

# PRELIMINARY REVIEW

of the

## FY 2004-05

## Executive Budget Recommendation



Mitchell E. Bean, Director  
February 17, 2004



The FY 2004-05 Executive Budget Recommendation calls for \$39.1 billion in adjusted gross appropriations. This includes \$8.7 billion in General Fund/General Purpose (GF/GP), \$17.4 billion in restricted funds, and \$12.0 billion in federal funds. Of the total adjusted gross amount, \$15.5 billion is designated for payments to local units of government and \$1.1 billion is designated for revenue sharing payments.

Revenue generated from fee increases recommended by the Executive is estimated to be \$1.5 million for Vital Records Fees (Community Health) and \$80,000 for Assessor Fees (Treasury). To support proposed spending levels, the Executive also recommends increasing state resources by:

- Increasing the state cigarette tax from \$1.25 per pack to \$2.00 per pack, and increasing the tax on other tobacco products from 20% to 32% (yield = \$295 million)
- Increasing the state markup on liquor from 65% to 74% (yield = \$31.8 million)
- Decoupling the state estate tax from the federal estate tax with modifications to the base (yield = \$94.3 million)
- Suspending statutory revenue sharing payments to counties and shifting county property tax collections in order to hold counties harmless (yield = \$183.5 million)

This preliminary review of the Executive Budget Recommendation for FY 2004-05 includes charts showing distribution of GF/GP and adjusted gross funds recommended by the Executive, an overview of resources used in the Executive Recommendation, highlights of major features and changes proposed in the Executive Recommendation, and tables summarizing the FY 2004-05 Executive Recommendation by department and major budget area. It also includes a list of House Fiscal Agency staff, noting Fiscal Analysts' specific budget assignments.

The House Fiscal Agency's full **Review and Analysis** of the Governor's FY 2004-05 Budget Proposal will be available in approximately two weeks. The **Review and Analysis** will contain a detailed analysis and discussion, by budget area, of major budget and boilerplate changes proposed in the Governor's FY 2004-05 budget.

We hope this preliminary information will be useful to Members of the House of Representatives. Please do not hesitate to call me, or the Fiscal Analyst responsible for a specific budget area, if you have questions regarding this information.

Mitchell E. Bean  
Director



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Executive Recommendation GF/GP and Adjusted Gross

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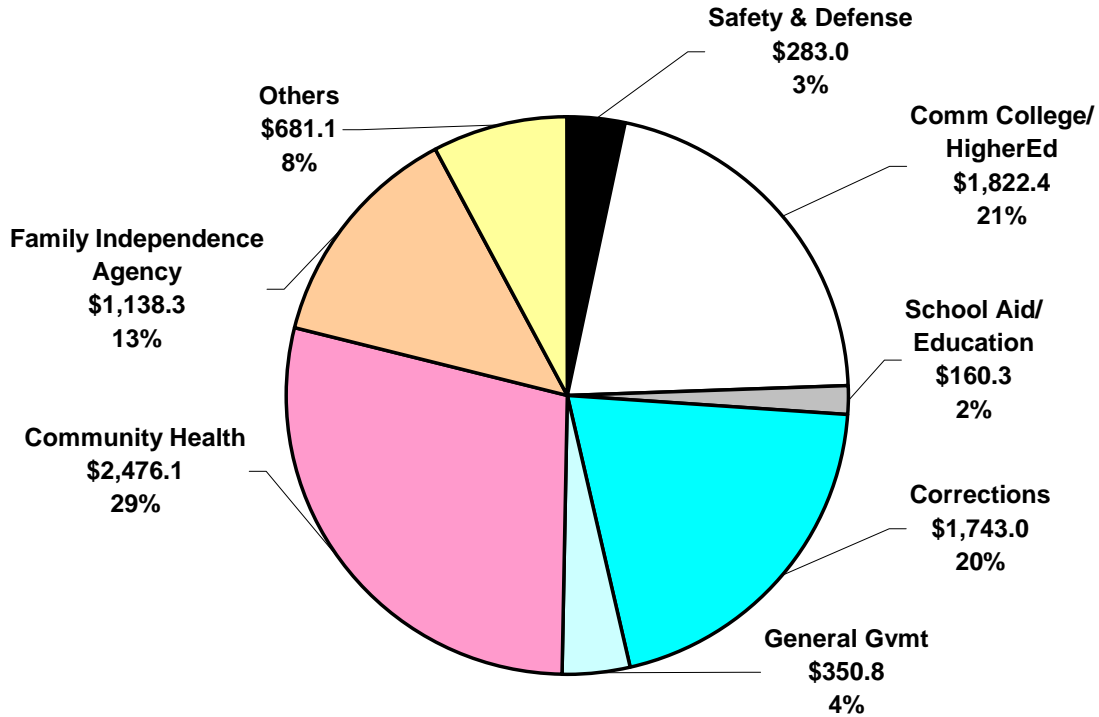
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### Executive Recommendation for FY 2004-05

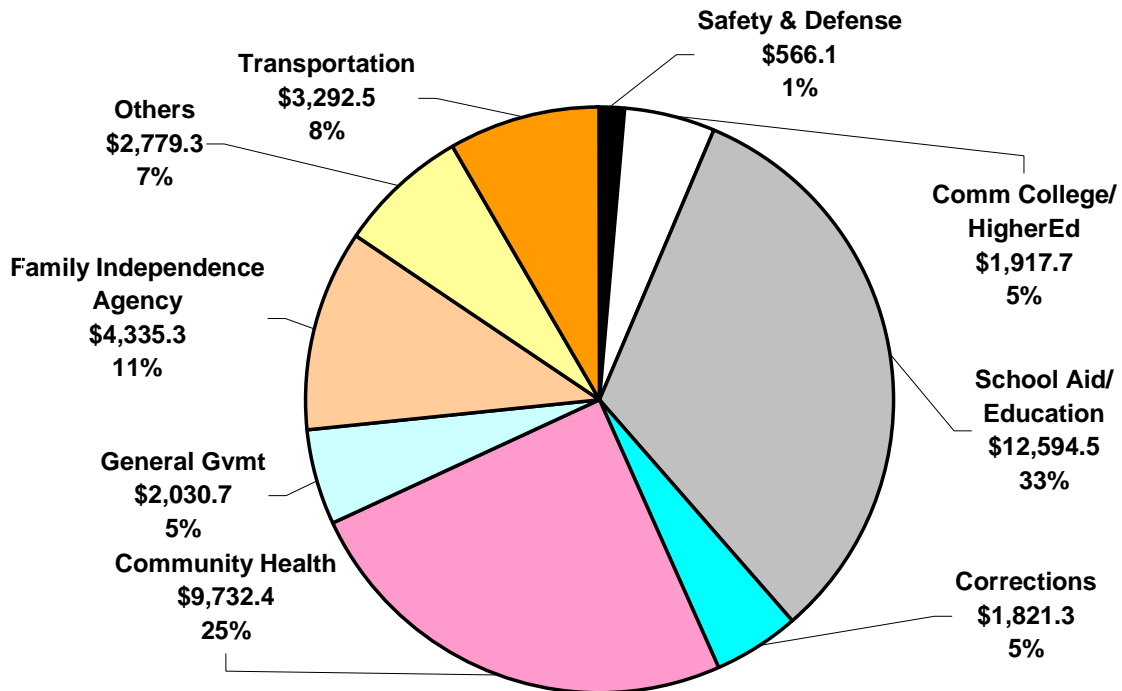
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## HFA STAFF LIST

**Total FY 2004-05 GF/GP Executive Recommendation  
\$8,655,027,900**



**Total FY 2004-05 Adjusted Gross Executive Recommendation  
\$39,069,778,900**



**CHANGE IN ADJUSTED GROSS APPROPRIATIONS**  
**FY 2003-04 Year-to-Date and FY 2004-05 Executive Recommendation**

The FY 2004-05 Executive Budget Recommendation would increase adjusted gross appropriations \$600.4 million (1.6%) from year-to-date FY 2003-04 levels. Although General Fund/General Purpose (GF/GP) appropriations decline \$157.9 million (1.8%), the decrease is more than offset by an increase in state restricted funding of \$553.3 million (3.3%). Total state spending from state sources increased \$395.4 million (1.5%).

The proposed increase in state restricted funding has important policy implications. The Executive Budget Recommendation would earmark an additional \$513.4 million to the Medicaid Benefits Trust Fund. Increased restricted funding may limit the ability of the state government to respond to other spending needs as they arise.

*Appropriations in Millions of Dollars*

	<u>Year-to-Date</u> <u>FY 2003-04</u>	<u>Executive</u> <u>Recommendation</u> <u>FY 2004-05</u>	<u>Amount</u> <u>Change</u>	<u>%</u> <u>Change</u>
General Fund/General Purpose	\$8,812.9	\$8,655.0	(\$157.9)	-1.8%
State Restricted	<u>16,818.6</u>	<u>17,371.9</u>	<u>553.3</u>	3.3%
<b>Total State Spending from State Sources</b>	<b>\$25,631.5</b>	<b>\$26,026.9</b>	<b>\$395.4</b>	<b>1.5%</b>
Federal	11,806.0	11,971.7	165.7	1.4%
Local	953.1	995.7	42.6	4.5%
Private	<u>78.7</u>	<u>75.4</u>	<u>(3.3)</u>	-4.2%
<b>Total Adjusted Gross</b>	<b>\$38,469.4</b>	<b>\$39,069.8</b>	<b>\$600.4</b>	<b>1.6%</b>

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

**State Restricted:** State revenue dedicated to a specific fund; revenue which results from state mandates or initiatives

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

## RESOURCES USED IN THE EXECUTIVE BUDGET RECOMMENDATION

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

### FY 2004-05 EXECUTIVE RECOMMENDATION ESTIMATES GENERAL FUND/GENERAL PURPOSE

(Millions of Dollars)

FY 2004-05 Consensus revenue estimate	\$7,822.8
Bad driver assessment fees	\$121.5
Revenue sharing freeze	\$355.4
Suspend county revenue sharing	\$183.5
Driver license fee increase	\$25.0
Increased tax audits	\$85.1
Escheats law changes	\$15.0
Increase liquor markup	\$31.8
Reduce inter-fund borrowing rates	\$20.0
<b>Total Resources</b>	<b>\$8,660.1</b>

#### **FY 2004-05 Consensus Revenue Estimate:**

Revenue estimates agreed to by the Consensus Conference in January 2004.

#### **Bad Driver Assessment Fees:**

Fees collected under 2003 PA 165, effective October 1, 2003

#### **Driver License Fee Increase:**

Fees collected under 2003 PA 152, effective October 1, 2003

#### **Escheats Law Changes:**

These changes allow insurance companies to escheat unclaimed property payable sooner than under current law.

#### **Increase Liquor Markup:**

Increasing the state markup on liquor from 65% to 74%



**FY 2004-05 EXECUTIVE RECOMMENDATION ESTIMATES**  
**SCHOOL AID FUND**  
(Millions of Dollars)

Beginning fund balance	\$0.0
FY 2004-05 consensus revenue estimate	\$10,998.5
Increased tax collection enforcement	\$35.5
Increase liquor markup	\$1.7
Payment in lieu of taxes proposal	(\$2.0)
Federal aid	\$1,314.4
General Fund transfer	<u>\$131.8</u>
<b>Total Resources</b>	<b>\$12,479.9</b>

**FY 2004-05 Consensus Revenue Estimate:**

Revenue estimates agreed to by the Consensus Conference in January 2004.

**Increase Liquor Markup:**

Increasing the state markup on liquor from 65% to 74%

**Payment in Lieu of Taxes proposal:**

Payment in lieu of taxes (PILT) would become an obligation of the state revenue sharing program, and PILT from the state education tax reimbursement is eliminated.

**Federal Aid:**

Primarily federal grants and federal money appropriated by the (federal) Elementary and Secondary Education Act.

**FY 2004-05 EXECUTIVE RECOMMENDATION ESTIMATES**  
**MEDICAID BENEFITS TRUST FUND**  
(Millions of Dollars)

Beginning balance	\$0.0
Estimated interest	0.0
Estimated deposit:	
Revenue from Cigarette Tax	25.0
Revenue from NEW Cigarette Tax and BSF transfer	419.1
Revenue from Estate Tax	<u>94.3</u>
Subtotal: Available Funds	538.4
Withdrawal in FY 2004-05 Executive Recommendation	(538.4)
<b>FY 2004-05 Total Ending Balance</b>	<b>\$0.0</b>

**FY 2004-05 EXECUTIVE RECOMMENDATION ESTIMATES  
TOBACCO SETTLEMENT REVENUES/EXPENDITURES**

(Millions of Dollars)

<b>TOTAL TOBACCO SETTLEMENT REVENUE</b>	<b>\$272.2</b>
<b><u>MERIT AWARD TRUST FUND (MATF)</u></b>	
Tobacco settlement revenue	\$204.2
Unreserved fund balance from prior year	0.4
Interest	<u>1.0</u>
<b>Revenue Subtotal</b>	<b>205.6</b>
Community Health: Medicaid base	(97.2)
Education: MEAP administration/testing	(13.7)
Higher Education	(9.5)
Higher Education: Merit Award	(67.0)
Higher Education: Tuition incentive program	(10.3)
Higher Education: Nursing scholarships	(4.0)
Treasury: Merit Award/TIP administration	(2.4)
Treasury: Michigan Education Savings Plan	<u>(1.0)</u>
<b>Expense Subtotal</b>	<b>(205.1)</b>
<b>Merit Award Trust Fund Balance</b>	<b>\$0.5</b>
<b><u>TOBACCO SETTLEMENT TRUST FUND (TSTF)</u></b>	
Tobacco settlement revenue	\$68.1
Unreserved balance from prior year	6.4
Interest	<u>1.0</u>
<b>Revenue Subtotal</b>	<b>75.4</b>
Attorney General: Administration	(0.4)
Community Health: EPIC	(25.5)
Community Health: Medicaid nursing home personal needs allowance	(5.0)
Community Health: Medicaid base	(29.0)
Community Health: Office of Services to the Aging - respite care	(10.0)
Labor and Economic Growth: Life sciences/technology tri-corridor	<u>(10.0)</u>
<b>Expense Subtotal</b>	<b>(74.9)</b>
<b>Tobacco Settlement Trust Fund Balance</b>	<b>\$0.5</b>

## FY 2004-05 EXECUTIVE BUDGET HIGHLIGHTS

### Major Features and Changes Proposed in the Governor's FY 2004-05 Executive Budget

<b>BUDGET AREA: EDUCATION</b>
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**Community Colleges**

*FY 2004-05 Senate Bill*

*Analyst: Kyle I. Jen*

	FY 2003-04 Year-to-Date as of 2/12/04	FY 2004-05 Executive	Difference: Exec to FY 2003-04 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
<b>GF/GP</b>	<b>276,578,600</b>	<b>285,747,000</b>	<b>9,168,400</b>	<b>3.3</b>
<b>Gross</b>	<b>\$276,578,600</b>	<b>\$285,747,000</b>	<b>\$9,168,400</b>	<b>3.3</b>
FTEs	0.0	0.0	0.0	0.0

***Operations Funding***

Assumes all 28 colleges comply with tuition restraint provisions. Recommended appropriations for each college are increased 3.1% from current year-to-date level, but—since compliant colleges would receive identical increases for FY 2003-04 under language enacted in conjunction with Executive Order 2003-23—ultimate result would be a flat appropriation. Appropriations for colleges not adhering to tuition restraint provisions would be reduced by 3.1% from current year-to-date level.

***Renaissance Zone Tax***

Adds \$650,000 GF/GP for reimbursement to colleges with renaissance zones in their districts to reflect projected increase in taxable value in those zones.

## Education

FY 2004-05 Senate Bill

Analysts: Mary Ann Cleary and Laurie Cummings

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date		Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
IDG/IDT	\$1,000,000	\$1,072,100	\$72,100	7.2
Federal	65,876,900	60,654,600	(5,222,300)	(7.9)
Local	4,791,600	5,198,800	407,200	8.5
Private	701,400	701,400	0	0.0
Restricted	6,851,600	19,472,200	12,620,600	184.2
GF/GP	29,059,700	28,454,300	(605,400)	(2.1)
<b>Gross</b>	<b>\$108,281,200</b>	<b>\$115,553,400</b>	<b>\$7,272,200</b>	<b>6.7</b>
FTEs	433.1	400.0	(33.1)	(7.6)

### **MEAP Program Allocation**

Appropriation of \$27.3 million for the Michigan Educational Assessment Program (MEAP), which has been transferred from the Department of Treasury to the Department of Education.

### **Departmental Reorganization**

Departmental reorganization involving shifting some functions to different units and adding a new "Educational Assessment" unit where the administration of the MEAP will be located.

### **Phase out of Federal Program**

Reduction of \$19.0 million in federal grant funds to reflect the continued phase-out of the Urgent School Renovation program, which will be discontinued at the federal level.

## Higher Education

FY 2004-05 Senate Bill

Analyst: Kyle I. Jen

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date		Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	4,480,700	4,500,000	19,300	0.4
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	89,750,000	90,750,000	1,000,000	1.1
GF/GP	1,559,432,500	1,536,714,400	(\$22,718,100)	(1.5)
<b>Gross</b>	<b>\$1,653,663,200</b>	<b>\$1,631,964,400</b>	<b>(\$21,698,800)</b>	<b>(1.3)</b>
FTEs	1.0	1.0	0.0	0.0

### **Operations Funding**

Assumes all 15 universities comply with tuition restraint provisions. Recommended appropriations for each university are increased 3.2% from current year-to-date level, but—since compliant universities would receive identical increases for FY 2003-04 under language enacted in conjunction with Executive

Order 2003-23—ultimate result would be a flat appropriation. Appropriations for universities not adhering to tuition restraint provisions would be reduced by 3.2% from current year-to-date level.

**Tuition Grant Program**

Eliminates appropriation for Tuition Grant Program—a need-based financial aid program for students attending private universities and colleges—resulting in savings of \$64.8 million GF/GP.

**Agriculture Experiment Station and Cooperative Extension**

Reduces appropriations for Agriculture Experiment Station and Cooperative Extension by 3.0%, resulting in savings of \$1.9 million GF/GP.

**Tuition Incentive Program**

Increases appropriation for Tuition Incentive Program—a need-based financial aid program for Medicaid-eligible individuals—by \$1.0 million (Merit Trust Fund) to reflect projected increase in costs.

**School Aid**

*FY 2004-05 Senate Bill*

*Analysts: Mary Ann Cleary and Laurie Cummings*

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date		Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	0.0
<b>Federal</b>	1,316,681,900	1,314,388,000	(2,293,900)	(0.2)
<b>Local</b>	0	0	0	0.0
<b>Private</b>	0	0	0	0.0
<b>Restricted</b>	10,911,687,100	11,033,722,200	122,035,100	1.1
<b>GF/GP</b>	327,700,000	131,800,000	(195,900,000)	(59.8)
<b>Gross</b>	<b>\$12,556,069,000</b>	<b>\$12,479,910,200</b>	<b>(\$76,158,800)</b>	<b>(0.6)</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0

*NOTE: FY 2003-04 YTD number does not include the \$131 million reduction for proration. FY 2003-04 YTD number is reduced \$50.7 million to reflect savings from additional local property tax audits and homestead exemption audits.*

**Foundation Allowances**

Recommends that per-pupil foundation allowances, used to support day-to-day school operations, remain at the FY 2003-04 level of \$6,700.

**Revenue Sources**

Reduces the general fund contribution from \$327.5 million to \$131.8 million; also assumes a savings of \$51.1 million from increased personal property tax audits and homestead exemptions audits.

**Membership Blend**

Estimates a savings of \$43 million through a change in the membership blend (used to calculate districts' foundation allowance payments). Pupil memberships are currently a blend of 80% of the current fall pupil count plus 20% of the previous February's count; this would change to a 50/50 blend.

**Retirement Rate**

Sets the payroll contribution rate that districts are required to pay for employee retirement at 14.87%; this is 1.4% less than the actual level set by the retirement board, saving districts an estimated \$138 million.

**Section 20j Hold Harmless Districts**

Estimates \$6.6 million in savings by reducing the section 20j allocation to hold harmless districts that have a foundation allowance over \$9,000 per pupil by \$74 per pupil.

**Great Start ISD Programs**

Increases program by \$6.8 million to a total appropriation of \$10 million; additional funding would come from a reduction in ISD general operations funding.

**BUDGET AREA: GENERAL GOVERNMENT**

*FY 2004-05 House Bill*

*Analysts: Robin R. Risko and Jim Stansell*

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date		Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$569,647,200	\$501,329,600	<i>(\$68,317,600)</i>	<i>(12.0)</i>
<b>Federal</b>	61,469,300	51,522,900	<i>(9,946,400)</i>	<i>(16.2)</i>
<b>Local</b>	2,610,800	2,664,300	<i>53,500</i>	<i>2.0</i>
<b>Private</b>	550,100	550,100	<i>0</i>	<i>0.0</i>
<b>Restricted</b>	1,802,162,800	1,625,114,600	<i>(177,048,200)</i>	<i>(9.8)</i>
<b>GF/GP</b>	338,486,932	350,844,600	<i>12,357,668</i>	<i>3.7</i>
<b>Gross</b>	<b>\$2,774,927,132</b>	<b>\$2,532,026,100</b>	<b><i>(\$242,901,032)</i></b>	<b><i>(8.8)</i></b>
<b>FTEs</b>	6,963.9	6,981.9	<i>18.0</i>	<i>0.3</i>

Executive Recommendation totals \$2.5 billion gross and \$350.8 million GF/GP; budget is \$242.9 million gross (8.8%) under and \$12.4 million GF/GP (3.7%) over current-year appropriated levels.

**Attorney General**

Analyst: Robin R. Risko

	FY 2003-04 Year-to-Date	FY 2004-05	Difference: Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
IDG/IDT	\$10,810,600	\$11,244,300	\$433,700	4.0
Federal	8,999,800	9,292,400	292,600	3.3
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	10,670,100	11,070,000	399,900	3.8
GF/GP	30,259,900	30,708,400	448,500	1.5
Gross	\$60,740,400	\$62,315,100	\$1,574,700	2.6
FTEs	568.0	562.0	(6.0)	(1.1)

***Employee-Related Economic Increases***

Adds \$3.4 million gross and \$1.2 million GF/GP to cover increased staff salary, insurance, and pension costs.

***Budgetary Savings***

Reduction of \$1.8 million gross and \$776,800 GF/GP to partially offset the cost of employee-related economic increases; savings to be achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of the temporary wage and benefit concessions.

**Civil Rights**

Analyst: Robin R. Risko

	FY 2003-04 Year-to-Date	FY 2004-05	Difference: Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	934,000	934,000	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
GF/GP	11,720,158	11,857,200	137,042	1.2
Gross	\$12,654,158	\$12,791,200	\$137,042	1.1
FTEs	142.0	141.0	(1.0)	(0.7)

***Employee-Related Economic Increases***

Adds \$870,900 gross and GF/GP for increased staff salary, insurance, and pension costs.

***Budgetary Savings***

Reduction of \$346,900 gross and GF/GP to partially offset the cost of employee-related economic increases.

***Human Resources Optimization Project***

Reflects savings of \$19,600 gross and GF/GP from consolidated human resources functions; Department of Civil Service will implement shared services and increase use of employee self-service.

**Civil Service**

Analyst: Robin R. Risko

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date		Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$2,300,000	\$2,300,000	\$0	0.0
<b>Federal</b>	4,779,100	4,779,100	0	0.0
<b>Local</b>	1,700,000	1,700,000	0	0.0
<b>Private</b>	150,000	150,000	0	0.0
<b>Restricted</b>	14,872,200	18,545,500	3,673,300	24.7
<b>GF/GP</b>	7,832,537	7,788,300	(44,237)	(0.6)
<b>Gross</b>	<b>\$31,633,837</b>	<b>\$35,262,900</b>	<b>\$3,629,063</b>	<b>11.5</b>
<b>FTEs</b>	211.5	240.5	29.0	13.7

***Human Resources Optimization Project***

Adds \$3.0 million gross for creation of Human Resources (HR) Call Center, which will be the central information source for employees with HR questions or who need a personnel transaction processed, and for increased information technology costs from consolidation of human resources functions.

***Administrative Efficiencies***

Reflects savings of \$600,000 gross and GF/GP from reduced spending for contractual services, reduced in-state travel and conference attendance, and delayed improvements to the Human Resources Management Network.

***Employee-Related Economic Increases***

Adds \$1.9 million gross and \$890,400 GF/GP for increased staff salary, insurance, and pension costs.

***Budgetary Savings***

Reduction of \$588,600 gross and \$203,800 GF/GP to partially offset the cost of employee-related economic increases.

**Executive**

Analyst: Robin R. Risko

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date		Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	0.0
<b>Federal</b>	0	0	0	0.0
<b>Local</b>	0	0	0	0.0
<b>Private</b>	0	0	0	0.0
<b>Restricted</b>	0	0	0	0.0
<b>GF/GP</b>	4,859,500	4,859,500	0	0.0
<b>Gross</b>	<b>\$4,859,500</b>	<b>\$4,859,500</b>	<b>\$0</b>	<b>0.0</b>
<b>FTEs</b>	84.2	84.2	0.0	0.0

No changes to current-year appropriations.



## Information Technology

Analyst: Robin R. Risko

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date		Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$360,239,300	\$366,235,800	\$5,996,500	1.7
<b>Federal</b>	0	0	0	0.0
<b>Local</b>	0	0	0	0.0
<b>Private</b>	0	0	0	0.0
<b>Restricted</b>	0	0	0	0.0
<b>GF/GP</b>	0	0	0	0.0
<b>Gross</b>	<b>\$360,239,300</b>	<b>\$366,235,800</b>	<b>\$5,996,500</b>	<b>1.7</b>
<b>FTEs</b>	1,755.4	1,762.4	7.0	0.4

### **Administrative Efficiencies**

Reflects savings of \$21.5 million gross from data center and telecomm rate reductions; reductions in equipment, contractual services, supplies, and materials; reduction in IT-related research costs; reduced support for system development; and reduced costs for Michigan Information Network, Michigan Administrative Information Network, and statewide land database.

### **Human Resources Optimization Project**

Adds \$1.1 million gross for ongoing operation and maintenance of the new Human Resources Call Center.

### **Transfer from DLEG**

Transfers \$9.1 million gross from Labor and Economic Growth to manage the state's contract with IBM; funding supports the main computer system, which houses all of the state's unemployment data.

## Legislature

Analyst: Robin R. Risko

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date		Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$1,662,900	\$1,801,500	\$138,600	8.3
<b>Federal</b>	0	0	0	0.0
<b>Local</b>	0	0	0	0.0
<b>Private</b>	400,000	400,000	0	0.0
<b>Restricted</b>	2,495,100	2,356,500	(138,600)	(5.6)
<b>GF/GP</b>	114,072,800	114,072,800	0	0.0
<b>Gross</b>	<b>\$118,630,800</b>	<b>\$118,630,800</b>	<b>\$0</b>	<b>0.0</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0

No major changes.

**Management and Budget**

Analyst: Robin R. Risko

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date as of 2/12/04	Executive	Exec to FY 2003-04 YTD Amount	%
<b>IDG/IDT</b>	\$162,216,800	\$86,575,200	(\$75,641,600)	(46.6)
<b>Federal</b>	740,800	444,600	(296,200)	(40.0)
<b>Local</b>	0	0	0	0.0
<b>Private</b>	0	0	0	0.0
<b>Restricted</b>	31,201,300	33,206,100	2,004,800	6.4
<b>GF/GP</b>	35,828,900	37,111,600	1,282,700	3.6
<b>Gross</b>	<b>\$229,987,800</b>	<b>\$157,337,500</b>	<b>(\$72,650,300)</b>	<b>(31.6)</b>
<b>FTEs</b>	722.0	729.0	7.0	1.0

***Motor Vehicle Fleet***

Reduces DMB budget by \$58.5 million gross due to funding transfer for state's motor vehicle fleet and vehicle travel services to a non-appropriated internal service fund.

***Restructuring Rent Payments***

Reflects savings of \$18.1 million gross due to renegotiated lease for state-managed building, Cadillac Place, located in Detroit.

***Employee-Related Economic Increases***

Adds \$7.4 million gross and \$3.0 million GF/GP for increased staff salary, insurance, and pension costs.

***Budgetary Savings***

Reduction of \$2.3 million gross and \$852,200 GF/GP to partially offset the cost of employee-related economic increases.

***Human Resources Optimization Project***

Reflects savings of \$19,600 gross and \$4,000 GF/GP from consolidated human resources functions; Department of Civil Service will implement shared services and increase use of employee self-service.

**State**

Analyst: Robin R. Risko

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date as of 2/12/04	Executive	Exec to FY 2003-04 YTD Amount	%
<b>IDG/IDT</b>	\$20,000,000	\$20,000,000	\$0	0.0
<b>Federal</b>	1,319,500	1,391,000	71,500	5.4
<b>Local</b>	0	0	0	0.0
<b>Private</b>	100	100	0	0.0
<b>Restricted</b>	143,070,200	151,553,500	8,483,300	5.9
<b>GF/GP</b>	16,698,451	15,321,400	(1,377,051)	(8.2)
<b>Gross</b>	<b>\$181,088,251</b>	<b>\$188,266,000</b>	<b>\$7,177,749</b>	<b>4.0</b>
<b>FTEs</b>	1,856.8	1,859.8	3.0	0.2

**Employee-Related Economic Increases**

Adds \$11.8 million gross and \$670,000 GF/GP for increased staff salary, insurance, and pension costs.

**Budgetary Savings**

Reduction of \$4.0 million gross and \$242,300 GF/GP to partially offset the cost of employee-related economic increases.

**Transfer of Driver Education Program**

Transfers administrative costs of \$528,000 Gross for Driver Education program from Department of Education; major responsibilities will include approval of driver education courses and approval of driver education instructors in both school district and proprietary driver training programs.

**Notary Public Act**

Adds \$400,000 gross to implement 2003 PA 238, which rewrites the Michigan Notary Public Act to streamline the application process and authorize the Department to conduct background checks to ensure suitable candidates.

**Qualified Voter File**

Adds \$395,300 gross and GF/GP for continued maintenance of process servers associated with the Qualified Voter File.

**Treasury**

Analyst: Jim Stansell and Robin R. Risko

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date		Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$12,417,600	\$13,172,800	\$755,200	6.1
<b>Federal</b>	44,696,100	34,681,800	(10,014,300)	(22.4)
<b>Local</b>	910,800	964,300	53,500	5.9
<b>Private</b>	0	0	0	0.0
<b>Restricted</b>	1,599,853,900	1,408,383,000	(191,470,900)	(12.0)
<b>GF/GP</b>	117,214,686	129,125,400	11,910,714	10.2
<b>Gross</b>	<b>\$1,775,093,086</b>	<b>\$1,586,327,300</b>	<b>(\$188,765,786)</b>	<b>(10.6)</b>
<b>FTEs</b>	1,624.0	1,603.0	(21.0)	(1.3)

**Revenue Sharing**

Reduction of \$200.4 million for revenue sharing payments; statutory payments to counties will be suspended; county property tax levy will be permanently shifted forward from December to July; initial collections will be placed into an interest earning reserve fund for each county; in lieu of six, bi-monthly statutory revenue sharing payments, each county will be authorized to withdraw an amount equal to its FY 2004 annual revenue sharing payment, adjusted for inflation; statutory payments will resume when a county's reserve fund falls below the amount necessary to fund the annual payment, which is not anticipated to occur before FY 2009; payments-in-lieu-of-taxes received by cities, villages, and townships for land owned by the Department of Natural Resources will be shifted from the DNR to statutory revenue sharing and these payments will be made before the remainder of the statutory revenue sharing appropriation is distributed.

***Transfer of MEAP/Merit Award***

Transfers \$27.4 million gross appropriated for Michigan Educational Assessment Program administration and Michigan Merit Award Board from Department of Treasury to Department of Education, pursuant to Executive Order 2003-20.

***Debt Service***

Adds \$22.2 million gross and \$12.2 million GF/GP for required debt service payments on the Quality of Life bond (this reflects a fund source shift of \$10.9 million from GF/GP to state restricted Cleanup and Redevelopment Funds); adds \$3.1 million gross and GF/GP for required debt service payments on the Clean Michigan Initiative bond; reduction of \$100,000 gross and GF/GP for payments on the Water Pollution Control bond.

***Grants***

Adds \$5.5 million gross for Convention Facility Development Distribution based on revenue collections; adds \$2.5 million gross for Commercial Mobile Radio Service Payments for local 911 telephone emergency programs in local communities; adds \$1.2 million gross and GF/GP for Senior Citizen Cooperative Housing Tax Exemption Program; adds \$328,000 gross and GF/GP for Renaissance Zone Reimbursement payments to be made to libraries for lost property tax revenue associated with renaissance zones; reduction of \$3.2 million gross and GF/GP for Qualified Agricultural Loan payment program based on federal grant paydown provision included in loan agreements; and eliminates \$42,700 gross and GF/GP for reimbursement payments made to City of Benton Harbor for lost property tax revenue associated with an enterprise zone, as the ten-year commitment has been completed.

***Employee-Related Economic Increases***

Adds \$15.0 million gross and \$2.2 million GF/GP for increased staff salary, insurance, and pension costs.

***Budgetary Savings***

Reduction of \$4.6 million gross and \$684,200 GF/GP to partially offset the cost of employee-related economic increases.

***Human Resources Optimization Project***

Reflects savings of \$58,600 gross and \$26,300 GF/GP from consolidated human resources functions; Department of Civil Service will implement shared services and increase use of employee self-service.

## BUDGET AREA: HUMAN SERVICES

### **Community Health**

*FY 2004-05 Senate Bill*

*Analysts: Margaret Alston, Bill Fairgrieve, Sue Frey*

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date	Executive	Exec to FY 2003-04 YTD	
	as of 2/12/04		Amount	%
<b>IDG/IDT</b>	\$69,204,800	\$70,543,400	\$1,338,600	1.9
<b>Federal</b>	5,380,898,600	4,987,951,800	(392,946,800)	(7.3)
<b>Local</b>	812,256,100	840,015,900	27,759,800	3.4
<b>Private</b>	57,844,000	54,976,400	(2,867,600)	(5.0)
<b>Restricted</b>	738,112,300	1,373,364,900	635,252,600	86.1
<b>GF/GP</b>	2,652,980,300	2,476,078,800	(176,901,500)	(6.7)
<b>Gross</b>	<b>\$9,711,296,100</b>	<b>\$9,802,931,200</b>	<b>\$91,635,100</b>	<b>0.9</b>
<b>FTEs</b>	4,388.3	4,680.0	291.7	6.6

### ***Medicaid Revenue Enhancements***

Adds \$570 million to replace the loss of federal Medicaid funding, reduce GF/GP, and finance anticipated growth in Medicaid base expenditures; allocates \$419.1 million for Medicaid services from additional tobacco tax revenue generated by a proposed cigarette tax increase of \$0.75 per pack and from existing cigarette taxes currently earmarked for the Budget Stabilization Fund; appropriates \$94.3 million for Medicaid from estate tax revenues obtained through a proposal to decouple Michigan's estate tax from the federal estate tax; proposes adding \$63.7 million in tobacco settlement revenue from the Merit Award Trust Fund to finance Medicaid base expenditure needs.

### ***Medicaid Caseload, Utilization, and Inflation Growth***

Adds \$229.5 million gross (\$100.1 million GF/GP) to reflect a projected 3.3% growth in Medicaid costs due to caseload, utilization and inflation.

### ***Medicaid Managed Care Rates***

Recommends a 2.0% increase in payment rates for Medicaid mental health managed care and a 7.5% increase in HMO rates address a new federal requirement for actuarially sound payment rates to managed care providers; additional cost of the proposal would be \$29.3 million gross (\$12.7 million GF/GP) for Medicaid mental health services and \$124.0 million gross (\$53.7 million GF/GP) for HMOs.

### ***Smoking Prevention and Public Health Programs***

Adds \$26.8 million in new funding for various public health programs from the proposed \$0.75 per pack cigarette tax increase; smoking prevention efforts would receive an additional \$5.0 million; chronic disease prevention funding would increase \$13.1 million; and \$8.7 million is recommended for maternal/child health programs.

### ***Employee Economics***

\$54.4 million gross (\$21.9 million GF/GP) is recognized to fund employee-related economic increases for salaries and wages, insurance, retirement, worker's compensation, and building occupancy/rent; increase is partially offset by unspecified reductions of \$16.7 million gross (\$6.9 million GF/GP).

### **Medicaid Pharmacy Cost Containment**

Includes savings of \$36.6 million gross (\$16.0 million GF/GP) from reducing the pharmacy dispensing fee to \$2.50, increasing the average wholesale price discount on brand name drugs, providing a 30% discount for generic drugs, and implementing an optional mail order pharmacy policy for maintenance drugs; reductions would not be implemented if a pharmaceutical quality assurance assessment program is enacted that allows the state to retain \$18.9 million in savings from the assessment.

### **Corrections**

*FY 2004-05 Senate Bill*

*Analyst: Marilyn Peterson*

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date		Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$3,253,600	\$3,364,200	\$110,600	3.4
<b>Federal</b>	27,798,400	9,808,000	(17,990,400)	(64.7)
<b>Local</b>	391,100	393,600	2,500	0.6
<b>Private</b>	0	0	0	0.0
<b>Restricted</b>	65,057,100	68,090,600	3,033,500	4.7
<b>GF/GP</b>	1,609,272,281	1,742,962,500	133,690,219	8.3
<b>Gross</b>	<b>\$1,705,772,481</b>	<b>\$1,824,618,900</b>	<b>\$118,846,419</b>	<b>7.0</b>
<b>FTEs</b>	18,312.7	17,804.6	(508.1)	(2.8)

### **Prison Changes**

Closes Western Wayne Correctional Facility, a women's prison in Plymouth; Huron Valley Center, currently a correctional psychiatric facility, to be re-converted to a women's prison; adjacent Huron Valley Correctional Facility to house the psychiatric facility; overall savings estimated at roughly \$20 million with reduction of approximately 310 beds. Male prisoners displaced by conversion at Huron Valley Correctional Facility to be spread throughout system, including to Oaks Correctional Facility, which is to be converted from a Level V to a Level IV facility and double-bunked to gain 412 beds; operational costs at Oaks to increase by \$1.8 million. Oaks conversion to occur in conjunction with conversion of housing units at Ionia Maximum from Level VI to Level V, with accompanying gain of 31 beds and savings of \$1.1 million.

### **Local Programs**

Field Operations: increases of \$3.2 million for additional 31 parole/probation agents to meet rising caseload and \$3.5 million for new female parolee residential program. Community Corrections: eliminates \$2.5 million Local Facility Housing program (for reimbursing locals for housing state prisoners if needed); creates with \$1.6 million Sentencing Guidelines Jail Crowding Reduction Program and \$400,000 Sentencing Guidelines Treatment Program, to provide funding for offenders kept locally under assumed changes to sentencing guidelines.

### **Federal Funding Replacement**

Michigan Youth Correctional Facility: replaces federal funding of \$18.0 million with GF/GP due to depletion of federal grant in current fiscal year.

### **Employee-Related Increases and Savings**

Increases \$153.5 million GF/GP for economic increases for employee salaries and wages, insurances, and retirement; \$12.1 million for step increases. Reductions of 242.4 FTEs and \$12.8 million savings through utilization of improved security technology; 44.0 FTEs and \$859,300 savings under statewide

human resources optimization; 21.8 FTEs and \$1.4 million savings with improved prisoner transportation; unspecified employee-related savings of \$45.1 million GF/GP, or 5% of salaries.

**Health Care**

Creates new \$5.9 million line item for Hepatitis C testing and treatment. Provides additional \$1.2 million for pharmaceutical price and volume increases; figure includes adjustment for \$1.0 million savings expected under revision of formulary.

**Family Independence Agency**

*FY 2004-05 House Bill*

*Analysts: Erin Black and Richard Child*

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date		Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$1,055,800	\$1,084,400	\$28,600	2.7
<b>Federal</b>	2,709,978,450	3,041,368,900	331,390,450	12.2
<b>Local</b>	61,819,100	75,535,700	13,716,600	22.2
<b>Private</b>	9,472,150	9,757,600	285,450	3.0
<b>Restricted</b>	70,096,800	70,321,400	224,600	0.3
<b>GF/GP</b>	1,100,979,000	1,138,331,400	37,352,400	3.4
<b>Gross</b>	<b>\$3,953,401,300</b>	<b>\$4,336,399,400</b>	<b>\$382,998,100</b>	<b>9.7</b>
<b>FTEs</b>	10,774.6	10,590.1	(184.5)	(1.7)

**Program Caseload Spending Increases**

Funds projected caseload spending increases: Child Day Care \$36.1 million, Family Independence Program \$21.7 million, Adoption Subsidy \$18.4 million, Foster Care \$11.5 million, and State Disability Assistance \$2.9 million.

**Food Stamp Waiver**

Extends food assistance benefits to 75,000 childless adults beginning in March 2005; additional \$126.9 million federal will extend benefit period from three months out of every three years to one year out of every three years.

**Reduction in Child Support Enforcement System Automation**

Anticipates \$12.0 million savings from current year for federally-mandated system implemented statewide as of September 30, 2003.

**Clothing Allowance Increase**

Adds \$3.1 million TANF to increase clothing allowance to \$50 per child and expand the program to include children from 0-3 years of age.

**Wayne County Foster Care Permanency Pilot Elimination**

Saves \$2.6 million due to discontinuance of the Wayne County Foster Care Permanency Pilot.

**Transfers of Program Responsibilities**

Recognizes program shifts from EO 2003-18 which transfers \$18.6 million out for Commission for the Blind and other programs to Labor and Economic Growth (DLEG); also recognizes \$23.0 million transfer from DLEG for Office of Children and Adult Licensing, which licenses children and adult foster care facilities. These shifts add a net 118.0 FTEs.

<b>BUDGET AREA: LABOR AND ECONOMIC GROWTH</b>
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**Labor and Economic Growth**

FY 2004-05 House Bill

Analyst: Steve Stauff

	FY 2003-04 Year-to-Date	FY 2004-05	Difference: Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$212,000	\$515,200	\$303,200	143.0
<b>Federal</b>	752,792,300	792,629,400	39,837,100	5.3
<b>Local</b>	15,011,900	15,320,900	309,000	2.1
<b>Private</b>	4,019,400	4,140,100	120,700	3.0
<b>Restricted</b>	317,858,500	297,760,900	(20,097,600)	(6.3)
<b>GF/GP</b>	78,680,501	108,910,100	30,229,599	38.4
<b>Gross</b>	<b>\$1,168,574,601</b>	<b>\$1,219,276,600</b>	<b>\$50,701,999</b>	<b>4.3</b>
<b>FTEs</b>	4,723.0	4,302.0	(421.0)	(8.9)

***Executive Order 2003-18: Creation of DLEG***

EO 2003-18 made department and agency structural changes creating the new Department of Labor and Economic Growth; fiscal impact was an approximate decrease of \$39.7 million gross, \$9.9 GF/GP, to the combined units previously known as Consumer and Industry Services, Career Development, and Michigan Strategic Fund.

***Reduction of the Low-Income Energy Efficiency Assistance Program Funding***

Reduces Low Income Energy Efficiency Fund authorization, overseen by the Public Service Commission, by \$12.0 million; reduction reflects anticipated restricted revenue to be received; Fund provides shut-off protection to low-income customers and promotes energy efficiency by all customer classes.

***Fire Protection Grants Fully Funded***

Fully funds fire protection grants at \$15.9 million; fund sources proposed are Liquor Purchase Revolving Fund (LPRF) at \$7.4 million and Fire Protection Fund at \$8.5 million; Executive proposes a statutory change to the Michigan Liquor Control Code of 1988 to increase the maximum liquor markup from 65% to 74% to support the \$7.4 million LPRF.

***Welfare-to-Work Program Reduction and Funding Change***

Reduces Welfare-to-Work program funding by \$20.0 million federal, as the funding is no longer available; approximately \$66.1 million of federal Reed Act funding, which had been available in FY 2003-04 through a FY 2001-02 work project account, will be replaced with appropriated lapsing work project Reed Act funding in the amount of \$15.3 million, \$10.9 million of TANF and \$39.9 million GF/GP.

***Employee Related Economics***

Adds \$36.6 million gross, \$2.5 million GF/GP for employee related economics.

***Employee Related Budgetary Savings***

Reduction of \$11.5 million gross, \$743,500 GF/GP for employee savings to be accomplished through the banked leave time program and other employee concessions.



<b>BUDGET AREA: RESOURCE PROTECTION</b>
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**Agriculture**

FY 2004-05 House Bill

Analyst: Kirk Lindquist

	FY 2004-05 Year-to-Date	FY 2004-05 Executive	Difference: Exec to FY 2003-04 YTD	
	as of 2/12/04		Amount	%
<b>IDG/IDT</b>	\$10,758,600	\$10,831,700	\$73,100	0.7
<b>Federal</b>	14,401,700	33,406,200	19,004,500	132.0
<b>Local</b>	0	0	0	0.0
<b>Private</b>	1,127,600	138,700	(988,900)	(87.7)
<b>Restricted</b>	39,931,900	40,755,500	823,600	2.1
<b>GF/GP</b>	30,259,200	31,509,400	1,250,200	4.1
<b>Gross</b>	<b>\$96,479,000</b>	<b>\$116,641,500</b>	<b>\$20,162,500</b>	<b>20.9</b>
<b>FTEs</b>	569.0	715.0	(146.0)	(25.7)

***Animal Health and Plant Pest Eradication***

Adds \$17.7 million to federal Emerald Ash Borer grant for grant total of \$25.2 million; funds would be used for continued monitoring/marketing efforts in areas of the state affected by this infestation. Also adds \$706,000 federal for the Bovine TB and Johne's Disease programs.

***Horse Race Revenue***

Reduces Agriculture Equine Industry Development Fund support for local racing programs by \$1.1 million, due to continued decline in horse racing revenue.

***Agricultural Products Marketing***

Eliminates agricultural products marketing program; responsibility for new market identification and development (\$200,000) would be assumed by Labor and Economic Growth.

**Environmental Quality**

FY 2004-05 Senate Bill

Analyst: Kirk Lindquist

	FY 2003-04 Year-to-Date	FY 2004-05 Executive	Difference: Exec to FY 2003-04 YTD	
	as of 2/12/04		Amount	%
<b>IDG/IDT</b>	\$14,142,900	\$14,263,000	\$120,100	0.8
<b>Federal</b>	131,259,500	133,766,800	2,507,300	1.9
<b>Local</b>	0	0	0	0.0
<b>Private</b>	435,700	445,900	10,200	2.3
<b>Restricted</b>	158,735,500	153,980,000	(4,755,500)	(3.0)
<b>GF/GP</b>	53,580,775	38,152,300	(15,428,475)	(28.8)
<b>Gross</b>	<b>\$358,154,375</b>	<b>\$340,608,000</b>	<b>(\$17,546,375)</b>	<b>(4.9)</b>
<b>FTEs</b>	1,611.7	1,578.2	(33.5)	(2.1)

**Contaminated Site Cleanup**

Provides no new funding for polluted land or water resources; FY 2003-04 funding for this purpose was \$35.0 million restricted.

**Water Pollution Control – Drinking Water Revolving Fund Match**

Eliminates General Fund match for the federal grant to the Water Pollution Control Revolving Fund; this one-time savings is feasible through a one-day bond sale where the debt service on the single sale and redemption payment (from accumulated interest and earnings) is accepted as the state’s match for FY 2004-05.

**Natural Resources**

*FY 2004-05 Senate Bill*

*Analyst: Kirk Lindquist*

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date as of 2/12/04	Executive	Exec to FY 2003-04 YTD Amount	%
<b>IDG/IDT</b>	\$3,437,900	\$3,528,700	\$90,800	2.6
<b>Federal</b>	33,706,600	34,629,300	922,700	2.7
<b>Local</b>	0	0	0	0.0
<b>Private</b>	1,871,400	2,024,300	152,900	8.2
<b>Restricted</b>	186,358,700	188,075,700	1,717,000	0.9
<b>GF/GP</b>	28,089,400	25,643,100	(2,446,300)	(8.7)
<b>Gross</b>	<b>\$253,464,000</b>	<b>\$253,901,100</b>	<b>\$437,100</b>	<b>0.2</b>
<b>FTEs</b>	2,094.5	2,076.5	(18.0)	(0.9)

**Payments in Lieu of Taxes on Purchased Lands**

Tax payments for FY 2004-05 would be made from the statutory revenue sharing appropriation; this \$8.3 million grant to local governmental units would be made from the General Fund; beginning in the current year, approximately \$6.3 million would not be spent from restricted funds; this revenue would be available for resource and recreational programs managed by the Department.

**Snowmobile Trail Maintenance**

Recent fee increase on snowmobiles has generated approximately \$1.0 million in new revenue for trail maintenance.

<b>BUDGET AREA: SAFETY AND DEFENSE</b>
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***Military Affairs***

*FY 2004-05 House Bill*

*Analyst: Hannah Lee*

	FY 2003-04 Year-to-Date	FY 2004-05	Difference: Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$300,000	\$603,000	\$303,000	101.0
<b>Federal</b>	40,627,900	45,418,100	4,790,200	11.8
<b>Local</b>	0	0	0	0.0
<b>Private</b>	1,270,700	1,282,300	11,600	0.9
<b>Restricted</b>	24,570,100	25,599,800	1,029,700	4.2
<b>GF/GP</b>	36,328,800	37,563,000	1,234,200	3.4
<b>Gross</b>	<b>\$103,097,500</b>	<b>\$110,466,200</b>	<b>\$7,368,700</b>	<b>7.1</b>
<b>FTEs</b>	1,079.0	1,023.0	(56.0)	(5.2)

***Veterans' Homes***

Includes \$57.9 million to support continued level of service for Grand Rapids Veterans Home and D.J. Jacobetti Veterans Home; adds \$87,000 federal to cover increased drugs and medical supply costs.

***Challenge Program***

Adds \$125,000 GF/GP to help fund two 50-student challenge classes in FY 2004-05.

***Military Training Sites and Armories***

Adds \$3.3 million federal for security contracts, personnel costs, and construction and maintenance costs at the five major military training sites and 49 armories located statewide.

***Homeland Security Program***

Includes \$300,000 federal grant funding for homeland security activities.

***Employee-Related Economic Costs/Savings***

Includes employee-related saving adjustment of \$2.2 million to help fund increased employee-related economic costs of \$5.7 million.

**State Police**

*FY 2004-05 House Bill*

*Analyst: Hannah Lee*

	FY 2003-04 Year-to-Date	FY 2004-05	Difference: Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$17,885,100	\$19,677,200	\$1,792,100	10.0
<b>Federal</b>	103,892,300	106,191,100	2,298,800	2.2
<b>Local</b>	4,506,600	4,681,100	174,500	3.9
<b>Private</b>	10,000	10,700	700	7.0
<b>Restricted</b>	93,063,400	99,905,600	6,842,200	7.4
<b>GF/GP</b>	234,765,229	245,458,500	10,693,271	4.6
<b>Gross</b>	<b>\$454,122,629</b>	<b>\$475,924,200</b>	<b>\$21,801,571</b>	<b>4.8</b>
<b>FTEs</b>	2,990.0	2,951.0	(39.0)	(1.3)

***Emergency Management Performance Grant***

Adds \$1.2 million federal for Emergency Management Performance Grant (EMPG); \$900,000 of which will be used for state police homeland security efforts and \$300,000 will be distributed to local units of government.

***DNA Funding***

Adds \$1.0 million GF/GP to assist with processing backlog of DNA samples.

***At-Post Trooper – Fund Shift***

Adds \$1.5 million restricted (available due to elimination of Drivers Education Program in 2004) to support state troopers for road patrol; this would save an equal amount of GF/GP.

***9-1-1 Reimbursement Revenue***

Adds \$800,000 reimbursement revenue from the Commercial Mobile Radio Service Emergency Telephone Fund to support facility upgrades to the regional dispatch centers; related savings of \$430,000 GF/GP will occur by consolidating four regional dispatch centers into two.

***Michigan Commission on Law Enforcement Standards***

Adds \$129,700 restricted to support Michigan Commission on Law Enforcement Standards (MCOLES) portion of the Secondary Road Patrol as a result of enhancement to the fund created by the Judiciary fee consolidation package; these resources reimburse local law enforcement agencies for costs of mandatory basic police training.

***Employee-Related Economic Costs/Savings***

Includes employee-related saving adjustment of \$8.6 million to help fund increased employee-related economic costs of \$31.1 million.

<b>BUDGET AREA: ALL OTHER</b>
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**Capital Outlay**

FY 2004-05 House Bill

Analyst: Al Valenzio

	FY 2003-04 Year-to-Date	FY 2004-05 Executive	Difference: Exec to FY 2003-04 YTD	
	as of 2/12/04		Amount	%
<b>IDG/IDT</b>	\$2,000,000	\$2,000,000	\$0	0.0
<b>Federal</b>	206,952,000	210,842,000	3,890,000	1.9
<b>Local</b>	42,789,600	42,790,000	400	0.0
<b>Private</b>	0	0	0	0.0
<b>Restricted</b>	58,420,000	46,214,200	(12,205,800)	(20.9)
<b>GF/GP</b>	252,302,500	271,302,100	18,999,600	7.5
<b>Gross</b>	<b>\$562,464,100</b>	<b>\$573,148,300</b>	<b>\$10,684,200</b>	<b>1.9</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0

***State Building Authority (SBA) Rent***

Increases SBA rent payments \$11.1 million gross and \$19 million GF/GP; roughly 99% of the total GF/GP appropriation in this bill is for these payments.

***Military Construction***

Includes authorizations to renovate over 190,000 sq. ft. of space at \$13 million at the Baker-Olin complex to consolidate military administrative and maintenance staffs and \$18.5 million to construct a new company headquarters building at Camp Grayling; federal monies provide all but \$500,000 of this financing.

***Department of Transportation Facilities***

Provides State Trunkline monies to finance a new Houghton maintenance garage (\$2.2 million) and complete the Atlanta maintenance garage expansion (\$1.8 million).

**History, Arts, and Libraries**

FY 2004-05 House Bill

Analyst: Steve Stauff

	FY 2003-04 Year-to-Date	FY 2004-05 Executive	Difference: Exec to FY 2003-04 YTD	
	as of 2/12/04		Amount	%
<b>IDG/IDT</b>	\$137,500	\$139,000	\$1,500	1.1
<b>Federal</b>	9,322,600	8,151,300	(1,171,300)	(12.6)
<b>Local</b>	0	0	0	0.0
<b>Private</b>	577,400	577,400	0	0.0
<b>Restricted</b>	2,308,800	2,412,400	103,600	4.5
<b>GF/GP</b>	44,201,700	47,463,100	3,261,400	7.4
<b>Gross</b>	<b>\$56,548,000</b>	<b>\$58,743,200</b>	<b>\$2,195,200</b>	<b>3.9</b>
<b>FTEs</b>	254.5	238.0	(16.5)	(6.5)

**Digitization Pilot Project - NEW**

Preservation and Access for Michigan Project, a new activity, will provide \$1.5 million GF/GP to digitize unique materials currently in possession of libraries in the state; the digitized images will then be made available via the Michigan Electronic Library (MEL) which is maintained by the State Library of Michigan; boilerplate in Sec. 604 of the Executive Recommendation provides guidance for the use of these funds.

**Detroit Public and Grand Rapids Public Libraries**

Includes \$1.0 million GF/GP and \$125,000 GF/GP to the Detroit Public Library and the Grand Rapids Public Library, respectively; FY 2003-04 funding to these libraries is \$1.0 million and \$125,000 federal, but these funds are not available in the FY 2004-05 budget period.

**Elimination of Reed Act Funding**

Reduction of \$1,211,300 federal Reed Act funding which had supported grants to Detroit Public Library, Grand Rapids Public Library, and other public libraries to provide on-line resources to unemployed Michigan residents seeking unemployment information, job development tools and skills building materials; these funds are not available in FY 2004-05.

**Economic Adjustments**

Economic adjustments of \$763,900 gross, \$660,900 GF/GP reflect changes in building occupancy projections, salary and wage base adjustments and employee wage concessions.

**Judiciary**

*FY 2004-05 House Bill*

*Analyst: Marilyn Peterson*

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date		Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$4,633,500	\$4,633,500	\$0	0.0
<b>Federal</b>	4,106,500	3,815,600	(290,900)	(7.1)
<b>Local</b>	3,148,700	3,298,100	149,400	4.7
<b>Private</b>	842,500	842,500	0	0.0
<b>Restricted</b>	80,120,300	82,333,600	2,213,300	2.8
<b>GF/GP</b>	160,216,400	158,093,300	(2,123,100)	(1.3)
<b>Gross</b>	<b>\$253,067,900</b>	<b>\$253,016,600</b>	<b>(\$51,300)</b>	<b>0.0</b>
<b>FTEs</b>	582.5	582.5	0.0	0.0

**Court Fees and Assessments**

Replaces \$2.2 million GF/GP with additional state restricted revenue anticipated under court funding revisions that took effect October 1, 2003.

**Judgeships**

Recognizes changes in judgeships under 2001-02 session enactments; net effect of \$101,700 reduction.

**Judicial Technology Improvement**

Reduces Court Equity Fund reimbursements for local trial court operations by \$1.0 million, but uses boilerplate to earmark \$1.0 million of Judicial Technology Improvement Fund (funded at current-year level) for local courts.

### **Other Programs**

Maintains FY 2003-04 funding levels for drug courts, indigent legal assistance, Michigan Judicial Institute.

### **Transportation**

*FY 2004-05 House Bill*

*Analyst: William E. Hamilton*

	FY 2003-04	FY 2004-05	Difference:	
	Year-to-Date		Exec to FY 2003-04 YTD	
	as of 2/12/04	Executive	Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	0.0
<b>Federal</b>	941,755,100	1,132,701,200	190,946,100	20.3
<b>Local</b>	5,800,000	5,800,000	0	0.0
<b>Private</b>	0	0	0	0.0
<b>Restricted</b>	2,160,263,600	2,153,986,400	(6,277,200)	(0.3)
<b>GF/GP</b>	0	0	0	0.0
<b>Gross</b>	<b>\$3,107,818,700</b>	<b>\$3,292,487,600</b>	<b>\$184,668,900</b>	<b>5.9</b>
<b>FTEs</b>	3,056.3	3,050.3	(6.0)	(0.2)

### **MTF Revenue**

Assumes a reduction in MTF revenue of \$59.6 million from current- year revenue estimates; projected decrease is primarily due to the loss of one-time trailer registration fee revenue anticipated in the current year as a result of 2003 PA 152 (SB 554) amendments to the Michigan Vehicle Code. Approximately two-thirds of the state transportation budget—over \$2.0 billion—comes from Constitutionally- restricted revenue sources, primarily motor fuel taxes and vehicle registration fees, which are credited to the Michigan Transportation Fund (MTF) for subsequent distribution to other state transportation funds and programs, and to local road agencies.

### **Federal Revenue**

Assumes an increase in federal funding for Michigan; approximately one-third of this budget—over \$1.1 billion—comes from federal revenue sources. At this time Congress has not yet passed a long-term reauthorization of the federal aid transportation program—the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21), which was originally set to expire on September 30, 2003, and has been extended on a short-term basis. The amount of federal funds available for Michigan transportation programs will depend on the provisions of the enacted reauthorization bill.

### **Local Critical Bridge Program**

Increases funding for the local Critical Bridge Program to \$31.3 million (\$5.75 million current year); increase would come from a proposed redirection of one-half of the one-cent of the 19-cent per gallon gasoline excise tax currently earmarked for state trunkline bridges; this proposed redirection would be made through an amendment to 1951 PA 51.

### **Local Bus Operating Assistance**

Maintains state operating support for local transit programs at the current-year level of \$161.7 million.





**TABLE 1**  
**FY 2004-05 EXECUTIVE RECOMMENDATION BY SOURCE OF FUNDS**

Department/Major Budget Area	Gross	IDGs and IDTs	Adjusted Gross	Federal Funds	Local Revenue	Private Revenue	State Restricted	General Fund/ General Purpose
Community Colleges	285,747,000	0	285,747,000	0	0	0	0	285,747,000
Education	115,553,400	1,072,100	114,481,300	60,654,600	5,198,800	701,400	19,472,200	28,454,300
Higher Education	1,631,964,400	0	1,631,964,400	4,500,000	0	0	90,750,000	1,536,714,400
School Aid	12,479,910,200	0	12,479,910,200	1,314,388,000	0	0	11,033,722,200	131,800,000
<b>EDUCATION</b>	<b>\$14,513,175,000</b>	<b>\$1,072,100</b>	<b>\$14,512,102,900</b>	<b>\$1,379,542,600</b>	<b>\$5,198,800</b>	<b>\$701,400</b>	<b>\$11,143,944,400</b>	<b>\$1,982,715,700</b>
Attorney General	62,315,100	11,244,300	51,070,800	9,292,400	0	0	11,070,000	30,708,400
Civil Rights	12,791,200	0	12,791,200	934,000	0	0	0	11,857,200
Civil Service	35,262,900	2,300,000	32,962,900	4,779,100	1,700,000	150,000	18,545,500	7,788,300
Executive Office	4,859,500	0	4,859,500	0	0	0	0	4,859,500
Information Technology	366,235,800	366,235,800	0	0	0	0	0	0
Legislature	118,630,800	1,801,500	116,829,300	0	0	400,000	2,356,500	114,072,800
Management and Budget	157,337,500	86,575,200	70,762,300	444,600	0	0	33,206,100	37,111,600
State	188,266,000	20,000,000	168,266,000	1,391,000	0	100	151,553,500	15,321,400
Treasury: Operations	369,476,900	13,172,800	356,304,100	34,681,800	964,300	0	262,095,700	58,562,300
Treasury: Debt/Revenue Sharing	1,216,850,400	0	1,216,850,400	0	0	0	1,146,287,300	70,563,100
<b>GENERAL GOVERNMENT</b>	<b>\$2,532,026,100</b>	<b>\$501,329,600</b>	<b>\$2,030,696,500</b>	<b>\$51,522,900</b>	<b>\$2,664,300</b>	<b>\$550,100</b>	<b>\$1,625,114,600</b>	<b>\$350,844,600</b>
Community Health	9,802,931,200	70,543,400	9,732,387,800	4,987,951,800	840,015,900	54,976,400	1,373,364,900	2,476,078,800
Corrections	1,824,618,900	3,364,200	1,821,254,700	9,808,000	393,600	0	68,090,600	1,742,962,500
Family Independence Agency	4,336,399,400	1,084,400	4,335,315,000	3,041,368,900	75,535,700	9,757,600	70,321,400	1,138,331,400
<b>HUMAN SERVICES</b>	<b>\$15,963,949,500</b>	<b>\$74,992,000</b>	<b>\$15,888,957,500</b>	<b>\$8,039,128,700</b>	<b>\$915,945,200</b>	<b>\$64,734,000</b>	<b>\$1,511,776,900</b>	<b>\$5,357,372,700</b>
Consumer and Industry Services	0	0	0	0	0	0	0	0
Career Development	0	0	0	0	0	0	0	0
Michigan Strategic Fund Agency	0	0	0	0	0	0	0	0
Labor and Economic Growth	1,219,276,600	515,200	1,218,761,400	792,629,400	15,320,900	4,140,100	297,760,900	108,910,100
<b>LABOR AND ECONOMIC GROWTH</b>	<b>\$1,219,276,600</b>	<b>\$515,200</b>	<b>\$1,218,761,400</b>	<b>\$792,629,400</b>	<b>\$15,320,900</b>	<b>\$4,140,100</b>	<b>\$297,760,900</b>	<b>\$108,910,100</b>
Agriculture	116,641,500	10,831,700	105,809,800	33,406,200	0	138,700	40,755,500	31,509,400
Environmental Quality	340,608,000	14,263,000	326,345,000	133,766,800	0	445,900	153,980,000	38,152,300
Natural Resources	253,901,100	3,528,700	250,372,400	34,629,300	0	2,024,300	188,075,700	25,643,100
<b>RESOURCE PROTECTION</b>	<b>\$711,150,600</b>	<b>\$28,623,400</b>	<b>\$682,527,200</b>	<b>\$201,802,300</b>	<b>\$0</b>	<b>\$2,608,900</b>	<b>\$382,811,200</b>	<b>\$95,304,800</b>
Military and Veterans Affairs	110,466,200	603,000	109,863,200	45,418,100	0	1,282,300	25,599,800	37,563,000
State Police	475,924,200	19,677,200	456,247,000	106,191,100	4,681,100	10,700	99,905,600	245,458,500
<b>SAFETY AND DEFENSE</b>	<b>\$586,390,400</b>	<b>\$20,280,200</b>	<b>\$566,110,200</b>	<b>\$151,609,200</b>	<b>\$4,681,100</b>	<b>\$1,293,000</b>	<b>\$125,505,400</b>	<b>\$283,021,500</b>
Capital Outlay	573,148,300	2,000,000	571,148,300	210,842,000	42,790,000	0	46,214,200	271,302,100
History, Arts, and Libraries	58,743,200	139,000	58,604,200	8,151,300	0	577,400	2,412,400	47,463,100
Judiciary	253,016,600	4,633,500	248,383,100	3,815,600	3,298,100	842,500	82,333,600	158,093,300
Transportation	3,292,487,600	0	3,292,487,600	1,132,701,200	5,800,000	0	2,153,986,400	0
<b>ALL OTHERS</b>	<b>\$4,177,395,700</b>	<b>\$6,772,500</b>	<b>\$4,170,623,200</b>	<b>\$1,355,510,100</b>	<b>\$51,888,100</b>	<b>\$1,419,900</b>	<b>\$2,284,946,600</b>	<b>\$476,858,500</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$39,703,363,900</b>	<b>\$633,585,000</b>	<b>\$39,069,778,900</b>	<b>\$11,971,745,200</b>	<b>\$995,698,400</b>	<b>\$75,447,400</b>	<b>\$17,371,860,000</b>	<b>\$8,655,027,900</b>

TABLE 2

## FY 2004-05 APPROPRIATIONS

FY 2004-05 Executive Recommendation Compared with FY 2003-04 Year-to-Date

## ADJUSTED GROSS

DEPARTMENT/ MAJOR BUDGET AREA	FY 2003-04 YEAR-TO-DATE	FY 2004-05	FY 2004-05 vs 2003-04	
		EXECUTIVE RECOMMEND	AMOUNT DIFFERENT	PERCENT DIFFERENT
Community Colleges	276,578,600	285,747,000	9,168,400	3.3%
Education	107,281,200	114,481,300	7,200,100	6.7%
Higher Education	1,653,663,200	1,631,964,400	(21,698,800)	-1.3%
School Aid	12,556,069,000	12,479,910,200	(76,158,800)	-0.6%
<b>EDUCATION</b>	<b>\$14,593,592,000</b>	<b>\$14,512,102,900</b>	<b>(\$81,489,100)</b>	<b>-0.6%</b>
Attorney General	49,929,800	51,070,800	1,141,000	2.3%
Civil Rights	12,654,158	12,791,200	137,042	1.1%
Civil Service	29,333,837	32,962,900	3,629,063	12.4%
Executive Office	4,859,500	4,859,500	0	0.0%
Information Technology	0	0	0	0.0%
Legislature	116,967,900	116,829,300	(138,600)	-0.1%
Management and Budget	67,771,000	70,762,300	2,991,300	4.4%
State	161,088,251	168,266,000	7,177,749	4.5%
Treasury: Operations	369,022,586	356,304,100	(12,718,486)	-3.4%
Treasury: Debt/RevenueShare	1,393,652,900	1,216,850,400	(176,802,500)	-12.7%
<b>GENERAL GOVERNMENT</b>	<b>\$2,205,279,932</b>	<b>\$2,030,696,500</b>	<b>(\$174,583,432)</b>	<b>-7.9%</b>
Community Health	9,642,091,300	9,732,387,800	90,296,500	0.9%
Corrections	1,702,518,881	1,821,254,700	118,735,819	7.0%
Family Independence Agency	3,952,345,500	4,335,315,000	382,969,500	9.7%
<b>HUMAN SERVICES</b>	<b>\$15,296,955,681</b>	<b>\$15,888,957,500</b>	<b>\$592,001,819</b>	<b>3.9%</b>
Consumer and Industry Services	604,530,718	0	(604,530,718)	
Career Development	461,595,374	0	(461,595,374)	
Michigan Strategic Fund Agency	102,236,509	0	(102,236,509)	
Labor and Economic Growth		1,218,761,400	1,218,761,400	
<b>LABOR AND ECONOMIC GROWTH</b>	<b>\$1,168,362,601</b>	<b>\$1,218,761,400</b>	<b>\$50,398,799</b>	<b>4.3%</b>
Agriculture	85,720,400	105,809,800	20,089,400	23.4%
Environmental Quality	357,264,475	326,345,000	(30,919,475)	-8.7%
Natural Resources	250,026,100	250,372,400	346,300	0.1%
<b>RESOURCE PROTECTION</b>	<b>\$693,010,975</b>	<b>\$682,527,200</b>	<b>(\$10,483,775)</b>	<b>-1.5%</b>
Military and Veterans Affairs	102,797,500	109,863,200	7,065,700	6.9%
State Police	436,237,529	456,247,000	20,009,471	4.6%
<b>SAFETY AND DEFENSE</b>	<b>\$539,035,029</b>	<b>\$566,110,200</b>	<b>\$27,075,171</b>	<b>5.0%</b>
Capital Outlay	560,464,100	571,148,300	10,684,200	1.9%
History, Arts, and Libraries	56,410,500	58,604,200	2,193,700	3.9%
Judiciary	248,434,400	248,383,100	(51,300)	-0.0%
Transportation	3,107,818,700	3,292,487,600	184,668,900	5.9%
<b>ALL OTHERS</b>	<b>\$3,973,127,700</b>	<b>\$4,170,623,200</b>	<b>\$197,495,500</b>	<b>5.0%</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$38,469,363,918</b>	<b>\$39,069,778,900</b>	<b>\$600,414,982</b>	<b>1.6%</b>

TABLE 3

## FY 2004-05 APPROPRIATIONS

FY 2004-05 Executive Recommendation Compared with FY 2003-04 Year-to-Date

## GENERAL FUND / GENERAL PURPOSE

DEPARTMENT/ MAJOR BUDGET AREA	FY 2003-04 YEAR-TO-DATE	FY 2004-05 EXECUTIVE RECOMMEND	FY 2004-05 vs 2003-04	
			AMOUNT DIFFERENT	PERCENT DIFFERENT
Community Colleges	276,578,600	285,747,000	9,168,400	3.3%
Education	29,059,700	28,454,300	(605,400)	-2.1%
Higher Education	1,559,432,500	1,536,714,400	(22,718,100)	-1.5%
School Aid	327,700,000	131,800,000	(195,900,000)	-59.8%
<b>EDUCATION</b>	<b>\$2,192,770,800</b>	<b>\$1,982,715,700</b>	<b>(\$210,055,100)</b>	<b>-9.6%</b>
Attorney General	30,259,900	30,708,400	448,500	1.5%
Civil Rights	11,720,158	11,857,200	137,042	1.2%
Civil Service	7,832,537	7,788,300	(44,237)	-0.6%
Executive Office	4,859,500	4,859,500	0	0.0%
Information Technology	0	0	0	0.0%
Legislature	114,072,800	114,072,800	0	0.0%
Management and Budget	35,828,900	37,111,600	1,282,700	3.6%
State	16,698,451	15,321,400	(1,377,051)	-8.2%
Treasury: Operations	60,263,986	58,562,300	(1,701,686)	-2.8%
Treasury: Debt/Revenue	56,950,700	70,563,100	13,612,400	23.9%
<b>GENERAL GOVERNMENT</b>	<b>\$338,486,932</b>	<b>\$350,844,600</b>	<b>\$12,357,668</b>	<b>3.7%</b>
Community Health	2,652,980,300	2,476,078,800	(176,901,500)	-6.7%
Corrections	1,609,272,281	1,742,962,500	133,690,219	8.3%
Family Independence Agency	1,100,979,000	1,138,331,400	37,352,400	3.4%
<b>HUMAN SERVICES</b>	<b>\$5,363,231,581</b>	<b>\$5,357,372,700</b>	<b>(\$5,858,881)</b>	<b>-0.1%</b>
Consumer and Industry Services	15,965,418	0	(15,965,418)	
Career Development	24,334,974	0	(24,334,974)	
Michigan Strategic Fund Agency	38,380,109	0	(38,380,109)	
Labor and Economic Growth		108,910,100	108,910,100	
<b>LABOR AND ECONOMIC GROWTH</b>	<b>\$78,680,501</b>	<b>\$108,910,100</b>	<b>\$30,229,599</b>	<b>38.4%</b>
Agriculture	30,259,200	31,509,400	1,250,200	4.1%
Environmental Quality	53,580,775	38,152,300	(15,428,475)	-28.8%
Natural Resources	28,089,400	25,643,100	(2,446,300)	-8.7%
<b>RESOURCE PROTECTION</b>	<b>\$111,929,375</b>	<b>\$95,304,800</b>	<b>(\$16,624,575)</b>	<b>-14.9%</b>
Military and Veterans Affairs	36,328,800	37,563,000	1,234,200	3.4%
State Police	234,765,229	245,458,500	10,693,271	4.6%
<b>SAFETY AND DEFENSE</b>	<b>\$271,094,029</b>	<b>\$283,021,500</b>	<b>\$11,927,471</b>	<b>4.4%</b>
Capital Outlay	252,302,500	271,302,100	18,999,600	7.5%
History, Arts, and Libraries	44,201,700	47,463,100	3,261,400	7.4%
Judiciary	160,216,400	158,093,300	(2,123,100)	-1.3%
Transportation	0	0	0	0.0%
<b>ALL OTHERS</b>	<b>\$456,720,600</b>	<b>\$476,858,500</b>	<b>\$20,137,900</b>	<b>4.4%</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$8,812,913,818</b>	<b>\$8,655,027,900</b>	<b>(\$157,885,918)</b>	<b>-1.8%</b>

TABLE 4

## FULL-TIME EQUATED POSITIONS\*

FY 2004-05 Executive Recommendation Compared with FY 2003-04 Year-to-Date

DEPARTMENT/ MAJOR BUDGET AREA	YEAR-TO-DATE FY 2003-04	FY 2004-05 EXECUTIVE RECOMMEND	FY 2004-05 vs. FY 2003-04	
			AMOUNT DIFFERENT	PERCENT DIFFERENT
Community Colleges	0.0	0.0	0.0	0.0%
Education	433.1	400.0	(33.1)	-7.6%
Higher Education	1.0	1.0	0.0	0.0%
School Aid	0.0	0.0	0.0	0.0%
<b>EDUCATION</b>	<b>434.1</b>	<b>401.0</b>	<b>(33.1)</b>	<b>-7.6%</b>
Attorney General	568.0	562.0	(6.0)	-1.1%
Civil Rights	142.0	141.0	(1.0)	-0.7%
Civil Service	211.5	240.5	29.0	13.7%
Executive Office	84.2	84.2	0.0	0.0%
Information Technology	1,755.4	1,762.4	7.0	0.4%
Legislature	0.0	0.0	0.0	0.0%
Management and Budget	722.0	729.0	7.0	1.0%
State	1,856.8	1,859.8	3.0	0.2%
Treasury: Operations	1,624.0	1,603.0	(21.0)	-1.3%
Treasury: Debt/Revenue Sharing	0.0	0.0	0.0	0.0%
<b>GENERAL GOVERNMENT</b>	<b>6,963.9</b>	<b>6,981.9</b>	<b>18.0</b>	<b>0.3%</b>
Community Health	4,388.3	4,680.0	291.7	6.6%
Corrections	18,312.7	17,804.6	(508.1)	-2.8%
Family Independence Agency	10,774.6	10,590.1	(184.5)	-1.7%
<b>HUMAN SERVICES</b>	<b>33,475.6</b>	<b>33,074.7</b>	<b>(400.9)</b>	<b>-1.2%</b>
Consumer and Industry Services	3,533.5	0.0	(3,533.5)	
Career Development	989.5	0.0	(989.5)	
Michigan Strategic Fund	200.0	0.0	(200.0)	
Labor and Economic Growth		4,302.0	4,302.0	
<b>LABOR AND ECONOMIC GROWTH</b>	<b>4,723.0</b>	<b>4,302.0</b>	<b>(421.0)</b>	<b>-8.9%</b>
Agriculture	569.0	715.0	146.0	25.7%
Environmental Quality	1,611.7	1,578.2	(33.5)	-2.1%
Natural Resources	2,094.5	2,076.5	(18.0)	-0.9%
<b>RESOURCE PROTECTION</b>	<b>4,275.2</b>	<b>4,369.7</b>	<b>94.5</b>	<b>2.2%</b>
Military and Veterans Affairs	1,079.0	1,023.0	(56.0)	-5.2%
State Police	2,990.0	2,951.0	(39.0)	-1.3%
<b>SAFETY AND DEFENSE</b>	<b>4,069.0</b>	<b>3,974.0</b>	<b>(95.0)</b>	<b>-2.3%</b>
Capital Outlay	0.0	0.0	0.0	0.0%
History, Arts, and Libraries	254.5	238.0	(16.5)	-6.5%
Judiciary	582.5	582.5	0.0	0.0%
Transportation	3,056.3	3,050.3	(6.0)	-0.2%
<b>ALL OTHERS</b>	<b>3,893.3</b>	<b>3,870.8</b>	<b>(22.5)</b>	<b>-0.6%</b>
<b>TOTAL FULL-TIME EQUATED POSITIONS</b>	<b>57,834.1</b>	<b>56,974.1</b>	<b>(860.0)</b>	<b>-1.5%</b>

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

Table 5

**STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS**  
**FY 2004-05 Executive Recommendation**

<b>DEPARTMENT/ MAJOR BUDGET AREA</b>	<b>Spending from State Sources</b>	<b>State Spending to Local Government Units</b>	<b>% of State Spending from State Sources as Payment to Locals</b>
Community Colleges	285,747,000	285,747,000	100.0%
Education	47,926,500	11,015,100	23.0%
Higher Education	1,627,464,400	3,759,100	0.2%
School Aid	11,165,522,200	11,107,634,200	99.5%
<b>EDUCATION</b>	<b>\$13,126,660,100</b>	<b>\$11,408,155,400</b>	<b>86.9%</b>
Attorney General	41,778,400	0	
Civil Rights	11,857,200	0	
Civil Service	26,333,800	0	
Executive Office	4,859,500	0	
Information Technology	0	0	
Legislature	116,429,300	0	
Management and Budget	70,317,700	0	
State	166,874,900	172,700	0.1%
Treasury: Operations	320,658,000	118,314,300	36.9%
Treasury: Debt/Revenue Sharing	1,216,850,400	1,135,400,000	93.3%
<b>GENERAL GOVERNMENT</b>	<b>\$1,975,959,200</b>	<b>\$1,253,887,000</b>	<b>63.5%</b>
Community Health	3,849,443,700	1,060,142,600	27.5%
Corrections	1,811,053,100	88,507,700	4.9%
Family Independence Agency	1,208,652,800	196,871,300	16.3%
<b>HUMAN SERVICES</b>	<b>\$6,869,149,600</b>	<b>\$1,345,521,600</b>	<b>19.6%</b>
Consumer & Industry Services	0	0	
Career Development	0	0	
Michigan Startegic Fund Agency	0	0	
Labor and Economic Growth	406,671,000	33,822,700	
<b>LABOR AND ECONOMIC GROWTH</b>	<b>\$406,671,000</b>	<b>\$33,822,700</b>	<b>8.3%</b>
Agriculture	72,264,900	3,380,000	4.7%
Environmental Quality	192,132,300	18,445,500	9.6%
Natural Resources	213,718,800	13,210,200	6.2%
<b>RESOURCE PROTECTION</b>	<b>\$478,116,000</b>	<b>\$35,035,700</b>	<b>7.3%</b>
Military and Veterans Affairs	63,162,800	120,000	0.2%
State Police	345,364,100	20,107,800	5.8%
<b>SAFETY AND DEFENSE</b>	<b>\$408,526,900</b>	<b>\$20,227,800</b>	<b>5.0%</b>
Capital Outlay	317,516,300	21,756,200	6.9%
History, Arts, and Libraries	49,875,500	18,655,400	37.4%
Judiciary	240,426,900	123,214,300	51.2%
Transportation	2,153,986,400	1,266,053,300	58.8%
<b>ALL OTHER</b>	<b>\$2,761,805,100</b>	<b>\$1,429,679,200</b>	<b>51.8%</b>
<b>TOTALS</b>	<b>\$26,026,887,900</b>	<b>\$15,526,329,400</b>	<b>59.7%</b>



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