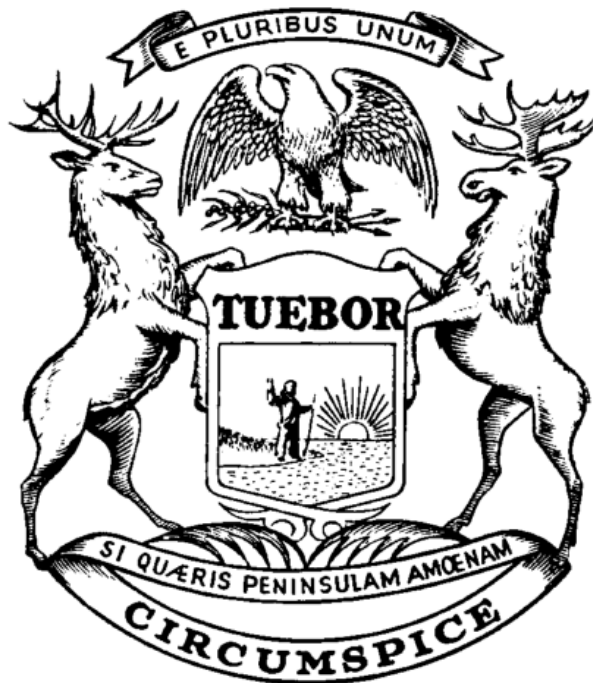


STATE OF MICHIGAN  
FISCAL YEAR 2011-12

# Appropriations Summary and Analysis



HOUSE  
**FISCAL**  
AGENCY

Mary Ann Cleary, Director

AUGUST 2011

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August 2011

TO: Members of the Michigan House of Representatives

FROM: Mary Ann Cleary, Director

This ***FY 2011-12 Appropriations Summary and Analysis*** summarizes the enacted FY 2011-12 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 2011-12 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 effect of state spending (including spending from federal sources) on the state's economy.

**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 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 2011-12 Budget Detail**

## **DIRECTOR'S OVERVIEW**

**Overview  
Resources Used in Enacted Budget  
One-Time Only Appropriations  
Summary Tables**

## OVERVIEW

# FY 2011-12 DIRECTOR'S OVERVIEW Summary and Analysis

---

The enacted state budget for Fiscal Year (FY) 2011-12, year-to-date (YTD) at July 1, 2011, includes \$46.7 billion in adjusted gross appropriations, funded from the following sources:

- \$19.3 billion from federal funds.
- \$0.5 billion from local and private sources.
- \$18.5 billion from state restricted funds.
- \$8.4 billion from General Fund/General Purpose (GF/GP) revenue.

Compared to FY 2010-11 YTD appropriations (at July 1, 2010), the enacted budget provides an adjusted gross decrease of 3.1% and a GF/GP increase of 0.7%. The increase in GF/GP appropriations is, in large part, attributable to replacing certain temporary funds received under the federal American Recovery and Reinvestment Act (ARRA) that were utilized in the FY 2010-11 budget but are no longer available for FY 2011-12.

FY 2010-11 year-to-date appropriation totals include \$1.9 billion in funds appropriated from temporary ARRA-related revenue. A large portion of those funds were available to offset GF/GP funding in the state budget in that year.

The current FY 2011-12 GF/GP appropriation total does reflect \$171.6 million in one-time boilerplate appropriations. The current FY 2011-12 GF/GP appropriation total does not include anticipated savings of approximately \$145.0 million from employee concessions, a \$255.8 million deposit into the Budget Stabilization Fund, and \$140.0 million for "Other Postemployment Benefits" (OPEB) prefunding.

Appropriation comparison tables for individual budget areas in the *Budget Detail* section of this report generally reflect FY 2010-11 year-to-date amounts as of February 17, 2011 (rather than July 1, 2011) to reflect FY 2010-11 budget amounts appropriated when the FY 2011-12 Executive Budget was originally released. Where appropriate, ARRA-related funds are shown separately from other federal funding sources in the *Budget Detail* section.

The figures shown in the Budget Detail tables include both standard line item appropriation totals and funds appropriated for purposes designated in budget act language as one-time only. Those funding amounts are also detailed in the table on page 9.

### **Revenue Estimates**

The FY 2011-12 GF/GP and School Aid budgets are based on consensus revenue estimates agreed to at the May 16, 2011, Consensus Revenue Estimating Conference (CREC), adjusted for the recent enacted tax changes. The FY 2011-12 CREC estimates show a \$126.9 million (1.7%) increase in GF/GP revenue from FY 2010-11, and a \$223.8 million (2.0%) increase in School Aid Fund (SAF) revenue. The recent enacted tax changes to the personal income tax and the business income tax (Public Acts 38-40 of 2011), however, increase FY 2011-12 GF/GP revenue \$154.7 million and reduce SAF revenue \$689.9 million.

### **Additional Funding**

In addition to consensus revenue forecasts and the tax changes, FY 2011-12 GF/GP appropriations are based on the following sources of revenue:

- \$254.4 million in beginning fund balance.
- \$622.5 million from the statutory revenue sharing freeze (net of county revenue sharing costs).
- \$20.0 million from the shift of short-term borrowing costs to the SAF.
- \$49.8 million decrease due to the FY 2010-11 tax amnesty program.
- \$35.0 million from unclaimed property reforms.
- \$9.1 million from liquor reforms.
- \$6.5 million from the sale of Northville property balloon payment.

In addition to consensus revenue forecasts and the tax changes, FY 2011-12 School Aid Fund appropriations are based on the following sources of revenue:

- \$645.9 million in beginning fund balance.
- \$8.0 million decrease in miscellaneous revenue.
- \$118.6 million transfer from GF/GP.

**OVERVIEW**

**RESOURCES USED IN FY 2011-12 YEAR-TO-DATE BUDGET**

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Resources used to fund General Fund/General Purpose, School Aid Fund, Medicaid Benefits Trust Fund, and Merit Award Trust Fund expenditures in the FY 2011-12 YTD budget are reported below.

**FY 2011-12 GENERAL FUND/GENERAL PURPOSE RESOURCES  
(Millions of Dollars)**

Beginning fund balance	\$254.4
Revenue estimate	7,651.0
Enacted tax plan adjustment	154.7
Adjustments:	
Revenue sharing freeze (net of county revenue sharing costs)	622.5
Shift short-term borrowing costs to SAF	20.0
Tax amnesty collections	(49.8)
Unclaimed property reforms	35.0
Liquor reforms	9.1
Sale of Northville property balloon payment	6.5
<b>Total Resources</b>	<b>\$8,703.4</b>

**Beginning Fund Balance:** Carryforward from prior fiscal year.

**Revenue Estimates:** Revenue estimates agreed to at the May 2011 Consensus Revenue Estimating Conference.

**Enacted Tax Plan Adjustment:** Revenue estimates for recently enacted changes to the business tax and the personal income tax (PAs 38-40 of 2011).

**Revenue Sharing Freeze:** Increased GF/GP revenue as a result of freezing revenue sharing below full statutory funding, net of increased costs for county revenue sharing as counties exhaust reserve funds.

**Shift Short-Term Borrowing Costs:** Cost of short-term notes for cash-flow is shifted to SAF.

**Tax Amnesty Collections:** Allows taxpayers with delinquent tax liabilities to settle delinquent tax liability with all penalties waived; estimated impact in the second year due to some collections having been pushed up to FY 2010-11.

**Unclaimed Property Reforms:** Revenue estimate from changing the collection dates for unclaimed property.

**Liquor Reforms:** Revenue estimate from changes to Sunday alcohol sales.

**Northville Property Sale Balloon Payment:** Revenue from the Northville property sale.

**FY 2011-12 SCHOOL AID FUND**  
(Millions of Dollars)

Beginning balance	\$645.9
Revenue estimate	11,335.3
Enacted tax plan adjustment	(689.9)
Adjustments:	
GF/GP transfer	118.6
Other miscellaneous revenue	(8.0)
Federal revenue	1,653.3
<b>Total Resources</b>	<b>\$13,055.2</b>

**Beginning Balance:** Carryforward from prior fiscal year.

**Revenue Estimate:** Revenue estimates agreed to at the May 2011 Consensus Revenue Estimating Conference.

**Enacted Tax Plan Adjustment:** Revenue estimates for recently enacted changes to the business tax and the personal income tax (PAs 38-40 of 2011).

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

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

**FY 2011-12 MEDICAID BENEFITS TRUST FUND**  
(Millions of Dollars)

Estimated beginning balance	\$0.0
Estimated interest	0.5
Estimated deposit:	
Revenue from cigarette tax	328.5
Revenue from other tobacco products tax	0.0
Total settlement revenue	3.4
Subtotal: Available funds	<b>\$332.4</b>
Withdrawal in FY 2011-12	<b>(335.7)</b>
<b>FY 2011-12 Fund Balance</b>	<b>(\$3.3)</b>

**OVERVIEW**

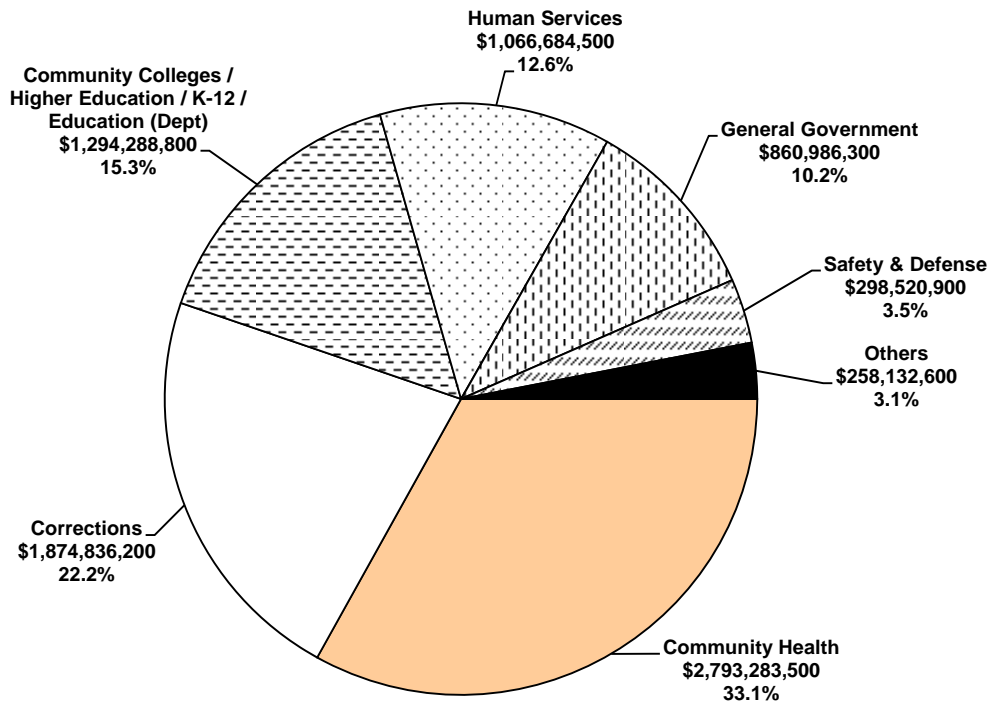
**FY 2011-12 ESTIMATES  
TOBACCO SETTLEMENT REVENUE/EXPENDITURES  
(Millions of Dollars)**

**Merit Award Trust Fund Revenue**

FY 2011-12 Beginning Balance	\$0.0
Tobacco settlement revenue	280.7
Assumed withheld payment	(26.3)
Payments on securitization bonds	(61.3)
Deposit to 21st Century Jobs Fund	(75.0)
Estimated interest	0.9
<b>Resources Subtotal</b>	<b>\$118.9</b>
Attorney General administration	(\$0.4)
Community Health: Medicaid base funding	(82.3)
Community Health: Aging - respite care	(4.5)
Human Services: Family Independence Program	(30.1)
State Police: Tobacco tax enforcement	(0.7)
Treasury: Tuition Incentive Program administration	(1.0)
<b>Expense Subtotal</b>	<b>(\$118.9)</b>
<b>FY 2011-12 Ending Balance</b>	<b>\$0.0</b>

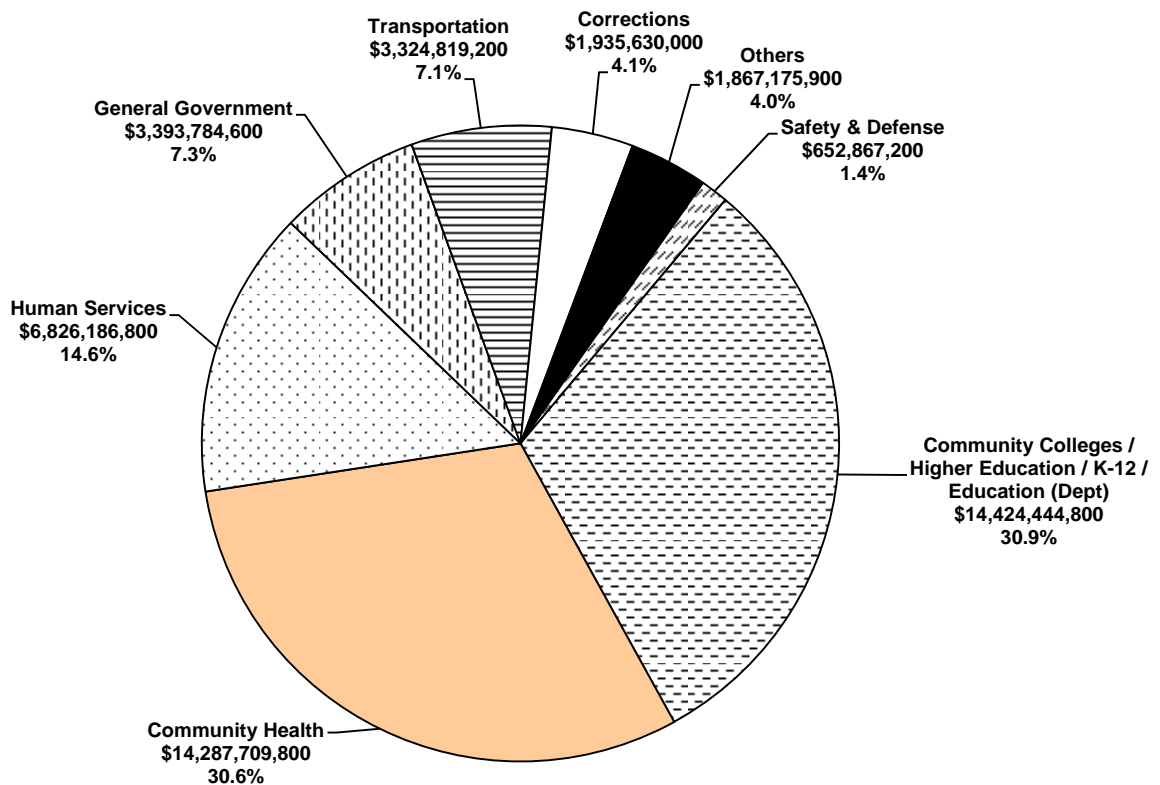
**FY 2011-12 YTD General Fund/General Purpose (GF/GP) Appropriations**

**Total: \$8,446,732,800**



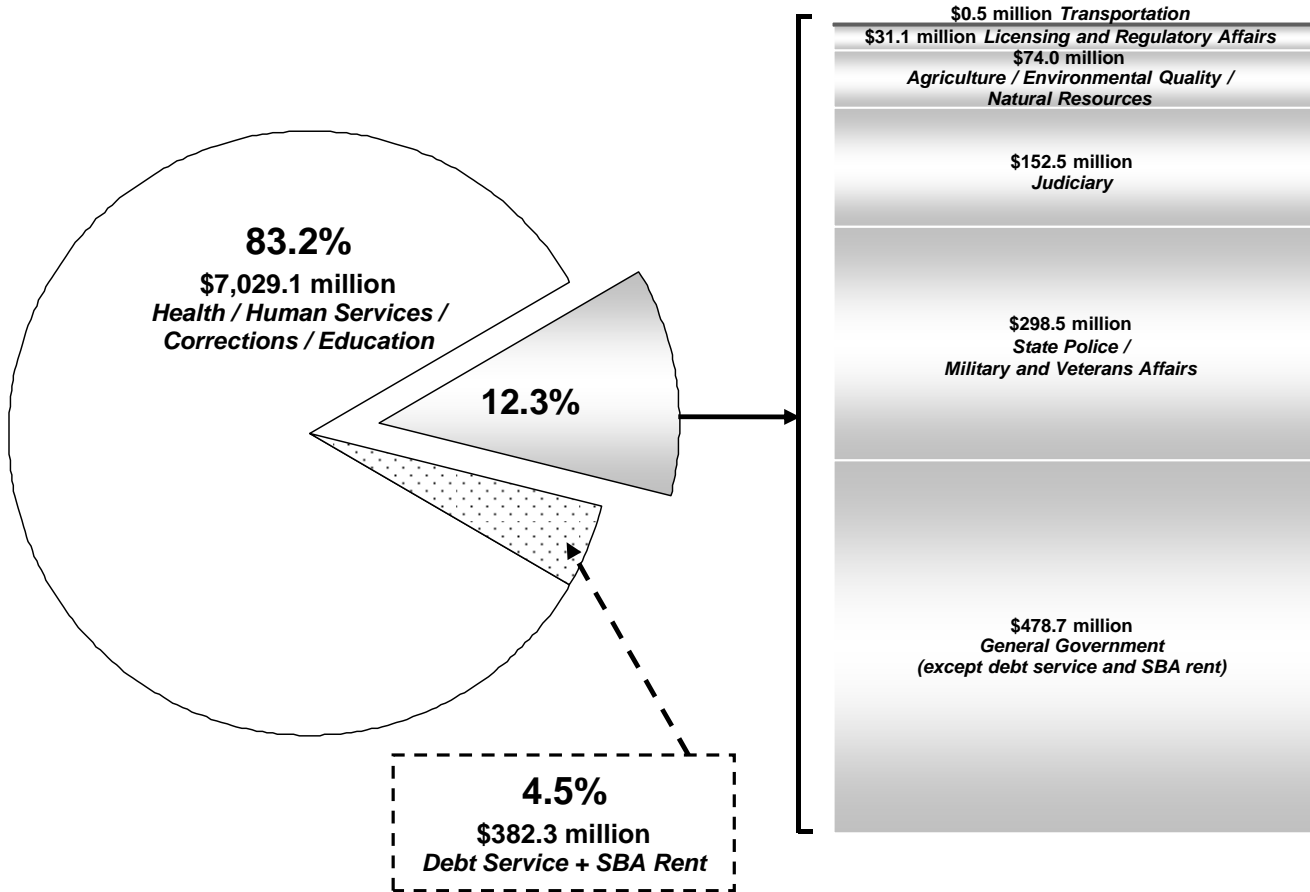
**FY 2011-12 YTD Adjusted Gross Appropriations**

**Total: \$46,712,618,300**

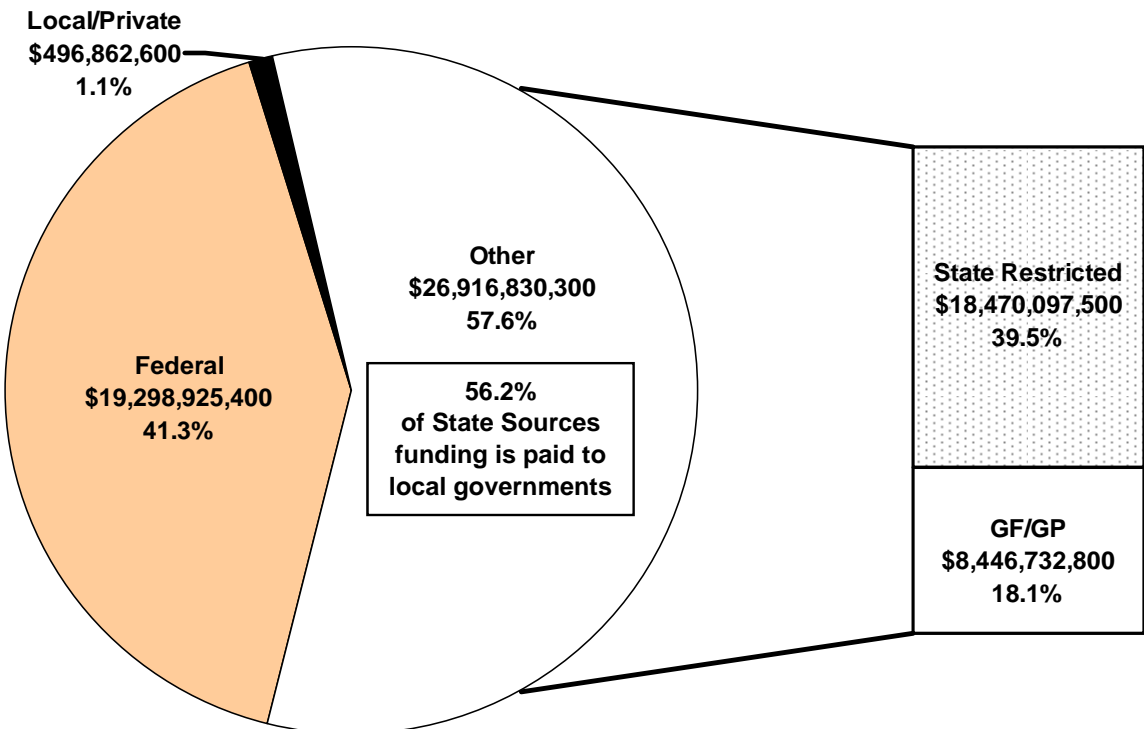


**OVERVIEW**

**FY 2011-12 GF/GP Distribution = \$8,446,732,800**



**FY 2011-12 Adjusted Gross Sources = \$46,712,618,300**



## APPROPRIATIONS DESIGNATED AS ONE-TIME ONLY

	<u>Federal</u>	<u>Restricted</u>	<u>GF/GP</u>	<u>Total</u>
<b>Community Health</b>				
Mental Health Services for Special Populations	\$0	\$0	\$3,000,000	\$3,000,000
Healthy Michigan Fund Programs	0	0	3,000,000	3,000,000
Primary Care Services - Island Health Clinics	0	0	300,000	300,000
Hospital Services and Therapy - GME	11,329,400	0	5,800,000	17,129,400
Hospital Services and Therapy - Rural Hospitals	<u>19,533,400</u>	<u>0</u>	<u>10,000,000</u>	<u>29,533,400</u>
<b>Subtotal: Community Health</b>	<b>\$30,862,800</b>	<b>\$0</b>	<b>\$22,100,000</b>	<b>\$52,962,800</b>
<b>Environmental Quality</b>				
Muskegon Cleanup Site			<u>\$6,000,000</u>	<u>\$6,000,000</u>
<b>Subtotal: Environmental Quality</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,000,000</b>	<b>\$6,000,000</b>
<b>Higher Education</b>				
Eastern Michigan: Autism Collaborative Center			\$500,000	\$500,000
Michigan State: Facility Rare Isotope Beams			1,200,000	1,200,000
Western Michigan: Economic Development			<u>200,000</u>	<u>200,000</u>
<b>Subtotal: Higher Education</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,900,000</b>	<b>\$1,900,000</b>
<b>Natural Resources</b>				
Grand Marais Harbor Capital Outlay Project			<u>\$4,000,000</u>	<u>\$4,000,000</u>
<b>Subtotal: Natural Resources</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,000,000</b>	<b>\$4,000,000</b>
<b>School Aid</b>				
Best Practices		\$154,000,000		\$154,000,000
MPSERS Offset		155,000,000		155,000,000
MPSERS Reform		133,000,000		133,000,000
Small Class Size		13,500,000		13,500,000
Foundation Allowance Adjustments		4,000,000		4,000,000
MBT Reimbursement for Out-of-Formula Districts		<u>700,000</u>		<u>700,000</u>
<b>Subtotal: School Aid</b>	<b>\$0</b>	<b>\$460,200,000</b>	<b>\$0</b>	<b>\$460,200,000</b>
<b>State Police</b>				
Traffic Control at Michigan International Speedway			<u>\$800,000</u>	<u>\$800,000</u>
<b>Subtotal: State Police</b>	<b>\$0</b>	<b>\$0</b>	<b>\$800,000</b>	<b>\$800,000</b>
<b>Technology, Management and Budget</b>				
State Police Headquarters Asbestos Abatement			\$1,250,000	\$1,250,000
Other Post-Employment Benefit Prefunding			<u>60,000,000</u>	<u>60,000,000</u>
<b>Subtotal: Technology, Management and Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$61,250,000</b>	<b>\$61,250,000</b>
<b>Transportation</b>				
Maintenance of Two Swing Bridges			<u>\$500,000</u>	<u>\$500,000</u>
<b>Subtotal: Transportation</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500,000</b>	<b>\$500,000</b>
<b>Treasury: Michigan Strategic Fund</b>				
Film Incentive Funding			\$25,000,000	\$25,000,000
Business Attraction and Economic Gardening			<u>50,000,000</u>	<u>50,000,000</u>
<b>Subtotal: Michigan Strategic Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$75,000,000</b>	<b>\$75,000,000</b>
<b>Treasury: Revenue Sharing</b>				
County Revenue Sharing		\$15,000,000		\$15,000,000
Economic Vitality Incentive Program		<u>15,000,000</u>		<u>15,000,000</u>
<b>Subtotal: Revenue Sharing</b>	<b>\$0</b>	<b>\$30,000,000</b>	<b>\$0</b>	<b>\$30,000,000</b>
<b>TOTAL: ONE-TIME APPROPRIATIONS</b>	<b>\$30,862,800</b>	<b>\$490,200,000</b>	<b>\$171,550,000</b>	<b>\$692,612,800</b>
Deposit to Budget Stabilization Fund (BSF)			\$255,800,000	\$255,800,000
<b>TOTAL: ONE-TIME APPROPRIATIONS/BSF TRANSFER</b>	<b>\$30,862,800</b>	<b>\$490,200,000</b>	<b>\$427,350,000</b>	<b>\$948,412,800</b>

## OVERVIEW

### SUMMARY TABLES

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In the following tables, appropriations are year-to-date through July 1, 2011.

**Table 1** (page 11) details the FY 2011-12 year-to-date budget by Source of Funds. When interdepartmental grants and intradepartmental transfers are deducted (to avoid double counting), gross appropriations of \$47.4 billion reduce to \$46.7 billion in adjusted gross appropriations.

**Tables 2** (page 12) and **3** (page 13) compare FY 2010-11 YTD appropriations to FY 2011-12 YTD appropriations.

Adjusted Gross Appropriations decrease from \$47.4 billion in FY 2010-11 to \$46.7 billion in FY 2011-12, a decrease of \$1.5 billion or -3.1%.

GF/GP Appropriations increase from \$8.39 billion in FY 2010-11 to \$8.45 billion in FY 2011-12, an increase of \$60.5 million or 0.7%.

**Table 4** (page 14) compares the number of authorized Full-Time Equated (FTE) Positions (classified and unclassified) for FY 2010-11 YTD to FY 2011-12 YTD. A decrease of 1,254.3 FTEs or -2.2% in total FTEs is shown in Table 4 - from 56,225.8 in FY 2010-11 to 54,971.5 in FY 2011-12. 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 15) shows FY 2011-12 YTD 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 2011-12 YTD budget provides for \$15.1 billion in state spending to local units of government, 56.2% of the estimated \$26.9 billion in state spending from state resources - well above the constitutional requirement.

**TABLE 1**  
**FY 2011-12 YEAR-TO-DATE 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>
Community Colleges	283,880,500	0	283,880,500	0	0	0	195,880,500	88,000,000
Education	117,313,000	0	117,313,000	77,929,200	7,159,200	3,044,400	7,166,300	22,013,900
Higher Education	1,364,178,400	0	1,364,178,400	98,326,400	0	0	200,219,500	1,065,632,500
School Aid	12,659,072,900	0	12,659,072,900	1,653,331,800	0	0	10,887,098,700	118,642,400
<b>EDUCATION</b>	<b>\$14,424,444,800</b>	<b>\$0</b>	<b>\$14,424,444,800</b>	<b>\$1,829,587,400</b>	<b>\$7,159,200</b>	<b>\$3,044,400</b>	<b>\$11,290,365,000</b>	<b>\$1,294,288,800</b>
Attorney General	74,590,900	21,885,400	52,705,500	8,848,800	0	0	15,489,100	28,367,600
Civil Rights	13,730,200	0	13,730,200	2,880,600	0	18,700	151,900	10,679,000
Executive Office	4,399,200	0	4,399,200	0	0	0	0	4,399,200
Legislative Auditor General	15,638,400	3,501,500	12,136,900	0	0	0	1,539,900	10,597,000
Legislature	100,333,200	250,000	100,083,200	0	0	400,000	1,109,800	98,573,400
State	211,885,000	20,000,000	191,885,000	1,810,000	0	100	178,788,700	11,286,200
Tech, Management and Budget	1,078,434,300	608,968,900	469,465,400	10,346,000	1,456,600	180,600	85,374,400	372,107,800
Treasury: Operations	450,074,600	14,384,000	435,690,600	38,861,500	2,099,200	0	329,131,000	65,598,900
Treasury: Michigan Strategic Fund	983,818,900	37,600	983,781,300	704,672,400	4,433,500	380,000	140,331,700	133,963,700
Treasury: Debt/Revenue Sharing	1,129,907,300	0	1,129,907,300	0	0	0	1,004,493,800	125,413,500
<b>GENERAL GOVERNMENT</b>	<b>\$4,062,812,000</b>	<b>\$669,027,400</b>	<b>\$3,393,784,600</b>	<b>\$767,419,300</b>	<b>\$7,989,300</b>	<b>\$979,400</b>	<b>\$1,756,410,300</b>	<b>\$860,986,300</b>
Community Health	14,294,279,200	6,569,400	14,287,709,800	9,017,473,800	250,605,900	96,494,700	2,129,851,900	2,793,283,500
Corrections	1,936,573,800	943,800	1,935,630,000	7,995,100	447,300	0	52,351,400	1,874,836,200
Human Services	6,827,429,900	1,243,100	6,826,186,800	5,627,051,200	27,948,500	15,886,100	88,616,500	1,066,684,500
<b>HUMAN SERVICES</b>	<b>\$23,058,282,900</b>	<b>\$8,756,300</b>	<b>\$23,049,526,600</b>	<b>\$14,652,520,100</b>	<b>\$279,001,700</b>	<b>\$112,380,800</b>	<b>\$2,270,819,800</b>	<b>\$5,734,804,200</b>
Agriculture	72,219,300	297,600	71,921,700	14,184,700	0	171,300	28,863,000	28,702,700
Environmental Quality	420,520,000	9,043,200	411,476,800	159,701,500	0	711,800	223,571,900	27,491,600
Natural Resources	334,195,800	1,935,000	332,260,800	69,319,800	0	2,842,400	242,267,400	17,831,200
<b>RESOURCE PROTECTION</b>	<b>\$826,935,100</b>	<b>\$11,275,800</b>	<b>\$815,659,300</b>	<b>\$243,206,000</b>	<b>\$0</b>	<b>\$3,725,500</b>	<b>\$494,702,300</b>	<b>\$74,025,500</b>
Military and Veterans Affairs	152,483,500	1,152,800	151,330,700	87,678,000	744,800	1,423,300	28,439,700	33,044,900
State Police	525,082,700	23,546,200	501,536,500	106,051,600	6,456,700	216,100	123,336,100	265,476,000
<b>SAFETY AND DEFENSE</b>	<b>\$677,566,200</b>	<b>\$24,699,000</b>	<b>\$652,867,200</b>	<b>\$193,729,600</b>	<b>\$7,201,500</b>	<b>\$1,639,400</b>	<b>\$151,775,800</b>	<b>\$298,520,900</b>
Capital Outlay	0	0	0	0	0	0	0	0
Judiciary	256,973,200	3,573,500	253,399,700	5,539,500	6,342,700	842,500	88,140,700	152,534,300
Licensing and Regulatory Affairs	811,490,400	13,373,500	798,116,900	365,728,300	7,859,900	4,727,800	388,728,100	31,072,800
Transportation	3,328,270,700	3,451,500	3,324,819,200	1,241,195,200	53,968,500	0	2,029,155,500	500,000
<b>ALL OTHERS</b>	<b>\$4,396,734,300</b>	<b>\$20,398,500</b>	<b>\$4,376,335,800</b>	<b>\$1,612,463,000</b>	<b>\$68,171,100</b>	<b>\$5,570,300</b>	<b>\$2,506,024,300</b>	<b>\$184,107,100</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$47,446,775,300</b>	<b>\$734,157,000</b>	<b>\$46,712,618,300</b>	<b>\$19,298,925,400</b>	<b>\$369,522,800</b>	<b>\$127,339,800</b>	<b>\$18,470,097,500</b>	<b>\$8,446,732,800</b>

Note: FY 2011-12 enacted amounts include \$692.6 million Gross (\$171.6 million GF/GP) in appropriations designated as one-time only in budget act language.

**OVERVIEW**

**TABLE 2**  
**ADJUSTED GROSS APPROPRIATIONS**  
**FY 2011-12 Year-To-Date Compared with FY 2010-11 Year-to-Date**

<u>Department/Budget Area</u>	<u>FY 2010-11 YTD</u>	<u>FY 2011-12 YTD</u>	<u>FY 2011-12 vs. FY 2010-11 Difference</u>	
Community Colleges	295,880,500	283,880,500	(12,000,000)	-4.1%
Education	126,415,700	117,313,000	(9,102,700)	-7.2%
Higher Education	1,578,278,500	1,364,178,400	(214,100,100)	-13.6%
School Aid	12,954,236,200	12,659,072,900	(295,163,300)	-2.3%
<b>EDUCATION</b>	<b>\$14,954,810,900</b>	<b>\$14,424,444,800</b>	<b>(\$530,366,100)</b>	<b>-3.5%</b>
Attorney General	50,447,600	52,705,500	2,257,900	4.5%
Civil Rights	11,981,200	13,730,200	1,749,000	14.6%
Executive Office	4,630,800	4,399,200	(231,600)	-5.0%
Legislative Auditor General	12,694,900	12,136,900	(558,000)	-4.4%
Legislature	102,084,100	100,083,200	(2,000,900)	-2.0%
Technology, Management and Budget	383,602,000	469,465,400	85,863,400	22.4%
State	192,906,200	191,885,000	(1,021,200)	-0.5%
Treasury: Operations	673,144,400	435,690,600	(237,453,800)	-35.3%
Treasury: Michigan Strategic Fund	165,115,700	983,781,300	41,728,200	36.6%
Treasury: Debt/Revenue Sharing	1,146,047,200	1,129,907,300	(16,139,900)	-1.4%
<b>GENERAL GOVERNMENT</b>	<b>\$2,742,654,100</b>	<b>\$3,393,784,600</b>	<b>(\$125,806,900)</b>	<b>-4.6%</b>
Community Health	14,387,242,000	14,287,709,800	(99,532,200)	-0.7%
Corrections	1,990,398,100	1,935,630,000	(54,768,100)	-2.8%
Human Services	7,025,108,900	6,826,186,800	(198,922,100)	-2.8%
<b>HUMAN SERVICES</b>	<b>\$23,402,749,000</b>	<b>\$23,049,526,600</b>	<b>(\$353,222,400)</b>	<b>-1.5%</b>
Agriculture	74,844,500	71,921,700	(2,922,800)	-3.9%
Environmental Quality	458,993,400	411,476,800	(47,516,600)	-10.4%
Natural Resources	322,096,800	332,260,800	10,164,000	3.2%
<b>RESOURCE PROTECTION</b>	<b>\$855,934,700</b>	<b>\$815,659,300</b>	<b>(\$40,275,400)</b>	<b>-4.7%</b>
Military and Veterans Affairs	151,250,800	151,330,700	79,900	0.1%
State Police	508,338,600	501,536,500	(6,802,100)	-1.3%
<b>SAFETY AND DEFENSE</b>	<b>\$659,589,400</b>	<b>\$652,867,200</b>	<b>(\$6,722,200)</b>	<b>-1.0%</b>
Capital Outlay	2,500	0	(2,500)	-100.0%
Judiciary	255,446,800	253,399,700	(2,047,100)	-0.8%
Licensing and Regulatory Affairs	1,287,255,000	798,116,900	(489,138,100)	-38.0%
Transportation	3,238,338,000	3,324,819,200	86,481,200	2.7%
<b>ALL OTHERS</b>	<b>\$4,781,042,300</b>	<b>\$4,376,335,800</b>	<b>(\$404,706,500)</b>	<b>-8.5%</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$47,396,780,400</b>	<b>\$46,712,618,300</b>	<b>(\$1,461,099,500)</b>	<b>-3.1%</b>

Notes: (1) FY 2010-11 amounts for Departments of Environmental Quality and Natural Resources reflected estimated split from original FY 2010-11 budget for combined department.  
(2) FY 2010-11 YTD appropriations include \$1.9 billion in temporary federal ARRA-related funds.  
(3) FY 2011-12 enacted amounts include \$692.6 million in appropriations designated as one-time only in budget act language.

**TABLE 3**  
**GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS**  
**FY 2011-12 Year-To-Date Compared with FY 2010-11 Year-to-Date**

<u>Department/Budget Area</u>	<u>FY 2010-11 YTD</u>	<u>FY 2011-12 YTD</u>	<u>FY 2011-12 vs. FY 2010-11 Difference</u>	
Community Colleges	295,880,500	88,000,000	(207,880,500)	-70.3%
Education	21,369,900	22,013,900	644,000	3.0%
Higher Education	1,486,052,100	1,065,632,500	(420,419,600)	-28.3%
School Aid	18,642,400	118,642,400	100,000,000	536.4%
<b>EDUCATION</b>	<b>\$1,821,944,900</b>	<b>\$1,294,288,800</b>	<b>(\$527,656,100)</b>	<b>-29.0%</b>
Attorney General	26,894,200	28,367,600	1,473,400	5.5%
Civil Rights	10,178,200	10,679,000	500,800	4.9%
Executive Office	4,630,800	4,399,200	(231,600)	-5.0%
Legislative Auditor General	11,155,000	10,597,000	(558,000)	-5.0%
Legislature	100,574,300	98,573,400	(2,000,900)	-2.0%
State	13,091,600	11,286,200	(1,805,400)	-13.8%
Technology, Management and Budget	295,541,500	372,107,800	76,566,300	25.9%
Treasury: Operations	86,616,400	65,598,900	(21,017,500)	-24.3%
Treasury: Michigan Strategic Fund	32,132,200	133,963,700	101,831,500	316.9%
Treasury: Debt/Revenue Sharing	42,118,300	125,413,500	83,295,200	197.8%
<b>GENERAL GOVERNMENT</b>	<b>\$622,932,500</b>	<b>\$860,986,300</b>	<b>\$238,053,800</b>	<b>38.2%</b>
Community Health	2,513,573,000	2,793,283,500	279,710,500	11.1%
Corrections	1,900,078,400	1,874,836,200	(25,242,200)	-1.3%
Human Services	966,914,500	1,066,684,500	99,770,000	10.3%
<b>HUMAN SERVICES</b>	<b>\$5,380,565,900</b>	<b>\$5,734,804,200</b>	<b>\$354,238,300</b>	<b>6.6%</b>
Agriculture	28,982,400	28,702,700	(279,700)	-1.0%
Environmental Quality	24,346,500	27,491,600	3,145,100	12.9%
Natural Resources	15,611,100	17,831,200	2,220,100	14.2%
<b>RESOURCE PROTECTION</b>	<b>\$68,940,000</b>	<b>\$74,025,500</b>	<b>\$5,085,500</b>	<b>7.4%</b>
Military and Veterans Affairs	35,885,500	33,044,900	(2,840,600)	-7.9%
State Police	258,496,100	265,476,000	6,979,900	2.7%
<b>SAFETY AND DEFENSE</b>	<b>\$294,381,600</b>	<b>\$298,520,900</b>	<b>\$4,139,300</b>	<b>1.4%</b>
Capital Outlay	2,500	0	(2,500)	-100.0%
Judiciary	150,734,600	152,534,300	1,799,700	1.2%
Licensing and Regulatory Affairs	46,700,500	31,072,800	(15,627,700)	-33.5%
Transportation	0	500,000	500,000	--
<b>ALL OTHERS</b>	<b>\$197,437,600</b>	<b>\$184,107,100</b>	<b>(\$13,330,500)</b>	<b>-6.8%</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$8,386,202,500</b>	<b>\$8,446,732,800</b>	<b>\$60,530,300</b>	<b>0.7%</b>

Notes: (1) FY 2010-11 amounts for Departments of Environmental Quality and Natural Resources reflected estimated split from original FY 2010-11 budget for combined department.  
(2) FY 2011-12 enacted amounts include \$171.6 million in GF/GP appropriations designated as one-time only in budget act language.

OVERVIEW

**TABLE 4**  
**AUTHORIZED FULL-TIME EQUATED (FTE) POSITIONS\***  
**FY 2011-12 Year-To-Date Compared with FY 2010-11 Year-to-Date**

<u>Department/Budget Area</u>	<u>FY 2010-11 YTD</u>	<u>FY 2011-12 YTD</u>	<u>FY 2011-12 vs. FY 2010-11 Difference</u>	
Community Colleges	0.0	0.0	0.0	--
Education	562.5	560.0	(2.5)	-0.4%
Higher Education	1.0	0.0	(1.0)	-100.0%
School Aid	0.0	0.0	0.0	--
<b>EDUCATION</b>	<b>563.5</b>	<b>560.0</b>	<b>(3.5)</b>	<b>-0.6%</b>
Attorney General	520.0	520.0	0.0	0.0%
Civil Rights	118.0	126.0	8.0	6.8%
Executive Office	84.2	84.2	0.0	0.0%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
State	1,815.0	1,815.0	0.0	0.0%
Technology, Management and Budget	2,972.5	3,038.5	66.0	2.2%
Treasury: Operations	2,044.5	1,755.5	(289.0)	-14.1%
Treasury: Michigan Strategic Fund	155.0	820.0	665.0	429.0%
Treasury: Debt/Revenue Sharing	0.0	0.0	0.0	
<b>GENERAL GOVERNMENT</b>	<b>7,709.2</b>	<b>8,159.2</b>	<b>450.0</b>	<b>5.8%</b>
Community Health	4,398.8	3,640.2	(758.6)	-17.3%
Corrections	15,877.5	15,568.8	(308.7)	-1.9%
Human Services	11,869.5	11,582.5	(287.0)	-2.4%
<b>HUMAN SERVICES</b>	<b>32,145.8</b>	<b>30,791.5</b>	<b>(1,354.3)</b>	<b>-4.2%</b>
Agriculture	458.5	443.0	(15.5)	-3.4%
Environmental Quality	1,483.1	1,340.5	(142.6)	-9.6%
Natural Resources	2,192.4	2,179.4	(13.0)	-0.6%
<b>RESOURCE PROTECTION</b>	<b>4,134.0</b>	<b>3,962.9</b>	<b>(171.1)</b>	<b>-4.1%</b>
Military and Veterans Affairs	977.0	826.0	(151.0)	-15.5%
State Police	2,765.0	2,753.0	(12.0)	-0.4%
<b>SAFETY AND DEFENSE</b>	<b>3,742.0</b>	<b>3,579.0</b>	<b>(163.0)</b>	<b>-4.4%</b>
Capital Outlay	0.0	0.0	0.0	--
Judiciary	491.0	491.0	0.0	0.0%
Licensing and Regulatory Affairs	4,418.0	4,378.3	(39.7)	-0.9%
Transportation	3,022.3	3,049.6	27.3	0.9%
<b>ALL OTHERS</b>	<b>7,931.3</b>	<b>7,918.9</b>	<b>(12.4)</b>	<b>-0.2%</b>
<b>TOTAL FTE POSITIONS</b>	<b>56,225.8</b>	<b>54,971.5</b>	<b>(1,254.3)</b>	<b>-2.23%</b>

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

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

**TABLE 5**  
**STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS**  
**FY 2011-12 Year-To-Date**

<u>Department/Budget Area</u>	<u>Spending From State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending From State Sources as Payment to Locals</u>
Community Colleges	283,880,500	283,880,500	100.0%
Education	29,180,200	5,445,700	18.7%
Higher Education	1,265,852,000	0	0.0%
School Aid	11,005,741,100	10,716,987,100	97.4%
<b>EDUCATION</b>	<b>\$12,584,653,800</b>	<b>\$11,006,313,300</b>	<b>87.5%</b>
Attorney General	43,856,700	0	0.0%
Civil Rights	10,830,900	0	0.0%
Executive Office	4,399,200	0	0.0%
Legislative Auditor General	12,136,900	0	0.0%
Legislature	99,683,200	0	0.0%
State	190,074,900	1,360,800	0.7%
Technology, Management and Budget	457,482,200	0	0.0%
Treasury: Operations	394,729,900	169,218,300	42.9%
Treasury: Michigan Strategic Fund	274,295,400	0	0.0%
Treasury: Debt/Revenue Sharing	1,129,907,300	988,979,300	87.5%
<b>GENERAL GOVERNMENT</b>	<b>\$2,617,396,600</b>	<b>\$1,159,558,400</b>	<b>44.3%</b>
Community Health	4,923,135,400	1,420,739,700	28.9%
Corrections	1,927,187,600	89,893,500	4.7%
Human Services	1,155,301,000	107,003,300	9.3%
<b>HUMAN SERVICES</b>	<b>\$8,005,624,000</b>	<b>\$1,617,636,500</b>	<b>20.2%</b>
Agriculture	57,565,700	0	0.0%
Environmental Quality	251,063,500	2,175,000	0.9%
Natural Resources and Environment	260,098,600	6,550,100	2.5%
<b>RESOURCE PROTECTION</b>	<b>\$568,727,800</b>	<b>\$8,725,100</b>	<b>1.5%</b>
Military and Veterans Affairs	61,484,600	120,000	0.2%
State Police	388,812,100	19,006,000	4.9%
<b>SAFETY AND DEFENSE</b>	<b>\$450,296,700</b>	<b>\$19,126,000</b>	<b>4.2%</b>
Judiciary	240,675,000	119,875,600	49.8%
Licensing and Regulatory Affairs	419,800,900	0	0.0%
Transportation	2,029,655,500	1,182,737,000	58.3%
<b>ALL OTHERS</b>	<b>\$2,690,131,400</b>	<b>\$1,302,612,600</b>	<b>48.4%</b>
<b>TOTALS</b>	<b>\$26,916,830,300</b>	<b>\$15,113,971,900</b>	<b>56.2%</b>



**FY 2011-12  
Budget Detail  
for  
EDUCATION**

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**Community Colleges  
Department of Education  
Higher Education  
School Aid**

**COMMUNITY COLLEGES  
Summary of FY 2011-12 Enacted Appropriations  
Article II, 2011 Public Act 62 (House Bill 4325)**

**Analyst: Mark Wolf**

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	\$0	-
<b>Federal</b>	0	0	0	0	0	0	-
<b>Local</b>	0	0	0	0	0	0	-
<b>Private</b>	0	0	0	0	0	0	-
<b>Restricted</b>	0	195,880,500	195,880,500	195,880,500	195,880,500	195,880,500	-
<b>GF/GP</b>	295,880,500	100,000,000	90,000,000	56,116,300	88,000,000	(207,880,500)	(70.3)
<b>Gross</b>	<b>\$295,880,500</b>	<b>\$295,880,500</b>	<b>\$285,880,500</b>	<b>\$251,996,800</b>	<b>\$283,880,500</b>	<b>(\$12,000,000)</b>	<b>(4.1)</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0

\*FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

**Overview**

The Community Colleges budget supports the 28 community colleges located throughout the state. The colleges are governed by locally-elected boards of trustees. The colleges are funded through a combination of state aid, local property tax revenue, tuition and fees revenue, and other sources of revenue, with state aid comprising about 19% of total community college general fund operating revenue, with the revenue mix varying among the colleges. For FY 2011-12, the Community Colleges budget was merged into the School Aid Act.

**Major Budget Changes From FY 2010-11 YTD Appropriations**

**1. Operations Grants**

Reduces funding for community colleges operations by 4.1% overall (\$12.0 million). Half of the reduction is taken across-the-board, with the other half taken using the 2006 performance indicator funding formula. To implement the cut via formula, the conference committee reduces funding by \$12.0 million and then adds back \$6.0 million using the funding formula. The Conference Committee also recalculates and rolls At-Risk payments (\$3.3 million) into the 28 operations lines. Excluding At-Risk payments, operations grants to the community colleges are reduced between 3.4% and 4.6%. With the reorganization of the Community Colleges budget into the School Aid Act, the FY 2011-12 replaces \$195.9 million GF/GP funds with School Aid Fund monies.

	FY 2010-11 YTD (as of 2/17/11)	Enacted Change From YTD
<b>Gross</b>	<b>\$292,557,800</b>	<b>(\$8,677,300)</b>
Restricted	0	195,880,500
GF/GP	\$292,557,800	(\$204,557,800)

**2. At-Risk Student Success Program**

Eliminates the At-Risk student success line item (developmental education services) and related boilerplate sections distributing funding to the colleges. The distribution of program funds are recalculated based on newer ACS data (reported in February 2011) compared to the initial Executive calculations utilizing December 2010 data. The revised distribution is then rolled into the individual operations lines. Per boilerplate, the distribution of program funds is based on a base grant of \$40,000 to each college with the remaining balance distributed based on the share of student contact hours in developmental education programs compared to total student contact hours.

<b>Gross</b>	<b>\$3,322,700</b>	<b>(\$3,322,700)</b>
GF/GP	\$3,322,700	(\$3,322,700)

**Major Boilerplate Changes From FY 2010-11**

*Note: Under the Enacted Budget boilerplate sections are renumbered as sections of the School Aid Act. Section numbers under both the traditional budget bill format and the School Aid Act format are listed below where applicable.*

**Sec. 201a. FY 2012-13 Appropriations – NEW**

Intent language that funding for FY 2013 be the same as funding for FY 2011-12, adjusted for caseloads, available federal funds, economic factors, and available revenue.

**Sec. 211/206. Payment of Appropriations – REVISED**

Provides for 11 payments per year to community colleges; directs Department of Treasury to withhold appropriation if the colleges fail to submit Activities Classification Structure (ACS) data. Language allowing funds to be expended to match career and technical education programs under the federal Perkins Act is deleted.

**Sec. 217/208. Capital Outlay Funding – REVISED**

Prohibits colleges from using state funds for construction or maintenance of a self-liquidating project; requires colleges to comply with Joint Capital Outlay Subcommittee use and finance policy for any capital outlay projects. New language is added that imposes a penalty of 1% of a college's operations funding for each violation of the JCOS requirements.

**Sec. 218/209. Transparency Website – NEW**

Requires the colleges to post general fund expenditures on its website. Expenditure information would be broken down by various program areas (academic units, administrative units, and other initiatives) and include information on employee salaries and benefits, facility and equipment costs, and fund transfers. The website would also have to include a listing of each employee funded by the college's general fund. Included in this listing would be the employee's name, position, and salary. The website would not include any information that would violate federal or state privacy or security standards. Also requires the colleges to report projected FY 2011-12 budget information to the Legislature and State Budget Office and post that information on its website.

**Sec. 210. Block Transfer – NEW**

Establishes a 24-member committee made up of representatives from community colleges, universities, and legislators to develop a process to improve the transferability of core college courses between community colleges and universities, including development equivalency standards and identifying equivalent courses offered by the institutions.

**Sec. 213. Reverse Transfer – NEW**

Intent language directing the community colleges to work with public universities to increase the number of awards conferred by community college students who earn credits for coursework taken at universities by providing for the "reverse transfer" of credits from the university to the community college.

**Sec. 214. Remedial Education Assessment Cut Score – NEW**

Establishes a 12-member committee of community college representatives, K-12 education representatives, and lawmakers to develop a common set of "cut scores" to be utilized by the colleges to determine the place of recent high school graduates in remedial education courses at the colleges.

**Sec. 216. Review of Statutory Mandates – NEW**

Intent language providing for the review of statutory mandates imposed on the colleges, including reviewing the costs and necessity of the mandates.

**Sec. 405/219. Recovery Act P-20 Data System – REVISED**

Provides that colleges shall comply with the provisions in the American Recovery and Reinvestment Act concerning the establishment of a statewide P-20 longitudinal data system.

**Sec. 228. Communication with Legislature – NEW**

Provides that community colleges shall not take disciplinary action against employees for communicating with members and staff of the Legislature.

**Sec. 229. Veterans Notice on Applications – NEW**

Intent language that community colleges include a place on the admissions application allowing applicants to indicate whether they are a veteran or the spouse of a veteran eligible for educational assistance benefits under the federal Post-911 Veterans Educational Assistance Act of 2008.

**Sec. 304/230. Performance Indicator Formula – DELETED**

States intent that formula developed by performance indicator task force be used for funding distribution in future years.

**Sec. 241. Nursing Education Programs and Grants – DELETED**

General policy statement encouraging community colleges to expand nursing program offerings and enrollments.

## COMMUNITY COLLEGES

### Major Boilerplate Changes From FY 2010-11

#### **Sec. 242. *Payments in Lieu of Taxes* – DELETED**

States legislative intent that discussion regarding payments in lieu of taxes concerning community colleges be continued.

#### **Sec. 296. [Article IV] *School Aid Funding Proration* – NEW**

Provides for community college appropriation amounts funded from the School Aid Fund revenue to be reduced (along with K-12 and Higher Education appropriations) if total School Aid Fund appropriations are greater than the revenue available in the fund.

#### **Sec. 401. *At-Risk Student Success Program* – DELETED**

Specifies distribution of at-risk student success grant money, with a base award of \$40,000 to each college and the remaining funds distributed based on the student contact hours for developmental and remedial education for the last three years. Funding for the program is rolled into the Operations lines and this section is deleted.

#### **Sec. 509. *Report on Associate's Degrees and Certificates* – REVISED**

Requires colleges to submit to DELEG data on the types of associate's degrees and other certificates in the prior fiscal year and requires DELEG to compile a report. The reporting requirement on the colleges is retained, but the reporting requirement on DELEG is moved to the Michigan Strategic Fund budget (with the transfer of oversight of the colleges to the Workforce Development Agency).

#### **Sec. 510. *Crime Statistics* – DELETED**

Requires colleges to make materials prepared in accordance with federal crime and campus security reporting requirements available through the Internet.

#### **Sec. 511. *Perkins Act State Plan* – DELETED**

Requires that if the state submits a new Perkins Act state plan, it must also submit a copy of the plan to the Legislature at least 30 days before submitting the plan to the U.S. Department of Education.

#### **Sec. 513. *Tax Increment Financing Authority (TIFA) Report* – DELETED**

Requires the Department of Treasury to collect data on the tax revenue foregone by community colleges from TIFAs and other tax abatements.

**DEPARTMENT OF EDUCATION**  
**Summary of FY 2011-12 Enacted Appropriations**  
**Article VI, 2011 Public Act 63 (House Bill 4526)**

Analysts: Mary Ann Cleary and Bethany Wicksall

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
<b>Federal</b>	87,772,100	77,929,200	77,929,200	77,929,200	77,929,200	(9,842,900)	(11.2)
<b>Local</b>	7,199,400	7,159,200	7,159,200	7,159,200	7,159,200	(40,200)	(0.6)
<b>Private</b>	3,124,500	3,044,400	3,044,400	3,044,400	3,044,400	(80,100)	(2.6)
<b>Restricted</b>	6,949,800	7,166,300	7,166,300	7,166,300	7,166,300	216,500	3.1
<b>GF/GP</b>	21,914,100	18,759,200	18,494,200	20,013,900	22,013,900	99,800	0.5
<b>Gross</b>	<b>\$126,959,900</b>	<b>\$114,058,300</b>	<b>\$113,793,300</b>	<b>\$115,313,000</b>	<b>\$117,313,000</b>	<b>(\$9,646,900)</b>	<b>(7.6)</b>
<b>FTEs</b>	562.5	560.0	568.0	559.0	560.0	(2.5)	(0.4)

\*FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

**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, and providing technical assistance to school districts and libraries.

**Major Budget Changes From FY 2010-11 YTD Appropriations**

	FY 2010-11 YTD (as of 2/17/11)	Enacted Change From YTD
<b>1. State Aid to Libraries</b>	<b>Gross \$5,750,000</b>	<b>(\$304,300)</b>
Reduces the Department appropriation for state aid to libraries by \$304,300 to \$5.4 million. In addition, the \$1.5 million appropriation in the School Aid budget was reduced by \$195,700 to \$1.3 million.	GF/GP \$5,750,000	(\$304,300)
<b>2. Michigan eLibrary (MeL)</b>	<b>Gross \$0</b>	<b>\$950,000</b>
Provides \$950,000 for the Michigan eLibrary due to the potential loss of federal funds that are likely to decrease based on diminishing state maintenance of effort (MOE) levels related to recent reductions in state aid to libraries.	GF/GP \$0	\$950,000
<b>3. 2009 State Education Reform Activities</b>	FTEs 25.0	(1.0)
Eliminates two pieces of the recent education reforms including eliminating the online testing platform to save \$500,000 and eliminating the basic instructional supplies hotline and appeals process to save \$76,000. Also reduces the funding for the School Reform/Redesign Office by \$115,000 for a total appropriation of \$1.3 million.	<b>Gross \$8,977,800</b>	<b>(\$691,000)</b>
	Federal 5,063,700	0
	GF/GP \$3,914,100	(\$691,000)
<b>4. Excess Federal and Private Spending Authorization</b>	FTEs N/A	(3.5)
Decreases spending authorization in several units to reflect the availability of funds including reductions of \$4.0 million in Special Education, \$1.5 million in Professional Preparation, \$346,000 and 3.5 FTEs in School Finance/School Law, and \$198,700 in Early Childhood.	<b>Gross N/A</b>	<b>(\$6,012,500)</b>
	Federal N/A	(5,813,800)
	Private N/A	(198,700)
	GF/GP N/A	\$0
<b>5. Office of Education Assessment and Accountability (OEAA)</b>	<b>Gross \$9,652,300</b>	<b>(\$5,000,000)</b>
Removes \$5.0 million in one-time federal funds used for the rewrite of the OEAA secure site.	Federal 9,652,300	(5,000,000)
	GF/GP \$0	\$0
<b>6. Recognize Savings from 2010 Early Retirement</b>	<b>Gross N/A</b>	<b>(\$370,900)</b>
Recognizes \$370,900 GF/GP savings from the early retirement.	GF/GP N/A	(\$370,900)

**FY 2011-12 APPROPRIATIONS SUMMARY AND ANALYSIS**

HOUSE FISCAL AGENCY: AUGUST 2011

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**DEPARTMENT OF EDUCATION**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b><u>FY 2010-11 YTD (as of 2/17/11)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>7. Michigan Schools for the Deaf and Blind</b>	<b>Gross</b>	<b>\$90,000</b>	<b>\$110,000</b>
Increases spending authorization for private gifts for blind services in order to allow expenditure of funds that were not spent in FY 2009-10.	Private	90,000	110,000
	GF/GP	\$0	\$0
<b>8. Youth Employment Act</b>	FTEs	0.0	1.0
Recognizes the transfer of Youth Employment Act responsibilities from the new Department of Licensing and Regulatory Affairs to the Department of Education.	<b>Gross</b>	<b>\$0</b>	<b>\$115,000</b>
	GF/GP	\$0	\$115,000
<b>9. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,556,800</b>
Recognizes economic adjustments for retirement, insurances, workers' compensation, and building occupancy charges totaling \$1.6 million for FY 2011-12.	Federal	N/A	902,500
	Local	N/A	103,200
	Private	N/A	8,600
	Restricted	N/A	141,500
	GF/GP	N/A	\$401,000

**Major Boilerplate Changes From FY 2009-10**

**Sec. 207. Department Financial Information – NEW**

Requires that the Department maintain a searchable website accessible to the public at no cost including expenditures by category, expenditures by appropriation unit, payments to vendors by vendor, date, amount, and description, the number of active employees by job classification, and job specifications and wage rates. Allows the Department to develop its own website or reference the state's central transparency website as the source of this information.

**Sec. 210. Information Technology Work Projects – NEW**

Allows appropriations for information technology work projects to be carried forward into following fiscal year.

**Sec. 213. Hiring Freeze – DELETED**

Establishes a hiring freeze for state civil service with exceptions under certain circumstances.

**Sec. 218. Report Retention – NEW**

Requires the Department to retain all reports funded from appropriations in part 1 according to federal and state guidelines for short-term and long-term retention of records.

**Sec. 222. Impact of New Legislation and Administrative Rules – DELETED**

Requires a report on specific policy changes adopted to implement new public acts. Prohibits the Department from adopting administrative rules that have a disproportionate impact on small business.

**Sec. 226. Lapse Report – REVISED**

Revises GF/GP lapse report due date from October 15 to November 15.

**Sec. 227. Report on Restricted Fund Balances, Revenues and Expenditures – NEW**

Requires that within 14 days of the release of the executive budget recommendation the Department provide a report on estimated state restricted fund balances, state restricted fund projected revenues, and state restricted fund expenditures for the fiscal years ending September 30, 2011 and September 30, 2012.

**Sec. 229. State Education Reforms – NEW**

Requires Department to comply with State Education Reforms with funds appropriated in part 1.

**Sec. 301. State Board of Education Expenses – REVISED**

Deletes quarterly report of expenses.

**Sec. 401. Michigan Schools for the Deaf and Blind Employees – DELETED**

Stipulates that employees who work on a school year basis shall be considered annual employees for purposes of service credits, retirement, and insurance benefits.

**Sec. 904. Federal Education Jobs – DELETED**

Designates a portion of Federal Education Jobs funds for administration of the funds distributed to districts.

**Sec. 1201. FY 2012-13 Appropriations – NEW**

Provides intent that FY 2012-13 appropriations will be at the same level as appropriated in FY 2011-12 with adjustments for caseload adjustments, economics, and available revenue.

**HIGHER EDUCATION  
Summary of FY 2011-12 Enacted Appropriations  
Article III, 2011 Public Act 62 (House Bill 4325)**

Analyst: Kyle I. Jen

IDG/IDT	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	**FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	4,500,000	98,326,400	98,326,400	98,326,400	98,326,400	93,826,400	2,085.0
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	30,400,000	699,919,500	200,200,000	699,919,500	200,219,500	169,819,500	558.6
<b>GF/GP</b>	1,543,378,500	564,032,500	1,063,752,000	564,032,500	1,065,632,500	(477,746,000)	(31.0)
<b>Gross</b>	<b>\$1,578,278,500</b>	<b>\$1,362,278,400</b>	<b>\$1,362,278,400</b>	<b>\$1,362,278,400</b>	<b>\$1,364,178,400</b>	<b>(\$214,100,100)</b>	<b>(13.6)</b>
<b>FTEs</b>	1.0	1.0	1.0	0.0	0.0	(1.0)	(100.0)

\* FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

\*\* Enacted figures include **\$1.9 million GF/GP** in boilerplate appropriations designated for one-time purposes in Sec. 294 of the budget article.

**Overview**

The Higher Education budget contains funding for operational support of the state's 15 public universities, the Agricultural Experiment Station and Cooperative Extension Service 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. Under the FY 2011-12 enacted budget, the Higher Education budget is merged into the compiled School Aid Act.

**Major Budget Changes From FY 2010-11 YTD Appropriations**

**1. University Operations**

Makes three sets of adjustments to the 15 university operations line items:

- Reduces each university's appropriation by 15.0%, for a total reduction of \$213.1 million GF/GP.
- From the remaining appropriations, sets aside a total of \$83.0 million in tuition restraint incentive funding (ranging from 5.1% to 9.8% of university appropriation amounts, based on the prior five-year average tuition/fee increase for each university) that will be paid only if a university holds its FY 2011-12 resident undergraduate tuition/fee rate increase below the prior-five-year statewide average of 7.1%.
- Replaces \$200.0 million in GF/GP funds with School Aid Fund revenue.

	FY 2010-11 YTD (as of 2/17/11)	Enacted Change From YTD
<b>Gross</b>	<b>\$1,420,344,900</b>	<b>(\$213,110,200)</b>
Restricted	0	200,019,500
GF/GP	\$1,420,344,900	(\$413,129,700)

**2. Agricultural Experiment Station and Cooperative Extension Service**

Combines two existing appropriations into a single appropriation for Agricultural Experiment and Cooperative Extension Activities, with a 15.0% reduction in total funding (\$9.3 million GF/GP). FY 2011-12 funding is \$52.6 million.

<b>Gross</b>	<b>\$61,915,700</b>	<b>(\$9,289,900)</b>
GF/GP	\$61,915,700	(\$9,289,900)

**HIGHER EDUCATION**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>	<b><u>FY 2010-11 YTD (as of 2/17/11)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>3. State Competitive Scholarship Program</b>	<b>Gross \$19,861,700</b>	<b>\$0</b>
Replaces state-level funding with federal TANF funding in order to improve the state's ability to meet federal TANF maintenance-of-effort requirements. Offsetting adjustments are proposed in the Human Services budget. No change in gross funding for program.	Federal 1,500,000	18,361,700
	GF/GP \$18,361,700	(\$18,361,700)
<b>4. Tuition Grant Program</b>	<b>Gross \$31,664,700</b>	<b>\$0</b>
Replaces state-level funding with federal TANF funding in order to improve the state's ability to meet federal TANF maintenance-of-effort requirements. Offsetting adjustments are proposed in the Human Services budget. No change in gross funding for program.	Federal 0	31,664,700
	GF/GP \$31,664,700	(\$31,664,700)
<b>5. Tuition Incentive Program (TIP)</b>	<b>Gross \$37,400,000</b>	<b>\$6,400,000</b>
Increases funding for TIP by \$6.4 million for FY 2011-12 (17.1%) to fund projected increase in program participation and costs. TIP pays associate's degree tuition/fee costs for Medicaid-eligible middle- and high-school students who go on to graduate from high school and enroll in college. Replaces state-level funding with federal TANF funding in order to improve the state's ability to meet federal TANF maintenance-of-effort requirements. Offsetting adjustments are proposed in the Human Services budget.	Federal 0	43,800,000
	Restricted 30,100,000	(30,100,000)
	GF/GP \$7,300,000	(\$7,300,000)
<b>6. Children of Veterans and Officer's Survivor Tuition Programs</b>	<b>Gross \$1,200,000</b>	<b>\$0</b>
Replaces \$100,000 in state restricted funding with GF/GP funding to reflect that collections from the state income tax form check-off box for the Children of Veterans Tuition Program have been below the currently-appropriated amount of \$300,000.	Restricted 300,000	(100,000)
	GF/GP \$900,000	\$100,000
<b>7. Other Higher Education Programs</b>	FTE 1.0	(1.0)
Maintains appropriations for King-Chavez-Parks grant programs, Robert C. Byrd Honors Scholarship (federal), Project GEAR UP (federal), Higher Education database costs, and Midwest Higher Education Compact dues at current-year levels, but removes unfilled FTE position for Higher Education database.	<b>Gross \$5,891,500</b>	<b>\$0</b>
	Federal 3,000,000	0
	GF/GP \$2,891,500	\$0

**Major Boilerplate Changes From FY 2010-11**

**Note:** Under Enacted FY 2011-12 budget, boilerplate sections are renumbered as sections of School Aid Act. Section numbers under both traditional budget bill format and School Aid Act format are listed below where applicable.

**Sec. 203/237a. Research University Definition – REVISED**

Expands definition of the term "Research University" to include three categories under Carnegie Classifications: "Doctoral/Research University" (Central, Oakland), "Research University: High Research Activity" (Michigan Tech, Western), and "Research University: Very High Research Activity" (Michigan State, UM-Ann Arbor, Wayne State). (Universities are listed in alphabetical order in appropriation section of budget article.)

**Sec. 212(3)/241(3). Fiscal Agency Report – DELETED**

Requires report from fiscal agencies on procedures used to arrive at appropriation amounts.

**Sec. 214. Tuition Tax Credit – DELETED**

Requires universities to submit Michigan Tuition Tax Credit notification to fiscal agencies. (Credit eliminated under tax plan recently enacted into law.)

**Sec. 218/245. Posting of Expenditure – REVISED**

Requires report categorizing institutional general fund expenditures among major categories for all academic units, administrative units, and external initiatives and to require a list of all employee salary amounts for positions funded by institutional general fund.

**Sec. 301/251. State Competitive Scholarship Program – REVISED**

Revises specified maximum grant amount to reflect actual FY 2010-11 amount of \$600. Report required if specified maximum grant amounts cannot be established with funds appropriated.

**Major Boilerplate Changes From FY 2010-11**

**Sec. 302/252. Tuition Grant Program – REVISED**

Revises specified maximum grant amount to reflect actual FY 2010-11 amount of \$1,512. Report required if specified maximum grant amounts cannot be established with funds appropriated.

**Sec. 308/254. Financial Aid Payment Schedules – REVISED**

Revises quarterly payment schedules for the financial aid programs to specify 50%/50%/0%/0% schedule for all programs.

**Sec. 433a/263a. Experiment and Extension Research and Outreach Priorities – NEW**

Directs Michigan State University to develop, in consultation with Agricultural Experiment and Cooperative Extension Service stakeholders, a set of research and outreach priorities and, as part of that effort, to convene a summit on production agriculture; requires report on fund sources and review of major programs.

**Sec. 436/265. Tuition Increases – REVISED**

New language provides for tuition restraint incentive funds appropriated to universities to be paid only if a university certifies that it did not adopt an increase in FY 2010-11 resident undergraduate tuition/fees after February 1, 2011, and that it will not adopt an increase in FY 2011-12 resident undergraduate tuition/fees that is greater than the prior-five-year statewide average tuition/fee increase (7.1%). Retains existing reporting requirements regarding related university financial indicators.

**Sec. 437/266. University Funding Formula – NEW**

States that, in subsequent budget years, university operations funding shall be allocated to each university using an incentive-based formula developed and enacted by the Legislature.

**Sec. 450. Per-Student Floor Funding – DELETED**

States legislative intent to allocate funds for funding floor of \$3,775 per fiscal year equated student from year-end GF/GP unreserved balance.

**Sec. 451/268. Unfunded Indian Tuition Waiver Costs – REVISED**

Retains statement of legislative intent to allocate funds for unfunded Indian Tuition Waiver costs from GF/GP funds but removes reference to year-end balance.

**Sec. 463. Students from Macomb County – DELETED**

Requires universities to report regarding outreach efforts to enroll students from Macomb County.

**Sec. 464. Research Commercialization – DELETED**

Requires universities to submit plan to inform private/public sectors regarding research that could be commercialized.

**Sec. 469. Graduates Receiving Pell Grants – DELETED**

Requires universities to report the number of graduates who received Pell Grants during their enrollment.

**Sec. 470/271. Academic Program Accreditation – NEW**

Requires universities to report regarding direct expenditures for academic program accreditation.

**Sec. 471/272. Transfer Credit Reporting – NEW**

Requires universities to report regarding the number of transfer credits, with grade of C or better, rejected for incoming students, reported both by academic area and prior institution.

**Sec. 472/273. Student Religious Beliefs – NEW**

States intent that universities report regarding efforts to accommodate the religious beliefs of students in accredited counseling programs.

**Sec. 473/274. Embryonic Stem Cell Research – NEW**

States intent that universities conducting research using human embryonic stem cells report to the Department of Community Health regarding embryos and stem cell lines received or utilized by the university.

**Sec. 474/274a. Adult Coresident Health Benefits – NEW**

States intent that universities not provide benefits to unmarried adult coresidents or their dependents and report on the costs of providing any such benefits.

**Sec. 480/275. Veterans Policies – REVISED**

Adds statement of intent that universities include question in admissions process as to whether applicant is a veteran, active member of military, member of National Guard or reserves, or spouse/dependent of someone meeting one of those criteria.

## HIGHER EDUCATION

### Major Boilerplate Changes From FY 2010-11

#### **Sec. 481. Urban Centers – DELETED**

States intent to consider an appropriation for grants to hire a consultant if a university is exploring the possibility of creating an urban center or core in its community.

#### **Sec. 482/275a. Capital Outlay Reporting – NEW**

Prohibits use of state funds for self-liquidating projects; requires compliance with Joint Capital Outlay Subcommittee reporting requirements, with specified penalty of 1.0% appropriation reduction.

#### **Sec. 483/296. [Article IV] School Aid Fund Proration – NEW**

Provides for university appropriation amounts funded from School Aid Fund revenue to be reduced (along with K-12 and Community College appropriations) if total School Aid Fund appropriations are greater than the revenue available in the fund.

#### **Sec. 490. HEIDI Advisory Committee – DELETED**

Designates funds appropriated for maintenance of HEIDI database established in statute.

#### **Sec. 604/286. Reverse Transfer – NEW**

States intent that universities work with community colleges to implement state reverse transfer agreements for students transferring from a community college to a university to be able to transfer credits back to the community college and be awarded a credential.

#### **Sec. 701a/290. Degree Programs – REVISED**

Lists new degree programs established by public universities for which credit hours may be reported to state HEIDI database, as submitted by Presidents Council.

#### **Sec. 702. Responses to Audit Reports – DELETED**

Requires universities to report on implementation of audit report recommendations.

#### **Sec. 1001/294. One-Time Appropriations – NEW**

Appropriates \$1.9 million GF/GP on a one-time basis only in FY 2011-12:

- \$500,000 for the Autism Collaborative Center at Eastern Michigan University
- \$1.2 million for the Facility for Rare Isotope Beams at Michigan State University
- \$200,000 for economic development and commercialization at Western Michigan University

#### **Sec. 1201/236a. FY 2012-13 Appropriations – NEW**

States intent to provide same appropriations for FY 2012-13, adjusted for caseload and related costs, federal fund match rates, economic factors, and available revenue.

# SCHOOL AID

## Summary of FY 2011-12 Enacted Appropriations

### Article I, 2011 Public Act 62 (House Bill 4325)

Analysts: Mary Ann Cleary and Bethany Wicksall

IDG/IDT	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	**FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
	\$0	\$0	\$0	\$0	\$0	Amount	%
<b>Federal</b>							
ARRA	500,526,900	0	0	0	0	(500,526,900)	(100.0)
Non-ARRA	1,677,806,400	1,653,331,800	1,653,331,800	1,653,331,800	1,653,331,800	(24,474,600)	(1.5)
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	10,937,260,500	10,107,684,900	10,528,263,800	10,111,241,700	10,887,098,700	(50,161,800)	(0.5)
GF/GP	18,642,400	412,542,400	218,642,400	461,172,700	118,642,400	100,000,000	536.4
<b>Gross</b>	<b>\$13,134,236,200</b>	<b>\$12,173,559,100</b>	<b>\$12,400,238,000</b>	<b>\$12,225,746,200</b>	<b>\$12,659,072,900</b>	<b>(\$475,163,300)</b>	<b>(3.6)</b>

\* FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

\*\* Enacted figures include **\$460.2 million restricted revenue** appropriations designated for one-time purposes.

Note: "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources.

#### Overview

The School Aid budget makes appropriations to the state's 551 local school districts, 247 public school academies, and 57 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Education Performance and Information, Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>	FY 2010-11 YTD (as of 2/17/11)	Enacted Change From YTD
<b>1. Per Pupil Reduction of \$170 (Sec. 11d)</b> Rolls the per pupil reduction under this section into a permanent reduction of each district's foundation allowance under Sec. 20.	<b>Gross (\$268,590,300)</b> Restricted (268,590,300)	<b>\$268,590,300</b> 268,590,300
<b>2. Foundations - Proposal A Obligation Payment (Sec. 22a)</b> Reduces funding for the Proposal A obligation share of the foundation allowance payments for FY 2011-12 by \$73.0 million to incorporate consensus estimates in taxable values and pupil memberships.	<b>Gross \$5,764,000,000</b> Restricted 5,764,000,000	<b>(\$73,000,000)</b> (73,000,000)
<b>3. Foundations - Discretionary Payment (Sec. 22b)</b> Reduces state funding by \$541.2 million to reduce foundations by a total of \$470 per pupil. Reduces small class size adjustments from a total of \$19.7 million to \$13.5 million and reduces other district specific foundation adjustments from a total of \$8.6 million to \$4.0 million. Funding for small class size and other foundation allowance adjustments is identified as one-time funding for FY 2011-12 only.	<b>Gross \$3,757,756,600</b> ARRA 184,256,600 Restricted 3,573,500,000	<b>(\$725,456,600)</b> (184,256,600) (541,200,000)
<b>4. School Bond Redemption Fund (Sec. 11j)</b> Increases by \$88.4 million to pay for increased interest payments. (FY 2010-11 costs were reduced from \$45.1 million due to one-time refinancing savings.)	<b>Gross \$5,167,800</b> Restricted 5,167,800	<b>\$88,407,500</b> 88,407,500
<b>5. Cash Flow Borrowing Costs (Sec. 11m)</b> Decreases costs to reflect anticipated lower interest rates for short-term borrowing costs related to the State School Aid Fund.	<b>Gross \$45,000,000</b> Restricted 45,000,000	<b>(\$25,000,000)</b> (25,000,000)

**SCHOOL AID**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b><u>FY 2010-11 YTD (as of 2/17/11)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>6. Federal Education Jobs (EdJobs) Funds (Sec. 11p)</b>	<b>Gross</b>	<b>\$316,270,300</b>	<b>(\$316,270,300)</b>
Eliminates one-time federal EdJobs funding which was distributed to districts based on the 2x formula with amounts ranging from \$111 to \$222 per pupil and to intermediate school districts based on a percentage of their Sec. 81 payments in FY 2010-11.	Federal	316,270,300	(316,270,300)
<b>7. Michigan Business Tax (MBT) Impact on Out-of-Formula District Grants (Sec. 22e)</b>	<b>Gross</b>	<b>\$1,800,000</b>	<b>(\$1,100,000)</b>
Reduces funding, which held out-of-formula districts harmless from local personal property tax exemptions when the MBT was created, to \$700,000 and distributes only to applicable districts with fewer than 500 pupils. Funding is identified as one-time funding for FY 2011-12 only.	Restricted	1,800,000	(1,100,000)
<b>8. Best Practices One-Time Grants (Sec. 22f)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$154,000,000</b>
Provides \$154.0 million from the FY 2010-11 School Aid Fund balance for an appropriation in FY 2011-12 for grants to districts in an amount equal to \$100 per pupil if they satisfy 4 out of 5 best practices. Funding is identified as one-time funding for FY 2011-12 only. (For more detail see Sec. 22f under Major Boilerplate Changes below.)	Restricted	0	154,000,000
<b>9. DHS Juvenile Detention Facilities (Sec. 24a)</b>	<b>Gross</b>	<b>\$1,440,000</b>	<b>(\$242,500)</b>
Decreases costs of education for students held in Department of Human Service (DHS) juvenile detention facilities due to facility closures and therefore fewer pupils.	Restricted	1,440,000	(242,500)
<b>10. Payment in Lieu of Taxes Reimbursement (Sec. 26b)</b>	<b>Gross</b>	<b>\$3,400,000</b>	<b>(\$510,000)</b>
Decreases payments to reflect lower property values.	Restricted	3,400,000	(510,000)
<b>11. Declining Enrollment Grants (Sec. 29)</b>	<b>Gross</b>	<b>\$20,000,000</b>	<b>(\$20,000,000)</b>
Eliminates funding for this grant program which provides additional funds based on a three-year average membership for districts with two consecutive years of declining enrollment.	Restricted	20,000,000	(20,000,000)
<b>12. At-Risk Grants (Sec. 31a)</b>	<b>Gross</b>	<b>\$308,988,200</b>	<b>\$0</b>
Maintains total funding for at-risk pupil support to districts, but eliminates exceptions which currently allow Dearborn and Baldwin to qualify for funding despite language that otherwise prohibits out-of-formula funded districts from qualifying. Dearborn would lose an estimated \$4.9 million and Baldwin would lose an estimated \$243,400. The funds would be distributed among all other qualifying districts.	Restricted	308,988,200	0
<b>13. Early Childhood Investment Corporation (ECIC) Great Start Collaboratives (Sec. 32b)</b>	<b>Gross</b>	<b>\$6,000,000</b>	<b>(\$100,000)</b>
Reduces funding by \$100,000 for FY 2011-12 and provides intent to transfer funding in FY 2012-13 into early childhood block grants along with funding under Sec. 32d and 32j.	Restricted	6,000,000	(100,000)
<b>14. Great Start Readiness Preschool Program (Sec. 32d)</b>	<b>Gross</b>	<b>\$98,575,000</b>	<b>\$6,000,000</b>
Increases funding for FY 2011-12 by \$6.0 million for district programs, shifts revenue source to 100% School Aid Fund, and distributes funding to intermediate districts that will act as fiduciaries and distribute funds to districts and competitive programs. Provides intent to transfer funding in FY 2012-13 into early childhood block grants along with funding under Sec. 32b and 32j.	Restricted	89,400,000	14,875,000
	GF/GP	\$9,175,000	(\$8,875,000)
<b>15. Great Parents Great Start Program (Sec. 32j)</b>	<b>Gross</b>	<b>\$5,000,000</b>	<b>\$0</b>
Maintains funding for current year and provides intent to transfer funding in FY 2012-13 into early childhood block grants along with funding under Sec. 32b and 32d.	Restricted	5,000,000	0

SCHOOL AID

<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>		<u>FY 2010-11 YTD (as of 2/17/11)</u>	<u>Enacted Change From YTD</u>
<b>16. Bilingual Education Grants (Sec. 41)</b>	<b>Gross</b>	<b>\$2,800,000</b>	<b>(\$2,800,000)</b>
Eliminates funding that provides districts additional funds for educating students of limited English-speaking ability.	Restricted	2,800,000	(2,800,000)
<b>17. Total Special Education Payments (Sec. 51a)</b>	<b>Gross</b>	<b>\$1,517,583,000</b>	<b>(\$102,713,900)</b>
Revises to reflect estimated federal funding decrease of \$22.3 million and reduces required state payments by \$80.4 million based on cost estimates. (Includes items 18 and 19 below.)	Federal	459,700,000	(22,300,000)
	Restricted	1,057,883,000	(80,413,900)
<b>18. Special Education Hold-Harmless Payment (Sec. 51a(3))</b>	<b>Gross</b>	<b>\$1,400,000</b>	<b>(\$400,000)</b>
Reduces total funding to \$1.0 million for ISDs that receive a hold-harmless payment that guarantees their funding will not fall below 1996-97 funding levels under former Secs. 52 and 58.	Restricted	1,400,000	(400,000)
<b>19. Special Education Intermediate School District (ISD) Center FICA (Sec. 51a(8))</b>	<b>Gross</b>	<b>\$15,313,900</b>	<b>(\$15,313,900)</b>
Eliminates funding for payments which are based on previous state allocations for retirement and Social Security costs attributable to center program employees.	Restricted	15,313,900	(15,313,900)
<b>20. Middle College Program (Sec. 64)</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>(\$2,000,000)</b>
Eliminates funding for this program which helps districts develop a middle college with a 5th year of high school in conjunction with a career college or university program.	Restricted	2,000,000	(2,000,000)
<b>21. Precollege Engineering and Science Grants (Sec. 65)</b>	<b>Gross</b>	<b>\$905,100</b>	<b>(\$905,100)</b>
Eliminates funding for this program in Detroit, Grand Rapids, and Bay-Arenac, Huron and Tuscola ISDs.	Restricted	905,100	(905,100)
<b>22. School Bus Inspections (Sec. 74)</b>	<b>Gross</b>	<b>\$433,800</b>	<b>\$1,095,800</b>
Increases funding to reflect current law, which requires the Michigan State Police to conduct all safety inspections, rather than doing only random audits of school district safety inspections.	Restricted	433,800	1,095,800
<b>23. ISD General Operations Support (Sec. 81)</b>	<b>Gross</b>	<b>\$65,376,800</b>	<b>(\$3,268,800)</b>
Reduces funding by \$3.3 million or 5.0% from current year levels.	Restricted	65,376,800	(3,268,800)
<b>24. Postsecondary Agriculture Education Grant (Sec. 92)</b>	<b>Gross</b>	<b>\$300,000</b>	<b>(\$300,000)</b>
Eliminates funding for a new program added in FY 2010-11 at Saginaw Valley State University.	Restricted	300,000	(300,000)
<b>25. State Aid to Libraries for Michigan Electronic Library Catalog (MeLCat) Support (Sec. 93)</b>	<b>Gross</b>	<b>\$1,500,000</b>	<b>(\$195,700)</b>
Reduces School Aid appropriation for State Aid to Libraries to \$1.3 million. In addition, the \$5.8 million appropriation in the Department of Education budget was reduced by \$304,300 to \$5.4 million.	Restricted	1,500,000	(195,700)
<b>26. Center for Educational Performance and Information (CEPI) (Sec. 94a)</b>	<b>Gross</b>	<b>\$23,928,900</b>	<b>(\$15,534,000)</b>
Shifts \$8.4 million in School Aid Funds, which were added in FY 2010-11 to support the efforts of districts in linking individual teachers to student achievement data, to Sec. 152a, which reimburses districts for data collection and reporting costs. Also removes \$7.2 million in federal funding authorization which was increased in anticipation of a federal Race to the Top award which the state did not receive. Also includes \$80,600 in GF/GP for economic increases at CEPI.	Federal	10,067,800	(7,174,600)
	Restricted	8,440,000	(8,440,000)
	GF/GP	\$5,421,100	\$80,600
<b>27. Positive Behavioral Support Program (Sec. 99i)</b>	<b>Gross</b>	<b>\$300,000</b>	<b>(\$300,000)</b>
Eliminates funding for this program in the Pontiac school district.	Restricted	300,000	(300,000)

**SCHOOL AID**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b><u>FY 2010-11 YTD (as of 2/17/11)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>28. Michigan Educational Assessment Program (MEAP) Program (Sec. 104)</b>	<b>Gross</b>	<b>\$43,444,400</b>	<b>\$0</b>
Shifts federal Title VI funds, which were used in the FY 2010-11 Department of Education budget for a one-time rewrite of the secure site for the Office of Education Assessment and Accountability, back to the MEAP program, allowing for a reduction in School Aid Fund support.	Federal	3,250,000	5,000,000
	Restricted	40,194,400	(5,000,000)
<b>29. Michigan Public School Employees' Retirement System (MPERS) - One-Time Cost Offset (Sec. 147a)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$155,000,000</b>
Appropriates \$155.0 million from the FY 2010-11 School Aid Fund balance for payments to districts in FY 2011-12 to partially offset increases in MPERS employer contribution costs. Distributions will be calculated based on each district's share of MPERS payroll. Funding is identified as one-time funding for FY 2011-12 only.	Restricted	0	155,000,000
<b>30. MPERS - Reserve for Retirement Obligation Reform (Sec. 147b)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$133,000,000</b>
Appropriates \$133.0 million from the FY 2010-11 School Aid Fund balance into a reserve fund for MPERS retirement obligation reform. Funding is identified as one-time funding for FY 2011-12 only.	Restricted	0	133,000,000
<b>31. ADAIR - Database Payment (Sec. 152a)</b>	<b>Gross</b>	<b>\$25,624,500</b>	<b>\$8,440,000</b>
Shifts \$8.4 million in School Aid Funds from CEPI, which were added in FY 2010-11 to support the efforts of districts in linking individual teachers to student achievement data, to this section which reimburses districts for data collection and reporting costs.	Restricted	25,624,500	8,440,000

**Major Boilerplate Changes From FY 2010-11**

**Sec. 6(4)(r). Kindergarten Pupil Membership Definition – REVISED**

Maintains current law for FY 2011-12 but requires that beginning in FY 2012-13, a kindergarten pupil must receive an equal number of instructional hours as pupils in grades 1-12 to be counted as a whole full-time-equivalent (FTE) for pupil membership. Therefore, districts would receive a full foundation allowance only for a kindergarten pupil in a full-day instructional program.

**Sec. 6(7). Fall Count Day – REVISED**

Revises the fall pupil membership count day from the fourth Wednesday in September to the first Wednesday in October to align the count with other federally required student counts.

**Sec. 6(19). Definition of Textbook – REVISED**

Revises to add "electronic book, or other instructional print or electronic resource" to the definition of a textbook.

**Sec. 11. Proration Language – REVISED**

Moves the language providing for a method for prorating School Aid Fund appropriations, in the event that appropriations exceed available School Aid Fund revenue, from Sec. 11 to Sec. 296. The proration language now also applies to School Aid Funds appropriated to community colleges and universities.

**Sec. 12. FY 2012-13 Appropriations – NEW**

Adds intent language that appropriations for FY 2012-13 will be maintained at FY 2011-12 levels, adjusted for changes in taxable values, special education costs, and pupil counts.

**Sec. 18(5). District Financial Data – REVISED**

Eliminates a requirement that the Department make certain district financial data available online because it duplicates information provided in Department Bulletins 1011 and 1014. Also eliminates the requirement that districts post a link on their websites to the department website where this financial information was posted. *(This is not an elimination of the budgetary transparency information that all districts and ISDs are required to post on their own websites.)* Also adds a reporting requirement that districts and ISDs post health care bids required under the Public Employees Health Benefit Act on their websites.

**Major Boilerplate Changes From FY 2010-11**

**Sec. 20. Foundation Allowances – REVISED**

Revises the calculation of district foundation allowances to reduce each district's foundation allowance to reflect the \$470 per pupil reduction. The minimum foundation allowance for FY 2011-12 equals \$6,846 and the basic foundation allowance equals \$8,019. Also reduces foundation allowance adjustments by 50% for Wayne-Westland, Gibraltar, Huron, and Garden City and identifies the appropriation as one-time funding for FY 2011-12 only. Also reduces small class size adjustments for certain districts from \$19.7 million to \$13.5 million and identifies the appropriation as one-time funding for FY 2011-12 only.

**Sec. 22f. Best Practices Incentives for FY 2011-2012 – NEW**

Provides \$154.0 million in grants for districts that satisfy 4 out of the 5 following best practices: 1) Has a 90/10 premium share for employee health benefits. 2) Acts as policy holder of health insurance policies. A district that does not directly employ its staff would be considered to have satisfied this practice. 3) Enters into or continues consolidation plans as originally defined under former Sec. 11d. 4) Obtains competitive bids on at least one non-instructional service totaling more than \$50,000. 5) Makes a public dashboard with financial indicators and performance indicators. Requires that if a district is found to have intentionally submitted false information to satisfy this section, it will forfeit an amount equal to its incentive payment from its total state aid payment in FY 2012-13. Identifies the appropriation as one-time funding for FY 2011-12 only.

**Sec. 31a. At-Risk Payment – REVISED**

Eliminates exceptions made for Dearborn and Baldwin which would otherwise prohibit districts whose combined state and local revenue per pupil exceeds the basic foundation allowance from receiving At-Risk funds. The exception for Dearborn was because more than 25% and at least 4,500 of its students qualify for free or reduced food programs. The exception for Baldwin was because more than 75% of its students qualify for free or reduced food programs. Also makes providing a crisis intervention or anti-bullying program an allowable use of At-Risk funds.

**Sec. 32b. Early Childhood Investment Cooperation (ECIC) Collaborative Report – REVISED**

Establishes intent to move funding in FY 2012-13 to an early childhood block grant program administered by ISDs in conjunction with local Great Start Collaboratives. Requires the Department to work with intermediate districts, districts, Great Start Collaboratives, and ECIC to revise application processes, funding formulas, program criteria, and data reporting requirements and report recommendations to the Legislature by January 1, 2012.

**Sec. 32d. Great Start School Readiness Program – REVISED**

Revises early childhood teaching requirements to recognize new early childhood teaching certification (ZS) and to require teachers to complete compliance plans within 2 years rather than 4 years from the date of employment. Also eliminates exception for subcontracted programs allowing teachers with 90 credit hours and at least 4 years' teaching experience in a qualified preschool program to meet the requirements to participate in the program.

Revises the definitions of a full-day program and a school-day program, such that a school-day program would be one that operates for the same length of day as the district's first grade, for a minimum of 4 days a week, 30 weeks a year. A full-day program would only be those that provide supplementary child care so that the program totals at least 10 hours per day. Only a full-day program would still be given priority in the allocation of funds (Sec. 39(8)).

Revises to allocate funds to intermediate districts or consortia to act as fiduciaries for the programs. Requires that in FY 2011-12 the intermediate districts and consortia distribute funds to districts and to competitive programs based on the current funding formula for districts in Sec. 39 and the grant award distribution for competitive programs in Sec. 32i as directed by the Department. Requires districts and competitive grant recipients to comply with existing program requirements. Establishes intent to move funding in FY 2012-13 to an early childhood block grant program administered by ISDs in conjunction with local Great Start Collaboratives. Requires the Department to work with intermediate districts, districts, Great Start Collaboratives, and ECIC to revise application processes, funding formulas, program criteria, and data reporting requirements and report recommendations to the Legislature by January 1, 2012.

**Sec. 32j. Great Parents Great Start Report – REVISED**

Eliminates the Department report due by December 1 of each year that summarizes the data collected by each ISD on the number of children in families under 200% of the federal poverty level receiving services under this section and the total number of children receiving services under this section.

Establishes intent to move funding in FY 2012-13 to an early childhood block grant program administered by ISDs in conjunction with local Great Start Collaboratives. Requires the Department to work with intermediate districts, districts, Great Start Collaboratives, and ECIC to revise application processes, funding formulas, program criteria, and data reporting requirements and report recommendations to the Legislature by January 1, 2012.

**SCHOOL AID**

**Major Boilerplate Changes From FY 2010-11**

**Sec. 40. Great Start Readiness Program Report – REVISED**

Eliminates the biennial report of the Department’s review of alternative methods for determining number of children construed to be in need of school readiness programs.

**Sec. 56. Special Education Millage Equalization – REVISED**

Revises the per pupil millage equalization levels to \$174,700 for reimbursements made in FY 2011-12 to adjust for taxable value estimates.

**Sec. 62. Vocational Education Millage Equalization – REVISED**

Revises the per pupil millage equalization levels to \$190,400 for reimbursements made in FY 2011-12 to adjust for taxable value estimates.

**Sec. 81(6). ISD General Operations – DELETED**

Deletes language which would protect from future reductions the portion of an ISD’s allocation under Sec. 81 equal to the amount transferred into Sec. 81 for each ISD in 1994-95 from former Sec. 146 and Sec. 147 related to FICA (Federal Insurance Contributions Act) and retirement.

**Sec. 94a. CEPI Advisory Board – REVISED**

Deletes the CEPI advisory board language because the board was eliminated pursuant to Executive Order 2010-16.

**Sec. 99. Math and Science Centers – NEW**

Requires an annual report by July 1 from each center receiving funds detailing performance measures including the statistical change in pre- and post-assessment scores for students enrolled in math and science activities at the center and the statistical change in pre- and post-assessment scores for teachers enrolled in professional development provided by the center.

**Sec. 107(6). Adult Education Community College Program – DELETED**

Eliminates a \$200,000 grant for expanding an innovative community college program that focuses on educating adults, which currently goes to Grand Rapids Community College.

**Sec. 109. Instructional Services for Students Hospitalized or Confined to Home – REVISED**

Revises this section, which currently requires the Department of Education to provide a written explanation of a district’s responsibilities under this section to each district and to persons upon request, to instead allow the Department to comply electronically and to require the Department to post the information online.

**Sec. 147. MPSERS Employer Contribution Rates – REVISED**

Estimates the MPSERS employer contribution rates for FYs 2011-12 and 2012-13 as follows:

	FY 2010-11		FY 2011-12		FY 2012-13	
	Employees Pre-July 1, 2010	Employees on or after July 1, 2010	Employees Pre-July 1, 2010	Employees on or after July 1, 2010	Employees Pre-July 1, 2010	Employees on or after July 1, 2010
Pension Rate	12.16%	10.66%	15.96%	14.73%	18.62%	17.39%
Retiree Health Rate	8.50%	8.50%	8.50%	8.50%	8.75%	8.75%
<b>Total Rate</b>	<b>20.66%</b>	<b>19.16%</b>	<b>24.46%</b>	<b>23.23%</b>	<b>27.37%</b>	<b>26.14%</b>

**FY 2011-12  
Budget Detail  
for  
GENERAL GOVERNMENT**

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**Attorney General  
Civil Rights  
Executive Office  
Legislature  
Legislative Auditor General  
State  
Technology, Management and Budget  
Treasury**

**ALL GENERAL GOVERNMENT  
Summary of FY 2011-12 Enacted Appropriations  
Article VIII, 2011 Public Act 63 (House Bill 4526)**

**Analysts: Robin R. Risko and Ben Gielczyk**

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	**FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$644,781,100	\$669,128,900	\$669,027,400	\$669,027,400	\$669,027,400	\$24,246,300	3.8
<b>Federal</b>	277,499,300	768,099,400	273,049,700	273,049,700	768,099,400	490,600,100	176.8
<b>Local</b>	3,434,400	7,989,300	3,555,800	3,555,800	7,989,300	4,554,900	132.6
<b>Private</b>	1,414,500	979,400	930,700	930,700	979,400	(435,100)	(30.8)
<b>Restricted</b>	1,804,038,200	1,723,308,800	1,734,148,000	1,719,647,900	1,756,410,300	(47,627,900)	(2.6)
<b>GF/GP</b>	590,492,600	751,458,700	674,509,500	672,565,900	860,986,300	270,493,700	45.8
<b>Gross</b>	<b>\$3,321,660,100</b>	<b>\$3,920,964,500</b>	<b>\$3,355,221,100</b>	<b>\$3,338,777,400</b>	<b>\$4,063,492,100</b>	<b>\$741,832,000</b>	<b>22.3</b>
<b>FTEs</b>	7,709.2	8,162.2	7,729.2	7,732.2	8,159.2	450.0	5.8

\* FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011

\*\* Enacted figures include **\$136.3 million GF/GP** and **\$30.0 million state restricted** in boilerplate appropriations designated for one-time purposes in Sec. 1201 of the budget article.

**Overview of All General Government Departments**

Currently, the following departmental and agency budgets are included in Article VIII, appropriations for General Government: 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 Bureau of State Lottery, Michigan Gaming Control Board, Michigan Strategic Fund, Revenue Sharing, and Debt Service). **Budget issues are listed by department on the following pages.**

**Major Boilerplate Changes From FY 2010-11**

**GENERAL SECTIONS OF BOILERPLATE**

**Sec. 204. Civil Service 1% Charges – DELETED**

Requires Civil Service Commission to bill departments at end of first fiscal quarter for 1% charge authorized by State Constitution; requires departments to pay billings by end of second fiscal quarter.

**Sec. 205. Hiring Freeze (Executive Branch Departments) – DELETED**

Imposes hiring freeze on state classified civil service; authorizes Attorney General and Secretary of State to grant exceptions for their departments; authorizes state budget director to grant exceptions for all other Executive branch departments; requires quarterly reports on exceptions, to include justification for exceptions.

**Sec. 206. Transparency Websites – NEW**

Requires departments and agencies to maintain searchable websites accessible by the public at no cost that include expenditure data, data on payments made to vendors, and data on number of active employees, job specifications, and wage rates.

**Sec. 207. Information Technology Work Project Accounts – NEW**

Designates appropriations for information technology as work project accounts.

**Sec. 211. Budget Stabilization Fund Pay-In – NEW**

Appropriates \$255.8 million from GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund.

**Sec. 212. Receipt and Retention of Required Reports – REVISED**

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

**Major Boilerplate Changes From FY 2010-11**

**Sec. 216. *Out-of-State Travel Restrictions* – REVISED**

Limits out-of-state travel; authorizes State Budget Director to grant exceptions to allow travel; requires quarterly report on number of exceptions granted.

**Sec. 220. *Limitation on Administering a Committee* – NEW**

Prohibits funds from being used to administer a committee or to solicit or obtain contributions for a committee. ("Committee" is defined as one which receives contributions or makes expenditures for the purpose of influencing or attempting to influence the action of voters.)

**Sec. 227. *Report on State Restricted Funds* – NEW**

Requires departments and agencies to report on state restricted fund balances, projected state restricted fund revenues, and state restricted fund expenditures.

**Sec. 230. *FTE Positions and Transparency Websites* – DELETED**

Requires departments and agencies to report on number of FTE positions in pay status by civil service classification; requires executive branch departments to develop, post, and maintain Internet sites showing all expenditures.

**Sec. 231. *Transparency Website Expenditure* – DELETED**

Prohibits departments from expending more than \$10,000 to implement transparency websites.

***One-Time Basis Only Boilerplate***

**Sec. 1201. *One-Time Basis Only Appropriations* – NEW**

Subsection (1) appropriates GF/GP revenue in FY 2011-12:

- \$1.25 million to DTMB for asbestos abatement in the former state police headquarters building
- \$60.0 million to DTMB for other post-employment benefits
- \$25.0 million to the Michigan Strategic Fund for film incentive program
- \$50.0 million to the Michigan Strategic Fund for business attraction and economic gardening

Subsection (2) appropriates sales tax revenue in FY 2011-12:

- \$15.0 million to Treasury for county revenue sharing
- \$15.0 million to Treasury for Economic Vitality Incentive Program

***FY 2012-2013 Anticipated Appropriations Boilerplate***

**Sec. 1301. *FY 2012-13 Anticipated Appropriations* – NEW**

Specifies legislative intent that FY 2012-13 appropriations are anticipated to be the same as those for FY 2011-12, except where line items need to be adjusted for changes in caseloads, federal fund matching rates, economic factors, and/or available revenues.

**ATTORNEY GENERAL  
Summary of FY 2010-11 Enacted Appropriations  
Article VIII, 2011 Public Act 63 (House Bill 4526)**

**Analyst: Robin R. Risko**

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$21,300,300	\$21,885,400	\$21,885,400	\$21,885,400	\$21,885,400	\$585,100	2.8
<b>Federal</b>	8,565,700	8,848,800	8,848,800	8,848,800	8,848,800	283,100	3.3
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	14,987,700	15,489,100	15,489,100	15,489,100	15,489,100	501,400	3.3
<b>GF/GP</b>	28,559,400	28,117,600	28,117,600	28,117,600	28,367,600	(191,800)	(0.7)
<b>Gross</b>	<b>\$73,413,100</b>	<b>\$74,340,900</b>	<b>\$74,340,900</b>	<b>\$74,340,900</b>	<b>\$74,590,900</b>	<b>\$1,177,800</b>	<b>1.6</b>
<b>FTEs</b>	520.0	520.0	520.0	520.0	520.0	0.0	--

\*FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

**Overview**

The Attorney General serves as legal counsel for state departments, agencies, boards, and commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys. The Department's mission is to protect the common legal rights of citizens, defend the Constitution and the laws of the state, and represent the legal interests of government. Its goals include making the state a safe place for its citizens, offering justice to victims of crime, defending common natural resources and monetary assets of the state, and delivering excellent legal services at a minimum cost to taxpayers.

**Major Budget Changes From FY 2010-11 YTD Appropriations**

		FY 2010-11 YTD (as of 2/17/11)	Enacted Change From YTD
<b>1. Operations Adjustment</b>	<b>Gross</b>	<b>N/A</b>	<b>\$107,600</b>
Includes a GF/GP reduction of \$142,400 but offsets the reduction with an increase of \$250,000, which was added as part of the target agreement.	GF/GP	N/A	\$107,600
<b>2. Early Retirement Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$1,285,600)</b>
Includes a reduction to reflect the amount of full-year savings anticipated to occur as a result of the FY 2010-11 early retirement program.	GF/GP	N/A	(\$1,285,600)
<b>3. State Officers Compensation Commission</b>	<b>Gross</b>	<b>\$115,800</b>	<b>(\$3,300)</b>
Reflects a savings due to the 10% reduction in the Attorney General's salary implemented January 1, 2011. This figure is the amount of savings that will occur in the first three months of FY 2011-12.	GF/GP	\$115,800	(\$3,300)
<b>4. PACC Grant Award Reduction</b>	<b>Gross</b>	<b>\$325,000</b>	<b>(\$186,000)</b>
Includes a reduction from the Michigan Justice Training Fund as a result of reduced training services being provided by the Prosecuting Attorneys Coordinating Council.	IDG	325,000	(186,000)
<b>5. State Claims Unit Reduction</b>	<b>Gross</b>	<b>\$1,417,100</b>	<b>(\$62,500)</b>
Includes a reduction from the Risk Management Revolving Fund as a result of reduced services related to workers' compensation cases being provided by the Department of Attorney General.	IDG	1,417,100	(62,500)

**Major Budget Changes From FY 2010-11 YTD Appropriations**

**FY 2010-11 YTD Enacted Change  
(as of 2/17/11) From YTD**

**6. *Economics***

Includes additional funding for economic adjustments to be made for insurance, retirement, and workers' compensation costs and for building occupancy charges.

<b>Gross</b>	<b>N/A</b>	<b>\$2,607,600</b>
IDG	N/A	833,600
Federal	N/A	283,100
Restricted	N/A	501,400
GF/GP	N/A	\$989,500

**Major Boilerplate Changes From FY 2010-11**

None

**CIVIL RIGHTS**

**CIVIL RIGHTS  
Summary of FY 2011-12 Enacted Appropriations  
Article VIII, 2011 Public Act 63 (House Bill 4526)**

**Analyst: Robin R. Risko**

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	1,750,000	2,880,600	2,213,200	2,213,200	2,880,600	1,130,600	64.6
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	18,700	0	0	18,700	18,700	100.0
<b>Restricted</b>	53,000	151,900	58,500	58,500	151,900	98,900	186.6
<b>GF/GP</b>	10,975,700	10,479,000	9,827,300	9,666,000	10,679,000	(296,700)	(2.7)
<b>Gross</b>	<b>\$12,778,700</b>	<b>\$13,530,200</b>	<b>\$12,099,000</b>	<b>\$11,937,700</b>	<b>\$13,730,200</b>	<b>\$951,500</b>	<b>7.4</b>
<b>FTEs</b>	118.0	126.0	118.0	118.0	126.0	8.0	6.8

\*FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

**Overview**

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

**Major Budget Changes From FY 2010-11 YTD Appropriations**

		FY 2010-11 YTD (as of 2/17/11)	Enacted Change From YTD
<b>1. GF/GP Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$833,200)</b>
Includes a GF/GP reduction of \$1.0 million to be achieved by reducing information technology user charges, downsizing technology equipment and building space as a result of the decrease in staff over the past few years, and by not filling vacant positions. The reduction is partially offset with an increase of \$200,000, which was added as part of the target agreement.	GF/GP	N/A	(\$833,200)
<b>2. Early Retirement Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$608,000)</b>
Includes a reduction to reflect the amount of full-year savings anticipated to occur as a result of the FY 2010-11 early retirement program.	GF/GP	N/A	(\$608,000)
<b>3. Increased Federal Grant Funding</b>	<b>Gross</b>	<b>\$850,000</b>	<b>\$463,200</b>
Reflects an increase in federal Department of Housing and Urban Development funding based on projections of anticipated revenue in FY 2011-12.	Federal	850,000	463,200
	GF/GP	\$0	\$0
<b>4. Transfer from LARA to Civil Rights</b>	FTEs	N/A	8.0
Reflects the transfer of FTE positions and funding associated with the Commission on Disability Concerns and the Hispanic/Latino Commission of Michigan from the Department of Licensing and Regulatory Affairs to the Department of Civil Rights pursuant to Executive Order 2011-4.	<b>Gross</b>	<b>N/A</b>	<b>\$1,431,300</b>
	Federal	N/A	667,400
	Private	N/A	18,700
	Restricted	N/A	93,400
	GF/GP	N/A	\$651,800

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b><u>FY 2010-11 YTD</u></b>	<b><u>Enacted Change</u></b>
		<b><u>(as of 2/17/11)</u></b>	<b><u>From YTD</u></b>
<b>5. Fund Source Shift</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Increases state restricted funding and decreases GF/GP funding in order to more accurately reflect the financing of expenditures.	Restricted	N/A	5,500
	GF/GP	N/A	(\$5,500)
<b>6. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$498,200</b>
Includes additional funding for economic adjustments to be made for insurance, retirement, and workers' compensation costs and for building occupancy charges.	GF/GP	N/A	\$498,200

**Major Boilerplate Changes From FY 2010-11**

***Sec. 401. Private Contingency Funds – NEW***

Appropriates up to \$500,000 in private contingency funds for the Department.

***Sec. 402. Receipt and Expenditure of Local and Private Funds – REVISED***

Authorizes the Department to receive and expend local and private funding for a variety of reasons, to include staffing costs.

EXECUTIVE OFFICE

**EXECUTIVE OFFICE  
Summary of FY 2011-12 Enacted Appropriations  
Article VIII, 2011 Public Act 63 (House Bill 4526)**

**Analyst: Robin R. Risko**

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	0	0	0	0	0	0	--
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	0	0	0	0	0	0	--
<b>GF/GP</b>	4,630,800	4,399,200	4,399,200	4,399,200	4,399,200	(231,600)	(5.0)
<b>Gross</b>	<b>\$4,630,800</b>	<b>\$4,399,200</b>	<b>\$4,399,200</b>	<b>\$4,399,200</b>	<b>\$4,399,200</b>	<b>(\$231,600)</b>	<b>(5.0)</b>
<b>FTEs</b>	84.2	84.2	84.2	84.2	84.2	0.0	--

\*FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

**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.

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>1. GF/GP Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$212,200)</b>
Reflects a savings to be achieved through administrative reductions.	GF/GP	N/A	(\$212,200)
<b>2. State Officers Compensation Commission</b>	<b>Gross</b>	<b>\$288,300</b>	<b>(\$19,400)</b>
Reflects a savings due to the 10% reduction in the Governor's and Lieutenant Governor's salaries implemented January 1, 2011. This figure is the amount of savings that will occur in the first three months of FY 2011-12.	GF/GP	\$288,300	(\$19,400)

**Major Boilerplate Changes From FY 2010-11**

There is no boilerplate for the Executive Office.

# LEGISLATURE

## Summary of FY 2011-12 Enacted Appropriations

### Article VIII, 2011 Public Act 63 (House Bill 4526)

Analyst: Robin R. Risko

IDG/IDT	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$0	--
<b>Federal</b>	0	0	0	0	0	0	--
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	400,000	400,000	400,000	400,000	400,000	0	--
<b>Restricted</b>	1,109,800	1,109,800	1,109,800	1,109,800	1,109,800	0	--
<b>GF/GP</b>	100,574,300	98,573,400	98,573,400	98,573,400	98,573,400	(2,000,900)	(2.0)
<b>Gross</b>	<b>\$102,334,100</b>	<b>\$100,333,200</b>	<b>\$100,333,200</b>	<b>\$100,333,200</b>	<b>\$100,333,200</b>	<b>(\$2,000,900)</b>	<b>(2.0)</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0	0.0	0.0	--

\*FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

#### 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 2010-11 YTD Appropriations

##### 1. **GF/GP Reductions**

Reflects a savings to be achieved through administrative reductions.

	FY 2010-11 YTD (as of 2/17/11)	Enacted Change From YTD
<b>Gross</b>	N/A	<b>(\$2,000,900)</b>
<b>GF/GP</b>	N/A	<b>(\$2,000,900)</b>

#### Major Boilerplate Changes From FY 2010-11

None

**LEGISLATIVE AUDITOR GENERAL  
Summary of FY 2011-12 Enacted Appropriations  
Article VIII, 2011 Public Act 63 (House Bill 4526)**

**Analyst: Robin R. Risko**

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	<i>Difference: Enacted From FY 2010-11 YTD</i>	
						<i>Amount</i>	<i>%</i>
<b>IDG/IDT</b>	\$2,301,500	\$3,501,500	\$3,501,500	\$3,501,500	\$3,501,500	\$1,200,000	52.1
<b>Federal</b>	0	0	0	0	0	0	--
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	1,539,900	1,539,900	1,539,900	1,539,900	1,539,900	0	--
<b>GF/GP</b>	11,155,000	10,597,000	10,597,000	10,597,000	10,597,000	(558,000)	(5.0)
<b>Gross</b>	<b>\$14,996,400</b>	<b>\$15,638,400</b>	<b>\$15,638,400</b>	<b>\$15,638,400</b>	<b>\$15,638,400</b>	<b>\$642,000</b>	<b>4.3</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0	0.0	0.0	--

\*FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

**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.

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>1. GF/GP Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$558,000)</b>
Reflects a savings to be achieved through administrative reductions.	GF/GP	N/A	(\$558,000)
<b>2. Fund Source Adjustment</b>	<b>Gross</b>	<b>\$958,600</b>	<b>\$1,700,000</b>
Adjusts the budget to reflect the costs of conducting single audits in a line item appropriation. Prior to this, authorization was provided via boilerplate.	IDG	958,600	1,700,000
<b>3. Technical Adjustment</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$500,000)</b>
Reduces funding authorized to be received from the Department of Corrections. This funding was included in the FY 2010-11 Corrections budget, but was vetoed by the Governor.	IDG	500,000	(500,000)

**Major Boilerplate Changes From FY 2010-11**

**Sec. 624. Statewide Single Audit – NEW**

Requires a report regarding the feasibility of converting to a statewide single audit; report to include costs involved, required statutory changes, impact on legislative oversight, organizational changes necessary to provide centralized coordination, billing and funding structure changes, corrective action for known internal control weaknesses and prior single audit findings, and a recommendation on implementation.

**Sec. 625. Appropriation of Unexpended FY 2010-11 GF/GP – NEW**

Appropriates up to \$905,000 of unexpended FY 2010-11 GF/GP funding to be used to pay costs of economic increases; of the \$905,000, requires funding that is not used to pay costs of economic increases to lapse to the general fund.

**DEPARTMENT OF STATE**  
**Summary of FY 2011-12 Enacted Appropriations**  
**Article VIII, 2011 Public Act 63 (House Bill 4526)**

Analyst: Ben Gielczyk

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$0	--
<b>Federal</b>	1,810,000	1,810,000	1,810,000	1,810,000	1,810,000	0	--
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	100	100	100	100	100	0	--
<b>Restricted</b>	177,799,500	178,788,700	178,788,700	178,788,700	178,788,700	989,200	0.6
<b>GF/GP</b>	13,910,800	11,286,200	11,286,200	11,286,200	11,286,200	(2,624,600)	(18.9)
<b>Gross</b>	<b>\$213,520,400</b>	<b>\$211,885,000</b>	<b>\$211,885,000</b>	<b>\$211,885,000</b>	<b>\$211,885,000</b>	<b>(\$1,635,400)</b>	<b>(0.8)</b>
<b>FTEs</b>	1,815.0	1,815.0	1,815.0	1,815.0	1,815.0	0.0	--

\*FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

**Overview**

The Department of State administers programs in eight areas: Driver Licensing and Vehicle Registration, which includes titling and registering vehicles; Elections and Campaign Finance Administration, which includes training local election officials and monitoring campaign finance; Regulatory and Consumer Protection, which includes inspecting and licensing automotive repair facilities; Traffic Safety, which includes driver testing; Office of the Great Seal; Assigned Claims Facility; Uniform Commercial Code; and Executive Direction and Central Support.

**Major Budget Changes From FY 2010-11 YTD Appropriations**

		FY 2010-11 YTD (as of 2/17/11)	Enacted Change From YTD
<b>1. State Officers Compensation Commission Adjustment</b>	<b>Gross</b>	<b>\$115,800</b>	<b>(\$3,300)</b>
Reflects savings of \$3,300 Gross and GF/GP due to the 10.0% reduction in the Secretary of State's salary implemented on January 1, 2011. This amount reflects savings that will occur in the first three months of FY 2011-12.	GF/GP	\$115,800	(\$3,300)
<b>2. Early Retirement Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$621,300)</b>
Includes reduction of \$631,300 Gross and GF/GP to reflect full-year savings anticipated as a result of the FY 2010-11 early retirement program.	GF/GP	N/A	(\$621,300)
<b>3. General Fund Reduction</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$2,100,000)</b>
Reduction of \$2.1 million Gross and GF/GP to be achieved through administrative reductions within the department.	GF/GP	N/A	(\$2,100,000)
<b>4. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,089,200</b>
Reflects increased costs of \$1.1 million Gross and \$100,000 GF/GP associated with employee benefit costs and other economic adjustments.	Restricted	N/A	989,200
	GF/GP	N/A	\$100,000

**Major Boilerplate Changes From FY 2010-11****Sec. 706. Help America Vote Act – DELETED**

Requires Department of State (DOS) to report on activities and successes of department's enforcement and compliance with provisions contained in the Help America Vote Act of 2002.

**STATE**

**Sec. 716. *Motorcycle Safety Education Program* – DELETED**

Requires appropriation for Motorcycle Safety Education Grants and Administration to be used for program operation; requires funding to be derived from license endorsements and registration and testing fees; requires funding to be used to help subsidize safety training courses for individuals interested in operating motorcycles. (Funding maintained for program.)

**Sec. 716c. *Network Connectivity* – DELETED**

Requires a report that includes an assessment of the optimal network connectivity in branch offices and makes recommendations on how to best meet the demands of increased online transactions.

**Sec. 720. *Branch Office Relocation in Urban Areas* – DELETED**

Encourages DOS to locate branch offices in urban areas rather than greenfield sites.

**TECHNOLOGY, MANAGEMENT AND BUDGET  
Summary of FY 2011-12 Enacted Appropriations  
Article VIII, 2011 Public Act 63 (House Bill 4526)**

**Analyst: Robin R. Risko**

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	**FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$586,552,900	\$609,070,400	\$608,968,900	\$608,968,900	\$608,968,900	\$22,416,000	3.8
<b>Federal</b>	2,682,000	10,346,000	2,803,400	2,803,400	10,346,000	7,664,000	285.8
<b>Local</b>	1,380,400	1,456,600	1,456,600	1,456,600	1,456,600	76,200	5.5
<b>Private</b>	170,800	180,600	180,600	180,600	180,600	9,800	5.7
<b>Restricted</b>	83,827,300	85,272,900	85,374,400	85,374,400	85,374,400	1,547,100	1.8
<b>GF/GP</b>	299,748,800	313,357,800	308,357,800	307,513,400	372,107,800	72,359,000	24.1
<b>Gross</b>	<b>\$974,362,200</b>	<b>\$1,019,684,300</b>	<b>\$1,007,141,700</b>	<b>\$1,006,297,300</b>	<b>\$1,078,434,300</b>	<b>\$104,072,100</b>	<b>10.7</b>
<b>FTEs</b>	2,972.5	3,038.5	2,986.5	2,986.5	3,038.5	66.0	2.2

\* FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

\*\* Enacted figures include \$61.3 million GF/GP in boilerplate appropriations designated for one-time purposes in Sec. 1201 of the budget article.

**Overview**

The Department of Technology, Management and Budget is an interdepartmental service and management agency responsible for ensuring proper financial record keeping for state agencies; managing capital outlay projects, state property, state buildings, state purchasing programs, and the state's retirement systems; supervising the state's motor vehicle fleet; providing office and building support services to state agencies; and acting as a general contractor between the state's information technology users and private sector providers of information technology products and services. The Department houses the Office of the State Budget, which prepares, presents, and executes the state budget on behalf of the Governor, and several other autonomous units: Office of the State Employer, Office of the Children's Ombudsman, Office of Regulatory Reform, State Building Authority, and Civil Service Commission.

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>	<b><u>FY 2010-11 YTD</u></b>	<b><u>Enacted Change</u></b>
	<b><u>(as of 2/17/11)</u></b>	<b><u>From YTD</u></b>
<b>MANAGEMENT AND BUDGET</b>		
<b>1. SBA Rent Increase</b>	<b>Gross \$241,870,600</b>	<b>\$15,000,000</b>
Includes additional funding for State Building Authority rent payments to be made for state financed capital outlay projects for state agencies, universities, and community colleges. Adjustments are made based on a number of factors, including project start and end dates, delays, refinancing, refunding, the number of current projects underway, and assumptions regarding upcoming financing needs for planned projects.	<b>GF/GP \$241,870,600</b>	<b>\$15,000,000</b>
<b>2. Transfer from LARA to DTMB</b>	<b>FTEs N/A</b>	<b>52.0</b>
Reflects the transfer of FTE positions and funding associated with the Bureau of Labor Market Information and Strategies from the Department of Licensing and Regulatory Affairs to the Department of Technology, Management and Budget pursuant to Executive Order 2011-4.	<b>Gross N/A</b>	<b>\$7,542,600</b>
	<b>Federal N/A</b>	<b>7,542,600</b>
<b>3. Management and Budget GF/GP Reductions</b>	<b>Gross N/A</b>	<b>(\$3,137,400)</b>
Reflects a savings to be achieved by eliminating vacant positions; identifying and reducing duplicate functions; allocating more administrative costs to IDG and restricted fund sources resulting in GF/GP savings; reducing contractual services, rent, overtime and administrative support costs; and eliminating the Detroit mail substation.	<b>IDG N/A</b>	<b>(612,300)</b>
	<b>Restricted N/A</b>	<b>(732,600)</b>
	<b>GF/GP N/A</b>	<b>(\$1,792,500)</b>

**TECHNOLOGY, MANAGEMENT AND BUDGET**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b><u>FY 2010-11 YTD (as of 2/17/11)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>4. Management and Budget Early Retirement Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$1,529,300)</b>
Includes a reduction to reflect the amount of full-year savings anticipated to occur as a result of the FY 2010-11 early retirement program.	GF/GP	N/A	(\$1,529,300)
<b>5. Gubernatorial Transition</b>	<b>Gross</b>	<b>\$1,500,000</b>	<b>(\$1,500,000)</b>
Eliminates the one-time appropriation included in the FY 2010-11 budget for costs associated with the gubernatorial transition. Funding was used for both the outgoing and incoming governors and covered expenses associated with staff, leave payments, unemployment benefits, office space, supplies, moving, and other related costs.	GF/GP	\$1,500,000	(\$1,500,000)
<b>6. IT Innovations Fund - State Agency Reforms</b>	<b>Gross</b>	<b>N/A</b>	<b>\$2,500,000</b>
Includes funding for a new Information Technology Innovations Fund. The fund will be used to competitively select and invest in high-priority, low-cost state agency innovation projects which demonstrate significant return on investment.	GF/GP	N/A	\$2,500,000
<b>7. DMB/DIT Consolidation</b>	FTE	N/A	39.0
Reflects the transfer of FTE positions and associated funding from the former Department of Information Technology as a result of consolidating the Departments of Management and Budget and Information Technology pursuant to EO 2009-55.	<b>Gross</b>	<b>N/A</b>	<b>\$1,400,000</b>
	IDG	N/A	1,400,000
<b>8. Accounting Service Consolidation</b>	FTE	N/A	14.0
Includes additional FTE positions and associated funding to reflect the transfer of accounting functions from the Departments of Military and Veterans Affairs and State Police to the Department of Technology, Management and Budget.	<b>Gross</b>	<b>N/A</b>	<b>\$1,593,200</b>
	IDG	N/A	1,593,200
<b>9. Building Operations Reductions</b>	<b>Gross</b>	<b>\$88,347,300</b>	<b>(\$1,250,000)</b>
Reflects a savings from reorganizing and restructuring building operations staff and not filling vacant positions.	IDG	88,347,300	(1,250,000)
<b>10. Eliminate Professional Development Funds</b>	<b>Gross</b>	<b>\$225,000</b>	<b>(\$225,000)</b>
Reflects a savings due to elimination of professional development funds for the AFSCME and MPE-SEIU bargaining units.	IDG	225,000	(225,000)
<b>11. SWCAP-Related Fund Source Shifts</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Adjusts IDG, state restricted, and GF/GP fund sources in order to reflect how departmental and statewide overhead costs should be financed according to the most recent Statewide Cost Allocation Plan (SWCAP). The plan allocates the costs of providing central support services to other state departments and their respective fund sources.	IDG	N/A	101,100
	Restricted	N/A	293,600
	GF/GP	N/A	(\$394,700)
<b>12. Fund Source and Technical Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$1,100)</b>
Adjusts fund sources and makes technical adjustments to reflect where expenditures are anticipated to occur.	IDG	N/A	(41,800)
	Restricted	N/A	(9,500)
	GF/GP	N/A	\$50,200
<b>13. Management and Budget Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,175,100</b>
Includes additional funding for economic adjustments to be made for insurance, retirement, and workers' compensation costs and for building occupancy charges.	IDG	N/A	1,340,900
	Fed	N/A	0
	Local	N/A	0
	Private	N/A	0
	Restricted	N/A	730,100
	GF/GP	N/A	\$1,104,100

**TECHNOLOGY, MANAGEMENT AND BUDGET**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>TECHNOLOGY SERVICES</b>			
<b>14. <i>Align IDGs with FY 2010-11 Enacted</i></b>	<b>Gross</b>	<b>\$415,136,100</b>	<b>\$7,907,900</b>
Adjusts the Technology Services budget to reflect FY 2010-11 enacted appropriations in other state department budgets:	IDG	415,136,100	7,907,900
<ul style="list-style-type: none"><li>Increases Agriculture by \$32,000</li><li>Decreases DOC by \$600,000</li><li>Decreases DOE by \$85,000</li><li>Increases DHS by \$8.9 million</li><li>Decreases DMVA by \$153,200</li><li>Decreases DNRE by \$18,700</li><li>Increases DSP by \$196,800</li><li>Decreases MDOT by \$356,000</li></ul>			
<b>15. <i>Program Enhancements</i></b>	<b>Gross</b>	<b>\$415,136,100</b>	<b>\$14,234,900</b>
Makes the following adjustments to reflect appropriations for program enhancements made in other state department budgets:	IDG	415,136,100	14,234,900
<ul style="list-style-type: none"><li>DCH - \$8.9 million for the HIPPA Electronic Transaction Standards and International Classification of Diseases projects</li><li>DHS - \$2.7 million for the Statewide Automated Child Welfare Information System</li><li>LARA - \$1.8 million for Michigan Business One Stop, an integrated approach to simplifying business-to-government transactions</li><li>DHS - \$792,300 for new IT staff as a result of the Children's Rights lawsuit</li></ul>			
<b>16. <i>Eliminate Program Funding</i></b>	<b>Gross</b>	<b>\$415,136,100</b>	<b>(\$656,000)</b>
Reflects elimination of funding in various department budgets for programs no longer needing funding:	IDG	415,136,100	(656,000)
<ul style="list-style-type: none"><li>DCH - \$401,000 for Electronic Death Registry</li><li>DHS - \$255,000 one-time funding for development of the LEIN/Bridges interface</li></ul>			
<b>17. <i>Technology Services Early Retirement Savings</i></b>	<b>Gross</b>	<b>N/A</b>	<b>(\$2,795,500)</b>
Includes a reduction to reflect the amount of full-year savings anticipated to occur as a result of the FY 2010-11 early retirement program.	IDG	N/A	(2,795,500)
<b>18. <i>DMB/DIT Consolidation</i></b>	FTE	N/A	(39.0)
Reflects the transfer of FTE positions and associated funding to the former Department of Management and Budget as a result of consolidating the Departments of Management and Budget and Information Technology pursuant to EO 2009-55.	<b>Gross</b>	<b>N/A</b>	<b>(\$1,431,100)</b>
	IDG	N/A	(1,431,100)
<b>19. <i>Technology Services Budget Reductions</i></b>	<b>Gross</b>	<b>N/A</b>	<b>(\$1,256,900)</b>
Reflects a savings to be achieved in various department budgets by aligning the number of desktops with the number of agency IT staff, closing worksites and reducing IT connectivity, not filling vacant IT positions, reducing server and other equipment purchases, and reducing contractual services.	IDG	N/A	(1,256,900)
<ul style="list-style-type: none"><li>Civil Rights savings of \$150,000</li><li>DEQ savings of \$270,000</li><li>DTMB savings of \$257,400</li><li>DNR savings of \$80,600</li><li>DSP savings of \$359,900</li><li>Treasury savings of \$139,000</li></ul>			

**TECHNOLOGY, MANAGEMENT AND BUDGET**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>	<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>20. Fund Source Adjustments</b>	<b>Gross</b>	<b>N/A</b>
Aligns fund sources to reflect funding actually received:	IDG	<b>(\$1,500,400)</b>
<ul style="list-style-type: none"> <li>• Agriculture - \$160,000</li> <li>• DNR - \$32,100</li> <li>• DSP - \$1.3 million</li> </ul>		(1,500,400)
<b>21. Technology Services Economics</b>	<b>Gross</b>	<b>N/A</b>
Includes additional funding for economic adjustments to be made for insurance, retirement, and workers' compensation costs and for building occupancy charges.	IDG	<b>\$5,477,600</b>
		5,477,600
<b>CIVIL SERVICE COMMISSION</b>	<b>Gross</b>	<b>N/A</b>
<b>22. Civil Service Commission GF/GP Reductions</b>	GF/GP	<b>(\$2,000,000)</b>
Reflects a savings to be achieved by not filling vacant positions.		(\$2,000,000)
<b>23. Civil Service Commission Early Retirement Savings</b>	<b>Gross</b>	<b>N/A</b>
Includes a reduction to reflect the amount of full-year savings anticipated to occur as a result of the FY 2010-11 early retirement program.	GF/GP	<b>(\$1,616,400)</b>
		(\$1,616,400)
<b>24. Human Resources Consolidation</b>	<b>Gross</b>	<b>N/A</b>
Includes funding from the Department of Corrections for FTE positions that were transferred as a result of human resources consolidation efforts.	GF/GP	<b>\$277,800</b>
		\$277,800
<b>25. Civil Service Commission Economics</b>	<b>Gross</b>	<b>N/A</b>
Includes additional funding for economic adjustments to be made for insurance, retirement, and workers' compensation costs and for building occupancy charges.	IDG	<b>\$2,612,100</b>
	Federal	129,400
	Local	121,400
	Private	76,200
	Restricted	9,800
	GF/GP	1,265,500
		\$1,009,800

**Major Boilerplate Changes From FY 2010-11**

**MANAGEMENT AND BUDGET**

**Sec. 802. Appropriation of Proceeds From Auctions of State Surplus – REVISED**

Appropriates proceeds, in excess of costs incurred to conduct transfers or auctions of state surplus, salvage, or scrap property, to offset costs incurred in acquiring and distributing federal surplus property; requires DTMB to provide consolidated Internet auction services through the state's contractors for all local units of government.

**Sec. 803. Statewide Administrative and Support Services – REVISED**

Authorizes DTMB to receive and expend funds for maintenance, operation, real estate, architectural, engineering, mail pickup and delivery, and purchasing services provided to other departments and Legislative and Judicial branches; prohibits DTMB from expending funds for the purchase of new office furniture without first examining the possibility of using existing inventory that can be reused or refurbished.

**Sec. 813. Motor Vehicle Fleet – REVISED**

Specifies purpose of motor vehicle fleet (MVF) appropriation; requires appropriation to be funded by revenue from rates charged to departments for using vehicle travel services; authorizes Department to determine appropriateness of vehicle assignment; authorizes excess revenue to be carried forward to Motor Transport Fund; requires MVF operation plan; specifies data required; authorizes plan adjustment to achieve maximum value and efficiency; requires plan and changes to be reported within 60 days after year end; authorizes DTMB to charge state agencies for fuel costs exceeding \$2.27 per gallon of unleaded gasoline; specifies legislative intent that DTMB, when economically feasible, will prioritize the utilization of remanufactured parts when maintaining and repairing the state's vehicle fleet, and exempts state police fleet.

**Sec. 814. Purchasing From Michigan-Based Firms – DELETED**

Requires DTMB to adopt policies and procedures necessary to provide a purchasing preference for products manufactured or services offered by Michigan-based firms.

**Major Boilerplate Changes From FY 2010-11**

**Sec. 815. *Purchasing Decisions* – DELETED**

Sets guidelines for determining whether a purchase, contract, or provision of supplies, materials, services, insurance, utilities, third-party financing, equipment, printing, and other items for state departments is in the best interest of the state.

**Sec. 816. *Vendor Disclosure (Information to Collect)* – DELETED**

Lists information DTMB is required to collect from vendors to ensure compliance with procuring goods and services from Michigan-based providers.

**Sec. 822a. *Report on Privatization of Lottery* – NEW**

Requires DTMB to submit a report on the feasibility of privatizing the administration of the state lottery.

**TECHNOLOGY SERVICES**

**Sec. 830. *Change Orders and Follow-Up on Contracts* – REVISED**

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

**CIVIL SERVICE COMMISSION**

**Sec. 853. *Office of Great Workplace Development* – DELETED**

Prohibits appropriations from being used for funding Office of Great Workplace Development.

**CAPITAL OUTLAY - UNIVERSITIES AND COMMUNITY COLLEGES**

**Sec. 876. *Joint Capital Outlay Subcommittee (JCOS) Authorization* – DELETED**

Requires JCOS approval of self-funded projects estimated to cost at least \$3.0 million for universities and \$2.0 million for community colleges; exempts U of M hospital and health center; and requires reports on projects commenced.

TREASURY

**TREASURY**

**Summary of FY 2011-12 Enacted Appropriations  
Article VIII, 2011 Public Act 63 (House Bill 4526)**

**Analyst: Ben Gielczyk**

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	**FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$14,376,400	\$14,421,600	\$14,421,600	\$14,421,600	\$14,421,600	\$45,200	0.3
<b>Federal</b>	262,691,600	744,214,000	257,374,300	257,374,300	744,214,000	481,522,400	183.3
<b>Local</b>	2,054,000	6,532,700	2,099,200	2,099,200	6,532,700	4,478,700	218.0
<b>Private</b>	843,600	380,000	350,000	350,000	380,000	(463,600)	(54.9)
<b>Restricted</b>	1,524,721,000	1,440,956,500	1,451,787,500	1,437,287,500	1,473,956,500	(50,764,500)	(3.3)
<b>GF/GP</b>	120,937,800	274,648,500	203,351,100	202,413,100	324,976,100	204,038,300	168.7
<b>Gross</b>	<b>\$1,925,624,400</b>	<b>\$2,481,153,300</b>	<b>\$1,929,383,700</b>	<b>\$1,913,945,700</b>	<b>\$2,459,480,900</b>	<b>\$638,856,500</b>	<b>33.2</b>
<b>FTEs</b>	2,199.5	2,578.5	2,205.5	2,208.5	2,575.5	376.0	17.1

\* FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

\*\* Enacted figures include \$75.0 million GF/GP and \$30.0 million restricted (sales tax) revenue for one-time purposes in Sec. 1201 of the budget article.

**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. Funds and programs of the MSF are administered by the Michigan Economic Development Corporation (MEDC), which also administers the 21st Century Jobs Fund.

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>1. Debt Service Requirements</b>	<b>Gross</b>	<b>\$57,632,800</b>	<b>\$83,295,200</b>
Reflects increased debt service costs of \$83.3 million GF/GP due to scheduled payment requirements and new issues resulting from short-term restructuring to achieve FY 2010-11 savings.	GF/GP	\$42,118,300	\$83,295,200
<b>2. Presidential Primary Costs</b>	<b>Gross</b>	<b>N/A</b>	<b>\$10,000,000</b>
Includes \$10.0 million GF/GP for anticipated costs associated with the 2012 presidential primary.	GF/GP	N/A	\$10,000,000
<b>3. Payment in Lieu of Taxes</b>	<b>Gross</b>	<b>\$12,956,400</b>	<b>(\$2,379,400)</b>
Reflects 15.0% reduction in payment in lieu of taxes (PILT) to local governments. Gross figure includes additional \$513,000 Restricted fund reduction to reflect reductions to General Fund appropriations.	Restricted	2,450,000	(803,400)
	GF/GP	\$10,506,400	(\$1,576,000)
<b>4. Land Bank Fast Track Authority Revolving Fund Loan</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,000,000</b>
Includes \$1.0 million Federal from the USA Environmental Protection Agency Revolving Loan Fund for cleanup activities at eligible Brownfield sites. Line item was moved to Michigan Strategic Fund under Executive Budget Revision implementing Executive Order 2011-4.	Federal	N/A	1,000,000

<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>		<u>FY 2010-11 YTD (as of 2/17/11)</u>	<u>Enacted Change From YTD</u>
<b>5. Unclaimed Property Legislation Costs</b>	FTE	N/A	5.0
Includes \$700,000 Gross and 5.0 FTEs for continuing staff costs associated with FY 2010-11 legislation (PA 197 of 2010) altering period of years after which unclaimed property escheats to the state.	<b>Gross</b>	<b>N/A</b>	<b>\$700,000</b>
	Restricted	N/A	700,000
<b>6. Senior Citizen Cooperative Housing</b>	<b>Gross</b>	<b>\$14,520,000</b>	<b>(\$2,500,000)</b>
Reduces funding by \$2.5 million GF/GP to reflect required scheduled payment amount.	GF/GP	\$14,520,000	(\$2,500,000)
<b>7. Department General Fund Reduction</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$905,500)</b>
Reflects 3.0% across-the-board reduction to Department of Treasury administrative functions. Reduction totals \$905,500 GF/GP.	GF/GP	N/A	(\$905,500)
<b>8. Business Property Tax Appeal</b>	<b>Gross</b>	<b>\$900,000</b>	<b>(\$600,000)</b>
Reduces funding by \$600,000 GF/GP for expected savings associated with proposed legislation that will adjust concerns on definition of personal property and thereby reduce appeals.	GF/GP	\$900,000	(\$600,000)
<b>9. Fund Source Shifts</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Reflects \$1.4 million in fund source shifts from various fund sources to state restricted funds.	IDG/IDT	N/A	(169,000)
	Federal	N/A	(1,184,200)
	Restricted	N/A	1,353,200
<b>10. Tobacco Tax Enforcement</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,000,000</b>
Includes \$3.0 million in restricted funds for enhanced tobacco tax enforcement.	Restricted	N/A	3,000,000
<b>11. Tax Plan Implementation</b>	<b>Gross</b>	<b>N/A</b>	<b>\$5,327,600</b>
Includes an additional \$5.3 million GF/GP for the costs associated with implementing the new business and income tax plan.	GF/GP	N/A	\$5,327,600
<b>CASINO GAMING</b>			
<b>12. Michigan Gaming Control Board Auditor</b>	FTE	N/A	1.0
Includes \$90,200 Gross and 1.0 FTE to staff one new auditor required for audits at recently opened tribal casinos.	<b>Gross</b>	<b>N/A</b>	<b>\$90,200</b>
	Restricted	N/A	90,200
<b>REVENUE SHARING</b>			
<b>13. Constitutional Revenue Sharing</b>	<b>Gross</b>	<b>\$633,481,800</b>	<b>\$25,497,500</b>
Reflects projected increase of \$25.5 million Gross in Constitutional revenue sharing from FY 2010-11 appropriation. The FY 2011-12 figure is based on January 2011 Consensus Revenue Estimating Conference (CREC) estimates.	Restricted	633,481,800	\$25,497,500
<b>14. Economic Vitality Incentive Program</b>	<b>Gross</b>	<b>\$307,061,700</b>	<b>(\$107,061,700)</b>
Eliminates Statutory Revenue Sharing and replaces with Economic Vitality Incentive Program for CVTs. Details of program are described in accompanying boilerplate Sec. 951. Reflects a net reduction of \$107.1 million Gross for FY 2011-12. Note: An additional \$15.0 million in one-time funding is also appropriated in boilerplate Sec. 1201(2) that is not included in line item appropriation.	Restricted	307,061,700	(107,061,700)
<b>15. County Revenue Sharing</b>	<b>Gross</b>	<b>\$114,740,700</b>	<b>(\$14,740,700)</b>
Reduces county revenue sharing payments by \$14.7 million Gross from FY 2010-11 appropriation for the 50 counties that will have exhausted reserve funds in FY 2011-12. Note: An additional \$15.0 million is appropriated in boilerplate Sec. 1201(2).	Restricted	114,740,700	(14,740,700)
<b>MICHIGAN STRATEGIC FUND</b>			
<b>16. Michigan Strategic Fund (MSF) Fund Source Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$6,543,600)</b>
Reduces appropriation authorization by \$6.5 million Gross to reflect adjustments to various fund source revenue by aligning restricted fund sources with anticipated collections in those funds.	IDG/IDT	N/A	(50,000)
	Federal	N/A	(6,000,000)
	Private	N/A	(493,600)

**TREASURY**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b><u>FY 2010-11 YTD (as of 2/17/11)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>17. Michigan Promotion Program</b>	<b>Gross</b>	<b>\$5,402,800</b>	<b>(\$5,402,800)</b>
Reflects \$5.4 million GF/GP reduction due to the elimination of the Michigan Promotion Program line item. Program was renamed "Pure Michigan" and funded with 21st Century Jobs Trust Fund (see item below).	GF/GP	\$5,402,800	(\$5,402,800)
<b>18. 21st Century Jobs Trust Fund Programmatic Changes</b>	<b>Gross</b>	<b>\$75,000,000</b>	<b>\$0</b>
Reflects programmatic changes for 21st Century Jobs Trust Fund appropriations, with no net change in total funding. The following programs will be funded with the \$75.0 million 21st Century Jobs Trust Fund allocation:	Restricted	75,000,000	0
<ul style="list-style-type: none"> <li>• Pure Michigan: \$25.0 million Gross</li> <li>• Innovation and Entrepreneurship: \$25.0 million Gross</li> <li>• Business Attraction and Economic Gardening: \$25.0 million Gross</li> </ul>			
<b>19. Business Attraction and Economic Gardening</b>	<b>Gross</b>	<b>N/A</b>	<b>\$25,000,000</b>
Includes additional \$25.0 million in GF/GP. These funds are in addition to the \$25.0 million appropriated to the program from the 21st Century Jobs Fund. Note: There is an additional \$50.0 million GF/GP in one-time appropriations for this purpose in Sec. 1201(1).	GF/GP	N/A	\$25,000,000
<b>20. Executive Order 2011-4 Adjustments</b>	FTE	N/A	370.0
Includes adjustments associated with revisions made under Executive Order 2011-4. In general, former DELEG (now LARA) workforce program, adult education, and Bureau of Energy Systems funding was moved to the Michigan Strategic Fund.	<b>Gross</b>	<b>N/A</b>	<b>\$511,219,200</b>
	Federal	N/A	486,839,700
	Local	N/A	4,433,500
	Private	N/A	30,000
	Restricted	N/A	3,669,000
	GF/GP	N/A	\$16,247,000
<b>DEPARTMENTWIDE ADJUSTMENTS</b>			
<b>21. Early Retirement Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$1,565,400)</b>
Includes reduction of \$1.6 million GF/GP to reflect full-year savings anticipated as a result of the FY 2010-11 early retirement program.	GF/GP	N/A	(\$1,565,400)
<b>22. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$10,425,900</b>
Reflects increased costs of \$10.4 million Gross and \$1.7 million GF/GP associated with employee benefit costs and other economic adjustments.	IDG/IDT	N/A	264,200
	Federal	N/A	866,900
	Local	N/A	45,200
	Restricted	N/A	7,531,400
	GF/GP	N/A	\$1,718,200

**Major Boilerplate Changes From FY 2010-11**

**DEPARTMENT OF TREASURY**

**Sec. 902a. Notification of Bond Refinancing or Restructuring – NEW**

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

**Sec. 903. Private Collection Agency/Law Firm Contracting – REVISED**

Authorizes department to contract with private collection agencies and law firms to collect taxes and other accounts due, including defaulted student loans; requires report. Revision prohibits amounts appropriated for defaulted student loan collections from exceeding 23% of the collection or a lesser amount prescribed in the contract.

**Sec. 905. Sale of Tax Manuals – DELETED**

Requires Treasury to provide on their website and to sell copies of state tax manuals at a price not to exceed cost of printing; proceeds from sales are required to revert to Local Government Assistance Manual Revolving Fund.

**Sec. 913(2). Senior Citizen Cooperative Housing Assessments Reporting – REVISED**

Requires program audit and authorizes use of up to 1% of funds for the administration of program. Revised with permissive language.

**Major Boilerplate Changes From FY 2010-11**

**Sec. 922. Michigan Transportation Fund Report – REVISED**

Requires Treasury to report on Michigan Transportation Fund revenue collected and costs of collection. Revised to permit cost of collection to be determined by proration for FY 2011-12 only. Requires analysis by April 1, 2012 of the actual costs of tax administration in order to justify continuation of the proration approach.

**Sec. 925. Public-Private Partnership Investment Fund – REVISED**

Creates fund and gives examples of investments. Permits balance remaining to carry forward. Contains reporting requirement. Revised to prohibit use of funds for DRIC or any successor project unless approved by Legislature. Revision also added subsection (6) which requires the department to monitor the revenue deposited in the public-private partnership investment fund.

**Sec. 925a. Detroit River International Crossing – REVISED**

Prohibits use of funds appropriated in part 1 to support Detroit River International Crossing (DRIC). Revised to include prohibition for any successor project to DRIC unless approved by Legislature.

**Sec. 926. John R. Justice Grant Program – REVISED**

Designates unexpended appropriations for John R. Justice grant program as a work project with a completion date of September 30, 2012. Revised to change year to 2013.

**Sec. 934. Expending of Authority Revenues – REVISED**

Authorizes Treasury to expend revenues under various authorities for operation expense and grants to Civil Service Commission and State Employees Retirement Fund; requires maintaining records to facilitate reimbursement. Removes maintenance of accounting records language. Revised report date to January 31, 2012 for the prior fiscal year.

**Sec. 938. Payment in Lieu of Taxes (PILT) – DELETED**

Specifies legislative intent that Department work with local units of government to improve the system for payments in lieu of taxes on purchased lands; requires report.

**Sec. 939. Pension Fund Investments – DELETED**

Specifies legislative intent that state treasurer consider investments in early-stage, university-derived life science companies located in Michigan, or investments in venture capital funds that invest in those companies.

**Sec. 942. Field Collection Report – DELETED**

Requires Department to report on efficacy of increased personnel for field collection (i.e., additional revenue collections as a result of additional field staff.)

**Sec. 943. Tobacco Tax Enforcement – NEW**

Directs the use of funds appropriated in part 1 for the costs associated with a new stamp indicia, reimbursement to licensed tax stamp agents for costs associated with the new stamp, to include machines acceptable to licensed tax stamp agents and Department of Treasury and scanners. Requires report.

**Sec. 945. Assessment and Certification Division Reviews – REVISED**

Requires assessment and certification division to conduct 14-point review in at least one assessment jurisdiction per county. Revised language to say “shall” instead of “may”.

**Sec. 948. Electronic Income Tax Filing Report – DELETED**

Requires report on number of state income and single business tax returns filed on-line in preceding fiscal year.

**Sec. 949. Beverage Container Redemption Antifraud Fund – DELETED**

Requires that any funding for the beverage container redemption antifraud fund be used for the purposes described in the beverage redemption antifraud act. Specifies that any available funding after the distribution to the border counties be distributed to the next tier of counties north of the border counties.

**Sec. 950. Revenue Sharing – REVISED**

Specifies distribution of constitutional revenue sharing payments to cities, villages, and townships. Deletes subsection outlining distribution of statutory revenue sharing payments due to elimination of statutory revenue sharing payments in FY 2011-12.

**Sec. 951. Economic Vitality Incentive Program – NEW**

Specifies distribution of funding under new incentive program. Cities, Villages, and Townships (CVTs) that received more than \$4,500 in FY 2009-10 statutory revenue sharing will be eligible to receive up to 67.84% of their FY 2009-10 statutory revenue sharing payment. Funding includes one-time appropriations in Sec. 1201(2). Provides \$5.0 million for assistance grants to cities, villages, townships, and counties that elect to merge government services.

## TREASURY

### Major Boilerplate Changes From FY 2010-11

#### **Sec. 955. County Revenue Sharing – REVISED**

Requires county revenue sharing appropriation to be distributed by the department to eligible counties according to the Glenn Steil State Revenue Sharing Act of 1971. Revised to add reference to one-time appropriations in Sec. 1201(2).

### **LOTTERY**

#### **Sec. 961. Prohibition of Marketing to Under 18 – DELETED**

Prohibits the Bureau of State Lottery from marketing to any individual under the age of 18.

### **CASINO GAMING**

#### **Sec. 973. Local Revenue Sharing Boards – REVISED**

Authorizes using funds for local government programs to assist local revenue sharing boards; requires those boards to comply with Open Meetings and Freedom of Information acts; authorizes county treasurers to receive and administer revenue on behalf of boards; authorizes directors of State Police and Michigan Gaming Control Board to help local boards allocate funds to local public safety organizations; requires Treasury to report on revenue receipt and distribution. Includes new subsection requiring local revenue sharing boards to comply with all applicable provisions of any agreement authorized by the Indian Gaming Regulatory Act, including, but not limited to, provisions dealing with the disbursement of tribal casino payments received.

#### **Sec. 976. Horse Racing Rewards – REVISED**

Allows the racing commissioner to pay rewards of not more than \$5,800 to someone providing information resulting in the arrest and conviction for a crime involving the horse racing industry. Revised to update references to racing commissioner and reduce amount of award to \$5,000.

#### **Sec. 979. Thoroughbred Purses – DELETED**

Provides for the use of purse funds in the event that no live thoroughbred race meet is held in 2010 or 2011. Provides for funds to be escrowed and specifies purse pool distribution order.

### **MICHIGAN STRATEGIC FUND - MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

#### **Sec. 982. Cities of Promise Blight Elimination Program Report – DELETED**

Requires MSHDA to provide a report on the Cities of Promise Blight Elimination Program.

#### **Sec. 985. Michigan Housing and Community Development Fund Transfer of Funds – DELETED**

Allows \$200,000 to be appropriated from the Michigan Housing and Community Development Fund to MSHDA for projects in Secs. 58c and 58d of the State Housing Development Authority Act. Requires report on the status of those projects.

### **MICHIGAN STRATEGIC FUND (MSF)**

#### **Sec. 1003. Michigan Growth Capital Fund – DELETED**

Requires Michigan Growth Capital Fund to be used to develop the technology business sector in Michigan.

#### **Sec. 1004. Travel Michigan Fees – DELETED**

Authorizes Travel Michigan program to establish and collect fees to cover costs of promotional materials.

#### **Sec. 1007. Report on MEDC Programs – REVISED**

Requires report on activities of each program administered by MSF or Michigan Economic Development Corporation (MEDC), including spending and FTEs; requires report on tourism promotion and business marketing expenditures and revenues by source. Revised to delete reference to Economic Development Jobs Training program.

#### **Sec. 1021. 21st Century Jobs Funds Spending Reauthorization – NEW**

Provides for a continuation of authorization for 21st Century Jobs Trust funds authorized by PA 127 of 2007. Funds are made available until September 30, 2016 and work project will not exceed \$5.5 million.

#### **Sec. 1024. Small Business Innovation Research/Small Business Technology Transfer Programs – DELETED**

Allocates not less than \$1.4 million from 21st Century Jobs Fund to Michigan Small Business and Technology Development Centers to be used for matching grants for Small Business Innovation Research and Small Business Technology Transfer programs.

#### **Sec. 1024. Business Attraction and Economic Gardening – NEW**

Requires that not less than \$20.0 million of the funds appropriated in part 1 and Sec. 1201(1) be used for brownfield redevelopment incentives and historic preservation incentives.

#### **Sec. 1025. Michigan Aerospace Manufacturers Association Allocation – DELETED**

Requires \$250,000 of 21st Century Jobs Fund to be allocated to the Michigan Aerospace Manufacturers Association for organizational assistance and to advance and promote the aerospace manufacturing community in the state of Michigan.

**Major Boilerplate Changes From FY 2010-11**

**Sec. 1027. Lakeshore Advantage Project – DELETED**

Allocates \$3.0 million from 21st Century Jobs Fund to Lakeshore Advantage Project.

**Sec. 1028. 21st Century Jobs Trust Fund Limit on Spending – DELETED**

Caps amount that can be awarded or committed to \$25.0 million during the first quarter of the fiscal year.

**Sec. 1029. 21st Century Jobs Funds Spending Reauthorization – DELETED**

Provides for a continuation of authorization for 21st Century Jobs Trust funds authorized by PA 225 of 2005.

**Sec. 1030. Grant to Detroit Institute of Arts – DELETED**

Appropriates up to \$10.0 million from the unreserved general fund / general purpose balance to the MSF as a grant to the Detroit Institute of Arts.

**Sec. 1031. Spending Plan Report – NEW**

Requires MSF to report by April 15, 2012 on the spending plan for the line items for innovation and entrepreneurship and business attraction and economic gardening.

**Sec. 1033. Michigan Film Office Minutes – DELETED**

Require film office to make minutes of the Michigan Film Office Advisory Council available to the public.

**Sec. 1034. Business Incubator Program – REVISED**

Stipulates funding be awarded competitively to business incubators in ten counties or cities. Section lists 7 business incubators that shall receive awards ranging from \$500,000 to \$2.0 million. Requires dashboard of indicators.

**MICHIGAN STRATEGIC FUND - CAREER EDUCATION**

**Sec. 1050. Activities Classification Structure Data Book – NEW**

Requires MSF to publish the “activities classification structure data book” for Michigan community colleges.

**Sec. 1051. Indian Tuition Waivers – NEW**

Requires MSF to submit the compilation of the number of waivers granted.

**Sec. 1052. Associate Degrees Awarded – NEW**

Requires MSF to compile information from community colleges on the number of associate degrees and other certificates awarded during the previous fiscal year.

**Sec. 1053. Precollege Engineering Program – VETOED**

Requires MSF to appropriate \$680,100 to Detroit precollege engineering program and Grand Rapids area precollege engineering program.

**Sec. 1054. WIA Youth Grant Program – NEW**

Allows MSF to provide grants to nonprofit organizations that offer programs to WIA-eligible youth focusing on entrepreneurship, work-readiness skills, job shadowing, and financial literacy.

**MICHIGAN STRATEGIC FUND - WORKFORCE DEVELOPMENT**

**Sec. 1060. JET Program Guidelines – NEW**

Establishes guidelines for administering Jobs, Education, and Training (JET) program, including work participation requirements for welfare recipients enrolled in program by referencing applicable federal and state laws.

**Sec. 1061. Workforce Development Boards – NEW**

Requires local workforce development boards to maintain partnerships with governmental agencies, schools, and colleges located within their service delivery areas; specifies membership of education advisory groups.

**Sec. 1062. Disabled Veterans Outreach Program – NEW**

Stipulates staffing levels for disabled veterans outreach program specialists and local veterans employment representatives to assist veterans with Michigan Works! Employment service centers. States that placement of veterans and disabled veterans a priority.

**Sec. 1063. Appropriation of Unexpended Workforce Training Funds – NEW**

Permits appropriation of unencumbered/unexpended Workforce Investment Act and Trade Adjustment Assistance funds from prior years, requires report to the Legislature on such appropriations.

**Sec. 1064. Workforce Training Funds Allocation – NEW**

Allocates \$100,000 to an existing employee-led public/private workforce development program meeting certain criteria and \$100,000 to an existing workforce development program operated collaboratively with local businesses and educational institutions meeting certain criteria.

## **TREASURY**

### **Major Boilerplate Changes From FY 2010-11**

#### ***Sec. 1065. Workforce Funds for Libraries – NEW***

Provides that funds distributed to local Michigan Works! Agencies (MWAs) may be used by the MWAs for services provided at local libraries that serve as access points, service centers, or local partners serving high-demand or underserved areas.

#### ***Sec. 1066. Gang Diversion Program – NEW***

Indicates intent that a portion of the Workforce Investment Act (WIA) statewide activities funds be allocated to support coordinated efforts between local MWAs and police and sheriff departments to create programs that offer gang diversion activities.

#### ***Sec. 1068. No Worker Left Behind Report – NEW***

Requires MEDC to submit a report on the status of the No Worker Left Behind program.

#### ***Sec. 1101. Fund Balances and Estimated Revenues – REVISED***

States estimated state revenue by operating fund.

**FY 2011-12  
Budget Detail  
for  
HUMAN SERVICES**

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**Community Health  
Corrections  
Human Services**

**COMMUNITY HEALTH**

**COMMUNITY HEALTH  
Summary of FY 2011-12 Enacted Appropriations  
Article IV, 2011 Public Act 63 (House Bill 4526)**

**Analysts: Margaret Alston, Susan Frey, and Steve Stauff**

IDG/IDT	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	**FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>Federal</b>	\$54,020,800	\$6,569,400	\$4,528,700	\$4,528,700	\$6,569,400	(\$47,451,400)	(87.8)
<b>ARRA</b>	650,327,000	0	0	0	0	(650,327,000)	(100.0)
<b>Non-ARRA</b>	8,823,718,200	8,738,467,400	8,686,999,400	8,746,547,600	9,017,473,800	193,755,600	2.2
<b>Local</b>	235,104,200	248,557,800	248,426,200	248,228,900	250,605,900	15,501,700	6.6
<b>Private</b>	88,103,600	96,294,700	96,494,700	96,694,700	96,494,700	8,391,100	9.5
<b>Restricted</b>	1,851,347,100	2,117,660,700	2,156,325,700	2,151,082,000	2,129,851,900	278,504,800	15.0
<b>GF/GP</b>	2,421,483,700	2,701,024,900	2,641,084,900	2,675,575,200	2,793,283,500	371,799,800	15.4
<b>Gross</b>	<b>\$14,124,104,600</b>	<b>\$13,908,574,900</b>	<b>\$13,833,859,600</b>	<b>\$13,922,657,100</b>	<b>\$14,294,279,200</b>	<b>\$170,174,600</b>	<b>1.2</b>
<b>FTEs</b>	4,398.8	3,641.2	4,035.5	4,030.0	3,640.2	(758.6)	(17.3)

\* FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

\*\* Enacted figures include **\$22.1 million GF/GP** in boilerplate appropriations designated for one-time purposes in Sec. 1901 of the budget article.

Note: "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources.

**Overview**

The Department of Community Health (DCH) budget provides funding for a wide range of mental health, substance abuse, 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 regulatory functions.

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>	<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>1. Economic Adjustments</b>	<b>Gross</b>	<b>N/A \$21,097,800</b>
Includes a net increase of \$21.1 million Gross (\$10.1 million GF/GP) to finance economic adjustments for pension and retiree insurance (defined benefit and contribution), insurance, workers' compensation, building occupancy, and gas, fuel, and utility costs for FY 2011-12. Does not include economic adjustments for employees' salaries and wages and food provided to clients in state-operated facilities for individuals with mental illness and developmental disabilities.	IDG	N/A 35,700
	Federal	N/A 3,993,600
	Restricted	N/A 804,700
	Local	N/A 6,118,900
	Private	N/A 2,800
	GF/GP	N/A \$10,142,100
<b>2. Retirement Adjustments</b>	<b>Gross</b>	<b>N/A (\$4,644,900)</b>
Projects FY 2011-12 early retirement savings of \$4.6 million Gross (\$3.5 million GF/GP).	Federal	N/A (580,400)
	Restricted	N/A 0
	Local	N/A (607,800)
	GF/GP	N/A (\$3,456,700)
<b>3. Community Health Automated Medical Processing System (CHAMPS) Funding</b>	<b>Gross</b>	<b>N/A \$8,922,600</b>
Adds \$8.9 million Gross (\$1.2 million GF/GP) for the Medicaid automated claims processing system, referred to as CHAMPS, to meet federal requirements for enhancements related to the Health Insurance Portability and Accountability Act (HIPAA).	Federal	N/A 7,768,000
	GF/GP	N/A \$1,154,600

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>4. Actuarially Sound Capitation Payment Rates Adjustment</b>	<b>Gross</b>	<b>\$6,088,703,100</b>	<b>\$75,020,500</b>
Includes capitation rate increase of 1.68% and 1.17% in the FY 2011-12 budget for Health Plans and Prepaid Inpatient Health Plans, respectively, to ensure that payment rates are actuarially sound. This type of adjustment has been included in the budget since FY 2004-05.	Federal	4,004,215,300	49,618,500
	ARRA	328,031,800	0
	Restricted	971,718,500	0
	Local	34,887,900	0
	GF/GP	\$749,849,600	\$25,402,000
<b>5. Mental Health Services for Special Populations Program Reduction</b>	<b>Gross</b>	<b>\$6,873,800</b>	<b>(\$1,031,000)</b>
Reduces funding for mental health services for special populations and groups such as Chinese American, Asian American, Hispanics, Arab/Chaldean, ACCESS, Michigan Inter-Tribal Council, Jewish Federation, Chaldean Community Foundation, and Vietnam Veterans by \$1,031,000 GF/GP. This adjustment represents a 15.0% reduction from current funding for this program. A one-time appropriation of \$3.0 million GF/GP is included in Sec. 1901 for these services.	GF/GP	\$6,873,800	(\$1,031,000)
<b>6. Community Mental Health (CMH) Non-Medicaid Services and Administrative Reduction</b>	<b>Gross</b>	<b>\$282,275,100</b>	<b>(\$8,483,300)</b>
Reduces non-Medicaid services provided to individuals with mental illness and developmental disabilities by community mental health services programs (CMHSPs) and related administrative costs by \$8.5 million GF/GP, a budgetary change which represents a 3.0% reduction from current funding for the CMH non-Medicaid line item. Up to \$3.4 million GF/GP of the reduction is related to administrative services, and the remaining \$5.1 million GF/GP is related to non-Medicaid services provided to individuals. (Sec. 462)	GF/GP	\$282,275,100	(\$8,483,300)
<b>7. Substance Abuse Services and Administrative Funding</b>	<b>Gross</b>	<b>\$85,758,300</b>	<b>(\$1,724,300)</b>
Reduces administrative costs for coordinating agencies by \$152,900 GF/GP and eliminates one-time funding of \$1.0 million GF/GP for a community health outreach program provided by Self-Help Addiction Rehabilitation (SHAR) Inc. Includes \$224,300 GF/GP reduction for the State Disability Assistance Program Substance Abuse Services line item, and \$165,000 GF/GP reduction for the Salvation Army Harbor Light Program and Odyssey House. Also, includes an unspecified reduction of \$182,100 GF/GP for community substance abuse prevention, education, and treatment programs.	Federal	65,893,900	0
	ARRA	277,700	0
	Restricted	3,051,100	0
	GF/GP	\$16,535,600	(\$1,724,300)
<b>8. Children's Waiver Home Care Program Reduction</b>	<b>Gross</b>	<b>\$21,049,800</b>	<b>(\$2,105,000)</b>
Includes a reduction of \$2,105,000 gross (\$712,800 GF/GP) for the Children's Waiver Home Care Program that provides home and community-based services for 464 eligible children with developmental disabilities. The DCH will be reviewing administrative and regulatory requirements to implement efficiencies and hopes to capture unspent authorization for the waiver program.	Federal	14,361,800	(1,392,200)
	ARRA	1,066,000	0
	GF/GP	\$5,622,000	(\$712,800)
<b>9. Forensic Mental Health Services Provided to the Department of Corrections (DOC) Transfer</b>	FTE	396.3	(396.3)
Transfers almost 400 staff positions associated with \$50.5 million interdepartmental grant from the DOC as the Department of Community Health will no longer be responsible for providing mental health services to prisoners under the jurisdiction of DOC. The effective date of the transfer was February 20, 2011. Michigan's Mental Health Code allows DOC to contract with DCH or third-party providers to operate the mental health program.	<b>Gross</b>	<b>\$50,527,800</b>	<b>(\$50,527,800)</b>
	IDG	50,527,800	(50,527,800)
	GF/GP	\$0	\$0

**COMMUNITY HEALTH**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b><u>FY 2010-11 YTD (as of 2/17/11)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>10. Transfers to the Department of Licensing and Regulatory Affairs (LARA)</b>	FTE	N/A	(389.8)
	<b>Gross</b>	<b>N/A</b>	<b>(\$56,734,100)</b>
Transfers almost 390 staff positions associated with funding of \$56.7 million based on provisions of Executive Order 2011-4 which transfers responsibilities of the Bureaus of Health Professions and Health Systems, Emergency Medical Services, and Controlled Substances Advisory Commission from DCH to LARA, and FY 2011-12 Executive Budget Revision letter dated May 2, 2011.	IDG	N/A	2,040,700
	Federal	N/A	(19,840,300)
	Private	N/A	(200,000)
	Restricted	N/A	(38,674,500)
	GF/GP	N/A	(\$60,000)
	<b>Gross</b>	<b>\$39,082,800</b>	<b>(\$1,696,700)</b>
	Local	5,150,000	0
	GF/GP	\$33,932,800	(\$1,696,700)
<b>11. Essential Local Public Health Services Reduction</b>			
Reduces GF/GP funding to the state's 45 local public health departments by \$1.7 million (5%) for GF/GP savings, affecting most state and local cost-shared services: immunizations, infectious disease control, sexually transmitted disease control and prevention, food protection, public water supply, private groundwater supply, and on-site sewage management. Hearing and vision screening programs for school-aged children funded by this line item are not affected.			
	<b>Gross</b>	<b>\$33,981,700</b>	<b>(\$5,918,900)</b>
	Restricted	33,981,700	194,200
	GF/GP	\$0	(\$6,113,100)
	FTE	N/A	(1.0)
<b>12. Healthy Michigan Prevention Funding Reduction</b>			
Eliminates all \$10.9 million of individual Healthy Michigan Fund (HMF) public health prevention project appropriations, establishes a single line item appropriation for HMF programs for public health projects at a reduced funding level of \$5.0 million, and shifts \$5.9 million of HMF funds to Medicaid match for GF/GP savings. Medicaid program allocation from the Fund totals \$29.2 million, including additional Fund revenue available of \$194,200.			
	<b>Gross</b>	<b>\$250,000</b>	<b>(\$250,000)</b>
	GF/GP	\$250,000	(\$250,000)
	<b>Gross</b>	<b>N/A</b>	<b>\$6,975,600</b>
	Federal	N/A	6,975,600
	GF/GP	N/A	\$0
	<b>Gross</b>	<b>\$5,000,000</b>	<b>(\$5,000,000)</b>
	Federal	5,000,000	(5,000,000)
	GF/GP	\$0	\$0

See also boilerplate Secs. 1901 and 1902 related to additional one-time basis HMF program appropriations of \$3.0 million GF/GP for public health prevention projects in FY 2011-12.

Public health and family health programs affected by reduced or eliminated HMF project funding include: cancer prevention and control, cardiovascular health, diabetes and kidney, health disparities, immunization, maternity outpatient medical services, Michigan Model for school health education, pregnancy prevention, smoking prevention and quit kits, and local public health training and evaluation.

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>16. Public Health Projects Eliminated</b>	<b>Gross</b>	<b>\$425,000</b>	<b>(\$425,000)</b>
Eliminates funding for the following public health projects: traumatic brain injury treatment pilot projects \$200,000 gross (\$100,000 GF/GP), stillbirth awareness and education \$50,000 GF/GP, colon disease project with Henry Ford Health System and Chaldean Chamber Foundation \$125,000 GF/GP, and the Special Needs Vision Clinic \$50,000 GF/GP.	Federal	100,000	(100,000)
	GF/GP	\$325,000	(\$325,000)
<b>17. Nurse Family Partnership Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$3,794,200</b>
Includes \$1.5 million GF/GP funding for nurse family partnership programs. Additional federal authorization of \$2.3 million is included to reflect Title XIX Medicaid matching funds that may be earned by state and local spending for this program.	Federal	0	2,294,200
	GF/GP	\$0	\$1,500,000
<b>18. Crime Victim Services and Program Increases</b>	FTEs	11.0	2.0
Recognizes increased funds totaling \$10.4 million available for crime victim compensation, local services for crime victims, local prosecutors, and statewide victim notification network system. State funds increase of \$3.5 million is related to additional revenue to the Crime Victim's Rights Fund due to 2010 statutory changes which also generates additional federal funds of \$570,000. Federal victim assistance grant increase of \$6.3 million for victim services is related to increased deposits to the federal Fund for crime victim services.	<b>Gross</b>	<b>\$27,039,800</b>	<b>\$10,381,000</b>
	Federal	16,563,700	6,881,000
	Restricted	10,476,100	3,500,000
	GF/GP	\$0	\$0
<b>19. Aging Programs</b>	<b>Gross</b>	<b>\$90,829,700</b>	<b>\$271,000</b>
Maintains current year GF/GP funding to programs for seniors including community services, home-delivered and congregate meals, and 3 senior volunteer programs. Eliminates funding of \$120,000 GF/GP for Tribal Elders program. Federal funds adjustments are reflected totaling a net \$321,000 increase, including 4 completed grants, 3 new grants, and adjustments to 2 ongoing grants. Private funds increase of \$70,000 is included for senior farmer's market nutrition program.	Federal	56,707,800	321,000
	Private	607,500	70,000
	Merit Awd	4,468,700	0
	Restricted	1,400,000	0
	GF/GP	\$27,645,700	(\$120,000)
<b>20. Medicaid FMAP Federal Stimulus Adjustment</b>	<b>Gross</b>	<b>N/A</b>	<b>\$20,877,000</b>
Includes an increase of \$564.7 million GF/GP to offset the final year of enhanced federal FMAP Medicaid funding from the American Recovery and Reinvestment Act (ARRA) and related extension.	ARRA	N/A	(627,327,000)
	Local	N/A	4,516,200
	Restricted	N/A	79,018,600
	GF/GP	N/A	\$564,669,200
<b>21. Medicaid Caseload, Utilization and Inflation Increase</b>	<b>Gross</b>	<b>\$11,397,017,900</b>	<b>\$656,473,400</b>
Includes a base adjustment increase for FY 2010-11 of \$115.5 million Gross (\$47.8 million GF/GP) to cover caseload/utilization/inflation changes within Medicaid, Mental Health/Substance Abuse, Children's Special Health Care Services and Federal Medicare Prescription programs. The increase included for FY 2011-12 is \$541.0 million Gross (\$208.5 million GF/GP).	Federal	7,568,396,600	400,174,200
	Local	52,469,400	0
	Private	2,100,000	0
	Merit Awd	82,275,800	0
	Restricted	1,846,351,100	0
	GF/GP	\$1,845,425,000	\$256,299,200
<b>22. Dual Eligibles to Managed Care</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$29,828,700)</b>
Shifting individuals who are eligible for both Medicare and Medicaid (dual eligibles) from fee-for-service to an integrated managed care system would generate savings of \$29.8 million Gross (\$10.1 million GF/GP) given a start date of April 1, 2012. A federal waiver would be required to allow the State to receive the Medicare funds to manage the care of the dual eligibles.	Federal	N/A	(19,728,700)
	GF/GP	N/A	(\$10,100,000)

**COMMUNITY HEALTH**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b><u>FY 2010-11 YTD</u></b> <b><u>(as of 2/17/11)</u></b>	<b><u>Enacted Change</u></b> <b><u>From YTD</u></b>
<b>23. Other Medicaid Fund Source Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$431,600</b>
Includes an increase of federal Medicaid and Children's Health Insurance Program Reauthorization Act (CHIPRA) funds for FY 2011-12 which would offset \$29.9 million of GF/GP due to regular changes in federal match rates. An additional \$160.0 million GF/GP is included to offset one-time CHIPRA FMAP correction revenue which is part of the FY 2010-11 budget.	Federal	N/A	40,613,500
	Local	N/A	(457,800)
	Restricted	N/A	(169,810,500)
	GF/GP	N/A	\$130,086,400
<b>24. Graduate Medical Education Reduction</b>	<b>Gross</b>	<b>\$168,160,800</b>	<b>(\$31,824,300)</b>
Includes a \$31.8 million Gross (\$10.8 million GF/GP) reduction to Graduate Medical Education (GME) payments. GME payments are made to Michigan hospitals which provide clinical training and education to individuals in approved residency programs. This funding is provided in recognition of the higher costs incurred by the teaching hospitals. An additional GME appropriation is included in Sec. 1901, "One-Time Basis Only".	Federal	110,633,000	(21,048,600)
	ARRA	9,164,800	0
	GF/GP	\$48,363,000	(\$10,775,700)
<b>25. Hospital Disproportionate Share Payments</b>	<b>Gross</b>	<b>\$52,500,000</b>	<b>(\$7,500,000)</b>
Eliminates the FY 2010-11 small/rural, disproportionate share hospital (DSH) payment pool and maintains the \$45.0 million large hospital pool. A rural hospital appropriation is included in Sec. 1901, "One-Time Basis Only".	Federal	34,344,700	(4,960,500)
	Restricted	8,875,700	(2,539,500)
	GF/GP	\$9,279,600	\$0
<b>26. Include Behavioral Health Drugs on Preferred Drug List</b>	<b>Gross</b>	<b>\$401,414,600</b>	<b>(\$18,700,000)</b>
Savings of \$18.7 million Gross (\$6.3 million GF/GP) are removed from the Pharmaceutical Services line as a result of including behavioral health drugs on the preferred drug list. A statutory change would be required to realize these savings.	Federal	262,930,300	(12,368,200)
	ARRA	21,788,500	0
	GF/GP	\$116,695,800	(\$6,331,800)
<b>27. Healthy Kids Dental Expansion</b>	<b>Gross</b>	<b>\$145,313,300</b>	<b>\$4,430,000</b>
Expands the Healthy Kids Dental program to Mason, Muskegon, Newaygo and Oceana counties adding \$4.4 million (\$1.5 million GF/GP) to the Dental Services line item.	Federal	94,947,800	2,930,000
	ARRA	7,868,600	0
	Restricted	589,000	0
	GF/GP	\$41,907,900	\$1,500,000
<b>28. Medicaid Estate Recovery Program</b>	<b>Gross</b>	<b>\$1,687,362,700</b>	<b>(\$16,573,800)</b>
Reduces the Long-Term Care Services line \$16.6 million Gross (\$5.6 million GF/GP) representing savings generated by statutory changes strengthening the existing Medicaid long-term care estate recovery law.	Federal	1,128,268,000	(10,961,900)
	ARRA	93,769,300	0
	Restricted	328,363,700	0
	Local	6,618,800	0
	GF/GP	\$130,342,900	(\$5,611,900)
<b>29. Nursing Home Transition Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$35,331,300)</b>
Includes savings of \$35.3 million Gross (\$7.5 million GF/GP) resulting from the transitioning of Medicaid-funded nursing home occupants to the MIChoice program.	Federal	N/A	(24,335,700)
	Restricted	N/A	(3,479,600)
	GF/GP	N/A	(\$7,516,000)
<b>30. Adult Home Help Service Limits</b>	<b>Gross</b>	<b>\$304,928,900</b>	<b>(\$17,720,000)</b>
Reduces the Adult Home Help line by \$17.7 million Gross (\$6.0 million GF/GP) as a result of excluding individuals from the Adult Home Help program who qualify only for assistance with instrumental activities of daily living (IADL). IADLs include shopping, laundry, housework, meal preparation and money management.	Federal	202,644,500	(11,720,000)
	ARRA	16,794,600	0
	GF/GP	\$85,489,800	(\$6,000,000)

**Major Budget Changes From FY 2010-11 YTD Appropriations**

		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>31. Repeal Medicaid HMO and PIHP Use Tax</b>	<b>Gross</b>	<b>\$388,352,900</b>	<b>(\$388,352,900)</b>
Includes the assumed repeal of the use tax currently covering Medicaid HMOs and PIHPs. Proposed elimination is based on anticipated federal action that would prohibit use tax financing of the Medicaid program under the current law. The repeal of the use tax would save the State \$131.5 million GF/GP; reduce tax collections by \$388.4 million Gross, resulting in a net State revenue reduction of \$257.9 million. SB 347 is currently pending before the Legislature to address this issue.	Federal	256,856,600	(256,856,600)
	GF/GP	\$131,496,300	(\$131,496,300)
<b>32. Insurer Paid Claims Tax of 1%</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
Assumes enactment of a 1% assessment on all health insurance paid claims which would generate approximately \$396.9 million of state restricted revenue which would offset a like amount of GF/GP. SB 348 is currently pending before the Legislature to address this issue.	Restricted	0	396,856,600
	GF/GP	\$0	(\$396,856,600)
<b>33. Third-Party Liability Recovery Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$22,017,100)</b>
Reduces the Health Plan Services line item \$22.0 million Gross (\$7.5 million GF/GP) reflecting savings generated by broadening the Sharing Health Care Information Act. Statutory language change would require auto insurers who are legally responsible for payment of a health care claim to report to the Department of Community Health. This will enable the State to better identify Medicaid eligible persons with other health care coverage and avoid or recover payments for services provided by the Medicaid program. SB 441 and SB 442 are currently pending before the Legislature to address this issue.	Federal	N/A	(14,562,100)
	GF/GP	N/A	(\$7,455,000)
<b>34. Medicaid FMAP Federal Stimulus Bill Adjustment</b>	<b>Gross</b>	<b>\$10,662,313,300</b>	<b>\$0</b>
Provides an increase of \$429.8 million GF/GP to offset the change from 4 quarters of enhanced federal Medicaid match rates resulting from the American Recovery and Reinvestment Act (ARRA) in FY 2009-10 to one quarter of ARRA and two additional quarters of stepped-down enhanced rates in FY 2010-11.	Federal	7,872,832,400	(429,765,400)
	Local	46,068,800	0
	Private	2,100,000	0
	Merit Awd	18,431,200	0
	Restricted	1,279,543,500	0
	GF/GP	\$1,443,337,400	\$429,765,400

**Major Boilerplate Changes From FY 2010-11**

**GENERAL**

**Sec. 206. Contingency Funds – REVISED**

Appropriates and makes available for expenditure up to \$200 million federal contingency funds, up to \$40 million state restricted contingency funds, up to \$20 million local contingency funds, and up to \$20 million private contingency funds if transferred according to provisions of Sec. 393(2) of the Management and Budget Act.

**Sec. 292. Civil Service Classification Pay Status and Publicly Accessible Internet Website – REVISED**

Requires DCH to maintain on a searchable website accessible by the public at no cost that includes: fiscal year-to-date expenditures by category and appropriation unit; fiscal year-to-date payments to a selected vendor including the vendor name, and payment date, amount, and description; the number of active department employees by job classification; and job specifications and wage rates.

**Sec. 295. Privatization of Program and Service Areas – NEW**

Requires the Department to explore program and other service areas, including eligibility determination, where privatization may lead to increased efficiencies and budgetary savings.

**Sec. 296. State Restricted Fund Balances, Revenues, and Expenditures – NEW**

Requires annual report on estimated state restricted fund balances, projected revenues, and expenditures for FY 2010-11 and FY 2011-12 within 14 days after the release of the Executive budget recommendation.

## **COMMUNITY HEALTH**

### **Major Boilerplate Changes From FY 2010-11**

#### **COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS**

##### ***Sec. 442. Medicaid Adult Benefits Waiver Program – DELETED***

Expresses legislative intent that \$41,386,000 transferred from the CMH Non-Medicaid Services line to support the Medicaid Adult Benefits Waiver program be used to support state match for increases in federal funds for primary care and specialty services provided to Medicaid Adult Benefits Waiver enrollees and economic increases for the Medicaid Specialty Services and Supports program. Requires the general fund balance to be transferred back to the CMH Non-Medicaid Services line if enrollment in the waiver program does not achieve expectations and funding for this program is not expended.

##### ***Sec. 462. Funding Formula for Community Mental Health Non-Medicaid Services – REVISED***

Requires DCH to further implement the FY 2009-10 funding formula for the FY 2011-12 funding reduction to the Community Mental Health Non-Medicaid Services line, except the funding reduction cannot exceed 4% for each CMHSP. Permits DCH to convene a workgroup regarding the allocation of the current fiscal year administrative reduction of up to \$3.4 million.

##### ***Sec. 494. National Accreditation Review Criteria for Behavioral Health Services – NEW***

Requires the Department to utilize applicable national accreditation review criteria to determine compliance with corresponding state requirements for CMHSPs, PIHPs, or subcontracting provider agencies that have been reviewed and accredited by a national accrediting entity for behavioral health care services, in order to avoid duplication of efforts. Requires a progress report by July 1, 2012 on implementation of the section.

##### ***Sec. 495. Medical Home for Recipients of Medicaid Mental Health Benefits – NEW***

Expresses Legislature's intent that the Department begins working with the Centers for Medicare and Medicaid Services to develop a program that creates a medical home for individuals receiving Medicaid mental health benefits.

##### ***Sec. 496. CMHSPs and PIHPs Funding Reductions – NEW***

Permits CMHSPs and PIHPs to offset state funding reductions by limiting the administrative component of their contracts with providers and case management to a maximum of 9%.

##### ***Sec. 497. Distribution of Substance Abuse Block Grant Funds – NEW***

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

#### **PUBLIC HEALTH ADMINISTRATION**

##### ***Sec. 650. Fish Consumption Advisory – REVISED***

Replaces current language regarding the posting of the annual public health consumption advisory for sport fish with language requiring a report to the Legislature by April 1 on criteria and methodology used to derive the information provided in the annual Michigan fish advisory.

#### **INFECTIOUS DISEASE CONTROL**

##### ***Sec. 801. Priority for Adolescents for AIDS Prevention Services – DELETED***

Requires DCH and its subcontractors to ensure that high-risk children ages 9 through 18 receive priority for AIDS prevention, education, and outreach services.

#### **CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION**

##### ***Sec. 1004. Cancer Rate Investigations – NEW***

Establishes legislative intent that DCH continue to collaborate with St. Clair County and the City of Detroit's southwest community to investigate and evaluate cancer rates.

##### ***Sec. 1006. Priority for Smoking Prevention Funding and Allocation for Quit Kits – DELETED***

Requires DCH to give priority to prevention and smoking cessation programs for pregnant women, women with young children, and adolescents in spending smoking prevention program line item funds. Allocates \$100,000 for the Quit Kit program that includes the nicotine patch or nicotine gum, for purposes of complying with Act 164 of 2004.

#### **FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES**

##### ***Sec. 1103. Sexual and Maternal Health Expenditure and Demographics Report – NEW***

Requires DCH to annually report an estimate of public funds administered by the department for family planning, sexually transmitted infection prevention and treatment, pregnancies, and births, and to report demographics collected by DCH that is self-reported by individuals utilizing those services.

##### ***Sec. 1105. Contract With Local Agencies Best Able to Serve Clients – DELETED***

Requires DCH to contract for family, maternal, and children's health services with local agencies best able to serve clients. Describes factors to be used by DCH to evaluate a local agency's ability to serve clients.

**Major Boilerplate Changes From FY 2010-11**

**Sec. 1119. No Use of Funds to Encourage or Support Abortion Services – NEW**

Directs that no state funds appropriated for family planning local agreements or pregnancy prevention programs shall be used to encourage or support abortion services.

**Sec. 1129. Report of Elevated Blood Lead Levels in Children – DELETED**

Directs DCH to annually report to the Legislature on the number of children with elevated blood lead levels by county, including blood lead level and source of reported information.

**Sec. 1135. School Health Education Curriculum – REVISED**

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

**CHILDREN'S SPECIAL HEALTH CARE SERVICES**

**Sec. 1204. CSHCS and Medicaid HMOs – REVISED**

Deletes the requirement that the Department work with the Michigan Association of Health Plans to identify and report on a Medicaid HMO reimbursement methodology for Children's Special Health Care Services (CSHCS) eligibles and replaces it with the requirement that the Department report on its plan for enrolling Medicaid eligible CSHCS recipients into Medicaid health plans.

**OFFICE OF SERVICES TO THE AGING**

**Sec. 1404. Authorization for Fees for Senior Care and Certain Services – DELETED**

Allows area agencies on aging and local providers to receive and expend fees for the provision of day care, care management, respite care, and certain eligible home- and community-based services. Fees shall be based on a sliding scale, taking client income into consideration, and shall be used to maintain and/or expand services.

**Sec. 1406. Use of Respite Care Tobacco Settlement Funds for Direct Care – DELETED**

Requires that the \$4,468,700 respite care appropriation of Merit Award Trust Fund monies be used only for direct respite care or adult respite care center services, and be allocated according to a long-term care plan; limits allocation for administration.

**Sec. 1420. Aging Care Management Nursing Services Only Pilot – NEW**

Directs DCH to establish an aging care management services pilot project with services provided solely by nurses, if funds become available; pilot shall be established in a county with a population between 150,000 and 250,000 persons.

**MEDICAL SERVICES**

**Sec. 1699. Disproportionate Share Hospital (DSH) and Graduate Medical Education (GME) Payments – REVISED**

New subsection 4 requires the Department to form a workgroup to derive a new DSH formula or formulas with the result to be reported to the Legislature.

**Sec. 1756. Beneficiary Monitoring Program – NEW**

Requires the Department to expand and improve the beneficiary monitoring program and provide a report to the Legislature.

**Sec. 1775. Medicaid Managed Care for Dual Eligibles – NEW**

Requires the Department to report to the Legislature on a federally-approved managed care waiver for dual Medicare/Medicaid eligibles.

**Sec. 1793. Pilot Project on Preventable Hospitalizations – NEW**

Requires the Department to consider the development of a pilot project focusing on the prevention of preventable hospitalizations from nursing homes.

**Sec. 1820. Recognition of Medicaid Health Plan Accreditation – NEW**

Requires the Department to give consideration to Medicaid Health Plan accreditation when establishing compliance with State program review criteria or audit requirements and includes a report requirement.

**Sec. 1846. Graduate Medical Education Funding Workgroup – NEW**

Requires the Department to establish a workgroup on graduate medical education funding, identifies workgroup representation, goals of the workgroup and a report.

**COMMUNITY HEALTH**

**Major Boilerplate Changes From FY 2010-11**

**Sec. 1847. Ambulance Quality Assurance Assessment Program – NEW**

Requires the Department to meet with the Michigan Association of Ambulance Services to discuss the possible structure of an ambulance quality assurance assessment program.

**Sec. 1849. Voluntary In-Home Visitation Services – NEW**

Requires the Department to use 50% of the funds allocated for in-home visiting services for evidence-based models and submit a report to the Legislature.

**Sec. 1853. Medicaid HMO Enrollee Automatic Assignment Workgroup – NEW**

Requires the Department to form a workgroup to develop revisions to the process of automatic assignment of new Medicaid recipients to HMOs if the recipient has not chosen an HMO upon enrollment.

**ONE-TIME BASIS ONLY**

**Sec. 1901. One-Time Funding For FY 2011-12 – NEW**

Appropriates one-time FY 2011-12 funding of \$22.1 million GF/GP, \$53.0 million Gross for the following:

Mental health services for special populations .....	\$3,000,000
Healthy Michigan Fund programs.....	\$3,000,000
Primary care services - island health clinics .....	\$300,000
Hospital services and therapy - graduate medical education .....	\$17,129,400
Hospital services and therapy - rural and sole community hospitals...	\$29,533,400

**Sec. 1902. Allocation of Healthy Michigan Funds for Cancer Prevention and Control – NEW**

Allocates \$900,000 for cancer prevention and control from the one-time funds appropriated in Sec. 1901 for Healthy Michigan Fund programs.

**Sec. 1903. Rural and Sole Community Hospitals – NEW**

Establishes that \$10.0 million of GF/GP and associated federal match within the Hospital Services and Therapy - Rural and Sole Community Hospitals item in Sec. 1901 shall be awarded based on criteria to be established which includes services to low-income rural residents and that no hospital shall receive more than 5% of the total funding. A report is due to the Legislature.

**PART 2A**

**GENERAL SECTIONS**

**Sec. 2001. Fiscal Year 2012-13 Anticipated Appropriations – NEW**

Expresses legislative intent to provide appropriations for FY 2012-13 for the line items listed in Part 1 for FY 2011-12 , except the line items will be adjusted for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue.

# CORRECTIONS

## Summary of FY 2011-12 Enacted Appropriations

### Article V, 2011 Public Act 63 (House Bill 4526)

Analyst: Robert Schneider

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$915,400	\$943,800	\$943,800	\$943,800	\$943,800	\$28,400	3.1
<b>Federal</b>	7,868,500	7,995,100	7,995,100	7,995,100	7,995,100	126,600	1.6
<b>Local</b>	443,100	447,300	447,300	447,300	447,300	4,200	0.9
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	80,327,100	73,184,000	42,351,400	52,351,400	52,351,400	(27,975,700)	(34.8)
<b>GF/GP</b>	\$1,917,879,500	\$1,929,836,200	\$1,854,511,700	\$1,874,836,200	\$1,874,836,200	(\$43,043,300)	(2.2)
<b>Gross</b>	<b>\$2,007,433,600</b>	<b>\$2,012,406,400</b>	<b>\$1,906,249,300</b>	<b>\$1,936,573,800</b>	<b>\$1,936,573,800</b>	<b>(\$70,859,800)</b>	<b>(3.5)</b>
<b>FTEs</b>	15,877.5	15,656.8	15,453.3	15,529.3	15,568.8	(308.7)	(1.9)
<b>Avg. Pop.</b>	45,501	46,543	45,223	43,746	45,917	416	0.9

\*FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

#### Overview

The Department of Corrections is responsible for the operation and maintenance of the state's 34 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education and other prisoner programs, 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 September 30, 2010, the Department was responsible for 125,231 Michigan offenders: 58,497 probationers, 44,092 prisoners, and 22,642 parolees.

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>	<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>1. Closure of Crane Correctional Facility</b>	FTE 10,869.9	(229.0)
Provides for the closure of the Crane Correctional Facility. Full-year closure savings of \$26.1 million are included for Crane, which was closed in June 2011 pursuant to the Executive budget recommendation. Savings include reductions to the Lakeland facility line item (which supports both Lakeland and Crane prisons) as well as to line items for food service, transportation, health care, and information technology.	Beds 44,181	(1,056)
	<b>Gross \$1,096,308,300</b>	<b>(\$26,090,700)</b>
	Federal 1,481,400	0
	Restricted 32,155,800	0
	GF/GP \$1,062,671,100	(\$26,090,700)
<b>2. Reinvestment of Crane Closure Savings</b>	FTE 10,869.9	32.0
Reinvests some of Crane closure savings within the budget. Budget provides \$2.9 million to finance 32 additional corrections program coordinator positions across prison facilities. These coordinators are responsible for developing prisoner programming and ensuring that prisoners complete programming. In addition, \$2.7 million is added to four prison line items to address anticipated personnel cost increases related to higher average seniority among staff following the Crane closure. Total reinvestment is \$5.6 million, slightly below the \$7.2 million recommended by the Executive.	Beds 44,181	0
	<b>Gross \$1,096,308,300</b>	<b>\$5,600,700</b>
	Federal 1,481,400	0
	Restricted 32,155,800	0
	GF/GP \$1,062,671,100	\$5,600,700

**CORRECTIONS**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>	<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>3. Cost-Effective Housing Initiative</b>	<b>Gross</b>	<b>N/A</b>
Includes \$47.9 million in a new Cost-Effective Housing Initiative line item aimed at exploring more cost-effective methods of housing prisoners. Related boilerplate requires housing of prisoners in the most cost-effective manner possible, including the use of public-private partnerships, privately-owned facilities, and the use of existing state facilities under third-party contracts. Action assumes transfer of 1,750 beds from current prison facilities to cost-effective housing under one or more of these arrangements. The direct appropriation is offset by a negative appropriation in the Inmate Housing Fund line item to reflect anticipated savings (see item 4 below).	GF/GP	\$47,906,300
		\$47,906,300
<b>4. Inmate Housing Fund: CEHI Savings and Prison Operation Efficiencies</b>	FTE	10,869.9
Includes a negative appropriation of \$79.2 million in the Inmate Housing Fund, representing general prison operation net savings of \$31.3 million anticipated from the Cost-Effective Housing Initiative (CEHI) as well as additional prison operating reductions. Cost reductions under the CEHI would depend upon the security level of prisoner transferred under the initiative as well as the result of competitive bidding. Remaining savings not met through the CEHI would come from other cost reduction efforts, including additional savings from supply chain transformation efforts and from additional paroles from reducing the backlog of prisoners who had not completed needed programming.	Beds	44,181
	<b>Gross</b>	<b>\$1,096,308,300</b>
	Federal	1,481,400
	Restricted	32,155,800
	GF/GP	\$1,062,671,100
		0.0
		0
		<b>(\$79,232,800)</b>
		0
		0
		<b>(\$79,232,800)</b>
<b>5. Programming for Parole-Eligible Prisoners</b>	<b>Gross</b>	<b>\$159,702,200</b>
Adds \$1.6 million to the Health Care Clinical Complexes line items to provide additional resources toward prisoner programming, particularly assaultive offender and sex offender programs that are often needed for certain prisoners to achieve parole. The Department indicated during budget deliberations that over 1,000 prisoners currently past their earliest release date had not completed this programming.	Restricted	349,000
	GF/GP	\$159,353,200
		<b>\$1,581,300</b>
		0
		<b>\$1,581,300</b>
<b>6. Leased Beds: County Contracts to House Prisoners</b>	<b>Gross</b>	<b>N/A</b>
Adds \$10.0 million to the Leased Beds and Alternatives to Leased Beds line item to support contracts with counties to utilize available county jail bed space to house state prisoners. The initiative is linked to \$13.5 million in savings spread across the appropriations for the various state correctional facilities, creating net savings of \$3.5 million.	GF/GP	N/A
		<b>(\$3,500,000)</b>
		<b>(\$3,500,000)</b>
<b>7. Prisoner Education Programs</b>	<b>Gross</b>	<b>\$30,173,100</b>
Reduces funding for prisoner education programs by \$3.6 million, an 11.9% reduction from the FY 2010-11 budget.	GF/GP	\$30,173,100
		<b>(\$3,589,800)</b>
		<b>(\$3,589,800)</b>
<b>8. Mental Health Services and Support</b>	<b>Gross</b>	<b>\$58,365,600</b>
Includes \$5.0 million in savings related to the consolidation of the Corrections Mental Health Program into the Department of Corrections and further competitive bidding of services provided under the program.	GF/GP	\$58,365,600
		<b>(\$5,000,000)</b>
		<b>(\$5,000,000)</b>
<b>9. Privatization of Special Alternative Incarceration Facility</b>	<b>Gross</b>	<b>\$10,965,800</b>
Assumes \$1.0 million in savings resulting from the privatization of the Special Alternative Incarceration Facility at Camp Cassidy Lake.	IDG	350,800
	GF/GP	\$10,615,000
		<b>(\$1,000,000)</b>
		0
		<b>(\$1,000,000)</b>
<b>10. Central Office Operating Reduction</b>	<b>Gross</b>	<b>\$63,575,800</b>
Reduces funding for various central office functions by \$6.0 million. This includes appropriations for Lansing-based central office staff in the Executive Bureau, Operations Support Administration, Correctional Facilities Administration, and the Northern and Southern regional offices.	IDG	298,400
	Federal	1,143,900
	Restricted	508,100
	GF/GP	\$61,625,400
		0
		0
		0
		<b>(\$6,000,000)</b>

**CORRECTIONS**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>	<b><u>FY 2010-11 YTD (as of 2/17/11)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>11. Michigan Prisoner Re-Entry Initiative</b>	<b>Gross \$54,744,700</b>	<b>\$200,000</b>
Increases funding for the Michigan Prisoner Re-Entry Initiative by \$200,000 over current funding levels. The program aims at providing support to assist prisoners in preparing and transitioning to re-enter the community following their release. Of the increase, \$100,000 is earmarked for designated recycling programs that employ parolees, while the remaining \$100,000 provides a general increase for the initiative.	Federal 1,035,000	0
	GF/GP \$53,709,700	\$200,000
<b>12. Prison Food Service Privatization and Efficiencies</b>	FTE 414.0	0.0
Reduces food service funding by 14% for FY 2011-12 in anticipation of savings resulting from bidding out food service functions to a private vendor and from continued supply chain cost savings. Assumes \$7.0 million GF/GP savings for FY 2011-12 from implementation of competitively bid food service contract, which would result in the elimination of 402 FTE positions. Another \$2.5 million GF/GP savings is expected to be achieved through supply chain reforms, including the statewide standardization of food menus in correctional facilities which has helped lower food and warehousing costs.	<b>Gross \$67,632,700</b>	<b>(\$9,500,000)</b>
	IDG 617,000	0
	GF/GP \$67,015,700	(\$9,500,000)
<b>13. Competitive Bidding of Prisoner Store Operations</b>	FTE 110.0	(35.0)
Includes savings to be generated through phased-in competitive bidding of prisoner store operations. Currently, direct prisoner store operational costs are financed through store-generated revenues. However, the Department will utilize additional kiosk technology to interface with the accounting system, which will allow for some consolidation in accounting operations and result in GF/GP savings. The action will eventually eliminate 75 prisoner store storekeeper positions and another 35 accounting/procurement positions within prison facilities and MDOC central office.	<b>Gross \$7,520,000</b>	<b>(\$6,252,500)</b>
	Restricted 5,070,000	(3,802,500)
	GF/GP \$2,450,000	(\$2,450,000)
<b>14. Elimination of Lieutenant Positions</b>	FTE 10,869.9	(81.0)
Eliminates one lieutenant position from each shift at most state correctional facilities, resulting in a net reduction of 81 FTE positions and savings of \$8.5 million GF/GP statewide.	<b>Gross \$1,096,308,300</b>	<b>(\$8,491,800)</b>
	Federal 1,481,400	0
	Restricted 32,155,800	0
	GF/GP \$1,062,671,100	(\$8,491,800)
<b>15. Neal Settlement Agreement</b>	<b>Gross \$10,000,000</b>	<b>\$5,000,000</b>
Provides increase of \$5.0 million GF/GP for FY 2011-12 to cover payments arising out of a settlement agreement related to a lawsuit brought by female inmates alleging sexual harassment within MDOC facilities. Annual settlement payment of \$15.0 million for FY 2011-12 will increase to \$20.0 million for FY 2012-13 and FY 2013-14, with a final payment of \$25.0 million in FY 2014-15.	GF/GP \$10,000,000	\$5,000,000
<b>16. New Custody Staff Training</b>	<b>Gross \$3,623,800</b>	<b>\$470,300</b>
Increases funding for New Custody Staff Training by \$470,300 GF/GP. Increased funding should allow for the training of around 200 new corrections officers during FY 2011-12. The MDOC indicates normal attrition for corrections officers varies from 600-800 officers per year. However, recent prison closures would offset some of the need for newly trained officers. Executive had proposed a \$3.5 million increase for this purpose.	GF/GP \$3,623,800	\$470,300
<b>17. Health Care - Clinical Complexes</b>	<b>Gross \$159,702,200</b>	<b>(\$2,000,000)</b>
Reduces health care funding to regional clinical complexes by \$2.0 million in anticipation of additional prisoner health care savings, including pharmaceutical costs.	Restricted 349,000	0
	GF/GP \$159,353,200	(\$2,000,000)

**CORRECTIONS**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>	<b><u>FY 2010-11 YTD (as of 2/17/11)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>18. Prisoner Health Care and Compassionate Release Policy</b> Assumes \$1.0 million GF/GP savings related to policy changes that would lead to the compassionate release of prisoners with serious health issues. Statutory changes may be required in order to achieve these savings. Also includes \$4.0 million GF/GP increase to cover inflationary adjustments included in Department's managed care contract.	<b>Gross \$90,095,500</b> GF/GP \$90,095,500	<b>\$3,000,000</b> \$3,000,000
<b>19. Early Retirement Incentive Savings</b> Removes funding associated with 103 FTE positions that will remain unfilled after being vacated by state employees who accepted the early retirement incentive offered last year. The Department of Corrections saw 434 employees retire as a result of the incentives. Certain positions that involve direct contact with prisoners (e.g., corrections officers, nurses, teachers, parole officers) will be replaced on a one-for-one basis. However, other positions will be replaced on a one-for-two basis, which is the source of these savings.	FTE N/A <b>Gross N/A</b> GF/GP N/A	(103.0) <b>(\$8,821,900)</b> (\$8,821,900)
<b>20. Prison Facilities - Supply Chain Savings</b> Assumes \$6.8 million in savings spread across all correctional facilities related to supply chain transformation efforts. Logistics savings are expected in areas such as prison laundry services, fleet vehicle usage, and clothing costs.	<b>Gross \$1,096,308,300</b> Federal 1,481,400 Restricted 32,155,800 GF/GP \$1,062,671,100	<b>(\$6,750,000)</b> 0 0 (\$6,750,000)
<b>21. Retention of Public Works Programs</b> Retains public works programs at MDOC facilities, but provides in boilerplate that the full costs of all public works programming are to be borne by the public or private entity that benefits from these services. Adds \$10.0 million in appropriations from public works user fees to cover the program. Executive proposal had eliminated public works funding at all facilities with the exception of the Special Alternative Incarceration Program.	<b>Gross N/A</b> Restricted N/A GF/GP N/A	<b>\$10,000,000</b> 10,000,000 \$0
<b>22. Recognize Closure of Muskegon Correctional Facility</b> Recognizes the closure of the Muskegon Correctional Facility, which was being used to house prisoners under a contract with the State of Pennsylvania. In February, Pennsylvania informed Michigan that it was cancelling the contract as overcrowding conditions in the state had improved. The appropriation is financed with contract revenue from Pennsylvania, thus the closure will have no GF/GP impact.	FTE 238.0 Beds 1,320 <b>Gross \$30,832,600</b> Restricted 30,832,600 GF/GP \$0	(238.0) (1,320) <b>(\$30,832,600)</b> (30,832,600) \$0
<b>23. Interdepartmental Grant to Corrections Ombudsman</b> Retains funding for an interdepartmental grant to the Legislative Corrections Ombudsman for oversight functions (\$250,000 GF/GP). Executive recommendation had eliminated the grant.	<b>Gross \$250,000</b> GF/GP \$250,000	<b>\$0</b> \$0
<b>24. Other Budget Reductions and Transfers</b> Includes other budget reductions to line items that have historically lapsed appropriation authority, including: <ul style="list-style-type: none"><li>• \$175,000 GF/GP for unclassified salaries</li><li>• \$50,000 GF/GP for public education on community corrections</li><li>• \$300,000 GF/GP for felony drunk driver jail reduction program</li></ul>	<b>Gross \$3,602,200</b> GF/GP \$3,602,200	<b>(\$525,000)</b> (\$525,000)
<b>25. Economic Adjustments</b> Includes \$58.3 million Gross (\$56.2 million GF/GP) to cover economic increases as proposed in Executive budget. The increase is related to employee and retiree insurance, retirement costs, building occupancy charges, worker's compensation, food and fuel. Budget does not include an increase for salaries and wages.	<b>Gross N/A</b> IDG N/A Federal N/A Local N/A Restricted N/A GF/GP N/A	<b>\$58,312,200</b> 28,400 126,600 4,200 1,919,700 \$56,233,300

**Major Boilerplate Changes From FY 2010-11**

***Secs. 207 and 207a. Privatization Project Plan and Cost-Benefit Analysis – DELETED***

Deletes current law requiring the submission of a privatization project plan to the Legislature at least 90 days before beginning a privatization effort (Sec. 207) and the submission of a preprivatization cost-benefit analysis (Sec. 207a). Retains current law which requires that state employees be given the opportunity to bid on such contracts.

***Sec. 214. Information Technology Services and Projects – REVISED***

Establishes new legislative intent that MDOC consider using third-party software and information technologies before contracting with the Department of Technology, Management and Budget for these services.

***Sec. 235. Corrections Expenditure Reductions – REVISED***

Expresses intent that MDOC reduce expenditures by following specified Auditor General recommendations and by continuing the supply chain transformation process. New language adds assaultive offender and sex offender programming and education to the list of services to be addressed by supply chain transformation efforts.

***Sec. 237. Department Procurement Processes – NEW***

Requires MDOC to abide by statute and administrative rules regarding procurement requests and to communicate with the Department of Technology, Management and Budget to ensure proper use of delegated purchasing authority. Requires reporting if requests for proposals are delayed due to improper use of purchasing authority.

***Sec. 238. Repurposing of Closed Correctional Facilities – NEW***

Expresses intent that MDOC make additional efforts to sell, rent, or otherwise repurpose closed correctional facilities.

***Sec. 239. MDOC Management-to-Staff Ratios – NEW***

Expresses intent that MDOC maintain management-to-staff ratio of one supervisor for each five employees at the Department's Lansing central office and at the Northern and Southern region administration offices.

***Sec. 240. Improper Payment Recovery Audits – NEW***

Requires Department to solicit and evaluate proposals for services related to the audit of vendor and contract payments and the recovery of improper payments. Requires report on the solicitation and results of subsequent recovery audits.

***Sec. 403. Michigan Prisoner Re-Entry Initiative (MPRI) Expenditures and Allocations – REVISED***

Revises current law to require MDOC to provide 60 days notice before making changes to allocations or planned expenditures.

***Sec. 406. Prisoner Re-Entry Pilot Program With Faith-Based Organization – NEW***

Conditions the expenditure of appropriations reinvested from Crane closure on the establishment of a pilot program of at least \$2.0 million to contract with faith-based nonprofit agencies with established prisoner re-entry programs. Requires reporting comparing outcomes of faith-based pilot services with other MPRI services.

***Sec. 408. Measurement of Recidivism – REVISED***

Adds new language requiring that any time spent in a county jail or otherwise incarcerated shall be included in recidivism rates.

***Sec. 414. County Jail Reimbursement Program – REVISED***

Eliminates the choice for counties provided in FY 2010-11 budget between the eligibility/reimbursement standards in place during FY 2009-2010 (with \$35/\$50/\$60 tiered per diem based on guideline score) and the eligibility/reimbursement standards in place in previous years (with flat \$43.50 per diem without regard to guideline score). Reimbursement will be based solely on the three-tiered structure. Also eliminates requirement for a reimbursement committee to review the status of reimbursement claims and appropriation levels. Finally, new language provides \$500,000 to reimburse counties for housing probation violators under a swift-and-sure sanctions pilot program.

***Sec. 415. MPRI Real-Time Database – NEW***

Requires MDOC to create a real-time database for use by Department and MPRI service providers and that the Department publish financial guidelines for administration of the program.

***Sec. 426. Employment in Recycling Programs for Parolees – REVISED***

Allocates \$600,000 to nonprofit agencies with established public utility asset recovery recycling programs, and requires hiring at least 45% returning citizens through the funded program. Language makes revisions to clarify the intent of the language and references a new appropriation line item for the program.

***Sec. 434. Programs for At-Risk Young Adults and Children of Incarcerated Parents – REVISED***

Current law expresses intent that MDOC collaborate with other state and local entities to implement employment projects targeting at-risk young adults in high-crime neighborhoods and support programs for children of incarcerated parents. New language adds faith-based organizations to the list of participants.

## CORRECTIONS

### Major Boilerplate Changes From FY 2010-11

**Sec. 505. Mental Health Awareness Training – REVISED**

Eliminates current law requirement that all staff having direct contact with prisoners and employed within correctional facilities attend at least one mental health awareness training session. Current law language regarding custody staff training is maintained.

**Sec. 507. Swift-and-Sure Sanctions Pilot – NEW**

Appropriates \$1.0 million as grant to Judiciary to establish a pilot program for the use of swift-and-sure jail sanctions as a response to certain probation violators.

**Sec. 810. DNA Identification Profiling – NEW**

Provides that MDOC ensure each prisoner serving in a correctional facility and probationers placed at the Special Alternative Incarceration Program provide a sample for DNA identification profiling.

**Sec. 814. Availability of Psychotropic Drugs – DELETED**

Requires that MDOC assure that psychotropic medications are available, when deemed medically necessary by a physician to prisoners who have mental illness diagnoses but are not enrolled in the Corrections Mental Health Program.

**Sec. 815. Health Care Quality Assurance Unit – DELETED**

Allocates \$520,000 of appropriation for Health Care Administration to operate a Health Care Quality Assurance Unit.

**Sec. 906. Public Works Programs – REVISED**

Establishes legislative intent that MDOC maintain or expand existing public works programming. However, makes the local unit of government or private organization responsible for financing the entire cost of public works agreements.

**Sec. 919. Food Service Contract – DELETED**

Specifies conditions and criteria to be met prior to expenditure of funds on private food service contract.

**Sec. 935. Priorities for Prison Facility Closures – NEW**

Establishes legislative intent that the department fully consider the potential economic impact on communities when making a determination of a facility closure. Makes minimizing local economic impact a high priority in the decision process.

**Sec. 936. Energy Utilization Assessments – NEW**

Requires Department to contract with third-party providers to complete energy utilization assessments at each state correctional facility in order to implement energy-saving initiatives.

**Sec. 937. Cost-Effective Housing Initiative – NEW**

Guides use of funding aimed at housing prisoners in the most cost-effective manner possible, including exploring the use of public-private partnerships, the use of privately-owned facilities, and the use of state facilities under third-party contracts. Assumes offsetting savings within general prison operation costs as a result of the shift to more cost-effective approaches.

**Sec. 938. Food Service Contractors and Locally-Grown Food – NEW**

Provides that food service contractors should be encouraged to provide services using fresh food that is locally grown.

**Sec. 939. Privatization of Special Alternative Incarceration Facility – NEW**

Requires MDOC to release request for proposal seeking bids for privatization of SAI facility by January 1.

**Sec. 940. Prison Drug Testing Services – NEW**

Requires MDOC to enter into a contract with a Michigan-based company that provides laboratory oral fluid drug testing.

**Sec. 941. Public Works Programs to St. Louis Center – NEW**

Requires Department to ensure that any contract with a party to operate the SAI facility include a provision to require the public works program services continue to be provided to the St. Louis Center at rates consistent with those in place on May 1, 2011.

**Sec. 942. Corrections Ombudsman and Auditor General Access Prisons Operated Under Contract – NEW**

Requires MDOC to ensure that any contract with a party to operate a facility to house state prisoners include a provision to allow access by both the Office of the Auditor General and Office of Legislative Corrections Ombudsman to the facility and to appropriate records and documents related to its operations.

**HUMAN SERVICES**  
**Summary of FY 2011-12 Enacted Appropriations**  
**Article X, 2011 Public Act 63 (House Bill 4526)**

**Analyst: Kevin Koorstra**

IDG/IDT	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>Federal</b>	\$1,230,300	\$1,243,100	\$1,243,100	\$1,243,100	\$1,243,100	\$12,800	1.0
<b>ARRA</b>	774,767,800	549,632,400	549,632,400	549,632,400	549,632,400	(225,135,400)	(29.1)
<b>Non-ARRA</b>	5,140,056,800	5,100,154,100	5,084,979,600	5,103,513,800	5,077,418,800	(62,638,000)	(1.2)
<b>Local</b>	33,925,700	30,573,600	30,043,400	30,573,600	27,948,500	(5,977,200)	(17.6)
<b>Private</b>	14,483,500	16,336,100	15,325,100	16,336,100	15,886,100	1,402,600	9.7
<b>Restricted</b>	60,433,500	97,107,200	95,007,200	90,929,400	88,616,500	28,183,000	46.6
<b>GF/GP</b>	924,018,100	1,096,478,200	1,010,231,400	1,066,207,600	1,066,684,500	142,666,400	15.4
<b>Gross</b>	<b>\$6,948,915,700</b>	<b>\$6,891,524,700</b>	<b>\$6,786,462,200</b>	<b>\$6,858,436,000</b>	<b>\$6,827,429,900</b>	<b>(\$121,485,800)</b>	<b>(1.7)</b>
<b>FTEs</b>	11,869.5	11,554.5	11,555.5	11,554.5	11,582.5	(287.0)	(2.4)

\*FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

Note: "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources.

**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, child care and other 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 and for licensing day care, adult foster care, and child welfare agencies in the state.

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>1. Child Welfare Services: Annualize New FY 2010-11 Staff</b>	FTE	684.0	0.0
Annualizes funding for 335 child welfare staff to be hired during FY 2010-11. FY 2010-11 budget increased child welfare staffing by \$47.8 million for 684 additional FTEs. However, only partial-year funding was provided for 335 of these positions. These FTEs are appropriated to meet the case-to-worker ratios as required in the Children's Rights settlement agreement. By October 1, 2011, direct foster care staff can have a case-to-worker ratio of no more than 15:1.	<b>Gross</b>	<b>\$47,838,600</b>	<b>\$29,723,600</b>
	Federal	10,727,600	7,534,200
	GF/GP	\$37,111,000	\$22,189,400
<b>2. Child Welfare Services: Annualize FY 2010-11 Shift to Private Agency Administration</b>	<b>Gross</b>	<b>\$5,924,600</b>	<b>\$30,106,700</b>
Increases funding for private foster care administration by \$30.1 million. FY 2010-11 budget increased funding by \$5.9 million to transfer 2,625 (or 15%) publicly administered foster care cases to private child placing agencies during the last quarter. The intent of the transfer of foster care cases to the private agencies is to help local DHS offices meet the 15:1 case-to-worker ratio as mandated by the Children's Rights settlement agreement.	Federal	1,777,400	9,662,500
	GF/GP	\$4,147,200	\$20,444,200

**HUMAN SERVICES**

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>3. Child Welfare Services: Private Agency Administrative Rate Changes</b>		<b>Gross</b>	<b>N/A</b>
Increases appropriations \$7.8 million to increase rates paid to private adoption agencies by 36%. Also reduces specialized independent living administrative rates by 50% of the difference between the current specialized rates and the general independent living administrative rate saving \$877,600.		Federal	1,461,700
		GF/GP	\$5,446,000
<b>4. Child Welfare Services: Other Changes – PARTIAL VETO</b>		<b>Gross</b>	<b>N/A</b>
Increases funding \$4.3 million in anticipation of statutory changes allowing adoptive parents up to 1 year to request a higher adoption subsidy if the child has special needs; increases funding \$4.0 million for a second needs assessment as required by the Children's Rights settlement agreement; and increases appropriations \$2.7 million for IT upgrades. Also reduces guardianship assistance \$1.0 million recognizing prior year lapses and eliminates the partial tuition reimbursement for a savings of \$998,600. Governor vetoed increase for adoption subsidies for children with special needs.		Federal	665,300
		GF/GP	\$4,036,100
<b>5. Child Welfare Caseloads</b>		<b>Gross</b>	<b>\$633,047,400</b>
Reduces overall appropriations for child welfare program caseloads \$51.3 million. Foster care payments decrease \$29.6 million to fund an average caseload of 7,200. Adoption subsidy payments decrease \$9.3 million to fund an average caseload of 27,450. Child Care Fund decreases \$12.6 million to reflect caseload projection.		Federal	358,943,300
		Local	19,247,100
		Private	1,800,000
		GF/GP	\$253,057,000
			(\$51,331,300)
			(14,187,800)
			(5,858,300)
			(400,000)
			(\$30,885,200)
<b>6. Temporary Assistance for Needy Families (TANF) Funding Adjustments</b>		<b>Gross</b>	<b>N/A</b>
Increases GF/GP by \$181.8 million to offset one-time federal TANF revenues appropriated in FY 2010-11 that are no longer available. GF/GP is partially offset with \$38.8 million in new one-time TANF contingency funds.		Federal	N/A
		GF/GP	N/A
			\$0
			(143,006,600)
			\$143,006,600
<b>7. TANF Fund Shift With Higher Education</b>		<b>Gross</b>	<b>\$0</b>
Transfers out federal TANF to Higher Education budget to fund financial aid programs and transfers in GF/GP and Merit Award Trust Funds from Higher Education to fund the Family Independence Program (FIP). This transfer improves the state's ability to meet federal TANF maintenance of effort (MOE) requirements and is consistent with supplemental adjustments made in previous fiscal years. Offsetting adjustments are made in the Higher Education budget.		Federal	0
		Restricted	0
		GF/GP	\$0
			(93,826,400)
			30,100,000
			\$63,726,400
<b>8. Public Assistance Caseloads</b>		<b>Gross</b>	<b>\$706,383,700</b>
Increases funding for public assistance programs \$9.3 million. The Family Independence Program (FIP) increases \$2.1 million to fund an average caseload of 81,763. State Disability Assistance (SDA) decreases \$2.1 million to fund an average caseload of 10,250. SSI supplementation increases \$2.4 million to fund 258,500 cases. Child Development and Care (CDC) increases \$6.8 million to fund 28,136 cases.		Federal	519,313,100
		Restricted	45,062,400
		GF/GP	\$142,008,200
			(6,046,000)
			0
			\$15,339,200
<b>9. Family Independence Program (FIP): 48-Month Lifetime Limit</b>		<b>Gross</b>	<b>\$428,835,100</b>
Reduces FIP \$77.4 million by implementing a retroactive 48-month lifetime limit for FIP cases. Exemptions to the lifetime limit would include having a physical or mental incapacity, caring for a disabled family member, being a victim of domestic violence, certain periods of pregnancy, or after giving birth. Assumes 12,600 cases (15% of the caseload) would have their benefits expire due to the new time limit. Implementation of 48-month lifetime limit requires amending the Social Welfare Act, and is included in HB 4409 and HB 4410 as passed by the House.		Federal	374,130,200
		Restricted	32,784,100
		GF/GP	\$21,920,800
			(12,400,000)
			0
			(\$65,000,000)

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>10. Family Independence Program: Earned Income Disregard</b>	<b>Gross</b>	<b>\$428,835,100</b>	<b>\$10,000,000</b>
Increases earned income disregard for FIP case closure from the first \$200 plus 20% of earned income to \$200 plus 50% of earned income at a projected cost of \$10.0 million (earned income disregard for case opening would stay \$200 + 20%). Effectively, this increases FIP benefits for working recipients and allows them to retain FIP benefits at higher levels of earned income. Changes to the earned income disregard are included in HB 4409 as passed by the House.	Federal	374,130,200	0
	Restricted	32,784,100	0
	GF/GP	\$21,920,800	\$10,000,000
<b>11. Family Independence Program: Other Reductions</b>	<b>Gross</b>	<b>\$428,835,100</b>	<b>(\$18,614,800)</b>
Reduces the FIP clothing allowance \$9.9 million by limiting clothing allowance only to children in FIP groups that do not include an adult; reduces FIP \$7.5 million in anticipation of savings from longer sanction periods in HB 4409 as passed by the House; reduces FIP \$1.2 million as a result of counting adoption subsidies as family income during the FIP benefit calculation; discontinues the policy of passing through the first \$50 in child support to the FIP recipients, increasing restricted revenues \$1.7 million and offsetting \$1.7 million in GF/GP; and offsets GF/GP with half of the FY 2010-11 funding redirected from JET Plus (\$4.3 million) (other \$4.3 million in JET Plus funding is available for FY 2012-13).	Federal	374,130,200	4,250,000
	Restricted	32,784,100	1,700,000
	GF/GP	\$21,920,800	(\$24,564,800)
<b>12. Child Development and Care Reductions</b>	<b>Gross</b>	<b>\$182,113,300</b>	<b>(\$28,900,000)</b>
Reduces base child care subsidies from \$1.60 per child per hour to \$1.35 per child per hour for enrolled providers, saving \$13.9 million in federal TANF funds. The enrolled providers would remain eligible to receive \$1.85 per child per hour if they complete additional training annually. Also reduces subsidy appropriations \$10.0 million by reducing maximum amount of reimbursable hours per case and \$5.0 million from improper payment prevention. The TANF funds are redirected elsewhere in the budget to offset GF/GP.	Federal	145,182,900	0
	GF/GP	\$36,930,400	(\$28,900,000)
<b>13. State Disability Assistance (SDA) Rate Reduction</b>	<b>Gross</b>	<b>\$34,765,000</b>	<b>(\$4,716,400)</b>
Reduces SDA rates for persons in independent living arrangements from \$269 per month to \$200 per month. SDA is a cash assistance program for disabled adults without children. The new rate would be phased in for only new cases.	Restricted	12,278,300	(1,650,700)
	GF/GP	\$22,486,700	(\$3,065,700)
<b>14. Local Office: Staff Reduction</b>	FTE	N/A	(300.0)
Reduces local office staff by 300 positions with the assumption that the savings can be realized through attrition rather than layoffs. Executive states that increases in workload for remaining local office staff can be mitigated through IT improvements, FIP caseload reductions, and the other local office adjustments outlined in item 15 below.	<b>Gross</b>	<b>N/A</b>	<b>(\$19,534,800)</b>
	Federal	N/A	(7,178,400)
	GF/GP	N/A	(\$12,356,400)
<b>15. Local Office: Other Adjustments</b>	FTE	N/A	50.0
Appropriates 50 additional outstationed eligibility specialists to determine Medicaid eligibility in nursing homes, hospitals and mental health facilities (\$4.3 million, no GF/GP cost), \$2.6 million for medical/psychiatric child welfare evaluations, and \$1.7 million to annualize the costs of 100 limited-term eligibility specialists hired during FY 2010-11.	<b>Gross</b>	<b>N/A</b>	<b>\$8,554,400</b>
	Federal	N/A	2,712,200
	Local	N/A	1,066,400
	Private	N/A	1,066,400
	GF/GP	N/A	\$3,709,400
<b>16. Juvenile Justice Facility Reductions</b>	FTE	180.0	(20.0)
Reduces Maxey Training School \$1.6 million, Bay Pines Center \$905,800, and Shawono Center \$503,500. Additional re-entry program costs are included (\$200,000 GF/GP) for a net savings of \$2.8 million Gross, \$786,700 GF/GP. This proposal generates the same amount of Gross and GF/GP savings as the original Executive proposal that would have closed Shawono.	<b>Gross</b>	<b>\$23,210,300</b>	<b>(\$2,822,000)</b>
	Federal	1,715,900	(36,000)
	Local	11,476,700	(1,999,300)
	GF/GP	\$10,017,700	(\$786,700)

**HUMAN SERVICES**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>	<b><u>FY 2010-11 YTD</u></b>	<b><u>Enacted Change</u></b>	<b><u>From YTD</u></b>
	<b><u>(as of 2/17/11)</u></b>		
<b>17. Background Check Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
Appropriates \$1.0 million to fund the background check program for adult foster care facilities and homes for the aged within the LARA budget.	Federal	0	0
	GF/GP	\$0	\$1,000,000
<b>18. Other Program Eliminations</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$16,993,800)</b>
Eliminates funding for Jobs Education and Training Plus (JET Plus) (\$8.5 million federal), Zero to Three (\$3.8 million federal), Before- and After-School (\$3.0 million GF/GP), customer service center (\$850,000 GF/GP), Conductive Learning Center (\$300,000 GF/GP), Michigan Home Based Child Care Council (MHBCCC) (\$200,000 GF/GP), University of Detroit Mercy legal services (\$200,000 GF/GP), and YouthVille Detroit (\$100,000 GF/GP).	Federal	N/A	(12,343,800)
	GF/GP	N/A	(\$4,650,000)
<b>19. Other Program Reductions</b>	FTE	N/A	(15.0)
Reduces appropriation levels for employment and training support services (\$4.8 million federal), indigent burial (\$3.2 million Gross, \$2.8 million GF/GP), Child Protection and Permanency (\$2.8 million Gross, \$2.6 million GF/GP), Early Childhood Investment Corporation, (\$1.9 million GF/GP), State Disbursement Unit contract savings (\$1.8 million Gross, \$626,700 GF/GP), Strong Families/Safe Children (\$1.5 million federal), Children's Trust Fund grants (\$1.0 million restricted), executive operation staff cut (\$712,000 gross, \$226,300 GF/GP), child support enforcement staff cut (\$588,300 gross, \$200,000 GF/GP), Families First (\$500,000 federal), Bureau of Community Action and Economic Opportunity staff cut (\$380,000 federal), multicultural integration funding (\$300,000 gross, \$100,000 GF/GP), LEIN database integration costs (\$255,000 GF/GP), and domestic violence programs (\$250,000 GF/GP).	<b>Gross</b>	<b>N/A</b>	<b>(\$20,942,000)</b>
	Federal	N/A	(10,155,600)
	Restricted	N/A	(1,000,000)
	GF/GP	N/A	(\$9,786,400)
<b>20. Federal Funding Increases</b>	<b>Gross</b>	<b>N/A</b>	<b>\$8,666,400</b>
Increases federal funding available for Refugee Assistance Program (\$3.7 million), Michigan Community Services Commission (\$3.0 million), Community Services Block Grant (\$750,000), Bureau of Child and Adult Licensing (\$632,400), and Weatherization (\$250,000). Also includes \$380,000 in funds freed up for CSBG and Weatherization by reducing 3 FTEs from the Bureau of Community Action and Economic Opportunity.	Federal	N/A	8,666,400
	GF/GP	N/A	\$0
<b>21. Child Support Fees</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
FY 2010-11 budget removed boilerplate language authorizing DHS to collect an annual \$25 support fee from the custodial parent. Enacted budget does not reinstitute the \$25 annual fee and removes remaining \$1.0 million in fee revenue fund balance appropriated in FY 2010-11.	Restricted	(2,625,000)	(1,000,000)
	GF/GP	\$2,625,000	\$1,000,000
<b>22. Child Support Incentive Payments Replacement</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
Changes enacted through ARRA allowed the state to temporally use federal child support incentive revenues to draw down additional regular federal Title IV-D funds. \$17.5 million in GF/GP is appropriated to offset potential revenue shortfalls for both the state and counties as a result of the re-instated prohibition against using child support incentive revenues to draw down additional federal funds.	Federal	17,489,900	(17,489,900)
	GF/GP	(\$17,489,900)	\$17,489,900
<b>23. ARRA Funding</b>	FTEs	2.0	(2.0)
Removes \$11.7 million in federal ARRA funding no longer available in FY 2011-12. \$9.5 million in food assistance administration ARRA funds is partially offset with \$4.0 million federal and \$4.0 million GF/GP. \$2.0 million in transitional supportive housing and \$250,000 and 2 FTEs for faith-based grants are not offset.	<b>Gross</b>	<b>\$11,745,200</b>	<b>(\$3,759,500)</b>
	ARRA	11,745,200	(11,745,200)
	Federal	0	3,992,900
	GF/GP	\$0	\$3,992,800

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>	<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>24. Office of Inspector General Savings</b>	FTEs 36.0	0.0
Reduces Family Independence Program (FIP) and Child Development and Care Subsidies (CDC) \$4.3 million due to projected cost avoidances as a result of the January 1, 2011 expansion of the Front End Eligibility (FEE) program. FEE inspector general staff will review applications to identify persons ineligible before an application is approved or denied by local office staff. Enacted budget also includes \$1.3 million in net savings in public assistance funding from OIG program enhancements.	<b>Gross (\$7,753,400)</b>	<b>(\$5,532,100)</b>
	Federal (3,788,600)	(4,546,700)
	GF/GP (\$3,964,800)	(\$985,400)
<b>25. Early Retirement Savings</b>	<b>Gross N/A</b>	<b>(\$5,664,000)</b>
Recognizes \$5.7 million in full-year net savings from the retirement incentive program enacted in FY 2010-11. Around 1,300 DHS employees retired as a result of the retirement incentive program. Net savings include the added costs from a 5-year banked leave time payout.	IDG N/A	5,000
	Federal N/A	(3,365,200)
	Private N/A	33,300
	Restricted N/A	(800)
	GF/GP N/A	(\$2,336,300)
<b>26. Federal Medical Assistance Percentage (FMAP) Adjustments</b>	<b>Gross N/A</b>	<b>\$0</b>
Increases GF/GP by \$6.5 million to replace the ARRA FMAP increase no longer available for FY 2011-12. Reduces GF/GP by \$1.2 million from the base FMAP federal match rate adjustment from 65.79% to 66.14%. This rate is used to determine federal cost sharing for several DHS programs, specifically foster care, adoption subsidies, and child care subsidies funded with federal Title IV-E.	ARRA N/A	(6,499,700)
	Federal N/A	1,162,500
	GF/GP N/A	\$5,337,200
<b>27. Economic Adjustments</b>	<b>Gross N/A</b>	<b>\$24,646,500</b>
Increases economic costs related to retirement, insurances, workers' compensation, and building occupancy charges by \$24.5 million Gross, \$8.5 million GF/GP.	IDG N/A	7,800
	Federal N/A	15,472,000
	Local N/A	542,600
	Private N/A	65,400
	Restricted N/A	34,500
	GF/GP N/A	\$8,524,200

**Major Boilerplate Changes From FY 2010-11**

**GENERAL SECTIONS**

**Sec. 231. TANF Contingency Funds – NEW**

Permits DHS to utilize TANF Contingency funds, if they become available, to increase the Family Independence Program earned income disregard or to improve public assistance programs by emphasizing work. Requires a report on the expenditures authorized under this section.

**Sec. 294. Statewide Automated Child Welfare Information System Funding – NEW**

Allows DHS to increase federal authorization at the relevant federal match rate if DHS can identify state funds elsewhere in the budget that can be transferred into the information technology services and projects line item. Also allows funding to be designated as a work project.

**CHILD AND FAMILY SERVICES**

**Sec. 502. Indian Tribal Government Foster Care Reimbursement – DELETED**

Requires reimbursement to Indian Tribal governments for 50% of foster care expenditures not otherwise eligible for federal funding.

**Sec. 503. Adoption Subsidy Payment Continuance – DELETED**

Requires for continuance of adoption subsidy payments after the 18th birthday under certain criteria. Legislation is currently pending that would codify this requirement. No funding changes were made in part 1 as a result of deleting this section.

**Sec. 556. Adoption Subsidy Reporting – PARTIAL VETO**

Requires report on adoption subsidy program, including compliance with federal notification requirements, adoptive parent requests for training cost reimbursement, subsidy hearing requests, and number of payments suspended while children remain in custody of adoptive parents. Revised to require DHS to propose legislation that would allow adoptive parents up to 1 year to request to have the determination of care supplement revised. Governor vetoed subsection (2) that requests proposed legislation to allow adoptive parents to request a revised subsidy.

## **HUMAN SERVICES**

### **Major Boilerplate Changes From FY 2010-11**

#### ***Sec. 565. Family Preservation Funding for Wayne County – DELETED***

Allocates \$1.6 million of family preservation funding to Wayne County to support home-based programs as part of county expansion of community-based services for delinquent and abused/neglected youth.

### **PUBLIC ASSISTANCE**

#### ***Sec. 601. Shelter Vendor Payments – REVISED***

Allows termination of shelter vendor payments if the rental unit is not in compliance with local housing codes, or when the landlord is delinquent on property taxes; requires landlord cooperation with weatherization and conservation efforts. Deletes subsections (1) and (3).

#### ***Sec. 610. State Emergency Relief Exemption – REVISED***

Requires consideration of expenses for finding employment as good cause for persons applying for SER assistance. Revised to prohibit SER from being paid to individuals who have been convicted of public assistance fraud, from being paid to illegal immigrants, and SER for rent assistance from being paid directly to the applicant.

#### ***Sec. 613. Indigent Burial Payment Rates and Pilot Project – REVISED***

Establishes provider reimbursement rates of \$455 for funeral directors, \$145 for cemeteries/crematoriums, and \$100 for vault providers; allows DHS to work with funeral directors on a statewide pilot program for direct cremations of unclaimed bodies. Revised to only allow DHS to provide reimbursements for the direct cremation of unclaimed bodies.

#### ***Sec. 617. FIP Minor Parent Household Restriction – DELETED***

Prohibits a minor parent from receiving family independence program (FIP) benefits if the supervising adult is his or her partner.

#### ***Sec. 619. Title IV-A (TANF) and Food Assistance Benefit Exemption – REVISED***

Exempts individuals convicted of a drug felony after August 22, 1996 from the federal prohibition on receiving Title IV-A (TANF) and food assistance benefits; requires benefits be paid to a third party for these cases. Revision adds additional condition prohibiting repeat offenders from receiving TANF and food assistance.

#### ***Sec. 635. Child Development and Care (CDC) Provider Central Registry Notification – DELETED***

Requires DHS to determine whether a child care provider is listed on the Child Abuse and Neglect Central Registry; if a provider is listed, requires DHS to immediately deny applicant's request for CDC payments.

#### ***Sec. 675. Child Development and Care Services Rate Structure – DELETED***

Establishes rate structure for child development and care subsidies; requires enrolled provider complete one-time basic training; allows enrolled providers to receive higher rate if completed 10 hours of additional annual training.

### **JUVENILE JUSTICE SERVICES**

#### ***Sec. 717. Juvenile Justice Mental Health Report – VETOED***

Permits DHS to contract with Michigan Public Health Institute to study and report on youth with an emotional disorder, substance abuse, and dual diagnoses.

#### ***Sec. 726. Residential Provider Contracts and Rate Floor – DELETED***

Prohibits DHS from entering or maintaining a contract with for-profit provider of residential services or a provider that uses a for-profit management group unless provider was licensed or management group was under contract on or before August 1, 2007. Establishes floor funding of \$137 per day for these providers.

### **GENERAL SECTIONS**

#### ***Sec. 1201. FY 2012-13 Appropriations – NEW***

States intent to provide same appropriations for FY 2012-13, adjusted for caseload and related costs, federal fund match rates, economic factors, and available revenue.

**FY 2011-12  
Budget Detail  
for  
RESOURCE PROTECTION**

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**Agriculture and Rural Development  
Environmental Quality  
Natural Resources**

**AGRICULTURE AND RURAL DEVELOPMENT  
Summary of FY 2011-12 Enacted Appropriations  
Article I, 2011 Public Act 63 (House Bill 4526)**

**Analyst: William E. Hamilton**

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$289,100	\$297,600	\$297,600	\$297,600	\$297,600	\$8,500	2.9
<b>Federal</b>	14,922,600	14,184,700	14,184,700	14,184,700	14,184,700	(737,900)	(4.9)
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	260,100	171,300	171,300	171,300	171,300	(88,800)	(34.1)
<b>Restricted</b>	30,679,400	29,713,000	29,163,000	28,863,000	28,863,000	(1,816,400)	(5.9)
<b>GF/GP</b>	30,297,100	27,102,700	28,002,700	27,835,000	28,702,700	(1,594,400)	(5.3)
<b>Gross</b>	<b>\$76,448,300</b>	<b>\$71,469,300</b>	<b>\$71,819,700</b>	<b>\$71,351,600</b>	<b>\$72,219,300</b>	<b>(\$4,229,000)</b>	<b>(5.5)</b>
<b>FTEs</b>	458.5	438.0	435.0	435.0	443.0	(15.5)	(3.4)

\*FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

**Overview**

The Department's key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, protecting consumers, and promoting the state's agricultural economy.

**Major Budget Changes From FY 2010-11 YTD Appropriations**

**1. Emergency Management**

Reflects anticipated end of \$500,000 US Food and Drug Administration Rapid Response Team grant; economic adjustments.

	FY 2010-11 YTD (as of 2/17/11)	Enacted Change From YTD
FTEs	6.5	(4.5)
<b>Gross</b>	<b>\$741,800</b>	<b>(\$498,200)</b>
Federal	500,000	(500,000)
GF/GP	\$241,800	\$1,800

**2. Food and Dairy - Food/Milk Safety and Quality Assurance**

Recognizes \$458,700 in economic increases; \$493,300 GF/GP decrease for early retirement savings.

	FY 2010-11 YTD (as of 2/17/11)	Enacted Change From YTD
FTEs	107.0	(3.0)
<b>Gross</b>	<b>\$13,004,100</b>	<b>(\$34,600)</b>
Federal	658,700	27,800
Restricted	3,163,500	133,300
GF/GP	\$9,181,900	(\$195,700)

The Food Safety and Milk Safety programs are unrolled into two separate line items as follows:

Unrolled Lines		FY 2010-11 YTD	FY 2011-12 Enacted
<i>Food and Dairy - Food Safety and Quality Assurance</i>	FTEs	81.0	81.0
	<b>Gross</b>	<b>\$9,744,900</b>	<b>\$9,831,600</b>
	Federal	624,200	651,600
	Restr.	3,003,500	3,034,500
	GF/GP	\$6,117,200	\$6,145,500
<i>Milk Safety and Quality Assurance</i>	FTEs	26.0	23.0
	<b>Gross</b>	<b>\$3,259,200</b>	<b>\$3,037,900</b>
	Federal	34,500	34,900
	Restr.	160,000	162,300
	GF/GP	\$3,064,700	\$2,840,700

**3. Animal Industry - Animal Health and Disease Response**

Reduces GF/GP baseline by \$571,500 to reflect, in part, advances in the Bovine TB Program - \$332,000 relates to elimination of the inspection station at the Mackinac Bridge, and \$239,500 to other unspecified program reductions; economic adjustments.

	FY 2010-11 YTD (as of 2/17/11)	Enacted Change From YTD
FTEs	68.0	(4.0)
<b>Gross</b>	<b>\$9,474,200</b>	<b>(\$584,800)</b>
Federal	1,291,200	(17,100)
Restricted	253,800	3,800
GF/GP	\$7,929,200	(\$571,500)

**AGRICULTURE AND RURAL DEVELOPMENT**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>	<b><u>FY 2010-11 YTD</u></b>	<b><u>Enacted Change</u></b>
	<b><u>(as of 2/17/11)</u></b>	<b><u>From YTD</u></b>
<b>4. Pesticide and Plant Pest Management - PPPM</b>	FTEs 94.0	(6.0)
Includes additional \$300,000 GF/GP for costs associated with in-state nursery inspections; includes economics and early retirement adjustments.	<b>Gross \$11,347,000</b>	<b>(\$734,300)</b>
	Federal 2,019,500	(52,000)
	Private 166,400	(83,100)
	Restricted 5,134,200	(104,900)
	GF/GP \$4,026,900	(\$494,300)
<b>5. Emerald Ash Borer Program</b>	FTEs 10.0	(3.0)
Appropriates a total of \$1.8 million to reflect continuing reduction in federal support for this program; appropriation had been as much as \$25.0 million in FYs 2003-04 and 2004-05.	<b>Gross \$2,138,500</b>	<b>(\$315,900)</b>
	Federal 2,138,500	(315,900)
<b>6. Producer Security/Grain Dealer Licensing</b>	FTEs 4.0	0.0
Reduces \$32,600 in restricted revenue reflecting anticipated revenue and economic increases of \$23,400.	<b>Gross \$552,600</b>	<b>(\$9,200)</b>
	Restricted 252,600	(9,200)
	GF/GP \$300,000	\$0
<b>7. Environmental Stewardship</b>	FTE 0.0	18.0
Rolls the Groundwater and Freshwater Protection Program and Agriculture Pollution Prevention Program into the Environmental Stewardship line to provide for agriculture pollution prevention and conservation activities as described in boilerplate Sec. 601. Replaces the current Environmental Stewardship line item, which is simply a placeholder.	<b>Gross \$94,400</b>	<b>\$6,039,400</b>
	Federal 41,700	1,319,500
	Restricted 52,700	4,719,900
	GF/GP \$0	\$0
<b>8. Michigan Agriculture Environmental Assurance Program</b>	FTEs 3.0	0.0
Appropriates \$288,000 in restricted revenue to the Freshwater Protection Fund; this reflects actual program funding.	<b>Gross \$262,000</b>	<b>\$290,600</b>
	Restricted 0	288,000
	GF/GP \$262,000	\$2,600
<b>9. Migrant Labor Housing</b>	FTEs 6.0	0.0
Reflects economic adjustments. Inspection program supported by a combination of GF/GP and restricted funds generated from \$5 per occupant migrant labor housing inspection fee established in 2010 PA 13 and 2010 PA 14. Federal funds represent US Department of Labor housing grants for construction of housing units.	<b>Gross \$1,142,800</b>	<b>\$19,500</b>
	Federal 463,900	7,900
	Restricted 140,900	2,300
	GF/GP \$538,000	\$9,300
<b>10. Agriculture Development</b>	FTEs 4.0	1.0
Reflects economic adjustments of \$17,100; adjusts federal and restricted revenue to actual anticipated revenue; adds an FTE position and \$125,000 GF/GP to provide for rural development position.	<b>Gross \$2,056,700</b>	<b>(\$16,400)</b>
	Private 11,100	(11,100)
	Federal 1,605,000	(91,500)
	Restricted 142,400	(41,500)
	GF/GP \$298,200	\$127,700

**AGRICULTURE AND RURAL DEVELOPMENT**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>	<b><u>FY 2010-11 YTD</u></b> <b><u>(as of 2/17/11)</u></b>	<b><u>Enacted Change</u></b> <b><u>From YTD</u></b>
<b>11. Horse Racing Programs</b>	FTEs 3.0	0.0
Reflects on-going reduction in restricted Agriculture Equine Industry Development Fund revenue.	<b>Gross \$3,820,100</b>	<b>(\$698,200)</b>
	Restricted 3,820,100	(698,200)

	<b>FY 2010-11 YTD</b>	<b>FY 2011-12 Enacted</b>
Horse racing administration	394,400	331,300
Purses & supplements - fairs/licensed tracks	764,300	611,400
Licensed tracks - light horse racing	42,600	34,100
Standardbred (SB) breeders' awards	312,500	250,000
SB purses/supplements - licensed tracks	577,000	461,600
SB sire stakes	261,200	209,000
SB training and stabling	11,600	9,300
Thoroughbred owners' awards	39,900	31,900
Thoroughbred supplements - licensed tracks	387,000	309,600
Thoroughbred breeders awards	387,000	309,600
Thoroughbred sire stakes	267,600	214,100
Distribution of outstanding winning tickets	375,000	350,000
<b>Total</b>	<b>\$3,820,100</b>	<b>\$3,121,900</b>

<b>12. Capital Outlay - Farmland/Open Space Acquisition</b>	<b>Gross \$3,300,000</b>	<b>(\$1,000,000)</b>
Adjusts state restricted Agriculture Preservation Fund revenue to better align with actual revenue estimates.	Federal 1,250,000	0
	Restricted 2,050,000	(1,000,000)

<b>13. Economics</b>	<b>Gross N/A</b>	<b>\$1,611,200</b>
Net economic increases of \$1.6 million; \$1,914,400 increase related to retirement contributions; \$172,400 decrease for insurance costs; \$12,700 increase for workers' compensation, and \$50,300 decrease for building occupancy charges. In addition, the budget recognizes \$20,600 in economic increases related to information technology services.	IDG N/A	8,500
	Federal N/A	202,900
	Private N/A	8,700
	Restricted N/A	586,700
	GF/GP N/A	\$804,400

**Major Boilerplate Changes From FY 2010-11**

**Sec. 210. Economically Distressed Areas – DELETED**  
Deletes section encouraging the department to contract with businesses in economically distressed areas.

**Sec. 229. Restricted Fund Balances – NEW**  
Requires report on restricted fund balances.

**Sec. 306. Matching Funds for Agriculture Statistics Studies – DELETED**  
Deletes section requiring industry matching funds for study costs.

**Sec. 401. Restaurant Inspection and Licensing – DELETED**  
Deletes section requiring Department to monitor restaurant inspection/licensing activities conducted by locals and report to Legislature.

**Sec. 404. Consumer and Industry Food Education Fund – DELETED**  
Deletes section requiring not less than \$150,000 from the fund be expended for purposes required under Sec. 4117 of the Food Act of 2000.

**Major Boilerplate Changes From FY 2010-11**

**Sec. 454. Bovine TB – MODIFIED**

Directs Department to collaborate with USDA and work to eradicate Bovine TB; includes new language requiring Department to establish a workgroup.

**Sec. 457. Bovine TB Report – MODIFIED**

Requires quarterly report on Bovine TB program; eliminates reference to Mackinac Bridge.

**Sec. 551. Fruit and Vegetables Industry Inspections – MODIFIED**

Legislative intent that the Department work with fruit and vegetable industry to ensure development of a sustainable system of third-party inspections of fruits and vegetables. Incorporates Sec. 553 as subsection (2).

**Sec. 552. Invasive Species Control – DELETED**

Directs the department to evaluate methods of limiting invasive species in or on pallets.

**Sec. 553. Earmark for Export Inspections – MODIFIED**

Earmarks not less than \$200,000 in pesticide and plant pest management to ensure commodity export inspections; incorporated into Sec. 551.

**Sec. 601. Environmental Stewardship – NEW**

Clarifies intent of line item funding.

**Sec. 607. Intercounty Drain Program – MODIFIED**

Indicates legislative intent that Department continue its activities as provided under the Drain Code. New subsection directs Department to work with representatives of intercounty drain districts to develop method for funding program.

**Sec. 803. Thoroughbred Program Escrow – VETOED**

Provides for “escrowing” of funds for thoroughbred program. The Governor’s signing statement indicated that the section was unenforceable in that it attempted to amend other Michigan statutes by reference, a violation of Section 25, Article IV of the Constitution.

**Sec. 804. Michigan Gaming Control Board (MGCB) – VETOED**

Requires MGCB to use actual expenditure data in determining regulatory costs. Governor’s signing statement indicated that the section was outside the scope of the bill and was thus unenforceable.

**Sec. 1201. Intent to Provide FY 2012-13 Appropriations – NEW**

States intent to provide same appropriations for FY 2012-13, adjusted for caseload and related costs, federal fund match rates, economic factors, and available revenue.

**ENVIRONMENTAL QUALITY**

**ENVIRONMENTAL QUALITY  
Summary of FY 2011-12 Enacted Appropriations  
Article VII, 2011 Public Act 63 (House Bill 4526)**

**Analyst: Viola Bay Wild**

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	**FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$8,691,800	\$8,918,200	\$9,043,200	\$9,043,200	\$9,043,200	\$351,400	4.0
<b>Federal</b>	182,901,700	159,851,500	159,701,500	159,701,500	159,701,500	(23,200,200)	(12.7)
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	684,700	711,800	711,800	711,800	711,800	27,100	4.0
<b>Restricted</b>	178,065,000	223,678,900	214,759,300	221,711,700	223,571,900	45,506,900	25.6
<b>GF/GP</b>	25,322,500	21,491,600	21,491,600	21,135,900	27,491,600	2,169,100	8.6
<b>Gross</b>	<b>\$395,665,700</b>	<b>\$414,652,000</b>	<b>\$405,707,400</b>	<b>\$412,304,100</b>	<b>\$420,520,000</b>	<b>\$24,854,300</b>	<b>6.3</b>
<b>FTEs</b>	1,483.1	1,456.1	1,349.5	1,450.1	1,340.5	(142.6)	(9.6)

\* FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

\*\* Enacted figures include **\$6.0 million GF/GP** in boilerplate appropriations designated for one-time purposes in Sec. 1001 of the budget article.

**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 2010-11 YTD Appropriations**

		FY 2010-11 YTD (as of 2/17/11)	Enacted Change from YTD
<b>1. Office of Pollution Prevention and Compliance Assistance (OPPCA)</b>	FTE	N/A	(9.0)
	<b>Gross</b>	<b>N/A</b>	<b>(\$1,200,000)</b>
Decreases funding by \$1.2 million Gross and GF/GP and eliminates 9.0 FTEs for the OPPCA program, which provides environmental regulation assistance and education to businesses and the public.	GF/GP	N/A	(\$1,200,000)
<b>2. GF/GP Reductions</b>	FTE	N/A	(11.0)
	<b>Gross</b>	<b>N/A</b>	<b>(\$1,536,500)</b>
Reduces funding by \$1.5 million Gross and \$1.7 million GF/GP and eliminates 11.0 FTEs in various programs such as Air Quality, Environmental Investigations, Critical Dunes, and Groundwater Discharge, among others; savings realized from program elimination, reductions, and administrative cost savings. Includes \$400,000 fund source shift for Critical Dunes Program from GF/GP to Environmental Protection Fund.	Federal	N/A	(76,700)
	Restricted	N/A	202,200
	GF/GP	N/A	(\$1,662,000)
<b>3. Unclassified Positions Increase</b>	FTE	N/A	0.0
	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Transfers \$214,500 restricted funding from Executive Direction line item to Unclassified line item, eliminates 3.0 classified FTE positions and increases unclassified positions by 3.0.	GF/GP	N/A	\$0
<b>4. FTE Reduction</b>	FTE	N/A	(115.6)
	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Eliminates 115.6 classified FTEs from the number of FTEs in the Executive Recommendation.	GF/GP	N/A	\$0
<b>5. High Risk Erosion</b>	<b>Gross</b>	<b>N/A</b>	<b>\$18,000</b>
Includes additional \$18,000 Gross funding for the High Risk Erosion program; funding helps retain current federal funding in DEQ budget.	Restricted	N/A	18,000

**ENVIRONMENTAL QUALITY**

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change from YTD</b>
<b>6. Early Retirement Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$738,100)</b>
Includes \$738,100 Gross and GF/GP savings realized from the FY 2010-11 early retirement incentive program.	GF/GP	N/A	(\$738,100)
<b>7. Accounting Consolidation</b>	FTE	13.0	(13.0)
Transfers 13.0 FTEs to the Department of Transportation to consolidate accounting staff from various departments. The \$1.2 million Gross and \$162,800 GF/GP funding associated with the FTEs will remain in the DEQ budget to fund an Accounting Service Center.	<b>Gross</b>	<b>\$1,224,700</b>	<b>\$0</b>
	IDG	127,200	0
	Restricted	934,700	0
	GF/GP	\$162,800	\$0
<b>8. Restricted Funds Authorization Reduction</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$6,413,200)</b>
Reduces authorization for 17 restricted funds by \$6.4 million to align with anticipated revenues. Funds include Air Emission Fees, Great Lakes Protection Fund, NPDES fees, and Solid Waste Management Fund Staff Account, among others.	Restricted	N/A	(6,413,200)
<b>9. Great Lakes Restoration Initiative (GLRI) Reduction</b>	<b>Gross</b>	<b>\$50,000,000</b>	<b>(\$25,000,000)</b>
Reduces authorization for GLRI federal competitive grant by \$25.0 million to align with anticipated awards.	Federal	50,000,000	(25,000,000)
<b>10. Nonmetallic Mine Reclamation Program Elimination</b>	<b>Gross</b>	<b>\$23,800</b>	<b>(\$23,800)</b>
Eliminates Nonmetallic Mining Reclamation Program within the Office of Geologic Survey and the \$23,800 restricted funding.	Restricted	23,800	(23,800)
<b>11. Geologic Mapping and Information Program Elimination</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$358,000)</b>
Eliminates program funding of \$208,000; recommends that the mapping and evaluation duties of the program and the federal funding be reassigned to the Geosciences Department of WMU.	Federal	N/A	(210,500)
	Restricted		(147,500)
<b>12. Air Quality Program - Renewable Operating Permits</b>	<b>Gross</b>	<b>N/A</b>	<b>\$840,000</b>
Includes \$840,000 additional restricted funding authorization to be realized through an increase in fees by a formula change to current fee structure; increase expected to generate sufficient funding to adequately implement the program under the Clean Air Act.	Restricted	N/A	840,000
<b>13. Strategic Water Quality Initiative Funds - Nonpoint Source Contamination Cleanups</b>	<b>Gross</b>	<b>N/A</b>	<b>\$30,000,000</b>
Includes \$30.0 million additional restricted funding to implement PA 232 of 2010 and appropriate funds for cleanups; authorized bonding would generate an estimated \$900,000 in annual General Obligation debt service for the State.	Restricted	N/A	30,000,000
<b>14. Solid Waste Surcharge Fee Proposal</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Includes funding that anticipates a solid waste surcharge fee increase from 7 cents per cubic yard to 12 cents. Because revenues have been declining, no additional funding authorization is needed.	Restricted	N/A	0
<b>15. Wastewater Operator Certification Fees</b>	<b>Gross</b>	<b>N/A</b>	<b>\$156,000</b>
Increases restricted fund authorization by \$356,000 for new increased fee structure for wastewater operator certification exams and renewals; includes a \$200,000 GF/GP reduction.	Restricted	N/A	356,000
	GF/GP	N/A	(\$200,000)
<b>16. Coastal and Inland Waters Permit Program Information System Replacement</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,200,000</b>
Includes \$3.2 million available land and water permit fee revenue to replace obsolete software needed for the program.	Restricted	N/A	3,200,000
<b>17. State-Owned Sites Cleanup Program</b>	<b>Gross</b>	<b>N/A</b>	<b>\$4,400,000</b>
Appropriates \$4.4 million in remaining funding in the State Sites Cleanup Fund to address the cleanup of high risk sites where the State is responsible for the contamination.	Restricted	N/A	4,400,000

**ENVIRONMENTAL QUALITY**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change from YTD</b>
<b>18. Environmental Pollution Prevention Fund (EPPF) - Fund Source Shift</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Increases restricted funding from EPPF for Hazardous Waste Management Program by \$738,000 and reduces GF/GP funding by same amount.	Restricted	N/A	738,000
	GF/GP	N/A	(\$738,000)
<b>19. Oil and Gas Regulatory Fund - Fund Source Shift</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Includes technical change that reduces restricted funding from the Oil and Gas Regulatory Fund for Oil, Gas and Mineral Services Program by \$150,000 and increases federal funding by same amount.	Federal	N/A	150,000
	Restricted	N/A	(150,000)
<b>20. IDG / Restricted Fund Source Shift</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Includes technical change that reduces restricted funding from the Public Utility Assessment by \$125,000 and increases the Michigan State Police IDG by same amount for radiation protection programs.	IDG	N/A	125,000
	Restricted	N/A	(125,000)
<b>21. Brownfield Grants and Environmental Bond Site Reclamation Program Grants</b>	<b>Gross</b>	<b>N/A</b>	<b>\$6,952,500</b>
Appropriates \$6.9 million additional restricted funding for grant programs to local units of government and brownfield redevelopment authorities for cleanup projects.	Restricted	N/A	6,952,500
<b>22. Bureau of Energy Systems</b>	FTEs	N/A	6.0
Includes \$1.8 million restricted funding and 6.0 additional FTE positions for the transfer of the Bureau of Energy Systems from DELEG.	<b>Gross</b>	<b>N/A</b>	<b>\$1,860,200</b>
	Restricted	N/A	1,860,200
<b>23. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$6,697,200</b>
Increases funding for FY 2011-12 by \$6.7 million Gross and \$707,200 GF/GP for economic increases in retirement costs and worker's compensation costs. Total includes \$137,600 Gross and \$7,100 GF/GP for DIT economics.	IDG	N/A	226,400
	Federal	N/A	1,937,000
	Private	N/A	27,100
	Restricted	N/A	3,799,500
	GF/GP	N/A	\$707,200

**Major Boilerplate Changes From FY 2010-11**

**Sec. 206. IT Work Projects – NEW**

Allows IT projects to be designated as work projects and appropriations to be carried forward.

**Sec. 207. Retention of Reports – NEW**

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

**Sec. 209. Out-of-State Travel Restrictions – DELETED**

Limits purpose/amount of out-of-state travel; requires annual report on January 1 for prior fiscal year.

**Sec. 215. Contingency Fund Transfer Authority – REVISED**

Provides authority for contingency fund transfers: up to \$30.0 million federal, \$5.0 million restricted, \$100,000 local, and \$500,000 private; transfers must be approved by the House and Senate appropriations committees.

**Sec. 218. Pending Permits – DELETED**

States that any permit application pending after a 2-year period shall be considered administratively complete on January 1, 2011.

**Sec. 221. Future Use of Refined Petroleum Fund (RPF) Revenues – DELETED**

States legislative intent that after FY 2010-11, RPF revenues shall be used solely for leaking underground storage tanks.

**Sec. 221. GF/GP Lapse – NEW**

Requires report by November 15 that provides estimates of GF/GP appropriation lapses at close of year.

**Sec. 225. Out-of-State State Employee Training – DELETED**

Prohibits out-of-state travel to attend a conference or seminar for more than one employee unless the travel is funded by a federal or private source, or conference includes multiple issues in which one employee does not have expertise.

**Major Boilerplate Changes From FY 2010-11**

**Sec. 227. Permit Application Status Tracking Tool – NEW**

Requires report on implementation of a permit application tracking tool on DEQ website.

**Sec. 228. Customer Satisfaction Evaluation Program – NEW**

Requires DEQ to develop a customer satisfaction evaluation program; requires report.

**Sec. 229. Expedited Permitting Program – NEW**

Requires report identifying specific permit programs to use an expedited permitting option.

**Sec. 233(2). FTE Report and Expenditure Report – REVISED**

Requires expenditures to be reported on a publicly accessible internet site, including the purpose for which the expenditures were made. (Renumbered Sec. 225.)

**Sec. 307. Restricted Fund Transfer to Environmental Pollution Prevention Fund (EPPF) – NEW**

Authorizes transfer of \$2.0 million from the Small Business Pollution Prevention Fund to the EPPF.

**Sec. 308. Restricted Fund Transfer to Environmental Protection Fund (EPF) – NEW**

Authorizes transfer of \$1.3 million from the Small Business Pollution Prevention Fund to the EPF.

**Sec. 309. Brownfield Grants and Loans Program Work Project Language – NEW**

Provides that Brownfield Grants and Loans Program funding are work project appropriations and allows carry-forward of remaining funds; requires projects be accomplished by contract; tentative completion date is September 30, 2016.

**Sec. 310. Environmental Bond Site Reclamation Program Work Project Language – NEW**

Provides that Environmental Bond Site Reclamation Program funding are work project appropriations and allows carry-forward of remaining funds; requires projects be accomplished by contract; tentative completion date is September 30, 2016.

**Sec. 311. Tax Exemption Certificates – NEW**

Provides that DEQ enter into an MOU with Treasury on tax exemption certificates concerning air pollution control equipment and water pollution equipment.

**Sec. 403. Aquatic Invasive Species – NEW**

Requires DEQ to support funding for an Aquatic Invasive Species Council if one is formed; council is to develop a basin-wide approach to invasive species management.

**Sec. 406. Operational Memoranda – DELETED**

Prohibits expenditure of funds if using operational memoranda or similar documents to impose regulations on individuals or businesses conducting environmental cleanup projects without written consent.

**Sec. 407. Solid Waste Management Fund (SWMF) – DELETED**

Appropriates \$2.0 million from SWMF perpetual care account to solid waste management fund staff account.

**Sec. 408. Refined Petroleum Fund (RPF) Cleanup Site List – REVISED**

Lists cleanup projects funded through the RPF Cleanup Program. (Renumbered Sec. 306.)

**Sec. 601. Solid Waste Program Report – NEW**

Requires report on the Department's Solid Waste Management Program and policy. Report shall include options for long-term funding, and the impact of recycling, composting, and beneficial reuse, as well as the feasibility of contracting out landfill inspections.

**Sec. 651. Aquatic Nuisance Control (ANC) – REVISED**

Requires \$100,000 be allocated to fund up to one additional FTE; requires report. (Renumbered Sec. 401.)

**Sec. 1001. Muskegon Cleanup Site: One-Time Appropriation – NEW**

Appropriates \$6.0 million GF/GP for the Muskegon cleanup site as a one-time appropriation in FY 2011-12.

**Sec. 1201. FY 2012-13 Anticipated Appropriations – NEW**

States intent that FY 2012-13 line item appropriations will be the same as those for FY 2011-12 with certain economic adjustments.

NATURAL RESOURCES

**NATURAL RESOURCES**

**Summary of FY 2011-12 Enacted Appropriations  
Article XIV, 2011 Public Act 63 (House Bill 4526)**

**Analyst: Viola Bay Wild**

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	**FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$1,830,100	\$1,935,000	\$1,935,000	\$1,935,000	\$1,935,000	\$104,900	5.7
<b>Federal</b>	78,713,500	69,319,800	69,319,800	69,319,900	69,319,800	(9,393,700)	(11.9)
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	5,824,400	2,842,400	2,842,400	2,842,400	2,842,400	(2,982,000)	(51.2)
<b>Restricted</b>	220,947,800	242,382,400	242,267,400	242,267,400	242,267,400	21,319,600	9.6
<b>GF/GP</b>	15,986,900	13,716,200	13,716,200	13,604,500	17,831,200	1,844,300	11.5
<b>Gross</b>	<b>\$323,302,700</b>	<b>\$330,195,800</b>	<b>\$330,080,800</b>	<b>\$329,969,200</b>	<b>\$334,195,800</b>	<b>\$10,893,100</b>	<b>3.4</b>
<b>FTEs</b>	2,192.4	2,176.4	2,176.4	2,176.4	2,179.4	(13.0)	(0.6)

\* FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

\*\* Enacted figures include **\$4.0 million GF/GP** in boilerplate appropriations designated for one-time purposes in Sec. 1001 of the budget article.

**Overview**

The Department of Natural Resources (DNR) manages, conserves, and protects Michigan's resources. Programs 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 2010-11 YTD Appropriations**

	FY 2010-11 YTD (as of 2/17/11)	Enacted Change From YTD
<b>1. Early Retirement Savings</b>	<b>Gross</b>	<b>N/A</b>
Includes \$283,900 Gross and GF/GP savings realized from the FY 2010-11 early retirement program.	GF/GP	N/A
		<b>(\$283,900)</b>
<b>2. GF/GP Reductions</b>	FTE	N/A
Reduces funding by \$723,100 Gross and GF/GP by decreasing funding for various programs. Savings realized from \$184,700 administrative cost savings, a \$92,400 reduction in Law Enforcement, a \$192,900 Wildlife Division reduction, and the reduction of 2.0 FTEs and \$253,100 GF/GP funding for Historical Programs which includes the elimination of the \$22,500 funding for the Freedom Trail Commission.	<b>Gross</b>	<b>N/A</b>
	GF/GP	N/A
		<b>(\$723,100)</b>
<b>3. Unclassified FTE Increase</b>	FTE	3.0
Increases the authorizations for unclassified positions by 3.0 FTEs to restore the number of unclassified positions to 6.0 - which is the amount the DNR was authorized before the merger into the DNRE.	<b>Gross</b>	<b>N/A</b>
	GF/GP	N/A
		<b>\$0</b>
<b>4. Mackinac Island State Park Commission</b>	<b>Gross</b>	<b>N/A</b>
Reduces GF/GP funding by \$1.6 million and recommends a funding shift of \$1.6 million from GF/GP to Michigan State Park Endowment Fund (MSPEF); MSPEF funding remains in State Parks line item.	Restricted	N/A
	GF/GP	N/A
		1,561,900
		<b>(\$1,561,900)</b>
<b>5. Recreation Passport Revenue</b>	<b>Gross</b>	<b>N/A</b>
Increases restricted funding to numerous programs by \$3.1 million to reflect additional revenue from Recreation Passport program.	Restricted	N/A
		<b>\$3,114,000</b>
<b>6. Great Lakes Restoration Initiative (GLRI)</b>	<b>Gross</b>	<b>\$15,000,000</b>
Reduces federal funding authorization by \$5.0 million for the GLRI grant program to align with anticipated grant awards.	Federal	15,000,000
		<b>(\$5,000,000)</b>

**NATURAL RESOURCES**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b><u>FY 2010-11 YTD (as of 2/17/11)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>7. Funding Authorization Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$3,039,200)</b>
Reduces federal, restricted, and private funding authorizations by \$3.0 million to align with anticipated revenues. Reduced restricted funds include Game and Fish Fund - Turkey Permit Fees, Game and Fish Fund - Wildlife Resources Protection Fund, History Fees, Cervidae Licensing Fees, Public Use Deed Fees, and ORV Trail Improvement Fund, among others.	Federal	N/A	(1,000)
	Private	N/A	(1,050,000)
	Restricted	N/A	(1,988,200)
<b>8. Accounting Consolidation Changes</b>	FTE	14.0	(14.0)
Transfers 14.0 FTEs to MDOT to consolidate accounting staff from various departments. The \$1.3 million Gross and \$155,000 GF/GP funding associated with the FTEs will remain in the DNR budget and fund an Accounting Service Center.	<b>Gross</b>	<b>\$1,348,500</b>	<b>\$0</b>
	Restricted	1,193,500	0
	GF/GP	\$155,000	\$0
<b>9. Cormorant Population Control</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Increases the Cormorant Population Control line item by \$50,000 to a total of \$100,000 for FY 2011-12. The line item is funded by Game and Fish Fund funding. The Fisheries Resource Management line item is reduced by the same \$50,000 amount.	Restricted	N/A	\$0
<b>10. Capital Outlay Projects</b>	<b>Gross</b>	<b>\$18,978,600</b>	<b>\$6,101,400</b>
Increases funding for parks, forestry and waterways capital outlay projects by \$6.1 million Gross.	Federal	9,075,000	(5,325,000)
	Private	2,000,000	(2,000,000)
	Restricted	7,903,600	13,426,400
<b>11. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$6,723,900</b>
Increases funding in FY 2011-12 by \$6.7 million Gross and \$413,200 GF/GP for economic increases in retirement costs and Worker's Compensation costs. Total includes \$216,900 Gross and \$26,000 GF/GP for DIT economics.	IDG	N/A	104,900
	Federal	N/A	932,300
	Private	N/A	68,000
	Restricted	N/A	5,205,500
	GF/GP	N/A	\$413,200

**Major Boilerplate Changes From FY 2010-11**

**Sec. 209. Out-of-State Travel Restrictions – DELETED**

Limits purpose/amount of out-of-state travel; requires annual report.

**Sec. 213. Rule Promulgation – DELETED**

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

**Sec. 215. Contingency Fund Transfer Authority – REVISED**

Provides authority for contingency fund transfers: up to \$3.0 million federal, \$10.0 million restricted, \$100,000 local, and \$1.0 million private; transfers must be approved by both House and Senate appropriations committees.

**Sec. 216. IT Work Projects – NEW**

Allows IT projects to be designated as work projects and appropriations to be carried forward.

**Sec. 217. Retention of Reports – NEW**

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

**Sec. 218. Pending Permits – DELETED**

Any permit application pending after two years shall be considered administratively complete on January 1, 2011.

**Sec. 220. GF/GP Lapse – NEW**

Requires report of estimated GF/GP appropriation lapses at close of previous year.

**Sec. 222(1)(2). Restricted Fund Revenue, Expenditures and Fund Balances – REVISED**

Requires report of revenue, spending, and estimated year-end balance for restricted funds; eliminates requirement to reissue estimates in September.

## NATURAL RESOURCES

### Major Boilerplate Changes From FY 2010-11

**Sec. 222(3). FTE Information Report – DELETED**

Requires report on funding of FTE positions supported by each line item.

**Sec. 225. Out-of-State State Employee Training – DELETED**

Prohibits out-of-state travel to conferences for more than one employee unless funded federally or privately, or for conferences for which one employee does not have expertise.

**Sec. 233(2). Expenditure Posting on Internet – REVISED**

Requires expenditures to be reported on the internet, including purpose of expenditure. (Renumbers to Sec. 234.)

**Sec. 306. Historical Program Fees – REVISED**

Allows DNR to charge fees for historical program services and museum admissions; revises language to provide legislative intent that children shall be admitted free if museum revenues are high enough.

**Sec. 307. Freedom Trail Funding – DELETED**

Requires \$22,500 in funding for the Freedom Trail Commission.

**Sec. 501. Bovine TB Eradication Efforts – DELETED**

Requires annual report on bovine TB eradication efforts, scientific studies and the number of deer found to be infected.

**Sec. 502. Water Control Structure Certification – NEW**

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

**Sec. 703. Porcupine Mountain Ski Hill – DELETED**

Prohibits DNR from altering ski hill operations or demolishing buildings in Porcupine Mountains Wilderness State Park.

**Sec. 706. State Forest Campgrounds Closures – NEW**

States legislative intent that the forest campgrounds proposed to be closed remain open.

**Sec. 710. DNR Aircraft Report – NEW**

Requires DNR to report on wildfire protection aircraft program. Report shall include the number of planes owned, aircraft costs, airplane usage, number of wildfires, and annual flight hours logged.

**Sec. 802. Timber Marking – REVISED**

Directs Department to mark and prescribe treatment on 79,000 acres, prepare for harvest 67,500 acres at an average rate of 12.5 to 15.0 cords per acre; requires quarterly report. (Renumbers to Sec. 702.)

**Sec. 802. Marine Safety Grants – NEW**

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

**Sec. 807. Timber Industry Meetings – DELETED**

Directs Director to meet semiannually with timber industry representatives to discuss timber industry issues.

**Sec. 808. State Forest Campgrounds Mini-State Parks Pilot Program – REVISED**

Requires completion of a strategic plan to incorporate selected state forest campgrounds into the state park system as mini-state parks and develop a pilot program using 6 campgrounds closed by E.O. 2009-22; includes report. (Renumbers to Sec. 707.)

**Sec. 1004. Grand Marais Harbor Project – NEW**

Requires DNR to fund the Grand Marais Harbor breakwall construction project once necessary permits are obtained.

**Sec. 1101. One-Time Appropriation for Grand Marais Harbor – NEW**

Provides \$4.0 million GF/GP appropriation by boilerplate for the Grand Marais harbor project.

**Sec. 1201. FY 2012-13 Anticipated Appropriations – NEW**

States intent that FY 2012-13 line item appropriations will be the same as those for FY 2011-12 with certain economic adjustments.

**FY 2011-12  
Budget Detail  
for  
SAFETY AND DEFENSE**

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**Military and Veterans Affairs  
State Police**

**MILITARY AND VETERANS AFFAIRS  
Summary of FY 2011-12 Enacted Appropriations  
Article XIII, 2011 Public Act 63 (House Bill 4526)**

**Analyst: Kyle I. Jen**

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$1,152,900	\$1,152,800	\$1,152,800	\$1,152,800	\$1,152,800	(\$100)	(0.0)
<b>Federal</b>	82,203,800	87,678,000	87,678,000	87,678,000	87,678,000	5,474,200	6.7
<b>Local</b>	645,400	644,800	644,800	644,800	744,800	99,400	15.4
<b>Private</b>	1,382,700	1,423,300	1,423,300	1,423,300	1,423,300	40,600	2.9
<b>Restricted</b>	28,233,400	28,439,700	28,439,700	28,439,700	28,439,700	206,300	0.7
<b>GF/GP</b>	36,424,700	33,044,900	33,044,900	33,044,900	33,044,900	(3,379,800)	(9.3)
<b>Gross</b>	<b>\$150,042,900</b>	<b>\$152,383,500</b>	<b>\$152,383,500</b>	<b>\$152,383,500</b>	<b>\$152,483,500</b>	<b>\$2,440,600</b>	<b>1.6</b>
<b>FTEs</b>	970.0	819.0	819.0	819.0	819.0	(151.0)	(15.6)

\*FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

**Overview**

The Department of Military and Veterans Affairs is responsible for the training and administration of Army and Air National Guard forces, providing combat-ready military forces during times of national emergency, and performing civil relief operations under the command of the Governor during state emergencies. The Department's budget includes administrative and maintenance costs associated with these responsibilities as well as National Guard-related programs such as the Challenge Program. The Department has oversight over the following veterans-related programs: state-licensed nursing care at veterans homes in Grand Rapids and Marquette, grant funding to veterans service organizations, and the Michigan Veterans Trust Fund.

The FY 2011-12 Enacted budget for the Department rolls up line items to a large degree. The budget article contains four line item appropriations covering broad program areas (Military, Veterans and Community Outreach, Homes, and Capital Outlay), with a schedule of programs associated with each line item providing non-binding information on anticipated program funding amounts.

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>1. Challenge Program</b>	FTEs	25.0	0.0
Adds \$100,000 in Local - School Aid funds for increased funding for the Challenge Program.	<b>Gross</b>	<b>\$4,091,000</b>	<b>\$100,000</b>
	IDG/IDT	152,900	0
	Federal	2,450,000	0
	Private	842,700	0
	Local	645,400	100,000
<b>2. Military Training Sites Firefighters</b>	FTEs	18.0	24.0
Adds \$2.5 million in federal funds for 18 additional firefighters at the Alpena Air National Guard Base and 6 additional firefighters at Fort Custer in Battle Creek.	<b>Gross</b>	<b>\$25,358,500</b>	<b>\$2,500,000</b>
	Federal	23,988,400	2,500,000
	GF/GP	\$1,370,100	\$0
<b>3. Capital Outlay - Camp Grayling Light Demolition Range</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,700,000</b>
Adds \$1.7 million in federal funds for construction of a light demolition range at Camp Grayling.	Federal	NA	1,700,000
<b>4. Military Retirement</b>	<b>Gross</b>	<b>\$3,584,100</b>	<b>\$200,000</b>
Includes \$200,000 GF/GP for increased retirement costs as mandated in the Michigan Military Act.	GF/GP	\$3,584,100	\$200,000

**MILITARY AND VETERANS AFFAIRS**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b><u>FY 2010-11 YTD (as of 2/17/11)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>5. Capital Outlay - Land Acquisitions and Appraisals</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$500,000)</b>
Removes \$500,000 in restricted funds for land acquisitions and appraisals at Camp Grayling that was included in FY 2010-11.	Restricted	500,000	(500,000)
<b>6. Grand Rapids Veterans Home Resident Care Aides</b>	<b>Gross</b>	<b>\$50,891,300</b>	<b>(\$4,200,000)</b>
Reflects \$4.2 million GF/GP in assumed savings from moving to competitive bidding for Resident Care Aide positions at the Grand Rapids Veterans Home.	Federal	20,335,400	0
	Restricted	15,701,500	0
	GF/GP	\$14,854,400	(\$4,200,000)
<b>7. Early Retirement Savings</b>	<b>Gross</b>	<b>NA</b>	<b>(\$204,000)</b>
Reflects savings of \$204,000 GF/GP related to 2010 early retirement legislation.	GF/GP	NA	(\$204,000)
<b>8. Economics</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,844,600</b>
Includes increases of \$2.8 million Gross and \$824,200 GF/GP for economic adjustments: insurance, retirement, building occupancy charges, worker's compensation, food, and fuel.	IDG	NA	(100)
	Federal	NA	1,274,200
	Restricted	NA	706,300
	Private	NA	40,600
	Local	NA	(600)
	GF/GP	NA	\$824,200

**Major Boilerplate Changes From FY 2010-11**

*Note: A large number of existing boilerplate sections in the FY 2010-11 budget are eliminated for FY 2011-12. This includes legislative reporting requirements and sections providing guidance and placing conditions on appropriations. Items listed below reflect new language included in the FY 2011-12 budget.*

**Sec. 204. Interdepartmental Grant Funds – NEW**

Lists interdepartmental grant funds received by the Department.

**Sec. 207. Department Website for Expenditures – NEW**

Requires Department to maintain a searchable website for expenditure information.

**Sec. 216. Schedule of Programs and Revenue Sources – NEW**

Provides flexibility for the Department to spend for various programs, excluding statutory funding requirements.

**Sec. 217. Budgetary Efficiency for Core Services – NEW**

Requires Department to improve budgetary efficiency for delivering core services by prioritizing personnel over buildings, consolidating core service functions, streamlining services, and identifying efficiencies where possible.

**Sec. 218. Unused GF/GP for Department Incentive Pool – NEW**

Redirects any unused GF/GP lapsed funds to a Department incentive pool.

**Sec. 219. Quarterly Meetings – NEW**

Requires Department to be available for quarterly meetings before the subcommittees and to provide various information as evidence that all requirements have been achieved.

**Sec. 220. Services to Veterans – NEW**

Requires Department to report on various services to veterans, such as metric requirements, audits and tax reports, population of the two Veterans homes, and the Veterans Trust Fund.

**Sec. 221. Claims Filed for Veterans – NEW**

Requires grant recipients to report to the Department on the number of claims filed with and awarded by the Department of Veterans Affairs.

**Sec. 222. Department Core Services – NEW**

Requires appropriations to be used for specified core services.

**Sec. 227. Union Bidding for Contract Services – NEW**

Prohibits excluding public employee unions from contract bid process.

## **MILITARY AND VETERANS AFFAIRS**

### **Sec. 229. State Restricted Fund Balances, Projected Revenues, and Expenditures – NEW**

Requires report on state restricted fund information for the current and upcoming fiscal years 14 days after release of Executive Budget.

### **Sec. 301. Administrative Support for Department Operations – NEW**

Requires Department to provide proper levels of administrative support, staffing and resources, and fiscal controls for expenditures.

### **Sec. 302. National Guard Armories – NEW**

Requires Department to operate and maintain armories in the state.

### **Sec. 303. Army National Guard Forces for State and Local Emergencies – NEW**

Requires Department to provide Army National Guard forces for emergencies and to train and equip military forces.

### **Sec. 304. Army and National Guard Training Facilities – NEW**

Requires Department to operate and maintain training facilities, such as Fort Custer and Camp Grayling.

### **Sec. 305. Air National Guard for State and Local Emergencies – NEW**

Requires Department to provide Air National Guard forces for emergencies and to train and equip military forces.

### **Sec. 306. Air National Guard Training Facilities – NEW**

Requires Department to operate and maintain Selfridge and Battle Creek air bases and the Alpena Training Center.

### **Sec. 401. Veterans Advice, Advocacy, and Assistance – REVISED**

Requires Department to provide advice, advocacy, and assistance to Michigan's veterans.

### **Sec. 402. Veterans Trust Fund – NEW**

Requires Department to work with the Michigan Veterans Trust Fund Board to provide grant funds and other services to veterans.

### **Sec. 403. Military Family Relief Fund – NEW**

Requires Department to provide grant funds from the Military Family Relief Fund for outreach and other services for military families.

### **Sec. 404. County Veterans Counselors – REVISED**

Requires Department to provide training and resources for county veterans counselors.

### **Sec. 405. Challenge Program – NEW**

Requires Department to maintain staffing and resources for operating the Challenge Program.

### **Sec. 501. Veterans Homes – NEW**

Requires Department to provide staffing and resources for operating the two veterans homes.

### **Sec. 1201. Fiscal Year 2012-2013 Appropriations – NEW**

States legislative intent to provide same appropriation amounts in FY 2012-2013, adjusted for various factors.

# STATE POLICE

## Summary of FY 2011-12 Enacted Appropriations

### Article XVI, 2011 Public Act 63 (House Bill 4526)

Analyst: Kyle I. Jen

IDG/IDT	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	**FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>Federal</b>	\$24,143,800	\$23,546,200	\$23,546,200	\$23,546,200	\$23,546,200	(\$597,600)	(2.5)
ARRA	2,000,000	0	0	0	0	(2,000,000)	(100.0)
Non-ARRA	103,634,200	106,251,500	106,251,500	106,051,500	106,051,600	2,417,400	2.3
<b>Local</b>	6,257,500	6,456,700	6,456,700	6,456,700	6,456,700	199,200	3.2
Private	269,800	216,100	216,100	216,100	216,100	(53,700)	(19.9)
<b>Restricted</b>	135,942,900	123,336,100	126,336,100	120,336,100	123,336,100	(12,606,800)	(9.3)
<b>GF/GP</b>	260,383,200	261,676,000	261,676,000	264,243,400	265,476,000	5,092,800	2.0
<b>Gross</b>	<b>\$532,631,400</b>	<b>\$521,482,600</b>	<b>\$524,482,600</b>	<b>\$520,850,000</b>	<b>\$525,082,700</b>	<b>(\$7,548,700)</b>	<b>(1.4)</b>
FTEs	2,765.0	2,747.0	2,747.0	2,747.0	2,753.0	(12.0)	(0.4)

\* FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

\*\* Enacted figures include **\$800,000 GF/GP** in boilerplate appropriations designated for one-time purposes in Sec. 1001 of the budget article.

#### Overview

The Department of State Police provides a wide range of law enforcement services - including highway patrol, criminal investigations, forensic sciences, motor carrier enforcement, emergency management, highway safety planning, fire investigation, criminal justice data processing, and various specialized law enforcement services. The Department's responsibilities also include oversight of law enforcement standards in the state through the Michigan Commission on Law Enforcement Standards (MCOLES) and administration of several law enforcement-related grant programs.

The FY 2011-12 Enacted budget for the Department rolls up line items to a large degree. The budget article contains four line item appropriations covering broad program areas (Executive Direction; Science, Technology, and Training Bureau; Field Services Bureau; and Support Services), with a schedule of programs associated with each line item providing non-binding information on anticipated program funding amounts.

<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>		<u>FY 2010-11 YTD</u> <u>(as of 2/17/11)</u>	<u>Enacted Change</u> <u>From YTD</u>
<b>1. Various GF/GP Shifts to Laboratory Operations</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Shifts a total \$194,900 GF/GP from various lines/schedule of programs to Laboratory Operations: Special Maintenance and Utilities (\$44,800); Fire Investigation Training to Locals (\$50,000); Mental Health Awareness Training (\$100,000); Detroit Laboratory (\$100).	GF/GP	NA	\$0
<b>2. Interdepartmental Grant to Legislature</b>	<b>Gross</b>	<b>\$200,000</b>	<b>(\$199,900)</b>
Decreases program funding by \$199,900 in federal funds but maintains a \$100 placeholder for possible funding for technological security upgrades at the Capitol Building.	Federal	200,000	(199,900)
<b>3. Tobacco Tax Enforcement</b>	FTEs	NA	6.0
Includes \$3.0 million in restricted funds and 6.0 FTEs for enhanced tobacco tax enforcement efforts.	<b>Gross</b>	<b>NA</b>	<b>\$3,000,000</b>
	Restricted	NA	3,000,000

**STATE POLICE**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>	<b><u>FY 2010-11 YTD</u></b> <b><u>(as of 2/17/11)</u></b>	<b><u>Enacted Change</u></b> <b><u>From YTD</u></b>
<b>4. Field Services Restructuring</b> Incorporates reduction of \$3.2 million GF/GP for modifying police services to accommodate various public safety needs which may result in the reduction of posts in the state but will also expand investigative services to these areas.	<b>Gross</b> GF/GP	<b>NA</b> NA <b>(\$3,208,500)</b> (\$3,208,500)
<b>5. Rockford Regional Dispatch Center Closure</b> Removes \$1.0 million GF/GP and 12.0 FTEs for the closure of the Rockford Regional Dispatch Center, which will reduce the number of dispatch centers from five to four.	FTEs <b>Gross</b> GF/GP	NA <b>NA</b> NA (12.0) <b>(\$1,000,000)</b> (\$1,000,000)
<b>6. Eliminate Collins Road Facility Lease</b> Incorporates reduction of \$750,000 GF/GP for moving the remaining functions at the Collins Road Facility to the Lansing Township Annex building.	<b>Gross</b> GF/GP	<b>NA</b> NA <b>(\$750,000)</b> (\$750,000)
<b>7. Early Retirement Savings</b> Reflects savings of \$204,000 GF/GP related to 2010 early retirement legislation.	<b>Gross</b> GF/GP	<b>NA</b> NA <b>(\$1,859,800)</b> (\$1,859,800)
<b>8. Deferred Retirement Option Plan (DROP) Savings</b> Reflects projected savings of \$2.8 million GF/GP for an assumed 64 enlisted staff entering the DROP program.	<b>Gross</b> GF/GP	<b>NA</b> NA <b>(\$2,757,100)</b> (\$2,757,100)
<b>9. Economics</b> Includes increases of \$22.0 million Gross and \$18.5 million GF/GP for economic adjustments: insurance, retirement, building occupancy charges, worker's compensation, food, and fuel.	<b>Gross</b> IDG Federal Local Private Restricted GF/GP	<b>NA</b> NA NA NA NA NA NA <b>\$22,940,400</b> 1,075,800 1,394,000 131,700 16,100 1,795,500 \$18,527,300
<b>10. Various Administrative Savings</b> Incorporates reductions of \$8.7 million GF/GP for various administrative savings, including reducing trooper overtime costs and anticipated retirement attrition of 34.0 FTEs.	<b>Gross</b> GF/GP	<b>NA</b> NA <b>(\$8,739,300)</b> (\$8,739,300)
<b>11. School Bus Inspections</b> Includes increase of \$1.0 million in local funds (from School Aid funds) and 11.0 FTEs to fully reinstate school bus inspections for all school buses in the state. For FY 2010-11, the school bus inspection program was reduced by \$1.0 million and 11.0 FTEs, resulting in random and intermittent inspections and audits of school buses.	FTEs <b>Gross</b> Local	4.0 <b>\$421,000</b> 421,000 11.0 <b>\$1,047,400</b> 1,047,400
<b>12. Reversal of One-Time Fund Shifts</b> Replaces \$5.2 million in federal and restricted funds with GF/GP funds for various lines funded with non-GF/GP funds in FY 2010-11 on a one-time basis. One-time funds being removed include \$510,200 in federal funds and \$1.7 million in restricted funds for Laboratory Operations, \$1.0 million in restricted funds for At-Post Troopers, and \$2.0 million in federal ARRA funds for Federal Anti-Drug Initiatives.	<b>Gross</b> Federal Restricted GF/GP	<b>NA</b> NA NA NA <b>\$0</b> (2,510,200) (2,738,600) \$5,248,800
<b>13. Other Fund Shifts and Technical Adjustments</b> Includes adjustments to reflect available federal/restricted funds (net reduction of \$12.5 million Gross), two additional fund shifts (Gross reduction of \$922,500; GF/GP reduction of \$1.3 million) and other technical adjustments (Gross reduction of \$3.4 million; GF/GP increase of \$100,000).	<b>Gross</b> IDG Federal Local Private Restricted GF/GP	<b>NA</b> NA NA NA NA NA NA <b>(\$16,821,900)</b> (1,673,400) 1,733,500 (979,900) (69,800) (14,663,700) (\$1,168,600)

**Major Boilerplate Changes From FY 2010-11**

*Note: A large number of existing boilerplate sections in the FY 2010-11 budget are eliminated for FY 2011-12. This includes legislative reporting requirements and sections providing guidance and placing conditions on appropriations. Items listed below reflect new language included in the FY 2011-12 budget.*

**Sec. 204. Interdepartmental Grant Funds – NEW**

Lists interdepartmental grant funds received by the Department.

**Sec. 205. Interdepartmental Grant Funds to Other Departments – NEW**

Lists interdepartmental grants made from Department of State Police to other departments.

**Sec. 207. Department Website for Expenditures – NEW**

Requires Department to maintain a searchable website for expenditure information.

**Sec. 216. Schedule of Programs and Revenue Sources – NEW**

Provides flexibility for Department to spend for various programs, excluding statutory funding requirements.

**Sec. 217. Budgetary Efficiency for Core Services – NEW**

Requires Department to improve budgetary efficiency for delivering core services by prioritizing personnel over buildings, consolidating core service functions, streamlining services, and identifying efficiencies where possible.

**Sec. 218. Unused GF/GP for Department Incentive Pool – NEW**

Redirects any unused GF/GP lapsed funds to a department incentive pool.

**Sec. 219. Quarterly Meetings – NEW**

Requires Department to be available for quarterly meetings before the subcommittees and to provide various information as evidence that all requirements have been achieved.

**Sec. 220. Various Annual Reports – NEW**

Requires Department to report on various services, such as Bridge Card enforcement, bus inspections, Secondary Road Patrol, and casino gaming oversight.

**Sec. 221. Department Core Services – NEW**

Requires appropriations to be used for specified core services.

**Sec. 222. Post Closure Notification – REVISED**

Requires 90-day, rather than 180-day, notification to the subcommittees for post closures or consolidations.

**Sec. 226. Worksite Inspections – NEW**

Requires annual inspection of worksites for internal control and quality of service.

**Sec. 227. Interoperability Standards – REVISED**

Requires Department to define interoperability standards for effective communication between public safety agencies.

**Sec. 229. State Restricted Fund Balances, Projected Revenues, and Expenditures – NEW**

Requires report on state restricted fund information for the current and upcoming fiscal years 14 days after release of Executive Budget.

**Sec. 301. Forensic Testing Services – NEW**

Requires Department to provide forensic testing services for criminal investigations, with improved turnaround times.

**Sec. 302. Criminal Justice Training – NEW**

Requires Department to provide various educational training programs for the criminal justice community and to provide staffing and resources for this training.

**Sec. 303. MCOLES Services – NEW**

Requires Michigan Commission on Law Enforcement Standards (MCOLES) to provide standards for law enforcement officers and to provide staffing and resources for police academy program training.

**Sec. 304. Criminal History and Accident Data Collection System – NEW**

Requires Department to maintain staffing and resources for the criminal history and accident data collection systems utilized by the law enforcement community.

**Sec. 305. Fingerprint and Background Checks – NEW**

Requires Department to provide staffing and resources for fingerprint and background check services provided to law enforcement agencies.

## **STATE POLICE**

### **Major Boilerplate Changes From FY 2010-11**

#### **Sec. 306. Law Enforcement Information Network (LEIN) Services – NEW**

Requires Department to maintain staffing and resources for providing LEIN-related polices and services to the public safety community.

#### **Sec. 401. Traffic Safety and Enforcement – NEW**

Requires Department to oversee traffic safety and enforcement and to maintain staffing and resources for enhancing traffic safety.

#### **Sec. 402. Criminal Investigations – NEW**

Requires Department to identify and apprehend criminals and to maintain staffing and resources for investigating crimes. Also requires Department to be involved with sexual assault treatment and enforcement of tobacco tax laws.

#### **Sec. 403. Fire Investigation Services – NEW**

Requires Department to provide fire investigation services to local law enforcement agencies.

#### **Sec. 404. Sex Offender Registry – NEW**

Requires Department to oversee and enforce the state's sex offender registry.

#### **Sec. 405. Specialty Services to Citizens – NEW**

Requires Department to provide various specialty services, such as the canine unit, bomb squad, emergency support teams, underwater recovery, and aviation services.

#### **Sec. 406. Regional Communication Centers – NEW**

Requires Department to operate and maintain regional communication centers in the state.

#### **Sec. 407. Security Services at the Capitol Building – REVISED**

Requires Department to pursue federal grants to improve security services at the Capitol Building and allows the Department to develop a phased approach.

#### **Sec. 408. Civil Disorders and Natural Disasters – NEW**

Requires Department to respond to civil disorders and natural disasters and to maintain readiness.

#### **Sec. 409. Law Enforcement Delivery of Service Model – NEW**

Requires Department to develop a law enforcement delivery of service model and to coordinate with local and county law enforcement for efficient delivery of services without duplication.

#### **Sec. 501. Intelligence Operations Center – NEW**

Requires Department to operate the intelligence operations center and to ensure public safety through emergency management with public and private sector partners.

#### **Sec. 502. Hazardous Materials Response Training – NEW**

Requires Department to provide hazardous materials response training and to ensure that first responders are allocated federal Homeland Security grants; states that Homeland Security grants awarded to the City of Detroit shall not be used to supplant city general funds.

#### **Sec. 503. Emergency Operations Center – NEW**

Requires Department to operate and maintain the emergency operations center and to relocate the center from its present location at Collins Road to another suitable facility.

#### **Sec. 504. Public Awareness Campaigns – NEW**

Requires Department to conduct public awareness campaigns.

#### **Sec. 505. Public Safety Grants – NEW**

Requires Department to administer various public safety grants to various public safety entities.

#### **Sec. 1001. One-Time Appropriation: Michigan International Speedway Traffic Control – NEW**

Appropriates \$800,000 GF/GP on a one-time basis for traffic control services at the Michigan International Speedway.

#### **Sec. 1201. Fiscal Year 2012-2013 Appropriations – NEW**

States legislative intent to provide same appropriation amounts in FY 2012-2013, adjusted for various factors.

**FY 2011-12  
Budget Detail  
for  
ALL OTHERS**

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**Judiciary  
Licensing and Regulatory Affairs  
Transportation**

**JUDICIARY**  
**Summary of FY 2011-12 Enacted Appropriations**  
**Article XI, 2011 Public Act 63 (House Bill 4526)**

Analyst: Ben Gielczyk

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$3,573,500	\$2,573,500	\$3,573,500	\$2,573,500	\$3,573,500	\$0	--
<b>Federal</b>	5,539,500	5,539,500	5,539,500	5,539,500	5,539,500	0	--
<b>Local</b>	6,252,200	6,342,700	6,342,700	6,342,700	6,342,700	90,500	1.4
<b>Private</b>	842,500	842,500	842,500	842,500	842,500	0	--
<b>Restricted</b>	92,078,000	92,100,300	88,140,700	88,140,700	88,140,700	(3,937,300)	(4.3)
<b>GF/GP</b>	152,073,100	152,876,900	152,534,300	152,534,300	152,534,300	461,200	0.3
<b>Gross</b>	<b>\$260,358,800</b>	<b>\$260,275,400</b>	<b>\$256,973,200</b>	<b>\$255,973,200</b>	<b>\$256,973,200</b>	<b>(\$3,385,600)</b>	<b>(1.3)</b>
<b>FTEs</b>	491.0	491.0	491.0	491.0	491.0	0.0	--

\*FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

**Overview**

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government, which receives funds appropriated through the budget act for the Judiciary. The Judiciary budget provides operational funding for the Michigan Supreme Court, Court of Appeals, and related judicial agencies. The budget also 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. Assistance for local court operations is provided through a variety of grant programs. The largest of these, the Court Equity grant program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the numbers of judgeships.

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>1. Elimination of Trial Court Judgeships</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$1,012,000)</b>
Includes savings associated with temporary elimination of two judgeships on January 1, 2011 and recommended elimination of six trial court judgeships in FY 2011-12. Savings totaling \$69,900 GF/GP associated with temporary elimination of two judgeships represent one-quarter of annual savings due to temporary elimination beginning on January 1, 2011. Savings totaling \$942,100 GF/GP associated with elimination of six trial court judgeships represent full-year savings.	GF/GP	N/A	(\$1,012,000)
<b>2. Elimination of Court of Appeals Judgeships</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$342,600)</b>
Includes savings associated with the elimination of two Court of Appeals judgeships. Savings total \$342,600 GF/GP.	GF/GP	N/A	(\$342,600)
<b>3. Early Retirement Savings</b>	<b>Gross</b>	<b>\$1,019,500</b>	<b>(\$1,019,500)</b>
Reflects a \$1.0 million Gross and GF/GP reduction for savings associated with the FY 2010-11 early retirement package. Savings were spread to individual line items.	GF/GP	\$1,019,500	(\$1,019,500)
<b>4. Department of Corrections IDG to Drug Treatment Courts</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>
Increase of \$1.0 million GF/GP and decrease of \$1.0 million IDG to reflect fund source transfer. Replaces Michigan Department of Corrections IDG with corresponding amount of GF/GP. Includes new IDG from the Department of Corrections totaling \$1.0 million for a "swift-and-sure" sanctions program.	IDG	1,000,000	0
	GF/GP	\$0	\$1,000,000

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>	<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>5. Court Equity Fund Source Adjustment</b>	<b>Gross</b>	<b>\$64,794,700</b>
Includes technical adjustment downward of \$4.0 million to bring fund source in line with revenue collections.	Restricted	<b>(\$3,959,600)</b>
	GF/GP	(3,959,600)
		\$0
<b>6. Economics</b>	<b>Gross</b>	<b>N/A</b>
Funds economic adjustments as follows for FY 2011-12:	Local	<b>\$1,948,100</b>
<ul style="list-style-type: none"> <li>• Insurance: (\$190,400) Gross, (\$172,800) GF/GP</li> <li>• Retirement: \$1,951,600 Gross, \$1,823,400 GF/GP</li> <li>• Worker's compensation: \$30,400 Gross and GF/GP</li> <li>• Building occupancy: \$156,500 Gross, \$154,300 GF/GP</li> </ul>	Restricted	90,500
	GF/GP	22,300
		\$1,835,300

**Major Boilerplate Changes From FY 2010-11**

**Sec. 221. Transparency – REVISED**

Requires judicial branch to develop and maintain, on a publicly accessible Internet site, all expenditures made by the judicial branch within the fiscal year. Language revised to eliminate the amount allowed for expenditure on the transparency website.

**Sec. 222. Restricted Fund Report – NEW**

Requires judicial branch to report on the estimated state restricted fund balances, state restricted fund projected revenues, and state restricted fund expenditures for fiscal years 2011-12 and 2012-13.

**Sec. 223. Juror Compensation Reimbursement Fund Transfer – DELETED**

Requires \$2.6 million of the juror compensation reimbursement fund balance at the close of FY 2009-10 be transferred to the general fund.

**Sec. 301. Direct Trial Court Automation Support – REVISED**

Directs the State Court Administrative Office (SCAO) to recover costs for services to local trial courts under direct trial court automation support program. Eliminates reporting requirements.

**Sec. 311(5). Federal Department of Transportation, National Highway Safety Administration Funding – NEW**

Authorizes the judiciary to receive and expend federal funds in an amount not to exceed \$450,000 for drug treatment courts.

**Sec. 320. Mental Health Services – DELETED**

Provides that \$1.0 million of the IDG from the Department of Corrections shall be allocated for Drug Court mental health treatment services.

**Sec. 320. Swift-and-Sure Sanction Pilot Program – NEW**

Authorizes \$1.0 million IDG from the Department of Corrections appropriated in part 1 to be expended for a swift-and-sure sanctions program.

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

Indicates that it is the 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.

**Sec. 322. State Appellate Defender Office Byrne Formula Grant – NEW**

Provides that if Byrne formula grant funding is awarded to the State Appellate Defender Office (SADO), SADO may receive and expend funding not exceeding \$750,000 as an IDG from the Department of State Police for specified projects.

**Sec. 1201. Fiscal Year 2012-13 Appropriations – NEW**

States legislative intent that FY 2012-13 appropriations will be funded at the same level as FY 2011-12 appropriations after adjusting for various factors.

**LICENSING AND REGULATORY AFFAIRS**  
**Summary of FY 2011-12 Enacted Appropriations**  
**Article XII, 2011 Public Act 63 (House Bill 4526)**

Analyst: Mark Wolf

	*FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 **Senate	FY 2011-12 **House	FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$13,246,300	\$12,673,500	\$12,673,500	\$12,673,500	\$13,373,500	\$127,200	1.0
<b>Federal</b>	845,017,500	364,517,700	839,727,100	839,727,100	365,728,300	(479,289,200)	(56.7)
<b>Local</b>	16,020,400	7,859,900	12,293,400	12,293,400	7,859,900	(8,160,500)	(50.9)
<b>Private</b>	6,085,000	4,727,800	4,576,500	4,576,500	4,727,800	(1,357,200)	(22.3)
<b>Restricted</b>	349,846,100	392,737,600	360,335,700	359,335,700	388,728,100	38,822,000	11.1
<b>GF/GP</b>	47,607,900	26,582,500	42,555,800	43,536,300	31,072,800	(16,535,100)	(34.7)
<b>Gross</b>	<b>\$1,277,823,200</b>	<b>\$809,099,000</b>	<b>\$1,272,162,000</b>	<b>\$1,272,142,500</b>	<b>\$811,490,400</b>	<b>(\$466,332,800)</b>	<b>(36.5)</b>
<b>FTEs</b>	4,418.0	4,317.3	4,410.5	4,415.0	4,378.3	(39.7)	(0.9)

\* FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.  
 \*\* The House and Senate figures do not reflect the reorganization of the department.

**Overview**

The Department of Licensing and Regulatory Affairs (LARA) is the primary business regulatory agency in the state. The department's activities center around business and occupational licensing and regulation, workplace safety and regulation, administrative hearings, and rule promulgation. On February 23, 2011, Governor Snyder issued Executive Order 2011-4 renaming the Department of Energy, Labor, and Economic Growth (DELEG) as the Department of Licensing and Regulatory Affairs. The reorganized department now includes functions performed by the DCH Bureau of Health Systems and the Bureau of Health Professions, but no longer includes the DELEG Bureau of Workforce Transformation, the Bureau of Labor Market Information and Strategic Initiatives, the Commission on Disability Concerns, the Hispanic/Latino Commission, the Bureau of Energy Systems, and certain responsibilities of the Wage and Hour Division. The executive order and EO 2011-5 also reorganize the State Office of Administrative Hearings and Rules.

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change from YTD</b>
<b>1. Executive Direction - Office of Communications</b>	FTE	49.0	0.0
Reduces funding for the Office of Communications, within the Executive Director Programs line item, by \$100,000, reflecting the office's costs for developing and producing various cable television shows. A new boilerplate section prohibits the department from developing and producing television shows in the future.	<b>Gross</b>	<b>\$5,559,500</b>	<b>(\$100,000)</b>
	Federal	2,533,700	(100,000)
	Restricted	2,554,000	0
	GF/GP	\$471,800	0
<b>2. Liquor Control Commission (LCC)</b>	FTE	158.0	(6.0)
The FY 2010-11 budget added 6.0 FTE positions and \$1.0 million (Liquor Purchase Revolving Fund) to support increased enforcement of bootlegging activities (purchasing alcohol out of the state and illegally re-selling it in Michigan). Public Act 63 reduces the FTE authorization and appropriation, and establishes a new line item (separate from LCC operations) providing a placeholder appropriation to support the information technology upgrades to the LCC's liquor purchasing and inventory system. The DTMB IT strategic plan notes that the project is to be completed by 2013.	<b>Gross</b>	<b>\$18,613,500</b>	<b>(\$1,000,000)</b>
	Restricted	18,613,500	(1,000,000)

**LICENSING AND REGULATORY AFFAIRS**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change from YTD</b>
<b>3. Fire Protection Grants</b>	<b>Gross</b>	<b>\$10,910,500</b>	<b>(\$1,636,600)</b>
Reduces funding for Fire Protection Grants by \$1.6 million from the Liquor Purchase Revolving Fund (LPRF). The grants are distributed to local units with state property, with the distribution based on the value of local and state property and the amount of fire service expenditures made by the local unit. The grant program includes two fund sources: (1) \$8.5 million from the Fire Protection Fund, which receives a portion of the driver responsibility fee revenue and is to be used for this purpose and (2) \$2.4 million from the Liquor Purchase Revolving Fund, the excess of which lapses to General Fund, and historically has been a major fund source for the program.	Restricted	10,910,500	(1,636,600)
<b>4. Bureau of Fire Services</b>	<b>Gross</b>	<b>\$5,559,000</b>	<b>\$0</b>
Replaces all GF/GP support for the Bureau of Fire Services with LPRF revenue available with the reduction in funding for the fire protection grants, and the reduction for bootlegging enforcement for the LCC.	IDG	100,000	0
	Federal	788,000	0
	Restricted	2,071,000	2,600,000
	GF/GP	\$2,600,000	(\$2,600,000)
<b>5. Unemployment Insurance Special Fraud Control Fund</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,000,000</b>
Provides spending authorization of \$1.0 million (essentially a placeholder appropriation) for the new Special Fraud Control Fund established with 2011 PA 14 (HB 4408). Per PA 14, the fund receives certain penalty and interest revenue and is to be used by the Unemployment Insurance Agency to support its efforts at preventing, detecting, and collecting benefit overpayments. (The fund is to be first used for the acquisition of software to assist the agency in the detection and collection of benefit overpayments. Per PA 14, the software is to be acquired before September 1, 2011, which is prior to this budget act.)	Restricted	N/A	1,000,000
<b>6. From DCH: Background Checks for AFC/HFA Employees</b>	FTE	5.5	0.0
Continues to support the state's subsidy for conducting background checks for employees of adult foster care (AFC) homes and homes for the aged (HFAs), but reduces funding by \$168,500. GF/GP support for the program is partially offset with \$28,100 in available LPRF funds and an IDG from the Department of Human Services, which has primary regulatory authority of AFC/HFA facilities.	<b>Gross</b>	<b>\$2,705,400</b>	<b>(\$165,800)</b>
	IDG	0	1,000,000
	Federal	542,900	3,100
	Restricted	0	28,100
	GF/GP	\$2,162,500	(\$1,190,700)
<b>7. Office of Regulatory Reinvention</b>	FTE	N/A	2.0
Creates a new line item for the Office of Regulatory Reinvention, which coordinates and oversees the rule-making activities of LARA and the several departments and agencies. (This function was previously a responsibility of the State Office of Administrative Hearings and Rules, which was reorganized as the Michigan Administrative Hearing System.)	<b>Gross</b>	<b>N/A</b>	<b>\$350,000</b>
	Restricted	N/A	350,000
<b>8. Michigan Compensation Appellate Commission (MCAC)</b>	FTE	N/A	25.0
Establishes a new line item for the Michigan Compensation Appellate Commission, a 9-member panel of administrative law judges, established with Executive Order 2011-6. The MCAC combines the functions of the Workers' Compensation Appellate Commission, which was an appellate adjudication body for workers' compensation claims, and the Michigan Employment Security Board of Review, which heard appeals of UI benefit and tax decisions by the Unemployment Insurance Agency.	<b>Gross</b>	<b>N/A</b>	<b>\$3,033,600</b>
	Federal	N/A	2,882,100
	Restricted	N/A	151,500

**LICENSING AND REGULATORY AFFAIRS**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>	<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change from YTD</b>
<b>9. Health Regulatory Programs</b>		
Executive Order 2011-4 transferred the DCH Bureau of Health Professions and the DCH Bureau of Health Systems to LARA.	FTE	N/A 395.3
	<b>Gross</b>	<b>N/A \$56,948,100</b>
	IDG	N/A 1,000,000
	Federal	N/A 19,926,600
	Private	N/A 200,000
	Restricted	N/A 31,331,200
	GF/GP	N/A \$4,490,300
<ul style="list-style-type: none"> <li>The Bureau of Health Professions is responsible for licensing and regulating more than 400,000 health professional practicing more than 35 occupations. Administration of these licensing requirements is generally undertaken in conjunction with a licensing board composed of licensed health professionals and public members generally under the authority of Article 15 (Occupations) of the Public Health Code, 1978 PA 378.</li> <li>The Bureau of Health Systems is responsible for ensuring that regulated health facilities provide safe and effective health care services in a safe environment through licensing and regulating health care facilities and nursing homes, licensing and regulating radiation machines, and taking appropriate enforcement action (often in cooperation with the Centers for Medicare and Medicaid Services).</li> </ul>		
<b>10. Programs Transferred from LARA</b>		
Executive Order 2011-4 transferred the Bureau of Workforce Transformation, the Bureau of Labor Market Information and Strategic Initiatives, the Commission on Disability Concerns, the Hispanic/Latino Commission, the Bureau of Energy Systems, and certain responsibilities of the Wage and Hour Division out of the department. [The enacted change shown to the right shows the amount transferred out of the department from the initial FY 2011-12 Executive Recommendation. The bulk of the reduction is attributable to the transfer of workforce development programs to the Michigan Strategic Fund/Michigan Economic Development Corporation.]	FTE	N/A (437.0)
	<b>Gross</b>	<b>N/A (\$522,168,300)</b>
	Federal	N/A (495,049,700)
	Local	N/A (4,433,500)
	Private	N/A (48,700)
	Restricted	N/A (5,622,600)
	GF/GP	N/A (\$17,013,800)
<b>11. Workers' Compensation Agency</b>		
Shifts \$447,300 (Corporations' Fees) saved from the reorganization of the WCAC to the Workers' Compensation Agency, offsetting GF/GP funds. Also reduces funding for the WCA by an additional \$400,000 through the elimination of unfilled vacancies and lapsed spending authority. The WCA has seen fewer workers' compensation claims over the past decade (coinciding with the downturn in the state economy), allowing the agency to consolidate hearing sites, and operate with fewer staff and financial resources.	<b>Gross</b>	<b>\$9,417,400 (\$400,000)</b>
	Restricted	2,790,400 447,300
	GF/GP	\$6,627,000 (\$847,300)
<b>12. Office of Financial and Insurance Regulation - Credit Union Examinations</b>		
Increases funding and staffing for the Office of Financial and Insurance Regulation to maintain the statutorily-required 18-month examination cycle for credit unions in light of an increase in the number of state-chartered credit unions. The increased appropriation is supported by existing credit union regulatory fees.	FTE	370.0 2.0
	<b>Gross</b>	<b>\$58,416,800 \$175,000</b>
	Federal	2,050,400 0
	Restricted	56,366,400 175,000

**LICENSING AND REGULATORY AFFAIRS**

**Major Budget Changes From FY 2010-11 YTD Appropriations**

FY 2010-11 YTD Enacted Change  
(as of 2/17/11) from YTD

**13. Office of Financial and Insurance Regulation - Investment Advisors Regulation**

FTE	370.0	4.0
<b>Gross</b>	<b>\$58,416,800</b>	<b>\$300,000</b>
Federal	2,050,400	0
Restricted	56,366,400	300,000

Increases funding and staffing for the Office of Financial and Insurance Regulation (OFIR) to support additional responsibilities placed on the office under the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Dodd-Frank Act shifts regulatory oversight over investment advisors with assets under management between \$25 million and \$100 million from SEC oversight to state oversight. States previously regulated smaller investment firms with less than \$25 million - \$30 million in investments under management. These additional firms, totaling about 170, are very large firms from a state regulatory standpoint. OFIR indicates that most of these firms haven't had an SEC examination. The increased appropriation is supported by existing securities fees. This adjustment is also being made in 2011 PA 50 (HB 4407), an FY 2010-11 supplemental appropriations bill.

**14. Office of Financial and Insurance Regulation - Life Insurance Regulation**

FTE	370.0	1.0
<b>Gross</b>	<b>\$58,416,800</b>	<b>\$81,000</b>
Federal	2,050,400	0
Restricted	56,366,400	81,000

Increases funding and staffing for the Office of Financial and Insurance Regulation (OFIR) to support additional responsibilities placed on the office under the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Dodd-Frank Act makes many changes affecting the regulation of insurance companies (historically a state, rather than federal, regulatory function). OFIR indicates that these changes will have particularly significant implications on domestic life insurance companies. This adjustment is also being made in 2011 PA 50 (HB 4407), an FY 2010-11 supplemental appropriations bill.

**15. Michigan Tax Tribunal - Hearings Officers**

<b>Gross</b>	<b>\$2,867,900</b>	<b>\$150,000</b>
Restricted	2,867,900	150,000

Increases funding for the Michigan Tax Tribunal (MTT) to enable the MTT to contract with additional hearings officers in order to assist the MTT in reducing its backlog of cases. The hearings officers (administrative law judges) hear cases on behalf of the tribunal and issue proposed opinions resolving a dispute. Those proposed opinions are affirmed (or altered) by the tribunal through the MTT's issuance of a final opinion. Hearings officers are paid \$50/case (\$100/case for those requiring an opinion). The additional funding here would support another three officers.

**16. Proprietary Schools Regulation**

FTE	5.0	0.0
<b>Gross</b>	<b>\$662,000</b>	<b>\$145,700</b>
Restricted	662,000	145,700

Increases funding to the Bureau of Commercial Services allowing the bureau to increase its regulatory activities concerning private trade/career schools. The bureau is required to annually license proprietary schools and solicitors, to approve program and course changes, and to respond to consumer complaints. The number, location, and programs of proprietary schools have been increasing in recent years. Along with that increase there is a concomitant increase in consumer complaints.

*Note: Under EO 2011-4, the Bureau of Workforce Transformation, which regulated proprietary schools, was transferred to the Michigan Strategic Fund. Regulation of proprietary schools remained within LARA, but is now a responsibility of the Bureau of Commercial Services.*

**LICENSING AND REGULATORY AFFAIRS**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b><u>FY 2010-11 YTD (as of 2/17/11)</u></b>	<b><u>Enacted Change from YTD</u></b>
<b>17. Michigan Business One Stop Web Portal</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,820,000</b>
Provides additional authorization for LARA to support its share of the Michigan Business One Stop Web portal. The website provides a single website for businesses and professionals to locate licensing and regulatory information, with assistance offered through a customer call center. The FY 2010-11 budget included a partial adjustment for this purpose, with LARA absorbing the remaining cost within existing appropriations. Prior to the reorganization, LARA accounted for nearly 2/3 of the cost of the Business One Stop, based on the volume of licensing and permitting activity of it and other departments.	Restricted	N/A	1,820,000
<b>18. Real Estate Continuing Education</b>	<b>Gross</b>	<b>\$18,384,600</b>	<b>\$28,000</b>
Increases spending authority for the Bureau of Commercial Services to properly ensure compliance with the statutorily-imposed continuing education requirements for real estate licensees. As a condition of license renewal, real estate licenses must meet certain continuing education requirements in every year of a triennial license period.	Restricted	18,384,600	28,000
<b>19. Wage and Hour Division</b>	<b>Gross</b>	<b>\$3,346,800</b>	<b>(\$110,000)</b>
Reduces funding for the division through the elimination of lapsed GF/GP funds. By law, GF/GP funds are to be the last spent. GF/GP funding only accounts for 10.7 percent of the FY 2010-11 Gross Appropriation for the division.	Restricted	2,991,800	0
	GF/GP	\$355,000	(\$110,000)
<b>20. Michigan Rehabilitation Service (MRS)</b>	<b>Gross</b>	<b>\$73,641,400</b>	<b>(\$4,012,800)</b>
Reduces spending authorization from local cash-match sources to align spending authorization with actual resources available to the department. An additional reduction of \$250,000 GF/GP is realized with the removal of one-time funding available to the MRS to support a project providing recreational facilities to persons with disabilities.	Federal	60,859,400	0
	Local	2,684,500	(3,762,800)
	Private	816,000	0
	Restricted	1,401,800	0
	GF/GP	\$7,879,700	(\$250,000)
<b>21. Unemployment Insurance Agency</b>	<b>Gross</b>	<b>\$144,923,200</b>	<b>(\$4,494,500)</b>
Reduces funding by \$4.5 million in federal Reed Act funds unexpended by the UIA. Reed Act funds were made available to the states in 2002, with Michigan's share totaling \$291.5 million. Over the years, the state expended those funds for IT improvements to the UIA and employment service initiatives. The UIA does not use these funds to support UIA administrative costs. These funds are to be appropriated in FY 2010-11 (HB 4407) to support the costs of replacing the UIA's legacy systems with an integrated IT system for its tax and benefits programs.	Federal	143,423,200	(4,494,500)
	Restricted	1,500,000	0
<b>22. Fund Shift</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Shifts authorization among various fund sources to more accurately reflect expenditure needs. Most of these shifts net out to zero within the same fund source category (e.g., federal, restricted, etc.). One shift, concerning the Public Service Commission, decreases the MPSC's authorization from public utility assessments, and increases the authorization from federal gas pipeline safety inspection funds. Recent years have seen the federal government pick up a higher share of the costs. (This shift was also made in the March 21, 2011 FY 2010-11 legislative transfer.)	Federal	N/A	170,000
	Restricted	N/A	(170,000)
<b>23. Retirement Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$1,758,800)</b>
Realizes cost savings related to the recent retirement of employees under the early retirement incentive legislation.	Federal	N/A	(1,161,600)
	Restricted	N/A	(597,200)

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>	<b><u>FY 2010-11 YTD</u></b>	<b><u>Enacted Change</u></b>
	<b><u>(as of 2/17/11)</u></b>	<b><u>from YTD</u></b>
<b>24. Economics Adjustments</b>	<b>Gross</b>	<b>N/A</b>
Accounts for increases in retirement costs. Other employee economic components (salaries and wages, insurance, workers' compensation claims) and rent and building occupancy charges are reduced or held flat.	IDG	\$16,421,600
	Federal	484,300
	Local	8,280,300
	Private	7,600
	Restricted	1,500
	GF/GP	6,959,600
		\$688,300

**Major Boilerplate Changes From FY 2010-11**

**Sec. 211. Affirmative Action Guidelines – DELETED**

Directs LARA to maintain affirmative action programs based on guidelines developed by the State Equal Opportunity Workforce Planning Council in compliance with Section 26 of Article 1 of the State Constitution of 1963.

**Sec. 211. Information Technology Work Projects – NEW**

Permits funds appropriated in Part 1 for information technology to be designated as work projects, and carried forward into subsequent fiscal years. Includes specific work project designation for the LCC purchasing and inventory system IT project.

**Sec. 213. User Fees for Information Technology – DELETED**

Directs LARA to use the appropriation for IT services and projects for user fees to DTMB subject to an interagency agreement.

**Sec. 215. Communications With the Legislature – NEW**

Prohibits the department from taking disciplinary action against an employee for communication with a member of the Legislature or its staff. This section is standard appropriation language and was previously included in the LARA budget.

**Sec. 216. Appropriated Funds De-Aggregation – DELETED**

States intent that all Part 1 fund sources not be aggregated into general categories, but be specifically identified as much as possible.

**Sec. 225. Private Grant Funded Projects and State Energy Efficiency Project – REVISED**

Requires a report to the Legislature within 10 days of the receipt of grants for the private grant funded projects and a report to the Legislature on the federal State Energy Efficiency Project grant program funds received by the Bureau of Energy Systems (BES). The reporting requirement on the BES was deleted since those funds are no longer available (and the bureau has since been moved out of LARA).

**Sec. 231. Transparency Website – REVISED**

Requires LARA to post on a publicly accessible website a listing of all expenditures in the fiscal year, and a description of the purpose of each expenditure. Limits the amount expended by LARA for the website to \$10,000. Requires a quarterly report on FTEs by pay status and civil service classification. The Act revises the section to require the report to include YTD expenditures by category, by appropriation unit, to vendors (listed individually by name), the number of active employees, job specifications, and wage rates.

**Sec. 232. LARA Television Productions – NEW**

Prohibits the department from developing or producing television productions.

**Sec. 234. Carry-Forward Funds Report – NEW**

Requires the department to report for all state restricted funds FY 2011 (actual) and FY 2012 (projected) fund balances, revenue, and expenditures.

**Sec. 301. Fire Protection Grants – REVISED**

Requires that these grants be distributed in accordance with 1977 PA 289. The Act requires that local governments submit a report to the department, in order to be eligible for a grant, on their ability to respond to situations on state property, and the cost of being prepared and able to respond to situations on state property.

**Sec. 304. Customized Fee Listings – REVISED**

Allows LARA to provide customized lists of non-confidential information to interested parties; establishes fees; states that funds lapse to appropriate restricted fund account. The Act revises the language, which previously specified the per-page charge, to allow the department to charge "reasonable" fees. This language was included in a similar section in the DCH budget that was transferred to the LARA budget with EO 2011-4.

## LICENSING AND REGULATORY AFFAIRS

### Major Boilerplate Changes From FY 2010-11

#### **Sec. 320. Licensing and Regulation Fees – RETAINED**

Allows carry forward of generated from occupational licensing and regulation fees in excess of the appropriation.

#### **Sec. 321. Real Estate Red Book Publishing – DELETED**

Allocates up to \$50,000 to resume printing of a reference book of real estate laws and rules known as the Red Book.

#### **Sec. 323. Administration and Enforcement of Unarmed Combat – DELETED**

Requires use of \$200,000 from funds in part 1 for the administration and enforcement of unarmed combat (boxing and mixed martial arts) regulations.

#### **Sec. 330. Expenditure of Additional Unemployment Insurance Funds – REVISED**

Allows expenditure of federal funds authorized by the U.S. Department of Labor for the Unemployment Insurance Agency and employment services in excess of the amount appropriated; upon notification of the appropriations subcommittees and the State Budget Office. The Act eliminates the reference to the employment service agency (the Bureau of Workforce Transformation) following the transfer of the bureau to the MSF/MEDC with EO 2011-4.

#### **Sec. 332. UI Computer System – REVISED**

Requires LARA to have a contract in place by April 11, 2011 to improve the UIA's computer system. The Act deletes the existing language and inserts new language requiring quarterly reports on the status of the IT upgrade.

#### **Sec. 333. UI Internet Claims – RETAINED**

Requires LARA to work to increase the number of Internet-filed unemployment benefit claims.

#### **Sec. 341. Ergonomics Standards Prohibited – REVISED**

Prohibits the promulgation of rules establishing workplace ergonomics standards that are more stringent than voluntary federal guidelines. [The Legislature has since enacted 2011 PA 10 prohibiting the MIOSHA from establishing workplace ergonomics standards.] The Act deletes the existing language and inserts new language prohibiting the department from promulgating or adopting rules that are more stringent than any applicable federal standard unless specifically authorized by statute.

#### **Sec. 342. CET Earmark – VETOED**

Provides an earmark of \$80,000 from the Consultation Education and Training (CET) grants to organizations representing the mining industry in the state.

#### **Sec. 350. Funds Collected Under the Administrative Procedures Act – REVISED**

Appropriates funds collected under the Administrative Procedures Act (1969 PA 306) for the cost of publication and distribution of administrative procedures. The Act merges this section into Sec. 227.

#### **Sec. 361. Low-Income/Energy Efficiency Assistance – REVISED**

Allows unexpended Low-Income Energy Efficiency Fund revenue to be carried forward into the next fiscal year. The Act deletes the application and award deadlines, but keeps the reporting requirement.

#### **Sec. 368. Regulatory Costs Report – RETAINED**

Requires LARA to provide a report to the Legislature on the regulatory costs and activities of the Bureau of Commercial Services and the Bureau of Construction Codes.

#### **Sec. 370. Liquor Law Enforcement Grant Report – DELETED**

Requires local units receiving liquor law enforcement grant funds (55% of retail liquor license revenue collected by the LCC) to report to the LCC on how those funds are spent, and also provides the amount of liquor-related fees imposed by the local unit, and the revenue generated by such fees; requires LCC report to the Legislature.

#### **Sec. 371. Liquor Control Commission Bootlegging Enforcement – DELETED**

Requires the Liquor Control Commission to coordinate its bootlegging enforcement activities with the enforcement activities of the Michigan State Police concerning tobacco taxes and other illegal cash transactions.

#### **Sec. 380. Homeowner Construction Lien Recovery Fund – NEW**

Appropriates the remaining funds in the Homeowner Construction Lien Recovery Fund (now repealed) for the payment of court-ordered construction lien judgments entered prior to the fund's repeal on August 23, 2010. Since its repeal, the fund has received some restitution payments resulting from court orders made prior to August 23, 2010.

#### **Sec. 390. Tax Tribunal Caseload Report – NEW**

Requires the Michigan Tax Tribunal (MTT) to submit a report on the number of cases heard and the number of cases decided by Michigan Administrative Hearings System (MAHS) hearing officers, contractual hearing officers, and tribunal members, and requires a report on the MTT's plan to eliminate its backlog of cases.

**Major Boilerplate Changes From FY 2010-11**

**Sec. 403. Health Care Grievance Process Awareness – DELETED**

Directs LARA to allocate funds to promote awareness of policyholders' right to request external review of adverse determination by a health benefit plan after exhaustion of health carrier's internal grievance process.

**Sec. 601. Contributions to Michigan Career and Technical Institute (MCTI) – DELETED**

Allows MCTI to receive equipment and in-kind contributions from the Pine Lake Fund and other local or intermediate school districts.

**Sec. 602. Sources of Matching Funds for Vocational Rehabilitation Programs – DELETED**

Requires Michigan Rehabilitation Services to make every effort to ensure that all possible sources of funds are used to match federal vocational rehabilitation funds.

**Sec. 611. Michigan Commission for the Blind Matching Funds – REVISED**

Establishes legislative intent that Michigan Commission for the Blind work collaboratively with service organizations to identify qualified match dollars to maximize use of available federal funds. The Act adds a reference to the Michigan Rehabilitation Services.

**Sec. 612. Youth Low-Vision Program – DELETED**

Identifies the Youth Low-Vision Program as the payer of last resort.

**Sec. 708. Quarterly Staff Reports From Nursing Facilities – NEW**

**Transferred from DCH Budget:** Requires nursing facilities' quarterly reports to LARA include the total patient care hours provided each month and the percentage of pool staff, by state licensure and certification classification, used each month during the previous calendar quarter; requires LARA to make the quarterly staff report publicly available.

**Sec. 714. Nursing Facility Complaint Investigations – NEW**

**Transferred from DCH Budget:** Requires LARA to report to the Legislature by April 1 on the timeliness of nursing facility complaint investigations and the number of allegations that are substantiated on an annual basis. Requires LARA to make every effort to contact complainants during the investigations.

**Sec. 716. Investigations of Health Care Professionals – NEW**

**Transferred from DCH Budget:** Requires LARA to give priority to investigations of alleged wrongdoing by licensed health care professional that are alleged to have occurred within two years of the initial complaint.

**Sec. 718. Nursing Home Complaint Deficiencies – NEW**

**Transferred from DCH Budget:** Requires a study by May 1 on the frequently cited complaint deficiencies for nursing homes during the prior three fiscal years. The Act deletes a requirement that implements any training program (for nursing facility staff or LARA staff) identified.

**Sec. 726. Medical Marijuana Program Fees – NEW**

**Transferred from DCH Budget:** Requires LARA to submit an annual report on the amount collected from application and renewal fees for the medical marijuana program, as well as the cost for administering the program. The Act adds a requirement that the department report on the timeliness of processing initial and renewal MMP applications.

**Sec. 727. Outsource Medical Marijuana Program Administration – NEW**

**Transferred from the DCH Budget:** Requires LARA to establish and implement a bid process to identify a public or private contractor to administer the medical marijuana program by October 1, and requires the department to transfer administration of the program to the contractor by April 1. The Act deletes a provision that the bid process occur "if authorized by law" and moves the date of the transfer to the contractor up to January 1.

**Sec. 729. Circulating Nurse Data – NEW**

Permits hospitals and ambulatory surgical centers to report to the department whether registered nurses serve as circulating nurses during surgical procedures and requires the department to report on the data it receives.

**Sec. 901. Lump-Sum Appropriations – DELETED**

Directs the allocation of lump-sum appropriations and provides for the availability of lump-sum appropriations for no more than three years. (Related to the capital outlay appropriation for the MCB Kalamazoo Training Center.)

**Sec. 902. Capital Outlay Appropriation Carry-Forward – DELETED**

Provides for the carryforward of capital outlay funds.

**TRANSPORTATION**

**TRANSPORTATION  
Summary of FY 2011-12 Enacted Appropriations  
Article XVII, 2011 Public Act 63 (House Bill 4526)**

**Analyst: William E. Hamilton**

	*FY 2009-10 YTD as of 2/17/11	FY 2011-12 Executive Revised	FY 2011-12 Senate	FY 2011-12 House	**FY 2011-12 Enacted	Difference: Enacted From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$878,300	\$3,451,500	\$3,451,500	\$3,451,500	\$3,451,500	2,573,200	293.3
<b>Federal</b>	1,227,470,600	1,241,195,200	1,241,195,200	1,241,195,200	1,241,195,200	13,724,600	1.1
<b>Local</b>	56,496,000	53,968,500	53,968,500	53,968,500	53,968,500	(2,527,500)	(4.5)
<b>Private</b>	0	0	0	0	0	0	
<b>Restricted</b>	1,950,974,400	2,079,155,500	2,014,155,500	2,029,155,500	2,029,155,500	78,181,100	4.0
<b>GF/GP</b>	0	0	0	0	500,000	500,000	100.0
<b>Gross</b>	\$3,235,819,300	<b>\$3,377,770,700</b>	<b>\$3,312,770,700</b>	<b>\$3,327,770,700</b>	<b>\$3,328,270,700</b>	<b>\$92,451,400</b>	2.9
<b>FTEs</b>	3,022.3	3,049.3	3,049.3	3,049.3	3,049.3	27.0	0.9

\* FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

\*\* Enacted figures include \$500,000 GF/GP in boilerplate appropriations designated for one-time purposes in Sec. 1001 of the budget article.

**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 two-thirds of the revenue in this budget comes from state restricted revenue, with approximately one-third from federal sources. Historically there has been no General Fund revenue appropriated in this budget; the current year budget appropriates \$500,000 GF/GP through boilerplate. Almost all the state-restricted revenue in this budget is constitutionally-restricted - from motor fuel taxes and vehicle registration taxes. This revenue 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.

**Major Budget Changes From FY 2010-11 YTD Appropriations**

**1. Debt Service**

Appropriate a total of \$287.5 million for anticipated debt service. Includes \$48.6 million increase in STF debt service to reflect repayment of a \$40.0 million short-term note the department may issue, if necessary, in the current fiscal year to match federal funds. Increase in debt service from federal funds reflects federal grant anticipation notes or bonds the department may issue in the current fiscal year for the Blue Water Bridge Plaza project. CTF debt service declines by \$9.9 million reflecting the May 2009 restructuring of CTF bonds.

	FY 2010-11 YTD (as of 2/17/11)	Enacted Change From YTD
<b>Gross</b>	<b>\$246,813,000</b>	<b>\$40,660,400</b>
Federal	45,832,100	7,602,200
Restricted	200,980,900	33,058,200

**2. Support Services by Other State Departments**

Interdepartmental grants (IDGs) authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds. Reflects \$545,000 in economic increases, \$183,000 in cost allocation adjustments, less \$91,600 technical adjustment.

	Gross	Enacted Change From YTD
Restricted	\$51,112,200	\$636,700

**TRANSPORTATION**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Enacted Change From YTD</b>
<b>3. Finance, Contracts, and Support Services</b>	FTEs	250.5	27.0
Reflects \$1.0 million economic increase, a baseline STF reduction of \$2.0 million (this is part of \$16.0 million in STF reductions in various operating lines to free up matching funds for federal aid road and bridge program). \$878,300 in current year IDG funding reflects accounting functions performed by MDOT for the Department of Agriculture and Rural Development. Increase for FY 2011-12 reflects shift to MDOT of DNR/DEQ accounting functions.	<b>Gross</b>	<b>\$24,621,500</b>	<b>\$1,591,900</b>
	IDG	878,300	2,573,200
	Restricted	23,743,200	(981,300)
<b>4. State Trunkline Maintenance</b>	FTEs	836.7	1.0
Reflects \$2.3 million in economic increases and \$80,200 increase related to position transfers. Includes two reductions to free up STF matching funds for federal aid road and bridge program: a \$5.0 million reduction to baseline funding and a \$5.0 million one-time decrease.	<b>Gross</b>	<b>\$274,663,900</b>	<b>(\$7,646,200)</b>
	Restricted	274,663,900	(7,646,200)
<b>5. State Trunkline Road and Bridge Construction</b>	<b>Gross</b>	<b>\$796,226,200</b>	<b>\$46,083,800</b>
Reflects anticipated state restricted revenue and federal aid available for the state trunkline capital road and bridge construction program. Appropriates the use of private facility toll credits to provide the non-federal match needed to access all federal aid available to the state. (Since toll credits are a soft match, they are not appropriated in the state budget bill.)	Federal	713,019,500	29,072,500
	Local	30,000,000	0
	Restricted	53,206,700	17,011,300
<b>6. Local Federal Aid Road and Bridge Construction</b>	<b>Gross</b>	<b>\$248,751,000</b>	<b>(\$8,308,000)</b>
Appropriations reflect the Act 51 directive that an average of 25% of most federal aid program funds be made available to local road agencies and line item is a placeholder reflecting estimated federal aid available to local road agencies.	Federal	248,751,000	(8,308,000)
<b>7. Local Bridge Fund</b>	<b>Gross</b>	<b>\$26,799,800</b>	<b>\$452,700</b>
Act 51 earmark reflects anticipated gasoline tax revenue.	Restricted	26,799,800	452,700
<b>8. MTF Distribution to Local Road Agencies</b>	<b>Gross</b>	<b>\$858,756,500</b>	<b>\$29,976,100</b>
Recognizes MTF distribution to county road commissions and cities/villages, based on February 2011 revenue estimates and Act 51 formula; actual distribution will be based on actual MTF revenue, which may differ from estimates.	Restricted	858,756,500	29,976,100
<b>9. Transportation Economic Development Fund (TEDF)</b>	<b>Gross</b>	<b>\$32,425,500</b>	<b>(\$199,300)</b>
Continues into FY 2011-12 the shift of \$12 million in driver's license fee revenue from TEDF Category "A" to the STF to help provide matching funds for federal aid in the state trunkline road and bridge program. Changes from current year reflect minor changes in net available TEDF revenue. Does not include current year appropriation of \$1.0 million for "Nonprofit street railways"; this funding is shifted to Category A program.	Restricted	32,425,500	(199,300)
<b>10. Bus Transit - Local Bus Operating Assistance</b>	<b>Gross</b>	<b>\$166,624,000</b>	<b>\$0</b>
Provides operating assistance to 79 local public transit agencies - appropriation unchanged since FY 2006-07.	Restricted	166,624,000	0
<b>11. Intercity Services</b>	<b>Gross</b>	<b>\$7,250,000</b>	<b>(\$1,150,000)</b>
Provides \$650,000 in additional CTF support; reduces Intercity Bus Equipment Fund authorization by \$1.8 million to reflect actual revenue.	Federal	4,500,000	0
	Local	50,000	0
	Restricted	2,700,000	(1,150,000)
<b>12. Freight Preservation and Development</b>	<b>Gross</b>	<b>\$3,364,200</b>	<b>\$1,735,800</b>
Provides additional CTF support to program that supports capital improvements to state-owned rail property.	Federal	100,000	0
	Restricted	3,264,200	1,735,800

**TRANSPORTATION**

<b><u>Major Budget Changes From FY 2010-11 YTD Appropriations</u></b>		<b><u>FY 2010-11 YTD (as of 2/17/11)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>13. Specialized Services</b>	<b>Gross</b>	<b>\$7,443,800</b>	<b>\$1,470,000</b>
Supports transit programs for elderly and disabled citizens. Increase reflects anticipated federal and CTF revenue.	Federal	1,785,000	700,000
	Local	1,700,000	785,000
	Restricted	3,958,800	(15,000)
<b>14. Bus Capital/Transit Capital</b>	<b>Gross</b>	<b>\$41,300,000</b>	<b>\$8,748,400</b>
Provides increased state CTF matching funds for federal transit grants to local transit agencies.	Federal	28,300,000	0
	Local	5,000,000	0
	Restricted	8,000,000	8,748,400
<b>15. State/Local Capital Facilities Projects</b>	<b>Gross</b>	<b>\$12,891,100</b>	<b>(\$9,889,600)</b>
Appropriates \$3.0 million for department facilities and reflects the end of one-time funding for Port Huron Welcome center replacement and Blue Water Bridge facilities.	Federal	6,514,800	(6,514,800)
	Restricted	6,376,300	(3,374,800)
<b>16. Aeronautics Capital Projects</b>	<b>Gross</b>	<b>\$123,246,400</b>	<b>(\$13,495,800)</b>
Provides funding for federal Airport Improvement Program; reflects anticipated program funding.	Federal	102,927,900	(8,837,300)
	Local	16,446,000	(3,312,500)
	Restricted	3,872,500	(1,346,000)
<b>17. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$14,207,200</b>
Increase reflects \$14.6 million for retirement contributions, \$1.3 million decrease for health insurance, \$24,000 decrease for workers' compensation, and \$410,400 increase in building occupancy costs.	Restricted	N/A	14,207,200

**Major Boilerplate Changes From FY 2010-11**

**Sec. 210. Economically Distressed Areas – DELETED**

Encourages Department to contract with businesses in economically distressed areas.

**Sec. 270. Remanufactured Parts – NEW**

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

**Sec. 308. Contract Compliance – MODIFIED**

Requires that MDOT and local road agencies pursue compliance with contract specifications for construction and maintenance; provides for sanctions for unsatisfactory contractors; requires a report. Prohibits the Department from reducing or restricting a contractor's prequalification until all administrative appeals have been exhausted under certain conditions.

**Sec. 321. Complete Streets/Enhancement Grants – DELETED**

Directs the Department to give preference in awarding Enhancement grants to applicants, which had adopted Complete Streets policies.

**Sec. 322. Complete Streets/Universities – DELETED**

Directs Department to work with requesting universities on Complete Streets policies.

**Sec. 334. Disadvantaged Businesses Enterprise (DBE) Program – DELETED**

Requires MDOT to continue MBE/WBE program and related reporting requirement.

**Sec. 354. Solicit Proposals for Improper Payment Audit – NEW**

Directs Department to solicit proposals for an audit of improper payments by March 1, 2012; requires report to Legislature.

**Sec. 382. State Airfleet Study – NEW**

Directs Department and State Budget Office to provide independent study of needs of state airfleet; report required by March 30, 2012.

**Sec. 384. Detroit River International Crossing (DRIC) – MODIFIED**

Limits spending on DRIC or successor project; requires legislative report by March 31, 2012; indicates that spending restrictions of the section will not apply if DRIC enabling legislation is enacted.

**Major Boilerplate Changes From FY 2010-11**

**Sec. 385. Private Facility Toll Credits – MODIFIED**

Restricts use of toll credits earned from private toll facilities. Directs Department to use all available toll credits from private toll facilities to match available federal funds.

**Sec. 393. Best Practices for Public Transportation – MODIFIED**

Directs Department to support best practices; deletes references to hybrid buses.

**Sec. 398. Street Railway Appropriation – MODIFIED**

Provides for \$0 appropriation to a street railway pursuant to Sec. 10e(22) of 1951 PA 51; the appropriation had been \$1.0 million in current year budget.

**Sec. 502. Treasury Audits of Local Road Agencies – DELETED**

Provides for audits of local road agencies by Department of Treasury.

**Sec. 604. Work Zone Safety Signs – DELETED**

Legislative intent that the Department place signs in work zones notifying vehicle operators of increased penalties for traffic offenses in work zones.

**Sec. 654. Long-Term Viability of Mackinac Bridge – DELETED**

Legislative intent that the Mackinac Bridge Authority protects long-term viability of the Mackinac Bridge.

**Sec. 659. Life Cycle Cost for Pavement Projects – DELETED**

Use historical/comparable data from states with similar climate, soil, and vehicular traffic.

**Sec. 660. Use of Alternative Materials – MODIFIED**

Encourages the Department to examine the use of alternative road surface materials and encourages the use of crumb rubber from tires.

**Sec. 664. Use of Additional MTF Revenue – RETAINED**

Provides that revenue in excess of revenue estimates be used to reinstate delayed projects.

**Sec. 711. Seven-Day Rail Passenger Service (AMTRAK) – MODIFIED**

Directs department to negotiate with a rail carrier to provide seven-day Port Huron/Chicago and Grand Rapids/Chicago service; provides certain directives; report on capital projects due by July 1, 2012.

**Sec. 1001. One-Time GF/GP Swing Bridge Maintenance – NEW**

Appropriates \$500,000 GF/GP for maintenance of two swing bridges.

**Sec. 1201. Intent to Provide FY 2012-13 Appropriations – NEW**

States intent to provide same appropriations for FY 2012-13, adjusted for caseload and related costs, federal fund match rates, economic factors, and available revenue.



**FY 2011-12  
CONSENSUS REVENUE  
ESTIMATES**

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## Consensus Revenue Estimates FY 2011-12

**Senior Economist: Rebecca Ross**

This section describes the May 2011 Consensus Revenue Estimating Conference revenue estimates and revenue changes enacted for GF/GP and School Aid Fund (SAF) revenue for FY 2010-11 and FY 2011-12.

The major revenue changes recently enacted and included in the figures below entail the following:

- ▶ A May 15 - June 30 tax amnesty which is estimated to increase revenue by \$87.9 million in FY 2010-11 and reduce revenue by \$49.8 million in FY 2011-12.
- ▶ Unclaimed property changes which are estimated to increase revenue by \$166.0 million in FY 2010-11 and by \$35.0 million in FY 2011-12.
- ▶ Liquor reforms which are estimated to increase revenue by \$5.1 million in FY 2010-11 and by \$9.1 million in FY 2011-12.
- ▶ Replacing the Michigan Business Tax with a corporate income tax will reduce revenue by an estimated \$1,094.3 million in FY 2011-12 (on a full-year basis, the revenue reduction totals \$1.6 billion).
- ▶ Broadening the base and modifying or eliminating most credits in the personal income tax will increase revenue by an estimated \$559.1 million in FY 2011-12 (on a full-year basis, the revenue increase totals \$1.4 billion).

For Michigan:

- ▶ Personal income is expected to increase 4.9% in 2011 and increase 2.9% in 2012.
- ▶ Wage and salary employment is expected to increase 1.7% in 2011 and increase 1.0% in 2012.
- ▶ The unemployment rate is expected to be 10.2% in 2011, and then decrease to 9.8% in 2012.

### General Fund/General Purpose Revenue by Source

#### ***Personal Income Tax***

- ▶ Michigan personal income tax revenue is forecast to increase 12.5% in FY 2010-11, and then increase 9.3% in FY 2011-12.
- ▶ GF/GP income tax revenue is expected to increase 15.7% in FY 2010-11, and then increase 9.7% to \$4,689.1 million in FY 2011-12.

#### ***Sales and Use Taxes***

- ▶ GF/GP sales and use tax revenue will decrease from \$891.2 million in FY 2009-10 to \$878.6 million in FY 2010-11. In FY 2011-12, sales and use tax revenue is estimated to be \$939.5 million.

#### ***Michigan Business, Corporate Income and Insurance Taxes***

- ▶ Most of the MBT and all of the corporate income tax plus insurance taxes accrue to the GF/GP.
- ▶ Net business taxes were \$1,394.2 million in FY 2009-10, and will increase to \$1,586.3 million in FY 2010-11, then decrease 15.4% to \$1,342.2 million in FY 2011-12.

#### ***GF/GP Tax Revenue***

- ▶ Final GF/GP tax revenue totaled \$6,413.2 million in FY 2009-10.
- ▶ GF/GP tax revenue is expected to increase 12.6% to \$7,220.4 million in FY 2010-11 and increase 2.4% to \$7,392.5 million in FY 2011-12.

#### ***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 \$6,785.3 million in FY 2009-10.
- ▶ Net GF/GP revenue is expected to increase 14.6% to \$7,773.8 million in FY 2010-11 and to increase 0.5% to \$7,815.9 million in FY 2011-12.

**GF/GP REVENUE ESTIMATES  
(Millions of Dollars)**

	Final			FY 2011-12 Over FY 2010-11	
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>Change</u>	
Personal Income Tax	\$3,694.5	\$4,272.8	\$4,689.1	\$416.3	9.7%
Sales and Use Taxes	891.2	878.6	939.5	60.9	6.9%
MBT/CIT and Insurance Taxes	1,394.2	1,586.3	1,342.2	(244.1)	-15.4%
Other Taxes	433.3	482.7	421.7	(61.0)	-12.6%
<b>GF/GP Tax Revenue</b>	<b>\$6,413.2</b>	<b>\$7,220.4</b>	<b>\$7,392.5</b>	<b>\$172.1</b>	<b>2.4%</b>
Non-Tax Revenue	372.1	553.4	423.4	(130.0)	-23.5%
<b>Net GF/GP Revenue</b>	<b>\$6,785.3</b>	<b>\$7,773.8</b>	<b>\$7,815.9</b>	<b>\$42.1</b>	<b>0.5%</b>

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

<u>Revenue</u>	Final			FY 2011-12 Over FY 2010-11	
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>Change</u>	
Sales and Use Taxes	\$4,886.6	\$5,126.8	\$5,246.6	\$119.8	2.3%
Income Tax Earmark	1,836.1	1,974.4	2,095.9	121.5	6.2%
Lottery and Casinos	812.4	847.6	858.9	11.3	1.3%
MBT	726.8	739.2	0.0	(739.2)	-100.0%
Tobacco Taxes	392.9	373.5	365.0	(8.5)	-2.3%
State Education Tax	1,930.5	1,852.0	1,829.0	(23.0)	-1.2%
Real Estate Transfer Tax	121.6	125.0	138.0	13.0	10.4%
Liquor Excise and Specific Taxes	110.0	100.0	102.4	(2.4)	-2.4%
<b>Net SAF Revenue</b>	<b>\$10,816.9</b>	<b>\$11,138.5</b>	<b>\$10,635.8</b>	<b>(\$502.7)</b>	<b>-4.5%</b>

**School Aid Fund Revenue by Source**

***Sales and Use Taxes***

- ▶ Combined sales and use tax revenue dedicated to the SAF equaled \$4,886.6 million in FY 2009-10; it is forecast to increase to \$5,126.8 million in FY 2010-11 and to increase 2.3% to \$5,246.6 million in FY 2011-12.

***Income Tax***

- ▶ Approximately 26% of gross income tax collections are dedicated to the SAF.
- ▶ SAF dedicated income tax revenue is forecast to increase 7.5% to \$1,974.4 million in FY 2010-11 and increase 6.2% to \$2,095.9 million in FY 2011-12.

***Lottery/Casinos***

**CONSENSUS REVENUE**

- ▶▶ Lottery and casino revenue contributed \$812.4 million to the SAF in FY 2009-10.
- ▶▶ Lottery and casino revenue to the SAF is projected to increase 4.3% to \$847.6 million in FY 2010-11, and increase 1.3% to \$858.9 million in FY 2011-12.

***Tobacco Taxes***

- ▶▶ Approximately 40% of gross tobacco tax revenue is dedicated to the SAF.
- ▶▶ The SAF received \$392.9 million from tobacco taxes in FY 2009-10.
- ▶▶ The demand for tobacco products is expected to decline over the duration of the forecast, total SAF tobacco tax revenue is expected to decrease 4.9% to \$373.5 million in FY 2010-11 and decline 2.3% to \$365.0 million in FY 2011-12.

***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 \$1,930.5 million in FY 2009-10.
- ▶▶ SET revenue is expected to decrease 4.1% to \$1,852.0 million in FY 2010-11 and decline 1.2% to \$1,829.0 million in FY 2011-12.
- ▶▶ RET contributed \$121.6 million to the SAF in FY 2009-10, and is forecast to contribute \$125.0 million in FY 2010-11 and \$138.0 million in FY 2011-12.

***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 \$10,816.9 million in FY 2009-10; it is expected to increase 3.0% to \$11,138.5 million in FY 2010-11, then decrease 4.5% to \$10,635.8 million in FY 2011-12.

**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)**

	<b><u>FY 2010-11</u></b>	<b><u>FY 2011-12</u></b>
General Fund/General Purpose	\$254.4	\$1.6
School Aid Fund	\$645.9	\$0.2
Budget Stabilization Fund	\$2.2	\$258.1

Year-end estimates notes:

- ▶▶ FY 2010-11 estimates for GF/GP and the SAF are based on year-to-date appropriations, target agreements, and consensus revenue estimates and enacted tax changes.
- ▶▶ 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 1990-91 to FY 2009-10, and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 2010-11 and FY 2011-12. A complete list of BSF historical data is available from the HFA upon request.

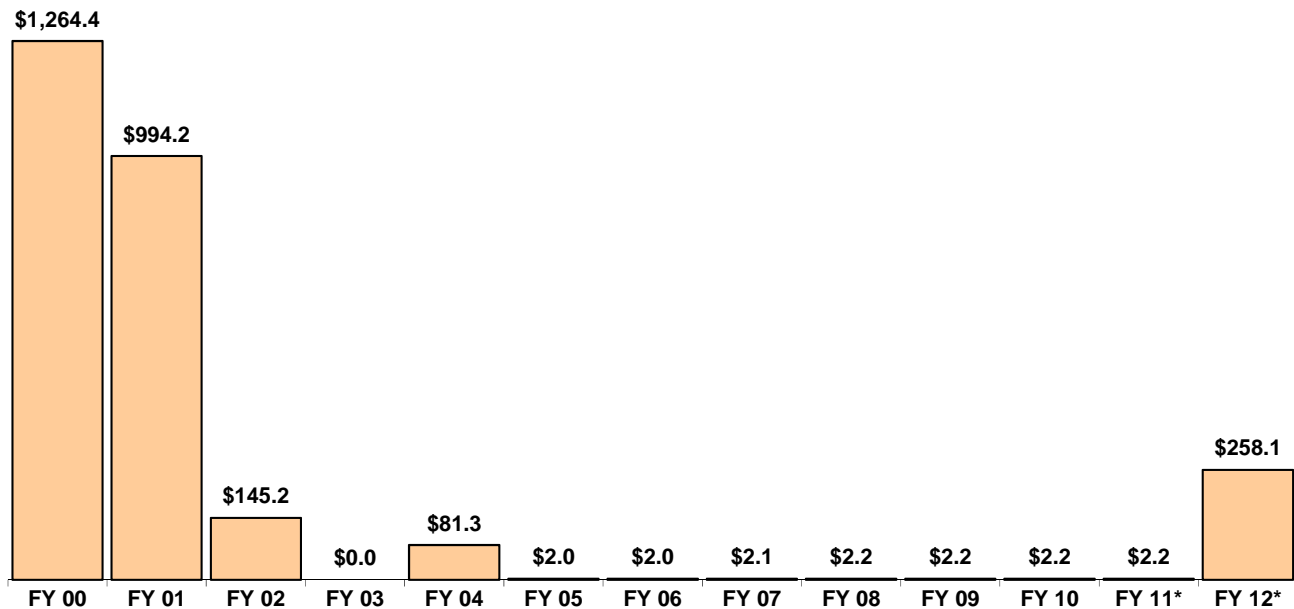
The final BSF fund balance was \$2.2 million for FY 2009-10. Pursuant to Public Act 63 of 2011, \$255.8 million will be deposited into the BSF at the end to FY 2011-12. This \$255.8 million is based on the May consensus estimates for inflation adjusted state personal income and GF/GP revenue. The fund balance is forecast to be \$2.2 million for FY 2010-11 and \$258.1 million for FY 2011-12.

**BUDGET STABILIZATION FUND HISTORY  
(Millions of Dollars)**

<b><u>Fiscal Year</u></b>	<b><u>Deposits</u></b>	<b><u>Withdrawals</u></b>	<b><u>Interest Earned</u></b>	<b><u>Balance</u></b>
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	0.1	2.2
2009-10	0.0	0.0	0.0	2.2
2010-11*	0.0	0.0	0.0	2.2
2010-12*	255.8	0.0	0.1	258.1

*\*Consensus estimates for FY 11 and FY 12  
NOTE: Numbers may not add due to rounding.*

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



*\*Consensus estimates for FY 11 and FY 12*

**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)**

<b><u>Revenue Limit Calculations</u></b>	<b><u>FY 2009-10</u></b>	<b><u>FY 2010-11</u></b>	<b><u>FY 2011-12</u></b>
Personal Income	CY 2008	CY 2009	CY 2010
Amount	\$349,612	\$342,302	\$351,830
X Limit Ratio	9.49%	9.49%	9.49%
<b>State Revenue Limit</b>	<b>33,178.2</b>	<b>32,484.5</b>	<b>33,388.7</b>
<b>Total Revenue Subject to Revenue Limit</b>	<b>\$24,265.7</b>	<b>\$25,581.2</b>	<b>\$26,218.9</b>
<b>Amount (Under) Over State Revenue Limit</b>	<b>(\$8,912.5)</b>	<b>(\$6,903.3)</b>	<b>(\$7,169.8)</b>

**Implications of Exceeding the State Revenue Limit**

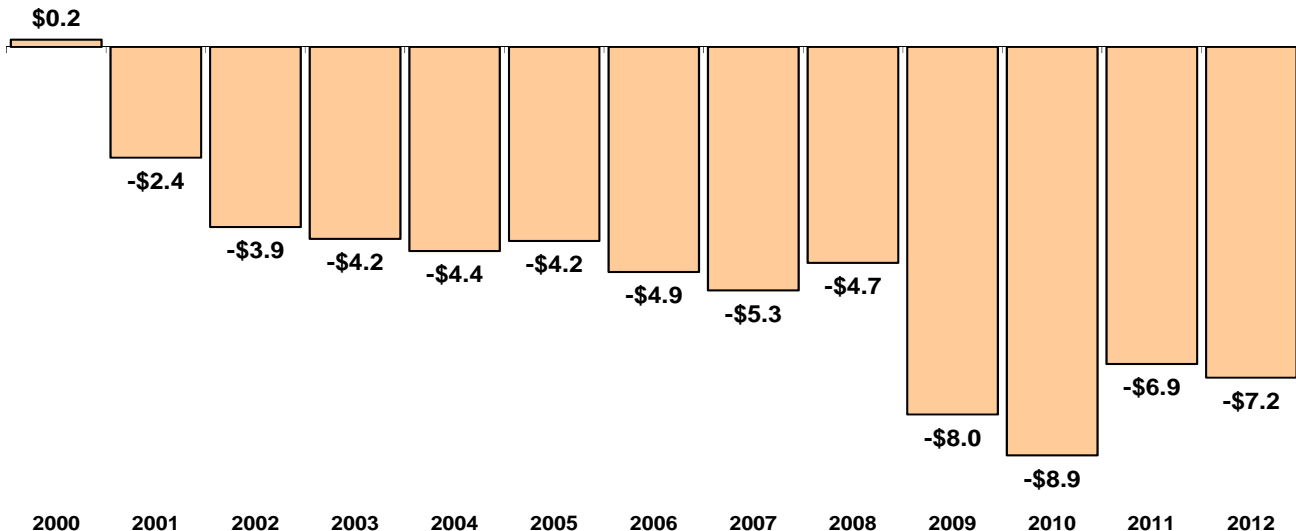
Article IX, Section 26, *Constitution of the State of Michigan*, provides that:

... 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 2009-10 revenue limit calculation indicates that the state revenue collections will be under the revenue limit by \$8.9 billion. For both FY 2010-11 and FY 2011-12, state revenue is estimated to be substantially below the revenue limit—by \$6.9 billion and \$7.2 billion, respectively.

**Constitutional Revenue Limit  
(Billions of Dollars)**



\*2011 and 2012 are consensus estimates



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