

REVIEW AND ANALYSIS
OF THE
FY 2017-18
EXECUTIVE BUDGET
RECOMMENDATION



prepared by the

HOUSE
FISCAL
AGENCY

Mary Ann Cleary, Director

February 2017

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February 2017

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2017-18 Executive Budget Recommendation.***

In this publication, the *Budget Overview* provides information on revenue sources and appropriations proposed in the Executive Budget Recommendation for FY 2017-18 and FY 2018-19. It also provides summary charts and tables of appropriations and fund sources in the proposed budget.

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

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

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

Mary Ann Cleary, Director

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GLOSSARY

STATE BUDGET TERMS

Line Item

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

Boilerplate

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

Lapse

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

Work Project

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

APPROPRIATION TERMS AND FUND SOURCES

Appropriations

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

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

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

Interdepartmental Grant (IDG) Revenue

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

Intradepartmental Transfer (IDT) Revenue

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

Federal Revenue

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

Local Revenue

Revenue received from local units of government for state services.

Private Revenue

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

State Restricted Revenue

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

General Fund/General Purpose (GF/GP) Revenue

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

MAJOR STATE FUNDS

General Fund

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

School Aid Fund (SAF)

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

Budget Stabilization Fund

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

FY 2017-18 Executive Recommendation

OVERVIEW

Budget Overview
Consensus Revenue Estimates
Balance Sheets
Appropriation Summary Tables
Executive Fee Proposal

FY 2017-18 Executive Recommendation BUDGET OVERVIEW

Mary Ann Cleary, Director, and Bethany Wicksall, Deputy Director

The FY 2017-18 Executive budget recommendation incorporates the January 2017 Consensus Revenue Estimating Conference (CREC) revenue estimates for General Fund/General Purpose (GF/GP) of \$10,522.7 million and School Aid Fund (SAF) of \$12,783.1 million.

The FY 2017-18 budget recommendation includes \$55,387.1 billion in adjusted gross appropriations, an increase of \$1,164.3 million or 2.1%. The table below compares current year appropriations to the Executive proposal.

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
Adjusted Gross	\$54,222.8	\$55,387.1	\$1,164.3	2.1%
Federal	\$22,693.9	\$23,096.0	\$402.1	1.8%
Local/Private	\$388.6	\$383.1	(\$5.4)	(1.4%)
Restricted	\$21,038.9	\$21,758.5	\$719.6	3.4%
GF/GP	\$10,101.5	\$10,149.4	\$47.9	0.5%

Of the \$31,907.9 million in state resources recommended for appropriation in FY 2017-18, \$17,680.0 million (55.4% of the total) is designated for payments to local units of government. Article IX, Section 30 of Michigan's Constitution requires that at least 48.97% of spending from state resources must be paid to local governments.

The Executive proposal includes three recommended supplementals totaling \$137.2 million Gross (\$10.0 million GF/GP) for FY 2016-17:

- Michigan Natural Resources Trust Fund projects of \$47.6 million Gross. (Request 2017-1)
- School Aid appropriation reduction of \$103.4 million Gross (\$15.5 million SAF). (Request 2017-2)
- Departmental appropriation adjustment requests of \$193.0 million Gross (\$10.0 million GF/GP). (Request 2017-3)

Major GF/GP and SAF program reductions proposed in the Executive recommendation compared to FY 2016-17 levels include:

- \$71.0 million SAF reduction to implement a cap on shared-time pupils and a reduction in cyber school foundation allowances, plus another \$21.9 million in eliminated categorical grant programs.
- \$21.5 million GF/GP reduction in various grants and programs in the Health and Human Services budget (DHHS).
- \$5.2 million GF/GP reduction in the Corrections budget to various grants and programs.

The Executive proposal includes proposed deposits of \$311.5 million into the following three reserve funds:

- \$266.5 million in the Budget Stabilization Fund.
- \$25.0 million in the Drinking Water Declaration of Emergency Reserve Fund.
- \$20.0 million in the Michigan Infrastructure Fund.

Major FY 2017-18 GF/GP program increases proposed include:

- \$37.6 million GF/GP (\$84.4 million Gross) for 8 statewide IT projects representing three departments and a deposit into the Information Technology Investment Fund (\$7.5 million). Funding includes a mix of ongoing and one-time costs.
- \$35.0 million for a 2.5% increase in public university operations.
- \$14.2 million GF/GP (\$45.0 million Gross) to provide a \$0.50 per hour increase in wages for direct care workers providing Medicaid behavioral health services.
- \$10.0 million increase for Business Attraction and Community Revitalization programs plus shifts \$14.0 million in one-time funding in FY 2016-17 to ongoing in FY 2017-18.
- \$11.0 million increase for tuition grants and competitive scholarships at Michigan universities.
- \$9.2 million (including \$6.2 million in one-time costs) for a State Police trooper school.
- \$8.4 million GF/GP (\$27.2 million Gross) to increase the reimbursement rate for childcare providers delivering services through the Child Development and Care (CDC) program.
- \$8.1 million GF/GP (\$11.3 million Gross) increase for 95 adult services workers.
- \$6.8 million GF/GP (\$14.2 million Gross) for increases in administrative per diem rates to private foster care agencies and residential service providers.
- \$4.9 million GF/GP (\$7.2 million Gross) increase for additional 72 staff workers at state hospitals and centers.

Major one-time allocations of GF/GP funding for FY 2017-18 include:

- \$15.0 million for state parks repair and maintenance and trail development.
- \$10.0 million to replenish the Disaster and Emergency Contingency Fund within State Police.
- \$10.0 million for Going Pro program (formerly skilled trades training).
- \$5.0 million for talent marketing to attract out-of-state talent to Michigan.

Major proposed FY 2017-18 School Aid funding changes include:

- \$128.0 million for increases to district foundation allowances ranging from \$50 to \$100 per pupil based on 2x formula (percentages range from 0.6% to 1.3%).
- \$150.0 million increase to school districts for at-risk students in addition to expanding the number of eligible students and the number of eligible districts.
- \$22.0 million to provide an additional \$50 per pupil for each high school pupil in grades 9 to 12.
- \$16.8 million one-time for career and technical education (CTE) equipment upgrades.
- \$7.0 million for teacher and administrator evaluation training.
- \$7.0 million to school districts to assist with declining enrollment.

Proposed retirement changes included in the Executive recommendation for FY 2017-18 include:

- \$100.0 million SAF to pay for the additional unfunded liability costs from lowering the assumed rate of return (AROR) for MPERS from 8.0% to 7.5% to community colleges, universities, and school districts. (2-year phase-in)
- \$53.0 million SAF to pay the additional MPSER normal cost to community colleges, universities, and school districts resulting from the change in AROR. (2-year phase-in)
- \$43.4 million GF/GP (\$83.7 million Gross) to pay the additional unfunded liability costs from lowering the assumed rate of return for state employees', state police, and judges' retirement systems from 8.0% to 7.5%.

Funding items in the Flint Water Emergency recommendation FY 2016-17 supplemental and FY 2017-18 proposal include:

- \$100.0 million federal funds to the City of Flint in the FY 2016-17 supplemental (DEQ).
- \$25.0 million GF/GP into the Drinking Water Declaration of Emergency reserve fund.
- \$1.0 million GF/GP (\$13.4 million Gross) in DHHS.
- \$8.7 million SAF in School Aid.
- \$1.0 million GF/GP in DEQ.
- \$600,000 GF/GP in MDARD.

The Executive budget recommendation includes planning authorization for seven capital outlay projects. Financing the recommended capital outlay projects would cost approximately \$17.2 million GF/GP annually for 15-17 years:

- STEM Innovation Learning Center at Wayne State University.
- College of Business and Management expansion at Saginaw Valley State University.
- H-STEM Engineering and Health Tech complex at Michigan Technology University.
- Entrepreneur and Innovation Institute/Technology building renovation.
- Health Sciences, AJ Thiesen building renovation at St. Clair Community College.
- Replacement of the Caro Center State Psychiatric Hospital. (DHHS)
- Secretary of State building addition at the secondary complex.

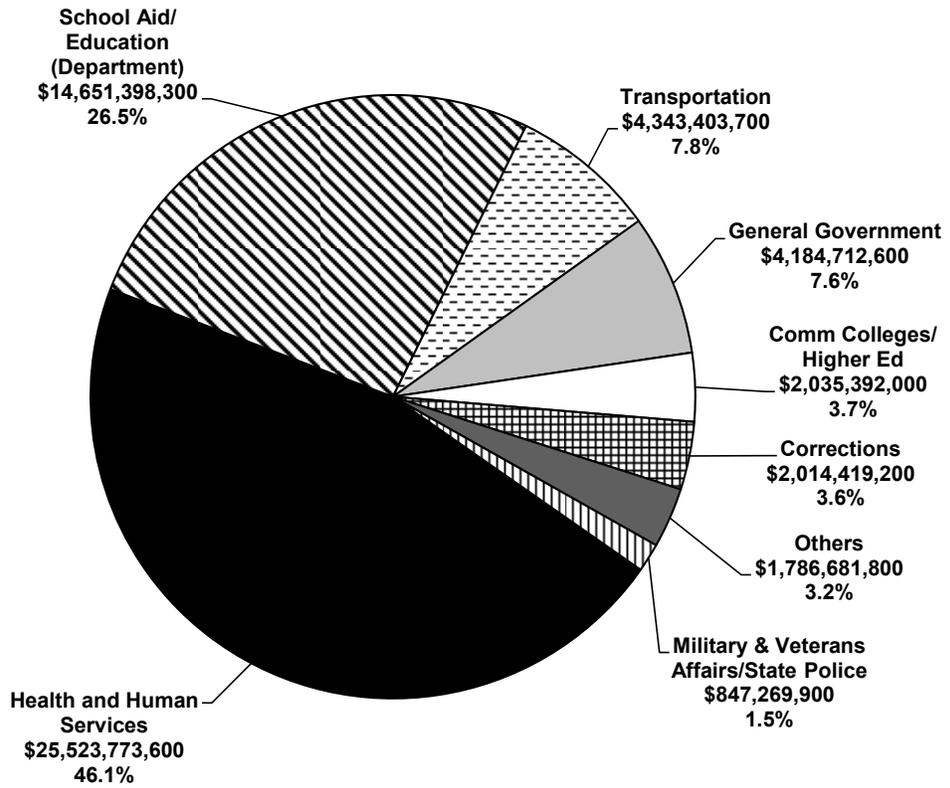
The Executive recommended no change to local revenue sharing programs.

As shown on page 21, the FY 2017-18 budget assumes sunset extension on five fees in the Department of Environmental Quality.

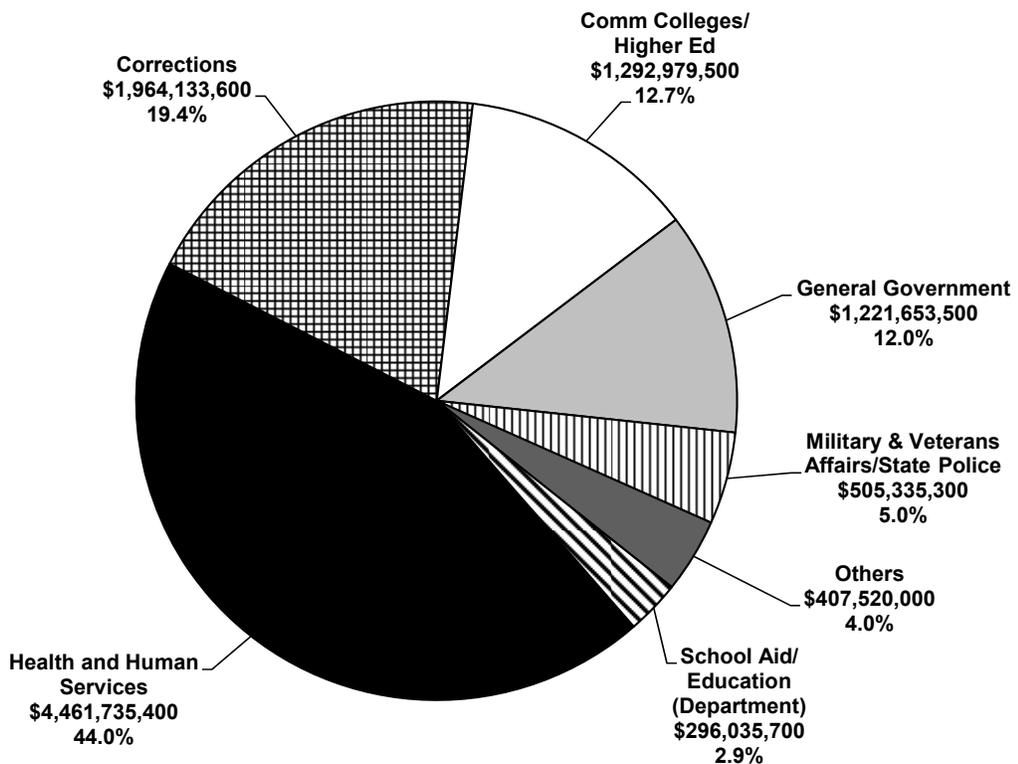
A more detailed summary of major budget changes by individual budget area begins on page 24.

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

**FY 2017-18 Executive Recommendation
Adjusted Gross = \$55,387,051,100**



**FY 2017-18 Executive Recommendation
General Fund/General Purpose (GF/GP) = \$10,149,393,000**



CONSENSUS REVENUE ESTIMATES

Jim Stansell, Associate Director and Senior Economist

This section explains January 2017 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2016-17 through FY 2018-19 by major revenue sources.

For Michigan:

Wage and salary employment is expected to increase 1.1% in 2017 and 1.0% in both 2018 and 2019.

The unemployment rate is expected to be 4.6% in 2017, 4.8% in 2018, and 4.7% in 2019.

GF/GP REVENUE ESTIMATES (Millions of Dollars)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2017-18 Over FY 2016-17		FY 2018-19 Over FY 2017-18	
				Change		Change	
Personal Income Tax	\$6,985.6	\$7,237.4	\$7,129.7	\$251.8	3.6%	(\$107.7)	(1.5%)
Sales Tax	1,178.9	1,209.3	1,245.9	30.4	2.6%	36.6	3.0%
Use Tax	668.7	583.7	614.1	(85.0)	(12.7%)	30.4	5.2%
Business Taxes	674.3	714.6	822.4	40.3	6.0%	107.8	15.1%
Other Taxes	404.5	409.6	417.1	5.1	1.3%	7.5	1.8%
GF/GP Tax Revenue	\$9,912.0	\$10,154.6	\$10,229.2	\$242.6	2.4%	\$74.6	0.7%
Non-Tax Revenue	378.1	368.1	360.1	(10.0)	(2.6%)	(8.0)	(2.2%)
Net Total GF/GP Revenue	\$10,290.1	\$10,522.7	\$10,589.3	\$232.6	2.3%	\$66.6	0.6%

General Fund/General Purpose Revenue by Source

Personal Income Tax

Michigan personal income tax revenue is forecast to increase 4.2% in FY 2016-17, 3.6% in FY 2017-18, and decrease by 1.5% in FY 2018-19, in part due to the \$150 million earmark to the Transportation Fund and a \$206 million expansion of the nonhomestead property tax credit.

Sales Tax

After growing by 2.2% in FY 2015-16, GF/GP sales tax revenue is estimated to increase 3.1% in FY 2016-17, 2.6% in FY 2017-18, and 3.0% in FY 2018-19.

Use Tax

Use tax revenue is forecast to decrease from \$668.7 million in FY 2016-17 to \$583.7 million in FY 2017-18 before increasing to \$614.1 million in FY 2018-19. The overall lack of growth is due to a portion of the use tax being levied by the Local Community Stabilization Authority as a replacement for eliminating the personal property tax on eligible manufacturing personal property.

Business Taxes

Net business taxes are expected to increase to \$674.3 million in FY 2016-17, primarily due to the elimination of a credit claimed by auto insurers and timing issues in MEGA credit claims. As the pattern of credit redemptions smooths, net business taxes are expected to increase 6.0% to \$714.6 million in FY 2017-18 and 15.1% to \$822.4 million in FY 2018-19.

GF/GP Tax Revenue

GF/GP tax revenue is expected to increase 3.8% to \$9,912.0 million in FY 2016-17, 2.4% to \$10,154.6 million in FY 2017-18, and 0.7% to \$10,229.2 million in FY 2018-19.

OVERVIEW

Net Total GF/GP Revenue

Net total GF/GP revenue includes both tax revenue and non-tax revenue.

Non-tax revenue includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs.

Net total GF/GP revenue is expected to increase 2.7% to \$10,290.1 million in FY 2016-17, 2.3% to \$10,522.7 million in FY 2017-18, and 0.6% to \$10,589.3 million in FY 2018-19.

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

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2017-18 Over FY 2016-17		FY 2018-19 Over FY 2017-18	
				Change	Change	Change	Change
Sales and Use Taxes	\$5,971.4	\$6,143.9	\$6,337.0	\$172.5	2.9%	\$193.1	3.1%
Income Tax Earmark	2,770.6	2,864.3	2,957.7	93.7	3.4%	93.4	3.3%
Lottery and Casinos	1,006.0	1,007.0	1,006.8	1.0	0.1%	(0.2)	(0.0%)
Tobacco Taxes	353.0	348.4	343.5	(4.6)	(1.3%)	(4.9)	(1.4%)
State Education Tax	1,933.9	1,990.6	2,049.0	56.7	2.9%	58.4	2.9%
Real Estate Transfer Tax	305.2	309.8	316.0	4.6	1.5%	6.2	2.0%
Liquor Excise Tax	53.6	54.8	56.2	1.2	2.2%	1.4	2.6%
Other Specific Taxes	63.3	64.3	65.3	1.0	1.7%	1.0	1.6%
Total SAF Revenue	\$12,457.0	\$12,783.1	\$13,131.5	\$326.1	2.6%	\$348.4	2.7%

School Aid Fund Revenue by Source

Sales and Use Taxes

Combined sales and use tax revenue dedicated to the SAF is forecast to increase by 3.0% to \$5,971.4 million in FY 2016-17, 2.9% to \$6,143.9 million in FY 2017-18, and 3.1% to \$6,337.0 million in FY 2018-19.

Income Tax Earmark

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

Dedicated income tax revenue is forecast to increase by 4.1% to \$2,770.6 million in FY 2016-17, 3.4% to \$2,864.3 million in FY 2017-18, and 3.3% to \$2,957.7 million in FY 2018-19.

Lottery and Casinos

Lottery and Casino revenue is projected to total \$1,006.0 million in FY 2016-17, \$1,007.0 in FY 2017-18, and \$1,006.8 million in FY 2018-19.

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 \$353.0 million in FY 2016-17, \$348.4 million in FY 2017-18, and \$343.5 million in FY 2018-19.

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 by 1.9% to \$1,933.9 million in FY 2016-17, by 2.9% to \$1,990.6 million in FY 2017-18, and by 2.9% again to \$2,049.0 million in FY 2018-19.

RET revenue is forecast to increase to \$305.2 million in FY 2016-17, \$309.8 million in FY 2017-18, and \$316.0 million in FY 2018-19.

Total SAF Revenue

Total SAF revenue is expected to increase by 2.8% to \$12,457.0 million in FY 2016-17, by 2.6% to \$12,783.1 million in FY 2017-18, and by 2.7% to \$13,131.5 million in FY 2018-19.

Budget Stabilization Fund Year-End Balances

The following table notes BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 2015-16, along with the Executive Recommendation for deposits, and HFA estimates of expected interest earnings and year-end balances for FY 2016-17 and FY 2017-18.

The final BSF fund balance for FY 2015-16 was \$612.4 million. The fund balance is forecast to be \$710.5 million for FY 2016-17 and \$1,006.1 million for FY 2017-18. These projections include the impact of PA 186 of 2014, which requires annual deposits of \$17.5 million of tobacco settlement revenue to the BSF from FY 2015-16 through FY 2035-36.

BUDGET STABILIZATION FUND HISTORY
(Millions of Dollars)

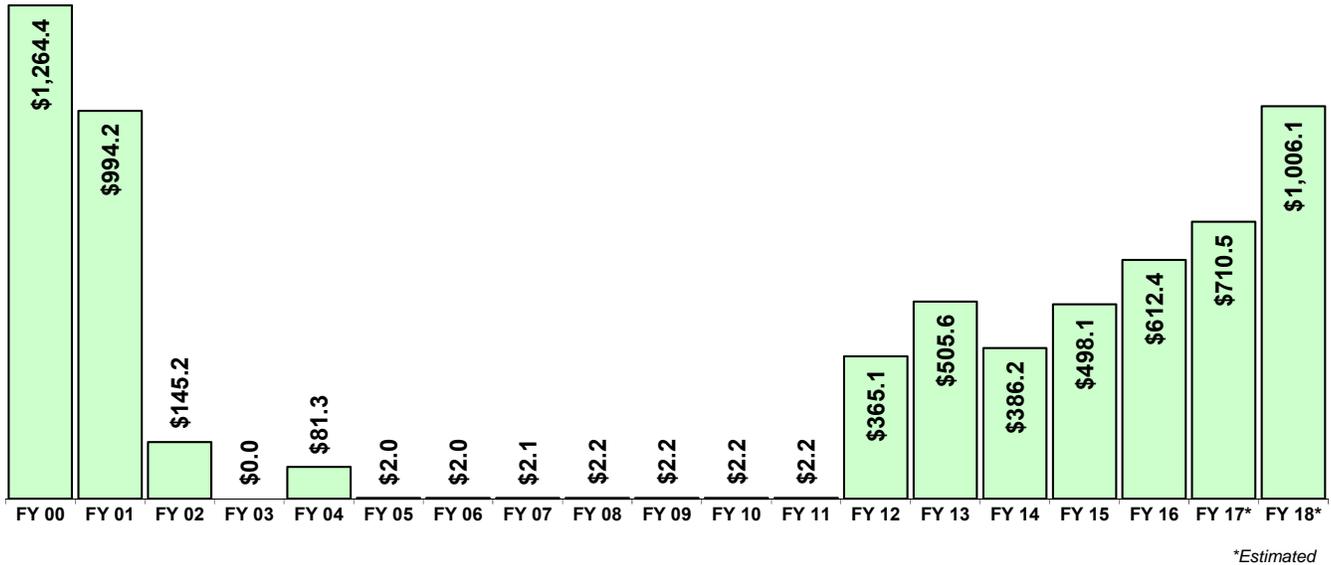
<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1990-91	0.0	230.0	27.1	182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.7	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.2	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.2
2001-02	0.0	869.8	20.8	145.2
2002-03	0.0	156.1	10.9	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	81.3	2.0	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07	0.0	0.0	0.1	2.1
2007-08	0.0	0.0	0.1	2.2
2008-09	0.0	0.0	0.0	2.2
2009-10	0.0	0.0	0.0	2.2
2010-11	0.0	0.0	0.0	2.2
2011-12	362.7	0.0	0.2	365.1
2012-13	140.0	0.0	0.5	505.6
2013-14	75.0	194.8	0.4	386.2
2014-15	111.5	0.0	0.4	498.1
2015-16	112.5	0.0	1.7	612.4
2016-17	92.5**	0.0	5.7*	710.5
2017-18	284.0**	0.0	11.5*	1,006.1

* HFA Estimate

** FY 2017 actual appropriated deposit; FY 2018 Executive Recommendation

Note: Numbers may not add due to rounding.

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



Compliance With the State Revenue Limit

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

COMPLIANCE WITH THE STATE REVENUE LIMIT (Millions of Dollars)

<u>Revenue Limit Calculations</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>	<u>FY 2018-19</u>
Personal Income	CY 2015	CY 2016	CY 2017
Amount	\$424,807	\$440,101	\$457,265
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	\$40,314.2	\$41,765.6	\$43,394.4
Total Revenue Subject to Revenue Limit	\$31,028.1	\$32,271.3	\$33,194.7
Amount Under (Over) State Revenue Limit	\$9,286.1	\$9,494.3	\$10,199.7

Implications of Exceeding the State Revenue Limit

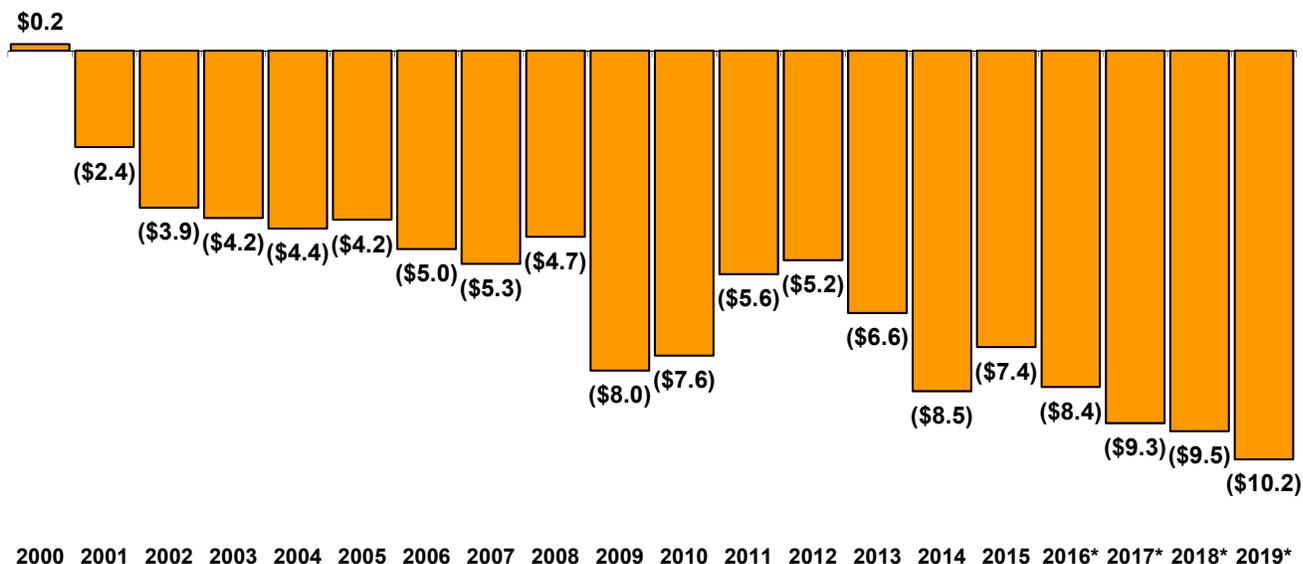
Article IX, Section 26, Constitution of the State of Michigan, provides that:

... 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 2014-15 revenue limit calculation indicates that the state revenue collections were under the revenue limit by \$7.4 billion. For FY 2015-16 through FY 2018-19, state revenue is estimated to be even further below the revenue limit—by \$8.4 billion, \$9.3 billion, \$9.5 billion, and \$10.2 billion respectively.

Constitutional Revenue Limit
(Billions of Dollars)



*Consensus Estimates

BALANCE SHEETS

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

FY 2016-17 Through FY 2018-19 Executive Recommendation			
General Fund/General Purpose (GF/GP)			
Millions of Dollars			
	FY 2016-17	FY 2017-18	FY 2018-19
<u>Resources</u>			
Beginning balance	\$604.4	\$366.0	\$7.6
Consensus Revenue Estimates: January 2017	10,290.1	10,522.7	10,589.3
Use tax on Medicaid MCOs (GF portion: discontinued 1/1/17)	105.3	0.0	0.0
Miscellaneous revenue	22.3	6.5	7.5
Revenue Sharing: ongoing	(465.3)	(465.9)	(465.9)
Revenue Sharing: one-time	<u>(5.8)</u>	<u>(5.8)</u>	<u>0.0</u>
Total Resources	\$10,551.0	\$10,423.5	\$10,138.5
<u>Expenditures</u>			
Enacted appropriations: ongoing	\$9,669.0	\$9,967.3	\$10,122.0
Enacted appropriations: one-time	270.9	137.1	0.0
Deposit to Budget Stabilization Fund	75.0	266.5 *	0.0
Reserve funds (infrastructure and drinking water)	33.9	45.0	0.0
Supplemental appropriations to date	126.2	0.0	0.0
Proposed supplemental	<u>10.0</u>	<u>0.0</u>	<u>0.0</u>
Total Expenditures	\$10,185.0	\$10,415.9	\$10,122.0
Estimated Ending Balance	\$366.0	\$7.6	\$16.5

* FY 2017-18 - Sec. 211 of Article VIII of 2016 PA 268 – 25% of unassigned GF/GP fund balance for FY 2016-17 shall be deposited in the BSF = \$91.5 million.

FY 2016-17 Through FY 2018-19 Executive Recommendation School Aid Fund (SAF) Millions of Dollars			
	FY 2016-17	FY 2017-18	FY 2018-19
<u>Resources</u>			
Beginning balance	\$168.1	\$143.4	\$7.6
Consensus Revenue Estimates: January 2017	12,457.0	12,783.1	13,131.5
Use tax on Medicaid MCOs (SAF portion: discontinued 1/1/17)	52.6	0.0	0.0
GF/GP grant	218.9	215.0	145.0
Detroit Public Schools Trust Fund	72.0	72.0	72.0
Federal funds	<u>1,730.7</u>	<u>1,726.9</u>	<u>1,726.9</u>
Total Resources	\$14,699.3	\$14,940.4	\$15,083.0
<u>Expenditures</u>			
School Aid ongoing recommendations	\$14,119.8	\$14,202.4	\$14,204.3
School Aid one-time recommendations	42.0	99.7	97.9
Pending supplemental requests	(103.4)	0.0	0.0
Community College recommendations	260.4	395.1	403.4
Higher Education recommendations	<u>237.1</u>	<u>235.6</u>	<u>238.5</u>
Total Expenditures	\$14,555.9	\$14,932.8	\$14,944.1
Estimated Ending Balance	\$143.4	\$7.6	\$138.9

OVERVIEW

FY 2017-18 Through FY 2018-19 Executive Recommendation Tobacco Settlement / Merit Award Trust Fund Millions of Dollars		
	FY 2017-18	FY 2018-19
<u>Resources</u>		
Beginning balance	\$0.5	\$1.4
Tobacco Settlement MSA payment	285.8	284.4
Debt service on 2006/2007 securitization bonds (24.11%)	(68.9)	(68.5)
Deposit to 21st Century Jobs Trust Fund	(75.0)	(75.0)
BSF repayment	(17.5)	(17.5)
Detroit Public Schools Trust Fund	(72.0)	(72.0)
Interest	<u>0.1</u>	<u>0.1</u>
Total Resources	\$53.0	\$52.8
<u>Expenditures</u>		
Attorney General: Administration	\$0.5	\$0.5
DHHS: Aging-respite care	4.1	4.1
DHHS: Medicaid base funding	45.0	45.0
State Police: Criminal investigations / IT	0.8	0.8
Treasury: Student Financial Services programs	<u>1.2</u>	<u>1.2</u>
Total Expenditures	\$51.6	\$51.6
Estimated Ending Balance	\$1.4	\$1.2

APPROPRIATION SUMMARY TABLES

The Executive Budget Recommendation for FY 2017-18 increases adjusted gross appropriations by \$1,164.3 million (2.1%) from FY 2016-17 year-to-date amounts:

- GF/GP appropriations are increased by \$47.9 million (0.5%).
- State restricted appropriations are increased by \$719.6 million (3.4%).
- Federal appropriations are increased by \$402.1 million (1.8%).
- Local and private appropriations are decreased by \$5.4 million (-1.4%).

Total state spending from state sources (GF/GP plus state restricted) in the FY 2017-18 Executive Budget Recommendation is increased by \$767.5 million (2.5%) from FY 2016-17 year-to-date amounts.

Projected appropriation amounts for FY 2018-19 under the Executive Budget (which are presented only for planning purposes) reflect a 1.6% decrease in GF/GP appropriations, a 0.1% decrease in total state spending from state sources, and a 0.3% decrease in adjusted gross appropriations.

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

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

- FY 2016-17 year-to-date figures include adjustments through February 8, 2017.
- Some appropriation items in the FY 2016-17 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 2017-18 Executive Budget continues this practice.
- The tables in this document show total appropriation amounts by budget area, including both ongoing items and the items designated as one-time, in order to provide an accurate representation of resources available for expenditure in each budget year by state departments, local units of government, and other entities receiving funds through the state budget.

OVERVIEW

**FY 2017-18 and FY 2018-19
Executive Budget Appropriation Changes
Millions of Dollars**

	<u>Year-to-Date FY 2016-17</u>	<u>Executive Recommendation FY 2017-18</u>	<u>Change Amounts</u>		<u>Executive Recommendation FY 2018-19</u>	<u>Change Amounts</u>	
General Fund/General Purpose	\$10,101.5	\$10,149.4	\$47.9	0.5%	\$9,986.7	(\$162.7)	(1.6%)
State Restricted	<u>21,038.9</u>	<u>21,758.5</u>	<u>719.6</u>	3.4%	<u>21,897.2</u>	<u>138.7</u>	0.6%
Total State-Source Appropriations	\$31,140.4	\$31,907.9	\$767.5	2.5%	\$31,884.0	(\$23.9)	(0.1%)
Federal	\$22,693.9	\$23,096.0	\$402.1	1.8%	\$22,961.7	(\$134.3)	(0.6%)
Local	216.1	214.9	(1.2)	(0.6%)	213.4	(1.5)	(0.7%)
Private	172.5	168.3	(4.2)	(2.4%)	168.3	0.0	0.0%
Total Adjusted Gross	\$54,222.8	\$55,387.1	\$1,164.3	2.1%	\$55,227.3	(\$159.7)	(0.3%)

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 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017.

(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 2017-18 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	\$104,928,800	\$310,300	\$104,618,500	\$11,273,900	\$0	\$101,600	\$36,661,000	\$56,582,000
Attorney General	101,068,800	29,915,300	71,153,500	9,518,000	0	0	21,336,900	40,298,600
Capital Outlay	700	0	700	0	0	0	0	700
Civil Rights	16,099,600	296,600	15,803,000	2,775,800	0	18,700	151,900	12,856,600
Community Colleges	398,167,600	0	398,167,600	0	0	0	395,142,600	3,025,000
Corrections	2,014,419,200	0	2,014,419,200	5,293,800	8,842,400	0	36,149,400	1,964,133,600
Education	349,309,500	0	349,309,500	251,854,700	5,817,200	2,034,300	8,567,600	81,035,700
Environmental Quality	510,842,000	3,100,500	507,741,500	170,042,600	0	555,300	285,825,300	51,318,300
Executive Office	6,848,500	0	6,848,500	0	0	0	0	6,848,500
Health and Human Services	25,537,414,500	13,640,900	25,523,773,600	18,351,244,100	118,751,000	149,873,300	2,442,169,800	4,461,735,400
Higher Education	1,637,224,400	0	1,637,224,400	111,526,400	0	0	235,743,500	1,289,954,500
Insurance and Financial Services	66,741,400	707,600	66,033,800	2,014,700	0	0	63,869,100	150,000
Judiciary	299,954,600	1,550,600	298,404,000	6,488,900	6,000,000	971,000	92,539,000	192,405,100
Legislative Auditor General	24,286,200	5,709,200	18,577,000	0	0	0	1,969,400	16,607,600
Legislature	154,974,800	0	154,974,800	0	0	400,000	4,277,700	150,297,100
Licensing and Regulatory Affairs	441,576,300	47,835,100	393,741,200	65,020,900	250,000	111,800	285,341,900	43,016,600
Military and Veterans Affairs	180,004,400	101,800	179,902,600	92,334,100	1,528,400	640,000	22,332,600	63,067,500
Natural Resources	416,374,300	232,200	416,142,100	70,095,700	0	7,446,000	274,553,100	64,047,300
School Aid	14,302,088,800	0	14,302,088,800	1,726,943,500	0	0	12,360,145,300	215,000,000
State	249,358,500	20,000,000	229,358,500	1,460,000	0	50,100	205,709,400	22,139,000
State Police	693,588,900	26,221,600	667,367,300	83,662,500	5,835,200	178,100	135,423,700	442,267,800
Talent and Economic Devel. (MSF)	1,143,324,800	0	1,143,324,800	762,144,800	500,000	5,620,900	181,556,700	193,502,400
Tech., Mgmt. & Budget: Operations	1,158,972,600	713,959,000	445,013,600	4,985,300	2,316,700	127,700	111,399,300	326,184,600
Tech., Mgmt. & Budget: SBA Rent	246,570,600	0	246,570,600	0	0	0	0	246,570,600
Transportation	4,347,443,000	4,039,300	4,343,403,700	1,340,301,200	50,532,000	100,000	2,952,470,500	0
Treasury: Operations	512,829,800	12,613,700	500,216,100	27,022,600	14,516,000	27,500	359,881,500	98,768,500
Treasury: Debt Service	107,580,000	0	107,580,000	0	0	0	0	107,580,000
Treasury: Revenue Sharing	1,245,292,200	0	1,245,292,200	0	0	0	1,245,292,200	0
TOTAL APPROPRIATIONS	\$56,267,284,800	\$880,233,700	\$55,387,051,100	\$23,096,003,500	\$214,888,900	\$168,256,300	\$21,758,509,400	\$10,149,393,000

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

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TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2017-18 and FY 2018-19 Executive Recommendation Compared with FY 2016-17 Year-to-Date

Department/Budget Area	Year-To-Date FY 2016-17	Exec. Rec. FY 2017-18	Difference FY 2017-18 vs. FY 2016-17		Exec. Rec. FY 2018-19	Difference FY 2018-19 vs. FY 2017-18	
Agriculture and Rural Development	\$95,583,700	\$104,618,500	\$9,034,800	9.5%	\$100,438,400	(\$4,180,100)	(4.0%)
Attorney General	72,646,100	71,153,500	(1,492,600)	(2.1%)	70,528,500	(625,000)	(0.9%)
Capital Outlay	200	700	500	250.0%	0	(700)	(100.0%)
Civil Rights	15,954,900	15,803,000	(151,900)	(1.0%)	15,803,000	0	0.0%
Community Colleges	395,925,600	398,167,600	2,242,000	0.6%	405,440,600	7,273,000	1.8%
Corrections	2,002,729,000	2,014,419,200	11,690,200	0.6%	2,010,060,200	(4,359,000)	(0.2%)
Education	331,975,200	349,309,500	17,334,300	5.2%	349,309,400	(100)	(0.0%)
Environmental Quality	507,810,700	507,741,500	(69,200)	(0.0%)	429,841,400	(77,900,100)	(15.3%)
Executive Office	5,636,300	6,848,500	1,212,200	21.5%	6,848,500	0	0.0%
Health and Human Services	24,871,377,600	25,523,773,600	652,396,000	2.6%	25,388,782,100	(134,991,500)	(0.5%)
Higher Education	1,582,640,400	1,637,224,400	54,584,000	3.4%	1,626,454,400	(10,770,000)	(0.7%)
Insurance and Financial Services	65,549,600	66,033,800	484,200	0.7%	66,033,800	0	0.0%
Judiciary	296,684,000	298,404,000	1,720,000	0.6%	297,354,000	(1,050,000)	(0.4%)
Legislative Auditor General	18,093,300	18,577,000	483,700	2.7%	18,577,000	0	0.0%
Legislature	147,903,600	154,974,800	7,071,200	4.8%	151,974,800	(3,000,000)	(1.9%)
Licensing and Regulatory Affairs	375,398,600	393,741,200	18,342,600	4.9%	403,423,300	9,682,100	2.5%
Military and Veterans Affairs	176,998,400	179,902,600	2,904,200	1.6%	177,402,600	(2,500,000)	(1.4%)
Natural Resources	407,578,200	416,142,100	8,563,900	2.1%	392,389,700	(23,752,400)	(5.7%)
School Aid	14,161,842,100	14,302,088,800	140,246,700	1.0%	14,302,230,700	141,900	0.0%
State	228,315,600	229,358,500	1,042,900	0.5%	229,358,500	0	0.0%
State Police	632,891,700	667,367,300	34,475,600	5.4%	664,532,600	(2,834,700)	(0.4%)
Talent and Economic Devel. (MSF)	1,149,114,300	1,143,324,800	(5,789,500)	(0.5%)	1,114,324,800	(29,000,000)	(2.5%)
Tech., Mgmt. & Budget: Operations	444,601,000	445,013,600	412,600	0.1%	364,075,500	(80,938,100)	(18.2%)
Tech., Mgmt. & Budget: SBA Rent	246,570,600	246,570,600	0	0.0%	246,570,600	0	0.0%
Transportation	4,111,740,200	4,343,403,700	231,663,500	5.6%	4,524,223,200	180,819,500	4.2%
Treasury: Operations	511,210,900	500,216,100	(10,994,800)	(2.2%)	503,871,100	3,655,000	0.7%
Treasury: Debt Service	137,037,000	107,580,000	(29,457,000)	(21.5%)	106,535,000	(1,045,000)	(1.0%)
Treasury: Revenue Sharing	1,228,982,700	1,245,292,200	16,309,500	1.3%	1,260,963,700	15,671,500	1.3%
TOTAL	\$54,222,791,500	\$55,387,051,100	\$1,164,259,600	2.1%	\$55,227,347,400	(\$159,703,700)	(0.3%)

TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2017-18 and FY 2018-19 Executive Recommendation Compared with FY 2016-17 Year-to-Date

Department/Budget Area	Year-To-Date FY 2016-17	Exec. Rec. FY 2017-18	Difference FY 2017-18 vs. FY 2016-17		Exec. Rec. FY 2018-19	Difference FY 2018-19 vs. FY 2017-18	
Agriculture and Rural Development	\$49,926,900	\$56,582,000	\$6,655,100	13.3%	\$52,402,000	(\$4,180,000)	(7.4%)
Attorney General	42,840,500	40,298,600	(2,541,900)	(5.9%)	39,548,600	(750,000)	(1.9%)
Capital Outlay	200	700	500	250.0%	0	(700)	(100.0%)
Civil Rights	13,021,300	12,856,600	(164,700)	(1.3%)	12,856,600	0	0.0%
Community Colleges	135,510,800	3,025,000	(132,485,800)	(97.8%)	2,000,000	(1,025,000)	(33.9%)
Corrections	1,951,957,900	1,964,133,600	12,175,700	0.6%	1,959,774,600	(4,359,000)	(0.2%)
Education	76,181,200	81,035,700	4,854,500	6.4%	81,035,700	0	0.0%
Environmental Quality	49,273,400	51,318,300	2,044,900	4.2%	50,318,300	(1,000,000)	(1.9%)
Executive Office	5,636,300	6,848,500	1,212,200	21.5%	6,848,500	0	0.0%
Health and Human Services	4,392,732,800	4,461,735,400	69,002,600	1.6%	4,533,286,100	71,550,700	1.6%
Higher Education	1,243,904,500	1,289,954,500	46,050,000	3.7%	1,286,254,500	(3,700,000)	(0.3%)
Insurance and Financial Services	150,000	150,000	0	0.0%	150,000	0	0.0%
Judiciary	189,157,400	192,405,100	3,247,700	1.7%	191,355,100	(1,050,000)	(0.5%)
Legislative Auditor General	16,123,900	16,607,600	483,700	3.0%	16,607,600	0	0.0%
Legislature	143,227,800	150,297,100	7,069,300	4.9%	147,297,100	(3,000,000)	(2.0%)
Licensing and Regulatory Affairs	43,721,100	43,016,600	(704,500)	(1.6%)	43,016,600	0	0.0%
Military and Veterans Affairs	58,243,600	63,067,500	4,823,900	8.3%	60,567,500	(2,500,000)	(4.0%)
Natural Resources	43,410,000	64,047,300	20,637,300	47.5%	41,294,900	(22,752,400)	(35.5%)
School Aid	218,900,000	215,000,000	(3,900,000)	(1.8%)	145,000,000	(70,000,000)	(32.6%)
State	22,109,600	22,139,000	29,400	0.1%	22,139,000	0	0.0%
State Police	405,162,800	442,267,800	37,105,000	9.2%	435,353,900	(6,913,900)	(1.6%)
Talent and Economic Devel. (MSF)	182,508,900	193,502,400	10,993,500	6.0%	164,502,400	(29,000,000)	(15.0%)
Tech., Mgmt. & Budget: Operations	322,982,000	326,184,600	3,202,600	1.0%	245,246,500	(80,938,100)	(24.8%)
Tech., Mgmt. & Budget: SBA Rent	246,570,600	246,570,600	0	0.0%	246,570,600	0	0.0%
Transportation	9,750,000	0	(9,750,000)	(100.0%)	0	0	--
Treasury: Operations	101,458,800	98,768,500	(2,690,300)	(2.7%)	96,768,500	(2,000,000)	(2.0%)
Treasury: Debt Service	137,037,000	107,580,000	(29,457,000)	(21.5%)	106,535,000	(1,045,000)	(1.0%)
Treasury: Revenue Sharing	0	0	0	--	0	0	--
TOTAL	\$10,101,499,300	\$10,149,393,000	\$47,893,700	0.5%	\$9,986,729,600	(\$162,663,400)	(1.6%)

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

<u>Department/Budget Area</u>	<u>Exec. Rec. FY 2017-18 GF/GP</u>
Agriculture and Rural Development	\$4,180,000
Attorney General	750,000
Capital Outlay	700
Community Colleges	1,025,000
Corrections	4,359,000
Environmental Quality	1,000,000
Health and Human Services	6,065,000
Higher Education	3,700,000
Judiciary	1,050,000
Legislature	3,000,000
Military and Veterans Affairs	2,500,000
Natural Resources	22,752,400
State Police	19,776,900
Talent and Economic Devel. (MSF)	29,000,000
Tech., Mgmt. and Budget: Operations	80,938,100
Treasury: Operations	2,000,000
TOTAL: ONE-TIME APPROPRIATIONS	\$182,097,100
Budget Stabilization Fund Deposit	266,500,000
TOTAL: ONE-TIME APPROPRIATION AND DEPOSITS	\$448,597,100

TABLE 5
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2017-18 Executive Recommendation Compared with FY 2016-17 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2016-17</u>	<u>Executive Recommendation FY 2017-18</u>	<u>Difference FY 2017-18 vs. FY 2016-17</u>	
Agriculture and Rural Development	482.0	499.5	17.5	3.6%
Attorney General	534.0	539.0	5.0	0.9%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	135.0	133.0	(2.0)	(1.5%)
Community Colleges	0.0	0.0	0.0	--
Corrections	13,819.9	13,819.9	0.0	0.0%
Education	603.5	609.5	6.0	1.0%
Environmental Quality	1,243.0	1,260.0	17.0	1.4%
Executive Office	84.2	89.2	5.0	5.9%
Health and Human Services	15,600.5	15,620.5	20.0	0.1%
Higher Education	0.0	0.0	0.0	--
Insurance and Financial Services	342.5	342.5	0.0	0.0%
Judiciary	510.0	501.0	(9.0)	(1.8%)
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing and Regulatory Affairs	2,251.8	2,379.8	128.0	5.7%
Military and Veterans Affairs	907.5	913.5	6.0	0.7%
Natural Resources	2,243.8	2,270.8	27.0	1.2%
School Aid	0.0	0.0	0.0	--
State	1,593.0	1,614.0	21.0	1.3%
State Police	3,229.0	3,440.0	211.0	6.5%
Talent and Economic Devel. (MSF)	1,615.0	1,615.0	0.0	0.0%
Tech., Mgmt. and Budget: Operations	2,883.0	2,943.0	60.0	2.1%
Tech., Mgmt. and Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	2,918.3	2,918.3	0.0	0.0%
Treasury: Operations	1,916.5	1,962.5	46.0	2.4%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
TOTAL FTE APPROPRIATIONS	52,912.5	53,471.0	558.5	1.1%

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

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

FY 2017-18 Executive Recommendation			
<u>Department/Budget Area</u>	<u>Spending from State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending from State Sources as Payment to Locals</u>
Agriculture and Rural Development	\$93,243,000	\$7,350,000	7.9%
Attorney General	61,635,500	0	0.0%
Capital Outlay	700	200	28.6%
Civil Rights	13,008,500	0	0.0%
Community Colleges	398,167,600	398,167,600	100.0%
Corrections	2,000,283,000	114,388,800	5.7%
Education	89,603,300	13,176,000	14.7%
Environmental Quality	337,143,600	4,531,000	1.3%
Executive Office	6,848,500	0	0.0%
Health and Human Services	6,903,905,200	1,371,570,500	19.9%
Higher Education	1,525,698,000	0	0.0%
Insurance and Financial Services	64,019,100	0	0.0%
Judiciary	284,944,100	146,794,000	51.5%
Legislative Auditor General	18,577,000	0	0.0%
Legislature	154,574,800	0	0.0%
Licensing and Regulatory Affairs	328,358,500	29,225,700	8.9%
Military and Veterans Affairs	85,400,100	142,400	0.2%
Natural Resources	338,600,400	9,854,300	2.9%
School Aid	12,575,145,300	12,411,741,800	98.7%
State	227,848,400	1,215,900	0.5%
State Police	577,691,500	14,113,200	2.4%
Talent and Economic Devel. (MSF)	375,059,100	34,300,000	9.1%
Tech., Mgmt. and Budget: Operations	437,583,900	2,500,000	0.6%
Tech., Mgmt. and Budget: SBA Rent	246,570,600	0	0.0%
Transportation	2,952,470,500	1,715,980,300	58.1%
Treasury: Operations	458,650,000	159,675,600	34.8%
Treasury: Debt Service	107,580,000	0	0.0%
Treasury: Revenue Sharing	1,245,292,200	1,245,292,200	100.0%
TOTALS APPROPRIATED	\$31,907,902,400	\$17,680,019,500	55.4%

EXECUTIVE FEE PROPOSAL

Department/Budget Area	Current Fee	Proposed Fee	Current Revenue Collected	Additional Revenue Generated with Fee Increase	Estimated Total Revenue
Environmental Quality					
• Liquid Industrial Waste Transporter of Facility Charge Sunset Elimination	\$50 user charge per site ID	NA	\$1,110,000	NA	\$1,110,000
• Hazardous Waste Manifest Sunset Elimination	\$8 per manifest	NA		NA	
• Hazardous Waste Generator, Transporter, or Treatment, Storage, or Disposal Facility User Charge Sunset Elimination	\$50 user charge per site ID	NA		NA	
• Hazardous Waste Handler User Charge Sunset Elimination	\$100 to \$2,000 based on kilograms of hazardous waste generated on a monthly basis	NA		NA	
• Operator Training and Certification Fees Sunset Elimination	\$30 to \$95 based on the type of classification and training or renewal required	NA	\$462,000	NA	\$462,000
TOTAL			\$1,562,000		\$1,562,000

FY 2017-18

Budget Detail

**Summary: Executive Budget Recommendation
for Fiscal Year 2017-18
DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT**

Analyst: William E. Hamilton

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$323,200	\$310,300	(\$12,900)	(4.0)
Federal	10,471,200	11,273,900	802,700	7.7
Local	0	0	0	--
Private	130,700	101,600	(29,100)	(22.3)
Restricted	35,054,900	36,661,000	1,606,100	4.6
GF/GP	49,926,900	56,582,000	6,655,100	13.3
Gross	\$95,906,900	\$104,928,800	\$9,021,900	9.4
FTEs	482.0	499.5	17.5	3.6

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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, protecting consumers, and promoting the state's agricultural economy.

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations

		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Emergency Management	FTE	3.0	1.0
Increases GF/GP support by \$359,700 and includes 1.0 additional FTE position for program that coordinates preparation for and response to emergencies that affect the state's food and agriculture industries.	Gross	\$614,600	\$359,700
	Federal	331,900	0
	GF/GP	\$282,700	\$359,700
2. Operational Services	FTE	19.0	1.0
Increases GF/GP support by \$107,700 and includes 1.0 additional FTE position for MDARD's <i>Operations services</i> and <i>Central licensing</i> divisions.	Gross	\$1,882,700	\$107,700
	Restricted	792,600	0
	GF/GP	\$1,090,100	\$107,700
3. Statistical Reporting Service	FTE	1.0	0.0
Increases GF/GP support by \$80,000 to offset decline in private revenue support.	Gross	\$153,600	\$50,700
	Private	79,100	(29,300)
	GF/GP	\$74,500	\$80,000
4. Food and Dairy – Food Safety Quality Assurance	FTE	93.0	1.0
Increases GF/GP support by \$671,300 and includes 1.0 additional FTE position to assist producers in implementing federal Food Safety Modernization Act (FSMA) requirements. [Increases related to FSMA implementation programs total \$1.1 million (\$980,000 GF/GP) and 4.0 FTE positions across several line items.]	Gross	\$14,006,400	\$671,300
	Federal	1,274,100	0
	Restricted	4,690,600	0
	GF/GP	\$8,041,700	\$671,300
5. Food and Dairy – Milk Safety Quality Assurance	FTE	30.0	1.0
Increases GF/GP support by \$166,600 and includes 1.0 additional FTE position to reflect additional workload as a result of changes in federal re-inspection requirements to ensure compliance with the Pasteurized Milk Ordinance.	Gross	\$4,260,100	\$166,600
	Federal	56,000	0
	Restricted	219,300	0
	GF/GP	\$3,984,800	\$166,600

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
6. Animal Industry – Animal Health and Disease Response	FTE 60.0	1.0
Increases GF/GP support by \$164,700 and includes 1.0 additional FTE position.	Gross \$9,054,500	\$164,700
	Federal 625,300	0
	Private 30,500	0
	Restricted 252,600	0
	GF/GP \$8,146,100	\$164,700
7. Animal Agriculture Initiative	Gross \$899,000	(\$500,000)
This line, which was new in the FY 2016-17 budget, supports a cooperative animal industry/university partnership. The Governor's proposed budget eliminates \$500,000 in one-time funding but retains \$399,000 shown as ongoing.	GF/GP \$899,000	(\$500,000)
8. Bovine Tuberculosis (TB) – Wildlife Risk Mitigation	Gross \$0	\$1,000,000
Includes \$1.0 million GF/GP, identified as one-time, for a cost share program with local conservation districts to assist livestock producers in identifying and implementing practices to reduce the spread of Bovine TB.	GF/GP \$0	\$1,000,000
9. Pesticide and Plant Pest Management (PPPM)	FTE 92.0	2.0
Provides additional GF/GP and restricted Commodity inspection fee support and 2.0 additional FTE positions to assist producers in implementing FSMA requirements.	Gross \$13,672,000	\$284,400
	Federal 1,803,600	0
	Private 21,100	0
	Restricted 6,224,500	142,200
	GF/GP \$5,622,800	\$142,200
10. Environmental Stewardship/MAEAP	FTE 23.0	2.0
Reduces GF/GP support by \$259,000 but recognizes 2.0 additional FTE positions; retains \$1.5 million in restricted Freshwater Protection fund revenue that was added to current year budget in supplemental appropriation act, Public Act 340 of 2016.	Gross \$10,646,800	(\$259,000)
	Federal 1,651,900	0
	Restricted 7,679,800	0
	GF/GP \$1,315,100	(\$259,000)
11. Farmland and Open Space Preservation	FTE 10.0	0.0
This program, commonly referred to as the PA 116 program, provides tax credits to qualified farmers and landowners who agree to restrictions on development rights. The Governor's proposed budget reduces GF/GP support by \$120,000 but retains 3.0 FTE positions and \$305,600 from Agriculture Preservation Fund added to the current year budget in supplemental appropriation act, Public Act 340 of 2016.	Gross \$1,727,700	(\$120,000)
	Restricted 1,400,000	0
	GF/GP \$327,700	(\$120,000)
12. Intercounty Drain	FTE 4.0	2.0
Increases GF/GP support by \$315,100 and includes 2.0 additional FTE positions for ongoing intercounty drain program.	Gross \$484,400	\$315,100
	GF/GP \$484,400	\$315,100
13. Intercounty Drain Mapping Project (One-Time)	Gross \$0	\$250,000
Provides \$250,000 GF/GP to help establish state standard drainage infrastructure mapping tool.	GF/GP \$0	\$250,000
14. Qualified Forest Program	FTE 9.0	0.0
Increases gross appropriation by \$100,000; a \$90,000 reduction in GF/GP support is offset by recognition of \$190,000 in additional revenue from the Private Forestland Enhancement Fund.	Gross \$2,582,700	\$100,000
	Restricted 288,200	190,000
	GF/GP \$2,294,500	(\$90,000)
15. Right to Farm	FTE 3.0	2.5
Increases GF/GP support by \$384,000 and includes 2.5 additional FTE positions in anticipation of increased workload related to siting of new or expanded livestock operations; reduces Interdepartmental grant revenue to better align with anticipated revenue.	Gross \$577,600	\$369,000
	IDG 103,100	(15,000)
	GF/GP \$474,500	\$384,000
16. Agriculture Development	FTE 11.0	1.0
Increases GF/GP support by \$408,500 and adds 1.0 additional FTE position. See related boilerplate, Section 706.	Gross \$3,604,300	\$408,500
	Federal 2,316,000	0
	Restricted 87,200	0
	GF/GP \$1,201,100	\$408,500

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>		<u>FY 2016-17 YTD (as of 2/8/17)</u>	<u>Executive Change from YTD</u>
17. Grape and Wine Council	FTE	3.0	0.0
The FY 2016-17 budget had included \$921,000 in ongoing restricted funding and \$170,000 GF/GP shown as one-time. The Governor's proposed budget eliminates one-time GF/GP funding.	Gross	\$1,091,000	(\$170,000)
	Restricted	921,000	0
	GF/GP	\$170,000	(\$170,000)
18. Value-Added Grants/Food and Agriculture Investment Program	Gross	\$1,500,000	\$1,243,900
The FY 2016-17 budget had included \$1.5 million GF/GP for a competitive value-added grant program – \$500,000 as ongoing and \$1.0 million shown as one-time. The Governor's proposed budget would provide \$2.7 million GF/GP for similar grant program, renamed the Food and Agriculture Investment Program. The program would be defined and governed by boilerplate, Section 711.	GF/GP	\$1,500,000	\$1,243,900
19. County Fairs, Shows, Expositions Grants	Gross	\$470,000	(\$170,000)
Reduces GF/GP funding by \$170,000 for program that provides matching capital grants to eligible county fairs, shows, and expositions.	GF/GP	\$470,000	(\$170,000)
20. Tree Fruit Research/Commission	Gross	\$500,000	\$1,000,000
The FY 2016-17 budget includes \$500,000 GF/GP, identified as one-time, for tree fruit research grants. The Governor's proposed budget would provide \$1.5 million in one-time funding to the Michigan Tree Fruit Commission for capital improvements to Michigan State University tree fruit research facilities.	GF/GP	\$500,000	\$1,000,000
21. Vital Agriculture Infrastructure Grant (One-Time)	Gross	\$220,000	(\$220,000)
Eliminates one-time earmark for local capital construction project.	GF/GP	\$220,000	(\$220,000)
22. Double-Up Food Bucks (One-Time)	Gross	\$0	\$1,430,100
Includes one-time support for new program of which \$750,000 is identified for expansion of "Double-up Food Bucks" nutrition incentive program; \$680,100 is specific to the Flint Drinking Water Declaration of Emergency. Funding also in proposed FY 2016-17 supplemental.	Restricted	0	100
	GF/GP	\$0	\$1,430,000
23. Technical and Revenue Adjustments	Gross	NA	\$1,863,000
Includes various technical and revenue adjustments so that appropriated revenue better reflects anticipated revenue sources.	Federal	NA	775,000
	Restricted	NA	1,101,400
	GF/GP	NA	(\$13,400)
24. Economics	Gross	NA	\$676,200
Reflects increased costs of \$676,200 Gross (\$473,800 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	2,100
	Federal	NA	27,700
	Private	NA	200
	Restricted	NA	172,400
	GF/GP	NA	\$473,800

Major Boilerplate Changes From FY 2016-17

Sec. 403. FSMA Program – DELETED

Deletes section indicating legislative intent that the department established FSMA education and training program and which authorized use of federal funds in addition to those appropriated in Part 1.

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

Deletes section which required 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. 453. Indemnification Payments – REVISED

Deletes language requiring specific appropriation for indemnification payments that exceed \$100,000; deletes requirement that report identify persons to whom indemnification is paid.

Sec. 457. Bovine TB Quarterly Report – REVISED

Deletes specific Bovine TB reporting requirement.

Major Boilerplate Changes From FY 2016-17

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

Deletes section that indicated 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. 652. Laboratory Program Turnaround Times – DELETED

Deletes section that established laboratory turnaround time metrics.

Sec. 701. Value Added Grant Program – DELETED

Deletes current language that had defined program which is not included in the Governor's proposed budget.

Sec. 702. Rural Development Fund/Program – DELETED

Deletes section that directs department to work with Rural Development Fund Board.

Sec. 706. Agriculture Development Report – REVISED

Includes new metrics on increased trade show and export business visit attendance.

Sec. 709. Grape and Wine Industry Council Report – DELETED

Deletes current reporting requirement.

Sec. 711. Food and Agriculture Investment Program – NEW

Directs department to establish new competitive grant program intended to expand Michigan's food and agriculture sector, grow Michigan exports, and increase food processing activities; establishes grant criteria and reporting requirements.

Sec. 901. Double-Up Food Bucks/Flint Drinking Water Emergency – NEW

New section identifies eligible uses of one-time Double-up Food Bucks program funds specific to the Flint Drinking Water Declaration of Emergency.

Supplemental Recommendations for FY 2016-17 Appropriations

**FY 2016-17
Recommendation**

1. Double-Up Food Bucks (One-Time)

Includes \$750,000 GF/GP, identified as one-time, to match a three-year federal USDA Food Insecurity Nutrition Incentives Grant.

Gross	\$750,000
GF/GP	\$750,000

Summary: Executive Budget Recommendation for Fiscal Year 2017-18 COMMUNITY COLLEGES

Analyst: Perry Zielak

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	260,414,800	395,142,600	134,727,800	51.7
GF/GP	135,510,800	3,025,000	(132,485,800)	(97.8)
Gross	\$395,925,600	\$398,167,600	\$2,242,000	0.6

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Community College Operations Grants	Gross	\$315,892,000	\$0
Shifts funding by \$130.4 million from GF/GP to School Aid Fund (SAF), as the entirety of operations grants are funded through SAF. Maintains current FY 2016-17 funding levels for community colleges operations grants of \$315.9 million.	Restricted	185,481,200	130,410,800
	GF/GP	\$130,410,800	(\$130,410,800)
2. Michigan Public School Employee Retirement System (MPERS)	Gross	\$73,200,000	(\$2,395,000)
Reduces funding by \$2.4 million SAF for MPERS. This includes a reduction of \$9.1 million SAF for the state's share of colleges' unfunded liability to MPERS and a \$6.7 million SAF increase to cover the reduction in the assumed rate of return for MPERS from 8% to 7.5%. The state's share is the difference between the actuarial accrued liability to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement act (MCL 38.1341). Total funding for the state share of MPERS would be \$70.8 million SAF.	Restricted	73,200,000	(2,395,000)
	GF/GP	\$0	\$0
3. MPERS Normal Cost Offset	Gross	\$0	\$3,612,000
Includes \$3.6 million SAF to reimburse community colleges for their normal cost portion to reduce the assumed rate of return for MPERS from 8% to 7.5%.	Restricted	0	3,612,000
	GF/GP	\$0	\$0
4. Renaissance Zone Reimbursements	Gross	\$5,100,000	(\$2,000,000)
Reduces funding by \$2.0 million GF/GP for Renaissance Zone reimbursements to community colleges. Estimated reimbursement payments required by statute have decreased due to recent Personal Property Tax reforms. Also includes funding shift of \$3.1 million from GF/GP to SAF, bringing total funding to \$3.1 million SAF.	Restricted	0	3,100,000
	GF/GP	\$5,100,000	(\$5,100,000)
5. Independent Part-Time Student Grant	Gross	\$0	\$2,000,000
Includes \$2.0 million GF/GP for a pilot program that provides financial support to part-time adult students who have earned 15 credits or more. The grants are limited to students enrolled at community colleges who are near the completion of a degree or certificate.	GF/GP	\$0	\$2,000,000

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>	<u>FY 2016-17 YTD (as of 2/8/17)</u>	<u>Executive Change from YTD</u>
6. Michigan Transfer Network	Gross	\$0
Includes \$1.0 million GF/GP in one-time funds to support the enhancement of the Michigan Transfer Network website. The new site will better assist students in transferring credits between different institutions of Higher Education within the state.	GF/GP	\$1,025,000
		\$0
		\$1,025,000

Major Boilerplate Changes From FY 2016-17

Sec. 201(7). Independent Part-Time Student Grants – NEW

Specifies that priority for grants will be given to students with greatest financial need as determined by each institution if applicants exceed anticipated numbers. Also requires report in FY 2018-19 from community colleges on number of students who received a grant and number of students who received a grant and completed a degree or certificate program.

Sec. 201(8). Independent Part-Time Student Grants – NEW

States that community colleges that fail to submit the report specified in 201(7), shall not receive further Independent Part-Time Student Grants. Adds that Department of Treasury will report information by November 1.

Sec. 201(9). Michigan Transfer Network – NEW

Specifies that the \$1,025,000 appropriation to the Michigan Community College Association (MCCA) is to enhance the transfer network website. Requires MCCA to update appropriations committees, fiscal agencies and State Budget Office on project status until completion.

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

Specifies required information and datasets that community colleges must report to the Center of Educational Performance and Information (CEPI) by November 1.

Sec. 208. Self-Liquidating Projects – DELETED

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

Sec. 209. Community College Transparency – REVISED

Deletes from college transparency reporting requirements a requirement to post the estimated cost resulting from the Affordable Care Act. Deletes requirement that each college's board of trustees post a resolution of compliance with best practices for the local strategic value component. Also deletes a provision authorizing state budget director to withhold payment from a college that failed to comply with the reporting requirements.

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

Revises language around reporting requirements for the Michigan Community College Association and the Michigan Association of State Universities on course transfer agreements between community colleges and state universities.

Sec. 212. Cost Containment Initiatives – DELETED

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

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

Deletes language requiring CEPI to assist community colleges in complying with state and federal audits.

Sec. 223. North American Indian Tuition Waiver – REVISED

Changes reporting requirement for community colleges from prior fiscal year to prior academic year.

Sec. 224. Aggregate Academic Status – REVISED

Specifies that CEPI will use reported community college data in its P-20 longitudinal data system to inform high schools and the public of the aggregate academic status of each institution's students for the previous academic year.

Sec. 225. Tuition Rate Reports – REVISED

Indicates that community colleges will report tuition and fee reports to CEPI by August 31 and CEPI will make information available to the fiscal agencies and State Budget Office.

Sec. 227. Community College Automobile Purchases – DELETED

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

COMMUNITY COLLEGES

Major Boilerplate Changes From FY 2016-17

Sec. 228. *Communication with the Legislature* – DELETED

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

Summary: Executive Budget Recommendation for Fiscal Year 2017-18

DEPARTMENT OF CORRECTIONS

Analyst: Robin R. Risko

	FY 2016-17	FY 2017-18	Difference: FY 2017-18	
	Year-to-Date as of 2/8/17		Executive	Vs. FY 2016-17
			Amount	
IDG/IDT	\$0	\$0	\$0	--
Federal	5,523,700	5,293,800	(229,900)	(4.2)
Local	8,692,800	8,842,400	149,600	1.7
Private	0	0	0	--
Restricted	36,554,600	36,149,400	(405,200)	(1.1)
GF/GP	1,951,957,900	1,964,133,600	12,175,700	0.6
Gross	\$2,002,729,000	\$2,014,419,200	\$11,690,200	0.6
FTEs	13,819.9	13,819.9	0.0	0.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of Corrections (MDOC) is responsible for the operation and maintenance of the state's 31 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education, food service, transportation, and reintegration programs. The department is also responsible for the supervision of all parolees and probationers under department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of February 1, 2017, the department was responsible for 101,824 Michigan offenders: 40,948 prisoners, 44,931 probationers, and 15,945 parolees.

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. One-Time Funding for Training New Custody Staff	Gross	\$9,216,500	\$4,359,000
Includes one-time funding to train 177 corrections officers to meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, travel, and lodging. (Travel and lodging is paid during training if participants live away from the facilities to which they are assigned.) With the additional funding added to the FY 2016-17 base of \$9.2 million, the department will be able to train roughly 550 new officers in FY 2017-18.	GF/GP	\$9,216,500	\$4,359,000
2. Trinity Food Service Contract Adjustment	Gross	\$54,455,900	\$4,036,000
Includes additional funding to cover the required contract rate adjustment and an increase in the projected cost of food service utilizing a census-based billing model with prices per meal based on prisoner population levels. The contract requires that payment rates be adjusted annually by the greater of 1% or the change in the Consumer Price Index - All Urban Consumers, U.S. City Average for Food Away from Home. That CPI has averaged a 2.6% increase over the last 10 years. The amount of additional funding assumes the same increase in FY 2017-18.	GF/GP	\$54,455,900	\$4,036,000
3. Corizon Health Care Contract Adjustment	Gross	\$122,945,400	\$3,511,900
Includes additional funding to cover 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	\$122,945,400	\$3,511,900
4. Increased Oncology Costs	Gross	NA	\$2,328,300
Includes additional funding to cover increased cancer treatment-related costs (e.g. costs for chemo/radiation, surgeries, observation, and office visits). The number of inmates treated for cancer increased by 48% from FY 2015 to FY 2016. The higher number of inmates requiring cancer treatment services is expected to continue.	GF/GP	NA	\$2,328,300

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)		Executive Change from YTD
5. Westside Residential Alternative to Prison Program	Gross	NA	\$1,500,000
Includes funding to expand the current Wayne Residential Alternative to Prison Program to thirteen counties on the west side of the state. The program provides new and additional sentencing options for probation violators who may otherwise be sentenced to prison, including vocational, educational, and cognitive programming in a secure, highly structured setting. Funding will be utilized to lease a housing unit at a jail on the west side of the state, and to pay for contracted vocational, cognitive, and substance abuse services.	GF/GP	NA	\$1,500,000
6. Removal of One-Time Funding	Gross	\$9,468,700	(\$9,468,700)
Eliminates one-time funding that was included in the FY 2016-17 budget. One-time funding was appropriated for training new custody staff (\$8.5 million), ballistic vests (\$481,300), and the Supervising Region Incentive Program (\$481,300).	Restricted	481,300	(481,300)
	GF/GP	\$8,987,400	(\$8,987,400)
7. Hepatitis C Funding Adjustment	Gross	\$14,935,000	(\$3,199,500)
Reflects a savings to align FY 2017-18 base funding for Hepatitis C treatment with anticipated caseload needs. The Executive budget recommendation includes a supplemental request for \$13.9 million in the FY 2016-17 budget (see write-up on supplemental recommendations following boilerplate changes) to address treatment needs of prisoners that have Hepatitis C with metavir scores of F2. Currently, the department is treating prisoners with metavir scores of F3 and F4. If the department is appropriated the \$13.9 million in the FY 2016-17 budget, the FY 2017-18 base funding level should be reduced to reflect the amount of funding needed in FY 2017-18 for the projected number of prisoners still requiring treatment.	GF/GP	\$14,935,000	(\$3,199,500)
8. Program Eliminations	Gross	\$4,018,600	(\$4,018,600)
Eliminates the following programs from the budget:	GF/GP	\$4,018,600	(\$4,018,600)
<ul style="list-style-type: none"> • Goodwill Flip the Script (\$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. • Supervising Region Incentive Program (\$2.5 million) - Funding was first included in the FY 2016-17 budget and was authorized to be expended in accordance with provisions contained in the Supervising Region Incentive Act, which, to date, has not been enacted. The idea was to provide incentives to field operations administration regions that implement supervision practices, procedures, and sanctions directed at parole and probation revocation reduction. 			
9. DTMB Rate Adjustments	Gross	NA	\$1,500,000
Includes additional funding to cover costs of service rate changes that DTMB will make in FY 2017-18. DTMB will be making statewide changes in the billing methodology for desktop services from a bundled rate per desktop to a rate based on the number of users and devices. This change will result in increased billings to the department.	GF/GP	NA	\$1,500,000
10. Pugsley Facility Closure	Gross	\$800,000	(\$800,000)
Eliminates funding that was included in the FY 2016-17 budget to assist with closure costs of the Pugsley Correctional Facility. The facility closed in September 2016.	GF/GP	\$800,000	(\$800,000)
11. Funding Adjustment for Administrative Hearings Officers	Gross	\$3,407,100	(\$200,000)
Reduces funding for the Administrative Hearings Officers line item. Due to the declining prison population, the level of services provided by LARA, through the Michigan Administrative Hearings Services unit, has also declined.	GF/GP	\$3,407,100	(\$200,000)
12. Funding Adjustment for Inmate Legal Services	Gross	\$790,900	(\$200,000)
Reduces funding for the Inmate Legal Services line item. Pursuant to a 1996 court order, the department contracts out to provide eligible prisoners with legal assistance in matters relating to their criminal conviction and/or conditions of confinement. Contract costs have been reduced.	GF/GP	\$790,900	(\$200,000)

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>	<u>FY 2016-17 YTD (as of 2/8/17)</u>	<u>Executive Change from YTD</u>
13. Program and Fund Source Adjustments	Gross	NA
Makes the following program and fund source adjustments:	Federal	NA
• Reduces federal education fund source authorization to reflect the amount of federal revenue the department expects to receive (\$237,100)	Local	NA
• Increases local community tether reimbursement fund source authorization to reflect increased participation in the program by local entities (\$69,600)	Restricted	NA
• Increases the appropriation for DHHS eligibility specialists to cover increased payroll costs charged to MDOC by DHHS (\$16,000)	GF/GP	NA
• Reduces state restricted reentry center offender reimbursement fund source authorization to reflect the amount of revenue the department anticipates collecting (\$14,300)		
• Increases the appropriation for judicial data warehouse user fees to cover costs charged to MDOC by the Judicial branch for the department's access to the data warehouse (\$600)		
• Eliminates the \$100 placeholders for the future facility and the cost-effective housing initiative (\$200)		
		(\$165,400)
		(237,100)
		69,600
		(14,300)
		\$16,400
14. Technical Adjustments	Gross	NA
Makes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall Gross or GF/GP impact. Adjustments are made in order to more accurately reflect employee counts and where expenditures occur as a result of reorganizations within the department.	GF/GP	NA
		\$0
		\$0
15. Economic Adjustments	Gross	NA
Reflects a net increase in costs for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, private rent, and food and utilities.	Federal	NA
	Local	NA
	Restricted	NA
	GF/GP	NA
		\$12,507,200
		7,200
		80,000
		90,400
		\$12,329,600

Major Boilerplate Changes From FY 2016-17

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. 212. FTE Positions and Long-Term Vacancies – DELETED

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

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

Requires MDOC to receive and retain copies of all reports required; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes MDOC to retain electronic 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. 247. Compilation of Data for Swift and Sure Sanctions Program – NEW

Requires MDOC to assist the State Court Administrative Office with data compilation for the Swift and Sure Sanctions Program.

Sec. 405. Substance Abuse Testing and Treatment – DELETED

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

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, and offender disposition data).

Major Boilerplate Changes From FY 2016-17

Sec. 417. Reports on Community Programs – DELETED

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

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

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

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 an annual report on program performance measures, number of individuals diverted from incarceration, number of individuals served, and outcomes of participants completing the program.

Sec. 505. Mental Health Awareness Training – DELETED

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

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

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

Sec. 511. Strategic Plan Reporting – DELETED

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

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

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

Sec. 602. Supervising Region Incentive Program – DELETED

Requires funding for the 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 annual reports by MDOC on community reentry, electronic monitoring, and special alternative incarceration programs (e.g. successful and unsuccessful terminations, end of month populations, length of placements, returns to prison, and 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 an annual report on the number of probationers and parolees returned to or sent to prison for new crimes, number of probationers and parolees returned to or sent to prison for technical violations, educational history of offenders, number of offenders who participated in reentry programs, and number of offenders who participated in substance abuse treatment programs, mental health programs, or both.

Sec. 616. Parole Board Reviews of Parolable Lifers – DELETED

Requires the Parole Board to review its policies related to review and parole of offenders serving parolable life sentences, with consideration given to those that do not pose an ongoing risk to society.

Sec. 617. Residential Alternative to Prison Program – NEW

Requires MDOC to provide vocational, educational, and cognitive programming in a secure environment to enhance existing alternative sentencing options, increase employment readiness and successful placement rates, and reduce new criminal behavior for the West Michigan probation violator population.

Sec. 802. Health Care Expenditures – DELETED

Requires MDOC to report quarterly 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.

Major Boilerplate Changes From FY 2016-17***Sec. 806. Mental Health and Sex Offender Programming – DELETED***

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

Sec. 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 quarterly report on utilization of Medicaid benefits for prisoners.

Sec. 816. Pharmaceutical Expenditures – DELETED

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

Sec. 901. Leasing of Facilities, Purchasing Private Facilities, and Reopening Closed Facilities – DELETED

Requires MDOC to work with DTMB on determining the costs of entering into an agreement to lease or purchase a private facility to be operated by the department, as well as costs of reopening closed facilities already owned by the department, to determine if it would be in the best interests of citizens to house prisoners in one of those settings, rather than in a facility currently operated by the department; requires an annual report on acquisition, lease, reopening, and modernization costs, taxes, utilities, and expected future capital repair and upgrades at facilities.

Sec. 902. Vocational Village – DELETED

Requires MDOC to expend \$2.0 million of the appropriation for education programs on expansion of the vocational village program.

Sec. 904. Cost Per Prisoner Per Day – DELETED

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

Sec. 908. High School Diploma in Lieu of High School Equivalency – DELETED

Requires MDOC to explore the feasibility of establishing an online career high school education pilot program, or other alternatives for providing prisoners with a high school diploma instead of a high school equivalency; requires MDOC to explore establishing outside partnerships to assist with providing high school diplomas; requires MDOC to report on steps the department would have to take, resources needed, and organizational changes required to provide prisoners with a high school diploma instead of a high school equivalency.

Sec. 909. Educational Programming – DELETED

Requires MDOC to focus on providing career-based educational programming for prisoners, to include vocational trade programs and employment readiness programs.

Sec. 910. Braille Program – DELETED

Requires MDOC to allow the Michigan Braille Transcribing Fund Program to operate at its current location in the G. Robert Cotton Correctional Facility.

Sec. 912. Institutional Staffing – DELETED

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

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

Expresses legislative intent that prisoners who are required to complete violence prevention, sexual offender, or other programming, as conditions of parole, be placed on waiting lists for the appropriate programming upon entrance to prison and transferred to facilities where programming is available.

Sec. 937. Competitive Bidding – DELETED

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

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

Requires any for-profit entities using state-owned facilities to pay fair market value for use of the facilities and to make payments in lieu of taxes to local jurisdictions equivalent to what local units would receive if the 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 the facility and to appropriate records by the Auditor General and the Legislative Corrections Ombudsman.

CORRECTIONS

Major Boilerplate Changes From FY 2016-17

Sec. 1000. Increased Information Technology Bandwidth – DELETED

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

Sec. 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 programming that will address the religious needs of prisoners.

Sec. 1201. Anticipated FY 2017-18 Appropriations – DELETED

Expresses legislative intent that FY 2017-18 appropriations will be funded at the same level as FY 2016-17 appropriations, adjusting for changes in caseloads, federal fund match rates, economic factors, and available revenues.

Supplemental Recommendations for FY 2016-17 Appropriations

**FY 2016-17
Recommendation**

1. Expanded Treatment for Prisoners with Hepatitis C

Includes additional funding to cover increased costs of the expanded drug treatment protocol for treatment of prisoners with Hepatitis C to align with the community standard of care set by Medicaid. The new treatment protocol is to treat prisoners that have Hepatitis C with metavir scores of F2, F3, and F4. This funding will enable the department to eliminate the backlog of prisoners with metavir scores of F3 and F4 and to treat prisoners with metavir scores of F2. The total number of prisoners that can be treated is determined based on individual treatment plans and costs to provide the treatment. A corresponding negative supplemental in the DHHS budget will support this supplemental request. Sufficient funding is available in the Pharmaceutical Services line item in the DHHS budget.

Gross	\$13,900,000
GF/GP	\$13,900,000

Summary: Executive Budget Recommendation for Fiscal Year 2017-18 DEPARTMENT OF EDUCATION

Analyst: Samuel Christensen

	FY 2016-17	FY 2017-18	Difference: FY 2017-18	
	Year-to-Date as of 2/8/17	Executive	Vs. FY 2016-17 Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	239,821,900	251,854,700	12,032,800	5.0
Local	5,557,200	5,817,200	260,000	4.7
Private	2,034,200	2,034,300	100	0.0
Restricted	8,380,700	8,567,600	186,900	2.2
GF/GP	76,181,200	81,035,700	4,854,500	6.4
Gross	\$331,975,200	\$349,309,500	\$17,334,300	5.2
FTEs	603.5	609.5	6.0	1.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Child Development and Care (CDC) – Provider Reimbursement Rate Increase	Gross	\$133,966,100	\$27,200,000
Provides \$27.2 million Gross (\$18.8 million federal Child Care Development Fund (CCDF) and \$8.4 million GF/GP) to increase the reimbursement rate for childcare providers delivering services through the CDC program. Increased funding is intended to more closely match the federal recommendation that reimbursement rates equal the 75th percentile of market rates.	Federal	108,185,400	18,800,000
	GF/GP	\$25,780,700	\$8,400,000
2. CDC – Licenses-Exempt Monitoring	Gross	\$23,177,400	\$1,365,500
Provides \$1.4 million federal CCDF to ensure that license-exempt providers—providers offering care in their own home to a related child or providers unrelated to the child but offering care in the child's own home—are offering care that meets health and safety requirements.	Federal	15,814,900	1,365,500
	Private	250,000	0
	Restricted	64,600	0
	GF/GP	\$7,047,900	\$0
3. CDC – Background Check Staffing in Licensing and Regulatory Affairs (LARA)	Gross	\$27,374,500	\$800,000
Provides \$800,000 federal CCDF for staff in LARA to implement a new federally required background check and fingerprinting process and to notify providers of any employee ineligible to work in childcare settings.	Federal	27,374,500	800,000
	GF/GP	\$0	\$0
4. State Assessments Staffing	Gross	\$14,619,400	\$2,550,000
Provides \$2.6 million GF/GP to support 10.0 FTEs, currently authorized in the budget but unfunded, to improve the quality, validity, and reliability of state academic assessments and to measure student academic growth and achievement. Federal funding for state assessments have decreased in recent years, thus reducing funding for FTE positions.	Federal	13,476,200	0
	GF/GP	\$1,143,200	\$2,550,000

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)		Executive Change from YTD
5. Federal Funds Adjustment	Gross	\$14,619,400	(\$1,000,000)
Recognizes a \$1.0 million net reduction in federal Title VI funds to the Accountability Services Unit related to assessment support funding. The net change includes a \$2.0 million reduction in the "State Assessments and Related Activities" grant and a new \$1.0 million "Enhanced Assessment Instruments" grant.	Federal	13,476,200	(1,000,000)
	GF/GP	\$1,143,200	\$0
6. Partnership Model with Districts	FTE	NA	4.0
Creates a new unit titled Partnership District Support and provides \$641,800 GF/GP and 4.0 FTEs (along with \$3.0 million for eligible districts in the School Aid budget) for the unit to work with other education stakeholders to assist districts struggling with poor student academic performance. Interventions would be provided to districts not yet under the authority of the School Reform Office (SRO).	Gross	NA	\$641,800
	GF/GP	NA	\$641,800
7. Field Services – Every Student Succeeds Act (ESSA) Required Staffing	FTE	45.0	2.0
Provides 2.0 FTEs to the Field Services Unit for new ESSA staffing requirements: 1) 1.0 FTE for a nonpublic schools ombudsman to ensure equity of Title I and Title VIII funds of ESSA for private school children, teachers, and other educational personnel; 2) 1.0 FTE for a foster care liaison to act as a point of contact for child welfare agencies and to oversee the stability of children in foster care as dictated in section 1111(1)(E) of ESSA and the Fostering Connections Act.	Gross	\$9,349,200	\$0
	Federal	8,599,200	0
	Restricted	37,300	0
	GF/GP	\$712,700	\$0
8. Transfer of FTEs and Funds from the Office of Education Improvement and Innovation (OEII) to the Michigan Schools for the Deaf and Blind	FTE	NA	0.0
Shifts 5.0 FTEs and \$712,900 federal funding from OEII and provides the Michigan Schools for the Deaf and Blind with 5.0 FTEs and \$712,900 Gross (\$365,900 federal and \$347,000 Local cost sharing, Schools for the Deaf and Blind). The funding and FTEs do not indicate increases to the overall budget, but instead are interunit transfers. This funding and FTE shift is necessitated by the increased Enrollment at the Michigan School for the Deaf from 122.7 FTEs in the 2012 school year to 171.2 FTEs in the 2017 school year.	Gross	NA	\$0
	Federal	NA	(347,000)
	Local	NA	347,000
	Restricted	NA	0
	GF/GP	NA	\$0
9. Michigan Schools for the Deaf and Blind Operations	Gross	\$12,812,700	(\$150,000)
There is a reduction of \$312,500 in local school district service fees, which is partially offset by an increase of \$162,500 in local cost sharing for the Schools for the Deaf and Blind.	Federal	7,048,600	0
	Local	5,545,500	(150,000)
	Restricted	218,600	0
	GF/GP	\$0	\$0
10. Low Incidence Outreach Program	Gross	\$300,000	\$150,000
Provides \$150,000 restricted fund to the Low Incidence Outreach program. A majority of the increased appropriations authority for the Low Incidence program comes from the specialized Braille books they produce. The authority will also allow for increasing the amount of professional development for staff, parents, and students and the ability to upgrade equipment.	Restricted	300,000	150,000
	GF/GP	\$0	\$0
11. Renaissance Zones Adjustment	Gross	\$5,300,000	(\$2,000,000)
Reduces reimbursements to libraries for local revenue lost due to renaissance zone by \$2.0 million GF/GP to reflect the expiration of existing zones.	GF/GP	\$5,300,000	(\$2,000,000)
12. One-Time Appropriation – Drinking Water Declaration of Emergency	Gross	NA	\$100
Provides a \$100 restricted fund placeholder for the Drinking Water Declaration of Emergency.	Restricted	NA	100
	GF/GP	NA	\$0
13. Economic Adjustments	Gross	NA	\$827,000
Reflects increased costs of \$827,000 Gross (\$206,000 GF/GP) for negotiated salary and wage increase (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	516,000
	Local	NA	63,000
	Private	NA	100
	Restricted	NA	41,900
	GF/GP	NA	\$206,000

Major Boilerplate Changes From FY 2016-17

Sec. 216. Adequate Yearly Progress (AYP) – DELETED

Requires that MDE allow districts to appeal a determination of failure to meet AYP prior to MDE reporting those results.

Sec. 219. Kindergarten Entry Assessment Participation – DELETED

Requires the department to ensure that the kindergarten entry assessment includes a method for information to be provided regarding a child's participation in the great start readiness program.

Sec. 221. Personnel Records – DELETED

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

Sec. 222. Communication with the Legislature – DELETED

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

Sec. 223. Records Retention – DELETED

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

Sec. 227. Timely Data – DELETED

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

Sec. 228. Requests for Proposals – DELETED

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

Sec. 229. Contract Notification – DELETED

Requires MDE to notify the House and Senate appropriations committees and the State Budget Director before entering into a contract that exceeds \$1.0 million or seeking a federal waiver form, or amending the federal waiver form.

Sec. 230. Nonpublic School Mandates – DELETED

Requires MDE to compile a report that identifies any new, or lack thereof, mandates required of nonpublic schools by April 1, 2017.

Sec. 302. Travel Expenditures – DELETED

Prohibits spending over \$35,000 for in-state and out-of-state travel for Board of Education members.

Sec. 325. Federal and Private Grants – DELETED

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

Sec. 350. Special Education Reform Task Force Guidelines – REVISED

Revises the recipients of this boilerplate from "all parents" with an Individualized Education Plans (IEP) to "all parents of a newly identified student with a disability" concerning the rights and protections of students with disabilities.

Sec. 502. Student Teaching Credits – DELETED

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

Sec. 503. Professional Development Coordination – REVISED

Revises to remove the specification of which unit and line item within MDE is responsible for coordination of professional development coordination with Michigan Virtual University (MVU) and modifies it to coordinate between the entire department and MVU.

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

Revises to expand the grade range and clarifies the grade range for districts that do not have certain grades. Revises the grade range from "K to 3" to "K to 8" or "all of the grades a district operates if the district operates less than grades K to 8."

Sec. 803. Keep Library Functions Together – DELETED

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

Sec. 1001. Number of Childcare Providers – DELETED

Requires a report by November 1, 2016 on the number of childcare providers (by type) receiving a payment for childcare services on October 1, 2016.

EDUCATION (DEPARTMENT)

Major Boilerplate Changes From FY 2016-17

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

Requires the department to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2016-16 by February 15. Report must detail the amounts of grants awarded, grant recipients, the activities funded by each grant, and an analysis of the work of each grantee. Also requires contracts for early childhood comprehensive systems planning to be bid through a statewide RFP process.

Sec. 1005. CDC Childcare Monitoring – NEW

Requires the MDE to coordinate with LARA to provide fingerprint services and background checks of employees of childcare providers as required by the federal Child Care and Development Block Grant.

Sec. 1007. CDC Progress Reports – REVISED

Revises the biannual CDC progress reports to a single report and makes the following changes to the report: clarifies and identifies the types of onsite visits that are to be reported (initial licensure visits, annual monitoring inspections, complaint investigations, follow-up visits, and other visits required); rather than reporting on the number of visits for each type of onsite visit, the report would require the average number of onsite visits per consultant by licensing type; and revises to remove the requirement to track the number of times consultants and managers participate in professional development and instead requires them to list the activities of professional development that improve performance and quality.

Sec. 1009. CDC Increase to Eligibility Entrance Threshold – DELETED

Requires the Department to use \$7.7 million federal CCDF to increase the eligibility entrance threshold of the CDC program from 121% of the federal poverty guidelines to 125% of the federal poverty guidelines.

Sec. 1010. Drinking Water Declaration of Emergency Work Project – DELETED

Provides that funding for the drinking water declaration of emergency, if not fully expended by September 30, 2017, is a work project and may be spent in the following fiscal year.

Sec. 1101. Drinking Water Declaration of Emergency CDC Pilot – DELETED

Requires that from the funds for the drinking water declaration of emergency, the MDE must perform the following activities: pilot the expansion of CDC eligibility to children ages 0 to 3 for half-day childcare services for household income up to 300% of the federal poverty guidelines; provide information to childcare providers on identification and intervention services for children demonstrating potential developmental delays associated with exposure to lead; and provide a report on various metrics associated with pilot's outcomes.

Sec. 1102. Lead Water Testing – DELETED

Requires a reimbursement of \$4.5 million and up to \$950 per school building for the costs for water testing, fixture replacement, filter purchases, plumbing assessments, and/or technical assistance incurred from July 1, 2016 to September 30, 2017.

Sec. 1201. FY 2017-18 – DELETED

Expresses intent that FY 2017-18 appropriations are anticipated to be the same as FY 2016-17 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.

Supplemental Recommendations for FY 2016-17 Appropriations

1. CDC – Provider Reimbursement Rate Increase

Provides \$6.8 million Gross (\$4.7 million federal CCDF and \$2.1 million GF/GP) to increase the reimbursement rate for childcare providers delivering services through the CDC program. Increased funding is intended to closer match the federal recommendation that reimbursement rates equal the 75th percentile of market rates. This supplemental increase would bring the Child Development and Care Public Assistance line item to \$140.8 million Gross (\$112.9 million federal CCDF and \$27.9 million GF/GP).

	FY 2016-17 Recommendation
Gross	\$6,800,000
Federal	4,700,000
GF/GP	\$2,100,000

2. CDC – Child Care Monitoring and Technology Improvements/System Maintenance

Provides \$8.6 million federal CCDF to Michigan Office of Great Start for the CDC External Support line item, which brings the total appropriation to \$36.0 million federal CCDF. Funding will be used for the following activities:

- Provides \$7.1 million federal CCDF to LARA for comprehensive fingerprinting (\$5.5 million) and background checks (\$1.6 million) of all child care providers, staff, and individuals with unsupervised access to children in Michigan child care settings. This funding directive would bring the MDE into compliance with Federal regulations and would cover an estimated 85,000 people employed in childcare settings.
- Provides \$1.5 million federal CCDF to DHHS for technology improvements to implement the provider rate increase and to perform other needed system maintenance on Bridges.

	FY 2016-17 Recommendation
Gross	\$8,592,300
Federal	8,592,300
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2017-18 DEPARTMENT OF ENVIRONMENTAL QUALITY

Analyst: Austin Scott

	FY 2016-17	FY 2017-18	Difference: FY 2017-18	
	Year-to-Date as of 2/8/17	Executive	Vs. FY 2016-17 Amount	%
IDG/IDT	\$9,225,700	\$3,100,500	(\$6,125,200)	(66.4)
Federal	139,022,800	170,042,600	31,019,800	22.3
Local	0	0	0	--
Private	555,300	555,300	0	0.0
Restricted	318,959,200	285,825,300	(33,133,900)	(10.4)
GF/GP	49,273,400	51,318,300	2,044,900	4.2
Gross	\$517,036,400	\$510,842,000	(\$6,194,400)	(1.2)
FTEs	1,243.0	1,260.0	17.0	1.4

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)		Executive Change from YTD
	Gross	NA	
1. Elimination of Fee Sunsets	Gross	NA	NA
Proposes to eliminate the sunsets on eight DEQ fees scheduled to sunset October 1, 2017. These eight fees provide \$1.6 million in revenue for DEQ annually.	GF/GP	NA	NA
Fee	Annual revenue		
Liquid industrial by-product transporter site identification number			
Liquid industrial by-product facility site identification number		\$3,900	
Hazardous waste manifest			
Hazardous waste handler user charge		1,052,300	
Hazardous waste generator, transporter, or treatment, storage or disposal facility user charge		43,800	
Wastewater operator training and certification fees		242,000	
Drinking water operator training and certification fees		220,000	
Sewage operator training and certification fees		0	
Total		\$1,562,000	
2. Drinking Water Declaration of Emergency One-Time Funding	Gross	NA	\$1,000,100
Provides \$1.0 million Gross (\$1.0 million GF/GP) for engineering support and technical assistance in response to the drinking water declaration of emergency.	Restricted	NA	100
	GF/GP	NA	\$1,000,000
3. Environmental Cleanup and Redevelopment Program Fund Shift	Gross	\$29,900,000	\$14,900,000
Provides \$14.9 million in one-time funding from the refined petroleum fund to offset the loss of Clean Michigan Initiative (CMI) – response activities funding, which has been fully expended from CMI bond revenue.	Restricted	29,900,000	14,900,000
	GF/GP	\$0	\$0

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
4. Contaminated Site Investigations, Cleanup, and Revitalization – Vapor Intrusion	FTE	131.0	4.0
	Gross	\$15,171,200	\$1,253,500
Increases by 4.0 FTEs and \$1.3 million GF/GP funding for the vapor intrusion program, bringing the total program funding to 8.0 FTEs and \$2.6 million Gross. Vapor intrusion is the migration of chemical vapors from contaminated groundwater or soil into the buildings above. This funding will be used to identify and investigate at-risk sites.	Private	191,100	0
	Restricted	13,668,100	0
	GF/GP	\$1,312,000	\$1,253,500
5. Laboratory Services – Vapor Intrusion	FTE	39.0	0.0
	Gross	\$6,175,300	\$122,800
Provides \$122,800 from laboratory services fee to support the vapor intrusion program. Vapor intrusion is the migration of chemical vapors from contaminated groundwater or soil into the buildings above. This funding will be used for site sampling costs.	IDG	3,858,800	0
	Restricted	2,316,500	122,800
	GF/GP	\$0	\$0
6. Drinking Water and Environmental Health – Lead and Copper Rule Program	FTE	106.0	17.0
	Gross	\$14,901,900	\$2,562,400
Provides 17.0 FTEs and \$2.6 million GF/GP funding to expand the Lead and Copper Rule Program which regulates these elements in public drinking water.	Federal	9,237,600	0
	Restricted	4,356,900	0
	GF/GP	\$1,307,400	\$2,562,400
7. Drinking Water and Environmental Health – Manufactured Housing Community Drinking Water Monitoring	FTE	106.0	3.0
	Gross	\$14,901,900	\$500,000
Provides 3.0 FTEs and \$500,000 GF/GP funding to support drinking water programs in manufactured housing communities.	Federal	9,237,600	0
	Restricted	4,356,900	0
	GF/GP	\$1,307,400	\$500,000
8. Communications and Community Outreach – Communications and Public Affairs Staff	FTE	NA	5.0
	Gross	NA	\$1,013,800
Provides 5.0 FTEs and \$1.0 million GF/GP funding to help create a communications and public affairs office for the department.	GF/GP	NA	\$1,013,800
9. Office of the Great Lakes – Communications and Public Affairs Staff	FTE	12.0	(1.0)
	Gross	\$2,170,700	(\$152,700)
Reduces 1.0 FTE and \$152,700 GF/GP funding to help create a communications and public affairs office for the department.	Federal	787,900	0
	Restricted	483,100	0
	GF/GP	\$899,700	(\$152,700)
10. Office of Environmental Assistance – Communications and Public Affairs Staff	FTE	38.0	(1.0)
	Gross	\$6,257,700	(\$152,700)
Reduces 1.0 FTE and \$152,700 GF/GP funding to help create a communications and public affairs office for the department.	Private	364,200	0
	Federal	704,800	0
	Restricted	2,321,200	0
	GF/GP	\$2,867,500	(\$152,700)
11. Oil, Gas, and Mineral Services Ongoing GF/GP	FTE	59.0	0.0
	Gross	\$10,794,800	\$0
Transfers \$4.0 million GF/GP funding that was included in the FY 2016-17 DEQ budget on a one-time basis to ongoing funding for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding.	Restricted	6,794,800	0
	GF/GP	\$4,000,000	\$0
12. Air Quality Programs Fund Shift	FTE	188.0	0.0
	Gross	\$27,231,500	\$0
Replaces \$1.4 million funding from the environmental pollution prevention fund with \$1.4 million GF/GP funding to help offset a loss of fee revenue that supports air quality monitoring and regulation.	Federal	7,450,200	0
	Restricted	15,377,000	(1,362,000)
	GF/GP	\$4,404,300	\$1,362,000
13. Water State Revolving Funds One-Time GF/GP	Gross	\$84,993,000	\$2,950,000
Provides \$3.0 million GF/GP to meet the state match requirement for water suppliers to qualify for federal safe drinking water infrastructure grants.	Federal	71,543,000	0
	Restricted	11,400,000	0
	GF/GP	\$2,050,000	\$2,950,000

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>	<u>FY 2016-17 YTD (as of 2/8/17)</u>	<u>Executive Change from YTD</u>
14. Removal of FY 2016-17 Supplemental Funding		
Removes \$3.5 million Gross (\$1.5 million GF/GP) for FY 2016-17 supplemental appropriations included Public Acts 340 and 341 of 2016. Appropriations included support for the drinking water declaration of emergency and dredging in the Saginaw River (PA 340) as well as funding to implement public utility reforms (PA 341).	FTE Gross Federal Restricted GF/GP	1.0 (2,175,000) (335,600) (1,614,400) (\$225,000)
15. Removal of FY 2016-17 One-Time Funding		
Removes \$9.1 million Gross (\$8.4 million GF/GP) for one-time projects included in the previous fiscal year's budget. Projects included contaminated lake and river sediment cleanups, support for the drinking water declaration of emergency, dredging in the Saginaw River, and drinking water revolving fund GF/GP match.	FTE Gross Restricted GF/GP	10.0 (\$9,100,100) (700,100) (\$8,400,000)
16. Technical Adjustments		
Reduces IDG/IDT and restricted authorization while increasing federal and GF/GP authorization for a net decrease of \$20.5 million Gross to reflect available funds. Adjustments include realignment of appropriation authority for over-appropriated funds, fund shifts to reflect expenditures, and the reclassification of interdepartmental grants as restricted funding where necessary.	FTE Gross IDG/IDT Federal Restricted GF/GP	NA (\$20,511,400) (6,168,500) 31,048,300 (45,411,800) \$20,600
17. Economic Adjustments		
Reflects increased costs of \$1.6 million Gross (\$313,000 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Gross IDG/IDT Federal Restricted GF/GP	\$1,594,900 43,300 307,100 931,500 \$313,000

Major Boilerplate Changes From FY 2016-17

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

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

Sec. 235. Clean Michigan Initiative Report – DELETED

Requires DEQ to prepare an annual report on projects funded by Clean Michigan Initiative (CMI) funds and remaining CMI fund balances.

Sec. 305. Refined Petroleum Fund – DELETED

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

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

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

Sec. 312. Perfluorinated Compounds Study and Workgroup – DELETED

Requires DEQ to conduct a study on the effects of long-term exposure to perfluorinated compounds and to conduct a workgroup to establish cleanup criteria for perfluorinated compounds under part 201 of the Natural Resources and Environmental Protection Act.

Sec. 313. Vapor Intrusion – NEW

Requires DEQ to use the funds appropriated in part 1 for vapor intrusion to investigate at least 120 potential vapor intrusion sites.

Sec. 402. Water Quality and Use Initiative – DELETED

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

Sec. 410. Lake Erie Report – DELETED

Requires DEQ to compile a report on the status of the implementation plan for the western Lake Erie basin collaborative agreement.

Sec. 604. Lead and Copper Rule – NEW

Requires DEQ to use the funds appropriated in part 1 for the lead and copper rule program to host three training sessions for public water supply owners and operators to provide technical assistance on the federal lead and copper rule.

ENVIRONMENTAL QUALITY

Major Boilerplate Changes From FY 2016-17

Sec. 801. Drinking Water Declaration of Emergency – REVISED

Allows the funds appropriated for the drinking water declaration of emergency to be expended for water treatment plant operation training expenses and water system needs.

Sec. 803. Flint Supplemental Funding Report – DELETED

Requires a report on the use of the supplemental funds appropriated in FY 2015-16 for the Flint declaration of emergency.

Supplemental Recommendations for FY 2016-17 Appropriations

**FY 2016-17
Recommendation**

1. Water Infrastructure Improvements for the Nation Program

Provides \$100.0 million in federal funding for the drinking water declaration of emergency. Funding will be used for water treatment plant improvements, service line and water meter replacement, distribution system upgrades, corrosion control, and other infrastructure needs. This funding requires a 20% match (\$20.0 million) which will be provided by DEQ from GF/GP funding appropriated for the drinking water declaration of emergency included in Public Act 268 of 2016.

Gross	\$100,000,000
Federal	100,000,000
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2017-18 TOTAL GENERAL GOVERNMENT

Analysts: Ben Gielczyk and Michael Crossen

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$760,158,300	\$782,493,800	\$22,335,500	2.9
Federal	826,723,500	807,906,500	(18,817,000)	(2.3)
Local	12,021,000	17,332,700	5,311,700	44.2
Private	6,064,500	6,244,900	180,400	3.0
Restricted	2,127,740,600	2,131,575,000	3,834,400	0.2
GF/GP	1,233,516,700	1,221,654,200	(11,862,500)	(1.0)
Gross	\$4,966,224,600	\$4,967,207,100	\$982,500	0.0
FTEs	8,760.7	8,895.7	135.0	1.5

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 2016-17 General Government appropriations bill follow this page.

Major Boilerplate Changes From FY 2016-17

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

The FY 2016-17 pay-in was \$75.0 million, which was appropriated in supplemental appropriations act 2016 PA 340. For FY 2017-18, the Executive Recommendation includes a pay-in of \$175.0 million. In addition, 25% of the unassigned fund balance for FY 2016-17 is required to be deposited in the Budget Stabilization Fund, currently calculated at \$91.5 million.

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

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

Sec. 215. Disciplinary Action Against State Employees – DELETED

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

Sec. 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. 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.

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 report by April 1.

Summary: Executive Budget Recommendation for Fiscal Year 2017-18 ATTORNEY GENERAL

Analyst: Michael Crossen

	FY 2016-17	FY 2017-18	Difference: FY 2017-18	
	Year-to-Date as of 2/8/17	Executive	Amount	%
IDG/IDT	\$28,989,700	\$29,915,300	\$925,600	3.2
Federal	9,476,700	9,518,000	41,300	0.4
Local	0	0	0	--
Private	0	0	0	--
Restricted	20,328,900	21,336,900	1,008,000	5.0
GF/GP	42,840,500	40,298,600	(2,541,900)	(5.9)
Gross	\$101,635,800	\$101,068,800	(\$567,000)	(0.6)
FTEs	534.0	539.0	5.0	0.9

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Prescription Drug Abuse Program	Gross	\$700,000	\$0
Provides \$700,000 GF/GP to continue support of the statewide drug enforcement strategy targeting opioid abuse and addiction. This recommendation would shift to ongoing the one-time \$700,000 GF/GP appropriation included in FY 2016-17.	GF/GP	\$700,000	\$0
2. Student Safety – OK2SAY	Gross	NA	\$470,000
Adds \$470,000 state restricted to continue funding the student safety program call center operations. Funding will require a legislative repeal or extension of a sunset placed on the Student Safety Fund on October 1, 2017.	Restricted	NA	470,000
	GF/GP	NA	\$0
3. Prosecuting Attorneys Coordinating Council Juvenile Life Without Parole Cases	Gross	\$700,000	\$50,000
Provides \$750,000 GF/GP one-time funding to local prosecutors for legal services related to the reconsideration of juvenile life without parole case sentences. Represents \$50,000 increase over current-year one-time funding.	GF/GP	\$700,000	\$50,000
4. Implementation of Energy Package PA 341 of 2016	FTE	1.0	0.0
Includes increase of \$67,000 state restricted for additional utility consumer rate advocacy case services and representation. A total of \$150,000 in state restricted funding and 1.0 FTE were included in 2016 PA 341.	Gross	\$150,000	\$67,000
	Restricted	150,000	67,000
	GF/GP	\$0	\$0
5. Implementation of Medical Marijuana Package PA 281-283 of 2016	FTE	0.0	4.0
Provides \$375,000 state restricted and 4.0 FTEs for investigations and enforcement activities related to oversight of medical marijuana facilities.	Gross	\$0	\$375,000
	Restricted	0	375,000
	GF/GP	\$0	\$0
6. Unlicensed Activity Law Enforcement	FTE	0.0	5.5
Appropriates \$732,300 IDG from LARA for 5.5 FTEs and for the investigation and prosecution of unlicensed activities among realtors and accountants in addition to builders.	Gross	\$334,700	\$732,300
	IDG	334,700	732,300
	GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>	<u>FY 2016-17 YTD (as of 2/8/17)</u>	<u>Executive Change from YTD</u>
7. State Defense Costs	FTE 4.5	(4.5)
Removes \$3.0 million GF/GP and 4.5 FTEs for the elimination of one-time funding associated with state defense costs for the Flint Drinking Water Declaration of Emergency.	Gross \$3,000,000	(\$3,000,000)
	GF/GP \$3,000,000	(\$3,000,000)
8. Economic Adjustments	Gross NA	\$738,700
Reflects increased costs of \$738,700 Gross (\$408,100 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG NA	193,300
	Federal NA	41,300
	Restricted NA	96,000
	GF/GP NA	\$408,100

Major Boilerplate Changes From FY 2016-17

Sec. 301. Drug Investigation and Prosecution Unit – NEW

Requires the Attorney General to maintain a minimum of 24 drug investigations and to prosecute upon sufficient evidence. The purpose of this investment is to establish a drug investigation and prosecution unit.

Sec. 313. Mortgage Fraud Prosecutions – DELETED

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

Sec. 314a. Prosecuting Attorneys Coordinating Council Juvenile Life Without Parole Cases – REVISED

Specifies funding to be set aside for investigations, crime victim rights, prosecutions, and appeals for retroactive juvenile life without parole cases. The revision increases funding from \$700,000 GF/GP to \$750,000 GF/GP.

Sec. 316. Sexual Assault Kit Testing – DELETED

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

<u>Supplemental Recommendations for FY 2016-17 Appropriations</u>	<u>FY 2016-17 Recommendation</u>
1. Unlicensed Activity Law Enforcement	Gross \$719,300
Appropriates \$719,300 Gross (\$0 GF/GP) for investigations of unlicensed activities of builders, realtors, and accountants for funding in the current fiscal year.	IDG 719,300
	GF/GP \$0
2. PACC NextGen Case Management System	Gross \$1,207,000
Appropriates \$1.2 million Gross (\$0 GF/GP) for software development, installation, and maintenance for Prosecuting Attorneys Coordinating Council's NextGen Case Management System. Funds would be considered work project appropriations. The tentative completion date is September 30, 2021.	Federal 677,000
	Local 530,000
	GF/GP \$0

**Summary: Executive Budget Recommendation
for Fiscal Year 2017-18
DEPARTMENT OF CIVIL RIGHTS**

Analyst: Michael Crossen

	FY 2016-17	FY 2017-18	Difference: FY 2017-18	
	Year-to-Date as of 2/8/17	Executive	Amount	%
IDG/IDT	\$293,600	\$296,600	\$3,000	1.0
Federal	2,763,000	2,775,800	12,800	0.5
Local	0	0	0	--
Private	18,700	18,700	0	0.0
Restricted	151,900	151,900	0	0.0
GF/GP	13,021,300	12,856,600	(164,700)	(1.3)
Gross	\$16,248,500	\$16,099,600	(\$148,900)	(0.9)
FTEs	135.0	133.0	(2.0)	(1.5)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Removal of Current Year One-Time Funding	FTE 2.0	(2.0)
Removes \$250,000 GF/GP one-time funding and 2.0 FTEs for the Division on Deaf, Deaf/Blind, and Hard of Hearing.	Gross \$250,000 GF/GP \$250,000	(\$250,000) (\$250,000)
2. Economic Adjustments	Gross NA	\$101,100
Reflects increased costs of \$101,100 Gross (\$85,300 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG NA Federal NA GF/GP NA	3,000 12,800 \$85,300

Major Boilerplate Changes From FY 2016-17

Sec. 404. Operations Report – DELETED

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

Sec. 405. Federal Complaint Report – DELETED

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

Summary: Executive Budget Recommendation for Fiscal Year 2017-18 EXECUTIVE OFFICE

Analyst: Ben Gielczyk

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	5,636,300	6,848,500	1,212,200	21.5
Gross	\$5,636,300	\$6,848,500	\$1,212,200	21.5
FTEs	84.2	89.2	5.0	5.9

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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.

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Executive Office Operations	Gross	\$5,636,300	\$200,000
Reflects increased costs of \$200,000 GF/GP related to Executive Office staff and other operations.	GF/GP	\$5,636,300	\$200,000
2. Office of Urban Initiatives	Gross	\$0	\$1,012,200
Includes \$1.0 million GF/GP to reflect transfer of Office of Urban Initiatives from the Department of Technology, Management, and Budget to the Executive Office.	GF/GP	\$0	\$1,012,200

Major Boilerplate Changes From FY 2016-17

There are no major boilerplate changes for FY 2017-18.

Summary: Executive Budget Recommendation for Fiscal Year 2017-18 LEGISLATURE

Analyst: Ben Gielczyk

	FY 2016-17	FY 2017-18	Difference: FY 2017-18	
	Year-to-Date as of 2/8/17	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	400,000	400,000	0	0.0
Restricted	4,275,800	4,277,700	1,900	0.0
GF/GP	143,227,800	150,297,100	7,069,300	4.9
Gross	\$147,903,600	\$154,974,800	\$7,071,200	4.8

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Legislature Operations	Gross	NA	\$10,571,200
Includes \$10.6 million Gross (\$10.6 GF/GP) to reflect increased costs related to legislative staff and other operations.	Restricted	NA	1,900
	GF/GP	NA	\$10,569,300
2. Legislative Information Technology Systems Design Project	Gross	\$6,000,000	(\$3,000,000)
Includes \$3.0 million GF/GP in one-time funding to support the design, development, and implementation of a legislative-wide integrated computer system. This represents a decrease of \$3.0 million GF/GP from current year funding. The funds would supplement a total of \$9.0 million GF/GP appropriated in FYs 2015-16 and 2016-17.	GF/GP	\$6,000,000	(\$3,000,000)
3. Criminal Justice Policy Commission Study	Gross	\$500,000	(\$500,000)
Removes \$500,000 GF/GP in FY 2016-17 one-time appropriations associated with the Criminal Justice Policy Commission study on the costs and savings of redirecting 17-year-olds from the adult court to the family court and juvenile justice systems.	GF/GP	\$500,000	(\$500,000)

Major Boilerplate Changes From FY 2016-17

Sec. 610. Criminal Justice Policy Commission Study – DELETED

States that \$500,000 included in part 1 shall be used for a study to determine what the additional estimated annual costs to counties would be if 17-year-olds were redirected from the adult court and correctional systems into the family court and juvenile justice systems. The study shall also determine the estimated savings to the state corrections system, as well as any other financial or policy costs and benefits, from such a redirection. Provides that funds are work project appropriations with an anticipated completion date of April 1, 2018.

Major Boilerplate Changes From FY 2016-17

Sec. 616. Legislative Information Technology Systems Design Project – NEW

Prohibits the funds appropriated in part 1 for the Legislative IT Systems Design Project from being expended without written approval of the Senate Majority Leader, Speaker of the House, and the Legislative Council Administrator. Designates funds as work project appropriations. Total cost is estimated at \$12.0 million. The tentative completion date is September 30, 2020.

Sec. 618. Legislative Retirement Administration – DELETED

States legislative intent that all administrative functions and associated funding for the Michigan legislative retirement system shall be transferred from the legislative council to the DTMB before the end of FY 2016-17.

Sec. 619. Michigan Veterans Facility Ombudsman – DELETED

Requires funds appropriated in part 1 for the Michigan Veterans Facility Ombudsman to be used to create a Veterans Facility Ombudsman to address complaints made at the veterans homes of this state.

**Summary: Executive Budget Recommendation
for Fiscal Year 2017-18
LEGISLATIVE AUDITOR GENERAL**

Analyst: Ben Gielczyk

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$5,558,600	\$5,709,200	\$150,600	2.7
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	1,969,400	1,969,400	0	0.0
GF/GP	16,123,900	16,607,600	483,700	3.0
Gross	\$23,651,900	\$24,286,200	\$634,300	2.7

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 2016-17 Year-to-Date (YTD) Appropriations

1. Auditor General Operations

Reflects increased costs of \$634,300 Gross (\$483,700 GF/GP) related to Auditor General staff and other operations.

	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
Gross	\$23,651,900	\$634,300
IDG	5,558,600	150,600
Restricted	1,969,400	0
GF/GP	\$16,123,900	\$483,700

Major Boilerplate Changes From FY 2016-17

There are no major boilerplate changes in FY 2017-18.

Summary: Executive Budget Recommendation for Fiscal Year 2017-18 DEPARTMENT OF STATE

Analyst: Michael Crossen

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			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	100	50,100	50,000	50,000.0
Restricted	204,745,900	205,709,400	963,500	0.5
GF/GP	22,109,600	22,139,000	29,400	0.1
Gross	\$248,315,600	\$249,358,500	\$1,042,900	0.4
FTEs	1,593.0	1,614.0	21.0	1.3

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Office of Investigative Services Expansion	FTE	NA	11.0
Provides \$1.4 million GF/GP and 11.0 FTEs to increase investigations and regulatory enforcement of vehicle repair facilities and mechanics. This increase also includes funding for the Breath Alcohol Ignition Interlock Device (BAIID) program to comply with 2016 PA 33.	Gross	NA	\$1,420,400
	GF/GP	NA	\$1,420,400
2. GF/GP Replacement of Driver Fees	Gross	NA	\$0
Includes \$3.0 million GF/GP to replace restricted driver fee revenue lost due to the reduction of licensing fees for limousines and taxi cabs as required in 2016 PA 348.	Restricted	NA	(3,000,000)
	GF/GP	NA	\$3,000,000
3. Lottery Assistance in Northern Michigan	FTE	0.0	10.0
Increases by \$715,600 state restricted and 10.0 FTEs to cover administration costs associated with the redemption of winning lottery tickets in the Upper Peninsula and northern lower peninsula for tickets valued between \$600 and \$50,000. The Department of State would be authorized to retain one percent of the redeemed winnings (up to \$1.0 million) for costs incurred administering the service. \$300,000 in restricted funds was included in 2016 PA 340.	Gross	\$300,000	\$715,800
	Restricted	300,000	715,800
	GF/GP	\$0	\$0
4. Mi-Time Line Expansion	Gross	\$470,000	\$400,000
Provides \$400,000 GF/GP for the expansion of the cell phone texting notification service which allows branch office customers to leave a branch office while they wait and know when to return. The appropriation would allow the service to expand to 20 additional offices from the current 30.	Restricted	470,000	0
	GF/GP	\$0	\$400,000
5. Increase Authorization Credit Card Service Fees	Gross	\$6,000,000	\$2,000,000
Increases credit and debit assessment services fees restricted fund authorization by \$2.0 million to provide for the increase in credit card activity and associated fees in branch offices and self-service terminals.	Restricted	6,000,000	2,000,000
	GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>		<u>FY 2016-17 YTD (as of 2/8/17)</u>	<u>Executive Change from YTD</u>
6. IT Budget Increase to Support Current Operations		Gross	\$36,376,200
Appropriates \$1.0 million state restricted to the department's IT service line to adjust for costs related to online support. Current level of services will be maintained.		Restricted	1,000,000
		GF/GP	\$0
7. Position Transfer Fund Sourcing Adjustment		Gross	\$124,600
Transfers 1.0 FTE from Department Services to Central Operations. Transfer of position results in fund sourcing realignment that replaces \$2,700 GF/GP with restricted revenues.		Restricted	2,700
		GF/GP	(\$2,700)
8. Removal of Current Year One-Time Funding		Gross	(\$5,000,000)
Removes \$5.0 million GF/GP in FY 2016-17 one-time funding for voting machine replacement.		GF/GP	(\$5,000,000)
9. Align Fund Sourcing with Revenues		Gross	NA
Reduces by \$1.0 million restricted fund sourcing to align fund sources with actual revenues.		Restricted	(\$1,000,000)
		GF/GP	\$0
10. Economic Adjustments		Gross	\$1,506,700
Reflects increased costs of \$1.5 million Gross (\$211,700 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.		IDG	0
		Restricted	50,000
		GF/GP	1,245,000
		NA	\$211,700

Major Boilerplate Changes From FY 2016-17

Sec. 710. Commemorative and Specialty License Plate Programs – DELETED

Provides for expenditure and carry-forward of revenue deriving from commemorative and specialty license plates; limits administrative expenditures to revenue or amount appropriated, whichever is less.

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

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

Sec. 718. Buena Vista Township Branch Office – DELETED

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

Sec. 721. ATM Commission Fees – DELETED

Allows the Department of State to collect ATM commission fees from companies that have ATMs located in Secretary of State branch offices; requires the revenue to be deposited in the Transportation Administration Collection Fund.

Sec. 723. Voting Machines Replacement Program – DELETED

Explains the purpose of the voting machines replacement program.

<u>Supplemental Recommendations for FY 2016-17 Appropriations</u>		<u>FY 2016-17 Recommendation</u>
1. Funding Increase for Driver Fee Reductions	Gross	\$1,500,000
Provides \$1.5 million GF/GP to replace driver fee revenue lost due to the reduction of licensing fees for limousines and taxi cabs as required in PA 348 of 2016 for FY 17.	GF/GP	\$1,500,000

**Summary: Executive Budget Recommendation
for Fiscal Year 2017-18
DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT**

Analyst: Ben Gielczyk

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	768,144,800	762,144,800	(6,000,000)	(0.8)
Local	500,000	500,000	0	0.0
Private	5,619,000	5,620,900	1,900	0.0
Restricted	192,341,600	181,556,700	(10,784,900)	(5.6)
GF/GP	182,508,900	193,502,400	10,993,500	6.0
Gross	\$1,149,114,300	\$1,143,324,800	(\$5,789,500)	(0.5)
FTEs	1,615.0	1,615.0	0.0	0.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations

		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Business Attraction and Community Revitalization	Gross	\$115,499,900	\$10,000,100
Includes \$10.0 million GF/GP in one-time appropriations for Michigan Business Development Program grants and loans and Community Revitalization Program grants and loans. Shifts \$14.0 million GF/GP that was considered one-time in FY 2016-17 to ongoing appropriations.	Restricted	21,600,000	0
	GF/GP	\$93,899,900	\$10,000,100
2. Going Pro (Formerly Skilled Trades Training Program)	Gross	\$30,900,000	\$10,000,000
Provides \$10.0 million GF/GP in one-time appropriations to expand Going Pro program. Program funding supports grants to employers to assist in training, developing, and retaining current employees and individuals to be hired.	Restricted	25,600,000	0
	GF/GP	\$5,300,000	\$10,000,000
3. Talent Marketing	Gross	\$0	\$5,000,000
Includes \$5.0 million GF/GP in one-time appropriations for a marketing program to attract individuals to live and work in Michigan.	GF/GP	\$0	\$5,000,000
4. Project Rising Tide	Gross	\$0	\$2,000,000
Includes \$2.0 million GF/GP in one-time appropriations for Project Rising Tide. The funds would support program expansion beyond the initial 10 communities. Project Rising Tide provides technical assistance to communities regarding planning, zoning, and economic development to attract new business and help existing businesses. Current year funding comes from MSHDA and MEDC corporate revenues.	GF/GP	\$0	\$2,000,000
5. Arts and Cultural Grants	Gross	\$10,150,000	\$1,000,000
Increases Arts and Cultural Grants by \$1.0 million GF/GP in one-time appropriations. Funding would provide additional grant opportunities to local arts and cultural organizations.	Federal	1,050,000	0
	Private	100,000	0
	GF/GP	\$9,000,000	\$1,000,000

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
6. Protect and Grow	Gross	\$3,000,000	(\$2,000,000)
Includes \$1.0 million GF/GP in one-time appropriations for Protect and Grow. The program focuses on retaining and growing the defense industry strategic investments in Michigan. The FY 2016-17 budget act included \$3.0 million GF/GP in one-time appropriations to support this program.	GF/GP	\$3,000,000	(\$2,000,000)
7. TANF Funding	Gross	\$64,898,800	(\$1,200,000)
Removes \$1.2 million TANF authorization for workforce development programs.	Federal	64,898,800	(1,200,000)
	GF/GP	\$0	\$0
8. Michigan State Housing Development Authority Revenue Adjustments	FTE	316.0	0.0
Reduces MSHDA restricted funds by \$7.1 million to align fund source with actual revenues. Downward adjustment does not affect programming.	Gross	\$54,833,700	(\$7,111,500)
	Restricted	54,833,700	(7,111,500)
	GF/GP	\$0	\$0
9. Removal of Other One-Time Appropriations	Gross	\$23,898,600	(\$23,898,600)
Removes \$23.9 million Gross (\$15.0 million GF/GP) in FY 2016-17 one-time appropriations. Appropriations include Special Grants (\$12.0 million), Statewide Data System Integration (\$8.8 million Gross), Kalamazoo Valley Community College – Healthy Living Campus (\$2.0 million GF/GP), Grant to St. Louis Center (\$120,000 GF/GP), and Sustainable Employment Pilot Program (\$1.0 million GF/GP).	Federal	4,800,000	(4,800,000)
	Restricted	3,978,500	(3,978,500)
	GF/GP	\$15,120,100	(\$15,120,100)
10. Economics Adjustments	Gross	NA	\$420,500
Reflects increased costs of \$420,500 Gross (\$113,500 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Private	NA	1,900
	Restricted	NA	305,100
	GF/GP	NA	\$113,500

Major Boilerplate Changes From FY 2016-17

Sec. 990. Michigan State Housing Development Authority Annual Report – DELETED

Requires Michigan State Housing Development Authority (MSHDA) to annually present a report on the status of the authority's housing production goals under all financing programs.

Sec. 1007. Program Reporting Requirements – DELETED

Requires report on grants, investments, and activities of each program administered by MSF or MEDC, including spending and FTEs; requires report on tourism promotion and business marketing expenditures and revenues by source. Requires performance metrics report on the Michigan Business Development Program and the Community Revitalization program. Authorizes requirements to be met if the report under Section 9 of the MSF Act is provided by March 15.

Sec. 1010. Jobs for Michigan Investment Fund Report – DELETED

Requires report on revenues and expenditures, including year-end balance of the Jobs for Michigan Investment Fund.

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. 1035. Michigan Council for Arts and Cultural Affairs (MCACA) Grants – REVISED

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

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.

Major Boilerplate Changes From FY 2016-17

Sec. 1046. Special Grants Award Listing – DELETED

Specifies distribution of funds appropriated in part 1 for 21 Special Grants: Covenant Care (\$275,000); Grandmont Rosedale Development Corporation (\$50,000); Kennedy High School (Taylor) - Greenhouse Renovation (\$30,000); Heritage Park (Taylor) Repairs (\$95,000); Redford Union Chrome Books (\$100,000); City of Westland Recreation Complex (\$100,000); City of Wayne Recreation Complex (\$100,000); Southwest Detroit Community Justice Center (\$100,000); Mom's Place Women's Shelter (\$75,000); Maggie Lee's Community Center (\$25,000); Detroit Collaborative Design Center (\$100,000); Charles H. Wright African American Museum (\$500,000); Kent County Youth Fair (\$2,500,000); Lowell Township Park (\$2,500,000); Van Andel Institute (\$1,000,000); Unmanned Aerial Drone Development (\$250,000); Muskegon Farmer's Market Incubator (\$200,000); Kalamazoo Valley Community College – Healthy Living Campus (\$2,000,000); City of Athens Water Tower (\$250,000); City of Albion High Priority Capital Project (\$950,000); Grand Haven State Park Access Redevelopment (\$800,000).

Sec. 1050. Business Attraction and Community Revitalization Performance Measures – NEW

Requires department to identify specific performance measures for the Business Attraction and Community Revitalization appropriations; provides two performance measures.

Sec. 1051. Talent Marketing Performance Measures – NEW

Requires department to identify specific performance measures for the Talent Marketing appropriations; provides two performance measures.

Sec. 1052. Project Rising Performance Measures – NEW

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

Sec. 1053. Arts and Cultural Grants Performance Measures – NEW

Requires department to identify specific performance measures for the Arts and Cultural Grants appropriations; provides three performance measures.

Sec. 1054. Protect and Grow Performance Measures – NEW

Requires department to identify specific performance measures for the Protect and Grow appropriations; provides two performance measures.

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

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

Sec. 1066. Skilled Trades Training Program Administration – REVISED

Requires the Skilled Trades Training Program to be administered according to specific guidelines outline in boilerplate. Allows up to \$5.0 million of funds appropriated for Skilled Trades Training Program to be used for matching funds when federal funds requiring a match become available. The intent of the funds is increasing the skill level of employees in skilled trades in the automotive industry and the manufacturing processes within the changing manufacturing environment. Revises to reference new program name Going Pro. Broadens use of grants to addressing in-demand needs in Michigan rather than for employees of Michigan businesses. Strikes language prohibiting funds from being distributed to program and process-centered training organization employers.

Sec. 1076. UIA Computer System Report – DELETED

Requires quarterly reports on the status of the implementation of and improvements to the Unemployment Insurance Agency's (UIA) integrated IT system project.

Sec. 1077. UIA Internet Claims Report – DELETED

Requires the Department of Talent and Economic Development to report quarterly on the percentage of unemployment claimants that meet the certification requirements for receiving benefits by using the Internet Michigan web account manager system or any application developed for that purpose. Requires the department to implement improvements to the web account system that promote greater ease of access and security with a goal of reaching 75% of users certifying by using the system.

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

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

Sec. 1083. Sustainable Employment Pilot Program – DELETED

Requires the Department to develop or contract with another entity to provide a pilot program that focuses on moving individuals off of government assistance programs and measuring the corresponding savings to the state of Michigan. Requires the pilot program to work with local community and workforce development agencies and focus on long-term results.

Sec. 1084. Going Pro Performance Measures – NEW

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

**Summary: Executive Budget Recommendation
for Fiscal Year 2017-18
DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET**

Analyst: Michael Crossen

	FY 2016-17	FY 2017-18	Difference: FY 2017-18	
	Year-to-Date as of 2/8/17		Executive	Vs. FY 2016-17
			Amount	
IDG/IDT	\$694,054,100	\$713,959,000	\$19,904,900	2.9
Federal	4,958,200	4,985,300	27,100	0.5
Local	2,320,000	2,316,700	(3,300)	(0.1)
Private	0	127,700	127,700	--
Restricted	114,340,800	111,399,300	(2,941,500)	(2.6)
GF/GP	569,552,600	572,755,900	3,203,300	0.6
Gross	\$1,385,225,700	\$1,405,543,900	\$20,318,200	1.5
FTEs	2,883.0	2,943.0	60.0	2.1

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Drinking Water Declaration of Emergency Reserve Fund	Gross \$10,000,000	\$15,000,000
Provides \$25.0 million GF/GP in one-time funding to support services and programs for Flint residents related to the Flint Water Declaration of Emergency. Use of these funds are subject to subsequent appropriations. These funds would be used as additional needs are identified in addition to augmenting existing appropriations. \$10.0 million GF/GP was included in 2016 PA 340.	GF/GP \$10,000,000	\$15,000,000
2. Michigan Infrastructure Fund	Gross \$0	\$20,000,000
Provides \$20.0 million GF/GP in one-time funding for deposit into the Michigan Infrastructure Fund, created in 2016 PA 223, in support of anticipated infrastructure projects. Use of these funds would be subject to appropriation.	GF/GP \$0	\$20,000,000
3. SIGMA – Permanent Organizational Structure Appropriations	FTE 0.0	36.0
Provides a total of \$21.7 million Gross (\$13.1 million GF/GP) and 36.0 FTEs to transition the state's new enterprise resource planning tool (SIGMA) into permanent and ongoing administration of the system. \$4.5 million GF/GP and 10.0 limited term FTEs are included in this total as a one-time appropriation. Represents a net increase of \$13.1 million GF/GP. A total of \$8.6 million Gross (\$3.8 million GF/GP) is transferred from other line items.	Gross \$0 GF/GP \$0	\$13,060,400 \$13,060,400
4. Michigan.gov Content Management System Rewrite	Gross \$0	\$9,050,000
Provides \$9.1 million GF/GP in one-time funding to support the establishment and modernization of a new content management system to support 130 State of Michigan websites. Funding will be used for the procurement and set-up of the system and migration of the websites.	GF/GP \$0	\$9,050,000

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
5. Cyber Security Appropriations	FTE	13.0	12.0
Provides \$7.0 million GF/GP (\$4.0 million considered one-time) and 12.0 FTEs to support the Cybersecurity Continuous Improvement Program. Supports centralized coordination for enterprisewide cybersecurity activities.	Gross	\$13,118,200	\$7,044,600
	GF/GP	\$13,118,200	\$7,044,600
6. Citizen Centric IT Initiatives	Gross	NA	\$6,534,300
Provides \$6.5 million GF/GP (\$5.5 million in one-time funding) for projects designed for use by Michigan citizens interacting with State government. Project services include mobile applications, individualized log-in portals, and system integrations. Integrations are planned across 10 systems.	GF/GP	NA	\$6,534,300
7. Information Technology Investment Fund (ITIF) Increased Funding	Gross	\$69,500,000	\$3,000,000
Provides a net increase of \$3.0 million GF/GP in one-time funding to ITIF for enterprise-wide IT upgrade projects. This one-time funding augments \$65.0 million in ongoing ITIF appropriations.	GF/GP	\$69,500,000	\$3,000,000
8. Technology Services IT IDG Alignment Adjustments	Gross	\$501,961,500	\$16,975,300
Adjusts the DTMB IT Inter-departmental Grant line by \$17.0 million IDG to reflect projects and service adjustments in other agency budgets. Technology Service appropriation lines are prorated by department based on their total IT budget.	IDG	501,961,500	16,975,300
	GF/GP	\$0	\$0
9. Office of Performance and Transformation Enhancements	Gross	NA	\$500,000
Provides \$500,000 GF/GP to support Socrata transparency website to increase government data accessibility and the Operational Excellence Program focused on continuous improvement.	GF/GP	NA	\$500,000
10. School Reform Office Investments	FTE	11.0	2.0
Includes a total of \$782,000 GF/GP and 2.0 FTEs for new School Reform Office initiatives. Includes \$280,000 to assist families' transition to new schools through a partnership with a third-party; \$252,000 and 2.0 FTEs to support a pilot program for measuring deferred maintenance costs to replacement value of priority schools by utilizing a Facility Condition Index (FCI) Process for chronically failing schools; and \$250,000 for student and parent satisfaction surveys for accountability measurement to comply with 2016 PA 192.	Gross	\$2,318,300	\$782,000
	GF/GP	\$2,318,300	\$782,000
11. School Reform Office Performance Information System (PERIS) Upgrade	FTE	11.0	0.0
Adds \$353,000 GF/GP for the automation of Priority School District student data for real-time performance review and analysis.	Gross	\$2,318,300	\$353,000
	GF/GP	\$2,318,300	\$353,000
12. MiPage-Mobile Center of Excellence Permanent Operating Support	Gross	NA	\$1,587,000
Provides \$1.6 million GF/GP to support continued operations of the MiPage, Mobile Center of Excellence (MCOLE) and the State's mobility efforts. Staff costs currently paid out of ITIF.	GF/GP	NA	\$1,587,000
13. Michigan Public Safety Communications Lifecycle Replacement Funding	Gross	\$0	\$5,000,000
Appropriates \$5.0 million GF/GP in one-time funding to help replace the mobile radios among users of the Michigan Public Safety Communication System (MPSCS).	GF/GP	\$0	\$5,000,000
14. Labor Market Information Population and Labor Force Projections	FTE	42.0	2.0
Provides \$268,300 GF/GP and 2.0 FTEs to produce population projections for the state and all counties for use by other State offices. It will provide a more detailed projection than currently available.	Gross	\$5,475,100	\$268,300
	Federal	4,840,100	0
	Local	35,000	0
	GF/GP	\$600,000	\$268,300
15. Michigan Master Computing Contract (MMCC)	FTE	NA	3.0
Provides \$373,500 in state restricted funds and 3.0 FTEs to support the MMCC to improve IT procurement processes for the State of Michigan.	Gross	NA	\$373,500
	Restricted	NA	373,500
	GF/GP	NA	\$0
16. Additional Accounting Service Center Staffing, DMVA Grand Rapids Home	Gross	NA	\$1,206,300
Authorizes \$1.2 million IDG increase to reflect DTMB Accounting Service Center operations at the Grand Rapids Veterans Home.	IDG	NA	1,206,300
	GF/GP	NA	\$0

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)		Executive Change from YTD
17. Michigan Military Retirement System (MMRS) Administration	Gross	NA	\$380,000
Provides \$380,000 in state restricted funds for administrative support for the Office of Retirement Services management of Military Retirement Services.	Restricted	NA	380,000
	GF/GP	NA	\$0
18. MSP Cyber Crimes Unit	FTE	154.5	1.0
Adds \$137,900 IDG and 1.0 FTE for IT support for the Michigan Intelligence Operations Center, specifically the Computer Crimes Unit.	Gross	\$55,832,600	\$137,900
	IDG	55,832,600	137,900
	GF/GP	\$0	\$0
19. Office of Financial Management MEDC Payroll Position	FTE	0.0	1.0
Provides \$127,700 in private funds and 1.0 FTE to administer MEDC corporate payroll in the Human Resources Management Network (HRMN) per a Memorandum of Understanding between the agencies.	Gross	\$0	\$127,700
	Private	0	127,700
	GF/GP	\$0	\$0
20. Michigan State Police Retirement Supplemental Funding	Gross	\$0	\$27,000
Adds \$27,000 GF/GP for supplemental payments for two individuals that were inadvertently excluded in FY 2015-16 and FY 2016-17 payouts.	GF/GP	\$0	\$27,000
21. Civil Service Financing Source Adjustment	Gross	NA	\$0
Replaces \$1.8 million restricted with equal amount of GF/GP as a fund source realignment related to the Civil Service 1% charge on aggregate payroll to cover administration. Replaces restricted fund dollars with equivalent GF/GP to more accurately reflect payroll charges.	Restricted	NA	(1,800,000)
	GF/GP	NA	\$1,800,000
22. Office of Urban Initiatives Transfer	Gross	\$1,012,200	(\$1,012,200)
Removes \$1.0 million GF/GP (entire appropriation) to reflect the transfer of the Office of Urban Initiatives to the Executive Office.	GF/GP	\$1,012,200	(\$1,012,200)
23. Removal of Current Year One-Time Funding	Gross	\$83,734,900	(\$83,734,900)
Removes \$83.7 million Gross (\$80.9 million GF/GP) of one-time funding from five items. These items include \$1.6 million GF/GP for special state facilities maintenance, \$2.9 million restricted for the Office of Retirement Services, \$5.0 GF/GP million for the Legal Services Fund, \$250,000 for special projects, \$500,000 GF/GP for Public Safety Officer Survivor Benefits, \$72.0 million GF/GP for Venture Michigan I pay-off, and \$1.5 million GF/GP for Venture Michigan I contingency payments.	Restricted	2,850,000	(2,850,000)
	GF/GP	\$80,884,900	(\$80,884,900)
24. Capital Outlay Planning Authorizations	Gross	NA	\$700
Includes \$700 GF/GP for three university, two community college, and two state agency capital outlay planning authorizations: Michigan Technical University – H-STEM engineering and health technologies complex, phase 1; Saginaw Valley State University – College of Business and Management expansion; Wayne State University – STEM Innovation Learning Center; St. Clair County Community College – AJ Theisen building renovation; Henry Ford College – entrepreneur and Innovation institute/technology building renovation and addition; Caro Center Replacement – new state psychiatric hospital; DTMB – Secondary Complex for Secretary of State building addition.	GF/GP	NA	\$700
25. CSB Technical Fund Source Realignment	Gross	NA	\$0
Replaces \$203,200 IDG with \$155,400 restricted and \$47,800 GF/GP to properly account for fund sourcing associated with DTMB indirect charges and the Statewide Cost Allocation Plan.	IDG	NA	(203,200)
	Restricted	NA	155,400
	GF/GP	NA	\$47,800
26. Economic Adjustments	Gross	NA	\$3,657,300
Reflects increased costs of \$3.7 million Gross (\$1.0 million GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	1,788,600
	Federal	NA	27,100
	Local	NA	(3,300)
	Restricted	NA	799,600
	GF/GP	NA	\$1,045,300

Major Boilerplate Changes From FY 2016-17

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

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

Sec. 816. Privatization RFPs – DELETED

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

Sec. 821. Space Consolidation Plan – DELETED

Requires the DTMB to annually update the office space consolidation plan and provide a report on space consolidation by February 15.

Sec. 822. Report on Unclassified Salaries – DELETED

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

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

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

Sec. 822g. Legal Services Fund – DELETED

Requires itemized report on Legal Services Fund expenditures.

Sec. 822h. Office of Urban Initiatives – DELETED

Requires the DTMB to submit a report on the expenditures for the office and on the economic impact and job growth initiatives for each urban and metropolitan area receiving funds; specifies any unencumbered and unexpended funds lapse to the general fund.

Sec. 822j. Office of Good Government – DELETED

Explains the purpose of the Office of Good Government.

Sec. 822k. Hawthorn Center Appraisal – DELETED

Requires DTMB to work with the Department of Health and Human Services in an evaluation of state-owned lands and buildings at the Hawthorn Center Psychiatric Hospital Facility for Children and Adolescents and to develop a recommendation on the future use of the facility.

Sec. 822m. Vendor Performance Tracking – DELETED

Requires the DTMB to establish a vendor performance tracking system that collaborates with other departments that will be used as a factor in determining future contracts in the procurement process.

Sec. 822n. Request for Proposals Website – DELETED

Requires the DTMB to establish a request for proposals website that is searchable buy department and agency.

Sec. 827. Michigan Public Safety Communications System (MPSCS) – REVISED

Provides for the assessment of fees and expenditures of revenues pertaining to the MPSCS; requires a report on revenue collected and expenditures made in support of the system; specifies unencumbered funds are to be carried forward. Revises to eliminate the reporting requirement.

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

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

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

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

Sec. 830. IT Contract Change Orders – DELETED

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

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

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

Sec. 832. Child Support Enforcement System – DELETED

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

Sec. 836. Information Technology Investment Fund – REVISED

Explains that the purpose of the increased funds for the IT Investment Fund is to modernize state IT systems and improve system interfaces for greater customer service. The revision eliminates explanation of the one-time funding and adds guidance for the cyber security staff increase.

Sec. 837. Cyber Security Investment Projects – DELETED

Explains the purpose of cyber security investment projects.

Major Boilerplate Changes From FY 2016-17

Sec. 837. Citizen-centric Government Performance Metrics – NEW

Requires the department to identify specific performance measures for funds related to citizen-centric government initiatives.

Sec. 838. Enterprise Identity Management Program – DELETED

Explains the purpose of the Enterprise Identity Management Program.

Sec. 838. MiPage Mobile Center for Excellence Performance Metrics – NEW

Requires the department to identify specific performance measures for funds related to MiPage Mobile Center for Excellence.

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

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

Sec. 862. Required Reports – DELETED

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

Sec. 868. Revised Planning Scope Authorization of Caro Center – NEW

Authorizes the scope of planning for facility modernization of the Caro Center to facility replacement with a total estimated cost of \$115,000,000.

Sec. 900. Drinking Water Declaration of Emergency Reserve Fund – NEW

Provides information on the Drinking water declaration of emergency reserve fund.

Supplemental Recommendations for FY 2016-17 Appropriations

1. Citizen Centric Government IT Project

Appropriates \$3.0 million GF/GP to initiate the citizen centric government IT project in the current fiscal year.

Gross	\$3,000,000
GF/GP	\$3,000,000

2. Regional Infrastructure Asset Management Pilot

Appropriates \$2.0 million state restricted for a regional infrastructure asset management pilot for the purpose of developing a replicable model for the statewide asset management system.

Gross	\$2,000,000
Restricted	2,000,000
GF/GP	\$0

**FY 2016-17
Recommendation**

Summary: Executive Budget Recommendation for Fiscal Year 2017-18 DEPARTMENT OF TREASURY

Analyst: Ben Gielczyk

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$11,262,300	\$12,613,700	\$1,351,400	12.0
Federal	39,920,800	27,022,600	(12,898,200)	(32.3)
Local	9,201,000	14,516,000	5,315,000	57.8
Private	26,700	27,500	800	3.0
Restricted	1,589,586,300	1,605,173,700	15,587,400	1.0
GF/GP	238,495,800	206,348,500	(32,147,300)	(13.5)
Gross	\$1,888,492,900	\$1,865,702,000	(\$22,790,900)	(1.2)
FTEs	1,916.5	1,962.5	46.0	2.4

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Constitutional Revenue Sharing	Gross	\$757,875,200	\$15,668,900
Increases Constitutional revenue sharing by \$15.7 million in restricted sales tax revenue relative to the FY 2016-17 budget act appropriated amount (2.3% increase from the January CREC estimate for FY 2016-17).	Restricted	757,875,200	15,668,900
	GF/GP	\$0	\$0
2. City, Village, and Township Revenue Sharing	Gross	\$248,850,000	\$0
Maintains City, Village, and Township Revenue Sharing at \$248.8 million in restricted sales tax revenue which reflects no change from FY 2016-17. \$5.8 million is considered one-time appropriations.	Restricted	248,850,000	0
	GF/GP	\$0	\$0
3. County Revenue Sharing/County Incentive Program	Gross	\$217,267,500	\$640,600
Increase county revenue sharing by \$640,600 in restricted sales tax revenue to accommodate full payments for the two counties (Alcona and Charlevoix) that came online mid-year FY 2016-17. Maintains 1.0% increase above full-funding. A total of \$513,700 is included in County Revenue Sharing and \$126,900 is included in the County Incentive Program. Of the total for FY 2017-18, 80.2% would be distributed through County Revenue Sharing and 19.8% would be distributed through the County Incentive Program.	Restricted	217,267,500	640,600
	GF/GP	\$0	\$0
4. Debt Service	Gross	\$137,037,000	(\$29,457,000)
Reduces debt service by \$29.5 million GF/GP to reflect lower debt service costs due to refundings and refinancing.	GF/GP	\$137,037,000	(\$29,457,000)
5. Dual Enrollment Payments	Gross	\$1,507,600	\$500,000
Increases by \$500,000 GF/GP to accommodate increased participation in the dual enrollment program. Grants cover tuition costs of eligible nonpublic school students enrolled in postsecondary institutions.	GF/GP	\$1,507,600	\$500,000

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)		Executive Change from YTD
6. Payments in Lieu of Taxes	Gross	\$27,398,800	\$252,800
Increases by \$252,800 Gross (\$96,600 GF/GP) to accommodate new statutorily required PILT payments.	Private	26,700	800
	Restricted	5,177,500	155,400
	GF/GP	\$22,194,600	\$96,600
7. Senior Citizen Cooperative Housing Tax Exemption	Gross	\$10,520,000	\$200,000
Increases by \$200,000 GF/GP to accommodate 2016 PA 78. The act authorized an exemption, effective December 31, 2011, for property that would have qualified for the exemption if an application had been timely filed in 2011.	GF/GP	\$10,520,000	\$200,000
8. Align Appropriation Authorizations with Actual Revenues	Gross	NA	(\$20,455,700)
Provides the following adjustments to align appropriation authorizations with actual revenues:	Federal	NA	(12,955,700)
• Decreases Federal Department of Education Resources that support administration of outstanding federal and state postsecondary education loans by \$13.0 million in federal funds to align with receipt of revenues.	Restricted	NA	(7,500,000)
• Decreases Health and Safety Fund grants line item by \$7.5 million Gross (\$0 GF/GP) to align with actual expenditures.	GF/GP	NA	\$0
9. Medical Marijuana Regulatory and Licensing Framework	FTE	0.0	4.0
Includes \$4.6 million (\$0 GF/GP) and 4.0 FTEs for medical marijuana regulatory activities. Of this amount, \$4.0 million supports grants to municipalities, counties, and county sheriffs. The remainder, \$675,000 and 4.0 FTEs, would support staff funding for administration of payments to local by the department.	Gross	\$0	\$4,635,000
	Restricted	0	4,635,000
	GF/GP	\$0	\$0
10. Grant Removal	Gross	\$521,600	(\$521,600)
Removes \$521,600 GF/GP that supported the following FY 2016-17 grants:	GF/GP	\$521,600	(\$521,600)
• Lenawee Intermediate School District Plasma Cutting Machine Matching Grant (\$76,000 GF/GP)			
• Gianna House Grant (\$100,000 GF/GP)			
• Student Loan Delinquency Pilot Program (\$345,600 GF/GP)			
11. Tax Processing Bureau	FTE	331.0	9.0
Includes \$992,200 GF/GP and 9.0 FTEs to decrease telephone wait times and reduce processing time of individual income tax returns.	Gross	\$37,376,900	\$992,200
	IDG	2,356,300	0
	Restricted	25,072,200	0
	GF/GP	\$9,948,400	\$992,200
12. Office of Collections Lien Fee Increases	FTE	202.0	0.0
Includes \$1.3 million IDG to accommodate recently enacted increases in lien filing fees from \$10 to \$30. The department files liens against taxpayers for delinquent taxes owed to the state.	Gross	\$26,255,100	\$1,300,000
	IDG	5,890,400	1,300,000
	Restricted	19,851,200	0
	GF/GP	\$513,500	\$0
13. City Income Tax Administration	FTE	49.0	23.0
Provides \$5.3 million local funds to support expansion of Treasury city income tax collection program for Detroit (corporate and flow-through withholding) and the potential expansion into an additional city. \$1.5 million is considered one-time appropriations.	Gross	\$5,879,100	\$5,282,100
	Local	5,879,100	5,282,100
	GF/GP	\$0	\$0
14. Casino Gaming Information Technology System Review Enhancement	FTE	132.0	1.0
Includes \$149,900 in State Services Fee Fund and 1.0 FTE to support IT system review enhancement to help ensure security and accuracy of revenue reporting through increased internal controls.	Gross	\$26,196,700	\$149,900
	Restricted	26,196,700	149,900
	GF/GP	\$0	\$0
15. Bureau of State Lottery iLottery Staffing	FTE	183.0	8.0
Includes \$716,300 State Lottery Fund and 8.0 FTEs to support iLottery oversight and continued expansion.	Gross	\$24,760,300	\$716,300
	Restricted	24,760,300	716,300
	GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>	<u>FY 2016-17 YTD (as of 2/8/17)</u>	<u>Executive Change from YTD</u>
16. Information Technology for Systems, Applications, and Products (SAP) Provides \$2.0 million GF/GP one-time to support implementation of SAP, an enterprise resource planning software. Funds would allow contract staff to continue through FY 2017-18 to support operations and allow permanent state staff to obtain self-sufficiency in the software.	Gross GF/GP	\$0 \$0
		\$2,000,000 \$2,000,000
17. Removal of One-Time Appropriations Removes \$6.4 million Gross (\$6.4 million GF/GP) in one-time funds appropriated for Free individual E-File (\$2.8 million GF/GP), Supervision of the General Property Tax Law (\$3.0 million GF/GP), School District Millage Renewal Election Reimbursements (\$50,000 GF/GP), Drinking Water Declaration of Emergency (\$300,100 Restricted), and Urban Search and Rescue (\$500,000 GF/GP).	Gross Restricted GF/GP	\$6,692,600 300,100 \$6,392,500
		(\$6,692,600) (300,100) (\$6,392,500)
18. Economic Adjustments Reflects increased costs of \$2.0 million Gross (\$435,000 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Gross IDG Federal Local Restricted GF/GP	NA NA NA NA NA NA
		\$1,998,200 51,400 57,500 32,900 1,421,400 \$435,000

Major Boilerplate Changes From FY 2016-17

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

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

Sec. 927. Personal Property Tax Audits – DELETED

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

Sec. 934. Expending of Authority Revenues – REVISED

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

Sec. 936. Student Loan Delinquency Counseling Pilot Program – DELETED

Specifies requirements of competitive proposal for the student loan delinquency counseling pilot program. Includes requirements for RFP and provides direction on how the Department of Treasury shall review proposals. Requires status report.

Sec. 938. State Capitol Historic Site Payments – DELETED

Requires the Department of Treasury to ensure that the State Capitol Historic Site receives any amounts remaining in the Restoration, Renewal, and Maintenance line item. States that in the event that the Detroit CPI results in decreased statutory payments to the State Capitol Historic Fund, the Department of Treasury shall not take punitive measures or decrease payments to the fund and shall ensure full payment from the amounts available in the Restoration, Renewal, and Maintenance line item.

Sec. 944. Pension Plan Consultant Report – DELETED

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

Sec. 945. Audit of Minimal Assessing Requirements – REVISED

Requires the appraisal quality assurance project manager to conduct an Audit of Minimal Assessing Requirements in at least one assessment jurisdiction per county. Revises to require a review of local unit assessment administration practices, procedures, and records in each assessment district a minimum of once every five years.

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

Allocates \$500,000 to the urban search and rescue task force. Requires the task force to provide reports on FY 2015-16 revenues and expenditures, proposed FY 2016-17 grant expenditures, and a final report on FY 2016-17 grant expenditures.

Sec. 949h. Medical Marijuana Facilities Licensing Act – NEW

Provides that revenue from the Medical Marijuana Facilities Licensing Act is appropriated and shall be distributed in accordance with the provisions of the act.

Major Boilerplate Changes From FY 2016-17

Sec. 949i. City Income Tax Expansion – NEW

Requires funds appropriated for the city income tax administration to be used for expansion of individual income tax returns to one additional city.

Sec. 949j. Wrongful Imprisonment Compensation Fund – NEW

Provides that all funds in the Wrongful Imprisonment Compensation Fund are appropriated and available for expenditure for support of wrongful imprisonment compensation payments pursuant to provisions of the act.

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 with a population of 7,500 or more by providing an eligible payment equal to 100% of the FY 2015-16 payment to all CVTs that were eligible for a payment in FY 2015-16. 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. Revises to allow include new language allowing an entity that does not comply with the accountability and transparency by December 1 to comply by April 1 and still receive full payments. Payments that were ultimately qualified for after December 1 would be deferred and paid in the August revenue sharing payment.

LOTTERY

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

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

CASINO GAMING

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 to eliminate 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.

Supplemental Recommendations for FY 2016-17 Appropriations

		<u>FY 2016-17 Recommendation</u>
1. Wrongful Imprisonment Compensation Fund	Gross	\$15,000,000
Provides \$15.0 million GF/GP for deposit in the Wrongful Imprisonment Compensation Fund created in 2016 PA 343. Funds are considered appropriated and available for expenditure to support wrongful imprisonment compensation payments.	GF/GP	\$15,000,000
2. City Income Tax Administration	Gross	\$2,050,000
Includes \$2.1 million in local funds to allow the department to begin implementation of corporate and flow-through withholding tax program development and expansion of the city income tax program.	Local	2,050,000
	GF/GP	\$0
3. Lien Filing Fee Increases	Gross	\$1,300,000
Includes \$1.3 million IDG to cover recently enacted increases in lien filing fees from \$10 to \$30. The department files liens against taxpayers for delinquent taxes owed to the state.	IDG	1,300,000
	GF/GP	\$0
4. Tax Processing Bureau	FTE	5.0
Includes \$487,500 GF/GP and 5.0 FTEs to replace limited-term employees with permanent staff to provide assistance in decreasing telephone wait times and reduce the processing time of individual income tax correspondence.	Gross	\$487,500
	GF/GP	\$487,500

Summary: Executive Budget Recommendation for Fiscal Year 2017-18 DEPARTMENT OF HEALTH AND HUMAN SERVICES

Analysts: Susan Frey, Kevin Koorstra, and Viola Wild

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$13,513,700	\$13,640,900	\$127,200	0.9
Federal	17,905,772,200	18,351,244,100	445,471,900	2.5
Local	124,445,800	118,751,000	(5,694,800)	(4.6)
Private	154,259,300	149,873,300	(4,386,000)	(2.8)
Restricted	2,294,167,500	2,442,169,800	148,002,300	6.5
GF/GP	4,392,732,800	4,461,735,400	69,002,600	1.6
Gross	\$24,884,891,300	\$25,537,414,500	\$652,523,200	2.6
FTEs	15,600.5	15,620.5	20.0	0.1

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Health and Human Services (DHHS) was created in 2015 through the merger of the Department of Community Health and the Department of Human Services under Executive Order 2015-4. The DHHS budget 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 2016-17 Year-to-Date (YTD) Appropriations</u>	<u>FY 2016-17 YTD (as of 2/8/17)</u>	<u>Executive Change from YTD</u>
MEDICAID AND BEHAVIORAL HEALTH - GENERAL		
1. Traditional Medicaid Cost Adjustments	Gross \$13,420,787,900	\$168,210,900
Provides increase of \$168.2 million Gross (\$120.1 million GF/GP) for traditional Medicaid program caseload, utilization, inflation, and financing adjustments of approximately 1.25% Gross. Total includes \$43.1 million GF/GP to offset decline in federal match rate from 65.15% to 64.78% due to relative growth in state's personal income. Also includes cost adjustment for the federal Medicare pharmaceutical clawback.	Federal 8,713,156,200	55,146,100
	Local 47,005,700	241,400
	Private 2,100,000	0
	Restricted 1,884,179,700	(7,245,300)
	GF/GP \$2,774,346,300	\$120,068,700
2. Healthy Michigan Plan Cost Adjustments	Gross \$3,519,320,900	\$434,456,400
Provides increase of \$434.5 million Gross (\$80.2 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments of approximately 12% Gross. Total includes \$55.2 million GF/GP to offset the decline in the federal match rate from 96.25% to 94.25%.	Federal 3,388,487,600	342,068,500
	Local 633,100	0
	Restricted 119,599,800	12,191,200
	GF/GP \$10,600,400	\$80,196,700
3. Actuarial Soundness Adjustments	Gross \$11,107,957,000	\$253,635,100
Includes \$253.6 million Gross (\$63.0 million GF/GP) to provide two actuarial soundness adjustments. First, \$86.6 million Gross (\$23.5 million GF/GP) to support a 1% actuarial soundness adjustment for Medicaid health plans, prepaid inpatient health plans (PIHPs), and Healthy Kids Dental. Second, \$167.0 million Gross (\$39.5 million GF/GP) to keep the Medicaid health plans actuarially sound for reinstatement of the Affordable Care Act (ACA) Insurer Fee.	Federal 8,441,473,400	190,649,800
	Local 40,773,100	0
	Restricted 1,352,921,900	0
	GF/GP \$1,272,788,600	\$62,985,300

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
4. Medicaid Managed Care Use Tax Adjustments	Gross	NA	(\$157,891,000)
Reduces \$157.9 million Gross (\$62.2 million GF/GP) to reflect, beginning January 1, 2017, discontinuation of Use Tax on Medicaid Managed Care Organizations (MCOs), associated actuarial soundness reimbursement payments to MCOs, and the Health Insurance Claims Assessment (HICA) increasing from 0.75% to 1.0%.	Federal	NA	(116,240,400)
	HICA	NA	20,572,500
	GF/GP	NA	(\$62,223,100)
5. Health Insurance Claims Assessment Adjustments	Gross	\$249,541,300	\$0
Offsets \$129.9 million GF/GP with available HICA, of which \$59.0 million is from forecasted annual revenues including not having a HICA rebate to be paid out during FY 2017-18. The other \$70.9 million utilizes available year-end fund balance to offset GF/GP. Revenues are in addition to the \$20.6 million in HICA revenue from increasing the rate from 0.75% to 1.0% related to the discontinuation of the MCO Use Tax described in item #4. Total forecasted FY 2017-18 annual HICA revenue is \$331.3 million.	HICA	249,541,300	129,909,200
	GF/GP	\$0	(\$129,909,200)
DEPARTMENTWIDE ADMINISTRATION			
6. Integrated Service Delivery Project	FTE	15.0	27.0
Provides increase of 27.0 FTEs and \$8.2 million Gross (reduces \$177,700 GF/GP) to support Phase 2 of the Integrated Service Delivery project. Amount includes an additional \$45.1 million Gross (\$3.5 million GF/GP) in ongoing funding and removal of \$36.9 million Gross (\$3.7 million GF/GP) in one-time FY 2016-17 funding.	Gross	\$43,230,500	\$8,167,300
	Federal	38,907,500	8,345,000
	GF/GP	\$4,323,000	(\$177,700)
7. Financial Operations Administration Staffing	FTE	494.0	19.0
Includes increase of \$1.8 million Gross (\$912,500 GF/GP) to add 19.0 FTEs to the Department's financial operations administration, including 9.0 for finance, accounting, budget, and grants, and 10.0 for SIGMA coordination and support. SIGMA is the Statewide Integrated Governmental Management Applications project underway to replace and improve the state's financial data system.	Gross	\$57,728,700	\$1,824,900
	TANF	9,090,400	0
	Federal	24,527,200	912,400
	Restricted	1,129,000	0
	GF/GP	\$22,982,100	\$912,500
8. Economic Adjustments	Gross	NA	\$16,186,500
Reflects increased costs of \$16.2 million Gross (\$9.0 million GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, building occupancy charges, food, fuel and utilities for facilities, other economic adjustments, and reduced costs for worker's compensation. Total includes economics increases of \$27.9 million Gross (\$13.8 million GF/GP) and removal of lump sum payment totaling \$11.7 million Gross (\$4.8 million GF/GP).	IDG	NA	112,400
	TANF	NA	1,852,700
	Federal	NA	4,696,800
	Local	NA	204,500
	Private	NA	21,400
	Restricted	NA	312,900
	GF/GP	NA	\$8,985,800
9. Information Technology - MiSACWIS One-Time Funding	Gross	\$11,538,600	(\$11,538,600)
Eliminates one-time funding of \$11.5 million Gross (\$5.8 million GF/GP) for improvements to the Statewide Automated Child Welfare Information System (MiSACWIS). Ongoing funding is maintained for the system, and for continued implementation of court-ordered improvements for child welfare case monitoring.	Federal	5,769,300	(5,769,300)
	GF/GP	\$5,769,300	(\$5,769,300)

HUMAN SERVICES

10. Public Assistance Caseload Adjustments	Gross	\$171,482,200	(\$22,350,700)
Reduces funding for public assistance programs by \$22.4 million Gross (\$4.6 million GF/GP) as follows:	Federal	54,285,100	(17,772,000)
• Family Independence Program (FIP) is reduced \$21.7 million Gross (\$4.0 million GF/GP) adjusting the monthly caseload estimate from 21,600 cases at \$376.81 per month to 17,000 cases at \$372.61 per month.	Restricted	16,269,600	57,000
• State Disability Assistance (SDA) is reduced by \$131,400 Gross (\$73,100 GF/GP) adjusting the monthly caseload estimate from 4,500 cases at \$213.96 per month to 4,350 cases at \$218.82 per month.	GF/GP	\$100,927,500	(\$4,635,700)
• State Supplementation is reduced by \$562,600 GF/GP adjusting the monthly caseload estimate from 274,077 cases at \$18.93 per month to 271,600 cases at the same monthly rate.			

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
11. Child Welfare Caseload Adjustments	Gross \$619,918,000	(\$9,811,900)
Decreases funding for child welfare programs by \$9.8 million Gross (\$1.8 million GF/GP) as follows:	Federal 312,887,400	(8,561,100)
	Private 2,424,000	503,400
	Local 14,194,000	39,300
	GF/GP \$290,412,600	(\$1,793,500)
<ul style="list-style-type: none"> Foster care payments are increased by \$178,300 Gross (\$2.2 million GF/GP) from 5,907 cases at \$28,351 per year to 5,653 cases at \$30,655 per year. Adoption subsidies are reduced \$11.5 million Gross (\$5.3 million GF/GP) from 24,637 cases at \$735.83 per month to 23,457 cases at \$732.07 per month. The Child Care Fund is increased by \$993,000 GF/GP. Guardianship assistance payments are increased by \$851,100 Gross (\$305,500 GF/GP) from 1,162 cases at \$778.15 per month to 1,280 cases at \$761.82 per month. Family Support Subsidies remain funded at same level as FY 2016-17 with 6,360 cases at the same monthly rate of \$222.11. 		
12. Homeless Emergency Shelter Per Diem Rate	Gross \$15,721,900	\$3,744,800
Increases funding by \$3.7 million GF/GP to fund an increase to the per diem rate provided to emergency shelters from \$12 to \$16 per bed night. Adds boilerplate Sec. 453 directing that additional funding support the increase in the capacity of shelters to assist clients in applying for permanent housing and other social services.	Federal 7,102,600	0
	GF/GP \$8,619,300	\$3,744,800
13. Pathways to Potential Expansion	FTE NA	51.0
Includes additional 51.0 FTEs and \$5.6 million Gross (\$3.3 million GF/GP) to expand the Pathways to Potential program to additional school districts. The program places caseworkers in certain schools to help reduce absenteeism and help families obtain community resources; program is currently operating in 259 schools. Adds boilerplate Sec. 689 directing that low achieving schools and at-risk communities be prioritized.	Gross NA	\$5,640,000
	Federal NA	2,318,900
	GF/GP NA	\$3,321,100
14. Nutrition Education	FTE 2.0	0.0
Includes additional \$10.0 million federal funding authorization for nutrition education programs that provide educational services to help persons eligible to receive food assistance to improve their eating and lifestyle behaviors.	Gross \$23,042,700	\$10,000,000
	Federal 23,042,700	10,000,000
	GF/GP \$0	\$0
15. Adult Services Staffing Increase	FTE 425.0	95.0
Includes additional 95.0 FTE positions and \$11.3 million Gross (\$8.1 million GF/GP) in response to rising adult services caseloads. Adds boilerplate Sec. 851 directing that staffing ratios of adult protective services programs be improved to increase response times to help reduce risks for elderly and disabled adults.	Gross \$44,864,400	\$11,286,700
	Federal 30,579,700	3,189,500
	GF/GP \$14,284,700	\$8,097,200
16. Family Independence Program (FIP) Clothing Allowance Increase	Gross \$6,270,000	\$2,687,100
Includes additional \$2.7 million federal TANF funding to increase the annual clothing allowance for children who are FIP recipients from \$140 per child to \$200.	TANF 6,270,000	2,687,100
	GF/GP \$0	\$0
17. Centers for Independent Living Reduction	Gross \$12,031,600	(\$2,000,000)
Reduces funding by \$2.0 million GF/GP for Centers for Independent Living Centers which provide services to persons with disabilities.	Federal 8,451,000	0
	Private 10,000	0
	GF/GP \$3,570,000	(\$2,000,000)
18. Heat and Eat Program Continuance	Gross \$6,766,800	\$0
Maintains \$6.8 million GF/GP originally appropriated in FY 2016-17 in PA 340 of 2016 to fund the Heat and Eat program which provides energy assistance payments of \$20.01 to an estimated 338,173 Food Assistance Program (FAP) cases making them potentially eligible for additional FAP benefits.	GF/GP \$6,766,800	\$0
19. Multicultural Integration Funding	Gross \$13,303,800	\$2,000,000
Increases funding by \$2.0 million GF/GP to various multicultural organizations that provide social services programs to specific populations. Organizations receiving additional funding include: Arab Community Center for Economic and Social Services (ACCESS), Arab Chaldean Council (ACC), the Jewish Federation, and the Chaldean Community Foundation (CCF).	Federal 1,115,500	0
	GF/GP \$12,188,300	\$2,000,000

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)		Executive Change from YTD
20. Foster Care Administrative Rates Increase	Gross	NA	\$14,200,000
Increases funding by \$14.2 million Gross (\$6.8 million GF/GP) to increase administrative per diem rates paid to private foster care placing agencies and residential service providers. Rate increases are based upon a third-party cost analysis. The current general foster care rate would increase from \$45 to \$46.20. Independent living, trial reunification, and residential services rates would also be increased.	Federal	NA	5,290,000
	Local	NA	2,142,400
	GF/GP	NA	\$6,767,600
21. Foster Care Administrative Rates – Elimination of County Hold-Harmless Provision	Gross	NA	(\$8,000,000)
Reduces state funding by \$8.0 million GF/GP to recognize the savings to the state of rescinding the county hold-harmless provision that required DHHS to pay 100% of the foster care administrative rates to private agencies for all new cases beginning October 1, 2013 and 100% of the recent rate increases. Restores 50/50 cost sharing model and requires counties to pay 50% of all administrative rates for private foster care placing agencies and residential service providers beginning in FY 2017-18.	GF/GP	NA	(\$8,000,000)
22. Foster Parent Support and Michigan Youth Opportunities Initiative (MYOI) Expansion	FTE	NA	11.0
Includes 11.0 additional FTE positions and \$3.6 million Gross (\$2.8 million GF/GP) to fund the expansion of programs to support foster care parents and the MYOI program. Funding would support 10 additional MYOI coordinators and expand the program, which provides services to youth aging out of foster care, to all 83 counties; includes support for one statewide foster care recruitment supervisor. Adds boilerplate Sec. 594 directing that funding support five Regional Resource Teams to help recruit and retain qualified foster parents.	Gross	NA	\$3,591,400
	Federal	NA	783,500
	GF/GP	NA	\$2,807,900
23. Juvenile Justice Facilities Staffing Increase	FTE	84.0	10.0
Includes additional 10.0 FTEs and \$924,000 Gross (\$462,000 GF/GP) to comply with new minimum staffing requirements mandated by the federal Prison Rape Elimination Act (PREA). In order to comply, both state juvenile facilities, Shawono and Bay Pines, require 5.0 additional FTEs.	Gross	\$9,954,700	\$924,000
	Federal	220,300	0
	Local	5,377,900	462,000
	GF/GP	\$4,356,500	\$462,000
24. Family Preservation Programs – One-Time Funding	FTE	1.0	(1.0)
Eliminates one-time funding of \$6.1 million federal TANF and the related 1.0 FTE for Family Preservation Programs; ongoing funding for Family Preservation Programs is maintained at current-year funding and staffing levels.	Gross	\$6,098,200	(\$6,098,200)
	Federal	6,098,200	(6,098,200)
	GF/GP	\$0	\$0
25. FTE Adjustments	FTE	NA	(31.0)
Eliminates 88.0 FTE authorizations in the following three line items to align FTE authorizations with the amount of funding available to support the positions: Child Welfare Field Staff – Caseload Compliance (50.0), Family Preservation Programs (10.0), and 29 FTEs added to Public Assistance Field Staff.	Gross	NA	\$0
	GF/GP	NA	\$0
26. Donated Funds Positions FTE Reduction	FTE	538.0	(250.0)
Eliminates 250.0 FTE authorizations from the Donated Funds Positions line item to better align FTE authorizations with the amount of currently-filled positions and the funding available to support those FTEs. Reduces funding by \$28.3 million Gross (\$0 GF/GP).	Gross	\$60,878,700	(\$28,300,000)
	IDG	238,900	0
	Federal	31,152,400	(14,152,400)
	Private	18,420,200	(5,309,900)
	Local	11,067,200	(8,837,700)
	GF/GP	\$0	\$0
27. Capped Federal Revenues Fund Source	Gross	NA	\$0
Rolls the "Capped Federal Revenues" fund source into the general "Total Federal Revenues" fund source.	Federal	NA	0
	GF/GP	NA	\$0

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
BEHAVIORAL HEALTH		
28. Direct Care Wage Increase	Gross	NA
Increases Medicaid mental health funding \$45.0 million Gross (\$14.2 million GF/GP) to provide a \$0.50 per hour increase for direct care workers. A FY 2015-16 legislative boilerplate report directed DHHS to review current challenges of recruiting and retaining direct care staff, and one of the findings was uncompetitive wages compared to other available entry-level wages.	Federal	NA
	GF/GP	NA
		\$45,000,000
		30,838,500
		\$14,161,500
29. State Psychiatric Hospital Staffing Enhancement	FTE	72.0
Provides \$7.2 million Gross (\$4.9 million GF/GP) to increase state psychiatric hospital staffing by 72.0 FTEs. Amount reflects a 3.4% increase in Gross appropriations.	Gross	\$7,173,200
	Federal	2,308,900
	Local	0
	Restricted	0
	GF/GP	\$4,864,300
		\$17,030,000
	Federal	2,458,000
	GF/GP	\$8,105,000
		\$3,750,000
30. Mental Health and Wellness Commission	Gross	\$3,750,000
Increases Mental Health and Wellness Commission allocation by \$3.8 million Gross (\$1.3 million GF/GP) for the Transition Unit for children residing at the Hawthorn Center state psychiatric hospital for children.	Federal	2,458,000
	GF/GP	\$8,105,000
		\$3,750,000
31. Medical Marijuana Regulatory Revenue	Gross	\$0
Recognizes \$1.4 million in restricted medical marijuana regulatory revenue to increase access to substance use disorder prevention, treatment, and education programming. Assumes some programs would be eligible for federal matching funds.	Federal	0
	Restricted	0
	GF/GP	\$0
		\$3,263,200
		1,839,300
		1,423,900
		\$0
32. Civil Service Charges	Gross	\$1,499,300
Reduces civil services charges line within behavioral health services unit \$1.1 million GF/GP, funding is transferred into Civil Services unit within Department of Technology, Management, and Budget.	GF/GP	\$1,499,300
		(\$1,100,000)
		(\$1,100,000)
POPULATION HEALTH		
33. Flint Drinking Water and Lead Exposure Emergency	FTE	4.5
Reduces funding for assistance to residents exposed to lead in the City of Flint by \$1.8 million Gross (\$8.1 million GF/GP). One-time funding of \$13.4 million Gross (\$1.0 million GF/GP) and 4.5 FTEs are provided for food and nutrition services, health services at child and adolescent health centers and schools, water filter cartridges and filter replacements, and additional supports and services. Restricted funding provided is primarily Healthy Michigan Fund and includes \$100 of the Drinking Water Declaration of Emergency Reserve Fund.	Gross	\$15,138,100
	TANF	(20,000)
	Federal	(2,050,000)
	Restricted	8,387,800
	GF/GP	(\$8,094,200)
		\$2,000,000
	GF/GP	\$0
		\$2,000,000
34. Lead Poisoning Elimination Recommendations	Gross	\$0
Includes \$2.0 million GF/GP as one-time funding toward implementation of over 80 recommendations of the Childhood Lead Poisoning Elimination Board, created as a two-year advisory commission under Executive Order 2016-9.	GF/GP	\$0
		\$2,000,000
		\$2,000,000
35. Continuation of Public Health and Lead Abatement Expansions	FTE	19.5
Provides \$2.9 million Gross increase (reduction of \$1.3 million GF/GP) and 19.5 FTE increase from year-to-date appropriations to annualize and continue the following new initiatives: vapor intrusion response program funded at \$2.2 million GF/GP, drinking water, childhood lead testing, toxicology and response, and public health staff enhancements funded at \$4.2 million Gross (\$0 GF/GP), and increased lead abatement of homes initially focusing on Flint, funded at \$23.5 million from available federal grants. Funding for these programs was initiated in the FY 2016-17 supplemental Act 340 of 2016. New related boilerplate sections providing outcomes and metrics are included in Sec. 1180 and 1181.	Gross	\$26,987,700
	Federal	10,000
	Restricted	4,178,500
	GF/GP	(\$1,333,900)
		\$1,550,000
	GF/GP	\$1,550,000
		(\$1,550,000)
		(\$1,550,000)
36. Public Health Dental Clinics	Gross	\$1,550,000
Removes \$1.5 million GF/GP for local health departments partnering with nonprofit dental providers for dental services, and removes related Sec. 1229 boilerplate. Funding was new in FY 2016-17.	GF/GP	\$1,550,000
		(\$1,550,000)
		(\$1,550,000)

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>	<u>FY 2016-17 YTD (as of 2/8/17)</u>		<u>Executive Change from YTD</u>
37. Population Health Federal Grant Adjustments	Gross	NA	\$8,400,000
Recognizes \$8.4 million of additional public health federal funds including new violence prevention grants of \$1.0 million, increase in local reimbursements for Medicaid outreach totaling \$3.5 million, local health services increase of \$1.5 million, and chronic disease prevention increase of \$2.4 million. The last two adjustments are from increased Preventive Health and Health Services Block Grant funds.	Federal	NA	8,400,000
	GF/GP	NA	\$0
38. Alternative Pregnancy and Parenting Support Program	Gross	\$400,000	(\$350,000)
Reduces funding by \$350,000 Gross (\$50,000 GF/GP increase) for alternative pregnancy and parenting support program which promotes childbirth and alternatives to abortion, returning the program to \$50,000 GF/GP funding level of FY 2015-16.	TANF	400,000	(400,000)
	GF/GP	\$0	\$50,000
AGING AND ADULT SERVICES AGENCY			
39. Senior In-Home Services	Gross	\$8,024,300	\$2,053,400
Provides increase of \$2.1 million GF/GP for senior in-home services. Together with a FY 2016-17 increase, the program funding will meet demand as of September 30, 2016, including waiting lists. YTD shown is in-home services only in the Aging Community Services line item.	GF/GP	\$8,024,300	\$2,053,400
40. Senior Meals and Nutrition Services	Gross	\$39,044,000	\$3,210,200
Provides increase of \$1.5 million GF/GP for senior home-delivered meals to bring the program funding to a level that will meet demand as of September 30, 2016, including waiting lists. Federal grant increases totaling \$1.7 million for senior meals services are also recognized.	Federal	27,657,000	1,700,000
	Private	300,000	0
	GF/GP	\$11,087,000	\$1,510,200
MEDICAL SERVICES			
41. Special Hospital Payments	Gross	NA	(\$217,645,100)
Reduces quality assurance assessment program (QAAP)-funded special hospital payments a total of \$217.6 million Gross (\$20.3 million GF/GP) based on Hospital Rate Adjustment (HRA) reducing by \$47.9 million Gross (\$42.8 million GF/GP) and the Medicaid Access to Care Initiative (MACI) reducing by \$169.7 million Gross (increasing \$22.4 million GF/GP).	Federal	NA	(151,922,800)
	Restricted	NA	(45,382,500)
	GF/GP	NA	(\$20,339,800)
42. Medicaid Non-Emergency Medical Transportation Broker Expansion	Gross	NA	\$12,032,000
Includes \$12.0 million Gross (\$3.4 million GF/GP) to expand the Medicaid non-emergency medical transportation broker program into additional counties. Program is currently available in Macomb, Oakland, and Wayne counties. Counties without a broker program rely on local DHHS field staff workers to coordinate non-emergency medical transportation.	Federal	NA	8,599,500
	GF/GP	NA	\$3,432,500
43. Ambulance QAAP	Gross	\$44,112,000	\$10,290,000
Includes \$10.3 million Gross (\$0 GF/GP) to add QAAP-funded supplemental Healthy Michigan Plan ambulance payments. Current year only included traditional Medicaid in the supplemental payment calculation. Also assumes implementation of Ambulance QAAP by April 1, 2017, which is noted below in the FY 2016-17 supplemental summary.	Federal	32,312,400	9,698,400
	Restricted	15,665,200	591,600
	GF/GP	(\$3,865,600)	\$0
44. New Nursing Facility Quality Pool	Gross	\$1,658,317,700	\$73,000,000
Creates a new QAAP-funded nursing facility quality pool totaling \$73.0 million Gross (reduces \$8.2 million GF/GP in state retainer savings). Adds boilerplate Sec. 1646 directing these new payments to support and reward improvements in outcomes for nursing facility patients and residents.	Federal	1,069,171,700	47,289,400
	Local	6,618,800	0
	Private	2,100,000	0
	Restricted	271,352,900	33,954,300
	GF/GP	\$309,074,300	(\$8,243,700)
45. Program of All-inclusive Care for the Elderly (PACE) Expansion	Gross	\$87,874,800	\$19,966,400
Adds \$20.0 million Gross (\$7.0 million GF/GP) to support enrollment increases within existing programs and for two new PACE sites in Newaygo County and in central Michigan. Increase is offset from assumed long-term care savings for a net \$0 budget adjustment.	Federal	57,250,400	12,934,200
	GF/GP	\$30,624,400	\$7,032,200

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
46. Medical Services Program Reductions	Gross	NA (\$10,427,500)
Reduces a total of \$10.4 million Gross (\$6.3 million GF/GP) by eliminating Authority Health GME (\$2.8 million Gross), Dental rate increase for pregnant Medicaid beneficiaries (\$2.7 million Gross), University of Detroit dental clinic (\$2.0 million Gross), Medicaid health plan immunization grant (\$1.5 million Gross), and by reducing Wayne State Psychiatric (\$1.4 million Gross).	Federal	NA (4,176,000)
	GF/GP	NA (\$6,251,500)
47. Other State Restricted Revenue Adjustments	Gross	NA \$0
Revises the following three restricted funds based on projected available revenues for a net increase of \$3.5 million, which is used to offset a like amount of GF/GP:	Restricted	NA 3,529,000
<ul style="list-style-type: none"> Increases Merit Award Trust Fund \$25.3 million. Increases Healthy Michigan Fund \$9.6 million. Reduces Medicaid Benefits Trust Fund \$31.4 million. 	GF/GP	NA (\$3,529,000)

Major Boilerplate Changes From FY 2016-17

Executive Boilerplate Deletions

The Executive Budget Recommendation deletes a significant amount of boilerplate language included in the FY 2016-17 budget. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted.

GENERAL SECTIONS

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

Deletes subsection (1) which requires the Department's policy and procedures manual to be available on the DHHS website.

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

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

Sec. 252. Appropriations for Healthy Michigan Plan – DELETED

Specifies that appropriations for the Healthy Michigan Plan (HMP) are contingent upon 2013 PA 107 not being amended, repealed, or otherwise altered to eliminate the HMP. Also specifies that if any of those actions occur, the remaining funds in the HMP line items shall be used only to pay for previously incurred costs.

Sec. 274. Capped Federal Funds and Maintenance of Effort – REVISED

Deletes subsection (2) which directs that capped federal funds shall not be used for economics adjustments in the Governor's proposed budget, and subsection (3) which requires report on funding that meets TANF maintenance of effort funding requirement. *NOTE: Governor indicated subsection (2) considered unenforceable in his signing letter for enacted FY 2016-17 budget.*

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

Requires that after the first year of a contract, no less than 90% of a contract supported solely from state restricted or general fund/general purpose funds and designated for a specific entity for the purpose of providing services to individuals be expended for those services; allows DHHS to make exceptions; and requires a report by September 30 on the rationale for all exceptions and the number of contracts terminated due to violations.

Sec. 291. E-Verify – DELETED

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

Sec. 298. Behavioral Health Integration – REVISED

Replaces current language which requires DHHS to work with a workgroup to make recommendations on policy and financing to improve coordination of Medicaid behavioral health and physical health services, including goals, a detailed plan, annual benchmarks, and requiring legislative authorization for certain funding changes. New language directs DHHS to continue working with stakeholders to improve coordination of publicly funded behavioral health and physical health services, which must be built upon the published core values previously agreed upon by the Sec. 298 workgroup, including person-centered planning.

CHILDREN SERVICES – CHILD WELFARE

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

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

Major Boilerplate Changes From FY 2016-17

Sec. 519. Treatment Foster Care – DELETED

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

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; restricts licensing reviews to no more than once every four years for nationally-accredited organizations with no outstanding violations.

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

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

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

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

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHHS; establishes general independent living administrative rate of \$28; requires payments for independent living plus services at the statewide per diem; increases administrative rate for foster care services by \$8, provided the county match rate is eliminated for this increase; requires increase to each private provider of residential services, provided that the county match rate is eliminated. Executive revises language to set the general foster care rate, independent living rate, and trial unification services rate all at \$46.20; strikes language requiring \$8.00 administrative rate increase to private foster care providers and language requiring an increase to private residential providers.

Sec. 558. Child Welfare Training Institute Report – DELETED

Requires DHHS to maximize use of training programs or courses provided through the Child Welfare Training Institute (CWTI) and requires courses be made available to employees of private service providers; requires DHHS to conduct a workgroup on reducing the required amount of centralized CWTI training class time; requires report on workgroup findings; requires report on number of programs and courses provided and the annual cost for each.

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

Requires DHHS to provide time and travel reimbursements for foster parents who transport foster children to parent-child visitation; requires reimbursement within 60 days.

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

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

Sec. 567. Medical Passports – REVISED

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

Sec. 568. Adoption Subsidy Negotiations – DELETED

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

Sec. 569. Private Agency Adoption Completion Payment Rate – DELETED

Requires DHHS reimburse private child placing agencies that complete adoptions at the rate according to the date in which the petition for adoption and required support documentation was accepted by the court and not according to the date the court's order placing for adoption was entered.

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

Requires DHHS to pay 100% of the administrative rate for all new cases referred to foster care services providers beginning October 1, 2013; requires monthly report on number of cases supervised by private agencies and by DHHS. Executive deletes language requiring DHHS to pay 100% of the administrative rates.

PUBLIC ASSISTANCE

Sec. 602. Multiple Disability Applications – DELETED

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

Major Boilerplate Changes From FY 2016-17**Sec. 625. Legal Services Association of Michigan – DELETED**

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

Sec. 630. Family Independence Program (FIP) Suspicion-Based Drug Testing Pilot Program – DELETED

Requires DHHS to implement a suspicion-based drug testing pilot program for FIP recipients.

Sec. 669. Annual FIP Clothing Allowance – REVISED

Allocates \$6.3 million for children's annual clothing allowance for all eligible children in FIP groups. Executive revises language to allocate \$9.0 million funding.

CHILDREN SERVICES – JUVENILE JUSTICE**Sec. 701. Residential Facility Contracts – DELETED**

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

Sec. 721. Residential Facility of Last Resort – DELETED

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

FIELD OPERATIONS AND SUPPORT SERVICES**Sec. 850. Out-Stationed Eligibility Specialists – REVISED**

Requires DHHS to maintain out-stationed eligibility specialists in community-based organizations, community mental health agencies, nursing homes, and hospitals unless the location requests the program discontinued. Executive deletes language that requires that if a request for donated funds positions is denied, DHHS must provide the federal statute or regulation supporting a denial, if requested, as well as language that states if there is no federal statute or regulation supporting the denial, DHHS shall grant the position request.

BEHAVIORAL HEALTH SERVICES**Sec. 911. Jail Diversion Services for Persons with Mental Illness or Developmental Disability – DELETED**

Requires DHHS to ensure that each contract with a CMHSP or PIHP requires the CMHSP or PIHP to implement programs to encourage diversions for individuals with serious mental illness, serious emotional disturbance, or developmental disability from possible jail incarceration; requires each CMHSP or PIHP to have jail diversion services and work toward establishing relationships with local law enforcement agencies.

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. 928. Capitation Rates Increase for PIHPs – DELETED

Requires PIHPs to provide local funds from internal resources that can be used as a source for the state match required under the Medicaid program in order to increase capitation rates for PIHPs; states legislative intent that any lapses from Medicaid mental health services be redistributed to CMHSPs as a reimbursement for these local funds.

Sec. 941. Medicaid Spenddown Allocation – DELETED

Allocates no less than \$3.0 million to CMHSPs for costs related to Medicaid spenddown beneficiaries having to satisfy monthly deductible requirements.

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

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

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

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

Sec. 1057. Hawthorn Center and Caro Center Evaluation – DELETED

Requires DHHS to evaluate the condition of the Hawthorn Center and Caro Center, to evaluate the cost effectiveness of improvements, and to recommend improvements.

Major Boilerplate Changes From FY 2016-17

HEALTH POLICY

Sec. 1140. Free Health Clinic Funding – DELETED

Allocates \$250,000 to free health clinics from the funds appropriated for primary care services. Requires DHHS to distribute funds equally to each free health clinic. Defines free health clinic as a nonprofit organization that uses volunteer health professionals to provide care to uninsured individuals.

Sec. 1150. Opioid Fraud Collaboration – DELETED

Requires DHHS to coordinate with other state departments, law enforcement, and Medicaid health plans to reduce fraud related to opioid prescribing within Medicaid, and to address other prescription drug and opioid abuse issues; requires a report by October 1.

Sec. 1151. Opioid Addiction Treatment Education Collaboration – DELETED

Requires DHHS to coordinate with other state departments, law enforcement, and Medicaid health plans to work with substance use disorder providers to inform Medicaid beneficiaries of medically appropriate opioid addiction treatment options when an opioid prescription is completed, and to address other prescription drug and opioid abuse issues; requires a report by October 1.

FAMILY, MATERNAL, AND CHILD HEALTH

Sec. 1340. National Brand Peanut Butter as Approved WIC Food Item – DELETED

Requires the Women, Infants, and Children Special Supplemental Food and Nutrition program (WIC) to include national brand peanut butter on the list of approved food basket items for WIC participant purchase.

MEDICAL SERVICES

Sec. 1724. Injectable Drugs for Respiratory Syncytial Virus – DELETED

Requires DHHS to allow pharmacies to purchase injectable drugs for treatment of respiratory syncytial virus for shipment to physician's offices.

Sec. 1757. Medicaid Applicant's Legal Residence – DELETED

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

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, and requires hospitals to also post quality data on the hospital's website. Revised language adds requirement to withhold 25% of a hospital's GME payment if the hospital does not submit the required data by January 1, 2018.

Sec. 1806. Common Formulary for Medicaid Health Plans – DELETED

Allows DHHS to establish performance standards to measure implementation progress of a common formulary; requires that ongoing implementation of the common formulary consider DHHS's preferred drug list; allows health plans to use evidence-based utilization management techniques in the implementation of the common formulary; requires health plans and DHHS to continue to emphasize the value of increased e-prescribing and electronic medical records.

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

Requires DHHS to give consideration to Medicaid health plan accreditation when establishing compliance with state program review criteria or audit requirements; requires DHHS continue to comply with federal and state laws and not initiate any action that negative impacts beneficiary safety; defines term "national accrediting entity"; requires progress report on implementation of section.

Sec. 1862. Obstetrical Rates – DELETED

Requires DHHS to maintain obstetrical service payment rates at 95% of Medicare levels effective October 1, 2014.

Sec. 1875. Prior Authorization for Certain Drugs – DELETED

Applies prior authorization prohibition to DHHS and its contractual agents for psychotropic medications, drugs for the treatment of epilepsy/seizure disorder, or drugs for organ transplant therapy, if those drugs were either carved out or not subject to prior authorization procedures as of May 9, 2016, defines "prior authorization".

Supplemental Recommendations for FY 2016-17 Appropriations

**FY 2016-17
Recommendation**

1. Traditional Medicaid Cost Adjustments

Includes reduction of \$79.7 million Gross (\$30.5 million GF/GP) for traditional Medicaid program caseload/utilization/inflation, and financing adjustments. Total includes \$15.4 million GF/GP increase to offset decline in disproportionate share hospital (DSH) payment savings.

	Gross	(\$79,698,300)
Federal		(36,140,000)
Restricted		(13,087,400)
GF/GP		(\$30,470,900)

<u>Supplemental Recommendations for FY 2016-17 Appropriations</u>		<u>FY 2016-17 Recommendation</u>
2. Healthy Michigan Plan Cost Adjustments		Gross \$298,448,500
Provides increase of \$298.4 million Gross (\$11.2 million GF/GP) for Healthy Michigan Plan caseload/utilization/inflation adjustments. Gross increase is due to caseload increasing from approximately 600,000 beneficiaries to approximately 640,000 beneficiaries.	Federal	287,256,700
	GF/GP	\$11,191,800
3. Public Assistance Caseload Adjustments		Gross (\$11,172,400)
Reduces public assistance programs by \$11.2 million Gross (\$635,700 GF/GP) for caseload adjustments.	Federal	(10,478,400)
	Restricted	(58,300)
	GF/GP	(\$635,700)
4. Child Welfare Caseload Adjustments		Gross (\$4,533,000)
Reduces child welfare programs by \$4.5 million Gross (increase of \$41,600 GF/GP) for caseload adjustments; also includes a fund source shift of TANF and GF/GP for an increase of \$9.6 million GF/GP.	Federal	(14,684,300)
	Private	508,000
	Local	61,700
	GF/GP	\$9,581,600
5. Special Hospital Payments		Gross (\$187,160,100)
Reduces special hospital payments a total of \$187.2 million Gross (\$20.0 million GF/GP) based on the Hospital Rate Adjustment (HRA) reducing by \$17.5 million Gross (\$42.7 million GF/GP) and the Medicaid Access to Care Initiative (MACI) reducing by \$169.7 million Gross (increasing \$22.7 million GF/GP).	Federal	(118,470,000)
	Restricted	(48,667,500)
	GF/GP	(\$20,022,600)
6. Ambulance Quality Assurance Assessment Program (QAAP) Implementation Delay		Gross (\$16,911,000)
Reduces QAAP-funded supplemental ambulance payments \$16.9 million Gross (\$0 GF/GP) assuming the ambulance QAAP will be implemented by April 1, 2017 rather than at the start of FY 2016-17. The state retainer savings are also adjusted for partial year implementation, requiring an additional \$1.9 million GF/GP.	Federal	(11,204,100)
	Restricted	(7,639,700)
	GF/GP	\$1,932,800
7. Healthy Michigan Plan Health Initiatives		Gross \$0
Increases \$846,400 GF/GP to replace reduction of \$846,400 in federal matching funds from 96.25% to 50% for two legislative boilerplate initiatives relating to Healthy Michigan Plan health initiative outreach (Sec. 228) and Healthy Michigan Plan measurable health outcomes demonstration project (Sec. 1876). Funding is not included in the FY 2017-18 Executive Recommendation.	Federal	(846,400)
	GF/GP	\$846,400
8. Healthy Michigan Plan Nursing Facility QAAP		Gross \$5,000,000
Creates a \$5.0 million Gross (\$0 GF/GP) QAAP-funded nursing facility supplemental payment within Healthy Michigan Plan.	Federal	4,812,500
	Restricted	187,500
	GF/GP	\$0
9. Special Medicaid Reimbursements		Gross \$23,299,200
Increases special Medicaid reimbursements by \$23.3 million Gross (\$0 GF/GP) for Specialty Network Access Fee (SNAF), physician adjustor payments, dental adjustor payments, and the state psychiatric DSH payment based on projected costs. Amount reflects adjustments for both traditional Medicaid and Healthy Michigan Plan. GF/GP is not used as state matching funds for these special Medicaid reimbursements.	Federal	41,115,600
	Local	(2,374,300)
	Restricted	(15,442,100)
	GF/GP	\$0

**Summary: Executive Budget Recommendation
for Fiscal Year 2017-18
HIGHER EDUCATION**

Analyst: Perry Zielak

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	101,526,400	111,526,400	10,000,000	9.8
Local	0	0	0	--
Private	0	0	0	--
Restricted	237,209,500	235,743,500	(1,466,000)	(0.6)
GF/GP	1,243,904,500	1,289,954,500	46,050,000	3.7
Gross	\$1,582,640,400	\$1,637,224,400	\$54,584,000	3.4

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. University Operations Grants	Gross \$1,400,345,000	\$35,000,000
Increases university operations funding by \$35.0 million GF/GP, a 2.5% increase. The increase is distributed under the performance funding formula, where 50% is allocated based on each university's share of operational funding appropriated in the baseline year of FY 2010-11, while the remaining increase is distributed based on other formula components (weighted completions, research and development spending, and comparison to Carnegie peers). Attainment of performance funding would be conditioned on restraining resident undergraduate tuition and fee increases to 3.8%, which is double the rate of inflation (set at 4.2% in the current year), or \$475. Projected funding increases for individual universities range from 1.9 to 3.4%.	Restricted 231,219,500	0
	GF/GP \$1,169,125,500	\$35,000,000
2. Michigan Competitive Scholarship	Gross \$18,361,700	\$8,000,000
Increases funding for Michigan Competitive Scholarships by \$8.0 million GF/GP, a 43.6% increase, awarded to students with a qualifying ACT/SAT score and demonstrated financial need. The increase raises the maximum per-student annual award from \$636 to \$1,000. Total funding for the scholarship would be \$26.4 million (\$8.0 million GF/GP).	Federal 18,361,700	0
	GF/GP \$0	\$8,000,000
3. Tuition Incentive Program	Gross \$53,000,000	\$5,300,000
Increases funding for Tuition Incentive Program by \$5.3 million in federal Temporary Assistance for Needy Families (TANF) funds, a 10% increase, which pays for Medicaid-eligible students' tuition costs for associate's degrees. Also includes a fund shift of \$4.7 million from GF/GP to federal TANF funding, bringing total funding to \$58.3 million TANF.	Federal 48,300,000	10,000,000
	GF/GP \$4,700,000	(\$4,700,000)
4. Tuition Grant Program	Gross \$35,021,500	\$3,000,000
Increases funding for Tuition Grant program by \$3.0 million GF/GP, an 8.6% increase, which provides need-based tuition assistance to students at Michigan independent (i.e. private, non-profit) colleges and universities. The increase raises the maximum per-student annual award from \$1,830 to \$2,000. Total funding for the program would be \$38.0 million (\$6.4 million GF/GP).	Federal 31,664,700	0
	GF/GP \$3,356,800	\$3,000,000

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>		<u>FY 2016-17 YTD (as of 2/8/17)</u>	<u>Executive Change from YTD</u>
5. Michigan Public School Employee Retirement System (MPERS)	Gross	\$5,890,000	(\$1,885,000)
Reduces funding by \$1.9 million School Aid Fund (SAF) for MPERS. This includes a reduction of \$4.3 million SAF for the state's share of the universities' unfunded liability to MPERS and a \$2.4 million SAF increase to cover the reduction in the assumed rate of return for MPERS from 8% to 7.5%. The state's share is the difference between the unfunded accrued liability 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). Total funding for the state share of MPERS would be \$4.0 million SAF.	Restricted	5,890,000	(1,885,000)
	GF/GP	\$0	\$0
6. MPERS Normal Cost Offset	Gross	\$0	\$419,000
Includes \$419,000 SAF to reimburse universities for the normal cost increase to reduce the assumed rate of return for MPERS from 8% to 7.5%.	Restricted	0	419,000
	GF/GP	\$0	\$0
7. Michigan State University Animal Agriculture Initiative	Gross	\$0	\$2,500,000
Adds \$2.5 million GF/GP in one-time funding for an initiative between MSU, the Department of Agricultural and Rural Development (MDARD), and the animal agricultural industry to address issues such as food safety and infectious disease that limit industry growth and sustainability.	GF/GP	\$0	\$2,500,000
8. MSU Agriculture Workforce Initiative	Gross	\$0	\$1,200,000
Adds \$1.2 million GF/GP in one-time funding for an initiative between MSU, MDARD, and the agricultural industry to support workforce development in food processing, education, and agriculture technology.	GF/GP	\$0	\$1,200,000
9. MSU AgBioResearch and Extension Programs	Gross	\$61,915,700	\$1,550,000
Increases funding for Michigan State's AgBioResearch program by \$831,100 GF/GP and Extension program by \$718,900 GF/GP, a 2.5% increase for both.	GF/GP	\$61,915,700	\$1,550,000
10. Removal of One-Time Funding	Gross	\$500,000	(\$500,000)
Eliminates \$500,000 GF/GP of one-time funding for MSU's Diagnostic Center for Population and Animal Health.	GF/GP	\$500,000	(\$500,000)

Major Boilerplate Changes From FY 2016-17

Sec. 242. Federal or Private Funds – REVISED

Deletes language specifying that acceptance of federal or private funds does not place an ongoing obligation on the legislature.

Sec. 244. Postsecondary Student Data System – REVISED

Specifies that universities must provide its longitudinal data sets for the prior academic year to the Center for Educational Performance and Information (CEPI) by October 15.

Sec. 245. University Transparency – REVISED

Deletes requirement that state budget director determine compliance and language granting authority to withhold payments for a university not in compliance.

Sec. 246. Children of Veterans and Officer's Survivor Tuition Grant Programs – NEW

Adds language that funds appropriated for Children of Veterans and Officer's Survivor Tuition Grant Programs are restricted funding and unexpended funds shall not lapse to the general fund at the end of the fiscal year.

Sec. 250. Free Application for Federal Student Aid (FAFSA) Filing Requirement – NEW

Adds language that students must file a FAFSA to be considered for any grant or scholarship program administered by the Department of Treasury.

Sec. 251. State Competitive Scholarship Program – REVISED

Revises language that increases maximum award amount for the Competitive Scholarship Program to \$1,000.

HIGHER EDUCATION

Major Boilerplate Changes From FY 2016-17

Sec. 252. Tuition Grant Program – REVISED

Adds language that starting with the 2018-2019 academic year, students must apply before June 1 to be considered for a tuition grant award. Includes language that a tuition grant may not be renewed for more than 10 semesters or its equivalent in trimesters or quarters, or if a student has not completed using the grant within 10 years of determined eligibility by the Department of Treasury. Increases maximum award amount to \$2,000. Deletes requirement for unexpended funds to continue to be available in the next fiscal year as a work project.

Sec. 254. Financial Aid Payment Schedule – REVISED

Revises payment schedule for the Tuition Incentive Program (TIP) to indicate universities receive 65% of TIP payments in the state's first fiscal quarter and 35% during the state's second fiscal quarter.

Sec. 256. Tuition Incentive Program – REVISED

Adds language indicating that students must be enrolled in a certificate or associate's degree program to qualify for TIP Phase 1 funding. Adds restrictions on program eligibility to students under 21 if attended a middle college and less than 6 years removed from high school graduation or achievement of equivalent certificate. Includes new language that starting in FY 2018-19, TIP will cover fees and tuition that does not exceed 2 times the in-district tuition rate. Also adds reporting requirements to colleges on students receiving grants and recipients who complete a certificate or degree. Includes penalties for institutions that fail to comply with the reporting requirement.

Sec. 263a. MSU AgBioResearch and Extension Programs – REVISED

Revises various reporting metrics of AgBioResearch and Extension programs around increasing the agricultural sector's economic impact. Deletes metric that aims to increase jobs in the food and agricultural sector by 10%.

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

Revises tuition restraint cap for universities to 3.8% or \$475.00, whichever is greater. Deletes language that defines fees to include the cost of a university-affiliated health insurance policy for a university that compels resident undergraduate students to have health insurance coverage. Deletes legislative intent language that indicates universities that violate the tuition restriction cap shall not receive a capital outlay project authorization in FY 2017-18 and FY 2018-19 and have an adjustment made to its appropriation.

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

Deletes legislative intent language to lower score for three-year improvement criteria from 2 points to 1 point, revises language with updated Carnegie classification categories.

Sec. 268. Indian Tuition Waivers – REVISED

Deletes legislative intent language that states unfunded Indian Tuition Waiver costs be allocated from the general fund. Changes reporting requirement from prior fiscal year to prior academic year.

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

Deletes legislative intent language that instructs public universities not 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. 275. Veterans' Policies and Reports – REVISED

Replaces legislative intent language with statement encouraging universities to provide veteran-related services. Deletes report requirement regarding participation in the Yellow Ribbon GI Education Enhancement Program.

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. 282. Reallocation of King-Chavez-Parks (KCP) Funds – REVISED

Adds requirement that each institution shall submit a plan by April 15 to expend remaining program funds by the end of the fiscal year.

Sec. 283. Student Performance Reporting to High Schools – REVISED

Specifies that CEPI will use reported university data in its P-20 longitudinal data system to inform high schools and the public of the aggregate academic status of each institution's students for the previous academic year.

Sec. 284. Student Performance Reporting to Community Colleges – REVISED

Specifies that CEPI will use reported university data in its P-20 longitudinal data system to inform community colleges of the academic status of community college transfer students for the previous academic year.

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

Revises language that the Auditor General may periodically audit the HEIDI data and selected universities if necessary.

Supplemental Recommendations for FY 2016-17 Appropriations

**FY 2016-17
Recommendation**

1. Tuition Incentive Program

Increases funding by \$2.6 million in federal TANF funds to meet anticipated costs of Tuition Incentive Program, increasing total appropriation to \$55.6 million (\$4.7 million GF/GP).

Gross	\$2,600,000
Federal	2,600,000
GF/GP	\$0

HIGHER EDUCATION

**FY 2017-18 University Performance Funding Increases
Executive Budget Recommendation**

University	Proportional to FY 2010-11			Performance Funding Proportional to Share of Total				Performance Funding Scored vs. National Carnegie Peers							*Total Performance Funding Increase	Proposed FY 2017-18 Appropriation	Percent Change	
	% of formula: 50.0%			11.1%		5.6%		33.3%										
	Funding per unit: \$0.0123 per dollar			\$230.35 per completion		\$0.0015 per dollar		\$7.93 per weighted point										
FY 2016-17 Year-to-Date Appropriation	FY 2010-11 Appropriation	Funding	Critical Skills Undergrad Completions	Funding	Research & Development Expenditures	Funding	6-year Grad Rate	Total Degrees	Instl. Support as % of Expend.	% Students Receiving Pell Grants	Total Undergrad Points	Total FY 2016 FYES	FYES-Weighted Points	Funding				
Michigan State	\$275,862,100	\$283,685,200	\$3,495,271	2,967	\$683,448	\$328,397,061	\$502,678	2	3	2	0	7	36,765	257,355	\$2,039,895	\$6,721,300	\$282,583,400	2.4%
UM-Ann Arbor	308,639,000	\$316,254,500	3,896,556	3,033	698,665	\$701,964,000	1,074,499	3	3	2	0	8	27,880	223,041	1,767,908	\$7,437,500	316,076,500	2.4%
Wayne State	196,064,500	\$214,171,400	2,638,795	958	220,680	\$146,978,189	224,980	2	2	0	3	7	14,366	100,565	797,115	3,881,600	199,946,100	2.0%
Central	83,925,500	\$80,132,000	987,302	858	197,644	\$11,746,601	17,981	2	3	0	2	7	17,270	120,890	958,221	2,161,100	86,086,600	2.6%
Michigan Tech	48,097,500	\$47,924,200	590,472	922	212,373	\$52,321,902	80,089	3	2	2	0	7	5,595	39,168	310,462	1,193,400	49,290,900	2.5%
Western	107,440,900	\$109,615,100	1,350,562	1,102	253,736	\$16,982,080	25,995	0	2	2	2	6	16,603	99,616	789,597	2,419,900	109,860,800	2.3%
Eastern	73,593,800	\$76,026,200	936,715	901	207,549	\$3,160,633	4,838	0	3	2	2	7	14,798	103,585	821,053	1,970,200	75,564,000	2.7%
Oakland	49,920,700	\$50,761,300	625,427	1,214	279,535	\$8,744,299	13,385	2	2	2	0	6	15,258	91,548	725,645	1,644,000	51,564,700	3.3%
Grand Valley	68,227,900	\$61,976,400	763,608	1,350	311,079			3	3	2	0	8	19,957	159,657	1,265,502	2,340,200	70,568,100	3.4%
Saginaw Valley	29,114,000	\$27,720,700	341,545	465	107,115			2	2	2	0	6	7,706	46,233	366,464	815,100	29,929,100	2.8%
UM-Dearborn	24,803,300	\$24,726,200	304,650	438	100,780			2	2	2	2	8	5,801	46,411	367,869	773,300	25,576,600	3.1%
UM-Flint	22,549,300	\$20,898,000	257,483	581	133,836			0	2	2	2	6	5,241	31,446	249,256	640,600	23,189,900	2.8%
Ferris	52,259,900	\$48,619,200	599,035	1,357	312,534			2	3	2	2	9	10,624	95,616	757,889	1,669,500	53,929,400	3.2%
Northern	46,279,200	\$45,140,300	556,171	562	129,387			2	3	2	0	7	6,978	48,846	387,172	1,072,700	47,351,900	2.3%
Lake Superior	13,567,400	\$12,694,200	156,405	176	40,528			2	2	0	0	4	1,975	7,900	62,618	259,600	13,827,000	1.9%
TOTAL:	\$1,400,345,000	\$1,420,344,900	\$17,500,000	16,882	\$3,888,889	\$1,270,294,765	\$1,944,444	27	37	24	15	103	206,818	1,471,877	\$11,666,667	\$35,000,000	\$1,435,345,000	2.5%

Funding Increase: \$35,000,000
Percent Increase: 2.5%

Component	Source	Years	Notes
Critical skills undergrad completions	State HEIDI	FYs 2015-2016	STEM/health/etc.
Research & develop expends	Federal IPEDS	FY 2015	Carnegie research universities only
Six-year graduation rate	Federal IPEDS^	FYs 2011-2014	First-time, full-time degree seeking students
Total degree completions	Federal IPEDS^	FYs 2011-2014	Includes graduate degrees
Inst support as % of core expends	Federal IPEDS^	FYs 2011-2014	Measure of administrative costs
Pell grant students	Federal IPEDS^	FYs 2012-2014	Federal need-based aid for undergrads
Undergrad FYES	State HEIDI	FY 2016	Includes nonresident students

^ via Business Leaders for Michigan and Anderson Economic Group

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

***Requirements to receive funding increase:**

1. Restrain FY 2017-18 resident undergraduate tuition/fee rate increase to 3.8% or \$475 (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

Summary: Executive Budget Recommendation for Fiscal Year 2017-18

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Analyst: Marcus Coffin

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$707,600	\$707,600	\$0	0.0
Federal	2,000,000	2,014,700	14,700	0.7
Local	0	0	0	--
Private	0	0	0	--
Restricted	63,399,600	63,869,100	469,500	0.7
GF/GP	150,000	150,000	0	0.0
Gross	\$66,257,200	\$66,741,400	\$484,200	0.7
FTEs	342.5	342.5	0.0	0.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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.

	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		
1. Technical Adjustments	Gross	NA
Reflects internal adjustments which have no overall Gross or GF/GP impact.	GF/GP	NA
Technical adjustments include consolidation of line items in order to promote administrative efficiency and line item fund shifts.		\$0
2. Economic Adjustments	Gross	NA
Reflects increased costs for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA
	Restricted	NA
	GF/GP	NA
		\$484,200
		14,700
		469,500
		\$0

Major Boilerplate Changes From FY 2016-17

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

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

Sec. 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.

Summary: Executive Budget Recommendation for Fiscal Year 2017-18 JUDICIARY

Analyst: Robin R. Risko

	FY 2016-17	FY 2017-18	Difference: FY 2017-18	
	Year-to-Date as of 2/8/17		Executive	Vs. FY 2016-17
			Amount	
IDG/IDT	\$1,550,000	\$1,550,600	\$600	0.0
Federal	6,433,500	6,488,900	55,400	0.9
Local	7,349,300	6,000,000	(1,349,300)	(18.4)
Private	957,800	971,000	13,200	1.4
Restricted	92,786,000	92,539,000	(247,000)	(0.3)
GF/GP	189,157,400	192,405,100	3,247,700	1.7
Gross	\$298,234,000	\$299,954,600	\$1,720,600	0.6
FTEs	510.0	501.0	(9.0)	(1.8)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Transfer MIDC to LARA Eliminates funding and FTE positions associated with the Michigan Indigent Defense Commission to reflect the transfer of the Commission to LARA, pursuant to Public Act 442 of 2016. The Commission works to bring the state's criminal defense system into compliance with the right to counsel requirements of the United States and Michigan constitutions.	FTE 16.0 Gross \$2,345,600 GF/GP \$2,345,600	(16.0) (\$2,345,600) (\$2,345,600)
2. Trial Court Videoconferencing Includes \$687,300 in additional funding to support continued maintenance, upgrades, and replacement of trial court videoconferencing equipment in courtrooms across the state. Approximately 100 units are replaced per year, based on original installation dates and equipment failures over time. Includes \$127,700 in additional funding for a contract to provide help desk services and troubleshooting assistance to trial courts.	Gross NA GF/GP NA	\$815,000 \$815,000
3. Medication-Assisted Treatment Program Includes additional funding to continue the medication-assisted treatment program in the drug courts, which targets new court admissions having heroin or other opiate drug disorders.	Gross NA GF/GP NA	\$750,000 \$750,000
4. One-Time Funding for Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers Includes one-time funding and authorization for 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 will provide post-conviction representation of juvenile lifers in re-sentencings.	FTE NA Gross NA GF/GP NA	11.0 \$750,000 \$750,000

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)		Executive Change from YTD
5. One-Time and Ongoing Funding for Pre-Trial Risk Assessment	FTE	NA	2.0
Includes \$300,000 GF/GP (one-time) and \$305,700 GF/GP (ongoing) to support the development of a pre-trial risk assessment tool in an effort to increase the number of offenders who are released on personal recognizance while awaiting trial, instead of being remanded to jail until their hearings are scheduled.	Gross	NA	\$605,700
	GF/GP	NA	\$605,700
6. Pre-Funding Judges' Retiree Healthcare	Gross	NA	\$0
Replaces Court Fee Fund revenue with GF/GP due to the pre-funding of judges' retiree healthcare. Court Fee Fund revenue supports judges' retiree healthcare costs pursuant to statute, MCL 38.2217(3). With the start of pre-funding retiree healthcare, the amount of Court Fee Fund revenue available for judicial salaries will be reduced, so GF/GP is increased to offset the reduction. Pre-funding will be done over 21 years.	Restricted	NA	(286,000)
	GF/GP	NA	\$286,000
7. Judgeship Changes	Gross	NA	(\$483,300)
Reflects a net savings from the following changes in judgeships: replacement of 1.0 Court of Appeals judge; elimination of 1.0 district court judge (2014 PA 60); retirement of 3.0 district and 1.0 circuit court judges (2012 PAs 16, 20, 22, and 35); restoration of 1.0 circuit court judge (2009 PA 228); and election of 2.0 circuit court judges (2014 PAs 56 and 58). The amount of savings is a result of the effective dates of the replacement, elimination, retirements, restoration, and elections.	GF/GP	NA	(\$483,300)
8. Security Costs for Hall of Justice	Gross	NA	\$363,000
Includes additional funding to cover costs for contracting with a private provider for security services at the Hall of Justice.	GF/GP	NA	\$363,000
9. Annualize Funding for Legal Help Program	Gross	\$300,000	\$100,000
Includes three months of funding for the Michigan Legal Help program, which provides free around-the-clock legal information and assistance to individuals who represent themselves in civil legal matters. Ongoing funding for nine months, which replaced expired work project funding, was included in the FY 2016-17 budget.	GF/GP	\$300,000	\$100,000
10. Funding Adjustments	Gross	\$7,349,300	(\$1,455,900)
Reduces funding authorization for the Direct Trial Court Automation Support line item and the associated local user fees fund source in order to accurately reflect available revenue based on actual usage.	Local	7,349,300	(1,455,900)
	GF/GP	\$0	\$0
11. FTE Authorization	FTE	0.0	5.0
Includes authorization for 5.0 FTE positions for administration of the statewide electronic filing system.	Gross	\$8,500,000	\$0
	Restricted	8,500,000	0
	GF/GP	\$0	\$0
12. Removal of One-Time Funding	FTE	11.0	(11.0)
Eliminates one-time funding and FTE positions that were included in the FY 2016-17 budget. One-time funding was appropriated for SADO for compliance with the U.S. Supreme Court ruling on the <i>Montgomery v. Louisiana</i> case (\$700,000 and 11.0 FTEs), expansion of problem solving courts (\$250,000), and a medication-assisted treatment pilot program (\$750,000).	Gross	\$1,700,000	(\$1,700,000)
	GF/GP	\$1,700,000	(\$1,700,000)
13. Economic Adjustments	Gross	NA	\$4,321,700
Reflects a net increase in costs for negotiated salary and wage increases (3.0%), actuarially required retirement contributions, worker's compensation, building occupancy charges, and private rent.	IDG	NA	600
	Federal	NA	55,400
	Local	NA	106,600
	Private	NA	13,200
	Restricted	NA	39,000
	GF/GP	NA	\$4,106,900

Major Boilerplate Changes From FY 2016-17

Sec. 202.(2) Transfer Process for Judicial Branch – DELETED

Specifies the appropriations transfer process for entities in the judicial branch.

JUDICIARY

Major Boilerplate Changes From FY 2016-17

Sec. 204. Disciplinary Action Against State Employees – DELETED

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

Sec. 205. Input on Foster Care Cases – DELETED

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

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

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

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

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

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

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

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

Requires SCAO to submit an annual 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. 322a. Michigan Indigent Defense Commission Receipt of Federal Funding – DELETED

Authorizes the MIDC to receive and expend up to \$250,000 in federal Byrne grant funding and up to \$300,000 in other federal grant funding, if the funding is made available from the U.S. Department of Justice.

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

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

Sec. 324. Additional Funding for Michigan Indigent Defense Commission – DELETED

Requires additional funding appropriated for the MIDC to be used for bringing the criminal defense system into compliance with right to counsel requirements of the U.S. and Michigan constitutions; requires specific outcomes and performance measures to be identified.

Sec. 325. Michigan Indigent Defense Commission Report on Incremental Costs – DELETED

Requires the MIDC to submit an annual report on incremental costs associated with the standard development process, compliance plan process, and collection of data from all indigent defense systems and attorneys providing indigent defense.

Sec. 401. Expansion of Problem Solving Courts – DELETED

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

Sec. 1201. Anticipated FY 2017-18 Appropriations – DELETED

Expresses legislative intent that FY 2017-18 appropriations will be funded at the same level as FY 2016-17 appropriations, adjusting for changes in caseloads, federal fund match rates, economic factors, and available revenues.

Supplemental Recommendations for FY 2016-17 Appropriations

1. Michigan Justice Training Fund Grant Revenue

Includes authorization to receive MCOLES grant funding that is available from the Department of State Police. Funding will be used to support the Judicial Institute (\$7,100) and the Appellate Public Defender program (\$27,500).

**FY 2016-17
Recommendation**

Gross	\$34,600
IDG	34,600
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2017-18

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

Analyst: Marcus Coffin

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$46,923,800	\$47,835,100	\$911,300	1.9
Federal	64,441,800	65,020,900	579,100	0.9
Local	251,600	250,000	(1,600)	(0.6)
Private	111,800	111,800	0	0.0
Restricted	266,872,300	285,341,900	18,469,600	6.9
GF/GP	43,721,100	43,016,600	(704,500)	(1.6)
Gross	\$422,322,400	\$441,576,300	\$19,253,900	4.6
FTEs	2,251.8	2,379.8	128.0	5.7

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 primary regulatory agency for the state. The department oversees regulation across a variety of areas, including: commercial and occupational activities, construction and fire safety, health care and human service, energy and public utilities, and liquor. Agencies within LARA are also 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. Lastly, agencies within LARA conduct and adjudicate administrative hearings, supervise administrative rulemaking, and evaluate regulatory requirements and administrative processes for departments and agencies throughout state government.

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Energy Package	FTE 19.0	0
Provides increased authorization to support the Department's responsibilities under Public Acts 341 and 342 of 2016. Public Act 341 made appropriations in FY 2016-17 to the Public Service Commission (PSC), the Michigan Agency for Energy (MAE), and the Michigan Administrative Hearing System (MAHS). \$2.0 million and 13.0 FTEs were appropriated to the PSC, \$260,000 and 2.0 FTEs were appropriated to the MAE, and \$600,000 and 4.0 FTEs were appropriated to MAHS under Public Act 341 of 2016.	Gross \$2,810,000	\$300,500
	Restricted 2,810,000	300,500
	GF/GP \$0	\$0
2. Medical Marijuana Facilities, Licensing, and Tracking Program	FTE NA	108.0
Provides funding to support the Department's functions in implementing the regulatory structure required by the Medical Marijuana Facilities Licensing Act (Public Act 281 of 2016). Funding for the appropriation comes from the Marijuana Regulatory Fund, which receives revenues from license application fees and the annual assessment levied on licensed growers, processors, provisioning centers, and secure transporters of marijuana. The appropriation is prorated to reflect that the Department and the Medical Marijuana Licensing Board can begin accepting license applications on December 15, 2017.	Gross NA	\$18,651,600
	Restricted NA	18,651,600
	GF/GP NA	\$0
3. Refined Petroleum Package	Gross NA	\$0
Changes the funding mechanism for underground storage tank regulation to the Refined Petroleum Fund, which receives revenues from the one cent per-gallon regulatory fee that is levied on refined petroleum sales. Public Act 467 of 2016 limits the amount that LARA can spend annually from the Refined Petroleum Fund to \$3.0 million.	GF/GP NA	\$0

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)		Executive Change from YTD
4. Michigan Indigent Defense Commission Transfer	FTE	NA	16.0
Includes authorization for funding and FTE positions to reflect the transfer of the Michigan Indigent Defense Commission to LARA from the Judiciary, pursuant to Public Act 439 of 2016. The appropriation will primarily be used to meet staffing costs associated with the commission. Positions associated with the commission include administrative assistants, a grant manager, and regional administrators, among others.	Gross	NA	\$2,386,800
	GF/GP	NA	\$2,386,800
5. First Responder Presumed Coverage Fund Administration	Gross	NA	\$200,000
Provides funding to support the administration of first responder claims pursuant to Public Act 515 of 2014. The authorization is supported by a portion of the revenue that is anticipated to be generated from the Medical Marihuana Excise Fund in FY 2017-18. The Medical Marihuana Excise Fund will receive revenues from the 3% excise tax that is levied upon marihuana provisioning centers. The funding will be used for payroll for one FTE and for contractual services.	Restricted	NA	200,000
	GF/GP	NA	\$0
6. Increased Attorney General Costs for Unlicensed Activity Enforcement	Gross	NA	\$439,300
Increases authorization in the Bureau of Professional Licensing line item in order to properly fund the activities that the Attorney General (AG) conducts in enforcement against unlicensed regulatory activity. The AG's office previously handled unlicensed activity cases only for unlicensed builders. Under a new Memorandum of Understanding, the AG's office is now handling unlicensed activity cases for Accountancy and Real Estate Brokers and Salespersons. The AG's office is also handling the criminal investigations for all three of the aforementioned areas of unlicensed activity.	Restricted	NA	439,300
	GF/GP	NA	\$0
7. Michigan Administrative Hearing Authorization Decrease	Gross	NA	(\$200,000)
Reflects decreased costs for the services that MAHS provides to the Department of Corrections. There has been a decrease in these services due to a declining population of prisoners in Michigan.	IDG	NA	(200,000)
	GF/GP	NA	\$0
8. Video Franchise Services Funding Restoration	Gross	NA	\$300,000
Provides funding to support the Video Franchise Services program using revenues from Public Utility Assessments, pursuant to Public Act 438 of 2016. Public Utility Assessments are replacing the original fund source, the Video Franchise assessment fee, since a sunset occurred on that fee in FY 2015-16.	Restricted	NA	300,000
	GF/GP	NA	\$0
9. First Responder Presumed Coverage Claims	Gross	NA	\$1,780,000
Includes funding to cover payment of first responder presumed coverage claims pursuant to Public Act 515 of 2014. The appropriation is supported by revenues expected to be generated from the Medical Marihuana Excise Fund.	Restricted	NA	1,780,000
	GF/GP	NA	\$0
10. Public Service Commission Natural Gas Pipelines – Federal Compliance	FTE	5.0	0
Provides for an increase in authorization for the Public Service Commission to hire 5.0 FTEs in order to meet the mandated level of required inspection days for natural gas pipelines, which is determined by the Pipeline and Hazardous Materials Safety Administration (PHMSA). The additional 5.0 FTEs and \$770,000 in funds were appropriated in FY 2016-17 by Public Act 340 of 2016.	Gross	\$770,000	\$144,300
	Federal	623,700	115,100
	Restricted	146,300	29,200
	GF/GP	\$0	\$0
11. Ethnic Commission Service Expansion	Gross	\$473,000	\$75,000
Provides increased funding of \$25,000 GF/GP each to the Hispanic/Latino commission of Michigan, the Asian Pacific American affairs commission, and the Commission on Middle Eastern American affairs.	GF/GP	\$473,000	\$75,000
12. Childcare Licensing Background Checks	FTE	NA	4.0
Provides funding to conduct background checks on childcare providers, as required by new federal rules associated with the Federal Child Care and Development Block Grant received by the Michigan Department of Education (MDE).	Gross	NA	\$800,000
	IDG	NA	800,000
	GF/GP	NA	\$0

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>		<u>FY 2016-17 YTD (as of 2/8/17)</u>	<u>Executive Change from YTD</u>
13. Removal of One-Time Funding	Gross	\$4,960,000	(\$4,960,000)
Eliminates \$4.96 million (\$3.4 million GF/GP) in one-time funding that was included in the FY 2016-17 budget. FY 2016-17 one-time appropriations were made for Fire Protection Grant Enhancement and for the Michigan Liquor Control Commission IT project.	Restricted	1,560,000	(1,560,000)
	GF/GP	\$3,400,000	(\$3,400,000)
14. Revenue Alignment and Reduction of Overstated Deducts	Gross	NA	(\$2,983,300)
Reduces federal, local, and restricted authorizations for a net decrease of \$3.0 million in order to accurately reflect available funds and to align with revenue estimates. Adjustments include:	Federal	NA	(83,700)
	Local	NA	(2,400)
	Restricted	NA	(2,897,200)
<ul style="list-style-type: none"> Removal of the EPA Pollution Prevention Grant deduct due to the elimination of the award (\$83,700) A shift of \$1.0 million in authorization from the Tax Tribunal Fund to Corporation Fees in order to support MAHS due to declining revenues from the fees deposited to the Tax Tribunal Fund Multiple reductions in overstated deducts of state restricted funds and the local stabilization authority contract 	GF/GP	NA	\$0
15. Economics Adjustment	Gross	NA	\$2,319,700
Reflects a net increase in costs for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, private rent, and food and utilities.	IDG	NA	311,300
	Federal	NA	393,700
	Local	NA	800
	Restricted	NA	1,380,200
	GF/GP	NA	\$233,700

Major Boilerplate Changes From FY 2016-17

Sec. 226. Regulatory Statistical Report – DELETED

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

Sec. 227. Departmental Employee Performance Monitoring Process – DELETED

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

Sec. 301. Exploration of Carbon Dioxide Recapture – DELETED

Tasks the Michigan Agency for Energy and the Michigan Public Service Commission with exploring sources of captured carbon dioxide and its use in enhanced oil recovery, the Michigan Agency for Energy is required to share its findings.

Sec. 301. Low-Income Energy Assistance Grants – NEW

Stipulates that funds supporting the grant program administered by the Michigan Agency for Energy on behalf of DHHS for low-income energy assistance are appropriated upon awarding of the grants, and may be expended for grant payments or the administrative expenses for the operation of the program.

Sec. 401. IT Upgrades to Mitigate Licensure Delays – DELETED

Stipulates that funds from the Liquor Purchase Revolving Fund be used to invest in upgrades to mitigate delays in issuing licenses; legislative intent is expressed that the upgrades should utilize free software if it is available.

Sec. 402. Investigation of Direct Shipments of Wine and Report – DELETED

Requires that the LCC should use funds as required under Section 203 of the Michigan Liquor Control Code, 1998 PA 58, to investigate illegal shipments of wine, and to report on these activities to the legislature.

Sec. 505. Homeowner Construction Lien Recovery Fund – REVISED

Appropriates unexpended funds in the Homeowner Construction Lien Recovery Fund for payment of court-ordered construction lien judgments entered prior to the repeal of the Fund on August 23, 2010 and includes a financial reporting requirement. *Revises to eliminate the reporting requirement.*

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

Requires LARA to submit an annual report for the prior fiscal year regarding the Medical Marijuana Program. *Revises to eliminate a description of the specific contents that were required in the report.*

Major Boilerplate Changes From FY 2016-17

Sec. 515. Regulatory Fees on Child and Adult Care Facilities – REVISED

Stipulates that LARA shall assess and collect fees in the licensing and regulation of child care organizations and adult foster care facilities, in accordance with existing legislation. *Revises to delete a reporting requirement regarding the total amount of fees assessed and collected.*

Sec. 516. Sawmill Inspection Method and Report – DELETED

Requires LARA to submit a report to the subcommittees and fiscal agencies detailing several findings from the department's inspections of wood products manufacturing facilities.

Sec. 517. Opioid Overprescribing Report – DELETED

Requires LARA to submit a report to the House and Senate Appropriations Committees detailing departmental action taken for overprescribing, it also requires LARA to provide information to prescribers on where they can obtain the most current federal guidelines on prescribing of opioids.

Sec. 519. Performance Metrics for MAPS IT Upgrades and Staffing Enforcement – DELETED

Requires that LARA improve the functionality of the Michigan Automated Prescription System, to consider releasing data that does not contain patient protected information, and that the department should report on progress made.

Sec. 705. Vocational Rehabilitation Matching Funds – DELETED

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

Sec. 708. First Responder Presumed Coverage Fund Receive and Expend Authorization – NEW

Stipulates that funds received in excess of the appropriation in part 1 for first responder presumed coverage claims from the first responder presumed coverage fund are appropriated in an amount sufficient to pay approved claims due in the current fiscal year.

Sec. 800. Michigan Indigent Defense Commission Receipt of Federal Funding – NEW

Authorizes the Michigan Indigent Defense Commission (MIDC) to receive and expend up to \$250,000 as an interdepartmental grant from the Department of State Police if Byrne formula grant funding is awarded to the MIDC; the commission may receive and expend federal grant funding from the United States Department of Justice in an amount not to exceed \$300,000.

Sec. 801. Michigan Indigent Defense Commission Report on Incremental Costs – NEW

Requires the Michigan Indigent Defense Commission to submit a report on the incremental costs associated with the standard development process, the compliance plan process, and the collection of data from all indigent defense systems and attorneys providing indigent defense.

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

Stipulates that LARA award Medical Marijuana Operation and Oversight Grants to county law enforcement, requires LARA to post a listing of available grant funds, requires reports submitted by both county sheriffs' offices and LARA pertaining to the amounts, recipients, and uses of the grants; permits county sheriffs' offices to distribute discretionary grants to municipal law enforcement agencies. *Revises to include language indicating that Fiscal Year 2017-18 will be the final year for the distribution of medical marijuana enforcement grants, due to the new regulatory structure created by 2016 PA 281.*

Sec. 1001. Performance Metrics for LCC IT Upgrades – DELETED

Requires the Liquor Control Commission to maintain customer service standards and to identify outcomes and performance metrics.

Supplemental Recommendations for FY 2016-17 Appropriations **FY 2016-17 Recommendation**

1. Childcare Background Checks

Provides \$7.1 million in interdepartmental grants from the Michigan Department of Education (MDE) to the Bureau of Community and Health Systems to add an additional 8 FTEs to conduct childcare provider background checks. An estimated 85,000 background checks on all currently licensed childcare providers, staff, and individuals with unsupervised access to children in the childcare setting are necessary due to new federal requirements associated with the Federal Child Care and Development Block Grant that is received by the Michigan Department of Education.

FTE	8.0
Gross	\$7,092,300
IDG	7,092,300
GF/GP	\$0

2. Unlicensed Regulatory Activities

Provides \$439,000 to the Bureau of Professional Licensing to support enforcement activities that the Attorney General undertakes in pursuing unlicensed regulatory activities. The Attorney General now conducts unlicensed activity cases for Builders, Accountancy, and Real Estate Brokers and Salespersons. The Attorney General's office also handles the criminal investigations for all three of the aforementioned areas of unlicensed activity.

Gross	\$439,300
Restricted	439,300
GF/GP	\$0

Summary: Executive Budget Recommendation for Fiscal Year 2017-18

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Analyst: Kent Dell

	FY 2016-17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
	Year-to-Date as of 2/8/17		Amount	%
IDG/IDT	\$101,800	\$101,800	\$0	0.0
Federal	91,793,600	92,334,100	540,500	0.6
Local	1,522,400	1,528,400	6,000	0.4
Private	742,800	640,000	(102,800)	(13.8)
Restricted	24,696,000	22,332,600	(2,363,400)	(9.6)
GF/GP	58,243,600	63,067,500	4,823,900	8.3
Gross	\$177,100,200	\$180,004,400	\$2,904,200	1.6
FTEs	907.5	913.5	6.0	0.7

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Removal of FY 2016-17 One-Time Appropriations and Placeholders	Gross	\$4,100,100	(\$4,100,100)
Removes all FY 2016-17 one-time appropriations as well as a \$100 GF/GP placeholder for veterans' homes planning and \$300,000 GF/GP for housing construction at Camp Grayling.	GF/GP	\$4,100,100	(\$4,100,100)
2. National Guard Armory Maintenance (One-Time)	Gross	NA	\$2,500,000
Includes a one-time appropriation of \$2.5 million GF/GP for maintenance and repair projects at Michigan National Guard armories. Funds are matched 50-50 by the federal National Guard Bureau.	GF/GP	NA	\$2,500,000
3. National Guard Tuition Assistance Fund	Gross	\$60,000	\$3,947,000
Includes \$3.9 million ongoing GF/GP to replenish the National Guard Tuition Assistance Fund, which is expected to be depleted by the end of FY 2016-17. These funds support of the National Guard Tuition Assistance Program.	GF/GP	\$60,000	\$3,947,000
4. National Guard Tuition Assistance Program – Program Restructure	FTE	1.0	(1.0)
Technical change with associated boilerplate language to allow funds deposited into the National Guard Tuition Assistance Fund to be authorized for expenditure as restricted funds in support of the National Guard Tuition Assistance Program.	Gross	\$3,505,000	(\$3,505,000)
	Restricted	3,505,000	(3,505,000)
	GF/GP	\$0	\$0
5. Armory and Land Sales	Gross	\$1,000,000	\$1,000,000
Increases land and acquisitions authorization by \$1.0 million to allow for the receipt and expenditure of funds related to the sale of armories and land. Funds received from any sales will be deposited into the Michigan National Guard Construction Fund.	Restricted	1,000,000	1,000,000
	GF/GP	\$0	\$0
6. National Guard Operations – State Active Duty	Gross	\$338,200	\$30,000
Includes \$30,000 from the Mackinac Bridge Authority to support the activation of National Guard soldiers for the annual Mackinac Bridge walk.	IDG	101,800	0
	Federal	100,000	0
	Restricted	70,000	30,000
	GF/GP	\$66,400	\$0

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
7. Grand Rapids Home for Veterans – Staff and Training	Gross	\$49,229,000	\$820,000
Includes \$820,000 GF/GP to support competency evaluated nursing assistant (CENA) staffing and training at the veterans' home. 2016 PA 340 included a supplemental appropriation of \$2.0 million GF/GP to support additional contractual nursing services required to maintain U.S. Department of Veterans Affairs direct care staffing standards.	Federal	20,999,900	0
	Restricted	6,532,500	0
	GF/GP	\$21,696,600	\$820,000
8. Grand Rapids Home for Veterans – Accounting Service Staff	FTE	355.0	(8.0)
Transfers the accounting service staff FTEs to the Department of Technology, Management and Budget.	Gross	\$49,229,000	\$0
	Federal	20,999,900	0
	Restricted	6,532,500	0
	GF/GP	\$21,696,600	\$0
9. D.J. Jacobetti Home for Veterans – Staffing Increase	FTE	164.5	15.0
Includes 15.0 FTEs and \$800,000 GF/GP for increased staffing at the veterans' home in order to meet Centers for Medicare and Medicaid certification requirements.	Gross	\$21,250,600	\$800,000
	Federal	8,305,600	0
	Restricted	5,000,400	0
	GF/GP	\$7,944,600	\$800,000
10. Michigan Veterans' Facility Authority	Gross	\$1,000,000	\$500,000
Includes \$500,000 GF/GP for the FY 2017-18 staffing and operations of the recently established Michigan Veterans' Facility Authority.	GF/GP	\$1,000,000	\$500,000
11. Michigan Veterans Affairs Agency – Veterans License Plate Fund	Gross	\$7,057,300	\$50,000
Includes \$50,000 from the recently established Veterans License Plate Fund to support the ongoing operations of the Michigan Veterans Affairs Agency.	Restricted	0	50,000
	GF/GP	\$7,057,300	\$0
12. Technical Adjustments	FTE	NA	0.0
Aligns authorizations with expected revenues, makes minor adjustments in appropriations and fund sources, and aligns FTEs, including:	Gross	NA	(\$212,600)
• Reduction in private revenue authorization for the Michigan Youth Challenge Academy.	Federal	NA	(4,900)
• Reduction in rental fee revenue authorization for Headquarters and Armories.	Private	NA	(102,800)
• Removes authorizations associated with IT payroll and accounting services center personnel across the budget.	Restricted	NA	(101,800)
• Reduction in restricted authorization associated with the National Guard Tuition Assistance Program restructuring.	GF/GP	NA	(\$3,100)
• Net zero adjustments in authorizations and FTEs between line items.			
13. Economic Adjustments	Gross	NA	\$1,074,900
Reflects increased costs of \$1.1 million Gross (\$360,100 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	545,400
	Local	NA	6,000
	Restricted	NA	163,400
	GF/GP	NA	\$360,100

Major Boilerplate Changes From FY 2016-17

Sec. 201. State Spending and Appropriations Paid to Local Units of Government – REVISED

Provides for total state spending from state resources as well as total spending to local units of government. Updated to reflect FY 2017-18 appropriations.

Sec. 214. Legacy Costs – REVISED

Provides for estimated retirement costs. Updated to reflect FY 2017-18 costs.

Sec. 215. Disciplinary Action Against State Employees – DELETED

Forbids the department from taking disciplinary actions against employees who communicate with the Legislature.

Sec. 233. Intention to Sell Department Property – DELETED

Requires the department to notify the Legislature sixty days prior to publically announcing the intention to sell department property.

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

Allows unexpended, one-time special maintenance funds to be carried forward into the subsequent fiscal year.

Major Boilerplate Changes From FY 2016-17

Sec. 300. Unclassified Positions – DELETED

Establishes the unclassified positions within the department and requires the department to notify the Legislature thirty days prior to requesting changes in the unclassified positions from the Civil Service Commission.

Sec. 302. Michigan Youth ChalleNGe Academy – REVISED

Describes the purpose, staffing and training requirements, and outcome goals of the Michigan Youth ChalleNGe Academy. Revised to allow unexpended private donations to be carried forward into the subsequent fiscal year.

Sec. 306. National Guard Tuition Assistance Program – REVISED

Requires the department to maintain the National Guard Tuition Assistance Program, and describes the program's purpose and goals. Revised to increase the participation goal from 1,000 to 1,100 National Guard members by the end of the program's third year; include language requiring GF/GP funds deposited into the National Guard Tuition Assistance Fund in Part 1 to be appropriated as restricted funds in support of the National Guard Tuition Assistance Program; and establish an appropriation cap of \$4,007,000 from the National Guard Tuition Assistance Fund to the National Guard Tuition Assistance Program.

Sec. 311. Information Technology Services and Projects – DELETED

Requires funds appropriated for information technology services and projects to be used as an interdepartmental grant to the Department of Technology, Management and Budget.

Sec. 401. Board of Managers (Veterans Homes) – REVISED

Establishes the regulatory, governance, advisory and advocacy roles of the veterans' homes' Board of Managers. Revised to include the Michigan Veterans' Facility Authority.

Sec. 402. Veterans' Homes Service and Care Requirements – REVISED

Establishes service and care standards, minimum training standards for competency evaluated nursing assistants, and reporting requirements for the Grand Rapids and D.J. Jacobetti Homes for Veterans. Revised to include the Michigan Veterans' Facility Authority.

Sec. 403. D.J. Jacobetti Home for Veterans CMS Certification – REVISED

Requires increased funding for the D.J. Jacobetti Home for Veterans to be used toward achieving Centers for Medicare and Medicaid Services (CMS) certification standards. Revised to state that the purpose is to obtain CMS certification during fiscal year 2017-18.

Sec. 407. Grants to Veterans Service Organizations – REVISED

Establishes the purpose and goals of grants issued by the Michigan Veterans Affairs Agency to Veterans Service Organizations operating in the state to assist veterans receive U.S. Department of Veterans Affairs veterans' benefits. Revised to remove statewide service hour goal of 116,500 hours and replace it with a statewide service hour goal based upon appropriations and fixed hourly service rates.

Sec. 501. Land and Acquisitions – REVISED

Provides for the acquisitions and disposition of National Guard land, armories, and facilities, and requires the department to report property sales and acquisitions to the Legislature. Revised to remove sale and acquisition reporting requirements.

Sec. 605. Veterans' Homes Planning – DELETED

Establishes the purpose, restrictions, and reporting requirements of capital outlay projects for the construction or renovation of veterans' homes.

Sec. 1201. Anticipated Appropriations – DELETED

Establishes the intent of the Legislature to provide appropriations in the subsequent fiscal year.

Sec. 1202. MVAA Outreach – DELETED

Establishes a goal of 100% contact with Michigan veterans and requires quarterly reporting to the appropriations subcommittees.

Sec. 1203. MVAA Claims Services – DELETED

Requires the Michigan Veterans Affairs Agency to maintain a minimum of 50% fully developed benefits claims to the U.S. Department of Veterans Affairs.

Supplemental Recommendations for FY 2016-17 Appropriations

1. National Guard Tuition Assistance Program

Includes \$800,000 GF/GP to support the National Guard Tuition Assistance Program. Funds available in the National Guard Tuition Assistance Fund did not support the program demand in FY 2016-17.

	FY 2016-17 Recommendation
Gross	\$800,000
GF/GP	\$800,000

**Summary: Executive Budget Recommendation
for Fiscal Year 2017-18
DEPARTMENT OF NATURAL RESOURCES**

Analyst: Austin Scott

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$1,375,900	\$232,200	(\$1,143,700)	(83.1)
Federal	72,765,400	70,095,700	(2,669,700)	(3.7)
Local	0	0	0	--
Private	7,446,400	7,446,000	(400)	(0.0)
Restricted	283,956,400	274,553,100	(9,403,300)	(3.3)
GF/GP	43,410,000	64,047,300	20,637,300	47.5
Gross	\$408,954,100	\$416,374,300	\$7,420,200	1.8
FTEs	2,243.8	2,270.8	27.0	1.2

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Wetland Mitigation Bank Grants One-time Funding	Gross	\$500,000	\$3,350,000
Increases by \$3.4 million GF/GP funding for the initial development and construction of wetland mitigation banks to be used by the Michigan Municipal Wetland Alliance, agricultural producers, and blueberry farmers. Wetland mitigation banking is the creation or restoration of wetlands to compensate for unavoidable impacts to wetlands at another location.	GF/GP	\$500,000	\$3,350,000
2. Wildlife Management – Wetland Mitigation Banking Program	Gross	\$400,000	\$3,500
Increases by \$3,500 in federal funding to administer the Wetland Mitigation Banking Program.	Federal	400,000	3,500
	GF/GP	\$0	\$0
3. Land Ownership Tracking System One-time Funding	Gross	\$4,000,000	(\$1,100,000)
Decreases by \$1.1 million Gross for the second year of funding for a project to convert an outdated land management IT system to a web-based system that can interact with current databases.	Federal	100,000	(100,000)
	Restricted	3,900,000	(2,900,000)
	GF/GP	\$0	\$1,900,000
4. Abandoned Mines One-time Funding	FTE	NA	1.0
Adds 1.0 FTE and \$2.0 million GF/GP funding to close abandoned mine shafts on DNR-managed lands. There are about 100 sites total, the majority of which are located in the western Upper Peninsula. This funding would provide for the closure of about 50% of these sites.	Gross	NA	\$2,002,400
	GF/GP	NA	\$2,002,400
5. General Law Enforcement – Conservation Officers	FTE	273.0	11.0
Increases by 11.0 FTEs and \$1.7 million GF/GP for additional conservation officers in the Great Lakes enforcement and special investigations units.	Gross	\$40,506,000	\$1,718,600
	Federal	6,477,500	0
	Restricted	24,630,500	0
	GF/GP	\$9,398,000	\$1,718,600

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
6. Fisheries Resource Management – Conservation Officers	FTE	156.5	1.0
Increases by 1.0 FTE and \$108,900 GF/GP for additional conservation officers in the Great Lakes enforcement and special investigations units.	Gross	\$20,378,600	\$108,900
	Federal	4,205,800	0
	Private	136,200	0
	Restricted	15,777,400	0
	GF/GP	\$259,200	\$108,900
7. Recreation Improvements – Road Funding Revenue	FTE	NA	9.0
Adds 9.0 FTEs and \$2.8 million in restricted funding for recreational improvements made possible by increased road funding revenue as a result of Public Act 176 of 2015. This funding would be divided among forest recreation and trails, recreational boating, recreation improvement fund grants, and the snowmobile local grants program.	Gross	NA	\$2,817,500
	Restricted	NA	2,817,500
	GF/GP	NA	\$0
8. Wildfire Protection – Fire Equipment Replacement	FTE	114.0	0.0
Provides an additional \$350,000 in GF/GP funding to replace outdated forest fire equipment. Replacement will be determined by age and condition of equipment.	Gross	\$13,712,800	\$350,000
	Federal	1,339,900	0
	Restricted	5,396,300	0
	GF/GP	\$6,976,600	\$350,000
9. Minerals Management – Environmental Compliance	FTE	17.0	2.0
Provides an additional 2.0 FTEs and \$304,600 from the Michigan state parks endowment fund to provide environmental compliance with oil, gas, and mineral leases, on DNR-managed lands.	Gross	\$2,828,600	\$304,600
	Restricted	2,828,600	304,600
	GF/GP	\$0	\$0
10. Michigan Historical Center – Public Infrastructure Records	FTE	51.5	3.0
Provides an additional 3.0 FTEs and \$565,100 GF/GP funding to provide long-term access to public infrastructure records at the Michigan Historical Center.	Gross	\$5,576,300	\$565,100
	Federal	327,600	0
	Private	411,200	0
	Restricted	758,200	0
	GF/GP	\$4,079,300	\$565,100
11. Michigan Wildlife Council – Promotion of Wildlife Conservation	Gross	\$1,600,000	\$500,000
Provides an additional \$500,000 from the wildlife management public education fund to the Michigan Wildlife Council to promote the importance of wildlife conservation in Michigan.	Restricted	1,600,000	500,000
	GF/GP	\$0	\$0
12. Removal of FY 2016-17 Supplemental Funding	Gross	\$9,800,000	(\$9,800,000)
Removes \$9.8 million Gross (\$1.7 million GF/GP) for FY 2016-17 supplemental appropriations included in Public Acts 340 and 382 of 2016. Appropriations included support for local and state boating infrastructure maintenance, recreational boating and improvement fund grants, snowmobile local grants, chronic wasting disease mitigation, and special maintenance on Mackinac Island (PA 340) as well as funding to address aquatic invasive species (PA 382).	Restricted	6,800,000	(6,800,000)
	GF/GP	\$3,000,000	(\$3,000,000)
13. Removal of FY 2016-17 One-time Funding	Gross	\$5,050,000	(\$5,050,000)
Removes \$5.1 million Gross (\$1.7 million GF/GP) for one-time projects included in the previous fiscal year's budget. Projects included fisheries resource management, forest fire equipment, forestry investment (vegetative management system), invasive species funding, swimmer's itch pilot program, and water trail development.	Restricted	3,400,000	(3,400,000)
	GF/GP	\$1,650,000	(\$1,650,000)
14. Capital Outlay Project Adjustments	Gross	NA	\$10,399,900
Makes current services baseline adjustments to capital outlay projects by reducing federal and restricted funding and increasing GF/GP funding for a net increase of \$10.4 million Gross. Funding is increased for the following: state parks repair and maintenance, wetlands restoration, enhancement, and acquisition, East Tawas state harbor, local boating infrastructure maintenance, state boating infrastructure and maintenance, and trail development.	Federal	NA	(2,700,000)
	Restricted	NA	(1,900,100)
	GF/GP	NA	\$15,000,000

NATURAL RESOURCES

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>	<u>FY 2016-17 YTD (as of 2/8/17)</u>	<u>Executive Change from YTD</u>
15. Technical Adjustments	Gross	NA (\$1,171,500)
Reduces IDG/IDT and federal authorization and increases restricted authorization for a net decrease of \$1.2 million Gross to reflect available funds. Adjustments include realignment of appropriation authority for over-appropriated funds and the reclassification of interdepartmental grants as restricted funding where necessary.	IDG/IDT	NA (1,156,000)
	Federal	NA (139,900)
	Restricted	NA 124,400
	GF/GP	NA \$0
16. Economic Adjustments	Gross	NA \$2,421,200
Reflects increased costs of \$2.4 million Gross (\$292,300 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT	NA 12,300
	Federal	NA 266,700
	Private	NA (400)
	Restricted	NA 1,850,300
	GF/GP	NA \$292,300

Major Boilerplate Changes From FY 2016-17

Sec. 218. Retention of Reports – DELETED

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

Sec. 219. Waterways Fund Projects – DELETED

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

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. 251. Invasive Species Initiative – DELETED

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

Sec. 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 the use of registration fees from privately owned cervid operations.

Sec. 505. Urban Deer Management – DELETED

Requires the department to develop a plan for urban deer management.

Sec. 602. Water Control Structure Certification – DELETED

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

Sec. 701. Conservation Officers – NEW

Directs the use of the increased appropriation in part 1 for conservation officers to hire, train, and equip ten detectives and two support staff.

Sec. 706. Grand River Waterway Study – DELETED

Directs DNR to work with the State Budget Office to ensure that the Grand River Waterway Study carryforward as a work project appropriation. This study was originally appropriated in 2013.

Sec. 808. Forest Management and Timber Market Development – DELETED

Requires DNR to use increased funding available from the increased timber harvest for the purpose of forest management and timber market development, including investments in technology and equipment aimed at growing the timber economy. Renumbered section to 808 and revised to exclude technology and equipment enhancements and include a departmental requirement to develop corresponding metrics to assess performance.

Sec. 809. Forest Fire Equipment Replacement – DELETED

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

Major Boilerplate Changes From FY 2016-17

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.

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

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

Sec. 1202. Land Ownership Tracking System – DELETED

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

Sec. 1203. Invasive Species – DELETED

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

Sec. 1204. Swimmer's Itch Pilot Program – DELETED

Designates \$250,000 GF/GP in part 1 to be distributed to a Michigan-based nonprofit organization for swimmer's itch mitigation and research.

Sec. 1201. Wetland Mitigation Banking – NEW

Requires DNR to use the funds appropriated in part 1 for the wetland mitigation banking program to increase available wetland mitigation bank credits to 1,800 total.

Sec. 1202. Abandoned Mine Shafts – NEW

Requires DNR to use the funds appropriated in part 1 for abandoned mine shafts to close 50 mine shafts on DNR-managed lands.

**Summary: Executive Budget Recommendation
for Fiscal Year 2017-18
SCHOOL AID**

**Analyst: Bethany Wicksall
Samuel Christensen**

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,818,632,700	1,726,943,500	(91,689,200)	(5.0)
Local	0	0	0	--
Private	0	0	0	--
Restricted	12,124,309,400	12,360,145,300	235,835,900	1.9
GF/GP	218,900,000	215,000,000	(3,900,000)	(1.8)
Gross	\$14,161,842,100	\$14,302,088,800	\$140,246,700	1.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 536 local school districts, 300 public school academies, the Education Achievement System, and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Educational Performance and Information, the Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Foundation Allowance – Increase (Secs. 22a and 22b)	Gross \$9,105,000,000	\$128,000,000
Increases foundation allowances from \$50 to \$100 using the 2x formula. The minimum foundation allowance would increase from \$7,511 to \$7,611 and the state maximum guaranteed foundation allowance would increase from \$8,229 to \$8,279.	Restricted 8,932,597,200	128,000,000
	GF/GP \$172,402,800	\$0
2. Foundation Allowance – Cost Revisions (Secs. 22a and 22b)	Gross \$9,105,000,000	(\$45,000,000)
Reduces the state share of foundation allowance costs to reflect estimated increases in the local share due to increased taxable values and estimated decreases in pupils.	Restricted 8,932,597,200	(45,000,000)
	GF/GP \$172,402,800	\$0
3. Foundation Allowance – Cyber Schools (Secs. 22a and 22b)	Gross \$80,000,000	(\$16,000,000)
Reduces foundation allowances of cyber schools to 80% of the minimum foundation allowance after the school's first year of operation.	Restricted 80,000,000	(16,000,000)
	GF/GP \$0	\$0
4. At-Risk (Sec. 31a)	Gross \$378,988,200	\$150,000,000
Increases by \$150.0 million to a total of \$529.0 million. Expands to include hold harmless and out-of-formula districts that are currently excluded. Also revises the distribution formula from	Restricted 378,988,200	150,000,000
<ul style="list-style-type: none"> • 11.5% x District Foundation x Free Lunch Eligible Pupils to • 11.5% x Statewide Weighted Average Foundation x Economically Disadvantaged Pupils. 	GF/GP \$0	\$0

Economically disadvantaged pupils are currently collected and reported by CEPI to the US Department of Education and include pupils who are eligible for both free and reduced-price lunch, Temporary Assistance to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), or are homeless, migrant, or in foster care. The expanded definition is estimated to increase the number of pupils for whom districts receive funding by 131,000.

However, total funding would not fully fund the expanded formula, so payments would be prorated on a per-pupil basis. The per-pupil allocation received is expected to increase from a current average of \$673 to \$778.

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
5. High School Per Pupil Bonus (Sec. 22n) – NEW		Gross	\$0
Includes \$22.0 million to provide districts with an additional \$50 per pupil for each pupil in grades 9 to 12 to reflect the higher costs of high school instruction.		Restricted	22,000,000
		GF/GP	\$0
6. Shared-time Instruction for Nonpublic and Homeschool Pupils (Sec. 23f)		Gross	\$115,000,000
Revises state support for shared-time instruction programs where districts provide nonessential courses to nonpublic and home-schooled students from a per pupil foundation allowance to a categorical funding program. Caps total funding at \$60.0 million which is estimated to be a \$55.0 million reduction from current-year shared-time costs. Districts would receive prorated funding if total funding requests exceeded the appropriation.		Restricted	(55,000,000)
		GF/GP	\$0
7. MPSERS Assumed Rate of Return (AROR) – Unfunded Liability State Share (Sec. 147c)		Gross	\$982,800,000
Proposes a 2-year phase-in to reduce the MPSERS AROR from 8.0% to 7.5% at a cost of \$90.8 million FY 2017-18 and double that in FY 2018-19. The FY 2017-18 cost increase is offset by savings due to improved health care cost experience and higher rates of investment returns during the most recent 5-year actuarial smoothing period. Overall costs for the State Share are reduced by \$22.0 million to a total of \$960.8 million for FY 2017-18.		Restricted	(22,099,000)
		GF/GP	\$83,000
8. MPSERS Assumed Rate of Return (AROR) – Employer Normal Cost Increase Offset (Sec. 147a(2))		Gross	\$0
Reimburses districts and ISDs for the employer normal cost increases related to the AROR reduction from 8.0% to 7.5% at a cost of \$48.9 million for FY 2017-18 and a total of \$97.8 million in FY 2018-19.		Restricted	48,940,000
		GF/GP	\$29,000
9. Career and Technical Education (CTE) – Equipment Upgrades (Sec. 61c)		Gross	\$3,200,000
Increases by \$16.8 million to expand the CTE equipment grant program begun in FY 2016-17. Eliminates the \$200,000 earmark to the Hudson School District Mechatronics program. Revises from a formula allocation to regional career education planning districts and replaces it with a competitive grant program for districts or ISDs administered by both MDE and the department of Talent and Economic Development (TED). Grants could be between \$250,000 and \$1,000,000.		Restricted	16,800,000
		GF/GP	\$0
10. Declining Enrollment (Sec. 29) – NEW		Gross	\$0
Includes \$7.0 million to districts that have experienced enrollment declines of more than 5% over the last 2 years. Funding would equal 1/3 of a district's foundation allowance multiplied by the difference between a 2-year average pupil membership blend and the district's actual membership blend. A district would be eligible for this funding for 2 years.		Restricted	7,000,000
		GF/GP	\$0
11. Educator Evaluations (Sec. 95a)		Gross	\$0
Includes \$7.0 million to fund professional development and training for teachers and administrators in implementing educator evaluations as required under PA 173 of 2015. Initial funding of \$14.8 million was provided in the FY 2015-16 budget, but carried forward as a work project into the current year. This would represent the cost of training the remaining evaluators.		Restricted	7,000,000
		GF/GP	\$0
12. Statewide School Drinking Water Quality Program (Sec. 78) – NEW		Gross	\$0
Transfers this program, begun in FY 2016-17, from the MDE budget to the School Aid budget. Reimburses districts and nonpublic schools with up to \$950 per school building for the costs of voluntary water testing.		Restricted	0
		GF/GP	\$4,500,000
13. Partnership Model Districts (Sec. 21h) – NEW		Gross	\$0
Provides \$3.0 million (along with \$641,800 and 4.0 FTEs in the MDE budget) for interventions in districts identified as needing additional academic supports. Target districts would be districts not yet under the authority of the School Reform Office.		Restricted	3,000,000
		GF/GP	\$0

SCHOOL AID

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
14. Early Literacy Teacher Coaches (Sec. 35a(4))	Gross	\$3,000,000	\$3,000,000
Increases the funding to \$6.0 million to increase the cap on the 50% state match for early literacy coaches from \$37,500 to \$75,000. All ISDs would remain eligible for funding to support half the cost of at least 1 coach, and remaining funds would be allocated for additional coaches to ISDs based on the concentration of poverty in grades K to 3.	Restricted	3,000,000	3,000,000
	GF/GP	\$0	\$0
15. Technology Regional Data Hubs (Sec. 22m) – NEW	Gross	\$0	\$2,200,000
Provides \$2.2 million to support the Michigan Data Hub Network which was begun with former Sec. 22i Technology Readiness Infrastructure grants. The regional data hubs are designed to improve the efficiency of local school data collection and create common data reporting as required under Sec. 19.	Restricted	0	2,200,000
	GF/GP	\$0	\$0
16. Year-Round Instruction Programs (Sec. 31b)	Gross	\$1,500,000	\$1,500,000
Increases the total for year-round, balanced-calendar instruction grants to \$3.0 million. Grants support districts with funds for building modifications or other nonrecurring costs related to the transition to a balanced-calendar.	Restricted	1,500,000	1,500,000
	GF/GP	\$0	\$0
17. MiSTEM Grants (Sec. 99s)	Gross	\$9,549,300	\$950,700
Increases by nearly \$1.0 million but adds \$1.5 million in additional state funds which are offset by a loss of \$549,300 in federal funds. Significantly revises the funding allocations as follows:	Federal	5,249,300	(549,300)
	Restricted	3,000,000	2,500,000
	GF/GP	\$1,300,000	(\$1,000,000)
<ul style="list-style-type: none">• \$50,000 for MiSTEM Advisory Council Administration (No Change).• \$3.0 million for MiSTEM Advisory Council grants (increase of \$2.0 million).• \$7.5 million for the MiSTEM Centers Network which would replace 33 existing Math/Science Centers with 10 regional MiSTEM Centers (decrease of \$549,300).• Eliminates \$250,000 for Science Olympiad.• Eliminates \$250,000 for VanAndel Education Institute.			
18. Cyber Security Competition Grants (Sec. 99k) – NEW	Gross	\$0	\$500,000
Adds \$500,000 for competitive grants to districts to support teams of pupils in grades 6-12 participating in cybersecurity competitive events through either the Michigan High School Cyber Challenge or CyberPatriot.	Restricted	0	500,000
	GF/GP	\$0	\$0
19. Michigan Behavior and Learning Support Initiative (MiBLSI) (Sec. 54b)	Gross	\$1,125,000	\$475,000
Increases by \$475,000 to a total \$1.6 million to continue to pilot the implementation of positive behavioral intervention and supports and to support a statewide structure to support local initiatives for an integrated behavior and reading program.	Restricted	1,125,000	475,000
	GF/GP	\$0	\$0
20. Flint Water Emergency Funds (Sec. 11s)	Gross	\$10,142,600	(\$1,412,500)
Reduces funding by \$1.4 million to Flint School District and Genesee ISD related to providing additional services for early childhood and supplemental school services, bringing the total to \$8.7 million for FY 2017-18. Funds would be allocated to expanded Great Start Readiness Program (GSRP) eligibility (\$3.0 million), school nurses and social workers (\$2.6 million) in Flint schools, ISD support to Flint residents that attend districts other than Flint (\$2.5 million), and nutrition programs (\$605,000).	Restricted	0	0
	GF/GP	\$10,142,600	(\$1,412,500)

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
21. Program Eliminations	Gross \$21,904,000	(\$21,904,000)
Eliminates 18 categorical programs including the following:	Restricted 15,435,000	(15,435,000)
<ul style="list-style-type: none"> • Sec. 20g – Dissolved District Transition Grants (\$1.9 million) • Sec. 21g – Competency Based Funding Pilot (\$500,000) • Sec. 22g – Consolidation Incentive Grants (\$3.0 million) • Sec. 25f – Strict Discipline Academy Added Costs (\$750,000) • Sec. 25g – Dropout Recovery Programs (\$750,000) • Sec. 31c – Gang Prevention Programs (\$3.0 million) • Sec. 31h – Cooperative Education (Marshall/Albion) (\$300,000) • Sec. 31j – Local Produce in School Meals (\$250,000) • Sec. 32q – Early Learning Cooperative (\$175,000) • Sec. 35a(6) – Michigan Education Corps (\$1.0 million) • Sec. 55 – Conductive Learning Study (\$150,000) • Sec. 61a(4) – CTE Restaurant Curriculum (\$79,000) • Sec. 63 – ISD Health Department Partnership for CTE/Health (\$250,000) • Sec. 65 – Detroit PreCollege Engineering Program (\$340,000) • Sec. 99t – Online Algebra Tool (\$1.5 million) • Sec. 102d – Financial Data Analysis Tools (\$1.5 million) • Sec. 104d – Computer Adaptive Tests (\$4.0 million) • Sec. 152b – Nonpublic School Reimbursement (\$2.5 million) 	GF/GP \$6,469,000	(\$6,469,000)
22. Center for Educational Performance and Information (CEPI) (Sec. 94a)	Gross \$12,336,700	\$4,042,800
Provides an additional \$4.0 million in ongoing support for CEPI to replace Federal funds that have been available through work projects for several years which are used for the support of longitudinal data collection and a web-based school data portal.	Federal 193,500	0
	GF/GP \$12,173,200	\$4,042,800
23. School Breakfast and Lunch Programs (Sec. 31d and 31f)	Gross \$538,195,100	\$12,000,000
Increases by a total of \$12.0 million including \$10.0 million additional Federal funds for the school lunch program and an additional \$2.0 million SAF for the school breakfast program to reflect updated reimbursement cost estimates.	Federal 513,200,000	10,000,000
	Restricted 24,995,100	2,000,000
	GF/GP \$0	\$0
24. Special Education (Secs. 51a, 51c, 51d, 53a, 54, and 56)	Gross \$1,414,046,100	(\$19,900,000)
Updated to reflect revised consensus cost estimates based on actual FY 2015-16 year-end special education cost data.	Federal 441,000,000	(10,000,000)
	Restricted 973,046,100	(9,900,000)
	GF/GP \$0	\$0
25. Federal Grant Reductions (Sec. 39a)	Gross \$852,739,900	(\$91,139,900)
Reduces Federal grants estimated under the Every Student Succeeds Act (ESSA) to reflect revised estimates for anticipated federal funds, the majority of which are being reduced for FY 2016-17 as well. (See Supplemental Recommendations below.)	Federal 852,739,900	(91,139,900)
	GF/GP \$0	\$0
26. Other Major Cost Adjustments	Gross NA	\$1,000,000
Revises the following to reflect updated cost estimates:	Restricted NA	1,000,000
Sec 11j – School Bond Redemption Fund reduced by \$1.0 million to \$125.5 million.	GF/GP NA	\$0
Sec. 11m – Cash Flow Borrowing Costs increased by \$3.5 million to \$6.5 million.		
Sec. 26a – Renaissance Zone Reimbursements decreased by \$2.0 million to \$18.0 million.		
Sec. 26c – Promise Zone Funding increased by \$500,000 to \$1.5 million.		

Major Boilerplate Changes From FY 2016-17

Secs. 3(1)(2) and 4(1). Achievement Authority, Achievement School, Education Achievement System – DELETED

Deletes definitions and references throughout the budget to the Education Achievement Authority, as it will be dissolved at the end of the current fiscal year.

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Major Boilerplate Changes From FY 2016-17

Sec. 8b(3). Cyber Public School Academies (PSAs) – Assignment of District Codes – REVISED

Provides that for a cyber PSA that does not provide instruction at a specific location, and is authorized by a non-statewide entity, the ISD of assignment shall be the ISD that would normally provide programs and services to the resident school district in which the administrative office of the cyber PSA is located. Also provides that the ISD required to provide programs and services remains the same for as long as the cyber PSA is operating.

Sec. 31a. At-Risk – REVISED

- (1) Expands the goals of the program from A) English Language Arts (ELA) proficiency in grade 3 and B) College and career ready high school graduates to include C) Math proficiency in grade 8 and D) Pls attending school regularly.
- (2) Deletes the prohibition of funding to hold harmless or out-of-formula districts.
- (3) Expands the requirement that the district uses a multi-tiered systems of supports (MTSS) from K-3 to K-8.
- (4) Revises to base the district allocation formula on economically disadvantaged pupils rather than free lunch eligible pupils. Economically disadvantaged pupils are currently collected and reported by CEPI to the US Department of Education and include pupils who are eligible for both free and reduced-price lunch, Temporary Assistance to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), or are homeless, migrant, or in foster care. The expanded definition is estimated to increase the number of pupils for whom districts receive funding by 131,000.
- (5) Revises to base the district allocation formula on 11.5% times a statewide weighted average foundation allowance rather than each district's foundation allowance to eliminate the variation in per pupil funding among districts.
- (6) Requires a district to use at-risk funds for 4 goals or metrics that will be used to measure a district's success beginning in FY 2021 including chronic absenteeism rates, ELA proficiency in grade 3, Math proficiency in grade 8 and that at least 65% of high school pupils enroll in CTE, advanced placement, international baccalaureate, or dual-enrollment programs and that at least 80% of those pupils have successfully completed the courses.
- (7) Allows a district to use up to 5% of its funds for professional development related to MTSS and improving the goal metrics.
- (8) Revises the definition of at-risk pupil for the provision of services to pupils who are economically disadvantaged or English language learners and who failed or is at risk of failing to be proficient in grade 3 ELA or grade 8 math or is chronically absent.
- (9) Requires that MDE identify districts that do not meet the goal metrics by FY 2021 and partner with the district to review and revise district programs and practices.

Sec. 32d. Great Start Readiness Program (GSRP) – REVISED

Revises to require that 100% rather than 90% of GSRP participants meet the income eligibility of family income less than 250% of the federal poverty level. Deletes provision that allows a program to serve children in families with income up to 300% of the federal poverty level if all of the eligible children under 250% are served.

Sec. 39. Great Start Readiness Program (GSRP) Formula Allocation – REVISED

Eliminates the process whereby ISDs individually estimate the number of children eligible for the program and replaces it with an estimate provided by the MDE based on American Community Survey Census data.

Revises the formula allocation from being based on a half-day slot to number of children served in a school day program. The allocation for a child in a school day program would remain \$7,250 per day, or \$3,625 if in blended GSRP/Head Start program. An ISD would be allocated under the initial round of funding an amount equal to the amount they received in the prior year or an amount necessary to fund their available capacity if it is less than the prior year. Creates a statewide benchmark of the percent of eligible children that were served by the program in previous year, currently at 60%. If funds remain after the initial allocations, remaining funding would be distributed to ISDs based on their proportional share of children unserved if they are below the state benchmark.

Sec. 56 and 62. Special Education and Vocational Education Millage Equalization – REVISED

Revises the equalization formula based on updated taxable values estimates for 2017. Adjusts the formula to reflect the amount an ISD receives from the Local Community Stabilization Authority for reimbursement due to the loss of personal property tax revenue so that an ISD's allocation under these sections does not reimburse for a loss that is being reimbursed under by the Authority.

Supplemental Recommendations for FY 2016-17 Appropriations		FY 2016-17 Recommendation
1. Cash Flow Borrowing (Sec. 11m)	Gross	\$2,500,000
Increases by \$2.5 million to a total of \$5.5 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	2,500,000
	GF/GP	\$0
2. Distressed Districts Emergency Grant Fund (Sec. 11r)	Gross	\$0
Revises to lapse the remaining \$1.0 million in the fund to the School Aid Fund.	Restricted	0
	GF/GP	\$0

<u>Supplemental Recommendations for FY 2016-17 Appropriations</u>	<u>FY 2016-17 Recommendation</u>
<p>3. Flint Declaration of Emergency (Sec. 11s) Reduces the pupil count for an eligible district from 5,000 to 4,500 to reflect the drop in Flint School District pupil membership to 4,945. Revises such that payments may be distributed in a manner other than the 11 monthly state aid payments as required under Sec. 17b.</p>	<p>Gross \$0 Restricted 0 GF/GP \$0</p>
<p>4. Foundation Allowances (Secs. 22a and 22b) Increases by \$10.0 million to a total of \$9,115.0 million to reflect updated consensus cost estimates for pupil membership counts and taxable values. Also provides technical revisions to shift the reimbursement for the Detroit Community School District's absence of local school operating revenue with revenue from the Community District Education Trust Fund from Sec. 22a to Sec. 22b to align with the requirements of PA 193 of 2016.</p>	<p>Gross \$10,000,000 Restricted 10,000,000 GF/GP \$0</p>
<p>5. Renaissance Zone Reimbursements (Sec. 26a) Reduces reimbursement payments by \$2.0 million to a total of \$18.0 million to reflect the reduction in required payments due to both expiring renaissance zones and the impact of reimbursements for personal property tax reductions through the Local Community Stabilization Authority under PA 86 of 2014.</p>	<p>Gross (\$2,000,000) Restricted (2,000,000) GF/GP \$0</p>
<p>6. School Breakfast Programs (Sec. 31f) Increases by \$2.0 million to a total of \$4.5 million to reflect actual FY 2015-16 costs. The initial FY 2016-17 appropriation had been reduced based on a one-time decline in required reimbursements in FY 2014-15.</p>	<p>Gross \$2,000,000 Restricted 2,000,000 GF/GP \$0</p>
<p>7. Federal ESSA Grants (Sec. 39a) Reduces Federal grants estimated under the Every Student Succeeds Act (ESSA) to reflect the following revised estimates for anticipated federal funds:</p> <ul style="list-style-type: none"> • \$30.0 million reduction in anticipated Title 1 grant funding bringing it to \$535.0 million. • \$6.6 million reduction in anticipated School Improvement Grants (SIG) to \$18.0 million. • \$40.5 million reduction in the Student Support and Academic Enrichment grants, which were newly added to the FY 2016-17 budget, down to a total of \$15.4 million. 	<p>Gross (\$77,900,000) Federal (77,900,000) GF/GP \$0</p>
<p>8. Special Education (Secs. 51a, 51c, 51d, 53a, 54, and 56) Reduces by a total of \$38.0 million to reflect revised consensus cost estimates based on actual FY 2015-16 year-end special education cost data. Total estimated special education costs for FY 2016-17 are \$1.4 billion (\$945.0 million SAF, \$431.0 million Federal).</p>	<p>Gross (\$38,000,000) Federal (10,000,000) Restricted (28,000,000) GF/GP \$0</p>
<p>9. Special Education Millage Equalization (Sec. 56) Revises the equalization formula based on updated taxable values estimates. The special education millage equalization guarantee level is increased from \$179,600 to \$180,700.</p>	<p>Gross \$0 Federal 0 Restricted 0 GF/GP \$0</p>
<p>10. Vocational Education Millage Equalization (Sec. 62) Revises the equalization formula based on updated taxable values estimates. The vocational education millage equalization guarantee level is increased from \$196,300 to \$198,400.</p>	<p>Gross \$0 Federal 0 Restricted 0 GF/GP \$0</p>

Summary: Executive Budget Recommendation for Fiscal Year 2017-18 STATE POLICE

Analyst: Kent Dell

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$26,580,400	\$26,221,600	(\$358,800)	(1.3)
Federal	94,186,800	83,662,500	(10,524,300)	(11.2)
Local	5,828,500	5,835,200	6,700	0.1
Private	78,100	178,100	100,000	128.0
Restricted	127,635,500	135,423,700	7,788,200	6.1
GF/GP	405,162,800	442,267,800	37,105,000	9.2
Gross	\$659,472,100	\$693,588,900	\$34,116,800	5.2
FTEs	3,229.0	3,440.0	211.0	6.5

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Removal of FY 2016-17 One-Time and Emergency Appropriations	Gross	NA (\$18,696,100)
Removes FY 2016-17 one-time appropriations, a \$100 placeholder for a roadside saliva testing pilot project, as well as \$3.8 million from the Disaster and Emergency Contingency Fund and \$6.2 million from the Department of Homeland Security for disaster-related expenditures.	Federal	NA (6,219,000)
	Restricted	NA (3,777,000)
	GF/GP	NA (\$8,700,100)
2. Disaster and Emergency Contingency Fund – Deposit (One-Time)	Gross	NA \$10,000,000
Includes \$10.0 million one-time GF/GP to replenish the Disaster and Emergency Contingency Fund (DECF). The remaining \$3.7 million DECF balance has already been appropriated via administrative transfer and is expected to be depleted by the end of FY 2016-17.	GF/GP	NA \$10,000,000
3. Trooper Recruit School – Training Costs (One-Time)	Gross	NA \$6,246,900
Includes \$6.2 million one-time GF/GP to cover the training-related costs of graduating 100 new State Police Troopers. The recruit school is expected to begin in June 2018 and end in November 2018.	GF/GP	NA \$6,246,900
4. Secure Cities Partnership – Equipment Replacement (One-Time)	Gross	NA \$1,000,000
Includes \$1.0 million one-time GF/GP appropriated to the Secure Cities Partnership in order to replace end-of-lifecycle equipment used in support of the program, including body armor, Tasers, and in-car cameras.	GF/GP	NA \$1,000,000
5. Fair and Impartial Policing – Training Grants (One-Time)	Gross	NA \$1,000,000
Includes \$1.0 million one-time GF/GP for grants to law enforcement agencies used for U.S. Department of Justice fair and impartial policing training.	GF/GP	NA \$1,000,000
6. Forensic Science Biology Casework Support (One-Time)	Gross	NA \$730,000
Includes \$730,000 one-time GF/GP to replace an anticipated reduction in federal funding for biology casework.	GF/GP	NA \$730,000

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)		Executive Change from YTD
7. Sexual Assault Prevention and Education Initiative (One-Time) Provides \$600,000 one-time GF/GP for grants to higher education institutions to support on-campus sexual assault prevention and education initiatives.	Gross	NA	\$600,000
	GF/GP	NA	\$600,000
8. Law Enforcement Job Task Analysis (One-Time) Provides \$200,000 one-time GF/GP to conduct a job task analysis to identify essential skills and abilities for core law enforcement positions. Lead by the Michigan Commission on Law Enforcement Standards, these analyses are typically conducted every ten years.	Gross	NA	\$200,000
	GF/GP	NA	\$200,000
9. Trooper Recruit School – Annualize FY 2016-17 Includes \$5.2 million ongoing GF/GP to support the equipment, salary, and benefits costs of the State Police Troopers who have graduated from the FY 2016-17 recruit schools.	Gross	\$279,967,400	\$5,237,700
	Federal	383,700	0
	Restricted	38,456,100	0
	GF/GP	\$241,127,600	\$5,237,700
10. Trooper Recruit School Administrative – FY 2016-17 Includes \$1.1 million ongoing GF/GP to support the department-wide costs, such as fleet leasing and workers' compensation costs, of the State Police Troopers who have graduated from the FY 2016-17 recruit schools.	Gross	\$279,967,400	\$1,145,200
	Federal	383,700	0
	Restricted	38,456,100	0
	GF/GP	\$241,127,600	\$1,145,200
11. Trooper Recruit School – Annualize FY 2017-18 Includes \$3.5 million ongoing GF/GP to support the first year equipment, salary, and benefits costs of the 100 new State Police Troopers expected to graduate in November 2018.	FTE	1,908.5	100.0
	Gross	\$279,967,400	\$3,461,100
	Federal	383,700	0
	Restricted	38,456,100	0
	GF/GP	\$241,127,600	\$3,461,100
12. Medical Marihuana Regulation and Licensing Includes 48.0 additional FTEs and \$8.8 million from the Marihuana Regulatory Fund, pursuant to 2016 PA 281, to support medical marihuana regulatory and licensing functions. This includes department-wide administrative costs (\$2.6 million), forensic science services (\$874,500 and 8.0 FTEs), investigative services (\$4.3 million and 30.0 FTEs), commercial vehicle enforcement (\$709,200 and 7.0 FTEs), and intelligence operations (\$309,200 and 3.0 FTEs).	FTE	NA	48.0
	Gross	NA	\$8,775,700
	Restricted	NA	8,775,700
	GF/GP	NA	\$0
13. Medical Marihuana Excise Tax Authorization – MCOLES Includes \$330,000 in support of standards and training/justice training grants. Pursuant to 2016 PA 281 Sec. 602(3)(e), the Michigan Commission on Law Enforcement Standards receives 5% of the Medical Marihuana Excise Fund.	Gross	\$9,094,500	\$330,000
	Federal	175,700	0
	Restricted	8,176,600	330,000
	GF/GP	\$742,200	\$0
14. Medical Marihuana Excise Tax Authorization – Investigative Services Includes \$330,000 in support of investigative services. Pursuant to 2016 PA 281 Sec. 602(3)(f), the Department of State Police receives 5% of the Medical Marihuana Excise Fund.	Gross	\$28,626,500	\$330,000
	IDG/IDT	6,776,800	0
	Federal	6,206,300	0
	Local	2,079,000	0
	Restricted	6,100,800	330,000
	GF/GP	\$7,463,600	\$0
15. Forensic Science Expansion Includes \$1.8 million GF/GP to support 14.0 additional FTEs, including 4.0 for firearms casework and 10.0 for controlled substances casework.	FTE	248.0	14.0
	Gross	\$41,556,700	\$1,840,000
	Federal	4,900,000	0
	Restricted	9,884,000	0
	GF/GP	\$26,772,700	\$1,840,000
16. Forensic Science – Supplies Includes \$444,000 GF/GP to support inflation adjustments in supply and consumables costs.	Gross	\$41,556,700	\$444,000
	Federal	4,900,000	0
	Restricted	9,884,000	0
	GF/GP	\$26,772,700	\$444,000
17. Combined DNA Index System – Testing Costs and Supplies Includes \$400,700 GF/GP to support inflation adjustments in supply and testing costs associated with expanded DNA testing pursuant to 2014 PA 457.	Gross	\$8,145,400	\$400,700
	Restricted	4,158,600	0
	GF/GP	\$3,986,800	\$400,700
18. Computer Crimes Unit Expansion Includes \$1.5 million GF/GP to support 7.0 additional FTEs within the Intelligence Operation Division to prevent, detect, and investigate cyber-crimes.	FTE	NA	7.0
	Gross	NA	\$1,480,300
	GF/GP	NA	\$1,480,300

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
19. Emergency Management and Homeland Security Division Expansion	FTE	60.0	7.0
Includes \$978,900 GF/GP to support 7.0 additional FTEs to increase training and planning capabilities for disasters and emergencies.	Gross	\$14,933,800	\$978,900
	Federal	11,898,900	0
	GF/GP	\$3,034,900	\$978,900
20. OK2SAY Student Safety Hotline	FTE	NA	6.0
Includes \$608,300 GF/GP to replace funding from the depleted Student Safety Fund and 6.0 FTEs to support the continuation of the student safety hotline.	Gross	NA	\$608,300
	GF/GP	NA	\$608,300
21. MCOLES Administration	Gross	NA	\$368,000
Includes \$521,200 GF/GP to support Michigan Commission on Law Enforcement Standards administrative and operational costs, and cover a reduction in Secondary Road Patrol and Training Funds pursuant to 2016 PA 289.	Restricted	NA	(153,200)
	GF/GP	NA	\$521,200
22. Phase out State Services Fee Fund – Forensic Science	Gross	\$41,556,700	\$0
Includes \$4.0 million GF/GP in support of laboratory operations to replace a \$4.0 million reduction in appropriations from the state services fee fund. This is the second year of a planned three-year phase out.	Federal	4,900,000	0
	Restricted	9,884,000	(4,000,000)
	GF/GP	\$26,772,700	\$4,000,000
23. Transfers and Reorganization	FTE	NA	0.0
Includes multiple, net-zero shifts in FTEs and appropriations across the budget for the purpose of administrative reorganization.	Gross	NA	\$0
	GF/GP	NA	\$0
24. Technical Adjustments	FTE	NA	29.0
Technical adjustments across the budget to align FTEs and fund sources with expected revenues and adjust for cost allocations, including:	Gross	NA	(\$3,239,300)
• Adjust allocations of costs by fund source for administration, information technology services, phone services, and rent and building occupancy charges.	IDG/IDT	NA	(551,200)
• Align authorizations with expected revenues by fund source.	Federal	NA	(4,528,100)
	Local	NA	(4,600)
	Private	NA	100,000
	Restricted	NA	4,448,400
	GF/GP	NA	(\$2,703,800)
25. Economic Adjustments	Gross	NA	\$10,875,400
Reflects increased costs of \$10.9 million Gross (\$8.6 million GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT	NA	192,400
	Federal	NA	222,800
	Local	NA	11,300
	Restricted	NA	1,834,300
	GF/GP	NA	\$8,614,600

Major Boilerplate Changes From FY 2016-17

Sec. 201. State Spending and Appropriations Paid to Local Units of Government – REVISED

Provides for total state spending from state resources as well as total spending to local units of government. Updated to reflect FY 2017-18 appropriations.

Sec. 204. IDG Funding Received by the Department – DELETED

Details each interdepartmental grant received by the Department of State Police.

Sec. 204a. IDG Funding Made Available to Other State Departments – REVISED

Details each interdepartmental grant transferred by the Department of State Police to other departments. Revised by eliminating the interdepartmental grant details and retaining the language regarding the federal Byrne Justice Assistance Grant program and renumbering as Sec. 215.

Sec. 214. Legacy Costs – REVISED

Provides for estimated retirement costs. Updated to reflect FY 2017-18 costs.

Sec. 215. Disciplinary Action Against State Employees – DELETED

Forbids the department from taking disciplinary actions against employees who communicate with the Legislature.

Sec. 222. Post Closure or Consolidation – DELETED

Requires the department to notify the Legislature ninety days prior to recommending the closure or consolidation of a post, and requires a local and state impact study to accompany a notification.

Major Boilerplate Changes From FY 2016-17**Sec. 223. Privatization Project Plans – DELETED**

Requires the department to develop a project plan and present it to the Legislature ninety days prior to beginning any effort to privatize any department services.

Sec. 226. Contractual Services Reimbursement – REVISED

Requires the department to be reimbursed for services provided to local units of government, defines service cost models for reimbursement, and defines restrictions on reimbursable services provided to non-governmental entities. Revised to include sections, which appropriate funds in excess of authorized amounts for reimbursed services, and requires any additional expenditure authorization approved under this section to be reported to Legislature within ten days after approval by the State Budget Office.

Sec. 241. Receive and Expend Authorization for Federal Funds – REVISED

Authorizes the department to expend federal funds that it receives in excess of the federal authorizations in Part 1. Revised to standardize reporting language; does not substantively change the intent of the section.

Sec. 402. Criminal Justice Information Center – REVISED

Requires the department to maintain and ensure compliance with Criminal Justice Information Center databases and applications. Revised to remove the concealed weapon enforcement fund revenue reporting requirement and the requirement that fees for FOIA requests be deposited into the Criminal Justice Information Center Service Fee fund.

Sec. 403. Forensic Science – REVISED

Specifies the department's forensic science service requirements. Revised to remove reference to the American Society of Crime Laboratory Directors/Laboratory Accreditation Board; remove deadline of December 31, 2017 for obtaining thirty-day average turnaround time across forensic science disciplines; remove subject specific subsections requiring the department to maintain thirty-day average turnaround times for each discipline; and move reporting requirements regarding DNA analysis retention protocol to Sec. 404.

Sec. 404. Biometrics and Identification – REVISED

Specifies the department's biometric and identification service requirements. Revised to include reporting requirements regarding DNA analysis retention protocol previously included in Sec. 403.

Sec. 405. Sexual Assault Kit Analysis – REVISED

Requires the department to annually report on sexual assault kits processed during the previous fiscal year and the remaining backlog. Revised to change the reporting date from October 31 to December 1.

Sec. 601. General Law Enforcement and Traffic Safety – REVISED

Specifies the general law enforcement and traffic safety service requirements of the department. Revised to increase required statewide patrol hours from 400,000 to 455,200 hours.

Sec. 701. Special Operations – REVISED

Specifies the department's specialized service requirements. Revised to remove language regarding specialized units in order to separate special operations boilerplate into two sections to include one for the Michigan Intelligence Operation Center for Homeland Security and another for specialized units; increase the computer crimes unit caseload completion percentage from 20% to 40%, based on 2014-15 case completion numbers; and include a sixty-day average turnaround time requirement for digital forensic analysis cases.

Sec. 702. Specialized Support Services – NEW

Includes special operations unit service and availability requirements moved from Sec. 701.

Sec. 704. Emergency Management and Homeland Security – REVISED

Specifies the department's role in coordinating emergency preparation and response efforts. Revised to increase required minimum annual training sessions for disaster and emergency response from three to six.

Sec. 901. School Safety Initiative – DELETED

Requirements of the FY 2016-17 one-time appropriations for the School Safety Initiative.

Sec. 902. Sexual Assault Prevention and Education Initiative – REVISED

The intent and restrictions of the Sexual Assault Prevention and Education Initiative one-time appropriation, to include awarding grants to institutions of higher education with a physical presence in this state for the purpose of preventing sexual assault on campuses, and establishes the initiative as a work project. Revised to reflect increased appropriations.

Sec. 903. Advanced 9-1-1 – DELETED

Requirements of the FY 2016-17 one-time appropriations for Advanced 9-1-1 funding.

Sec. 1201. Anticipated Appropriations – DELETED

Establishes the intent of the Legislature to provide appropriations in the subsequent fiscal year.

Summary: Executive Budget Recommendation for Fiscal Year 2017-18 DEPARTMENT OF TRANSPORTATION

Analyst: William E. Hamilton

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$4,013,400	\$4,039,300	\$25,900	0.6
Federal	1,314,744,000	1,340,301,200	25,557,200	1.9
Local	50,418,500	50,532,000	113,500	0.2
Private	100,000	100,000	0	0.0
Restricted	2,736,727,700	2,952,470,500	215,742,800	7.9
GF/GP	9,750,000	0	(9,750,000)	(100.0)
Gross	\$4,115,753,600	\$4,347,443,000	\$231,689,400	5.6
FTEs	2,918.3	2,918.3	0.0	0.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Debt Service	Gross	\$237,925,300	(\$8,985,900)
Reduces debt service by \$9.0 million reflecting anticipated debt service schedules.	Federal	45,767,900	(7,984,600)
The reduction in federal-aid supported debt service reflects the 2016 refunding of \$607.1 million in federal grant anticipation bonds. [Total outstanding transportation-related debt at September 30, 2016, was \$1,578.1 million.]	Restricted	192,157,400	(1,001,300)
	GF/GP	\$0	\$0
2. Asset Management Council	Gross	\$1,626,400	\$250,000
Increases MTF support by \$250,000 to provide for increased costs of data collection and education efforts. The line has not been increased since first established in 2002.	Restricted	1,626,400	250,000
	GF/GP	\$0	\$0
3. Information Technology	Gross	\$32,364,500	\$1,000,000
Increases baseline STF support by \$1.0 million to reflect increasing IT costs and increased use of e-construction technology.	Federal	520,500	0
	Restricted	31,844,000	1,000,000
	GF/GP	\$0	\$0
4. State Trunkline Maintenance	FTE	743.7	0.0
STF funding increase of \$8.5 million would be targeted for improved drainage and flooding mitigation in Metropolitan Detroit.	Gross	\$303,948,000	\$8,500,000
	Restricted	303,948,000	8,500,000
	GF/GP	\$0	\$0
5. State Trunkline Road and Bridge Construction	Gross	\$1,062,702,900	\$68,918,900
Support for the state trunkline road and bridge capital construction/preservation program would increase by \$68.9 million reflecting an anticipated increase of \$25.7 million in estimated federal aid and \$62.5 million in available state restricted STF revenue. The increase in state restricted revenue is partially offset by \$19.2 million reduction in Blue Water Bridge Fund revenue reflecting the end of one-time funding for Blue Water Bridge Plaza expansion project.	Federal	757,714,800	25,652,500
	Local	30,000,000	3,500
	Restricted	274,988,100	43,262,900
	GF/GP	\$0	\$0

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
6. Local Federal Aid Road and Bridge Program	Gross	\$272,511,000	\$5,889,300
Act 51 mandates that a portion of the federal-aid highway funds made available to the state be suballocated to local road agencies. Federal funds for local road agency construction and preservation programs would increase by \$5.9 million reflecting anticipated available federal revenue.	Restricted	272,511,000	5,889,300
	GF/GP	\$0	\$0
7. Local Bridge Program	Gross	\$27,468,600	\$814,300
Increase of \$814,300 reflects Act 51 earmarks to this program, including the dedication of one-half cent of the motor fuel tax on gasoline.	Restricted	27,468,600	814,300
	GF/GP	\$0	\$0
8. MTF to Local Road Agencies	Gross	\$1,233,570,100	\$138,560,600
MTF distribution to local road agencies would total \$1,372.1 million, an increase of \$138.6 million. County road commissions would receive \$880.9 million, an increase of \$89.0 million; cities/villages would receive \$491.2 million, an increase of \$49.6 million. These distributions reflect estimated MTF revenue and Act 51 statutory distribution formulas.	Restricted	1,233,570,100	138,560,600
	GF/GP	\$0	\$0
9. Transportation Economic Development Fund (TEDF)	Gross	\$24,447,500	\$17,671,600
The current year budget reflected the redirection of \$19.8 million in TEDF revenue – \$10.4 million to the STF and \$9.4 million to the state General Fund. TEDF appropriations would increase \$17.6 million reflecting the end of these one-time fund shifts, less a reduction in estimated TEDF interest revenue.	Restricted	24,447,500	17,671,600
	GF/GP	\$0	\$0
10. Local Bus Transit	Gross	\$212,277,900	\$2,000,000
Recognizes anticipated increase in federal transit grants to non-urban transit agencies.	Federal	24,027,900	2,000,000
	Local	2,000,000	0
	Restricted	186,250,000	0
	GF/GP	\$0	\$0
11. Intercity Services	Gross	\$6,250,000	\$1,610,000
Increases baseline support by \$1.6 million reflecting anticipated increases in CTF revenue and local matching funds.	Federal	4,500,000	0
	Local	50,000	110,000
	Restricted	1,700,000	1,500,000
	GF/GP	\$0	\$0
12. Rail Operations and Infrastructure	Gross	\$118,894,800	\$7,496,700
Supports rail passenger service, including operating support for three Amtrak routes in Michigan, as well as capital assistance for the Detroit-Chicago high speed rail corridor. Budget increases CTF support by \$7.5 million for capital improvements along the high-speed rail corridor.	Federal	60,100,000	0
	Local	100,000	0
	Private	100,000	0
	Restricted	58,594,800	7,496,700
	GF/GP	\$0	\$0
13. Transit Capital	Gross	\$53,907,100	\$5,496,400
Increases CTF support by \$5.5 million to match available federal transit grants local to transit agencies.	Federal	15,300,000	0
	Local	1,250,000	0
	Restricted	37,357,100	5,496,400
	GF/GP	\$0	\$0
14. Service Initiatives	Gross	\$2,889,200	\$500,000
Increases CTF support by \$500,000 million to match available federal transit grants for programs targeted for seniors.	Federal	1,650,000	0
	Local	325,000	0
	Restricted	914,200	500,000
	GF/GP	\$0	\$0
15. Capital Outlay – State Facilities/Salt Buildings	Gross	\$3,001,500	\$2,500,000
Increases STF funding by \$2.5 million for salt building and containment systems at counties that perform state trunkline maintenance work for MDOT under contract.	Restricted	3,001,500	2,500,000
	GF/GP	\$0	\$0
16. Airport Improvement Program	Gross	\$97,824,000	(\$3,881,000)
Reduces State Aeronautics Fund support by \$3.8 million to reflect revenue estimates. Revenue from the redirection of aviation-related sales tax made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015) has been less than originally estimated.	Federal	79,000,000	0
	Local	12,508,500	0
	Restricted	6,315,500	(3,881,000)
	GF/GP	\$0	\$0

TRANSPORTATION

<u>Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations</u>	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
17. Detroit Metropolitan Wayne County Airport	Gross \$8,775,000	(\$2,275,000)
Includes \$6.5 million for the Detroit Metro Airport, an earmark established in through amendment to the State Aeronautics Code made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015). The budget reduces funding by \$2.3 million to reflect revenue estimates.	Restricted 8,775,000	(2,275,000)
	GF/GP \$0	\$0
18. End of One-Time Special Projects/Grants	Gross \$9,750,000	(\$9,750,000)
Reflects the end of \$8.5 million in one-time special project earmarks established in the original enacted budget for projects in Berrien, Lenawee, and Macomb counties; and \$1.2 million established in supplemental appropriation, Public Act 340 of 2016 for erosion control grants to local road agencies.	GF/GP \$9,750,000	(\$9,750,000)
19. Technical and Revenue Adjustments	Gross NA	(\$7,882,400)
Other technical and revenue adjustments reduce appropriated state restricted revenue by \$7.9 million. The largest technical adjustments are a \$2.0 million MTF reduction in the Local Agency Wetland Mitigation Fund appropriation and a \$4.9 million MTF reduction for the Movable Bridge Fund. These adjustments are merely technical and adjust for the fact that the appropriation for these earmarks in FY 2016-17 was effectively twice the amounts prescribed in Act 51.	Restricted NA	(7,882,400)
	GF/GP NA	\$0
The budget also moves Welcome Center operations, \$4.6 million STF and 50.0 FTE positions, from Design and Engineering Services to Maintenance Operations.		
20. Economic Adjustments	Gross NA	\$3,255,900
Reflects increased costs of \$3.3 million Gross (\$0.0 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG NA	25,900
	Federal NA	603,100
	Local NA	3,500
	Restricted NA	2,623,400
	GF/GP NA	\$0

Major Boilerplate Changes From FY 2016-17

Sec. 304. Confidentiality of Contractor Bid Documents – DELETED

Deletes section that requires the department to maintain confidentiality of bid documents except when necessary to defend a claim by the contractor.

Sec. 305. Rental of Public Transportation Properties – DELETED

Deletes section that authorizes department to rent space to public or private tenants at market rates and which requires the department charge transit agencies and intercity bus tenants equal rates. The section also requires the department to use rental revenue to maintain and improve the property.

Sec. 313(3). State Infrastructure Bank Report – DELETED

Deletes subsection that requires report on the State Infrastructure Bank.

Sec. 319. Rest Area Maintenance – DELETED

Deletes requirement that department post signs/telephone numbers for reporting unclean and unsafe conditions at rest areas.

Sec. 353. Prompt Payment – DELETED

Deletes section that directs department to review contractor payment process; references Special Provision 109.10.

Sec. 357. Local Federal Aid Project Review – DELETED

Deletes section that directs MDOT to complete local federal aid project reviews within 120 days.

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

Deletes section that 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

Deletes section that 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

Deletes requirement that department use the E-Verify system to verify legal status of contractor and subcontractor new hires.

Major Boilerplate Changes From FY 2016-17**Sec. 382. Finalize Local Agency Cost Sharing Agreements – DELETED**

Deletes section that requires department to submit final bill to the local agency within two years of final payment to construction contractor.

Sec. 383(5). Report on Use of State Airfleet – DELETED

Deletes subsection that indicates legislative intent that department work with Michigan State Police on employing fixed winged aircraft.

Sec. 393. Best Practices for Public Transportation – DELETED

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

Sec. 394. Priority of Preservation – DELETED

Deletes section that directs department and local road agencies to make preservation of the existing infrastructure a funding priority.

Sec. 395. Contingent Use of Capital Trunkline Funds for Maintenance – RETAINED

Retains section that was new in FY 2016-17 budget that allows the use of up to \$10.0 million from the capital road and bridge construction line for highway maintenance activities to support safety-related, high-priority, and other deferred maintenance needs on the state trunkline system.

Sec. 505. Road Innovation Fund Report – DELETED

Deletes section that had required the department to prepare a report on the amount of MTF revenue withheld if the Roads Innovation Fund created as part of the November, 2015 Road Funding Package had not been released on or before October 1, 2016.

Sec. 601. Road Construction Warranties – DELETED

Deletes section that directs the department to work with the road construction and engineering consulting community on warranty program; identifies warranty considerations; and provides reporting requirements.

Sec. 605. Flood Mitigation – NEW

Includes new section establishing performance measures related to additional maintenance funding provided for flood mitigation.

Sec. 610. Dead Deer – DELETED

Deletes section that indicates legislative intent with regard to cleanup of dead deer and other large animal remains.

Sec. 612. Incentive/Disincentive – DELETED

Deletes section that requires department to establish guidelines for use of incentive/disincentive contracts; reporting requirement.

Sec. 703. Rail Abandonment Notice – DELETED

Deletes section that requires notice to Legislature when railroad companies file for abandonment of lines.

Sec. 705. City of Woodhaven Grade Separation – DELETED

Deletes section that indicates legislative intent that department assist the city of Woodhaven in established rail/street grade separation.

Sec. 802. MDOT-Owned Airports – DELETED

Deletes section that encourages department to find private entities or local public agencies to assume ownership of state owned airports.

Sec. 803. MDOT-Owned Airplanes – DELETED

Deletes section that had required the department to request proposals for management of the state airfleet.

Sec. 1001. One-time Special Projects – DELETED

Deletes one-time earmarks for projects in Berrien, Lenawee, and Macomb counties.



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Michigan Strategic Fund/Talent and Economic Development/Treasury.....	Benjamin Gielczyk
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