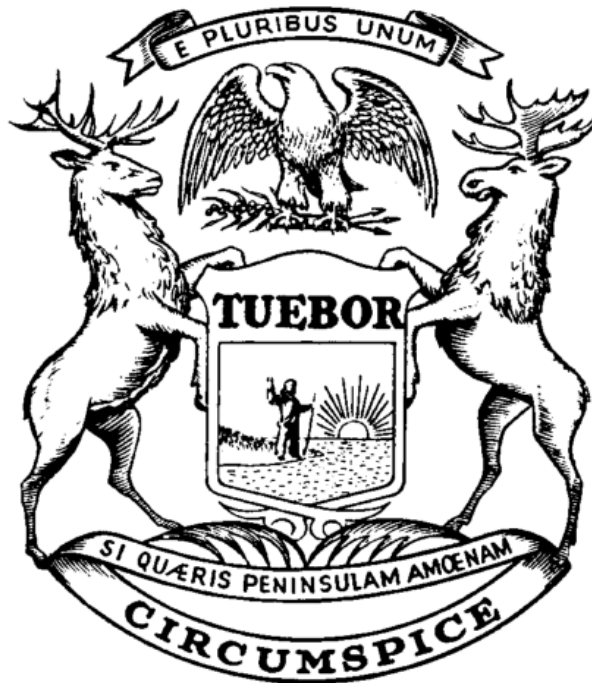


**STATE OF MICHIGAN
FISCAL YEAR 2014-15**

Appropriations Summary and Analysis



**HOUSE
FISCAL
AGENCY**

Mary Ann Cleary, Director

JULY 2014

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HOUSE FISCAL AGENCY

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July 2014

TO: Members of the Michigan House of Representatives

FROM: Mary Ann Cleary, Director

This ***FY 2014-15 Appropriations Summary and Analysis*** summarizes the enacted FY 2014-15 state budget. A *Glossary*, following the table of contents, explains terms used throughout this report to describe Michigan's budget. The *Director's Overview* provides information on resources used in the enacted FY 2014-15 budget; summary tables of appropriated funds and fund sources are also included. *Budget Detail* pages note major budget and boilerplate changes for each department/agency. The last section of the report provides an overview of consensus revenue estimates.

When analyzing the budget, it is important to note the following:

Adjusted Gross is the amount to use when measuring the total amount of funding included in the state budget (including spending from federal sources).

State Spending From State Sources is the amount to use when measuring the amount of state resources collected from taxpayers to finance state spending.

General Fund/General Purpose (GF/GP) is the amount to use when measuring unrestricted state resources available for legislative allocation to various state programs.

Information in the *Budget Detail* section was provided by HFA Analysts; report production was coordinated by Kathryn Bateson, Administrative Assistant. 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 further information.

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GLOSSARY

Frequently Used State Budget Terms

STATE BUDGET TERMS

Gross Appropriations (Gross): The total of all applicable appropriations (statutory spending authorizations) in a budget bill.

Adjusted Gross Appropriations (Adjusted Gross): The net amount of all gross appropriations after subtracting interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

Lapses: Appropriation amounts that are unspent/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: A statutorily-authorized account which allows a spending authorization to be carried over from one fiscal year to a succeeding fiscal year or years—i.e., allows funds to be spent over a period of years.

APPROPRIATION BILL TERMS

Line Item: Specific funding amount in an appropriation bill which establishes spending authorization for a particular program or function (may be for a single purpose or for multiple purposes).

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

REVENUE SOURCES

General Fund/General Purpose (GF/GP): Unrestricted General Fund revenue available to fund any activity accounted for in the General Fund; unused GF/GP revenue lapses to the General Fund at the end of a fiscal year.

State Restricted (Restricted): State revenue restricted by state law or outside restriction that is available only for specified purposes; at year-end, unused restricted revenue remains in the restricted fund.

Federal Revenue: Federal grant or matchable revenue dedicated to specific programs.

Local Revenue: Revenue from local units of government.

Private Revenue: Revenue from nongovernment entities: rents, royalties or interest payments; payments from hospitals or individuals; and gifts and bequests.

Interdepartmental Grant (IDG): Funds received by one state department from another state department (usually for a service provided by the receiving department).

Intradepartmental Transfer (IDT): Transfers of funds being provided from one appropriation unit to another in the same department.

MAJOR STATE FUNDS

Budget Stabilization Fund (BSF): The Countercyclical Economic and Budget Stabilization Fund; also known as the “rainy day” fund.

School Aid Fund (SAF): A restricted fund; the primary funding source for K-12 schools and Intermediate School Districts.

General Fund: The General Fund (funded from taxes and other general revenue) is used to account for the ordinary operations of a governmental unit that are not accounted for in another fund.

FY 2014-15 Budget Detail

DIRECTOR'S OVERVIEW

**Overview
Resources Used in Enacted Budget
Summary Tables**

OVERVIEW

FY 2014-15 DIRECTOR'S OVERVIEW Summary and Analysis

The enacted state budget for Fiscal Year (FY) 2014-15, year-to-date (YTD) at July 1, 2014, includes \$52.3 billion in adjusted gross appropriations, funded from the following sources:

- \$21.7 billion from federal funds.
- \$0.5 billion from local and private sources.
- \$20.0 billion from state restricted funds.
- \$10.1 billion from General Fund/General Purpose (GF/GP) revenue.

Compared to FY 2013-14 YTD appropriations (at July 1, 2014), the enacted budget provides an adjusted gross increase of 4.2% and a GF/GP increase of 6.9%. The current FY 2014-15 GF/GP appropriation total reflects an increase of \$647.4 million. A portion of the GF/GP increase is attributed to the State reinstating the Medicaid managed care use tax to cover the shortfall in Health Insurance Claims Assessment (HICA) collections.

The School Aid appropriations reflect an increase of \$548.0 million or 4.1%.

In addition to appropriated funds, there is a one-time deposit of \$94.0 million into the Budget Stabilization Fund (BSF).

The budget incorporates the May 2014 Consensus Revenue Estimating Conference revenue estimates and accounts for projected revenue losses and costs associated with the August 2014 Personal Property Tax (PPT) ballot proposal.

The enacted budget does not include any fee increases—only the extension of sunsets on existing fees. See page 13.

Appropriation comparison tables for individual budget areas in the *Budget Detail* section of this report generally reflect FY 2013-14 year-to-date amounts as of February 5, 2014 (rather than July 1, 2014) to reflect FY 2013-14 budget amounts appropriated when the FY 2014-15 Executive Budget was originally released.

The figures shown in the *Budget Detail* tables include both standard line item appropriation totals and funds appropriated for purposes designated as one-time only.

RESOURCES USED IN FY 2014-15 YEAR-TO-DATE BUDGET

Resources used to fund General Fund/General Purpose, School Aid Fund, and Merit Award Trust Fund expenditures in the FY 2014-15 YTD budget are reported below.

FY 2014-15 GENERAL FUND/GENERAL PURPOSE RESOURCES (Millions of Dollars)

Beginning fund balance	\$438.2
Revenue estimate	9,826.0
Use tax of Medicaid MCOs	386.7
Adjustments:	
Revenue sharing	(468.0)
Other adjustments	1.0
Total Resources	\$10,183.9

Beginning Fund Balance: Carryforward from prior fiscal year.

Revenue Estimate: Revenue estimate agreed to at the May 2014 Consensus Revenue Estimating Conference.

Use Tax on Medicaid MCOs: Six percent use tax levied on Medicaid Managed Care Organizations (MCOs) and Prepaid Inpatient Health Plans (PIHPs) under 2014 PA 161, effective beginning April 1, 2014.

Revenue Sharing: Appropriations for local revenue sharing (to cities, villages, and townships, and to counties), which reduce available GF/GP resources.

Other Adjustments: Miscellaneous revenue adjustments.

FY 2014-15 SCHOOL AID FUND (Millions of Dollars)

Beginning balance	\$294.8
Revenue estimate	11,853.3
Use tax of Medicaid MCOs	193.4
Adjustments:	
Personal property tax reform	(10.0)
GF/GP transfer	114.9
MPSER reform reserve fund	18.0
Federal revenue	1,808.2
Total Resources	\$14,272.6

Beginning Balance: Carryforward from prior fiscal year.

Revenue Estimate: Revenue estimate agreed to at the May 2014 Consensus Revenue Estimating Conference.

Use Tax on Medicaid MCOs: Six percent use tax levied on Medicaid Managed Care Organizations (MCOs) and Prepaid Inpatient Health Plans (PIHPs) under 2014 PA 161, effective beginning April 1, 2014.

Personal Property Tax Reform: Projected revenue loss to Personal Property Tax changes as part of August 2014 ballot proposal. Offsetting positive adjustment of \$10.0 million included in GF/GP Transfer amount.

GF/GP Transfer: Annual transfer; amount varies from year to year.

OVERVIEW

MPSER Reform Reserve Fund: The MPSERS retirement obligation reform reserve fund is a separate account created within the School Aid Fund for deposit of funds to pay for a portion of MPSERS unfunded accrued liability costs.

Federal Revenue: Includes grants for the (federal) No Child Left Behind Act, special education, school lunch, and other smaller grant programs.

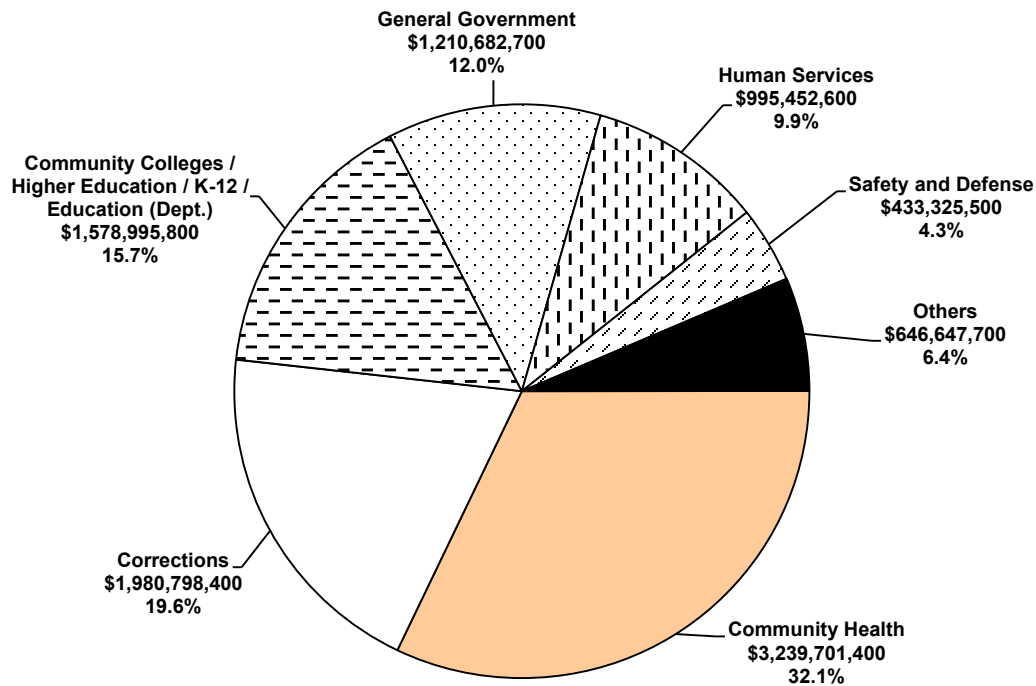
**FY 2014-15 ESTIMATES
TOBACCO SETTLEMENT REVENUE/EXPENDITURES
(Millions of Dollars)**

Merit Award Trust Fund Revenue

FY 2014-15 Beginning Balance	\$75.6
Tobacco settlement revenue	286.3
Settlement credit / adjustments	(30.2)
Payments on securitization bonds	(61.7)
Deposit to 21st Century Jobs Fund	(75.0)
Deposit to BSF for distressed communities repayment	(17.5)
Resources Subtotal	\$177.5
Attorney General: Administration	(\$0.5)
Community Health: Medicaid base funding	(64.3)
Community Health: Aging - respite care	(4.1)
Human Services: Family Independence Program	(30.1)
State Police: Tobacco tax enforcement	(0.8)
Treasury: Tuition Incentive Program administration	(1.1)
Expense Subtotal	(\$100.9)
FY 2014-15 Ending Balance	\$76.6

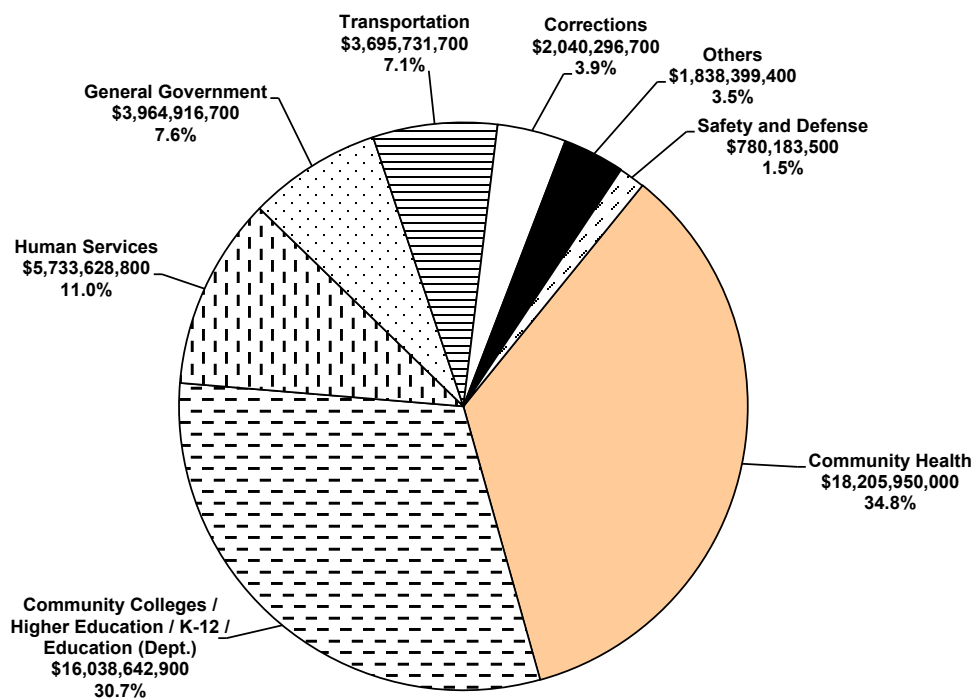
FY 2014-15 Enacted General Fund/General Purpose (GF/GP) Appropriations

Total: \$10,085,604,100



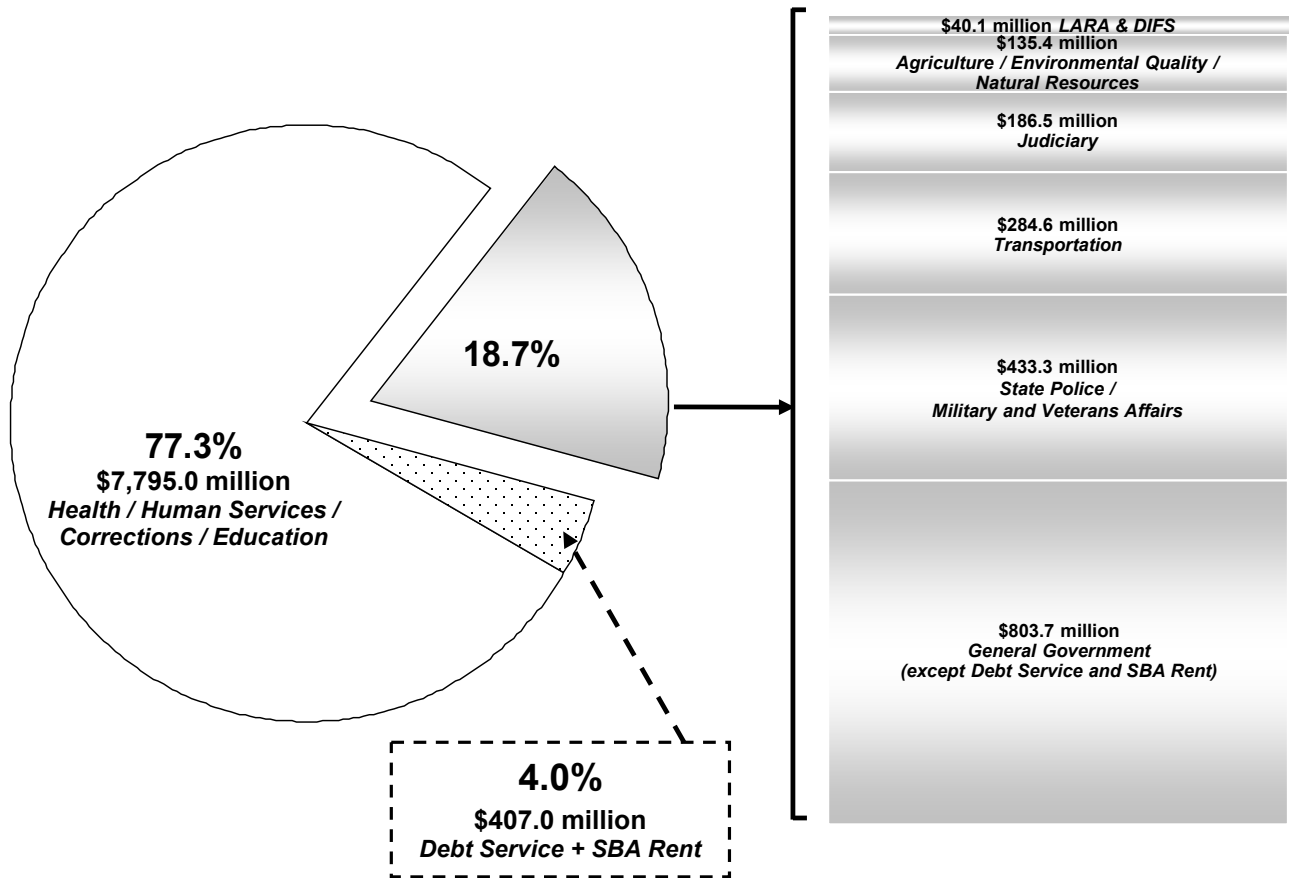
FY 2014-15 Enacted Adjusted Gross Appropriations

Total: \$52,297,749,700

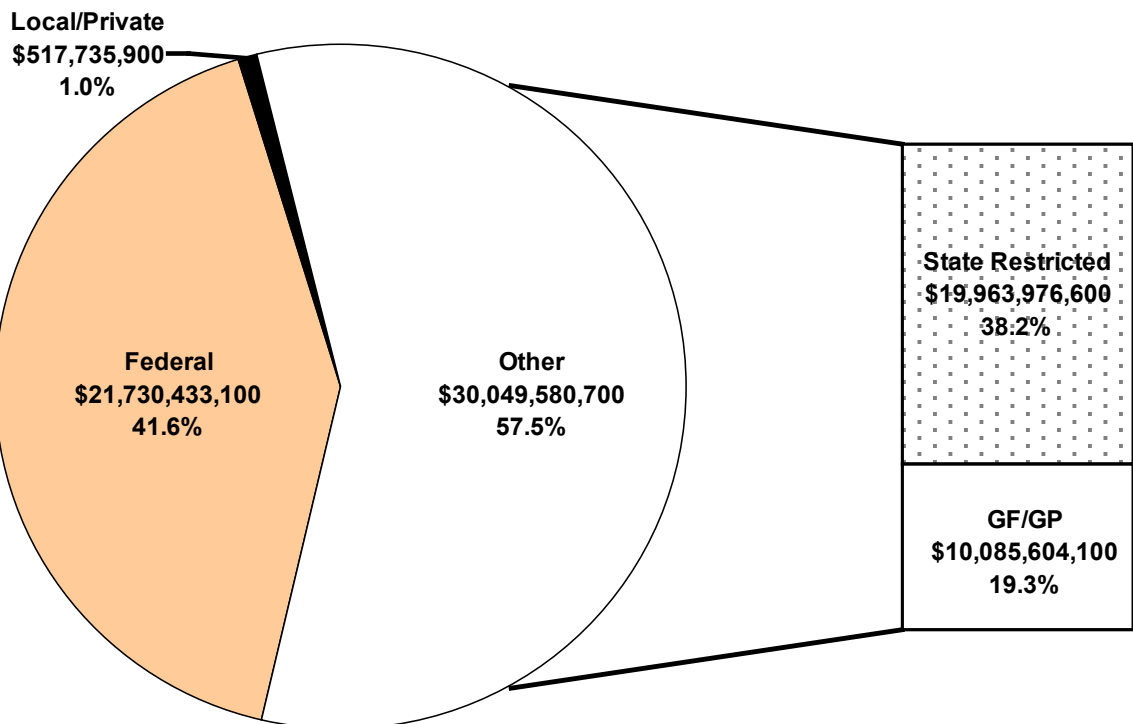


OVERVIEW

FY 2014-15 GF/GP Distribution = \$10,085,604,100



FY 2014-15 Adjusted Gross Sources = \$52,297,749,700



SUMMARY TABLES

In the following tables, FY 2013-14 appropriations are year-to-date through July 1, 2014 and FY 2014-15 appropriations are enacted figures.

Table 1 (page 8) details the FY 2014-15 budget by Source of Funds. When interdepartmental grants and intradepartmental transfers are deducted (to avoid double counting), gross appropriations of \$53.1 billion reduce to \$52.3 billion in adjusted gross appropriations.

Table 2 (page 9) and **Table 3** (page 10) compare FY 2013-14 YTD appropriations to FY 2014-15 enacted appropriations.

Adjusted Gross Appropriations increase from \$50.1 billion in FY 2013-14 to \$52.3 billion in FY 2014-15, an increase of \$2.2 billion or 4.3%.

GF/GP Appropriations increase from \$9.4 billion in FY 2013-14 to \$10.1 billion in FY 2014-15, an increase of \$647.4 million or 6.9%.

Table 4 (page 11) compares the number of authorized Full-Time Equated (FTE) Positions (classified and unclassified) for FY 2013-14 YTD to FY 2014-15. An increase of 69.0 FTEs or 0.1% in total FTEs is shown in Table 4—from 52,975.0 in FY 2013-14 to 53,044.0 in FY 2014-15. Each FTE is equivalent to 2,088 hours of employee compensated time (including overtime, annual leave, and used sick leave) during the year.

Table 5 (page 12) shows FY 2014-15 State Spending From State Sources Paid to Local Governments and compares enacted payments to local units of government to the amount of spending from state sources provided in each budget. Pursuant to Article IX, Section 30 of the *Constitution of the State of Michigan of 1963*, at least 48.97% of state spending from state resources must be paid to all units of local government. The enacted FY 2014-15 budget provides for \$16.6 billion in state spending to local units of government, 55.1% of the estimated \$30.0 billion in state spending from state resources—well above the constitutional requirement.

Table 6 (page 13) details the target agreement for fee changes. The agreement includes sunset extensions with an estimated total of \$2.85 million in revenue.

OVERVIEW

TABLE 1
FY 2014-15 ENACTED APPROPRIATIONS 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	\$84,462,200	\$318,100	\$84,144,100	\$10,126,200	\$0	\$98,300	\$28,003,400	\$45,916,200
Attorney General	93,822,300	27,783,800	66,038,500	9,857,200	0	0	17,914,200	38,267,100
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	16,644,200	288,900	16,355,300	2,736,500	0	18,700	151,900	13,448,200
Community Colleges	364,724,900	0	364,724,900	0	0	0	197,614,100	167,110,800
Community Health	18,215,375,900	9,425,900	18,205,950,000	12,557,686,100	220,102,400	127,056,600	2,061,403,500	3,239,701,400
Corrections	2,040,521,700	225,000	2,040,296,700	5,081,000	8,547,700	0	45,869,600	1,980,798,400
Education	287,096,100	0	287,096,100	189,473,500	5,633,700	1,933,300	7,972,600	82,083,000
Environmental Quality	502,591,800	9,530,500	493,061,300	149,867,600	0	546,900	301,770,900	40,875,900
Executive Office	5,916,100	0	5,916,100	0	0	0	0	5,916,100
Higher Education	1,516,496,300	0	1,516,496,300	97,026,400	0	0	204,567,900	1,214,902,000
Human Services	5,755,174,700	21,545,900	5,733,628,800	4,551,275,200	40,364,300	20,299,300	126,237,400	995,452,600
Insurance and Financial Services	65,189,700	707,600	64,482,100	2,000,000	0	0	62,427,100	55,000
Judiciary	287,767,600	2,364,400	285,403,200	6,437,400	7,241,100	944,800	84,252,500	186,527,400
Legislative Auditor General	22,158,800	5,220,700	16,938,100	0	0	0	2,000,800	14,937,300
Legislature	131,930,500	0	131,930,500	0	0	400,000	4,109,800	127,420,700
Licensing and Regulatory Affairs	542,488,200	14,509,800	527,978,400	200,624,800	656,500	311,800	286,351,500	40,033,800
Military and Veterans Affairs	166,943,700	100,000	166,843,700	90,362,800	1,500,000	740,000	25,086,400	49,154,500
Natural Resources	384,685,400	1,355,100	383,330,300	67,954,500	0	10,286,300	256,498,000	48,591,500
School Aid	13,870,325,600	0	13,870,325,600	1,808,162,700	0	0	11,947,262,900	114,900,000
State	223,984,900	20,000,000	203,984,900	1,460,000	0	100	184,985,800	17,539,000
State Police	639,573,000	26,233,200	613,339,800	99,429,900	4,861,700	77,200	124,800,000	384,171,000
Tech., Mgmt. and Budget: Operations	1,008,239,800	677,671,700	330,568,100	7,974,100	3,553,700	190,400	94,322,000	224,527,900
Tech., Mgmt. and Budget: SBA Rent	254,570,600	0	254,570,600	0	0	0	0	254,570,600
Transportation	3,699,518,600	3,786,900	3,695,731,700	1,205,821,500	50,177,100	100,000	2,154,985,200	284,647,900
Treasury: Debt Service	152,395,000	0	152,395,000	0	0	0	0	152,395,000
Treasury: MI Strategic Fund	1,024,779,900	0	1,024,779,900	627,370,300	4,433,500	5,654,900	142,678,700	244,642,500
Treasury: Operations	544,536,400	9,409,100	535,127,300	39,705,400	1,982,500	23,100	376,398,000	117,018,300
Treasury: Revenue Sharing	1,226,312,400	0	1,226,312,400	0	0	0	1,226,312,400	0
TOTAL APPROPRIATIONS	\$53,128,226,300	\$830,476,600	\$52,297,749,700	\$21,730,433,100	\$349,054,200	\$168,681,700	\$19,963,976,600	\$10,085,604,100

Note: FY 2014-15 enacted amounts include \$783.7 million Gross (\$486.3 million GF/GP) in appropriations designated as one-time only.

TABLE 2 (Revised)
ADJUSTED GROSS APPROPRIATIONS
FY 2014-15 Enacted Compared with FY 2013-14 Year-to-Date

<u>Department/Budget Area</u>	<u>FY 2013-14 YTD*</u>	<u>Enacted FY 2014-15</u>	<u>FY 2014-15 vs. FY 2013-14 Difference</u>	
Agriculture and Rural Development	\$80,909,000	\$84,144,100	\$3,235,100	4.0%
Attorney General	61,951,400	66,038,500	4,087,100	6.6%
Capital Outlay	27,678,300	0	(27,678,300)	-100.0%
Civil Rights	15,198,300	16,355,300	1,157,000	7.6%
Community Colleges	335,977,600	364,724,900	28,747,300	8.6%
Community Health	16,579,037,300	18,205,950,000	1,626,912,700	9.8%
Corrections	2,045,996,800	2,040,296,700	(5,700,100)	-0.3%
Education	303,652,000	287,096,100	(16,555,900)	-5.5%
Environmental Quality	507,816,900	493,061,300	(14,755,600)	-2.9%
Executive Office	5,540,000	5,916,100	376,100	6.8%
Higher Education	1,430,573,500	1,516,496,300	85,922,800	6.0%
Human Services	6,030,618,600	5,733,628,800	(296,989,800)	-4.9%
Insurance and Financial Services	74,627,900	64,482,100	(10,145,800)	-13.6%
Judiciary	282,463,600	285,403,200	2,939,600	1.0%
Legislative Auditor General	15,862,300	16,938,100	1,075,800	6.8%
Legislature	123,819,300	131,930,500	8,111,200	6.6%
Licensing and Regulatory Affairs	491,590,500	527,978,400	36,387,900	7.4%
Military and Veterans Affairs	179,895,000	166,843,700	(13,051,300)	-7.3%
Natural Resources	347,386,600	383,330,300	35,943,700	10.3%
School Aid	13,322,291,100	13,870,325,600	548,034,500	4.1%
State	199,865,900	203,984,900	4,119,000	2.1%
State Police	590,034,400	613,339,800	23,305,400	3.9%
Tech., Mgmt. and Budget: Operations	254,883,100	330,568,100	75,685,000	29.7%
Tech., Mgmt. and Budget: SBA Rent	234,635,300	254,570,600	19,935,300	8.5%
Transportation	3,822,520,500	3,695,731,700	(126,788,800)	-3.3%
Treasury: Debt Service	154,202,500	152,395,000	(1,807,500)	-1.2%
Treasury: MI Strategic Fund	1,015,165,000	1,024,779,900	9,614,900	0.9%
Treasury: Operations	503,092,600	535,127,300	32,034,700	6.4%
Treasury: Revenue Sharing	1,133,857,700	1,226,312,400	92,454,700	8.2%
TOTAL APPROPRIATIONS	\$50,171,143,000	\$52,297,749,700	\$2,126,606,700	4.2%

* As of 7/1/2014

OVERVIEW

TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2014-15 Enacted Compared with FY 2013-14 Year-to-Date

<u>Department/Budget Area</u>	<u>FY 2013-14 YTD*</u>	<u>Enacted FY 2014-15</u>	<u>FY 2014-15 vs. FY 2013-14 Difference</u>	
Agriculture and Rural Development	\$40,580,300	\$45,916,200	\$5,335,900	13.1%
Attorney General	34,481,300	38,267,100	3,785,800	11.0%
Capital Outlay	500	0	(500)	-100.0%
Civil Rights	12,337,500	13,448,200	1,110,700	9.0%
Community Colleges	138,363,500	167,110,800	28,747,300	20.8%
Community Health	2,843,410,200	3,239,701,400	396,291,200	13.9%
Corrections	1,972,725,400	1,980,798,400	8,073,000	0.4%
Education	70,893,900	82,083,000	11,189,100	15.8%
Environmental Quality	29,154,500	40,875,900	11,721,400	40.2%
Executive Office	5,540,000	5,916,100	376,100	6.8%
Higher Education	1,132,981,400	1,214,902,000	81,920,600	7.2%
Human Services	1,009,950,000	995,452,600	(14,497,400)	-1.4%
Insurance and Financial Services	11,000,000	55,000	(10,945,000)	-99.5%
Judiciary	184,191,300	186,527,400	2,336,100	1.3%
Legislative Auditor General	13,911,300	14,937,300	1,026,000	7.4%
Legislature	122,309,500	127,420,700	5,111,200	4.2%
Licensing and Regulatory Affairs	25,004,900	40,033,800	15,028,900	60.1%
Military and Veterans Affairs	56,903,300	49,154,500	(7,748,800)	-13.6%
Natural Resources	26,786,600	48,591,500	21,804,900	81.4%
School Aid	149,900,000	114,900,000	(35,000,000)	-23.3%
State	15,570,400	17,539,000	1,968,600	12.6%
State Police	356,784,300	384,171,000	27,386,700	7.7%
Tech., Mgmt. and Budget: Operations	151,154,200	224,527,900	73,373,700	48.5%
Tech., Mgmt. and Budget: SBA Rent	234,635,300	254,570,600	19,935,300	8.5%
Transportation	336,600,000	284,647,900	(51,952,100)	-15.4%
Treasury: Debt Service	151,188,000	152,395,000	1,207,000	0.8%
Treasury: MI Strategic Fund	220,554,000	244,642,500	24,088,500	10.9%
Treasury: Operations	91,303,300	117,018,300	25,715,000	28.2%
Treasury: Revenue Sharing	0	0	0	--
TOTAL APPROPRIATIONS	\$9,438,214,900	\$10,085,604,100	\$647,389,200	6.9%

* As of 7/1/2014

TABLE 4
AUTHORIZED FULL-TIME EQUATED (FTE) POSITIONS*
FY 2014-15 Enacted Compared with FY 2013-14 Year-to-Date

<u>Department/Budget Area</u>	<u>FY 2013-14 YTD</u>	<u>Enacted FY 2014-15</u>	<u>FY 2014-15 vs. FY 2013-14 Difference</u>	
Agriculture and Rural Development	440.0	452.0	12.0	2.7%
Attorney General	517.0	519.5	2.5	0.5%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	128.0	138.0	10.0	7.8%
Community Colleges	0.0	0.0	0.0	--
Community Health	3,591.6	3,654.1	62.5	1.7%
Corrections	14,559.6	14,195.3	(364.3)	-2.5%
Education	593.5	606.5	13.0	2.2%
Environmental Quality	1,287.5	1,290.5	3.0	0.2%
Executive Office	84.2	88.2	4.0	4.8%
Higher Education	0.0	0.0	0.0	--
Human Services	12,150.5	12,227.5	77.0	0.6%
Insurance and Financial Services	343.0	343.0	0.0	0.0%
Judiciary	487.0	488.0	1.0	0.2%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing and Regulatory Affairs	2,970.5	2,877.8	(92.7)	-3.1%
Military and Veterans Affairs	898.5	898.5	0.0	0.0%
Natural Resources	2,141.3	2,228.3	87.0	4.1%
School Aid	0.0	0.0	0.0	--
State	1,568.0	1,593.0	25.0	1.6%
State Police	2,934.0	3,073.0	139.0	4.7%
Tech., Mgmt. and Budget: Operations	2,818.0	2,823.0	5.0	0.2%
Tech., Mgmt. and Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	2,918.3	2,918.3	0.0	0.0%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: MI Strategic Fund	756.0	756.0	0.0	0.0%
Treasury: Operations	1,788.5	1,873.5	85.0	4.8%
Treasury: Revenue Sharing	0.0	0.0	0.0	--
TOTAL FTE POSITIONS	52,975.0	53,044.0	69.0	0.1%

* Includes classified, unclassified, and nonlegislative exempt positions. Represents authorized/estimated positions, not necessarily actual positions funded.

OVERVIEW

**TABLE 5
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2014-15 Enacted**

<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	\$73,919,600	\$4,750,000	6.4%
Attorney General	56,181,300	0	0.0%
Civil Rights	13,600,100	0	0.0%
Community Colleges	364,724,900	364,724,900	100.0%
Community Health	5,301,104,900	1,108,135,300	20.9%
Corrections	2,026,668,000	115,714,000	5.7%
Education	90,055,600	15,776,000	17.5%
Environmental Quality	342,646,800	2,775,000	0.8%
Executive Office	5,916,100	0	0.0%
Higher Education	1,419,469,900	0	0.0%
Human Services	1,121,690,000	97,343,300	8.7%
Insurance and Financial Services	62,482,100	0	0.0%
Judiciary	270,779,900	139,407,400	51.5%
Legislative Auditor General	16,938,100	0	0.0%
Legislature	131,530,500	0	0.0%
Licensing and Regulatory Affairs	326,385,300	28,225,700	8.6%
Military and Veterans Affairs	74,240,900	100,000	0.1%
Natural Resources	305,089,500	5,123,300	1.7%
School Aid	12,062,162,900	11,905,777,600	98.7%
State	202,524,800	1,360,800	0.7%
State Police	508,971,000	19,755,600	3.9%
Tech., Mgmt. and Budget: Operations	318,849,900	0	0.0%
Tech., Mgmt. and Budget: SBA Rent	254,570,600	0	0.0%
Transportation	2,439,633,100	1,323,378,700	54.2%
Treasury: Debt Service	152,395,000	0	0.0%
Treasury: MI Strategic Fund	387,321,200	11,224,800	2.9%
Treasury: Operations	493,416,300	195,725,200	39.7%
Treasury: Revenue Sharing	1,226,312,400	1,226,312,400	100.0%
TOTALS	\$30,049,580,700	\$16,565,610,000	55.1%

TABLE 6
FY 2014-15 FEE SUNSET EXTENSIONS

<u>Department</u>	<u>Fee Title</u>	<u>FY 2014-15 Fee Amount</u>	<u>Estimated Revenue</u>
Community Health	<u>Crime Victim's Rights Funds - Statewide EMS Trauma System Earmark</u> (Sunset Extension)	N/A	\$1.75 million
Environmental Quality	<u>Hazardous Waste Fees</u> (Sunset Extension)		
	• Manifest processing user charge	\$8	\$1.1 million
	• Site ID number user charge	\$50	
	• Annual handler user charge	\$100-\$2,000	
	• Treatment, storage or disposal facility user charge	\$2,000	
	• Used oil handler user charge	\$100	
	• Administrative file	5% (not to exceed 25% of total amount owed)	
	• Generator user charge		
	- Small quantity	\$100	
	- Large quantity	\$400	
	- Very large quantity	\$1,000	

FY 2014-15 Budget Detail

**DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
Summary of FY 2014-15 Enacted Appropriations
Article I, 2014 Public Act 252 (House Bill 5313)**

Analyst: Paul Holland

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$524,300	\$318,100	\$318,100	\$318,100	\$318,100	(\$206,200)	(39.3)
Federal	9,960,900	9,198,300	9,212,900	9,212,900	10,126,200	165,300	1.7
Local	0	0	0	0	0	0	--
Private	96,900	98,300	98,300	98,300	98,300	1,400	1.4
Restricted	29,020,900	28,003,400	29,893,200	24,091,400	28,003,400	(1,017,500)	(3.5)
GF/GP	40,580,300	44,876,200	42,876,100	48,876,200	45,916,200	5,335,900	13.1
Gross	\$80,183,300	\$82,494,300	\$82,398,600	\$82,596,900	\$84,462,200	\$4,278,900	5.3
FTEs	440.0	452.0	446.0	453.0	452.0	12.0	2.7

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Agriculture and Rural Development (DARD) is responsible for both the regulation and promotion of Michigan's agriculture and food industries. The stated priorities of DARD include assuring food safety, protecting animal and plant health, sustaining environmental stewardship, providing consumer protection, enabling rural development, and fostering efficient administrative operations. DARD performs its executive and statutory duties through collaboration with the Michigan Commission of Agriculture and Rural Development, governmental agencies, public universities, industry stakeholders, and citizens. DARD is organized into the following programmatic divisions: Animal Industry, Environmental Stewardship, Food and Dairy, Pesticide and Plant Pest Management, and Laboratory. Additionally, DARD administers the Office of Agriculture Development and financial assistance for county fairs, agriculture expositions, and horse racing.

Major Budget Changes From FY 2013-14 YTD Appropriations

**FY 2013-14 YTD Enacted Change
(as of 2/5/14) From YTD**

1. Food Safety and Inspections

Increases spending and staff authorization to enhance inspections of and safety programs for food establishments. According to DARD, 55.0% of food establishments inspected in December of 2013 were in substantial compliance with the Michigan Food Law of 2012 and current staff is unable to complete 48.0% of required routine and follow-up food inspections. During FY 2012-13, GF/GP supported 61.0% of food safety and inspection expenditures.

FTE	75.0	8.0
Gross	\$10,881,200	\$1,160,000
Federal	1,039,600	0
Restricted	3,390,000	0
GF/GP	\$6,451,600	\$1,160,000

2. Dairy Safety and Inspections

Increases spending and staff authorization to enhance inspections of and safety programs for dairy producers. According to DARD, the increased funding would enable the staff to meet inspection and sampling schedules and reduce wait times for licensing assistance and compliance requirements as the dairy industry expands. During FY 2012-13, GF/GP supported 94.1% of dairy/milk safety expenditures.

FTE	26.0	4.0
Gross	\$3,821,300	\$600,000
Federal	240,600	0
Restricted	254,400	0
GF/GP	\$3,326,300	\$600,000

AGRICULTURE AND RURAL DEVELOPMENT

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	FY 2013-14 YTD	Enacted Change
	(as of 2/5/14)	From YTD
3. Strategic Growth Initiative (One-Time)	Gross	NA
Includes one-time spending authorization for the Strategic Growth Initiative (SGI) grant program which is intended to increase the economic impact of the food and agriculture industry by removing barriers and leveraging opportunities. \$1.0 million in ongoing GF/GP is also appropriated for the SGI within the DARD budget. The FY 2013-14 budget included boilerplate Sec. 711(2) authorized DARD to receive and expend funds from the Michigan Economic Development Corporation (MEDC) which committed \$2.0 million for the SGI during FY 2013-14. MEDC funds are not anticipated for FY 2014-15.	GF/GP	\$2,000,000
		\$2,000,000
4. Qualified Forestry Program	FTE	5.0
Transfers spending authorization for the Qualified Forestry Program (QFP, modified by 2013 PAs 42 through 50) included in 2013 PA 59 as a one-time appropriation to the ongoing baseline. The 5.0 FTEs added by the FY 2013-14 DARD budget for the QFP were filled and work with landowners, local units of government, and conservation districts to verify affidavits, monitor Forestry Management Plans, provide training and outreach, audit property tax receipts, and develop and oversee forestry grants. (See #8 below.)	Gross	\$200,000
	IDG/IDT	200,000
	GF/GP	\$0
		0.0
		\$2,300,000
		0
		\$2,300,000
5. Pesticide and Plant Pest Management	FTE	81.0
Transfers spending authorization for the Pesticide and Plant Pest Management Division (PPPM) included in the FY 2013-14 DARD budget as a one-time appropriation, due to insufficient restricted revenue generated by statutory fees and past reductions in General Fund appropriations, to the ongoing baseline. For example, PPPM staff inspects and certifies horticultural and agricultural products for export; during FY 2012-13, PPPM expended \$1.0 million to issue 3,822 export certificates while related inspection fees generated \$231,750 in revenue. (See #8 below.)	Gross	\$10,996,300
	Federal	1,778,500
	Private	20,400
	Restricted	4,460,800
	GF/GP	\$4,736,600
		0.0
		\$800,000
		0
		0
		\$800,000
6. Capital Outlay	Gross	\$300,000
Eliminates appropriation for DARD acquisition of development rights for unique or critical farmland and open space pursuant to Parts 361 and 362 of 1994 PA 451 because of lack of available revenue from the Agricultural Preservation Fund which is supported with repayment of tax credits at the expiration of development rights agreements.	Restricted	300,000
		(\$300,000)
		(300,000)
7. Align With Available Revenues (Multiple Line Items)	Gross	\$2,588,000
Increases and decreases spending authorizations, for numerous funds affecting various line items to more accurately reflect available and appropriate revenues; results in a net decrease overall, but a net increase of GF/GP.	IDG/IDT	210,200
	Federal	1,333,400
	Private	20,000
	Restricted	1,024,400
	GF/GP	\$0
		(210,200)
		79,900
		0
		(758,100)
		\$619,400
8. FY 2013-14 One-Time Appropriations (Multiple Line Items)	Gross	\$3,400,000
Eliminates FY 2013-14 one-time appropriations for qualified forest affidavit program (\$2.3 million, see #4 above), pesticide and plant pest management (\$800,000, see #5 above), and the Ottawa County water resources study (\$300,000 GF/GP).	GF/GP	\$3,400,000
		(\$3,400,000)
		(\$3,400,000)
9. Economic Adjustments (Multiple Line Items)	Gross	NA
Increases and decreases spending authorization, resulting in a net increase, for negotiated salary and wage increases, insurance rates, actuarially-required retirement benefit rates, other postemployment benefits prefunding, workers' compensation costs, building occupancy costs and rent, and other incidental economic adjustments.	IDG/IDT	NA
	Federal	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		4,000
		85,400
		1,400
		40,600
		\$216,500

AGRICULTURE AND RURAL DEVELOPMENT

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 YTD</u> <u>(as of 2/5/14)</u>	<u>Enacted Change</u> <u>From YTD</u>
10. Michigan Agriculture Environmental Assurance Program	FTE	NA	0.0
Transfers spending authorization (\$2,600,000 from the Freshwater Protection Fund) and staff (8.0 FTEs) from the Environmental Stewardship line item to the Michigan Agriculture Environmental Assurance Program (MAEAP) line item in order to clarify the amount of spending authorization available for the MAEAP. (See boilerplate Sec. 605.)	Gross	NA	\$0
	Federal	NA	0
	Restricted	NA	0
	GF/GP	NA	\$0
11. Local Conservation Districts	FTE	NA	0.0
Transfers spending authorization (\$2,173,800 in federal and restricted revenues) from the Environmental Stewardship line item to the Local Conservation Districts line item in order to clarify the amount of spending authorization available for local conservation districts and eliminates the placeholder for the Local Conservation Districts line item. (See boilerplate Sec. 603.)	Gross	NA	(\$100)
	Federal	NA	0
	Restricted	NA	0
	GF/GP	NA	(\$100)
12. Shows and Expositions	Gross	NA	\$50,000
Includes spending authorization for competitive matching grants for equine, livestock, and other agricultural commodity shows and expositions. (See new boilerplate Sec. 804.)	GF/GP	NA	\$50,000
13. Commercial Forestry Audit Program	Gross	NA	\$150,000
Increases spending authorization for a new commercial forestry audit program which would be implemented via grant funding to a nonprofit organization. (See boilerplate Sec. 609.)	GF/GP	NA	\$150,000
14. Farmland and Open Space Preservation	FTE	9.0	0.0
Transfers excess spending authorization (\$200,000 GF/GP) from the Unclassified Salaries line item to the Farmland and Open Space Preservation line item and includes increases in spending authorization for the Farmland and Open Space Preservation line item to provide support for the Farmland Preservation Program in response to declining restricted revenue generated by repayment of certain tax credits under 1974 PA 116 (reduction of \$724,500 in restricted spending authorization for FY 2014-15 within #7 above).	Gross	\$1,300,000	\$121,700
	Restricted	1,300,000	0
	GF/GP	\$0	\$121,700
15. County Fairs Capital Improvement Grants	Gross	\$301,600	\$18,400
Increases spending authorization for capital improvement grants to county fairs administered by DARD under boilerplate Sec. 805.	GF/GP	\$301,600	\$18,400
16. Muskegon Farmers Market (One-Time)	Gross	NA	\$200,000
Includes one-time spending authorization for a grant award to the Muskegon Farmers Market, owned and operated by the City of Muskegon, for capital investment in a commercial kitchen facility.	GF/GP	NA	\$200,000
17. Ottawa County Agriculture Incubator (One-Time)	Gross	NA	\$500,000
Includes one-time spending authorization for a grant award to Ottawa County to establish the nonprofit Ag-Tech Business Incubator and employ business analysts to provide customized services and direct assistance.	GF/GP	NA	\$500,000

Major Boilerplate Changes From FY 2013-14

Sec. 205. Benchmarks for New Programs or Program Expansions – NEW

Requires DARD to submit reports to the Legislature identifying specific benchmarks intended to measure the performance or return on taxpayer investment of new programs or program expansions and updating the Legislature on the progress of the programs as measured by those benchmarks; stipulates that the Legislature intends that benchmarks be included with executive budget requests beginning with the FY 2015-16 budget.

Major Boilerplate Changes From FY 2013-14

Sec. 232. Annual Legacy Costs – NEW

Identifies annual pension-related and retiree health care legacy costs for DARD pursuant to boilerplate Section 1202 of 2013 PA 59.

Sec. 453. Livestock Indemnification Payments – RETAINED

Stipulates that DARD may expend up to \$100,000 per order from any line item for livestock indemnification provided that DARD reports the amount and the recipient to the Legislature and that indemnification payments shall be for fair market value for livestock killed by wolf, coyote, or cougar and shall be reported to the Legislature. *In a signing letter dated June 30, 2014, the Governor asserts that subsection (2) of this boilerplate section is unenforceable.*

Sec. 459. Bovine TB (Re)Testing Limitations – NEW

Stipulates that the Legislature intends that DARD shall conduct whole herd Bovine TB testing on any one herd within the TB-Free Zone more often than once every four years or retest a herd before all other herds in the same county are tested, subject to specified epidemiological occurrences.

Sec. 603. Local Conservation Districts Appropriation – NEW

Stipulates the allocation of funds to local conservation districts for environmental conservation and protection programs and training and limitations on the use of those funds.

Sec. 604. Appropriation of Excess Federal Revenues – NEW

Authorizes DARD to expend federal revenues in excess of the appropriation under Sec. 107 in part 1 upon notification of the Legislature.

Sec. 605. MAEAP Expenditure Limitation – NEW

Prohibits expenditures for administration or implementation of the Michigan Agriculture Environmental Assurance Program (MAEAP) in amounts other than the amount appropriated.

Sec. 609. Commercial Forestry Audit Program – NEW

Stipulates legislative intent that DARD provides grant funding to the “Qualified Nonprofit Sustainable Forestry Initiative” to work with public and private forestland owners to conduct site visits and prepare an analysis and audit statewide best management practices for a variety of environmental concerns in collaboration with state departments, universities, and conservation groups.

Sec. 701. Rural Development Value-Added Grant Program – REVISED

Requires DARD to establish and administer the Rural Development Value-Added Grant Program and, in collaboration with a joint evaluation committee, award competitive grants to grantees proving a cash match; designates unexpended appropriation as work project and requires semiannual reports to the Legislature. Revises to specify a \$200,000 grant award for the eastern Michigan Food Bank for completion of its “Food Hub” Facility.

Sec. 711. Food and Agriculture Industry Growth Initiative – REVISED

Requires DARD to establish and administer the Food and Agriculture Industry Growth Initiative which shall use a grant process to support efforts to remove barriers and leverage opportunities critical to business development and growth within the state; stipulates that DARD may receive and expend funds received from the Michigan Strategic Fund (MSF) or the Michigan Economic Development Corporation (MEDC); requires the Director to establish a consortium of interested parties to develop priorities; requires grantees to identify measurable outcomes; stipulates that a joint evaluation committee selected by the Director shall evaluate grant applications and provide recommendations; and permits DARD to expend appropriation to administer the Initiative. Revises to replace reference to the MSF and MEDC with reference to “outside sources” and specifies grant award of \$250,000 for a public-private partnership between Michigan Technological University and at least one pulp and paper manufacturer pertaining to combined heat and power co-located with sustainable agricultural food processing operations.

Sec. 802. Agriculture Equine Fund Reduction – REVISED

Stipulates that appropriations from the Agriculture Equine Industry Development Fund (AEIDF), with specified exceptions, shall be proportionally reduced if revenues deposited into the AEIDF during the previous fiscal year are lower than the amounts appropriated. Revises language to reflect actual DARD practices.

Sec. 803. Thoroughbred and Standardbred Escrow – REVISED

Stipulates that if there is no live thoroughbred race meet during the fiscal year, the thoroughbred purse and program money shall be held in escrow for up to 18 months and that if there is no live thoroughbred race meet in the subsequent year, the purse pool distribution shall be the same as the distribution in the previous year. Revises to eliminate language pertaining to purse pool distributions by the Michigan Gaming Control Board (MGCB) and adds language to include stipulations for escrowing purse and program money for Standardbred horse racing. *In a signing letter dated June 30, 2014, the Governor asserts that this boilerplate section is unenforceable.*

AGRICULTURE AND RURAL DEVELOPMENT

Major Boilerplate Changes From FY 2013-14

Sec. 804. Michigan Gaming Control Board Costs – REVISED

Requires the Michigan Gaming Control Board (MGCB) to utilize actual expenditure data in determining the actual regulatory costs of conducting horse racing and shall provide that data to the Legislature and stipulates procedures to rectify regulatory costs with a certified horseman's organization funds and future race meets. Revises to add stipulation that the section is legislative intent.

Sec. 806. Shows and Expositions Grants – NEW

Stipulates that amounts appropriated for shows and expositions are to financially support equine, livestock, and other agricultural commodity expositions in Michigan, specifies procedures for a competitive matching grant program for such financial support, and requires annual report pertaining to grants for shows and expositions.

Sec. 1002. Capital Outlay Lump-Sum Payments – DELETED

Requires DARD to allocate lump-sum payments consistent with statutory provisions and the purposes for which funds are appropriated, addressing priority program and facility needs, and stipulates that the State Budget Director may authorize lump-sum appropriations to be available for no more than three subsequent fiscal years, with remaining appropriations lapsing into the originating funds.

Sec. 1003. Capital Outlay Carryforward – DELETED

Stipulates that the appropriations for capital outlay may be carried forward pursuant to Section 248 of the Management and Budget Act of 1984.

Sec. 1101. Food and Agriculture Industry Growth Initiative One-Time Appropriation – NEW

Stipulates that the one-time appropriation for the Food and Agriculture Industry Growth Initiative shall be expended in accordance with Sec. 711.

Sec. 1104. Ottawa County Water Resources Study – DELETED

Stipulates that the appropriation for the Ottawa County Water Resources Study shall utilize local partnership with stakeholder groups representing groundwater and public water supplies, delimitates the scope of the study, and requires the findings to be made available to DARD and DEQ.

COMMUNITY COLLEGES
Summary of FY 2014-15 Enacted Appropriations
Article II, 2014 Public Act 196 (House Bill 5314)

Analyst: Marilyn Peterson

IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	197,614,100	197,614,100	197,614,100	47,614,100	197,614,100	0	0.0
GF/GP	138,363,500	173,910,800	173,910,800	323,910,800	167,110,800	28,747,300	20.8
Gross	\$335,977,600	\$371,524,900	\$371,524,900	\$371,524,900	\$364,724,900	\$28,747,300	8.6
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (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. While the revenue mix varies among colleges, state aid constitutes about 20 percent of the statewide total of community college general fund operating revenues; property tax revenues provide about 33 percent and tuition and fees about 45 percent of the statewide total, with only about two percent of college operating revenues deriving from other sources, such as federal grants and investment income.

Major Budget Changes From FY 2013-14 YTD Appropriations

		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
1. Community College Operations Funding	Gross	\$298,244,000	\$8,947,300
Increases funding for community college operations grants by \$8.9 million (3.0%), to be distributed under current performance funding formula. Projected increases for individual community colleges range from 2.7% to 3.7%.	Restricted	195,880,500	0
	GF/GP	\$102,363,500	\$8,947,300
2. MPSERS Contributions: State Share	Gross	\$33,133,600	\$20,900,000
Includes \$20.9 million GF/GP increase to fund the difference between the contribution rate needed to meet the unfunded actuarial accrued liability to the system and the employer contribution cap of 20.96% of payroll set by 2012 amendments (2012 PA 300) to the Public School Employees Act.	Restricted	1,733,600	0
	GF/GP	\$31,400,000	\$20,900,000
3. One-Time Appropriations	Gross	\$1,100,000	(\$1,100,000)
Eliminates funding for one-time appropriation of \$1.1 million GF/GP to the Michigan Community College Association for the purpose of updating and expanding the Michigan Community College Virtual Learning Collaborative.	GF/GP	\$1,100,000	(\$1,100,000)

COMMUNITY COLLEGES

Major Boilerplate Changes From FY 2013-14

Sec. 207a. MPSERS Offset – REVISED

Moves language specifying the purpose and allocation method for the MPSERS offset, which is funded with \$1.7 million from the School Aid fund, to a new section separate from the section that makes the appropriation. Funds would continue to be allocated based on prior year covered payroll and would continue to be used solely for offsetting a portion of the retirement contributions owed by the receiving college.

Sec. 207b. MPSERS State Share – REVISED

Moves language specifying the purpose and allocation method for the state share MPSERS funding to a new section separate from the section that makes the appropriation. Funds would continue to be allocated based on prior year covered payroll and would continue to be used for paying the difference between the contribution rate needed to meet the total unfunded actuarial accrued liability to the system and the 20.96% employer cap set by statute.

Sec. 207c. Renaissance Zone Reimbursements – REVISED

Moves language specifying the purpose and allocation method for the Renaissance Zone reimbursements to a new section separate from the section that makes the appropriation. Available funds would continue to be allocated based on each affected college's proportion of total revenue lost in the prior fiscal year as a result of property exemptions under the Michigan Renaissance Zone Act.

Sec. 209. Online Information – REVISED

Requires online reporting of budget and program information; revised to add reporting on various opportunities for earning college credit, including dual enrollment, concurrent enrollment, and early college programs.

Sec. 217. Activities Classification Structure Data – REVISED

Specifies that terms used in the community colleges budget are generally as defined in the Activities Classification Structure (ACS) manual, and identifies the ACS manual as the basis for reporting data. Revised to delete current language and instead create an interagency advisory committee to review ACS report, data, definitions, processes, and other items as needed. Advisory committee to publish an initial report by July 30, 2015.

Sec. 230. Local Strategic Value – REVISED

Changes, from November 1 to October 15, the deadline for colleges to certify compliance with specified best practices, which is required for a college to receive its share of the funding increase distributed under the local strategic value portion of the performance funding formula.

DEPARTMENT OF COMMUNITY HEALTH
Summary of FY 2014-15 Enacted Appropriations
Article IV, 2014 Public Act 252 (House Bill 5313)

Analysts: Margaret Alston, Matthew Ellsworth, Susan Frey
Associate Director: Steve Stauff

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$10,056,100	\$9,425,900	\$9,425,900	\$9,425,900	\$9,425,900	(\$630,200)	(6.3)
Federal	11,620,170,500	11,941,802,500	12,026,645,400	12,046,130,700	12,557,686,100	937,515,600	8.1
Local	251,820,200	216,656,400	216,656,400	216,656,400	220,102,400	(31,717,800)	(12.6)
Private	126,342,400	127,056,600	127,056,600	127,056,600	127,056,600	714,200	0.6
Restricted	2,178,580,800	2,140,657,600	2,048,623,700	2,034,663,400	2,061,403,500	(117,177,300)	(5.4)
GF/GP	2,747,583,600	2,938,968,800	3,036,792,800	3,058,969,100	3,239,701,400	492,117,800	17.9
Gross	\$16,934,553,600	\$17,374,567,800	\$17,465,200,800	\$17,492,902,100	\$18,215,375,900	\$1,280,822,300	7.6
FTEs	3,591.6	3,654.1	3,654.1	3,651.1	3,654.1	62.5	1.7

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2013-14 year-to-date figures include appropriation adjustments in 2013 PA 102, and 2013 PA 107 for Medicaid Reform/Healthy Michigan Plan effective March 14, 2014, but based on the waiver, implemented on April 1, 2014.

Overview

The Department of Community Health budget provides funding for a wide range of programs and services which includes behavioral health (mental health and substance use disorder), public health, and medical services programs, including Medicaid. Established in 1996, the Department also includes the Office of Services to the Aging, the Crime Victim Services Commission, and health policy.

Major Budget Changes From FY 2013-14 YTD Appropriations	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
1. Medicaid Cost Increases	Gross \$12,525,311,200	\$83,158,400
Includes a FY 2014-15 increase of \$83.2 million Gross (\$103.0 million GF/GP) for caseload, utilization, and inflation adjustments in Medical Services, Behavioral Health Services, Children's Special Health Care Services, and the Federal Medicare Pharmaceutical program. Includes a FY 2014-15 FMAP adjustment of \$249,000 Gross (\$79.7 million GF/GP; reduction of \$83.5 million Federal).	IDG 6,194,900	143,700
	Federal 8,502,877,500	(24,014,300)
	Local 45,970,200	501,600
	Restricted 1,892,460,100	3,484,800
	Private 2,100,000	0
	Merit Awd 81,766,000	0
	GF/GP \$1,993,942,500	\$103,042,600
	FTE 0.0	36.0
2. Healthy Michigan Plan	Gross \$1,549,115,700	\$625,348,100
Includes an increase of \$625.3 million Gross (reduction of \$79.6 million GF/GP) for a full-year of Healthy Michigan Plan implementation. The adjustments reflect changes in Behavioral Health Services, Medical Services Administration, and Medical Services. In Medical Services, the Plan First Family Planning Waiver and Medicaid Adult Benefits Waiver lines are zeroed out and removed. The Medicaid Adult Benefits Waiver line is also zeroed out and removed in Behavioral Health Services. Includes an increase of 36.0 FTEs for administration of the expanded program.	Federal 1,704,523,500	697,883,600
	Restricted 13,145,000	7,058,700
	GF/GP (\$168,552,800)	(\$79,594,200)

COMMUNITY HEALTH

Major Budget Changes From FY 2013-14 YTD Appropriations	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
3. Family Support Subsidy Program	Gross	\$19,364,900
Includes a \$1.2 million reduction in TANF revenue supporting the Family Support Subsidy Program anticipating a projected decrease of (0.3%) over the FY 2013-14 appropriated level and an average caseload of 6,809. The program provides a \$222.11 monthly payment to income-eligible families with a child under 18 living at home who is severely mentally impaired, severely multiply impaired, or autistic.	TANF	19,364,900
	GF/GP	\$0
		(\$1,215,000)
		(1,215,000)
		\$0
4. Mental Health Jail Diversion Council	FTE	1.0
Adds \$3.4 million GF/GP to the Behavioral Health Program Administration line item appropriation to support recommendations of the Mental Health Diversion Council. In accordance with Executive Order 2013-7, the Council was charged with the responsibility of implementing an action plan that improves upon efforts to divert individuals with mental illness and developmental disabilities from the criminal justice system to appropriate treatment. Additional funding of \$2.7 million GF/GP is included in the Department of Corrections and Judiciary budgets. Sec. 495 is related boilerplate language.	Gross	\$1,630,000
	GF/GP	\$1,630,000
		\$3,350,000
		\$3,350,000
		0.0
5. Mental Health and Wellness Commission	Gross	NA
Adds new ongoing funds of \$27.6 million Gross (\$9.3 million GF/GP) and one-time funds of \$9.0 million Gross (\$5.0 million GF/GP) for implementation of recommendations included in the State of Michigan Mental Health and Wellness Commission 2013 Report. In accordance with Executive Order 2013-6, the Commission was required to make recommendations addressing gaps in the delivery of mental health services and propose new models to strengthen the delivery system in the state.	Federal	NA
	GF/GP	NA
		\$36,525,000
		22,205,000
		\$14,320,000
6. Actuarially Sound Capitation Payment Rates Adjustment	Gross	\$6,945,303,500
Includes a capitation payment rate increase of 2.5% for Health Plans and 1.5% for Prepaid Inpatient Health Plans (PIHPs) to comply with federal requirements that rates for these managed care entities are actuarially sound in FY 2014-15. This adjustment results in an additional \$121.9 million Gross (\$42.0 million GF/GP) for the Medicaid Mental Health Services, Medicaid Substance Use Disorder Services, and Health Plan Services line items.	IDG	2,925,900
	Federal	4,732,604,900
	Restricted	1,318,458,800
	Local	39,086,400
	GF/GP	\$852,227,500
		\$121,901,200
		0
		79,894,100
		0
		0
		\$42,007,100
7. Community Mental Health (CMH) Non-Medicaid Services	Gross	\$130,757,600
Increases the funding for the CMH Non-Medicaid Services line item by \$8.0 million GF/GP to reflect a revision in the savings that will be achieved in FY 2013-14 due to implementation of the Healthy Michigan Plan on April 1, 2014 and annualizes the increased funding in FY 2014-15. Sec. 506 is related boilerplate language.	GF/GP	\$130,757,600
		\$16,036,000
		\$16,036,000
8. Healthy Michigan Plan – Behavioral Health	Gross	\$288,646,900
Increases the federal Medicaid revenue supporting the Healthy Michigan Plan – Behavioral Health line item by \$38.8 million to reflect estimated expenditures consistent with an actuarial analysis.	Federal	288,646,900
	GF/GP	\$0
		\$38,813,700
		38,813,700
		\$0
		\$0
9. Anti-Human Trafficking Efforts	Gross	NA
Includes \$200,000 GF/GP for a new line item appropriation within Sec. 102 Departmentwide Administration appropriation unit that will support efforts to combat human trafficking in Michigan.	GF/GP	NA
		\$200,000
		\$200,000
10. Healthy Kids Dental Computer Program	Gross	NA
Adds one-time appropriation of \$3.0 million Gross (\$300,000 GF/GP) to enable the DCH to update the Medicaid computer system so that the Healthy Kids Dental program could be expanded by zip code rather than by only county.	Federal	NA
	GF/GP	NA
		\$3,000,000
		2,700,000
		\$300,000

COMMUNITY HEALTH

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
11. Diabetes Prevention	Gross	\$650,000	\$150,000
Provides \$150,000 GF/GP increase for diabetes prevention projects, as funded in the Health and Wellness Initiatives line item. Diabetes prevention is also funded at \$1.9 million in the Diabetes and Kidney Program line item.	GF/GP	\$650,000	\$150,000
12. Breast Cancer Screening and Services	Gross	\$0	\$500,000
Provides new funding of \$500,000 GF/GP for breast cancer screening and services, as supported by the Health and Wellness Initiatives line item. Cancer prevention is also funded at \$15.0 million in the Cancer Prevention and Control Program line item.	GF/GP	\$0	\$500,000
13. Infectious Disease Control Appropriations Placement	FTE	49.5	0.0
Eliminates the Infectious Disease Control appropriations unit and transfers line items: Pediatric AIDS line is rolled up into AIDS program line item and transferred to the Chronic Disease appropriation unit; Immunization and STD program line items are transferred to the renamed Epidemiology and Infectious Disease appropriation unit.	Gross	\$91,610,300	\$0
	Federal	42,783,000	0
	Private	38,278,400	0
	Restricted	7,696,700	0
	GF/GP	\$2,852,200	\$0
14. Immunization Registry	Gross	\$2,098,800	\$0
Restores Michigan Care Improvement immunization Registry (MCIR) funding to FY 2012-13 level with increase of \$89,300 GF/GP, in the Health and Wellness Initiatives line item. Increase is reflected in the YTD amount shown, due to FY 2013-14 supplemental appropriation. Funding is in addition to Immunization Program line item funding of \$15.0 million.	Restricted	2,009,500	0
	GF/GP	\$89,300	\$0
15. Emergency Medical Services (EMS) Program	Gross	\$6,187,400	\$0
Provides \$1.0 million GF/GP to replace unrealized state restricted fee revenue from EMS licensure fee increases budgeted in FY 2013-14 that were not subsequently enacted into statute.	Federal	908,900	0
	Restricted	4,887,800	(1,006,100)
	GF/GP	\$390,700	\$1,006,100
16. Statewide Trauma System – One-Time Funding	Gross	\$3,500,000	\$1,300,000
Provides new one-time funding of \$1.3 million GF/GP for the statewide trauma system, and adds Sec. 1904 boilerplate to direct funding to statewide systems for trauma, stroke, and other time-dependent systems of care. Note: year-to-date funding shown is ongoing.	Restricted	3,500,000	0
	GF/GP	\$0	\$1,300,000
17. Michigan Essential Health Provider Loan Repayment Program	Gross	\$2,491,300	\$1,100,000
Provides an increase of \$500,000 GF/GP for the Michigan Essential Health Provider State Loan Repayment Program, and recognizes \$600,000 of increased private matching funds, to assist primary care providers with repayment of medical education loans in exchange for service.	Federal	1,236,300	0
	Private	255,000	600,000
	GF/GP	\$1,000,000	\$500,000
18. Island Health Clinics	Gross	\$325,000	\$0
Transfers \$325,000 GF/GP for primary care services at 4 island health clinics from a one-time appropriation line item into the existing Primary Care Services line item to establish the funding as ongoing.	GF/GP	\$325,000	\$0
19. Rural Health Care	Gross	\$1,531,500	\$24,000
Provides increased funding of \$24,000 GF/GP for rural health services, as contracted through Michigan Center for Rural Health.	Federal	1,380,500	0
	GF/GP	\$151,000	\$24,000
20. Essential Local Public Health Services	Gross	\$39,386,100	\$1,500,000
Increases funding to local public health departments by \$1.5 million GF/GP for essential local public health services: immunization, infectious disease control, sexually transmitted disease control, hearing and vision screening for children, food protection, public water and private groundwater supplies, and on-site sewage management, pursuant to part 24 of the Public Health Code.	Local	5,150,000	0
	GF/GP	\$34,236,100	\$1,500,000

COMMUNITY HEALTH

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
21. Alzheimer's Disease Pilot Programs		Gross	\$0
Provides new funding of \$150,000 GF/GP for a pilot program in 3 counties of in-home support and care services for persons with Alzheimer's Disease to extend the period that a person can remain at home, and for evaluation of the program. New related Sec. 1001 boilerplate is included.		GF/GP	\$150,000
22. Lead Hazard Remediation and Abatement		Gross	\$4,212,400
Provides additional funding of \$500,000 GF/GP for lead abatement of homes, in the Healthy Homes line item. Safe removal of lead is conducted in older homes in areas with high incidence of lead-poisoned children. Related Sec. 851 boilerplate is revised.		Federal	2,175,900
		Private	76,400
		Restricted	710,100
		GF/GP	\$1,250,000
			\$500,000
23. Bone Marrow Donor Tissue Typing – One-Time Funding		Gross	\$0
Provides \$250,000 GF/GP of new one-time funding for blood bank tissue typing expenses associated with a bone marrow donor registry "Be the Match" program. New related Sec. 1905 boilerplate is included.		GF/GP	\$250,000
24. Maternal, Infant, and Child Home Visiting Care Programs		FTE	0.0
Expands home visiting programs for at-risk families including: a) 7.0 FTEs and \$6.0 million of increased funds from federal maternal, infant, and early childhood home visiting program grants, and b) 2.0 FTEs and \$2.25 million GF/GP to expand home visit programs in rural northern Michigan and the Upper Peninsula for families with children, during pregnancy to age 5, including related new Sec. 1140 boilerplate.		Gross	\$8,601,400
		Federal	6,601,400
		TANF	0
		GF/GP	\$2,000,000
			\$2,250,000
25. Alternative Pregnancy and Parenting Support Program		Gross	\$700,000
Provides an increase of \$100,000 GF/GP for the alternative pregnancy and parenting support services program which promotes childbirth and alternatives to abortion. Modifies related Sec. 1136 boilerplate to include grief counseling services and add a report to the Legislature.		GF/GP	\$700,000
26. Autism Programs – One-Time and Ongoing Funding		Gross	\$2,500,000
Makes the following one-time funding changes for university autism programs: a) one-time GF/GP funding is increased from \$2.0 to \$3.0 million, supporting increased grants to Western Michigan (WMU) and Eastern Michigan (EMU), and a new grant to Michigan State; b) new one-time funding of \$4.0 million from the Autism Coverage Fund supports continuation of \$500,000 grants to Central Michigan and Oakland University, and additional funding of \$3.0 million to WMU; and c) new one-time funding of \$1.5 million from the Autism Coverage Fund is provided to the Autism Alliance for assistance to families in choosing treatment and services, in a separate line item. In addition, ongoing funding of \$500,000 to EMU is retained and transferred from maternal and child health special projects to behavioral health administration within the budget. Sec. 1902 boilerplate is modified to reflect the one-time funding changes.		Autism CF	0
		GF/GP	\$2,500,000
			\$5,500,000
			\$1,000,000
27. Child/Adolescent School Health Care Pilot – One-Time Funding		Gross	\$0
Includes new one-time funding of \$2.0 million GF/GP for a child and adolescent health services pilot program, for nursing and behavioral health care in schools provided by mobile health professional teams.		GF/GP	\$2,000,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
28. Pay for Success Maternal/Child Programs – One-Time Funding	Gross	\$0	\$1,500,000
Includes new one-time funding of \$1.5 million GF/GP for a Pay for Success Contracts pilot program, to provide services with improved outcomes and lower costs using vendor payment after demonstrated performance and savings. Pilot will focus on home visit programs for mothers and infants, and wraparound/multi-partner community and school-based services in high-risk neighborhoods. Sec. 1906 is related new boilerplate, which also establishes the appropriation as a work project through FY 2018-19.	GF/GP	\$0	\$1,500,000
29. Crime Victim Services	Gross	\$37,775,200	(\$3,806,100)
Increases funding by \$1.0 million for grants to county prosecutors for staff training and for services for crime victims, with state restricted Crime Victim’s Rights Fund monies. Also recognizes federal Victims of Crime Act (VOCA) grant reductions of \$4.1 million for victim services, and \$700,000 for victim compensation.	Federal	23,494,800	(4,806,100)
	Restricted	14,280,400	1,000,000
	GF/GP	\$0	\$0
30. Senior Services Expansion and Fund Shift	Gross	\$94,081,600	\$5,338,500
Provides \$6.0 million GF/GP increase for services for seniors and to eliminate waiting lists, including: \$1.0 million for elder abuse prevention supporting legislation enacted in 2012, \$3.2 million for in-home services, and \$1.8 million for home-delivered meals. Also replaces a \$400,000 shortfall of state restricted funds with GF/GP for senior respite care services. Also includes net \$661,500 reduction of federal grant funds.	Federal	58,154,600	(661,500)
	Private	677,500	0
	Merit Awd	4,068,700	0
	Restricted	1,800,000	(400,000)
	GF/GP	\$29,380,800	\$6,400,000
31. Senior Olympics – One-Time Funding	Gross	\$0	\$100,000
Provides new one-time funding of \$100,000 GF/GP for the Senior Olympics. This program has been funded occasionally in past fiscal years, most recently in FY 2008-09.	GF/GP	\$0	\$100,000
32. Health Insurance Claims Assessment (HICA)	Gross	\$420,203,700	\$580,095,500
Incorporates budgetary adjustments stemming from P.A. 161 and P.A. 162 (SBs 893 and 913) of 2014, which a) reinstate the 6% Use Tax on services provided by Medicaid managed care entities and b) reduce the HICA rate from 1.00% to 0.75%. The policy changes and resultant budgetary adjustments are expected to address the HICA shortfall while in effect.	Federal	0	429,558,300
	Restricted	420,203,700	(187,550,900)
	GF/GP	\$0	\$338,088,100
33. Special Rural Hospital Payments	Gross	\$35,629,500	\$0
Continues rural hospital payments in the current year amounts.	Federal	23,629,500	0
	Restricted	0	0
	GF/GP	\$12,000,000	\$0
34. Primary Care Rate Increase – Partial Continuation	Gross	\$156,333,300	(\$83,785,400)
Partially continues a rate increase for primary care providers that was initially introduced in 2013. The rate increase was included temporarily with 100% federal funds from the Affordable Care Act. Full federal payment of the increased rate continues through calendar year 2014, after which states have the option to continue the higher rate at the regular FMAP. The FY 2014-15 enacted budget partially continues the rate with \$72.5 million Gross (\$25.0 million GF/GP).	Federal	156,333,300	(108,785,400)
	GF/GP	\$0	\$25,000,000
35. Other Provider Rate Increases	Gross	NA	\$15,192,800
Includes provider rate increases in the amount of \$15.2 million Gross (\$5.2 million GF/GP) for OB/GYN, personal care, and dialysis services.	Federal	NA	9,957,300
	GF/GP	NA	\$5,235,500
36. Graduate Medical Education (GME)	Gross	\$4,314,200	\$0
Continues one-time GME funding at current year levels, and moves the full amount from one-time to ongoing in the Hospital Services and Therapy line. (Also removes related boilerplate Secs. 1740 and 1903, and modifies Secs. 1846 and 1870).	Federal	2,864,200	0
	GF/GP	\$1,450,000	\$0

COMMUNITY HEALTH

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>Enacted Change From YTD</u>
37. Roads and Risks Reserve Funds	Gross	NA \$0
Includes a fund shift of \$60.9 million from GF/GP to the Roads and Risks Reserve (RRR) fund in the Health Plan Services line.	RRR	60,900,000
	GF/GP	(\$60,900,000)
38. Affordable Care Act Insurance Fee Reserve	Gross	NA \$87,057,500
Provides \$87.1 million Gross (\$30.0 million GF/GP) to hold Medicaid health plans harmless for the insurance provider's fee included in the Affordable Care Act. The amount of the federal fee is not yet finalized, so the funds are appropriated in a new Health Insurer Fee Reserve Fund line that is available only as outlined in boilerplate Sec.1765.	Federal	57,057,500
	GF/GP	\$30,000,000
39. Minimum Wage Increase – Adult Home Help	Gross	NA \$5,044,700
Includes an increase of \$5.0 million Gross (\$1.7 million GF/GP) for wage increases to Medicaid adult home help workers. The increase complies with the minimum wage increase included in P.A. 138 of 2014.	Federal	3,306,300
	GF/GP	\$1,738,400
40. PACE Expansion	Gross	NA \$125,000
Includes a net zero transfer of \$7.7 million Gross from the Long Term Care Services line to the Program for All-Inclusive Care for the Elderly (PACE) line. The transfer will fund program expansion into Genesee, Ingham, and Saginaw counties. Also includes the addition of 1.0 FTE and associated funding (\$125,000 Gross; \$62,500 GF/GP) to assist in administering the expanded program.	Federal	62,500
	GF/GP	\$62,500
41. Economic Adjustments	Gross	NA \$8,789,500
Includes a net increase of \$8.8 million Gross (\$3.2 million GF/GP) for negotiated salary and wage increase (2.0% ongoing increase plus 0.5% lump sum increase), actuarially-required retirement rate increases, and economic adjustments for worker's compensation, building occupancy, and rent.	IDG	27,900
	Federal	2,042,100
	Restricted	452,700
	Local	3,018,400
	Private	4,200
	GF/GP	\$3,244,200

Major Boilerplate Changes From FY 2013-14

GENERAL SECTIONS

Sec. 204. Benchmarks for New Programs or Program Increases – NEW

Requires the following of DCH: identify specific benchmarks intended to measure the performance or return on taxpayer investment of the program and its associated expenditures for each new program or program expansion exceeding a part 1 appropriation of \$500,000; report on the proposed benchmarks; and provide an update on its progress in achieving those benchmarks. Also, expresses Legislature's intent that, beginning with the FY 2015-16 budget, any proposal for a new program or expansion of an existing program in excess of \$500,000 include a list of benchmarks intended to measure the performance or return on taxpayer investment of the program or spending increase as part of the original proposal or budget request.

Sec. 252. Appropriations for Healthy Michigan Plan – NEW

Specifies part 1 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 those actions occur, the remaining funds in the HMP are to be used only to pay previously incurred costs.

Sec. 282. Performance Metrics for Contracts – REVISED

Requires DCH to work with the Department of Technology, Management, and Budget to establish an automated annual metric collection, validation, and reporting system for contracts via the state's e-procurement system by September 30, 2015. Requires DCH to report the status of this work and a project plan by October 1, 2014 and May 1, 2015. Also, requires the Department to generate a June 30, 2016 report that presents performance metrics on all new or existing contracts at renewal of \$1.0 million or more funded only with state general fund/general purpose or state restricted resources. The performance metrics must include, at a minimum, service delivery volumes and provider or beneficiary outcomes.

Major Boilerplate Changes From FY 2013-14

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

Requires that no less than 90% of a new department contract supported solely from state restricted funds 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. Applies limitation to services after the first year of the contract. Allows DCH to make exceptions to the limitation on administrative and service costs. Requires a report by September 30, 2015 on the rationale for all exceptions made to the limitation and the number of contracts terminated due to violations of this provision in law.

Sec. 297. Legacy Costs – NEW

Specifies that the total authorized appropriations for FY 2014-15 legacy costs are \$89,124,600 in which the pension-related legacy costs are estimated at \$49,676,000 and the retiree health care legacy costs are estimated at \$39,448,600.

BEHAVIORAL HEALTH SERVICES

Sec. 403. Mental Health Services for Special Populations – REVISED

Permits the Department to require each contractor of mental health services for special populations to provide data and information on performance-related metrics which may include all of the following: a mission that is consistent with the purpose of the funding; demonstration of cost-effectiveness; ability to leverage private dollars to strengthen and maximize service provision; and timely and accurate reports regarding the number of clients served, units of service provision, and ability to meet stated goals. Requires DCH and DHS to convene a workgroup to discuss and make recommendations on including accreditation in the contractor specifications and potentially moving toward competitive bidding.

Sec. 502. Fetal Alcohol Syndrome Services – REVISED

Requires the Department to continue developing an outreach program on fetal alcohol syndrome services and report on efforts to prevent, combat, and reduce the incidence of fetal alcohol syndrome. Requires the DCH to also explore federal grant funding to address prevention services for fetal alcohol syndrome and reduce alcohol consumption among pregnant women. Mandates the DCH submit a progress report by April 1, 2015.

Sec. 506. Report on CMH Non-Medicaid Services Expenditures – NEW

Requires the DCH to provide the most recent cost data information submitted by the CMHSPs on how CMH non-Medicaid services funding were expended by each CMHSP. Requires the information to include general fund/general purpose costs for administration, prevention, jail diversion and treatment services, MICHild program, children's waiver home care program, children with serious emotional disturbance waiver program, services provided to individuals with mental illness and developmental disabilities who are not eligible for Medicaid, and the Medicaid spend down population.

PUBLIC HEALTH ADMINISTRATION

Sec. 654. Before- and After-School Healthy Exercise Program – REVISED

Revises the before- and after-school healthy exercise program for children in kindergarten through grade 6 to a school children's healthy exercise program for kindergarten through grade 8. Also establishes that no less than ½ of the funds shall be granted for before- and after-school programs, revised from 100%.

EPIDEMIOLOGY AND INFECTIOUS DISEASE

Sec. 852. Childhood and Adolescent Immunization Rates – NEW

Requires the Department to develop a plan designed to improve Michigan's childhood and adolescent immunization rates.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Sec. 1108. Prohibit Use of Pregnancy Prevention Funds for Abortion Counseling, Referrals, Services – REVISED and Sec. 1119. No Use of Funds to Encourage or Support Abortion Services – DELETED

Combines Secs. 1108 and 1119 as a revised Sec. 1108, and deletes Sec. 1119. Revised Sec. 1108 language states that the Department shall not use state restricted or GF/GP funds appropriated in the family planning local agreements or pregnancy prevention program line items for abortion counseling, referrals, or services.

Sec. 1135. School Health Education Curriculum – DELETED

Deletes language which: a) establishes that if funds become available, provision of a school health education curriculum shall be in accordance with goals of the Michigan Model for Comprehensive School Health Education State Steering Committee; b) establishes steering committee membership; and c) requires curriculum materials be made available upon request.

COMMUNITY HEALTH

Major Boilerplate Changes From FY 2013-14

Sec. 1139. Housing Rehabilitation and Hazard Abatement Program Task Force and Report – NEW

Requires the Department to establish a joint task force to review housing rehabilitation, energy and weatherization, and hazard abatement program policies, in collaboration with Department of Human Services and the Michigan State Housing Development Authority; establishes task force membership; and requires a report by March 1, 2015 of recommendations for integrating and coordinating projects to maximize resources while serving more families and achieving better outcomes.

WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM

Sec. 1151. Report on Access and Savings Regarding Generic Peanut Butter Purchasing Requirement – NEW

Requires the Department to report by January 1, 2015 on the number of complaints received regarding access to generic peanut butter, and the savings gained, both as related to recent implementation of generic peanut butter purchasing requirement modifications by the Department to the Women, Infants, and Children Supplemental Food and Nutrition (WIC) program.

MEDICAL SERVICES

Sec. 1503. Healthy Michigan Plan Administration – NEW

Adds a new section requiring the department to establish an accounting structure in the state system (Michigan Administrative Information Network, or MAIN) to separately track expenditures for administration of the Healthy Michigan Plan.

Sec. 1765. Health Insurer Fee Reserve Fund – NEW

Creates the Health Insurer Fee Reserve fund, consisting of GF/GP and associated federal match appropriated to the new Health Insurer Fee Reserve Fund line. The funding is intended to hold Medicaid health plans harmless for the impact of the federal insurance provider's fee created by the Affordable Care Act. Funds will be available after a) the Internal Revenue Service finalizes the 2015 percent assessment fee rate and b) the state budget director approves the amount of reimbursement from the fund.

Sec. 1815. Capitation Withhold Limitation – CURRENT LAW

Limits capitation withholds for managed care plans at 0.19%.

Secs. 1846 and 1870. Graduate Medical Education – REVISED

Modifies these sections, which a) emphasize disciplines that are necessary to meet the needs of the state, b) establish the MIDocs consortium. The purpose of MIDocs is to develop freestanding residency training programs in primary care and other ambulatory care-based specialties.

Sec. 1861. Nonemergency Medical Transportation – REVISED

Requires, consistent with current law, the Department to report on the pilot program for non-emergency medical transportation in southeast Michigan. However, this language broadens the scope of review to include the efficiency and effectiveness of the nonemergency transportation system, with acknowledgement that the review may be limited based on available data for services provided outside of DCH or its contractor. Accompanying language is included in the Department of Human Services (DHS), requiring DHS to provide DCH with data on methods of travel, number of people served, travel distances, number of trips, and trip costs. Adds a subsection requiring a new nonemergency pilot in at least two counties, with priority given to Berrien and Muskegon counties.

DEPARTMENT OF CORRECTIONS
Summary of FY 2014-15 Enacted Appropriations
Article V, 2014 Public Act 252 (House Bill 5313)

Analyst: Robin R. Risko

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$1,109,600	\$225,000	\$225,000	\$225,000	\$225,000	(\$884,600)	(79.7)
Federal	8,852,500	5,081,000	5,081,000	4,832,200	5,081,000	(3,771,500)	(42.6)
Local	8,392,800	8,547,700	8,547,700	8,547,700	8,547,700	154,900	1.8
Private	0	0	0	0	0	0	--
Restricted	56,026,100	45,869,600	45,869,600	39,720,900	45,869,600	(10,156,500)	(18.1)
GF/GP	1,958,053,600	1,990,198,400	1,975,198,400	1,972,575,800	1,980,798,400	22,744,800	1.2
Gross	\$2,032,434,600	\$2,049,921,700	\$2,034,921,700	\$2,025,901,600	\$2,040,521,700	\$8,087,100	0.4
FTEs	14,559.6	14,195.3	14,195.3	14,086.8	14,195.3	(364.3)	(2.5)
Avg. Pop.	43,953	44,997	44,997	44,997	44,997	1,044	2.4

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2013-14 year-to-date figures include appropriation adjustments in 2013 PA 102, and 2013 PA 107 for Medicaid Reform/Healthy Michigan Plan effective March 14, 2014, but based on the waiver, implemented on April 1, 2014.

Overview

The Michigan Department of Corrections (MDOC) is responsible for the operation and maintenance of the state's 32 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education, food service, transportation, and reintegration programs. The department is also responsible for the supervision of all parolees and probationers under department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of June 1, 2014, the department was responsible for 107,131 Michigan offenders: 43,496 prisoners, 47,006 probationers, and 16,629 parolees.

Major Budget Changes From FY 2013-14 YTD Appropriations	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
1. Healthy Michigan Plan Savings	Gross	NA
Reflects a net positive adjustment of \$5.1 million GF/GP related to implementation of the Healthy Michigan Plan under the Affordable Care Act. A three-quarter year savings of \$24.2 million GF/GP was built into the FY 2013-14 budget through Public Act 107 of 2013. It has since been determined that certain costs relative to treatment of sex offender and substance abuse disorders will not be eligible for Medicaid reimbursement, which requires a portion of the savings originally taken to be restored. Full-year savings in FY 2014-15 are now estimated to be \$19.1 million GF/GP.	GF/GP	NA
		\$5,131,400
		\$5,131,400
2. Healthy Michigan Plan Administrative Costs	FTE	NA
Includes FTE authorization and funding to cover administrative costs of implementing the Healthy Michigan Plan. Administrative costs are currently paid for from the DCH budget. MDOC will pay DHS via an IDG for staff who handle eligibility determination and enrollment (\$497,600), and will pay for MDOC staff who handle discharge planning (\$475,000) and oversight functions (\$107,100).	Gross	NA
	Federal	NA
	GF/GP	NA
		6.0
		\$1,079,700
		248,800
		\$830,900
3. Food Service Legacy Costs	Gross	NA
Reflects a reduction as a result of privatizing food service operations and removing legacy payroll costs associated with former MDOC food service employees.	GF/GP	NA
		(\$8,167,100)
		(\$8,167,100)

CORRECTIONS

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>Enacted Change From YTD</u>
4. Neal Settlement Includes additional funding to be added to the \$20.0 million appropriated in the base to make the final year of <i>Neal et. al.</i> Settlement Agreement payments. (The \$20.0 million in FY 2013-14 is eliminated from ongoing funding and the \$25.0 million in FY 2014-15 will be counted as one-time funding.)	Gross \$20,000,000 GF/GP \$20,000,000	\$5,000,000 \$5,000,000
5. Prisoner Education Includes authorization for 20.0 FTE positions and funding for enhancement of prisoner education programs. Funding will be used to hire 5.0 trade instructors and 15.0 employment counselors. The trade instructors will work to provide critical job skills for prisoners who are reentering the community. The goal is to reduce the waiting list for vocational programming and improve employment opportunities. The employment counselors will work with employers to determine specific employment training desired for employees. They will work to implement specific curricula and training to meet local job requirements, and to connect trained offenders with employers prior to release from prison. Also, the counselors will work with local colleges to provide instruction inside the prisons to eligible prisoners. (\$1.0 million of the funding is one-time and \$3.3 million is ongoing.)	FTE 244.0 Gross \$33,492,000 Federal 3,437,600 GF/GP \$30,054,400	20.0 \$4,295,300 0 \$4,295,300
6. Hepatitis C Includes additional funding to implement the new treatment protocol for Hepatitis C that has been promulgated by the Centers for Disease Control and Prevention. Current treatment for the disease is long in duration, with many side effects, and is not guaranteed to cure the disease. The new treatment protocol is shorter in duration, has fewer side effects, and has shown a higher success rate.	Gross NA GF/GP NA	\$4,400,000 \$4,400,000
7. Leased Beds Includes additional funding to pay counties for bed space at county jail facilities to be used to house convicted felons. Prisoners who are classified as Level I prisoners, who are not serving time for sex offenses, and who are serving flat sentences are eligible to be housed in county jail facilities at a lower cost to the department.	Gross \$1,000,000 GF/GP \$1,000,000	\$4,000,000 \$4,000,000
8. Mobilize Parole and Probation Staff Includes additional funding to deploy and maintain devices such as smart phones, tablets, and laptops to mobilize parole and probation staff in Detroit, Pontiac, Saginaw, and Flint. This will allow 380 parole and probation agents and 53 supervisors to spend more time in the field with parolees and probationers. (\$440,600 of the funding is one-time and \$582,400 is ongoing.)	Gross NA GF/GP NA	\$1,023,000 \$1,023,000
9. Mental Health Diversion – Local Jail Pilot Project Includes funding for MDOC’s role in a multi-agency statewide mental health diversion program. Funding will be used by the department to contract with a local jail for a post-release transition project that will offer comprehensive in-reach and post-release mental health services to inmates who are returning to the community.	Gross NA GF/GP NA	\$1,000,000 \$1,000,000
10. Prisoner Re-Entry Legal Services Includes funding to establish two pilot projects, one in Kent County and one in Oakland County, to provide outreach, education, and legal representation to former offenders in areas such as employment, housing, income stability, and child custody and other domestic matters.	Gross NA GF/GP NA	\$149,000 \$149,000

CORRECTIONS

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>Enacted Change From YTD</u>	
11. Prosecutorial and Detainer Expenses	Gross	\$4,551,000	\$300,000
Includes additional funding to cover increased prosecutorial and detainer expenses. As local budgets have been reduced, prosecutors have shifted the costs of prosecuting offenses which occur on MDOC property to the department. Also, local sheriffs charge the department for detaining offenders who have outstanding MDOC warrants.	GF/GP	\$4,551,000	\$300,000
12. Health Care Staff Training	FTE	NA	2.0
Includes authorization for 2.0 FTE positions and additional funding to enhance professional development and training for all Bureau of Health Care Services staff. A Registered Nurse will work to develop training curriculums and computer-based training sessions, provide classroom staff training, develop a mentor program to be offered in each clinic, and assist in recruiting activities. A Human Resource Developer will work on grant writing, community partnerships, assisting with developing training materials, and assisting in recruiting activities.	Gross	NA	\$402,600
	GF/GP	NA	\$402,600
13. Economic Adjustments	Gross	NA	\$21,847,000
Includes funding for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, rent, building occupancy, and worker's compensation. Insurance costs are held flat due to recent revisions to the state employee health plan.	Federal	NA	37,900
	Local	NA	221,100
	Restricted	NA	375,800
	GF/GP	NA	\$21,212,200
14. Restricted Fund Adjustments	Gross	NA	(\$15,541,300)
Adjusts a number of IDG, federal, local, and state restricted fund sources within the budget in order to reflect the actual amount of revenue that is collected/awarded. There is no GF/GP impact resulting from these adjustments.	IDG	NA	(884,600)
	Federal	NA	(4,058,200)
	Local	NA	(66,200)
	Restricted	NA	(10,532,300)
15. Technical Adjustments	Gross	NA	\$0
Makes internal 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 where expenditures occur and to reflect reorganization within the department.	GF/GP	NA	\$0
16. Eliminate FTE Position Authorization	FTE	NA	(392.3)
Eliminates authorization for unfunded FTE positions to more accurately reflect department resources.	Gross	NA	\$0
	GF/GP	NA	\$0
17. Eliminate One-Time New Employee School Funding	Gross	\$9,032,500	(\$9,032,500)
Eliminates one-time funding that was included in the FY 2013-14 budget for a new employee school. Funding of \$9.0 million remains in the base appropriation for new custody staff training.	GF/GP	\$9,032,500	(\$9,032,500)
18. Swift and Sure Sanctions Program	Gross	NA	\$1,000,000
Includes additional funding to be transferred to DHS and used to expand the Swift and Sure Sanctions program through the Michigan Rehabilitative Services program.	GF/GP	NA	\$1,000,000
19. Goodwill – Flip the Script	Gross	NA	\$2,500,000
Includes funding for the Flip the Script program administered by Goodwill Industries of Greater Detroit. The program provides troubled 16-29 year-olds with education and employment skills in an effort to keep them out of prison.	GF/GP	NA	\$2,500,000
20. Savings From Department Efficiencies	Gross	NA	(\$11,900,000)
Reduces a number of line items throughout the budget for a total savings of \$11.9 million to be achieved through more efficient department operations.	GF/GP	NA	(\$11,900,000)

CORRECTIONS

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>Enacted Change From YTD</u>	
21. 70 x 7 Life Recovery – Muskegon Pilot	Gross	NA	\$600,000
Includes funding for the 70 x 7 Life Recovery program to be piloted in Muskegon. The program provides mentorship, employment, job and life skills training, and recovery support for men and women who have previously been incarcerated.	GF/GP	NA	\$600,000

Major Boilerplate Changes From FY 2013-14

Boilerplate Deletions

Nine sections and two subsections of boilerplate language included in the FY 2013-14 appropriations bill are deleted. Those sections are: 245, 405(1), 405(2), 506, 806, 807, 809, 916, 939, 947, and 1201. Deletions include reporting requirements, sections providing guidance and placing conditions on appropriations, sections which express legislative intent, and sections which served a one-time purpose and are no longer applicable.

Sec. 204. Investment of Budgetary Savings – NEW

Expresses legislative intent that annual budgetary savings achieved be invested in early childhood education, K-12 education, higher education, local law enforcement entities through revenue sharing, and roads, in an effort to reduce high crime rates in the state.

Sec. 232. Security Levels of Prisoners Past ERD – NEW

Requires the department to report on security levels of all prisoners who were classified as past their earliest release date.

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

Expresses legislative intent that MDOC establish and maintain a management-to-staff ratio of 1 supervisor for each 8 employees at the Lansing central office and at the Northern and Southern Region Administration offices.

Sec. 246. Legacy Costs – NEW

States the total amount of funding estimated to be expended on legacy costs in FY 2014-15 is \$351.6 million. Of that, \$196.5 million is estimated to be expended on pension-related legacy costs, and \$155.1 million is estimated to be expended on health care-related legacy costs.

Sec. 247. Performance Measures – NEW

Requires the department to report a list of specific benchmarks intended to measure the performance or return on taxpayer investment for each new program or program expansion for which funds in excess of \$500,000 are appropriated, and to report on the progress of the program and the status of expenditures as measured by the benchmarks.

Sec. 403. LEAN Process to Reduce Program Backlog – NEW

Requires the department to issue a RFP to institute a LEAN process to determine ways to reduce the backlog for programming for prisoners who are within six months of their earliest release date, and to report on the outcomes of the LEAN process.

Sec. 404. Staff Associated With LEAN Process – NEW

Authorizes the department to hire additional staff on a temporary basis to assist with instituting LEAN process principles and to provide programming to prisoners who are past their earliest release dates.

Sec. 406. Expansion of Swift and Sure Sanctions Program – NEW

Requires the department to provide \$1.0 million in IDG funding to DHS to expand the Swift and Sure Sanctions program through Michigan Rehabilitative Services.

Sec. 409. Workforce Development – NEW

Requires the department to work with state agencies and local entities to coordinate re-entry and vocational education programs for prisoners to encourage employment of the prisoners upon release.

Sec. 421. Mental Health Diversion Council – NEW

Expresses legislative intent that the appropriation for the Jail Mental Health Transition Pilot Program be used to address recommendations of the Mental Health Diversion Council.

Major Boilerplate Changes From FY 2013-14

Sec. 435. Prisoner Re-Entry Legal Services – NEW

Requires the department to contract with Kent County and Oakland County to establish pilot projects to provide outreach, education, and legal representation to former offenders in areas such as employment, housing, income stability, and child custody and other domestic matters. Requires Oakland County to provide services to former offenders in Wayne County.

Sec. 436. Genesee County Jail Backlog – NEW

Requires the department to establish a workgroup with the Genesee County Sheriff's Department and the City of Flint Police Department to develop and implement a long-term strategic plan to ease the county jail backlog and to reduce the need for department intervention.

Sec. 437. Goodwill Flip the Script – NEW

Requires the department to contract with a nonprofit entity in a county with greater than 1.5 million people to provide persons aged 16-29 with education and employment skills in an effort to keep them out of prison.

Sec. 504. Consolidation of Transportation Services – NEW

Requires the department to work with DCH, MDOT, DHS, and MSF to determine if the state can maximize its services and funding for transportation for low-income, elderly, and disabled individuals through consolidation of transportation services.

Sec. 508. Analysis of Physical Structure of Facilities – NEW

Requires the department to analyze the structural integrity and overall quality of correctional facilities it owns or operates, and to report the findings.

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

Requires the department to conduct a study on the Michigan State Industries program that focuses on determining which industries have the maximum benefit to prisoners in providing marketable skills and leading to employment; requires a report on production, on the operating budget, on the number of prisoners participating, and on purchasers of products.

Sec. 510. Administration of Healthy Michigan Plan – NEW

Requires the department to work with DCH to establish an accounting structure that will allow expenditures associated with the administration of the Healthy Michigan Plan to be identified.

Sec. 511. Strategic Plan Reporting – NEW

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

Sec. 615. Requirements of Parole Board – REVISED

Requires the department to report on the number of prisoners who have received life sentences with the possibility of parole and on the number of prisoners who are eligible for parole.

Sec. 803. Standard Medical Release Form – NEW

Requires the department to establish a standard medical release form for all prisoners, and to give all prisoners the opportunity to sign a release form, effective for one year, designating a family member or other individual to whom the department is authorized to release information to.

Sec. 805. Health Care Coverage for Dependents – NEW

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

Sec. 915. Program to Allow Graduate Students to Teach Programming – NEW

Requires the department to explore opportunities to collaborate with Michigan universities to establish programs that will allow graduate students to work in correctional facilities teaching programming that is a condition of parole; the intent is that student teachers will result in a cost savings for the department and will reduce the number of individuals who are past their earliest release dates.

Sec. 924. Evaluation and Placement of Prisoners With Mental Illness – REVISED

Requires the department to evaluate all prisoners at intake for substance abuse disorders, serious developmental disorders, serious mental illness, and other mental health disorders; prohibits removal of prisoners with serious mental illness or serious developmental disorders from general population as a punitive response to their behavior; authorizes prisoners with serious mental illness or serious developmental disorders to be placed in secure residential housing programs that will facilitate access to institutional programming and ongoing mental health services; and requires evaluation or monitoring of these prisoners by a medical professional not less than every 12 hours.

CORRECTIONS

Major Boilerplate Changes From FY 2013-14

Sec. 929. Evaluation and Placement of Prisoners Less Than 18 Years of Age With Mental Illness – REVISED

Requires the department to ensure adequate staff training for staff who are in contact with prisoners less than 18 years of age; requires the department to provide appropriate placement for prisoners less than 18 years of age who have serious mental illness, serious emotional disturbance, or serious developmental disorders and need to be housed separately from the general population; prohibits removal of prisoners less than 18 years of age with serious mental illness, serious emotional disturbance, or serious developmental disorders from general population as a punitive response to their behavior; authorizes prisoners less than 18 years of age with serious mental illness, serious emotional disturbance, or serious developmental disorders to be placed in secure residential housing programs that will facilitate access to institutional programming and ongoing mental health services; and requires evaluation or monitoring of these prisoners by a medical professional not less than every 12 hours.

Sec. 938. Skilled Nursing Facility for Geriatric and Medically Fragile – NEW

Requires the department, in consultation with DTMB and DCH, to issue an RFI for a contract to provide beds in a skilled nursing facility for placement of geriatric and medically fragile prisoners, so that these prisoners are eligible for Medicaid reimbursement.

DEPARTMENT OF EDUCATION
Summary of FY 2014-15 Enacted Appropriations
Article VI, 2014 Public Act 252 (House Bill 5313)

Analyst: Karen Shapiro

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	211,873,000	226,097,500	224,097,500	226,097,500	189,473,500	(22,399,500)	(10.6)
Local	5,633,700	5,633,700	5,633,700	5,633,700	5,633,700	0	0
Private	1,933,300	1,933,300	1,933,300	1,933,300	1,933,300	0	0
Restricted	8,032,100	7,972,600	7,972,600	7,972,600	7,972,600	(59,500)	(0.7)
GF/GP	70,893,900	84,939,000	81,847,200	85,025,000	82,083,000	11,189,100	15.8
Gross	\$298,366,000	\$326,576,100	\$321,484,300	\$326,662,100	\$287,096,100	(\$11,269,900)	(3.8)
FTEs	593.5	627.5	598.5	606.5	606.5	13.0	2.2

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (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 2013-14 YTD Appropriations

1. a. Child Development and Care (CDC) – Hours Increase

Includes a \$6.9 million increase for the Child Development and Care (CDC) program to increase the maximum allowable reimbursable hours for subsidized child care from 80 hours to 90 hours in a two-week period. This is full year funding for FY 2014-15, subsequent to a FY 2013-14 supplemental increase of \$3.5 million in partial year funding for the same purpose.

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
Gross	\$136,344,000	\$6,900,000
Federal	97,355,200	6,900,000
GF/GP	\$38,988,800	\$0

b. Child Development and Care (CDC) – Tiered Reimbursement

Includes \$3.7 million to reimburse high-quality childcare providers at higher hourly rates per a tiered reimbursement system, as defined by the Great Start to Quality provider rating system. This is full year funding for FY 2014-15, subsequent to a FY 2013-14 supplemental increase of \$1.8 million in partial year funding for the same purpose.

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
Gross	\$136,344,000	\$3,672,000
Federal	97,355,200	3,672,000
GF/GP	\$38,988,800	\$0

c. CDC Caseload 2014-15

Reflects a decreased caseload for those enrolled in child development and care for a FY 2014-15 estimate of 18,200 cases.

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
Gross	\$136,344,000	(\$36,624,000)
Federal	97,355,200	(36,624,000)
GF/GP	\$38,988,800	\$0

2. Educator Evaluations and Student Assessments

Provides \$3.4 million for the phase-in of educator evaluations and new student assessments. This funding includes \$900,000 in one-time GF/GP. Funding at MDE will be used for staffing, compliance monitoring, and information technology systems modifications. The \$2.5 million in ongoing funds and \$900,000 in one-time funding may not be expended until the enactment of HB 5223 and HB 5224. (See Sec. 702.)

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
FTE	NA	0.0
Gross	NA	\$3,414,000
Federal	NA	0
GF/GP	NA	\$3,414,000

EDUCATION (DEPARTMENT)

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>Enacted Change From YTD</u>
3. Accountability Services – Transfer From School Aid	Gross	NA	\$2,000,000
Includes a \$2.0 million transfer of federal assessment funding from the School Aid Budget.	Federal	NA	2,000,000
4. Financial Independence Team (FIT)	FTE	NA	4.0
Includes \$778,100 GF/GP and 4.0 FTEs, to be utilized in conjunction with \$4.5 million and 9.0 FTEs in the Department of Treasury, to create a new financial independence team tasked with implementing early warning systems for distressed schools in need of financial attention.	Gross	NA	\$778,100
	GF/GP	NA	\$778,100
5. Low Achieving Schools – School Reform	FTE	NA	6.0
Provides \$918,600 GF/GP for resources to help the lowest achieving schools to improve their academic programs and performance. This addition in school reform efforts includes 6.0 FTEs. Funding is split between the School Reform unit (\$306,200) and the Educational Improvement and Innovation Services unit (\$612,400).	Gross	NA	\$918,600
	GF/GP	NA	\$918,600
6. Office of Great Start	FTE	61.0	3.0
Increases the Office of Great Start Operations line by 3.0 FTEs and \$404,000 GF/GP to provide additional administrative support for the Great Start Readiness Program, which is increased in the School Aid budget by another \$65.0 million, more than doubling the program since FY 2012-13.	Gross	\$22,192,900	\$404,000
	Federal	20,732,300	0
	Private	250,000	0
	Restricted	63,500	0
	GF/GP	\$1,147,100	\$404,000
7. Library Funding – Renaissance Zone Reimbursements	Gross	\$1,500,000	\$3,200,000
Transfers \$3.2 million in Renaissance Zone Reimbursements from the School Aid budget, which when combined with existing MDE funds totals \$4.7 million for FY 2014-15.	GF/GP	\$1,500,000	\$3,200,000
8. Library Funding – MPSERS Payments	Gross	NA	\$2,200,000
Transfers \$1.3 million state share for MPSERS payments to Libraries from the School Aid budget. Also provides \$900,000 for the required increase in the state share for MPSERS payments.	GF/GP	NA	\$2,200,000
9. Economic Adjustments	Gross	NA	\$1,867,400
Reflects increased costs of \$1.9 million Gross (\$274,400 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	Federal	NA	1,472,500
	Restricted	NA	120,500
	GF/GP	NA	\$274,400

Major Boilerplate Changes From FY 2013-14

Sec. 231. Common Core Standards and Smarter Balanced Assessments – DELETED

Prohibits expenditures of funds on common core standards and smarter balanced assessments unless authorized by an affirmative action of the Legislature.

Sec. 231. Legacy Costs – NEW

Identifies total appropriations in part 1 for legacy costs for FY 2014-15 equal to \$15,637,500. Pension-related costs are estimated at \$8,739,900. Retiree health care costs are estimated at \$6,897,600.

Sec. 232. Subrecipient Monitoring Services – DELETED

In addition to funds appropriated in part 1, appropriates up to \$180,000 from payments for subrecipient monitoring expenses provided to other departments.

Sec. 234. Performance Measures – NEW

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

Major Boilerplate Changes From FY 2013-14

Sec. 235. Contract Notification – NEW

Requires that the department notify the House and Senate before entering into a contract that exceeds \$1 million or seeking a federal waiver from, or amending the federal waiver from the No Child Left Behind Act of 2001.

Sec. 236. Nonpublic School Mandates – NEW

Requires the department to compile a report that identifies mandates required of nonpublic schools.

Sec. 401. Michigan School for the Deaf and Blind Employees – NEW

States that employees at the Michigan School for the Deaf and Blind who work on a school-year basis be considered annual employees for the purposes of service credits, retirement, and insurance benefits.

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

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

Sec. 702. Educator Evaluations and Assessments – NEW

Stipulates that funds appropriated in part 1 for educator evaluations and assessments shall not be expended unless HB 5223 and HB 5224 are enacted.

Sec. 805. MPSERS Funds for District Libraries – NEW

States that part 1 funds for MPSERS costs shall be used for payments to participating district libraries. Describes how payments are to be calculated for, and allocated to, district libraries. Participating entities that receive funds under this section are required to forward the designated amount to the retirement system in a form, manner and timeframe determined by the retirement system.

Sec. 1003. Early Childhood Systems Planning RFP Process – NEW

States that all new and expiring department contracts for early childhood comprehensive systems planning shall be bid out through a statewide RFP process.

Sec. 1004. Head Start Programs – DELETED

Requires Head Start providers to ensure that regulations related to Head Start programs be at least as rigorous as those for Great Start Readiness Programs by FY 2014-15. Allows for lead teachers to continue as Head Start lead teachers if they meet requirements for continuing education and have on file a planned program leading to proper certification.

Sec. 1101. School Reform Office – NEW

Requires the department to assure that public schools that are removed from control of the district remain in compliance with all relevant state and federal laws concerning special education. The department must also ensure that students at those public schools with individualized education programs continue to receive special education services in accordance with federal and state law. Also requires the department to report on the number of students who have an individualized education program and on associated performance results after the change in school governance.

Sec. 1202. Retirement Costs – DELETED

Expresses intent that for FY 2014-15, the department identify the amount of normal and legacy retirement costs in part 1. Becomes new Sec. 231 with amended language.

ENVIRONMENTAL QUALITY

**DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary of FY 2014-15 Enacted Appropriations
Article VII, 2014 Public Act 252 (House Bill 5313)**

Analyst: Viola Bay Wild

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$9,401,900	\$9,530,500	\$9,530,500	\$9,530,500	\$9,530,500	\$128,600	1.4
Federal	150,779,700	150,367,600	150,367,600	150,367,600	149,867,600	(912,100)	(0.6)
Local	0	0	0	0	0	0	--
Private	541,800	546,900	546,900	546,900	546,900	5,100	0.9
Restricted	327,340,900	302,770,900	301,270,900	301,271,000	301,770,900	(25,570,000)	(7.8)
GF/GP	29,104,500	40,875,900	38,875,900	40,875,900	40,875,900	11,771,400	40.4
Gross	\$517,168,800	\$504,091,800	\$500,591,800	\$502,591,900	\$502,591,800	(\$14,577,000)	(2.8)
FTEs	1,287.5	1,290.5	1,290.5	1,290.5	1,290.5	3.0	0.2

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Environmental Quality (DEQ) supports environmental protection, conservation, and cleanup and redevelopment programs and regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources.

Major Budget Changes From FY 2013-14 YTD Appropriations

**FY 2013-14 YTD Enacted Change
(as of 2/5/14) From YTD**

1. Funding and FTE Authorization Adjustments

Eliminates authorization for 5.0 unfunded FTEs in the Water Division; removes \$600,000 one-time GF/GP for wetlands program; reduces IDG and restricted funding by \$970,000 to align with anticipated revenues; reduces funding to reflect various technical funding adjustments.

FTE	NA	(5.0)
Gross	NA	(\$2,388,600)
IDG	NA	(240,600)
Restricted	NA	(1,555,100)
GF/GP	NA	(\$592,900)

2. Water Quality and Use Initiative

Provides \$4.0 million GF/GP funding for development of a comprehensive state water strategy, including water quality, use, permit issuance, and water monitoring efforts. Funding will also be used for DEQ's Water Access Tool, additional beach monitoring equipment and programs, and the wetlands program.

FTE	NA	5.0
Gross	NA	\$3,977,200
GF/GP	NA	\$3,977,200

3. Recycling Initiative

Includes \$1.0 million GF/GP funding and 3.0 FTEs to support a recycling initiative to help increase the number of counties with convenient access to recycling.

FTE	NA	3.0
Gross	NA	\$1,000,000
GF/GP	NA	\$1,000,000

4. Cost Allocation Adjustment

Adjusts funding to reflect cost allocation changes from FY 2013-14.

Gross	NA	\$0
IDG	NA	281,700
Federal	NA	(312,700)
Restricted	NA	31,000

5. Office of Environmental Assistance

Provides additional \$1.0 million GF/GP funding for the Office of Environmental Assistance; use of funding would include increasing expenditures for the Retired Engineers Technical Assistance Program (RETAP); replaces \$1.9 million restricted funding from the Environmental Pollution Prevention Fund (EPPF) with \$1.9 million GF/GP funding.

FTE	40.0	0.0
Gross	\$6,187,200	\$1,000,000
Federal	773,200	0
Private	356,600	0
Restricted	5,057,400	(1,900,000)
GF/GP	\$0	\$2,900,000

ENVIRONMENTAL QUALITY

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
6. Hazardous Waste Management Program	FTE	51.0	0.0
Provides \$400,000 restricted funding from the Environmental Pollution Protection Fund (EPPF) for the Hazardous Waste Management Program. Funding would replace \$400,000 one-time FY 2013-14 GF/GP funding; program funded at current-year Gross funding level.	Gross	\$6,731,600	\$0
	Federal	3,255,000	0
	Restricted	3,076,600	400,000
	GF/GP	\$400,000	(\$400,000)
7. Federal Cleanup Project Management Program	FTE	60.0	(5.0)
Eliminates 5.0 FTE positions and reduces federal funding by \$700,000 to better align expenditures with anticipated revenue.	Gross	\$9,546,900	(\$700,000)
	Federal	5,965,100	(700,000)
	Restricted	3,581,800	0
8. Drinking Water Revolving Fund Program	Gross	NA	\$2,500,000
Provides \$2.5 million GF/GP funding to be used as matching funds to qualify for additional federal grant money for the Drinking Water Revolving Fund Program which provides low-interest loans to local governments for drinking water infrastructure projects.	GF/GP	NA	\$2,500,000
9. Electronic Document Management System	Gross	NA	\$2,500,000
Includes \$2.5 million one-time GF/GP funding to implement an electronic document management system which would enable DEQ to make more information available on the Department's website.	GF/GP	NA	\$2,500,000
10. Strategic Water Quality Initiative Fund (SWQIF)	Gross	NA	(\$24,600,000)
Reduces SWQIF support by \$15.0 million for Environmental Cleanup and Redevelopment Program to reflect actual projected needs; removes \$9.6 million SWQIF funding for loans no longer needed pursuant to PA 562 of 2012 which redirected funding to new SWQIF Grants and Loans Program which remains funded at \$97.0 million in FY 2014-15.	Restricted	NA	(24,600,000)
11. Leaking Underground Storage Tanks (LUST) Cleanups	Gross	\$32,500,000	\$400,000
Increases funding for the LUST Cleanup line item by \$400,000 restricted funding from the Refined Petroleum Fund (RPF); increase is the net result of two funding changes:	Restricted	32,500,000	400,000
- an increase of \$1.9 million RPF to this line item transferred from debt service payments in the Treasury budget			
- a \$1.5 million transfer from this LUST Cleanup line item to the Contaminated Site Investigation, Cleanup, and Revitalization line item which supports staff.			
12. Contaminated Site Investigation, Cleanup, and Revitalization	FTE	204.0	5.0
Includes 5.0 additional FTE positions and a net increase of \$1.3 million additional restricted funding from the Refined Petroleum Fund; increase is a net result of three funding changes:	Gross	\$27,754,700	\$1,314,500
- an increase of \$1.1 million RPF to this line item transferred from debt service payments in the Treasury budget	Private	185,200	0
- a transfer of \$1.5 million RPF funding to this line item from the LUST Cleanup line item	Restricted	27,569,500	1,314,500
- \$1.3 million new RPF funding replaces \$1.3 restricted funding from the Cleanup and Redevelopment Fund.			
13. Land and Water Interface Permit Programs Fund Source Shift	Gross	NA	\$0
Includes additional \$500,000 restricted funding from Land and Water Permit Fee Fund and reduces federal funding by \$500,000 to better align expenditures with available funding.	Federal	NA	(500,000)
	Restricted	NA	500,000
14. Economic Adjustments	Gross	NA	\$419,900
Appropriates additional \$419,900 Gross (\$112,900 GF/GP reduction) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	IDG	NA	87,500
	Private	NA	5,100
	Federal	NA	600,600
	Restricted	NA	(160,400)
	GF/GP	NA	(\$112,900)

ENVIRONMENTAL QUALITY

Major Boilerplate Changes From FY 2013-14

Sec. 204. Performance Benchmarks – NEW

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

Sec. 224. Quarterly FTE Report – DELETED

Requires quarterly report on number of FTE positions in pay status.

Sec. 232. Publication Revenue Fund Transfer – DELETED

Transfers surplus funds of up to \$72,600 from the Publication Revenue Fund to the Oil and Gas Regulatory Fund.

Sec. 233. Request for Proposal (RFP) Language – DELETED

Prohibits DEQ from issuing an RFP for a contract greater than \$5.0 million unless issuing a request for information (RFI) or a request for qualification (RFQ) has been considered.

Sec. 234. Identification of Legacy Costs – NEW

States that appropriations for legacy costs in part 1 for FY 2014-15 equal \$34.0 million. Of this amount, pension-related legacy costs are estimated to be \$19.0 million and retiree health care legacy costs are estimated to be \$15.0 million.

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

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

Sec. 402. Water Quality and Use Initiative – NEW

Requires report on plan for use of Water Quality Use Initiative funding and the amount of expenditures made for specific programs.

Sec. 407. Groundwater Discharge Sodium Levels – DELETED

Prohibits Department from establishing or enforcing an effluent limitation for amount of sodium in groundwater discharge.

Sec. 408. Beach Monitoring – DELETED

Provides that \$100,000 of funding appropriated in part 1 for surface water be allocated for water quality beach monitoring equipment for Lake St. Clair Metropark Beach.

Sec. 502. Air Quality Penalties – NEW

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

Sec. 602. Clean Sweep Program – DELETED

Directs DEQ to work with local health departments, Department of Agriculture and Rural Development, and USDA to maintain and expand the program for disposal of hazardous household chemicals and drugs; requires report.

Sec. 603. Environmental Pollution Prevention Fund (EPPF) – DELETED

Provides that if statutory changes are made to combine the Waste Reduction Fund and Hazardous Material Transportation Permit Fund into the EPPF, appropriations in part 1 from these funds shall be appropriated from the EPPF.

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

Requires report containing a summary document of each completed asset management plan for each awarded SAW grant and requires that local governments retain copies of their plan for 15 years.

GENERAL GOVERNMENT TOTALS

Summary of FY 2014-15 Enacted Appropriations

Article VIII, 2014 Public Act 252 (House Bill 5313)

Analysts: Ben Gielczyk
Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$738,570,400	\$743,018,000	\$740,374,200	\$743,018,000	\$740,374,200	\$1,803,800	0.2
Federal	700,910,000	699,103,300	689,103,500	689,103,500	689,103,500	(11,806,500)	(1.7)
Local	7,713,800	9,969,700	9,969,700	9,969,700	9,969,700	2,255,900	29.2
Private	6,086,100	6,287,200	6,287,200	6,287,200	6,287,200	201,100	3.3
Restricted	1,934,087,700	2,075,529,000	2,071,934,000	2,075,256,200	2,048,873,600	114,785,900	5.9
GF/GP	1,072,036,000	1,209,947,700	1,146,751,200	1,194,207,600	1,210,682,700	138,646,700	12.9
Gross	\$4,459,404,000	\$4,743,854,900	\$4,664,419,800	\$4,717,842,200	\$4,705,290,900	\$245,886,900	5.5
FTEs	7,659.7	7,756.2	7,728.2	7,756.2	7,791.2	131.5	1.7

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview of All General Government Departments

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), and Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, Michigan Strategic Fund - Michigan State Housing Development Authority, Revenue Sharing, and Debt Service). **Budget issues are listed by department on the following pages.**

Major Boilerplate Changes From FY 2013-14

Sec. 207. New Program Metrics – NEW

Requires benchmarks to be developed by the department or agency receiving funding for a new program for which funds in excess of \$500,000 are appropriated by November 1 and requires update of benchmarks on March 1. Provides legislative intent that beginning in FY 2015-16, any new program proposed by the Executive include a list of benchmarks intended to measure performance of the program.

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

Appropriates \$94.0 million GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund (BSF).

Sec. 211b. Roads and Risk Reserve Fund – DELETED

Requires \$230.0 million GF/GP to be deposited in the Roads and Risk Reserve Fund. Directs that not more than half of the funds are available for appropriation on October 1, 2013. States that the balance will be available for roads effective February 1, 2014 if those funds have not been appropriated for other purposes prior to that date.

Sec. 233. Federal and State Restricted Revenue for Special Maintenance for State Facilities – REVISED

Appropriates additional federal and state restricted revenue for Special Maintenance, Remodeling, and Addition – State Facilities line item up to the amounts earned based on the initiatives undertaken with the GF/GP appropriation. Revised by moving to general sections from DTMB.

Sec. 234. Federal and State Restricted Revenue for Enterprisewide IT Investments – REVISED

Appropriates additional federal and state restricted revenue for Enterprisewide Information Technology Investments line item up to the amounts earned based on the initiatives undertaken with the GF/GP appropriation. Revised by moving to general sections from DTMB.

Sec. 239. State Building Energy Performance – NEW

Requires DTMB, with assistance of Michigan Energy Office, to assess energy performance of state-owned buildings to identify energy savings achievable with internal resources and energy performance contracts.

GENERAL GOVERNMENT TOTALS

Major Boilerplate Changes From FY 2013-14

Sec. 1202. Retirement Costs – REVISED

Specifies intent that departments identify the amounts for normal retirement costs and legacy retirement costs for the fiscal year ending on September 30, 2015 for the line items in part 1. Revised to include section in each budget identifying estimated legacy costs for FY 2014-15.

Sec. 1301. Anticipated Appropriations – REVISED

States legislative intent to provide appropriations for FY 2015-16, adjusting FY 2014-15 amounts based on economic and other factors.

**DEPARTMENT OF ATTORNEY GENERAL
Summary of FY 2013-14 Enacted Appropriations
Article VIII, 2014 Public Act 252 (House Bill 5313)**

Analyst: Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$27,188,500	\$27,783,800	\$27,783,800	\$27,783,800	\$27,783,800	\$595,300	2.2
Federal	9,838,200	9,857,200	9,857,200	9,857,200	9,857,200	19,000	0.2
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	17,631,900	17,914,200	17,914,200	17,914,200	17,914,200	282,300	1.6
GF/GP	34,481,300	35,467,100	35,267,100	35,467,200	38,267,100	3,785,800	11.0
Gross	\$89,139,900	\$91,022,300	\$90,822,300	\$91,022,400	\$93,822,300	\$4,682,400	5.3
FTEs	517.0	519.5	519.5	519.5	519.5	2.5	0.5

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

One of four elected executive officers identified in the Constitution, the Attorney General serves as legal counsel for the Executive Branch, litigates on the state's behalf, represents state officials in actions against the state, exercises supervisory powers over local prosecuting attorneys, serves as chief law enforcement officer of the state, and issues legal opinions that have the force of law until overturned in court.

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
1. Human Trafficking	FTE	0.5	2.5
Adds \$200,000 (all GF/GP) and 2.5 FTEs to enhance Attorney General efforts to combat human trafficking; the additional resources would supplement the 0.5 FTE attorney position currently dedicated to these efforts.	Gross	\$95,000	\$200,000
	GF/GP	\$95,000	\$200,000
2. Sexual Assault Prosecutions	Gross	NA	\$3,000,000
Adds one-time funding of \$3.0 million GF/GP to assist with prosecutions arising from test results from sexual assault evidence kits discovered by Michigan state police upon the closing of the Detroit crime laboratory.	GF/GP	NA	\$3,000,000
3. Michigan Gaming Control Board	FTE	1.0	1.0
Increases restricted revenue from the Casino Gaming Fund by \$113,600, to add one illegal gambling investigator to the one that is already funded.	Gross	\$107,000	\$113,600
	Restricted	107,000	113,600
4. Assigned Claims Assessments	FTE	1.0	(1.0)
Removes funding for assistance to Department of State for assigned claims facility, which has been privatized.	Gross	\$158,600	(\$158,600)
	Restricted	158,600	(158,600)
5. Economics	Gross	NA	\$1,527,400
Reflects increased costs of \$1.5 million Gross (\$585,800 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	IDG	NA	595,300
	Federal	NA	19,000
	Restricted	NA	327,300
	GF/GP	NA	\$585,800

GENERAL GOVERNMENT: ATTORNEY GENERAL

Major Boilerplate Changes From FY 2013-14

Sec. 320. Sexual Assault Prosecutions – NEW

Requires a detailed work and spending plan for the sexual assault prosecution line item to be submitted to the state budget office and the legislature and approved by the state budget director prior to spending any of the \$3.0 million appropriation.

DEPARTMENT OF CIVIL RIGHTS
Summary of FY 2014-15 Enacted Appropriations
Article VIII, 2014 Public Act 252 (House Bill 5313)

Analyst: Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$0	\$288,900	\$288,900	\$288,900	\$288,900	\$288,900	--
Federal	2,690,200	2,736,500	2,736,500	2,736,500	2,736,500	46,300	1.7
Local	0	0	0	0	0	0	--
Private	18,700	18,700	18,700	18,700	18,700	0	0.0
Restricted	151,900	151,900	151,900	151,900	151,900	0	0.0
GF/GP	12,337,500	13,573,200	12,985,700	13,573,200	13,448,200	1,110,700	9.0
Gross	\$15,198,300	\$16,769,200	\$16,181,700	\$16,769,200	\$16,644,200	\$1,445,900	9.5
FTEs	128.0	138.0	133.0	138.0	138.0	10.0	7.8

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

Michigan's 1963 Constitution created the Civil Rights Commission and charged it with investigating "alleged discrimination against any person because of religion, race, color, or national origin." Since then, statutes have added sex, age, marital status, familial status, height, weight, arrest record, genetic information, and physical and mental disabilities to the original four protected categories. The Department of Civil Rights serves as the Commission's administrative arm; it works to ensure equal protection by investigating complaints, utilizing mediation and legal action to resolve complaints, and conducting outreach and educational programs.

Major Budget Changes From FY 2013-14 YTD Appropriations**1. Civil Rights Outreach and Education**

Adds \$375,000 GF/GP and authorization for 4.0 FTEs for ongoing outreach and education programs.

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
FTE	NA	4.0
Gross	NA	\$375,000
GF/GP	NA	\$375,000

2. Civil Rights Complaints

Provides additional \$175,000 and 2.0 FTEs for expansion of the intake unit that handles all initial customer contacts.

FTE	NA	2.0
Gross	NA	\$175,000
GF/GP	NA	\$175,000

3. Transfer of ADA Program From DTMB

Transfers unit and funding associated with compliance activities under Americans with Disabilities Act (ADA) from Department of Technology, Management, and Budget (DTMB) to Department of Civil Rights (\$583,500 Gross, \$300,000 GF/GP, 4.0 FTEs).

FTE	NA	4.0
Gross	NA	\$583,500
IDG	NA	283,500
GF/GP	NA	\$300,000

4. Economics

Reflects increased costs of \$312,400 Gross (\$260,700 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

Gross	NA	\$273,600
IDG	NA	5,400
Federal	NA	46,300
GF/GP	NA	\$221,900

GENERAL GOVERNMENT: CIVIL RIGHTS

Major Boilerplate Changes From FY 2013-14

Sec. 404. Department Operations Report – REVISED

Requires detailed annual report on Department operations, including data on complaints received and investigated. Revised to add requirements to provide information on complaint evaluation and productivity projections, including investigations closed per FTE, complaint evaluations completed per FTE, and average time expended investigating complaints, and to explicitly require report to be posted online.

EXECUTIVE OFFICE
Summary of FY 2014-15 Enacted Appropriations
Article VIII, 2014 Public Act 252 (House Bill 5313)

Analyst: Ben Gielczyk

IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	0	0	0	0	0	0	--
GF/GP	5,370,000	5,916,100	5,916,100	5,916,100	5,916,100	546,100	10.2
Gross	\$5,370,000	\$5,916,100	\$5,916,100	\$5,916,100	\$5,916,100	\$546,100	10.2
FTEs	84.2	88.2	88.2	88.2	88.2	4.0	4.8

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (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 2013-14 YTD Appropriations

		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
1. Office for New Americans	FTE	NA	4.0
Includes \$385,000 GF/GP and 4.0 FTEs for a new Office for New Americans that would assist in attracting high-skilled immigrants to Michigan.	Gross	NA	\$385,000
	GF/GP	NA	\$385,000
2. Executive Office Operations	FTE	74.2	0.0
Provides \$161,100 GF/GP funding increase for Executive Office operations (3.0%).	Gross	\$3,841,800	\$161,000
	GF/GP	\$3,841,800	\$161,000

Major Boilerplate Changes From FY 2013-14

There are no major boilerplate changes recommended for FY 2014-15.

**LEGISLATIVE AUDITOR GENERAL
Summary of FY 2014-15 Enacted Appropriations
Article VIII, 2014 Public Act 252 (House Bill 5313)**

Analyst: Ben Gielczyk

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$5,092,100	\$5,220,700	\$5,220,700	\$5,220,700	\$5,220,700	\$128,600	2.5
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	1,951,000	2,000,800	2,000,800	2,000,800	2,000,800	49,800	2.6
GF/GP	13,911,300	14,537,300	14,537,300	15,337,300	14,937,300	1,026,000	7.4
Gross	\$20,954,400	\$21,758,800	\$21,758,800	\$22,558,800	\$22,158,800	\$1,204,400	5.7
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (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 2013-14 YTD Appropriations	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
1. Operations Increase Includes \$276,500 GF/GP to support Auditor General operations.	Gross GF/GP	NA NA \$276,500 \$276,500
2. Information Technology Auditors Includes additional \$400,000 GF/GP to support increased audit oversight and service delivery for audits related to information technology systems.	Gross GF/GP	\$400,000 \$400,000 \$400,000 \$400,000
3. Economic Adjustments Reflects increased costs of \$527,900 Gross (\$349,500 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	Gross IDG Restricted GF/GP	NA NA NA NA \$527,900 128,600 49,800 \$349,500

Major Boilerplate Changes From FY 2013-14

Sec. 625. Information Technology Auditors – NEW

Directs that not more than \$400,000 may be used to hire up to ten additional auditors for the specific purpose of providing audit support and oversight of this state's most critical information technology systems and services. Requires unobligated funds to revert to General Fund.

LEGISLATURE

Summary of FY 2014-15 Enacted Appropriations

Article VIII, 2014 Public Act 252 (House Bill 5313)

Analyst: Ben Gielczyk

IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	400,000	400,000	400,000	400,000	400,000	0	0.0
Restricted	1,109,800	4,109,800	1,109,800	4,109,800	4,109,800	3,000,000	270.3
GF/GP	122,309,500	127,060,700	130,420,700	127,420,700	127,420,700	5,111,200	4.2
Gross	\$123,819,300	\$131,570,500	\$131,930,500	\$131,930,500	\$131,930,500	\$8,111,200	6.6
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (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 Capitol Building, House of Representatives Office Building, and Farnum Building.

Major Budget Changes From FY 2013-14 YTD Appropriations

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
1. State Capitol Historic Site	Gross	\$3,078,700
Includes \$3.0 million Gross (\$0 GF/GP) to support restoration, renewal, and maintenance for the State Capitol Historic Site. Creation of State Capitol Historic Site is contingent upon passage of Senate Bill 678. FY 2013-14 appropriations included \$3.1 million for Capitol Building Operations which were shifted under new Capitol Historic Site unit. Includes additional \$360,000 GF/GP for operational shortfall.	Restricted	0
	GF/GP	\$3,078,700
		\$3,360,000
2. Economic Adjustments	Gross	NA
Reflects increased costs of \$4.8 million GF/GP for economic adjustments related to legislative staff and operations.	GF/GP	NA
		\$4,751,200

Major Boilerplate Changes From FY 2013-14

Sec. 609. Capitol Historic Site Fund – NEW

Designates appropriations from the Capitol Historic Site Fund subject to enrollment of Senate Bill 678 of the 97th Legislature.

Sec. 618. Legislative Retirement Administration – NEW

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 2014-15.

DEPARTMENT OF STATE
Summary of FY 2014-15 Enacted Appropriations
Article VIII, 2014 Public Act 252 (House Bill 5313)

Analyst: Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,810,000	1,460,000	1,460,000	1,460,000	1,460,000	(350,000)	(19.3)
Local	0	0	0	0	0	0	--
Private	100	100	100	100	100	0	0.0
Restricted	182,485,400	184,985,800	184,713,200	184,713,200	184,985,800	2,500,400	1.4
GF/GP	15,253,400	17,939,000	17,108,200	17,939,000	17,539,000	2,285,600	15.0
Gross	\$219,548,900	\$224,384,900	\$223,281,500	\$224,112,300	\$223,984,900	\$4,436,000	2.0
FTEs	1,568.0	1,599.0	1,585.0	1,599.0	1,593.0	25.0	1.6

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of State is directed by the Secretary of State, one of four elected executive officers identified in the Constitution. The Department's responsibilities fall roughly into three main areas: vehicles, elections, and records. It licenses motor vehicle operators, administers traffic safety laws and programs, regulates vehicle dealers and repair facilities, and registers and titles motor vehicles, watercraft, and recreational vehicles. The Department also registers voters, oversees elections, and administers the campaign finance act. The Department houses the Office of the Great Seal and serves as the state's official repository for many public records, such as public acts, boundary changes, municipal filings, and official proclamations, and it authenticates documents, commissions notaries public, maintains the Michigan organ donor registry, and receives and maintains filings under the Uniform Commercial Code.

Major Budget Changes From FY 2013-14 YTD Appropriations

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
1. Fraud Prevention		
Provides \$1.4 million GF/GP to support Secretary of State efforts to combat fraud, particularly with regard to fraudulent certificates of insurance. Includes \$940,500 and 21.0 FTEs for verification of questionable paper certificates of insurance prior to issuing or renewing a vehicle registration, and \$490,300 and 4.0 FTEs for development of data analytics and prosecutorial assistance.	FTE Gross GF/GP	NA NA NA
		25.0 \$1,430,800 \$1,430,800
2. Campaign Finance and Lobbyist Registration	Gross GF/GP	NA NA
Provides additional \$500,000 (all GF/GP) to meet increased costs of payments to vendors who maintain campaign finance and lobbyist registration systems.		\$500,000 \$500,000
3. Offset for Michigan Transportation Fund Economics	Gross IDG GF/GP	\$20,000,000 20,000,000 \$0
Provides GF/GP to offset economic adjustments that would otherwise be applied to funding from the Michigan Transportation Fund (MTF). MTF funds are received as IDG revenues from MDOT and partially reimburse the Department of State for the costs of collecting registration and title fee revenue that is deposited into the MTF. MTF support is statutorily capped at \$20.0 million (MCL 247.660). GF/GP and IDG changes are offsets against total economics, below.		\$0 (300,700) \$300,700
4. Federal HAVA Grant Funds	Gross Federal GF/GP	\$350,000 350,000 \$0
Aligns budget with status of grant program under federal Help America Vote Act (HAVA) by eliminating the federal fund source. HAVA projects are going forward under work project funding.		(\$350,000) (350,000) \$0

GENERAL GOVERNMENT: STATE (DEPARTMENT)

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>Enacted Change From YTD</u>	
5. <i>Transfer of Child Protection Registry</i>	Gross	NA	\$272,600
Adds \$272,600 in restricted funds to recognize Executive Order 2014-5, which transferred the Children's Protection Registry from the Department of Licensing and Regulatory Affairs to the Department of State. The Children's Protection Registry enables parents and guardians to register minors' cell phone numbers, e-mail addresses, and other electronic points of contact potentially accessible by spammers and others. The registry is supported by fees paid by electronic senders.	Restricted	NA	272,600
6. <i>Economics</i>	Gross	NA	\$2,582,600
Reflects increased costs of \$2.6 million Gross (\$54,100 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	IDG	NA	300,700
	Restricted	NA	2,227,800
	GF/GP	NA	\$54,100

Major Boilerplate Changes From FY 2013-14

There were no major boilerplate changes from FY 2013-14.

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
Summary of FY 2014-15 Enacted Appropriations
Article VIII, 2014 Public Act 252 (House Bill 5313)**

Analyst: Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$677,159,800	\$680,315,500	\$677,671,700	\$680,315,500	\$677,671,700	\$511,900	0.1
Federal	8,790,900	7,974,100	7,974,100	7,974,100	7,974,100	(816,800)	(9.3)
Local	1,320,800	3,553,700	3,553,700	3,553,700	3,553,700	2,232,900	169.1
Private	190,400	190,400	190,400	190,400	190,400	0	0.0
Restricted	94,125,900	94,322,000	94,322,000	94,322,000	94,322,000	196,100	0.2
GF/GP	409,217,800	495,848,500	476,348,200	478,348,300	479,098,500	69,880,700	17.1
Gross	\$1,190,805,600	\$1,282,204,200	\$1,260,060,100	\$1,264,704,000	\$1,262,810,400	\$72,004,800	6.0
FTEs	2,822.0	2,823.0	2,823.0	2,823.0	2,823.0	1.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (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) is the centralized service agency for the Executive branch. Its responsibilities include: information technology services and project support for state departments and agencies; state facility and lease management; the state motor vehicle fleet; state purchasing and procurement; state retirement systems; internal audit; state budget development and monitoring; and state accounting and financial control systems. Autonomous units within DTMB include: the State Budget Office, Office of the State Employer, Civil Service Commission, Office of Retirement Services, State Administrative Board, and the Office of Children's Ombudsman.

Major Budget Changes From FY 2013-14 YTD Appropriations

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
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MANAGEMENT AND BUDGET

1. Motor Vehicle Fleet

Increases spending authorization to meet anticipated costs of the state's motor vehicle fleet, which is wholly funded by charges paid by agencies using the fleet. Additional \$8.3 million authorization brings total to \$67.7 million IDG.

FTEs	35.0	0.0
Gross	\$59,221,400	\$8,300,000
IDG	59,221,400	8,300,000

2. Office of Urban and Metropolitan Initiatives

Provides one-time funding for the Office of Urban and Metropolitan Initiatives, which has been housed in the Executive Office and supported with private foundation assistance. The Office works with foundations, community partners, and the Michigan Economic Development Corporation to establish policies and create a strategic framework for urban economic development.

FTE	NA	0.0
Gross	NA	\$5,000,000
GF/GP	NA	\$5,000,000

3. Legal Services/Litigation Funding

Renames one-time funding for state litigation costs from "Legal Services" to "Litigation Fund" and increases by \$2.0 million.

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

4. Regional Prosperity Grants

Shifts current year's \$2.5 million in one-time funding for Regional Prosperity Initiative to ongoing funding and adds \$1.0 million in one-time funding for FY 2014-15. Funding supports economic and workforce development grants to eligible regional planning organizations working in collaboration with local governmental, non-profit, business, and educational community partners.

Gross	\$2,500,000	\$1,000,000
GF/GP	\$2,500,000	\$1,000,000

GENERAL GOVERNMENT: TECHNOLOGY, MANAGEMENT, AND BUDGET

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
5. Special Projects	Gross	NA	\$1,250,000
Adds a total of \$1.25 million in one-time appropriations for special projects:	GF/GP	NA	\$1,250,000
• \$500,000 for \$120 bonus payments to National Guard retirees. If SB 906 is enacted, funds would be used for the increased payments under that legislation.			
• \$250,000 for Catholic Charities Center for Hope in Genesee County.			
• \$500,000 unspecified.			
6. Office of Children's Ombudsman	FTE	10.0	4.0
Funds 4.0 additional positions for the Children's Ombudsman's office. Addition of two intake staff and two investigators aimed speeding investigations by reducing investigator caseloads and reducing intake tasks.	Gross	\$1,235,100	\$510,200
	GF/GP	\$1,235,100	\$510,200
7. Add Lansing Township Annex to Building Occupancy	Gross	NA	\$644,200
Increases IDG authorization for state building occupancy to recognize addition of Lansing Township property to DTMB responsibility.	IDG	NA	644,200
8. Adjutant General and Assistant Adjutant Retirement	Gross	NA	\$437,000
Provides funding for the costs of PA 99 of 2013, which returned the Adjutant General and Assistant Adjutant General to the defined benefit retirement system and reversed PA 255 of 2010, which had placed those appointees hired after January 1, 2011 into the state's defined contribution plan.	GF/GP	NA	\$437,000
9. Professional Development Program	Gross	NA	\$720,000
Provides \$720,000 IDG authorization for ongoing costs of employee training and services under negotiated contract with UAW.	IDG	NA	720,000
10. MiResults Maintenance	Gross	NA	\$225,000
Adds funding for maintenance of MiResults system that enables development and tracking of standardized scorecards and dashboard reports for all state agencies. System was rolled out in April 2012 and is currently in development with completion expected in September 2014.	GF/GP	NA	\$225,000
11. Delta County Bridge	Gross	\$1,500,000	(\$1,500,000)
Removes one-time funding in FY 2013-14 budget for removal of a deteriorated bridge over the Escanaba River.	GF/GP	\$1,500,000	(\$1,500,000)
12. U.S. Department of Labor Funding	Gross	NA	(\$1,000,000)
Includes technical adjustment to align federal funding authorization with amounts being received for collection and transmittal of labor statistics to federal authorities.	Federal	NA	(1,000,000)
13. MSU Combined Sewer Overflow Project	Gross	\$430,500	(\$430,500)
Removes one-time funding provided under boilerplate appropriation in FY 2013-14 budget pertaining to work at the site of the former Michigan State Police headquarters. The budget act appropriated up to \$430,000 for combined sewer overflow connections to the municipal sewer system at the old headquarters site. Funding was appropriated following return of asbestos abatement funds by Michigan State University.	GF/GP	\$430,500	(\$430,500)
14. Transfer ADA Staff to Civil Rights	FTE	4.0	(4.0)
Transfers unit and funding associated with compliance activities under Americans with Disabilities Act (ADA) from DTMB to Department of Civil Rights. Of the \$583,400 total cost, only \$300,000 of GF/GP is being transferred to Civil Rights. The balance of the program's cost will be funded with an IDG from DTMB.	Gross	\$583,500	(\$300,000)
	GF/GP	\$583,500	(\$300,000)

GENERAL GOVERNMENT: TECHNOLOGY, MANAGEMENT, AND BUDGET

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
15. Recognize Additional Accounting Savings	Gross	NA	(\$42,500)
Includes technical adjustment to recognize additional savings under consolidation of accounting services.	IDG	NA	(42,500)
16. Statewide Cost Allocation Plan Adjustments	Gross	NA	\$0
Incorporates technical adjustments pertaining to statewide cost allocation plan.	IDG	NA	110,000
	Restricted	NA	(75,700)
	GF/GP	NA	(\$34,300)
<u>INFORMATION TECHNOLOGY</u>			
17. Enterprisewide Information Technology (IT) Investments	Gross	\$47,000,000	\$16,000,000
Adds \$16.0 million GF/GP for continuation of efforts targeting technology upgrades and replacing legacy systems, bringing total funding to \$63.0 million. Splits the current single line item into four line items: Health and Human Services, Enterprisewide Investment Projects, General Government and Public Safety, and MAIN system replacement.	GF/GP	\$47,000,000	\$16,000,000
18. One-Time Technology Services Funding	Gross	\$21,300,000	(\$14,399,700)
Replaces current year's one-time technology services authorization of \$21.3 million IDG with \$6.9 million IDG to align authorization with agency funding requests. Consists of:	IDG	21,300,000	(14,400,000)
	GF/GP	\$0	\$300
<ul style="list-style-type: none"> \$2.5 million for DEQ electronic document management project (DEQ funds with GF/GP). \$2.0 million for the third and final year of a rewrite of an IT application for the Liquor Control Commission (LCC/LARA funds with restricted revenues). \$2.4 million for development of a mobile application for LARA's Unemployment Insurance Agency (LARA funds with restricted revenues). 			
Adds \$300 to balance to final GF/GP target figure, due to elimination of Executive's \$300 in capital outlay authorizations.			
19. Michigan Public Safety Communications System (MPSCS)	FTE	100.0	0.0
Transfers MPSCS from State Police to DTMB and adds funds for equipment replacement. Program currently funded in DTMB with IDG from State Police, which uses GF/GP and about \$2.2 million in local subscriber and maintenance funds to support the program. Includes additional \$20.0 million for commencement of equipment lifecycle replacement schedule and \$5.3 million for statewide radio replacement cycle. Shift from State Police to DTMB also includes transfer of \$53,200 in local revenue formerly retained by State Police for administrative costs.	Gross	\$16,287,700	\$25,353,200
	IDG	16,287,700	(16,287,700)
	Local	0	2,183,000
	GF/GP	\$0	\$39,457,900
20. Cyber Security	FTE	10.0	3.0
Adds 3.0 FTEs and \$6.8 million for new cyber security initiatives; coupled with \$240,000 increase for full-year funding of positions partially funded in current year, total increase is \$7.0 million.	Gross	\$2,000,000	\$7,025,000
	GF/GP	\$2,000,000	\$7,025,000
21. Technology Innovation Fund	Gross	\$2,500,000	(\$2,500,000)
Eliminates line item appropriation for the revolving Technology Innovation Fund, established under the FY 2011-12 budget as a means of financing loans to other state agencies and local governmental units for high-priority, low-cost projects that offer a significant return on investment. Appropriations of \$2.5 million made in each of three fiscal years: FY 2011-12, FY 2012-13, and FY 2013-14. Associated boilerplate revised and retained to articulate use of funds pending enactment of related statute.	GF/GP	\$2,500,000	(\$2,500,000)
22. Align DTMB IT Funding With Agency Appropriations	Gross	\$477,153,800	\$15,437,600
Includes technical IDG authorization increase to align DTMB's budget with state agencies' FY 2013-14 enacted appropriations for information technology services and projects.	IDG	477,153,800	15,437,600

GENERAL GOVERNMENT: TECHNOLOGY, MANAGEMENT, AND BUDGET

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
23. Align DTMB IT Funding With Agency Executive Recommendations for FY 2014-15	FTE	1,469.5	2.0
Includes technical IDG authorization adjustments to align DTMB's budget with changes proposed to agency budgets under Executive Recommendation for FY 2014-15. Reflects changes proposed in budgets for Corrections, Human Services, LARA, Strategic Fund, State Police, and Treasury. (Figures do not include IDG adjustment associated with transfer of MPSCS, explained in No. 19, above).	Gross	NA	\$6,099,200
	IDG	NA	6,099,200
24. De-Fund Michigan Business One-Stop	Gross	NA	(\$2,643,800)
Eliminates funding from technology user fees associated with operational costs of the Michigan Business One-Stop, an online resource intended to assist individuals with starting businesses in Michigan, but which has come under scrutiny from the auditor general and the legislature. Funding to meet the remaining cost of capitalization of the project, also funded with technology user fees, would be retained as a new line item under one-time appropriations.	IDG	NA	(2,643,800)
<u>CAPITAL OUTLAY</u>			
25. Special Maintenance	Gross	\$28,000,000	\$2,000,000
Increases ongoing funding for maintenance and upkeep projects at state-owned properties from current \$18.0 million to \$23.0 million, and decreases one-time funding from current \$10.0 million to \$7.0 million.	GF/GP	\$28,000,000	\$2,000,000
26. State Building Authority (SBA) Rent Payments	Gross	\$258,570,600	(\$4,000,000)
Includes a net reduction in funding for SBA rent payments to better align funding with debt obligations. Decreases of \$2.5 million for MDOC projects and \$11.6 million for other state agency projects are partially offset by increases of \$7.6 million for university projects and \$2.5 million for community college projects.	GF/GP	\$258,570,600	(\$4,000,000)
27. Transfer State Building Authority (SBA) to Treasury	FTE	4.0	(4.0)
Transfers funding and FTEs for State Building Authority to Treasury, as provided under Executive Order 2013-8. Funding for SBA rent payments would continue to be appropriated in DTMB budget.	Gross	\$699,100	(\$699,100)
	Restricted	699,100	(699,100)
	GF/GP	\$0	\$0
<u>ECONOMICS</u>			
28. Economic Adjustments	Gross	NA	\$7,519,000
Reflects increased costs of \$7.5 million Gross (\$3.7 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	IDG	NA	2,574,900
	Federal	NA	183,200
	Local	NA	49,900
	Private	NA	0
	Restricted	NA	970,900
	GF/GP	NA	\$3,740,100

Major Boilerplate Changes From FY 2013-14

Sec. 814. Information Technology (IT) Investment Projects – REVISED

Requires plan for IT investment projects to be provided to legislature and specifies details to be included. Revised to require plan to be provided quarterly, and to include anticipated spending reductions or overages for each of the proposed investment projects. Also revised to require legislature to be notified when a transfer of funds from one project to another will be over \$500,000.

Sec. 815. Energy Savings Performance Contracts – NEW

Requires DTMB to review capital improvement projects over \$500,000 for possible inclusion in an energy savings performance contract, and to provide a report on the use of energy savings performance contracts. Specifies details to be provided in report.

GENERAL GOVERNMENT: TECHNOLOGY, MANAGEMENT, AND BUDGET

Major Boilerplate Changes From FY 2013-14

Sec. 821. Office Space Consolidation – REVISED

Requires DTMB to provide a detailed plan regarding the office space consolidation project, and specifies details to be included. Revised to require annual updating of plan and to require report on plan to include information on completed projects, anticipated savings, and savings achieved.

Sec. 822f. DTMB Fees and Rates – NEW

Requires DTMB to report on fee and rate schedules to be used by state departments and agencies for DTMB services, identifying changes from prior year, as well as factors driving any increases.

Sec. 822g. Wayland Police Post – NEW

Requires DTMB to assist Department of State Police as necessary in discussions with City of Wayland regarding a potential joint public safety building.

Sec. 822h. One Division Building – NEW

Requires DTMB to evaluate feasibility of repurposing the One Division Building in Grand Rapids for a new state police crime laboratory.

Sec. 831. Technology Innovation Revolving Fund – REVISED

Retains language outlining the administration of the technology innovation revolving fund, but adds provision stating that it is of no effect upon enactment of legislation that provides for the administration and use of the fund.

Sec. 836. Cloud Computing – NEW

Requires DTMB to conduct an analysis of public or private cloud computing technologies for new projects and to conduct analysis of migrating existing projects or system upgrades to a cloud-based platform.

Sec. 840. Local Government Online Dashboards – NEW

Requires DTMB to issue an RFP for online citizens guide and dashboard that provides access to State of Michigan reports and data from municipalities and local and intermediate school districts, and which includes a fiscal stress warning system as a component.

Sec. 890. Regional Prosperity Grants – REVISED

Provides for the regional prosperity grant program; language revised to add reporting requirements and new language allowing two or more regional planning organizations to submit a joint application.

Sec. 891. Litigation Fund Report – NEW

In conjunction with funding increase for litigation costs and renaming of line item to "Litigation Fund", adds requirement for itemized report on fund expenditures.

Sec. 895. Michigan Business One-Stop (MBOS) – NEW

In conjunction with defunding of Michigan Business One-Stop, adds language prohibiting DTMB from charging other departments and agencies for continued MBOS operation, and allowing DTMB to spend up to \$1.5 million of its own funds on MBOS maintenance and operation to the extent necessary to minimize disruptions while transitioning to elimination of MBOS.

Sec. 896. Farnum Building – NEW

Requires DTMB to make up to \$7.0 million available to the Senate for future costs associated with relocation from the Farnum Building. Proceeds from sale of Farnum Building would be used to repay DTMB.

Sec. 897. Special Projects – NEW

Of the \$1.25 million appropriated for one-time special projects, associated boilerplate allocates \$500,000 for \$120 payments to National Guard retirees and \$250,000 to the Catholic Charities Center for Hope in Genesee County, leaving \$500,000 unallocated.

DEPARTMENT OF TREASURY
Summary of FY 2014-15 Enacted Appropriations
Article VIII, 2014 Public Act 252 (House Bill 5313)

Analyst: Ben Gielczyk

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$9,130,000	\$9,409,100	\$9,409,100	\$9,409,100	\$9,409,100	\$279,100	3.1
Federal	39,410,400	39,705,200	39,705,400	39,705,400	39,705,400	295,000	0.7
Local	1,959,500	1,982,500	1,982,500	1,982,500	1,982,500	23,000	1.2
Private	22,000	23,100	23,100	23,100	23,100	1,100	5.0
Restricted	1,494,780,500	1,629,365,800	1,629,043,400	1,629,365,600	1,602,710,400	107,929,900	7.2
GF/GP	240,991,300	271,813,300	261,175,400	268,313,300	269,413,300	28,422,000	11.8
Gross	\$1,786,293,700	\$1,952,299,000	\$1,941,338,900	\$1,948,799,000	\$1,923,243,800	\$136,950,100	7.7
FTEs	1,784.5	1,832.5	1,823.5	1,832.5	1,873.5	89.0	5.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (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), Michigan State Housing and Development Authority (MSHDA), and the Michigan Strategic Fund (MSF) are autonomous agencies housed within the Department of Treasury. MSF changes are summarized separately.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
1. Constitutional Revenue Sharing	Gross	\$737,257,700	\$21,014,700
Provides \$21.0 million Gross (\$0 GF/GP) to adjust constitutional revenue sharing payments upward 2.9% from the FY 2013-14 act appropriated amount based on May 2014 Consensus Revenue Estimating Conference (CREC) estimates (2.4% above the May 2014 CREC estimate for FY 2013-14).	Restricted	737,257,700	21,014,700
2. City, Village, and Township (CVT) Revenue Sharing	Gross	\$235,840,000	\$13,000,000
Includes \$13.0 million Gross (\$0 GF/GP), of which \$5.8 million is one-time, for distribution to CVTs by providing greater of 3.0% increase over FY 2013-14 payment or per capita payment of \$2.65 for CVTs with a population of 7,500 or more. CVTs with a population below 7,500 that were eligible for an Economic Vitality Incentive Program payment in FY 2013-14 would be eligible to receive 3.0% increase over FY 2013-14 EVIP payment.	Restricted	235,840,000	13,000,000
3. County Revenue Sharing	Gross	\$145,760,000	\$65,440,000
Increases county payments by \$65.4 million Gross (\$0 GF/GP) to achieve full funding for eligible counties in FY 2014-15. Maintains 80% of funding distributed through county revenue sharing and 20% through County Incentive Program.	Restricted	145,760,000	65,440,000
4. Competitive Grant Assistance Program	Gross	\$15,000,000	(\$15,000,000)
Eliminates funding for program and shifts portion to new Financially Distressed CVT line item (See Item #5).	Restricted	15,000,000	(15,000,000)

GENERAL GOVERNMENT: TREASURY

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>Enacted Change From YTD</u>
5. Financially Distressed CVTs	Gross	NA	\$8,000,000
Includes \$8.0 million to address financial distressed cities, villages, and townships. Funding would be awarded to CVTs with one or more conditions that indicate probable financial distress as determined by the Department of Treasury. Funding shifted from Competitive Grant Assistance Program (\$5.0 million) and EVIP/Revenue Sharing for CVTs (\$3.0 million).	Restricted	NA	8,000,000
6. Debt Service	Gross	\$154,202,500	(\$1,807,500)
Provides \$3.0 million GF/GP to replace remaining amount of Refined Petroleum Fund in Debt Service. Debt service adjustments also include a net decrease of \$1.8 million GF/GP for scheduled FY 2014-15 adjustments.	Restricted	3,014,500	(3,014,500)
	GF/GP	\$151,188,000	\$1,207,000
7. Financial Independence Team	FTE	NA	9.0
Includes \$4.5 million GF/GP and 9.0 FTEs for the Department of Treasury's portion of a joint request with the Department of Education for a Financial Independence Team that would assist financially troubled school districts.	Gross	NA	\$4,500,000
	GF/GP	NA	\$4,500,000
8. Office of Tax Implementation	FTE	NA	9.0
Includes \$1.6 million GF/GP and 9.0 FTEs to support new Office of Tax Implementation. The office would serve as a dedicated testing office to ensure all tax systems are properly tested.	Gross	NA	\$1,550,000
	GF/GP	NA	\$1,550,000
9. Convention Facility Development Fund	Gross	\$74,850,000	\$16,100,000
Provides \$16.1 million Gross (\$0 GF/GP) in additional authorization due to expected increase in revenue collected to be distributed to local units.	Restricted	74,850,000	16,100,000
10. Payments in Lieu of Taxes	Gross	\$17,347,100	\$3,827,800
Provides \$3.8 million Gross (\$3.3 million GF/GP) to cover expected 5.0% increase due to future purchases and estimated special assessment costs.	Private	22,000	1,100
	Restricted	3,962,200	520,300
	GF/GP	\$13,362,900	\$3,306,400
11. Personal Property Tax Reform	FTE	NA	9.0
Includes \$19.3 million GF/GP in one-time funding for two years for distribution of payments from the proceeds of the metropolitan area component tax. Additional \$1.5 million GF/GP and 9.0 FTEs in one-time funding included to support implementation of the personal property tax reform.	Gross	NA	\$20,800,000
	GF/GP	NA	\$20,800,000
12. Credit Card Payment Services	FTE	NA	6.0
Includes \$500,000 GF/GP and 6.0 FTEs to implement a program to accept credit card payments for individual income taxpayers.	Gross	NA	\$500,000
	GF/GP	NA	\$500,000
13. Treasury Systems Upgrades	FTE	NA	8.0
Includes various data and system upgrades:	Gross	NA	\$1,601,000
• Tax System Technical Issues Resolution Unit: \$600,000 GF/GP and 6.0 FTEs	IDG	NA	200,000
• Data Governance and Storage System Upgrade: \$401,000 GF/GP and 2.0 FTEs	GF/GP	NA	\$1,401,000
• Student Scholarships and Grants System Upgrade and Maintenance: \$400,000 GF/GP			
• International Fuel Tax Agreement Tax Return Processing Center: \$200,000 Gross (\$0 GF/GP)			

GENERAL GOVERNMENT: TREASURY

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
14. Fund Shifts	FTE	NA	4.0
Includes various fund shifts and adjustments totaling \$706,100 Gross (\$41,900 GF/GP):	Gross	NA	\$706,100
	IDG	NA	(41,900)
• Transfers State Building Authority from DTMB: \$699,100 Gross (\$0 GF/GP) and 4.0 FTEs	Restricted	NA	706,100
• MSHDA Director fringe benefit adjustment: \$7,000 Gross (\$0 GF/GP)	GF/GP	NA	\$41,900
• Michigan Transportation Fund adjustment: \$0 Gross (\$41,900 GF/GP)			
15. Casino Gaming Adjustments	FTE	NA	3.0
Includes various new positions and funding totaling \$412,300 Gross (\$0 GF/GP) and 3.0 FTEs to support operations:	Gross	NA	\$412,300
	Restricted	NA	412,300
• \$113,600 Gross (\$0 GF/GP) to support Attorney General position to help with review of illegal gaming			
• \$76,600 Gross (\$0 GF/GP) to support secretarial position assisting in Criminal Investigations subunit			
• \$76,600 Gross (\$0 GF/GP) to support secretarial position supporting millionaire parties, Office of Racing Commissioner, Indian Gaming Section, and IT staff			
• \$129,500 Gross (\$0 GF/GP) to fund programmer that would support new IT systems			
• \$16,000 Gross (\$0 GF/GP) to adjust costs to actual changes for Attorney General Review of Indian Gaming Activities			
16. Removal of Other One-Time Appropriations	Gross	\$9,763,300	(\$9,763,300)
Removes various FY 2013-14 one-time appropriations:	Restricted	3,000,000	(3,000,000)
• Treasury Sales, Use, and Withholding Replacement: \$1.8 million GF/GP	GF/GP	\$6,763,300	(\$6,763,300)
• Michigan Gaming Control Board System Replacement: \$3.0 million Gross (\$0 GF/GP)			
• Office of Fiscal Responsibility: \$5.0 million GF/GP			
17. City of Flint Police and Fire Safety Grant	Gross	NA	\$1,100,000
Includes \$1.1 million GF/GP (one-time) for grant to support the City of Flint police and fire departments.	GF/GP	NA	\$1,100,000
18. Economic Adjustments	Gross	NA	\$4,969,000
Reflects increased costs of \$5.0 million Gross (\$779,000 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	IDG	NA	121,000
	Federal	NA	294,900
	Local	NA	23,000
	Restricted	NA	3,751,100
	GF/GP	NA	\$779,000

Major Boilerplate Changes From FY 2013-14

Sec. 946. Convention Facility Development Fund Distribution – NEW

Specifies that revenue collected in the Convention Facility Development Fund is appropriated and distributed according to the Convention Facility Development Act.

Sec. 947. Financial Independence Teams – NEW

Stipulates that the financial independence teams shall cooperate with the office of fiscal responsibility to coordinate and streamline efforts in identifying and addressing fiscal emergencies in school districts and intermediate school districts.

Sec. 949a. City of Flint Police and Fire Grant – NEW

Requires appropriation of \$1.1 million to be expended on police and fire services in the city of Flint. Authorizes emergency manager or receivership transition advisory board to determine distribution of funds.

GENERAL GOVERNMENT: TREASURY

Major Boilerplate Changes From FY 2013-14

Sec. 951. Competitive Grant Assistance Program – DELETED

Includes direction for distribution of \$15.0 million appropriated for assistance grants to cities, villages, townships, and counties that elect to merge government services via a Competitive Grant Assistance Program; \$10.0 million of total available funding considered one-time appropriation. Includes authorities, school districts, ISDs, public community colleges, and public universities; includes work project language; and continues to make available unclaimed EVIP funds.

Sec. 952. CVT Revenue Sharing and County Incentive Program – REVISED

Specifies three category requirements for cities, villages, townships, and counties to meet to receive funding under the Economic Vitality Incentive Program and County Incentive Program. Creates bifurcated system whereby CVTs and counties that did not previously participate in the program would retain the FY 2012-13 requirements, while those CVTs that participated in FY 2012-13 would be required to meet new benchmarks. Distribution method allows for partial payments and ties each bi-monthly payment to a specific category. Revises EVIP into newly named CVT Revenue Sharing program which would distribute \$248.8 million to all CVTs with a population of 7,500 or more by providing the greater of a 3.05% increase over its FY 2013-14 payment or a per capita payment of \$2.65. CVTs with a population below 7,500 that were eligible for an EVIP payment in FY 2013-14 would be eligible to receive a 3.05% increase from its FY 2013-14 EVIP payment. In order to qualify for its eligible payment a CVT would be required to comply with the items listed under accountability and transparency. To qualify for county incentive payment counties would be required to comply with the items listed under accountability and transparency. Any unexpended funds would be deposited in the Financial Distressed CVTs program in Sec. 956.

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

Includes new language allowing for \$8.0 million appropriated to be distributed as grants to CVTs that have one or more conditions of probable financial distress. CVTs must work with Treasury to develop plan for grant funding. Grants are capped at \$2.0 million. Funds are designated as work project. Requires report.

Sec. 958. Statewide Online Financial Accountability Reporting System – NEW

Includes new section requiring department to work with DTMB to issue an RFP for a statewide online financial accountability reporting system accessible to the general public that displays local government audit data.

CASINO GAMING

Sec. 976. Tribal Casino Local Revenue Sharing – REVISED

Authorizes funding for local government programs to be used to assist local revenue sharing boards, requires local revenue sharing boards to comply with the Open Meetings Act and Freedom of Information Act, authorizes county treasurers to receive and administer revenues on behalf of local revenue sharing boards, authorizes the Directors of State Police and the Michigan Gaming Control Board to assist local revenue sharing boards with allocating funds to local public safety organizations, and requires the Department to provide a report on the receipt and distribution of revenues. Revises subsection (6) to require report from MGCB instead of Department of Treasury.

STATE BUILDING AUTHORITY

Transfers the following State Building Authority (SBA) boilerplate sections from DTMB to the Department of Treasury:

- Sec. 840. General Fund Advances (Sec. 1101)
- Sec. 841. Excess Facility Revenue (Sec. 1102)
- Sec. 843. Status of Construction Projects (Sec. 1103)

DEPARTMENT OF TREASURY – MICHIGAN STRATEGIC FUND
Summary of FY 2014-15 Enacted Appropriations
Article VIII, 2014 Public Act 252 (House Bill 5313)

Analyst: Ben Gielczyk

IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	638,370,300	637,370,300	627,370,300	627,370,300	627,370,300	(11,000,000)	(1.7)
Local	4,433,500	4,433,500	4,433,500	4,433,500	4,433,500	0	0.0
Private	5,454,900	5,654,900	5,654,900	5,654,900	5,654,900	200,000	3.7
Restricted	141,851,300	142,678,700	142,678,700	142,678,700	142,678,700	827,400	0.6
GF/GP	218,163,900	229,292,500	192,992,500	231,892,500	244,642,500	26,478,600	12.1
Gross	\$1,008,273,900	\$1,019,429,900	\$973,129,900	\$1,012,029,900	\$1,024,779,900	\$16,506,000	1.6
FTEs	756.0	756.0	756.0	756.0	756.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Strategic Fund (MSF) contains programs that work with existing Michigan businesses and communities to retain and expand jobs through coordination of business assistance services through interdisciplinary account management teams and other economic development services. These programs build partnerships with local, state, and federal economic development agencies and the business community to coordinate and leverage resources and improve the State's business climate. The MSF has administrative responsibilities over Workforce Investment Act activities, Community Development Block Grants, GEAR-UP grants, Carl D. Perkins grants, adult education, Bureau of Energy Systems, postsecondary education services, and welfare-to-work programs. Funds and programs of the MSF are administered by the Michigan Economic Development Corporation (MEDC), which also administers the 21st Century Jobs Fund. Michigan State Housing Development Authority (MSHDA) is an autonomous agency within the MSF. Under Executive Order 2011-4, the MSF supervises and directs the budgeting, procurement, and related management functions of the MSHDA.

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>Enacted Change From YTD</u>
1. Community College Skilled Trades Equipment Program	Gross	NA	\$4,600,000
Includes \$4.6 million GF/GP for annual debt service on \$50.0 million in bonds associated with the new Community College Skilled Trades Equipment Program. The MSF will distribute the funds on a competitive basis for upgrades of instructional equipment with the latest technologies to assist in high-demand and high-skilled trade occupations training. Colleges will be required to provide a minimum 25% match of the total project cost.	GF/GP	NA	\$4,600,000
2. Business Attraction and Community Revitalization	Gross	\$120,000,000	\$10,000,000
Includes additional \$10.0 million Gross (\$6.5 million GF/GP) to support Business Attraction and Community Revitalization projects. Shifts \$3.5 million Gross (\$0 GF/GP) from the Entrepreneurship Eco-System (formerly Innovation and Entrepreneurship) line item to the Business Attraction and Community Revitalization line item. Of total funding, \$17.9 million GF/GP is considered one-time.	Restricted	17,500,000	3,500,000
	GF/GP	\$102,500,000	\$6,500,000
3. Entrepreneurship Eco-System	Gross	\$28,500,000	(\$3,500,000)
Shifts \$3.5 million Gross (\$0 GF/GP) from the Entrepreneurship Eco-System (formerly Innovation and Entrepreneurship) line item to the Business Attraction and Community Revitalization line item. See #2.	Restricted	28,500,000	(3,500,000)

GENERAL GOVERNMENT: TREASURY – MICHIGAN STRATEGIC FUND

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>Enacted Change From YTD</u>
4. Van Andel Institute Advanced Medical Research	Gross	NA	\$4,500,000
Includes \$4.5 million GF/GP to support matching Federal and private funds to perform advanced medical research (included in MSF – Special Grants line item – see related item #10).	GF/GP	NA	\$4,500,000
5. Film Incentives	Gross	\$50,000,000	\$0
Includes \$50.0 million GF/GP for film incentives (\$25.0 million considered one-time).	GF/GP	\$50,000,000	\$0
6. Arts and Cultural Grants	Gross	\$8,150,000	\$2,000,000
Provides \$2.0 million GF/GP to increase support for arts and cultural grants to local communities.	Federal	1,050,000	0
	Private	100,000	0
	GF/GP	\$7,000,000	\$2,000,000
7. Automotive, Engineering, and Manufacturing Technology Fund	Gross	NA	\$2,000,000
Includes \$2.0 million GF/GP in one-time funding for new program to assist in the global marketing of Michigan’s automotive sector and public-private partner engagement and collaborations within the auto industry.	GF/GP	NA	\$2,000,000
8. Land Bank Fast Track Authority – MSHDA	FTE	6.0	0.0
Includes \$4.0 million GF/GP to support Land Bank Fast Track Authority Good Neighbor Program (\$2.0 million GF/GP) and operations (\$2.0 million GF/GP). Land Bank shifted to MSHDA.	Gross	\$1,300,000	\$3,950,000
	Federal	1,000,000	0
	Restricted	300,000	0
	GF/GP	\$0	\$3,950,000
9. Removal of Special Projects	Gross	\$4,650,000	(\$4,625,000)
Removes \$4.6 million GF/GP in projects included in the FY 2013-14 Job Creation Services line item. Projects included grants to Kalamazoo Valley Community College (\$2.0 million GF/GP); Grand Rapids Public Museum (\$2.0 million GF/GP); Holland Windmill Restoration (\$375,000 GF/GP); and Chaldean Association (\$200,000).	GF/GP	\$4,650,000	(\$4,625,000)
10. MSF Special Grants	Gross	NA	\$10,150,000
Includes \$10.2 million GF/GP in one-time special grants. Projects include grants to Yankee Air Museum (\$1.5 million GF/GP), Saginaw Art Museum (\$1.0 million GF/GP), West Michigan Airport (\$1.3 million GF/GP), Downtown Grand Rapids Market (\$1.5 million GF/GP), First Merit Bank Park (\$700,000 GF/GP), Capac Senior Center (\$200,000 GF/GP), Waterford Fire Department (\$150,000 GF/GP), Detroit Pre-College Engineering (\$300,000 GF/GP), Year-round school pilot project (\$1.5 million GF/GP), and Michigan Law Enforcement Officers Memorial Monument Fund (\$2.0 million GF/GP).	GF/GP	NA	\$10,150,000
11. Technical Adjustments	Gross	NA	(\$1,291,900)
Adjusts various line items by \$1.3 million Gross (\$0 GF/GP) to align funding with anticipated revenues and expenditures.	Federal	NA	(1,448,800)
	Private	NA	156,900
12. Welfare-to-Work	Gross	\$89,357,200	(\$14,000,000)
Includes downward adjustment of \$4.0 million GF/GP due to downward trend in caseloads. Eliminates \$10.0 million Gross (\$0 GF/GP) in Federal Workforce Investment Act authorization due to non-receipt.	Federal	74,132,400	(10,000,000)
	GF/GP	\$15,224,800	(\$4,000,000)
13. Michigan Heritage Restoration Program	Gross	NA	\$600,000
Includes \$600,000 GF/GP to support grants to neighborhood organizations designated 501(c)(3) for restoration of historic neighborhoods throughout the State of Michigan (included in MSF – Special Grants line item – see related item #10).	GF/GP	NA	\$600,000

GENERAL GOVERNMENT: TREASURY – MICHIGAN STRATEGIC FUND

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD	
14. Michigan GED-to-School Program	Gross	NA	\$500,000
Includes \$500,000 GF/GP to fund GED test costs for individuals meeting certain requirements; program to be administered by workforce development agency (included in MSF – Special Grants line item – see related item #10).	GF/GP	NA	\$500,000
15. Economic Adjustments	Gross	NA	\$1,622,900
Reflects increased costs of \$1.6 million Gross (\$303,600 GF/GP) for MSF and \$818,300 Gross (\$0 GF/GP) for MSHDA for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	Federal	NA	448,800
	Private	NA	43,100
	Restricted	NA	827,400
	GF/GP	NA	\$303,600

Major Boilerplate Changes From FY 2013-14

Sec. 986. Land Bank Fast Track Authority Operations Report – NEW

Requires the Land Bank Fast Track Authority to provide a report including a listing of revenue generating activities mitigating or eliminating the need for GF/GP support, a listing of identified barriers to implement the activities, and a timeline for instituting the activities.

Sec. 990. Housing Rehabilitation Task Force – NEW

Requires Michigan State Housing Development Authority to work with the Department of Community Health and the Department of Human Services to appoint members to a joint task force to review housing rehabilitation, energy and weatherization, and hazard abatement program policies and to make recommendations for integrating and coordinating project delivery.

Sec. 1007. Program Reporting Requirements – REVISED

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. Revised to include subsection requiring performance metrics report with regards to the Michigan Business Development Program, the Community Revitalization Program, and film incentives.

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

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

Sec. 1039. Skilled Trades Training Program Report – REVISED

Requires MSF to provide report on Skilled Trades Training Program. Revised to include requirement that the fund report on the number of applications received and approved for each region.

Sec. 1039b. Skilled Trades Training Program Administration – NEW

Requires the fund to be administered according to specific guidelines outlined in boilerplate.

Sec. 1042. Business Attraction and Community Revitalization Funds Reporting – NEW

Requires the fund to report quarterly on the amount of funds considered appropriated, pre-encumbered, encumbered, and expended. Report shall include funds previously appropriated that have lapsed back to the fund after being considered appropriated, pre-encumbered, encumbered, or expended for any reason.

Sec. 1043. West Michigan Film Office – NEW

Requires \$250,000 of the funds appropriated in part 1 for film incentives to be dedicated to the West Michigan Film Office.

Sec. 1044. Michigan Heritage Restoration Program – NEW

Directs distribution of \$600,000 GF/GP supporting the Michigan Heritage Restoration Program. Requires grant funds to support neighborhood organizations designated 501(c)(3) and stipulates that grants shall not exceed \$250,000.

Sec. 1049. Michigan Law Enforcement Officers Memorial Monument Fund – NEW

Directs that funds appropriated in part 1 for the Michigan Law Enforcement Officers Memorial Monument Fund are match funds. For every \$1.00 raised in private money, \$2.00 shall be distributed from state funds up to a maximum of \$2.0 million.

Major Boilerplate Changes From FY 2013-14

Sec. 1052. Community College Skilled Trades Equipment Program Debt Service – NEW

Stipulates that no long-term indebtedness shall be issued by the MSF until the MSF board approves the RFP and guidelines for the Community College Skilled Trades Equipment Program. Specifies that up to \$50.0 million shall be made available for equipment and related investments at community colleges to deliver educational programs in high-wage, high-skill, and high-demand occupations, as identified by regional labor market conditions. States that plan demonstrating collaboration between postsecondary and school districts and ISDs should get additional considering. Awards shall be made by April 1, 2015 through a competitive process. Specifies required proposal requirements for community colleges. Provides guidelines for program and requirements for community colleges participating in program. Provides that the State Budget Director shall retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects.

Sec. 1057. Aerospace Supplier Development Program – NEW

Authorizes the fund to appropriate funds dedicated to Entrepreneurship Eco-System for the Aerospace Supplier Development Program. Provides guidance on the expenditure of funds if granted.

Sec. 1058. Transportation Workgroup – NEW

Requires MSF to conduct a workgroup with MDOT, MDOC, MDHS, and members of the Senate and House of Representatives to determine how the state can maximize services and funding for transportation for low-income individuals.

Sec. 1059. Pre-College Engineering – NEW

Requires distribution of funds appropriated to a pre-college engineering program in southeast Michigan.

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

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

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

Requires Workforce Development Agency to conduct a workgroup with DHS and members of the Senate and House of Representatives to determine how the state can align the spending on Michigan Works! Job readiness programs with the declining family assistance program caseload. Requires report.

HIGHER EDUCATION

Summary of FY 2014-15 Enacted Appropriations

Article III, 2014 Public Act 196 (House Bill 5314)

Analyst: Kyle I. Jen

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	97,026,400	97,026,400	97,026,400	97,026,400	97,026,400	0	0.0
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	200,565,700	200,565,700	200,565,700	215,565,700	204,567,900	4,002,200	2.0
GF/GP	1,132,981,400	1,214,902,000	1,209,902,000	1,214,902,000	1,214,902,000	81,920,600	7.2
Gross	\$1,430,573,500	\$1,512,494,100	\$1,507,494,100	\$1,527,494,100	\$1,516,496,300	\$85,922,800	6.0
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Higher Education budget, as 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 2013-14 YTD Appropriations

1. University Operations

Increases total university operations funding by \$74.6 million GF/GP (5.9%). Half of the overall increase is distributed in proportion to FY 2010-11 university appropriation amounts (prior to FY 2011-12 15.0% reduction). Remaining half is distributed among the 15 universities based on continuing performance funding formula. Single significant change in formula from FY 2013-14 is addition of component based on enrollment of Pell Grant students compared to national peers. Percentage increases for individual universities range from 3.9% to 9.2%. To receive the funding increase, a university will have to restrain its FY 2014-15 resident undergraduate tuition/fee increase to 3.2% or lower and comply with three other continuing policy requirements (see Sec. 265a).

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
Gross	\$1,265,320,700	\$74,637,500
Restricted	200,019,500	0
GF/GP	\$1,065,301,200	\$74,637,500

2. MSU AgBioResearch and Extension

Increases funding for AgBioResearch and Extension programs operated by Michigan State University by \$3.3 million (5.9%). Proposed appropriations for FY 2014-15 are \$32.0 million and \$27.6 million GF/GP, respectively.

Gross	\$56,288,700	\$3,320,300
GF/GP	\$56,288,700	\$3,320,300

3. MPSERS Reimbursement

Adds \$4.0 million in School Aid Fund revenue (designated as one-time funding) to partially reimburse university contributions to Michigan Public School Employees' Retirement System (MPSERS). Employees hired prior to 1996 at seven universities are members of the system: Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western. Amount appropriated is sufficient to hold effective unfunded actuarially accrued liability (UAAL) costs for the universities flat from FY 2013-14 to FY 2014-15. Total reimbursement amount for FY 2014-15 is \$6.4 million.

Gross	\$2,446,200	\$4,002,200
Restricted	446,200	4,002,200
GF/GP	\$2,000,000	\$0

HIGHER EDUCATION

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>Enacted Change From YTD</u>
4. Indian Tuition Waiver Costs	Gross	NA	\$500,000
Adds \$500,000 GF/GP to partially offset costs to universities of waiving tuition for North American Indian students under state statute.	GF/GP	NA	\$500,000
5. Tuition Grant Program	Gross	\$31,664,700	\$1,867,800
Increases appropriation for need-based financial aid to students at independent colleges by \$1.9 million GF/GP (5.9%). Proposed appropriation for FY 2014-15 is \$33.5 million Gross (existing funds appropriated from federal TANF revenue). Adds requirement that colleges submit certain student performance data as condition of participation in program (see Sec. 252 below).	Federal	31,644,700	0
	GF/GP	\$0	\$1,867,800
6. Tuition Incentive Program	Gross	\$47,000,000	\$1,500,000
Increases appropriation for program paying associate's degree tuition costs for Medicaid-eligible middle and high school students by \$1.5 million GF/GP (3.2%) to fund continued projected growth in program participation. Proposed appropriation for FY 2014-15 is \$48.5 million Gross (\$43.8 million federal TANF; \$4.7 million GF/GP).	Federal	43,800,000	0
	GF/GP	\$3,200,000	\$1,500,000
7. Higher Education Database	Gross	\$105,000	\$95,000
Increases funding for maintenance of state database to \$200,000 GF/GP in order to continue improvements in system functionality. Public universities submit finance, enrollment, and other data annually under statutory and budget act requirements.	GF/GP	\$105,000	\$95,000

Major Boilerplate Changes From FY 2013-14

GENERAL SECTIONS

Sec. 236c. State Building Authority (SBA) Rent Payments – REVISED

Lists amounts appropriated through Department of Technology, Management, and Budget, totaling \$125.4 million, for SBA rent payments associated with state costs for previous capital outlay projects at universities. Revised to update amounts, with new total of \$124.8 million.

Sec. 245. University Transparency – REVISED

Requires universities to post various budget, compensation (including salary list), other financial, and performance data, as well as transfer policies, on its website, using a standard format. Revised to add reporting requirements regarding opportunities for high school students to earn college credit.

Sec. 246. MPSERS Reimbursement – REVISED

Provides for allocation of funding to the seven universities with employees in MPSERS in proportion to retiree health care costs. Revised to allocate expanded MPSERS reimbursement funding pool in proportion to combined MPSERS payroll at each university.

GRANTS AND FINANCIAL AID

Sec. 252. Tuition Grant Program – REVISED

Provides for distribution of funds appropriated for Tuition Grants; specifies maximum grant amount of at least \$1,512, unless insufficient funds are available, in which case a report is required; caps awards received by students at a single institution at \$3.0 million. Revised to increase cap for single institution to \$3.2 million and add requirement that each independent college submit specified student performance data (Tuition Grant students completing degrees, Tuition Grant students enrolled in remedial classes, and Pell Grant students completing degrees) beginning in August 2015 in order for students at the college to participate in the program.

Sec. 256. Tuition Incentive Program – REVISED

Specifies criteria for Tuition Incentive Program eligibility; provides for award conditions and limits under Phases I and II of the program. Revised to clarify application window for middle and high school students (deadline of August 31 of senior year); adds requirement that college students meet individual institutions' satisfactory academic progress policies.

Major Boilerplate Changes From FY 2013-14

UNIVERSITY OPERATIONS

Sec. 265. Tuition Restraint Funding – REVISED

Provides tuition restraint requirements in order to receive performance funding. Revised to specify limit of 3.2% for resident undergraduate tuition/fee increase for FY 2014-15 (lowered from 3.75% for FY 2013-14).

Sec. 265a. Performance Funding – REVISED

Specifies that to receive performance funding, a university must:

- Comply with tuition restraint requirements under Sec. 265.
- Certify that university participates in reverse transfer agreements with at least three Michigan community colleges.
- Certify that dual enrollment policy does not consider use of credits toward high school graduation requirements.
- Participate in Michigan Transfer Network.

Provides that performance funding forfeited by a university due to noncompliance with boilerplate requirements be redistributed to other universities based on performance funding amounts. Describes data components utilized to calculate performance funding amounts and scoring system utilized for national peer comparisons. Revised to describe funding allocated proportional to FY 2010-11 appropriation amounts and new Pell Grant-based component.

Sec. 268. Unfunded Indian Tuition Waiver Costs – REVISED

States legislative intent to allocate funds for unfunded Indian Tuition Waiver (ITW) costs at universities from the General Fund. Requires Department of Civil Rights to report certain information related to the waivers. Revised to add language providing for allocation of funds appropriated for university waiver costs (waiver costs less funds previously added to university appropriations based on ITW costs).

Sec. 271a. Union-Related Activities – NEW

States legislative intent that universities not knowingly and directly use state funds to offer instructional activity that targets specific companies or specific groups of companies for unionization or decertification of a union.

Sec. 272a. Transfer Credit Reporting – REVISED

Requires universities to report on the number of transfer credits, with grade of C or better, rejected for incoming students, by both academic area and prior institution. Revised to clarify that reporting applies only to resident students transferring from other institutions in Michigan.

Sec. 275. Veterans Policies – REVISED

States intent for universities to participate in the Yellow Ribbon GI Education Enhancement Program and provide other veterans-related services. States intent that universities consider all veterans as in-state residents for determining tuition/fees and waive enrollment fees for all veterans. Revised to add reporting requirement regarding services provided specifically to veterans and active duty military personnel.

HUMAN SERVICES

**DEPARTMENT OF HUMAN SERVICES
Summary of FY 2014-15 Enacted Appropriations
Article X, 2014 Public Act 252 (House Bill 5313)**

Analyst: Kevin Koorstra

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$18,127,100	\$18,545,900	\$18,545,900	\$21,545,900	\$21,545,900	\$3,418,800	18.9
Federal	4,814,517,900	4,556,776,900	4,384,596,300	4,384,205,400	4,551,275,200	(263,242,700)	(5.5)
Local	35,685,600	38,876,800	33,762,000	38,839,400	40,364,300	4,678,700	13.1
Private	11,582,800	18,050,700	18,050,900	18,050,900	20,299,300	8,716,500	75.3
Restricted	135,470,000	136,237,400	126,237,400	136,237,400	126,237,400	(9,232,600)	(6.8)
GF/GP	1,003,000,000	1,011,636,400	1,001,623,400	1,002,000,000	995,452,600	(7,547,400)	(0.8)
Gross	\$6,018,383,400	\$5,780,124,100	\$5,582,815,900	\$5,600,879,000	\$5,755,174,700	(\$263,208,700)	(4.4)
FTEs	12,150.5	12,191.5	11,948.5	12,010.0	12,227.5	77.0	0.6

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food and emergency needs. The DHS is also charged with protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws. The DHS is also responsible for delivering juvenile justice services, for Michigan Rehabilitation Services, and for licensing day care, adult foster care, and child welfare agencies in the state.

Major Budget Changes From FY 2013-14 YTD Appropriations

1. Public Assistance Caseload Adjustments

Reduces funding for public assistance programs \$358.6 million Gross (\$41.8 million GF/GP) as follows:

- Food Assistance Program (FAP) is reduced \$286.6 million Gross (\$0 GF/GP) from 894,750 cases at \$264 per month to 860,000 cases at \$247 per month.
- Family Independence Program (FIP) is reduced \$67.7 million Gross (\$37.5 million GF/GP) from 44,400 cases at \$395 per month to 32,800 cases at \$363 per month.
- State Disability Assistance (SDA) program is reduced \$4.2 million GF/GP from 7,777 cases at \$223 per month to 6,500 cases at \$213 per month.
- State Supplementation program is reduced \$30,900 GF/GP from 275,000 cases at \$18.95 per month to 277,500 cases at \$18.77 per month.

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
Gross	\$3,131,610,200	(\$358,603,500)
Federal	2,901,593,400	(316,829,300)
Restricted	64,985,400	0
GF/GP	\$165,031,400	(\$41,774,200)

HUMAN SERVICES

Major Budget Changes From FY 2013-14 YTD Appropriations

**FY 2013-14 YTD Enacted Change
(as of 2/5/14) From YTD**

2. Child Welfare Caseload Adjustments

Increases funding for child welfare programs \$4.8 million Gross (\$1.8 million GF/GP) as follows:

- Foster care payments are increased \$3.1 million Gross (\$976,800 GF/GP) from 6,250 cases at \$27,655 per year to 6,500 cases at \$27,085 per year.
- Adoption subsidies are reduced \$4.3 million Gross (\$519,800 GF/GP) from 27,150 cases at \$732.20 per month to 26,725 cases at \$730.25 per month.
- Child Care Fund is increased \$4.0 million Gross (\$591,900 GF/GP).
- Guardianship assistance payments are increased \$2.0 million Gross (\$787,100 GF/GP).

Gross	\$608,677,500	\$4,783,000
Federal	340,844,300	2,708,100
Local	14,494,000	195,700
Private	3,200,900	43,200
GF/GP	\$250,138,300	\$1,836,000

3. Adoption Subsidies

Provides \$7.9 million Gross (\$7.5 million GF/GP) to allow adoptive parents ability to request a redetermination of their adoption assistance for children with special needs after an adoption assistance agreement has been finalized. Current adoptive parents may make 1 request beginning January 1, 2015 through March 31, 2015, and new adoptive parents may make 1 request per adopted child.

Gross	\$244,074,500	\$7,900,000
Federal	149,959,100	352,600
GF/GP	\$94,115,400	\$7,547,400

4. Child Care Fund Administrative Rates

Provides \$5.0 million GF/GP for the state to pay 100% of the private child placing agency administrative rates for new cases entering care, rather than the state and counties sharing the costs for these rates under certain circumstances through the Child Care Fund.

Gross	\$171,036,600	\$5,000,000
Federal	85,916,600	0
GF/GP	\$85,120,000	\$5,000,000

5. Private Residential Rates

Provides \$3.7 million Gross (\$3.3 million GF/GP) to increase private residential facility rates. Sufficient GF/GP is provided to hold counties harmless.

Gross	NA	\$3,655,300
Federal	NA	355,300
GF/GP	NA	\$3,300,000

6. Child Welfare Performance-Based Funding Implementation

Provides \$1.4 million Gross (\$1.0 million GF/GP) for a Project Team, actuarial study for setting prospective case rates, MiTEAM contract, project evaluation, and on a one-time basis, technical assistance contract for Kent County private steering consortia to implement the recommendations from the Child Welfare Performance-Based Funding Task Force.

FTE	0.0	3.0
Gross	\$0	\$1,372,100
Federal	0	372,100
GF/GP	\$0	\$1,000,000

7. Youth in Transition

Adjusts the youth in transition line item in three ways. First, the line is increased by \$608,000 with federal Temporary Assistance for Needy Families (TANF) funds to support the Homeless Youth and Runaway contracts. The TANF is from a reduction in TANF funds for family preservation programs. Second, \$600,000 in TANF is used to offset \$600,000 in other federal revenues that cannot be claimed for the fostering futures college scholarship program. Third, \$500,000 GF/GP is provided to the fostering futures trust fund on a one-time basis.

FTE	5.5	0.0
Gross	\$14,443,600	\$1,108,000
Federal	7,893,100	(600,000)
TANF	3,548,500	1,208,000
GF/GP	\$3,002,000	\$500,000

8. Community Support Services

Provides \$800,000 Gross (\$170,000 GF/GP) for juvenile justice re-entry programming expansion that would provide services six months prior to re-entry.

FTE	2.0	1.0
Gross	\$1,295,200	\$800,000
Federal	0	630,000
GF/GP	\$1,295,200	\$170,000

9. Parent to Parent

Provides \$700,000 GF/GP to the Adoptive Family Support Network to operate and expand its adoptive parent mentor program. Also designates \$200,000 of the funding as one-time basis only.

Gross	\$0	\$700,000
GF/GP	\$0	\$700,000

HUMAN SERVICES

Major Budget Changes From FY 2013-14 YTD Appropriations	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD	
10. Other Child Welfare Increases	Gross	NA	\$660,000
Provides \$250,000 GF/GP, on a one-time basis, to expand or increase new in-home juvenile justice services in rural counties; \$230,000 Gross (\$40,600 GF/GP) for Attorney General contract; and \$180,000 GF/GP for Children's Trust Fund administration.	Federal	NA	189,400
	GF/GP	NA	\$470,600
11. Donated Funds Positions	FTE	208.0	200.0
Expands donated funds positions by 200.0 FTEs, \$25.7 million Gross (\$0 GF/GP). These caseworkers would be located based on the requests of hospitals, nursing homes, school-based centers, and workplaces where the entity expends its own funds to draw down federal funding to cover the personnel costs of that caseworker.	Gross	\$13,757,600	\$25,720,000
	IDG	234,300	0
	Federal	7,573,100	12,860,000
	Local	3,349,100	4,243,300
	Private	2,601,100	8,616,700
	GF/GP	\$0	\$0
12. Healthy Michigan Plan Call Center	Gross	\$0	\$19,536,300
Provides \$19.5 million Gross (\$5.6 million GF/GP) to implement a contract to provide call center services for applicants and recipients of the Healthy Michigan Plan/Medicaid Expansion. FY 2013-14 funding for this call center is within the Department of Community Health budget. Also unrolls Healthy Michigan Plan Administration funding into separate line item.	Federal	0	13,888,800
	GF/GP	\$0	\$5,647,500
13. Disability Determination Operations	FTE	546.9	0.0
Provides \$20.6 million Gross (\$0 GF/GP) to hire 71.0 disability examiners and 9.0 clerical support staff. Funding based on final federal Social Security Administration appropriations and hiring allocations. There is sufficient FTE authorization in the line item that a FTE increase is not needed. Assumes additional staff will result in \$2.2 million in GF/GP savings from lower State Disability Assistance caseloads.	Gross	\$85,975,200	\$18,398,700
	IDG	112,200	0
	Federal	84,257,900	20,639,700
	GF/GP	\$1,605,100	(\$2,241,000)
14. Michigan Rehabilitation Services (MRS)	FTE	550.0	0.0
Provides \$3.4 million GF/GP, designating \$2.6 million GF/GP as one-time funding, for MRS to draw down sufficient federal funds that will allow MRS to maintain current services and to prevent the implementation of an Order of Selection (i.e., a wait-list for services). There is sufficient federal authorization in the line item that a federal increase is not needed. Also provides \$14.1 million Gross (\$0 GF/GP) to expand the Swift and Sure Probation Program through an interagency agreement with the Department of Corrections and the Judicial Branch.	Gross	\$138,275,900	\$17,484,500
	IDG	0	3,000,000
	Federal	114,263,900	11,084,500
	Local	6,500,000	0
	Private	1,835,000	0
	Restricted	1,582,700	0
	GF/GP	\$14,094,300	\$3,400,000
15. Information Technology	Gross	\$156,676,900	\$5,832,500
Provides \$5.0 million Gross (\$2.8 million GF/GP) to automate asset verifications; \$1.0 million GF/GP for Juvenile Justice Vision 20/20; \$300,000 GF/GP, on a one-time basis, to assist private child welfare service providers implement the statewide automated child welfare information system; reduces \$467,500 Gross (\$168,300 GF/GP) by reducing 500 computers; and unrolls the information technology line item into 6 separate line items.	IDG	1,134,800	0
	Federal	105,325,600	1,950,800
	GF/GP	\$50,216,500	\$3,881,700
16. Contractual Services, Supplies, and Materials	Gross	\$35,583,600	\$1,974,600
Provides \$2.0 million Gross (\$1.0 million GF/GP) to support single audit costs, increased TALX income verification costs, and for the public assistance cost allocation plan.	IDG	531,200	0
	Federal	21,103,900	944,100
	Restricted	5,400	0
	GF/GP	\$13,943,100	\$1,030,500
17. Child Support Enforcement	FTE	185.7	0.0
Provides \$1.0 million GF/GP, designating \$500,000 GF/GP as one-time funding, to replace lost revenue due to IRS negative offset. When IRS intercepts federal tax returns for child support in error, the state must return the money to the IRS even if it has already been sent to the custodial parent. This issue is nationwide as the IRS has experienced an increase in fraudulent income tax returns.	Gross	\$134,950,800	\$1,000,000
	Federal	125,096,000	0
	GF/GP	\$9,854,800	\$1,000,000

HUMAN SERVICES

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 YTD</u>	<u>Enacted Change</u>
	<u>(as of 2/5/14)</u>	<u>From YTD</u>
18. Domestic Violence Prevention and Treatment	FTE 14.6	0.0
Provides \$514,200 GF/GP for domestic violence prevention and treatment personnel costs.	Gross \$15,205,800	\$514,200
	Federal 13,394,400	0
	Restricted 1,040,000	0
	GF/GP \$771,400	\$514,200
19. Centers for Independent Living	Gross \$5,988,600	\$500,000
Provides \$500,000 GF/GP to Centers for Independent Living for core independent living services.	Federal 2,818,600	0
	Private 100,000	0
	GF/GP \$3,070,000	\$500,000
20. Other Program Increases or New Programs	Gross NA	\$1,275,000
Provides \$350,000 GF/GP, on a one-time basis, to Michigan Reading Corps; \$300,000 GF/GP to School Success Partnership program through the Northeast Michigan Community Services Agency; \$250,000 GF/GP, on a one-time basis, to Catholic Charities Center for Hope; \$200,000 GF/GP for Michigan Community Service Commission personnel costs; \$100,000 GF/GP, on a one-time basis, to food bank funding; and \$75,000 GF/GP to MiCAFE.	GF/GP NA	\$1,275,000
21. Budgetary Savings: Staffing Reductions	FTE 0.0	(51.0)
Rolls out the \$3.5 million GF/GP staffing reductions line item to various line items within the DHS budget. The roll-out is achieved through the following steps. First, 51.0 FTE positions are removed or held vacant saving \$7.7 million Gross (\$2.8 million GF/GP). Second, \$741,100 in available federal block grant funding from the 51.0 FTE reduction is used to offset GF/GP. Also includes staffing reductions of \$7.5 million GF/GP for FY 2014-15.	Gross (\$3,500,000)	(\$11,718,500)
	Federal 0	(4,218,500)
	GF/GP (\$3,500,000)	(\$7,500,000)
22. Temporary Assistance for Needy Families (TANF) Offset of Other Federal Revenues	Gross NA	\$0
Appropriates \$7.9 million in federal TANF in the adoption subsidies line item to offset GF/GP. That offset GF/GP is then redirected to the payroll taxes and fringes benefits, local office salaries and wages, and child welfare field staff line items to offset excess other federal revenues in those line items.	Federal NA	(7,893,000)
	TANF NA	7,893,000
	GF/GP NA	\$0
23. Low-Income Energy Assistance Fund	FTE 1.0	0.0
Revises restricted low-income energy assistance funding based on statutory cap of \$50.0 million.	Gross \$60,000,000	(\$10,000,000)
	Restricted 60,000,000	(10,000,000)
	GF/GP \$0	\$0
24. Adjustments to Current Services Baseline	FTE NA	(72.0)
Reduces \$20.0 million Gross (\$763,900 GF/GP) to align multiple line item appropriations with projected spending, available revenues, and historic expenditure trends.	Gross NA	(\$20,036,200)
	Federal NA	(19,272,300)
	GF/GP NA	(\$763,900)
25. Capped Federal Fund Source	Gross \$4,268,278,700	\$0
Rolls out capped federal funding from the general "total federal revenues" fund source into its own federal fund source. Capped federal fund source includes Low-Income Home Energy Assistance Program, Social Services Block Grant, Community Services Block Grant, and others.	Federal 4,268,278,700	(611,479,900)
	Capped 0	611,479,900
	GF/GP \$0	\$0
26. Employee Economics	Gross NA	\$23,880,300
Reflects increased costs of \$23.9 million Gross (\$8.1 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	IDG NA	282,200
	Federal NA	15,184,400
	Local NA	239,700
	Private NA	56,400
	Restricted NA	29,200
	GF/GP NA	\$8,088,400

HUMAN SERVICES

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 YTD</u>	<u>Enacted Change</u>
		<u>(as of 2/5/14)</u>	<u>From YTD</u>
27. Federal Medical Assistance Percentage (FMAP) Adjustments	Gross	NA	\$143,700
Increases GF/GP by \$1.7 million from the FMAP federal match rate adjustment from 66.32% to 65.54%. This rate is used to determine federal cost sharing for foster care payments, adoption subsidies and retained child support collections.	Federal	NA	(2,287,500)
	Private	NA	200
	Restricted	NA	738,200
	GF/GP	NA	\$1,692,800
28. One-Time Funding: Eliminate FY 2013-14 Appropriations	FTE	4.0	(4.0)
Discontinues FY 2013-14 one-time appropriations of \$4.6 million Gross (\$2.8 million GF/GP) for information technology investments, fraud prevention demonstration project, medical consultation, and the juvenile justice behavioral health study.	Gross	\$4,557,300	(\$4,557,300)
	Federal	1,734,900	(1,734,900)
	GF/GP	\$2,822,400	(\$2,822,400)

Major Boilerplate Changes From FY 2013-14

GENERAL SECTIONS

Sec. 205. Time-Limited Addendum to Social Welfare Act – NEW

Requires DHS to treat this part and part 1 as a time-limited addendum to the Social Welfare Act, pursuant to section 1b of the Social Welfare Act.

Sec. 206. New Programs or Program Increases – NEW

Requires DHS to list specific benchmarks and status updates on each new program or program increases in excess of \$500,000; states legislative intent that all proposed new programs or spending increases for FY 2015-16 include benchmarks and performance measures.

Sec. 228. Requests for Information (RFI) and Requests for Proposal (RFP) – NEW

Requires DHS to submit all required information for RFI process to DTMB by October 1 and RFP process to DTMB by January 1, requires RFPs to remain open for 30 days.

Sec. 230. Requests for Proposal for Income Verification Contract – NEW

Requires DHS to issue a RFP for the income verification contract by February 1.

Sec. 234. Michigan Strategic Fund Interagency Agreement – NEW

Requires DHS to include specific outcome and performance reporting requirements in the interagency agreement with the Michigan Strategic Fund for TANF funded job readiness and welfare-to-work programming, lists required reporting requirements.

CHILD AND FAMILY SERVICES

Sec. 501. Foster Care Age and Time Limit Goals – REVISED

Establishes a goal to limit the number of children in foster care longer than 24 months, requires annual report. Revises goal from 31% to 27% and revises reporting requirement.

Sec. 503. Child Welfare Performance-Based Funding – NEW

Requires DHS, in accordance with the final report of the child welfare performance-based funding task force, to issue an RFP for an independent actuary designated as a fellow of the society of actuaries to recommend prospective case rates for out-of-home child welfare services by DHS and private providers; requires prospective case rates for private providers to include adoption incentive payments and to cover full cost of contractual costs; requires DHS to complete full cost analysis by September 30; requires DHS to contract for a 5-year independent third-party evaluation; requires DHS to create a readiness model; requires phase II implementation to only include additional counties where DHS, private agencies, the county, and the court agree to implement the performance-based funding model; requires DHS to implement the recommendations and provide quarterly reports.

Sec. 508. Children’s Trust Fund (CTF) Revenues and Joint Projects – REVISED

Appropriates gifts and donations to CTF; requires collaboration between DHS and Child Abuse and Neglect Prevention Board on policy matters to seek to avoid administrative delays to distribute grants. Revises administrative delays to “within 31 days of project start date” and mandates distribution “within 31 days of project start date”.

Sec. 509. Gentle Teaching Pilot – REVISED

Appropriates \$100,000 to implement a pilot program for gentle teaching methods; requires report on the results of the pilot and a cost estimate to implement pilot statewide. Revises language to allocate \$100,000 to implement a pilot program for secondary trauma training.

Major Boilerplate Changes From FY 2013-14

Sec. 515. Kent County Privatization Implementation – REVISED

Requires DHS to privatize all foster care and adoption services within Kent County, based on work group findings. Adds notification requirement to legislature when all foster care cases and pending foster family licensing applications have been transferred, requires private agencies to be paid through the rates established in Sec. 546 until an actuary has recommended and DHS has amended contracts for performance-based funding, prohibits delay of implementation, reduces state funds \$25,000 for each week of noncompliance; states intent that case transfer shall not require placement of foster children in new foster homes but that DHS will allow the private agencies to borrow foster homes certified through DHS; requires report.

Sec. 522. Fostering Futures Scholarship Program – REVISED

Allocates \$750,000 to the campus coach program for youth transition from foster care who are attending college, requires 100% of funding be used for scholarships. Strikes “for the campus coach program” and adds “through the fostering futures scholarship program”; requires report.

Sec. 540. Psychotropic Medication for Youth in Out-of-Home Placements – REVISED

Requires DHS to determine within 30 days whether to change prescribed psychotropic medication for state wards if the placement administration determines that the medication should be changed, or to seek parental consent within 7 business days for a temporary court ward. Revises to 7 business days for state wards, and requires court petition on the eighth business day if parental consent is not provided by the seventh business day.

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHS; establishes general independent living administrative rate of \$28; reinstates specialized independent living administrative rates provided in FY 2010-11; increases administrative rate for foster care services by \$3, provided that the county match rate is eliminated for this increase; requires providers to submit quarterly expenditure reports, if required by federal guidelines. Revises specialized independent living rate to independent living plus based on statewide per diem rates; requires at least monthly payment of \$3 rate; and increases residential provider rates, provided that the county match rate is eliminated for this increase.

Sec. 556. Special Needs Adoption Subsidy Report – REVISED

Requires report on number of complaints filed by adoptive parents for not being notified that their adoptive child has special needs. Adds language to allow adoptive parents to request a redetermination of their adoption assistance when extraordinary care or expense is required for a condition that existed or the cause of which existed before the adoption was finalized, allows current adoptive parents to request redetermination between January 1, 2015 and March 31, 2015, allows new adoptive parents one request for redetermination; allows adoptive parent to request administrative hearing; requires DHS to notify in writing current adoptive parents of right to request redetermination; states that state statute amended subsequent to this act shall control; defines “certification”.

Sec. 559. Parent to Parent – NEW

Allocates \$700,000, including one-time funding, to parent to parent program for adoptive parents; requires report.

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

Requires DHS to provide time and travel reimbursements for foster parents who transport foster children to parent-child visitation, requires DHS to provide written notification of right to request reimbursements to foster parents, and requires reimbursement within 60 days.

Sec. 565. Treatment Service Plans – NEW

Requires DHS and private agencies to provide signed copies of the parent agency treatment plan agreement that includes parent-child visitation plan, requires DHS and private agencies to document if parent does not sign agreement, requires information in this section to be made available to Foster Care Review Board upon request.

Sec. 566. MiTEAM Meetings – NEW

Requires MiTEAM meetings to include a review of any psychotropic medication currently prescribed, prescribed in the past, or recommended.

Sec. 567. Medical Passports – NEW

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.

Sec. 568. Adoption Subsidy Negotiations – NEW

Requires DHS 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; defines determination of care rate; allows adoptive parents to reject support subsidy; states that state statute amended subsequent to this act shall control.

HUMAN SERVICES

Major Boilerplate Changes From FY 2013-14

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

Requires DHS 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. 574. Contracts to License Relative Caregivers – REVISED

Allocates \$2.5 million to private child placing agencies to facilitate licensure of relative caregivers as foster parents and allows private agencies to retain supervision of at least 50% of the newly licensed cases; provides \$375,000 for family incentive grants to help with home improvements needed by foster families. Adds requirement that agencies license within 180 days or have an approved waiver to receive full reimbursement and states that agencies completing licensure after 180 days shall receive up to \$2,300.

Sec. 587. Juvenile Justice In-Home and Community-Based Programs – REVISED

Provides \$1.0 million to expand and create new in-home and community-based programs for juvenile justice services in rural counties, requires report. Provides \$1.0 million ongoing and \$250,000 on a one-time basis and prohibits counties that received funds in the previous fiscal year from receiving funds appropriated in the current fiscal year.

Sec. 589. Restrictions on Transfer of Foster Care Cases to Private Supervision – REVISED

Prohibits DHS from transferring foster care cases to private agencies where the case requires a county contribution for the private agency administrative rate, unless agreed to by the county; requires monthly report on the number of foster care cases supervised by private agencies and by DHS. Replaces transfer prohibition with requirement that DHS pay for 100% of the administrative rate for new foster care cases beginning October 1, 2013.

PUBLIC ASSISTANCE

Sec. 602. Multiple Disability Applications – NEW

Requires DHS to conduct a full evaluation of an individual's assistance needs if the individual has applied for disability 2 times within a 1-year period, and subject to federal approval, prohibits an individual from applying for disability more than 2 times within a 1-year period.

Sec. 621. Energy Self-Sufficiency Program – DELETED

Establishes requirements and guidelines for the energy self-sufficiency program.

Sec. 657. Extended Family Independence Program (EFIP) Notifications – REVISED

Requires DHS to notify individuals eligible for EFIP that receiving EFIP will count toward the federal and state lifetime cash assistance limits. Adds that notification be included on both the public assistance application and the form that notifies the person of eligibility of EFIP.

Sec. 695. Jewish Federation of Metropolitan Detroit – DELETED

Appropriates \$500,000 to the Jewish Federation of Metropolitan Detroit to assist low-income individuals achieve self-sufficiency.

Sec. 695. Multicultural Integration Funding – NEW

Permits requirement of each provider to provide data and information on performance-related metrics; requires report; requires workgroup on including accreditation and moving toward competitive bidding.

Sec. 696. Chaldean Community Foundation – DELETED

Appropriates \$1.0 million to the Chaldean Community Foundation to provide translation services, health care, and youth services.

JUVENILE JUSTICE SERVICES

Sec. 701. Residential Facility Contracts – NEW

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. 702. Medicaid Waiver for Secure Residential Treatment – NEW

Requires DHS, in conjunction with the DCH, to submit a waiver request to expand Medicaid coverage to child in need of secure residential treatment; requires DHS to submit copy of waiver request to Legislature; requires report on status of waiver request.

Sec. 703. Juvenile Justice Vision 20/20 – NEW

Provides \$1.0 million to Juvenile Justice Vision 20/20, allows unexpended or unencumbered funding to be available in succeeding fiscal years; allows funds to be expended after successful implementation and operation of existing pilot database; requires DHS member to serve as executive team member; requires report.

Major Boilerplate Changes From FY 2013-14

LOCAL OFFICE SERVICES

Sec. 750. Donated Funds Positions – REVISED

Requires DHS to maintain out-stationed eligibility specialists in community-based organizations, community mental health agencies, nursing homes, and hospitals unless the out-stationed location requests the program discontinued. Retains and requires DHS to enter into a contract with any agency that places a request for a donated funds position and is eligible under federal law, requires DHS to provide agency with applicable federal law or rule if denied; requires performance metrics; requires DHS to only fill additional positions after a new contract has been signed and requires position to be abolished when contract expires or is terminated.

Sec. 751. Healthy Michigan Plan Administration – NEW

Requires DHS, in conjunction with the Department of Community Health, to establish an accounting structure in the state accounting system (Michigan administrative information network, or MAIN) to separately track expenditures for administration of the Healthy Michigan Plan; requires quarterly report.

INFORMATION TECHNOLOGY

Sec. 1001. DHS Computer Reduction – REVISED

Requires DHS to reduce number of computers by 3,000. Revised to 500 computer reduction.

COMMUNITY ACTION AND ECONOMIC OPPORTUNITY

Sec. 1107. Weatherization Services Priority – NEW

Requires DHS and community action agencies, subject to federal approval, to give priority for weatherization services to clients who have a child with a documented blood lead level above 5 micrograms per deciliter.

Sec. 1108. School Success Partnership – NEW

Allocates \$300,000 to the Northeast Michigan Community Services Agency for the school success partnership program; requires report.

ONE-TIME BASIS ONLY

Sec. 1201. Kent County Private Steering Consortia – NEW

Allocates \$100,000 to the Kent County private steering consortia for technical assistance for implementing performance-based funding.

Sec. 1202. Catholic Charities Center for Hope – NEW

Allocates \$250,000 to restore and renovate the building where the center for hope is located; requires report; requires reimbursement of state funds if funds are misspent.

Sec. 1203. Private Agency Information Technology – NEW

Allocates \$300,000 to assist private child welfare service providers meet the implementation requirements of the statewide automated child welfare information system.

Sec. 1204. Fostering Futures Trust Fund – NEW

Allocates \$500,000 to the Fostering Futures Trust Fund, if 2008 PA 525 is amended to create the trust fund.

Sec. 1205. Michigan Reading Corps – NEW

Allocates \$350,000; requires report; requires reimbursement of state funds if funds are misspent.

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
Summary of FY 2014-15 Enacted Appropriations
Article XI, 2014 Public Act 252 (House Bill 5313)**

Analyst: Paul Holland

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$707,600	\$707,600	\$707,600	\$707,600	\$707,600	\$0	0.0
Federal	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	0	0.0
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	61,627,900	62,427,100	62,427,100	62,427,100	62,427,100	799,200	1.3
GF/GP	11,000,000	150,000	0	100	55,000	(10,945,000)	(99.5)
Gross	\$75,335,500	\$65,284,700	\$65,134,700	\$65,134,800	\$65,189,700	(\$10,145,800)	(13.5)
FTEs	343.0	343.0	343.0	343.0	343.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (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 licensing, evaluating, regulating, and promoting the insurance and financial industries operating within the state and providing consumer protection for Michigan residents by managing consumer information and inquiries and investigating consumer complaints. DIFS administers, implements, and enforces state statutes pertaining to state-chartered banks, credits unions, mortgage lenders, consumer finance entities, insurance companies and agents, health maintenance organizations, and various consumer finance entities. DIFS was created by Executive Order 2013-1 through the transfer of the authority, powers, duties, functions, and responsibilities of the former Office of Financial and Insurance Regulation and functions of the Autism Coverage Reimbursement Program from the Department of Licensing and Regulatory Affairs.

Major Budget Changes From FY 2013-14 YTD Appropriations

**FY 2013-14 YTD Enacted Change
(as of 2/5/14) From YTD**

1. Autism Coverage Fund

Eliminates appropriation for the Autism Coverage Fund which supports the Autism Coverage Reimbursement Program established by 2012 PA 101. Of the \$26.0 million GF/GP appropriated for the non-lapsing Autism Coverage Fund over the past two years, \$1.1 million has been paid to insurance carriers for reimbursement of claims for diagnosis and treatment of autism spectrum disorders, as of April 29, 2014. DIFS anticipates that claims for reimbursement will substantially increase during FY 2014-15 but estimates that there is currently sufficient money in the Autism Coverage Fund to cover these claims.

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

2. Healthy Michigan Plan Analysis and Reports

Increases spending authorization for Executive Director Programs line item pursuant to 2013 PA 107 which directs DIFS to evaluate and issue an annual report on the impact of expanding medical coverage via the Healthy Michigan Plan (i.e., Medicaid Expansion/Reform) on the cost of uncompensated care relating to health insurance rates and to staff the Michigan Health Care Cost and Quality Advisory Committee which is charged with analyzing various facets of the health care and health insurance industries and issuing a report with recommendations on the creation of a database on health care cost and quality in Michigan. (See boilerplate Sec. 246.)

FTE	4.0	0.0
Gross	\$615,700	\$55,000
Restricted	615,700	0
GF/GP	\$0	\$55,000

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 YTD</u>	<u>Enacted Change</u>	<u>From YTD</u>
	<u>(as of 2/5/14)</u>		
3. Economic Adjustments (Multiple Line Items)	Gross	NA	\$799,200
Increases and decreases spending authorizations, resulting in a net increase, for negotiated salary and wage increases, insurance rates, actuarially-required retirement benefit rates, other postemployment benefits prefunding, workers' compensation costs, building occupancy costs and rent, and other incidental economic adjustments.	Restricted	NA	799,200

Major Boilerplate Changes From FY 2013-14

Sec. 205. Benchmarks for New Programs or Program Expansions – NEW

Requires DIFS to submit reports to the Legislature identifying specific benchmarks intended to measure the performance or return on taxpayer investment of new programs or program expansions and updating the Legislature on the progress of the programs as measured by those benchmarks; stipulates that the Legislature intends that benchmarks be included with executive budget requests beginning with the FY 2015-16 budget.

Sec. 235. Annual Legacy Costs – NEW

Identifies annual pension-related and retiree health care legacy costs for DIFS pursuant to boilerplate Section 1202 of 2013 PA 59.

Sec. 238. Require RFIs and RFQs Prior to Issuing RFPs – DELETED

Prohibits DIFS from issuing requests for proposals (RFP) for contracts in excess of \$50.0 million without first considering issuing requests for information (RFI) or requests for qualifications (RFQ) and requires that DIFS notify DTMB of the evaluation process used to determine that a RFI or RFQ was not necessary.

Sec. 240. Filled FTE Report – REVISED

Stipulates that the Legislature intends that DIFS does not use FTE positions as spending placeholders and requires DIFS to provide a report specifying the quarterly number of filled FTE positions by line item during the preceding fiscal year. Revises to add language requiring DIFS to indicate FTEs allocated to economic development activities.

Sec. 245. Healthy Michigan Plan Accounting Structure – NEW

Requires DIFS in conjunction with the Department of Community Health (DCH) to establish accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan and requires DIFS to annually provide the Legislature with relevant accounting scripts and reports.

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

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 and requires DIFS to acquire at least two bids prior to expending the appropriation.

Sec. 310. Economic Development Report – REVISED

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

Sec. 341. Administrative Rules Restriction – DELETED

Prohibits DIFS from promulgating any rule more stringent than an applicable federal standard unless authorized by statute.

Sec. 801. Autism Coverage Reimbursement Program Appropriation – DELETED

Appropriates the money in the Autism Coverage Fund to be expended on the Autism Coverage Reimbursement Program as authorized by 2012 PA 101.

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

Requires DIFS to submit a report pertaining to the number of reimbursements for and the average costs of diagnosis and treatment under the Autism Coverage Reimbursement Program authorized by 2012 PA 101. Revises to retain and alter substance of annual reporting requirement.

**JUDICIARY
Summary of FY 2014-15 Enacted Appropriations
Article XII, 2014 Public Act 252 (House Bill 5313)**

Analyst: Robin R. Risko

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$2,350,500	\$2,364,400	\$2,364,400	\$2,364,400	\$2,364,400	\$13,900	0.6
Federal	5,343,900	6,437,400	6,437,400	6,437,400	6,437,400	1,093,500	20.5
Local	7,133,100	7,241,100	7,241,100	7,241,100	7,241,100	108,000	1.5
Private	931,500	944,800	944,800	944,800	944,800	13,300	1.4
Restricted	84,213,800	84,252,500	84,252,500	84,252,500	84,252,500	38,700	0.0
GF/GP	183,441,300	187,277,400	188,242,900	185,742,900	186,527,400	3,086,100	1.7
Gross	\$283,414,100	\$288,517,600	\$289,483,100	\$286,983,100	\$287,767,600	\$4,353,500	1.5
FTEs	483.0	489.0	489.0	486.0	488.0	5.0	1.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (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 2013-14 YTD Appropriations

1. Mental Health Diversion Program

Includes additional funding for judiciary's role in a multi-agency statewide mental health diversion program. Assisted Outpatient Treatment is a court-ordered program of community-based mental health services designed to improve outcomes for people with serious mental illness who have a history of repeated incarcerations. Funding will be used for reinforcement of existing mental health courts through court coordination, mental health services, substance abuse treatment, housing, and transportation services (\$1.0 million) and for court evaluations, attorney services, and training (\$730,000).

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
Gross	NA	\$1,730,000
GF/GP	NA	\$1,730,000

2. Regionalization and Expansion of Specialty Courts

Includes additional federal funding made available for drug treatment courts, for regionalization and expansion of driving while intoxicated/sobriety courts, and for evaluation of the ignition interlock program. The goal is to make the courts available to more citizens in the state by regionalizing courts to serve multiple jurisdictions and expanding the number of courts available.

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
Gross	\$9,583,000	\$1,375,000
IDG	1,500,000	0
Federal	800,000	1,375,000
Restricted	1,920,500	0
GF/GP	\$5,362,500	\$0

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 YTD</u> <u>(as of 2/5/14)</u>	<u>Enacted Change</u> <u>From YTD</u>
3. Michigan Indigent Defense Commission	FTE	NA
Includes additional funding for implementation of the Michigan Indigent Defense Commission (MIDC), which was established under Public Act 93 of 2013. The MIDC was created as an autonomous entity in the judicial branch to develop and oversee the implementation, enforcement, and modification of minimum standards, rules, and procedures to ensure that indigent criminal defense services are consistently delivered to all indigent adults throughout the state. The MIDC is charged with hiring an executive director and the appropriate number of staff needed to accomplish the purpose of the MIDC. The appropriation will support hiring administrative staff for the commission and staff-related costs.	Gross	NA
	GF/GP	NA
		4.0
		\$1,000,000
		\$1,000,000
4. Next Gen/MiCS	Gross	\$3,490,700
Includes additional funding to assist with implementation of a unified case management information system, called the Next Generation Michigan Court System (Next Gen/MiCS). A one-time appropriation of \$3.5 million GF/GP is included in the FY 2013-14 budget. That funding, along with the additional \$634,300, will be considered an ongoing appropriation in the FY 2014-15 budget. The new system will combine the four current legacy case management systems in at least 264 trial court locations that are built on technology that is almost 30 years old. Funding will also be used to train more than 4,000 users of the system.	GF/GP	\$3,490,700
		\$634,300
		\$634,300
5. Savings for Eliminated Judgeships	Gross	NA
Reflects a savings from elimination of 5.0 judgeships under Public Act 300 of 2011 and from elimination of 7.0 judgeships under Public Acts 35 of 2012 and 58, 59, and 60 of 2014. The amount of savings is a result of the effective dates of the retirements of the judges.	GF/GP	NA
		(\$1,528,500)
		(\$1,528,500)
6. State Appellate Defender Office (SADO) Staff Support	Gross	\$6,646,900
Includes GF/GP funding to pay for staff who are currently funded with federal grant funding which is set to expire on October 1, 2014. These staff assist the office with meeting the statutory requirement of managing 25% of the state's criminal defense appellate cases for indigents, and supporting the criminal defense bar. The office met 16% in FY 2011-12, 19% in FY 2012-13, and is expected to meet 26% in FY 2013-14.	IDG	342,900
	Federal	408,300
	Private	81,300
	Restricted	117,600
	GF/GP	\$5,696,800
		\$0
		0
		(350,000)
		0
		0
		\$350,000
7. Foreign Language Proficiency	FTE	NA
Includes additional funding to cover the costs of one FTE position. Staff will oversee Limited English Proficiency programs at the local trial courts and the testing and certification of interpreters. Staff will also assist the Foreign Language Board of Review. This position is necessary to ensure the state's compliance with federal directives that interpreters be provided to individuals with limited English proficiency.	Gross	NA
	GF/GP	NA
		1.0
		\$120,000
		\$120,000
8. Economic Adjustments	Gross	NA
Includes funding for justices' and judges' retirement, salary and wage increases (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, rent, building occupancy, and worker's compensation. Insurance costs are held flat due to recent revisions to the state employee health plan.	IDG	NA
	Federal	NA
	Local	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		13,900
		68,500
		108,000
		13,300
		38,700
		\$1,405,300
		\$1,405,300
9. Trial Court Performance Innovation Fund	FTE	1.0
Reduces funding for the Trial Court Performance Innovation fund by \$625,000.	Gross	\$1,000,000
	GF/GP	\$1,000,000
		0.0
		(\$625,000)
		(\$625,000)

JUDICIARY

Major Boilerplate Changes From FY 2013-14

Sec. 205. *Input on Foster Care Cases – NEW*

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

Sec. 207. *Changes to Foster Care Family Service Plans – NEW*

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

Sec. 209. *Juvenile Justice Vision 20/20 – NEW*

Expresses intent of the legislature that SCAO implement a database, if funding becomes available, that tracks statistical and demographic data on adjudicated juveniles for use by circuit and probate courts, private juvenile justice agencies, and SCAO.

Sec. 211. *Linking Swift and Sure Sanctions Program to Michigan Rehabilitative Services – NEW*

Requires the judicial branch to establish an interagency agreement with DHS and MDOC linking the Swift and Sure Sanctions program with the Michigan Rehabilitative Services program for the purpose of providing job placement and other support services to eligible probationers. Authorizes participation in the Swift and Sure Sanctions program by parolees pending enactment of proposed legislation.

Sec. 224. *Legacy Costs – NEW*

States the total amount of funding estimated to be expended on legacy costs in FY 2014-15 is \$14.3 million. Of that, \$8.0 million is estimated to be expended on pension-related legacy costs, and \$6.3 million is estimated to be expended on health care-related legacy costs.

Sec. 225. *Performance Measures – NEW*

Requires the judiciary to report a list of specific benchmarks intended to measure the performance or return on taxpayer investment for each new program or program expansion for which funds in excess of \$500,000 are appropriated, and to report on the progress of the program and the status of expenditures as measured by the benchmarks.

Sec. 307. *Mental Health Diversion Council – NEW*

Expresses intent that the \$1.7 million appropriation for Mental Health and Diversion Services be used to address the recommendations of the Mental Health Diversion Council.

Sec. 321. *Legal Self-Help Website – REVISED*

Expresses intent of the legislature that the judicial branch support a statewide legal self-help website and local nonprofit self-help centers that provide assistance to persons representing themselves in civil legal proceedings; requires SCAO to summarize the costs of maintaining the website, provide statistics on the number of people visiting the website, and provide information on content usage, form completion, and user feedback.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
Summary of FY 2014-15 Enacted Appropriations
Article XIII, 2014 Public Act 252 (House Bill 5313)

Analyst: Paul Holland

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$14,228,200	\$14,509,800	\$14,509,800	\$14,509,800	\$14,509,800	\$281,600	2.0
Federal	195,559,900	199,124,800	200,624,800	199,124,800	200,624,800	5,064,900	2.6
Local	656,500	656,500	656,500	656,500	656,500	0	0.0
Private	2,011,800	2,311,800	1,811,800	2,311,800	311,800	(1,700,000)	(84.5)
Restricted	265,457,400	289,951,500	288,168,200	289,124,300	286,351,500	20,894,100	7.9
GF/GP	25,004,900	25,033,800	22,217,200	25,033,800	40,033,800	15,028,900	60.1
Gross	\$502,918,700	\$531,588,200	\$527,988,300	\$530,761,000	\$542,488,200	\$39,569,500	7.9
FTEs	2,970.5	2,978.5	2,978.5	2,877.8	2,877.8	(92.7)	(3.1)

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Licensing and Regulatory Affairs (LARA) is primarily responsible for business regulatory and employment services programs and is organized according to its four principal functions: 1) Licensing and Regulation, which implements and enforces statutory laws and administrative rules pertaining to commercial and occupational, construction and fire safety, healthcare provider and facility, public utility, and liquor regulation; 2) Employment Security and Workplace Safety, which administers unemployment insurance, workers' compensation insurance, occupational safety and health standards, labor and wage laws, and vocational rehabilitation services for the blind; 3) the Michigan Administrative Hearing System (MAHS), a quasi-judicial agency which centralizes and conducts administrative hearings for agencies throughout state government; and 4) the Office of Regulatory Reinvention (ORR), which oversees administrative rule-making and evaluates the state's regulatory infrastructure. The agencies within LARA are primarily supported by various federal grants and revenue generated through numerous fees collected from regulated entities.

Major Budget Changes From FY 2013-14 YTD Appropriations

**FY 2013-14 YTD Enacted Change
(as of 2/5/14) From YTD**

		FY 2013-14 YTD Enacted Change (as of 2/5/14) From YTD
1. Unemployment Insurance Agency--Customer Service (One-Time)	Gross	NA \$18,000,000
Includes one-time spending authorization to maintain customer services at the Unemployment Insurance Agency (UIA), supported with revenue from the Penalty and Interest Account of the Contingent Fund in which penalties, damages, and interest collected from employers and claimants are deposited. The UIA anticipates that process improvement efforts will enable it to operate within existing federal grant funding by the end of FY 2014-15. In August of 2012, due to the decline in the state's Insured Unemployment Rate during 2012, the federal government reduced the amount of administration grants to the UIA by \$37.2 million, resulting in 402 FTEs being laid off. The Legislature approved a contingency transfer authorizing \$5.0 million from the Fund to support the maintenance of UIA operations during FY 2012-13. LARA anticipates a similar transfer request for FY 2013-14 dependent upon the level of quarterly supplemental federal grants allocated to the UIA during the year.	Restricted	NA 18,000,000

LICENSING AND REGULATORY AFFAIRS

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
2. Bureau of Construction Codes	FTE	104.7	0.0
Increases spending authorization for the Bureau of Construction Codes (BCC), supported with revenue from the Construction Code Fund, subsequent to a \$5.8 million decrease in spending authorization in the FY 2013-14 budget; approximately \$350,000 to maintain current operations which includes expanded permitting activities as part of the effort to remediate blight in Detroit, and approximately \$650,000 to support annual costs of replacing BCC's online permitting/licensing system. Includes \$800,000 of the amount in a separate Detroit Demolition Permit Assistance line item.	Gross	\$8,933,700	\$1,066,300
	Restricted	8,933,700	1,066,300
3. Elevator Inspection Program	FTE	30.0	2.0
Increases spending authorization and staff, supported with revenue from the Elevator Safety Fund, to hire an additional two elevator inspectors to address elevator inspection backlog resulting in approximately 30% of annual elevator inspections overdue in FY 2012-13 (approximately \$224,000) and fund the Elevator Division's portion of the replacement of the BCC's online permitting/licensing system (approximately \$476,000).	Gross	\$3,645,700	\$700,000
	Restricted	3,645,700	700,000
4. Health Systems Regulation	FTE	211.4	0.0
Increases spending authorization, supported with federal Title XIX reimbursements, for the Bureau of Health Care Services (BHCS) to perform surveys (i.e., inspections) of long-term care facilities (e.g., nursing homes) in order to issue certifications required for eligibility to provide medical and custodial care of Medicaid enrollees.	Gross	\$27,825,600	\$700,000
	Federal	18,519,900	700,000
	Private	200,000	0
	Restricted	3,300,200	0
	GF/GP	\$5,805,500	\$0
5. Property Management and Unemployment Insurance Agency	Gross	\$10,007,300	\$1,275,000
Increases spending authorization, supported with federal unemployment insurance administration grants, for DTMB property management charges for the "One Division" facility in Grand Rapids, resultant from a FY 2013-14 reduction for UIA property management which was not realized. Includes \$1.0 million of the increase in the Unemployment insurance Agency line item.	Federal	4,328,200	1,275,000
	Restricted	5,374,900	0
	GF/GP	\$304,200	\$0
6. Administrative Services	FTE	87.0	0.0
Increases spending authorization to offset expenditures made by the Financial and Administrative Services Team within LARA since FY 2011-12 for the Reinventing Performance in Michigan (RPM) initiative; statewide regulatory process improvement efforts designed to improve customer satisfaction, shorten customer response time, reduce redundant forms, and ensure customer-facing materials are utilized. Funds 75.0% of the increase with General Fund and 25.0% with revenue generated by statutory filing and other fees paid by corporate entities. (See boilerplate Sec. 243.)	Gross	\$8,725,000	\$700,000
	Federal	1,659,000	0
	Restricted	7,066,000	175,000
	GF/GP	\$0	\$525,000
7. Administrative Services	FTE	87.0	0.0
Increases spending authorization, supported with an IDG from the Department of Insurance and Financial Services (DIFS), for accounting services provided to DIFS by the Financial and Administrative Services Team within LARA.	Gross	\$8,725,000	\$150,000
	IDG/IDT	0	150,000
	Federal	1,659,000	0
	Restricted	7,066,000	0
	GF/GP	\$0	\$0
8. Compensation Supplement Fund	Gross	\$820,000	\$1,000,000
Increases in GF/GP spending authorization for the Compensation Supplement Fund administered under the Workers' Compensation Agency (WCA) to support reimbursements to self-insured entities that no longer receive a MBT tax credit which was repealed by 2011 PA 39. Equivalent FY 2012-13 supplemental appropriation was enacted by 2013 PA 102 and equivalent supplemental request for FY 2013-14 was issued by SBO.	Restricted	820,000	0
	GF/GP	\$0	\$1,000,000

LICENSING AND REGULATORY AFFAIRS

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
9. Michigan Administrative Hearing System			
	FTE	209.0	0.0
Decreases spending authorization, supported with an IDG from the Department of Environmental Quality (DEQ), to more accurately reflect anticipated administrative hearing caseload from DEQ for the Michigan Administrative Hearing System (MAHS).	Gross	\$36,803,900	(\$236,300)
	IDG/IDT	14,128,200	(236,300)
	Federal	9,154,300	0
	Restricted	12,508,700	0
	GF/GP	\$1,012,700	\$0
10. Michigan Administrative Hearing System			
	FTE	209.0	6.0
Increases spending authorization and staff, supported by 50/50 state/federal match, for the Michigan Administrative Hearing System (MAHS) to support an anticipated escalation in administrative hearings engender by an estimated 35% increase in the Medicaid caseload under the Healthy Michigan Plan (i.e., Medicaid Expansion/Reform). To illustrate context, during FY 2012-13, MAHS opened 23,539, heard 6,213, and closed 24,031 administrative hearings pertaining to Medicaid eligibility and benefits. (See boilerplate Sec. 245.)	Gross	\$36,803,900	\$900,000
	IDG/IDT	14,128,200	0
	Federal	9,154,300	450,000
	Restricted	12,508,700	0
	GF/GP	\$1,012,700	\$450,000
11. MLCC IT Upgrades (One-Time)			
Transfers spending authorization (\$2.0 million) for replacement of the Liquor Control Commission's (LCC) COBOL-based information technology system, supported with revenue from state wholesale liquor sales, from ongoing baseline to a one-time appropriation and subsequently reduces amount transferred based on amount stipulated in DTMB project budget.	Gross	\$2,000,000	(\$1,500,000)
	Restricted	2,000,000	(1,500,000)
12. Nursing Home Survey IT System (One-Time)			
Eliminates one-time GF/GP spending authorization for upgrades to the information technology system utilized by nursing home surveyors within the Bureau of Health Care Services (BHCS).	Gross	\$2,140,300	(\$2,140,300)
	GF/GP	\$2,140,300	(\$2,140,300)
13. Fund Shifts (Multiple Line Items)			
Incorporates numerous fund shifts within various line items between fund sources that net out to zero gross, though they may alter the types of fund sources, reflecting changes in the availability and allocation of funds to more accurately reflect program administration. Includes reversal of portions (\$2.0 million) of GF/GP offsets for veteran fee exemptions included in the FY 2013-14 budget to bring the amounts offset more in-line with actual revenue loss and includes new GF/GP offset (\$2.0 million) of revenue from the Liquor Purchase Revolving Fund within the Bureau of Fire Services line item.	Gross	\$6,069,100	\$0
	Federal	555,000	(293,000)
	Restricted	3,517,400	318,000
	GF/GP	\$1,996,700	(\$25,000)
14. Economic Adjustments (Multiple Line Items)			
Increases and decreases spending authorization, resulting in a net increase, for negotiated salary and wage increases, insurance rates, actuarially-required retirement benefit rates, other postemployment benefits prefunding, workers' compensation costs, building occupancy costs and rent, and other incidental economic adjustments.	Gross	NA	\$4,127,400
	IDG/IDT	NA	367,900
	Federal	NA	1,432,900
	Restricted	NA	2,307,400
	GF/GP	NA	\$19,200
15. Special Project Advances			
Eliminates spending authorization and line item for Special Project Advances and transfers pass-through spending authorization to boilerplate Sec. 241, subject to a \$500,000 limitation. (See boilerplate Sec. 241.)	Gross	\$200,000	(\$200,000)
	Private	200,000	(200,000)

LICENSING AND REGULATORY AFFAIRS

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
16. Public Service Commission	FTE	193.0	0.0
Eliminates the appropriation from the Children's Protection Registry Fund which is transferred from the Public Service Commission (PSC) to the Department of State by Executive Order 2014-5. The Fund is created by the Children's Protection Registry Act of 2004, enacted to prevent minors from receiving messages about products or services which are prohibited for minors to purchase or view, and is supported by fees paid by entities sending messages pertaining to products or services prohibited for minors.	Gross	\$30,597,100	(\$272,600)
	Federal	1,245,400	0
	Restricted	29,351,700	(272,600)
17. Bureau of Services for Blind Persons	FTE	113.0	0.0
Increases federal spending authorization for the Bureau of Services for Blind Persons (BSBP), subsequent to a \$3.4 million decrease in spending authorization in the FY 2013-14 budget, to enable the BSBP to expend grants awarded by the U.S. Department of Education for BSBP operations.	Gross	\$23,725,200	\$1,500,000
	Federal	17,133,400	1,500,000
	Local	529,000	0
	Private	111,800	0
	Restricted	562,000	0
	GF/GP	\$5,389,000	\$0
18. Fireworks Safety Grants	Gross	\$1,000,000	(\$1,000,000)
Eliminates spending authorization and line item for Fireworks Safety Grants due to amendments made by 2013 PA 65 to the Michigan Fireworks Safety Act of 2011 which altered the statutory restrictions on revenues collected under the Act thereby redirecting the funding (to firefighter training) which would have supported the fireworks safety grants.	Restricted	1,000,000	(1,000,000)
19. Firefighter Training Grants	Gross	NA	\$1,000,000
Includes spending authorization and a new line item for Firefighter Training Grants administered by the Firefighters Training Council to local fire departments for the training of firefighters (i.e., supports compensation for training instructors, purchase of training equipment, and examination of firefighters). Pursuant to 2013 PA 65, revenue generated by fireworks safety fees (approximately 6.0% of gross income generated by the retail sale of all fireworks) is restricted for expenditure on firefighter training under the direction and approval of the Council. (See boilerplate Sec. 903.)	Restricted	NA	1,000,000
20. Delphi Corp. Workers' Compensation Payment Fund (One-Time)	Gross	NA	\$15,000,000
Includes spending authorization anticipated to be sufficient (in conjunction with revenue generated by the temporarily increased SISF assessment pursuant to HB 5487) to cover the workers' compensation claims of approximately 350 former employees of Delphi Corporation. (See boilerplate Sec. 1001.)	GF/GP	NA	\$15,000,000
21. Disability Accessibility Pilot Project (One-Time)	Gross	NA	\$100,000
Includes new line item and spending authorization for a pilot program under which LARA will collaborate with a nonprofit organization to provide services to improve accessibility for persons with disabilities and create electronically-available universal design blueprints. Supported with revenue generated by fees paid pursuant to elevator regulations. (See boilerplate Sec. 1002.)	Restricted	NA	100,000
22. True-Up Authorized FTEs (Multiple Line Items)	FTE	2,029.8	(100.7)
Reduces authorized, yet unfunded, FTEs (111.7) throughout several line items and adds 11.0 FTEs to the Medical Marijuana Program line item to more accurately reflect current LARA staffing levels.			

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
23. Health Professions Regulations	FTE	151.0	0.0
Includes spending authorization for upgrades to the Bureau of Health Care Services (BHCS) website to allow users to search health professionals' disciplinary actions. Intended as one-time funding. (See boilerplate Sec. 512.)	Gross	\$27,472,300	\$200,000
	Federal	413,400	0
	Restricted	27,058,900	0
	GF/GP	\$0	\$200,000
24. Private Grant Programs	Gross	\$1,500,000	(\$1,500,000)
Eliminates spending authorization and line item for Private Grant Programs and transfers pass-through spending authorization to boilerplate Sec. 225, subject to a \$1.5 million limitation. (See boilerplate Sec. 225.)	Private	1,500,000	(1,500,000)

Major Boilerplate Changes From FY 2013-14

Sec. 205. Benchmarks for New Programs or Program Expansions – NEW

Requires LARA to submit reports to the Legislature identifying specific benchmarks intended to measure the performance or return on taxpayer investment of new programs or program expansions and updating the Legislature on the progress of the programs as measured by those benchmarks; stipulates that the Legislature intends that benchmarks be included with executive budget requests beginning with the FY 2015-16 budget.

Sec. 211. LCC IT Work Project – REVISED

Designates the appropriation for LCC IT upgrades as a work project, stipulates that the appropriation remain available and shall not lapse, and anticipates future appropriations until the project is completed. Revises to eliminate language pertaining to additional appropriations and adds language indicating that the estimated completion date is February 1, 2016.

Sec. 225. Private Grant Appropriation and Notice – REVISED

Requires LARA to provide notice to the Legislature within ten days of receipt of grants under the private grant programs line item. Revises to include appropriation of private grant revenues, subject to a limitation of \$1.5 million.

Sec. 235. Annual Legacy Costs – NEW

Identifies annual pension-related and retiree health care legacy costs for LARA pursuant to boilerplate Section 1202 of 2013 PA 59.

Sec. 238. Require RFIs and RFQs Prior to Issuing RFPs – DELETED

Prohibits LARA from issuing requests for proposals (RFP) for contracts in excess of \$50.0 million without first considering issuing requests for information (RFI) or requests for qualifications (RFQ) and requires that LARA notify DTMB of the evaluation process used to determine that a RFI or RFQ was not necessary.

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

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

Sec. 243. Reinvention Performance in Michigan MOUs – NEW

Requires LARA to work to establish memorandums of understanding (MOUs) with participating state departments to devise a mechanism to recover costs related to services performed for the Reinventing Performance in Michigan (RPM) initiative, requires an annual report, and stipulate the Legislature's intent that the RPM shall be funded by participating state departments.

Sec. 245. Healthy Michigan Plan Accounting Structure – NEW

Requires LARA in conjunction with the Department of Community Health (DCH) to establish accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan and requires LARA to annually provide the Legislature with relevant accounting scripts and reports.

LICENSING AND REGULATORY AFFAIRS

Major Boilerplate Changes From FY 2013-14

Sec. 248. Regulatory Statistical Report – REVISED

Requires LARA to submit an annual report including statistical information pertaining to revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, and enforcement actions for each regulatory product administered by regulatory agencies within LARA. Revises to add reporting requirements pertaining to administrative hearings and adjudications.

Sec. 341 Administrative Rules Restriction – DELETED

Prohibits LARA from promulgating administrative rules that are more stringent than applicable federal standards unless specifically authorized by statute. In a signing letter dated June 13, 2013, the Governor asserts that this boilerplate section is unenforceable.

Sec. 375. Securities Fees Carryforward – DELETED

Permits LARA to carryforward unexpended securities fees collected by the Corporations, Securities, and Commercial Licensing Bureau into future fiscal years. In a signing letter dated June 13, 2013, the Governor asserts that this boilerplate section is unenforceable.

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. Revises to include a financial reporting requirement.

Sec. 509. Bureau of Health Care Services Regulatory Costs and Fee Reports – REVISED

Requires the Bureau of Health Care Services (BHCS) to submit to the Legislature an updated report pertaining to the costs to regulate each of the several types of health facilities and a proposed updated fee schedule to offset BHCS' regulatory costs, including recommended statutory and rule changes. Revises to eliminate regulatory cost reporting requirement.

Sec. 511. Fireworks Safety Grants – REVISED

Stipulates that the Legislature intends that LARA expends \$1.0 million in fireworks safety grants to local units of government, requires local units of government to submit a report to LARA indicating the annual costs of inspections and enforcement activities associated with the Fireworks Safety Act of 2011, and requires LARA to submit a report providing information pertaining to the amounts of fireworks safety grants awarded to local units of government. Revises to eliminate intent language and local unit of government reporting requirement and revises agency references and statutory cites.

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

Requires the Bureau of Health Care Services (BHCS), to the extent allowed under applicable laws, to make disciplinary actions taken against health professionals publically available through a license verification website and includes language pertaining to one-time appropriation for website development.

Sec. 513. Fees for False Final Inspections by the BFS – NEW

Authorizes LARA to assess a fee not to exceed \$200 if the Bureau of Fire Services (BFS) responds to confirmed false inspection appointment, requires LARA to explicitly identify revenue generated by the fee in MAIN, and requires a report pertaining to the fee, its effects on the BFS' costs, and recommendations to the Legislature.

Sec. 702. UIA Computer System Report – REVISED

Requires quarterly reports on the status of the UIA's integrated IT system re-write project until project completion. Revises to require quarterly reports on the implementation or and improvements to the integrated system project.

Sec. 703. UIA Internet Claims Report – REVISED

Requires LARA to submit quarterly reports pertaining to the percentage of claimants using the internet MARVIN system, or any application developed for that purpose, to certify and receive UI benefits and implement improvement to the system to reach a goal of 80.0% of claimants certifying on systems that reduces staff face time and MARVIN telephone system usage. Revises to include accurate terminology and reduces goal to 75.0%.

Sec. 801. Nursing Home Survey IT System Project – DELETED

Stipulates that the appropriation for nursing home survey IT system is for costs associated with complying with 2012 PA 322 and is one-time, sufficient to cover expenditures, and that no future appropriations are anticipated.

Major Boilerplate Changes From FY 2013-14

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

Requires LARA to submit a report pertaining to the number of medical marihuana registry identification cards issued or renewed in each county. Stipulates that LARA award Medical Marihuana Operation and Oversight Grants to county law enforcement agencies. Requires reports submitted by both county law enforcement agencies and LARA pertaining to the amounts, recipients, and uses of the grants. Permits county law enforcement agencies to distribute discretionary grants to municipal law enforcement agencies. Revises to include new subsection further delineating the granting process and alters grant application and reporting dates.

Sec. 903. Firefighter Training Grants – NEW

Requires that the appropriation be expended for payments to counties and purposes pursuant to 1966 PA 291, stipulates intent pertaining to how the appropriation is disbursed to counties and specifying a minimum disbursement to each county, requires an annual report identifying potential and actual disbursements and other expenditures, stipulates intent that unexpended disbursements lapse back into the restricted fund are appropriated in the next fiscal year.

Sec. 1001. Delphi Corp Workers' Compensation Claims – NEW

Stipulates how LARA is to expend the \$15.0 million appropriation (\$8.0 million immediately, \$7.0 million over five years) and specifying under what conditions future expenditures may occur, stipulates that unexpended funds shall lapse to the General Fund, requires LARA to annually notify the Legislature of any expenditures, and designates the appropriation as a work project available for expenditure until September 30, 2019.

Sec. 1002. Disability Accessibility Pilot Project – NEW

Requires LARA to work with a nonprofit group with expertise in disability accessibility evaluations on a pilot project to provide services to municipalities and business to improve accessibility for persons with disabilities and create universal design blueprints that are electronically-available through the Bureau of Construction Codes (BCC).

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
Summary of FY 2014-15 Enacted Appropriations
Article XIV, 2014 Public Act 252 (House Bill 5313)**

Analyst: Mark Wolf

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$650,000	\$100,000	\$100,000	\$100,000	\$100,000	(\$550,000)	(84.6)
Federal	89,782,700	90,362,800	90,362,800	90,362,800	90,362,800	580,100	0.6
Local	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	0	0.0
Private	740,000	740,000	740,000	740,000	740,000	0	0.0
Restricted	27,554,000	25,086,400	25,086,400	25,086,400	25,086,400	(2,467,600)	(9.0)
GF/GP	46,503,300	48,754,500	48,805,700	49,412,400	49,154,500	2,651,200	5.7
Gross	\$166,730,000	\$166,543,700	\$166,594,900	\$167,201,600	\$166,943,700	\$213,700	0.1
FTEs	898.5	898.5	898.5	898.5	898.5	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (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.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
1. Veterans Service Grants	Gross	\$2,904,600	\$857,900
Increases the base grant to veterans' service organizations (VSOs) by \$857,900 GF/GP ongoing, and adds boilerplate language providing a few basic parameters to be specified by the MVAA in structuring the VSO grant agreement.	GF/GP	\$2,904,600	\$857,900
2. Veterans' Homes – Special Maintenance	Gross	\$500,000	\$3,000,000
Appropriates \$3.0 million GF/GP (one-time) various maintenance projects at the state's two veterans' homes. This one-time appropriation would be separate from an ongoing \$500,000 GF/GP appropriation for maintenance at the homes. The ongoing appropriation is unchanged.	GF/GP	\$500,000	\$3,000,000
3. National Guard Facilities – Special Maintenance	Gross	\$20,351,200	(\$5,351,200)
Eliminates the \$3.1 million GF/GP ongoing appropriation for armories maintenance due to the additional \$7.2 million GF/GP appropriated for armory maintenance in 2014 PA 34 (SB 608), an FY 2013-14 supplemental. Also reduces by \$2.3 million Federal to align spending authorization with actual available revenues.	Federal	17,300,000	(2,300,000)
	GF/GP	\$3,051,200	(\$3,051,200)
4. Annualize MVAA Staffing Costs	Gross	\$5,017,000	\$950,000
Adds \$950,000 GF/GP to annualize the full-year, full-staffing costs for the Michigan Veterans Affairs Agency. Ostensibly, the FY 2013-14 budget did not support the full-year costs for the full-staffing compliment of the MVAA, recognizing that while the agency was being established, some positions would remain vacant after the start of the fiscal year, as the agency continued to define its work plan and operations.	GF/GP	\$5,017,000	\$950,000

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	FY 2013-14 YTD	Enacted	Change
	(as of 2/5/14)		From YTD
5. National Guard Tuition Assistance Program	FTE	NA	1.0
Adds \$4.7 million GF/GP (1.0 transferred FTE) to reestablish a state tuition assistance (TA) program for National Guard members in active drilling status (1 weekend/month and 2 weeks/year). The program would cover 100% of tuition and fees, up to \$4,500 per year, for programs leading to a certificate, associate's degree, baccalaureate degree, or master's degree. The aim is to aid recruiting and retention efforts, as most other states provide this type of benefit, supplementing available federal education benefits. The state previously provided a TA program from FY 2000 to FY 2009, but ended the program amid state budget reductions and declining utilization rates largely due to the expanded availability of federal education benefits following Post-9/11 active duty service. However, federal active duty deployments are becoming less frequent, and recent changes to the Army's TA program now provide benefits to service members (including National Guard members in active drilling status) after one year of service (rather than making TA available upon completion of their initial training) and cap assistance at 16 semester hours per year.	Gross	NA	\$4,742,100
	GF/GP	NA	\$4,742,100
6. Legal Services/Federal Claims Representation	Gross	NA	\$50,000
Provides a boilerplate allocation (from the MVAA Administration program line) of \$50,000 for legal services/federal claims representation. This funding would be expended by the department to support its legal costs incurred in representing veterans' claims for VA benefits before the Board of Veterans Appeals, the Court of Appeals for Veterans Claims, and beyond. Legal services are a necessary part of the MVAA's accreditation by the VA to assist veterans in filing claims for VA benefits.	GF/GP	NA	\$50,000
7. Veterans Service Regional Coordinators	Gross	NA	\$750,000
Adds \$750,000 GF/GP for veterans service organizations (or others) to hire 10 regional coordinators who would be responsible for managing the workload of VSO service officers, monitoring service officer performance, and ensuring compliance with grant and boilerplate performance requirements. These coordinators would also serve as a liaison to other public and private agencies serving veterans.	GF/GP	NA	\$750,000
8. County Veterans Counselors (CVCs)	Gross	NA	\$250,000
Adds \$250,000 to counties to expand the veterans claims processing capabilities of their county veterans service departments. These funds would be used to support technology improvements, such as the acquisition of an electronic claims management system, to hire additional VA-accredited counselors, or to establish a veterans service department either directly through county employees or through service agreements with neighboring counties. The department provided a similar grant program in FY 2012-13 through the availability of a one-time appropriation.	GF/GP	NA	\$250,000
9. National Guard Armories – Operations	Gross	\$13,705,300	\$2,000,000
Adds \$2.0 million from funds received through the National Guard Bureau to reflect the availability of additional federal NGB funds for the cost of utilities and related services (snow/trash removal, etc.) at the state's armories. A similar adjustment was made in FY 2012-13 through a September 2013 Legislative Transfer.	Federal	5,780,700	2,000,000
	Restricted	346,400	0
	GF/GP	\$7,578,200	\$0
10. D.J. Jacobetti Veterans' Home – Align Authorization	Gross	\$19,385,000	\$0
Adjusts authorization between VA per diem payments and Income and Assessment Revenue.	Federal	7,781,200	150,000
	Restricted	5,491,000	(150,000)
	GF/GP	\$6,112,800	\$0

MILITARY AND VETERANS AFFAIRS

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
11. Homeland Security – Align Authorization	Gross	\$650,000	(\$550,000)
Reduces appropriations by \$550,000 IDG–State Police to eliminate excess authorization for this program line. This program line has not been used to any great degree in recent years. The remaining \$100,000 authorization would provide the department with sufficient spending authority should the need arise.	IDG	650,000	(550,000)
12. Grand Rapids Veterans’ Home (GRVH) Fund Sourcing	Gross	\$47,869,900	(\$2,275,000)
Adjusts the fund sourcing for the GRVH to better align spending authority with actual revenues and expenditures. These adjustments include a reduction in excess authorization from Income and Assessment revenue (paid by resident members) by \$2.5 million, as continuing renovations to members’ rooms (from 4/room to 2/room or 1/room) have reduced the home’s member census, thus generating less Income and Assessment revenue. Over the years the home has also seen an increase in members with a disability rating of 70%-100% for whom the home receives a higher per diem payment from the VA, which represents the full cost of care, thereby no longer requiring any additional assessments paid by the member. Because Income and Assessment revenue has been over-appropriated, annual economics adjustments (for salaries, benefits, etc.) charged to Income and Assessment revenues have actually been paid from available GF/GP funds. The Executive adds \$225,000 GF/GP to account for that shift in costs.	Federal	21,650,300	0
	Restricted	13,951,900	(2,500,000)
	GF/GP	\$12,267,700	\$225,000
13. Economics Adjustments	Gross	NA	\$1,289,800
Reflects increased costs of \$1.3 million Gross (\$377,400 GF/GP) for negotiated salary and wage amounts (2.0% base increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	Federal	NA	730,000
	Restricted	NA	182,400
	GF/GP	NA	\$377,400

Major Boilerplate Changes From FY 2013-14

DEPARTMENT AND NATIONAL GUARD OPERATIONS

Sec. 302. Headquarters and Armories – REVISED

Requires the department to provide effective and efficient executive-level administration of the department and administration of the Michigan military establishment as provided under listed statutory citations; requires DMVA to operate and maintain national guard armories, to evaluate the status of armories for potential consolidation and other efficiency improvements, and to measure the condition and adequacy of armories. Adds requirement that the Michigan National Guard maintain an environment that is free of sexual assault; adds a report requirement (by December 1) providing an assessment of current armory conditions, short-term and long-term armory maintenance and construction needs, and recommendations for new armories and consolidations; incorporates Sec. 219 quarterly reporting requirement on armory closings and projected closings.

Sec. 304. National Guard Forces and Facilities – REVISED

Requires the department to provide Army National Guard (ARNG) and Air National Guard (ANG) forces, when directed, in support of state and local emergencies, and in support of federal military requirements; requires the department to operate and maintain ARNG facilities (including Fort Custer and Camp Grayling) and ANG facilities, including Selfridge ANG Base, Battle Creek ANG Base, and the Alpena Combat Readiness Training Center. Adds quarterly reporting requirement providing data on apportioned and assigned strength and recruiting, retention, and attrition data for the National Guard.

Sec. 307. Michigan Youth Challenge Academy (MYCA) Program Authority – REVISED

Requires the DMVA to maintain proper staffing levels to operate the MYCA; establishes performance goals of training 144 cadets at the MYCA and having MYCA cadets improve two grade levels on the test of adult basic education (TABE). Adds reference to operating the MYCA under 32 USC 509; adds language requiring DMVA to recruit disadvantaged youth for the MYCA and to work with the Department of Human Services to identify youth potentially eligible for the MYCA.

Major Boilerplate Changes From FY 2013-14

Sec. 308. Military Family Relief Fund (MFRF) Program Authority – REVISED

Requires DMVA to provide outreach services to military families of members of the reserve component called into active duty; requires capacity to process 60 applications for assistance from the MFRF; requires quarterly reports on the fund's finances. Adds requirement that DMVA administer the MFRF as provided under the Military Family Relief Fund Act, 2004 PA 363 and related administrative rules; revises the quarterly reporting requirement to include expenditures on advertising, which is permitted under 2014 PA 62 (HB 4811).

Sec. 309. Air National Guard Starbase Program – NEW

Requires DMVA to maintain a Starbase program at Air National Guard facilities (Alpena, Battle Creek, and Selfridge) as provided under 10 USC 2193b; specifies that the purpose of the program is to improve K-12 students' knowledge, skills, and interest in mathematics, science, and technology.

Sec. 310. National Guard Tuition Assistance Program – NEW

Requires DMVA to establish and maintain a tuition assistance (TA) program to members of the Michigan National Guard; specifies that the objective of the program is to bolster readiness by increasing recruitment and retention and improve the MNG's competitiveness among other military enlistment options; establishes basic program parameters (unless HB 5451 is enacted), noting the program would cover 100% of authorized tuition and fees for academic programs up to a master's degree, with guard members required to remain in active drilling status and in good standing, and meet other requirements; establishes a third-year goal of reaching 1,000 members; requires DMVA to monitor recruitment and enlistment data.

MICHIGAN VETERANS AFFAIRS AGENCY

Sec. 400(1). MVAA Performance Measures – REVISED

Requires the department to provide outreach services to veterans, communicate information on available VA benefits to 50% of the veterans population (with a 100% goal), process requests for military discharge documents (DD-214s), and digitize military medical and discharge documents. Adds quarterly reporting requirements on document digitization efforts and performance on the MVAA strategic plan. Also adds a reporting requirement (due April 1) providing estimates for the state's homeless veterans population and a summary of the activities developed as part of the Kent and Wayne community assessment pilot projects that are specifically aimed at improving access to, and the utilization of, community-based services among homeless veterans and aimed at preventing the incidence of, and minimizing the risk factors for, homelessness among veterans.

Sec. 400(2). Regional Service Coordination – NEW

Requires MVAA to establish regional coordinators, selected by the MVAA through a grant agreement with veterans service organizations or by other means; requires regional coordinators to coordinate benefit counseling and the delivery of services to veterans within specified regions, in coordination with DHS, DCH, DOC, regional workforce and economic development agencies, and among local foundations, nonprofits and other community groups; permits the MVAA to work with service officers and other organizations regarding referrals to mental health services, for mental health issues resulting from military service, including issues concerning military sexual trauma, post-traumatic stress disorder, depression, anxiety and substance abuse; requires the MVAA to work with DHS/DCH in participating in the federal Public Assistance Reporting Information System (PARIS) to identify Medicaid recipients who may be eligible for VA benefits; requires the MVAA to work with DOC in assisting incarcerated veterans in obtaining their DD-214 form; requires the MVAA to ensure that MVAA and VSO service officers, CVCs, and regional coordinators receive appropriate training in processing claims due to military sexual trauma, post-traumatic stress disorder, depression, anxiety, substance abuse, and other mental health issues.

Sec. 400(3). MVAA Veterans Service Officers – REVISED

Requires the MVAA to assist veterans in filing claims for federal benefits to the VA; establishes a capacity metric of 500 MVAA-filed claims per year, with goal of 40% (increased from 20%) of claims considered to be "fully developed" by the VA. Adds quarterly reporting requirement on MVAA-filed claims (number and type).

Sec. 400(4). County Veterans Counselors Program Authority – REVISED

Requires the MVAA to provide training to county veterans counselors to ensure all CVCs receive the training and accreditation necessary to provide quality services to veterans; requires MVAA quarterly report on the training provided to CVCs; and requires that at least 40% (increased from 20%) of CVC-filed claims be considered fully-developed by the VA. Adds quarterly reporting requirement on CVC-filed claims (number and type) to the extent that data is known, and deletes specific \$50,000 allocation for training support.

MILITARY AND VETERANS AFFAIRS

Major Boilerplate Changes From FY 2013-14

Sec. 400(5). County Veterans Counselor Enhancement Grants – NEW

Specifies that the funds appropriated in part 1 be used, in part, to enhance the capacity and capabilities of CVCs, by providing grant funding to implement an Internet-based data system, to increase the number of CVCs, and to increase the number of counties that provide benefit counseling services; requires a quarterly report on how CVC enhancement grants are expended.

Sec. 400(7). MVAA Legal Services and Claims Representation – NEW

Specifies the MVAA may hire legal services to represent veterans cases before federal courts in order to maintain accreditation by the VA.

Sec. 406. Grants to Veterans Service Organizations Program Authority – REVISED

Requires the MVAA to manage the disbursement of veterans service grants in a manner that is consistent with MVAA performance goals and objectives, including service under a regional service delivery model, at specified times/locations, the payment of a fixed hourly rate, and a specified number of service hours, with a statewide goal of at least 116,500 hours including at least 6,240 hours at state correctional facilities; requires grant recipients to meet performance metrics, including a goal that 40% (increased from 20%) of claims be considered “fully developed” by the VA. Adds quarterly report requirement on VSO-filed claims (type and number) and summary of veterans service grant activities, including expenditures, service hours, and claims submission by service delivery region.

Sec. 501(1)-(8). GRVH Basic Service and Standards of Care – REVISED

Requires the GRVH to meet certain performance standards related to medical services, transportation, laundry service, and nutrition services provided to resident members of the home; requires the home to meet applicable standards of care established by the VA. Adds specific listing of federal and state laws and regulations applicable to the operations of the home.

Sec. 501(15)-(24). GRVH Specific Performance Requirements – REVISED

Requires the GRVH to meet certain specific requirements concerning psychiatric care, the monitoring of comprehensive care plans, supply inventory, pharmaceutical inventory, controls over donated goods and monies, personal funds of residents, and direct care nursing staff levels. The GRVH must also provide quarterly reports on the performance standards established in the section. Adds requirement that the policies adopted by the home and the board of managers be posted on the MVAA website and that the home’s complaint process be conspicuously posted at the home.

Sec. 501(25) and (26). GRVH Performance Information – REVISED

Requires quarterly reports on the specific performance requirements for GRVH; requires GRVH to report findings of annual VHA surveys. Expands the quarterly reporting requirements to items that generally are already required to be reported quarterly under Secs. 219 and 501 or annually under Sec. 220, including an accounting of resident member populations, by gender, care setting, period of service; available bed space; financial status of the GRVH, including an accounting of post and posthumous funds, donations, and state-appropriated funds; information regarding assessments, reassessments, and admissions; and the number of volunteer hours; requires GRVH to report the findings from any for-cause VHA survey.

Sec. 503. D.J. Jacobetti Veterans’ Home (DJJVH) Service/Care Standards and Performance Information – REVISED

Requires the DJJVH to meet certain performance standards related to medical services, transportation, laundry service, and nutrition services provided to resident members of the home, the training and experience of nursing assistants; requires the home to meet applicable standards of care established by the VA; establishes a reporting protocol on complaints of alleged abuse and neglect; requires reports of abusive or neglectful care to be reported by a supervisor to the director of nursing upon receipt of a complaint (rather than within 10 days); adds a requirement that the policies adopted by the home and the board of managers be posted on the MVAA’s website; requires information on how complaints may be filed to be conspicuously posted at the home. Requires quarterly reports on resident member populations (by period of service, care setting, gender), bed space available, the financial status of the home (including an accounting of post and posthumous funds, donations, and state-appropriated funds), information regarding assessments, reassessments, and admissions at the home, and number of volunteer hours.

CAPITAL OUTLAY

Sec. 601. Special Maintenance – National Guard – REVISED

Authorizes capital outlay appropriations to be carried forward at the end of the fiscal year, consistent with provisions outlined in the Management and Budget Act; requires quarterly reports on the status, projected costs, and projected completion data of current and planned special maintenance projects at armories and other National Guard facilities funded from capital outlay appropriations made in part 1 and prior appropriation years.

Major Boilerplate Changes From FY 2013-14

Sec. 603. Special Maintenance – Veterans’ Homes – NEW

Authorizes capital outlay appropriations to be carried forward at the end of the fiscal year, consistent with provisions outlined in the Management and Budget Act; requires quarterly reports on the status, projected costs, and projected completion date of current and planned special maintenance projects at the state’s veterans’ homes funded from capital outlay appropriations made in part 1 and in prior appropriation years.

ONE-TIME APPROPRIATIONS

Sec. 701. Special Maintenance – Veterans’ Homes (One-Time) – NEW

Authorizes the one-time appropriation to be carried forward at the end of the fiscal year, consistent with provisions outlined in the Management and Budget Act; requires quarterly reports on the status, projected costs, and projected completion data of current and planned special maintenance projects at the state’s veterans’ homes funded from one-time special maintenance (capital outlay) appropriations made in part 1 and in prior appropriation years.

PART 2A: ANTICIPATED FISCAL YEAR 2015-16 APPROPRIATIONS

Sec. 1202. Veterans Outreach – NEW

Requires the MVAA to provide quarterly reports on the percentage of veterans contacted, with a goal of 100%.

Sec. 1203. MVAA Claims Services – NEW

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

NATURAL RESOURCES

**DEPARTMENT OF NATURAL RESOURCES
Summary of FY 2014-15 Enacted Appropriations
Article XV, 2014 Public Act 252 (House Bill 5313)**

Analyst: Viola Bay Wild

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$1,412,300	\$1,355,100	\$1,355,100	\$1,355,100	\$1,355,100	(\$57,200)	(4.1)
Federal	67,127,300	67,954,500	67,954,500	67,954,500	67,954,500	827,200	1.2
Local	0	0	0	0	0	0	--
Private	7,237,200	10,286,300	10,286,300	10,286,300	10,286,300	3,049,100	42.1
Restricted	241,925,500	256,498,000	256,498,000	256,498,000	256,498,000	14,572,500	6.0
GF/GP	25,436,600	46,841,500	36,091,500	46,841,500	48,591,500	23,154,900	91.0
Gross	\$343,138,900	\$382,935,400	\$372,185,400	\$382,935,400	\$384,685,400	\$41,546,500	12.1
FTEs	2,141.3	2,229.3	2,296.3	2,228.3	2,228.3	87.0	4.1

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (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, conserves, and protects Michigan's resources. Program areas include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, state parks and forest campgrounds, and Michigan's historical programs.

Major Budget Changes From FY 2013-14 YTD Appropriations

**FY 2013-14 YTD Enacted Change
(as of 2/5/14) From YTD**

1. Funding Adjustments

Removes \$600,000 one-time GF/GP funding for conservation officer academy in FY 2013-14; reduces gross funding by \$1.5 million to align with anticipated revenues; replaces \$1.5 million federal funding with restricted funding for recreational boating; increases restricted funding by \$674,000 for various programs due to available revenue – including \$350,000 for forest fire equipment and \$228,700 for recreation passport local grants.

Gross	NA	(\$689,300)
IDG	NA	(85,000)
Federal	NA	(783,700)
Restricted	NA	779,400
GF/GP	NA	(\$600,000)

2. Conservation Officers

Provides \$3.5 million GF/GP to fund 25 additional conservation officers and a conservation officer academy in FY 2014-15. In current year, FY 2013-14, it is projected there will be 202 officers after current academy is completed. FTE increases for FY 2014-15 would bring total to 227.

FTE	NA	25.0
Gross	NA	\$3,500,000
GF/GP	NA	\$3,500,000

3. Annualize Increased Hunting and Fishing License Fees Revenues

Includes \$8.1 million additional restricted funding and 26.0 FTEs to reflect full-year implementation of hunting and fishing license fee increase enacted in PA 108 of 2013; increased fees began March 1, 2014.

FTE	NA	26.0
Gross	NA	\$8,057,500
Restricted	NA	8,057,500

4. Great Lakes Research Vessel

Includes \$2.0 million (\$1.0 million GF/GP) funding to replace the *Chinook*, DNR's 67-year-old Lake Huron research vessel.

Gross	NA	\$2,000,000
Private	NA	500,000
Restricted	NA	500,000
GF/GP	NA	\$1,000,000

5. Cormorant Population Mitigation Program

Appropriates \$50,000 additional GF/GP funding for the Cormorant Population Mitigation Program.

Gross	\$100,000	\$50,000
GF/GP	\$100,000	\$50,000

NATURAL RESOURCES

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
6. State Park Funding	Gross	\$58,883,100
Includes additional \$2.0 million restricted funding from the State Park Improvement Fund to maintain and operate state parks.	Federal	136,300
	Private	411,900
	Restricted	56,634,900
	GF/GP	\$1,700,000
		2,000,000
		\$0
7. Invasive Species Initiative	FTE	0.0
Provides \$5.0 million ongoing GF/GP funding and 16.0 FTEs to develop a comprehensive response program for invasive species. Funding and FTEs would be dedicated to DNR, DEQ, MDARD, and MDOT; DNR would be the lead agency. Program would also fund local grants.	Gross	\$0
	GF/GP	\$0
		\$5,000,000
8. Michigan Conservation Corps	FTE	0.0
Merges the Summer Youth Initiative Program with the Michigan Conservation Corps, decreases funding by \$1.5 million GF/GP. Program would be implemented statewide and year-long to employ individuals up to 27 years old and include returning veterans.	Gross	\$2,500,000
	GF/GP	\$2,500,000
		(\$1,500,000)
9. Forestry Program	FTE	NA
Provides \$3.9 million GF/GP funding to wildfire protection program to replace \$3.9 million forest development fund revenue that would be transferred to forest management, increasing funding for that program by \$3.9 million (wildfire program funding would not increase). The use of new forestry funding would include enhanced technology, increased contracts and agreements with forestry partners, increased wood fiber extraction, and the hiring of 10.0 additional FTEs.	Gross	NA
	GF/GP	NA
		\$3,920,000
10. Non-Motorized Trail Initiative	FTE	NA
Includes additional 10.0 FTE positions and \$2.5 million GF/GP funding to increase funding for non-motorized trail programs. New funding would be distributed to DNR forest recreation and trails program, Mackinac Island State Park, Michigan Historical Center, and trail grants. Funding would also support the development of a 1,000-mile showcase trail stretching from Belle Isle in Detroit to the Wisconsin border.	Gross	NA
	GF/GP	NA
		\$2,500,000
11. Capital Outlay Projects – State Parks	Gross	\$9,500,000
Increases funding for state parks repair and maintenance by \$2.75 million	Private	0
Gross overall (\$3.75 million GF/GP and \$2.5 million private funding are added, restricted funding is reduced by \$3.5 million).	Restricted	9,500,000
	GF/GP	\$0
		\$3,750,000
12. Capital Outlay Projects – Wetlands	Gross	\$0
Includes \$3.0 million restricted funding from the waterfowl hunting stamp program in a new line item for wetlands restoration and acquisition.	Restricted	0
		3,000,000
13. Capital Outlay Projects – Waterways Boating Program	Gross	\$6,915,600
Includes additional \$84,400 Gross funding for waterways boating projects. Restricted funding is from the State Waterways Fund.	Federal	1,638,000
	Restricted	5,277,600
		787,000
		(702,600)
14. River Raisin National Battlefield Foundation Grant	Gross	\$0
Appropriates \$2.0 million one-time GF/GP funding in a new line item for preservation of battlefield, building a museum, and other improvements.	GF/GP	\$0
		\$2,000,000
15. Saginaw River Feasibility Study	Gross	\$0
Includes \$280,000 one-time GF/GP funding to fund a study on deepening the Saginaw River between the City of Saginaw and the Saginaw Bay.	GF/GP	\$0
		\$280,000
16. Flint River Dike Repair	Gross	\$0
Provides \$1.0 million one-time GF/GP funding to repair Flint River dike.	GF/GP	\$0
		\$1,000,000
17. Hart-Montague Trail	Gross	\$0
Appropriates \$1.0 million GF/GP funding for Hart-Montague Trail.	GF/GP	\$0
		\$1,000,000

NATURAL RESOURCES

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 YTD</u>	<u>Enacted Change</u>
		<u>(as of 2/5/14)</u>	<u>From YTD</u>
18. City of Alma/Alma College Public Safety Land Improvements	Gross	\$0	\$1,000,000
Provides \$1.0 million one-time GF/GP funding in new line item to fund Alma College public safety land improvements.	GF/GP	\$0	\$1,000,000
19. Economic Adjustments	Gross	NA	\$5,593,900
Includes funding for increased costs of \$5.6 million Gross (\$254,900 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	IDG	NA	27,800
	Private	NA	49,100
	Federal	NA	823,900
	Restricted	NA	4,438,200
	GF/GP	NA	\$254,900

Major Boilerplate Changes From FY 2013-14

Sec. 204. Performance Benchmarks – NEW

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

Sec. 233. FTE Report – DELETED

Requires report on the number of FTEs in pay status; report required quarterly.

Sec. 236. Request for Proposal (RFP) Language – DELETED

Prohibits DNR from issuing an RFP for a contract greater than \$5.0 million unless issuing a request for information (RFI) or a request for qualification (RFQ).

Sec. 237. FY 2014-15 Retirement Costs – NEW

States that appropriations for legacy costs in part 1 for FY 2014-15 equal \$46.7 million. Of this amount, pension-related legacy costs are estimated to be \$26.1 million and retiree health care legacy costs are estimated to be \$20.6 million.

Sec. 250. Michigan Civilian Conservation Corps (MCCC) – NEW

Requires DNR to work with MCCC steering committee to plan for a nonprofit MCCC outside of state government.

Sec. 251. Invasive Species Initiative – NEW

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. 409. Oil and Gas Lease Report – DELETED

Requires DNR to report on active oil and gas leases entered into before July of 1995 on parcels larger than 160 acres where the producing unit is less than or equal to 1/4 of the total lease acreage.

Sec. 603. Cormorant Management – REVISED

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

Sec. 703. Soo-Raco Trail – DELETED

Requires DNR to work with MDOT, local officials, and landowners on traffic routing and flow on the Soo-Raco trail through Brimley.

Sec. 704. Pure Michigan Trails – NEW

Allocates \$200,000 from appropriations in part 1 for Pure Michigan Trails if Senate Bills 873 through 877 are enacted.

Sec. 808. Gas and Oil Lease Development – NEW

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

Sec. 1101. Capital Outlay Appropriations for the Harbors and Docks Grants-in-Aid – DELETED

Provides for disbursement of Waterways Fund appropriation to the federal government and local governmental units.

Sec. 1102. Capital Outlay Lump Sum Appropriations – DELETED

Provides for state budget director approval of disbursements of lump sum appropriations for DNR program or facility needs. Funds are available for three years after appropriation.

Major Boilerplate Changes From FY 2013-14

Sec. 1104. Federal Reimbursement for Harbor Dredging – DELETED

Requires DNR to seek reimbursement from the United States Army Corps of Engineers (ACOE) for emergency dredging of harbors under the ACOE's jurisdiction. Any reimbursement received shall be deposited into the Michigan State Waterways Fund.

Sec. 1201. Saginaw River Study – NEW

Requires Department to conduct a study concerning the deepening of the Saginaw River.

SCHOOL AID

SCHOOL AID
Summary of FY 2014-15 Enacted Appropriations
Article I, 2014 Public Act 196 (House Bill 5314)

Analysts: Bethany Wicksall
Karen Shapiro

IDG/IDT	FY 2013-14 YTD as of 7/1/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	1,816,158,800	1,808,162,700	1,808,162,700	1,808,162,700	1,808,162,700	(7,996,100)	(0.4)
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	11,356,232,300	11,808,976,900	11,793,067,600	11,939,271,600	11,947,262,900	676,030,600	6.0
GF/GP	149,900,000	180,000,000	180,000,000	30,000,000	114,900,000	(120,000,000)	(51.1)
Gross	\$13,322,291,100	\$13,797,139,600	\$13,781,230,300	\$13,777,434,300	\$13,870,325,600	\$548,034,500	4.1

Note: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through July 1, 2014.

Overview

The School Aid budget makes appropriations to the state's 548 local school districts, 297 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 2013-14 YTD Appropriations

1. Foundation Allowances (Secs. 22a, 22b, 22c)

(The FY 2013-14 equity payment in Sec. 22c is rolled into the foundation allowance and included in a revised baseline for Sec. 22b.)

	FY 2013-14 YTD (as of 7/1/14)	Enacted Change From YTD
Gross	\$8,897,000,000	\$91,000,000
Restricted	8,782,547,600	116,937,700
GF/GP	\$114,452,400	(\$25,937,700)

Increases FY 2014-15 foundation allowances by \$50 per pupil for all districts and provides a new equity payment of up to \$125 per pupil for districts with foundations below \$7,251. The effective minimum, including the equity payment, would be \$7,251, and the Basic would be \$8,099. The total cost of the foundation increase is \$177.0 million.

Much of the cost of increasing foundation allowances is offset by reducing baseline cost adjustments by \$86.0 million from the FY 2013-14 baseline due to anticipated increases in local taxable values and further decreases in pupil memberships.

2. MPSERS – State Share of Unfunded Liabilities (Sec. 147c)

Increases total funding for the state's share of Michigan Public School Employees' Retirement System (MPSERS) unfunded accrued liability (UAL) costs, as required by PA 300 of 2012, by \$267.9 million to a total of \$674.7 million for FY 2014-15, to recognize the following cost adjustments:

- \$1.3 million decrease to reflect the transfer of library-related MPSERS costs to the Department of Education budget.
- \$269.2 million increase to reflect the actuarially estimated costs of the required state share of unfunded liabilities for FY 2014-15.

	Gross	\$406,800,000	\$267,900,000
Restricted	405,500,000		269,200,000
GF/GP	\$1,300,000		(\$1,300,000)

3. MPSERS – Cost Offset (Sec. 147a)

Maintains \$100.0 million for the MPSERS cost offset, which currently equates to approximately 1.2% of MPSERS payroll.

	Gross	\$100,000,000	\$0
Restricted	100,000,000		0

SCHOOL AID

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 YTD (as of 7/1/14)	Enacted Change From YTD
4. MPSERS – One-Time Unfunded Liability Payment (Sec. 147d)	Gross	\$0	\$108,000,000
Appropriates \$108.0 million to make an extra one-time payment toward the cost of the MPSERS early retirement incentive in 2010.	Restricted	0	108,000,000
5. Great Start Readiness Program (Sec. 32d)	Gross	\$174,575,000	\$65,000,000
Increases funding for preschool programs by \$65.0 million to \$239.6 million in FY 2014-15, of which \$25 million will be deposited into the GSRP reserve fund created in FY 2013-14. Funding in the reserve fund would not be available until it is determined that funds are necessary and are transferred by the Legislature by Dec. 15, 2014. Additional funding provides up to 15,175 more half-day slots in FY 2014-15. Expands eligibility to children living in households up to 300% of the federal poverty level (up from 250%) if all those below 250% of poverty are served. Earmarks \$10.0 million for reimbursements to programs for transportation costs up to a cost of \$150 per slot. (See other changes in Major Boilerplate Changes below.)	Restricted	174,275,000	65,000,000
	GF/GP	\$300,000	\$0
6. Educator Evaluations (Sec. 95a) – NEW	Gross	\$0	\$14,800,000
Appropriates \$14.8 million into a new Educator Evaluation Reserve Fund and stipulates that funds may not be spent unless HB 5223 and HB 5224 are enacted. Funds would be distributed to districts to provide educator evaluator training and to implement one of the evaluation tools identified by the Michigan Council for Educator Effectiveness. \$2.7 million GF/GP is appropriated to CEPI to develop a system for districts to do local calculations of student growth data.	Restricted	0	12,100,000
	GF/GP	\$0	\$2,700,000
7. Student Assessments (Sec. 104)	Gross	\$34,944,400	\$12,700,000
Increases funding for student assessments by \$12.7 million Gross (\$14.7 million SAF increase, after shifting \$2.0 million in federal funds to MDE Bureau of Assessment and Accountability) bringing the total to \$41.4 million in FY 2014-15. Earmarks \$3.0 million for the implementation of the new tests, \$3.2 million for an online reporting tool to provide student-level assessment data to educators, parents, and pupils immediately after assessments are scored, and \$8.5 million to convert existing assessments to online assessments, provide paper/pencil tests for districts not prepared for online tests, expand writing assessments to additional grade levels, and provide more constructed response test questions to test higher-order skills. (See additional changes under Major Boilerplate Changes below.)	Federal	8,250,000	(2,000,000)
	Restricted	26,694,400	14,700,000
8. District Fiscal Emergency Fund (Sec. 11r) – NEW	Gross	\$0	\$4,000,000
Deposits \$4.0 million into a newly created contingency fund to provide funds to either help pay the debts of districts that voluntarily dissolve or to provide funding to districts that receive students and territory from a dissolved district. Treasury would determine award amounts, and funding would not lapse back to the School Aid Fund. Requires that Treasury notify the Legislature before disbursing funds.	Restricted	0	4,000,000
9. Year-Round Schools Pilot (Sec. 31b) – NEW	Gross	\$2,000,000	(\$2,000,000)
Eliminates funding for FY 2014-15 for competitive grants to at-risk districts for year-round schools. \$2.0 million was included in FY 2013-14 under PA 116 of 2014.	Restricted	2,000,000	(2,000,000)

SCHOOL AID

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 YTD (as of 7/1/14)</u>	<u>Enacted Change From YTD</u>
10. Health and Nutrition Education Software (Sec. 31g) – NEW	Gross	\$0	\$1,200,000
Provides \$1.2 million for a contract with a single provider to be awarded through a competitive bid process to provide personal user health and nutrition data through secure dashboards to pupils and faculty in school districts and ISDs for two years. Requires a report after two years on increase in the number of healthy food options offered in school cafeterias, increase in participation in school athletic and physical activities, increase in the software program participation and longevity of users, and alignment to the DCH Michigan Health and Wellness 4x4 plan.	GF/GP	\$0	\$1,200,000
11. Teacher Certification Test Rewrite (Sec. 43) – NEW	Gross	\$0	\$1,800,000
Adds \$1.8 million to update teacher certification tests.	GF/GP	\$0	\$1,800,000
12. Dual Enrollment Incentive Payments (Sec. 64b) – NEW	Gross	\$0	\$1,750,000
Provides \$1.8 million in incentive payments to districts that provide dual enrollment and concurrent enrollment options to students for FY 2014-15. Payments equal to \$10 per credit hour for up to 3 credits for each student enrolled plus \$30 per pupil per course if the pupil successfully completes and is awarded both high school and post-secondary credit for the course.	Restricted	0	1,750,000
13. Career Readiness Study (Sec. 64c) – NEW	Gross	\$0	\$250,000
Provides \$250,000 for the MDE to commission an independent third party to conduct a study and prepare a report analyzing the state’s current career readiness education system.	GF/GP	\$0	\$250,000
14. School Bus Natural Gas Conversion (Sec. 74a) – NEW	Gross	\$0	\$3,000,000
Adds \$3.0 million for grants to districts to convert school buses from diesel to natural gas. Caps grants at \$8,000 per bus and \$30,000 per district.	GF/GP	\$0	\$3,000,000
15. School Bond Loan Redemption Fund (Sec. 11j)	Gross	\$131,660,000	(\$5,660,000)
Reduces by \$5.7 million to a total of \$126.0 million in FY 2014-15 to recognize debt service cost reductions.	Restricted	131,660,000	(5,660,000)
16. District Dissolution Transition Grants (Sec. 20g)	Gross	\$7,200,000	(\$5,000,000)
Maintains transition grants at \$2.2 million for FY 2014-15 for districts that received students and portions of Buena Vista and Inkster after they were dissolved.	Restricted	7,200,000	(5,000,000)
17. Isolated District Funding (Sec. 22d)	Gross	\$2,584,600	\$0
Maintains funding for low-density and isolated districts at the FY 2013-14 appropriation levels.	Restricted	2,584,600	0
18. Best Practices (Sec. 22f)	Gross	\$80,000,000	(\$5,000,000)
Reduces funding to \$75.0 million and reduces per pupil allocations to \$50 for districts that meet 7 out of 9 revised best practices criteria for FY 2014-15. (See Major Boilerplate changes below.)	Restricted	80,000,000	(5,000,000)
19. Consolidation Innovation Grants (Sec. 22g)	Gross	\$5,000,000	(\$3,000,000)
Decreases grants to \$2.0 million to districts and ISDs for consolidation and revises the language to include consolidation or sharing of technology and data operations or services between 50 or more districts or 5 or more ISDs. Also adds that MDE shall give priority to applicants that include one of two statewide activities: an academic early warning indicator and dropout prevention system or a system identifying early reading challenges which establishes individual reading development plans for every student by the end of the 3rd grade.	Restricted	5,000,000	(3,000,000)
20. Technology Infrastructure Improvement (Sec. 22i)	Gross	\$50,000,000	(\$8,500,000)
Reduces technology infrastructure grants to \$41.5 million for FY 2014-15. Eliminates a \$5.0 million grant for whole-school technology, which was awarded in FY 2013-14 to Genesee ISD. \$8.5 million is shifted to Sec. 104 for assessments.	Restricted	45,000,000	(3,500,000)
	GF/GP	\$5,000,000	(\$5,000,000)

SCHOOL AID

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 YTD (as of 7/1/14)</u>	<u>Enacted Change From YTD</u>
21. District Performance Funding Grants (Sec. 22j)	Gross	\$46,400,000	\$4,700,000
Increases funding by \$4.7 million to a total of \$51.1 million for FY 2014-15 for awards to districts up to a maximum of \$100 per pupil: \$30 per pupil for academic growth in grades 3-8 math, \$30 per pupil for academic growth in grades 3-8 reading, and \$40 per pupil for academic growth in all high school tested subjects. The increase recognizes updated data based on FY 2012-13 student assessments.	Restricted	46,400,000	4,700,000
22. Student-Centric Grants (Sec. 22k)	Gross	\$8,000,000	(\$8,000,000)
Eliminates \$8.0 million in one-time funding for FY 2013-14 for competitive grants to districts that align instruction with individual student learning styles and pace and advance students based on individual mastery of each subject area. Awards went to the EAA (\$7.1 million) and Port Huron School District (\$0.9 million).	Restricted	8,000,000	(8,000,000)
23. Renaissance Zone Reimbursements (Sec. 26a)	Gross	\$29,500,000	(\$3,200,000)
Maintains renaissance zone reimbursements for districts and ISDs, but transfers renaissance zone reimbursements to libraries from the School Aid budget to the Department of Education budget.	Restricted	26,300,000	0
	GF/GP	\$3,200,000	(\$3,200,000)
24. Payments In Lieu of Taxes (PILT) (Sec. 26b)	Gross	\$4,009,500	\$200,500
Increases funding to \$4.2 million in FY 2014-15 to recognize increased PILT reimbursements to districts, ISDs, and community colleges as required under PAs 603 and 604 of 2012.	Restricted	4,009,500	200,500
25. School Lunch Program (Sec. 31d)	Gross	\$485,695,100	\$50,000,000
Increases by \$50.0 million in federal school lunch funding to bring the total program funding to \$535.7 million.	Federal	463,200,000	50,000,000
	Restricted	22,495,100	0
26. Special Education (Secs. 51a, 51c, 51d, 53a, 54, 56)	Gross	\$1,363,846,100	\$19,100,000
Increases by \$19.1 million from the current YTD appropriation to a total of \$938.9 million SAF for FY 2014-15 to adjust for consensus cost estimates.	Federal	444,000,000	0
	Restricted	919,846,100	19,100,000
27. Vocational Education (Sec. 61a)	Gross	\$27,611,300	\$0
Maintains funding for FY 2014-15 at \$26.6 million for general funding for career and technical education (CTE) programs plus \$1.0 million in grants to districts and ISDs for career and technical education centers to integrate Michigan merit curriculum content standards into career and technical education.	Restricted	27,611,300	0
28. High School/Post-Secondary Credit Transfers (Sec. 64a)	Gross	\$1,000,000	(\$1,000,000)
Eliminates \$1.0 million for grants to districts and ISDs to work with early middle colleges, colleges, and universities to develop statewide transfer or articulation agreements to ensure that postsecondary credit earned in high school is transcribed and transferred to postsecondary institutions.	Restricted	1,000,000	(1,000,000)
29. ISD General Operations and Best Practices (Sec. 81)	Gross	\$64,115,000	\$3,000,000
Increases funding by \$3.0 million to a total of \$67.1 million for FY 2014-15 including \$65.1 million for general operations and \$2.0 million for best practices.	Restricted	64,115,000	3,000,000
30. Center for Educational Performance and Information (CEPI) (Sec. 94a)	Gross	\$9,728,600	\$2,487,700
Increases funding by \$2.5 million bringing the total to \$12.2 million for FY 2014-15. Funding would support the longitudinal data system and the MI School Data web portal, which were originally funded with federal funds that are no longer available.	Federal	193,500	0
	GF/GP	\$9,535,100	\$2,487,700

SCHOOL AID

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 YTD (as of 7/1/14)</u>	<u>Enacted Change From YTD</u>
31. Principal Educator Evaluation Training (Sec. 95)	Gross	\$500,000	(\$500,000)
Eliminates this line which provided grants to districts to support professional development for principals and assistant principals in a department-approved training program on implementing educator evaluation programs, replacing it with a more comprehensive evaluation system under Sec. 95a.	Restricted	500,000	(500,000)
32. Michigan Virtual University (MVU) (Sec. 98)	Gross	\$9,387,500	(\$2,000,000)
Reduces funding by \$2.0 million for a total of \$7.4 million in FY 2014-15.	GF/GP	\$9,387,500	(\$2,000,000)
33. Math/Science Centers and Michigan STEM Partnership (Sec. 99)	Gross	\$8,474,300	\$0
Maintains overall funding for both Math/Science Centers (\$8.0 million) and for the Michigan STEM Partnership and STEM grants to districts (\$475,000), but shifts \$100,000 SAF for the Michigan STEM Partnership to \$100,000 GF/GP.	Federal	5,249,300	0
	Restricted	2,850,000	(100,000)
	GF/GP	\$375,000	\$100,000
34. STEM Professional Development (Sec. 99b) – NEW	Gross	\$0	\$330,000
Provides \$330,000 to support professional development for teachers in Science, Technology, and Mathematics instruction.	Restricted	0	330,000
35. FIRST Robotics Grants (Sec. 99h)	Gross	\$3,000,000	(\$1,000,000)
Reduces district grants by \$1.0 million to a total of \$2.0 million for FY 2014-15 for coaches, programs, and competition costs for FIRST Robotics programs. Makes unexpended funds a work project to be carried forward into FY 2015-16.	Restricted	3,000,000	(1,000,000)

Major Boilerplate Changes From FY 2013-14

Sec. 6. Definitions – REVISED

Revises (4) to allow a PSA or alternative education program focused on homeless students older than 20 but younger than 22 to operate in a city of any size rather than only cities with a population greater than 175,000. Also revises (11) the pupil membership requirements necessary to be a school district of the first class from 60,000 to 40,000 to reflect the decline in Detroit Public School’s pupil membership to 48,860 in FY 2013-14. Clarifies that this definition applies only to the School Aid Act.

Sec. 15. Adjustments in Apportionments – REVISED

Revises to allow MDE to perform or require an audit of all records for the current fiscal year and three prior fiscal years related to any program funded in the School Aid budget. Revises to require that MDE “shall” revise apportionments based on such audits or other new information in the current year as well as prior fiscal years, and that the revision be done in the next apportionment after the adjustment is finalized.

Sec. 17a. Withholding Payments to Districts and ISDs – REVISED

Adds that MDE and Treasury may withhold payments related to two additional statutes: the Emergency Municipal Loan Act and the Local Financial Stability and Choice Act, and that they may withhold payments for all other financial obligations of a district or ISD in addition to current law’s outstanding obligations on which the district or ISD has defaulted. Adds reference to the newly proposed enhanced deficit elimination plan.

Sec. 18. Application of Money Received Under the Act – REVISED

Amends the 20% cap on certain funds received which a district may transfer to pay for capital projects or debt retirement to fix an error in the statute that was inadvertently changed when the Higher Education and Community Colleges budgets were added to the bill in FY 2011-12 and the articles of the act were revised.

Revises the budget transparency requirements to shorten the time by which a district must post budget information from 30 to 15 days after a board adopts its budget or subsequent revisions. Also adds that a district must include links to its deficit elimination plan or enhanced deficit elimination plan and add all district credit cards including authorized users and credit limits and out-of-state travel paid by the district to its budget transparency website.

Expands the potential frequency the MDE can require a district to have an audit and requires that records shall be retained for the current fiscal year and the three previous fiscal years. Requires that districts and ISDs provide all of their audited financial information by October 15 rather than November 15. Maintains the required online course cost report.

Major Boilerplate Changes From FY 2013-14

Sec. 19. State and Federal Reporting Requirements – REVISED

Maintains legislative intent that there be standard statewide reporting requirements for education data but pushes the deadline by which to have them in place to FY 2016-17.

Sec. 21f. Online Courses – REVISED

Revises to require districts to allow for online courses under this section from grades 6-12 rather than 5-12. Deletes the exemption from this section for a district that is a cyber school. Expands to allow a pupil that has demonstrated previous success to take more than 2 online courses per semester under this section. Expands the reasons for which a district may deny a pupil's request to include that the cost of the online course exceeds the amount identified in this section and that the request does not occur within the same timelines required for other enrollment and schedule changes. Maintains the provision that a district can pay the online school 80% upon enrollment and 20% upon completion. Revises the maximum cost a district must pay for an online course from 1/12 of a district's foundation allowance to 8.33% of the minimum foundation allowance. Prohibits the portion of the FTE for which a pupil is enrolled in an online course under this section from being transferred under Sec. 25e.

Sec. 22f. Best Practices Incentive Grants – REVISED

Revises the criteria as follows and requires that a district comply with 7 out of 9:

- Maintains
 - Act as policyholder for health care services benefits.
 - Competitively bid at least one non-instructional service.
 - Participate in schools of choice.
 - Provide online learning opportunities.
 - Provide a public online dashboard with finance and academic metrics.
- Deletes
 - Measure student growth twice annually.
 - Provide dual enrollment opportunities.
 - Provide physical education or health education classes.
- Adds
 - Comply with school employee compensation determination requirements under MCL 380.1250.
 - Comply with the prohibited subjects of bargaining as required under the Public Employment Relations Act.
 - Implement a comprehensive guidance and counseling program.
 - Offers 1 credit worth of foreign language in grades K-8.

Sec. 25e. Pupil Transfer Process – REVISED

Revises as follows: Transfers must be submitted within 30 days of the transfer or the pupil count certification date (rather than the 6th Wednesday after the pupil membership count day) whichever is later. Allows an ISD to investigate a representative sample based on required audit sample sizes in the pupil auditing manual and allows them to deny a transfer, rather than requiring the ISD to approve or deny each transfer. Adds that CEPI with MDE must report to the Legislature by December 1, 2014, with data on the implementation of this section including the number of transfer transactions and the net change in pupil memberships by district and ISD. Prohibits the portion of the FTE for which a pupil is enrolled in an online course under Sec. 21f from being counted or transferred under this section.

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

Provides a revised purpose for the use of At-Risk funding to ensure that third grade pupils are proficient in reading by the end of third grade and that high school graduates are career- and college-ready. Expands flexibility by deleting some suggested uses of funding and allows a district to use all of its funds to implement school-wide reform consistent with the school's improvement plan in schools with 40% or more of its pupils identified as at-risk. Requires an ISD to provide data to MDE for dissolved districts so receiving districts could receive funds in the first year following dissolution.

Maintains funding distribution in current law based on the number of pupils that qualify for free or reduced breakfast, lunch, or milk; but adds to the definition of an At-Risk pupil for whom the funding may be used to serve to also include a pupil that meets any of the following criteria:

--A pupil enrolled in a priority school.

--A pupil who did not achieve proficiency or a satisfactory score on 2 or more state or locally administered assessments.

--In the absence of assessment data, the pupil is eligible for free or reduced breakfast, lunch or milk; is absent more than 10% of enrolled days or 10 school days; is homeless; is a migrant; is an English language learner; is an immigrant; did not complete high school in four years and is still continuing in school.

Requires that if a district does not have 50% of at-risk pupils in 3rd grade reading on grade level or does not see improvement after 3 years for college- and career-readiness that they have to devote half of a proportionate amount of their funding to tutoring and targeted programs.

SCHOOL AID

Major Boilerplate Changes From FY 2013-14

Sec. 32d. Great Start Readiness Program – REVISED

Revises the requirement that an ISD ensure that 90% of children in the program are from families with a household income up to 250% of the federal poverty level, such that if an ISD determines that all eligible children are served with no children on the waiting list, the ISD may enroll children that live in families with a household income up to 300% of the federal poverty level. Would consider any child in foster care or who is experiencing homelessness, or has an individual education plan recommending placement in an inclusive preschool program as living with a family with household income up to 250% of the federal poverty level regardless of actual family income. Also adds that an ISD or consortium must allow a parent to choose a program operated by or contracted with another ISD or consortium and must pay the per diem.

Revises the limit an ISD may spend on program administration from 7% to either 7% of the total for services provided directly by the ISD or to a combination of not more than 2% by the ISD and not more than 5% by the subrecipient for the total for services provided by a contracted subrecipient.

Specifies additional steps both MDE and ISDs must take to verify that they tried to reach the requirement that they contract 30% of slots to community-based organizations, and requires that MDE reduce an ISD's slots if they cannot verify the ISD's effort. Requires that MDE ensure that all providers are eligible for a Great Start to Quality Rating under the same process, and that certain providers are not fast-tracked.

Sec. 41. Bilingual Instruction Program – REVISED

Deletes language prohibiting a district or ISD from receiving funds if it allows pupils who do not reside in the United States legally to participate in the program.

Sec. 94a(9). Truancy Report – REVISED

Deletes legislative intent that beginning in FY 2014-15 districts report to the Center for Educational Performance and Information (CEPI) the number of pupils who have had 10 or more unexcused absences each school year.

Sec. 101. Instructional Days and Hours – REVISED

Revises such that if a district had a collective bargaining agreement in place as of July 1, 2013 that had a school calendar that does not comply with the 175-minimum-day requirement for FY 2014-15, then the subsection does not apply until the bargaining agreement expires. Adds a 5% penalty for districts that entered into a collective bargaining agreement in conflict with this section after July 1, 2013. Also provides that a collective bargaining agreement in place before July 1, 2013, would be allowed to continue to count up to 38 hours of professional development as instructional time until the agreement expires. Also increases the minimum number of days from 175 to 180 days beginning in FY 2016-17, but provides that if a collective bargaining agreement that is in conflict with this subdivision is in place prior to the enactment of this bill, it is exempt until that agreement expires.

Sec. 104c. Student Assessments – NEW

Adds new language requiring that the MDE create a new Michigan Education Assessment Program (MEAP) test for English language arts and mathematics for FY 2014-15 and create a new request for proposals for new summative assessments for tests beginning in FY 2015-16.

Sec. 107. Adult Education – REVISED

Revises the funding distribution over a 3-year phase-in period from the current calculation which makes awards based on prior year allocations and instead would make awards to the ISD acting as fiscal agent for each of the 10 prosperity regions identified by MDE. The revised distribution would be based on the following:

- 60% on the proportion of the state population between ages 18 and 24 who are not high school graduates in each region.
- 35% on the proportion of the state population ages 25 or older who are not high school graduates in each region.
- 5% on the proportion of the state population ages 18 or older who lack basic English proficiency in each region.

The ISD that is the fiscal agent would distribute funds to adult education programs within the prosperity region based on collaboration with education advisory groups and the workforce development boards in the region. Funding would be awarded to adult education programs based on 75% enrollment and 25% completion rather than the current 90/10 split. Caps administrative funding at 5% and requires that the same number of individuals be served in FY 2014-15 as were served in FY 2013-14.

Sec. 147. MPERS Contribution Rates – REVISED

Updates employer contribution rates based on current estimates.

DEPARTMENT OF STATE POLICE
Summary of FY 2014-15 Enacted Appropriations
Article XVI, 2014 Public Act 252 (House Bill 5313)

Analyst: Mark Wolf

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$25,219,700	\$26,233,200	\$26,233,200	\$26,233,200	\$26,233,200	\$1,013,500	4.0
Federal	98,846,100	99,429,900	99,429,900	99,429,900	99,429,900	583,800	0.6
Local	6,967,500	4,861,700	4,861,700	4,861,700	4,861,700	(2,105,800)	(30.2)
Private	239,700	77,200	77,200	77,200	77,200	(162,500)	(67.8)
Restricted	122,071,700	124,800,000	124,800,000	124,800,000	124,800,000	2,728,300	2.2
GF/GP	353,474,300	383,921,000	378,921,000	\$383,161,400	384,171,000	30,696,700	8.7
Gross	\$606,819,000	\$639,323,000	\$634,323,000	\$638,563,400	\$639,573,000	\$32,754,000	5.4
FTEs	2,934.0	3,073.0	3,073.0	3,073.0	3,073.0	139.0	4.7

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

Overview

The Michigan Department of State Police (MSP) provides general law enforcement services throughout the state and provides for the development and coordination of state programs, technologies, and specialized services that enhance enforcement and emergency response capabilities for the entire public safety community.

Major Budget Changes From FY 2013-14 YTD Appropriations

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
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1. Detroit Forensics Laboratory Building Costs

Adds \$1.1 million GF/GP for rent costs of the new MSP forensics laboratory opening in Detroit in June 2014. Under a condominium agreement, the state owns 18.56% of the facility (the Detroit Public Safety Headquarters), and is responsible for its proportionate share of building management and operating costs. [The state's share of acquisition and renovation costs were supported by \$15 million in spending authorization under the FY 2010-11 Capital Outlay bill (2010 PA 329)].

Gross	NA	\$1,100,000
GF/GP	NA	\$1,100,000

2. Motor Carrier Recruit School

Adds \$4.4 million GF/GP for a motor carrier recruit school beginning in April 2015, expected to graduate 31 new motor carrier officers. Motor Carrier Officers are civilian (non-enlisted) peace officers tasked with enforcing laws of the state applicable to commercial motor vehicles (CMVs), ensuring compliance with applicable federal and state motor carrier safety regulations, size and weight limits, vehicle registration and certificate of authority requirements, and driver requirements. Motor carrier officers have limited arrest authority for other non-CMV offenses. The motor carrier recruit school is similar to the traditional trooper recruit school, although much of the academic training focuses on CMV issues.

FTE	NA	31.0
Gross	NA	\$4,391,900
GF/GP	NA	\$4,391,900

STATE POLICE

Major Budget Changes From FY 2013-14 YTD Appropriations

**FY 2013-14 YTD Enacted Change
(as of 2/5/14) From YTD**

3. Marshall Post Building Costs

Adds \$2.0 million GF/GP to buy down a portion of MSP's lease costs for the Marshall Regional Law Enforcement Center, lowering MSP's annual lease payments. The facility will include the police department for the City of Marshall and the Calhoun County Sheriff's Office, with MSP sub-leasing a portion of the facility from Calhoun County to serve as a new post. Construction costs for the facility are estimated to be \$11.3 million, with those costs paid through a \$1.3 million Competitive Grant Assistance Program (CGAP) grant awarded to the City of Marshall and Calhoun County and bond proceeds. The building should be complete by June 2015.

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

4. Trooper Recruit School

Adds \$12.7 million Gross for a trooper recruit school expected to graduate 100 new troopers. The school would commence after January 1, 2015. This includes ongoing funding for salaries and benefits and vehicle fleet costs, and one-time costs for recruitment and selection of candidates, overtime costs for training instructors, outfitting and equipping the recruits, and costs related to the Field Officer Training Program.

FTE	NA	100.0
Gross	NA	\$12,700,000
Restricted	NA	900,000
GF/GP	NA	\$11,800,000

5. Security at Events

Reduces the appropriation for Security at Events to a placeholder. (\$500,000 GF/GP is transferred to the Emergency Management and Homeland Security Division program line, with a boilerplate allocation to the urban search and rescue task force, consistent with the FY 2013-14 budget.)

Gross	\$1,200,000	(\$1,199,900)
GF/GP	\$1,200,000	(\$1,199,900)

6. Aviation Unit – Helicopter Purchase

Adds \$5.2 million GF/GP (\$246,000 GP/GP ongoing) for a new helicopter for the Special Operations Division, Aviation Unit. Includes \$2.9 million for the acquisition of the helicopter and \$2.0 million for equipment upfitting.

Gross	NA	\$5,178,000
GF/GP	NA	\$5,178,000

7. Local Public Safety Initiative (School Safety)

Adds \$4.6 million GF/GP (one-time) to provide grants for local public safety technology and equipment needs, with a focus on school safety issues. 80% of grant funds would be granted to schools/local police departments for acquiring and implementing various school safety improvements including enhanced 911 (E911) abilities, malicious call tracing, physical deterrents, real-time location systems, and emergency alert software, and other technology and equipment upgrades, and 20% would be provided to county sheriff's departments for equipment, technologies, and officer training to enhance departments' school safety efforts. The Council on Law Enforcement and Reinvention (CLEAR) would review grant applications and make recommendations to the department.

Gross	NA	\$4,550,000
GF/GP	NA	\$4,550,000

8. FY 2014-15 Economic Adjustments

Reflects increased costs of \$18.7 million Gross for negotiated salary and wage amounts (2.0% base increase, plus a 0.5% lump sum), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs are held flat due to recent state employee health plan revisions.

Gross	NA	\$18,709,200
IDG	NA	569,400
Federal	NA	744,200
Local	NA	77,200
Private	NA	2,200
Restricted	NA	3,585,000
GF/GP	NA	\$13,731,200

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
9. Automated Fingerprint Identification System (AFIS)	Gross	NA	\$2,187,200
Adds \$2.2 million (CJIC Service Fees) to support upgrades to the hardware and software systems that support the operation of the Automated Fingerprint Identification System (AFIS), the electronic database through which fingerprint records are maintained and searched. The system interfaces with the state's criminal history records databases and is integrated into the FBI's fingerprint identification system, and allowing for the automated search of ten-print and latent-print submissions.	Restricted	NA	2,187,200
10. Electronic Warrant Reporting System	Gross	NA	\$800,000
Adds \$800,000 GF/GP (\$50,000 GF/GP ongoing) for the development of an electronic warrant reporting system, to eliminate redundant entry of warrant information by prosecutors, courts, LEIN users, MSP, and the State Court Administrative Office.	GF/GP	NA	\$800,000
11. Criminal Justice Information Systems Disaster Recovery	Gross	NA	\$312,800
Adds \$312,800 (Criminal Justice Information Center Service Fees) for the development and maintenance of a disaster recovery system for the Law Enforcement Information Network (LEIN) and other CJIS applications maintained by MSP. The LEIN system interfaces with, and provides law enforcement access to, a number of CJIS databases, including criminal history records, warrants, motor vehicle records, etc. The disaster recovery system provides a back-up system allowing for the recovery and continued operation of LEIN and the other applications in the event of cyber security breaches and other systemic disasters.	Restricted	NA	312,800
12. LEIN Programming Language Upgrade	Gross	NA	\$350,000
Adds \$350,000 (CJIC Service Fees) to update and re-write the programming language that operates the LEIN system.	Restricted	NA	350,000
13. Statewide Records Management System (SRMS)	Gross	NA	\$1,528,000
Adds \$1.5 million GF/GP to expand the use of the SRMS. MSP is assuming responsibility for operating the Area Records Management System (ARMS) developed by Saginaw County and used by more than 50 local law enforcement agencies. A record management system (RMS) allows for the storage and retrieval of investigation records, including information on accidents, traffic citations, incidents, evidence, stolen properties, booking and incarceration, probation and parole, criminal histories, case files, etc. The development of the SRMS would increase the number of law enforcement agencies that use an RMS and to allow for interagency sharing of information. The system will also facilitate participation in the FBI's Law Enforcement National Data Exchange (N-Dex), sharing information on a national level.	GF/GP	NA	\$1,528,000
14. 126th Recruit School Costs	Gross	\$14,661,900	\$2,964,400
Adds \$2.7 million GF/GP to annualize the costs related to the 126 th Trooper Recruit School, which began in January 2014 with 115 recruits and will graduate on May 30. Includes \$2.2 million in personnel and other costs and \$0.5 million in fleet-related costs.	GF/GP	\$14,661,900	\$2,964,400
15. Emergency Support Team	Gross	NA	\$225,000
Adds \$225,000 GF/GP (one-time) for the acquisition of a new armored vehicle for the Special Operations Division, Emergency Support Team (SWAT). This new vehicle would replace a 1981 Dodge Peacekeeper.	GF/GP	NA	\$225,000

STATE POLICE

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
16. Forensic Science – State Services Fee Fund	Gross	\$11,666,600	\$0
Replaces \$4.0 million of the \$11.7 million State Services Fee Fund (SSFF) appropriation for the Forensic Science Division (FSD) with GF/GP funds. The SSFF is collected by the Michigan Gaming Control Board (MGCB) through assessments paid by the 3 Detroit casinos, and was first appropriated for the FSD in FY 2008-09 to offset mid-year reductions made by EO 2009-22.	Restricted	11,666,600	(4,000,000)
	GF/GP	\$0	\$4,000,000
17. Forensic Science – Impaired Driving Funding	Gross	\$118,000	\$0
Replaces \$118,000 in federal highway safety funds expended by the Forensics Science Division with GF/GP funds. The MSP Office of Highway Safety Planning (OHSP) receives funding for numerous highway safety programs under the Highway Safety Act of 1966 (23 USC Chapter 4), including funding for programs that aim to reduce the incidence of driving under the influence of alcohol and/or drugs. OHSP allocates a portion of its impaired driving funds to the FSD for toxicological analyses. The plan was to phase out these OHSP funds for the FSD. FY 2012-13 reduced this funding by 75%, replacing it with GF/GP. This adjustment eliminates the remaining 25%, replacing it with GF/GP.	Federal	118,000	(118,000)
	GF/GP	\$0	\$118,000
18. Michigan Public Safety Communications System (MPSCS)	Gross	\$16,340,900	(\$16,340,900)
Transfers funding for the MPSCS to the Department of Technology, Management, and Budget (DTMB). Operational authority concerning the MPSCS was transferred from MSP to DTMB with ERO 2005-2 (MCL 28.42). Since that transfer, funding for the MPSCS continued to be appropriated within the MSP budget, with that funding also recorded in the DTMB appropriation bill as an interdepartmental grant (IDG) from MSP.	Local	2,183,000	(2,183,000)
	GF/GP	\$14,157,900	(\$14,157,900)
19. Remove FY 2013-14 One-Time Appropriations	Gross	\$6,561,900	(\$6,561,900)
Removes one-time funding appropriated in FY 2013-14 for the 126 th trooper recruit school (\$3.6 million), EST vehicles (\$350,000), the Grand Rapids forensics laboratory (\$400,000), the Disaster and Emergency Contingency Fund (\$2.0 million), and the Secondary Road Patrol Program (\$150,000).	GF/GP	\$6,561,900	(\$6,561,900)
20. Technical Adjustments (Align Spending Authority)	Gross	NA	(\$369,700)
Reduces \$369,700 Gross (\$0 GF/GP) to align spending authority with actual expenditures. These adjustments were generally made in prior years through the internal transfers permitted by the bill's schedule of program structure. These adjustments also reduce excess appropriation authorization (but not actual spending) for various program lines. The bill also makes two dozen other internal transfers to align appropriations with MSP's actual organizational structure. These transfers net out to zero.	IDG	NA	444,100
	Federal	NA	(42,400)
	Private	NA	(164,700)
	Restricted	NA	(606,700)

Major Boilerplate Changes From FY 2013-14

LAW ENFORCEMENT SERVICES

Training

Sec. 401(1)-(5). Training Services and Recruiting – REVISED

Requires MSP to maintain staffing and resources to carry out listed training statutory/regulatory authority; to deliver training courses to the criminal justice community; and to provide recruiting preference for Michigan Commission on Law Enforcement Standards (MCOLES)-certified officers. Establishes a capacity metric of training 10,000 state/local law enforcement and public safety employees and 3,000 community members; sets a goal of achieving a 55% classroom occupancy rate; requires course evaluations; and requires a report on the recruit schools.

Major Boilerplate Changes From FY 2013-14

Commission on Law Enforcement Standards

Sec. 404. MCOLES Program Authority – REVISED

Requires MCOLES to maintain staffing and resources to carry out listed MCOLES statutory/regulatory authority, including establishing standards for law enforcement officers and the training curriculum for regional training academies; establishes performance goal of updating standards within 30 days of the effective date of any new legislation; requires annual data on the number of licensed police officers, by type of agency, as well as the number of new licenses issued and the number of licenses revoked; also requires MCOLES to submit semi-annually on distributions from the Justice Training Fund.

Sec. 405(4)-(5). Uniform Crime Reporting and Crime Statistics – NEW

Lists the specific legal authority for the reporting of crime information and the compilation of crime statistics; requires the department to publish annual Michigan crime statistics consistent with the FBI's Uniform Crime Reporting (UCR) and National Incident-Based Reporting System (NIBRS), and notify the subcommittees when the data is published.

Sec. 405(6)-(7). Freedom of Information Act – NEW

Requires the department to comply with the Freedom of Information Act, 1976 PA 442; requires the department to submit an annual report by December 1 for the prior fiscal year, providing information on the number of public records requests received, fulfilled requests, and denied requests, and the total amount of fees received.

Sec. 405(8)-(10). Traffic Crash Reporting – REVISED

Requires MSP to maintain staffing and resources to carry out listed traffic crash reporting statutory/regulatory authority; requires traffic crash reports to be provided at a reasonable cost; requires MSP to provide quarterly reports on the number of copies of traffic crash reports (form UD-10) provided to the public by MSP through the Traffic Crash Purchasing System (TCPS).

Sec. 405(11)-(12). Criminal History Records – REVISED

Requires MSP to maintain staffing and resources to carry out listed statutory/regulatory authority for maintaining criminal history records; requires MSP to provide fingerprint and criminal history records check services to law enforcement agencies, with a capacity equal to the FY 2010-11 level; requires quarterly information on the number of fingerprint and ICHAT checks submitted.

Sec. 405(13). Firearms Records and Licensing – NEW

Lists the specific legal authorities under which the department maintains firearms records.

Sec. 405(14). Concealed Pistol Licensing (CPL) Activities – NEW

Requires a report on CPL fee revenues and expenditures, the cost of administering selected sections of PA 372 (itemized per section), and revenues and expenditures from the Concealed Weapons Enforcement Fund.

Sec. 405(15)-(16). Sex Offender Registry Program Authority – REVISED

Requires MSP to maintain the staffing and resources to carry out listed statutory/regulatory authority for maintaining the sex offender registry; requires the department to follow up on tips assigned to law enforcement agencies within 10 working days; requires quarterly information on the number of individuals in the law enforcement and public sex offender databases.

Scientific Analysis and Identification – Laboratory Operations

Sec. 412(1)-(2). Forensic Science Program Authority – REVISED

Requires MSP to maintain the staffing and resources to carry out listed statutory/regulatory authority for forensic testing services; requires MSP to maintain accreditation by FBI-designated accrediting agencies.

Sec. 412(3)-(6). Forensic Science Performance Information – REVISED

Requires MSP to maintain an average 55-day turnaround time for processing evidence, to develop a plan to reach an average 30-day turnaround by 12/31/16, and to provide quarterly reports on the forensics backlog (by discipline) and staffing levels; establishes a goal of reducing the firearms backlog by 20% and the toxicology backlog by 15%.

Scientific Analysis and Identification – DNA Analysis

Sec. 413. DNA Analysis Program – NEW

Requires MSP to maintain the staffing and resources to carry out listed statutory/regulatory authority for DNA testing services; requires MSP to post a copy on its website if it changes its DNA samples and records retention protocol; establishes a goal to reduce the DNA analysis backlog by 15% annually, assuming a caseload volume of 10,500 cases received.

STATE POLICE

Major Boilerplate Changes From FY 2013-14

Scientific Analysis and Identification – Biometrics and Identification

Sec. 414(1). Biometrics and Identification Program Authority – NEW

Requires MSP to maintain the staffing and resources to carry out listed statutory/regulatory authority for biometrics and identification services (including DNA profiling).

Sec. 414(2)-(3). Biometrics and Identification Performance Information – REVISED

Requires quarterly reports on the number of ten-print and palm-print submissions (with a 97% electronic submission goal); requires MSP to have a 28-day average wait time for scheduling polygraph examinations, with a goal of achieving a 15-day average.

FIELD SERVICES

General Law Enforcement and Traffic Safety

Sec. 501(1)-(3). General Law Enforcement and Traffic Safety Program Authority – REVISED

Requires MSP to provide traffic safety and enforcement, including service as the law enforcement agency of last resort; requires enlisted personnel enforcing traffic laws to respond to crimes in progress and other emergency situations.

Sec. 501(4)-(7). General Law Enforcement and Traffic Safety Performance Information – REVISED

Requires MSP to provide 315,000 statewide patrol hours, including 24,000 hours in distressed cities and 4,000 hours at Belle Isle; requires traffic contacts per patrol hour equivalent to FY 2010-11 levels; requires MSP maintain a 93% compliance rate for reporting by registered sex offenders; requires the department to report by December 1 on the Secure Cities Initiative.

Security at Events

Sec. 502. Security at Events – REVISED

Requires MSP to respond to potential and imminent threats to the state's facilities, systems, and property, and to large-scale recreational and major public events.

Criminal Investigations

Sec. 503(1). Criminal Investigations (Generally) – REVISED

Requires MSP to maintain the staffing and resources to provide criminal investigative services under listed statutory/regulatory authorities.

Sec. 503(2)-(4). Criminal Investigations Performance Information – REVISED

Requires MSP to dedicate a minimum number of hours comparable to FY 2012-13, maintain a case clearance rate of 56% (with a goal of 60% by 9/13/15), and provide at least four training opportunities to local law enforcement agencies on gambling issues.

Sec. 504. Tobacco Tax Fraud Investigations – REVISED

Requires MSP to maintain the staffing and resources to provide tobacco tax fraud investigations; requires at least 16,600 investigation hours; requires annual report by December 1.

Criminal Investigations – Fire Investigations

Sec. 505. Fire Investigations Program Authority – REVISED

Requires MSP to maintain the staffing and resources to provide fire investigation services under listed statutory/regulatory authorities; requires MSP to provide fire investigation services at a level equal to the FY 2010-11 performance level, and be available for service 100% of the time.

SPECIALIZED SERVICES

Special Operations

Sec. 601. Special Operations Program Authority – REVISED

Requires MSP to provide specialized law enforcement services, to operate the Michigan Intelligence Operations Center for Homeland Security as the state's primary federally recognized fusion center, to increase the number of public and private sector contacts that receive homeland security and intelligence information, to expend donations to the canine unit, as specified by the donor, to provide training for special operations and to maintain a 100% readiness for the canine unit, bomb squad, emergency support team, aviation unit, and underwater recovery teams.

Commercial Vehicle Enforcement

Sec. 602(1). Commercial Vehicle Enforcement Program Authority – REVISED

Requires MSP to maintain staffing and resources to carry out the listed statutory/regulatory authority regarding commercial vehicle enforcement.

Sec. 602(2). Commercial Vehicle Enforcement Performance Information – NEW

Requires MSP to provide quarterly reports on its commercial vehicle size and weight enforcement efforts.

Major Boilerplate Changes From FY 2013-14

Sec. 602(3). Motor Carrier Safety Program Authority – NEW

Lists the specific authority under which the MSP enforcement motor carrier safety regulations.

Sec. 602(4)-(5). Motor Carrier Safety Performance Information – REVISED

Requires MSP to maintain staffing and resources to annually inspect 57,000 commercial motor vehicles; requires information on new entrant safety audits and border enforcement grant activities.

Sec. 602(6)-(7). School Bus Inspections Program Authority – REVISED

Requires MSP to maintain staffing and resources to inspect school buses under listed statutory/regulatory authorities; requires an annual report on the results of school bus inspections.

Emergency Management and Homeland Security

Sec. 606(1)-(3). Emergency Management and Homeland Security Program Authority – REVISED

Requires MSP to coordinate emergency management efforts within the state under listed statutory/regulatory authorities; authorizes MSP to expend appropriated funds to call upon any agency or department to protect life or property or to protect the health or safety of any area under a state of emergency or state of disaster; provides authority to expend funds received above the amounts appropriated in part 1 for any federal, private, local, or state resource to provide emergency management training or emergency preparedness, response, recovery, or mitigation.

Sec. 606(9). Urban Search and Rescue Task Force – REVISED

Allocates up to \$500,000 from the funds in part 1 for the urban search and rescue task force; requires the task force to provide a report on FY 2013-14 grant expenditures, a report on the planned expenditure of FY2014-15 funds (prior to distribution), and a year-end report on how FY2014-15 funds were expended.

Highway Safety Planning

Sec. 608. Highway Safety Planning – REVISED

Requires MSP to maintain staffing and resources to carry out highway safety programs under listed statutory/regulatory authorities; requires MSP to publish annual traffic crash data.

Highway Safety Planning – Secondary Road Patrol Program

Sec. 610. Secondary Road Patrol Program Authority – NEW

Describes the purpose of the secondary road patrol (SRP) program and sheriff's department responsibilities; requires quarterly data (reported biannually) on the number of full-time equivalent SRP deputies and number of patrol hours, with a goal of at least 178,000 hours.

ONE-TIME APPROPRIATIONS

Sec. 704. Aviation Support – NEW

Specifies the helicopter acquired through the one-time appropriation in part 1 would be used to provide patrols over Detroit, allowing the two existing helicopters to be used in other areas of the state, and to reduce the number of times when MSP has had to deny requests for service for air support.

Sec. 707. MIS Traffic Control – REVISED

Requires MSP to provide traffic control for events at Michigan International Speedway.

Sec. 708. Local Public Safety Initiative – NEW

Requires the one-time funds to be expended in support of a grant program, in collaboration with the Council on Law Enforcement and Reinvention (CLEAR), in support of school security needs, with 80% of the funds to be allocated to public and private schools (K-12) for safety-related improvements and 20% be allocated to county sheriff's departments for equipment, technologies, or officer training that enhances school safety and the departments' ability to respond to incidents at schools.

Sec. 709. Marshall Post Lease Costs – NEW

Specifies that funds shall be expended to buy down a portion of the MSP's share of construction and operating costs for the Marshall regional law enforcement center. Lease terms shall be subject to a market analysis performed by the Department of Technology, Management and Budget to substantiate the rental amount.

STATE POLICE

Major Boilerplate Changes From FY 2013-14

FY 2015-2016 APPROPRIATIONS

Sec. 1202. FY 2015-16 Performance Metrics – NEW

States legislative intent that, with the funds appropriated in FYs 2014-15 and 2015-16, (1) trooper patrol hours should increase by at least 9% from FY 2014-15 to FY 2015-16; (2) aviation patrol hours should increase by 30%, the helicopter should patrol over Detroit 5 days/week, allowing patrols over other areas of the state (including the distressed cities), and the number of times MSP is unable to provide air support declines to less than 50 (from 72 in FY 2012-13); (3) CMV inspections should increase by 12%; (4) LEIN services should improve; (5) warrant entry and processing should improve throughout the criminal justice community.

DEPARTMENT OF TRANSPORTATION
Summary of FY 2014-15 Enacted Appropriations
Article XVII, 2014 Public Act 252 (House Bill 5313)

Analyst: William E. Hamilton

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Revised Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Enacted From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$3,625,100	\$3,786,900	\$3,786,900	\$3,786,900	\$3,786,900	\$161,800	4.5
Federal	1,198,885,500	1,205,885,500	1,205,885,500	1,205,885,500	1,205,821,500	6,936,000	0.6
Local	50,177,100	50,177,100	50,177,100	50,177,100	50,177,100	0	0.0
Private	100,000	100,000	100,000	100,000	100,000	0	0.0
Restricted	2,225,029,000	2,155,001,200	2,155,001,200	2,155,001,200	2,154,985,200	(70,043,800)	(3.1)
GF/GP	121,300,000	255,147,900	391,047,900	267,547,900	284,647,900	163,347,900	134.7
Gross	\$3,599,116,700	\$3,670,098,600	\$3,805,998,600	\$3,682,498,600	\$3,699,518,600	\$100,401,900	2.8
FTEs	2,918.3	2,918.3	2,918.3	2,918.3	2,918.3	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately 60% of the revenue in this budget comes from state restricted revenue, with approximately one-third from federal sources. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF) and the Comprehensive Transportation Fund (CTF), and to local road agencies. Revenue related to taxes on aviation fuel and aircraft registrations is credited to the State Aeronautics Fund (SAF) for aeronautics programs.

Major Budget Changes From FY 2013-14 YTD Appropriations

	FY 2013-14 YTD (as of 2/5/14)	Enacted Change From YTD
1. State Trunkline Maintenance		
Recognizes \$1.0 million in economic adjustments; \$6.2 million reduction associated with position transfers; and \$40.0 million increase in baseline STF funding.	FTEs 808.7 Gross \$275,689,500 Restricted 275,689,500	(61.0) \$34,751,800 34,751,800
Note: FY 2013-14 supplemental appropriation, Senate Bill 608, enacted as 2014 PA 34, provided \$100.0 million GF/GP for <i>Special winter road maintenance</i> , of which the department would receive \$39.1 million. This figure is not included in the above YTD total.		
2. State Trunkline Road and Bridge Construction		
Includes \$824.6 million for MDOT's capital road and bridge construction/preservation program. Change from current year represents net changes in estimated available revenue as follows:	Gross \$868,193,500 Federal 742,092,000 Local 30,000,000 Restricted 96,101,500	(\$43,547,300) 185,800 0 (43,733,100)

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TRANSPORTATION

Major Budget Changes From FY 2013-14 YTD Appropriations **FY 2013-14 YTD**
(as of 2/5/14) **Enacted Change**
From YTD

2. State Trunkline Road and Bridge Construction (continued)

Increase in federal funds of \$185,800 attributable to reduction in federal grant anticipation bond debt service. Net reduction in state restricted revenue due to reduction in Blue Water Bridge Fund appropriation, (\$8.5 million); increase in STF share of estimated MTF revenue, \$14.6 million; increase in estimated miscellaneous STF revenue, \$5.9 million; restoration of driver's license fee revenue to the Transportation Economic Development Fund, (\$13.0 million); increase in available STF due to reduction in STF debt service, \$1.6 million; economic increases in STF funded administrative units, (\$5.0 million); STF shift to State trunkline maintenance, (\$40.0 million); net of other miscellaneous STF revenue and program adjustments, \$620,400.

Budget does not assume any increases in transportation revenue from changes to tax rates or tax bases, or changes to current statutory distribution programs. Budget also includes separate one-time GF/GP appropriations for state trunkline road and bridge construction - See Items 14a and 14b, below.

3. Local Bridge Program

Restores \$5.0 million Act 51 earmark to this program.

	Gross	\$21,381,600		\$5,095,800
	Restricted	21,381,600		5,095,800

4. MTF to Local Road Agencies

MTF distribution to county road commissions, \$597,608,200, and cities/villages, \$333,193,300, reflects estimated MTF revenue and Act 51 statutory distribution. Budget includes a separate one-time GF/GP appropriation for local road agencies - See Item 15b, below.

	Gross	\$908,098,400		\$22,703,100
	Restricted	908,098,400		22,703,100

Note: FY 2013-14 supplemental appropriation, Senate Bill 608, enacted as 2014 PA 34, provided \$100.0 million GF/GP for *Special winter road maintenance*, of which local road agencies would receive \$60.9 million. This figure is not included in the above YTD total.

5. Transportation Economic Development Fund (TEDF)

Reflects restoration of \$12.0 million in driver's license fee revenue which had previously been redirected to the STF; offset in part by \$1.7 million increase in TEDF debt service, and \$880,000 reduction in estimated fund balance interest earnings.

	Gross	\$32,058,200		\$9,457,600
	Restricted	32,058,200		9,457,600

6. Bus Transit – Local Bus Operating Assistance

Increases CTF state operating assistance to local public transit agencies.

	Gross	\$166,624,000		\$776,000
	Restricted	166,624,000		776,000

7. Discretionary State Operating

Eliminates \$5.4 million *Discretionary state operating* line item, first established in FY 2012-13 budget.

	Gross	\$5,400,000		(\$5,400,000)
	Restricted	5,400,000		(5,400,000)

8. Rail Operations and Infrastructure/Wolverine

Line item supports rail freight economic development programs, as well as rail passenger service, including capital and operating assistance for Amtrak *Wolverine* (Pontiac-Detroit-Chicago) service – part of a high-speed rail corridor. Enacted budget recognizes \$7.0 million in additional federal funds, \$2.1 million increase in baseline CTF support, and \$4.0 million anticipated increase in Rail Freight Fund support. Rolls up \$19.3 million *Wolverine* line item into *Rail operations and infrastructure* line.

	Gross	\$43,925,000		\$13,097,400
	Federal	3,100,000		7,000,000
	Local	100,000		0
	Private	100,000		0
	Restricted	40,625,000		6,097,400

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<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>Enacted Change From YTD</u>
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8. Rail Operations and Infrastructure/Wolverine (continued)

Budget also includes separate one-time \$10.0 million GF/GP appropriation for transit capital and rail infrastructure - See Item 15, below.

Note: FY 2013-14 supplemental appropriation, Senate Bill 608, enacted as 2014 PA 34, provided \$11.7 million in additional spending authority to recognize a federal-aid Transportation Investment Generating Economic Recovery (TIGER) grant for high-speed rail corridor. This figure is not included in the above YTD total.

9. Municipal Credit Program

Retains current Act 51 earmark for transit services in Southeast Michigan.

Gross	\$2,000,000	\$0
Restricted	2,000,000	0

10. Bus Capital/Transit Capital

Reflects anticipated federal pass-through grants to transit grants to local transit agencies and related state and federal matching funds. No change from current year.

Gross	\$32,145,300	\$0
Federal	5,000,000	0
Local	1,250,000	0
Restricted	25,895,300	0

Budget includes a separate one-time appropriation of \$10.0 million GF/GP for transit capital and rail infrastructure - See Item 16, below.

11. Service Initiatives

Includes \$2.5 million increase in baseline CTF support.

Gross	\$1,682,900	\$2,514,400
Federal	1,150,000	0
Local	200,000	0
Restricted	332,900	2,514,100

12. Airport Improvement Program

Reflects anticipated federal funding, related local matching funds, and available state restricted SAF revenue for the federal Airport Improvement Program.

Gross	\$93,104,300	(\$1,126,300)
Federal	78,578,000	0
Local	12,392,100	0
Restricted	2,134,200	(1,126,300)

Budget includes a separate one-time appropriation of \$2.0 million GF/GP for airport capital program - See Item 16, below.

13. Priority Roads Investment Program

Eliminates one-time line item funded through the Roads and Risks Reserve Fund.

Gross	\$115,000,000	(\$115,000,000)
Restricted	115,000,000	(115,000,000)

One-Time GF/GP for Road and Bridge Programs

Governor had recommended \$242.0 million GF/GP for the state trunkline construction program. The enacted budget appropriates \$271.5 million GF/GP for road programs, split into two separate line items, as described below:

14a. Federal Aid Match for State Trunkline Road and Bridge Construction/State Trunkline Road and Bridge Construction

Enacted budget appropriates \$127.0 million GF/GP in separate line item to recognize funds needed to match available federal aid for state trunkline program. (See related boilerplate Sec. 1001.)

Gross	\$121,300,000	\$5,700,000
GF/GP	\$121,300,000	\$5,700,000

14b. State and Local Road and Bridge Programs

Includes \$144.5 million GF/GP to be distributed according to Act 51 distribution formula: 39.1% STF; 39.1% county road commissions; 21.8% cities and villages, per related boilerplate Sec. 1002.

Gross	\$0	\$144,500,000
GF/GP	\$0	\$144,500,000

15. Transit Capital and Rail Infrastructure

Provides one-time GF/GP support to match federal transit and rail infrastructure grants. See related boilerplate Sec. 1003.

Gross	\$0	\$10,000,000
GF/GP	\$0	\$10,000,000

TRANSPORTATION

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>Enacted Change From YTD</u>
16. Airport Safety, Protection, and Improvement Program	Gross	\$0	\$2,047,900
Provides one-time GF/GP support to match federal Airport Improvement Program grants.	GF/GP	\$0	\$2,047,900
17. High-Speed Rail Crossing Pilot Project – VETOED	Gross	\$0	\$1,500,000
Provides one-time GF/GP support for rail grade crossing pilot project. See related boilerplate Sec. 1004.	GF/GP	\$0	\$1,500,000
18. Regional Transit Authority	Gross	\$0	\$1,100,000
Provides one-time GF/GP support for regional transit authority. See related boilerplate Sec. 1005.	GF/GP	\$0	\$1,100,000
19. Economics	Gross	NA	\$5,942,400
Reflects increased costs of \$5.9 million Gross (\$0 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	IDG	NA	77,300
	Restricted	NA	5,865,100

Major Boilerplate Changes From FY 2013-14

Sec. 204. Specific Benchmarks of Performance or Return on Investment – NEW

Provides for a new report on program benchmarks.

Sec. 271. Legacy Costs – NEW

New section identifies legacy costs.

Sec. 308. Contractor Prequalification Process/Report – REVISED

Provides for a report on the department’s prequalification process and unsatisfactory contractor performance rating. Report due date changed to March 1, 2015.

Sec. 311. Study of Pedestrian Crossing of Bear River, Petoskey – VETOED

Governor vetoed boilerplate section directing the department to conduct a study of the feasibility of constructing a pedestrian-only crossing of the Bear River in Petoskey. The veto reduces appropriations in the Transportation planning line item by the estimated cost of the study, \$80,000 (\$64,000 federal aid and \$16,000 STF).

Sec. 312. Workgroup on Transportation Coordination Between Departments – NEW

Requires the department and the departments of Community Health, Human Services, Corrections, Treasury/Michigan Strategic Fund, along with one member of both the House and Senate to form a work group to study consolidation of transportation services; provides for a report due March 1, 2015.

Sec. 383. Report on Use of State Airfleet – REVISED

Requires report on use of MDOT-owned aircraft; recovery of department costs. Changes date references and makes the report specific to each of the department’s airplanes; adds intent language that the department work with Michigan State Police on reciprocal agreement.

Secs. 384 and 385. Detroit River International Crossing (DRIC) – RETAINED

Retains current-year language without change except for date references updated. Specifically: Sec. 384 restricts the department’s ability to obligate the state to expend state transportation revenue on the project, referenced by the Executive as the *New International Trade Crossing* (NITC). Section states that “an expenditure for staff resources used in connection with project activities, which expenditure is subject to full and prompt reimbursement from Canada, shall not be considered an expenditure of state transportation resources.” Sec. 385 provides reporting requirements.

Sec. 393. Best Practices for Public Transportation – NEW

Directs the department to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost; new reporting requirement (due March 1, 2015); references similar requirement made in FY 2011-12.

Sec. 394. Priority of Preservation – NEW

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

Major Boilerplate Changes From FY 2013-14

Sec. 601. Road Construction Warranties – REVISED

Encourages use of road construction warranties; adds additional reporting requirement.

Sec. 660. Use of Alternative Materials – REVISED

Encourages the department to examine the use of alternative road surface materials; provides new reporting requirement.

Sec. 712. Rail Passenger Feasibility Study – NEW

Directs the department to study feasibility of rail passenger service between Holland and Detroit, by way of Grand Rapids and Lansing; provides for report (due May 1, 2015).

Sec. 741. Transit Buses – Safety Standard Report – NEW

Directs the department to study need, feasibility, and costs of increasing safety standard of transit buses; rollover test standard; provides for report (due December 1, 2014).

Sec. 802. Department-Owned Airports – NEW

States legislative intent that department find private or local owner/operator of department-owned airports.

Sec. 1001. Matching Federal-Aid Highway Funds – REVISED

Indicates that \$127.0 million GF/GP appropriation is appropriated to the state trunkline road and bridge construction program and is intended to ensure that the state is able to match all available federal-aid highway funds.

Sec. 1002. State and Local Road and Bridge Programs – REVISED

Directs that the one-time \$144.5 million GF/GP appropriation be distributed to the STF, county road commissions, and cities/villages in accordance with Act 51 formula – 39.1%, 39.1%, 21.8%.

Sec. 1003. Bus Capital/Rail Infrastructure – NEW

Requires report on use of \$10.0 million GF/GP appropriation for transit capital and rail infrastructure.

Sec. 1004. Rail Grade Crossing Pilot Project – VETOED

Governor vetoed \$1.5 million rail grade crossing pilot project line item and related boilerplate.

Sec. 1005. Regional Transit Authority – NEW

Includes description of \$1.1 million appropriation.

Sec. 1006. Detroit/Windsor Rail Tunnel – NEW

Includes a boilerplate appropriation of \$10.0 million to the department to help facilitate the construction of a new rail tunnel under the Detroit River between Detroit and Windsor, Ontario.

**FY 2014-15
CONSENSUS REVENUE
ESTIMATES**

Consensus Revenue Estimates FY 2014-15

Senior Economist: Jim Stansell

This section describes the May 2014 Consensus Revenue Estimating Conference revenue estimates, adjusted for changes enacted for GF/GP and School Aid Fund (SAF) revenue for FY 2013-14 and FY 2014-15.

For Michigan:

- ▶▶ Personal income is expected to increase 3.3% in 2014 and increase 4.3% in 2015.
- ▶▶ Wage and salary employment is expected to increase 0.7% in 2014 and increase 1.2% in 2015.
- ▶▶ The unemployment rate is expected to be 7.6% in 2014, and then decrease to 7.1% in 2015.

General Fund/General Purpose Revenue by Source

Personal Income Tax

- ▶▶ Michigan personal income tax revenue is forecast to decrease 0.8% in FY 2013-14 and then increase 3.7% in FY 2014-15.
- ▶▶ GF/GP income tax revenue is expected to decrease 1.6% in FY 2013-14 and then increase 3.7% to \$6,051.7 million in FY 2014-15.

Sales and Use Taxes

- ▶▶ GF/GP sales and use tax revenue will increase from \$1,841.8 million in FY 2012-13 to \$1,921.1 million in FY 2013-14. In FY 2014-15, sales and use tax revenue is estimated to be \$2,139.4 million.

Michigan Business, Corporate Income and Insurance Taxes

- ▶▶ The MBT and all of the corporate income tax plus insurance taxes accrue to the GF/GP.
- ▶▶ Net business taxes were \$961.7 million in FY 2012-13, and will decrease to \$654.4 million in FY 2013-14, before increasing 32.0% to \$864.0 million in FY 2014-15.

GF/GP Tax Revenue

- ▶▶ Final GF/GP tax revenue totaled \$9,155.1 million in FY 2012-13.
- ▶▶ GF/GP tax revenue is expected to decrease 2.2% to \$8,956.8 million in FY 2013-14 and then increase 5.7% to \$9,468.5 million in FY 2014-15.

Net GF/GP Revenue

- ▶▶ Total net GF/GP revenue includes tax revenue and non-tax revenue.
- ▶▶ Non-tax revenue includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs.
- ▶▶ Total GF/GP revenue was \$9,562.5 million in FY 2012-13.
- ▶▶ Net GF/GP revenue is expected to decrease 2.5% to \$9,319.3 million in FY 2013-14 and then increase 5.4% to \$9,826.0 million in FY 2014-15.

**GF/GP REVENUE ESTIMATES
(Millions of Dollars)**

	Final			FY 2014-15 Over FY 2013-14	
	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>Change</u>	
Personal Income Tax	\$5,931.0	\$5,835.8	\$6,051.7	\$215.9	3.7%
Sales and Use Taxes	1,841.8	1,921.1	2,139.4	218.3	11.4%
MBT/CIT and Insurance Taxes	961.7	654.4	864.0	209.6	32.0%
Other Taxes	420.6	545.5	413.4	(132.1)	-24.2%
GF/GP Tax Revenue	\$9,155.1	\$8,956.8	\$9,468.5	\$511.7	5.7%
Non-Tax Revenue	407.4	362.5	357.5	(5.0)	-1.4%
Net GF/GP Revenue	\$9,562.5	\$9,319.3	\$9,826.0	\$506.7	5.4%

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

Revenue	Final			FY 2014-15 Over FY 2013-14	
	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>Change</u>	
Sales and Use Taxes	\$5,638.6	\$5,760.0	\$5,969.5	\$209.5	3.6%
Income Tax Earmark	2,338.5	2,368.8	2,453.1	84.3	3.6%
Lottery and Casinos	845.0	883.0	888.0	5.0	0.6%
Tobacco Taxes	371.9	359.5	350.4	(9.1)	-2.5%
State Education Tax	1,771.1	1,788.0	1,841.3	53.3	3.0%
Real Estate Transfer Tax	202.3	233.4	245.3	11.9	5.1%
Liquor Excise and Specific Taxes	102.3	103.6	105.7	2.1	2.0%
Net SAF Revenue	\$11,269.7	\$11,496.3	\$11,853.3	\$357.0	3.1%

School Aid Fund Revenue by Source

Sales and Use Taxes

- ▶ Combined sales and use tax revenue dedicated to the SAF equaled \$5,638.6 million in FY 2012-13; it is forecast to increase to \$5,760.0 million in FY 2013-14 and to increase 3.6% to \$5,969.5 million in FY 2014-15.

Income Tax

- ▶ Approximately 23.8% of gross income tax collections are dedicated to the SAF.
- ▶ SAF dedicated income tax revenue is forecast to increase 1.3% to \$2,368.8 million in FY 2013-14 and 3.6% to \$2,453.1 million in FY 2014-15.

Lottery/Casinos

- ▶ Lottery and casino revenue contributed \$845.0 million to the SAF in FY 2012-13.
- ▶ Lottery and casino revenue to the SAF is projected to increase 4.5% to \$883.0 million in FY 2013-14, and remain essentially unchanged in FY 2014-15.

Tobacco Taxes

- ▶ Approximately 40% of gross tobacco tax revenue is dedicated to the SAF.
- ▶ The SAF received \$371.9 million from tobacco taxes in FY 2012-13.
- ▶ The demand for tobacco products is expected to decline over the duration of the forecast, leading to an expected decrease in total SAF tobacco tax revenue of \$359.5 million in FY 2013-14 and \$350.4 million in FY 2014-15.

CONSENSUS REVENUE

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 was \$1,771.1 million in FY 2012-13.
- ▶ SET revenue is expected to increase 1.0% to \$1,788.0 million in FY 2013-14 and increase 3.0% to \$1,841.3 million in FY 2014-15.
- ▶ RET contributed \$202.3 million to the SAF in FY 2012-13, and is forecast to contribute \$233.4 million in FY 2013-14 and \$245.3 million in FY 2014-15.

Net SAF Revenue

- ▶ Net SAF revenue represents revenue available for expenditure each year; it includes tax changes but does not include any GF/GP transfers, federal funds or year-end balances.
- ▶ Net SAF revenue was \$11,269.7 million in FY 2012-13; it is expected to increase 2.0% to \$11,496.3 million in FY 2013-14 and increase 3.1% to \$11,853.3 million in FY 2014-15.

HFA Estimates of Year-End Balances

The following table reports House Fiscal Agency estimates of year-end balances for GF/GP, the SAF, and the Budget Stabilization Fund (BSF).

**YEAR-END BALANCE ESTIMATES
(Millions of Dollars)**

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
General Fund/General Purpose	\$438.2	\$2.7
School Aid Fund	\$312.8	\$0.2
Budget Stabilization Fund	\$386.3	\$499.0

Year-end estimates notes:

- ▶ FY 2013-14 estimates for GF/GP and the SAF are based on consensus revenue estimates and enacted tax changes, year-to-date appropriations, and target agreements.
- ▶ SAF revenue is restricted; hence, any year-end balance is carried forward to the subsequent year.
- ▶ BSF estimates are based on current balance estimates provided by the Michigan Department of Technology, Management, and Budget and HFA estimates of future deposits and interest earned.

Budget Stabilization Fund Year-End Balances

The following table notes BSF deposits, withdrawals, and interest earnings from FY 1999-2000 to FY 2012-13, and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 2013-14 and FY 2014-15. A complete list of BSF historical data is available from the HFA upon request.

The final BSF fund balance was \$505.6 million for FY 2012-13. For FY 2013-14, \$75.0 million in GF/GP revenue will be deposited into the BSF, and a withdrawal of \$194.8 million will be made under 2014 PA 188 for the purpose of stabilizing Detroit's pension funds. For FY 2014-15, \$111.5 million is anticipated to be deposited: \$17.5 million of tobacco settlement revenue to begin repayment of the withdrawal for Detroit and \$94.0 million of GF/GP revenue. The final fund balance is forecast to be \$386.3 million for FY 2013-14 and \$499.0 million for FY 2014-15.

**BUDGET STABILIZATION FUND HISTORY
(Millions of Dollars)**

<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
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	365.0
2012-13	140.0	0.0	0.5	505.6
2013-14*	75.0	194.8	0.5	386.3
2014-15	111.5	0.0	1.2	499.0

NOTES: Numbers may not add due to rounding.

*Executive supplemental request 2014-7 recommends one-third of FY 2013-14 General Fund lapses be deposited into the BSF. Potential lapses are not included in the \$75.0 million deposit.

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



CONSENSUS REVENUE

Compliance With the State Revenue Limit

HFA 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 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Personal Income	CY 2011	CY 2012	CY 2013
Amount	\$358,152	\$378,443	\$388,053
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	33,988.6	35,914.2	36,826.2
Total Revenue Subject to Revenue Limit	\$28,102.0	\$28,171.5	\$29,195.7
Amount (Under) Over State Revenue Limit	(\$5,886.6)	(\$7,742.8)	(\$7,630.5)

Implications of Exceeding the State Revenue Limit

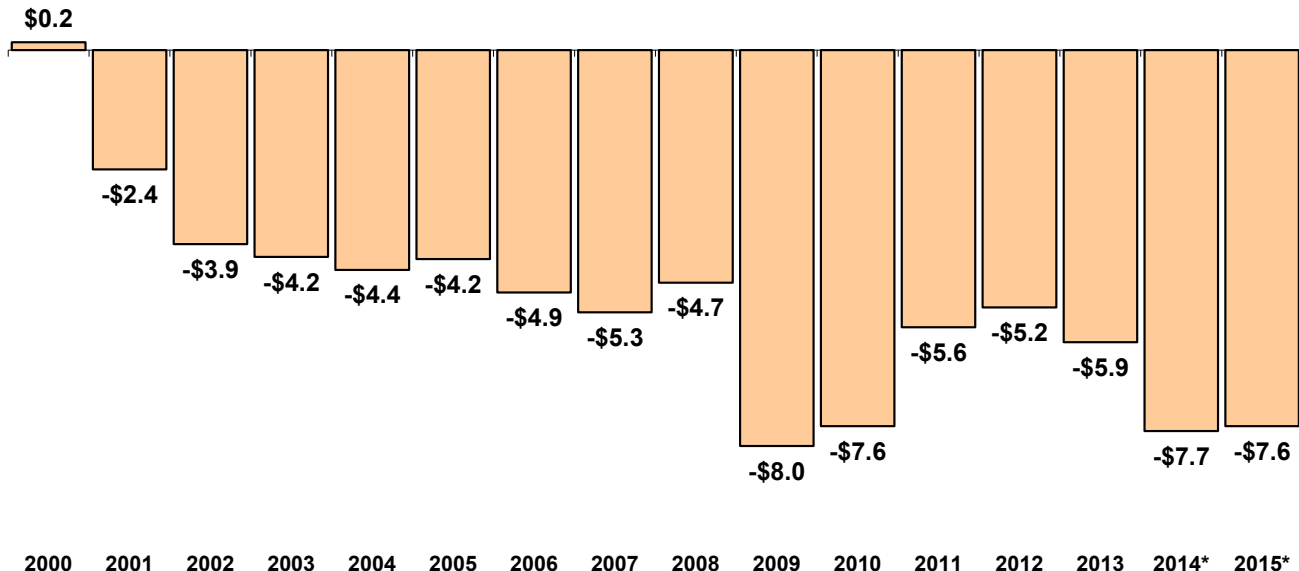
Article IX, Section 26, *Constitution of the State of Michigan*, provides that:

... 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 FY 2012-13 revenue limit calculation indicates that the state revenue collections will be under the revenue limit by \$5.9 billion. For both FY 2013-14 and FY 2014-15, state revenue is estimated to be substantially below the revenue limit—by \$7.7 billion and \$7.6 billion, respectively.

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



*2014 and 2015 are consensus estimates



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