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Snyder's budget proposal provides strong investments for one Michigan moving forward

Key investments for Flint water crisis, statewide infrastructure, and Detroit Public Schools

LANSING, Mich. — Gov. Rick Snyder presented his proposed fiscal year 2017 budget today, a total budget that is up just 0.8 percent from last year, calling for critical investments for the Flint water crisis, statewide infrastructure and the Detroit Public Schools. The governor's recommendation also addresses the skyrocketing costs of specialty medications that Michigan residents depend on for better health outcomes.

By investing in the specific needs for Flint and Detroit, setting aside funding for statewide infrastructure needs and the rising cost of prescription drugs, while staying committed to the core statewide priorities of education, talent and economic development, health and human services, and public safety, today's announcement provides the right plan for moving Michigan forward.

A new supplemental budget request for the current fiscal year was introduced, which includes \$30 million for relief of Flint water bill payments currently being acted upon by the Legislature.

The supplemental request also includes \$25 million for infrastructure needs specific to Flint and another \$165 million to be set aside for statewide infrastructure needs in a newly created Michigan Infrastructure Fund. The \$165 million in statewide infrastructure funding represents the first step toward a longer term solution for the state's needs and will be used to make strategic improvements based on recommendations from the Commission on 21st Century Infrastructure.

The overall budget recommendation totals \$54.9 billion, an increase of 0.8 percent or \$438 million over last year, and includes \$10.2 billion in general fund dollars. The general fund is up 1.5 percent from last year which translates to \$145 million.

Budget recommendations to aid Flint and Detroit Public Schools include:

Funding for Flint Water Crisis

- An additional investment of over \$195 million spread out across several state agencies to continue the support needed for the children and residents of Flint. These funds will be used to address various needs, including safe drinking water; food and nutrition; physical health; social well-being; and educational intervention. When combined with previously enacted supplemental funding in fiscal year 2016, total funding for Flint comes to more than \$230 million.

Funding for Detroit Public Schools

- An investment of \$72 million a year, for 10 years, from Michigan's tobacco settlement proceeds to offset the Detroit Public Schools' repayment of a debt load expected to accumulate to \$515 million by this summer. The \$720 million generated from this plan will provide for \$200 million needed for the startup and transition costs to create the new district.
- The fiscal year 2016 supplemental includes \$50 million to ensure Detroit schools remain solvent through the rest of this school year while the governor's longer term solution is considered by the Legislature. General fund dollars will be used for this funding to ensure the school aid fund is held harmless.

The proposed fiscal year 2017 budget is a balanced approach focused on Michigan's continued growth and future prosperity. The governor today also offered a 2018 projected budget, continuing his practice of ensuring that Michigan maintains a long-range planning focus with an emphasis on fiscal responsibility.

With a growing economy and unemployment at its lowest rate in more than 15 years, Michigan's future economic forecast remains bright. With more than 440,000 new private sector jobs since December 2010 and rising personal incomes for families across Michigan, the state is well positioned to continue its comeback.

"I'm committed to providing critical investments needed for the Flint water crisis and Detroit Public Schools while maintaining the long-term focus on the key priorities of education, job creation, health and human services, public safety and fiscal responsibility. Coupled with fiscal year 2016 investments, this recommendation brings total funding for the Flint water crisis to more than \$230 million. The plan provides new investments in both K-12 education as well as higher education and continues the emphasis on developing our talent and connecting that talent to jobs," Snyder said. "From day one we have remained committed to our vision and reinvention strategy and it is paying off. This budget recommendation is the next step in the remarkable growth of our state and I look forward to working on it with our partners in the Legislature."

State Budget Director John Roberts joined Snyder in outlining the budget recommendation to a joint session of House and Senate appropriations committees.

"As budget director, I am proud of this budget because we addressed the challenges we have in Flint and Detroit while remaining committed to our core budget principles and managing the

taxpayer dollar wisely,” Roberts said. “This is a credit positive plan that keeps us on a good growth curve.”

Lt. Governor Brian Calley was in Flint during the budget presentation to meet with stakeholders about the budget recommendation and how it will directly benefit the residents of the city. Snyder’s recommended budget will now be reviewed and acted upon by the Legislature in the coming months with the target of having the budget signed in early June.

Additional highlights of the recommended budget include:

Preparing Our Children for the Future

- An additional \$150 million for the K-12 foundation allowance, bringing total K-12 appropriations to \$12.1 billion, a \$1.4 billion funding increase from fiscal year 2011. The increase in the foundation allowance equates to an additional \$60 to \$120 per pupil.
- An additional \$61.2 million or 4.3 percent for the operations of Michigan’s 15 public universities and an additional \$7.5 million or 2.4 percent for community college operations. The recommendation calls for universities to limit tuition increases to 4.8 percent or less in order to receive the funding increase. This investment restores aggregate university funding to fiscal year 2011 levels.
- An increase of \$15 million for career and technical education middle college and equipment program
- An investment of \$2.1 million to encourage students toward studying the fields of science, technology, engineering and mathematics.
- An investment of \$9 million for water testing in schools.
- An investment of \$5 million for school consolidation grants.

Putting People First

- Funding of \$91.5 million to treat nearly 7,000 patients living with hepatitis C and \$43.7 million to treat approximately 320 children with cystic fibrosis is built into the Department of Health and Human Services’ (DHHS) base budget. The state Pharmacy and Therapeutics Committee recently recommended that new specialty medications to treat these conditions be approved for Medicaid patients.
- An investment of \$30 million to include a specialty medications prescription reserve in the DHHS budget to address additional specialty medications in the pipeline.
- An investment of \$3.4 billion in federal funds for the Healthy Michigan Plan to continue expanded Medicaid coverage for more than 600,000 Michigan residents.
- Another \$25.6 million in funding to fully expand the Healthy Kids Dental program to cover all eligible children across the state in all 83 counties, growing the number of children who will receive good dental care to approximately 826,800. When the governor took office, the program covered 285,000 children in 61 counties.
- An investment of \$7.6 million for a new patient unit at the Center for Forensic Psychiatry.

- An investment of \$22.3 million to fully implement the state's automated child welfare information system.
- Increased funding of \$6.1 million to enhance and expand the clothing allowance from \$140 to \$200 a year for children in the Family Independence Program. The clothing allowance will cover all children in the program, adding nearly 25,000 children.

Job Creation

- A total of \$115.5 million to grow Michigan's economy through business attraction and community revitalization efforts.
- An investment of \$2 million for the Community Ventures - Challenge Grant, which will provide matching grants to expand service and further program integration in Detroit, Flint and Saginaw to help the structurally unemployed pursue career opportunities and maintain employment.
- A \$10 million increase to the skilled trades training program, bringing total funding to \$35.6 million to match employers talent needs with skilled workers for in-demand jobs.

Infrastructure/Technology

- A total of \$533.3 million in new dedicated transportation revenue, including \$189.2 million for the state trunkline fund, \$283 million for local road agencies and \$61.4 million for rail and public transit, for maintenance and improvement of transportation infrastructure across the state.
- A total of \$57.5 million in new federal funds from the Fixing America's Surface Transportation (FAST) Act, to be used for local road agency, state trunk line, and transit projects.
- A total of \$132.8 million in new technology investments, including additional funding for cybersecurity to protect critical data from growing threats and added investment for the Information Technology Investment Fund for technology improvements to better serve residents and improve government efficiency.

Protecting the Public

- An additional \$9.5 million to run a trooper recruit school with the goal of producing another 85 graduates that will further the enlisted strength within the Michigan State Police.
- A total of \$1.5 million to expand the Secure Cities effort to the communities of Benton Harbor, Hamtramck, Harper Woods, Highland Park, Inkster and Muskegon Heights. The program has already produced impressive results by reducing violent crime in Detroit, Flint, Pontiac and Saginaw.
- An investment of \$8.5 million to run an academy to train and graduate 350 new corrections officers for prisons across the state.

- A total of \$500,000 to help prevent sexual assaults on college campuses through the higher education sexual assault prevention and education initiative.
- Funding of \$2.2 million to enhance the capacity to combat the increasing growth of digital crime.
- An investment of \$4 million to support safe and secure learning environments for students.
- An investment of close to \$1 million for the purchase of new ballistic vests to keep probation and parole agents safe while on field duty.

Stronger Communities

- Eligible counties will receive a combination of revenue sharing payments and incentive-based payments, provided they meet required transparency provisions, totaling \$215.2 million, which is the maximum funding allowed under statute to 78 eligible counties, up from 76 counties in the current fiscal year.
- A 3.9 percent increase in constitutional revenue sharing payments for cities, villages, and townships for a total of \$781.5 million, based on estimated sales tax collections.
- As an incentive to combine government operations, all local units may apply for grant assistance to help defray expenses related to consolidation of services or programs, with a recommendation of \$11 million for this competitive grant assistance program.

Focusing on Long-term Liabilities

- Fiscal year 2016 deposits to the Budget Stabilization (“Rainy Day”) Fund will bring the projected total balance to \$611 million which equates to a \$609 million increase since the governor first took office, when the rainy day fund was at a mere \$2.2 million.
- Funding for the school employee retirement system is recommended at \$1 billion for K-12 schools, which equates to over \$660 per K-12 student. This investment provides fiscal relief to schools for retirement obligations and helps ensure retirement promises made to employees can be kept. The governor’s commitment to solving the state’s pension and retiree health care obligations is strong. Reforms made to the school employee retirement system and the state employee retirement system have reduced the state’s long-term debt by more than \$20 billion.
- A \$730,000 increase and a total of \$5.9 million in ongoing funds is recommended within higher education to provide for costs above a proposed rate cap for seven participating universities in the Michigan Public School Employees Retirement System (MPERS). Community colleges receive a recommended \$3.7 million increase and \$74.9 million total in ongoing funds, to provide for costs above the rate cap for MPERS.

The state’s new fiscal year begins Oct. 1.

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Copies and more details of the governor’s recommended budget are available at www.michigan.gov/mibudget. Join the conversation on Twitter at #mibudget.