels. Revises to require biannually.

Sec. 301. Unclassified Positions – DELETED

Lists titles of unclassified positions currently in the department; requires the department to notify the subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to the duties of existing unclassified positions.

Sec. 307. National Guard Tuition Assistance Program – REVISED

Requires DMVA to establish and maintain a tuition assistance program for members of the Michigan National Guard; states the program's objectives and performance metrics. Revises performance metric by establishing a goal of 55% of National Guard members having received a credential or who are still enrolled in the Tuition Assistance Program after their initial term of enlistment.

Sec. 402(15). Grand Rapids Home for Veterans (GRHV) and D.J. Jacobetti Home for Veterans (DJJHV) Service and Care Requirements – REVISED

Requires the GRHV and DJJHV to meet applicable standards of care as provided under listed federal and state legal authorities; specifies standards around issues concerning psychiatric care, the monitoring of comprehensive care plans, supply inventory, pharmaceutical inventory, controls over donated goods and monies, and the personal funds of residents. Revises to require funds of residents who have left the home to be released within 30 calendar days after leaving the home instead of 3 business days and requires a full accounting of a resident's funds be sent to a representative of that resident within 30 calendar days of the resident member's death instead of 10 business days.

Sec. 402(20). Grand Rapids Home for Veterans (GRHV) and D.J. Jacobetti Home for Veterans (DJJHV) Service and Care Requirements – DELETED

Requires the department to report the status of Centers for Medicare and Medicaid Services (CMS) certification.

Sec. 402(21). GRHV Video Monitoring Pilot Project – DELETED

Permits funds appropriated for Grand Rapids Home for Veterans Video Monitoring Pilot Project to be expended for an in-room safety monitoring program at GRHV; states the purpose of the project is to determine if a video monitoring system can improve safety at GRHV; permits the MVAA to contract with a third-party to develop the program; requires the MVAA to provide a report regarding the feasibility of the pilot project with input from industry experts and recommendations from MVAA prior to expending appropriated funds.

Sec. 403. DJJHV CMS Certification – DELETED

Requires the department to pursue CMS certification for DJJHV; requires CMS certification completion by June 1, 2018; requires standards of care to improve with CMS certification.

Sec. 404. GRHV and DJJHV CMS Certification Reporting – DELETED

Requires the department to report to the legislature quarterly regarding improvements in full-spectrum health care resulting from facility upgrades to obtain CMS certification.

Sec. 406(1). MVAA Outreach Services – REVISED

Requires the MVAA to provide outreach services to veterans, communicate information on available VA benefits, process requests for military discharge documents, digitize military medical and discharge documents, and assist in processing claims for VA benefits; requires quarterly reports on the MVAA's performance against the performance outcomes, measures, and objectives stated in its strategic plan developed under 2013 PA 9; requires a report by April 1 providing an estimate on the state's homeless veterans population. Revises to require the agency to provide the percentage of Michigan veterans contacted and to report upon outreach findings to the subcommittees on Military and Veterans Affairs; eliminates subsection pertaining to target grants to counties.

Sec. 407. Grants to Veterans Service Organizations – REVISED

Requires MVAA to provide grants to veterans service organizations (VSOs) in a manner that is consistent with MVAA performance goals and objectives; requires quarterly reports from grantees on claims and services provided; requires grant recipients to meet performance metrics, including a goal that 40% of VSO-filed claims for VA benefits be considered fully developed by the VA; specifies the basic parameters of the grant agreement, including regional service delivery, payment of a fixed hourly rate of \$34.00 per hour, the provision of service hours based upon appropriations and the fixed hourly rate, including in state correctional facilities; and requires quarterly reports on claims activities. Revises reporting requirements to include information on claims submitted to the USDVA.

Major Boilerplate Changes From FY 2018-19

Sec. 409. County Veterans Service Fund – NEW

Requires funds appropriated for the County Veteran Service Fund to be deposited into the County Veteran Service Fund created in 2018 PA 210 and made available for expenditure to support County veterans' services grants.

Sec. 601. Armory Maintenance – DELETED

Authorizes capital outlay appropriations to be carried forward at the end of the fiscal year, and requires appropriations to be expended in accordance with sections 302 and 305 of the department budget act to modernize and repair National Guard facilities.

Sec. 602. Vietnam Era Veterans Outreach – DELETED

Requires funds appropriated for Vietnam Veterans Outreach to be used by the MVAA for outreach to Vietnam veterans and their families to inform them about and connect them with eligible VA benefits; requires coordination among specified veteran organizations for outreach activities; requires an advertising campaign to reach 70% of the targeted audience; requires the project to increase subscriptions to the MVAA Vietnam Quarterly newsletter; requires the MVAA to assess the efficacy of the program by annually comparing benchmarks specified in this section and provide quarterly reports on the effectiveness of the program; authorizes unexpended and unencumbered funds to not lapse and to carry forward to the next fiscal year.

Sec. 701. Anticipated Appropriations – DELETED

Expresses legislative intent to provide the same appropriations for FY 2019-20 as provided in FY 2018-19, except for where adjustments are made for caseload and related costs, federal fund match rates, economic factors, and available revenue.

Sec. 702. MVAA Outreach – DELETED

Requires MVAA to provide quarterly reports on the percentage of Michigan veterans contacted through its outreach activities, with a goal of contacting 100% of Michigan veterans.

Sec. 703. MVAA Claims Services – DELETED

Requires that 50% of MVAA-filed claims for VA benefits be fully-developed.

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 DEPARTMENT OF NATURAL RESOURCES

Analyst: Austin Scott

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$232,200	\$232,200	\$0	0.0
Federal	85,339,700	86,011,600	671,900	0.8
Local	0	0	0	--
Private	12,431,400	7,431,600	(4,999,800)	(40.2)
Restricted	309,185,800	329,545,300	20,359,500	6.6
GF/GP	77,241,800	51,224,000	(26,017,800)	(33.7)
Gross	\$484,430,900	\$474,444,700	(\$9,986,200)	(2.1)
FTEs	2,340.3	2,366.1	25.8	1.1

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Chronic Wasting Disease – Wildlife Management	FTE	221.5	0.0
Increases the Wildlife Management appropriation by \$2.3 million GF/GP for Chronic Wasting Disease research costs (\$2.0 million one-time) and increased laboratory costs associated with the rising number of deer tested (\$300,000 ongoing).	Gross	\$44,917,900	\$2,300,000
	Federal	25,164,900	0
	Private	315,700	0
	Restricted	14,986,600	0
	GF/GP	\$4,450,700	\$2,300,000
2. Minerals Management	FTEs	19.0	3.0
Increases the Minerals Management Program by \$1.4 million in one-time GF/GP and authorizes 3.0 FTE positions for an inventory of hazardous materials pipelines that cross waterways to prioritize which crossings need attention.	Gross	\$2,881,000	\$1,350,000
	Restricted	2,881,000	0
	GF/GP	\$0	\$1,350,000
3. Recreation Infrastructure Improvement Projects	Gross	NA	\$21,372,800
Includes an increase of \$21.4 million in restricted funding for improvements to public recreation infrastructure and facilities. This additional revenue is anticipated from the proposed gas tax increase; the DNR receives 2% of gas tax in accordance with constitutional revenue distribution.	Restricted	NA	21,372,800
	GF/GP	NA	\$0
4. Parks and Recreation Division	FTEs	NA	18.8
Includes an increase of \$1.6 million in restricted funding and authorizes 18.8 FTE positions to the Parks and Recreation Division to support the following programs: Forest Recreation and Trails (\$1.2 million and 6.1 FTE positions), Recreational Boating (\$218,500 and 0.9 FTE positions), and State Parks (\$200,000 and 11.8 FTE positions).	Gross	NA	\$1,613,100
	Restricted	NA	1,613,100
	GF/GP	NA	\$0

NATURAL RESOURCES

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
5. Forest Resources Division – Forest Development Fund Revenue			
Increases the Forest Development Fund appropriation by \$2.1 million and authorizes 2.0 FTE positions for the following programs: Forest Management and Timber Market Development (\$1.4 million and 2.0 FTE positions), Wildfire Protection (\$689,300), and the Michigan Registered Forester Program (\$30,000), which was transferred from Licensing and Regulatory Affairs by 2018 PA 116. A decrease of \$574,300 GF/GP is exceeded by the \$689,300 restricted funding increase for Wildfire Protection.	FTEs	NA	2.0
	Gross	NA	\$1,560,000
	Restricted	NA	2,134,300
	GF/GP	NA	(\$574,300)
6. Michigan Historical Center			
Includes an increase of \$850,000 in federal funding and authorizes 2.0 FTE positions for the Michigan Historical Center, which includes the Michigan Historical Museum System, State Archives, and Mann House in Concord.	FTEs	54.5	2.0
	Gross	\$6,134,900	\$850,000
	Federal	150,000	850,000
	Private	396,200	0
	Restricted	829,600	0
	GF/GP	\$4,759,100	\$0
7. Recreation Passport Revenue			
Authorizes an additional \$350,000 in Recreation Passport revenue for Recreation Passport Local Grants (\$325,000), as well as Marketing and Outreach (\$25,000).	Gross	NA	\$350,000
	Restricted	NA	350,000
	GF/GP	NA	\$0
8. Off-road Vehicle Safety Training Grants			
Includes an increase of \$30,800 from the ORV Safety Education Fund for grants to public school districts for off-road vehicle safety education courses.	Gross	\$29,200	\$30,800
	Restricted	29,200	30,800
	GF/GP	\$0	\$0
9. Grants GF/GP Reductions			
Reduces the budget by \$300,000 GF/GP: Dam Management Grants (\$150,000) and Nonmotorized Trail Development and Maintenance Grants (\$150,000). The FY 2018-19 DNR budget includes \$9.9 million GF/GP for Dam Management and \$350,000 GF/GP for Nonmotorized Trail Development and Maintenance.	Gross	NA	(\$300,000)
	GF/GP	NA	(\$300,000)
10. Removal of FY 2018-19 Capital Outlay Projects and One-time Funding			
Eliminates \$42.2 million Gross (\$29.4 million GF/GP): \$2.5 million for FY 2018-19 capital outlay projects that require no additional appropriation and \$39.7 million for one-time projects included in the FY 2018-19 budget.	Gross	NA	(\$42,221,000)
	Federal	NA	(643,000)
	Private	NA	(5,000,000)
	Restricted	NA	(7,193,000)
	GF/GP	NA	(\$29,385,000)
11. Technical Adjustments			
Removes \$605,200 in restricted funding to align spending authorization with available restricted revenues.	Gross	NA	(\$605,200)
	Restricted	NA	(605,200)
	GF/GP	NA	\$0
12. Economic Adjustments			
Reflects increased costs of \$3.7 million Gross (\$591,500 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Gross	NA	\$3,713,300
	Federal	NA	464,900
	Private	NA	200
	Restricted	NA	2,656,700
	GF/GP	NA	\$591,500

Major Boilerplate Changes From FY 2018-19**Sec. 220. Disciplinary Action Against State Employees – DELETED**

Prohibits DNR from disciplining state employees for communicating with members of the legislature and their staffs.

Sec. 221. Contracts and Grants for Local Governments, Colleges and Universities, Nonprofits – NEW

Authorizes DNR to contract with or provide grants to local governments, institutions of higher education, or nonprofits.

Major Boilerplate Changes From FY 2018-19

Sec. 408. Land Transactions – DELETED

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

Sec. 503. Invasive Species Order Enforcement – DELETED

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

Sec. 504. Cervid Operation Fees – DELETED

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

Sec. 601. Stream Habitat Improvement Grants – DELETED

Appropriates \$758,000 to watershed councils, resource development councils, soil conservation districts, local governmental units, and other nonprofit organizations for stream habitat improvement projects.

Sec. 602. Water Control Structure Certification – DELETED

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

Sec. 603. Cormorant Management – DELETED

Requires annual report on use of cormorant management funding; requires DNR to submit funding to the USDA to pay for increased taking of cormorants and their nests; requires any retained or additional funds for cormorant control to be used for program.

Sec. 651. Buffalo Reef – DELETED

Authorizes unexpended funds appropriated for Buffalo Reef to be considered work project appropriations and carried forward until the projects have been completed. The projects will be accomplished using state resources, contracts, and/or grants and have a tentative completion date of September 30, 2023.

Sec. 652. Dam Management Grant Program – DELETED

Authorizes unexpended funds appropriated for the Dam Management Grant Program to be considered work project appropriations and carried forward until the projects have been completed. The projects will be accomplished using state resources, contracts, and/or grants and have a tentative completion date of September 30, 2023.

Sec. 653. Leland – Good Harbor Reef Improvements – DELETED

Authorizes unexpended funds appropriated for Leland – Good Harbor Reef Improvements to be considered work project appropriations and carried forward until the projects have been completed. The projects will be accomplished using state resources, contracts, and/or grants and have a tentative completion date of September 30, 2023.

Sec. 654. Michigan Infrastructure Fund – DELETED

Requires the \$8.0 million GF/GP appropriated for Michigan Infrastructure Fund to be deposited into the Michigan Infrastructure Fund for FY 2018-19.

Sec. 655. Grand River Dredging – DELETED

Requires funds appropriated for Grand River Dredging to be used for dredging to facilitate recreational boating traffic in the Grand River between the Fulton Street Bridge in Kent County and the Bass River inlet in Ottawa County, in accordance with DTMB's feasibility study. Funds will be expended pending satisfactory sediment tests and required permits. Authorizes unexpended funds to be considered work project appropriations and carried forward until the projects have been completed. This project will be accomplished by issuing requests for proposals and using contracts and has a tentative completion date of September 30, 2022.

Sec. 656. Pheasant Hunting Initiative – DELETED

Requires \$180,000 appropriation to be distributed for purchase of pheasants to release on state game areas to improve hunting opportunity and to recruit, retain, and reactivate small game hunters; requires DNR to evaluate program for possible renewal in the future; designates appropriation as a work project appropriation.

Sec. 901. Snowmobile Law Enforcement Grants – DELETED

Provides snowmobile law enforcement grant funds to county law enforcement agencies in counties with state snowmobile trails.

Sec. 902. Marine Safety Grants – DELETED

Requires report on the Marine Safety Grant Program. Report to include watercraft registrations revenues, revenues and expenditures of the Marine Safety Fund, grant distribution methodology, and a list of grant awards by county.

Major Boilerplate Changes From FY 2018-19

Sec. 1002. Silver Lake Law Enforcement Reimbursement – DELETED

Appropriates \$35,000 in off-road vehicle trail improvement grant funding for reimbursing local units of government for costs related to seasonal law enforcement at Silver Lake.

Sec. 1201. Swimmer's Itch Pilot Program – DELETED

Appropriates \$250,000 to be distributed to a Michigan-based nonprofit organization for swimmer's itch mitigation and research and requires a progress report.

Sec. 1201. Minerals Management (One-time) – NEW

Authorizes unexpended funds appropriated for Minerals Management to be considered work project appropriations and carried forward until the projects have been completed. The projects will be accomplished using state resources, contracts, and/or grants and have a tentative completion date of September 30, 2022.

Sec. 1202. Lake Level Assessment Reimbursements – DELETED

Appropriates \$35,000 to reimburse qualifying costs related to lake level assessments.

Sec. 1203. Long Lake Boat Launch – DELETED

Requires DNR to use funds appropriated to develop a boat launch at Long Lake in Alpena County.

Sec. 1204. Grindstone Harbor Development Grant – DELETED

Requires DNR to use funds appropriated for planning and development costs at Grindstone Harbor in Huron County.

Sec. 1205. Dam Management Grant Program (One-Time) – DELETED

Requires DNR to use funds appropriated for the Dam Management Grant Program to remove a dam in the City of Grand Rapids and designates the appropriation as work project appropriations.

Sec. 1206. Wildlife and Fisheries Health Study – DELETED

Requires DNR to use funds appropriated to investigate the effect of PFAS contamination on Michigan's wildlife and fisheries populations.

Sec. 1207. Wayne County Soil Mapping Program – DELETED

Requires appropriation for the cooperative resource program (one-time) to fund the Wayne County soil mapping program.

<u>Supplemental Recommendations for FY 2018-19 Appropriations</u>		<u>FY 2018-19 Recommendation</u>
1. State Parks Repair and Maintenance – Capital Outlay	Gross	\$8,500,000
Includes an increase of \$8.5 million in restricted funding for construction, demolition, maintenance, repair, and renovation projects at state park facilities.	Restricted GF/GP	8,500,000 \$0
2. Shooting Range Improvements – Capital Outlay	Gross	\$1,700,000
Authorizes \$1.7 million in federal funding for shooting range projects in Allegan, Lapeer, and Marquette counties. Funds are available from a federal excise tax on the sale of firearms and ammunition.	Federal GF/GP	1,700,000 \$0
3. Snowmobile Trail Improvement Fund Revenue Increase	Gross	\$6,000,000
Includes \$6.0 million from the Snowmobile Trail Improvement Fund for grants to replace snowmobile trail groomers, maintain existing groomers, and support trail maintenance by local sponsors (\$3.7 million) and for capital projects across Michigan's snowmobile trail system including erosion mitigation, infrastructure repair, and trail maintenance (\$2.3 million).	Restricted GF/GP	6,000,000 \$0
4. Off-road Vehicle Trail Improvement Fund Revenue Increase	Gross	\$3,000,000
Includes \$3.0 million from the ORV Trail Improvement Fund for capital projects across Michigan's ORV trail system including erosion mitigation, infrastructure repair, and trail maintenance (\$1.4 million); grants to maintain existing ORV facilities, develop new facilities, and restore natural resources damaged by ORV use (\$764,500); DNR law enforcement (\$716,800); Finance and Operations (\$44,300); Executive Direction (\$36,000); and Marketing and Outreach (\$13,400).	Restricted GF/GP	3,000,000 \$0

Supplemental Recommendations for FY 2018-19 Appropriations

**FY 2018-19
Recommendation**

5. National Recreational Trails

Includes an increase of \$1.9 million in federal funding from the Recreational Trails Program to align spending authority with available revenue. This federal program helps individual states develop and maintain recreational trails.

Gross	\$1,900,000
Federal	1,900,000
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 SCHOOL AID

Analysts: Samuel Christensen and Jacqueline Mullen

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,745,943,500	1,749,578,500	3,635,000	0.2
Local	0	0	0	--
Private	0	0	0	--
Restricted	13,010,725,300	13,576,660,400	565,935,100	4.3
GF/GP	87,920,000	45,000,000	(42,920,000)	(48.8)
Gross	\$14,844,588,800	\$15,371,238,900	\$526,650,100	3.5

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The School Aid budget makes appropriations to the state's 539 local school districts, 297 public school academies (PSAs), and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Michigan Department of Education (MDE), Center for Educational Performance and Information (CEPI), the Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Foundation Allowance (Sec. 22a and 22b)		Gross	\$9,431,000,000
Includes \$235.0 million to provide increases ranging from \$120 to \$180 per pupil using a 1.5x formula. The minimum foundation allowance would increase from \$7,871 to \$8,051 (2.3%) and the state maximum guaranteed foundation allowance would increase from \$8,409 to \$8,529 (1.4%).		Restricted	257,750,500
		GF/GP	(\$22,750,500)
2. Cyber Schools Foundation Allowance Reduction (Sec. 22a and 22b)		Gross	NA
Reduces cyber school foundation allowances to 80.0% of the minimum foundation allowance for an estimated savings of \$22.0 million. For FY 2019-20, the cyber foundation allowance would be \$6,441.		Restricted	NA
		GF/GP	NA
3. Weighted Allocations: Special Education (Sec. 28(3)) – NEW		Gross	\$120,000,000
Includes \$120.0 million in School Aid Fund (SAF) revenues to increase reimbursements for districts' and ISDs' special education costs by approximately 4.0 percentage points. Currently, districts and ISDs are reimbursed for a portion of total special education costs and total special education transportation costs as mandated by the Durant court case.		Restricted	NA
		GF/GP	NA

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
4. Weighted Allocations: Economically Disadvantaged (Sec. 28(4)) – NEW Transfers in current at-risk (Sec. 31a) funding of \$517.0 million SAF and adds \$102.0 million SAF for a net appropriation of \$619.0 million SAF for economically disadvantaged students. Revises payment formula from 11.5% of the statewide average foundation allowance per economically disadvantaged pupil to 11.0% of a district's foundation allowance, capped at the minimum foundation allowance. In FY 2018-19, the at-risk (Sec. 31a) prorated payment is estimated to equal \$719 per economically disadvantaged pupil; under this section in FY 2019-20, payments are expected to be fully funded at \$886 per economically disadvantaged pupil, although payments may be prorated if funds are insufficient. Revises allocation to a hold harmless an out-of-formula district from 30% to 50% of the amount for which it would otherwise be eligible. (See Major Boilerplate Changes for Sec. 28(4) below.)	Gross	NA	\$619,000,000
	Restricted	NA	619,000,000
	GF/GP	NA	\$0
5. At-Risk Pupil Support (Sec. 31a) Reduces by \$517.0 million to roll funding into Sec. 28(4). (See Major Boilerplate Changes for Sec. 31a below.)	Gross	\$517,000,000	(\$517,000,000)
	Restricted	517,000,000	(517,000,000)
	GF/GP	\$0	\$0
6. Weighted Allocations: Career and Technical Education (CTE) (Sec. 28(5)) – NEW Includes \$55.0 million SAF to districts for students in grades 9-12 enrolled in state-approved Career and Technical Education (CTE) programs within students' self-identified career pathways. A district's per-pupil allocation is 6.0% of the district's foundation allowance, capped at the minimum foundation allowance. The existing \$5.0 million CTE Incentive Payment (Sec. 61d) categorical is eliminated and rolled into this subsection. Payments may be prorated if funds are insufficient. Excludes cyber schools and pupils enrolled in shared time from receiving funds. (See Major Boilerplate Changes for Sec. 28(5) below.)	Gross	NA	\$55,000,000
	Restricted	NA	55,000,000
	GF/GP	NA	\$0
7. CTE Incentive Payments (Sec. 61d) Eliminates \$5.0 million SAF for CTE incentive payments that provide \$25 per pupil for pupils in grades 9 to 12 enrolled in CTE programs and an additional \$25 per pupil for those in CTE programs identified as "critical skills" programs and transfers funding to Sec. 28(5).	Gross	\$5,000,000	(\$5,000,000)
	Restricted	5,000,000	(5,000,000)
	GF/GP	\$0	\$0
8. Great Start Readiness Program (GSRP) (Sec. 32d) Increases by \$84.0 million SAF to a total of \$328.9 million Gross (\$300,000 GF/GP) for school readiness preschool programs for four-year-old children in low-income families. Increases the family income eligibility threshold from 250% to 300% of the federal poverty level (FPL) and increases allocation per child from \$7,250 to \$8,500 for a full-day program and from \$3,625 to \$4,250 for a part-day program. Eliminates \$2.0 million SAF to ISDs for professional development and training materials for educators in programs implementing new curricula.	Gross	\$244,900,000	\$84,000,000
	Restricted	244,600,000	84,000,000
	GF/GP	\$300,000	\$0
9. Early Literacy Teacher Coaches (Sec. 35a(4)) Includes \$24.5 million SAF for a total of \$31.5 million to increase the number of literacy coaches from 93 to 279. Removes requirement that ISDs provide 50% matching funds and increases state funding per coach from \$75,000 to \$112,500.	Gross	\$7,000,000	\$24,500,000
	Restricted	7,000,000	24,500,000
	GF/GP	\$0	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
10. Flint Declaration of Emergency (Sec. 11s)	Gross	\$3,230,100	\$4,845,000
Increases by \$4.8 million SAF to a total of \$8.1 million, including a \$200,000 reduction in the allocation for school nurses, classroom aides, and school social workers; a \$4.0 million allocation for early intervention services for children between 3-5 years of age; a \$1.0 million allocation to enroll children in GSRP regardless of household eligibility requirements; and a \$45,000 increase for the allocation for nutritional services. Replaces \$3.2 million GF/GP with a corresponding amount of SAF. Maintains additional \$100 appropriation from the Drinking Water Declaration of Emergency Reserve Fund.	Restricted	100	8,075,000
	GF/GP	\$3,230,000	(\$3,230,000)
11. Youth ChalleNGe Program (Sec. 24c)	Gross	\$1,625,400	(\$1,625,400)
Eliminates \$1.6 million SAF and transfers the Youth ChalleNGe Program, a boot camp program for at-risk youth, to the Department of Military and Veterans Affairs (DMVA) budget, where the fund source would be GF/GP.	Restricted	1,625,400	(1,625,400)
	GF/GP	\$0	\$0
12. Promise Zone Funding (Sec. 26c)	Gross	\$3,000,000	\$5,400,000
Increases by \$5.4 million SAF to a total of \$8.4 million for districts and ISDs with an approved Promise Zone development plan. A majority of the increase is due to two new zones coming online: City of Detroit (\$3.3 million) and Mason County (\$745,000).	Restricted	3,000,000	5,400,000
	GF/GP	\$0	\$0
13. School Mental Health and Support Services (Sec. 31n)	Gross	\$31,300,000	(\$8,000,000)
Reduces by \$8.0 million for the School Mental Health and Support Services Fund for ISD-based behavioral assessment teams. Maintains \$23.3 million Gross (\$1.3 million GF/GP) for student mental health supports, but replaces \$22.0 million from the School Mental Health and Support Services Fund with a corresponding amount of SAF.	Restricted	30,000,000	(8,000,000)
	GF/GP	\$1,300,000	\$0
14. Early Literacy – Michigan Education Corps (Sec. 35a(7))	Gross	\$3,000,000	\$0
Maintains \$3.0 million GF/GP appropriation for the Michigan Education Corps, but removes the Math Corps as an eligible grant recipient.	Restricted	0	0
	GF/GP	\$3,000,000	\$0
15. Special Education (Secs. 51a, 51c, 51d, 53a, 54, & 56)	Gross	\$1,414,696,100	\$62,300,000
Increases by \$62.3 million SAF to reflect revised consensus cost estimates for special education costs. Also, reflects a \$500,000 fund shift from GF/GP to SAF.	Federal	431,000,000	0
	Restricted	983,196,100	62,800,000
	GF/GP	\$500,000	(\$500,000)
16. Special Education Task Force: MiBLSI (Sec. 54b)	Gross	\$1,600,000	\$0
Replaces \$1.6 million GF/GP with a corresponding amount of SAF to pilot statewide implementation of the Michigan Integrated Behavior and Learning Support Initiative (MiBLSI).	Restricted	0	1,600,000
	GF/GP	\$1,600,000	(\$1,600,000)
17. Career and Technical Education (CTE) (Sec. 61a)	Gross	\$36,611,300	\$0
Maintains \$36.6 million SAF for added costs for CTE programs.	Restricted	36,611,300	0
	GF/GP	\$0	\$0
18. ISD General Operations Support (Sec. 81)	Gross	\$68,453,000	\$2,396,000
Increases by \$2.4 million SAF for payments to ISDs for general operations. Each ISD would receive 103.5% of its FY 2018-19 funding.	Restricted	68,453,000	2,396,000
	GF/GP	\$0	\$0
19. FIRST Robotics (Sec. 99h)	Gross	\$4,800,000	(\$1,800,000)
Reduces by \$1.5 million SAF for grants to districts and ISDs for participation in K-12 events hosted by FIRST Robotics or other competitive robotics programs. Eliminates \$300,000 GF/GP for nonpublic schools to participate in K-12 competitive robotics or Science Olympiad programs.	Restricted	4,500,000	(1,500,000)
	GF/GP	\$300,000	(\$300,000)

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
20. MiSTEAM Network (Sec. 99s)		Gross \$11,434,300	(\$3,265,000)
Maintains state funding of \$7.6 million SAF and \$300,000 GF/GP, but reflects a reduction in authorized federal funds from \$3.5 million to \$235,000. Re-brands MiSTEM Network to MiSTEAM to account for an additional focus on the arts. Permits MiSTEAM Network to receive private funds. (See Major Boilerplate Changes for Sec. 99s below.)	Federal	3,500,000	(3,265,000)
	Restricted	7,634,300	0
	GF/GP	\$300,000	\$0
21. Education Assessments (Sec. 104)		Gross \$38,759,400	(\$1,500,000)
Reduces by \$1.5 million SAF to a total of \$37.3 million. Reduces funding for K-2 benchmark assessments by \$2.5 million SAF. Increases by \$1.0 million SAF to a total of \$2.5 million SAF for the Michigan kindergarten entry observation (KEO) tool. Revises the implementation of the KEO tool from districts in prosperity regions 2 to 9 to a representative sample of not less than 35% of the total kindergarten pupils enrolled statewide. Additionally, requires MDE to do both of the following: collaborate with GSRP-funded ISDs to implement a Train the Trainer professional development model on the observation tool; and report the results from the observation tool, including the demonstrated readiness of kindergarten pupils, effectiveness of GSRP, and effectiveness of other state early childhood programs.	Federal	6,250,000	0
	Restricted	32,509,400	(1,500,000)
	GF/GP	\$0	\$0
22. District Assessments (Sec. 104d)		Gross \$9,200,000	(\$9,200,000)
Eliminates \$9.2 million SAF for district reimbursements related to the purchase of computer-adaptive tests, diagnostic tools, screening tools, or benchmark assessments.	Restricted	9,200,000	(9,200,000)
	GF/GP	\$0	\$0
23. MPSERS (Secs. 147a, 147c, & 147e)		Gross \$1,258,439,000	\$87,101,000
Increases total state support for K-12 MPSERS costs by \$87.1 million to a total of \$1.4 billion with the following changes:	Restricted	1,257,691,000	87,266,000
	GF/GP	\$748,000	(\$165,000)
<ul style="list-style-type: none"> Increases by \$83.9 million Gross (\$35,000 GF/GP) to a total of \$172.1 million Gross (\$83,000 GF/GP) for reimbursements for employer normal cost increases resulting from a reduced assumed rate of return (AROR) from 7.5% to 7.05% due to a dedicated gains policy (Sec. 147a(2)). Increases by \$5.0 million to a total of \$42.6 million SAF for the larger defined contribution for employers and the higher hybrid plan normal costs required under PA 92 of 2017 (Sec. 147e). Reduces the state share of the unfunded actuarial accrued liability (UAAL) by \$1.8 million Gross (\$200,000 GF/GP) to a total of \$1.0 billion (Sec. 147c). Deposits \$40.0 million SAF into the MPSERS Retirement Obligation Reform Reserve Fund. 			

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
24. Eliminated Categorical Grants	Gross	\$24,820,000	(\$24,820,000)
Reduces by \$24.8 million Gross (\$14.5 GF/GP) by eliminating 28 categorical grant programs and contracts that were below \$3.0 million.	Restricted	10,345,000	(10,345,000)
	GF/GP	\$14,475,000	(\$14,475,000)
<ul style="list-style-type: none"> • Sec. 25f—Strict Discipline Academy Membership (\$1.6 million SAF) • Sec. 25g—Dropout Recovery Programs (\$750,000 SAF) (See Major Boilerplate Changes for Sec. 25g below.) • Sec. 25h—Dropout Prevention Grant (\$100,000 SAF) • Sec. 31b—Year-Round Balanced Calendar (\$750,000 SAF) • Sec. 32q—Early Learning Collaborative Partnership (\$175,000 SAF) • Sec. 35a(8)—Summer Reading Project (\$500,000 GF/GP) • Sec. 35b—Dyslexia Center (\$250,000 GF/GP) • Sec. 55—Conductive Learning (\$250,000 GF/GP) • Sec. 61a(4)—CTE Restaurant Curriculum (\$100,000 GF/GP) • Sec. 61a(5)—CTE Counselors (\$1.0 million SAF) • Sec. 61c—CTE Equipment Upgrades (\$2.5 million GF/GP) • Sec. 61f—Pipeline 2 Promise (\$200,000 SAF) • Sec. 61g—Energy Technology and Cybersecurity Jobs (\$50,000 SAF) • Sec. 61h—Virtual Reality Skilled Trades (\$1.2 million SAF) • Sec. 64b—Dual Enrollment Incentive Payments (\$1.8 million SAF) • Sec. 64d—Information Technology Education (\$2.3 million GF/GP) • Sec. 65—Detroit Area PreCollege Engineering Program (\$400,000 SAF) • Sec. 74a—School Bus Safety Program (\$810,000 SAF) • Sec. 95b—Statewide Evaluation Tool (\$2.5 million GF/GP) • Sec. 99t—Online Algebra Tool (\$1.5 million GF/GP) • Sec. 99u—Imagine Learning (\$3.0 million GF/GP) • Sec. 99v—Dana Center (\$25,000 GF/GP) • Sec. 99w—Fitness Foundation (\$500,000 GF/GP) • Sec. 99x—Teach for America (\$300,000 GF/GP) • Sec. 99y—STEM and Entrepreneurship (\$60,000 SAF) • Sec. 102d—Financial Data Analysis Tools (\$1.5 million SAF) • Sec. 104f—Digital Learning Preparation (\$500,000 GF/GP) • Sec. 152b—Nonpublic School Reimbursement (\$250,000 GF/GP) 			
25. Other Major Cost Adjustments	Gross	\$562,200,000	\$46,300,000
Revises the following to reflect updated cost estimates:	Federal	523,200,000	14,000,000
• Sec. 11m—Increases cash flow borrowing by \$32.0 million SAF to \$56.0 million.	Restricted	39,000,000	32,300,000
	GF/GP	\$0	\$0
• Sec. 26a—Increases renaissance zone reimbursements by \$300,000 SAF to \$15.3 million.			
• Sec. 31d—Increases school lunch federal costs by \$14.0 million to \$537.2 million.			
26. Economic Adjustments	Gross	NA	\$118,500
Reflects increased costs of \$118,500 Gross (\$100,500 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Restricted	NA	18,000
	GF/GP	NA	\$100,500

Major Boilerplate Changes From FY 2018-19**Sec. 6. Pupil Membership Definitions – REVISED**

Strikes provision allowing a pupil in a dropout recovery program to be counted as more than 1.0 FTE position and paid under Sec. 25g (Sec. 25g is repealed).

Major Boilerplate Changes From FY 2018-19**Sec. 15. State Aid Allocation Adjustments – REVISED**

Revises the period of time MDE may spread deductions resulting from an audit from 9 to 4 years. Adds requirement that if MDE bases an adjustment under this section on a finding that a district or ISD employed an educator in violation of certification requirements, MDE shall prorate the adjustment according to the period of noncompliance. Revises the period of time MDE may conduct audits of funding received under the Act from the preceding fiscal year to the preceding 3 fiscal years.

Sec. 17c. Grant Process Timeline – DELETED

Requires MDE to do the following for grants distributed by the department, unless otherwise specified: open grant application and provide lists of grants and schedules to districts, ISDs, and on MDE website by September 1; and publish grant awards by December 1. Requires information on non-federal grants to be placed on the August State Board agenda.

Sec. 22p. Partnership District Discretionary Payment – DELETED

Requires that for a district with a signed partnership agreement to receive funding under Sec. 22b it meet the following: include measurable academic outcomes to be achieved after 18 and 36 months; and include accountability measures, including school closure or reconstitution, to be imposed if district fails to meet outcomes.

Sec. 25e. Pupil Count Transfer Process – REVISED

Strikes legislative intent that CEPI determine the number of pupils who, between the October 2018 count day and the February 2019 supplemental count day, moved into the state and enrolled in a district or ISD, or moved out of the state after being counted in membership.

Sec. 28(4). Weighted Allocations – Economically Disadvantaged – NEW

Requires districts to comply with Sec. 31a to receive funding. Adds that districts must use funds show progress toward the following goals: provide at least 1 tutor per 100 economically disadvantaged pupils; provide at least 1 pupil support position (including behavior specialists, reading support experts, and counselors) per 125 economically disadvantaged pupils; provide at least 1 summer school teaching position per 120 economically disadvantaged pupils; expand professional development opportunities for teachers; and provide additional supports for students on the completion of the Free Application for Federal Student Financial Aid (FAFSA).

Sec. 28(5). Weighted Allocations – Career and Technical Education (CTE) – NEW

States intent that payments under this section are to support hiring of additional CTE staff and career counselors; to update and maintain facilities, equipment, and materials related to CTE programming; and to expand the number of CTE programs available to students.

Sec. 31a. At-Risk Pupil Support – REVISED

Currently allows DPS and districts with greater than 50% of pupils who are economically disadvantaged to use up to 20% of funds for school security; adds that school security align with the district's needs assessment and MTSS model. Currently allows districts with greater than 40% of pupils who are at-risk to use funds for schoolwide reforms consistent with the district's needs assessment and improvement plan; adds that reforms must consist of Tier I, evidence-based practices, defined as research-based instruction and classroom interventions that are available to all learners and effectively meet the needs of most students. Revises from allowing 5% of funds to allowing 10% of funds to go toward implementing a coaching model that supports MTSS or to provide professional development related to implementing MTSS or implementing MCL 380.1280f (3rd grade reading legislation).

Currently requires districts to expend a proportion of funds on tutoring or other methods of improving proficiency if at least 50% of at-risk pupils in an applicable grade are not proficient in or do not achieve at least one year's growth in English language arts by the end of 3rd grade or math by the end of 8th grade, or are not career- and college-ready by the end of 11th grade; revises from "at-risk pupils" to "economically disadvantaged pupils" in the applicable grades and strikes language on achieving at least one year's growth. Replaces "tutoring" with "interventions."

Sec. 32p. Early Childhood Block Grants – REVISED

Removes requirement that ISDs report on the change in the number of pupils retained at grade level and the change in the number of pupils receiving special education services. Adds requirement that ISDs show that positive parenting practices were improved, that there was improved family economic self-sufficiency, and that community resources were utilized.

Sec. 35a. Early Literacy – REVISED

Adds the following requirements for the ISD receiving a \$1.0 million SAF grant for Literacy Essentials: implement adult literacy essentials training, including outlining practices to increase Michigan's capacity and creating professional development to implement these practices; in collaboration with TED, implement improved processes to connect state residents to adult literacy opportunities, including a toll-free number and easy-to-navigate website.

Major Boilerplate Changes From FY 2018-19**Sec. 99s. MiSTEAM Council – REVISED**

Re-brands the MiSTEM Network to MiSTEAM to account for an additional focus on arts. Revises the number of voting members on the MiSTEAM Advisory Council by reducing from 11 to 9 the number of members who represent business sectors, adding 2 members from the Michigan Council for Arts and Cultural Affairs, and adding 1 ex-officio member. Adds arts to the list of areas in which the MiSTEAM Advisory Council shall approve at least 1 program.

Sec. 101. Eligibility to Receive State Aid – REVISED

Revises to allow a district to count up to 38 hours of professional development for teachers as hours of instruction, which was prohibited after FY 2014-15 unless a collective bargaining agreement specified otherwise. Adds that qualifying professional development may be counted as a day of pupil instruction if it exceeds 5 hours in a single day. Adds that 8 hours of qualifying professional development counted as hours of pupil instruction under this section must be recommended by a district-wide professional development advisory committee, which must be appointed by the district's school board and include teaching and non-teaching staff (parents and administrators).

Currently, defines "qualifying professional development" as professional development that is focused on 1 or more of the following: (a) achieving or improving adequate yearly progress; (b) achieving accreditation or improving a school's accreditation status; (c) achieving highly qualified teacher status; (d) integrating technology into classroom instruction; (e) maintaining teacher certification.

Revises to define "qualifying professional development" as professional development that meets all of the following: (a) is aligned to school or district improvement plan; (b) is linked to criteria in the evaluation tool developed or adopted by the district; (c) has been approved by MDE as counting for continuing education clock hours; (d) will occur after the first scheduled day of school and before the last scheduled day of school, with no more than 10 hours in a single month; and (e) has at least 75% of teachers scheduled to participate in the PD in attendance.

Sec. 104b. Michigan Merit Examination (MME) – REVISED

Removes the requirement that MDE include scores for the statewide assessment and graduation rates for consortium pupils with the scores for the school building in the participating district in which the consortium pupil is enrolled or would otherwise attend. A consortium pupil would be defined as a pupil who enrolled or participated in a district or program operated as a consortium or under a cooperative arrangement formed by two or more districts or ISDs, including but not limited to a consortium or cooperative arrangement operated as a program, a shared educational entity, a specialized education entity, or a special education center program.

Sec. 104c. State Student Assessments – REVISED

Removes the requirement that MDE offer benchmark assessments in the fall and spring to measure ELA and math in grades kindergarten through 2nd grade.

Supplemental Recommendations for FY 2018-19 Appropriations		FY 2018-19 Recommendation
1. Hydration Stations (Sec. 31p) – NEW	Gross	\$61,500,000
Provides \$61.5 million SAF in one-time funding to install a hydration station for every 100 students per school building statewide. Hydration stations are combined water fountains and bottle filling stations with the capacity to filter water.	Restricted GF/GP	61,500,000 \$0
2. Cash Flow Borrowing (11m)	Gross	\$19,000,000
Increases by \$19.0 million SAF to a total of \$43.0 million to reflect updated cost estimates for the interest costs of inter-fund borrowing between the School Aid Fund and the General Fund to balance the timing of revenue collections and required state aid payments.	Restricted GF/GP	19,000,000 \$0
3. Foundation Allowances (Sec. 22a & 22b)	Gross	(\$87,000,000)
Reduces by \$87.0 million SAF to a total of \$9.3 billion to reflect updated consensus cost estimates for pupil membership counts and taxable values.	Restricted GF/GP	(87,000,000) \$0
4. Renaissance Zone Reimbursements (Secs. 26a)	Gross	(\$1,200,000)
Reduces reimbursement payments by \$1.2 million SAF to a total of \$13.8 million. Estimated reimbursement payments required by statute have decreased due to recent personal property tax reform.	Restricted GF/GP	(1,200,000) \$0

Supplemental Recommendations for FY 2018-19 Appropriations**FY 2018-19
Recommendation****5. Promise Zone Funding (Sec. 26c)**

Increases by \$400,000 SAF to a total of \$3.4 million for required funds for districts and ISDs with approved Promise Zone development plans for the purposes of the local Promise Zone Authority.

Gross	\$400,000
Restricted	400,000
GF/GP	\$0

6. Special Education (Secs. 51a, 51c, 51d, 53a, 54, and 56)

Increases by a total \$25.6 million SAF to reflect revised consensus cost estimates based on actual FY 2017-18 year-end special education costs data. Total estimated special education costs for FY 2018-19 are \$1.4 billion.

Gross	\$25,600,000
Restricted	25,600,000
GF/GP	\$0

7. MPSERS (Sec. 147e)

Reduces MPSERS transition costs by \$7.6 million to a total of \$30.0 million and funds fully with SAF. Currently, the fund source for the \$37.6 million is split between the MPSERS Retirement Obligation Reform Reserve Fund (\$31.9 million) and SAF (\$5.7 million).

Gross	(\$7,600,000)
Restricted	(7,600,000)
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 STATE POLICE

Analyst: Marcus Coffin

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$24,748,300	\$24,933,900	\$185,600	0.7
Federal	100,648,800	75,728,500	(24,920,300)	(24.8)
Local	5,146,800	4,766,200	(380,600)	(7.4)
Private	115,000	35,000	(80,000)	(69.6)
Restricted	154,103,700	144,658,200	(9,445,500)	(6.1)
GF/GP	493,173,800	468,507,200	(24,666,600)	(5.0)
Gross	\$777,936,400	\$718,629,000	(\$59,307,400)	(7.6)
FTEs	3,521.0	3,544.0	23.0	0.7

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of State Police (MSP) is the state's primary law enforcement and emergency response authority. The department is responsible for criminal law enforcement and investigation, traffic and motor carrier safety, and homeland security. The department is also responsible for the administration and implementation of various state programs, technologies, and specialized services intended to enhance the capabilities and coordination of federal, state, and local law enforcement agencies, the criminal justice system, and the entire public safety community.

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Medical Marijuana Reduction	FTE	NA	(32.0)
Reflects a reduction of \$9.0 million in restricted funding across five line items to align funding with anticipated fund revenues; includes a reduction of 32.0 FTE positions to align staffing levels with actual departmental activities.	Gross	NA	(\$8,988,700)
	Restricted	NA	(8,988,700)
	GF/GP	NA	\$0
2. FY 2019-20 Trooper Recruit School	FTE	NA	50.0
Includes \$8.6 million GF/GP (\$3.9 million ongoing, \$4.7 million one-time) and authorization for 50.0 FTE positions to support various costs associated with the FY 2019-20 Trooper Recruit School, which is anticipated to graduate 50 new troopers and would begin in January 2020. Costs include salaries, training materials, patrol cars, and trooper outfitting.	Gross	NA	\$8,644,900
	GF/GP	NA	\$8,644,900
3. FY 2018-19 Trooper Recruit School Annualization	Gross	NA	\$8,098,300
Includes \$8.1 million GF/GP to support various departmental expenses incurred for 75 troopers that are expected to graduate from Trooper Recruit School during FY 2018-19. Costs include fleet leasing, equipment, IT support, salaries, and benefits.	GF/GP	NA	\$8,098,300
4. Recreational Marijuana Implementation	FTE	NA	9.0
Includes \$3.0 million in restricted funding from the Marijuana Regulation Fund and authorization for 9.0 FTE positions for the department's implementation of investigative activities pertaining to recreational marijuana.	Gross	NA	\$3,000,000
	Restricted	NA	3,000,000
	GF/GP	NA	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
5. Vehicle Camera Streaming Network	Gross	NA	\$2,300,000
Includes \$2.3 million GF/GP to support hardware and service costs (including hosting and data storage) for the streaming of video footage from MSP patrol vehicles.	GF/GP	NA	\$2,300,000
6. Patrol Vehicle Fleet Reduction	Gross	NA	(\$2,000,000)
Reduces funding by \$2.0 million GF/GP to reflect cost savings resulting from a patrol vehicle fleet reduction of approximately 275 vehicles.	GF/GP	NA	(\$2,000,000)
7. Medical Marihuana Excise Fund Removal	Gross	\$1,815,000	(\$1,815,000)
Eliminates \$1.8 million in restricted funding from the Medical Marihuana Excise Fund for the Investigative Services and Standards and Training/Justice Training Grants line items. This reflects the elimination of the 3% excise tax on medical marihuana provisioning center sales due to the passage of 2018 Initiated Law 1.	Restricted	1,815,000	(1,815,000)
	GF/GP	\$0	\$0
8. Special Operations Reduction	FTE	67.0	(4.0)
Includes a reduction of \$677,600 GF/GP and 4.0 FTE positions to reflect cost savings realized through reductions of executive security details.	Gross	\$13,261,300	(\$677,600)
	Private	15,000	0
	Restricted	1,196,200	0
	GF/GP	\$12,050,100	(\$677,600)
9. Credit Card Fee Authorization Increase	Gross	NA	\$578,700
Includes \$578,700 Gross (\$4,200 GF/GP) to support fees paid by the department for processing credit card transactions. The increased authorization covers increases to the fees charged by credit card providers, as well as fees anticipated to arise from online transactions for concealed pistol license renewal.	IDG	NA	2,800
	Federal	NA	1,500
	Local	NA	1,200
	Restricted	NA	569,000
	GF/GP	NA	\$4,200
10. Automated Biometrics Identification System Increase (ABIS)	Gross	NA	\$510,200
Includes \$510,200 GF/GP for cost increases related to ABIS, which is the successor system to the Automated Fingerprint Identification System.	GF/GP	NA	\$510,200
11. Operating Supplies and Materials	Gross	NA	(\$450,000)
Includes a reduction of \$450,000 GF/GP to reflect cost savings on miscellaneous office materials and supplies in eight department line items.	GF/GP	NA	(\$450,000)
12. Breath Alcohol Program Increase	Gross	NA	\$300,100
Includes \$300,100 GF/GP for the Breath Alcohol Program. The GF/GP funding will offset reduced revenues for restricted funding resulting from lower revenues to the Drunk Driving Prevention and Training Fund.	GF/GP	NA	\$300,100
13. Administrative Vehicle Fleet Reduction	Gross	NA	(\$300,000)
Reduces funding by \$300,000 GF/GP to reflect cost savings resulting from an administrative vehicle fleet reduction of approximately 50 vehicles.	GF/GP	NA	(\$300,000)
14. Ammunition Costs Increase	Gross	NA	\$258,600
Includes \$258,600 GF/GP for cost increases for ammunition that the department purchases.	GF/GP	NA	\$258,600
15. Grants and Community Services Reduction	Gross	\$16,752,600	(\$255,400)
Reduces funding by \$255,400 GF/GP to reflect cost savings that have been achieved by consolidating responsibilities within the Grants and Community Services Division.	Federal	6,248,600	(\$255,400)
	Private	100,000	
	Restricted	9,276,500	
	GF/GP	\$1,127,500	

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
16. Accounting Service Center Increase	Gross	\$1,081,200	\$179,100
Includes \$179,100 GF/GP to support increased Accounting Service Center costs that are charged to the department by DTMB.	IDG	13,400	\$179,100
	Restricted GF/GP	201,800	
		\$866,000	
17. eWarrant System Increase	Gross	NA	\$130,000
Includes \$130,000 GF/GP for hosting and maintenance charges associated with the eWarrant system, which is a statewide information exchange system that provides a streamlined warrant process for law enforcement agencies, prosecutors, and court officials.	GF/GP	NA	\$130,000
18. Combined Strategic Support Module Increase	Gross	NA	\$123,000
Includes \$123,000 GF/GP for licensing and server costs related to the Combined Strategic Support Module, which supports automated in-vehicle location systems, real-time data feeds for digitally-fenced high crime and high traffic accident areas, and augmented visualization technology for direct video streaming between department aircraft and ground troopers.	GF/GP	NA	\$123,000
19. Discretionary Overtime Reduction	Gross	NA	(\$100,000)
Reduces funding by \$100,000 GF/GP to reflect cost savings resulting from reductions to budgeted overtime in eight payroll appropriations (Post Operations is held harmless in this reduction).	GF/GP	NA	(\$100,000)
20. Emergency Management and Homeland Security Training Center Reduction	Gross	NA	(\$29,600)
Reduces funding by \$29,600 GF/GP, as restricted funding from training fees is anticipated to be sufficient to cover training center expenses.	GF/GP	NA	(\$29,600)
21. Civil Air Patrol Elimination	Gross	\$20,000	(\$20,000)
Eliminates \$20,000 GF/GP for the Civil Air Patrol line item. The line item has historically been used to cover civil air patrol costs (namely fuel and flight time) for support activities provided by the Civil Air Patrol to the department.	GF/GP	\$20,000	(\$20,000)
22. Removal of FY 2018-19 One-Time Appropriations	Gross	\$8,476,400	(\$8,476,400)
Removes the following FY 2018-19 one-time appropriations:	GF/GP	\$8,476,400	(\$8,476,400)
• Michigan International Speedway Traffic Control (\$725,000 GF/GP)			
• OK2SAY Information Technology Upgrade (\$100 GF/GP)			
• FY 2018-19 Trooper Recruit School (\$7.8 million GF/GP)			
23. Technical Adjustments	Gross	NA	(\$63,720,500)
Removes FY 2018-19 supplemental appropriations and appropriations authorized by boilerplate; aligns authorizations with expected revenues for federal, local, private, and restricted fund sources; and provides for several internal net-zero transfers, including the restructuring of Secure Cities Partnership funding, Michigan Commission on Law Enforcement Standards rent transfer, and Missing Persons Unit and Canine Unit trooper transfers.	Federal	NA	(25,268,900)
	Local	NA	(404,600)
	Private	NA	(80,000)
	Restricted	NA	(2,841,000)
	GF/GP	NA	(\$35,126,000)
24. Economic Adjustments	Gross	NA	\$3,402,900
Reflects increased costs of \$3.4 million (\$2.2 million GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	182,800
	Federal	NA	347,100
	Local	NA	22,800
	Restricted	NA	630,200
	GF/GP	NA	\$2,220,000

Major Boilerplate Changes From FY 2018-19***Sec. 210. Contingency Funding – REVISED***

Authorizes federal, state restricted, local, and private contingency funding; authorizes expenditure of funds after legislative transfer to specific line items. Revises to decrease federal contingency fund authorization from \$10.0 million to \$8.5 million and to increase state restricted contingency fund authorization from \$3.5 million to \$5.0 million.

Sec. 216. Communication with the Legislature – DELETED

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

Sec. 217. Quarterly Reporting on Achieving Requirements – REVISED

Requires the department to provide quarterly reports on its performance against metrics cited in the article, status of work projects, and financial status. Revises to a bi-annual rather than quarterly reporting cycle.

Sec. 220. Privatization Project Plans – DELETED

Requires the submission of a project plan to the appropriations subcommittees and the fiscal agencies 90 days before beginning any effort to privatize.

Sec. 301. Capitol and Secondary Complex Security – DELETED

Requires the department to maintain adequate levels of staffing and resources for providing security services at the state Capitol Building and surrounding buildings; requires a minimum of 35,000 patrols at state-owned and leased facilities.

Sec. 402. Criminal Justice Information Center – REVISED

Requires the department to maintain and ensure compliance with Criminal Justice Information Center databases and applications. Revises to delete reporting requirement for revenues and costs of concealed pistol licensing.

Sec. 407. School Safety Report – DELETED

Requires the department to submit a report detailing school safety grants, incidences of school violence or threats, OK2SAY-based incidences and activities, and recommendations for school safety measures.

Sec. 702. Specialized Support Teams – REVISED

Requires the department to maintain specialized support teams for statewide availability, and to prepare a report regarding best practices in law enforcement for issues related to drones. Revises to eliminate the best-practices report on drones and to incorporate requirements of former Sec. 301, including that the department provide security services for select state facilities and conduct 35,000 property inspections of state-owned and leased facilities.

Sec. 704. Emergency Management and Homeland Security – REVISED

Specifies the department's role in coordinating emergency preparedness and response efforts. Revises to eliminate language allowing the director to expend any departmental appropriation in responding to a declared state of emergency or disaster and to eliminate quarterly reporting on the status of critical infrastructure vulnerabilities.

Sec. 1001. FY 2019-20 Appropriation – DELETED

Expresses legislative intent that FY 2019-20 appropriations are anticipated to be the same as FY 2018-19 appropriations, and adjusted for changes in caseloads, federal fund match rates, economic factors, and available revenue.

Summary: Executive Budget Recommendation for Fiscal Year 2019-20 DEPARTMENT OF TRANSPORTATION

Analyst: William E. Hamilton

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$4,092,500	\$3,974,300	(\$118,200)	(2.9)
Federal	1,318,271,700	1,341,650,100	23,378,400	1.8
Local	50,532,000	51,032,000	500,000	1.0
Private	900,000	900,000	0	0.0
Restricted	3,283,293,700	4,380,735,600	1,097,441,900	33.4
GF/GP	356,790,900	0	(356,790,900)	(100.0)
Gross	\$5,013,880,800	\$5,778,292,000	\$764,411,200	15.2
FTEs	2,824.3	2,824.3	0.0	0.0

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Historically, approximately two-thirds of the revenue in this budget has come from state restricted revenue, with approximately one-third from federal sources. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies. Revenue from aviation fuel and registration taxes and from an earmark of the Airport Parking Tax is credited to the State Aeronautics Fund for aeronautics programs.

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations	FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Transportation Revenue Increases	Gross	NA
	GF/GP	NA
		\$917,524,800
		\$917,524,800

The budget includes a net \$917.5 million increase in baseline restricted transportation revenue. This increase reflects the governor's proposed increase in motor fuel tax rates on gasoline, diesel motor fuel, and alternative fuels used to propel motor vehicles on public roads. Specifically, the proposal would increase the current 26.3 cent-per gallon motor fuel tax rate by 45 cents per gallon in three steps: to 41.3 cents-per-gallon on October 1, 2019; to 56.3 cents per gallon starting on April 1, 2020; and to 71.3 cents per gallon effective October 1, 2020. The proposed motor fuel tax increases would generate an estimated \$1.3 billion in new revenue in FY 2019-20.

This increase would be partially offset in the Transportation budget by the governor's proposal to eliminate the earmarking of Income Tax Act revenue for road programs. Under the current provisions of the Income Tax Act, that Income Tax Act earmark is \$264.0 million in the current fiscal year, \$468.0 million in FY 2019-20, and would be \$600.0 million in FY 2020-21 and each fiscal year thereafter.

In addition, part of the gross revenue increase from the motor fuel tax on gasoline, \$21.4 million, would be credited to the Recreation Improvement Fund in the DNR budget to reflect non-road uses of gasoline.

Executive
Change
from YTDFY 2018-19 YTD
(as of 3/5/19)**Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations****2. Fixing Michigan Roads Fund Distribution**

Reflects the governor's proposal with respect to the distribution of the \$917.5 million in new revenue. While baseline revenue from motor fuel and vehicle registration taxes would continue to be distributed according to the current provisions of Section 10 of Act 51, the \$917.5 million in new revenue would be credited to a new Fixing Michigan Roads Fund, which would be governed by a proposed new distribution formula. Of the \$917.5 million in new money, \$834.9 million would be distributed for road programs based primarily on the functional classification of the road. Functional classification refers to the classification of roads established by the Federal Highway Administration based on the service characteristics of the road.

Gross
Restricted
GF/GP[Included in Item
#1, above]

The balance of the \$917.5 million in new revenue would be distributed as follows: \$36.7 million for local bridge programs; \$18.4 million for local rural economic corridors, and \$27.5 million for multi-modal innovation projects, including transit and mobility projects and rail and port investments.

The proposed Fixing Michigan Roads Fund and related distribution provisions would have to be established through amendment of Act 51.

3. State Trunkline Road and Bridge Construction

Increases state trunkline capital construction/preservation program by a net \$5.9 million; an anticipated reduction in available federal revenue would be offset by increases in state restricted revenue sources. The increase in state restricted revenue includes a \$463,500 increase in appropriated Blue Water Bridge Fund revenue for Blue Water Bridge capital projects, and a \$28.2 million increase in available STF revenue.

Gross	\$1,266,763,500	\$5,871,200
Federal	808,607,700	(22,750,700)
Local	30,003,500	0
Restricted	428,152,300	28,621,900
GF/GP	\$0	\$0

4. MTF to Local Road Agencies

Reflects \$85.3 million increase in the estimated MTF distribution to county road commissions and cities and villages from anticipated increases in ongoing MTF revenue from motor fuel and vehicle registration taxes. The actual distribution will be based on actual available MTF revenue as distributed according to the provisions of Act 51.

Gross	\$1,562,857,800	\$85,302,900
Restricted	1,562,857,800	85,302,900
GF/GP	\$0	\$0

5. Debt Service

Includes \$213.9 million for debt service, a reduction of \$5.5 million from current year, reflecting debt service schedules. [Total outstanding transportation-related debt at September 30, 2018 was \$1.3 billion.]

Gross	\$219,437,100	(\$5,539,600)
Federal	35,863,400	45,291,600
Restricted	183,573,700	(50,831,200)
GF/GP	\$0	\$0

6. Support Services by Other State Departments

Includes \$48.1 million for Interdepartmental grants (IDGs) that authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds. Specific IDGs include \$20.0 million MTF for Department of State vehicle registration tax collection program, \$2.8 million MTF for Department of Treasury motor fuel tax collection program, and \$11.9 million STF for Michigan State Police Commercial Vehicle Enforcement program and Criminal Justice Information Center. The budget reduces total transportation IDG funding to the Attorney General by \$495,200. The net change across all IDG line items reflects economic increases and cost allocation adjustments.

Gross	\$48,394,600	(\$317,600)
Restricted	48,394,600	(317,600)
GF/GP	\$0	\$0

TRANSPORTATION

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD	
7. Information Technology		Gross	\$35,739,400	\$3,000,000
Increases STF support by \$3.0 million to provide for application modernization.	Federal	520,500	0	
	Restricted	35,218,900	3,000,000	
	GF/GP	\$0	\$0	
8. Design and Engineering Services		FTE	1,473.3	33.0
Increases \$600,000 MTF for local traffic signal billing improvements. Reflects transfer of \$3.1 million STF and 33.0 FTE positions from State Trunkline Maintenance Operations to this line item.	Gross	\$165,353,700	\$3,674,000	
	Federal	23,529,800	0	
	Restricted	141,823,900	3,674,000	
	GF/GP	\$0	\$0	
9. State Trunkline Maintenance		FTE	793.7	(33.0)
Includes a net increase of \$65.5 million STF for the following: \$51.2 million for deferred maintenance items; \$10.0 million for structure inspection compliance; \$7.4 million to offset increased maintenance material costs. Reflects transfer of \$3.1 million STF and 33.0 FTE positions from this line item to Design and Engineering Services line item.	Gross	\$339,127,800	\$65,460,000	
	Restricted	339,127,800	65,460,000	
	GF/GP	\$0	\$0	
10. Transportation Economic Development Fund (TEDF)		Gross	\$43,349,000	\$900,800
Increases TEDF program funding by \$900,800 reflecting an anticipated increase in available TEDF revenue. The TEDF budget would include \$17.1 million for the Target Industries program (Category A), an increase of \$454,800 as compared to the current year. The budget retains \$3.0 million for the TEDF Categorical Program, Community Service Infrastructure Fund, established under 2018 PA 473, which amended the TEDF governing statute, 1987 PA 231.	Restricted	43,349,000	900,800	
	GF/GP	\$0	\$0	
11. Aeronautics Services		FTE	46.0	0.0
Includes the rolling up of two current appropriation line items, Aviation Services, and Airfleet Operations and Maintenance, into a single line item. The budget would retain funding for the Air Service Grant Program at \$250,000. These changes net to \$0, exclusive of economic increases.	Gross	\$7,641,100	\$0	
	Restricted	7,641,100	0	
	GF/GP	\$0	\$0	
12. Local Bus Transit		Gross	\$220,777,900	\$6,000,000
Includes \$196.7 million CTF for local bus operating formula distribution to 81 local public transit agencies, an increase of \$6.0 million compared to current year appropriations.	Federal	28,027,900	0	
	Local	2,000,000	0	
	Restricted	190,750,000	6,000,000	
	GF/GP	\$0	\$0	
13. Transit Capital		Gross	\$66,612,600	\$1,288,000
Increases CTF support by \$1.3 million for program that provides matching funds on behalf of local transit agencies to access federal transit capital grants.	Federal	15,300,000	0	
	Local	1,250,000	0	
	Restricted	50,062,600	1,288,000	
	GF/GP	\$0	\$0	
14. Service Initiatives		Gross	\$4,589,200	\$6,000,000
Increases baseline CTF support by \$6.0 million for program that funds transit-related research, training and development, and demonstration projects.	Federal	1,650,000	0	
	Local	325,000	0	
	Restricted	2,614,200	6,000,000	
	GF/GP	\$0	\$0	
15. Specialized Services		Gross	\$17,938,900	\$5,375,000
Increases baseline CTF support by \$1.5 million for program that supports transit programs targeted at disabled and elderly populations and reflects \$3.9 million roll up of the Transportation to Work line item into this line.	Federal	9,900,000	0	
	Local	4,185,000	0	
	Restricted	3,853,900	5,375,000	
	GF/GP	\$0	\$0	
16. Transportation to Work		Gross	\$3,875,000	(\$3,875,000)
Transfers funding for this line item to the Specialized Services line item.	Restricted	3,875,000	(\$3,875,000)	

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
17. Rail Operations and Infrastructure	Gross	\$80,758,000	\$14,808,700
Includes \$14.8 million CTF increase for program that provides capital and operating support for rail passenger service in Michigan, as well as rail freight and rail economic development programs.	Federal	10,000,000	0
	Local	100,000	0
	Private	100,000	0
	Restricted	70,558,000	14,808,700
	GF/GP	\$0	\$0
18. Intercity Services	Gross	\$7,360,000	\$2,500,000
Increases baseline CTF support by \$2.5 million for program that supports intercity bus service in Michigan.	Federal	4,500,000	0
	Local	160,000	0
	Private	800,000	0
	Restricted	1,900,000	2,500,000
	GF/GP	\$0	\$0
19. Marine Passenger	Gross	\$400,000	\$5,500,000
Increases baseline CTF support by \$5.0 million, and recognizes \$500,000 in local matching funds, for program that supports capital grants for marine passenger (ferry) service in Michigan.	Local	0	500,000
	Restricted	400,000	5,000,000
	GF/GP	\$0	\$0
20. Detroit/Wayne County Port Authority (DWCPA)	Gross	\$468,200	\$0
Maintains funding level established in FY 2018-19 supplemental appropriation act, 2018 PA 618. Funding supports the DWCPA's annual operating budget.	Restricted	468,200	0
	GF/GP	\$0	\$0
21. Airport Improvement Program	Gross	\$94,813,200	\$664,100
Increases State Aeronautics Fund support by \$664,100 for the Airport Safety, Protection, and Improvement Program. This line item recognizes federal, state, and local funding for the federal Airport Improvement Program. Funds capital grants to local airports.	Federal	79,000,000	0
	Local	12,508,500	0
	Restricted	3,304,700	664,100
	GF/GP	\$0	\$0
22. Detroit Metropolitan Wayne County Airport	Gross	\$5,525,000	\$325,000
Increases Qualified Airport Fund support for Detroit Metro Airport by \$325,000 to reflect revenue estimates. The Qualified Airport Fund was established through an amendment to the State Aeronautics Code made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015).	Restricted	5,525,000	325,000
	GF/GP	\$0	\$0
23. Elimination of One-Time Items	Gross	\$356,740,900	(\$356,740,900)
Eliminates \$356.7 million GF/GP in one-time appropriations. Current year one-time items include: \$300.0 million distributed for road programs (\$65.4 million to cities and villages; \$117.3 million to county road commissions; and \$117.3 million for state trunkline preservation); \$52.0 million for the construction of a new lock at the Soo Locks; and \$4.5 million related to the construction of a utility tunnel at the Straights of Mackinac.	GF/GP	\$356,740,900	(\$356,740,900)
24. Economic Adjustments	Gross	NA	\$6,057,600
Reflects increased costs of \$6.1 million Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	50,500
	Federal	NA	837,500
	Restricted	NA	5,169,600
	GF/GP	NA	\$0

Major Boilerplate Changes From FY 2018-19**Sec. 215. Communication With the Legislature – DELETED**

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff.

Major Boilerplate Changes From FY 2018-19

Sec. 217. Report on Proposed Federal Rule Changes – DELETED

Requires the department to notify the legislature on proposed federal rule changes that would impact state law.

Sec. 270. Remanufactured Parts – DELETED

Requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet.

Sec. 305. Lease of Space in Public Transportation Property – DELETED

Authorizes rental of department-owned public transportation properties at competitive market rates; requires that revenue from tenants be placed in an account for maintaining and improving property.

Sec. 319. Rest Area Maintenance – DELETED

Requires signs/telephone numbers for reporting unclean and unsafe conditions at rest areas.

Sec. 353. Prompt Payment – DELETED

Directs department to review contractor payment process; references Special Provision 109.10.

Sec. 357. Local Federal Aid Project Review – DELETED

Directs MDOT to complete project reviews within 120 days; requires system for monitoring review process.

Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies – DELETED

Prohibits MDOT from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations.

Sec. 376. Prohibition on Studies of Highway Signs and Motorist Behavior – DELETED

Prohibits the department from studying the association between highway signs and motorist behavior.

Sec. 381. E-Verify for Legal Status of Contractor/Subcontractor New Employees – DELETED

Requires the department to use the E-Verify system to verify legal status of contractor and subcontractor new hires; requires report.

Sec. 382. Finalize Local Agency Cost Sharing Agreements – DELETED

Requires the department to submit final bill to the local agency within two years of final payment to construction contractor.

Sec. 386. Toll Credits – DELETED

Directs the department to use toll credits as a method of financing federal-aid highway projects; established priority in using toll credits; requires report on toll credits earned and year-end balance.

Sec. 387. Traffic Studies – DELETED

Requires the department to post traffic study on the department website.

Sec. 389. Long-Term Obligations – DELETED

Requires the department to notify the legislature within 30 days of entering into long-term agreements that obligate future payments.

Sec. 390. Report on Restricted Funds and Accounts – DELETED

Requires the department to report on statutory authority for revenue source and distribution and ending balances of restricted funds and accounts.

Sec. 391. Prohibition on Motor Fuel Quality Testing – DELETED

Prohibits the department from performing or assisting any other state agency in performing motor fuel quality testing.

Sec. 393. Best Practices for Public Transportation – DELETED

Directs the department to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost.

Sec. 394. Priority of Preservation – DELETED

Directs the department and local road agencies to make preservation of the existing infrastructure a funding priority.

Sec. 396. Assurance that Contractors Have Ability to Perform Work – DELETED

Requires department to obtain assurance that contractors, other than construction contractors, have ability to complete work.

Sec. 403. Priority of Federal Transit Grants – DELETED

Establishes priority for federal Section 5310 transit grants.

Major Boilerplate Changes From FY 2018-19**Sec. 19-550. Fixing Michigan Roads Fund – NEW**

Provides for the use of funds from the proposed Fixing Michigan Roads Fund.

Sec. 605. Flood Mitigation – DELETED

Establishes performance measures and reporting requirement related to additional maintenance funding provided for flood mitigation.

Sec. 606. Project on I-94/Between M60 and Sargent Road in Jackson County – DELETED

Expresses legislative intent with respect to project.

Sec. 610. Dead Deer – DELETED

Describes legislative intent regarding priority of cleanup of dead deer and other large animal remains.

Sec. 612. Incentive/Disincentive – DELETED

Requires department to establish guidelines for use of incentive/disincentive contracts; establishes a reporting requirement; report due January 1st of each year.

Sec. 613. Report on Engineering Costs – DELETED

Requires report on engineering costs including breakout of department and consultant costs, engineering as a percentage of construction costs.

Sec. 660. Use of Alternative Materials – DELETED

Encourages the department to examine the use of alternative road surface materials; use of crumb rubber from tires.

Sec. 670. Rehabilitation of Winter Maintenance Trucks – DELETED

Directs the department to investigate costs of refurbishing winter maintenance trucks.

Sec. 703. Rail Abandonment Notice – DELETED

Requires notification to legislature when railroad companies file for abandonment of lines.

Sec. 704. Rail Operations and Infrastructure Report – DELETED

Requires report on anticipated expenditures from the rail operations and infrastructure line item.

Sec. 711. Rail Passenger Service Report – DELETED

Requires a report on rail passenger service provided by Amtrak under contract with the department.

Sec. 750. Rail Economic Development – DELETED

Directs department to spend not less than \$2.5 million CTF from Rail Freight Economic Development line for rail freight economic development.

Sec. 751. State Rail Segment Earmark – DELETED

Includes \$2.0 million earmark from Rail Operations and Infrastructure line item for upgrades to a segment of state-owned rail line between Walton Junction and Traverse City.

Sec. 752. Notice of Rail Grant and Loan Programs – DELETED

Requires the department to notify representatives of rail industry of rail grant and loan programs.

Sec. 802. MDOT-Owned Airports – DELETED

Legislature encourages the department to find private entities or local public agencies to assume ownership and operating responsibility for department-owned airports.

Sec. 804. MDOT-Owned Airplanes – DELETED

Prohibits the department from spending funds appropriated for airfleet operations and maintenance if the department owns five or more aircraft; requires the department to notify when it owns four aircraft or fewer.

Sec. 1001. Earmarking One-Time \$175.0 Million GF/GP – DELETED

Eliminates language that prescribes the distribution of \$175.0 million of one-time appropriations.



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Community Colleges	Perry Zielak
Corrections	Robin R. Risko
Education (Department)	Samuel Christensen
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General Government:	
Attorney General/Civil Rights/State (Department)/	
Technology, Management, and Budget	Michael Cnossen
Executive Office/Legislature/Legislative Auditor General/Lottery/	
Michigan Strategic Fund/Talent and Economic Development/Treasury	Benjamin Gielczyk
Health and Human Services:	
Child Welfare, Child Support, Community Services	Viola Bay Wild
Medicaid, Physical and Behavioral Health	Kevin Koorstra
Public Assistance, Field Operations, Medicaid-backup	Kent Dell
Public Health and Aging	Susan Frey
Higher Education	Perry Zielak
Insurance and Financial Services	Marcus Coffin
Judiciary	Robin R. Risko
Licensing and Regulatory Affairs	Marcus Coffin
Military and Veterans Affairs	Michael Cnossen
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Natural Resources Trust Fund	Austin Scott
School Aid	Samuel Christensen; Jacqueline Mullen
State Police	Marcus Coffin
Transportation	William E. Hamilton
Unemployment Insurance	Marcus Coffin
Economic/Revenue Forecasting	
Local Finance/Revenue Sharing/Tax Analysis	Jim Stansell
Legislative Analysis	Jim Stansell; Benjamin Gielczyk
Legislative Analysis	
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